

CISI



CHARTERED INSTITUTE FOR
SECURITIES & INVESTMENT

هيئة أسواق المال
Capital Markets Authority

State Of Kuwait دولة الكويت



Kuwait Capital Markets Authority Rules and Regulations

Effective from 11 December 2024

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Objective of the Examination

On completion of this examination, candidates will have a knowledge and understanding of the appropriate securities market rules and regulations of the Kuwait Capital Markets Authority as they apply to persons dealing in Securities and to Licensed Persons. The examination will test candidates' knowledge and understanding of the following elements:

- Regulatory Structure
- Securities Exchanges and Clearing Agencies
- Licensed Persons and Registered Persons
- Clients' Funds and Clients' Assets
- Conduct of Business
- Mergers and Acquisitions
- Disclosure and Transparency
- Dealing in Securities
- Listing Rules
- Collective Investment Schemes
- Market Integrity
- Corporate Governance

Syllabus Structure

The unit is divided into **elements**. These are broken down into headings known as **sub-elements** which contain a series of **learning objectives**. Each learning objective begins with one of the following prefixes: **know** or **understand**. These words indicate the different levels of skill to be tested:

- **know** requires the candidate to recall information such as facts, rules and principles
- **understand** requires the candidate to demonstrate comprehension of an issue, fact, rule or principle

Candidate Update

Candidates are reminded to check cisi.org/candidateupdate on a regular basis for updates that could affect their examination as a result of industry changes.

Examination Specification

Each examination paper is constructed from a specification that determines the weightings that will be given to each element. The specification is given below.

It is important to note that the numbers quoted may vary slightly from examination to examination as there is some flexibility to ensure that each examination has a consistent level of difficulty.

Examination specification		
75 multiple choice questions		
Element number	Element	Questions
1	Regulatory Structure	4
2	Securities Exchanges and Clearing Agencies	4
3	Licensed Persons and Registered Persons	8
4	Clients' Funds and Clients' Assets	8
5	Conduct of Business	8
6	Mergers and Acquisitions	3
7	Disclosure and Transparency	6
8	Dealing in Securities	6
9	Listing Rules	6
10	Collective Investment Schemes	10
11	Market Integrity	6
12	Corporate Governance	6
Total		75

Assessment Structure

A 90-minute examination of 75 multiple choice questions.

Candidates sitting the examination by computer-based testing may also be asked to answer up to 10% of additional questions. These are trial questions that will not be separately identified and do not contribute to the result. Candidates will be given proportionately more time to complete the test.

Source references

The learning materials are derived from both the Law Number 7 of 2010 Regarding the Establishment of the Capital Markets Authority and Regulating Securities Activities (referred to as “CMA Law”) and its Executive Bylaws and their amendments. The CMA Law acts as the primary source of legislation and provides the Executive Bylaws with a wide scope to ensure sufficient details are in place for the practice of securities activities. Hence, we find that the Executive Bylaws comprise of a number of modules, with each module divided into chapters and specific articles.

Notes

- The information and references contained in this syllabus serve only for educational purposes and may not be relied on as a stand-alone document. Please refer to the full text of the Capital Markets Authority Law No.7 of 2010 Regarding the Establishment of the Capital Markets Authority and Regulating Securities Activities and its Executive Bylaws and their amendments.
- The syllabus contains information and references to the Capital Markets Authority Law No.7 of 2010 Regarding the Establishment of the Capital Markets Authority and Regulating Securities Activities and its Executive Bylaws and their amendments up to XX.

Summary Syllabus

Element 1 Regulatory Structure

- 1.1 The Capital Markets Authority
- 1.2 Right to Request Information, Supervision and Inspection
- 1.3 Judicial Officers
- 1.4 Reporting Violations and Crimes
- 1.5 Investigation

Element 2 Securities Exchanges and Clearing Agencies

- 2.1 Securities Exchanges
- 2.2 Clearing Agencies

Element 3 Licensed Persons and Registered Persons

- 3.1 Licensed Securities Activities
- 3.2 The Sharia Supervisory System
- 3.3 Registered Persons
- 3.4 Policies and Procedures for Licensed Persons
- 3.5 Prudential Requirements
- 3.6 Risk Management
- 3.7 Business Continuity
- 3.8 Passporting of Financial Products

Element 4 Clients' Funds and Clients' Assets

- 4.1 Requirements
- 4.2 Rules of Securities Investment Portfolios
- 4.3 Reporting Systems
- 4.4 Default Events

Element 5 Conduct of Business

- 5.1 General Provisions
- 5.2 Client Categorisation
- 5.3 Conflicts of Interest
- 5.4 Best Execution of Client Orders

- 5.5 Clients Records
- 5.6 Financial Promotions

Element 6 Mergers and Acquisitions

- 6.1 Mergers
- 6.2 Acquisitions
- 6.3 Partial Purchase Offer
- 6.4 Division

Element 7 Disclosure and Transparency

- 7.1 Obligations for Listed Companies and Exchanges
- 7.2 Disclosure of Interests
- 7.3 Insiders
- 7.4 Disclosure of Material Information

Element 8 Dealing in Securities

- 8.1 Issuing, Offering or Cancelling Securities
- 8.2 Subscription Procedures
- 8.3 Allocation and Registration
- 8.4 Trading in Securities
- 8.5 Special Purpose Vehicle Companies
- 8.6 Rules of Sukuk
- 8.7 Rules of Bonds
- 8.8 Increase, Decrease or Restructure of Capital

Element 9 Listing Rules

- 9.1 Listing Applications of Securities in the Exchange
- 9.2 Listing Shares of Shareholding Companies in the Exchange
- 9.3 Delisting of Shares of Shareholding Companies from the Exchange
- 9.4 Listing of Bonds and Sukuk in the Exchange
- 9.5 Listing of Fund Units in the Exchange

Element 10 Collective Investment Schemes

- 10.1 General Provisions
- 10.2 Funds

- 10.3 Service Providers
- 10.4 Marketing and Selling Units of Funds
- 10.5 Valuation, Subscription and Redemption of Funds
- 10.6 Restrictions and Controls of Funds
- 10.7 Reporting Requirements of Funds
- 10.8 Unitholders Assembly and Ending of a Fund
- 10.9 Contractual Collective Investment Schemes
- 10.10 Marketing a Collective Investment Scheme Incorporated Outside the State of Kuwait

Element 11 Market Integrity

- 11.1 Insider Trading
- 11.2 Fraud and Manipulation in the Exchange
- 11.3 Anti-Money Laundering and Combating Financing of Terrorism
- 11.4 Suspicious Transactions Reporting
- 11.5 Continuing Obligations

Element 12 Corporate Governance

- 12.1 Corporate Governance Role
- 12.2 Regulatory Requirements
- 12.3 Constructing a Balanced Board
- 12.4 Appropriate Roles and Responsibilities
- 12.5 Safeguarding the Integrity of Financial Reporting
- 12.6 Sound Systems of Risk Management and Internal Audit
- 12.7 Code of Conduct and Ethical Standards
- 12.8 Disclosure and Transparency
- 12.9 Stakeholders

Element 1 Regulatory Structure

1.1 The Capital Markets Authority

On completion, the candidate should:

1.1.1 *know* the aims of the Authority

1.1.2 *know* the scope of the Authority's activities

1.2 Right to Request Information, Supervision and Inspection

On completion, the candidate should:

1.2.1 *know* the Authority's right to request information and commission special reports

1.2.2 *know* the Authority's activities in relation to supervision and inspection

1.3 Judicial Officers

On completion, the candidate should:

1.3.1 *know* the role of the Judicial Officer

1.4 Reporting Violations and Crimes

On completion, the candidate should:

1.4.1 *know* the conditions for the submission for reporting suspected crimes or violations

1.4.2 *know* the protections available to whistleblowers

1.5 Investigation

On completion, the candidate should:

1.5.1 *know* the rules governing an investigation into suspected crimes or violations

Element 2 Securities Exchanges and Clearing Agencies

2.1 Securities Exchanges

On completion, the candidate should:

- 2.1.1 *know* the obligations a Securities Exchange must fulfil
- 2.1.2 *know* the type of matters that a Securities Exchange must immediately inform the Authority about
- 2.1.3 *know* how the Authority may:
 - intervene in times of crisis
 - cancel an exchange's license

2.2 Clearing Agencies

On completion, the candidate should:

- 2.2.1 *know* the activities undertaken by licensed clearing agencies
- 2.2.2 *know* the obligations a clearing agency must abide by
- 2.2.3 *know* the type of matters that a clearing agency must immediately inform the Authority about
- 2.2.4 *know* how the Authority may:
 - intervene in times of crisis
 - cancel a clearing agency's license

Element 3 Licensed Persons and Registered Persons

3.1 Licensed Securities Activities

On completion, the candidate should:

- 3.1.1 *understand* which security activities require a license from the Authority
- 3.1.2 *know* the actions related to the license that a Licensed Person can take
- 3.1.3 *understand* the circumstances under which the Authority may revoke or restrict the license of a Licensed Person

3.2 The Sharia Supervisory System

On completion, the candidate should:

3.2.1 *know* how Licensed Persons operate in accordance with Sharia

3.3 Registered Persons

On completion, the candidate should:

3.3.1 *understand* what registered employment positions are required to be registered with the Authority

3.3.2 *know* the restrictions on Registered Positions and Registered Employment Positions

3.3.3 *know* the fit and proper rules

3.4 Policies and Procedures for Licensed Persons

On completion, the candidate should:

3.4.1 *know* the minimum criteria a manual of policies and procedures should include

3.5 Capital Adequacy Regulations

On completion, the candidate should:

3.5.1 *know* the regulatory capital adequacy requirements for licensed persons:

- scope
- exempt licensed persons
- types of eligible regulatory capital
- types of risk based capital requirements

3.6 Risk Management

On completion, the candidate should:

3.6.1 *know* what risk management systems are designed to achieve and how responsibilities for the management and reporting of risks are managed

3.7 Business Continuity

On completion, the candidate should:

3.7.1 *know* the business continuity requirements for Licensed Persons

3.8 Passporting of Financial Products

On completion, the candidate should:

3.8.1 *know* the required obligations for passported marketing

Element 4 Clients' Funds and Clients' Assets

4.1 Requirements

On completion, the candidate should:

4.1.1 *know* organisational and record keeping requirements relating to:

- client funds and client assets
- registers, accounts and reconciliations

4.1.2 *know* the correct procedure for the segregation of client funds, its transfer to other entities, and deposit conditions with third parties

4.2 Rules of Securities Investment Portfolios

On completion, the candidate should:

4.2.1 *know* the definition, goals, components and types of securities investment portfolios

4.2.2 *know* what information a Licensed Person must obtain before providing services to a client

- 4.2.3 *know* how Licensed Persons comply with their duty of care obligations
- 4.2.4 *understand* the duty of honesty and what a Licensed Person should and should not do
- 4.2.5 *know* the particular content that investment portfolio agreements must include
- 4.2.6 *know* relevant operational requirements and controls:
- executing client transactions
 - fees and commissions
 - controls and internal auditing

4.3 Reporting Systems

On completion, the candidate should:

- 4.3.1 *know* the Licensed Person's reporting obligations to:
- clients
 - the Authority

4.4 Default Events

On completion, the candidate should:

- 4.4.1 *know* the meaning of and actions to be taken when a:
- primary default event occurs
 - secondary default event occurs

Element 5 Conduct of Business

5.1 General Provisions

On completion, the candidate should:

5.1.1 *know* the rules relating to:

- providing a client with conditions of service
- benefits
- sharing the loss
- confidentiality of information

5.2 Client Categorisation

On completion, the candidate should:

5.2.1 *know* the relevant criteria for categorising a client as a:

- professional client by nature
- qualified professional client

5.2.2 *know* what information must be provided to retail and professional clients

5.3 Conflicts of Interest

On completion, the candidate should:

5.3.1 *understand* conflicts of interest

5.3.2 *know* the policies, procedures and measures that Licensed Persons should adopt to manage conflicts of interest

5.3.3 *know* how Licensed Persons manage the requirements relating to personal transactions of employees

5.4 Best Execution of Client Orders

On completion, the candidate should:

5.4.1 *know* how Licensed Persons fulfil best execution requirements

5.5 Clients Records

On completion, the candidate should:

5.5.1 *know* the record keeping requirements for Licensed Persons

5.5.2 *know* the requirements for recording and maintaining telephone conversations and electronic communications

5.5.3 *know* the minimum period that records, telephone conversations and correspondence must be kept by a Licensed Person

5.6 Financial Promotions

On completion, the candidate should:

5.6.1 *know* how Licensed Persons fulfil financial promotion requirements

Element 6 Mergers and Acquisitions

6.1 Mergers

On completion, the candidate should:

6.1.1 *know* the rules and provisions in relation to mergers

6.2 Acquisitions

On completion, the candidate should:

6.2.1 *know* the rules and provisions in relation to acquisitions

6.3 Partial Purchase Offer

On completion, the candidate should:

6.3.1 Know the rules and provisions in relation to partial purchase offers

6.4 Division

On completion, the candidate should:

6.4.1 Know the rules and provisions in relation to divisions

Element 7 Disclosure and Transparency

7.1 Obligations for Listed Companies and Exchanges

On completion, the candidate should:

7.1.1 *know* the disclosure and transparency provisions for:

- a listed company
- an exchange

7.2 Disclosure of Interests

On completion, the candidate should:

7.2.1 *know* definitions and obligations relating to:

- interested persons
- indirect interest or in alliance with others
- disclosure of group
- disclosure of collective investment schemes
- disclosure in events of multiple interests

7.3 Insiders

On completion, the candidate should:

7.3.1 *know* the definition and responsibilities of an insider

7.3.2 *know* the responsibilities of listed companies in relation to inside information and insiders

7.3.3 *know* the application of dealing restriction periods

7.3.4 *know* the regulations regarding:

- corporate insiders watch lists
- corporate insider disclosure

7.4 Disclosure of Material Information

On completion, the candidate should:

7.4.1 *understand* what material information is

7.4.2 *know* the regulations regarding the timing of the disclosure of material information

7.4.3 *know* the obligations listed companies have in relation to:

- rumours and news
- unusual trading activity

Element 8 Dealing in Securities

8.1 Issuing, Offering or Cancelling Securities

On completion, the candidate should:

8.1.1 *know* general provisions for issuing, offering or cancelling securities

8.1.2 *know* general provisions for securities subscriptions

8.1.3 *know* regulations relating to the announcement and marketing of securities offerings

8.2 Subscription Procedures

On completion, the candidate should:

8.2.1 *know* procedures relating to:

- the subscription period
- role of the subscription agent

8.3 Allocation and Registration

On completion, the candidate should:

8.3.1 *know* obligations relating to the allocation and registration of securities

8.4 Trading in Securities

On completion, the candidate should:

8.4.1 *know* share disposal rules for:

- founders
- shareholders

8.5 Special Purpose Vehicle Companies

On completion, the candidate should:

8.5.1 *know* the requirements for special purpose vehicle companies

8.6 Rules of Sukuk

On completion, the candidate should:

8.6.1 *know* general conditions applicable to the issuance of sukuk

8.7 Rules of Bonds

On completion, the candidate should:

8.7.1 *know* general conditions applicable to the issuance of bonds

8.8 Increase, Decrease or Restructure of Capital

On completion, the candidate should:

8.8.1 *know* the types of capital increase (ordinary shares)

8.8.2 *know* the types of capital decrease (ordinary shares)

Element 9 Listing Rules

9.1 Listing Applications of Securities in the Exchange

On completion, the candidate should:

- 9.1.1 *know* the regulations regarding an application for listing
- 9.1.2 *know* the regulations regarding continuous obligations on listed securities
- 9.1.3 *know* the regulations regarding listing suspensions

9.2 Listing Shares of Shareholding Companies in the Exchange

On completion, the candidate should:

- 9.2.1 *know* the regulations and conditions regarding listing shares of Kuwaiti shareholding companies and non-Kuwaiti shareholding companies on the Exchange

9.3 Delisting of Shares of Shareholding Companies from the Exchange

On completion, the candidate should:

- 9.3.1 *know* the regulations regarding:
 - delisting
 - voluntary delisting

9.4 Listing of Bonds and Sukuk in the Exchange

On completion, the candidate should:

- 9.4.1 *know* bond and sukuk listing requirements related to:
 - the obligor
 - bonds or sukuk
 - listing application
 - bonds or sukuk issued by a foreign issuer

- bonds or sukuk listed in a non-Kuwaiti Exchange
- delisting

9.5 Listing of Fund Units in the Exchange

On completion, the candidate should:

9.5.1 *know* listing requirements related to:

- listing application
- listing units of local funds in a non-Kuwaiti Exchange
- delisting
- general provisions

Element 10 Collective Investment Schemes

10.1 General Provisions

On completion, the candidate should:

10.1.1 *know* general provisions relating to collective investment schemes

10.1.2 *know* the obligations of an Investment Advisor

10.1.3 *know* the prohibition provisions in Collective Investment Schemes

10.2 Funds

On completion, the candidate should:

10.2.1 *know* the various forms and types of funds, fund's capital and participation of the fund manager

10.3 Service Providers

On completion, the candidate should:

10.3.1 *know* the role of the following service providers:

- Fund Manager

- Investment Controller
- Custodian
- Record Keeper
- External Auditor
- Sharia Supervisory Controls

10.3.2 know the mechanism of vacancy of the Ffnd's Executive Committee Members or a service provider position

10.4 Marketing and Selling Units of Funds

On completion, the candidate should:

10.4.1 *Know* the general regulations relating to the promotion and marketing of funds

10.5 Valuation, Subscription and Redemption of Funds

On completion, the candidate should:

10.5.1 *know* provisions relating to valuation, subscription and redemption

10.6 Restrictions and Controls of Funds

On completion, the candidate should:

10.6.1 *know* the restrictions on funds, investment controls and the procedures to be followed in the event of a violation of investment and borrowing controls

10.7 Reporting Requirements of Funds

On completion, the candidate should:

10.7.1 *know* reporting requirements relating to:

- material information for the public
- financial statements
- periodic reports to unitholders

10.8 Unitholders Assembly and Ending of a Fund

On completion, the candidate should:

10.8.1 *know* the role of the unitholders assembly

10.8.2 *know* the events leading to the ending of a fund

10.9 Contractual Collective Investment Schemes

On completion, the candidate should:

10.9.1 *know* general provisions relating to contractual collective investment schemes

10.9.2 *know* the service providers of contractual collective investment schemes

10.9.3 *know* the mechanism of vacancy of the position of a member of the Executive Team or any of the service providers

10.9.4 *know* the pre-emptive right of unit holders, financial statements, periodic reports to unit holders

10.9.5 *know* the cases ending a contractual collective investment scheme

10.10 Marketing a Collective Investment Scheme Incorporated Outside the State of Kuwait

On completion, the candidate should:

10.10.1 *know* the general provisions related to marketing a collective investment scheme incorporated outside the State of Kuwait

10.10.2 *know* the obligations of a marketer of a collective investment scheme incorporated outside the State of Kuwait

10.10.3 *know* the marketing of a collective investment scheme in the State of Kuwait

Element 11 Market Integrity

11.1 Insider Trading

On completion, the candidate should:

11.1.1 *know* what constitutes inside information

11.1.2 *know* the definition of an insider, examples of insider trading and examples of legitimate trading activity

11.1.3 *know* the penalties for insider trading

11.2 Fraud and Manipulation in the Exchange

On completion, the candidate should:

11.2.1 *know* the crime of fraud and manipulation in the Exchange, how it is punished and examples of legitimate behaviours

11.2.2 *understand* examples of illegitimate trading behaviour

11.3 Anti-Money Laundering and Combating Financing of Terrorism

On completion, the candidate should:

11.3.1 *know* rules on accepting cash from clients

11.3.2 *know* the client due diligence (CDD) measures a Licensed Person should carry out on all clients

11.3.3 *know* the application of a risk-based approach to:

- reduced CDD
- enhanced CDD
- politically exposed persons (PEPs)
- non-profit organizations or entities
- collective investment schemes

11.3.4 *know* rules relating to reliance on third party CDD

11.4 Suspicious Transactions Reporting

On completion, the candidate should:

11.4.1 *know* the suspicious transactions reporting requirements

11.5 Continuing Obligations

On completion, the candidate should:

11.5.1 *know* continuing obligations relating to internal policies, compliance, auditing and training

Element 12 Corporate Governance

12.1 Corporate Governance Role

On completion, the candidate should:

12.1.1 *understand* the role, importance and goals of corporate governance

12.2 Regulatory Requirements

On completion, the candidate should:

12.2.1 *know* regulatory requirements relating to corporate governance

12.3 Constructing a Balanced Board

On completion, the candidate should:

12.3.1 *know* standards for board composition

12.3.2 *know* standards for board meetings

12.4 Appropriate Roles and Responsibilities

On completion, the candidate should:

12.4.1 *know* the roles and responsibilities of the Board of Directors

12.4.2 know the independent committees

12.5 Safeguarding the Integrity of Financial Reporting

On completion, the candidate should:

12.5.1 *know* how standards of financial reporting should be applied

12.6 Sound Systems of Risk Management and Internal Audit

On completion, the candidate should:

12.6.1 *know* required standards for risk management and internal audit

12.7 Code of Conduct and Ethical Standards

On completion, the candidate should:

12.7.1 *know* required standards relating to codes of conduct and ethical standards

12.8 Disclosure and Transparency

On completion, the candidate should:

12.8.1 *know* required standards for disclosure and transparency

12.9 Stakeholders

On completion, the candidate should:

12.9.1 *know* the required standards for dealing with:

- shareholders
- other stakeholders
- corporate social responsibility