

المملكة العربية السعودية
هيئة السوق المالية

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Capital Market Authority



الأمانة العامة للجان الفصل في منازعات الأوراق المالية

Manual Dealing with Committees for Resolution of Securities Disputes



Introduction

It is important to establish a transparent and clear method for dealing with committees for resolution of securities disputes which would enrich the person with the required legal knowledge and culture. Consequently the dealer will be familiar with how to file cases and what information should be included. Additionally, the person should have better knowledge of the procedures and limitations that must be adhered to, as well as of the forms to be used and how to obtain them.

To achieve the above goals and secure the necessary communication channel as well as the positive interaction for the general good, we put this manual in the hands of dealers with the committees for the resolution of securities disputes and the General Secretariat of Committees for Resolution of Securities Disputes to answer most of the questions that may arise in this regard.

When preparing this manual, considerations were given to simplify the information and present it in a practical method. It is worth mentioning that this manual should not be considered as reference to any legal procedure or responsibility on the part of the involved parties pursuant to the Capital Market Law and its implementing regulations, as well as the regulations of CMA and the Exchange, in addition to their rules and instructions, along with other related laws and regulations.

1. What are the judicial bodies that have jurisdiction to resolve securities disputes?

Pursuant to Article (25) of the Capital Market Law, promulgated by Royal Decree No. (M/30) dated 2/6/1424 H., corresponding to 31/7/2003, the judicial bodies that have jurisdiction over securities disputes are:

- a. The Committee for Resolution of Securities Disputes (CRSD).
- b. The Appeal Committee for Resolution of Securities Disputes (ACRSD).

2. What are the types of cases that are examined by the committees for resolution of securities disputes?

- a. Penal Cases that are brought against violators of the Capital Market Law and its implementing regulations, as well as the regulations of the Capital Market Authority (CMA) and the Exchange, in addition to their rules and instructions, to claim for public rights.
- b. Civil Cases that arise among traders of securities within the scope of application of the Capital Market Law and its implementing regulations, as well as the regulations of CMA and the Exchange, in addition to their rules and instructions, to claim for private rights; such as among investors themselves, against authorized persons, or among the authorized persons themselves.
- c. Administrative Cases: cases of grievances filed against decisions and procedures issued by CMA or the Exchange.

3. Who has the right to file a case with CRSD?

Any person who has a legitimate interest in the case.

4. What do you have to do before filing a case with CRSD?

No complaint or statement of claims may be filed with CRSD without being filed first with CMA in order for one of the following is processed:

- a. After the elapse of 90-days from depositing the complaint with CMA, the claimant can directly approach CRSD with his case.
- b. CMA notifies the claimant that he is allowed to file his case with CRSD before the expiration of this 90-day period in which case he is permitted to approach CRSD with his case effective the date of notification.

In administrative cases, before filing the grievance against decisions and procedures practiced by CMA or the Exchange, the claimant must file his grievance with CMA pursuant to Article (24) and Article (25) of the Regulating Procedures for Resolution of Securities Disputes.

For information on how to lodge a complaint with CMA, you can refer to the manual of How to Submit a Complaint.

5. How to file a case with CRSD?

By personally visiting CRSD location at: Riyadh, King Fahd Road, Abraj Atta'awuneya, Southern Tower, 8th floor, and presenting the case there.

A case may be filed through a statement of claims, the form of which you can obtain from the following:

- a. Visit the General Secretariat of CRSD and request this form.
- b. Download the form from CRSD website: www.crsd.org.sa where you can use the (MSWord format) form to write in it.
- c. Request the form by sending an email to the General Secretariat of CRSD at: info@crsd.org.sa
- d. Request the form from the Department of Investors Complaints at the Enforcement Division of CMA.

6. What is the required information in the statement of claims?

The statement of claims must be printed and include the following information:

- a. The claimant full name, address and contact information, national ID number (substitute official identification for non-Saudis), along with the full name and address of his representative, if any.
- b. The respondent full name and address.
- c. The date of submitting the statement of claims.
- d. Subject of case (the case subject must be identical to that of the complaint submitted to CMA), claimant requests and his evidence and supporting documents.
- e. The case must be clear in terms of stating the claims, nature of the respondent, quantity of shares, value, and the start and end of the problem.
- f. Signature of the claimant.

The form of the Statement of Claims can be used as guidance.

7. What are the documents to be enclosed in the statement of claims?

- When a case is filed by the claimant (in person), the following documents must be enclosed with the statement of claims:
 1. Supporting documents. If there are any documents in a language other than Arabic, they must be translated into Arabic through a certified translation office.
 2. Copy of claimant's national ID, or copy of the residence permit or passport for non-Saudis. If the claimant is a corporate entity, a copy of the commercial register of the claimant would be sufficient, matching the copy with the original.
 3. A copy of receipt of case filing with CMA. The limitation of 90-day period as of the date of depositing the case must elapse, otherwise a letter from CMA that allows case filing with CRSD prior to the expiry of that limitation must be presented.
 4. Copies of statement of claims and its documents equivalent to the number of respondents.
 5. Provide a softcopy of the statement of claims in MS-Word format.
 6. Fill and sign the "Chosen Address" form.
- If the case is presented by an agent of the claimant, the above mentioned documents must also include the required ones depending on case type as follows:

- a. If the agent is a licensed attorney, he must provide the following:
 1. A copy of the power of attorney and the original for matching. The power of attorney must be attested by the Saudi embassy and the Ministry of Foreign Affairs if the principal lives outside the Kingdom.
 2. A copy of the agent's ID, with the original for matching.
 3. A copy of the license to practice advocacy, with the original for matching.
- b. If the agent is a trainee lawyer at a licensed law firm, he must provide the following:
 1. A copy of the power of attorney with the original for matching. The power of attorney must be attested by the Saudi embassy and the Ministry of Foreign Affairs if the principal lives outside the Kingdom.
 2. A copy of the agent's ID, with the original for matching.
 3. The original copy of the delegation from the law firm to the trainee lawyer if the power of attorney provided to the attorney allows him to delegate authorities to others.
 4. A copy of the training contract certified by the General Advocacy Department in the Ministry of Justice, with the original for matching.
- c. If the agent is a husband or son-in-law/ brother-in-law or a relative up to the fourth-degree, he must provide the following:

1. A copy of the power of attorney with the original for matching. The power of attorney must be attested by the Saudi embassy and the Ministry of Foreign Affairs if the principal lives outside the Kingdom.
2. A copy of agent's ID, with the original for matching.
3. Proof of kinship. The kinship that allows litigation up to the fourth-degree is as follows:
 - First-degree relatives: Fathers, mothers, grandfathers, grandmothers and relatives above this degree.
 - Second-degree relatives: Sons, daughters, grandsons, granddaughters and relatives below this degree.
 - Third-degree relatives: Brothers and sisters, or stepbrothers, stepsisters and their sons and daughters.
 - Fourth-degree relatives: paternal uncles, maternal uncles, paternal aunts, maternal aunts, and their sons and daughters.

These four degrees of kinship are applicable to brothers-in-law and sisters-in-law.

In case of death:

- Provide the deed of inheritance .
- A power of attorney from heirs.

In case of lack of eligibility:

- Submit a deed of legitimate guardianship.

d. If the agent is a legal representative of a corporate or a guardian, custodian, or an endowment administrator in cases of guardianship, custodianship, and endowment administration, or an official of the public treasury as per his authority in accordance with regulations and instructions, he must provide the following:

1. A copy of the power of attorney, the guardianship deed, endowment deed or equivalents to prove representation, with original for matching.
 2. A copy of agent's ID, with the original for matching.
 3. A copy of company incorporation contract if the claimant is a company, with the original for matching.
 4. A copy of the statute of the company if the claimant is a joint-stock company, with the original for matching.
 5. A copy of the commercial register if the claimant is an establishment, with the original for matching.
- e. If the agent is none of the above, he must provide the following:
1. A copy of the power of attorney with the original for matching. The power of attorney must be attested by the Saudi embassy and the Ministry of Foreign Affairs if the principal lives outside the Kingdom.
 2. A copy of agent's ID, with the original for matching.

3. Fill and sign the "Undertaking Form" which confirms that the agent does not advocate for parties in three current cases before judicial authorities, such as courts and committees, and that he is not a regular governmental employee.

8. How can the dealer prove the filing of his statement of claims?

Filing the statement of claims by the dealer can be proved by:

- a. A Receipt from General Secretariat of CRSD indicating the registration and date of filing, as well as names of claimant and respondent.
- b. An SMS message from the General Secretariat of CRSD to the mobile number registered in the case file stating the case details; registration number and date of filing.

9. How are involved parties notified on the dates of hearing sessions, exchanged submissions and decisions issued by CRSD and ACRSD?

The involved parties are notified by the designated staff at the General Secretariat of CRSD by means of:

- a. Direct delivery to the concerned person or his representative by the designated staff at location of the General Secretariat of CRSD.
- b. By registered mail, either through the Saudi post or any accredited mail service, if the concerned person prefers this method.

- c. By fax.
- d. By email.
- e. By recorded telephone call.
- f. By any other means of communications that is deemed fit by the committee and achieves the purpose of notification.

10. What are the requirements to be met by the involved parties in submissions exchange?

To expedite case review and for smooth processing of procedures, the following should be met by the case parties:

- a. The respondent should present his argument and submit all his evidence and supporting documents that relate to the filed case. He should not deviate in his defense replies from the subject of the case by mentioning irrelevant facts. He should not insult other persons, derogate their arguments or attack them in any way.
- b. Both parties adhere to the limitations set forth in the notification of submissions.
- c. Both parties should attach a soft copy (MS-word format) of the brief, along with a hard copy of such document.

11. What is required from involved parties when attending hearings?

- a. Bring the original of national ID card for Saudi nationals, or the residence permit or passport for non-Saudis.
- b. Bring the original power of attorney in case the attendant is a representative.

- c. Update the ChosenAddress information whenever the address registered in case file is changed.
- d. Appear at the time set in the notification letter.

12. What are the admissible forms of evidence?

Evidence in securities cases are admissible in all forms of evidence; including electronic or computer data, telephone recordings, facsimile letters and emails.

13. Can any of case parties have access to case file and documents?

Yes, any party can examine the case file. He may also take a copy of its documents, provided that he submits necessary request to the chairman of CRSD and obtain approval. He must sign the relative form.

14. Can CRSD decisions be appealed?

Yes, any party who is not convinced with CRSD decision may appeal this decision before ACRSD.

15. Is there a specific limitation for depositing the appeal?

The statement of appeal must be filed within 30-day limitation as of the date of notification on CRSD decision, or within 30-day limitation as of the date of publishing the decision in absentia in the official gazette.

16. Who will receive the appeal filed by the involved parties?

The competent staff at the General Secretariat of CRSD receives the appeal and the attached documents.

17. How can the dealer prove that he has deposited his appeal?

The dealer can prove that he had filed his appeal by means of the registration slip which was issued to him by the staff of the General Secretariat of CRSD. This slip indicates registration number, date and names of the claimant and respondent.

18. What are the requirements for filing an appeal?

- a. The statement of appeal must be printed and directed to the chairman of ACRSD. It must include the following information:
 1. Principal appellant full name, address and means of contact in addition to his national ID number or equivalent if the respondent is a non-Saudi.
 2. Agent full name and address.
 3. Appellee full name and address.
 4. Date and number of CRSD decision under appeal.
 5. Date of filing the statement of appeal.

6. Subject of the appeal, reasons of objection, supporting documents and appellant requests.
7. Signature of the submitter of the statement of appeal.
8. Update the information in the Chosen Address.

b. The principal in person or his representative must attend to submit the appeal.

c. In case the representative is the one presenting the statement of appeal, the original power of attorney must be presented.

Documents required to be enclosed with the statement of appeal:

1. A copy of CRSD decision under appeal.
2. A softcopy of the statement of appeal in MS-Word format.

19. What are the decisions passed by ACRSD?

ACRSD has the discretion to:

- a. Refuse to review CRSD decisions.
- b. Affirm CRSD decisions.
- c. Undertake a de novo review of the complaint or the case based on case file with CRSD and issue the decision deemed fit pertaining to the subject of the complaint or the case.

20. Is it allowed to file a petition to review the decision of ACRSD?

Any of case parties may file a petition to review the final decisions in the following cases:

- a. If the decision was based on documents that were later found to be forged, or was based on a testimony that was later found to be false by the competent authority after the issuance of decision.
- b. If the person who presented the petition, following the issuance of decision, had obtained conclusive documents he was unable to present earlier prior to the issuance of the decision.
- c. If the other party practiced deception that affected the conclusion of the decision.
- d. If the decision had ruled in a matter that was not raised by the parties or ruled for more than what had been claimed.
- e. If the operative part of the decision was contradictory.
- f. If the decision was issued in absentia.
- g. In the decision was issued against a party that was not properly represented in the case.

21. When the decisions of CRSD or ACRSD are deemed final?

The said decisions of CRSD and ACRSD are deemed final in the following cases:

1. Elapse of the limitation for appealing CRSD decision without filing the appeal.
2. All parties express their satisfaction with CRSD decision; either at pronouncing the decision or after the expiry of limitation for filing the appeal.

3. ACRSD issues a decision endorsing CRSD decision.
4. ACRSD issues a decision rejecting the examination of CRSD decision.
5. ACRSD issues a decision after re-examining the case.

22. How the decisions of CRSD and ACRSD are enforced?

Whenever the decision becomes final, it shall be enforced as stated in the Capital Market Law, or pursuant to the provisions of other relevant laws.

Whenever a decision in a penal case becomes final, and at the request of CMA, CRSD may issue a decision imposing seizure on the properties of the person against whom the decision was issued.

23. How to reach CRSD, ACRSD or the General Secretariat of CRSD for assistance or inquiry?

This is possible through:

Visiting the location of the General Secretariat of CRSD at the following address:

Riyadh, King Fahd Road, Abraj Atta'awuneya, Southern Tower, 8th and 13th floors.

P.O. Box: 221000 Riyadh: 11311

Calling the telephone No. +966 (11) 2188888.

Sending a letter to fax No. +966 (11) 2181275.

Sending an email to info@crsd.org.sa

www.cma.org.sa

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