

Resolution of Securities Disputes in KSA; A Brief Overview

Bandar Al Hamidani - Partner - Corporate / Mergers and Acquisitions
b.alhamidani@tamimi.com - Riyadh

The Committee for the Resolution of Securities Disputes (CRSD) and the Appeal Committee for the Resolution of Securities Conflicts (ACRSC) are quasi judicial committees in The Kingdom of Saudi Arabia (KSA). Both committees have jurisdiction in the consideration of Securities Disputes. The Capital Market Authority (CMA), as obliged by article 25(a) of the capital market law (CML), to establish a committee for the Resolution of Securities Disputes. This committee has the jurisdiction over the disputes falling under the provisions of the CML, the implementation of the, regulation, along with the rule and instructions issued by the CMA and the Saudi Stock Exchange with respect to both public and individual actions. In addition, article 25(c) has given the CRSD the jurisdiction to consider the claims against decisions and actions which will be issued by the CMA or the Saudi Stock Exchange. According to article 25(f) of the CML, the CML must give the appeal mechanism on the CRSD a decision before the ACRSC, within thirty days from CRSD notification date. The ACRSC jurisdiction shall have the right to confirm or refuse to review CRSD decisions or undertake a de novo review of the claim based on the record at the hearing before CRSD to issue the appropriate decision. Thus, the decisions of ACRSC are final and cannot be appealed.

Board of the CMA has issued a new regulation with respect to the Procedures of Resolution of Securities Disputes (PRSD) under resolution No (01-04-2011) dated 19/02/1432H corresponding 23/01/2011 to, pursuant to the Capital Market Law issued by the Royal Decree No (M/30) dated 02/06/1424H, corresponding to 31/ 07/ 2003G. This regulation contains 50 articles divided into 11 chapters. The PRSD shows how the defended claim and complaint before the CRSD and ACRSC; moreover, this regulation shows all the steps which can be performed with respect to Securities Disputes. Thus, this regulation will contribute to the regulating of litigation before the committees.

In conclusion, it can be said that CRSD and ACRSC are fully independent to discharge their duties. This because article 25 of CML had stipulated the formation of litigation bodies that is specialised in securities disputes and fully independent to issue decisions.