



# Bahrain Bourse (BHB)

## General Overview & Future Outlook

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# Vision & Mission Statement

## Vision:

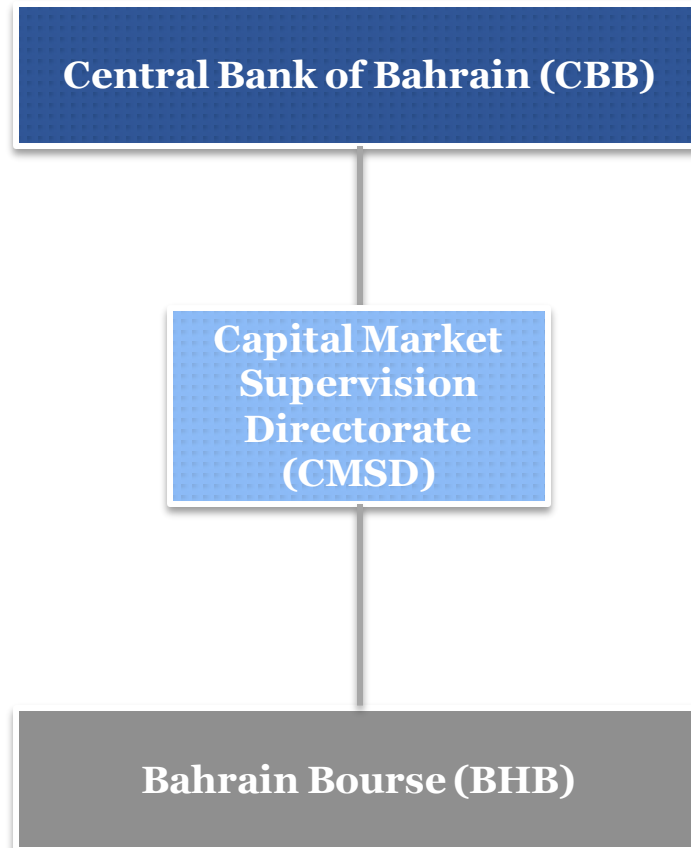
- Become the leading bourse regionally with a fair, transparent, diversified and efficient market. Providing unique services to all stakeholders and customers & attracting investments, thus contributing to the national economy of the Kingdom of Bahrain.

## Mission:

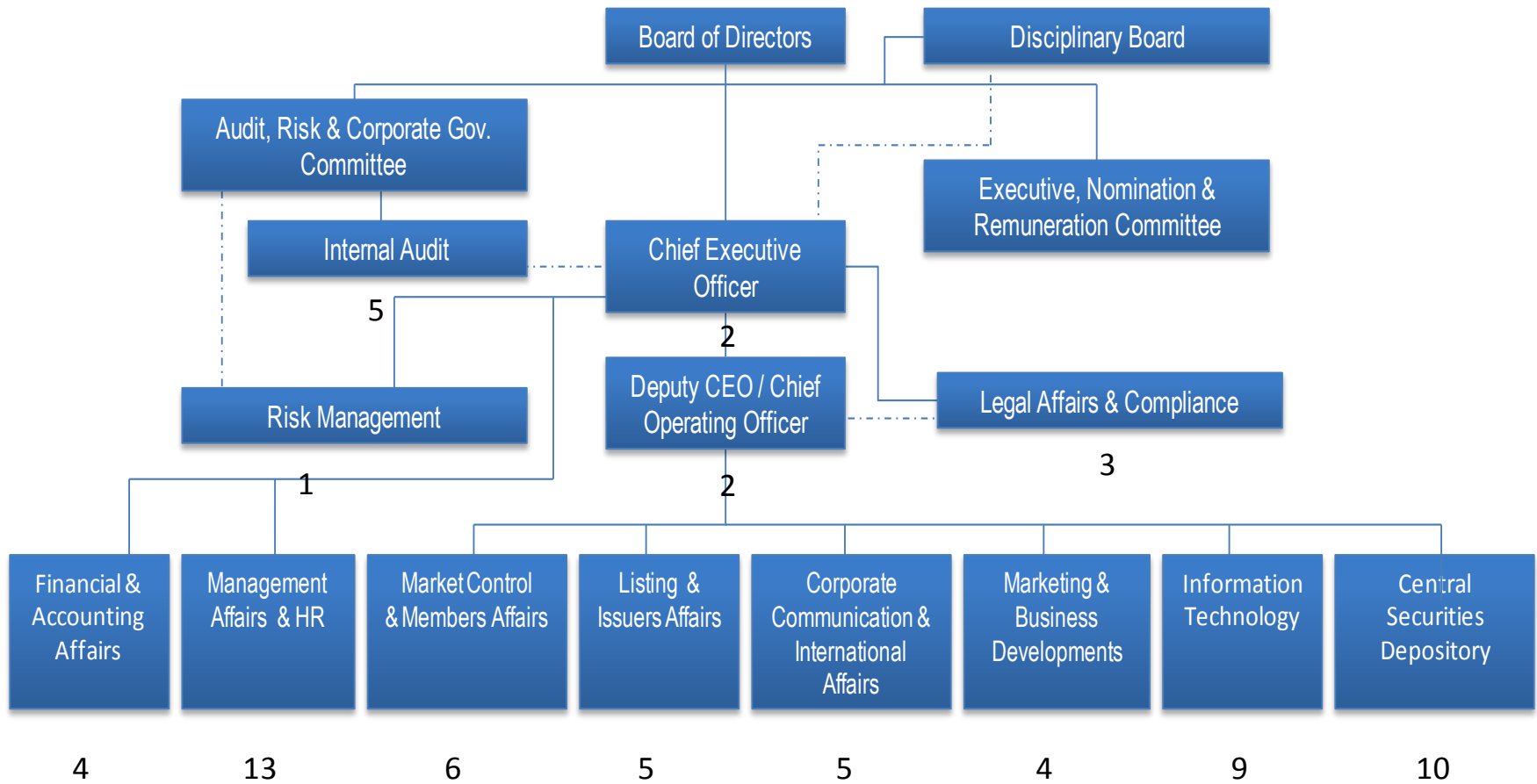
- To contribute to the national economy by offering a dedicated, reliable & efficient capital markets platform, while acting as the intellectual and business hub for all capital market participants.

- **1987:** Establishment (*Amiri Decree No. 4*).
- **1989:** Operated officially.
- **2002:** Regulatory Authority Assigned to CBB.
- **2006:** CBB and Financial Institutions Law.
- **Dec. 2009:** (*Law No. 57*) to convert BHB to a closed shareholding company.
- **Dec. 2010:** (*Law No. 60*) to replace Bahrain Stock Exchange (BSE) that was established in 1987.

# Regulatory Structure



# Organizational Structure



# Cross Listing Agreements & MOUs (14)

- 1995 Muscat Securities Market
- 1996 Amman Financial Market
- 1996 Egyptian Stock Market
- 1997 Kuwait Stock Exchange
- 2000 Khartoum Stock Exchange
- 2000 Qatar Stock Exchange
- 2003 Tehran Securities Market
- 2004 Cairo & Alexandria SE's
- 2006 Dubai International Financial Exchange
- 2007 London Stock Exchange
- 2007 Abu Dhabi Securities Exchange
- 2008 Singapore Stock Exchange
- 2013 Tadawul
- 2014 Kuwait Clearing House

- The Arab Federation of Exchanges.
- World Federation of Exchanges (WFE).
- Federation of Euro-Asian Stock Exchanges (FEAS).
- Africa & Middle East Depositories Association (AMEDA).
- Association of National Numbering Agencies (ANNA).

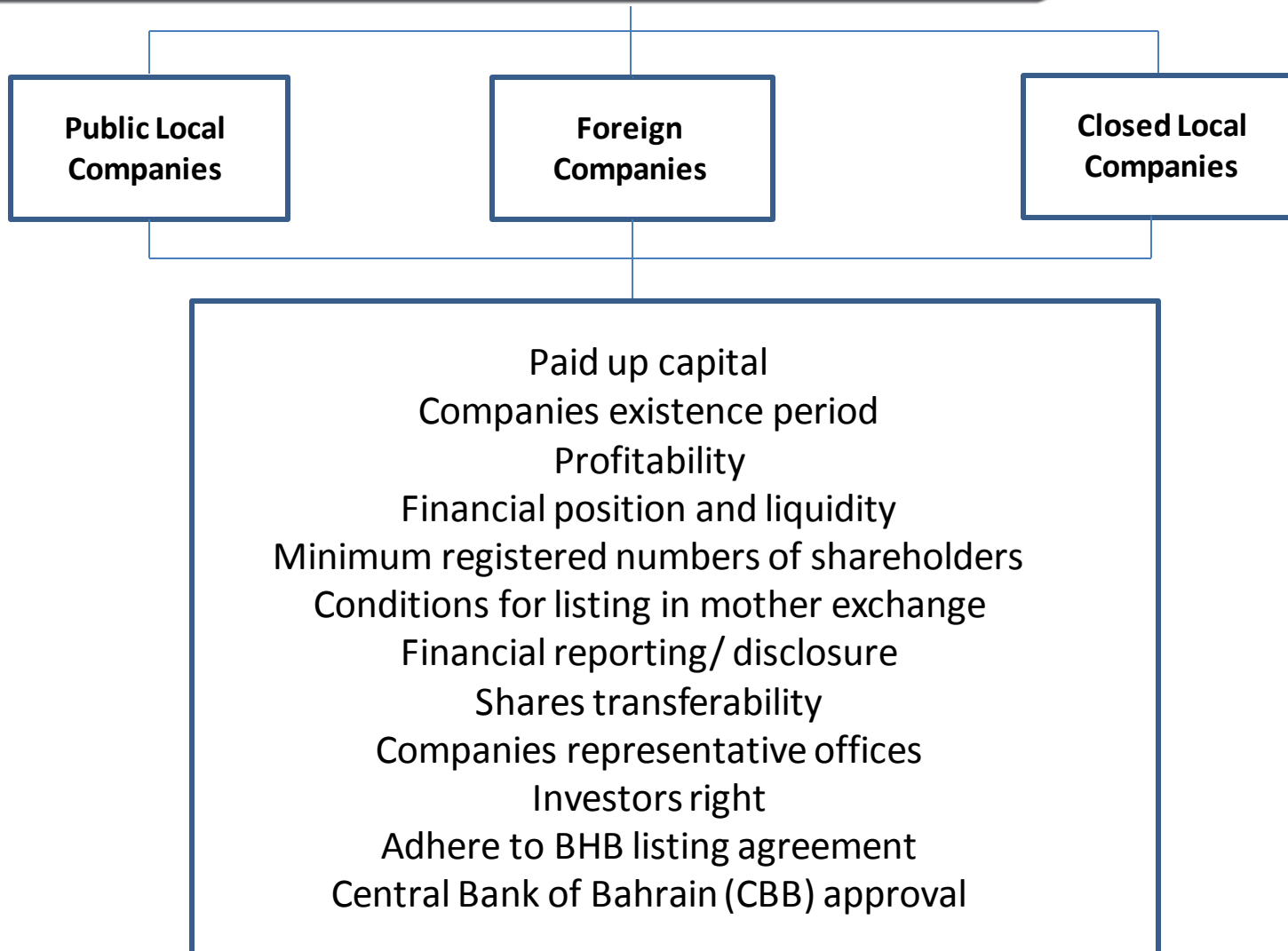


- **BHB includes 16 members:**

- Brokers (11)\*
- Custodians (5)

*(HSBC, Standard Chartered Bank, Gulf Custody Co., Citibank, SICO Funds Services)*

# Securities Listing Requirements at BHB



- **BHB's Disclosure:**

- Live Quotes
- Trading by Nationalities
- Major Shareholders
- Key Persons

- **Company Disclosure:**

- Periodic & Annual Financial Statements
- AGM/EGM and Board of Directors' meetings
- Clarifications on issued Press Releases
- Company News (New projects, Agreements, Appointments, etc...)

- **Trading Session:**

- Pre-opening 9:15 am - 9:30 am

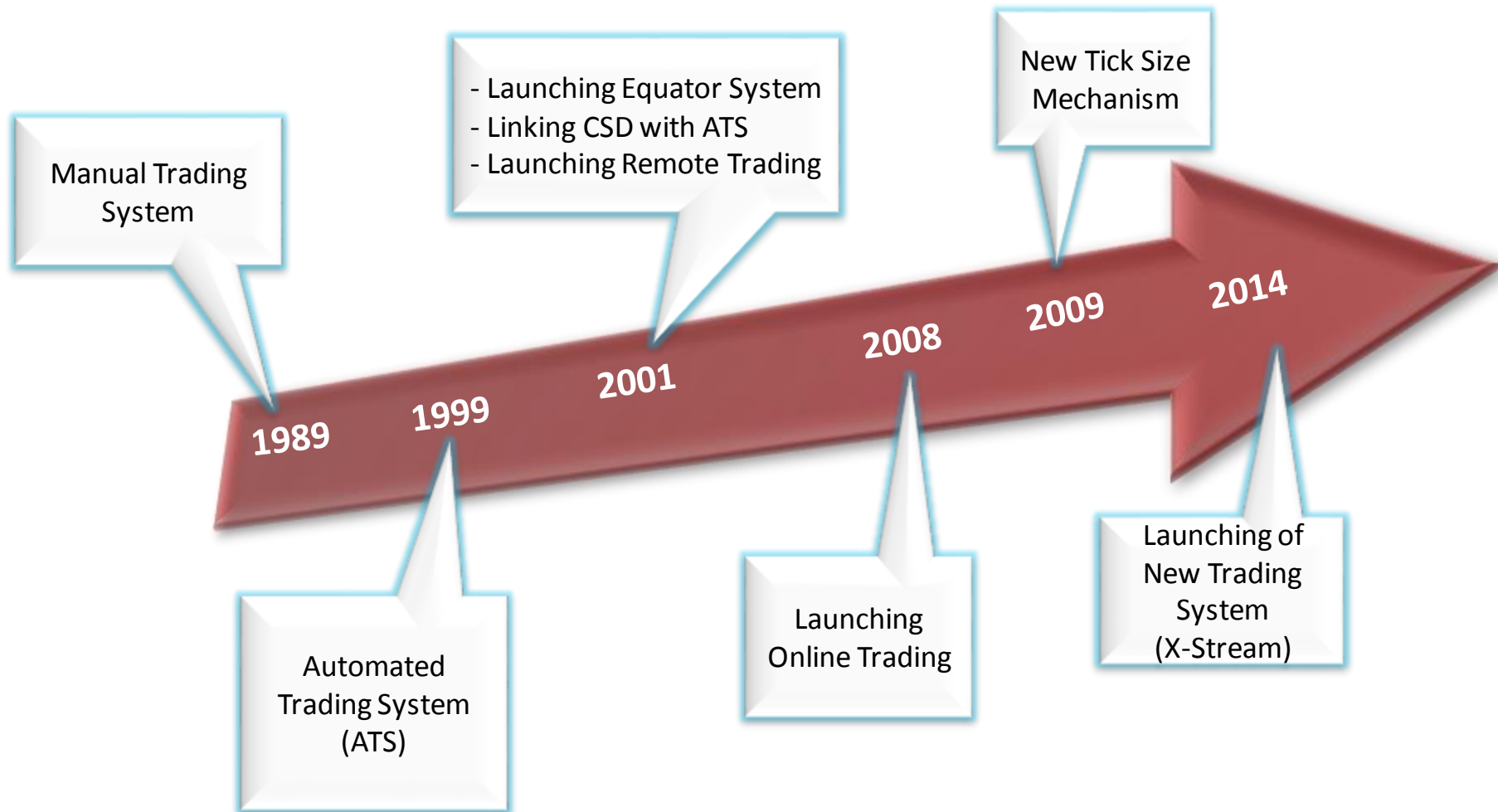
- Trading 9:30 am - 01:00 pm

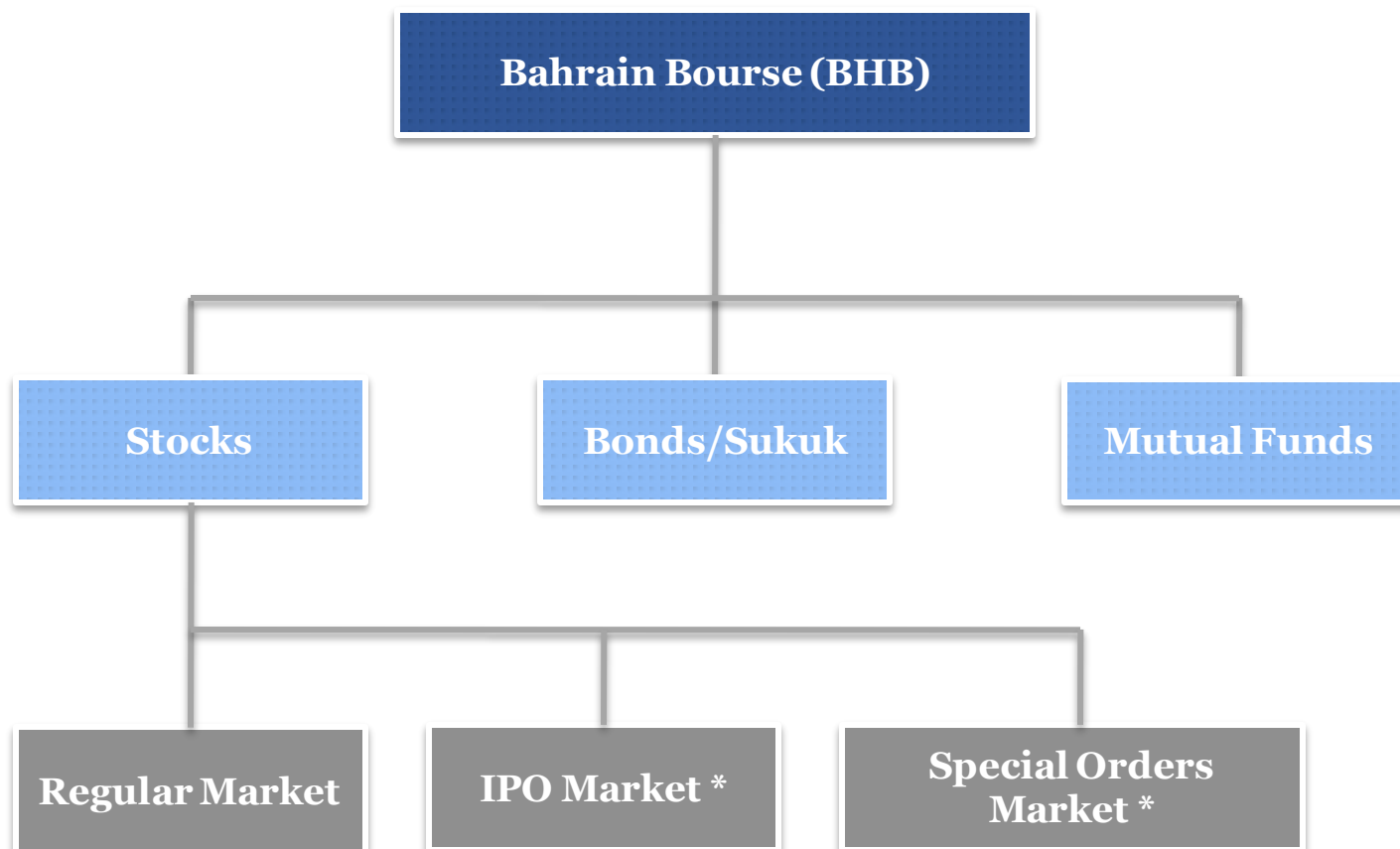
***(Pre-close is set as 1 minute before the closing of both the pre-open session & the trading session)***

- **Trading System:**

- Order Driven Market

# Development of BHB's Trading System





\* Newly listed companies

\* Min. **BD 500,000**

\* Trading Currencies:

- BD
- USD

- Common Shares: 47

Local	43
Foreign	4

- Preferred Shares: 1

- Debt Instruments: 10

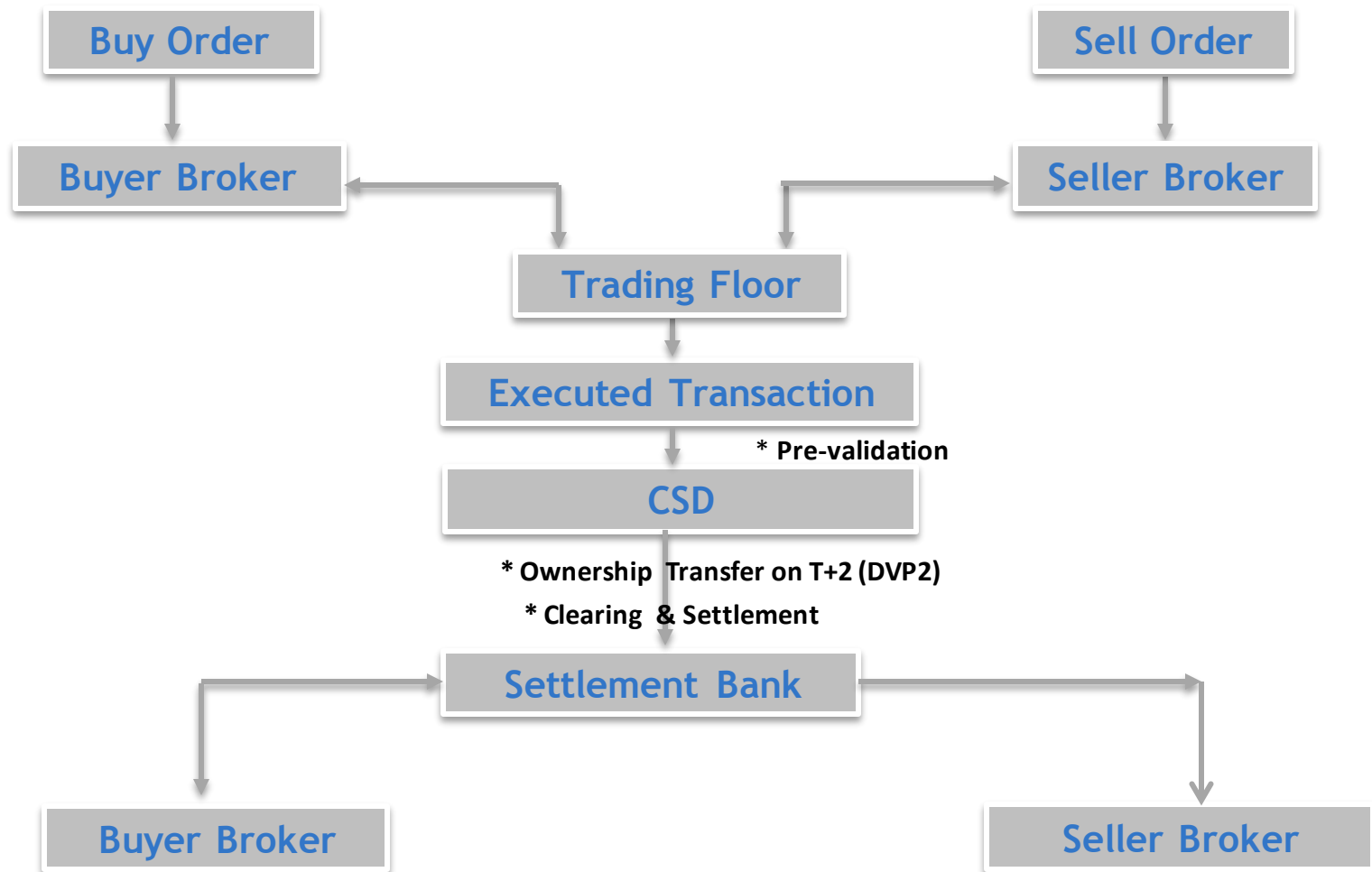
Bonds	4
Sukuk	6

- Mutual Funds: 21

- Commercial Banks (7)
- Investment (12)
- Insurance (5)
- Services (9)
- Industrial (3)
- Hotels & Tourism (5)



# Trading & Settlement Process



- Bahrain All Share Index (value-weighted index)

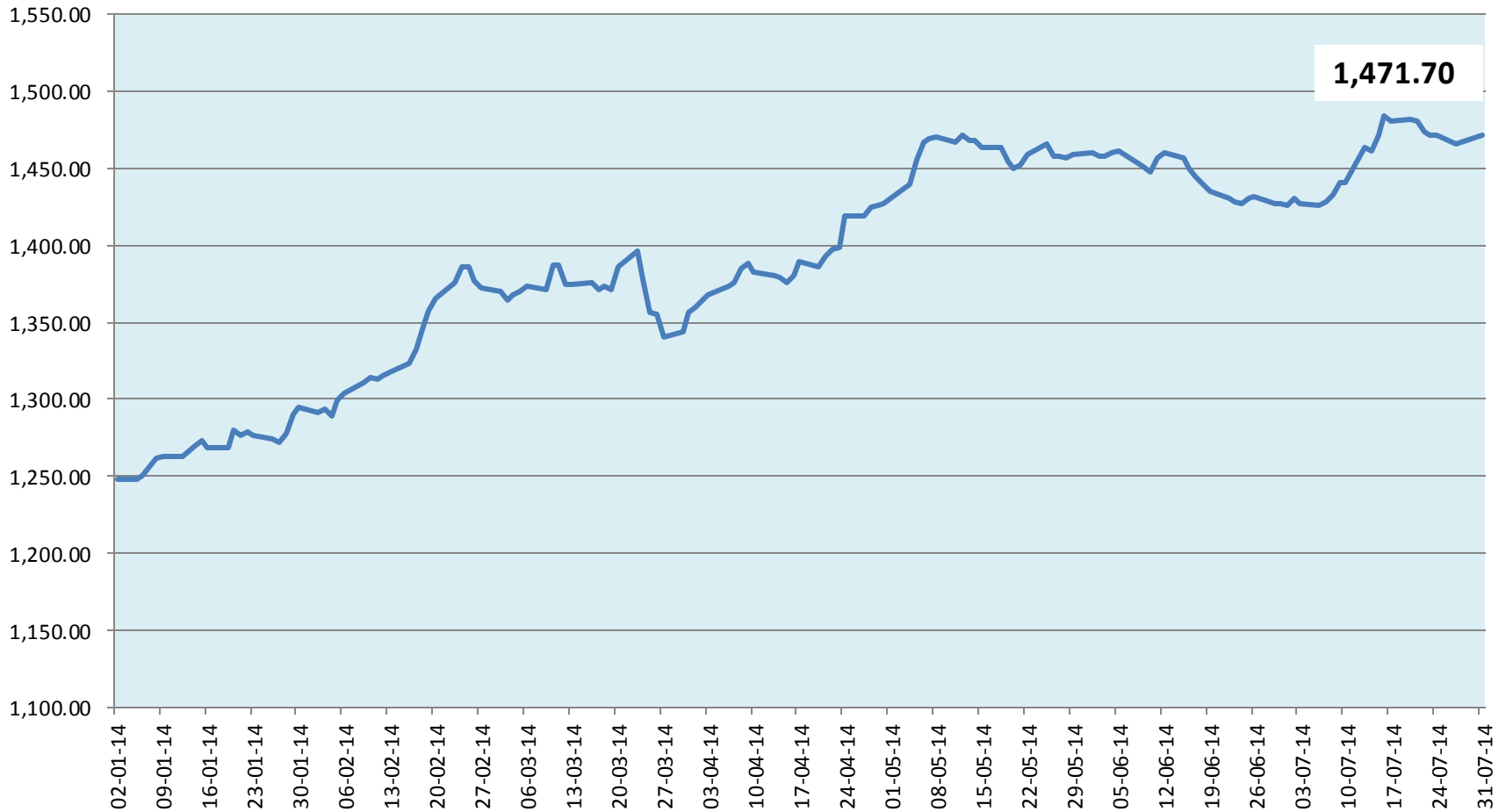
$$\text{Index} = \frac{\text{Aggregate Current Market Capitalization} \times 1000}{\text{Aggregate Base Market Capitalization}}$$

**\*Multiplier=1000**

- Bahrain Dow Jones Index

**\*Multiplier=100**

# Bahrain All Share Index (Jan. - July 2014)

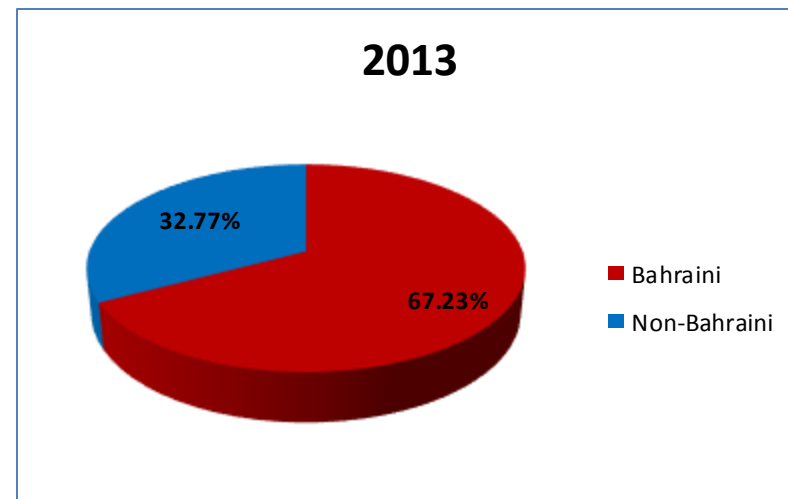
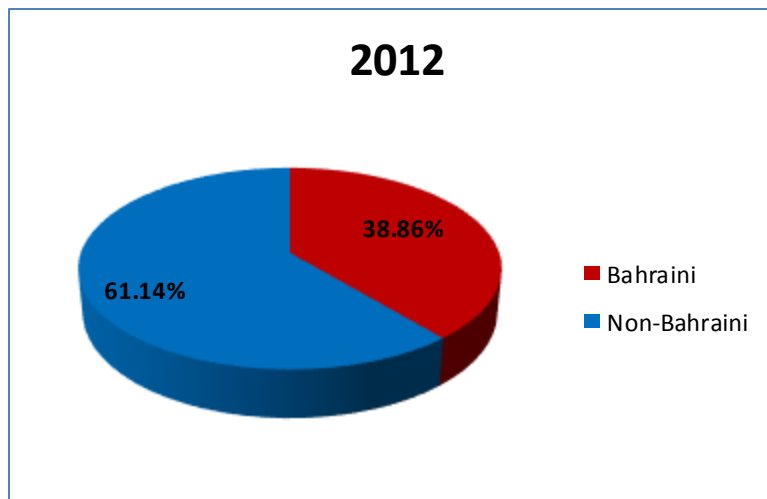


## BHB Statistics as of end of July 2014 (BD)

Local Market Capitalization	8.59 billion
Foreign Market Capitalization	2.25 billion
<b>Total Market Cap.</b>	<b>10.84 billion</b>
Total Deposited Shares (Volume)	13.43 billion shares
Total Deposited Shares (Value)	4.37 billion
Total No. of Nationalities	99

- **Trading by Nationalities**

*Non-Bahrainis can own up to 100% of the companies' shares (subject to the Article of Association of the company)*



- BHB Market Rules.
- Markets & Exchanges (MAE).
- Market Intermediaries and Representatives (MIR).
- Prohibition of Market Abuse and Manipulation (MAM).
- Market Surveillance, Investigation & Enforcement (MIE).
- Anti-Money Laundering & Combating Financial Crime (AML).
- Dispute Resolution, Arbitration and Disciplinary Proceedings (DRA).

- Exchange Investigation & Surveillance Committee (EISC).
- Disciplinary Board.
- Disciplinary Appeal Board.
- Arbitration Board.

# Awareness & Educational Programs

- Series 7 (Brokers)  
*(Mandated for the registered brokers since 1999)*
- TradeQuest
- School Bourse
- Investor Relations Program
- Field Visits (Schools, Universities, Societies, & Others)
- Smart Investor
- Media Awareness Press Corner (Weekly)



- **BHB's revenues are generated from the following:**
  - Listing Fees
  - Annual Subscription Fees
  - Trading Commissions
  - Brokerage Membership Fees
  - BHB's Services to Brokers
  - CSD Services
  - Market Data
  - Online Trading
  - Ticker Tape
  - Investment

# Technical Infrastructure & Continuity Plan

- Bahrain Bourse's IT infrastructure comprises of all resources and services required for the operation and management of an enterprise IT environment that allows Bahrain Bourse to deliver solutions and services to all stake holders.
- Maintaining a Tier 4 Data Center guaranteeing high availability, fully redundant, highly secured and well maintained infrastructure with 24/7 monitoring.
- Main site is connected to a host site through a redundant link.
- X-Stream trading platform tightly interfaced with Equator clearing and depository system supported by NASDAQ OMX.
- Bahrain Bourse has a well-established Business Continuity Management framework approved by the Board of Directors on 6th June 2012 satisfying the necessary regulatory requirements and International Standards.

- Creation of Bahrain Investment Market (BIM).
- Regional investments (investors, market participants, etc...).
- Improve Legal Framework:
  - CSD Rules
  - Listing Rules
- Improve Operational Process:
  - Focus on Online Services
  - Focus on Customer Relationship Management (CRM)
  - External Memberships
  - New Trading Instruments
- Regional and International Roadshows.

Thank You.