



KEY PERSONS TRADING

POLICIES AND PROCEDURE MANUAL

VERSION NO.3

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MODULE - 1

KEY PERSON TRADING GUIDELINES

1. INTRODUCTION

In order to ensure that the public and shareholders have confidence that trading in Bahrain National Holding (BNH) Securities would be conducted fairly, transparently and honestly, it is necessary to have internal policies and guidelines regulating trading in BNH securities.

1.1 Purpose

1.1.1 The purpose of these guidelines is to set out the policies of BNH in handling the key persons holding and dealing in the listed companies securities and to protect and promote reputation of BNH by promoting ethical and responsible conduct by its directors and employees.

1.2 Scope of application

1.2.1 These guidelines are applicable to all Directors, Senior Management, Employees and persons within the definition of "Key persons" who possess inside information in spite of where from or how the information has been received.

1.2.2 The guidelines are also applicable to purchase by BNH of its own shares.

1.2.3 These guidelines apply to all BNH Securities.

1.3 Distribution

1.3.1 BNH shall make its approved guidelines on key persons, available to all its key persons, and to ordinary shareholders or any other interested parties.

1.4 Revisions to the guidelines

1.4.1 The manual is a statement of BNH's current policies. These policies have been established and will be reviewed periodically and/or whenever the need arises in line with the Company's philosophy, amendments in applicable laws/regulations and the circumstances prevailing in the BNH's area of operation at any point of time.

1.4.2 Amendments and revisions will take the form of revised policies, with the amendment also specifying that it supersedes a previous policy.

1.4.3 Such amendments will be sent to the authorized persons with instructions regarding where they are to be inserted and which, if any pages are to be removed and destroyed.

1.4.4 Any amendments to the policies contained herein shall be approved by the Board of Directors or any other person/body authorized by the BOD from time to time. Currently, this authority is vested to the Audit and Compliance Committee.

1.5 Responsibility

1.5.1 It is the responsibility of the Compliance department to ensure that all the requirements envisaged in these guidelines are duly complied with.

1.6 Definitions

1.6.1 **Key person Information**- means any material information relating to BNH which has not been made public and which is likely to have an effect on the price of BNH's securities.

1.6.2 **Inside information** may include but not limited to the information on:

- Upcoming quarterly, semi-annual and annual financial statements. Especially if it contains unexpected results.
- A proposed acquisition of another company, merger or demerger of the company or other significant corporate actions.
- A material change in market share.

1.6.3 **Key persons** of BNH refers to members of the BNH's board of directors, senior management, BNH itself, and such persons as decided by BNH board (for e.g. connected persons) to have access to inside information relating to BNH from time to time.

1.6.4 While key persons may have access to inside information from time to time by nature of their duties performed, they do not necessarily always possess inside information. Dealing in BNH securities by a key person does not necessarily constitute Key Person trading.

1.6.5 **Connected Person**- The individuals spouse, and his/her son, adopted son, stepson, daughter, adopted daughter, step daughter, father, step father, mother, step mother, brother, step brother, sister, step sister, under his/her guardianship or control.

1.6.6 **Permanent Key Person**- means members of the Board of Directors of BNH, its senior management, BNH itself, and such other persons as decided by the Issuer's Board to have access to inside information relating to BNH from time-to-time.

1.6.7 **Temporary Key Person**- means any person who is Key Person, but not a permanent Key Person.

2. TRADING BY KEY PERSONS

2.1 Procedures of Key person trading in securities

2.1.1 A Key person shall inform the Compliance officer of the shares purchased/sold of BNH by next day after the transaction is completed. The compliance officer shall immediately file with Bahrain Bourse (BB) such notifications by key persons. BB reserves the right to disseminate to the public the information contained in the filings.

The BB shall make the transaction invalid, if the transaction:

- Result in a breach of any of the provisions of rules, regulations or circulars, whether in a specific or general nature issued by the Central bank of Bahrain regarding the Key persons' holding or trading.
- If such transaction or order abuses inside information.

- If such transaction or order includes conflict of interest between the applicant and BNH's interest.
- On any other event where the board of directors deem it necessary to protect the interests of the company and its shareholders.

2.2 Restrictions on Key person trading

- 2.2.1 Key Persons must schedule their trading of securities issued by BNH in such a manner that their trading will not undermine confidence in the securities market.
- 2.2.2 Following the publication of financial statements by the company, Key Persons of BNH must refrain from trading and wait until the commencement of the following day's trading session, or after 24 hours, whichever is less, after the publication of the financial statements have been released in the local newspapers.
- 2.2.3 Key Person shall also be responsible for compliance with the restriction on trading when the management of the securities of the Key Person has been assigned to another party.
- 2.2.4 Key persons must not trade in securities of BNH, while in possession of inside information until such matters becomes public and a reasonable time has passed for information to be available to persons who commonly invest in shares or options.
- 2.2.5 Key person should must not trade in BNH Securities through connected person as connected person would also be deemed to be a Key person vide definition.

2.3 The rules on trading would not apply where

- Buying securities by directly from the company or its group
- Receiving securities in consideration of redemption, merger, demerger, or as compensation in accordance with a public tender offer, or in another comparable manner;
- Receiving shares as dividends (bonus shares), or another form of payout from retained earnings;
- Receiving securities as compensation for work or other performance or service;
- Receiving securities as inheritance under a will, as a percent or as a result of partition of an estate, or by means of similar acquisition.

2.4 Abuse of inside information

- 2.4.1 Inside information shall be strictly confidential until published or otherwise made publicly available in the market.
- 2.4.2 Key persons must not pass on the inside information to other employees, their families and friends, or anyone else.
- 2.4.3 Inside information should be disclosed to other BNH's personnel only as a 'need to know' basis. Inside information should not be freely discussed by employees other than for work.
- 2.4.4 No BNH's inside information should be disclosed to third parties unless those third parties are covered by express or implied duties of confidentiality.

2.5 Other responsibilities of a Key person

- 2.5.1 A Key person, whether permanent or temporary shall submit a declaration to the person in charge (e.g. Compliance Officer) of his Key person position, basic personal data and

information on connected persons, particulars and holdings of BNH's securities using the initial basic information Form: KP1. The compliance officer shall send the KP1 form to BB both in physical and electronic version within 10 days (i) upon the conclusion of BNH's AGM (ii) upon BB's request.

2.5.2 A Key person change in information relating to personal and other data provided earlier in Form KP 1 shall be intimated to the BB by the end of the next business day following the date the change took place. KP-2 form shall be used for this purpose.

2.5.3 A Key person shall also be responsible for compliance with the duty to declare when the management of the Key persons' securities has been assigned to another person (e.g. portfolio management, discretionary account, trust account).

2.5.4 Each employee who is a Key person and who has conducted an employment or service contract with the company is personally responsible for filing the required declarations of his Key person holdings and trading with the Compliance officer.

3. MANAGEMENT & SUPERVISION

3.1 Management of Key Persons Trading

3.1.1 The Compliance officer shall be vested with the responsibility of management and supervision of all matters relating to Key persons and Key person trading.

3.1.2 The company shall appoint an officer to maintain and manage the register and requirements imposed by CMS Directorate module and the licensed Bourse.

3.2 Responsibilities of the Compliance officer in managing Key Persons Trading

The Compliance officer shall have the following responsibilities as Key person in addition to his responsibilities as Compliance officer.

3.2.1 Identifying the Key Persons to the extent possible and notifying BB the persons identified as Key Persons position in the company.

3.2.2 Ensuring that the Key persons are fully aware of the restrictions and their obligations to its guidelines on Key persons and that they recognize their position and the effects thereof by providing them with trading guides and instructions.

3.2.3 Regular monitoring and supervision the trading of securities of its Key persons, particularly permanent Key persons more diligently to identify the use of inside information in securities trading.

3.2.4 Ensuring compliance of this manual, the guidelines issued by BB on Key persons, disclosure standards issued by CBB, the abuse of inside information and the disclosure requirements concerning Key persons.

3.2.5 Review and verification of the declarations made by the Key persons received vide forms KP1 and KP2.

4. MAINTENANCE

4.1 Key persons Register

4.1.1 The Compliance officer shall create and maintain separate register called the "Key persons Register", to record information relating to Key persons and trading in securities by Key persons which shall be maintained at BNH's headquarters in Bahrain.

- 4.1.2 The register shall contain information relating to permanent Key person as well as temporary Key person identified by the company with separate sections for temporary and permanent Key persons
- 4.1.3 Information shall be entered into the register upon identification of Key persons sending declaration by the Compliance officer and subsequently upon receipt of declaration from the Key person himself.
- 4.1.4 The Key Persons Register shall be maintained and kept for a minimum period of 5 years.
- 4.1.5 The Key person register shall contain all information furnished by the Key person vide his declaration in form and would include:
- The date and time when the company has submitted notification to a Key person.
 - The person responsible for such entries.
 - The Key persons own holdings, as well as the holdings of any persons under his guardianship or control, and of corporations in which he exercises control.
 - Any change in the above information.
- 4.1.6 The following information relating to the Temporary Key persons shall be entered into the Register:
- 1) The date of becoming a Temporary Key person
 - 2) The persons (names) as well as the represented corporation or authority of the persons outside the company who have been given information on the project;
 - 3) The date and time of the issue of notification given to a Temporary Key person of his Key person position;
 - 4) The date and time when a Temporary Key person has submitted notification of the project, presuming that the moment, when the notification has been submitted is known to the person in-charge.
 - 5) Particulars of termination of the project as well as the date of termination.
- 4.1.7 The Key person register shall contain the information on
- The Key person himself
 - Any person under his guardianship or custody,
 - A co-corporation in which he exercises control or influence,
- 4.1.8 The names of the employees of the regulators, such as CBB, BB, MOIC should not be entered into in a temporary Key Persons Register as they are governed by their internal code of conduct of the respective agencies, which includes restrictions on dealings in securities.
- 4.1.9 Information contained in the Key Persons Register shall be verified at least once a year before the Annual General Meeting by the Internal Auditor of the Company.
- 4.1.10 The result of such verification shall be forwarded to the Central bank of Bahrain at least 10 days after the date of the company's AGM.

4.2 Monthly statements

- 4.2.1 The person in-charge shall prepare a monthly statement recording all Key Persons transactions, including any orders to buy or sell whether executed or not in the standard format prescribed by the CMS Directorate.
- 4.2.2 The above mentioned monthly statement should be audited by the internal auditor and a copy of the report should be sent to the Central bank of Bahrain, Capital Market Supervision Directorate.

5. REPORTING TO CBB

5.1 Reporting requirements

The compliance officer for BNH will be the point of contact for CBB and will be coordinating with the relevant personnel involved in managing and supervising functions of Key person dealings in order to comply with the reporting requirements and deadlines of CBB. The following needs to be reported to the Capital Market Supervision Directorate of the Central Bank of Bahrain.

- 5.1.1 The names, titles and contact details of the Compliance officer
- 5.1.2 The monthly securities movements' statement of the key persons prepared by Compliance officer should be submitted **not later than 15 calendar days** from the end of each month.
- 5.1.3 The result of verification of Key persons register by the internal auditor to be provided not more than 10 days after the date of the company's AGM.
- 5.1.4 Any discrepancies or differences between the Key Persons Register information and information obtained from the CDS, or any other concerned source of information noted by the compliance officer
- 5.1.5 Any change in the board of directors and senior management must be notified immediately to CBB/BB.
- 5.1.6 Any violation of the Disclosure Standards issued by CBB and the Guidelines for Key persons must also be intimated to the CBB immediately.

6. RIGHTS OF THE CBB ON NON-COMPLIANT SITUATIONS

- 6.1. Once the CBB receives a case, it shall launch an investigation as a capital market regulator. The CBB has the authority to obtain records and documentation, and the ability to obtain all information related to the suspicious transactions, including but not limited to the beneficial owners of securities held in nominee names.
- 6.2. Without prejudice to any laws or regulations applicable in the Kingdom of Bahrain, the CBB reserves the following rights regarding non-compliant person(s):
 - 6.2.1. Call the Arbitration Board, formed in accordance with Article 13 of the BB Law, for a meeting to decide on such non-compliant transactions.
 - 6.2.2. If the CBB or the Arbitration board, as the case may be, comes to the finding that the transaction is non-compliant and that the person profited or avoided a loss through unlawful trading, the transaction is liable to be cancelled and the profit or loss (whether

realized or not) would be recovered, in addition to bearing the costs, fees, and charges incurred from such persons.

6.2.3. According to Article 361 (h) of the Commercial Companies Law, such persons shall be subjected to “imprisonment and a fine not less than BD. 5,000 and not exceeding BD. 10,000 or either of these two penalties”.

6.3. Sanctions of Abuse of Inside Information

6.3.1 *Abuse of inside information*

Anyone who in order to gain material benefit for himself or for any other person willfully or through gross negligence makes use of inside information relating to a share subject to public trade by:

- 1) Disposing of or acquiring the share on his own behalf or on behalf of another, or
 - 2) Directly or indirectly advising another party in a transaction relating to the share;
- Shall be sentenced for abuse of inside information as stated above in 6.2.3.

6.3.2 *Gross Abuse of inside information*

All attempts of the willful abuse of inside information shall be punishable if:

- a) The purpose is to acquire exceptional profit or considerable personal gain;
- b) The offender, when committing the offence, makes use of his highly responsible position or direct access to the inside information as an employee or representative of the regulator, the Exchange, the Clearing, Settlement and Central Depository or Registry facilities, a clearing house, a brokerage firm, or if
- c) The offence is committed with exceptional deliberateness and if the abuse of inside information is also deemed gross when assessed as a whole, the offender shall be sentenced for gross abuse of inside information to the penalty stated in Article 361 of the Commercial 21 Companies Law NO.21/2001 and other penalties stated in the other related Applicable law as the case may be.

APPENDIX 1

KEY PERSON REGISTRATION FORMS

استمارة سجل الأشخاص الرئيسيين (KP1)
Form Register of Key Persons (KP1)

بيانات الشخص المخول بالتوقيع عن الجهة الصادرة (الجزء الأول)

بيانات الشخص المخول بالتوقيع عن الجهة الصادرة (الجزء الأول)

Name of Issuer:		اسم الجهة الصادرة	
Submitted by:		مقدم من قبل	
Name		الاسم	
Designation		الاسم الوظيفي	
Issuer's Stamp:		ختم الجهة الصادرة	
Signature		التوقيع	
Date of submission:			
Day	Month	Year	يوم
		السنة	الشهر

استمارة سجل الأشخاص الرئيسيين (KP1)
Form Register of Key Persons (KP1)
مفردات وملكيات الأشخاص الرئيسيين¹ - (الجزء الثاني)

Particulars & holdings of Key Persons¹ - (Part 2)

المفردات/ ملكيات

Name الاسم	Designation السمي الوظيفي	ID Number رقم الهوية	Date of appointment تاريخ التعيين	Passport Number رقم الجواز	Holdings/ ملكيات		Percentage of Holding (%) نسبة الكمية (%)	
					Number of securities عدد الأوراق المالية	Indirect غير مباشرة	Direct مباشرة	Indirect غير مباشرة
Security type نوع الورقة المالية					Direct مباشرة	Indirect غير مباشرة	Direct مباشرة	Indirect غير مباشرة
Shares اسهم								
Options خيارات								
Rights حقوق								
Warrants ورائض								
Others اخرى								
Total الاجموع								

الختم والتوقيع

Stamp & Signature:
Company's Authorized Representative
المخول بالتوقيع عن الشركة

يرجى تعبئة هذه الاستمارة لكل شخص رئيسي على حدة¹

تحديث سجل تعاملات الأشخاص الرئيسيين
Changes to particulars and holdings of Key Persons
استمارة KP2

Form KP2

Name الاسم		Designation اللقب الوظيفي		ID Number رقم الهوية		
Issuer's Name: اسم الجهة الصادرة		Nationality الجنسية	Date of appointment تاريخ التعيين	Passport Number رقم الجواز		
تحديث للاكليات/التحليلات						
Security type نوع الورقة المالية	Number of securities held before changes عدد الأوراق المالية المملوكة قبل التحديث	Date التاريخ	Number of securities acquired / Disposed or off market عدد الأوراق المالية للشركة /الباعة أو الحالات المستثناءة	Direct / Indirect مباشرة / غير مباشرة	Number of securities held after changes عدد الأوراق المالية المملوكة بعد التحديث	Percentage of issued share capital (%) نسبة للاكليات من رأس المال (x) النال
Shares اسهم						
Options خيارات						
Rights حقوق						
Warrants ورائض						
Others اخرى						
Total المجموع						

يرجى تعبئة هذه الاستمارة لكل شخص رئيسي

الختم والتوقيع

Stamp & Signature:

Company's Authorized Representative

للخول بالتوقيع عن الشركة

APPENDIX 2

KEY PERSON DECLARATION FORM

Key Person Personal Declaration Form

I, _____ as the Key Person identified in this Personal Declaration Form hereby declare that:

I confirm the receipt of the “Key Persons Guidelines” and fully understand my duties and responsibilities towards BNH as a Key Person.

I confirm that all the information that I have submitted and will submit in the future in support of this declaration is complete and true to the best of my knowledge, and further understand that knowingly making a false statement for this purpose is equivalent to a criminal offence and allow BNH to enforce the necessary action as appropriate in accordance with the relevant rules and regulations.

I understand that should the information provided in relation to this declaration cease to be correct, or if there are any changes in the information provided in the declaration, it is my responsibility to inform the Legal and Compliance Department immediately. Failure to do so could result breach of a duty as Key Person.

By signing this declaration, I am agreeing to all of the above statements.

Signature _____ Date: _____