

Resolution No. (47) of 2021
Regarding
Amending Some Provisions of the Executive Bylaws Regarding Internal
Policies and Procedures of the Licensed Persons

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. (12) of 2021 held on 07/04/2021;

The Following Was Resolved:

Article (1)

Module Six (Policies and Procedures of Licensed Persons) of the Executive Bylaws of Law No. (7) of 2010 is hereby amended pursuant to Annex (1) attached to this Resolution.

Article (2):

Appendix 5 (Application for Securities Activities License) of Module Five (Securities Activates and Registered Persons) of the Executive Bylaws of Law No. (7) of 2010 is hereby amended pursuant to Annex (2) 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 A. Al-Melhem

Issued on: 12/04/2021

Annex (1)

#	Module	Chapter	Article	Amending type	Text before Amendment	Text after Amendment
1	Six	Two	2-1	Amending an Article	Each <u>Licensed Person</u> shall prepare a manual of policies and procedures in order to ensure compliance with the Law and these <u>Bylaws</u> , and these shall regulate, in particular, the following: 1. The organisational structure of <u>Licensed Person</u> which specifies explicitly the limitations of the authority, capacity and responsibility pertinent to the Board of Directors and executive management and all other various main supporting positions of the <u>Licensed Person</u> . In addition, this will set out the administrative levels and capacities pertaining to approval of entering into transactions, payment of expenses and financial costs and carrying out procedures of ratification of operations and transactions.	Each <u>Licensed Person</u> shall prepare a manual of policies and procedures in order to ensure compliance with the <u>Law</u> and these <u>Bylaws</u> , and these shall regulate, in particular, the following: 1. The organizational structure of <u>Licensed Person</u> which specifies explicitly the limitations of the authority, capacity and responsibility pertinent to the <u>Board of Directors</u> and executive management and all other various main supporting positions of the <u>Licensed Person</u> . In addition, this will set out the administrative levels and capacities pertaining to approval of entering into transactions, payment of expenses and financial costs and carrying out procedures of ratification of operations and transactions. 2. Monitoring systems and internal control programs.

				<p>2. Monitoring systems and internal control programs.</p> <p>3. Human resources, training and development.</p> <p>4. Adherence to fit and proper requirements for <u>Licensed Persons</u>.</p> <p>5. Conflicts of interest.</p> <p>6. Separation between activities carried out by the <u>Licensed Person</u>, except for <u>Investment Portfolio</u> management and the establishment and management of <u>Collective Investment Schemes</u>, in a manner that ensures that information does not leak between such activities.</p> <p>7. Handling <u>Clients'</u> complaints.</p> <p>8. Risk management.</p> <p>9. Anti-Money Laundering and Combating the Financing of Terrorism.</p> <p>10. Compliance.</p> <p>11. Standards of professional conduct.</p> <p>12. Implementation and management of the operations of the licensed activities, including the documentary cycle required to be followed.</p>	<p>3. Human resources, training and development.</p> <p>4. Adherence to fit and proper requirements for <u>Licensed Persons</u>.</p> <p>5. Conflicts of interest.</p> <p>6. Separation between activities carried out by the <u>Licensed Person</u>, except for <u>Investment Portfolio</u> management and the establishment and management of <u>Collective Investment Schemes</u>, in a manner that ensures that information does not leak between such activities.</p> <p>7. Handling <u>Clients'</u> complaints.</p> <p>8. Risk management.</p> <p>9. Anti-Money Laundering and Combating the Financing of Terrorism.</p> <p>10. Compliance.</p> <p>11. Standards of professional conduct.</p> <p>12. Implementation and management of the operations of the licensed activities, including the documentary cycle required to be followed.</p> <p>13. Emergency plans and ensuring business continuity.</p>
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Annex (2)

Appendix 1 - Business Plan Guide

Of Appendix Five (Application for Securities Activities License)

Of Module Five (Securities Activities and Registered Persons)

1.5. Policies, Procedures and Systems

Policies, procedures and systems of the mentioned aspects shall be submitted to the Authority

- 1. Policies and procedures of risk management.**
- 2. Anti -Money Laundering and Counter-Terrorism Financing policies and procedures.**
- 3. Commitment to compliance policies and procedures.**
- 4. Policies and procedures of professional conduct rules.**
- 5. Policies and procedures to prevent leakage of information between activities. This requirement is in relation to information leakage between different departments otherwise known as a Chinese Wall in accordance with the activities to be practiced. The company is required to authorize the policies and procedures that ensure protection of the safety and confidentiality of the information, or the internal information that he obtains from practicing the securities activities, in order to guarantee such information is available only to personnel authorized to obtain such information not including other personnel.**
- 6. Policies and procedures pertaining to dealing with related parties.**
- 7. Monitoring systems and internal control programs.**
- 8. Policies and procedures of Sharia monitoring (for companies working in accordance with the provisions of Islamic Sharia).**
- 9. An ethical business chart in accordance with the provisions of Islamic Sharia (for companies working in accordance with the provisions of Islamic Sharia).**
- 10. Human resources, training and development.**
- 11. Emergency plans and following up on business continuity. It is required that the company mention the company's plans and arrangements to ensure continuity of its operation in practicing licensed activities and company's plans to continue to fulfil its legal obligations in the event of unplanned stoppage of activities, taking into consideration the nature, size,**

	<p>and number of company's work and type of surrounding risk.</p> <p>12. Policies and procedures of fit and proper rules. It is required to mention the standards and rules that the company relies upon for any job(s) required to be registered. It is also required to mention policies and procedures with the goal of confirming that the person continues to fulfil the fit and proper rules and notify the Authority of any violation in this regard.</p> <p>13. Policies and procedures of handling clients' and investors' complaints.</p> <p>14. Policies and procedures of implementing and managing business operations for the licensed activities, provided that the documentation cycle required to be followed in completion of activities, and conditions for provision of services to clients and investors, and the fees chart, commissions, and fees and expenses that are current or suggested.</p> <p>15. Policies and procedures for the protection of whistleblowers of any unlawful practices committed by the licensee.</p> <p>16. Policies and procedures of capital adequacy regulations.</p>
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