



# **Securities Depository Centre Company**

## **Regulations and Requirements of The Depository Centre for Depository Receipts Issued Out of The Kingdom in Accordance with The Instructions on Issuing Depository Receipts Out of The Kingdom**

**Approved by the Board of the Capital Market Authority Pursuant to its Resolution**

**Number (1-86-2020) Dated 19/1/1442H corresponding to 07/09/2020G**

**Arabic is the official language of the Securities Depository Centre Company**

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## **First: General Provisions**

- a. This document aims to specify the regulations and requirements of the Depository Centre for Depository Receipts issued out of the Kingdom.
- b. In addition to the services stipulated in the Capital Market Law, the Depository Centre may provide any other services to the Depository Bank after obtaining the Authority's approval.
- c. Expressions and terms in this document have the meanings which they bear in the “Glossary of Defined Terms Used in the Exchange Rules”, and for the purpose of implementing the provisions of this document, the following expressions and terms shall have the meaning they bear as follows, unless the contrary intention appears:
  - ❖ **Depository Bank:** a financial institution of legal personality authorised to issue and cancel Depository Receipts out of the Kingdom, appointed by the Issuer in accordance with the provisions of the Instructions on Issuing Depository Receipts Out of The Kingdom.
  - ❖ **Depository Receipts:** Financial instruments listed and traded in a Foreign Market, issued by the Depository Bank for shares issued in the Kingdom and Listed in the Exchange, or for shares issued in the Kingdom and its Issuer has made the necessary arrangements for Listing them in the Exchange.
  - ❖ **Nominee Account:** a special account opened by the Custody Member under the Depository Banks’s name for the purpose of depositing the shares of the Depository Receipts holders, against the Depository Receipts issued out of the Kingdom.
  - ❖ **Transfer Account:** means in this document, a special account opened by the Custody Member under the Authorised Person’s name, in accordance with the provisions of Article 49 of the Securities Depository Centre Rules.
  - ❖ **Instructions on Issuing Depository Receipts Out of The Kingdom:** The Instructions on Issuing Depository Receipts Out of the Kingdom issued by the Board of the Authority.
- d. This document shall be effective as per its approval resolution.

## **Second: The Applicability of the Securities Depository Centre Rules on the Depository Bank**

Any reference to the term Investor or Client in the following Articles of the Securities Depository Centre Rules is reference to the Depository Bank (the Depository Bank shall not be considered in any case as an Investor in accordance with the definition of the term “Investor” under the Glossary of Defined Terms Used in the Exchange Rules):

- Article 40.
- Article 41 except for paragraph (4) of the same Article.
- Article 42.
- Article 43.
- Article 44 except for sub-paragraphs (a), (b), (d) and (e) of paragraph (1) of the same Article.

### **Third: Depository Centre Accounts**

- a. The Depository Bank shall open a special account called a (Nominee Account) through a Custody Member by submitting an application to the Securities Depository Centre, for the purpose of depositing the shares of the Depository Receipts holders against the Depository Receipts issued out of the Kingdom. The Securities may be transferred from or to the Nominee Account without executing a transaction, to enable the Depository Receipts holder to cancel the Depository Receipts and become a shares holder or to enable the shares holder to convert the shares to Depository Receipts -through the Transfer Account of the Authorised Person related to the Depository Receipts - in accordance with the relevant provisions of the Instructions on Issuing Depository Receipts Out of The Kingdom.
- b. The Authorised Person, who is dealing or intending to deal with the shares holder or the Depository Receipts holder for issuing or cancelling the Depository Receipts by the Depository Bank, shall open a special account called a (Transfer Account) under its name through a Custody Member, for the purpose of completing the buy and sell transaction on behalf of the Issuer's shares holder or the Depository Receipts holder and completing the transfer process from and to the Depository Bank account and from and to the Investor account.

### **Fourth: General Powers**

- a. To ensure compliance with the provisions of this document, the Centre may:
  1. require persons subject to this document to undertake or refrain from undertaking certain activities within the scope of issuing Depository Receipts out of the Kingdom;
  2. request information and reports relevant to the provisions of this document; and
  3. request the Depository Bank to appoint independent organizations, in accordance with qualification criteria determined by the Depository Centre, to validate their compliance with the provisions of this document.
- b. The Centre may establish necessary technical procedures, as it deems appropriate, to implement the provisions of this document.