

**The Governor
Central Bank of Kuwait**

Date: 5 February 2026

Ref: 2/105/1905/2026

To: The Chairman,

CIRCULAR No. (2/BS/IBS/614/2026) To All Kuwaiti Banks

This has reference to CBK Circular dated 6/4/2004, enclosing a copy of CBK Board's resolution issued at its meeting held on 4/4/2004 regarding the executive measures regulating the provisions of Item (2) of Article (57) of the Law No. (32) of year 1968 concerning Currency, the Central Bank of Kuwait and the Organization of Banking Business, by virtue of the Law No. (28) of Year 2004. Item (2) stipulates that the single acquisition in any Kuwaiti bank may not exceed 5% of the bank's capital without the prior approval of CBK.

The resolution included the principles and rules defining the concept of Indirect Acquisition according to the provisions of item (2) under Article (57) of Law No. (32) of Year 1968, and the amendments thereof. The concept of "Indirect Acquisition" is defined as "ownership by parties economically or legally connected to the investor, be the latter a natural or legal person, and whether such connection derives from joint ownership, joint management or related interests"

As per the resolution, "Related Interests" are interests that allow one party to exercise control or significant influence over another in making financial or operating decisions, or an alliance of a group of parties. The existence of a declared or undeclared alliance between two parties or a group of parties is considered Related Interests.

Based on the above and in respect of portfolio management companies (whether the portfolio is managed by the company, or by the client, or are under custody), the relationship between the portfolio manager and the portfolio shareholders shall be deemed a declared or undeclared alliance in the event where the shareholders have granted authorizations to the portfolio manager to vote on their behalf at Kuwaiti banks' general assembly meetings. Hence, the consolidated percentage of the portfolio manager and shareholders with proxies may not exceed 5% of the capital in any Kuwaiti bank without obtaining CBK's prior approval.

To obtain such approval, the portfolio management company shall submit an application to CBK at least twenty (20) working days prior to the day of the right to attend the general assembly, whereby such application includes the following:

1. Personal information of the portfolio management company and the portfolio shareholders (name, address, nationality, legal form, ...etc.)
2. Names of all other parties that are related to the portfolio management company or to any of the portfolio shareholders, having equity in the bank's capital, whether such relation is through joint acquisition, joint management, or related interests as per CBK Board resolution dated 4/4/2004.
3. Number of shares of the portfolio manager and its related parties, the number of shares of each portfolio shareholder and their related parties, and the percentage of such shares of the bank's capital.
4. Any other information requested by CBK upon reviewing each case individually.

Therefore, banks are required to share this circular along with CBK's previous circular dated 6/4/2004 with its shareholders and companies managing their portfolios through all possible means of communication.

Moreover, banks are required to ensure that the proxy does not exceed the stipulated percentage. If such excess occurs, banks are required to comply with the provisions of Item (3) of CBK Circular dated 6/4/2004.

Best regards

Basel A. Al-Haroon