

Consultation on Proposed Rule Amendments to the Offering of Securities (OFS) Module in Volume 6 of the CBB Rulebook
Industry Comments and Feedback
October 2016

Industry Comments		
General Comments:	Ref	CBB's Response
<p>An audit firm commented: Overall, the proposed changes and modifications clearly set out the requirements and, whenever necessary, provides a detailed guidance on application of proposed amendments. However, CBB may wish to consider when finalizing the Module OFS to include in Part 5.1: the section on 'prospectus Requirements' a detailed checklist for mandatory information to be included in the prospectus (you may wish to refer APP 1 of 'Market Rules' of the Dubai Financial Services Authority Rulebook).</p>	GR-1	Noted. The detailed contents of a prospectus for purposes of OFS Module are already contained in Appendix 1 to the OFS Module. Refer also to Appendix OFS-7 on "Prospectus Checklist" which has been in place since January 2014.
<p>A bank commented: In reference to the above mentioned consultation paper, I would like to bring to your attention that we have nil comments as it mostly relates to listed companies. However, we would like to bring to your attention that the CBB has sent a consultation paper entitled "Proposed Amendment to High-Level Controls Module (Module HC)" on 25th September 2016 that has a similar clause to the employee share benefit plan proposed here. We have responded to that consultation with feedback that may also be beneficial here albeit your consultation only relates to listed companies. Accordingly please find our comments on the HC module repeated here for your benefit.</p> <p>Proposed amendments</p> <p>The proposed amendments to HC module by way of insertion of 2 new clauses 5.4.33A and 5.4.33B, which proposes that the Bank must establish a trust in accordance Bahrain Trusts Law (No.23) of 2006, to hold the securities issued under the requirements of the HC Module for the Shares and Share-linked instruments. Further the transitional provision gives the banks a timeline of 6 months to move from existing vehicles which are not trust vehicles.</p> <p>Our view on the matter</p> <p>Firstly, we would like to highlight that this change is a substantial change to our current structure and would need updates to all policies and may trigger new board and shareholder approvals as well.</p> <p>As part of our work done on compliance with HC Module, we have noted the following arrangements and constraints on the subject matter:</p> <ul style="list-style-type: none"> - Board of directors have oversight of the variable remuneration system design: As per HC 5.2.1AA the board of directors are required to actively oversee the remuneration system design and operation for approved persons and material risk takers. In most cases, the Remuneration Committee of the Board is essentially acting as a Trustee of the Scheme and has obligations to oversee and administer the Schemes as approved by the shareholders and 	GR-2	<p>The main intention of this proposed amendment is to fully safeguard employees' shares and effectively ring-fence them from any claims from the company's creditors or other unauthorised third-parties. The prevalent current practice of holding such employees' shares in a Single Person Company setup which is wholly-owned by the company itself does not adequately safeguard employees' interests from such claims. By having a trust setup for such plans, it would enable this significant shortcoming to be adequately addressed. The establishment of a trust and the appointment of the trustee shall be subject to the CBB's prior approval.</p> <p>Establishing a trust to hold the subject securities is according to global best practices and licensees must always be ready to embrace improvements related to employee protection measures.</p> <p>Under a trust arrangement, the trustee has a duty to act in the best interests of the beneficiaries. Having said that, the trustee would also be required to act within the confines of the trust deed mandates as well as in accordance with the</p>

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<p>in line with the CBB Regulations. Establishing a trust vehicle for the employees under the control of a Trustee would undermine the position of the directors as a Trust would be designated to act only in interest of employees.</p> <p>- Exercise of Malus and Clawback: As per HC 5.4.27 and HC 5.4.28, the variable remuneration should be subject to Malus and Clawback arrangements. Such Malus and Clawback decisions would typically be taken by the bank's Remuneration Committee. However, establishing a trust vehicle would undermine the Remuneration Committee's ability to invoke Malus and Clawback on shares which would be under the oversight of trust vehicle and the trustees. In a trust structure, the trustees cannot take direct instructions from the Bank's Remuneration Committee as the trustees mandate would be to safeguard the interest of the employees. Thus trustees and remuneration committee would be working at cross-purpose. The trustee would hold the shares and would wait for conclusion of a legal process, which we believe is not the intention of the implementation of Sound Remuneration Principles</p> <p>- There is adequate protection under labor law: The incentive arrangements are within the remit of the labor law and form part of the employees' benefits. The employee has recourse and protection under labor laws similar to all other employee benefits if the Bank has acted against terms of its contractual obligations. Isolating share benefits under a Trust indicates this is not covered under labor laws or needs higher protection for employees. This is inconsistent with the objectives of the Sound Remuneration Principles which intended to expose the covered persons to risk adjustments by the Bank.</p> <p>- Other employee benefits do not require establishment of trust vehicles: The bank is holding several other large employee benefits within its balance sheet - such as Indemnity payables, leave accrual payable etc. which in overall value far exceed the amount in share scheme benefits and also affect a much wider employee base of the bank unlike share schemes which only effect certain high earners. If such payable to employees are deemed to be adequately protected by way of labour law, we do not see any good reason whatsoever why the shares held under the incentive schemes need this additional protection of the Trust</p>		<p>plan rules (or by-laws) that are established by the company (as the settlor) and the trustee.</p> <p>On the contrary, under a trust arrangement, the trust deed and plan rules typically may be established to allow the company to retain some control over of its powers to exercise/invoke the said malus and clawback provisions and to ensure the company's continued compliance with the relevant CBB HC Module requirements.</p> <p>The issue is not confined to the contractual obligations between the company and its employees but encompasses the assurance that employees' securities-based benefits are proactively accorded the necessary and adequate safeguards from inappropriate third-party claims against those securities belonging to the employees, of which the labour laws may not explicitly address.</p> <p>Please see previous comment. A trust setup is introduced to secure the assets of securities-based benefit plans for the abovementioned reasons.</p>

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<p>law. Further, none of the employees have raised concerns or lack of comfort over the Bank's position to settle its liabilities when due.</p> <ul style="list-style-type: none"> - Confidentiality: The data relating to employee remuneration and in particular that relating to the senior management is a highly sensitive and confidential data. Hence the Bank would prefer to keep such sensitive data to a minimum circulation. Creation of a trust vehicle would further enhance the circulation of such sensitive data and could compromise the confidential nature of the data. - Additional cost burden: In case of a Phantom scheme the trustee will actually just hold cash as no real shares will be issued to employees. Actual cash payout could go up and down based on the NAV of the bank and hence there would need to be frequent transfer of cash in and out from the trust vehicle thereby further increasing the administrative burden. - Ability of trust service providers in Bahrain to support remuneration process: Since the share-based remuneration rules are a relatively new concept for Bahrain, there are not many trust service providers within Bahrain to support such activities or remuneration process. The few banks in Bahrain who operate share schemes through a trust operate it through overseas trusts which is not in line with the planned changes to the rule book. - Adequate supervision in place –Our compliance with the remuneration regulations is subject to annual review by our auditors. In addition, all release of payments are approved by the Remuneration Committees. Hence, we believe that the existing structure and activities have adequate supervision and regulation in place. 		<p>Trust deeds provides for, and adequately addresses the issue of confidentiality.</p> <p>The amendment in OFS-2.6.7 is primarily aimed at employee stock plans where companies are holding securities or shares on behalf, and in the benefit, of the employees and it does not cover plans that do not involve the acquisition and holding of securities or shares for the benefit of the employees. The company shall take all actions necessary and wherever possible to ensure that the rights and benefits of its employees are duly safeguarded and ring-fenced from any unauthorised claims always.</p> <p>Only trust service providers that are approved by the CBB and meet the CBB's requirements are allowed to undertake this trust arrangement with the company.</p> <p>Kindly note that this issue goes beyond just compliance with the remuneration regulations. It seeks to also ensure that the rights and benefits of its employees are duly safeguarded and ring-fenced from unauthorised third party claims.</p>

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<p>Conclusion: As stated above we believe, this new rule puts unnecessary administrative pressure on the Banks for which already suitable action has been taken in the past. Further, we are not fully convinced that a Trust structure will improve the quality of implementation of Sound Remuneration Principles and is consistent with the current governance and compliance obligations of the Bank.</p> <p>We believe this requirement should not form part of the prescribed rules and it should be left to the banks to decide on how they wish to administer the share schemes so long as it does not violate the existing labour law and other regulations. In the current economic scenario its highly preferable for banks to avoid any undue cost and administrative burden and in particular the ones which do not add any enduring benefit.</p>		<p>The existing convention which allows companies the flexibility to administer their share schemes by way of a SPC setup has not ensured the interests of the employees have been adequately safeguarded. A trust structure would significantly and effectively mitigate this shortcoming.</p>

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Specific Comments					
Rule/ Guidance	Existing Provisions	Amended Provisions	Comments	Ref.	CBB's Response
OFS-2.3.3(d)	<p>A public offer may only be approved by the CBB where:</p> <p>(d) The offered securities are to be listed on a licensed exchange in the Kingdom of Bahrain, and there are adequate assurances (including a signed listing agreement) between the issuer and the licensed exchange that they will be admitted to such a platform;</p>	<p>A public offer may only be approved by the CBB where The issuer must meet the following requirements in order for a public offer to be approved by the CBB:</p>	<p>A bank commented: Point (d) should be applicable for only equity securities as Bahraini Companies may issue debt securities targeting international investors which will warrant listing only on international exchange.</p>	SP-1	Noted. However, the public offer referred to in (d) are for the purposes of an equity listing on a licensed exchange in the Kingdom of Bahrain.
		<p>(d) The offered securities are to be listed on a licensed exchange in the Kingdom of Bahrain, and there are adequate assurances (including a signed listing agreement) between the issuer and the licensed exchange that they will be admitted to such a platform;</p>	<p>A bank commented: The offered equity securities are to be listed on a licensed exchange in the Kingdom of Bahrain, and there are adequate assurances between the issuer and the licensed exchange that they will be admitted to such a platform. Debt securities must be listed in local or international recognized licensed exchange.</p>	SP-2	Please refer to CBB comment in SP-1 above.

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OFS-2.3.5	Initial public offers of equity securities will only be approved by the CBB if the issue is underwritten, unless an exception is made by the CBB, in accordance with Paragraph OFS-2.3.6.	Initial public offers of equity securities will only be approved by the CBB if the issue is underwritten, unless an exception is made by the CBB, in accordance with Paragraph OFS-2.3.6. An issuer in an initial public offering of equity securities must ensure that the issue is underwritten, unless an exception is made by the CBB, in accordance with Paragraph OFS-2.3.6.	A bank commented: Paragraph OFS-2.3.5: should read: an issuer of an initial public offering of equity securities must ensure that the issuance is underwritten, unless an exception is made by the CBB, in accordance with Paragraph OFS-2.3.6.	SP-3	Noted. Nevertheless, “An issuer in an initial public offering...” will be retained. The suggestion given on the usage of “of” may be more appropriate in another context.
			A bank commented: This clause is effectively unchanged from the earlier version and does not facilitate a scenario where the issuer is unable to secure underwriting for the offering. This has been the case for all IPO applications subsequent to Zain Bahrain IPO. Although OFS-2.3.6 (b) states that CBB may approve an issue without underwriting if the lead manager has established the price through a book building mechanism, it is still not guaranteed that CBB will waive the requirement for underwriting. Moreover, OFS Module does not provide guidelines on running the book building process (i.e., period for book building, minimum issue coverage required to establish price, nature of commitments whether binding or non-binding, etc.). The regulations must clearly state if the underwriting requirement will get waived if a	SP-4	The existing policy is that by default, an IPO needs to be underwritten unless an exception is granted by the CBB. Therefore, the intention of this amendment is merely to provide clarity to its language because there have been numerous inquiries from the industry to confirm its interpretation. As lead managers/underwriters are obliged to act with due care, skill and diligence; the detailed processes of a book building are left to the lead manager/underwriter to be carried out in line with acceptable market practices. However, the CBB takes note of this comment and will study the suggestion for the CBB to introduce regulations for the book building process.

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			book building process is carried out instead of leaving it at CBB's discretion. At the same time, the OFS Module should outline detailed regulations on the book building process.		
OFS-2.3.13	The lead manager to the issue must be nominated by the issuer as a book runner and his name must be disclosed in the prospectus.	The lead manager and/ or the underwriter to the issue must be nominated by the issuer as a book runner and his name must be disclosed in the prospectus.			N.A.
OFS-2.3.18	New Rule	Details of the outcome of the book building process must be disclosed in the prospectus or offer document and must include information such as the general range of the prices at which the institutional investors are willing to subscribe to under the placement portion, the total number of securities ordered and the total number of institutions involved. The CBB shall have the right to require the disclosure of any other additional information if it deems necessary.	<p>A bank commented: The new paragraph added in OFS 3.1.18 mentions that the details of the book-building process must be disclosed in the prospectus or offer documents. We would like to clarify with CBB if book-building process is mandatory for all public offerings.</p> <p>A bank commented: Pricing: Markets normally follow nor of two pricing methodologies with respect to the offering of securities. The first involves selling shares at a single fixed price; the second approach is through a book building process. We believe that even though book building is a method which allows a better price discovery, the option to choose between Fixed / Book Building should be provided to the issuer of</p>	SP-5	Book-building is not mandatory under the OFS Module but if a book-building process is being adopted by the lead manager/underwriter to determine the price of the IPO, then the details thereof must be disclosed as per this proposed amendment.
				SP-6	Please refer to CBB comments in SP-5.

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			securities. This is more relevant for retail investors who may prefer the fixed price option and believe it to be less complex and more predictable than the book building process. Hence, the OFS module should hence provide for both options.		
			A bank commented: As the actual book building starts after the publication of prospectus, only the book building process can be outlined in the prospectus (not the details of outcome).	SP-7	A book-building is performed using a preliminary prospectus (i.e. red herring prospectus) that is duly filed with the CBB. The details of outcome will only be included in the final prospectus thereafter.
			A bank commented: The order book may be disclosed including the agreed price, the investors and the shares that each has picked up. However, we do not believe that there is a to disclose the price discovery process or operational details as to how the book building process was run.	SP-8	Such disclosure of operational details may not be necessary but is left to the discretion of the lead manager/underwriter. The focus here is mainly on the disclosure of the prices, their volumes and the number of parties involved during the book building process.
			A licensed exchange commented: It is recommended to amend OFS-2.3.18 to be as follows: Details of the outcome of the book building process <i>and/or any other processes or arrangements employed</i> , must be disclosed in the prospectus or offer document and must include information such as the general range of the prices at which the institutional investors	SP-9	This proposed amendment is confined to book-building only. Any other processes employed in the determination of the IPO price e.g. fixed-price, is duly addressed in another proposed amendment in OFS-3.6.20.

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			are willing to subscribe to under the placement portion, the total number of securities ordered and the total number of institutions involved. The CBB shall have the right to require the disclosure of any other additional information if it deems necessary.		
			A bank commented: Details of the book building process must be disclosed in the prospectus or Offering Circular and must include information such as the general range of the prices at which the institutional investors are willing to subscribe to under the placement portion, the total number of securities ordered and the total number of institutions involved. The CBB shall have the right to require the disclosure of any other additional information if it deems necessary. (note: the prospectus is usually made available before the actual book building process is executed, thus the outcome of the process will not be available in such advance stage. Further for debt securities, order book will be known post the OC announcement.	SP-10	For the book-building exercise, a preliminary (red herring) prospectus as opposed to a final prospectus is used. As such, the outcome of a book building exercise can still be incorporated into the final prospectus which will be made available to the general public.
OFS-2.3.19	New Rule	The issuer, lead manager and/or underwriter must consider the outcome of the book-building process and/or any other	A bank commented: The pricing can either be determined through a book building process or by an underwriter. If the book building	SP-11	This proposed amendment is confined to book-building only. Any other processes employed in the determination of the IPO price e.g. fixed-price, is duly addressed in

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		<p>processes or arrangements employed, when establishing the final offer price at which the securities are to be offered to the public. A statement to the effect must be duly disclosed in the prospectus.</p>	<p>process does not cover the order book, then the price will be determined through other means such as by an underwriter. Underwriters can consider the outcome of the book building process, if they so wish. Having said that, underwriters cannot be compelled to say that they have considered the outcome of the book building process or any factor to determine the price - this is their sole internal prerogative. Underwriters also rely on their internal criteria such as their risk-return appetite, discounted cash flow valuations and proprietary information which can be of a technical nature, and is not disclosed in the prospectus, which is the issuer's legal document.</p>		<p>another proposed amendment in OFS-3.6.20.</p>
OFS-2.6.7	<p>Where employees are eligible to trade in the securities of the issuer held on their behalf in an employee stock option plan, the directors, executive management and any other key persons must not be eligible to hold the position of trustee of such plan.</p>	<p>All listed companies' securities held on behalf of the employees under an employee stock option plan or employee share benefit plan, must be held in trust by a trustee established in accordance with the Financial Trusts Law No. (23) of 2006. The securities account opened and maintained at a licensed central depository for this purpose must be clearly identified as a trust account for the employee stock option plan or employee</p>	<p>A bank commented: A new para has been added in OFS 2.6.7 that listed companies should move their employee stock option plan to a Bahrain domiciled Trust. We have already provided our comments on the same to CBB through our letter dated 5th October in response to CBB consultation paper on the same topic. To summarize our response, we are of the opinion that setting up a Bahrain domiciled Trust would increase the administrative costs without</p>	SP-12	<p>This proposed amendment was undertaken to ring-fence the interests of employees an employee share benefit/option plans from being commingled with the company's assets. A trust arrangement would adequately mitigate the potential risk of having liens being inappropriately placed on employees' shares in the event of a claim by third parties is placed on the company's own assets. The primary focus of this new rule is on plans that are currently not held under any trust arrangement e.g. SPC setups that is wholly owned by the company.</p>

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		<p><u>share benefit plan accordingly.</u> Where employees are eligible to trade in the securities of the issuer held on their behalf in an employee stock option plan, the directors, executive management and any other key persons must not be eligible to hold the position of trustee of such plan.</p>	<p>adding any enduring benefits and it is best left to banks to decide suitable vehicles which they wish to establish for the purpose of administering the share schemes. The bank has already set up a Jersey Trust structure since 2004 which provides adequate protection to employees and the assets are also ring-fenced.</p>		<p>The establishment of a trust and the appointment of the trustee and/or trust service provider shall now be subject to the CBB's prior approval. This provision will be updated accordingly.</p>
			<p>A bank commented: Banks should not be restricted to having establish a trust in accordance with the Financial Trust Law, as offshore trusts would serve the same purpose and may offer other significant advantages. It would be extremely difficult, time consuming and costly to migrate existing ESPP schemes with off shore trusts to onshore trusts. We also request CBB to take into consideration A bank's response dated 9 October 2016 (Copy attached), on a similar proposed amendment in the HC module of CBB rulebook Volume 1.</p>	SP-13	<p>Please see comments in SP-12 above.</p>
			<p>A listed company commented: With reference to the above subject, we hereby suggest that Company's securities held on behalf of employees under</p>	SP-14	<p>The comments suggested does not adequately address the risks arising from the usage of a non-trust arrangement and is not much different from the present</p>

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			<p>Employee Stock Option Plan or Employee Share Benefit Plan, must be held by a separate Company or the officials who are authorized by the Company and not by a trustee established in accordance with the Financial Trusts Law No. (23) Of 2006. If the holding of shares by a trustee becomes mandatory, then only directors, members of the executive management and other key persons of the Company should only act as trustee(s) to safeguard the best interests of the shareholders and the employees. If shares worth millions of dinars are held by a trustee who is unrelated to the company or not a key employee, then there is a huge risk of losing employee benefits. We suggest maintaining status quo with regards to the share held under Employee Stock option Plan or Employee Share Benefit Plan.</p>		<p>practice in which the CBB is seeking to address.</p> <p>The establishment of a trust and the appointment of the trustee and/or trust service provider for this purpose shall be subject to the prior approval of the CBB.</p>
			<p>A bank commented: with respect to the changes proposed to Rule OFS-2.6.7 (wherein it is proposed that the securities held on behalf of the employees under an employee stock option plan or employee share benefit plan, must be held in trust by a trustee), we had earlier provided our detailed feedback relating to introduction of two new clauses to the HC Module (i.e.</p>	<p>SP-15</p>	<p>Please see comments in SP-12 above.</p>

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			5.4.33A and 5.4.33B), which are relevant in the current context as well. Hence, we attach herewith the Bank's comments submitted earlier, for the consideration of the CBB. As stated in the attached letter, we believe that the new requirement proposed should not form part of the prescribed rules and it should be left to the banks to decide suitable vehicles which they wish to establish for the purpose of administering the employee share schemes.		
			<p><u>A bank commented:</u> We kindly seek further clarification in regards to the amendments under OFS-2.6.7 in that the reference to securities account required to be opened is for employees of the listed companies only and not in relation to employees in the bank who may otherwise, hold shares of such listed companies as is the norm today.</p>	SP-16	<p>The securities account to be opened and maintained at the central securities depository is the one used to hold the listed company's shares held on behalf of its employees under an employee stock option or employee share benefit plan.</p> <p>It does not refer to the securities accounts of individuals that are used to hold their shares of listed companies arising from their personal investment activities.</p>
			<p><u>A bank commented:</u> The Bank believes that the proposed rule requires further clarification in terms of what is applicable on listed banks and unlisted banks. Furthermore, the following needs to be explained in more details;</p>	SP-17	<p>The proposed amendment to OFS-2.6.7 is applicable to listed companies' (incl. listed bank's) shares held on behalf of their employees under an employee stock option or share benefit plan. This will include shares held for group employees under a group employee share option/share benefit plan.</p>

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			<p>What if a subsidiary is not listed, however the parent is listed; and We believe that a SPV is required if a bank is involved in an Employee Share Option Plan (ESOP), however, we believe that establishing a SPV for simply holding the shares during a vesting period does not provide any further control. It is worth noting that the entire process of ESOP or approved person remuneration is subject to an annual review by the external auditor. This rule should also be cross-referenced with HC-5.4.33A</p>		
			<p>A bank commented: The awards of shares or share-linked instruments are covered by the Employee Shadow (Phantom) Share Scheme (ESS). The allocation under the said scheme represents Shadow Shares and are not actual equity of the Bank that can be traded.</p>	SP-18	<p>The amendment in OFS-2.6.7 is primarily aimed at employee stock plans where companies are holding shares on behalf, and in the benefit, of the employees and does not cover plans that do not involve the acquisition and holding of shares for the benefit of the employees. The company shall take all actions necessary and wherever possible to ensure that the rights and benefits of its employees are duly safeguarded and ring-fenced from unauthorised claims at all times.</p>

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Rule/ Guidance	Existing Provisions	Amended Provisions	Comments	Ref.	CBB's Response
OFS-3.1.2	<p><i>Definition of Advisors</i> For the purpose of this Module, in addition to any other designation by the CBB, a Capital Market Advisory Services Provider may be classified as follows:</p> <ul style="list-style-type: none"> (a) Auditors/Financial Advisors; (b) Custodian; (c) Independent Reporting Accountant; (d) Independent Valuer; (e) Issue Agent; (f) Lead Manager; (g) Legal Advisor; (h) Paying Agent; (i) Receiving Bank; (j) Securities Depositor and ownership transfer agent; (k) Trustee; (l) Shari'a Advisor; (m) Promoter; (n) Listing Agent; (o) Underwriter; or (p) Any other person designated as a Capital Market Advisory Service Provider by the CBB from time to time. 	<p><i>Definition of Advisors</i> For the purpose of this Module, in addition to any other designation by the CBB, a Capital Market Advisory Services Provider may be classified as follows:</p> <ul style="list-style-type: none"> (a) Auditors/Financial Advisors; (b) Financial Advisors; (c) Custodian; (d) Independent Reporting Accountant; (e) Independent Valuer; (f) Issue Agent; (g) Lead Manager; (h) Legal Advisor; (i) Paying Agent; (j) Receiving Bank; (k) Securities Depositor and ownership transfer agent; (l) Trustee; (m) Shari'a Advisor; (n) Promoter; (o) Listing Agent; (p) Underwriter; or (q) Any other person designated as a Capital Market Advisory Service Provider by the CBB from time to time. 	<p>A bank commented: In OFS-3.1.2 , in (l) Shari'ah advisor , as one of the capital market advisory service provider , but there is no item relating to which shares and securities will advise on Suggest to add Shari'ah compliant and Shari'ah parameter for OFS and capital market securities , like the central bank of Malaysia – BNM</p>	SP-19	Suggestion duly noted for future consideration.

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	<i>(Note: Financial Advisors may not necessarily be Auditors, hence the amendment is made to avoid any misinterpretation that they are inter-changeable)</i>				
OFS-3.2.4	<p>Ability to Provide the Service</p> <p>OFS-3.2.4 In addition to incorporation and licensing, the CBB will review the ability of the advisor to provide the service. The CBB will consider the following in such determination:</p> <p>(a) Historical records and prior performance;</p> <p>(b) Maintenance of systems and controls set-up by the advisor; and</p>	<p>Ability to Provide the Service</p> <p>OFS-3.2.4 In addition to incorporation and licensing, the CBB will review the ability of the advisor to provide the service. The CBB will consider the following in such determination:</p> <p>(a) Historical records and prior performance;</p> <p>(b) Maintenance of systems and controls set-up by the advisor; and</p>	<p>A bank commented: In para OFS 3.2.4, a new line has been added which mentions that "advisors' fees and charges should be fixed reasonably in order to ensure that the costs associated with raising capital or initial public offerings are competitive". We would like to request clarity on whether this can result in CBB instructing the bank/advisor to change the fee structure if it feels that the fees are unreasonable. In our opinion, since fees and charges are based on many factors like nature of service, size of the issue, relationship with the client and also competitive factors, fees related issues are best left to banks and market forces to determine.</p>	SP-20	<p>The determination of fees will remain to be decided by market forces. This proposed addition therefore is not intended to dictate fees charged by service providers but is more of a reminder to encourage the setting of competitive fees to promote capital raising activities in the Kingdom.</p>

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	<p>(c) Number of suitably experienced and qualified employees.</p>	<p>(c) Number of suitably experienced and qualified employees. Moreover, advisors' fees and charges should be fixed reasonably in order to ensure that the costs associated with raising capital or initial public offerings are competitive.</p>	<p>A bank commented: With reference to the addition to OFS-3.2.4, we propose a clarification to be added that this is pertaining to public offerings only.</p>	<p>SP-21</p>	<p>It actually relates to costs associated with raising capital or initial public offerings.</p>
			<p>A bank commented: Paragraph OFS-3.2.4: the addition of the following sentence "Moreover, advisors' fees and charges should be fixed reasonably in order to ensure that the costs associated with raising capital or initial public offerings are competitive" is a bit confusing and may lead to unseen interpretation/challenges. To clarify in this regard, whether the CBB's approval is required for the advisors' fees, otherwise, to define/specify the consequences for not charging reasonable fees or competitive costs.</p>	<p>SP-22</p>	<p>Please see comments in SP-20 above.</p>

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			<p>A bank commented: Fees are market-driven and the definition of "reasonable" can be very arbitrary. As long as RfPs have been sent out a competitive process used, the fees will be driven by market forces. As such, it is not practical to fix the fees or to put restrictions on how much an issuer has to pay to obtain the best possible services for its stakeholders. Fees, however, may and should be disclosed in the prospectus.</p>	SP-23	Agreed. Please also refer to comments in SP-20 above.
OFS-3.6.8	The underwriter must comply with the CBB Law, rules and regulations and the issuer's Memorandum and Articles of Association, particularly in respect of the eligibility of the expected subscribers to acquire the issuer's securities and related disclosure requirements.	The underwriter must comply with the CBB Law, rules and regulations, including Volume 6 of the CBB Rulebook, and the issuer's Memorandum and Articles of Association, particularly in respect of the eligibility of the expected subscribers to acquire the issuer's securities and related disclosure requirements.			N/A.

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OFS-3.6.20	New Rule	<p>For purposes of Paragraph OFS-3.6.17 and item 25.1(b) under Section 17 of Appendix OFS-1, relating to the pricing of securities and bases or methods for determining the issue or offer price and for prospectus disclosure purposes, the bases used for determining the pricing of securities must be elaborated on and general statements must be avoided.</p>	<p>A bank commented: Factors mentioned are applicable only for equity securities, not debt securities. Accordingly, this section should be made applicable for only equity securities.</p>	SP-24	<p>By virtue of its addition to Appendix OFS-1 only, it is applicable to equity securities. Appendix OFS-3 prescribes the contents for debt securities prospectuses.</p>
OFS-3.6.21	New Guidance	<p>For purposes of Paragraph OFS-3.6.20, factors that are commonly cited in pricing determination which should be elaborated may include, but are not limited to, prevailing market performance and condition (e.g. price earnings ratio, dividend yield, etc.), financial and operating performance (e.g. earnings per share, etc.), consolidated net tangible assets per share and/or net assets per share (or liabilities as to the case may be), earnings potential, assessment of management, market valuation of companies in related businesses, intellectual property and technology, etc. Where</p>	<p>A bank commented: Paragraph OFS-3.6.20: suggested language is a bit confusing. Should be redrafted to read: For purposes of Paragraph OFS-3.6.17 and item 25.1(b) under Section 17 of Appendix OFS-1, dealing with the offering price of the securities or the method for determining the price and the amount of any expenses, an underwriter should avoid making general statements in the prospectus of offering documents with respect to determining the offering price of the securities and is required to elaborate on the methods used for determining the offering price of the securities.</p>	SP-25	<p>As stipulated under Section OFS-5.1 on Prospectus Requirements, it is the responsibility of the issuer and the lead manager to ensure that a prospectus contains all material information to enable investors to make an informed decision. The suggested redraft that has been proposed by a member of the industry here inadvertently shifts the responsibility to the underwriter alone. This will not be in line with the CBB's policy intent and is not acceptable to the CBB.</p>
			<p>A bank commented: We do not believe that the underwriter should be obligated to make such disclosures in the offering documents. Underwriter(s) will determine the price based on a number of internal criteria such as their risk-return appetite,</p>	SP-26	<p>The responsibility for disclosures lie with the issuer and lead manager in order for investors to make informed investment decisions. In addition to elaborations on the non-numerical outline of the process employed i.e. the mechanics of a discounted cash flow and earnings multiple valuation; disclosing actual numerical analyses based</p>

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		appropriate, cross-references should be made to the relevant and specific sections of the prospectus.	discounted cash flow valuations and proprietary information of a technical nature. Underwriters commit their balance sheet to the deal, and would not want to open themselves up to questions or queries from the general public regarding their valuation methodologies, especially where such queries could lead to legal issues. Further to the comment above, we do not agree that factors that go into determining price should be referred to in any detail. Price/Earnings ratio, dividends yield, financial and operating performance and earnings potential may be disclosed as matters of facts. But their linkage to offer pricing would open up underwriter(s) to legal repercussions.		on specific quantitative considerations e.g. specific PE ratio, net tangible assets at particular dates, etc.), and other such comparisons would be significantly helpful in assisting investors understand the IPO pricing methodology. This proposed amendment seeks to introduce more comparative (especially numerical) details, in addition to the above non-numerical elaborations, for the investor to make a more informed decision.
OFS-5.1.2	Issuers of securities engaged in specialised industries (i.e. banking, insurance, mining, and oil and gas companies) may be required to provide additional information as directed by the CBB.	Issuers of securities, depending on the industry that the issuer is involved in engaged in specialised industries (i.e. e.g. banking, insurance, mining, telecommunications and oil and gas companies as well as any other specialised industries), may be required to provide additional information as directed by the CBB.	A bank commented: Issuer is obligated to provide any information request by CBB. However, it must be clarified that such information need not be disclosed in the offering documents or made available for public inception if disclosing so breaches any confidentiality clauses around such information or where the information is of a nature which may benefit the	SP-27	Noted. The CBB, as a practice, takes such concerns into consideration and evaluates the impact of such disclosures on a case-by-case basis.

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			issuer's competitors and/or harm the issuer if disclosed.		
			A licensed exchange commented: Use term "sector" instead of "industry".	SP-28	Noted. Usage of "Industry" will be retained.
OFS-7.1.8	New Rule	The issuer, lead manager and/or any other appointed advisor must ensure that the requisite listing agreement is signed within a maximum of 10 calendar days from the closing date of the offering period, and that the date for commencement of trading on a licensed exchange is within a maximum of 15 calendar days from the closing date of the offering period.	A fund administrator commented: Does the issuer / lead manager need to simultaneously notify CBB when the listing agreement is signed with exchange? This must be clarified. OFS-7.1.9 says that the CBB will determine the final date of listing. While more comments on timelines are detailed below in respect of specific clauses, we would want to understand why every other time line has been reduced while the listing timeline has been kept at 15 days from the date of closing. Most of the voluminous work happens up to the point of refund for which only 7 days are available and very little time between refunds and listing for which 8 days are available.	SP-29	It is the responsibility of the issuer, lead manager and/or appointed advisors to ensure it is signed within the timeline. Notification should be made by the lead manager and is normally done immediately upon signing. For clarity, a paragraph will be added to require the lead manager to immediately notify the CBB confirming the signing of the listing agreement and inform the CBB of the date for the commencement of trading. The shortening of the timelines are intended to expedite the time-to-market cycle of IPOs to enhance the efficiency of capital raising in Bahrain. In addition, it also serves to ensure that funds belonging to the unsuccessful IPO subscribers are duly and expeditiously returned to them immediately and are not retained longer than necessary.

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			<p>A bank commented: Is the issuer / lead manager required to notify CBB when the listing agreement is signed with exchange? This must be clarified. OFS -7.1.9 say the CBB will determine the final date of listing which is conflicting with OFS-7.1.8 which requires the issuer / lead manager to ensure listing within 15 calendar days. In general, our key concern is around shortening of timeframe for various tasks outlined in Table 17.3 while the listing timeline has been kept at 15 days from the date of closing. Based on our experience on previous IPO's in Bahrain, work carried out from the offer close up to allotment and refunds is the most cumbersome for which only 7 calendar days are available. Moreover, there is a very short period of time between refunds and listing (i.e., 8 calendar days).</p>	<p>SP-30</p>	<p>Noted. For the avoidance of doubt, a paragraph will be added to require the lead manager to immediately notify the CBB confirming the signing of the listing agreement and inform the CBB of the date for the commencement of trading.</p> <p>There is actually no conflict as even though the issuer / lead manager is given a maximum timeline to list and commence trading, the CBB still rightly reserves the right to determine otherwise.</p> <p>In order to promote listings in Bahrain, it is essential that this time-to-market cycle is significantly reduced in line with international standards. Refunds to unsuccessful subscribers must be done expeditiously in any case. The period of time between refunds and listing is unrelated and is inconsequential.</p>
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OFS-7.1.9	New Guidance	As the listing authority under Article 86 of the CBB Law, the CBB shall retain the right to determine and decide on the final date of listing and/or date of commencement of trading of securities on a licensed exchange.	<p>A bank commented: The number of days for signing the listing agreement and for the commencement of trading should be based on business days, rather than calendar days as proposed. This will provide sufficient time to fulfill regulatory requirements in case of a dual listing (i.e. along with listing on any international exchanges).</p>	SP-31	Noted. The prescription of shortened timelines are intended to expedite the time-to-market cycle of IPOs to enhance the efficiency of capital raising in Bahrain. In the event of a dual listing, the CBB will evaluate the timelines on a case-to-case basis.
			<p>A bank commented: Paragraph OFS-7.1.9: should read: in accordance with Article 86 of the CBB Law, the CBB shall retain the right to determine and decide on the final date of listing and/or date of commencement of trading of securities on a licensed exchange.</p>	SP-32	Noted. The existing draft will be retained.
			<p>A listed company commented: Clarification on [OFS-7.1.9 contradicts OFS-7.1.8].</p>	SP-33	No conflict arises. Even though the issuer / lead manager is given a maximum timeline to list and commence trading, the CBB reserves the right to determine otherwise.

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			<p><u>A licensed exchange commented:</u> According to the past issuance (IPO's), we believe that the proposed timeline in (17.3) is congested for all parties involved especially if regional receiving banks are involved in the process. Therefore we recommend the following: 1. Use the term business days instead of calendar days; or 2. Reconsider the number of days proposed in the timeline.</p>	SP-34	Noted. The prescription of shortened timelines are intended to expedite the time-to-market cycle of IPOs to enhance the efficiency and attractiveness of capital raising in the Kingdom of Bahrain.
OFS-7.4.2	<p>The issuer, lead manager or other principal advisor must publish the results of the subscription of a public offer in at least two local newspapers, one in Arabic and the other in English, stating all facts related to the outcome of the subscription in at least a 26 cm x 31.5 cm format. The announcement must be published within a maximum period of two business days from the closing date of the offering period and must include the final allotment basis. The declared allotment basis must not be subject to any change thereafter.</p>	<p>The issuer, lead manager or other principal advisor must publish the results of the subscription of a public offer in at least two local newspapers, one in Arabic and the other in English, stating all facts related to the outcome of the subscription in at least a 26 cm x 31.5 cm format. The announcement must be published within a maximum period of two business calendar days from the closing date of the offering period and must include the final allotment basis. The declared allotment basis must not be subject to any change thereafter.</p>	<p><u>A fund administrator commented:</u> Two calendar days is not practical in case there are weekends followed by holidays after offer closing date. While we can adjust the closing time to suit this requirement, it would become mighty difficult in IPOs which have exceptionally large retail participation (a desirable feature) and those where there are receiving banks appointed outside of the country. The earlier requirement of 2 business days provided some breathing space as we can time the closing in such a way that we can receive information/applications from banks outside of the country over the weekend and work thru the weekend to arrive at a reasonably correct retail participation. This</p>	SP-35	As evidenced by the recent offering of capital securities, this was not impractical and was actually achieved with careful planning, coordination and timing of the offering timeline.

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			flexibility is completely taken away.		
			An insurance firm commented: we would suggest to revisit the deadline date and subsequent dates.	SP-36	Please refer to comment in SP-35 above.
			A bank commented: This process involves coordination with external agencies and there may be instances of overlaps due to weekends and national holidays. Hence, we recommend that status quo be maintained with the requirements to announce the results within 2 Business days.	SP-37	Please refer to comment in SP-35 above.
			A bank commented: It is not practical to carry out this task in 2 calendar days particularly when these calendar days fall on weekends or holidays after offer closing date. While we can adjust the closing time to suit this requirement, it would become fairly difficult for offerings with exceptionally large retail participation and those where there are receiving banks appointed in other jurisdictions in addition to Bahrain. The earlier requirement of 2 business days provides sufficient time to coordinate with the receiving bank and issue coordinator	SP-38	Please refer to comment in SP-35 above.

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			especially when these 2 business days are followed by a weekend.		
OFS-7.4.3	The issuer must allot or allocate securities within 7 calendar days of the closing date of the offer in accordance with the allotment basis stipulated in the offering document or otherwise approved by the CBB upon the subscription results and publication referred to in Paragraph OFS-7.4.2.	The issuer must allot or allocate securities within 7 4 calendar days of the closing date of the offer in accordance with the allotment basis stipulated in the offering document or otherwise approved by the CBB upon the subscription results and publication referred to in Paragraph OFS-7.4.2.	A fund administrator commented: As per previous rule of OFS-7.4.3, 7 calendar days, if it is now intended to be completed in 4 calendar days, it is not practical as the allotment agent receives final batch of applications only after T +1 day. In case the issuer has opened the applications acceptance in other GCC countries, then the allotment agent will receive after T +2 or T +3. ("T" is offer closing date).	SP-39	This is a continuation step from OFS-7.4.2 of which is achievable with the careful planning, coordination and timing of the offering timeline. However, although the CBB feels that the 4 calendar days is adequate for this purpose, but in view of the feedback comments, the allotment deadline will be extended to within 6 calendar days from within 4 calendar days instead.
			A bank commented: There may be instances of overlaps due to weekends and national holidays. Hence, we recommend that the requirements to allot or allocate securities is set at 4 Business days, instead of calendar days.	SP-40	Refer to comment in SP-39 above.
			A bank commented: Previously the time for allotment was 7 calendar days. It is not practical to conclude the allotment within 4 calendar days since the issue coordinator receives the final batch of applications only after T +1 day ("T" being the closing date). In case the issuer has appointed receiving banks in other GCC jurisdictions, the	SP-41	Refer to comment in SP-39 above.

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			allotment agent will receives the applications after T +2 or T +3. ("T" is offer closing date).		
OFS-7.4.6	If a public offering of equity securities has not been fully subscribed and the offer is underwritten, the underwriter must purchase the unsubscribed shares and after obtaining the CBB approval, may then re-offer or resell the unsubscribed shares.	If a public offering of equity securities has not been fully subscribed and the offer is underwritten, the underwriter must purchase the unsubscribed shares and after obtaining the CBB approval, may then re-offer or resell the unsubscribed shares. For the avoidance of doubt, any unsubscribed shares that might be re-offered or re-sold to a related company of the underwriter such as the company that controls it, its subsidiary, a subsidiary of the company that controls it and a company affiliated with it, shall be subject to the same underwriting commitment of the underwriter.	A bank commented: Paragraph OFS-7.4.6: should read: For the avoidance of doubt, any unsubscribed shares that might be re-offered or re-sold to a related company of the underwriter, including, without limitation the company that controls the underwriter (which would mean in relation to a person (a) holding or controlling, directly or indirectly a fifty percent (50%) or more of the voting rights exercisable at shareholder meetings (or the equivalent); (b) having, directly or indirectly, the right to appoint, or remove directors holding a majority of the voting rights exercisable at meetings of the board of directors (or the equivalent); or (c) having directly or indirectly the ability to exercise decisive influence over the management and policies of that person, whether through the ownership of shares, by contract or otherwise), its subsidiary, a subsidiary of the company that controls it and a company affiliated with it, shall be subject	SP-42	The term "control" is provided in the Glossary of Volume 6 of the CBB Rulebook. "Control:- Unless the context otherwise requires, control shall be deemed to mean a holding, or aggregate holdings, of 30% or more of the voting rights of a company, irrespective of whether that holding or holdings gives de facto control."

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			to the same underwriting commitment of the underwriter.		
			<p>A bank commented: As per the obligations of the underwriter outlined in the OFS Module, the underwriter is obligated to purchase unsubscribed shares and is allowed to re-offer / sell these share in the market after obtaining CBB's approval. It must be clarified that after the initial term e.g. 3 months from the listing date, the underwriter is by default allowed to re-offer / sell unsubscribed shares in the market without any restrictions or hindrances except the ones dictated by law. Keeping an underwriter from selling unsubscribed shares for longer durations is not a standard industry practice and it also deters from underwriters to participate in offerings.</p>	SP-43	<p>The underwriter plays a critical role in ensuring the success of an IPO whilst not losing sight of the stability of share price post-IPO. For this purpose, and as provided in OFS-2.3.9, a lead manager and/or underwriter is required to establish a price stabilisation mechanism for the securities for a period of at least six months starting from the first day of trading on a licensed exchange. Therefore, the underwriter should ensure that it does not take, or be seen to be taking, any actions that may have the impact of undermining the proper functioning of the price stabilization mechanism.</p> <p>The CBB is mandated to ensure that the capital market's integrity and stability are maintained and that the price stabilisation mechanism is allowed to operate as intended.</p>

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OFS-7.4.15	The CBB may allow the extension of the allotment period of 7 calendar days to exercise the over-allotment option upon the request of the issuer, lead manager or any other appointed advisor on application, which contains the reasons and justifications for such extension.	The CBB may allow the extension of the allotment period of 7 4 calendar days to exercise the over-allotment option upon the request of the issuer, lead manager or any other appointed advisor on application, which contains the reasons and justifications for such extension.	A bank commented: We recommend that the requirement should be set as 4 business days (not calendar days) to account for any weekend/national holidays.	SP-44	Refer to comment in SP-39 above. With the revision to OFS-7.4.3 by changing the allotment period from within 4 to 6 days, OFS-7.4.15 will also be revised to 6 calendar days accordingly.
OFS-7.4.17	New Rule	Trading of Underwritten Shares Subscribed by the Underwriter Where the underwriter has subscribed for, or purchased shares under an underwriting or sub-underwriting agreement following the under-subscription of the offering of securities, any intention to sell those shares in the ordinary course of trading on a licensed exchange shall, in the interest of maintaining market integrity, not be sold against any price stabilisation fund or the designated market maker as the buying counterparty.	A bank commented: Normal Transactions on the stock exchange should be allowed as the seller cannot know whether the buyer on the other side is a market maker or the price stabilization fund. A bank commented: With respect to Rule OFS-7.4.17, the identity of a transaction's counterparties cannot be identified prior to execution on a licensed exchange, unless the buying counterparty as the designated market maker is known to the underwriter. Accordingly, we propose the additions/changes as highlighted. OFS-7.4.17: Where the underwriter has subscribed for, or purchased shares under an underwriting or sub-underwriting agreement following the under-	SP-45 SP-46	In its capacity as the underwriter and in mitigating the risk of jeopardising the price stability of the shares that it had promoted, the underwriter should not sell its shares on the regular market where it has reason to believe that the buying counterparty is the designated market maker undertaking price stability efforts. Refer to comment in SP-45 above.

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			<p>subscription of the offering of securities, any intention to sell those shares in the ordinary course of trading on a licensed exchange shall, in the interest of maintaining market integrity, not be sold using any price stabilisation fund or against the designated market maker of the issuer, if it is known, as the buying counterparty.</p>		
			<p>A bank commented: A mechanism must be defined in the OFS to allow underwriter to coordinate with the designated market maker or price stabilization fund to ensure that the underwriter is not restricted unnecessarily to dispose of the unsubscribed shares in the ordinary course of trading.</p>	SP-47	<p>Share transactions based on a pre-determined price and date and in a pre-arranged coordination with the market maker may be permitted on the BHB's Special Orders Market subject to compliance with the BHB's Rules and Procedures. However, such transactions are prohibited on the Regular Market as they would not be in line with the rules and proper functioning of the BHB Regular Market and in keeping with a fair and orderly market.</p>
			<p>A licensed exchange commented: Systems and controls, such as anonymity of counterparties, are in place to maintain market integrity. However, it is recommended that sell transactions referred to in the above article be left to the market without the above the restrictions.</p>	SP-48	<p>Refer to comment in SP-45 above. The underwriter has the option of utilizing the BHB's Special Orders Market, subject to compliance with the BHB's Rules and Procedures, if it plans to resell its undersubscribed shares.</p>

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			<p>A bank commented: Where the underwriter has subscribed for, or purchased debt securities under an underwriting or sub-underwriting agreement following the under-subscription of the offering of securities, any intention to sell those debt securities in the ordinary course of market trading on a licensed exchange or over the counter shall, in the interest of maintaining market integrity, not be sold against any price stabilization fund or the designated market maker as the buying counterparty.</p>	SP-49	<p>The CBB concurs with this proposal to amend OFS to extend this requirement to public issuance of debt securities that are underwritten and traded on the licensed exchange as suggested. This rule will be revised accordingly.</p>
OFS-7.5.1	<p>The issuer, lead manager or any other appointed advisor must refund the excess subscription money and dispatch securities within a maximum of 7 calendar days of the date of allotment.</p>	<p>The issuer, lead manager or any other appointed advisor must refund the excess subscription money and dispatch securities within a maximum of 7 calendar days from the closing date of the offering period of the date of allotment.</p>	<p>A fund administrator commented: Earlier it was 7 calendar days from the allotment day. The change is not practical because processing & payment of refund is receiving banks' responsibility and they must be ready to refund in 2 calendar days after allotment file is given to them. Please refer to the comment under OFS-7.4.3 above. We can at best reduce it to <u>5</u> calendar days from the allotment day.</p>	SP-50	<p>Monies belonging to unsuccessful IPO subscribers should be refunded as soon as possible without any delay. In order to enhance the attractiveness of capital raising in the Kingdom of Bahrain and subscriptions to IPOs, parties in an issue must put in place more efficient measures accordingly. However, although the CBB feels that the 7 calendar days is adequate for this purpose, but in view of the feedback comments, the deadline will be extended to within a maximum of 9 calendar days.</p> <p>In addition, to address the practice of dematerialised securities and provide clarity on the dispatch of allotment notices, "securities" will accordingly be substituted with "allotment notices" in this rule.</p>

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			<p>A bank commented: We recommend that the requirement should be set as 7 business days (not calendar days) to provide sufficient time to complete the process.</p>	SP-51	See comment in SP-50
			<p>A bank commented: Earlier it was 7 calendar days from the allotment day. The amendment is impractical since the refunds are carried out by the receiving banks and as per the amended timeframe, they must refund in 2 calendar days after allotment file is given to them.</p>	SP-52	See comment in SP-50
			<p>A bank commented: The issuer, lead manager or any other appointed advisor must refund the excess subscription money and dispatch securities within a <u>maximum of 5 business days of the date of allotment</u> from the closing date of the offering period. (note: in some extended official holidays, it is difficult to execute payments in a short time as 7 calendar days might be 2 business days only in Eid holiday + weekend case)</p>	SP-53	See comment in SP-50. The issuer and lead manager should at all times carefully plan, coordinate and time the offering timeline that best facilitates the offering process.
OFS-7.5.10	The issuer must dispatch certificates within 7 calendar days of the date of allotment. A record of such dispatch must	The issuer must dispatch certificates within 7 calendar days <u>from the closing date of the offering period of the date of allotment</u> . A record of such	<p>A fund administrator commented: This may not be relevant now as shares are being allotted only in electronic form. If it refers to the dispatch of</p>	SP-54	Noted. OFS will be amended to delete this Paragraph accordingly.

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	be maintained for future reference.	dispatch must be maintained for future reference.	allotment notice then we should align it to refund date as is the case now. There is no mention of allotment notices in the consultation paper.		
			A bank commented: Our second comment pertains to OFS 7.5.10. With the introduction of the dematerialized securities on the Bahrain Bourse, the concept of dispatching physical share certificates is non-existent. We hence recommend that the rulebook should mention the process followed by the Bahrain Bourse with respect to the allotment of Folio/Investment numbers and the distinctive number of the electronic shares.	SP-55	Noted. OFS will be amended to delete this Paragraph accordingly.
			A bank commented: We recommend that the requirements should be set as 7 business days (not calendar days) to provide sufficient time to complete the process.	SP-56	As highlighted by other comments, OFS will be amended to delete this Paragraph accordingly.
			A bank commented: Earlier, the requirement to dispatch the share certificates within 7 calendar days from allotment day. Please note that there are no certificates issued any more since shares are dematerialized and are in electronic format now. Hence this rule is not applicable. With	SP-57	Noted. OFS will be amended to delete this Paragraph accordingly.

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			<p>regards to the allotment notices, the dispatch date should coincide with the refund date. There is no mention of allotment notices in the consultation paper.</p>		
			<p>A licensed exchange commented: It is highly recommended to amend article OFS-7.5.9 and OFS-7.5.10 to be in line with CBB's Rulebook - Volume 6 article CSD 2.7.5. <i>"No issuer shall after the dematerialization date issue any certificate in respect of a dematerialized security"</i>. Since all listed companies complied with BHB's Resolution No.(5) of 2015 with respect to the "Amendments of Listing Rules".</p>	<p>SP-58</p>	<p>Noted. OFS will be amended to delete this Paragraph accordingly.</p>

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		<p>Allotment Date (within 4 calendar days from the Subscription Closing Date)</p>	<p>dd/mm/yyyy</p>	<p>within the dates suggested may be extremely difficult in the event of a high IPO subscription rate, or an IPO that involves regional receiving banks from outside Bahrain.</p>		<p>Noted. Table will be revised accordingly.</p>
<p>Distribution of Refunds Date (within a maximum 7 calendar days from the Subscription Closing Date)</p>	<p>dd/mm/yyyy</p>	<p>A bank commented: As a general comment, we noted that the Appendix used “Subscription Closing Date” rather than “the Closing Date of the Offering Period” as used in the OFS module. In order to be consistent with the language used under the OFS module, consideration would be given to replacing “Subscription Closing Date” with “the Closing Date of the Offering Period”.</p>	<p>SP-61</p>			
<p>Signing of Listing Agreement with licensed exchange (within a maximum 10 calendar days from the Subscription Closing Date)</p>	<p>dd/mm/yyyy</p>	<p>The above Offering Timetable shall not be amended without the CBB’s prior approval.”</p>	<p>An insurance firm commented: we would suggest to revisit the deadline date and subsequent dates. 2 calendar days might not be enough to announce the subscription results.</p>	<p>SP-62</p>	<p>See comment in SP-59.</p>	
<p>Commencement of Trading on licensed exchange (within a maximum 15 calendar days from the Subscription Closing Date)</p>	<p>dd/mm/yyyy</p>	<p>A bank commented: We recommend that the requirements should be set as at least 2 business days (not calendar days) to provide sufficient time to complete the process.</p>	<p>SP-63</p>	<p>See comment in SP-59.</p>		
		<p>An insurance firm commented: we would suggest to revisit the</p>	<p>SP-64</p>	<p>See comment in SP-59.</p>		

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			deadline date and subsequent dates. It follows the previous point.		
			A bank commented: There may be instances of overlaps due to weekends and national holidays. Hence, we recommend that the requirements to allot or allocate securities is set at 4 Business days, instead of 4 calendar days.	SP-65	The issuer and lead manager should at all times carefully plan, coordinate and time the offering timeline that best facilitates the offering process. Please also see comment in SP-39.
			A bank commented: This implies that after receiving the applications which can take 2 calendar days if there are receiving bank outside of Bahrain as well, the issue coordinator has only 1 night to process all applications. In our experience, this is practically impossible. Even if the receiving banks are in Bahrain along, capturing full data from applications in one and half days is not possible particularly if there is a large retail participation. Moreover, the receiving banks cannot reconcile all applications with the collection account balances in such a short time. It also is in contradiction to amendments in OFS-7.4.3 where allotment is to be done within 4 calendar days. If the allotment happens on the 4th calendar day,	SP-66	See comment in SP-59.

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			CBB can only approve it on the 4th calendar day.		
			A bank commented: We recommend that the requirement should be set as 7 business days (not calendar days) to provide sufficient time to complete the process.	SP-67	See comment in SP-39, SP-50 and SP-60.
			A bank commented: The number of days for signing the listing agreement and for the commencement of trading should be based on business days, rather than calendar days as proposed. This will provide sufficient time to fulfill regulatory requirements in case of a dual listing (i.e. along with listing on any international exchanges)	SP-68	See comment in SP-65 on business days.
			A bank commented: The number of days for commencement of trading should be based on business days, rather than calendar days as proposed. This will provide sufficient time to fulfill regulatory requirements in case of a dual listing (i.e. along with listing on any international exchanges).	SP-69	See comment in SP-65.

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1. Attaching Specimen Forms mandated by Resolution No. (54) of 2015 as General Appendices in Part B of CBB Volume 6 Rulebook				
Part B CBB Volume 6 Rulebo ok (on CBB's Website)	New Specimen Forms <i>(Note: These new additions are a result of Resolution No. (54) of 2015 on Announcements by Listed Companies using standard specimen templates introduced by CBB.)</i>	Part B CBB Reporting Forms Specimen (1.A): Announcement of Annual Distribution F.Y. 20xx Specimen (1.B): Announcement of Annual Distribution F.Y. 20xx Specimen (2): Announcement of Interim Financial Results For 1st Quarter 20xx Specimen (3): Announcement of Interim Financial Results For 2nd Quarter 20xx Specimen (4): Announcement of Interim Financial Results For 3rd Quarter 20xx		N/A.