



الأكاديمية المالية
The Financial Academy

Certificate of "IFSAH"

To disclose information about
instruments and securities listed in
Saudi Exchange



Curriculum issued by the financial academy

This curriculum is based on 6 chapters and is the main
reference to pass IFSAH Professional Exam.

August 2022

V2.0



Welcome to the syllabus of the Financial Academy. This book is designed to qualify the testers to test (IFSAH) certificate, which is organized by the Financial Academy.

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A curriculum map that includes a detailed study plan appears at the end of this educational book. The study plan can also be viewed by visiting the Academy's website www.fa.gov.sa or by calling the Academy at the phone number: +966114662688, fax: +966114662368.

It should be noted that the test is based on this plan, and we advise applicants to test the (Disclosure - Second Edition) certificate to ensure that they obtain the latest developments related to this curriculum.

The questions contained in the content of this educational book are designed to serve as a means to help the test taker to review the various areas of the curriculum, and to reinforce learning, chapter by chapter. for this educational material.

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Introduction

The importance of the capital market in the global economy in general, and the Saudi economy in particular, for its influential role in achieving the objectives of the Saudi Vision 2030 for the financial sector, which is represented in the financial sector development program to make this sector diversified and effective, and supports the development of the national economy, diversification of local income sources, and stimulus savings, financing and investing. There is no way to do that except by improving the regulations in line with the requirements of investment and trading to ensure adequate disclosure and transparency to complete transactions appropriately for all parties. This learning material deals with a large part of the basic knowledge of disclosure that must be available to everyone who works in the capital market in the Kingdom of Saudi Arabia.

Content

Chapter One: The concept and development of disclosure in capital markets 9

The workbook commences with a review of the concept and development of disclosure in the financial markets, the concept of transparency and the definition of the parties involved in disclosure. And the role of each party, and the role of disclosure in increasing the confidence of dealers in the financial markets.

Chapter two: The importance of disclosure in capital market 18

This chapter deals with the importance of disclosure and transparency in the financial market, and the importance of clarity and validity of information for the investor. Increasing the ability of the financial market to attract investments, the growth of investments and the expansion of the financial market.

Chapter three: Types and Methods of Disclosure 25

This chapter provides a definition of the types and methods of disclosure in terms of the adequacy of disclosure, the role of disclosure in providing information in a timely manner, the extent of obligation and choice in disclosing information, and the quality of the information disclosed. and disclosure methods applied to listed companies. Financial Reporting Language (XBRL), and the advantages of using the report via (XBRL) to improve disclosure methods.

Chapter four: International bodies issuing standards related to disclosure 41

This chapter focuses on introducing the international entities that issue disclosure standards and related requirements from companies listed in the financial market, and the importance of these standards in providing reliable information to their users, especially the approved accounting standards.

Chapter Five: Disclosure in the Saudi Capital Market 52

This chapter deals with the rules, regulations, and rules for disclosure that are applied in the Saudi financial market, which listed joint stock companies must apply on an ongoing basis to provide appropriate information to dealers in the Saudi financial market.

Chapter Six: The electronic disclosure system, the forms used, And penalties for non-disclosure 90

At the end of the curriculum, this chapter reviews the characteristics and objectives of the electronic system for disclosure, types of users, the role and responsibilities of the liaison officer and the forms used for disclosure, and also reviews the penalties that are applied to companies in the event of non-disclosure in accordance with the rules, regulations and rules of the financial market.

| | |
|---------------------------------|-----|
| Glossary | 115 |
| Multiple choice questions (MCQ) | 117 |
| Answers Keys | 141 |
| Curriculum map | 144 |

expected time to finish this material is 50 hours approximately



Chapter one

The concept and development of disclosure in capital markets

- | | |
|---|----|
| 1. Defenition and concept of disclosure | 9 |
| 2. Parties related to disclosure in capital markets | 11 |
| 3. Disclosure and the growth of capital market | 15 |

This part of the curriculum includes about 7 questions out of the 50 questions in the test.



Introduction

Over recent years, disclosure and transparency gained more interest in raising investors' awareness, as their decisions depend mainly on information provided by companies. The importance of disclosure and transparency for listed companies lies in the dissemination of financial and non- financial information, so that investor is sufficiently aware of information relevant to companies listed in the capital market that matter to them in a proper way and an appropriate time, to achieve confidence in companies in carrying out their business with the required level of responsibility, credibility and efficiency. This also contributes to assessing risks surrounding listed companies and being able to take appropriate decisions, while adhering to provide such information periodically, for greater transparency and clarity. This is also a financial-sector development, which has become a critical factor to jumpstart economy and support companies' efforts to prosper and grow, while stressing control over such information, announcements and financial statements.



1-1 Definition and concept of disclosure and transparency

Learning Objective:

Be familiar with the concept of disclosure and transparency.

Disclosure:

Disclosure is defined as revealing of (financial and non- financial) information relevant to all interested and concerned parties in a company (inside or outside the company). Such disclosure may take place periodically or immediately at the time of information, so that information is made available to everyone at the same time to achieve the goal of the capital market, which is to protect dealers from any unfair or improper practice, and to work towards achieving justice, efficiency and transparency in all securities transactions.




Transparency:

Transparency means the extent of the commitment to share information with others promptly and to provide a clear and accurate picture of everything that is happening in a way that ensures the achievement of trust, integrity, and objectivity in the company's management procedures, as well as ensuring proper, appropriate and timely disclosures. Transparency of the information provided ensures the delivery of information of its various types (accounting, financial and non-financial disclosure) and that this information is correct, precise, and complete to all stakeholders.

Transparency is defined as the full disclosure of true administrative and financial status of any entity. Transparency requires that published material data, reports or events reflect entity factual status clearly and explicitly.

Thus, we can say that transparency is the whole process of the company's work procedures that are reflected in the disclosure reports through which the listed companies announce information to the public and the financial community related to the trading of securities related to buy and sell orders, to provide the required interaction between the supply and





demand processes to determine the price of the security, announcing the information related to the transactions concluded in terms of the quantities and prices of the securities subject of these transactions and providing an opportunity for those who want to examine them.

Conditions that must be met in transparent information:

There are several conditions to be met in any transparent information or procedure, including:

- 1- Transparency shall take place at the appropriate time (immediately after the event and before the opening of the trading session that follows the event), as the delay in publishing the disclosure does not help the investor make the right investment decision.
- 2- Transparency shall be made available to all parties at the same time.
- 3- Transparency shall be clear and unambiguous and includes the minimum information that is required to be announced.

“Transparency” principle is closely related to registration, documentation and reporting, so as to be available to all dealers and to inform them of any technical information or financial data relating to company’s activities and decision-making processes.



1-1-1 The development of the disclosure process

Learning Objective: Be familiar with the importance and objectives of disclosure and transparency in capital markets

Disclosure and transparency in the capital market aim to:

- Increase reliable information delivered in time to decision makers inside and outside a company for timely decision-making that directly affect growth and profitability.
- Disclosed information affects users of financial statements and decision makers – shareholders, investors and lenders – in relation to making a decision about how to use and invest their money and risks involved.
- Disclosure helps to understand company’s activities, policies and performance in terms of environmental and ethical standards as well as relationship with communities where it operates.
- Disclosure reduces the possibility of fraud and corruption; thus, these factors allow companies to compete based on their best offerings and distinguish self from other companies that do not practice disclosure and transparency.





1-1-1 The development of the disclosure process



Learning Objective:

Be familiar with the origin and development of the disclosure process

The disclosure process arose with the emergence of joint stock companies and their obligation to publish their financial statements periodically to disclose the most recent material information that occurred during the reporting period, financial statements and reports are submitted by the companies' management on the results of their business and financial position to their current and future investors, including shareholders and lenders; In order for these investors to make their economic and investment decisions based on the disclosed information, the importance of disclosure has increased with the increasing need of joint stock companies for financing through the capital markets and offering securities. Disclosure is a prerequisite for establishing and managing an efficient capital market. For the disclosure of the published financial statements to gain credibility among users, these markets must be supervised by supervisory bodies that obligate listed companies and licensed exchange entities to follow the regulations, rules, procedures, and standards set by the supervisory bodies.



1-2 Parties related to disclosure in capital markets



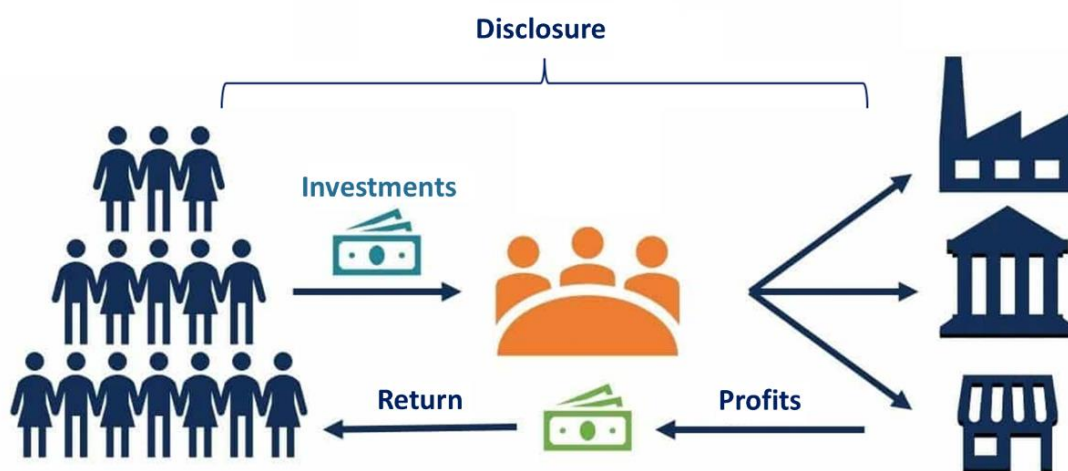
1-2-1 Supervising and Regulatory Entities

Learning Objective:

Be familiar with the supervisory and regulatory authorities regulating the disclosure process in the Saudi Exchange .

The supervisory and regulatory authorities related to the disclosure process aim to achieve the maximum degree of justice and protection for dealers in the capital market for the safety and the protection of investors by issuing regulations and standards that regulate the disclosure process and a mechanism for providing information and data disclosed to users and dealers in capital market Bodies. These entities are represented in:

- Ministry of Commerce: Responsible for the corporate law and commercial register
- Capital Market Authority (CMA): Responsible for the regulations and procedures of the capital market
- Saudi Organization for Chartered and Professional Accountants (SOCPA): Responsible for the accounting and auditing standards applied in the Kingdom
- Saudi Exchange (Tadawul Saudi): Responsible for the listing rules (and the procedures applicable to market trading operations, trading rules, trading sessions and any amendment thereto)
- The Securities Depository Center (Edaa): Responsible for (services necessary for depositing securities, registering and transferring ownership of securities and the associated rights, settling transactions executed on securities, their prices and any amendments thereto)
- Committee for the Resolution of Securities Disputes: Responsible for (announcing decisions issued in lawsuits related to capital market and securities)





1-2-2 Parties obligated to disclose



Learning Objective:

Be familiar with the parties obligated to disclose in capital market

The capital market in general includes a variety of parties and dealers in the capital market, and in accordance with the principle of transparency, all dealers in the capital market must disclose information in accordance with the regulations and procedures applied by the supervisory authorities on the capital market, in the followings, we will explain the parties obligated to disclose in the Saudi the capital market in particular:

- The capital market institutions "previously licensed entities"
- Investment funds
- Listed companies
- Companies applying for registration and listing in the main or parallel market
- Large owners in listed companies
- Qualified investors

1-2-3 Parties benefiting from disclosure



Learning objective:

Be familiar with the parties benefiting from disclosure.

The disclosure process aims to protect market dealers from unfair or improper practices by providing them with the appropriate information at a reasonable and appropriate time without discrimination so that they can make their investment decisions in light of this information.

The parties benefiting from the disclosure process are all dealers in capital market, and the parties benefiting from the disclosure include:

- Existing dealers and investors from stockholders and others
- Dealers and future investors who are subscribers of new issues or traders in the issued securities
- Banks and investment companies
- Investment funds
- Listed companies



1-3 Disclosure and the growth of capital market

Learning objective:

Be familiar with the relationship between disclosure and the role of capital economic growth.

The capital market plays an influential and positive role in increasing the economic growth rate - if the appropriate environment is available for its launch and development- by directing financial resources towards the best investments that support the targeted development process.



1-3-1 Capital market Efficiency

Learning Objective:

Be familiar with the definition of capital market efficiency.

An efficient capital market is one in which securities prices reflect all available information, whether this information is related to historical, current, or future events, and whether this information is internal to companies, the local market, or global information.

Capital market Efficiency: Means price change, whether up or down, influenced by information.

A highly efficient capital market offers many advantages to the economy and the financial system in light of the availability of information and data on all activities of listed companies dealing with securities which supports the creation of a developed and sound exchange **and that any defect in this data and information leads to a decrease in the efficiency of capital market.**



1-3-2 The relationship between market dealers' confidence and the extent of disclosure and transparency in capital market



Learning Objective:

Be familiar with relationship between the confidence of dealers and the characteristics of the transparency in capital market.

The information and data provided by the disclosure and transparency principle are among the most important pillars and determinants of the development of capital market. However, its efficiency depends mainly on the information it provides dealers and on the extent of the confidence placed by dealers and investors in the information available to them, which flows from multiple sides, and its credibility.

The efficiency of capital market depends to a large extent on the availability of information and data to dealers and investors in terms of:

- Rapid availability of information and data
- Opportunities to make use of this information
- The costs of obtaining this information

Provided that this information reflects real indicators of the reality of the parties benefiting from it





Questions of Chapter One

- 1) **What are the reasons for the increased interest in disclosure and transparency in recent years?**

Answer reference: Introduction to the definition of disclosure

- 2) **What are the most important purposes of disclosure?**

Answer reference: Section 1-1

- 3) **What is meant by disclosure in capital market?**

Answer reference: Section 1-1

- 4) **What is meant by transparency?**

Answer reference: Section 1-1

- 5) **What are the conditions for information to be transparent**

Answer reference: Section 1-1-1

- 6) **When can the capital market be characterized as an "Efficient market"?**

Answer reference: Section 1-3-1

- 7) **Mention the beneficiaries of the capital market disclosure process.**

Answer reference: Section 1-2-3

- 8) **Mention the supervisory and regulatory authorities regulating the disclosure process in the Saudi capital market**

Answer reference: Section 1-2-1

- 9) **What are the parties obliged to disclose in capital market?**

Answer reference: Section 1-2-2

- 10) **What does the efficiency of the stock market depend on?**

Answer reference: Section 1-3-2



Chapter Two

The importance of disclosure in the capital market

- | | |
|---|----|
| 1- Importance of disclosure and transparency if capital market . | 18 |
| 2- Clarity of information and its correctness | 19 |
| 3- Importance of disclosure to investor and impact of disposure on securities prices | 20 |
| 4- Disclosure and the ability of the capital market to attract investments | 21 |
| 5- The role of disclosure in the growth of investments and the expansion of the capital market | 22 |

This part of the curriculum includes about 5 questions out of the 50 questions in the test.

2-1 Importance of disclosure and transparency in capital market



Learning Objective:

Be familiar with the importance of disclosure and transparency in capital market.

In 2018, Saudi Exchange (Tadawul) became a partner that supports the United Nations Sustainable Capital Markets Initiative. This initiative aims to enhance awareness of environmental, social and corporate governance principles and initiatives and encourage sustainable investment in cooperation with investors and exporters.

Disclosure in financial reports of the necessary information is an important matter that supports the United Nations' initiative for sustainable capital markets and ensures the optimal performance of efficient capital markets. The information must be disclosed if its omission distorts the significance of what it provides to the beneficiaries and users of the financial reports.

The disclosure means:

- Presentation of important information for the beneficiary groups such as investors, creditors and others
- The presentation in a way that allows prediction of the entity's ability to achieve profits in the future.
- Measuring its ability to pay its obligations

It is also worth noting the relative benefit of disclosure for creditor investors, and it also has a relative benefit for other parties benefiting from financial reports, such as employees, customers, and the general public.

If you have an inquiry regarding a listed joint stock company in which you own shares, you can obtain the required information through:



The company's investor relations department



Company's website



2-2 Clear and Accurate Information

Learning Objective:

Be familiar with clarity and correctness of information from the issuer.

Where, in the opinion of the issuer, disclosure of any matter required by these rules would be unduly detrimental to the issuer, and omission is not likely to mislead investors with regard to facts and circumstances, knowledge of which is essential for the assessment of the related securities, the issuer may apply for a waiver from the relevant requirement or otherwise request to delay the disclosure. The issuer must in that case provide to the authority on a strictly confidential basis a statement of the requested waiver or delay together with the reasons why the issuer believes that the information should not be disclosed at that time. The authority may approve or reject the application for a waiver or delay. If the authority approves the application for a waiver or delay, the authority may at any time require the issuer to disclose any information in relation to the waiver or delay. (Article (61) Paragraph (b) of rules on the Offering of Securities and Continuing Obligations).



With the exception from paragraph (a) of this article, if the issuer is a special purposes entity, the special purposes entity shall disclose to the authority and the public without delay any material developments that fall within the scope of its activity and the knowledge of which is not available to the general public, and which may affect the assets or liabilities of the special purposes entity and can reasonably lead to a change in the price of the listed securities or have a significant impact on the ability of the special purpose entity to meet its debt instrument related obligations.(Article (61) Paragraph (b) of rules on the Offering of Securities and Continuing Obligations).



2-3 Importance of disclosure to investor and impact of disclosure on securities prices



Learning Objective:

Be familiar with the impact of disclosure on share prices and trading volume

The disclosure provides essential benefits for measuring the impact of governance “a set of rules, laws, and foundations that control the work of companies and achieve effective control over their board of directors, and regulate the relationship between them and stakeholders, to achieve transparency, justice and combating embezzlement and corruption.” The application of sustainability principles to future cash flows and the weighted average cost of capital contributes to evaluating companies by identifying how these companies face the most critical challenges and risks, which is beneficial to all and contributes to the establishment of a more prosperous economic system and more stable and resilient markets.

The importance of the impact of disclosure on stock prices comes from the importance of the principle of disclosure due to the emergence of joint stock companies and the emergence of legal acts that obliges joint stock companies to publish financial statements for them at a specific time and also to provide scientific evidence for the link between the issuance of annual financial reports and the impact of this on stock returns and the volume of trading.



By measuring the impact of disclosure on trading volume, the studies concluded that three hypotheses were tested:

The first was that there was a direct relationship between disclosure and stock prices in the capital market.

The second was that the timing of disclosing accounting information enables rational investment decisions to be taken.

The third: represented that there is a significant relationship between the volume of trading and the degree of disclosure of accounting information.





The financial reports of the companies listed in the market were analyzed. After the analysis, the study reached several results, the most important of which are:

- 1- For the investor to make rational investment decisions, the most important variables affecting the market prices of the shares mentioned in the published financial reports of the listed companies must be identified.
- 2- The inappropriate timing of the accounting information mentioned in the published financial reports is one of the essential criticisms directed at these reports, which limits the possibility of relying on them as a primary source of information that the investor must rely on when making his investment decisions.
- 3- Researchers agree that stock prices in the capital market reflect the available information about these stocks, but they differ in the quality of the information and the extent of price response.



2-4 Disclosure and the ability of the capital market to attract investments

Learning Objective: Be familiar with the role of disclosure on the ability of the capital market to attract investments

Disclosure plays a pivotal and vital role in increasing dealers' confidence in the financial markets. The studies dealt with a set of theoretical and field results, as follows:

- 1- Disclosure achieves benefits that reduce the cost of capital that companies need, and this is achieved assuming that disclosure helps investors and creditors understand and appreciate investment risks.
- 2- Disclosure is one of the necessary mechanisms to attract investments through increased disclosure of financial reports.
- 3- The financial report represents a media message that focuses on disclosure and communication through the transparent information it contains that plays an important role in consolidating the foundations of investment and supporting the efficiency of the emerging capital market.
- 4- The process of accounting disclosure in accordance with international accounting standards contributes to making the emerging capital market an efficient market.
- 5- There is a positive relationship between disclosure and attracting investments.
- 6- There is a significant impact of disclosure on attracting investment with the aim of stimulating emerging capital markets.
- 7- There is a relative importance of the factors associated with managers' decisions to disclose information to the capital market.



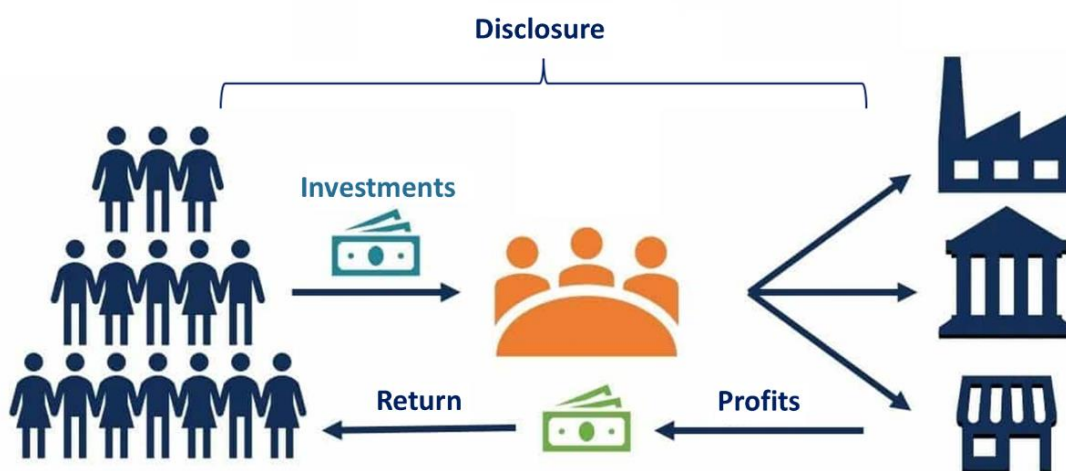
2-5 The role of disclosure in the growth of investments and the expansion of the capital market



Learning Objective: Be familiar with the role of disclosure in the growth of investments and the ability of companies to obtain financing.

Because of the increased confidence of dealers and the support of market efficiency in light of the previous results of the role of disclosure in attracting investments in emerging markets, the studies recommend the followings:

- 1- The necessity of applying international accounting standards to strengthen dealers' confidence in the emerging capital markets about the accuracy, suitability, and credibility of the information presented therein.
- 2- Creating programs to raise awareness of the importance of applying disclosure and the benefits that will accrue to all parties is necessary.
- 3- The necessity of forming organizational structures to develop information systems and provide factors that increase the confidence of investors in the market and emphasize the quality of accounting disclosure to ensure transparency.
- 4- Examining the factors affecting the level of disclosure in light of the occurrence of successive economic crises in the capital market to determine the new directions for accounting disclosure.
- 5- Seeking to provide an indicator of governance and disclosure.





Questions of Chapter Two

1. What are the objectives of the United Nations Sustainable Capital Markets Initiative?
Answer reference: Section 2-1
2. What are the conditions that must be met in any announcement of news or a material development that has occurred or is expected to occur?
Answer reference: Section 2-2
3. What is the definition of "Governance"?
Answer reference: Section 2-2
4. Explain the importance of clarity and correctness of the information on the part of the issuer
Answer reference: Section 2-2
5. As an exception to (Article 60, Paragraph B of the rules on offering securities and continuing obligations), What special purposes entities are obliged to disclose?
Answer reference: Section 2-2
6. What are the most important criticisms directed at the financial reports of companies listed in capital market?
Answer reference: Section 2-3
7. Do researchers agree that stock prices in the stock market reflect the information available about these stocks? Explain.
Answer reference: Section 2-3
8. What are the results of theoretical and field studies to measure the impact of disclosure on trading volume?
Answer reference: Section 2-3
9. Mention the benefits of disclosure and its role in the ability of capital market to attract investments
Answer reference: Section 2-4
10. What do the results of theoretical and field studies recommend for the role of disclosure?
Answer reference: Section 2-5





Chapter Three

Chapter Three: Types and Methods of Disclosure

| | |
|---|----|
| 1- Types of Disclosure | 26 |
| 2- Degree of Mandatory Disclosure | 27 |
| 3- Quality of disclosed information | 28 |
| 4- Methods of Disclosure | 29 |
| 5- Preparation of the financial statements and arrangement of their items | 30 |
| 6- Extensible Business Reporting Language (XBRL) | 31 |

This part of the curriculum includes about 8 questions out of the 50 questions in the test.



3.1 Types of Disclosure



Learning Objective:

Be familiar with the types of disclosure and to classify the disclosed information

The essence of the disclosure process is the purposeful dissemination of information from the source to the concerned public. Disclosure could be divided into several types and in different methods, as it is divided in terms of the quantity and amount of information disclosed and the purpose thereof as follows:

1- Adequate Disclosure:

This means to provide the minimum information required by the users of the financial statements. Since the investor is one of the most important categories of users of the financial statements, the Disclosure is considered as adequate when the necessary information is available for investment decisions. The information necessary for the investment decision constitutes the minimum information to be included in the financial reports.

2- Fair Disclosure:

This level is related to the ethical and moral aspects upon publishing information. The disclosure is considered as fair, when all categories of users of external financial statements are treated similarly and equally at the same time, which means providing them with the same amount of information at the same time.

3- Full Disclosure:

This type of disclosure is related to the dissemination of all information appropriate to users of financial reports, and may result in many negative effects that may affect the entities and its shareholders.

Types of disclosure according to its objectives are as follows:

4- Appropriate Disclosure

Appropriate disclosure aims to cover the need of data users.

5- Educational (Informative) Disclosure

Means to claim the disclosure of appropriate and adequate information, and not only positive information, but all appropriate and adequate information for decision-making, such as disclosing financial forecasts by separating the normal and abnormal items of the financial statements, and disclosure of current and planned capital expenditure, its sources of financing, and future strategies.



6- Precautionary (Traditional) Disclosure

This means that the financial reports shall disclose everything that makes such reports are not misleading to the stakeholders and are not exposing them to accountability for non-disclosure. Precautionary disclosure aims to protect users of disclosure information, in particular the ordinary investor who has a limited ability to use financial information.



3-2 Degree of Mandatory Disclosure

Learning Objective: Be familiar with distinguishing between mandatory and voluntary disclosure and the impact of each of them on the company's relationship with decision-makers

3-2-1 Mandatory Disclosure

This disclosure is subject to the provisions of the regulations issued by the supervisory authorities on the capital markets, representing the minimum information that shall be disclosed. Such disclosure may be at the expense of other information that may be important to some other users, but the regulations paid no enough attention to its publication.

3-2-2 Voluntary Disclosure

Voluntary disclosure may be defined as the processes of disclosing additional information in excess of the limit required by regulations and standards applied by corporate managements to meet the needs of the parties using financial reports. The management's keenness is to provide financial and non-financial information related to decision makers.

Since the voluntary disclosure is a serious attempt by companies to provide additional information that may not be stipulated by legislation, financial laws or accounting standards, financial laws or accounting standards in order to follow the principle of transparency, in order to follow the principle of transparency, and with the aim of providing as much information as possible to users of financial statements, in order not to resort to other sources of information that may be misleading. Therefore, this type of disclosure is known as informative disclosure, as the scope of the accounting disclosure is no longer limited to a mere disclaimer of the company's management, rather, expanded to include providing the largest amount of accounting information that increases the degree of confidence between management and users of financial statements.





3-3 Quality of disclosed information:

Learning Objective:

Be familiar with the ability to categorize the type of the information disclosed

Disclosure may also be classified in terms of the quality of the information disclosed as follows:

3-3-1 Accounting Disclosure

Accounting disclosure is defined as: “Disclosing all the information that may affect the decision-maker’s position related to the accounting unit. This means that the information shall be disclosed in the financial statements and reports in a language understandable to the reader without confusion or misleading, and the financial reports shall include all the necessary and required information to give the user of these reports a clear and correct picture of the accounting unit.

3-3-2 Financial Disclosure

Financial disclosure is essential if the interest is focused on providing the financial statement that would help decision-making and affect the company’s shares, especially those shares listed in the capital market. Examples of financial disclosure include the disclosure of financial decisions, expansion and financing investment plans of the company, and the company's policies for distributing profits.

3-3-3 Administrative Disclosure

All material information related to the board of directors and the executive management that affects the company’s business, and the board of directors shall organize the disclosures for each of its members and members of the executive management, taking into account the followings:

- Establishing a special register for the disclosures to the members of the Board of Directors and the Executive Management, and updating it periodically, in accordance with the disclosures required under the companies’ law and the capital market law and their executive regulations.
- Enabling the company's shareholders to access to the register of disclosure to the members of the Board of Directors and the Executive Management free of charge.

The Board of Directors shall immediately inform the Authority and announce on the Saudi Exchange (Tadawul) website (and as the case may require) all the legal requirements specified in the laws and regulations such as:

- Any changes in the structure of the Board of Directors (resignation, appointment or classification).
- Any changes in the structure of the company's committees.
- Any changes in the executive management, including the CEO and CFO.





3-3-4 Regulatory Disclosure

The company's management shall disclose all information required under the corporate governance regulations issued by the authority, the companies' law, and other regulations.

3-4 Methods of Disclosure



Learning Objective: Be familiar with the methods used in disclosure

The methods used to transfer information in the disclosure process aim at making the information quickly accessible to all users and without a change or distinction between the information. The methods and means used in accordance with the regulations and standards regulating the disclosure process are as follows:

3-4-1 Declaration

3-4-1-1 Declaration on the company's website

3-4-1-2 Declaration on the stock market website

An announcement is made on the stock market website with the aim of assisting listed companies in complying with the rules of registration and listing, especially the regulations related to continuous disclosure, in enhancing the level of transparency and disclosure in the capital market and helping investors make their investment decisions based on correct and adequate information.

3-4--3 Declaration in newspapers and general magazines

3-4-2 Reports:

An essential tool for disseminating the company's financial information includes several types, as shown below:

3-4-2-1 Supplementary Reports and Schedules: This method is used to disclose some additional information and details that are difficult but impossible to be disclosed in the financial statements. This method may be used through notes and footnotes, or in the form of independent reports, etc.

3-4-2-2 Report of the Chairman of the Board of Directors, and this report is considered complementary to the financial statements, without which it is difficult to interpret a lot of the financial statements' information.

3-4-2-3 Report of the External Auditor: Report of the External Auditor is a secondary disclosure method and not a main method, as it may confirm the disclosure or non-disclosure of certain information through the notes or reservations mentioned by the auditor in his report.

3-4-2-4 Annual financial reports

3-4-2-5 Periodic financial reports (quarterly, semi-annual)

3-4-2-6 Reports on material or major events

3-4-2-7 Reports on events subsequent to the submission of their financial reports

3-4-3 Forms

The forms aim to assist both listed companies and investors in fulfilling their obligations with the requirements of the Capital Market Authority related to corporate announcements, publishing financial statements and reports, disclosing the extent to which the provisions of the Corporate Governance Regulations are applied, and providing the Authority with data of board members and chief executives, in addition to the notices related to the share ownership to major owners, members of the board of directors and chief executives of listed companies.



3-5 Preparation of the financial statements and arrangement of their items



Learning Objective:

Be familiar with the items and components of financial statements as one of the most important methods of disclosure

There are many ways and method of accounting disclosure that could help users of information to understand such information and make an appropriate decision. The comparison between one method and another depends on the nature of the required information and its relative importance. The most common methods in use are as follows:

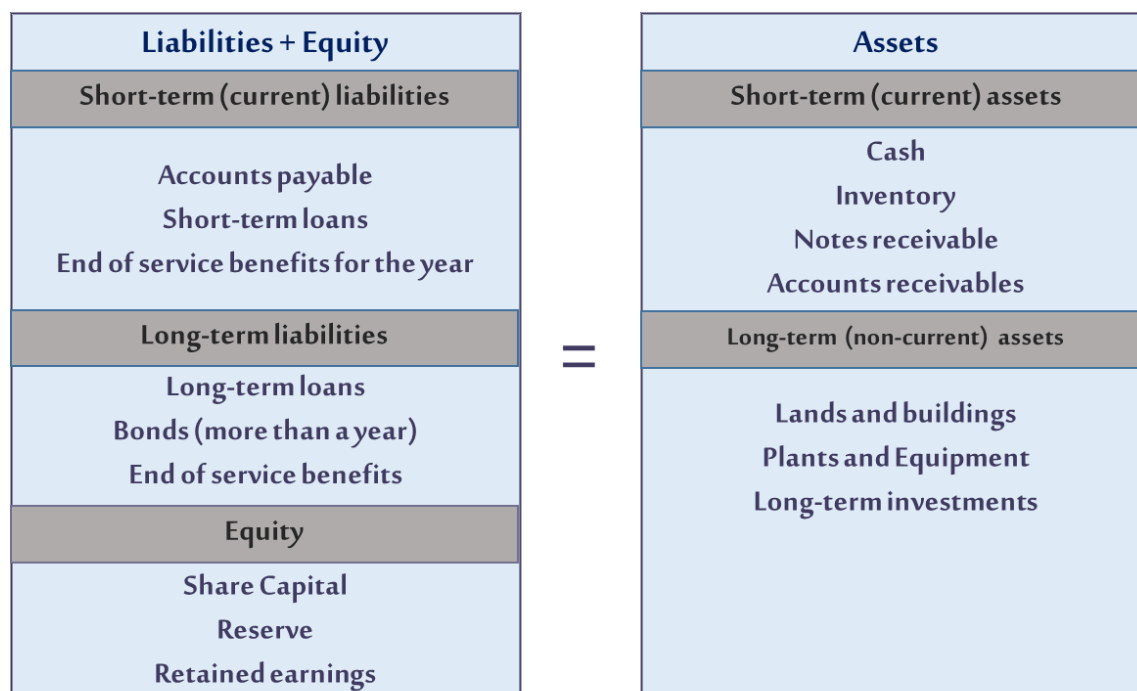
3-5-1 Disclosure through the financial statements:

Since the basic information are provided in the financial statements in a method that helps disclosure in terms of the form and arrangement of these lists. For example, the statement of financial position states the items of assets and liabilities (assets and liabilities) of the establishment, as well as property rights. The appropriate relationships may be disclosed by rearranging the classification of assets and liabilities into fixed and current assets and long-term and current liabilities. Current liabilities are subtracted from current assets to get the working capital, as well as other methods of subdivisions.





A figure illustrating the components of the statement of financial position:



OVERVIEW

HISTORICAL DATA

STATEMENTS

PROFILE

| BALANCE SHEET | STATEMENT OF INCOME | CASH FLOW | XBRL | DETAILED REPORTS AND STATEMENTS |
|---|----------------------|----------------------|----------------------|---------------------------------|
| ANNUALLY | | QUARTERLY | | |
| BALANCE SHEET | 2021-12-31 | 2020-12-31 | 2019-12-31 | 2018-12-31 |
| Current Assets | 509,465,000 | 340,079,000 | 320,122,000 | 339,609,000 |
| Inventory | 74,703,000 | 51,999,000 | 42,607,000 | 43,580,000 |
| Investments | 120,793,000 | 95,638,000 | 85,161,000 | 39,987,000 |
| Fixed Assets | 1,244,316,000 | 1,209,460,000 | 982,014,000 | 873,827,000 |
| Other Assets | 213,413,000 | 217,085,000 | 64,222,000 | 49,889,000 |
| Total Assets | 2,162,690,000 | 1,914,261,000 | 1,494,126,000 | 1,346,892,000 |
| Current Liabilities | 303,828,000 | 243,211,000 | 215,571,000 | 184,436,000 |
| Non-Current Liabilities | 578,194,000 | 569,956,000 | 232,320,000 | 134,021,000 |
| Other Liabilities | - | - | - | - |
| Shareholders Equity | 1,113,257,000 | 990,848,000 | 1,035,065,000 | 1,016,782,000 |
| Total Liabilities and Shareholder Equity | 2,162,690,000 | 1,914,261,000 | 1,494,126,000 | 1,346,892,000 |
| Minority Interests | 167,411,000 | 110,246,000 | 11,170,000 | 11,653,000 |
| All figures are in | Thousands | Thousands | Thousands | Thousands |
| Currency | SAR | SAR | SAR | SAR |
| Last Update Date | 2022-03-22 | 2021-03-25 | 2020-03-19 | 2020-03-19 |

Chapter

3



3-5-2 Use of clear and well-known terms:

The use of clear terms and the amount of detail in the information is undoubtedly no less important than the disclosure in the financial statements previously referred to. Those terms expressing the precise meaning well known to users of the information should be used; taking into account the standardization of terms for the same meanings in all reports so that users of information can benefit from, otherwise the disclosure becomes misleading.

3-5-3 Information in brackets:

Brackets are used in the financial statements in the case of some items that cannot be understood from their titles only, without elaborating on details and prolongation. Such items can be explained as brief notes in brackets, such as the method of evaluating a specific item / mortgaged assets or making a brief explanation and other observations.

3-5-4 Footnotes notes

The method of notes and margins is one of the important methods of disclosure, as their information is difficult to be provided in the financial statements. However, they may not be relied upon to a large degree in disclosure instead of the financial statements.





3-6 Extensible Business Reporting Language (XBRL)

Learning Objective:

Be familiar with the concept, objectives and advantages of Extensible Business Reporting Language (XBRL)

The development of accounting performance shall keep up with the surrounding technical developments to fit the increase of users' growing needs in form and content. Users are usually interested in the accounting performance outputs of reports and financial statements.

In order to improve the processing and presentation of reports, attention should be paid to the development of accounting reporting conversion mechanisms used by data users (Accountants, auditors and financial analysts) on the one hand, and software developers on the other.

Due to the qualitative and geographical expansion of businesses and the spread of Internet use among large, medium and small business sectors alike, attention has begun to focus on the electronic exchange of accounting reports to increase the speed and accuracy of their use and improve their standards.

The use of XBRL has improved the value and timeliness of business-related information by providing smarter data instead of bulkier data.

Data users:

- 1) Accountants and auditors.
- 2) Entities and companies generating assumed documents.
- 3) Analysts of assumed document data.
- 4) Organizations and standard setters: which ensure that terminology meets the requirements of the reports they oversee.

(XBRL) is useful in the automatic translation of data cards, which will solve the multilingual obstacle that hinders the development of the efforts of many users of financial reporting data, which leads to sharing data in an electronic format. This will open the door to compare data regardless of their place of origin in the world, which will lead to an unprecedented wave of excellent, high-quality data in the global capital markets supposed to reduce the cost of invested capital or improve investment returns.





3-6-1 Use of Extensible Business Reporting Language (XBRL)

XBRL stands for Extensible Business Reporting Language. The idea of the language is to produce standardized reports whose contents can be compared worldwide. Indeed, the process of standardizing financial statements worldwide was one of the existing matters troubling all those working in the field of accounting and auditing. Such services were high-cost, but after developing this language and obligating the various authorities in the capital markets and financial companies to prepare their reports using this language, this language has become of great importance.

3-6-2 Extensible Business Reporting Language (XBRL) as a Financial and Accounting Disclosure Tool:

People and organizations face many problems in exchanging information, such as using different terms to describe the same matter or using the same term to describe other matters.

XBRL provides the financial community with a standard method for dealing with business reports in general and with financial statements and their contents in particular, including their preparation and publication in several formats, along with providing the ability to reliably extracting and automatically exchanging a part of its data. This language is not an accounting standard but rather a numeric language intended to improve the use of existing standards.

Kurt Ramin, Chairman of the International Accounting Standards Committee and President of XBRL International, described such language as:

An international electronic standard depends on coding financial information items under international accounting standards in such a method allowing addressing, storing and processing such information electronically in any system and then easily displaying on the standard format used in presenting the financial reports.

Paying attention to the language (XBRL) has become a necessity from the point of view of the company producing the data and the beneficiaries alike. Perhaps despite the capabilities of its analysts and investors, Microsoft has the most numerous shareholders in the world, they still need to:

Review large numbers of financial statements.

Re-enter financial information into their system.

- More time.

- More analysis expenses.

- To make such information and results of its analysis accessible to the public.

Microsoft has to manually re-enter data to make information related to its companies available in print and online in order to be available to different users, whether they are government agencies, financial communities, media or the public, which increases costs and ensures the integrity and quality of that data.



XBRL addresses matters in two main methods:

- 1- Facilitating the provision of companies' financial information.
- 2- Facilitating the use of such information by individuals, companies, government, analysts and investors. Computer programs may do the same, as they have the ability to easily extract every piece of information from (XBRL).

For example, no computer program can extract specific information such as (total revenue for 2015) from a financial statement, as no program knows where it could search for? And is not able to know whether the number captured expresses dollars, cents or kilograms? The intervention by (XBRL) in preparing and publishing the financial statements in several formats will increase the performance of the financial statements by making them available to every person. Instead of spending ten hours studying the data and several hours in analyzing, a few moments are enough to get the data and a few hours are enough for their analysis. However, through financial analysis programs, a few minutes will be enough to get the analysis results.





3-6-3 Advantages of using the report via (XBRL):

Access to reports directly using (XBRL) technologies via (Web) services achieves the following advantages:

Better security:

The Common Reporting Language has become a digital language, as the business community seeks to exchange information on the Internet, represented in the largest organizations and stock exchanges around the world that are growing. The tempo of such transition is increased by the processes of educating clients, programmers, regulators and participants in the capital markets, and reflected in the following:

First: Globalization of information, as it formed the standard for work using internet services, and software all over the world are now able to understand and analyze the information contained in reports in (XBRL) formats.

Second: It has become a critical tool for re-engineering reporting processes inside companies and organizations through reports. The objective of transition to this tool is to help in a faster, more accurate and controllable manner, and therefore, to get more reliable information to enhance trading in the world.

Third: Such tool has flexible text reports that may contain images that could be displayed in different methods, as the information is not locked and may be moved freely and independently, as desired by consumer, as well as their analysis to include specific and non-financial measures.

Fourth: XBRL data is invested in analytics and business software, so that companies could exchange their information with each other and with the concerned parties without any delay in time, which increases the efficiency and accuracy of work and increases the understanding of information about a company, and is thus reflected in capital market analyzes and reports.

Better technology:

At no time has the business world been under more pressure to communicate faster and more accurate information among managers, customers, business partners, creditors, investors, regulators and others, than it does today. The speed and ease of access has become the key for decision makers to use the information. XBRL is the fastest method to improve access to and use of information for consumption and production through direct reports using web services.



Better data:

The security standards in (XBRL) and the transmission of information on the internet makes it practical in collecting and supporting information and enabling direct immediately communication between businessmen. It also improves the methods of exchanging data inside institutions and companies and between the concerned authorities, so it:

1. Facilitates the exchange of financial data.
2. Is immediately extracted.
3. Its data is more accurate, as it is directly obtained from the source.

Better business environment:

(XBRL) has made a huge difference in the quality of decision and enhanced competitiveness due to diversity, speed, accuracy and power in collecting and analyzing information, which enhanced decision-making in the management. XBRL also helped in reusing information in various forms, which enhanced its benefits in the decision-making process in several ways:


1. Velocity of circulation of events and decisions and their access to managers.
2. Increasing reliability of the information.
3. Reducing reporting costs and increasing its efficiency.

3-6-4 Financial reporting and improving methods of disclosure:

The use of modern technologies helps in the development of accounting and financial disclosure methods due to improving the quality and transparency of information, ensuring its reliability and securing its contents reaching the capital markets. The methods of exporting financial statements to many formats of files have spread, including (PDF and XSL) and other files published on websites in (HTML) format. However, the traditional financial report, available in PDF file formats, is difficult to be obtained and automatically extract parts of its data. To make matters worse, a lot of important information may be hidden in the notes to the financial statements.

While the financial report available in (Excel) file formats has more flexibility in terms of its processing, graphic representation, and the ability to extract and perform multiple mathematical operations on. However, it does not provide adequate capabilities globally required in presentation, representation and analysis.





While the financial report prepared using the language (XBRL) is characterized by the great flexibility necessary for all its beneficiaries, including:

1- **Accountants:**

They carefully examine, compile and summarize the internal data for use in the financial reports, which enhances their efficiency and accuracy in preparing reports and financial statements, in addition to their publication on websites and the ability to exchange their reports internally.

2- **Auditors:**

They review financial records, as the report allows them to focus on analyzing information, reducing errors in data, speedy processing and easy access.

3- **Executive Directors:**

They can use (XBRL) as a transparent and oversight means to deliver whatever they want to disclose directly to the analytical tools for investors and analysts in the form of XML reports. They can observe a reduction in potential errors and operating costs which will allow them to focus on the added value of the data.

4- **Investors:** They invest more confidently, so they rely on the study in making their investment decisions and benefit from the capabilities of automated analysis and from receiving information in electronic formats that can be used again.

5- **Financial advisors:** They provide paid financial advice to those whoever request in exchange for their analysis and understanding of financial conditions.

6- **Professional organizations:** they can retrieve and analyze the data of a report quickly.

7- **Software developers:** Their programs will adopt export and import formats compatible with (XBRL), which will increase full functions with other financial and analytical applications.

8- **Technology consultants:** new opportunities will be offered for IT consultants, which includes developing analysis and review programs, as tasks and responsibilities will increase and reviewers and auditors will look for more technologies to improve audit work and support it with analysis. Since auditors will examine processes and use software to perform basic audit steps on data stored as analytical tools using XBRL. At the same time, the software will facilitate the documentation of these audit reports.



Questions of Chapter Three

1. Contrast the difference between adequate disclosure and fair disclosure
Answer reference: Section 3-1-1, 3-1-2
2. What is the type of disclosure that provides the minimum information required by users of financial reports called?
Answer reference: Section 3-1-1
3. What is meant by full disclosure?
Answer reference: Section 3-1-3
4. What is meant by educational (media) disclosure?
Answer reference: Section 3-1-5
5. What is the difference between mandatory and voluntary disclosure?
Answer reference: Section 3-2-1, 3-2-2
6. What are the types of disclosure in terms of the quality of the information disclosed?
Answer reference: Section 3-3-1, 3-3-2
7. Contrast the difference between administrative disclosure and regulatory disclosure.
Answer reference: Section 3-3-3, 3-3-4
8. What are the methods used in disclosure?
Answer reference: Section 3-4
9. Explain how can be the disclosure through the financial statements?
Answer reference: Section 3-5-1
10. Explain how Extensible Business Reporting Language (XBRL) helps solve the multilingual problem
Answer reference: Section 3-6-2
11. What are the advantages of using the reports via (XBRL)?
Answer reference: Section 3-6-3





Chapter Four

International bodies issuing standards related to disclosure

| | |
|---|----|
| 1- United Nations Global Compact (UNGC) | 41 |
| 2- The Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting (ISAR) | 42 |
| 3- Climate Disclosure Standards Board (CDSB) | 45 |
| 4- International Sustainability Standards Board (ISSB) | 46 |
| 5- International Financial Reporting Standards (IFRS) | 47 |
| 6- Financial Conduct Authority | 48 |

This part of the curriculum includes about 5 questions out of the 50 questions in the test.



4-1 United Nations Global Compact (UNGC)

The United Nations Global Compact for Sustainable Development is the largest global initiative for corporate sustainability, and in 2015 the Sustainable Development Goals (SDGs) were approved to achieve by the United Nations 2030 Agenda. The United Nations Global Compact is a call for companies to align their strategies and operations with ten global principles relating to human rights, labor, the environment, and anti-corruption, and to take actions that enhance societal goals and the Sustainable Development Goals (SDGs) by engaging thousands of companies of all sizes and sectors from around the world to work to integrate sustainability into their core strategies and operations.



Learning Objective:

be familiar with the importance of the progress report for companies committed to sustainability

Communication on Progress Report (COP)

Reporting to stakeholders transparently and publicly is essential for companies committed to sustainability, and the corporate annual Communication on Progress (COP) is a critical component of its commitment to the United Nations Global Compact.



This is our **Communication on Progress** in implementing the Ten Principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

Motives for non-financial reporting

There are several powerful motives of non-financial reporting for companies to act responsibly and report their actions:

- Principal investors consider Environmental, Social and Governance (ESG) information in their strategies.
- Non-financial information informs the decisions of consumers, communities, and civil society organizations that all expect greater transparency from business.
- Disclosure of voluntary activity, and mandatory non-financial reporting.

Benefits of sustainability reports include:

- Incorporating corporate sustainability into operations
- Improving the corporate's reputation
- Enhance the commitment of the executive management
- Share internal information
- Strengthening relationships with stakeholders and investors, to date, over 47,000 COPs have been published.



4-2 The Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting (ISAR)



Learning Objective:

be familiar with The Intergovernmental Working Group of Experts and its role in preparing financial reports and reporting (International Standards of Accounting and Reporting (ISAR))

The Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting (ISAR)



The Intergovernmental Group of Experts focuses on a number of areas of corporate financial and non-financial reporting, including:

- Sustainability Accounting and Reporting
- Implementation of International Financial Reporting Standards (IFRS)
- Accounting for small and mid-size enterprises (SME's)
- Corporate governance disclosure
- Corporate responsibility reporting for financial reporting
- Environmental accounting and reporting

Definition of the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting (ISAR)

The Intergovernmental Working Group on International Standards of Accounting and Reporting (ISAR), the United Nations focal point on accounting and corporate management issues. It was established in 1982 by the United Nations Economic and Social Council (ECOSOC).

The International Standards of Accounting and Reporting (ISAR) team is hosted by the United Nations Conference on Trade and Development (UNCTAD), through its investment and enterprise division, as the secretariat of the Intergovernmental Group of Experts, providing substantive and managerial input to its activities.



What are the objectives of the International Standards of Accounting and Reporting (ISAR)?

The UNCTAD Group of Governmental Experts - (United Nations Conference on Trade and Development) is working to achieve the following objectives:

- Assisting member states in their efforts to implement international standards and rules
- Helping implement best practices
- Work to enhance coordination and improve the quality of institutions' reports to facilitate financial stability, international and domestic investment, and social and economic progress.

It achieves these goals through:

- Facilitating the exchange of opinions and best practices,
- Consensus oriented and development of guidance documents,
- Provide technical assistance on issues related to both financial reporting and sustainability/Sustainable Development Goals.

This work is carried out through the annual sessions of the Intergovernmental Working Group (ISAR), as well as relevant workshops and roundtables, research and capacity building activities.

Since adopting the 2030 Agenda, the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting has focused on coordinating reporting companies on their contribution to implementing the Sustainable Development Goals.

In addition to its main annual sessions in Geneva, the Intergovernmental Group of Experts and its Secretariat participate in research and technical cooperation for a period of one year. The Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting currently welcomes applications for formal membership in the Group of Experts.

United Nations Conference on Trade and Development (UNCTAD)

UNCTAD: supports developing countries to access the benefits of the economy under globalization more fairly and effectively. It helps equip them to deal with potential barriers to greater economic integration, provides analysis, facilitates consensus building, and provides technical assistance; this helps them use trade, investment, finance, and technology as tools for inclusive and sustainable development.

By working at the national, regional and global levels, the United Nations Conference on Trade and Development helps countries:

- Understanding options for addressing development challenges at the macroeconomic level for these countries
- Achieving effective integration into the international trading system
- Diversify economies to make them less dependent on specific goods



- 
- Reducing developing countries' exposure to financial volatility and debt
 - Attracting investment and making it more conducive to development
 - Increasing access to digital technologies
 - Enhancing entrepreneurship and innovation
 - Helping local companies scaling up value chains
 - Accelerating the flow of goods across borders
 - Protecting consumers from mistreatment
 - Reducing restrictions and barriers to competition
 - Adapting to climate change and using natural resources more effectively

The United Nations Conference on Trade and Development (UNCTAD) works side by side with other United Nations departments and agencies to fruitfully advance the achievement of the Sustainable Development Goals as set out in the 2030 Agenda with four other critical institutional stakeholders:

1. The World Bank
2. International Monetary Fund
3. World Trade Organization
4. United Nations Development Program

The United Nations Conference on Trade and Development (UNCTAD) engages primarily with governments to effectively address the scale and complexity of reaching the Sustainable Development Goals and ensuring that partnerships and close cooperation with the private sector and civil society are essential. The United Nations Conference on Trade and Development (UNCTAD) serves the citizens of 195 countries.



4-3 Climate Disclosure Standards Board (CDSB)

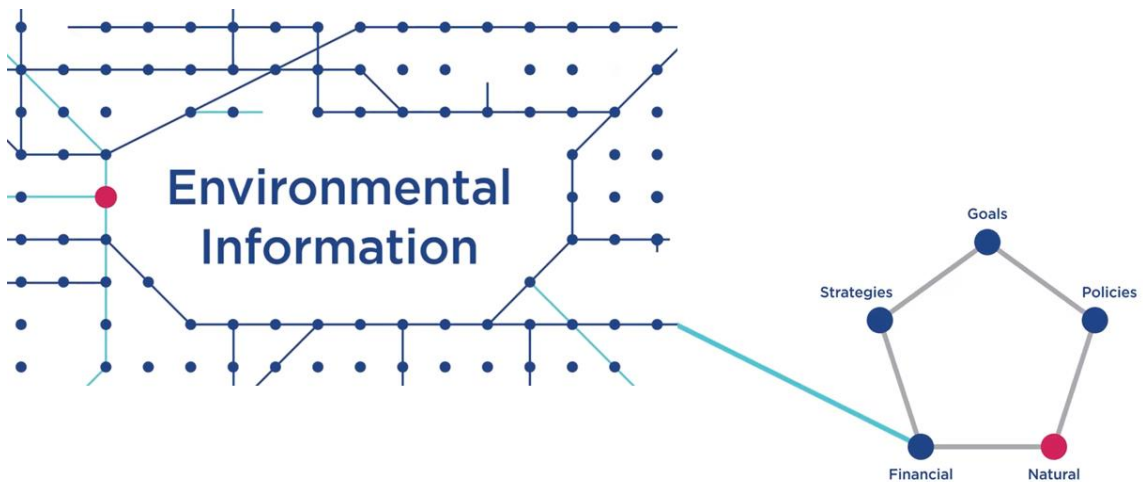
In January 2022 CDSB was merged into the International Sustainability Standards Board (ISSB)



Learning Objective:

be familiar with the Climate Disclosure Standards Board (CDSB)

CDSB is an international consortium of business and environmental NGOs to develop and harmonize the corporate reporting model globally for the equality of natural capital and financial capital; this is done by providing a framework for companies to report environmental information with the same accuracy as financial information. This, in turn, helps provide investors with useful environmental information for decision-making across the corporate's report, thus promoting efficient capital allocation.



Natural capital is the natural assets and their role in providing the inputs of natural resources and environmental services for economic production. Natural capital generally includes three main categories: natural resource stocks, land and ecosystems.

Recognizing that information about natural capital and financial capital is equally essential to understanding corporate performance, disclosure of natural capital information builds the confidence and transparency needed to promote resilient capital markets and contribute to more sustainable economic, social, and environmental systems.





4-4 International Sustainability Standards Board (ISSB)



Learning Objective:

be familiar with the International Sustainability Standards Board (ISSB)

4-4-1 Establishment of the International Sustainability Standards Board (ISSB)

The International Sustainability Standards Board (ISSB) was established on November 3, 2021, to meet the demand of international investors with global investment portfolios, increasingly calling for high-quality, transparent, reliable, and corporate-comparable reporting on climate and other environmental and social issues.

The move to consolidate together into a single sustainability standards tool comes in response to demands from the International Organization of Securities Commissions (IOSCO) financial regulators and investors for more alignment between sometimes competing environmental standards and frameworks, and social and management reporting.



4-5 International Financial Reporting Standards (IFRS) - Accounting Standards

Learning Objective:

be familiar with the International Financial Reporting Standards (IFRS) - Accounting Standards

The mission of the International Financial Reporting Standards Board (IFRS) is to develop international financial reporting standards that bring the concepts of transparency, accountability, and effectiveness to financial markets around the world. The work of the International Financial Reporting Standards Board (IFRS) is to serve the public by promoting confidence, growth, and long-term financial stability in the global economy.

Objectives of International Financial Reporting Standards (IFRS):

- Introducing the **concept of transparency** by improving the international comparability and quality of financial information, allowing investors and other market participants to make informed economic decisions.
- Strengthening the **concept of accountability** by narrowing the information gap between capital providers and the people entrusted with their money. Standards provide the information needed to hold management accountable, or as a globally comparable information source, IFRS is also of great interest to regulators worldwide. Contribute to an efficient economy by helping investors identify opportunities and risks worldwide and thus improve capital distribution. Using a single, reliable accounting language lowers the cost of capital and international reporting costs for a business.

IFRS
International Financial Reporting Standards

4-5-1 Accounting standards are a set of requirements that companies follow when preparing their financial statements.

The standards set by the International Accounting Standards Board (IASB) are called International Financial Reporting Standards and are used by publicly accountable companies - listed companies in the financial market and financial institutions such as banks.

The standards developed by the previous entity of the board, the International Accounting Standards Committee (IASB), are called IAS Interpretations adopted for these standards, developed by the International Financial Reporting Interpretations Committee (IFRIC) are called Standing Interpretations Committee.

The board has also developed the IFRS for SME's, which is used by SME's that are not publicly accountable. It was first released in 2009.

The IFRS foundation and the International Accounting Standards Board were established in 2001, In place of the International Accounting Standards Committee (IASC), which was established in 1973. The Oversight Board was established in 2009.





4-5-2 Standards development

The standards development process is characterized by high transparency, and each stage includes a consultation (the general audience of the beneficiaries of the reports). It is also possible to obtain all board documents and follow up on all board meetings via the website or by attending meetings.

The IFRS foundation supports the consistent implementation and application of standards, usually in cooperation with other organizations that contribute responsibilities in this area. Activities include educational support for newly issued standards, conferences and other educational materials.

4-5-3 Electronic reporting

The board is developing and reviewing an automated IFRS classification to enhance electronic financial reporting. It is a classification system that allows the marking of unique items in the financial statements in a standardized and computer-readable format, which increases the ease of access to information based on IFRS.



4-6 Financial Conduct Authority

Learning Objective:

be familiar with the UK Financial Conduct Authority as a model for the capital market authorities

The Financial Conduct Authority regulates the behavior of approximately 51,000 financial services and capital markets companies in the United Kingdom.

The role of the Financial Conduct Authority

Financial markets must be honest, fair, and efficient so that consumers get a fair deal; the role of the Financial Conduct Authority is to ensure that markets work well for individuals, businesses, and the economy as a whole. It does this by:

- Regulating the conduct of about 51,000 companies
- Precautionary supervision of 49,000 companies
- Setting specific standards for about 18,000 companies



Establishment of the Financial Conduct Authority

It was established on April 1, 2013, and is responsible for the conduct and related prudential regulation of the Financial Services Authority (FSA).



Companies and individuals must be authorized or registered by the Financial Conduct Authority to carry out certain activities. Before authorization is granted, companies must demonstrate that they meet a set of requirements. It then supervises these companies to ensure that they continue to meet standards and rules after they are authorized. If companies and individuals fail to meet these standards, the Financial Conduct Authority (FCA) has sufficient authority to enforce the standards and rules followed.

The Financial Conduct Authority (FCA) works with the Prudential Regulatory Authority (PRA), The prudential regulator of approximately 1,500 banks, building associations, credit unions, insurance companies, and significant investment companies

The importance of regulating financial conduct

How well the financial markets function fundamentally impacts all parties involved in the capital market. If United Kingdom's markets function well, are competitive and fair, they will benefit clients, employees, and shareholders and maintain confidence in the United Kingdom as a global financial center.

The strategic objective of the Financial Conduct Authority:

It is to ensure that the relevant markets are working well

Operational objectives of the Financial Conduct Authority:

- Consumer Protection – providing an appropriate degree of protection for consumers
- Protecting capital markets – Protecting and promoting the integrity of the United Kingdom's financial system
- Enhancing competition and encouraging effective competition for the benefit of consumers.





Questions of Chapter Four

1. Explain the strong motivations for non-financial reporting that drive companies to act responsibly and report their actions.

Answer reference: Section 4-1

2. What are the objectives of the Intergovernmental Group of Experts on International Standards of Accounting and Reporting (ISAR)?

Answer reference: Section 4-2

3. What are the objectives of the International Sustainability Standards Board (ISSB) foundation?

Answer reference: Section 4-4

4. What are the objectives of IFRS?

Answer reference: Section 4-5

5. Clarify the strategic and operational objectives of the Financial Conduct Authority.

Answer reference: Section 4-6



Chapter Five

Disclosure in the Saudi Capital Market

| | |
|---|----|
| 1- Laws, regulations, and instructions related to disclosure in Saudi financial market | 52 |
| Regulations of Financial Market | 67 |
| Registration and listing rules | 68 |
| 2- Rules for registering auditors of entities subject to the supervision of the Authority | 72 |
| 3- Continuing obligations of listed companies | 75 |
| 4- Fund disclosure | 79 |

This part of the curriculum includes about 20 questions out of the 50 questions in the test.

5-1 Laws, regulations, and instructions related to disclosure in the Saudi Capital Market

5-1-1 Companies Law



Learning objective:

To be aware of the date of issue and components of the Companies Law

The Saudi Companies Law was issued on 28/01/1437 AH corresponding to: 10/11/2015 AD, and published on 22/02/1437 AH corresponding to: 04/12/2015 AD

The law includes twelve chapters, the first chapter includes: General provisions, chapters from the second to the fifth including forms of companies, and the fifth chapter includes: joint stock company:

General provisions, establishment of joint stock company, management of joint stock company (board of directors - shareholders' assemblies), audit committee, instruments issued by the company (Shares - debt instruments and financing instruments), joint stock company finances (accounts of joint stock company - auditor), amendment of the joint-stock company's capital (increasing - reducing the capital), and expiration of the joint-stock company.

5-1-1-1 Regulations and Procedures of Companies Law for Listed Joint Stock Companies

Learning objective:

To be aware of the controls and procedures of the companies' law for listed joint stock companies

Executive controls and procedures issued in implementation of the Companies Law for Listed Joint Stock Companies, amended by the Authority's Council Resolution No. 4-122-2020 dated 3/4/1442 AH corresponding to 18/11/2020 AD.

Some articles directly related to disclosure are as follows:

Article 14:

The company shall immediately notify the market - through the mechanism determined by the market - of its operations related to purchase of its shares in the market and the purpose of the repurchase, so that the market could publish such information in its periodic report on companies' purchase of their shares.

Article 15:

The annual report of the board of directors shall include details of the treasury shares held by the company and details on the uses of these shares.



Article 18:

A) If the company purchases its preferred shares, those preferred shares shall be considered canceled upon completion of the purchase process, and the company shall take the necessary legal procedures accordingly.

B) A company intending to purchase a specific class of its preferred shares shall make a public offer to all holders of that class of shares in a manner achieving justice for the holders of this class of shares in accordance with the provisions of article one hundred and forty-eight of the Companies Law.

Article 22:

The company may sell treasury shares, if allowed by its articles of association, in accordance with the following controls:

Paragraph 4: Treasury shares may not be sold during the following periods:

- 15 calendar days prior to the end of the fiscal quarter until the date of the company's announcement of its audited preliminary financial statements.
- 30 calendar days prior to the end of the financial year until the date of the company's announcement of its audited preliminary financial statements or its audited annual financial statements.

Article 40:

The board of directors shall include in its annual report submitted to the company's general assembly the percentage of dividends distributed to shareholders during the different periods of the fiscal year, in addition to the percentage of the proposed dividends to be distributed at the end of the fiscal year and the total of these dividends.

Article 41:

A) The distribution of dividends shall be credited to the account of accumulated retained earnings from previous years or the reserves agreed upon or both. The company shall take into account the sequence and regularity in the manner and proportions of the distribution of dividends according to the capabilities and liquidity available to the company. The board of directors shall disclose and announce the regular periodic dividends decided to be distributed to the shareholders on their due dates.

B) The company shall immediately disclose and announce interim dividends and shall provide the Authority with a copy of such decision upon its issuance.





Article 43:

After the approval of the Extraordinary General Assembly to increase the capital by offering preferred shares or stock dividends (bonus shares). The share price shall be adjusted by the market and the preferred shares shall be deposited as securities in the portfolios of registered shareholders according to their entitlement and in proportion to the percentage of each shareholder's share in the capital, two days at most after the extraordinary general assembly has been convened.

Preferred shares shall be deposited in the portfolios of registered shareholders under a new class for preferred shares, and may not be traded or subscribed to except as disclosed in the prospectus.

The value of these shares will not appear in the portfolios of registered shareholders during the period preceding their trading, but only the number of rights will appear. The market will continuously calculate and publish an indicative value on its website throughout the shares trading period.

Note: The capital shall be increased

- 1- Issuance of preferred shares
- 2- 2- Stock dividends (bonus shares)

Article 47:

The indicative value of the shares reflects the difference between the market value of the company's share during the trading period and the offering price, which the market calculates and publishes continuously during the trading period on its website. Those values may also be published on the websites of market information service providers in order to enable investors to view the indicative value of the shares when entering orders.





5-1-1-2 Corporate Governance



Learning objective:

To be aware of the basic concept of corporate governance

Corporate governance is one of the important matters for companies, whether locally or externally, in this era, since financial crises and their effects and the financial matters occurred previously and faced by the global economy made it necessary to set a framework for supervision and control over the control of companies



through a clear framework recognized locally and globally. This made it necessary for the regulatory authorities to undertake legislation and issue a framework for governance according to the special laws of companies in the countries, as well as according to the existing standards applied by the management of companies, which are in line with the internal market.

The importance of corporate governance revolves around its focus on activating and monitoring the role of the board of directors in companies, as well as developing and strengthening internal control systems and following up the workflow and its implementation in a way preserving the company's stability and protects the interests of shareholders and stakeholders. No doubt that would only be through applying certain principles ensuring that the company applies a clear approach that ensures the stability of its financial liability, the growth of its profits, and the continuation of the company's fulfillment of its obligations, in accordance with the rules, regulations and laws issued by the Capital Market Authority and the Saudi Exchange (Tadawul).

Corporate Governance Regulations in the Kingdom of Saudi Arabia

Corporate governance is the rules applied for the leadership and direction of the company, including mechanisms to regulate the various relationships between the board of directors, executive directors, shareholders and stakeholders, by setting special rules and procedures to facilitate the decision-making process and establish transparency and credibility, for the purpose of protecting the rights of shareholders and stakeholders and achieving fairness, competitiveness and transparency in the market and business environment.





Related parties (as defined in the Corporate Governance Regulations):

- 1) Senior owners in the company.
- 2) Board members of the company or any of its subsidiaries and their relatives.
- 3) Chief executives of the company or any of its subsidiaries and their relatives.
- 4) The board members and chief executives of the senior owners of the company.
- 5) Entities - Other than companies - owned by either board member or any of the chief executives or their relatives
- 6) Companies in which either board member or chief executives or their relatives are a partner.
- 7) Companies in which either board member or chief executives or their relatives is a member of its board of directors or one of its chief executives.
- 8) Joint stock companies in which either board member or chief executives or their relatives owns (5%) or more, taking into account paragraph (D) of this definition.
- 9) Companies in which either board member, chief executives or their relatives have influence in their decisions, even by giving advice or guidance.
- 10) Any person whose advice and directions have an impact on the decisions of the company, members of its board of directors and chief executives.
- 11) Holding companies or subsidiaries of the company.

Paragraphs (9) and (10) of this definition are excluded from advice and directions that are professionally provided by a person authorized to do so.

Cumulative voting: a method of voting to select the board members. Each shareholder is granted voting power in proportion to shares he holds; as he has the right to vote for one candidate or to divide the votes among the candidates he chooses without repeating the votes.

Objectives of the Corporate Governance Regulations:

These regulations aim to establish an effective legal framework for corporate governance, and aim in particular to:

- 1) Activating the role of shareholders in the company and facilitating the exercise of their rights.
- 2) Stating the roles and responsibilities of the board of directors and the executive management.
- 3) Activating the role of the board of directors and the committees and developing their efficiency to enhance decision-making mechanisms in the company.
- 4) Achieving transparency, integrity and fairness in the financial market, its dealings and the business environment, and promoting disclosure therein.
- 5) Providing effective and balanced tools to deal with cases of conflict of interest.
- 6) Strengthening the mechanisms of control and accountability for the company's employees.
- 7) Setting the general framework for dealing with stakeholders and taking into account their rights.
- 8) Increasing the efficiency of supervision on companies and providing the necessary tools.
- 9) Raising awareness of companies with professional behavior and urging them to adopt and develop such behavior as appropriate to their nature.



- Shareholder's access to information (Shareholder's right to access to information)
- A) The board of directors shall provide complete, clear, correct and not misleading information to enable the shareholder to exercise his rights to the fullest. Such information shall be provided in a timely manner and updated regularly.
 - B) The means of providing information to the shareholder shall be clear and detailed, and include a statement of the company's information that the shareholder can obtain, and shall be provided to all shareholders of the same category in a fair and free manner.
 - C) The most effective means shall be followed in communicating with shareholders and without discrimination in providing information (Corporate Governance Regulations Article 6).

Functions of the Extraordinary General Assembly

The Extraordinary General Assembly shall exercise the following:

- 1) Amending the company's articles of association, except for amendments deemed invalid pursuant to the provisions of the companies' articles of association.
- 2) Increasing the company's capital in accordance with the conditions established in the Companies Law and its Executive Regulations.
- 3) Reducing the company's capital if exceeds the company's need or if suffers financial losses, in accordance with the conditions established in the Companies Law and its Executive Regulations.
- 4) Determining the formation of a consensual reserve for the company stipulated in its articles of association and allocated for a specific purpose, and its disposal.
- 5) Deciding to continue or dissolve the company before the expiry date specified in its articles of association.
- 6) Approval to repurchase the company's shares.
- 7) Issuing preferred shares, or approving their purchase, converting ordinary shares into deferred shares, or converting preferred shares into ordinary shares, pursuant to the company's articles of association and in accordance with the regulatory controls and procedures issued in implementation of the Companies Law and relating to listed joint stock companies.
- 8) Issuing debt instruments or financing instruments convertible into shares, and stating the maximum number of shares that may be issued in exchange for such convertible instruments, bonds or securities.
- 9) Allocating the shares issued upon the capital increase, or part thereof, to employees of the company and all or some of its subsidiaries or any of that.
- 10) Suspending the redemption of shareholders to subscribe to a capital increase in exchange for cash shares, or giving priority to non-shareholders in the cases it deems appropriate in the interest of the company, as provided for in the company's articles of association.

The Extraordinary General Assembly may issue resolutions within the functions of the Ordinary General Assembly. These decisions shall be issued in accordance with the conditions for issuing the decisions of the Ordinary General Assembly determined by an absolute majority of the shares represented in the meeting in accordance with (Corporate Governance Regulations Article 11).





Functions of the Ordinary General Assembly

Except for the functions of the Extraordinary General Assembly, the Ordinary General Assembly is entrusted with all the company affairs, especially the following:

- 1) Appointing and dismissing the board members.
- 2) Authorizing a board member to have a direct or indirect interest in the business and contracts concluded for the account of the company, in accordance with the provisions of the Companies Law and its Executive Regulations.
- 3) Authorizing the participation of a board member in any business that would compete against the company, or to compete against in one of its activity, in accordance with the provisions of the Companies Law and its Executive Regulations.
- 4) Monitoring the compliance of the Board of Director members with the provisions of the Companies Law and its Executive Regulations, other relevant regulations, and the Company's Articles of Association, examining any damage arising from their violation of these provisions or their mismanagement and conduct of the company's affairs, determining the liability arising therefrom and taking whatever it deems appropriate in this regard in accordance with the Companies Law and its Executive Regulations.
- 5) Forming the audit committee in accordance with the provisions of the Companies Law and its Executive Regulations.
- 6) Approving the company's financial statements.
- 7) Approving the Board of Directors' report.
- 8) Deciding on the proposals of the Board of Directors regarding the method of distributing net profits.
- 9) Appointing the company's auditors, determining their remuneration, re-appointing or replacing them, and approving their reports.
- 10) Deciding on the violations and errors resulting from the company's auditors in performing their duties, and any difficulties - notified by the company's auditors - related to allowing the board of directors or the company's management to review the books, records and other documents, data and clarifications necessary to perform their mission, and to take whatever they deem appropriate in this regard.
- 11) Maintaining the company's statutory reserve whenever it reaches (30%) of the paid-up capital, deciding to distribute the amount exceeds this percentage to the company's shareholders in the fiscal years in which the company fails to achieve net profits.
- 12) Using the company's agreed reserve not allocated for a specific purpose, provided that such use shall be based on a proposal by the Board of Directors and in ways benefiting the company or shareholders.
- 13) Setting aside and disposing of other reserves for the company, other than the statutory reserve and the consensual reserve.
- 14) Deducting amounts from the company's net profits for the establishment of social institutions for the company's workers to assist the existing such institutions, as stated in article one hundred and twenty-nine of the Companies Law.
- 15) Approving the sale of more than (50%) of the company's assets, whether in one transaction or several transactions within twelve months as from the date of the first sale transaction. If the sale of these assets falls within the functions of the extraordinary general assembly, the approval of the Extraordinary General Assembly shall be obtained (Corporate Governance Regulations Article 12).



Shareholders Assembly:

- A) The Ordinary General Assembly of Shareholders shall be held in accordance with the conditions and circumstances stipulated in the Companies Law, its Executive Regulations, and the Company's Articles of Association.
- B) The Ordinary General Assembly shall convene at least once a year during the six months following the end of the company's financial year.
- C) Shareholders' general or private assemblies shall be held at the invitation of the Board of Directors, in accordance with the conditions stipulated in the Companies Law, its Executive Regulations, and the Company's Articles of Association. The Board of Directors shall invite the Ordinary General Assembly to a meeting if so requested by the auditor, the audit committee, or a number of shareholders whose ownership represents at least (5%) of the company's capital. The auditor may call the assembly to convene, if the board of directors failed to call for within thirty days as from the date of the auditor's request.
- D) The date, place and agenda of the general assembly meeting shall be announced at least twenty-one days before the date, and the invitation shall be published on the website of the stock market (Tadawul Saudi Arabia), the company's website and in a daily newspaper distributed in the area where the company's headquarters locates. In addition, the company may invite the general and private assemblies of its shareholders by means of modern technology.
- E) The company may amend the agenda of the general assembly during the period between the publication of the announcement referred to in paragraph (D) of this article and the date of the general assembly meeting, provided that the company shall issue such announcement in accordance with the conditions set forth in Paragraph (D) of this Article.
- F) Shareholders shall have the opportunity to actively participate and vote in the General Assembly meetings. The meetings of the shareholders' general assemblies may be held and the shareholder may participate in their deliberations and vote on their decisions by means of modern technology, in accordance with the regulatory controls and procedures issued in implementation of the Companies Law for Listed Joint Stock Companies.
- G) The board of directors shall facilitate the participation of the largest number of shareholders in the General Assembly meeting, including choosing the appropriate place and time.
- H) The company shall verify the registration of the shareholders' data wishing to attend at the company's headquarters before the time specified for the assembly, unless the company's articles of association provide for another means. (Corporate Governance Regulations Article 13)





Appointment of Board Members:

- A) The company's articles of association specify the number of the board members, provided that it shall not be less than three and not more than eleven.
- B) The general assembly elects the board members for the period stipulated in the company's articles of association, provided that it shall not exceed three years, and they may be re-elected unless the company's articles of association provide otherwise.
- C) A board member not be a board member of more than five joint stock companies listed on the market at the same time.
- D) The company shall notify the authority of the names of the board members, their jobs and their membership descriptions within five days from the commencement date of the Board of Directors' session or as from the date of their appointment – whichever is earlier – and any changes to their membership within five working days from the date of these changes. (Corporate Governance Regulations Article 17)

Requirements of independence:

- A) The independent board member shall be able to exercise the functions of expressing opinions and voting on decisions objectively and impartially and for the benefit of the shareholders only, in a manner that helps the board of directors to take sound decisions that contribute to achieving the interests of the company.
- B) The board of directors shall conduct an annual evaluation of the extent to which the member's independence has been achieved and to ensure that there are no relationships or circumstances that affect or may affect the member or any conflict of interest now or in the future.
- C) the following cases are independence deficiencies for an independent board member - for example, but not limited to - the following:
 - 1) A member owns five percent or more of the company's shares or another company of its group, or he is related to the person who owns this percentage.
 - 2) To be a representative of a legal person who owns five percent or more of the company's shares or another company of its group.
 - 3) A member related to any of the board members in the company or in another company of its group.
 - 4) He is related to any of the senior executives of the company or any other company of its group.
 - 5) To be a board member in another company of the group of the company nominated for membership in its board of directors.
 - 6) He works or has worked as an employee during the past two years for the company or any party dealing with the company or another company of its group, such as auditors and major suppliers, or to own dominating shares with any of these parties during the past two years.



- 7) To have a direct or indirect interest in the business and contracts made for the company's account.
 - 8) To receive amounts of money from the company in addition to the remuneration for membership of the Board of Directors or any of its committees, exceeding (SAR 200,000) or more than 50% of his remuneration in the previous year that he received in return for membership in the Board of Directors or any of its committees, whichever less.
 - 9) To participate in a business that would compete against the company, or to trade in a branch of the company's activity.
 - 10) He shall have spent more than nine consecutive or separate years as a member of the company's board of directors
- D- The works and contracts concluded with the board member to meet his personal needs and requires to obtain a license from the ordinary general assembly, shall not be considered as an interest that negates the independence of the board member, if these works and contracts are carried out under the same conditions and terms applied by the company with all contractors and dealers and within the company's usual activity, unless the nominations committee deems otherwise. (Article 20) Corporate Governance Regulations.





Formation of the Audit Committee:

- A- The Audit Committee shall be formed by a decision of the company's ordinary general assembly from shareholders or others, provided that at least one independent member shall be among the committee members, and the committee shall not include any of the executive board members, and the number of the Audit Committee members shall not be less than three and not more than five, including a member specialized in financial and accounting affairs.
- B- Chairman of the Audit Committee shall be an independent member.
- C- The company's general assembly, based on a proposal by the board of directors, shall issue the audit committee's work regulations, provided that these regulations include the committee's work controls and procedures, its tasks, the rules for appointing its members, how to nominate members, the period of their membership, their remuneration, and the mechanism for temporarily appointing its members, if either of the committee's positions becomes vacant.
- D- However works or has worked during the past two years in the executive or financial management of the company, or with the company's auditor, may not be a member of the audit committee. (Corporate Governance Regulations Article 54).



Publication of Nomination Announcement:

The company shall publish the announcement of nomination for membership of the company's board of directors on the company's website and the website of the Saudi Capital Market (Tadawul) and in any other means determined by the Authority; in order to invite persons wishing to nominate for membership in the Board of Directors, provided that the nomination remains open for at least one month from the announcement date (Corporate Governance Regulations Article 68).





Assignment of the audit task:

The company assigns the task of reviewing its annual accounts to an auditor independent, competent, experienced and qualified; to prepare an objective and independent report for the Board of Directors and shareholders, indicating whether the company's financial statements clearly and fairly express the financial position of the company and its performance in material aspects (Corporate Governance Regulations Article 80).

Appointment of the auditor:

The Ordinary General Assembly appoints the company's auditor based on the nomination of the Board of Directors, taking into account the following:

- 1) To be nominated based on a recommendation by the Audit Committee.
- 2) To be registered with the Capital Market Authority.
- 3) His interests should not conflict with the interests of the company.
- 4) Number of candidates shall not be less than two auditors (Corporate Governance Regulations Article 81).

Board of Directors' Report:

The Board of Directors' report shall include a presentation of its operations during the last financial year, and all factors affecting the company's work. The Board of Directors' report shall include the following:

- 1) Applied and non-applied provisions of these regulations, and the reasons for that.
- 2) Names of the board members, members of the committees, and the executive management, and their current and former jobs, qualifications and experience.
- 3) Names of companies inside or outside the Kingdom, for which a member of the company's board of directors is a member of its current and previous boards of directors or one of its directors.
- 4) The composition of the board of directors and the classification of its members as follows: an executive board member - a non-executive board member - an independent board member.
- 5) The measures taken by the Board of Directors to inform its members - especially non-executives - of the shareholders' proposals and observations regarding the company and its performance.
- 6) A brief description of the committees' functions and tasks (such as: the audit committee, the nomination committee, and the remuneration committee), while stating names of the committees, their chairmen and members, number of their meetings, date of their convening, and attendance data of the members for each meeting.





- 7) The means and foundations relied on by the Board of Directors in evaluating its performance, the performance of its committees and members, the external party that carried out the evaluation and its relationship with the company, if any.
- 8) Disclosing the remunerations of the members of the Board of Directors and the Executive Management as stipulated in Article ninety three of these regulations.
- 9) Any penalty, sanction, precautionary measure or precautionary restriction imposed on the company by the authority or any supervisory, regulatory or judicial authority, with a statement of the reasons for the violation, the competent authority, and ways to remedy the violation and avoid its occurrence in the future.
- 10) Results of the annual review of the effectiveness of the company's internal control procedures, in addition to the audit committee's opinion on the efficiency of the company's internal control system.
- 11) The Audit Committee's recommendation to appoint an internal auditor in the company in the event of his absence.
- 12) Recommendations of the Audit Committee that conflict with the decisions of the Board of Director, or that the Board refused to adopt regarding the appointment and dismissal of the company's auditor, determining his fees, evaluating his performance or appointing the internal auditor, justifications for those recommendations, and the reasons for not taking them into account.
- 13) Details of the company's social contributions, if any.
- 14) A statement of the dates of the shareholders' general assemblies held during the last fiscal year and names of the board members attending these assemblies.
- 15) A description of the main types of activity of the company and its subsidiaries. If two or more types of activities are described, a statement of each activity and its impact on the company's business volume and its contribution to the results shall be attached.
- 16) A description of the company's important plans and decisions (including structural changes to the company, expansion of its work, or discontinuation of its operations) and future prospects for the company's business.
- 17) Information related to any risks faced by the company (whether they are operational risks, financing risks, or market risks) and the policy for managing and controlling these risks.
- 18) A summary in the form of a table or a graph of the company's assets, liabilities and results of its operations in the last five financial years or since its establishment (Whichever is shorter).





- 19) A geographical analysis of the total revenues of the company and its subsidiaries.
- 20) A clarification of any material differences in the operational results from the results of the previous year or any expectations announced by the company.
- 21) A clarification of any difference in the accounting standards approved by the Saudi Organization for Chartered and Professional Accountants (SOCPA).
- 22) The name of each subsidiary company, its capital, the company's ownership percentage, its main activity, the country where its operations are located, and the country where it is incorporated
- 23) Details of shares and debt instruments issued for each subsidiary company.
- 24) A description of the company's policy in distributing dividends.
- 25) A description of any interest in the class of voting shares belonging to persons (other than members of the company's board of directors, senior executives and their relatives) who notified the company of those rights, under Article 67 of the rules on the offer of securities and continuing obligations, and any change in those rights during the last fiscal year.
- 26) A description of any interest, contractual securities and subscription rights belonging to the members of the company's board of directors, senior executives and their relatives in the shares or debt instruments of the company or any of its subsidiaries, and any change in that interest or those rights during the last fiscal year.
- 27) Information regarding any loans on the company (whether payable upon request or otherwise), and a statement of the total debt of the company and its subsidiaries and any amounts paid by the company for loans during the year, principal amount of the loan, name of the lender, period of the loan and the remaining amount. If the company does not have loans, it shall submit an acknowledgment thereof.
- 28) A description of the classes and numbers of any convertible debt instruments and any contractual securities, memoranda of subscription right or similar rights issued or granted by the company during the fiscal year, with a clarification of any compensation received by the company in return.
- 29) A description of any transfer or subscription rights under convertible debt instruments, contractual securities, subscription right memoranda, or similar rights issued or granted by the company.
- 30) A description of any refund, purchase or cancellation by the Company of any refundable debt instruments, and the value of the remaining securities, distinguishing between the listed securities purchased by the company and those purchased by its subsidiaries.
- 31) Number of board meetings held during the last financial year, their dates, and the attendance minutes for each meeting, indicating the names of the attendees.
- 32) Number of the company's requests to the shareholders' register and the dates and reasons for those requests.
- 33) A description of any transaction between the Company and a related party.
- 34) information related to any works or contracts to which the company is a party, and in which or in which a member of the company's board of directors or its senior executives or any person related to any of them has an interest, including names of those involved in the work or contracts, nature of these business or contracts, their conditions, period and amount. If there are no such works or contracts, the company shall submit an acknowledgment thereof.



- 35) A statement of any arrangement or waiver agreement by a member of the company's board of directors or a senior executive for any remuneration.
- 36) A statement of any arrangement or waiver agreement by a shareholder of the company of any rights to profits.
- 37) A statement of the regular payments paid and due to pay any zakat, taxes, fees or any other entitlements and have not been paid until the end of the annual financial period, with a brief description of it and a statement of the reasons.
- 38) A statement of the value of any investments or reserves established for the benefit of the company's employees.
- 39) Acknowledgments on the following:
 - A. That the account records are properly prepared.
 - B. The internal control system was prepared on sound foundations and implemented effectively.
 - C. That there is no significant doubt in the company's ability to continue its activity.
- 40) If the auditor's report includes reservations on the annual financial statements, the report of the Board of Directors shall clarify those reservations, their reasons and any information related thereto.
- 41) If the Board of Directors recommends replacing the auditor before the end of the period for which he was appointed, the report shall contain the same, with an explanation of the reasons for recommending the replacement. (Corporate Governance Regulations Article 90)





5-2 Regulations of Financial Market Institutions

Amended by Decision of the Board of the Capital Market Authority No. 2-75-2020 dated 22/12/1441 AH corresponding to 12/08/2020



Learning objective: To be aware of the provisions of the regulations of financial market institutions

Articles of the regulations on disclosure and the continuing obligations of the financial market institutions are as follows:

Article 3: Compliance with regulations and rules

The financial market institution and the registered person shall abide by all the regulations and rules applicable and provide the authority without delay with all information, records and documents that the authority may require for the purpose of implementing the law and its implementing regulations.

The administrative body of the financial market institution, its employees and registered persons shall fulfill any request issued by the authority to attend, in order to clarify any matter or assist in any investigation related to the application of the law and its implementing regulations.

Article 13: Controllers

The financial market institution shall notify the authority in the form it determines that a person intends to control or cease to control the financial market institution, at least thirty days before the proposed effective date, or as soon as he becomes aware of such intention, if it is unable to inform the authority in advance.

The financial market institution shall not allow any person to become or act as a controller unless the authority has approved that controller in writing.

Any person who intends to become control of any financial market institution shall notify the authority in advance of his intention at least thirty days prior to the proposed effective date. He shall also provide the authority with any information it requests to verify his identity, integrity, legal status, business record and sound financial position.

Article 16: Maintenance of records

The financial market institution shall record and maintain sufficient information about the work of securities it undertakes to demonstrate its compliance with these regulations.

The financial market institution shall maintain records as stipulated in this regulation for a period of ten years, unless the Authority specifies otherwise.

The authority may inspect the records of the financial market institution directly or through a person to be appointed for this purpose.





5-3 Registration and listing rules in capital market

Learning objective:

Be familiar with the disclosure requirements when applying for registration and listing in capital market

Proceeding from the objectives of the Capital Market Authority to develop the capital market, the Capital Market Authority announced in January 2021 the adoption of an amendment to the rules for offering securities and continuing obligations; these amendments were approved by the Authority to regulate and develop the capital market and build a developed capital market, come with an active and pivotal role in supporting the growth and sustainability of companies in the capital market. These amendments to the rules of offering securities and continuing obligations aim to enhance the role of the financial market in capital formation to become a developed market that supports the development of the national economy and increases the efficiency of the financial sector. These amendments approved by the authority also come in light of the development of customer classification categories, customer knowledge requirements, customer understanding of risks, suitability of the customer, and the development of the structure of the particular purpose entity, in line with best practices and international standards.

The main elements of the amendments are as follows:

1. Amendment of the rules on the offering of securities and continuing obligations concerning the requirements for the minimum amount payable by each offeree (other than investors of the category of eligible clients and institutional clients) in the limited offering and limiting the offering of unlisted contractual securities to cases in which all those being offered are investors of the category of qualified clients and institutional clients, or employees of the issuer or any of its affiliates.
2. Amending the rules for offering securities and continuing obligations in light of the amended rules governing particular purposes entities concerning the structure of the special purposes entity offering debt instruments, in addition to several amendments regarding the offering of debt instruments by particular purposes entities.
3. Amending the rules for offering securities and continuing obligations regarding the period of the authority's review of the request for registration and offering of debt instruments or the registration and offering of convertible debt instruments and for approval of the financing transaction related to the public offering of debt instruments to be (20) days from the date of receiving all the required information and documents under the rules.





Below we review the set of amendments to the rules on the offering of securities and continuing obligations:

Article 12: Information provided to investors and private placement announcements

- A) The offeror must ensure that investors are provided with sufficient information about the private placement to make an informed investment decision; such information must be complete, precise, accurate, and not misleading.
- B) The private placement documents to be used in announcing the offering must contain a clear statement in the form set out in appendix (5) of these rules. The private placement documents that are used for announcing an offering by a special purpose entity shall contain a clear statement in the form set out in appendix (5) - (A) of these rules.
- C) No person may place or send any announcement for securities (as defined in the Securities Business Regulations) relating to the private placement without the securities announcement fulfilling the Securities Business Regulations' and Capital Market Institutions' requirements.

Terms of securities announcement:

An authorized person issues the announcement or an authorized person approves the contents of the advertisement for securities.

Article 13: Non-compliance with continuing obligations

Subject to the provisions of this part, a private offeror of securities is not required to inform the authority of any substantial evolution related to those securities.

Article 14: Secondary market activity

- A) person who has purchased securities through a private offering referred to herein as “the transferor” may not offer such securities or sell them to a person referred to herein as “the transferee” unless such offer or sale is made by a capital market institution, provided that fulfill one of the following requirements:
 - 1) The price for those securities shall not exceed two hundred thousand Saudi Riyals or its equivalent.
 - 2) Offering or selling securities to an investor who is a qualified client or an institutional client.
 - 3) Offering or selling securities in any other cases as determined by the authority for these purposes.
- B) If it is not possible to achieve what is stated in sub-clause (1) of clause (a) of this article due to the increase in the price of the securities being offered or sold to the transferee since the date of the original private placement, the transferor may offer or sell securities to the transferee if their purchase price during the period of the original private placement does not exceed two hundred thousand Saudi Riyals or its equivalent.
- C) If it is not possible to achieve what is stated in clause (b) of this article, the transferor may offer the securities or sell them if he sells all of his possessions to one transferee.
- D) The provisions of clauses (a), (b), and (c) of this Article shall apply to all subsequent persons to whom such securities are transferred.
- E) The restrictions set forth in this article shall be waived upon acceptance of listing on the Market of the same class of securities that are subject to these restrictions.



Article (23) Terms for the public offering of shares in the main market (TASI)



For a public offering of shares, the following are required:

1. The issuer must be a joint stock company.
2. The application for registration and offering of securities shall be accompanied by a prospectus, except for cases that do not require the existence of a prospectus under these rules.
3. When applying for securities registration and offering, the issuer must have practiced the main activity by itself or through one or more subsidiaries during at least the previous three fiscal years.
4. When applying for securities registration and offering, the issuer must have prepared its audited financial statements for at least the previous three fiscal years, provided that they were prepared by the accounting standards approved by the Saudi Organization for Chartered and Professional Accountants.
5. If the period included in the most recent audited financial statements ended more than (6) months before the expected date of approval of the application for registration and offering of securities, reviewed interim financial statements must be submitted for any period from the end date of the period included in the most recent audited financial statements to the expected date of approval of the application for registration and offering of securities or audited annual financial statements (as applicable). In all cases, the period included in the




latest reviewed preliminary financial statements submitted to the authority must not have ended more than (6) months from the date of approval of the application for registration and offering of securities.

6. If the issuer made any fundamental structural changes, it may not apply for the registration and offering of its securities until after the lapse of at least one fiscal year from the date of the implementation of the relevant change.

For the purposes of this clause, substantial structural changes shall mean any of the following:

- A- The disposal of any of the issuer's assets that has contributed to achieving 30% or more of the issuer's revenues or net income based on the latest annual financial statements.
 - B- Acquisition of assets whose value exceeds 30% or more of the issuer's net assets, based on the latest annual financial statements.
 - C- Acquisition of a company in which the rights of the owners represent 30% or more of the rights of the owners of the issuer, based on the latest annual financial statements.
7. The issuer's senior management must be qualified in terms of the necessary know-how and appropriate experience to run its business.
 8. The issuer, alone or jointly with its subsidiaries (if any), must have a working capital sufficient for at least (12) months immediately following the prospectus's publication date.
 9. If audited interim financial statements are issued during the application period, the issuer must submit them to the authority as soon as possible.
 10. The authority may accept an application to register and offer securities that do not meet the requirements of this article if it deems that the offering is in the interest of the investors and that the issuer has provided all the necessary information to the investors that would enable them to reach a decision based on awareness and knowledge regarding the issuer and the securities subject of the application.
 11. The provisions of clauses (3), (4), (5), (6), (8), and (9) of this Article shall not apply if the issuer has securities listed on the market.





5-4 Rules for registering auditors of entities subject to the supervision of the authority



Learning objective: Be familiar with the rules for registering auditors of entities subject to the supervision of the authority

Proceeding from the role of the Capital Market Authority in regulating and developing the capital market in the Kingdom and seeking to make the capital market environment more stable by raising the level of transparency and disclosure in the capital market, and in line with its strategic plan to enhance confidence in the capital market and to achieve the objectives of the (Financial Sector Development) program, one of the vision programs Saudi 2030. The Board of the Capital Market Authority issued its decision approving the rules for registering entities' auditors subject to the authority's supervision (the "Rules").

The rules aim to raise the level of quality of audits for the entities subject to the authority's supervision and improve the quality of information required from investors and the ease of access to it, which contributes to raising transparency and enhancing investors' confidence in the disclosed information and attracting institutional investors, this is done by setting the standards and conditions that must be met by auditors of the entities subject to the supervision of the Authority, including the requirement to register with the authority to practice audits for the entities subject to the supervision of the Authority, the registration conditions, and procedures. In addition, a statement of the continuing obligations imposed on the accountancy office and the registered chartered accountant, and the provisions for suspending and canceling the registration and stopping the practice of audits for the entities subject to the supervision of the authority.

Among the most prominent provisions of the rules are:

- The requirement for the accounting firm and the chartered accountant to be registered with the authority to practice audits for the entities subject to the supervision of the Authority.
- One of the requirements for registering the accounting firm and the chartered accountant with the authority is that it be licensed to practice the profession of auditing under the system of certified public accountants.
- Publication of a transparency report annually is one of the continuing obligations imposed by the rules on the registered accounting office.

Below we review a set of rules for registering auditors with the Capital Market Authority:



Article 11: Terms for continuation of registration

For the continuation of registration, the registered accounting firm and the registered chartered accountant must at all times adhere to the following:

1. The Chartered Accountants System and its regulations.
2. The system and its implementing regulations.
3. Registration requirements.
4. Any criteria and conditions set by the Authority.
5. The authority's instructions related to the examination and its results.
6. Provide the authority without delay with all information and documents that it may request for the purpose of implementing the provisions of the law and its implementing regulations.
7. Setting the necessary arrangements to provide technical advice to the employees of the registered accounting firm who are in charge of audits of the entities subject to the supervision of the authority in the cases that require that.

Article 12: Notice requirements

- A) The registered accounting firm must notify the authority in writing within seven days from the date of any change in the information submitted to the authority on the accounting firm registration application form regarding the name of the registered accounting firm, its address, website address, e-mail or the names of the partners in the office.
- B) The registered accounting firm must notify the authority in writing immediately upon filing a lawsuit against the registered accounting firm, any of its partners, executive managers, or audit managers if the subject matter of the lawsuit is related to the office's business or the practice of the audit profession.
- C) The authority may, upon receipt of a notification under clauses (a) or (b) of this article, do the following:
 1. Requesting the registered accounting firm to provide any additional information that the authority deems necessary to make an appropriate assessment of the subject matter of the notice.
 2. Imposing any conditions, restrictions or other requirements that the authority reasonably deems necessary to address the actual or potential effects of the subject matter of the notice.





Article 13: Transparency report

The registered accounting firm must publish a transparency report annually on its website within a period not exceeding four months from the end of the fiscal year, provided that it includes, at a minimum, the information contained in appendix (1) of these rules.

Article 14: Periodic data

The registered accounting firm must submit periodic statements to the authority under the form it determines within a period not exceeding four months from the end of its fiscal year.

Article 15: Compliance with the rules

The registered accounting firm must ensure that the registered accountants working for it comply with the registration terms and the continuing obligations contained in these rules.

The registered accounting office must appoint a registered chartered accountant responsible for communicating with the authority and ensuring that the registered accounting office and the registered accountants working for it comply with the conditions of registration and the continuing obligations contained in these rules.

The registered accounting office must inform the authority as soon as it becomes aware that any of the registration requirements contained in these rules are no longer fulfilled by it or by any of the registered accountants working for it.

Article 16: The participation of the registered chartered accountant

The registered chartered accountant must participate in a sufficient amount of working hours for each audit process of an entity subject to the supervision of the authority and issued a report on it, in order to ensure the quality of these operations.





5-5 Continuing obligations of listed companies

Learning objective: be familiar with the continuing obligations of listed companies

5-5-1 Continuing obligations

Any disclosure made by the issuer to the public must be complete, clear, true, and not misleading, and must satisfy all disclosure requirements stipulated in the law, its implementing regulations and market rules.

If the issuer wishes to modify its capital, the total value of its fund assets, or take any action that may lead to an adjustment in the price of its listed securities, it must disclose to the public the details of the procedure and its impact on the price of its listed securities.

Obligation to disclose actions that may affect the price of the listed security:

If the issuer wishes to modify its capital or take any action that may lead to an adjustment in the price of its listed securities, it must disclose to the public the details of the procedure and its impact on the price of its listed securities.

Disclosure means and formal requirements:

Any notice to the market and any public disclosure made by the issuer must be in Arabic, and the issuer may translate any of that into English, and it must be through the automated system determined by the market for this purpose.

The Arabic language shall be the approved language for explaining and interpreting any notice or disclosure provided by the issuer. In the event of any discrepancy between the Arabic and English versions, the Arabic version shall prevail.

Any public disclosure must include information about the identity of the issuer and any persons related to the disclosure, the subject, date, and timing under the implementing regulations and market rules.

The issuer must be able to provide the market, upon a written request, with any of the following information related to any public disclosure:

1. The name of the natural person who made the relevant disclosure.
2. The date and time of the issuer's receipt or acquisition of the substantial information subject of the disclosure.
3. The means by which the issuer received or obtained the substantial information subject of the disclosure.

It is the responsibility of the issuer to determine the content of any public disclosure.

Any disclosure must include an acknowledgment that the issuer bears full responsibility for the accuracy of the information contained in the disclosure and to confirm that the issuer - after taking the necessary measures to investigate and based on what he has of information and facts - is not aware of the existence of any information or facts whose omission might make the disclosure misleading, incomplete or inaccurate.

The authority or the market does not bear any responsibility for the content, accuracy, or completeness of the disclosure, and each of them expressly disclaims any responsibility for any losses or damages resulting from the disclosure or reliance on any part of it.





The market validity to request additional information or data to be provided or disclosed

The market may request in writing from the issuer to provide it with specific information or data.

The issuer must provide the information or data required under clause (a) of this article within the period specified by the market and in the form and means it requires.

Clauses (a) and (b) of this article apply only to information and data required by the market for the purpose of performing its functions under the listing rules.

Disclosure timing:

- The issuer must disclose to the public as soon as possible after any event under these rules or under any of the continuing obligation requirements set forth in the implementing regulations and the market rules. In all cases, the disclosure must be made before the start of the trading period following the occurrence of the relevant event.

Disclosure forms:

- The issuer must comply with the disclosure forms mentioned in the instructions for companies' announcements when preparing the disclosure or report required under the law, its implementing regulations, or market rules.



5-5-2 Disclosure of listed companies with accumulated losses



Learning objective: be familiar with the disclosure requirements for troubled companies as determined by the capital market

In an effort by the Capital Market Authority to develop the capital market in the Kingdom, enhance investor protection, and develop procedures to reduce risks associated with securities transactions, based on the Capital Market Law issued by Royal Decree No. (M/30) on 2/6/1424 AH. The decision of the Board of the Capital Market Authority was issued to amend the procedures and instructions of companies listed in the market whose accumulated losses amounted to 50% or more of their capital in light of the Companies Law issued by Royal Decree No. (M/3) dated 28/1/1437 AH, and amending their name to become the procedures and the instructions for companies listed in the market whose accumulated losses amounted to 20% or more of their capital, as amended by the decision of the Board of the Capital Market Authority No. 1-77-2018 dated 5/11/1439 AH corresponding to 18/7/2018 AD.

Procedures and instructions for companies whose shares are listed in the market and whose accumulated losses amounted to 20% or more of their capital:

The company's accumulated losses amounting to 20% or more, and no more than 35% of its capital.


The company must disclose to the public immediately and without delay and by an independent announcement when its accumulated losses reach 20% or more and not more than 35% of its capital, provided that the announcement includes the amount of accumulated losses and their percentage of the capital And the main reasons that led to these losses, noting in the in the announcement that these procedures and instructions will be undertaken thereon, if the disclosure required under this clause coincides with the announcement of the initial or annual financial results, the company is exempted from disclosing a separate announcement if it included it in the announcement of the initial or annual financial results.

The market adds a mark next to the company's name on the market's website, symbolizing that the company's accumulated losses have reached 20% or more and less than 35% of its capital immediately upon the issuance of the announcement referred to in clause (a) of this Article.

Upon obtaining a report from the chartered accountant showing its financial position, the company must disclose to the public immediately and without delay an independent announcement of reducing its accumulated losses from 20% of its capital, provided that the announcement includes the measures taken by the company to adjust its position, and the accountant's report is attached to the announcement the law referred to in this clause.

The market shall delete the mark referred to in clause (b) of this Article as soon as the company announces that it has amended its position in accordance with what was referred to in clause (c) of this article (Article No. 3).





The company's accumulated losses reach 35% or more, and not more than 50% of the company's capital

The company must disclose to the public immediately and without delay an independent announcement when its accumulated losses reach 35% or more and not more than 50% of its capital, provided that the announcement includes the amount of accumulated losses and their percentage of the capital, and the main reasons that led to these losses and actions that the company will take with regard to these losses, noting in the announcement that these procedures and instructions will be undertaken thereon. If the required disclosure under this clause coincides with the announcement of the initial or annual financial results, the company is exempted from disclosing a separate announcement if it included it in the announcement of the initial or annual financial results.

The market adds a mark next to the company's name on the market's website, symbolizing that the company's accumulated losses have reached 35% or more, and not more than 50% of its capital, immediately after the announcement referred to in clause (a) of this article is issued.

Upon obtaining a report from the chartered accountant explaining its financial position, the company must disclose to the public immediately and without delay an independent announcement of reducing its accumulated losses from 35% of its capital, provided that the announcement includes the measures taken by the company to adjust its conditions, and the announcement shall be accompanied by a report from the chartered accountant referred to in this clause.

The Market shall delete the mark referred to in clause (b) of this Article as soon as the company announces that it has amended its status in accordance with what was referred to in clause (c) of this Article.

When the company's accumulated losses decrease to less than 35% and not less than 20% of its capital, Article 3 of these procedures and instructions shall apply to the company. (Article No. 4).

If the company's accumulated losses reach 50% or more of its capital:

The company must disclose to the public immediately and without delay an independent announcement when its accumulated losses reach 50% or more of its capital, provided that the announcement includes the amount of accumulated losses and their percentage of the capital, and the main reasons that led to these losses and actions that the company will take with regard to these losses, noting in the announcement that these procedures and instructions will be undertaken thereon. If the required disclosure under this clause coincides with the announcement of the initial or annual financial results, the company is exempted from disclosing a separate announcement if it included it in the announcement of the initial or annual financial results.



The market adds a mark next to the company's name on the market's website, symbolizing that the company's accumulated losses have reached 50% of its capital, immediately after the announcement referred to in clause (a) of this article is issued. Subject to the provisions of article 150 of the companies law, the company, after announcing its accumulated losses amounting to 50% or more of its capital, must announce the following:

- 1- The date of the last day on which the Board of Directors can invite the Extraordinary General Assembly to meet, and the last day of the Extraordinary General Assembly to address the accumulated losses.
- 2- The Board of Directors' recommendation to the Extraordinary General Assembly regarding its accumulated losses as soon as it is issued, either by increasing or decreasing the company's capital, or dissolving the company before the term specified in its articles of association.
- 3- The date of the last day to complete the subscription process for the capital increase to address the accumulated losses - where applicable –

Upon obtaining a report from the chartered accountant explaining its financial position, the company must disclose to the public immediately and without delay an independent announcement of reducing its accumulated losses from 50% of its capital, provided that the announcement includes the measures taken by the company to adjust its conditions and the announcement shall be accompanied by a report from the chartered accountant referred to in this clause.

The market shall delete the mark referred to in clause (b) of this Article, as soon as the company announces that its status has been modified in accordance with what was referred to in clause (d) of this Article.

When the company's accumulated losses decrease to less than 50% and not less than 20% of its capital, Article 3 or article 4 of these procedures and instructions shall be applied to the company, as the case may be. (Article No. 5).

Delisting:

The listing of the company's shares shall be canceled upon the expiry of the company by force of law in accordance with clause (2) of article 150 of the companies law, or if the Extraordinary General Assembly decides to dissolve the company before the term set in accordance with clause (1) of article 150 of the companies law. (Article No. 6).



5-6 Rules and regulations related to investment fund disclosures



Learning objective: be familiar with the rules and regulations related to investment fund disclosures

A group of documents issued by several fund managers, in order to achieve the degree of diversity that provides him with adequate protection against the fluctuation of the market value of the components of that assortment, and this is expressed by saying that one does not put all his eggs in one basket, or what is expressed in the concept of investment in the field of diversification policy.

The small size of the savings is not the only reason for the reluctance of investors to invest directly in securities. Some investors have abundant financial resources that enable them to purchase various securities. However, they are reluctant to do so either because they do not have the experience and knowledge to manage such a variety or because they do not have enough time to meet the needs of these investors, companies specialized in building and managing formations (funds) of securities and investment funds were established, allowing them to buy several shares in those portfolios, commensurate with their available financial resources.

5-6-1 Funds disclosures



Learning objective: Be aware of disclosure information as provided for in the regulations.

Article 3 of the Investment Funds Regulations shows compliance with the regulations.

Compliance with the regulation:

A person, who intends to offer units in an investment fund, or to establish an investment fund in the Kingdom, must comply with these regulations.

5-6-2 Eligibility requirements

The fund manager must be a person authorized to carry out management activities.

5-6-3 Fund management

Fund management and fund manager duties:

The fund manager must act for the benefit of unitholders in accordance with these regulations, the authorized persons regulations, the terms and conditions of the investment fund, and (the information memorandum in respect to the public fund).

The fund manager must comply with all principles and duties required under authorized persons regulations including the fiduciary duty towards unit holders, which includes the duty to act in the best interests of the unit holders, and duty to exercise all reasonable care.



With respect to the investment funds, Fund manager responsibilities shall include:

- 1- Fund management.
- 2- Fund operations, including administrative services to the fund.
- 3- Offering of fund units
- 4- Ensuring the accuracy of the terms and conditions of the investment fund, (the information memorandum in respect to the public funds), and verify that the terms and conditions are complete, clear, accurate, and not misleading.

The Fund manager shall have the primary responsibility for compliance with these Regulations, whether he discharges his responsibilities and duties directly or assigned a third party to do so by virtue of these regulations and authorized persons regulations. The fund manager shall be responsible towards unitholders for losses incurred by the investment fund due to fraud, negligence, misconduct or willful default of Fund manager.

The Fund manager must develop policies and procedures that detect risks effecting the funds investments and ensure treatment of these risks as soon as possible. These policies and procedures must include conducting risks assessment, at least, once a year. Unless the authority determines otherwise, the fund manager may not limit the eligibility of the investment in the fund to nationals of any state or group of states or in a particular fund. This clause does not prevent the fund manager from rejecting investment from any person or entity that is deemed unqualified for such investment by any other relevant law.

The fund manager must comply with the provisions of Annex (11) of these regulations when applying for an approval from or notifying the authority requirements.

The fund manager must implement a compliance monitoring program for every fund under its management. The fund manager must provide the authority with the results of the implementation of the program upon its request.

5-6-4 Register of unitholders

The Fund manager must establish a register of unitholders and must maintain it in the Kingdom.

The register shall be conclusive evidence as to the persons entitled to units entered on the register.

The Fund manager must maintain at least the following information in the register:

1. The name and address of each unitholder;
2. The national identification number, residence permit number (Iqama), passport number or commercial registration number of the unitholder when applicable, or any other identification as determined by the authority;
3. The nationality of the unitholder;
4. The date on which the unitholder was registered in the register;
5. Details of all transactions in relation to units conducted by each unitholder;





6. The running balance of the number of units (including fractions of a unit) held by each unitholder.
7. Any restriction or right attached to units owned by the unitholder.

The register of unitholders must be made available for inspection by the authority at its request. An extract of the register of unitholders must be provided by the Fund manager to any unitholder free of charge (at no cost) upon request (such extract must show all the information that is relevant to the requesting unitholder only).

The Fund manager must update the register of unitholder immediately to reflect the information referred to in Paragraph (c) of this article. (Article 12 of Investment Funds Regulations).

5-6-5 Investment decisions

If a fund manager is removed pursuant to article (20) of these regulations, it shall cease to make any investment decisions in relation to the relevant fund as soon as the replacement fund manager is appointed or at any earlier time determined by the authority. (Article 21 of the Investment Funds Regulations).

Areas of investments

The assets and money of a public fund must be invested in investments in accordance with these regulations, other applicable laws and regulations, and the terms and conditions and the information memorandum.

The fund manager must invest the assets and money of a public fund, in the following types of investments only:

- 1- Securities;
- 2- Money market transactions concluded with a party subject to SAMA supervision or equivalent regulator in a jurisdiction other than the Kingdom;
- 3- Bank deposits with a local bank or institution regulated by SAMA or equivalent regulator in a jurisdiction other than the Kingdom;
- 4- Real estate assets
- 5- Goods

The fund manager must not invest the money and assets of a public fund in securities issued by the fund manager or its affiliates unless this is permitted by the terms and conditions of the relevant public fund.

The subscription monies received from a unitholder must not be placed on deposit, which is not invested with an affiliate of the fund manager other than on terms and conditions equivalent to at least the terms entered into by persons dealing at arm's length.





Without prejudice to clause (b) of this article, the public fund manager must not lend the fund's assets or money to any person.

The fund manager must not invest the public funds money and assets in any type of assets that would result in the fund assuming, guaranteeing, endorsing or otherwise become directly or contingently liable for any obligation or indebtedness of any person.

Any investment fund into which the public fund's assets and money are invested must be in another public fund, which is registered with the authority, or a public investment fund outside KSA, which is subject to an equivalent regulatory oversight in a jurisdiction recognized by the authority as having equivalent regulation. The authority shall have the discretion to assess whether the jurisdiction has regulatory standards and requirements at least equivalent to those of the authority.

The borrowing of a public fund must not exceed (%10) of its net asset value

The public fund's money and assets must not be used to acquire any asset that involves the assumption of any liability, which is unlimited.

(Article 40 of Investment Funds Regulations).





5-6-6 Violation of investment restrictions

In the event of a violation of any of the investment restrictions stipulated in the Investment Funds Regulations, the related regulations, the fund terms and conditions, or the information memorandum due to an action taken by the fund manager or fund sub-manager, the fund manager must notify the authority in writing immediately and must take, within five (5) days of such violation, the necessary steps to rectify the violation, and the authority may change this period at its discretion.

In the event of a violation of any of the investment restrictions stipulated in these Regulations, the Fund's Terms and Conditions, or the information Memorandum due to a change in circumstances beyond the control of the fund manager or sub-fund manager and the violation was not fixed within (5) days, the fund manager must notify the authority of such event in writing, indicating the action and period of time required to rectify the matter and the Authority may, at its sole discretion change that period for recitation of such violation.

The fund manager shall report all violations of the investment restrictions referred to in clause (a) and clause (b) of this article to the compliance officer and/or compliance committee and to the fund board. The compliance officer and/or compliance committee shall maintain a permanent record of the violations and document the action taken and period of time required to rectify any such violation.

The fund manager shall include in the annual report all violations of the investment restrictions referred to in clause (a) and clause (b) of this article. (Article 52 of Investment Funds Regulations).

5-6-7 Reporting to Unitholders

The fund manager must prepare the annual reports that includes (audited financial statement) short-form annual reports and interim reports in accordance with the requirements of appendix 5 of these regulations and must be provided by the fund manager to unitholders on request and without charge.

Annual reports must be made available to the public no later than (70) days from the end of the period to which the report relates in such locations and by such means as specified in the terms and conditions and information memorandum as well as in the fund manager's website and on the Saudi Exchange's website (Saudi Tadawul).

The interim reports must be prepared and made available to the public within (35) days from the end of the period to which the report relates in such locations and by such means as specified in the terms and conditions, the information memorandum as well as in the fund manager website and on the Saudi Exchange's website (Saudi Tadawul).

A feeder fund or fund of funds must make its fund reports available within (21) days after the release of the fund reports of the fund(s) in which it invests.

The fund manager shall make available for inspection by unitholders the current net asset value of the public funds to which it is fund manager free of charge, and all historical net asset value at the registered offices of the fund manager.



The fund manager must provide each unitholder with details of the net asset value of the units owned by it and the record of transactions in fund units made by it within (15) days of each transaction in units of the public fund by the relevant unitholder. The fund manager must send to the unitholder (including former unitholder during the year that statement was prepared) an annual statement summarizing their transactions in units in the public fund during the course of a financial year within (30) days of the end of the financial year, this statement must include the outline of service fees, expenses, and charges discounted from the unitholder, and specified in the fund's terms and conditions and information memorandum, in addition to details of all the violations of investments restrictions described in these regulations, the terms and condition, or the information memorandum.

The fund manager must, at the end of each quarter, disclose information about the public fund on its website and on the Capital's Market website (Saudi Tadawul) or by any other means specified by the Authority. The information must include, at least, the followings at least:

- 1- List of issuers which shares constitute the largest ten investments in the fund portfolio their percentages as it is in the first day of the quarter.
- 2- The percentage of total fees and charges of the concerned quarter to the average of the net assets value of the fund.
- 3- The amount and percentage of profits distributed in the quarter in question if any.
- 4- The fund's manager investments amount and percentage to the net assets value as it is at the end of the concerned quarter.
- 5- The amount and percentage of the concerned quarter's dealing expenses to the public fund's average net assets value.
- 6- Standards and indicators to measures the risks.
- 7- Fund's performance standards and indicators. (Article 71 of Investment Funds Regulations).





Questions of Chapter Five

- 1) What are the regulatory controls when companies repurchase their shares from capital market?

Answer reference: Section 5-1-1-1

- 2) Explain the regulatory controls when companies repurchase its preferred stock

Answer reference: Section 5-1-1-1

- 3) In accordance with Article 22, Article of the executive controls and procedures issued in implementation of the companies' law for listed joint stock companies, as amended by the authority's board resolution No. 4-122-2020 dated 3/4/1442 AH corresponding to 11/18/2020 AD, what are the statutory controls when selling treasury shares?

Answer reference: Section 5-1-1-1

- 4) According to Article 47 of the executive regulations and procedures issued in implementation of the Companies Law for listed joint stock companies, as amended by the authority's board resolution No. 4-122-2020 dated 3/4/1442 AH corresponding to 11/18/2020 AD, what is meant by "The indicative value of the right"?

Answer reference: Section 5-1-1-1

- 5) List five of the related parties (as defined by the corporate governance regulations)

Answer reference: Section 5-1-1-2

- 6) List five of the objectives of the corporate governance regulations

Answer reference: Section 5-1-1-2





- 7) Explain how the corporate governance regulations address the right of the company's shareholder to obtain information?
Answer reference: Section 5-1-1-2
- 8) Mention five of the functions of the extraordinary general assembly
Answer reference: Section 5-1-1-2
- 9) Mention five of the functions of the Ordinary General Assembly
Answer reference: Section 5-1-1-2
- 10) What is meant by "Discouragement of independence". Name five of these discouragements
Answer reference: Section 5-1-1-2
- 11) List five of what should be included in the report of the board of directors
Answer reference: Section 5-1-1-2
- 12) What are the considerations that must be taken into account when the ordinary general assembly appoints the company's auditor based on the nomination of the board of directors?
Answer reference: Section 5-1-1-2
- 13) According to Article 13 of capital market Institutions regulations, what are the controls related to " The Controllers" ?
Answer reference: Section 5.2
- 14) Article 14: Secondary market activity specifies that a person who has purchased securities through a private placement referred to here as "the transferor" may not offer those securities, or sell them to a person referred to here as "the transferee", unless that offer or sale is through capital market, provided that one of the requirements is met. What are these possible requirements?
Answer reference: Section 3-5





- 15) According to Article 23: Conditions for a Public Offering of Shares in the main market “TASI”, mention five of the necessary conditions for a public offering of shares.

Answer reference: Section 3-5

- 16) What is meant by "The structural changes"?

Answer reference: Section 3-5

- 17) Mention the most prominent provisions contained in the rules regarding registration conditions and procedures, in addition to a statement of the continuing obligations of the chartered accountant.

Answer reference: Section 5-4

- 18) What are the conditions for the continuation of the registration of the registered accounting office and the registered chartered accountant at all times?

Answer reference: Section 5-4

- 19) List five of the formal requirements for disclosure.

Answer reference: Section 5-5-1

- 20) What are the procedures and instructions for companies whose shares are listed in capital market, whose accumulated losses amounted to 50% or more of their capital?

Answer reference: Section 5-5-2





Chapter Six

The electronic disclosure system (IFSAH),
The forms used, And penalties for non-disclosure

| | |
|---|----|
| 1- The electronic disclosure system (IFSAH) | 74 |
| 2- Disclosure forms | 78 |
| 3- Company's announcement requirements | 78 |
| 4- Non-disclosure penalties: trading suspension or delisting | 83 |

This part of the curriculum includes about 5 questions out of the 50 questions in the test.



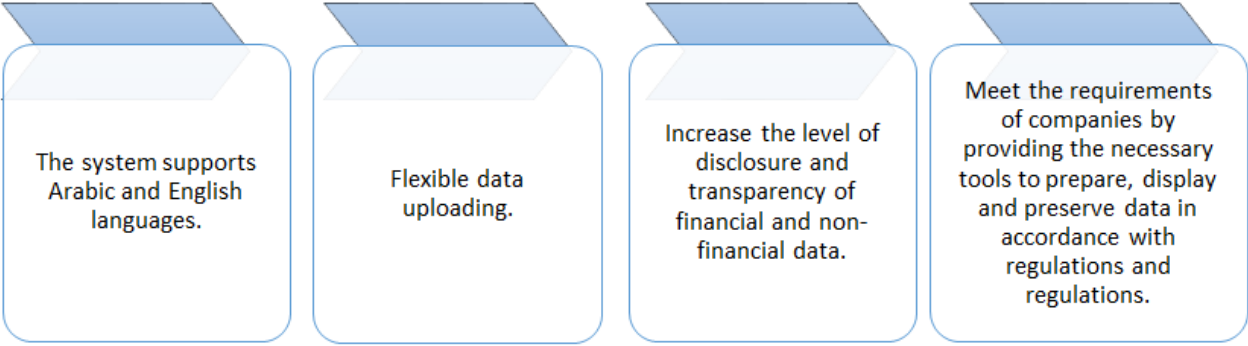
6-1 The electronic disclosure system (IFSAH)

Learning objective: Be familiar with the electronic disclosure system and how to use it

The Saudi capital market launched an updated electronic disclosure system in June 2013; a versatile electronic system that allows companies to prepare, enter, store and disclose financial and non-financial information required under regulations and instructions posted on Tadawul website, where standardized electronic forms are provided to facilitate disclosure process in Arabic and English.

- * IFSAH is an interactive multi-use system for preparing and displaying information related to companies listed on Tadawul website.
- * IFSAH provides standard electronic forms to facilitate disclosure by listed companies.
- * The Saudi capital market (Saudi Tadawul) provides a number of tools to help companies prepare, publish and preserve various data and information, which saves time, effort and costs.
- * IFSAH helps all parties concerned with providing accurate information through flexibility of forms and approved tables.
- * Examine the user manuals for the disclosure (IFSAH) system, as well as the forms for the requirements of continuous disclosures.

6-1-1 Objectives of IFSAH



The system supports Arabic and English languages.

Flexible data uploading.

Increase the level of disclosure and transparency of financial and non-financial data.

Meet the requirements of companies by providing the necessary tools to prepare, display and preserve data in accordance with regulations and regulations.



6-1-2 Characteristics of IFSAH

- Publish financial statements.
- Financial statements: Support saving in several formats (HTML – Excel - PDF)
- Publish announcements in table form with the capacity of attaching documents.
- Announcements templates dedicated to disclosures of investment tools in the market in compliance with the announcement instructions issued by the capital market authority (listed companies, real estate traded funds, closed funds, exchange traded funds, and the financial advisor).
- Publish and update detailed information of board of directors, Audit Committee and Senior Executives.
- Publish and update company data (Basic information and bylaws).
- Publish changes to capital.
- Publish dividends
- Company purchase of its shares
- Publish and update information pertaining to investment funds
- Publish and update information pertaining to bonds and instruments





6-1-3 Types of IFSAH users



Learning objective: be familiar with the purposes of using the system and its users

Liaison officer is the connection point between company's management and Tadawul, who advertises and updates all company data published on the Capital Market Authority (Tadawul) website. In the event of a request to add/replace a user, the authority must be specified as follows:

- **Data Entry Clerk:**

Responsible for entering and sending data to Supervisor for verification, validation, and approval. Such data shall be then sent to the auditor in the Capital Market Authority (Saudi Tadawul) via IFSAH.

- **Supervisor:**

Responsible for approving and sending data to the Capital Market Authority (Saudi Tadawul) via IFSAH.



Notice:

It is recommended that the company have a minimum of two powers; supervisor and data entry. The issuer must designate a data entry and supervisor to be able to enter, review, audit, and send the financial and non-financial disclosure through the automated system specified for disclosure to be published on the Saudi Tadawul website. The liaison officer authorized by the company is also prohibited from obtaining two powers in the disclosure system IFSAH.



6-1-4 Duties and responsibilities of data discloser (liaison officer)



Learning objective: be familiar with the duties and responsibilities of data discloser

Liaison officer is the connection point between company's management and the Capital Market Authority (Saudi Tadawul), who advertises and updates all company data published on the Capital Market Authority (Tadawul) website, as well as preparing, organizing and taking all procedures related to ordinary and extraordinary general assemblies.

Announcement Requirements

- Comply with all company announcement instructions to the fullest.
- Select the appropriate form for each announcement.
- Follow-up status of announcement.
- Read format and organize announcement content, and produce a final reviewed revision free of false information or spelling errors before being sent.
- Ensure that announcement context is readable and clear and included information is true and correct.
- Inform liaison officer of related requirements and forms to handle announcement properly.
- Follow instructions received via email in case announcement or inputs was rejected, and auditor feedback will be available on the system.
- Update relevant data and information.

Others

- In case of liaison officer's appointment, replacement or resignation, Tadawul shall be informed accordingly.
- The system shall be used by the same authorized person.
- In case contact information has been changed, new contact information shall be provided to Tadawul.
- System usage experience shall be shared with new liaison officer.
-





6-1-5 Mandatory requirements for companies

Announcement Requirements

- Comply with all company announcement instructions to the fullest.
- Select the appropriate form for each announcement.
- Follow-up status of announcement.
- Read format and organize announcement content, and produce a final reviewed revision free of false information or spelling errors before being sent.
- Ensure that announcement context is readable and clear and included information is true and correct.
- Inform liaison officer of related requirements and forms to handle announcement properly.
- Follow instructions received via email in case announcement or inputs was rejected, and auditor feedback will be available on the system.
- Update the relevant data immediately after the announcement for announcements that require this, including:
 1. General assemblies: which may include in the agenda (formation of a board of directors - change of articles of association - change of auditor - change in capital - company purchase of its shares)
 2. Changes in the members of the board of directors
 3. Change in the issuer's representatives at Saudi Tadawul
 4. Dividends
 5. Financial results
 6. Basic company information.
- Providing Saudi Tadawul with Form 3 (PDF-Word) for members of the Board of Directors, the Audit Committee, senior executives, and their relatives in the event of electing new members of the Board of Directors or forming an audit committee for the latest and previous session with identities with updating the members' file and the representatives' file in the disclosure (IFSAH) system.
- Providing Saudi Tadawul with Form 3 (PDF-Word) with identities in cases of resignation or individual appointment of members of the Board of Directors, the Audit Committee and senior executives, with updating the members' file in IFSAH system.
- Observing the deadline for publishing financial results announcements.
- Adding attachments to the advertisement in case there is a requirement or if there is additional information, taking into account that the attachments match in both languages.



Other requirements:

- In case of liaison officer's appointment, replacement or resignation, Saudi Tadawul shall be informed accordingly.
- The system shall be used by the same authorized person.
- In case contact information has been changed, new contact information shall be provided to Saudi Tadawul.
- System usage experience shall be shared with new liaison officer.
- Obtaining a professional disclosure certificate is a requirement to obtain a user in IFSAH system.
- Use of Google chrome or Mozilla Firefox browser for disclosure system.
- In the case of listing a new company in the market, the market is provided with the required forms, the most important of which are:
 1. IFSAH system users forms with IFSAH professional test certificates.
 2. Form 3 for members of the Board of Directors, the Audit Committee, and senior executives with their own identities, a family card for Saudis, and residence permits for foreigners (in case they reside in the Kingdom).
 3. Form for company representatives to the market 1(a)
 4. Articles of Association of the company
 5. Appendix file (PDF-Word) which contains basic company information (address, contact numbers, investment restrictions, name of the external auditor, information of subsidiaries (if any), information about the company's purchase of its shares, capital, members of the board of directors' management and senior executives, financial statements). The entry of this information in addition to the information of the company's representatives is required immediately after the authorized liaison officers receive an email containing the login information for a user of IFSAH system, when announcing the company's listing.

6-1-6 Liability for any advertisement and/or content posted on Saudi Tadawul website

The Saudi Capital Market Company (Saudi Tadawul) does not represent or endorse the accuracy, validity or reliability of any announcement or the quality of any information, materials, products or other displayed on the Saudi Tadawul website, as it appears at the end of each advertisement on the Saudi Tadawul website as follows:

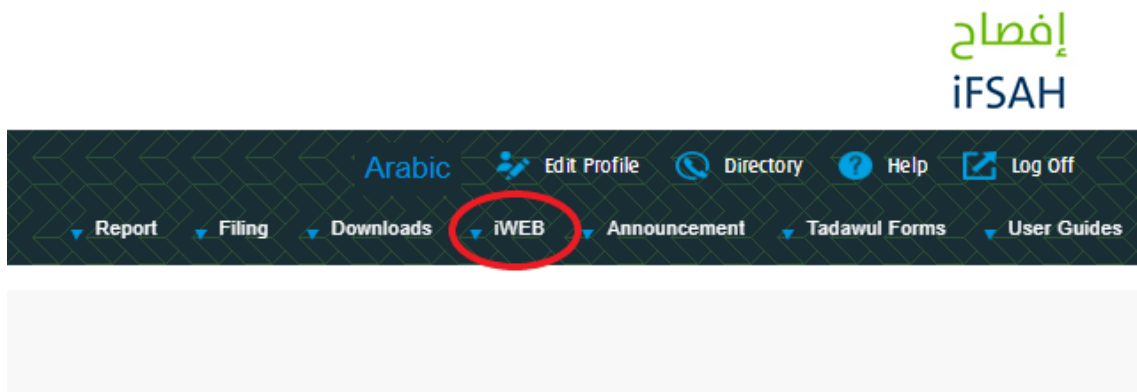
The Capital Market Authority and Saudi Exchange take no responsibility for the contents of this disclosure, make no representations as to its accuracy or completeness, and expressly disclaim any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this disclosure, and the issuer accepts full responsibility for the accuracy of the information contained in it and confirms, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts or information the omission of which would make the disclosure misleading, incomplete or inaccurate.



How to upload information in IFSAH system:

The company's information is entered and updated through IFSAH system by the following steps:

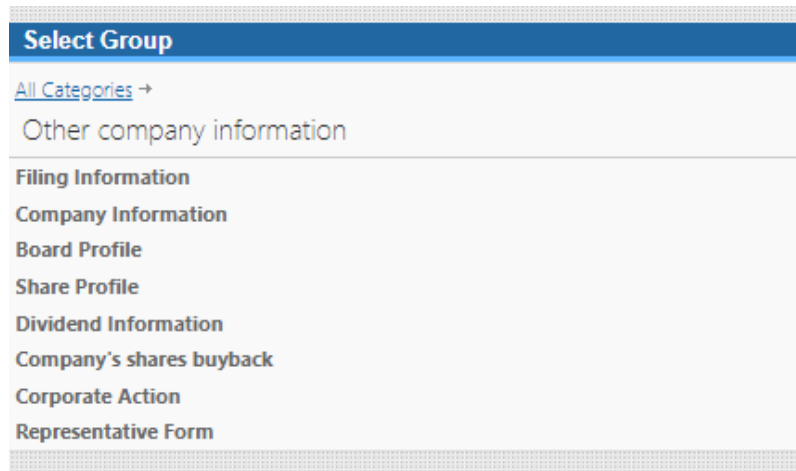
1. After logging into IFSAH system, choose list of entries



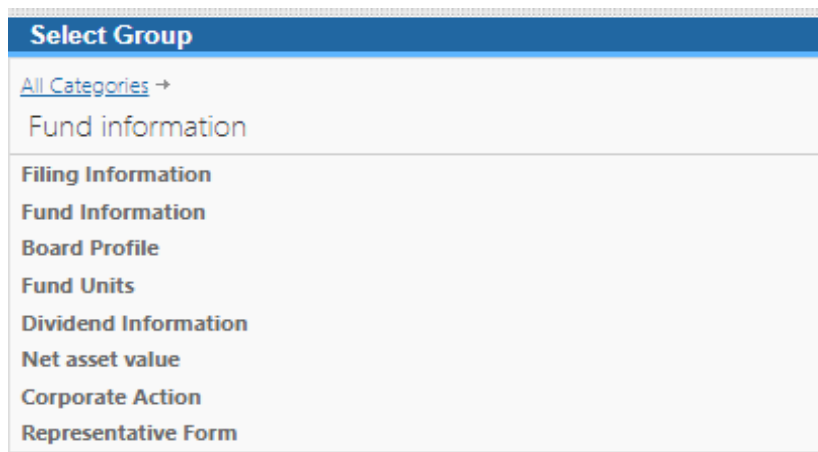


2. Click on Select Group

For Listed Companies: The company profile is selected (all forms for updating company information will appear)

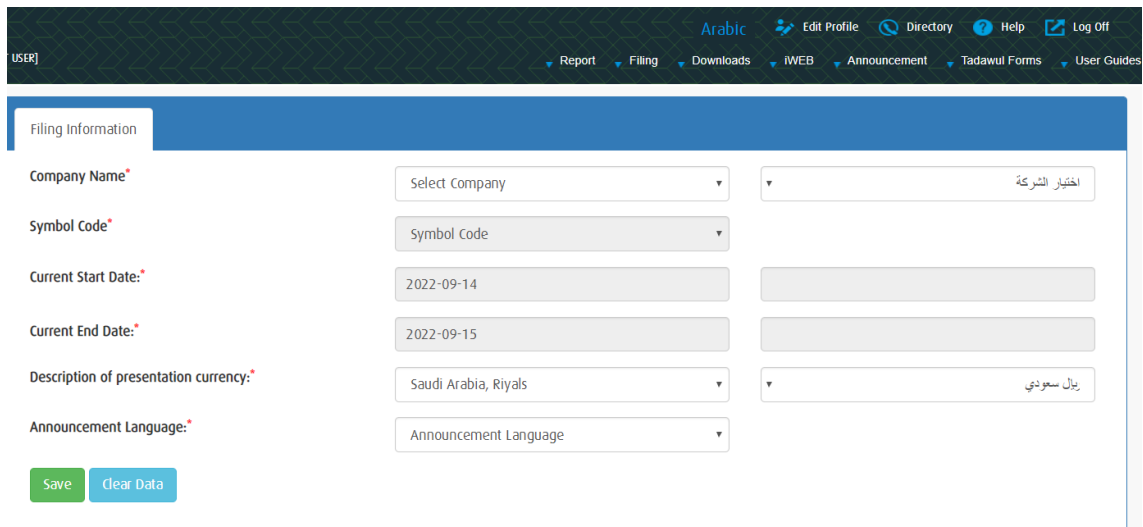


For investment funds: the fund data is selected (all forms for updating fund data will appear)



How to select announcements in IFSAH system

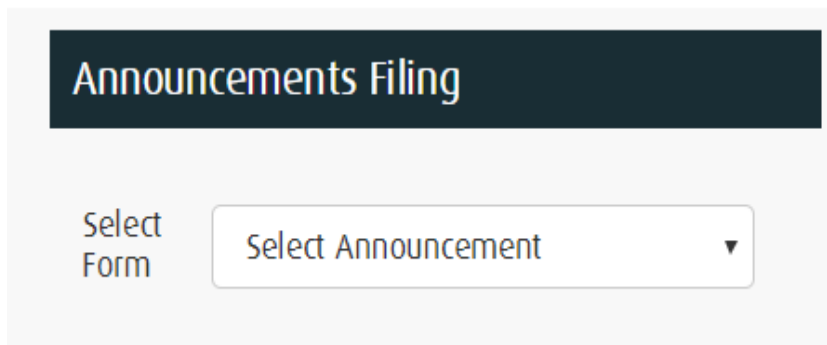
Select "announcements" from the menu at the top page, choose the classification of announcements, then "choose the announcement template" appropriate for the event, fill in the input data, and choose save.



The screenshot shows the 'Filing Information' form in the IFSAH system. The form includes the following fields:

- Company Name:** A dropdown menu with 'Select Company' and a secondary dropdown with 'اختر الشركة' (Select Company).
- Symbol Code:** A dropdown menu with 'Symbol Code'.
- Current Start Date:** A date input field with '2022-09-14'.
- Current End Date:** A date input field with '2022-09-15'.
- Description of presentation currency:** A dropdown menu with 'Saudi Arabia, Riyals' and a secondary dropdown with 'ريال سعودي' (Saudi Riyal).
- Announcement Language:** A dropdown menu with 'Announcement Language'.

At the bottom of the form, there are two buttons: 'Save' (green) and 'Clear Data' (blue).



The screenshot shows the 'Announcements Filing' form. It features a dark header with the text 'Announcements Filing'. Below the header, there is a 'Select Form' label and a dropdown menu with the text 'Select Announcement' and a downward arrow.

The title and details of the announcements are added in both languages, and the system also allows attaching PDF files.



| Filing Information | | Other Announcements | | |
|----------------------------|---|---|-------------------------|-----------------------------|
| Announcement Detail | | | | |
| | Language | | | |
| | English | Arabic | | |
| Announcement Title * | <input type="text" value="Announces "/> | <input type="text" value="إعلان شركة"/> | | |
| Announcement Detail | | | | |
| | Language | | | |
| | English | Arabic | | |
| Announcement Detail * | <input type="text"/> | <input type="text"/> | | |
| Save | Submit | Clear Data | Preview | Upload PDFs |





6-2 Disclosure forms



Learning objective: be familiar with the disclosure forms

These forms aim to assist each of the listed companies and investors in fulfilling their obligations to the requirements of the Capital Market Authority related to corporate announcements on the Saudi Tadawul website, publishing financial lists and reports, disclosing the extent to which the provisions of the corporate governance regulations are applied, and providing the authority with data of board members and senior executives, in addition to the notices related to the share ownership of major owners, members of the board of directors, and senior executives of listed companies.

6-2-1 Disclosure forms for public companies

Form (3) curriculum vitae form for the candidate for membership in the Board of Directors of a joint stock company listed on the Saudi Capital Market (Saudi Tadawul)

Form (8) disclosure form of commitment to observing the mandatory articles of the corporate governance regulations

6-2-2 Disclosure forms for special purposes entities

- Appointment of representatives of a special purpose entity
- Application for registration of a member of the board of directors in a special purpose entity
- Notice that a member of the board of directors of a special purposes entity has ceased to perform his duties



6-3 Companies announcement requirements

Learning objective: be familiar with the company's announcement requirements.

The instructions for company announcements aim to enhance the level of transparency and disclosure in the capital market and help investors make their investment decisions based on correct, adequate, and fair information on time, in addition to facilitating disclosure procedures for companies listed on the Saudi capital market, enabling them to abide by the disclosure provisions contained in the relevant executive regulations, especially the continuing obligations contained in the rules for offering securities and continuing obligations, and the listing rules issued by the Saudi capital market company (Saudi Tadawul). The amended instructions issued by the Board of the Capital Market Authority on 01/02/1441 AH corresponding to 30/09/2019 AD specify the basic elements that must be present in all companies' announcements announced on the Saudi capital market website (Saudi Tadawul), and the following are some models according to the instruction's announcements issued by the Capital Market Authority:

- Instructions for companies' announcements of their financial results
- Instructions for companies' announcements of administrative changes
- Instructions for companies' announcements of a change in capital
- Instructions for companies' announcements of reverse takeovers
- Instructions for corporate advertisements related to general assemblies
- Instructions for company announcements related to cash profits
- Instructions for companies' announcements of contracts
- Instructions for companies' announcements of the approval of the Central Bank of Saudi Arabia (SAMA) on insurance products
- Instructions for additive and corrective advertisements for companies
- Instructions for companies' announcements of signing memoranda of understanding
- Instructions for companies' announcements of their projects
- Instructions for companies' announcements of deals of buying, selling, mortgaging or leasing an asset
- Instructions for companies' advertisements for obtaining financing
- Instructions for companies' announcements related to debt instruments
- Instructions for corporate announcements related to the company's purchase and sale of its shares
- Instructions for corporate announcements related to the company's pledge of its shares
- Instructions for companies' announcements of lawsuits
- Instructions for companies' announcements of previously announced developments
- Instructions for advertisements for companies whose losses amounted to 20% or more of their capital
- Instructions for advertisements for companies in accordance with the requirements of article 150 of the Companies Law





6-3-1 Securities announcements and promotional materials

The distributor may not announce or publish the securities and promotional materials related to the foreign fund unless the following requirements are met:

- 1) The announcement of the securities should be sent only to persons to whom the private placement in the foreign fund may be offered in accordance with the provisions of this chapter.
- 2) The announcement of securities fulfills the requirements of the Securities Business Regulations and the Regulations of related financial institutions. (Article 94 of the investment funds regulations).

6-3-2 Instructions on announcements of joint-stock companies listed in Saudi capital market



Learning objective: Be familiar with the Instructions on announcements of joint-stock companies listed in Saudi Capital Market

The Capital Market Authority has issued, updated, and amended these instructions to help companies listed on the Saudi capital market to strictly comply with provisions of Companies Law, Capital market law, and implementing regulations thereof, Especially articles about continuing obligations contained in rules on offering of securities, continuing obligations, listing rules, securities regulations and rules for listing on the parallel market in order to enhance transparency and disclosure in capital market and help investors make their investment decisions based on correct and adequate information.

These instructions set out key aspects to be contained in all companies' announcements posted on the Saudi capital market (Saudi Tadawul) website.

6-3-3 Announcements of real estate investment traded funds

Announcements of replacement custodian appointment by the fund manager:

- A) Announcement's website:
 - Fund manager's website
 - The Capital Market (Tadawul) website
- B) Announcement title shall be as follows:

“(Fund manager's name) Announcement on appointment of (Replacement Custodian Name) as custodian of (Fund Name)”
- C) Detailed Announcement:

(Fund manager's name) announce appointment of (Replacement Custodian) as custodian of (Fund Name) starting from: (day), on (.../.../...AH) corresponding to (.../.../...AD).



Announcement of public fund dividends:

A) Announcement's website:

- Fund manager's website
- The capital market (Saudi Tadawul) website

B) Announcement title shall be as follows:

“(Fund manager's name) Announcement on dividends to unitholders of (Fund Name)”

C) “(Fund manager's name) announces dividends of (cash profits/ investment units) to unitholders of (Fund Name) for pro t entitlement period as follows:

1. Distributed profits total SAR (.....).
2. Dividends will be based on (Number of units) existing units
3. The distributed profit is SAR per unit, and its percentage of unit's initial price is%
4. Dividends percentage is ...% of the net asset value starting from (day), (.../.../...AH)
Corresponding to (.../.../...AD).
5. Unitholders' eligibility of dividends shall be based on Register of Unitholders by the end of (day) (.../.../...AH) corresponding to (.../.../...AD).
6. Dividends shall be paid within ... days.

The fund manager also would like to remind unitholders to update their bank account information in order to ensure that their profits are deposited directly in their accounts.





Announcement of fund expiry and liquidation period

Announcement's website:

- Fund manager's website
- The Capital market (Saudi Tadawul) website

Announcement title shall be as follows:

“(Fund manager's name) announcement on fund expiry and liquidation period”

Detailed Announcement:

(Fund manager's name) announces expiry of (Fund Name) on (Fund Expiry Date). The Fund shall be liquidated and investment amounts shall be distributed to unitholders within (a week/month-to distribute investment amounts to unitholders) starting from fund expiry date.

Announcement of change to fund's board membership:

Announcement's website:

- Fund manager's website
- The capital market (Saudi Tadawul) website

Announcement title shall be as follows:

(Fund manager's name) announcement on a change to (fund name) board membership.

Detailed announcement:

(Fund manager's name) announces a change to (fund name) board membership due to (resignation/ dismissal/appointment/death) of board member (member name) (membership status: independent/ not independent) as of (.../.../...ah) corresponding to (.../.../...ad), such that fund's board members shall be, following the change, as follows:

- 1) (Member name) (membership status: independent/ not independent)
- 2) (Member name) (membership status: independent/ not independent)
- 3) (Member name) (membership status: independent/ not independent)



Announcement of call to attend fund unitholders meeting

Announcement's website:

- Fund manager's website
- The capital market (Saudi Tadawul) website

(Fund manager's name) Announcement on call to attend (Fund Name) unitholders'

Detailed announcement: (The fund manager's name) invites (the Fund name) unitholders to attend the second meeting of unitholders that will be held at (the place of the meeting) at (meeting time) on (.../.../...H) corresponding to (.../.../...AD), to discuss the following agenda: (Proposed decisions).

Announcing the invitation to the second meeting of the fund's unit holders because the quorum was not met at the first meeting

Announcement's website:

- Fund manager's website
- The Capital market (Saudi Tadawul) website

(Fund manager's name) Announcement on call to attend (Fund Name) unitholders' Second Meeting

Detailed announcement: (The fund manager's name) invites (the Fund name) unitholders to attend the second meeting of unitholders that will be held at (the place of the meeting) at (meeting time) on (.../.../...H) corresponding to (.../.../...AD), to discuss the following agenda: (Proposed decisions).

Announcement of unitholders meeting outcomes:

Announcement's website:

- Fund manager's website
- The capital market (Saudi Tadawul) website

Announcement title shall be as follows:

(Fund manager's name) announcement on outcomes of (Fund Name) unitholders meeting

Detailed Announcement: (Fund manager's name) announces outcomes of (Fund Name) unitholders' meeting held on (.../.../... AH) corresponding to (.../.../...AD), as follows: (Meeting's Outcomes are mentioned)





Announcement of non-convening of unitholders meeting:

Announcement's website:

- Fund manager's website
- The Capital Market (Tadawul) website

(Fund manager's Name) announcement on non-convening of (Fund Name) unitholders meeting.

Detailed Announcement: (Fund manager's Name) announces that (Fund Name) unitholders' meeting scheduled to be held on (.../.../...AH) corresponding to (.../.../...AD), will not be held due to (Reasons for non-convening of meeting shall be mentioned).

Announcement of interim financial reports accessible by the public:

A) Announcement's website:

- Fund manager's website
- The capital market (Saudi Tadawul) website

B) Announcement title shall be as follows:

(Fund manager's name) announces that (Fund name) interim financial report is accessible by the public for the period ended on .../.../....

C) Detailed announcement: (Fund manager's name) announces (Fund Name) interim financial report is accessible. Below is a summary of interim financial results for the period ended on .../.../...:

- Net assets at the end of the period (...) (currency).
- Total expenses and fees for the period (...) (currency)
- Net Income/ (Loss) for the period (...) (currency).
- Number of existing units at the end of the period (...) units.
- Net Asset Value (...) (currency).
- Total returns for the period (%).

A link must be placed on the market website and Fund manager's website referring to interim financial statements.



Announcement of annual financial reports accessible by the public:

A) Announcement's website:

- Fund manager's website
- The capital market (Saudi Tadawul) website

B) Announcement title shall be as follows:

(Fund manager's name) announces that (Fund Name) annual financial report is accessible by the public for the year ended on .../.../....

C) Detailed announcement: (Fund manager's name) announces (Fund Name) annual financial report is accessible. Below is a summary of annual financial results for the fiscal year ended on .../.../...:

- Net assets at the end of the period (...) (currency).
- Total expenses and fees for the period (...) (currency)
- Net Income/ (Loss) for the period (...) (currency).
- Number of existing units at the end of the period (...) units.
- Net Asset Value (...) (currency).
- Total returns for the period (%).

A link must be placed on the market website and Fund manager's website referring to interim financial statements.

Announcement of special events:

A) Announcement's website:

- Fund Manager's website
- The capital market (Saudi Tadawul) website

B) Announcement title shall be as follows:

(Fund Manager Name) announcement on occurrence of special events in relation to (Fund Name)

C) The detailed announcement must include the following items:

- 1) Event description
- 2) Event consequences





Announcement of substantial evolution:

A) Announcement's website:

- Fund Manager's website
- The capital market (Saudi Tadawul) website

B) Announcement title shall be as follows:

(Fund Manager Name) announcement on (Fund Name) substantial evolution.

The detailed announcement must include the following items:

- 1) Event description
- 2) Event consequences

Announcement of updating fund's terms & conditions:

A) Announcement's website:

- Fund Manager's website
- The capital market (Saudi Tadawul) website

B) Announcement title shall be as follows:

(Fund Manager Name) announcement on updating (Fund Name) terms & conditions.

C) Detailed announcement:

(Fund manager name) announces updating (fund name) terms & conditions starting from (.../.../... AH) corresponding to (.../.../...AD). Updated terms and conditions can be accessible at the following link: (insert terms & conditions link.)

Announcement on details of fundamental changes to fund's terms & conditions:

A) Announcement's website:

- Fund Manager's website
- The capital market (Saudi Tadawul) website

B) Announcement title shall be as follows:

(Fund Manager Name) Announcement on details of fundamental changes to (Fund Name) terms & conditions.

C) Detailed announcement:

(Fund Manager Name) announces fundamental changes to (Fund Name) terms & conditions, the change shall be come into effect on (.../.../...AH) corresponding to (.../.../...AD).

The details of the fundamental change are (.....)



Corrective Announcement:

A) Announcement's website:

- Fund Manager's website
- The capital market (Saudi Tadawul) website (as applicable)

B) Announcement title shall be as follows:

(Fund manager name) corrective announcement on (announcement subject)

C) The detailed announcement must include the following items:

1. Previous announcement date on Tadawul's and Fund Manager's websites (as applicable).
2. Misstatement in previous announcement
3. Error correction
4. Error Consequences (if any).

D) Detailed announcement:

In order to rectify (Fund Manager Name) announcement published on (.../.../...AD),
(Fund Manager) would like to clarify (Correction Details).

Addendum Announcement:

A) Announcement's website:

- Fund Manager's website
- The capital market (Saudi Tadawul) website (as applicable)

B) Announcement title shall be as follows:

(Fund Manager Name) Follow up Announcement on (Announcement Subject).

C) The detailed announcement must include the following items:

1. Previous announcement date on the capital and fund manager's website (as applicable).
2. The change occurred
3. The consequences of the change (if any)

D) Announcement Form:

Further to (Fund manager's name) announcement published dated (.../.../...AD); (Fund manager) would like to clarify (Correction Details).





6-4 Non-disclosure penalties: trading suspension or delisting



Learning objective: Know the penalties for non-disclosure

6-4-1 The power to suspend trading or delisting “corporate securities”

- A) The Saudi capital market shall suspend the trading of securities of the issuer in any of the following cases:
1. When the issuer does not comply with the deadlines specified for disclosing its periodic financial information in accordance with the relevant implementing regulations.
 2. When the auditor's report on the issuer's financial statements includes an adverse opinion or abstaining from expressing an opinion.
 3. Concerning funds listed under these rules, when the auditor's report on the fund's financial statements includes an adverse opinion or abstaining from expressing an opinion.
 4. If the liquidity requirements specified in chapters two and eight of the (Listing Rules) have not been met after the lapse of the period set by the market for the issuer to correct its situation unless the authority agrees otherwise.
 5. If the trading of the securities of the foreign issuer is suspended in another capital market, in the case of double listing of the securities, until the suspension is lifted in the other capital market.
 6. When the extraordinary general assembly issues a decision to the issuer to reduce its capital for the two trading days following the issuance of the decision.
 7. When the extraordinary general assembly issues a decision to the issuer to transfer its shares from the parallel market to the main market, for the period of time determined by the Market.
- B) The market shall lift the suspension referred to in sub-clauses (1), (2) and (3) of clause (C) of this article, after one trading session has passed since the reason for the suspension has ceased to suspense.
- C) The market may, at any time, suggest to the authority to suspend trading or delisting if any of the cases mentioned in clause (A) of this Article is likely to occur.
- D) An issuer whose trading of securities has been suspended must continue to abide by the law, its implementing regulations and market rules.
- E) If the suspension of trading in securities continues for a period of (6) months without the issuer taking appropriate measures to correct such suspension, the authority may cancel the listing of the issuer's securities.
- F) When the issuer completes a reverse acquisition, the issuer's shares are delisted. If the issuer wishes to re-list its shares, it must submit a new application to list its shares in accordance with these rules and fulfill the relevant requirements stipulated in the rules on offer of securities and continuing obligations.
- G) This article is without prejudice to the suspension of trading or cancellation of listing resulting from the company's losses based on the relevant implementing regulations and market rules.



6-4-2 The power to suspend trading or delisting “funds”

The authority may suspend trading in listed securities or cancel their listing at any time as it deems appropriate, in any of the following cases:

1. If it deems it necessary to protect investors or to maintain an orderly market.
2. If the issuer fails, as the authority deems it essential, to comply with the law, its implementing regulations or market rules.
3. If the issuer does not pay any financial consideration due to the authority or the market or any fines due to the authority on time.
4. If it considers that the issuer or its business or the level of its operations or assets are no longer suitable for the continued listing of its securities in the market.
5. In the matter of exchange-traded funds, real estate investment traded funds, or any other funds listed under these rules, if the authority considers that the fund, its business, the level of its operations, or its assets are no longer suitable for the continued listing of its units in the market.
6. If the listing of the securities of the foreign issuer in another capital market is delisted, in the case of double listing of the securities.
7. In the case of exchange-traded funds, real estate investment traded funds, or any other funds listed in accordance with these rules, if the authority considers that the custodian or the market maker (where applicable) has failed, as the authority deems it essential, to comply with the law, its implementing regulations and market rules.
8. When the fund expires in relation to exchange-traded funds, real estate investment traded funds, or any other funds listed in accordance with these rules (Listing Rules).
9. At the end of the term of debt instruments and convertible debt instruments.
10. When announcing a reverse acquisition that does not include sufficient information about the proposed transaction, and if the issuer announces sufficient information regarding the target entity, and the authority is satisfied, after the issuer’s announcement, that sufficient information will be available to the public about the proposed transaction for the reverse acquisition, the authority may decide not to suspend trading at this point.
11. When information about the proposed reverse acquisition transaction is leaked, and the issuer is unable to accurately assess its financial position and is unable to inform the market accordingly.





6-4-3 Voluntary delisting

- A) An issuer whose securities have been listed in the market may not cancel the listing without a prior approval from the authority. In order to obtain the authority's approval, the issuer must submit a cancellation request to the authority with simultaneous notification to the market and the application must include the following information:
12. Specific reasons for the cancellation request.
 13. A copy of the disclosure referred to in clauses (e) or (f) of this article, as the case may be.
 14. A copy of the relevant documents and a copy of each document sent to the shareholders, if the delisting was the result of an acquisition or any other action taken by the issuer.
 15. In the event that the issuer is a special purposes entity, a copy of the relevant documents and a copy of any document sent to the owners or holders of debt instruments, if the delisting is the result of an action taken by the special purposes entity or the sponsor.
 16. Names and contact information of the financial advisor and legal advisor appointed under the relevant implementing regulations
- B) The Authority may - at its discretion - accept or reject the cancellation request.
- C) The issuer must obtain the approval of the extraordinary general assembly to delist after obtaining the approval of the authority, in addition to the approval of the assembly for the holders of debt instruments in the event that the issuer is a special purpose entity.
- D) With regard to funds listed in accordance with these rules, the issuer must obtain the approval of the unit holders - through a resolution of an ordinary fund - to delist after obtaining the approval of the authority.
- E) When the delisting is done at the issuer's request, the issuer must disclose it to the public as soon as possible. The disclosure must include at least the reasons for the cancellation, the nature of the event that led to it and the extent of its impact on the issuer's activities.
- F) With respect to funds listed in accordance with these rules, when the delisting is done at the issuer's request, the issuer must disclose it to the public as soon as possible. The disclosure must include at least the reason for the delisting, the nature of the event that led to it and the extent of its impact on the fund's activities. (Article 37 of the listing rules).



Questions of Chapter Six

- 1) List five duties of fund's manager with regard to fund management
Answer reference: Section 5-6-3
- 2) List five of the minimum information that the fund's manager must keep in the unit holders register
Answer reference: Section 5-6-3
- 3) List five duties of the fund's manager in relation to the unit register
Answer reference: Section 5-6-4
- 4) List five duties of fund's manager with regard to investment decisions
Answer reference: Section 5-6-5
- 5) What are the conditions for investing the assets and funds of the general fund in another investment fund?
Answer reference: Section 5-6-5



Glossary of terms and abbreviations

| العربية | English |
|---|---|
| الإفصاح | Disclosure |
| الأسواق المالية | Capital Markets |
| الشفافية | Transparency |
| نظام الشركات | Companies' Laws |
| الهيئة السعودية للمراجعين والمحاسبين - سوكبا | Saudi Organization for Chartered and Professional Accountants - SOCPA |
| الحوكمة | Governance |
| المعلومات البيئية والاجتماعية والحوكمة | Environmental, Social, and Governance (ESG) |
| لغة تقارير الأعمال الموسعة | Extensible Business Reporting Language (XBRL) |
| الميثاق العالمي للأمم المتحدة | United Nations Global Compact (UNGC) |
| المجلس الاقتصادي والاجتماعي التابع للأمم المتحدة | United Nations Economic and Social Council (ECOSOC) |
| فريق الخبراء الحكومي الدولي العامل المعني بالمعايير الدولية للمحاسبة والإبلاغ | International Standards of Accounting and Reporting (ISAR) |
| مؤتمر الأمم المتحدة للتجارة والتنمية | United Nations Conference on Trade and Development (UNCTAD) |
| مجلس معايير الإفصاح عن المناخ | Climate Disclosure Standards Board (CDSB) |
| مجلس معايير الاستدامة الدولية | International Sustainability Standards Board (ISSB) |
| المعايير الدولية للتقرير المالي | International Financial Reporting Standards (IFRS) |
| هيئة السلوك المالي | Financial Conduct Authority |
| أهداف التنمية المستدامة | Sustainable Development Goals (SDGs) |




| | |
|---|---|
| تقرير التقدم الخاص بالشركات الملتزمة بالاستدامة | Communication on Progress (COP) |
| الصغيرة والمتوسطة الشركات | Small and Mid-size Enterprise (SMEs) |
| مجلس معايير المحاسبة الدولية | International Accounting Standard Board (IASB) |
| لجنة تفسيرات التقارير المالية الدولية | International Financial Reporting Interpretations Committee (IFRIC) |
| لجنة معايير المحاسبة الدولية | International Accounting Standards Committee (IASC) |
| صندوق استثمارات | Investment Fund |
| مدير الصندوق | Fund's Manager |
| قرارات الاستثمار | Investment Decision |
| تضليل | Misleading (Misinform) |
| الخداع | Deception |
| الالتزامات المستمرة | Continuous Obligations |
| هيئة السوق المالية | Capital Market Authority |





Multiple choice questions

- 
- 1) In recent years, interest in disclosure and transparency has increased due to:
 - A) Modern concepts of accounting methods
 - B) Increased investor's awareness
 - C) Improved efficiency of corporate financial management
 - D) As one of the internal control tools in organizations

 - 2) Among the most important purposes of disclosure:
 - A) Contribute to the implementation of corporate governance
 - B) Contribute to improving the internal control environment
 - C) Detecting fraud in financial statements
 - D) Protect the beneficiaries of the financial statements from any unfair or improper practices

 - 3) Disclosure is defined as the process of disclosing:
Financial information only
Financial and non-financial information and information of interest to stakeholders inside and outside the company
Non-financial information only
Information of interest to those outside the company only

 - 4) Transparency is defined as:
 - A) Disclosure of the true administrative picture in any entity only
 - B) Disclosing the true financial picture in any entity only
 - C) Full disclosure of the true administrative and financial picture in any entity
 - D) Disclosing the true administrative and financial picture of the company within the limits that do not cause damage to the company


 - 5) The efficiency of the stock market depends to a large extent on the availability of information and data to dealers and investors in terms of: (Choose three correct answers)
 - A) The amount of information, regardless of its accuracy
 - B) The speed of availability of information and data
 - C) Opportunities to benefit from this information
 - D) The costs of obtaining this information
 - E) Availability of information regardless of the timing of its reach to customers and investors

 - 6) Which of the following helps in determining the fair price of a security:
 - A) Disclosure and transparency
 - B) Increase of the company's profits
 - C) The relative stability of dividend rate
 - D) Preferred stock repurchase rate



- 7) The need for a disclosure process arose with the emergence of:
- A) Mandatory contracting with external audit firms
 - B) Joint stock companies and obligating them to publish their financial statements
 - C) Excessive interest in internal auditing in companies
 - D) Legal accounting firms in listed companies
- 8) Among the reasons that contributed to the increase in interest in disclosure:
- A) Increased buyers' awareness
 - B) The significant development in the interpretation of accounting standards
 - C) Excessive interest in internal auditing in companies
 - D) The need for joint-stock companies for finance
- 9) Is one of the conditions that must be met in any information or procedure that is transparent: (Choose three correct answers)
- A) To be announced in a timely manner
 - B) That the information be made available to all dealers at the same time
 - C) It should be clear and unambiguous
 - D) To be announced to major shareholders and not others
 - E) To be announced within the listed company only
- 10) The body responsible for the rules of settlement, clearing and deposit procedures and any amendments made thereto:
- A) Ministry of Investment
 - B) Capital Market Authority
 - C) Saudi Tadawul
 - D) Depository Center
- 11) The body responsible for announcing the decisions issued in cases related to the financial market and securities:
- A) Ministry of Investment
 - B) Capital Market Authority
 - C) The Securities Dispute Resolution Committee
 - D) Saudi Tadawul




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- 12) The body responsible for setting accounting and auditing standards in the Kingdom of Saudi Arabia is:
- A) Ministry of Commerce
 - B) Capital Market Authority
 - C) Saudi Stock Exchange (Saudi Tadawul)
 - D) Saudi Organization for Chartered and Professional Accountants (SOCPA)
- 13) The body responsible for companies' law and commercial records:
- A) Ministry of Commerce
 - B) Capital Market Authority
 - C) The Securities Dispute Resolution Committee
 - D) The Chamber of Commerce in which the company is registered
- 14) The body responsible for the procedures applied to the market trading operations, the trading rules and sessions, and any amendment made thereto:
- A) Ministry of Investment
 - B) Saudi Tadawul
 - C) The Securities Dispute Resolution Committee
 - D) Capital Market Authority
- 15) Parties obligated to disclose in Saudi stock market in particular: (Choose three correct answers)
- A) Investment funds
 - B) Listed companies
 - C) Major shareholders of listed companies
 - D) The Securities Dispute Resolution Committee
 - E) Capital Market Authority
- 16) Among the more comprehensive objectives of disclosure:
- A) Increasing the profitability of listed companies
 - B) The relative stability of the dividend rate
 - C) Preferred stock repurchase rate
 - D) Directing financial resources for investments that support the development process



- 17) Disclosure rules do not include excluding certain information from disclosure, especially in the case of:
- A) Information that may harm the entity, the source of the disclosure
 - B) Information that may harm the employees of the entity, the source of the disclosure
 - C) Information whose disclosure may mislead investors
 - D) Information whose failure to disclose may mislead investors
- 18) The efficiency of the financial market is affected by the available information, whether it is: (Choose three correct answers)
- A) Related to historical events
 - B) Unreliable information
 - C) Related to current events
 - D) Inaccurate information
 - E) Related to future events
- 19) The general principle of disclosure and transparency means that the company is committed to:
- A) Disclose all holding companies, strategic alliances and joint ventures.
 - B) Disclose all investment plans of the employees.
 - C) To disclose all information in a timely manner that could have a significant impact on the interests of shareholders.
 - D) The company is obligated to deposit audited accounts with the concerned authorities
- 20) The United Nations Sustainable Capital Markets Initiative aims to: (Choose two correct answers)
- A) Promote awareness of environmental and social principles and practices initiatives
 - B) Corporate governance and the promotion of sustainable investment in cooperation with investors and issuers
 - C) Reducing the profits of companies listed in the local financial markets
 - D) Increasing the preferred shares ratios for companies listed in the local market
 - E) Increasing the rate of preferred share repurchase agreements in the local market



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- 21) Among the criticisms to the financial reports that limit their reliability as a main source of information, are:
- A) The appropriateness of the accounting information contained in the published financial reports
 - B) The financial reports contain quantitative financial data without descriptive information
 - C) The timeliness of the accounting information that appears in the financial reports of companies
 - D) The inappropriate timing of the accounting information contained in the published financial reports
- 22) If the issuer considers that disclosure of a matter which must be disclosed under the rules of the financial market could cause undue harm and that failure to disclose such matter is unlikely to mislead investors as to the facts and circumstances of which knowledge is necessary to evaluate related securities,:
- A) It is not permissible in any case to request an exemption or postpone the disclosure of certain information, even if it leads to undue harm to the source.
 - B) It is permissible to apply for exemption or to postpone the disclosure of certain information that may cause undue harm to the source, provided that it is subject to the discretion of the Authority.
 - C) The issuer may withhold certain information, the disclosure of which may cause him harm, without referring to the Authority
 - D) The issuer may postpone the disclosure of certain information, the disclosure of which may cause him harm, without referring to the Authority.
- 23) Due to the importance of the timing of the arrival of financial information to investors and beneficiaries of the financial statements, legal legislation emerged:
- A) It gives freedom to joint stock companies to publish their financial statements without auditing them
 - B) Joint stock companies are obligated to publish their financial statements at a specific time
 - C) It gives freedom to joint stock companies to publish their financial statements at any time
 - D) Joint stock companies are obligated to publish their financial statements as desired by the general assembly



24) Disclosure is:

- A) One of the mechanisms necessary to attract investments to listed companies
- B) Not binding on companies listed in Saudi market
- C) Optionally for companies listed in Saudi market
- D) One of the most important mechanisms that generate profits for listed companies

25) Educational disclosure is:

- To provide the minimum information required by users of financial statements
- In connection with the ethical and moral aspects when publishing the information
- A shift towards requiring disclosure of appropriate and sufficient information
- To provide information that the listed company deems appropriate to publish

26) Disclosure can be classified in terms of the quality of the information disclosed into:

- A) Adequate Disclosure, Fair Disclosure and Full Disclosure
- B) Appropriate disclosure, educational disclosure, and preventive disclosure
- C) Mandatory disclosure and voluntary disclosure
- D) Accounting disclosure, financial disclosure, administrative disclosure and regulatory disclosure

27) It is intended to provide the minimum information required by users of financial reports is:


- A) Adequate disclosure
- B) Educational disclosure
- C) Precautionary disclosure
- D) Mandatory disclosure

28) Disclosure through the financial statements shall be in one of the following forms:

(Choose two correct answers)

- Focusing on the financial statements without any other clarifications on those statements
- The appearance of basic information on the face of the financial statements
- Using clear and familiar terms
- by translating the reservations into English
- Not to disclose negative information about the company's performance



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- 29) The disclosure that companies adopt to avoid investors resorting to sources of information that may mislead the investor, is defined as:
- Full disclosure
 - Adequate disclosure
 - Voluntary Disclosure
 - Appropriate disclosure
- 30) In addition to the mandatory disclosure legislation, the regulations and standards regulating the disclosure process extend to:
- Controlling the organizational structure of listed companies
 - The methods used to transfer information in disclosure process
 - Limitations on voluntary disclosure
 - Controlling the company's investment decisions
- 31) Reports are an essential tool for disseminating the company's financial information, and include several types; Including: (Choose three correct answers)
- Reports on material or substantial events
 - Annexed reports and tables
 - Report of the Chairman of the Board of Directors
 - Monthly operating expenses
 - Internal performance reports
- 32) Failure to observe the unification of terms for the same meanings in all reports so that information users can benefit from them may lead to:
- Disclosure becomes misleading
 - Disclosure becomes transparent
 - Raising the level of disclosure
 - Increasing the credibility of disclosure
- 33) Disclosure elements that can help information users understand the financial statements and make the appropriate investment decision: (Choose three correct answers)
- Use clear and familiar terms
 - Put the information in parentheses
 - Notes in margins
 - Use of general terms
 - Use of company terminology



- 34) One of the most prominent problems faced by people and organizations when exchanging financial information, especially those related to financial reports, is: (Choose two correct answers)
- Use standard terms to describe the same thing
 - Using different terms to describe the same thing
 - Using the same term to describe other things
 - The use of clear and recognized terms
 - Notes in margins
- 35) The idea of Extensible Business Reporting Language (XBRL) is: (Choose two correct answers)
- It is an international accounting standard that adopts the coding of financial information items under international accounting standards
 - An international electronic standard that approves the coding of financial information items in accordance with international accounting standards
 - It enables the issuance of standardized reports whose contents can be compared worldwide
 - One of the most advanced financial standards based on the coding of financial information
 - The use of clear and recognized terms
- 36) Financial reporting language (XBRL):
- Beneficial to all companies and financial communities worldwide
 - Redundant for data-producing companies
 - Not useful for large companies
 - Redundant for the companies benefiting from the data
- 37) Using financial reporting language (XBRL) Make it easier for other financial analysis programs for financial reports by: (Choose two correct answers)
- The possibility of truncation of each piece of information easily
 - Preparing and publishing financial statements in several formats
 - The complexity of the information retrieval process
 - Preparing financial statements in a single format
 - Preparing financial statements without publishing them
- 38) In the framework of the Communication on Progress Report - COP, reporting to stakeholders in a transparent and public manner is:
- A) Essential for businesses committed to sustainability
 - B) Not essential for companies committed to sustainability
 - C) Optionally for companies committed to sustainability
 - D) It has nothing to do with companies committed to sustainability





39) A strong driver of non-financial reporting for companies to act responsibly and report their actions is that:

Non-financial reports are not important for investors to make investment decisions

That these reports allow transparency in matters that are not important to users of financial reports

That major investors take into account environmental and social information

That these reports do not allow transparency in the purpose of the users of the financial reports

40) When joint stock companies purchase their shares from the market according to the regulating regulations, they must: (Choose three correct answers)

Immediately notify the market, according to the mechanism determined by the market, of the operations related to the company's purchase of its shares

The annual report of the Board of Directors should include details of the treasury shares held by the company and the details of the uses of these shares

Notifying the market within 60 days of purchase, according to the mechanism determined by the market, of the operations related to the company's purchase of its shares

If the company purchases its preferred shares, those preferred shares are considered canceled upon completion of the purchase process

Notifying the market within 30 days of purchase, according to the mechanism determined by the market, of the operations related to the company's purchase of its shares.

41) Paragraph 4 of the companies regulations for companies listed in capital Market states that: (Choose two correct answers)

Treasury shares may not be sold during specified periods

Treasury shares may be sold at any time

The company may sell treasury shares if its articles of association stipulate that this is permissible

It is permissible to sell treasury shares, whether or not its articles of association stipulate that

Treasury shares may be sold during the 15 calendar days preceding the end of the fiscal quarter until the date of the company's announcement of its preliminary financial statements after examination.



42) Which of the following is (are) deemed to be a related party (as defined by the corporate governance regulations): (Choose three correct answers)

Any person whose advice and guidance influence the decisions of the company, members of its board of directors and senior executives.

Holding companies or subsidiaries of the company.

Companies in which any of the members of the board of directors or senior executives or their relatives is a partner.

Any person whose advice and guidance influence the decisions of the company, members of its board of directors and senior executives, even if they are provided professionally by a person authorized to do so.

Companies in which any of the members of the board of directors or senior executives or their relatives have influence in their decisions, even if they are given advice or guidance, even if they are provided professionally by a person authorized to do so.

43) The Intergovernmental Working Group on International Standards of Accounting and Reporting (ISAR) is:

The United Nations focal point for accounting and corporate governance matters

The body that issues international accounting standards for micro-companies

The body that monitors the companies' application of Generally Accepted Accounting Principles

The body that monitors the application of accounting principles by small and medium-sized companies

44) The objectives of the UNCTAD Group of Governmental Experts are achieved through:

Issuance of one-way decisions from the Governmental Expert Group to the companies

Facilitating the exchange of views and building consensus, and developing guidance documents

Imposing deterrent sanctions in the event of non-compliance with United Nations directives

Establishing new United Nations control methods for companies

45) The United Nations Conference on Trade and Development (UNCTAD) deals primarily with (.....) to effectively deal with the scale and complexity of achieving the SDGs.

Boards of Directors of Listed Companies

Non-profit organizations


International standard setting bodies

State governments

46) UNCTAD Group of Governmental Experts Objectives is to: (Choose three correct answers)

Assist member states in their efforts to implement international standards and norms





Assist in the implementation of best practices
Work to enhance coordination and improve the quality of institutions' reports to facilitate financial stability, international and domestic investment, and social and economic progress.
Imposing penalties on companies that violate international laws and regulations
Reducing corporate profits

47) The role of the United Nations Conference on Trade and Development (UNCTAD) is to: (Choose two correct answers)

Supporting developing countries to access the benefits of the economy in light of globalization in a more equitable and effective manner
Providing sources of financing for joint stock companies in the world
Reduce the exposure of developing countries to financial volatility and debt
Reducing competition in global markets
Providing legal protection for companies from financial default issues

48) Natural capital categories include: (Choose three correct answers)

Stores of natural resources
The earth
Electronic systems
Machinery and equipment
Ecosystems

49) "An international consortium of commercial and environmental NGOs, aiming to develop and harmonize the corporate reporting model globally to equalize natural capital and financial capital," the previous statement describes:

International Sustainability Standards Board (ISSB)
International Accounting Standards Board (IASB)
Climate Disclosure Standards Board (CDSB)
United Nations Conference on Trade and Development (UNCTAD)



50) The Climate Disclosure Standards Board is:

- An international federation of commercial and environmental NGOs
- An international federation of governmental, commercial and environmental organizations
- An international federation of non-profit organizations
- The federation of environment ministries in state governments

51) The entity assisting the International Accounting Standards Board (IASB) by providing guidance on the application and interpretation of International Financial Reporting Standards:

- The International Accounting Standards Board (IASSB) Secretariat Committee
- The International Financial Reporting Standards Committee (IFRS)
- International Standards Accounting and Reporting Committee (ISAR)
- International Financial Reporting Interpretation Committee (IFRIC)

52) Objectives of the IFRS: (Choose two correct answers)

- Introducing the concept of transparency by improving the international comparability of financial information and improving its quality
- Reducing dependence on external oversight
- Strengthening the concept of accountability by narrowing the information gap between capital providers and the people to whom they entrust their money
- Reducing reliance on internal control in companies
- Reducing the level of disclosure in the financial statements


53) The entity responsible for conduct and relevant prudential regulation of the financial services authority.

- International Accounting Standards Board
- International Sustainability Standards Board (ISSB)
- Financial Conduct Authority
- The United Nations Global Compact (UNGC)

54) The date, place and agenda of the general assembly must be announced before the date:

- At least 15 days
- At least 20 days
- At least 10 days
- At least 30 days





55) The company's articles of association specify the number of members of the board of directors, provided that it is not less than:

- Five and no more than eleven
- Two and no more than eleven
- Four and no more than eleven
- Three and no more than eleven

56) The indicative value of the right is:

The difference between the nominal value of the company's share during the trading period and the offering price, which the market calculates and publishes continuously during the trading period

The difference between the market value of the company's share during the trading period and the nominal value that the market calculates and publishes continuously during the trading period

The difference between the market value of the company's share during the trading period and the offering price, which the market calculates and publishes continuously during the trading period

The difference between the book value of the company's share before trading and the value that the market calculates and publishes continuously after trading.

57) Among the specialties of the extraordinary general assembly: (Choose two correct answers)

Deciding the continuation or dissolution of the company before the term specified in its articles of association

Approval of the repurchase of company's shares

Permission for a member of the board of directors to participate in any business that would compete with the company

Appointment and removal of members of the Board of Directors

Allow a member of the Board of Directors to have a direct interest in the business

58) From the functions of the ordinary general assembly: (Choose two correct answers)

Issuance of preferred shares or approval of their purchase or conversion of ordinary shares into preferred shares

Appointing and removing members of the board of directors

Permission for a member of the board of directors to have a direct or indirect interest in the business

Deciding the continuation or dissolution of the company before the term specified in its articles of association

Approval of the repurchase of the company's shares



59) Among the functions of the ordinary general assembly:

Formation of the Audit Committee in accordance with the provisions of the companies' law and its executive regulations

Increasing the company's capital in accordance with the conditions established in the companies' law and its executive regulations.

Reducing the company's capital if it exceeds the company's need or if it suffers financial losses, in accordance with the conditions established in the companies' law and its executive regulations.

Determining the formation of a consensual reserve for the company stipulated in its articles of association and earmarked for a specific purpose, and its disposal.

60) Which of the following is not an impediment to the independence necessary for an independent board member:

To be a senior executive of a competing company

That he is related to any of the members of the board of directors in the company or in another company of its group

That he is related to any of the senior executives of the company or of another company in its group

To be a member of the board of directors in another company from the group of the company nominated for membership in its board of directors

61) Which of the following is not an impediment to the independence of an independent board member:

To own five percent or more of the company's shares

To be a representative of a legal person who owns five percent or more of the company's shares

To have a direct or indirect interest in the business and contracts that are made for the account of the company

Business and contracts made with a member of the Board of Directors to meet his personal needs

62) Among the conditions that must be met by the Audit Committee: (Choose three correct answers)

The formation of the committee shall be by a resolution of the company's ordinary general assembly


It should not include any of the executive board members

The number of its members shall not be less than three and not more than five

The formation of the committee shall be by a resolution of the company's board of directors

It must include at least two executive members




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- 63) The Audit Committee is formed by a decision of:
- Board members
 - The CEO of the company
 - Ordinary general assembly of the company
 - The company's Chief Financial Officer
- 64) According to the corporate governance regulations, it is not permissible for anyone who works or has worked during (.....) in the executive or financial management of the company or with the company's auditor, to be a member of the audit committee.
- The past three years
 - Last year
 - The past two years
 - The past four years
- 65) To be nominated for membership in the Board of Directors, the door for nomination must remain open for:
- At least two months from the date of the announcement
 - At least one month from the date of the announcement
 - At least three months from the date of the announcement
 - At least four months from the date of the announcement
- 66) The ordinary general assembly shall appoint the company's auditor based on the nomination of the Board of Directors, taking into account:
- His nomination should not be based on a recommendation from the Audit Committee
 - To be registered with Capital Market Authority
 - That he has an interest in the company he intends to audit
 - The number of candidates should not exceed two auditors
- 67) The Board of Directors' report includes a presentation of its operations during the last fiscal year, and all factors affecting the company's business. The components of the Board of Directors' report include:
- A description of the types of subsidiary activities of the company and its subsidiaries
 - A geographical analysis of the total revenues of the company and its subsidiaries
 - Information relating only to operational and financial risks
 - Market risk management policy only and monitoring mechanism



- 68) The Board of Directors' report includes a presentation of its operations during the last fiscal year, and all factors affecting the company's business. The components of the Board of Directors' report include:
- Clarification of the minor differences in operating results from the expectations announced by the company
 - Clarification of any difference in the accounting standards approved by Saudi Tadawul
 - The name of each subsidiary company, its capital, the percentage of the company's ownership therein, and its main activity
 - The percentage of the company's ownership in the country where its main operations are located
- 69) According to the executive regulations and procedures issued in implementation of companies' law for listed companies, the annual report submitted by the Board of Directors to the company's general assembly must include: (Choose two correct answers)
- Proportions of profits distributed to shareholders during the different periods of the fiscal year
 - Proportions of profits distributed to shareholders during the previous three years
 - Proportions of profits distributed to shareholders during the preceding two years
 - The percentage of the proposed profits to be distributed at the end of the fiscal year and the total of these profits
 - Proportions of profits distributed to shareholders during the previous four years
- 70) The financial market institutions regulations stipulate that: (Choose two correct answers)
- Any person who intends to assume control over any capital market institution must notify Capital Market Authority in advance of his intention at least thirty days before the proposed effective date
 - Capital market authority not to allow any person to assume or act as assumed controller unless capital market authority agrees in writing to that controller
 - Capital Market can allow any person to assume control if he desires and has the financial ability to control the company.
 - A person who intends to assume control of any capital market institution shall not submit to Capital Market Authority any information about his financial position.
 - No person who intends to assume control of any capital market institution should notify Capital Market Authority in advance of his intention to assume control capital market institution





71) Among the elements of the amendments to the rules on the offering of securities and continuing obligations is that:

The offeror does not have to ensure that investors are provided with sufficient information about the private placement

The private placement documents that are used in advertising the offering shall not contain a clear statement in the form set out in Annex 5 of these Rules

Any person may place or send any advertisement for securities related to the private placement without the advertisement of the securities fulfilling the requirements of the securities business regulations and capital market regulations

A private offeror of securities is required to inform Capital Market Authority of any material developments related to those securities.

72) Article 14 of the Approval of the amendment of the rules on the offer of securities and continuing obligations states that a person who has purchased securities through a private placement may not offer or sell those securities to a person, unless such offer or sale is made by a financial market institution, with the fulfillment of:

That the price to be paid for those securities exceeds three hundred thousand Saudi Riyals

Offering or selling securities to an investor of any class

Offering or selling securities in any other cases as determined by the capital authority for these purposes

Offering or selling securities as determined by Saudi Tadawul

73) Article 23 of the conditions for the public offering of shares in the main market states that a public offering of shares is requires:

The issuer is a joint stock company

An application for registration and offering of securities not accompanied by a prospectus

The issuer is not carrying on a principal activity by itself

The issuer is an unlisted company

74) According to Article 23 of the amendment of the rules of offering securities, fundamental structural changes are meant as: (Choose two correct answers)

Disposing of any of the issuer's assets contributing to achieving 30% or more of the issuer's revenue or net income

Acquisition of a company in which the rights of the owners represent 30% or more of the rights of the owners of the issuer

Acquisition of assets whose value exceeds 50% or more of the issuer's net assets

disposing of any of the issuer's assets and contributing to achieving 25% or less of the issuer's revenue or net income

Acquisition of assets whose value exceeds 65% or more of the issuer's net assets



75) Which of the following are the rules for registering auditors of companies subject to the supervision of Capital Market Authority:

The accounting firm and the chartered accountant must be registered with Saudi Tadawul

To be licensed to practice the profession of auditing in accordance with the chartered accountants' law

The auditor publishes a transparency report annually on the website of Capital Market Authority

To publish a disclosure report on the number and names of clients with whom the auditor deals

76) Article 11 of the conditions for continuing to register the accounting firm and the chartered accountant with Capital Market Authority stipulates that it adhere to the following except:

The chartered accountant's system and its regulations

The system and its implementing regulations

Registration conditions

Generally Accepted Accounting Standards (GAAP)

77) The registered accounting firm must notify Capital Market Authority immediately if:

File a lawsuit against him or any of its partners, executive managers or audit managers, if the subject matter of the lawsuit is related to the work of the office or the practice of the audit profession

File a lawsuit against the office or any of its partners, executive directors or audit directors, whether this lawsuit concerns the office's business and practicing the audit profession or any lawsuit

File any lawsuit against the office or any of its partners or its executive directors or audit directors if this lawsuit concerns the work of the office only

File a lawsuit against the firm, any of its partners, executive directors, or audit directors, if this lawsuit concerns the practice of the audit profession only.

78) The registered accounting firm must:


Publish an annual transparency report within a period not exceeding four months from the end of the fiscal year

Submit periodic statements to Capital Market Authority in accordance with the form it determines

Submit periodic statements to Saudi Tadawul according to the form it specifies

Publish a semi-annual transparency report on its website



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- 79) Any public disclosure must include information about: (Choose three correct answers)
- The identity of the issuer and any persons involved in the disclosure
 - The subject of disclosure
 - The date and time of disclosure
 - The number of employees of the listed company
 - The person who published the information
- 80) Stressed companies are exempted from independent declaration regarding accumulated losses in the event that the required disclosure coincides with the declaration:
- For the interim or annual financial results and is included in the announcement
 - About a material development that is included in the announcement
 - About a minor development that was included in the announcement
 - For the company's capital increase and it was included in the announcement
- 81) After announcing that its accumulated losses have reached 50% or more of its capital, the company must announce: (Choose two correct answers)
- The date of the last day on which the Board of Directors can invite the extraordinary general assembly to meet
 - The last day of the extraordinary general assembly to deal with accumulated losses
 - The Board of Directors' recommendation to the ordinary general assembly regarding its accumulated losses
 - The Board of Directors' recommendation to the ordinary general assembly to increase or decrease the company's capital
 - The date of the last day to complete the subscription process for the capital increase to address the accumulated losses
- 82) The company's shares are delisted when:
- The company's termination by force of law in accordance with the Companies Law
 - If the ordinary general assembly decides to dissolve the company before the specified deadline
 - If the ordinary general assembly decides to cancel the listing of the shares
 - De-listing the shares as the company deems appropriate
- 83) According to the investment funds regulations, the fund manager is responsible to the unit holders for the fund's losses resulting from: (Choose two correct answers)
- The fund has no investment profits
 - Scams
 - Willful default on the part of the fund manager
 - The decrease in the nominal value of the fund
 - The decrease in the trading price of the fund's units



- 84) The fund manager must keep the following information - as a minimum - in the unit holders register: (Choose two correct answers)
- The name and addresses of the unit owners
 - Nationalities of unit owners
 - Unitholders' workplaces
 - The health status of the unit owners
 - Ownership insurance policies for unit owners
- 85) The fund manager must keep the following information - as a minimum - in the unit holders register: (Choose three correct answers)
- The date on which the unit owner was registered in the register
 - Data of all unit transactions conducted by each unit owner
 - The current balance of the number of units (including portions of units) owned by each unit holder
 - Unitholders' workplaces
 - The health status of the unit owners
- 86) According to the investment funds regulations, the fund manager must make annual reports available to the public within a period not exceeding:
- 35 days from the end of the reporting period
 - 30 days from the end of the reporting period
 - 70 days from the end of the reporting period
 - 45 days from the end of the reporting period
- 87) According to the investment funds regulations, the fund manager must make the initial reports available to the public during:
- 35 days from the end of the reporting period
 - 30 days from the end of the reporting period
 - 70 days from the end of the reporting period
 - 45 days from the end of the reporting period
- 88) Unless otherwise specified by Capital Market Authority, the fund manager may not limit investment eligibility to: (Choose three correct answers)
- Citizens of a particular country
 - A specific group of countries
 - A specific fund
 - A certain class of investors
 - Eligible Persons





89) According to Article 40 of the Investment Funds Regulations, the fund manager may invest the assets and funds of the fund in which of the following:

Securities, real estate assets and commodities

Bank deposits outside the Kingdom of Saudi Arabia, even without the presence of a supervisory authority

Money market transactions concluded with parties outside the Kingdom of Saudi Arabia only

Bank deposits outside the Kingdom of Saudi Arabia only

90) According to Article 40 of the Investment Funds Regulations:

The fund manager may not invest the assets and funds of the general fund in securities issued by the fund manager or any of its affiliates unless the terms and conditions of the fund allow this

Uninvested subscription amounts received from unit holders may be deposited with an affiliate of the fund manager, unless this is in accordance with terms and conditions at least similar to those concluded by independent persons.

The fund manager may invest the assets and funds of the general fund in any assets that hold the fund any liability or guarantee for any obligation or debt

The fund manager may invest the assets and funds of the general fund with any person or for which the fund has any responsibility, whether direct or conditional, for any obligation or indebtedness of any person.

91) The fund manager must disclose on his website and the website of Saudi Tadawul, or in the manner determined by Capital Market Authority, about the general fund information at the end of each quarter, and it must include:

A list of the issuers whose shares constitute the five largest investments in the fund's portfolio

The ratio of the total fees for the relevant quarter to the average net asset value of the fund

Amounts of dividends for the past half year and their proportion to the initial price of the unit

The percentage of ownership of the issuer whose shares constitute the highest investment percentage in the fund's portfolio

92) Which of the followings are advantages of IFSAH System: (Choose three correct answers)

Increase the level of transparency of financial and non-financial data

Providing the necessary tools for preparing, displaying and archiving data in accordance with laws and regulations

Data can be downloaded in a flexible manner

Providing reports on the performance of competing listed companies

Disclosing the names of the listed company's employees to the public



93) Privileges must be identified in IFSAH system as per the followings: (Choose two correct answers)

- Data entry privilege
- Supervisor's privilege
- One privilege for the company
- Privilege an employee of a trading company
- Privilege of an employee of Capital Market Authority

94) In relation to users of a IFSAH system; it:

- The liaison officer authorized by the company may obtain two privileges in a IFSAH system
- The liaison officer authorized by the company is prohibited from obtaining two privileges in the IFSAH system
- An employee from Capital Market Authority must be authorized to follow up on the company's disclosures
- An employee of Saudi Tadawul must be authorized to follow up on the company's disclosures

95) The link between the company's management and Saudi Tadawul is:

- The supervisor
- Public Relations Officer
- Liaison officer
- The company's compliance officer

96) Which of the followings are among the duties of the liaison officer: (Choose two correct answers)

- Act as a link between the company's management and Saudi Tadawul
- Publishing advertisements and updating all company data on Saudi Tadawul website
- Preparing the required reports from Capital Market Authority and providing it with periodic reports
- Providing reports on the performance of competing companies
- Disclosing the names of all the directors of the listed company to the public





97) Saudi Tadawul shall suspend the securities of the issuer if:

The issuer's failure to comply with the deadlines specified for disclosing its periodic financial information

The auditor's report did not include a qualified opinion or a disclaimer of opinion

The auditor's report on the fund's financial statements did not include a qualified opinion

The auditor's report on the fund's financial statements did not include a disclaimer of opinion

98) The issuer must disclose to the public the details of the procedure and its impact on the price of its listed securities when:

Replacing one supplier with another

When debts are written off for which a provision has been made

Take any action that may lead to an adjustment in the price of its listed securities

The decrease of inventory value below its historical cost

99) From the formal requirements for disclosure: (Choose three correct answers)

The Authority or the market shall bear responsibility for the content, accuracy or completeness of the disclosure

Any notice to the market and any disclosure to the public made by the issuer must be in the English language

Any notice to the market and any disclosure to the public made by the issuer must be in Arabic

Any disclosure to the public must include information about the identity of the issuer and any persons related to the disclosure, and the subject, date and time of the disclosure.

The issuer must be able to provide the market, upon a written request, with any information related to any public disclosure:

100) The responsibility for determining the content of any public disclosure rests with:

Source of disclosure

Saudi Tadawul

The audit committee

The company's board of directors



Answers Keys



Answers Keys

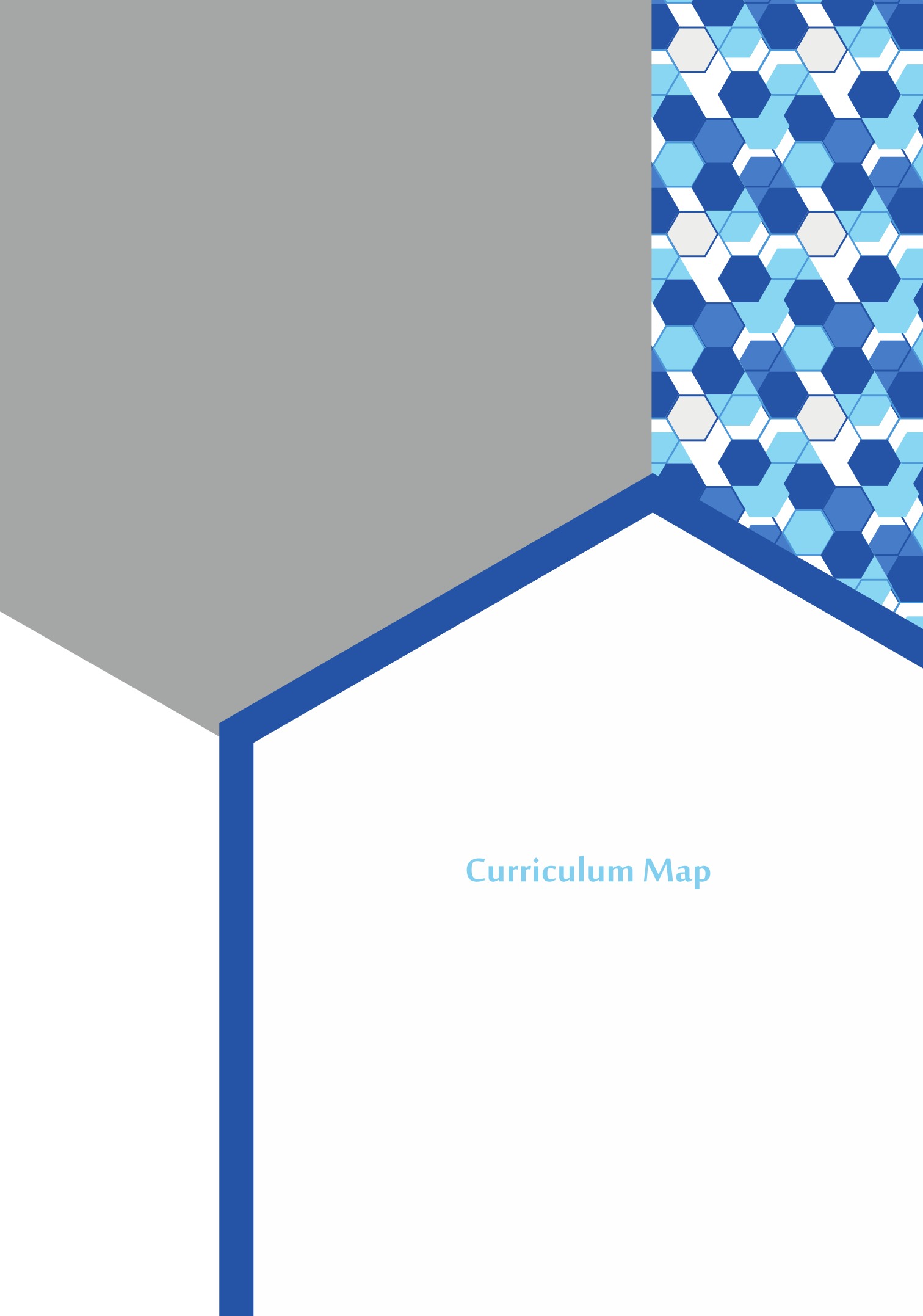
| Question number | Correct answer |
|-----------------|----------------|
| 1 | B |
| 2 | D |
| 3 | B |
| 4 | C |
| 5 | B,C,D |
| 6 | A |
| 7 | B |
| 8 | D |
| 9 | A,B,C |
| 10 | D |
| 11 | C |
| 12 | D |
| 13 | A |
| 14 | B |
| 15 | A,B,C |
| 16 | D |
| 17 | C |
| 18 | A,C,H |
| 19 | C |
| 20 | A,B |
| 21 | D |
| 22 | B |
| 23 | B |
| 24 | A |
| 25 | C |

| Question number | Correct answer |
|-----------------|----------------|
| 26 | D |
| 27 | A |
| 28 | B,C |
| 29 | C |
| 30 | B |
| 31 | B,C,D |
| 32 | A |
| 33 | A,B,C |
| 34 | B,C |
| 35 | B,C |
| 36 | A |
| 37 | A,B |
| 38 | A |
| 39 | C |
| 40 | A,B,D |
| 41 | A,C |
| 42 | A,B,C |
| 43 | A |
| 44 | B |
| 45 | D |
| 46 | A,B,C |
| 47 | A,C |
| 48 | A,B,H |
| 49 | C |
| 50 | A |



| Question number | Correct answer |
|-----------------|----------------|
| 51 | D |
| 52 | A,C |
| 53 | C |
| 54 | C |
| 55 | D |
| 56 | C |
| 57 | A,B |
| 58 | B,C |
| 59 | A |
| 60 | A |
| 61 | D |
| 62 | A,B,C |
| 63 | C |
| 64 | C |
| 65 | B |
| 66 | B |
| 67 | B |
| 68 | C |
| 69 | A,D |
| 70 | A,B |
| 71 | D |
| 72 | C |
| 73 | A |
| 74 | A |
| 75 | B |

| Question number | Correct answer |
|-----------------|----------------|
| 76 | D |
| 77 | A |
| 78 | A |
| 79 | A,B,C |
| 80 | A |
| 81 | A,H |
| 82 | A |
| 83 | B,C |
| 84 | A,B |
| 85 | A,B,C |
| 86 | C |
| 87 | A |
| 88 | A,B,C |
| 89 | A |
| 90 | A |
| 91 | B |
| 92 | A,B,C |
| 93 | A,B |
| 94 | B |
| 95 | C |
| 96 | A,B |
| 97 | A |
| 98 | C |
| 99 | C,D,H |
| 100 | A |



Curriculum Map




Curriculum Map

| Unit/Element | | Section/Chapter |
|---------------------|---|---------------------------|
| 1st. Element | The concept of developing disclosure in Capital markets | Chapter 1 |
| | Upon completing the study of this section of the book, the examinee should know: | |
| 1 | The concept of disclosure and transparency and the importance of disclosure: 1.1 Definition and concept of disclosure and transparency | 1 st . Section |
| 2 | The development of the disclosure process, the parties related to disclosure and their role, and the obligated and beneficiary parties of disclosure 2 Evolution of the disclosure process 1-2 Parties related to disclosure in the capital markets 1-2-1 Supervisory and regulatory bodies 1-2-2 Parties obligated to disclose 1-2-3 Parties benefiting from disclosure | 2 nd Section |
| 3 | Identify the role of disclosure and the relationship between disclosure and the role of capital markets in economic growth. 1.1 Disclosure and the growth of capital markets 1-3-1 Efficiency of capital market 1-3-2 The relationship between the confidence of market participants and the degree of disclosure and transparency in capital market | 3 rd Section |

| 2nd. Element | The importance and role of disclosure in the financial markets | Chapter 2 |
|-----------------|---|---------------------------|
| | Upon completing the study of this section of the book, the examinee should know: | |
| 1 | 1 1 - The importance of disclosure and transparency in capital market 2-1 The importance of disclosure and transparency in capital market | 1 st . Section |
| 2 | 2 The importance, clarity, and validity of the information 2-2 Clarity and accuracy of information | 2 nd Section |
| 3 | 3- The importance of disclosure to the investor and the effect of disclosure on the prices of securities. 2-3 The importance of disclosure to the investor and the impact of disclosure on securities: | 3 rd Section |
| 4 | 4- Learns about disclosure and the ability of capital market to attract investments 2-4 Disclosure and the ability of capital market to attract investments | 4 th Section |
| 5 | 5- The role of disclosure in the growth of investments and the expansion of capital market 2-5 The role of disclosure in the growth of investments and the expansion of capital market | 5 th Section |
| 3rd. Element | Disclosure types and methods | Chapter 3 |
| | Upon completing the study of this section of the book, the examinee should know: | |
| 1 | 1 Types of disclosure 3.1 Types of disclosure 3-1-1 Adequate disclosure 3-1-2 Fair disclosure 3-1-3 Full disclosure | 1 st . Section |
| 2 | 2- The degree of disclosure obligation 3.2.1 Mandatory disclosure 3-2-2 Voluntary disclosure | 2 nd Section |



| | | |
|---|---|--------------------------------|
| 3 | <p>3- The quality of information disclosed</p> <p>3-3-1 Accounting disclosure</p> <p>3-3-2 Financial disclosure</p> <p>3-3-3- Administrative disclosure</p> <p>3-3-4 Regulatory disclosure</p> | 3rd Section |
| 4 | <p>4- The methods of disclosure</p> <p>3-4-1 Announcements</p> <p>3-4-1-1 Announcing on the company's website</p> <p>3-4-1-2 Announcing on Saudi Exchange website</p> <p>3-4-1-3 Announcing in newspapers and general magazines</p> <p>3-4-2 Reports</p> <p>3-4-2-1 Reports and Annexed Tables</p> <p>3-4-2-2 Report of the board of directors</p> <p>3-4-2-3 External auditor's report</p> <p>3-4-2-4 Annual financial reports</p> <p>3-4-2-5 Periodic financial reports (quarterly, semi-annual)</p> <p>3-4-2-6 Reports of material or substantial events</p> <p>3-4-2-7 Reports on events subsequent to the submission of their financial reports</p> <p>3-4-3 Forms</p> | 4th Section |
| 5 | <p>5- How disclosure is through the financial statements</p> <p>3-5 Preparing the financial statements and arranging their items</p> <p>3-5-1 Disclosure through financial statements</p> <p>3-5-2 Use of clear and well-known terms:</p> <p>3-5-3 Information in parentheses:</p> <p>3-5-4 Footnotes</p> | 5th Section |
| 6 | <p>6- The financial reporting language (XBRL).</p> <p>3-6-1 Use of financial reporting language (XBRL))</p> <p>3-6-2 Language (XBRL) as a financial and accounting disclosure tool</p> <p>3-6-3 Advantages of using the report via (XBRL)</p> <p>3-6-4 The financial report and the improvement of disclosure methods</p> | 6th. Section |



| 4th. Element | International bodies issuing standards related to disclosure | Chapter 4 |
|-----------------|--|---------------------------|
| | Upon completing the study of this section of the book, the examinee should know: | |
| 1 | 1 - The United Nations Global Compact (UNGC) 4.1 The United Nations Global Compact 4.2 Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting | 1 st . Section |
| 2 | 2- The role of the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting (ISAR) 4.2 Knowing about the Intergovernmental Working Group of Experts and its role in financial reporting and communication | 2 nd Section |
| 3 | 3- The role of the Climate Disclosure Standards Board (CDSB) 4.3 Knowing about the Climate Disclosure Standards Board | 3 rd Section |
| 4 | 4- The role of the International Sustainability Standards Board (ISSB) 4.4 International Sustainability Standards Board | 4 th Section |
| 5 | 5- The International Financial Reporting Standards (IFRS) 4-5 International Financial Reporting Standards 4-5-1 Accounting standards are a set of requirements that companies follow when preparing their financial statements 4-5-2 Development of the standards | 5 th Section |
| 6 | 6- The role of the Financial Conduct Authority 4-6 Financial Conduct Authority | 6 th . Section |



| 5th. Element | Disclosure in Saudi capital market | Chapter 5 |
|-----------------|--|---------------------------|
| | Upon completing the study of this section of the book, the examinee should know: | |
| 1 | 1 - The rules, regulations, and instructions related to disclosure in Saudi capital market 5-1 Laws, regulations, and instructions related to disclosure in Saudi capital market 5-1-1 Companies Law 5-1-1-1 Companies regulations and procedures for listed joint stock companies 5-1-1-2 Corporate governance | 1 st . Section |
| 2 | 2 - The list of capital market institutions 5-2 Elements of capital market regulations | 2 nd Section |
| 3 | 3- The rules of registration and rules of listing 3-5 Knowing disclosure requirements when applying for registration and listing in capital market | 3 rd Section |
| 4 | 4 - The rules for registering auditors of entities subject to the supervision of the Authority 5-4 Rules for registering auditors of entities subject to the supervision of the Authority | 4 th Section |
| 5 | 5 - The continuing obligations of listed companies 5-5 Continuing obligations of Listed Companies 5-5-1 Continuing obligations 5-5-2 Disclosure of listed companies with accumulated losses | 5 th Section |
| 6 | 6 – Examinee should be familiar with the disclosure of investment funds 5-6 Laws and regulations related to investment funds disclosures 5-6-1 Funds disclosures 5-6-2 Eligibility requirements 5-6-3 Fund management 5-6-4 Register of unit owners 5-6-5 Investment decisions 5-6-6 Violation of investment restrictions 5-6-7 Reporting to unitholders | 6 th . Section |

| 6th. Element | The electronic disclosure system (IFSAH), the forms used, and penalties for non-disclosure | Chapter 6 |
|--------------|--|---------------------------|
| | Upon completing the study of this section of the book, the examinee should know: | |
| 1 | 1 - The examinee should be familiar with the electronic disclosure system 6-1 Electronic disclosure System (IFSAH) 6-1-1 Objectives of disclosure System (IFSAH) 6-1-2 Characteristics of IFSAH 6-1-3 Types of users of IFSAH 4-1-6 Role and responsibilities of the data disclosure Officer (Liaison officer) 6-1-5 General requirements that companies must consider 6-1-6 Responsibility for any announcement and/or content posted on Saudi Tadawul website | 1 st . Section |
| 2 | 2- The examinee should be familiar with the disclosure forms: 6.2 Disclosure forms 6-2-1 Disclosure forms for Public Companies 6-2-2 Disclosure forms for a Special Purpose Entity | 2 nd Section |
| 3 | 3 - The examinee should be familiar with the instructions for companies' announcements: 3-6 Instructions for companies' announcements 6-3-1 Securities announcements and promotional materials: 6-3-2 Instructions for announcements of joint stock companies whose shares are listed in Saudi Tadawul 6-3-3 Announcements of traded real-estate investment Funds | 3 rd Section |
| 4 | 4 - That examinee recognizes the penalties for non-disclosure: suspension of trading or cancellation of listing 6.4 non-disclosure penalties: Trading Suspension or listing Cancellation 6-4-1 The power to suspend trading or cancel the listing of “corporate securities” 6-4-2 The power to suspend trading or cancel the listing of “funds” 6.4.3 Voluntary delisting | 4 th Section |

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