



BAHRAIN MONETARY AGENCY

GUIDELINES FOR THE ISSUING, OFFERING AND LISTING OF DEBT SECURITIES

CAPITAL MARKETS SUPERVISION DIRECTORATE

March 2004

Table of Contents

CHAPTER 1	4
PRELIMINARY	4
1. SHORT TITLE.....	4
2. SCOPE	4
3. DEFINITIONS:.....	4
CHAPTER 2	8
ISSUANCE OF DEBT SECURITIES.....	8
1. GENERAL	8
2. ELIGIBLE ISSUER.....	8
3. BASIC CONDITIONS.....	9
4. ADDITIONAL REQUIREMENTS OR EXCEPTIONS	10
5. SUBMISSION OF APPLICATION AND DOCUMENTS.....	15
6. SUBSEQUENT EVENTS.....	16
7. TIMEFRAME FOR AGENCY’S APPROVAL	16
CHAPTER 3	17
PROSPECTUS REQUIREMENTS.....	17
1. GENERAL	17
2. DOCUMENTARY REQUIREMENTS.....	18
3. STATEMENT OF DISCLAIMER	20
4. RESPONSIBILITY STATEMENT	20
5. LANGUAGE	21
6. ILLUSTRATIONS	21
7. PROSPECTUS CONTENTS.....	21
8. ADDITIONAL REQUIREMENTS AND EXCEPTIONS.....	23
9. AMENDMENTS AND SUBSEQUENT EVENTS	32
10. PENALTIES UNDER THIS CHAPTER	32
CHAPTER 4	34
PUBLIC OFFERING AND ANNOUNCEMENT	34
1. GENERAL	34
2. ANNOUNCEMENT OF OFFERING.....	34
3. SUBSCRIPTION PROCEDURES	36
4. PENALTIES UNDER THIS CHAPTER:	36
CHAPTER 5	38
ALLOTMENTS, CERTIFICATES AND REGISTRARS	38
1. PROCEDURES	38
2. FORMS AND CONTENT OF CERTIFICATES	39
3. PENALTIES UNDER THIS CHAPTER	40
CHAPTER 6	41
PROTECTION OF DEBTHOLDERS’ INTERESTS	41
1. GENERAL	41
2. APPOINTMENT OF A TRUSTEE.....	41
3. RETIREMENT OF TRUSTEES	41
4. CONTENTS OF A TRUST DEED.....	42
5. POWER OF THE COURT IN RELATION TO IRREDEEMABLE DEBT SECURITIES.....	43
6. DUTIES OF TRUSTEES	44
7. POWERS OF THE TRUSTEE TO APPLY TO COURT	46
8. OBLIGATIONS OF BORROWING CORPORATION.....	46
9. OBLIGATIONS OF GUARANTOR.....	48

CHAPTER 7	50
LISTING AND DEALING.....	50
1. METHODS OF LISTING.....	50
2. LISTING DOCUMENT	51
3. LISTING AGREEMENT	51
4. LISTING OF CONVERTIBLE DEBT SECURITIES	52
5. LISTING OF PRIVATE PLACEMENT OF DEBT SECURITIES.....	53
6. MODIFICATION TO LISTING AGREEMENT	53
7. STANDARD CRITERIA FOR LISTING DEBT SECURITIES	54
8. OTHER LISTING REQUIREMENTS	54
CHAPTER 8	56
ONGOING OBLIGATIONS	56
1. GENERAL REQUIREMENTS.....	56
2. ALTERATION IN THE TERMS OF DEBT SECURITIES	56
3. PAYMENT OF INTEREST OR RETURN.....	56
4. PURCHASE, REDEMPTION OR TERMINATION	56
5. FINANCIAL STATEMENTS.....	57
6. NOTIFICATION	57
7. REVIEW OF ANNOUNCEMENT AND DOCUMENTS	59
8. COMMUNICATION WITH DEBTHOLDERS.....	60
9. SETTLEMENT.....	60
10. APPOINTMENT OF PAYING AGENT	60
11. EQUALITY OF TREATMENT OF DEBTHOLDERS	60
12. RESPONSE TO AGENCY AND EXCHANGE ENQUIRIES	60
13. ADDITIONAL INFORMATION	61
14. CONTACT INFORMATION	61
CHAPTER 9	62
SUSPENSION OF DEALING AND DELISTING.....	62
1. SUSPENSION OF DEALING	62
2. DELISTING OF DEBT SECURITIES.....	62
CHAPTER 10	64
FEES AND CHARGES	64
1. PROSPECTUS REGISTRATION FEES	64
2. INITIAL LISTING FEE.....	64
3. ANNUAL LISTING FEE.....	64
Appendix 1.....	65
CONTENTS OF THE PROSPECTUS.....	65
Appendix 2.....	82
LIST OF INFORMATION.....	82

CHAPTER 1 PRELIMINARY

1. Short Title

- 1.1 This document may be called Guidelines for the Issuing, Offering and Listing of Debt Securities, and which hereafter will be referred to as ‘Guidelines’.

2. Scope

- 2.1 These Guidelines set out the basic conditions that have to be met as a pre-requisite to the issuance, offering and listing of Debt Securities. They apply to every method of issuance, offering and listing and to both new applicants and existing listed issuers, except where otherwise stated.
- 2.2 Issuers and any related person or party acting on their behalf, are reminded:-
- 2.2.1 that these requirements are not exhaustive and that the Agency may impose additional conditions in a particular case; and
- 2.2.2 that the Agency retains sole discretion to accept or reject applications for issuing, offering and listing and that compliance with the relevant conditions may not in itself ensure an applicant’s suitability for issuing, offering and listing.
- 2.3 Prospective issuers, and in particular new applicants, are therefore encouraged to contact the Agency to seek informal and confidential guidance as to the eligibility of a proposed issue for issuance, offering and listing at the earliest possible opportunity.

3. Definitions:

“Asset-backed Securities” Debt Securities whose collateral is financial assets which, at the time of the relevant issues, are evidenced by agreements and are the source of funds for income or interest payments due on the securities and repayment of principal on maturity, except those Debt Securities which are directly secured, in whole or in part, on real property or other tangible assets.

Asset-backed Securities also includes Mortgaged-backed Securities.

“Banks & Financial Institutions” a bank or financial institution licensed by the Agency, or a bank or financial institution incorporated or otherwise established outside the Kingdom of Bahrain which is, in the opinion of the Agency, adequately supervised by an equivalent appropriately recognised

banking, securities or capital market supervisory authority in the place where it is incorporated or otherwise established.

- “Beneficial Owner”** The term “beneficial owner” of securities 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.
- “BMA/the Agency”** means Bahrain Monetary Agency.
- “BSE/the Exchange”** means the Bahrain Stock Exchange.
- “Business Day”** any day on which banks in the Kingdom of Bahrain are open for business.
- “Commercial Companies Law”** means the Commercial Companies Law issued under Decree No. 21/2001.
- “Convertible Debt Securities”** Debt Securities convertible into or exchangeable for equity securities or other property. And Debt Securities with non-detachable options, warrants or similar rights to subscribe or purchase equity securities or other property attached.
- “Coupon Rate”** is the Debt Securities interest rate.
- “Debt Issuance Programmes”** issues of Debt Securities where only part of the maximum principal amount or aggregate number of securities under the issue is issued initially and a further tranche or tranches may be issued subsequently.
- “Debt Securities”** debenture, loan stock, bonds, sukuk, subordinated debt, notes 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.

<i>“Issuer”</i>	legal entity that has the power to issue, offer and sell a Debt Security. Issuers include corporations, domestic and foreign governments and their agencies, and investment trusts.
<i>“Long-term”</i>	means Debt Securities with an original maturity of more than 10 years.
<i>“Maturity Date”</i>	is the date on which the Debt Security is to be redeemed and its principal along with any outstanding interest or income paid back to the holder.
<i>“Medium-term”</i>	means Debt Securities with an original maturity of 5 to 10 years.
<i>“Original Issue Discount”</i>	is a Debt Security with an offering price that is below par value.
<i>“Par”</i>	means the value of the Debt Security assigned by the issuer, also called the face value.
<i>“Registered Securities”</i>	A Debt Security whose owner’s name is recorded on the books of the issuer or the issuer’s agent, called a registrar.
<i>“Selectively Marketed Debt Securities”</i>	Debt Securities marketed to or placed with any number of registered primary dealers or financial institutions either with a view to their reselling such securities as principals off-market, nearly all of which, because of their nature, will normally be purchased and traded by a limited number of investors who are particularly knowledgeable in investment matters or placing such securities with a limited number of such investors and “selective marketing” shall be construed accordingly.
<i>“Short-term”</i>	means Debt Securities with an original maturity of up to 5 years.
<i>“State”</i>	includes any Agency, authority, central bank, monetary authority, department, government, legislature, ministry, official or public or statutory person of, or of the government of, a state or any regional or local authority thereof.
<i>“State Corporation”</i>	any company or other legal entity which is directly or indirectly controlled or more than 30% in the case of Bahraini corporations, or more than any other specified percentage prescribed by law for non-Bahraini corporations of whose issued equity share capital (or equivalent) is beneficially owned by, and/or by any one or more agencies

of, a State or all of whose liabilities are guaranteed by a State, or company or other legal entity which is specified as such from time to time by the Agency.

“Supranational”

any institution or organisation at a global or regional level which is specified as such from time to time by the Agency.

“Underwriter”

investment banker who singly or as a member of an underwriting group or syndicate, agrees to purchase a new issue of Debt Securities from an issuer and distributes or offers it to investors, according to the underwriting agreement.

“Underwriting Agreement” An agreement between the issuer of a new Debt Security to be offered to the public and the managing underwriter or agent for the underwriting group. It represents the underwriter’s commitment to purchase and distribute the securities, and it details the public price. The underwriting arrangements to which the term is sometimes applied are “best effort, “all or none”, and “standby commitments”.

***“Unsecured Debt”
Securities”***

is a debt not backed by any specific security or collateral.

CHAPTER 2

ISSUANCE OF DEBT SECURITIES

1. General

- 1.1 This Chapter sets out the procedures and requirements for applications for the issuing and offering of Debt Securities (other than selectively marketed securities), whether by new applicants or by existing listed issuers.
- 1.2 In order to allow the Agency sufficient time to consider an application for issuing and offering on the basis of its supporting documents and to maintain an orderly new issues market, a new applicant must normally apply in advance to the Agency at the earliest possible opportunity and normally not less than 30 business days prior to the date of issuance or offering.
- 1.3 The application form must be prepared in accordance with BMA regulations and reviewed before submission by a professional body for the approval of the prospectus and other issuing and offering documents.
- 1.4 The application form must also contain a draft of the expected timetable.
- 1.5 If it is not possible to submit documents with the Agency within these time limits, they should be submitted as soon as they become available.
- 1.6 Issuers should appreciate that any significant delay in submitting the documents may affect the issuing and offering timetable.
- 1.7 In the case of Debt Securities issued or guaranteed by the Government of the Kingdom of Bahrain or by state corporations incorporated in Bahrain, the Agency will take into consideration information already available to the public in deciding on the application of these requirements.

This principle may also apply to Debt Securities issued by other governments and their agencies and corporations, unless otherwise stated or required by the Agency from time-to-time.

2. Eligible Issuer

- 2.1 An issuer that is a Bahraini issuer must be a company within the meaning of Article 138 of the Commercial Companies Law (21/2001) which states that: the ordinary general assembly of both the public and closed joint stock companies (in which the Government or any other public entity owns at least 30% of capital), may decide, by a resolution, to borrow by issuing Debt Securities upon a recommendation by the board of directors showing the extent to which the issuer needs to borrow and the conditions of issuing these Debt Securities. The issuer shall obtain the approval of the Bahrain Monetary Agency if the Debt Securities are denominated in foreign currency or denominated in local currency but shall be offered for subscription in international markets.

The general assembly may authorize the board of directors to select the issue date, provided that the issue shall be made within the two years following the date of the resolution. The Ministry of Finance and National Economy must approve the issuer's borrowing by issuing Debt Securities. However, the Bahrain Monetary Agency shall be the competent authority if the issuer is one of those subject to its supervision.

- 2.2 The non-Bahraini issuer and the guarantor, in the case of a guaranteed issue, shall each be duly incorporated, or otherwise established, under the laws of the place where they are incorporated, or otherwise established, and must be in conformity with those laws and its Memorandum and Articles of Association or equivalent documents.
- 2.3
 - (a) A new applicant or the guarantor, in the case of a guaranteed issue, shall have produced audited financial statements, referred to under Articles (140) and (143) of the Commercial Companies Law, in accordance with the International Financial Reporting Standards or other accounting standards acceptable to the Agency covering at least the last 2 financial years preceding the application date.
 - (b) In the case of a new applicant, if the period since the last financial year of audited financial statements exceeds 15 months at the time of the offering, interim period financial statements, which may be unaudited but reviewed by external auditors, as compared with the same period in the previous financial year, shall also be provided.
- 2.4 Subject to Article (219) of the Commercial Companies Law, the financial statements shall be audited to a standard comparable to that required by the International Auditing Practices Committee of the International Federation of Accountants.
- 2.5 Subject to Article (140) of the Commercial Companies Law, the issuer shall not issue Debt Securities unless the issued capital is fully paid-up and financial statements are published for at least the previous 2 financial years unless such Debt Securities are guaranteed by the Government or otherwise directed by the Agency.
- 2.6 Without prejudice to the generality of Article (160) of the Commercial Companies Law, the issuer shall 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 himself.

3. Basic Conditions

- 3.1 Without prejudice to the generality of Article (146) of the Commercial Companies Law, the Debt Securities for which Agency approval is sought shall be issued in conformity with the law of the place where the issuer is incorporated or otherwise established and in conformity with the issuer's Memorandum and Articles of Association or equivalent documents, and all

authorisations needed for their creation and issue under such law or documents must have been duly submitted.

- 3.2 Subject to Article (139) of the Commercial Companies Law, the Debt Securities shall be in registered form, having equal par value in each issue. Debt Securities of the same issue shall confer upon their holders' equal rights towards the issuer and every condition to the contrary shall be null and void.
- 3.3 Subject to Article (139) of the Commercial Companies Law, the Debt Securities for which public offering and listing is sought shall be freely transferable.
- 3.4 Pursuant to Article (147) of the Commercial Companies Law, a Debt Securities holder shall have the right to receive an interest or income at certain times and also to receive the nominal value upon its maturity. Further, the issuer may issue Debt Securities for which the return shall be a share of the annual profits made by the issuer.
- 3.5 Subject to Article (148) of the Commercial Companies Law, the issuer may issue discount Debt Securities that may be sold at its redemption value of the time of issuance.
- 3.6 Without prejudice to the generality of Article (152) of the Commercial Companies Law, Debt Securities to which options, warrants or similar rights to subscribe or purchase equity securities or Debt Securities are attached, must also comply with the requirements applicable to such options, warrants or similar rights.

4. Additional Requirements or Exceptions

Pursuant to Articles (138), (141) and (143) of the Commercial Companies Law, the following conditions and exceptions to the qualifications for the issuance, offering and listing apply to the Debt Securities listed below:

4.1 Islamic Private Debt Securities:

- 4.1.1 In relation to Islamic Private Debt Securities that come within the scope of these Guidelines, the issuer must appoint either:
 - a) An independent Sharia adviser or committee who has been approved by the Agency, in case of an issuer who does not have an existing Sharia advisor or committee.
 - b) An Islamic bank or a licenced institution approved by the Agency to carry out Islamic banking to advise on all aspects of the Islamic Private Debt Securities, including documentation, structuring, investment as well as other administrative and operational matters in relation to these securities.
- 4.1.2 Any Sharia principle and concept adopted in order to structure an Islamic Private Debt Securities must be based on such principles and concepts as accepted by the Agency.

4.2 Asset-backed Securities:

For the purpose of these Guidelines, Asset-backed Securities include Mortgaged-backed Securities (certificates).

- 4.2.1 The issuer must normally be a single purpose undertaking. The requirement to be a single purpose undertaking does not preclude the addition to the pool of further assets during the life of the securities. Furthermore, other classes of Debt Securities may be issued by the undertaking, backed by separate pools of similar assets.
- 4.2.2 The audited financial statements requirements for previous years statements (referred to in 2.3(a); (b) and 2.4) do not apply to issuers of asset-backed securities.
- 4.2.3 Where an issue of asset-backed securities is backed by equity securities, those securities must be listed and/or traded on a stock exchange; the equity securities must represent minority interests in and must not confer legal or management control of the companies issuing the equity securities; where options or conversion rights relating to equity securities are used to back an issue, these requirements apply in respect of the securities resulting from the exercise of those options or rights; and
- 4.2.4 There must be a trustee or other appropriate independent party representing the interests of the holders of the asset-backed securities and with the right of access to appropriate, timely information relating to the assets.
- 4.2.5 Subject to Article (156) of the Commercial Companies Law, if the issuer issues Debt Securities guaranteed by mortgages on its property or any other collaterals, the legal procedures for mortgage shall be undertaken in favour of the debtholders or a trustee representing them before offering the Debt Securities for subscription. The issuer itself shall undertake such procedures or they may be undertaken by the party presenting the guarantee, if it is presented by a party other than the issuer. The issuer shall, within a period not exceeding one month from the closing date of subscription, take the necessary measures to enter the loan value together with all related details in the register in which the mortgage has been entered.

4.3 Convertible Debt Securities:

Subject to Articles (149) and (150) of the Commercial Companies Law, the issuance, offering and listing of Convertible Debt Securities are subject to the following additional requirements or exceptions.

- 4.3.1 All Convertible Debt Securities must, prior to the issue thereof, be approved by the Agency and the Agency should be consulted at the earliest opportunity as to the requirements which will apply.

- 4.3.2 All Convertible Debt Securities which are convertible into new equity securities or outstanding securities of the issuer or a company in the same group as the issuer for which an issuance, offering and listing is to be sought must comply both with the requirements applicable to the Debt Securities for which an issuance, offering and listing is sought and with the requirements applicable to the underlying equity securities to which such Convertible Debt Securities relate. In the event of any conflict or inconsistency between the various requirements, those applicable to such equity securities shall prevail.
- 4.3.3 Convertible Debt Securities which are convertible into property, other than equity securities, may be listed only if the Agency and the Exchange are satisfied that holders have the necessary information available to form an opinion concerning the value of the other property to which such convertible Debt Securities relate. This principle does not apply to an issue of convertible Debt Securities by a state or a supranational.
- 4.3.4 Any alterations in the terms of Convertible Debt Securities after issue must be approved by the Agency, except where the alterations take effect automatically under the existing terms of such convertible Debt Securities.
- 4.3.5 Subject to Article (150) of the Commercial Companies Law, the issuer's shareholders shall have priority right to subscribe for the Convertible Debt Securities if they express their desire to do so within a period not exceeding 15 days from the date of calling them to exercise such right. The shareholder may use his priority to subscribe for such Debt Securities in excess of his share in the issuer's capital if the offered Debt Securities allow this.

4.4 States and Supranationals:

- 4.4.1 Copies of all enabling Governmental or legislative laws, authorizations, consents or orders must be submitted with the Agency.

However, the requirements for submission of the following documents do not apply:

- i. Certificate of incorporation or equivalent document.
- ii. Memorandum and Articles of Association.
- iii. Annual financial statements.
- iv. The resolutions of the issuer at the general meeting authorizing the issue of the Debt Security.
- v. The resolution(s) of the board of directors.
- vi. Notice(s) of shareholders meeting.
- vii. Any other documents that are required which are not applicable to the issuing and offering of Debt Securities issued by States and Supranationals.

4.5 State Corporations:

- 4.5.1 The Agency will not normally require an accountants' report in relation to an issuing and offering of Debt Securities issued by a State corporation incorporated or otherwise established in Bahrain. In such case, the latest audited financial statements, which must relate to a financial period ended not more than 15 months before the date the document is issued, should be included in or appended to the issuing and offering document.
- 4.5.2 The Agency will not normally be prepared to approve the issuance of Debt Securities issued by a State Corporation incorporated or otherwise established outside Bahrain where the latest financial period reported on by the external auditors exceeds 15 months before the date of the issuing and offering document, unless reviewed interim financial statements relating to a period ended not more than 9 months before the date of the issuing and offering document are included in the document and appropriate evidence is given to the Agency that there has been no material adverse change in the financial condition of the issuer or the guarantor, in the case of a guaranteed issue, since the end of the period last reported on by the external auditors.
- 4.5.3 The requirement of submission of the following documents does not apply to the Debt Securities issued by a State Corporation.
- (a) Certificate of incorporation or equivalent document of the issuer and guarantor, in case of a guaranteed issue.
 - (b) Certificate entitling the issuer and the guarantor, in the case of guaranteed issue, to commence business.
 - (c) Notice(s) of shareholders meeting.

4.6 Banks and Financial Institutions:

4.6.1 The Agency will not normally be prepared to approve the application of issuing, offering and listing of Debt Securities issued by a bank or financial institution, where the latest financial period reported on by the external auditors exceeds 15 months before the date of the application, unless reviewed interim financial statements relating to a period ended not more than 5 months before the date of the issuing and offering documents are included in the application and appropriate evidence is given to the Agency that there has been no material adverse change in the financial condition of the issuer or, in the case of a guaranteed issue, the guarantor since the end of the period last reported on by the external auditors.

4.7 Overseas Issuers:

- 4.7.1 The issuance, offering and listing Guidelines apply as much to overseas issuers as they do to local issuers, subject to the additional requirements, modifications or exceptions set out or referred to below herewith.
- 4.7.2 Overseas issuers are encouraged to contact the Agency if they envisage any difficulties in complying fully with the relevant requirements.

4.7.3 The following additional requirements apply:-

- (a) the Agency reserves the right, in its absolute discretion, to refuse any issuing, offering or listing application of Debt Securities of an overseas issuer if:-
 - (i) it believes that it is not in the public interest to approve such application; or
 - (ii) the overseas issuer's equity capital does not have a primary listing on the exchange, and it is not satisfied that the overseas issuer is incorporated or otherwise established in a jurisdiction where the standards of securities holders' protection are at least equivalent to those provided in Bahrain; and
- (b) in the case of registered securities, provision must be made for a register of holders to be maintained in Bahrain, or such other place as the Agency may agree, and for transfers to be registered locally. The Agency may, however, consider an alternative proposal for registering transfers for holders in Bahrain, in exceptional circumstances; and

4.7.4 The following modifications apply:-

- (a) The references in the Guidelines to "Directors" should be read as references to members of the overseas issuer's governing body;
- (b) The issuing and offering documents must be signed by two members of the governing body of the overseas issuer or guarantor, in the case of a guaranteed issue, or by their agents authorised in writing rather than signed by or on behalf of every director or proposed director; and
- (c) The declaration to be submitted to the Agency may require adjustment by virtue of the laws to which the overseas issuer is subject and may be signed by a director's and secretary's agent, authorised in writing, rather than by a director and the secretary.

4.7.5 The Agency may be prepared to agree modifications to the Listing Agreement as it considers appropriate in a particular case. In particular, in the case of an overseas issuer whose primary listing is on another regulated stock market recognised by the Agency, the Agency may accept a Listing Agreement which incorporates equivalent continuing obligations to those imposed by that other stock market.

4.7.6 Conversely, the Agency may impose additional requirements in a particular case. In particular, if the overseas issuer's equity capital has or is to have a primary listing on the exchange, the Agency may impose such additional requirements as it considers necessary to ensure that investors have the same protection as that afforded to them in Bahrain.

- 4.7.7 Attention is particularly drawn to the obligations regarding the circulation and contents of annual financial statements and accounts to ensure simultaneous release of information to other exchanges and to the market in Bahrain.
- 4.7.8 Attention is particularly drawn to the requirement for the external auditor to be independent both of the overseas issuer and of any other company concerned.
- 4.7.9 A financial statement will not normally be regarded as acceptable unless the relevant statements have been audited to International Financial Reporting Standards (IFRS), or a standard acceptable to the Agency.
- 4.7.10 Financial statements in respect of overseas issuers are required to conform with accounting standards acceptable to the Agency which will normally be at least the IFRS as promulgated from time-to-time by the International Accounting Standards Committee. The relevant standards will normally be those current in relation to the last financial year reported on and, wherever possible, appropriate adjustments should be made to show profits for all periods in accordance with such standards.

Where the Agency allows reports to be drawn up otherwise than in conformity with accounting standards set by the International Accounting Standards Committee, the Agency may, having regard to the jurisdiction in which the overseas issuer is incorporated or otherwise established, require the report to contain a statement of the financial effect to the financial statements of the use of accounting standards other than IFRS.

- 4.7.11 Where the figures in the report differ from those in the audited annual financial statements, a statement of adjustments must be submitted to the Agency enabling the figures to be reconciled.

5. Submission of Application and Documents

Subject to Articles (143) and (149) of the Commercial Companies Law, any issuer of Debt Securities who wishes to issue, offer for subscription or purchase, or make an invitation to subscribe for or purchase Debt Securities, must seek the Agency's approval by complying with the requirements laid down in these Guidelines, as well as any other Agency requirements on the issuing, offering or listing of Debt Securities with the submission of an application to the Agency.

The application for approval must, in addition to the abovementioned requirement, include the following attachments:-

1. Two copies of the initial prospectus (Appendix 1).
2. Two copies of lists of information to be submitted for the purpose of obtaining the Agency's approval (Appendix 2).
3. A copy of the constituent documents, such as the Memorandum and Articles of Association, or equivalent documents.
4. A copy of any other required regulatory approvals.
5. A description of the structure of the securitisation transaction.
6. The preliminary rating report, if available or required by other authorities.

7. A legal opinion as to whether the true sale criteria have been met.
8. A valuation report of no more than six months age by independent, registered valuers in the event that the assets which are the subject matter of a securitisation transaction include real property.
9. Compliance checklist on the Agency's Debt Securities Guidelines by principal advisers.
10. All duly executed declarations as required by these Guidelines.

6. Subsequent Events

Any changes in that timetable referred to under 1.4 of this Chapter shall also be agreed in advance with the Agency.

7. Timeframe for Agency's approval

- 7.1 The Agency will give its approval within 30 business days for a new applicant, and 15 business days for existing listed issuers, from the date of receipt of all declarations, complete information and documentation required under these Guidelines.
- 7.2 The Agency's approval must be in written form.
- 7.3 The Agency retains absolute discretion to accept or reject applications for issuing, offering or listing and that compliance with the relevant conditions may not in itself ensure an applicant's suitability for issuing and listing.

CHAPTER 3 PROSPECTUS REQUIREMENTS

1. General

- 1.1 The contents of the Debt Securities prospectus and other issuing and offering documents mentioned in the following pages are general in nature and should not be viewed as the sole criteria for disclosure. Directors, underwriters, promoters and advisers of the issuer have the primary obligation and responsibility in relation to the contents of Debt Securities prospectus and other documents and they should ensure that all such information that is necessary for an assessment of the Debt Securities offered by the prospectus is disclosed.
- 1.2 The requirements of this Chapter are not exhaustive. Additional information, according to the particular nature of the Debt Securities issuer and of the Debt Securities for which the Agency's approval is sought, shall be included to the extent necessary to enable investors and their investment advisers to make an informed assessment of the assets, liabilities, financial position, profits or losses and prospects of the issuer and of the rights attached to such securities, notwithstanding that such information is not specifically required by this Chapter, or any other Chapters of these Guidelines.

Furthermore, the Agency may require disclosure of such additional information as it considers appropriate in any particular case. If the Agency requires such information, it will inform the issuer of the additional information required.

- 1.3 Without prejudice to the generality of Article (143) of the Commercial Companies Law, unless the Agency permits otherwise, no issuer may issue Debt Securities (other than private placement or selectively marketed Debt Securities), in the Kingdom of Bahrain unless:
- (a) A prospectus has been submitted to, and approved by the Agency, and;
 - (b) A summary of the prospectus has been published in one Arabic and one English language newspaper published in Bahrain.
- 1.4 A prospectus published in accordance with these Guidelines shall be in such form and contain such financial and other information as the Agency may prescribe. (Appendix 1).
- 1.5 If between the time of preparation of the prospectus and the time of issue of the Debt Securities:
- (c) There is a material change in the information included in the prospectus; or
 - (d) Material new matters arise which would have been required to be included in the prospectus, had they arisen at the time that it was prepared, the issuer must issue a supplementary prospectus which must

be approved by the Agency and published in summary form in accordance with these Guidelines.

2. Documentary Requirements

2.1 The following documents must be submitted to the Agency for initial review, at least 30 business days in the case of new applicants, and 15 business days in the case of existing listed issuers, prior to the issuing and offering date:-

- (a) four drafts or proof prints of the offering document, marked in the margin to indicate where the relevant items from the offering document have been met;
- (b) two copies of a draft of the formal notice, where applicable;
- (c) four drafts or proof prints of any application form to subscribe or purchase the Debt Securities;
- (d) four copies of a draft of any temporary document of title proposed to be issued;
- (e) two copies of a draft of the certificate or other document of title proposed to be issued;
- (f) two copies of a draft of the trust deed or other document securing or constituting the Debt Securities; and
- (g) where the issuing and offering document contains an accountants' report, two copies of a draft of any statement of adjustments relating to the accountants' report.

2.2 Without prejudice to the generality of Article (143), the following documents must be submitted to the Agency in the case of a new applicant at least three business days and in the case of an existing listed issuer at least two business days prior to the date on which the offering document is to be bulk printed:-

2.2.1 a formal application for issuing and offering, signed by duly authorised officer(s) of the issuer;

- (a) four copies of the final proof of the offering document, where applicable;
- (b) two copies of the final proof of the formal notice, where applicable;
- (c) four copies of the final proof of any application form (including any excess or preferential application form) to subscribe or purchase the Debt Securities; and
- (d) unless previously supplied, the documents referred to in 2.1 (d); (e) and (f)

2.2.2 in the case of a new applicant:-

- (a) a written submission to the Agency in the form prescribed by the Agency from time-to-time in support of the application for issuing and offering;
 - (b) a certified copy of the certificate of incorporation or equivalent document of the issuer and the guarantor, in the case of a guaranteed issue if applicable; and
 - (c) a certified copy of the certificate(s) (if applicable) entitling the issuer and the guarantor, in the case of a guaranteed issue, to commence business;
- 2.2.3 A certified copy of the updated Memorandum and Articles of Association or equivalent documents of both the applicant and the guarantor, in the case of a guaranteed issue, or, if previously supplied in connection with a previous issuing and where no amendments have been made thereto, a certificate of an authorised officer of the issuer and of the guarantor, in the case of a guaranteed issue, confirming that there have been no amendments thereto; and
- 2.2.4 The annual financial statements for each of the three completed financial years of the issuer or its group and the guarantor or its group, in the case of a guaranteed issue, immediately preceding the issue of the offering document or such shorter period as may be acceptable to the Agency or, if such statements have previously been supplied in connection with previous issues, a certificate from the external auditors of the issuer and the guarantor, in the case of a guaranteed issue, stating that there has been no material adverse change in the financial position and prospects of the issuer or guarantor, as the case may be, since the date of the latest audited financial statements.
- 2.2.5 Without prejudice to the generality of Article (143) of the Commercial Companies Law, and where applicable, a certified copy of:-
- (a) the resolution(s) of the issuer in a general meeting (if applicable), authorising the issue of Debt Securities for which the Agency's approval is sought;
 - (b) the resolution(s) of the board of directors or other governing body or any other person to whom it has properly delegated these powers (together, in such cases, with a certified copy of the power of attorney or resolution delegating the powers) authorising the issue and allotment of such Debt Securities, the making of the application for issuing and offering;
 - (c) in the case of a guaranteed issue, the resolution(s) of the board of directors or other governing body of the guarantor approving and authorising the giving and signing of the guarantee(s) and authorising the issue of the offering document;

- 2.2.6 three copies of the notice(s) of meeting (if applicable) of shareholders referred to in the offering document;
- 2.2.7 a draft of the trust deed or other document securing or constituting the Debt Securities, unless previously supplied; and
- 2.2.8 a declaration and undertaking, duly signed by each director or member of the issuer's governing body, or by his agent authorised in writing as the case may be.
- 2.2.9 As soon as practicable after the issue of the offering document, the following documents must be submitted to the Agency:-
 - a) a copy of the relevant page of each newspaper in which the formal notice(s) was published;
 - b) unless previously supplied under 2.2.5, a certified copy of the resolution(s) therein referred to;
 - c) in the case of an offer for subscription or an offer for sale, a copy of the relevant page of each newspaper in which the announcement of the results of the offer was published;
 - d) in the case of an offer to the public by tender, a copy of the relevant page of each newspaper in which the announcement of the striking price was published;
 - e) a specimen of any temporary document of title;
 - (f) when available, a specimen of the certificate or other document of title;

3. Statement of Disclaimer

All offering and listing documents must contain on the front cover page a prominent and legible disclaimer statement written in capital letters and box framed as follows:-

THE BAHRAIN MONETARY AGENCY AND THE BAHRAIN STOCK EXCHANGE ASSUME NO RESPONSIBILITY FOR THE ACCURACY AND COMPLETENESS OF THE STATEMENTS AND INFORMATION CONTAINED IN THIS DOCUMENT AND EXPRESSLY DISCLAIM ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWSOEVER ARISING FROM RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS DOCUMENT.

4. Responsibility Statement

Issuers and guarantors, in the case of a guaranteed issue, are reminded that each of their directors is required to accept responsibility for the information which the offering and listing document contains and that a statement to that effect is required to

be incorporated in the document, except in the case of States and Supranationals.

4.1 Directors Responsibility Statement:

If not already disclosed on the front cover, the prospectus should contain the following statements on the inside cover, framed and written in capital letters.

“THE DIRECTORS OF THE ISSUER, WHOSE NAMES APPEAR HEREIN, ACCEPT RESPONSIBILITY FOR THE INFORMATION CONTAINED IN THIS DOCUMENT. TO THE BEST OF THE KNOWLEDGE AND BELIEF OF THE DIRECTORS, WHO HAVE TAKEN ALL REASONABLE CARE TO ENSURE THAT SUCH IS THE CASE, THE INFORMATION CONTAINED IN THIS DOCUMENT IS IN ACCORDANCE WITH THE FACTS AND CONTAINS NO OMISSIONS LIKELY TO AFFECT THE IMPORTANCE AND COMPLETENESS OF THE DOCUMENT.”

5. Language

Every offering and listing document must be in the English language and be accompanied by an Arabic translation, except that in the case of a new applicant, the English language version of the offering and listing document may be distributed separately from its Arabic translation (and vice-versa), provided that both are available at each place where and for so long as the distribution of such documents takes place.

6. Illustrations

An offering and listing document may include illustrations of a pictorial and graphic nature, provided that such illustrations are not misleading or likely to mislead in the form and context in which they are included.

7. Prospectus Contents

Appendix 1 attached with these Guidelines states the detailed content of a standard prospectus of Debt Securities.

However, the standard requirements stated in the abovementioned prospectus should be read with the additional requirements or exceptions stated in Section 8 of this Chapter below.

The following are the outlines of the main sections of the standard prospectus contents:

Section 1 - Cover Page:

The cover page of a prospectus should contain the following particulars:

- Full name and registration number (if applicable) of the issuer
- Type and amount of Debt Securities
- Date of prospectus

- Validity period of the prospectus
- Full name of the adviser(s)
- Full name of the lead manager (if any)
- Full name of sub-managers
- Full name of the managing underwriter and sub-underwriter(s) (if any)
- Full name of the trustee
- Full name of the guarantor (if any)
- Full name of paying agent
- Statement of disclaimer
- Listing that is sought
- Rating of Debt Securities if any, or required

Section 2 - Inside Cover

- Responsibility Statements
- Declaration by Issuers
- Statement on Risk

Section 3 - Glossary of Defined Terms

Section 4 - Corporate Directory and Information Summary

- Issuer's Corporate Directory
- Summary of Corporate Information
- Summary of Financial Information
- Indicative Timetable

Section 5 - Terms and Conditions of the Debt Securities

Section 6 - Utilization of Proceeds

Section 7 - Risk Analysis

Section 8 - Corporate Information and Background of the Issuer

- History
- Shareholders, Directors and Key Management Information
- Business and Industry Overview
- Future Plans and Prospects

Section 9 - Related-Party Transaction or Conflict of Interest

Section 10 - Historical Financial information

Section 11 – Forecasted Financial Information

Section 12 - Other Information

Section 13 - Documents Available for Inspection

Section 14 - Procedures for Application

Section 15 – Forms and Applications

8. Additional Requirements and Exceptions

Without prejudice to the generality of Article (143) of the Commercial Companies Law, in addition to these detailed requirements, all listing documents issued by a new applicant or a existing listed issuer in support of an application for listing of Debt Securities of a class new to listing where those Debt Securities are offered otherwise than to existing shareholders must, as an overriding principle, contain such particulars and information which, according to the particular nature of the issuer and guarantor, in the case of a guaranteed issue, and the Debt Securities for which listing is sought, are necessary to enable an investor to make an informed assessment of the activities, assets, liabilities, profits or losses, financial position and management and prospects of the issuer and guarantor, in the case of a guaranteed issue, and of the rights attaching to such Debt Securities.

The Agency may require disclosure of such additional or alternative items of information as it considers appropriate in any particular case. Conversely, it may be prepared to permit the omission or modification of certain items of information on an exceptional basis where appropriate in particular cases. Consequently, issuers are encouraged to seek informal and confidential guidance from the Agency at the earliest opportunity.

Special requirements or exceptions for each type of Debt Securities are as follows:

8.1 Convertible Debt Securities:

- 8.1.1 Information concerning the nature of the equity securities or other property offered by way of conversion, exchange, subscription or purchase and the rights attached thereto including, in particular, the voting rights, entitlement to share in profits and, in the event of liquidation, any surplus and any other special rights.
- 8.1.2 Full details of any property the subject of such conversion, exchange, subscription or purchase rights.
- 8.1.3 Subject to Article (149) of the Commercial Companies Law, the terms and conditions for conversion, exchange, subscription or purchase and details of the circumstances for or in which they may be amended, including the following information:-
 - (a) the total number of equity securities or other property subject to such rights;
 - (b) the period during which such rights may be exercised and the date when this right commences;
 - (c) the amount payable on the exercise of such rights;

- (d) the arrangements for transfer or transmission of such rights;
- (e) the rights of the debtholders on the liquidation of the company the equity securities of which are subject to such rights; and
- (f) the arrangements for the variation in the subscription or exercise price or number of equity securities or other property to take account of alterations to the share capital of the company the equity securities of which are subject to such rights.

8.1.4 Where the issuer of the convertible Debt Securities is different from the issuer of the relevant equity securities, such items of information, with respect to the issuer of the equity securities as the Agency shall require having regard to the circumstances of the issue and a statement indicating from where any information concerning the issuer of the equity securities contained in the issuing and offering document has been extracted and as to the date of the source of such extraction.

8.1.5 Where the issuer has authorised but unissued capital or is committed to increase its capital, an indication of:-

- (a) the amount of such authorised capital or capital increase and, where appropriate, the duration of the authorisation;
- (b) the categories of persons having any preferential subscription rights for such additional portions of capital; and
- (c) the terms and arrangements for the share issue corresponding to such portions.

8.1.6 If the issuer has shares not representing capital, the number and main characteristics of such shares.

8.1.7 An indication of the persons, so far as known to the issuer, who, directly or indirectly, jointly or severally, exercise or could exercise control over the issuer and particulars of the proportion of the voting capital held. Joint control means control exercised by two or more persons who have concluded an agreement which may lead to their adopting a common policy in respect of the issuer.

8.1.8 Details of the profit or loss per share of the issuer, arising out of the issuer's ordinary business activities, after tax, for each of the last two financial years, where the issuer includes its own annual financial statements in the issuing and offering document. Where the issuer includes only consolidated annual financial statements in the issuing and offering document, it must indicate the consolidated profit or loss per share for each of the last two financial years. This information must appear in addition to that provided in accordance with the first sentence where the issuer also includes its own annual financial statements in the issuing and offering document. If, in the course of the period of two financial years, the number of shares in the issuer has changed as a result, for example, of an increase in or reduction or reorganisation of capital, the profit or loss per share referred to in the first and second sentences must be adjusted to make them comparable; in that event the adjustment formula used must be disclosed.

- 8.1.9 The amount of the dividend per share for each of the last two financial years, adjusted, if necessary, to make it comparable in accordance with the fourth sentence of paragraph 8.1.8.
- 8.1.10 Details of the fixed date(s), if any, on which entitlement to dividend arises.
- 8.1.11 Particulars of any arrangement under which future dividends are waived or agreed to be waived.
- 8.1.12 Name, registered office and proportion of capital held in respect of each undertaking in which the issuer holds at least 10% of the paid-up capital. These details may be omitted when they are of negligible importance for the purpose of enabling investors and their investment adviser(s) to make an informed assessment of the activities, assets, liabilities, profits or losses, financial position and management of the group at the time the offering document is issued and of the rights attaching to the securities for which application is made.
- 8.1.13 Summary of the provisions of the issuer's Memorandum and Articles of Association or equivalent documents regarding changes in capital and variation of class rights whether or not such provisions are more stringent than required by law.

8.2 Asset-Backed Securities or Mortgaged-Backed Securities:

- 8.2.1 The listing document of asset-backed and mortgaged-backed securities must include the following additional information:
- (a) a description of the assets used to back the asset-backed securities, or the mortgages used to back the mortgaged-backed securities giving at least the following (where relevant):
 - (i) the geographical location or legal jurisdiction of the financial assets;
 - (ii) the pool size and any specified minimum or maximum;
 - (iii) the types of loans (where applicable);
 - (iv) the maturity of loans (where applicable);
 - (v) the size of loans (where applicable);
 - (vi) the loan to value ratio at origination where the loans in the pool are themselves secured or backed by other assets, if a valuation was available;
 - (vii) the principal lending criteria and extent to which loans may be included which do not meet these criteria;
 - (viii) an indication of significant representations and warranties given to the issuer relating to the loan pool;
 - (ix) the method of origination;
 - (x) any loan substitution rights;
 - (xi) any rights or obligations to make further advances;
 - (xii) main terms of the principal insurance policies relating to default, including the names, and where appropriate, the addresses and a brief

description of the providers. Any concentration with one insurer should be disclosed if it is material to the transaction;

- (xiii) where the assets or mortgages consist of debt obligations of 10 or less borrowers or where a borrower accounts for 10% or more of the assets, the information required in respect of each borrower will be the same as that which would be required if it were itself the issuer of the securities to be offered unless it is already listed on a recognised stock exchange or the debt obligations are guaranteed by an entity listed on a recognised stock exchange, in which case only the name, address, country of incorporation, nature of business and name of the exchange on which its securities are listed shall be disclosed in respect of the issuer and the guarantor (if applicable). The relationship with the guarantor, if any, shall be included. The terms and conditions of the loans or Debt Securities must be stated, except where the assets are Debt Securities listed on a stock exchange; and
- (xiv) where the assets or mortgages consist of debt obligations of more than 10 borrowers, or where a borrower accounts for less than 10% of the assets the general characteristics and descriptions of the borrowers, or classes of borrowers shall be given;

However, due to the nature of the transaction, some of the above requirements may not always be appropriate and additional information may be required. In such cases, the Agency should be consulted at an early stage;

- 8.2.2 A description of the material risks inherent in the portfolio together with any methods whereby they are sought to be addressed;
- 8.2.3 A description of the method and a statement of the date of the sale, transfer or assignment of the assets or of any rights in the assets to the issuer;
- 8.2.4 A description of the structure of the transaction and explanation of the flow of funds including:
 - (a) how the cash flow from the assets or mortgages (if any) is expected to meet the issuer's obligations to debtholders, in particular, information on any credit enhancements, an indication of where material potential liquidity shortfalls are expected to occur and the availability of any liquidity supports and indication of provisions to cover interest or (income) shortfall risks;
 - (b) an indication of any investment parameters for the investment of temporary liquidity surpluses;
 - (c) how payments are collected from borrowers of the loans in the pool;
 - (d) the order of priority of payments made by the issuer, where relevant to the holders of the class of Debt Securities in question;

- (e) the fees payable by the issuer out of cash flow received (for example, fees to the administrator);
 - (f) details of any other arrangements upon which payments of interest and principal to investors are dependent;
 - (g) information on whether or not there is any intention to accumulate surpluses in the issuer; and
 - (h) details of any subordinated debt finance;
- 8.2.5 The name, address and brief description of the originator of the financial assets or mortgages backing the issue;
- 8.2.6 The name, address and information to demonstrate the suitability of the administrator together with a summary of the administrator's responsibilities and a summary of the provisions relating to termination of the appointment of the administrator and whether or not an alternative administrator has been appointed, and
- 8.2.7 The names and addresses and brief description of:
- (i) any swap counter-parties and any providers of other material forms of enhancement, as outlined under paragraph 8.2.4 (a); and
 - (ii) the banks with which the main accounts relating to the transaction are held.
- 8.2.8 If an issue is guaranteed as to principal and interest by a listed company or a company that is suitable for listing, the Agency may be prepared to accept a shorter form of disclosure as regards the additional information required under these Guidelines if it is satisfied that any information omitted is not material from the point of view of the investors likely to be concerned.
- 8.2.9 The Agency, for the purpose of giving information with regard to the issuer, subject as set out below, requires that the issuer's directors collectively and individually accept full responsibility for the accuracy of the information contained in this document and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.
- 8.2.10 The information relating to the underlying issuer(s) or borrower(s) has been accurately reproduced from the information published by that issuer or borrower, so far as the directors of the issuer are aware and are able to ascertain from the information published by the underlying issuer(s) or borrower(s) that no facts have been omitted which would render the reproduced information misleading.
- 8.2.11 If no other requirement for the preparation of annual financial statements and accounts exists, the Agency may consider an application for a waiver of the requirements in respect of annual financial statements and accounts. If a

waiver is granted, the terms and conditions of the issue must include a requirement for the issuer to provide written confirmation to the trustee (or equivalent person), on an annual basis, that no event of default or other matter which is required to be brought to the trustee's attention has occurred.

8.3 States:

8.3.1 Some or all of the following additional information may be required by the Agency to be included:-

- (a) details of the organisation and administration of the State;
- (b) a description of the economic situation (according to category of issuer):
 - (i) states
 - (a) general information;
 - (b) gross national product by economic sector for the past two years;
 - (c) production trends in the various economic sectors: breakdown by principal production branches for the past two years;
 - (d) price, wage and employment trends over the past two years;
 - (e) export and import trends by economic sector and country over the past two years;
 - (f) balance of payments;
 - (g) gold and currency reserves;
 - (ii) regional authorities
 - (a) general information;
 - (b) description of the principal sources of revenue;
 - (c) production trends in the various economic sectors: breakdown by principal production branches for the past two years;
 - (iii) local authorities and municipalities
 - (a) general information;
 - (b) description of the principal sources of revenue;
- (c) finances
 - (i) income and expenditure for the past two years and budgetary forecasts for the current year;
 - (ii) public debt for the past two years.

8.3.2 A State may omit the following items of information:-

- (a) Responsibility statements.
- (b) Name, address and professional qualification of the auditors.
- (c) The date and country of incorporation.
- (d) Details of the legislation under which the issuer is incorporated.
- (e) The address of head office.

- (f) Particulars of any other stock exchange on which any part of the equities securities of the issuer is listed.
- (g) Details of the registration.
- (h) Details of the authorized and paid-up capital.
- (i) Information required in the financial statements.
- (j) Particulars regarding general and administrative information and nature of business.

8.3.3 States who want to omit any of the above prescribed information should therefore consult the Agency at the earliest possible opportunity.

8.4 Supranationals:-

8.4.1 Some or all of the following additional information may be required by the Agency to be included:-

- (a) details and location of the organisation and administration of the Supranational;
- (b) a description of the activities of the Supranational;
- (c) financial information including at a minimum:
 - (i) income and expenditure for the past two years and budgetary forecasts for the current year;
 - (ii) publicly issued debt issued in the past two years.

8.4.2 A Supranational may omit the items of information mentioned under 8.3.2 above.

8.4.3 Supranationals who want to omit any of the above prescribed information should therefore consult the Agency at the earliest possible opportunity.

8.5 State Corporations:

8.5.1 A State corporation may omit the following items of information:

- (a) Information about subsidiaries.
- (b) Information about the group's activities.

8.5.2 State corporations who want to omit any of the above prescribed information should consult the Agency at the earliest possible opportunity.

8.6 Banks and Financial Institutions:

In exceptional cases, banks who want to omit any of the prescribed information should therefore consult the Agency at the earliest possible opportunity.

8.7 Private Placement or Selectively Marketed Debt Securities:

8.7.1 The information required under 2.1 (c), (d), (e), (g) and 2.2.2 (b), (c) and 2.2.8 and 2.2.9 of the documentary requirements under this Chapter are not applicable.

8.7.2 The following modifications are required with regards to the documentary requirements:

- (a) The annual financial statements referred to in 2.2.4 need to be for each of the last two completed financial years.
- (b) The responsibility statement referred to in 4.1 may be given by another person or persons considered appropriate by the Agency, including the corporate declaration customarily adopted for selective marketing.

8.8 Guarantors and Guaranteed Issues:

8.8.1 Where issuing and offering is sought for Debt Securities of an issuer guaranteed or secured by another legal entity other than its holding company, the guarantor will be required to comply with the requirements of these Guidelines to the same extent as if such guarantor were the issuer of the relevant Debt Securities, therefore an offering document issued in relation to a guaranteed issue shall contain the same information regarding the guarantor as that regarding the issuer, so that, where appropriate, the “issuer” should be read as applying equally to the guarantor.

8.8.2 The relevant guarantee must be issued in conformity with the law of the place where the guarantor is incorporated or otherwise established and in conformity with the guarantor’s Memorandum and Articles of Association or equivalent documents and all authorisations needed for its issue under such law or documents must have been duly given.

8.9 Overseas Issuers:

8.9.1 The Agency may be prepared to permit the omission of certain information where it considers it appropriate and not material. In considering requests for any such omissions, the Agency will have regard to:-

- (a) whether the overseas issuer has a listing on a regulated stock market recognised for this purpose by the Agency and conducts its business and makes disclosure according to the accepted standards by the Agency; and
- (b) the nature and extent of the regulatory standards and controls to which the overseas issuer is subject in its home market.

8.9.2 The following modifications apply:-

- (a) if the overseas issuer does not have a board of directors the statement of responsibility must be made by all the members of the overseas issuer's equivalent governing body and the issuing and offering document should be modified appropriately;
- (b) the documents to be offered for review will be the documents corresponding to those mentioned in these Guidelines and where any of such documents are not in the English or Arabic language, certified English or Arabic translations thereof shall be available for review. In particular cases, the Agency may require additional documents to be offered for review; and
- (c) overseas issuers which are subject to public reporting and filing obligations in their home market may be permitted to incorporate in issuing and offering documents relevant documents so published. Such documents must be in English, or accompanied by a certified English or Arabic translation.

8.9.3 The Agency may be prepared to agree modifications to the Listing Agreement as it considers appropriate in individual cases. In particular, in the case of an overseas issuer whose primary listing is on another regulated stock market recognised by the Agency, the Agency may accept a Listing Agreement which incorporates equivalent continuing obligations to those imposed by that other stock market.

8.9.4 Conversely, the Agency may impose additional requirements in individual cases. In particular, if the overseas issuer's equity capital has or is to have a primary listing on the exchange, the Agency may impose such additional requirements and equivalent information as it considers necessary to ensure that investors have the same protection as that afforded to them in Bahrain.

8.9.5 Attention is particularly drawn to the obligations regarding the circulation and contents of an annual financial statement, accounts and other required documents, to ensure simultaneous release of information to other exchanges and to the market in Bahrain.

In addition, attention is particularly drawn to the requirement for the external auditor to be independent both of the overseas issuer and of any other company concerned.

8.9.6 Audited financial statements will not normally be regarded as acceptable unless the relevant accounts have been audited to an IFRS or a standard comparable to that required by the Agency.

Reports in respect of overseas issuers are required to conform with accounting standards acceptable to the Agency which will normally be at least the IFRS as promulgated from time-to-time by the International Accounting Standards Committee. The relevant standards will normally be those current in relation to the last financial year reported on and, wherever possible, appropriate

adjustments should be made to show profits or losses for all periods in accordance with such standards.

8.9.7 Where the Agency allows reports to be drawn up otherwise than in conformity with accounting standards approved by the International Accounting Standards Committee, the Agency may, having regard to the jurisdiction in which the overseas issuer is incorporated or otherwise established, require the report to contain a statement of the financial effect of the material differences (if any).

8.9.8 Where the figures in the report differ from those in the audited annual financial statements, a statement of adjustments must be submitted to the Agency enabling the figures to be reconciled.

9. Amendments and Subsequent Events

9.1 Where any document is amended after submission, a like number of further copies must be submitted to the Agency for review, marked in the margin to indicate where the relevant items in the prospectus and offering documents have been met. Such copies must also be marked in the margin to indicate amendments made to conform with points raised by the Agency.

9.2 No material amendment to the final proof prospectus and other offering documents will be allowed without the consent of the Agency.

9.3 The offering document must not be issued until the Agency has confirmed to the issuer that it has no further comments thereon. However, circulation of a draft or preliminary prospectus, which is clearly marked as such, is permitted for the purposes of arranging underwriting.

10. Penalties Under this Chapter

10.1 As per Article (361) of the Commercial Companies Law, “without prejudice to any severer penalty provided for in the Penalties Code or in any other law, imprisonment and a fine not less than five thousand Bahraini Dinars and not exceeding ten thousand Bahraini Dinars or either of these two penalties shall be imposed on”:

(a) Any person who has stated in the issuer’s Memorandum and Articles of Association or in the prospectus or in any other documents of the issuer, false data or data in violation of the provisions of the Commercial Companies Law and this Chapter, and any person who has wilfully signed these documents or distributed them.

(b) Any founder, manager or board member who has invited the public to subscribe for Debt Securities in contravention of the provisions of the Commercial Companies Law and this Chapter, and whoever has offered these Debt Securities for subscription with his knowledge of this violation.

- (c) Any board member, manager or auditor who has participated in preparing or approving a balance sheet that does not reflect the true financial position of the issuer or a profit and loss account that does not properly represent the profits or the losses of the issuer for the financial year.
- (d) Any manager, board member, liquidator or auditor who has stated false or untrue data in the balance sheet or in the profit and loss account or in the reports he has prepared for the partners or for the general assembly or who has failed to submit these reports or who has wilfully ignored essential facts in these statements which renders the issuer's financial position untrue.

10.2 As per Article (362) of the Commercial Companies Law, “without prejudice to any severer penalty provided for in the Penalties Code or in any other law, a fine not exceeding five thousand Bahraini Dinars shall be imposed on”:

- (a) Any person who has issued Debt Securities, subscription receipts, interim certificates or has offered them for trading in contravention of the provisions of the Commercial Companies Law and this Chapter.
- (b) Any manager, board member, auditor or liquidator who has wilfully ignored essential facts in the balance sheet or in the profit and loss account that affects the issuer's financial position.
- (c) Any board member who has prepared a report or a balance sheet or an account contrary to the decision referred to in Article (195) of the Commercial Companies Law and these Guidelines and any auditor who has prepared a report contrary to the data referred to in Article (219) of the Commercial Companies Law and these Guidelines.

CHAPTER 4

PUBLIC OFFERING AND ANNOUNCEMENT

1. General

- 1.1 Subject to Article (143) of the Commercial Companies Law, all publicity material released in the Kingdom of Bahrain relating to an issue of Debt Securities must be reviewed by the Agency before release and must not be released until the Agency has confirmed to the issuer that it has no further comments thereon.
- 1.2 In addition, such publicity material must comply with all applicable statutory requirements. For these purposes, publicity material does not relate to an issue of Debt Securities if its purpose is the promotion of the issuer or its products or business and not the promotion of the Debt Securities to be issued.
- 1.3 Moreover, circulation is permitted of documents of a marketing nature, such as the invitation or offering fax or electronic form and documents which consist of, or are drafts of, or relate to, agreements to be entered into in connection with the issue of the Debt Securities, provided that any obligations created thereunder to issue, subscribe, purchase or underwrite the Debt Securities are conditional on the offering approval being granted. Such documents will not be considered as falling within the scope of these Guidelines and need not be submitted for prior review.
- 1.4 Any publicity material or announcement referring to a proposed offering by an applicant which is issued prior to the Agency's approval, such application shall state that the application has been or will be made to the Agency for the issuing and offering of and for permission to deal in the Debt Securities concerned. If no such statement is made, the application may be rejected by the Agency.
- 1.5 The issuers must comply with the obligation to maintain confidentiality prior to the announcement of an issue.
- 1.6 Issuers are also reminded that these requirements are not exhaustive and that an applicant for offering must also supply any further documents and information which the Agency may require in a particular case.
- 1.7 No offering document may be issued until the Agency has confirmed to the issuer that it has no further comments thereon.

2. Announcement of Offering

- 2.1 In the case of an offer for sale or an offer for subscription a formal notice stating the information set out in 2.2 below must be published in the newspapers and other forms of media in the prescribed period.
- 2.2 In every case a formal notice stating the following information must be published in the newspapers and other forms of media not less than 5 calendar

days before the starting of the offering or dealings commence:-

- (a) the name and country of incorporation or other establishment of the issuer;
- (b) the name and country of incorporation or other establishment of the guarantor, in the case of a guaranteed issue;
- (c) the amount and title of the Debt Securities for which the offering and listing is sought;
- (d) the address(es) at which copies of the offering document (if any) are available to the public;
- (e) the date of publication of the notice;
- (f) in the case of a private placement or selectively marketed securities, the names of the issuing houses involved in the placing;
- (g) a statement that application has been made to the Agency for the issuing and offering of and permission to deal in the Debt Securities;
- (h) a statement that the formal notice appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for Debt Securities;
- (i) the date upon which the offering of the Debt Securities are expected to commence; and
- (j) in the case of an offer for sale or an offer for subscription a statement that applications will only be considered on the basis of the offering document.

2.3 Pursuant to Article (142) of the Commercial Companies Law, the issuer must make sufficient copies of the offering document available to the investors, free of charge, at the address(es) referred to in rule 2.2 (d) to satisfy investors demand for a reasonable period (in the case of an offer for subscription or offer for sale, not being less than the offer period and, in every other case, not being less than 10 days) from the date on which the formal notice is published. In all cases where the offering document is published in the newspapers, it must be accompanied by a statement that copies of the offering document are available to the public at stated address(es) for a similar period.

2.4 All offering documents published by a new applicant must be in printed form. However, a new applicant may, to the extent permitted under applicable laws and regulations and the new applicant's own constitutional documents, make additional copies available to the public in electronic format through publication of the offering document (together with the relative application form (if any)) on the new applicant's own website. In such case, the new applicant must confirm:

- (a) That the contents of the offering document and relative application form (if any) in electronic format are identical with the contents of the offering

document and application form (if any) in printed form; and

- (b) That the offering document and relative application form (if any) are also available in printed form and addresses of the locations where they are available; and

2.5 Any supplemental offering documents or subsequent amendments to the offering document are also made available in both printed form and electronic format.

3. Subscription Procedures

3.1 Subject to Articles (88) and (142) of the Commercial Companies Law, the subscription shall be open for a period not more than three months and if the issue is fully subscribed, then the issuer or underwriter has the right to close it.

3.2 Subject to Articles (87), (88) and (142) of the Commercial Companies Law, subscription for the Debt Securities shall take place through one or more paying agents that are licenced to operate in Bahrain or through one of their branches or representatives abroad, through underwriters or such other institutions which shall be approved by the Agency. The subscription amount must be deposited with the paying agent(s) and all the proceeds shall be credited to an account in the name of the issuer.

3.3 Subject to Articles (89) and (142) of the Commercial Companies Law, the application form shall be submitted to the paying agent(s) together with the requested amount. The receipt signed and issued by the paying agent(s) shall contain the name of the subscriber, his address, nationality, date of subscription, the number of securities subscribed and amount paid by him. The subscription shall be deemed finalized when the receipt has been issued and the subscriber shall not withdraw his subscription.

3.4 Subject to Articles (95) and (142) of the Commercial Companies Law, every subscription that occurs contrary to the effective laws, may invoke the intervention of the court for a declaration of nullity of the offending action, within 30 calendar days of the date on which the subscription period is over.

3.5 Subject to Article (144) of the Commercial Companies Law, if 50% or more of the Debt Securities offered for public subscription are covered during the specified period or any other period of extension of subscription, such subscription shall be deemed to have been completed, otherwise the issuer may either cancel the issue and refund the amount thereof to the subscribers or be satisfied with the number of subscribed Debt Securities and cancelling the balance.

4. Penalties Under this Chapter:

4.1 Subject to Article (146) of the Commercial Companies Law, in case of violating the conditions and procedures prescribed in the applicable law with respect to the issue of Debt Securities and subscribing therefore, every interested party shall have the right to file an application with the court for rendering the subscription

null and void and obliging the issuer to refund the Debt Securities in addition to claiming compensation for any damages suffered.

4.2 As per Article (361) of the Commercial Companies Law, which states: “without prejudice to any severer penalty provided for in the Penalties Code or in any other law, imprisonment and a fine not less than five thousand Bahraini Dinars and not exceeding ten thousand Bahraini Dinars or either of these two penalties shall be imposed on:”

(a) Any founder, manager or board member who has invited the public to subscribe for Debt Securities in contravention of the provisions of the Commercial Companies Law and this Chapter and whoever has offered these Debt Securities for subscription with his knowledge of this violation.

4.3 As per Article (362) of the Commercial Companies Law, which states: “without prejudice to any severer penalty provided for in the Penalties Code or in any other law, a fine not exceeding five thousand Bahraini Dinars shall be imposed on:”

(a) Any person who has issued Debt Securities, subscription receipts, interim certificates or has offered them for trading in contravention of the provisions of the Commercial Companies Law and this Chapter.

CHAPTER 5

ALLOTMENTS, CERTIFICATES AND REGISTRARS

1. Procedures

- 1.1 The issuer shall allot securities within 7 calendar days of the final offering's closing date for an issue of securities and to dispatch statements or certificates, if required, within 7 calendar days of the date of allotment, or within such period as may be prescribed by the Agency from time-to-time.
- 1.2 To dispatch within 4 business days after the day of submission of a registrable transfer of Debt Securities, a statement or certificate, if required, in respect of such securities and a balance statement for any remainder.
- 1.3 When so requested by the transferee at the time of submission of a registrable transfer of securities, the issuer shall dispatch the statement or certificate, if applicable, in respect of those securities to the securities holders. However, transfer of securities or securities settlement shall be affected by simple debt or credit on the books of the Clearing House system, via computer data entry.

Transferees (new owners) of Debt Securities will be regularly reported to the issuer's transfer agent(s) for legal transfer of title within 7 calendar days.
- 1.4 The issuer shall not refuse to register or fail to register to give effect to any transfer in registerable form of a fully paid security issued on the official list, except:
 - a) the registration of the transfer would result in a contravention of or failure to observe the provisions of any effective laws;
 - b) the transfer is in respect of a partly paid security in respect of which a call has been made and is unpaid.
- 1.5 If the issuer refuses to register a transfer of a security, it shall give to the transferee written notice of the refusal and the precise reasons thereof within 7 calendar days after the date on which the transfer was submitted with the issuer.
- 1.6 When so requested by the transferee at the time of submission of registrable transfers of securities, the issuer shall issue certificates in requested denominations.
- 1.7 To split certificates within 5 calendar days of receipt, or to certify transfers within 2 calendar days on submission of the relative certificates.
- 1.8 The issuer shall accept for registration transfers of the securities executed on a standard form of transfer approved by the Agency, or on such other form in lieu thereof, as may be approved by the Agency.

- 1.9 The issuer shall provide the Agency or the Exchange, upon enquiry, an extract of the Debt Securities register showing full details on or between the named date or dates of all entries relating to the registration of securities entered or deleted under any particular name and the relevant certificate numbers and the names into which or from which any particular security may have been transferred.
- 1.10 The issuer has permitted issued securities to be transferred from one register to another, without any restriction.
- 1.11 In the case of security splits, the issuer shall issue statements or certificates in requested denominations by the securities holder.
- 1.12 The issuer has to inform the Agency and the Exchange as and when a report is submitted with the registrar on any loss of certificates, giving all the information prescribed.
- 1.13 The issuer has to inform the Agency and the Exchange immediately when they are notified of forgery in the certificates of the issue by the issuer's registrar.
- 1.14 To provide the Agency and the Exchange, upon request, with an auditor's certificate to the effect that the processing of transfers and issue of certificates is in accordance with the effective laws.

2. Forms and Content of Certificates

- 2.1 Subject to Article (145) of the Commercial Companies Law, if Debt Securities require to be represented by certificates under any applicable laws or regulations, then the number of securities represented by the certificates must be clearly shown in words and figures on the face of the certificates, or in such other manner as may be approved by the Agency.
- 2.2 Debt Security certificates, if required, shall show the following:
 - a) serial number;
 - b) the name of the issuer, and the authority under which it was incorporated;
 - c) the address of the registered office of the issuer, and the register on which the Debt Securities are situated;
 - d) the security, rate of interest and dates of payment, any participating rights, and the date and method of redemption (if any);
 - e) where a rubber seal is imprinted, it shall be supported by manuscript signatures;
 - f) where an embossed seal is used, it may, subject to the issuer's Articles of Association, be supported by facsimile signatures only;
 - g) where only the seal is used without supporting signatures, the method or system of control by the issuer on the application of the seal must be approved by the auditors of the issuer, and a copy of such approval forwarded to the Agency and the Exchange.

3. Penalties Under this Chapter

3.1 As per Article (165) of the Commercial Companies Law, if a Debt Securities certificate issued to its owner is lost or damaged, the owner whose name is registered in the issuer's register may request a new certificate instead of the lost or the damaged one. The owner shall publish the serial numbers of the lost or damaged certificates and its numbers in a local newspaper. If no objection is raised to the issuer within fifteen days from the date of publication, the issuer shall provide the owner with a new certificate indicating that it is instead of the lost or the damaged certificate. The new certificate shall confer upon its holder the same rights and shall entail the same obligations related to the lost or damaged certificates.

3.2 As per Article (166) of the Commercial Companies Law, whoever objects to the issue of a certificate instead of the lost or the damaged one referred to under 3.1 of this Chapter shall initiate his lawsuit before the competent court within fifteen days from the date of submitting his objection to the issuer, otherwise, his objection shall be deemed as non-existent. The court shall decide on the objection as quickly as possible.

CHAPTER 6

PROTECTION OF DEBTHOLDERS' INTERESTS

1. General

- 1.1 This Chapter shall apply where a corporation or any other entity makes to the public an offer of Debt Securities or an invitation to subscribe for or purchase Debt Securities.
- 1.2 In this Chapter, a corporation is related to another corporation if it is deemed to be related to that other corporation by virtue of the Commercial Companies Law, or any equivalent laws and regulations.

2. Appointment of a Trustee

- 2.1 Subject to Article (162) of the Commercial Companies Law, every corporation and every other entity which makes an offer or invitation to the public in respect of Debt Securities shall make provision in those Debt Securities or in a trust deed relating to those Debt Securities for the appointment of a trustee corporation as trustee for the holders of the Debt Securities within one month from the allotment date.
- 2.2 Subject to Article (162) of the Commercial Companies Law, without permission of the Agency, a trustee corporation shall not be appointed, hold office or act as trustee for the holders of Debt Securities of a borrowing corporation if that trustee corporation is:-
- (a) a shareholder who beneficially holds shares in the borrowing corporation;
 - (b) beneficially entitled to monies owned by the borrowing corporation to it;
 - (c) a corporation that has entered into a guarantee in respect of the principal debt secured by those Debt Securities or in respect of interest thereon; or
 - (d) a corporation that is related to:-
 - (i) any corporation referred to in paragraphs (a), (b) and (c); or
 - (ii) the borrowing corporation.
- 2.3 If default is made in complying with this requirement, the corporation and every officer of the corporation who is in default shall be guilty of an offence and shall be liable on conviction to a fine as stated in Articles (361) or (362) of the Commercial Companies Law, as the case may be.

3. Retirement of Trustees

- 3.1 Without prejudice to the generality of Article (162) of the Commercial Companies Law, a trustee for the holders of Debt Securities shall not cease to be

the trustee until a corporation qualified for appointment as trustee for the holders of the Debt Securities has been appointed to be the trustee for the holders of the Debt Securities and has taken office as such.

- 3.2 Where provision has been made in the Debt Securities or in the relevant trust deed for the appointment of a successor to a trustee for the holders of the Debt Securities upon retirement or otherwise, the successor may be appointed in accordance with such provision.
- 3.3 Where no provision has been made in the Debt Securities or in the relevant trust deed for the appointment of a successor to a retiring trustee, the borrowing corporation may appoint a successor which is qualified for appointment.
- 3.4 Notwithstanding anything in the Commercial Companies Law or in any Debt Securities or trust deed, a borrowing corporation may, with the consent of an existing trustee for the holders of the Debt Securities, appoint as successor to the existing trustee any corporation which is qualified for such appointment.
- 3.5 Where the trustee for the holders of the Debt Securities has ceased to exist or to be qualified, or fails or refuses to act or is disqualified, the court may, on the application of the borrowing corporation or the trustee for the holders of the Debt Securities or the holder of any of the Debt Securities or the Agency, appoint any corporation qualified to be the trustee for the holders of the Debt Securities in place of the trustee which has ceased to exist or to be qualified, which has failed or refused to act as trustee, or which is disqualified.
- 3.6 Where a successor is appointed to be a trustee in place of any trustee, the successor shall within one month after the appointment submit to the Agency notice in the prescribed form of the appointment.
- 3.7 Any person who fails to comply with the requirements of 3.6 above shall be guilty of an offence and shall be liable on conviction to a fine as stated in Articles (361) or (362) of the Commercial Companies Law, as the case may be.

4. Contents of a Trust Deed

- 4.1 Pursuant to Article (164) of the Commercial Companies Law, where a corporation or any other entity makes an offer or invitation in respect of Debt Securities for subscription, the Debt Securities or the relevant trust deed shall contain a limitation on the amount that the borrowing corporation may, pursuant to those Debt Securities or that deed, borrow and shall contain covenants by the borrowing corporation, or if the Debt Securities do not or the trust deed does not expressly contain those covenants, they or it shall be deemed to contain covenants by the borrowing corporation, to the following effect:
 - (a) that the borrowing corporation will use its best endeavours to carry on and conduct its business in a proper and efficient manner.
 - (b) That, to the same extent as if the trustee for the holders of the Debt Securities or any approved issuer's auditor appointed by the trustee were a

director of the borrowing corporation or such person of the borrowing corporation as the Agency may approve in writing, the borrowing corporation shall:-

- (i) make available for its or his inspection the whole of the accounting or other records of the borrowing corporation; and
 - (ii) give to it or him such information as it or he requires with respect to all matters relating to the accounting or other records of the borrowing corporation; and
- (c) Subject to Article (163) of the Commercial Companies Law, that the borrowing corporation will, on the application of persons holding at least 10% in nominal value of the issued Debt Securities to which the covenant relates delivered to its registered office, by giving notice:-
- (i) to each of the holders of those Debt Securities at his address as specified in the register of Debt Securities; and
 - (ii) by an advertisement in at least 2 local daily newspapers, one each published in the Arabic and English languages addressed to all holders of those Debt Securities.

Summon a meeting of the holders of those Debt Securities to consider the accounts and balance sheet which were last submitted to the trustee for the holders of the Debt Securities by the borrowing corporation and to give to the trustee directions in relation to the exercise of the trustee's powers, such meeting to be held at a time and place specified in the notice and advertisement under the chairmanship of a person nominated by the trustee or such other person as is appointed in that behalf by the holders of those Debt Securities present at the meeting.

5. Power of the Court in Relation to Irredeemable Debt Securities

5.1 Without prejudice to the generality of Articles (146), (156), (163) and (164) of the Commercial Companies Law and notwithstanding anything in any Debt Security or trust deed, the security for any Debt Securities which are irredeemable or redeemable only on the happening of a contingency shall, if the court so orders, be enforceable, immediately or at such other time as the court directs if, on the application of the trustee for the holders of the Debt Securities or (where there is no trustee) on the application of any holder of the Debt Securities, the court is satisfied that:-

- (a) at the time of the issue of the Debt Securities the assets of the borrowing corporation which constituted or were intended to constitute the collateral or the security therefore were sufficient or likely to become sufficient to discharge the principal debt and any interest thereon;
- (b) the collateral or the security, if realised under the circumstances existing at the time of the application, would be likely to bring not more than the percentage specified by the Agency of the principal sum of monies

outstanding (regards being given to all prior charges and charges ranking *pari passu*, if any); and

- (c) the assets covered by the collateral or the security, on a fair valuation on the basis of a going concern after allowing a reasonable amount for depreciation are worth less than the principal sum and the borrowing corporation is not making sufficient profit to pay the interest due on the principal sum (where no definite rate of interest is payable) or interest thereon at such a rate as the court considers would be a fair rate to expect from a similar investment.

5.2 5.1 above shall not affect any power to vary rights or accept any compromise or arrangement created by the terms of the Debt Securities or the relevant trust deed or under a compromise or arrangement between the borrowing corporation and creditors.

6. Duties of Trustees

6.1 Without prejudice to the generality of Articles (156), (162), (163) and (164) of the Commercial Companies Law, a trustee for the holders of Debt Securities:-

- (a) shall exercise reasonable diligence to ascertain whether or not the assets of the borrowing corporation and of each of its guarantor corporations which are or may be available, whether by way of collateral or security or otherwise, are sufficient or are likely to be or become sufficient to discharge the principal debt as and when it becomes due;
- (b) shall satisfy itself that each prospectus relating to the Debt Securities does not contain any matter which is inconsistent with the terms of the Debt Securities or with the relevant trust deed;
- (c) shall ensure that the borrowing corporation complies with Chapter 5 of the Commercial Companies Law, or its equivalent rules and regulations, so far as it relates to the Debt Securities and is applicable;
- (d) shall exercise reasonable diligence to ascertain whether or not the borrowing corporation and each of its guarantor corporations have committed any breach of the covenants, terms and provisions of the Debt Securities or the trust deed;
- (e) except where it is satisfied that the breach will not materially prejudice the collateral or the security, if any, for the Debt Securities or the interests of the holders of the Debt Securities, shall take all steps and take all such actions as it is empowered to do to cause the borrowing corporation and any of its guarantor corporations to remedy any breach of those covenants, terms and provisions;
- (f) where the borrowing corporation or any of its guarantor corporations fails when so required by the trustee to remedy any breach of the covenants, terms and provisions of the Debt Securities or the trust deed, may place the

matter before a meeting of holders of the Debt Securities, submit such proposals for the protection of their interest as the trustee considers necessary or appropriate and obtain the directions of the holders in relation thereto; and

- (g) where the borrowing corporation submits to those holders a compromise or arrangement, shall give to them a statement explaining the effect of the compromise or arrangement and, if it or he thinks fit, recommend to them an appropriate course of action to be taken by them in relation thereto.

6.2 Where, after due enquiry, the trustee for the holders of the Debt Securities at any time is of the opinion that the assets of the borrowing corporation and of any of its guarantor corporations which are or should be available whether by way of collateral or security or otherwise, are insufficient, or likely to become insufficient, to discharge the principal debt as and when it becomes due, the trustee may apply to the Agency for an order under this Chapter.

6.3 Without prejudice to the generality of Articles (146) and (164) of the Commercial Companies Law, the Agency, on such application:-

- (a) after giving the borrowing corporation an opportunity of making representations in relation to that application, by order in writing served on the corporation at its registered office in Bahrain, may impose such restrictions on the activities of the borrowing corporation, including restrictions on advertising for deposits or loans and on borrowing by the corporation as the Agency considers necessary for the protection of the interests of the holders of the Debt Securities; or
- (b) may, and if the borrowing corporation so requires, shall direct the trustee to apply to the court for an order; and the trustee shall apply in accordance with the court order.

6.4 Where:-

- (a) after due enquiry, the trustee at any time is of the opinion that the assets of the borrowing corporation and of any of its guarantor corporations which are or should be available, whether by way of collateral or security or otherwise, are insufficient or likely to become insufficient, to discharge the principal debt as and when it becomes due; or
- (b) the borrowing corporation has contravened an order made by the Agency under 6.2,

the trustee may, and where the borrowing corporation has requested the trustee to do so, shall apply to the court for an order.

6.5 A trustee in making any application to the Agency or to the court shall have regard to the nature and kind of the collateral or the security given when the offer or invitation in respect of the Debt Securities was made to the public, and

if no security was given shall have regard to the position of the holders of the Debt Securities as unsecured creditors of the borrowing corporation.

- 6.6 A trustee may rely upon any certificate or report given or statement made by any advocate and solicitor, auditor or officer of the borrowing corporation or guarantor corporation, if it has reasonable cases for believing that such advocate and solicitor, auditor or office was competent to give or make the certificate, report or statement.

7. Powers of the Trustee to Apply to Court

7.1 Pursuant to Articles (146) and (164) of the Commercial Companies Law, a trustee for the holders of Debt Securities may apply to the court:-

- (a) for directions in relation to any matter arising in connection with the performance of the functions of the trustee; or
- (b) to determine any question in relation to the interests of the holders of Debt Securities.

7.2 The court may:-

- (a) give such directions to the trustee as the court thinks fit; and
- (b) if satisfied that the determination of the question will be just and beneficial, accede wholly or partially to any such application on such terms and conditions as the court thinks fit or make such other order on the application as the court thinks just.

7.3 The court may, on an application under this Chapter, order a meeting of all or any of the holders of Debt Securities to be called to consider any matters in which they are concerned and to advise the trustee on those matters and may give such ancillary or consequential directions as the court thinks fit.

7.4 The meeting shall be held and conducted in such manner as the court directs, under the chairmanship of a person nominated by the trustee or such other person as the meeting appoints.

8. Obligations of Borrowing Corporation

8.1 Subject to Chapter 5 of Part 5 of the Commercial Companies Law, where there is a trustee for the holders of any Debt Securities of a borrowing corporation, the directors of the borrowing corporation shall:-

- (a) at the end of a period not exceeding 3 months ending on a day (being a day after the date of the issue of the relevant prospectus) which the trustee is hereby required to notify the borrowing corporation in writing; and
- (b) at the end of each succeeding period thereafter, being a period of 3 months or such shorter time as the trustee may, in any special circumstances allow,

prepare a report that relates to that period and complies with the requirements of 8.2 below, and within one month after the end of each such period submit a copy of the report relating to that period with the Agency and with the trustee.

8.2 The report referred to in 8.1 above, shall be signed by not less than 2 of the directors on behalf of all of them and shall set out in detail any matters adversely affecting the collateral or security or the interests of the holders of the Debt Securities and, without affecting the generality of 8.1 above, shall state:-

- (a) whether or not the limitations on the amount that the corporation may borrow have been exceeded;
- (b) whether or not the borrowing corporation and each of its guarantor corporations have observed and performed all the covenants and provisions binding upon them respectively by or pursuant to the Debt Securities or any trust deed;
- (c) whether or not any event has happened which has caused or could cause the Debt Securities or any provision of the relevant trust deed to become enforceable and, if so, particulars of that event;
- (d) whether or not any circumstances affecting the borrowing corporation, its subsidiaries or its guarantor corporation(s) or any of them have occurred which materially affect any collateral or security or charge included in or created by the Debt Securities or any trust deed and, if so, particulars of those circumstances;
- (e) whether or not there has been any major change in the nature of the business of the borrowing corporation or any of its subsidiaries or any of its guarantor corporation(s) since the Debt Securities were first issued to the public, which has not previously been reported upon as required by this Chapter and, if so, particulars of that change; and
- (f) where the borrowing corporation has deposited money with or lent money to or assumed any liability of a corporation which is related to the borrowing corporation, particulars of:-
 - (i) the total amounts so deposited or lent and the extent of any liability so assumed during the period covered by the report; and
 - (ii) the total amounts owing to the borrowing corporation in respect of money so deposited or lent and the extent of any liability so assumed as at the end of the period covered by the report,

distinguishing between deposits, loans and assumptions of liabilities which are secured and those which are unsecured, but not including any deposit with or loan to or any liability assumed on behalf of a corporation if that corporation has guaranteed the repayment of the Debt Securities of the borrowing

corporation and has secured the guarantee by a charge over its assets in favour of the trustee for the holders of the Debt Securities of the borrowing corporation.

8.3 Where there is a trustee for the holders of any Debt Securities issued by a borrowing corporation, the borrowing corporation and each of its guarantor corporation(s) which has guaranteed the repayment of the monies raised by the issue of those Debt Securities shall, whether or not any demand therefore has been made:-

- (a) in writing furnish the trustee, within 30 days after the creation of the charge, with the particulars of any charge created by the corporation or the guarantor corporation, as the case requires; and
- (b) when the amount to be advanced on the collateral or the security of the charge is indeterminate, in writing furnish the trustee, within 10 days after the advance, with particulars of the amount or amounts actually advanced.

8.4 Where any such advance referred to in 8.3 (b) above is merged in a current account with bankers or trade creditors, it shall be sufficient for particulars of the net amount outstanding in respect of any such advance to be furnished every 3 months.

8.5 The directors of every borrowing corporation and of every guarantor corporation shall cause to be made out and submitted to the Agency and with the trustee for the holders of the Debt Securities, if any:-

- (a) a profit and loss account for the first 6 months of every financial year of the corporation and a balance sheet as at the end of that period, not less than 3 months after the expiration of the period of 6 months; and
- (b) a profit and loss account for every financial year of the corporation and a balance sheet as at the end of that period, not later than 3 months after the end of that financial year.

8.6 Where:-

- (a) the directors of a borrowing corporation do not submit to the trustee for the holders of Debt Securities a report as required by 8.1 above; or
- (b) the directors of a borrowing corporation or the directors of a guarantor corporation do not submit with the trustee the balance sheets and profit and loss accounts as required by 8.5 above, within the time prescribed,

the trustee shall immediately submit notice of that fact to the Agency.

9. Obligations of Guarantor

9.1 Without prejudice to the generality of Article (156) of the Commercial Companies Law, and for the purpose of the preparation of a report that, by this

Chapter, is required to be signed by or on behalf of the directors, or persons approved by the Agency, of a borrowing corporation or any of them, that borrowing corporation may, by notice in writing, require any of its guarantor corporations to furnish it with any information relating to that guarantor corporation which is, by this Chapter, required to be contained in that report.

- 9.2 The guarantor corporation shall furnish the borrowing corporation with that information required under 9.1 above before such date, being a date not earlier than one month after the notice is given, as may be specified in that behalf in the notice.

CHAPTER 7

LISTING AND DEALING

1. Methods of Listing

Subject to Articles (139), (142), (143) and (149) of the Commercial Companies Law, Debt Securities may be brought to listing by any one of the following methods described below:

1.1 Direct Offering (Without Underwriting):

- 1.1.1 Direct offering is an offer to the public by or on behalf of an issuer of its own Debt Securities for subscription.
- 1.1.2 The subscription of the Debt Securities need not be underwritten, provided that full disclosure to that effect is made and the minimum nominal amount of Debt Securities is actually issued.
- 1.1.3 In the case of offers by tender, the Agency must be satisfied as to the fairness of the basis of allotment so that every investor who applies at the same price for the same number of Debt Securities receives equal treatment.
- 1.1.4 An offer for subscription must be supported by a listing document which must comply with the relevant requirements of the Exchange.

1.2 Offering Through an Intermediary (Primary Dealer):

- 1.2.1 An offering through an intermediary is an offer to the public by an intermediary (a primary dealer(s)) of Debt Securities already in issue or agreed to be subscribed.
- 1.2.2 In the case of offers by tender, the Agency must be satisfied as to the fairness of the basis of allotment so that every investor who applies at the same price for the same number of Debt Securities receives equal treatment.
- 1.2.3 An offering through an intermediary must be supported by a listing document which must comply with the relevant requirements of the Exchange.

1.3 Private Placement:

- 1.3.1 A placing is the obtaining of subscriptions for Debt Securities by an issuer or intermediary from persons selected or approved by the issuer or intermediary.
- 1.3.2 The Agency must be satisfied that the placing arrangements will ensure an open market in the Debt Securities after listing has been granted by the Exchange. This will usually mean that at least two issuing houses which normally make markets (by quoting both offer and bid prices) in the relevant type of Debt Security must be involved in the placing. These need not be

members of the management or selling group, but must be independent of each other and at least one must be independent of the issuer.

- 1.3.3 A placing must be supported by a listing document which must comply with the relevant requirements of the Exchange.

1.4 Substitution and Conversion:

- 1.4.1 Debt Securities may be brought to listing by an exchange or a substitution of Debt Securities for, or a conversion of, Debt Securities into other classes of securities.
- 1.4.2 An exchange, substitution or conversion of Debt Securities must be effected in accordance with the terms and conditions of the Debt Securities to be exchanged, substituted or converted or otherwise with the consent of all the holders of such securities.
- 1.4.3 An exchange or a substitution of Debt Securities must be supported by a listing document in the form of a circular to holders of the Debt Securities concerned which must comply with the relevant requirements of the Exchange.
- 1.4.4 Such other methods as the Agency may from time-to-time approve:

2. Listing Document

A listing document is defined as a prospectus; a circular and any equivalent document (including a scheme of arrangement and introduction document) issued or proposed to be issued in connection with an application for listing. Issuers are recommended to consult the Agency at the earliest opportunity if they are in any doubt as to whether a particular document constitutes a listing document as so defined.

3. Listing Agreement

- 3.1 A Listing Agreement has to be signed between the issuer of Debt Securities and the Exchange before the listing date and the commencement of trading in the Debt Securities.
- 3.2 One of the principal objects of the Listing Agreement is to secure the immediate release of information which might be reasonably expected to have a significant effect on the ability of the issuer to meet its commitments. As will be clear from the terms of the Listing Agreement and related notes, the guiding principle is that information which is expected to be price-sensitive should be released immediately it is the subject of a decision. Until that point is reached, it is imperative that the strictest security within the issuer and its advisers is observed.

- 3.3 Strict compliance with the terms of the Listing Agreement is essential to the maintenance of a fair and orderly securities market and helps to ensure that all users of the market have simultaneous access to the same information. By following its provisions, the issuer should ensure that dealings do not take place between parties, one of whom does not have price-sensitive information which is in the possession of the other. It would be clearly damaging to an issuer's relationship with the holders of its listed Debt Securities and the Agency, if there is an apparent unreadiness to disclose information at the proper time.
- 3.4 In order to maintain high standards of disclosure, the Agency may require the publication of further information by and impose additional requirements on an existing listed issuer where it considers that circumstances so justify, but will allow representations by the issuer before imposing any such requirements on it which are not imposed on existing listed issuers generally. The issuer must comply with such requirements and, if it fails to do so, the Agency may (where such requirements relate to the publication of information) itself publish the information.
- 3.5 Issuers must understand that the Listing Agreement creates binding obligations on the issuer and that failure to comply with the terms of the Listing Agreement or any such requirement for further information as is mentioned above may lead to the suspension of dealings in or cancellation of the listing of their Debt Securities.
- 3.6 The Exchange may from time-to-time in its absolute discretion revise the terms of the Listing Agreement and related notes generally, subject to the approval of the Agency. Such revisions will be communicated to issuers who will be expected to comply with them and may be required to enter into a new Listing Agreement in the revised form by way of confirmation.
- 3.7 The Exchange is available to all existing listed issuers and new applicants to help and advise in the strictest confidence on the interpretation of the Listing Agreement.
- 3.8 References in the Listing Agreement to informing the Exchange mean delivery of the relevant information to the Exchange in the manner determined by the Exchange from time-to-time and promulgated by way of a practice note to the Exchange's listing requirements.

4. Listing of Convertible Debt Securities

- 4.1 Without subject to the generality of Article (149) of the Commercial Companies Law, Convertible Debt Securities which are convertible into equity securities may be listed only if such equity securities are (or will become at the same time):-
 - (a) a class of listed equity securities; or
 - (b) a class of equity securities listed or dealt in on another regulated stock market recognised by the Agency.

- (a) However, the Exchange may list Convertible Debt Securities in other circumstances if it is satisfied that holders have the necessary information available to form an opinion concerning the value of the underlying equity securities to which such Convertible Debt Securities relate. This principle does not apply to an issue of Convertible Debt Securities by a State or a Supranational.
- 4.2 Convertible Debt Securities which are convertible into property, other than equity securities, may be listed only if the Agency and the Exchange is satisfied that holders have the necessary information available to form an opinion concerning the value of the other property to which such convertible Debt Securities relate. This principle does not apply to an issue of convertible Debt Securities by a State or a Supranational.
- 4.3 Any alterations in the terms of Convertible Debt Securities after issue must be approved by the Agency, except where the alterations take effect automatically under the existing terms of such Convertible Debt Securities mentioned in the offering document.
- 4.4 Where application is made by an issuer for listing of a tap issue, the Agency and the Exchange will normally apply the same requirements for each subsequent tranche as would apply to the initial tranche. However, where such an application is contemplated, the Agency should be consulted at the earliest opportunity as to the requirements which will apply.

5. Listing of Private Placement of Debt Securities

Pursuant to Article (142) of the Commercial Companies Law, it must be made clear in the listing document that the issue may be cancelled at any time up to the time when subscription monies are received and the Debt Securities issued (the “closing date”), and that listing is, therefore, conditional in this respect. It is recommended that subscription agreements should include wording making the obligations thereunder conditional upon the Debt Securities being listed on or before the closing date.

6. Modification to Listing Agreement

- 6.1 The Exchange may be prepared to agree modifications to the Listing Agreement as it considers appropriate in a particular case. In particular, in the case of an overseas issuer whose primary listing is on another regulated stock market recognised by the Agency, the Exchange may accept a Listing Agreement which incorporates equivalent continuing obligations to those imposed by that other stock market.
- 6.2 Conversely, the Exchange may impose additional requirements in a particular case. In particular, if the overseas issuer’s equity capital has or is to have a primary listing on the Exchange, the Exchange may impose such additional requirements as it considers necessary to ensure that investors have the same protection as that afforded to them in Bahrain.

- 6.3 In addition, the Exchange may grant some exemptions in a particular case in accordance with the nature of the Debt Securities, in particular, with regards to private placement.

7. Standard Criteria for Listing Debt Securities

Any issuer applying to list Debt Securities on the Bahrain Stock Exchange must comply with the requirements as stipulated in these Guidelines:

- 7.1 The issuer must comply with all the provisions of the Commercial Companies Law, in the case of Bahraini issuers and with the relevant legislation in the case of issuers established outside Bahrain.
- 7.2 The issuer must comply with the provisions of its Memorandum and Articles of Association or equivalent documents (if applicable).
- 7.3 The Debt Securities issuer must obtain the Agency's approval prior to listing.
- 7.4 A minimum period of 2 years should have elapsed since the incorporation or establishment of the issuer (if applicable).
- 7.5 The issuer's issued capital should be fully paid-up (if applicable).
- 7.6 The issuer must appoint a representative office in Bahrain to register the Debt Securities, distribute payment of interest or income, distribute reports and undertake other relevant matters.
- 7.7 The issuer shall publish its balance sheet and the results of its operations for each financial year in at least two local newspapers during the term of the investment (if applicable).
- 7.8 The issuer shall comply with the provisions of the Listing Agreement signed with the Exchange.

8. Other Listing Requirements

- 8.1 In order to be listed on the Exchange, Debt Securities to be issued should be at par value, indivisible, fully transferable, and for public issues, it would need to be offered to the public by means of a prospectus published in at least 2 local newspapers, or otherwise by means of a profile statement.
- 8.2 Debt Securities shall not be listed on the Exchange unless registered in the name of their holders (i.e. Debt Securities should only be issued in a registered form).
- 8.3 The application shall be accompanied by the proposed timetable for the different phases of issuing, flotation, listing and dealing in Debt Securities as approved by the Agency.

8.4 Documents to be attached with the application:

8.4.1 The list of documents, statements and information required for listing the Debt Securities on the Exchange shall be submitted at least 5 working days before the date fixed for commencement of dealing in Debt Securities on the Exchange, accompanied by:

- (a) Final copies of the documents and statements;
- (b) A cheque in favour of the Bahrain Stock Exchange for the amount of the initial and annual listing fees.

8.5 The Listing Agreement shall be signed between the Exchange and the issuer before the commencement of dealing in Debt Securities on the Exchange.

8.6 All offering and listing documents relating to Debt Securities for which listing is sought must contain the following framed statement on the front cover page and written in capital letters:

“THE BAHRAIN MONETARY AGENCY AND THE BAHRAIN STOCK EXCHANGE DOES NOT ASSUME ANY RESPONSIBILITY AS TO THE ACCURACY OR ADEQUACY OF THE STATEMENTS AND INFORMATION INCLUDED IN THIS DOCUMENT OR ANY LIABILITY OR DAMAGE OR LOSS ARISING AS A RESULT OF RELYING OR ACTING ON THE BASIS OF ANY OF THE STATEMENTS AND INFORMATION INCLUDED IN THIS DOCUMENT.”

CHAPTER 8 ONGOING OBLIGATIONS

1. General Requirements

Subject to Article (160) of the Commercial Companies Law, and apart from compliance with all the specific requirements of these Guidelines, the issuer of Debt Securities shall:-

- 1.1 Keep the Exchange and holders of its listed Debt Securities informed as soon as reasonably practicable of any information relating to its business (including information on any major new developments in the group's sphere of activity which is not public knowledge) which:-
 - (a) is necessary to enable them and the public to appraise the position of the its business;
 - (b) is necessary to avoid the establishment of a false market in its listed Debt Securities; and
 - (c) might be reasonably expected to significantly affect its ability to meet its commitments.
- 1.2 Ensure that, if Debt Securities of the issuer are also listed on other exchanges, information released to any of such other exchanges is released to the Bahrain Stock Exchange at the same time as it is released to the other markets.

2. Alteration in the terms of Debt Securities

Subject to Article (163) of the Commercial Companies Law, any change in the rights attaching to any class of listed Debt Securities and any change in the rights attaching to any shares into which any listed Debt Securities are convertible or exchangeable must be published in the newspapers in advance.

3. Payment of Interest or Return

Without prejudice to the generality of Article (147) of the Commercial Companies Law, any decision to pass any interest payment on Debt Securities must be published in the newspapers as soon as reasonably practicable after the decision has been made.

4. Purchase, Redemption or Termination

Any purchase, redemption or termination by the issuer, or any member of its group, of its listed Debt Securities must be published in the newspapers as soon as possible after such purchase, redemption or termination. The announcement should also state the amount of the relevant Debt Securities outstanding after such alteration.

5. Financial Statements

5.1 The issuer of Debt Securities shall send to:-

- (a) the trustee or fiscal agent in respect of its Debt Securities; and
 - (b) every holder of its Debt Securities;
- a copy of either:

- (i) its annual financial statements including its annual accounts and, the issuer's group accounts;
- (ii) its summary financial statements, not less than 15 days before the date of the issuer's annual general meeting.

5.1 The issuer must send 25 copies of each of the directors' report, financial statements and, where applicable, its summary financial statements to the Agency and the Exchange at the same time as they are sent to the holders of the issuer's Debt Securities with registered addresses in Bahrain.

5.2 The financial statements of the overseas Debt Securities issuer must be in the English language or be accompanied by a certified English and/or Arabic translation.

5.3 The financial statements are required to conform with the IFRS, or with any other accounting standards acceptable to the Agency.

5.4 The financial statements must be audited by a firm or company who must be a practicing accountant of good standing and independent of the issuer to the same extent as that required of an auditor in accordance with the statements on independence issued by the International Federation of Accountants.

5.5 The report of the auditors must be annexed to all copies of the issuer's financial statements.

6. Notification

6.1 After board meetings:

6.1.1 The issuer shall inform the Agency and the Exchange immediately after approval by or on behalf of the board of directors or other governing body of:-

- (a) any notice or circulation regarding payment of interest or income on listed Debt Securities;
- (b) any proposed change in the capital structure;
- (c) any new issues of Debt Securities and, in particular, any guarantee or security in respect thereof;
- (d) the notification of a new issue may be delayed while a marketing or underwriting is in progress;
- (e) any drawing, termination or redemption of listed Debt Securities;
- (f) any other material matter concerning the issue.

6.2 Changes and Amendments:

6.2.1 The issuer shall inform the Agency and the Exchange immediately of any decision made in regard to:-

- (a) any proposed material alteration of its Memorandum or Articles of Association or equivalent documents which would affect the rights of holders of its listed Debt Securities;
- (b) any changes in its directors, and shall procure that each new director or member of its governing body shall sign and submit with the Exchange as soon as practicable;
- (c) any change in the rights attaching to any class of listed Debt Securities and any change in the rights attaching to any shares into which any listed Debt Securities are convertible or exchangeable; and
- (d) any change in its auditors or registered office or registered place of business.

6.3 Rights of Debt Securities involving the share capital of another company

Where listed Debt Securities carry rights of conversion or exchange into or subscription for the share capital of another company, or are guaranteed by another company, the issuer must ensure that adequate information is at all times available about the other company and about any changes in the rights attaching to the shares to which such rights of conversion, exchange or subscription relate. This must include the availability of the audited annual financial statements of the other company together with its semi-annual or other interim reports and any other information necessary for a realistic valuation of such listed Debt Securities to be made.

6.4 Drawings and closure of books

The issuer shall inform the Agency and the Exchange in advance of all proposed drawings to effect partial redemptions, and propose to close the books for the purpose of making a drawing. The Agency and the Exchange must be informed immediately of the amount of the Debt Securities outstanding after any such drawing has been made.

6.5 Listings on other exchanges

The issuer must inform the Agency and the Exchange immediately if any part of the listed Debt Securities of the issuer or any of its subsidiaries is listed on any other exchange, stating which exchange.

6.6 Liquidation

The issuer shall inform the Agency and the Exchange on the happening of any of the

following events as soon as the same shall come to the attention of the issuer:-

- 6.6.1 the appointment of a receiver or manager either by any court having jurisdiction or under the terms of a debenture or any application to any court having jurisdiction for the appointment of a receiver or manager, or equivalent action in the country of incorporation or other establishment, in respect of the business or any part of the business of the issuer or the property of the issuer, its holding company or any major subsidiary;
- 6.6.2 the presentation of any winding-up petition, or equivalent application in the country of incorporation or other establishment, or the making of any winding-up order or the appointment of a provisional liquidator, or equivalent action in the country of incorporation or other establishment, against or in respect of the issuer, its holding company or any major subsidiary;
- 6.6.3 the passing of any resolution by the issuer, its holding company or any major subsidiary that it be wound-up by way of members' or creditors' voluntary winding-up, or equivalent action in the country of incorporation or other establishment;
- 6.6.4 the entry into possession of or the sale by any mortgagee of a portion of the issuer's assets which in aggregate value represents an amount in excess of 10 per cent of the consolidated net tangible assets of the group; or
- 6.6.5 the making of any final judgment, declaration or order by any court or tribunal of competent jurisdiction whether on appeal or at first instance which is not subject to any or further appeal, which may adversely affect the issuer's enjoyment of any portion of its assets which in aggregate value represents an amount in excess of 10 per cent of the consolidated net tangible assets of the group.

7. Review of Announcement and Documents

In addition to the specific requirements set out in these Guidelines, the issuer shall:-

- 7.1 submit to the Agency and the Exchange copies of drafts, for review before they are issued, of any announcements or advertisements relating to the issue of new or further Debt Securities or any announcements or advertisements the subject matter of which may involve a change in or relate to or affect arrangements regarding trading in its listed Debt Securities;
- 7.2 submit to the Agency and the Exchange copies of drafts, for review before they are issued, of any proposed amendment to its Memorandum or Articles of Association or equivalent document which would affect the rights of the holders of its listed Debt Securities; and
- 7.3 not issue any of such documents until the Agency has confirmed to the issuer that it has no further comments thereon.

8. Communication with Debtholders

- 8.1 In the event of a circular being issued to the holders of any of the issuer's listed Debt Securities, the issuer shall issue a copy or summary of such circular to the holders of all its other Debt Securities issued unless the contents of such circular are of no material concern to such other holders.
- 8.2 The issuer must ensure that all necessary facilities and information are available to enable holders of its listed Debt Securities to exercise their rights. In particular, it must inform holders of the holding of meetings which they are entitled to attend, enable them to exercise their right to vote, where applicable, and publish in the newspapers notices or distribute circulars giving details of the allocation and payment of interest in respect of such securities, the issue of new Debt Securities and repayment of Debt Securities.

9. Settlement

- 9.1 The issuer must provide a standard securities registration service in relation to its issued or listed securities.
- 9.2 Standard securities registration service: The issuer shall (or shall procure that its paying agent or registrar shall) issue Debt Securities certificates, if required, arising out of a registration of transfer or the cancelling, splitting, consolidating or issuing of certificates within the periods stipulated in these Guidelines.

10. Appointment of Paying Agent

Without prejudice to the generality of Article (159) of the Commercial Companies Law, the issuer must appoint and maintain a paying agent or, where appropriate, a registrar in Bahrain until the date on which no listed Debt Security is outstanding, unless the issuer itself performs these functions. Such paying agent must provide facilities for obtaining new Debt Securities, in accordance with the terms and conditions of the Debt Securities, to replace those Debt Securities which have been damaged, lost, stolen or destroyed and for all other purposes provided for in the terms and conditions of the Debt Securities.

11. Equality of Treatment of Debtholders

Subject to Article (139) of the Commercial Companies Law, the issuer shall ensure equality of treatment for all holders of its listed Debt Securities of the same class in respect of all rights attaching to such securities.

12. Response to Agency and Exchange Enquiries

The issuer shall respond promptly to any enquiries made of the issuer by the Agency and the Exchange concerning unusual movements in the price or trading volume of its listed Debt Securities or any other matters by giving such relevant information as is available to the issuer or, if appropriate, by issuing a statement to the effect that the

issuer is not aware of any matter or development that is or may be relevant to the unusual price movement or trading volume of its listed Debt Securities and shall also respond promptly to any other enquiries made of the issuer by the Agency and the Exchange.

13. Additional Information

13.1 The Agency shall be entitled to require the publication of further information by and impose additional requirements on the issuer where it considers that circumstances so justify, but will allow representations by the issuer before imposing any such requirements on it which are not imposed on existing listed issuers generally.

13.2 The Exchange shall be entitled, subject to the consent of the Agency, to revise the terms of the Listing Agreement and the related notes generally, and the issuer agrees that it will comply with any such revision and will, if so required, enter into a new Listing Agreement in the revised form by way of confirmation.

14. Contact Information

14.1 The issuer shall inform the Agency and the Exchange as soon as reasonably practicable of any change(s) in the contact information, including address(es) and telephone number(s), of its directors.

14.2 If and when requested by the Agency, the issuer shall use its best endeavours to assist the Agency to locate the whereabouts of any director who has since resigned from his directorship in the issuer.

CHAPTER 9

SUSPENSION OF DEALING AND DELISTING

1. Suspension of Dealing

The trading in listed Debt Securities may be suspended for a period which is deemed reasonable in the following circumstances:-

- 1.1 An announcement or commencement of conversion of any portion of the issued Debt Securities into a different type of security, in cases where such conversion is not stated in the prospectus.
- 1.2 Announcement of any proposal to amend the conditions and rights attached to the Debt Securities listed on the Exchange, pursuant to the agreement of the holders with the issuer, and the resolution of the holders' general meeting in this respect.
- 1.3 Any qualification by the issuer's auditor or expression of a negative opinion on the issuer's commitments and performance.
- 1.4 Announcement of any plan to merge the issuer with another company or other companies.
- 1.5 Refusal by the issuer or the guarantor to deliver to the Exchange documents, statements, or information required by it or which the Exchange requires to be published or delivered to the holders in the prescribed time.
- 1.6 Any order from an official or judicial authority suspending the issuer's activities temporarily for any reason.
- 1.7 Failure to pay the annual registration fees in the prescribed time.
- 1.8 Any other reason deemed to be necessary by the Agency, for the protection of the holders' rights and interests.
- 1.9 The Agency, if it thinks necessary to protect the public interest or the investor's interest, may at its own discretion, suspend dealings in the listed Debt Securities.

2. Delisting of Debt Securities

- 2.1 The Agency and the Exchange may delist Debt Securities in the following circumstances:-
- 2.2 Redemption of all or a large part of the listed Debt Securities before their final maturity.

- 2.3 The conversion of all or a large part of the listed Debt Securities into a different type of security.
- 2.4 Refusal by the issuer to deliver to the Agency or the Exchange or to publish on the due date reports or financial statements.
- 2.5 Announcement of or the implementation of a plan for the merger of the issuer into another company, or other companies, which include the redemption of the issued Debt Securities or the conversion of the whole or large part of the issue into a different type of security.
- 2.6 Non-compliance by the issuer or the guarantor of the listed Debt Securities with the provisions of the Listing Agreement signed with the Exchange.
- 2.7 Announcement by an official or judicial authority of the dissolution and the liquidation of the issuer for any reason.
- 2.8 The Agency, if it thinks it necessary to protect the public interest or the investor's interest may at its own discretion delist the listed Debt Securities.

CHAPTER 10 FEES AND CHARGES

1. Prospectus Registration Fees

- 1.1 In the case of an issue of Debt Securities by a new applicant, the unrefundable prospectus registration fee (for reviewing the prospectus and other issuing and offering documents) shall be BD1,000, or the equivalent amount in another currency payable to the Agency.
- 1.2 For any subsequent issues issued by the previous (listed) issuer, the unrefundable prospectus registration fee shall be BD500, or the equivalent amount in another currency payable to the Agency.

2. Initial Listing Fee

The issuer of Debt Securities for which the listing is sought is required to pay an initial listing fee payable to the Exchange on the listing application amounting to:

- 2.1 BD1,500 for Government issues
- 2.2 0.05% of the issuing amount, with a minimum of BD2,000 and a maximum of BD5,000.

or the equivalent amount in another currency.

3. Annual Listing Fee

In addition to the initial listing fee, an annual listing fee payable to the Exchange in advance at the beginning of each financial year amounting to BD2,000 or the equivalent amount in another currency.

Taking into consideration the date of submission of application for listing in such a way that any application submitted in the first quarter of the financial year will be charged on a 100% basis; at 75% for the second quarter, 50% for the third quarter and 25% for the fourth quarter.

Appendix 1

CONTENTS OF THE PROSPECTUS

GUIDELINES ON THE CONTENTS OF THE PROSPECTUS FOR DEBT SECURITIES

TABLE OF CONTENTS

FIRST: INTRODUCTION AND SCOPE

SECOND: GENERAL REQUIREMENTS

THIRD: SPECIFIC REQUIREMENTS

- Section one: Cover Page
- Section two: Inside Cover
- Section Three: Glossary of Defined Terms
- Section Four: Corporate Directory and Information Summary
- Section Five: Terms and Conditions of the Debt Securities
- Section Six: Utilisation of Proceeds
- Section Seven: Risk Analysis
- Section Eight: Corporate Information and Background of the issuer
- Section Nine: Related-Party Transaction or Conflict of Interest
- Section Ten: Historical Financial Information
- Section Eleven: Forecasted Financial Information
- Section Twelve: Other Information
- Section Thirteen: Documents Available for Inspection
- Section Fourteen: Procedures for Application

FOURTH: PROSPECTUS SUBMISSION AND REGISTRATION

FIRST: INTRODUCTION AND SCOPE

This appendix sets out the minimum information required to be disclosed in a prospectus (including abridged prospectus and supplementary prospectus), issued in relation to an issue of, offer for subscription or purchase of, or an invitation to subscribe for or purchase, Debt Securities (hereinafter referred to as “issue, offer or invitation”).

- 1.1 The contents of the Debt Securities prospectus and other issuing and offering documents mentioned in the following pages are general in nature and should not be viewed as the sole criteria for disclosure. Directors, underwriters, promoters and any other persons undertaking such responsibilities, as the case may be, have the primary obligation and responsibility in relation to the contents of Debt Securities prospectus and other documents and they should ensure that all such information that is necessary for an assessment of the Debt Securities offered by the prospectus is disclosed.
- 1.2 The requirements of this Chapter are not exhaustive. Additional information, according to the particular nature of the Debt Securities issuer and of the Debt Securities for which the Agency’s approval is sought, must be included to the extent necessary to enable investors and their investment advisers to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the issuer and of the rights attached to such securities, notwithstanding that such information is not specifically required by this Chapter, or any other Chapters of these Guidelines.

Furthermore, the Agency may require disclosure of such additional information as it considers appropriate in any particular case. If the Agency requires such information, it will inform the issuer of the additional information required.

- 1.3 Unless the Agency permits otherwise, no issuer may issue Debt Securities in the Kingdom of Bahrain unless:
 - (a) A prospectus has been submitted to, and approved by the Agency, and published;
 - (b) A summary of the prospectus has been published in one Arabic and one English language newspaper published in Bahrain.
- 1.4 A prospectus published in accordance with these Guidelines shall be in such form and contain such financial and other information as the Agency may, by regulation, and as prescribed in this appendix.
- 1.5 If between the time of preparation of the prospectus and the time of issue of the Debt Securities:
 - (c) There is a material change in the information included in the prospectus; or
 - (d) Material new matters arise which would have been required to be included in the prospectus, had they arisen at the time that it was

prepared, the issuer must issue a supplementary prospectus which must be approved by the Agency and published in summary form in accordance with these Guidelines.

- 1.6 The prospectus is valid for a period of 12 months from the date of issue, or a longer period as may be allowed by the Agency.

SECOND: GENERAL REQUIREMENTS

- 2.1 The prospectus must comply with the requirements of the Agency and all regulations and Guidelines issued thereunder. The prospectus must include any or all such information that investors and their professional advisers would reasonably require and reasonably expect to find in the prospectus for the purpose of making an informed assessment of the following:

- (a) The assets and liabilities, financial position, profit and losses and prospects of the issuer;
- (b) The rights attaching to the securities; and
- (c) The merits of investing in the securities and the extent of the risk involved in doing so.

- 2.2 The information that investors and their professional advisers would reasonably require and reasonably expect to find in the prospectus is information that is known to an ordinary person. In this regard, consideration should be given to the following:

- (a) The nature of the securities and business of the issuer;
- (b) The persons likely to consider acquiring such securities;
- (c) The fact that certain matters may reasonably be expected to be within the knowledge of professional advisers whom potential investors may reasonably expect to consult; and
- (d) Whether the persons to whom an issue of, offer for subscription or purchase of, or invitation to subscribe for or purchase securities is to be made are the holders of securities in the corporation and, if they are, to what extent (if any) relevant information has previously been given to them by the issuer under any law, any requirement of the rules or listing requirements of a stock exchange, if applicable, or otherwise.

- 2.3 The Agency may require disclosure of such additional information as may be considered appropriate in any particular case.

- 2.4 Where a prospectus states or implies that an application has been or will be made for permission for the Debt Securities to be listed for quotation on the official list of the Bahrain Stock Exchange or other similar exchange outside the

Kingdom of Bahrain, any allotment made on an application to subscribe for Debt Securities shall be void if:

(a) permission is not applied for in the form required by the Exchange before the third day on which the exchange is open after the date of issue of the prospectus; or

(b) permission is not granted before the expiration of six weeks from the date of issue of the prospectus or such longer period as may be specified by the Agency, provided that the applicant is notified by or on behalf of the Exchange within that six weeks or such longer period as may be specified by the Agency.

THIRD: SPECIFIC REQUIREMENTS

The prospectus should, unless otherwise specified, contain the information required by this appendix, which summarizes the specific information requirements of the different types of Debt Securities prospectuses.

Section One: Front Cover Page

The cover page of the prospectus should contain the following particulars:-

- (a) Full name and registration number of the issuer
- (b) Type and amount of Debt Securities
- (c) Date of prospectus
- (d) Full name of the adviser
- (e) Full name of the lead manager (if any)
- (f) Full names of sub-managers
- (g) Full name of the managing underwriter (if any)
- (h) Full name of the trustee
- (i) Full name of the guarantor (if any)
- (j) Full name of paying agent
- (k) Statement of disclaimer
- (l) Type of Listing that is sought
- (m) Rating of Debt Securities if any
- (n) The following disclaimer statement, written in capital letters and box framed, as follows:

THE BAHRAIN MONETARY AGENCY AND THE BAHRAIN STOCK EXCHANGE ASSUME NO RESPONSIBILITY FOR THE ACCURACY AND COMPLETENESS OF THE STATEMENTS AND INFORMATION CONTAINED IN THIS DOCUMENT AND EXPRESSLY DISCLAIM ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWSOEVER ARISING FROM RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS DOCUMENT.

- (o) Date of issuance of the prospectus.

Section 2: Inside Cover

2.1 Responsibility Statement:

If not already disclosed on the front cover, the prospectus should contain the following statements on the inside cover, framed and written in capital letters.

2.1.1 Directors Responsibility Statement:

“THE DIRECTORS OF THE COMPANY, WHOSE NAMES APPEAR HEREIN, ACCEPT RESPONSIBILITY FOR THE INFORMATION CONTAINED IN THIS DOCUMENT. TO THE BEST OF THE KNOWLEDGE AND BELIEF OF THE DIRECTORS, WHO HAVE TAKEN ALL REASONABLE CARE TO ENSURE THAT SUCH IS THE CASE, THE INFORMATION CONTAINED IN THIS DOCUMENT IS IN ACCORDANCE WITH THE FACTS AND CONTAINS NO OMISSIONS LIKELY TO AFFECT THE IMPORTANCE AND COMPLETENESS OF THE DOCUMENT.”

2.2 Declaration by Issuers:

Where a prospectus is issued under the these Guidelines, a declaration is required to be stated in the prospectus that, during the 12 calendar months immediately preceding the date of application to the Agency:

- (a) no legal proceedings have been commenced against the issuer or any of its subsidiaries in respect of any breach of any securities or banking laws or the applicable laws.
- (b) in the case of a listed corporation, no action has been taken against the listed corporation by the relevant stock exchange in respect of any breach of the listing requirements of the relevant stock exchange; and
- (c) neither the issuer nor any of its subsidiaries have breached any terms and conditions in respect of borrowed monies which has resulted in the occurrence of an event of default and an immediate recall of such borrowed monies.

2.3 Statement on Risk:

The following statement should appear in bold on the inside cover, framed and written in capital letters, as follows:

“FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE “RISK ANALYSIS” COMMENCING ON PAGE [] HEREOF”.

2.4 Validity Period

The prospectus which is issued under these Guidelines should also contain a statement that no Debt Securities will be allotted or issued on the basis of the prospectus later than 6 months after the date of issue of the prospectus.

Section 3: Glossary of Defined Terms

A prospectus shall provide a glossary of the abbreviations and technical terms used in it.

Section 4: Corporate Directory and Information Summary

The prospectus should disclose the issuer's corporate directory, a summary of corporate information, a summary of financial information and a description of the indicative timetable in relation to an issue, offer or invitation of Debt Securities, as stipulated under paragraphs 4.1 to 4.4 below.

4.1 Issuer's Corporate Directory

The prospectus should contain details of persons connected with the issue of the prospectus and the Debt Securities, as follows:-

1. Names, nationalities, addresses and occupations of all directors (including executive and non-executive directors) and, if applicable, to specify who are independent directors;
2. If applicable, names of audit committee members;
3. Addresses and telephone numbers of the issuer's registered office and head/management office, as well as e-mail and website addresses;
4. Names and addresses of the following parties (where applicable):-
 - (a) Auditors;
 - (b) Reporting Auditors or Accountants;
 - (c) Issuing House;
 - (d) Solicitors/Lawyers;
 - (e) Principal Bankers;
 - (f) Rating Agency;
 - (g) Registrar;
 - (h) Trustee;
 - (i) Guarantor(s);
 - (j) Adviser;
 - (k) Sharia Adviser/committee;
 - (l) Lead Manager;
 - (m) Managing Underwriter;
 - (n) Underwriters;
 - (o) Paying Agent;
 - (p) Facility Agent; and
 - (q) Authorised Depository Institution(s).
5. Names and addresses of expert(s) who prepared reports or excerpts or summaries thereof that are included in the prospectus; and

6. If applicable, name(s) of stock exchange(s) where securities of the issuer are already listed.

4.2 Summary of Corporate Information

The prospectus should include a summary of the background information about the issuer, as follows:

- (a) Background and summary of history;
- (b) Description of principal activities; and
- (c) Description of group structure and, if complex, a diagrammatic illustration of the group structure.

The summary should also deal with the material risk factors specific to the issuer and the Debt Securities.

4.3 Summary of Financial Information

The prospectus should include a summary of the issuer's income statement for the past 5 years (or since business commencement if less than 5 years). This would include, at the minimum, the following:

- (a) Turnover/Revenue;
- (b) Profit before interest, depreciation, taxation and amortisation;
- (c) Exceptional items;
- (d) Share of profits and losses of associates and joint ventures;
- (e) Profit/loss before tax;
- (f) Tax expense; and
- (g) Net profit/loss.

There should also be a summary of the balance sheet of the issuer as at the last date to which accounts were made up, detailing the issuer's equity, assets' and liabilities' position.

4.4 Indicative Timetable

The prospectus should disclose the following tentative timetable:-

- (a) The opening and closing date of the issue, offer or invitation in respect of Debt Securities;
- (b) The tentative listing date, if applicable; and
- (c) Other relevant dates in conjunction with the issue, offer or invitation of Debt Securities.

In the case of an issue, offer or invitation in respect of Debt Securities, the offer period should not be longer than 3 months from the date of the issue of the prospectus, or such longer period as may be allowed in writing by the Agency.

Section 5 : Terms and Conditions of the Debt Securities

5.1 Detailed terms and conditions of the Debt Securities should be disclosed in the prospectus. These include, where applicable, the following:-

- (a) Type and nominal amount of Debt Securities;
- (b) Ranking of Debt Securities;
- (c) Issue price;
- (d) Interest/coupon/profit rate/ income;
- (e) Minimum subscription required of the Debt Securities in order to satisfy the objectives of the issue, offer or invitation (to include procedures for refund if this requirement is not met);
- (f) Tenor (nature) of the Debt Securities;
- (g) Form and denomination of Debt Securities on issuance;
- (h) Underwriting arrangements;
- (i) Events of Default;
- (j) Details of any security for the Debt Securities;
- (k) Rating assigned to Debt Securities (together with a description of the rating);
- (l) Type of Listing that is sought;
- (m) Summary of rights conferred upon the holders of Debt Securities;
- (n) Governing law – any special legislation under which the Debt Securities have been created and the choice of jurisdiction in the event of litigation;
- (o) Repayment terms and frequency of interest/profit/income payments;
- (p) Sharia principle and concept adopted (for Islamic Debt Securities);
- (q) Types of underlying assets of the transaction (for Islamic Debt Securities);
- (r) Details of any sinking fund requirement; and
- (s) Regulatory approvals are required including dates of approval.

5.2 The Agency may, on the application of the issuer, allow a preliminary prospectus to be submitted without containing the following information, provided the issuer undertakes to deliver to the Agency a price information sheet containing such information:-

- (a) Exact number of Debt Securities;
- (b) Price of the Debt Securities; and
- (c) Interest/coupon/profit/ income rate.

In this regard, the issuer must not issue the Debt Securities until the preliminary prospectus has been submitted to the Agency. The price information sheet containing the above information must accompany the preliminary prospectus when issued to investors.

5.3 If the Debt Securities are convertible into equity or are issued with warrants, whether or not detachable, the following detailed information (where applicable) should be made available in the prospectus:

- (a) Mode of conversion;
- (b) Number of warrants;
- (c) Conversion period;

- (d) Price of warrants;
- (e) Conversion ratio;
- (f) Rights attached to warrants;
- (g) Conversion price;
- (h) Warrant exercise period; and
- (i) Warrant exercise price.

Section 6: Utilisation of Proceeds

- 6.1 If applicable, the prospectus should provide details of the utilisation of proceeds from the issue, offer or invitation in respect of Debt Securities and the proposed timeframe for utilisation of the proceeds and the activities or projects that the proceeds will be invested in.
- 6.2 The preliminary prospectus is allowed to disclose an indicative utilisation of proceeds based on the proposed maximum amount of the Debt Securities but the final prospectus should contain information regarding the utilisation of proceeds on an actual basis.

Section 7: Risk Analysis

- 7.1 The prospectus should contain information about all material risks, contingent or otherwise, associated with lending to the issuer. Any risk disclosed in the prospectus should be accompanied by a statement of the effect that the risk factors might have on the issuer and the Debt Securities. If possible, the effects should be quantified. The disclosures must include risks relating to the issuer's financial performance. Any subsequent material change must be reflected in the final prospectus and supplementary prospectus.
- 7.2 The material risks set out below are only a guide to some of the types of risks that may apply to the issuer and the Debt Securities. The issuer has an obligation to disclose any other material risks, contingent or otherwise, not mentioned below:
- (a) Risks associated with the nature of business of the issuer;
 - (b) If the issuer has no operating history or its history is limited, the risks of investing in a new or relatively new venture;
 - (c) Risks arising from economic conditions and cycles (including industry risk) that are significant or peculiar to the issuer's business;
 - (d) Risks relating to any form of government control or regulation that, when changed, have financial consequences for the issuer;
 - (e) Any legal uncertainties concerning the issuer's business or operations or contractual agreements; and
 - (f) Risks relating to financial performance, as follows:
 - i. Covenants under borrowing facility agreements which limit the issuer/group's operating and financial flexibilities;
 - ii. Foreseeable capital commitments; and
 - iii. Existing and potential indebtedness.

Section 8: Corporate Information and Background of the Issuer

The prospectus should provide detailed information on the profile of the issuer as required below. Updates on changes to any of the information must be disclosed in the supplementary prospectus, where applicable.

8.1 History

History of the issuer, from inception to-date, and the date and place of incorporation of the issuer.

8.2 Shareholders, Directors and Key Management Information

8.2.1 In relation to any major shareholders and promoters, the prospectus should disclose at least the following information:

- (a) Name, occupation, qualification and business experience;
- (b) Shareholding in the issuer
- (c) In the case where the major shareholder/promoter is a corporation, date and place of incorporation, principal activities, directors and major shareholders of the corporation; and
- (d) Current directorships and major shareholdings in all other public corporations.

8.2.2 In respect of the issuer's directors and chief executive officer, the prospectus should disclose the following:

- (a) Name, age, occupation and qualification;
- (b) Profile, including business and management experience;
- (c) Whether directors represent corporate shareholders;
- (d) Shareholders (both direct and indirect) of the issuer; and
- (e) Current directorships and major shareholdings in all public corporations.

8.2.3 In relation to the issuer's key management and, where applicable, its key technical personnel, the following details should also be disclosed in the prospectus:

- (a) Name, age, occupation and qualification; and
- (b) Profile, including business and management experience.

“Major shareholder” or “major shareholding” referred to above means a person who has an interest or interests in one or more voting shares and the nominal amount of that share, or the aggregate of the nominal amounts of those shares, is not less than 5% of the aggregate of the nominal amount of all the voting shares in the corporation.

8.3 Business Overview

Where applicable, there should be a description of and information on the following:

- (a) Group structure, including a list of subsidiary and associated corporations and the percentage of interest held by the issuer;
- (b) Principal business activities;
- (c) The types of products manufactured or services provided by the issuer;
- (d) The issuer's estimated market coverage, position and principal markets for products;
- (e) Location of principal assets (both tangible and intangible), production facilities and principal place of business; and
- (f) Key customers and suppliers (more than 10% of sales/purchases), level of sales and length of relationship.

Single purpose corporations should give a description of the project involved and material contractual agreements governing the project. A profile of contracting parties should be included.

8.4 Industry Overview

In relation to the industry or industries in which the issuer operates, there should be, where applicable, disclosure of the following:

- (a) Description of the industry in which the issuer is in and its position within the industry;
- (b) Industry participants and competition;
- (c) Relevant laws and regulations governing the industry and peculiarities of the industry; and
- (d) Prospects and outlook of the industry.

8.5 Future Plans and Prospects

The prospectus should discuss and disclose the following:

- (a) Description of the business development plans (if any) and future plans of the issuer as well as steps taken (including timeframes) to realize the plans; and
- (b) Prospects of the issuer in light of the industry prospects/outlook/conditions, future plans/strategies and competition.

Section 9: Related-Party Transaction or Conflict of Interest

- (a) The prospectus should disclose existing and potential related-party transactions and conflicts of interest in relation to the corporation and its related parties, together with steps taken to resolve such conflicts of interest. "Related party" refers to a director, major shareholder and/or person connected with such director or major shareholder.
- (b) Related-party transactions are transactions entered into by the corporation or its subsidiaries that involve the interests, direct or indirect, of a related party. Such disclosure is also required if the corporation enters into any transaction with its key management and technical personnel.

- (c) The issuer should disclose the nature and extent of the related-party transactions and conflict-of-interest situations in the prospectus. Any approvals received from non-interested shareholders should be stated.
- (d) In addition, where applicable, the existence and extent of any conflicts of interests between any parties to the Debt Securities should be disclosed in the prospectus.

Section 10: Historical Financial Information

- 10.1 The prospectus should provide details of the income statement and balance sheet of the issuer for the past 5 financial years (or since commencement of business, if less than 5 financial years) and an analysis of, but not limited to, the following:
 - (a) Overview of revenue and operating profit and contributing factors, exceptional items, share of profits and losses of associates and joint ventures;
 - (b) Segmental analysis of revenue and operating profit by subsidiary/associated companies, products/services and geographical location; and
 - (c) Any unusual or infrequent events or transaction or any significant economic changes that materially affected the amount of reported income from operations and the extent to which income was affected.
- 10.2 The prospectus should also disclose particulars of borrowings of the issuer.
- 10.3 If the issuer is newly incorporated and/or does not have any financial record, the prospectus should make the appropriate disclosure of such fact.

Section 11: Forecasted Financial Information

- 11.1 Where profit/cash flow projections are disclosed in the prospectus, the projections should be reviewed and reported on by the reporting accountants or other experts and such report must be set out in the prospectus.
- 11.2 Sufficient details on the bases and assumptions of the projections should be disclosed to enable the investor to assess the reliability of the projections and the effect of any changes to the assumptions used. The bases and assumptions should:-
 - (a) provide useful information to investors to assist them in forming a view as to the reasonableness and reliability of the projections;
 - (b) draw the investors' attention to, and where possible quantify, those uncertain factors which could materially affect the achievement of the projections;
 - (c) avoid generalisations and all-embracing assumptions (general assumptions, where applicable, could be made) and those relating to the general accuracy of the projections; and

- (d) be clearly stated and reviewed for reasonableness by the directors who are responsible for the projections and bases and assumptions thereto.
- 11.3 The following requirements are applicable in respect of profit/cash flow projections:
- (a) The projections should be realistic and achievable to provide investors with information on the issuer's prospects;
 - (b) The projections should be compiled with utmost care and objectivity; and
 - (c) Where the projections are subject to high probability of variation, the issuer shall provide a sensitivity analysis based on any one of the key variables such as selling prices, volume of sales, production costs, production capacity, operating expenses and financing costs.
- 11.4 In addition to the above, owing to the specific nature of profit/cash flow projections, the issuer should take note of the following:-
- (a) A projection, being a representation of financial information based on a set of assumptions which are uncertain and hypothetical, should be qualified as to its achievability for those reasons;
 - (b) The qualifications of projected financial information should draw attention to the fact that the presentation is based on hypothetical assumptions, and that actual events may differ from those assumed, and may materially affect the financial information projected; and
 - (c) Notwithstanding the uncertainties and hypothetical assumptions associated with projections, the projections should be prepared with care, skill and objectivity so as to represent the stated assumptions, and not to purport unreasonable hypotheses and assumptions.

Section 12: Other Information

The prospectus should, where applicable, set out the following:-

12.1 Written Consent

Consent of the relevant parties such as advisers, reporting accountants, rating agency, registrars, solicitors, bankers, valuers, underwriters and experts for inclusion in the prospectus of their names and where relevant, statements and reports in the form and context in which such statements and reports appear, together with a statement that they have not withdrawn such consent.

12.2 Experts' Statements and Reports

- 12.2.1 Where the prospectus contains any statement made by an expert, there should also be disclosed excerpts from, or summaries of opinion expressed, and conclusions recorded in the experts' report.
- 12.2.2 Experts' reports should be dated within a reasonable time of the issue of the prospectus. This is to ensure that contents therein are substantially relevant at the time of the issue of the prospectus.

- 12.2.3 The experts' report should state whether the report was prepared for inclusion in the prospectus.
- 12.2.4 For Islamic Debt Securities, excerpts from the Sharia Adviser report should be disclosed in the prospectus. In addition, the qualification and experience of the Sharia Adviser should also be disclosed.
- 12.2.5 A report by the directors of the corporation stating whether, after due enquiry by them in relation to the interval between the date to which the last audited accounts of the corporation have been made up and a date not earlier than 14 days before the date of issue of the prospectus:-
- (a) the business of the corporation and its subsidiary corporations have, in their opinion, been satisfactorily maintained;
 - (b) there have, in their opinion, arisen since the last audited accounts of the corporation, circumstances which have adversely affected the trading or the value of the assets of the corporation or any of its subsidiary corporations;
 - (c) the current assets of the corporation and its subsidiary corporations appear in the books at values which are believed to be realizable in the ordinary course of business;
 - (d) there are no contingent liabilities by reason of any guarantees or indemnities given by the corporation or any of its subsidiary corporations; and
 - (e) there have been, since the last audited accounts of the corporation, no changes in the published reserves or any unusual factors affecting the profits of the corporation and its subsidiary corporations.

12.3 Auditor' s (Accountant's) Report

- 12.3.1 This report must be prepared by an accountant, who must be a qualified and approved auditor, dealing with the financial information of the issuer. The report must be signed and dated and state that it was prepared for incorporation in the prospectus.
- 12.3.2 The report should state the following:-
- (a) The basis of accounting policies adopted in preparation of the report;
 - (b) That the report has been prepared in accordance with the standards and disclosure of the Agency, on any changes in the accounting policy adopted and the reasons for such changes; and
 - (c) Details of any auditor's qualification to audited accounts and other forms of modified auditor's qualification.

- (d) The report should deal with the income statement and balance sheet of the issuer in respect of each of the 5 financial years (or since commencement of business, if less than 5 financial years) immediately preceding the last date to which the accounts of the issuer were made up. Such date shall be no more than 6 months prior to the issue of prospectus.
- (e) A cash flow statement of the issuer (proforma or actual) for the latest audited accounts (where applicable).
- (f) If the proceeds, or any part of the proceeds, of the issue, offer or invitation in respect of Debt Securities are to be applied directly or indirectly in the purchase of any business, the report should deal with the income statement and balance sheet of the business for each of the past 5 financial years immediately preceding the last date to which the accounts of the business were made up (since commencement of business, if less than 5 financial years). Such date shall not be more than 6 months prior to the issue of prospectus.
- (g) If the proceeds or any part of the proceeds, of the issue of the Debt Securities are to be applied directly or indirectly in any manner resulting in the acquisition by the issuer of any corporation; and
- (h) If by reason of that acquisition, or anything to be done in consequence or in connection with it, that corporation will become a subsidiary of the issuer, the report should deal with the income statement and balance sheet of the corporation (for the past 5 years, or since business commencement if less than 5 years).

Section 13: Documents Available for Review

The prospectus should include a statement that, throughout the validity period of the prospectus:-

- 13.1 Each material contract disclosed in the prospectus and, in the case of contracts not reduced into writing, a memorandum which gives full particulars of the contracts, may be inspected without charge at the registered office of the issuer in Bahrain and if it has no registered office in Bahrain, at such other address as may be specified in the prospectus for that purpose;
- 13.2 Such information and documents as are specified in these Guidelines, may be reviewed by relevant persons specified therein; and
- 13.3 True copies of all consents required under these Guidelines from any person named in the prospectus, to be made available for review, without charge, at the registered office of the issuer in Bahrain and if it has no registered office in Bahrain, at such other address as may be specified in the prospectus for that purpose.

Section 14: Procedures For Application

- 14.1 The prospectus should contain instructions about how to apply for the Debt Securities pursuant to the prospectus and how to complete applications.
- 14.2 The following information should be set out in the prospectus:
- (a) The addresses where completed applications should be sent to as well as a statements as to whom bank drafts/payments should be made payable;
 - (b) The minimum number of Debt Securities that can be applied for and the multiples of additional Debt Securities for which investors may apply; and
 - (c) Whether directors of the issuer reserves the right to extend the closing date.
- 14.3 The application form should be identifiable with the prospectus to which it relates and warn investors against signing the form without having read and understood the prospectus. Accordingly, the application form should contain the following statements:-
- (a) The name of the corporation and registration number (if any);
 - (b) The date of the prospectus to which it relates;
 - (c) The expiry date of the prospectus;
 - (d) Words to the effect that, in accordance with the requirements of the Agency, the application form must not be circulated unless accompanied by the prospectus; and
 - (e) Words to the effect that investors should have read the prospectus before completing the application form.
- 14.4 If the Debt Securities have been specified by a stock exchange to be prescribed securities under any relevant central depository's laws or regulations, the prospectus should state that the securities are so prescribed and that applicants are required to have securities accounts when making their applications.

FOURTH: PROSPECTUS SUBMISSION AND REGISTRATION

15.1 Draft Prospectus Submission

- 15.1.1 The issuer, through its adviser, should provide 2 copies of the draft prospectus together with a completed compliance schedule. The Agency will not commence examination of a draft prospectus unless the prospectus is in final/complete form.
- 15.1.2 Once the Agency has completed examination of the draft prospectus, the issuer, through its adviser, is required to submit the printer's proof of the prospectus to the Agency for registration.

15.2 Registration

- 15.2.1 A copy of the prospectus submitted for registration must be signed by each director/offeror of the issuer or his/her alternate director, authorised agent or by any other persons duly authorised by the Board of Directors of the issuer.
- 15.2.2 If the prospectus is signed by an agent or alternate director, the printer's proof prospectus and the printed prospectuses must disclose this to be the case under the place where the respective director is meant to have signed the prospectus.
- 15.2.3 The printer's proof copy of the prospectus should be accompanied, amongst others, by the following:
- (a) An application for registration of the prospectus;
 - (b) An additional signed copy of the prospectus for submitting with the Ministry of Commerce (if the issuer is registered with the Ministry of Commerce)
 - (c) Any registration fees payable to the Agency;
 - (d) A copy of the application form in Arabic and/or English;
 - (e) A letter of approval from any other relevant authorities;
 - (f) Original copies of all letters of consent, e.g. experts' consent;
 - (g) A certified copy of all material contracts disclosed in the prospectus, and in the case of contracts not reduced into writing, a memorandum which gives full particulars of the contracts;
 - (h) A certified copy of underwriting agreements (if applicable);
 - (i) Memorandum and Articles of Association of the issuer and Certificate of Incorporation or commercial registration (or equivalent documents if applicable);
 - (j) Original written authority by directors appointing any agents to sign the prospectus on their behalf;
 - (k) Letter of confirmation from the adviser that the printer's proof copy of the prospectus has incorporated all changes as required by the Agency; and
 - (l) Letter of confirmation from the adviser that the printed copy of the prospectus will be the same as the printer's proof of the prospectus registered with the Agency.

Appendix 2

LIST OF INFORMATION

LIST OF INFORMATION TO BE SUBMITTED FOR THE PURPOSE OF OBTAINING THE AGENCY'S APPROVAL

Following is a list of information to be submitted for the purpose of obtaining the Agency's approval. The Debt Securities issuer shall submit an application disclosing the following items in advance:

- (a) Background information on the issuer and/or originator in the case of an Asset-backed Securities (ABS) and Mortgaged-backed Securities (MBS) issue;
- (b) Profile of the directors of the issuer;
- (c) A description of the transaction and structure of the issue;
- (d) Details of the utilization of the proceeds. If the proceeds are to be utilized for the project, give details of the project;
- (e) A schedule of the utilization of the issue proceeds;
- (f) Details of expenses for the issue;
- (g) Waiver(s) from complying with "Guidelines for the Issuing, Offering and Listing of Debt Securities" and/or specific approval sought and obtained from the Agency for the issue (where applicable);
- (h) Specific approval sought and obtained from the Agency in relation to the appointment of an independent Sharia adviser and/or applicable Sharia principle or concept;
- (i) Conflict of interest situations and appropriate mitigating measures;
- (j) For issuances made for the purpose of refinancing an existing Debt Securities issue, information on the existing issue;
- (k) Any other material information in relation to the issue; and
- (l) Names, telephone and facsimile numbers of the officers-in-charge of the principal adviser for the issue;
- (m) Principal terms and conditions of the proposal;
- (n) In the case of an issue with warrants:
 - Terms and conditions of the warrants;
 - Financial effects of the warrants issue;
 - Rationale for the attachment of warrants; and
 - Compliance checklist on the Agency's Guidelines with respect to the warrants issue.
- (o) Issuer's and principal adviser's declaration in accordance to the form described by the Agency;
- (p) Principal adviser's confirmation on compliance with all requirements of Anti-Money Laundering rules, in accordance with the Agency's rules.
- (q) Latest audited accounts of the issuer;
- (r) Compliance checklist on the Guidelines on the Offering of Debt Securities;

The following information should be submitted after obtaining approval from the Agency:

In the case of debt programmes, the issuer's notification to the Agency should include the following information following each draw-down:

- Size of issue
- Mode of issue
- Utilisation of proceeds
- Minimum level of subscription (where applicable)
- Tenor (nature)
- Actual yield or price
- Revisions of the rating, if any, since the date of the last draw-down.