

تمت الموافقة في اجتماع مجلس الإدارة  
الـأول لعام ١٤٠٥... بتاريخ ١٤/٢/٢٠٢٤

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شركة الساحل للاستثمار والتنمية


COAST INVESTMENT & DEVELOPMENT CO. K.S.C.P

منذ 1975 Since

COAST INVESTMENT & DEVELOPMENT COMPANY


COMPANY PORTFOLIOS DEPARTMENT

POLICIES & PROCEDURES

 <p>شركة الساحل للاستثمار والتطوير COAST INVESTMENT &amp; DEVELOPMENT CO. K.S.C.P. منذ 1975 Since 1975</p>	<p><b>COMPANY PORTFOLIOS DEPARTMENT POLICIES AND PROCEDURES</b></p>	<p>ISSUE DATE: February 2012</p>
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## Preface

Coast Investment & Development Company, (hereinafter 'Coast' / Company), is an investment Company operating in the State of Kuwait and is engaged in investment activities in the Local and International Markets.

This Policies & Procedures Manual details the policies and procedures that are followed in managing the Company Portfolios Department.

It is the responsibility of the Vice President & Asst. Vice President – Company Portfolios Dept. to ensure that the department functions in accordance with this Manual.


If any Company entity within Coast considers that compliance with any of the guidelines, policies, instructions, and procedures set out in this manual is not possible for any reason, it should refer the matter in writing to the CEO for resolution.

The manual is divided into six sections and four Appendices.

Distribution of this manual is made against a Manual Distribution Form which is sent to each designated resource person with the manual. The resource person should sign and return the form to the CEO. The form is enclosed at the end of this preface.

Any future updates to this manual will be distributed to all resource personnel and it will be their responsibility to ensure that the manual is properly updated in adding new pages or appendices, removing superseded pages or appendices, or making any manual edit changes in form or content.



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The manual and its contents are strictly for internal use and are as such treated as highly confidential material.

### **Updating the Manual**

Changes to the manual are usually made as a result of one – or a combination of – the following reasons:


- a. Changes in Trading laws.
- b. Changes in CMA regulations.
- c. Changes in Kuwait Stock Exchange regulations.
- d. Changes in functions and activities of the company.
- e. Changes in business processes
- f. Changes in company organizational structures
- g. Changes in authority structures
- h. Changes in job roles, duties, and descriptions.

If any company entity requires amending the contents of this manual, it should complete a Request for Amendment Form enclosed at the end of this preface.

The request has to be processed according to the following steps:

The company entity must fill out the Request for Amendment Form and addresses it to the CEO.

The CEO discusses the need for amendments and agrees with the company entity on a course of action.

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Once agreed on needed amendments, the forms along with proposed changes to the manual are addressed to the Board of Directors for post-facto approval.

Upon approval of the Board of Directors, the amendments are addressed to the requesting company entity (resource person) responsible for including the amendments in the manual.

The resource person holds responsibility for implementing the amendments to the manual by communicating it to personnel involved in the operations of the company entity.

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No part of this manual may be reproduced, stored in any system or form, or transmitted in any form by any means – electronic, mechanical, photocopied, recorded, or otherwise – without the prior written consent of the CEO.

Violation of the above clause subjects an individual or an entity to applicable legal proceedings as per the laws of the State of Kuwait.

### **Manual Applicability**

This manual is applicable to the Company Portfolios managed by the Company Portfolios Department.

The contents of the Company Portfolios Policies and Procedures must be approved by the CEO and the Board of Directors (BOD) before its implementation.

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The CEO can delegate his/her duties to an individual competent in handling the responsibilities within the Company Portfolios Department.

The CEO should act as deemed appropriate if faced with an issue not stated in this policies and procedures in coordination with the Company Portfolios Department.

If anyone within Coast considers that compliance with any of the guidelines, policies, instructions, and procedures set out in this manual is not possible for any reason, he/she should refer the matter in writing to the CEO for resolution.

### **Policy Review**

This policies and procedures should be reviewed and approved at annual basis to reflect changes in the business activities of the organization.

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### Manual Distribution Form

Manual for: \_\_\_\_\_

Distributed By: \_\_\_\_\_

Date of Distribution: \_\_\_\_\_

To the resource person,

When you sign this form, you agree to adhere to all cited policies and procedures included in this manual.

You may be asked to sign additional material and changes thereto to give effect to these policies and procedures currently and in the future.

To acknowledge that you have reviewed and understood all of this material in the manual, please sign this form with date and return it to the CEO within 10 days of receipt of this manual.

\_\_\_\_\_


I acknowledge that I have read, understood, and am subject to all of the material contained in this manual.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
(Please print name)

\_\_\_\_\_  
Date



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### Request for Amendment Form

Name of entity requesting amendments: \_\_\_\_\_

Manual for: \_\_\_\_\_

Section/s Reference: \_\_\_\_\_

Policy/ies Code: \_\_\_\_\_

Policy/ies Name: \_\_\_\_\_

Description of needed amendments (problem):

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Proposed amendments (solution):

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Proposed by: \_\_\_\_\_ (requesting entity)


Reviewed by: \_\_\_\_\_ (CEO review)

Approved by: \_\_\_\_\_ (Board of Directors' approval)

Implementation Date: \_\_\_\_\_ (as set by the Board of Directors)

Resource Person's Signature: \_\_\_\_\_ (upon receipt of approval)



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**Policy Code:** CPD-1  
**Policy Name:** Regulatory Framework

### **Purpose**

The purpose of this policy is to provide an overview of the general regulatory framework set by the Capital Market Authority (CMA), Central Bank of Kuwait (CBK) and the Kuwait Stock Exchange (KSE) for companies operating in the field of asset management. The regulations set by those three institutions apply to any dealings by the company and should be consulted regularly.

### **1. General Policy Statements**

- 1.1 The policies stated in this manual are subject to orders and directives issued by the Capital Market Authority (hereafter referred to as the CMA), The Central Bank of Kuwait (hereafter referred to as the CBK), Kuwait Ministry of Commerce & Industry and the Kuwait Stock Exchange (hereafter referred to as the KSE).
- 1.2 Instructions issued by the above-mentioned institutions may from time to time override this policy to the extent that the policy becomes inconsistent with them. In that case, the updated instructions should be followed, and the manual updated. Till such time, the instructions from the regulators shall take precedence over the policies wherever applicable.
- 1.3 The Company shall prepare and maintain proper records of every transaction it executes. Moreover, the company should keep sufficient information about the securities activities carried out by the company.

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**1.4 The Company's records shall consist of the following:**

**1.4.1** Details of all orders entered regarding a security.

**1.4.2** Details of all the sale & purchase transactions of a security made by or executed by the Company for its own account.

**1.4.3** A record of the income and expenses together with an explanation of their nature.

**1.4.4** Details of all receivables & payables.


**1.5** The Company will maintain separate accounting records for cash, investments, account activity and profit and loss accounts. There must be a separation between Company accounts and client accounts.

**1.6** The company should always insure that the records & books are updated and sufficient at all times for providing the compliance with the CMA regulations.

**1.7** The CMA may inspect the company's records at any time through its employees or by such a person to be delegated by CMA for this purpose.

**1.8** The company should maintain the records and books as stipulated by the CMA.

**1.9** The Company should ensure adequate segregation of duties between employees managing the Company's portfolios and those managing client portfolios.

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**Policy Code:** CPD-2  
**Policy Name:** Company Portfolio – Decision Maker

## Purpose

The purpose of this policy is to provide an overview of the general framework of drafting and implementing the Company portfolio investments set by the CEO to be drafted, implemented, and monitored by the Company Portfolio Manager.

## 1. Decision Maker

### 1.1 Selection of Members


**1.1.1** The board of directors of Coast has delegate the CEO to oversee and guide investment allocation across asset classes based on risk & return objectives read with constraints, if any, of the Company Portfolio to be managed by the assigned Portfolio Managers by the CEO.

### 1.2 Duties & Roles

**1.2.1 Approving Investment Policy Statement:** The CEO is responsible to oversee the Company Portfolio and is responsible for approving an Investment Policy Statement, drafted in coordination with the Portfolio Manager/s to align Risk and Return objective as well as take into consideration any investment Constraints.

**1.2.2 Set Strategic Asset Allocation:** The CEO will approve a Strategic Asset allocation that will be drafted by the Portfolio Manager/s to fulfil the Investment Policy Statement objectives and constraints of the CEO.



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**1.2.2.1** The company's investment portfolio will be clearly divided between short-term investments to ensure adequate liquidity and long-term investments to generate a reasonable rate of return, minimize the company's liability and risk.

**1.2.2.2** At the time securities are purchased, the SVP – Support Group will classify them as securities for trading, available for sale, or held to maturity.

**1.2.2.3** Securities bought and held for the purpose of selling them in the near short term (one day to one month) will be designated as trading account securities (current securities).

**1.2.2.4** Securities bought and held for the purpose of selling them in the medium term (one month to one year) will be designated as available for sale securities (non-current securities).


**1.2.2.5** Securities bought and held not for the purpose of sale will be designated as securities held to maturity (exceeding a holding period of one year).

**1.2.2.6** All securities classifications will be reviewed for appropriateness at each reporting date, at least on an annual basis.

**1.2.2.7** The investment account/s will be maintained in a manner that will ensure the company a minimum liquidity ratio.


**1.2.3 Set Investment Limits:** The asset allocation options will be presented by the Portfolio Manager/s that can satisfy all the CEO requirements. The CEO will be responsible for approving the limits that will fulfil the required Risk/Return Objectives and Constraints for the Company Portfolio.



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**1.3 Select Portfolio Managers:** The CEO will be responsible to assign the Company portfolio management to be managed by internal company resources.

**1.4 Assign Trading Members:** The CEO will be responsible to set the Company portfolio Manager/s members trading limit.

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**Policy Code:** CPD-3  
**Policy Name:** Company Portfolio Manager

### **Purpose**


The purpose of this policy is to provide an overview of the general framework of managing and implementing the Company portfolio investments set by the CEO. The Company Portfolio Manager/s assigned to manage the Company Portfolio will be responsible for the following set of duties.

### **1. Duties & Roles**

The Company Portfolio Manager/s will gather all the required information from the CEO to draft an Investment Policy Statement that includes the CEO's Risk/Return objectives as well as Constraints.

### **2. PROPOSE STRATEGIC ASSET ALLOCATION**

- 2.1** The Company Portfolio Manager/s will present and recommend the best Strategic Asset Allocation that fits the CEO's Investment objective and constraint.
- 2.2** The Company Portfolio Manager/s will be responsible to implement and monitor the assigned and approved Strategic Asset Allocation of the Company Portfolio approved by the CEO.
- 2.3** The Company Portfolio Manager/s will abide by the following Limits / Restrictions relating to the following parameters across asset classes set forth by the approved Strategic Asset Allocation that will fulfil the required Risk/Return Objectives and Constraints for the Company Portfolio under the following categories.


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**2.3.1** Investment Limits.

**2.3.2** Geographic Limits.

**2.3.3** Currency Limits.

**2.3,4** Sectorial Limits.

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**Policy Code:** CPD-4

**Policy Name:** Trading & Portfolio Management

### **Purpose**


The purpose of this set of policies is to guide the Company Portfolios Department of trading and managing Coast Company Portfolios. It provides guidance on trading activities, investment and stop-loss limits, and the continual updating and review of portfolio positions and securities holdings.

## **1. Specific Policy Statements**

### **1.1 Company Portfolio Managers personnel:**

- 1.1.1 The company portfolio managers should have the necessary qualifications, skills and experiences determined by the Company, and they are characterized by the required honesty and impartiality for practicing those activities.
- 1.1.2 The company should notify CMA immediately in writing of any portfolio manager ceasing to perform his job, upon his resignation or dismissal or termination of his relationship with the company.
- 1.1.3 The Company's portfolio managers shall abide by the respective provisions in Chapter 4 (Conduct of Business) and Chapter 5 (Client's Funds and Client's Assets) of the CMA Guidelines



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## 1.2 Pre-trading:

**1.2.1** Before the start of trading, the Company portfolio manager should review the following:

**1.2.1.1** Review the closing prices of securities from the previous trading day and compare with the opening prices of the current day.

**1.2.1.2** Review the daily market index and other related indices. Compare performance of such indices to the performance of the particular portfolio being managed by the Company Portfolios Department.


**1.2.1.3** Read investment publications as well as mail from brokers, and investment counterparties for new developments in the local and regional securities area and new services provided by financial intermediaries and brokers.

**1.2.2** The Company portfolio manager should review specific details as follows:

**1.2.2.1** Availability of sufficient funds in cash position.


**1.2.2.2** Shares available in the trading account in the clearance & company custody.

**1.2.2.3** Limits allowed.

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### 1.3 Trading

- 1.3.1** Trading will be carried out in line with the CMA guidelines, the relevant local market regulations and the Portfolio Management strategy as developed by the company. The Company will invest in Kuwait, GCC and International Market.
- 1.3.2** All deals must be confirmed by the broker in order to be effected. Upon confirmation, a deal ticket containing the following minimum information should be completed:
- 1.3.2.1** Stock of (name of company).
  - 1.3.2.2** Deal number.
  - 1.3.2.3** Deal date
  - 1.3.2.4** Type of deal (purchase/ sale).
  - 1.3.2.5** Number of shares.
  - 1.3.2.6** Price.
- 1.3.3** The Company portfolio manager should sign the deal ticket upon receipt of the deal confirmation from the broker by the operations and Settlement department.
- 1.3.4** In no case should the back-office staff process any deal ticket without having the ticket signed by the Company portfolio manager and without attaining a confirmation from the broker.
- 1.3.5** Daily reconciliation among deal ticket, broker confirmation, and KCC or Broker summary are vital, and any discrepancies should be summarized in the Error Deal Log and rectified immediately.

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**1.3.6** Coast shall advise CMA or brokers (in case of International Investments) as soon as possible if it is not possible for the company to perform any of the required settlements or if it is evident that the company needs a bigger amount of the money as per the instructions issued by CMA.

**1.3.7** Error deals log is used to evaluate the broker's performance and to control any risk of discrepancies.

**1.3.8** The Company shall, at least once every five days, update and audit its records as compared to the statements the company obtains from the clearance agency or the custodians, such as reconciling the shares position between the Coast records (System) and the KCC statements for listed stocks and Broker / Custodian statements for International financial products.


**1.3.9** At the time securities are purchased, they are classified as Fair Value thru P&L (FVTPL), Fair Value thru Comprehensive income (FVTOCI). IFRS 9 introduces a more principles-based approach to the classification of financial assets which must be classified into one of four categories:

1. Amortized cost
2. FVTPL
3. Fair value through other comprehensive income (FVTOCI) for debt and
4. FVTOCI for equity.

#### **1.4 Trading in Financial Instruments & Trading Limits (Listed companies)**


The Traders will invest the in Local and International markets based on the following policies.



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- 1.4.1** Stop loss, deal and trader limits should be clearly conveyed to and followed by the Company Portfolios Department personnel for Trading in financial instruments investments. Trading in financial instruments are those investments with a short term and medium-term strategies and are not the long-term investments.
- 1.4.2** The Operations and Settlement Department function should constantly monitor the Company's portfolio positions and notify the SVP – Asset Management Group in case of any limit violation.
- 1.4.3** The SVP – Asset Management Group is responsible for taking remedial action to return within operating limits.
- 1.4.4** For Kuwait or International products, the initial target return for trading investments are 20%. In case of a single asset achieving capital gains of more than 20%, the Operations and Settlement Department should notify the SVP – Asset Management Group and VP/AVP– Company Portfolio Department
- 1.4.5** The SVP – Asset Management Group or Portfolio Manager should liquidate any of the trading asset holdings in the case of that asset achieving capital gains of 20% or higher. If the Portfolio manager decides not to sell the asset after achieving 20% gains, the CEO will have the authority to stop the liquidation of the asset, subject to the fact that the stop loss be raised below 20% of the new market value of the security.
- 1.4.6** In case of a single trading asset incurs capital loss of more than 20% from the investment cost, the Operations and Settlement Department should notify the SVP – Asset Management Group and VP/AVP – Company Portfolio Department
- 1.4.7** The SVP – Asset Management Group or Portfolio Manager should liquidate any of the trading asset holdings in the case of that asset achieving capital loss higher than 20%. In case the SVP-AMG decides to retain the position, which has suffered a loss of 20%, he can do so after acquiring an approval from the CEO. The CEO will have the authority to fully liquidate or partially liquidate the security. However,



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if any security falls below 30% of the investment cost or revised stop loss limit, a full liquidation should be made, unless the CEO approves retaining the investment with a report from SVP–Asset Management Group.


**1.4.7** The SVP – Asset Management Group or Portfolio Manager should liquidate any of the trading asset holdings in the case of that asset achieving capital loss higher than 20%. In case the SVP–AMG decides to retain the position, which has suffered a loss of 20%, he can do so after acquiring an approval from the CEO. The CEO will have the authority to fully liquidate or partially liquidate the security. However, if any security falls below 30% of the investment cost or revised stop loss limit, a full liquidation should be made, unless the CEO approves retaining the investment with a report from SVP–Asset Management Group.

**1.4.8** The Dividend pay-out, splits, Bonus shares distribution will have price drops. The SVP–AMG can authorize to revise the stop loss limits based on the pro-rata adjustments from the distributions or capital adjustments.

## **1.5 International Trading Investments**

**1.5.1** The International Markets (IM) encompasses a wide range of sectors, including technology, healthcare, finance, and consumer goods. By investing in International stocks, client can gain exposure to industries that may not be as prevalent or well-developed in the GCC market. This diversification across sectors can help Coast capture opportunities and reduce sector-specific risks.

**1.5.2** The US market is one of the top choices to invest in when it comes to diversifying Coast's portfolio across geographies since many top Global companies are listed


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in US Market. The country is home to some of the best technology and other wealth-creating businesses that offer great investment opportunities.

**1.5.3** Coast will have the benefit of reduction in volatility and risk when they decide to diversify their portfolio by investing in international markets and other asset classes. As per historical returns and data, for example, the US markets are less volatile and more stable as compared to any other major stock markets. As Coast diversifying their funds across the stocks of multiple companies all over the world, the overall risk is reduced while Coast get the benefit of the best returns from diversified markets.

**1.5.4** Since Coast is a Professional client, based on the market regulations in which allows Coast to trade in differ asset classes (e.g. USA or European market), Coast may be allowed to trade in numerous financial instruments, to enhance the Coast's risk rewards. Coast will be using a multimarket system which searches for opportunities in financial instruments for best investment opportunities.

**1.5.5** The Traders checks which market is the best for the day based on fundamental and technical research and trades accordingly. The Trading System keeps positions for short term, medium term, and long term. The Traders follows the Intermarket Analysis that is intergraded in the System.


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**1.5.6** Traders implement always a Stop Loss (as stipulated in clause 1.4.5 above) will be followed for international investments too, and the investment management policies are set from the beginning of the account according to the Coast's risk management policies.

## **1.6 Long Term Investment & Trading Limits (Listed companies)**

**1.6.1** Stop loss, deal and trader limits should be clearly conveyed to and followed by the Company Portfolios Department personnel for Long Term investments. Long Term investments are those investments with a long-term strategies and are not the trading investments. The long terms investments are aiming at longer term growth, dividend income, capital appreciation and it will not be considering the short-term volatility of the shares. No stop loss limit is set for Long-term listed company investments.



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**Policy Code:** CPD-5

**Policy Name:** Dealing in Treasury Shares Regulatory Requirements

### **Purpose**


The purpose of this set of policies is to guide the Company Portfolios Department of trading and managing Coast Treasury Shares.

### **1. Specific Policy Statements**

**1.1 Treasury Shares may only be used (after obtained a prior written approval from CMA) as follows:**

- a. Maintaining stability of the Company's share price.
- b. Reduction of the Company's paid-up capital.
- c. Settlement of a company's account receivable.
- d. Repayment of the Company's outstanding debt.
- e. Distribution of bonus share to shareholders without an increase of the capital or the number of shares issued.
- f. Swap deals in the event of Merger with or an Acquisition Offer of other companies without prejudice to the provisions of Module Nine (Mergers and Acquisition) of the executive Bylaws.




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- g. Distribution of all or some of the Treasury Shares to the Company's employees in the context of the employees' Share Option plans conditional upon the general assembly's approval, and in accordance with the regulatory rules approved by the general assembly of the Company.
- h. Lend and borrow it for the purpose of Market Making.
- i. Other cases determined by the CMA.

## 1.2 Guidelines and Procedures

- 1.2.1 The ownership of the Company and its subsidiaries shall not exceed 10 % of its issued shares and the Company may not purchase or sell or deal with its shares unless it obtains the CMA written approval for the same which is given pursuant to an application submitted to the CMA, including the following information:
  - a. The kind of transaction intended by the Company, be it purchase only or sale only or purchase and sale of its shares or any other transaction with its shares.
  - b. Copy of the minutes of the general assembly meeting, wherein the Board of Directors is authorized to deal with the Company's shares, provided that such authorization is valid and was not given more than eighteen months previously.
  - c. Number of the Company's shares required to be purchased or sold.

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d. A statement of the sources of financing for the purchase of shares and the account of the shareholders' equity that were held for the costs of the owned treasury shares.

e. Copy of the audited financial statements and last quarterly reviewed financial statements.


f. A recent statement about the treasury shares balance owned by the company and its subsidiaries, issued by the clearing agency based on its shareholders' registry.

g. Statements of the Company's subsidiaries, if any.

h. Statements of the cost of the treasury shares owned by the Company at the date of such application.

j. A study submitted by a licensed Investment Advisor or asset evaluator showing the fair value of the shares of any relevant unlisted companies excluding the cases of capital reduction by cancelling the previously owned treasury shares.

**1.2.2** In the event of transactions in treasury shares with shareholders, these shareholders may not vote of the resolution of the general assembly by which the BOD is authorized to deal in such shares.

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**1.2.3** The Company may repay the par value of certain shares to the shareholders after getting the approval of the extraordinary general assembly. This value shall be extracted from the Company's undistributed profits and voluntary reserve. The owners of shares redeemed may be granted dividend shares which have the same rights as the ordinary shares except for recovering the par value upon liquidation of the Company.


**1.2.4** The capital of the Company may not be used as a source of financing the purchase of Treasury shares.

**1.2.5** Part of the statutory and voluntary reserves, net profits carried over profits and share premium account, which equals the cost of Treasury Shares, shall be frozen and shall be deemed un-distributable during the period of holding such shares.

**1.2.6** In the event of a capital increase, the Company shall:

- a. In the event that the capital increase is by issuing bonus shares, the Company shall have the same rights as the other shareholders.
- b. In the event that the capital increase is by offering new shares for subscription, the Company may not use the Pre-emptive right to subscribe for such shares since such right is limited to other shareholders only.



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**1.2.7** The Company shall, if it owns treasury shares, submit a report to the CMA at the end of each financial year explaining the justifications for keeping such shares, provided that the report is submitted within 10 business days from the end of the financial year targeted by such report.

**1.2.8** The Company shall submit a quarterly report to CMA to include all the transactions in the Company's shares for the period concerned in the report, and which shall be accompanied by a statement of the balance of Treasury Shares, duly ratified by the Clearing Agency. This report shall be submitted within 10 business days at the most from the end of the period referred to in this article.


### **1.3. Accounting Treatment**

**1.3.1** The percentage of Treasury shares owned by the Company and its subsidiaries may not exceed 10 % of the total of the number of shares issued by the Company.

**1.3.2** Treasury Shares shall be entered into in the financial statements under the entry of shareholders' rights. Treasury Shares shall not confer the right to dividends, except those shares issued by the Company or owned to the Company's subsidiaries, taking into consideration the relevant international standards of accounting treatment.

**1.3.3** Treasury Shares shall not be taken into account in calculating the quorum of the general meeting and voting on the resolutions thereof. This provision shall apply to the Company's shares owned by its subsidiaries.



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**1.3.4** The Company shall disclose the following information in the notes of the financial statements:

- a. Number of shares purchased.
- b. Cost of purchase.
- c. Ratio of Treasury Shares to the total shares issued.
- d. Weighted average of the market value of share at the date of preparing the financial statements.


**1.3.5** The Company shall disclose that a part of reserves, carried over profits and share premium (if any), which equals the cost of Treasury Shares purchased, shall be frozen and shall be deemed un-distributable during the period of owning such shares.

**1.3.6** When reporting upon transactions in Treasury Shares in its financial statements, the Company shall take into consideration the following:

- a. Treasury Shares shall be recorded at cost price in a separate entry called Treasury Shares under shareholders' assets.
- b. An account called Treasury Shares reserve shall be entered into under shareholders' assets.
- c. Treasury Shares reserve shall be un-distributable during the period of holding Treasury Shares.

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- d. Profits and losses resulting from the sale of Treasury Shares shall be entered into the Treasury Shares reserve account.
- e. In the event of that losses resulting from the sale of Treasury Shares exceed the balance of the Treasury Shares reserve account; the excess value of loss shall be deducted from the accounts of carried over profits, reserves and premium of shares respectively. In the event of achieving any profits resulting from the sale of Treasury Shares, a part of these profits which equals the losses previously deducted from the said accounts shall be retained to be re-added to these accounts, while the rest of the profits shall be listed in the Treasury Shares' reserve account.
- f. In the event of the liquidation of the Treasury Shares' reserve account, the Company may transfer the credit balance in the Treasury Shares' reserve account to the general or voluntary reserves.
- g. Bonus shares distributions of Treasury Shares shall not be included in the revenues in the profit and loss account.
- h. Bonus shares shall be added at zero cost for the Treasury Shares.
- i. The holdings of the portfolio of the Treasury Shares purchased shall be adjusted in accordance with the number of bonus shares received by the Company, which shall result in the reduction of the cost of purchasing Treasury Shares.

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j. If the Company uses Treasury Shares for reducing capital it shall consider the following:


1. The capital shall be reduced by the par value of shares used for this purchase.
2. If the cost of Treasury Shares is less than the par value, the credit balance shall be posted to the Treasury Shares reserve account, voluntary reserve, or legal reserve.
3. If the cost of Treasury Shares is more than the par value, it shall be amortized through the following accounts in the following order: Treasury Shares reserve, retained earnings, voluntary reserve, legal reserve and premium on shares.

**1.3.7** The Company may not deal in shares thereof through financial derivatives. Any deals in shares shall take place in accordance with the Exchange rules applicable on the Exchange.

**1.3.8** The Company shall disclose the CMA's approval for dealing in Treasury Shares upon the issuance thereof.

**1.3.9** The Company shall not deal in shares 10 business days before disclosing its financial statements (reviewed quarterly financial statement or audited annual financial statements) or any other significant information that may affect the Company's shares.



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**Policy Code:** CPD – 6

**Policy Name:** Filing

### **Purpose**

This policy pertains to the work steps followed by Company Portfolio Department in the process of transfer, filing, mail, record keeping of Department documents, references, internal and external correspondence, and other written communication material.

### **Scope**


The scope of implementing this policy and related procedures is within the jurisdiction of Company Portfolio Department.

### **General Policy Statements**

The Company Portfolio Department shall:

1. Maintain a fully secured environment for all transactions resulting in documentary evidence.
2. Safeguard documents, references, internal and external correspondence against theft, loss, unauthorized access.
3. The Company account applications, personal information and securities related transactions' records should be retained minimum for a period for five years and even if the retention period expires, accounting records should be maintained during tendency of court cases, etc.
4. All files will be physically stored, within the Operations and Settlement Department custody, in a separate and secure room with adequate security measures:




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**4.1** Locked storages and filing cabinets.

**4.2** Viewed and accessed only to authorized personnel.

**5.** All files will also be copied and stored electronically utilizing very secure software and are only viewed and accessed by authorized personnel.


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## Appendix 1 – Company's Dealing in its Shares (Treasury Shares) Form

**Application Form for the Company 's dealing in its Shares (Treasury Shares)**

**NOTE:**  
All application forms referenced in the "translation" of the Bylaws are for reference purposes only.  
Application forms to be submitted to the Authority are to be in Arabic language only.

List of Contents	
Section 1	Company information
Section 2	Information of the Company's dealing in its Shares
Section 3	Main contact person
Section 4	List of documents required upon submission of the application

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(1) Company Information	
Name of the company	
Commercial Registration No.	
Legal form of the company	<input type="checkbox"/> closed shareholding <input type="checkbox"/> public shareholding <input type="checkbox"/> listed <input type="checkbox"/> Islamic Sharia compliant
Company's current issued and paid capital	
Authorized capital	
Number of issued shares	
Treasury shares balance	
Current percentage of ownership of the company	
Date of general assembly authorizing the Board of Directors to purchase or sell shares	
Cost of Treasury Shares owned to date (KWD)	
Date of financial year end	
Permanent domicile	
Tel. No.	
E-mail	
Website	



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(2) Information of the Company's dealing in its Shares	
Type of transaction desired by the company	<input type="checkbox"/> buy only <input type="checkbox"/> sell only <input type="checkbox"/> buy & sell <input type="checkbox"/> other
Type of other transaction (if any)	
Brokerage firm that will execute the purchase or sale transaction	
Number of Shares desired to be dealt with	
Period of transaction	
Sources of finance	
Retained accounts of the shareholders equity against the cost of the owned Treasury Shares	Share premium: Legal reserve: General reserve: Retained earnings:
Treasury shares objective:  Unlisted companies may not deal on their shares for any of the following reasons: - Maintaining stability of the company's share price. - Lend and borrow for the purpose of Market Making.	<input type="checkbox"/> Maintaining stability of the company's share price. <input type="checkbox"/> Settlement of a company's debt. <input type="checkbox"/> Merger or Acquisition Offer of other companies. <input type="checkbox"/> Reduction of the company's paid-up capital. <input type="checkbox"/> Repayment of outstanding debt to a third party. <input type="checkbox"/> Distribution of bonus shares to shareholders without an increase of the capital or the number of Shares issued. <input type="checkbox"/> Distribution of all or some of the Treasury in employees' Share option program plans conditional upon the general assembly's approval, in accordance with the regulatory rules approved by the general assembly of the company. <input type="checkbox"/> Lend and borrow it for the purpose of Market Making.

(3) Main contact person	
Name of contact person	
Job title	
Tel. No.	
E-mail	



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(4) List of documents required upon submission of the application		Attached
1	General meeting minutes, wherein the Board of Directors is authorized to buy or sell 10% at most of the company's Shares, provided that such authorization is valid and its duration is not more than eighteen months.	<input type="radio"/>
2	Copy of the annual audited financial statements and reviewed periodical financial statements in case of the lapse of six months from the last financial year.	<input type="radio"/>
3	An updated statement of the Treasury Shares balance owned by the company and its Subsidiaries, issued by the Clearing Agency.	<input type="radio"/>
4	Statement of the company's Subsidiaries (if any).	<input type="radio"/>
5	Study by a licensed Investment Advisor stipulating the fair value of the company's Shares (for closed companies).	<input type="radio"/>
6	A copy of the last approval obtained by the company from the Authority on dealing with the company's shares.	<input type="radio"/>

Applicant's name	
Job title	
Date	
Signature	
The company's seal	

Authority's use	
Application Officer	
Job title	
Date	
Signature	
The Authority's seal	

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## Appendix 2 – Justifications for Keeping Treasury Shares Report Form

أسهم الخزينة عن الفترة الربع سنوية المنتهية في 31 / 03 / .....


الساحل للتنمية والاستثمار ش.م.ك.ع لشركة

- ❖ رأس المال المصرح به (د.ك) :
- ❖ رأس المال المدفوع (د.ك) :
- ❖ عدد أسهم الشركة (سهم) :

النسبة	عدد الأسهم	البيان
0	0	رصيد اسهم الفترة السابقة
-	-	عدد الأسهم المشتراه خلال الفترة
-	-	عدد الأسهم المباعة خلال الفترة
0	0	رصيد اسهم الفترة الحالية

الختم :

التوقيع :

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### Appendix 3 – Revision History Form

Policy Ref. No.	Issue No.	Revision No.	Date of Revision	Approved By	Approver's Signature
		1	4/3/2012	BOD	
		2	4/3/2013	No change	
		3	4/3/2014	" "	
		4	28/12/2015	BOD	
		5	4/3/2016	No change	
		6	26/4/2017	BOD	
		7	4/3/2018	No change	
		8	4/3/2019	" "	
		9	4/3/2020	" "	
		10	18/5/2021	" "	
		11	4/3/2022	" "	
		12	28/3/2023	BOD	
		13	22/1/2024	BOD	