



شعبة الترجمة الرسمية  
Official Translation Department

## **Capital Market Law**

Royal Decree No. M/30  
July 31, 2003

**Translation of Saudi Laws**



**NOTE:**

The translation of Saudi laws takes the following into consideration:

- Words used in the singular form include the plural and vice versa.
- Words used in the masculine form include the feminine.
- Words used in the present tense include the present as well as the future.
- The word “person” or “persons” and their related pronouns (he, his, him, they, their, them) refer to a natural and legal person.



## Capital Market Law

### Chapter 1: Definitions

#### Article 1

In this Law, the following terms shall have the meanings assigned thereto, unless the context requires otherwise:

**Kingdom:** Kingdom of Saudi Arabia.

**Authority:** Capital Market Authority.

**Board:** Board of the Capital Market Authority.

**Chairman:** Chairman of the Board of the Capital Market Authority.

**Person:** Any natural or corporate person recognized as such under the laws of the Kingdom.

**Capital Market:** Saudi Capital Market.

**Trading:** Buying and selling of securities.

**Issuer:** A person who issues or intends to issue securities.

**Affiliate:** A person who controls another person or is controlled by that other person, or who is jointly controlled with that person by a third person.

**Control:** The direct or indirect ability or power to exercise effective influence over the actions and decisions of another person.

**Underwriter:** A person who buys securities from the issuer or an affiliate of the issuer for the purpose of offering, placing, and marketing such securities to the public, or a person who sells securities on behalf of the issuer or an affiliate of the issuer for the purpose of making a public offering and placement of such securities.

**Relatives:** The spouse and minor children.

**Placement or Offering of Securities:** Issuing securities, inviting the public to subscribe thereto, or marketing the same directly or indirectly; or any statement, announcement, or communication that has the effect of selling, issuing, or offering securities, but does not include preliminary negotiations or contracts concluded with or among underwriters

**Investment Adviser:** An adviser who provides, offers, or agrees to provide advice to others in their capacity as investors or potential investors, in relation to purchasing, selling, subscribing to, or underwriting a security, or exercising any right conferred by a security to acquire, dispose of, underwrite, or convert a security.

**Center:** Securities Depository Center.

**Committee:** Committee for Settlement of Securities Disputes.



**Implementing Regulations:** The rules, instructions, and procedures issued by the Authority for the implementation of the provisions of this Law.

**Internal Regulations:** The regulations issued by the Authority in relation to the Authority's administrative, financial, and staff affairs.

## **Article 2**

Subject to the provisions of Article 3 of this Law, for the purposes of this Law, the term "securities" shall mean:

- a) the convertible and tradable shares of companies;
- b) tradable debt instruments issued by companies, the government, public entities, or public corporations;
- c) investment units issued by mutual funds;
- d) any instruments representing profit participation rights, any rights in the distribution of assets; or either of the foregoing; and
- e) any other rights or instruments the Board determines to be included or treated as securities if the Board believes that this furthers the integrity of the market or the protection of investors. The Board shall have the right to exercise its power to exempt from the definition of securities rights and instruments that otherwise would be treated as securities pursuant to paragraphs (a, b, c, and d) of this Article if it believes that it is not necessary to treat them as securities, based on the requirements of the integrity of the market and the protection of investors.

## **Article 3**

Negotiable instruments such as cheques, promissory notes, and order instruments shall not be considered securities, nor shall documentary credits, money transfers, instruments exclusively traded among banks, and insurance policies.

## **Chapter 2: Capital Market Authority**

### **Article 4**

- A. An Authority to be named the "Capital Market Authority" shall be established in the Kingdom and shall report directly to the President of the Council of Ministers. It shall have a corporate personality as well as financial and administrative autonomy. It shall be vested with all the powers necessary to discharge its duties and functions under this Law. The Authority shall enjoy the exemptions and facilities enjoyed by public corporations. Its staff shall be subject to the Labor Law.
- B. The Authority shall be prohibited from engaging in any commercial activities, having special interest in any project intended for profit, borrowing or lending



any funds, or acquiring, owning, or issuing any securities.

## **Article 5**

- A. The Authority shall be in charge of issuing regulations, rules, and instructions, and the implementation of the provisions of this Law. In this regard, the Authority shall:
1. regulate and develop the Capital Market, seek to develop and improve the procedures of agencies and entities trading in securities, and develop the procedures necessary to limit risks associated with securities transactions.
  2. regulate and monitor the issuance of securities and dealing in them.
  3. regulate and monitor the activities of entities subject to the control and supervision of the Authority.
  4. protect citizens and investors in securities from unfair and unsound practices or practices involving fraud, deceit, cheating, or manipulation.
  5. seek to achieve fairness, efficiency, and transparency in securities transactions.
  6. regulate and monitor the full disclosure of information regarding securities and their issuers, and the dealings of informed persons and major shareholders and investors, and define and make available information which the participants in the market should provide and disclose to shareholders and the public.
  7. regulate proxy and purchase requests and public offers of shares.
  8. license the establishment of special purpose entities; regulate and monitor their activities, transactions, and issuance of securities; enter the same into the relevant register set by the Authority along with its articles of incorporation; regulate the transfer of property thereto, including documentation of the rights thereof and their validity against third parties; and issue the rules governing the same.
  9. regulate the pledge of securities and the enforcement thereon.
- B. The Authority may publish draft regulations and rules before issuing or amending them. The regulations, rules, and instructions issued by the Authority shall be effective in the manner prescribed by their provisions.
- C. For the purpose of conducting all investigations the Board deems necessary for the implementation of the provisions of this Law and other regulations and rules issued pursuant to its provisions, members of the Authority and its staff, as designated by the Board, shall have the power to subpoena witnesses, gather evidence, and require the production of any records, papers, or any other documents the Authority deems relevant or material to its investigation.
- D. Special purpose entities shall have a corporate personality with financial independence, and it shall cease to exist with the end of the purpose for which it was established, subject to the rules and regulations issued by the



### Authority.

The Authority may inspect records or any other documents, whoever the holder may be, to determine whether the concerned person has violated, or is about to violate the provisions of this Law, the Implementing Regulations, or the rules issued by the Authority.

### Article 6

- A. The Authority shall have the power to carry out the functions stipulated under this Law, as well as the regulations, rules, and instructions issued pursuant thereto including, but not limited to, the following:
1. Set policies and plans, conduct studies, and issue the rules necessary to achieve the Authority's objectives.
  2. Issue and amend the Implementing Regulations necessary to enforce the provisions of this Law.
  3. Approve the offering of securities.
  4. Provide opinion and make recommendations to government authorities with respect to matters contributing to the development of the Capital Market and the protection of investors in securities.
  5. Suspend the Capital Market's activities for a period not exceeding one day; and in cases where the Authority or the Minister of Finance deems it necessary to suspend the Capital Market's activities for more than one day, the same shall be approved pursuant to a decision by the Minister of Finance.
  6. Approve the listing, cancellation, or suspension of the listing of any Saudi security traded on the Capital Market of any Saudi issuer, on any stock exchange outside the Kingdom.
  7. Ban, suspend the issuance of, or trading in any securities on the Capital Market, as the Authority deems necessary.
  8. Set the maximum or minimum commissions brokers charge their clients if the Board deems it appropriate, and approve the fees and other commissions charged by the Capital Market and the Depository Center.
  9. In addition to the provisions of other relevant laws, the Authority shall have the right to set standards and conditions to be satisfied by the auditors of books and records of the Capital Market, the Depository Center, brokerage companies, mutual funds, and joint-stock companies listed on the Capital Market. The Authority, subject to its supervisory duties, shall have the right to delegate said duties to the Saudi Organization for Certified Public Accountants.
  10. Determine the contents of annual and periodical financial statements, reports, and documents to be submitted by issuers offering securities for public subscription or entities whose securities are listed on the Capital Market.
  11. Define and explain the terms and provisions provided for in this Law.



12. Issue the decisions, instructions, and procedures necessary for the implementation of the provisions of this Law and the Implementing Regulations, and conduct inquiries and investigations regarding violations of the provisions of this Law and the Implementing Regulations.
  13. Draft the Internal Regulations and issue the instructions and procedures necessary for the management of the Authority.
  14. Approve the regulations, rules, and policies of the Capital Market and the Depository Center.
  15. Draft the regulations and rules for monitoring and supervising entities subject to the provisions of this Law.
  16. Approve the establishment, merger, and liquidation of mutual funds and their operation rules in accordance with the provisions of Article 39 of this Law.
  17. Appoint a licensed auditor to audit the Authority's financial statements and final accounts.
  18. Grant necessary licenses issued in accordance with the provisions of this Law and its Implementing Regulations, including the licensing of rating companies and agencies and the conditions thereof.
  19. Draft the Authority's annual budget.
- B. Upon exercising its powers in accordance with this Law and its Implementing Regulations, the Authority shall coordinate with the Saudi Arabian Monetary Agency in connection with the procedures it intends to undertake and which may affect the monetary situation.

## **Article 7**

- A. The Authority shall have a board named the "Board of the Capital Market Authority" comprising five full-time members, who are Saudi natural persons of expertise and professional qualification. Board members shall be appointed, and their salaries and financial benefits shall be determined, by royal order. The royal order shall designate from among Board members the chairman and vice-chairman, who shall act on behalf of the chairman in his absence.
- B. The term of Board membership shall be five years, renewable once. A member shall remain in office upon termination of his membership term until a successor is appointed.
- C. The Board shall draft the Internal Regulations of the Authority and the procedures for appointing staff, advisers, auditors, and any other experts deemed necessary to execute the Authority's duties and functions. The Board shall determine their salaries and remunerations.
- D. The Board shall exercise all the powers entrusted to the Authority in accordance with the provisions of this Law. The Board shall specify the organization of the Authority's functions, duties, and operations, and their



distribution among its departments and other divisions. The Authority's internal regulations shall set forth the requirements for the operation of these departments and divisions. Except for the powers and duties assigned by this Law exclusively to the Board, the Board may delegate, pursuant to a published resolution, any of its duties. The Board shall, however, at its discretion, retain the power to review actions and decisions made by those who had been delegated with such powers. Such a review shall be made upon the Board's initiative, a request by one of its members, or upon the request of a party to a lawsuit arising under the provisions of this Law and in accordance with the rules issued by the Authority.

### **Article 8**

Any person who becomes an employee of the Authority or a member of its Board shall disclose to the Authority, promptly upon assuming his duties, in the manner set forth in the regulations of the Authority, the securities he owns or has at his disposal or the disposal of any of his relatives, and thereafter declare any change thereon, within three days of becoming aware of such change. Any agent of the Authority shall also make this disclosure in connection to whatever is related to his duties, in the manner specified in the regulations of the Authority.

### **Article 9**

Board members and employees of the Authority shall be prohibited from engaging in any other profession or work, including holding a position or a job in any company, in the government, or in a public or private institutions. They are also prohibited from providing consultancy to companies and private institutions.

### **Article 10**

- A. The Board shall hold its meetings at the request of its chairman. Meetings shall be valid if attended by at least three of its members, including the chairman or vice chairman. Its resolutions shall pass by the majority vote of attending members. In case of a tie, the chairman of the meeting shall have the casting vote.
- B. The Internal Regulations shall stipulate the conditions and requirements for holding Board meetings, including the call for meetings. Rules issued by the Authority may allow for voting on resolutions adopted by the Board in exigent circumstances by telephone or by any other means of communication.

### **Article 11**

The Board's chairman shall be the chief executive officer of the Authority, who shall implement the Authority's policy and be in charge of managing its affairs, including the following:

- a) Implementing resolutions adopted by the Board.





- b) Signing, solely or jointly with others, the Authority's reports, accounting statements, financial statements, correspondence, and documents.
- c) The Authority's administrative and financial affairs.

### **Article 12**

- A. The vice-chairman shall assume the tasks and duties of the chairman in his absence, inability to carry out his duties, or if his post becomes vacant.
- B. The chairman may delegate some of his powers to another Board member or to any of the Authority's employees, provided that such delegation is specific and in writing.

### **Article 13**

- A. The Authority's financial resources shall consist of the following:
  - 1. Fees for the services and commissions charged by the Authority in accordance with the provisions of this Law and the regulations and instructions issued pursuant thereto.
  - 2. Fees for using its facilities, returns on its funds, and proceeds of the sale of its assets.
  - 3. Fines and financial penalties imposed on violators of the provisions of this Law.
  - 4. Funds provided by the Government to the Authority.
  - 5. Any other revenues determined by the Board.
- B. The Board shall determine the fees to be paid to the Authority for the following:
  - 1. Registration of securities with the Authority.
  - 2. Listing of securities on the Capital Market.
  - 3. Trading of securities.
  - 4. Issuing and renewing the licenses of brokerage companies or investment advisers.
  - 5. Registration of mutual funds.

### **Article 14**

The Authority shall have an independent annual budget to be submitted to the Minister of Finance and approved in accordance with applicable procedures. Surplus revenues collected by the Authority under Article 13 of this Law or under the provisions, rules, and instructions issued pursuant thereto, shall be remitted to the Ministry of Finance after deducting all current and capital expenses as well as any other expenses needed by the Authority. The Authority shall maintain a general reserve equal to double the total of its expenditures as stated in its previous annual budget.



### **Article 15**

Any funds due to the Authority by third parties shall be considered public funds and shall enjoy the same treatment as debts owed to the Public Treasury, and they shall be collected in accordance with the procedures for collecting debts due to the Public Treasury.

### **Article 16**

The chairman of the Board shall submit to the President of the Council of Ministers an annual report on the Authority's activities and its financial position during the preceding fiscal year within 90 days from the end of the year.

### **Article 17**

Any undisclosed information obtained by the Authority shall be deemed confidential. The Authority may disclose any part of such information as the Board deems necessary for the protection of investors.

### **Article 18**

Government agencies and other persons shall provide the Authority with the documents and information it requires for the discharge of its duties in accordance with the provisions of this Law.

### **Article 19**

The Internal Regulations issued pursuant to this Law shall define the rules, instructions, and procedures relating to the Authority's administrative, financial, and staff affairs, including rules of professional conduct, means of developing the Authority's work and realizing its objectives as well as enhancing the performance of its staff and raising their technical and professional standards.

## **Chapter 3: Capital Market**

### **Article 20**

- A. A capital market, named the "Saudi Capital Market", shall be established in the Kingdom for trading in securities. It shall have the legal status of a joint-stock company in accordance with the provisions of this Law. This Capital Market shall be the sole entity authorized to practice trading in securities in the Kingdom.
- B. Securities listed or traded on a capital market regulated outside the Kingdom shall not be subject to the provisions of this Law, even if such trading is initiated by orders made by phone or electronic means from within the Kingdom, unless the Authority agrees otherwise with other foreign authorities.
- C. The objectives of the Capital Market shall include the following:



1. Ensuring fair, efficient, and transparent listing requirements, trading rules, and technical mechanisms and information on securities listed on the Capital Market.
  2. Providing efficient, sound, and expeditious rules and procedures for settlement and clearance through the Securities Depository Center.
  3. Establishing and enforcing professional standards for brokers and their agents.
  4. Verifying brokers' solvency through periodic reviews of their compliance with capital adequacy requirements, and adopting proper measures for the protection of funds and securities deposited with brokerage companies.
- D. The Capital Market shall be prohibited from distributing to its members any cash or in kind distributions as dividends without the Board's approval.

#### **Article 21**

Securities listed on the Capital Market shall be traded through transactions among brokers, each on behalf of its client, and said transactions shall be documented by entries in the Capital Market records, in accordance with the provisions of Chapter Four of this Law, unless such transactions are excluded from trading pursuant to rules and instructions issued by the Authority.

#### **Article 22**

- A. The Capital Market's regulations and rules shall specify the terms and requirements for Capital Market membership.
- B. The Capital Market shall be managed by a Board of Directors comprising nine members appointed pursuant to a Council of Ministers' Resolution upon nomination by the chairman of the Board of the Authority. They shall choose from among them the Board's chairman and vice-chairman. Membership shall be as follows:
1. A representative of the Ministry of Finance.
  2. A representative of the Ministry of Commerce and Investment.
  3. A representative of the Saudi Arabian Monetary Agency.
  4. Four members representing licensed brokerage companies.
  5. Two members representing joint-stock companies listed on the Capital Market.
- C. The term of membership of the Capital Market's Board of Directors shall be three years renewable once or more.
- D. Regulations and instructions adopted by the Board of the Authority shall specify the procedures pertaining to holding meetings of the Capital Market's Board of Directors, method of passing resolutions, plans for conducting the affairs of the Board of Directors, powers and duties of the Board of Directors and the executive director, and all other relevant administrative and financial



affairs.

- E. The Capital Market's Board of Directors shall appoint an executive director upon the approval of the Board of the Authority. The appointed director shall be prohibited from engaging in any other government or commercial work, or to have any interest or ownership in any brokerage company in the Capital Market. The executive director shall be relieved from his post pursuant to a resolution by the Capital Market's Board of Directors.

### **Article 23**

- A. The Capital Market's Board of Directors shall propose the regulations, rules, and instructions necessary for the work of the Capital Market, including the following:
  - 1. Conditions for listing and trading in securities.
  - 2. The minimum capital required for brokerage companies and the financial guarantees required from such companies or their staff.
  - 3. The prompt and regular disclosure of information on executed securities transactions traded on the Capital Market, and the obligations of issuers of securities, shareholders, and members to disclose such information to the Capital Market as deemed necessary.
  - 4. Standards of professional conduct applicable to Capital Market members and their staff, members of the Board of Directors, and the Capital Market's executive director and employees, including the procedures and disciplinary penalties applicable against violators of such standards or any other conditions or requirements set forth in the regulations and instructions.
  - 5. Settlement of disputes among members of the Capital Market and between members and their clients.
  - 6. Conditions and requirements for Capital Market membership and the appropriate controls and procedures that permit licensed brokerage companies, who are not members of the Capital Market, to execute transactions on the Capital Market.
  - 7. Determination of the fees and commissions brokers charge for their services.
  - 8. Any other rules and instructions the Capital Market deems necessary for the protection of investors in terms of fairness, efficiency, and transparency in all of the affairs related to the Capital Market.
- B. The Capital Market shall submit to the Authority the regulations, rules, and instructions for the work of the Capital Market and amendments thereof for approval by the Board.

### **Article 24**

The Capital Market may charge its members, issuers of securities listed on the Capital Market, and others a fee for the services it provides to them.



## Article 25

- A. The Authority shall establish a committee named the "Committee for Settlement of Securities Disputes" which shall have jurisdiction over the disputes that are subject to the provisions of this Law, its Implementing Regulations, and the regulations, rules, and instructions of the Authority and the Capital Market, with respect to public and private rights. The Committee shall have all the powers necessary to investigate and decide complaints or lawsuits, including the power to subpoena witnesses, issue decisions, impose penalties, and order the production of evidence and documents.
- B. The Committee shall consist of legal advisers specialized in the jurisprudence of transactions and financial markets, with experience in commercial and financial affairs and securities. Members of the Committee shall be appointed pursuant to a Board resolution for a renewable three-year term, provided that Committee members shall not have any direct or indirect financial or commercial interest, or have a kinship relationship up to the fourth degree with parties to complaints or lawsuits brought before the Committee. The Committee shall consider the complaint or the lawsuit within a period not exceeding 14 days from the date of filing the complaint or lawsuit with the Committee.
- C. The Committee's jurisdiction shall include considering grievances against decisions and actions taken by the Authority or the Capital Market. The Committee shall have the right to issue a decision of indemnification and reinstatement or issue another appropriate decision guaranteeing the rights of the aggrieved.
- D. The Authority's regulations and rules shall specify the procedures to be followed regarding complaints and lawsuits brought before it.
- E. No complaint or initiatory pleading may be filed with the Committee unless it is first filed with the Authority and a period of 90 days has elapsed from the filing date, unless the Authority notifies the complainant or plaintiff that he may deposit the same with the Committee prior to the expiration of said period.
- F. Committee's decisions may be appealed before the appeals panel within 30 days from the date of notification.
- G. An appeals panel shall be formed pursuant to a resolution by the Council of Ministers, comprising three members representing the Ministry of Finance, the Ministry of Commerce and Investment, and the Bureau of Experts at the Council of Ministers, for a renewable three-year term. The appeals panel may, at its discretion, decline to review decisions rendered by the Committee for Settlement of Securities Disputes, affirm such decisions, reconsider the complaint or lawsuit based on established information in the case file with the Committee, and issue the decision it deems appropriate in relation to the complaint or lawsuit. Decisions of the appeals panel shall be final.
- H. At the request of the Authority or the Capital Market, final decisions shall be enforced by the government agency in charge of the enforcement of judicial judgments. Decisions issued in favor of the parties pursuant to Articles 55,



56, and 57 of Chapter Ten of this Law shall be enforced by said parties in accordance with the procedure for enforcing judicial judgment in civil lawsuits.

- I. Evidence in securities cases shall be admissible in all forms, including electronic or computer data, telephone recordings, facsimile correspondence, and electronic mail.

## **Chapter 4: Securities Depository Center**

### **Article 26**

- A. The Capital Market's Board of Directors shall establish a department named the "Securities Depository Center" which shall be the sole entity in the Kingdom authorized to engage in the deposit, transfer, settlement, clearance, and registration of ownership of Saudi securities traded on the Capital Market. The Capital Market's Board of Directors may convert the Securities Depository Center into a company upon obtaining the approval of the Authority's Board. The Board may approve said conversion, indicating the requirements of the company's structure and operations, as it deems appropriate and necessary for the integrity of the Capital Market and the protection of investors.
- B. The Center's operation rules shall specify the sound and efficient procedures that ensure efficient and proper registration, settlement, and clearance of securities traded on the Capital Market, including procedures to be followed in the clearance of values of investors' sales following settlement. The Center may maintain cash accounts for the settlement and clearance of transactions within the context of its operations. The Authority shall have the power to adopt, amend, repeal, or suspend any of the Center's operation regulations or rules, if it deems so appropriate.

### **Article 27**

- A. Registration of the ownership of securities traded on the Capital Market and the settlement and clearance of the values of securities shall be made by entries in the Center's records. Ownership of securities traded on the Capital Market shall be registered with the Center in order to be protected against third party claims. The Center's records shall also indicate pledges or other claims related to securities traded on the Capital Market.
- B. The Center shall be the sole entity to register all property rights in securities traded on the Capital Market. Entries in the Center's final records shall serve as conclusive evidence and proof of ownership of the securities indicated therein together with the liabilities and rights associated therewith, subject to the provisions of paragraph (d) of this Article.
- C. Registration of the ownership of securities shall be effective from the time of final verification by the Center of the authenticity of ownership documents.



The Center shall promptly register all executed transactions upon notification and receipt thereof. If the Center has reason to doubt actual or legal facts or the consequences of registration of securities ownership, or if the Center is notified that registration may infringe upon the rights of third parties, it may make a preliminary registration. In such case, the Center shall immediately take appropriate measures to decide the manner of final registration of relevant securities.

- D. Any person having reason to believe that there is an error in the information entered into the registry, which requires correction or amendment, shall submit a written request to the Center's director or any person designated by the director to receive such requests. The Center shall correct or amend the registry after verifying the validity of the comments and information requested to be corrected or amended in the registry. Such correction or amendment may only be effected after notification of the person(s) identified as holders of securities, and availing them a reasonable opportunity to comment on the required correction or amendment.
- E. The Center shall issue a notice of registration upon the investor's request. The Center's rules and procedures shall specify the manner of periodically informing all securities holders registered on its records of the securities they hold, which are recorded in the Center's records.
- F. Complaints regarding decisions on the registration of securities listed on the Capital Market shall be brought before the Committee.
- G. The Center shall be liable for indemnification for any monetary damage sustained by an investor due to established negligence of the Center's employees, which causes an error in registration.
- H. Indemnification due for damage provided for in paragraph (g) of this Article may be reduced or withheld if the claimant has contributed to the error in registration or if the error is rectified.

### **Article 28**

Employees of the Center and Capital Market as well as their independent auditors, advisers, and experts shall be prohibited from disclosing any information on the holders of securities recorded in the registry, except in cases stipulated by relevant rules issued by the Center.

### **Article 29**

The Capital Market's Board of Directors, upon approval by the Authority's Board, shall set the instructions necessary for the management of the Center's affairs, including the code of professional conduct applicable to the Center's director and staff, to ensure the efficiency and credibility of the Center's operations.

### **Article 30**

The Center may charge fees and commissions for the services it provides as



stipulated in the Implementing Regulations and the Center's operation rules.

## Chapter 5: Regulation of Brokers

### Article 31

Brokerage shall be restricted to a person holding a valid license and working as an agent of a joint-stock company licensed to practice brokerage, unless such person is exempted from such requirements in accordance with Article 32(c).

### Article 32

A. A broker shall mean a joint-stock company practicing brokerage and a broker agent working at a brokerage company, who carries out all or part of the following:

1. Acts in a commercial capacity as a broker in the trading of securities, as opposed to persons working on a contractual basis as referred to in paragraph (b) of this Article, including any person acting in a commercial capacity as a custodian of securities.
2. Presents in a commercial capacity an offer to others for obtaining financial assets in the form of securities by opening an account through which transactions in securities may be executed.
3. Executes in a commercial capacity securities transactions for his own account other than by means of issuing securities, in order to create a securities market or make profit out of the difference between offer prices for securities and demand.
4. Acquires or places securities in a commercial capacity for an issuer or a person who controls such an issuer.
5. Acts as a broker in a commercial capacity – as opposed to persons working on a contractual basis as referred to in paragraph (b) of this Article - including arrangements of currency and securities exchange contracts.

B. A portfolio manager shall mean:

1. Any person acting in a commercial capacity who, on a contractual basis or otherwise, manages either securities owned by a person or mutual funds owned by a natural or corporate person with the intent to invest in securities, and whose activities may include transactions in securities or ordering securities transactions to be executed for the benefit of the person contracted with.
2. Any person acting in a commercial capacity who, on a contractual basis, provides the services mentioned in paragraph (a. 5) of this Article.

C. The Authority may specify, in the rules it issues, exemptions from the provisions of paragraphs (a) and (b) of this Article as it deems appropriate to achieve the integrity of the market and the protection of investors.





### **Article 33**

- A. The Authority shall grant the license referred to in Article 31 within 30 days of receiving, from the Capital Market, the information and documents required by the Authority's rules, and which establish that the applicant satisfies the conditions and requirements necessary for obtaining a license to work as a broker or a broker's agent. The license's validity term shall be specified and its holder shall be subject to a periodic qualification examination as stipulated by the Implementing Regulations.
- B. The Capital Market's regulations and rules shall stipulate the requirements and conditions to be satisfied by applicants of a brokerage license. In addition to the requirements provided for in the Capital Market's regulations, the conditions for the issuance or renewal of a license shall include the following:
1. Criteria pertaining to an applicant's competence to act as a broker or a broker's agent.
  2. Criteria of integrity and suitability of persons to practice brokerage.
  3. Minimum capital requirements that brokerage companies must continually maintain, which must not be less than 50,000,000 Saudi riyals.

### **Article 34**

Both brokers and broker's agents shall observe Capital Market regulations and rules governing brokerage.

### **Article 35**

The Capital Market may carry out investigations and inspections of any broker or broker's agent to verify whether such person or another person has violated, is violating, or there is evidence suggesting that he is about to violate the Capital Market's regulations and instructions. The investigation and inspection powers of the Capital Market shall include the power to subpoena persons for testimony and require the production of papers, records, and documents the Capital Market deems necessary or relevant to the investigation. The Capital Market may require the attendance of witnesses and the production of documents and evidence. Inspection may take place wherever the records are found. The Capital Market shall exercise its power to carry out such investigation and inspection through obtaining a subpoena or an order for interrogation and inspection or any other order from the Committee for Settlement of Securities Disputes. The Committee shall respond to the Capital Market's request to issue the necessary order, unless it is established that the request is arbitrary or involves abuse of power.

### **Article 36**

Any broker or broker's agent may relinquish its license by notifying the Authority in writing in accordance with the terms and conditions the Authority deems necessary and appropriate for the integrity of the market or the protection of



investors.

### **Article 37**

Licensed brokers or brokers' agents shall deposit with the Authority and the Capital Market reports required by the regulations and rules of the Authority and the Capital Market.

### **Article 38**

The Authority shall supervise the compulsory and voluntary liquidation of a broker's business.

## **Chapter 6: Mutual funds and Collective Investment Schemes**

### **Article 39**

- A. A mutual fund is a collective investment scheme aiming at providing investors therein with an opportunity to share the profits thereof. Such program is managed by an investment manager for fixed fees.
- B. The Authority shall assume the power to regulate the activities of mutual funds managed by banks within two years from the enactment of this Law.
- C. The Authority shall regulate and supervise the work of portfolio managers and investment advisers. This shall include drafting regulations, rules, and instructions pertaining to the following:
  - 1. Organizational structure.
  - 2. Accounting systems and operational rules.
  - 3. Mutual fund management and decision making.
  - 4. Procedures for securities safekeeping and the efficient provision of services to clients.
  - 5. Service fees, commissions, and management fees.
  - 6. Conclusion of transactions with concerned parties.
  - 7. Performance reports, calculation of asset values, unit prices, and announcements.
  - 8. Conditions and requirements for approving the establishment of new funds.
  - 9. Financial and periodic reporting requirements of funds.
  - 10. Liquidity requirements and risk limits.
  - 11. Professional qualifications, personal suitability, financial liability, and licensing requirements.



## Chapter 7: Disclosure

### Article 40

- A. The contents of the prospectus set forth under Article 42 of this Law, or any part thereof, shall be published in the manner and duration set forth in the Authority's regulations and rules.
- B. An issuer, his affiliate, or an underwriter may not offer securities of the issuer or his affiliate except after submission of a prospectus to the Authority, publication thereof in the manner set forth in paragraph (a) of this Article, and payment of requisite fees. The Authority may exempt the issuer from some requirements depending on the manner of the offering, its volume, the number of investors and their characteristics, or the characteristics of the issuer of the security or the security itself.
- C. Upon satisfying the requirements stipulated in paragraphs (a) and (b) of this Article, offerings may be made in any of the following methods:
  - 1. Verbally.
  - 2. Through a prospectus satisfying the conditions provided for in Article 42 of this Law.
  - 3. Through an announcement containing a summary of the prospectus and any other information required by the Authority or authorized by it in accordance with the rules specified by the Authority.
  - 4. Through any other means, including electronic media, provided that such means are approved by the Authority.

### Article 41

An issuer, his affiliate, or an underwriter may not sell any security owned by such issuer before the prospectus is approved by the Authority and becomes effective, provided that the approved prospectus shall be sent to the buyer prior to the sale date in accordance with rules and instructions issued by the Authority.

### Article 42

The prospectus shall contain the following information and data:

- a) Information required by the Authority's rules which give an adequate description of the issuer, nature of its business, and the persons in charge of its management, such as members of the board of directors, executive officers, senior staff, and major shareholders.
- b) Information required by the Authority's rules which give an adequate description of the securities to be issued, in terms of number, price, and related rights, as well as preferences or privileges of the issuer's other securities, if any. The description shall specify the manner of disbursement of the issue proceeds and the commissions paid to relevant persons.



- c) A clear statement of the financial standing of the issuer and any significant financial data, including the audited budget, profit and loss account, and cash flow statement as required by the Authority's rules.
- d) Any other information required or authorized by the Authority in accordance with its rules as it deems necessary to assist investors and their advisers in making decisions concerning investment in prospective securities.

#### **Article 43**

- A. After review of the prospectus, the Authority shall announce its approval or rejection thereof. If the Authority approves the prospectus, it may specify a period of time during which the prospectus remains valid.
- B. Any issuer offering securities to the public through a prospectus must notify the Authority in writing of any change to statements set forth in the prospectus that may affect the price or value of the security immediately upon his knowledge of such change. The issuer shall also prepare and publish a press release to disclose such change. The Authority's regulations and rules shall set forth the information to be disclosed and the conditions applicable to the press release.

#### **Article 44**

The Board may reject a prospectus in any of the following cases:

- a) If the prospectus does not contain the information required by Article 42 of this Law.
- b) If the prospectus contains incorrect information pertaining to material matters or false or misleading statements, or omits material information or data that would render the prospectus misleading or incorrect under such circumstances.
- c) If the prospectus issuance fees are not paid in full to the Authority.
- d) If the issuer fails to provide any of the reports stipulated in Article 45 of this Law.

#### **Article 45**

- A. Any issuer offering securities to the public or whose securities are traded on the Capital Market shall submit to the Authority quarterly and annual reports. The annual reports must be audited as required by the rules of the Authority. Such reports shall contain the following:
  - 1. Balance sheet.
  - 2. Profit and loss account.
  - 3. Cash flow statement.
  - 4. Any other information required by the Authority's rules.
- B. In addition to the information and data required under paragraph (a) of this Article, the annual report must contain the following:



1. An adequate description of the issuing company, nature of its business, and its activities as required under the rules of the Authority.
  2. Information regarding members of its board of directors, executive officers, senior staff, and major investors or shareholders as required under the rules of the Authority.
  3. Assessment of the issuing company management of current and future developments and any future possibilities that may have significant effect on the business results or financial standing of the company as required under the rules of the Authority.
  4. Any other information required by the rules of the Authority as it deems necessary to assist investors and their advisers in making a decision to invest in the issuer's securities.
- C. All information and data referred to in paragraphs (a. 1, 2, and 3) and (b. 3) of this Article shall be deemed confidential. Before providing and disclosing such information and data to the Authority, the issuing company is prohibited from disclosing the same to parties not bound by a non-disclosure agreement.

#### **Article 46**

- A. A party issuing securities shall inform the Authority in writing upon becoming aware of any material developments which may affect the prices of securities issued thereby. If such party has a security traded on the Capital Market, the Capital Market must be informed of such developments in writing.
- B. The Authority or the Capital Market may request the party issuing securities to provide any information or data pertaining to such party, and the issuing party shall provide the same within the period of time specified in the request.
- C. The Board of the Authority or the Capital Market may, after reviewing the facts, require the issuing party to announce any information or data related thereto. The Board or the Capital Market shall also have the right to publish such information and data at the expense of the issuing party.

#### **Article 47**

The public may, in return for fees to be determined by the Authority, access copies of prospectuses, periodical reports, and announced or obtained information and data filed with the Authority.

#### **Article 48**

- A. The Authority shall specify disclosure forms and instructions, including information to be included in prospectuses and periodical reports which must be provided to the Authority by the parties subject to its control and supervision or which must be announced to the public, as the case may be.
- B. The Authority shall not be liable for the omission of any important information or data, in prospectuses, periodical reports, announcements, or any other



documents filed with it by any party, or for the inclusion of misleading information or data.

- C. The publisher of the announcement shall be liable for errors in the announcement pursuant to laws applicable in the Kingdom.

## **Chapter 8: Fraud and Insider Trading**

### **Article 49**

- A. Any person shall be deemed in violation of the provisions of this Law if he willfully commits or participates in an act that creates a false or misleading impression regarding the Capital Market, prices, or value of any security with the intent to create an impression or induce third parties to buy, sell, or subscribe for such security or to refrain from doing so, or to urge them to exercise or refrain from exercising any rights conferred by such security.
- B. The Authority shall set the rules determining acts and practices constituting violations of paragraph (a) of this Article. Such rules shall specify the acts and practices excluded from the implementation of the provisions of paragraph (a) of this Article. The powers of the Authority provided for in this paragraph shall include the power to set the rules and define the circumstances and measures aiming at stabilizing the prices of securities offered to the public, and the manner and time during which such measures are taken.
- C. The following acts and practices shall be deemed instances of fraud prohibited under paragraph (a) of this Article:
1. To perform any act or practice aiming at creating a false or misleading impression of the existence of active trading in security contrary to fact. Such acts and practices shall include, but are not limited to, the following:
    - a) Undertaking transactions in securities which do not involve the true transfer of ownership thereof.
    - b) Entering an order or orders for the purchase of a particular security with prior knowledge that an order or orders of the same size, price, and timing for the sale of the same security has been or will be entered by a different party or parties.
    - c) Entering an order or orders for the sale of a particular security with prior knowledge that an order or orders of the same size, price, and timing for the purchase of the same security has been or will be entered by a different party or parties.
  2. To influence, individually or jointly with others, the price of a particular security or securities traded on the Capital Market through executing a series of transactions in such security or securities in such a manner that creates actual or apparent active trading or causes an increase or decrease in the prices of such securities, for the purpose of inducing third



parties to buy or sell such securities as the case may be.

3. To influence, individually or jointly with others, through a series of transactions, such as buying, selling, or both, a security traded on the Capital Market for the purpose of pegging or stabilizing the price of such security in violation of the rules stipulated by the Authority for the integrity of the market and the protection of investors.

#### **Article 50**

- A. Any person who obtains inside information through a family, business, or contractual relationship (referred to hereinafter as an “insider”) shall be prohibited from directly or indirectly trading in the security related to such information, or to disclose such information to a third party with the expectation that such party will trade in such security.

Inside information means information obtained by an insider, which is not available to the general public, has not been disclosed, and of the type that an ordinary person would realize that in view of the nature and content of such information, its release and availability would have a material effect on the price or value of the security in question, and the insider knows that such information is not generally available and that, if it were available, it would have a material effect on the price or value of such security.

- B. It shall be prohibited for any person to purchase or sell a security based on information obtained from an insider while knowing that such person, by disclosing such inside information relating to the security, has violated the provision of paragraph (a) of this Article.
- C. The Authority has the power to set rules for specifying and defining the terms provided for under paragraphs (a) and (b) of this Article, as well as the acts and practices the Authority deems appropriate to exempt from the implementation of said paragraphs, as may be required for the integrity of the capital market and the protection of investors.

### **Chapter 9: Regulations of Proxy Solicitations and the Restricted Purchase and Offering of Shares**

#### **Article 51**

The Authority shall issue rules to regulate the disclosure of information and other practices in connection with proxy solicitation if such solicitation pertains to any security listed on the Capital Market.

#### **Article 52**

The Authority shall issue rules to regulate transactions of restricted purchase and offering of shares. For the purpose of the implementation of the provisions of this Law, these terms shall mean the following:



- a) Restricted purchase of shares is the purchase of voting shares listed on the Capital Market when, as a consequence of such purchase, 10% or more of such class of relevant company shares is owned by, or under the control of, the purchaser or those acting in concert with the purchaser.
- b) Restricted offering of shares is making a public announcement by which the announcer offers to purchase voting shares of a particular class of shares listed on the Capital Market if the amount of shares sought to be acquired by the offering party would increase its ownership or the ownership of those acting in concert with the offering party, or the shares under their control, to 10% or more of the shares of the relevant company.

### **Article 53**

The Authority's power to issue rules to regulate transactions relating to the restricted purchase and offering of shares shall include, but are not limited to, the power to issue rules in connection with the following:

- a) Amending the percentages stipulated under Article 52 of this Law and approving exceptions to the definitions of transactions relating to the restricted purchase and offering of shares.
- b) Specifying the timing, form, and manner for the announcement of transactions relating to restricted purchases and offering of shares.
- c) Specifying information which the party purchasing the shares and offering party must disclose, and the manner of disclosure, including any requirements for continuous disclosure with respect to changes in share ownership.
- d) Imposing any conditions or requirements on the company, the shares of which are subject or target of a restricted purchase or offering of shares, with regards to stating its position or viewpoint on such restricted purchase or offering.
- e) Any other rules pertaining to transactions of the restricted purchase and offering of shares as may be necessary for the integrity of the capital market and the protection of investors.

### **Article 54**

If a person increases his ownership of shares in a given company through a restricted purchase or offering of shares so that such person or those acting in concert with him become owners of 50% or more of a given class of voting shares listed on the Capital Market, the Board may, within 60 days, if it believes it would achieve the integrity of the Capital Market and the protection of shareholders, issue an order requiring such person to offer to purchase the shares of the same class he does not own in accordance with the terms and provisions determined by the Board. Under no circumstances will a prospective purchaser be compelled to offer to purchase the remaining shares at a price exceeding the highest price he paid to purchase any of the shares of such company within the 12 months preceding the date of the Board's order.





## Chapter 10: Penalties and Penal Provisions for Violations

### Article 55

- A. If a prospectus, when approved by the Authority, contains incorrect statements regarding material matters or omits material facts that must be stated in the prospectus, the person purchasing the security subject of such prospectus shall be entitled to compensation for the damage incurred by him as a result thereof. A statement or omission shall be considered material for the purposes of this paragraph if it is established before the Committee that had the investor been aware of the facts when making such purchase it would have affected the purchase price.
- B. The following persons shall be liable under paragraph (a) of this Article:
1. The party issuing the security. The issuer shall be held liable irrespective of whether he had acted reasonably, or was not aware of the incorrect statements in connection with material matters, or of the omission of material facts required to be included in the prospectus.
  2. Senior officers of the party issuing the security in accordance with the definition provided in the rules issued by the Authority. Such liability may be relieved according to paragraphs (c. 1 and 2) of this Article.
  3. Members of the board of directors of the issuing party, or persons performing similar functions, as of the date on which the prospectus was approved by the Authority. Such liability may be relieved in accordance with paragraphs (c. 1 and 2) of this Article.
  4. Underwriters undertaking the offering of a security for sale to the public, provided that the underwriter is not liable for more than the total price of securities underwritten or the value of securities distributed by him, whichever is greater.
  5. The accountant, engineer, or appraiser and others identified in the prospectus, with their written consent, as having certified the accuracy and truthfulness of information stated in the prospectus. Such liability shall not extend to information in parts of the prospectus not so certified. Such person shall be liable for any part of the prospectus understood to have been prepared according to his statement and approval in his capacity as defined under this paragraph, unless he establishes that he believes, after due diligence, that such part of the prospectus was not in violation of paragraph (a) of this Article.
- C. Any person referred to in paragraphs (b. 2, 3, and 4) of this Article shall be liable as provided for in the provisions of paragraph (a) of this Article unless it is established that:
1. As to any part of the prospectus not certified by the person identified in paragraph (b. 5) of this Article that, after due diligence, he believes that such part of the prospectus was not in violation of paragraph (a) of this Article.



2. As to any part of the prospectus understood to have been prepared based upon the statement of a person identified in paragraph (b. 5) of this Article, and the person asserting the defense is one of the persons identified in paragraphs (b. 2, 3, and 4) of this Article, he had no reasonable ground, at that time, to believe that such part of the prospectus contained what could be deemed a violation of paragraph (a) of this Article.
- D. For the purposes of paragraph (c) of this Article, due diligence means what a prudent person does in the management of his property.
  - E. A lawsuit may be filed on grounds of paragraph (a) of this Article for damages representing the difference between the price actually paid for purchasing a security (not to exceed the price at which it was offered to the public) and the value thereof as of the date of filing of the lawsuit or the price at which such security could have been disposed of on the Capital Market prior to filing the lawsuit with the Committee. If the defendant establishes that any portion in the decline in value of the security is due to causes not related to the omission or incorrect statements subject of the lawsuit, such portion shall be excluded from the damages for which the defendant is liable. The defendants shall be individually and severally liable for damages for which they are liable under this Article. The amount of damages shall be subject to the terms of the contract or agreement concluded between the parties referred to in paragraph (b) of this Article or as the Committee deems just and does not infringe upon the interest of investors or conflict with the spirit of this Law.

## **Article 56**

- A. Any person who makes incorrect statements, or is responsible for another person making such statements, verbally or in writing, relating to a material fact or fails to make statements relating to such fact, if this misleads another person into selling or purchasing a security, shall be liable for damages. Liability under the provisions of this Article does not require that a relationship exists between the claimant and the defendant. The claimant shall establish:
  1. That he was not aware that the statement was omitted or incorrect.
  2. That he would not have purchased or sold the security in question had he known that such information was omitted or incorrect, or that he would not have purchased or sold such security at the price at which such security was purchased or sold.
  3. That the person responsible for the disclosure or provision of statements or information knew that they were incorrect or was aware that there was a big probability that the information disclosed omitted or misstated a material fact.
- B. Damages recoverable under this Article from any defendant, and the rights of indemnity and apportioning of the amount among those liable shall be in accordance with Article 55(e) of this Law.
- C. For purposes of this Article, a statement or omission shall be considered related to an important material fact in accordance with the standard



provided for in Article 55(a) of this Law.

### **Article 57**

- A. Any person in violation of Article 49 of this Law or any of the regulations or rules issued by the Authority pursuant to said Article by engaging in an act or transaction for the purpose of intentionally manipulating the price of a security, or participates in such act or transaction, or is responsible for another person who undertakes such act or transaction shall be liable for damages to any person who purchases or sells the security whose price has been significantly and adversely affected by such manipulation for the amount such person's purchase or sale price was so affected.
- B. Damages recoverable under this Article from any defendant, and rights of indemnity and apportioning the amount among those liable shall be assessed in a manner consistent with the provisions of Article 55(e) of this Law.
- C. In addition to the fines and damages provided for under this Law, the Committee may, based upon a lawsuit filed by the Authority, punish anyone in violation of Articles 49 and 50 of this Law by imprisonment for a term not exceeding five years.

### **Article 58**

A lawsuit under Articles 55, 56, and 57 of this Law shall not be heard if it is filed with the Authority after the elapse of one year from the date when the plaintiff is presumed to have been aware of the facts causing him to believe he had been a victim of a violation. In all cases, such a lawsuit may not be heard by the Committee after the elapse of five years from the occurrence of the relevant violation.

### **Article 59**

- A. If it appears to the Authority that a person has participated, is participating, or attempted to participate in acts or practices constituting a violation of any provisions of this Law, the regulations or rules issued by the Authority, or the regulations of the Capital Market, the Authority shall be entitled to file a lawsuit against him with the Committee to seek a decision for the appropriate penalty. Penalties shall include the following:
  - 1. Warning the concerned person.
  - 2. Issuing an injunction compelling the concerned person to cease or refrain from carrying out the act subject of the lawsuit.
  - 3. Compelling the concerned person to take the necessary measures to avert the violation, or to take necessary measures to rectify the violation.
  - 4. Indemnifying persons sustaining damage as a result of the committed violation, or compelling the violator to pay to the Authority's account the gains realized as a consequence of such violation.



5. Suspending trade in the security.
  6. Barring the violator from acting as a broker, portfolio manager, or investment adviser for the period necessary for the integrity of the Capital Market and the protection of investors.
  7. Seizing of property and executing thereon.
  8. Imposing a travel ban.
  9. Barring from working for companies whose securities are traded on the Capital Market.
- B. The Authority may, in addition to taking the measures provided for under paragraph (a) of this Article, request the Committee to impose a fine upon persons responsible for the willful violation of the provisions of this Law, its Implementing Regulations, the rules of the Authority, and the regulations of the Capital Market. Alternatively, the Board may impose a fine upon any person responsible for the violation of this Law, its Implementing Regulations, the rules of the Authority, and the regulations of the Capital Market. The fine imposed by the Committee or the Board shall not be less than 10,000 riyals and not more than 100,000 riyals for each violation committed by the defendant.

#### **Article 60**

- A. Any person engaging in, or purporting to engage in, brokerage without a license shall be deemed in violation of the provisions of Article 31 of this Law and shall be subject to any of the following two penalties or both:
1. A fine not less than 10,000 riyals and not more than 100,000 riyals for each violation.
  2. Imprisonment for a term not exceeding nine months.
- B. Any agreement or contract concluded in relation to a security related transaction that is in violation of Article 31 of this Law shall be void. Such agreement or contract may not be used by the violating broker against the other party and such other party may seek to rescind the agreement or contract and recover any money or other property paid or transferred by him under said agreement or contract, provided that the rescinding party restitutes any money or other property received through such agreement or contract. The Committee shall have jurisdiction over lawsuits filed pursuant to this Article.

#### **Article 61**

- A. The failure of a licensed broker or his agent to comply with the regulations and rules of the Capital Market pertaining to brokerage shall subject the broker to disciplinary proceedings pursuant to procedures stipulated in the regulations of the Capital Market. Upon detecting a violation of its regulations, the Capital Market may file a lawsuit with the Committee to impose a suitable penalty against the violator, including revocation or suspension of his license, imposition of a fine, or compelling him to restate



the sums due to clients. A broker or his agent subject of the penalty may request the review of the Committee's decision by the appeals panel.

- B. The Authority may, pursuant to its powers under Article 59 of Chapter Ten of this Law, take the necessary measures against brokers or their agents who fail to comply with the Capital Market's work rules.

### **Article 62**

- A. The Board may issue a resolution providing for a reprimand to the violating broker or broker's agent, or may, pursuant to the resolution, impose restrictions on licensed activities, functions, or operations thereof, suspend such activities for a period not exceeding 12 months, or revoke his license if the Board finds, after notifying the relevant broker or broker's agent and availing him a hearing session, that he, whether prior or subsequent to obtaining a license, has committed any of the following:
1. If he willfully provides or causes the provision of materially false or misleading statements in his license application, or in any document or report submitted to the Capital Market or to the Authority.
  2. If he willfully violates, or assists another person to violate, any provision of this Law and its regulations.
  3. If he violates a judgment or a decision issued against him by any court in the Kingdom or by the Committee prohibiting him permanently or temporarily from engaging in brokerage or portfolio management.
  4. If the Authority is formally notified by a securities regulating authority in another country that the broker or broker's agent willfully violated securities laws of that country or provided false and misleading information in the reports required in such country.
- B. The Board may issue a decision suspending a brokerage license prior to issuing a final decision to revoke the license if the Board concludes, after notifying the relevant broker or broker's agent and giving him an opportunity to be urgently heard, that the integrity of the market and the protection of investors require such suspension.
- C. The Board may, in urgent cases, and without prior notification or giving an opportunity for a hearing to the party concerned, issue a decision suspending his license or barring him from practicing brokerage for a period not exceeding 60 days. Issuance of such a resolution shall not prevent the Authority or the Capital Market from taking other measures against the broker or broker's agent in accordance with the provisions of this Law.

### **Article 63**

The license of a broker or a broker's agent may be suspended by order of the Board upon discovering that the broker ceases to exist or has for a period of 12 months ceased to practice brokerage.



**Article 64**

A person charged with a violation of Article 50 of this Law may avoid proceedings before the Committee by reaching an agreement with the Authority pursuant to which he agrees to pay the Authority a sum not exceeding three times the profits realized, or three times the losses averted by committing the violation. This shall not prejudice any damages awardable as a result of the violation.

**Article 65**

This Law shall repeal all provisions in conflict therewith.

**Article 66**

The Implementing Regulations of this Law shall be issued within 150 days from the publication date of the Law and shall enter into force as of the Law's entry into force.

**Article 67**

This Law shall be published in the Official Gazette and shall enter into force 180 days after its date of publication.