

Market Committee resolution no. (1) For the year 2009

Concerning organizing forward dealing and future trading

After perusal of the amended Amiri Decree issued on 14/8/1983 organizing the Kuwait Stock Exchange.

And the Decree issued on 8/8/1984 concerning listing of brokers and their assistants in Kuwait Stock Exchange.

And the Amiri Decree issued on 28/12/1986 organizing liquidation of trading transactions and Clearing Chamber in Kuwait Stock Exchange

And the Market Committee's Decision no. (1) for the year 1998 in approving Kuwait and Middle East Financial Investment Company to provide (Wa'ad) service for forward and financial investment.

And the Market Director's Decision no. (18) for the year 1998 concerning organizing dealing in forward.

And the Administrative Resolution no. (17) for the year 2004 concerning organizing forward dealing.

And based on the Market's best interest

The following has been decided:

Article (1)

The following words and expressions shall carry the meanings as specified hereunder:

The Market: Kuwait Stock Exchange.

Clearing Chamber: Kuwait Clearing Company.

Market Makers: Companies which are under the surveillance of the Central Bank and authorized by the Market to buy and sell shares in accordance with the provisions of this resolution.

Brokers: Brokerage companies listed in the Market.

Forward Dealing: Trading made after spot trading hours where the down payment along with the forward and termination prices are paid in accordance with the provisions of this resolution.

Future Trading dealing: Trading made during the spot market where the down payment along with the forward and termination prices are paid in accordance with the provisions of this resolution.

Forward Period: The Period during which the contract may be executed or requested to be terminated. The contract expires at the termination of this period.

Down Payment: Percentage of the total transaction amount set out by the Technical Committee of the Market.

Termination Price: The remaining amount from the transaction value.

Forward Price: A percentage of the Closing Price set out by the Technical Committee of the Market.

Article (2)

It is permitted to deal with forward and future trading in the Market according to the procedures and rules of this resolution and any other resolutions or instructions issued by the Market.

Article (3)

Forward and future trading are processed through the Market Makers through Brokers provided that the forward period is not less than 90 days and do not exceed 360 days.

Article (4)

Market Makers shall declare on a daily basis the shares to be traded along with the forward prices which they are committed to buy/sell accordingly prior to the commencement of forward dealing. The volume of shares which they are committed to buy or sell shall not be less than 10 buying units or 10 selling units, regardless of the forward dealing period.

Article (5)

Brokers shall register the orders they receive from their clients regarding forward dealing in special records designated for that purpose, and provide the Market Makers with these orders

according to each orders priority. Market Makers shall notify those brokers of the implementation of these orders and issue selling contracts upon the ending of forward dealing.

Article (6)

Market Makers shall issue forward dealing and future contracts according to the format approved from the Market management. These contracts shall be signed by the Broker and Market Maker and a copy shall be sent to the trading department and Clearing Chamber. Market Makers shall follow up on the implementation of the obligations arised from forward and future dealing with the Clearing Chamber upon the end of the period for trading in forwards.

Article (7)

The Broker processing the transaction shall deliver the contracted shares the down payment's amount, and the payment's amount for the Clearing Chamber no later than 11 am of the following morning of the contract's date, and if it is not a working day in the Market then delivery should be before the end of the official working hours of the contracts date.

Article (8)

The Clearing Chamber must register in the seller's account the advance payment and the forward price immediately at the time of receiving the same. The Clearing Chamber shall deliver them to the seller at the time of the following settlement of the contract date.

Article (9)

The Clearing Chamber must register the contracted shares during the forward dealing in its name and shall transfer the ownership of these shares later to the buyer's name if he pays the termination price during the forward trading period.

Article (10)

If the buyer sells the contracted shares during the forward dealing in the spot market, the Clearing Chamber then shall register the termination price in the buyer's account and deliver it to him at the next settlement date.

Article (11)

If the buyer sells part of the contracted shares during the forward period in the spot market, the Clearing Chamber then shall deduct the amount from the termination price and register it in the buyer's account where it will be later delivered to him at the time of the next settlement.

Article (12)

This contract shall be terminated in the following cases:

- a) If the buyer does not within the working hours at the contract's expiry date pays the termination price; and in this case, the shares shall belong to the market maker and the settlement shall be effective the next working day.
- b) If the buyer requests the termination of the contract within its validity.
- c) If the value of the shares in the spot market reaches the termination price where the buyer did not pay the termination price or the increase in the advanced payment by a minimum of 10% out of the termination price.

Article (13)

In case the contract is terminated according to clause (c) of article (12) it is not allowed for the Market Maker to sell the contracted shares in the spot market before the expiry date of the specified period in the contract.

Article (14)

The cash dividends of the contracted shares will belong to the seller which will be deducted out of the termination price and the Clearing Chamber shall handle its collection. As for the bonus shares, it will be preserved with the Clearing Chamber where the value will be deducted from the remaining amount and to be delivered to the buyer if he pays the termination price or to be returned to the seller along with the contracted shares if the contract expires without the buyer's payment of the closing price.

Article (15)

The buyer is eligible to use the contracted shares in voting upon his request from the Clearing Chamber three days prior to the voting day's date, and the Clearing Chamber should provide him with a delegation that allows him to vote.

Article (16)

The buyer has the right to request the Clearing Chamber to subscribe in the shares of the capital increase of the contracted shares if he has already paid its amount.

Article (17)

If the shares have split or a company decreased its issued paid up capital during the forward period, thus, this split or decrease shall be applicable on such shares within the same percentage with no effect on the seller's right to claim the specified termination price as per the contract.

Article (18)

It is not permitted for the Market Makers in the forward market to enter new selling or new buying orders in the spot trading system during the period which is specified by the market's management before the specified closing time for the spot market's trading and without breaching the orders which have been entered earlier.

Article (19)

It is not allowed to use the accounts belonging to the Market Makers which are assigned for fulfilling the forward trading requirements from the spot market in selling without a prior approval from the Market's management.

Article (20)

The forward dealing and the future trading contracts are subject to the determined percentages of the commission on the trading in the spot market and shall be calculated as on the total amount of the deal including the forward price and shall be fully collected from both parties of the contract and shall be submitted to the Clearing Chamber at the specified time.

Article (21)

It is the responsibility of the buyer to follow-up the expiry of his/her contract either by the end of its period or the need to increase the down payment.

Article (22)

This decision shall come into force from 1/7/2009, and cancel all previous decisions that may be in conflict with it. The concerned departments and Market Makers shall execute it.

Minster of Commerce and Industry

Minster of the State's National Assembly Affairs

Head of Kuwait Stock Exchange Market Committee

