

LP/34/2022  
30<sup>th</sup> November 2022

**Chief Executive Officer/General Manager**  
All Issuers  
Manama – Kingdom of Bahrain

**Dear Sir/Madam,**

**Issuers' Violations**

In pursuit of BHB's on-going objective to enhance the Capital Markets regulatory framework in the Kingdom of Bahrain and to maintain a transparent, fair and efficient market in line with BHB's commitment to ensure the investor protection.


Pursuant to the BHB Board of Directors and the Central Bank of Bahrain approvals, BHB herewith enclose the Issuers' Violations. Which set out the administrative fines that will come into effective implementation on 2<sup>nd</sup> January 2023 in the event where an Issuer failed to comply with the provisions of the BHB Listing Rules and any other applicable BHB rules.

Hence, All Issuers shall bear full responsibility to comply with the requirements of BHB's business rules at all times.

The Issuers' Violations will be available on BHB website ([www.bahrainbourse.com](http://www.bahrainbourse.com)) under the 'Regulations' section.

Should you have any further clarifications or inquiries in this respect, please do not hesitate to contact the Listing and Disclosure Directorate on "[ld@bahrainbourse.com](mailto:ld@bahrainbourse.com)".

**Yours sincerely,**

DocuSigned by:  
  
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**Khalifa Bin Ebrahim Al-Khalifa**  
Chief Executive Officer



# Issuers' Violations

November 2022

**Version Control**

<b>Version Number</b>	<b>Approved by</b>	<b>Meeting Number - Date</b>	<b>Resolution Number</b>	<b>Amended Pages</b>
Version 1.0	Board of Director	(4/2019) 8/10/2019	4/4/2019	-
Version 1.1	Board of Director	-	-	Rule References changed pursuant to the latest amendment of BHB Listing Rules

## 1. General

- 1.1 In accordance to rule no. 2.37 of Bahrain Bourse (“BHB”) Listing Rules, BHB may impose administrative fines on Issuers for any non-compliance with the Listing Rules and any other applicable BHB rules, regulations and Directives as it deems appropriate.
- 1.2 Without prejudice to any higher fine prescribed in any other laws, rules and regulations, BHB shall have the right to impose the fines stipulated in the schedule below on Issuers which are, or through their employees or representatives, in breach of their obligations under the Listing Rules.
- 1.3 BHB shall not be restricted to the violations stipulated in the below schedule and may vary the fines imposed taking into consideration:
- (a) the impact of the violation on the market;
  - (b) whether the violation constitutes bad faith; or
  - (c) the consequences resulting from the violation.
- 1.4 The fines imposed by BHB shall not be limited to the violations stipulated in the below schedule.
- 1.5 Any reoccurring violation falling on the next calendar year will be considered a First Violation.

## 2. Methodology for Imposing Monetary Fines

2.1 The monetary fines and/or sanctions imposed by Bahrain Bourse shall be subject to the risk assessment of the actions undertaken by the Issuer based on the impact and frequency of the violation taking into consideration the below factors:

- The risk to the shareholders and to the market
- Impact/benefit on the company's personal advantage
- The Issuers act in a bad faith
- Repetition of violation
- The monetary benefit to the Issuer

<b>Frequency Impact</b>	<b>First Fine</b>	<b>Second Fine</b>	<b>Third Fine or More</b>
Low	BHD 500	BHD 750	BHD 999
Medium	BHD 1,000	BHD 2,500	BHD 4,999
High	BHD 5,000	BHD 7,500	BHD 10,000

2.2 As it pertains to Rule 3.35, for the first three years, BHB shall impose a fine of BD 100,000 (i.e. without escalation) on issuers with secondary listing(s) that exceed 30% of its share capital in the secondary market(s). However, for this particular violation, escalation occurs after 3 years, where the matter will require examination by the Disciplinary Board of the BHB.

### 3. Fine Schedule

Violation Reference	Listing Rules Reference (If applicable)	Violation	First Violation Disciplinary Action	Second Violation Disciplinary Action	Third Violation Disciplinary Action
V01	LR-5.3	Refusal to clarify on disclosed material information or comment on news or rumors	Suspension until clarification or comment is received	<ul style="list-style-type: none"> <li>• Suspension until clarification or comment is received</li> <li>• Fine</li> </ul>	<ul style="list-style-type: none"> <li>• Suspension until clarification or comment is received</li> <li>• Fine</li> </ul>
V02	LR-5.3	Delay in providing Bahrain Bourse with material information for immediate disclosure	<ul style="list-style-type: none"> <li>• Suspension until the required information being provided</li> <li>• Non-Compliance letter</li> </ul>	<ul style="list-style-type: none"> <li>• Suspension until the required information being provided</li> <li>• Fine</li> </ul>	<ul style="list-style-type: none"> <li>• Suspension until the required information being provided</li> <li>• Fine</li> </ul>
V03	LR-5.6	Delay in providing or failing to submit quarterly financial announcements (Specimens) by the stipulated deadline.	<ul style="list-style-type: none"> <li>• Suspension until the Specimens are submitted</li> <li>• Non-Compliance letter</li> </ul>	<ul style="list-style-type: none"> <li>• Suspension until the Specimens are submitted</li> <li>• Fine</li> </ul>	<ul style="list-style-type: none"> <li>• Suspension until the Specimens are submitted</li> <li>• Fine</li> </ul>
V04	LR-5.6	Delay in or failing to submit annual financial announcements (Specimens) by the stipulated deadline	<ul style="list-style-type: none"> <li>• Suspension until the Specimens are submitted</li> <li>• Non-Compliance letter</li> </ul>	-	-
V05	LR-5.7 LR-5.8 LR-5.13	Delay in or failing to submit quarterly financial results by the stipulated deadline.	<ul style="list-style-type: none"> <li>• Suspension until financials are submitted</li> <li>• Fine</li> </ul>	<ul style="list-style-type: none"> <li>• Suspension until financials are submitted</li> <li>• Fine</li> </ul>	<ul style="list-style-type: none"> <li>• Suspension until financials are submitted</li> <li>• Fine</li> </ul>

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V06	<b>LR-5.7 LR-5.8 LR-5.13</b>	Delay in or failing to submit annual financial results by the stipulated deadline	<ul style="list-style-type: none"> <li>• Suspension until financials are submitted</li> <li>• Fine</li> </ul>	-	-
V07	<b>LR-5.5 (11)</b>	Delay in or failing to inform Bahrain Bourse of any change in the BOD or Executive Management	Non-Compliance letter	<ul style="list-style-type: none"> <li>• Suspension until a notification of the changes being provided</li> <li>• Fine</li> </ul>	<ul style="list-style-type: none"> <li>• Suspension until a notification of the changes being provided</li> <li>• Fine</li> </ul>
V08	<b>LR-5.5 (20)</b>	Delay in or failing to submit the BOD meeting date by the stipulated deadline	Non-Compliance letter	Suspension until the BOD meeting Date being submitted	<ul style="list-style-type: none"> <li>• Suspension until the BOD meeting Date being submitted</li> <li>• Fine</li> </ul>
V09	<b>LR-5.5 (20)</b>	Holding a BOD meeting and releasing financial results before the submitted BOD meeting date without prior notice to Bahrain Bourse	Non-Compliance letter	<ul style="list-style-type: none"> <li>• Non-Compliance Letter</li> <li>• Fine</li> </ul>	<ul style="list-style-type: none"> <li>• Non-Compliance Letter</li> <li>• Fine</li> </ul>
V10	<b>LR-5.5 (16)</b>	Delay in or failing to submit the General Meeting date by the stipulated deadline	Non-Compliance letter	Suspension until the General Meeting Date being submitted	<ul style="list-style-type: none"> <li>• Suspension until the General Meeting Date being submitted</li> <li>• Fine</li> </ul>

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V11	<b>LR-4.10</b>	Delay in paying the annual or registration fees <i>(from 3 months of Issuing the invoice)</i>	Suspension until payment is settled	-	-
V12	<b>LR-5.5 (31) LR-5.5 (32) LR-5.5 (33)</b>	Treasury dealings without providing Bahrain Bourse with the required information	Non-Compliance letter	<ul style="list-style-type: none"> <li>• Suspension until the information being provided</li> <li>• Fine</li> </ul>	<ul style="list-style-type: none"> <li>• Suspension until the information being provided</li> <li>• Fine</li> </ul>
V13	<b>LR-5.5 (10) LR-6.3 LR-6.15</b>	Arrangements for Corporate Action not in line with Bahrain Bourse Requirements	Non-Compliance letter	<ul style="list-style-type: none"> <li>• Non-Compliance Letter</li> <li>• Fine</li> </ul>	<ul style="list-style-type: none"> <li>• Non-Compliance Letter</li> <li>• Fine</li> </ul>
V14	<b>LR-3.37</b>	Cross Listed companies announcing information without providing the same to the home market	<ul style="list-style-type: none"> <li>• Non-Compliance Letter</li> <li>• Fine</li> </ul>	<ul style="list-style-type: none"> <li>• Non-Compliance Letter</li> <li>• Fine</li> </ul>	<ul style="list-style-type: none"> <li>• Non-Compliance Letter</li> <li>• Fine</li> </ul>
V15	<b>LR-3.35</b>	The percentage of shares to be listed as a secondary listing shall not exceed 30% of the Issuer's share capital	<ul style="list-style-type: none"> <li>• Non-Compliance Letter</li> <li>• Fine</li> </ul>	<ul style="list-style-type: none"> <li>• Non-Compliance Letter</li> <li>• Fine</li> </ul>	<ul style="list-style-type: none"> <li>• Non-Compliance Letter</li> <li>• Fine</li> </ul>



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V16	<b>LR-4.4</b>	Failure to maintain a Free Float of at least 10% of the total issued outstanding shares	<ul style="list-style-type: none"> <li>• Non-Compliance Letter</li> <li>• Fine</li> </ul>	<ul style="list-style-type: none"> <li>• Non-Compliance Letter</li> <li>• Suspension until required free float is reached</li> <li>• Fine</li> </ul>	<ul style="list-style-type: none"> <li>• Non-Compliance Letter</li> <li>• Suspension until required free float is reached</li> <li>• Fine</li> </ul>
V17	<b>LR-4.14</b>	Failure to report any suspected fraud or irregularity or suspected infringement of any laws or regulations related to BHB or the CBB	<ul style="list-style-type: none"> <li>• Non-Compliance Letter</li> <li>• Suspension until the fraud/ irregularity or law infringement has been reported</li> <li>• Fine</li> </ul>	<ul style="list-style-type: none"> <li>• Non-Compliance Letter</li> <li>• Suspension until the fraud/ irregularity or law infringement has been reported</li> <li>• Fine</li> </ul>	<ul style="list-style-type: none"> <li>• Non-Compliance Letter</li> <li>• Suspension until the fraud/ irregularity or law infringement has been reported</li> <li>• Fine</li> </ul>
V18	<b>LR-4.25</b>	Failure to maintain an accurate and updated share register	<ul style="list-style-type: none"> <li>• Non-Compliance Letter</li> <li>• Fine</li> </ul>	<ul style="list-style-type: none"> <li>• Non-Compliance Letter</li> <li>• Suspension until share register is accurately updated</li> <li>• Fine</li> </ul>	<ul style="list-style-type: none"> <li>• Non-Compliance Letter</li> <li>• Suspension until share register is accurately updated</li> <li>• Fine</li> </ul>
V19	<b>LR-4.30</b>	Delay or failure to pay all dividends (including bonuses, if any) within the specified period	<ul style="list-style-type: none"> <li>• Non-Compliance Letter</li> <li>• Fine</li> </ul>	<ul style="list-style-type: none"> <li>• Non-Compliance Letter</li> <li>• Suspension until all dividends are paid</li> <li>• Fine</li> </ul>	<ul style="list-style-type: none"> <li>• Non-Compliance Letter</li> <li>• Suspension until all dividends are paid</li> <li>• Fine</li> </ul>