



## **Project on Controls for the Exclusion of Companies Listed in the Saudi Stock Exchange (Tadawul) from the Meaning of the Phrase (Non-Saudi) in accordance with the Law of Real Estate Ownership and Investment by Non-Saudis**

### **A) Preamble:**

Based on the CMA strategic objectives for the Development of the Stock Exchange, and based on Article 5-2-C-2 of the Law of Real Estate Ownership and Investment by Non-Saudis related to the exclusion of companies listed in the Saudi Stock Exchange (Tadawul) from the meaning of the phrase (non-Saudi) mentioned in Article (5-1) thereof, in accordance with controls set by the CMA in coordination with the relevant authorities, the Board of the CMA has issued its resolution including the publication of the “Project on Controls for the Exclusion of Companies Listed in the Saudi Stock Exchange (Tadawul) from the Meaning of the Phrase (Non-Saudi) in accordance with the Law of Real Estate Ownership and Investment by Non-Saudis (the "Project") to seek the public opinion about it for fifteen calendar days.

### **B) Project Objectives and Key Elements:**

The Project aims to regulate the exclusion of Saudi companies listed in the Saudi Stock Exchange (Tadawul) from the meaning of the phrase (non-Saudi) mentioned in Article 5 of the Law of Real Estate Ownership and Investment by Non-Saudis so that these companies can acquire the right of ownership, easement or usufruct over a property located within the borders of Makkah and Madinah, in addition to stimulating investment, raising the attractiveness and efficiency of the stock exchange, enhancing its competitiveness regionally and internationally and supporting the local economy, by attracting foreign capital.

The main elements of the project are to regulate the exclusion of Saudi companies listed in the Saudi Stock Exchange from the meaning of the phrase (non-Saudi), including setting limits on the ownership of foreign investors in Saudi companies listed in the Saudi Stock Exchange (Tadawul) as a condition for the application of the exception contained in Article 5-2-C-2 of the Law of Real Estate Ownership and Investment by Non-Saudis.



**Provisions Proposed for the Project on Controls for the Exclusion of Companies Listed in the Saudi Stock Exchange (Tadawul) from the Meaning of the Phrase (Non-Saudi) in accordance with the Law of Real Estate Ownership and Investment by Non-Saudis:**

**Provisions**

- I. For the purpose of applying these controls, the following words, and phrases, wherever mentioned in these controls, shall have the meanings ascribed thereto, unless the context requires otherwise:
- **Law:** Law of Real Estate Ownership and Investment by Non-Saudis.
  - **Controls:** Special controls on excluding companies listed in the Saudi Stock Exchange from the meaning of the phrase (non-Saudi) in accordance with Article 5-2-C-2 of the Law of Real Estate Ownership and Investment by Non-Saudis.
  - **CMA:** The Capital Market Authority.
  - **Foreign Strategic Investor:** Means the foreign strategic investor in accordance with the rules governing foreign investment in securities.
- II. A Saudi company listed in the Saudi Stock Exchange (Tadawul) may acquire the right of ownership, easement, or usufruct over a property located within the borders of the cities of Makkah and Madinah on the properties allocated to its headquarters or branches, provided that the property is fully used for such purpose.
- III. A Saudi company listed in the Saudi Stock Exchange (Tadawul) may acquire the right of ownership, easement, or usufruct over a property located within the borders of the cities of Makkah and Madinah for a purpose other than the purpose described in Clause (II) of these Controls if the following conditions are met: -
- A) The ownership of a foreign strategic investor(s) acting jointly by agreement shall not exceed (30%) of the listed company's shares or the company's convertible debt instruments.
  - B) The ownership of natural and legal persons who do not hold Saudi nationality shall not exceed (49%) of the listed company's shares or the company's convertible debt instruments.
- IV. These controls shall not prejudice the commitment of foreign investors and listed companies to the relevant laws, regulations, and instructions, especially the Law of Real Estate Ownership and Investment by Non-Saudis, whether when the listed companies exercise their activities or when they are liquidated.