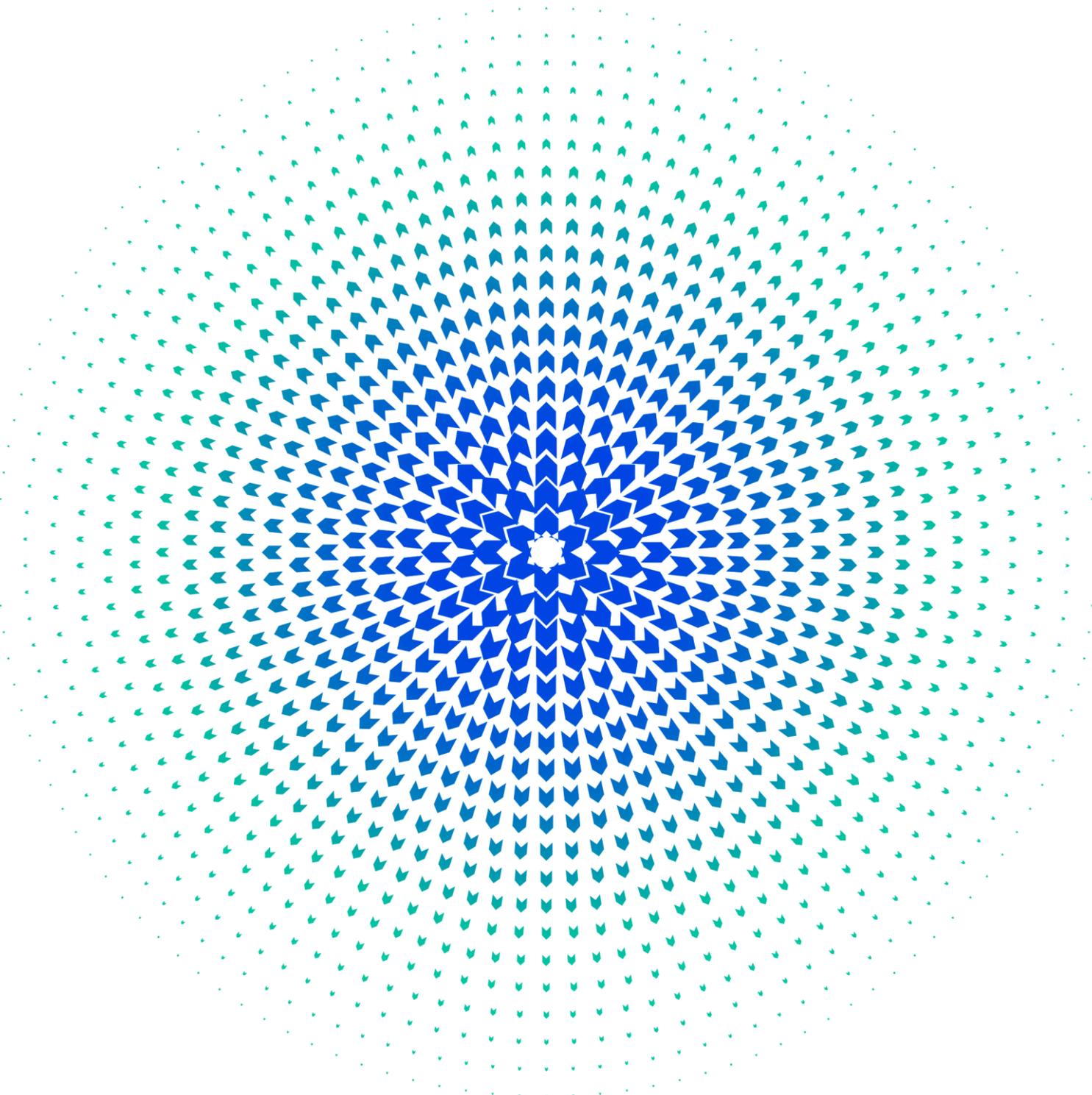


Saudi Exchange Indices Policy for Conflicts of Interest



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SUMMARY

Conflicts of interest can arise whenever an employee, director or Committee member's interest affect or could affect their judgement, objectivity, or independence, or where a corporate situation exists where the Saudi Exchange's decision making might be influenced by related companies. Examples of potential conflicts include circumstances in which:

- The ability to make financial gain, or avoid potential financial loss;
- The offer of jobs, money, or other benefits, including to relatives or close friends;
- The offer of gifts, hospitality, or entertainment outside of the Saudi Exchange policy or;
- The holding of an investment or interest in an external company that is a Market Member
- The Saudi Exchange, having a holding in an investment company or being a subsidiary of an investment company might affect decision-making.

To ensure that indices administered by the Saudi Exchange are constructed, maintained, governed, and operated to the highest standards, and fully compliant with the IOSCO Principles for Financial Benchmarks, the Saudi Exchange employs a robust governance framework. This framework is used to manage existing indices, approve new indices, and to approve changes to the methodologies of existing indices.

The Saudi Exchange recognises the need to be beyond reproach in their identification of, management and mitigation, and reporting of conflicts of interest. This Policy outlines the process used by The Saudi Exchange to ensure this is so.

STAFF RESPONSIBILITY FOR CONDUCT

It is essential that the importance of good compliance is understood, embraced and continuously exercised by all staff.

All relevant staff must therefore be familiar with this policy and with the appropriate regulatory and legal rules. They must understand that they will be expected to comply both with the letter and with the spirit of the requirements.

All staff must understand that failure to comply can result in summary dismissal as well as exposing the Saudi Exchange to liabilities and/or risk or loss of business.

If in any doubt about interpretation or about whether particular requirements apply, staff, contractors or others acting for the Saudi Exchange must speak to a senior manager of the company for guidance.

GENERAL CODE OF PRACTICE

All of the Saudi Exchange staff members, contractors, directors and any other individual acting from time to time for the Saudi Exchange must:

- Conduct themselves with integrity and act ethically in dealings with clients, the public and colleagues.
- Know and observe in their actions the laws, regulations and professional standards that apply to their duties.
- Avoid even the appearance of a conflict of interest in their working with clients. They must disclose to the Saudi Exchange any conflict of interest or potential conflict of interest that would impair the unbiased and objective nature of their work, advice and actions. These will be maintained on the Saudi Exchange conflicts of interest register.
- Keep confidential the information communicated by clients concerning matters in the scope of the confidential relationship, unless they suspect that this could hide illegal activity (e.g., market abuse).
- Observe all relevant law and the Saudi Exchange's policies on the use and communication of material non-public information. Staff must not trade if they are in possession of material non-public information, and not communicate such material non-public information except as authorised by a director.

THE SAUDI EXCHANGE 'S DUTY TO MANAGE CONFLICTS OF INTEREST

Directors, staff, and contractors must act independently of their other interests, duties, and obligations. To avoid conflicts of interest, directors and staff must:

- Avoid situations in which he or she has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the determination of the indices and / or the interests of the Saudi Exchange.
- Declare any interests in a proposed transaction or arrangement involving the Saudi Exchange or any of its clients.
- Not accept benefits from third parties which are given because of their being a director (or their doing or not doing anything as a director).

TYPES OF CONFLICTS OF INTEREST THAT MIGHT OCCUR – PERSONAL

The following are examples of situations where a conflict may arise in the performance of duties:

Confidential Information

The Saudi Exchange staff (including contractors) may have access to confidential information that could be used for advantageous personal trading, such as advance knowledge of index constituent changes, or of index levels.

Outside Employment

Employees and directors may be permitted to work for other employers or other

businesses so long as such work does not conflict with the employee's obligations to the Saudi Exchange. A conflict would arise if outside work consumed so much of an employee's time and energy as to impair the ability to perform their role with the Saudi Exchange effectively. Also, a conflict of interest may arise if an employee has a relationship with a firm that has business dealings with, or competes with, the Saudi Exchange. Employees must avoid outside employment that is otherwise detrimental to the interests of the Saudi Exchange. In all cases, employees and directors must inform the company of any such employments and are required to gain prior approval before taking on external roles or work of any kind.

Knowledge of client product plans

Advanced knowledge of client plans could be gained from being involved in the licensing of index-based investment products. To manage this, all employees, contractors and directors involved in index management or licensing, are required to sign this document and state their compliance with its policies. Information gained from clients must not be disclosed either externally or within the Saudi Exchange, other than in the legitimate requirements of their role.

The above list should be considered illustrative and does not seek to be comprehensive.

Personal share dealing

Employees, directors, and contractors of the Saudi Exchange may become party to market-sensitive or "inside" information regarding corporate actions, index composition or other information. For the avoidance of conflicts of interest, employees, directors and have the following absolute obligations:

- To not trade, or cause someone else to trade (or not to trade) in shares or other investment products in which they are, or could reasonably be considered to be conflicted, other than as part of a collective investment scheme.
- To notify and gain approval from the Saudi Exchange for any trade, other than in a collective investment product, within seven calendar days of the trading date.
- To inform the Chairman of any Committee or Group of which they are a member of any conflict or potential conflict that may arise from a personal holding.

Failure to comply with this policy may result in internal disciplinary action. It may also mean that a civil and/or criminal offence has been committed.

Further Restrictions

The Saudi Exchange maintains a separate, detailed Code of Conduct for those personnel working as part of the Saudi Exchange (in any capacity).

TYPES OF CONFLICTS OF INTEREST THAT MIGHT OCCUR – CORPORATE

The following are examples of situations where a conflict may arise at the corporate level:

Promotion of listings

Exchanges that are also index providers are generally motivated to include listed companies in general, and at the earliest opportunity new listings, to promote IPOs on their exchange. This can lead to conflicts in allowing the index inclusion of inappropriate constituents, and of “fast entries” that do not meet existing index rules, or in writing rules that conflict with index user needs.

Maintenance of indices with insufficient input data

Where an index potentially comprises insufficient constituents or the quality of input data potentially falls to a point where it is insufficient for the proper maintenance of the index, an administrator could look to maintain its index revenues by continuing to disseminate the indices.

IDENTIFICATION AND DISCLOSURE

All conflicts, potential conflicts or potentially perceived conflicts of interest must be reported to the Saudi Exchange Compliance and if appropriate, to the secretary of the Saudi Exchange Index Supervisory Committee. Directors, contractors, and staff should ensure that they continually review any conflicts of interest and inform the Saudi Exchange if these change.

MANAGEMENT OF CONFLICTS

General conflict of interests are managed and monitored as follows:

- Directors, staff, and contractors must immediately declare any conflicts of interests or potential conflicts of interest to the Saudi Exchange Compliance as soon as they become aware of them.
- The CEO (of the Saudi Exchange or The Saudi Exchange Index Supervisory Committee - as relevant) will determine whether directors, contractors and staff having a conflict of interest regarding a particular agenda item must recuse themselves from that meeting or discussion, and whether the conflict must be stated to other members prior to the meeting or discussion.
- Information will not be shared between opposing sides of a conflict of interest.
- If required, duties will be segregated, and Chinese Walls put in place to avoid or mitigate conflicts of interest. Any such arrangement will be kept under continual review by the Saudi Exchange Compliance.
- The remuneration of directors and staff (including contractors) is designed so as not to permit conflicts of interests.

Additionally, directors and staff (including contractors) of the Saudi Exchange, and committee members, must inform the company of any individual shareholdings and seek prior approval for any trading (prior to undertaking any trading activity). They may however trade in collective investment schemes, including those of its clients, but must inform the

company of their holdings.

MONITORING AND REPORTING

Any staff member, contractor or director with reason to believe an internal infringement of company policies, of the IOSCO Principles, or that an internal or external attempt is being made to manipulate any the Saudi Exchange index, should immediately report as such to the Saudi Exchange Compliance.

Where the Saudi Exchange, in its capacity as an index provider, believes it has knowledge of a deliberate infringement, or manipulation attempt, it will (where appropriate) immediately report that fact, together with whatever supporting information it has, to the Saudi Monetary Authority.

All conflicts and potential conflicts will be logged in a conflicts register. Review of the register will be a standing item on meetings of the the Saudi Exchange Index Supervisory Committee, with escalation to the Saudi Exchange Board (where required). A reminder for all members to review the Conflicts of Interest policy will be included as a standing item on the business of the Saudi Exchange Board, the Saudi Exchange Index Supervisory Committee, and any other index-related bodies.

All non-collective investment holdings are logged in a register maintained by the Saudi Exchange Compliance.

The Saudi Exchange Index Supervisory Committee will report conflicts of interest to its regulators (and other authorities if appropriate) if required by regulation.

All the Saudi Exchange Directors, contractors and index staff will receive regular training (at least annually) on the contents of this policy and all applicable Conflicts of Interest guidance and regulation.

WHISTLEBLOWING

The Saudi Exchange maintains a comprehensive whistleblowing policy applicable to all directors, contractors and staff.

APPROVAL

This Conflicts of Interest Policy was approved by the The Saudi Exchange Saudi Exchange Board of Directors and the Saudi Exchange Saudi Exchange Index Supervisory Committee and is formally reviewed at least annually.

