

**The Proposed Provisions to Regulate the Class Action Suits of Securities Disputes, to be  
Incorporated into The Resolution of Securities Disputes Proceedings Regulations<sup>1</sup>**

**PART**

**Class Action Suit**

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<sup>1</sup> [Click here to view the Resolution of Securities Disputes Proceedings Regulations](#)

## **Article 1: General Provisions**

- a) The provisions of this Part shall apply to civil suits related to securities disputes.
- b) The following terms and expressions shall have the meaning they bear as follows unless the contrary intention appears:
  - **Class Action Suit:** A suit filed by one or more plaintiffs against one or more defendants on his/her behalf and on behalf of a group of persons who share an identical or similar suit in term of the legal bases, grounds and merits. Any decision issued by the committee shall affect all parties.
  - **Lead Plaintiff:** A person who represents members of Class Action Suit in the proceedings before the committees for the resolution of securities disputes in connection with the Class Action Suit, and is appointed in accordance with the provisions of paragraph (b) of Article 9 of this chapter.
  - **Members of the group of Plaintiffs:** A group of persons who jointly file a Class Action Suit.

## **Article 2: Submitting A Request of Registering A Class Action Suit**

Any person may submit a request to register a Class Action Suit as per the provisions stated in this Part by submitting a request for registering the Class Action Suit to the committee containing the requirements of the statement of claim that are set forth in Article (3) of the Resolution of Securities Disputes Proceedings Regulations, in addition to the following terms:

1. The request shall contain all facts, information and circumstance that justify the institution of the Class Action Suit which represent that the suit of the applicant is identical or similar to other suits in terms of the legal bases, grounds and merits.
2. The request shall contain what represents that the committee's decision on the suit might have an effect on other similar suits.

## **Article 3: The Committee's Decision on the Request of Registering the Class Action Suit**

- a) Approving the request of registering the Class Action Suit is subject to the committee's discretionary power; its approval is issued by a final decision upon the fulfilment of conditions related to the request that are set forth in Article (2) of this part, in addition to one of the following:
  1. Filing individual suits by Members of the Group of Plaintiffs will likely result in the issuance of conflicted or contradicted decisions by the committees; or may lead to unfair treatment of the same group members.
  2. The committee is convinced that legal matters and common grounds of the suit is greater than legal matters and grounds of each individual of the group, that the Class Action Suit will practically be more important than other means of filing a suit, and guarantees compensating more persons affected by the actions of the defendant.
- b) The committee announces the decision of accepting the request of registering the Class Action suit in a docket prepared for Class Action Suits containing sufficient information related to the suit.
- c) In case the committee refuses a request of registering a Class Action Suit, this does not prejudice the rights of the applicant in filing the suit individually.

- d) The committee makes its decision on the request of registering a Class Action Suit within a period not exceeding three months of the date of submitting the request.

#### **Article 4: Registering the Class Action Suit**

- a) Requests of registering Class Action Suits which are identical or similar in term of the legal bases, grounds and merits shall be registered in the Class Action Suits docket according to the date of accepting the request of registering the Class Action suit announcement.
- b) The Class Action Suits docket shall be made available to the public.

#### **Article 5: Decision of Approving the Class Action Suit**

- a) The committee issues its decision approving the Class Action Suit when the number of requests, which share the same legal bases, grounds and merits, reaches at least ten requests within the three months following the announcement of the first request, provided that all these requests fulfil the requirements of the request of registering the Class Action Suit that are set forth in this Part.
- b) The committee announces its decision approving Class Action Suits in the Class Action Suits' docket. The decision shall contain the legal bases, grounds and merits upon which the committee accepted the suit as a Class Action Suit, in addition to the suit's summary.
- c) A request for joining a Class Action Suit may be submitted within the period mentioned in paragraph (a) of this Article. No joining request will be accepted after the elapse of this period, unless for reasonable justifications at the committee's discretion.
- d) After the elapse of three months following announcing the acceptance of Class Action Suit registration without fulfilling the conditions set forth in paragraph (a) of this Article, the committee deems the request refused and completes the suit proceedings individually as per the provisions of the Resolution of Securities Disputes Proceedings Regulations.

#### **Article 6: Suspending Existing and New Suits and Their Joining to the Class Action Suit**

- a) Following the announcement of accepting the Class Action Suit registration request and having it registered in the Class Action Suit docket, the committee shall take initiative to suspend all suits being considered if these suits are identical or similar to the Class Action Suit in terms of legal bases, grounds and merits, for the purpose of joining these suits to the Class Action Suit.
- b) Within a month of announcing the suspension decision mentioned in paragraph (a) of this Article, the plaintiff may withdraw from the Class Action Suit without the defendant's approval, even if the Class Action Suit proceeding has already started.
- c) Where the committee determines that the legal bases, grounds or sough interests of the Group of Plaintiffs might not be covered in one Class Action Suit, it may order dividing the Class Action Suit into several suits as it deems fit.
- d) The committee may, at its discretion, exclude any person or group of persons from the Group of Plaintiffs due to incompatibility in legal bases or grounds of the Class Action Suit in any stage of the suit prior to the issuance of the committee's decision thereon.

### **Article 7: Withdrawal From the Class Action Suit**

Any Member of the Class Action Suit may request exiting the group by sending a written notification to the committee within a period not exceeding (30) days of the date of announcing the decision of approving the Class Action Suit without prejudice to his/her right to file an individual suit on the same grounds and legal bases.

### **Article 8: The Defendant's Objection**

A defendant in a Class Action Suit may object before the committee to the decision of approving the Class Action Suit. The committee's decision may be challenged before the appeal committee within a period of (30) days of the service of process date of the committee's decision.

### **Article 9: Parties of the Class Action Suits**

- a) A Class Action Suit has the following parties:
  1. The Lead Plaintiff.
  2. The defendant.
  3. Members of the Group of Plaintiffs
- b) The Members of the Group of Plaintiffs shall appoint the Lead Plaintiff from among the plaintiffs in a written agreement presented to the committee, taking into account the following:
  1. The Lead Plaintiff is fit to take the actions of the Class Action Suit protecting the interests of Members of the Group of Plaintiffs by being capable in qualification and practice of protecting the interests of Members of the Group of Plaintiffs, and to assume these duties at all stages of the suit.
  2. He/she shall adequately understands his/her duties towards the group.
  3. He/she shall be fully informed of the suit's details and related grounds.
- c) The Lead Plaintiff shall commit to represent the interests of all Members of the Group of Plaintiffs with fairness and competency.
- d) Plaintiffs who have not been selected as a Lead Plaintiff are considered Members of the Group of Plaintiffs.
- e) The committee, upon the request of a member of the Group of Plaintiffs, may replace the Lead Plaintiff by appointing another Lead Plaintiff in accordance with criteria mentioned in paragraph (b) of this Article, in case the appointed Lead Plaintiff has not taken the adequate actions of the Class Action Suit, or where the Lead Plaintiff is no longer capable of litigating.
- f) The committee, where more than %30 of the of the Members of Group of Plaintiffs object to appointing the Lead Plaintiff, shall replace the Lead Plaintiff by appointing another Lead Plaintiff in accordance with criteria mentioned in paragraph (b) of this Article.
- g) All defendants in suspended suits are deemed defendants in the Class Action Suit.

### **Article 10: Announcements In the Class Action Suits Docket**

After the appointment of the Lead Plaintiff, the committee announces the following in the Class Action Suit docket:

1. Name of the Lead Plaintiff.
2. Name of the defendant in the Class Action Suit.
3. The Class Action Suit's number.

#### **Article 11: Dates of the Hearings**

Dates of the hearings are announced to the Group of Plaintiffs without the need for stating their names in the services of process or summonses of the hearings.

#### **Article 12: Information and Documents Related the Class Action Suits**

- a) The committee may request the Members of the Group of Plaintiffs to submit information additional to what was submitted by the Lead Plaintiff, within the time period specified by the committee.
- b) Statements of claim and documents submitted by the suit's parties are only accessible by the suit's parties.

#### **Article 13: The Effect of Withdrawing from the Class Action Suits on the Proceedings**

- a) In the event The Lead Plaintiff's withdrawal from the Class Action Suit, the Members of the Group of Plaintiffs shall appoint a replacement Lead Plaintiff from among plaintiffs in accordance with paragraph (b) of Article 9 of this part.
- b) The withdrawal of a Member of the Group of Plaintiffs from the Class Action Suit does not affect the suits proceedings.
- c) The committee issues its final decision that the suit comes to an end when all of the Lead Plaintiff, Group of Plaintiffs and the defendant of the Class Action Suit unanimously agree to end it. This decision is announced in the Class Action Suit docket.

#### **Article 14: The Right of the Members of the Group of Plaintiffs to Intervene**

Any member of the Group of Plaintiffs may intervene in the Class Action Suit to present defenses or supports, or to submit any objection to any action taken or proposed at any stage of the suit without prejudice to the Lead Plaintiff's role.

#### **Article 15: Managing the Class Action Suits**

The committees have full powers in managing the Class Action Suit and issue any order or decision therein to ensure fairness of these suits and quick decisions thereon.

#### **Article 16: Issuing the Decision**

- a) The committee issues its decisions on the Class Action Suit as per the provisions of Articles (32) and (33) of the Resolution of Securities Disputes Proceedings Regulations.
- b) All parties of the Class Action Suit shall be informed of the committee's decision. The committee, as it deems fit, may be content with announcing the decision rather than inform the suit's parties, provided that the decision's announcement or service of process is within (10) days of the Pronouncement of the Decision

### **Article 17: Settlement Proposal**

- a) The Lead Plaintiff and the defendant in the Class Action Suit may enter into settlement agreement by submitting a written settlement proposal to the committee for the purpose of ending the Class Action Suit, or by accepting a settlement proposal prepared by the committee. At all cases, the settlement agreement shall not be deemed accepted unless approved by the committee as per the provisions of Article (18) of this Part.
- b) The settlement proposal approved by the committee is effective unless %30 or more of the Group of Plaintiffs (whose amount of claims represents 30% or more of the total amount of claims) announce their withdrawal from the settlement proposal as per the provisions of Article (19) of this Part.
- c) The Settlement proposal must contain provisions regulating the following as minimum:
  1. Agreed obligations among the parties.
  2. A sufficient proof of the parties' competency to fulfil their obligations as stated in the settlement.
  3. Due date of the obligations.
  4. Dividing the costs of the Class Action Suit among the parties.

### **Article 18: Approving the Settlement**

Without prejudice to the provisions of paragraph (b) of Article (16) of this Part, the committee approves the settlement by a decision if it deems the settlement fair for the Members of the Group of Plaintiffs, taking into consideration the status of the dispute in the Class Action Suit and the Members of the Group of Plaintiffs' opinion on the settlement.

### **Article 19: Announcing the Settlement and The Right to Withdraw**

- a) The Members of the Group of Plaintiffs shall be notified of the settlement approval decision once it is issued.
- b) Each Member of the Group of Plaintiffs may announce his/her withdrawal from the approved settlement within a month of the notification mentioned in paragraph (a) of this Article, provided that he/she submits the withdrawal in writing to the committee.
- c) The committee shall inform the Members of the Group of Plaintiffs of their right to withdraw and the specified period thereof; in addition to the consequences of the approved settlement.
- d) In the event any of the Members of the Group of Plaintiffs withdraw from the settlement, such withdrawal does not prejudice his/her right to file an individual suit on the same grounds and legal bases of the Class Action Suit.

### **Article 20: Appeal In the Class Action Suit**

- a) Except for the committee's final decisions stated in this Part, any party of the Class Action Suit may appeal decisions issued by the committee before the appeal committee.
- b) The appeal committee announces in the Class Action Suits docket its decision regarding the appeal request where the appeal request is accepted and has been submitted in compliance with the statutory provisions and periods.

- c) Any party of the Class Action Suit may join appeal proceedings within a month of the announcement mentioned in paragraph (b) of this Article by submitting a written request to the appeal committee.
- d) The appeal committee announces in the Class Action Suits docket its decision issued on the appeal.

#### **Article 21: Lead Appellant in a Class Action Suit**

- a) Where the Lead Plaintiff submits a request to appeal decision issued by the committee in connection with the Class Action Suit, he/she continues taking the actions of the Class Action Suits before the appeal committee as the lead appellant in the Class Action Suit.
- b) Where a Members of the Group of Plaintiffs, other than the Lead Plaintiff, submits a request to appeal decision issued by the committee in connection with the Class Action Suit, the plaintiffs joining the appeal request pursuant to paragraph (c) of Article 20 of this Part shall appoint a lead appellant from among them in accordance with criteria of appointing the Lead Plaintiff mentioned in paragraph (b) of Article (9) of this Part.
- c) The provisions of Article 9 and Article 13 of this Part related to the Lead Plaintiff shall apply to the Lead Appellant (as applicable).
- d) The provisions of Article 13 of this Part related to the withdrawal of any of the Members of the Group of Plaintiffs shall apply to the withdrawal of any of the plaintiffs joining the appeal request.

#### **Article 22: Consequences of the Committee's Decisions on the Class Action Suit**

- a) Without prejudice to paragraph (c) of this Article, the committee's decisions is on the Class Action Suit effective for and against all parties of the Class Action Suit.
- b) The decision is final and binding to the extent of which it was issued based on the legal bases and grounds set forth in the request of registering the Class Action Suit.

#### **Article 23: Consequences of the Settlement of the Class Action Suit**

- a) The committee issues a final decision states the settlement's entry into effect. By announcing this decision, the settlement becomes effective in favour of and against those who have not declared their withdrawal therefrom.
- b) The settlement's entry into force results in ending the Class Action Suit.
- c) Where the plaintiff claims that the settlement has not been fulfilled, the suit shall be reopened upon his/her request.

#### **Article 24: The Decision on The Costs of the Class Action Suit**

The committee has the discretionary power concerning the costs of the Class Action Suit in a way that justice is achieved for all parties.

**Article 25: The Procedures of the Class Action Suit Concerning What No Texts Has been Provided in its Regard**

Provisions of the Resolution of Securities Disputes Proceedings Regulations shall apply to the procedures of the Class Action Suit concerning what no text has been provided in its regard in this Part.

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