

## **Resolution No. (117) of 2023**

### **Regarding the Fees of Managing Investment Portfolios for Securities of the Licensed Person's Employees**

#### **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 No. (C.B.C. 22-3) of 2023 passed in its meeting No. (22) of 2023 held on 2/8/2023.

#### **The Following Was Resolved**

##### **Article (1)**

Module Eight (Conduct of Business) 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 Fifteen (Corporate Governance) 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)**

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: 06/08/2023.**

### Annex No. (1)

#	Module	Article	Amendment Type	Text before Amendment	Text After Amendment
1	Eight	4-1	Amending Article	<p>A Licensed Person must establish adequate arrangements aimed to limit cases of conflicts of interest between Members of the Board of Directors, its clients, employees or agents; or making use of the confidential information of those clients, in particular, the following cases:</p> <ol style="list-style-type: none"><li>1. Enter into Securities transactions in which one of the Licensed Person's clients is a party.</li><li>2. Enter into Securities transactions through using confidential information related to clients.</li><li>3. Provide inappropriate advice or recommendation to the Client in order to perform a process or to enter into a Securities transaction with the purpose of attaining a benefit for any of the Licensed Person's employees or agents.</li><li>4. Disclose any confidential information obtained by one of the Licensed Person's employees or agents, to another person with the purpose of entering into Securities transactions in which one of the Licensed</li></ol>	<p>A Licensed Person must establish adequate arrangements aimed to limit cases of conflicts of interest between Members of the Board of Directors, its clients, employees or agents; or making use of the confidential information of those clients, in particular, the following cases:</p> <ol style="list-style-type: none"><li>1. Enter into Securities transactions in which one of the Licensed Person's clients is a party.</li><li>2. Enter into Securities transactions through using confidential information related to clients.</li><li>3. Provide inappropriate advice or recommendation to the Client in order to perform a process or to enter into a Securities transaction with the purpose of attaining a benefit for any of the Licensed Person's employees or agents.</li><li>4. Disclose any confidential information obtained by one of the Licensed Person's employees or agents, to another person with the purpose of entering into Securities transactions in which one of the Licensed</li></ol>

				<p>Person's clients is a party, or provide inappropriate advice or recommendation to another person in order to enter into such a transaction.</p>	<p>Person's clients is a party, or provide inappropriate advice or recommendation to another person in order to enter into such a transaction.</p> <p>It does not fall within the remit of conflict of interests to exempt the <u>Investment Portfolio Manager</u> from receiving their due fees from their employees for the management of the portfolios owned by them, provided that their policies and procedures manual includes provisions and procedures related to this matter.</p>
2	Fifteen	10-4	Amending Article	<p>Such policy developed by the company in this regard shall include the following as minimum:</p> <p>1. Factors, which verify that dealing with the Members of a Board of Directors and Stakeholders is conducted in accordance with the same conditions applied by the company with various parties of Stakeholders, without any discrimination of preferential conditions.</p> <p>2. The procedures to be followed in case any party breaches the obligations thereof, in addition to those applied for paying compensation. In addition to ensuring that the agreements concluded between Stakeholders and the</p>	<p>Without prejudice to the provisions of Article (4-1) of Module Eight (Conduct of Business) of these Bylaws, such policy developed by the company in this regard shall include the following as minimum:</p> <p>1. Factors, which verify that dealing with the Members of a Board of Directors and Stakeholders is conducted in accordance with the same conditions applied by the company with various parties of Stakeholders, without any discrimination of preferential conditions.</p> <p>2. The procedures to be followed in case any party breaches the obligations thereof, in addition to those applied for paying compensation. In addition to ensuring that the agreements concluded</p>

			<p>company include and indicate such procedures in detail.</p> <p>3. Mechanisms of compensating Stakeholders if the rights thereof set out by the controls and protected by the agreements are breached.</p> <p>4. Mechanisms that show how the company establishes good relationships with the Clients and suppliers and keeps confidentiality of the related information.</p> <p>5. Mechanisms of settlement of complaints or disputes, which may arise between a company and Stakeholders.</p>	<p>between Stakeholders and the company include and indicate such procedures in detail.</p> <p>3. Mechanisms of compensating Stakeholders if the rights thereof set out by the controls and protected by the agreements are breached.</p> <p>4. Mechanisms that show how the company establishes good relationships with the Clients and suppliers and keeps confidentiality of the related information.</p> <p>5. Mechanisms of settlement of complaints or disputes, which may arise between a company and Stakeholders.</p>
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