

EXECUTIVE SUMMARY SIGNIFICANT ANNOUNCEMENTS

COVERAGE: **CAPITAL MARKET AUTHORITY**

LOCATION: **SAUDI ARABIA**

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INTRODUCTION & SUMMARY

During the month of July 2023, Saudi Arabian Capital Market Authority issued total 12 announcements in the area of Capital Market.



DETAILS OF ANNOUNCEMENTS

Key announcements by CMA during the month of June 2023 are summarized below:

Aiming to Boost Protection of Client Money and Assets, "The Capital Market Authority" Calls for Public Consultation on the Amended Draft of Capital Market Institutions Regulations dated 06 / 07 / 2023.

The Capital Market Authority's (CMA) Board has invited individuals and entities involved in the capital market to provide feedback on the Amended Draft of Capital Market Institutions Regulations. This public consultation period will last for thirty days, concluding on August 4, 2023. The purpose is to gather input and opinions on the proposed changes to these regulations.

The Amended Draft Regulations focus on enhancing the regulations related to bankruptcy of capital market institutions, particularly in Part 8 of the Capital Market Institutions Regulations. The goal is to clarify the responsibilities and authority of the CMA in overseeing these institutions during bankruptcy situations. This aims to improve the safeguarding of clients' funds and assets, ultimately leading to greater stability within the capital market.

The key aspects of the Amended Draft Regulations involve introducing a new requirement for capital market institutions that hold clients' funds or assets or manage investment funds. These institutions must now obtain written consent from the CMA before initiating any bankruptcy or judicial depository proceedings. This consent must be secured prior to approaching the appropriate court for such actions.

The Amended Draft Regulations introduce a new provision that explicitly declares that clients' funds and assets will not be considered part of a capital market institution's assets in case of bankruptcy. This also ensures that clients' funds and assets are exempt from the legal restrictions outlined in the Bankruptcy Law, including moratorium provisions. This addition aims to prevent the inclusion of clients' funds and assets as part of bankruptcy proceedings and emphasizes their exclusion from any moratorium measures outlined in the Bankruptcy Law.

The Draft Amendments encompass the addition of a broad provision that empowers the CMA to guide capital market institutions in taking necessary actions, as deemed appropriate under the Capital Market Law and its Implementing Regulations, to enhance the security of clients' funds and assets. This can involve finalizing pending transactions or transferring them to another institution, as well as facilitating the transfer of clients' funds and assets while safeguarding their rights. These changes are expected to fortify investor protection, instill greater trust among participants, and contribute to the growth and advancement of the capital market.

The CMA announced that the comments of relevant and interested persons shall be taken

into full consideration for the purpose of finalizing the draft amendments. Such comments can be posed through any of the following:

The Unified Electronic Platform for Consulting the Public and Government Entities (Public Consultation Platform "Istitlaa"), affiliated with the National Competitiveness Center (NCC) through the following link: (istitlaa.ncc.gov.sa)

The prescribed form through the following email: (Laws.Regulations@cma.org.sa)

The Draft can be viewed via the following link:
Amended Draft of Capital Market Institutions Regulations
Prescribed form for providing comments.

Announcing the Issuance of ACRSD Final Decision Convicting Number of (Previous) Board Members and Managing Director in Thimar Development Holding Company for Violating the Capital Market Law and its Implementing Regulations dated 06 / 07 / 2023.

The General Secretariat of Committees for Resolution of Securities Disputes announces the issuance of the Appeal Committee for the Resolution of Securities Disputes' resolution dated 26/11/1444 H., corresponding to 15/06/2023.

The General Secretariat of the Committees for Resolution of Securities Disputes (GS-CRSD) announces the issuance of the Appeal Committee for the Resolution of Securities Disputes' (ACRSD) final decision No. (2928/L.S/2023) of 1444 H., dated 26/11/1444 H., corresponding to 15/06/2023, on the public case filed by the Capital Market Authority (CMA) against a number of (previous) members of board of directors and the managing director in the Thimar Development Holding Company (Thimar), being: Ibrahim bin Abdulkarim bin Ibrahim Almayouf (Chairman of Board of Directors), Sari bin Ibrahim bin Abdulkarim Almayouf (Managing Director), Abdulaziz bin Ahmad bin Abdullah Alghanim (Member of Board of Directors), Mut'ib bin Saif bin Abdullah Alsaif (Member of Board of Directors), Abdullah bin Abdulrahman bin Fahad Alhamoudi (Member of Board of Directors), Muhammad bin Abdulkarim bin Ibrahim Almayouf (Member of Board of Directors), and Najla' bint Fahad bin Muhammad Abunayyan (Member of Board of Directors).

The decision reached a verdict against the mentioned individuals for violating Article (44) of the Listing Rules and Article (10/b/2) of the Corporate Governance Regulations, now amended to Article (22/2/b) of the Corporate Governance Regulations. Their transgressions included not exercising their authority and duties as board members of the Company in its best interest. This was evident when they sold off the Company's real estate holdings, resulting in the halt of certain activities due to non-compliance with the Articles of Association. The decision was prompted by their approval of an investor's offer to buy a portion of the Company's stake in Thimar and Wasmi Agricultural Markets Company. This arrangement also involved transferring ownership of all assets to Thimar and Wasmi Agricultural Markets Company. Additionally, their breach extended to signing a lease and investment contract for a commercial complex construction site, even though

this activity wasn't aligned with the provisions of the Articles of Association.

The decision found the individuals, including Ibrahim bin Muhammad bin Ibrahim Alshabeeb and Abdulkarim bin Ibrahim bin Abdulkarim Almayouf, guilty of violating Corporate Governance Regulations by neglecting core duties as board members. This included not maintaining fixed asset records from 2014 to 2018, despite a policy requiring annual inventory.

The decision included the imposition of a number of sanctions upon them according to the following:

Ibrahim bin Abdulkarim bin Ibrahim Almayouf:

Imposing a fine upon him amounting to (SR. 300,000) three hundred thousand Saudi Riyals. Banning him from working in companies listed in the Exchange for a period of Six years.

Sari bin Ibrahim bin Abdulkarim Almayouf:

Imposing a fine upon him amounting to (SR. 300,000) three hundred thousand Saudi Riyals. Banning him from working in companies listed in the Exchange for a period of Six years.

Abdulaziz bin Ahmad bin Abdullah Alghanim:

Imposing a fine upon him amounting to (SR. 300,000) three hundred thousand Saudi Riyals. Banning him from working in companies listed in the Exchange for a period of Two years.

Mut'ib bin Saif bin Abdullah Alsaif:

Imposing a fine upon him amounting to (SR. 300,000) three hundred thousand Saudi Riyals. Banning him from working in companies listed in the Exchange for a period of Two years.

Abdullah bin Abdulrahman bin Fahad Alhamoudi:

Imposing a fine upon him amounting to (SR. 300,000) three hundred thousand Saudi Riyals. Banning him from working in companies listed in the Exchange for a period of Two years.

Muhammad bin Abdulkarim bin Ibrahim Almayouf:

Imposing a fine upon him amounting to (SR. 150,000) one hundred fifty thousand Saudi Riyals. Banning him from working in companies listed in the Exchange for a period of Two years.

Najla' bint Fahad bin Muhammad Abunayyan:

Imposing a fine upon her amounting to (SR. 200,000) two hundred thousand Saudi Riyals. Banning her from working in companies listed in the Exchange for a period of Two years.

Ibrahim bin Muhammad bin Ibrahim Alshabeeb:
Imposing a fine upon him amounting to (SR. 50,000) fifty thousand Saudi Riyals.

Abdulkarim bin Ibrahim bin Abdulkarim Almayouf:
Imposing a fine upon him amounting to (SR. 50,000) fifty thousand Saudi Riyals.

Those impacted by these violations have the right to submit a compensation claim (individual or class action) to the CRSD for damages resulting from these infractions. However, before making a claim, they must first file a complaint with the CMA, using the provided link: (File Complaint)

However, the GS-CRSD will announce to the public on its website in case of registering any class action to enable the rest of investors affected by such violations to apply to the CRSD to join the class action.

CMA Announces the Approval of Public Offering of " Dom Capital Murabaha Fund SAR" dated 18 / 07 / 2023.

The CMA has approved the public offer of "Dom Capital Murabaha Fund SAR" by "Dom Capital Financial Company". It's crucial for investors to thoroughly review the Terms and Conditions before making an investment decision, as not doing so can be risky. The Terms and Conditions provide detailed information about the Fund, its strategy, and associated risks. If the content is difficult to understand, consulting the fund manager for clarification is advised. It's important to note that the CMA's approval of the fund doesn't constitute a recommendation to subscribe; it simply confirms compliance with legal requirements under the Capital Market Law and its Regulations.

The Capital Market Authority approves the capital increase request for The Company for Cooperative Insurance through the issuance of bonus shares dated 19 / 07 / 2023.

The CMA has approved The Company for Cooperative Insurance's request to raise its capital from SAR 1,250,000,000 to SAR 1,500,000,000. This increase will be done by issuing one bonus share for every five existing shares held by shareholders registered in the Security Depository Center. The additional capital of SAR 250,000,000 will come from the "Retained earnings" account. This will lead to a total of 150,000,000 outstanding shares, up from 125,000,000, an increase of 25,000,000 shares. The extraordinary general assembly meeting is to be held within six months of the approval, while adhering to all regulatory requirements and applicable laws.

The Capital Market Authority approves the capital increase request for Al-Babtain Power and Telecommunication Co. through the issuance of bonus shares dated 19 / 07 / 2023.

The CMA has approved Al-Babtain Power and Telecommunication Company's capital increase request from SAR 426,313,120 to SAR 639,469,680. This involves issuing one bonus share for every two existing shares held by shareholders registered in the Security

Depository Center. The capital increase of SAR 213,156,560 will come from the "Retained earnings" account. This will result in a total of 63,946,968 outstanding shares, up from 42,631,312, representing a growth of 21,315,656 shares. An extraordinary general assembly meeting is to be convened within six months of this approval, ensuring compliance with regulatory requirements and applicable laws.

CMA: Obligating (17) Violators and (5) Investors to Pay (1.196) Billion Saudi Riyals for Illegal Gains and Fining Violators (6) Million Saudi Riyals dated 20 / 07 / 2023.

The Capital Market Authority (CMA) has declared the final decision of the Committees for Resolution of Securities Disputes, finding (17) individuals guilty of breaching Article (49/a) of the Capital Market Law and Article (2/a) of the Market Conduct Regulations. The decision mandates both the violators and (5) investors to pay a total of (1.196) billion Saudi Riyals, representing the illicit gains. Additionally, fines exceeding (6) million Saudi Riyals have been imposed on the convicted individuals.

The CMA highlighted that the final decision from the Appeal Committee for Resolution of Securities Disputes (ACRSD) was the result of collaboration between the Authority, Public Prosecution, and law enforcement authorities. This followed a public penal lawsuit initiated by the Public Prosecution, referred by the CMA, against individuals who violated the Capital Market Law and its Implementing Regulations. The convicts engaged in trading Dar Alarkan Real Estate Development Company shares from 27/04/2017 to 23/01/2018 and 18/02/2018 to 31/05/2018. Their activities were categorized as manipulation and fraud, creating misleading perceptions about the company's security. They committed violations by placing purchase and sale orders to impact the share price and closing share price.

The CMA has explained that the Appeal Committee for Resolution of Securities Disputes (ACRSD) has mandated the (17) individuals found guilty to make payments exceeding (796) million Saudi Riyals to the CMA's account. This is in response to the illegal gains they obtained through their portfolios. Additionally, they have been fined (6) million Saudi Riyals for violations committed through their portfolios and for using portfolios of five other investors to carry out similar violations. The decision also requires the five investors to pay more than (399) million Saudi Riyals to compensate for their illegal gains in their portfolios.

Apart from fines exceeding six million Saudi riyals, the decision also imposed additional sanctions on the convicted individuals. These sanctions involve prohibiting them from engaging in direct or indirect trading and managing portfolios for durations ranging from six months to one year.

The CMA emphasizes the significance of investor confidence for the capital market's growth. It vigilantly monitors violations of laws, rules, and regulations, taking action against offenders to ensure a fair and secure investment environment. The CMA urges market participants to be aware that fraudulent or manipulative actions are criminal

offenses, leading to legal consequences and sanctions as per the Capital Market Law.

The CMA emphasizes its commitment to pursue market manipulators using its powers under the Capital Market Law. It employs advanced technology to monitor transactions, suspects, and coordinates with law enforcement authorities to track those attempting manipulation or deception. These measures align with the CMA's goals to enhance market efficiency, protect participants, and prevent deception and manipulation.

Those impacted by violations in this case can file compensation claims (individual or class action) against violators with the Committee for Resolution of Securities Disputes (CRSD). To do so, they must first submit a complaint to the CMA through the provided link before proceeding with the claim process. (File Complaint)

Additionally, the CMA noted that the CRSD's General Secretariat has published the identities of these violators, along with their proven violations and sanctions, on its website. This disclosure follows the final ruling by ACRSD against all those who violated the Capital Market Law and its Implementing Regulations.

The Capital Market Authority approves Salama Cooperative Insurance Company's request to increase its capital by way of Rights Issue dated 23 / 07 / 2023.

The CMA approved Salama Cooperative Insurance Company's request for a capital increase of SAR 100,000,000 through a rights issue. This increase is exclusive to shareholders registered in the Security Depository Center's registry after an extraordinary general assembly meeting, with details to be determined by the Company's board of directors. The offering price and share quantity will be set by the Company after the same-day assembly meeting. The CMA's approval followed regulatory requirements and criteria for capital increase requests. The rights issue prospectus will be publicly available at a later date.

Investors should avoid making investment decisions solely based on the Company's board recommendation or the CMA's approval for capital increase. Reading the rights issue prospectus is crucial as it contains comprehensive details on the Company, the offering, and associated risks. This allows informed assessment of the investment's viability, considering risks. If the prospectus is unclear, consulting an authorized financial advisor before investing is advised.

The CMA's approval of the prospectus should never be considered as a recommendation to participate in the offer nor invest in the Company's shares. The CMA's approval of the prospectus merely means that the legal requirements as per the Capital Market Law and its Implementing Regulations have been met.

CMA Announces the Approval of Gulf Union Alahlia Cooperative Insurance Co. request to increase its capital to merge Al Sagr Cooperative Insurance Co. into Gulf Union Alahlia Cooperative Insurance Co. through a securities exchange offer dated 26 / 07 / 2023.

The CMA has approved Gulf Union Alahlia Cooperative Insurance Co.'s capital increase request from SAR 458,949,280 to SAR 620,192,450 by issuing 16,124,317 ordinary shares. The capital increase involves merging Al Sagr Cooperative Insurance Co. into Gulf Union Alahlia Cooperative Insurance Co. through a securities exchange offer, with assets and liabilities transferred accordingly.

Gulf Union Alahlia Cooperative Insurance Co. will publish a shareholder circular ahead of the Extraordinary General Assembly Meeting, containing all necessary details for informed voting. The CMA's resolution endorsed the proposed offer timetable and the publication of the offer document by Gulf Union Alahlia Cooperative Insurance Co. to Al Sagr Cooperative Insurance Co. shareholders for the merger process.

The offer document of Gulf Union Alahlia Cooperative Insurance Co. will be provided to Al Sagr Cooperative Insurance Co. shareholders before their Extraordinary General Assembly Meeting, ahead of a merger through securities exchange. This document will include all necessary information, enabling shareholders to make informed decisions regarding the offer, including its details and associated risks.

If shareholders of Gulf Union Alahlia Cooperative Insurance Co. approve the capital increase, and shareholders of Al Sagr Cooperative Insurance Co. accept the offer in their respective meetings, new shares will be issued to Al Sagr Cooperative Insurance Co. shareholders registered with the Securities Depository Center Company. Subsequently, the shares of Al Sagr Cooperative Insurance Co. will be removed from the Saudi Stock Exchange, contingent upon approval from both companies' shareholders.

Voting without careful review of the shareholder circular and offer document can pose significant risks. Shareholders must thoroughly examine these documents for informed voting. Consulting an authorized financial advisor is advised if the content is challenging to understand.

The CMA's approval doesn't endorse merger feasibility. It signifies compliance with legal requirements under the Capital Market Law and its Implementing Regulations.

CMA Announces the Approval of Public Offering of "Al Rajhi Momentum Fund" dated 30 / 07 / 2023.

The CMA has approved the public offer of "Al Rajhi Momentum Fund" by "Al Rajhi Capital". Investors are advised to carefully read the Terms and Conditions, containing detailed fund information, investment strategy, and risk factors. Understanding these details is crucial for assessing associated risks. If understanding is challenging, consulting the fund manager is recommended.

The CMA's approval doesn't serve as a subscription recommendation; it signifies compliance with legal requirements under the Capital Market Law and its Implementing Regulations.

CMA Announces the Approval of Public Offering of "Al Rajhi Mid/Small-Cap Fund" dated 30 / 07 / 2023.

The CMA has approved the public offer of "Al Rajhi Mid/Small-Cap Fund" by "Al Rajhi Capital". Investors are advised to thoroughly read the Terms and Conditions, providing detailed fund insights, investment strategy, and risk factors. Understanding these details is crucial for evaluating associated risks. If the content proves complex, consulting the fund manager is advisable.

The CMA's approval doesn't imply subscription recommendation; it signifies compliance with legal requirements under the Capital Market Law and its Implementing Regulations.

CMA Announces the Approval of Public Offering of " Al Rajhi Monthly Distribution Fund 2" dated 30 / 07 / 2023.

The CMA has approved the public offer of "Al Rajhi Monthly Distribution Fund 2" by "Al Rajhi Capital". Investors are advised to carefully read the Terms and Conditions, containing detailed fund information, investment strategy, and risk factors, to assess feasibility and associated risks. If the content is challenging, consulting the fund manager is recommended.

The CMA's approval is not a subscription recommendation; it indicates compliance with legal requirements under the Capital Market Law and its Implementing Regulations.

CMA Announces the Approval of Public Offering of "Al Rajhi Inclusion Fund" dated 30 / 07 / 2023.

The CMA approved the "Al Rajhi Inclusion Fund" public offer by "Al Rajhi Capital". Investors should read the detailed Terms and Conditions, including fund info, strategy, and risks, to make informed decisions. Consulting the fund manager is suggested if understanding is difficult.

CMA's approval isn't a subscription recommendation; it confirms legal compliance under the Capital Market Law and its Implementing Regulations.

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