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بنك البحرين الإسلامي



BAHRAIN ISLAMIC BANK B.S.C.

KEY PERSONS TRADING POLICY

Version 2.1



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1 INTRODUCTION

1.1 Nature and Purpose of the Policy

The purpose of the Key Persons Trading Policy (**“the Policy”**) is to establish the notification, authorization and record keeping requirements for trading by the Insiders in Bahrain Islamic Bank B.S.C. (**“BisB”** or **“the Bank”**).

1.2 Review and Approval

The BoD has approved this Policy. Extracts from the minutes of the meeting of the BoD at which this Policy was approved can be obtained from the Secretary of the BoD.

The Policy shall be reviewed once in three years by Compliance Department to ensure that it is in line with the Bank’s current practices, the Central Bank of Bahrain (CBB) and Bahrain Bourse (BHB) guidelines.

1.3 Objectives of the Policy

The guidelines set forth below are introduced to ensure that Key Persons are aware of the legal and administrative requirements regarding the holding and trading of the Bank’s securities, with the primary objectives of preventing abuse of inside information.

1.4 Non-Compliance Situations

Any conduct by key persons that contravenes the provisions of this Policy or any restrictions imposed by the regulatory authorities is considered an offence and will be dealt with severely. The courses of action and penalties that the Bank may impose and related procedures enforcing such penalties will include among other things:

- Cancellation of the deal.
- The profit made on the deal would be recovered together with costs, if any, associated with the action.
- Financial penalties.
- Terminate the services of the key person.
- The above penalties that will be imposed by the Bank don’t discharge or exempt those who violate the Policy from any action taken by the regulatory authorities including penalties prescribed in the CBB and the Bahrain Bourse (**“BHB”**) law, rules and regulations.

1.5 Definitions

✓ **Inside Information** - Means information that:

- a) Is precise in nature relating directly or indirectly to one or more of the securities of the Bank thereof;
- b) Has not been made public;
- c) If made public, is likely to have a significant impact on the price of those securities or their derivatives.

- d) Is directly or indirectly, related to directives of commodities which the traders expect to be disclosed according to the market regulations.
- ✓ **Key Persons Trading** – Key Persons trading refers not only to the purchase or sale of an issuer's equity and debt securities, but also to the purchase or sale of puts, calls or other options with respect to such securities. Such trading is deemed to be done by a Key Persons whenever he/she has any beneficial interest, direct or indirect, in such securities or options, regardless of whether they are actually held in his name. Included in the concept of Key Persons trading is "tipping", or revealing inside information to outside individuals, to enable such individuals to trade in the issuer's securities on the basis of undisclosed information.
- ✓ **Key Persons** – Members of the Bank's BoD, Sharia'a Supervisory Board, senior management, the Bank itself, and such other persons as decided by the Bank's BoD to have access to inside information relating to the Bank from time to time. While key persons may have access to inside information from time to time by nature of their duties performed, they do not necessarily always possess inside information. This fact distinguishes key persons from insiders. Dealing by key persons of the Bank, therefore, does not necessarily constitute insider trading.
- A person who trades or whose decisions are controlled by a key person is also recognized as a key person.
- ✓ **Connected Person(s): in relation to a Key Person means:**
- a) The individual's spouse and his/her son, adopted son, stepson, daughter, adopted daughter, step-daughter, father, step-father, mother, step-mother, brother, stepbrother, sister or step-sister, under his/her guardianship or control; or
- b) A firm or company in which the individual or any of the persons mentioned in subparagraph has control of not less than 10% of the voting power in the firm or company, whether such control is exercised individually or jointly;
- c) A firm or company means another firm or company in which the first-mentioned firm or company has control of not less than 10% of the voting power in that other firm or company.
- ✓ **Person in charge** - A person appointed by the Bank for managing the day-to-day business of the Key Persons Register. The Bank has created an email i.e. keypersontrading@bisb.com which will be used by all the key persons to inform Person in charge about their dealing in BisB shares.
- ✓ **Share** - Means a share in the paid-up share capital of a corporation and includes stock, except where a distinction between stock and shares is expressed or implied.
- ✓ **Directors and senior management** - This term includes:
- a) The Bank's Board of Directors; and
- b) Any employee of the Bank that the senior management believes has inside information.



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- ✓ **Market Information** - Means information consisting of one or more of the following facts:
- a) The securities of a particular kind have been or are to be acquired or disposed of, or that their acquisition or disposal is under consideration or the subject of negotiation;
 - b) The securities of a particular kind have not been or are not to be acquired or disposed of;
 - c) The number of securities acquired or disposed of or to be acquired or disposed of or whose acquisition or disposal is under consideration or the subject of negotiation;
 - d) The price (or range of prices) at which securities have been or are to be acquired or disposed of or the price (or range of prices) at which the securities whose acquisition or disposal is under consideration or the subject of negotiation may be acquired or disposed of; and
 - e) The identity of the persons involved or likely to be involved in any capacity in an acquisition or disposal of a security.



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2 KEY PERSONS

The Key Persons covered by this Policy are of two categories:

2.1 Permanent Key Persons:

Permanent Key Persons are of following two types:

- Statutory Key Persons** - Which includes members of the BoD, Bank's external auditor and employees of the external auditing firm and connected persons of the aforementioned Key Persons. Where an individual is represented on the BoD of the Bank as a nominee of a Bank, in such a case the nominee as well as the Bank shall be deemed to be a Key Persons.
- Key Persons by Definition** - The individuals that have been determined as Key Persons for BisB are listed which is maintained under the responsibility of Compliance and Governance Department.

2.2 Temporary Key Persons:

The Bank shall evaluate and determine such Key Persons on case-to-case basis. In broad the definition of a temporary Key Persons would include employees of vendors, suppliers, printers and contractors who may have access to inside information by virtue of their assignment.

3 RESPONSIBILITY ALLOCATIONS WITHIN BisB

Board of Directors	Inform the Board Secretary if and when any trade has been made who shall notify the Compliance and Governance Department.
Chief Executive Officer	Inform Compliance and Governance Department if and when any trade has been made, and take necessary action if any violation from Key Persons has been made.
Internal Auditor	- Conduct an annual review of the Key Persons Trading Policy and submit a certification to the CBB as required under the laws and regulations. - Verify the Key Person Register at least once a year prior to the Annual General Meeting and notify the CBB of the results of the verification within 10 days of the Annual General Meeting.
Compliance and Governance Department	- Ensure strict compliance with the requirements of the Key Persons Trading Policy. - Update the Key Persons Trading Policy based on changing regulatory requirements and/or international best practices in coordination with the Legal Department, and present any changes to the Board of Directors for approval. - Submit the approved Key Persons Trading Policy to Bahrain Bourse and the CBB. - Maintain the Register of Key Persons.
Human Resources Department	Inform Compliance and Governance Department of any change of the Key Persons data or any changes to their connected persons including position, and whether it is a new joiner, termination, resignation or interdepartmental transfers of a Key Person.
Board Secretary	- Administer and introduce updates, if any, to the Key Persons Trading Policy in coordination with Compliance and Governance Department. Any changes to the Policy will be presented to the Board of Directors for approval, and circulate the Policy to all Key Persons. - Coordinate with Compliance and Governance Department to keep an updated registry of all Key Persons in the Bank.
Shari'a Supervisory Board Secretary	Ensure that the updated Policy is circulated to the Shar'a Supervisory Board.
Corporate Communication Department	Ensure that the duly approved Key Persons Trading Policy is made available on the Bank's website.

4 RISK & RISK MANAGEMENT

- **Risks**

Improper handling of Key Persons Dealings may expose the Bank to legal, reputational and regulatory risks.

- **Risk management**

Key person dealings must strictly comply with the requirements of the Central Bank of Bahrain (CBB), Bahrain Bourse, and other applicable regulations.

5 MONITORING OF KEY PERSONS

The Bank shall ensure compliance with the Guidelines on Key Persons, the prohibition of the abuse of inside information and the disclosure requirements concerning Key Persons at all times. Securities transactions by Key Persons will be subject to the permission procedures and shall be supervised on a proactive basis by ensuring, prior to any transaction, that there is no impediment to securities trading or other securities transactions.

Securities transactions by Key Persons will be entered in the Key Persons' Register by the person in charge and shall primarily be supervised retroactively through the reconciliation of all securities transactions, on the basis of the data entered in the Central Depository System (CDS) against the declarations of Key Persons holdings.

5.1 Supervision of the Key Persons' Transactions

Supervision of Key Persons' transactions will be performed through the following process:

Key Persons are required to advise the person in charge for his/her records on details of the dealing by the end of next business day following the completion of the dealing.

5.2 Training and Informing

The management shall ensure that the Key Persons, in particular permanent Key Persons, are fully aware of the restrictions and their obligations to its guidelines on Key Persons and that they recognize their position and the effects thereof.

When a new Key Persons position is accepted, as well as when amendments take place in the provisions on Key Persons in the laws or in provisions issued by the CBB, Bahrain Bourse or the Bank itself, the management is required to disseminate such changes and train the Key Persons accordingly.

5.3 Notification of Dealing

Key Persons are required to advise the management for its record on details of the dealing he/she made by end of the next business day following the completion of the dealing; the management shall immediately file with Bahrain Bourse such notification by Key Person by using Form KP2 (Appendix 2).



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5.4 Restrictions on Insider's Trading

Key Persons must refrain from dealing in the Bank's shares two weeks prior to the end of the financial quarter, and one month prior to the end of the financial year, until 24 hours after the publication of the financial statements released to the Bahrain Bourse. The Bank may announce any other periods in accordance with the relevant laws and regulations.

The restriction on trading shall not be applied in cases where:

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



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6 DECLARATIONS OF KEY PERSONS

Declaration forms are attached as Appendices. The Appendices contain detailed instructions to complete them. All these forms are to be submitted to the person-in-charge. All forms attached to this Policy must be completed by the duly authorized officer of the Bank and submitted to Bahrain Bourse both in physical form and electronically to insiders.register@bahrainbourse.com.bh (in excel format) within 10 calendar days.

- a. **Appendix 1** – Form KP-1 will be issued to the identified Key Persons by person-in-charge or HRD as the case may be. Key Persons are supposed to sign and return the duly filled in form to the person-in-charge.

A Key Person is responsible to complete and submit following forms within 5 calendar days, on being notified as a Key Person, to the person-in-charge.

- b. **Appendix 2** – Form KP-2 must be filled by the Key Persons to update any changes occurred to the;
- a) Basic personal data of the Key Persons,
 - b) Key Persons holdings and interests,
 - c) Details regarding dealing by the Key Persons in the securities of BisB.
- c. **Appendix 3** - Declarations of Key Person's Beneficial Ownership.
In Appendix 3 section 4, the Key Persons should list his ownership in any company whether it is a listed company/Bahraini company or not if such ownership exceeds 10% of such company's capital.

These forms must be submitted by no later than end of the next business day following the date the change took place.



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7 REPORTING

The Bank shall create a separate register called the “Key Persons’ Register”, which shall be maintained under the responsibility of Compliance and Governance Department at the Head Office containing the following

- Basic personal data of the insiders and their connected persons of the Bank;
- Insiders and their connected persons holdings and interests in the Bank; and
- Details regarding Dealings in the securities of the Bank.

The Key Persons’ Register shall be made available for investigation and inspection to the CBB at all times. The Key Persons’ Register shall be maintained and kept by the Bank for a minimum period of 5 years.

The information entered in the Key Persons’ Register should also be entered into the Bahrain Bourse’s Central Depository System, as per CBB instructions.

7.1 Monthly Reporting

The monthly reporting will include a monthly statement in prescribed format, recording all Key Persons’ transactions, including any orders to buy or sell whether executed or not. The information of such statement should be based on Key Persons Register maintained for the purpose.

7.2 Annual Reporting

Key Persons’ Register data shall be reported to Bahrain Bourse within a period not more than 10 calendar days after the following:

- a) The conclusion of BisB's Annual General Meeting; and
- b) Upon request by Bahrain Bourse.

8 DISCLOSURE

- The approved Policy may be posted on the Bank’s web site.
- A copy of the approved Policy will be made available to all Key Persons. A copy will also be available on request to all shareholders and other interested parties.

9 APPENDICES

9.1 Appendix 1 - Form KP-1 Register of Key Persons

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

Particulars & holdings of Key Persons¹ - (Part 2)

مفردات وملكيات الأشخاص الرئيسيين¹ - (الجزء الثاني)

المفردات / Particulars				
Name الاسم	Designation المسمى الوظيفي		ID Number رقم الهوية	
Nationality الجنسية	Date of appointment تاريخ التعيين		Passport Number رقم الجواز	
الملكيات / Holdings				
Security type نوع الورقة المالية	Number of securities عدد الأوراق المالية		Percentage of Holding (%) نسبة الملكية (%)	
	Direct مباشرة	Indirect غير مباشرة	Direct مباشرة	Indirect غير مباشرة
Shares أسهم				
Options خيارات				
Rights حقوق				
Warrants ورانتس				

9.2 Appendix 2 - Form KP-2 Form for changes in particulars and holdings by Key Persons:

تحديث سجل تعاملات الأشخاص الرئيسيين
Changes to particulars and holdings of

المفردات / Particulars						
Name الاسم		Designation المسمى الوظيفي		ID Number رقم الهوية		
Issuer's Name: اسم الجهة المصدرة		Nationality الجنسية	Date of appointment تاريخ التعيين	Passport Number رقم الجواز		
تحديث الملكيات / Changes to holdings						
Security type نوع الورقة المالية	Number of securities held before changes عدد الأوراق المالية المملوكة قبل التحديث	Date التاريخ	Number of securities acquired / Disposed or off market عدد الأوراق المالية المشتراة / المباعة أو الحالات المستثناة	Direct / Indirect مباشرة / غير مباشرة	Number of securities held after changes عدد الأوراق المالية المملوكة بعد التحديث	Percentage of issued share capital (%) نسبة الملكيات من رأس المال (%)
Shares أسهم						
Options خيارات						
Rights حقوق						
Warrants ورانتس						
Others أخرى						
Total المجموع						

9.3 Appendix 3 - Declaration of Key Persons' Beneficial Ownership *

1. COMPANY

Name	Trading Symbol
------	----------------

2. PERSON(S) SUBJECT TO THE DISCLOSURE REQUIREMENT

1.Name and Address of Reporting Person				CPR/ IN (1)								
(1 st Name)	(Father's Name)	(3 rd Name)	(Surname)									
(House/Flat)	(Building)	(Road)	(Block)									
(City)	(State)											

Received by the Board Committee Representative:

Name: -----

Designation: -----

-

Signature: -----

-

Date: -----

-

3. RELATIONSHIP OF REPORTING PERSON(S) TO THE COMPANY

☐ Director	☐ 5% Ownership or above	Starting Date	Ending Date	Reason
☐ Officer (Give title) -----	☐ Other (Specify) (2) -----			

4. PERSONS UNDER GUARDIANSHIP AND CONNECTED PERSON

Name of securities	Amount of Security	Date of Ownership	% of Ownership	Mode of Ownership Direct (2) /Indirect	Nature of Indirect Ownership (3)

Number of Attachments

5. SIGNATURE

I hereby officially authorize the Company to verify the information in this form with the Exchange(s), Clearing House, Central Depository System, Registrar, and Investment/ Portfolio Mergers.

Signature Name in block letters Date of declaration

6. TO BE COMPLETED BY THE REGISTRAR

Name of Registrar -----	Received by -----	Date of reception -----	Signature and Stamp
-------------------------	-------------------	-------------------------	---------------------

*This form should be completed upon the election, appointment, and employment or whenever any person assumes the responsibility of declaration as insider, and should be updated annually.