

بورصة البحرين  
BAHRAIN BOURSE



# Bahrain Bourse Listing Rules

Approved by Board of Directors Resolution (5/4/2019) in its Meeting (4/2019) dated 08/10/2019  
Amended by Board of Directors Resolution (1/1/2021) in its Meeting (1/2021) dated 17/03/2021

## Version Control

Version	Approved by	(Meeting #) Date	Resolution #	Amended Pages – Description of Changes
1.0	Board of Directors	(4/2019) 8/10/2019	5/4/2019	-
2.0	Board of Directors	(5/2019) 12/12/2019	7/5/2019	<ul style="list-style-type: none"> <li>• Section 1 (Definitions and Interpretation) pages 7, 8 and 11.</li> </ul> <p><b>Added:</b> Cum-Dividend Date, Ex-Dividends Date, Payment Date,  <b>Amended:</b> Record Date  <b>Removed:</b> Designated Market Maker</p> <ul style="list-style-type: none"> <li>• 4.30 Dividend Payment - page 37.</li> <li>• 5.5 (17) Record Date - page 41.</li> <li>• 5.5 (26) Announcement of results and dividends - page 42 and 43.</li> <li>• 10.65. (5) - page 66.</li> </ul>
3.0	Board of Directors	(1/2021) 17/03/2021	1/1/2021	<ul style="list-style-type: none"> <li>• Section 1 (Definitions and Interpretation) page 5</li> </ul> <p><b>Added:</b></p> <ul style="list-style-type: none"> <li>• Accumulated Losses</li> </ul> <p>• Section 5 ( Equity Securities – Disclosure)</p> <p><b>Added:</b></p> <ul style="list-style-type: none"> <li>• Rule 5.16 - page 48</li> <li>• Rule 5.5 (14) – page 41</li> </ul> <p><b>Amended:</b></p> <ul style="list-style-type: none"> <li>• Rule 5.5 (12) - page 41</li> <li>• Rule 5.5 (13) - page 41</li> </ul>

				<ul style="list-style-type: none"> <li>• Section 10: (Complaints, Arbitration, Investigation and Disciplinary Proceedings)</li> </ul> <p><b>Added:</b></p> <ul style="list-style-type: none"> <li>• Part 16 (Violations Committee)</li> <li>• Part 17 (Disciplinary Appeals Committee)</li> <li>• Rule 10.4 - page 58</li> <li>• Rule 10.60 - page 65</li> <li>• Rule 10.61 - page 65</li> <li>• Rule 10.65 - page 66</li> <li>• Rule 10.66 - page 66</li> <li>• Rule 10.72 - page 67</li> <li>• Rule 10.73 - page 67</li> <li>• Rule 10.74 - page 68</li> <li>• Rule 10.77 - page 68</li> </ul> <p><b>Amended:</b></p> <ul style="list-style-type: none"> <li>• Rule 10.14 - page 60</li> <li>• Rule 10.20 - page 60</li> <li>• Rule 10.26 - page 61</li> <li>• Rule 10.37 - page 63</li> <li>• Rule 10.58 - page 65</li> <li>• Rule 10.59 - page 65</li> <li>• Rule 10.70(6) - page 67</li> <li>• Rule 10.75 - page 68</li> <li>• Rule 10.78 - page 68</li> <li>• Rule 10.84 - page 68</li> </ul> <p><b>Removed:</b></p> <ul style="list-style-type: none"> <li>• Rule 10.70</li> <li>• Rule 10.72</li> </ul>
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## **Table of Contents**

<b>SECTION 1 - DEFINITIONS AND INTERPRETATION.....</b>	<b>5</b>
<b>SECTION 2 – GENERAL RULES.....</b>	<b>17</b>
<b>SECTION 3 – EQUITY SECURITIES – LISTING .....</b>	<b>24</b>
<b>SECTION 4 – EQUITY SECURITIES – ONGOING OBLIGATIONS.....</b>	<b>34</b>
<b>SECTION 5 – EQUITY SECURITIES – DISCLOSURES .....</b>	<b>39</b>
<b>SECTION 6 – EQUITY SECURITIES – CHANGES IN CAPITAL.....</b>	<b>51</b>
<b>SECTION 7 – EQUITY SECURITIES – KEY PERSONS TRANSACTIONS.....</b>	<b>54</b>
<b>SECTION 8 – EQUITY SECURITIES – TAKEOVERS, MERGERS AND ACQUISITIONS .....</b>	<b>55</b>
<b>SECTION 9 – EQUITY SECURITIES – SUSPENSIONS AND DELISTING .....</b>	<b>56</b>
<b>SECTION 10– COMPLAINTS, ARBITRATION, INVESTIGATION AND DISCIPLINARY PROCEEDINGS .....</b>	<b>58</b>
<b>SECTION 11 – DEBT SECURITIES .....</b>	<b>72</b>
<b>SECTION 12 – INVESTMENT FUNDS .....</b>	<b>77</b>
<b>SECTION 13 – REAL ESTATE INVESTMENT TRUSTS (REITS) .....</b>	<b>82</b>
<b>APPENDICES .....</b>	<b>87</b>

## SECTION 1 - DEFINITIONS AND INTERPRETATION

1.1. Throughout these Listing Rules, the following terms and expressions shall have meanings assigned to the terms below, unless the context requires otherwise:-

<b>“AAOIFI”</b>	The Accounting and Auditing Organization for Islamic Financial Institutions
<b>“Accumulated Losses”</b>	A loss that a company keeps in its accounts from one accounting period to the next and adds to a new loss or takes away from a profit, this will appear as a separate item under shareholder’s equity on the balance sheet
<b>“Admission”</b>	Admission of securities to the Mainboard Market of BHB
<b>“AML”</b>	CBB Rulebook Volume 6 Anti-Money Laundering and Combating Financial Crime Module
<b>"Annual Report"</b>	The annual audited financial statements, plus all accompanying notes, auditors' reports, commentaries and disclosures required by IFRS, including the required non-financial, employment and corporate governance disclosures
<b>"Applicant"</b>	A company or other legal person or undertaking some or all of whose securities are the subject of an application for listing
<b>"Associated Company"</b>	A company shall be deemed to be an associated company of another company if one of them owns or controls 20% or more of the voting rights of the other, or if both are associated companies of the same company
<b>“Authorized Representative”</b>	A person appointed by the Issuer as an authorized contact person to communicate with BHB on behalf of the Issuer
<b>“Bahrain”</b>	The Kingdom of Bahrain
<b>“Bahrain Clear”</b>	An entity owned by Bahrain Bourse that carries out the Clearing, Settlement, Central Depository, and Central Registry functions

<b>“Balance Sheet”</b>	Has the same meaning as “statement of financial position” and vice-versa
<b>“Beneficial Owner”</b>	Refers to any person who, even if not the recorded owner of the securities, has or shares the underlying benefits of ownership. These benefits include the power to direct the voting or the disposition of the securities, or to receive the economic benefit of ownership of the securities. A person is also considered to be the "beneficial owner" of securities if that person has the right to acquire such securities within a certain period of time, either by option or other agreement. Beneficial owners include persons who hold their securities through one or more trustees, brokers, agents, legal representatives or other intermediaries, or through Issuers in which they have a "controlling interest", which means the direct or indirect power to direct the management and policies of the Issuer, or any other entity in question. This definition also applies to ultimate beneficiaries
<b>“BHB”</b>	Bahrain Bourse
<b>“BIM”</b>	Bahrain Investment Market
<b>“Capital”</b>	Share capital including preference shares
<b>“Capital Market Advisory “Services Provider”</b>	Any person licensed or authorized or involved in providing by itself or as an agent, any activity specified under Article 80 of the CBB Law and includes SROs, their members and companies listed on license exchanges
<b>“CBB”</b>	Central Bank of Bahrain
<b>“CBB Law”</b>	The Central Bank of Bahrain and Financial Institutions Law issued by Decree No. (64) of 2006
<b>“CBB Resolution No. (17) of 2012”</b>	CBB Resolution with respect to the Rules and Procedures for Listing and Trading of Securities and Financial Instruments on an Exchange Licensed by the CBB

<b>“CBB Resolution No. (54) of 2015”</b>	CBB Resolution with respect to Dissemination of Listed Companies’ Financial Statements and Board of Directors’ Meetings
<b>“CBB Rulebook”</b>	Rulebook issued by the CBB containing the Directives of the CBB issued under the powers available to the CBB under Article 38 of the CBB Law 2006
<b>"CCL"</b>	Ministry of Commerce’s Commercial Companies Law (2001) and its amendments
<b>"Chief Executive Officer"</b>	The most senior executive officer who is responsible under the immediate authority of the board of directors for the conduct of the business of the Issuer
<b>"Class"</b>	Equity Securities or Debt Securities, that hold identical rights, and in addition to Debt Securities, which form a single issue or series. For this purpose a temporary difference, such as for the next dividend payment, is ignored
<b>“Closed Shareholding Company”</b>	A company whose shares are not offered to the public for subscription
<b>"Circular"</b>	A document issued to holders of listed securities in connection with seeking the holders’ approval, excluding notices of meeting, annual reports and accounts, interim accounts and proxy forms
<b>“CMSD”</b>	Capital Markets Supervision Directorate of the Central Bank of Bahrain
<b>“Compliance Officer”</b>	An employee responsible for discharging the legal and regulatory obligations of the Issuer, overseeing compliance with the requirements of the rules and regulations of the CBB, BHB, MOICT and reporting and liaising with the CBB, BHB and MOICT. The Compliance Officer shall act as the focal point of contact between the Issuer and BHB
<b>"Controlling Interest"</b>	The interest of the controlling shareholder(s)

<b>"Controlling Shareholder"</b>	Means any shareholder who holds 10% or more of the company's share capital or is able to exercise (or control the exercise of) 10% or more of the voting power in the company
<b>"Convertible Securities"</b>	Means Securities convertible or exchangeable into other types of Securities, or into another Class of the same Securities. The conversion can also take place within the same Securities Issuer's company and/or Group, or in relation to another company or group
<b>"Cross Listing"</b>	Any intention or agreement for a secondary listing
<b>"Cum-Dividend Date"</b>	The last trading day for the entitlement of the corporate action, which falls two trading days prior to the Record Date
<b>"Debt Securities"</b>	Debenture, loan stock, bonds, sukuk, subordinated debt, notes, treasury bills and other Securities or instruments acknowledging, evidencing or creating indebtedness, whether secured or unsecured, conventional or Islamic, and options, warrants or similar rights to subscribe or purchase any of the foregoing and convertible debt securities
<b>"Dematerialized"</b>	A process by which evidence of ownership of Securities is issued in electronic form or book entries, either at the time of original issue of Securities or by subsequent conversion of evidence of ownership in the form of physical certificates into electronic form
<b>"Disclosure Standard"</b>	The Disclosure Standards issued under Circular ODG/407/03 and as updated from time-to-time by the CBB
<b>"Directives"</b>	Directive includes any directive, waiver, consent, decision, confirmation or other determination in writing by the CBB or BHB
<b>"Director" and "Senior Management"</b>	Includes any member of the board of directors or senior management, regardless of title, including: <ul style="list-style-type: none"> <li>a) the Issuer's directors;</li> <li>b) general manager, Chief Executive Officers,</li> </ul>



	<p>presidents, heads of finance, heads of business departments;</p> <p>c) partners with unlimited liability, in the case of a limited partnership with share capital;</p> <p>d) nominees to serve in any of the aforementioned positions; and</p> <p>e) founders, if the Issuer has been established for fewer than two years.</p>
<b>“DRA”</b>	CBB Rulebook Volume 6 Dispute Resolution, Arbitration And Disciplinary Proceedings Module
<b>“Employee Share Option Plan”</b>	Offering of Securities which is made by the Issuer on the exercise of options granted to or for the benefit of management and/or employees, after obtaining the approval of Securities holders and the CBB
<b>"Equity Securities"</b>	Shares (including preference shares) and convertible equity securities, and securities (other than Debt Securities) classified by the BHB as equity securities
<b>“Exempt Investment Funds”</b>	Are lightly regulated Investment Funds that may be offered only to accredited investors, and impose a minimum initial investment of USD 100,000 (or equivalent in any other currency)
<b>“Expert Investment Funds”</b>	Are Investment Funds that may be offered only to expert investors, and impose a minimum initial investment of USD 10,000 (or equivalent in any other currency)
<b>“Ex-Dividend Date”</b>	The trading day on which the shares are traded without entitlement to any corporate action, which falls immediately one trading day prior to the Record Date
<b>"Financial Year"</b>	In relation to any company, means the period in respect of which any profit and loss accounts of the corporation laid before it in general meeting is made up, whether that period is a year or not
<b>"Foreign Issuer"</b>	An Issuer incorporated or otherwise established outside Bahrain
<b>“Free Float”</b>	The portion of a company's issued share capital that is held by the public

<b>“Fund Manager”</b>	A person mandated to allocate and/or manage financial instruments and any other assets held by an Investment Fund
<b>“Going Concern”</b>	The idea that a company will continue to operate indefinitely, and will not go out of business and liquidate its assets
<b>"Group"</b>	A parent company and all its subsidiaries. References to an Issuer's group mean the group in which it is a member
<b>“Home Market”</b>	A licensed stock exchange based in the Foreign Issuer’s country of incorporation
<b>“IFRS”</b>	International Financial Reporting Standards
<b>“Initial Listing Market”</b>	BHB Market for newly listed companies
<b>“Initial Public Offering”</b>	An offer for subscription to the public by or on behalf of a newly-established company, or an unlisted Issuer of its own Securities
<b>“Investment Fund”</b>	Investment Funds are collective investment undertakings (CIU’s):  The sole object of which is the collective investment of capital raised from the public or through private placement, including investment seeded by the operator, in financial instruments and other assets and which operates on the basis of risk-spreading as appropriate; and the holdings of which may be re-purchased or redeemed out of those undertakings' assets, as appropriate
<b>“Issuer”</b>	A company or other legal person or undertaking some or all of whose securities have been admitted to listing
<b>“Key Persons”</b>	Refers to members of Issuer’s board of directors, senior management, the Issuer itself, and such other persons as decided by the Issuers board to have access to inside information relating to the Issuer from time-to-time. While Key Persons may have access to inside information from time-to-time by nature of their duties performed, they do not necessarily always possess inside information.

	The fact distinguishes Key Persons from insiders. Dealing by Key Persons of an Issuer, therefore, does not necessarily constitute insider trading
<b>“Listing Agent” or “Lead Manager”</b>	A Capital Market Advisory Services Provider appointed by the Issuer to undertake the responsibility of finalizing the pre-listing requirements and fulfilling the ongoing obligations on behalf of the Issuer
<b>“Listing Rules”</b>	The provisions of BHB’s listing rules as from time to time amended, modified or supplemented
<b>“Mainboard Market”</b>	BHB’s main Market
<b>“Management Company” or “Management Companies”</b>	A company which is set up to manage a group of properties, a unit trust, an Investment Fund, etc
<b>“Market”</b>	A place at which, or a facility (whether electronic or otherwise) by means of which, offers or invitations to sell, purchase or exchange Securities or futures contracts (including options, derivatives and Sharia’a Compliant Securities) are regularly made on a centralized basis, being offers or invitations that are intended or may reasonably be expected to result, whether directly or indirectly, in the acceptance or making, respectively, of offers to sell, purchase or exchange Securities or futures contracts (whether through that place or facility or otherwise)
<b>“Market Rules”</b>	The BHB rules governing membership, trading, supervision and arbitration on BHB’s market. These Rules are applicable only to those institutions accepted as members or who are otherwise authorized to conduct transactions on BHB. Listed companies are not subject to these rules unless such company is also a member of BHB
<b>“MOICT”</b>	Ministry of Industry, Commerce and Tourism

<b>“NAV”</b>	Net Asset Value
<b>“Offering Document”</b>	Includes a prospectus or such other information or documentation or part thereof required by the CBB or another authority for the offer and/or issue of Securities
<b>“Offering Period”</b>	The time in which Securities are offered for subscription which shall be for a period not less than 10 calendar days and not more than 6 months
<b>“OFS Module”</b>	CBB Rulebook Volume 6 Offering of Securities Module
<b>“Operator”</b>	An operator of a REIT or any other Investment Funds is the person undertaking the functions of establishing, operating, including full oversight of the corporate governance on the REIT or winding up of the REIT. For clarity purposes, the operator in case of funds established as trusts, is the Trustee
<b>“Paying Agent”</b>	An agent that receives funds from an Issuer of Securities and in turn pays principal and interest to Securities holders and dividends to shareholders
<b>“Payment Date”</b>	The date the issuer starts distributing the dividends or other distributions, which shall be within ten market days from the Record Date
<b>“Placement Agent”</b>	A placement agent is an entity that acts as agent on behalf of the CIU in placing units of the CIU
<b>"Prospectus"</b>	An offering document that sets forth the plan for a proposed business enterprise or the facts concerning an existing one that an investor needs to make an informed decision. The prospectus contains financial information and a description of an Issuer's business history, officers, operations, pending litigation (if any) and plans (including the use of the proceeds from the issue)
<b>“Record Date”</b>	The date fixed by an Issuer, in which the holder must officially own the Securities, for the purpose of determining entitlements to dividends and/or other distributions or rights of the holders of its Securities

<b>“Registrar”</b>	An entity acting in the capacity as a registrar of the shareholders of the Issuer
<b>“REIT”</b>	Real estate investment trust shall refer to a trust under the Financial Trusts Law No. (23) of the Year 2016 authorized/registered with the CBB, with the objectives of which are acquiring, holding, administering, managing, and selling income generating local and foreign real estate properties, either directly or indirectly
<b>“Retail Investment Funds”</b>	Are Investment Funds that may be offered to all types of investors
<b>“Reviewed”</b>	An accounting service providing some assurance to the board of directors and interested parties as to the reliability of financial data without the External Auditors conducting an examination, in accordance with the generally accepted accounting standards
<b>“Rights Issue”</b>	A new issue of Securities by an Issuer by way of exercising the pre-emptive rights by existing holders of Securities. The Rights Issue enables those holders to subscribe to the new Securities in proportion to their existing holdings, or otherwise on the basis of allotment approved by those holders
<b>“Secondary Listing”</b>	A market where the Issuer’s shares are cross listed
<b>"Securities"</b>	<p>Shares or bonds issued by shareholding companies, government debt instruments and the following financial instruments:</p> <ul style="list-style-type: none"> <li>(a) shares in companies and other securities equivalent to shares in companies or other entities, and depositary receipts in respect of shares;</li> <li>(b) bonds or other forms of debt, including depositary receipts in respect of such securities;</li> <li>(c) warrants;</li> <li>(d) units, rights or interests (however described) of the participants in a collective investment scheme;</li> <li>(e) options, futures and any other derivative contracts relating to commodities that must be settled in cash or may be settled in cash at the</li> </ul>

- option of one of the parties (otherwise than by reason of a default or other termination event);
- (f) options, futures and any other derivative contract relating to commodities that can be physically settled;
- (g) units to real estate investment trusts (REITs);
- (h) index tracking products including islamic indices and exchange traded funds (ETF);
- (i) any other financial instrument approved as a financial instrument by the CBB for the purpose of trading such instrument on an exchange;
- (j) islamic securities, being those financial instruments that are shari'a compliant

**“Sharia’a Compliant REIT”**

A REIT that holds itself out to be managed in accordance with Shari’a principles

**“SRO”**

Self-Regulated Organization

**“Subsidiary” or “Subsidiaries”**

A company or other enterprise controlled by another company or enterprise (the parent or the holding company)

**“Substantial Shareholder”**

Any person whose ownership alone or his ownership together with that of his minor children, or any other accounts under his disposal or the ownership of any of his associate or affiliate companies amounts to 5% or more of an Issuer’s listed shares

**"Supranational Body"**

Any institution or organization at a world or regional level whose members or constituents are governments or governmental organizations

**“Title Deed”**

The deeds and other documents which prove ownership to registered freehold or leasehold land

**“TMA”**

CBB Rulebook Volume 6 Take- overs, Mergers and Acquisitions Module

**“Treasury Shares”**

Means a purchase of shares, or an offer to purchase, redeem or otherwise acquire shares of an offeror made by an offeror, including a scheme of arrangement or other form of reorganization that consists in whole or in part of such an offer

<b>“Trustee(s)”</b>	The person to whom the ownership of the trust property is transferred in order to exercise the duties and powers specified in the trust instrument with a view to achieving the purpose of the trust or satisfying the interests of the beneficiary
<b>“Trust Property” or “Property”</b>	Includes any form of property, transferable or non-transferable or any financial right on an intangible asset transferred by the Settlor to the ownership of the Trustee in order to exercise the duties and powers specified in the Trust Instrument with a view to achieving the purpose of the trust or the interest of the beneficiary
<b>“Trust Property Valuer”</b>	The property valuer appointed to a REIT who shall act in an independent capacity
<b>“Trust Instrument”</b>	The written agreement between the Settlor and the Trustee by which the trust is created in accordance with the Financial Trusts Law No. (23) of the Year 2016
<b>“Unit(s)”</b>	Minimum amount of financial interest of the REIT acceptable for trading as specified in the Prospectus
<b>“Unit Holder”</b>	Any person who owns Units of the REIT

- 1.2. Unless the context requires otherwise, terms that are not specifically defined in these Listing Rules will have the same meaning as assigned to them under the CBB Law, rules and regulations.
- 1.3. Where any provision of these Listing Rules is in conflict with the provisions of the CBB Law, rules and regulations, the CCL, or other statutory provision, the provisions of such regulations or other statutory provision shall prevail.



## SECTION 2 – GENERAL RULES

### Part 1 – General

#### Introduction

- 2.1. Bahrain Bourse is an exchange licensed by the CBB as an SRO which operates the Market and provides other services in accordance with the BHB rules and regulations.
- 2.2. This Section sets out -
  - (1) the purpose of these Listing Rules and the principles upon which they are based and applied; and
  - (2) the general requirements of BHB which apply to all Applicants, Issuers, Management Companies, Trustees, their Directors, officers, advisers and other persons to whom the Listing Rules apply to.

### Part 2 – Purpose and the principles of the Listing Rules

- 2.3. These Listing Rules have been drawn up in accordance with Article (86) of the CBB Law, CBB Rulebook – Volume 6 on Capital Markets, CBB Resolution No. (17) of 2012, BHB Resolution No. (5) of 2015 and CBB Resolution No. (11) of 2018.
- 2.4. All Issuers and market participants must comply with all relevant CBB rules and regulations.
- 2.5. The purpose of these Listing Rules is to set out the requirements that must be complied with by all Applicants, Issuers, Management Companies, Trustees, their Directors, officers, advisers or other persons to whom these Listing Rules are directed. The Listing Rules comprise of both requirements which have to be met before Securities may be listed and also continuing obligations that an Issuer must comply with once listing has been granted. Failure to comply with any of these Listing Rules will amount to a breach in respect to which actions may be taken or penalties may be imposed or both.
- 2.6. The principles on which these Listing Rules are based include the following:
  - (1) Issuers shall have acceptable standards of quality, operations, management experience and expertise;
  - (2) investors and their professional advisers shall be kept fully informed by the Issuer of all facts and information that might affect their existing or potential interests in the Issuer. In particular, full, accurate and timely disclosure shall be made of any information which may reasonably be expected to have a material effect on the price, value or Market activity in the Securities of Issuers;

- (3) all holders of any Class of Securities will be treated fairly and equitably;
  - (4) Directors, officers and advisers of Issuers will maintain the highest standards of integrity, accountability, corporate governance and responsibility; and
  - (5) Directors of an Issuer shall act in the interests of shareholders as a whole, particularly where the public represents only a minority of the shareholders or where a Director or Substantial Shareholder has material interests in any direct or indirect investment engaged by the Issuers.
- 2.7. Applicants should note that compliance with the Listing Rules may not in itself ensure the Applicant's suitability to list its Securities. BHB retains the discretion to accept or reject applications and in reaching its decision will have regard to the general principles outlined in Rule 2.6.

### **Part 3 – Powers of BHB**

#### **General Powers**

- 2.8. BHB may exercise all powers and perform all such acts as may be exercised by an SRO as stipulated in the Markets and Exchanges Module of CBB Rulebook Volume 6.

#### **Description of powers**

- 2.9. BHB may exercise its powers in such manner and on such terms as it shall deem necessary or expedient, of which powers shall include, without limitation, the following:
- (1) to make new rules for the order and good governance of the Issuers and their affairs in conformity with the law, and relevant CBB regulations or directives and subject to the CBB's approval;
  - (2) to add to, vary, repeal, enforce or waive any of these Listing Rules subject to the approval of the CBB;
  - (3) to administer, manage, formulate policies and give directions to the Issuers and such persons to whom these Listing Rules are directed;
  - (4) to issue directives, rulings or guidelines for the purpose of or in connection with any of these Listing Rules;
  - (5) to interpret conclusively any provision in these Listing Rules and any rulings, directives or guidelines and the validity of any act or thing done pursuant thereto in the event of any dispute or difference over such Rules and any rulings, directives or guidelines;

- (6) to release information concerning any Issuer to the CBB, Bahrain Clear or any other relevant body or authority;
- (7) to exercise all other powers as may be necessary for the purposes of monitoring compliance with and enforcement of these Listing Rules;
- (8) to exercise any powers and take any action for the purpose of maintaining an orderly and fair market;
- (9) to suspend or delist an Issuer in respect of any breach of the Listing Rules; and
- (10) to impose penalties and administrative fines on its Issuers or any Director of such Issuer in respect of any breach of the Listing Rules.

#### **Effect of powers**

2.10. Subject to Rule 2.11 BHB's decision shall be final and binding on all Issuers.

#### **Incidental powers of BHB**

2.11. Where any provision of these Listing Rules empowers, authorizes or enables BHB to do or enforce the doing of any act or thing, BHB shall have all powers or rights as may be necessary or reasonably incidental to BHB doing or enforcing the doing of the act or thing.

### **Part 4 – Application of the Listing Rules**

#### **Obligation to comply**

- 2.12. An Issuer shall be bound by these Listing Rules and all other applicable BHB rules, whether or not Admission of its Securities has taken place before these Listing Rules have been prescribed.
- 2.13. An Issuer, a Management Company, a Trustee, its Directors, officers, advisers or any other person to whom these Listing Rules are directed must comply with these Listing Rules for so long as the Issuer or its Securities remain listed on the Mainboard Market. This also applies during periods when the Issuer's Securities are suspended from trading.
- 2.14. These Listing Rules shall apply to Closed Shareholding Companies currently listed on BHB.

#### **Waivers and modifications of the Listing Rules**

2.15. BHB may at any time, waive or modify compliance with a Listing Rule or any part of a Listing Rule. If BHB waives or modifies compliance with a Listing Rule or part of a Listing Rule subject to a condition, the condition must be complied with for the waiver or modification of compliance to be effective.

### **Varying or revoking decisions**

- 2.16. BHB may, at any time, vary or revoke its decision where the circumstances warrant it, subject to any condition it deems fit. An unconditional variation or revocation has effect from the date specified by BHB. If a variation or revocation is subject to a condition, the condition must be complied with for the variation or revocation to be effective.

### **Guidelines**

- 2.17. BHB may, from time to time, issue guidelines to provide, amongst others -
- (1) interpretation of these Listing Rules; or
  - (2) administrative or operational procedures in relation to these Listing Rules.
- 2.18. BHB may amend, waive or repeal such guidelines from time to time.
- 2.19. An Issuer, a Management Company, a Trustee, its Directors, officers, or any other person to whom these Listing Rules are directed must comply with guidelines issued pursuant to this paragraph in the same manner as these Listing Rules.
- 2.20. Unless otherwise defined in the guidelines or the context otherwise requires, words or expressions defined in these Listing Rules, when used in the guidelines, have the same meaning as in these Listing Rules.

## **Part 5 – Information provided to BHB**

### **Provision of information**

- 2.21. An Applicant, an Issuer, a Management Company, a Trustee, its Directors, officers, employees, advisers or any other person to whom these Listing Rules are directed must provide BHB with any information, document or explanation that BHB requests for in accordance with the instructions or request of BHB.

### **Submission of information**

- 2.22. Where any document is submitted to BHB for public release, an Applicant, an Issuer or its advisers must clearly mark the document with the words “For Immediate Release”.

### **Documents forwarded to BHB**

- 2.23. All documents containing public information forwarded to BHB will be dealt with by BHB as it wishes including copying, storing in a retrieval system, transmitting to the public, publishing or disclosing all or any part of the documents and forwarding copies to any stock exchange, relevant government bodies or authorities or any expert or consultant acting in a professional capacity for and on behalf of BHB.

### **Verification of report or information**

- 2.24. BHB may, at its discretion, instruct or direct an Applicant or an Issuer to appoint an independent adviser or expert at the expense of such Applicant or Issuer to verify any report or information referred to in or which forms part of any application, submitted to BHB by or on behalf of such Applicant or Issuer and to submit the results of such verification to BHB directly.

### **Contents of statement, information or document**

- 2.25. An Applicant, an Issuer or the Directors of an Applicant or an Issuer must ensure that any application, proposal, statement, information or document presented, submitted or disclosed pursuant to these Listing Rules -
- (1) is clear, unambiguous and accurate;
  - (2) does not contain any material omission; and
  - (3) is not false or misleading.
- 2.26. An Applicant, an Issuer or the Directors of an Applicant or an Issuer do not commit a breach of Rule 2.25 above if such person proves that -
- (1) he had made all enquiries as were reasonable in the circumstances; and
  - (2) after making such enquiries, he had reasonable grounds to believe and did believe until the time of the presentation, submission or disclosure of the statement, information or document to BHB that the statement, information or document did fulfill the requirements of Rule 2.25.

### **Indemnity**

- 2.27. Where BHB publishes, releases or disseminates any statement, information or document for or on behalf of an Applicant or Issuer, which shall be considered public information, pursuant to these Listing Rules or otherwise, BHB will not be responsible to check the accuracy, completeness or adequacy of any of the contents of such statement, information or document, and will not be liable, except in the case of gross negligence, for any loss or damage howsoever arising as a result of publishing, releasing or disseminating the statement, information or document.
- 2.28. An Applicant or an Issuer must fully indemnify and hold indemnified BHB against any loss, damage, liability, cost or expense (including legal costs) suffered or incurred by BHB, whether directly or indirectly, as a result of any demand, action or proceeding by any person for, on account of, or in respect of the publication, release or dissemination by BHB of any such statement, information or document for or on behalf of an Applicant or Issuer, which shall be considered public information.

## **Part 6 – Others**

### **Instructions or Directives issued by BHB**

- 2.29. BHB may, from time to time, issue any instruction or Directives or impose any condition on an Applicant, an Issuer, a Management Company, a Trustee or any other person to whom these Listing Rules are directed and such person as aforesaid must comply with the said instruction, directive or condition and within such time as may be specified by BHB.
- 2.30. Where BHB has issued any instruction or Directives or imposed any condition referred to in Rule 2.29 above, BHB has all the rights and powers to do all acts necessary to enforce and give effect to the instruction, Directives or condition.

### **Point of contact**

- 2.31. BHB shall be the main point of contact for all Applicants/Issuers for all matters pertaining to the listing application and ongoing obligations where applicable.

### **Notices by BHB**

- 2.32. All notices or written communications required to be sent by BHB to an Issuer or a Listing Agent/Lead Manager under these Listing Rules will be sent to the registered office or the last known address of the Issuer or Listing Agent/Lead Manager, as the case may be, as contained in the records of BHB.
- 2.33. Any notices or written communications sent by BHB via electronic mail, other electronic medium or advertisement in newspapers will be deemed received immediately.

## **Part 7 – Amendments to these requirements**

- 2.34. BHB has the right to amend all or any of these Listing Rules from time to time, subject to such approval as may be required by applicable laws rules and regulations, and any such amendment will be binding on an Applicant, an Issuer, a Management Company, a Trustee, its Directors, officers, advisers or any other person to whom these Listing Rules are directed.

## **Part 8 – Liability of BHB**

- 2.35. Without prejudice to any immunity or defense available to the following persons by statute or in law, none of such persons will be liable in respect of anything done or omitted to be done by such persons in good faith in connection with the discharge or performance or purported discharge or performance of any function or duty, or the exercise or intended exercise of any power under these Listing Rules or any applicable law or in respect of any decision made or enforcement action taken or notice of publication thereof, whether resulting in any loss of profit, costs, damages or damage to reputation or otherwise:

- (1) BHB;
- (2) any member of the board of BHB or any member of any committee of BHB;
- (3) any employee of BHB; or
- (4) any agent of, or any person acting under the direction of BHB.

#### **Part 9 – Violations and Disciplinary Proceedings**

2.36. Any breach of these Listing Rules shall be dealt with by BHB in accordance with Section 10 of the BHB Listing Rules ‘Complaints, Arbitration, Investigation and Disciplinary Proceedings’.

#### **Part 10 - Administrative fines**

2.37. BHB may impose administrative fines on Issuers for any non-compliance with these Listing Rules and any other applicable BHB rules, regulations and Directives as it deems appropriate.

## **SECTION 3 – EQUITY SECURITIES – LISTING**

### **Part 1 – General**

#### **Introduction**

- 3.1. This Section sets out the requirements and procedures for an Applicant seeking to list its Equity Securities on BHB. These requirements are applicable to all Issuers, including companies incorporated in the Kingdom of Bahrain or elsewhere. The administration of such requirements, and all other powers and functions in respect of listing matters shall be discharged by a Listing Committee.
- 3.2. An Issuer applying for listing on BHB may apply for a primary or cross listing.

### **Part 2 – General listing requirements**

- 3.3. For an Issuer's Equity Securities to be admitted to, and for as long as such Securities remain on, the Mainboard Market, the Issuer must comply with the Listing Rules.

#### **BHB's discretion**

- 3.4. BHB has absolute discretion concerning the Admission of an Issuer's Equity Securities to its Mainboard Market. BHB may approve applications for listing unconditionally or subject to condition(s), or may reject applications for listing, as it deems appropriate. BHB also reserves the right to vary any such condition(s) or impose additional conditions.
- 3.5. Where BHB rejects an application made pursuant to these rules, it may, if it considers it appropriate, disclose the reasons for its decision but is under no obligation to do so.

#### **Listing Agent/Lead Manager**

- 3.6. An Applicant must appoint a Listing Agent/Lead Manager who will advise and represent the Issuer on its application for listing.
- 3.7. The Listing Agent/Lead Manager is responsible for preparing the Applicant for listing. This requires the Listing Agent/Lead Manager to be satisfied that:
  - (1) the Applicant's Equity Securities are suitable to be listed;
  - (2) the Applicant meets Admission requirements;
  - (3) the Applicant has the necessary framework set up to comply with the continuing listing requirements; and
  - (4) the Applicant meets any other requirements as specified by BHB.



- 3.8. The Listing Agent/Lead Manager lodges the listing application and deals with BHB on all matters relating to the listing application.
- 3.9. The Listing Agent/Lead Manager is expected to exercise due care and diligence in ensuring the completeness and accuracy of the information contained in the application. The Listing Agent/Lead Manager must also ensure that BHB is informed of all matters which should be brought to its attention.
- 3.10. The Directors of the Applicant (and following Admission, the Issuer) are responsible for the accuracy of the information submitted to the Listing Agent/Lead Manager and BHB.

#### **Additional information**

- 3.11. BHB may seek additional information from the Applicant, or any other person, in relation to the application for Admission. BHB may submit, or require the Applicant to submit, any information given to BHB to the scrutiny of an expert accepted by BHB. The Applicant shall bear all costs related to such scrutiny.

#### **Issuer structure, operations and constituent documents**

- 3.12. The Applicant's name, structure and operations must be appropriate for a listed entity. In particular the following should be complied with:
  - (1) An Issuer must comply with the CBB Law, CBB Resolution No. (17) of 2012, CBB Rulebook, BHB Resolution No. (5) of 2015 and any other applicable BHB or CBB laws, rules and regulations.
  - (2) An Issuer must comply with all terms stipulated in the CCL and its amendments and ensure that its Memorandum and Articles of Association or other constituent documents meet the requirements stated therein.
  - (3) An Issuer must not have restrictions on the transfer of shares between investors other than those imposed by the company's Memorandum and Articles of Association, or by the laws of the country of its incorporation.

#### **Prospectus and financial statements**

- 3.13. A Prospectus must be drafted in accordance with the relevant rules in Volume 6 of the CBB Rulebook and two copies must be submitted to BHB for review.
- 3.14. A Prospectus must be approved by and registered with the CBB before an Issuer's securities can be listed on the BHB.
- 3.15. An Applicant in existence for at least one year from the time of its incorporation must be able to provide published and audited financial statements submitted with the listing application that must be prepared in accordance with the IFRS, the AAOIFI or any equivalent accounting standards acceptable to BHB.

### **Admission Timeline**

- 3.16. BHB will conduct an initial review on the submitted application and discuss its findings with the CMSD within 21 calendar days from the date of submission.
- 3.17. Subsequent to its discussions with the CMSD, BHB will provide its feedback on the submitted application to the Issuer within 7 calendar days and will request the Applicant to provide any further information that is required to be furnished to CBB and/or BHB.
- 3.18. Upon a resubmission of the application, BHB will conclude its final review within 14 calendar days post the secondary submission.

### **Security transfer facilities**

- 3.19. The Issuer must make arrangements to comply with all requirements necessary to enable shareholders to register and deposit shares, and to enable settlement of transactions executed on its shares at BHB.
- 3.20. Securities must be readily transferable and not subject to any restrictions other than those restrictions stipulated in the Issuer's Memorandum and Articles of Association or such other applicable laws, rules and regulations.
- 3.21. The founders of an Issuer are not entitled to dispose of their shareholding for a period of 1 year, starting from the date of listing on BHB.

### **Going concern**

- 3.22. The Issuer must be a going concern.

## **Part 3 – Primary Listing Requirements**

### **General**

- 3.23. These requirements shall apply to Issuers incorporated in the Kingdom of Bahrain and Foreign Issuers seeking to list on BHB as a Secondary Listing.

### **Shareholding and distribution**

- 3.24. An Issuer seeking a primary listing of its Equity Securities must satisfy all of the following:
  - (1) An Issuer intending to list on the Mainboard Market must have 100 or more shareholders who are not employees or associated persons.
  - (2) The Issuer must issue to the abovementioned shareholders Free Float of at least 10% of the total issued outstanding shares.

- (3) Existing public shareholders may be included in the minimum percentage of shares for Free Float calculation.

### **Quantitative criteria**

- 3.25. The paid-up Capital of the Issuer should not be less than BHD 1,000,000, or its equivalent in other currencies.
- 3.26. The Issuer should have at least achieved net profits during the last three year preceding the submission of its application, or achieved net profits of an average of approximately 10% of its issued and paid-up Capital as per its audited financial statements preceding the submission of the application or since its incorporation, whichever is less. This rule does not apply to newly established Issuers

### **Financial position and liquidity**

- 3.27. The Issuer's financial position must be sound in terms of its assets, liquidity, Capital structure and performance at the time of submission of its application.

### **Directors and management**

- 3.28. The Directors and Senior Management of the Issuer should have appropriate experience and expertise to manage the Group's business.

## **Part 4 – Secondary (Cross) Listing Requirements**

### **Foreign Issuers**

- 3.29. A Foreign Issuer applying for the listing of its Equity Securities must seek and provide copies of the necessary approvals from its home regulator. The Foreign Issuer must be, or will be, subject to the listing rules of the Home Market or licensed stock exchange where it has a primary listing.
- 3.30. Foreign Issuer listed Equity Securities shall be listed and traded in either Bahraini Dinars (BHD), or United States Dollars (USD\$).
- 3.31. BHB has absolute discretion concerning the Admission of an Issuer to the BHB's Mainboard Market (and its removal) and quotation of its Equity Securities (and their suspension). BHB may approve applications for listing unconditionally or subject to condition(s), or may reject applications for listing, as it thinks appropriate. BHB also reserves the right to vary any such condition(s) or impose additional conditions.
- 3.32. An Issuer applying for cross listing of its Equity Securities must comply with the requirements of these rules, the CBB rules and regulations and any other BHB or CBB requirements that might be imposed from time to time.

3.33. An Issuer with a cross listing of Equity Securities on BHB must undertake to:-

- (1) submit a listing application signed by a legally authorized person or an entity on behalf of it;
- (2) provide copies of any necessary approvals from its home regulators;
- (3) release all information and documents in Arabic/English at the same time as they are released to the Home Market;
- (4) inform BHB of any issue of additional shares in a Class already listed and the decision of its Home Market;
- (5) comply with such Listing Rules as may be applied by BHB from time to time;
- (6) provide a copy of the Home Market's relevant laws, rules and regulations that show that no restrictions are imposed on the transferability of its Securities;
- (7) provide a draft of agreements or contracts related to the depositing of securities and registration arrangements;
- (8) provide detailed information on listing requirements and Securities performance on the home or other market(s); and
- (9) provide confirmation that it will adhere to the general requirements of these Listing Rules.

#### **Local Issuers**

3.34. The Issuer must submit a draft of the Secondary Listing application, enclosing a study that determines the purpose of the Secondary Listing and its necessity, the advantages of listing, and the distribution of share capital between the host Market and BHB Market. The Issuer must also submit a risk assessment report along with the measures it will take to limit/mitigate the potential risks.

3.35. The percentage of shares to be listed as a Secondary Listing shall not exceed 30% of the Issuer's share capital.

3.36. The Issuer must submit a copy of the general meeting resolution approving the Secondary Listing of its Equity Securities, provided that not more than twelve months have been passed since the approval.

3.37. The Issuer must refrain from disclosing any information to the other markets before disclosing such information to the main market, or to disclose such information concurrently therewith.

- 3.38. The Issuer must provide the main market with all disclosure requirements in respect of the Secondary Listing.
- 3.39. The Issuer must provide copies of the other market's relevant laws, rules and regulations that show that no restrictions are imposed on the transferability of the Equity Securities.
- 3.40. The Issuer is prohibited from placing any order or executing any Treasury Shares transaction on the cross listed market without the regulatory approvals.
- 3.41. BHB also reserves the right to vary any of the above requirements or impose additional requirements.
- 3.42. BHB reserves the right not to accede to an Issuer request when it is necessary for the sake of investor protection and market efficiency.

## **Part 5 – Offering of Securities**

- 3.43. Securities must be offered and listed in accordance with Article No. (81) of the CBB Law.
- 3.44. The Issuer shall coordinate with BHB during the offering and listing of the offered Equity Securities.
- 3.45. The Issuer shall comply with the disclosure requirements prior, during and after the offer.
- 3.46. The Issuer may consult BHB to resolve a specific issue.

### **Allotment**

- 3.47. An Issuer must allot Securities within 6 calendar days of the closing date of the offer in accordance with the allotment basis stipulated in the Offering Document.

### **Allotment notices**

- 3.48. The number of Securities represented by any allotment notices must be clearly shown in words and figures on the face of the allotment notices or in such other manner.
- 3.49. Any allotment notices should be designed so that forgery and/or alterations are readily detectable. The printing of Securities allotment notices must be entrusted to recognized Security printers.

3.50. An Issuer must dispatch the allotment notices within a maximum of 9 calendar days of the closing date of the offer in accordance with the allotment basis stipulated in the Offering Document.

### **Offer marketing**

3.51. An Issuer may disseminate marketing notices during the Offering Period after consulting BHB.

## **Part 6 – Listing procedures**

3.52. An Applicant may consult BHB to resolve specific issues prior to the submission of an application. Unless BHB prescribes otherwise, the following set out the main steps in the listing process:-

- (1) the Applicant submits to BHB, two original copies of its application accompanied by the relevant required documents stipulated in Rule 3.55 and the draft prospectus, declarations, fees and any other relevant supporting documents in accordance with the OFS Module and the Listing Rules.
- (2) BHB will forward a copy of the listing application to the CMSD immediately upon receipt.
- (3) Pursuant to Rule 3.16, BHB evaluates the application and considers whether the application satisfies its listing requirements and the requirements of the OFS Module.
- (4) Pursuant to Rule 3.17, BHB will inform the Applicant of any further information or required amendments to the application.
- (5) Pursuant to Rule 3.18, BHB will conclude its review upon the resubmission of the application. The CBB will then issue a no-objection letter to the Applicant on the registration of its Prospectus, while BHB issues its approval on the listing application.
- (6) Trading of the listed Securities commences on a date approved by the CBB and BHB, with the issue of a BHB resolution.
- (7) The Applicant shall contact BHB for all listing related matters.

### **Time schedule**

3.53. BHB may agree to vary the procedures or time indicated subject to obtaining the CBB's approval. Any proposed variation in procedures and timetable must be agreed in writing with BHB before the submission of the application.

### **Contents of application**

3.54. The listing application is intended to serve the purpose of providing BHB with the essential information in determining the suitability of the Applicant for Admission to the Mainboard Market, and its Securities for public trading on BHB. The Applicant, its Listing Agent/Lead Manager and all professionals who are involved in the preparation of the listing application must therefore ensure that all information that is material to BHB's decision on the application is made available promptly.

3.55. The application must include:-

- (1) A cover letter signed by an authorized signatory of the Applicant, together with all supporting documentation. The authorized signatory is the person authorized as such by the board of directors of the Issuer;
- (2) Prospectus or Offering Document. The document should be accompanied by a checklist of compliance with the relevant requirements set by the CBB and BHB, the Disclosure Standards and related resolutions, and Directives issued by the CBB and BHB;
- (3) In the case of a primary listing or a cross listing the requirements are as set out in Part 3 and 4 of this Section;
- (4) Confirmation by the Listing Agent/Lead Manager that:-
  - (a) having made due and careful enquiry, the Issuer satisfies the Admission requirements;
  - (b) all documents required by the Listing Rules to be included in the application has been or will be supplied to BHB;
  - (c) any other matters known to the Listing Agent/Lead Manager which should be taken into account have been disclosed in the Prospectus;
  - (d) if any further information becomes available before listing, the Listing Agent/Lead Manager will inform BHB; and
  - (e) the Directors of an Applicant have been informed of their obligations under the Listing Rules as well as the applicable rules and regulations of the CBB and BHB;
- (5) List of the Directors, executive officers, and Controlling Shareholders;
- (6) Confirmation by the Directors and executive officers of the Issuer that they are aware of their obligations under the CBB Rulebook - Volume 6 on Capital Markets, the BHB rules and regulations and the Corporate Governance Code issued by MOICT;

- (7) Any material information not reflected in the Applicant's recent financial statement that may affect the financial position and the share price of the Applicant;
- (8) Audited financial statements for at least 1 year or in the case of newly established Issuers, a 3 years projection of the financials (profit and loss statements, Balance Sheet statements and cash flow statements);
- (9) For an Applicant which is engaged in property investment or development, the valuation report(s) of each principal asset of the Group that is revalued and has not been reflected in the recent financial statements;
- (10) Listing fees;
- (11) Confirmation by the Applicant that it has obtained all requisite approvals, and is in compliance with laws and regulations, that would materially affect its business operations;
- (12) A signed copy of the Director's resolution;
- (13) A signed copy of the Memorandum and Articles of Association or other constituent document (incorporating all amendments made to date);
- (14) A copy of the Commercial Registration certificate or certificate of incorporation and certificate of change of status, if any; and
- (15) Any additional information and documents which BHB may require for a proper consideration of the application.

3.56. BHB may waive or modify compliance with any of these requirements.

#### **Documents to be submitted before trading commences**

3.57. As soon as practicable before trading commences, or after the close of the offering, the following documents must be submitted: -

- (1) Final allotment approval by CBB;
- (2) Confirmation that all dematerialized securities and allotment notices have been issued and dispatched, if applicable;
- (3) Confirmation by the Listing Agent/Lead Manager that all provisions in the Listing Rules connected to the offering have been complied with;
- (4) Where the listing involves an issue of shares, the following information must be provided on allocation and allotment of the Securities:-
  - (a) a list of the Directors and Substantial Shareholders and their respective shareholdings;



- (b) a declaration on the percentage of issued Capital held in public hands and the number of holders showing compliance with Rule 3.24.

**Transfer from Initial Listing Market to Mainboard Market**

- 3.58. Issuers will be listed on the Initial Listing Market for a period of 6 months, after which the Issuer will be automatically transferred to the Mainboard Market.

**Transfer from Mainboard Market to BIM**

- 3.59. Issuers in the form of public shareholding companies listed on the Mainboard Market are not eligible for transfer to the BIM.

## **SECTION 4 – EQUITY SECURITIES – ONGOING OBLIGATIONS**

### **Part 1 – General**

- 4.1. This Section sets out the continuing listing standards and operational requirements applicable to Issuers of Equity Securities listed on BHB.
- 4.2. In addition to the provisions of this Section, Issuers are expected to comply, on an ongoing basis, with the requirements in the following Sections:-
  - Section 5 – Equity Securities - Disclosures
  - Section 6 – Equity Securities - Changes in Capital
  - Section 7 – Equity Securities - Key Persons Transactions
  - Section 8 – Equity Securities - Takeovers, Mergers and Acquisitions
  - Section 9 – Equity Securities - Suspensions and Delisting

### **Part 2 – Continuing listing obligations**

#### **Issuer structure, operations and constituent documents**

- 4.3. An Issuer shall maintain at all times the appropriate structure and operational requirements and shall ensure that any amendments to its related constituent documents are provided to BHB immediately.

### **Shareholding and distribution**

- 4.4. The Issuer must maintain a Free Float of at least 10% of the total issued outstanding shares.

#### **Minority shareholder's protection**

- 4.5. Minority interests must be protected as the oppression of minority or non-Controlling Shareholders is not acceptable in any case. Therefore, rights of control should be exercised in good faith in the context of protecting minority shareholders.
- 4.6. Minority shareholders must be protected from abusive actions by, or in the interest of, Controlling Shareholders acting either directly or indirectly, and must have effective means of redress.
- 4.7. In companies with one or more Controlling Shareholders, the chairman and other Directors must actively encourage the Controlling Shareholders to make considered use of their position and to fully respect the rights of minority shareholders.

### **Financial position and liquidity**

- 4.8. The financial position of the Issuer should be sound in terms of its assets, liquidity, solvency, profitability and financial structure upon listing to ensure efficiency of performance.

### **Directors and management**

- 4.9. An Issuer must provide the names, business addresses and functions of the Issuer's Directors and Senior Management.

### **Fees**

- 4.10. An Issuer must pay all fees and charges applicable to them to BHB in the full amount and manner specified and within such timeline as stipulated by BHB.

### **Auditors**

- 4.11. An Issuer must appoint a suitable accounting firm approved by its regulator to meet its audit obligations, having regard to the adequacy of the resources and experience of the accounting firm and the persons assigned to the audit, the firm's audit engagements, the size and complexity of the listed Issuer being audited, and the number and experience of supervisory and professional staff assigned to the particular audit.
- 4.12. A change in auditors must be specifically approved by shareholders in a general meeting.

### **Key Person Dealing in Securities**

- 4.13. Issuers must adopt the 'Guidelines on Issuers' Key Persons Dealing in Securities Accepted for Trading on BHB' as a minimum requirement and shall comply with the requirements stated herewith. The Issuer may also add any other requirement to its policy if it deems fit.

### **Suspected fraud or irregularity**

- 4.14. If the board of an Issuer becomes aware of any suspected fraud or irregularity, or suspected infringement of any laws or regulations related to BHB or the CBB, which has or is likely to have a material impact on the Issuer's operating results or financial position, the board must immediately report such matter to BHB and the CBB.

## **Part 3 – Operational obligations**

### **Website**

- 4.15. Every Issuer must have its own website.
- 4.16. An Issuer must publish on its website all announcements made to BHB pursuant to these Listing Rules. The Issuer must ensure that such announcements are placed on the Issuer's website, as soon as practicable after the same is released on BHB's website.
- 4.17. An Issuer must ensure that its website contains the name(s) of designated person(s), email address and their contact numbers to enable the public to forward queries to the Issuer.
- 4.18. An Issuer should ensure that its website is updated, informative and contains all information which may be relevant to the Issuer's shareholders.
- 4.19. An Issuer must ensure that its website contains historical financial statements, general meetings' circulars, proxies and minutes of at least 5 recent consecutive years, or where applicable, from the date of its establishment, and its current investor relations contact information.

### **Representative office and Authorized Representatives**

- 4.20. An Issuer must appoint Authorized Representatives who must be from the senior management, the company secretary or Compliance Officer.
- 4.21. The responsibilities of an Authorized Representative are as follows:-
  - (1) To be the principal channel of communication between BHB and the Issuer at all times;
  - (2) To supply BHB with contact details in writing including office and mobile telephone numbers. The Issuer must notify BHB of any changes to such details;
  - (3) To ensure that whenever he or she is unavailable, suitable alternates are appointed, available and known to BHB, and to supply BHB with details in writing of how such alternates may be contacted, including their office and mobile telephone numbers.
- 4.22. The Issuer must immediately notify BHB of the change in the Authorized Representatives and relevant particulars.

## **Transfers and registration**

4.23. An Issuer must satisfy the following criteria:-

- (1) In the case of registered Securities, provision must be made for a depository or Securities ownership transfer agent, to register holders to be maintained in Bahrain, or such other place as the BHB may accept, and for transfers to be registered locally;
- (2) Issuer must ensure that Securities are readily transferable and not subject to any restrictions other than those restrictions stipulated on its Memorandum and Articles of Association or such other applicable laws, rules and regulations; and
- (3) Ensure transfers of the Issuer's Securities are executed in a standard form of transfer or in such other form approved by BHB.

## **Share Register**

4.24. An Issuer must sign the deposit of securities agreement with Bahrain Clear, in accordance to article (94) of the CBB Law prior to the listing of its Securities.

4.25. An Issuer must maintain an accurate and updated securities share register. This register must show details on or between the named date or dates of all entries relating to the registration or transfer of securities, including particulars of the relevant allotment notices numbers and the names into which or from which any particular shares may have been transferred.

4.26. An Issuer must permit its Securities to be transferred to Bahrain Clear or from a main register to a branch register (and vice versa) without restriction.

## **Meetings**

4.27. An Issuer's board of directors shall hold its meetings in accordance with the CBB Resolution No. (54) of 2015, High-level Controls Module of CBB's Rulebook Volume 6, CBB's Disclosure Standards and the Corporate Governance Code of the MOICT.

## **Proxy forms**

4.28. The Issuer must allow for proxy forms, with a provision for three-way voting on all resolutions intended for proposal, with a notice convening the meeting of holders of listed Securities to all persons entitled to vote at the meeting.

4.29. Proxy forms must be designed in a manner that will allow a shareholder appointing a proxy to indicate how the shareholder would like the proxy to vote in relation to each resolution.

## **Dividends Payment**

4.30. All dividends (including bonus shares, if any) must be paid within a maximum of 10 market days from the Record Date (excluding the Record Date).

## SECTION 5 – EQUITY SECURITIES – DISCLOSURES

### Part 1 – General

#### Introduction

5.1. This Section sets out the additional continuing disclosure requirements that must be complied with by Issuer, its Directors, advisors and Listing Agent/Lead Manager in addition to the CBB Disclosure Standards. In addition, Issuers must observe all requirements prescribed in the CBB Disclosure Standards. The disclosure requirements in this Section comprise the following:-

- (1) Immediate Disclosure of Material Information (Part 2)
- (2) Announcement of Specific Information (Part 3)
- (3) Periodic Disclosures (Part 4)
- (4) Circulars and Other Document Requirements (Part 5)
- (5) Disclosure Requirements for Debt Securities (Part 6)

All Issuers must have the appropriate internal procedures in place to ensure compliance with the CBB and BHB disclosure requirements.

5.2. All Issuers must contact BHB to resolve any issues concerning disclosures.

### Part 2 – Immediate Disclosure of Material Information

5.3. An Issuer must immediately announce any material information concerning it, its Subsidiaries or Associated Companies through its Authorized Representative which:-

- (1) would be likely to materially affect the price or value of the Issuer's Securities; or
- (2) is necessary to avoid a speculative Market based on rumors or inaccurate information in the Issuer's Securities.

5.4. Rule (1) does not apply to information which it would be a breach of law to disclose or where information may be temporarily withheld.

### Part 3 – Announcement of Specific Information

5.5. In addition to Rule 5.3, an Issuer must immediately notify BHB of the following to be announced on the BHB website:-

### **Changes to registered office address**

- (1) Any change of address of the registered office of the Issuer or of any office at which the register of Securities of the Issuer is kept.

### **Changes to constituent documents**

- (2) Any alteration to the Memorandum of Association or Articles of Association of the Issuer or to any document affecting the structure of the Issuer or its financial position, made after obtaining the CBB's prior approval for such alteration.

### **Changes in interest of Substantial Shareholders**

- (3) Any notice of Substantial Shareholders' and Directors' interests in the Issuer's Securities or changes thereof received by the Issuer.
- (4) Any Person whose ownership alone or his ownership together with that of his minor children, or any other accounts under his disposal, or the ownership of any of his associate or affiliate companies amounts to 5% or more of any listed Security of the Issuer, must notify BHB forthwith, BHB may declare the name of the person who owns such stake and BHB will notify the CBB.
- (5) Investors must submit to BHB, broker and the Issuer within two business days any change in ownership percentage leading to or above 5%.

### **Calls on partly paid-up shares**

- (6) Any call to be made on any of the partly paid-up Capital of the Issuer or of any of its Subsidiaries.

### **Qualification or emphasis of matter by auditors**

- (7) Any qualification or emphasis of a matter by the auditors on the financial statements of:-
  - (a) the Issuer; or
  - (b) any of the Issuer's Subsidiaries or Associated Companies, if the qualification or emphasis of a matter has a material impact on the Issuer's consolidated accounts or the Group's financial position.

### **Litigation**

- (8) A description of all pending litigation and material development arising from such, or occurrence of circumstances of a material nature in which the Issuer, or any of its Subsidiaries may be involved, which may affect its income derived from title to or possession of any of its properties, licenses or concessions from governmental authorities.



### **Valuations**

- (9) In the case where a valuation (not in the ordinary course of business) has been conducted on the fixed assets of the Issuer and/or its Subsidiaries, a prompt announcement must be made and shall state whether the valuation is subject to the approval of supervisory or other government authorities. A copy of each of the valuation reports must be submitted to BHB.

### **Changes in Capital**

- (10) Any proposed change in Capital, including that of the Issuer's Debt Securities listed on BHB after board approval and shareholders' approval.

### **Appointment or resignation**

- (11) Any appointment or resignation of any Director, Chief Executive Officer, general manager or other executive officer of equivalent rank, company secretary or Compliance Officer, Registrar or auditors of the Issuer. The announcement of an appointment or resignation of any Director, Chief Executive Officer, general manager or other executive officer of equivalent rank must contain the following details:-

- (a) Name;
- (b) Shareholding in the Issuer and its Subsidiaries;
- (c) Date of appointment; and
- (d) In the case of resignations/change:-
  - (i) Date of appointment to last position
  - (ii) Reason(s) for resignation

### **Board of Directors nomination**

- (12) Announcements for the nomination of membership shall be made at least 30 calendar days before the general meeting, and the nomination period shall be kept open for 14 calendar days from the date of the announcement.
- (13) Announcement of the names and details of the nominated persons shall be submitted to BHB, upon obtaining CBB's approval when applicable, at least 5 calendar days prior to the date of the general meeting.
- (14) Announcement of the names and details of the elected and appointed persons shall be submitted to BHB immediately following the general meeting.

### **General meetings**

- (15) The Issuer shall submit in writing the date, time and place of any general meeting. All notices convening general meetings must be provided to BHB and shareholders at least 21 days before the meeting.
- (16) All resolutions and approved minutes of meeting put to a general meeting of an Issuer, and immediately after such meeting, whether or not the resolutions were passed. Issuers must publish its general meeting minutes on their websites and BHB's website.
- (17) Whenever shareholders are sent a notice of a meeting which includes any business other than routine business at an annual general meeting, an explanatory circular must accompany the notice, or if the business is to be considered at or on the same day as an annual general meeting, an explanation must be incorporated in the director's report.

### **Record Date**

- (18) The Record Date as approved by the Issuer's board of directors. Once the Record Date is announced, the Issuer must not make any subsequent alterations to the date.

### **Board of directors meetings**

- (19) The date and time of the board of directors meetings to approve the financial results. All notices convening board of directors meetings must be provided to BHB at least 5 days before the quarter ends.
- (20) The date and time of its board of directors' meeting not related to the approval of the financial results, at least two working days before the day of the meeting, including the meeting agenda.

### **Transactions and dealings in Securities**

- (21) Any notice of substantial shareholdings or changes received by the Issuer relating to:
  - (a) Acquisition of 5% or more of the Issuer's issued and paid-up Capital by a Beneficial Owner, reaching 5% or more.
  - (b) Ownership of a Beneficial Owner reaches 10% or more.
  - (c) If a Beneficial Owner's ownership reaches 10% or more of the Issuer's issued and paid-up Capital and wishes to purchase or own 20% or more of the Issuer's shares.

Details of the above information shall be provided. In addition, acquisition or

disposal of 10% or more of the paid-up Capital of any listed security on BHB should be approved by the CBB, prior to the execution of such order on BHB. Issuers must ensure that it and its relevant shareholders are aware of and comply with the CBB's general requirements in respect of substantial shareholding stipulated under Section AML-7.1 of AML Module at all times. This rule shall also apply to Closed Shareholding Companies listed on the Mainboard Market.

- (22) Any sale of shares in another company:
  - (a) resulting in that company ceasing to be a listed Issuer's Subsidiary; or
  - (b) resulting in a holding falling below 10% of the issued Capital of that company, if it is a quoted Issuer.

#### **Winding up, judicial management, etc.**

- (23) Any application filed with a court to wind up the Issuer or any of its Subsidiaries.
- (24) The appointment of a receiver, administrator or liquidator (or equivalent in the country of incorporation) of the Issuer, or any of its Subsidiaries.
- (25) Any breach of any loan covenants or any notice received from principal bankers or from the Trustee of any debenture holders to demand repayment of loans granted to the Issuer or any of its Subsidiaries which, in the opinion of the Issuer's Directors, would result in the Issuer facing a cash flow problem.
- (26) Where Rule 5.5 (23), (24) or (25) applies, an update on the Issuer's financial situation, including:-
  - (a) the state of any negotiations between the Issuer and its principal bankers or Trustee;
  - (b) the Issuer's future direction, or other material development that may have a significant impact on the Issuer's financial position; and
  - (c) the occurrence of any material development, which must be announced immediately.

#### **Announcement of results and dividends**

- (27) Any recommendation of declaration of a dividend (including bonus shares, if any), the rate and amount per share, the Record Date, the Cum-Dividend Date, the Ex-Dividend Date and the Payment Date. If there is no such recommendation the Issuer must make an appropriate negative statement.
  - a) Where the entitlements require shareholders' approval in a general

meeting, the Issuer must ensure that the Cum-Dividend Date falls at least one trading day (excluding the date of the general meeting) after the date of the general meeting.

b) The Cum-Dividend Date falls one trading day prior to the Ex-Dividend Date which in turn falls one trading day prior to the Record Date.

(28) Where there is a variation in the dividend distributed for the corresponding period in the previous year, the Directors must state the reasons for the variation at the time of the recommendation or declaration.

(29) In any quarter of the Issuer's Financial Year, an Issuer must not announce any:-

(a) dividend;

(b) bonus or Rights Issues;

(c) Record Date;

(d) Capital return;

(e) passing of a dividend; or

(f) sales, turnover or total return,

Unless it is accompanied by the financial statements of the previous quarter (or previous full year) as required to be reported under Rule 5.6, or such financial statements have been announced.

### **Share repurchase and Treasury Shares**

(30) Any decision by the board to submit to the Issuer's shareholders a proposal for the Issuer to be authorized to purchase its own shares. The proposal shall indicate the purpose of the share repurchase. The outcome of the shareholders meeting must also be notified immediately.

(31) Any purchase or sale, transfer and/or use of Treasury Shares shall be notified to BHB:-

(a) immediately after receiving the approval of the CBB, and prior to execution, stating the following:

i. Type of transaction, percentage and number of shares, timeframe or validity period;

ii. Current balance of treasury shares;

iii. Date of the purchase, sale, transfer and/or use; and

- iv. Purpose of such purchase, sale, transfer and/or use;
- (b) immediately after execution:
  - i. Number of Treasury Shares purchased, sold, transferred and/or used;
  - ii. Number of Treasury Shares before and after such purchase, sale, transfer and/or use;
  - iii. Percentage of the number of Treasury Shares against the total number of shares outstanding in a Class that is listed before and after such purchase, sale, transfer and/or use; and
  - iv. Value of the Treasury Shares if they are used for a sale or transfer.
- (32) Treasury Shares transactions must be disclosed on BHB's website.

### **Employee Share Option Plan**

- (33) Any grant of options. The announcement must be made on the date of the offer and provide details of the grant, including the following:-
  - (a) Date of grant;
  - (b) Exercise price of options granted;
  - (c) Number of options granted;
  - (d) Market price of its Securities on the date of grant;
  - (e) Number of options granted to Directors and Controlling Shareholders (and their associates), if any; and
  - (f) Validity period of the options.

## **Part 4 – Periodic Disclosure**

### **Financial Statements**

- 5.6. An Issuer must submit the required specimens (summary of the financial results) stated in CBB Resolution No. (54) of 2015 to BHB both in English and Arabic for announcement for the year end and for each quarter immediately after the figures are approved by the Issuer's board of directors' meeting.
- 5.7. An Issuer must submit the financial statements for each of the first three quarters of its Financial Year immediately after the figures are approved by the board of directors, but in any event not later than 45 days after the end of the period.
- 5.8. An Issuer must submit the annual audited financial statements immediately after the

figures are approved by the board of directors, but in any event not later than 60 days after the end of the Financial Year.

- 5.9. An Issuer must submit the full set of annual audited financial statements and quarterly financial statements not later than 24 hours from the conclusion of the Issuer's board meeting or prior to the commencement of the next trading session whichever occurs earlier in both English and Arabic.
- 5.10. The Issuer should publish a summary of the financial statement referred to in Rule 5.6, containing as a minimum requirement the Balance Sheet, income statement, comprehensive income where applicable, cash flow statement and statement of changes in shareholders' equity, in at least two local newspapers one in English and one in Arabic.
- 5.11. The audited financial statements must be prepared in accordance with the IFRS or AAOIFI or any equivalent accounting standards acceptable to the CBB.
- 5.12. In addition to the information required under Rule 5.6, BHB may require additional information to be disclosed.

#### **Financial Statements for Closed Shareholding Companies**

- 5.13. An Issuer that is a Closed Shareholding Company must submit its Balance Sheet, income statement, comprehensive income, cash flow statement and statement of changes in shareholders' equity and the notes to the financials at least for the first half of the Financial Year no later than three months after the end of the period, and shall submit its annual audited financial statements no later than three months after the end of the Financial Year.

#### **Annual Report**

- 5.14. An Issuer must issue its Annual Report to its shareholders and BHB in accordance with the regulatory requirements and shall publish it on its website.
- 5.15. The Issuer shall separate these items in its Annual Report:
  - (1) The amount of:
    - (a) turnover; and
    - (b) investment and other income, excluding extraordinary items, together with comparative figures for the previous year;
  - (2) A statement of source and application of funds with comparative figures for the previous year;
  - (3) A statement as at the end of the Financial Year, showing the interest of the Directors of the Issuer, or related corporations;

- (4) Particulars of material contracts involving Directors' interests shall be disclosed, either those still in existence at the end of the Financial Year, or those entered into since the end of the previous Financial Year, providing, in the case of a loan, and without limiting the generality of the foregoing:
- (a) the names of the lender and the borrower,
  - (b) the relationship between the borrower and the Director (if the Director is not the borrower);
  - (c) the purpose of the loan;
  - (d) the amount of the loan;
  - (e) the interest rate;
  - (f) the terms regarding payment of interest and repayment of principal; and
  - (g) Security provided.
- (5) A statement as at the end of the Issuer's Financial Year shall be disclosed setting out:
- (a) The names and nationalities of the Substantial Shareholders and the number of Equity Securities of each Class held in which they have an interest of 5% or more of outstanding shares, as shown in the Issuer's shares register;
  - (b) The number of holders of each Class of Equity Security, and the voting rights attached to each Class; and
  - (c) A distribution schedule of each Class of Equity Security, setting out the number of holders and percentage in the following categories:

Categories*	No. of Shares	No. of % of Total	Shareholders Outstanding Shares
Less than 1%			
1% up to less than 5%			
5% up to less than 10%			
10% up to less than 20%			
20% up to less than 50%			
50% and above			

*\*Expressed as a percentage of total outstanding shares of the listed Issuer.*

- (6) The Issuer shall disclose:
- (a) the name of the Board's secretary;
  - (b) the address and telephone number of the registered office; and
  - (c) the address of each office at which a register of Securities is kept.

#### **Accumulated Losses**

- 5.16. Issuers must comply with the provisions of BHB procedures related to the companies with Accumulated Losses reaching 20% or more of the share capital.

#### **Corporate Governance**

- 5.17. Issuers' corporate governance principles must be in line with the requirements of the Corporate Governance Code issued by the MOICT or the High Level Controls (Corporate Governance) Module of CBB Volume 6 (whichever applies) and any other rules, regulations and Directives issued on this matter.
- 5.18. Issuers must publish their annual corporate governance report on their websites.
- 5.19. Issuers must disclose their annual corporate governance report in their Annual Report.
- 5.20. Issuers must disclose its annual corporate governance report on BHB's website at least 14 days prior to the annual general meeting date.

#### **Policy on dealing by Key Persons**

- 5.21. Issuers are expected to implement their Key Person Dealing Policy effectively and, in any case of violations by relevant parties, the Issuer shall notify BHB and take necessary action as prescribed by their Key Person Dealing Policy.
- 5.22. Issuers must announce and file with BHB notifications of dealings by Key Persons no later than T+2.
- 5.23. Issuers must disclose their Key Persons to BHB on appointment, resignation or any changes thereof.

### **Part 5 – Circulars and Other Document Requirements**

#### **Requirements for Circulars and other documents**

- 5.24. An Issuer must ensure that any Circular or information document issued to their shareholders or the public -
- (1) is complete and in compliance with relevant disclosure and other requirements in the Listing Rules pertaining to the Circular or information document and the subject(s) it addresses;



- (2) is factual, clear, unambiguous, accurate, succinct and contains all such information as Securities holders and their advisers would reasonably require and reasonably expect to find in a Circular or information document of that nature, for the purpose of making an informed decision;
- (3) is not false, misleading or deceptive;
- (4) is balanced and fair. Thus, the Circular or information document must avoid amongst others:-
  - (a) the omission of important unfavorable facts, or the slighting of such facts (e.g. by “burying” them at the end of a press release);
  - (b) the presentation of favorable possibilities as certain, or as more probable than is actually the case;
  - (c) the representation with respect to any future performance, occurrence or matter (including the doing of, or the refusing to do, any act) without adequate justification (supported by proper bases and assumptions) or any reasonable grounds for making of such representation;
  - (d) the presentation of revenue or profit estimates, forecasts or projections without sufficient qualification or sufficient factual basis, or without review by the external auditors of the accounting bases and calculations, and assumptions. If any revenue or profit estimate, forecast or projection is released, it must be prepared carefully, with a reasonable factual basis and be stated realistically, with appropriate assumptions and qualifications, so as to ensure that it is properly understood, and the accounting bases and calculations of the estimate, forecast or projection and the assumptions thereto must be Reviewed by the external auditors;
  - (e) negative statements phrased so as to create a positive implication; e.g. “The company cannot now predict whether the development will have a materially favorable effect on its earnings” (creating the implication that the effect will be favorable even if not materially favorable), or “The company expects that the developments will not have a materially favorable effect on earnings in the immediate future” (creating the implication that the development will eventually have a materially favorable effect); and
  - (f) use of promotional jargon calculated to induce investment or create interest in the Securities of the Issuer rather than to inform;
- (5) avoids over-technical language, and is expressed to the extent possible in language comprehensible to the layman;

- (6) states that BHB takes no responsibility for the accuracy of any statements or opinions made or reports contained in the Circular or information document; and
- (7) is prepared in both Arabic and English.

- 5.25. Where an adviser is appointed by the Issuer for the preparation or submission of the Circular or information document for issuance to the holders of the listed Securities or the public, such adviser must also comply with Rule 5.24 above.
- 5.26. Where any Circular or information document referred to in Rule 5.24 above has been issued and the Issuer or the advisor referred to in Rule 5.25 above subsequently become aware that the Circular or information document may not fulfill the requirements of Rule 5.24 above, they must immediately notify BHB.

#### **Documents to be submitted to BHB**

- 5.27. Where an Issuer proposes to issue Prospectuses, Circulars, periodic or special reports, notices of meetings, or other public documents (collectively "Issuer documents") to its shareholders in compliance with these Listing Rules or otherwise, a copy of such Issuer document must be submitted to BHB on the same day as they are dispatched to shareholders for BHB's release to the public.
- 5.28. Issuer documents for overseas shareholders shall be forwarded by air or by facsimile transmission or, in another way that ensures that the Issuer documents will be received quickly.
- 5.29. Where an issue of Securities is to be made overseas and is supported by Issuer documents, the Issuer documents must be submitted to BHB in English and Arabic. Such Issuer documents must be endorsed "Specimen - For information only".

## **SECTION 6 – EQUITY SECURITIES – CHANGES IN CAPITAL**

### **Part 1 – General**

- 6.1. This Section sets out requirements applicable to activities undertaken by Issuers that result in changes in their Capital, either by issuing additional Equity Securities or by adjusting existing Capital.
- 6.2. Issuers must ensure compliance with the OFS Module in Volume 6 of the CBB Rulebook. This Section supplements the relevant provisions in the OFS Module.

### **Part 2 – Requirements of Changes in Capital**

#### **Issuance and offering of additional Equity Securities**

- 6.3. An Issuer which intends to issue additional Equity Securities must obtain:
  - (1) The approval of the general meeting of its shareholders, in accordance with the Issuer's Memorandum and Articles of Association or such other applicable laws, rules and regulations; and
  - (2) The approval of the related regulators.

#### **Rights Issue**

- 6.4. Issuers intending to make a Rights Issue must comply with Section 2.5 of the OFS Module in Volume 6 of the CBB Rulebook and obtain the necessary approvals by their regulatory authority. An Issuer which intends to undertake a Rights Issue should make a prompt announcement on the price, terms and purpose of the issue, including the amount of proceeds proposed to be raised from the issue and the intended use of such proceeds on a percentage allocation basis (which could be expressed as a range if the exact allocation has not been determined). No date should be fixed for the Record Date until the issue has been approved by CBB.
- 6.5. An Issuer must announce any significant disbursement of the proceeds raised from the Rights Issue.
- 6.6. In the case of a Rights Issue that is underwritten, any force majeure clause in the underwriting agreement cannot be invoked after the commencement of ex-rights trading.

#### **Additional disclosure requirements for Rights Issue**

- 6.7. In addition to the requirements of the OFS Module in Volume 6 of the CBB Rulebook, an Issuer shall announce all important dates relating to such Rights Issue including the following:-

- (a) Record Date
- (b) date for dispatch to persons entitled the Prospectus and subscription forms;
- (c) date for suspension of trading of the rights;
- (d) date for announcement of final subscription result and basis of allotment of excess rights Securities;
- (e) date for commencement of trading of the rights; and
- (f) any other important dates as the listed Issuer may deem appropriate.

6.8. An Issuer must immediately announce to BHB:-

- (1) any change to the important relevant dates as announced pursuant to Rule 6.7 above; or
- (2) any event that may result in the listed Issuer being unable to comply with the important relevant dates as announced pursuant to Rule 6.7 above as soon as it becomes aware of such event, stating the change and reasons for such change.

#### **Employee Share Option Plan**

6.9. An Issuer which intends to issue an Employee Share Option Plan must comply with the requirements of the CBB's applicable rules and regulations. No Employee Share Option Plan shall be issued without the approval of the regulators.

#### **Share repurchase**

6.10. An Issuer may purchase their own shares (share repurchase) once they obtain prior approval of shareholders in the general meeting and a written approval from the CBB.

6.11. An Issuer intending to undertake share repurchases must comply with the requirements in Section 4.1 of the TMA Module in Volume 6 of the CBB Rulebook.

6.12. An Issuer must submit details of any share repurchase before the start of the next trading session following to the purchase.

#### **Convertible Securities**

6.13. An Issuer who intends to issue Convertible Securities must obtain prior specific approval of shareholders in a general meeting and a written approval from the regulator.

### **Part 3 – Change in control**

#### **Issues resulting in a change in control of the Issuer**

- 6.14. Details of an issuance of the Securities which will or are expected to result in any change of Controlling Interest of the shareholders, must be submitted to BHB immediately and BHB shall disclose such information to the Market when it deems necessary.

### **Part 4 – General requirements for change in Capital**

#### **Disclosure**

- 6.15. An Issuer intending to make any change in its Capital must make a prompt announcement in accordance with the requirements of the CBB Disclosure Standards.

## **SECTION 7 – EQUITY SECURITIES – KEY PERSONS TRANSACTIONS**

### **Part 1 – General**

- 7.1. This Section sets out the rules for transactions entered into by the Issuer and its Key Persons that involves their direct or indirect interest.
- 7.2. The Issuer and its Key Persons must comply with the requirements of the ‘Guidelines on Issuers’ Key Persons Dealing in Securities Accepted for Trading on BHB’. The Issuer must adopt and maintain its own policy which must contain the requirements of the ‘Guidelines on Issuers’ Key Persons Dealings in Securities Accepted for Trading on BHB’ as a minimum. The Issuer may also add any other requirements to their policy if it deems fit.
- 7.3. The Issuer and the Key Persons must comply with the Prohibition of Market Abuse and Manipulation Module of Volume 6 of the CBB’s Rulebook.
- 7.4. BHB will not comment on any announcement required by the provisions of this Section prior to its release.
- 7.5. BHB will not entertain any application for the waiver of any of the provisions of this Section.

### **Part 2 – Notification of dealing**

- 7.6. In accordance with the ‘Guidelines on Issuers’ Key Persons Dealing in Securities Accepted for Trading on the BHB’, Key Persons are required to advise the Issuer on details of the dealing by the end of the next business day following the completion of the dealing. The Issuer shall immediately file such notifications with BHB by using the designated forms. BHB reserves the right to disseminate to the public, the Key Person dealing information as per the rules and regulations issued by the CBB.
- 7.7. An Issuer must make an immediate announcement of any Key Persons transaction in accordance with Article 7.1 of the AML Module of Volume 6 of the CBB Rulebook particularly as it pertains to any person whose ownership alone or his ownership together with that of his minor children, or any other accounts under his disposal, or the ownership of any of his associate or affiliate companies amounts to 5% or more of any listed Security of the Issuer.
- 7.8. An Issuer must make an immediate announcement of all direct or indirect Key Person transactions of its ultimate beneficiaries.

## **SECTION 8 – EQUITY SECURITIES – TAKEOVERS, MERGERS AND ACQUISITIONS**

### **Part 1 – General**

#### **Introduction**

- 8.1. This Section sets out the requirements, which apply to takeovers, mergers and acquisitions. In addition to the CBB's Rulebook – Volume 6 – TMA Module, Issuers, their directors and any other principal officers of the offeror and offeree as well as persons acting in concert with them in relation to an offer covered by the TMA Module and their professional advisers shall comply with any BHB requirements that may be issued when necessary.

### **Part 2 – Requirements**

- 8.2. The offeror and offeree companies, their directors and any other principal officers of the offeror and offeree as well as persons acting in concert with them in relation to an offer covered by the TMA Module must ensure that the necessary announcements are made to the BHB as required by the TMA Module.
- 8.3. Where an Issuer receives a notice from an offeror of their intention to make a takeover or merger or acquisition offer, they must request suspension of trading in its listed Securities pending the publication of a public announcement.
- 8.4. An offeree company must send to all holders of shares that are not the subject of the takeover, merger or acquisition offer and holders of Convertible Securities, a copy of all documents sent to the holders of shares which are the subject of the takeover, merger or acquisition offer.
- 8.5. If, in the opinion of BHB, an Issuer has merged with an unlisted company, and as a result the unlisted company has acquired control of the Issuer, the Issuer must immediately lodge with BHB all information and documents required from any company seeking Admission to the Mainboard Market.
- 8.6. Where a takeover, merger or acquisition offer is made for the Securities of an Issuer, upon the announcement by the offeror that acceptances have been received that bring the holdings owned by it and parties acting in concert with it to above 95% of the total number of issued shares excluding Treasury Shares, BHB may suspend the listing of such Securities if it deems that there is insufficient shareholding spread to ensure fair and orderly trading in the company's Securities.

## **SECTION 9 – EQUITY SECURITIES – SUSPENSIONS AND DELISTING**

### **Part 1 – General**

9.1. This Section sets out the rules and regulations of BHB with regards to the suspensions and delisting of an Issuer.

### **Part 2 – Suspension of trading**

9.2. BHB may at any time suspend trading in any or all listed or quoted Securities of an Issuer to enable the Issuer to disclose material information.

9.3. BHB may at any time suspend trading in any or all listed or quoted Securities of an Issuer in the following circumstances:

- (1) Where the Issuer is not complying with the Listing Rules and regulations enforced by BHB;
- (2) Where the Issuer failed to comply with the CBB Disclosure Standards Requirements;
- (3) Before and during a takeover, merger or acquisition;
- (4) Where an Issuer receives an offer for its Securities and is unable to issue an announcement pursuant to the TMA Module within an appropriate time frame;
- (5) In case of withholding of significant information which has a material impact of the share price and the company's financial position;
- (6) In case of a rumor or a report that contains incorrect information that has been circulated where the Issuer does not have the intention to issue an announcement within an appropriate time frame;
- (7) Failure to report, notify or explain to BHB the reason for such action especially in the occurrence of unusual market activity;
- (8) Where in the opinion of BHB it is appropriate to do so for the sake of the public's interest and market protection;
- (9) Where an application has been filed with a court;
- (10) CBB requests a suspension on the trading of the Issuer's Security.



### **Part 3 – Delisting**

9.4. BHB may delist an Issuer from its Mainboard Market upon consultation and subject to the CBB's approval under CBB Resolution No. (17) of 2012, and among others, in the following circumstances:-

- (1) Upon CBB's request
- (2) In the event of liquidation;
- (3) Pursuant to court order; and
- (4) Upon the decision of BHB's Disciplinary Board.

9.5. BHB may agree to an application by an Issuer to delist from BHB if:-

- (1) The Issuer convenes a general meeting to obtain shareholder approval for the delisting; and
- (2) The Issuer satisfies all the regulatory requirements.

## **SECTION 10– COMPLAINTS, ARBITRATION, INVESTIGATION AND DISCIPLINARY PROCEEDINGS**

### **Part 1 - Application**

- 10.1. This section contains the rules of BHB regarding handling complaints, arbitration and disciplinary proceedings.

### **Part 2 - Handling of Complaints and Dispute Resolution**

- 10.2. All Issuers must have effective systems and internal complaint procedures for handling of complaints made by their investors, as per CBB Rulebook Volume 6 - Dispute Resolution, Arbitration and Disciplinary Proceedings Module.
- 10.3. A complaint includes any dereliction in relation to the provision of services by an Issuer in which the investor alleges that he has suffered, or is likely to suffer financial prejudice as a result of:
- (1) The Issuer contravening or failing to comply with the rules and the Regulations of BHB or the CBB;
  - (2) Complaints referred to in Article 1.2.2 of the CBB's DRA Module.
- 10.4. An issuer must respond to an investor complaint within 4 weeks of receiving the complaint, or provide the complainant with an appropriate explanation as to why the Issuer is not, at that time, in a position to respond and must indicate by when the Issuer will respond

### **Part 3 - Unresolved Complaints**

- 10.5. If an investor's complaint is deemed to be unresolved by an Issuer or if the complainant is not satisfied with the resolution of the complaint proposed by the Issuer, the complainant may lodge the unresolved complaint, in writing, with BHB giving full particulars of the matter concerned.
- 10.6. In order for an unresolved complaint to be considered by BHB, the complaint must be lodged within 6 months of the receipt by the complainant of the response from the Issuer and within 12 months of the conduct by the Issuer giving rise to the complaint.
- 10.7. An unresolved complaint which is lodged subsequent to the period referred to in Rule 10.6 will be considered, provided that failure to lodge the complaint within the relevant period was through no fault of the investor.
- 10.8. BHB may request the Issuer and the complainant to provide copies of all relevant correspondence and documentation that is required to review the complaint. BHB shall also send a copy of the complaint to the CMSD of the CBB for information

and also send a report on the final resolution of the complaint.

- 10.9. BHB must maintain a record of all investors' complaints that must include:
- (a) The identity of the complainant;
  - (b) The substance of the complaint;
  - (c) The status of the complaint, including whether resolved or not, and whether redress was provided and
  - (d) All correspondence in relation to the complaint.

Such records must be retained by BHB for a period of 10 years from the date of receipt of the complaint.

- 10.10. BHB shall endeavor to facilitate a resolution of the complaint between the Issuer and the complainant.

#### **Part 4 – Eligible Disputes**

- 10.11. All types of disputes with an Issuer may be brought before and dealt with by BHB (known as eligible disputes) subject to the following conditions:

- (1) The Issuer involved in the dispute must be one which is subject to the jurisdiction of BHB by reason of it being an Issuer whose securities are listed on BHB.
- (2) The activity to which the complaint relates must be subject to the jurisdiction of BHB.
- (3) The Issuer has failed to resolve the complaint to the satisfaction of the complainant within a period of 4 weeks of receiving it.

- 10.12. All disputes which have not first been raised by a complainant with the Issuer, so as to provide the Issuer with an opportunity to resolve the dispute, will be deemed a complaint and if lodged or attempted to be lodged with BHB shall be referred back to the Issuer for its due consideration.

- 10.13. The following complaints and disputes cannot be brought before BHB:

- (1) Cases under investigation by any law enforcement agency, including cases where allegations of fraud or criminal activity have been made, and where the matter has been referred to the police for investigation;
- (2) Complaints that are older than 6 months after the Issuer's final reply;
- (3) Complaints that have been settled privately or otherwise between the complainant and the Issuer; and

- (4) Cases which have been subject to a court hearing and for which a court judgment and/or order has been passed.

#### **Part 5 - The Bourse Investigation Committee (“BIC”)**

- 10.14. The BIC shall receive applications and complaints which contain the alleged facts involving Issuers which constitute a violation to BHB’s Law, Internal Regulation and resolutions which regulate BHB, and which affect the proper conduct of business therein.
- 10.15. Applications or complaints shall, upon receipt, be recorded in a special register with serial numbers, commencing on the first day of the Gregorian year and ending on the last day thereof.
- 10.16. The BIC shall submit applications and complaints to the chief executive officer (“CEO”) of BHB. These applications and complaints shall either be decided upon by the CEO, or returned to the BIC to begin the investigation process required for making the decision on the alleged facts contained in the application or complaint.
- 10.17. The BIC shall, upon referral of any matter to it by the CEO, serve summons on the parties and their witnesses to hear their statements on the matter and write any statements in a record prepared for this purpose.
- 10.18. The BIC shall, upon completion of an investigation, submit to the CEO its written opinion on the result of the investigation, and whether the issue constitutes a violation warranting referral to disciplinary proceedings or not.
- 10.19. The CEO shall refer the violation record to the disciplinary board if an investigation has been carried out, or he shall, where the application has been referred by the Board of Directors for investigation, submit the matter to the Board to decide thereon, or refer the matter to the disciplinary board.
- 10.20. Violations referred to disciplinary proceedings shall be raised in the form of a statement, which shall contain the name and address of the defendant, date of the violation, and a summarized description of the violation and the available evidence. The disciplinary board shall not consider any violation unless it is submitted in accordance with this method.
- 10.21. All matters involving a dispute shall be referred to the BIC upon a decision by the CEO if it is in the opinion of the CEO that the case may involve a violation of BHB rules and CBB applicable rules.

## **Part 6 - Dispute Submission to BHB**

- 10.22. To initiate an investigation of a dispute and to require BHB to resolve the dispute, a complainant must complete and submit the dispute to BHB, along with the facts of the case and evidence in support of the claims made by the complainant.
- 10.23. A final reply is a letter or other written document issued by the Issuer to the complainant, which expressly states that it is the Issuer's final reply and which expressly informs the complainant that if he/she disagrees with the issuer, he/she can contact BHB for assistance within 6 months from the date of the said letter or other written document.

## **Part 7 - Investigation of Disputes**

- 10.24. BHB shall be entitled to request all relevant data and materials relevant to the dispute from the parties of dispute, and the parties shall provide to BHB all such information and materials as are relevant to the dispute or proof from the complaint that the matter has not been solved.
- 10.25. The Issuer shall respond to the request referred to in the preceding paragraph and provide a report compiled by the Issuer upon conclusion of its investigation into the dispute first raised to it by the complainant in full, the grounds of its decision and any other relevant information and documents relevant to the dispute.
- 10.26. BHB shall conduct any interviews - either via the telephone or in person, if deemed necessary, in the sole discretion of BHB.
- 10.27. While BHB is conducting an investigation of a dispute, BHB may nevertheless seek to promote a resolution of the dispute by agreement between the complainant and the Issuer. At all times, while the dispute is being investigated by BHB, the parties may seek an amicable resolution for the dispute.

## **Part 8 - Dismissing Dispute without Mediation**

- 10.28. BHB may, subject to the approval of BHB's CEO, dismiss a dispute where:
- (1) The dispute is in the opinion of BHB frivolous or vexatious
  - (2) The matter has previously been settled or for which an award has been made.
  - (3) There are other compelling reasons why it is inappropriate for the dispute to be dealt with by BHB; or
  - (4) The complainant is not cooperating.
- 10.29. All decisions made by BHB under this rule shall be final and conclusive and cannot be challenged by the parties of the dispute.

## **Part 9 - Cooperation from Parties**

10.30. BHB:

- (1) Shall receive the full cooperation and assistance of the Issuer in the investigation of the dispute;
  - (2) May require from the Issuer all information relating to the subject matter of the dispute in its possession or control, or agreed to by parties in writing to be disclosed or which parties are compelled by law to disclose; and
  - (3) Shall have the power to request the Issuer as it deems necessary to attend interviews or to provide written statements.
- 10.31. The Issuer shall provide BHB with all relevant data, information and materials as are relevant to the dispute to enable BHB to comprehensively resolve or mediate the dispute, and shall attend all such interviews as BHB has requested. The Issuer and its authorized officers, representatives and/or agents shall at all times comply with all instructions and determinations made by BHB.
- 10.32. BHB shall endeavor to complete the deliberation within a reasonable time, taking into account the complexity of the dispute.

## **Part 10 - Disciplinary Action at BHB Pursuant To Complaints**

- 10.33. In addition to facilitating the resolution of complaints, BHB shall analyze complaints received in order to detect potential cases of contraventions of the CBB Law, rules and regulations, BHB's Rules and other applicable laws, rules and regulations by any person.
- 10.34. If the analysis of facts and evidence indicates contraventions of the CBB Law, rules and regulations, BHB's Rules and other applicable laws, rules and regulations, BHB shall undertake disciplinary proceedings and simultaneously report the matter to the CMSD of the CBB.
- 10.35. BHB shall conduct its own investigations and initiate disciplinary proceedings without prejudice to any enforcement measures by the CBB or criminal prosecution.
- 10.36. Where the dispute is resolved by mediation, BHB shall record in writing the terms of the resolution reached by both parties. Where the dispute is not resolved by mediation, Issuer or the complainant can opt to have the dispute proceed to Arbitration in the manner set out under Part 11 and 12 of this Section and the CBB Rulebook Volume 6 DRA Module.

10.37. Where a dispute is not resolved by BHB through mediation, the Issuer will be informed and afforded a final opportunity to resolve the dispute. If the Issuer does not resolve the dispute, BHB shall refer the matter to the Arbitration Committee and initiate Arbitration proceedings in the manner set out hereunder; Part 11 and Part 12 of this Section and the CBB Rulebook Volume 6 - DRA Module.

### **Part 11 - Arbitration**

- 10.38. The Arbitration Committee of BHB shall be responsible for settling all disputes between members and, between Issuers and members or Issuers and their investors, relating to transactions executed through BHB or any securities on BHB.
- 10.39. The Arbitration committee of BHB shall be constituted by a resolution of the BHB Board of Directors subject to CBB approval.
- 10.40. Upon formation of an arbitration committee, the committee shall establish its own procedures and terms of reference in accordance with the applicable provisions of the CBB Rulebook Volume 6 - DRA Module and BHB Rulebook.
- 10.41. The awards passed by the Arbitration Committee shall be binding upon both parties to the dispute.
- 10.42. The Dispute Resolution Committee established in the CBB shall have the authority for settling disputes between BHB and CBB licensees.
- 10.43. During the course of arbitration, neither party may pursue any suit, action or proceedings against the other in respect of the dispute referred to arbitration under these rules.
- 10.44. Trading on or transacting on BHB shall be deemed as an acceptance of arbitration of the BHB Arbitration Committee.

### **Part 12 - Referrals to Arbitration**

- 10.45. The BIC of BHB shall receive the arbitration petition submitted to the Arbitration Committee by one of the parties to the dispute after payment of the arbitration administrative fee prescribed by BHB.
- 10.46. The arbitration petition shall contain the name, profession, domicile, place of residence, name of principals if the parties are employed by other persons, the relief claimed, and items of evidence establishing the claim. A copy of all supporting documents must be attached and accompanied by a memorandum explaining the dispute.

- 10.47. The BIC of BHB shall submit the arbitration petition, upon receipt, to the Chairman of the Arbitration Committee, in order to fix a date for hearing the dispute. The BIC shall notify all parties of the date of the hearing, along with a copy of the arbitration petition.
- 10.48. All documents relating to the arbitration and notices affected by the BIC of BHB shall be sent by registered mail.
- 10.49. The Arbitration Committee shall conduct the arbitration in accordance with its Terms of Reference subject to the rules of the CBB Rulebook Volume 6 DRA Module.

### **Part 13 - Investigations Proceeding and Referral to the Disciplinary Board**

- 10.50. The BIC of BHB shall assume the functions of the Disciplinary Cell and Arbitration Cell as per CBB Rulebook Volume 6 DRA Module rules.
- 10.51. BHB may conduct an investigation if:
- (a) The investigation involves a possible breach of rules and regulations of BHB and CBB rules related to BHB's operations;
  - (b) BHB receives a written complaint involving an Issuer, their officers, employees or agents concerning transactions executed through BHB or any securities listed on BHB;
  - (c) There is a dispute between the Issuer and members on a trading matter; or Issuers and their investors, relating to transactions executed through BHB or any securities listed on BHB.
  - (d) If the circumstances warrant as shall be decided by the CEO.
- 10.52. BHB shall be responsible for the conduct of investigations arising, and for the enforcement of any penalties imposed on the parties, by BHB or its Disciplinary Board, following such investigations.

Any breach of BHB rules or CBB applicable rules by an investor shall be referred to the CBB for further action.

- 10.53. Assistance during investigation;

BHB may require an Issuer, any of its directors, employees or agents to:

- (a) render all assistance as BHB requires, at BHB's premises or elsewhere; and
- (b) provide BHB with information, books and records which, in BHB's opinion, may be relevant to the investigation.



- 10.54. An Issuer, its directors, officers, employees or agents must not willfully make, furnish or permit the making or furnishing of any false or misleading information, statement or report to BHB.
- 10.55. BHB shall ensure compliance by the Issuer with BHB rules and CBB applicable rules.
- 10.56. BHB shall seek to detect rule breaches quickly, to take action to minimize the impact of the rule breach, and where possible to alert investors and other market participants of the breach. Potential rule breaches shall be uncovered through a range of activities, including BHB surveillance and investigation functions, and research and data analysis, and from many sources including tip-offs and complaints received from the public and media commentary.
- 10.57. The Disciplinary Board of BHB shall be responsible for adjudicating on any alleged violation of the rules and regulations of BHB and determine penalties to be imposed against the Issuers.
- 10.58. Violations shall be referred to the Disciplinary Board by the BIC in the form of a statement, which shall contain the name and address of the defendant, date of the violation and a summarized description of the violation and the available evidence. The Disciplinary Board shall not consider any violation unless it is submitted in accordance with this method.

#### **Part 14 - Disciplinary Board**

- 10.59. The Disciplinary Board shall be established and constituted by a resolution of the BHB's Board of Directors. The constitution and membership of the Disciplinary Board must be approved by the CBB. The Disciplinary Board must be independent and separate from the BHB's executive management structure, consisting of a minimum of three members and must not have a member who is, or who within three years of the proposed appointment date was, a director, officer or employee of the BHB or a related corporation of the BHB. The Board of Directors shall lay the procedures of the Disciplinary Board and determine its term of reference subject to the rules of the CBB Rulebook Volume 6 DRA Module.
- 10.60. The Disciplinary Board members must comprise of persons with qualification in the area of law, finance, accounts, economics, management or administration and experience in financial services, including the securities market or any other relevant field.
- 10.61. At least one member of the Disciplinary Board must be legally qualified.
- 10.62. BHB shall constitute a Disciplinary Board which shall be responsible for adjudicating on any alleged violation of the rules and regulations of BHB and determine penalties to be imposed against the Issuers. The Disciplinary Board

shall also be responsible to adjudicate on violations of CBB applicable rules, provided that BHB notifies CBB of such violation.

- 10.63. The Disciplinary Board may adjourn and reconvene its proceedings and guidelines as it deems fit.
- 10.64. Remuneration payable to members of the Disciplinary Board shall be determined by the BHB Board of Directors.
- 10.65. The CEO of the BHB must refer the violation record to the Disciplinary Board if an investigation has been carried out by BHB, or, where the violation has been referred by the CBB for investigation.
- 10.66. Decisions of the Disciplinary Board must be submitted to the CBB, in writing, as soon as possible after the decision has been made.

## **Part 15 - Powers of the Disciplinary Board**

10.67. The Disciplinary Board shall exercise:

- (1) All the powers and functions on all disciplinary matters relating to the Issuers.

Without prejudice to the generality of the foregoing:

- (a) To convene and conduct hearings of charges against an Issuer(s) of a security and to decide whether those charges are proven or not;
- (b) To impose such penalty as the Disciplinary Board may think fit on an Issuer(s) of a security, against whom charges are so proven, provided that such penalty shall be within the range of penalties set out in the “Disciplinary Procedures” approved by the BHB Board of Directors;
- (c) To summon the parties and their employees to attend and make representations before the Disciplinary Board;
- (d) To review the operation of the “Disciplinary Procedures” approved by the Board of Directors from time-to-time on a regular basis and to report with recommendations to the board of BHB on any proposals for the improvement of those procedures which the Disciplinary Board considers necessary; and
- (e) To request the parties or their employees to produce their books and records for inspection by the Disciplinary Board;
- (f) To liaise with the CMSD as necessary in relation to its powers and duties, or as the CMSD may require;

- (g) To conform to any written and/or oral advice (which shall include any direction) that may from time-to-time be prescribed by the Board of BHB or CMSD.

The Disciplinary Board shall exercise its functions independently and separately from the BHB's executive management structure.

10.68. The Disciplinary Board shall submit written and/or oral reports to the Board of BHB regarding its activities and proceedings and shall liaise with the CMSD as necessary in relation to its powers and duties, or as the CMSD may require.

10.69. The Disciplinary Board shall review the provisions of the rules of BHB relating to the disciplinary matters of Issuers from time-to-time and to consider and advise on any amendments to those provisions and to recommend such amendments as it sees fit for the approval of the Board of BHB and the CBB;

10.70. The Disciplinary Board may impose the following penalties:

- (1) Reminder;
- (2) Warning;
- (3) Suspension of trading by violating Issuers for a period not exceeding four months;
- (4) Striking off the security;
- (5) Imposing a fine on an approved person, a member or an Issuer;
- (6) Any other penalty available, as per the rules of the BHB.

10.71. The Disciplinary board may impose the following directions:

- (1) Demanding the payment of fines in installments during a maximum of 12 months.
- (2) Putting all penalties on hold while waiting for an appeal.

The Disciplinary Board has the right to authorize more than one penalty at the same time as it deems fit.

10.72. The defendant shall appear on the date fixed for hearing the violation, and the committee should enable him to state his defence in respect thereof, after notifying him of the violation and of the supporting evidence.

10.73. If the defendant does not appear at the sitting fixed for hearing the violation, the committee may, if it is proved that the summons were duly served, proceed to hear and decide on the violations in his absence.

- 10.74. The Disciplinary Action Cell shall, in the case of the defendant's non-appearance in the hearing, notify him of the decision within five days from the date of issue thereof.
- 10.75. Deliberations of the Disciplinary Board shall be confidential. Resolutions shall be adopted by majority vote and the concerned parties shall be notified not later than 15 calendar days following adoption of resolution(s).
- 10.76. The Disciplinary Board has the right to authorize more than one penalty at the same time as the Board may see fits.
- 10.77. Where the Disciplinary Board imposes a financial penalty on an Issuer, unless appealed, the Issuer must pay the penalty within 14 calendar days from the date of the notice.
- 10.78. The decisions passed by the Disciplinary Board of the BHB may be appealed to the Disciplinary Appeals Committee.

#### **Part 16 – Violations Committee**

- 10.79. The Violations committee of BHB shall be constituted by a resolution of the BHB Board of Directors and subject to CBB approval.
- 10.80. The Violations committee consists of a minimum of three members (limited to experienced senior members of BHB's staff who are independent from those making assessments/recommendations on the cases handled) appointed by the BHB's Board of Directors and with the CBB's approval.
- 10.81. The Violations Committee is responsible for reviewing and evaluating high-frequency violations of the BHB's rules and regulations and determining penalties to be imposed on issuers and members in a timely and cost-effective manner.
- 10.82. Where the Violations Committee imposes a financial penalty on an Issuer, unless appealed, the Issuer must pay the penalty within 14 days from the date of the notice.
- 10.83. The decisions passed by the Violations Committee of the BHB may be appealed to the Disciplinary Appeals Committee.

#### **Part 17 – Disciplinary Appeals Committee**

##### **Introduction**

- 10.84. The Disciplinary Appeals Committee is responsible to review and handle appeals on decisions passed by the Disciplinary Board and Violations Committee, in accordance with BHB business rules and CBB Volume 6 DRA Module.
- 10.85. The Disciplinary Appeals Committee, consisting of a minimum of three members,

- shall be established and constituted by a resolution of the Board of BHB.
- 10.86. The Disciplinary Appeals Committee must not have a member who is, or who within three years of the proposed appointment date was a director, officer or employee of BHB or a related corporation of BHB.
  - 10.87. The Disciplinary Appeals Committee members must comprise of persons with qualification in the area of law, finance, accounts, economics, management or administration and experience in financial services, including the securities market or any other relevant field.
  - 10.88. At least one member of the Disciplinary Appeals Committee must be legally qualified.
  - 10.89. The constitution and membership of the Disciplinary Appeals Committee must be approved by the CBB.
  - 10.90. The Chairman of the Disciplinary Appeals Committee will appoint a date, time and place for the hearing.
  - 10.91. Members of the Disciplinary Appeals Committee must notify the Chairman before, or during the hearing of any possible conflict of interest in relation to an appeal. The Chairman will decide whether the member concerned should attend the hearing of that appeal. The Chairman must abstain from hearing an appeal in which he may have a conflict of interest.
  - 10.92. The Disciplinary Appeals Committee may adjourn and reconvene its proceedings as it thinks fit. If the parties to an appeal are not attending the hearing, the Disciplinary Appeals Committee may hear the appeal by way of a resolution in writing.
  - 10.93. Except where it is expressly provided in the Rules, the Disciplinary Appeals Committee may establish its own procedures.
  - 10.94. Decisions of the Disciplinary Appeals Committee must be submitted to the CBB, in writing, as soon as possible after the conclusion of the proceeding.

### **Powers of the Appeals Committee**

The powers, functions and limitations thereon of the Disciplinary Appeals Committee shall be as follows:

- 10.95. To exercise all the powers and functions relating to the referrals against the decisions of the Disciplinary Board and the Violations Committee of the BHB; and
- 10.96. Without prejudice to the generality of the foregoing:

- (a) To convene and conduct hearings of cases referred to it and to decide whether those referrals have been made on satisfactory grounds;
- (b) To summon members of BHB and issuers of securities and their representatives or employees to attend and make representations before the Disciplinary Appeals Committee;
- (c) To request members of BHB and issuers of securities or their representatives or employees to produce their books and records for inspection by the Disciplinary Appeals Committee;
- (d) To remit the case back to the Disciplinary Board or the Violations Committee as the case may be for reconsideration where fresh evidence put up on referral is allowed; and
- (e) To dismiss the charges referred to it or to uphold the verdict of the Disciplinary Board or the Violations Committee and, as the case may be, to impose the same or substitute a lesser or a greater penalty to that imposed by the Disciplinary Committee or the Violations Committee.

### **Appeals Proceedings**

- 10.97. The Appellant must give notice of appeal (setting out the full grounds of appeal) to the BHB (i.e. the respondent) and the secretary of the Disciplinary Appeals Committee within 14 calendar days of receipt of the Disciplinary Committee's or Violations Committee's written decision
- 10.98. The BHB may respond. It must be given to the Appellant and the Secretary within 14 market days of receipt of the notice of appeal.
- 10.99. The Appellant may reply to the response. It must be given to the BHB and the secretary within 14 market days of receipt of the response.
- 10.100. The Disciplinary Appeals Committee may hear an appeal and exercise all its powers even if the BHB does not file a response or either party is not present at the hearing or any adjourned hearing.
- 10.101. The Disciplinary Appeals Committee will determine the appeal by way of rehearing, in line with the above-mentioned powers outlined under Rule 10.95. It will only rehear that part of the decision of the Disciplinary Board or the Violations Committee appealed against.
- 10.102. The Disciplinary Appeals Committee may receive evidence that was not presented to the Disciplinary or the Violations Committee. In exercising its discretion, the Disciplinary Appeals Committee will consider whether the evidence was available at the time of the hearing by the Disciplinary Board or the Violations Committee and why it was not introduced at that time.

10.103. Ultimately, the Disciplinary Appeals Committee shall decide on the appeal and notify the Issuer of its decision. Where an appeal has been refused, thereafter, the formal resolution and any accompanying penalties are final and must be paid within 14 calendar days.

#### **Administrative Fee for Appeal**

10.104. An appellant must pay an administrative fee to BHB when submitting a notice of appeal.

10.105. The administrative fee is not refundable unless:

- (1) The appellant tells the secretary of the Disciplinary Appeals Committee in writing of withdrawal of the appeal at least 7 market days before the hearing of the appeal;
- (2) the appeal is successful; or
- (3) the Chairman of the Disciplinary Appeals Committee agrees to a refund, whether in full or in part.

#### **Payment of Administrative Fee and Fine**

10.106. The Committee may order that the administrative fee be paid within 14 calendar days.

10.107. Any fine payable must be paid within 14 calendar days from the date of notice, or such longer time as the Chairman of the Disciplinary Board or the Disciplinary Appeals Committee (as applicable) permits.

## SECTION 11 – DEBT SECURITIES

### Part 1 – General

#### Introduction

- 11.1. This Section applies to the listing of Debt Securities, issued by local or Foreign Issuers, supranational bodies governments, government agencies or any other entities, whether established in Bahrain or elsewhere.
- 11.2. An Issuer can seek listing of its Debt Securities in one of the following ways:-
- (1) Placement or offer for sale or subscription of a new or existing issue of Debt Securities.
  - (2) Public offers either through a Listing Agent/Lead Manager, or an eligible primary dealer who is required to make the necessary arrangements to re-sell Debt Securities to the public. The eligible primary dealer must be a CBB licensee under CBB Rulebook - Volumes 1 or 2.
- 11.3. A Prospectus or Offering Document in connection with the listing must be issued in accordance with the requirements of the OFS Module and must be submitted to BHB.
- 11.4. BHB may act as a facilitator in the debts primary market prior to the listing of the Debt Securities.

### Part 2 – Listing requirements

- 11.5. The following requirements must be met for the listing of Debt Securities denominated in Bahraini Dinar or any other major currency, on BHB:-
- (1) The listing has been approved by BHB.
  - (2) The Issuer must be:
    - (a) A Supranational Body;
    - (b) A government, or a government agency whose obligations are guaranteed by a government;
    - (c) An entity whose Equity Securities are listed on BHB or an approved exchange;
    - (d) Any other entity approved by BHB.



- (3) Without prejudice to the above requirements, foreign Debt Securities shall be issued in accordance with the relevant laws of the home jurisdiction and approved by the relevant regulator.
- (4) Issuers of Debt Securities must be duly incorporated, or otherwise established, under the laws of the place where they were incorporated, and must be in conformity with those laws and its Memorandum and Articles of Association, or equivalent documents.
- (5) Issuers of Debt Securities must ensure that the issuance of Debt Securities is approved by the general meeting, or any other equivalent body in accordance with the Memorandum and Articles of Association of the Issuer and/or originator.
- (6) The Debt Securities must be freely transferable.
- (7) Signing of the listing agreement.
- (8) Debt Securities to be listed on BHB must be in Dematerialized form.

#### **Paying Agent**

- 11.6. An Issuer must appoint and maintain a Paying Agent at an address in the Kingdom of Bahrain until the date on which no Debt Securities are outstanding, unless the Issuer performs that function itself.

#### **Trustee and Trust Deed**

- 11.7. An Issuer must appoint a Trustee to represent the holders of its Debt Securities listed on BHB.
- 11.8. An Issuer's Trustee must be established and authorized in accordance with the Bahrain Trust Law of 2016. In the case of overseas domiciled Trustees, such Trustees must be registered in their home jurisdiction and must be acceptable to the CBB and BHB.

#### **Reporting**

- 11.9. The Issuer must have produced audited financial statements in accordance with the IFRS or AAOIFI.

#### **Adjustments**

- 11.10. If Debt Securities are:-
  - (1) redeemable by the Issuer, either in whole or in part, by an issue of shares;
  - (2) convertible into shares, either in whole or in part, by the holder; or

- (3) issued in conjunction with separate options to subscribe for shares,
- (4) The terms of issue of the Debt Securities must provide for appropriate adjustments to the conversion rights in the event of any alteration to the Capital of the Issuer, and whether the holders of the Debt Securities and/or options have any participating rights in the event of a takeover offer for the Issuer.

### **Meeting of holders of Debt Securities**

- 11.11. An Issuer shall notify BHB of any resolutions following its meetings with its Debt Securities holders which may affect its financial position or structure.

### **Part 3 – Listing procedures for Debt Securities**

- 11.12. An Applicant may consult BHB to resolve specific issues prior to the submission of an application. The main steps of the listing process are as set out under Rule 3.52.
- 11.13. If an existing Issuer decides to issue and list a Debt Security, the Issuer shall consult BHB prior to setting the offering timetable which shall include the Record Date (if applicable) and the trading commencement date.
- 11.14. A copy of each of the documents set out below must be submitted together with the applicable listing fee. Where the Debt Securities are issued by an Issuer whose Equity Securities are listed on BHB, the Issuer need only submit the documents set out in Rule 11.14 (5), (6), (7) and (8):
- (1) The Memorandum and Articles of Association or other constituent documents if any, incorporating all amendments to date.
  - (2) The financial statements for the preceding 2 years.
  - (3) A statement reflecting the current financial position where such information is not reflected in the recent financials submitted to BHB.
  - (4) For an Issuer which is engaged in property investment or development, two valuation report(s) of each principal asset of the Group that is revalued.
  - (5) Where a Trustee is appointed to represent holders of the Debt Securities, the following documents and confirmations:-
    - (a) Trust Deed; and
    - (b) Confirmation by the Listing Agent/Lead Manager that the Trustee is a duly licensed corporation under the CBB Law, rules and regulations and that the Trustee has no interest in relation to the Issuer which may conflict with its role as a Trustee.

- (6) Additional information and any other documents which BHB requires for a proper consideration of the application.
- (7) A local Issuer of Debt Securities must also submit the following documents:-
  - (a) A copy of the allotment results announcement;
  - (b) A signed copy of the auditors' letter on the accounts in a form acceptable to BHB, where an accountants' report is prepared for the purpose of the issue; and
  - (c) A copy of the board/shareholders resolution(s) approving listing and a copy of any letters of approval from the regulator, if applicable.
- (8) In the case of a Foreign Issuer of Debt Securities, the names and addresses of its Authorized Representatives, with whom BHB may liaise in respect of future correspondence regarding the Debt Securities. The Authorized Representatives must be easily contactable by BHB.
- (9) Such other documents (if any) as stipulated in the BHB preliminary approval.

#### **Part 4 – Continuing listing obligations**

- 11.15. Issuers of Debt Securities must comply with the applicable Rules set out in Section 5 – Part 2 and 3.
- 11.16. An Issuer of Debt Securities must immediately disclose through BHB's website and local newspapers any information which may have a material effect on the price or value of its Debt Securities or on an investor's decision to trade in such Debt Securities.
- 11.17. A Foreign Issuer must also undertake to disclose information through BHB's website at the same time as such information is released to the Home Market and must comply with such other rules as may be applied by BHB from time to time (whether before or after listing).
- 11.18. Issuers of Debt Securities must announce: -
  - (1) Any redemption or cancellation of the Debt Securities;
  - (2) The details of any coupon/return payment(s) to be made;
  - (3) Any amendments to the Trust Deed, where applicable;
  - (4) Any appointment of a replacement Trustee, where applicable;

- (5) Its annual accounts no later than 60 days and any interim report no later than 45 days from the end of the financial period if an Issuer is a body corporate;  
and
- (6) Any indication of expected payment default, where applicable.

## SECTION 12 – INVESTMENT FUNDS

### Part 1- General

#### Introduction

- 12.1. These Rules are issued to govern the listing of Investment Funds on BHB issued by local domiciled or foreign corporations, or any other entities, whether established in the Kingdom of Bahrain or elsewhere.
- 12.2. These Rules govern the following Investment Funds:
- (a) Mutual Funds
  - (b) Foreign Exchange Funds
  - (c) Index Tracking Funds
  - (d) Exchange Traded Funds
  - (e) Any other funds accepted by the CBB
- 12.3. These Rules set out BHB's requirements for the listing of Investment Funds denominated in Bahraini Dinars, currencies of the Gulf Cooperation Council (GCC) United States Dollars (US\$) or other international currencies on approval of the CBB.
- 12.4. An Investment Fund may be incorporated or established in the Kingdom of Bahrain or in a foreign country and shall be required to satisfy the requirements set out in these rules and Volume 7 of the CBB Rulebook.

### Part 2- Listing Requirements

- 12.5. A local domiciled Investment Fund applying for listing must comply with the provisions of the CBB Rulebook's Volume 7 on Collective Investment Undertakings.
- 12.6. Prior to submitting an application to BHB, Bahrain domiciled Retail, Expert and Exempt Investment Funds must be authorized or registered by the CBB prior to being established.
- 12.7. The Investment Fund Applicant shall provide BHB with the following information:
- (a) Name of the fund
  - (b) Fund's objectives

- (c) Fund's size and number of units
  - (d) Nominal value of the fund
  - (e) Fund's investment policy
  - (f) Names of Fund Manager, custodian, Registrar, administrator and external auditor (where applicable)
  - (g) The Investment Fund's NAV
  - (h) Live price for Exchange Traded Funds or index tracking products
  - (i) Fund's shareholders rights including corporate actions
  - (j) Payments made by the Investment Fund including management fees, administrative fees and any other applicable fees
- 12.8. The following documents must be provided along with the listing application form:
- (1) Three years audited financial reports or the available financial reports if the fund has been in operation for a period less than three years
  - (2) A list of the major unitholders and their holdings
  - (3) Memorandum and Articles of Association of the Applicant (if required) or any other constitutional documents
  - (4) The approved Prospectus of the Investment Fund
  - (5) Certified copy of the Investment Fund registration
  - (6) A declaration statement to BHB by the Applicant warranting full responsibility of all furnished or published information
- 12.9. BHB may require the Applicant to provide additional information and/or any other documents it requires for proper consideration of the application.
- 12.10. The Applicant must sign a listing agreement with BHB.
- 12.11. The changes in the investment objectives and policies of locally domiciled Investment Funds shall be in accordance with the CBB Rulebook - Volume 7 of the Collective Investment Undertakings.

### **Part 3 - Listing procedures**

- 12.12. The following sets out the listing process for the Investment Fund:

- (1) The Applicant shall submit the listing application form to BHB, containing the information and supporting documents prescribed in Rule 12.7 and 12.8.
- (2) BHB shall consider the application and may grant approval in-principle (with or without conditions).
- (3) The Applicant shall lodge the final copy of the Prospectus or private placement memorandum with the CBB and BHB.
- (4) The Investment Fund shall designate an entity authorized by CBB and acceptable to BHB to act as the listed Investment Fund Registrar.

#### **Part 4 – Ongoing Obligations**

##### **Disclosures**

- 12.13. If an Investment Fund is also listed on another stock exchange, any information released to that stock exchange must also be announced and released to BHB at the same time in English and Arabic (if available).
- 12.14. An Investment Fund must announce the following periodic reports which shall be prepared in accordance with the IFRS, or according to the AAOIFI:
- (1) its audited full-year financial statements not later than 120 calendar days from the end of the Investment Fund's Financial Year; and
  - (2) its half-year financial statements, not later than 60 calendar days from the end of the mid-year period.
- 12.15. Investment Fund shall provide BHB with the following information in accordance with their Prospectus:
- (a) The aggregate number of units issued during the year;
  - (b) The aggregate number of units redeemed during the year;
  - (c) The assets underlying the Investment Fund at the date of the report;
  - (d) The total NAV of the fund and the NAV per unit; and
  - (e) The deviation ratio between the NAV per unit and the closing prices of the target index where applicable.

##### **General Obligations**

- 12.16. An Investment Fund shall be responsible for informing BHB of any material changes in the information on particulars previously furnished, on which the no-objection letter was granted by BHB.

- 12.17. The Investment Fund shall comply with these Rules and any instructions that may be issued by BHB from time to time, on the subject of Investment Funds.
- 12.18. An Investment Fund shall ensure that it continues to comply with all relevant laws, rules and regulations applicable to Investment Funds in the Kingdom of Bahrain.
- 12.19. Any changes of the Fund Manager of an Investment Fund must be made in accordance with the CBB Rulebook – Volume 7 and the fund’s prospectus.
- 12.20. All listed Investment Funds Issuer must immediately notify BHB of the following information relating to their Capital:
- (1) Alteration to capital structure**  
Any proposed changes in its Capital structure.
  - (2) New Issuance**  
Any new issuance of any type of Securities.
  - (3) Changes of rights attached to the listed units**  
Any changes in the rights attached to any Class of listed units or to any units into which the listed units are convertible.
- 12.21. BHB may disclose the information required in Rule 12.20 to the public when it deems necessary.
- 12.22. The Investment Fund must pay all fees and charges as BHB prescribes.
- 12.23. An Investment Fund is required to arrange for the payments of the dividends, redemptions or other distributions, in Bahraini Dinars or US Dollars, through a Paying Agent or through other arrangements accepted by BHB and the CBB.

## **Part 5 – Overseas Investment Funds**

- 12.24. An overseas domiciled Investment Fund listed on an acceptable Home Market shall provide proof from its home regulator that the Investment Fund is in compliance with all legal requirements in its home jurisdiction and shall provide the approval of its home regulator for listing on BHB.
- 12.25. Overseas domiciled Investment Funds applying for listing must comply with the provisions of the CBB Rulebook’s Volume 7 on Collective Investment Undertakings, the BHB rules and any other applicable rules or Directives that may be issued from time to time.
- 12.26. Overseas domiciled Investment Funds must be authorized/registered/filed by the



CBB prior to being offered to investors in the Kingdom of Bahrain, as per the requirements of CBB Rulebook, Volume 7.

- 12.27. Overseas domiciled Exempt Investment Funds domiciled in recognized jurisdictions are required to be filed with the CBB, while those domiciled in other jurisdictions are required to be registered with the CBB.
- 12.28. Overseas domiciled Investment Funds must satisfy the applicable listing requirements set under Part 2 above.
- 12.29. Overseas domiciled Investment Funds shall have no restrictions on the transfer and registration of their units in the Kingdom of Bahrain.
- 12.30. Overseas domiciled Investment Funds shall comply with the reporting requirements specified in Chapter ODC-3 of the Overseas Domiciled Collective Investment Undertakings (CIUs) (ODC) Module of Volume 7 of the CBB Rulebook.
- 12.31. Any change in the investment objectives, policies and Fund Manager must be immediately notified to BHB by the placement agent.

#### **Part 6 - Trading Halt, Suspension and Delisting**

- 12.32. Trading halt, suspension and delisting actions shall take place in accordance with the BHB rules, regulations, Directives and guidelines.
- 12.33. BHB may delist an Investment Fund after obtaining the CBB's no-objection.

#### **Part 7 - Clearing and Settlement**

- 12.34. The Investment Fund shall adhere to the relevant Bahrain Clear rules, regulations, Directives and guidelines in relation to the clearing and settlement.

## **SECTION 13 – REAL ESTATE INVESTMENT TRUSTS (REITs)**

### **Part 1- General**

#### **Introduction**

- 13.1. These rules are issued to govern the listing of Real Estate Investment Trusts (REITs). This section is prepared in accordance with the Financial Trusts Law No. (23) of the Year 2016 and Volume 7 of the CBB Rulebook.
- 13.2. A REIT shall ensure that its Trustee is responsible for the compliance with these rules.
- 13.3. These REIT rules are applicable on both conventional REITs as well as Shari'a Compliant REITs.

### **Part 2- Listing Requirements**

#### **Pre-requisites**

- 13.4. REITs applying for listing shall satisfy the CBB's requirements pursuant to the Financial Trust Law No. (23) of the Year 2016 and Volume 7 of the CBB Rulebook.
- 13.5. The REITs Applicant shall ensure the appointment of the following:
  - (a) Trustees;
  - (b) Fund Manager;
  - (c) Operator;
  - (d) Trust Property Valuer; and
  - (e) Any other persons that BHB may require for the purpose of listing.
- 13.6. Prior to submitting an application to BHB, a REIT must obtain CBB's approval for the issuance and listing of its Units.

#### **Application**

- 13.7. An application for listing on BHB shall be made by the Operator of the REIT.
- 13.8. Every application for listing on BHB, shall be accompanied by a non-refundable registration fee as published by BHB from time to time.

13.9. BHB shall grant a no objection for listing on BHB upon receipt of the registration fee, subject to Rule 13.11, and on such terms and conditions as are in the interest of Unit Holders.

13.10. In the event an application is incomplete or does not conform to the requirements of these rules, BHB may direct the REIT to furnish such further information or clarifications as may be required for the purpose of processing the application.

### **Listing Requirements**

13.11. The REIT shall satisfy the following conditions for the decision of listing on BHB:

- (a) The REIT shall ensure satisfying a minimum value of USD 20 million or its equivalent in other currencies;
- (b) A REIT shall not seek listing of its Units unless it is constituted as a Trust, established under the Financial Trusts Law No. (23) of the Year 2016 and in accordance with a Trust Instrument;
- (c) The REIT or its share registrar shall maintain a register of Unit Holders and shall provide BHB with the address(es) of where the register is maintained; and
- (d) The REIT shall comply with the requirements of the Guidelines on Issuers Key Person Dealings in Securities Accepted for Trading on BHB.

### **Issuance & Transfer of Unit Certificates**

13.12. The REIT shall allot Units within 6 calendar days from the closing date of the offering period.

13.13. REIT Units listed on BHB must be in Dematerialized form.

13.14. REIT Units must be freely transferable.

### **Investments and Segregation of Funds**

13.15. The Fund Manager shall not invest the REIT's funds for purposes other than those stipulated in the REIT's Prospectus and as permitted in Volume 7 of the CBB Rulebook.

13.16. A Bahrain domiciled REIT must obtain prior approval from the CBB in order to merge with, or else transfer its assets to another Bahrain domiciled REIT.

### Part 3 - Ongoing Obligation

#### Disclosures

- 13.17. The REIT shall comply with the disclosure requirements stipulated under Section 5, where applicable, in addition to the disclosure requirements under this section.
- 13.18. The REIT shall inform BHB of any material change in the information or particulars previously furnished, which have a bearing on the approval on listing granted by BHB.
- 13.19. The REIT shall ensure that investor reports published shall be made available on BHB's website and in accordance with the disclosure requirements prescribed by the CBB.
- 13.20. As a minimum, investor reports shall be furnished on an annual basis, or as prescribed by the REIT's Prospectus, within a period of four months after the period end as stipulated in Volume 7 of the CBB Rulebook, which shall include the following:
- (a) Summary of key developments within the last 12 months in relation to the REIT's portfolio including a yearly appraisal report prepared by the Trust Property Valuer which shall be in line with internationally acceptable standards such as the International Valuation Standards Committee (IVSC). The valuation of investment properties held by the REIT, must be acceptable to the CBB and in accordance with the prevailing market value, in such format as prescribed in Volume 7 of the CBB Rulebook;
  - (b) Financial statements as produced and submitted by the external auditor and approved by the Board of Directors of the Operator; and
  - (c) An annual statement of changes in NAV for each of the REITs.
- 13.21. The information stipulated in Rule 13.19 and 13.20 shall be submitted to BHB as and when required including a brief analysis and performance ratios.
- 13.22. The REIT shall furnish to BHB on an annual basis the following:
- (a) The annual audited accounts which shall be prepared in accordance with the International Financial Reporting Standards ("IFRS"), or Accounting and Auditing Organization for Islamic Financial Institutions ("AAOIFI"), which shall be submitted no later than 90 calendar days after the end of the financial year; and
  - (b) An independent Trust Property Valuer report providing valuations of all of the REITs principal freehold and leasehold Property. The Trust Property Valuer must be an independent external Trust Property Valuer.

- 13.23. The REIT shall furnish to BHB on a monthly basis a statement of changes in NAV for each of the REITs within 6 business days following the period end.
- 13.24. The REIT shall inform BHB in writing at least 7 business days before any change to any of its REITs trust deed.
- 13.25. The REIT shall report to BHB any breach of these rules which has had, or is likely to have a materially adverse effect on the interests of Unit Holders as soon as they become aware of such breach.
- 13.26. The REIT shall provide BHB with the following:
- (a) particulars of all of its Directors along with their interest in other companies within 10 calendar days of their appointment; and
  - (b) any change in the interests of Directors, no later than T+2.
- 13.27. The REIT shall inform Unit Holders immediately of any information within the REIT's portfolio which;
- (a) is necessary to enable Unit Holders to appraise the position of the REIT;
  - (b) might be reasonably expected to materially affect market activity of the REIT or affect the price of the Units of the REIT; or
  - (c) requires Unit Holders' approval.
- 13.28. In the event of a termination of the agreement between the REIT and the Trustee, or Fund Manager, or Operator, or any other parties involved in its operations, the REIT shall inform BHB immediately of such termination.

### **General Obligations**

- 13.29. The REIT's corporate governance principals must be in line with the requirements of the Corporate Governance Module of Volume 7 of CBB Rulebook.
- 13.30. The REIT shall take all reasonable care to ensure that the sale, issue, repurchase and cancellation of Units effected by a REIT are carried out in accordance with the provisions of its Prospectus, these rules and Volume 7 of the CBB Rulebook.
- 13.31. The REIT shall ensure that the minimum investment amounts stipulated in its Prospectus is adhered to by investors.
- 13.32. The Trustee shall take all reasonable care to ensure that the REIT has a proper Title Deed to the Trust Property owned by the REIT, as well as to the contracts (such as rental agreements, joint venture or joint arrangement agreements, and any other agreements) entered into on behalf of the REIT with respect to its assets and

that such contracts are legal, valid, binding, and enforceable by or on behalf of the REIT in accordance with its terms.

- 13.33. The REIT shall ensure that original documents relating to the Trust Property are adequately maintained in a secured location.
- 13.34. The financial year for any REITs shall be as stipulated within its Prospectus.
- 13.35. REITs shall maintain proper books and records as stipulated in Volume 7 of the CBB Rulebook.
- 13.36. The REIT shall distribute dividends to Unit Holders as specified in its Prospectus and not less than the amounts specified in the Bahrain Domiciled Real Estate Investment Trusts Module of Volume 7 of the CBB Rulebook.
- 13.37. The REIT shall take adequate steps to address the grievances of the Unit Holders within one month from the date of receipt of the complaint from the aggrieved Unit Holder.
- 13.38. All REITs shall ensure compliance with all relevant laws, rules, and regulations applicable to real estate in Bahrain at all times.

#### **Part 4 – Trading, Halt, Suspension and Delisting**

##### **Suspension of Trading**

- 13.39. Trading, halt, suspension and delisting actions shall take place in accordance with BHB rules, regulations, Directives and guidelines.

##### **Delisting**

- 13.40. BHB may delist a REIT;
- (a) If the REIT commits any violation to the provisions of Financial Trust Law No. (23) of the Year 2016 and Volume 7 of the CBB Rulebook;
  - (b) Subsequent to a merger with another REIT and loss of legal status as a result thereof;
  - (c) In the event of liquidation of the REIT;
  - (d) Upon the expiry of the REIT tenure;
  - (e) Upon the request of the CBB; or
  - (f) Upon the request of the REIT, subject to the approval of the CBB.

## APPENDICES

### Appendix A – Listing Application:

Before applying, you should fully understand the eligibility criteria and the obligations of an Issuer under these Rules. Where any of the items below are not applicable to you, please state so explicitly on your application form.

Submit this application form together with all supporting information and documents and the required fee(s).

To avoid any delay in processing your application, all information and documents should be provided at the same time as the application.

Completed application forms are to be submitted in 2 copies with all other supporting documents to:

#### **Listing & Disclosure**

**Bahrain Bourse**

**Bahrain Financial Harbour**

**Harbour Gate - Level 4**

**P.O. Box 3203**

**Manama**

**Kingdom of Bahrain**

## Public Shareholding Company

### 1. Applicant Details

The following information must be provided in the listing application:-

- (a) Name of Applicant
- (b) Date and place of incorporation
- (c) Brief description of principal business
- (d) The full title or designation, amount, Class and par value of the Securities for which listing is applied and whether the Securities are fully paid
- (e) Date of application
- (f) The currency its Securities are proposed to be quoted in
- (g) Brief information on the offering, including size, price, methods to be used and whether the issue is underwritten. If the issue is not fully underwritten, the portion that is not underwritten should be stated.
- (h) Share capital details:
  - i. Authorized share capital in terms of value and number of shares
  - ii. Issued and subscribed share capital in terms of value and number of shares
  - iii. In the case of Secondary Listing, the distribution of the share capital between the Home Market and BHB Market
  - iv. Paid-up Capital in terms of value and number of shares
  - v. Number of issued shares
  - vi. Nominal par value per share
  - vii. Number of shareholders registered in the company register
  - viii. Name, number and percentage of shares held by Controlling Shareholders and Substantial Shareholders of the company.
  - ix. Number of shares held by each of the company's Directors individually, and the number of shares held by the board of directors as a whole
  - x. Number of shares held by the executive officers as a group and the shareholding of each of them



- (i) Whether the Securities, which are the subject of the application, are listed or will be simultaneously listed on another stock exchange(s). If so, name the other stock exchange(s) and state which is/will be the home exchange.
- (j) The Financial Year of the company
- (k) Company's Authorized Representative(s)

## **2. Corporate Documents**

Please attach copies of the following documents:

- (a) Directors' resolution approving this application (original)
- (b) Certificate of incorporation (certified)
- (c) Commercial Registration certificate (certified)
- (d) Memorandum and Articles of Association (certified)
- (e) Proof of Applicant's current licensing, registration or exempt status where applicable. If not yet issued, provide proof of approval. (certified)
- (f) Internal manuals covering activities to be undertaken (e.g. corporate finance compliance manual)
- (g) Management letter or report on internal controls/ conflicts management issued by internal and external auditors
- (h) Audited financial statements for at least 1 year, or a 3 years projection in the case of newly established Applicants (certified)
- (i) Optionally, 3 years audited financial statement may be submitted

## **3. Financial Information**

### **Long-term loans:**

Please clarify the following:

- (a) Value of long-term loans obtained by the company or its affiliates
- (b) Types of loans, whether these are commercial loans, debentures, or bonds
- (c) Maturity date
- (d) Annual cost of finance

**Revenues:**

Consolidated statement of the Applicant's revenues for at least 1 year, or a 3 years projection in the case of newly established Applicants, which shall include:

- (a) Gross annual sales turnover
- (b) Net income
- (c) Comparative income statements, stating the current Financial Year's income compared with the previous year, giving an explanation of the difference, if any.

**Assets:**

Please state the fixed assets and properties owned by the company, stating separately any property or land, and their location.

**Dividends:**

Dividends information for at least 1 year, if applicable, which shall include:

- (a) Number of years for which dividends were paid
- (b) Annual dividend per share
- (c) Annual gross paid-out dividend
- (d) Timing of dividends payments (annual, half-yearly, others)
- (e) Date of announcement of dividends
- (f) Actual payment date of profit
- (g) Bonus shares [in detail]:
  - Total amount
  - Total shares issued
  - Number of bonus rate, per each share issued

**4. Corporate Governance**

- (a) Particulars of Directors and key officers, including name, nationality, identification/passport number, occupation, address, record of offences, shareholdings in the Applicant and interests of 5% or more in other companies and other directorships

- (b) Whether any Substantial Shareholder, present Director or key officer has ever been convicted of an offence, or disciplined for breaching any criminal law, or been found to have contravened any rules or regulations of any government, regulatory or exchange authority
- (c) Organization chart showing names, qualifications and experience of relevant employees. If the Applicant is yet to be incorporated, a proposed organization chart should be given together with the name, qualification and experience of the person who will be in charge of the proposed operations

**Dated:**

**Signed By:**                    **(Name and Position)**

## **Debt Securities**

The information provided in the listing application shall include, but is not limited to, the following:

1. Name of instrument
2. Nature of the issue
3. Name of the issuer
4. Nature of business
5. Issue size
6. Face value
7. Number of issued instruments
8. Minimum subscription
9. Currency
10. Interest / Coupon rate
11. Coupon / Interest payment frequency
12. Convertible / unconvertible
13. Redemption value / Price
14. Issue date
15. Maturity date

**Dated:**

**Signed By:**                      **(Name and Position)**

## **Investment Funds**

The information provided in the listing application shall include, but is not limited to, the following:

1. Fund name
2. Name of Issuer
3. Issuer address and contact person
4. Country of incorporation
5. Date of incorporation
6. Issue date
7. Fund size (amount)
8. Number of units issued, price of each and classification
9. Nominal value per unit
10. Fund type (Open Ended/Closed) (Islamic or Non-Islamic) (In-shore or Off-shore)
11. Fund currency
12. Minimum investment
13. Duration of the Fund (final redemption)

**Dated:**

**Signed By:**                      **(Name and Position)**

## **Real Estate Investment Trust (REITS)**

The information provided in the listing application shall include the, but not limited to, the following

1. REITS Name
2. Name of Issuer
3. Name of Trustee
4. Name of Registrar
5. Issuer address and contact person
6. Type of Issue
7. Issue Date
8. Issue Amount
9. Size of Issue
10. Number of Units Issued
11. Net Assets Value per Unit
12. Price per Unit
13. Currency
14. Proposed Dividend
15. Distribution Date
16. Redeemable/ Not Redeemable
17. Sharia/ Not Sharia Compliant
18. Duration

**Dated:**

**Signed By:**                      **(Name and Position)**

## **Appendix B – Terms and Conditions for listing:**

Applicants shall agree to adhere to the following:

1. The BHB may reject an application, where it is of the view that the application is not in public interest, or impose additional conditions and/ or restrictions on the issuer. The BHB shall provide the reasons in writing for any rejection or imposition of additional conditions and/or restriction to the issuer.
2. BHB may contact any organization (regulatory or professional) about an application and may give them and receive from them any information or documents considered by BHB or that organization to be relevant.
3. BHB may take any action, disciplinary or otherwise, against an Issuer under the Rules.
4. BHB may make public any action taken against an Issuer and the reasons behind it as set out in the Rules.
5. To pay all fees, charges, costs and fines at a time specified by BHB.
6. To submit to the non-exclusive jurisdiction of the courts of the Kingdom of Bahrain.
7. That the governing law of this agreement are the laws of the Kingdom of Bahrain.
8. To adhere to and comply with all the rules and regulations issued by the CBB and BHB.
9. To comply with all conditions and requirements, as stated in the Listing Rules.
10. To submit all facts, information and statistics, as required by BHB.
11. To notify BHB of any decisions taken by the company's board of directors that may have an impact on its Capital, financial structure, profitability and or/profits distribution.
12. To notify BHB of the board members' ownership in the company within one month of their election to the board and at the end of each Financial Year.
13. To notify BHB of any relevant information that might have an impact on the share price.
14. To notify BHB of the board of directors' decision, regarding the distribution of profits, or a profit and loss announcement.

15. To notify BHB of the following:
  - (a) any transaction that might have a material impact on the financial situation of the company;
  - (b) any information required by BHB that has already been specified in the Commercial Company's Law;
  - (c) any changes in the structure of the management of the Applicant's board of directors and executive management; and
  - (d) any information on the Applicant's redeemable Securities.
16. To submit to BHB copies of all publications issued for the shareholders at the time of the issuance.
17. To issue the annual financial reports and the interim financial reports.
18. To notify BHB of any dealings by members of the board and/or executive management.
19. To notify each shareholder of the date of the company's annual general meeting.
20. In the case of issuance of any notification to holders of a type of shares, the same notification shall be disseminated to all types of shareholders.

**Dated:**

**Signed By:**                    **(Name and Position)**



**Chairman**

\_\_\_\_\_

**Date**

\_\_\_\_\_