

**Resolution No. (154) of 2024**

**Regarding**

**Adding a New Article and Resequencing the Articles of Chapter Four “Client’s Assets” and the Table of Contents of Module Seven (Clients’ Funds and Clients’ Assets) 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**

**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. (37) of 2024 held on 27/11/2024.

**The Following Was Resolved**

**Article (1)**

The provisions of Chapter Four “Clients Assets” of Module Seven (Clients’ Funds and Clients’ Assets) 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.

**Othman Al-Issa**

**Acting Managing Director**

**Issued on: 28/11/2024.**

**Annex No. (1)**

**Adding a New Article and Resequencing the Articles of Chapter Four “Client’s Assets” and the Contents of Module Seven (Clients’ Funds and Clients’ Assets)**

<b>Module</b>	<b>Chapter</b>	<b>Article Number Before Amendment</b>	<b>Amendment Type</b>	<b>Article Number After Amendment</b>	<b>Article Text</b>
<b>Seven (Clients’ Funds and Clients’ Assets)</b>	<b>Four (Client’s Assets)</b>	-	Adding Article	4-1	<p><b><u>Chapter: Clients’ Assets</u></b></p> <p>A <u>Licensed Person</u> shall deposit <u>Clients’</u> assets in an independent account designated for <u>Clients’</u> assets. It is permissible to consolidate <u>Clients’</u> assets into one or more accounts, provided that the account(s) in which <u>Clients’</u> assets are deposited is/are segregated from the <u>Licensed Person’s</u> accounts.</p>
		4-1	Resequencing	4-2	Assets Deposit and Conditions of Deposit to Third Parties
		4-1-1	Resequencing	4-2-1	<p>A Licensed Person may deposit Clients’ Assets held by it on behalf of his Clients into an account or accounts open with a third party who is licensed by the Authority, or licensed by an equivalent foreign regulatory entity, to hold Clients’ Assets. A Licensed Person shall take Care of a Prudent Person while selecting this Person and considering in particular the following:</p> <ol style="list-style-type: none"> <li>1. Legal requirements and market practices.</li> <li>2. Financial status and reputation.</li> <li>3. Dangers of depositing assets at one entity.</li> </ol>

		4-1-2	Re-sequence	4-2-2	A Licensed Person shall ensure segregation between his Clients' assets deposited with a third party and any other assets belonging to the Clients of such person by maintaining separate accounts with the person where the Clients' assets are held.
		4-1-3	Re-sequence	4-2-3	In case of depositing Clients' Assets at another custodian, the Licensed Person shall prepare a periodical report on the entity where the Clients' Assets were deposited, in respect of keeping and possessing such assets.

**Following Annex No. (1)**

**Adding a Headline and the Resequencing of the Table of Contents of Module Seven  
(Clients' Funds and Clients' Assets)**

Module	Chapter	Article	Amendment Type	Text
Seven (Clients' Funds and Clients' Assets)	Four (Client's Assets)	Table of Contents	Adding a Headline and Resequencing	<b><u>Chapter Headline</u></b> <b>Chapter Four: Clients Assets</b> <b>4-1 Segregation of Client's Assets</b> <b>4-2 Assets Deposit and Conditions of Deposit to Third Parties</b>