

CLIENT ALERT

Overview of Rules for Qualified Foreign Financial Institutions' Investment in Listed Shares in Saudi Arabia

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In July 2014, the Saudi Arabian Capital Market Authority (CMA) announced that it had been given approval to permit qualified foreign financial institutions (QFIs) to trade directly in shares listed on the Saudi Arabian Stock Exchange (the Tadawul), and that the CMA expected the Tadawul to be open to QFIs at some point during the first six months of 2015.

The CMA subsequently issued the Draft Rules for Qualified Financial Institutions' Investment in Listed Shares and invited interested parties to submit their comments and observations on the Draft Rules to the CMA no later than November 20, 2014. Having reviewed and considered the comments from interested parties about the Draft Rules, the CMA issued on May 4, 2015 the Rules for Qualified Foreign Financial Institutions' Investment in Listed Shares.

The CMA has confirmed that the opening of the Tadawul to foreign investors is intended to support the increased participation of institutional investors and reduce the role of retail investors. Financial institutions interested in trading in shares listed on the Tadawul should be aware of the formalities involved in securing the necessary regulatory consents, the ongoing requirements and the potential issues that still exist.

[For an overview of the Rules, please click here to download a PDF.](#)

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