



The Draft Regulatory Framework for the Offering of Depository Receipts in the Saudi Capital Market

A) Preamble:

As part of the Capital Market Authority's ("CMA") strategic objectives to develop the capital market, and based on the Capital Market Law issued by Royal Decree No. (M/30) dated 2/6/1424 H, the CMA Board issued its resolution to publish the draft regulatory framework for the offering of depository receipts in the Saudi Capital Market ("**Draft Regulatory Framework**") for public consultation for a period of (30) calendar days.

B) Objectives of the Draft Regulatory Framework and its Main Elements:

The Draft Regulatory Framework aims to regulate the offering of depository receipts in the Saudi Capital Market for shares issued in a foreign country, and are listed in such country's exchange or the necessary arrangements for such listing were made by its issuer. The main elements of the Draft Regulatory Framework aims to stipulate the application of the provisions regulating the registration and offer of shares stated in Part (4) of the Rules on the Offer of Securities and Continuing Obligations, on the registration and public offering of Saudi Depository Receipts, and to add the term "Saudi Depository Receipts" to the Glossary of Defined Terms Used in the Regulations and Rules of the Capital Market Authority.



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C) Proposed amendments to the Glossary of Defined Terms Used in the Regulations and Rules of the Capital Market Authority compared with the current provisions:

Glossary of Defined Terms Used in the Regulations and Rules of the Capital Market Authority			
#	Current Provision	Provision after Proposed Amendments	Clarification
1	-	Saudi Depository Receipts: Securities issued for the purpose of listing in the Exchange for shares issued in a foreign country and are listed in such country's exchange or the necessary arrangements for such listing were made by its issuer.	It is suggested to add this term to the Glossary of Defined Terms Used in the Regulations and Rules of the Capital Market Authority to clarify the meaning of Saudi Depository Receipts.

D) Proposed amendments to the Rules on the Offer of Securities and Continuing Obligations compared with the current provisions:

Rules on the Offer of Securities and Continuing Obligations			
#	Current Provision	Provision after Proposed Amendments	Clarification
2	<p>PART 4 Public Offer Chapter 1: General Provisions</p> <p>Article 15: Application of the Provisions on Public Offers</p> <p>a) The purpose of this Part is to regulate the registration and public offering of securities in the Kingdom.</p> <p>b) Securities may not be offered by way of a public offer except in accordance with this Part.</p> <p>c) A foreign issuer who submits an application for listing its shares in the Main Market pursuant to the Listing Rules shall be</p>	<p>PART 4 Public Offer Chapter 1: General Provisions</p> <p>Article 15: Application of the Provisions on Public Offers</p> <p>a) The purpose of this Part is to regulate the registration and public offering of securities in the Kingdom.</p> <p>b) Securities may not be offered by way of a public offer except in accordance with this Part.</p> <p>c) A foreign issuer who submits an application for listing its shares in the Main Market pursuant to the Listing Rules shall be</p>	It is suggested to amend Article 15 of Part (4) of the Rules on the Offer of Securities and Continuing Obligations to stipulate that the regulated provisions of registration and offer of shares in the Part 4 above apply to the registration and public offering of Saudi Depository Receipts.



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Rules on the Offer of Securities and Continuing Obligations			
#	Current Provision	Provision after Proposed Amendments	Clarification
	subject to Article (18) of these Rules.	<p>subject to Article (18) of these Rules.</p> <p>d) The registration and public offering of Saudi Depository Receipts shall be subject to the provisions regulating the registration and offering of shares stated in this Part (as applicable). For the purpose of implementing the provisions of the Law and its Implementing Regulations, the foreign company whose shares correspond to the Saudi Depository Receipts is considered the issuer of those Receipts.</p>	