



Saudi Stock Exchange (Tadawul)

Orders Aggregation Accounts Regulations

Approved by the Board of the Capital Market Authority Pursuant to Resolution Number

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Arabic is the official language of the Saudi Stock Exchange

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Article (1): Scope and Application

- a. The purpose of these Regulations is to regulate opening and managing Orders Aggregation Accounts (“Aggregation Accounts”).
- b. Any person wishes to open and manage Aggregation Accounts must comply with these Regulations.
- c. These Regulations shall be read in conjunction with and in addition to the Capital Market Law, its Implementing Regulations and the Exchange Rules.

Article (2): Preliminary

- a. Any reference to the “Capital Market Law” in these Regulations shall mean the Capital Market Law issued by Royal Decree No. M/30 dated 2/6/1424H.
- b. Expressions and terms in these Regulations have the meaning which they bear in the Capital Market Law and in the Glossary of Defined Terms Used in the Exchange Rules, unless the contrary intention appears.

Article (3): Waivers

The Centre may, after obtaining the Authority's approval, waive any requirements in these Regulations either based on a request from the relevant person or on its own initiative.

Article (4): Fees

The Centre may apply fees for the services provided by the Centre in accordance with the provisions of these Regulations.

Article (5): Eligibility Requirements

Aggregation Account management is limited to:

- a. A person authorised to conduct managing activity.
- b. A person excluded from the authorisation requirement for carrying on managing activity in accordance with the Rules for Qualified Foreign Financial Institutions Investment in Listed Securities.

Article (6): Account Management and Duties of Account Manager

- a. The Account Manager must act for the benefit of the Participants in accordance with the provisions of these Regulations and the Authorised Persons Regulations.
- b. The Account Manager must comply with all principles and duties required under Authorised Persons Regulations including the fiduciary duty towards Participants, which includes the duty to act in their best interests and duty to exercise all reasonable care and skill.
- c. The Account Manager shall be responsible to the Participants for losses which are caused by, fraud, negligence, misconduct or willful default of the Account Manager.

Article (7): Register Maintenance

The Account Manager must maintain, at all times, an up to date register for each Aggregation Account it manages for a period of ten years unless the Authority determines otherwise. In the event such register relates to any litigation or claim (including any pending litigation or threatened) or any on-going investigations, the Account Manager must retain such register until the closure of that litigation, claim or on-going investigation.

Article (8): Aggregation Account Register

- a. The Aggregation Account register referred to in Article 7 of these Regulations shall include, at minimum, the following information:
 1. All activities related to the Aggregation Account
 2. Participants' information, as follows:
 - Participant's name;
 - Participant's identification number;
 - Participant's account number;
 - The date on which the Participant was registered in the register; and
 - Details of all activities conducted for each Participant.

- b. The Aggregation Account register must be made available for inspection by the Authority and the Centre at their request. An extract of the register must be provided by the Account Manager to any Participant, if requested (such extract must show all the information that is relevant to the requesting Participant only).

Article (9): Conflict of Interest

The Account Manager must treat any conflicts of interest in accordance with the provisions of the Authorised Persons Regulations and Market Conduct Regulations.

Article (10): Ownership of the Assets

- a. The Account Manager shall not have any interest in or claims against the securities deposited in (or will be settled through) the Aggregation Account or any rights or benefits attached thereto.
- b. Creditor of the Account Manager shall not have any claim or entitlement to securities referred to in Paragraph (a) of this Article.

Article (11): Opening Aggregation Accounts

- a. The Account Manager shall request the Centre, through Custody Member, to open an Aggregation Account in accordance with the mechanism specified by the Centre.
- b. The Custody Member shall be responsible for opening the Aggregation Account for the benefit of the Participants.
- c. The Aggregation Account referred to in Paragraph (a) of this Article shall be in the name of the Account Manager.
- d. Participant's Centre Account and the relevant Aggregation Account shall be opened through the same Custody Member.

Article (12): Participation in Aggregation Account

- a. Participation in Aggregation Account is limited to:
 - 1. A client of a person authorised by the Authority to conduct managing activities provided that:

- a. the Authorised Person has been appointed on terms which enable it to enter into sell and buy transactions on listed Securities on behalf of its client without obtaining prior approval from that client; and
 - b. the participation of the client is through an Aggregation Account managed by that Authorised Person.
- 2. An investment fund, provided that the participation of the investment fund is through an Aggregation Account managed by the manager of that fund.
- 3. A qualified foreign investor, where its Securities are managed by a person excluded from the authorisation requirement for carrying on managing activity in accordance with the Rules for Qualified Foreign Financial Institutions Investment in Listed Securities, provided that:
 - a. the excluded person has been appointed on terms which enable it to enter into sell and buy transactions on listed Securities on behalf of the qualified foreign investor without obtaining prior approval from that investor.
 - b. the participation of the qualified foreign investor is through an Aggregation Account managed by that excluded person.
- b. An Account Manager shall not participate in an Aggregation Account that it manages.
- c. A Custody Member shall not participate in an Aggregation Account that is opened through it.

Article (13): Aggregation Account Agreement

- a. An Aggregation Account agreement must contain the contractual relationship basis between Participants and the Account Manager including, at a minimum, the following information:
 - 1. The basis on which the securities shall be distributed through the Aggregation Account, to Participants' Accounts;
 - 2. The basis on which the cash received from selling securities shall be distributed through the Aggregation Account, to Participants;

3. Mechanism to transfer Securities from Participant Account to the Aggregation Account;
 4. Mechanism to transfer Securities from Aggregation Account to the Participant Account;
 5. Mechanism to resolve the failure of the procedures, stipulated in Paragraph (a) of Article 15 of these Regulations, and handling the relevant securities and the rights and benefits attached thereto; and
 6. Services fees and commissions.
- b. Without prejudice to paragraph (d) of this Article, the Account Manager must ensure that the Participant has received and signed a copy of the agreement prior to participating in such Account.
 - c. Identical conditions must apply to all Participants for each Aggregation Account.
 - d. The Account Manager may satisfy the minimum information requirement stipulated in paragraph (a) of this Article if that information is included in any other agreement signed with the participant.

Article (14): Sell and Buy Securities through an Aggregation Account

- a. Buy transactions through an Aggregation Account shall be conducted pursuant to Account Manager's instructions and in accordance with the following steps:
 1. Exchange Member to ensure the availability of sufficient cash to settle the buy transaction, through any of the following:
 - a. Verifying that the Account Manager satisfies the cash requirements to settle the transaction, in accordance with the relevant Exchange Rules, prior to submitting a buy order.
 - b. Verifying that the value of sell transactions, which will be settled through the Aggregation Account, is sufficient.
 2. Exchange Member submits the buy order in accordance with the relevant Exchange Rules.

3. if the buy transaction is executed, one of the following steps shall be performed:
 - a. Custody Member transfers bought securities from the Aggregation Account to Participant's Accounts, based on the average value of the buy transactions.
 - b. Relevant Exchange Member submits a sell order for the bought securities.
- b. Sell transactions through an Aggregation Account shall be conducted pursuant to Account Manager's instructions and in accordance with the following steps:
 1. Exchange Member to ensure the availability of securities required for the sell transaction through any of the following:
 - a. Verifying that Custody Member transfers securities from Participants' Accounts to the Aggregation Account, prior to submitting a sell order.
 - b. Verifying that securities bought through the Aggregation Account are sufficient, prior to submitting a sell order.
 2. Exchange Member submits the sell order in accordance with the relevant Exchange Rules.
 3. Once the sell transaction is executed and settled, the Custody Member transfers the value of sold securities to the cash account of the Participants based on the average value of the sell transactions.
- c. The Account Manager when issuing instructions, in relation to the steps referred to in Paragraphs (a) and (b) of this Article, shall comply with the following conditions:
 1. The Participant shall not be a party of securities transfer where the Participant is prohibited from dealing in such securities.
 2. Refraining from submitting buy orders for securities if the transfer of these securities results in a breach of regulatory restrictions.
 3. Verifying the absence of any restrictions on the Participant Account or its identification number before submitting an order to buy securities for the purpose of transferring such securities to the Participant Account.

4. Returning securities to Participant Account if those securities were not sold.

Article (15): End of Trading Day Procedures

- a. The Account Manager must ensure that there are no securities in the Aggregation Account by the end of each trading day through any of the following:
 1. The Exchange Member sells the securities deposited (or will be settled) in the Aggregation Account pursuant to the Account Manager's instructions.
 2. The Custody Member transfers the securities deposited (or will be settled) in the Aggregation Account to Participants' Accounts pursuant to the Account Manager's instructions.
- b. With the exception of the provisions of Securities Depository Centre Rules, the Custody Member, whose connectivity to the Depository and Settlement System has been suspended, may transfer securities from the Aggregation Account to Participant Account after obtaining the Centre approval.
- c. With the exception of the provisions of Securities Depository Centre Rules, securities may be transferred from the Aggregation Account to Participant Account in case of a restriction is applied on the Aggregation Account, Participant Account or Participant's identification number, in the following cases:
 1. Return of securities to the Participant Account that was transferred from; or
 2. Transfer of securities, where the sell order of such securities was submitted prior to imposing the restriction on the Aggregation Account, Participant Account or Participant's identification number.
- d. The Account Manager and Custody Member must immediately notify the Authority and the Centre in writing if the requirements of Paragraph (a) of this Article are breached. Such notice must identify the reasons for that breach, the steps taken to resolve the situation and the time necessary to do so in accordance with the mechanism to resolve these cases stipulated in the Aggregation Account agreement.
- e. If the Custody Member does not transfer the securities pursuant to Paragraph 2(a) of this Article, the Centre may transfer such securities, in the manner prescribed and within the timelines specified by the Centre, after receiving a request from the Account Manager.

Article (16): Powers of the Authority and the Centre

The Authority and the Centre, after obtaining the Authority's approval, may require the Account Manager to refrain from managing the Aggregation Account at any time and at their own discretion, including (but not limited to) the following circumstances:

- a. There are adverse events or developments which constitute a serious threat to financial stability or to market confidence;
- b. For the protection of investors; and
- c. For the maintenance of an orderly market.

Article (17): Limit of Liability

Without prejudice to the provisions of the Capital Market Law, its Implementing Regulations and the Exchange Rules, the Authority or the Centre shall not be held liable for any losses or damages incurred by any Authorised Person or their clients which may arise directly or indirectly as a result of:

- a. Any procedures, orders or transactions that are subject to these Regulations;
- b. The partial or complete suspension or cancellation of trading or of any particular transactions, or closure of the Exchange;
- c. The Exercise of the Authority, or the Centre, of any of its powers under these Regulations; or
- d. Any failure in the Centre services by a reason outside of its control.

Article (18): Publication and Entry into Force

These Regulations shall be effective as per its approval resolution.