

**Consultation - Listing Rules  
Market Participants Comments and Feedback  
2018**

**Feedback Statement**

	<b>Reference to Listing Rules</b>	<b>Industry Comments</b>	<b>BHB's Response</b>
<b>1</b>	2.30	It is provided that BHB shall be the main point of contact, it may be clarified which unit at BHB shall have this authority for more clarity	Specific divisions will be assigned in the Listing Rules Guidelines
<b>2</b>	3.13(3)	It is provided that the Issuer's Articles of Association must have no restrictions on the transfer of shares between investors. This Rule may be reviewed in relation to Rules 3.22 and 4.27(2), as it seems that such requirement conflicts with the referenced Rules	Amended Rule 3.13 (3)
<b>3</b>	4.5	Average turnover is not strictly within the control of the issuer since it is based on free float, hence it may not be appropriate to impose a requirement of keeping average turnover.	Rule Removed
<b>4</b>	4.22	It is provided that the website must include information on investor relations contact details of at least five years. This period may be reviewed and revised to avoid confusing the public. It is suggested to disclose <i>current</i> contact details only.	Amended Rule 4.22
<b>5</b>	5.3(1)	For the avoidance of doubt, it may be appropriate to specify that "its Securities" in this context refers to the Securities of the Issue, not those of its subsidiaries or associated companies.	*Amended Rule 5.3 (1)
<b>6</b>	5.6(7)	For any qualification or emphasis of matter relating to issuer's subsidiary or associate, it is not clear whether the subsidiary or associate also need to be listed company or applies to all listed/unlisted subsidiaries and associates as long as the qualification or emphasis of matter has a material impact on the issuer	NC Rule 5.6 (7) – (b) states any regardless listed or not listed
<b>7</b>	5.6(18)	It is not clear if this requirement applies to all Board meetings, or only to Board meetings during which financial statements will be discussed and approved.	NC Rule is clear

8	5.6(19)	This is not clear, what happens once a Beneficial Owner's stake reaches 20%? The wording of this clause indicates that there is no requirement to notify BHB of further increases in ownership beyond 20%.	NC Rule 5.6 (19) – (c) Amended
9	5.10	The timeframe is not clear. i.e. no later than 24 hours from what? Is it from the time of approving the statements by the Board?	NC Amended Rule 5.10
10	5.11	This is not clear as it says "issuer shall publish a full set of financial statements". This should be reworded as "Issuer shall publish summary financial statements containing as a minimum...". In addition, Islamic entities following AAOFI standards are not required to prepare a statement of comprehensive income	Amended Rule 5.11
11	5.16 (1) and (2)	Suggest these items should not be individually specified but to be mentioned "specified statements as required by CBB or BCCL as applicable.." since some statements may not be applicable to banks (sources and uses of funds etc)	NC
12		we may address potential conflict of interpretation between these new listing rules and the existing CBB rules	
13	2.14	any waiver or modification to be notified reasonably in advance	NC
14	2.22	BHB should not be authorized to disclose publically all documents provided by Issuer to BHB as some documents by nature should remain confidential	Amended Rule 2.22
15	2.26	indemnity should be subject to certain exclusions such as gross negligence	An exclusion for gross negligence has been added
16	4.7	we understand that minority shareholders should be protected and we fully agree that the Controlling shareholders should act in good faith, however acting in good faith doesn't necessarily mean that the rights of minority shareholders should be prioritized	NC
17	4.22	the 5 years' minimum requirement may not be applicable to company recently incorporated	Amended
18	5.6(19)	there should a deadline for the approval; aside non-compliance with AML, the rules should elaborate what the other reasonable and justified objections could be	NC
19	9.2	there should be grounds for a suspension or a restriction on trading	Amended
20	2.25	We have noted that point 2.25 should refer to 2.24 instead of 2.33	Amended

<b>21</b>	2.36	We have noted that point 2.36 is too subjective. It might be more transparent to list the maximum level of fines based on level of non-compliance upfront. BHB might also consider including the notice period for correction, if any, before imposing fines, given the impact on reputation of listed entities. We suggest having certain rules for appeal by the issuer if they are not satisfied with the decision of BHB	The fines will be clarified through the Fines Guidelines
<b>22</b>	3.11	Does point 3.11 mean issues can proceed without underwriters in exceptional cases? Will non-investment banking licensees be allowed as underwriters, provided they give requisite undertakings and have the capital?	Removed
<b>23</b>	3.22 and 3.13(3)	We have noted that point 3.22 contradicts slightly with 3.13(3)	Amended
<b>24</b>	3.24	We believe point 3.24 needs to be defined in the definition section. There is also confusion over whether companies that have a net equity less than required for carrying out licensed activities continue to carry them out on the basis that their issued capital is higher than the minimum capital. However, this issued capital needs to be adjusted by accumulated losses.	NC
<b>25</b>	3.28	Point 3.28 contradicts new applicants 3.16, 3.17, unless clearly specified that this is for any existing companies that wish to list.	NC
<b>26</b>	4.5	In point 4.5 it might be a better idea to impose that certain large issuers should appoint a regulated investment bank to act as market makers to ensure liquidity. It will also be better to define "adequate" as % of turnover to capital issued.	Rule Removed
<b>27</b>	7.6	We think that in point 7.6 the key persons definition minimum must be standardised. Individual companies can add to this definition based on their internal organisation and assessment of those who handle material information.	NC
<b>28</b>	3.11	It is mentioned that underwriting is must. It is also mentioned that if issuer proposes to make an issue without underwriting, they should	Rule Removed

		contact BHB. It should be clearly stated that underwriting is not must in all cases.	
<b>29</b>	3.16 and 3.17	It is mentioned that applicant should be in existence for at least one year but also reference is made to 'Newly established applicants'. Clarification is required if 'newly established applicant' means an applicant is in existence for less than 1 year (then why it is mentioned at least one year history of issuer)	Amended
<b>30</b>	3.28	The profitability criteria should be left on investors to decide and not a condition/restriction to an issuer. If only profitable companies are allowed to issue securities then a large portion of promising companies will be left out.	NC
<b>31</b>	4.5 and 4.6	Issuer to maintain at least 10% free float at all times seems fine but it is also mentioned that issuer should maintain shares turnover. Share turnover responsibility clause may be removed. Shares turnover is at the will of market participants and not in the control of issuer/business	Rule Removed
<b>32</b>	5.6(12)	By nomination is it meant appointment by shareholders? or any nomination whether by appointment or elections?  If the nominations are to be kept open until 14 before the AGM, how is the Bank going to comply with the 60 days. Further we kindly need to know the reference for both specified periods of any.	Amended
<b>33</b>		I went through the Listing Rules of Bahrain Bourse and I found it missing to the "Conflict of Interest" and "Whistle Blowing Policy"	Refer to Rule 5.17
<b>34</b>	Litigation Section	Further clarity is needed on which litigations should be disclosed	In line with the CBB Disclosure Standards – Article 32.20
<b>35</b>	Valuations Section	Further clarity is needed on which valued assets ( or valuation exercise) is considered as material and to be disclosed	In line with the CBB Disclosure Standards – Article 32.21
<b>36</b>	Appointment / dismissal of directors / Key employees	Should be in line with CBB RB requirements	NC

37	Nomination of Directors	Does it mean that an announcement is done 60 days prior to the AGM and the final application is accepted only 14 days before the AGM ? I.E. no application is entertained after the mentioned time lines?	Amended
38	General Meeting Minutes	We believe that it should be in line with MOIC and CBB requirements ( 15 days after the meeting)	In line with the CCL amendments Article 199
39	(5.16) Annual Report requirements	Should be in line with Module PD of the CBB rulebook ( for banks)	NC
40	(5.20) Corporate Governance Report	We believe that due to its contents and requirements it should be posted on the website at least 5 days before AGM, it should also be inline with the CBB rulebook.	NC
41		While we understand that the guidelines will be issued later, we wish to seek some clarification. The rule states <b><i>“the Issuer shall maintain an adequate level of average Share Turnover at all times”</i></b> where the phrasing implies that the issuer must act to ensure that the turnover level is met – whereas in reality the actions that are permissible for the issuer are very limited and the liquidity of a given share would be affected more by market conditions and investor sentiment. Further, there are conditions set down by the Central Bank that limit transactions by the issuer (approval to purchase treasury shares by the issuer for example are stringent) and major shareholders (controllers typically may only buy/sell after a long approval process with the CBB) – which we believe are necessary to protect the markets	Rule Removed
42		The term “Director” is confusing as it refers to both directors of the board and senior executives	definition amended
43	2.9	Clarification is required on such fines as CBB have the same regulation	The fines will be clarified through the guidelines
44	2.15	BHB may vary or revoke its decision where the circumstances warrant it, the regulation should also include a requirement a justification for such change.	NC
45	2.22	Absence of assurance that such information will be treated as confidential information and the consequences of such breach of confidentiality.	amended

46	2.23	Verification of information required by BHB however no specific mention of rational of its act.	NC
47	2.25	There may be a mistake in referencing.	amended
48	2.32	communications may be hindered due to unforeseen reasons such as technical errors specially when shared electronically however the regulation specifies as it has to be “Deemed received immediately”, this should be amended to include such unforeseen reasons	on case by case basis if such electronic failure occurs
49	2.34	such persons shall be liable in the event of any action is undertaken fraudulently maliciously or negligibly.	NC
50	2.36	Non-compliances must be clearly set out. i.e. highlighted by a warning prior to fines being imposed.	To be issued with the guidelines
51	3.28	This article has been deleted in the amended Commercial Companies Law.	No change as it is a listing requirement
52	5.6 (11)	No particular issue in informing the shareholders of appointments/ resignations however reasons for resignations may be confidential to the resigned individual whom has the right to preserve his/ her reasons.	NC
53	5.6 (29)	On treasury shares notifications, such information may not be available prior to execution as the transaction in the market may not take place.	Amended
54		The rules also do not provide any relaxation for listed (Closed) companies like SICO. There are many other ongoing commitments in terms of operational obligations and disclosures, which mainly should pertain to companies whose shares are traded on the exchange and not for closed companies like us.	Amended and reflected in the LR
55	2.22	it seems unreasonable for the BHB to have the right to transmit to the public any information submitted to them in a private matter.	Amended
56	2.27	asking Directors to indemnify the BHB seems overboard; the issuer should be sufficient	Amended
57	3.6	Lead Managers should be entities licensed by the CBB to avoid a lack of accountability in the market	Refer to OFS-3.3.2
58	3.11	The OFS 2.3.6 allows book building to be used in lieu of underwriting	Rule Removed
59	3.31	<u>Typos:</u> Equity Securities must <del>be</del> seek’	amended

60	3.52(8)	<u>Typos:</u> set out in BHB Listing Rules'	amended and deleted (8) & (9) as item (3) already covers both
61	3.55(8)	3 year projections is in conflict with OFS 3.4.2. Furthermore, the role of an independent reporting accounting as required by OFS 3.4.3 may need to be clarified in the Listing Rules	amended
62	3.55(13)	Should a draft of the Mems and Arts proposed changes be submitted first?	Not necessarily
63	3.57(5)	why is this unique to 'an issue of shares' scenario and why does it differ from Clause 3.55(5)	3.57 (5) is requesting to provide the shareholdings
64	4.4	how does an issuer maintain 'Share Turnover'? it may be preferred to state the requirement of a Designated Market Maker which is defined in the Listing Rules but not referred to in any Clause.	Rule Removed
65	4.12	it is not clear where the issuer will be <i>moved</i> from to the Mainboard Market	Added Initial Listing Market Initial Listing Market defined
66	4.26	4.26 and Clauses 4.28 to 4.30 are placed within Section 4 'Ongoing Obligations'. Whereas they relate to Allotment of securities and perhaps be moved towards Clause 3.57	Amended and Moved to section 3 part 5
67	5.6(18)	relates to Board of Director meetings and are to '...sent to shareholders' which seems to be incorrect and should perhaps read board directors rather than shareholders	"sent to shareholders" removed
68	5.6(25)	is there a reason this clause implies a Record Date is to be announced for 'interim dividends' rather than all dividends?	amended
69	12.2	are we able to include Closed Ended Funds (such as private equity funds) as a type of fund here?	added accepted
70		As a preliminary comment, a significant overlap appears to exist between the BHB's Listing Rules (in some of the areas which the BHB's Listing Rules aim to regulate/organize) and the Central Bank of Bahrain ("CBB") rules and regulations, namely CBB Rulebook Volume 6. By way of example, we note that Section 3 of the BHB's Listing Rules – Equity Securities intends to reintroduce (in part) the CBB's OFS Module which formulates the regulatory framework of the CBB to govern the issuing and offering of securities in/from the Kingdom of Bahrain. We also note that Section 8 of the BHB's Listing Rules	Issuer has to comply with CBB requirements and BHB requirements respectively

		<p>which addresses takeovers, mergers and acquisitions greatly reflects the CBB's Rulebook Volume 6 – TMA Module. More importantly, Section 8.1 of the BHB's Listing Rules emphasizes that the requirements set out in Section 8 apply in addition to the provisions of the TMA Module as set out in the CBB's Rulebook Volume 6. Likewise, some of the CBB Disclosure Standards are duplicated in the BHB's Listing Rules, namely Section 5.</p> <p>In light of the foregoing, it is somewhat unclear how the BHB's Listing Rules will interact with other CBB rules and regulations that are currently in effect, particularly the CBB's Rulebook Volume 6. It is also unclear how the overlap between the BHB's Listing Rules and the CBB's Rulebook Volume 6 will be resolved. We would therefore respectfully suggest it would be advisable to have one set of consolidated rules under which all market participants will have to comply.</p> <p>An alternative approach would be to clarify in the BHB's Listing Rules where the issuers' compliance under the CBB's Rulebook Volume 6 will suffice for the purposes of the BHB's Listing Rules, i.e., not creating new obligations if same are already covered under the CBB's Rulebook Volume 6, and have some more comprehensive cross-referencing and explanatory footnotes to remove any ambiguity</p>	
<b>71</b>	4.4 to 4.6	We note that Sections 4.4 to 4.6 of the BHB's Listing Rules address ongoing requirements for shareholding and distribution. In this regard, Section 4.4 provides that the Issuer must maintain a Free Float of at least 10% of the total issued outstanding shares and shall maintain an adequate level of average Share Turnover at all times (Section 4.5 of the BHB's Listing Rules) with further guidance on what is an acceptable level of Share Turnover to be specified subsequently	Rule Removed
<b>72</b>	4.4 to 4.6	We note that the term Free Float is defined under the BHB's Listing Rules as "that portion of a company's Securities that are available for public trading on BHB". This would appear to suggest that 100% of ordinary share capital is included in the Free Float definition being	Definition Amended and Free Float requirement will be explained in the Listing Rules Guidelines



		available to trade on the BHB. In particular, it is not clear whether the shares which are held by Bank ABC's controlling shareholders are captured under this definition. We, therefore, appreciate if BHB may clarify this point further. Moreover, if controlling shareholders stakes are intended to be excluded from the Free Float definition, then BHB should consider reducing the 10% threshold somewhat to take into account the dynamics of the Bahrain market	
73	4.4 to 4.6	We would also note that – in general –liquidity levels on the BHB are relatively low in comparison to other GCC markets, and that shares in a number of notable Bahrain listed institutions are traded infrequently. To improve liquidity in its share dealing, Bank ABC is putting in place a market making arrangement with SICO. Taking these factors into account, BHB may want to consider a low initial starting point for its guidance on any Share Turnover requirements, with some grandfathering provisions for existing market participants	Rule Removed
74	4.23	We note that Section 4.23 of the the BHB's Listing Rules provides that an Issuer must appoint Authorized Representatives who must be either Directors or a Director and the company secretary or Compliance Officer	NC
75	4.23	Bank ABC's Directors are all non-executives and, as such, are not involved in the day-to-day operational activities of Bank ABC and hence it would not be appropriate for any of them to be an Authorized Representative. We therefore would recommend that the scope of persons eligible to be an Authorized Representative should be extended to include a senior executive officer (e.g. the CEO, COO or CFO) and/or the company secretary or Compliance Officer	Amended
76	5.6	This section provides that an Issuer must immediately notify BHB and subsequently announce certain information/events on BHB website. We understand the rational for notifying BHB when certain events occur. That being said, market participants have no direct access to be able to update BHB's website and therefore BHB should be responsible (when it receives any specific information requested) to make any required announcements in its website	NC

77	5.6(8)	<p>We note that under this section the Issuer must provide BHB with a description of all pending litigation and material development arising from such, or occurrence of circumstances of a material nature in which the Issuer, or any of its Subsidiaries may be involved, <u>which may affect its income derived from title to or possession of any of its properties, licenses or concessions from governmental authorities.</u></p> <p>The underlined language is somewhat confusing and does not seem to be consistent with the standard disclosure obligation in relation to litigation (i.e. only details of material litigation to which the Issuer is, or may become, a party should be disclosed). Accordingly, consideration may be given to further defining this section to avoid ambiguity.</p>	In line with the CBB Disclosure Standards – Article 32.20
78	5.6(18)	<p>We believe the statement that "all notices convening board of directors meetings must be provided to BHB and sent to shareholders at least 5 days before the quarter ends" is impractical. We would suggest this is modified to "<i>... provided to BHB at least 5 days before the quarter ends</i>", which will then be posted on the BHB website for the attention of shareholders</p>	Amended
79	5.6(21) and 5.6(22)	<p>We note that under these sections the Issuer must notify BHB when any application is filed with a court to wind up the Issuer or any of its Subsidiaries and where a receiver, administrator or liquidator (or equivalent in the country of incorporation) of the Issuer, or any of its Subsidiaries has been appointed. We, therefore, propose that the obligation of the Issuer to notify under these provisions be triggered only when the Issuer's Subsidiary is considered material and for Subsidiaries which are not considered material the obligation to notify should arise when the relevant Subsidiary is insolvent</p>	BHB requires all information to be submitted for the purpose of maintaining transparency
80	5.22	<p>We note that Section 5.22 provides that Issuers must announce and file with BHB notifications of dealings by Key Persons no later than the next business day. In this regard, we note that the timeframe prescribed for notification is very short and does not allow for necessary administration of an internal notification scheme to take affect adequately. We therefore suggest that the Issuer be required to announce and file with BHB notifications of dealings by Key</p>	Amended to be in line with the standard BHB settlement cycle

		Persons within a longer time period, with five (5) business days probably a realistic minimum	
81	4.4	The Bahrain Bourse requires issuers to maintain a free float of at least 10% of the total issued outstanding shares. This threshold is challenging for companies with a major controller. We also seek further clarity on how issuers are expected to maintain an adequate level of average share turnover.	Rule Removed
82	Nomination of the Board of Directors	<p>The Bahrain Bourse proposes that “Any nomination of membership should be announced at least 60 days before the AGM and shall be kept open for before 14 days from the date of the AGM. Announcement of the names and details of the nominated persons shall be submitted to BHB 5 calendar days prior to the AGM.”</p> <p>There is ambiguity in the criteria that needs to be specified for inviting the public to apply for Board membership. Should it be based on the CBB’s Training and Competency Module or the listed company’s own criteria? We request the Bourse to explicitly define the steps required for inviting nominations to the Board. Please also clarify whether reference is made to calendar days or working days.</p> <p>The time lines are also of concern. For CBB regulated institutions, no Board member can assume office without the CBB’s prior approval. As the invitation for Board membership has be kept open until 14 days before the AGM, and the details of the nominated persons should be announced 5 days prior to the AGM, it is assumed that the CBB’s approval will be obtained within the 9 day interim period. This could be difficult to meet.</p>	<p>In accordance with the training and competency requirements issued by the CBB</p> <p>5.6 (13) Amended</p>
83	Corporate Governance Report	Issuers are expected to disclose their corporate governance (CG) report on the BHB’s website at least 21 days prior to the AGM. The CG report includes a section on the aggregate remuneration of the Board of Directors and Senior Management. It has been our experience that such details are decided much later than the proposed deadline. Please consider this timeline constraint.	Amended to 14 days

84	2.4	Suggest replacing "the CBB rules" with "all relevant CBB rules".	Amended
85	2.7	Where BHB exercises discretion not to accept an application, should it be subject to an obligation to provide a reasoned decision?	Any rejection of an application will be supported with BHB's justification
86	2.9(9) and (10)	Sanctions would ideally be only imposed on the Issuer and not on directors.  The level of sanctions should be referenced through a cross reference to section 10 (part 15).	Directors removed  Section 10 is related to the disciplinary board, and pertains most predominantly to rules of Bahrain Bourse regarding handling complaints, arbitration and disciplinary proceedings
87	2.10	BHB's decisions are stated to be final and binding on all Issuers. Surely there should be some form of Court based appeal process?	As per Article 10.69 of the draft Listing Rules, "the decisions passed by the Disciplinary Board may be appealed to the Disciplinary Appeals Committee if such decisions impose any of the penalties". Article 10.70 further notes that "the Appeals Committee shall be established and constituted by a Directive of the Governor of the Central Bank of Bahrain (CBB). The Governor of the Central Bank shall set the powers, functions and limitations thereon.
88	2.18	This paragraph specifies that Issuers, management companies, trustees, directors, officers and advisors must comply with guidelines issued under the Listing Rules. There are two issues here, mainly:  1. whether it is appropriate that advisors must comply with the guidelines? advisors usually have a limited role; and  guidelines are typically issued on a comply-or-explain basis (see, for example, the Central Bank of Bahrain's Rulebook in relation to rules and guidelines) – Should a similar approach apply in the Listing Rules?	Amended

89	2.22	<p>We do not agree that all documents forwarded to the BHB should become the property of BHB. Much of the information provided to the BHB will be the property of the Issuer.</p> <p>In addition, much of the information provided to BHB may be provided on a confidential basis in order to allow full transparency between Issuers and the BHB. In order to allow this to work, there should be a process under which confidential information can be shared to the BHB on the basis that it will be retained and treated as confidential.</p>	Amended
90	2.24 and 2.25	<p>We believe that the requirements imposed upon the advisors of an Issuer to make sure that any information submitted does not contain any material omission is beyond an appropriate level. advisors are typically appointed on a limited basis in relation to the scope of the advisory work and, as such, are not in a position to comment on omissions in relation to information provided outside of that scope.</p> <p>Further, rather than describing that relevant parties "must ensure" we would expect a lower standard of reasonableness should be adopted, i.e. "must use reasonable endeavours to ensure".</p>	<p>amended</p> <p>NC</p>
91	2.27	<p>The indemnity in 2.27 should only apply in relation to information which the Issuer has requested that the BHB release or disseminate and not all information that the BHB releases or disseminates (for example, if the BHB were to release information which had not been requested to be released, the Issuer should not be liable). Further the indemnity, if necessary, should only be provided by the Issuer and not the director or any advisor. As an advisory firm, it is not appropriate for us to have to provide any form of indemnity to the BHB in relation to information the BHB publishes. Including such a provision would potentially remove a number of advisory firms from their association with listing work given most are only agreeing to act on a limited liability basis and themselves in reliance on the information the Issuer provides to them.</p>	Rule Amended

92	2.28	We think this section overreaches the reasonable powers of the BHB. We do think it is appropriate that the BHB may issue officers, employees or advisors of the Issuer binding instructions, directives or conditions without any limitation by reference to them being connected with the Listing Rules or any boundaries in terms of reasonableness of the requirement. As drafted, the BHB could literally direct any employee of any Issuer or any advisor to any Issuer to do anything at all.	amended
93	2.32	The effect of this clause is that all Issuers must read all newspapers and be aware of all electronic media in order to understand what notices or directions the BHB is providing. It would be far better if BHB were able to limit and define the channels through which it will make these announcements or directions to avoid Issuers and connected parties having to read absolutely everything in order to understand why the BHB is providing direction. For example, official announcements of the Ministry of Industry and Commerce would be made through the Official Gazette.	NC
94	2.34	This section limits the liability of BHB in relation to actions done in good faith in connection with the discharge of performance of any function or duty. Wouldn't a similar provision in favour of Issuers, directors and advisors also be a good idea?	NC
95	2.36	The reference to administrative fines on Issuers should ideally link to section 10 (part 15) in relation to the process and levels of fines.	NC, Section 10 pertains most predominantly to rules of Bahrain Bourse regarding handling complaints, arbitration and disciplinary proceedings.
96	3.4	The discretion of the BHB to approve or reject an application is stated to be "absolute discretion". Would it not be more appropriate for this to be a "reasonable discretion"?	any rejection will be supported with a justification
97	3.5	We would think where the BHB is going to reject a listing application (particularly given the cost, expense and time incurred in preparing an application), the BHB should provide, for transparency purposes, a reasoned decision for such a rejection.	any rejection will be supported with a justification
98	3.9	We think the requirement that the listing manager must ensure that the BHB is informed of all matters which should be brought to its	NC

		attention is not appropriate. The Listing Agent and Lead Manager is only able to act upon information which it is actually aware of and is not by its very nature aware of absolutely everything associated with an Issuer. It should be an Issuer's responsibility therefore to ensure that the BHB is informed of all matters which should be brought to its attention. Further, there should be clarity as to which matters should be brought to its attention rather than simply a general statement, i.e. "all matters which should be brought to its attention as specified in these Listing Rules".	
99	3.11	This Listing Rule is internally inconsistent. The first sentence requires an underwriting. The second sentence describes a scenario where an underwriting is not necessary (which is inconsistent with the first paragraph). Wouldn't it be better to simply leave the underwriting provisions to the OFS Module which are clear as to when an underwriting will be required?	Rule Removed
100	3.12	We would suggest the second and third sentences of this draft Listing Rule be deleted. It would be unusual for the BHB to be able to impose these third party costs. Isn't this what the application fee is for? An Applicant will potentially have a limited budget and already be expending a significant amount of money in relation to the application. Risks that the BHB may then appoint a series of experts, without limitation on pricing whatsoever, would further detract from the attractiveness of listing in Bahrain.	in such scenario BHB will act reasonably And the Applicant will be appointing the expert and not BHB, however the expert should be acceptable by BHB.
101	3.18 , 3.19, 3.20, and 3.52 (5) and (6)	There seems to be internal duplication in the Listing Rules in these sections, both setting out the same timeline save that 3.52 does not deal with the issue of resubmission as dealt with under 3.20.	Amended
102	3.37	We do not understand why there is a limitation on the number of shares which can be listed by secondary listing at 30% of the Issuer's share capital.	NC, the threshold has been introduced after conducting thorough studies and benchmarks to the best practices in order to protect the market.
103	3.38	Why does this refer to "annual general meeting"? Surely any general meeting could provide the necessary resolution and typically such resolutions would be provided at an extraordinary general meeting rather than an annual general meeting.	Amended

<b>104</b>	3.42	We are not clear as to why there would be a limitation on an entity holding more than 5% of an issue of shares placing orders on the cross listed market. There may be good reasons for doing so such as greater liquidity.	In line with AML of the CBB Rulebook
<b>105</b>	3.43	Perhaps this Listing Rule should explain what is meant by "without the necessary approvals". What approvals is this referring to?	Amended
<b>106</b>	3.45	Here and generally where the BHB reserves rights to vary conditions or impose additional conditions, should this be subject to an express reasonableness criteria?	Amended
	3.52 (1)	There now appears to be two application processes, one for the BHB and one forwarded by the BHB to CMSD. There also appears to be two sets of checklists, one in the OFS Module and one in the Listing Rules. We would recommend that there be clarity in relation to whether or not the applications referred to are to be different and one must be fully compliant with the OFS Module while the other only compliant with the Listing Rules, for example. Alternatively is this the BHB's plan that the CMSD and the BHB get the same applications, in which case shouldn't there be some combining of the OFS Module requirements with the Listing Rules requirements so that there is one reference document for an application?	Amended
<b>107</b>	3.54	We do not believe it is appropriate that all professionals who are involved with the preparation of the listing application (and indeed the Lead Manager itself) must ensure that all information that is material to the BHB's decision on the application is made available promptly. The professionals cannot be responsible for providing information which they are not aware of and the duty therefore to provide information associated with an Applicant should fall squarely on the Applicant. For example, as a law firm we are unable to comment on whether or not all financial information associated with an application has been made available – this is simply outside of our expertise and competency. Further we can only report on contracts and information that are provided to us by an Applicant and as such cannot be aware of information which the Applicant has not shared with us. We believe that a change of 3.54 is absolutely vital. As each	NC



		professional has a limited role and is unable to check that full information has been provided to it by the Applicant and secondly cannot check the work of other professionals.	
108	3.54	Ideally this last sentence would refer specifically to which Listing Rules concerning disclosure requirements are covered under Rule 3.54.	this sentence has been removed
109	3.55(3)	Suggest replacing "the CBB rules" with "all relevant CBB rules".	NC, incorrect reference
110	3.55(4)	Should the confirmation provided by the Lead Manager under this section replace the similar confirmation set out in the OFS Module or are you asking for an additional confirmation above the already onerous confirmations under the OFS Module to be provided?	Yes, this as an additional confirmation required by BHB
111	3.55(8)	This appears to require three years projections of financial statements be provided with a listing application. Three years projections are unusual and are not required under the OFS Module save in exceptional circumstances outlined in OFS 3.4.1 and OFS 3.4.2 (for example, for newly established Issuers). We believe it is important that this section is changed so that it be made consistent with the OFS Module (and items 2(h) on page 81 of the Draft Listing Rules).	amended and three years projections are required for newly established companies
112	3.55(11)	It would seem from this section that an Applicant which may have breached regulations would not be capable of a listing. We would have thought the appropriate scenario is that a full disclosure would have to be made together with the effect as not all regulatory transgressions should bar a listing.	NC
113	3.55(15)	The requirement for additional information documents as the BHB may require would ideally be replaced with "may reasonably require".	NC
114	3.57(2)	Is this confirmation compatible with a dematerialised environment?	Amended – replaced share certificates with dematerialized securities
115	3.57(3)	Suggest adding "connected with the offering" after "Listing Rules" and before "have been compliant with".	Amended
116	3.57(4)	This is a new Listing Agent requirement and deemed beyond what a Listing Agent can reasonably confirm. Can a Listing Agent reasonably confirm that an allotment of securities would not result in a	Deleted

		distribution which may result in a disorderly market when the trading begins?	
<b>117</b>	4.3	<p>4.3 and a number of other sections throughout the Listing Rules would put requirements on the Issuer to act "immediately". Technically any immediate response is impossible. We would recommend that if you wish to use the words immediately in the Listing Rules that you add a clarification that it is a requirement to achieve the objective on the same business day or before the opening of trading on the following business day.</p> <p>We will not repeat this comment in relation to all of the Listing Rules which refer to "immediately" and this comment has general application.</p>	NC
<b>118</b>	4.5 and 4.6	The Issuer should not be subject to any share turnover requirement. The liquidity on the BHB is not the issue of Issuers on the Bourse. Even a market maker cannot ensure a turnover but only a bid and ask price.	Rule Removed
<b>119</b>	4.12	We are not clear about Rule 4.12. Does this Rule indicate that someone would be listed somewhere other than the main board market initially until general compliance requirements are met? Are there any specific provisions in the Listing Rules which deal with this?	Amended to Initial Market Listing
<b>120</b>	4.21	We would suggest "and contains all information which may be relevant to the Issuer's shareholders" be removed or substantially clarified as it is unclear what the extent of such an obligation would be.	NC
<b>121</b>	4.22	This is not clear. We would expect that newly listed Issuers would not be putting on their website general meeting circulars, proxies or minutes for a period prior to listing. The period prior to listing is covered by the Prospectus. Further should the "minutes" be clarified as being shareholder meeting minutes?	Amended
<b>122</b>	4.30	Is this dispatch of the allotment notices requirement in addition to the subscription results in allotment timelines and requirements set out in OFS 7.4.2 and OFS 7.4.3? The OFS Module does not refer to a 9 calendar day timeframe.	The Rule is derived from the current practice conducted – dispatch of allotment notices takes place within the same period of the excess subscription refunds (9days)

			from closing date). The dispatch of allotment notices requirement is in addition to the allotment and refunds timetable requirements outlined in the OFS Module.
123	5 – 5.1	Rather than add to the already relatively confusing requirements sourced from the Disclosure Standards Rules and Regulations of the CMSD, the Ministry of Industry and Commerce laws and the BHB requirements, would it not be better to simply update the Disclosure Standards with a new comprehensive document? We note the Disclosure Standards are dated 3 December 2003 and so are due an update particularly in light of the OFS Module replacing much of the current content in the Disclosure Standards. Further, we note that many of the new disclosure requirements set out in the Listing Rules replicate by and large the existing disclosure standards already in the CBB's Disclosure Standards document of 2003 (for example, 5.3(1) and Disclosure Standard 32.1, 5.5(10) and Disclosure Standard 32.3, 5.6(2) and Disclosure Standard 32.11). We highly recommend that any of the Listing Rules which are duplicative of already existing rules simply refer back to the existing rules rather than create two different statements of the same requirement and confusion for Issuers.	NC
124	5.5	We suggest the BHB does allow itself some discretion to waive the requirements in 5.3 particularly given 5.4 sets out good reasons why such information may be withheld.	NC
125	5.6(12)	Is this meant to be announcements of the opening of nominations for membership to the board of directors? We are not clear as to the intent of this announcement and whether or not it is saying that all directors must be nominated at least 2 months before an AGM or whether it is specifying a nomination period must be kept open for at least 14 days before an AGM and a notice that nominations that may be made for the membership of the period should be provided at least 60 days before the annual general meeting?	Amended

126	5.6(18)	Is this correct? Are you requiring that all notices convening board meetings should be sent to all shareholders at least 5 days before the quarter ends? What if the board is considering matters which are appropriately meant to be kept in confidence? We think this section does need substantial revision.	Amended
127	5.6(23)	We would not expect that there should be a requirement for a company to publicise any breach of loan covenants. This could severely prejudice any litigation or settlements discussions of the lenders if there is already a prior admission of breach made by the company in public.	NC such notices should be conveyed as its affects the Issuer's financial position
128	5.6(25)	Typo replace "set" with "sent".	NC
129	5.6(27)	Should the reference to "the financial statements of the quarter (or full year)" be replaced with "the financial statements of the previous quarter (or previous full year)"?	Amended
130	5.7, 5.8, 5.9, and 5.10	Perhaps clarify who the documents refer to in these rules should be submitted to.	NC
131	5.11	Typo in "Rule 5.7 5.7".	Agree to Amend Amended
132	5.15 and 5.16	There seems to be substantial overlap between these Rules and Disclosure Standard 35.3.	NC
133	5.17	We are concerned about the language "must be in line with". The Code of Corporate Governance and the High Level Controls Module operates on the basis of certain comply or explain principles and we would want to make sure that this Listing Rule does not alter that balance achieved in the Code of Corporate Governance and the High Level Controls Module.	NC
134	5.24	Are the requirements of 5.2 (2) that all information and documents must be factual, clear, unambiguous, accurate, succinct and contain all information as security holders and advisors would reasonably require and reasonably expect to find in a circular or information document of that nature for the purposes of making an informed decision too high and inappropriately balanced against the requirement of such notices must be made immediately? If notices	NC

		must be rushed then it would be difficult to see how such a standard can be complied with.	
<b>135</b>	5.25 and 5.26	We would strongly recommend that these be removed. Contents of notices is not the responsibility of the advisors but rather the Issuer. advisors are put in jeopardy in relation to the contents of notices. You will find advisors will decline to perform this function which will lead to a market effect of the notices being less well drafted. Further, if an advisor advises on a particular notice he should not then be under any duty to verify or check that the notices remain valid going forward.	Amended Rule 5.26
<b>136</b>	6.6	This duplicates OFS 2.5.5 and as such is not required.	Rule Removed
<b>137</b>	8.1	Please remove the reference to professional advisors and add some qualification as to the ability of BHB to make these requirements. Right now the requirements do not have to reasonably link to the TMA Module.	Rule Amended
<b>138</b>	8.3	Is this correct? We did not think this was consistent with the TMA Module that receipt of a notice of intention to make an offer would require a suspension of trading. We would think this would be more damaging on the market than not.	Rule Amended
<b>139</b>	8.4	We don't think this is correct. Shouldn't there be carve outs in relation to the usual process of a certain amount of diligence being conducted in support of the offer as permitted by the TMA Module. Clearly all shareholders cannot be sent all of the materials that are reviewed in the process of building up to an offer which may be voluminous and subject to very significant non-disclosure requirements.	NC. All shareholders should be up to date with the recent development of the company
<b>140</b>	Appendix A (3)	How far back should the dividend information requested be provided?	Amended
<b>141</b>	Section 10	We are not commenting on section 10 as ideally this would be subject to a careful review from locally licensed law firms in relation to its general compliance with Bahrain's Law and Constitution in relation to appeals, processes and judicial review. We assume that this has or is being done.	Section 10 of these Listing Rules has been adopted from Section 9 of the pre-existing published Market Rules of the Bahrain Bourse.

<b>142</b>	Section 12 (Rule 12.2 and 12.7)	Please clarify that 12.2(e) is only funds approved by the CBB which apply for a listing and similarly in 12.7 the investment fund is a reference to an investment fund which applies for a listing or which is listed.	Amended
<b>143</b>	Appendix B (Items 3,4 and 5)	These should be expressly subject to the limits and restrictions set out in Section 10 of the Listing Rules.	Noted
<b>144</b>	Appendix B (Items 10)	What if the facts, information and statistics required by the BHB are not available to the Issuer?	NC
<b>145</b>	Appendix B (Items 15(a))	There must be some materiality threshold associated with that otherwise the BHB will be notified of every single transaction and payment that a company makes as they all will have some impact on the financial situation of the company.	Amended
<b>146</b>	(Page 33 of 87) 4.5.	Sales turnover in the shares beyond the control of the insurer. It is driven by market forces and demand/supply. Hence it cannot be implemented in practice and hence recommend to be removed.	Rule Removed
<b>147</b>	(Page 41 of 87) 18	The notice of the Board meetings to approve the financials is sent to BHB. However, sending to all shareholders is a big administrative task involving costs and adds no value. The shareholders can always refer to BHB website for the date of meeting. Hence the second part which requires notice to be sent to shareholders should be removed.	Amended
<b>148</b>	(Page 46 of 87) 5.16.	Besides several items, this also requires listed companies to disclose names and details of loans, interest rates etc. For banks this is normal business and the totals are only disclosed. Individual details cannot be disclosed given Banking secrecy and sensitivity of the issue. Hence the regulation should clarify that this is not applicable for banks.	NC