

Capital Market Authority

Regulating Procedures for Resolution of Securities Disputes

Issued by the Board of the Capital Market Authority

Under resolution No. (1-4-2011) dated 19/02/1432 H., corresponding to
23/01/2011 G.,

pursuant to the Capital Market Law issued by the Royal Decree No. (M/30)
dated 02/06/1424 H., corresponding to 31/07/2003 G.

Important Notice:

To keep abreast of the accelerated developments and changes to CMA rules and regulations, CMA urges to rely always on published rules and regulations on its official website: www.cma.org.sa

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Section One

Preliminary Provisions

Article (1):

Definitions:

- a. The following words and expressions, wherever mentioned in these regulating procedures, shall have the meanings as assigned to them herein unless as may otherwise be mentioned within the context:
 1. Law: the Capital Market Law issued by the Royal Decree No. (M/30) dated 02/06/1424 H., corresponding to 31/07/2003 G.
 2. CMA: the Capital Market Authority.
 3. Board: CMA Board.
 4. Exchange: the Saudi Stock Exchange.
 5. Appeal Committee: the Appeal Committee for the Resolution of Securities Conflicts (ACRSC), which is formed under para. (g) of Article Twenty Five of the Law.
 6. Committee: the Committee for the Resolution of Securities Disputes (CRSD), formed under para. (a) of Article Twenty Five of the Law.
 7. Secretariat: the Secretariat of the Committees for the Resolution of Securities Disputes (CRSD and ACRSC).
 8. The Secretary: the Secretary of the Committees of for the Resolution of Securities Disputes (CRSD and ACRSC).
 9. Defendant: the person who is accused of committing any violation to the Law or its Implementing Regulations or to CMA or the Exchange regulations, rules and instructions.
 10. Member: the committee member who is appointed by the decision of establishment thereof, or any member who is added or appointed to substitute a former one. The term also includes the chairman of the committee unless as may otherwise be mentioned within the context.
 11. Complaint and Case: without prejudice to the meaningful indications of the context within the Law for both of these two words, a complaint or a case, particularly in terms of the application of these regulating procedures, is used not interchangeably herein, and shall mean:

Complaint: is the process of filing with CMA a grievance or a claim of right or ceasing any invasion of right.

Case: is the complaint when registered with the committee starting from presenting such a written initiatory pleading, under these regulating procedures, until the passing of the final and binding judgment.

12. Day: is the calendar day including official holidays in the state. Concerning the dates herein, if the last day coincides with an official holiday, the timing will be extended to the first working day thereafter.
- b. Unless as may otherwise be mentioned within the context, other words and expressions herein shall have the meaning contemplated by the Law and CMA Glossary of Defined Terms Used in the Regulations and Rules.

Section Two

Case Filing and Registration

Article (2):

Filing of Case with Committee

To file a case with the committee, it is required to enclose a proof that the case is filed first with CMA, and a period of (90) days had elapsed since such filing. However, a statement from CMA permitting filing with the committee before the elapse of such a period may be enclosed. The case shall deal with the same subject of the complaint filed with CMA.

Article (3):

Initiatory Pleading (Declaration)

The plaintiff files the case with the committee by submitting an original initiatory pleading (declaration) along with a number of copies equal to the number of defendants. The declaration shall include the following information:

1. Claimant full name, address, contact details, national identification No. (or equivalent for non-Saudis), and the full name of his representative, if applicable, and his address.
2. Defendant full name and address.
3. Declaration submission date.
4. Case subject, claimant requests and evidences.

Article (4):

Delivery of Declaration

The declaration shall be delivered to the Secretariat. The person submitting such a declaration shall be furnished with a receipt indicating the date of delivery.

Article (5):

Depositing of Case in Relevant Record

The Secretary presents the case received by the Secretariat to the chairman of the committee within a period no longer than three days from receipt thereof. After it satisfies lawful conditions, it is deposited in the case record at the committee by the direction of its chairman or his duly authorized assigned person.

Article (6):

Entry of Case

The Secretary enters the declaration by assigning to it a serial number in a dedicated record. The Secretary maintains the records of cases in an orderly manner and affix his signature on all pages.

Article (7):

Examination of Case

The committee shall initiate examination the case within a period no later than (14) days from filing thereof with the committee. This is done by communicating the declaration to the defendant and requiring his response.

Section Three

Service and Notification

Article (8):

Means of Service and Notification

Serving or notifying shall be handled by the competent staff at the Secretariat or by sending a letter via registered mail, fax or e-mail, or may be done by recorded telephone communication, or any other communication tool as may be deemed appropriate by the committee to deliver the service or notification.

Article (9):

Service and Notification in Exceptional Conditions

If domicile or address of the person to be served or notified is unknown, or if it is not possible to send the service or notification to him, the chairman of the committee may decide the manner which he deems appropriate for service or notification, including service and notification through the competent authorities or by publishing an announcement in the official gazette or any of the local newspapers.

Section Four

Committee Sessions

Article (10):

Quorum

Committee sessions for examination of cases shall be held in the presence of all members. Sessions may be held with less members as may be determined by the chairman of the committee.

Article (11):

Sessions Control

The chairman of the session shall control, manage and enforce discipline during convening of the session. For that purpose, he may order expulsion of any person from the session venue who may behave in disorderly manner, or may order deletion of any foul language affecting morals and public order from any statement or paper submitted by the parties. The chairman may order taking minutes of every violation or crime that may manifest during the session.

Article (12):

Open Nature of Sessions

Committee sessions shall be open, unless the committee decides otherwise to hold them in secret.

Article (13):

Minutes of Session

The secretary clerk takes minutes of the sessions, under the supervision of its chairman in a dedicated record. Such a minute reflects the date and time of opening of each session, closing time, venue and names of attendants to include committee members and parties. The minutes shall also reflect all procedures and actions taken during the session, as well as the party statements, claims and evidences. The minutes shall be signed by the members, secretary clerk and parties and whoever provide any statements therein. If any person refrain from signing, it will be recorded in such a minute.

Section Five

Attendance of Parties

Article (14):

Plaintiff Attendance

Parties or their representatives shall appear at the time set for examination of the case. If the plaintiff is absent during any session of examination and does not provide with a valid reason accepted by the committee, the committee may resolve the case, if resolvable, or write the case off. In the later case, plaintiff may request for continuing the examination of such a case within (60) days from the write-off date. In such a case, the committee shall continue with examination of the case under a new record. If the examination requires another session and if the plaintiff fails to attend such a session without a valid reason accepted by the committee, the case shall be written-off and shall not be heard thereafter.

Article (15):

Defendant Attendance

If the defendant fails to appear, the committee may adjourn the session and set a date for another session which shall be communicated to the defendant. If he fails to appear without valid reason accepted by the committee, the committee shall resolve the case. Its decision against the defendant shall be deemed as a judgment in absentia, unless such judgment is communicated to the defendant, his duly authorized representative or his legal agent. However, if defendant responded in writing, attended any examination sessions of the case or was absent after the closing of proceedings, the committee's decision shall be deemed passed in his presence.

Article (16):

Defendant Attendance in Penal Case

Session for examination of penal cases shall be attended by the defendant himself or by his duly authorized representative. The committee may order the defendant to appear himself before it. If the defendant or his duly authorized representative fails to appear before the committee, the request for his appearance shall be made for another session. In case he does not appear after such request, or the committee was not able to communicate the notification to him, the committee may request the executive authorities to present him at the scheduled dates. If he or his representative fails to appear, the committee may, as it may deem appropriate, issue a decision preventing him from travel, trading in the Exchange in terms of buying, or seize his bank and investment accounts or any of his assets. The committee may publish in the official gazette an announcement to present himself before the committee. Afterwards, if he fails to appear as scheduled, the committee may retain the case until he or his agent appears, unless the committee deems it appropriate to pass a judgment in absentia. Such a judgment shall be deemed in presence whenever the defendant or his representative was present at any of the sessions or he submitted his defense statement.

Article (17):

Time for Attendance

Subject to the provisions of this section, any party fails to appear within thirty minutes from the time set for the session to begin shall be deemed absent, unless such a period is decided to be extended by the committee.

Section Six

Evidence

Article (18):

Means of Evidence

Evidence may be presented to the committee by all means of evidence, including electronic data or data extracted from computers, as well as telephone call recordings, fax correspondences and e-mails.

Section Seven

Utilization of Expertise

Article (19):

Seeking Assistance from Experts to Serve Parties

The committee may, during litigation, decide to ask for one expert or more whenever it deems the assistance of expertise necessary. Within its decision, the committee shall define his/their tasks, and sets a time limit for the submission of his/their report and a date for the litigation session which shall be based on such a report. Furthermore, the committee shall indicate, if necessary, the amounts to be deposited in the account of expert expenses and fees, the party who shall be responsible for depositing such amounts, and the time limit for such deposition. The committee may appoint an expert to give his verbal opinion in the session. In such a case, his opinion shall be reflected in the minutes of the session.

Article (20):

Default on Expertise Fee Payment

If expert fees are not deposited by the responsible party within the time limit set by the committee, the other party may deposit such fees without prejudice to his right whenever judged for him to recourse to the other party. If parties fail to deposit such an amount, and if the resolution of the case depends on an expert report, the committee may suspend the case until such an amount is deposited.

Article (21):

Appointment of Expert

If the parties agree on a certain expert, the committee may endorse such agreement. Otherwise, the committee may appoint an expert by itself.

Article (22):

Inspection and Hearing

If the committee believes, during litigation, that it is necessary to conduct inspection or supplementary investigation, it may conduct such an action by itself or assign a third party to conduct such an action. The committee may assign anyone it chooses to hear a testimony of any other party who the committee deems his testimony necessary.

Article (23):

Expenses of Assignment and Expertise

As deemed appropriate by it, the committee may ask CMA to incur necessary expenses for the assignment of an expert or any other party to hear his testimony, or any action necessary for the examination of the case. The committee shall indicate in its decision the party who is responsible to compensate CMA for such expenses.

Section Eight

Procedures of Examination and Passing of Judgments

Article (24):

Examinations of Grievances against Decisions and Procedures Adopted by CMA or the Exchange

Any grievance case against decisions and procedures adopted by CMA or the Exchange must be filed first with CMA within (60) days from becoming aware of such decisions or procedures. Knowledge of such a decision or procedure is made by notifying the concerned person or by an announcement on CMA's website or the Exchange.

Article (25):

Filing Grievance with Committee

In case a notice is issued by CMA rejecting the grievance, or in case of elapse of the (90) days period contemplated by Article (2) herein without settling such a complaint, the grievance complaint may be filed with the committee within (90) days from becoming aware of the notice rejecting the grievance or from elapse of the above mentioned period without settling such a grievance complaint.

Article (26):

Staying of Execution of Contested Decision or Procedure

Filing of a grievance complaint with the committee shall not result in staying of execution of a contested decision or procedure taken by CMA or the Exchange.

Article (27):

Case Prescription

A legal case under Article Fifty Five, Article Fifty Six and Article Fifty Seven of the Law shall not be heard if the complaint is filed with the committee after elapse of one year from the date when the claimant should reasonably have been aware of the facts causing him to believe he had been the victim of a violation. In no case whatsoever may such a complaint be heard by the committee after elapse of five years from the occurrence of the claimed violation.

Article (28):

Review of Case Documents

Papers or briefs submitted by any party in any case shall not be relied upon without reviewing the other party of such documents. Each party or his assign representative has the right to have access to the case file.

Article (29):

Case Abandonment

The committee may consider the claimant as abandoned his case if he fails to respond to the committee's request to take a certain action concerning his case within the specified period, or within (90) days from the above request, which is longer, or in case the committee is unable to notify him at the address reflected in his initiatory pleading. The claimant has the right to apply for the proceeding with this case by submitting a request in this regard to the committee under a new record.

Article (30):

Suspension of Case Proceedings by Agreement of Parties

A case may be suspended by agreement of parties for a period no longer than (180) days from the date of the committee endorsement of such an agreement. If parties fail to resume the case within the following ten days of the specified period, the claimant shall be deemed as abandoned his case.

Article (31):

Suspension of Case Proceedings by Order of Committee

If the committee believes that its judgment with respect of the case depends on the resolution of another matter, it may order the suspension of the case. Parties may request resumption of the proceedings of the case once reasons of suspension no longer apply.

Article (32):

Passing of Judgments

Decisions of the committee are taken unanimously. In case of equal votes, the chairman of the committee shall have the casting vote, and all members should sign the decision. If a decision is taken unanimously, this shall be mentioned in the decision. Disagreeing member shall submit his opinion and mention the reasons for opposing such a decision in writing, which shall be attached with the case papers.

Article (33):

Pronouncement of Judgment

The decision shall be pronounced in an open session, except those decisions taken in the course of provisional precautions, safeguarding measures and formality defenses. The committee may, as it may deem appropriate, only notify parties of the decision. The committee must inform the parties that they may appeal within (30) days from communicating the decision to them, and that the decision shall be final and enforceable after expiry of such a period, unless either of them appeals within such time limit.

Article (34):

Contents of Judgment

Committee's decision shall be in writing and must contain its number, date and place of issue. The decision must also contain a summary of the parties' statements along with their names and documents, as well as the members names and

description along with their attendance, in addition to the decision's reasons and ruling.

Article (35):

Notification of Judgment

A copy of the decision shall be delivered to all involved parties within ten days from pronouncement thereof. Such a copy must be stamped with the committee's official seal and signed by its chairman and members. The decision copy must indicate the fact that such a decision is unenforceable unless enforceable in the cases set forth in Article (45) of these regulating procedures.

Article (36):

Correction of Errors and Interpretation

The committee, by itself or upon request of any concerned party, corrects any material written or calculation errors. In case of ambiguity, any party concerned may request the committee to interpret any ambiguous point in the decision.

Article (37):

Provisional Judgment in Penal Cases

The committee may, upon CMA request, issue a provisional decision against the defendant barring him from travel; enforcing provisional seizure on his assets to include his investment and bank accounts; or barring him from trading in the Exchange. This is done according to the following procedures:

1. Supporting legislations and documents should be attached with CMA's request.
2. If the request for provisional decision is made before communicating the indictment to the defendant, the committee may issue its decision as to provisional seizure, barring from travel or trading in the Exchange for a period no longer than (30) days. The committee may extend that period or revoke it upon request of CMA after giving the defendant a chance to hear his evidences and statements.
3. The party who is the subject of the committee's provisional decision may request revoking thereof by filing with the committee a declaration reflecting his defense and supporting statements to revoke such a decision. The

pleading shall be examined by the committee and solved within a period no longer than (7) days from the date of delivery of such a declaration.

Article (38):

Lifting of Provisional Seizure

The committee, at its sole discretion, may, upon request of the party who is the subject of the provisional seizure stated in Article (37) of these regulating procedures, issue a decision lifting such seizure. The committee may request instead the submission of any guarantees acceptable to it.

Section Nine

Appeal

Article (39):

Right to Appeal and Timing

Parties may appeal against the decisions taken by the committee before the appeal committee within (30) days from communicating such decisions to the parties.

Article (40):

Appeal against Decisions in Absentia

In case of any decision issued in absentia, the convict may appeal within (30) days from communicating such a decision to him. In the event of not being able to notify him during (30) days from the date of issuance, the decision shall be published in the official gazette with an announcement to the convict that he has the right for an appeal within (30) days. If he does not submit his appeal within the time limit, the decision shall be effective and enforceable. If the convict appears later to such time limit, he may apply to cease carrying out the decision. The committee shall then cease carrying out the decision for a period which it deems sufficient for the convict to prepare his evidences and responses. If the convict submits his evidences and responses within the established period, the committee shall review such documents. If the committee finds some grounds for re-examination of its decision, it may do so. Otherwise, the committee shall issue a decision enforcing its previous decision.

Article (41):

Entry of Appeal Date

The appeal pleading shall be submitted to the Secretariat. It shall be dated and entered in the case file.

Article (42):

Appeal Pleading

The appeal pleading should include the decision which is appealed against, its number, date and reasons upon which the appeal is based, along with the appellant requests.

Article (43):

Entry at Appeal Stage

During the stage of appeal, any party who was not involved in the case of which the decision was issued shall not be allowed to enter as a party into the appeal.

Article (44):

Re-examining of Case

The committee may re-examine its decision in the following cases:

1. If the committee was provided with productive information in the case and fined solid grounds which prevented the submission of such information during the course of examining the case, and that the same has taken place after the closing of the proceedings or after issuing the decision and before the expiry of the time limit for the appeal pursuant to Article (39) of this regulating procedures.
2. If productive information in the case was submitted to the appeal committee and it was unachievable to submit such information during the course of examination of the case by the committee; or the appeal committee believes that the procedures or information registered in the case file were insufficient, and that the case was transferred to the committee pursuant to a decision made by the appeal committee; the committee shall re-examine the case. If the committee was of the opinion that it is necessary to amend its ruling, such an amended decision shall be issued and notified to the parties. If the committee finds it is necessary to re-open the proceedings to submit arguments and statements, this shall be notified to the parties. In case that the committee does not find it necessary to amend its ruling or re-open any proceedings, then a reasoned decision shall be issued to that effect and communicated to the appeal committee.

Section Ten

Conclusiveness and Implementation of Judgments

Article (45):

Final and Irrevocable Judgments

Judgments are deemed irrevocable and final in the following conditions:

1. The expiration of the time limit for filing the appeal against the decision of the committee without submitting the appeal.
2. All parties in the case announce their conviction of the committee's decision whether at the time of pronouncement the ruling or afterwards provided that the same was before the elapse of the time limit for the appeal.
3. Issuance of a decision of the appeal committee endorsing the committee's judgment.
4. Issuance of a decision of the appeal committee rejecting the committee's judgment.
5. Issuance of a decision of the appeal committee after re-examining the case.

Article (46):

Implementation of Judgments

Should any decision be deemed final, parties shall be notified and serviced with a copy of such a decision. The judgment shall be implemented pursuant to the Law or other related laws.

Article (47):

Implementation of Judgments on Properties

The committee, upon the request of CMA, may issue a final decision for implementation on defendant's properties.

Section Eleven

General Provisions

Article (48):

Enforceable Procedures for Uncovered Matters

In relation to the procedures of case examination, the committee shall comply with the provisions of the Law, these regulating procedures and any regulations or rules that may be issued by CMA. As for matters uncovered in the texture of these regulating procedures, the committee may be guided by the rules of defense, criminal proceedings and general rules applicable in the Kingdom in correspondence with the nature of cases before the committee.

Article (49):

Language

The Arabic language is the official language used during the procedures of case examination. Any statements made in a language other than Arabic will not be considered by the committee. Non-Arabic speaking parties should be accompanied by an interpreter who has to co-sign with that party in the minutes of the case. Any party wishes to submit documents written in a foreign language may do so provided that such document are enclosed with certified Arabic translation.

Article (50):

Effective Date

This regulating procedures are hereby effective as of the date of publishing.