



Companies To Activate The Investor Relations Function And Its Intention To Assess The Need To Obligate Listed Companies With The Function

28 / 10 / 2018

The Capital Market Authority ("CMA") announced today that it urges all listed companies to activate the investor relations function to enable the most effective communication methods between the company and existing and potential investors by providing them with understanding about the company's activities and strategic objectives; which can enable them to make investment decisions towards the company along with promoting confidence in the company and its board of directors, enhance financial and non- financial disclosure of listed companies and enabling existing investors to exercise their rights related to communicating with the company and the Board of Directors.

The CMA affirmed that such move comes in line with the CMA role in regulating and developing the Capital Market, and in an effort to promote confidence in the capital market through working on achieving the initiatives of the CMA strategic plan related to activating the role of investor relations function in listed companies, and based on the recent developments of the Saudi Capital Market including the Inclusion to several emerging markets indices along with the objectives that the CMA and its partners seek to achieve in order for the Saudi Capital Market to become the leading market in the middle east and one of top ten markets in the world by 2030.

Also, the CMA noted that according to its mandates to regulate and develop the capital market and protect citizens and investors in Securities from unfair and unsound practices involving fraud, deceit, cheating or manipulation, it emphasizes the importance for investors and market participants to report the CMA about any practices that may constitute potential violations of the Capital Market Law and its Implementing Regulations through the official channels, such as the failure to enable shareholders to exercise their rights relating to enquire and request viewing the books and documents of the Company, including the data and information related to the activities of the Company and its operational and investment strategy without prejudice to the interests of the Company or breach of the Companies Law and the Capital Market Law and their implementing regulations.

The CMA also clarified that it will periodically assess the need to obligate listed companies to establish an investor relations function with specific tasks and responsibilities, based on the assessment results of the effectiveness of this function during the upcoming period.

Also, the CMA highlighted the importance for listed companies to benefit from "Investor Relations Best Practice Toolkit" issued by the Saudi Stock Exchange ("Tadawul") which helps listed companies to effectively establish an investor relations function and understand its duties, responsibilities and its benefits.