

Resolution No. (77) of 2021

Regarding

The Amendment to the Provision of Article (5-2-3) 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 its Executive Bylaws, 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. (24) of 2021 held on 07/07/2021.
- Based on the public's best interest.

The Following Was Resolved

Article (1)

Module Seven (Clients' Funds and Clients' Assets) of the Executive Bylaws of Law No. (7) of 2010 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 I. Al-Issa

Acting Managing Director

Issued on: 11/07/2021

Annex (1)

Sr.	Module	Chapter	Amendment Type	Present Text	Proposed Text
1	Seven	Five	Amending an Article	<p>Since <u>Investment Portfolios</u> allow direct access to <u>Clients'</u> accounts and due to the confidentiality and privacy of the same, in addition to direct dealing in <u>Securities</u> sale and purchase orders systems, certain controls and internal audit restrictions that shall be applied by the <u>Licensed Person</u>, including the following:</p> <ol style="list-style-type: none"> 1. 2. 3. 4. In the event of death or inheritance, and until a determination of the heirs is issued, the <u>Licensed Person</u> shall freeze the <u>Client's</u> account unless otherwise the portfolio management contract specifies otherwise. <p>Thus, when the <u>Licensed Person</u> obtains a copy of the determination of the heirs, he may remove the restrictions on the <u>Client's</u> account and formal procedures to transfer the contents of the <u>Client's</u> account to the heirs shall commence no later than three months. The <u>Client's</u> account shall be finally closed after disbursements are completed.</p>	<p>Since <u>Investment Portfolios</u> allow direct access to <u>Clients'</u> accounts and due to the confidentiality and privacy of the same, in addition to direct dealing in <u>Securities</u> sale and purchase orders systems, certain controls and internal audit restrictions that shall be applied by the <u>Licensed Person</u>, including the following:</p> <ol style="list-style-type: none"> 1. 2. 3. 4. In the event of death or inheritance, and until a determination of the heirs is issued, the <u>Licensed Person</u> shall freeze the <u>Client's</u> account unless otherwise the portfolio management contract specifies otherwise. <p>Thus, when the <u>Licensed Person</u> obtains a copy of the determination of the heirs, he may remove the restrictions on the <u>Client's</u> account and shall take the following procedures:</p> <ul style="list-style-type: none"> • Commencing the formal procedures to transfer the contents of the <u>Client's</u> account to its beneficiaries according to the determination of the heirs, within a period not exceeding three months. • In the event that the entitled parties to the deceased <u>Client's</u> portfolio request to liquidate the contents of the <u>Investment Portfolio</u> (sale only), to complete all the formal and legal requirements, and obtain the approval of all the heirs on the liquidation of the portfolio's contents, and without any objection from any of the heirs, within a period not exceeding one month. <p>Provided that the <u>Client's</u> portfolio shall be permanently closed after that period.</p> <p>In all cases, these steps shall comply with the regulations of the relevant foreign markets regarding <u>Investment Portfolios</u> of <u>Securities</u> that include <u>Securities</u> in the foreign markets.</p>