

# Client Alert

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April 16, 2015

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## **Saudi Arabian Capital Market Authority Confirms Direct Foreign Investment on Tadawul to Commence in June 2015**

### ***Regulator Breaks Silence on New Rules***

16 April 2015: The Saudi Arabian Capital Market Authority (CMA) announced today that the regulations governing foreign investment in shares listed on the Saudi Arabian stock exchange, Tadawul, will be published on 4th May 2015, and will take effect on 1st June 2015. Qualified foreign financial institutions will be allowed to invest in shares listed on Tadawul beginning on the 15th June 2015.

This long-anticipated announcement comes to the market at a critical time, as investors increasingly look to the Kingdom for opportunities across a number of sectors. Historically, the Saudi stock exchange has not been open to direct foreign investment. However, the CMA announced in July 2014 that certain foreign financial institutions would be permitted to buy and sell stocks listed on Tadawul during the first half of 2015. The CMA published the draft “Rules for Qualified Foreign Financial Institutions Investment in Listed Shares” in August 2014 and opened a 90 day comment period. It was expected that final rules would be published in early 2015.

In January 2015, a change of leadership occurred at the CMA and Mohammed Al-Jadaan was appointed as the chairman by the new King, His Majesty King Salman bin Abdulaziz Al Saud. Since the change of leadership, the CMA had been silent about the implementation of the regulations, leading many to speculate that the foreign investment program would be delayed or cancelled. The announcement today is reassuring to investors.

King & Spalding leads the market in experience advising on CMA regulations and innovative investment structures. Our lawyers will continue to monitor these developments and update you accordingly.

King & Spalding has an award-winning Saudi Arabia practice. We advise a wide variety of clients in the Kingdom, including in the areas of capital markets, investment funds, private equity, finance, real estate and construction, energy, projects and infrastructure, and dispute resolution and international arbitration. For more information please contact one of the lawyers listed here.

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