KINGDOM OF SAUDI ARABIA

Capital Market Authority

INSTRUCTIONS FOR THE FOREIGN STRATEGIC INVESTORS OWNERSHIP IN LISTED COMPANIES

English Translation of the Official Arabic Text

Issued by the Board of the Capital Market Authority
Pursuant to its Resolution Number 3-65-2019
Dated 14/10/1440H Corresponding to 17/6/2019G
Based on the Capital Market Law
issued by Royal Decree No. M/30 dated 2/6/1424H

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
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Part 1: Preliminary

a) The purpose of these Instructions is to set out the provisions, requirements and conditions necessary for the Foreign Strategic Investors ownership of Strategic Shareholdings in listed companies, and determine their obligations and the obligations of the Authorised Persons in this regard.
b) These Instructions shall have no prejudice to the provisions of the Capital Market Law and its Implementing Regulations, especially the Rules on the Offer of Securities and Continuing Obligations and the Merger and Acquisition Regulations, and the other related laws.
c) The Foreign Strategic Investors are entitled to exercise all rights related to the shares of the listed companies they own, including trading in rights issue.
d) The Rules for Qualified Foreign Financial Institutions Investment in Listed Securities shall not apply to the Foreign Strategic Investors.
e) These Instructions shall not apply to the Citizens of the Cooperation Council for the Arab States of the Gulf.

Part 2: Definitions

a) Any reference to the “Capital Market Law” in these Instructions shall refer to the Capital Market Law issued by the Royal Decree No. M/30 dated 2/6/1424H.
b) Without prejudice to paragraph (c) of this Part, expressions and terms in these Instructions have the meaning which they bear in the Capital Market Law and in the Glossary of Defined Terms Used in the Regulations and Rules of the Capital Market Authority, unless the context indicates otherwise.
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:

**Foreign Strategic Investor**: a foreign legal entity that aims to own a Strategic Shareholding in listed companies.
Strategic Shareholding: the direct ownership percentage in the listed company's shares, and through which the aim is to contribute in promoting the financial or operational performance of the listed company.

Citizens of the Cooperation Council for the Arab States of the Gulf: natural persons who hold citizenship of one of the Cooperation Council for the Arab States of the Gulf countries, or legal persons that (i) the capital of which is majority owned by citizens or governments of the Cooperation Council for the Arab states of the gulf; and (ii) are holding the citizenship of one of the Cooperation Council for the Arab states of the gulf countries, in accordance with the definition set out in the resolution of the Supreme Council of the Cooperation Council for the Arab States of the Gulf in its 15th session approved by the Council of Ministers Resolution number (16) dated 20/1/1418H.

Part 3: Waivers

The Authority may waive the Foreign Strategic Investor from applying the provision of these Instructions in whole or in part, upon the Foreign Strategic Investor's request or on its own initiative.

Part 4: Right to Appeal

Any person subject to these Instruction may appeal to the Committee in respect of any decision or action that the Authority takes under these Instructions.

Part 5: Requirements for the Foreign Strategic Investor Ownership of Strategic Shareholdings

a) Without prejudice to the provisions of the Capital Market Law and its Implementing Regulations and the other related laws, for Foreign Strategic Investor to own Strategic Shareholdings in listed companies, the following requirements shall be fulfilled:
1. The Foreign Strategic Investor shall be established or licensed in a country that applies regulatory and supervisory measures similar to those applied by the Authority or are accepted by it. The Authority may, at its sole discretion, determine whether such regulatory and supervisory measures are similar to those applied by the Authority or accepted by it or not.

2. Have a client account and a Depositary Center account.

3. Any other requirements or conditions as the Authority require.

b) The Authorised Person shall ensure that the Foreign Strategic Investor has fulfilled the requirements stipulated in paragraph (a) of this Part.

Part 6: Investment Limits

a) The investments of the Foreign Strategic Investor shall be subject to the following limitations:

1. The limitations set forth in the Articles of Association of the listed companies or any instructions issued by the regulatory and supervisory authorities which such companies are subject to.

2. Other legislative limitations on foreigner’s ownership in joint stock companies.

3. The Foreign Strategic Investor, may not dispose of any of the shares it owned in accordance with these Instructions within a period of two years after the date of ownership of such shares.

b) The Authorised Person shall not enable any procedure that may violate the provisions of subparagraph (a\3) of this Part.

c) The Exchange shall publish on its website, as determined by the Authority in this regard, the following information:

1. A statistic reflecting the ownership percentage of the Foreign Strategic Investors in listed companies.

2. The limitations specified in subparagraphs (a/1) and (a/2) of this Part, according to the information received by the Exchange from listed companies in this regard.
Part 7: Publication and Entry into Force

These Instructions shall become effective upon their publication.