



The Draft Amendments of the Investment Accounts Instructions and the Rules for Foreign Investment in Securities and the Capital Market Institutions Regulations

A. Introduction:

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 02/06/1424 H, the CMA Board issued its resolution to publish the Draft Amendments of the Investment Accounts Instructions and the Rules for Foreign Investment in Securities and the Capital Market Institutions Regulations (the "Draft Amendments") for public consultation for a period of (30) calendar days.

B. Objectives of the Draft Amendments and their main elements:

The Draft Amendments aim to facilitate the procedures for opening and operating investment accounts for a number of categories of capital market institutions' clients, while enhancing the protection of the clients, in addition to expanding the scope of foreign natural persons who are allowed to invest in shares listed on the Main Market.

C. Proposed amendments to the Investment Accounts Instructions compared with the current provisions:

Investment Accounts Instructions		
Current Provisions	Provisions after Proposed Amendments	Clarification
<p>Article 2: Definitions ...</p> <p>c) For the purpose of implementing these Instructions, the following expressions and terms shall have the meaning they bear as follows, unless the context indicates otherwise: ...</p>	<p>Article 2: Definitions ...</p> <p>c) For the purpose of implementing these Instructions, the following expressions and terms shall have the meaning they bear as follows, unless the context indicates otherwise: ...</p> <p>- "APOSTILLE" Certificate: A certificate issued pursuant to Hague Convention abolishing the requirement of legalization for Foreign Public Documents. ...</p>	<p>The proposed amendment aims to adding a definition to the term ""APOSTILLE" certificate" to Article (2) of the Investment Accounts Instructions.</p>
<p>Article 3: Clients Acceptance ...</p> <p>b) The capital market institution, when accepting</p>	<p>Article 3: Clients Acceptance ...</p> <p>b) The capital market institution, when accepting</p>	<p>The proposed amendment to paragraph (b) of Article (3) of the Investment Accounts Instructions aims to</p>



Investment Accounts Instructions		
Current Provisions	Provisions after Proposed Amendments	Clarification
<p>any client, must not provide any services related to dealing, managing, custody, or investment through securities crowdfunding platforms activities until signing an investment account opening agreement with such client that contains all the information mentioned in Article (4) of these Instructions.</p> <p>...</p>	<p>any client, must not provide any services related to dealing, managing, custody, or investment through securities crowdfunding platforms activities until obtaining the client's approval on an investment account opening agreement and documenting such approval and opening an investment account to that client. The investment account opening agreement must contain all the information mentioned in Article (4) of these Instructions.</p> <p>...</p>	<p>clarifying the ability of obtaining the client's approval on the investment account agreement through any means that are capable of being documented.</p>
<p>Article 3: Clients Acceptance</p> <p>...</p> <p>e) In all situations in which these Instructions require the verification of copies of documents, data, or information, such verification must be done through documents, data or information from a reliable and independent source.</p> <p>...</p>	<p>Article 3: Clients Acceptance</p> <p>...</p> <p>e) In all situations in which these Instructions require the verification of documents, data, or information, such verification must be done through documents, data or information from a reliable and independent source.</p> <p>...</p>	<p>The proposed amendment to paragraph (e) of Article (3) of the Investment Accounts Instructions aims to removing the requirement for capital market institutions to obtain copies of documents, and instead suffice with obtaining the information of those documents.</p>
<p>Article 3: Clients Acceptance</p> <p>...</p>	<p>Article 3: Clients Acceptance</p> <p>...</p> <p>g) The capital market institution, when using technology means to open the investment account, must carry out the customer due diligence measures depending on the level of risks involved in that, and according to any requirement that the Authority specifies.</p> <p>...</p>	<p>The proposed addition of paragraph (g) to Article (3) of the Investment Accounts Instructions aims to emphasizing the necessity for the capital market institution to carry out due diligence measures when using technological means to open the investment account depending on the level of risks involved in that.</p>
<p>Article 3: Clients Acceptance</p> <p>...</p>	<p>Article 3: Clients Acceptance</p> <p>...</p> <p>h) The capital market institution must not open an</p>	<p>The proposed addition of paragraph (h) to Article (3) of the Investment Accounts Instructions aims to</p>



Investment Accounts Instructions		
Current Provisions	Provisions after Proposed Amendments	Clarification
	investment account for an individual establishment, except for organizations licensed under the Law of Civil Society Associations and Organizations, for which an investment account is opened pursuant to paragraph (e) of Article 7 of these instructions, and establishments owned by endowments, for which an investment account is opened pursuant to paragraph (f) of Article 7 of these instructions.	incorporating the content of the Authority's circular to capital market institutions number 16/4532/6/6 dated 28/4/2016 regarding the prohibition of opening investment accounts for individual establishments, and exempting non-profit institutions and institutions owned by endowments from this prohibition.
Article 3: Clients Acceptance ...	Article 3: Clients Acceptance ... i) Without prejudice to the terms of business with clients' requirements mentioned in the Capital Market Institutions Regulations, the capital market institution is exempted from implementing paragraph (b) of this Article when providing any services related to dealing for its client where such client appoints an independent custodian.	The proposed addition of paragraph (i) to Article (3) of the Investment Accounts Instructions aims to incorporate the content of the Authority's circular to capital market institutions number 23/2555/6/6 dated 26/3/2023.
Article 4: Information Required in the Investment Account Opening Agreement In addition to the terms of business with clients' requirements mentioned in the Capital Market Institutions Regulations, the investment account opening agreement must include, as a minimum, the following: ... c) An undertaking by the client of his commitment to update	Article 4: Information Required in the Investment Account Opening Agreement In addition to the terms of business with clients' requirements mentioned in the Capital Market Institutions Regulations, the investment account opening agreement must include, as a minimum, the following: ... c) An undertaking by the client of his commitment to update	The proposed amendment to paragraph (c) of Article (4) of the Investment Accounts Instructions aims to enabling the capital market institution to assess the periodicity of updating the client's data pursuant to the rules and polices it approves in accordance with the level of risks associated with the client.



Investment Accounts Instructions		
Current Provisions	Provisions after Proposed Amendments	Clarification
<p>his data and information or confirm, upon the capital market institution's request, that there are no changes to such data and information at the end of the relevant time period specified by the capital market institution (provided that such period does not exceed 3 years); and provide information of his renewed identification documents upon the expiration of the original identification documents. The client shall provide an acknowledgment of his awareness that the capital market institution will freeze his investment account upon his failure to meet such commitment, and also provide an undertaking to adhere to the Capital Market Law and its Implementing Regulations, and other laws and regulations of the Kingdom, especially the Anti-Money Laundering Law and its Implementing Regulations, and the Combating-Terrorism Crimes and its Financing Law and its Implementing Regulations.</p> <p>...</p>	<p>his data and information or confirm, upon the capital market institution's request, that there are no changes to such data and information at the end of the relevant time period specified by the capital market institution pursuant to the rules and policies approved by the capital market institution in accordance with the level of risks associated with the client; and the client's commitment to provide information of his renewed identification documents upon the expiration of the original identification documents. The client shall provide an acknowledgment of his awareness that the capital market institution will freeze his investment account upon his failure to meet such commitment, and also provide an undertaking to adhere to the Capital Market Law and its Implementing Regulations, and other laws and regulations of the Kingdom, especially the Anti-Money Laundering Law and its Implementing Regulations, and the Combating-Terrorism Crimes and its Financing Law and its Implementing Regulations.</p> <p>...</p>	
<p>Article 5: Investment Account Identification Card Upon the client's request, the capital market institution must issue and deliver an investment account identification card to the client, which shall contain the client's name and number of</p>	<p>Article 5: Investment Account Identification Information Upon the client's request, the capital market institution must provide the client (using any appropriate means) with the account identification</p>	<p>The proposed amendment to Article (5) of the Investment Accounts Instructions aims to allowing the capital market institution to provide investment account information to the client</p>



Investment Accounts Instructions		
Current Provisions	Provisions after Proposed Amendments	Clarification
the investment account as well as the capital market institution's name.	information, which shall contain the client's name and number of the investment account as well as the capital market institution's name.	through any appropriate means.
<p>Article 6: Instructions for Opening Investment Accounts for Natural Persons</p> <p>...</p> <p>d) Opening Investment Accounts for Foreign Natural Persons not Residing in the Kingdom</p> <p>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 the related instructions issued by the Authority, the capital market institution must obtain and verify the client's valid passport information.</p> <p>...</p>	<p>Article 6: Instructions for Opening Investment Accounts for Natural Persons</p> <p>...</p> <p>d) Opening Investment Accounts for Foreign Natural Persons Residing in the GCC Member States</p> <p>To open an investment account for a foreign person residing in a GCC member state for the purpose of investing in the permitted securities in accordance with the Capital Market Law and its Implementing Regulations and the related instructions issued by the Authority, the capital market institution must obtain and verify the valid Resident Identity information and passport information.</p> <p>e) Opening Investment Accounts for Foreign Natural Persons not Residing in the Kingdom or in the GCC Member States</p> <p>To open an investment account for a foreign natural person not residing in the Kingdom or in a GCC member state for the purpose of investing in the permitted securities in accordance with the Capital Market Law and its Implementing Regulations and the related instructions issued by the Authority, the capital market institution must obtain</p>	<p>The proposed addition of paragraph (d) to Article (6) of the Investment Accounts Instructions aims to clarify the requirements for opening investment accounts for foreign natural persons residing in GCC Member States.</p>



Investment Accounts Instructions		
Current Provisions	Provisions after Proposed Amendments	Clarification
	and verify the client's valid passport information. ...	
<p>Article 6: Instructions for Opening Investment Accounts for Natural Persons ...</p> <p>e) Special Provisions for Opening Investment Accounts for Natural Persons ...</p> <p>2) Opening an Investment Account for Persons Under the Age of (18) Hijri Calendar Years: ...</p> <p>d. If the client is under the age of (18) Hijri calendar years and under legal guardianship, the capital market institution must obtain and verify a copy of the guardian's deed issued by the competent court and comply with all its provisions. ...</p> <p>3) Opening an Investment Account for an Incapacitated Person ...</p> <p>c. A copy of a final decision or a decision subject to expeditious execution issued by the competent court which illustrates that the client for whom the investment account is to be opened is considered incapacitated must be obtained and verified, and the capital market institution must comply with all its provisions.</p>	<p>Article 6: Instructions for Opening Investment Accounts for Natural Persons ...</p> <p>f) Special Provisions for Opening Investment Accounts for Natural Persons ...</p> <p>2) Opening an Investment Account for Persons Under the Age of (18) Hijri Calendar Years: ...</p> <p>d. If the client is under the age of (18) Hijri calendar years and under legal guardianship, the capital market institution must obtain and verify information of the guardian's deed issued by the competent court and comply with all its provisions. ...</p> <p>3) Opening an Investment Account for children in need of care a. An investment account for a child residing in one of the housing centers, with a substitute (foster) family, in a charity or an association caring for orphans, or in a rehabilitation center under the supervision of the Ministry of Human Resources and Social Development is opened by the authorised signatories to open the investment account as per the letter of</p>	<p>The proposed amendment to paragraph (e) of Article (6) of the Investment Accounts Instructions aims to regulate the requirements for opening investment accounts for children in need of care.</p> <p>Also, the amendment aims to removing the requirement for capital market institutions to obtain copies of documents, and instead suffice with obtaining the information of those documents.</p>



Investment Accounts Instructions		
Current Provisions	Provisions after Proposed Amendments	Clarification
<p>...</p> <p>5) Opening Investment Accounts for the Interdicted Person</p> <p>...</p> <p>c. A copy of a final decision or a decision subject to expeditious execution issued by the competent court must be obtained and verified, and the capital market institution must comply with all its relevant provisions.</p> <p>...</p>	<p>the Ministry of Human Resources and Social Development, provided that the investment account is under the name of the child and operated by the authorised signatories to operate the investment account as per the letter of the Ministry of Human Resources and Social Development.</p> <p>b. The capital market institution must obtain information of the following documents and verify them:</p> <ul style="list-style-type: none"> - A letter from the Ministry of Human Resources and Social Development containing the child's information, the names of the authorised signatories to open and operate the investment account, and the details of the substitute (foster) family (if the child resides with substitute (foster) family). - The child's birth certificate information, and information of the valid identification document of the authorised signatories to open and operate the investment account. <p>c. The capital market institution must carry out customer due diligence measures in relation to the authorised signatories to open and operate the investment account, and the authorised signatories to open and operate the investment account when acting on behalf of the</p>	



Investment Accounts Instructions		
Current Provisions	Provisions after Proposed Amendments	Clarification
	<p>client referred to in subparagraph (a-3) of paragraph (e) of this Article shall comply with all legal responsibilities applicable to such client.</p> <p>4) Opening an Investment Account for an Incapacitated Person</p> <p>...</p> <p>c. Information of a final decision or a decision subject to expeditious execution issued by the competent court which illustrates that the client for whom the investment account is to be opened is considered incapacitated must be obtained and verified, and the capital market institution must comply with all its provisions.</p> <p>...</p> <p>6) Opening Investment Accounts for the Interdicted Person</p> <p>...</p> <p>c. obtain information of a final decision or a decision subject to expeditious execution issued by the competent court must be obtained and verified, and the capital market institution must comply with all its relevant provisions</p> <p>...</p>	
<p>Article 7: Instructions for Opening Investment Accounts for Legal Persons</p> <p>a) Opening Investment Accounts for Saudi Companies and</p>	<p>Article 7: Instructions for Opening Investment Accounts for Legal Persons</p> <p>a) Opening Investment Accounts for Saudi Companies and</p>	<p>The proposed amendment of subparagraph (2) of paragraph (a) of Article (7) of the Investment Accounts Instructions aims to providing greater flexibility</p>



Investment Accounts Instructions		
Current Provisions	Provisions after Proposed Amendments	Clarification
<p>Companies from GCC Member States</p> <p>...</p> <p>2) Unless the company is listed on the Exchange, the company's bylaws, shareholders assembly resolution, articles of association, or partners' resolution must provide that the company is permitted to invest in securities.</p> <p>3) To open an investment account for a Saudi or GCC company, the capital market institution may use the guidance list of documents provided in Annex (1) of these Instructions by obtaining copies of the documents and verifying them.</p> <p>...</p>	<p>Companies from GCC Member States</p> <p>...</p> <p>2) Unless the company is listed on the Exchange, the capital market institution must verify that the company has what provides that it is permitted to invest in the fields it is intending to invest in.</p> <p>3) To open an investment account for a Saudi or GCC company, the capital market institution may use the guidance list of documents provided in Annex (1) of these Instructions by obtaining information of such documents and verifying them.</p> <p>...</p>	<p>regarding the requirements for opening investment accounts for Saudi companies and companies from GCC member states.</p>
<p>Article 7: Instructions for Opening Investment Accounts for Legal Persons</p> <p>a) Opening Investment Accounts for Saudi Companies and Companies from GCC Member States</p> <p>...</p> <p>4) When opening an investment account for a listed company on the Exchange (excluding banks and insurance companies) or an affiliate of the listed company included in its consolidated financial statements, the capital market institution must</p>	<p>Article 7: Instructions for Opening Investment Accounts for Legal Persons</p> <p>a) Opening Investment Accounts for Saudi Companies and Companies from GCC Member States</p> <p>...</p> <p>4) When opening an investment account for a listed company on the Exchange (excluding banks, insurance companies, finance companies and capital market institutions) or an affiliate of the listed company included in its</p>	<p>The proposed amendment to subparagraph (4) of paragraph (a) of Article (7) of the Investment Accounts Instructions aims to exempting finance companies and capital market institutions from the requirements in this paragraph.</p>



Investment Accounts Instructions		
Current Provisions	Provisions after Proposed Amendments	Clarification
<p>comply with the following additional conditions:</p> <ul style="list-style-type: none"> - The listed company's investment in securities listed on the Exchange shall be based on a Board of Directors' resolution of the listed company and the company that the investment account is to be opened for (if it is an affiliate of that company). Such resolution shall also determine the investment controls, and prior to opening the investment account, the capital market institution must obtain and verify a copy of the resolution. <p>...</p>	<p>consolidated financial statements, the capital market institution must comply with the following additional conditions:</p> <ul style="list-style-type: none"> - The listed company's investment in securities listed on the Exchange shall be based on a Board of Directors' resolution of the listed company and the company that the investment account is to be opened for (if it is an affiliate of that company). Such resolution shall also determine the investment controls, and prior to opening the investment account, the capital market institution must obtain and verify information of the resolution. <p>...</p>	
<p>Article 7: Instructions for Opening Investment Accounts for Legal Persons</p> <p>...</p> <p>b) Opening Investment Accounts for Foreign Legal Persons</p> <p>...</p>	<p>Article 7: Instructions for Opening Investment Accounts for Legal Persons</p> <p>...</p> <p>b) Opening Investment Accounts for Foreign Legal Persons</p> <p>1) The capital market institution may open an investment account for a foreign legal person which has a license from the Ministry of Investment, and the capital market institution must obtain and verify information of that license and the commercial register.</p> <p>...</p>	<p>The proposed addition of subparagraph (1) to paragraph (b) of Article (7) of the Investment Accounts Instructions aims to clarify the requirements for opening an investment account for a foreign legal person licensed by the Ministry of Investment.</p>



Investment Accounts Instructions		
Current Provisions	Provisions after Proposed Amendments	Clarification
<p>Article 7: Instructions for Opening Investment Accounts for Legal Persons</p> <p>...</p> <p>d) Opening Investment Accounts for Funds Owned by a Governmental Entity</p> <p>...</p> <p>2) The capital market institution, when opening an investment account for the fund referred to in paragraph (1) above, must obtain copies of the following documents and verify them:</p> <p>...</p>	<p>Article 7: Instructions for Opening Investment Accounts for Legal Persons</p> <p>...</p> <p>d) Opening Investment Accounts for Funds Owned by a Governmental Entity</p> <p>...</p> <p>2) The capital market institution, when opening an investment account for the fund referred to in paragraph (1) above, must obtain and verify information of the following documents:</p> <p>...</p>	<p>The proposed amendment to paragraph (d) of Article (7) of the Investment Accounts Instructions aims to removing the requirement for capital market institutions to obtain copies of documents, and instead suffice with obtaining the information of those documents.</p>
<p>Article 7: Instructions for Opening Investment Accounts for Legal Persons</p> <p>...</p> <p>e) Opening Investment Accounts for Non-profit Organisations in the Kingdom:</p> <p>When opening an investment account for a Non-profit Organisation in the Kingdom, the capital market institution must obtain copies of the following documents and verify them:</p> <ul style="list-style-type: none"> - The license issued by the competent authority. - The bylaws that have an express provision permitting the Non-profit Organisation to invest in securities, and if the Non-profit Organisation's bylaws do not explicitly state that, the capital market institution must obtain a letter from the Non-profit Organisation licensing authority 	<p>Article 7: Instructions for Opening Investment Accounts for Legal Persons</p> <p>...</p> <p>e) Opening Investment Accounts for Non-profit Organisations in the Kingdom:</p> <p>When opening an investment account for a Non-profit Organisation in the Kingdom, the capital market institution must obtain and verify information of the following documents:</p> <ul style="list-style-type: none"> - The license issued by the competent authority. - What provides that it is permitted for the organization to invest in the fields it is intending to invest in. - The Board of Directors' resolution approving the opening of the investment account and assigning the authorised signatories to operate the investment account. 	<p>The proposed amendment of this subparagraph of paragraph (e) of Article (7) of the Investment Accounts Instructions aims to facilitating the process of opening investment accounts for non-profit organizations.</p> <p>Also, the amendment aims to removing the requirement for capital market institutions to obtain copies of documents, and instead suffice with obtaining the information of those documents.</p>



Investment Accounts Instructions		
Current Provisions	Provisions after Proposed Amendments	Clarification
<p>stating its approval to invest in securities.</p> <ul style="list-style-type: none"> - The Board of Directors' resolution approving the opening of the investment account and assigning the authorised signatories to operate the investment account. <p>...</p>	<p>...</p>	
<p>Article 7: Instructions for Opening Investment Accounts for Legal Persons</p> <p>...</p> <p>f) Opening Investment Accounts for Endowments</p> <p>1) When opening an investment account for an endowment in the Kingdom, the capital market institution must obtain copies of the following documents and verify them:</p> <ul style="list-style-type: none"> - The deed of endowment and the deed of trusteeship. - National identification card of the endowment's trustee / board of trustees. - The resolution of the trustee or the board of trustees (if there is a board of trustees) approving the opening of the investment account and assigning the authorised signatories to operate the investment account. <p>2) The deed of endowment must include a provision that permits investment in securities, or the trustee must provide a letter from the governmental authority</p>	<p>Article 7: Instructions for Opening Investment Accounts for Legal Persons</p> <p>...</p> <p>f) Opening Investment Accounts for Endowments or for Establishments Owned by Endowments</p> <p>1) When opening an investment account for an endowment in the Kingdom, the capital market institution must obtain and verify information of the following documents:</p> <ul style="list-style-type: none"> - Approval and endowment registration certificate issued by the General Authority of Endowments. - National identification card of the endowment's trustee / board of trustees. - National identification card of the authorised signatories to operate the investment account and the delegation resolution (if there is a delegation of the power to operate such account). <p>2) When opening an investment account for an establishment owned by an endowment in the</p>	<p>The proposed amendment to the subparagraphs of paragraph (f) of Article (7) of the Investment Accounts Instructions aims to facilitating opening investment accounts for endowments.</p> <p>The proposed addition of subparagraph (2) to paragraph (f) of Article (7) of the Investment Accounts Instructions aims to clarifying the requirements for opening investment accounts for establishment owned by endowments.</p>



Investment Accounts Instructions		
Current Provisions	Provisions after Proposed Amendments	Clarification
<p>that supervises the endowment granting its approval to invest in securities and also granting permission to the authorised signatories to operate the investment account (if the endowment's trustee or the board of trustees delegates the power to operate such account.)</p> <p>...</p>	<p>Kingdom, the capital market institution must obtain and verify information of the commercial register of the establishment, and information of the documents provided in subparagraph (1) of paragraph (f) of this Article for the endowment which owns the establishment.</p> <p>...</p>	
<p>Article 7: Instructions for Opening Investment Accounts for Legal Persons</p> <p>...</p> <p>g) Opening Investment Accounts for Governmental Entities</p> <p>To open an investment account for a governmental entity (Saudi or from another GCC member state), the capital market institution must obtain copies of the following documents and verify them:</p> <ul style="list-style-type: none"> - The main documents of the governmental entity according to its administrative regulations and relevant laws. - The resolution of the competent person in the governmental entity to assign the authorised signatories that will open and operate the investment account, and the identification documents of such signatories. 	<p>Article 7: Instructions for Opening Investment Accounts for Legal Persons</p> <p>...</p> <p>g) Opening Investment Accounts for Governmental Entities</p> <p>To open an investment account for a governmental entity (Saudi or from another GCC member state), the capital market institution must obtain and verify information of the following documents:</p> <ul style="list-style-type: none"> - The main documents of the governmental entity according to its administrative regulations and relevant laws. - The resolution of the competent person in the governmental entity to assign the authorised signatories that will open and operate the investment account, and the identification documents of such signatories. - The approval of the Ministry of Finance issued for the 	<p>The proposed amendment to paragraph (g) of Article (7) of the Investment Accounts Instructions aims to removing the requirement for the capital market institution to obtain the approval of the ministry of finance in the GCC member states for opening an investment account for a government entity from the GCC member states.</p>



Investment Accounts Instructions		
Current Provisions	Provisions after Proposed Amendments	Clarification
<p>- The approval of the Ministry of Finance (or its equivalent in the GCC member state) to open the investment account, unless there are legal provisions issued by the competent authority that explicitly give the right to such governmental entity to invest in securities.</p> <p>...</p>	<p>Saudi governmental entity to open the investment account, unless there are legal provisions issued by the competent authority that explicitly give the right to such governmental entity to invest in securities.</p> <p>...</p>	
<p>Article 7: Instructions for Opening Investment Accounts for Legal Persons</p> <p>...</p> <p>h) Opening Investment Accounts for International Organisations and Institutions</p> <p>To open an investment account for international organisations and institutions that have premises in the Kingdom, the capital market institution must obtain copies of the following documents and verify them:</p> <p>...</p>	<p>Article 7: Instructions for Opening Investment Accounts for Legal Persons</p> <p>...</p> <p>h) Opening Investment Accounts for International Organisations and Institutions</p> <p>To open an investment account for international organisations and institutions that have premises in the Kingdom, the capital market institution must obtain and verify information of the following documents:</p> <p>...</p>	<p>The proposed amendment to paragraph (h) of Article (7) of the investment accounts instructions aims to removing the requirement for capital market institutions to obtain copies of documents, and instead suffice with obtaining the information of those documents.</p>
<p>Article 7: Instructions for Opening Investment Accounts for Legal Persons</p> <p>...</p> <p>i) Opening Investment Accounts for Investment Funds Established in the Kingdom or in a GCC member state</p> <p>To open an investment account for an investment fund established in the Kingdom or in a GCC</p>	<p>Article 7: Instructions for Opening Investment Accounts for Legal Persons</p> <p>...</p> <p>i) Opening Investment Accounts for Investment Funds Established in the Kingdom or in a GCC member state</p> <p>To open an investment account for an investment fund established in the Kingdom or in a GCC</p>	<p>The proposed amendment to paragraph (i) of Article (7) of the investment accounts instructions aims to removing the requirement for capital market institutions to obtain copies of documents, and instead suffice with obtaining the information of those documents.</p>



Investment Accounts Instructions		
Current Provisions	Provisions after Proposed Amendments	Clarification
<p>member state, the capital market institution may use the guidance list of documents provided in Annex (2) of these Instructions by obtaining copies of the documents and verifying them.</p> <p>...</p>	<p>member state, the capital market institution may use the guidance list of documents provided in Annex (2) of these Instructions by obtaining information of such documents and verifying them.</p> <p>...</p>	
<p>Article 9: Transactions on the Investment Account</p> <p>...</p>	<p>Article 9: Transactions on the Investment Account</p> <p>...</p> <p>d) The capital market institution must not enable money transfer transactions from an investment account of a client to an investment account of another client unless the transfer transaction is upon any of the following:</p> <ol style="list-style-type: none"> 1) Instructions of the competent entity or judicial authority through the Authority. 2) Any other situation approved by the Authority. <p>...</p>	<p>The proposed addition of paragraph (d) to Article (9) of the Investment Accounts Instructions aims to clarifying the prohibition of transfers between investment accounts.</p>
<p>Article 9: Transactions on the Investment Account</p> <p>...</p>	<p>Article 9: Transactions on the Investment Account</p> <p>...</p> <p>e) The client's investment account must be linked to one or more bank accounts in the client's name. Any outgoing transfer of money must not be accepted unless it is to one of those bank accounts, with the exception of the following:</p> <ol style="list-style-type: none"> 1) Transfers made for the purpose of liquidating the investment account for the benefit of the heirs of the deceased client. 	<p>The proposed addition of paragraph (e) to Article (9) of the Investment Accounts Instructions aims to regulating the outgoing transfers from the investment account of the client.</p>



Investment Accounts Instructions		
Current Provisions	Provisions after Proposed Amendments	Clarification
	<p>2) Transfers made between the minor and his guardian.</p> <p>3) Any other situation approved by the Authority.</p>	
<p>Article 10: Opening and Operating the Investment Account by Power of Attorney</p> <p>a) The capital market institution shall accept a power of attorney to open or operate an investment account for his client whenever the following conditions are met:</p> <p>1) The power of attorney is issued by the Notary Public, a person licensed as a notary, or 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.</p> <p>2) The attorney-in-fact is a relative of the client as a parent, son, daughter, spouse, brother, or sister or appointed by heirs to liquidate the investment account of the deceased and close it.</p> <p>3) The power of attorney must be issued by the client or the guardian if the client is under the age of (18) Hijri calendar years, and any power of attorney issued by the attorney-in-fact on behalf of the client shall not be accepted.</p>	<p>Article 10: Opening and Operating the Investment Account by Power of Attorney</p> <p>a) The capital market institution shall accept a power of attorney to open or operate an investment account for his client whenever the following conditions are met:</p> <p>1) The power of attorney is issued by the Notary Public, a person licensed as a notary, or out of the Kingdom and bears an “APOSTILLE” certificate or certified by the Saudi Embassy or Consulate at the issuing country and the Ministry of Foreign Affairs in the Kingdom.</p> <p>2) The attorney-in-fact is an attorney-in-fact for any of the following:</p> <p>a. a relative of the attorney-in-fact as a parent, son, daughter, spouse, brother, or sister.</p> <p>b. One client, other than the persons referred to in paragraph (a) above.</p> <p>3) The power of attorney must be issued by the client or the guardian if the client is under the age of (18) Hijri calendar years, and any power of attorney</p>	<p>The proposed amendment to Article (10) of the Investment Accounts Instructions aims to easing the restrictions imposed on capital market institutions regarding the acceptance of powers of attorney for opening and operating investment accounts.</p>



Investment Accounts Instructions		
Current Provisions	Provisions after Proposed Amendments	Clarification
...	<p>issued by the attorney-in-fact on behalf of the client shall not be accepted.</p> <p>4) Subparagraph (a-2) of this Article does not apply to powers of attorney issued for the purpose of obtaining the investment account's information, liquidating it, closing it, or transferring its balance to a bank account.</p> <p>...</p> <p>d) The capital market institution, before accepting a power of attorney, must obtain a written acknowledgment by the attorney-in-fact for the client referred to in subparagraph (b-2) of paragraph (a) of this Article acknowledging that he does not have a valid and accepted power of attorney, at the capital market institutions' level, for another client other than the persons referred to in subparagraph (a-2) of paragraph (a) of this Article. If the capital market institution knows otherwise, it must not accept the power of attorney or take any action pursuant to it.</p>	
<p>Article 11: Appointment of Court-Appointed Receiver over the Investment Account When a court-appointed receiver is appointed over an investment account, the capital market institution must comply with the following:</p>	<p>Article 11: Appointment of Court-Appointed Receiver over the Investment Account When a court-appointed receiver is appointed over an investment account, the capital market institution must comply with the following:</p>	<p>The proposed amendment to paragraph (a) of Article (11) of the investment accounts instructions aims to removing the requirement for capital market institutions to obtain copies of documents, and instead</p>



Investment Accounts Instructions		
Current Provisions	Provisions after Proposed Amendments	Clarification
<p>a) The capital market institution, before permitting a judicial receiver to have access to an investment account, must obtain and verify a copy of a final decision or a decision subject to expeditious execution issued by the competent judicial authority that includes the appointment of judicial receiver and its authorities, and also obtain and verify information of the judicial receiver's valid national identification card if he is a natural person, or a copy of the commercial register of the judicial receiver and the information of the national identification card of its representative if it is a legal person.</p> <p>...</p>	<p>a) The capital market institution, before permitting a judicial receiver to have access to an investment account, must obtain and verify information of a final decision or a decision subject to expeditious execution issued by the competent judicial authority that includes the appointment of judicial receiver and its authorities, and also obtain and verify information of the judicial receiver's valid national identification card if he is a natural person, or information of the commercial register of the judicial receiver and the information of the national identification card of its representative if it is a legal person.</p> <p>...</p>	<p>suffice with obtaining the information of those documents.</p>
<p>Article 12: Closing the Investment Account</p> <p>a) If a client requests to close his investment account, he must submit a written request to the capital market institution.</p> <p>...</p>	<p>Article 12: Closing the Investment Account</p> <p>a) If a client requests to close his investment account, he must submit a request to the capital market institution, and the capital market institution must document such request.</p> <p>...</p>	<p>The proposed amendment to paragraph (a) of Article (12) of the Investment Accounts Instructions aims to allowing the client to submit a request to close the investment account through any mean that can be documented.</p>
<p>Article 12: Closing the Investment Account</p> <p>...</p> <p>e) After the capital market institution ensures that the investment account of the foreign resident in the Kingdom is not subject to attachment or under any restrictions or claims, the capital market institution,</p>	<p>Article 12: Closing the Investment Account</p> <p>...</p>	<p>The proposed deletion of paragraph (e) of article (12) of the Investment Accounts Instructions aims to removing the obligation of the capital market institutions to close the investment account of a foreign resident client after (12) months of the account being frozen.</p>



Investment Accounts Instructions		
Current Provisions	Provisions after Proposed Amendments	Clarification
<p>after (12) months of the account being frozen, must liquidate the securities in any investment portfolio linked to that account and transfer its sale proceeds to the client and then close the investment account.</p> <p>...</p>		
<p>Article 14: Updating the Investment Accounts Information</p> <p>a) The capital market institution shall require his clients to update the information that were provided when opening the investment account as and when there are any changes to the original information provided or at least once every three years from the date of opening the investment account or date of last update, and the capital market institutions must maintain policies and procedures to fulfill this requirement.</p> <p>...</p>	<p>Article 14: Updating the Investment Accounts Information</p> <p>a) The capital market institution shall require his clients to update the information that were provided when opening the investment account as and when there are any changes to the original information provided, or upon such information expiry date, or at the end of the relevant time period specified by the capital market institution pursuant to the rules and polices approved by the capital market institution in accordance with the level of risks associated with the client, whichever is earlier, and the capital market institutions must perform a periodic review to study the need to update the information provided by the client at least once every five years, and the capital market institutions must maintain policies and procedures to fulfill this requirement.</p> <p>...</p>	<p>The proposed amendment to paragraph (a) of Article (14) of the Investment Accounts Instructions aims to enabling the capital market institution to assess the periodicity of updating the client's data pursuant to the rules and polices it approves in accordance with the level of risks associated with the client.</p>



Investment Accounts Instructions		
Current Provisions	Provisions after Proposed Amendments	Clarification
<p>Article 14: Updating the Investment Accounts Information</p> <p>...</p>	<p>Article 14: Updating the Investment Accounts Information</p> <p>...</p> <p>e) Upon the final exit from the Kingdom or from a GCC member state of the foreign client residing in the Kingdom or in a GCC member state, the capital market institution must require the client to update the investment account information by obtaining and verifying the client's valid passport information, and what proves the client's final exit from the Kingdom or from a GCC member state.</p>	<p>The proposed addition of paragraph (e) to Article (14) of the Investment Accounts Instructions aims to clarifying the requirements for updating the investment account information of a foreign natural person after the final exit from the Kingdom or a GCC member state.</p>
<p>Article 15: Freezing the Investment Accounts</p> <p>...</p> <p>c) If the documents provided when opening the investment account for the legal person do not include a specific expiration of the validity date, the capital market institution must freeze such investment account after the elapsing of three years from the date of opening the investment account or the date of the last update of the investment account, until the client updates the account's information.</p> <p>...</p>	<p>Article 15: Freezing the Investment Accounts</p> <p>...</p> <p>c) If the documents provided when opening the investment account for the legal person do not include a specific expiration of the validity date, the capital market institution must freeze such investment account after the end of the relevant time period specified by the capital market institution under paragraph (a) of Article (14) of these instructions, until the client updates the account's information.</p> <p>...</p>	<p>The proposed amendment to paragraph (c) of Article (15) of the Investment Accounts Instructions aims to enabling the capital market institution to assess the periodicity of updating the client's data pursuant to the rules and policies it approves in accordance with the level of risks associated with the client.</p>
<p>Article 16: Instruction on the Attachment of Investment Accounts and Disclosure of their Information</p> <p>a) Provisional Attachment of the Investment Account and</p>	<p>Article 16: Instruction on the Attachment of Investment Accounts and Removing the Attachment of them and Disclosure of their Information and Execution upon them</p>	<p>The proposed amendment to paragraph (a) of Article (16) of the Investment Accounts Instructions aims to developing the provisions of the attachment of</p>



Investment Accounts Instructions		
Current Provisions	Provisions after Proposed Amendments	Clarification
<p>Disclosure of its Information Upon the Authority's Request</p> <p>...</p> <p>2) When the capital market institution receives a request from the Authority to disclose any information related to an investment account of any of its clients, the capital market institution must provide the Authority with the requested information in a maximum period of (3) business days, unless the Authority specifies otherwise.</p> <p>...</p> <p>6) When the capital market institution receives a request from the Authority to provisionally attach the investment accounts of a client, the capital market institution must attach the investment account and immediately provide the Authority with information of the attached investment accounts.</p> <p>...</p> <p>8) The capital market institution must not remove the provisional attachment of any investment account that was attached based on subparagraph (a-5) of this Article until the capital market institution receives a request from the Authority.</p> <p>...</p>	<p>a) Provisional Attachment of the Investment Account and removing the attachment of it and Disclosure of its Information and Execution upon them Upon the Authority's Request</p> <p>...</p> <p>2) When the capital market institution receives a request from the Authority to disclose any information related to an investment account of any of its clients, the capital market institution must provide the Authority with the requested information, or inform the Authority that the requested information do not belong to a client of the capital market institution, in a maximum period of (3) business days, unless the Authority specifies otherwise.</p> <p>...</p> <p>6) When the capital market institution receives a request from the Authority to provisionally attach the investment accounts of a client, the capital market institution must attach the investment account and immediately provide the Authority with information of the attached investment accounts, or immediately inform the Authority that the investment accounts</p>	<p>investment accounts and removing the attachment of them and execution upon them.</p>



Investment Accounts Instructions		
Current Provisions	Provisions after Proposed Amendments	Clarification
	<p>requested to be attached do not belong to a client of the capital market institution.</p> <p>...</p> <p>8) The capital market institution must not remove the provisional attachment of any investment account that was attached based on subparagraph (a-5) of this Article until the capital market institution receives a request from the Authority. When the capital market institution receives a request from the Authority to remove the provisional attachment of the investment accounts of a client, the capital market institution must immediately remove the attachment and immediately provide the Authority with information of the investment accounts of which the attachment was removed.</p> <p>9) When the capital market institution receives a request from the Authority to execute upon the investment accounts of a client, the capital market institution must, immediately, execute and provide the Authority with information of the executed upon investment accounts.</p>	



Investment Accounts Instructions		
Current Provisions	Provisions after Proposed Amendments	Clarification
	...	
<p>Article 16: Instruction on the Attachment of Investment Accounts and Disclosure of their Information</p> <p>...</p> <p>b) Blocking the Investment Account Upon the Client's Bankruptcy, Insolvency, or Loss of Legal Competence</p> <p>1) If the capital market institution receives a notification, enclosing official documents as evidence, regarding the client's insolvency, bankruptcy, or loss of legal competence, the capital market institution must block all the investment accounts of that client without delay.</p> <p>...</p>	<p>Article 16: Instruction on the Attachment of Investment Accounts and Removing the Attachment of them and Disclosure of their Information and Execution upon them</p> <p>...</p> <p>b) Blocking the Investment Account Upon the Client's Bankruptcy, Insolvency, or Loss of Legal Competence</p> <p>1) If the capital market institution receives a notification, enclosing official documents as evidence, regarding the client's insolvency, bankruptcy, or loss of legal competence, the capital market institution must block all the investment accounts of that client without delay.</p> <p>...</p> <p>3) The capital market institution must enable the bankruptcy trustee to view any information of the client money and to take the necessary actions regarding the client money to the extent necessary to enable the bankruptcy trustee to perform the duties within the powers under the decision issued by the competent court, provided that the bankruptcy trustee's action does not extend to the investment accounts,</p>	<p>The proposed amendment to paragraph (b) of Article (16) of the Investment Accounts Instructions aims to clarify the obligation of capital market institutions to enable the bankruptcy trustee to exercise his powers in the event of blocking the investment accounts due to the client's bankruptcy.</p>



Investment Accounts Instructions		
Current Provisions	Provisions after Proposed Amendments	Clarification
	<p>on which the blocking order was issued, prior to the competent court's ruling on the initiation of any of the bankruptcy procedures, unless the court where the petition for the initiation the procedure is filed decided otherwise.</p> <p>...</p>	
<p>Article 16: Instruction on the Attachment of Investment Accounts and Disclosure of their Information</p> <p>...</p> <p>c) Disclosing the Investment Account information, Blocking it, and Liquidating it Upon the Client's Being Deceased</p> <p>...</p> <p>2) When any person requests to be provided with information of the investment accounts of the deceased client, the capital market institution must provide him in writing with detailed and clear information of the investment accounts of the deceased client after verifying the identity of that person and ensuring that he is one of the heirs or attorney-in-fact of one of them. The capital market institution must also obtain and verify the valid identification document information of that person, a copy of the</p>	<p>Article 16: Instruction on the Attachment of Investment Accounts and Removing the Attachment of them and Disclosure of their Information and Execution upon them</p> <p>...</p> <p>c) Disclosing the Investment Account information, Blocking it, and Liquidating it Upon the Client's Being Deceased</p> <p>...</p> <p>2) When any person requests to be provided with information of the investment accounts of the deceased client, the capital market institution must provide him in writing with detailed and clear information of the investment accounts of the deceased client after verifying the identity of that person and ensuring that he is one of the heirs or attorney-in-fact of one of them. The capital market institution must also obtain and verify the</p>	<p>The proposed amendment to subparagraph (2) of paragraph (c) of Article (16) of the Investment Accounts Instructions aims to allowing the acceptance of any documents that prove death and the determination of heirs to request the disclosure of the investment account information upon the death of the client being deceased.</p> <p>The proposed amendment to subparagraph (4) of paragraph (c) of Article (16) of the Investment Accounts Instructions aims to easing the requirements for the liquidating the investment account for the benefit of the heirs by allowing the capital market institution to verify their identities instead of requiring their physical presence.</p> <p>The proposed amendment to subparagraph (5) of paragraph (c) of Article (16) of the Investment Accounts Instructions aims to allowing the capital market institutions to accept</p>



Investment Accounts Instructions		
Current Provisions	Provisions after Proposed Amendments	Clarification
<p>power of attorney if that person was an attorney-in-fact of the heirs or one of them, a copy of the death certificate of the deceased client, and a copy of the determination of heirs.</p> <p>...</p> <p>4) The capital market institution must not liquidate the investment account for the benefit of the heirs unless all heirs, guardians of the minor heirs, or their attorneys-in-fact are present and provide copies of the heirs determination deed, the guardianship deed for the minor heirs (if there is minor heirs) and power of attorney (if any) and verify them. The capital market institution must also obtain and verify the identification document of the guardian, attorney-in-fact, and heirs who have no guardian or attorney-in-fact, and if there is a judicial deed for the distribution of the inheritance issued by the competent court, the capital market institution must obtain a copy of the deed and verify it.</p> <p>5) If the heirs of the deceased client are non-resident foreigners, the capital market institution must not liquidate the investment accounts of the deceased client until the</p>	<p>valid identification document information of that person, information of the power of attorney if that person was an attorney-in-fact of the heirs or one of them, information of the document establishing death of the deceased client, information of the determination of heirs.</p> <p>...</p> <p>4) The capital market institution must not liquidate the investment account for the benefit of the heirs until obtaining information of the document establishing death, information of the determination of heirs, information of the guardianship deed for the minor heirs (if there is minor heirs) and power of attorney (if any) and verify them. The capital market institution must also obtain and verify information of the identification document of the guardian, attorney-in-fact, and heirs who have no guardian or attorney-in-fact, and if there is a judicial deed for the distribution of the inheritance issued by the competent court, the capital market institution must obtain information of the deed and verify it.</p>	<p>documents that bear an "APOSTILLE" certificate.</p>



Investment Accounts Instructions		
Current Provisions	Provisions after Proposed Amendments	Clarification
<p>requirements aforementioned in sub-paragraph (4) are fulfilled, and ensure, if the documents were issued outside the Kingdom, that they are authenticated by the Saudi Embassy or Consulate at the issuing country and the Ministry of Foreign Affairs in the Kingdom.</p> <p>...</p>	<p>5) If the heirs of the deceased client are non-resident foreigners, the capital market institution must not liquidate the investment accounts of the deceased client until the requirements aforementioned in sub-paragraph (4) are fulfilled, and ensure, if the documents were issued outside the Kingdom, that the documents bear “APOSTILLE” certificate or they are authenticated by the Saudi Embassy or Consulate at the issuing country and the Ministry of Foreign Affairs in the Kingdom.</p> <p>...</p>	



D. Proposed amendments to the Rules for Foreign Investment in Securities compared with the current provisions:

Rules for Foreign Investment in Securities		
Current Provisions	Provisions after Proposed Amendments	Clarification
<p>Article 6: Investment Restrictions</p> <p>a) Investments of non-residing foreign investors in shares listed on the Main Market shall be limited to the following categories:</p> <p>...</p>	<p>Article 6: Investment Restrictions</p> <p>a) Investments of non-residing foreign investors in shares listed on the Main Market shall be limited to the following categories:</p> <p>...</p> <p>5) Foreign natural person residing in one of the Cooperation Council for the Arab States of the Gulf.</p> <p>6) Foreign natural person who has previously resided in the Kingdom or in one of the Cooperation Council for the Arab States of the Gulf, and opened an investment account in the Kingdom while residing in the Kingdom or in one of the Cooperation Council for the Arab States of the Gulf.</p>	<p>The proposed addition of subparagraph (5) to paragraph (a) of Article (6) of the Rules for Foreign Investment in Securities aims to allowing a foreign natural person residing in one of the Cooperation Council for the Arab States of the Gulf to invest in the shares listed on the Main Market.</p> <p>The proposed addition of subparagraph (6) to paragraph (a) of Article (6) of the Rules for Foreign Investment in Securities aims to allowing a foreign natural person who has previously resided in the Kingdom or in one of the Cooperation Council for the Arab States of the Gulf to invest in the shares listed on the Main Market.</p>



E. Proposed amendments to the Capital Market Institutions Regulations compared with the current provisions:

Capital Market Institutions Regulations		
Current Provisions	Provisions after Proposed Amendments	Clarification
<p>Article 39: Know Your Client</p> <p>...</p> <p>c) The capital market institution must request an update of such information from each client under these Regulations, when there is any change to them, or at least once every three years, and the capital market institution shall establish permanent procedures and policies to achieve this.</p> <p>...</p>	<p>Article 39: Know Your Client</p> <p>...</p> <p>c) The capital market institution must request an update of such information from each client under these Regulations, when there is any change to them upon such information expiry date, or at the end of the relevant time period specified by the capital market institution pursuant to the rules and polices approved by the capital market institution in accordance with the level of risks associated with the client, whichever is earlier, and the capital market institutions must perform a periodic review to study the need to update the information provided by the client at least once every five years, and the capital market institution shall establish permanent procedures and policies to achieve this.</p> <p>...</p>	<p>The proposed amendment to paragraph (c) of Article (39) of the Capital Market Institutions Regulations aims to enabling the capital market institution to assess the periodicity of updating the client's data pursuant to the rules and polices it approves in accordance with the level of risks associated with the client.</p>