

The Executive Bylaws
Module Thirteen

Collective Investment Schemes



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Chapter One

General Provisions

Article 1-1

L 76

Forms of Collective Investment Schemes

A Collective Investment Scheme may exist in any of the following forms:

1. Investment Fund which is a corporate entity.
2. Contractual Collective Investment Scheme related to movable or immovable assets intended to enable Persons to participate in or gain from the profits accrued by acquisition, or ownership, or management, or disposition of such assets.
3. Any mechanism the Authority decides to include as a Collective Investment Scheme.

The Collective Investment Schemes shall be subject to the provisions set forth in this Module.

License Issued by the Authority

Article 1-2

L 77

Securities or Units pertaining to a Collective Investment Scheme shall not be managed or sold unless the scheme has been licensed and approved by the Authority according to its rules, bylaws, and regulations and the issuance of the license has been announced to the public in the Official Gazette.

Article 1-3

A Collective Investment Scheme may not be incorporated without obtaining a license from the Authority and registering it in the Authority's register. Such scheme can only be incorporated by the Licensed Persons licensed to practice the Collective Investment Scheme manager activity.

Redemption of Units

Article 1-4

L 79

Participants shall be entitled to redeem their Units in a Collective Investment Scheme according to its Articles of Association.

Obligations of a Collective Investment Scheme Manager

Article 1-5

Any Person employed as a manager of a Collective Investment Scheme shall be obligated to with the following matters:

1. Is licensed by the Authority to practice the Collective Investment Scheme manager activity.
2. Manage the Collective Investment Scheme in a manner that achieves the investment goals thereof in accordance with its Articles of Association.
3. Apply appropriate policies and measures to prevent or limit malpractices, which may affect the market's stability and integrity.
4. Not to endanger the Collective Investment Scheme with any unnecessary investment risks in accordance with the objectives and investment policies of such Scheme.
5. Notify the Authority immediately upon the occurrence of material events that expose the interests of Unit holders to risk.

Article 1-6

L 81

Obligations of an Investment Advisor

Any Person acting as an advisor for a Collective Investment Scheme shall comply with the following:

1. To be licensed by the Authority to act as an Investment Advisor or a representative thereof.
2. Act in the conformity with the regulations and procedures governing the Collective Investment Scheme, which aims to achieve the Unit holders' interests.
3. Exert Care of a Prudent Person to protect his own property when giving investment advice.
4. Maintain regular records according to the accounting systems related to the Collective Investment Schemes. He shall submit periodic reports to the Authority, as requested and in accordance with its issued regulations.

Prohibitions on Collective Investment Schemes

Article 1-7

L 82

A Collective Investment Scheme is prohibited from carrying out the following:

1. Grant credit
2. Purchase any Securities issued by the company managing the Collective Investment Scheme or any of its Subsidiaries, except to the extent of the rules established by the Law and the Bylaws in this regard.
3. Purchase any Securities of the entity, where the Collective Investment Scheme's Manager is acting as the subscription manager or sales agent, except to the extent of the rules established by the Law and the Bylaws in this regard.

Investment Wakalah or other agreements that involve giving monies to third parties to use them in commercial activities thereof, shall be considered as credit prohibited to be practiced by Collective Investment Schemes, excluding deposits at banks and unless such agreements serve as a Debt Instrument or financial instruments set for sale at the Primary Market or the Secondary Market.

Replacement of a Service Provider

Article 1-8

L 83

A manager or Custodian or Investment Controller of a Collective Investment Scheme may not be replaced unless upon approval from the Authority; and the Authority shall notify an applicant for such a change of its decision setting out the reasons within thirty days from the date of receipt of the request.

Amendment of the Contract or Articles of Association

Article 1-9

L 84

A manager of a Collective Investment Scheme shall not make any amendments to the Contract or Articles of Association of the scheme unless approved by the Authority.

The Authority - if it finds that the proposed amendments shall affect the acquired rights of Unit holders - may request the Collective Investment Scheme manager to acquire the approval of more than 50% of the capital on those amendments.

Article 1-10

L 85

Cancellation of Licenses

The Authority may revoke the license of any Collective Investment Scheme in the following situations:

1. Proven failure to meet any of the requirements of granting the license.
2. Cancellation is in the interest of the participants in the Collective Investment Scheme.
3. The manager or Investment Controller or Custodian has violated any Law or and regulation, or has submitted to the Authority incorrect or misleading information.
4. The Collective Investment Scheme's manager has requested the cancellation of the license, in which case the Authority shall reject the request if it deems it necessary to investigate anything related to the Collective Investment Scheme or to secure the interests of the participants in the scheme.

Article 1-11

L 86

The Authority may notify the manager or the Investment Controller or the Custodian of a Collective Investment Scheme about its intention to revoke the license of the Collective Investment Scheme, and such decision shall be in writing and justified. The investment manager or Investment Controller or Custodian shall submit undertakings within fifteen days from the date of notification, and the Authority shall decide whether such undertakings are satisfactory in order to avoid the cancellation of the Collective Investment Scheme's license.

Article 1-12

L 87

If the Authority issues a decision to revoke the license of a Collective Investment Scheme, it shall assign a licensed Person to liquidate the Collective Investment Scheme or shall request the Competent Court to do so. It shall, in such case, inform the Collective Investment Scheme manager and Custodian - immediately and in writing - of the procedures undertaken.

Suspension of Redemption and Subscription

Article 1-13

L 90

The Authority - where a manager or Investment Controller or Custodian of a Collective Investment Scheme has failed to comply with the provisions of the Law or these Bylaws hereof - may instruct the Collective Investment Scheme manager to temporarily suspend issuance or redemption operations in the Units of the Collective Investment Scheme, or both, from the date specified in the instructions therewith.

Incorporation or Management of a Collective Investment Scheme outside the State of Kuwait by a Licensed Person

Article 1-14

A Licensed Person must notify the Authority prior to incorporating or managing a Collective Investment Scheme outside the State of Kuwait, and this shall be limited to the Licensed Persons that may undertake the activity of Collective Investment Scheme manager.

Article 1-15

Marketing a Collective Investment Scheme Incorporated outside the State of Kuwait

Units may not be marketed in the State of Kuwait for a Collective Investment Scheme incorporated out of the State of Kuwait unless a permission is granted from the Authority pursuant to the provisions of Chapter Five of this Module.

Article 1-16

L 89

The Authority may revoke the permission granted for marketing a Collective Investment Scheme established outside the State of Kuwait in any of the following events:

1. Proven failure to meet any of the requirements for granting the permission.
2. Cancellation is in the interest of the participants in the Collective Investment Scheme.
3. The Marketer or manager or Investment Controller or Custodian has violated any of the provisions of the Law or these Bylaws, or has submitted to the Authority incorrect or misleading information.

Chapter Two Funds

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| Article 2-1 | <p>Corporate Entity</p> <p>Each <u>Fund</u> shall have a corporate entity and become financially independent from the <u>Unit</u> holders or the managing entity thereof. The <u>Fund</u> shall obtain its corporate entity status once it is registered in the <u>Funds</u> register at the <u>Authority</u>.</p> |
| Article 2-2 | <p>Forms and Types of Funds</p> <p>a <u>Fund</u> shall take one of the following forms:</p> <ol style="list-style-type: none"> 1. <u>Open-Ended Fund</u> 2. <u>Close-Ended Fund</u> |
| Article 2-3 | <p>According to the nature of its activity, a <u>Fund</u> may take one of the following types:</p> <ol style="list-style-type: none"> 1. <u>Equity Fund</u>. 2. <u>Private Equity Fund</u>. 3. <u>Money Market Fund</u>. 4. <u>Debt Instrument Fund</u>. 5. <u>Real Estate Fund</u>. 6. <u>Fund of Funds</u>. 7. <u>Real Estate Income-Generating Fund (Traded)</u>. 8. Any other type approved by the <u>Authority</u>. <p>The general provisions stipulated in this Chapter shall apply to different types of funds, unless there is a special provision on investment controls for each type of fund.</p> |
| Article 2-4 | <p>Fund Capital</p> |
| Article 2-4-1 | <p>The <u>Fund's</u> capital is divided into <u>Units</u> of equal value. The liability of the <u>Unit</u> holders in the <u>Fund</u> is limited to the value of their participation in the <u>Fund's</u> capital. The value of <u>Units</u> shall be paid in cash upon subscription or participation. The value of subscription may be paid in instalments if stated in the Articles of Association of a <u>Real Estate Fund</u>, <u>Private Equity Fund</u>, and any other <u>Fund</u> as approved by the <u>Authority</u>. As an exception of the provision aforementioned - for the <u>Real Estate Income-Generating Fund (Traded)</u> and <u>Private Placement Funds</u> - the value of <u>Units</u> may be paid in kind; provided that the Articles of Association states thereof; the assets in kind shall be set for appraisal in accordance with the provisions of appraisal of shares in kind referred to in Module Eleven (Dealing in Securities) of these <u>Bylaws</u>.</p> |
| Article 2-4-2 | <p>The <u>Fund's</u> Capital, in the event of a <u>Public Placement</u>, should not be less than KWD 5,000,000 or its equivalent in any other currency. A <u>Fund's</u> Articles of Association shall, in the event of a <u>Private Placement</u>, specify the minimum capital for the <u>Fund</u>, unless the <u>Authority</u> specifies a higher capital for certain types of <u>Funds</u>. The <u>Fund Manager</u> should, in the event of a decline of the <u>Fund's</u> capital less than the minimum, notify the <u>Authority</u> within five <u>Business Days</u> as of the date of reduction in capital. The <u>Authority</u> shall take the appropriate measures, as it may deem fit for each case, to attain the interest of <u>Unit</u> holders.</p> |

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Definition of Units**Article 2-5**

An investment unit is an indivisible Security that represents a share in the Fund's Assets directly authorizing its holders of all rights resulting therefrom.

If there is more than one owner of the Unit, they must choose one Person amongst them to represent them before the Fund.

Non-Kuwaiti citizens may subscribe in or own investment Units.

Article 2-6**Requirements for incorporating a Fund****Article 2-6-1**

Any Fund shall be incorporated as follows:

1. Submit an application, to incorporate a Fund, according to the form set out in Appendix 2 of this Module, the aforementioned application should be enclosed with the complete documents and information set out in Appendix and the required fees must be paid.
2. The Authority may at any time, after it receives the application to incorporate a Fund according to the requirements in item (1) of this article, require additional documents or information that it considers as necessary to decide on such application. If the applicant does not submit the required information and document within the period specified by the Authority, the application shall be considered as void.
3. The Authority shall decide on the application to incorporate a Fund after it receives the application including all of the information and documents set out in the above paragraph (1) and (2) of this article.
4. In the event of rejecting the application, the decision of rejection shall set out the reasons thereof.
5. If the application is approved the applicant shall be notified to pay the licensing fees, and the Authority shall issue a temporary license for three months, within which time the Authority's requirements and the minimum capital stated in the Fund's Articles of Association should be met. It is not permitted to practice any of the Fund's activities based on the temporary license.
6. If the license term expires without meeting the requirements set forth in paragraph (5) of this article, the temporary license shall be terminated, unless it is extended for a similar term at the request of the licensed person before the expiration of the original term of the license.
7. The Authority shall issue the final license - at the request of the licensed person - once the requirements set out in Paragraph (5) of this article are met.

In all cases, the Authority shall, notify the applicant of its decision referred to in this article and, publish its decision related to the issuing of the license in the Official Gazette.

Article 2-6-2

Participation of the Fund Manager in the units of a Publicly Offered fund must not be less than KWD 250,000 and the manager may not be acting in those units nor redeem them throughout the duration of the Fund.

Article 2-7**Public Offering of a Fund's Units****Article 2-7-1**

A Prospectus of a Publicly Offered Fund should include the necessary information to enable the investor to evaluate the Fund's financial position, management, and expected opportunities. It should also include an overview of the Fund Manager, Executive Committee, Investment Controller, Custodian, sales commission, and sufficient information about any obligations, rights or benefits. The Prospectus should also include the information set out in Appendix 3 of this Module.

Article 2-7-2

The Authority may exempt a Fund Manager from including in the draft Prospectus some data and information mentioned in Appendix 3 of this Module if it sees that disclosure of such information will contravene public interest

The Authority may also require additional information to be included in the Prospectus other than the data and information referred to in Appendix 3 of this Module.

Supplementary Prospectus**Article 2-7-3**

If any material change or error or variation has risen in any data or information available in the Prospectus approved by the Authority; the Fund Manager shall, before the closing of the subscription period, provide the Authority with a supplementary Prospectus that includes the necessary amendments.

The participants should be notified of the supplementary Prospectus after it is approved by the Authority and before the closing of the subscription period. Any participant that has participated before being notified of the supplementary Prospectus is entitled to withdraw the subscribed amount and the Fund Manager shall refund the participant his amount thereto within a maximum of two business days as of the date of expressing its intention to recant.

Article 2-8**Private Placement in a Fund's Units****Article 2-8-1**

It is permitted to license the incorporation of Funds for the participation therein through Private Placement addressed to a Professional Client. Such Funds will be subject to the provisions of Publicly Offered Funds, excluding the provisions set out in the following articles.

Article 2-8-2

A Prospectus should include the information set out in Appendix 3 of this Module.

- Article 2-8-3** A Fund's Articles of Association shall set the following provisions:
1. The minimum capital of the Fund.
 2. The minimum subscription amount required to be paid by each investor.
 3. The extent to which the Fund Manager may be dismissed and the competent body for such dismissal.
 4. The body that specializes in appointing a substitute Fund Manager or to appoint a liquidator in cases other than that assigned to the Authority.
 5. The Unit holders' assembly and its regulating provisions, if any.
 6. The method of amendment of the Fund's Articles of Association.
 7. Valuating and pricing of the Fund's Units.
 8. The guidelines for borrowing and investing of the Fund monies.
 9. Periodic Reporting to Unit holders
 10. Provisions and requirements of terminating and liquidating the Fund, without prejudice to the general provisions set forth in Article (2-36) and (2-37) of this Module.
- Article 2-8-4** The Private Placement Fund shall be exempt from the provisions of Article (2-32) of this Module which is related to providing the public with reports. In addition, it shall be exempted from the provisions of Article (2-33-3) of this Module, which is related to the publishing of monthly and financial data on the Exchange. It shall only provide the Authority with a copy of the financial data of the Fund according to the provisions of Article (2-33-1) and (2-33-2) of this Module.
- Article 2-8-5** Private Placement Funds shall not address any Financial Promotion unless it is in accordance with the Financial Promotion set forth in Chapter Seven of Module Eight (Conduct of Business) of these Bylaws and it shall be addressed only to a Professional Client, given that the means of marketing available for public shall not be used.
- Article 2-8-6** Units of a Private Placement Fund may be transferred only to a new or an existing Professional Client. In addition, only a Professional Client may subscribe in Private Placement Fund throughout its term.
- Article 2-8-7** A Private Placement Fund may be converted to a Publicly Offered Fund if the Authority approves the Prospectus in accordance with the requirements and conditions set forth in Articles (2-7-1) to (2-7-3) of this Module.
- Article 2-9** **Responsibility of Prospectus**
- Article 2-9-1** The Fund Manager shall indemnify any Person who incurred damages as a result of including any incorrect or misleading information in the Prospectus, or as a result of omitting any data or information that should have been mentioned in the Prospectus.
- Article 2-9-2** The Authority may specify additional requirements concerning the Financial Promotion related to the Fund's Prospectus.

Article 2-10**Article 2-10-1****Articles of Association**

The Articles of Association should - in particular - include the mandatory information set forth in Article (2-10-2) of this Module.

A Fund Manager may, other than the mandatory information mentioned herein, apply all or some provisions of the form and may add any other conditions compatible with the peremptory provisions in the Law and in these Bylaws.

A printed copy of the Articles of Association must be provided to each participant and any Person that intends to subscribe in the Fund. The signature of the participant on the subscription form- after reviewing the Fund's Articles of Association- shall be regarded as approval thereof.

Article 2-10-2

The Fund's Articles of Association should include and the necessary information about the Fund as follows:

1. Fund name.
2. Fund form.
3. Fund type.
4. Type of offer of the Fund's Units (Public Offering or Private Placement).
5. Fund Manager's name and address.
6. Statement that the Fund Manager is licensed by the Authority.
7. Investment objectives of the Fund.
8. Term of the Fund.
9. Capital of the Fund and its payment method.
10. Number of investment Units and the nominal value of each.
11. Currency of the Fund.
12. Beginning and end of the financial year of the Fund.
13. Provisions governing the Unit holders' assembly.
14. Minimum and maximum subscription and redemption by the Fund Manager and Unit holders in the Fund.
15. Method of subscription, redemption and the transfer of the Fund's Units.
16. Subscription and redemption periods, if any.
17. Investment policies, guidelines and risks.
18. Fund Manager fees.
19. Method of amending the Articles of Association of the Fund.
20. Mechanism for calculating the Net Asset Value of a Unit
21. Methods and bases of distributing dividends, if any.
22. Rights of the Unit holders.
23. Methods and periods for disclosure of information.
24. Events of winding up and liquidation of the Fund.
25. Procedures of Fund liquidation.
26. Procedures for complaints.
27. A table that includes all fees, expenditures, and charges; and whether they are charged to Unit holders, the Fund's Assets, or paid by the Fund Manager.
28. Any other information required by the Authority.

The Articles of Association of the Fund must be written in Arabic, and provided free of charge upon request.

Article 2-10-3 No amendments shall be done on the Fund's Articles of Association without the approval of the Authority or on the date it determines.

The Fund Manager must notify the Unit holders of any amendments on the Fund's Articles of Association within a period not more than ten Business Days from the date of the Authority's approval on the amendments. The Articles of Association of the Fund may include the method(s) in which to notify the Unit holders through modern means of communication.

Service Providers for the Fund: by Persons licensed and registered at the Authority

Article 2-11 A Fund must have the following service providers:

1. A Fund Manager.
2. An Investment Controller.
3. A Custodian.
4. An external Auditor.
5. An External Sharia Auditing Office for Funds licensed to operate in accordance with the provisions of Islamic Sharia.

It shall be taken into consideration that the Investment Controller, the external Auditor, or the External Sharia Auditing Office may not be a Related Party with the Fund Manager.

The Fund Manager may appoint service providers, in addition to those mentioned in this article, including an Investment Advisor. In addition, the Fund Manager may also appoint a Licensed Person which is regulated by a foreign Regulatory Body to carry out some of the duties of the Fund Manager in regards to the Fund's Assets outside of the State of Kuwait.

Article 2-12 A service provider may not combine two or more functions set forth in Article (2-11) of this Module for one investment Fund. As an exception, the functions of the Custodian and the Investment Controller may be combined; provided that the necessary procedures and measures for the segregation of functions assumed by the service provider shall be taken.

General Duties**Article 2-13**

Service providers for a Fund should comply with the following:

1. Must be a Licensed Person or Registered Persons at the Authority to provide a service. The service provider should have the adequate human resources, technical and financial abilities and capabilities to the sufficient extent to meet the commitments thereof.
2. Enter into a contract with the service provider which includes the rights and obligations of the parties thereto, in particular, the fees of the service provider, the bases of calculating it, dates of payment, the procedures to be taken at the termination of such contract, and procedures and implications resulting from the termination of the relationship with such service provider.
3. Assume Care of a Prudent Person when undertaking the responsibilities of a service provider, and cooperate with the other service providers of the Fund, and compensate every Person harmed as a result of an error committed by the Service Provider.
4. The service provider, except for the Fund Manager, may not deal in the Fund's Units for its interest or on anyone's behalf.

Article 2-14**Fund Manager****Article 2-14-1**

The Fund shall be managed by an Executive Committee formed of two or more of the Fund Manager's employees, who must meet the requirements of the representatives of activity of Collective Investment Scheme manager, provided that one of the employees should be at an Executive Position of the Fund Manager.

Article 2-14-2

Members of the Executive Committee must be Registered Persons at the Authority, and shall represent the Fund Manager with the responsibilities and powers set forth in this Module. The signature of members of the Executive Committee or whom they authorized among them thereof shall be considered as the Fund Manager's signature. The members will be jointly liable with the manager for any errors, negligence, or fraud in the management of the Fund.

- Article 2-14-3** The Fund Manager is committed in particular to the following:
1. Manage the Fund's Assets in a manner that achieves its investment objectives set forth in the Fund's Articles of Association.
 2. Take all of the investment decisions and other decisions in a manner that achieves the interest(s) of the Fund and its Unit holders, and ensure the fair treatment of the Unit holders.
 3. Apply the appropriate policies and procedures to prevent or reduce wrongful practices, which may affect the stability of the market and its integrity.
 4. Ensure the use of pricing models and appraisal method that are fair, correct, and transparent for each Fund managed thereby.
 5. Take appropriate measures to protect and safe keep the Fund's Assets.
 6. Maintain records of purchase and sale transactions which occur in the Fund and according to its timing and chronological sequence
 7. Represent the Fund in its relationship with other and before the court and may sign on its behalf.
 8. Provide an accounting system to register the Fund's financial transactions.
 9. Ensure an adequate system is in place for the settlement of transactions that have been entered into the accounting system with bank accounts and securities accounts opened under the Fund's name with the Custodian.
 10. Provide sufficient liquidity for the Fund to meet any obligations that may arise.
 11. Not to expose the Fund to any unnecessary investment risks in accordance with its policies and investment objectives.
 12. Provide the necessary information of the Fund to the Investment Controller to the extent that enables him to perform his duties thereof efficiently and effectively.
 13. Notify the Authority immediately after the occurrence of material events that may expose the interests of Unit holders to risk.
- Article 2-14-4** A Fund Manager may not participate in voting on resolutions of the Unit holder's assembly which are related to his personal interests or if the interests thereof are in conflict with the Fund's interests.
- Article 2-14-5** If the manager manages more than one Fund, he should separate between the transactions related to these Funds.
- Article 2-14-6** The Authority may replace the Fund Manager if it notices a material breach of his obligations set forth in this Module.

Article 2-15**Investment Controller**

Each Fund shall have an Investment Controller appointed by the Fund Manager after obtaining the approval of the Authority, and shall be committed to the following:

1. Ensure that the Fund Manager complies with the Law, these Bylaws and the Authority's decisions and instructions, Articles of Association, Prospectus, and any other documents issued by the Fund Manager.
2. To appraise the investment shares or Units in such methods and at such times as are specified thereof in the Fund's Articles of Association.
3. Ensure that the Fund Manager undertakes the responsibilities thereof, in a manner that achieves the interest of the Unit holders in accordance with the Fund's Articles of Associations and the provisions set forth in these Bylaws; and ensure that the fund's monies are invested within the methods and policies set out in its Articles of Association.
4. Approve any transactions that involve a conflict of interest.
5. Meet at least twice annually with the Executive Committee of the Fund to review the Fund compliance with the Law, these Bylaws, the Authority's decisions and instructions, Articles of Association, Prospectus, and any other documents issued by the Fund Manager.
6. Notify the Authority of any Violations committed by the Fund Manager.

Safekeeping of the Fund's Assets**Article 2-16****Custodian****Article 2-16-1**

The Fund's Assets shall be kept with a licensed Custodian and appointed by the Fund Manager after obtaining the approval from the Authority. Such Custodian may appoint a sub-Custodian that is licensed or registered from a foreign Regulatory Body to safe keep the assets outside of the State of Kuwait. Contracting with a sub-Custodian shall not exempt the principal Custodian from the responsibilities thereof.

Article 2-16-2

A Custodian shall be committed in particular to following:

1. With taking into consideration the provisions of the Module Seven (Client Funds and Assets) of these Bylaws, the Custodian is required to keep the Fund's Assets in independent accounts opened and managed thereby, provided that they are independent from his or third parties accounts, and pay Care of a Prudent Person in this regard.
2. Collect, keep and deposit the dividends and any other distributions arising from the activities of the Fund.
3. Notify the Fund Manager of any obligations on the Fund's Assets and send any notifications received thereby in the period prescribed for it.
4. Execute the instructions of the Fund Manager, within the Custodian's scope of work.
5. Develop and maintain a record of the Unit holders, unless it is kept with a Clearing Agency.

- Article 2-16-3** A written consent shall be obtained from the Fund Manager for all contracts concluded between the Custodian and sub-Custodian.
- Article 2-16-4** All contracts concluded with the principal Custodian or the sub-Custodian shall regulate the following issues:
1. The requirements that enable the Fund to exercise all the rights related to the assets kept by the Custodian.
 2. The requirements related to the place where the Fund Assets are kept.
 3. The method used in safekeeping and protection of the Fund's Assets.
 4. The level of professional diligence and responsibility of damage.
 5. Fees and the method of calculating them
- Article 2-17** **External Auditor**
- Article 2-17-1** A Fund Manager shall appoint an external Auditor whom is registered with the Authority, in order to review and audit the Fund's accounts, in accordance with the International Accounting Standards approved by the Authority.
- Article 2-17-2** An external Auditor of a Fund shall be appointed for one financial year renewable on an annual basis for a period not exceeding four consecutive financial years. The external Auditor may assume the same function for the same Fund after a period not less than two consecutive years.
- Article 2-17-3** A Fund's external Auditor shall not be the same Auditor for the Fund Manager.
- Article 2-18** **Sharia Supervision**
- Article 2-18-1** Funds operating under the provisions of Islamic Sharia shall have Sharia supervisory controls which consist of an Internal Sharia Audit Unit and an External Sharia Auditing Office, to carry out oversight of all Security transactions for the Fund to ensure compliance with the Sharia Standards and the relevant resolutions of the Authority.
- The External Sharia Auditing Office must be registered with the Authority and shall present its reports to the Fund's Unit holders' assembly.
- Article 2-18-2** A Fund Manager, who manages a Fund that operates in accordance with sharia standards, shall be entitled to appoint the External Sharia Auditing Office.

Article 2-18-3 A Fund Manager may assign the Sharia Audit Officer thereof to carry out the tasks of the Fund's Internal Sharia Audit Unit.

If the Fund Manager is not Licensed Persons to operate in accordance with sharia standards, he shall be entitled to appoint an External Sharia Auditing Office to carry out the functions of the Fund's Internal Sharia Audit Unit, provided that the Fund Manager shall incur the charges thereof, and that office shall not carry out the external operations of the Fund's External Sharia Auditing Office.

Article 2-18-4 A Fund's External Sharia Auditing Office shall be appointed for one financial year renewable annually, and for a maximum period of four consecutive financial years. The External Sharia Auditing Office may carry out this role for the same Fund after a period of suspension not less than two consecutive years.

Article 2-18-5 An Internal Sharia Audit Unit shall ensure that the operations are carried out according to sharia by selectively examining some of the different daily transactions of the Fund; to ensure that the Fund's transactions are abiding by Sharia Standards and by the relevant resolutions of the Authority.

Article 2-18-6 The report submitted by the External Sharia Auditing Office shall include the following:

1. Proof of reviewing the Internal Sharia Audit Unit's report.
2. Numbers and dates of field visits carried out to the Fund Manager and the results of such visits.
3. A statement about the reviewed and inspected contracts and transactions without prejudice to the confidentiality of such transactions.
4. Terms of reference for these contracts and transactions.
5. Breaches of sharia, if any, either in the contracts or the transactions and the corrective measures taken for such breaches and the proposed period(s) thereof.
6. The entities within the Licensed Person, responsible for carrying out the transactions and the phases of their completion.
7. The final sharia opinion.
8. The signature of the Sharia Auditor and legal representative of the office.

Fees of Service Providers

Article 2-19 The details of service providers' fees should be included in the Fund's Articles of Association and Prospectus, and paid from the Fund's monies.

No amount shall be paid from the Fund's Assets to the Investment Advisor or for the promoting or selling of Units, including but not limited to, the expenses to copy and distribute the Fund's Articles of Association, provided that the Fund Manager shall incur such expenses and the Fund shall incur the expenses of incorporation.

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|-----------------------|---|
| Article 2-20 | Vacancy of the Fund's Executive Committee Members or any of the Service Providers |
| | <p>In the event of a vacancy in any of positions the <u>Fund's Executive Committee</u> members or any of the service providers; the <u>Fund Manager</u> should notify the <u>Authority</u> within a maximum of five <u>Business Days</u>. The fund manager should apply for the vacant position(s) within fifteen <u>Business Days</u> as of the day of expiry of the notice period as specified in this article.</p> |
| | <p>The <u>Fund's</u> records shall be amended in the <u>Fund's</u> register with the <u>Authority</u> in the event of any changes that occur on the Articles of Association or to the service providers.</p> |
| | <p>In any event, the <u>Fund Manager</u> must notify the Unit holders within a maximum of five <u>Business Days</u> as of the date of position vacancy or occupation of any of the positions thereof.</p> |
| Article 2-21 | Restrictions on Positions |
| Article 2-21-1 | <p>Without prejudice to the responsibilities of the <u>Fund Manager</u> set forth in the provisions of Chapter Three (Conflict of Interests) of Module Eight (Conduct of Business) of these <u>Bylaws</u>, the <u>Fund Manager</u> employees, who are not registered as representatives of a <u>Collective Investment Scheme</u> manager, may occupy the position of a <u>Member of a Board of Directors</u> at a company whose Securities thereof are a part of the <u>Fund's Assets</u> managed by the <u>Fund Manager</u>.</p> |
| | <p>Employees of the <u>Fund Manager</u> registered as representatives of a <u>Collective Investment Scheme</u> manager, may not occupy the position of a <u>Member of a Board of Directors</u> at the companies mentioned in the preceding paragraph, unless the investment controls of certain types of <u>Funds</u> stated in Appendix 4 of this Module so permit.</p> |
| Article 2-21-2 | <p>In the event where a <u>Fund Manager</u> appoints a <u>Person</u> as a representative of the <u>Collective Investment Scheme</u> manager and from those who are subject to the restriction set out in Article (21-2-1) of this Module, this <u>Person</u> shall be required to resign as <u>Member of a Board of Directors</u> from the company at which the <u>Securities</u> are a part of the assets of a Fund managed by the <u>Fund Manager</u>.</p> |
| Article 2-22 | Marketing and Selling Units |
| | Scope of Application |
| Article 2-22-1 | <p>The provisions of Articles (2-22-1) to (2-22-5) of this Module shall be applied on all the <u>Promotions or Marketing of a Fund</u> that are <u>Publicly Offered</u> and licensed by the <u>Authority</u> in the State of Kuwait.</p> |

Article 2-22-2**Conditions to be provided in the Promotion or Marketing of a Fund**

A Fund Manager shall abide by the provisions of the Financial Promotion stipulated in Chapter Seven of Module Eight (Conduct of Business) of these Bylaws. In addition, the Fund Manager shall, upon promoting for Funds, be obliged to the following:

1. Clarify the purpose of the promotion.
2. State the name and address of the Fund Manager and the Executive Committee for the Fund.
3. State how to obtain a copy of the Articles of Association and the financial reports of the Fund.
4. If the promotion includes a list of all investments in the Fund or a list of selected investments, the selection shall be conducted objectively and in a balanced manner and state the basis for this selection.
5. If the promotion includes information about the performance of the Fund or the Fund Manager, the promotion must meet the following requirements:
 - a. A statement on the Fund's total return after deducting all expenses. If the promotion includes a statement on the total return before deducting the expenses, these two statements must be included in the same degree of clarity in the promotion.
 - b. A comparison between the Fund's total return and the total return of an adequate index or another standard as specified in the Articles of Association for the same period. If the index or the other standard does not include all the elements of the total return, the elements that are not included and their effect must be stated in this comparison.
 - c. A statement of the total return for the first financial year, and the total return of every three consecutive years as of the incorporation of the Fund. If the period of return is less than the multiple of three years, the return shall be stated since the year of incorporation till the last quarter according to the annual calendar applied in preparing the Fund's financial statement. The performance may not be stated for a period less than one year.
 - d. Clarify that the value of the investment Unit in the Fund is variable and may be subject to decrease or increase.
 - e. Disclose any information or exceptional circumstances (if any) that had an effect or may affect the Fund's performance.

Information Prohibited in the Financial Promotion of a Fund**Article 2-22-3**

A Fund Manager shall be prohibited, when preparing the Financial Promotions, in mentioning any of the following information:

1. An expected future or potential prices for the Fund's Units.
2. To expect the total return or the investment performance of the Fund or its Unit holders, except in the following cases:
 - a. A Fund with guaranteed capital.
 - b. A Fund that guarantees minimum returns.
 - c. A Fund that aims to achieve a better performance than that of the key performance indicator (KPI).
3. Any statement about the profits attained by some Persons as a result of participation in the Fund or in other Funds managed by the same Fund Manager.

Controls for the Promotion of a Fund by Direct Communication**Article 2-22-4**

In the event of a Promotion of a Fund by Direct Communication with a Client by any means, the Fund Manager shall abide by the following controls:

1. The recipient shall be a Client of the Fund Manager and shall expect to receive this kind of Financial Promotion.
2. Ensure that the caller on his behalf shall take in to account:
 - a. Disclosure of information in a clear, fair, and a non-misleading manner
 - b. Not to provide false, misleading or deceptive statement or apply inappropriate methods.
 - c. Clarify the purpose of the Financial Promotion of the Fund at the beginning of the call; and identify himself and the Fund Manager he represents.

Controls of Promotional or Marketing Material of a Fund**Article 2-22-5**

The Fund Manager shall, upon preparation of the Promotional or Marketing Material, comply with the following controls:

1. Guarantees:

The promotion should not include a description of the Fund to be guaranteed, contrary to the truth. In the event where a Fund is guaranteed, the promotion should include a statement about the minimum guaranteed capital and details of the guarantor as well as the mechanism of guarantee.
2. Comparisons:

The Fund Manager must verify that any comparison that may be mentioned in the promotion between the Fund's performance and other activities are correct, fair and balanced, and that the comparison thereof does not oversee any material matter.
3. Past Performance:

The information related to the past performance of the Fund or the Fund Manager, which is included in the promotion, the following shall be required:

 - a. It shall constitute a fair presentation of past performance of the Fund or the Fund Manager.
 - b. It shall not be selected to exaggerate the performance of the Fund or the Fund Manager.
 - c. It shall set forth the source of information.
 - d. It should be based on verifiable information.
4. Change in the value of Units:

In the events where the prices and value of the Funds Units may change, the promotion must include a statement indicating that prices, value, or income may decrease, and the investor should be informed that he may redeem an amount less than the amount invested thereby.
5. Convenience:

If the promotion includes or indicates a recommendation concerning a Fund of a special nature, the promotion shall warn that the Fund may not be suitable for every Person receiving such promotion and that if any Person has doubts, then they shall refer to the advisor thereof.

6. Return on Investment:
If the Fund is described that it is suitable for an investor endeavouring in particular to gain income from the investment thereof, such investor shall be warned against that such Fund's income may change.
7. Funds in Foreign Currency:
If the Fund is in a foreign currency, the investor should be warned against the change of exchange rates that may result in a negative effect on the value, price, or income of the Fund's Units.
8. The promotion must indicate any fees due on the Fund's Units, if any.

Listing and Trading of Units

Article 2-23

The Fund - that is licensed by the Authority to be incorporated - may be listed on the Exchange according to the rules set forth in Module Twelve (Listing Rules) of these Bylaws and the Exchange's rules.

Funds incorporated outside of the State of Kuwait - which are licensed by the Authority to market their Units in the State of Kuwait - may apply for listing on the Exchange according to the requirements and conditions specified by the Exchange's rules and regulations.

Article 2-24

Valuation of Fund's Assets

Article 2-24-1

The Articles of Association of a Fund should include a statement of the standards and mechanism of valuation of the assets thereof according to the International Accounting Standards or conditions approved by the Authority.

Article 2-24-2

In the event a Fund's asset is appraised incorrectly or there is an error in calculating the price of a Unit, the person, who committed such error, shall indemnify the person who was harmed by such error.

The Fund Manager should also enclose in the quarterly reviewed financial statements or annual audited financial statements a report that indicates the appraisal and pricing errors committed within the period thereof.

Registration of Units

Article 2-25

The process of subscription or redemption of Units shall be reflected when conducting the first calculation of the net asset value for the Fund after the participation or redemption process.

Article 2-26

Valuation, Subscription, and Redemption

Article 2-26-1

The valuation, subscription, and redemption provisions set out in the following Articles shall apply to Open-Ended Funds only.

- Article 2-26-2** The Articles of Association and Prospectus of the Fund shall include the following data:
1. The specified time for submitting subscription and redemption applications of the Fund's Units.
 2. Dealing Day, in which the Fund's Units may be subscribed in or redeemed.
 3. Valuation Day(s), on which the net asset value (NAV) of the Fund is calculated.
- Article 2-26-3** The Fund's Assets must be evaluated on every Dealing Day no later than one day after the deadline for submitting subscription and redemption applications.
- Article 2-26-4** No subscription in the Fund's Units or redemption must take place except on the Dealing Day.
- Article 2-26-5** The Fund Manager must execute the subscription or redemption applications according to the valuation price (NAV) following the subscription or redemption applications. Subscription or redemption prices may include any other commissions, provided that they are stated in the Fund's Articles of Association.
- Article 2-26-6** The valuation of the Fund's Assets may be delayed for a maximum of two business days as of the Dealing Day in the event of not being able to appraise a substantial part of the Fund's Assets, in which the Fund Manager shall provide the Authority with the reasons and justifications of such delay.
- Article 2-26-7** The Fund Manager shall pay to the Unit holder the redemption value within four Business Days following the Valuation Day, in which the Unit price is determined.
- Article 2-26-8** The Fund Manager may postpone meeting any redemption application until the following Dealing Day or the following redemption date, in accordance with the Fund's Articles of Association in any of the following cases:
1. If the total redemption requests of Unit holders on any Dealing Day or redemption date are 10% or more of the Fund's Assets net value, provided that the manager is, in this event, committed to meeting the redemption requests less than 10% of the Fund's Assets net value and that all the redemption requests shall be taken into account on a pro-rata basis. The redemption requests that are more than 10% of the Fund's Assets net value are deferred to the next Dealing Day or redemption date.
 2. If trading is suspended on the Exchange or regulated financial markets, in which trading in Securities or other assets owned by the Fund, or if trading is suspended on Securities that constitute a substantial value in the assets thereof.

Article 2-26-9 The Fund Manager may collect early redemption fees from any Unit holder requesting to redeem the Units thereof within thirty days as of the subscription date. The Articles of Association shall determine the early redemption conditions and the mechanism of fees calculation. The Authority shall set limits for such fees.

The early redemption fees shall be deducted from the redemption amount, and paid to the Fund exclusively and directly and may not be paid to the Fund Manager.

Unitholders Register

Article 2-27 The register of the Fund's Unit holders shall be maintained with a Clearing Agency and this register may be maintained with a Custodian if the Fund is not listed, in accordance with the provisions set forth in the Module Four (Securities Exchanges and Clearing Agencies) of these Bylaws. The fees of the entity keeping such record shall be paid from the Fund's monies.

Units Statement

Article 2-28 The Clearing Agency or the Custodian shall keep a statement indicating the remaining balance of Units and the Units issued, redeemed, updated, or cancelled and provide the Investment Controller with a copy of the statement.

Equality among Unitholders

Article 2-29 The same terms and provisions shall be applied to all the Unit holders of the same category in the Fund.

Article 2-30 Restrictions on Funds

Article 2-30-1 Without prejudice to Article (1-7) of this Module, the Fund Manager may not buy any Securities issued thereby or by its Subsidiary Companies unless in accordance with the following conditions:

1. The Articles of Association of the Fund shall permit the Fund to invest its assets in Securities issued by the Fund Managing company, or any of its Subsidiaries.
2. Obtaining the approval of the Investment Controller before purchasing.
3. The total amount of securities invested by the Fund and all other Funds which are managed by the Fund Manager shall not exceed 10% of the total value of Securities issued by the Fund Manager, or any of its Subsidiary Companies, except for the Funds that follow a certain index according to their Articles of Association.

Article 2-30-2 Without prejudice to Article (1-7) of this Module and if the Fund Manager undertakes the role of Subscription Agent or the subscription manager of an Issuer, the Fund Manager may not buy any Securities of the Issuer, while assuming such roles.

If the Fund Manager or any of its Subsidiary Companies commits to cover the Public Offer or Private Placement for a certain Security, the Security may not be offered for the benefit of the Fund.

Article 2-31**Investment Controls****Article 2-31-1**

The Fund Manager shall not keep cash or cash equivalents only when necessary in one of the following cases:

1. To meet redemption requests of Units
2. Manage the Fund in a proficient manner according to the investment objectives and complementary purposes thereof.

The provision of this Article shall not be applicable during the first year of issuing the final license to the Fund.

Article 2-31-2

The investment and borrowing controls of each type of Fund is set out in Appendix 4 of this Module shall be applicable.

Breaches of Investment and Borrowing Controls**Article 2-31-3**

In the event of a Violation of the investment and borrowing controls, the following procedures shall be followed:

1. In the event of violating the investment limits set forth in the investment controls of each type of Fund or in the Fund's Articles of Association due to any mistake or negligence by the Fund Manager, the Fund Manager shall notify the Authority immediately and take the necessary procedures and measures to correct the Violation.
2. In the event of violating the investment limits set forth in the investment controls of each type of Fund or in the Fund's Articles of Association as a result of an event beyond the control of the Fund Manager, the Fund Manager shall notify the Authority immediately if the violation is not corrected it within five Business Days, provided that the notification should include the procedures and measures required to resolve the Violation and the period required for that and the Authority may minimize such period.
3. The Fund Manager shall notify the Investment Controller of all the Violations of investment limits referred to in paragraphs (1) and (2) of this Article. The Fund Manager must keep a permanent record of Violations and document the procedures undertaken and the period required for remedy.

Material Information for the Public**Article 2-32**

Taking into consideration Article (2-8-4) of this Module, the Fund Manager shall, whether the Fund is listed or not, publish monthly information of the Fund to the public through the Exchange within seven Business Days as of the end of each month in accordance with the form set out in the Appendix 5 of this Module.

Article 2-33**Financial Statements****Article 2-33-1**

The Fund Manager must prepare quarterly financial statements and provide a copy to the Exchange and to the Authority within a period not more than fifteen Business Days as of the end of the term.

Article 2-33-2

A Fund Manager shall prepare annual audited financial statements and provide a copy to the Exchange and to the Authority within a period not more than forty-five days as of the end of the Fund's financial year.

Article 2-33-3

Taking into consideration Article (2-8-4) of this Module, the Exchange shall publish the financial statements it receives from a Fund Manager.

Periodic Reports to Unit holders**Article 2-34**

Except for Funds that are listed on the Exchange, a Fund Manager shall provide quarterly reports to each Unit holder, unless the Articles of Association set forth a shorter period. The report shall include:

1. The net value of Fund's Unit assets.
2. The number of Fund's Units owned by a Unit holder and their net asset value.
3. A record of the movement in the account of each Unit holder including any paid distributions made after the last report presented to the Unit holders.
4. A statement of the fees of the Fund Manager and service providers

Article 2-35**Unitholders Assembly****Article 2-35-1**

Each Fund shall have a Unit holders assembly held at least once annually. Each participant shall be entitled to attend the assembly and vote on its resolutions. Each Unit holder shall have one vote for each investment Unit owned thereby.

Article 2-35-2

The Unit holder assembly shall look into and decide on the following issues:

1. The Fund Manager's report on the Fund's activity and its financial position.
2. The Auditor's report on the Fund's annual audited financial statements.
3. The annual audited financial statements of the Fund.
4. The External Sharia Auditing Office's report (for Funds licensed to operate in accordance with the provisions of sharia).
5. The Investment Controller's report.
6. Amendments of the Articles of Association related to the acquired rights of Unit holders.
7. Dismissal of the Fund Manager.
8. Appointment of a substitute Fund Manager.
9. Select the Fund's liquidator and supervise the works thereof.

Resolutions of the Unit holders assembly shall not be implemented without the approval of the Authority.

- Article 2-35-3** The Unit holders assembly shall be held upon an invitation from the Fund Manager to consider the matters assigned to the assembly. The Fund Manager shall call for holding the meeting, based on a reasoned request by the Unit holders constituting a minimum of 10% of the Fund's issued capital or at the request of the Investment Controller or the Auditor. The agenda shall be prepared by the entity calling for holding the meeting.
- Article 2-35-4** If the Fund Manager does not call to hold a Unitholders assembly, in the cases he must do, and if the Fund Manager finds difficulty to call for a meeting for any reason, the Authority may assign the Investment Controller or the Auditor to call for holding the assembly.
- Article 2-35-5** The invitation to attend the meeting of the Unit holders assembly, should include an agenda, time and place of holding the meeting, shall be extended by one of the following methods:
1. Announcement in two local daily newspapers and the Exchange at least ten Business Days prior to the date of holding the meeting.
 2. Registered mail letters to be sent to the Unit holders at least ten Business Days prior to the date of holding the meeting.
 3. Emails or faxes at least seven Business Days prior to the date of holding the meeting.
 4. Hand-deliver the invitation to the Unit holders or representatives thereof at least three Business Days prior to the date of holding the meeting and a photocopy of the invitation shall be notated as received.
- For the validity of announcement by the methods referred to in paragraphs (2), (3), and (4) of this Article, each participant shall have provided the Fund Manager with the data about the residence, email address, or fax number thereof and shall have agreed to be notified through such methods. The Fund's Articles of Association shall also set forth the announcement by those methods.
- Any change of a participant's information referred to in the previous paragraph shall not be approved unless the participant notifies the Fund Manager or the entity keeping the register of Unit holders of such change at least five Business Days prior to the announcement of the participant.
- Article 2-35-6** The Fund Manager shall serve notices with the agenda, time, and place of the Unit holders assembly meeting at least seven Business Days prior to the date of holding the meeting to all of the following:
1. The Authority.
 2. The Investment Controller.
 3. The entity keeping the record of Unit holders Register (Custodian or Clearing Agency).
 4. The Auditor, External Sharia Auditing Office, as applicable, if it is decided to present the financial statements to the Unit holders assembly.
 5. The Exchange, for announcement of the agenda, date, and place of the assembly.

- Article 2-35-7** If the Authority is notified, absence of the representative thereof shall not result in the invalidity of the meeting of the Unit holders assembly. The meeting shall be invalid in the event of absence of anybody referred to in paragraphs (2), (3), and (4) of the previous Article. The meeting shall be invalid in case of the absence of the Fund Manager, unless the call for holding the meeting is extended by anybody other than the manager.
- Article 2-35-8** The meeting of the Unit holders assembly shall be chaired by the entity calling for the meeting.
- Article 2-35-9** Holding the meeting of the Unit holders assembly shall be invalid unless it is attended by Unit holders constituting 50% of the Fund's issued capital. If this quorum is not achieved, the assembly shall be called for another meeting of the same agenda to be held within a period not more than thirty days as of the date of the first meeting. The second meeting shall be valid whatever the percentage of the capital owned by attendants is. A new call for the second meeting may be not extended, if the date thereof is identified in the call for the first meeting.
- The resolutions shall be issued by the absolute majority represented in the meeting, excluding the resolutions related to amending the Fund's Articles of Association and related to the rights acquired by Unit holders or in the event of liquidation at the request of the Fund Manager, as these resolutions shall be issued upon approval of the Unit holders owning 50% of the Fund's issued capital.
- Article 2-35-10** The Unit holder's assembly may not discuss issues not listed in the agenda, unless they are urgent, and after preparing the agenda, and are revealed during the meeting or if the Authority, the Auditor, or Unit holders owning 5% of the Fund's issued capital so request. In the event that there is insufficient information related to some presented issues, the meeting shall be postponed for a period not more than ten Business Days, if the Unit holders owning 25% of the issued Fund capital so request. The postponed meeting shall be held without the need to take new procedures of invitation.
- Article 2-35-11** The Authority's representative, in the event of attending the meeting of the Unit holders assembly, shall prepare a report of the events and proceedings of the meeting. The report shall, in particular, include:
1. The meeting's quorum.
 2. The validity of proxies
 3. Any complaints provided by the Unit holders during the meeting.
 4. Resolutions issued by the assembly.
 5. Any Violation of the Law and these Bylaws that may have taken place during the meeting.
- The Authority's representative shall not express any opinion in relation to any disagreement during the meeting. The Fund Manager or the entity calling for the meeting, as applicable, shall provide the Authority with a copy of the minutes of the assembly meeting after it is signed by the meeting chairperson and the attending service providers within two weeks as of the date of its holding, provided that such minutes shall be enclosed with a copy of the attendees' proxies.

Article 2-35-12

Each Unit holder registered in the Funds register shall be entitled to attend the meeting of the Unit holders assembly in person or represented by a proxy. To be valid, the representation shall be in accordance with a special proxy or an authorization dedicated for that. Such proxy may be dedicated for attendance of one or more meeting of the Unit holders assembly. The proxy issued for a certain meeting shall be valid for attending the next meeting if it is postponed due to lack of quorum.

Appointment of a Substitute Manager**Article 2-35-13**

On selecting a substitute Fund Manager, the following conditions shall be considered:

1. The substitute manager shall be a Licensed Person by the Authority to work as a Collective Investment Scheme manager.
2. The substitute Fund Manager shall not be a manager of another Fund; which is similar in terms of goals, policies, activities and the category of investors targeted by such Fund, unless it is a Close-Ended Fund and has fulfilled its capital.
3. The substitute Fund Manager shall not have experienced default before due to mismanagement of any Fund.
4. The substitute Fund Manager shall be able to manage a new Fund, so that the position thereof when assuming the Fund management doesn't affect the interest of Unit holders.
5. The substitute manager shall undertake to abide by the Fund's Articles of Association.
6. Obtain the Authority's approval to appoint a substitute Fund Manager before holding the Unit holders assembly, which shall decide on selecting such substitute manager. The Authority shall notify the applicant of the decision setting out the reasons thereof within thirty days as of the date it received the application.
7. Any other conditions decided by the Authority.

In the event of an inability to appoint a substitute Fund Manager, the Authority is entitled to cancel the Fund's license and it shall be liquidated in accordance with the provisions set forth on this Module.

Ending of a Fund**Article 2-36**

The Fund shall end in the following events:

1. End of the period specified in the Articles of Association, unless it is renewed in accordance with the rules set out in the Articles of Association.
2. End of the purpose for which the Fund is incorporated for or in the event of the impossibility of achieving its goal.
3. Damage or use of all the Fund's Assets or most of them, so that other assets can't be invested feasibly.
4. At the request of the Fund Manager and by virtue of an approval issued by the assembly of Unit holders owning more than 50% of the Fund's capital has approved the winding up of the Fund before the end of its term.
5. A resolution issued by the Authority to cancel the Fund's license.
6. A court order is issued for the winding up and liquidation of the Fund.

Article 2-37**Liquidation****Article 2-37-1**

Once upon its winding up, the Fund shall be liquidated in accordance with the provisions of Article (2-36) of this Module. Within the liquidation term it shall retain the corporate entity to the extent necessary to complete the liquidation. The phrase (under liquidation) shall be added to the Fund's name and written legibly in the correspondences issued by the entity conducting such liquidation. The Fund's liquidation must be Officially Announced.

The provisions set forth in the following articles shall be followed upon the Fund's liquidation, unless the its Articles of Association otherwise state.

Article 2-37-2

All terms of debts due on the Fund shall be cancelled as of the date of Officially Announcing the Fund's dissolution and creditors shall be notified of the beginning of liquidation. The liquidator shall officially notify all creditors of such liquidation and request them to provide applications of debt payment thereto. Creditors may be notified through announcement. In any event, the announcement or notification shall include a deadline for such creditors not less than fifteen Business Days to submit the applications thereof.

Article 2-37-3

When the Fund is terminated, the Fund Manager's power shall end. However, the manager shall manage such Fund until a liquidator is appointed and practices the powers thereof. The Fund Manager, for third parties, shall be considered as a liquidator until a liquidator is appointed. The service providers shall continue to provide the services thereof within the liquidation period, unless the liquidator decides, after the approval of the Authority, to stop the provision of the services, or replace them with other service providers, or combine some duties assigned to one service provider.

- Article 2-37-4** The Fund Manager or service providers may appoint a liquidator for the Fund. The liquidator may be appointed amongst the Licensed Persons to manage Collective Investment Schemes, or to manage an Investment Portfolio, or serves as an Investment Controller or a Custodian, or auditors registered at the Authority. In all events, the liquidator shall not be appointed without the approval by the Authority and the liquidator shall not proceed with the works thereof unless the appointment thereof is Officially Announced.
- Article 2-37-5** The liquidator shall be appointed in accordance with a resolution issued by the Unit holders assembly, except in the event in which the Authority decides to appoint such liquidator in accordance with Article (1-12) of this Module.
- In the event of selecting the liquidator by the Unit holder's Assembly, the Authority's approval must be obtained prior to the appointment.
- In all events, the body selecting the liquidator shall specify the fees thereof and the liquidation term, provided that the Fund shall incur these fees.
- Article 2-37-6** The liquidator may be dismissed upon a resolution issued by the entity appointing the liquidator. In all events, the Authority may, at the request of any Unit holder or a Fund's creditor or on its own, issue a resolution of dismissal of the liquidator if it finds an accepted reason for that. Any resolution of dismissal of a liquidator shall include appointment of an alternative liquidator. The new liquidator shall not proceed with works thereof unless the resolution of appointment thereof as a liquidator is Officially Announced.
- Article 2-37-7** The liquidator shall carry out all works required for the Fund's liquidation and shall be entitled to:
1. Represent the Fund before the courts and third parties.
 2. Provide Care of a Prudent Person to maintain the Fund's Assets and rights.
 3. Pay the Fund's debts.
 4. Sell the Fund's Assets of real estate and movable assets in a public auction, tender, or any other method ensuring to have access to the highest price, unless the appointment resolution sets forth selling in a certain method.
 5. Divide the Fund's net Assets amongst the Unit holders
- The liquidator may not proceed with new works unless they are necessary for completing previous works. In addition, the liquidator may not sell the Fund's Assets in one batch; reconcile concerning the rights thereof; accept arbitration in the disputes related to liquidation works; or deal with parties of relevance without the approval of the Unit holders assembly.

- Article 2-37-8** Works conducted by the liquidator shall be valid in relation to the Fund, the Unit holders, or third parties, if they are required by liquidation works and within the limits of the powers thereof. If there are many liquidators, actions thereof shall not be binding to the Fund, unless the resolution is issued by the absolute majority and unless the resolution of appointment thereof otherwise states.
- Article 2-37-9** The Fund Manager shall provide the Fund's accounts and hand over books, documents and assets thereof to the liquidator. In addition, the service providers shall provide the liquidator with any data or information related to the Fund. The liquidator shall, within three months as of proceeding with the assignment thereof, inventory the Fund's Assets and shall identify the financial position thereof, including rights and obligations thereof. The liquidator may seek the help of service providers in this regard. The liquidator shall keep books necessary to register the liquidation and notify the Authority of the Fund's financial position report.
- Article 2-37-10** The liquidator shall complete liquidation works in the period as specified in the decision of appointment thereof; so if the period is not specified, the Authority shall specify such period at the request of the stakeholders.
- The period may be extended by a decision issued by the entity selecting the liquidator after reviewing the report thereof including the reasons that prevent completion of the liquidation on the specified period. Any party with a relevant interest may require the Authority to shorten such period.
- Article 2-37-11** The liquidator of the Fund shall call the Unit holders assembly meeting to be held within three months as of the end of the financial year, in order to discuss the financial data for the ended year, the Auditor's report, and the annual report of liquidation works and the approval. The liquidator may call the assembly meeting at any time to be held if the liquidation works so require.
- Article 2-37-12** The liquidator shall collect the rights payable to the Fund by third parties or by the Fund Manager and deposit the collected amounts in a bank account for the Fund in the liquidation phase.
- The liquidator shall pay the Fund's debts and set aside amounts necessary to pay the disputed debts. The Fund's debts shall be paid according to the following order:
1. The financial obligations resulting from the liquidation process.
 2. All amounts payable to the service providers.
 3. Priority debts according to their sequence.
 4. Debts secured with collateral in kind within the limits of asset securing the debt.
- The amounts of money remaining after payment of the said debts shall be paid to the ordinary creditors. If such remaining amounts are insufficient to pay all such debts, money shall be divided amongst them pro rata.

- Article 2-37-13** After payment of the Fund's debts, the liquidator shall divide the remaining Fund's Assets on the Unit holders. Each participant shall receive a share proportional to the number of Units thereof in the Fund's capital.
- Article 2-37-14** The liquidator shall provide the Unit holders assembly with a final account of the Fund's liquidation and the division of its assets. The liquidation works shall be completed upon the approval of the final account by the assembly. The liquidator shall apply for cancellation of the registration of the Fund in the Funds register at the Authority after the liquidation is completed.
- The liquidator shall Officially Announce the liquidation completion and the completion of liquidation shall not be effective against third party before the date of Official Announcement.
- Article 2-37-15** The liquidator shall provide the Authority with a quarterly report of liquidation works. In addition, the Authority may require the liquidator to provide it with any information or reports when necessary.
- Article 2-37-16** Records and documents related to the Fund's liquidation shall be kept for five years as of the date of cancelling the registration of the Fund from the Authority register at the place specified by the body which appointed the liquidator.
- Article 2-37-17** The liquidator shall be required to indemnify for the damages incurred by the Fund, Unit holders, or third parties in case the liquidator exceeds the limits of the powers thereof or as a result of faults committed thereby during the performance of the works thereof. In case of various liquidators, they shall be jointly liable.

Chapter Three

Contractual Collective Investment Schemes

Scope of Application

- Article 3-1** The provisions of this Chapter shall apply to Contractual Collective Investment Schemes licensed by the Authority and their managers.
- Article 3-2** The Authority may permit the incorporation of Contractual Collective Investment Schemes that does not have a corporate entity, whose units are issued by a Special Purpose Vehicle Company licensed by the Authority.
- Article 3-3** The Contractual Collective Investment Scheme is incorporated to invest funds owned by two or more Professional Clients, except for cases based on a court order or inheritance.
- The purpose of such scheme is to enable the Clients participating in the scheme to participate in or gain the profits accrued by, acquisition, or ownership, or management or disposition of such assets.
- Article 3-4** The Contractual Collective Investment Schemes must be managed by one of the Licensed Persons licensed to practice the Collective Investment Scheme Manager activity.
- Article 3-5** The following shall not be included in the Contractual Collective Investment Schemes:
1. The insurance contracts and the relevant investment tools thereof, as well as the investments managed as part of Takaful insurance contracts.
 2. The investment accounts opened at the Islamic banks, provided that these account are regulated by the Central Bank.
 3. Investment Portfolios.
 4. The contractual arrangements executed between companies that belong to one group.
 5. Schemes of saving, pensions, retirement or benefits created for the benefit of the companies' employees.
 6. Other contractual arrangements that the Authority decides to be excluded from the scope of the Contractual Collective Investment Schemes.

Contractual Arrangements of the Scheme

Article 3-6

The Contractual Collective Investment Scheme is incorporated pursuant to a contract concluded between the Collective Investment Scheme Manager and the Clients participating for the purpose of owning units in the Special Purpose Vehicle Company, provided that the number of participants in the Scheme does not exceed 25 Professional Clients. The number of participants may be increased in the event of inheritance or based on a court order or any other special cases approved by the Authority.

Article 3-7

The Special Purpose Vehicle Company shall issue units of the Contractual Collective Investment Scheme in accordance with the provisions of the Law and this Chapter, Chapter Four (Special Purpose Vehicle Company which Issues Contractual Collective Investment Scheme Units) of this Module, and any other instructions or resolutions issued by the Authority from time to time.

Form of Contractual Collective Investment Scheme

Article 3-8

A Contractual Collective Investment Scheme shall take one of the following forms:

1. Open-ended Contractual Collective Investment Scheme with a variable capital, whose capital increases with the issuance of new investment Units or decreases with the redemption of any of its Units during the period specified in the Contractual Collective Investment Scheme Contract.
2. Closed-ended Contractual Collective Investment Scheme with a limited capital, whose investment Units shall only be redeemed at the expiry of the term of the Scheme. Its capital may be increased or decreased according to the provisions of the Contractual Collective Investment Scheme Contract.

Contractual Collective Investment Scheme Capital

Article 3-9

The Contractual Collective Investment Scheme's capital is divided into Units of equal value. The liability of the Unit holders in the Contractual Collective Investment Scheme is limited to the value of their participation in the capital. The value of Units shall be paid in cash upon subscription or participation. The value of Subscription may be paid in instalments if stated in the Contractual Collective Investment Scheme Contract. The value of Units may be paid in kind, provided that the contract states thereof; the assets in kind shall be set for appraisal in accordance with the provisions of appraisal of shares in kind referred to in Module Eleven (Dealing in Securities) of these Bylaws.

Definition of Units

Article 3-10

An investment unit is an indivisible Security that represents a share in the Contractual Collective Investment Scheme's Assets directly authorizing its holders of all rights resulting therefrom.

If there is more than one owner of the Unit, they must choose one Person amongst them to represent them before the Scheme.

Non-Kuwaiti citizens may subscribe in or own investment Units.

Subscription and Participation in Units

Article 3-11

Subscription or participation in the Contractual Collective Investment Scheme shall be through Private Placement addressed to a Professional Client only.

Promoting or Selling of Units

Article 3-12

Financial Promotions for the Contractual Collective Investment Scheme shall only be permitted pursuant to the Financial Promotions controls stated in Chapter Seven of Module Eight (Conduct of Business) of these Bylaws. It shall be addressed only to a Professional Client, given that the means of marketing available for public shall not be used for the Contractual Collective Investment Scheme.

Requirements for incorporating a Contractual Collective Investment Scheme

Article 3-13

Any Contractual Collective Investment Scheme shall be incorporated as follows:

1. The Licensed Person to practice Collective Investment Scheme Manager activity shall submit an application, to incorporate a Contractual Collective Investment Scheme to the Authority, according to the form set out in Appendix (6) of this Module, in addition to submitting an incorporation form of a Special Purpose Vehicle Company pursuant to Chapter Four (Special Purpose Vehicle Company which Issues Contractual Collective Investment Scheme Units) of this Module. It shall be exempted from submitting a Prospectus in Contractual Collective Investment Scheme Units.
2. The Authority may at any time, after it receives the application to incorporate a Contractual Collective Investment Scheme according to the requirements in item (1) of this article, require additional documents or information that it considers necessary to decide on such application. If the applicant does not submit the required information and document within the period specified by the Authority, the application shall be considered as void.
3. The Authority shall decide on the application to incorporate a Contractual Collective Investment Scheme after it receives the application including all of the information and documents set out in the above items (1) and (2) of this article.

4. In the event of rejecting the application, the decision of rejection shall set out the reasons thereof.
5. If the application is approved, the applicant shall be notified to pay the licensing fees, and the Authority shall issue a temporary license for six months, within which time the minimum capital stated in the Contractual Collective Investment Scheme Contract should be met. It is not permitted to practice any of the Scheme's activities based on the temporary license.
6. The applicant may end the subscription period at any time and consider the subscribed capital sufficient. He may also submit an application to the Authority to extend the period of the temporary license, before the end of the original term of the license. The Authority may take appropriate measures – in each case - in a manner that achieves the interest of the Contractual Collective Investment Scheme.
7. If the temporary license term expires without meeting the minimum capital, the temporary license shall be terminated, and the Collective Investment Scheme Manager shall return any money collected from the Clients and the returns achieved within a maximum period of ten Business Days from the date of cancelling the approval, and shall notify the Authority in writing of the same.
8. The Authority shall issue the final license - at the request of the licensed person - once the requirements set out in this article are met.

In all cases, the Authority shall, notify the applicant of its decisions referred to in this article, and publish its decisions related to the issuance of the license in the Official Gazette.

Article 3-14

The Authority shall keep a record of all licensed Contractual Collective Investment Schemes.

Article 3-15

Contractual Collective Investment Scheme Contract

Article 3-15-1

The Contractual Collective Investment Scheme shall be incorporated and regulated according to a contract prepared by the Collective Investment Scheme Manager without compromising the provisions of the Law and these Bylaws.

Article 3-15-2

The Contractual Collective Investment Scheme should include the following data and information as a minimum:

1. Contractual Collective Investment Scheme name.
2. Contractual Collective Investment Scheme form (open-ended or closed-ended).
3. Contractual Collective Investment Scheme term.
4. Currency of the Contractual Collective Investment Scheme.
5. Contractual Collective Investment Scheme capital and its payment method.
6. Number of Contractual Collective Investment Scheme investment Units and the nominal value of each Unit.
7. Investment objectives of the Contractual Collective Investment Scheme.
8. Investment policies, guidelines and risks.
9. Beginning and end of the financial year of the Contractual Collective Investment Scheme.
10. Information about the Special Purpose Vehicle Company which represents the Contractual Collective Investment Scheme, including its activities and its chosen permanent headquarters in which notifications, correspondence and announcements are made.
11. Collective Investment Scheme Manager's name, address, profile and fees.
12. Statement that the Collective Investment Scheme Manager is licensed by the Authority.
13. A Summary of the responsibilities of service providers, in addition to the provisions relevant to the termination of their service or replacing them.
14. Minimum and maximum subscription and redemption by the Collective Investment Scheme Manager (if any) and the Unit holders in the Contractual Collective Investment Scheme.
15. Method of subscription and redemption, and the extent to which the in kind subscription and redemption are permitted (if any).
16. Subscription and redemption periods (if any).
17. Method of transfer in ownership in the Contractual Collective Investment Scheme (if any).
18. Controls and limitations of borrowing (as applicable).

19. Detailed information about the rights and obligations of Units holders, and whether the Collective Investment Scheme Manager will practice any rights relevant to Collective Investment Scheme Assets (such as the right of attending the general assembly meetings of the investee company, voting on the companies' decisions and taking part in the legal procedures) for the scheme's interest.
20. Provisions governing the Unit holders' assembly (if any).
21. Dealing Days and Valuation Days of the Contractual Collective Investment Scheme.
22. Statement regarding the criteria and method of valuating the Collective Investment Scheme Assets according to the controls and International Accounting Standards approved by the Authority.
23. Mechanism for calculating the net asset value of a Unit in Contractual Collective Investment Scheme.
24. Conditions regulating postponement or suspension of dealing in the Units (if any).
25. Procedures of distributing dividends (if any).
26. Procedures of submitting reports to the Units holders and the Authority.
27. The extent to which the Collective Investment Scheme Manager may be dismissed and the competent body for such dismissal, in cases other than that assigned to the Authority.
28. The body that specializes in appointing a substitute Collective Investment Scheme Manager or to appoint a liquidator in cases other than that assigned to the Authority.
29. Provisions and requirements of terminating and liquidating the Contractual Collective Investment Scheme, without prejudice to the general provisions set forth in Article (3-41) and (3-42) of this Chapter.
30. Method of calculating and paying the fees of the service providers.
31. Method of amending the Contractual Collective Investment Scheme Contract.
32. Procedures of any complaints provided by the Unit holders related to the Contractual Collective Investment Scheme.
33. Procedure of correspondence with the Unit holders.
34. Any other information required by the Authority.

Article 3-15-3 The Contractual Collective Investment Scheme Contract, and any amendments thereof, must be written in Arabic and signed by the Professional Client, and provided free of charge upon request to any current participant or any Professional Client intending to subscribe or participate.

Article 3-15-4 The Collective Investment Scheme Manager/Subscription Agent must not accept any subscription application before verifying that the applicant is a Professional Client. Any subscription application may be rejected if the Client delayed or fails to submit any required information or additional documents. It is prohibited to accept any subscription or participation application from any other Collective Investment Scheme.

Declaration of Disclaimer

Article 3-16 The cover page of the Contractual Collective Investment Scheme Contract shall include a declaration of disclaimer. It shall be a prominent legible disclaimer written in bold font, and shall include the following information:

The Capital Markets Authority shall not bear any liability for the contents of this Contract. It does not give any confirmation of the truth and accuracy of its contents. It shall not bear any liability of any kind for any loss resulting from this Contract or from relying on any part thereof. The Capital Markets Authority does not give any recommendation whether it is a good investment or not. We advise investors to read and understand this Contract. If in doubt, please seek the advice of a Person licensed in accordance with the Law who is specialised in giving advice regarding the content of this contract before making an investment decision.

In no case shall the Authority's approval of any Contractual Collective Investment Scheme be considered as a positive assessment by the Authority of the economic, financial, legal or solvency risks of the Contractual Collective Investment Scheme, the Special Purpose Vehicle Company or the Collective Investment Scheme Manager, or as a recommendation to participate in the units of the Contractual Collective Investment Scheme.

This contract was prepared in accordance with the Law and Bylaws. It shall not be presented or distributed within the State of Kuwait except to "Professional Clients" only as defined in Module One - Glossary - in the Bylaws.

The (Collective Investment Scheme Manager) shall bear full responsibility resulting from the Contractual Collective Investment Scheme Contract and confirms that the contract includes all information relevant to the Contractual Collective Investment Scheme and the associated investment risks, which are material to the issuance of Units in the Scheme, and that the information contained therein are true and accurate in all respects and is not misleading in any way, and that the opinions contained therein are presented with credibility and integrity and there are no other facts that their omission lead making this whole contract or any of the information mentioned or opinions expressed therein is misleading in a substantive way.

Article 3-17

If any material change occurs during the subscription period in any of the information contained in the Contractual Collective Investment Scheme Contract approved by the Authority or if there is an error or discrepancy in such information, the Collective Investment Scheme Manager shall - before the closing of the subscription period - provide the Authority with a supplementary contract that includes the necessary amendments., The participants should be notified of such amendments after it is approved by the Authority and before the closing of the subscription period.

Any participant that has participated before being notified of the supplementary contract is entitled to withdraw the subscribed amount and the Collective Investment Scheme Manager shall refund the participant his amount thereto within a maximum of two Business Days as of the date of expressing its intention to recant.

Amendment of the Contractual Collective Investment Scheme Contract

Article 3-18

Without prejudice to the provisions of Article (1-9) of this Module, the following additional provisions shall be applied in the event of any amendment to the Contractual Collective Investment Scheme Contract:

1. The Collective Investment Scheme Manager shall notify the Unit holders of any amendment to the Contractual Collective Investment Scheme Contract within a period not exceeding five Business Days from the date of Authority's approval of the amendment.
2. The Authority shall determine the effective date of any amendment to the Contractual Collective Investment Scheme Contract.

Article 3-19

Contractual Collective Investment Scheme Unit Holders

Article 3-19-1

The participating Unit holders are not entitled to manage the Contractual Collective Investment Scheme or the operations of the Collective Investment Scheme Manager.

Article 3-19-2

The creditors of the Unit holders, the Collective Investment Scheme Manager and the service providers may not seize the Collective Investment Scheme Assets. The creditors of the Unit holders may seize their debtor Units.

Special Purpose Vehicle Company

Article 3-20

The Collective Investment Scheme Manager shall establish the Special Purpose Vehicle Company and obtain a license from the Authority to issue the Units in the Contractual Collective Investment Scheme in accordance with the provisions of Chapter Four (Special Purpose Vehicle Company which Issues Contractual Collective Investment Scheme Units) of this Module. Special Purpose Vehicle Company may not issue Units for more than one Contractual Collective Investment Scheme.

Contractual Collective Investment Scheme Service Providers

Article 3-21

Each Contractual Collective Investment Scheme must have the following service providers:

1. A Collective Investment Scheme Manager.
2. An Investment Controller.
3. A Custodian.
4. An external Auditor.
5. An External Sharia Auditing Office (for Contractual Collective Investment Schemes licensed to operate in accordance with the provisions of Islamic Sharia).

It shall be taken into consideration that the Investment Controller, the external Auditor, or the External Sharia Auditing Office may not be a Related Party with the Collective Investment Scheme Manager.

The Collective Investment Scheme Manager may appoint other service providers. In the event of appointing an Investment Advisor, the Scheme Manger shall incur its expenses.

Article 3-22

A service provider may not combine two or more functions set forth in Article (3- 21) of this Chapter to one Contractual Collective Investment Scheme. As an exception, the functions of the Custodian and the Investment Controller may be combined for a Contractual Collective Investment Scheme; provided that the necessary procedures and measures for the segregation of functions assumed by the service provider shall be taken.

Obligations of Service Providers of Contractual Collective Investment Scheme

Article 3-23

Service providers for a Contractual Collective Investment Scheme shall comply with the following:

1. Must be a Licensed Person or Registered Person at the Authority to provide a service. The service provider should have the adequate human resources, technical and financial abilities and capabilities to the sufficient extent to meet the commitments thereof.
2. Enter into a contract with the service provider which includes the rights and obligations of the parties thereto, in particular, the fees of the service provider, the bases of calculating it, dates of payment, the procedures to be taken at the termination of such contract, and procedures and implications resulting from the termination of the relationship with such service provider.
3. Assume Care of a Prudent Person when undertaking the responsibilities of a service provider, and cooperate with the other service providers of the Scheme, and compensate every Person harmed as a result of an error committed by the Service Provider.
4. The service provider, except for the Collective Investment Scheme Manager, may not deal in the Contractual Collective Investment Scheme's Units for its interest or on anyone's behalf.
5. Take all necessary measures to rectify any failure to comply with its obligations stipulated in the Contractual Collective Investment Scheme Contract and these Bylaws and any instructions issued by the Authority.

Article 3-24

Service Providers shall immediately notify the Authority of any information that may materially affect the interests of Unit holders in the Contractual Collective Investment Scheme, including but not limited to the following:

1. Any violation of the provisions of the Law or these Bylaws or the Contractual Collective Investment Scheme Contract or decisions and regulations issued by the Authority.
2. The inability of the Contractual Collective Investment Scheme to meet its financial obligations as they fall due.

Article 3-25

The terms of reference of the Contractual Collective Investment Scheme service providers shall extend in the performance of their functions to the transactions of the Special Purpose Vehicle Company and the assets owned under its name in the interest of the Scheme.

Article 3-26

Collective Investment Scheme Manager

Article 3-26-1

The Contractual Collective Investment Scheme shall be managed by an Executive Team formed of two or more of the Collective Investment Scheme Manager's employees, who must be registered at the Authority as Representatives of Collective Investment Scheme Manager activity, provided that one of the employees should be at an Executive Position or Chief Executive Officer of the Collective Investment Scheme Manager. The Executive Team shall represent the Collective Investment Scheme Manager with the responsibilities and powers set forth in this Module. Their signature or whom they authorize among them thereof shall be considered as the Collective Investment Scheme Manager's signature. The members will be jointly liable with the manager for any errors, negligence, or fraud in the management of the Scheme.

Article 3-26-2

The Collective Investment Scheme Manager is committed in particular to the following functions:

1. Represent the Contractual Collective Investment Scheme legally, and practice the rights and obligations associated with the Scheme in the interest of the Unit holders and on their behalf.
2. Manage the Collective Investment Scheme's Assets in a manner that achieves the investment objectives of the Contractual Collective Investment Scheme set forth in the Contractual Collective Investment Scheme Contract.
3. Manage the Special Purpose Vehicle Company which is established for issuing Units of the Contractual Collective Investment Scheme in accordance with the company's Articles of Association and the Contractual Collective Investment Scheme Contract.
4. Take all of the investment decisions and other decisions in a manner that achieves the interest(s) of the Contractual Collective Investment Scheme and its Unit holders, and ensure the fair treatment of the Unit holders.
5. Appoint the service providers of the Contractual Collective Investment Scheme and ensure that they perform their tasks.
6. Comply with all the provisions of the Contractual Collective Investment Scheme Contract and the Articles of Association of the Special Purpose Vehicle Company established for issuing Units of the Contractual Collective Investment Scheme.
7. Apply the appropriate policies and procedures to prevent or reduce wrongful practices, which may affect the stability of the market and its integrity.
8. Ensure the use of pricing models and appraisal methods that are fair, correct, and transparent for the Collective Investment Scheme Assets managed thereby.
9. Take appropriate measures to protect and safe keep the Collective Investment Scheme's Assets.

10. Maintain records of purchase and sale transactions which occur in the Contractual Collective Investment Scheme and according to its timing and chronological sequence.
11. Negotiate all borrowing arrangements (if any) in accordance with the limits set forth in the Contractual Collective Investment Scheme Contract and supervise the implementation of these arrangements.
12. Exercise any voting rights related to the Collective Investment Scheme Assets in accordance with the provisions of the Contractual Collective Investment Scheme Contract.
13. Applying an appropriate accounting system to record the financial transactions of the Contractual Collective Investment Scheme.
14. Prepare semi-annual financial statements and annual financial statements of the Contractual Collective Investment Scheme.
15. Ensure an adequate system is in place for the settlement of transactions that have been entered into the accounting system with bank accounts and Securities accounts opened under the Contractual Collective Investment Scheme's name with the Custodian.
16. Provide sufficient liquidity for the Contractual Collective Investment Scheme to meet any obligations that may arise.
17. Not to expose the Contractual Collective Investment Scheme to any unnecessary investment risks in accordance with its policies and investment objectives.
18. Provide the necessary information of the Contractual Collective Investment Scheme to the service providers to the extent that enables them to perform their duties thereof efficiently and effectively.
19. Notify the Units holders (or call for a meeting of the Units holders assembly) after the occurrence of material events that may affect their interests.
20. Segregation between the processes associated with collective investment schemes if the manager is managing more than one Collective Investment Scheme.

Article 3-26-3

The Collective Investment Scheme Manager may employ a person licensed by a foreign Regulatory Body to carry out some of his duties on the Collective Investment Scheme Assets located outside of the State of Kuwait, provided that the Collective Investment Scheme Manager shall bear the fees of such licensed person from his own funds and it may not pay the fees from the Collective Investment Scheme Assets.

Article 3-26-4

A Collective Investment Scheme Manager may not participate in voting on resolutions which are related to his personal interests or if the interests thereof are in conflict with the scheme's interests.

Article 3-26-5

The Authority may, at the request of any Unit holder in the Contractual Collective Investment Scheme or creditors of the Special Purpose Vehicle Company or on its own, issue a resolution of dismissal of the Collective Investment Scheme Manager if it finds an accepted reason for that. Any resolution of dismissal shall include appointment of a replacement, or who would safeguard the assets of the scheme. The new Collective Investment Scheme Manager shall not proceed with works thereof unless the Authority announces the resolutions of dismissal and appointment thereof in the Official Gazette.

Investment Controller

Article 3-27

Each Contractual Collective Investment Scheme shall have an Investment Controller appointed by the Collective Investment Scheme Manager after obtaining the approval of the Authority, and the Investment Controller shall be committed to the following:

1. Ensure that the Collective Investment Scheme Manager complies with the Law, these Bylaws and the Authority's decisions and instructions, the Contractual Collective Investment Scheme Contract, and any other documents issued by the Collective Investment Scheme Manager.
2. To appraise the Units and calculate their net value in an independent and fair manner in accordance with the methods, periods and policies stated thereof in the Contractual Collective Investment Scheme Contract.
3. Approve any transactions that involve a conflict of interest.
4. Meet at least twice annually with the Executive Team of the scheme to review the scheme compliance with the Law, these Bylaws, the Authority's decisions and instructions, the Contractual Collective Investment Scheme Contract, and any other documents issued by the Collective Investment Scheme Manager.
5. Notify the Authority of any Violations committed by the Collective Investment Scheme Manager.

Article 3-28

Custodian

Article 3-28-1

Each Contractual Collective Investment Scheme shall have a Custodian appointed by the Collective Investment Scheme Manager after obtaining the approval from the Authority. Such Custodian may appoint one or more sub-Custodian that is licensed or registered from a foreign Regulatory Body to safe keep the assets outside of the State of Kuwait. Contracting with a sub-Custodian shall not exempt the principal Custodian from the responsibilities thereof. The Custodian shall also bear the fees of the sub-Custodian from his own funds, and his fees may not be paid from the of the Collective Investment Scheme's Assets.

Article 3-28-2

Subject to the provisions of the Module Seven (Client Funds and Assets) of these Bylaws, the Custodian shall take the necessary measures to ensure the following:

1. Keep the Collective Investment Scheme's Assets in accounts independent from its own or third party accounts.
2. Not to use the Collective Investment Scheme's Assets and any rights related to them except in accordance with the objectives set by the Contractual Collective Investment Scheme Contract, and not to exploit it for its benefit or for the benefit of other Clients or for the benefit of any other Collective Investment Schemes.
3. Develop appropriate records-keeping systems related to the Collective Investment Scheme's Assets.
4. Ensure that all the Collective Investment Scheme's Assets are registered in the name of the Special Purpose Vehicle Company for the interest of the Contractual Collective Investment Scheme and ensure that all the legal arrangements necessary for the safeguarding of the rights of the Contractual Collective Investment Scheme and Unit holders are met in a legally enforceable manner where applicable.
5. Collect and keep the dividends and any other distributions arising from the activities of the Contractual Collective Investment Scheme, and deposit them in a bank account in the name of Special Purpose Vehicle Company on behalf of the Contractual Collective Investment Scheme.
6. Execute the instructions of the Collective Investment Scheme Manager, within the Custodian's scope of work.
7. Notify the Collective Investment Scheme Manager of any obligations on the Collective Investment Scheme's Assets and send any notifications received thereby to the Collective Investment Scheme Manager in the period specified for it.
8. Open and manage the necessary bank accounts, accounts with the Clearing Agency, accounts with Brokers, or any other accounts on behalf of the Special Purpose Vehicle Company in the interest of the Contractual Collective Investment Scheme.
9. Prepare and keep the Unit holders Register, unless it is kept at the Clearing Agency.

Article 3-28-3

A written consent shall be obtained from the Collective Investment Scheme Manager for all contracts concluded between the principal Custodian and the sub-Custodian.

Article 3-28-4 All contracts concluded with the principal Custodian or the sub-Custodian shall regulate the following issues:

1. The requirements that enable the Contractual Collective Investment Scheme to exercise all the rights related to the assets kept by the Custodian.
2. The requirements related to the place where the Collective Investment Scheme Assets are kept.
3. The method used in safekeeping and protection of the Collective Investment Scheme's Assets.
4. The level of professional diligence and responsibility of damage.
5. Fees and the method of calculating them.

Article 3-29 **External Auditor**

Article 3-29-1 Each Contractual Collective Investment Scheme shall appoint an external Auditor who is Registered with the Authority and appointed by the Collective Investment Scheme Manager, in order to review the semi-annual financial statements and audit the annual financial statements of the Contractual Collective Investment Scheme, in accordance with the International Accounting Standards approved by the Authority.

Article 3-29-2 The external Auditor of a Contractual Collective Investment Scheme shall be appointed for one financial year renewable on an annual basis for a period not exceeding four consecutive financial years. The external Auditor may assume the same function for the same scheme after a period not less than two consecutive financial years.

Article 3-29-3 A Contractual Collective Investment Scheme's external Auditor shall not be the same Auditor for the Collective Investment Scheme Manager.

Article 3-30 **Sharia Supervision**

Article 3-30-1 Contractual Collective Investment Scheme operating under the provisions of Islamic Sharia shall have Sharia supervisory controls to supervise all activities of the Contractual Collective Investment Scheme to ensure compliance with the Sharia Standards and the relevant resolutions of the Authority.

The Sharia Supervision shall consist of the following:

1. Internal Sharia Audit Unit.
2. External Sharia Auditing Office.

- Article 3-30-2** A Collective Investment Scheme Manager, who manages a Contractual Collective Investment Scheme that operates in accordance with the provisions of Islamic Sharia, shall be entitled to appoint the External Sharia Auditing Office, provided that this office is registered at the Authority.
- Article 3-30-3** A Collective Investment Scheme Manager may assign the Sharia Audit Officer thereof to carry out the tasks of the scheme's Internal Sharia Audit Unit.
- If the Collective Investment Scheme Manager is not a Licensed Person to operate in accordance with the provisions of Islamic Sharia, he shall be entitled to appoint an External Sharia Auditing Office to carry out the functions of the scheme's Internal Sharia Audit Unit, provided that the Collective Investment Scheme Manager shall incur the charges thereof, and that office shall not carry out the external operations of the scheme's External Sharia Auditing Office.
- Article 3-30-4** The External Sharia Auditing Office of the Contractual Collective Investment Scheme shall be appointed for one financial year renewable on an annual basis for a period not exceeding four consecutive financial years. The External Sharia Auditing Office may assume the same function for the same scheme after a period not less than two consecutive financial years.
- Article 3-30-5** An Internal Sharia Audit Unit shall be responsible for verifying transactions for the Contractual Collective Investment Schemes and ensure the legitimacy of application by selectively examining some of the different daily transactions of the scheme; to ensure that the scheme's transactions are abiding by Sharia Standards and by the relevant resolutions of the Authority.

Article 3-30-6

The External Sharia Auditing Office of the Contractual Collective Investment Scheme which operates in accordance with the provisions of the Islamic Sharia shall submit an annual report to the Collective Investment Scheme Manager regarding the extent to which the Contractual Collective Investment Scheme complies with the provisions of Islamic Sharia. The report include the following:

1. Proof of reviewing the Internal Sharia Audit Unit's report.
2. Numbers and dates of field visits carried out to the Collective Investment Scheme Manager and the results of such visits.
3. A statement about the reviewed and inspected contracts and transactions without prejudice to the confidentiality of such transactions.
4. Terms of reference for these contracts and transactions.
5. Breaches of sharia, if any, either in the contracts or the transactions and the corrective measures taken for such breaches and the proposed period(s) thereof.
6. The entities within the Collective Investment Scheme Manager, responsible for carrying out the transactions and the phases of their completion.
7. The final sharia opinion.
8. The signature of the Sharia Auditor and legal representative of the office.

Vacancy of the Executive Team Members or any of the Service Providers

Article 3-31-1

In the event of a vacancy in any of the positions of the Contractual Collective Investment Scheme's Executive Team members, the Collective Investment Scheme Manager should notify the Authority and the Unit holders within a maximum of five Business Days. It shall also apply for the vacant position(s) to the Authority within fifteen Business Days as of the day of expiry of the notice period as specified in this article.

Article 3-31-2

Subject to Article (1-8) of this Module, the Collective Investment Scheme Manager shall, upon the replacement of any of the service providers - other than those provided for in the said Article - notify the Authority within a maximum period of five Business Days.

Article 3-31-3

In any event, the Collective Investment Scheme Manager must notify the Unit holders within a maximum of five Business Days as of the date of the vacancy of the position or occupation of any of the Executive Team or service providers.

The scheme's data shall be amended in the Contractual Collective Investment Schemes register with the Authority in the event of any changes that occur thereon.

Conflict of Interests

Article 3-32

Subject to the provisions of Chapter Three (Conflict of Interests) of Module Eight (Conduct of Business) of these Bylaws, the Collective Investment Scheme Manager shall take all necessary measures to avoid conflict of interests in dealing on behalf and in the interest of the Contractual Collective Investment Scheme and Unit holders.

Article 3-33

Unitholders Register

Article 3-33-1

The register of the Contractual Collective Investment Scheme's Unit holders shall be maintained with a Clearing Agency and this register may be maintained with a Custodian, in accordance with the provisions set forth in Module Four (Securities Exchanges and Clearing Agencies) of these Bylaws. The fees of the entity keeping such record shall be paid from the Contractual Collective Investment Scheme's monies.

Article 3-33-2

The Clearing Agency or the Custodian shall keep a statement indicating the remaining balance of Units and the Units issued, redeemed, updated, or cancelled and provide the Investment Controller with a copy of the statement.

Article 3-34

Restrictions on Contractual Collective Investment Scheme

Article 3-34-1

Without prejudice to Article (1-7) of this Module, the Collective Investment Scheme Manager may not buy any Securities issued thereby or by its Subsidiary Companies for the Contractual Collective Investment Scheme unless in accordance with the following conditions:

1. The Contractual Collective Investment Scheme Contract shall permit the scheme to invest in Securities issued by the Collective Investment Scheme Manager, or any of its Subsidiary Companies.
2. Obtaining the approval of the Investment Controller before purchasing.
3. The total amount of Securities invested by the Contractual Collective Investment Scheme and all other Collective Investment Schemes which are managed by the Collective Investment Scheme Manager shall not exceed 10% of the total value of Securities issued by the Collective Investment Scheme Manager, or any of its Subsidiary Companies, except for the Collective Investment Schemes that follow a certain index according to the Contractual Collective Investment Scheme Contract.

Article 3-34-2

Without prejudice to Article (1-7) of this Module and if the Collective Investment Scheme Manager undertakes the role of Subscription Agent or the subscription manager of an Issuer, the scheme manager may not buy any Securities of the Issuer, while assuming such roles.

If the Collective Investment Scheme Manager or any of its Subsidiary Companies commits to cover the Public Offer or Private Placement for a certain Security, the Security may not be offered for the benefit of the Contractual Collective Investment Scheme.

Breaches of Investment and Borrowing Controls

Article 3-35

In the event of non-compliance of the investment and borrowing controls stipulated in the Contractual Collective Investment Scheme Contract, the following procedures shall be followed:

1. In the event of non-compliance due to any mistake or negligence by the Collective Investment Scheme Manager, the Collective Investment Scheme Manager shall notify the Authority and the Investment Controller immediately and take the necessary procedures and corrective measures.
2. In the event of non-compliance as result of an event beyond the control of the Collective Investment Scheme Manager, and the breach has not been amended within five Business Days, the manager shall notify the Authority and the Investment Controller immediately, provided that the notification should include the procedures and corrective measures and the required period to resolve it. The Authority may shorten this period.
3. The Collective Investment Scheme Manager must keep a permanent record of the cases referred to in paragraphs (1) and (2) of this Article and shall document the procedures undertaken and the period required for remedy.

Valuation of Real Estate Assets

Article 3-36

1. The Collective Investment Scheme Manager shall, prior to buying or selling any real estate asset for the scheme, obtain an appraisal in accordance with the requirements for appraisal of real estate set forth in Module Eleven (Dealing in Securities) of these Bylaws.
2. The Collective Investment Scheme Manager shall undertake a valuation of the scheme's real estate assets on the basis of an appraisal prepared in accordance with the requirements for appraisal of real estate assets set forth in Module Eleven (Dealing in Securities) of these Bylaws, every six months as a minimum, unless the Contractual Collective Investment Scheme Contract states a shorter period.
3. The Collective Investment Scheme Manager, when buying or selling any of the scheme's assets, may not rely on a valuation report prepared more than three months.

Pre-emptive Right of Unit holders in Contractual Collective Investment Scheme

Article 3-37

In the event of the intention to subscribe, redeem or transfer the ownership of the Units of the Contractual Collective Investment Scheme or increase the capital of the scheme, the Unit holders shall have the priority to purchase these Units. If multiple Unit holders are intending to increase their participation amount, the stake shall be divided among the participants on a pro rata basis.

The Contractual Collective Investment Scheme Contract may include any additional requirements regulating the acceptance of the subscriptions of new Professional Clients in accordance with what is provided for in this article.

The following is excluded from the cases of ownership transfer of Units in the Contractual Collective Investment Scheme:

1. Transfer of ownership as a result of inheritance or will.
2. Transfer of ownership pursuant to a court order.
3. Transfer of ownership to new Professional Clients according to extraordinary cases regulated by Contractual Collective Investment Scheme Contract.

Contractual Collective Investment Scheme Financial Statements

Article 3-38

The Collective Investment Scheme Manager must prepare the financial statements of the Contractual Collective Investment Scheme and provide such statements to the Authority and the Unit holders as follows:

1. Reviewed semi-annual financial statements, within a period not more than sixty days as of the end of the term.
2. Audited annual financial statements, within a period not more than ninety days as of the end of the financial year.

Periodic Reports to Unit holders

Article 3-39

A Collective Investment Scheme Manager shall provide a periodic report to each Unit holder for every six months term, unless the Contractual Collective Investment Scheme Contract set forth a shorter period. The report shall include in particular the following information:

1. The net value of Collective Investment Scheme Assets.
2. The number of Units owned by a Unit holder and their net asset value.
3. A record of the movement in the account of each Unit holder including any paid distributions made after the last report presented to the Unit holders.
4. A table showing all fees, expenses and costs whether due to the Unit holders or the Collective Investment Scheme Assets or the manager.
5. The last annual report of the Investment Controller.
6. The last annual report of the External Sharia Auditing Office (for Contractual Collective Investment Schemes licensed to operate in accordance with the provisions of Islamic Sharia).

Appointment of a Substitute Manager for the Contractual Collective Investment Scheme

Article 3-40

On selecting a substitute manager for the Contractual Collective Investment Scheme, the following conditions shall be considered:

1. The substitute manager shall be a Licensed Person licensed to practice the Collective Investment Scheme Manager activity by the Authority.
2. The substitute Collective Investment Scheme Manager shall not be a manager of another Contractual Collective Investment Scheme; which is similar in terms of goals, policies, activities and the category of investors targeted by such scheme, unless it is a Close-Ended scheme and has fulfilled its capital.
3. The substitute Collective Investment Scheme Manager shall not have experienced default as a result of mismanagement of any Collective Investment Scheme.
4. The substitute Collective Investment Scheme Manager shall have the ability to manage a new Contractual Collective Investment Scheme, so that his position thereof when assuming the scheme management doesn't affect the interest of Unit holders.
5. The substitute manager shall undertake to abide by the Contractual Collective Investment Scheme Contract.

6. Obtain the Authority's approval to appoint a substitute Collective Investment Scheme manager. The Authority shall notify the applicant of the decision setting out the reasons thereof within thirty days as of the date it received the application.

7. Any other conditions decided by the Authority.

In the event of an inability to appoint a substitute Collective Investment Scheme manager, the Authority is entitled to revoke the scheme's license and it shall be liquidated in accordance with the provisions set forth on this Chapter.

Article 3-41

Ending of a Contractual Collective Investment Scheme

Article 3-41-1

The Contractual Collective Investment Scheme shall end in the following events:

1. End of the period specified in the Contractual Collective Investment Scheme Contract, unless it is renewed in accordance with the rules set out in the contract.
2. End of the purpose or objective for which the Contractual Collective Investment Scheme is incorporated for or where it is impossible to achieve its objective.
3. Damage or loss of all the Collective Investment Scheme's Assets or most of them, so that the remaining assets cannot be invested feasibly.
4. At the request of the Collective Investment Scheme Manager or any of the Unit holders, and the approval of Unit holders owning more than 50% of the Contractual Collective Investment Scheme's capital on the winding up of the scheme before the end of its term.
5. A resolution issued by the Authority to revoke the Contractual Collective Investment Scheme's license.
6. A court order is issued for the winding up and liquidation of the Contractual Collective Investment Scheme.

Article 3-41-2

The Collective Investment Scheme Manager shall obtain the approval of the Authority for the liquidation and appointment of the liquidator. It shall notify the service providers and the Unit holders of the liquidation decision upon receipt of the approval.

Article 3-42

Liquidation of Contractual Collective Investment Scheme

Article 3-42-1

Upon winding up, the Contractual Collective Investment Scheme shall be liquidated in accordance with the provisions of Article (3-41-1) of this Chapter, within the liquidation term and it must be Officially Announced.

The phrase (under liquidation) shall be added to the Contractual Collective Investment Scheme's name and written legibly in the correspondence issued by the entity conducting such liquidation.

Article 3-42-2 All terms of debts due on the Contractual Collective Investment Scheme shall be cancelled as of the date of Officially Announcing the scheme's dissolution and creditors shall be notified of the beginning of liquidation. The liquidator shall officially notify all creditors of such liquidation and request them to provide applications of debt payment thereto. Creditors may be notified through announcement. In any event, the announcement or notification shall include a deadline for such creditors not less than fifteen Business Days to submit the applications thereof.

Article 3-42-3 When the Contractual Collective Investment Scheme is terminated, the Collective Investment Scheme Manager's power shall end. However, the Collective Investment Scheme Manager shall manage the scheme to the benefit of Unit holders without starting new business unless they are necessary to complete previous work, until a liquidator is appointed and practices the powers thereof.

During the liquidation period, service providers shall continue to provide the services thereof within the liquidation period, unless the liquidator decides, after the approval of the Authority, to stop the provision of the services, or replace them with other service providers, or combine some duties assigned to one service provider.

Article 3-42-4 The Collective Investment Scheme Manager may be appointed as a liquidator. The liquidator may be appointed amongst the Licensed Persons to manage Collective Investment Schemes, or to manage an Investment Portfolio, or an Investment Controller or a Custodian, or Auditors Registered at the Authority. In all events, the liquidator shall not be appointed without the Authority's approval. The liquidator shall not commence his duties thereof unless the appointment thereof is Officially Announced.

Article 3-42-5 The liquidator shall be appointed after obtaining the Unit holders approval, except in the event in which the Authority decides to appoint such liquidator in accordance with Article (1-12) of this Module.

In the event of selecting the liquidator by the Unit holders, the Authority's approval must be obtained prior to the appointment.

In all events, the body selecting the liquidator shall specify the fees thereof and the liquidation term, provided that the Contractual Collective Investment Scheme shall incur these fees.

Article 3-42-6

The liquidator may be dismissed upon a resolution issued by the body who appointed the liquidator. In all events, the Authority may, at the request of any Unit holder or a Contractual Collective Investment Scheme's creditor or on its own, issue a resolution of dismissal of the liquidator if it finds an acceptable reason for that.

Any resolution of dismissal of a liquidator shall include appointment of an alternative liquidator or who would safeguard the assets of the scheme. The new liquidator shall not commence his duties thereof unless the resolutions of dismissal and appointment thereof are announced by the Authority in the official Gazette.

Article 3-42-7

The liquidator shall carry out all duties required for the Contractual Collective Investment Scheme's liquidation in accordance with the provisions of this Chapter, and shall be entitled to:

1. Represent the Contractual Collective Investment Scheme before the courts and third parties.
2. Provide Care of a Prudent Person to maintain the Collective Investment Scheme's Assets and rights.
3. Pay the Contractual Collective Investment Scheme's debts.
4. Sell the Collective Investment Scheme's Assets of real estate and movable assets in a public auction, tender, or any other method ensuring the highest price, unless the appointment resolution sets forth selling in a certain method.
5. Divide the net Collective Investment Scheme's Assets amongst the Unit holders.

The liquidator shall not proceed with new works unless they are necessary for completing previous works. In addition, the liquidator may not sell the Collective Investment Scheme's Assets in one batch; reconcile concerning the rights thereof; accept arbitration in the disputes related to liquidation works; or deal with parties of relevance without the approval of the Unit holders owning more than 50% of the Contractual Collective Investment Scheme's capital.

Article 3-42-8

The Collective Investment Scheme Manager shall provide the Contractual Collective Investment Scheme's accounts and hand over books, documents and assets thereof to the liquidator. In addition, the service providers shall provide the liquidator with any data or information related to the scheme. The liquidator shall, within three months as of proceeding with the duties thereof, inventory the Collective Investment Scheme's Assets and shall identify the financial position thereof, including rights and obligations thereof. The liquidator may seek the help of service providers in this regard. The liquidator shall keep books necessary to register the liquidation and notify the Authority of the Contractual Collective Investment Scheme's financial position report.

- Article 3-42-9** The liquidator shall collect the rights payable to the Contractual Collective Investment Scheme by third parties or by the scheme manager and deposit the collected amounts in a bank account for the scheme in the liquidation phase.
- The liquidator shall pay the scheme's debts and set aside amounts necessary to pay the disputed debts. The scheme's debts shall be paid according to the following order:
1. The financial obligations resulting from the liquidation process.
 2. All amounts payable to the service providers.
 3. Priority debts according to their sequence.
 4. Debts secured with collateral in kind within the limits of asset securing the debt.
- The amounts of money remaining after payment of the said debts shall be paid to the ordinary creditors. If such remaining amounts are insufficient to pay all such debts, money shall be divided amongst them pro rata.
- Article 3-42-10** The liquidator shall divide the remaining Collective Investment Scheme Assets after payment of debts to the Unit holders. Each participant shall receive a share proportional to the number of Units thereof in the scheme's capital.
- Article 3-42-11** The liquidator shall provide the Unit holders with a semi-annual report in accordance with the financial year of the Contractual Collective Investment Scheme within a maximum period of sixty days from the end of the period. The report shall include the results of the liquidation proceedings, the payments distributed to the Unit holders, any assets in the scheme that have not been liquidated and the reason for not liquidating them. The Authority may request the liquidator to provide it with any information or reports whenever it deems it necessary.
- Article 3-42-12** The liquidator shall complete liquidation works in the period as specified according to Article (3-42-5) of this Chapter. The period may be extended by a decision issued by the body that selected the liquidator after reviewing the report thereof including the reasons that prevent completion of the liquidation on the specified period. Any party with a relevant interest may request the Authority to shorten such period.

- Article 3-42-13** The liquidator shall provide the Authority and the Unit holders with a final account of the Contractual Collective Investment Scheme's liquidation and the division of its assets. The liquidator shall apply for cancellation of the registration of the Contractual Collective Investment Scheme in the Authority register after the liquidation is completed.
- The liquidator shall Officially Announce the liquidation completion and the completion of liquidation shall not be effective against third party before the date of Official Announcement.
- Article 3-42-14** Records and documents related to the Contractual Collective Investment Scheme's liquidation shall be kept at the liquidator for five years as of the date of cancelling the registration of the Contractual Collective Investment Scheme from the Authority's register.
- Article 3-42-15** The liquidator shall be required to indemnify for the damages incurred by the Contractual Collective Investment Scheme or Unit holders, or third parties in case the liquidator exceeds the limits of the powers thereof or as a result of faults committed thereby during the performance of the duties thereof.
- Article 3-43** The Authority may exempt the Contractual Collective Investment Scheme from certain provisions contained in Article (3-42) of this Chapter if the Contractual Collective Investment Scheme Contract contains special provisions for liquidation of the scheme.

Chapter Four

A Special Purpose Vehicle that issues Units of Contractual Collective Investment Schemes

Scope of Application

Article 4-1

The provisions of this Chapter shall apply to the Special Purpose Vehicle Company referred to in item (9) of article (5) of the Law that issues Units of Contractual Collective Investment Scheme only.

Article 4-2

The Incorporation of the Special Purpose Vehicle Company

Article 4-2-1

Special Purpose Vehicle Company that issues Units of a Contractual Collective Investment Scheme shall not be incorporated or carry out any activities unless it obtains a license by the Authority. The company shall exercise its activities after the annotation in the commercial register at the Ministry at the time of licensing by the Authority without the need to obtain a commercial license in accordance with Law No. (111) of 2013 regarding the Licensing of Commercial Stores.

Article 4-2-2

A Special Purpose Vehicle Company shall be incorporated by the Licensed Person who performs the activity of Collective Investment Scheme Manager. The founder may issue new Units in the Contractual Collective Investment Scheme capital for Unit holders, so that the partners of the Special Purpose Vehicle Company are the participants in the Contractual Collective Investment Scheme, and the Contractual Collective Investment Scheme Units are registered in the names of the participants of the scheme.

Article 4-2-3

A Special Purpose Vehicle Company shall be incorporated in accordance with the following procedures:

1. The incorporation application shall be submitted to the Authority in accordance with the form set out in Appendix (7) of this Module, accompanied by all the documents and information stated in this form, and the fees as determined shall be paid.
2. The Authority may at any time, after it receives the incorporation according to the requirements in item (1) of this article, require additional documents or information that it considers as necessary to decide on such application. If the applicant does not submit the required information and document within the period specified by the Authority, the application shall be considered as void.
3. The Authority shall decide on the incorporation application after it receives the application including all the information and documents set out in items (1) and (2) of this article.

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| Article 4-2-4 | If the incorporation application is approved, the Authority shall notify the founder of the approval for the establishment of the <u>Special Purpose Vehicle Company</u> , calling for the founder to sign the company Articles of Association before a competent official of the <u>Authority</u> within a period of no more than one week from the date of issuing the approval. |
| Article 4-2-5 | The <u>Authority</u> shall issue a license for the company following the payment of the fees set, place a copy of the company Articles of Association in the company's file at the <u>Authority</u> and shall be exempt from publishing its Articles of Association or any amendment thereof in the Official Gazette. In the event that an incorporation application is rejected, the determination shall be justified. |
| Article 4-3 | Objectives of a Special Purpose Vehicle Company that issues Contractual Collective Investment Units. |
| Article 4-3-1 | The objective of a <u>Special Purpose Vehicle Company</u> is limited to the issuance of <u>Units</u> of one <u>Contractual Collective Investment Scheme</u> as shown in the company's Articles of Association, and it is prohibited from exercising any other objectives even if similar to its objectives. |
| Article 4-3-2 | A <u>Special Purpose Vehicle Company</u> may exercise one or more of the following activities: 1. Owning or acquiring the <u>Collective Investment Scheme Assets</u> on behalf of the <u>Contractual Collective Investment Scheme</u> . 2. Any supporting activities complementary to those mentioned in this article. 3. Any other activity approved by the <u>Authority</u> . |
| | Term of a Special Purpose Vehicle Company |
| Article 4-4 | The term of a <u>Special Purpose Vehicle Company</u> shall not be less than the term of a <u>Contractual Collective Investment Scheme</u> . |
| Article 4-5 | The phrase (Special Purpose Vehicle Company) shall be added to the name of a <u>Special Purpose Vehicle Company</u> , in all papers, prints and communications carried out by the company. |

Article 4-6**The Articles of Association of a Special Purpose Vehicle Company****Article 4-6-1**

The Articles of Association of a Special Purpose Vehicle Company shall be issued in writing, and shall not be required to be issued as an official document. This provision shall apply to any amendment thereof.

Article 4-6-2

The Articles of Association of Special Purpose Vehicle Company shall be issued in accordance with the form set out in Appendix (8) of this Module.

The founder of the company may not omit obligatory information required in the said form.

Beyond the obligatory required information mentioned, the founder may abide by the provisions of the form either wholly or partially or add other conditions which do not conflict with the obligatory provisions stipulated in this Module.

Article 4-6-3

The Articles of Association of a Special Purpose Vehicle Company may not be amended, unless it is approved by the Authority.

Article 4-7

The Authority shall keep a record of all licensed Special Purpose Vehicle Companies.

Article 4-8**Exemptions****Article 4-8-1**

A Special Purpose Vehicle Company shall be exempted from submitting the Company's Memorandum of Association.

Article 4-8-2

A Special Purpose Vehicle Company shall be exempted from the requirement of having a fixed headquarters, provided that it has a permanent domicile in which notifications, correspondence and announcements shall be made. The domicile shall not be changed unless it has been registered at the Authority's register.

Article 4-8-3

The company shall not have employees working for it, and it shall not have a file with the Ministry of Social Affairs and Labor for the purpose of recruiting foreign workers.

Article 4-8-4

Except for the duties set out in this Chapter, a Special Purpose Vehicle Company shall be exempted from the duties imposed on Licensed Persons by the Authority.

Article 4-8-5

A Special Purpose Vehicle Company shall be exempted from appointing a Board of Directors or a Supervisory Board, in accordance with the procedures and form stipulated in the Companies Law.

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| Article 4-8-6 | A <u>Special Purpose Vehicle Company</u> shall be exempt from holding the ordinary or extraordinary general assembly meeting, in accordance with the procedures and form stipulated in the <u>Companies Law</u> . |
| Article 4-8-7 | A <u>Special Purpose Vehicle Company</u> shall be exempted from the obligation to deduct an annual percentage of profits to form reserves in accordance with the provisions of Article (118) of the Decree of Law No. (1) of 2016 on the Promulgation of the <u>Companies Law</u> . |
| Article 4-9 | Company Form, Legal Entity and Capital |
| Article 4-9-1 | A <u>Special Purpose Vehicle Company</u> shall take the form of a limited liability company. |
| Article 4-9-2 | The company shall be a corporate entity as of the date of issuing the license by the <u>Authority</u> . |
| Article 4-9-3 | The minimum capital of a <u>Special Purpose Vehicle Company</u> shall be 100 Kuwaiti Dinars. The capital of the company upon incorporation does not need to be sufficient to achieve its objectives, or to the total value of Securities issued. |
| Article 4-9-4 | There shall not be a minimum requirement of capital shares of the company for Kuwaiti partners. |
| Article 4-10 | Company Management |
| Article 4-10-1 | The management of a <u>Special Purpose Vehicle Company</u> incorporated with the objective of issuing <u>Units of Contractual Collective Investment Schemes</u> shall be limited to the <u>Licensed Person</u> managing the scheme, according to the Articles of Association of the company and the <u>Contractual Collective Investment Scheme Contract</u> . |
| Article 4-10-2 | <p>A <u>Special Purpose Vehicle Company</u> shall not be liable for the tasks and actions carried out by its managers in its name and for its account if such tasks and actions do not fall within the objectives for which the company was established.</p> <p>In this case, the managers of the company shall be liable for any damages that may be incurred by the company or third parties as a result of these tasks and actions.</p> |
| Article 4-10-3 | The management of <u>Special Purpose Vehicle Company</u> shall take measures that would assess the company's current and future liabilities and in such a manner that it will be able to meet these obligations when due. |

- Article 4-10-4** The management of the Special Purpose Vehicle Company may not hold the company liable for any obligations, except within the limits of those obligations arising from the issuance of Units of the Contractual Collective Investment Scheme.
- Article 4-10-5** The Authority may, at the request of one of the holders of the Contractual Collective Investment Scheme Units or the creditors of the Special Purpose Vehicle Company or on its own initiative, issue a decision to dismiss the management of the company if it deems it acceptable. Any decision of dismissal must include a decision to appoint a replacement or who would safeguard the assets of the scheme. The new management of the company shall not commence their business until the Authority publishes the decisions of dismissal and appointment in the Official Gazette.
- Article 4-11** A Special Purpose Vehicle Company may not be transformed from one legal form to another, and may not be subject to a merger with other companies or divide the company, even if it is under liquidation.
- Article 4-12** The authority of the service providers of the Contractual Collective Investment Scheme is extended to performing their duties on the transaction of the Special Purpose Vehicle Company and the assets it owns on behalf of the scheme.
- Article 4-13** A Special Purpose Vehicle Company shall be subject to the procedures of auditing and inspection in force at the Authority.
- A Special Purpose Vehicle Company's Dissolution and Liquidation**
- Article 4-14** The company shall dissolve by the force of law once the liquidation procedures of the Contractual Collective Investment Scheme commence, in accordance with the provisions of Chapter Three (Contractual Collective Investment Schemes) of this Module.

Chapter Five

Marketing a Collective Investment Scheme Incorporated Outside the State of Kuwait

Scope of Application

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| Article 5-1 | The provisions of this chapter shall apply to the <u>Collective Investment Schemes</u> incorporated outside the State of Kuwait and marketed in the state of Kuwait. |
| Article 5-2 | The License of the Authority |
| Article 5-2-1 | Marketing in the State of Kuwait for a <u>Collective Investment Scheme</u> incorporated out of it shall not take place except after the <u>Authority</u> issues its marketing license. This is limited to <u>Licensed Persons</u> to practice the activity of a <u>Collective Investment Scheme Manager</u> or <u>Subscription Agent</u> (selling). |
| Article 5-2-2 | Marketing operations that are made by unlicensed persons to market in the State of Kuwait directly or indirectly through electronic platforms, branches of <u>Subsidiary</u> or <u>Associate Companies</u> , agreements, alliances, contractual or legal relations, entities, or structures in any form are prohibited unless prior permission is granted from the <u>Authority</u> in accordance with the requirements of Article (5-4) of this Chapter. |
| Article 5-3 | The Nature of a Collective Investment Scheme and its Manger |
| Article 5-3-1 | The <u>Collective Investment Scheme</u> incorporated out of the State of Kuwait stands for any entity or structure with the purpose of collecting money to enable two <u>Clients</u> or more to participate in this scheme, or gain the profits accrued by acquisition, or ownership, or management or disposition of the scheme's assets, for example investment Funds, <u>Contractual</u> or <u>Structural Collective Investment Schemes</u> , or companies of all kinds, including <u>Special Purpose Vehicle Companies</u> . The <u>Authority</u> studies the requests and cases of marketing the <u>Securities</u> incorporated outside the State of Kuwait to decide which shall be included as a <u>Collective Investment Scheme</u> . |
| Article 5-3-2 | The <u>Collective Investment Scheme</u> and its manager, or the companies or entities composing it, shall be incorporated pursuant to the laws and regulations in the country of origin in accordance with a document issued by the relevant entity and approved by the Ministry of Foreign Affairs of Kuwait. |

Article 5-4

The Requirements of Marketing a Collective Investment Scheme Incorporated outside the State of Kuwait

Article 5-4-1

The marketing permission is obtained according to the following steps:

1. Submit an application, for marketing a Collective Investment Scheme incorporated outside the State of Kuwait, according to Appendix 1 of this Module, and the aforementioned application should be enclosed with the complete documents and information set out in this Appendix and the required fees must be paid.
2. The Authority may at any time, after it receives the application to market according to the requirements in item (1) of this Article, require additional documents or information that it considers as necessary to decide on such application.
3. According to a submitted request, the Authority may allow the Marketer, during the time of fulfilling the Authority's requirements, to communicate with the potential Professional Clients to discuss their intentions to invest in the scheme to be marketed. This includes phone calls, correspondences, and meetings, without advertising through the media available for the public. Complete transparency shall be complied with towards the clients, and no cash or non-cash amounts shall be charged, or obtain the final commitment from the Clients to subscribe to the scheme until the marketing license is obtained from the Authority.
4. In the event that the applicant does not submit the documents and information required by the Authority within three months from the date of requesting it, the application shall be considered as void.
5. In the event of the preliminary approval on marketing, the applicant shall be notified to pay the prescribed fees within one month from the date of issuing the approval, and in the event of not paying the fees within the specified period, the approval shall be considered as void.
6. The Authority shall issue the final license after the completion of the requirements mentioned in this Article. The Marketer should not accept any subscription request until this license is obtained.

In all cases, the Authority shall, notify the applicant of its decisions referred to in this Article, and publish its decisions related to the issuance of the license in the Official Gazette.

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| Article 5-4-2 | The <u>Authority</u> shall keep a record of all <u>Collective Investment Schemes</u> incorporated outside the State of Kuwait that are licensed by the <u>Authority</u> for marketing. |
| Article 5-5 | Subscription in a Collective Investment Scheme established outside the State of Kuwait that will be marketed in the State of Kuwait |
| Article 5-5-1 | The <u>Units</u> of a <u>Collective Investment Scheme</u> in the State of Kuwait should be offered for <u>Private Placement</u> and marketed to <u>Professional Clients</u> only. |
| Article 5-5-2 | The <u>Marketer</u> of a <u>Collective Investment Scheme</u> incorporated outside the State of Kuwait has the right to receive the subscription requests in the State of Kuwait and may appoint <u>Subscription Agents (Selling)</u> after obtaining the <u>Authority's</u> approval. |
| Article 5-6 | Offer Document for the Collective Investment Scheme (Prospectus) in the State of Kuwait |
| | The offer document of a <u>Collective Investment Scheme</u> (Prospectus) should be written in Arabic and contain the following information: |
| | <ol style="list-style-type: none">1. Name of the <u>Collective Investment Scheme</u> in Arabic.2. Name of the <u>Collective Investment Scheme</u> in English.3. Country of origin (the country in which the <u>Collective Investment Scheme</u> was incorporated).4. Regulatory authority (the entity which the <u>Collective Investment Scheme</u> is subject to its laws thereof)5. Scheme manager (The Person responsible for managing the investments of the <u>Collective Investment Scheme</u> in accordance with the terms and provisions of the <u>Collective Investment Scheme</u>)6. <u>Unit</u> components (if any)7. Names of the companies including the <u>Unit</u> (if any) in Arabic.8. Names of the companies including the <u>Unit</u> (if any) in English.9. The nominal value of the <u>Unit</u> / <u>Share</u>.10. Price of the <u>Unit</u> / <u>Share</u> to be marketed inside Kuwait.11. Commission for Subscription/ participation.12. <u>Collective Investment Scheme</u> capital. |

13. The maximum limit for borrowing (if any).
14. Collective Investment Scheme type.
15. Collective Investment Scheme form.
16. Collective Investment Scheme term.
17. Collective Investment Scheme currency.
18. Investment objectives.
19. A summary about the investment (if the investment is pre-determined).
20. Periods of calculating the price of Unit (NAV)
21. Periods for Subscription and Redemption (if any).
22. Basis and method of distribution of dividends.
23. Periods for preparing and issuing the financial statements and the mean to access them.
24. Disclosures and periodic reports of the Unit holders and the means to access them.
25. Redemption commission (if any).
26. Any fees or expenses or charges whether payable by the Unitholders or the scheme.
27. Investment restrictions and risks.
28. The historical performance of the Collective Investment Scheme (if any).
29. Cases of conflict of interests (if any).
30. Procedures of the complaints submitted against the Marketer or the Collective Investment Scheme Manager.
31. Any other information reasonably known or shall be known by the Scheme Manager or the Marketer, and may be, reasonably, requested by Unitholders, or that are likely to be included in the Prospectus upon which the investment decision will be taken.

32. The mechanism or mean of the Unitholders' knowledge of any material events related to the scheme, such as the following events:
- Any substantial changes related to the information received in the Prospectus or Articles of Association (if any).
 - Any decisions related to the liquidation of the Collective Investment Scheme.
 - Any legal proceedings that have been taken by the Collective Investment Scheme against a third party, or have been taken by a third party against the Collective Investment Scheme, in a manner that may eventually affect the activity of the Collective Investment Scheme or the financial position thereof.
33. A statement stating that the Collective Investment Scheme shall not carry out any activities inside the State of Kuwait that may result in funding third parties, and that the subscriber had been informed with all the risks that he may encounter during investment in the Collective Investment Scheme, the tax status of the Collective Investment Scheme under the tax legislations at the country of origin, the effect of such status on the investments thereof in the Collective Investment Scheme as well as the returns to be achieved from such Scheme.
34. A statement stating that the approval of the Authority on the marketing of the Collective Investment Scheme inside the State of Kuwait doesn't mean a recommendation to buy or invest in the Collective Investment Scheme. Such approval is only related with the ability of the Marketer to market the Shares and Units of the Collective Investment Scheme, and that the Authority shall not be held liable for the default of any of the competent parties of the Collective Investment Scheme in carrying out the tasks and duties thereof, and shall not be responsible for the accuracy and safety of the information set out in the Prospectus, however, such responsibility shall be held by all the parties listed in the Prospectus in accordance with the roles and duties of each.
35. Any other information requested by the Authority.

Article 5-7

Obligations of a Marketer of a Collective Investment Scheme Incorporated Outside the State of Kuwait

A Marketer of a Collective Investment Scheme incorporated outside the State of Kuwait shall comply with the following:

1. Assume Care of a Prudent Person when undertaking the responsibilities and compensate every Person harmed as a result of an error committed by the marketing tasks mentioned in this Article.
2. Not exceeding the share approved for marketing by the Authority unless approved by the Authority to increase the share before the expiration of the license term and the payment of the prescribed fees.
3. The participant's hand over of an evidence of participating in the Collective Investment Scheme upon participation, and of the Units allocated/purchased in the Collective Investment Scheme and the document he can use to exercise all of the rights associated with his title to the Units.
4. Develop and maintain a record of the Unit holders for which he marketed in the State of Kuwait.
5. The Marketer shall notify the Authority of any material events that may affect the Collective Investment Scheme or the rights of the Unit holders – in the event of availability or knowledge of it.
6. Dealing with the complaints against the Marketer submitted by the Unit holders who were marketed for in the State of Kuwait by the Marketer and ensuring the corrective measures taken as soon as possible.
7. Providing the appropriate method to deliver the breaches submitted against the manager of a Foreign Collective Investment Scheme by the Unit holders who were marketed for in the State of Kuwait and seeking to deliver it to the relevant entity as soon as possible.
8. Submitting a report of the results of marketing a Collective Investment Scheme incorporated outside the State of Kuwait within fifteen Business Days from the expiration date of the license certificate or after having finished the marketing processes (if sooner) in accordance with the form attached to Annex (2) of Appendix (1) of this Module.
9. Submitting any other information or documents required by the Authority.

These obligations shall apply on the Marketer even if the marketing license provided by the Authority is expired, until he submits to the Authority an evidence of exiting the Unit holders who were marketed for in the State of Kuwait.

Article 5-8

Marketing a Collective Investment Scheme in the State of Kuwait

Marketing a Collective Investment Scheme incorporated outside the State of Kuwait is only permitted according to the conditions of the Financial Promotion stipulated in Chapter Seven of Module Eight (Conduct of Business) of these Bylaws, especially prohibition in the use of any public media in advertising for the Collective Investment Scheme, in particular using the advertisements, articles, or any methods to address the public, publishing in newspapers or magazines or press news, or transmitting through visual, audible or readable media means or social network means, and not to hold introductory seminars or meetings with prospective investors unless they were only addressed to the relevant parties in the private subscription and after obtaining the marketing permission from the Authority.

Article 5-9

The Unit Holders' Register

The Marketer shall keep an updated register for the holders of the Collective Investment Scheme Units that he marketed for in the State of Kuwait including the following information:

1. For individuals: Names of the Units' owners, their addresses, identity cards or passports, and the number of Units for each as well as the value of Units.
2. For Companies: Names of companies, nationality, address of headquarters, numbers of commercial register and the number of Units of each company, value of Units and the Persons authorized to access the company's account and data.
3. Date of registration of the name of person or company in the register and the movement on the accounts thereof, if such movement has been carried out by the Marketer.
4. Any other information related with the Units' owners.

Article 5-10

Transferring the Ownership of Collective Investment Scheme Units

Without prejudice to the provisions regulating the Collective Investment Scheme marketed in the State of Kuwait, the Scheme's Units may be transferred to clients in the State of Kuwait during or after the expiration of the license term according to the following obligations:

1. The Scheme shall be close-ended and does not permit redemption in its Units.
2. Transfer of ownership shall be to another Professional Client inside the State of Kuwait.
3. Transfer of ownership shall be upon a justified request from the Client.
4. In exception to Items (1), (2), and (3) of this Article are the cases of transfer of ownership that are based on a court order or inheritance.

In all cases, the Marketer shall notify the Authority within fifteen Business Days of completing the transfer of ownership attached with a report that includes both parties of the transfer, number of Units and their value, and reasons of transferring the ownership. The Marketer is prohibited from using the transfer of ownership to market the scheme's Units on new subscribers after the expiration of the marketing permission issued by the Authority.

DISCLAIMER:

This “translation” of the Bylaws of the Capital Markets Authority from Arabic into English is provided solely for reference. No translation can exactly reflect every aspect of an original text and accordingly this “translation” may be used for guidance but not for legal purposes. Only the Arabic original shall be considered for legal proceedings and legal actions before the competent courts of jurisdiction and in any arbitration mechanism agreed upon by contracting parties to any transaction made under the Law and the Bylaws thereof. The Capital Markets Authority shall not be responsible for any mistake, error and/or misinterpretation made or given by any party based on that party’s interpretation of the Law and the Bylaws whether arising from a reading of the Arabic text or, specifically in the context of this document, the English “translation”. The original Arabic versions, as approved and accordingly published by the Authority, shall constitute the only source of the provisions and regulations of the Law and its Bylaws.

Appendix 1

Marketing the Collective Investment Scheme Units Incorporated Outside the State of Kuwait

Attachment (1)
Application for the Marketing of Collective Investment Scheme Units
Incorporated Outside the State of Kuwait

Date:

Application for the Marketing of Collective Investment Scheme Units Incorporated Outside the State of Kuwait Contents

The Licensed Persons wishing to market in the State of Kuwait a Collective Investment Scheme incorporated outside the State of Kuwait inside the State of Kuwait shall fill out this form and submit it to Licensing and Registration Department at the Capital Markets Authority.

| | |
|-----------|--|
| Section 1 | Details of the Collective Investment Scheme |
| Section 2 | List of Documents required when submitting the request |
| Section 3 | Declaration and Undertaking Issued to the Capital Market Authority |

NOTE:

All forms referenced in the “translation” of the Bylaws are for reference purposes only. Forms to be submitted to the Authority are to be in Arabic language only.

1- Details of the Collective Investment Scheme

| | |
|--|---|
| Name of the applicant for marketing of the Collective Investment Scheme Units inside the State of Kuwait | |
| Name of Collective Investment Scheme (in Arabic) | |
| Name of Collective Investment Scheme (in English) | |
| Country of Origin | (The country at which the Collective Investment Scheme has been incorporated) |
| Regulatory Authority | (The Authority which the Collective Investment Scheme is subject to the laws thereof) |
| Licensing/Registration Nature | <ul style="list-style-type: none"> • Licensed Collective Investment Scheme. • Registered Collective Investment Scheme. • Other: |
| The Scheme's Manager | (A Person responsible for managing the investments of the Collective Investment Scheme according to the terms and provisions of the Collective Investment Scheme) |
| Collective Investment Scheme Capital | (Minimum (if any) – maximum (if any)) (in KWD or its equivalent currency) |
| Collective Investment Scheme Type | (Equity, FoF, Real Estate, Indices, Debt Instruments...) Another type: |
| Collective Investment Scheme Form | Scheme: (closed - open) |
| Term of the Collective Investment Scheme | |
| Currency of the Collective Investment Scheme | |
| The investment goals of the Collective Investment Scheme | |
| Basis and Method of Distribution of Dividends | |
| Periods of calculating the price of Unit (NAV) | |
| Period for Subscription and Redemption (if any) | |

| | |
|---|--|
| Period for preparing and issuing the financial statements | |
| Unit Components (if any) | |
| Name of the Companies forming the Units (if any) in Arabic | |
| Name of the Companies forming the Units (if any) in English | |
| The Nominal Value of the Unit/Share | |
| The Price of the Unit/Share to be marketed inside Kuwait | |
| Maximum limit for the Units/Shares to be marketed inside the state of Kuwait | (Owns the voting right – Does not own a voting right – others) |
| Maximum limit for the total value offered inside the state of Kuwait | |
| Commission for Subscription/ participation (if any) | |
| Commission for Redemption (if any) | |
| Investment restrictions and risks | |
| Clients targeted by the subscription inside the State of Kuwait | Targeted segment |
| Name of entities receiving the requests of Subscription/ participation in the Collective Investment Scheme inside the State of Kuwait | 1. 2. 3. |

| | |
|---|--|
| Information of the Entity applying for marketing of the Collective Investment Scheme Units inside the State of Kuwait | Name of entity: Number of the Authority's license: Legal form: Address of HQ: Telephone: Fax: Email: Web Site: Liaison officer with the Authority: (Any other information about the Liaison officer shall be added) |
| Entity that incorporated the Collective Investment Scheme (if any) | Name of Entity: Nationality: Legal Form: Address of HQ: Telephone: Fax: Email: Web Site: |
| Manager of the Collective Investment Scheme | Name of Entity: Nationality: Legal Form: Address of HQ: Telephone: Fax: Email: Web Site: |
| Custodian of the Collective Investment Scheme (if any) | Name of Entity: Nationality: Legal Form: Address of HQ: Telephone: Fax: Email: Web Site: |
| Investment Controller of the Collective Investment Scheme or administrative services company (if any) | Name of Entity: Nationality: Legal Form: Address of HQ: Telephone: Fax: Email: Web Site: |
| The Auditor of the Collective Investment Scheme (if any) | Name of Entity: Nationality: Legal Form: Address of HQ: Telephone: Fax: Email: Web Site: |

| | |
|--|---|
| <p>Legal Advisor of the Collective Investment Scheme (if any)</p> | <p>Name of Entity: Nationality: Legal Form: Address of HQ: Telephone: Fax: Email: Web Site:</p> |
| <p>Islamic Controlling Bureau / Entity (For the Collective Investment Schemes operating in accordance with the provisions of Islamic Sharia)</p> | <p>Name of Entity: Nationality: Legal Form: Address of HQ: Telephone: Fax: Email: Web Site:</p> |
| <p>Subscription Agents (selling) of the Collective Investment Scheme inside the State of Kuwait (if any)</p> | <p>Name of Entity: Nationality: Legal Form: Address of HQ: Telephone: Fax: Email: Web Site:</p> |
| <p>The historical performance of the Collective Investment Scheme (if any)</p> | <p>Date of establishing the Collective Investment Scheme Last date of appraisal (NAV at...): Value of the Collective Investment Scheme Unit (NAV) Return of the last month appraisal (MTD) Return of the beginning of the current year (YTD) Return of the last two financial years Dividends of the last two years Other information, if any</p> |
| <p>Other information (if any)</p> | |
| | |

| 2.List of the Document upon submission of Application | | | | |
|---|--|-----------------------|-----------------------|---------|
| S.N | Document | Enclosed | N/A | Remarks |
| 1 | Certificate of establishment, license or registration of the Collective Investment Scheme Manager issued by the country of origin and approved by Ministry of Foreign Affairs of the State of Kuwait. | <input type="radio"/> | <input type="radio"/> | |
| 2 | Certificate of establishing the Collective Investment Scheme or the companies comprising it issued by the country of origin and approved by Ministry of Foreign Affairs of the State of Kuwait. | <input type="radio"/> | <input type="radio"/> | |
| 3 | The signed agreement between the Collective Investment Scheme representative and the entity applying for marketing of the Collective Investment Scheme Units inside the State of Kuwait and approved by Ministry of Foreign Affairs of the State of Kuwait. The mentioned document may not be required for submission if the entity applying for marketing is the representative of the Scheme. | <input type="radio"/> | <input type="radio"/> | |
| 4 | Copy of the draft agreement concluded between the entity applying for marketing of the Collective Investment Scheme Units inside the State of Kuwait and the local Subscription Agent (selling). | <input type="radio"/> | <input type="radio"/> | |
| 5 | The document of offering the Collective Investment Scheme (Prospectus) addressed to the clients of State of Kuwait. | <input type="radio"/> | <input type="radio"/> | |
| 6 | The Collective Investment Scheme structure. | <input type="radio"/> | <input type="radio"/> | |
| 7 | Articles of Association or Memorandum of Association of the companies including the Collective Investment Scheme structure issued by the country of origin and approved by Ministry of Foreign Affairs of the State of Kuwait. | <input type="radio"/> | <input type="radio"/> | |
| 8 | Copy of the payment receipt of the application fees. | <input type="radio"/> | <input type="radio"/> | |

3. Declaration and Undertaking Issued to the Capital Market Authority

I hereby, in my capacity as the Chairman (or the deputy thereof, with a copy of deputation, if any), undertake to (Applicant) that (name of the Collective Investment Scheme) which Units are planned to be marketed through our company, has been incorporated in accordance with the Laws and conditions applied in the country of incorporation, and I hereby undertake to:

| | |
|--|------------------------------|
| 1. The information in this application (including all appendices and attachments) is complete, accurate and correct. I also declare that I have reviewed Law No. 7 of 2010, its Executive Bylaws and their amendments as well as the resolutions and circulars issued by the Authority. | <input type="checkbox"/> Yes |
| 2. I am aware of the Capital Market Authority's right to take any punitive or disciplinary action against any Person who provides incorrect or misleading information in this application. | <input type="checkbox"/> Yes |
| 3. I declare my approval that Capital Market Authority shall use and disclose any information I have provided or will provide in the future for the purposes of carrying out its duties. | <input type="checkbox"/> Yes |
| 4. I shall abide by the provisions of Law No. 7 of 2010 and the Executive Regulations thereof as well as to the regulations, resolutions, instructions, or any circulars related with marketing the Collective Investment Schemes inside the State of Kuwait. | <input type="checkbox"/> Yes |
| 5. I undertake to pay any fees for licensing or any other fees as prescribed by the Authority in accordance with the resolutions issued in this regard. | <input type="checkbox"/> Yes |
| 6. I undertake to disclose to the subscriber prior to subscription that the approval of the Authority on the marketing of the Collective Investment Scheme inside the State of Kuwait does not mean a recommendation to buy or invest in the Collective Investment Scheme. Such approval is only related with the ability of the marketing entity to market the Shares and Units of the Collective Investment Scheme, and that the Authority shall not be held liable for the default of any of the competent parties of the Collective Investment Scheme in carrying out the tasks and duties thereof, and shall not be responsible for the accuracy and safety of the information set out in the Prospectus, and the signature thereof shall be affixed to prove that. | <input type="checkbox"/> Yes |
| 7. Undertake to provide any information or documents at the request of the Authority. | <input type="checkbox"/> Yes |

This is a declaration and undertaking from me

Name: ❖

Capacity: ❖

Date: ❖

Signature: ❖

Stamp: ❖

Attachment (2)

Application for the Report of the Results of Marketing the Collective Investment Scheme Units Incorporated Outside the State of Kuwait

Application for the Report of the Results of Marketing the Collective Investment Scheme Units Incorporated Outside the State of Kuwait

The Marketer shall submit a report of the results of marketing the Unites of a Collective Investment Scheme incorporated outside the State of Kuwait within fifteen Business Days from the expiration date of the marketing license or after having finished the marketing processes (if sooner) to the Collective Investment Schemes Department at the Capital Markets Authority.

| | |
|---|--|
| Report Date | |
| Name of the Collective Investment Scheme | |
| Name of the Marketer | |
| Name of the Subscription Agent (Selling) (if any) | |
| The start date of the license | |
| The expiration date of the license | |
| Maximum limit for the Units/Shares licensed for marketing inside the State of Kuwait | |
| Number of Units/Shares that were marketed inside the State of Kuwait during the license term | |
| The total amount that was marketed during the license term (according to the Scheme's currency) | |
| Number subscribers during the license term through the Marketer or the Subscription Agent (selling) inside the State of Kuwait. | |
| Number of clients that were marketed for inside the State of Kuwait and remain in the Scheme after its expiration. | |
| Expiration date of Collective Investment Scheme term | |

I hereby declare that the information in this application is complete, accurate and correct. I also declare that I am aware of the Capital Markets Authority's right to take any punitive or disciplinary action against any Person who provides incorrect or misleading information in this report. I also undertake to comply with the obligations stipulated in Article (5-7) of this Module towards the clients that were marketed for inside the State of Kuwait and remain in the Scheme after its expiration until I submit to the Authority an evidence of exiting the Unit holders who I marketed for in the State of Kuwait.

Name: ❖

Capacity: ❖

Date: ❖

Signature: ❖

Stamp: ❖

Appendix 2
Application for the Incorporation of a Local Fund

NOTE:

All forms referenced in the “translation” of the Bylaws are for reference purposes only. Forms to be submitted to the Authority are to be in Arabic language only.

1. Details of Fund

Name of Fund (in Arabic): ❖

Name of Fund (in English): ❖

Type of Offer of Fund’s Units: ❖

Public Offer Private Placement

Form of Fund: ❖

Open-ended Closed-ended

Fund’s Capital: ❖

Fund’s Currency: ❖

Fund’s Type: ❖

Equity Investment Fund

Money Market Fund

Real Estate Fund

Fund of Funds

Debt Instrument Fund

Private Property Fund

Real Estate Income-Generating Fund (Traded)

Other

Fund’s Investment Goals: ❖

Nature of Fund: ❖

Conventional Conforms with Sharia

Customers targeted by Participation: (In case of Private Placement)

Name of Applicant: ❖

Tel. Number: ❖

Mobile Number: ❖

Email: ❖

Website: ❖

2. Details of Fund Manager

Name: ❖

Authority Registration No: ❖

Auditor: ❖

Company's Legal Entity: ❖

 Public Closed
 Conventional Islamic Sharia
 Compliant

Address of HD: ❖

Members of the Fund's Executive Committee:

1.

2.

3. Main Liaison officers at the Fund Manager

Name of First Liaison officer: ❖

Job Title: ❖

Department: ❖

Mobile No: ❖

Fax: ❖

Tel.: ❖

Email: ❖

Name of Second Liaison officer: ❖

Job Title: ❖

Department: ❖

Mobile No: ❖

Fax: ❖

Tel.: ❖

Email: ❖

4. Custodian

Name of Liaison officer: ❖

Name of Entity: ❖

Job Title: ❖

Department: ❖

Mobile No: ❖

Fax: ❖

Tel.: ❖

Email: ❖

5. Investment Controller

Name of Liaison officer: ❖

Name of Entity: ❖

Job Title: ❖

Department: ❖

Mobile No: ❖

Fax: ❖

Tel.: ❖

Email: ❖

6. External Auditor

Name of Auditor: ❖

Name of Liaison officer: ❖

Job Title: ❖

Department: ❖

Mobile No: ❖

Fax: ❖

Tel.: ❖

Email: ❖

7. External Sharia Auditing Office

(to be filled out if the Fund is licensed to operate in accordance with Sharia)

Name of Entity:

Name of Liaison officer:

Job Title:

Department:

Mobile No:

Fax:

Tel.:

Email:

Internal Sharia Audit Unit

(to be filled out if the company is a conventional Fund Manager and would like to incorporate a Fund in accordance with Sharia)

Name of the Internal Sharia Audit Responsible Person / Name of Entity:

9. Investment Advisor

Name of Liaison officer: ❖

Name of Entity: ❖

Job Title: ❖

Department: ❖

Mobile No: ❖

Fax: ❖

Tel.: ❖

Email: ❖

10. Selling Agent
(To be filled out if there is a Selling Agent)

Name of Liaison officer:

Name of Entity:

Job Title:

Department:

Mobile No:

Fax:

Tel.:

Email:

11. Body of Safekeeping Unitholders Register

Name of Liaison officer: ❖

Name of Entity: ❖

Job Title: ❖

Department: ❖

Mobile No: ❖

Fax: ❖

Tel.: ❖

Email: ❖

| 12. List of the Document upon submission of Application | | | | | |
|---|---|--------------------------|--------------------------|--|---------|
| S.N | Document | Enclosed | N/A | Auditing Status (Capital Market Authority only) | Remarks |
| 1 | Fund's Draft Prospectus (according to the enclosed form of the Public Subscription Prospectus) | <input type="checkbox"/> | <input type="checkbox"/> | | |
| 2 | Fund's Draft Articles of Association | <input type="checkbox"/> | <input type="checkbox"/> | | |
| 3 | Custodian Agreement | <input type="checkbox"/> | <input type="checkbox"/> | | |
| 4 | Investment Controller Agreement | <input type="checkbox"/> | <input type="checkbox"/> | | |
| 5 | External Auditor Agreement | <input type="checkbox"/> | <input type="checkbox"/> | | |
| 6 | External Sharia Auditing Office Agreement (for the Funds operating in accordance with Islamic Sharia) | <input type="checkbox"/> | <input type="checkbox"/> | | |
| 7 | Internal Sharia Audit Unit Agreement (in case the company is a conventional Fund Manager and wants to incorporate a Fund operating in accordance with Islamic Sharia) | <input type="checkbox"/> | <input type="checkbox"/> | | |
| 8 | Any other agreements entered into with the Fund Service Providers | <input type="checkbox"/> | <input type="checkbox"/> | | |
| 9 | Subscription Form | <input type="checkbox"/> | <input type="checkbox"/> | | |
| 10 | redemption form for the open-ended Fund | <input type="checkbox"/> | <input type="checkbox"/> | | |
| 11 | A statement with the details of the organizational structure of the Fund Manager and demonstrating how to take and implement the investment decision | <input type="checkbox"/> | <input type="checkbox"/> | | |
| 12 | A Statement of the Applicant's previous experience related with the same investment purpose of the Fund. | <input type="checkbox"/> | <input type="checkbox"/> | | |
| 13 | Payment receipt of the Fund incorporation application fees | <input type="checkbox"/> | <input type="checkbox"/> | | |
| 14 | A CD that includes soft copies of the required documents under Articles (1), (2), (9), (10), (11), (12) of this list. | <input type="checkbox"/> | <input type="checkbox"/> | | |

Applicant

Date/...../.....

Signature

| |
|--|
| |
| |

Stamp

**Application Reviewer
(Capital Market Authority only)**

Date/...../.....

Signature

| |
|--|
| |
| |

Stamp

13. Declaration and Undertaking Issued to the Capital Market Authority

I, the undersigned, declare to:

| | |
|--|------------------------------|
| 1. The information in this application (including all Appendices and enclosures) is complete, accurate and correct. I also declare that I've reviewed Law No. 7 of 2010, its Executive Regulations and the amendments thereof as well as the instructions and resolutions that are issued from the Authority and the amendments thereof. | <input type="checkbox"/> Yes |
| 2. I am aware of the Capital Market Authority's right to take any punitive or disciplinary action against any Person who provides incorrect or misleading information in the application of incorporation. | <input type="checkbox"/> Yes |
| 3. I undertake to inform the Authority in writing once any change in any provided information or data has occurred or carried out under this application. | <input type="checkbox"/> Yes |
| 4. I declare my approval that Capital Market Authority shall use and disclose any information I provided or I will provide in the future in this application for the purposes of carrying out the duties thereof. | <input type="checkbox"/> Yes |
| 5. I shall abide to the provisions of Law No. 7 of 2010 and the Executive Regulations thereof as well as to the Laws, resolutions, instructions, or any conditions related with the investment Funds and to comply with the conditions of the Fund with such Laws during the prescribed period. | <input type="checkbox"/> Yes |
| 6. I undertake to pay out any fees for licensing or renewing the license for the Fund or any other fees as prescribed by the Authority and in accordance with the resolutions issued thereby in this regards. | <input type="checkbox"/> Yes |
| In Case of Private Subscription Fund | |
| 7. Not to use any Public media in advertising for the Fund, in particular; or using the advertisements, articles, or any methods to address the public such as publishing in newspapers or magazines or press news, transmitting through visual, audible or readable media means, and not to hold introductory seminars or meetings with prospective investors unless such invited qualified investors were known and previously identified. | <input type="checkbox"/> Yes |

This is a declaration and undertaking from me

Name: ❖

Capacity: ❖

Date: ❖

Signature: ❖

Stamp: ❖

Appendix 3
Prospectus

Form and Contents of Prospectus

The Prospectus of each Fund shall include all the necessary information that helps investors to take the right sensible decision with respect to the proposed investment. The following data shall, at the minimum, be fulfilled as per the sequence shown in this Appendix:

Firstly: Prospectus Cover Page

1. Name of Fund
2. Type of Fund
3. Type of Subscription (Public Offer/ Private Placement)
4. Capital and Form of Fund (open-ended/ closed-ended)
5. Name of Fund Manager
6. Name of Custodian
7. Name of Investment Controller
8. Subscription Period
9. A prominent legible warning written in bold font and framed as follows:

With regards to the contents of this Prospectus, we advise investors to read and understand this Prospectus. If in doubt, please seek the advice of a Person licensed in accordance with the Law who is specialised in giving advice on making an investment decision to participate in the Fund.

Secondly: First Page inside the Prospectus

The first page which comes after the cover page shall include the following:

1. A prominent legible disclaimer written in bold font and framed as follows:

The Capital Market Authority has approved the incorporation of the Fund and offering of its Units. The Authority shall not bear any liability for the contents of this Prospectus. It does not give any confirmation of the accuracy or completion of its contents. It shall not bear any liability whatsoever for any loss resulting from this Prospectus or from relying on any part thereof. The Capital Market Authority does not give any recommendation whether it is a good investment or not.

2. In case of Private Subscription Fund, an additional declaration of disclaimer shall be executed as follows:

This Prospectus is issued to subscribe in a Fund's Unit through Private Subscription. It may not be displayed or distributed inside the State of Kuwait except to the Persons specified under "Private Subscription" of Module Thirteen of the Executive Regulations issued by the Capital Market Authority in the State of Kuwait.

3. In case of Funds licensed to operate in accordance with the provisions of Islamic Sharia, a statement shall be added as follows:

The [name of Fund) has been approved as a Fund's licensed to operate in accordance with the provisions of the Islamic Sharia by an External Sharia Auditing Office appointed by the Fund.

4. A statement regarding "Fund Manager's duties" on the inner cover page is framed as follows:

This Prospectus was prepared by the Fund Manager who is fully liable for the truth and accuracy of the information provided for therein. The Fund Manager confirms that it does not contain any untrue or misleading information nor inadvertently omits other facts that would render any statement in the Prospectus false or misleading.

5. A statement on the Authority's approval on this Prospectus is issued as follows:
The Prospectus is accepted by Capital Market Authority on / / .

Thirdly: List of Contents

The Fund Manager shall add a list of contents comprising the addresses, and Subsidiary addresses for each section included in the Prospectus along with the page number corresponding to each section.

Fourthly: Preamble

A statement that, both the Prospectus and Regulations have been created as per the Law of the Capital Market Authority, and have been adopted by Capital Market Authority.

Fifthly: Definitions:

In case there are terms that require clarification, the Fund Manager shall add a special section for the clarifying definitions.

Sixthly: Fund's Information

1. Name of Fund.
2. Form of Fund: (open-ended/ closed-ended).
3. Type of Fund: Determine the type of Fund as per the nature of its business.
4. Type of offer: (Public/ Private Subscription).
5. Currency of Fund.
6. Capital and the payment Scheme of the Fund
7. Investment policies and goals including:
 - a. Fund's Investment Goals:**
 - a. Investment objectives of the Fund description for the Fund's goals and objectives. If the investment Fund's goal is to invest in a certain field, sector or index, it shall include disclosing the principles necessary for determining the field of investment, and the followed indicator.
 - b. A summary on the main strategies and policies of investment used by the Fund so that to attain the goals thereof, including the types of assets in which the Fund will invest, or any specific field or specialty where investment will be made. (Such as the type of assets, geographical area, maturity date, and industries, etc.), the said techniques and tools that may be used in managing the Fund and the use of the Funding, borrowing, as well as the markets the Fund is intended to invest in, in addition to the restrictions, rules and limits of investment.
 - c. (As for the Funds operating in accordance with the provisions of Sharia), the details of standards applied so that the Fund's Assets can meet the Sharia standards.
 - d. It is likely that the Fund is exposed to wild fluctuations owing to its nature of investment assets, a statement shall be listed in this regards.
8. The management of investment risks in the Fund, including:
 - a. The main risks related to investment, including the potential risks that the Fund can be exposed to, and any circumstances that are reasonably likely to affect the net of the value of the Fund's Assets and the returns thereof.
 - b. A clear statement showing the following to the investors:
 1. The potential risks of losing money upon the investment in the Fund.
 2. Investment in the Fund is not considered as a deposit of money at a bank which provides guarantee, sale, or otherwise related to the Fund.
9. The nominal value of the investment Unit shall not be less than one Kuwaiti dinar or its equivalent in other foreign currencies.
10. The term of the Fund.
11. The minimum and maximum of participation and redemption by the Fund Manager and Unitholders.

Seventhly: Details of Service Provider

Fund Manager

1. Name of the Fund Manager.
2. Number of the license issued by Capital Market Authority.
3. Fund Manager registered address and headquarters address, in addition to the contact information and any web address enclosing any information on either the Fund or its manager.
4. Profile on the Fund Manager and the date of incorporation.
5. Members of the Fund Board of Directors and a brief profile of their CVs.
6. Summary on the financial data with clarification of the paid up capital, major shareholders, revenues and profits for the previous financial year.
7. Names of the Fund Manager's Board of Directors.
8. Statement on the main roles, responsibilities and duties of the Fund Manager with respect to the Fund.
9. Tasks assigned to any third party by the Fund Manager with respect to the Fund.
10. Any business, or other interests of the Fund Manager which are of material importance, or can come into conflict with the Fund business.

Custodian

1. Name of the Custodian.
2. Number of the license or registration issued by Capital Market Authority.
3. Custodian's registered address and work address.
4. Profile of the Custodian and date of incorporation.
5. Description of the primary roles and responsibilities with regard to the Fund.
6. Mention of the above stated information in respect of the Subsidiary Custodian whenever it applies.

Investment Controller

1. Name of the Investment Controller.
2. Number of the license or registration issued by Capital Market Authority.
3. Investment Controller's registered address and work address.
4. A profile of the Investment Controller and date of incorporation.
5. A description of the primary roles and responsibilities with regard to the Fund.

External Auditor

1. Name of the Auditor.
2. Number of the registration issued by Capital Market Authority.
3. Auditor's registered address and work address.
4. Description of the primary roles and responsibilities with regard to the Fund.

External Sharia Auditing Office (for the Funds licensed to operate in accordance with the provisions of Sharia)

1. Name of the External Sharia Auditing Office.
2. Number of the license or registration issued by Capital Market Authority.
3. External Sharia Auditing Office registered address and work address.
4. Profile of the External Sharia Auditing Office and date of incorporation
5. Description of the primary roles and responsibilities with regard to the Fund.

Investment Advisor (if any)

1. Name of the Investment Advisor.
2. Number of the license or registration issued by Capital Market Authority.
3. Investment Advisor's registered address and work address.
4. Profile of the Investment Advisor and date of incorporation
5. Description of the primary roles and responsibilities with regard to the Fund.

Any other parties with whom contracts are concluded.

Eighth: Working Scheme

A clarification for the class targeted by Subscription the Fund's Units either individuals, companies or firms and the geographical scope of this class.

A. Subscription and Allotment

This Prospectus shall, at the minimum, include the following information on the procedures of Subscription and allotment:

1. Name and address of the entity in charge of receiving the Subscription payments and the mechanism of paying Subscription monies (no participation shall, in terms of liquid cash money in the Fund, be accepted).
2. Subscription period, indicating the opening and closing date of Subscription (the date of closing the Subscription shall be no more than 3 months as of the opening date of Subscription). If the period expires without covering the minimum capital, the Fund Manager may request a similar period from the Authority. The Fund Manager may also give up the incorporation of the Fund. In such case, the payments made by the Subscribers shall be refunded, in addition the returns within a period not more than 10 business days as of the expiry of the Subscription period.
3. Procedures of allotment and the refund of the payments for which no corresponding Units are allocated, are subject to the following:
 - In case the Subscription exceeds the Fund's Capital, the Units shall be distributed amongst the subscribers on a pro rata basis after distributing the minimum Subscription on all subscribers.
 - The date for allocating the Units shall be no more than 10 business days from the date of closing the Subscription.
 - The payments exceeding the amount of Subscriber's allotment shall be refunded within 10 business days as of the date of allotment. No interests on the same shall be payable.
4. Any other data with respect to Subscription and allotment:

B. Subscription

The following statement for:

1. Dealing Days on which the participation of Fund's Units takes place, and the deadline for submitting the participation requests.
2. The minimum number of Units that shall be owned by the Unitholders and any power given to the Fund Manager, in addition to the cases on which the participation can be postponed or rejected.
3. The participation at the Fund shall be made with the form intended for this purpose, with the signature of the participant which indicates that he has read and declared all information stated in the Fund's Articles of Association.

C. Redemption

The following statement for:

1. Dealing Days on which the Units of Fund are redeemed, and the deadline for submitting the redemption requests.
2. The minimum number of Units that can be redeemed by the Unitholders.
3. The cases on which the redemption can be postponed.
4. The maximum period separating redemption from paying the redemption value to the Unitholders.
5. The redemption from the Fund shall be made with the form intended for this purpose.
6. In case of imposing early redemption fees, the circumstances for which early redemption and the fee calculation method thereof shall be disclosed.

Ninth: Appraisal and Pricing

1. The days of appraisal on which the Fund net asset value (NAV) is calculated.
2. The mechanism for valuation of Fund's Assets as per the International Accounting Conditions and Standards adopted by Authority.
3. The method of calculating the price of the Units for the purposes of participation and redemption.
4. Details on publishing the prices of Units (place and number of times).
5. The procedures that will be taken in case an error occurs in appraisal or pricing.
6. The cases at which the Fund's asset appraisal may be delayed.

Tenth: Unitholders Register

1. The entity at which the record of Fund Unitholders is kept.
2. A statement of the information that shall be kept in the Unitholder register.
3. A statement showing that the Unitholders are responsible for updating their information.
4. A statement showing that the terms and conditions shall be applied to all Unitholders of the same class in the Fund.

Eleventh: Dividend's Policy

A statement related to the policy of distributing income and profits, the approximate date for distribution, and how distributions are paid whenever this applies.

Twelfth: Fees, Expenses and Charges

1. The disclosure of all types of payments of Fund's Assets and rate of fees.
2. The method of calculating fees upon its due payment by the Fund.
3. A schedule showing all fees, expenses and charges, whether payable by the Unitholders, or from the Fund's Assets or paid by the Fund Manager.
(Note: the advertisement fees and charges imposed by Authority, either by Executive Bylaws or the resolutions and instructions issued by Authority, shall be paid from the Fund's Assets. However, the Fund Manager shall incur other advertisement fees and charges imposed by Authority)
4. Any fees imposed on the Unitholders upon the participation or the redemption of Units, and the method of calculating such fees.

Thirteenth: Accounting and Reporting

1. Fund's financial year
2. Financial statements:
 - a. The periods for submitting the financial statements and the locations for posting the same.
 - b. A clarification on the availability of Fund's financial statements audited at request for free, and how the Unitholders have a copy of the same.
3. Periodic reports for the Unitholders
4. A description for the periodic reports with which the Unitholders will be provided and the periods of reporting, and how to submit such reports to the Unitholders.
5. Periodic information presented to the public (for the public Fund only)

Fourteenth: Other Information

1. Provisions of the Unitholders association.
2. Disclosure of the conflict of interest policy or any potential and/or actual conflict of interests.
3. Termination and liquidation of the Fund and the followed procedures.
4. Procedures of complaints, including the means that can be used to file a complaint and the place of filing.
5. State the Law to which the Fund is subject, in addition to the competent authority responsible for resolving any disputes arising from the investment in the Fund.
6. Any other information reasonably known or shall be known by the Fund Manager, and may be, reasonably, requested by the current or potential Unitholders or their advisors, or that are likely to be included in the Prospectus upon which the investment decision will be taken.

Appendix 4
Investment Controls of Each Type of Fund

Attachment (1)
Investment Controls of Investment Funds in Equities

Investment Controls of Investment Funds in Equities

Investment Funds in Equities which are offered through a Public Offer are subject to the following terms and conditions:

1. Not to own more than 10% of the Securities of one issuer.
2. The investments made by the Fund in Securities issued by one issuer may not exceed 15% from the net asset value of the fund.
3. No borrowing or entering into transactions which may result in contractual financial commitments more than 10% of the Fund's net asset value.
4. The Fund may invest up to 15% as a maximum of its net asset value in any bonds or sukuk issued by the Gulf Cooperation Council (GCC) or issued under the guarantee thereof at the time of investment, provided that the Articles of Association so provides.
5. Without prejudice to Article (1) above, the Fund may invest 15% maximum of its net assets value in other investment Funds that are licensed by the Authority or by a foreign Regulatory Body in accordance with the regulatory standards and terms that are at least similar to those applied by the Authority, provided that the Articles of Association shall state such investment and the type of Fund, provided that these investment Funds are not managed by the same Fund Manager.
6. The Fund, whose Articles of Association provide for investment in shares of listed companies on Kuwait Stock Exchange or on any other organized stock exchange, may invest more than 15% of the Fund's net asset value in the shares of any Listed Company, provided that it shall not exceed the ratio of the company's market value to the total market value
7. The Fund, whose Articles of Association provide to invest in a certain field or sector or a specific index of listed Shares, may invest more than 15% of the Fund's net asset value in the Shares of any company operating in such field, sector or specific index, provided that this shall not exceed the ratio of the company's market value to the total market value of that field, sector or specific index. The Articles of Association of the Fund shall set forth the standards to specify the investment field and the Fund Manager shall keep a register for all the listed companies that meet such standards. The Authority shall be notified on a quarterly basis with the ratio between the market value of all companies to the total market value of that field.
8. The open-ended Fund may not invest more than 10% of its net asset value in unlisted companies.
9. The Fund that follows a published index shall invest its net asset value in all the companies included such index and according to the relative weight of each company therein.

Attachment (2)
Investment Controls of Private Equity Funds

Investment Conditions of Private Property Funds

Private Equity Funds are offered through a Private Placement and the Authority reviews the terms and conditions for the application of incorporation of each Fund solely, provided that the Fund fulfils the requirements of Law, these Bylaws, as well as the decisions and terms of the Regulatory Bodies except for the requirements which the Authority decides to exempt the Fund from.

Notwithstanding the provision of Article (2-21-1) of Chapter Two of this Module, the Fund Manager's employees, who are registered as representatives of the Collective Investment Scheme manager, may serve as a Member of a Board of Directors at a company whose Securities form part of the Fund's assets that is managed by the Fund Manager.

Attachment (3)
Investment Controls of Money Market Funds

Investment Controls of Money Market Funds

A Money Market Fund is a Fund whose main objective is to invest in money market instruments to ensure low risks and high liquidity and for the Fund to continue its activity as stated in the Articles of Association.

Money Market instruments are short-term investment instruments such as deposits or their equivalents at the Islamic banks, government bills and bonds, bonds issued by banks or companies whether in Kuwaiti Dinars or any other foreign currency, bank certificates of deposit and repurchase agreement or any other money market instruments that the Authority may approve.

The weighted average maturity is calculated according to the following equation: $(\sum_{i=1}^n x_i a_i)$

Where:

x= percentage of investment

a= maturity term (days)

n= total number of Fund's investments in money market instruments

money market investment Funds which are offered through a Public Offer are subject to the following terms and conditions:

1. The Fund shall not borrow or enter into transactions that may give rise to liabilities, except for borrowing to cover the redemption requests with a maximum of 10% of its net asset value.
2. The credit rating of bonds and sukuk shall not be less than (BBB) or the equivalent as rated by one of the recognized international rating agencies or any local rating agencies licensed by the Authority.
3. The Fund must invest the assets thereof in money market instruments, in a manner that ensures high-liquidity for the Fund with taking the following into consideration:
 - a. The maximum period of any investment in the fund shall not exceed 397 days, except for investment that can be easily liquidated within five business days.
 - b. The maximum limit of the weighted average maturity of the total fund investments shall not exceed 150 days
- 4- Without prejudice to Item (3), the Fund may invest a maximum of 15% of the net asset value in other money market Funds licensed by the Authority or by a Foreign Regulatory Body in accordance with the regulatory standards and terms similar at least to those applied by the Authority, and in compliance with the Fund's Articles of Association and any other instructions issued by the Authority, provided that none of the Funds invested in shall be managed by the same Fund Manager.

- 5- The Fund may not own more than 10% of money market instruments from the same issuer, except for money market instruments issued from the governments of the GCC or issued under the guarantee thereof.
- 6- The fund investments in (MM) instruments issued by one issuer shall not exceed 15% of the fund's net asset value at the time of investment, except for the (MM) instruments issued or guaranteed by GCC governments.
- 7- Investment of the fund assets in deposits or their equivalents at the Islamic banks with one entity shall not exceed 25% of the fund's net asset value. The Authority may approve an exception as deemed appropriate on a case by case basis.
- 8- The Fund may not invest in assets other than the money market instruments and the money market Funds such as the Shares of listed and unlisted companies as well as real estate.
- 9- An exception from Item (8) are the assets that may be owned by the Fund as a result of a settlement amongst a group of creditors and money market instruments issuer who defaults in payment, provided that the issuer shall immediately notify the Authority to take the necessary action.
- 10- The Fund must, without prejudice to the Fund's Articles of Association, disclose to the Authority the assets it owned as a result of practicing the implicit right thereof in the transferable money market instruments, and get the approval of the Authority on an appropriate schedule to sell such assets.
- 11- The Fund Manager may discontinue redemption of the Fund's Units and liquidate the fund if the net unit value is less than the par value, after getting the approval of the Authority.

In all cases, the Fund Manager must follow a prudent risk management method and investment policy that aims to achieve an appropriate return on investment, and adhere to allocation of investment ratios in a balanced manner to provide for the risks and protection of the unit holders' rights.

Attachment (4)
Investment Controls of Debt Instruments Funds

Investment Controls of the Debt Instruments Funds

The debt instrument Fund is an investment Fund whose main objective is to invest in medium and long-term debt instruments issued by governments, governmental companies or semi-government, institutions and private companies or any other entity approved by the Authority, and regulated by Regulatory Bodies and rated by one of the recognized credit rating agencies, or the local rating agencies licensed by the Authority, in a manner that ensures ongoing operation of the Fund as set out in the Articles of Association.

The debt instruments are medium and long term investment instruments such as transferable and non-transferable bonds and sukuk with fixed or variable yield, treasury bonds, treasury bills (t -bills) and any other debt instruments that the Authority may approve.

The debt instrument Fund which are offered through a Public Offer are subject to the following terms and conditions:

1. The Fund may not borrow or enter into transactions that may give rise to liabilities, except for borrowing to cover the redemption requests with maximum 10% of the Fund's net asset value.
2. Taking into consideration the provision of Item (3) below, the credit rating of the debt instruments at the time of investment should not be less than (BBB) or the equivalent as rated by one of the recognized international rating agencies or any local rating agencies licensed by the Authority. If the credit rating decreases below the mentioned rate, the approval of the Authority must be obtained.
3. The fund may invest 25% as a maximum limit of its net asset value in the debt instruments rated below (BBB) and/or unrated assets by the international rating agencies or local rating agencies which are licensed by the Authority, provided that the single security shall not exceed 5% of the net asset value of the fund without prejudice to the Articles of Association or any other regulations issued by the Authority.
4. The Fund shall not own more than 10% of the debt instruments from the issued by a single issuer, except for the debt instruments issued or guaranteed by GCC governments
5. The Fund's investment in debt instruments issued by a single issuer should not exceed 15% of the fund's net asset value at the initial time of the investment and 20% of the fund's net asset value after the investment time, except for the debt instruments that are issued or guaranteed by GCC governments
6. The Fund may invest 15% as a maximum limit of its net asset value in money market Funds and/ or other debt instruments Fund's which are licensed by the Authority or by a Foreign Regulatory Bodies in accordance with the regulatory standards and conditions, which are at least similar to those applied by the Authority, and without prejudice to the Fund's Articles of Association and to any instructions issued by the Authority, provided that neither of the Funds invested in is managed by the same Fund Manager.

7. The Fund may not invest in assets other than the debt instruments, the money market Funds and the debt instruments Funds, such as the Shares of listed and unlisted companies as well as real estates.
8. An exception from the assets mentioned in Item (7) the assets that may be owned by the Fund as a result of a settlement amongst a group of creditors and debt instruments issuer who defaults in payment, provided that the issuer shall immediately notify the Authority to take the necessary action.
9. The Fund shall, without prejudice to the Fund's Articles of Association, disclose to the Authority the assets it owned as a result of practicing the implicit right thereof in the transferable debt instruments, and get the approval of the Authority on an appropriate schedule to sell such assets.
10. Fund investments in deposits or their equivalents in Islamic banks shall not exceed 25% of its net asset value. The Authority may set exceptions, as it may deem fit, and in accordance with each case.

Attachment (5)
Investment Controls of the Real Estate Funds

Investment Controls of Real Estate Funds

Real Estate Fund is an investment Fund that aims to invest the Fund's money in real estate purposes. Real Estate Funds which are offered in Public Offer are subject to the following terms and conditions:

First: Rules for Real Estate Funds

1. The Fund may not invest more than 10% of its net asset value in Securities, provided that the Fund's Articles of Association so provides.
2. The Fund may invest a maximum 15% of its net asset value in other real estate Funds licensed by the Authority or by a foreign Regulatory Body in accordance with the regulatory standards and conditions, which are at least similar to those applied by the Authority, and without prejudice to the Fund's Articles of Association and provided that neither of the investment Funds is managed by the same Fund Manager.
3. The Fund investments may not exceed, directly or indirectly, 30% of the Fund's net assets value upon contracting in a single real estate.
4. The Fund may not borrow or enter into transactions that may give rise to liabilities over 40% of its net asset value whether directly or indirectly to the investment in real estate only.
5. The Fund Manager shall disclose any indirect debts on the Investment Portfolios or the companies in which the Fund invested for the purpose of possessing real estates.
6. The Fund may not borrow or enter into transactions that may give rise to liabilities more than 10% of the Fund's net assets value to cover the redemption requests only. In all cases, borrowing shall not exceed 40% of the Fund's net assets value.
7. The Fund shall be prohibited to buy or sell a real estate to Related Parties of Real Estate Fund, except after the approval of the Investment Controller and the Authority, and provided that:
 - a. The buy price of real estate from a Related Party of the Fund shall not exceed the average of appraisals received by the Fund Manager from the property evaluators. If the Fund wants to buy with a higher price than the average of the appraisals, the approval of the Unitholders owning more than 50% of the Fund's issued capital shall be first obtained, provided that the votes of the Related Parties with the seller, if any, shall be neutralized.
 - b. The selling price of real estate to a Related Party of the Fund shall not be less than the average of appraisals received by the Fund Manager from the property evaluators. If the Fund wants to sell with a price less than the average of the appraisals, the approval of the Unitholders owning more than 50% of the Fund's issued capital shall be first obtained, provided that the votes of the related parties with the buyer, if any, shall be neutralized.
8. Without prejudice to the provision of Item (3) in the First Article, the Fund may incorporate or take part in the incorporation of companies for the purpose of possessing real estate inside and outside the state of Kuwait.

Second: Requirements for the Real Estate Funds Assets

1. All real estate properties of the Fund shall be under possession under a title deed issued from a competent governmental body.
2. All real estate properties of the Fund which are under project shall be approved by virtue of an official statement from the official governmental body to be set for planning or construction.
3. Real Estate properties must be evaluated at the time of purchase
4. Register the real estate under the name of the Fund, where applicable; or provide the title deed that proves the Fund's ownership of the real estate in a manner that protects the rights of the Unitholders.

Third: Appraisal

1. The Fund Manager shall, prior to buying or selling any real estate asset for the Fund inside the State of Kuwait, obtain an appraisal in accordance with the requirements for appraisal of real estate assets set forth in Module Eleven (Dealing in Securities) of these Bylaws.
2. The Fund Manager shall undertake a valuation of the Fund's real estate assets on the basis of an appraisal prepared in accordance with the requirements for appraisal of real estate assets set forth in Module Eleven (Dealing in Securities) of these Bylaws, every six months as a minimum, and the Fund Manager shall take the lowest price of appraisal.
3. The property evaluator shall be independent from the Fund Manager and the related parties with the real estate Fund.
4. The report of the property evaluator shall include as a minimum the following:
 - a. Details and description of the real estate.
 - b. Methods of appraisal and the based-on assumptions.
 - c. Analysis of variables associated with real estate market such as supply, demand and market trends.
 - d. Due Diligence.
 - e. The maximum and minimum price of the real estate.
 - f. Any other data or information requested by the Authority.
5. The Fund Manager, when buying or selling any Fund's asset, may not rely on an evaluation report prepared more than three months.

Fourth: Submitting the Report to the Unitholders

As an exception from Article (2.34) of this Module, the Fund Manager shall submit a periodical report to the Unitholders every six months, unless the Articles of Association states a shorter period. This report shall, in particular, include the following information:

1. Net asset value of the Fund's Units.
2. Number of Fund's Units held by the Unitholders and their net value.
3. A register for the account activity of each Unitholder solely, including any distribution paid after the last report that has been submitted to the Unitholders.
4. A statement about the fees paid to the Fund Manager and the Service Providers.

Attachment (6)
Investment Controls of the Fund of Funds

Investment Conditions of the Fund of Funds

The Fund of Funds is a Fund that aims for investment in other Funds licensed by the Authority or by a foreign Regulatory Body in accordance with the regulatory standards and conditions, which are at least similar to those applied by the Authority.

The Fund of Funds which is offered through a Public Offer is subject to the following terms and conditions:

1. The Fund shall not borrow or enter in transactions which may result in liabilities more than 10% of the net assets value of the Fund of Funds.
2. The Fund of Funds shall invest in at least three Funds, provided that the investment in each Fund shall be not less than 5% of the net asset value of the Fund of Funds.
3. The Fund of Funds shall not hold more than 25% from a single issuer.
4. The investment of the Fund of Funds in another investment Fund shall not exceed 40% of the net asset value of the Fund of Funds.
5. The Fund of Funds shall be prohibited to invest in another Fund of Funds.
6. The Fund of Funds shall be prohibited to invest in other Funds managed by the Fund of Funds Manager.
7. The Fund of Funds investments shall be limited to the Funds offered through a Public Offer.

Attachment (7)
Investment Controls of Real Estate Income-Generating Fund (Traded)

Investment Controls of Real Estate Income-Generating Fund (Traded)

The provisions of the Funds provided for in this Module shall apply to the Real Estate Income-generating Fund (Traded) unless otherwise specified in this attachment and in a manner consistent with its nature and objectives.

The Real Estate Income-Generating Fund (Traded) must be a close-ended Fund, listed in the Exchange and subject to the following terms and conditions:

First: The rules of subscription and capital increase for Real Estate Income-Generating Funds (Traded)

1. Real Estate Income-Generating Funds (Traded) shall be offered for public subscription at the time of incorporation. In all cases, the subscription shall result in the fulfillment of the requirements of listing in the Exchange. In the event of not meeting listing requirement, the Fund Manager shall refund the funds to the subscribers in accordance with the provisions of the Prospectus.
2. It is permissible, upon the incorporation of the Real Estate Income-Generating Fund (Traded), to participate in an in kind share according to the following conditions:
 - a. The Articles of Association shall permit participation in the Fund with in kind shares.
 - b. The asset provided as an in kind share shall meet the conditions stipulated in this Appendix.
 - c. The asset shall be specified in the Prospectus.
 - d. The asset offered as an in kind share shall be appraised in accordance with the provisions of valuation of in kind shares referred to in Module Eleven of the Bylaws (Dealing in Securities).
3. The Fund Manager shall complete the procedures for listing in the Exchange within sixty days from the date of obtaining the final license to incorporate the Fund from the Authority. The Authority may, if it deems it necessary, extend this period for an additional period of up to thirty days upon a reasoned request by the Fund Manager. The Fund Manager shall be liable for disciplinary action in the event of a delay in completing the listing procedures unless the delay is due to unforeseen circumstances.
4. Upon submitting the application for incorporation, the Fund Manager shall provide the Authority with a binding contract for the sale of the real estate subject to investment to the Fund or a contract arranging the right to the usufruct the asset (Intifa'a) or transfer of ownership as specified in the terms and conditions of the Fund's Articles of Association.
5. Upon submitting the application form for incorporation, the Fund Manager shall provide the Authority with a contract concluded between the Fund Manager and a real estate management company to manage the Fund's real estate.

6. The capital of the Real Estate Income-Generating Fund (Traded) may be increased, provided that such increase is offered in a Public Offering. A detailed statement containing the necessary information to enable the investor to assess the financial position, performance and opportunities shall replace the Prospectus. Its owners shall have, at the time of increase, Pre-emptive Right to subscribe in the new Units for a period not exceeding fifteen days and not less than five days. In the event of the subscription is not fully covered by the old Unit owners, they shall be offered for subscription by the public.
7. The capital of the Real Estate Income-generating Fund (Traded) may not be reduced.
8. The capital of the Fund may be increased by means of in kind shares in accordance with the same conditions stipulated in clause (2) (First) of this Appendix. The increase shall be allocated to the owner of the in kind shares. The Pre-emptive Right shall not be applied in subscription of old Unit holders.

Second: Rules of Investment of Real Estate Income-Generating Fund (Traded)

1. The Fund invests mainly in developed real estates that generate income periodically for a period of not less than one year and may generate periodic income in accordance with these controls. The Fund Manager may not invest in lands.
2. The Fund Manager shall distribute 90% of the operations' revenues to the Unit holders on an annual basis, unless the Articles of Association provides for a shorter period.
3. The Fund may invest no more than 25% of its net asset value in Money Market Funds or Real Estate Income-Generating Funds (Traded) under the following conditions:
 - a. Funds invested in shall be licensed by the Authority or licensed by a non-Kuwaiti Regulatory Body in accordance with similar regulatory standards and conditions, at least to those applied by the Authority.
 - b. The Fund's Articles of Association provide that it is permissible to invest in Money Market Funds or Real Estate Income-Generating Funds (Traded).
 - c. None of the Funds invested in shall be managed by the same Fund Manager.
4. The Fund investments may not exceed, directly or indirectly, 30% of the Fund's net asset value upon contracting in a single real estate, except for the Fund that aims to invest in a specific asset of at least KD 30 million. The provision of this clause applies only if one or more properties are offered as an in kind share in the Fund.
5. The Fund may not borrow or enter into transactions that may give rise to liabilities over 50% of its net asset value whether directly or indirectly, and to be invested in real estate only.
6. The Fund may not invest in real estate outside the State of Kuwait.
7. In the event that the property is directly owned by the Fund, the property must be wholly owned by the Fund or the Fund shall have a separate share therein. In the event the investment in the property is an arrangement of the right to the usufruct (Intifa'a), such rights shall include the entire property or a separate share therein.

8. The Fund may incorporate or take part in the incorporation of companies for possessing real estate in the state of Kuwait, provided that the percentage owned by the Fund shall not be less than 51% of such company and shall have control over its management. The property to be invested in is required to have a minimum of one operating year.
9. The term of the Fund shall not be less than 10 years, and may be renewed in accordance with the Fund's Articles of Association.
10. The Fund shall not deal with investments in which the counterparty is one of the relevant parties to the Fund, except after obtaining the approval of the Investment Controller and the approval of the Authority. The following shall be observed:
 - a. The purchase price or the obtaining the right to the usufruct (Intifa'a) for it shall not exceed the average of valuations that the Fund Manager has received from the real estate valuers. In the event it wishes to invest at a price higher than the average of the valuations, the approval of the Unit holders' assembly shall be obtained by a majority of more than 50% of the issued Fund's capital. The Unit holders of parties relevant to the seller or assignor of the right to the usufruct (Intifa'a) may not vote on this decision.
 - b. The sale price of the property or the waiver of the right to the usufruct (Intifa'a) shall not be less than the average of valuations that the Fund Manager received from the real estate valuers. In the event of an intention to sell or waiver at a price lower than the average of the valuations, the approval of the Unit holders' assembly shall be obtained by a majority of more than 50% of the issued capital of the Fund. The Unit holders from the parties relevant to the buyer or assignee shall not vote on this decision.

The provision of this clause also applies to the submission of one or more properties as an in kind share in the Fund.

Third: The requirements of the assets of the Real Estate Income-Generating Fund (Traded)

1. Except for the right to the usufruct (Intifa'a), all the properties of the Fund shall be owned pursuant to a deed of title issued by the designated governmental authority.
2. All the properties of the Fund subject of the project must be approved in respect of its planning and it shall be free of violations, or be built with an official statement from the designated governmental authority (description certificate).
3. All Fund properties must have been valued at the time of the investment.
4. In the event of a purchase, the property shall be registered in the name of the Fund or the company that it establishes for this purpose. In the event of obtaining the right to the usufruct (Intifa'a), this must be done under a written contract in accordance with the provisions of the relevant laws.

5. The Fund Manager shall ensure that the real estate subject of investment meets the following conditions:
 - a. Generate periodic income for a period not less than one year, and commensurate with the feasibility of investing in them.
 - b. Have a good historical record or there is a promising prospect that the Fund will have a good income level from the revenues generated from the property.
 - c. Having economic feasibility in accordance to market studies.
 - d. Free of any attachment, mortgage, or privilege rights, except for mortgage rights restricted to the property as a result of the facilities or loans received by the Fund.
6. The Fund Manager shall, in the event of obtaining the right to the usufruct (Intifa'a) of a property in favor of the Fund or in favor of a company established by him, ascertain the approval of the designated authorities to transfer the usufruct contract in the name of the Fund.
7. The Fund Manager must insure at one or more insurance companies for all the properties invested in, in full value and the risk of loss of rent at the occurrence of the incident covered by the insurance.

Fourth: Regulatory requirements for the Real Estate Income-Generating Fund (Traded)

1. Where the purpose of the Real Estate Income-Generating Fund (Traded) is to invest in a single property, it is necessary to obtain the approval of the Unit holders' assembly at the time of selling or waiver of the right to the usufruct (Intifa'a) of the sole property that the Fund invest in,. The Articles of Association of the Real Estate Income-Generating Fund (Traded) may include restrictions regarding the Fund Manager's freedom to dispose of the properties owned by the Fund or the companies it establishes.
2. The Fund Manager shall appoint one or more real estate companies whose purposes permit managing real estate properties in order for it to manage the properties of the Fund. The Fund Manager must ensure that the company has the necessary expertise in the field of property management, which is responsible for all aspects of real estate management, including but not limited to the management, maintenance, rental, collection of rent and other management matters.
3. All notices of Unit holders applicable to the Fund Manager towards the Unit holders, and stipulated in Chapter Two of this Module, shall be replaced with disclosures by the Fund Manager in the disclosure system in force at the Exchange in accordance with the terms specified for each notice, to the extent that it does not conflict with the nature of the Real Estate Income-Generating Fund (Traded).

4. In the event of delisting the Real Estate Income-Generating Fund (Traded) from listing in the Exchange, it must be liquidated in accordance with the procedures adopted in these Bylaws, unless the Unit holders assembly approves by a majority of more than 50% of the issued capital of the fund to continue as a real estate Fund, provided that the Fund is compatible with the provisions of these Bylaws. In the event of the expiration of the Fund in accordance with the conditions set forth in Chapter Two of this Module, the Fund shall be considered delisted and shall be liquidated in accordance with the Bylaws and Articles of Association of the Fund.
5. The real estate Fund may be converted into a Real Estate Income-Generating Fund (Traded) according to the following conditions:
 - a. Amend the Fund's Articles of Association in accordance with the requirements and controls of investment in the Real Estate Income-Generating Fund (Traded).
 - b. The requirements of listing in the Exchange shall be met, and if the real estate Fund is a close-ended Fund, it may offer part of its Units for subscription in order to meet the listing conditions and requirements.
 - c. The Fund shall be in compliance with the conditions, controls and rules of the Real Estate Income-Generating Fund (Traded) provided for in this Attachment.
6. The Authority may grant the real estate Fund a period to meet the requirements for conversion to a Real Estate Income-Generating Fund (Traded). The Authority may extend this period whenever it deems it necessary.
7. Once the Real Estate Fund is converted into a Real Estate Income-Generating Fund (Traded) it becomes subject to the provisions of this Attachment and the Exchange rules.

Fifth: Valuation

1. The Fund Manager, prior to entering into or exiting an investment in real estate, must obtain a valuation in accordance with the requirements of the valuation of real estate assets contained in Module Eleven (Dealing in Securities) of these Bylaws.
2. The Fund Manager shall value the assets of the real estate Fund based on a valuation prepared in accordance with the requirements of valuation of the real estate assets contained in Module Eleven (Dealing in Securities) of these Bylaws, once every six months at a minimum, and shall consider the lowest valuation.
3. The real estate valuator must be independent from the Fund Manager and the relevant parties to the real estate Fund.

4. The valuation report shall include the following as minimum:
 - a. Property details and descriptions.
 - b. Valuation methods and assumptions it is based upon.
 - c. It refers to variables related to the real estate market such as supply, demand and market trend.
 - d. The results of the real estate inspection.
 - e. The maximum and minimum price of the property.
 - f. Any data or other information requested by the Authority.
5. The Fund Manager may not rely on a valuation report that has been prepared for more than three months when entering into the investment on the asset of the real estate or exiting it.
6. The Fund Manager shall adopt the following equation to value the cash generated from operations.

Operating income = net income + amortization and depreciation + loss from sale of fund assets - profit from sale of fund assets + interest / profit deposits - maintenance, property development and evacuation.

The Fund Manager shall determine the allocated amount for maintenance, real estate development and evacuation at a reasonable rate, with clarifications if the amount allocated exceeds more than 10% of the total operating income of the Fund.

Appendix 5
Form of Monthly Information

NOTE:

All forms referenced in the “translation” of the Bylaws are for reference purposes only. Forms to be submitted to the Authority are to be in Arabic language only.

1. Main Information

| | |
|--|--|
| Date of monthly information | |
| Name of Fund | |
| Name of Fund Manager | |
| Type of Fund | (Investment in Securities, Money market, Private Property, Real Estate, Debt Instruments, Fund of Funds) |
| Nature of Fund | (Traditional/in compliance with Sharia) |
| Form of Fund | (open, close) |
| Name of Fund’s Executive Committee Members | |
| Fund’s Currency: | |
| Fund Investment goals | |
| Name of Index | (if any) |
| Date of Fund Incorporation | |
| Term of Fund | |
| Current Fund’s Capital | (number of Units) |
| Net Fund’s Assets | |
| Fund’s financial year | |
| Time for Participation and Redemption | (if any) |
| Commission for Participation | (if any) |
| Commission for Redemption | (if any) |

2. Fund Components

| | | |
|------------------|----|----------------|
| Largest Holdings | 1. | Percentage (%) |
| | 2. | Percentage (%) |
| | 3. | Percentage (%) |
| | 4. | Percentage (%) |
| | 5. | Percentage (%) |

3. Fund Return

| | |
|------------------------|----------------|
| Monthly return | Percentage (%) |
| Year to Date return | Percentage (%) |
| Return since Inception | Percentage (%) |

4. Fund Distributions

| | |
|--|----------|
| Monthly distributions | (if any) |
| Distributions till the last financial year | (if any) |
| Distributions since incorporation | (if any) |

5. Fund Service Providers

| | |
|---------------------------------|---|
| External Auditor | |
| Custodian | |
| Investment Controller | |
| External Sharia Auditing Office | (For Funds operating in accordance with Sharia) |
| Others | |

6. Contact Information

| | |
|-------------------------|--|
| Name of Liaison officer | |
| Telephone | |
| Email | |
| Website of Fund Manager | |
| Address of Fund Manager | |

Appendix 6

Application for the Incorporation of a Contractual Collective Investment Scheme

NOTE:

All forms referenced in the “translation” of the Bylaws are for reference purposes only. Forms to be submitted to the Authority are to be in Arabic language only.

1. Details of the Contractual Collective Investment Scheme

Name of Contractual Collective Investment Scheme (in Arabic): ❖

Name of Contractual Collective Investment Scheme (in English): ❖

Form of Scheme: ❖

 Open-ended Closed-ended

Scheme's Capital: ❖

Scheme's Currency: ❖

Scheme's Investment Goals: ❖

Clients targeted for Participation:

Nature of Scheme: ❖

 Conventional
 Conforms with Islamic Sharia

Mobile Number: ❖

Tel. Number: ❖

Name of Applicant: ❖

Website: ❖

Email: ❖

2. Details of the Special Purpose Vehicle Company

Name of the Special Purpose Vehicle Company: ❖

Entity place of incorporation /domicile in which notifications ,correspondences and announcements shall be made❖

Company objectives❖

Company term❖

3. Details of the Contractual Collective Investment Scheme Manager

Name: ❖

Registration No at the Authority: ❖

Auditor: ❖

Headquarters Address: ❖

Company's Legal Entity: ❖

- Public Closed
 Conventional
 Islamic Sharia Compliant

Members of the Scheme's Executive Team:❖

1.

2.

4. Main Liaison officers for the Scheme Manager

Name of First Liaison officer: ❖

Job Title: ❖

Department: ❖

Mobile No: ❖

Fax: ❖

Tel.: ❖

Email: ❖

Name of Second Liaison officer: ❖

Job Title: ❖

Department: ❖

Mobile No: ❖

Fax: ❖

Tel.: ❖

Email: ❖

5. Custodian

Name of Liaison officer: ❖

Name of Entity: ❖

Job Title: ❖

Department: ❖

Mobile No: ❖

Fax: ❖

Tel.: ❖

Email: ❖

6. Investment Controller

Name of Liaison officer: ❖

Name of Entity: ❖

Job Title: ❖

Department: ❖

Mobile No: ❖

Fax: ❖

Tel.: ❖

Email: ❖

7. External Auditor

Name of External Auditor: ❖

Name of Liaison officer: ❖

Job Title: ❖

Department: ❖

Mobile No: ❖

Fax: ❖

Tel.: ❖

Email: ❖

8. External Sharia Auditing Office

(to be filled out if the Contractual Collective Investment Scheme is licensed to operate in accordance with Islamic Sharia)

Name of Entity:

Name of Liaison officer:

Job Title of Liaison officer:

Department:

Mobile No:

Fax:

Tel.:

Email:

9. Internal Sharia Audit Unit

(to be filled out if the company is a conventional Collective Investment Scheme Manager and would like to incorporate a Contractual Collective Investment Scheme in accordance the provisions of Islamic Sharia)

Name of the Internal Sharia Audit Officer or Name of Entity:

10. Investment Advisor

(To be filled out if there is an Investment Controller)

Name of Liaison officer: ❖

Name of Entity: ❖

Job Title: ❖

Department: ❖

Mobile No: ❖

Fax: ❖

Tel.: ❖

Email: ❖

11. Subscription Agent (Selling)

(To be filled out if there is a Subscription Agent (Selling))

Name of Liaison officer:

Name of Entity:

Job Title:

Department:

Mobile No:

Fax:

Tel.:

Email:

12. Body of Safekeeping Unitholders Register

Name of Liaison officer: ❖

Name of Entity: ❖

Job Title: ❖

Department: ❖

Mobile No: ❖

Fax: ❖

Tel.: ❖

Email: ❖

| 13. List of the document required upon submission of the application | | | | | |
|--|--|-----------------------|-----------------------|--|---------|
| S.N | Document | Enclosed | N/A | Auditing Status (Capital Markets Authority only) | Remarks |
| 1 | Contractual Collective Investment Scheme's contract draft | <input type="radio"/> | <input type="radio"/> | | |
| 2 | Special Purpose Vehicle Company's Articles of Association Draft | <input type="radio"/> | <input type="radio"/> | | |
| 3 | Custodian Agreement Draft | <input type="radio"/> | <input type="radio"/> | | |
| 4 | Investment Controller Agreement Draft | <input type="radio"/> | <input type="radio"/> | | |
| 5 | External Auditor Agreement Draft | <input type="radio"/> | <input type="radio"/> | | |
| 6 | External Sharia Auditing Office Agreement Draft (for the Contractual Collective Investment Schemes licensed to operate in accordance with Islamic Sharia) | <input type="radio"/> | <input type="radio"/> | | |
| 7 | Internal Sharia Audit Unit Agreement Draft (in the event the company is a conventional Collective Investment Scheme Manager and wants to incorporate a Contractual Collective Investment Scheme operating in accordance with Islamic Sharia) | <input type="radio"/> | <input type="radio"/> | | |
| 8 | Any other agreements entered into with the Scheme Service Providers | <input type="radio"/> | <input type="radio"/> | | |
| 9 | Subscription form | <input type="radio"/> | <input type="radio"/> | | |
| 10 | Redemption form for the open-ended Scheme | <input type="radio"/> | <input type="radio"/> | | |

| | | | | | |
|----|--|-----------------------|-----------------------|--|--|
| 11 | A statement with the details of the organizational structure of the Scheme Manager and demonstrating how to take and implement the investment decision | <input type="radio"/> | <input type="radio"/> | | |
| 12 | A statement of the applicant's previous experience related with the same investment purpose of the Scheme. | <input type="radio"/> | <input type="radio"/> | | |
| 13 | Payment receipt of the Scheme's incorporation application fees | <input type="radio"/> | <input type="radio"/> | | |
| 14 | Soft copies of the required documents under items (1), (2), (9), (10), (11) and (12) of this list in Word format. | <input type="radio"/> | <input type="radio"/> | | |

Applicant

Date/...../.....

Signature

| |
|--|
| |
| |

Stamp

**Application Reviewer
(Capital Markets Authority only)**

Date/...../.....

Signature

| |
|--|
| |
| |

Stamp

14. Declaration and Undertaking Issued to the Capital Markets Authority

I, the undersigned, declare to:

| | |
|--|------------------------------|
| 1. The information in this application (including all Appendices and enclosures) is complete, accurate and correct. I also declare that I have reviewed Law No. 7 of 2010, its Executive Bylaws and the amendments thereof as well as the instructions and resolutions that are issued from the Authority and the amendments thereof. | <input type="checkbox"/> Yes |
| 2. I am aware of the Capital Markets Authority's right to take any punitive or disciplinary action against any Person who provides incorrect or misleading information in the application of incorporation. | <input type="checkbox"/> Yes |
| 3. I undertake to notify the Authority in writing once any change has occurred or been carried out related to any information or data provided under this application. | <input type="checkbox"/> Yes |
| 4. I declare my approval that Capital Markets Authority shall use and disclose any information I provided or I will provide in the future in this application for the purposes of carrying out the duties thereof. | <input type="checkbox"/> Yes |
| 5. I shall abide to the provisions of Law No. 7 of 2010 and the Executive Bylaws thereof and regulations, decisions, instructions and circulars issued by the Capital Markets Authority and to comply the Scheme during the specified period set by the Authority. | <input type="checkbox"/> Yes |
| 6. I undertake to pay out any fees for licensing or renewing the license for the Scheme or any other fees as specified by the Authority and in accordance with the resolutions issued thereby in this regards. | <input type="checkbox"/> Yes |
| 7. I undertake not to use any of the means of public announcement in advertising the Scheme, and in particular not to use the advertisements, articles or any methods to address the public such as publishing in newspapers, magazines or press news, transmitting through visual, audible or readable media means, and not to hold introductory seminars or meetings with prospective investors unless these qualified invited investors are known and previously defined. | <input type="checkbox"/> Yes |
| 8. I undertake to provide the Authority with copies of the final agreements signed with the service providers, provided that the financial years stipulated in these agreements are updated according to the date of registration of the Contractual Collective Investment Scheme in the Authority's register. | <input type="checkbox"/> Yes |

This is a declaration and undertaking from me

Name: ❖

Capacity: ❖

Date: ❖

Signature: ❖

Stamp: ❖

Appendix 7

Application for the Incorporation of a Special Purpose Vehicle Company that Issues Contractual Collective Investment Scheme Units

NOTE:

All forms referenced in the “translation” of the Bylaws are for reference purposes only. Forms to be submitted to the Authority are to be in Arabic language only.

1. Company Information

Company Name (in Arabic): ❖

Company Name (in English): ❖

Company objectives: ❖

Name of Contractual Collective Investment Scheme that issues Units:

(Name of the Contractual Collective Investment Scheme)

Capital in Kuwaiti Dinar: ❖

Company's Activities: ❖

Chosen domicile in which notifications ,correspondences and announcements shall be made:❖

2. Details of Founder Company

Name of Company: ❖

Registration number at the Authority: ❖

Auditor: ❖

Headquarters Address: ❖

Company's Legal Entity: ❖

- Public Closed
 Conventional
 Islamic Sharia Compliant

Preliminary capital subscribed by the Founder company: ❖

3. Main Liaison Officers at the Founder Company

Name of First Liaison officer: ❖

Job Title: ❖

Department: ❖

Mobile No. ❖

Fax: ❖

Telephone No.: ❖

Email Address: ❖

Name of Second Liaison officer: ❖

Job Title: ❖

Department: ❖

Mobile No. ❖

Fax: ❖

Telephone No.: ❖

Email Address: ❖

| 4. List of the documents required upon submission of the application | | | | | |
|--|--|-----------------------|-----------------------|--|---------|
| S.N | Document | Enclosed | N/A | Auditing Status (Capital Markets Authority only) | Remarks |
| 1 | Draft of Articles of Association of the Special Purpose Vehicle Company | <input type="radio"/> | <input type="radio"/> | | |
| 2 | Soft copy of the Draft of Articles of Association of the Special Purpose Vehicle Company | <input type="radio"/> | <input type="radio"/> | | |
| 3 | Payment receipt of the application fees for the Incorporation of a Special Purpose Vehicle Company | <input type="radio"/> | <input type="radio"/> | | |

Applicant

Date/...../.....

Signature

| |
|--|
| |
| |

Stamp

**Application Reviewer
(Capital Markets Authority only)**

Date/...../.....

Signature

| |
|--|
| |
| |

Stamp

5. Declaration and Undertaking Issued to the Capital Markets Authority

I, the undersigned, declare to:

| | |
|---|------------------------------|
| 1. The information in this application (including all Appendices and enclosures) is complete, accurate and correct. I also declare that I have reviewed Law No. 7 of 2010, its Executive Bylaws and the amendments thereof as well as the instructions and resolutions that are issued from the Authority and the amendments thereof. | <input type="checkbox"/> Yes |
| 2. I am aware of the Capital Markets Authority's right to take any punitive or disciplinary action against any Person who provides incorrect or misleading information in the application of incorporation. | <input type="checkbox"/> Yes |
| 3. I undertake to notify the Authority in writing once any change has occurred or been carried out related to any information or data provided under this application. | <input type="checkbox"/> Yes |
| 4. I declare my approval that Capital Markets Authority shall use and disclose any information I provided or I will provide in the future in this application for the purposes of carrying out the duties thereof. | <input type="checkbox"/> Yes |
| 5. I shall abide to the provisions of Law No. 7 of 2010 and the Executive Bylaws thereof and regulations, decisions, instructions and circulars issued by the Capital Markets Authority and to comply the Company during the specified period set by the Authority. | <input type="checkbox"/> Yes |
| 6. I undertake to pay out any fees for licensing or renewing the license for the Company or any other fees as specified by the Authority and in accordance with the resolutions issued thereby in this regards. | <input type="checkbox"/> Yes |

This is a declaration and undertaking from me

Name: ❖

Capacity: ❖

Date: ❖

Signature: ❖

Stamp: ❖

Appendix 8

Application Draft for the Articles of Association of a Special Purpose Company that Issues Contractual Collective Investment Scheme Units

NOTE:

All forms referenced in the “translation” of the Bylaws are for reference purposes only. Forms to be submitted to the Authority are to be in Arabic language only.

Articles of Association
The company (-----)
Special Purpose Vehicle Company

It is on the day (-----) corresponding to (--- / --- / -----) in the State of Kuwait

I have (the competent officer at the Capital Markets Authority - State of Kuwait)

In the presence of the two witnesses:

1. Name: Nationality: Civil number:

2. Name: Nationality: Civil number:

Witnesses with all the required legal qualities, having attended:

The Company name:

A person licensed to practice the activity of a Collective Investment Scheme Manager registered in the State of Kuwait under Commercial Registration No. represented by Mr. / and his nationality: and carries a Civil ID No.: under the power of attorney issued by the company No.: Date: (Referred to for the purposes of these articles as ‘the Founder’).

The participants acknowledge their legal capacity to act and contract and agree on the following:

The Founder shall establish a Special Purpose Vehicle Company (limited liability) in accordance with the provisions and rules prescribed for its establishment as stipulated in the articles of Law No. 7 of 2010 and its Executive Bylaws and their amendments. He also acknowledges his commitment to all the rules set for the establishment of the company in accordance with the provisions of the following articles:

Article (1)

The company shall be a corporate entity as of the date of issuing the license by the Authority.

Article (2)

The name of the company (-----) and its chosen domicile (-----), a Special Purpose Vehicle Company, and the phrase (Special Purpose Vehicle Company) shall be added to the name of the company in all papers, publications and correspondence carried out by the company.

Article (3)

(Optional text in case of existence of company headquarters)

The company's headquarters is located in the State of Kuwait and its address is (-----).

Article (4)

A Special Purpose Vehicle Company that issues securities may not be incorporated or carry out the activity unless it obtains a license from the Authority. The company shall carry out its business after the annotation in the commercial register at the Ministry at the time of licensing by the Authority without the need to issue a commercial license in accordance with Law No. (111) of 2013 regarding the Licensing of Commercial Stores.

Article (5)

The objectives of a Special Purpose Vehicle Company shall be limited to those objectives related to the issuance of Units of a single Contractual Collective Investment Scheme called (.....) as set out in these articles, and such company is prohibited from exercising any other objectives even if similar to its objectives.

The Company may exercise one or more of the following activities:

1. Owning or acquiring the Collective Investment Scheme assets on behalf of the Contractual Collective Investment Scheme.
2. Any supporting activities complementary to those mentioned in this Article.
3. Any other activity approved by the Authority.

Article (6)

The term of the company is (-----) (provided that it is not less than the term of the Contractual Collective Investment Scheme).

Article (7)

The company's financial year starts on the first (-----) and ends on (-----), except for the first fiscal year starting from the date of the company's registration in the Capital Markets Authority's register and ending at the end of the following financial year.

The authority of the service providers of the Contractual Collective Investment Scheme is extended to performing their duties on the transaction of the Special Purpose Vehicle Company and the assets it owns on behalf of the scheme.

Article (8)

The preliminary capital subscribed by the incorporated company shall be KD (-----) with (-----) shares with a nominal value of KD (-----). There shall not be a minimum requirement of capital shares of the company for Kuwaiti partners.

Article (9)

The shares of the company shall be registered in the name of the Founder and, in the event of issuance of additional shares, they shall be registered on behalf of the participants in the Contractual Collective Investment Scheme.

Article (10)

The expenses, instalments, wages and costs which the company has committed to perform due to its incorporation are the amount of KD (-----) according to the statement attached to the original copy of these Articles of Association which shall be deducted from the general expenses account.

Article (11)

Exemptions

- A Special Purpose Vehicle Company shall be exempted from submitting the Company's Memorandum of Association.
- A Special Purpose Vehicle Company shall be exempted from the requirement of having a fixed headquarters, provided that it has a permanent domicile in which notifications, correspondence and announcements shall be made. The domicile shall not be changed unless it has been registered at the Authority's register.
- The company shall not have employees working for it, and it shall not have a file with the Ministry of Social Affairs and Labor for the purpose of recruiting foreign workers.
- Except for the duties set out in Chapter Four of Module Thirteen (Collective Investment Schemes) of the Executive Bylaws of Law No. 7 of 2010 and their amendments, a Special Purpose Vehicle Company shall be exempted from the duties imposed on Licensed Persons by the Authority.
- A Special Purpose Vehicle Company shall be exempted from appointing a board of directors or a supervisory board in accordance with the procedures and form stipulated in the Companies Law.
- A Special Purpose Vehicle Company shall be exempted from holding the ordinary or extraordinary general assembly meeting in accordance with the procedures and form stipulated in the Companies Law, and shall be replaced by the written approval of the partners for the decisions.
- A Special Purpose Vehicle Company shall be exempted from the obligation to deduct an annual percentage of profits to form reserves in accordance with the provisions of Article (118) of Decree Law No. 1 of 2016 on the Promulgation of the Companies Law.
- The company shall be exempted from the obligation to publish these articles or any amendment thereto in the Official Gazette.

Article (12)

The Founder and the Executive Team of the Contractual Collective Investment Scheme shall be the managers of the company.

Article (13)

The company shall not be liable for the tasks and actions carried out by its managers in its name and for its account if such tasks and actions do not fall within the objectives for which the company was established.

In this case, the managers of the company shall be liable for any damages that may be incurred by the company or third parties as a result of these tasks and actions.

Article (14)

The Company's management shall take measures that would assess the company's current and future liabilities and in such a manner that it will be able to meet these obligations when due.

Article (15)

The management of the company may not hold the company liable for any obligations, except within the limits of those obligations arising from the issuance of units of the Contractual Collective Investment Scheme.

Article (16)

The Authority may, at the request of one of the holders of the Contractual Collective Investment Scheme Units or the creditors of the Special Purpose Vehicle Company or on its own initiative, issue a decision to dismiss the management of the company if it deems it acceptable. Any decision of dismissal must include a decision to appoint a replacement or who would safeguard the assets of the scheme. The new management of the company shall not commence their business until the Authority publishes the decisions of dismissal and appointment in the Official Gazette.

Article (17)

The Founder, or his representative, shall represent the company before the judiciary and third parties and has the right to sign on its behalf and to exercise the rights and obligations associated with the Contractual Collective Investment Scheme for the interest of and on behalf of the Unit holders.

Article (18)

The company may not be transformed from one legal form to another, and may not be subject to a merger with other companies or divide the company, even if it is under liquidation.

Article (19)

In the event of bankruptcy of a shareholder or the entity that manages the company or the imposition of the custody or his liquidation, his shares shall not be included in the funds of bankruptcy or liquidation or custody.

Article (20)

The company may not resort to public subscription to increase its capital and may borrow in accordance with the provisions of the Contractual Collective Investment Scheme Contract.

Article (21)

The company shall be subject to the procedures of auditing and inspection in force at the Authority.

Article (22)

The company shall dissolve by the force of law once the liquidation procedures of the Contractual Collective Investment Scheme is terminated, in accordance with the provisions of Chapter Three of Module Thirteen (Collective Investment Schemes) of the Executive Bylaws of Law No. 7 of 2010 and their amendments.

Article (23)

These articles may not be amended except after approval by the Authority.

Article (24)

The special provisions of Chapter Four (Special Purpose Vehicle Company that Issues Contractual Collective Investment Scheme Units) of Module Thirteen (Collective Investment Schemes) of the Executive Bylaws of Law No. 7 of 2010 regarding the Establishment of the Capital Markets Authority and Regulating Securities Activities and their amendments are applicable on the company.

Article (25)

The records and documents related to the company shall be kept for a period of five years from the date of dissolution of the company with the liquidator of the Contractual Collective Investment Scheme.

Article (26)

These articles were issued in two copies and was signed after it was read by the contract board. The Founder received the original and a copy of it to work accordingly. A copy of the company's file was deposited with the competent department of the Capital Markets Authority.

The Units holders of the Contractual Collective Investment Scheme have the right to obtain a duplicate of the original free of charge.

Competent Officer at the CMA:

Name:

Signature:

Founder:

Name:

Signature:

First witness:

Name:

Signature:

Second witness:

Name:

Signature: