

Resolution No. (31) of 2023

Regarding

Amending Some Provisions of the Regulatory Requirements of the Clearing Agency

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. (06) of 2023 held on 08/03/2023.

The Following Was Resolved

Article (1)

Module Four (Securities Exchanges and Clearing Agencies) 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)

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: 12/03/2023

| # | Module | Chapter | Article | Amendment type | Text before Amendment | Text After Amendment |
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| 1 | Four | Two | 2-3-2 | Amending an Article | <p>A <u>Clearing Agency</u> shall prepare appropriate policies and procedures to prevent the <u>Members of the Board of Directors</u> from gaining access to information of the clients and the members of the <u>Clearing Agency</u>, and to prevent conflicts of interest amongst the <u>Members of the Board of Directors</u> of the <u>Clearing Agency</u> and those <u>Clients</u> and members. The aforesaid policies and procedures shall be submitted to the <u>Authority</u> for approval.</p> | <p>A <u>Clearing Agency</u> shall prepare appropriate policies and procedures to prevent the <u>Members of the Board of Directors</u> from gaining access to information of the <u>Clients</u> and the members of the <u>Clearing Agency</u>, and to prevent conflicts of interest amongst the <u>Members of the Board of Directors</u> of the <u>Clearing Agency</u> and those <u>Clients</u> and members.</p> <p>In the event that the <u>Clearing Agency</u> is a <u>Subsidiary</u> company of any other entity, the <u>Clearing Agency</u> shall prepare the aforesaid policies and procedures, taking into account any circumstances that may lead to cases of conflicts of interest arising as a result of the legal and organizational structure and the commercial activities of another entity related to the <u>Clearing Agency</u>. It shall include the following as a minimum:</p> <ol style="list-style-type: none"> 1- Identifying the circumstances which constitute or may constitute a conflict of interest resulting in harm to the interests of one or more member of the <u>Clearing Agency</u> or their <u>Clients</u>. 2- Defining procedures that must be followed and measures to be taken in order to |

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| | | | | | | manage cases of conflicts of interest. The <u>Clearing Agency</u> shall submit the policies of conflicts of interest to the <u>Authority</u> for approval. |
| 2 | Four | Two | 2-4-8 | Amending an Article | <p>A <u>Clearing Agency</u> shall prepare policies and procedures necessary to perform its activities after obtaining the <u>Authority</u>'s approval. Those policies and procedures shall in particular cover the following:</p> <ol style="list-style-type: none"> 1. Providing services of clearing and settlement related to <u>Securities</u> or any other related service. 2. Providing services of general assemblies, including the services of the general assemblies that are held through the <u>Electronic System of Participation</u>. 3. Becoming a member of a <u>Clearing Agency</u> and the obligations of its members. 4. Specifications of the rights and obligations of parties to a <u>Securities</u> transaction in respect of clearing and settlement and any related services. 5. Determination of the time at which the rights of the creditors of parties to a <u>Securities</u> transaction arise, including the rights pertaining to the cash return or its equivalent and the relevant | <p>A <u>Clearing Agency</u> shall prepare rules necessary to perform its activities after obtaining the <u>Authority</u>'s approval. Those rules shall in particular cover the following:</p> <ol style="list-style-type: none"> 1. Providing services of clearing and settlement related to <u>Securities</u> or any other related service. 2. Providing services of <u>Central Counterparty</u> and any other related services. 3. Providing <u>Securities</u> depository services, which include the services of general assemblies, which include the services of the general assemblies that are held through the <u>Electronic System of Participation</u>, and any related services. 4. Becoming a member of a <u>Clearing Agency</u> and the obligations of its members, in addition to cancelling or suspending the membership. 5. Monitoring system. 6. Specifications of the rights and obligations of parties to a <u>Securities</u> transaction in respect of clearing and settlement and any related services. 7. Information, data and records that the <u>Clearing Agency</u> must disclose, and those to which the |

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| | | | | <p><u>Securities</u> as a result of sales, purchases or title transfer operation.</p> <p>6. Rules and procedures to be followed in the event that any person dealing with a <u>Clearing Agency</u> fails to deliver <u>Securities</u> or funds for the purposes of settling a transaction or other obligations within the clearing system.</p> <p>7. Information, data and records which are considered confidential and the authorisation of persons to access the same due to the nature of their work.</p> <p>8. Information, data and records that the <u>Clearing Agency</u> must disclose, and those to which the public may have access and obtain copies thereof.</p> <p>9. Complaints.</p> <p>10. Monitoring system.</p> <p>11. Charges and fees.</p> <p>12. Code of professional conduct applicable to the <u>Clearing Agency's Members of the Board of Directors</u> and its employees.</p> <p>The <u>Authority</u> may waive some of those requirements according to the nature of the activity licensed to the <u>Clearing Agency</u>.</p> | <p>public may have access and obtain copies thereof.</p> <p>8. Information, data and records which are considered confidential and the authorisation of persons to access the same due to the nature of their work.</p> <p>9. Determination of the time at which the rights of the creditors of parties to a <u>Securities</u> transaction arise, including the rights pertaining to the cash return or its equivalent and the relevant <u>Securities</u> as a result of sales, purchases or title transfer operation.</p> <p>10. Fees, commissions, charges, and expenses.</p> <p>11. Code of professional conduct applicable to the <u>Clearing Agency's Members of the Board of Directors</u> and its employees.</p> <p>12. Dealing with the complaints of the <u>Clearing Agency Members and Clients</u>.</p> <p>13. Rules and procedures to be followed in the event that any person dealing with a <u>Clearing Agency</u> fails to deliver <u>Securities</u> or funds for the purposes of settling a transaction or other obligations within the clearing system.</p> <p>14. Any other rules specified by the <u>Authority</u>.</p> <p>The <u>Clearing Agency</u> shall prepare the policies and procedures required for implementing the matters included in the</p> |
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| | | | | | <p>rules referred to in the first paragraph. The <u>Authority</u> may require the <u>Clearing Agency</u> to obtain the <u>Authority</u>'s prior approval on the policies and/or procedures as it deems appropriate. In all events, the <u>Clearing Agency</u> shall submit all the policies and procedures to the <u>Authority</u>.</p> <p>The <u>Authority</u> may exempt the <u>Clearing Agency</u> from some of the requirements or impose additional requirements according to the nature of the activity licensed to the <u>Clearing Agency</u>.</p> |
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