

**Resolution No. (128) of 2019**  
**Regarding**  
**Amending Some Provisions of the Executive Bylaws of Law No. (7) of 2010**  
**Regarding the Establishment of the Capital Markets Authority and Regulating**  
**Securities Activities and their Amendments**

**Having Perused:**

- Law No. (7) of 2010 Regarding the Establishment of the Capital Markets Authority and Regulating Securities Activities and its Executive Bylaws, and their amendments; and
- CMA Board of Commissioners Resolution passed in its meeting No. (26) of 2019 held on 06/08/2019.

**The Following Was Resolved**

**Article (1)**

Module Five (Securities Activities and Registered Persons) and Module Eleven (Dealing in Securities) of the Executive Bylaws of Law No. (7) of 2010 are hereby amended pursuant to Annex (1) attached to this Resolution.

**Article (2)**

Article No. (18) of Appendix (2) " Code of Ethics for Persons Licensed to Operate in accordance with Islamic Sharia Provisions" of Module Five (Securities Activities and Registered Persons) of the Executive Bylaws of Law No. 7 of 2010 is hereby amended according to the following text:

**“The Islamic Financial Institutions shall adopt transparent standards in its distribution of profits among shareholders and Clients, and in entering and exiting from all types of investments.**

**The Islamic Financial Institutions shall also increase the clients’ profits without injustice, and without prejudice to its profits and operational costs.”**

**Article (3)**

The concerned bodies shall execute this Resolution, each within its jurisdiction.  
This Resolution shall come into force from the date of its issuance, and it shall be published in the Official Gazette.

Prof. Ahmad A. Al-Melhem

Issued on: 25/08/2019

|   | Module | Chapter | Article | Amendment Type    | Before Amendment   | After Amendment   |
|---|--------|---------|---------|-------------------|--|---|
| 1 | Five   | Two     | 2-2-9   | Article amendment | The Licensed Person is responsible for specifying the Sharia Standards that the company shall comply with, and shall commit to inform the Authority of the references of the implemented Sharia Standards. The Licensed Person shall also commit to providing the Authority, Internal Sharia Auditing Unit, and External Sharia Auditing Office with the report of the Sharia Supervisory Board upon request; provided that this report is prepared on a semi-annual basis. In the case of non-compliance by the Licensed Person with the Sharia Standards, it shall commit to include in its periodical report the justifications for its non-compliance. | The Licensed Person is responsible for specifying the Sharia Standards that the company shall comply with, and shall commit to inform the Authority of the references of the implemented Sharia Standards. The <u>Sharia Supervisory Board</u> shall interpret these standards. The Licensed Person shall also commit to providing the Authority, Internal Sharia Auditing Unit, and External Sharia Auditing Office with the report of the Sharia Supervisory Board upon request; provided that this report is prepared on a semi-annual basis. In the case of non-compliance by the Licensed Person with the Sharia Standards, it shall commit to include in its periodical report the justifications for its non-compliance. |
| 2 | Five   | Three   | 3-5-1   | Article amendment | Each External Sharia Auditing Office shall be an independent entity with an individual or company license and specialized in regulating all the commercial and financial transactions of the Licensed Person or Collective Investment Scheme to ensure compliance with Sharia standards and the Authority's relevant decisions. It shall submit  | Each External Sharia Auditing Office shall be an independent entity with an individual or company license and specialized in regulating all the commercial and financial transactions of the Licensed Person or Collective Investment Scheme to ensure compliance with Sharia standards and the Authority's relevant decisions, and review the works of the <u>Internal</u>   |

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|   |      |       |        |                   | <p>its reports in these regards as follows:</p> <ol style="list-style-type: none"> <li>1. The general assembly of the Licensed Person.</li> <li>2. Unitholders' assembly of Funds.</li> <li>3. Collective Investment Scheme Manager.</li> </ol>   | <p><u>Sharia Auditing Unit</u>. It shall submit its reports in these regards as follows:</p> <ol style="list-style-type: none"> <li>1. The general assembly of the Licensed Person.</li> <li>2. Unitholders' assembly of Funds.</li> <li>3. Collective Investment Scheme Manager.</li> </ol>  |
| 3 | Five | Three | 3-5-10 | Article amendment | <p>A report of an External Sharia Auditing Office shall include the following:</p> <ol style="list-style-type: none"> <li>1. Securities transactions that were examined and reviewed without violating the confidentiality of those transactions.</li> <li>2. Bodies in charge of performing the examined transactions and stages of accomplishment.</li> <li>3. Reference to the regulations related to those transactions.</li> <li>4. Violations of Sharia, if any, either in the Securities transactions or in the execution of them as well as how to address such deficiencies and the suggested time period for the same.</li> <li>5. Numbers and dates of field visits to the Licensed Person and their results.</li> <li>6. The signature of the Sharia Auditor and the legal representative of the office.</li> </ol> | <p>A report of an External Sharia Auditing Office shall include the following:</p> <ol style="list-style-type: none"> <li>1. Securities transactions that were examined and reviewed without violating the confidentiality of those transactions.</li> <li>2. Bodies in charge of performing the examined transactions and stages of accomplishment.</li> <li>3. Reference to the regulations related to those transactions.</li> <li>4. Violations of Sharia, if any, either in the Securities transactions or in the execution of them as well as how to address such deficiencies and the suggested time period for the same.</li> <li>5. Numbers and dates of field visits to the Licensed Person and their results.</li> <li>6. Procedures of auditing that led to the results of its works mentioned in this report.</li> <li>7. Evidence of viewing the report of the <u>Internal Sharia Auditing Unit</u>.</li> <li>8. The signature of the Sharia Auditor and the</li> </ol> |

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|   |        |        |      |                   |   | legal representative of the office.   |
| 4 | Eleven | Eleven | 11-6 | Article amendment | <p>The Issuer, Obligor or originator, as per each case individually, shall appoint an External Sharia Auditing Office certified by the Authority to perform the following duties:</p> <ol style="list-style-type: none"> <li>1. Audit the structure of the Sukuk and give a legal opinion thereof.</li> <li>2. Audit all the documents of the Sukuk issue.</li> </ol> | <p>The Issuer, Obligor or originator, as per each case individually, shall appoint an External Sharia Auditing Office certified by the Authority to perform the following duties:</p> <ol style="list-style-type: none"> <li>1. Audit the structure of the Sukuk and give a legal opinion thereof.</li> <li>2. Audit the <u>Sukuk</u> periodically and continuously until the end of the redemption.</li> <li>3. Audit all the documents of the Sukuk issue.</li> </ol> |