

Resolution No. (134) of 2022
Regarding Collective Investment Schemes

Having Perused:

- Law No. 7 of 2010 Regarding the Establishment of the Capital Markets Authority and Regulating Securities Activities and its Executive Bylaws, and their amendments; and
- CMA Board of Commissioners Resolution passed in its meeting No. (30) of 2022 held on 17/08/2022.

The Following Was Resolved

Article (1)

Module One (Glossary) of the Executive Bylaws of Law No. 7 of 2010 Regarding the Establishment of the Capital Markets Authority and Regulating Securities Activities and their amendments is hereby amended pursuant to Annex 1 attached to this Resolution.

Article (2)

Module Thirteen (Collective Investment Schemes) of the Executive Bylaws of Law No. 7 of 2010 Regarding the Establishment of the Capital Markets Authority and Regulating Securities Activities and their amendments is hereby amended pursuant to Annex 1 attached to this Resolution.

Article (3)

Appendix 4 (Investment Controls for Each Type of Fund) of Module Thirteen (Collective Investment Schemes) of the Executive Bylaws of Law No. 7 of 2010 Regarding the Establishment of the Capital Markets Authority and Regulating Securities Activities and their amendments is hereby amended pursuant to Annex 2 attached to this Resolution.

Article (4)

The concerned bodies shall execute this Resolution, each within its jurisdiction. This Resolution shall come into force from the date of its issuance, and it shall be published in the Official Gazette.

Prof. Ahmad Almelhem

Issued on: 21/08/2022

Annex 1

| # | Module | Chapter | Article | Amendment Type | Text before Amendment | Text After Amendment |
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| 1 | One | - | Executive Committee | Amending Article | Executive Committee: a committee duly appointed to be in charge Of managing a Fund which shall consist of two or more of the Fund Manager's employees who are duly qualified to be its Representatives and one of whom shall be a Senior Executive in accordance with the provisions set out in Article 2-14-1 of Chapter Two of Module Thirteen (Collective Investment Schemes) of these Bylaws. | Executive Committee: a committee duly appointed to be in charge of managing a Fund which shall consist of two or more of the Fund Manager's employees who are duly qualified to be its Representatives and one of whom shall be a Senior Executive or the Chief Executive Officer in accordance with the provisions set out in Article 2-14-1 of Chapter Two of Module Thirteen (Collective Investment Schemes) of these Bylaws. |
| 2 | Thirteen | Two | 2-10-2 | Amending Article | The Fund's Articles of Association should include the necessary information about the Fund, and the following in particular: 1. Preface. 2. Glossary. 3. Fund name. 4. Fund type. 5. Fund Manager's name and statement that the Fund Manager is licensed by the Authority, his address and a summary about him. 6. Fund form (open/close). | The Fund's Articles of Association should include the necessary information about the Fund, and the following in particular: 1. Preface. 2. Glossary. 3. <u>Fund</u> name. 4. <u>Fund</u> type. 5. <u>Fund Manager</u> 's name and statement that the <u>Fund Manager</u> is <u>licensed</u> by the <u>Authority</u> , his address and a summary about him. 6. <u>Fund</u> form (open/close). |

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| | | | | | <p>7. Fund's classification (Public Fund or Private Fund).</p> <p>8. The targeted class of the offering.</p> <p>9. Fund's nature (Conventional or Conforms with Islamic Sharia standards).</p> <p>10. Term of the Fund.</p> <p>11. Currency of the Fund.</p> <p>12. Capital of the Fund and its payment method.</p> <p>13. Number of investment Units and the nominal value of each.</p> <p>14. Investment objectives of the Fund.</p> <p>15. Investment controls.</p> <p>16. The Fund's investment scope, sector, or index that it follows.</p> <p>17. Controls and limitations of borrowing (as applicable).</p> <p>18. Investment risks.</p> <p>19. Beginning and end of the financial year of the Fund.</p> <p>20. Method of subscription, participation and redemption in the Fund's Units and the transfer of their ownership.</p> <p>21. Minimum and maximum participation and redemption by the Fund Manager and Unit holders in the Fund.</p> <p>22. Participation and redemption periods, if any.</p> | <p>7. <u>Fund's</u> classification (<u>Public Fund</u> or <u>Private Fund</u>).</p> <p>8. The targeted class of the offering.</p> <p>9. <u>Fund's</u> nature (Conventional or Conforms with Islamic Sharia standards).</p> <p>10. Term of the <u>Fund</u>.</p> <p>11. Currency of the <u>Fund</u>.</p> <p>12. Capital of the <u>Fund</u> and its payment method.</p> <p>13. Number of investment <u>Units</u> and the nominal value of each.</p> <p>14. Investment objectives of the <u>Fund</u>.</p> <p>15. Investment controls.</p> <p>16. The <u>Fund's</u> investment scope, sector, or index that it follows.</p> <p>17. Controls and limitations of borrowing (as applicable).</p> <p>18. Investment risks.</p> <p>19. Beginning and end of the financial year of the <u>Fund</u>.</p> <p>20. Method of subscription, participation and redemption in the <u>Fund's Units</u> and the transfer of their ownership.</p> <p>21. Minimum and maximum participation and redemption by the <u>Fund Manager</u> and <u>Unit</u> holders in the <u>Fund</u>.</p> |

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| | | | | | <p>23. Early redemption cases and the mechanism of calculating its fees (if any).</p> <p>24. Specified period for submitting the applications of the Fund's Units' participation and redemption (if any).</p> <p>25. Dealing Days in which the applications of participation or redemption of the Fund's Units may be submitted (if any).</p> <p>26. Criteria and method of valuating the Fund's Assets according to the controls and International Accounting Standards approved by the Authority.</p> <p>27. Valuation Day(s), on which the net asset value (NAV) of the Fund's assets is calculated.</p> <p>28. Mechanism of calculating the net asset value of a Unit.</p> <p>29. Methods and bases of distributing dividends (if any).</p> <p>30. Rights of the Unit holders.</p> <p>31. Periods of submitting the periodic reports of the Unit holders.</p> <p>32. Methods and periods for disclosure of information.</p> <p>33. Summary of the responsibilities of the service providers, in addition to the</p> | <p>22. Participation and redemption periods, if any.</p> <p>23. Early redemption cases and the mechanism of calculating its fees (if any).</p> <p>24. Specified period for submitting the applications of the <u>Fund's Units'</u> participation and redemption (if any).</p> <p>25. <u>Dealing Days</u> in which the applications of participation or redemption of the Fund's <u>Units</u> may be submitted (if any).</p> <p>26. Criteria and method of valuating the <u>Fund's Assets</u> according to the controls and International Accounting Standards approved by the Authority.</p> <p>27. <u>Valuation Day(s)</u>, on which the net asset value (NAV) of the <u>Fund's assets</u> is calculated.</p> <p>28. Mechanism of calculating the net asset value of a <u>Unit</u>.</p> <p>29. Methods and bases of distributing dividends (if any).</p> <p>30. Rights of the <u>Unit</u> holders, with a statement showing the responsibility of <u>Unit</u> holders to update their details.</p> <p>31. Periods of submitting the periodic reports of the <u>Unit</u> holders.</p> |

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| | | | | | <p>provisions relevant to the termination of their service or replacing them.</p> <p>34. Provisions of the Unit holders' assembly (if any).</p> <p>35. Events of winding up and liquidation of the Fund.</p> <p>36. Procedures of Fund liquidation.</p> <p>37. Method of amending the Articles of Association of the Fund.</p> <p>38. Procedure of correspondence with the Unit holders.</p> <p>39. Procedures for complaints.</p> <p>40. Any other information required by the Authority.</p> <p>The Articles of Association of the Fund must be written in Arabic and provided free of charge upon request.</p> | <p>32. Methods and periods for disclosure of information.</p> <p>33. Summary of the responsibilities of the service providers, in addition to the provisions relevant to the termination of their service or replacing them.</p> <p>34. Provisions of the <u>Unit</u> holders' assembly (if any).</p> <p>35. Events of winding up and liquidation of the <u>Fund</u>.</p> <p>36. Procedures of <u>Fund</u> liquidation.</p> <p>37. Method of amending the Articles of Association of the <u>Fund</u>.</p> <p>38. Procedure of correspondence with the <u>Unit</u> holders.</p> <p>39. Procedures for complaints.</p> <p>40. Any other information required by the Authority.</p> <p>The Articles of Association of the <u>Fund</u> must be written in Arabic and provided free of charge upon request.</p> |
| 3 | Thirteen | Two | 2-13 | Amending Article | <p>General Duties</p> <p>Service providers for a Fund, whether they were natural Persons or corporate entities, should comply with the following:</p> <p>1. They should have the adequate human resources, technical and financial abilities</p> | <p>General Duties</p> <p>Service providers for a <u>Fund</u>, whether they were natural Persons or corporate entities, should comply with the following:</p> <p>1. They should have the adequate human resources, technical and financial abilities</p> |

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| | | | | | <p>and capabilities to the sufficient extent to meet the commitments thereof.</p> <p>2. Enter into a contract with the service provider which includes the rights and obligations of the parties thereto, in particular, the fees of the service provider, the bases of calculating it, dates of payment, the procedures to be taken at the termination of such contract, and procedures and implications resulting from the termination of the relationship with such service provider, except the Fund Manager who may be replaced by the Fund's Articles of Association which includes the requirements of this Item.</p> <p>3. Assume Care of a Prudent Person when undertaking the responsibilities of a service provider, and cooperate with the other service providers of the Fund, being reliable for any default, professional negligence, or fraud that may occur while carrying out his tasks, and compensate every Person harmed as a result of an error committed by the service provider.</p> <p>4. The service provider may not deal in the Fund's</p> | <p>and capabilities to the sufficient extent to meet the commitments thereof.</p> <p>2. Enter into a contract with the service provider which includes the rights and obligations of the parties thereto, in particular, the fees of the service provider, the bases of calculating it, dates of payment, the procedures to be taken at the termination of such contract, and procedures and implications resulting from the termination of the relationship with such service provider, except the <u>Fund Manager</u> who may be replaced by the <u>Fund's</u> Articles of Association which includes the requirements of this Item.</p> <p>3. Assume <u>Care of a Prudent Person</u> when undertaking the responsibilities of a service provider, and cooperate with the other service providers of the <u>Fund</u>, being reliable for any default, professional negligence, or fraud that may occur while carrying out his tasks, and compensate every Person harmed as a result of an error committed by the service provider, provided that the <u>Authority</u> shall be notified within five <u>Business Days</u> once</p> |

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| | | | | | <p>Units for its interest or on anyone's behalf, except in the following cases:</p> <p>a. Fund Manager.</p> <p>b. Subscription Agent (Selling), Investment Advisor, and real estate management company in regard to the Real Estate Fund or the Real Estate Income-Generating Fund (Traded), provided that it shall not conflict with investment provisions of each Fund.</p> <p>5. Comply with the Law, these Bylaws, the circulars, resolutions, and regulations issued by the Authority , the Articles of Association, and the Prospectus.</p> <p>6. Take all necessary measures immediately to rectify any failure to comply with its obligations stipulated in the Articles of Association and these Bylaws and any instructions issued by the Authority.</p> <p>7. Review, at any time, the records, documents, and papers related to the Fund, which are held by other service providers, within the limits of their competences and their ability to perform as required.</p> | <p>any of the events stipulated in this item occurs.</p> <p>4. The service provider may not deal in the <u>Fund's Units</u> for its interest or on anyone's behalf, except in the following cases:</p> <p>a. <u>Fund Manager</u>.</p> <p>b. <u>Subscription Agent (Selling)</u>, <u>Investment Advisor</u>, and real estate management company in regard to the <u>Real Estate Fund</u> or the <u>Real Estate Income-Generating Fund (Traded)</u>, provided that it shall not conflict with investment provisions of each <u>Fund</u>.</p> <p>5. Comply with the Law, these Bylaws, the circulars, resolutions, and regulations issued by the Authority , the Articles of Association, and the Prospectus.</p> <p>6. Take all necessary measures immediately to rectify any failure to comply with its obligations stipulated in the Articles of Association and these Bylaws and any instructions issued by the Authority.</p> <p>7. Review, at any time, the records, documents, and papers related to the</p> |

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| | | | | | 8. Not to exploit the Fund Assets for a personal benefit. | Fund, which are held by other service providers, within the limits of their competences and their ability to perform as required. 8. Not to exploit the Fund Assets for a personal benefit. |
| 4 | Thirteen | Two | 2-20-6 | Amending Article | In the event of a vacancy or occupation of any of the service providers not mentioned in Article (2-11-1) of this Chapter, the Fund Manager shall notify the Authority and the Unit holders of it within a maximum of five Business Days as of the date of vacancy or occupation. | In the event of a vacancy or occupation of a <u>Record Keeper</u> or any of the service providers not mentioned in Article (2-11-1) of this Chapter, the <u>Fund Manager</u> shall notify the <u>Authority</u> and the <u>Unit</u> holders of it within a maximum of five <u>Business Days</u> as of the date of vacancy or occupation. |
| 5 | Thirteen | Three | 3-23 | Amending Article | Obligations of Service Providers of Contractual Collective Investment Scheme Service providers, whether natural Persons or corporate entities, shall comply with the following: 1. The service provider should have the adequate human resources, technical and financial abilities and capabilities to the sufficient extent to meet the commitments thereof. | Obligations of Service Providers of Contractual Collective Investment Scheme Service providers, whether natural <u>Persons</u> or corporate entities, shall comply with the following: 1. The service provider should have the adequate human resources, technical and financial abilities and capabilities to the sufficient extent to meet the commitments thereof. |

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| | | | | | <p>2. Enter into a contract with the service provider which includes the rights and obligations of the parties thereto, in particular, the fees of the service provider, the bases of calculating it, dates of payment, the procedures to be taken at the termination of such contract, and procedures and implications resulting from the termination of the relationship with such service provider, except for the Scheme manger where the Scheme contract meets the requirements of this Item.</p> <p>3. Assume Care of a Prudent Person when undertaking the responsibilities of a service provider, cooperate with the other service providers of the Scheme, take responsibility for any professional omission or negligence, or fraud committed by him during the performance of his work, and compensate every Person harmed as a result of an error committed by the service provider.</p> <p>4. The service provider, except for the Collective Investment Scheme Manager , may not deal in the Contractual Collective Investment Scheme's Units for its interest or on anyone's behalf.</p> | <p>2. Enter into a contract with the service provider which includes the rights and obligations of the parties thereto, in particular, the fees of the service provider, the bases of calculating it, dates of payment, the procedures to be taken at the termination of such contract, and procedures and implications resulting from the termination of the relationship with such service provider, except for the Scheme manger where the Scheme contract meets the requirements of this Item.</p> <p>3. Assume Care of a <u>Prudent Person</u> when undertaking the responsibilities of a service provider, cooperate with the other service providers of the Scheme, take responsibility for any professional omission or negligence, or fraud committed by him during the performance of his work, and compensate every <u>Person</u> harmed as a result of an error committed by the service provider, provided that the <u>Authority</u> shall be notified within five <u>Business Days</u> once any of the events stipulated in this item occurs.</p> <p>4. The service provider, except for the</p> |

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| | | | | | <p>5. Comply with the Law, these Bylaws, circulars, decisions and instructions issued by the Authority, and the Contractual Collective Investment Scheme Contract.</p> <p>6. Take all necessary measures to rectify any failure to comply with its obligations stipulated in the Contractual Collective Investment Scheme Contract and these Bylaws and any instructions issued by the Authority.</p> <p>7. Access at any time to the records, books, documents and papers related to the Scheme in the possession of other service providers within the limits that fall within their jurisdiction and to enable them to perform their duties as required.</p> <p>8. Not to exploit the assets of the Scheme for a private interest.</p> | <p><u>Collective Investment Scheme Manager</u>, may not deal in the <u>Contractual Collective Investment Scheme's Units</u> for its interest or on anyone's behalf.</p> <p>5. Comply with the <u>Law</u>, these <u>Bylaws</u>, circulars, decisions and instructions issued by the <u>Authority</u>, and the <u>Contractual Collective Investment Scheme Contract</u>.</p> <p>6. Take all necessary measures to rectify any failure to comply with its obligations stipulated in the <u>Contractual Collective Investment Scheme Contract</u> and these <u>Bylaws</u> and any instructions issued by the <u>Authority</u>.</p> <p>7. Access at any time to the records, books, documents and papers related to the Scheme in the possession of other service providers within the limits that fall within their jurisdiction and to enable them to perform their duties as required.</p> <p>8. Not to exploit the assets of the Scheme for a private interest.</p> |
| 6 | Thirteen | Three | 3-32-6 | Amending Article | In the event of a vacancy in the position or appointment of any of the service providers not referred to in Article (3-21-1) of this Chapter, the Scheme manager | In the event of a vacancy in the position or appointment of a <u>Record Keeper</u> or any of the service providers not referred to in Article (3-21-1) of this |

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| | | | | | shall notify the Authority and the Unit holders of this within a maximum period of five Business Days from the date of the vacancy or appointment. | Chapter, the Scheme manager shall notify the <u>Authority</u> and the <u>Unit</u> holders of this within a maximum period of five <u>Business Days</u> from the date of the vacancy or appointment. |
| 7 | Thirteen | Three | 3-34-3 | Adding Article | - | The contract shall include the term of the scheme, and the scheme manager may extend this period as stipulated in the contract and after obtaining the approval of the <u>Authority</u> . If the extension is approved, the scheme manager shall notify the <u>Unit</u> Holders within a maximum period of ten <u>Business Days</u> . |
| Annex 2 Appendix 4 Investment Controls for Each Type of Fund Attachment No. (1) Investment Controls of Investment Funds in Equities | | | | | | |
| 1 | Thirteen | Appendix 4 | Paragraph (f) of Item (4) | Amending Article | f. The investments made in Funds managed by one manager may not exceed 10% from the net asset value of the Fund. | f. The investments made in Funds managed by one manager may not exceed 15% from the net asset value of the Fund. |
| Attachment No. (6) Investment Controls of the Fund of Funds | | | | | | |
| 2 | Thirteen | Appendix 4 | Item (6) | Amending Article | 6. The investments made in Funds managed by one manager may not exceed 25% from the net asset value of the Fund. | 6. The investments made in Funds managed by one manager may not exceed 40% from the net asset value of the Fund. |

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| Attachment No. (7) | | | | | | |
| Investment Controls of Real Estate Income-Generating Fund (Traded) | | | | | | |
| 3 | Thirteen | Appendix 4 | Paragraph (e) of Item (3) of (Second) | Amending Article | e. The investments made in Funds managed by one manager may not exceed 10% from the net asset value of the Fund. | e. The investments made in Funds managed by one manager may not exceed 15% from the net asset value of the Fund. |