

RESOLUTION NO. 13/1988
ON THE ISSUANCE OF INTERNAL REGULATION
FOR THE BAHRAIN STOCK EXCHANGE

The Minister of Commerce and Agriculture:

Having perused Decree No. 28/1975 regarding the issuance of the Commercial Companies Law and the amendments thereof,

And Decree No. 7/1987 regarding the issuance of the Law of Commerce,

And Decree No. 4/1987 regarding the Establishment and Organization of the Bahrain Stock Exchange,

And upon the proposal of the Bahrain Stock Exchange Board of Directors,

HAS RESOLVED AS FOLLOWS:

RESOLVED:

ARTICLE 1

The provisions of the Internal Regulation of the Bahrain Stock Exchange, attached herein, shall be applied.

ARTICLE 2

This Resolution and accompanying Internal Regulation shall be published in the Official Gazette, and shall take effect from the date of publication.

Minister of Commerce and Agriculture Chairman
of the Bahrain Stock Exchange Board of
Directors Habib Ahmed Qassim

Issued on 15 Jumadi Alowla 1409 Hijri
Corresponding to 24 December 1988

The Internal Regulation

Chapter 1 Definitions

ARTICLE 1

In the application of this Regulation, the following words and expressions shall have the corresponding meanings:

- The "State"**: shall mean the State of Bahrain.
- "Law"**: shall mean the Law of the Bahrain Stock Exchange.
- "Regulation"**: shall mean the Internal Regulation of the Bahrain Stock Exchange.
- "Minister"**: shall mean the Minister of Commerce and Agriculture.
- "Exchange"**: shall mean the Bahrain Stock Exchange.
- "Board of Directors"**: shall mean the Exchange's Board of Directors.
- "Chairman"**: shall mean the Exchange's Chairman of the Board of Directors.
- "Director"**: shall mean the Director of the Exchange.
- "Brokerage"**: shall mean the endeavours of authorized brokers to procure the execution of contracts for the sale, mortgage, or transfer by way of a gift, of companies' shares and provisional certificates representing such shares and bonds, and the performance dealings in any securities on behalf of others; or any other functions that may be determined by the Board of Directors, against a commission.
- "Broker"**: shall mean a person licenced by the Board to carry out brokerage services regarding securities traded on the Exchange, and the person who carries out brokerage services on behalf of a company licenced by the Board to carry out brokerage services relating to securities traded on the Exchange.
- "Assistant Broker"**: shall mean the person employed by a broker or a brokerage firm. Such a person may assist the broker in carrying out any brokerage duties associated with dealing in securities. The broker may appoint one or more of his representatives as assistant brokers, subject to the approval of the Exchange's administration.
- "Market Making"**: for the purpose of implementing the provisions of the Law, market making shall mean the endeavours of natural or legal persons licenced by the Board to execute deals for their own account, with a view to creating a continuous market on securities, in accordance with the rules and regulations issued by the Board in this respect.
- "Market Makers"**: market makers subject to the provisions of the law, shall mean the natural

or legal persons, licenced by the Board to deal for their own account as market makers on the Exchange's Floor. Such market makers shall not be entitled to mediate in the conclusion of deals for the account of third parties.

"The Floor": the place designated in the Exchange building for the execution performance of securities sale and purchase of securities, in accordance with the provisions of the Law and this Internal Regulation.

Chapter 2

Establishment and Objectives of the Exchange

ARTICLE 2

The Bahrain Stock Exchange shall have its own independent legal entity, with the authority to dispose and manage its properties, and the right to sue and be sued, in a manner that enables it to achieve the objectives of its organization in the best way, in accordance with the Rules and Regulations relating to the operations of the Exchange.

ARTICLE 3

The objectives of the Exchange shall include the following:

Firstly:

- 1- To develop the Stock Market in a manner which serves the economic development and assists in realizing the economic policy objectives of the State. This is achieved by providing the necessary facilities for developing the local, regional and international markets, and allowing the listing of non-Bahraini companies on the Exchange, or accepting dealings in shares issued by them.
- 2- To encourage savings and enhance the citizens' awareness in investment, with a view of directing these savings to more productive sectors.
- 3- To develop and rationalize the dealing methods on the Exchange, with a view to avail liquidity, continuity, fairness and sound dealing, in order to maintain control and achieving the benefit and provide proper protection for investors on the Exchange.
- 4- To develop the Exchange in a manner that supports the financial position of the State of Bahrain, through the development of the financial institutions and investment instruments traded on the Exchange.

Secondly:

- 1- To supervise the issuance of securities on the capital market on the stage of initial offerings or at the amendment of capital on coordination with the concerned authorities.
- 2- To provide the necessary facilities to enhance the dealing in securities admitted for trading on the Exchange, in accordance with the Law. Such securities may be local, regional or

international, as determined by the Board.

- 3- To provide the necessary finance to support the requirement of the economic and social development.

Thirdly:

To establish and develop links with other regional and international exchanges, in order to benefit from their experience to develop the local market.

Chapter 3 **Administration of the Stock Exchange**

First: Board of Directors

ARTICLE 4

The Exchange shall be managed by a Board of Directors, chaired by the Minister of Commerce and Agriculture. The Board shall comprise of:

- 1- A member representing the Ministry of Commerce and Agriculture, who shall be the Deputy Chairman.
- 2- A member representing the Ministry of Finance and National Economy.
- 3- A member representing the Bahrain Monetary Agency.
- 4- Three experienced and competent members to be appointed by the Bahrain Chamber of Commerce and Industry.
- 5- Two members representing the national banks, and auditing and accounting firms, to be appointed by the Chairman.

ARTICLE 5

The Board of Directors shall exercise all necessary powers and authority to manage the Exchange, and in particular shall be responsible for the following:

- 1- To formulate the general policies and strategies of the Exchange.
- 2- To issue the regulatory rules for trading in securities, and to set forth rules, procedures and regulations governing the issuing, listing and trading of debt instruments, and determine the prescribed fees.
- 3- To nominate the Director of the Exchange, whose appointment and remuneration shall be determined by a resolution of the Prime Minister.
- 4- To consider applications for the registration of brokers and market makers, and listing of joint stock companies shares, or approving the trading of any other securities on the Exchange, in accordance with the conditions stipulated by the Board in accordance with a resolution to be issued by the Minister.

- 5- To approve the Exchange's budget and final accounts.
- 6- To appoint the auditors.
- 7- To take the necessary action in respect of transactions suspected of being irregular, in accordance with the provisions of the Law, the Internal Regulation and resolutions of the Exchange.
- 8- To temporarily suspend trading on the shares of one or more companies, on the occurrence of any exceptional circumstances which threaten the proper conduct and control of the business of the Exchange.
- 9- To form specialized committees from members of the Board, whether permanent or on temporary basis, as the Board deems fit.
- 10- To prepare drafts of laws and regulations relating to the business of the Exchange, and determines its objectives.
- 11- To approve the instructions issued by the Director, with respect to the organization of the Exchange and the management of its affairs.
- 12- To determine the transport and travel allowances for the members of the Board when they are assigned for missions related to the Exchange's business.
- 13- To appoint advisors to the Exchange, and fix their terms of service. The Board may delegate this authority to the Director.
- 14- To approve the appointment of the Exchange's employees, as nominated by the Director.
- 15- To determine the working hours and trading days at the Exchange's Trading Floor, according to the circumstances.
- 16- To determine, increase or decrease the brokers' commissions, in accordance with the requirements of the Exchange and the nature of work. Such commissions shall be adopted by a resolution from the Minister.
- 17- To impose fines on members defaulting members of the Exchange and on listed and unlisted companies as well.
- 18- To determine the sources of the Exchange's income.
- 19- Any other important matters, in order to ensure the Exchange's business is conducted in a proper manner for the realization of its objectives.

ARTICLE 6

Meetings of the Board of Directors shall be held upon the Chairman's invitation, provided that the number of meetings shall not be less than six each year. The invitation for the meeting shall be served at a sufficient time before the prescribed date for the meeting accompanied by the agenda. The Board must be called to convene upon the request of at least four of board members. However, for urgent purposes, the Board may be called upon to convene by telephone.

ARTICLE 7

The meeting of the Board will only be valid if attended by the majority of the members, including

the Chairman. Resolutions shall be adopted by majority vote of the members present, and in the event of matching votes, the Chairman shall have a casting vote. Resolutions shall be duly recorded in a register, to be signed by all members present at the meeting. Voting by proxy or by correspondence shall not be permitted.

ARTICLE 8

The Chairman shall preside over the Board's meetings, maintain order, supervise the voting process and declare the result thereof. The Deputy Chairman shall replace the Chairman in his absence.

ARTICLE 9

In exceptional urgent situations, where the Chairman deems it necessary to decide on issues within the powers of the Board of Directors, the Chairman may pass the required resolutions if the Board could not meet. The issued resolution shall be submitted for ratification by the Board at its next meeting. The Board may ratify, amend, or reverse such resolutions.

ARTICLE 10

The Board may constitute from amongst its members, permanent or temporary committees and determine their authority. The Board and the constituted committees may invite any person to listen to their views on a particular matter. Such persons shall not be entitled to vote.

ARTICLE 11

The Board may constitute advisory and other types of committees, as deemed necessary to satisfy the various requirements of the Exchange, and in particular for the following purposes:

- 1- To propose ways and means for developing the Exchange.
- 2- To find and prescribe the necessary regulations, in order to combat fraudulent and deceptive acts, and acts which affects the Exchange.
- 3- To determine the proper principles and standards to be adopted in accounting and auditing spheres.
- 4- To determine all requirements regarding the publication of information relating to the companies.

The Board shall determine the methods of appointing these committees and the exercise of their authorities.

Second: The Director

ARTICLE 12

The Exchange shall have a full-time Director, who shall have all the necessary powers required for the management of the Exchange, and the implementation of the Exchange's internal rules and

regulations. The Director shall submit to the Board the proposals, regulations, studies and instructions as he deems fit. He shall supervise the technical, administrative and financial departments of the Exchange, and shall issue the necessary instructions in order to perform the duties and responsibilities as delegated to him by the Law, Internal Regulation and resolutions of the Board.

The Director shall be responsible for maintaining order during the trading sessions, and shall have the power to take the necessary measures to expel any person who disturb the order during trading session in the Floor.

The Director shall also be responsible for the implementation of the resolutions adopted by the Board. The Director is the legal representative of the Exchange before the Courts of Law, and in its relations with others, and entitled to sign on behalf of the Exchange.

ARTICLE 13

- 1- The employees of the Exchange shall be appointed upon the nomination of the Director and the approval of the Board.

The Rules and Regulation applicable to government employees shall apply to the Exchange's employees, until special rules and Regulations applicable to them are issued.

- 2- The management of the Exchange shall endeavour to develop and train the staff required to manage the Exchange, in accordance with modern administration and Technical methods, This shall include also brokers, market makers and other individuals who perform similar functions. The management shall also promote investment awareness amongst those who deal in securities on the Exchange.

ARTICLE 14

The main functions of the Exchange shall be carried out by various specialized technical and administrative departments, which include:

- 1- **The Operations Department::** shall be responsible for the implementation of the trading, clearing and settlement rules, and the follow-up on the trading movement, monitoring the securities prices and their attitudes and, follow-up the members affairs. The department is also responsible for monitoring the movement of trading in futures, and propose suitable basis and rules for the organization of trading in futures operations in terms of size, term, prices and attitudes as compared to spot prices.
- 2- **The Administration and Finance Department::** shall be responsible for following-up of all matters relating to the revenues and expenditures of the Exchange, satisfy all its purchasing needs, and follow-up the employees affairs and their training.
- 3- **Studies, Research and Development Department:** shall be in charge of all matters relating to the studies, research and financial analysis of the listed companies, and the publication of

information relating to the Exchange. The department shall also be responsible for the projection of the trading and prices movements and their impact on the economic position of the country. It shall submit proposals for the development of different regulations applicable on the Exchange, and shall collect and analyze information relating to the Exchange, securities and companies, prepare studies, and issue daily bulletins about the transactions and prices.

- 4- **Control and Investigation Department:** shall be responsible for the preparation of draft resolutions and laws for the Exchange, follow-up implementation of the Judgements passed by the Exchange, inspection of Exchange's members and verifying the accuracy of the information and statements issued by the companies and members. It shall also investigate any disputes brought before the arbitration committee and the disciplinary board, and any other matters referred to it by the Director.

The Board may establish other departments in the Exchange, to assist in achieving its objectives.

Chapter 4

Membership of the Exchange

ARTICLE 15

The membership of the Exchange shall include:

- 1- Natural and legal stockbrokers.
- 2- Natural and legal market makers.
- 3- Any other natural or legal person to be admitted as a member.

ARTICLE 16

First: Natural person:

A natural person can be admitted as a broker or market maker subject to the following conditions:

- 1- He should be a Bahraini national, resident in Bahrain, with the exception of brokers or market makers who are licenced to practice brokerage or market making business in securities, prior to the implementation of the Bahrain Stock Exchange Law and the Internal Regulation.
- 2- The broker should carry out brokerage business on a full-time basis.
- 3- The broker, market maker, must submit to the Exchange final accounts and annual balance sheet audited by a licenced auditor in accordance with the applicable standards within three months prior to the financial year-end, and shall submit also half-yearly accounts reviewed by a licenced auditor. The Exchange shall have the right to ask, from time to time, for the said documents and information, as and when they are needed ⁽¹⁾.
- 4- He should not be less than twenty-five years of age.
- 5- He should be of good conduct and behaviour.

(1) Amended by the Ministerial Resolution No. 1/1999.

- 6- He should not have been declared bankrupt in Bahrain or abroad, nor previously convicted for a crime and/or by punishment restricting his freedom, or for a crime affecting his integrity or honesty, unless he has been reinstated his all respects.
- 7- His educational qualifications should not be less than the secondary school certificate or its equivalent. Alternatively, he must be experienced in financial or commercial matters, to an extent that is acceptable to the Board. The Board may amend or add any other qualifications at it deems fit.
- 8- Shall participate in the Guarantee Fund during his membership in the Exchange's Clearing, Settlement and Central Depository, with a minimum amount of BD10,000.⁽¹⁾
- 9- The capital of the market maker should not be less than BD100,000 and the Board may stipulate a higher minimum capital requirement for individual dealers.
- 10- The broker or market maker shall be obliged to pay all his financial obligations, including fees and commissions payable to the Exchange.
- 11- He should be registered with the Ministry of Commerce and Agriculture, and be a member of the Bahrain Chamber of Commerce and Industry.
- 12- He should be aware of the trading and clearing rules applicable on the Exchange.
- 13- A broker or market maker should not transfer or sell the brokerage or market making licence to any other person, without a prior consent of the Board.
- 14- He should comply with all other conditions, stipulated by the Board.

Second: Legal person

An entity licenced to carry out brokerage or market making activities shall comply with the following conditions:

- 1- It should be a Bahraini joint stock company or a limited liability company, whose shareholders are all of Bahraini nationality.

The following companies shall be exempted from the above conditions:

- a- companies permitted to carry out brokerage or market making activities in accordance with the provisions of Legislative Decree No. (18) of 1975, in respect of the Commercial Companies and their organization.
 - b- branches of foreign companies and exempt companies which carry out brokerage and market making activities on international securities.
- 2- The company shall exclusively carry out brokerage or market making activities on securities. It may perform other related activities with the approval of the Board.

(1) Amended by Ministerial Resolution No. 4/2000 with respect to the establishment of a Guarantee Contribution Fund at the Bahrain Stock Exchange.

As an exception to Article (16) Clause (1) above, foreign brokerage companies may be licenced to undertake the business of securities brokerage or market making on the Exchange, provided that the concerned company should have distinguished experience in the field of securities, deems to enrich the brokerage profession on the Exchange, that could add international dimension to the profession and contribute towards attracting foreign investors.

The same conditions stipulated in the Exchange's Internal Regulation for the admission of Bahrain brokerage companies member at the Exchange shall be applied to foreign brokerage companies subject to the provisions of Article (16) second, in addition to any other conditions specified by the Exchange's Board of Directors⁽¹⁾.

3- Brokerage companies and markets making companies must submit to the Exchange final accounts and annual balance sheet audited by a licenced auditor in accordance with the applicable standards within three months prior to the financial year-end and shall submit also half-yearly accounts reviewed by a licenced auditor. The Exchange shall have the right to ask, from time to time, for the said documents and information, as and when they are needed⁽²⁾.

4- The employees performing brokerage and market making functions on behalf of their companies must satisfy the following conditions:

a- in respect of the employees in Bahraini companies: he should be a Bahraini national, with educational qualifications of not less than the Investment Representatives Programme Certificate (previously series seven) and a secondary school certificate or equivalent thereof, or alternatively, possess adequate experience in financial and commercial matters, acceptable to the Board.

He should also be of good reputation and exclusively perform his duties on a full-time basis⁽³⁾.

b- In respect of non-Bahraini companies, branches of foreign companies and exempt companies:

The persons performing brokerage and market making functions may be non-Bahraini with academic qualifications of not less than Investment Representatives Programme Certificate (previously series seven) and a university degree or the equivalent thereof or alternatively should possess sufficient experience in financial and commercial matters acceptable to the Board. He should be of good reputation and exclusively perform his duties on a full-time basis. The Board may amend or add to these qualifications, as it

deems fit⁽⁴⁾.

(1) Innovated by Resolution No. (4) of 1999, Amending certain provisions of the Bahrain Stock Exchange's Internal Regulation.

2- Amended by Resolution No. 1/1999.

3- Amended by Resolution No. 2/1999.

4- Amended by Resolution No. 2/1999.

As an exception to Article (16) Clause (1) above foreign brokerage companies maybe licenced to undertake the business of securities brokerage or market making on the Exchange, provided that the concerned company should have distinguished experience in securities, deems to enrich brokerage profession on the Exchange, that could add international dimension to the profession and contribute towards attracting foreign investors.

The conditions of the acceptance of natural and legal persons as brokers or market makers on the Exchange stipulated in Article (16) of the Exchange's Internal Regulation shall be applied to the non-Bahraini brokers or market makers. In addition to any other conditions to be prescribed by the Exchange's Board of Directors⁽¹⁾.

- 5- The company, its manager, partners who are authorised to manage the company or those who assume brokerage or market making functions in the company, should not have been declared bankrupt in Bahrain or abroad, or had been convicted of an offence, or punishment restricting his freedom or for a crime affecting his integrity or honesty, unless he has been reinstated.
- 6- The minimum capital of the brokerage company shall be BD30,000 for limited liability companies, and BD200,000 for joint stock companies.
The Board may increase the minimum capital at any time.
- 7- Companies shall during their membership in the Exchange's Clearing, Settlement and the Central Depository participate, in the Guarantee Contribution Fund with a minimum amount of BD.50,000⁽²⁾.
- 8- The minimum capital for a market making company shall be BD200,000. However, the Board may increase it.
- 9- The company shall be registered with the Ministry of Commerce and Agriculture and a member of the Bahrain Chamber of Commerce and Industry as well.
- 10- The company's representative should have adequate knowledge of the trading and settlement rules applicable on the Exchange.
- 11- Any brokerage or market making company should not transfer or sell its brokerage or market

making licence to any other company, without a prior consent of the Board.

12- The company shall satisfy any other conditions, stipulated by the Board.

1- Amended by Resolution No. 4/1999. In respect of amending certain provisions of the Bahrain Stock Exchange's Internal Regulation.

2- Amended by Resolution No. 2/2000 in respect of the establishment of the Exchange's collective Guarantee Fund.

ARTICLE 17

Brokers registered with the Ministry of Commerce and Agriculture at the time of the issuance of this Internal Regulation, shall apply to the Exchange management within three months from the date this Internal Regulation come into force, for a new licence for undertaking brokerage in securities, in accordance with the terms prescribed in the preceding Article.

ARTICLE 18

The application for obtaining a brokerage licence shall be submitted to the Exchange's management, accompanied by all documents establishing compliance with the conditions stipulated in Article 16. The management shall review the applications and make its recommendations to the Board for taking a decision thereupon, which shall be final. Any person whose application has been rejected may appeal against such a decision before the Civil High Court, within sixty days from the date of his notification of such rejection or taking cognizance thereof.

The Board shall, from time-to-time determine the number of brokers, subject to the Exchange's need.

ARTICLE 19

Brokerage commission for undertaking brokerage services on Exchange shall be as follows:

- i- A fee of 0.03% % (three over one thousand) for the first BD20,000 or less.
- ii- A fee of 0.2% (two over one thousand) for amount exceeding BD20,000 and up to BD50,000.
- iii- A fee of 0.1% (one over one thousand) for amounts exceeding BD50,000.

The commission stipulated above shall be considered the base for calculating the Exchange's commission and broker may change more or less than the above prescribed commission ⁽¹⁾.

The Exchange's commission shall be 20% of the broker's commission chargeable for trading transactions executed in the Trading Floor and according to the above commission categories.

A broker may receive commission from each of the parties of the contract in which he mediated to its conclusion. Each contracting party shall be liable for the payment of commission owed by him to the broker. A broker shall be entitled to payment of commission upon the conclusion of the

contract. Such commission shall become payable immediately upon conclusion of the contract, irrespective of whether it has been fully or partially performed.

ARTICLE 20

- 1- A broker shall conclude all deals for himself, his wife, or one of his relatives of the first degree through another broker, in compliance with the terms stipulated by the Board.
- 2- A broker may not act as an agent as well as a broker in any contract he mediates to conclude.

(1) Amended by Ministerial Resolution No. 1/2000, in respect of defining the broker's commission at the Bahrain Stock Exchange.

ARTICLE 21

Brokers shall undertake to provide all information, particulars, statistics and documents required by the Exchange's management on the form, and at the dates prescribed by the management. The Exchange's management may verify the accuracy of the information and particulars by any method it deems fit.

ARTICLE 22

- 1- A broker shall be prohibited from inducing investors, or procuring clients in a way that may be detrimental to the reputation of the brokerage profession.
- 2- A broker shall inform the Exchange's management before publishing any advertisement for himself or his work through any means of communications.

ARTICLE 23

A broker shall not conclude any deal in securities before verifying that the relevant share certificate is in the possession of the holder, or his legally appointed representative. In the absence of such share certificates, the broker shall require the concerned parties to obtain a certificate from the issuer, showing the number of shares held and confirming that the share certificate is in the issuer's possession, which certificate is neither mortgaged, attached or lost, or a replacement thereof has been issued.

The broker is barred from concluding deals in disputed securities, or payment of any value of such securities before executing the selling order in the Trading Floor, in compliance with the Exchange's rules and regulations.

ARTICLE 24

Brokers shall act on behalf of investors in securities, in compliance with the instructions received from such investors. They should check the identity of the investor, the accuracy of the orders, and the investor's possession of the necessary securities or funds for the soundness of trading.

ARTICLE 25

Brokers shall maintain commercial books and records for the registration of all transactions and deals undertaken by them according to their respective dates and times, in the manner prescribed by the Exchange's management. Such books and registers shall be approved by the Exchange's management and shall be subject to its supervision.

ARTICLE 26

A broker shall inform the Exchange's management before executing any sell or buy order of a certain type of security as a block to a single investor, if the value of such exceeds the limit prescribed by the Board.

ARTICLE 27

A broker may not accept an authorization from any person, if he knows that such a person has appointed another broker for the sale or purchase of the same shares during the prescribed period for trading in those securities.

ARTICLE 28

The Board may, as it deems fit, determine the percentage of increase or decrease in the prices of securities during the trading period.

ARTICLE 29

The Board shall determine the rules and procedures for trading of securities on the Exchange in accordance with resolutions to be issued by the Board.

ARTICLE 30

The trading of securities on the Exchange Floor shall be carried out in accordance with the Resolution No. 4/1999 of the Electronic Trading rules and procedures⁽¹⁾.

ARTICLE 31

Trading transactions pursuant to Court's orders or resolutions adopted by the companies boards of directors, shall be executed in public auctions in the Exchange Floor in accordance with the rules and procedures prescribed by the trading system.

ARTICLE 32

A member shall be struck off the members' register for any of the following reasons:

1. If he lost any of the conditions provided for in Article 16 of this Internal Regulation.
2. Dismissed by a disciplinary decision.
3. Failed to pay the registration fee, annual subscription fee, or the Exchange's commissions.

4. If he did not replenish the bank guarantee during the period specified by the Exchange's management.
5. If he committed a gross breach of any of the duties or obligations provided by the Exchange's Law or the Internal Regulation.
6. If he is declared either bankrupt or deceased.
7. If he decided to abandon the profession for good, provided that he should submit a written application to that extent three months prior to ceasing activities.
8. If the company has been dissolved by liquidation, or by expiry of its duration.

The Board shall issue a resolution deleting the company from the Exchange's membership.

(1) Amended by the Minister of provisional Resolution No. 4/1999.

Market Makers

ARTICLE 33

No person may carry out the business of market making (dealing in securities), pursuant to Exchange Law and its Internal Regulation, unless he obtain a licence from the Board. The market maker may be a natural or legal person, who must satisfy the conditions provided for herein.

ARTICLE 34

The Exchange's management shall review the applications submitted for carrying out the business of market making, and submit its recommendation to the Board for the decision. The decision of the Board in this respect shall be final. The applicant whose application has been rejected shall have the right to appeal against the decision before the Civil High Court within 30 days from the date of notification of such a decision.

ARTICLE 35

The Board shall determine the number of market makers, who shall be bound to submit all data, information, particulars and documents required by the Exchange's management subject to the form and on the specified date. The Exchange's administration shall verify the accuracy of such particulars and information, by any means it deems fit.

Chapter 5

Listing and Admission for Trading

ARTICLE 36

Trading in listed securities, or securities admitted for trading on the Exchange, shall be carried out on the Trading Floor through one of the brokers registered on the Exchange.

The following transactions shall be exempted from trading in the Exchange Floor:

- 1- Dealing in securities at the initial subscription stage, including public offering for increasing the capital of joint stock companies.
- 2- Dealing in Bahraini joint stock companies securities' on exchanges outside Bahrain pursuant to the Board's permission.
- 3- Dealing in securities between spouses or relatives up to the second degree which takes place without consideration.
- 4- Transfer of securities in case of inheritance.
- 5- Transfer of securities pursuant to a courts orders.
- 6- Gifts between spouses and relatives (up to the fourth degree).
- 7- Transfer of securities in case of a will.
- 8- Transfer of securities pursuant to an amicable settlement with a financial institution.
- 9- Transfer of securities pursuant to a request from a governmental authority.
- 10- Sale of securities by auction.
- 11- Sale of securities pursuant to a request from a governmental authority.
- 12- Transfer of securities from/to the partners in non-joint stock companies to/from the company, or between the partners.
- 13- Transfer of securities between persons whose names are registered in the same certificate as co-owners.
- 14- Transfer of securities to/from investment portfolios.
- 15- Transfer of financial institutions securities whose Memorandum and Articles of Association do not permit trading in the portion allocated to every party of the shareholders' with the other in Bahrain.
- 16- Transfer of securities owned by public companies and registered in the names of their directors, and vice-versa⁽¹⁾.

ARTICLE 37

Joint stock companies, whose securities are allowed to be traded on the Exchange are classified into two categories:

1. Listed companies.
2. Unlisted companies, whose securities are admitted for trading on the Exchange.

ARTICLE 38

Trading on the Exchange shall be limited to the following securities:

- 1- Shares of Bahraini joint stock companies, which offer their shares for public subscription.
- 2- Shares of foreign joint stock companies admitted by the Board.

- 3- Bonds and debt instruments admitted by the Board for listing and trading on the Exchange.
- 4- Any other securities admitted by the Board.

ARTICLE 39

The listing of joint stock companies securities shall be subject to the following conditions:

- 1- The company must comply with all the terms stipulated by Decree Law No. 28 of 1975, in respect of the Commercial Companies Law, as amended.
- 2- The company should have been established for at least two Gregorian years, and issued two audited balance sheets.

(1) As amended by Ministerial Resolution No. 8/1993

- 3- The paid-up capital of the company should not be less than BD500,000, or the equivalent in other currencies. And the number of issued shares shall not be less than 500,000 shares. Any additional shares should be at least 50% fully paid-up.
- 4- The value of the issued shares of the company in the market should not be less than the paid-up percentage of the nominal value of each share.
- 5- The volume of trading in the company's shares shall not be less than the minimum limit prescribed by the Exchange.
- 6- The number of shareholders registered in the company's register shall not be less than 100.
- 7- The shareholders' rights in the company should rank parri passu regarding each class of shares.
- 8- The total net assets of the company should exceed 20% of its paid-up capital.
- 9- The total annual turnover should not be less than BD500,000.
- 10- The company should have realized profits in two successive years preceding to the date of application.
- 11- The company should issue a half-yearly balance sheet.
- 12- The company should issue the annual financial reports and the audited financial statements within three months from the end of the company's financial year ⁽¹⁾.
- 13- The ordinary general meeting must be held at least once every year, within the three months allowing the end of the company's financial year ⁽²⁾.
- 14- The company should have a transfer and registration office in Bahrain.
- 15- The company should comply with the provisions of the joint stock companies listing agreement.
- 16- The financial position of the company should be sound in terms of its assets, liquidity,

financial structure and efficiency of performance.

- 17- The company should undertake to publish its balance sheet and the results of its operations in the daily newspapers, before its shares are allowed to trade on the Exchange.
- 18- Any other conditions, stipulated by the Board from time-to-time.

ARTICLE 40

The Joint Stock Companies shares will be admitted for trading subject to the following conditions:

- 1- The company should comply with all the provisions stipulated in Decree Law No. 28 of 1975, in respect of the Commercial Companies Law, as amended.

(1) Amended by Ministerial Resolution No. 4/1999, amending certain provisions of The Bahrain Stock Exchange Internal Regulation.

(2) Amended by Ministerial Resolution No. 4/1999, amending certain provisions of The Bahrain Stock Exchange Internal Regulation.

- 2- The company should have a transfer and registration office in Bahrain.
- 3- The company shall comply with the provisions of the agreement pertaining to the admission of joint stock companies shares for trading.
- 4- The financial position of the company should be sound in terms of its assets, liquidity, financial structure and efficiency of performance.
- 5- The company should issue annual financial reports and audited financial statements within the three months following the end of the company's financial year ⁽¹⁾.
- 6- The company should publish its balance sheets and the results of its operations in the daily newspapers, before its shares are admitted for trading on the Exchange.
- 7- Any other conditions that the Board may prescribe from time to time.

ARTICLE 41

The Exchange shall have authority to take the necessary proceedings for striking off of any listed or unlisted company, and to notify the company of such decision on the following events:

- 1- If the company commits any violation to the provisions of Decree Law No. 28 of 1975, in respect of Commercial Companies Law, as amended, and pursuant to the notification of the Ministry of Commerce and Agriculture.
- 2- Subsequent to a merger with other companies and loss of legal status as a result thereof.
- 3- liquidation of the company.
- 4- Any major change in the company's main activity.

ARTICLE 42

The Exchange shall have the authority to take the necessary proceedings to shift any listed company into an unlisted company whose securities are admitted for trading on the Exchange and to notify the company of such decision on the following events:

- 1- If the company loses one of the listing conditions, as provided for in Article 39.
- 2- If the company fails to realize profit for two consecutive years.

ARTICLE 43

The Exchange shall have the authority to take the necessary proceedings for the suspension of trading in securities of any listed or unlisted company whose securities are admitted for trading on the Exchange, and notify the company of such a decision on the following events:

- 1- If the trading volume in the company's shares falls below the limit prescribed by the Exchange.

(1) Amended by Ministerial Resolution No. 4/1999.

- 2- If the market value of the shares changes, upwards or downwards with regard to the period and percentage prescribed by the Exchange.
- 3- Prior to or during the merger process.
- 4- If the Exchange realized that a misleading information directed to it or to the investors.

ARTICLE 44

Every joint stock company whose securities are admitted for trading on the Exchange shall undertake to provide the Exchange with information, particulars, documents and statistics lodged with it during the period fixed by the Board in this respect.

Resolutions adopted by the Exchange shall determine such information, particulars, documents and statistics required by the Exchange in the event of listing and admission for trading on the Exchange, as well as information, particulars, documents and statistics related to the offering of securities for public subscription, in addition to periodic reports and any information deems to affect the price of such companies' securities on the Exchange.

ARTICLE 45

Non-governmental companies which issue debt securities, maturity of which is one year or more and are offered for public subscription in accordance with the provisions of Decree Law No. 28 of 1975, in respect of the Commercial Companies Law, as amended, should list these debt securities for trading on the Exchange's Trading Floor.

Chapter 6 **Exchange Finance**

ARTICLE 46

The Exchange shall have an annual balance sheet, which should be prepared in accordance with commercial model. The Exchange's financial year shall commence on 1st January and end on 31st December of each year. However, the first financial year shall commence on the date of implementation of the Law in respect of the establishment of the Bahrain Stock Exchange, and shall end on the last day of December of the following year.

ARTICLE 47

The Exchange's administration shall prepare the budget for revenue and expenses, which shall be approved by the Board at least three months prior to the commencement of the financial year.

ARTICLE 48

The Exchange's income shall consist of the following:

- 1- Fees imposed on the market.
- 2- Revenue of services provided to the market.
- 3- Proceeds from investment of the Exchange's funds.
- 4- Proceeds of fines and penalties imposed, in accordance with the provisions of the Law and Internal Regulation of the Exchange.
- 5- Loans and subsidies provided by the Government or any other party approved by the Board.
- 6- Any other income approved by the Board.

ARTICLE 49

The Exchange shall have one or more auditors from the chartered accountants registered with the Ministry of Commerce and Agriculture. The auditors shall be appointed and their remuneration shall be determined by a Resolution adopted annually by the Board. The auditors shall audit the accounts of the financial year for which they have been appointed.

The auditors shall audit the balance sheet, income and expenditure accounts, and shall submit them to the Board, accompanied by their report, for approval within a maximum period of 3 months from the end of the Exchange's financial year.

ARTICLE 50

The Exchange shall have a general reserve to which all surplus income realized by the Exchange in any financial year shall be credited. Disposal of such reserve shall be in accordance with the methods prescribed by the Board.

ARTICLE 51

The Exchange's administration undertakes to manage expenses in accordance with the estimations stated in the provisions of the budget, and such expenditure proceedings shall be subject to procedures provided by the Financial Internal Regulation issued by the Board.

ARTICLE 52

The Exchange's funds shall be utilized in the following manner:

- 1- Funds shall be used for the development of the Exchange's systems, and to support the growth of the Exchange through the development of its technical and administrative systems, and by inviting a firm of experts to prepare studies and research, as required for the development of the Exchange's facilities, services and Internal Regulation.
- 2- Investment of these funds in one of the low risk investment channels with a view to preserving these funds.
- 3- Investment of these funds in the form of deposits in one or more banks, in accordance with the general principles laid down by the Board.
- 4- To form reserves for the Exchange.
- 5- Any other utilization, as determined by the Board.

ARTICLE 53

The subscription fee for members and transfer agents shall be as follows:

- | | |
|---|----------|
| 1- A one-off registration fee for individual members is: | BD 500 |
| 2- A one-off registration fee for corporate members is: | BD 1,000 |
| 3- An annual renewal fee for registration of individual members is: | BD 250 |
| 4- An annual renewal fee for registration of corporate members is: | BD 500 |
| 5- A one-off registration fee for transfer agents is: | BD 500 |
| 6- An annual renewal fee for transfer agents' firms is: | BD 1,000 |

ARTICLE 54

Local joint stock companies and Exempt companies shall undertake to pay the following fees to the Exchange:

- 1- A one-off registration fee of 0.001 of the share capital of each company, subject to a maximum of BD15,000 and a minimum of BD5,000.
- 2- The annual listing and admission fees are as follows:
 - a- A fee equivalent to 0.001 on the first BD10 million, or less of the company's share capital subject to a minimum of BD30,000.

- b- A fee equivalent to 0.0005 on amounts which exceed BD10 million, up to BD50 million.
- c- A fee equivalent to 0.00025 on amounts which exceed BD50 million of the company's share capital, subject to a maximum of BD20,000⁽¹⁾.

ARTICLE 55

The Exchange shall be entitled to the following commissions:

- 1- Commission at the rate of 20% on the transactions performed on the Trading Floor ⁽²⁾.
- 2- Commission prescribed for transactions exempted from trading on the Exchange:
 - a- An equivalent amount to brokers' commission, which shall be one Bahraini Dinar up to the maximum of BD200, on dealing cases stipulated in clause (8,9) Article (36) of the Internal Regulation.

The commission for case No. (8) shall be received from the two parties of the trade, and the commission for the case No. (9) shall be received from the transferee.
 - b- An equivalent amount to brokers' commission for the case stipulated in clause (5,10 and 11) Article 36 of the Internal Regulation. In the case No. (5), commission shall be received from the transferee and from the two parties of the trade in the case (10 and 11).

⁽¹⁾ Amended by Ministerial Resolution No. (2/66) of 1999.

⁽²⁾ Amended by Ministerial Resolution No. 1/2000.

- c- A fixed commission of five Bahraini Dinars for the case stipulated in Clauses (3,4,6,7,12,14,15 and 16) Article 36 of the Internal Regulation.
 - d- A fixed commission of one Bahraini Dinar for the case stipulated in the clause No. (13) Article 36 of the Internal Regulation ⁽¹⁾.
- 3- The Exchange may collect a commission from purchasers. A Resolution in this respect shall be passed by the Board.

Chapter 7 **Disputes and Arbitration**

ARTICLE 56

An Arbitration Committee shall be established, by a resolution of the Exchange Board and shall be presided over by a judge to be nominated by the Minister of Justice and Islamic Affairs and two members, one of whom must not be a member of the Board. The Committee shall adjudicate on all disputes relating to transactions carried out on the Exchange. Dealing on the Exchange shall be deemed to be an admission of acceptance of arbitration.

Decisions taken by the Committee shall be binding on both parties, in accordance with the provisions of Article 13 of the Law. The Board shall decide on the remuneration of the members in

each arbitration.

ARTICLE 57

The Control and Investigation Unit shall receive the arbitration petition submitted to the Exchange by one of the parties to the transaction, subject to arbitration committee jurisdiction, after payment of the prescribed fee in full.

ARTICLE 58

The arbitration petition referred to in the preceding Article shall be registered upon receipt in a special register with serial numbers, commencing on the first day of the Gregorian year and ending on the last day thereof. The original petition must be filed with the fee receipt in a special record.

ARTICLE 59

The petition shall contain the name, profession, domicile, place of residence, name of principals if the parties are employed by other persons, the relief claimed, and items of evidence establishing the claim. A copy of all supporting documents must be attached and accompanied by a memorandum explaining the dispute.

(1) Amended by Ministerial Resolution No. 8/1993 in respect of cases exempted from trading.

ARTICLE 60

The Control and Investigation Unit shall submit the arbitration petition, upon receipt, to the Chairman of the arbitration committee, in order to fix a date for hearing the dispute. The Unit shall notify all parties of the date of the hearing, along with a copy of the arbitration petition.

ARTICLE 61

All documents relating to the arbitration and notices affected by the Control and Investigation Unit shall be sent by registered mail.

ARTICLE 62

On the day the dispute is heard, the parties shall be in attendance in person, or be represented by their respective representatives. In the event of non-appearance of one of the parties, the committee shall, if summons was duly served, proceed to issue the decision in his absence.

ARTICLE 63

The committee shall decide on the dispute heard by it within a period not exceeding three months.

ARTICLE 64

The arbitration committee shall, if required, undertake investigation in disputes heard by it, or may authorize one of its members, or one of the members of the Control and Investigation Unit of the Exchange to carry out the investigation.

ARTICLE 65

The arbitration committee shall make its decision on disputes heard before it, based on the evidence produced by the parties, and subject to the rules applicable at the Bahrain Stock Exchange. The decision shall be executed in accordance with the provisions of the Civil Procedure Law, as amended.

ARTICLE 66

Disputes shall cease before the arbitration committee, for the same reasons provided in the Civil Procedure Law, as amended, and shall have the same effect legally resulting from the cessation of the dispute.

ARTICLE 67

Where in any hearing by the arbitration committee any question arises which is not within the jurisdiction of the committee, or a claim of forgery of any document is raised, or any criminal proceedings have been taken due to such forgery, the committee shall suspend its work pending the issue of final judgement thereon.

ARTICLE 68

Deliberations on the decision shall be confidential, and no person besides the member of the committee who attended the session hearings shall be entitled to participate. Decisions shall be adopted by majority vote. The decision shall be valid if signed by the majority of the members.

ARTICLE 69

The decision passed by the arbitration committee shall be in writing, and shall contain in particular, statements and documents of the parties, the reasons for the decision, and date and place of the decision. The decision shall be signed by the arbitrators. However, the decision shall be valid if signed by the majority of the arbitrators.

ARTICLE 70

The Control and Investigation Unit shall file the original decision of the arbitration committee and its attachments with the Court Clerks Section, within three days from the date of announcement. The parties shall be notified of such filing.

ARTICLE 71

The concerned party may apply to the Chairman of the competent court to obtain a copy of the

arbitration committee decision, accompanied by an execution order.

ARTICLE 72

The parties may, regardless of the situation of their dispute, apply to the arbitration committee to enter on the record any agreed settlement or other mutual agreement reached by them, to be signed by them or by their representatives. The written agreement shall, in this case, be attached to the committee record and the contents of the agreement shall be entered on the record. And the hearing shall, after the approval of the committee, have the decision issued by the committee.

Chapter 8 **The Disciplinary Board**

ARTICLE 73

The Exchange shall have a disciplinary board with powers to decide on any violation to the Law, Internal Regulation and resolutions which regulate the Exchange, and any violation affecting the conduct of business and discipline in the Exchange.

The disciplinary board shall comprise of three members to be appointed by a resolution issued by the Chairman of the Board. The disciplinary board shall be presided over by the Director of the Exchange and may impose the following penalties:

- 1- Reminder.
- 2- Warning.
- 3- Confiscation of all or part of the broker's guarantee.
- 4- Suspension of trading by violating companies for a period not exceeding four months.
- 5- striking off the listed companies and unlisted companies, or the transfer of a listed company into an unlisted company whose securities are admitted for trading.
- 6- Suspension of brokers and market makers from work for a period not exceeding four months.
- 7- Cancellation of brokers, market makers, and any other person with a similar status membership.

Deliberations of the disciplinary board shall be confidential. Resolutions shall be adopted by majority vote and the concerned parties shall be notified by registered mail, accompanied by an acknowledgment.

ARTICLE 74

The Control and Investigation Unit shall receive applications and complaints which contain the alleged facts involving members, listed companies and unlisted companies whose securities are admitted for trading on the Exchange, and which constitute a violation to the Bahrain Stock

Exchange's Law, Internal Regulation and resolutions which regulate the Exchange, and which affect the proper conduct of business therein, or the principles and standards of practicing the brokerage profession.

ARTICLE 75

Applications or complaints shall, upon receipt, be recorded in a special register with serial numbers, commencing on the first day of the Gregorian year and ending on the last day thereof.

ARTICLE 76

The Control and Investigation Unit shall submit applications and complaints to the Director of the Exchange. These applications and complaints shall either be decided upon by the Director, or returned to the Control and Investigation Unit to begin the investigation process required for making the an a decision on the alleged facts contained in the application or complaint.

ARTICLE 77

The Control and Investigation Unit shall, upon referral of any matter to it by the Director, serve summons on the parties and their witnesses to hear their statements on the matter and write any statements in a record prepared for this purpose.

ARTICLE 78

The Control and Investigation Unit shall, upon completion of an investigation, submit to the Director its written opinion on the result of the investigation, and whether the issue constitute a violation warranting referral to disciplinary proceedings or not.

ARTICLE 79

The Director shall refer the violation record to the disciplinary board if an investigation has been carried out, or he shall, where the application has been referred by the Board of Directors for investigation, submit the matter to the Board to decide thereon, or refer the matter to the disciplinary board.

Violations referred to disciplinary proceedings shall be raised in the form of a statement, which shall contain the name and place of residence of the defendant, date of the violation, and a summarized description of the violation and the available evidence. The disciplinary board shall not consider any violation unless it is submitted in accordance with this method.

ARTICLE 80

The record of the violation referred to in the preceding Article shall be submitted to the Chairman of the disciplinary board, for fixing a date for the hearing by issuing an order to that effect. The Control and Investigation Unit shall serve summons on the defendant, requiring him to appear on the date fixed for the hearing.

ARTICLE 81

A clerk shall attend the hearing of the disciplinary board and the appellate disciplinary board, in order to keep the record under the supervision of the Chairman thereof. The record shall contain names of members of the board or appellate board, date, time and place of hearing, names of parties who appear, or their representatives, all proceedings carried out in the hearing, and any statements and applications made by the parties. The Chairman and the clerk shall sign the record.

ARTICLE 82

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

ARTICLE 83

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

ARTICLE 84

Records of investigations carried out prior to the disciplinary proceedings shall be attached to the violation record. The disciplinary board, if not satisfied with the investigation, shall carry out its own investigation.

ARTICLE 85

The board shall, for the proof of any facts, rely on the evidence obtained from the investigations carried out in respect of the facts which constitute the violation, and shall, at its absolute discretion, prefer one item of evidence to the other. The board shall formulate its valuation according to its own satisfaction. The board must not base its decision on the personal knowledge of its members.

ARTICLE 86

The members of the board shall deliberate on the decision before issuing it. Every member shall express his opinion in secret, and the decision shall be taken by majority vote.

ARTICLE 87

The decision passed by disciplinary board must be in writing. It shall contain a review of the violation, statements and defense of the offender, proceedings carried out, reasons for the decision and the decree thereof, and date and place of issue of the decision. The draft decision shall be signed by the Chairman and members of the disciplinary board.

ARTICLE 88

The Chairman of the disciplinary board shall pronounce the decision in a public hearing. The draft decision shall be filed in the violation record, after pronouncement thereof.

ARTICLE 89

The draft decision shall be filed in the violation record. Copies shall not be delivered to the concerned parties, however any party may, at his request, peruse the draft award.

ARTICLE 90

Any concerned party may obtain a copy of the disciplinary decision after the signing thereof by the Chairman of the disciplinary board and the clerk, provided that it shall be delivered to the such person personally, or to an attorney duly appointed by a specific power of attorney, and subject to the approval of the Chairman of the disciplinary board and payment of the prescribed fee.

ARTICLE 91

The Control and Investigation Unit shall, in the case of the defendant's non-appearance in the hearing, notify him of the decision within five days from the date of issue thereof.

ARTICLE 92

Service of all documents, decisions and notices relating to the disciplinary proceedings shall be effected by registered mail.

Appendix

Internal Regulation **The Listing Agreement of Shareholding Companies**

Immediately following the listing of its shares:

1. The company undertakes to adhere to all the Rules and Internal Regulation issued by the Exchange's Board of Directors.
2. Adherence to all conditions, as stated in Article (39) of the Exchange's Internal Regulation, relating to the listing of shareholding companies.
3. Submission of all facts, information and statistics, as required by the management of the Exchange.
4. To inform the Exchange's management of any decisions taken by the company's Board of Directors that may have an impact on its capital, financial structure, profitability and or/profits distribution.
5. To inform the Exchange's management of any transactions executed on the company's share ownership outside the Exchange, prior to the registration in the shareholders' records, as stipulated in Article (36) of the Exchange's Internal Regulation.
6. Compliance with the Internal Regulation not to change the company's share ownership in the shareholders' records, unless it has been sanctioned by the management of the Exchange, or it was executed in accordance with the rules laid down by the Board of Directors of the Exchange.
7. Adherence to settling the registration charges and annual listing fees at a time specified by the management of the Exchange.
8. To notify the Exchange's management of the Board members' ownership and their share ownership in the company, within one month of their membership nomination and at the end of each financial year.
9. To notify the management of the Exchange of any relevant information that might have an impact on the soundness and accuracy of trading.
10. To inform the management of the Exchange of the Board of Directors' decision regarding the distribution of profits, or a profit and loss announcement, in order to obtain the Exchange's approval in advance of the company's announcement.
11. To notify the Exchange's management of the following:

- I. Description of the sale or purchase of all large assets that might have an impact on the financial situation of the company.
 - II. Any information required by the Exchange that has already been specified in the company's law.
 - III. Any changes in the structure of the management of the company's Board of Directors and executive management.
 - IV. Any information on the company's redeemable securities.
12. To submit to the Exchange copies of all publications issued for the shareholders at the time of the issuance.
 13. To issue the annual financial reports and accounts within 3 months from the date of the company's financial year-end ⁽¹⁾.
 14. To notify the Exchange of any dealings by members of the Board and/or executive management.
 15. To notify each shareholder of the date of the company's annual general meeting.
 16. In the case of issuance of any notification to holders of a category of shares, the same notification shall be disseminated to all categories of shareholders.
 17. To issue the shares certificate within a maximum period of one month.

(1) Amended by Resolution No. (4) of 1999

Bahrain Stock Exchange

Personal
Photograph
of the
Applicant

REQUEST FOR MEMBERSHIP

Date:

TYPE OF REQUEST

BROKER:

MARKET MAKER:

Personal Information:

Applicant's Name:

Date of birth [day/month/year]:

Place of birth:

Nationality:

Highest qualification:

Central Population Registration (CPR) No. :

Financial Information:

Capital: Bank's Name: A/C No.:

Bank Guarantee: Bank's Name:

I the undersigned, do hereby certify that the above stated information is true and correct to my knowledge. I also certify that I have never been convicted in an insolvency case, or a felony, or punished by restriction of freedom, either inside or outside Bahrain.

Signature:

For Official Use:

Number:
Date of receipt:
Received by:
Date of decision:
Approved/rejected:

Enclosures:

1. A bank certificate showing the availability of the required capital.
2. A bank guarantee showing the value of the required guarantee.
3. A photograph of the applicant.
4. Specimen signatures of the broker and his authorized assistants.
5. Photocopies of the applicant's and his assistants' passports.
6. A cheque in favour of the Bahrain Stock Exchange for the sum of :

Bahrain Stock Exchange

**Personal
Photograph
of the
Applicant**

REQUEST FOR MEMBERSHIP

Date:

TYPE OF REQUEST

Brokerage company:
Market Making company:
Company's name:
Nationality:
Mailing address:
Telephone No.: Fax No.: Telex:

Partners' Names:

Name: Nationality: Date of Birth:
Name: Nationality: Date of Birth:
Name: Nationality: Date of Birth:
Name: Nationality: Date of Birth:

Financial Information:

Capital: Bank's Name: A/C No.:
Capital: Bank's Name: A/C No.:
Bank Guarantee: Bank's Name:

We the undersigned, do hereby certify that the above stated information is true and correct to our knowledge. We also certify that we have never been convicted in any insolvency case, or a felony, or punished by restriction of freedom, either inside or outside Bahrain.

Signature:

Signature:

For Official Use:

Number:
Date of receipt:.....
Received by:
Date of decision:
Approved/rejected:

Enclosures:

1. A bank certificate showing the availability of the required capital.
2. A bank guarantee showing the value of the required guarantee.
3. Names and specimen signatures of the authorized individuals who will be signing on behalf of the company.
4. A photocopy of the applicant's passport.
5. A photocopy of the company's Memorandum and Articles of Association approved by the concerned officials.
6. A cheque in favour of the Bahrain Stock Exchange for the sum of :

Bahrain Stock Exchange

REGISTRATION REQUEST FOR SHAREHOLDING COMPANIES

Company's name:
Nature of business:

After classification of the following securities, we request listing or trading approval at the Bahrain Stock Exchange:

.....
.....
.....

Date of establishment: Registered location:
Authorized capital: Subscribed capital:
Paid-up capital: Shares par value:
Mailing address:
Telephone No.: Fax No.: Telex:

Type and number of issued shares and bonds:

Type	Number:
.....
.....
.....
.....

Total number of shareholders:
Date of company's annual budget:
Date of company's annual general meeting:
Date of annual dividends:

Date:

Signature of the company's representative:

For Official Use:

Number:

Date of receipt:
Received by:
Date of decision:
Classification type :

INFORMATION REQUIRED FOR LISTING ON THE BAHRAIN STOCK EXCHANGE

LEGAL AND MANAGEMENT INFORMATION:

1. Company's legal name, the country of incorporation and its headquarters.
2. Type and class of securities required for listing on the Bahrain Stock Exchange.
3. Date of the official listing application.
4. Management:
 - i) names and addresses of the board of directors;
 - ii) names, titles and addresses of executive officers.
5. Share capital:
 - i) Authorized share capital in terms of value and number of shares.
 - ii) Issued and subscribed share capital in terms of value and number of shares.
 - iii) Paid-up capital in terms of value and number of shares.
 - iv) Number of issued shares.
 - v) Nominal par value per share.
 - vi) Number of shareholders registered in the company register.
 - vii) Name, number and percentage of shares held by major shareholders holding 10% or more of the company's paid-up share capital.
 - viii) Number of shares held by each of the company's directors individually, and the number of shares held by the board of directors as a whole.
 - ix) Number of shares held by the executive officers as a group and the shareholding of each of them.
6. Rights and privileges attached to the shares being listed.
7. Copy of the Commercial Registration certificate.
8. Particulars of affiliated and associate companies in which the applicant company is holding 10% or more of their paid-up share capital:
 - i) Name of the company;
 - ii) Nature of the business;

- iii) Authorized share capital;
- iv) Nominal par value per share;
- v) Issued and paid-up share capital and types of issued shares;
- vi) List of benefits received by the board of directors and executive officers, in terms of shares participation, retirement and bonus shares schemes.

Historical Background:

A brief account of the history of the company:

- i) A brief background history and company profile regarding the company's principal activities and its products and services.
- ii) The company's main markets and the percentage of each market share, in addition to specifying whether the company is a governmental, or non-governmental organization.
- iii) Main marketing strategy of the company and its methods.

Financial and Accounting Information:

1. Long-term loans: Please clarify the following:
 - i) Value of long-term loans obtained by the company or its affiliates.
 - ii) Types of loans, whether these are commercial loans, debentures, or bonds.
 - iii) Maturity date.
 - iv) Annual cost of finance.
2. Revenues: A brief, consolidated statement of the company revenues for the last five financial years.
 - i) Gross annual sales turnover.
 - ii) Net income.
 - iii) Comparative income statements, stating the current financial year's income compared with the previous year, giving an explanation of the difference, if any.
3. Assets: Please state the fixed assets and properties owned by the company, stating separately any property or land, and their location.
4. Dividends:
 - i) Number of years for which dividends were paid since the date of incorporation.
 - ii) Annual dividend per share.
 - iii) Annual gross paid-out dividend.
 - iv) Timing of dividends payments (annual, half-yearly, others).
 - v) Date of announcement of dividends.
 - vi) Actual payment date of profit.
 - vii) Bonus shares issued during the last five financial years [in detail]:
 - a- Total amount;

- b- Total shares issued;
- c- Number of bonus rate, per each share issued .

Financial, Accounting and Managerial Policies:

- i) Consolidation of accounts:
Specify the principles adopted in the consolidation of the accounts.
- ii) Depreciation:
Specify the policy and method of depreciation.

General Information:

1. The financial year of the company.
2. Date of the general meeting.
3. Required quorum for validity of the meeting.
4. Names and addresses of the company's share registrar [if available].
5. Franchise rights, trademarks and brands registered in the name of the company.
6. Number of permanent staff in terms of nationality and the percentage of each category, compared to the total number of staff.

7. Disputes before the court:

Are there any legal disputes in which the company or any of its affiliates are involved in, and which might affect the company's revenues, reputation, properties or assets?

Other Relevant Information:

Please attach the following required documentation to the application:

1. Company's audited financial statements.
2. Copy of the updated Memorandum and Articles of Association of the company.
3. Specimen of the shares certificate and transfer documents.
4. Copy of the resolution of the board of directors approving the listing on the Bahrain Stock Exchange.
5. Names and specimens of signatures of the company's authorized signatories.
6. The listing agreement duly signed by the authorized person.
7. A cheque made out in favour of the Bahrain Stock Exchange for listing charges and the annual maintenance fee (after receiving initial approval from the BSE).

INTERNAL REGULATION'S APPENDIX (1)
JOINT STOCK COMPANIES LISTING AGREEMENT

1. Right after registration of its shares on the Bahrain Stock Exchange, the company shall undertake to abide by all the Internal Regulation and instructions issued by the Exchange's Board of Directors.
2. Shall comply with all conditions prescribed in Article (39) of the Exchange's Internal Regulation.
3. Shall submit all the statements, information, and statistical data required by the Exchange's management.
4. Shall notify the management of the Exchange of all the resolutions passed by the Board of Directors which affect the company's capital, financial structure, profitability and dividend distribution.
5. Shall notify the Exchange's management of all transactions concerning the ownership of companies shares executed outside the Exchange before its registration on the shareholders registers as provided in Article (36) of the Internal Regulation.
6. Shall undertake not to change the company's shares ownership in the shareholders registers, unless it is approved by the management of the Exchange, or undertaken in conformity with the rules ordained by the Exchange's Board of Directors.
7. Shall undertake to settle the registration fee and the annual subscription fee at the times specified by the Exchange's management.
8. To notify the Exchange's management about the shares ownership of the directors and their ownership in the company's shares within one month from the date of their appointment and at the end of each financial year.
9. To notify the Exchange's management of any necessary information to maintain the correctness and soundness of the trading.
10. To notify the Exchange's management of the company's Board of Directors Resolution regarding dividends distribution to the shareholders, or the announcement of the profits and losses, in order to take the Exchange's consent for their publication.
11. To notify the Exchange's management of the following:
 - i. Details of the sale and purchase of some of the large assets, which affect the position of the company.
 - ii. Any information specified in the Companies Law to be ordered by the Exchange.

- iii. Any changes in the management structure at the level of the Board of Directors and Executive management.
 - d. Any information about the Companies redeemable securities.
12. To submit to the management of the Exchange upon its issuance, copies of all publications intended for shareholders.
 13. To issue the annual financial reports and accounts within three months from the date of the company's financial period ⁽¹⁾.
 14. To notify the Exchange of all trading undertaken by the company's directors and executives.
 15. To notify every shareholder of the specified date of the company's Annual General Meeting.
 16. Any announcement issued for a certain category of shareholders must be circulated to the other shareholders of all categories of shares.
 17. To issue the shares certificates within a maximum period of one month.

(1) Amended by Resolution No. 4/1999.

