

Kingdom of Saudi Arabia
Capital Market Authority

هيئة السوق المالية
Capital Market Authority
Committees for the Resolution of Securities Dispute



Manual Litigation in Securities Disputes



Introduction

In recognition of the importance of transparent and clear dealing with agencies involved in securities disputes, in addition to being an attempt to enhance the legal knowledge and culture of the dealer with these agencies in order for him to be familiar with how to file cases and what are the required documents and forms as well as how to communicate and interact with these agencies, along with knowing the timeframe for filing of cases, we put this manual in the hands of the dealer with those agencies to ensure effective interaction between the dealer, the committees' secretariat and litigation parties for the common interest. This manual answers most of the questions that may be raised in connection with such matters. When preparing the manual, we were keen to simplify the information and not complicate the expression so that it is understood by all dealers irrespective of their sophistication. To achieve the goal of issuing this manual, a question-and-answer method was adopted in presenting its contents.

1. What are the parties that have jurisdiction over the securities disputes?

Pursuant to Article (25) of the Capital Market Law, promulgated by Royal decree No.(M/30) dated 02/06/1424H, corresponding to 1/07/2003, the parties that have jurisdiction over the securities disputes are:

- a. The Committee for the Resolution of Securities Disputes (CRSD).
- b. The Appeal Committee for the Resolution of Securities Conflicts (ACRSC).

2. What are the cases and matters that fall within CRSD responsibilities?

Pursuant to Article (25) of CMA Law, CRSD shall have jurisdiction over the following cases:

- a. Public actions, which are filed against the violators of the Capital Market Law and its implementing rules as well as the violators of CMA regulations, instructions and directives.
- b. Private actions, which are filed by investors against the authorized persons, or cases that may arise between the authorized persons themselves.
- c. Claims against decisions taken by CMA or the Capital Market.
- d. Actions of emergent nature that are brought before CRSD for immediate decision making.

3. Who has the right to file a case with CRSD?

Any person who has a legitimate interest in the case.

4. What do you have to do before filing a case with CRSD?

No complaint or statement of claim may be filed with CRSD without being filed first with CMA's Department of Investors Complaint at the General Department of Application and Follow-up, provided that:

- a. A 90 days period has passed from the filing date after which he can directly approach CRSD.
- b. CMA notifies the grievant otherwise of the permissibility of submitting the case to CRSD before the expiration of this period.
- c. The grievant is notified by CMA of the above two matters.

5. How to reach CRSD?

CRSD may be reached at the following address:
Riyadh, King Fahad Road, Abraj Atta'awuneya, Southern Tower, 13th floor.

6. How to file a case with CRSD?

A case may be filed through an initiatory pleading, the relevant form is obtainable from:

- a. CRSD domicile.
- b. Department of Investor Complaints, General Department of Application and Follow-up at CMA.
- c. CMA website (www.cma.org.sa)
- d. Attachments to this manual.

7. What is the required data?

The following data should be reflected by the pleading:

- a. Grievant name, address and National ID number, along with the full name of his representative, if any, and address.
- b. Defendant's full name and address.
- c. Pleading submission date.
- d. Subject of case, grievant claims and his evidences and supporting documents.
- e. Signing of the pleading.

8. What are the documents to be attached to the pleading?

- a. The supporting documents, to be translated by a certified translator, if they are not in Arabic, and to submit the original for comparing.
- b. A copy of the grievant ID card, with the original for comparing, in case he filed the case himself.

- c. A copy of the power of attorney issued to the representative with the original for comparing.
- d. A copy of the ID card of the grievant representative, with the original for comparing.
- e. A copy of the law office license of the grievant representative, with the original for comparing. If the representative is a lawyer under training, he should submit a copy of the training contract approved by the Bar General Department, with original for comparing. In case that the representative is not a lawyer or not under training, he should complete the undertaking form, under which he undertakes not to defend in more than three cases with any legal agency.
- f. A copy of the complaint deposit slip issued by CMA with the original for comparing.
- g. A copy of the pleading and relevant documents showing number of defendants.
- h. An electronic copy (CD/Word format), if possible, to accelerate review and processing the case.

9. Must the defendant appear in person, or may he appoint a representative to handle the case on his behalf at any given stage from filing the claim to issuance of final decision?

As spelled out by law, any person who is directly involved in the case or has an interest in it, may file

it to CRSD in person at any given stage from filing and pleading before the court up to the handing over of decision. He may appoint others to file the case on his behalf during any of the case stages.

10. What are the conditions for appointing a lawyer to bring the case before CRSD? What are the relevant documents that the lawyer has to attach to the pleading?

In the event that the principal intends to appoint a representative to represent him in filing the case on his behalf, such representative should meet the following conditions:

- a. He should be an authorized lawyer and attach the following documents:
 1. A copy of the power of attorney, with the original for comparing.
 2. A copy of the ID card of the representative, with the original for comparing.
 3. A copy of the law office license.
- b. If the representative is under training by an authorized lawyer, he shall attach the following documents:
 1. A copy of the power of attorney, with the original for comparing.
 2. A copy of the representative ID card, with the original for comparing.
 3. A copy of the training contract signed by

the Bar General Department.

- c. If representative is the grievant relative, such as a spouse, sibling, close relative up to the fourth degree, he shall attach the following:
 1. A copy of the power of attorney with the original for comparing.
 2. A copy of the representative ID card with the original for comparing.
 3. A proof of the relationship and degree thereof which allows defence by proxy, as follows:

First Degree: parents, grandfathers, grandmothers to any upper grade

Second degree: sons and grandsons to any lower grade

Third degree: full brothers and sisters, father, mother and their sons.

Fourth degree: paternal/maternal uncles and aunts and their sons. The above four degrees are applicable to relatives of spouse.

- d. If the representative is a legal representative of the juridical person, trustee or caretaker, or a guardian in connection with custody cases or a head of treasury authorized by law, he should attach the following:
 1. A copy of the power of attorney with the original for comparing.
 2. A copy of the representative ID card, with the original for comparing.

3. A document confirming such representation (including due representation in custody and treasury cases)
 4. A copy of the articles of incorporation of the company, with the original for comparing.
 5. A copy of the commercial register of the establishment, with the original for comparing.
- e. If the representative does not fall within any of the categories above, he should attach the following:
1. A copy of the power of attorney, with the original for comparing.
 2. A copy of the representative ID card, with the original for comparing.
 3. To complete and sign the required undertaking form as not to present more than three cases with any legal agency.

11. Who will receive the pleading?

The competent staff at the Complaint Reception Office, at the Secretariat of CRSD, receives the pleading and attachments and refer them to the chairman of CRSD.

12. How can the dealer prove the filing of pleading?

Filing of pleading by the dealer can be proved by

1. The slip issued to him by the competent staff, which reflects the date and reference number, as well as the claimant and defendant names.
2. SMS reflecting case details, number and date as a guiding service to dealer.

13. Who shall notify the involved parties of the dates of hearing sessions and the exchanged notices?

CRSD's representative at the Subpoena and Notification Unit of the Secretariat of CRSD notifies the involved parties of the date set for hearings. The representative also notifies them of the relevant notices and decisions issued by CRSD.

14. How do the involved parties are notified with the dates of hearing sessions, exchanged notices and issued decisions?

The involved parties receive notice of the time for hearings and of the relevant decisions through the following:

- a. Direct delivery to the concerned person or his assignee or representative.
- b. By express mail, including Saudi mail or any accredited mail service.
- c. By fax, as may be deemed appropriate.
- d. By SMS as a guiding service to involved parties.

15. What are the requirements to be met by the involved parties?

To expedite review of the case and for smooth processing thereof, the following should be met:

- a. Claimant or his duly appointed representative shall submit all documents supporting his claim.
- b. Defendant shall present his argument and submit all his evidences and supporting documents.
- c. Both parties adhere to the timing set forth in the notification letters.
- d. Both parties attach a soft copy (CD/Word format) of the response, along with a hard copy of such document.

16. What is required from the involved parties when attending hearings?

- a. Bring the original ID card of the principal and the representative.
- b. Bring the power of attorney issued to the representative.
- c. Update the selected address whenever a change had occur to the address registered in the file.
- d. Appear at the time set in the notification letter.

17. What are the admissible forms of evidence?

According to Article (25/i) of the Capital Market Law, evidence in securities actions shall be admissible in all forms including electronic or computer data, telephone recordings, facsimile messages and electronic mail.

18. Can any of the parties in an action have access to the case file and documents?

Yes, if he wishes. He may also take a copy of these documents, provided that he submits his request to the chairman of CRSD and be granted the approval.

19. Can CRSD's decisions be appealed?

Yes, CRSD's decisions may be appealed before ACRSC in accordance with Article (25/f) of the Capital Market Law.

20. Who will review the appeal?

According to Article (25/g) of the Capital Market Law, an appeal committee, having three members, which is formed by the Council of Ministers' resolution representing the Ministry of Finance, the Ministry of Commerce and Industry, and the Bureau of Experts at the Council of Ministers, shall review the appeal raised by the involved parties.

21. Who has the discretion to appeal a decisions made by CRSD?

According to Article (25/f) of the Capital Market Law, CRSD's decisions may be appealed before ACRSC.

22. Is there a specific time for depositing of the appeal?

According to Article (25/f) of the Capital Market Law, CRSD's decision may be appealed within thirty days from receiving of CRSD decision.

23. Who will receive the appeal filed by the involved parties?

The competent staff at the Complaint and Suit Receiving Office, at the Secretariat of CRSD, receives the appeal and the attached documents and refers it to ACRSC chairman.

24. How can the dealer proves that he has deposited his appeal?

The dealer can prove that he has submitted his appeal by the slip which is issued to him by the staff of the Complaint and Suit Receiving Office at the Secretariat of CRSD. This slip shows the reference number, date and name of the claimant and defendant.

25. What are the requirements for filing an appeal?

To submit an appeal, it will be required:

- a. The appeal should be deposited within thirty days from receiving the copy of CRSD decision.
- b. A letter should be sent to the chairman of ACRSC to include the appellant and appellee name, CRSD decision number and date, reasons for the appeal and request.
- c. The claimant or defendant should appear in person.
- d. If the appeal is submitted by a representative, it is required to produce the original power of attorney, along with a copy, issued to him to submit the appeal.

26. What are the decisions that are passed by ACRSC?

Pursuant to Article (25/g) of the Capital Market Law, ACRSC shall have the discretion to:

- a. Refuse to review CRSD decisions.
- b. Affirm CRSD decisions.
- c. Undertake a de novo review of the complaint suit based on the record at the hearing before CRSD and to issue the appropriate decision.

27. What is the nature of ACRSC's decisions?

According to article (25/g) of the Capital Market Law, the decisions of ACRSC are final.

28. How are the involved parties notified about ACRSC' decisions?

The involved parties shall be notified of decisions by the Committee's representative at the Subpoena Unit, at the Secretariat of CRSD, as follows:

- a. Direct delivery to the concerned person or his assignee or representative.
- b. By express mail, including Saudi mail or any accredited mail service.

29. How to seek help or inquiry from the Secretariat of CRSD?

It is possible through:

- a. Visiting the Secretariat of CRSD at the following address:
Riyadh, King Fahad Road, Abraj Atta'awuneya, Southern Tower, 13th floor.
- b. Calling the telephone number:
+966 (11) 2188888
- c. Sending a letter to Fax No. +966 (11) 2181275.
- d. Sending a letter to P.O. Box 221000, Riyadh 11311.

Submission Date
/ / 14 H

Initiatory Pleading (Declaration)

Claimant's Information	Claimant's Representative Information	Defendant's Information
Name:.....	Name:.....	Name:.....
Job:.....	Job:.....	Job:.....
National ID No.....	National ID No.....	National ID No.....
Portfolio No.....	Portfolio No.....	Portfolio No.....
P.O. Box:	P.O. Box:	P.O. Box:
Postal code:	Postal code:	Postal code:
District:	District:	District:
Street:	Street:	Street:
Residence No.:	Residence No.:	Residence No.:
Tel. No.:	Tel. No.:	Tel. No.:
Mobile No.:	Mobile No.:	Mobile No.:

Your Excellency, the chairman and members of CRSD

Dear Sirs,

I hereby file a claim against the above mentioned defendant. The subject of the case is as follows:

Summary:

Documents:

Request:

Name:

Signature:.....

Undertaking

I, the undersigned, hereby declare that I am not a government employee, and I am not handling more than three cases at any juridical agency. In case otherwise, I will be subject to the penalty set forth in article (37) of the bar code.

Name:

National ID No.....

Signature:.....

Date:.....

1. According to Article (3) of the implementing regulations of the bar code, “the representative mentioned in clause (a) of this article should be a Saudi citizen, and is not a government employee”.
2. Article (37) of the bar code indicates the following:

Any person:

- a. Who falsely poses himself as a lawyer, or practice law in violation of this law, or
- b. Whose name is deleted from the lawyers list and continue to practice law, shall be sentenced to imprisonment for no more than one year, or be subject to a penalty no less than SR 30.000, or the two combined.

Such penalties shall be imposed by the competent judicial authorities.

Selected Address Form

Date: / /

Case No (/)

I, the undersigned, hereby declare that the address indicated bellow is the means of contacting me. I shall notify CRSD of any change to it.

Name:

Mobile No.:

Residence Tel. No.:

Office Tel. No.:

P.O. Box:

Fax No:

City: Postal Code:

Legal representative address:

Name:.....

Mobile No.:

Residence Tel. No.:

Office Tel. No.:

P.O. Box:

Fax No.:

City:..... .Postal Code:

Name:

Signature:.....

Case Record Review Form

I, the undersigned, hereby declare that I had reviewed the record of case No. (/),
on / / 14H.corresponding to / /20 G., during the hours from to
I was able to review what I wanted to review, and took a copy of all the documents I needed.

Name:

Signature:.....

National ID No.:.....

Review Supervisor

Name:.....

Signature:.....

Reference Slip Form

Incoming No :

Date: / /14 H.

Corresponding to: / /20 G.

Claimant's Name:

Defendant's Name:

Subject:

Important: Receiving the initiatory pleading does not imply that it is filed with CRSD, unless it meets all legal requirements.

Tel. No: +966112188888, Fax : +966112181275

P.O. Box 221000, Riyadh 11311, K.S.A

Receipt Form

Incoming No:

Date: / /14 H.

Corresponding to: / /20 G.

Claimant's Name:

Defendant's Name:

Subject:

Tel. No: 00966112188888, Fax : 00966112181275

P.O. Box 221000, Riyadh 11311, K.S.A

www.cma.org.sa

هيئة - السوق - المالية . السعودية

