

KINGDOM OF SAUDI ARABIA

**Capital Market Authority**

**Investment Accounts Instructions**

**English Translation of the Official Arabic Text  
Issued by the Board of the Capital Market Authority  
Pursuant to its Resolution Number  
4-39-2016 Dated 25/6/1437H corresponding to 3/4/2016G  
Based on the Capital Market Law  
issued by Royal Decree No. M / 30 and the date of 2/6/1424H**

**[Amended by Resolution of the Board  
of the Capital Market Authority Number 00-00-2018  
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**Arabic is the official language of the Capital Market Authority**

**Important Notice: The current version of these Instructions, as may be amended, can be found at  
the Authority website: [www.cma.org.sa](http://www.cma.org.sa)**

## TABLE OF CONTENTS

### **PART 1: GENERAL PROVISIONS**

Article 1: ~~The Objective of these Instructions~~ [Preliminary Provisions](#)

Article 2: Definitions

### **PART 2: INSTRUCTIONS FOR OPENING INVESTMENT ACCOUNTS**

Article 3: Clients Acceptance

Article 4: Required Information in the Investment Account Opening Agreement

Article 5: Investment Accounts Identification Cards

Article 6: Instructions for Opening Investment Accounts for Natural Persons

Article 7: Instructions for Opening Investment Accounts for Legal Persons

Article 8: Opening Investment Accounts for Other Persons

### **PART 3: INSTRUCTIONS FOR OPERATING INVESTMENT ACCOUNTS**

Article 9: ~~Transferring from and to the Investment Account~~ [Transactions on the Investment Account](#)

Article 10: Opening and Operating the Investment Account by Power of Attorney

Article 11: The Assignment of an Official Receiver on the Investment Account

Article 12: Closing the Investment Account

### **PART 4: CONTROLS AND SUPERVISORY INSTRUCTIONS**

Article 13: Electronic Record

Article 14: Update of the Investment Accounts Information

Article 15: Freezing of the Investment Accounts

Article 16: Instruction for Blocking the Investment Accounts and Disclosing their Information

### **PART 5: PUBLICATION AND ENTRY INTO FORCE**

Article 17: Publication and Entry into Force

[Annex 1: Required Information in the Investment Account Statement](#)

## PART 1: GENERAL PROVISIONS

### Article 1: ~~The Objective of these Instructions~~ Preliminary Provisions

- a. These instructions aim to regulate the opening and operation of investment accounts held by authorised persons licensed to conduct the activities of dealing, managing, or custody; and to define the related investment accounts controls and supervisory rules.
- b. These instructions should be read in conjunction with and in addition to the Capital Market Law and its Implementing Regulations and in particular the authorised persons Regulations and the Anti-Money Laundering and Counter-Terrorist Financing Rules.

### Article 2: Definitions

- a. Any reference to the “Capital Market Law” in these Instructions shall mean the Capital Market Law issued by the Royal Decree No. M/30 dated 2/6/1424H.
- b. Subject to Clause (c) of this Article, expressions and terms in these Instructions have the meaning which they bear in the Capital Market Law and the Glossary of defined terms used in the Regulations and Rules of the Capital Market Authority, unless the contrary intention appears.
- c. For the purpose of implementing these Instructions, the following expressions and terms shall have the meaning they bear as follows the contrary intention appears:
  - **Investment Account:** An accounting record created by the authorised person for the client’s money deposited in a client account opened by the authorized person to fund the client's transactions in securities and reflects all the details of the transactions on that account.
  - **Investment Portfolio:** An account linked to the investment account that reflects the client's assets received by the authorised person in the course of carrying on securities business as per the provisions of Chapter 3 of Part 7 of the Authorised Persons Regulation and reflects all the details of the transactions on that account.
  - **GCC Legal Persons:** A legal person that the majority of its capital is owned by citizens or governments of the GCC member states and holds the nationality of one of the GCC member states.
  - **Non-profit Organization:** Refers to every legal entity - legally licensed - to engage in collecting, receiving, or paying money for charitable, religious, cultural, educational, social, or solidarity purposes or that conducts other charitable activities.
  - **Freezing of the Investment Account:** The temporary block of all money transfers from the investment account and usage of the investment account balance, and this does not include preventing the client from the sale of his securities, receive the proceeds and profits generated

from his securities into the investment account or transfer from his bank account to the investment account.

- **GCC**: The Cooperation Council for the Arab States of the Gulf.
- **Identification Document**: The valid identification document issued by to the component authorities, and accepted for opening an investment account for the client in accordance to these Instructions.
- ~~**Law of Combating Terrorism Crimes and its Financing Law**~~: ~~Law of The Combating Terrorism Crimes and its Financing Law~~, issued by the Royal Decree No. M/~~16-21~~ dated ~~2412/2/1435H~~1439H.
- ~~**Anti-Money Laundering Law and its Implementing Regulations**~~: ~~The~~ Anti-Money Laundering Law issued by the Royal Decree No. M/~~31-20~~ dated ~~115/52/1431H~~1439H, ~~and its Implementing Regulations.~~

## PART 2: INSTRUCTIONS FOR OPENING INVESTMENT ACCOUNTS

### Article 3: Clients Acceptance

- a. Before accepting any client and opening an investment account for him, the authorised person must ensure his compliance with all of his obligations stated in the Capital Market Law and its Implementing Regulations, in addition to the Anti-Money Laundering Law and its Implementing Regulations, and the [Combating Law](#) of Terrorism Crimes and [its Financing Law](#).
- b. When accepting a client, the authorised person must not provide any services related to the securities business of dealing, managing, or custody before signing an investment account opening agreement with such client which contains all information mentioned in Article (4) of these instructions and opening of the investment account for him.
- ~~e. Whenever these Instructions require from the authorised person to obtain the Authority's approval for opening an investment account, the authorised person must first obtain all documents required in accordance with these Instructions to open that investment account, and clarify on each document's copy the requirement which the document was obtained for, then have those documents sent along with the approval request to the Authority by the authorised person's Chief Executive Officer or his delegate.~~
- ~~d.c.~~ The authorised person may rely on a third party in the customer due diligence requirements in accordance with the related provisions of [the Anti-Money Laundering Law, its Implementing Regulations, and](#) the Anti-Money Laundering and Counter-Terrorist Financing Rules ~~when opening an investment account~~ for any person that these Instructions permit opening an investment account for him.
- ~~e.d.~~ The authorised person must identify and verify the actual relationship between the clients and the natural persons who open or operate investment accounts on their behalf such as guardians, agents, trustees, or authorised signatories according to the relevant provisions in [the Anti-Money Laundering Law, its implementing regulations, and](#) the Anti-Money Laundering and Counter-Terrorist Financing Rules.
- ~~f.e.~~ Without prejudice of Clause (~~dc~~) of this Article, in all cases in which these Instructions require the authentication of the documents copies, the authorised person's ~~or the third party –when the authorized person relies on a third party- employee~~ must check the original documents, take a copy of them, then sign on the copy and stamp it with the ~~authorised person's~~ official stamp confirming that the copy matches the original.

### Article 4: Required Information in the Investment Account Opening Agreement

In addition to the requirements of terms of business with clients mentioned in the Authorised Person Regulations, the investment account agreement must also include:

- a. Information of the client's identification document, his address, contact information, occupation, or the main activity if the client is a legal person.

- b. An undertaking by the client of his understanding of the terms and conditions of the investment account opening agreement, and that all data and information provided to the authorised person are correct, comprehensive, valid and non-misleading.
- c. An undertaking by the client of his commitment to update his data and information or confirmation that there is no changes to the information, either when asked by the authorised person or at the end of each period set by the authorised person provided that such period does not exceed 3 years, also the client commitment to provide renewed versions of his identification documents after their expiry, and an undertaking by the client of his awareness that the authorised person will freeze his investment account when this commitment is breached. Also an undertaking by the client to adhere to the Capital Market Law and its Implementing Regulations, and other laws and regulations of the Kingdom, in particular the Anti-Money Laundering Law and its Implementing Regulation and the [Law of Combating Terrorism Crimes](#) and [its Financing Law](#).
- d. Unless the company is listed in an exchange, the investment account opening agreement signed with any company must include a commitment to immediately notify the authorised person when a change of any of the documents set forth in paragraph (4-a) of Article 7 of these Instructions.

#### **Article 5: Investment Accounts Identification Cards**

Upon the client's request, the authorised person must issue an investment account identification card for the client and provide it or deliver it to him, which shall contain the client's name and number of the investment account as well as the authorised person's name ~~and the branch that the investment account was opened with.~~

#### **Article 6: Instructions for Opening Investment Accounts for Natural Persons**

##### **a. Opening Investment Accounts for Saudi Natural Persons**

When opening an investment account for a Saudi natural person, the authorised person must ~~check~~ [obtain and verify](#) the client's valid national identification card [information](#), ~~and obtain a copy of it after being authenticated.~~

##### **b. Opening Investment Accounts for the Citizens of the GCC Member States**

To open an investment account for a citizen of a GCC member state, the authorised person must ~~check his~~ [obtain and verify the client's](#) valid national identification card [information or passport information](#), ~~and obtain a copy of it after being authenticated.~~

##### **c. Opening Investment Accounts for Foreign Residents in the Kingdom**

- 1. Foreign residents carrying a residence permit (*Iqama*) [or resident identity](#)  
To open an investment account for a foreigner who holds a residence permit (*Iqama*) [or resident identity](#), the authorised person must ~~check~~ [obtain and verify](#) the foreigner's residence permit (*Iqama*) [information or resident identity information](#), ~~and obtain a copy of it after being authenticated.~~

2. Holders of the five year residency card  
To open an investment account for a holder of a five year residency card, the authorised person must ~~check~~ obtain and verify the five year residency card information ~~and obtain a copy of it after being authenticated.~~

3. Members of the diplomatic missions in the Kingdom

To open an investment account for a member of a diplomatic mission in the Kingdom, the authorized person must obtain and verify an identification letter from the member's embassy and the member's valid diplomatic identity card information.

- ~~3. The authorised person must obtain a written statement from the foreign resident in the Kingdom that includes the following:~~

- ~~a) Declaration of his knowledge that his right to invest in securities in the Kingdom is associated with providing his residence permit (*Iqama*) to the authorised person; and that the authorised person will freeze the investment account if he does not update the account's information or does not provide the authorised person with the residence permit (*Iqama*) after its renewal, in accordance with the Clause (a) of Article (15) of the Instructions.~~

- ~~b) Undertaking to provide the authorised person with the renewed residence permit (*Iqama*) upon its validity expiry, or when the authorised person requested an update of the account's information, in accordance with the Clause (a) of Article (14) of the Instructions.~~

- ~~c) Declaration that the authorised person has the right to liquidate the securities in the portfolio linked to the investment account, transfer its cash to the client's bank account linked the investment account, and then close the investment account, if the investment account was frozen for more than (12) months.~~

- d. Opening Investment Accounts for Foreign Natural Persons not Residing in the Kingdom**

To open an investment account for a foreign natural person not residing in the Kingdom for the purpose of investing in the permitted securities in accordance with the Capital Market Law and its Implementing Regulations and instructions issued by the CMA, the authorised person ~~must check his~~ must obtain and verify the client's valid passport information ~~and obtain copy of it, and obtain as well as~~ as the client's residential address and place of work and work address. The authorised person also must perform the customer due diligence in accordance with the provisions of the Anti-Money Laundering Law, its Implementing Regulations, and the Anti-Money Laundering and Counter-Terrorist Financing Rules.

- e. Special Provisions for Opening Investment Accounts for Natural Persons**

1. Opening an Investment Account for a Blind or Illiterate Person

- a) To open an investment account for a blind or an illiterate client, this client shall have the right to present a personal reference to explain to him the investment account opening procedures and terms and conditions stated in the investment account opening agreement, and in case unavailability of the client personal reference, an employee of

the authorised person is to explain the same procedures to him which also to be approved by a compliance officer of the authorised person that the client was provided all information of the know your client form, the investment account opening agreement and terms and conditions of the investment account were explained to him, and therefore the client shall bear all responsibilities of the investment account opening.

- b) The personal reference of any blind or illiterate person who intends to open the investment account must be a natural person with full legal capacity who personally knows the blind or the illiterate person, holds a valid ~~national~~-identification ~~card~~ document, and able to explain and read to the blind or the illiterate person the investment account opening procedures, terms and conditions of the investment account opening agreement, and must state in a writing that he has complete this requirement.
- c) The ~~authorised person must check the~~ valid ~~national~~-identification ~~card~~ document of the personal reference of the blind or illiterate person must be checked, and ~~obtain~~ a copy of it must be obtained after being authenticated; ~~and obtain his as well as the personal reference's~~ address and signature.
- d) When an investment account is opened for a blind or an illiterate client, that blind or illiterate client must not to use any services provided by telephone or electronic services for operating the investment account until one of the authorised person`s employees or his personal reference explain to him the terms and conditions related to such services, and the authorised person to inform the blind or illiterate client that such services are provided to him based on his desire, choice and awareness of the risks associated with using such services, and his legal responsibility of all transactions executed through such services. As well as the authorised person is to obtain a statement in writing signed by the personal reference shows the blind and illiterate client understanding of those terms and conditions.
- e) The authorised person may use the blind or illiterate client's fingerprint or personal stamp as his personal signature in all of his transactions.
- f) With the exception of the transactions provided through telephone or electronic transactions, to accept any procedure conducted by blind or illiterate client, the authorised person must obtain the client`s signature on such procedure and the client`s awareness and responsibility of such procedure he signs. Also, if the blind or illiterate client was approved as a client with a personal reference during account opening, the authorised person must obtain a statement in writing signed by the client's personal reference which the conditions stated in Subparagraph (b-1) of Clause (e) of this article apply to him shows the awareness of the client in relation to the procedure`s nature, and thus he shall bear responsibility as a personal reference.

## 2. Opening an Investment Account for Persons Under the Age of 18 Hijri calendar years

- a) An investment account to be opened for persons under the age of 18 Hijri calendar years by the guardian or the custodian, provided that the investment account is in the name of the client, but to be operated by the guardian or the custodian.
- b) The ~~authorised person must check the~~ valid identification document of the client who is under the age of 18 Hijri calendar years and the identification document of his guardian

or custodian must be checked, and ~~obtain a copy~~y of their identification documents must be obtained after being authenticated.

- c) If the client is a Saudi citizen under the age of 15 Hijri calendar years, without requiring him to provide a national identification card, the authorised person must check the family card that shows the client`s information, the valid identification document of his guardian or custodian, and obtain a copy of each of them after being authenticated.
- d) If the client is under the age of 18 Hijri calendar years and under custody, the authorised person must check the custody deed issued by the competent court and obtain a copy of it after being authenticated, and must comply with all provisions mentioned in the custody deed.
- e) If the client is a foreigner under the age of 18 Hijri calendar years and his name is added to another person which his residence permit (*Iqama*) or resident identity shows that, the authorised person must check that residence permit (*Iqama*) or resident identity, obtain a copy of it after being authenticated, provided that the investment account will be under the name of the client, but opened and operated by the holder of the residence permit (*Iqama*) or the resident identity to which the client was added.
- f) The authorised person must carry out customer due diligence on the guardian or the custodian. Also, similar to the responsibilities upon any client by operating his investment account, the guardian or the custodian shall bear all legal responsibilities by operating the client under the age of 18 Hijri calendar years investment account.

### 3. Opening an Investment Account for an Incapacitated Person

- a) An investment account to be opened for an incapacitated person by his guardian or custodian, providing that the account is opened in the name of the client, but operated by the guardian or the custodian.
- b) The authorised person must check the guardian or the custodian identification documents and the national identification card of the incapacitated client if he is above the age of 18 Hijri calendar years or the family card if he is below the age of 15 Hijri calendar years and obtain copies of them after being authenticated.
- c) The ~~authorised person must check the~~ deed issued by the competent court which illustrates that the incapacitated client which the investment account is to be open for is incapacitated must be checked, and ~~obtain~~ a copy of the same deed must be obtained after being authenticated, and the authorised person must comply with all provisions mentioned in the deed.
- d) The authorised person must carry out customer due diligence on the guardian or the custodian. Also similar to the responsibilities upon any client by operating his investment account, the guardian or the custodian shall bear all legal responsibilities by operating the incapacitated client investment account.

### 4. Opening an Investment Account for a Person with Special Needs

An authorised person shall open an investment account for persons with special needs and unable to write or sign in the same procedures of opening an investment account for natural

persons. However, the authorised person must have the fingerprint of such client or his personal stamp as a substitute used as his personal signature.

5. Opening Investment Accounts for the Legally Incompetent Persons

- a) The investment account of a legally incompetent person must be open by his legal representative, provided that the investment account is opened in the name of the legally incompetent person, and operated by his legal representative.
- b) The ~~authorised person must check the~~ valid identification documents of the legally incompetent person as well as his legal representative must be obtained, and ~~obtain~~ a copy of each of them must be obtained after being authenticated.
- c) The ~~authorised person must check the~~ deed issued by the competent court must be checked, and obtain and a copy of it must be obtained after being authenticated, and the authorised person must comply with all provisions mentioned in the deed.
- d) The authorised person must carry out customer due diligence on the legal representative of the legally incompetent person. Also similar to the responsibilities upon any client by operating his investment account, the legal representative shall bear all legal responsibilities by operating the legally incompetent person investment account.

**Article 7: Instructions for Opening Investment Accounts for Legal Persons**

**a. Opening Investment Accounts for Saudi and GCC Companies**

- 1) To open an investment account for a Saudi company, the Saudi company must be incorporated in accordance with the Companies Law, and to open an investment account for a GCC company, the company must fall within the scope of the definition of a GCC legal persons.
- 2) Unless the company is a listed in the Exchange, the company's bylaws, a resolution issued by the shareholder's assembly, the articles of association or a shareholder's resolution must contain an explicit provisions states that the company is permitted to invest in securities.
- 3) When opening an investment account for a GCC company, the authorised person must check the verification of the Saudi Embassy in the GCC member state of such GCC company, and verification of the Ministry of Foreign Affairs in the Kingdom on GCC legal person's documents that provided by its representative.
- 4) When opening an investment account for the company, the authorised person must check obtain the following documents: ~~and obtain copies of each of them after being authenticated:~~
  - A copy of the commercial register issued by the competent authority after being authenticated.
  - A copy of ~~The~~ the company's articles of association, bylaws, and their annexes and amendments after being authenticated.
  - ~~The identification document of the manager in charge.~~

- ~~The resolution appointing the Board of Directors~~ Where applicable, a list of the Board of Directors names and the manager in charge.
  - Where applicable, The a copy of the Board of Director's or the shareholder's resolution approving the opening of the investment account and assigning individuals authorised to operate the investment account after being authenticated.
  - List of authorised individuals to operate the investment account in accordance with the company's commercial register, articles of association, bylaws, Board of Director's resolution (as applicable) ~~and the valid identification documents for such individuals.~~
  - Copies of Any-any licenses issued for the company by any governmental agency to conduct certain activities after being authenticated.
- 5) Unless the company is listed in an exchange, the authorised person must obtain the company's list of owners as provided in the articles of association (or the shareholders register if the company is a joint-stock company) and ~~copy of their identification documents~~ ~~or~~ a copy of the commercial register if the shareholder is a company.
- ~~6) — If the company is wholly owned by a government entity, the authorised person must obtain the Authority's approval for opening the investment account.~~
- ~~7)6)~~  When opening an investment account for a listed company in the Exchange (excluding banks and insurance companies) or any of its affiliates that included in the listed company's consolidated financial statements, the authorised person must comply with following additional conditions:
- The listed company's investment in the securities listed in the Exchange based on a Board of Director's resolution of the company and the company that the investment account was opened for if it is an affiliate of that company, which shall clarify the investment instructions. And before opening the investment account, the authorised person must check that resolution and obtain a copy of it after being authenticated.
  - Unless the listed company or its affiliate investment in the Exchange is for one year in which the company commits to not to sell a security before one year from the time of the purchase of the security issued by the same issuer, the investment in securities must be through an investment fund or investment portfolio managed by an authorised person based on a management contract which clearly states that there is an absolute segregation between the listed company, the affiliate and the investment decisions, and that the contract does not include any contradicting clause with such requirement. Before signing the management contract, the authorised person must ensure that the terms of contract are in accordance with these instructions.
  - The authorised person must notify the Authority without delay about any management contract that was signed with any listed company or its affiliate. Such notification must include the investment account number opened for such purpose and number of its related investment portfolio.

**b. Opening Investment Accounts for Foreign Legal Persons**

- 1) Without prejudice to Clause (c) of this Article and the provisions of the Rules for Qualified Foreign Financial Institutions Investment in Listed Securities, to open an investment account for a foreign legal person for the purpose of investing in the permitted securities in accordance with the Capital Market Law and its Implementing Regulations and instructions issued by the CMA, the authorised person must perform the customer due diligence in accordance with the provisions of [the Anti-Money Laundering Law, its Implementing Regulations, and](#) the Anti-Money Laundering and Counter-Terrorist Financing Rules.
- 2) To open an investment account for a foreign legal person out of the Kingdom for the purpose of entering in swap agreements in accordance with the Authority's instructions related to swap agreements, the authorised person must perform the customer due diligence requirements in accordance with the relevant provisions of the Authority's instructions related to swap agreements.

**c. Opening Investment Accounts for Qualified Foreign Financial Institutions ~~and for their Approved Clients~~**

When opening an investment account for any foreign financial institution as a qualified foreign investor ~~or any client of a qualified foreign financial institution~~, the authorised person must obtain the following documents:

- 1) Where applicable, a copy of the license or the commercial registrar for the foreign investor obtained from the relevant authority in the county of establishment.
- 2) Where applicable, a copy of the by-laws and its appendices, or a copy of the article of association and its appendices.
- 3) A list of the names ~~and copy of identification~~ of the foreign investor's managers that are authorized signatory in regard to the account.
- 4) Where applicable, a list of all foreign investor's owners whose names are included in the article of association, ~~with a copy of their identities~~. An exception of this requirement is when the foreign investor is a joint-stock company listed in any exchange.
- 5) Where applicable, a delegation from the board of director's specifying names of authorized signatory in regard to the account.

**d. Opening Investment Accounts for Funds Owned by a Governmental Entity**

- 1) An authorised person may open an investment account for a fund of a governmental entity, provided that the fund is fully owned by a Saudi governmental entity or a governmental entity of a GCC member state, ~~and that the authorised person obtains the Authority's approval to open that investment account.~~
- 2) When opening an investment account for a fund of a governmental entity, the authorised person must ~~check the following documents, and~~ obtain copies ~~of each of them~~ [of the following documents](#) after being authenticated:

- The fund's bylaws.
- The issued resolution nominating the authorised individuals to open and operate the investment account of the fund, ~~and their valid identification documents.~~
- The fund's articles of association, (if any) and its annexes, which clearly shows the composition of both the fund's capital and its management.
- Documents that show the fund's Board of Directors members names.

**e. Opening Investment Accounts for Non-profit Organizations in the Kingdom:**

1) When opening an investment account for a non-profit organization in the Kingdom, the authorised person ~~must check the following documents and~~ obtain a copy ~~of each of them of~~ the following documents after being authenticated:

- The license issued by the competent authority.
- ~~— The bylaws that show the provision permitting the Non-profit Organization to invest in securities. However, if the non-profit organization's bylaws do not explicitly state that the non-profit organization may invest in securities, the authorized person must obtain the approval of the competent authority stating its consent to open the investment account and information of authorised individuals for opening and operating the same investment account. on investing in securities.~~
- ~~— The bylaws that show the provision permitting the Non-profit Organization to invest in the securities.~~
- ~~— The Board of Director's resolution approving the opening of the investment account and assigning the authorised individuals to operate the investment account.~~

~~2) The authorised person must obtain the Authority's approval to open the investment account after fulfilling all the requirements stated in the Subparagraph (1) of this Clause.~~

**f. Opening Investment Accounts for Endowments**

1) When opening an investment account for an endowment in the Kingdom, the authorised person must ~~check the following documents and~~ obtain copies of ~~them~~ the following documents after being authenticated:

- The deed of endowment and the deed of trusteeship for that endowment.
- National identification card of the endowment's trustee / board of trustees.
- The resolution of the trustee, and if the endowment has a board of trustees, the resolution of the board of trustees' approving the opening of an investment account and assigning the authorised individuals to operate the investment account.

2) The deed of endowment must include a provision that permits the investment in securities, or the trustee shall provide the approval of the competent governmental authority that supervises the endowment to invest in the securities.

~~3) After fulfilling all the requirements stated in the Subparagraphs (1) and (2) of this Clause, the authorised person must obtain the Authority's approval to open the investment account.~~

#### **g. Opening Investment Accounts for Governmental Entities**

- 1) When opening an investment account for a governmental entity (Saudi or from a GCC member state), the authorised person must ~~check the following documents and~~ obtain a ~~copy~~ies of ~~each of them~~ the following documents after being authenticated:
  - The constitutional documents of the governmental entity according to its administrative regulations and relevant laws.
  - The resolution of the competent person in that governmental entity assigning the authorised individuals that will open and operate the investment account, and the identification documents of such individuals.
  - Approval of the Ministry of Finance (or the competent authority in the GCC member state) to open the investment account. Unless there are legal provisions issued by the competent authority to explicitly give the right to such governmental entity to invest in the securities.
- 2) The authorised person must comply with any investment restrictions stated in the approval of the Ministry of Finance in the state of the governmental entity that requested the opening of the investment account.
- ~~3) After fulfilling all the requirements stated in the Subparagraphs (1) and (2) of this Clause, the authorised person must obtain the Authority's approval to open the investment account.~~

#### **h. Opening Investment Accounts for International Organizations and Institutions:**

- ~~1)~~ When opening an investment account for the international organizations and institutions that have legal presence in the Kingdom, the authorised person must ~~check the following documents, and~~ obtain a ~~copy~~ies of ~~each of them~~ of the following documents after being authenticated:
  - Agreement of association and/or bylaws.
  - Headquarters Agreement signed with the government of the Kingdom that permits the international organization or institution to invest in securities.
  - Resolution of the international organization or institution's authorised person according to the agreement of association and/or bylaws assigning the authorised individuals to open and operate the investment account, ~~and the identification documents of such individuals.~~
- ~~2) After fulfilling all the requirements stated in the Subparagraph (1) of this Clause, the authorised person must obtain the Authority's approval to open the investment account for the international organization or institution.~~

#### **i. Opening Investment Accounts for Investment Funds Established in the Kingdom:**

When opening an investment account for an investment fund established in the Kingdom, the authorised person must obtain copies of the following documents after being authenticated:

- The commercial register of the fund manager.
- The Bylaws or Articles of Association of the fund manager and any amendments to them.

- The Authority's authorization for the fund manager to conduct managing activities and the commencement letter.
- The notification issued by the Authority of the approval of establishing the investment fund and offering its units.
- The investment fund's Terms and Conditions and any amendments to them.
- The issued resolution approving the opening of the investment account and assigning the authorised individuals to operate the investment account of the investment fund.

#### **Article 8: Opening Investment Accounts for Other Persons**

If the authorised person was approached by a natural or legal person that these Instructions did not state the procedures of opening his/its investment account, the authorised person must obtain the Authority's approval to open such investment account for that person.

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### PART 3: INSTRUCTIONS FOR OPERATING INVESTMENT ACCOUNTS

#### Article 9: ~~Transferring from and to the Investment Account~~ Transactions on the Investment Account

- a. ~~The client's investment account must be linked to one or more bank accounts belong to the same client. Any transfer of money must not be accepted unless it is from or to one of those bank accounts, with the exception of the following:~~
- ~~1) The client's securities profits.~~
  - ~~2) Transfers made for the purpose of margin lending.~~
  - ~~3) Refunds made as excess subscription monies.~~
  - ~~4) Transfers made as part of the buying and selling securities.~~
- ~~b.~~a. The authorised person must not enable his client to buy securities unless it is made through the client's investment account balance.
- ~~e.~~b. In respect of the investment accounts, the authorised person must ensure his compliance with the provisions related to client money and assets stated in the Authorised Persons Regulations.

#### Article 10: Opening and Operating the Investment Account by Power of Attorney

- a. The authorised person ~~must accept any the~~ power of attorney ~~issued by the Notary Public Department or a notary public approved by the Ministry of Justice~~ to open or operate an investment account for his client whenever the following conditions are met:
- 1) The power of attorney is issued by the Notary Public or a person licensed as a notary, or it is issued out of the Kingdom and certified by the Saudi Embassy or Consulate at the issuing country and the Ministry of Foreign Affairs in the Kingdom.
  - ~~1)2)~~ 2) The authorised individual must be a relative of the client as a father, mother, son, daughter, grandfather, grandmother, husband, wife, brother or sister; or an authorised individual appointed by heirs to liquidate the investment account of their inheritor and then close it.
  - ~~2)3)~~ 3) The power of attorney must be issued by the client or the guardian or custodian (if the client is under the age of 18 Hijri calendar years), and must not accept any power of attorney issued by any person on behalf of the client.
- b. The authorised person must verify and check the validity of the power of attorney, which must explicitly state the authorities vested to the authorised individual, whether it was for the purpose of opening or operating an investment account, make transfers, purchase or sell securities, or close the investment account. The authorised person must comply with all the provisions of the power of attorney.
- c. The authorised person must comply with the client acceptance rules and customer due diligence procedures for the client and the authorised individual as per the Anti-Money Laundering and Counter-Terrorist Financing Rules.

- d. The authorised person shall not accept any Power of Attorney, except for those set out in Clause (A) of this article.

#### **Article 11: The Assignment of Official Receiver on the Investment Account**

- a. When an official receiver is assigned in regard to an investment account held with an authorised person, the authorised person must comply with the following:
  - 1) Before the authorised person accept an official receiver in regard to an investment account, the authorised person must check and obtain copies of the final resolution issued by the competent judicial authority or an executory court resolution including the assignment of the official receiver and defining his authorities, the official receiver's national identification card if he is a natural person, or the commercial register and the national identification card of his representative.
  - 2) The authorised person must clarify in the investment account's data that it is under judicial receivership.
  - 3) The authority to operate the investment account and sign on its transactions must be only for the official receiver, unless the judicial authority's resolution provides otherwise.
- b. Before accepting the official receiver on an investment account, the authorised person must apply all provisions related to client acceptance, know your client and customer due diligence procedures mentioned in the Anti-Money Laundering and Counter-Terrorist Financing Rules and the Authorised Persons Regulations on the official receiver.

#### **Article 12: Closing the Investment Account**

- a. The client must submit a written request to the authorised person when he desires to close his investment account.
- b. Without prejudice to Clauses (c) and (d) of this Article, the authorised person must accept the client's request to close his investment account, unless the investment account is blocked, or there are financial obligations on the client towards the authorised person.
- c. The authorised persons must permit his Saudi and GCC clients to close their frozen investment accounts without updating their data, provided that there is no restrictions on the investment account, no balance, no securities linked to the investment account, or any claims against the investment account.
- d. Unless the Authority instructs otherwise, an authorised person must not permit the foreign resident in the Kingdom to close his investment accounts if his residence permits (*Iqama*)[or resident identity](#) is expired, until such client provided the renewed residence permit (*Iqamah*) [or resident identity](#) or a final exit visa.
- e. Unless the investment account of the foreigner who is residing in the Kingdom is blocked and/or there are financial obligations on the same account, and the same account was frozen for more than (12) months, the authorised person must liquidate the securities in the

~~investment~~ portfolio linked to the same client's investment account, transfer its cash to ~~the client's bank account linked to the investment account~~ a bank account under the client's name, and then close the investment account, ~~taking into account the required statement to be provided by the same client to the authorised person mentioned in Subparagraph (C 3) of Clause (C) of Article 6 of the Instructions.~~

- f. After passing (5) years of the date of freezing of the investment account without providing the required information updates by the client, and unless the investment account is not blocked and there are financial obligations on the same investment account, the authorised person may transfer the available cash of the investment account to ~~the client's bank account~~ a bank account under the client's name, close the investment portfolios linked to the investment account and the client account opened by the authorised person, unless it is linked with more than one investment account , then close the investment account.
- ~~f.g.~~ If a year has passed without any credit in the investment account of the client and without any securities in any investment portfolio linked to such account, and if such account is not frozen or under any restrictions or claims, the authorised person may close the investment account after giving (30) days' notice to the client.

## **PART 4: CONTROLS AND SUPERVISORY INSTRUCTIONS**

### **Article 13: Electronic Record**

For the purpose of establishing integrated electronic database for investment accounts, the authorised person that holds investment accounts for clients must establish an electronic record to link the investment accounts with all data contained in the documents provided for opening the investment account.

### **Article 14: Update of the Investment Accounts Information**

- a. The authorised person must request the clients to update their investment accounts information at least one time every 3 years.
- b. The update must include all personal information that were previously obtained during the time of opening the investment account in accordance with the provisions of these Instructions, the Anti-Money Laundering and Counter-Terrorist Financing Rules and Annex (3-5) of the Authorised Persons Regulations, as well as information of the authorised individual/s who operate the investment account on behalf of the client, including for investment accounts operated by authorised individual/s based on a Power of Attorney the request of renewal of such Power of Attorney. The authorised Persons must maintain continuous policies and procedures to fulfill this requirement.
- c. The authorised person must inform the clients before (90) calendar days of the expiry of validity date of the documents provided for opening the investment account.
- d. During the renewal of the client documents that were provided for opening the investment account, the authorised person must obtain copy of each of such documents after being authenticated, and update the electronic record according to the new documents.
- e. Before (90) calendar days of reaching the age of (15) Hijri years, the authorized person must request the Saudi minor client`s guardian or custodian to update the information of the client`s investment account, request the client`s national identification card and obtain an authenticated copy of the same card.
- f. Before (90) calendar days of reaching the age of (18) Hijri years, the authorized person must notify the Saudi minor client`s guardian or custodian about the necessity of the update the information of the client`s investment account, request the client`s national identification card and obtain an authenticated copy of the same card and sign new investment account opening agreement with such client by the time of reaching (18) Hijri years, which contains all information mentioned in Article (4) of these instructions.

### **Article 15: Freezing of the Investment Account**

- a. The authorised person must freeze all investment accounts of the clients after expiration of the validity date of the documents were provided for opening the investment account, or not adhering

to the authorised person`s request to update the account`s information, in accordance with the Clause (a) of Article 14 of the Instructions.

- b. The authorised person must notify his clients at least 1 month before, regarding the date of freezing the investment accounts. The authorised person must also maintain policies and procedures to achieve this requirement and make record of such fulfillment.
- c. When the documents that were provided for opening the investment account for a legal person do not contain a specific expiration of the validity date, the authorised person must freeze such investment account after 3 years from the date of opening the investment account or the date of the last update of the investment account.
- d. The authorised person must monitor the validity of identification documents for the delegates to sign on the investment accounts of the legal persons, as well as the individuals that copy of their identification were obtained upon opening the investment account, and must freeze their authorities to operate the investment account until they provide renewed identification documents.

#### **Article 16: Instruction for Blocking the Investment Accounts and Disclosing their Information**

##### **a. Blocking the Investment Account and Disclosing its Information Based on the Authority's Request**

- 1) Subject to the provisions of Article (25) of the Capital Market Law and Article (29) of the Authorised Persons Regulations, an authorised person is not permitted to disclose the information of or block any investment account, unless requested by the Authority or a competent judicial authority through the Authority.
- 2) When the authorised person receives a request from the Authority to disclose any information related to the investment account of the client, the authorised person must provide the Authority with the requested information in a maximum period of 3 working days, unless Authority specifies otherwise.
- 3) Unless the Authority's request is specific on one investment account, the authorised person must disclose information of all of the client`s investment accounts.
- ~~3~~4) When the authorised person receives a request from the Authority to disclose the statement of the investment account of any of its client, the authorised person must provide the Authority with the requested investment account statement, containing, as minimum, the required information stipulated in Annex 1 of these instructions.
- ~~4~~5) When the authorised person blocks the investment accounts of a certain client based on the Authority`s request, the authorised person must not allow that client to take any action on the balance of any of the blocked investment accounts, unless the Authority's request was to block a specific amount, then the client shall be allowed to take action on the unblocked balance.
- ~~5~~6) When the authorised person receives a request from the Authority to block the investment accounts of a client, the authorised person immediately must block the investment account and promptly provide the Authority with information of the blocked investment accounts.

~~6~~7) When an investment account is blocked based on Subparagraph (a-4~~5~~) of this Article, the authorised person must block all moneys transfers and must not permit the usage of the investment account balance in any form.

~~7~~8) An authorised person must not unblock an investment account that was blocked based on Subparagraph (a-4~~5~~) of this Article until the authorised person receives a request from the Authority to do so.

**b. Blocking the Investment Account Upon the Client's Bankruptcy, Insolvency, Legally Restricted, Loss of Legal Competence**

- 1) If the authorised person received a notification –enclosed with official document as an evidence- from any person regarding the client's insolvency, bankruptcy, or the client was legally restricted or loss his legal competence, the authorised person must block all the investment accounts of that client without delay.
- 2) When an investment account is blocked based on Subparagraph (b-1) of this Article, the authorised person must block all money transfers and of the client`s investment account, and must not permit using the investment account balance in any form.
- 3) An authorised person must not unblock an investment account that was blocked based on Subparagraph (b-1) of this Article until the authorised person receives a request of the Authority to do so.

**c. Disclosing the Investment Account information, Blocking it, and Liquidating it Upon the Client's Death**

- 1) If the authorised person knew about the client's death, or received an official notification of the client's death, the authorised person must block all of the client`s investment accounts without delay.
- 2) When any individual requests to be provided with information of the investment accounts of his inheritor, the authorised person after checking and verifying this individual`s valid identification document and, ensure that he is one if the heirs or an attorney of one or any of the heirs with a power of attorney, the death certificate of the deceased client, and the determination of heirs deed, must provide in writing with detail and clear information of the investment accounts of the deceased client and must obtain copy of the requested documents after being authenticated. The verification of the individual`s identification document must be in accordance with the same provisions for opening an investment account.
- 3) After freezing the investment account, the authorised person must not carry out any transactions for such investment account except for liquidating of the same investment account for the heirs interest.
- 4) The authorised person must not liquidate the investment account for the heirs' interest, unless all heirs and the guardian of the minor heirs, or their attorney/attorneys are present and they provide the heirs determination deed, the guardianship deed for the minor heirs, and power of attorney, as well as the identification document of each of heirs, guardians, attorneys. The authorised person must check such documents and obtain copy of each them after being authenticated. If there is a judicial deed for the distribution of the inheritance issued by the

competent court, the authorised person must check it and obtain copy of it after being authenticated.

- 5) If the heirs of a deceased client are non-resident foreigners, the authorised person must not liquidate the investment accounts of the deceased client's ~~without obtaining the approval of the Authority. The Authority will provide such approval only after it receives a request from the official competent authority.~~ until the requirements aforementioned in sub-paragraph (4) are fulfilled, and ensure - where the documents were issued outside the Kingdom - that they are certified by the Saudi Embassy or Consulate at the issuing country and the Ministry of Foreign Affairs in the Kingdom.
- 6) After the investment account of the deceased client and all investment portfolios linked with it are liquidated, the authorised person must, without delay, close the investments portfolios linked to the investment account and the client account opened with a local bank to deposit account money.

## **PART 5: PUBLICATION AND ENTRY INTO FORCE**

### **Article 17: Publication and entry into force**

These instructions shall be effective in accordance to its approval resolution.

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## Annex 1: Required Information in the Investment Account Statement

The investment account statement must be printed, at the request of the Authority to be disclosed, in Arabic and on the official letter head of the authorized person, and shall contain at minimum the following information:

### 1. Formal information:

- The authorized person's stamp on the investment account statement.
- The date and time of printing the investment account statement.
- The beginning and the end dates of the period of the investment account statement in the Hijri and Gregorian dates.
- Number of the printed pages and its total number.

### 2. Basic information:

- For a natural person: the client's full name and identity number as per the identification document, address and contact information.
- For a legal person: the client's full name as per the proof of incorporation, commercial register number (if any), address and contact information.
- The full name of the person authorized to operate the investment account (if any) and his identity number as per the identification document.
- The client's investment account number.
- The client's Center Account number at the depository center.
- The investment account status – including but not limited to: active, frozen, pledged, closed.

### 3. Investment Account Statement Information:

- The credit available in the investment account and its currency.
- The transactions log, provided that it includes as minimum: all cash transfers to and from the investment account, its time, date and source, a brief and clear description of the transaction and all transactions executed on securities, indicating the date, time, type, the name of the issuer and its symbol, the amount of securities, the price, the value of the transaction, the commission, the total value, and the executed channel. In addition, the accumulated balance, the transaction executor, all actions performed on shares as split and reverse split of shares, bonus shares, and priority rights shares.