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# Guidelines on Regulatory & Disclosure Requirements for GFH's Substantial Shareholders & Controllers

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Controllers are required to meet/comply with certain regulatory requirements prior to achieving such status/interest as per the requirements of CBB Rulebook Volumes 6 and 2 of the Central Bank of Bahrain ("CBB").

Furthermore, Substantial Shareholders and Controllers both must comply with the ongoing regulatory and market disclosure requirements as required by the regulators and the markets where GFH shares are listed – Bahrain Bourse, Boursa Kuwait, Dubai Financial Market ("DFM") and their regulators – CBB, Capital Markets Authority ("CMA"), and the Securities and Commodities Authority ("SCA") respectively.

## Definitions

**Substantial Shareholder:** *A person whose ownership together with that of his minor children, or any other accounts under his disposal, or the ownership of any of his associate or affiliate companies amounts to 5% or more of any listed Company.*

**Controller:** *A controller of an Islamic bank licensee is a natural or legal person who either alone, or with his associates:*

- a)** *Holds 10% or more, alone or with an associate, of the issued and paid up share capital in the licensee ("GFH"), or is able to exercise (or control the exercise of) 10% or more of the voting power in GFH; or*
- b)** *Holds 10% or more, alone or with an associate, of the issued and paid up share capital in a parent undertaking ("P") of GFH, or is able to exercise (or control the exercise of) 10% or more of the voting power in P; or*
- c)** *Is able, alone or with an associate, to exercise significant influence over the management of GFH or P.*

**Associate:** *An associate includes:*

- a)** *The spouse, son(s) or daughter(s) of a controller;*
- b)** *The Father or the Mother of the controller;*
- c)** *The Subsidiaries of the Controller;*
- d)** *The Company that owns %10 or more of the controller's capital;*
- e)** *A person who is an employee, partner, or Director of the controller or its subsidiaries; and*
- f)** *Any other person or undertaking with which the controller has entered into an agreement or arrangement as to the acquisition, holding or disposal of shares or other interests in the Islamic bank licensee, or under which they undertake to act together in exercising their voting power in relation to the Islamic bank licensee.*

# Preliminary & Approval Requirements

## Controller

Controller(s) should meet the regulatory requirements of the CBB as per CBB Rulebook Volumes 2 and 6, and Resolution No. (16) of 2021 with respect to promulgating the Regulation Pertaining to Controllers in Banks; as below:

- 1** As per CBB Rulebook Volume 6, shareholders must obtain the written approval of the Capital Markets Supervision Directorate of the CBB ("CMSD") prior to executing any transaction which will bring their ownership of GFH (alone or jointly with their associates) to 10% or more. Any further increase of 1% or more shall also be subject to the CMSD's prior written approval.

Such approval requests should be addressed to the Director of the CMSD as below:

Director, Capital Markets Supervision Directorate  
Central Bank of Bahrain  
PO Box 27  
Manama - Kingdom of Bahrain

- 2** As per CBB Rulebook Volume 2, shareholders must obtain the prior written approval of the Islamic Financial Institutions Supervision Directorate of the CBB ("IFISD") in any of the following situations:
  - a)** A new Controller (acquiring 10% of GFH's shares, alone or jointly with their associates).
  - b)** An increase in the shareholding from 10% to 20% of the issued and paid up share capital of GFH.
  - c)** An increase in the shareholding from 20% to 30% of the issued and paid up share capital of GFH.
  - d)** An increase in the shareholding from 30% to 40% of the issued and paid up share capital of GFH.



**3** As per Resolution No. (16) of 2021 with respect to promulgating the Regulation Pertaining to Controllers in Banks:

- a) A new controller must obtain prior approval of the CBB in the following cases:
- If the proposed controller is a natural person and wants to own up to %10 of the Bank's capital
  - If the proposed controller is legal unregulated person and wants to own %10 of the Bank's capital, and up to a maximum limit of %15.
  - If the proposed controller is a legal regulated person and wants to own %10 of the Bank's capital listed in Bahrain, and up to a maximum limit of %20. This maximum limit does not apply to unlisted Banks, or in cases of takeover, merger, or acquisition approved by CBB.
- b) The current Controller must obtain prior approval of the CBB in the following cases:
- A legal unregulated person wants to own %15 of the Bank's capital
  - A legal regulated person wants to own %20 of the Bank's capital listed in Bahrain. This limit does not apply to unlisted Banks, or in cases of takeover, merger, or acquisition approved by CBB.

In the event of a change in the current controller of the holding company which owns more than %50 of the Bank's capital, the holding company and the new controller must fill "Controller Form 2" along with the information required to the CBB.

# Preliminary & Approval Requirements

The approval request should be addressed to the Director of the IFISD as follows:

Director, Islamic Financial Institutions Supervision Directorate  
Central Bank of Bahrain  
PO Box 27  
Manama - Kingdom of Bahrain

- 4** All approval requests to the IFISD for a new Controller or changes in the controller's shareholding shall be accompanied by a dully completed Form2- (Controllers)<sup>2</sup> of the CBB Rulebook Volume 2.
- 5** The prospective Controller should meet the CBB's suitability requirements of Resolution No. (16) of 2021 with respect to promulgating the Regulation Pertaining to Controllers in Banks, and specifically Article s 5 to 9 of the said Resolution.
- 6** The prospective Controller should undertake in writing to abide by the Resolution requirements and notify the CBB in writing in the event of any violation.
- 7** The Controller is required to keep GFH informed of its Controller status (acquisition of 10% or more), any change in its ownership, and any approvals received from the CBB at [iservice@gfh.com](mailto:iservice@gfh.com).

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<sup>2</sup> CBB Form 2 (Controller): [http://cbb.complinet.com/cbb/display/display.html?rbid=1821&element\\_id=2427](http://cbb.complinet.com/cbb/display/display.html?rbid=1821&element_id=2427)

# Disclosure Requirements

Any shareholder whose ownership of GFH reaches 5% or more (alone or jointly with their associates) must adhere with the following disclosure requirements, which shall apply to both Substantial Shareholders and Controllers (“Shareholder”):

## CBB/Bahrain Bourse disclosure requirements:

- 1 Any Shareholder whose ownership of GFH shares amounts to 5% or more must submit the below details to Bahrain Bourse, CMSD-CBB, and GFH **within two business days** of the transaction via email at [LD@bahrainbourse.com](mailto:LD@bahrainbourse.com); [cmsd.compliance@cbb.gov.bh](mailto:cmsd.compliance@cbb.gov.bh) and [iservice@gfh.com](mailto:iservice@gfh.com) respectively, in addition to his/her broker. The same applies for any subsequent changes to ownership percentage<sup>3</sup>.

Total no. of shares before the transaction	Buy/Sell	Date of transaction	No of shares bought/sold	Currency	Share Price (Amount)	Total No. of shares after the transaction

## Boursa Kuwait's disclosure requirements:

- 2 A Shareholder owning 5% or more of GFH, must disclose details of such ownership upon reaching 5% to Boursa Kuwait and CMA via Appendix 1 or 2<sup>4</sup> (of Module 10 of CMA Executive ByLaws), **within 5 business days** of executing the transaction<sup>5</sup>.
- 3 The Shareholder must disclose any further change exceeding 0.5% from its 5% ownership (alone or jointly with their associates) to Boursa Kuwait, CMA, and GFH via Appendix 2<sup>4</sup> (of Module 10 of CMA Executive ByLaws), **within 10 business days** of the transaction. Disclosure must still be made even if such change is made by one of the subsidiaries or companies in which the shareholder has effective control.
- 4 The disclosures above must be made to the Boursa Kuwait at ([disclosure@boursakuwait.com.kw](mailto:disclosure@boursakuwait.com.kw)) CMA ([aalmuharib@cma.gov.kw](mailto:aalmuharib@cma.gov.kw), [jaldrees@cma.gov.kw](mailto:jaldrees@cma.gov.kw), and [dalkhawari@cma.gov.kw](mailto:dalkhawari@cma.gov.kw)), and GFH ([iservice@gfh.com](mailto:iservice@gfh.com)).

<sup>3</sup> CBB Rulebook Volume 6, AML Module, AML7.1-; Bahrain Bourse Listing Rules, 5.5 (5)

<sup>4</sup> Arabic forms (الإفصاح عن المصالح - قطاع الأسواق): <https://www.cma.gov.kw/ar/web/cma/-4>  
English forms are available in Module 10: <https://www.cma.gov.kw/en/web/cma/-bylaw-documents>

<sup>5</sup> CMA Executive ByLaws, Module 10, Article 2-1



# Disclosure Requirements

## Dubai Financial Market's ("DFM") disclosure requirements:

- 5** Any Shareholder who reaches any of the below ownership percentages of GFH, shall **immediately** notify DFM via the emails [disclosure@dfm.ae](mailto:disclosure@dfm.ae), [disclosure@sca.ae](mailto:disclosure@sca.ae) and GFH ([iservice@gfh.com](mailto:iservice@gfh.com))<sup>6</sup>:
- a** 5% or more of the shares of GFH.
  - b** 10% or more of the shares of a parent company, subsidiary, affiliate or allied company of GFH.
  - c** 1% change above the above percentages.

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<sup>6</sup> The Securities and Commodities Authority (SCA) Board Decision No. (3) of 2000 on Disclosure and Transparency, Article (3)



# References to Regulations

- 1** *Resolution No. (16) of 2021 with respect to promulgating the Regulation Pertaining to Control in Banks*  
[https://cbben.thomsonreuters.com/sites/default/files/net\\_file\\_store/Resolution\\_No\\_16\\_of\\_2021\\_with\\_respect\\_to\\_promulgating\\_the\\_Regulation\\_Pertaining\\_to\\_Control\\_in\\_Banks.pdf](https://cbben.thomsonreuters.com/sites/default/files/net_file_store/Resolution_No_16_of_2021_with_respect_to_promulgating_the_Regulation_Pertaining_to_Control_in_Banks.pdf)
- 2** CBB Rulebook Volume 6: Capital Markets (Anti-Money Laundering & Combating Financial Crime (AML) Module). CBB. Kingdom of Bahrain.  
<https://cbben.thomsonreuters.com/entiresection/600531>
- 2** *Bahrain Bourse Listing Rules*. Bahrain Bourse, Bahrain.  
<https://www.bahrainbourse.com/resources/files/BHB20%Listing20%Rules.pdf>
- 3** *CMA Executive ByLaws*, Module 10 on Disclosure and Transparency. Capital Markets Authority. Kuwait. <https://www.cma.gov.kw/ar/web/cma/-bylaw-documents>
- 4** SCA Board Resolution No. (3) of 2000 Concerning the Regulations as to Disclosure and Transparency. Securities and Commodities Authority. UAE.  
[https://www.sca.gov.ae/services/AjaxHandler.aspx/LoadRegulationByIdAsPdf?id=57&lang=en&title=THE20%AUTHORITY%E99%80%2S20%BOARD20%OF20%DIRECTORS%E20%99%80%2DECISION20%NO.20%\(3\)20%OF20%20%2000CONCERNING20%THE20%REGULATIONS20%AS20%TO20%DISCLOSURE20%AND20%TRANSPARENCY](https://www.sca.gov.ae/services/AjaxHandler.aspx/LoadRegulationByIdAsPdf?id=57&lang=en&title=THE20%AUTHORITY%E99%80%2S20%BOARD20%OF20%DIRECTORS%E20%99%80%2DECISION20%NO.20%(3)20%OF20%20%2000CONCERNING20%THE20%REGULATIONS20%AS20%TO20%DISCLOSURE20%AND20%TRANSPARENCY)
- 5** CBB Rulebook Volume 2 (General Requirements (GR) Module). CBB. Kingdom of Bahrain.  
<https://cbben.thomsonreuters.com/entiresection/204697>
- 6** CBB Rulebook Volume 2 (Form 2: Application for Authorisation of Controller).  
<https://cbben.thomsonreuters.com/node/202427>