

Market's Director decision no. (3) for the year 2009 concerning the follow up of the implementation of and settlement of obligations arising from the trading in "KSE" Kuwait Stock Exchange

Market's Director of KSE:

After the perusal of the Decree issued on 14.8.1983 organizing the Kuwait Stock Exchange.

And the ministerial decision no. 35 for the year 1983 concerning the issuance of the internal calendar of KSE.

And the Market's Director decision no. (1) for the year 2004 concerning follow up the implementation of and settlement of obligations arising from the trading in "KSE".

And the Market's Committee decision in it's meeting no. (7/2009) held on 5/7/2009,

It has been decided:

Article (1)

The listed brokerage companies in KSE should ascertain the ownership of their clients of the securities they wish to sell and their ability to meet the value of the securities they desire to buy and such companies have the right to refrain from carrying out orders issued to them by those clients who can not ascertain their ownership or their ability to meet their obligations.

Article (2)

Clients are committed to cover the obligations arising from transactions conducted on their behalf from Sunday to Wednesday no later than the eleven O'clock on the morning of the following working day. clients with transactions executed on Thursday, should assure the coverage of their obligations by no later than 1.30pm of the same day.

Delay penalties will be applied to clients who fail to pay their obligations on due times.

Article (3)

Brokers may resell the shares purchased or purchase of shares in lieu of the shares sold to pay dues to the clearing house and to guarantee the system of brokerage operations after the expiration of the time specified in the preceding article.

Brokerage firms have to re-sell the purchased shares Or purchase of shares in lieu of the shares sold, unless the clients cover their positions and settle their accounts with the clearing house before the beginning of the trading following the dates specified in the preceding article.

Article (4)

It is not permitted for a brokerage company to carry out orders issued from the debtors until they fulfill their obligations

Article (5)

The securities fund for Brokerage Operations shall ensure the coverage of the debtors accounts until the settlement of these obligations is done by the customer or his broker, and the differences of prices and demurrage shall be devolved to the securities fund of Brokerage Operations.

Article (6)

If the client whether he is a legal status, or a person trading subsequently for himself or for the account of his minor children or on behalf of his companies breaches his obligations, his name will be credited to a special list prepared for this purpose, and if he repeats this breach, then, such accounts will be recorded in another list of names where such names will be prohibited from trading in the market in accordance with normal procedures.

Article (7)

it is not permitted to accept buying or selling orders from trading accounts referred to in Article (6) Unless their balance with the clearing house is sufficient to cover the buying deals which they desire to conclude or it is available in their balances of securities which covers the selling deals they are willing to conclude.

And for the purpose of implementing this article, the said department in the market shall circulate to the brokers in the market, the trading referred account numbers and their owner's name.

Article (8)

The obligations of the transactions that have not been fulfilled shall be recorded in a special account, where the broker of said transactions and with the consent of written approval from the market management have the right to deal with it.

Article (9)

The market's director decision no. 1 for the year 2004 concerning the follow-up and settlement of the obligations implied by trading in KSE shall be cancelled and this decision will be applicable from its date of issuance and the market sectors and departments should implement it.

Issued on the 13/7/2009