

## Saudi Arabia

<p><b>Relevant Exemptions from Registration</b></p>	<p>Unregistered sales of securities may be made pursuant to:</p> <p>“Exempt offers” (offers of securities to no more than 60 offerees in Saudi Arabia if the minimum amount payable per offeree is not less than 1 million Saudi Riyals or an equivalent amount (an issuer may not treat an offer of its securities as being exempt by virtue of this rule more than once in a 12-month period)) or</p> <p>Offers qualifying for the private placement exemption (described in detail in the next box).</p> <p>No person may offer securities by way of an exempt offer unless it notifies the CMA in writing in the prescribed form at least 10 days to the date of the offer.</p>
<p><b>Summary of Unregistered Offering Requirements</b></p>	<p>(vii) No general solicitation or advertisement.</p> <p><u>Private Placement Exemption:</u> Generally, as long as the offer is made to a limited group of persons and the amount payable by each offeree is the equivalent of at least 1 million Saudi Riyals, no registration is required.</p> <p>However, the PPM must be approved by the CMA.</p> <p>It is an unwritten policy of the CMA that it should be submitted in Arabic. As a practical matter, doing so would accelerate the review process.</p> <p>The following are the allowable offerees pursuant to a private placement:</p> <ul style="list-style-type: none"> <li>(i) the Government of Saudi Arabia;</li> <li>(ii) SAMA (the Saudi Arabian Monetary Agency);</li> <li>(iii) any supranational authority recognized by the Saudi Arabian Capital Market Authority (the “CMA”);</li> <li>(iv) the Saudi Stock Exchange and any other stock exchange recognized by the CMA;</li> </ul>

	<p>(v) the Depository Centre;</p> <p>(vi) Authorized Persons acting for their own account;</p> <p>(vii) clients of an Authorized Person, provided that the offer to the client is made through the Authorized Person;</p> <p>(viii) institutions acting for their own account; or</p> <p>(ix) any other person that the CMA considers exempt.</p> <p>“Institution” means:</p> <p>(i) any company which owns, or which is a member of a group which owns net assets of not less than 50 million Saudi Riyals;</p> <p>(ii) any unincorporated body, partnership or other organization which has net assets of not less than 50 million Saudi Riyals; or</p> <p>(iii) any person (“A”) whilst acting in the capacity of director, officer or employee of a person (“B”) falling within sub-paragraphs (i) or (ii) where A is responsible for B undertaking any securities activity.</p> <p>“Authorized Person” means “a person who is authorized by the CMA to carry on securities business”.</p>
<b>Pre-Existing Relationship Equipment</b>	None.
<b>Proof Requirement</b>	None.
<b>Information Requirement</b>	<p><b>Prohibition of untrue statements.</b> There is a general prohibition on making an untrue statement of material fact verbally or in writing or from failing to make a statement required to be made under the Capital Market Law, the rules of the Saudi Stock Exchange or the depository Centre, if the statement is made, or the person fails to make the required statement, for the purpose of influencing the price or value of a security, inducing another person to purchase</p>

	<p>or sell a security, or inducing him to exercise or refrain from exercising rights under a security.</p> <p><b>Liability for the acts of others.</b> Where a person is found to have violated the provisions of the Capital Market Law on market manipulation, insider trading or untrue statements while acting on behalf of another person or at the direction of the person on whose behalf the relevant act is carried out, that other person is liable and subject to any sanctions to which the person carrying out the relevant acts is subject unless the person on whose behalf the act is carried out:</p> <ul style="list-style-type: none"> <li>(i) took reasonable steps to prevent the violation of the provision of the Capital Market Law; and</li> <li>(ii) did not authorize the acts in question.</li> </ul>
<p><b>Regulatory Filings Federal, State or Otherwise</b></p>	<p>In a <b>private placement</b>, the PPM must be approved by the CMA. It should be submitted in Arabic.</p> <p>In an <b>exempt offer</b>, the CMA must be given a notice in accordance with Annex 3 of the Offer of Securities Regulations.</p>
<p><b>Solicitation Limitation/Manner Of Sale</b></p>	<p>No general solicitation or general advertising.</p> <p>Offering or marketing (directly or indirectly) securities by way of a public or private placement would be subject to the Saudi legislation on public offers of securities. Marketing includes any statement, announcement or communication that has the effect of selling or offering securities.</p> <p>There are two exemptions to the Saudi regulations for marketing securities:</p> <ul style="list-style-type: none"> <li>(i) advertisements made by an overseas person in Saudi Arabia under the supervision of a Saudi-authorized person in accordance with the regulatory conduct of business rules applicable to the Saudi-authorized firm; and</li> <li>(ii) “one-off advertisements”.</li> </ul>

	<p>There is no definition of what is a “one-off advertisements”. However, the legislation does provide for a safe harbor. An advertisement will be regarded as “one-off” as long as:</p> <ul style="list-style-type: none"><li>(i) it is made only to one recipient or only to one class of recipients in the expectation that they would engage in any investment activity jointly;</li><li>(ii) the identity of the product or service to which the advertisement relates has been determined having regard to the particular circumstances of the recipient; and</li><li>(iii) the advertisement is not part of an organized marketing campaign.</li></ul> <p>In any case in which one or more (but not all) of the above conditions are met, that fact is to be taken into account in determining whether or not the advertisement is one-off. This means that the managers would not need to be authorized in Saudi Arabia under the Capital Market Law (i.e., to offer the units to Saudi customers) as long as:</p> <ul style="list-style-type: none"><li>(i) they only promote the units to persons in Saudi Arabia using one-off investment advertisements; and</li><li>(ii) they do not actually carry on any of the regulated activities in Saudi Arabia, i.e., by engaging in advising, arranging, dealing, managing and custody.</li></ul> <p>In the case of (b) above, the client will no be treated as carrying on regulated activities in Saudi Arabia as long as the relevant services are provided from jurisdictions outside Saudi Arabia – as will be the case with services such as investment management or custody which for the purposes of Saudi law will be treated as carried on in the jurisdiction in which the service provider is based and operates, not where the relevant customer is situated.</p> <p>However, caution would be needed in relation to the provision of investment advice; on a strict application of the law, it would not be possible to visit Saudi Arabia to provide investment advice to persons in Saudi Arabia although investment advice could be provided from outside the jurisdiction by way of letter, fax, e-mail and telephone.</p>
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	In all cases where the managers are able to carry on business in Saudi Arabia, contracts with customers may be signed in Saudi Arabia by the customer provided they are signed outside the jurisdiction by the client.
<b>Roadshow Participation</b>	For the time being, discreet personal approaches (such as “one-on-one meetings” or “meetings with a small group of invitees”) should continue to be tolerated even under the new regime, although for how much longer is uncertain. Nevertheless, <u>caution should be exercised with respect to publicizing such meetings and the client’s representatives should limit themselves to simple representations</u> (as opposed to engaging in prescribed activities such as advising, arranging, or booking new business) <u>to ensure that they do not engage in unlicensed investment business activities in Saudi Arabia.</u>
<b>Transfer Restrictions</b>	None.
<b>Regulation as an “Investment Institution” or other Applicable Regulations</b>	There are no separate licensing requirements under the Capital Market Law for a company to register as an “Investment Company” unless such company intends to engage in one or more of the following prescribed activities:  (i) Advising;  (ii) Arranging;  (iii) Dealing;  (iv) Managing; or  (v) Custody.
<b>Investment Minimums</b>	Only if the exemption on offers to no more than 60 offerees where the amount payable is as least 1 million Saudi Riyals per investor.
<b>Any Relevant Other Securities or Investment Company Law Requirements</b>	N/A