

**KINGDOM OF SAUDI ARABIA**

**GLOSSARY OF DEFINED TERMS USED IN THE  
REGULATIONS AND RULES OF THE CAPITAL  
MARKET AUTHORITY**

**English Translation of the Official Arabic Text  
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Pursuant to its Resolution Number 4-11-2004  
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**Arabic is the official language of the Capital Market Authority**

**The current version of this Glossary, as may be amended, can be found at  
the CMA website: [www.cma.org.sa](http://www.cma.org.sa)**

**GLOSSARY OF DEFINED TERMS USED IN THE  
REGULATIONS AND RULES OF THE CAPITAL  
MARKET AUTHORITY**

Unless the contrary intention appears, the words and expressions in this Glossary shall have the meaning herein specified:

- **fund management fee:** the remuneration, expenses and fees in relation to advisory services paid to the fund manager.
- **managing:** managing securities belonging to another person in circumstances involving the exercise of discretion.
- **debt instrument:** tradeable instrument creating or acknowledging indebtedness issued by companies, the government, public institutions or public organisations, but excluding:
  - 1) an instrument creating or acknowledging indebtedness for the consideration payable under a contract for the supply of goods or services, or for money borrowed to defray the consideration payable under a contract for the supply of goods or services;
  - 2) a cheque, a bill of exchange, a banker's draft or a letter of credit;
  - 3) a banknote, a statement showing a balance on a bank account, or a lease contract or any other evidence of disposition of property; and
  - 4) a contract of insurance.
- **Listing:** listing securities in the Exchange, or where the context permits, the application for registration and admission to listing.
- **takeover:** the acquisition of control of a company listed on the Exchange.
- **Reverse takeover:** an arrangement where a listed company makes an offer of new shares in itself to the shareholders of an unlisted company in exchange for their shares and these new shares will represent more than 50% of the listed company voting shares after the acquisition.

- **private placement notification:** the notification required to be made to the Authority under sub-paragraph (2) of paragraph (a) of Article 12 of the Offers of Securities Regulations  
For the purposes of the Investment fund regulations, means the notification required to be made to the Authority under sub-paragraphs (1,2 and 3) of paragraph (a) of Article (75) of the investment fund regulations in relation to private funds or under sub-paragraphs (1,2 and 3) of of paragraph (a) of article (95) of the investment fund regulation in relation to foreign funds.
- **rights issue:** an offer of additional shares to existing shareholders which enables those shareholders to subscribe in proportion to their existing holdings.
- **Capitalisation issue:** an offer of further shares to existing shareholders, fully paid up out of the issuer's reserves, in proportion to existing shareholders holdings.
- **client assets:** assets treated as client assets as specified in Part 7 of the Authorised Persons Regulations.
- **illiquid assets:** means any of the following:
  - 1) fixed assets;
  - 2) financial resources which are not readily realisable; or
  - 3) deposits not available for withdrawal within three months or less.
- **intangible assets:** non cash assets, without physical substance, capable of providing the firm with services or benefits in the future, and in which the firm has acquired the right as a result of events that have occurred or operations that have been completed in the past. Intangible assets could be separately identifiable (could be separated from other assets), such as formation costs, trademarks, copyrights, industrial samples and designs, franchises and licenses. Intangible assets could also be unidentifiable in a separate manner such as goodwill, management skills and qualifications, and other factors which constitute the reputation.

- **ordinary course of business:** a usual activity that is normal to the day to day operations of the business. Occasional or infrequent activities do not constitute an ordinary course of business.
  
- **announcement:** means in the Merger and Acquisition Regulations, an announcement made to the public through the Exchange or information system recognised for the purpose by the Authority.
  
- **prepared securities advertisements:** has the meaning given to it in the Authorised Persons Regulations.
  
- **insolvency:** actual insolvency, or the commencement of any proceedings in respect of insolvency, liquidation or a voluntary arrangement under the Bankruptcy Regulations, or the commencement of any equivalent procedures in the Kingdom or in any other jurisdiction outside the Kingdom.
  
- **securities business:** has the meaning specified at Article 3 of the Securities Business Regulations.
  
- **corporate finance business:** securities business carried on by an authorised person in connection with:
  - 1) the offer, issue, underwriting, repurchase, exchange or redemption of, or the variation of the terms of, those securities, or any related matter;
  - 2) the manner in which, or the terms on which, or the persons by whom, any business activity is to be financed, structured, managed, controlled, regulated or reported upon;
  - 3) an actual or proposed takeover or related operations; or
  - 4) a merger, de-merger or reorganisation.
  
- **order:** in relation to an order from a client:
  - 1) an order to an authorised person from a client to effect a transaction as agent;
  - or

2) any other order to an authorised person from a client to effect a transaction in circumstances giving rise to similar duties as those arising on an order to effect a transaction as agent.

"order" shall include any decision by an authorised person to effect a transaction in the exercise of discretion for the client or for an investment fund that he manages. However, applications for the purchase of securities in a new issue do not constitute an order.

- **client money:** money treated as client money as specified in Part 7 of the Authorised Persons Regulations.
- **custodian:** a person who is authorised under the Authorised Persons Regulations to conduct the securities activity of custody.
- **overseas custodian:** any of the following:
  - 1) a bank that provides custody services and that is licensed as a commercial bank in a jurisdiction recognised by the Authority;
  - 2) a securities depository licensed as such by an authority outside the Kingdom recognised by the Authority; or
  - 3) an investment firm that is licensed to provide custody services and that is a member of a securities or futures exchange that is recognised by the Authority.
- **fund sub-custodian:** A third party contracted by the custodian to perform some or all of the custodian's functions in relation to an investment fund.
- **Bankruptcy Regulations:** the Regulations for Settlement to Prevent Bankruptcy issued by Royal Decree Number M/16 dated 4/9/1416H or any applicable provisions relating to insolvency or bankruptcy under the Companies Regulations, or any other legislation dealing with bankruptcy issues in the Kingdom.
- **securities:** means any of the following:
  - 1) shares;
  - 2) debt instruments;
  - 3) warrants;

- 4) certificates;
  - 5) units;
  - 6) options;
  - 7) futures;
  - 8) contracts for differences;
  - 9) long term insurance contracts; and
  - 10) any right to or interest in anything which is specified by any of the paragraphs (1) through (9) above.
- **relevant securities:** means in the Merger and Acquisition Regulations:
    - 1) securities of the offeree company which are being offered for or which carry voting rights; or
    - 2) equity share capital of the offeree company and an offeror; or
    - 3) securities of an offeror which carry substantially the same rights as any to be issued as consideration for the offer; or
    - 4) securities of the offeree company and an offeror carrying conversion or subscription rights into any of the above-mentioned securities.
  - **Issuance programme:** a programme under which a single prospectus is produced pursuant to issue a number of debt instruments or convertible debt instruments may be issued in the future, as stated in the prospectus.
  - **local bank:** an institution that has received a license to engage in banking business in accordance with the Laws of the Kingdom.
  - **affiliate:** a person who controls another person or is controlled by that other person, or who is under common control with that person by a third person. In any of the preceding, control could be direct or indirect.
  - **"Tadawul":** the automated system for trading of Saudi shares.
  - **arranging:** introducing parties in relation to securities business, advising on corporate finance business or acting in any way to bring about a deal in a security.

- **registration:** the registration of securities with the Authority, or where the context permits, the application to the Authority for registration and admission to listing.
- **reconciliation:** the identification and explanation of individual items of difference between two sets of records, but does not include the processing of necessary adjustments.
- **credit rating:** an opinion regarding the creditworthiness of an entity, or the creditworthiness of a security expressed in symbols, letters, numbers or any other form.
- **dealing:** to deal in a security, whether as principal or agent, and dealing include the sale, purchase, manage the subscription for or underwriting securities.
- **trading halt:** the temporary suspension of trading in the securities during the trading period
- **instruction:** any instruction, election, acceptance or any other message of any kind sent or received by way of the Tadawul Trading System or the Tadawul Depository System.
- **restructuring:** a material merger or reorganisation.
- **financial sector entities:** any of the following:
  - 1) banks;
  - 2) authorised persons;
  - 3) legal persons engaged in the business of extending credit;
  - 4) insurance companies;
  - 5) finance companies;
  - 6) affiliates of any of the above; or
  - 7) any other entity which the Authority determines should be included or treated as a financial sector entity.

- **public:** means in the Listing Rules persons other than the following:
  - 1) affiliates of the issuer;
  - 2) substantial shareholders of the issuer;
  - 3) directors and senior executives of the issuer;
  - 4) directors and senior executives of affiliates of the issuer;
  - 5) directors and senior executives of substantial shareholders of the issuer;
  - 6) any relative of persons described at (1), (2), (3), (4) or (5) above;
  - 7) any company controlled by any persons described at (1), (2), (3), (4), (5) or (6) above; or
  - 8) persons acting in concert, with a collective shareholding of (5%) or more of the class of shares to be listed.
  
- **governing body:** the body of individuals which makes a person's strategic decisions. The governing body of a joint stock company is its board of directors.
  
- **foreign regulator:** in relation to a foreign credit rating agency, its principal regulator in the jurisdiction of its incorporation and/or establishment.
  
- **rated entity:** a legal person whose creditworthiness is explicitly or implicitly rated in the credit rating (including the issuer of the security to be rated), whether or not it has solicited that credit rating and whether or not it has provided information for that credit rating.
  
- **minimum authorisation requirements:** means in the Credit Rating Agency Regulations, the authorisation requirements specified in Article 8, Article 9 and Article 10 (as applicable in the Credit Rating Agencies Regulations).
  
- **client account:** an account at a local bank which is in the name of an authorised person and fulfils the conditions required by the Client Money Rules.
  
- **discretionary account:** means in the Merger and Acquisition Regulations, an account with an authorised person who is authorised to carry on managing activities, with the power to make investment decisions without prior reference to the holder of the account.

- **custody:** safeguarding assets belonging to another person which include securities, or arranging for another person to do so, and custody includes taking the necessary administrative measures.
- **voting rights:** all the voting rights attributable to the shares of a company which are exercisable at a general meeting.
- **CEO:** the chief executive officer, being any individual who heads the operations of any person and includes the managing director, the chief executive, the president of the company or equivalent.
- **pledge:** any form of a security interest recognised under the laws of the Kingdom capable of taking effect in relation to a security.
- **close links:** in the Authorised Persons Regulations and the Credit Rating Agencies Regulations, means the relationship between a person (who is an applicant for authorisation, an authorised person or an authorised credit rating agency) and any of the following persons:
  - 1) a controller of that person;
  - 2) a company controlled by that person;
  - 3) a company controlled by a controller of that person; or
  - 4) a company controlled by any combination of the persons described in (1), (2) or (3) above.
- **intermediate broker:** a person through whom an authorised person undertakes a margined transaction for a client.
- **share:** share of any company wherever incorporated. The definition of “share” includes every instrument having the characteristics of equity.
- **Exchange:** the Saudi Stock Exchange including where the context permits any committee, sub-committee, employee, officer, servant or agent to whom any function

of the Exchange may for the time being be delegated, and “on Exchange” means any activity taking place through or by the facilities provided by the Exchange.

- **control:** the ability to influence the actions or decisions of another person through, whether directly or indirectly, alone or with a relative or affiliate (a) holding 30% or more of the voting rights in a company, or (b) having the right to appoint 30% or more of the members of the governing body; “controller” shall be construed accordingly.
  
- **person:** any natural or legal person recognised as such under the laws of the Kingdom.
  
- **connected person:** the managing director, a director, the senior executives, any shareholder who owns a substantial percentage of shares of a company with a listed securities, or any associate of any such persons to whom this definition applies.
  
- **associate means:**
  - 1) in relation to the senior executives or a director or to a substantial shareholder who is an individual any of the following:
    - (a) that individual’s spouse or minor children (together “the individual’s family”); and
    - (b) any company in whose equity shares the individual or any member or members (taken together) of the individual’s family or the individual and any such member or members (taken together) are directly or indirectly interested so that they are able:
      - to exercise or control the exercise of 30% or more of the votes at the general meeting on all, or substantially all, matters; or
      - to appoint or remove directors holding a majority of voting rights at board meetings on all, or substantially all, matters; and
  - 2) in relation to a substantial shareholder which is a company:

- (a) any other company which is its subsidiary or parent or fellow subsidiary of the parent;
  - (b) any company whose directors are accustomed to act in accordance with the substantial shareholder's directions or instructions; and
  - (c) any company in the capital of which the substantial shareholder, and any other company under (a) or (b) taken together, are directly or indirectly interested so that they are able:
    - to exercise or control the exercise of 30% or more of the votes at the general meeting on all, or substantially all, matters; or
    - to appoint or remove directors holding a majority of voting rights at board meetings on all, or substantially all, matters.
- **authorised person:** a person who is authorised to carry on securities business by the Authority.
  - **exempt person:** any of the persons specified in Annex 1 to the Securities Business Regulations.
  - **registered person:** a person who is registered with the Authority to perform a registrable function.
  - **insider:** has the meaning specified at Article 4(b) of the Market Conduct Regulations.
  - **institution:**
    - 1) any company which owns, or which is a member of a group which owns, net assets of not less than 50 million Saudi Riyals;
    - 2) any unincorporated body, partnership or other organisation which has net assets of not less than 50 million Saudi Riyals;

- 3) any person (“A”) whilst acting in the capacity of director, officer or employee of a person (“B”) falling within sub-paragraphs (1) or (2) where A is responsible for B undertaking any securities activity.
- **subsidiary:** in relation to a company, another company which it controls.
  - **insurance company:** an insurance company which is regulated by SAMA.
  - **finance company:** a company licensed to engage in finance activities in accordance with the Laws of the Kingdom.
  - **offeree company:** means in the Merger and Acquisition Regulations, a company listed on the Exchange (or unlisted company in the case of reversed takeover) in respect of which a takeover offer has been made.
  - **terms and conditions:** the contracts containing those disclosures and provisions required by Article (32) of the Investment Funds Regulations in relation to public funds and Article (76) of the Investment Funds Regulations in relation to a private fund, and signed between the fund manager and the unit holder.
  - **terms of business:** a written statement, provided to a client, of the terms on which an authorised person will conduct securities business with or for the client.
  - **certificates:** certificates or other instruments which confer contractual or property rights:
    - 1) in respect of any shares, debt instruments, warrants, being a security held by a person (other than the person on whom the rights are conferred by the certificate or instrument); and
    - 2) the transfer of which may be effected without the consent of that person;but excluding any certificates or instruments which confer contractual or ownership rights of the type of the options, futures or the contracts for differences, and excluding any certificate or instrument which confers rights in respect of two or more securities issued by different persons.

- **net asset value:** means in the investment Funds Regulations, the monetary value of a single unit based on the value of the underlying assets of the investment fund minus its liabilities and divided by the number of units outstanding.
- **market maker:** means in the investment Funds Regulations, an authorized person that is authorized to carry on dealing in principal where he enters ongoing orders for buying and selling for the purpose of providing liquidity to the exchange traded fund.
- **money market transactions:** means short-term deposits and trade finance contracts.
- **margin transaction:** a transaction where an authorised person makes a loan to a client of a portion of the cost of the transaction.
- **contingent liability transaction:** a transaction in a contingent liability security.
- **foreign fund:** investment fund which is established in a jurisdiction outside the Kingdom.
- **investment fund:** a collective investment scheme aimed at providing investors therein with an opportunity to participate collectively in the profits of the scheme which is managed by a fund manager for specified fees.
- **closed-ended investment fund:** any investment fund which is not an open-ended investment fund.
- **open-ended investment fund:** an investment fund with changing capital, the units of which would increase with the issuance of new units, and decrease with redemption by unitholders of some or all of their units. Unitholders are entitled to redeem their units at their net asset value on dealing days set in the terms and conditions and the information memorandum of the public investment fund and in accordance with the Investment Funds Regulations.
- **money market fund:** an investment fund the sole objective of which is to invest in short-term securities and money market transactions in accordance with the Investment Funds Regulations.

- **capital protected fund:** an investment fund whose primary investment objective is to protect and return the capital invested by unitholders at a pre-determined date in the future.
- **privet fund:** an investment fund which is established in the Kingdom and which is not a public fund, and the units in which may be offered by the fund manager, in accordance with Part Five of the Investment Funds Regulations, to investors in the Kingdom.
- **public fund:** an investment fund which is established in the Kingdom and the units in which may be offered by the fund manager, in accordance with Part Four of the Investment Funds Regulations, to investors in the Kingdom otherwise than by way of a private placement.
- **specialized public fund:** has meaning specified in Article 48 of the Investment Fund Regulations.
- **private real estate fund:** a private fund the objective of which is to invest in real estate, and it does not include funds that invest all of its assets outside the Kingdom.
- **fund of funds:** an investment fund the main objective of which is to invest all of its assets in other investment funds.
- **feeder fund:** an investment fund whose primary investment objective is to invest all of its assets in another investment fund.
- **index fund:** an investment fund whose primary investment objective is to track the performance of a specified index.
- **exchange traded fund:** an index fund the units in which are traded on the Exchange or on another securities exchange which is recognized by the Authority.
- **collateral:** for the purposes of the Client Money Rules and Client Asset Rules, means money or an asset which has been paid for in full by a client and which is held by the authorised person or under its charge, either for its own account or under the terms of a deposit, pledge or other pledge arrangement.

- **offeror:** in the Listing Rules, shall have the meaning specified in Article (4) of the Offers of Securities Regulations.
  
- **private placement:**
  - 1) in the Offers of Securities Regulations, an offer of securities which falls within one of the categories of offers listed in Article 9 of the Offers of Securities Regulations.
  - 2) for the purposes of the Investment Funds Regulations, a) for private funds, the offer of units in accordance with article 74 paragraph (a) of the investment fund regulations. b) for foreign funds, the offer of units in accordance with article 94 paragraph (a) of the investment fund regulations.
  
- **limited offer:** has the meaning specified at Article 11 of the Offers of Securities Regulations.
  
- **related party:** means in the Listing Rules the following:
  - (1) affiliates of the issuer;
  - (2) substantial shareholders of the issuer;
  - (3) directors and senior executives of the issuer;
  - (4) directors and senior executives of affiliates of the issuer;
  - (5) directors and senior executives of substantial shareholders of the issuer;
  - (6) the legal advisor and the financial advisor to the issuer;
  - (7) any relatives of persons described at (1), (2), (3), (4) or (5) above;
  - (8) any company controlled by any person described at (1), (2), (3), (4), (5), (6) or (7) above.
  
- **related party:** means in the Merger and Acquisition Regulations, a person who, in relation to each of the offeror (or any of its affiliates) and the offeree company (or any of its affiliates), satisfies one or more of the following conditions:

- 1) he is (or was within the 12 months before the date of the offer) a shareholder holding 20% or more of the equity of the company, or will become a shareholder holding 20% or more of the equity of the company as a result of the offer being accepted, or a person acting in concert with such a person; or
- 2) he is (or was within the 12 months before the date of the offer) a director.

- **counterparty:** in the Authorised Persons Regulations, means a client who is an authorised person, an exempt person, an institution or a non-Saudi financial services firm; and other than in the Authorised Persons Regulations, counterparty means a counterparty to a transaction.
- **offeror:** means in the Merger and Acquisition Regulations, a person who makes or intends to make a takeover offer that is subject to the Merger and Acquisition Regulations.
- **takeover offer:** an offer (other than by the offeree company itself) made to the holders of the securities of the offeree company which has as its objective the acquisition of control of the offeree company.
- **director:** in relation to a joint stock company, includes a member of the board of directors and in relation to any other company includes any manager or other senior executive who makes and implements the company's strategic decisions.
- **fund director:** an individual appointed as a member of a fund board of an investment fund in accordance with the Investment Funds Regulations.
- **independent fund director:** an independent fund director who enjoys complete independence By way of example, the following shall constitute an infringement of such independence:
  - 1) an independent a fund director who; is not an employee of the fund manager or any of its affiliates, or any sub-manager or custodian for a fund on whose

fund board the director serves; or have a material business, or contractual relationship with the fund manager or any sub-manager or custodian for such fund.

- 2) he, during the preceding two years, has been a senior executive of the fund manager or any of its group
- 3) he is a first-degree relative of any board member or any senior executives of the fund manager or of any other company within that group.
- 4) holds control over the fund manager or any of its group.

- **long term insurance contract:** any long term insurance contract specified by the Authority.

- **option:** any option to acquire or dispose of any of the following:

- 1) a security;
- 2) currency;
- 3) oil, silver, gold, platinum and palladium; or
- 4) an option to acquire or dispose of an option specified by this sub-paragraph by virtue of (1), (2) or (3).

- **contract for differences:** any contract for differences or any other contracts the purpose or pretended purpose of which is to secure a profit or avoid a loss by reference to fluctuations in:

- 1) the value or price of property of any description; or
- 2) an index or other factor designated for that purpose in the contract;

but excluding:

- 1) rights under a contract if the parties intend that the profit is to be secured or the loss avoided by one or more of the parties taking delivery of any property to which the contract relates;

- 2) rights under a contract under which money is received by way of deposit on terms that any return to be paid on the sum deposited will be calculated by reference to a specific index or other factor; and
  - 3) rights under a contract of insurance.
- **future:** rights under contracts for the sale of a commodity or property of any other description under which delivery is to be made at a prospective date and at a price agreed on when the contract is made, but excluding rights under any contract which is made for commercial and not investment purposes.
  - **derivative:** a contract for differences, a future or an option.
  - **client:** a person for whom an authorised person executes securities transactions.
  - **customer:** in the Authorised Persons Regulations, means a client who is not a counterparty, whether it is an individual or a juristic person.
  - **execution-only customer:** a customer for whom the authorised person only deals as agent in accordance with instructions provided by the customer and whom an authorised person does not advise.
  - **unconditional as to acceptances:** means in the Merger and Acquisition Regulations, that the offer is no longer conditional upon receipt by the offeror of acceptances from the shareholders of the offeree company.
  - **rating category:** a rating symbol, such as a letter or numerical symbol which might be accompanied by appending identifying characters, used in a credit rating to provide a relative measure of risk to distinguish the different risk characteristics of the types of rated entities, securities or other assets.
  - **permitted business profile:** the permitted business profile of an authorised person.

- **Glossary:** glossary of defined terms used in the Regulations and Rules of the Authority issued by the Board of the Authority.
- **special fund resolution:** for the purposes of the Investment Funds Regulations, means a resolution requiring an affirmative vote of the holders of 75% or more of the units in the investment fund present or represented by proxy at a meeting of unitholders or by modern means of technology.
- **ordinary fund resolution:** means a resolution requiring an affirmative vote of the holders of more than 50% of the units in the investment fund present or represented by proxy at a meeting of unitholders or by modern means of technology.
- **relative:** husband, wife and minor children.
- **Client Asset Rules:** the rules relating to client assets contained in Part 7 of the Authorised Persons Regulations.
- **Client Money Rules:** the rules relating to client money contained in Part 7 of the Authorised Persons Regulations.
- **Listing Rules:** the Listing Rules issued by the Board of the Authority.
- **senior executives:** any natural person who manages and is responsible for making and implementing the company's strategic decisions, including the CEO, its deputies and the CFO.
- **in writing:** or other similar term, wherever it appears, in relation to a communication, notice, approval, agreement or other document, means in legible form and capable of being reproduced on paper, irrespective of the medium used.
- **Authorised Persons Regulations:** the Authorised Persons Regulations issued by the Board of the Capital Market Authority.

- **Securities Business Regulations:** the Securities Business Regulations issued by the Board of the Capital Market Authority.
- **Merger and Acquisition Regulations:** the Merger and Acquisition Regulations issued by the Board of the Capital Market Authority.
- **Corporate Governance Regulations:** Corporate Governance Regulations issued by the Board of the Authority.
- **Market Conduct Regulations:** the Market Conduct Regulations issued by the Board of the Capital Market Authority.
- **Investment Funds Regulations:** the Investment Funds Regulations issued by the Board of the Capital Market Authority.
- **Offers of Securities Regulations:** the Offers of Securities Regulations issued by the Board of the Capital Market Authority.
- **Credit Rating Agencies Regulations:** the Credit Rating Agencies Regulations issued by the Board of the Capital Market Authority.
- **compliance committee:** the committee that is set up by an authorised person to monitor the securities business that it carries on.
- **Implementing Regulations:** any regulations, rules, instructions, procedures and orders issued by the Authority relating to the implementation of the Capital Market Law.
- **unitholder:** a person who owns units in an investment fund.
- **SAMA:** the Saudi Arabian Monetary Agency.
- **principles:** the principles specified in Part 2 of the Authorised Persons Regulations.

- **corporate finance professional:** an employee of an authorised person who engages in corporate finance business.
- **traded:** traded on the Exchange.
- **group:** in relation to a person, means that person and each affiliate of it.
- **listed:** in relation to any type of securities, means the securities admitted to listing on the Exchange.
- **fund board:** the fund directors appointed by the fund manager according to the Investment Funds Regulations to oversee a fund manager's conduct of the management of an investment fund.
- **Council of Competition Protection:** the Council of Competition Protection as constituted under the Competition Law.
- **rating analyst:** a person who performs analytical functions in connection with rating activities.
- **lead rating analyst:** a rating analyst with primary responsibility for elaborating a credit rating or for communicating with the rated entity or the issuer of the security which is rated or to be rated.
- **settlement risk:** the risk that the debt instrument or convertible debt instrument will be issued but will not be paid for by the subscriber of the instrument.
- **fund manager:** a person that is responsible for the management of the assets of an investment fund and the operations of the investment fund, and offering of units of the investment fund.
- **foreign fund manager:** a person operating outside the Kingdom and working as a manager of a foreign fund.

- **fund sub-manager:** a third party contracted by a fund manager according to the Investment Funds Regulations and takes on the fund manager's behalf all or part of the investment decisions for an investment fund managed by the fund manager.
- **CFO:** any natural person who manages the financial affairs of any person, whether under the name of chief financial officer or finance manager or equivalent.
- **portfolio manager:** an employee of an authorised person who performs the activity of managing on behalf of an authorised person with or for a client.
- **warrant:** warrants and other instruments entitling the holder to subscribe for any shares or debt instruments.
- **Center or Depository Center:** the Securities Depository Center to be established in accordance with Article 26 of the Capital Market Law. Pending the establishment of the Depository Center, any reference to the Depository Center shall be construed as a reference to the Tadawul Depository System at Tadawul.
- **information memorandum:** means the public fund's information memorandum made available for potential unitholders to make an informed judgment regarding the investment being offered to them and shall include the information specified in Annex 2 of the Investment Fund Regulations.
- **Substantial shareholder:** a person holding (5%) or more of the class of shares of the issuer.
- **sophisticated investor:**
  - 1) has the meaning specified at Article 10 of the Offers of Securities Regulations.
  - 2) for the purposes of the Investment Funds Regulations, has the meaning specified in paragraph (b) of Article (74) of the Investment Funds Regulations.

- **professional investor:** any natural person who fulfils at least two of the following criteria:
  - 1) he has carried out at least 10 transactions per quarter over the last 12 months of a minimum total amount of 40 million Saudi Riyals on securities markets,
  - 2) the average size of his securities portfolio exceeds 10 million Saudi Riyals over the last 12 months;
  - 3) he works or has worked for one year or more in the financial sector in a professional position which requires knowledge of securities investment.
  
- **MLRO:** the Money Laundering and Terrorism Financing Reporting Officer of the authorised person, appointed in accordance with Article 64 of the Authorised Persons Regulations.
  
- **compliance officer:** the compliance officer of the authorised person appointed in accordance with paragraph (a) of Article 57 of the Authorised Persons Regulations.
  
- **liability:** any liability, loss, damage, claim or expense of any kind or nature, whether direct, indirect, consequential or otherwise.
  
- **investment advisor:** an employee of an authorised person who performs the activity of advising on behalf of an authorised person with or for a client.
  
- **independent advisor:** means in the Merger and Acquisition Regulations, an advisor that is not influenced or controlled in any way (directly or indirectly) by the offeror or the offeree.
  
- **joint enterprise:** an arrangement between two or more persons for commercial purposes related to a business which they carry on or are to carry on jointly.
  
- **advising:** advising a person on the merits of dealing in a security or exercising any right to deal conferred by a security.
  
- **issuer:** a person issuing or intending to issue securities.
  
- **insolvent:** a person to whom an insolvency event has occurred.

- **inside information:** has the meaning specified at Article 4(c) of the Market Conduct Regulations.
- **pricing supplement:** a document which contains the final terms of each debt instruments or convertible debt instruments issue which is intended to be listed.
- **Kingdom:** the Kingdom of Saudi Arabia.
- **structured product:** a security or other asset resulting from a securitisation transaction or scheme or similar structure.
- **non-Saudi financial services firm:** a person who engages in securities business in the course of his profession or trade outside the Kingdom.
- **sales professional:** an employee of an authorised person who performs the activities of dealing or arranging on behalf of an authorised person with or for a client.
- **financial resources:** in relation to an authorised person are the sum of the following:
  - 1) shares other than cumulative preferences shares;
  - 2) any sums standing to the credit of a share premium account;
  - 3) audited reserves; and
  - 4) revaluation reserves;
 less:
  - 1) intangible assets;
  - 2) current year losses;
  - 3) holdings of shares in other authorised persons, banks or non-Saudi financial service firms unless held for trading purposes only; and
  - 4) illiquid assets.

- **distributor:** for the purposes of the Investment Funds Regulations, a person that is assigned to offer of units in a foreign fund in the Kingdom is made through that person.
- **employee:** in relation to a person, includes a director or manager of a company, a partner in a partnership or any other individual who is employed under a contract of service or contract for service and whose services are placed at the disposal of and under the control of that person.
- **securities activity:** has the meaning specified at Article 2 of the Securities Business Regulations.
- **rating activities:** any of the following activities: data and information analysis with a view to a credit rating; and the evaluation and approval and issue and review of a credit rating.
- **prospectus:** the document required to offer securities in accordance with the Capital Market Law and Listing Rules.
- **Capital Market Law:** the Capital Market Law issued by Royal Decree Number M/30 dated 2/6/1424H.
- **Anti-Money Laundering Law:** the Anti-Money Laundering Law issued by Royal Decree No. M/31 dated 11/5/1433H.
- **Competition Law:** The Competition Law issued by Royal Decree no M/25 dated 4/5/1425H
- **Authority:** the Capital Market Authority, including where the context permits any committee, sub-committee, employee or agent to whom any function of the Authority may be delegated.

- **regulatory authority:** the Authority, SAMA or any other authority in the Kingdom or overseas which regulates or supervises the conduct of securities, banking, financial, insurance or investment business including any self-regulating organisation.
- **unit:** in the Investment Funds Regulations, means the interest of the holders in an investment fund consisting of units (including fractions of a unit), and each unit shall be treated as representing one undivided interest in the assets of an investment fund.
- **commercial paper:** a debt instrument creating or acknowledging indebtedness that has a maturity of less than one year from the date of issue.
- **contractually based security:** any of the following:
  - 1) options;
  - 2) futures;
  - 3) contracts for differences;
  - 4) long term insurance contracts;
  - 5) any right to or interest in anything which is specified by any of the previous sub-paragraphs.
- **traded security:** a security traded on the Exchange.
- **contingent liability security:** a derivative under the terms of which the client will or may be liable to make further payments when the instrument expires or the position is closed out.
- **geared security:** any of the following:
  - 1) a contingent liability security; or
  - 2) a vehicle which provides a return (or purports to provide a return) by gearing, whether by borrowing or by investing in contractually based securities.
- **registrable functions:** any of the functions that the Authority specifies must be performed by a person registered with the Authority.

- **foreign credit rating agency:** a credit rating agency incorporated in a jurisdiction other than the Kingdom and authorised or registered (as applicable) to conduct rating activities outside the Kingdom.
- **authorised foreign credit rating agency:** a foreign credit rating agency authorised to carry out rating activities in the Kingdom in accordance with the Credit Rating Agencies Regulations.
- **authorised credit rating agency:** a legal person which is incorporated, and authorised, in the Kingdom to carry out rating activities in accordance with the Credit Rating Agencies Regulations or an authorised foreign credit rating agency.
- **settlement agent:** a person with or through whom an authorised person effects settlement of a transaction.
- **sells or selling:** in relation to a security, includes selling the security for consideration, surrendering, assigning or converting rights under a security or assuming a corresponding liability.
- **acting in concert:** actively co-operating, pursuant to an agreement or understanding (whether formal or informal) between persons, to be controllers of a company, through the acquisition by any of them of shares in that company.
- **acting in concert:** means in the Listing Rules, actively co-operating, pursuant to an agreement or understanding (whether formal or informal) between persons, to acquire interest in or exercise voting right in the shares or in the convertible debt instruments of the issuer.
- **deal:** to buy, sell, subscribe for or underwrite a security.
- **buys or buying:** includes buying a security or commodity for consideration.

- **day:** a business day in the Kingdom in accordance with the official working days of the Authority.
  
- **dealing day:** any day on which the units of an investment fund may be subscribed for and redeemed.
  
- **calendar day:** any day, whether or not such day is a business day.