

EXECUTIVE SUMMARY SIGNIFICANT ANNOUNCEMENTS

COVERAGE: **CAPITAL MARKET AUTHORITY**

LOCATION: **SAUDI ARABIA**

ISSUE: **SEPTEMBER, 2021**



INTRODUCTION & SUMMARY

During the month of August 2021, Saudi Arabian Capital Market Authority issued a total 06 Announcements on different matters. These are predominantly announcements in the areas of Saudi Capital Market.



DETAILS OF ANNOUNCEMENTS

Key announcements by CMA during the month of August, 2021 are summarized below:

The Capital Market Authority approves the capital increase request for Emaar The Economic City through debt conversion` dated August 01, 2021

The CMA has approved Emaar the Economic City request to increase its capital through converting debt amounted SAR 2,833,333,340. This approval is conditional on the Company's extraordinary general assembly approval and completion of the necessary procedures in relation to the applicable regulations

- A shareholders' circular will be published clarifying reasons for the capital increase and its objectives within sufficient time prior to the Extraordinary General Assembly Meeting to enable shareholders to vote on the capital increase through debt conversion
- CMA advise the shareholders to carefully read the circular in order to make a well-informed decision when voting on the capital increase resolution for the said purpose
- The CMA's approval of a particular company's application to increase its capital should never be viewed as an endorsement of the feasibility of the capital increase for the purposes of a transaction. The CMA's approval merely means that the regulatory requirements as per the Capital Market Law and its Implementing Regulations have been met

Announcement for the referral of a suspicion of violating paragraph (a) of Article (49) of the Capital Market Law to the Public Prosecution" dated August 04, 2021

Based on Article (17) of the Capital Market Law, and in reference to the announcement of the Saudi Paper Manufacturing Company published on the Saudi Stock Exchange (Tadawul) website on 01/02/1441 H / 30/09/2019 G. with respect to the quarter financial statement for the period ending on 30/06/2019 G. published on Tadawul's website and the reservation of the external auditor appointed by the Company in relation to the accounting treatment carried out by the Company, which was approved by the auditor, regarding the lands sale and buy-back transactions carried out between 2012 G to 2016 G., which resulted in the removal of the reservation by the Company's board of directors by correcting the previous accounting treatment and adjusting the value of the retrieved lands

- As it was stated on the Company's above-mentioned announcement; the CMA informs the investors and participants in the capital market that the CMA Board has issued its resolution that included the referral of the Company's board chairman and members, the audit committee, and the Chief Financial Officer for the board term from 03/04/2012 G. until 26/04/2015 G, in addition to the Company's board chairman and the Chief Financial Officer for the board, term from 27/04/2015 G until 26/04/2018 G, to the Public Prosecution, for the suspicion that they carried out practices that led to creating a false and misleading impression with respect to the security value of the Saudi Paper Manufacturing Company. The Public Prosecution has filed the case against the suspects with the Committee for the Resolution of Securities Disputes
- Any person affected by these acts is entitled to file a compensation claim, individually or collectively, to the Committee for the Resolution of Securities Disputes, provided that such claim is preceded by a complaint filed with the CMA via the link available in this regard, as per Article

30 of the Capital Market Law

CMA Announces the Approval of Public Offering of "Watani Saudi Equity Fund" August 08, 2021

The CMA has issued its resolution approving the public offer, by "Watani Wealth Management Company", of "Watani Saudi Equity Fund".

Announcement for the referral of a suspicion of violating Articles (31) & (49) of the Capital Market Law and Article (5) of the Securities Business Regulations and Article (2) of the Market Conduct Regulations to the Public Prosecution dated August 10, 2021

The CMA informs investors and participants in the capital market that a CMA Board resolution has been issued regarding the referral of a suspicion of a violation to the Public Prosecution. The suspicion is regarding the violation of Articles (31) and (49) of the Capital Market Law and Article (5) of the Securities Business Regulations and Article (2) of the Market Conduct Regulations by an investor for managing a number of portfolios in the Saudi Stock Exchange and carrying out practices that involve manipulation and fraud in market trades, which resulting suspicion of his trading through portfolios managed by him on the shares of a number of listed companies on the Saudi Stock Exchange, where the suspicion case was regarding a number of violating behaviors included the entry of purchase orders that aims to influence the share price and the entry of purchase orders that are not intended to be executed

- CMA further advises to not to deal with unauthorized persons, whether they were of legal or natural personality, and must ensure that the persons with whom they deal have obtained the Authority's authorization, or visit the CMA's website to view the list of the authorized capital market institutions. The General Secretariat of Committees for Resolution of Securities Disputes will announce to the public the identities of convicted violators on its website upon the issuance of final decisions by the Committees for Resolution of Securities Disputes. Moreover, any person affected by these violations is entitled to file a compensation claim, after conviction, against the violators before the Committee for the Resolution of Securities Disputes as per Article (57) of the Capital Market Law, provided that such claim is preceded by a complaint filed to the CMA
- If any person who has entered into any agreement or contract with an unauthorized person is entitled to file a claim, individually or collectively, to the Committee for the Resolution of Securities Disputes to rescind the agreement or contract and recover any money or other property paid or transferred pursuant to such agreement or contract, in accordance with the Capital Market Law, and such claim is preceded by a complaint to the CMA via the link given in announcement

CMA Approves AYYAN Investment Company request to increase its capital to acquire 26.43% shares of Al- Ahsa Medical Services Company dated August 30, 2021

The CMA announces the issuance of its resolution on 22/01/1443H corresponding to 30/08/2021G approving AYYAN Investment Company request to increase its capital from SAR (737,320,690) to SAR (806,363,280) by issuing (6,904,259) ordinary shares to acquire 26.43% shares of Al-Ahsa Medical Services Company

- Shareholder circular related AYYAN Investment Company capital increase will be published

within sufficient time before the Extraordinary General Assembly Meeting. CMA advise that the shareholder circular must include all relevant information that the shareholders need to know before making an informed decision when voting on the capital increase for the purpose described, including the increase in capital and risk factors

- A voting decision without reading the shareholders circular and carefully reviewing its content may involve high risks. CMA advise the shareholders to carefully read the shareholders circular to be able to reach a proper voting decision
- The CMA's approval of the Company's request to increase its capital should never be considered as an endorsement of the increase in capital for the aforementioned purpose feasibility. The CMA's approval of the application merely means that the legal requirements as per the Capital Market Law and its Implementing Regulations have been met

Announcement for the Referral of Suspicions of a Number of Violations for a Number of Suspects of the Capital Market Law, the Securities Business Regulations and the Market Conduct Regulations to the Public Prosecution dated August 31, 2021

The Capital Market Authority would like to announce to all participants and investors in the Saudi stock Exchange that it has detected, that a group on a social media program that includes more than (250) members, through which internal information is disclosed for companies listed in the Saudi stock Exchange before it is announced in a regular manner by those companies on the Saudi Tadawul Group's website, among that inside information are advertisements related to (a company contracting with another company to provide cooperative health insurance services, positive financial results for a company, capital increase and distribution of cash dividends to shareholders).

Whereas, the seizure and deduction procedures resulted in committing a number of person's violations related to disclosing inside information for companies listed on the Saudi Stock Exchange, and some of the suspects work in companies listed on the Exchange, and after identifying those responsible for these violations; the CMA Board resolution has been issued regarding the referral of several suspicions to the Public Prosecution, according to the following:

- The referral of the group supervisor regarding the violation of Articles (31) and (49) of the Capital Market Law and Article (5) of the Securities Business Regulations and Articles (2) and (8) of the Market Conduct Regulations to the Public Persecution by a suspect for his responsibility of managing a number of portfolios in the Saudi Stock Exchange without obtaining a license from the CMA and carried out practices that involve manipulation and fraud in market trades, which resulting suspicion of his trading through his portfolios and portfolios managed by him on the shares of a number of listed companies on the Saudi Stock Exchange, where the suspicion cases were regarding a number of violating behaviors included his responsibility with another suspect of the entry of purchase orders that aims to influence the share price, the entry of purchase orders in the closing auction with the aim of achieving a high closing price and the entry of an order for the sale of a security with prior knowledge that an order of the same size, time and price for the sale of that security, has been or will be entered
- The referral of a suspicion regarding the violating of Article (50) of the Capital Market Law and Article (5) of the Market Conduct Regulations by a number of insiders, among them are employees in a number of listed companies on the Saudi Stock Exchange. where they disclosed inside information related to these companies before it is announced in a regular manner on the Saudi

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- stock Exchange's website
- CMA request to not to deal with unauthorized persons, whether they were of legal or natural personality where their business is promoted via social media or any other means and must ensure that the persons with whom they deal have obtained the Authority's authorization, or visit the CMA's website to view the list of the authorized capital market institutions
- Any person who has entered into any agreement or contract with an unauthorised person is entitled to file a claim, individually or collectively to the Committee for the Resolution of Securities Disputes to rescind the agreement or contract and recover any money or other property paid or transferred pursuant to such agreement or contract, in accordance with paragraph (b) of Article (60) of the Capital Market Law, provided that these claims are preceded by a complaint filed to the CMA via the link given in announcement.

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