

Resolution No. (4) of 2013
of CMA Board of Commissioners
Regarding
Regulations of Investment in the Fund of Funds

Having Perused:

- Law of the Establishment of Capital Markets Authority & Regulating Securities Activity No. (7) of 2010; and
- The Executive Bylaw of Law No. (7) of 2010 issued on 3/3/2011 and the amendments thereof; and
- Based on the CMA Board of Commissioners Resolution No. (2) of 2013 passed in its meeting on 4/2/2013 regarding issuing regulations of investment in the Fund of Funds.

We Resolved the Following

Article (1): Regulations of investment in the Fund of Funds shall be issued as follows:

Definitions:

The Fund of Funds: An investment fund whose main objective is investing in other licensed investment funds.

Investment Guidelines:

The Fund of Funds, which is offered publicly, is subject to the following rules and regulations:

1. The fund may not borrow or enter in transactions that may rise its liabilities of more than 10% of the net asset value of the Fund of Funds.
2. The Fund of Funds shall invest in at least three investment funds. It is not allowed to invest, in each of these funds, less than 5% of the net asset value of the Fund of Funds.
3. The Fund of Funds shall not own more than 25% from a single issuer.
4. The Fund of Funds' investment in another investment fund shall not exceed 40% of the net asset value of the Fund of Funds.
5. The Fund of Funds is prohibited from investing in another Fund of Funds.
6. The Fund of Funds is prohibited from investing in other funds that are managed by the Fund of Funds manager.

Article (2): This resolution shall be effective from the date of issue thereof, the existing Fund of Funds shall be granted one year from the date of issuing this Resolution to adapt their situations.

Article (3): The concerned bodies shall execute this Resolution each in the competencies thereof.

Saleh Mubarak Al Falah

Chairman, CMA Board of Commissioners

Executive Manager

Issued on 20/2/2013