

# **EXECUTIVE SUMMARY**

## **SIGNIFICANT ANNOUNCEMENTS**

**COVERAGE: CAPITAL MARKET AUTHORITY**

**LOCATION: KINGDOM OF SAUDI ARABIA**

**ISSUE: NOVEMBER, 2023**



## INTRODUCTION & SUMMARY

During the month of October 2023, Saudi Arabian Capital Market Authority issued a total of 20 Announcements in the area of capital Market.

ANNOUNCEMENTS

20



## DETAILS OF ANNOUNCEMENTS

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

*The Capital Market Authority Licenses Valuable Capital Financial Company to Conduct Dealing, Custody, and Advising Activities in the Securities Business and its Completion of the Commencements of Business Requirements dated 1<sup>st</sup> October 2023*

The Capital Market Authority, in adherence to the Capital Market Law and its Implementing Regulations, declares that Valuable Capital Financial Company has fulfilled the necessary prerequisites for engaging in Dealing, Custody, and Advising Activities in the Securities Business. This authorization was granted through a CMA resolution on 23/03/1444H, corresponding to 19/10/2022G.

*The Capital Market Authority Announces the Approval of the Registration and Offering of shares of Pan Gulf Marketing Company in the Parallel Market dated 1<sup>st</sup> October 2023*

The Capital Market Authority (CMA) Board has approved Pan Gulf Marketing Company's application to register and offer 600,000 shares (12% of the company's share capital) on the Parallel Market. The offering is limited to Qualified Investors as defined by CMA regulations. A prospectus will be published before the offering, and prospective investors are advised to conduct due diligence. CMA's approval does not serve as a recommendation to invest but indicates compliance with legal requirements. The approval is valid for 6 months, and if the offering is not completed within this period, it is considered canceled.

*CMA Announces the Approval of Public Offering of "anb capital Digital & IT Equity Fund (Shariah)" 2<sup>nd</sup> October 2023*

The CMA has approved the public offer of "anb capital Digital & IT Equity Fund (Shariah)" by anb capital. Investors are cautioned to carefully read the Terms and Conditions, including information on the Fund, investment strategy, and risks. The CMA's approval is not a recommendation to subscribe but signifies compliance with legal requirements. Investors struggling to understand the Terms and Conditions are advised to consult the fund manager for clarification.

*CMA Announces the Approval of Public Offering of "DERAYAH SAUDI EQUITIES FUND" 2<sup>nd</sup> October 2023*

The CMA has approved Derayah Financial Company's public offer of "DERAYAH SAUDI EQUITIES FUND." Investors are advised to carefully read the Terms and Conditions, containing detailed information on the fund, investment strategy, and risks. Failure to review these may entail high risk. If the Terms and Conditions are challenging to understand, consulting the fund manager for clarification is recommended. The CMA's approval is not a recommendation to subscribe but indicates compliance with legal requirements.

*The Capital Market Authority Announces the Approval on the Registration of shares of Al Mujtama Pharmacy Company for Direct Listing in the Parallel Market 4<sup>th</sup> October, 2023*

The CMA Board has approved Al Mujtama Pharmacy Company's application for the direct listing of its shares on the parallel market. The trading of these shares is limited to Qualified Investors. A registration document will be published before listing, and prospective investors are advised to conduct due diligence. The CMA's approval is not a recommendation to invest but signifies compliance with legal requirements. The approval is valid for six months, and if the listing is not completed within this period, it is considered canceled.

*The Capital Market Authority approves the capital increase request for Sure Global Tech Co. through the issuance of bonus shares 4<sup>th</sup> October, 2023*

The CMA has approved Sure Global Tech Co.'s request to increase its capital from SAR 51,297,500 to SAR 76,946,250. The increase will be achieved by issuing one bonus share for every two existing shares. The amount of SAR 25,648,750 will be transferred from "Retained earnings" to the Company's capital. This will result in the outstanding shares increasing from 5,129,750 to 7,694,625, with an additional 2,564,875 shares. An extraordinary general assembly is required within six months of the approval date to fulfill regulatory requirements and applicable laws.

*CMA amends the Instructions for the Companies Announcements of Shareholding Companies Listed on the Saudi Stock Exchange 5<sup>th</sup> October, 2023*

The CMA Board has approved amendments to the Instructions for the Announcements of Shareholding Companies Listed on the Saudi Stock Exchange, effective from 01/01/2024G. These changes aim to enhance disclosure procedures for listed companies, align with best practices, and provide investors with accurate and adequate information. Key amendments include revised forms for announcing annual and preliminary financial results of insurance companies according to IFRS 17, the addition of forms for capital increase with suspension of priority rights and announcing the impact of emergency events on business. The Instructions, outlining essential elements for company announcements on Tadawul's website, are expected to improve the quality of disclosures, benefit market participants, enhance investor protection, and raise awareness. The initial version of the Instructions was issued in 2006, with periodic updates in compliance with statutory provisions.

*The Capital Market Authority approves National Agricultural Development Company's request to increase its capital by way of Rights Issue 5<sup>th</sup> October, 2023*

The CMA has approved the National Agricultural Development Company's request to increase its capital through a rights issue valued at SAR 2,000,000,000. The increase is limited to registered shareholders as of the closing of the second trading day after the extraordinary general assembly meeting. The offering price and number of shares will be determined by the company after the assembly. Investors are cautioned to read the prospectus carefully, containing detailed information on the company, the offering, and risk factors. The CMA's approval does not constitute a recommendation to participate, indicating only compliance with legal requirements. It emphasizes the importance of due diligence and consulting with a financial advisor if the prospectus is challenging to understand.

*Amendment to Business Profile of Afaq Capital Company 8<sup>th</sup> October 2023*

Based upon the Capital Market Law issued by Royal Decree No. (M/30) dated 02/06/1424H and its Implementing Regulations, the Capital Market Authority announces its approval to the amendment of the Business Profile requested by Afaq Capital Company, to be authorized to conduct Managing Investments, and Arranging activities in the Securities Business.



*The Capital Market Authority Announces the Start of Receiving ATS Applications 9<sup>th</sup> October, 2023*

The CMA has initiated the submission period for authorization applications to conduct Securities Exchange activities as an Alternative Trading System (ATS) in the Kingdom, specifically for Sukuk and Debt Instruments. The period began on 24/03/1445 AH (09/10/2023) and concluded on 21/09/1445 AH (31/03/2024). The CMA aims to enhance the secondary market for debt instruments, broaden the investor base, and introduce new products in the Saudi capital market. Interested parties, both local and international, are encouraged to apply, adhering to the specified requirements outlined in the Securities Exchanges and Depository Centers Regulations. The CMA may impose conditions for market safety and investor protection upon approval. The ATS is defined as an Exchange authorized by the CMA to trade specific securities for designated investor categories. The current submission period focuses on Sukuk and debt instruments, with potential expansions to other security types in subsequent stages. The regulatory framework for Securities Exchanges has been developed to strengthen the Saudi capital market's stability and regulatory environment, reflecting the CMA's commitment to market growth and participant needs. For detailed information on the authorization process and requirements, refer to the document "The Authorization to Carry Out Securities Exchange Activities as an Alternative Trading System in the Kingdom."

*The Capital Market Authority approves Naseej International Trading Company's request to increase its capital by way of Rights Issue 12<sup>th</sup> October, 2023*

The CMA has approved Naseej International Trading Company's request for a capital increase through a rights issue valued at SAR 163,459,510. The increase is exclusive to registered shareholders as of the second trading day after the extraordinary general assembly meeting, to be determined later by the Company's board. The offering price and the number of shares will be decided by the company after the market closes on the assembly day. The CMA's approval, based on regulatory requirements and criteria, signifies compliance with legal standards. The rights issue prospectus, containing detailed information on the company, the offering, and risk factors, will be made public later. Investors are advised to carefully read the prospectus to assess the viability of the investment and consult with a financial advisor if needed. The CMA's approval does not serve as a recommendation to participate or invest but confirms compliance with legal requirements.

*The Capital Market Authority approves the capital increase request for Nofoth Food Products Co. through the issuance of bonus shares 12<sup>th</sup> October, 2023*

The CMA has approved Nofoth Food Products Co.'s request to double its capital from SAR 24,000,000 to SAR 48,000,000. This increase will be achieved by issuing one bonus share for every existing share, limited to registered shareholders as of the second trading day after a later determined due date. The additional capital of SAR 24,000,000 will be transferred from the "Retained earnings" account to the company's capital. Consequently, the outstanding shares will increase from 24,000,000 to 48,000,000, adding 24,000,000 shares. An extraordinary general assembly is required within six months of the approval date, during which the company must fulfill all regulatory requirements and applicable laws.

*The CMA Approves the Registration of Al-Saleh, Al-Zoman and Al-Fahad- CPA 17<sup>th</sup> October, 2023*

The CMA Board has approved the registration of Al-Saleh and Al-Zoman and Al-Fahad-CPA to conduct audit engagements for Entities Subject to the Authority's Supervision (ESAS) with specified conditions and limitations. This registration aims to enhance market confidence, transparency, and disclosure in the capital market by ensuring the accuracy of financial statements. With this approval, the total number of CMA-registered accounting firms and auditors has increased to 15 firms and 43 auditors, respectively. The CMA had previously issued regulations in 2018, titled "Rules for Registering Auditors of Entities Subject to the Authority's Supervision," and amended them in 2022 to enhance the registration procedures for ESAS auditors.

*The Capital Market Authority. Imposing SAR 4.2 Million Fines on Two Companies for Violating the Capital Market Law and its Implementing Regulations 18<sup>th</sup> October, 2023*

The CMA has announced the final decision from the Appeal Committee for Resolution of Securities Disputes (ACRSD), convicting Swiss International Marketing Company and Swiss International Financial Services Company (Swissfs) for violating the Capital Market Law and Securities Business Regulations. The companies were found guilty of engaging in securities business, specifically dealing, managing, and advising, without obtaining a license from the CMA. The violation occurred through the provision of trading services and advertising on the social media platform "LinkedIn" between 01/07/2021 and 29/12/2021. The ACRSD imposed a fine of SAR 4.2 million, equally divided between the two companies,

for breaching Article (31) of the Capital Market Law and Articles (5) and (17) of the Securities Business Regulations. The CMA clarified that any person who has entered into an agreement or contract with the two convicted companies in relation to these violations is entitled to file a claim, jointly or severally, with the CRSD to request the rescission of the agreement or contract and the recovery of any money or other property paid or transferred by him under the agreement or contract, provided that such claim is preceded by a complaint filed with the CMA.

The CMA has announced final decisions from the Appeal Committee for Resolution of Securities Disputes (ACRSD) following joint coordination with the Public Prosecution and relevant security authorities. The decisions resulted from a public penal case filed against several violators, emphasizing the CMA's commitment to investor confidence and market growth. The CMA actively monitors and takes action against behaviors violating the Capital Market Law and regulations, aiming to create a secure investment environment free from fraud and manipulation. It calls on all market participants to view illegal practices as criminal offenses, subject to legal accountability and penalties. The CMA vows to pursue financial market manipulators using advanced technical means, coordinating with security authorities to uphold market efficiency and protect participants from deception and manipulation.

*CMA Announces the Approval of Public Offering of "Takaful Endowment Fund" 22<sup>nd</sup> October, 2023*

The CMA has approved the public offer of the "Takaful Endowment Fund" by "Al Rajhi Capital." Investors are cautioned to carefully read the Terms and Conditions, containing detailed information on the fund, investment strategy, and risk factors. The CMA's approval does not serve as a recommendation to subscribe but indicates compliance with legal requirements. If the Terms and Conditions are challenging to understand, it is recommended to consult with the fund manager for clarification.

*CMA Announces the Approval of Public Offering of "Trahum Endowment Fund" 22<sup>nd</sup> October, 2023*

The CMA has approved the public offer of the "Trahum Endowment Fund" by "Al Rajhi Capital." Investors are advised to carefully read the Terms and Conditions, which provide detailed information on the fund, investment strategy, and risk factors. The CMA's



approval does not serve as a recommendation to subscribe but confirms compliance with legal requirements. If the Terms and Conditions are challenging to understand, it is recommended to consult with the fund manager for more information.

*An Announcement from Capital Market Authority regarding the approval of Exchange Traded Fund "Albilad MSCI Saudi Growth ETF" 25<sup>th</sup> October, 2023*

The CMA has approved AlBilad Investment Company's request to offer "Albilad MSCI Saudi Growth ETF" units on the Saudi Stock Exchange (Tadawul) as an Exchange Traded Fund. The Terms and Conditions (T&Cs) for the ETF can be obtained from the fund manager's and the CMA's websites, providing essential information for investors to consider. Investors are advised to read the T&Cs carefully, as they include detailed information on the ETF's strategy, objectives, and risk factors. Failure to review the T&Cs thoroughly may pose a high risk, and investors are recommended to consult with an authorized financial advisor if the terms are difficult to understand. The CMA's approval signifies compliance with legal requirements but is not a recommendation to invest in the ETF.

*The Capital Market Authority Licenses Manafa Capital to Conduct Arranging Activity in the Securities Business and its Completion of the Commencements of Business Requirements 26<sup>th</sup> October, 2023*

In accordance to the Capital Market Law issued by Royal Decree No. (M/30) dated 02/06/1424H and its Implementing Regulations, the Capital Market Authority announces that Manafa Capital has completed the commencements of business requirements to conduct Arranging Activity in the Securities Business licensed as per CMA resolution dated 17/09/1443H corresponding to 18/04/2022G.

*CMA Announces the Approval of United Cooperative Assurance Co. request to increase its capital to merge Saudi Enaya Cooperative Insurance Co. into United Cooperative Assurance Co. through a securities exchange offer 30<sup>th</sup> October, 2023*

The CMA has approved United Cooperative Assurance Co.'s request to increase its capital from SAR 400,000,000 to SAR 592,601,670 by issuing 19,260,167 ordinary shares, incorporating the merger of Saudi Enaya Cooperative Insurance Co. into United Cooperative Assurance Co. This involves transferring all assets and liabilities of Saudi Enaya Cooperative Insurance Co. through a securities exchange offer. The capital increase circular for shareholders, containing essential information, will be published

before the Extraordinary General Assembly Meeting. The CMA has also approved the proposed offer timetable and the publication of the offer document for Saudi Enaya Cooperative Insurance Co. shareholders. The document will be released before their Extraordinary General Assembly Meeting, covering pertinent information for an informed decision on the merger. If approved, new shares will be issued to Saudi Enaya Cooperative Insurance Co. shareholders, and the shares of Saudi Enaya Cooperative Insurance Co. will be delisted from the Saudi Stock Exchange. Investors are warned of the high risks involved in making voting decisions without carefully reading the circular and offer document. Consulting with an authorized financial advisor is recommended if the documents are difficult to understand. The CMA's approval indicates compliance with legal requirements, not an endorsement of the merger's feasibility.

*Amendment to Business Profile of Artal Capital Company 30<sup>th</sup> October, 2023*

Based upon the Capital Market Law issued by Royal Decree No. (M/30) dated 02/06/1424H and its Implementing Regulations, the Capital Market Authority announces its approval to the amendment of the Business Profile requested by Artal Capital Company, to be authorized to conduct Managing Investments and Operating Funds activity in the Securities Business.

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