



## **CAPITAL MARKET AUTHORITY**

# **THE RESOLUTION OF SECURITIES DISPUTES PROCEEDINGS REGULATIONS**

**English Translation of the Official Arabic Text**

**Issued by the Board of Capital Market Authority  
Pursuant to its Resolution Number 1-4-2011  
Dated 19/2/1432H Corresponding to 23/1/2011G  
Based on the Capital Market Law  
issued by Royal Decree No. M/30 dated 2/6/1424H**

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of the Capital Market Authority Number 1-92-2016  
Dated 9/10/1437H Corresponding to 14/7/2016G**

**Arabic is the official language of the Capital Market Authority**

**The current version of these Regulations, as may be amended, can be found at the CMA**

**website: [www.cma.org.sa](http://www.cma.org.sa)**

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## PART 1: PRELIMINARY PROVISIONS

### Article 1: Definitions

(A) The following expressions and terms shall have the meaning they bear whenever they are stated in these Regulations as follows, unless the contrary intention appears:

- 1) Law: The Capital Market Law issued by Royal Decree No.(M/30) dated 2/6/1424H
- 2) Authority: the Capital Market Authority.
- 3) Board: the board of the capital market authority.
- 4) Exchange: the Saudi Stock Exchange.
- 5) Appeal Panel: the appeal panel formed pursuant to paragraph (g) of Article 25 of the Law.
- 6) Committee: the Committee for the Resolution of Securities Disputes established pursuant to paragraph (a) of Article 25 of the Law.
- 7) Secretariat: the secretariat of the committee for the resolution of securities disputes.
- 8) Secretary: the secretary of the committee for the resolution of securities disputes.
- 9) Charged person: a person who is charged with violation of any provision related to the public right of the provisions of the Law, its implementing regulations, and the regulations, rules and instructions issued by the authority and the exchange.
- 10) Member: a member of the committee appointed by its establishment resolution and any member added to the committee or appointed as a substitute of a former member. This term includes the committee's chairman unless the contrary intention appears.
- 11) Complaint and the suit: without prejudice to these term's meanings in the Law, each term shall, in relation to the application of these Regulations, bear the following meaning:  
Complaint: filing a claim (against decisions and actions taken by the authority or the exchange), a right's request or defending a right with the authority.  
Suit: the complaint filed with the committee starting from submitting it in a written statement of claim according to these regulations until the suit is closed by a final decision.

12) Day: the calendar day including official vacation days for the country. In relation to the dates mentioned in these regulations, if the last day is an official vacation then the date will be extended to the first business day thereafter.

(B) The other expressions and terms in these Regulations shall have the meaning which they bear in the Law and in the Glossary of defined terms used in the Regulations and Rules of the Capital Market Authority, unless the contrary intention appears.

## **PART 2: FILING THE SUIT AND PLACING IT IN THE COMMITTEE'S DOCKET**

### **Article 2: Filing the Suit with the Committee**

To file a suit with the committee, a proof shall be served that the complaint has been first filed with the authority and a 90 day period has passed from the filing date or a notification shall be served that the authority permits such filing prior to the expiration of this period. The merits of the suit shall not differ from the complaint filed with the authority.

### **Article 3: Statement of Claim**

A plaintiff shall file the suit by submitting a statement of claim to the committee in original and as many copies as there are defendants. The statement of claim shall contain the followings:

- 1) The plaintiff's full name, address, means of communication, national ID number (or the equivalent for non-Saudi nationals), the full name of his/her representative, if any, and address.
- 2) The defendant's full name and address.
- 3) The date of filing the statement of claim.
- 4) The merits of the suit, the plaintiff's requests and their supports.

### **Article 4: Submission of the Statement of Claim**

The statement of claim shall be submitted to the secretariat, and the plaintiff shall receive a dated receipt.

### **Article 5: Placing the Suit in the Committee's Docket**

Within a period not more than three days from the date the secretariat receives the statements of claims, the secretary shall present them to the committee's chairman and they shall be placed in the committee's docket as per the chairman's order or whoever he delegates after verifying that they fulfill the conditions stated by law.

**Article 6: Means of Placing the Suit in the Committee's Docket**

The secretary shall place the statement of claim with a serial number on a docket prepared specifically for this purpose. The secretary is responsible of organizing the suits records, numbering and saving them as well as signing on all the pages.

**Article 7: Consideration of the Suit**

The committee shall start considering the suit within a period not to exceed 14 days from the date of filing the suit with the committee by serving the statement of claim to the defendant and requesting a reply.



## **PART 3: NOTICES AND SERVICE OF PROCESS**

### **Article 8: Means of Notice and Service of Process**

The notice and/or the service of process shall be done by the secretariat's designated personnel, by registered mail, fax, email, recorded phone call, or by any other means the committee deems appropriate and sufficient to achieve the purpose of the notice and/or the service of process.

### **Article 9: Notice and Service of Process in Exceptional Cases**

Where the place of residence or the address of the person to be served or noticed is unknown or the service or notice could not be delivered, the committee's chairman may decide the means that he deems appropriate and sufficient to achieve the purpose of the notice and/or the service of process including through the governmental authorities or a published announcement in the official gazette or any local newspaper.

## **PART 4: COMMITTEE HEARINGS**

### **Article 10: Hearings' Quorum**

The committee hearings shall be held to consider the filed suits by three members unless the committee's chairman determines otherwise.

### **Article 11: Managing the Hearing**

The head of the hearing (the presiding member) is responsible of monitoring, managing and maintaining order during the hearing. In pursuance of this he may expel from the hearing room anyone who disturbs order, order the deletion of any immoral or offending phrases to public morality from any document or memorandum submitted by the parties in question, and he may order initiating a report on any violation or crime occurs during the hearing.

### **Article 12: Public Hearing**

The committee hearings shall be public unless the committee determines making it closed.

### **Article 13: Hearing's Minutes**

The committee's clerk shall take minutes of the committee's hearings under the supervision of the chairman in a special docket set for this purpose. The minutes shall include the date and the time of every hearing's opening and ending, the place of the hearing, the names of the committee members who considered the suit and the suit's parties. The minutes shall also state all the actions and events that take place during the hearing, the testimonies heard in the hearing, statements of the parties, their requests and defenses. The members who considered the suit, the committee's clerk, the parties and whoever made a statement that was entered into the minutes shall sign on the minutes. If any person refuses to sign such refusal shall be stated in the minutes.

## **PART 5: APPEARENCE AND ABSENCE OF SUIT'S PARTIES**

### **Article 14: Plaintiff's Appearance and Absence**

The parties, or their representatives, shall appear at the hearing scheduled time. Where the plaintiff is absent from a committee hearing without an excuse acceptable to the committee, the committee may adjudicate the suit, if suitable, or it may strike off the suit. If the suit is stricken off, the plaintiff may, within 60 days of date the suit was stricken off, request continued consideration of the suit, in which case the committee shall continue consideration of the suit with a new serial number in the docket. If the continued consideration requires a hearing and the plaintiff is absent without an excuse acceptable to the committee, the suit shall be stricken off and shall not be heard again.

### **Article 15: Defendant's Appearance and Absence**

Where the defendant is absent from the hearing, consideration of the suit may be postponed by the committee to a subsequent hearing of which the defendant shall be served. Where the defendant is absent from this hearing without an excuse acceptable to the committee, the committee shall adjudicate the suit and its decision shall be considered a default decision with respect to the defendant, unless the defendant was served personally or through a representative or a legal representative, or submitted a reply, or attended any of the hearings or the defendant's absence was after the proceeding closure, in which cases the decision shall be considered in his appearance.

### **Article 16: Charged Person's Appearance in a Penal Suit**

The charged person shall appear in the hearings personally or through a representative in a penal suit. The committee may order the charged person to be present personally. If the charged person or his representative is absent, he shall be requested again to appear for another hearing. If he is again absent or the committee could not serve him, the committee may request the executive authorities to force the charged person to appear at scheduled times. After that, if he or his representative does not appear, the committee shall publish an announcement in the official gazette requesting his appearance and it may issue a decision as it deems appropriate including banning the charged person from traveling or from trading (buying) in the exchange or placing attachment on his investment and bank accounts or any of his properties. If the charged person

does not appear before the committee at the specified times after taking the previous measures, the committee may reserve the suit until he or his representative appears unless the committee decides to issue a default decision with respect to the charged person. Such decision shall be considered in his presence if the charged person or his representative has appeared in one of the hearings or has submitted a defense memorandum.

**Article 17: Attendance Time**

For the purposes of implementing the provisions of this part, failing to appear within 30 minutes of the hearing scheduled time shall be considered an absence unless the committee decides to extend such period.

## **PART 6: EVIDENCE**

### **Article 18: Forms of Evidence**

Evidence before the committee may be admissible in all forms including electronic or computer data, telephone recordings, fax messages and electronic mail.

## **PART 7: SEEKING EXPERTISE**

### **Article 19: Seeking Expertise to Assist the Suit's Parties**

Where the committee determines, during the proceedings, the necessity of seeking expertise, it may decide to assign one or more experts. It shall specify in such decision the task of the expert, the time for filing his report and the time for the hearing based on the report, and shall also specify, when necessary, the advance payment to the account of the expert's expenses and fees and the party who shall deposit that payment and the time by which he shall make the deposit. It may also appoint an expert to give his opinion orally in a hearing, in which case the opinion shall be entered into the hearing's minutes.

### **Article 20: Failure to Pay the Expertise Fees**

Where the assigned party does not deposit the payment he is required to deposit within the time limit set by the committee, the other party may make that deposit without prejudice to his right to have recourse to his adversary if a decision is made in his favor. If neither party deposits the payment and resolving the suit is dependent on determination by experts, the committee may suspend the suit until the payment is deposited.

### **Article 21: Assigning of Expert**

Where the parties agree on a particular expert, the committee may accept their agreement; otherwise, it may select an expert itself.

### **Article 22: Inspection and Taking Testimony**

Where the committee deems, during the proceedings, the necessity of conducting an inspecting action or a supplementary investigation, it shall do it itself or deputize someone to do it. It may delegate anyone of its choice to take a testimony as it deems important.

**Article 23: Expenses of Deputation and Expertise**

The committee may request the authority, where it deems appropriate, to incur the necessary expenses to deputize an expert or whose testimony is deemed necessary to be taken or to incur the expenses of any other procedure necessary to consider the suit. The committee shall specify in its decision who is obliged to pay the expenses incurred by the authority.

## **PART 8: CONSIDERATION PROCEDURES AND DECISIONS ISSUANCE**

### **Article 24: Consideration of Claims Against Decisions and Actions Taken by the Authority or the Exchange**

Prior to filing claims against decisions and actions taken by the authority or the exchange with the committee, the claims shall be filed first with the authority within 60 days from the date the related decision or action has been known. The decisions and the actions shall be considered to be known if they are served to related person or published on the authority's or the exchange's websites.

### **Article 25: Filing the Claim with the Committee**

Where the authority serves a notice refusing a claim, or the elapse of 90 day period set forth in article 2 of these regulations without a resolution taken, a claim may be filed with the committee within 90 days from becoming aware of such decision or from the elapse of 90 days set forth in article 2 of these regulations without a resolution taken. .

### **Article 26: Suspending the Execution of the Challenged Decision or Action**

Filing a claim with the committee does not suspend the execution of the challenged decisions or actions taken by the authority or the exchange.

### **Article 27: Statute of Limitations**

A suit under Articles 55, 56 and 57 of the Law shall not be heard if the complaint is filed with the authority after the elapse of one year from the date when the claimant should have been aware of facts causing him to believe he had been the victim of a violation, and in no case may such suit be heard by the committee after 5 years from the occurrence of the violation subject of the claim.

### **Article 28: Examining the Suit's Documents**

Reliance on a party's documents or memorandums shall not be without allowing the other party to examine them. Any of the parties or their representatives shall have the right to examine the suit's documents.



### **Article 29: Abandonment of a Suit**

The committee may consider that the plaintiff has abandoned his suit if the plaintiff fails to comply with the committee's request to take an action related to the suit within the specified time period or within the period of 90 days of the request date, whichever is longer, or if the committee could not serve him at the address specified in the statement of claim. The plaintiff has the right to request proceeding with the suit by submitting a request to the committee with a new serial number in the docket.

### **Article 30: Suspension of the Suit Upon the Parties' Agreement**

The suit may be suspended on the basis of an agreement by the parties not to proceed with it for a maximum of 180 days from the date the committee approves the agreement. If the parties do not resume the suit proceedings within ten days that follow the end of the specified period, the plaintiff shall be deemed to have abandoned the suit.

### **Article 31: Suspension of the Suit by a Committee Order**

If the committee determines that its decision on the merits of a suit should be contingent on ruling on another issue on which the decision depends, it may order suspension of the suit and the parties may request proceeding with the suit when the cause of suspension lapses.

### **Article 32: Decision Issuance**

The Committee's decisions shall be issued by at least three members including the committee's chairman or whom he delegates. The decision shall be made unanimously or by the majority opinion. If opinions diverge into equal sides, the decision shall be the opinion supported by the committee's chairman. Where the decision is issued by the majority, it shall be stated in it. The dissenting member shall submit a written opinion with the reasoning and it shall be attached to the suit's documents.

### **Article 33: Pronouncement of the Decision**

Pronouncement of the decision shall be made in a public hearing, except the decisions taken regarding temporary measures, precautionary actions and formality defenses. The committee, at its discretion, may only serve the parties with the decision. The committee shall explain to the parties that they have the right to appeal the decision within 30 days from the date the parties are

served and that the decision is final and enforceable after the expiration of this period unless a party files an appeal during that period.

#### **Article 34: Contents of the Decision**

The committee's decisions shall be in writing and must contain, specifically, the decision number, date, place of issuance and a summarized presentation of the parties' statements, their names, their documents, the names of members who made the decision, their titles, their presence and absence, their signatures and the decision's grounds and text.

#### **Article 35: Service of Decision**

A copy of the decision shall be delivered to every related person. The copy must be stamped by the committee's stamp. It must also be stamped to state that the decision is not enforceable unless it is otherwise as per the situations stated in Article 45 of these regulations. The service is delivered by means of serving a copy of the decision within 10 days of the pronouncement date.

#### **Article 36: Correcting and Interpreting Errors**

The committee shall, on its own initiative or upon a request from any related person, correct the purely tangible written or calculation errors in the decision. Where there is any ambiguity or uncertainty in the decision, any related party may request an interpretation from the committee.

#### **Article 37: Temporary Decision in Penal Suits**

The committee may, upon the authority's request, issue a temporary decision against the charged person banning him from traveling, placing a protective attachment on his properties including bank and investment accounts or banning him from trading (buying) in the exchange in accordance to the following procedures:

- 1) The authority's request shall be attached with the legal documents and supporting proofs that justify its request.
- 2) If the request of the temporary decision was before charging the person, the committee may issue its decision of protective attachment, a travel ban, or trading ban (buying) in

the exchange for a period not more than 30 days. The committee may extend this period or cancel it upon the authority's request after giving the charged person a chance to present his defenses.

- 3) The person subject to the committee's temporary decision may challenge such decision by filing a memorandum with the committee stating the defenses and the elements that support the cancelation of the decision. The committee shall issue a decision on such memorandum within a period not more than 7 days of its filing date.

### **Article 38: Protective Attachment Lifting**

The committee, at its discretion, may issue a decision lifting the protective attachment stated in article (37) of these regulations based on a petition from the person who is subject to the protective attachment. The committee may instead request a submission of any guarantees it may accept.

## **PART 9: APPEAL**

### **Article 39: Right to Appeal and its Time**

The parties may appeal the decisions issued by the committee before the appeal panel within 30 days from the date the decision has been served.

### **Article 40: Appealing Default Decisions**

In case of a default decision, the party against whom the decision is rendered may appeal it within 30 days from the date the decision has been served. Where service could not be delivered within 30 days of the decision issuance date, the decision shall be published in the official gazette with a notification to the party against whom the decision is rendered that he may appeal in 30 days. If the party does not appeal, the decision shall be effective. If the absent convict appears later, he may petition the committee to suspend the execution of the decision, and the committee shall then issue a decision to suspend the execution for a period of time it deems sufficient for him to prepare his defense and statements. If he submits his defense and statements during the given period, the committee shall look into what he submitted and where it deems the importance of reconsideration, it shall reconsider or it shall issue a decision to execute its previous decision.

### **Article 41: Appeal Date Documentation**

The appeal memorandum shall be submitted to the secretariat and the submission date must be written on it and a notation on the suit's file regarding this shall be made.

### **Article 42: Appeal Memorandum**

The appeal memorandum shall include the appealed decision, its number, date, grounds of the appeal and the appellant's requests.

### **Article 43: Joinder at the Appeal Stage**

Unless the person is a party in the suit, no person shall join the suit at the appeal stage.

#### **Article 44: Reconsideration of the Suit**

The committee shall reconsider its decision in the following two cases:

- 1) When constructive information in the suit is submitted and the committee determines that there are serious reasons that prevented submitting it during the hearing and it is submitted after the hearings closure or after the issuance of the decision but before the expiration of the specified appeal period stated in Article (39) of these regulations.
- 2) When constructive information in the suit is submitted before the appeal panel and it could not be submitted during the committee's hearings, or the appeal panel deems that the actions or information in the suit file are not sufficient and the appeal panel decides to send back the suit to the committee, then the committee will consider that. If the committee deems what requires an amendment to its decision, it shall issue a decision regarding that and the decision shall be served to the parties. If the committee finds what requires reopening the proceedings again, such decision shall be served to the parties. If the committee does not deem what requires an amendment to its decision or reopening the proceedings, it shall issue a reasoned decision regarding that and refer it to the appeal panel.

## **PART 10: DECISIONS FINALITY AND ENFORCEMENT**

### **Article 45: Final Decisions**

A decision is final in the following cases:

- 1) The expiration of the specified period to appeal the committee's decision without appealing.
- 2) All parties express their conviction of the committee's decision whether during pronouncement of the decision or after and before the appeal's deadline.
- 3) A decision by the appeal panel is issued affirming the committee's decision.
- 4) A decision by the appeal panel is issued refusing the review of the committee's decision.
- 5) A decision by the appeal panel is issued after reconsidering the suit.

### **Article 46: Enforcement of Decisions**

Where the decision is final, copies of such decision shall be served to the parties. The decision shall be enforced as per the Law or any other related laws.

### **Article 47: Execution on Properties**

The committee may issue an order to execute on the convicted parties' properties in a final decision upon the authority's request.

## **PART 11: GENERAL PROVISIONS**

### **Article 48: Procedures Followed When there are no Provisions Provided herein**

The committee shall, in suits proceedings, comply with the Law and these regulations or any other rules or regulations issued by the authority. The committee may be guided by the law of criminal procedure, laws of procedures and general rules applicable in the Kingdom when there are no provisions provided herein in a manner that is consistent with the nature of suits filed with the committee.

### **Article 49: Official Language**

The Arabic language is the official language in suits proceedings. Any statements before the committee in another language than Arabic are unproved. Foreign language speakers shall accompany a translator who will sign on the hearing's minutes. Any party who wants to submit documents written in a foreign language shall provide an official Arabic translation of those documents.

### **Article 50: Publication and Entry into Force**

These regulations shall become effective upon their publication.