

The Executive Bylaws
Module Eleven

Dealing in Securities



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Chapter One

General Provisions

Article 1-1

Scope of Application

The provisions of this Chapter shall be applied to Securities regardless of their form or purpose. Collective Investment Scheme units are excluded from these provisions except for the application of the provisions of pledge and attachment stated in Chapter Nine (Pledge of Securities) and Chapter Ten (Attachment of Securities) of this Module.

Chapter Two

Securities Issue and Initial Offering

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General Provisions

- Article 2-1** No Securities may be issued, either directly or indirectly, or offered unless approved by the Authority.
- Article 2-2** In the event that the Issuer or the Obligor is one of the Units Subject to the Supervision of the Central Bank, it shall obtain the Central Bank's approval, while a Foreign Issuer shall obtain all the necessary approvals of the Regulatory Bodies in the country of incorporation.
- Meeting the conditions for the issuance or offering of Securities by an Issuer or Obligor shall not entail any rights thereof to be given a license for issuing, offering, trading or marketing those Securities.
- Article 2-3** Bonds and Sukuk may be directly issued by the Obligor or indirectly by a Special Purpose Vehicle Company wherein the Bonds and Sukuk are issued by that company rather than by the Obligor itself.

Submission of Issue or Offering Application

- Article 2-4** Applications for the issuance or offering of Securities shall be submitted to the Authority through the form designed for this purpose, and shall include the following information:
1. Description of the Securities to be issued or offered.
 2. Statement of the kind of subscription, whether it is a Public Offer or Private, and the expected subscription opening and closing dates.
 3. Main purposes and grounds for the Securities' issue or offering.
 4. Estimated fees, costs and charges for the process of the issue or offer and any relevant actions.
 5. In the case of Bonds or Sukuk, the application for issue or offering shall set out the terms and conditions for redemption.
 6. In the event that the Bonds or Sukuk are Convertible into Shares, the application for issuance or offering shall state the terms, conditions and procedures for their conversion into shares.
 7. Information and data of the Issuer, Obligor, Subscription Agent, Investment Advisor, Obligor, Credit Rating Agency, and of any personal or in-kind guarantees.
 8. Information concerning any legal action by or against the Issuer, Obligor or guarantor in case of a guaranteed issue for Bonds or Sukuk.
 9. Any further information required by the Authority.

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Article 2-5

The following documents shall be enclosed with the Security issuance or offering application:

1. An application for Securities issuance or offering signed by the person authorized by the Issuer or Obligor (as the case may be).
2. A draft of the proposed Prospectus, which shall be prepared in accordance with the form approved by the Authority. The draft shall be issued in Arabic and accompanied by an English translation with a statement showing that it is in compliance with the conditions of contents and disclosure.
3. A copy of the subscription application.
4. A copy of any existing or upcoming agreements entered into between the Issuer and other for the purpose of issuing or offering such Securities, in the event that the Authority requires any such agreement.
5. A copy of the Company Contract of the Issuer, Obligor or guarantor, if any.
6. A copy of the commercial register and license or any other similar documents of the Issuer, Obligor or guarantor, if any.
7. A copy of the Company Contract for which shares are convertible, if any.
8. In the event of an issuance of Preferred Shares, a statement of the classification of the Preferred Shares in accordance with the International Financial Reporting Standards shall be attached. The Authority may require the Issuer to re-classify such Shares.
9. A copy of the credit rating report in the event of issuing or offering Bonds or Sukuk.
10. The audited annual financial statements of the Issuer, Obligor or guarantor, if any, for the last three financial years before the application submission date, unless the Securities are issued for subscription in the Issuer's capital upon its foundation. In the event that the company was founded less than three financial years ago, the financial statements of the provisional period or periods elapsed before the application submission date shall be submitted. Additionally, the quarterly reviewed financial statements shall be submitted in the event that a period of more than six months has elapsed from the last annual audited financial statements prior to the application submission date.
11. A report prepared by an Asset Valuator of any assets in kind in the event that subscription in Securities are to be against assets in kind.
12. A real estate Appraisal Report shall be issued pursuant to Appendix 1 in this Module if the intended Securities are Bonds and Sukuk secured by real estate assets.
13. A copy of the documents proving that the Issuer and Obligor have acquired all the approvals required in accordance with the memorandum of association of the Issuer or Obligor for the issuance or offering of Securities in order to obtain the Authority's approval.
14. The approval of the Board of Directors of the company into whose shares the Preferred Shares, Bonds or Sukuk shall be converted, and the approval of the company's General Assembly in accordance with the company's Memorandum of Association to increase the issued capital of the company for the purpose of making available the Shares required for converting the Preferred Shares, Bonds or Sukuk, pursuant to this Module.
15. A copy of the resolution of the Board of Directors or competent fund's Administrative Authority by the Obligor, approving the security of the Bonds or Sukuk if the Securities are secured Bonds or Sukuk.
16. Any further documents or information required by the Authority.

Approval for Issue or Offering

Article 2-6

The Authority shall decide upon the application of the Securities issue or offering in a Public Offer within thirty days at most from the date of the submission of duly completed documents and information as required by the Authority.

Article 2-7

If the Authority finds reasonable grounds for disapproving a Securities issue or offering, it shall notify the company in writing of its resolution and the grounds upon which the decision is based within the period referred to in Article (2-6) in this Module.

Time Frame of Issue or Offering

Article 2-8

Issuance, offering, subscription and allocation of Securities shall be within a period of six months at most from the date of the Authority's approval for the issuance or offering. The Authority may extend the said period in the event that it finds reasonable justification for such extension.

Continuing Obligations for Foreign Issuers

Article 2-9

In addition to the continuing obligations stipulated in these Bylaws, a foreign Issuer or Obligor shall:

1. Notify the Authority directly in the event that any provision in this Module contradict any provision stipulated by a securities regulatory authority to which the foreign Issuer or Obligor is subject, to enable the Authority to take any further resolutions or steps required, including the exclusion of the Securities issuance from any provision stipulated in this Module.
2. Provide any information and documents to the Authority which have been notified and submitted to the securities regulatory authority in the country of incorporation.
3. Report immediately to the Authority any amendment of any law, legislation, or regulation in the country of incorporation that may affect its obligations arising from the Securities and its ability to meet such obligations.
4. Notify the Authority immediately of any disciplinary action taken against it by a securities regulatory authority in the country of incorporation.

Chapter Three

Valuation of In-Kind Shares (Tangible and Intangible Shares)

3

Valuation Guidelines

Article 3-1

If a company's capital consists of shares in kind upon incorporation or upon the increase of its capital, or if the subscription price for a security is partly or wholly not cash, i.e. in kind, such shares in kind or non-cash subscription price shall be evaluated by one of the Asset Valuators licensed by the Authority, in accordance with the principles and regulations stated in the following articles.

Article 3-2

Asset Valuators licensed by the Authority shall evaluate the assets indicated in Article (3-1) in this Module, in response to an application of the Issuer or the Issuer's founders or pursuant to a court mandate if such assets are evaluated for forced sale. Regulatory Bodies' approval of the appointed Asset Valuator and the appraiser's report is not required.

Appraisal may not be assigned to the Issuer's Auditor or another Auditor which is a party to the Issuer.

Article 3-3

Real estate located in or out Kuwait shall be evaluated in accordance with the appraisal mechanism followed by the Authority, hereinafter referred to in Appendix 1.

Article 3-4

Excluding the cases where the appraisal is conducted pursuant to a court mandate, the Ministry shall be notified of such appraisal to verify it is conducted by an Asset Valuator, who is licensed by the Authority. Neither the Authority nor the Ministry shall assume responsibility for the contents of an appraisal's report.

Responsibilities of the Asset Valuator, Issuer and Obligor

Article 3-5

An Asset Valuator shall be liable for any professional negligence or mistakes relevant to its conclusions within the limits of the information available to it.

Article 3-6

An Issuer, Obligor or offeror, as per each case individually, shall provide the Asset Valuator with all the required information. The managers of the Issuer, Obligor or offeror, as per each case individually, shall be held liable for any non-disclosure of information or the submission of incorrect information in this regard.

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Chapter Four

Credit Rating

Article 4-1

An Issuer or Obligor shall submit one or more reports on a proposed issue of Bonds and Sukuk issued by a Credit Rating Agency.

The credit rating report shall specify the type of Securities for which investors shall be invited to subscribe.

Excluding Bonds and Sukuk Public Offer, the Authority may exempt in whole or in part any entity from the provisions of this chapter.

Credit Rating Report

Article 4-2

The final report of a credit rating of Bonds and Sukuk shall be delivered to the Authority upon the submission of the application for their issue. If the final report of credit rating is not delivered to the Authority the Authority may accept a reference rating instead.

Article 4-3

In respect of a Public Offer, the Authority may disapprove an issue application if the credit rating report raises doubts as to the ability of the Issuer or Obligor to meet its obligation towards the Bondholders.

Article 4-4

The Authority may commit the Issuer or Obligor, as per each case individually, to enter into an agreement with a Credit Rating Agency to prepare an annual credit rating report for the Bonds or Sukuk to the date set by the Authority. In such case, the Issuer or Obligor shall continuously provide the Credit Rating Agency with the information needed on a timely basis. The credit rating report shall be regularly sent to the holders of Bonds and Sukuk. The Issuer or Obligor may not change a Credit Rating Agency unless approved by the Authority.

Chapter Five

Securities Subscription

5

General Provisions

- Article 5-1** No person may issue an invitation to subscribe in a Security, either upon issuance or by offering, unless the issuance or offering complies with the information and procedures stipulated in the Law and these Bylaws and is approved by the Authority.
- Article 5-2** The Authority may exempt from including in a Prospectus the statements and information referred to in this Module; and it may exempt from including some documents, declarations, or disclosures if the nature of the issuance or offer or type of Securities requires so.
- Article 5-3** The Authority may require the inclusion in the Prospectus of information further to the data and information set out in this Module.
- Article 5-4** Pursuant to Article (5-7) in this Module, persons in charge of a Prospectus shall jointly indemnify any Person that may incur any damages resulting from incorrect or non-accurate information therein or as a consequence of negligence concerning any data or information required to be included.
- Article 5-5** Except for Preferred Shares, Shares may be issued or offered for subscription without compliance with the provisions of Article (5-1) of this Module in the following cases:
1. An invitation to no more than fifty Persons for subscription of Shares in Kuwait.
 2. Issuance or offering of Shares of no more than KWD 1,000,000 within twelve months from the last date of issue.
 3. Issuance of Shares of no more than 10% of the last issue of the same class of Shares within a period of no more than twelve months.
 4. Issuance of bonus Shares to be distributed among shareholders as a dividend.
 5. Issuance of Shares within the framework of an employees' stock option plan.
 6. Issuance of Shares for the benefit of the Issuer's creditors for the purpose of restructure the Issuer's debts.
 7. Any other cases determined by the Authority.
- No promotion through the mass media for an issuance or offering shall be permitted in the cases stated in this Article unless the Authority decides otherwise.

Contents of a Public Offer Prospectus

Article 5-6

A Public Offer Prospectus shall include all information that may enable investors to evaluate the Issuer's financial status and future prospects and the rights arising from the Securities offered, in accordance with the nature of issue or offering and nature of the Securities. The Public Offer Prospectus shall consist, in particular, of the following details:

1. An index of the contents of the Prospectus.
2. The name and address of the Subscription Agent. In the event that the Issuer is not the Subscription Agent a further statement of the rights, obligations and duties of the Subscription Agent.
3. Amount of Securities issued or offered.
4. Subscription opening and closing dates.
5. Subscription minimum limit.
6. Detailed description of the risks related to subscribing in the Securities.
7. Detailed statement of the use of the proceeds of the issuance.
8. Procedures for returning money to subscribers if their applications are not approved either wholly or partially and a statement of the repayment schedule and indemnifications resulting from any delay in repayment of the subscription money in the event that the issue be cancelled.
9. A statement that the Prospectus has been prepared in accordance with the applicable Law and these Bylaws and approved by the Authority.
10. A statement of the Central Bank's approval of the issue or offering for the Units Subject to the Supervision of the Central Bank.
11. Declaration that the Authority shall not be a party to any claim related to damages arising from a Prospectus approved by the Authority.
12. Representation by the Issuer, Obligor and Subscription Agent which states that they assume responsibility in the event that the information included in the Prospectus is incorrect, that the Prospectus does not omit any Material Information and that it is based upon accurate data and information.
13. Statement setting out the Islamic Sharia opinion if the Securities comply with the Islamic provisions.
14. Statement of the Board of Directors or on behalf of each Member of the Board of the Issuer and Obligor, confirming that all the information shown in the Prospectus is complete, accurate and true, that the statement is issued after due diligence, that disclosure is made of all information relating to the Securities, Issuer, Obligor and guarantor for the purpose of deciding whether to subscribe in such Securities or not and that all the provisions of this Module, Law and Bylaws, Companies Law and its Executive Regulations and the laws and instructions issued by the Authority are complied with.
15. Representations of the legal advisors of the Issuer or Obligor certifying that they have reviewed the Prospectus and relevant documents and ensured that they comply with the relevant legal requirements and that the Obligor has obtained all the approvals required to ensure the validity and effectiveness of its obligations.
16. If the Prospectus includes a technical statement made by an expert or a Licensed Person or a Registered Person, the Prospectus shall include a reference to the approval of the person who prepared such technical statement that it may be included in the Prospectus, and that it remains valid.

17. An explicit notice as follows: “We recommend that you seek advice of an appropriately qualified Licensed Person regarding the contents of this Prospectus before deciding to take part in the subscription”.
18. The subscription fees or estimated fees, together with the person responsible for paying these fees.
19. Copy of the Memorandum of Association and Articles of Association of the Issuer.
20. A statement of the names of the Persons in charge of supervising the Issuer directly or indirectly.

Persons Responsible for a Public Offer Prospectus

Article 5-7

A Public Offer Prospectus shall include information about the persons in charge of the Prospectus, as follows:

1. The Issuer and any Member of a Board of Directors of the Issuer.
2. Subscription Agent, if any.
3. Any Person with responsibility for the contents of the Prospectus.

Securities Information

Article 5-8

A Public Offer Prospectus shall include the details of the Securities to be offered as follows:

1. Number and class of the Securities offered.
2. Statement of the rights arising from Securities in accordance with the details included in Article (5-9) in this Module.
3. Procedures for exercising pre-emptive rights related to Securities.
4. Statement of the convertibility of the Securities to other forms of Securities.
5. Brief description of any restrictions on dealing in offered Securities and any future arrangements for dealing therein.
6. Statement whether the Securities offered are listed on an Exchange or not.
7. Purpose of issuing such Securities.
8. Period of time for allocation of subscribed Securities.

Article 5-9

Rights arising from Securities shall include the following:

1. In the case of issuing or offering ordinary Shares, the rights arising from such shares shall be as follows:
 - a. Voting rights.
 - b. Short-term rate of profitability of the shares.
 - c. Rights upon the Issuer's liquidation.
 - d. rights in the event that the subscription is not covered.
2. In the case of issuing or offering Preferred Shares, the relevant rights shall include the following:
 - a. Profits to be distributed among the holders of Preferred Shares, with provisions determining the periods of distribution of dividends.
 - b. Any restrictions on payment of dividends for Shares.
 - c. Rights of the holders of Preferred Shares concerning voting, profits, liquidation proceeds of the company and any other rights.
 - d. Terms and conditions to redeem convertible Preferred Share.
 - e. Terms and conditions for the conversion of Preferred Shares into ordinary Shares.
 - f. Procedure for exercising rights relating to Preferred Shares before and after being converted.
 - g. Disclaimer of liability stated in Article (13-13) in this Module.
3. In the case of issuing or offering Bonds, Sukuk or any other debt instruments, the rights arising from such shares shall be as follows :
 - a. Payable returns.
 - b. Date of payment.
 - c. Redemption payment.
 - d. Provisions of formation and operation of the Bondsholders and Sukukholders Association.
 - e. Events which would lead to the acceleration of the redemption or redemption of Bonds and Sukuk.
 - f. Terms and conditions of converting Bonds and Sukuk into ordinary Shares.
 - g. Rights of the Bondholders and Sukukholders, in the event that the Issuer or Obligor is bankrupt, wound up or liquidated.

Article 5-10

A Public Offer Prospectus shall include the following information concerning the Issuer:

1. Issuer's name, address and date of incorporation.
2. Issuer's legal form.
3. Issuer's issued and paid capital.
4. Number and detail of any Securities previously issued by the Issuer.
5. Brief description of the Group of which the Issuer is a member, if any, and the place occupied accordingly in such Group.
6. Statement of the names of the shareholders who hold 5% or more of the shares in the capital of the issuer, showing the percentage of shares held by each of them.
7. Audited and approved financial statements for the last three years preceding the date of applying for the approval of the Prospectus. In the event that more than nine months has elapsed from the date of the last approved financial statements, the submission of financial statements updated for this period and reviewed by an Auditor shall be required.
8. Statement of the distribution of the Issuer's profits for the last five years preceding the date of applying for the approval of the Prospectus, inclusive of the value and kind of the shares distributed.
9. Brief description of the transactions carried out or to be carried out by any Related Parties.
10. Names and positions of the members of the Issuer's Board of Directors or of the Board of the entity managing the Issuer.
11. The financial and in-kind benefits given to the members of the Issuer's Board of Directors or of the Board of the entity managing the Issuer during the financial year preceding the application for the approval of the Prospectus, and the estimated value of the benefits intended to be given to them in the financial year of subscription.
12. Number and class of Shares owned by each Member of a Board of Directors of the Issuer in the Issuer's capital.
13. Resume of each present or proposed Member of a Board of Directors of the Issuer and the nature of any family relationships between the Members of the Board of Directors.
14. Statement of any other position occupied by any Member of a Board of Directors of the Issuer.
15. Detailed description of the Issuer's main activities as follows:
 - a. Description of the Issuer's main activities and any further exceptional factors that have a substantial effect on these activities.
 - b. Statement of specific clients or suppliers and patents, intellectual property rights, licenses or private contracts which have a major significance for the Issuer's activity.
 - c. Information of the Issuer's current investments, if any, and their relevant risks.
 - d. Information of claims, judicial actions or arbitration procedures, whether considered, suspended or alleged to be taken against the Issuer or any of its Subsidiary Companies, which may have substantial effect on its financial position.
 - e. Basic information of all the main contracts of the Issuer or the Issuer's Subsidiary Companies within the two years preceding the date of applying for approving the Prospectus and the parties of these contracts, provided that routine contracts entered into within the ordinary course of the Issuer's business are not included.

Contents of Private Placement Prospectus

Article 5-11

If an invitation to subscribe is limited to Professional Clients or a specific category of clients or definite Person or Persons approved by the Authority, a Private Placement Prospectus may be prepared regardless of the provisions of the Articles from (5-6) to (5-10) of this Module, provided that the Private Placement prospectus includes the following information in particular:

1. Issuer's name, address and date of incorporation.
2. Sales Agent's name and address, if the Issuer is not the Sale Agent.
3. Subscription Agent's name and address, if any.
4. Subscription period.
5. Subscription minimum, if any.
6. Kinds of investors eligible for subscription.
7. Details of the intended use of the proceeds of the issue.
8. Statement that the Prospectus has been prepared in accordance with the Law and these Bylaws and approved by the Authority.
9. Statement of the Central Bank's approval for the issue by Units Subject to the Supervision of the Central Bank.
10. Statement that the Authority shall not be a party to any claim of damages arising from a Prospectus approved by the Authority.
11. Representation of the Issuer, Obligor or Subscription Agent, that it assumes responsibility in case the information included in the Prospectus proves to be incorrect, that the Prospectus does not omit any Material Information and that it is based on factual information and details.
12. Statement of the Board of Directors or on behalf of each Member of the Board of the Issuer and Obligor confirming that all the information shown in the Prospectus is complete, accurate and true, that the statement is issued with due care, that all information relevant to Securities, Issuer, Obligor is disclosed to the investors for the purpose of deciding whether to subscribe in such Securities or not and that all the provisions of this Module, Law and Bylaws, Companies Law and its Executive Regulations and the laws and instructions issued by the Authority are complied with.
13. Representation of the legal advisors of the Issuer or Obligor, certifying that they have reviewed the Prospectus and relevant documents and ensured that they comply with the relevant legal requirements, and that the Obligor has obtained all the approvals required to ensure the validity and effectiveness of its obligations.
14. An explicit notice as follows: "We recommend that you seek advice of an appropriately qualified Licensed Person regarding the contents of this Prospectus before deciding to take part in the subscription".
15. Brief description of the transactions carried out or to be carried out by the Related Parties.
16. Details of the offered Securities as follows:
 - a. Number and class of the Securities offered.
 - b. Statement of the rights arising from Securities, based on the details included in Article (5-9) in this Module.
 - c. Brief description of any restrictions on Trading of the Securities being offered and any future measures concerning Trading thereof.
 - d. Purpose of issuing such Securities.

Article 5-12

17. The Private Placement Prospectus shall include the following information concerning the Issuer:
 - a. Number and detail of any Securities previously issued by the Issuer.
 - b. Audited and approved financial statements for the last three years preceding the date of applying for the approval of the Prospectus. In the event that more than nine months has elapsed from the date of the last approved financial statements, the submission of financial statements updated for this period and reviewed by an Auditor shall be required.
18. Information of claims, judicial actions or arbitration procedures, whether considered, suspended or alleged to be taken against the Issuer or any of its Subsidiary Companies, which may have substantial effect on its financial position.

No promotion of Private Placement is permitted unless in compliance with the financial promotions regulations, which are set forth in Chapter Seven of Module Eight (Conduct of Business) of these Bylaws, provided that they shall not be made through mass media.

Additional Contents of a Prospectus for Bonds and Sukuk Convertible into Shares

Article 5-13

A Prospectus for Bonds and Sukuk convertible into Shares shall include the following:

1. Class of Shares into which Bonds and Sukuk shall be converted.
2. Rights and privileges related to such Shares.
3. Terms and conditions of conversion.
4. The total number of shares which subject to conversion rights.
5. Period during which the conversion rights may be exercised and date from which such rights can be exercised.
6. Effects of exercising conversion rights and payments related to such conversion.
7. Agreements for the transfer of conversion rights, if any.
8. Rights of the Bonds and Sukukholders, in the event of bankruptcy, winding up or liquidation of the company whose shares shall be subject to conversion rights.
9. Agreements for amending subscription rate, price of the tender, number of Shares or others taking into consideration the amendment of capital of the company whose Shares are subject to the rights of conversion.

Article 5-14

In the event that the Issuer of the Bonds and Sukuk convertible into Shares is different from the Issuer of the Shares that they shall be converted into, the Prospectus shall include the information required by the Authority of the company, whose Shares, the Bonds and Sukuk shall be converted into.

Article 5-15

Prospectus shall include the information required by the Authority of the company whose Shares, the Bonds and Sukuk shall be converted into, as follows:

1. Authorized and issued capital, amount of Shares allocated for conversion of Bonds and Sukuk, term of licensing capital increase, pre-emptive rights related to capital increase and provisions and procedures for issuing such Shares.
2. Persons who exercise or may exercise direct or indirect Control, either jointly or severally, on the company and a statement of the percentages of their ownership in the capital.
3. Information of the profitability relating to the company's shares for each year during the last three financial years.
4. Percentages of dividend distributions for the last three financial years.
5. Date of profits maturity.
6. Details of any agreement under which future profits are waived or agreed upon being waived.
7. Summary of the provisions of any shareholders' agreement related to the company.

Information concerning the company, in which the company whose shares the in Bonds and Sukuk will be converted, in which the latter company owns not less than 10% of the paid capital, provided that such portion is not less than 5% of the net asset value of such company.

Additional Provisions for a Prospectus for Sukuk

Article 5-16

Sukuk Prospectus shall provide the following information of the Sukuk Assets:

1. Type and date of valuating the Sukuk Assets.
2. Description of the returns of the Sukuk Assets.
3. Location of the Assets and applicable law to related receivables.
4. Amount, value and maturity of receivables.
5. Ratio of receivables of Sukuk Assets upon incorporation, in the event that receivables are based on or backed by such Assets.
6. Standards for choosing Assets and details of replacement procedures.
7. Reference to any material representations submitted by the Issuer regarding Assets and receivables.
8. Origination of related Assets, investments or receivables.
9. Summary of the main conditions of insurance policies of the Asset-Backed Sukuk.
10. Obligors' specifications and further details required by the Authority.
11. Description of the material risks related to Sukuk Assets and details of methods of risk treatment and mitigation.
12. Description of sale, transfer or waiver of Sukuk Assets or their relevant rights to the Issuer and statement of date thereof.

Article 5-17

Sukuk Prospectus shall provide the following information, at minimum, concerning the cash flows resulting from Sukuk Assets:

1. Detailed description of Sukuk structure and cash flows.
2. Anticipated method of the Issuer's fulfilment of its obligations towards Sukukholders through cash flows, including information about any credit enhancement.
3. Statement of the cases wherein cash flows are decreased, the availability of any liquidity support and any mechanism of covering risks of a profits decrease, as the case may be.
4. Investment standards relevant to investing surplus liquidity.
5. Details of how to collect payments from obligors.
6. Summary of the priority payment provisions by the Issuer to the holders of certain class of Sukuk, if any.
7. Details of the service provider's fees and other fees due from the Issuer to be fulfilled by the cash flows.
8. Details of any other procedures of payment to Sukukholders.
9. Information about the accumulation of the financial surplus relevant to Sukuk structure, if any.

Article 5-18

Sukuk Prospectus shall provide the following additional information:

1. Originator's name, address and basic information.
2. Service provider's name, address and a summary of its responsibilities, its qualifications and the provisions of termination.
3. Name, address and basic information of any Obligor, and payment obligations relating to the cash flows derived from Sukuk Assets, as the case may be.
4. Name, address and basic information of providers of credit enhancements, as the case may be.
5. Name, address and basic information of the bank where the main accounts are opened for purposes of issuance.

Article 5-19

A Prospectus of an Asset-Based Sukuk shall include sufficient information about the assets as deemed by the Authority which establish that the procedures proposed for sale, transfer or conversion of Sukuk Assets or rights and dues arising from Sukuk Assets to the Issuer create a true sale in accordance with these rules.

Article 5-20

Any Prospectus and other promotional material related to an Asset-Based Sukuk shall include an explicit reference to the fact that the terms and conditions of such Sukuk imply an obligation of transfer of the relevant Asset-Based Sukuk by means of purchase undertaking or any other form of obligation, from the Issuer to Obligor or any other Person.

Article 5-21

A Sukuk Prospectus shall include the eligibility of the holders of Sukuk for the profits of Sukuk Assets and redemption of Sukuk.

Article 5-22

A Sukuk Prospectus shall include information about any Guarantor similar to the information required for the Issuer and Obligor.

Approval of Prospectus

Article 5-23

A Prospectus shall become effective thirty days after being submitted to the Authority with all required documents, information and statements required, unless the Authority declares its approval or disapproval in writing prior to the expiry of the said period. This period may be extended with the Issuer's approval.

Article 5-24

The Authority may refuse approval of a Prospectus in the following cases:

1. The Prospectus does not comply with the Law or these Bylaws.
2. The Prospectus is submitted without proof of payment of the fees required.
3. The Issuer fails to provide the financial statements required by Law or any regulation or bylaw issued thereunder.
4. The prospectus includes an incorrect or incomplete statement, which may affect the subscriber's decision.

Article 5-25

In the event of a Public Offer, the Issuer shall provide the Exchange, Issuer, Subscription Agent, Obligor and Guarantor with sufficient copies of the Prospectus approved by the Authority, provided that copies of the prospectus shall be available to the public for free.

Supplementary Prospectus

Article 5-26

In the event of a substantial change or mistake or difference of information or data of the Prospectus approved by the Authority, the Issuer or Subscription Agent shall provide the Authority with a supplementary prospectus including the necessary amendments, prior to the end of the subscription period.

Each Subscriber shall be given a supplementary Prospectus after being approved by Authority and before the end of the subscription period. The provisions of Article (5-25) of this Module shall apply to the supplementary prospectus. Any subscriber who subscribed before being provided with the supplementary prospectus shall be entitled to withdraw from subscription. In such case, the Issuer shall return the subscription payments to the withdrawing subscriber immediately when he decides to withdraw his subscription.

Announcement of Subscription

Article 5-27

The Issuer, Subscription Agent and all Obligors, if any, shall place the Prospectus approved by the Authority on their websites to be available for printing and downloading at least two Business Days before the opening of the subscription.

Article 5-28

In the event of a Public Offer, it shall be advertised by publishing a summary of the Prospectus thereof in two local newspapers issued in the Arabic language and one local newspapers issued in the English language, provided that these newspapers are widely circulated, that the announcement is published at least two Business Days before the opening of subscription and that it includes the following information, at a minimum:

1. Name and number of the commercial register of the Issuer, Obligor and Guarantor, if any.
2. Securities' risks.
3. Name of the Subscription Agent, Investment Advisor, other agents or trustee (as the case may be).
4. How the public may obtain a copy of the Prospectus.
5. Statement that recommends to investors to read the contents of the Prospectus before investment, to assess relevant risks and seek professional advice.
6. Subscription applications opening and closing dates.
7. Disclaimer statement as follows:
"The Authority or other Regulatory Bodies in Kuwait assumes no responsibility whatsoever for the contents and accuracy of this announcement or damages resulting from relying on any part of this announcement".

Article 5-29

Marketing and financial promotion materials of Securities available for public in Kuwait or targeting the investors therein, including Private Placement of Securities, shall fulfil the following conditions:

1. Comply with the rules, restrictions and obligations applicable under the Law, these Bylaws, regulations, guidance principles and instructions issued by the Authority.
2. Include an explicit statement that investor shall refer to the Prospectus for more detailed information.
3. Include the following disclaimer:
"The Capital Markets Authority and all other Regulatory Bodies in Kuwait assume no responsibility whatsoever for the contents of this document and do not approve the contents thereof or verify the validity and accuracy of its contents. The Capital Markets Authority and all other Regulatory Bodies in Kuwait assume no responsibility whatsoever for any damages that may result from relying on the contents of this Prospectus either wholly or partially. It is recommended to seek the advice of an Investment Advisor".

Article 5-30

Without prejudice to the obligation of disclosure under the Law and instructions issued by the Authority, the Issuer and Obligor, if any, and any Person who undertakes any relevant role in respect of the issue, shall maintain the confidentiality of the information concerning the issue prior to the Authority's approval of issuance or announcement thereof.

The Issuer and Obligor may provide the Subscription Agent, Investment Advisor, Credit Rating Agency, agent or trustee with all information related to the issuance of the Securities for the purpose of processing the issue. These persons shall be notified in writing that such information is confidential and that they shall not deal in any Securities of the Issuer or Obligor that may be affected by the issue process, unless such information is made public.

Subscription Procedures

Article 5-31

Subscription in Securities shall be open for a period not exceeding three months. The Issuer may close the subscription in the event that all the Securities offered for subscription are already subscribed for. The Issuer may keep the subscription open until the end of the subscription period. Such action shall be made clear in the Prospectus.

Article 5-32

Securities shall be subscribed by one or more Subscription Agents or other entity approved by the Authority. Subscription payments shall be deposited in a bank account opened by the Subscription Agent in the name of the Issuer. No withdrawals shall be made from such account unless for the purpose of transferring the total value of the subscription payments to the Issuer or returning payment to the subscribers in accordance with Article (5-39) of this Module in the event of the cancellation of the issue, unless otherwise provided for in the Prospectus.

Article 5-33

Subscription applications shall be submitted to the Subscription Agent with the required subscription payment. The receipt signed and issued by a Subscription Agent shall provide for the following information:

1. Type of Securities.
2. Name, commercial register number and headquarters address of the Issuer and Obligor.
3. Name, information (number of civil identification or commercial register), address and nationality of the applicant.
4. Subscription date.
5. Number of Securities subscribed for.
6. Paid amount of Subscription.
7. Par value of security.
8. Specific dates and terms and conditions of payment.
9. Maturity date of Preferred Shares, Bonds and Sukuk, if any, and the terms of their redemption.
10. Statement of collaterals, if any.
11. In the event that the Securities comprise Preferred Shares, Bonds and Sukuk convertible into Shares, the receipt shall state the details of Shares into which, Bonds and Sukuk shall be converted, and the dates wherein the Bondholders and Sukukholders shall exercise the right of conversion.

The subscription by the investor shall be deemed final upon the issue of receipt by the Subscription Agent.

Subscription may be conducted electronically via any modern means of payment or communication. Subscription shall be considered complete upon the deposit of the subscription payment in the subscription account as detailed in the Prospectus.

Article 5-34

Securities not paid in full shall be registered in the name of the Subscription Agent and their payments shall be made in full by transferring such payments to the subscription account. In the event that the Issuer or Subscription Agent denies that the Securities value is paid in full, the certificate issued by the bank where the account referred-to is opened shall be relied upon for verification of payment.

In the event that the subscriber fails to complete unpaid amount for his subscription by its due date, the Issuer shall request the Subscription Agent to sell the Securities on behalf of the subscriber, deposit the value of such sale in the account indicated in the previous paragraph of this article, transfer an amount which fulfils the unpaid value of Securities to the Issuer's account and deliver the rest of the value, if any, of the sale to the subscriber.

Article 5-35

In the event of a violation of the conditions and procedures of Securities issuance and subscription set forth in this Module, any party with a relevant interest may request the competent court to nullify the subscription and obligate the Issuer and Obligor, as the case may be, to repay the value and returns of Securities, if any, in addition to claiming for indemnification, if it is justified by law.

Allocation and Registration

Article 5-36

Securities shall be allocated in accordance with the method set out in the Prospectus during a maximum period of five Business Days from the date of subscription closure.

Article 5-37

Subscription shall be cancelled and subscription payments shall be repaid to subscribers as per article (5-39) of this Module in the event that at least 50% of the Bonds and Sukuk are not covered within the subscription period, unless otherwise provided for in the Prospectus.

In the event of oversubscription for the Bonds and Sukuk, the excess shall be returned to subscribers and Bonds and Sukuk shall be allocated among them, pursuant to the Prospectus.

Article 5-38

A statement of the subscription shall be submitted to the Authority within ten Business Days of the date of subscription closure, and this statement shall state the total number, value and means of payment of Securities subscribed for, in addition to a statement of the names of subscribers and the number of Securities allocated for each subscriber. The statement shall include the following documents:

1. Certificate of the bank wherein the subscription account is opened, showing the total subscription payments deposited therein.
2. Names of Persons who subscribed for the Securities; the subscribers to whom Securities are allocated and the number of Securities allocated for each one of them; and the persons whose subscription was nullified and the reason for each such nullification.
3. Statement issued by the Clearing Agency which maintains the Securities holders' register which shows the names of subscribers, to whom the Securities are allocated, number of Securities allocated for each of them and their par value.

Article 5-39

The Issuer shall provide the Obligor and Subscription Agent with a copy of the statement referred to in article (5-38) of this Module and its attachments. The Subscription Agent shall, within a period of no more than one Business Day following its being provided with the statement referred to and its attachments, transfer the subscription payments and any returns, if any, to the Issuer or Obligor, in accordance with the Prospectus.

In the event that the issue is cancelled, the Subscription Agent shall, within a period of not more than five Business Days from the date of the issue cancellation, return the amounts of subscription and any further returns achieved, if any, in accordance with the instructions shown in the subscription application and conditions stated in the Prospectus.

In the event that the Issuer expresses a desire to cancel the issue, it shall advertise such cancellation within a maximum period of fifteen days from the date of subscription closure. Cancellation shall be advertised the same way the Prospectus is advertised.

Chapter Six

Securities Register

Article 6-1 Securities shall be deposited at a central securities depository of Securities of a Clearing Agency. The statement of holding of Securities issued by the Clearing Agency is prima facie evidence of title of the Securities and any rights arising therefrom. A statement of holding shall be delivered to each security holder showing the number of its Securities. In the event of pledge or attachment of Securities, the creditor pledgee and attachment creditor shall be given a receipt of Securities with annotation of pledge or attachment.

Article 6-2 Any action related to Securities not deposited with a Clearing Agency, or not recorded in their registers in accordance with the procedures applicable by a Clearing Agency in this regard, shall not be taken into consideration.

Article 6-3 Each Issuer shall have a special register kept with a Clearing Agency for each issue. The register shall contain the names, nationality, domicile, and number of Securities registered for each holder, the type and the capital paid in for each Security.

The register shall be updated by any changes required to be registered and which are received from the Clearing Agency. Any party with a relevant interest may request the Clearing Agency to provide them with such information from the register.

Article 6-4 The Clearing Agency shall, within the specific dates determined by the Authority, provide the Authority with any information concerning the information entered into the register of the Securities' holders kept with such Clearing Agency.

Article 6-5 Pursuant to a complaint presented by any party with a relevant interest, or pursuant to the results of inspection procedures, the Authority may decide to maintain the register of the Securities' holders by some agency other than the Clearing Agency. Both agencies shall take the necessary actions to deliver and receive the register of the Securities' holders and the other documents showing the entries added thereto within the specific dates set by the Authority.

Form and Contents of Title Deed

Article 6-6 The statement of holding of Securities shall include the following details:

1. Name, commercial register number and headquarters address of the Issuer and Obligor.
2. Capital of the Issuer and Obligor.
3. Name of the Security's holder.
4. Par value and number of security.
5. Return eligible for the Security, if any, and the specific dates for paying the same.
6. Annual dividend of the security from the company's profits, if any.
7. Statement of collaterals of securities, if any.
8. Redemption conditions for Bonds and Sukuk.
9. In the event that the Securities comprise Bonds and Sukuk convertible into Shares, the receipt shall state the dates whereon the Bondholders and Sukukholder may exercise the right of conversion, and the conditions of conversion.

Chapter Seven

Special Purpose Vehicle Companies

- Article 7-1** The provisions of this chapter shall apply to the Special Purpose Vehicle Company referred to in item (9) of article (5) of the Law which issues Securities, except for Special Purpose Vehicle Companies that issues Contractual Collective Investment Scheme Units.
- Article 7-2** Special Purpose Vehicle Companies which issue Securities may not be incorporated and carry out any activities unless it is licensed by Authority. These companies shall exercise their activities without the need to obtain a commercial license, as per Law No. (111) of 2013 regarding License of Commercial Stores.
- Article 7-3** Special Purpose Vehicle Companies' purposes are limited to the issue of Bonds and Sukuk as shown in their contracts. These companies shall not pursue any other purposes, even if similar to their purposes. They shall be wound up by force of law once the purposes for which they are formed are achieved.
- Article 7-4** The term of Special Purpose Vehicle Companies shall not be less than the term of Bonds and Sukuk issued thereby.
- Article 7-5** Special Purpose Vehicle Companies may be formed by one person. Founders or shareholders, during the term of the company, shall not be more than three.
- Article 7-6** The capital of Special Purpose Vehicle Companies shall be registered as a trust in the name of the Persons whom the Authority agrees as appropriate to hold such Shares in the capital of the Special Purpose Vehicle Companies, particularly the following:
1. A Licensed Person or Registered Person by the Authority and its Subsidiary Companies.
 2. Law firm.
 3. Obligor or originator of Bonds.
- The Authority may disapprove any of the above entities in the event that they are not sufficiently qualified, experienced or independent. The disapproval of the Authority shall be justified.
- Article 7-7** The phrase (Special Purpose Vehicle Company) shall be added to the title of this kind of companies in all papers, prints and communications thereof.
- Article 7-8** The company contract of Special Purpose Vehicle Companies shall be issued in writing and shall not be required to be issued as an official document. This provision shall apply to any amendment thereof.

Article 7-9

The contracts of Special Purpose Vehicle Companies shall be issued in accordance with the form approved by the Authority.

The founders, if there be such, may not omit obligatory information required in the said form.

Beyond the obligatory information required, founders may abide by the provisions of the form either wholly or partially or add other conditions which do not conflict with the obligatory provisions stipulated in this Module.

Procedures of Incorporation

Article 7-10

A Special Purpose Vehicle Company shall be incorporated in accordance with the following procedures:

1. The incorporation application shall be submitted in accordance with the form shown in Appendix (2) accompanied by all the documents and information stated in the form. Fees as determined shall be paid.
2. Following the receipt of the company incorporation application complete with all requirements referred to in Paragraph (1) of this Article, the Authority may at any time require further information or documents it finds necessary to decide upon the application. In the event that the applicant fails to submit such information and document within the period set by the Authority the application shall be deemed to be withdrawn.
3. The Authority shall make a decision regarding an incorporation application after receiving it complete with all information and documents stated in paragraphs (1) and (2) of this article.

Article 7-11

The Authority shall note in the register of the application of incorporation of Special Purpose Vehicle Companies the date of the application submission, names of applicants and approval of the company incorporation and date of issue or decision of the application rejection and date of notifying the applicants with such rejection.

Article 7-12

In the event that the incorporation application is approved, founders shall be notified of such approval for forming the Special Purpose Vehicle Company, calling for the founders to sign the company contract before a competent official of the Authority within one week at the most from the date of issuing the approval.

Article 7-13

The Authority shall issue a license for the company following payment of the fees set, place a copy of the company contract in the company's file at the Authority and shall be exempt from publishing its contract or any amendment thereof in the Official Gazette.

In the event that an incorporation application is rejected, such rejection shall be issued by a justified decision by the Authority

Exemptions

- Article 7-14** Special Purpose Vehicle Companies shall be exempt from the condition of having an office thereof, provided that it has an elected domicile to where notifications, correspondence and notices shall be sent.
- The special purpose vehicle company may not have employees or file in the Ministry of Social Affairs and may not seek to recruit foreign employees.
- Article 7-15** Excluding the requirements stated in this Chapter, Special Purpose Vehicle Companies shall be exempt from the duties required of Licensed Persons by the Authority.
- Article 7-16** Special Purpose Vehicle Companies shall be exempt from holding ordinary or extraordinary general assembly meetings in accordance with the procedures stipulated in the Companies Law, and shall replace these meetings with the shareholders' written agreement on its resolutions.
- Article 7-17** Special Purpose Vehicle Companies shall be exempt from retaining an annual percentage of profits for reserves as per Article (118) of the Companies Law.
- ### Company's Form, Legal Entity and Capital
- Article 7-18** Special Purpose Vehicle Companies shall take the form of a shareholding company. Provisions of shareholding companies in the Companies Law shall apply in the event that there is no particular provision in this regard in the Company Contract or this Chapter.
- Article 7-19** The company shall have legal personality from the day of issue of the Authority license.
- Article 7-20** The minimum capital of a Special Purpose Vehicle Company shall be KWD 100 or the formation charges, whichever is higher. The capital shall not necessarily be in proportion to the rights and obligations transferred to the company or the total amount of the Securities issued thereby.
- Article 7-21** The contract of a Special Purpose Vehicle Company may not be amended, unless it is approved by the Authority.

Article 7-22

In the event that a Special Purpose Vehicle Company is formed for the issue of Sukuk, it may exercise one or more of the following activities:

1. Issue of Sukuk, act as a Trustee or agent or perform all activities related to the issue of Sukuk.
2. Ownership or holding of Sukuk assets or disposal of Sukuk assets on behalf of Sukukholder.
3. Management and use of assets for the purposes for which the Sukuk are issued.
4. Distribution of Sukuk returns and redemption value.
5. Conclusion of contracts with the Originator, Obligor or others taking part in the issue.
6. Other supporting and ancillary activities.
7. Other activities approved by the Authority.

Article 7-23

In the event that a Special Purpose Vehicle Company is formed for the issue of Bonds, it may exercise one or more of the following activities:

1. Issue of Bonds, acting as a Trustee or agent or perform all activities related to the issue of Bonds.
2. Grant loans to Obligors, which are equal to the subscription payment.
3. Distribution of Bonds returns and redemption value.
4. Other supporting and ancillary activities.
5. Other activities approved by the Authority.

Company Management

Article 7-24

Shareholders may assign the management of Special Purpose Vehicle Company to any of the persons stated in article (7-6) in this Module. In this case, most managers or Members of the Board of Directors shall be employees of the entity to which the management of the company is assigned. This entity or any subsidiary thereof shall exercise the role of secretary.

Article 7-25

The entity to which the management of the Special Purpose Vehicle Company is assigned shall be in charge of the following:

1. Prepare the minutes of meetings of the Board of Directors or management, including the record of negotiations of such meetings, proposed resolutions and voting procedures.
2. Prepare the financial statements and records required in accordance with the contract of the Special Purpose Vehicle Company.
3. Submit any notification or representation required in accordance with the Law and these Bylaws.
4. Notify the Obligor five Business Days before the maturity date of any amounts under the conditions stipulated in the Prospectus to deposit such amounts in the account opened by the Paying Agent for paying the Periodic Distributions and redemptions in the name of the company.
5. Notify the Clearing Agency of redemption of Bonds and Sukuk wholly or partially, in case the conditions of redemption are fulfilled and provide it with the proof of fulfilling the redemption conditions.
6. Other duties and responsibilities stated in the contract of the Special Purpose Vehicle Company.

- Article 7-26** Special Purpose Vehicle Company shall not be liable for the acts performed by the managers thereof in its name and for its account, if such acts are not within the purposes for which it is created.
- In such case, the managers of the company shall be liable for any damages that may be incurred by the company or others as a result of such acts.
- Article 7-27** Managers of Special Purpose Vehicle Company shall take the necessary measures for evaluating the present and future obligations as to enable the company to meet such obligations on its due date.
- Article 7-28** Managers of Special Purpose Vehicle Company may not hold the company liable for any obligations other than those arising from the issue of Bonds and Sukuk.
- Article 7-29** Special Purpose Vehicle Company shall notify the Authority of any changes in respect of managers, Members of the Board of Directors, secretary, shareholders or domicile within ten Business Days from the occurrence of such change.
- Article 7-30** Special Purpose Vehicle Company shall comply with the provisions stated in Module Ten (Disclosure and Transparency) of these Bylaws in the event that the Bonds or Sukuk issued thereby are listed on the Exchange.
- Article 7-31** Managers of Special Purpose Vehicle Company may be removed by Authority resolution or court order based on a claim filed by one of the Bondholders or Sukukholders in the event that their conducts may negatively affect the public interest or the interest of the Bondholders or Sukukholders of the company or if their conduct does not serve the company's purposes.
- In such case, the management of the company may be assigned to another entity decided by the Authority, until the company assigns a new managing entity approved by the Authority.

Prohibition on Disposal of Shares Issued by Special Purpose Vehicle Company

Article 7-32

Shares issued by a Special Purpose Vehicle Company may not be disposed of or transferred unless approved by the Authority and may not be subject to attachment or forced sale.

In the cases in which Shares issued by the company are allowed to be disposed of, such disposition shall abide by the provisions of article (8-3) of this Module.

Article 7-33

In the event that one of the shareholders or the managing entity of the company declared bankruptcy, appoint a receiver or liquidator, the Shares thereof shall not be included in bankruptcy, receivership or liquidation.

Securities Issued by Special Purpose Vehicle Company

Article 7-34

Taking into consideration the Law and these Bylaws, Special Purpose Vehicle Company may issue Bonds and Sukuk for Public Offer or Private Placement pursuant to a resolution issued by shareholders conditioned by Authority's approval.

Article 7-35

Special Purpose Vehicle Company may not offer its Shares in Public Offer and may not directly or indirectly resort to a Public Offer for increasing its capital or for taking loans.

Article 7-36

Documents of issue of Bonds and Sukuk shall include an undertaking by the Obligor that it shall incur all the obligations and liabilities of the Special Purpose Vehicle Company and shall pay any fines or indemnifications that may be incurred by the Special Purpose Vehicle Company in accordance with the provisions of Law and these Bylaws based on the Prospectus.

Accounts, Audit and Inspection

Article 7-37

A Special Purpose Vehicle Company shall be subject to the procedures and provisions for auditing, controlling and examining the accounts of the Licensed Persons as per the Law and these Bylaws. The company shall provide the representative with the audited annual financial statements and reviewed quarterly financial statement.

The Company Contract may include special provisions as an exception of the provision of review of accounts of the Licensed Persons, provided that the Authority approves such provisions and any amendments thereof.

Article 7-38

The Auditor shall submit an annual report on all the company's actions with the Originator or Obligor, any change of the company's main activities or the shareholder's activities.

Company's Liquidation and Winding up

Article 7-39

A Special Purpose Vehicle Company may not be subject to merger or division, unless approved by the Authority. Special Purpose Vehicles may not be converted into another form different from that permitted in accordance with article (7-18) in this Module.

Article 7-40

The contract of the a Special Purpose Vehicle Company shall include a provision that it shall be deemed automatically wound up during one month from the date of fulfilling the condition of expiration of Bonds and Sukuk. The contract of the Special Purpose Vehicle Company shall also include a provision of irrevocable authorization by the shareholders to issue a resolution dissolving the company and assigning a liquidator thereof.

Article 7-41

A Special Purpose Vehicle Company may not be wound up or liquidated, unless the obligations arising from Bonds and Sukuk are fulfilled, unless the Authority and Representative approve to transfer the obligations arising from Bonds and Sukuk to the Obligor directly or to another Special Purpose Vehicle Company.

Article 7-42

The Authority shall appoint a liquidator of a Special Purpose Vehicle Company whether that liquidator is the managing entity or other entity to take the necessary actions of the company's liquidation in accordance with the provisions stipulated therein.

Chapter Eight

Trading in Securities

Trading in Listed Securities	
Article 8-1	<p>Rights and obligations arise for all persons who traded listed <u>Securities</u> by selling or purchasing through the <u>Exchange's</u> trading system with settlement pursuant to the rules adopted by the <u>Clearing Agency</u>, the <u>Exchange</u> rules may include special provisions for some transactions.</p> <p>The title of the <u>Securities</u> that are listed in an <u>Exchange</u> shall only be transferred by virtue of completing the entries in the designated registers at the <u>Clearing Agency</u>, unless such transfers are in violation of the law, regulations, rules or the contract of the company that issued such <u>Securities</u>.</p>
Ownership of more than 5% and less than 30% of the Shares of a Listed Company	
Article 8-2	<p>In the event that a <u>Person</u> owns alone or in alliance more than 5% of the Shares of a <u>Listed Company</u> on the <u>Exchange</u> and this person desires to increase such share to less than 30% of the company's <u>Shares</u>, it may be done in accordance with the rules of trading applicable on the <u>Exchange</u> provided that the provisions of disclosure of interests included in Module Ten (Disclosure and Transparency) of these Bylaws are complied with.</p>
Transfer of Unlisted Securities	
Article 8-3	<p>Rights and obligations arise for all persons who traded listed <u>Securities</u> by selling or purchasing through the <u>Exchange's</u> trading system with settlement pursuant to the rules adopted by the <u>Clearing Agency</u>. The <u>Exchange</u> shall, after approval by the <u>Authority</u>, set the trading rules of unlisted <u>Securities</u>. These rules may include special provisions for certain transactions. Trading in such <u>Securities</u> or transferring their ownership without following the said rules is prohibited. In all cases, the title of the <u>Securities</u> that are listed in an <u>Exchange</u> shall only be transferred by virtue of completing the entries in the designated registers at the <u>Clearing Agency</u>, unless such transfers are in violation of the law, regulations, or rules or the contract of the company that issued such <u>Securities</u>.</p>
Disposal of Shares	
Article 8-4	<p>Founders may only dispose of their <u>Shares</u> at least two financial years after the date on which the company is entered into the Commercial Register. Disposal of shares by one of the founders or a founder's heir to a <u>Relative</u> of the second degree or to another founder, or by a receiver, the state or a public authority or department to a third party shall be excluded from this provision. Disposal of such shares otherwise shall be deemed invalid. Any party with a relevant interest may invoke the nullity of such action which shall be automatically upheld by court.</p>

Article 8-5 Shareholders may only dispose of their Shares after the company's issue of its first balance sheet of at least twelve months. Disposal of shares by one of the shareholders or a shareholder's heir to a Relative of the second degree or to another shareholder, or by a receiver, the state or a public authority or department to a third party shall be excluded from this provision. Disposal of such shares otherwise shall be deemed invalid. Any party with a relevant interest may invoke the nullity of such action which shall be automatically upheld by court.

Subscription in *Sukuk* and Bonds by Non-Kuwaiti Investors

Article 8-6 Non-Kuwaiti investors may own and subscribe for Sukuk and Bonds, taking into consideration any restrictions stipulated in the Prospectus or any other law on Shares' ownership by non-Kuwaitis.

Article 8-7 No founder shares may be created. Profit shares may be created by a decision adopted by the extraordinary general assembly against payments bearing no interest made to the company after its incorporation. A holder of a profit share shall not be a shareholder in the company and may not enjoy or exercise any of the shareholders rights during the existence of the company or upon its liquidation except for his profit share, which shall be subject to the decisions of the company ordinary general assembly with regard to the annual profit and loss accounts.

Assignment of Profit Shares

Article 8-8 Profit shares shall be assigned in the presence of the assignor and the assignee, or their delegates, at the Clearing Agency which maintains the company shareholder register, to record such assignment by the form prepared by the Clearing Agency. Profit shares of some or all years may be assigned and such assignment may include the share profit of the debt they resulted from.

Article 8-9 A Clearing Agency shall issue a certificate to the assignee on what has been assigned. The clearing agency shall notify the Issuer Company of the Shares about the assignment.

Article 8-10 Profit shares shall be cancelled in the event that the right which created such shares is terminated. Such assignment shall be in accordance with the conditions agreed with the company upon issue.

Repurchase Agreement

Article 8-11 Contracts for the sale of listed and unlisted Securities may state that the seller reserves the right to repurchase the Securities in return of for the payment of a certain amount during a specified period of time. Such contracts shall include an agreement to deposit the Securities concerned with a Custodian, who shall manage and dispose of them in accordance with the agreement between the seller and the buyer. Such agreement shall be noted in the Securities register. The Exchange's rules shall include special provisions which regulate the repurchase transactions. The provisions of article (508) of the Civil Law shall not apply to such contracts.

Chapter Nine

Pledge of Securities

- Article 9-1** Securities may be pledged in accordance with a contract signed by the creditor pledgee, debtor and In-Kind Guarantor, if any, even if their value is not paid in full.
- Article 9-2** Investment Portfolios may be pledged by virtue of a contract signed by the creditor pledgee, debtor, the company managing a portfolio and In-Kind Guarantor, if any.
- Article 9-3** A pledge shall be documented in writing and shall not be enforced before a Clearing Agency, Investment Portfolio Manager, Issuer or third party, unless it is recorded and registered as stated in this Module.
- Article 9-4** A pledge agreement shall include the following:
1. Amount of debt secured by the pledge.
 2. Whether the pledge secures the fulfilment of a debt and the returns on the debt or not and in the event that no such provision is included in the contract it shall be deemed that the pledge covers the debt and returns thereof.
 3. Whether the debtor acquired a certain amount or not.
 4. Whether a specific bank account is allocated for all the transactions related to the debt secured by the pledge. Such accounts are deemed reasonable evidence of the payment of the debt amount to the debtor and the debtor's repayments or such evidence shall be based on the bank's periodical ratification of the balance of the debt.
 5. Whether the mortgage includes the returns of the pledged Securities or not and if the pledge agreement does not have such provision the pledge shall be deemed to include the returns of the pledged Securities.
 6. Whether the pledgee assigns its voting rights or not.
 7. Default events, upon which a debt is due prior to its maturity date as stated in the agreement.
 8. Whether the pledgor agrees that the creditor pledgee shall acquire the ownership of Securities, the sale of Securities in the event that the debtor fails to fulfil its contractual obligations and the method of determining the ownership or sale price.
 9. Procedures of notice of events of default upon their occurrence and the evidence of their occurrence in accordance with the agreement.
- Article 9-5** There shall be a notation of the pledge of registered Securities on the Clearing Agency's register made in the presence of the debtor, creditor pledgee and In-Kind Guarantor, if any, or their legal representatives, after providing the Clearing Agency with a true original copy of the pledge agreement signed by them.
- There shall be a notation of the pledge of Investment Portfolios on the account of such portfolios by the Investment Portfolio Manager by virtue of an agreement to be signed by the portfolio owner, creditor pledgee and Investment Portfolio Manager.

- Article 9-6** The entity at which the pledge of listed Securities is notated in accordance with the provisions of the preceding article shall provide the Exchange and the Clearing Agency with reports on the arrangement of the pledge on such Securities and the parties holding voting rights resulting from the pledge of that amount in accordance with the pledge agreement. provided that the Exchange shall announce the pledged amount of each listed Security and the parties holding voting rights resulting from the pledge of that amount in accordance with the pledge agreement.
- The Clearing Agency shall provide the creditor pledgee, pledgor and pledge notary, upon their request, with an extract of the Securities statement of holding with a notation of the pledge.
- Article 9-7** In the event that the pledged Securities are eligible for cash dividends or other profits in the form of Securities provided as bonus shares, the pledge provisions stated in the pledge agreement and these Bylaws shall be applicable on such profits. Unless the pledge agreement states otherwise, a Clearing Agency shall mark the Securities distributed as bonus shares by the same notation of pledge on the pledged Securities.
- Article 9-8** The pledgor may, by virtue of a pledge agreement or any amendments thereof, assign to the creditor pledgee its rights to attend the general assembly meetings and meetings of Bondholders Association and Sukukholders Association, as the case may be, and to authorize the pledgee to vote in such meetings on behalf of the pledgor. In all such cases, the pledgor's right to vote based on the Securities pledge shall be transferred to the pledgee starting from the day following the date wherein the debt secured by a pledge falls due without being paid by the debtor.
- Article 9-9** Upon making a notation of the pledge in the Securities' register or on the portfolio pledge agreement, the Clearing Agency shall clarify in such notation whether the creditor pledgee has the right to exercise voting rights on the pledged Securities or not and whether there are default events wherein the debt shall be considered due before its date of maturity stated in the agreement or not.
- Article 9-10** If the right to attend and vote in the general assembly meetings and meetings of Bondholders Association and Sukukholders Association is assigned to the creditor pledgee, the Clearing Agency shall enable the creditor pledgee to attend and vote in the general assembly meetings and shall note the transfer of such right to attend and vote in person or by proxy.
- Article 9-11** Resolutions issued by the company's general assembly meeting, Collective Investment Scheme, Fund, or Bondholders Association and Sukukholders Association shall be applicable to the creditor pledgee as applicable to the pledgor. In accordance with such resolutions, the creditor pledgee may exercise all rights resulting from the pledge under the laws, regulations, resolutions and agreements applicable to the pledged Securities, concerning appeal thereof and objection thereto even if the pledgor does not assign voting rights arising from such Security to the creditor pledgee.
- Article 9-12** The Investment Portfolio Manager and the Clearing Agency shall provide the creditor pledgee with periodic reports on pledged Securities.

Sale and Ownership of Pledged Securities upon the Debtor's Default

Article 9-13

In the event that the creditor pledgee is a bank or Financial Institution and the debtor or pledgor is a Professional Client, the parties may agree when they enter into a pledge agreement or afterward to give the creditor pledgee the right to acquire the ownership or sell or execute the pledge regardless of the provisions of articles (231) and (233) of the Companies Law and the provisions of chapter three of the Civil and Commercial Pleadings Law.

Article 9-14

In the event stated in article (9-13) of this Module, the Investment Portfolio Manager and Clearing Agency, as the case may be, shall execute the creditor pledgor's instructions concerning the ownership or sale or execution of the Securities and the fulfilment of the creditor's rights upon a formal written notice sent to the debtor and Guarantor In Kind, if any, in accordance with the mechanism stated in the pledge agreement. The said formal notice shall be sent at least five Business Days prior to the date of acquiring ownership or sale.

The sale may only be applied to cover payment to the creditor pledgee, who shall take due care in the disposal of money in the course of Securities' sale, execution or acquiring ownership.

Article 9-15

Attachment procedures taken after the date of pledge of Securities or portfolio shall not prevent the sale, execution or acquiring the ownership thereof as per articles (9-13) and (9-14) of this Module. In such case, the creditor pledgee shall acquire the rights which cover its debt. The attachment shall be fully effective concerning the amounts which exceed the right of the creditor pledgor, without prejudice to the owners of privilege rights.

In the event that there is more than one pledge on the same Securities or Investment Portfolio, the creditor pledgee may decide to exercise its rights stated in the pledge agreement until its debt is covered. In the event that there are remaining pledged securities after collecting the debt, the remaining creditor shall exercise its rights to have its debt collected and so forth until the debt of the creditor of the least degree is collected. The creditor's pledgees may agree with one another upon the method of selling the pledged securities and the distribution of proceeds among them.

General Provisions of a Pledge

Article 9-16

The right to pledge shall end on the fulfilment of secured debt and shall be returned upon the end of the grounds for the fulfilment of the debt.

Article 9-17

A pledge shall be cancelled by virtue of a letter to be sent to the Clearing Agency and signed by the creditor pledgee, if the creditor pledgee or its agent is a Local Bank, or by virtue of the presence of the creditor pledgee before the Clearing Agency and signing the form of pledge cancellation attached to this Module. The pledge shall be cancelled pursuant to an enforceable court judgment or arbitration award.

Article 9-18

If the price of a pledged Security at the Exchange decreases and becomes insufficient for securing the debt, the creditor pledgee may set a date for the pledgor to complete the security (margin call). If the pledgor refuses, and the date set elapses without completing the security, the creditor may sell the Securities in accordance with the provisions of this chapter. This provision shall be applicable in the event that the value of a pledged Investment Portfolio decreases.

Chapter Ten

Attachment of Securities

General Provisions

- Article 10-1** Without prejudice to the provisions of Article (10-1-1), issuer's funds may not be attached to collect a debt of one of the holders of Securities issued by that Issuer. However, securities owned by a debtor and its profits may be attached, which shall be noted in the securities' register held by the Clearing Agency.
- Securities shall be sold or redeemed, as the case may be, even if the attachment creditor does not submit the original receipt of the Securities deposit. The Clearing Agency shall make the necessary amendments in the register of the Securities' holders in accordance with the outcome of the sale procedures.
- Article 10-1-1** If the Clearing Agency receives an attachment notice concerning a Security –to pay the debt of the seller– within the settlement period, the attachment shall be in the cash price of the security.
- If the Clearing Agency receives a notice of attachment of the cash price of a Security –to pay the debt of the buyer– within the settlement period, the attachment shall be of the Security subject of the deal after registering it in the buyer's name.
- Article 10-2** The attachment of Securities includes attachment of their profits, whether they are cash profits or bonus Securities or any amount due until the date of sale.
- Article 10-3** In the event that attachment of Securities, profits, returns or rights arising therefrom is in accordance with a judgment or self-execution payment order or an authenticated contract attached to a writ of execution, where the information of the debtor in the evidence of indebtedness subject of the attachment conforms with the debtor information stated in the Securities register held by the Clearing Agency, and if the creditor is a Local Bank or Kuwaiti Financial Institution and the debtor is a Professional Client, the attachment will be enforced at the creditor's risk. If any temporal or subjective disputes are filed at the time of execution, they shall not lead to the suspension of the execution procedures or distribution of the execution returns.
- Article 10-4** In the event that a final judgment is issued stating that the creditor referred to in Article (10-3) in this Module is wholly or partially ineligible for the debt on which the execution procedures are performed to fulfil, such judgment shall be deemed a writ of execution to restore things to their original condition by purchasing Securities executed at the creditor's expense and repaying to the debtor amounts representing the difference of the price of Securities, if any, and the returns resulted therefrom after the execution thereof.
- In case it is difficult to restore things to their original condition as shown in the previous paragraph hereof, the debtor may file a case for assessing the fair amount against execution without legal basis.

Article 10-5 To benefit from the provision of article (10-3) in this Module, a creditor which is a local bank or foreign Financial Institution shall deposit a bank guarantee issued by one of the Local Banks of the value of the attached Securities to the Execution Department, provided that such guarantee be valid and is not to be released until the issue of a final judgment in the execution disputes, whether such disputes are temporal or subjective, and indebtedness claim in the event that the execution takes place pursuant to a self-executed judgment.

In all such cases, the creditor shall be paid 50% of the returns of the Securities sale and shall not acquire the rest of the remaining amount unless the conditions of releasing the guarantee referred to in the previous paragraph are met.

Article 10-6 If a final judgment is issued stating that a creditor referred to in Article (10-5) herein above is not entitled to the debt subject of execution, wholly or partially, the guarantee amount shall be allocated for restoring things to their original condition before the execution of the sale of the Securities which exceed the creditor's right, by repurchasing such Securities and paying the difference of the price of Securities, if any, and any further profits or bonus Securities resulted therefrom after the execution thereof.

Article 10-7 In case it is difficult to restore things to their original condition as shown in article (10-6) in this Module because the Securities required to be purchased are not available on the Exchange, the guarantee and amount resulting from execution shall be attached, the guarantee and amounts shall be allocated as a collateral to fulfil any further amounts due to the debtor based on judgments of indemnification of the sale of part of its funds without legal basis.

Attachment

Article 10-8 Securities, Investment Portfolios, profits, returns and rights due on Issuers, Obligors and Clearing Agency shall be executed in accordance with articles from (10-9) to (10-19) in this Module.

A lien shall not be executed on Securities registered in the name of Omnibus Accounts in relation to a credit obligation or a court order or any writ of execution against the Omnibus Account Operator.

Article 10-9 In the event that Securities and Investment Portfolios are pledged or have preference rights, creditors who own such rights shall be notified of such attachment. These creditors, as soon as they are notified of the procedures, shall be considered attachment creditors by the force of law.

Article 10-10 Securities registered in the name of the debtor shall be attached as garnishment and a notation of such attachment shall be made in the Securities register held by the company Issuer or Clearing Agency which maintains the register.

Investment Portfolios shall be attached as garnishment and such execution shall be noted by the manager of such Investment Portfolios.

Article 10-11

It is permitted for any creditor with a debt that existed, determined and due to attach the debtor's rights held by Issuers, Obligors and other Securities, Investment Portfolio, profits, returns and rights due to the debtor even if such rights are deferred or conditional. If the attachment is not imposed on a specific Security or right arising therefrom, it shall include all the execution debtor's Securities, profits, returns and rights arising thereto which is held by third party at the time of attachment in addition to any further rights arising therefrom until the time of issuance of a report disclosing what they held in their custody.

Article 10-12

If a creditor does not hold a writ of execution or in the event that the debt is not specified, the debt can only be attached by virtue of an order by a judge who reviews matters on a temporary basis in accordance with article (108) of the law and shall decide the attachment and determine the creditor's due debt temporarily based on a petition represented by the attachment applicant. However, no such decision is required in the event that the creditor has a judgment which specifies the debt amount, even if it is unenforceable.

Article 10-13

Without prior notice to the debtor, attachment shall take place by virtue of a document delivered by the process servers in the Department of Execution to the creditor pursuant to the provisions and procedures shown in the Law and these Bylaws which shall include the following information:

1. Copy of the judgment or writ of execution by virtue of which the attachment takes place, judge's execution order or order for estimating the debt.
2. Statement of the original amount for which the attachment is performed and any associated amounts.
3. Determine the debtor with due care if the attachment is performed on a specific fund, and notify the third party who holds such funds in his custody to refrain from paying or delivering the debt to the debtor.
4. Creditor's domicile and place of business, or elected domicile in Kuwait, in the event that it is not a Kuwaiti national or does not have a place of work therein.
5. Mandating the third party to issue a report disclosing what they held in their custody to the clerks of the Court of First Instance within ten days from the date of the attachment notice.

In the event that the said document does not include the information stated in paragraphs no. (1), (2) and (3) of this article, the attachment shall be deemed null and each relevant party may comply with such nullification.

Article 10-14

The creditor shall notify the debtor of the attachment by virtue of a document to be served the same manner stated in article (10-13) of this Module. The said document shall include the attachment order, date and other information referred to in article (10-13) in this Module. The attachment document may be used for notification after being served to the debtor.

Article 10-15	The creditor shall notify the debtor of an attachment within eight days following serving the notice to the third party; otherwise the execution shall be deemed as withdrawn. In the event that there are several third parties, a date shall be set for each of them individually.
Article 10-16	A creditor shall, within the term stated in article (10-15) of this Module, file a lawsuit against the debtor before the <u>Competent Court</u> to prove the validity of its rights and validation of attachment in the event that the attachment takes place pursuant to a judicial order, otherwise the attachment shall be deemed as withdrawn. In the event that the third party is a party to such lawsuit, it may not be excluded from the lawsuit. The judgment issued in such lawsuit shall only be deemed evidence against it concerning the validation of the attachment procedures. If such case of proving the creditor's right is filed prior to the attachment, the court which considers the case shall also consider the case of the validation of execution procedures.
Article 10-17	Without prejudice to articles (10-3), (10-4) and (10-5) in this Module, the debtor may file a case for cancellation of the attachment before the <u>Competent Court</u> . Notifying the Department of Execution of such case shall entail suspending the collection of the execution proceeds but not the sale, unless the court which considers the case decides otherwise.
Article 10-18	The lawsuit of redeeming <u>Securities</u> or <u>Investment Portfolios</u> subject to attachment shall not result in suspension of sale, unless the judge of urgent matters issues such judgment.
Article 10-19	Without prejudice to the provisions of this Chapter, the provisions of Articles (233) to (241) of the Civil and Commercial Pleadings Law shall apply to the attachment of <u>Securities</u> , <u>Investment Portfolios</u> , profits, returns and rights due on <u>Issuers</u> , <u>Obligors</u> and <u>Clearing Agency</u> .
Sale and Distribution of Execution Proceeds	
Article 10-20	Sale and Distribution of Execution Proceeds <u>Securities</u> , profits, returns and rights due by <u>Issuers</u> , <u>Obligors</u> , <u>Clearing Agency</u> and others referred-to in the previous articles of this Chapter shall be sold through a Broker or Investment Portfolio Manager assigned by the Exchange, according to the securities execution regulations stipulated in appendix No. (10) of this module, which shall state in its decision whether they shall be sold through the trading system, through auction or otherwise as specified by the Exchange.
Article 10-21	Sale of <u>Securities</u> shall be declared by an announcement on the notice board on the <u>Exchange</u> , even if such <u>Securities</u> are unlisted or suspended from trading on the <u>Exchange</u> .

- Article 10-22** The Exchange shall appoint one of the Brokers registered on the Exchange to determine the base price of the Securities unlisted or suspended from trading on the Exchange.
- Article 10-23** The representative of the Exchange which conducts the sale must register all the sale procedures and any objections or restrictions and how they are dealt with in the sale report and shall document the presence or absence of the creditor and debtor and their signatures in the former case or their refraining from signing if they are present.
- Article 10-24** In the event of an auction, the representative of the Exchange which conducts the sale shall state names of bidders, domicile, place of business, prices offered by each of them, their signatures or refraining from signing in the sale report, as much as it can. The sale report shall particularly include the statement of the final price of the award of the winning bid, the name of the winner, its domicile, place of business and signature. It is enough for the representative of the Exchange which conducts the sale to continue or delay sale by declaring the same publicly and stating it in the sale report. In the event that no person makes any bids for purchasing the Securities in the value estimated in accordance with Article (10-22) of this Module, the term of sale shall be extended to the following day, if it is not a holiday, or to the next business day following the holiday. In the event that no one bids on the estimated value, the sale shall be delayed for another day. In such case, Securities shall be sold to the winner, even if the price offered is less than their estimated value.
- Article 10-25** The provisions of Chapter Three of the Civil and Commercial Pleadings Law shall apply to the cases wherein no specific provisions are set forth.

Chapter Eleven

Rules of *Sukuk*

Scope of Application

Article 11-1

The provisions of this Chapter shall apply to *Sukuk* issued by:

1. The Kuwaiti government, ministries, public authorities and institutions.
2. General shareholding companies.
3. Closed shareholding companies.
4. Special Purpose Vehicle Companies regulated by Authority in accordance with paragraph (9) of Article (5) of the Law and these Bylaws.
5. Foreign Issuers.

Sukuk Issuance – General Conditions

Article 11-2

Government, ministries, public authorities, institutions, Public Shareholding Companies and Closed Shareholding Companies of Kuwait may issue tradable *Sukuk* which are divided among subscribers in consideration of a Subscription payment. Such *Sukuk* may be by Direct Issue or Indirect Issue.

Article 11-3

Companies may not issue *Sukuk* directly or indirectly, unless they meet the following conditions:

1. The issued capital of company is paid in full.
2. The ordinary general assembly issues a resolution on *Sukuk* issue.
3. An External Sharia Auditing Office certified by the Authority performs an audit of the structure of *Sukuk* issue and gives its legal opinion as to approve it. In the event that there is a difference between the opinion of the External Sharia Auditing Office certified by the Authority and that of the advisory board of the Islamic supervisory board, the opinion of the advisory board shall prevail.
4. The Authority issues a resolution approving the *Sukuk* issue.
5. The company acquires the Central Bank's approval of the *Sukuk* to be issued or of an Obligor if such be Units Subject its Supervision.

Article 11-4

An Issuer may make a Public Offer for *Sukuk* in the event that the Issuer takes one of the following forms:

1. Public Shareholding Company,
2. Special Purpose Vehicle Company, provided that such *Sukuk* are secured in full by an Obligor which shall be in the form of a Public Shareholding Company.

- Article 11-5** Sukuk offered for Public Offer shall meet the following conditions:
1. They shall not be redeemable before one year from their issue.
 2. They produce periodical yields, whether such yields be fixed or variable.
 3. They do not include any Financial Derivatives, such as swap deals or option contracts, excluding Sukuk convertible into Shares wherein the option right implied shall be subject to the discretion of the Bondholders and Shares subject to swap shall be listed on the Exchange.
- Article 11-6** The Issuer, Obligor or Originator, as per each case individually, shall appoint an External Sharia Auditing Office certified by the Authority to perform the following duties:
1. Audit the structure of the Sukuk and give a legal opinion thereof.
 2. Audit the Sukuk periodically and continuously until the end of the redemption.
 3. Audit all the documents of the Sukuk issue.
- Article 11-7** The Issuer, Obligor or originator, as per each case individually, shall:
1. Offer the External Sharia Auditing Office the necessary support for performing its job.
 2. Enable the External Sharia Auditing Office to access all the documents, registers and other information related to the Sukuk issue.
- Article 11-8** The Issuer may issue Sukuk based on its operations and assets in full where the returns thereof shall constitute a share in the annual profits made by the Issuer.
- Article 11-9** The Authority may determine the specific amount of Sukuk to be issued by which the Obligor shall be bound.
This article shall not apply to Sukuk secured by the State or one of the public authorities or institutions.
- Article 11-10** In the event that that Sukuk are issued indirectly, it is not required for the capital issued to be in proportion with the whole amount of Sukuk issued, it is also not required for the capital issued to be in proportion with the Asset-Based Sukuk or the assets registered in the Issuer's name.
- Article 11-11** Sukuk shall be structured and the process of creating Sukuk shall be conducted in accordance with the provisions of the Prospectus.
- Article 11-12** An Issuer may purchase assets before or after the subscription and issue agreements are effective. Asset-Based Sukuk including the rights related to such assets owned by a third party other than the Issuer, Obligor or originator, as per each case individually, shall be explicitly determined in the trust document, provided that the rights, benefits or eligibility can be transferred to the Issuer or the Issuer's interest and Sukukholders as per the relevant laws.

- Article 11-13** In the event that Sukuk are issued by a Special Purpose Vehicle Company based outside Kuwait, the Issuer and Obligor shall submit any documents that prove that the Issuer has acquired all the approvals required for forming a Special Purpose Vehicle Company and to issue Sukuk as per the laws, regulations and regulations applicable in the country of foundation.
- Article 11-14** Each issue shall be comprised of registered Sukuk each of equal value. Sukuk of the same category in the same issue shall give their holders equal rights against the Issuer and Obligor.
- Article 11-15** Perpetual Sukuk may be issued if they abide by all the standards and requirements of Basel Committee on Capital Adequacy and any further resolutions or instructions issued by Regulatory Bodies in this regard. Subscription in such Sukuk shall be limited to Professional Clients only and other Clients may not subscribe therein.
- Article 11-16** Government, ministries, public authorities and institutions may issue permanent government Sukuk having no specific maturity date and the issuing entities shall be entitled to recover such Sukuk wholly or partially at any time at their own discretion or they may redeem them either wholly or partially within specific periods
- Article 11-17** An Obligor shall accept Sukuk which fulfil the debts due to the Obligor, even if before the date of their redemption, provided that the following conditions are met:
1. Indebtedness is documented in the Obligor's registers at least one year before payment thereof.
 2. Indebtedness is not resulting from asset purchase or exchange between Obligor and Sukukholder.
 3. Approval of Sukukholders' Association to redeem such Sukuk prior to the date of their redemption is given in accordance with the mechanism stipulated in the Second Paragraph of Article (11-64) in this Module.
- Article 11-18** An Obligor shall be entitled to re-offer Sukuk which it accepted in accordance with Article (11-17) in this Module for subscription if such subscription is not prohibited based on the Company Contract or in the event that such Sukuk are recovered pursuant to an obligation of redemption on the Obligor.
- Re-offering the recovered Sukuk for subscription in accordance with the previous Paragraph shall not be deemed a new subscription. They shall be dealt with as Sukuk subscribed in the batch issued therewith.
- Sukuk listed on the exchange and issued by banks shall be exempt from the conditions provided for in Article (11-17) in this Module concerning the Obligor's acceptance of Sukuk to fulfil the debts due to the Obligor.

Article 11-19 *Sukuk* redemption shall be subject to the conditions imposed when issued. In the event that there is specific date laid down for redeeming the fulfilling *Sukuk*, it may only be brought forward or delayed in accordance with the conditions stated in the *Prospectus*.

Article 11-20 If an *Obligor* is winding up or being liquidated for reasons other than *Merger*, *Sukukholders* shall be entitled to require the fulfilment of their value prior to their date of maturity and the *Obligor* may propose such act. In the event that the *Sukuk* value is fulfilled by either means, the yields of the remaining period of time of *Sukuk* term shall be dropped, unless the *Prospectus* provides for otherwise.

Article 11-21 Obligations arising from *Sukuk* shall become extinct based on the conditions of extinction stipulated in the *Prospectus*. *Obligor* shall notify *Authority* of the same within ten *Business Days* after the date of obligations extinction, expressing the grounds thereof and shall attach the opinion of *Auditor*, *Paying Agent* and *Clearing Agency* to such notification.

Government-Issued *Sukuk*

Article 11-22 The provisions of the relevant laws and decrees and their executive resolution shall apply to government *Sukuk*. The provision stipulated in this Module shall apply to government *Sukuk* as long as these provisions do not conflict with such decrees and amendments thereof.

In the event of issuance of government *Sukuk* by a *Special Purpose Vehicle Company*, the entity authorized by the Minister of Finance shall found the said company, which shall be subject to the provisions stated in its memorandum of association; and the provisions of this Module shall apply to the matters not dealt with in the said memorandum.

Article 11-23 Fixed and movable assets owned publicly by the state or its public utilities may not be used for issuing government *Sukuk* against them. Such *Sukuk* may be issued against *Sukuk* owned privately by the state. Assets which shall be used for issuing *Sukuk* shall be appraised by a committee which shall be formed and whose mechanism shall be determined by a resolution issued by the Minister of Finance.

Article 11-24 Without prejudice to the provisions of Article (11-23) in this Module, the laws and decrees related to the issue of government *Sukuk* and their executive resolutions, the *Authority* may exempt government *Sukuk* from all or part of the provisions of this Module in accordance with a memorandum of understanding to be signed by the *Authority* and the *Central Bank*.

Regulations for Convertible *Sukuk*

Article 11-25

An Obligor shall be entitled to issue *Sukuk* convertible into Shares in accordance with a resolution issued by the Obligor's extraordinary meeting based on a reasoned proposal by the Board of Directors pursuant to the following regulations and provisions:

1. Establishing the rules by which *Sukuk* can be converted into Shares, especially the value of Shares upon which conversion shall take place.
2. The price of issuing *Sukuk* shall not be less than the par value of share.
3. The total par value of share which *Sukuk* are proposed to be converted into, in addition to the par value of Shares of Issuer at the time of issue of this kind of *Sukuk*, shall not exceed the authorized capital.
4. The term within which the application of converting *Sukuk* into Shares is permissible.
5. Eligibility of a *Sukukholder* to recover its value if it does not desire to convert them into Shares.

Article 11-26

Obligor's shareholders shall have a Pre-emptive Right to subscribe for Convertible *Sukuk* if they so desire, within a period of ten Business Days from the date of being called for using such right. Shareholders may use their pre-emptive right of subscription in such *Sukuk* by exceeding their share in the Obligor's capital in the event that the subscription conditions provide for the same, unless the Obligor's general assembly issues a resolution that the shareholders waive their pre-emptive right in subscribing for these *Sukuk*.

Article 11-27

Sukukholders who desire to convert them into Shares shall express their desire within the period stated in the Prospectus. *Sukuk* shall be converted into Shares in accordance with the conditions shown in the Prospectus. The company shall fulfil the value of *Sukuk* whose holders do not desire to convert into Shares on the maturity date unless the Prospectus states otherwise.

Article 11-28

Having issued Convertible *Sukuk*, the Obligor may not issue or distribute free Shares or profits of the reserve and may not issue other *Sukuk* or Securities convertible into Shares to the date of their conversion or redemption, unless it is approved by *Sukukholders Association*, if the Prospectus does not stipulate otherwise.

Article 11-29

Having issued Convertible *Sukuk*, the Obligor may not reduce its capital or increase the portion determined as a minimum of the profits to be divided among shareholders to the date of their conversion or redemption, excluding the Obligor's capital reduction due to losses, unless the Prospectus does not stipulate otherwise.

Article 11-30

Shares acquired by *Sukukholders* due to the conversion of their *Sukuk* shall have a share in profits determined to be distributed for the financial year during which the conversion takes place.

- Article 11-31** Obligor may issue Sukuk whose holders shall have pre-emptive right to subscribe in any capital increase. Such issue shall take place for who may desire during a maximum period of fifteen Business Days from the date of notifying the same to Sukukholders. The Preemptive Right shall be limited to subscription in Shares whose par value does not exceed the value of Sukuk owned by who uses such right, unless the prospectus of shares of capital increase stipulates otherwise.
- Article 11-32** Any amendment of the conditions for converting Sukuk into Shares after the issue of Sukuk shall be approved by the Sukukholders Association, unless the Prospectus includes certain provisions aiming at regulating such amendment, provided that the amendment shall be consistent with the Prospectus.
- Article 11-33** An Obligor's Board of Directors may issue a resolution for increasing its issued capital by the portion needed for converting Sukuk into Shares in accordance with the conditions and regulations of the Prospectus. The execution of such resolution shall be binding on meeting the conditions of converting Sukuk into Shares in accordance with the Prospectus. Such resolution shall be attached to the documents submitted to the Authority to acquire the approval for the issuance of the Sukuk.
- Upon meeting the conditions for converting Sukuk into Shares, the representative shall notify the Obligor of the names of the holders of Sukuk who desire to convert their Sukuk and the number of Shares eligible for each of them.
- Article 11-34** The Obligor may, within fifteen Business Days of receiving the notification referred to in Article (11-33) in this Module, take the necessary actions for making a notation of the board resolution indicated in this Module on the Commercial Register and recommending to the Clearing Agency which maintains the register of the holders to issue Shares and divide them among the beneficiaries.
- Article 11-35** In the event that the Obligor refrains from taking the actions stated in Article (11-34) in this Module, the Authority shall, pursuant to the representative's application, address the Ministry and Clearing Agency to take such actions shown in Article (11-34) in this Module, after verifying that the Obligor's refraining from taking these actions is unjustifiable.

Regulations for Guaranteed Sukuk

- Article 11-36** In the event that Sukuk are secured by a joint guarantee, each Guarantor shall provide the same information, data, statements and representations stipulated in this Module concerning the Issuer and Obligor, unless any relevant obligation, based on its nature, applies only to the Issuer and Obligor.
- Article 11-37** The same information required to be included in the Prospectus about the Issuer and Obligor shall be required for a Guarantor as well.
- All the legal approvals necessary shall be duly acquired to ensure the validation and effectiveness of security against the Guarantor or third party.
- Article 11-38** In the event that the issue of Sukuk is secured by a Listed Company listed on an Exchange or in another exchange outside Kuwait, the Authority may exempt the Guarantor from disclosing the information the Authority finds as not essential for Sukukholders.
- Article 11-39** In the event that Sukuk are secured by an undertaking based on collateral in kind it shall be necessary to meet all the legal requirements of pledge or collateral for the interest of Sukukholders Association or its representative to make it valid and effective, before Sukuk are offered for subscription. The Issuer, Obligor or the entity, which provided the collateral, shall take such actions.
- Article 11-40** The Obligor shall, within a period of no more than one month from the termination of the subscription period determined, take necessary actions to make a notation of the total of Sukuk issued and secured by an undertaking in the pledge register. The notation application shall be attached to a statement approved by the Clearing Agency which maintains the register of Sukukholders that includes the names of Sukukholders, the number and value of Sukuk. Representative may take the action referred to in Article (11-39) in this Module, in the event that the Issuer refrains from taking it.
- Article 11-41** The Authority may require the Issuer, Obligor and Guarantor In Kind and a guarantor in person to disclose any additional information in the Prospectus in accordance with the Authority's discretion.
- Assignment of Paying Agent**
- Article 11-42** Issuer shall assign a Paying Agent, approved by the Authority, in Kuwait to perform the duties thereof until Sukuk redemption. The Authority may decide to replace the Paying Agent with another one if it finds that such action shall preserve the rights of Sukukholders. An Issuer or Obligor may replace the Paying Agent after getting the Authority's approval.

***Sukuk* Structure – General Provisions**

Article 11-43

The structure of *Sukuk* issued in accordance with the provisions of this Module shall be consistent with the Islamic Sharia's provisions and approved by an External Sharia Auditing Office certified by the Authority.

Article 11-44

The structure of *Sukuk* issued in accordance with the provisions of this Module may depend on the transactions forming its basis, which may comprise any of the following contracts:

1. Ijarah contracts, which constitute the sale or transfer of a tangible asset to be leased later on for a period of time agreed upon in return for a consideration agreed upon and paid by the lessee.
2. Intifa'a contracts which include the right to utilize, own or develop any asset, or other legal rights of utilizing or holding such asset.
3. Salam contracts, whereby the seller undertakes to supply certain goods to the purchaser at a future date in exchange of an advanced price to be paid in full.
4. Contracts of Istisna', which constitute an agreement of sale, construct or manufacture whereby the consideration is paid based on production upon delivering certain products at a future date in accordance with the specifications agreed upon.
5. Musharakah contracts which constitute the agreement of two or more Persons upon contributing to a project that aims at making profit through representing cash or in kind Shares with the purpose of sharing the resulting profits and losses.
6. Mudarabah contracts wherein two or more Persons agree to partner in a profitable project, where one of them represents a cash share or a share in kind and the other manages the project.
7. Murabaha contracts which constitute sale upon credit, where the seller transfers assets or goods immediately to the purchaser and adds a profit margin upon calculating the due payments deferred.
8. Contracts which create jus in rem, where the exercise of in rem right on a third parties' properties pursuant to a valid contract between both parties only is allowed.
9. Khadamat Contracts where a prior sale of services to be used in the future takes place based on expected benefit thereof.
10. Other contracts or transactions approved by the Authority and an External Sharia Auditing Office in accordance with this Module.

Article 11-45

Sukuk may be issued in one of the following forms:

1. Asset-Based *Sukuk*,
2. Asset-Backed *Sukuk*.

Asset-Based *Sukuk*

Article 11-46

In the event that the *Sukuk*holder of asset-based *Sukuk* has recourse against the Obligor, Issuer or originator, it shall have no more rights to such assets than any other ordinary creditor.

Asset-Backed *Sukuk*

- Article 11-47** The rights of *Sukuk*holders of *Asset-Backed Sukuk* arising from such *Sukuk* shall be fulfilled by their relevant assets only in accordance with the *Prospectus*.
- Assets of such *Sukuk* shall be separated from other assets or turned into *Sukuk* in a manner that protects them from other creditors' claims. The holders of such *Sukuk* shall depend on their relevant assets to fulfil the periodical distributions and redemption payments.
- Article 11-48** The *Issuer* or other third party may provide other warranties to support the credit worthiness of any form of *Sukuk* proposed.
- Article 11-49** Transfer of *Sukuk Assets* shall take place in accordance with the relevant laws. The originator shall be operationally active and shall not have been in default in meeting its financing indebtedness in the last three financial years.
- Article 11-50** The *Issuer* shall take the form of a *Special Purpose Vehicle Company* and may add further assets to the assets forming the basis of *Sukuk* upon issue within the term of the *Asset-Backed Sukuk*. After acquiring the *Authority's* approval, *Issuer* may issue different categories of the same *Sukuk*, provided that each category be supported with similar assets.
- Article 11-51** The Representative, custodian, agent or other external party of the *Issuer*, *Obligor* or *Originator*, as per each case individually, shall be assigned to represent the holders of *Asset-Backed Sukuk*. For the purpose of performing its duties the assigned *Person* shall have the right to review such *Sukuk Assets* and their relevant information within the term of *Sukuk*.
- Article 11-52** Having acquired the *Authority's* approval, the *Issuer* may purchase or hold *Asset-Backed Sukuk* which it is the *Originator* thereof. The *Originator* shall sell or waive such *Sukuk* or any surplus of a specified percentage of the total value of such *Sukuk* within the period set by the *Authority* upon approval.
- Article 11-53** Assets of such *Asset-Backed Sukuk* shall be separated from other assets of the *Issuer* or third party in a manner that guarantees that the holders of such *Sukuk* shall have control over their relevant assets and that no third party shall have any rights thereon.

Article 11-54

The following provisions shall be considered concerning the Asset-Backed Sukuk:

1. The Originator shall have no existing or enforceable interest or right over assets or cash flows resulting from such assets prior to the issue of Sukuk.
2. There are no legal, contractual or other restrictions on transferring assets, rights or dues relevant to Sukuk Assets from the Originator to the Issuer.
3. Legal, regulatory or contractual approvals required for transfer of assets from the Originator to the Issuer shall be fulfilled.
4. The Originator may not take any action that may enable a third party to claim for compensation or require a certain return in relation to assets of Sukuk.
5. The valuation set for assets shall be fair and shall consider the Face Amount and any further legal or accounting requirements of Sukuk.
6. In the event that the assets comprise any Shares or Securities which represent equities, such Shares or Securities shall be listed or traded in an Exchange or in another exchange outside Kuwait approved by the Authority. No legal or administrative control over any company which Issues such Shares or Securities representing equities, shall be given.
7. Assets of all kinds are to be consistent with the provisions of Islamic Sharia. A detailed list of the assets and their basic information shall be certified by an External Sharia Auditing Office.

Article 11-55

Assets of Special Purpose Vehicle Company shall be transferred by a real sale in accordance with the following provisions:

1. Contracted assets shall be separate from the originator's assets and shall not be related any third party's rights.
2. The Originator shall transfer all its rights and obligations related to the contracted assets to the Issuer and therefore the Originator shall not reserve any rights or benefits related thereto that may affect their transfer.
3. The Originator shall not own any share in the Issuer's capital, either directly or indirectly.
4. The Originator shall not be in a position that enables it to exercise any control over the Issuer's decisions.
5. The Issuer shall not have recourse against the Originator, unless the Originator provides credit enhancements to Sukuk structure.
6. Concerning the structure of Asset-Backed Sukuk, where the Originator acts in its capacity as a Servicer, the Servicer shall offer such services entirely on a commercial basis, taking into consideration the terms and conditions of such services at that time.

Sukukholders Association

Article 11-56

A Prospectus shall include provisions for forming a Sukukholders Association. In such case, provisions of Articles from (11-57) to (11-66) of this Module shall apply to this association.

Article 11-57

Each issue or offer of Sukuk shall have a separate association of Sukukholders to protect the common interests of the members thereof. One of the members of this association or a third party shall be appointed as the legal Representative thereof. The Issuer shall, within one month of the date of the end of subscription in Sukuk, call for the Sukukholders Association to approve the statute and elect or choose the Representative thereof.

If the Issuer fails to call for the Sukukholders Association to meet within the period referred to in the previous paragraph, any relevant party shall have the right to apply to the Authority for calling for the Sukukholders Association to meet within a period of no more than fifteen Business Days from the date of applying.

Article 11-58

Sukukholders Association shall hold meetings thereof pursuant to the Representative's or Issuer's invitation or in accordance with an application made by Sukukholders representing at least 5% of the value thereof or upon the Authority's request. Meeting of the Sukukholders Association shall be chaired by the Representative or whoever elected thereby for such purpose.

Article 11-59

The invitation to the meeting of the Sukukholders Association shall include the agenda, time and venue thereof issued by one of the following ways:

1. Announcing the meeting in two national daily journals and on the Exchange at least five Business Days before the meeting is held.
2. Via certified mails to be sent to the Sukukholders at least five Business Days before the meeting is held.
3. By e-mail or fax at least five days before the meeting is held.
4. By hand to the Sukukholders or their due representative at least three Business Days before the meeting is held. Each such invitation shall be accompanied by a copy for the notation of receipt.

Concerning the ways set out in paragraphs (2), (3) and (4) of this Article, the Sukukholder shall have provided the Issuer or Clearing Agency with the information related to its country, address, e-mail or fax number to be valid. The Prospectus shall specify such means.

Article 11-60

In the event that a holder of Sukuk changes any of the information stated in Article (11-59), such change shall not be taken into consideration if not notified to the Issuer or Clearing Agency at least five Business Days before the invitation is sent.

- Article 11-61** The person which made the invitation of the meeting of the Sukukholders shall send the Authority, Representative, Issuer and Obligor notifications of the meeting agenda, time and venue at least five Business Days before the meeting is held.
- Article 11-62** In the event that the Authority's representative fails to attend the meeting although the Authority is notified thereof, the meeting of the Sukukholders Association shall not be deemed invalid.
- Article 11-63** A Sukukholders Association may not discuss matters not listed in the agenda unless they are urgent matters that occurred after the agenda is prepared or are made known during the meeting. Such matters may also be addressed in the meeting if the Authority, Representative or Sukukholders who own 5% or more of the value of Sukuk apply for the same and such matters are not one of those shown in the second paragraph of Article (11-64) of this Module. If it is found during discussion that the information available concerning some of the matters discussed is insufficient, the meeting shall be delayed for ten business days at most if Sukukholders, who own 25% of the value of the Sukuk, apply for the same. The delayed meeting shall be held without a need for new invitation procedures.
- Article 11-64** Resolutions issued by the Sukukholders Association shall be deemed valid if the number of the members attending represents two thirds of the value of Sukuk issued. In the event that such quorum is not met, the Sukukholders Association shall call for another meeting with the same agenda within five Business Days from the date of the first one. The second meeting may be held in the presence of a number of the members that represents one third only of the value of Sukuk issued. Resolutions are issued by the majority of two thirds. The second meeting may be held without need to new invitation procedures, if it is so stated in the invitation of the first one.
- However, any resolution concerning extending the term of paying the value for Sukuk, reducing returns, debt capital or Securities or affecting the rights of Sukukholders may not be issued unless the number of the members present in the meeting in which a resolution is made represents two thirds of the value of Sukuk issued.
- Article 11-65** The Representative shall have the right to attend the Obligor's general meetings. The Obligor shall send the Representative the same invitation sent to shareholders. Representative shall have the right to take part in the discussion but not to vote.
- Article 11-66** The Representative shall be entitled to suspend measures to reserve the right of Sukukholders.

Continuing Obligations

Article 11-67

An Obligor of a Private Placement Sukuk s which is not listed on an Exchange shall directly disclose the Material Information related to the Obligor, Obligor and collaterals to the Authority and Sukukholders, if such information is not public, including information related to any new fundamental developments in the field of its business or which can be expected to have a material influence on the obligations arising from Sukuk.

Article 11-68

An Issuer and an Obligor, as per each case individually, shall directly provide the Authority with a copy of all the correspondence it sends to Sukukholders and shall reply to any inquiries made by the Authority in this regard.

Sukuk Notifications

Article 11-69

An Issuer and an Obligor shall notify the Authority, Representative, Clearing Agency and manager of a Special Purpose Vehicle Company in the event of:

1. Declaration of non-payment of any Periodic Distributions related to Sukuk or Securities issued or secured by it.
2. Proposed new issue of Shares, Sukuk, Securities, security or collateral related thereto.
3. Changes proposed in the capital.
4. Any transaction of purchase, redemption or cancellation of Shares, Sukuk or Securities issued or secured thereby immediately upon purchase, redemption or cancellation. The amount due in respect of such transactions shall be disclosed as well.
5. Bringing forward the deadline of Sukuk redemption, if any,
6. Changes to the rights related to any class of its listed Shares or to other Sukuk or Securities convertible into Shares issued or secured by it.
7. Proposed major changes to the Company Contract or other development that may affect Sukuk related rights.

Article 11-70

Any person who deals in Convertible Sukuk into Shares shall abide by the provisions of disclosure of interests stipulated in the Law and these Bylaws.

Financial Information and Sharia Report

Article 11-71

An Issuer and an Obligor shall provide the Authority and Representative with their annual report and financial statements audited by an Auditor registered by the Authority as well as their provisional financial statements and each report of an External Sharia Auditing Office.

Article 11-72

Guaranteed Issue

In the event that listed Sukuk are secured by a joint guarantee, the Issuer shall provide the Authority and Representative with the guarantor's annual report, annual financial statements audited by an Auditor registered by the Authority within no more than ninety days from the date of the end of the financial period referred to in the financial statements and shall reply to any inquiries directed by the Authority concerning the guarantee, provided that such reply be in the times set by the Authority.

Article 11-73

Liquidation and Bankruptcy

An Issuer and an Obligor shall notify the Authority and Representative of any matters that may affect the Obligor's ability to perform the obligations arising from Sukuk, particularly the following:

1. Inability or declaration of failure to meet the debts upon their maturity, declaration of inability to repay debts in accordance with the relevant laws, suspension of certain payments of debt or entering into negotiations on the actual or expected financial difficulties with one or more creditors with the aim of scheduling debt.
2. The Obligor's assets being less than its obligations, taking into account any potential and emergent obligations.
3. Any legal action is taken with the purpose of restructuring, liquidation, bankruptcy, winding up, plan of preventive composition, reconciliation, waiver, settlement with any creditor, liquidation application, issue of any order for the Obligor's liquidation or assignment of an administrator, liquidator, receiver or any other similar official related to the Obligor or the Obligor's assets.
4. Issue of a resolution of winding up, liquidation or termination of a period of time which entails that the Obligor shall be subject to the procedures of liquidation, bankruptcy or winding up.
5. Issue of a preliminary or final judgment, resolution or order of a judicial entity, which may affect negatively the ability of the Obligor to use any part of its assets, whose total value is more than 5% of the value of the net assets.

Article 11-74

Creation of Trust Document

An Obligor may establish a Trust Document accepted and signed by it for the interest of Sukukholders. Such trust deed shall be included in the Prospectus and put into effect in its capacity as a Trustee with the purpose of protecting the rights of Sukukholders in their capacity as the Interested Persons thereof.

Such Trustee may refer any rights or obligations arising from such Trust Document to the Delegate or Representative, who shall not have a direct or indirect interest in the Trust Document.

Trust Document Contents

Article 11-75

A Trust Document shall contain the following details with the consideration of the applicable laws and regulations:

1. Name of the Issuer in its capacity as the Trustee and declaration of the establishment of the Trust Document.
2. Describe the Sukukholders in their capacity as the interested persons.
3. Description of Sukuk Assets.
4. Trust Document term and termination.
5. Determination of the cases of Trust Document winding up.
6. Trustee's rights, obligations and powers, and mechanism of the trustee's authorization of powers to the Delegate or Representative.
7. Further information required by the Authority.

The Authority may decide that any Trust Deed is invalid in the event that the trust document does not include the provisions stated in this article.

Article 11-76

A Trust Document may include the following additional provisions:

1. Rules regulating transactions in Sukuk Assets and subject of Trust Document,
2. Rights of Sukukholders.
3. Delegate's fees in accordance with the article (11-77) of this Module.
4. Name of the Trust Document for the purpose of being entered into the Trust Document register maintained by the Authority.
5. Consequences of the cancellation or termination of the Trust Document.
6. Other provisions regulating the performance of the obligations of the Trustee and the relationship among the Trustee, Delegate and any of Sukukholders.

Article 11-77

A Trustee shall not be entitled to any separate fees in return for its services as a Trustee unless the Trust Document specifies the Delegate's fees. Such fees may be increased or decreased by virtue of a later written agreement with the Obligor or Originator (as per each case individually), provided that any increase of fees, agreed upon as such, is not borne by Sukuk Assets unless the holders of these Sukuk agree upon the same.

Article 11-78

The subject of and grounds for the obligations of the Trust Document shall be totally valid and defined in accordance with the purposes of issue.

In the event that a Trust Document is established in contradiction with the provisions of this chapter, the Issuer, Obligor or Originator (as per each case individually) shall take all the necessary actions for establishing a valid Trust Document that contains these provisions, provided that it conforms to the agreements referred to in respect of the invalid Trust Document and grants the same level of protection of Sukukholders.

In the event that it is found difficult to create a valid Trust Document, the Issuer, Obligor or Originator (as per each case individually) shall be liable for indemnifying Sukukholders for any losses that may result from failure to create a valid Trust Document based on the conditions stated in this Module.

Article 11-79

Unless the Trust Document stipulates otherwise, Sukuk Assets may be added to any Trust Document after being established in accordance with the type of Sukuk as defined in these Bylaws. Therefore, the yields, returns, profits and proceeds of Sukuk Assets shall be set out in the Trust Document.

Trustee's Obligations and Powers

Article 11-80

An Issuer, in its capacity as a Trustee, and the Delegate on its behalf, shall do the following:

1. Complete the actions of transferring the Sukuk Assets to the Trustee, in accordance with the Prospectus.
2. Perform its duties in accordance with the provisions and powers stipulated in the Trust Document and take necessary actions related thereto in accordance with the nature of each case and best relevant practices.
3. Manage and protect Sukuk Assets in a manner which complies with best practices and does not conflict with the provisions of the Trust Document.
4. Keep the accounting books and ledgers required and register all relevant dealings and activities related to Trust Document in an accurate and organized manner and separately from any other accounts and ledgers of any other activity performed by it.
5. Separate Sukuk Assets from private or other monies it disposes in its capacity as the Trustee in respect of any other Trust Document.
6. Notify the Issuer, Obligor or Originator (as per each case individually) and Sukukholders of any information that may materially affect the value of the Sukuk Assets.
7. Register the Trust Document at the Authority and notify the Authority of any change of such information registered therein.
8. Take actions of liquidation of Sukuk Assets and divide the yields of liquidation among the holders thereof as set out in the Trust Document.
9. Perform other obligations as per the provisions of this chapter.

The Trustee shall perform the previous duties in this capacity.

Article 11-81

Creditors of a Trustee or Representative shall not have recourse against Sukuk Assets to repay debts to them. Sukuk Assets do not form part of the financial assets of the Trustee or Representative.

Article 11-82

In the event that a Trustee or Delegate has a direct or indirect personal interest which may conflict with the requirements of its work as a Trustee or Delegate, the Trustee shall immediately disclose such interest to the Authority. The Authority shall have the right to appoint another person licensed to perform the duties of a Trustee or Delegate or take measures to eliminate the conflicts of interest.

Article 11-83

The Authority may cancel any act by a Trustee or Representative which is related to Sukuk Assets if such act represents a breach of the duty of the Trustee or Representative to act in good faith or to protect the interests of Sukukholders. Such Trustee, Representative or third party shall restore things to their original condition prior to the breach.

Article 11-84 A Trustee and Representative may not be exempt wholly or partially from their responsibility due to an act of gross error or wilful negligence.

Article 11-85 A Trustee may not abdicate its duties as a Trustee during the term of Sukuk. It may be substituted by Sukukholders in accordance with the rules, conditions and procedures stated in the Trust Document.

A Trustee or Representative shall continuously exercise its activities in all cases until a substitute is appointed in accordance with the provisions of this chapter.

Article 11-86 In the event it be removed, a Trustee shall present a final account of the Trust Document to Sukukholders and the Authority, which report shall be accompanied by all information, transactions and documents of the commercial and accounting activities the Trustee undertook for the interest of the Trust Document.

Expiry of a Trust Document

Article 11-87 A Trust Document shall expire in the following cases:

1. Upon the end of the term agreed upon.
2. If it is impossible to proceed with the subject of Obligation of the Trust Document or to prove its being legal.
3. In the event of extinction of the financial obligation which the Trust Document is created to perform.
4. In the event that the Trustee, Representative and Sukukholders agree in writing to terminate the Trust Document. In such case, the Authority's approval is deemed a condition precedent.
5. Other cases stated in the Trust Document.

Article 11-88 Upon the end of the Trust Document, the Sukuk Assets shall be liquidated and the liquidation proceeds shall be used to perform the Issuer's obligations towards Sukukholders unless the Trust Document states otherwise, provided that the remaining part of the liquidation proceeds shall be used as specified by the Authority.

Trust Registry

Article 11-89 The Authority shall create a Trust Document Registry for the purpose of issuing Sukuk. Each Trust Document shall have detailed information entered into this Registry. Any data or information entered into the Trust Document Registry shall only be disclosed to any person in the following cases:

1. Issue of a court injunction or investigation authority order.
2. Disclosure of such information is set forth in the laws or regulations.
3. Disclosure is made to Sukukholders.

Chapter Twelve

Rules for Bonds

	Scope of Application
Article 12-1	<p>The provisions of this chapter shall apply to <u>Bonds</u> issued by:</p> <ol style="list-style-type: none"> 1. Kuwaiti government, ministries, public authorities and institutions. 2. <u>Public Shareholding Companies</u>. 3. <u>Closed Shareholding Companies</u>. 4. Special Purpose Vehicle Companies regulated by the <u>Authority</u> in accordance with Paragraph (9) of Article (5) of the <u>Authority's</u> law and the regulations issued by the <u>Authority</u>. 5. Foreign <u>Issuers</u>.
	General Conditions of Issuance
Article 12-2	<p>Kuwaiti Government, ministries, public authorities, institutions, <u>Public Shareholding Companies</u> and <u>Closed Shareholding Companies</u> may obtain finance against issuing tradable <u>Bonds</u> which are divided among subscribers in consideration of a subscription payment. Such <u>Bonds</u> may be issued either directly or indirectly.</p>
Article 12-3	<p>Companies may not issue <u>Bonds</u> directly or indirectly, unless they meet the following conditions:</p> <ol style="list-style-type: none"> 1. The issued capital of <u>Issuer</u> or <u>Obligor</u> is paid in full. 2. The ordinary general assembly issues a resolution on <u>Bonds</u> issue to the <u>Issuer</u>. 3. The <u>Authority</u> issues a resolution on approving <u>Bonds</u> issue. 4. <u>Central Bank</u> grants approval for the <u>Bonds</u>, which the company issues or is obliged through certain units under the bank supervision.
Article 12-4	<p>An <u>Issuer</u> may make a <u>Public Offer</u> for <u>Bonds</u> in the event that the <u>Issuer</u> takes one of the following forms:</p> <ol style="list-style-type: none"> 1. <u>Public Shareholding Company</u>. 2. <u>Special Purpose Vehicle Company</u>, provided that such <u>Bonds</u> are secured in full by an <u>Obligor</u> which shall be in the form of a <u>Public Shareholding Company</u>.
Article 12-5	<p><u>Bonds</u> offered for <u>Public Offer</u> shall meet the following conditions:</p> <ol style="list-style-type: none"> 1. They shall not be redeemable before one year from their issue. 2. They produce periodical yields, whether such yields be fixed or variable. 3. They do not include any <u>Financial Derivatives</u>, such as swap deals or option contracts, excluding <u>Convertible Bonds</u>, wherein the option right implied shall be subject to the discretion of the <u>Bondholders</u> and <u>Shares</u> subject to swap shall be listed on the <u>Exchange</u>.

Article 12-6	<p>The <u>Authority</u> may determine the specific amount of <u>Bonds</u> to be issued by certain company or in a specific issue.</p> <p>This article shall not apply to <u>Bonds</u> secured by the State or one of the public authorities or institutions.</p>
Article 12-7	<p>The same issue shall be comprised of registered <u>Bonds</u> of the same value. <u>Bonds</u> of the same category in the same issue shall give their holders equal rights.</p>
Article 12-8	<p><u>Bonds</u>, whose returns represent a part of the company annual profits, may be issued. <u>Bonds</u>, whose returns and value are paid as a lump sum upon their redemption or performance of value may be issued.</p>
Article 12-9	<p>Perpetual <u>Bonds</u> may be issued if they abide by all the standards and requirements of Basel Committee on Capital Adequacy and any further resolutions or instructions issued by <u>Regulatory Bodies</u> in this regard. Subscription in such Bonds shall be limited to <u>Professional Clients</u> only while other clients may not subscribe therein.</p>
Article 12-10	<p>An <u>Issuer</u> may issue <u>Bonds</u> to be subscribed in, in less than their par value. In the event that direct issue, <u>Issuer</u> shall and in the event that Indirect Issue, <u>Obligor</u> shall meet the par value of <u>Bonds</u> and calculate the determined returns thereof based on the value subscribed in.</p>
Article 12-11	<p><u>Obligor</u> shall accept <u>Bonds</u> issued to fulfil its debts, even if before the date of their redemption, provided that the following conditions are met:</p> <ol style="list-style-type: none">1. Indebtedness is documented in the <u>Obligor's</u> registers at least one year before payment thereof.2. Indebtedness is not resulting from asset purchase or exchange between <u>Obligor</u> and <u>Bondholder</u>.3. Approval of <u>Bondholders' Association</u> to redeem such <u>Bonds</u> prior to the date of their redemption in accordance with the mechanism stipulated in the Article (12.50) in this Module.
Article 12-12	<p><u>Obligor</u> shall be entitled to re-offer <u>Bonds</u>, which it accepted in accordance with Article (12-11) in this Module, for subscription if such subscription is not prohibited based on the <u>Company Contract</u> or in the event that such <u>Bonds</u> are recovered pursuant to an obligation of redemption on the <u>Obligor</u>. Offer of recovered <u>Bonds</u> for Subscription again shall not be deemed a new Subscription in accordance with the provisions of the previous Article and the provisions applicable to the <u>Bonds</u> subscribed in, in the same issue, shall be applicable to the <u>Bonds</u> re-offered.</p> <p><u>Bonds</u> listed on the <u>Exchange</u> and issued by banks shall be exempt from the conditions provided for in this article concerning the <u>Obligor's</u> acceptance of <u>Bonds</u> to fulfil the debts due to the <u>Obligor</u>.</p>

Article 12-13 If the Issuer is a Special Purpose Vehicle Company based outside Kuwait, Issuer and Obligor shall provide an evidence that they have acquired all the necessary approvals of forming the Special Purpose Vehicle Company and issuing Bonds in accordance with the laws, rules and regulations applicable in the country of formation.

Article 12-14 Bonds shall be redeemed due to the conditions shown in the Prospectus. In the event that there is specific date set for paying the value of Bonds, may only be brought forward or backward pursuant to the conditions stipulated in the Prospectus.

Article 12-15 If the Obligor is winding up or liquidated for reasons other than Merger, Bondholders shall be entitled to require the fulfilment of their value prior to their date of maturity and the Obligor may propose the same. In the event that bonds value is fulfilled by either means, the yields of the remaining period of time of the bonds term shall be dropped, unless the Prospectus provides for otherwise.

Article 12-16 Obligations arising from Bonds shall become extinct based on the conditions of extinction stipulated in the Prospectus. Obligor shall notify the Authority of the same within Business Days after the date of obligations extinction, expressing the grounds thereof and shall attach the opinion of Auditor, Paying Agent and Clearing Agency to such notification.

Government Bonds

Article 12-17 Provisions of the relevant laws and decrees and their executive resolution shall apply to Government Bonds. The provision stipulated in this Module shall apply to government bonds as long as they do not conflict with such decrees and amendments thereof.

In the event that issue of Government Bonds by a Special Purpose Vehicle Company, the entity authorized by the Minister of Finance shall establish the said company, which shall be subject to the provisions stated in its memorandum of association and the provisions of this Module shall apply to the matters not dealt with in the said memorandum.

Article 12-18 Government, ministries, public authorities and institutions may issue permanent Government Bonds having no specific maturity date, that the Issuing entities shall be entitled to recover such Bonds wholly or partially at any time upon their discretion or to redeem them either wholly or partially within specific periods of time at any time after declaring their desire to do the same.

Article 12-19 Without prejudice to the laws and decrees related to the issue of Government Bonds and their executive resolutions, the Authority may exempt Government Bonds from all or part of the provisions of this Module in accordance with a memorandum of understanding to be signed by the Authority and the Central Bank.

Provisions of Convertible Bonds

Article 12-20

Company shall be entitled to issue Convertible Sukuk into Shares in accordance with a resolution issued by extraordinary meeting based on a reasoned proposal by the Board of Directors pursuant to the following regulations and provisions:

1. Establishing the rules, which convert Bonds into Shares in accordance with, especially the value of Shares upon which conversion shall take place.
2. The price of issuing Bonds shall not be less than the par value of Shares.
3. The total par value of Share which Bonds are proposed to be converted into, in addition to the par value of Shares of Issuer at the time of issue of this kind of Bonds shall not exceed the authorized capital.
4. The term within which the application of converting Bonds into Shares is permissible.
5. Eligibility of Bondholder to recover their value if it does not desire to convert them into Shares.

Article 12-21

Company's shareholders shall have a Pre-emptive Right to subscribe in Convertible Bond, if they desire to within a period of fifteen Business Days from the date of being called for using such right. Shareholders may use their pre-emptive right of subscription in such Bonds by exceeding their share in the company's capital in the event that the Subscription conditions provide for the same, unless the company's general assembly issues a resolution that the shareholders waive their priority right to subscribe in these Bonds.

Article 12-22

Bondholders, who desire to convert them into Shares shall express their desire within the said period stated in the Prospectus. Bonds shall be converted into Shares in accordance with the conditions shown in the Prospectus. The company shall fulfil the value of Bonds whose holders do not desire to convert into Shares on the maturity date, unless the Prospectus states otherwise.

Article 12-23

Having issued a Convertible Bond, Obligor may not, to the date of their conversion or redemption, take the following actions, unless it is approved by the Authority:

1. Issue bonus Shares or profits of the reserve.
2. Issue other Convertible Bonds.
3. Increase the percentage of the minimum profits decided to be divided among shareholders, unless the Prospectus does not stipulate otherwise, without need to get the Authority's approval.

Article 12-24

Shares acquired by Bondholders due to the conversion of their Bonds shall have a share in profits determined to be distributed for the financial year during which the conversion takes place.

- Article 12-25** An Obligor may issue Bonds whose holders shall have pre-emptive right to subscribe in any capital increase. Such issue shall take place for who may desire during a maximum period of fifteen Business Days from the date of notifying the same to Bondholders. The Pre-emptive Right shall be limited to subscription in Shares, whose par value does not exceed the value of Bonds owned by who uses such right, unless the Prospectus of shares of capital increase stipulates otherwise.
- Article 12-26** Any amendment of the conditions of converting Bonds into Shares after the issue of Bonds shall be approved by Bondholders Association, unless the Prospectus includes certain provisions aiming at regulating such amendment, provided that the amendment shall be consistent with the Prospectus.
- Article 12-27** Obligor's Board of Directors may issue a resolution of increasing its issued capital by the portion needed for converting Bonds into Shares in accordance with the conditions and regulations of the Prospectus. The execution of such resolution shall be binding on meeting the conditions of converting Bonds into Shares in accordance with the Prospectus. Such resolution shall be attached to the documents submitted to the Authority to acquire the approval for issue of Bonds.
- Upon meeting the conditions of converting Bonds into Shares, the Representative shall notify the Obligor of the names of the Bondholders who desire to convert their Bonds to Shares and the number of Shares eligible for each of them.
- Article 12-28** An Obligor may, within fifteen Business Days of receiving the notification referred to in Article (12-27) in this Module, take the necessary actions for making a notation of the Board resolution indicated in this Module on the Commercial Register and recommending to the Clearing Agency, which maintains the register of the Obligor's shareholders, to issue Shares and divide them among the beneficiaries.
- Article 12-29** In the event that the Obligor refrains from taking the actions stated in Article (12-28) in this Module, the Authority shall, pursuant to the representative's application, address the Ministry and Clearing Agency to take such actions shown in Article (12-28) in this Module, after verifying that the Obligor's refraining from taking these actions is unjustifiable.
- Article 12-30** An Obligor shall be prohibited from reducing its capital without the approval of the Bondholders' Association. Such prohibition shall not apply in the event that reducing the capital due to losses which cannot be covered by the Obligor's profits.

Conditions of Guaranteed Bonds

- Article 12-31** In the event that Bonds are secured by a joint guarantee, the guarantor shall provide the same information, data, statements and representations stipulated in this Module concerning the Issuer and Obligor, unless any relevant obligation, based on its nature, applies only to the Issuer and Obligor.
- Article 12-32** The same information required to be included in the Prospectus about the Issuer and Obligor shall be required for the guarantor as well.
- All the legal approvals necessary shall be acquired duly to insure the validation and effectiveness of security against the guarantor or third party.
- Article 12-33** In the event that the issue of Bonds is secured by a Listed Company in the Exchange or in another Exchange outside Kuwait, the Authority may exempt the guarantor from disclosing the information, the Authority finds not material for Bondholders.
- Article 12-34** In the event that Bonds are secured by an undertaking based on collateral in kind, it shall meet all the legal requirements of pledge or collateral for the interest of Bondholders' Association or its representative to make it valid and effective, before Bonds are offered for subscription. An Issuer, Obligor or the entity, which provided the collateral shall take such actions.
- Article 12-35** An Obligor shall, within a period of no more than one month from the termination of the subscription period determined, take necessary actions to make a notation of the total of Bonds issued and secured by an undertaking in the pledge register. The notation application shall be attached to a statement approved by the Clearing Agency, which maintains the register of Bondholders that includes the names of Bondholders, the number and value of Bonds. Representative may take the action referred to in Article (12-34) in this Module, in the event that the Obligor refrains from taking it.
- Paying Agent**
- Article 12-36** An Obligor shall assign a Payment Agent in the State of Kuwait, who should be approved by the Authority, to perform the duties of the Paying Agent until Bonds redemption. The Authority may decide to replace the Paying Agent with another one, if it finds that such action shall reserve the rights of Bondholders. Obligor may not replace the Paying Agent after getting the Authority's approval.

Issue of Bonds by Special Purpose Vehicle Company

Article 12-37

The Obligor, who may issue Bonds in accordance with this Module, may apply to the Authority for approving the issue of Bonds in accordance with this Module through a Special Purpose Vehicle Company formed for this purpose in specific, where such Bonds are secured by a joint guarantee issued by the Obligor or third party to insure the fulfilment of the obligations arising from the Bonds in their due dates. Bonds issued may also be guaranteed by assets transferred by the Obligor or third party to the Special Purpose Vehicle Company and meant to insure the fulfilment of the Bonds, the Obligor or third party may pledge some assets or obtain bank guarantee to secure Bonds or the Obligor may offer all or some of these Securities.

Article 12-38

Money from the subscription in Bonds issued by a Special Purpose Vehicle Company shall be transferred to the Obligor pursuant to a loan contract made by and between the Special Purpose Vehicle Company and the Obligor due to which the Obligor borrows an amount from the Special Purpose Vehicle Company, which equals the total subscription payment, where the terms, returns, maturity dates and expiration of loan are the same as the bonds terms, returns, maturity dates and expiration, provided that the Prospectus includes a copy of the draft of this contract.

Article 12-39

An Obligor shall repay the loan referred to in Article (12-38) in this Module and returns thereof in accordance with the terms shown in the Prospectus by depositing such amounts in the account opened for this purpose, provided that the Paying Agent shall pay such amounts to the Bondholders as per the Prospectus.

Article 12-40

Bonds may be issued by a Special Purpose Vehicle Company with the purpose of entering into securitization process, where Bondholders have recourse on the assets of the Bonds, subject to Securitization and it is potential to enhance the creditworthiness of the Bonds by the Obligor or third party.

The provisions of the Trust Document included in Chapter Eleven (Sukuk) of this Module shall apply to Asset-Backed Bonds.

Bondholders Association

- Article 12-41** Prospectus shall include provisions of forming a Bondholders Association. In such case, provisions of Articles from (12-42) to (12-52) of this Module shall apply to this Authority.
- Article 12-42** Each issue shall have a separate association of Bondholders to protect the common interests of the members thereof. One of the members of this Association or a third party shall be appointed as the legal representative thereof. Issuer shall, within one month of the date of the end of subscription in Bonds, call for the Bondholders' Association to approve the statute and elect or choose the representative thereof. If the Issuer fails to call for the Bondholders' Association to meet within the period referred to in the previous paragraph, any relevant party shall have the right to apply to the Authority for calling for the Bondholders' Association to meet within a period of no more than fifteen Business Days from the date of applying.
- Article 12-43** Bondholders' Association shall hold meetings thereof pursuant to the representative's or Issuer's invitation or in accordance with an application made by Bondholders representing at least 5% of the value thereof or upon the Authority's request. Meeting of the Bondholders' Association shall be chaired by the Representative or whoever elected thereby for such purpose.
- Article 12-44** The invitation to the meeting of the Bondholders Association shall include the agenda, time and venue thereof issued by one of the following ways:
1. Announcing the meeting in two national daily journals and on the Exchange at least five days before the meeting is held.
 2. Via certified mails to be sent to the Bondholders at least five Business Days before the meeting is held.
 3. By e-mail or fax at least five Business Days before the meeting is held.
 4. By hand to the Bondholders or their due representative at least three Business Days before the meeting is held. Invitation copy shall bear a notation of receipt.
- Concerning the ways shown in paragraphs (2), (3) and (4) of this Article, the Bondholders shall have provided the Issuer or Clearing Agency with the information related to its country, address, e-mail or fax No. to be valid. Prospectus shall specify such means.
- Article 12-45** In the event that the holder of Bonds changes any of the information stated in Article (12-44), such change shall not be taken into consideration if not notified to the Issuer or Clearing Agency at least five Business Days before the invitation is sent.
- Article 12-46** The Person, which made the invitation of the meeting of the Bondholders, shall send the Authority, Representative, Issuer and Obligor notifications of the meeting agenda, time and venue at least five Business Days before the meeting is held.

- Article 12-47** In the event that the Authority's representative fails to attend the meeting although the Authority is notified thereof, the meeting of the Bondholders' Association shall not be deemed invalid.
- Article 12-48** Bondholders' Association may not discuss matters not listed in the agenda, unless they are urgent matters that occurred after the agenda is prepared or are known during the meeting. Such matters may also be tackled in the meeting, if the Authority, Representative or Bondholders who own 5% of the value of Bonds apply for the same. If it is found during discussion that the information available of some of the matters discussed is insufficient, meeting shall be delayed for ten Business Days at most if Bondholders, who own 25% of the value of the Bonds, apply for the same. The delayed meeting shall be held without need to new invitation procedures.
- Article 12-49** Resolutions issued by the Bondholders' Association shall be deemed valid only if the number of the members attending represents two thirds of the value of Bonds issued. In the event that such quorum is not met, the Bondholders' Association shall call for another meeting of the same agenda within five Business Days from the date of the first one. The second meeting may be held in the presence of a number of the members that represents one third only of the value of Bonds issued. Resolutions are issued by the majority of two thirds. The second meeting may be held without need to new invitation procedures, if it is stated in the invitation of the first one.
- Article 12-50** Any resolution concerning extending the term of paying the value for Bonds, or decrease returns, or debt capital or Securities or affects the rights of Bondholders may not be issued unless the number of the members present in the meeting in which a resolution is made represents two thirds of the value of Bonds issued.
- Resolutions of the Bondholders' Association shall apply to the absent bondholders and to the breaching present holders as well.
- Article 12-51** A Representative shall have the right to attend the Obligor's general meetings. The Obligor shall send the representative the same invitation sent to shareholders. A Representative shall have the right to take part in the discussion rather than voting.
- Article 12-52** A Representative shall be entitled to take standstill measures to reserve the right of Bondholders.

Continuing Obligations

Article 12-53

Obligor of Bonds subscribed in, in a Private Placement and unlisted on the Exchange, shall directly disclose the Material Information related to the Obligor, Obligor and collateral to the Authority and Bondholders, if such information, including information related to any new fundamental developments in the field of its business, are not public and are expected to have a material influence on the obligations arising from Bonds.

Article 12-54

Issuer and Obligor, as per each case individually, shall directly provide the Authority with a copy of all the correspondence it sends to Bondholders and shall reply to any inquiries made by the Authority in this regard.

Bond Notification

Article 12-55

Issuer and Obligor shall notify the Authority, representative, Clearing Agency and manager of Special Purpose Vehicle Company of:

1. Declaration of non-payment of any Periodic Distributions related to Bonds or Securities issued or secured by it.
2. Proposed new issue of Shares, Bonds, and Securities, security or collateral related thereto.
3. Changes proposed in the capital.
4. Any transaction of purchase, redemption or cancellation of Shares, Bonds or Securities issued or secured thereby immediately upon purchase, redemption or cancellation. The amount due in respect of such transactions shall be disclosed as well.
5. Bringing forward the deadline of Bonds redemption, if any.
6. Changes to the rights related to any class of its listed Shares, Bonds or Securities convertible into Shares issued or secured by it.
7. Proposed major changes to the Company Contract or other development that may affect Bonds-related rights.

Article 12-56

Any person who deals with a Convertible Bond shall abide by the provisions of disclosure of interests stipulated in the Law and these Bylaws.

Continuing Obligations of Guaranteed Issue

Article 12-57

In the event that the listed Bonds are secured by a joint guarantee, Issuer shall provide the Authority and Representative with the guarantor's annual report, audited annual financial statements within no more than ninety days from the date of the end of the financial period referred to in the financial statements and shall reply to any inquiries directed by the Authority concerning the guarantee.

Liquidation and Bankruptcy

Article 12-58

An Obligor shall notify the Authority and Representative of any matters that may affect the Obligor's ability to perform the obligations arising from Bonds, particularly the following:

1. Inability or declaration of failure to meet the debts upon their maturity, declaration of inability to repay debts in accordance with the relevant laws, suspension of certain payments of debts or entering into negotiations on the actual or expected financial difficulties with one or more creditors with the aim of scheduling the debt.
2. An Obligor's assets being less than its obligations (taking into account any potential and emergent obligations).
3. Any legal actions taken with the purpose of restructuring, liquidation, bankruptcy, winding up, plan of preventive composition, reconciliation, waiver, settlement with any creditor, liquidation application, issue of any order for the Obligor's liquidation or assignment of an administrator, liquidator, receiver or any other similar official related to the Obligor or the Obligor's assets.
4. Issue of a resolution of winding up, liquidation or termination of a period of time which entails that the Obligor shall be subject to the procedures of liquidation, bankruptcy or winding up.
5. Issue of a judgment, resolution or order of a competent judicial entity (in the first instance or appeal), which may affect negatively the ability of the Obligor's to use any part of its assets, whose total value is more than 5% of the value of the net assets.

Chapter Thirteen

Preferred Shares

Scope of Application

Article 13-1

The provisions of this chapter shall apply to the issue, trading, conversion and redemption of Preferred Shares, rights of Preferred Shares' shareholders, continuing obligations and disclosure conditions.

The provisions of this Chapter shall apply to the Preferred Shares issued by:

1. Public Shareholding Companies.
2. Closed Shareholding Companies.

The Company Contract shall stipulate that Preferred Shares may be issued.

Preferred Shares Issuance – Companies which may issue Preferred Shares

Article 13-2

Public Shareholding Companies and Closed Shareholding Companies may issue Preferred Shares in accordance with the provisions of this Module.

Main Conditions for Issuers

Article 13-3

An Issuer of Preferred Shares shall meet the following conditions:

1. All issued Shares shall be fully paid up.
2. The completion of the procedures of subscription in unsubscribed Shares issued by the Issuer and pay the Private Placement payment of such Shares in full.
3. Any accumulated losses do not exceed 75% of the paid-up capital of the Issuer,
4. Total capital issued and the new issuance of capital shall not be more than the authorized capital of the Issuer.
5. Comply with the debt and financial leverage standards and any further requirements related to capital which are imposed under any law, bylaw or supervisory instruction applicable to and in effect concerning the Issuer.

Basic Issuance Conditions

Article 13-4

Preferred Shares may not be issued unless the contract of the Issuer's company provides for the same, on condition that a resolution of the extraordinary meeting of the company of the Issuer approving the issue of Preferred Shares is issued and that such resolution includes a statement of the privileges granted to Preferred Shares.

Article 13-5

An issue of Preferred Shares is preconditioned by:

1. The Authority shall issue a resolution approving the issue of Preferred Shares. In the event that such issue is not approved the Authority shall issue justification of its decision.
2. The Central Bank shall approve the Preferred Shares issued by Units Subject to its Supervision. In the event that such issue is not approved the Central Bank shall issue a justification of its decision.
3. If the Issuer is a non-Kuwaiti national, it shall get the approval of all concerned entities in the country of incorporation.
4. Preferred Shares issued in Kuwait shall be denominated only in KWD, and the par value of each preferred share shall not be less than 100 Kuwaiti fils without the approval of the Authority.

Method of Offering Preferred Shares

Article 13-6

Taking into account the provisions of this Module, Preferred Shares shall be issued by Private Placement. The Authority may approve a Public Offer of Preferred Shares in accordance with a Prospectus approved by the Authority.

Private Placement shall be conducted in accordance with a Prospectus approved by the Authority and delivered to Professional Clients.

Subscription Agent

Article 13-7

An Issuer may appoint one or more person as a Subscription Agent registered by the Authority to help manage, market and undertake to subscribe in Preferred Shares on behalf of the Issuer.

The Issuer and Subscription Agent shall conclude an agreement of regulating the rights, responsibilities, obligations and duties of both parties related to issue.

Article 13-8

An Issuer and Subscription Agent shall submit to the procedures, conditions and requirements necessary for managing, marketing and covering subscription as set out in the Executive Regulations of the Companies Law, Law and these Bylaws and any other rules or provisions that may be issued by the Authority in this regard from time to time.

Issue Advisor

Article 13-9

The Authority may obligate an Issuer to appoint an Investment Advisor authorized to help the Issuer in the issue process.

Article 13-10	<p>An Investment Advisor shall perform the following duties at least:</p> <ol style="list-style-type: none">1. Act as the main liaison entity with the <u>Authority</u> concerning the <u>Preferred Shares</u> issue application.2. Make sure that the Issuer completes all the conditions required for issuing the <u>Preferred Shares</u>.3. Provide information and notes to the <u>Authority</u> within a specific period of time in the manner required by the <u>Authority</u>.
Article 13-11	<p>Regardless of appointing an <u>Investment Advisor</u> or not, an <u>Issuer</u> remains the main entity responsible for complying with the regulatory conditions applicable for the issue of <u>Preferred Shares</u>. Such liability shall not be transferred to the <u>Investment Advisor</u> even if it is appointed in accordance with the <u>Authority's</u> instructions.</p>
	<p>Subscription</p>
Article 13-12	<p>Subscriptions for preferred shares shall take place in accordance with the provisions of Chapter Five (Subscription in <u>Securities</u>) of this Module, taking into account the provisions of Articles (13-13) and (13-28) of this Module.</p>
Article 13-13	<p>The first page in any <u>Prospectus</u> shall include a prominent legible framed disclaimer written in bold as follows: “The instruments referred to in this <u>Prospectus</u> constitute <u>Preferred Shares</u>. These instruments are more risky than other ordinary <u>Bonds</u> since their profits may not be guaranteed. Investors are advised to study the risk elements thoroughly before making an investment decision on such an offer. In considering their investment decision, investors shall depend on their evaluation of the <u>Issuer</u>, offer and implicit risks. This <u>Prospectus</u> shall not be taken to be a recommendation by the <u>Capital Markets Authority</u> for investing in <u>Securities</u>. The <u>Capital Markets Authority</u> does not ensure accuracy or adequacy of the information included in this <u>Prospectus</u>”.</p>
Article 13-14	<p>A paragraph setting out the “Absolute Responsibility of the <u>Issuer</u>” shall be added inside a frame as follows: The <u>Issuer</u> has exercised due care in the preparation of this issue of <u>Preferred Shares</u>. The <u>Issuer</u> shall bear full responsibility for the <u>Prospectus</u> and for ensuring that it includes all essential information related to the <u>Issuer</u> and the Issue. The <u>Issuer</u> confirms that the information in this <u>Prospectus</u> is true and is not misleading and that there are no material other facts that have been omitted from this <u>Prospectus</u>, and that information in this <u>Prospectus</u> or the expression of any opinion concerning this Issue is not deceptive.</p>
Article 13-15	<p>An <u>Issuer</u> shall classify the <u>Preferred Shares</u> for accounting purposes in accordance with the International Financial Reporting Standards, taking into consideration the <u>Preferred Shares</u> structure. The <u>Issuer</u> shall submit an opinion of an <u>Auditor</u> registered with the <u>Authority</u> supporting its classification of the <u>Preferred Shares</u> with a statement of the assumptions under which they have formed their opinion concerning the classification. The <u>Authority</u> shall have the right to require the <u>Issuer</u> to reclassify any such <u>Preferred Shares</u>.</p>

Subscription Payment

Article 13-16

The amount of subscription in Preferred Shares shall be paid as a lump sum or by instalment in accordance with the Prospectus. In the event that the value of the Shares is to be paid by instalment, instalments shall be determined in accordance with the provisions of the Companies Laws.

In the event that Preferred Shares are to be issued partly-paid, the holder of such Preferred Shares shall be liable for any payment request against the Preferred Shares pursuant to the conditions stated in the Prospectus. If any profits are due to be paid to the Shares, such profits shall be paid in proportion with the Preferred Shares capital paid.

Submission of a Draft Subscription Prospectus

Article 13-17

An Issuer shall submit a draft proposed Prospectus to the Authority in accordance with the form approved by the Authority. The margins of the draft Prospectus shall be annotated with the numbers of the Articles of this Module with which the relevant text is compliant. Each page of the Prospectus shall be signed by an authorized signatory of the Issuer.

Revision and Approval of Preferred Shares Issue

Article 13-18

Upon the submission of the draft Prospectus, the Authority shall review the draft with reference to the provisions of Law and these Bylaws.

Validity of Subscription Prospectus

Article 13-19

A Prospectus shall be valid for three months from the date it is approved by the Authority. The Authority may extend this period for one or more equal periods.

Term of an Issue

Article 13-20

The term of a subscription shall be not less than fifteen Business Days and not more than three months. It may be extended for additional three months after such extension is approved by the Authority.

In the event that the Issuer is subject to the supervision of other Regulatory Bodies, it shall immediately notify in writing these bodies of any request for extension submitted to the Authority and shall report the Authority's approval or disapproval thereof in addition.

Shareholders' Preemptive Rights

Article 13-21

An Issuer shall notify all the holders of Preferred Shares of the following:

1. New issue of Preferred Shares.
2. Shareholders' Pre-emptive Rights.
3. Pre-emptive Rights operational mechanisms.

Article 13-22

Each holder of Preferred Shares enjoys pre-emptive rights to notify Issuer of its right to subscribe within fifteen Business Days from the date of notifying the shareholder of the issue by the Issuer. In the event that a shareholder fails to notify the Issuer of its right to subscribe within the period prescribed herein, it shall be deemed a natural assignment of its pre-emptive right to subscribe.

Subscription Deficit or Surplus

Article 13-23

Any deficit or surplus related to a subscription for Preferred Shares shall be dealt with in accordance with the provisions stated in the Prospectus, provisions of the Companies Laws and Executive Regulations and any other relevant rules or regulations.

Article 13-24

In the event that the Preferred Shares issue is cancelled by the Issuer, the applications amounts deposited shall be repaid to the applicants in full within fifteen Business Days from the date of declaring the issue cancellation.

Article 13-25

A Prospectus may include financial penalties to be payable to subscribers in the event that the repayment of their subscription payments which become due because of the cancellation of the offer, or any other amounts due to them in relation due to the Prospectus, is delayed. Such penalties shall be calculated based on the percentage of profits shown in the Prospectus.

Allocation of Preferred Shares

Article 13-26

Preferred Shares shall be allotted for subscribers as shown in the Prospectus in accordance with the provisions of the Companies Laws and Executive Regulations and any other relevant rules or regulations.

Allocations of Preferred Shares shall be limited to the maximum determined in the Prospectus.

Article 13-27

Preferred Shares shall be allotted within fifteen Business Days from the date of closure of the subscription in the Preferred Shares. The Issuer shall notify each subscriber whose application is approved of the details of the Preferred Shares allotted to it in the manner shown in the Prospectus.

Request for Whole or Partial Payment of the Preferred Shares Value

Article 13-28

The right of the Issuer to require the whole or partial payment of the value of the Shares issued but not paid or the redemption of Preferred Shares shall be subject to the provisions of the Companies Laws and Executive Bylaws, provisions stated in this Module and provisions shown in the Prospectus.

Preferred Shares Pledge

Article 13-29

Preferred Shares may be mortgaged in accordance with the rules applicable to Securities pledge shown in this Module.

Preferred Shareholders' Rights

Article 13-30

The company contract of an Issuer shall set out the rights of Preferred Shareholders related to the following:

1. Priority of capital and profits payment.
2. Voting rights.
3. Profits accumulation.
4. Preferred Shares redemption.
5. Conversion rights.
6. Sharing any surplus of assets in the event of liquidation.
7. Profit sharing.

Article 13-31

In the event that payment of the profits due shown in the Prospectus is delayed for ten Business Days for any reason, the Issuer shall not be entitled to act as follows without the approval of a number of Preferred Shareholders that represent two thirds of the total number of Shares:

1. Declare or pay any cash or in-kind profits to the ordinary shareholders prior to paying the profits due to Preferred Shareholders.
2. Recover or repurchase Securities issued by Issuer or reduce the capital of any Securities issued by the Issuer of equal or lower value than the Preferred Shares.

Article 13-32

Without prejudice to any other right shown in this Module and unless the Prospectus stipulates any additional rights, Preferred Shareholders listed in the registry of shareholders maintained by the Clearing Agency shall have the right, as of the date set in the registry, to attend the Issuer's general assembly meetings and share in the discussions without voting on the resolutions discussed before the assembly unless the Prospectus or the Company Contract provides otherwise.

Article 13-33

Preferred Shareholders who represent 5% or more of a specific class of issued Preferred Shares shall be entitled to apply for the Board of Directors to hold a meeting of the holders of the same class of Preferred Shares. The Board of Directors shall call for holding such meeting within fifteen Business Days from the date of application.

Amendment of Shareholders' Rights

Article 13-34

Rights, privileges and restrictions related to specific type of Shares may only be amended pursuant to a resolution of the general ordinary assembly or the approval of two thirds of shareholders.

In the event that an amendment affects the rights of the holders of another class of shares, such amendment shall take place in accordance with the approval of two thirds of the holders of the affected Shares.

Article 13-35

Resolutions for the Issuer's liquidation, reduction of the Issuer's capital or redemption of the Preferred Shares may only be passed upon the conditions shown in the Prospectus without the approval of two thirds of the Preferred Shareholders.

Article 13-36

The Issuer's Board of Directors shall notify the shareholders of each class of Preferred Shares of any amendments which affect the rights of the other classes of Preferred Shares by certified mail to the address shown in the registry maintained by the Clearing Agency or by any other means stated in the Prospectus upon the issue of the extraordinary general assembly. In the case of Convertible Preferred Shares, such notifications shall state the possible effects on the Issuer's ordinary Shares into which the Convertible Preferred Shares shall be converted.

Article 13-37

A Prospectus may include a paragraph which states that if the whole profits of Preferred Shares are not distributed for two consecutive financial years of the Issuer the shareholders of this class of Preferred Shares shall be entitled to vote on the resolutions of the Issuer's general assembly, even if such Shares do not give them the right to vote. The voting right in such case shall be granted to the holders of the ordinary Shares and Preferred Shares in accordance with the proportion of each class in the paid-up capital.

In the event that the Issuer pays the delayed profits, the temporary voting right of the Preferred Shareholders on the on the resolutions of the Issuer's general assembly shall be naturally lapsed.

Trading in Preferred Shares

Article 13-38

Trading in Preferred Shares shall be subject to the provisions of dealing in Securities stipulated in these Bylaws.

Convertible Preferred Shares

Article 13-39

In addition to the conditions stipulated in Articles (13-3) and (13-4) of this Module, an Issuer of Convertible Preferred Shares shall guarantee that the equity capital is not less than the minimum capital required by any Regulatory Body.

Conditions for the redemption of Preferred Shares

Article 13-40

Companies which Issue convertible Preferred Shares may recover such Shares in accordance with the following conditions:

1. Pay the value of the Preferred Shares in full.
2. Pay the value of the Preferred Shares from the Issuer's profits or from returns of a new issue of Shares, which are allotted for the purpose of redeeming such shares.

In the event there is a proposal for the redemption of Preferred Shares from the Issuer's profits, an amount that equals the par value of the Preferred Shares recovered of the Issuer's profits, the amount shall be transferred to a reserve account named the reserve account of capital redemption.

Article 13-41

Upon the redemption of Preferred Shares, the issued capital issued Issuer shall be reduced by the par value of the Preferred Shares redeemed. Therefore, such Preferred Shares shall be deemed cancelled.

Article 13-42

The Issuer shall notify the Authority, Ministry, other Regulatory Bodies and Clearing Agency of such redemption fifteen Business Days before the date of redemption of Preferred Shares.

Article 13-43

The Issuer shall redeem Preferred Shares in accordance with the issue conditions in the manner specified in the Prospectus.

Article 13-44

In the event that the Issuer desires to delay the redemption of the Preferred Shares or the profits thereof, if any, it shall call for a meeting for the holders of such specific class of the Preferred Shares to discuss the reasons and justifications for such delay and take the necessary resolution in this concern, in accordance with this Module, within a maximum period of twenty Business Days of the date of redemption set in the Prospectus.

Article 13-45

The Issuer shall provide the Authority with the following information within fifteen Business Days from the date of redemption:

1. Number of Preferred Shares redeemed.
2. Date of redemption.
3. Value of redemption.

Article 13-46

A statement from the Issuer to the Authority concerning the redemption of Shares shall be accompanied by a statement of the capital and shall include the following information related to the issued capital immediately prior to the redemption and thereafter:

1. Total number of Shares issued.
2. Total par value of Shares.
3. Details stated of the Shares relevant rights.
4. Total number of Shares of the specific class.
5. Total par value of Shares of the specific class.
6. Amount paid and unpaid.
7. Calculation of the premium on Shares, if any.
8. Cash reserve for capital redemption (if any).
9. Capital reserve.
10. Voluntary reserves.
11. Other reserves (if any).

Article 13-47

In the event that any one of the Preferred Shareholders does not claim for the redemption value within six months from the date of redemption, the Issuer shall, within ten Business Days from the end of the whole period, transfer the total unpaid redemption value to a special account opened by the Issuer in one of the national banks for this purpose. The account of the unpaid redemption amount may not be used for purposes other than the redemption of the Preferred Shares by the eligible shareholders.

Article 13-48

The Issuer shall maintain a list of the names of the shareholders who have the right to receive the amount of the unpaid redemption and the last address known for each and the recovered amount of each.

Convertible Preferred Shares Issue Conditions

Article 13-49

Companies shall have the right to issue Convertible Preferred Shares which are convertible into ordinary Shares in accordance with a resolution issued by an extraordinary general assembly of the company pursuant to a justified proposal of the Board of Directors in accordance with the following provisions and regulations:

1. Determine the rules upon which the Preferred Shares can be converted into ordinary Shares, particularly the share value on which the conversion shall be carried out.
2. The Preferred Share issue rate to be not less than the par value of the ordinary share.
3. The par value of shares into which the preferred shares are proposed to be converted, in addition to the par value of the Shares issued at the time of this issue of preferred shares, and the amount of authorized capital.
4. The period during which Preferred Shares may be required to be converted into ordinary Shares.
5. How far an owner of Preferred Shares is entitled to recover their value if it does not desire to convert them.

- Article 13-50** Shareholders shall have Pre-emptive Rights to subscribe in Convertible Preferred Shares if they express desire for the same within fifteen Business Days at most from the date of being informed of such right. A shareholder may use its pre-emptive right to subscribe in these Shares so as to exceed its share in the capital if the subscription conditions allow it, unless the general assembly of the company issues a resolution declaring that shareholders shall assign their pre-emptive right to subscribe in such Shares.
- Article 13-51** An owner of Preferred Shares who desire to convert their Shares into ordinary Shares shall express such desire within the period agreed upon in the Prospectus. Preferred Shares shall be converted into ordinary shares in accordance with the bases and conditions shown therein. Company shall pay the value of the Preferred Shares to owners who do not want to convert into ordinary Shares in accordance with the redemption conditions stated in the Prospectus, unless it stipulates otherwise.
- Article 13-52** From the issuance of Convertible Preferred Share until the date of their conversion or redemption, the company may not distribute free Shares or profits from the reserve and may not issue Preferred Shares or other Securities convertible into Shares unless it acquires the approval of the Preferred Shareholders' board. The prior approval is not required if the Prospectus clearly states that the Preferred Shareholders' board has given prior approval to the distribution of free Shares or profits from the reserve or the issue of new Securities convertible into Shares.
- Article 13-53** From the issuance of Convertible Preferred Shares until the date of their conversion or redemption, the company may not reduce its capital or increase the minimum percentage of shareholders' profits decided to be distributable. Capital reduction due to losses shall be excluded, unless the Prospectus states otherwise.
- Article 13-54** Ordinary Shares received by the Preferred Shareholders as a result of converting their Preferred Shares shall have a share in profits decided to be distributable for the financial year wherein the conversion is carried out.
- Article 13-55** A company may issue Preferred Shares whose holders shall have pre-emptive right to subscribe in any capital increase for who may desire within fifteen days at most from the date of notifying the Preferred Shareholders of the same. The pre-emptive right shall be limited to subscribing in Shares whose par value is not more than the value of the Preferred Shares owned by the holders of such right.
- Article 13-56** The Authority's approval is required for any amendment of the conditions for converting Preferred Shares into ordinary Shares that occurs after the issuance of Preferred Shares unless the Prospectus includes other provisions regulating amendments and the intended amendment is made in accordance therewith.

- Article 13-57** A company's Board of Directors shall issue a resolution for increasing the capital of the company by the amount required for converting the Preferred Shares into ordinary Shares in accordance with the conditions and regulations stated in the Prospectus. Such resolution shall be pending on satisfying the conditions of converting the Preferred Shares into ordinary Shares in accordance with the Prospectus. This resolution shall be attached to the documents submitted to the Authority to obtain the approval for the conversion of the Convertible Preferred Shares into ordinary Shares.
- Article 13-58** Upon the satisfaction of the conditions for converting the Preferred Shares into ordinary Shares, the representative of the Preferred Shareholders shall notify the company with the names of the Preferred Shareholders whose Preferred Shares are required to be converted into ordinary Shares and the number of Shares due to each of them.
- Article 13-59** A company shall, within fifteen days from receiving the notification referred to in Article (13-58), take the necessary actions to put a notation on the resolution of the Board of Directors indicated in this Article in the Commercial Register and notify the Clearing Agency which keeps the shareholders' registry of the Authority of issuing and delivering the Shares to the eligible parties.
- Article 13-60** In the event that the company fails to take the actions shown in Article (13-59), the Authority shall address the Ministry and Clearing Agency to take actions pursuant to the representative's request in the event that it is ascertained that the company does not have the right not to issue such Shares.
- Article 13-61** Issuer shall provide the Authority with the following information within fifteen Business Days from conversion:
1. Number of Preferred Shares converted into ordinary Shares.
 2. Date of conversion.
 3. Percentage of conversion.
 4. Number of ordinary Shares of the Issuer to which preferred Shares are converted,
 5. Conversion rate.
- The statement shall include the same information required for the statement addressed to the Authority concerning redemption as shown in this Module.
- Article 13-62** Upon the conversion of Preferred Shares into ordinary Shares, Issuer and relevant party shall comply with the requirements shown in Chapter Two (Disclosure of Interests) of Module Ten (Disclosure and Transparency) of these Bylaws.
- For the purpose of calculating the total number of Shares in which the relevant Person has an interest, the number of the new ordinary Shares issued shall be added to the number of ordinary Shares existing at the time of converting Preferred Shares into ordinary Shares.

Continuing Obligations – General Obligations

- Article 13-63** An Issuer of Preferred Shares shall abide by the relevant conditions of disclosure issued by the Authority or other Controlling Body.
- Article 13-64** An Issuer of Preferred Shares shall notify the Authority and Preferred Shareholders of all the Material Information that may affect the Issuer's ability to meet its obligations towards the Preferred Shareholders.
- Article 13-65** An Issuer shall be liable for sending a copy of all the correspondence addressed to Preferred Shareholders to the Authority and shall immediately reply to any inquiries made thereby.
- Article 13-66** An Issuer shall deal equally with all holders of Preferred Shares which belong to the same class of Shares concerning the rights relevant to such Shares.

Preferred Shares - Related Notifications

- Article 13-67** Having obtained the approval of the Issuer's Board of Directors or extraordinary general assembly or the Preferred Shareholders' meeting as per the provisions of this Module, the Issuer shall notify the Authority of the following information:
1. Purchase, redemption or cancellation of Preferred Shares.
 2. Any change in the rights relevant to any class of ordinary or Preferred Shares.
 3. Any significant amendment of the Company Contract or any other event that may affect the rights of Preferred Shareholders.

Financial Information

- Article 13-68** An Issuer shall, within the term of the Preferred Shares, submit the audited annual financial statements and annual report to the Authority upon being approved within a period of ninety days at most from the end of the financial period shown in such statements.

Chapter Fourteen

Treasury Shares

Scope of Application

Article 14-1

These provisions shall apply to Public and Closed Shareholding Companies, except that Units Subject to the Supervision of the Central Bank shall be excluded.

Uses of Treasury Shares

Article 14-2

Treasury Shares may only be used as follows:

1. Maintaining stability of the company's share price.
2. Reduction of the company's paid-up capital.
3. Settlement of a company's account receivables.
4. Repayment of a company's outstanding debt.
5. Distribution of bonus shares to shareholders without an increase of the capital or the number of Shares issued.
6. Swap deals in the event of Merger with or an Acquisition Offer of other companies.
7. Distribution of all or some of the Treasury Shares to the company's workers in the context of the employees' Share option plans conditional upon the general assembly's approval, and in accordance with the regulatory rules approved by the general assembly of the company.
8. Other cases determined by the Authority.

Unlisted Companies may not dispose of shares in the events referred to in paragraphs (1), (3) and (4) of this Article.

Guidelines and Procedures

Article 14-3

The Company Contract shall state that 10% at most of the issued shares of the company may be purchased at their market value and that partners may not purchase or sell the company's shares unless they obtain the Authority written approval for the same which is given pursuant to an application submitted to the Authority, including the following information:

1. The kind of transaction intended by the company, be it purchase only or sale only or purchase and sale of its shares.
2. Copy of the minutes of the ordinary general assembly meeting, wherein the Board of Directors is authorized to purchase or sell 10% at most of the company's shares, provided that such authorization is valid and was not given more than eighteen months previously.
3. Number of the company's Shares required to be purchased or sold.
4. Sources of finance proposed for the purchase of Shares.
5. Copy of the audited financial statements and last quarterly financial statements, as approved by the competent Regulatory Bodies.
6. Copy of the shareholders' registry issued by the Clearing Agency.
7. Statements of the company's Subsidiaries, if any.
8. Statement of the costs of the Treasury Shares owned by the company at the date of such application.
9. A financial study explaining the grounds for submitting the application and the consequences thereof.
10. A study made by a licensed Investment Advisor showing the fair value of the shares of any relevant unlisted companies.

Article 14-4

In the event of transactions in Treasury Shares with shareholders, these shareholders may not vote on the resolution of the general assembly by which the Board of Directors is authorized to deal in such shares.

Article 14-5

The company may repay the par value of certain shares to the shareholders after getting the approval of the extraordinary general assembly. This value shall be extracted from the company's undistributed profits and voluntary reserve.

The owners of shares redeemed may be granted dividend shares which have the same rights as the ordinary Shares except for recovering the par value upon liquidation of the company.

Article 14-6

If an unlisted company decides to purchase or sell its shares, it shall ensure that it will deal equally with all shareholders concerning the sale offer or purchase application.

In the event that some shareholders do not desire to buy or sell Shares, company may either cancel the offering or make the deal with the shareholder, who expressed their desire for the same.

Article 14-7	The capital of the company may not be used as a source of financing the purchase of shares.
Article 14-8	A part of reserves, comprising distribution of net profits, carried over profits and share premium account, which equals the cost of <u>Treasury Shares</u> , shall be frozen and shall be deemed un-distributable during the period of holding such <u>Shares</u> .
Article 14-9	<p>In the event of a capital increase, the company shall:</p> <ol style="list-style-type: none">1. In the event that the capital increase is by issuing bonus <u>Shares</u>, the company shall have the same rights as the other shareholders.2. In the event that the capital increase is by offering new <u>Shares</u> for subscription, the company may not use the <u>Pre-emptive Right</u> to subscribe for such <u>Shares</u> since such right is limited to other shareholders only.
Article 14-10	A company which has exercised its right to buy <u>Shares</u> shall submit a report to the <u>Authority</u> at the end of each financial year explaining the justifications for keeping such <u>Shares</u> , provided that the report is submitted within ten <u>Business Days</u> from the end of the financial year targeted by such report.
Article 14-11	The company shall submit a quarterly report to the <u>Authority</u> to include all the transactions in the company's shares for the period concerned in the report, and which shall be accompanied by a statement of the balance of <u>Treasury Shares</u> , duly ratified by the <u>Clearing Agency</u> . This report shall be submitted within ten <u>Business Days</u> at most from the end of the period referred to in this article.
	Accounting Treatment
Article 14-12	The percentage of shares owned by the company and its <u>Subsidiaries</u> may not exceed 10% of the total of the number of <u>Shares</u> issued by this company.
Article 14-13	<u>Treasury Shares</u> shall be entered into in the financial statements under the entry of shareholders' rights. <u>Treasury Shares</u> shall not confer the right to dividends, except that <u>Shares</u> issued by the company or owned to the company's <u>Subsidiaries</u> , taking into consideration the relevant International Standards of Accounting treatment.
Article 14-14	<u>Treasury Shares</u> shall not be taken into account in calculating the quorum of the general meeting and voting on the resolutions thereof. This provision shall apply to the company's <u>Shares</u> owned by its <u>Subsidiaries</u> .

Article 14-15

The company shall disclose the following information, in particular, in the notes of the financial statements:

1. Number of Shares purchased.
2. Cost of purchase.
3. Ratio of Treasury Shares to the total Shares issued.
4. Weighted average of the market value of share at the date of preparing the financial statements.

The company shall disclose that a part of reserves, carried over profits and share premium (if any), which equals the cost of Treasury Shares purchased, shall be frozen and shall be deemed un-distributable during the period of owning such Shares.

Article 14-16

When reporting upon transactions in Treasury Shares in its financial statements, the company shall take into consideration the following:

1. Treasury Shares shall be recorded at cost price in a separate entry called "Treasury Shares" under shareholders' assets.
2. An account called Treasury Shares' reserve shall be entered into under shareholders' assets.
3. Treasury Shares' reserve shall be un-distributable during the period of holding Treasury Shares.
4. Profits and losses resulting from the sale of Treasury Shares shall be entered into the Treasury Shares' reserve account.
5. In the event of that losses resulting from the sale of Treasury Shares exceed the balance of the Treasury Shares' reserve account, the excess value of loss shall be deducted from the accounts of carried over profits, reserves and premium of shares respectively. In the event of achieving any profits resulting from the sale of Treasury Shares, a part of these profits which equals the losses previously deducted from the said accounts shall be retained to be re-added to these accounts, while the rest of the profits shall be listed in the Treasury Shares' reserve account.
6. In the event of the liquidation of the Treasury Shares' reserve account, the company may transfer the credit balance in the Treasury Shares' reserve account to the general or voluntary reserves.
7. Bonus Shares distributions of Treasury Shares shall not be included in the revenues in the profit and loss account.
8. Bonus Shares shall not be added to the cost of Treasury Shares purchased.
9. The holdings of the portfolio of the Treasury Shares purchased shall be adjusted in accordance with the number of Bonus Shares acquired by the company, which shall result in the reduction of the cost of purchasing Treasury Shares.
10. If the company uses Treasury Shares for reducing capital it shall consider the following:
 - a. The capital shall be reduced by the par value of Shares used for this purpose.
 - b. If the cost of Treasury Shares is less than the par value, the credit balance shall be posted to the Treasury Shares reserve account, voluntary reserve or legal reserve.
 - c. If the cost of Treasury Shares is more than the par value, it shall be amortized through the following accounts in the following order: Treasury Shares reserve, retained earnings, voluntary reserve, legal reserve and premium on Shares.

Additional Obligations of Listed Companies

Article 14-17

Listed Companies may not deal in shares thereof through financial derivatives. Any deals in shares shall take place in accordance with the Exchange rules applicable on the exchange. Cases specified in paragraph (3), (4), (5), (6) and (7) of Article (14-2) of this Module and other cases approved by the Authority shall be excluded.

Article 14-18

Listed Companies shall disclose the Authority's approval for purchasing or selling Treasury Shares upon the issuance thereof and in accordance with the provisions and procedures stated in Module No. 10 (Disclosure and Transparency) of these Bylaws.

Article 14-19

A Listed Company shall not deal in shares ten Business Days before disclosing its financial statements (reviewed quarterly financial statement or audited annual financial statements) or any other significant information that may affect the company's shares.

DISCLAIMER:

This “translation” of the Bylaws of the Capital Markets Authority from Arabic into English is provided solely for reference. No translation can exactly reflect every aspect of an original text and accordingly this “translation” may be used for guidance but not for legal purposes. Only the Arabic original shall be considered for legal proceedings and legal actions before the competent courts of jurisdiction and in any arbitration mechanism agreed upon by contracting parties to any transaction made under the Law and the Bylaws thereof. The Capital Markets Authority shall not be responsible for any mistake, error and/or misinterpretation made or given by any party based on that party’s interpretation of the Law and the Bylaws whether arising from a reading of the Arabic text or, specifically in the context of this document, the English “translation”. The original Arabic versions, as approved and accordingly published by the Authority, shall constitute the only source of the provisions and regulations of the Law and its Bylaws.

Appendix 1

Real Estate Assets Valuation

Real Estate Assets Valuation

Persons licensed and listed companies shall comply with the following procedures and regulations for the purpose of evaluating real estate owned by them or their Subsidiaries:

1. Procedures required for valuation of local real estate owned and classified as fixed assets or others on the financial centre statement:
 - a. International Accounting Standards shall be considered upon the first recognition of asset and following appraisal thereof including disclosure requirements.
 - b. Valuation shall be conducted at least once annually.
 - c. Valuation shall be conducted by at least two authorities licensed and competent in real estate valuation, provided that one of them is a Kuwaiti bank and that the less value shall be taken into account.
 - d. Entity, which requires the valuation shall be independent from the entity, which conducts the same to avoid any potential conflict of interests. In the case of a potential conflict of interests with local banks, the entity shall notify the Authority immediately after the potential conflict of interest has been established, so that the Authority may review the case and determine the best procedure for the entity to evaluate the real estate assets involved in this case. The entity shall also notify the Capital Markets Authority immediately in the absence of conflict of interest with the local banks that provide the real estate valuation service.
 - e. Valuation shall be conducted one month at most from the date of financial statements.
2. Procedures required for valuation foreign real estate owned and classified as fixed assets or others on the financial centre statement:
 - a. International Accounting Standards shall be considered upon the first recognition of asset and following valuation thereof including disclosure requirements.
 - b. Valuation shall be conducted at least once annually.
 - c. Valuation shall be conducted by at least one authority licensed and competent in real estate appraisal in the country where the target asset is based, unless the Authority deems it necessary to conduct more than one valuation and, in such case, the less value shall be taken into account.
 - d. Entity, which requires the appraisal shall be independent from the entity, which conducts the same to avoid any potential conflict of interests.
 - e. Valuation shall be conducted two months at most from the date of financial statements.

Persons licensed and listed companies shall attach other appraisals of the same target to the financial statements submitted to Capital Markets Authority. Listed companies shall provide the Exchange of a copy of such valuations.

Appendix 2

Application Form for the Incorporation of a Special Purpose Vehicle Company

Application Form for the Incorporation of a Special Purpose Vehicle Company**NOTE:**

All application forms referenced in the “translation” of the Bylaws are for reference purposes only.
Application forms to be submitted to the Authority are to be in Arabic language only.

List of contents

Section 1	Information of the Special Purpose Vehicle Company
Section 2	Information of the entity incorporating the Special Purpose Vehicle Company
Section 3	Shareholders of the Special Purpose Vehicle Company
Section 4	Auditor
Section 5	Obligor
Section 6	Paying Agent
Section 7	Subscription Agent
Section 8	Clearing Agent
Section 9	List of documents required upon submission of the application

(1) Information of the Special Purpose Vehicle Company

Company name in Arabic	
Company name in English	
Company capital	
Company objectives	<input type="checkbox"/> Bonds Issuance <input type="checkbox"/> Sukuk Issuance
Issuance currency	
Issuance type	<input type="checkbox"/> Public Offer <input type="checkbox"/> Private Placement
Company activities relevant to the issuance (if any)	
Tel. No.	
E-mail	
Website	

(2) Information of the entity incorporating the Special Purpose Vehicle Company

Entity name	
Authority license/ registration No.:	
Legal form of the entity	<input type="checkbox"/> Public shareholding company <input type="checkbox"/> Closed shareholding Company <input type="checkbox"/> Government entity
Entity's place of incorporation/ domicile	
Name of contact person	
Tel. No.	
E-mail	

(3) Shareholders of the Special Purpose Vehicle Company

1- Shareholder name	
Name of contact person	
Mobile No.	
Tel. No.	
E-mail	
2- Shareholder name	
Name of contact person	
Mobile No.	
Tel. No.	
E-mail	
3- Shareholder name	
Name of contact person	
Mobile No.	
Tel. No.	
E-mail	

(4) Auditor

Entity name	
Name of contact person	
Job title	
Mobile No.	
Tel. No.	
E-mail	

(5) Obligor

Entity name	
Name of contact person	
Job title	
Mobile No.	
Tel. No.	
E-mail	

(6) Paying Agent

Entity name	
Name of contact person	
Job title	
Mobile No.	
Tel. No.	
E-mail	

(7) Subscription Agent

Entity name	
Name of contact person	
Job title	
Mobile No.	
Tel. No.	
E-mail	

(8) Clearing Agent

Entity name	
Name of contact person	
Job title	
Mobile No.	
Tel. No.	
E-mail	

(9) List of documents required upon submission of the application**Attached**

1	Draft incorporation documents of the Special Purpose Vehicle Company with a soft copy	<input type="radio"/>
2	Draft Obligor's agreement	<input type="radio"/>
3	Payment Agent's agreement	<input type="radio"/>
4	Subscription Agent's agreement	<input type="radio"/>
5	Clearing Agency's agreement	<input type="radio"/>
6	Agreement of Special Purpose Vehicle Company's Auditor	<input type="radio"/>
7	Members of the company's Board of Directors in accordance with the Authority approved Fit and Proper forms	<input type="radio"/>
8	Fees receipt of incorporating the Special Purpose Company of the Authority	<input type="radio"/>
9	Fees receipt of licensing the Special Purpose Company of the Authority	<input type="radio"/>

Applicant's name	
Title	
Date	
Signature	
Seal of the company's incorporating entity	

Authority's use	
Application Officer	
Title	
Date	
Signature	
The Authority's seal	

Appendix 3
Shareholding Company Application for Treasury Shares

Shareholding Company Application for Treasury Shares

NOTE:

All application forms referenced in the “translation” of the Bylaws are for reference purposes only.
Application forms to be submitted to the Authority are to be in Arabic language only.

List of Contents

Section 1	Company information
Section 2	Treasury shares request details
Section 3	Main contact person
Section 4	List of documents required upon submission of the application

(1) Company Information	
Name of the company	
Commercial Registration No.	
Legal form of the company	<input type="checkbox"/> closed shareholding <input type="checkbox"/> public shareholding <input type="checkbox"/> listed <input type="checkbox"/> Islamic Sharia compliant
Date of incorporation	
Company's current issued and paid capital	
Authorized capital	
Number of issued shares	
Treasury shares balance	
Current percentage of ownership of the company	
Date of general assembly authorizing the Board of Directors to purchase or sell shares	
Cost of Treasury Shares owned to date (KWD)	
Listing date	
Date of financial year end	
Permanent domicile	
Tel. No.	
E-mail	
Website	

(2) Treasury shares request details

Type of transaction desired by the company	<input type="checkbox"/> buy only <input type="checkbox"/> sell only <input type="checkbox"/> buy & sell
Brokerage firm that will execute the purchase or sale transaction	
Number of Shares desired to be bought or sold	
Period of buy or sell	
Sources of finance (in KWD)	Share premium: Legal reserve: Voluntary reserve: Retained earnings:
Treasury shares objective: Unlisted companies may not deal on their shares for any of the following reasons: - Maintaining stability of the company's share price. - Settlement of a company's debt. - Repayment of outstanding debt to a third party.	<input type="checkbox"/> Maintaining stability of the company's share price. <input type="checkbox"/> Settlement of a company's debt. <input type="checkbox"/> Merger or Acquisition Offer of other companies. <input type="checkbox"/> Reduction of the company's paid-up capital. <input type="checkbox"/> Repayment of outstanding debt to a third party. <input type="checkbox"/> Distribution of bonus shares to shareholders without an increase of the capital or the number of Shares issued. <input type="checkbox"/> Distribution of all or some of the Treasury in employees' Share option program plans conditional upon the general assembly's approval, in accordance with the regulatory rules approved by the general assembly of the company.

(3) Main contact person

Name of contact person	
Job title	
Mobile No.	
Tel. No.	
E-mail	

(4) List of documents required upon submission of the application		Attached
1	Copy of the company's articles of incorporation and articles of association and the article which allows the company to buy or sell its Shares.	<input type="radio"/>
2	General meeting minutes, wherein the Board of Directors is authorized to buy or sell 10% at most of the company's Shares, provided that such authorization is valid and its duration is not more than eighteen months.	<input type="radio"/>
3	Copy of the annual audited financial statements and reviewed periodical financial statements in case of the lapse of six months from the last financial year.	<input type="radio"/>
4	Statement of treasury shares balance from the Clearing Agency of the company and its subsidiaries.	<input type="radio"/>
5	Statement of the company's Subsidiaries (if any).	<input type="radio"/>
6	Study by a licensed Investment Advisor stipulating the fair value of the company's Shares (for closed companies).	<input type="radio"/>
7	Comprehensive financial study explaining the reasons for submitting the application of buy or sell of shares and the consequences thereof.	<input type="radio"/>
8	A copy of the last approval obtained by the company from the Authority of treasury shares.	<input type="radio"/>

Applicant's name	
Title	
Date	
Signature	
Seal of the company's incorporating entity	

Authority's use	
Application Officer	
Title	
Date	
Signature	
The Authority's seal	

Appendix 4
Application form for Issuance of Preferred Shares

Application form for Issuance of Preferred Shares**NOTE:**

All application forms referenced in the “translation” of the Bylaws are for reference purposes only.
Application forms to be submitted to the Authority are to be in Arabic language only.

List of Contents

Section 1	Issuer information
Section 2	Application details
Section 3	Main contact person
Section 4	Legal Advisor
Section 5	Investment Advisor / Issuance manager
Section 6	Subscription Agent
Section 7	Auditor
Section 8	List of documents required upon submission of the application

(1) Issuer Information	
Issuer name	
Commercial Registration No.	
Legal form of the company	<input type="checkbox"/> closed shareholding <input type="checkbox"/> public shareholding <input type="checkbox"/> listed <input type="checkbox"/> Islamic Sharia Compliant
Date of incorporation	
Company's current issued and paid capital	
Authorized capital	
Listing date (if any)	
Date of financial year end	
Permanent domicile	
Tel. No.	
E-mail	
Website	

(2) Application Details	
Subscription Type	<input type="checkbox"/> Public <input type="checkbox"/> Private
Amount of increase	
Increase ratio	
Number of Preferred Shares issued	
Preferred Share's par value	
Premium per share	
Issue expenses	
Term of Preferred Share	
Rate of return	
Mechanism of profit accumulation (and their stages, if any)	
Mechanism of sharing profit	
Voting rights	
Convertibility to ordinary shares	
Expected date of opening and closing subscription	
Mechanism of return in case of liquidation (if any)	
Means of preferred shares redemption	
Purpose of issuance	
Allocation mechanism	

(3) Main contact person	
Name of contact person	
Job title	
Mobile No.	
Tel. No.	
E-mail	

(4) Legal Advisor

Entity name	
Name of contact person	
Job title	
Mobile No.	
Tel. No.	
E-mail	

(5) Investment Advisor / Issuance Manager

Entity name	
Name of contact person	
Job title	
Mobile No.	
Tel. No.	
E-mail	

(6) Subscription Agent

Entity name	
Name of contact person	
Job title	
Mobile No.	
Tel. No.	
E-mail	

(7) Auditor

Entity name	
Name of contact person	
Job title	
Mobile No.	
Tel. No.	
E-mail	

(8) List of documents required upon submission of the application		Attached
1	Copy of the annual audited financial statements for the past three years, and a copy of the reviewed periodical financial statements in case of the lapse of six months from the date of the last financial year.	<input type="radio"/>
2	Copy of the company's notation on the commercial register showing the company's authorized, issued and paid capital.	<input type="radio"/>
3	Initial approval of Preferred Shares issuance by other Regulatory Bodies, which the Issuer is subject to (in the event that the company is subject to other Regulatory Bodies).	<input type="radio"/>
4	Opinion of certified auditing firm indorsing the Issuer's classification of the Preferred Shares with a statement of assumptions and reasons that form the basis for the classification.	<input type="radio"/>
5	Copy of the Sharia opinion (for the companies that operate in accordance with the Islamic Sharia).	<input type="radio"/>
6	Draft Prospectus.	<input type="radio"/>
7	Copy of the Board of Directors resolution, including the approval of issuing preferred shares.	<input type="radio"/>
8	Copy of company's articles of incorporation and articles of association and the article allowing the company to issue preferred shares.	<input type="radio"/>
9	Detailed table clarifying the status of the company's capital for the last five years, and the notation in the commercial register for each.	<input type="radio"/>
10	Approval of the Central Bank of Kuwait for entities subject to its supervision.	<input type="radio"/>

Applicant's name	
Title	
Date	
Signature	
Seal of the company's incorporating entity	

Authority's use	
Application Officer	
Title	
Date	
Signature	
The Authority's seal	

Appendix 5
Application Form for the Approval of a Preferred Shares Prospectus

Application Form for Preferred Shares Prospectus**NOTE:**

All application forms referenced in the “translation” of the Bylaws are for reference purposes only.
Application forms to be submitted to the Authority are to be in Arabic language only.

List of contents

Section 1	Issuer Information
Section 2	Application details
Section 3	Main contact person
Section 4	Legal Advisor
Section 5	Auditor
Section 6	List of documents required upon submission of the application

(1) Issuer Information	
Issuer name	
Commercial Registration No.	
Legal form of the Issuer	<input type="checkbox"/> closed shareholding <input type="checkbox"/> public shareholding <input type="checkbox"/> listed <input type="checkbox"/> Islamic Sharia Compliant
Date of incorporation	
Company's current issued and paid capital	
Authorized capital	
Listing date (if any)	
Date of financial year end	
Permanent domicile	
Tel. No.	
E-mail	
Website	

(2) Application Details	
Prospectus type	<input type="checkbox"/> Public offer <input type="checkbox"/> Private placement <input type="checkbox"/> Complementary prospectus
Amount of increase	
Percentage of increase	
Number of Preferred Shares issued	
Par value of Preferred Share	
Premium per share	
Issuance expenses	
Term of Preferred Share	
Preferred Shares allocation mechanism	
Purpose of increase	

(3) Main Contact Person

Name of contact person	
Job title	
Mobile No.	
Tel. No.	
E-mail	

(4) Legal Advisor (if any)

Entity name	
Name of contact person	
Job title	
Mobile No.	
Tel. No.	
E-mail	

(5) Auditor

Entity name	
Name of contact person	
Job title	
Mobile No.	
Tel. No.	
E-mail	

(6) List of documents required upon submission of the application		Attached
1	Copy of the company's notation on the Commercial Registration showing the company's authorized, issued and paid capital.	<input type="radio"/>
2	Fees payment receipt copy for the application of Capital Markets Authority's approval of the Prospectus.	<input type="radio"/>
3	Hard and soft copy of the draft prospectus.	<input type="radio"/>
4	Extraordinary general assembly's minutes of meeting on approving the issuance of the preferred shares.	<input type="radio"/>

Applicant's name	
Title	
Date	
Signature	
Seal of the company's incorporating entity	

Authority's use	
Application Officer	
Title	
Date	
Signature	
The Authority's seal	

Appendix 6
Application Form for Issuance of Bonds

Application Form for Issuance of Bonds**NOTE:**

All application forms referenced in the “translation” of the Bylaws are for reference purposes only. Application forms to be submitted to the Authority are to be in Arabic language only.

List of contents

Section 1	Issuer information
Section 2	Application details
Section 3	Company’s information in which bonds will be transferred into shares (in case of convertible bonds)
Section 4	Obligor information (in case of indirect issue)
Section 5	Guarantor’s information (if any)
Section 6	Main contact person
Section 7	Legal Advisor
Section 8	Auditor of the Issuer and Obligor
Section 9	List of documents required upon submission of the application

(1) Issuer Information	
Issuer name	
Commercial Registration No.	
Legal form of the Issuer	<input type="checkbox"/> closed shareholding <input type="checkbox"/> public shareholding <input type="checkbox"/> listed
Date of incorporation	
Company's current issued and paid capital	
Authorized capital	
Listing date (if any)	
Date of financial year end	
Permanent domicile	
Tel. No.	
E-mail	
Website	

(2) Application Details	
Subscription Type	<input type="checkbox"/> Public <input type="checkbox"/> Private
Issue value	
Par value of bond	
Issuance expenses	
Type of bond	
Convertibility of bonds into shares	<input type="checkbox"/> Convertible to shares <input type="checkbox"/> Not convertible to shares
Type of issue (direct or indirect)	
Credit rating of issuance	
Paying Agent	
Expected Subscription Opening and Closing Dates	
Purposes and objectives of issuance	
Allocation mechanism	
Terms and conditions of bonds amortization	

**(3) Company's information in which bonds will be transferred in to shares
(in case of convertible bonds)**

Company's name	
Incorporation date	
Listing date (if any)	
Date of financial year end	
Commercial Registration No.	
Company's current issued and paid capital	
Authorized capital	
Conversion price	
Conversion ratio	
Time period of conversion	
Tel. No.	
E-mail	
Website	

(4) Obligor information (in case of indirect issue)

Obligor name	
Obligor's date of incorporation	
Commercial Registration No.	
Current issued and paid capital	
Authorized capital	
Listing date (if any)	
Date of financial year end	
Permanent domicile	
Tel. No.	
E-mail	
Website	

(5) Guarantor's Information (if any)

Guarantor's Name	
In-kind Guarantees (if any)	
Personal Guarantees (if any)	
Mobile No.	
Tel. No.	
E-mail	

(6) Main contact person

Name of Contact Person	
Job title	
Mobile No.	
Tel. No.	
E-mail	

(7) Legal Advisor

Entity name	
Name of contact person	
Job title	
Mobile No.	
Tel. No.	
E-mail	

(8) Auditor of the Issuer and Obligor

Entity name	
Name of contact person	
Mobile No.	
Tel. No.	
E-mail	

(9) List of documents required upon submission of the application**Attached**

		Attached
1	Copy of the annual audited financial statements for the past three years, and a copy of the reviewed periodical financial statements in case of the lapse of six months from the date of the end of the last financial year.	<input type="radio"/>
2	Copy of the minutes of the Issuer's and Obligor's ordinary general assembly meeting, including the issue of the general assembly's resolution on approving the issuance of bonds.	<input type="radio"/>
3	Approval of the Central Bank of Kuwait for the entities subject to its supervision.	<input type="radio"/>
4	Issuer's and Obligor's correspondence in relation to the application for the approval of the bonds issuance.	<input type="radio"/>
5	Credit rating of the issuance or the preliminary credit rating (if any).	<input type="radio"/>
6	Approval of Regulatory Bodies concerned in the country of incorporation (in the event that the Issuer or Obligor is non-Kuwaiti national).	<input type="radio"/>
7	Draft Prospectus	<input type="radio"/>
8	Copy of the minutes of the company's Board of Directors including the special recommendation of bond issuance.	<input type="radio"/>
9	Copy of the company's incorporation documents and prospectus of the Issuer and Obligor and the clause which shows the approval for the company's bonds issuance	<input type="radio"/>
10	Any legal details of the Issuer, Obligor, Guarantor in case of any guaranteed bond issuance.	<input type="radio"/>

Applicant's name	
Title	
Date	
Signature	
Seal of the company's incorporating entity	

Authority's use	
Application Officer	
Title	
Date	
Signature	
The Authority's seal	

Appendix 7
Application Form for the Approval of a Bond Prospectus

Application Form for the Approval of a Bond Prospectus**NOTE:**

All application forms referenced in the “translation” of the Bylaws are for reference purposes only.
Application forms to be submitted to the Authority are to be in Arabic language only.

List of contents

Section 1	Issuer information
Section 2	Application details
Section 3	Obligor information (in case of indirect issue)
Section 4	Main contact person
Section 5	Legal Advisor
Section 6	Auditor of the Issuer and Obligor
Section 7	List of documents required upon submission of the application

(1) Issuer Information	
Issuer name	
Commercial Registration No.	
Legal form of Issuer	<input type="checkbox"/> closed shareholding <input type="checkbox"/> public shareholding <input type="checkbox"/> listed
Date of incorporation	
Company's current issued and paid capital	
Authorized capital	
Date of Authority's approval for the issue	
Date of financial year end	
Permanent domicile	
Tel. No.	
E-mail	
Website	

(2) Application Details	
Prospectus type	<input type="checkbox"/> Public offer <input type="checkbox"/> Private placement <input type="checkbox"/> Complementary prospectus
Issuance amount	
Par value of bond	
Prospectus expenses	
Type of bond	
Type of issue (direct or indirect)	
Offering Expenses	
Credit rating of issue (if any)	
Purposes and objectives of issuance	
Allocation mechanism	

(3) Obligor information (in case of indirect issue)

Obligor name	
Date of incorporation	
Commercial Registration No.	
Issuer's current capital paid in full	
Authorized capital	
Listing date (if any)	
Date of financial year end	
Permanent domicile	
Tel. No.	
E-mail	
Website	

(4) Main contact person

Name of Contact Person	
Job title	
Mobile No.	
Tel. No.	
E-mail	

(5) Legal Advisor

Entity name	
Name of Contact Person	
Job title	
Mobile No.	
Tel. No.	
E-mail	

(6) Auditor of the Issuer and Obligor

Entity name	
Name of contact person	
Job title	
Mobile No.	
Tel. No.	
E-mail	

(7) List of documents required upon submission of the application**Attached**

1	Copy of the credit rating of the issue or the preliminary credit rating (if any).	<input type="radio"/>
2	Copy of the Regulatory Bodies' approval of the issue.	<input type="radio"/>
3	Fees payment receipt copy for the application of Capital Markets Authority's approval of the Prospectus.	<input type="radio"/>
4	Hard and Soft copy of Draft Prospectus.	<input type="radio"/>

Applicant's name	
Title	
Date	
Signature	
Seal of the company's incorporating entity	

Authority's use	
Application Officer	
Title	
Date	
Signature	
The Authority's seal	

Appendix 8
Application Form for *Sukuk* Issuance

Application Form for Sukuk Issuance

NOTE:

All application forms referenced in the “translation” of the Bylaws are for reference purposes only. Application forms to be submitted to the Authority are to be in Arabic language only.

List of contents

Section 1	Issuer information
Section 2	Application details
Section 3	Company’s information in which sukuk will be transferred in to shares (in case of convertible sukuk)
Section 4	Obligor information (in case of indirect issue)
Section 5	Guarantor’s information (if any)
Section 6	Main contact person
Section 7	Legal Advisor
Section 8	Auditor of the Issuer and Obligor
Section 9	External Sharia Auditing Office of the issuance
Section 10	List of documents required upon submission of the application

(1) Issuer Information	
Issuer name	
Commercial Registration No.	
Legal form of Issuer	<input type="checkbox"/> closed shareholding <input type="checkbox"/> public shareholding <input type="checkbox"/> listed <input type="checkbox"/> Islamic Sharia compliant
Date of incorporation	
Company's current issued and paid capital	
Authorized capital	
Listing date (if any)	
Date of financial year end	
Permanent domicile	
Tel. No.	
E-mail	
Website	

(2) Application Details	
Subscription Type	<input type="checkbox"/> Public <input type="checkbox"/> Private
Issuance amount	
Par value of Sukuk	
Issuance expenses	
Type of Sukuk	
Convertibility of sukuk into shares	<input type="checkbox"/> Convertible to shares <input type="checkbox"/> Not convertible to shares
Type of issue (direct or indirect)	
Credit rating of issuance	
Paying Agent	
Expected Subscription Opening and Closing Dates	
Purposes and objectives of issuance	
Allocation mechanism	
Terms and conditions of sukuk amortization	

**(3) Company's information in which sukuk will be transferred in to shares
(in case of convertible sukuk)**

Company's name	
Incorporation date	
Listing date (if any)	
Date of financial year end	
Commercial Registration No.	
Company's current issued and paid capital	
Authorized capital	
Conversion price	
Conversion ratio	
Time period of conversion	
Tel. No.	
E-mail	
Website	

(4) Obligor information (in case of indirect issue)

Obligor name	
Commercial Registration No.	
Date of incorporation	
Issuer's current issued and paid capital	
Authorized capital	
Listing date	
Date of financial year end	
Permanent domicile	
Tel. No.	
E-mail	
Website	

(5) Guarantor's Information (if any)

Guarantor name	
In-kind Guarantees (if any)	
Personal Guarantees (if any)	
Mobile No.	
Tel. No.	
E-mail	

(6) Main contact person

Name of contact person	
Job title	
Mobile No.	
Tel. No.	
E-mail	

(7) Legal Advisor

Entity name	
Name of contact person	
Job title	
Mobile No.	
Tel. No.	
E-mail	

(8) Auditor of the issuer and Obligor

Entity name	
Name of contact person	
Job title	
Mobile No.	
Tel. No.	
E-mail	

(9) External Sharia Auditing Office of the issue.

Entity name	
Name of contact person	
Job title	
Mobile No.	
Tel. No.	
E-mail	

(10) List of documents required upon submission of the application		Attached
1	Copy of the annual audited financial statements for the past three years, and a copy of the reviewed periodical financial statements in case of the lapse of six months from the date of the end of the last financial year.	<input type="radio"/>
2	Copy of the minutes of the Issuer's and Obligor's ordinary general assembly meeting, including the resolution on approving the issuance of Sukuk.	<input type="radio"/>
3	Copy of the company's incorporation documents and prospectus of the Issuer and Obligor and clause which shows the approval for the company's Sukuk issuance.	<input type="radio"/>
4	Approval of the Central Bank of Kuwait for the entities subject to its supervision.	<input type="radio"/>
5	Issuer's and Obligor's correspondence in relation to the application for the approval of the Sukuk issuance.	<input type="radio"/>
6	Credit rating of the issue or the preliminary credit rating.	<input type="radio"/>
7	Approval of Regulatory Bodies concerned in the country of incorporation (in the event that the Issuer or Obligor is non-Kuwaiti national).	<input type="radio"/>
8	Opinion of the External Sharia Auditing Office.	<input type="radio"/>
9	Draft Prospectus	<input type="radio"/>
10	Copy of the minutes of the company's Board of Directors including the special recommendation of Sukuk issuance.	<input type="radio"/>
11	Any legal details of the Issuer, Obligor, and Guarantor in case any guaranteed Sukuk issuance.	<input type="radio"/>

Applicant's name	
Title	
Date	
Signature	
Seal of the company's incorporating entity	

Authority's use	
Application Officer	
Title	
Date	
Signature	
The Authority's seal	

Appendix 9
Application Form for Approval of *Sukuk* Prospectus

Application Form of Approval of Sukuk Prospectus**NOTE:**

All application forms referenced in the “translation” of the Bylaws are for reference purposes only.
Application forms to be submitted to the Authority are to be in Arabic language only.

List of contents

List of contents	
Section 1	Issuer information
Section 2	Application details
Section 3	Obligor’s information (in case of indirect issue)
Section 4	Main contact person
Section 5	Legal Advisor
Section 6	Auditor of the Issuer and Obligor
Section 7	External Sharia Auditing Office of the issuance.
Section 8	List of documents required upon submission of the application

(1) Issuer Information	
Issuer name	
Commercial Registration No.	
Legal form of Issuer	<input type="checkbox"/> closed shareholding <input type="checkbox"/> public shareholding <input type="checkbox"/> listed <input type="checkbox"/> Islamic Sharia Compliant
Date of incorporation	
Company's current issued and paid capital	
Authorized capital	
Date of Authority's approval for the issue	
Date of financial year end	
Permanent domicile	
Tel. No.	
E-mail	
Website	

(2) Application Details	
Prospectus type	<input type="checkbox"/> Public offer <input type="checkbox"/> Private placement <input type="checkbox"/> Complementary prospectus
Issuance amount	
Par value of Sukuk	
Issue Prospectus expenses	
Type of Sukuk	
Type of issue (direct or indirect)	
Offering expenses	
Credit rating of issue (if any)	
Purposes and objectives of issuance	
Allocation mechanism	

(3) Obligor's information (in case of indirect issue)	
Obligor name	
Commercial Registration No.	
Date of incorporation	
Issuer's current issued and paid capital in full	
Authorized capital	
Listing date (if any)	
Date of financial year end	
Permanent domicile	
Tel. No.	
E-mail	
Website	

(4) Main contact person

Name of contact person	
Job title	
Mobile No.	
Tel. No.	
E-mail	

(5) Legal Advisor

Entity name	
Name of contact person	
Job title	
Mobile No.	
Tel. No.	
E-mail	

(6) Auditor of the issuer and Obligor

Entity name	
Name of contact person	
Job title	
Mobile No.	
Tel. No.	
E-mail	

(7) External Sharia Auditing Office of the issue.

Entity name	
Name of contact person	
Job title	
Mobile No.	
Tel. No.	
E-mail	

(8) List of documents required upon submission of the application		Attached
1	Copy of the Credit rating of the issue or the preliminary credit rating (if any).	<input type="radio"/>
2	Copy of the Regulatory Bodies' approval of the issue.	<input type="radio"/>
3	Opinion of the External Sharia Auditing Office.	<input type="radio"/>
4	Copy of fees payment receipt for the application of Capital Markets Authority's approval of the Prospectus.	<input type="radio"/>
5	Hard and Soft copy of Draft Prospectus.	<input type="radio"/>

Applicant's name	
Title	
Date	
Signature	
Seal of the company's incorporating entity	

Authority's use	
Application Officer	
Title	
Date	
Signature	
The Authority's seal	

Appendix 10
Execution Rules of Securities

Preamble:

This Appendix includes sale rules for execution of attached Securities, pursuant to a writ of execution and an attachment report of the debtor's garnishment, and a report disclosing what they hold in their custody issued by the Issuers or the Obligors or the Clearing Agency, according to the regulations mentioned in Chapter Ten herein above.

First: General Rules:

1. Receiving the execution request and specifying the sale date:
The Exchange, upon a request of the General Department of Execution, shall specify the sale date of attached Securities pursuant to the writ of execution and the attachment report of the debtor's garnishment, and the entity's declaration of what it holds in its custody. The sale date shall be set within a period not more than 60 days from the date on which the request received by the Exchange.
2. Appointing the entity which conducts the sale:
The Exchange shall appoint a Broker or Investment Portfolio Manager from the list of Licensed Persons to conduct the sale of Securities subject to execution according to the mechanism determined by the Authority. The appointed Broker shall determine the base price of Securities which are unlisted or suspended from trading in the Exchange. If the entity which conducts the sale faces any obstacle which prevents it from performing its tasks, the Broker or Investment Portfolio Manager whose name is next on the list of Licensed Persons prepared by the Exchange for this purpose shall be chosen, in accordance with the following mechanism:
 - a. When determining the Broker, as an entity which executes sale of Securities, its order that is specified in the record incoming to the Exchange from the Authority shall be taken into account. The Exchange shall continue to maintain the same record and the same data as it is registered.
 - b. In the case of the sale of Securities listed on the Exchange through the trading system at the Exchange, the Broker shall be entrusted with the execution of the sale of Securities until the total market price of the Securities to be sold becomes a value equal to KWD 100,000/- as on the day of determining the Broker. The next Broker will then be selected until the total market price of the Securities to be sold becomes a value equal to KWD 100,000/-.
 - c. In the case of the sale of Securities not listed on the Exchange or in the event that the Exchange decides to sell a large quantity of Securities listed on the Exchange through a bid, the sale of the entire amount of Securities shall be through the Broker that comes in order.
The total value of the Securities whose sale is assigned to this Broker is calculated according to the amount exceeding KWD 100,000/- provided that the name of that Broker shall be excluded from the order for future transactions until the total value of the Securities whose sale is assigned to each Broker is equal to the total value of each case - whether listed or not - minus the amount of KWD 100,000/-.
 - d. For the purpose of determining the entity conducting the sale in accordance with these procedures, the Broker who is reluctant to sell without an excuse accepted by the Exchange shall be treated as having executed a sale in the market price of the Securities to be sold at a value equal to KWD 100,000/-.

3. Determining the sale medium:
 - a. The sale medium of listed Securities, which are subject to sale by execution, shall be through the Exchange trading system.
 - b. The sale medium of Securities which are unlisted or suspended from trading and are subject to sale by execution shall be through an auction in the Exchange.
 - c. Any other medium deemed by the Exchange to achieve interest of the creditor and the debtor.
4. Opening temporary trading account:

The Exchange shall notify the Clearing Agency to open a temporary account to execute the sale under the name (Ministry of Justice – General Department of Execution – indebtedness (name of debtor)).
5. Announcing the sale on the notice board in the Exchange:

The Exchange shall make the notification to declare the sale of Securities by an announcement on the notice board in the Exchange, which shall be ten days before the determined date for the sale and on daily basis. The sale announcement shall include the following:

 - a. Sale days, time and place.
 - b. Security's name, type and volume.
 - c. Auction times of Securities which are unlisted or suspended from trading.
 - d. Sale conditions and base price of Securities which are unlisted or suspended from trading in the Exchange.

The Exchange may obligate the company, whose Securities are suspended from trading or the unlisted company that issues Securities subject to execution, to disclose the last approved financial statement if the Securities subject to execution reach a percentage with a significant effect, as deemed by the Exchange.

Second: Procedures of executing sale of Securities

1. Submission of execution request, and determination of the sale date shall only be after fulfilling the necessary conditions and requirements, in particular the following:
 - a. Original copy of the served writ of execution.
 - b. Original copy of the attached entity's report of what it holds in its custody.
 - c. Original copy of the attachment report of execution.

The submitted request shall be notated in the record prepared for this purpose at the Exchange.

2. Specifying whether the securities subject to execution are listed or unlisted or suspended from trading.
3. The entity which conducts the sale shall declare whether there is an obstacle or not, and shall undertake to perform the sale procedures upon request, within three days from notifying it of its appointment.
4. The Exchange shall announce the sale of securities subject to execution on the notice board in the Exchange according to the periods set out above.

5. Sale of Listed Securities:
 - a. The entity conducting the sale shall carry out the sale of Securities subject to execution on the specified date as published on the notice board in the Exchange according to the medium specified by the Exchange.
 - b. The entity conducting the sale shall seek the best price for selling such Securities, without affecting the trading in the Exchange.
 - c. If the sale days end without selling all or some of the Securities subject to execution, the entity conducting the sale shall notify the Exchange of the same, and the Exchange shall inform the Public Department of Execution to specify another date to conclude the sale transaction. The execution judge, upon the request of the stakeholders, may extend the sale period until all Securities subject to execution are sold, or until the debt value is fulfilled.
 - d. The entity conducting the sale shall offer the Securities subject to execution at the beginning of the trading session on the specified date. It shall abstain from selling Securities which exceed the value of the debt and the execution costs.
 - e. The Exchange, if it deems necessary, may request the entity conducting the sale to divide the sale transaction of the Securities subject to execution over more than one trading session, which shall not be more three Business Days.
6. Selling Securities which are unlisted or suspended from trading:
 - a. The entity conducting the sale shall specify the base price of Securities which are unlisted or suspended from trading. It shall perform its task and notify the Exchange in its report which include the base price within five Business Days from the date of its appointment by the Exchange, and it shall comply with the following criteria:
 - Unlisted Securities:

Price of unlisted Securities shall be determined by calculating the weighted average of the Security price through the deals of the Security that were conducted within the six months preceding the auction at the Exchange, or through the Security's book value according to the last approved financial statement.

If determining the base price was not possible through the two above-mentioned methods, the nominal value of the share shall be considered as the base price.
 - Listed Securities which are Suspended from Trading in the Exchange's Trading System:

The price of listed Securities which are suspended from trading in the Exchange's trading system shall be determined based on the price of the Security's last transaction.
 - b. The auction session for selling Securities which are unlisted or for selling listed Securities which are suspended from trading in the Exchange's trading system shall be held on the specified time under the Exchange's administration. The session shall be attended by the execution officer, and its procedures shall be notated in a sale report prepared by the Exchange according to the provisions of Article (10-24) of this Module. It shall be signed by the representatives of the mentioned entities.
 - c. The entity conducting the sale shall carry out the sale transaction of the Securities subject to execution on the determined date, which is published on the notice board in the Exchange, at a public auction or through the sale medium determined by the Exchange based on the specified base price. It shall refrain from selling Securities which exceed the debt value and the execution costs.

- d. In case no person makes any bids for purchasing Securities subject to execution in the auction session during the period specified in the sale announcement, the entity conducting the sale may adjourn the auction session and notate the same in the sale report.
The auction session shall be held again the next Business Day. If no person makes any bids for the purchase, the session shall be adjourned and that shall be notated in the sale report. The auction session shall be held again the next Business Day, and Securities shall be sold to whoever wins the bid even if the price is less than the valuation price.
7. After completing the sale report and signing it by the representatives of entities mentioned in item (6) paragraph (b) of this Appendix, the Exchange shall submit the sale report to the execution officer to have it approved by the execution judge and shall notify the Authority and the Clearing Agency of such approval.
8. The Exchange, upon a written request from the debtor, may adopt another medium for selling Securities subject to execution through the trading system or execution in an auction, as the case may be, if it deems that such medium would achieve public interest or interest of all parties. In addition, the sale proceeds shall fulfill all of the required debt value, or obtain a written approval from the creditor if the sale proceeds were less than the requested debt value, and a written approval from the pledge creditors, if any.
9. Selling Securities subject to execution in an auction sale shall only be taken into consideration after obtaining the judge's approval of the sale reports, and shall notify the Clearing Agency and the entity conducting the sale and the Exchange of the same.
10. In all cases, the execution costs shall be calculated according to the trading commissions adopted by the Exchange's trading system. Such commissions shall be distributed among the entity conducting the sale, the Exchange and the Clearing Agency according to the rules adopted in the Exchange.
11. The Clearing Agency shall carry out the settlement and clearing procedures, make the necessary amendments to the Securities' holders register, and deposit the sale proceeds in the treasury of the General Department of Execution after deducting the execution costs of the sale transaction. The General Department of Execution may distribute the sale proceeds pursuant to the provisions of the law.
12. The General Department of Execution shall notify the Exchange of suspended execution cases. The Exchange shall notify the entity conducting the sale of the same.

Appendix 11
Authorization of Trading in Securities

Guidelines and Procedures of Authorization of Trading in Securities

First: Mechanism and Conditions of Authorization

A Clearing Agency shall, upon the review and approval of authorization of trading listed and unlisted Securities obtained from Licensed Persons to practice the activity of a Securities Broker or Investment Portfolio Manager as per the form it prepares pursuant to the following guidelines and procedures:

1. Authorization of trading listed and unlisted Securities for the following trading accounts:
 - a. Natural persons' accounts
 - b. Corporate entities' accounts (except for shareholding companies and Licensed Persons)
 - c. Investment portfolios' accounts for Securities of Licensed Persons to practice the activity of Investment Portfolio Manager owned by natural persons and corporate entities (except for shareholding companies and Licensed Persons) and endowment (Waqf) and charity will which are only managed by the Client personally.
 - d. Endowment (Waqf) accounts and charity will accounts.
2. The form related to authorization shall be completed by the authorizing person or its legal representative and authorized person by attending in front of:
 - a. Licensed Persons to practice the activity of a Securities Broker, with regard to natural persons and corporate entities and endowment (Waqf) accounts and charity will accounts.
 - b. Licensed Persons to practice the activity of Investment Portfolio Manager, with regard to the Securities Investment Portfolios owned by natural persons or corporate entities (except for shareholding companies and Licensed Persons) and endowment (Waqf) accounts and charity will accounts which are managed by the Client.
3. Licensed Persons to practice the activity of a Security Broker or Investment Portfolio Manager must verify that all information and documents mentioned in the approved authorization form and "Know Your Client" form are complete, and then submit it to the Clearing Agency.
4. The authorized person must be a natural person.
5. Authorization for the account of natural persons, whether directly or through the accounts of Securities Investment Portfolios managed by Clients, must observe the following:
 - a. The authorization must be defined by a specific period not exceeding ten calendar years. If the authorization period is not specified by the authorizing person, the above-mentioned period shall be applied. The authorizing or authorized person may cancel the authorization at any time.
 - b. The authorized person may not be issued more than one authorization at the same time. The authorization issued by a relative up to the second degree shall not be counted among the number of authorizations.
 - c. The authorizing person may not issue more than one authorization for the same account throughout the period of the authorization.

6. Corporate entities accounts (except for shareholding companies and Licensed Persons by the Authority), after verifying that the company's objectives include Dealing in Securities, must observe the following:
 - a. The legal representative of the corporate entity may issue two authorizations maximum.
 - b. The authorized person shall be one of the partners in the company or among the executive body of the corporate entity.
 - c. The authorized person may not issue more than one authorization at the same time, with the exception of authorizations issued by corporate persons belonging to one group in respect of counting the number of authorizations.
 - d. The authorization period may be defined, provided that it shall not exceed ten calendar years. If the authorization period is not specified, the above-mentioned period shall be applied.

The authorizing or authorized person may cancel the authorization at any time.

7. Endowment (Waqf) accounts and charity will accounts, whether directly or through accounts of Securities Investment Portfolios managed by Clients, must observe the following:
 - a. The legal representative, or the person managing the endowment (Waqf) account or the charity will account, may issue a maximum of two authorizations.
 - b. The authorized person may not issue more than one authorization at the same time.
 - c. The authorization period may be defined, provided that it shall not exceed ten calendar years. If the authorization period is not specified by the authorizing person, the above-mentioned period shall be applied.

The authorizing or authorized person may cancel the authorization at any time.

8. In case of willing to end the authorization before its end period, the authorizing or authorized person shall complete the form prepared by the Clearing Agency to cancel the authorization at:
 - a. Licensed Persons to practice the activity of Securities Broker with regard to natural persons and corporate entities and endowment (Waqf) accounts and charity will accounts.
 - b. Licensed Persons to practice the activity of Investment Portfolio Manager, with regard to Securities Investment Portfolios owned by natural persons and corporate entities and endowment (Waqf) accounts and charity will accounts managed by the Client.

Thus, and in the case of the death of the authorizing person, the authorization issued by the authorized person shall be deemed automatically cancelled, provided that the authorized person shall be held accountable for all consequences and legal accountability towards any transactions performed by him after the date of death of the authorized person.

9. Licensed Persons to practice the activity of Securities Broker or Investment Portfolio Manager must verify that all information mentioned in the form of cancelling the approved authorization, and then submit it to the Clearing Agency.

Second: Essential information of authorization forms for trading listed and unlisted Securities:

A Clearing Agency shall prepare three types of authorization forms for trading listed and unlisted Securities as per the following:

- a. Natural persons (whether directly or through Securities investment portfolios' accounts managed by the Client).
- b. Corporate entities (except for shareholding companies and Licensed Persons by the Authority).
- c. Endowment (Waqf) accounts and charity will accounts (whether directly or through accounts of Securities Investment Portfolios managed by the Client).

The form shall include the essential information that are deemed necessary by the Clearing Agency.

Third: Obligations:

1. Obligations of the authorized and authorizing persons:

The authorized and authorizing persons shall notify the Clearing Agency promptly when updating any piece of information mentioned in the form.

2. Obligations of a Clearing Agency:

- a. Prepare the policies and procedures manual and the authorization forms for trading listed and unlisted Securities, provided that this policies and procedures manual is approved by the Authority.
- b. Set an automated system which enables the Clearing Agency to apply and monitor the guidelines and conditions relevant to the authorization of trading listed and unlisted Securities among the accounts of the authorized and authorizing persons.

3. Obligations of Licensed Persons to practice the activity of Securities Broker or Investment Portfolio Manager:

- a. Take all necessary and sufficient measures to verify the Client's identity, so that no order is received before verifying that such orders are made by the account holder or the authorized person.
- b. Verify the validity of the authorization before concluding any sale or purchase transactions by the authorized person.

Appendix 12

Application Form for the Approval of the Agenda of the Meeting of Bondholders or Sukukholders' Assesmbly

Application Form for the Approval of the Agenda of the Meeting of Bondholders or Sukukholders' Assesmbly**NOTE:**

All application forms referenced in the “translation” of the Bylaws are for reference purposes only. Application forms to be submitted to the Authority are to be in Arabic language only.

List of contents

Section 1	Issuer information
Section 2	Information on the Meeting of Bondholders or Sukukholders Assembly
Section 3	Main contact person
Section 4	Legal Advisor
Section 5	Auditor
Section 6	List of documents required upon submission of the application

(1) Issuer Information	
Issuer name	
Commercial Registration No.	
Legal form of the Issuer	<input type="checkbox"/> closed shareholding <input type="checkbox"/> public shareholding <input type="checkbox"/> listed <input type="checkbox"/> Islamic Sharia Compliant
Date of incorporation	
Company's current issued and paid capital	
Authorized capital	
Date of Authority's approval for the issuance	
Date of financial year end	
Permanent domicile	
Tel. No.	
E-mail	
Website	

(2) Information on the Meeting of Bondholders or Sukukholders Assembly	
Reasons for requesting to hold the assembly of Bondholders or Sukukholders Assembly	
Items to be discussed	

(3) Main contact person	
Name of contact person	
Job title	
Mobile No.	
Tel. No.	
E-mail	

(4) Legal Advisor

Entity name	
Name of contact person	
Job title	
Mobile No.	
Tel. No.	
E-mail	

(5) Auditor

Entity name	
Name of contact person	
Job title	
Mobile No.	
Tel. No.	
E-mail	

(6) List of documents required upon submission of the application**Attached**

1	Agenda of the Meeting of Bondholders or Sukukholders Assembly with a soft copy	<input type="radio"/>
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Applicant's name	
Title	
Date	
Signature	
Seal of the company's incorporating entity	

Authority's use	
Application Officer	
Title	
Date	
Signature	
The Authority's seal	

Appendix 13

Application Form for Distribution of Bonus Shares of a Shareholding Company.

Application Form for Distribution of Bonus Shares of a Shareholding Company.**NOTE:**

All application forms referenced in the “translation” of the Bylaws are for reference purposes only.
Application forms to be submitted to the Authority are to be in Arabic language only.

List of contents

Section 1	Company information
Section 2	Application details
Section 3	Main contact person
Section 4	Legal Advisor
Section 5	Auditor
Section 6	List of documents required upon submission of the application

(1) Company information	
Company name	
Commercial Registration No.	
Legal form of the company	<input type="checkbox"/> closed shareholding <input type="checkbox"/> public shareholding <input type="checkbox"/> listed <input type="checkbox"/> Islamic Sharia Compliant
Date of incorporation	
Company's current issued and paid capital	
Authorized capital	
Listing date (if any)	
Date of financial year end	
Permanent domicile	
Tel. No.	
E-mail	
Website	

(2) Application details	
Company's current and paid capital before the increase	
Amount of increase	
Percentage of increase	
Capital after the increase	
Number of bonus shares	
Par value of share	
Reasons for distribution	
Allocation mechanism	

(3) Main contact person

Name of contact person	
Job title	
Department	
Mobile No.	
Tel. No.	
E-mail	

(4) Legal Advisor

Entity name	
Name of contact person	
Job title	
Mobile No.	
Tel. No.	
E-mail	

(5) Auditor

Entity name	
Name of contact person	
Job title	
Mobile No.	
Tel. No.	
E-mail	

(6) List of documents required upon submission of the application		Attached
1	Copy of the annual audited financial statements, and a copy of the reviewed periodical financial statements in case of the lapse of six months from the date of the last financial year.	<input type="radio"/>
2	Copy of the company's notation on the commercial register showing the company's authorized, issued and paid capital.	<input type="radio"/>
3	Copy of the minutes of the Board of Director's meeting including the resolution of distribution of bonus shares.	<input type="radio"/>
4	Approval of the Central Bank of Kuwait for the entities subject to its supervision.	<input type="radio"/>

Applicant's name	
Title	
Date	
Signature	
Seal of the company's incorporating entity	

Authority's use	
Application Officer	
Title	
Date	
Signature	
The Authority's seal	

Appendix 14

Application Form for the Capital Decrease of a Shareholding Company

Application Form for the Capital Decrease of a Shareholding Company**NOTE:**

All application forms referenced in the “translation” of the Bylaws are for reference purposes only.
Application forms to be submitted to the Authority are to be in Arabic language only.

List of contents

Section 1	Company information
Section 2	Application details
Section 3	Main contact person
Section 4	Legal Advisor
Section 5	Auditor
Section 6	List of documents required upon submission of the application

(1) Company information	
Company name	
Commercial Registration No.	
Legal form of the Company	<input type="checkbox"/> closed shareholding <input type="checkbox"/> public shareholding <input type="checkbox"/> listed <input type="checkbox"/> Islamic Sharia Compliant
Date of incorporation	
Company's current issued and paid capital	
Authorized capital	
Listing date (if any)	
Date of financial year end	
Permanent domicile	
Tel. No.	
E-mail	
Website	

(2) Application details	
Company's current and paid capital before the decrease	
Amount of decrease	
Percentage of decrease	
Capital after decrease	
Number of canceled shares	
Par value of share	
Brief on any future arrangements for trading	
Reasons of decrease	
Decrease mechanism	
Any obligations that shall be required from the shareholders after capital decrease	

(3) Main Contact Person

Name of contact person	
Job title	
Mobile No.	
Tel. No.	
E-mail	

(4) Legal Advisor

Entity name	
Name of contact person	
Job title	
Mobile No.	
Tel. No.	
E-mail	

(5) Auditor

Entity name	
Name of contact person	
Job title	
Mobile No.	
Tel. No.	
E-mail	

(6) List of documents required upon submission of the application		Attached
1	Copy of the annual audited financial statements for the last three years, and a copy of the reviewed periodical financial statements in case of the lapse of six months from the date of the last financial year.	<input type="radio"/>
2	Copy of the company's notation on the commercial register showing the company's authorized, issued and paid capital.	<input type="radio"/>
3	Copy of the minutes of the Board of Director's meeting including the resolution such procedure approved by the Board members.	<input type="radio"/>
4	Detailed table showing in capital movement for the last five years, and notation on the commercial register for each year.	<input type="radio"/>
5	Statement from the company showing that it paid all financial obligations on time, and that it has sufficient cash balance to pay any amounts required from the company in the future (in case decrease was due to having capital more than the company's need).	<input type="radio"/>

Applicant's name	
Title	
Date	
Signature	
Seal of the company's incorporating entity	

Authority's use	
Application Officer	
Title	
Date	
Signature	
The Authority's seal	

Appendix 15

**Application Form for the Capital Increase of a Shareholding Company
by Issuance of Ordinary Shares.**

**Application Form for the Capital Increase of a Shareholding Company
by Issuance of Ordinary Shares.**

NOTE:

All application forms referenced in the “translation” of the Bylaws are for reference purposes only.
Application forms to be submitted to the Authority are to be in Arabic language only.

List of contents

Section 1	Company information
Section 2	Application details
Section 3	Main contact person
Section 4	Legal Advisor
Section 5	Auditor
Section 6	List of documents required upon submission of the application

(1) Company information	
Company name	
Commercial Registration No.	
Legal form of the Company	<input type="checkbox"/> closed shareholding <input type="checkbox"/> public shareholding <input type="checkbox"/> listed <input type="checkbox"/> Islamic Sharia Compliance
Date of incorporation	
Company's current issued and paid capital	
Authorized capital	
Listing date (if any)	
Date of financial year end	
Permanent domicile	
Tel. No.	
E-mail	
Website	

(2) Application details	
Subscription Type	<input type="checkbox"/> Public <input type="checkbox"/> Private
Company's current and paid capital before the increase	
Amount of increase	
Percentage of increase	
Capital after the increase	
Number of shares of the increase	
Asset Valuator (in case of in-kind shares)	
Value of In-kind shares (if any)	
Expected Subscription Opening and Closing Dates	
Issue expenses and entity responsible for paying them	
Reasons of increase	
Details of the use of issuance returns	
Persons responsible for covering the offer in case there are unsubscribed shares	
Brief description on any future arrangements for trading offered securities	
Allocation mechanism	

(3) Main contact person

Name of contact person	
Job title	
Mobile No.	
Tel. No.	
E-mail	

(4) Legal Advisor

Entity name	
Name of contact person	
Job title	
Mobile No.	
Tel. No.	
E-mail	

(5) Auditor

Entity name	
Name of contact person	
Job title	
Mobile No.	
Tel. No.	
E-mail	

(6) List of documents required upon submission of the application		Attached
1	Copy of the annual audited financial statements, and a copy of the reviewed periodical financial statements in case of the lapse of six months from the date of the last financial year.	<input type="radio"/>
2	Copy of the company's notation on the commercial register showing the company's authorized, issued and paid capital.	<input type="radio"/>
3	Valuation of in-kind shares offered by Assets Valuator approved by the Authority in case of in-kind increase.	<input type="radio"/>
4	Approval letter on the capital increase approved by the company's creditors (in case the increase was through the creditors' account).	<input type="radio"/>
5	Detailed table showing the capital movement for the last five years, and notation on the Commercial Register for each year.	<input type="radio"/>
6	Copy of the minutes of meeting from the Company's Board of Directors including the resolution of capital increase.	<input type="radio"/>
7	Approval of the Central Bank of Kuwait for the entities subject to its supervision.	<input type="radio"/>

Applicant's name	
Title	
Date	
Signature	
Seal of the company's incorporating entity	

Authority's use	
Application Officer	
Title	
Date	
Signature	
The Authority's seal	

Appendix 16

Application Form for the Approval of a Prospectus
for Offering of Ordinary Shares.

Application Form for the Approval of a Prospectus for Offering of Ordinary Shares.**NOTE:**

All application forms referenced in the “translation” of the Bylaws are for reference purposes only.
Application forms to be submitted to the Authority are to be in Arabic language only.

List of contents

Section 1	Company information
Section 2	Application details
Section 3	Main contact person
Section 4	Legal Advisor
Section 5	Auditor
Section 6	List of documents required upon submission of the application

(1) Company information	
Company name	
Commercial Registration No.	
Legal form of the Company	<input type="checkbox"/> closed shareholding <input type="checkbox"/> public shareholding <input type="checkbox"/> listed <input type="checkbox"/> Islamic Sharia Compliant
Date of incorporation	
Company's current issued and paid capital	
Authorized capital	
Listing date (if any)	
Date of financial year end	
Permanent domicile	
Tel. No.	
E-mail	
Website	

(2) Application details	
Prospectus type	<input type="checkbox"/> Public offer <input type="checkbox"/> Private placement <input type="checkbox"/> Complementary prospectus
Amount of increase	
Percentage of increase	
Number of shares of the increase	
Par value of the share	
Value of the share premium	
Issuance expenses	
Reasons of the increase	
Allocation mechanism	

(3) Main Contact Person

Name of contact person	
Job title	
Mobile No.	
Tel. No.	
E-mail	

(4) Legal Advisor

Entity name	
Name of contact person	
Job title	
Mobile No.	
Tel. No.	
E-mail	

(5) Auditor

Entity name	
Name of contact person	
Job title	
Mobile No.	
Tel. No.	
E-mail	

(6) List of documents required upon submission of the application		Attached
1	Copy of the minutes of meeting of the ordinary and extraordinary general assembly showing the company's general assembly's approval on the increase.	<input type="radio"/>
2	Copy of the Sharia opinion (for companies working pursuant to Islamic Sharia).	<input type="radio"/>
3	Copy of the company's notation on the Commercial Register showing the company's fully paid capital.	<input type="radio"/>
4	Fees payment receipt copy of the application of approving the prospectus at the Authority.	<input type="radio"/>
5	Hard and Soft copy of the Draft prospectus	<input type="radio"/>

Applicant's name	
Title	
Date	
Signature	
Seal of the company's incorporating entity	

Authority's use	
Application Officer	
Title	
Date	
Signature	
The Authority's seal	

Appendix 17

Application Form for the Capital Restructuring of a Shareholding Company

Application Form for the Capital Restructuring of a Shareholding Company**NOTE:**

All application forms referenced in the “translation” of the Bylaws are for reference purposes only.
Application forms to be submitted to the Authority are to be in Arabic language only.

List of contents

Section 1	Company information
Section 2	Application details
Section 3	Capital Decrease Details
Section 4	Capital Increase Details
Section 5	Main Contact Person
Section 6	Legal Advisor
Section 7	Auditor
Section 8	List of documents required upon submission of the application

(1) Company Information	
Company name	
Commercial Registration No.	
Legal form of the Company	<input type="checkbox"/> closed shareholding <input type="checkbox"/> public shareholding <input type="checkbox"/> listed <input type="checkbox"/> Islamic Sharia compliant
Date of incorporation	
Company's current issued and paid capital	
Authorized capital	
Listing date (if any)	
Date of financial year end	
Permanent domicile	
Tel. No.	
E-mail	
Website	

(2) Application details	
Current capital paid before restructuring	
Amount of reduction	
Percentage of decrease	
Amount of increase	
Percentage of increase	
Number of shares after restructuring	
Capital after executing the restructuring	
Expenses of restructuring and entity responsible for paying them	
Reasons of restructuring	
Details of the use of issue returns	
Persons responsible of covering the offer if there are unsubscribed securities	
Brief description of any future arrangements for trading offered securities	
Method of restructuring	
Any obligations that will be required from the shareholders after capital restructuring	

(3) Capital Decrease Details	
Current paid capital before decrease	
Number of shares before decrease	
Par Value of the share	
decrease shares value	
Number of decreased shares	
Percentage of decrease	
Capital after decrease	
Number of shares after decrease	
Reasons of capital decrease	

(4) Capital Increase Details

Paid capital after decrease and before increase	
Number of shares after decrease and before increase	
Par Value of the share	
Value of issued shares	
Number of increased shares	
Percentage of increase	
Paid Capital after executing the increase	
Number of shares after increase	
Reasons of capital increase	
Allocation Mechanism	

(5) Main Contact Person

Name of contact person	
Job title	
Mobile No.	
Tel. No.	
E-mail	

(6) Legal Advisor (if any)

Entity name	
Name of contact person	
Job title	
Mobile No.	
Tel. No.	
E-mail	

(7) Auditor Entity's name	
Entity name	
Name of contact person	
Job title	
Mobile No.	
Tel. No.	
E-mail	

(8) List of documents required upon submission of the application		Attached
1	Copy of the annual audited financial statements, and a copy of the reviewed periodical financial statements in case of the lapse of six months from the date of the last financial year.	<input type="radio"/>
2	Copy of the company's notation on the commercial register showing the company's authorized, issued and paid capital.	<input type="radio"/>
3	Valuation of in-kind shares offered by Asset Valuator approved by the Authority (in case of in-kind share increase).	<input type="radio"/>
4	Approval letter on the capital increase approved by the company's creditors (in case the increase was through the creditors' account).	<input type="radio"/>
5	Study of the restructuring and its impact on current situation.	<input type="radio"/>
6	Detailed table showing the capital movement for the last five years, and notation on the Commercial Register for each year.	<input type="radio"/>
7	Concerned company's correspondences on the request (if any)	<input type="radio"/>
8	Copy of the minutes of the Board of Director's meeting including the resolution of capital restructuring.	<input type="radio"/>
9	Approval of the Central Bank of Kuwait for the entities subject to its supervision.	<input type="radio"/>

Applicant's name	
Title	
Date	
Signature	
Seal of the company's incorporating entity	

Authority's use	
Application Officer	
Title	
Date	
Signature	
The Authority's seal	

Appendix 18
Application Form for Employees Stock Options

Application Form for Employees Stock Options

NOTE:

All application forms referenced in the “translation” of the Bylaws are for reference purposes only. Application forms to be submitted to the Authority are to be in Arabic language only.

List of contents

Section 1	Company information
Section 2	Application details (in case of new share issuance)
Section 3	Application details (in case of use of treasury shares)
Section 4	Main contact person
Section 5	Legal Advisor
Section 6	Auditor
Section 7	List of documents required upon submission of the application

(1) Company information	
Company name	
Commercial Registration No.	
Legal form of the Company	<input type="checkbox"/> closed shareholding <input type="checkbox"/> public shareholding <input type="checkbox"/> listed <input type="checkbox"/> Islamic Sharia compliant
Date of incorporation	
Company's current issued and paid capital	
Authorized capital	
Listing date (if any)	
Date of financial year end	
Permanent domicile	
Tel. No.	
E-mail	
Website	

(2) Application Details (in case of new shares issuance)	
Current capital paid before the increase	
Amount of increase	
Percentage of increase	
Capital after the increase	
Number of shares of the increase	
Par value of the share	
Issuance expenses	
Reasons of the increase	
Allocation mechanism	

(3) Application details (in case of use of treasury shares)

Current issued and paid capital	
Current share balance owned by company	
Number of shares allocated to the program	
Current ownership percentage	
Owned Treasury shares cost to date (K.D.)	
Date of General Assembly's authorization to buy or sell treasury shares	
Date of Authority's approval to buy or sell treasury shares	

(4) Main contact person

Name of contact person	
Job title	
Mobile No.	
Tel. No.	
E-mail	

(5) Legal Advisor

Entity name	
Name of contact person	
Job title	
Mobile No.	
Tel. No.	
E-mail	

(6) Auditor

Entity name	
Name of contact person	
Job title	
Mobile No.	
Tel. No.	
E-mail	

(7) List of documents required upon submission of the application		Attached
1	Copy of the annual audited financial statements, and a copy of the reviewed periodical financial statements in case of the lapse of six months from the date of the last financial year.	<input type="radio"/>
2	Copy of the company's notation on the commercial register showing the company's authorized, issued and paid capital	<input type="radio"/>
3	Copy of the company's incorporation documents and their amendments, showing the item which permits the company to buy or sell the treasury shares in case of using the treasury shares.	<input type="radio"/>
4	Copy of the minutes of the Board of Director's meeting including the resolution on stock options.	<input type="radio"/>
5	Copy of the general assembly's approval of the employee stock options program.	<input type="radio"/>
6	Copy of the employee stock options program.	<input type="radio"/>
7	Copy of the Sharia opinion (for companies that operate in accordance with the provisions of Islamic Sharia)	<input type="radio"/>
8	Copy of Authority's approval on treasury shares (in case the use of treasury shares).	<input type="radio"/>
9	Approval of the Central Bank of Kuwait for the entities subject to its supervision.	<input type="radio"/>

Applicant's name	
Title	
Date	
Signature	
Seal of the company's incorporating entity	

Authority's use	
Application Officer	
Title	
Date	
Signature	
The Authority's seal	