

Kingdom of Saudi Arabia



هيئة السوق المالية
Capital Market Authority

Capital Market Law

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Chapter One

Definitions

Article One

Unless the context otherwise indicates, the following words and phrases, wherever they appear in this Law, shall have the meaning herein specified:

- **Kingdom:** the Kingdom of Saudi Arabia.
- **The Authority:** the Capital Market Authority.
- **The Board:** the Board of the Capital Market Authority.
- **The Chairman:** the Chairman of the Board of the Capital Market Authority.
- **Person:** any natural or legal person that is recognized as such under the laws of the Kingdom.
- **The Exchange:** the Saudi Stock Exchange.
- **Trading:** buying and selling of securities.
- **Issuer:** a person who is issuing or intending to issue securities.
- **Affiliate:** a person who controls another person or is controlled by that other person, or who is jointly being controlled with that person by a third person.
- **Control:** the direct or indirect ability or power to exercise effective influence over the actions and decisions of another person.
- **Underwriter:** a person who buys securities from the issuer or an affiliate of the issuer for the purpose of offering, placing and marketing such securities to the public, or a person who sells securities on behalf of the issuer or an affiliate of the issuer for the purpose of making a public offering and placement of such securities.
- **Relatives:** husband, wife and minor children.
- **Placement or offering of securities:** issuing securities, inviting the public to subscribe therefor or the direct or indirect marketing thereof; or any statement, announcement or communication that has the effect of selling, issuing or offering securities, but does not include preliminary negotiations or contracts entered into with or among underwriters.
- **Investment Adviser:** an adviser who provides, offers or agrees to provide, advice to others in their capacity as investors or potential investors, in relation to purchasing, selling, subscribing or underwriting a security, or exercising any right conferred by a security to acquire, dispose of, underwrite or convert a security.
- **The Center:** the Securities Depository Center.
- **The Committee:** the Committee for the Resolution of Securities Disputes.
- **The Implementing Regulations:** the rules, instructions and procedures issued by the Authority for the implementation of the provisions of this Law.

- **Internal Regulations:** the regulations issued by the Authority in relation to the Authority's administrative and financial affairs and its personnel and staff affairs.

Article Two

Subject to the provisions of Article three hereof, for the purposes of this Law, the term "Securities" shall mean:

- a. convertible and tradeable shares of companies;
- b. Tradeable debt instruments issued by companies, the government, public institutions or public organisations;
- c. investment units issued by investment funds;
- d. any instruments representing profit participation rights, any rights in the distribution of assets; or either or the foregoing;
- e. any other rights or instruments which the Board determines should be included or treated as Securities if the Board believes that this would further the safety of the market or the protection of investors. The Board can exercise its power to exempt from the definition of Securities rights or instruments that otherwise would be treated as Securities under paragraphs (a, b, c, d) of this Article if it believes that it is not necessary to treat them as Securities, based on the requirements of the safety of the market and the protection of investors.

Article Three

Commercial bills such as cheques, bills of exchange, order notes, documentary credits, money transfers, instruments exclusively traded among banks, and insurance policies shall not be considered Securities.

Chapter Two The Capital Market Authority

Article Four

- a. An Authority to be named “The Capital Market Authority” is hereby established in the Kingdom and shall directly report to the President of the Council of Ministers. It shall have a legal personality and financial and administrative autonomy. It shall be vested with all authorities as may be necessary to discharge its responsibilities and functions under this Law. The Authority shall enjoy exemptions and facilities enjoyed by public organisations. Its personnel shall be subject to the Labour Law.
- b. The Authority shall not have the right to engage in any commercial activities, to have a special interest in any project intended for profit, to borrow or lend any funds, or to acquire, own or issue any Securities.

Article Five

- a. The Authority shall be the agency responsible for issuing regulations, rules and instructions, and for applying the provisions of this Law.

To achieve these objectives, the Authority shall:

1. Regulate and develop the Exchange, seek to develop and improve methods of systems and entities trading in Securities, and develop the procedures that would reduce the risks related to Securities transactions.
 2. Regulate the issuance of Securities and monitor Securities and dealing in Securities.
 3. Regulate and monitor the works and activities of parties subject to the control and supervision of the Authority.
 4. Protect citizens and investors in Securities from unfair and unsound practices or practices involving fraud, deceit, cheating or manipulation.
 5. Seek to achieve fairness, efficiency and transparency in Securities transactions.
 6. Regulate and monitor the full disclosure of information regarding Securities and their issuers, the dealings of informed persons and major shareholders and investors, and define and make available information which the participants in the market should provide and disclose to shareholders and the public.
 7. Regulate proxy and purchase requests and public offers of shares.
- b. The Authority may publish a draft of regulations and rules before issuing or amending them. The regulations, rules and instructions issued by the Authority shall be effective in the manner prescribed under their provisions.
 - c. For the purpose of conducting all investigations which, in the opinion of the Board, are necessary for the enforcement of the provisions of this Law and other regulations and rules issued pursuant to this Law, the members of the Authority and its employees designated by the Board are empowered to subpoena witnesses, take evidence, and require the production of any books, papers, or other documents which the Authority deems relevant or material to its investigation.

The Authority shall have the power to carry out inspections of the records or any other materials, whoever the holder may be, to determine whether the person concerned has violated, or is about to violate any provision of this Law, the Implementing Regulations or the rules issued by the Authority.

Article Six

- a. The Authority shall have the power to carry out its functions under this Law as well as the regulations, rules and instructions issued pursuant thereto including, but not limited the power to:
1. Set forth policies and plans, conduct studies and issue necessary rules to achieve the Authority's objectives.
 2. Issue and amend the Implementing Regulations as may be necessary to enforce the provisions of this Law.
 3. Approve the offering of Securities.
 4. Give advice and make recommendations to government authorities in respect of matters that would contribute to the development of the Exchange and the protection of investors in Securities.
 5. Suspend the Exchange's activities for a period of not more than one day; and in cases where the Authority or the Minister of Finance deems it necessary to suspend the Exchange's activity for more than one day, the approval of this decision must be issued by the Minister of Finance.
 6. Approve the listing, cancel or suspend the listing, of any Saudi Security traded on the Exchange of any Saudi issuer, on any stock exchange outside the Kingdom.
 7. Prohibit any Security or suspend the issuance or trading of any Securities on the Exchange, as the Authority may deem necessary.
 8. Determine the maximum or the minimum commissions to be charged by brokers to their clients if the Board deems it appropriate, and approve the fees and other commissions to be charged by the Exchange and the Depository Center.
 9. In addition to other provisions of relevant regulations, the Authority shall have the right to establish standards and conditions required for the auditors who audit the books and records of the Exchange, the Depository Center, brokerage companies, investment funds and joint stock companies listed on the Exchange. The Authority, subject to its supervisory responsibilities, shall have the right to delegate this responsibility to the Saudi Organization for Certified Public Accountants.
 10. Determine the contents of annual and periodical financial statements, reports and documents that should be submitted by issuers offering Securities for public subscription or the issuers whose Securities are listed on the Exchange.
 11. Define and explain the terms and provisions set out in this Law.
 12. Issue decisions, instructions and set the procedure as deemed necessary for the implementation of the provisions of this Law and the Implementing Regulations, and conduct inquiries and investigations regarding violations of the provisions of this Law and the Implementing Regulations.
 13. Set Internal Regulations and issue instructions and set the procedures as necessary for the management of the Authority.
 14. Approve the regulations, rules and policies of the Exchange and the Depository Center.

15. Prepare the regulations and rules for the surveillance and supervision of entities subject to the provisions of this Law.
 16. Approve the establishment, merger and liquidation of investment funds and their related operating rules in accordance with the provisions of Article Thirty-nine of this Law.
 17. Appoint a licensed auditor to audit the Authority's financial statements and final accounts.
 18. Grant the necessary licenses to be issued in accordance with the provisions of this Law and its Implementing Regulations, including the licensing of rating companies and agencies and the conditions thereof.
 19. Prepare the Authority's annual budget.
- b. Upon starting to exercise its powers in accordance with this Law and its Implementing Regulations, the Authority shall coordinate with the Saudi Arabian Monetary Agency in connection with the procedures that it intends to undertake and which may have an impact on the monetary situation.

Article Seven

- a. The Authority shall have a board known as the "Board of the Capital Market Authority" comprising five members, who shall be natural Saudi Arabian persons working on a full time basis, and shall be professionally qualified. The Board members shall be appointed, and their salaries and financial benefits determined, by Royal Order. The Royal Order shall specify from the Board members the chairman and deputy chairman who will replace the chairman in his absence.
- b. The term of membership of the Board shall be five years, renewable once. The member shall remain in his office on the termination of his membership term until a successor is appointed.
- c. The Board shall set forth the Internal Regulations of the Authority and the manner in which the personnel, advisors, auditors and any other experts shall be appointed as may be necessary for carrying out the responsibilities and functions entrusted to the Authority. The Board shall determine their salaries and remunerations.
- d. The Board shall exercise all authorities entrusted to the Authority in accordance with the provisions of this Law. The Board will specify how the Authority's functions, responsibilities and operations will be organized among its divisions and departments. The Internal Regulations of the Authority will set forth the requirements for the operation of these departments and divisions. Except for the powers conferred by this Law exclusively upon the Board, the Board may delegate, by a published resolution, any of its functions. The Board shall, however, at its discretion, retain the power to review the actions and decisions made by those who had been delegated with such powers. Such a review will be made at the Board's initiative, upon the request of one of its members, or upon the request of a party to a lawsuit arising under the provisions of this Law and in compliance with the rules issued by the Authority.

Article Eight

Any person who becomes an employee or a member of the Board of the Authority must, immediately upon accepting its functions, disclose to the Authority, in the manner set forth in the regulations of the Authority, the Securities he owns or has at his disposal or the disposal of one of his relatives, and thereafter declare any change thereon, within three days of becoming aware of such change. Any of those who become agents for the Authority must also make this disclosure in connection to what is related to the work entrusted to them, in the manner specified in the regulations of the Authority.

Article Nine

The members of the Board and the employees of the Authority shall not engage in any other profession or job, including occupying a position or a post in any company, in the government, or public or private institutions. Furthermore, they shall not provide advice to companies and private institutions.

Article Ten

- a. The Board shall hold its meetings at the request of its chairman. Meetings should be attended by at least three of its members including the chairman or vice chairman. Its decisions shall be made upon a vote of a majority of the members attending the meeting. In case of equal votes, the chairman of the meeting will have a casting vote.
- b. The Internal Regulations will set forth the conditions and requirements with respect to convening meetings of the Board, including the notice for a meeting. The rules issued by the Authority may provide that it is permitted to vote for resolutions to be passed by the Board in emergency situations by telephone or by any other means of communication.

Article Eleven

The chairman of the Board shall be the Authority's chief executive officer who shall implement the Authority's policy and shall be responsible for the management of its affairs, including the following:

- a. Implementing the decisions taken by the Board.
- b. Signing, alone or jointly with others, reports, accounting statements, financial statements, correspondence and the Authority's documents.
- c. The Authority's administrative and financial affairs.

Article Twelve

- a. The vice chairman shall carry out the tasks and duties of the chairman if the chairman is absent, is unable to carry out his duties, or if his position becomes vacant.
- b. The chairman may delegate to another member of the Board or to any employee of the Authority some of the powers entrusted to him provided that such delegation shall be specific and in writing.

Article Thirteen

- a. The financial resources of the Authority shall consist of the following:
 1. Fees for services and commissions charged by the Authority in accordance with the provisions of this Law and the regulations and instructions issued in pursuance thereof.
 2. Charges against using its facilities, return on its funds, and proceeds of the sale of its assets.
 3. Fines and financial penalties imposed on violators of the provisions of this Law.
 4. Funds provided by the government to the Authority.
 5. Any other resources determined by the Board.

- b. The Board shall determine the fees to be paid to the Authority for the following matters:
1. Registration of Securities with the Authority.
 2. Listing of Securities on the Exchange.
 3. Trading of Securities.
 4. Licensing and renewal of licenses of brokerage companies or investment advisers.
 5. Registration of investment funds.

Article Fourteen

The Authority shall have a separate annual budget that will be submitted to the Minister of Finance and will be approved in accordance with applicable regulations. Surplus funds collected by the Authority under Article 13 of this Law and under the provisions, rules and instructions issued thereunder, shall be remitted to the Ministry of Finance after deducting all current and capital expenses or other expenses needed by the Authority. However, the Authority shall maintain a general reserve equal to the double of its expenditures as reported in its previous annual budget.

Article Fifteen

Any sums owed to the Authority by third parties shall be considered as public funds and enjoy the same treatment as debts owed to the Public Treasury and shall be collected in accordance with the procedures for the collection of debts due to the Public Treasury.

Article Sixteen

The chairman of the Board shall present to the President of the Council of Ministers an annual report on the Authority's activities and its financial position during the preceding year within ninety days from the end of the year.

Article Seventeen

Any undisclosed information obtained by the Authority is considered confidential. The Authority may disclose any part of this information as the Board deems necessary for the protection of investors.

Article Eighteen

Government agencies and other persons must provide the Authority with the documents and information it requires for the purposes of carrying out its duties in accordance with the provisions of this Law.

Article Nineteen

The internal regulations issued pursuant to this Law will define the rules, instructions and procedures relating to the Authority's administrative and financial affairs and the Authority's personnel affairs, including rules of professional conduct and the means of development of the Authority's operations, realization of its objectives and the enhancement of the performance and professional and academic standards of its staff.

Chapter Three

The Stock Exchange

Article Twenty

- a. A market shall be established in the Kingdom for the trading in Securities which shall be known as the “Saudi Stock Exchange”, and will have the legal status of a joint stock company in accordance with the provisions of this Law. This Exchange shall be the sole entity authorized to carry out trading in Securities in the Kingdom.
- b. Securities listed or traded in a regulated market outside the Kingdom are not subject to the provisions of this Law even though trading in such a market originates by orders transmitted telephonically or electronically from within the Kingdom, with the exception of what may be agreed upon by the Authority with other foreign authorities.
- c. The objectives of the Exchange include the following:
 1. Ensuring fair, efficient and transparent listing requirements, trading rules and technical mechanisms and information for Securities listed on the Exchange;
 2. Providing sound and rapid settlement and clearance rules and procedures through its Securities Depository Center;
 3. Establishing and enforcing professional standards for brokers and their agents;
 4. Ensuring the financial strength and soundness of brokers through the periodic review of their compliance with capital adequacy requirements, and setting such arrangements to protect the funds and Securities in the custody of brokerage companies.
- d. The Exchange shall not distribute to its members any cash or in kind distributions by way of a dividend without the approval of the Board.

Article Twenty One

Securities listed on the Exchange shall be traded through transactions among brokers, each on behalf of its client, and shall be evidenced by entries in the Exchange records, in accordance with the provisions of Chapter Four of this Law, unless such transactions are excluded from trading pursuant to the rules and instructions issued by the Authority.

Article Twenty Two

- a. The regulations and rules of the Exchange shall specify the terms and requirements of the membership of the Exchange.
- b. The Exchange shall be managed by a Board of Directors comprising nine members who shall be appointed by a Council of Ministers Resolution upon nomination by the chairman of the Board of the Authority and who will choose from among them a chairman and a vice chairman. The membership will be as follows:
 1. A representative of the Ministry of Finance.
 2. A representative of the Ministry of Commerce and Industry.
 3. A representative of the Saudi Arabian Monetary Agency.
 4. Four members representing licensed brokerage companies.
 5. Two members representing the joint stock companies listed on the Exchange.

- c. The term of the membership at the board of directors of the Exchange shall be three years renewable one or more times.
- d. The regulations and instructions issued by the Board of the Authority shall specify the procedures related to convening the meetings of the Board of Directors of the Exchange, the decisions making process at the board of directors, the plans for conducting the affairs of the board of directors, the powers and responsibilities entrusted to each of the board of directors and the executive manager and all other related administrative and financial affairs.
- e. The board of directors of the Exchange shall appoint an executive manager with the approval of the Board of the Authority. The manager appointed shall not have the right to perform any other governmental or commercial work or to have any interest or ownership in any brokerage company on the Exchange. The executive manager may be removed from his position by decision of the board of directors of the Exchange.

Article Twenty Three

- a. The Board of Directors of the Exchange shall propose the necessary regulations, rules and instructions for the operation of the Exchange including the following matters:
 - 1. Conditions for the listing of and the trading in Securities.
 - 2. The minimum capital required for brokerage companies and the financial assurances required from such companies or their employees.
 - 3. The immediate and timely publication of information regarding transactions executed in Securities traded on the Exchange, and the obligations of issuers of Securities, shareholders and members to disclose such information to the Exchange as the Exchange deems necessary.
 - 4. Standards of professional conduct applicable to the Exchange's members and their employees, the members of the board of directors, the Exchange's executive manager and employees, including the procedures and disciplinary sanctions applicable against those who violate such standards or any other conditions or requirements set forth in the regulations and instructions.
 - 5. Settling disputes among members of the Exchange and between the members and their clients.
 - 6. Conditions and requirements for membership of the Exchange and the appropriate limitations and procedures that permit licensed brokerage companies but not members of the Exchange to execute their transactions on the Exchange.
 - 7. The determination of the fees and commissions that brokers charge for their services.
 - 8. Any other rules and instructions that the Exchange deems necessary for the protection of investors through ensuring fairness, efficiency and transparency in all of the Exchange's related affairs.
- b. The Exchange shall submit to the Authority the regulations, rules and instructions for the operation of the Exchange and the amendments thereof for approval by the Board.

Article Twenty Four

The Exchange may charge fees on its members, on issuers of Securities listed on the Exchange and others for services it provides to them.

Article Twenty Five

- a. The Authority shall establish a committee known as the "Committee for the Resolution of Securities Disputes" which shall have jurisdiction over the disputes falling under the provisions of this Law, its Implementing Regulations, and the regulations, rules and instructions issued by the Authority and the Exchange, with respect to the public and private actions. The Committee shall have all necessary powers to investigate and settle complaints and suits, including the power to issue subpoenas, issue decisions, impose sanctions and order the production of evidence and documents.

- b. The Committee will consist of legal advisors specialized in the doctrine of transactions and capital markets, and experts in commercial and financial affairs and Securities. The members of the Committee shall be appointed by a Board decision for a three-year term renewable. The members of the Committee must not have any direct or indirect financial or commercial interest or have a family relationship up to the fourth degree with the parties to the complaint or the suit brought before the Committee. The Committee must start considering the complaint or the suit within a period not to exceed fourteen days from the date of filing of the complaint or the suit with the Committee.
- c. The Committee's jurisdiction shall include claims against decisions and actions taken by the Authority or the Exchange and the Committee shall have the right to issue a decision awarding damages and request to revert to the original status or issue another decision as appropriate and that would guarantee the rights of the aggrieved.
- d. The regulations and rules of the Authority shall specify the procedures that the Committee must follow regarding the complaints and the suits presented to it.
- e. No complaint or statement of claim may be filed with the Committee without being filed first with the Authority and a 90 day period has passed from the filing date, unless the Authority notifies the grievant otherwise of the permissibility of submitting before the expiration of this period.
- f. The Committee's decision may be appealed before the Appeal Panel within thirty days from their notification date.
- g. An Appeal Panel is to be formed by a Council of Ministers' decision, and it shall have three members representing the Ministry of Finance, the Ministry of Commerce and Industry and the Bureau of Experts at the Council of Ministers. The members of the Appeal Panel shall be appointed for a three-year term renewable. The Appeal Panel shall have the discretion to refuse to review the decisions of the Committee for the Resolution of Securities Disputes, to affirm such decisions, to undertake a de novo review of the complaint or suit based on the record developed at the hearing before the Committee and to issue such decision as it deems appropriate in relation to the complaint or the suit. The decisions of the Appeal Panel shall be final.
- h. At the Authority or the Exchange's request, final decisions shall be enforced through the government agency responsible for the enforcement of judicial judgments. Decisions issued in favor of the parties pursuant to Articles 55, 56 and 57 of Chapter 10 of this Law shall be enforced by such parties in accordance with the procedure for enforcement of judicial judgment in civil proceedings.
- i. Evidence in Securities cases shall be admissible in all forms including electronic or computer data, telephone recordings, facsimile messages and electronic mail.

Chapter Four

The Securities Depository Center

Article Twenty Six

- a. The Board of Directors of the Exchange shall establish a department to be known as the “Securities Depository Center” which shall be the sole entity in the Kingdom authorized to practice the operations of deposit, transfer, settlement, clearing and registering ownership of Saudi Securities traded on the Exchange. The Exchange’s Board of Directors may convert the Securities Depository Center into a company after obtaining the approval of the Authority’s Board for the conversion. The Board may give its approval indicating the requirements of the company’s structure and its operations, as it deems appropriate and necessary for the safety of the market and the protection of investors.
- b. The Depository Center’s operating rules shall specify the sound and efficient procedures which shall ensure the efficient operations for registration, settlement and clearance of Securities traded on the Exchange in a regulatory manner, including the procedures to be followed for the disbursement of funds to investors following settlement. The Depository Center may maintain cash accounts for settlement and clearance purposes of transactions in the context of its operations. The Authority has the power to adopt, amend, repeal or suspend any of the Depository Center’s operating regulations or rules if it deems appropriate.

Article Twenty Seven

- a. The registration of ownership of Securities traded on the Exchange and the settlement and clearance of Securities shall be made by entries in the Depository Center’s records. Ownership of Securities traded on the Exchange must be registered with the Depository Center in order to be protected against third party claims. The Depository Center’s records will also report pledges or other claims related to the Securities traded on the Exchange.
- b. The Depository Center shall be the sole entity to register all property rights in Securities traded on the Exchange. The final mentions reported in the records of the Depository Center shall serve as conclusive evidence and proof of ownership of the Securities indicated therein together with the encumbrances and rights associated therewith, subject to the provisions of paragraph (d) of this Article.
- c. Registration of ownership of Securities shall be effective from the time of final verification by the Depository Center of the authenticity of the ownership documents. The Depository Center shall promptly register all transactions effected upon being reported to and received by the Depository Center with no delay. If the Depository Center has reason to doubt actual or legal facts or consequences related to the registration of ownership or if the Depository Center receives any notice that registration will cause damages to third parties, the Depository Center may make a preliminary registration and, if it does so, it shall immediately commence an appropriate process to decide how the final registration for such Security shall be effected.
- d. A person who believes that there is an error in the information entered into the registry so that the registry needs to be corrected or otherwise amended should make a written request to the manager of the Depository Center or the person appointed by the manager to receive such requests. The Depository Center shall correct or amend the registry after confirming the validity of the comments and information that are requested to be corrected or amended in the registry. Such correction or amendment can only be effected after notice and opportunity to comment by the person or persons the registry identifies as owning the Security, and giving them a reasonable opportunity to comment on the required correction or amendment.
- e. The Depository Center shall issue a certificate of registration upon request by the investor. The operating rules of the Depository Center will specify the manner in which periodic reports to all the owners of

Securities registered on the Depository Center's records on the Securities owned by each owner and which are recorded with the Depository Center's records.

- f. Complaints about decisions with respect to the registration of Securities listed on the Exchange shall be brought before the Committee.
- g. The Depository Center shall be liable for any monetary damage suffered by an investor and resulting from the proven negligence or misconduct of the Depository Center's employees that causes an error in the registration process.
- h. The compensation due for the damage under paragraph (g) of this Article may be reduced or even eliminated if the claimant has contributed to causing the error in registration or if the error could have been avoided.

Article Twenty Eight

The employees of the Depository Center and the Exchange and their independent auditors, advisors and consultants may not disclose any information about owners of Securities registered in the records except as set forth in the operating rules issued by the Depository Center in this regard.

Article Twenty Nine

The Board of Directors of the Exchange, with the approval of Board of the Authority, shall establish the necessary instructions for managing the Depository Center's affairs, including the standards of professional conduct applicable to the Depository Center's manager and personnel, to assure efficient and trustworthy operations of the Depository Center.

Article Thirty

The Depository Center may charge fees and commissions for the provision of its services as may be provided for in the Implementing Regulations and the Depository Center's operating rules.

Chapter Five

Brokers Regulation

Article Thirty One

Brokerage business is restricted to a person holding a valid license and who is an agent of a joint stock company that is licensed to perform brokerage activities, unless such person is exempt from these requirements in accordance with paragraph (c) of Article 32.

Article Thirty Two

- a. Broker means a joint stock company that carries on brokerage activities and the broker agent who is working at the brokerage company and carries out all or part the following activities:
1. acts in a commercial capacity as an intermediary in the trading of Securities, other than persons working on the basis of a contractual arrangement as defined in paragraph (b) of this Article, including any person who commercially acts as a custodian for Securities;
 2. presents in a commercial capacity an offer to others for obtaining financial assets in the form of Securities by opening an account through which transactions in Securities may be effected;
 3. effects in a commercial capacity Securities transactions for its own account other than by way of issuing Securities, in order to create a market in Securities and make a profit out of the difference between offer prices for Securities and demand;
 4. acquires or places Securities in a commercial capacity for an issuer or a person who controls an issuer;
 5. acts as an intermediary in a commercial capacity - other than persons who act on the basis of a contractual arrangement as defined in paragraph (b) of this Article - including in arranging currency or Securities swaps.
- b. A portfolio manager means:
1. Any person acting in a commercial capacity who, on the basis of a contractual arrangement or otherwise, manages either Securities owned by a person or investment funds owned by a natural or judicial person which are intended for investment in Securities, and whose activities may include transactions in Securities or ordering Securities transactions to be effected for the account of the person with whom the contractual arrangements have been made;
 2. Any person acting in a commercial capacity who, on the basis of a contractual arrangement, carries on the works mentioned in paragraph (a.5) of this Article.
- c. The Authority may specify, in the rules that it issues, such exemptions from the provisions of paragraphs (a) and (b) of this Article as it considers will achieve the safety of the market and the protection of the investor.

Article Thirty Three

- a. The Authority shall grant the license referred to under Article 31 within thirty days of receiving from the Exchange the information and documents that are required by the rules issued by the Authority and which demonstrate that the applicant satisfies the conditions and requirements necessary for obtaining a license for

working as a broker or a broker's agent. The term of validity of the licenses must be defined and their holder must be subject to periodic qualification examination as set forth by the Implementing Regulations.

- b. The regulations and rules of the Exchange shall set forth the requirements and conditions that must be met by applicants for obtaining a brokerage license. In addition to the requirements under the Exchange's regulations, the conditions for licensing or renewal of a license must include the following:
1. Criteria pertaining to an applicant's competence to act as a broker or a broker's agent;
 2. Criteria of integrity or suitability for persons to conduct brokerage activities;
 3. Minimum capital requirements that brokerage companies must continually meet, which must not be less than SR 50 million.

Article Thirty Four

A broker and a broker's agent must observe the Exchange's regulations and rules pertaining to the regulation of brokers' business.

Article Thirty Five

The Exchange may carry out investigations and inspections in connection with any licensed broker or broker's agent to verify whether that person or another person has violated, is violating or there is evidence substantiating that it is about to violate the regulations and instructions of the Exchange. The Exchange's investigation and inspection powers shall include the power to require the production of any person's testimony, papers, books and documents which the Exchange deems necessary or relevant to its inquiry. The Exchange may require the attendance of witnesses or the submission of documents and evidence. Inspection may take place wherever the records are situated. The Exchange can exercise its power to carry out such investigations and inspections by obtaining a subpoena or an order for interrogation or inspection or such other order from the Committee for Resolution of Securities Disputes. The Committee shall accept the Exchange's request for a subpoena or other order unless it is established to the Committee that the Exchange's request is arbitrary or involves abuse of power.

Article Thirty Six

Any broker or broker's agent may relinquish its license by filing a written notice of withdrawal with the Authority in accordance with such terms and conditions as the Authority may deem necessary or appropriate for the safety of the market or the protection of the investor.

Article Thirty Seven

Licensed brokers or broker's agents must file with the Authority and the Exchange such reports as required by the regulations and rules of the Authority and the Exchange.

Article Thirty Eight

The Authority shall supervise the compulsory and voluntary liquidation of the broker's business.

Chapter Six

Investment Funds and Collective Investment Schemes

Article Thirty Nine

- a. An investment fund is a collective investment scheme aimed at providing investors therein with an opportunity to participate collectively in the profits of the scheme which is managed by a portfolio manager for specified fees.
- b. The Authority shall assume the power to regulate the activities of investment funds managed by banks within two years from the enactment of this Law.
- c. The Authority shall regulate portfolio managers and investment advisers and supervise them. This shall include setting the regulations, rules and instructions that pertain to the following:
 1. The organizational structure;
 2. Accounting systems and operational rules;
 3. Investment fund governance and decision making;
 4. Securities custody procedures and efficient provision of services to clients;
 5. Services fees and commissions and management remuneration;
 6. Entering into transactions with related parties;
 7. Performance reports and the calculation of asset values and unit prices and advertisement;
 8. Conditions and requirements for the approval of establishing new funds;
 9. Financial and periodic reporting requirements of funds;
 10. Liquidity requirements and risk limits;
 11. Professional qualifications, personal suitability, financial responsibility and licensing requirements.

Chapter Seven

Disclosure

Article Forty

- a. The contents of the prospectus set forth under Article 42 of this Law, or portions thereof, shall be published in such a manner and for such duration as required by the regulations and rules of the Authority.
- b. An issuer or an affiliate of an issuer or an underwriter may not offer Securities of the issuer or the issuer's affiliate unless he has submitted a prospectus to the Authority, published the prospectus in the manner set forth in paragraph (a) of this Article, and has paid the requisite fees. The Authority may exempt the issuer from some requirements based on the manner of the offering, the amount of the offering, the number of investors and their characteristics, or the characteristic of the issuer of the Security or the Security itself.
- c. Upon satisfying the requirements of paragraphs (a) and (b) of this Article, offers may be made in any of the forms listed below:
 1. Verbally;
 2. Through a prospectus satisfying the conditions of Article 42 of this Law;
 3. Through an announcement containing a summary of the prospectus and any other information required by the Authority or authorized by it in accordance with the rules specified by the Authority;
 4. Through other means, including electronic media, provided that such mean has been approved by the Authority.

Article Forty One

An issuer, an affiliate of the issuer or an underwriter may not sell any Security owned by that issuer before the prospectus is approved by the Authority and becomes effective, provided that the approved prospectus shall be sent to the buyer prior to the sale date in accordance with such rules as the Authority may issue.

Article Forty Two

The prospectus must contain the following information and statements:

- a. Information required by the Authority's rules which give an adequate description of the issuer, the nature of its business, the individuals in charge of its management such as members of the board of directors, executive officers, senior staff and its major shareholders.
- b. Information required by the Authority's rules which give an adequate description of the Securities to be issued, their number, price, and related rights, preferences or privileges of the issuer's other Securities, if any. The description will set forth how the issue proceeds will be disbursed, and the commissions levied by persons connected with the issue.
- c. A clear statement of the financial position of the issuer and any significant financial data including the audited financial balance sheet, profit and loss account and cash flow statement as the rules of the Authority may require.

- d. Any other information required or authorized by the Authority in accordance with rules issued by the Authority which it deems necessary to assist investors and their advisers in making decisions about investing in the Securities to be issued.

Article Forty Three

- a. After its review of the prospectus, the Authority shall announce its approval or rejection of the prospectus. If it approves the prospectus, the Authority may define a period of time during which the prospectus remains valid.
- b. Every issuer offering Securities to the public through a prospectus must notify the Authority in writing of any material change to the statements set forth in the prospectus immediately upon becoming aware of such change provided such change may affect the price or value of the Security. The issuer should also prepare and publish a press release to disclose such change. The Authority's regulations and rules shall set forth the information to be disclosed and the conditions applicable regarding the press release.

Article Forty Four

The Board of the Authority may reject a prospectus in any of the following cases:

- a. If the prospectus does not contain the information required by Article 42 of this Law.
- b. If the prospectus contains incorrect information pertaining to material matters, false or misleading statements or omits to state material information or statements that would under the circumstances render the prospectus misleading or incorrect.
- c. The prospectus issuance fees have not been paid in full to the Authority.
- d. The issuer has failed to provide any of the reports stipulated in Article 45 of this Law.

Article Forty Five

- a. Every issuer offering Securities to the public or whose Securities are traded on the Exchange must submit to the Authority quarterly and annual reports. Annual reports must be audited as required by the rules of the Authority. These reports shall contain the following:
 - 1. The balance sheet;
 - 2. The profit and loss account;
 - 3. The cash flow statement; and
 - 4. Any other information as required by the rules of the Authority.
- b. In addition to the information required in paragraph (a) of this Article, the annual report must contain the following:
 - 1. An adequate description of the issuing company, the nature of its business and its activities as required under the rules of the Authority;
 - 2. Information regarding the members of its board of directors, executive officers, senior staff and major investors or shareholders as required under the rules of the Authority;
 - 3. An evaluation of the issuing company management of current and future developments and any future possibilities that may have significant effect on the business results or financial position of the company as required under the rules of the Authority.

4. Any other information as may be required by the rules of the Authority as it deems necessary to assist investors and their advisers in making a decision to invest in the issuer's Securities.
- c. All information and data described in paragraphs (a – 1, 2, 3) and (b.3) of this Article shall be deemed confidential. Before providing and disclosing such information and data to the Authority, the issuing company shall be prohibited from disclosing such information to parties not bound by a confidentiality obligation and an obligation to protect such information.

Article Forty Six

- a. A party who issues Securities must inform the Authority in writing upon becoming aware of any material developments which may affect the prices of the Securities issued by such party. If such party has a Security traded on the Exchange, the Exchange must be informed of such developments in writing.
- b. The Authority or the Exchange may request the party issuing Securities to provide any information or data pertaining to such party and the issuing party shall provide the same within the period of time specified in the request.
- c. The Board of the Authority or the Exchange may, after reviewing the facts, require the issuing party to disclose any information or data related to that party. The Board or the Exchange shall also have the right to publish such information and data at the expense of the issuing party.

Article Forty Seven

The public shall be allowed, in return for fees to be determined by the Authority, to review and make copies of the prospectuses, periodical reports, and information and data which have been filed with the Authority, made public and obtained.

Article Forty Eight

- a. The Authority shall specify the disclosure forms and instructions, including the information which must be included in the prospectuses and periodical reports which must be provided to the Authority by the parties that are subject to its control and supervision or which must be announced to the public, as the case may be.
- b. The Authority shall have no responsibility for the omission in prospectuses, periodical reports, advertisements, or any other document filed with it by any party of any important information or data or for including misleading information or data.
- c. The publisher of the advertisement shall be responsible for any errors committed by it in publishing the contents of the advertisement pursuant to the regulations applicable in the Kingdom.

Chapter Eight

Manipulation and Insider Trading

Article Forty Nine

- a. Any person shall be considered in violation of this Law if he intentionally does any act or engages in any action which creates a false or misleading impression as to the market, the prices or the value of any Security for the purpose of creating that impression or thereby inducing third parties to buy, sell or subscribe for such Security or to refrain from doing so or to induce them to exercise, or refrain from exercising, any rights conferred by such Security.
- b. The Authority shall set out rules determining the acts and practices which shall constitute violations of paragraph (a) of this Article. These rules shall specify the acts and practices excluded from the application of the provisions of paragraph (a) of this Article. The powers of the Authority provided for in this paragraph shall include the power to set forth the rules, define the circumstances and procedures aiming at stabilizing the prices of Securities offered to the public, and the manner in which and the period during which these actions must be taken.
- c. The following acts and practices shall be among those which shall be considered types of manipulation that are prohibited by paragraph (a) of this Article:
 1. To perform any act or practice aiming at creating a false or misleading impression of an existing active trading in a Security as may be contrary to the reality. These acts and practices shall include, but not be limited to the following:
 - a. Undertaking transactions in Securities which do not involve a true transfer of ownership thereof.
 - b. Entering an order or orders for the purchase of a particular Security with prior knowledge that an order or orders of substantially the same size, price and timing for the sale of the same Security has been or will be entered by a different party or parties.
 - c. Entering an order or orders for the sale of a particular Security with prior knowledge that an order or orders of substantially the same size, price and timing for the purchase of the same Security has been or will be entered by the same party or different parties.
 2. To affect, alone or with others, the price of a particular Security or Securities traded on the Exchange through executing a series of transactions in such Security or Securities creating actual or apparent active trading or causing an increase or decrease in the prices of such Securities, for the purpose of inducing third parties to buy or sell such Securities as the case may be.
 3. To affect, alone or with others through any series of transactions such as buying or selling or buying and selling a Security traded on the Exchange for the purpose of pegging or stabilizing the price of such Security in violation of the rules set forth by the Authority for the safety of the market and the protection of investors.

Article Fifty

- a. Any person who obtains, through family, business or contractual relationship, inside information (hereinafter an “insider”) is prohibited from directly or indirectly trading in the Security related to such information, or to disclose such information to another person with the expectation that such person will trade in such Security.

Insider information means information obtained by the insider and which is not available to the general public, has not been disclosed, and such information is of the type that a normal person would realize that in view of the nature and content of this information, its release and availability would have a material effect on the price or value of a Security related to such information, and the insider knows that such information is not generally available and that, if it were available, it would have a material effect on the price or value of such Security.

- b. No person may purchase or sell a Security based on information obtained from an insider while knowing that such person, by disclosing such insider information related to the Security, has violated paragraph (a) of this Article.
- c. The Authority has the power to establish the rules for specifying and defining the terms provided for under paragraphs (a) and (b) of this Article, and such acts or practices which the Authority deems appropriate to exempt them from their application, as may be required for the safety of the market and the protection of investors.

Chapter Nine

Regulation of Proxy Solicitations, Restricted Purchase and Restricted Offer for Shares

Article Fifty One

The Authority shall issue rules for the regulation of disclosure of information and other practices in connection with the solicitation of proxies if such solicitation pertains to any Security listed on the Exchange.

Article Fifty Two

The Authority shall issue rules for the regulation of restricted purchase of shares transactions and restricted offer for shares transactions. For the purpose of application of the provisions of this Law, these two terms mean the following:

- a. A restricted purchase of shares is the purchase of voting shares listed on the Exchange when as a consequence of such purchase ten percent (10%) or more of such class of the relevant company shares is owned by, or under control of, the purchaser or those acting in concert with the purchaser.
- b. A restricted offer for shares is making a public announcement by which the announcer offers to purchase voting shares of a particular class of shares listed on the Exchange if the amount of shares sought to be acquired by the offering party would increase its ownership or the ownership of those acting in concert with the offering party, or the shares under their control, to ten percent (10%) or more of the shares of the relevant company.

Article Fifty Three

The Authority's powers to issue rules for the regulation of restricted purchases of shares and restricted offers for shares shall include, without limitation, the power to issue rules in connection with the following:

- a. Amending the percentages prescribed under Article 52 of this Law and approving exceptions to the definitions of restricted purchases of shares and restricted offers for shares;
- b. Specifying the timing, form and manner for announcements in connection with restricted purchases of shares and restricted offers for shares;
- c. Setting forth the information which party purchasing the shares or offering party must disclose, and the manner for its disclosure, including any requirements for the continuous disclosure with respect to changes in share ownership;
- d. Imposing any conditions or requirements on the company the shares of which are subject or target of a restricted purchase of shares or a restricted offer for shares that it announces its position or viewpoint regarding such restricted purchase or restricted offer;
- e. Any other rules pertaining to restricted purchases of shares or restricted offers for shares as may be necessary for the safety of the market and the protection of investors.

Article Fifty Four

If any person increases its ownership of shares in a given company through a restricted purchase of shares or restricted offer for shares so that such person or those with whom such person is acting in concert become the owner of (50%) fifty percent or more of a given class of voting shares listed on the Exchange, the Board shall have the right, within sixty (60) days, if it believes it would achieve the safety of the market and the protection of

shareholders, to order such person to offer to purchase the shares of the same class it does not own on such terms and conditions as the Board shall determine. In no case will the prospective purchaser be compelled to offer to purchase the remaining shares at a price exceeding the highest price he paid to purchase any of the shares of that company during the 12 months preceding the date of the Board order.

Chapter Ten

Sanctions and Penalties for Violations

Article Fifty Five

- a. In case a prospectus, when approved by the Authority, contained incorrect statements of material matters or omitted material facts required to be stated in the prospectus, the person purchasing the Security that was the subject of such prospectus shall be entitled to compensation for the damages incurred by him as a result thereof. A statement or omission shall be considered material for the purposes of this paragraph if it is proven to the Committee that had the investor been aware of the truth when making such purchase it would have affected the purchase price.
- b. The following persons shall be liable under paragraph (a) of this Article:
 1. The party issuing the Security. The issuer shall be liable irrespective of whether it had acted reasonably, or it was not aware of the incorrect statements in connection with material matters, or of the omission of material facts that should have been disclosed in the prospectus.
 2. The senior officers of the issuing party of the Security in accordance with the definition provided in the rules issued by the Authority. Such liability could be relieved according to paragraph (c.1 and 2) of this Article.
 3. The members of the board of directors of the issuing party, or persons performing similar functions, as of the date on which the prospectus was approved by the Authority. Such liability could be relieved in accordance with paragraph (c.1 and 2) of this Article.
 4. The underwriters who have undertaken to offer on behalf of the issuer the Security for sale to the public, provided that an underwriter shall not be liable for more than the total price of the Securities underwritten or amount of Securities distributed by him (whichever amount is greater).
 5. The accountant, engineer or appraiser and others identified in the prospectus, who have consented in writing to be so identified, as having certified the accuracy and truthfulness of the information stated in the prospectus; however, such person's liability shall not extend to information in parts of the prospectus which are not so certified by him. That person shall be responsible for any part of the prospectus understood to have been prepared according to his statement and approval in his capacity defined under this paragraph, unless he proves that he was convinced after conducting reasonable investigations and on the basis of reasonable grounds, that that part of the prospectus is not in violation of paragraph (a) of this Article.
- c. Any of the persons mentioned in paragraph (b.2, 3 and 4) of this Article shall be liable as provided for in the provisions of paragraph (a) of this Article unless it is proven that:
 1. As to any part of the prospectus not certified by the person described in paragraph (b.5) of this Article that, after reasonable investigation, and on the basis of reasonable grounds, he was convinced that such part of the prospectus was not in violation of paragraph (a) of this Article;
 2. As to any part of the prospectus purporting to have been made based on the statement of a person set forth in paragraph (b.5) of this Article, and the person invoking the defense is identified in paragraphs (b.2, 3, 4) of this Article, he had no reasonable ground at that time to believe that such part of the prospectus contained what could be deemed a violation of paragraph (a) of this Article.
- d. In determining that investigation shall be deemed reasonable or what shall constitute reasonable ground for belief for the purposes of paragraph (c) of this Article, the standard of reasonableness for the purpose of this Article shall be that of the prudent man in the management of his property.

- e. Damages may be obtained through a claim brought on the basis of paragraph (a) of this Article, which damages shall represent the difference between the price actually paid for purchasing the Security (not to exceed the price at which it was offered to the public) and the value thereof as of the date of bringing the legal action or the price which such Security could have been disposed of on the Exchange prior to filing the complaint with the Committee, provided that if the defendant proves that any portion in the decline in value of the Security is due to causes which are not related to the omission or the incorrect statement which is the substance of the suit, such portion shall be excluded from the damages for which the defendant is responsible. The defendants are individually and jointly and severally liable for damages for which they are responsible under this Article. The amount of indemnification shall be subject to the provisions of the contract or agreement entered into between the parties identified in paragraph (b) of this Article or as the Committee believes is equitable and does not harm the interest of investors or otherwise contravene the spirit of this Law.

Article Fifty Six

- a. Any person who makes, or is responsible for another making, orally or in writing an untrue statement of material fact or omits to state that material fact, if it causes another person to be misled in relation to the sale or the purchase of a Security, shall be liable for compensation of the damages. For establishing responsibility for damages in pursuance of the provisions of this Article, it is not required that a relationship exists between the claimant and the defendant and the claimant should prove:
1. That he was not aware that the statement was omitted or untrue.
 2. That either he would not have purchased or sold the Security in question had he known that information was omitted or untrue, or that he would not have purchased or sold such Security at the price at which such Security was purchased or sold.
 3. That the person responsible for the disclosure of the statements or the giving of such incorrect information knew of the said untruthfulness or was aware that there was a substantial likelihood that the information disclosed omitted or misstated a material fact.
- b. The damages recoverable under this Article from any defendant, and the rights of indemnity and contribution among the persons responsible shall be as provided in paragraph (e) of Article 55 of this Law.
- c. For the purpose of this Article, a statement or omission shall be considered related to an important material fact in accordance with the standard provided for in paragraph (a) of Article 55 of this Law.

Article Fifty Seven

- a. Any person who violates Article 49 of this Law or any of the regulations or the rules issued by the Authority pursuant to the said Article by engaging in an act or transaction for the purpose of intentionally manipulating the price of a Security, or participating in such act or transaction, or is responsible for a person who undertakes such act or transaction shall be liable for damages to any person who purchases or sells the Security whose price has been significantly adversely affected by such manipulation for the amount such person's purchase or sale price was so affected.
- b. The damages recoverable under this Article from any defendant, and the rights of indemnity and contribution among the persons responsible shall be measured in a manner that is consistent with the provisions of paragraph (e) of Article 55 of this Law.
- c. In addition to the penalties and financial compensation provided for under this Law, the Committee may, based on a claim filed by the Authority, punish the persons who violate Articles 49 and 50 with imprisonment terms not exceeding five years.

Article Fifty Eight

A suit under Articles 55, 56 and 57 of this Law shall not be heard if the complaint is filed with the Authority after the elapse of one year from the date when the claimant should reasonably have been aware of facts causing him to believe he had been the victim of a violation, and in no case may such complaint be heard by the Committee after five years from the occurrence of the violation subject of the claim.

Article Fifty Nine

- a. If it appears to the Authority that any person has engaged, is engaging, or is about to engage in acts or practices constituting a violation of any provisions of this Law, or the regulations or rules issued by the Authority, or the regulations of the Exchange, the Authority shall have the right to bring a legal action before the Committee to seek an order for the appropriate sanction. The sanctions include the following:
1. Warning the person concerned.
 2. Obliging the person concerned to cease or refrain from carrying out the act which is the subject of the suit.
 3. Obliging the person concerned to take the necessary steps to avert the violation, or to take such necessary corrective steps to address the results of the violation.
 4. Indemnifying the persons who have suffered damages as a consequence of a violation that has occurred, or obliging the violator to pay to the Authority's account the gains realized as a consequence of such violation.
 5. Suspending the trading in the Security.
 6. Barring the violating person from acting as a broker, portfolio manager or investment adviser for such period of time as is necessary for the safety of the market and the protection of investors.
 7. Seizing and executing on property.
 8. Travel ban.
 9. Barring from working with companies whose Securities are traded on the Exchange.
- b. The Authority may, in addition to taking the actions provided for under paragraph (a) of this Article, request the Committee to impose a financial fine upon the persons responsible for an intentional violation of the provisions of this Law, its Implementing Regulations, the rules of the Authority and the regulations of the Exchange. As an alternative to the foregoing, the Board may impose a financial fine upon any person responsible for the violation of this Law, its Implementing Regulations, the rules of the Authority and the regulations of the Exchange. The fine that the Committee or the Board can impose shall not be less than SR 10,000 and shall not exceed SR 100,000 for each violation committed by the defendant.

Article Sixty

- a. Any person who carries on, or purports to carry on, brokerage activities without a license shall be considered violating the provisions of Article 31 of this Law and shall be subject to any of the two following sanctions or both:
1. A fine of not less than SR 10,000 and not to exceed SR 100,000 for each violation.

2. Imprisonment for a term not to exceed nine (9) months.
- b. Any agreement or contract which is entered into in relation to a Security related transaction that is in violation of Article 31 of this Law shall be void and the violating broker may not complain on basis of such agreement or contract against the other party and that party shall be entitled 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 the rescinding party restitutes any money or other property received through such agreement or contract. The Committee shall have jurisdiction over the suits brought pursuant to this provision.

Article Sixty One

- a. The failure of a licensed broker or his agent to comply with any regulations and rules of the Exchange pertaining to the regulation of the work of brokers can give rise to disciplinary proceedings pursuant to the procedures established in the regulations of the Exchange. Upon discovering a violation of its regulations, the Exchange may file a claim with the Committee to impose a suitable sanction against the violator which may include the revocation of the license granted to it, suspension of said license, the imposition of a financial fine or obliging the broker to restate the sums due to clients. A broker or his agent sanctioned may request the review of the decision by the Appeal Panel of the Committee.
- b. The Authority may, pursuant to its powers under Article 59 of Chapter 10 of this Law, take necessary actions against brokers or their agents who fail to comply with the rules of operation of the Exchange.

Article Sixty Two

- a. The Board may issue a decision providing for a reprimand to the violator broker or broker's agent, or may, pursuant to the decision, place restrictions on the licensed activities, functions or operations of the broker or the broker's agent, suspend those activities for a period not exceeding twelve months, or revoke the license of any broker or his agent if the Board finds, after giving notice to the concerned broker or the broker's agent and giving it an opportunity for a hearing, that such broker or the broker's agent, whether prior or subsequent to obtaining a license has committed any of the following:
 1. he deliberately gave or caused to be given materially false or misleading statements in the broker's or the broker agent's application to obtain a license, in any document or report submitted to the Exchange or to the Authority.
 2. he deliberately violated, or assisted another person to violate any provision of this Law and its regulations.
 3. the broker or the broker's agent violated a judgment or decision issued by any court of the Kingdom or by the Committee for Resolution of Securities Disputes prohibiting him permanently or temporarily from carrying on brokerage or portfolio manager business.
 4. the Authority has formally been notified by a Securities regulator in another country that the broker or his agent willfully violated the Securities laws of that country or provided false and misleading information in the reports required to be submitted in such foreign jurisdiction.
- b. The Board may issue a decision suspending the brokerage license pending the issuance of a final determination in relation to the revocation of the license, if such suspension appears to the Board, after giving the broker or the broker's agent concerned notice and an opportunity to be heard on an urgent basis, to be necessary for the safety of the market and the protection of investors.

- c. The Board may, in urgent cases, and without prior notice or hearing being granted to the concerned party to the decision, issue a decision suspending the license of a broker or barring the broker from performing such functions as a broker for a period not to exceed 60 days. Issuing such a decision does not prevent the Authority or the Exchange from taking such other actions against the broker or his agent as provided by this Law.

Article Sixty Three

The license of the broker or the broker's agent may be suspended by order of the Board upon discovering that the broker ceases to exist or has for a period of twelve months ceased to carry out brokerage activities.

Article Sixty Four

A person charged with violation of Article 50 of this Law may avoid proceedings before the Committee by reaching an agreement with the Authority pursuant to which he agrees to pay the Authority a sum not exceeding three times the profits he has realized, or three times the losses he has averted by committing the violation. Such arrangement shall be without prejudice to any compensation awardable as a result of the violation.

Article Sixty Five

This Law shall repeal all provisions that are contrary hereto.

Article Sixty Six

The Implementing Regulations to this Law shall be issued 150 days after the publication of the date of publication of the Law and shall come into effect with the Law.

Article Sixty Seven

This Law shall be published in the Official Gazette and shall be effective 180 days after the date of the publication thereof.