

Resolution No. (74) of 2024

Regarding Cancellation of Article No. (2-10) and Correction of the Sequence of Articles Following it in Module Eight (Conduct of Business) of the Executive Bylaws of Law No. 7 of 2010 Regarding the Establishment of the Capital Markets Authority and Regulating Securities Activities and their amendments

Having Perused:

- Law No. 7 of 2010 Regarding the Establishment of the Capital Markets Authority and Regulating Securities Activities and its Executive Bylaws, and their amendments; and
- CMA Board of Commissioners Resolution passed in its meeting No. (2-19) of 2024 held on 11/06/2024.

The Following Was Resolved

Article (1)

Module Eight (Conduct of Business) of the Executive Bylaws of Law No. 7 of 2010 Regarding the Establishment of the Capital Markets Authority and Regulating Securities Activities and their amendments is hereby amended pursuant to Annex (1) attached to this Resolution.

Article (2)

The concerned bodies shall execute this Resolution, each within its jurisdiction. This Resolution shall come into force from the date of its issuance, and it shall be published in the Official Gazette.

Othman Al-Issa

Acting Managing Director

Issued on: 12/06/2024.

Annex No. (1)

First: Cancellation of Article No. (2-10) of Module Eight (Conduct of Business)

Module	Chapter	Article	Amendment Type	Article Text
Eight (Conduct of Business)	Two (Client Categorisation)	(2-10)	Cancelling Article	Re-categorisation of a Client shall not affect actions and transactions implemented under his original categorisation.

Second: Correction of the Sequence of some Articles in Chapter Two (Client Categorisation) of Module Eight (Conduct of Business)

Module	Chapter	Article Before Amendment	Article After Amendment	Article Text
Eight (Conduct of Business)	Two (Client Categorisation)	(2-11)	(2-10)	<u>Record of Client Categories</u> A Licensed Person shall prepare a specific record for Client categories including: 1. Category of the Client, and reasons and justifications of such categorisation. 2. Sample notices, declarations and agreements related to the Client's category.
		(2-12)	(2-11)	<u>Information that shall be Provided to Retail Client</u> A Licensed Person shall provide Retail Client with the following information: 1. The name, address and contact details of the Licensed Person. 2. The language in which the Client may communicate with the Licensed Person and receive information and documents. 3. The methods of communication to be used between the Licensed Person and the Client. 4. A statement indicating if the Licensed Person works with the Client in its capacity as an agent of an entity, the name of such an entity and its contact details. 5. The nature and timing of the reports on the performance of the services to be provided by the Licensed Person to the Client. 6. A summary of the conflicts of interest policy used by the Licensed Person, and any other

				additional details requested by the Client in this regard.
		(2-13)	(2-12)	<p>Taking into consideration the rules set out in Module Seven (Clients' Funds and Assets) of these Bylaws, if a Licensed Person proposes to keep or manage funds or Assets of Retail Clients, it must provide these clients, in particular, with the following information:</p> <ol style="list-style-type: none"> 1. Whether Client's funds and assets may be deposited with third party on behalf of the Licensed Person. 2. The limits of liability of the Licensed Person for any omission of the third party. 3. Whether Client's funds and assets may be held in an omnibus account by a third party, if applicable to such investment, and a prominent warning to the Client of the resulting risks. 4. Whether Client's funds and assets may be held with a third party to be separately identifiable from the funds and assets of that third party or of the Licensed Person. 5. The Licensed Person shall notify the Client with the competent courts and the applicable law in case of any dispute in relation to assets or funds of the Client outside the State of Kuwait. 6. A summary of the steps which the Licensed Person takes to ensure the protection of the Client's Assets or funds, including reference to any relevant investor compensation program applied by the Licensed Person.
		(2-14)	(2-13)	A Licensed Person must notify the Retail Client about the existence of any rights belonging to the Licensed Person or a third party in relation to seizing the Client's funds and assets deposited with the Licensed Person or third party.
		(2-15)	(2-14)	A Licensed Person, before entering into Securities financing transactions in relation to assets held by it on behalf of a Retail Client, must notify the Client in writing, provided that such notification must include all information on the Licensed Person's obligations and responsibilities, including transaction's terms and risks involved.

		(2-16)	(2-15)	<p><u>Information that shall be Provided to Professional Client</u></p> <p>A Licensed Person, with whom funds and assets of a Professional Client are deposited, must provide such Client with the required information under paragraph (5), Article (2-12) and (2-13) of this Module.</p>
		(2-17)	(2-16)	<p><u>Notifying a Client with Information</u></p> <p>A Licensed Person must notify the Client - as applicable - in writing with the required information under Articles (2-10) to (2-14) of this Module before providing its services related to Securities activities and any changes that may occur.</p>