

UNITED GULF BANK B.S.C.



KEY PERSONS TRADING POLICY AND PROCEDURES MANUAL

Date of Issue: 5 August 2012

Date of Current Review: 30 August 2014



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Terms and Definitions

“BB” refers to the Bahrain Bourse

“Black Out Period” means fifteen calendar days prior to the disclosure of UGB’s financials to the Bahrain Bourse.

“CBB” refers to the Central Bank of Bahrain

“Connected persons” include members of the immediate family of a Key Person of UGB (children and step-children, parents and step-parents, siblings and step-siblings) or any person under his or her guardianship or control)

“Dealing” where referred to in this Policy, includes (whether as principal or agent) making or offering to make with any person, or inducing or attempting to induce any person to enter into or to offer to enter into any agreement for or with a view to acquiring, disposing of, subscribing for, or underwriting securities of UGB. Dealing includes (but is not limited to) on-Exchange and off-Exchange transactions, including subscriptions of securities of UGB, as well as transactions relating to securities of UGB listed on another exchange.

“Guidelines” shall refer to the BB’s Guidelines on Issuers’ Key Person Dealing Policies.

“Inside information” means information that;

- a) Is precise in nature relating directly or indirectly to the securities of UGB;
- b) Has not been made public;
- c) If made public, is likely to have a significant impact on the price of the share price of UGB.

“Insider trading” is the purchase or sale of UGB’s securities by a key person whenever there is a beneficial interest, direct or indirect, in such securities, regardless of whether they are actually held in his or her name. Revealing inside information to outside individuals to enable such individuals to trade in UGB’s securities on the basis of undisclosed information is also considered as insider trading.

“Key Persons” refers to members of UGB’s Board of Directors and officers of UGB who are designated as Assistant Vice President and above. It also includes the Bank as an entity, as it holds Treasury Shares.

“Key Persons Registrar” is the authorised representative of UGB assigned with the responsibility to maintain and update the Register of Key Persons. This role will be assumed by the Vice President, Head of Operations (VP Operations)

“Register of Key Persons” refers to a register maintained by UGB which includes basic personal data of Key Persons and information on their holdings and dealings in UGB securities.

1. Introduction

In July 2010, the Bahrain Bourse (BB) circulated new 'Guidelines Concerning Dealings by Key Persons' to all companies listed on the exchange. The objective of this regulation is to strike an optimum balance between the need for timely information, disclosure and internal controls for the interest of investors and shareholders, and the need for reasonable and operationally practical requirements imposed on Issuers. The new guidelines came into effect on December 1, 2010.

United Gulf Bank's (UGB, the Bank) Key Persons Policy has been introduced to document the process of controlling the activities of Key Persons in relation to preventing the misuse of 'Inside' information. This is defined as information that is:

- Precise in nature relating directly or indirectly to one or more of the securities of the Bank ;
- Has not been made public;
- If made public, is likely to have a significant impact on the price of those securities or derivatives.¹

Unless otherwise mentioned, all references in the footnotes pertain to the BB's 'Overview on guidelines concerning dealings by key persons of listed entities' that was released on 21 July 2010 (LP/30/2010) and reiterated on 8 November, 2010 (LP/43/2010). Transactions on the BB are also governed by the Market Abuse Module (Volume 6, of the CBB's Rulebook).

2. Purpose

UGB's Key Persons Policy is developed in order to comply with the BB's requirement that each issuer of securities listed on the BB should '*issue, maintain and enforce a Key Persons Dealing Policy regarding dealing in shares and other securities of the Issuer*'.² The onus is on the Bank to ensure that adequate controls have been instituted to mitigate the risk of abuse of inside information and establish greater transparency in the market. This policy is hence intended to inform, guide and enforce UGB Directors and officers who are Key Persons on the legal and administrative responsibilities with respect to their trading/ dealing in UGB's shares. The document will be updated to reflect the guidelines of the regulators, as and when they are released.

¹ Section 2 – CBB Module MAM B - 2.10

² Section 1

3. Definition of Key Persons and Key Persons Dealing

3.1 Key Persons

The BB defines 'Key Persons' as 'Members of an issuer's Board Of Directors, senior management, the Issuer itself and such other such persons as decided by the Issuer's board, to have access to inside information relating to the Issuer from time to time'.³ Thus all persons who have access to non disclosed information like auditors, public relations advisers, advertising agencies, consultants and other independent contractors can fall into the category as 'Key Persons'. While Key Persons may have access to inside information from time to time by the nature of their duties performed, they do not necessarily always possess inside information. This fact distinguishes key persons from insiders. Dealings by Key Persons of an Issuer, will not always constitute insider trading.

UGB's Board of Directors has approved that all Directors, members of the various standing committees of the Board and UGB employees designated with the rank of Assistant Vice President and above will be deemed to be Key Persons. Other UGB employees may be deemed to be Key Persons, if their Head of the Department/ Senior Management opine that they have access to restricted information in the course of fulfilling their job responsibilities. In such cases, these employees will be informed separately and will have to abide by the requirements of the Key Persons Policy.

It is also emphasized that any 'tippees' i.e. the immediate family of employees (spouse & children) or an external stakeholder (auditor / consultant / contractor / lawyer etc.) who come into possession of any material 'inside' information which is not available to public, have a moral responsibility to adhere to UGB's Key Persons dealing restrictions.

3.2 Key Persons Dealing

'Key Persons Dealing' 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 Person whenever he has any beneficial interest, direct or indirect, in such securities or options, regardless of whether they are actually held in his/her name.

In accordance with the BB guidelines Key Persons and any person who is in possession of inside information should **not**⁴:

- a) Deal in any securities to which that information relates;
- b) Make or offer to make with any person, or encourage / induce or attempt to induce any person, to acquire, dispose of, subscribe or underwrite securities of the Bank. Included in the concept of Key Persons Trading is 'tipping' or revealing inside

³ Section 2

⁴ Section 3.1

information to outside individuals, thereby enabling such individuals to trade in the Bank's securities on the basis of undisclosed information.⁵

Such deals as mentioned above, include On Exchange and Off Exchange transactions in UGB shares on the Bahrain Bourse.

3.3 Black Out Period

The Central Bank of Bahrain encourages banks to apply more stringent controls as considered necessary, when compared to the Key Persons Policy. Accordingly, key persons are prohibited in dealing in UGB shares, during the black out period. This is defined as **fifteen calendar days** prior to the disclosure of UGB's financial results on the BB.

⁵ Section 2

4. Detailed Procedures on Regulations applicable to Key Persons.

4.1 Key Persons Registrar

The Board of Directors has approved the Vice President - Operations, to act as the **Key Persons' Registrar** to communicate internally and externally on all matters related to the issuance, maintenance and enforcement of the Key Persons' Policy. This involves administering the Key Persons Policy, and communicating any change in the personal details or holdings of the BOD and employees to the BB.

The Registrar of Key Persons is also responsible of the following tasks:

1. Training and informing – All Key Persons should be made fully aware of the restrictions and their obligations as documented in this policy.
2. Maintenance of Key Persons Register and declarations that include:
 - a) Receipt, examination and forwarding of declarations and trading of the permanent Key Persons of the Bank to the BB – both initially and on an on-going basis.
 - b) The issuance, maintenance and enforcement of the Key Persons Register and Policy.
 - c) Analyzing and complying with any other future requirements that may be imposed by regulators.
3. Maintaining the list of all approvals given by the Key Persons Committee

4.2 Key Persons Committee

The Key Persons Committee is an internal management committee that consists of the Chief Executive Officer, the VP, Head of Operations and the Chief Financial Officer. The Chairman of this Committee is the CEO. All Key Persons who wish to trade on UGB shares, must obtain the approval of the Chairman of the Key Persons Committee. In his absence, the approval of the CFO should be obtained. The approval is valid for all transactions conducted within one month from the date of approval. All trades conducted by key persons should be reviewed by the Committee on a quarterly basis.

Trades conducted by the CEO should have the prior approval of the Chairman of the Board of Directors or in his absence, the approval of the Chairman of the Board Audit Committee. The approval is valid for all transactions conducted within one month from the date of approval.

4.3 Transactions by Directors, Employees and Treasury Shares

1. Directors and key persons are prohibited from transacting in UGB's shares if they are doing so on the basis of inside information. Examples of these include when the matter in question constitutes unpublished price-sensitive information in relation to UGB's securities, or would be perceived by regulators as an act that would divulge, abuse or breach disclosing confidential information. There are no exceptions for transactions that the key person thinks may be necessary or justifiable for independent reasons (such as the need to raise money for an emergency expenditure).
2. Provided he/she is not in possession of inside information, Key Persons may deal in securities of UGB after procuring the approval from the Key Persons Committee. They have to fill out Form KP 2-3 (see Appendix 2) and submit it to the Key Persons Registrar. The details that they have to disclose are :
 - # of securities held before the change
 - # of securities acquired
 - date of the acquisition
 - # of securities disposed
 - date of disposal
 - # of securities held after changes
3. Key Persons should submit Form KP2-3 **by the end of the next business day following the completion of dealing**. If the deals are done as a series of tranches (i.e. shares are acquired / disposed on two or three different days), a separate form is required to be submitted by the Key Person **for each day of trade**. The Bank will in turn file this information with the BB within a maximum of ten working days since the trade was concluded. The BB reserves the right to disseminate to the public, the information contained in the filings.⁶
4. The rules issued by the BB on Key Persons, is applicable to the Bank for any transactions that it conducts on its own shares (i.e. Treasury Shares). The Key Persons Policy also covers all proprietary transactions in UGB shares conducted by majority owned subsidiaries of the Bank (ownership stake of UGB>50%). This is because such transactions are deemed to be Treasury shares, when the accounts of the Bank and its subsidiaries are consolidated.

4.4 Register of Key Persons

The register of Key Persons refers to a register maintained by UGB which includes:

- i) Basic personal data of Key Persons;
- ii) Information on their holdings and interests in UGB shares.
- iii) Details regarding dealings by Key Persons in UGB shares.

The Register of Key Persons is maintained at the Bank's headquarters in UGB Tower, Diplomatic Area, PO Box 5964, Bahrain for a minimum period of 5 years.

⁶ Section 3.2

4.5 Reporting by Key Persons

The Key Persons Registrar is responsible for compiling and submitting the following forms:

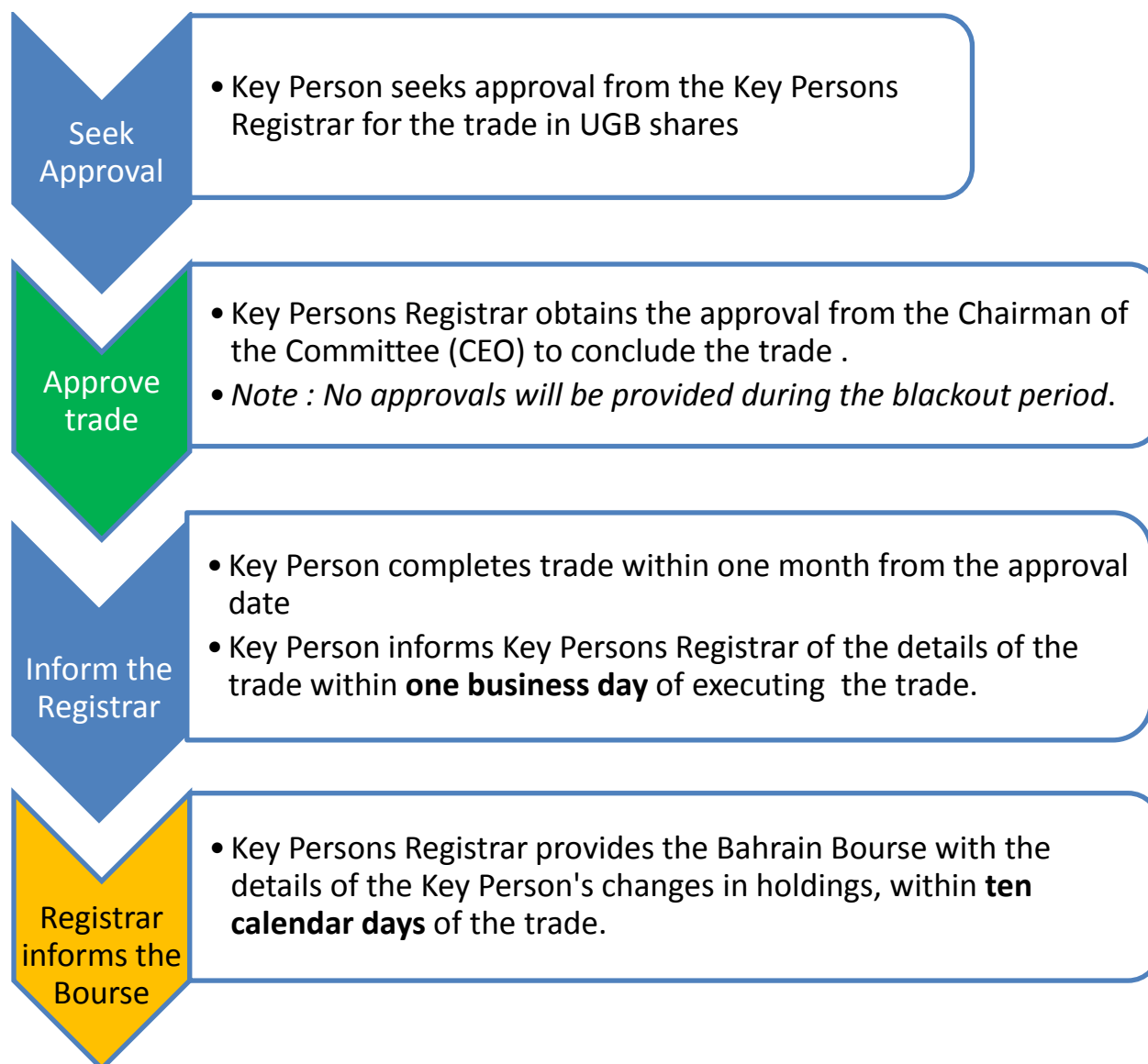
1. Form Register of Key Persons (Form KP1 – Part 1). This form keeps the BB informed on the name, designation, signature and the date of submission by the person responsible for administering the Key Persons policy i.e. the Registrar.
2. Particulars and Holdings of Key Persons (Form KP-1, Part 3). This form indicates the basic personal information of the key person including his/her existing beneficial ownership of UGB shares. A separate form is submitted for each key person. The Registrar of Key Persons shall notify the BB and the employee of his status as a Key Person of UGB, upon his appointment, election or employment by the Bank⁷. The details disclosed include the name, designation, CPR/Passport Number, nationality, date of Appointment, the number of Securities held and the % of issued share capital that is represented by such securities. Such details will be procured from the newly designated Key Person.
3. Summary of Particulars and holdings of the Key Persons Register (Form KP 1 – 4). This will be a consolidation of the information provided in the individual KP1-3 forms mentioned above.

The set of forms pertaining to KP1 are used for initial filings of the Register of Key Persons with the BB, after the AGM and any time upon request by the BB.

Note: A sample of all forms is included in the Appendix.

⁷ Section 3.3

A flowchart of the approval process is provided below:



4.6 Updating the Register of Key Persons to reflect the changes in holdings

The Key Persons Registrar is responsible for compiling and reporting the following:

1. Change to Register of Key Persons (Form KP2 – Part 1). This form keeps the BB informed on the name, designation, signature and the date of submission by the person responsible for informing any changes to the register of key persons i.e. the Registrar.
2. The Key Persons' Registrar will at all times, update the register to reflect any changes to UGB's Register of Key Persons, either due to additions or removals of Key Persons or changes in the particulars or holdings of existing key persons. The forms that need to be filled out by the Registrar are as follows:

- Changes to any particulars and holdings of Key Persons (Form KP 2 - Part 3).
 - Summary of the changes to the particulars and the holding of securities in UGB (Form KP 2 – 4). This will be a consolidation of the information provided in the individual KP2-3 forms mentioned above.
3. The Key Persons Registrar has to submit the above mentioned forms specifying the changes in personal data / holding within **ten calendar days following the change**.

The set of forms pertaining to KP2 are used for subsequent filings of changes to the particulars and holdings of Key Persons.

All communication related to Key Persons must be addressed to:

The Director
Bahrain Bourse
P.O. Box 3203
Manama, Bahrain.

The soft copy of the communication should be emailed to insiders.register@bahrainbourse.com.bh

Note : A sample of all forms is included in the Appendix.

4.7 Ongoing Notifications by the Registrar

In addition to the requirements of notifications under Section 4.4 and 4.5, the Registrar will submit an updated and complete the Register of Key Persons as soon as possible, but in any case, not more than 10 calendar days after :

- the conclusion of UGB's annual general meeting
- upon request by the BB.

5. Management & Supervision of Key Persons.

The new guidelines do not mandate the existence of a standing committee of the Bank's Board of Directors, to supervise the dealings of key persons. Best practice however dictates that there should be adequate internal checks and controls, to ensure that there is no deliberate abuse of insider information. The Key Persons Registrar should submit a semi-annual report to the Board of Directors on :

- all transactions conducted by key persons from the period 1 Jan to 30 June and from the 1 July to 31 December of that particular year.
- the number of shares held by all key persons as at 30 June and 31 December respectively.

The Head of Internal Audit & Quality Assurance will conduct an annual review of all transactions conducted by Key Persons prior to the Annual General Meeting. The result of such verification will be forwarded to the CBB within 10 days after the date of the AGM⁸.

⁸ MAM 2.15.6

6. Violations and Penalties

Any conduct by key persons that contravene the provision of UGB's key persons policy, is subject to disciplinary action. The courses of action and penalties that UGB will impose, will be ascertained on a case by case basis after a thorough review of the facts by personnel designated to do so by the CEO or the Chairman of the Board of Directors. The punitive action taken by the CEO (in the case of employees / third party stakeholders like contractors and consultants) or the Chairman (in the case of Directors), encompasses verbal and/or written warnings, disgorgement of profits, and in the extreme case, termination of services with UGB.

Key persons are reminded that they are subject to penalties even if they do not personally benefit from the violation (i.e. if the violation involved passing the inside information to a family member or to a third party). Civil or criminal penalties will be applicable if upheld by regulators or a court of law in the Kingdom of Bahrain.

In a situation where the Bank suspects there has been a violation of BB rules on "Key Persons Trading Policy" this will be promptly reported to the BB. The minimum following information will be provided to the BB:

- Description of the transaction(s)
- Details for the securities
- Reasons for suspicion of violation
- Identity of the person carrying out transaction(s)
- Any information which may be significant (along with list of any accompanying evidence)
- Details of the person making notification
- Signed
- Dated

7. Frequency of Review

This policy shall be updated to reflect the guidelines of the regulators, as and when they are released or at least once in two years (whichever is earlier).

8. Publication

This policy upon receipt of the approval of the Board of Directors, shall be published on the website and will be made available upon request to third parties.

APPENDIX 1 : KP 1 FORMS**KP1 Part 1****استمارة سجل الأشخاص الرئيسيين (KP 1)****Form Register of Key Persons (KP1)****Company's Authorized Representative Information (Part 1)****بيانات الشخص المخول بالتوقيع عن الجهة المصدرة (الجزء الأول)**

Name of Issuer:	اسم الجهة المصدرة:				
Submitted by:	مقدم من قبل:				
Name:	الاسم:				
Designation:	المسمى الوظيفي:				
Issuer's Stamp:	ختم الجهة المصدرة:				
Signature	التوقيع:				
Date of Submission:	تاريخ التقديم:				
Day	Month	Year	السنة	الشهر	اليوم

Date of Issue: 5 August 2012

Date of Current Review: 30 August 2014

KP1 Part 3

استمارة سجل الأشخاص الرئيسيين (KP 1)
Form Register of Key Persons (KP1)

مفردات ومساهمات الأشخاص الرئيسيين - (الجزء الثاني) Particulars & holdings of Key Persons - (Part 3)

المفردات / Particulars		
Name الاسم	Designation المسمى الوظيفي	ID Number رقم الهوية
Nationality الجنسية	Date of Appointment تاريخ التعيين	Passport Number رقم الجواز
المساهمات/ Holdings		
Security Type نوع الورقة المالية	Number of Securities عدد الأوراق المالية	Percentage of Holding (%) نسبة المساهمة (%)
Shares أسهم		
Options خيارات		
Rights حقوق		
Warrants تعهدات		
Others أخرى		
Total المجموع		

الختم والتوقيع
Stamp & Signature: _____
Company's Authorized Representative
المخول بالتوقيع عن الشركة

KP1 Part 4

استمارة سجل الأشخاص الرئيسيين (KP 1)
Form Register of Key Persons (KP1)

Summary of particulars & holdings of Key Persons Register - (Part 4)

ملخص سجل مفردات ومساهمات الأشخاص الرئيسيين - (الجزء الثالث)

Key Person الشخص الرئيسي	Designation المسمى الوظيفي	Nationality الجنسية	ID / Passport number رقم الهوية / الجواز	Security type (shares/options/ rights/warrants/others) نوع الورقة المالية (أسهم/خيارات/حقوق/تعهدات/أخرى)	Total holdings مجموع المساهمات

الختم والتوقيع

Stamp & Signature: _____

Company's Authorized Representative

المخول بالتوقيع عن الشركة



APPENDIX 2 : KP 2 FORMS

KP2 Part 1

Form KP2 - Change to Register of Key Persons

This Form should only be for filings of changes to the Register of Key Persons by the Issuer.

Part 1 - General

Name of Issuer:		
Submitted by:		
Name:		
Designation:	Issuer's Stamp:	
Signature		
Date of Submission:		
Day	Month	Year

KP2 Part 3

Changes to particulars and holdings of Key Persons

Form KP2 Part 3

استمارة KP2

Particulars / المفردات							
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	
Changes to Holdings/تحديث المساهمات							
Security Type نوع الورقة المالية	Number of securities held before changes عدد الأوراق المالية المملوكة قبل التحديث	Number of securities acquired عدد الأوراق المالية المشتراه	Date التاريخ	Number of securities disposed عدد الأوراق المالية المباعة	Date التاريخ	Number of securities held after changes عدد الأوراق المالية المملوكة بعد التحديث	Percentage of issued share capital (%) نسبة المساهمه من رأس المال (%)
Shares أسهم							
Options خيارات							
Rights حقوق							
Warrants تعهدات							
Others أخرى							
Total المجموع							

الختم والتوقيع

Stamp & Signature: _____

Company's Authorized Representative

المخول بالتوقيع عن الشركة



KP2 Part 4

Part 4 - Summary of Register (Change to particulars and holding of Key Persons)

Key Person	Designation	Nationality	CPR / Passport number	Security type (shares/options/ rights/warrants)	Total holdings

Stamp & Signature: _____
Company's Authorized Representative (Officer)

Version Control

Version #	Date Issued	Originator/ Modified By	Reason for Issue / Re-Issue
1	22 Sept 2010	Compliance	Introduction of the Key Persons Policy
2	10 May 2011	Compliance	Changing the name of the Bahrain Stock Exchange to Bahrain Bourse; Introduction of the blackout period and Key Persons Committee
3	5 Aug 2012	Compliance	Change in the constitution of the Key Persons Committee; addition of flow chart for approvals; removal of requirement to submit reports to the Risk & Compliance Committee
4	30 Aug 2014	Compliance	Removal of references to the Kuwait Stock Exchange