

# Bylaws of the Saudi Tadawul Group Holding Company

(listed Joint Stock Company)

## **Part I: Company's Incorporation**

### **Article 1: Incorporation**

In accordance with this Bylaw, and the provisions of the Companies Law, a Saudi joint stock holding company shall be established. It shall have a legal personality and an independent financial liability, and shall be referred to in this Bylaw as “the **Company**”.

### **Article 2: Company Name**

Saudi Tadawul Holding Company, a listed joint stock company.

### **Article 3: Company Purpose**

- 1) Manage its subsidiaries, or participate in the management and of other companies in which it contributes and provide the necessary support to it.
- 2) Invest its funds in stocks and other securities.
- 3) Owning real estates and property necessary to carry out its activities.
- 4) Providing loans, guarantees and financing to its subsidiaries.
- 5) Owning and exploiting industrial property rights from patents, trademarks, industrial, franchises and other moral rights, and leasing them to its subsidiaries or others.
- 6) The company may engage in any other activity in manner that does not conflict with the relevant laws and regulations.

### **Article 4: Participation and Ownership in Companies**

The Company shall have the right to establish companies of any form in accordance with the provisions of the Companies Law. It may also own stocks and shares in other existing



companies or merge with them, and has the right to participate with others in the establishment of companies of any form in accordance with the provisions of the companies Law, The Company may also dispose of these stocks or shares, provided that this does not include acting as a broker in trading such stocks or shares. The Company may own, sell, purchase and lease movable and immovable assets.

#### **Article 5: Head office of the Company**

The Company's head office is located in Riyadh, Kingdom of Saudi Arabia (the "Kingdome"). The Company may establish branches, offices or agencies within or outside the Kingdome by a resolution of the Company's Board of Directors (the "**Board**").

#### **Article 6: The Term of the Company**

The term of the Company is ninety-nine (99) Gregorian years commencing from the date of the Royal Decree authorizing its establishment. In addition, such term may be extended for a similar, shorter or longer period(s) by resolution of the Extraordinary General Assembly issued at least one year prior to the expiry of term of the Company.

### **Part II: Capital and Shares**

#### **Article 7: Capital of the Company**

The issued capital of the Company shall be one billion, two hundred million Saudi riyals (SR 1,200,000,000) divided into one hundred twenty million (120,000,000) shares, all of which are of equal value and the nominal value of each is ten (10) riyals. All the shares have been fully subscribed to and paid for.

#### **Article 8: Subscription to Shares**

The shareholders have subscribed to the entire issued capital shares of the Company, which are one hundred twenty million (120,000,000) shares. The whole value of such shares, which is one billion, two hundred million Saudi riyals (SR 1,200,000,000), has been deposited under the Company's name at a Saudi bank.

#### **Article 9: Selling Non-Fully Paid Shares**



A shareholder shall pay the share value at the specified dates. If a shareholder fails to pay on the due date, the Board may, after notifying such shareholder by registered mail sent to their address as recorded in the shareholder register or through any means of technology, sell such share in a public auction or in the Exchange, as the case may be, in accordance with the regulations issued in this regard, provided that other shareholders have a preemptive right to purchase the shares of the non-paying shareholder.

The Company shall receive the amounts due thereto from the sale proceeds and shall return any remaining amount to the shareholder. If the sale proceeds are insufficient to cover these amounts, the Company may satisfy such amounts from the shareholder's property.

Rights associated with shares the value of which is not paid by the due date shall be suspended until such shares are sold or the due amount is paid; such rights include the right to receive dividends and attend shareholder assemblies and vote on their decisions. However, the defaulting shareholder who fails to pay until the sale date may still pay the due amount, in addition to any expenses incurred by the Company in such regard; in such case, he shall have the right to demand payment of dividends.

The Company shall cancel the certificate of the share sold according to the provisions of this article, and shall give the buyer a new certificate bearing the same serial number of the cancelled certificate, the sale shall be recorded in the shareholders register along with the particulars of the new holder.

#### **Article 10: The Company's purchase of its shares, selling them and allocating them to its employees**

1. The Company may purchase or sell its own shares or accept them as a pledge. Shares purchased by the company shall have no voting rights in shareholder assemblies, and the Company may also buy its shares to be used as treasury shares in accordance with the relevant regulatory guidelines and conditions.

2. The Company may sell the treasury shares in one or several stages in accordance with the relevant regulatory guidelines and conditions.



3. The Company may purchase its shares and allocate them to the employees of the Company - or its subsidiaries - through the employee shares program in accordance with the relevant regulatory guidelines and conditions.

#### **Article 11: Issuance of Shares**

The shares are nominal, and they may not be issued for a value lesser than their nominal value. The Company may issue shares for a value higher than their nominal value, provided that the difference in value is added in a separate item within the shareholder rights in accordance with relevant regulations issued by the competent authority.

A share is indivisible against the Company. If a share is owned by multiple persons, they shall select one of them to represent them in exercising the rights relating thereto. Said persons shall be jointly and severally liable for the obligations arising from the share ownership.

#### **Article 12: Ownership of Shares**

Subscription in shares or acquisition thereof imply that the shareholder accepts the Company's Bylaws and their compliance with the resolutions adopted by the Shareholder Assembly in accordance with the provisions of these Bylaws, whether such shareholder is present or absent and whether they approve or object such decisions.

#### **Article 13: Shareholder Register**

The Company's shares are traded in accordance with the provisions of the Capital Market Law ("CML") and its implementing regulations and the provisions of these Bylaws.

#### **Article 14: Capital Increase**

- 1) The Extraordinary General Assembly may. decide to increase the Company's issued capital one or several times by issuing new shares in the same nominal value as that of the issued shares, provided that the issued capital has been fully paid up. The capital is not required to be fully paid up if the unpaid portion of the capital relates to shares issued in exchange for the conversion of



debt instruments or financing instruments into shares and the prescribed period for conversion into shares has not expired yet.

- 2) The Extraordinary General Assembly may, in all cases, allocate all or part of the shares issued for capital increase to employees of the Company and/or all or part of its subsidiaries. Shareholders may not exercise pre-emptive rights if the Company issues shares for employees.
- 3) A shareholder who owns the share on the date of issuance of the extraordinary general assembly's decision approving the increase of issued capital or the date of issuance of the board of directors' decision approving the increase of issued capital within the limit of the authorized capital shall have a preemptive right to subscribe to new shares issued against cash contributions. A shareholder shall be notified of such right, if any, by registered mail sent to the address stated in the shareholders' register or by any means of technology. The shareholder shall also be notified of the capital increase decision, the conditions and method of subscription, and the dates on which said subscription begins and ends.
- 4) The Extraordinary General Assembly may stop application of the pre-emptive right vested in shareholders to subscribe to the capital increase against cash contribution or may vest such right in persons other than the shareholders in cases it believes this is appropriate for the Company's interest.
- 5) A shareholder may sell or assign the pre-emptive right during the period from the date the General Assembly resolution approving the capital increase is adopted until the last day of subscription to the new shares related to such right, in accordance with the controls set by the competent authority.
- 6) Subject to paragraph 4 above, the new shares shall be distributed to holders of pre-emptive right who requested subscription in proportionate to their pre-emptive right of the total pre-emptive rights resulting from the capital increase, provided that the shares they receive do not exceed the amount of new shares they requested. The remainder of the new shares shall be distributed to holders of pre-emptive right who requested more than their respective shares in proportionate to their pre-emptive right of the total pre-emptive rights resulting from the capital increase, provided that the shares they receive do not exceed the amount of new



shares they requested. The remaining shares shall be offered to third parties, unless the Extraordinary General Assembly decides or the CML states otherwise.

- 7) The new shares issued due to the capital increase may be in cash or in-kind. If there are in-kind shares, the Board shall follow the procedures provided for in the Companies Law to ascertain the validity of the assessment of these shares.

### **Article 15: Capital Reduction**

- 1) The Company's capital may, by resolution of the Extraordinary General Assembly, be reduced, if the capital exceeds the Company's need or if the Company suffers losses. In the latter case only, the capital may be reduced below the limit stipulated in Article 59 of the Companies Law. The decision to decrease the capital shall not be issued until a statement prepared by the board of directors stating the grounds for such decrease, the company's liabilities, and the effect of the decrease on satisfying such liabilities is presented at the general assembly. Said statement shall include the report of the company's auditor, and may be presented to shareholders in cases where the general assembly decision is passed by circulation. The resolution must explain the method of reduction.
- 2) If the decision to decrease the capital is because it exceeds the company's needs, the creditors shall be invited to submit their objections to the decrease, if any, at least 45 days prior to the date set for the extraordinary general assembly meeting to decide on the decrease. The invitation shall include a statement indicating the amount of capital prior to and after the decrease, the date of the meeting, and the date the decrease becomes effective. If a creditor objects to the decrease and submits supporting documents to the company within the specified period, the company shall pay the debt owed to him if it is due or provide him with a sufficient guarantee if it is not due. If a creditor notifies the company of his objection to the decrease and the company fails to pay his due debt or to provide him with a sufficient guarantee if his debt is not due, he may petition the competent judicial authority prior to the date set for deciding on the decrease in the extraordinary general assembly meeting. The competent judicial authority may, in such case,

order the payment of the debt, the provision of a sufficient guarantee, or the adjournment of the extraordinary general assembly meeting, as the case may be.

- 3) Capital decrease shall not be invoked against a creditor who has submitted his application on the date stipulated in paragraph (2) of this Article, unless his due debt is paid or he is provided with a sufficient guarantee for undue amounts.

### **Part III: Bonds and Sukuks**

#### **Article 16: Bonds and Sukuks**

- 1) The Company may, by a resolution of the Extraordinary General Assembly and in accordance with relevant laws and regulations, issue any type of tradeable debt instruments, such as bonds and sukukuks, in the Saudi currency or another currency inside or outside the Kingdom of Saudi Arabia. The Extraordinary General Assembly may delegate the Board to issue such debt instruments, including Bonds and sukukuks, whether in one or more parts or through a series of issues under one or more programs established by the Board from time to time. Such issuance shall take place at the dates, in the amounts and under the conditions adopted by the Board, which shall follow all the required procedures to issue them.
- 2) The Company may, by a resolution of the Extraordinary General Assembly, issue debt instruments or financing sukukuks convertible to shares following adoption of a resolution by the Extraordinary General Assembly specifying the maximum number of shares that may be issued against such instruments or deeds, whether these instruments or bonds are issued one time, in a series of issues or through one or more programs for issuance of debt instruments or financing deeds. The Board shall, without need for further approval from the Extraordinary General Assembly, issue new shares against these instruments or deeds whose holders request their conversion. The instruments of deeds shall be converted immediately upon the expiry of the period of conversion request set for holders of these instruments or deeds. The Board shall take the necessary measures to amend the Company's Bylaws with regard to the number of shares issued and the capital.



The Board shall register the completion of procedures of each capital increase with the Commercial Register.

#### **Part IV: Board of Directors**

##### **Article 17: Managing Company Affairs**

- a) The Company shall be managed by a Board composed of nine (9) members to be elected by the Shareholders' Ordinary General Assembly, in all cases, board members must be natural persons.
- b) A member's term of office is four (4) years, renewable once or more.
- c) The Company shall submit the names of nominated members to the CMA Board to obtain its approval for their nomination prior to election of the Shareholders' Ordinary General Assembly.
- d) Without prejudice to the relevant laws and regulations, instructions and procedures adopted by the Board, the Board shall specify the procedures for holding meetings of the Company's Board, the manner of resolution adoption, work plans of the Board, powers and tasks assigned to the Board and the CEO and all relevant administrative and financial matters.

##### **Article 18: Expiration of the Term of Board of Directors or Resignation of its Members**

- 1) The board of directors shall call the ordinary general assembly to convene in ample time prior to the expiration of the board's term to elect a board of directors for a new term. If the election cannot be held and the term of the current board expires, its members shall continue to carry out their duties until a board of directors is elected for a new term, provided that they do not continue to carry out their duties beyond the period specified by the competent authority.
- 2) If the Chairperson and members of the board of directors resign, they shall call for an ordinary general assembly meeting to elect a new board. The resignation shall not take effect until a new board is elected, provided that the resigning board does



not continue to carry out its duties beyond the period specified by the competent authority.

- 3) A board member may resign pursuant to a written notice submitted to the Chairperson of the board of directors. If the Chairperson of the board resigns, the notice shall be submitted to the board members and the board's secretary. In both cases, the resignation shall take effect from the date specified in the notice.
- 4) If the board of directors is not elected for a new term or if the required number of board members is not satisfied, in accordance with paragraphs (1), (2) of this article, and paragraph (2) of Article 19 of this Bylaw, any person with interest may petition the competent judicial authority to appoint qualified persons with expertise, in any number it deems appropriate, to supervise the management of the Company and call on the general assembly to convene within 90 days to elect a new board of directors or appoint board members to satisfy the required number, as the case may be, or may petition the competent judicial authority to dissolve the Company.
- 5) The general assembly may, upon the recommendation of the board of directors, terminate the membership of any member who fails to attend three consecutive meetings or five non-consecutive meetings during the course of his membership without an excuse acceptable to the board.

#### **Article 19: Vacant Positions in the Board**

- 1) If the position of a board member of the Company becomes vacant due to his death or resignation, and if the minimum number of members required for the validity of board meetings as stipulated in the Companies Law or the Bylaws is not affected by such vacancy, the board may appoint a qualified person with relevant expertise to provisionally fill the vacancy. The appointment shall be reported to the Commercial Register, and to the CMA, within 5 days from the date of such appointment, and it shall be submitted to the ordinary general assembly in its first meeting. The appointed member shall complete the term of his predecessor.



- 2) If the number of board members falls below the minimum number required for the validity of board meetings as stipulated in the Companies Law or the Bylaws, the remaining members shall call for an ordinary general assembly meeting within 60 days to elect the required number of members.

## **Article 20: Authorities of the Board**

- a) Subject to the powers reserved for the General Assembly, the Board shall have the widest powers to manage the business of the Company in order to attain its objectives. The Board shall be responsible for achieving the strategic and operational objectives of the Company. The Board shall be responsible in particular for the following and may delegate some or all of these powers as it sees fit:
  - 1) The overall strategy and business plan of the Company;
  - 2) Annual budget;
  - 3) Formation of the Board sub-committees and providing them with the powers the Board believes are appropriate;
  - 4) Approval of the Company's internal, financial, administrative and technical regulations as well as employee-related policies and regulations and setting the Company's performance standards;
  - 5) Approval of loans and other credit facilities, for any term, through government financing funds and institutions, commercial banks, finance houses, credit companies and any other credit body, or sell or pledge the Company's assets or place of business; or relieve the Company's debtors from their liabilities;
  - 6) Investment of Company's funds;
  - 7) Approval of establishment of companies, buying shares therein and mergers as well as obtainment and amendment of commercial registers; and
  - 8) Appointment of Company's representatives in boards of companies in which the Company owns stocks or shares; the right to attend shareholder assemblies, general assemblies and boards of these companies; signing minutes and resolutions of these companies, endorsing the approval of annual

budgets of these companies and receipt of Company's share of these companies' profits.

- b) The Board shall prepare an annual report about the Company's performance. Such report shall be brought to the General Assembly.
- c) The Board may, within its powers, delegate one of its members or a third party to perform a certain work(s).
- d) The Company's Board shall appoint a CEO for the Company from its members or others after obtaining the approval of the CMA Board. The CEO shall implement resolutions of the Board, shall manage daily business of the Company and shall head employees of the Company under the supervision of the Board in addition to representing the Company before the judiciary, arbitration tribunals, and other parties, the CEO may assign or delegate to others the representation of the Company, and the assignee or delegatee shall have the authority to assign or delegate this delegated authority to others, in addition the CEO shall perform other powers and authorities determined by the Board and included in the Company's regulations. The CEO shall be dismissed from his position by decision of the Board. However, this shall not result in the termination of his Board membership, if the CEO is a member of the Board.

## **Article 21: Remuneration of the Board Members**

- 1) Remuneration of the Board Members may be a fixed amount, an allowance for attending meetings, in-kind benefits, a percentage of the net profit, or a combination of two or more of the above. the ordinary general assembly shall determine such amount, provided that it is fair, incentivizing, and commensurate with the performance of the member and the company in accordance with regulations issued by the competent authority.
- 2) The report submitted by the board of directors to the ordinary general assembly at its annual meeting shall include a detailed account of all the amounts board members received or were entitled to receive during the fiscal year in the form of



remuneration, meeting allowances, expense allowances, and other benefits. The report shall also include an account of the amounts received by board members in their capacity as employees or executives, or in exchange for technical, administrative, or consulting services as well as an account of the number of board meetings and the number of meetings attended by each member.

## **Article 22: Authorities of the Chairperson, Vice Chairperson and the Secretary**

- 1) The Board shall appoint at its first meeting, from amongst its members, a Chairperson and a Vice Chairperson. The Chairperson may not hold any executive position in the Company.
- 2) The Chairperson shall represent the Company in its relations with others and before government agencies, companies and individuals; all types and degrees of courts; notaries, the Board of Grievances; the Committee for Resolution of Securities Disputes and arbitration panels; chambers of commerce and industry and all types and degrees of committees for resolution of disputes. To this end, the Chairperson may file pleadings and defenses on behalf of the Company, present evidence and documents, make settlements, give releases, deny or admit a charge and request taking of oath within the scope of the resolutions adopted by the Board. The Chairperson may also receive and execute judgments as well as sign articles of incorporation of companies established by the Company or those which the Company participates in their establishment; other contracts or deeds; transfer of property before notaries, official and private authorities. The Chairperson may also sign contracts, loan contracts and other financial agreements, mortgages and leases. The Chairperson may assign to members of the Board or others or delegate in a –written resolution- representing the Company or certain work(s) within their mandate, and the assignee\ delegatee may delegate others to practice these work(s).
- 3) The Vice Chairperson shall perform the duties and shall exercise the powers of the Chairperson in their absence.
- 4) The Board shall appoint a Secretary, from amongst its members or others, and such Secretary shall document deliberations and resolutions of the Board and their



remuneration shall be specified by resolution of the Board. The term of office of the Chairperson, the Vice Chairperson and the Secretary selected from among the Board members must not exceed the term of office of each of them in the Board. The Board may remove the Chairperson, vice-Chairperson, and board secretary, or any of them, from their positions. However, this shall not result in the termination of their board membership.

### **Article 23: Meetings of the Board**

The Board shall meet regularly according to what it sees fit, provided that these meetings are no less than four meetings annually by invitation of its Chairperson. The invitation must be in writing and must be delivered in person, through mail, FAX or Email. The Chairperson, shall call the Board to convene whenever requested to do so by any member of the Board to discuss any or more topics. The meetings of the Board may be held by means of modern technology.

### **Article 24: Quorum of the Board Meetings**

A Board meeting shall not be deemed valid unless at least half the members, whether in person or by proxy, attend it, provided that the number of attendees in person are no less than three (3) members. A member may give proxy to another member provided that the designated member does not act as proxy for more than one member. Board resolutions shall be adopted by the majority of votes of the members attending or represented, whether in person or by proxy, therein. In case of a tie, the Chairperson of the meeting will have a casting vote. In case of urgent matters, the Board may adopt resolutions by circulating them among the members separately unless one of the Board members request in writing a meeting of the Board to deliberate these resolutions. Such resolutions shall be adopted by the majority votes of the Board members and they must be brought before the Board at the first following meeting and to be documented in the Meeting's minutes.

A board decision shall become effective on the date of its issuance, unless the decision provides for a specific date or condition for its effectiveness.



## **Article 25: Deliberations of the Board**

Deliberations and resolutions of the Board shall be documented in minutes, prepared by the Secretary, and to be signed by the Chairperson of the Board, the Board members attending the meeting and the Secretary. The minutes shall be recorded in a special register to be signed by the Chairperson of the Board and the Secretary. Means of technology may be used to obtain signatures, record deliberations and decisions, and prepare meeting minutes.

## **Part V: Shareholder Assembly**

### **Article 26: Attending Assemblies**

A General Assembly duly composed shall represent all the shareholders and shall be convened in the city where the head office of the Company is located. Each shareholder may, regardless of the number of shares owned thereby, attend the General Assembly and they may give proxy to another shareholder, other than a member of the Board, to attend the General Assembly. The proxy shall be in writing. Means of technology may be used to hold general assembly meetings and enable shareholders to engage in deliberations and vote on decisions.

### **Article 27: Authorities of the General Assembly**

- 1) Except for matters falling within the powers of the extraordinary general assembly, the ordinary general assembly shall have the powers necessary over all other company matters, particularly the following: Electing and removing board members. Appointing a company auditor, or more, in accordance with the Companies Law; determining his fees; and reappointing and removing him. Reviewing and discussing the board's report. Reviewing and discussing the company's financial statements. Reviewing the auditor's report, if any, and making a decision thereon. Deciding on board proposals relating to the manner of distributing dividends. Creating the company's reserves and determining their uses.
- 2) The ordinary general assembly shall hold its annual meeting at least once during the six-month period following the end of the company's fiscal year. Other ordinary general assembly meetings may be held as necessary.



- 3) The agenda of the annual meeting of the ordinary general assembly shall include the following items:
- Reviewing and discussing the board of directors' report for the ending fiscal year.
  - Reviewing and discussing the financial statements of the ending fiscal year.
  - Discussing the auditor's report for the ending fiscal year, if any, and making a decision thereon.
  - Deciding on board proposals relating to the distribution of dividends, if any.
- 4) The condition for holding the annual meeting of the ordinary general assembly shall be deemed satisfied if an extraordinary general assembly convenes during the six-month period following the end of the company's fiscal year if its agenda includes the items stated in paragraph (3) of this Article.

#### **Article 28: Authorities of the Extraordinary General Assembly**

The Extraordinary General Assembly shall be in charge of amending the Company's Bylaws, deciding on the continuation or dissolution of the company and approving the company's purchase of its shares, except for the provisions it may not amend by law.

The Extraordinary General Assembly may adopt resolutions relating to the powers of the Ordinary General Assembly under the same conditions and controls set for the Ordinary General Assembly.

#### **Article 29: Calling for Meetings of Assemblies**

- 1) Meetings of the Ordinary or Special Assemblies shall be held by call of the Board. The Board shall call for a meeting of the Ordinary General Assembly, within 30 days from the date of the auditor's request, or by a shareholder, or more, representing at least 10% of the company's voting shares. The auditor may call for a meeting of the General Assembly if the Board fails to call for such meeting within thirty (30) days from the date of the auditor's request.
- 2) The call for a meeting of the General Assembly shall be at least twenty-one (21) days prior to the date scheduled for the meeting. This is in accordance with the



provisions of the Companies Law and the controls determined by the competent authority. A copy of the invitation and the agenda shall be sent to the Commercial Register, and to the CMA within the period specified for publication.

### **Article 30: Quorum for Meetings of the Ordinary General Assembly**

A meeting of the Ordinary General Assembly shall be valid only if attended by shareholders representing at least one-quarter of the Company's voting shares. If such quorum is not attained in the first meeting, a second meeting shall be held one hour after the lapse of time set for the first meeting, provided that the invitation for holding the first meeting indicates the possibility of holding such meeting. In all cases, the second meeting shall be valid regardless of the number of voting shares represented therein.

### **Article 31: Quorum for Meetings of the Extraordinary General Assembly**

A meeting of the Extraordinary General Assembly shall be valid only if attended by shareholders representing at least one-half of the Company's voting shares. If such quorum is not attained in the first meeting, a second meeting shall be held one hour after the lapse of time set for the first meeting, provided that the invitation for holding the first meeting indicates the possibility of holding such meeting. The second meeting shall be valid if attended by a number of shareholders representing at least one-quarter of the Company's voting shares. If quorum is not attained in the second meeting, an invitation shall be made for a third meeting to be held under the same conditions provided for in Article 29 of these Bylaws. The third meeting shall be valid regardless of the number of voting shares represented therein after obtaining the approval of the competent Authority.

### **Article 32: Voting at Meetings of the Assemblies**

Each shareholder shall have one vote per share in the General Assemblies. Cumulative voting shall be applied to election of the Board members.

### **Article 33: Resolutions of the Assemblies**

Resolutions of the Ordinary General Assembly shall be passed by majority of the voting shares represented at the meeting. Resolutions of the Extraordinary





General Assembly shall be passed by two-thirds majority of the voting shares represented at the meeting unless the resolution relates to increase or reduction of capital, extension of the Company's term, dissolution of the Company prior to the term set therefor in its Bylaws or merger of the Company with another company or division of the company into two companies or more, in which case such resolution shall only be valid if passed with a three-quarters of the voting shares represented at the meeting.

Decisions of the Extraordinary General Assembly which are required to be registered with the Commercial Register as prescribed by the Regulations shall be registered therewith by the board of directors within 15 days from their issuance date.

### **Article 34: Deliberations at Meetings of Assemblies**

Any shareholder may discuss the items included on the agenda of the General Assembly and direct related questions to board members and the auditor. Any provision to the contrary in the Bylaws shall be deemed null and void. The board of directors or the auditor shall answer the questions of shareholders to the extent that does not undermine the Company's interests. If a shareholder is not satisfied with the response to his question, he may request the General Assembly to decide thereon and its decision shall be final.

### **Article 35: Chairpersonship of Shareholders Assemblies and Preparation of Minutes**

Shareholder General Assemblies shall be chaired by the Chairperson of the Board; the Vice Chairperson of the Board, in case of absence of the Chairperson, or by whomever the Board delegates from its members for this purpose, in case of absence of the Chairperson or the Vice Chairperson of the Board, if none of the above is possible, the shareholders shall vote to designate a board member or any other person to chair the general assembly meeting. The Chairperson shall appoint a secretary for the meeting and vote collectors. At the meeting of the Assembly, there shall be written minutes including the number of shareholders attending whether in person or by proxy, the number of shares they hold in their personal capacity or by proxy, the number of votes they are entitled to, the resolutions adopted and the number of votes for or against them



and a sufficient summary of the deliberations which has taken place in the meeting. After each meeting, minutes shall be regularly recorded in a special register to be signed by the Assembly's Chairperson, secretary and the vote collectors.

## **Part VI: Auditor**

### **Article 36: Appointment of Auditor**

The Company shall have one or more auditors from amongst the auditors licensed to work in the KSA. His appointment, fees, term, and scope of work shall be determined by the General Assembly, and he may be re-appointed. The Regulations issued by the competent authority shall determine the maximum term for an individual auditor or an auditing firm and the partner therein supervising the audit. The General Assembly, as the case may be, may remove the auditor, without prejudice to his right to compensation for any damage he incurs, if justified. The Chairperson of the board of directors shall notify the Competent Authority of the removal decision and the grounds therefor within a period not exceeding five days from the decision date.

### **Article 37: Powers of the Auditor**

The auditor may, at any time, have access to the Company's files, accounting records, and other supporting documents, may ask for any statements or clarifications they deem necessary to verify the assets and liabilities of the Company and may perform any other function within the scope of his work. The Board shall enable the auditor to perform their duties. If the auditor faces any difficulty in this regard, they shall state that fact in a report to be submitted to the Board. If the Board does not facilitate the job of the auditor, the auditor shall ask the Board to call for a meeting of the General Assembly to consider the issue. The auditor may call for a meeting of the General Assembly if the Board fails to call for such meeting within thirty (30) days from the date of the auditor's request.

## **Part VII: Company's Accounts and Distribution of Dividends**



### **Article 38: Financial Year**

The Company's financial year shall commence on the first of January and shall end by the end of December of each year. The first financial year shall commence from the date the resolution establishing the Company is adopted and shall end by the end of December of the following year.

### **Article 39: Financial Documents**

- 1) At the end of the financial year, the Board shall prepare the Company's financial statements including Saudi Tadawul Group Holding Company and its Subsidiaries and a report about its activities and financial position for the previous financial year. The report must include the method proposed for distribution of dividends. The Board shall put these documents at the disposal of the auditor at least forty-five (45) days prior to the date scheduled for the convening of the annual Ordinary General Assembly.
- 2) The Company's Chairperson of the Board, CEO and CFO shall sign the documents referred to in paragraph 1 of this Article. Copies of these documents shall be kept at the Company's head office at the disposal of the shareholders.
- 3) The Chairperson of the Board shall provide the shareholders with the Company's financial statements, the Board report, after it gets signed, and the auditor's report, unless they are published in other means of technology. The Board shall also send a copy of these documents to the competent Authority at least twenty-one (21) days prior to the date scheduled for the convening of the annual Ordinary General Assembly.

### **Article 40: Distribution of Dividends**

Annual or interim dividends may be distributed from distributable dividends to shareholders in accordance to the provisions and controls by competent authorities.

After deduction of all overheads and other costs, the annual net profits of the company shall be distributed as follows:



- 1) The Ordinary General Assembly may, based on a proposal by the Board, retain a percentage of the net profits to form an additional reserve to be allocated for a certain purpose(s).
- 2) The Ordinary General Assembly may resolve to retain other reserves to the extent that serves the Company's interest or ensures, as far as possible, consistent distribution of dividends to shareholders. The Assembly may also deduct from the net profits amounts to accomplish social objectives for the Company's employees.
- 3) The Board may recommend distribution of a certain percentage of the remaining profits to shareholders. The Company may distribute quarterly or semiannual dividends following complying with the requirements of the relevant authorities.

#### **Article 41: Entitlement to Dividends**

A shareholder will be entitled to their share of dividends in accordance with the resolution adopted by the General Assembly in this regard and in accordance with the Companies Law and its implementing regulations and the CML and its implementing regulations. The resolution must indicate the date of entitlement and the date of distribution.

#### **Article 42: Company's Losses**

If the losses of the Company amount to half of the issued capital, the board of directors shall, within 60 days from the date of its knowledge thereof, announce the losses and the recommendations relating thereto, and shall, within 180 days from said date, call for an Extraordinary General Assembly meeting to consider the continuation of the Company by taking measures necessary to resolve such losses or the dissolution of the Company.

### **Part VIII: Dissolution and Liquidation of the Company**

#### **Article 43: Expiration of the Company**

Notwithstanding the reasons prescribed for the termination of joint-stock companies, a company shall be terminated for any of the following reasons:

- a) Expiration of its term if it is incorporated for a specified period, unless the term is extended in accordance with the provisions of the Companies Law.



b) Agreement of the shareholders to dissolve the company.

c) Issuance of a final judgment to dissolve or annul the company.

## **Part X: Final Provisions**

### **Article 45:**

The Companies Law and its regulations and the CML and its implementing regulations shall apply to all other matters not specifically provided for herein.

### **Article 46:**

These Bylaws shall be filed and published in accordance with the provisions of the Companies Law and its regulations.