

Trust and Securities Services

Marhaba Saudi Arabia

The comprehensive guide to investing in
Saudi Arabia

With deep dedication.
Deutsche Bank

This document is intended for discussion purposes only and does not (and is not intended to) create any legally binding obligations on the part of Deutsche Securities Saudi Arabia (DSSA). This document is issued to the person to whom DSSA has issued it. Without limitation, this document does not constitute an offer, an invitation to offer or a recommendation to enter into any transaction. When making any decision to enter into a transaction, you should rely solely on the final documentation relating to the transaction and not the summary contained herein. This document is not customised to the specific investment objectives, financial situation, risk appetite or other needs of any person who may receive this document.

DSSA is not acting as your financial adviser or in any other fiduciary capacity with respect to any transaction.

The transaction(s) or products(s) mentioned herein may not be appropriate for all investors and before entering into any transaction you should take steps to ensure that you fully understand the transaction and have made an independent assessment of the appropriateness of the transaction in the light of your objectives and circumstances, including the possible risks and benefits of entering into such transaction. You should consider seeking advice from your own advisers in making this assessment. If you decide to enter into a transaction with DSSA, you do so in reliance on your own judgment. The information contained herein does not constitute and shall not be construed to constitute legal and/ or tax advice by DSSA or any of its affiliates. Individuals should consult with their advisors regarding their particular situation. The information contained in this document is based on material we believe to be reliable; however, we do not represent that it is accurate, current, complete, or error free. Assumptions, estimates and opinions contained in this document constitute our judgment as of the date of the document and are subject to change without notice.

Any projections are based on a number of assumptions as to market conditions and there can be no guarantee that any projected results will be achieved. Past performance is not a guarantee of future results. DSSA may engage in transactions in a manner inconsistent with the views discussed herein. DSSA trades or may trade as principal in the instruments (or related derivatives) and may have proprietary positions in the instruments (or related derivatives) discussed herein. DSSA may make a market in the instruments (or related derivatives) discussed herein.

Neither this document nor any copy hereof may be distributed in any jurisdiction outside the Kingdom of Saudi Arabia where its distribution may be restricted by law. Persons who receive this document should make themselves aware, of and adhere to, any such restrictions. By accepting this document, the recipient agrees to be bound by the foregoing limitations.

You may not distribute this document, in whole or in part, without our express written permission. DSSA SPECIFICALLY DISCLAIMS ALL LIABILITY FOR ANY DIRECT, INDIRECT, CONSEQUENTIAL OR OTHER LOSSES OR DAMAGES INCLUDING LOSS OF PROFITS INCURRED BY YOU OR ANY THIRD PARTY THAT MAY ARISE FROM ANY RELIANCE ON THIS DOCUMENT OR FOR THE RELIABILITY, ACCURACY, COMPLETENESS OR TIMELINESS THEREOF.

Deutsche Securities Saudi Arabia ("DSSA") is authorised by the Capital Market Authority of the Kingdom of Saudi Arabia with a license number (No. 37-07073).

DSSA registered office is at Faisaliah Tower, 17th floor, King Fahad Road - Al Olaya District Riyadh, Kingdom of Saudi Arabia P.O. Box 301806.



Foreword

It is a pleasure to present the Fifth edition of Marhaba Saudi Arabia 2025. This market guide provides necessary information to all types of investors in Saudi Arabia, current and future.



As the Kingdom continues its journey toward economic transformation, the Saudi Exchange Market (Tadawul) stands as one of the most dynamic and rapidly evolving capital markets among emerging economies, offering unparalleled growth potential for qualified foreign investors (QFIs). As the Kingdom of Saudi Arabia continues to advance its Vision 2030 economic transformation agenda, the financial markets have undergone, and are continuing to undergo, profound reforms — enhancing accessibility, transparency and liquidity to meet global standards. Today, Tadawul presents a compelling investment destination, combining robust regulatory frameworks, world-class infrastructure and exposure to high-growth sectors driving the region's future.

In recent years, Saudi Arabia has taken decisive steps to open its capital markets to international investors, including inclusion in major global indices such as MSCI Emerging Markets and FTSE Russell. The streamlined onboarding process for QFIs, coupled with progressive tax and regulatory incentives, ensures a seamless entry into a market characterized by strong corporate earnings, dividend potential and a pipeline of landmark IPOs. Furthermore, the diversification of the economy beyond oil — into sectors like renewable energy, technology, tourism and healthcare — creates a diversified portfolio of opportunities for discerning investors.

Deutsche Bank as a licensed custodian in the Saudi Exchange (Tadawul) remains dedicated to facilitating seamless and secure investment opportunities for QFIs looking to access the Saudi market. We provide end-to-end custody solutions, including settlement, safekeeping, corporate actions and reporting, all tailored to meet the needs of international investors. Our deep market expertise, cutting-edge technology and commitment to excellence ensure that your investments are managed with the highest levels of efficiency and regulatory compliance.

We invite you to explore the unparalleled opportunities in Saudi Arabia's thriving market and leverage our expertise to navigate this exciting landscape with confidence.

Jamal Al Kishi
Chief Executive Officer, MEA
Deutsche Bank



Contents

1.	INTRODUCTION OF SAUDI ARABIA'S EXCHANGE MARKET: The Story So Far	10
1.1	Review of Market Developments.....	10
2.	Market Upgrade – Emerging Markets Indices Inclusions	39
2.1	MSCI Emerging Market Index	39
2.2	FTSE Russell Secondary Emerging Market	40
2.3	QFI Ownership Trend.....	40
3.	Macro Focus	41
3.1	Capital Market Focus.....	42
3.2	Government: Key Initiatives.....	43
3.2.1	Vision 2030	43
3.3	KSA Investment Routes for Foreign Investors	45
4.	Securities Market	46
4.1	Legal Framework.....	46
4.2	Regulatory Structure.....	47
4.2.1	Stock Exchange and Capital Markets Supervision	47
4.2.2	Banking Supervision.....	48
4.2.3	Taxation Authority.....	48
4.2.4	Anti-Money Laundering and Counter-Terrorism Financing Laws	49

4.3	Local Market Administrative Structure	49
4.3.1	Saudi Exchange	49
4.3.2	Securities Depository Center	50
4.3.3	Securities Clearing Center Company – Clearing House/ CCP	51
4.4	Market Instruments	52
4.4.1	Equities Market	52
4.4.2	Debt Market	53
4.4.3	Funds	53
4.4.4	Money Market	53
4.4.5	Derivatives	53
4.4.6	Securities Identification	53
4.5	Market Characteristics	54
4.5.1	Listing Requirements for Main Market	54
4.5.2	Exchange Trading Hours	54
4.5.3	Main Market Indices	55
4.5.4	Other Stock Exchange Indices	55
4.5.5	Nomu-Parallel Market	56
4.5.6	Electronic Trading Systems	57
4.5.7	Foreign Exchange	57
4.5.8	Brokerage Commission	57
5.	Foreign Investors – Market Entry	58
5.1	QFI Program Introduction	58
5.2	QFI Market Entry Requirements	58
5.3	QFI Classification Procedure	59
5.3.1	QFI Status	59
5.3.2	QFI Classification Fees	59
5.3.3	QFI Application Procedure	59
5.4	Non-QFI Non-Resident Foreign Investors	59
5.4.1	Foreign Strategic Investor (FSI)	59
5.4.2	Ultimate beneficiaries of Swap Agreement	59
5.4.3	Investors appointing local Saudi Asset Manager	59
5.5	Account Framework Overview – Deutsche Securities Saudi Arabia (DSSA)	60
5.6	Investment Limits	60
5.6.1	Ownership Limits, Restrictions and Disclosure Requirements	60

6.	Know Your Client (KYC) Framework	62
7.	Cash Management	64
7.1	Cash/ FX Restrictions	64
7.2	Credit Facilities	64
7.3	Payment Systems	65
7.4	Funding Procedures	65
7.5	Foreign exchange	65
7.6	Credit/ Debit Interest	65
7.6.1	Credit interest	65
7.6.2	Debit interest	65
7.7	Securities Lending	66
8.	Clearing and Settlement Environment	67
8.1	Settlement Cycle	67
8.2	Clearing and Settlement	67
8.2.1	Trade and Settlement Market Wide Flow	68
8.2.2	Custody/ Safekeeping Fee	68
8.2.3	Fails Management Fees	69
8.2.4	Securities Borrowing/ Lending Fees	69
8.2.5	Pre-matching	69
8.2.6	Settlement Assurance	69
8.2.7	Partial Settlements	69
8.2.8	Turnaround Trades	69
8.2.9	Failed-trades and Buy-ins	70
8.2.10	Physical Settlement	70
8.2.11	Free of Payment Transfers (FOPs)	70
8.3	Investor Protection	70
8.3.1	CCP Backing	70
8.4	Registration	70
8.4.1	Registration	70
8.4.2	Registration Time	70
8.4.3	Central Securities Depositories	70
8.4.4	BIS DvP Model	70

9.	Asset Servicing	71
9.1	Corporate Actions	71
9.1.1	Rights Issues	71
9.1.2	Cash Dividends	72
9.1.3	Stock Dividends (Bonus)/ Stock Splits	72
9.1.4	Corporate Action Notifications	72
9.1.5	Equities	72
9.1.6	Bonds	73
9.1.7	Central Paying Agent	73
9.1.8	Income Payment Procedure	73
9.2	Proxy Voting	73
9.2.1	Extraordinary General Assembly of Shareholders (EGA)	74
9.2.2	Voting Procedures	74
9.2.3	Notifications	74
9.2.4	Publication of Outcome of the Meeting	74
10.	Tax Aspects	75
10.1	Double Taxation Treaties (DTTs)	75
10.2	Tax Relief at Source and Tax Reclaims Procedure	75
	Appendix 1. Local Time and Holiday List for 2025	76
	Glossary of Acronyms	77
	Contact Details and Licences	78

1

INTRODUCTION OF SAUDI ARABIA'S EXCHANGE MARKET

The Story So Far

1.1 Review of Market Developments

Before exploring the 2025 edition of Marhaba, it is essential to revisit one of recent history's most remarkable capital market success stories. This section provides a chronology of the Saudi Arabian capital market's key milestones, a comparative analysis of its past and present state, and a summary of the transformative impact of these developments.

Qualified Foreign Investor Rules May 2015	Independent Custody Model May 2015
Securities & Depository Function – Edaa March 2016	Nomu-Parallel Market February 2017
T+2 Settlement Cycle April 2017	Central Counterparty Clearing (Muqassa) May 2018
Upgrade Announcements June 2018	FATF Membership June 2019
Derivatives August 2020	Sukuks January 2021
Post Trade Program (PTP) March 2022	Market Making October 2022
Foreign Investor Rules Update May 2023	Single Stock Options November 2023
Approve Returns Client's Money August 2024	CMA Enhance the Sukuk and Debt November 2024
Listing Rules amended November 2024	CMI Can open Omnibus account November 2024
Rules and Procedures Amended November 2024	Omnibus account for Debt November 2024
2nd Bundle of PTP Implemented November 2024	Allowing QFI to invest in Real Estate in Makkah and Madinah January 2025
Capital Management System February 2025	Launches Edaa Connect February 2025
Edaa Published Amended Rules April 2025	Amended Rules for OTC Settlement and Debt Instruments May 2025
Guidelines for issuing Green, Social, Sustainable, and Sustainability-Linked Debt Instruments May 2025	Amended Listing Rules June 2025
Amends Tick Size Bands of Securities June 2025	Enhanced Stock Split Process June 2025
Rules and Procedures Amended July 2025	Depository Receipts Correspond to Foreign Shares July 2025
Amend the Rules to facilitate opening investment Accounts July 2025	

The below detailed chronology highlights how market participants, especially the Capital Market Authority (CMA) and Tadawul Group, collaborated to implement these initiatives rapidly.

2015 – The year it officially kicked off

Past / Headline	Present	Comments
– No direct access to foreign investors to the Saudi market – Investments only via SWAPs	– May – CMA Publishes the first iteration of the Qualified Foreign Investor (QFI) Programme – Increased Foreign Ownership Limits	– Development of the QFI Programme based on feedback from investors and market participants – Access to largest capital market in the region. – Truly a ground-breaking moment for the Saudi Capital Market providing an alternative to the SWAP alternative – Current SWAP holdings down to 0.27%
– Minimal Custodian Role – Assets of majority investors held with brokers	– May – CMA approves the Implementation of Independent Custody Model (ICM)	– Custodian Role aligned with international standards – Now there is an option available to the global investors – Custodians have direct control on investors assets – Mitigate credit risk associated with settlement
– Awaiting implementation of the QFI Framework	– June – QFI Framework goes live	– A key date in the history of Saudi Capital Market history
– QFI rules resulted in questions; a FAQ was required to address repetitive questions from investors	– August – First iteration of the frequently asked questions on the QFI regime published by the CMA	– Introduction of new rules resulted in many questions from the market participants including Deutsche Bank – CMA was quick to publish the first version of the QFI FAR based on feedback collated by them

2016 – Constant Learning, Development, and Improvement

Past / Headline	Present	Comments
– Depository Integrated within the exchange – Accepted operating model in many CSD's in the region	– March – CMA announced the split of the CSD function from the exchange – Securities Depository Centre Company ("Edaa") was established in 2016 as a closed joint stock company	– Groundwork for further developments and split of responsibility and risk – It was also an indication of a possible IPO of Tadawul – Capital markets are hopeful that 2020 will bring increased IPO activity including that of Tadawul

Past / Headline	Present	Comments
– Limited List of countries under the first QFI regime	– March – CMA reviewed the list of countries whose institutions will be eligible for QFI	– CMA continues to expand this with bilateral discussions with foreign countries
– Saudi Arabia targets MSCI inclusion	– June – MSCI provides positive feedback on developments	– As part of the MSCI 2016 Market Classification Review, MSCI welcomed the accessibility enhancements and will continue to monitor the positive evolution – Expected changes to the settlement cycle, elimination of cash prefunding requirement and introduction of DvP along with QFI rules were highlighted in this announcement
– Capital markets awaits the Investment Fund Regulations	– June – CMA publishes revised investment fund regulations	– Rules governing KSA registered investments funds were notably enhanced in all key areas – Governance, AML, Risk and Vendor Management were in focus – Requirement to appoint an independent custodian
– QFI rules in place, authorities reviewing market provided feedback	– August – CMA publishes the second iteration of the QFI rules	– CMA incorporates feedback and discussion with market participants/investors into the latest version of the QFI rules – The focus on the requirements of investors were increased and these were further addressed in additional versions to follow
– Investor Proxies required to own shares in order to serve as proxies	– October – Tadawulaty - Online web portal for proxy voting starts gaining traction of use with QFI's	– Tadawul enhanced Tadawulaty to facilitate QFI's to vote electronically themselves or through their custodian

2017 – Settlement Changes

Past / Headline	Present	Comments
– Working towards launching a listing venue for SME's	– February – Tadawul announces the launch of the NOMU Parallel Market	– An initiative very much aligned to Vision 2030 encouraging SMEs to list their companies
– Settlement Cycle T+0	– April – Settlement Cycle of trades changed to T+2 – Several developments to settlement models followed	– Settlement cycle now aligned with international standards – Smooth implementation within 12 months of announcement, initial announcement made in May 2016 – One of the biggest post trade developments after the announcement of the QFI framework in 2015

Past / Headline	Present	Comments
– Mandatory settlement of executed trades – No Fails Cycle, all executed trades settled on T+0 – No Fails Cycle, all executed trades settled on T+0	– April – Delivery vs Payment – Custodians able to reject trades not instructed by clients – Fail Management Process Implemented by the CSD	– Compliance with the principle of DvP – Delivery of securities subject to corresponding payment of funds – Increased asset security – Multiple options for executing brokers to cover securities shortage – Mandatory buy-in implemented by CSD
– Participants working on Securities Lending and Borrowing initiative	– April – Implementation of securities lending and borrowing and covered short selling	– First steps towards increased liquidity – Alignment with international market practices
– Saudi Arabia targets MSCI inclusion	– June – MSCI adds Saudi Arabia to Watch list for Emerging Market Status	– Milestone for Saudi Arabia to be added directly to the Emerging Market Watch list – Saudi Arabia to largest inclusion since 2001 with an expected weight of 2.6%
– No Value Added Tax (VAT) in the region	– July – VAT law is published in official gazette	– Successful implementation of 5% VAT across the country in a short period of time – DSSA worked closely with external consultants to ensure smooth transition of its clients to the new tax environment

2018 – Banner Year for Saudi Arabia Capital Markets

Past / Headline	Present	Comments
– Second iteration of QFI rules active. CMA working on incorporating further feedback into third iteration	– January – CMA publishes the third iteration of the QFI rules	– This iteration was marked by significant amendments to the QFI regime – The AUM entry point for QFI's was halved to USD 0.5 billion – Authorised Persons such as custodians were entrusted with the responsibility for determining the eligibility of the QFI applications

Past / Headline	Present	Comments
– Custodian had to update the daily 'Buying Power' per client in order to ensure that trades were accepted at the exchange – Custodian unable to reject trades if the client had failed to fund their account sufficiently	– January – The 'Buying Power' requirement was removed. ICM Custodians could reject trades where the client had failed to fund – Rejected trades become the obligation of the Executing Member to settle	– This change gave clients and custodians more flexibility regards funding deadlines (subject to agreement between investors and their ICM provider) – Custodians able to reject transactions where investors had not credited sufficient funds – The obligation to settle rejected trades (due to lack of funding) became the responsibility of the Executing Member – Model more closely aligned to developed markets
– Saudi Arabia awaiting classification by FTSE Russell	– March – FTSE Russell announced the classification of Saudi Arabia as a secondary emerging market	– Major milestone in its quest to grow and diversify its economy – At 2.7% of the FTSE Emerging Index, KSA ranks as the 10th largest stock market in its index
– Working on the country's insolvency regime to bring it at par with international standards	– March – Bankruptcy law introduced	– New law introduced to address previous issues related to lack of liquidity resulting in defaults and overall inefficiency in the financial system
– Working on an exchange trading platform for debt securities	– April – CMA approves listing and trading of certain government debt securities	– Introduction of additional asset class to the trading environment – Investors provided the option of holding debt through Edaa as opposed to local bank/ Saudi Central Bank considered a very positive development
– Working towards setting up Central Counterparty Clearing	– May – Central Counterparty Clearing House (Muqassa) established	– A precursor to the introduction of CCP in H2 2020
– Clarification required on conversion of SWAP holdings by QFIs	– May – CMA clarifies that QFI's can convert SWAP holdings to their new QFI account	– CMA permits QFIs to continue transacting under swap agreements for a period not exceeding 12 months from the date of the QFI account opening – The conversion may be completed in multiple phases
– Saudi Arabia awaiting classification into MSCI emerging markets index	– June – MSCI announced the inclusion of Tadawul in the MSCI Emerging market Index	– This change was scheduled to be effective in the 2019 semi-annual index review – This was closely followed by the inclusion of Tadawul in the S&P Dow Jones Index

Past / Headline	Present	Comments
– CMA AML Rules in place in need for a refresh	– November – CMA AML Rules replaced with the new AML Rules and Implementing regulations	– New laws aligned with developed markets and most importantly transparent in regard to the AP's ability to rely on the CDD of a third-party

2019 – Reaping Upgrade Rewards

Past / Headline	Present	Comments
– First tranche of FTSE Russell awaited	– March – First tranche of FTSE Russell inclusion implemented	– Saudi Arabia's inclusion as a Secondary emerging market in the FTSE Global Equity Index Services during 2019–20 in multiple tranches – First tranche was effective on March 18, 2019. Following tranches are scheduled for April, June, September, and the following year in March 2020
– First tranche of MSCI index inclusion awaited	– June/August – MSCI Emerging market Index completed	– The first phase of Saudi Arabia's upgrade to emerging market by MSCI was completed – The second tranche closely followed in August resulting in aggregate weight of 2.83% in the index – Both inclusions were successful as planned without any issues
– Saudi Arabia an observer member since start of 2015	– June – Saudi Arabia is granted full membership of FATF	– First Arab country to be granted full membership of the Financial Action Task Force (FATF) – Kingdom has made tangible progress for in its efforts of implementing the FATF's guidelines – This is massive step towards easing KYC requirements for QFIs and cementing the position of Saudi Arabia as a financial powerhouse
– Working on specific guidelines for foreign strategic investors	– June – CMA publishes specific rules for foreign strategic investors	– Key part of Vision 2030 to make Saudi Arabia an attractive destination for foreign investors – Formalise the ability of a foreign strategic investor to acquire more than the current 10% of the QFI limit in a Saudi enterprise – Such investors are not subject to the QFI rules – In August, CMA further published draft instruction for comments to market participants

Past / Headline	Present	Comments
– Paying agent appointed by Issuer or function maintained internally	– August – Edaa announced the availability of paying agent services	– In line with international best practice services, the CSD introduced paying agent service to facilitate cash dividend payment from listed companies to market participants – This service is immediately available to the issuers

2020 – Planning the future Market Infrastructure

Past / Headline	Present	Comments
– Clearing House launch	– January – Muqassa Announces Approval of Securities Clearing Center Rules and Procedures	– The Securities Clearing Center Rules and Procedures aim to (i) facilitate Muqassa's role as a Central Counterparty (CCP) clearing house in the Saudi Capital Market and (ii) regulate the Clearing Members' responsibilities. According to the Securities Clearing Center Rules and Procedures, these will contribute to developing clearing services in accordance with international practices, enhance market stability, reduce post-trade risks, and provide for the introduction of new financial instruments and services
– Saudi Arabia awaiting classification by FTSE Russell	– March – Implementation of Fifth and Final Tranche Inclusion in FTSE Russell as an Emerging Market	– The implementation of the fifth and final tranche is to be split into two phases: (i) phase one, which is to take place on Monday, March 23, is to be based on the closing prices as of Thursday, March 19 with 25% of the inclusion factor and (ii) phase two, which is to take place in June 2020 with 75% of the inclusion factor. The exact date of the second phase is to be communicated in due course
– PTTP launch date revision	– May – revised dates to the planned H2 2020 implementation (PTTP)	– The PTTP includes the introduction of a new depository system and interface, a central clearing counterparty (CCP) and the introduction of ISO standard messages for market participants
– Updated Trading and Membership rules published for public consultation	– July – Saudi Exchange, Muqassa, and Edaa Publish for Consultation Drafts of Amended Trading and Membership Rules, Securities Clearing Centre Rules and Securities Depository Centre Rules	– Involving all interested parties in the consultation exercise and are said to welcome any observations on the proposed frameworks – The amendments would capitalize on the market framework to be operational post PTTP implementation

Past / Headline	Present	Comments
– Launch of Wamid Company	– July – Saudi Tadawul Group Holding Company recently established technology innovation subsidiary WAMID	– Objectives: – To enhance the investor experience in the market by advancing technology and access to data – Acting as a hub for innovation across the Group – To increase the diversification of Tadawul's operating revenues

2021 – Government Debt Instruments (sukuk) & Derivatives

Past / Headline	Present	Comments
– Depository safekeeping Invoices frequency change	– January – Edaa Announces Change in Invoice Frequency	– Independent Custody invoices (Edaa Depository Fees) are to be issued on a monthly basis. These monthly invoices are to replace the former bi-annual billing of Independent Custody fees – Clients will now receive monthly invoices from Deutsche Securities Saudi Arabia in respect of Independent Custody fees
– Trading Government Debt Instruments	– January – Saudi Exchange Announces Regarding the Approval on Listing and Trading Government Debt Instruments	– The Saudi Exchange has reportedly issued its resolution approving the listing request of the debt instruments which is starting from the January 25. It's issued by the Government of the Kingdom of Saudi Arabia and submitted by the Ministry of Finance. As per the Listing Rules with a total value of (SAR 2,955,020,000)
– Amendments to multiple Fund regulations	– January – The CMA announce amendments to multiple regulations	– Investment Funds Regulations and Real Estate Investment Funds Regulations and Glossary of Defined Terms Used in the Regulations and Rules of the Capital Market Authority – Rules on the Offer of Securities and Continuing Obligations – Rules for Special Purposes Entities – Market Conduct Regulations
– Saudi Arabia awaiting classification by FTSE Russell for Government Bonds	– October – Saudi Arabia to be Incorporated into FTSE Emerging Markets Government Bond Index	– Saudi Exchange is understood to have announced that FTSE Russell, a global index provider, is to incorporate Saudi Arabia's sukuk into its FTSE Emerging Markets Government Bond Index (EMGBI) with effect from April 2022 – 42 government sukuk will be incorporated into the above-mentioned index, thereby representing 2.75% of the index on a market value weighted basis

Past / Headline	Present	Comments
– Launch of first Exchange Traded Derivatives	– August – The launch of the derivatives market on the exchange takes place on August 30, 2020	– Tadawul considers that this will mark the beginning of trading in the Saudi Futures 30 (SF30) Index Futures Contract – The SF30 Index Futures Contract is based on the MSCI Tadawul 30 (MT30) Index – The SF30 is to provide investors with hedging tools to manage risk more effectively and will reportedly deliver expanded opportunities to gain exposure to the Saudi capital market
– Channels of investment in securities	– September – Investment Channels Available to Non-resident Foreign Investors	– A foreign investor who is non-resident in the Kingdom can invest in the securities through one of the following: – As a qualified foreign investor – As an ultimate beneficiary in swap agreements – As a foreign strategic investor – As a direct investor – A non-resident foreign investor can invest in securities in the main market and the parallel market through several channels as follows: – Stock market (Not for direct investor) – Debt market (Not for foreign strategic investor) – Investment funds (Not for foreign strategic investor)

2022 – Infrastructure for the future

Past / Headline	Present	Comments
– Market Launches PTPP	– April – Tadawul, Edaa and Muqassa launches the new market infrastructure project PTPP	– PTPP includes the introduction of a new depository system and interface, a central clearing counterparty (CCP) and the introduction of ISO standard messages for market participants
– Exchange Launches Single Stock Future Contracts	– July – Trading of Single Stock Futures contracts is launched in the Saudi market with 10 listed stocks as underlying assets	– SSFs are the second in a series of Derivatives products to be introduced in the Saudi Exchange and will be cleared by the Securities Clearing Centre Company “Muqassa” – The exchange and the Securities Clearing Center have published amended regulations governing SSF trading

Past / Headline	Present	Comments
– TASI Islamic Index	– July – Launch of the TASI Islamic Index, the first Shariah Compliant Index to track the performance of Shariah compliant companies on the Saudi Exchange	– The Index will act as a tool for investors and wider market participants to guide and inform decisions into Shariah-compliant investments, while allowing asset managers to benchmark the performance of their Shariah compliant investment portfolios. In addition, the index can serve as a base for financial products including Derivatives and ETFs
– Amendment of Cash market Clearing Procedures	– August – Muqassa and Edaa announces the approval of amended Cash market clearing procedures and amended Depository Center Procedures	– The amendments include changing the failed settled trades intended settlement date (ISD), from Two business days from the intended settlement date (ISD) to Eight business days from intended settlement date (ISD), and Muqassa will initiate the cash substitution process, whereby securities obligation is substituted with a cash obligation
– Amendments to the Rules on the Offer of Securities and Continuing Obligations	– September – The Capital Market Authority Announces the Approval of Amendments to the Rules on the Offer of Securities and Continuing Obligations	– Key amendments included stipulating the conditions and requirements for the registration of debt instruments offered by way of private placement for the purpose of direct listing on the Exchange, developing the regulatory framework for convertible debt instruments, including the provisions relating to private placements of such instruments by companies listed on the Exchange, and regulating the issuance of exchangeable debt instruments
– First Dual listing in the Saudi Market	– November – The Capital Market Authority announces the Approval on the Concurrent and Dual KSA and UAE Registration and Initial Public Offering	– This dual offering is the first of its kind in the Saudi Capital Market, the dual listing is taking place in the Saudi Stock Exchange and Abu Dhabi Securities Exchange
– Market Making Framework for Equity and Derivatives Markets	– December – The Saudi Exchange announces the launch of Market Making framework for Equity and Derivatives Markets	– Market Making is launched with the objective to ensure the availability of liquidity and increase price formation efficiency in line with its efforts to advance the growth of the Saudi capital market as part of the Kingdom's Vision 2030 – The Saudi Exchange published on its website a list of Market Makers and the securities on which they are performing this activity

2023 – Expansion of horizons

Past / Headline	Present	Comments
– Amended Draft Rules for Foreign Investment	– May – The CMA Publishes the Amended Draft Rules for Foreign Investment in Securities for Public Consultation	– The main elements of the Draft Rules represented in developing the qualification conditions and facilitating requirements that must be met by the qualified foreign investors (QFIs), including removing the requirements on application for qualification and QFIs assessment agreement and only requiring the QFI to open an investment account in accordance with the Investment Accounts Instructions. In addition, waiving the requirements of assets under management size for some classes. Also, adding a new channel for foreign investment in the Main Market-listed securities by allowing all foreign natural and legal
– Single Stock Options	– November – The Saudi Stock Exchange announces launching single Stock Options in the market	– In continuation of the markets efforts to introduce new derivatives to the market, Single Stock Options are a long-awaited development providing investment managers an important hedging tool

2024 – Market Rules improvement

Past/ Headline	Present	Comments
– Saudi Exchange Market did not previously use the Omnibus Account Concept	– July – The CMA Calls for Public Consultation on Regulatory Framework for Omnibus Accounts	– Attract new custodians by giving them a more active role in maintaining detailed client records – Boost the asset management industry by allowing fair and efficient trading for clients with similar investment goals, streamlining procedures, and enabling new products – Enhance client asset protection by requiring capital market institutions to keep separate records of their own assets and those of each client within the omnibus account. These institutions must also get clients' written consent and disclose risks
– Amendments to the Market Making Regulations and Procedures	– July – Saudi Exchange Company Announces the Publishing of the Draft Amendments to the Market Making Regulations and the Market Making Procedures for Public Consultation	– The draft amendments aim to regulate the market making activity for the debt instruments market, in order to develop the market in alignment with the Financial Sector Development Program's (FSDP) objectives to develop an effective and diverse capital market

Past / Headline	Present	Comments
– Amendments to the Listing Rules of debt instruments	– July – Saudi Exchange Company Publishes the Draft Amendments of the Listing Rules of debt instruments for Public Consultation	– Proposed amendments aim to stimulate the debt market by making it easier to list sukuk and bonds. Key changes include: – Reducing the minimum size required for listing – Exempting certain offerings from specific rules, particularly those made by Saudi development banks, banks, and sovereign funds – The goal is to encourage issuance and activate the debt market as a major financing channel for businesses and the economy, while still maintaining investor protection
– Saudi Exchange Market did not previously use the Omnibus Account Concept	– August – Edaa Announces the Publishing of the Draft Amendments to the Glossary of Defined Terms used in the Exchange Rules, the Securities Depository Centre Rules and Procedures for Public Consultation	– The Draft Amendments aim to develop the debt market by regulating and launching the Omnibus Accounts for the purpose of depositing non-convertible debt instruments as well as clarifying the mechanism of the Omnibus Accounts
– The Money Returns was prohibited	– CMA Approves the Amendment of the Article Related to the Returns on the Client's Money of the Capital Market Institutions Regulations	– Approved amendments to the Capital Market Regulations now allow financial institutions to invest their clients' idle cash from their accounts into short-term, low-risk investment products within the Kingdom, enabling clients to earn returns – This service is conditional on: – Obtaining the client's prior written approval – Investments being low-risk and short-term – Investments being made within the Kingdom – Institutions ensuring client suitability and risk understanding as per regulations

Past / Headline	Present	Comments
– Draft to Develop the Provisions for Offering	– October – CMA Calls for Public Consultation on the Draft to Develop the Provisions for Offering Private and Foreign Funds to Retail Clients	– This project proposes new regulations to enhance investor protection for retail clients investing in private and foreign funds – The key change is a new requirement that before offering these funds to retail clients, the fund manager must first secure an equal or greater amount of investment from qualified and institutional clients – In simple terms: For every dollar a retail client invests, the manager must have already raised at least one dollar from more experienced, professional investors. This ensures significant professional backing before retail investors are exposed to these funds
– Sukuk and Debt Instruments Rules was limited	– November – CMA Approved the Enhancements of the Sukuk and Debt Instruments Rules	– The Capital Market Authority (CMA) has approved amendments to streamline the process for issuing debt instruments (like sukuk and bonds) in the Kingdom. The key changes are: – Expanded Eligibility: Development funds, banks, and sovereign funds can now issue debt through exempt offerings – Simplified Public Offerings: Requirements for public offerings are eased, with prospectus preparations simplified and supporting documents reduced by over 50% – Clarity and Protection: A new, dedicated section for public offering rules enhances clarity while still ensuring investor protection through full disclosure – Faster Private Offerings: The mandatory waiting period for private offerings is abolished, allowing companies to notify the CMA and begin the process immediately – Overall Goal: These changes are designed to provide more flexibility, improve efficiency, and speed up access to financing to support national development objectives

Past / Headline	Present	Comments
– AMENDED LISTING RULES	– November – SAUDI EXCHANGE COMPANY ANNOUNCES THE APPROVAL OF THE AMENDED LISTING RULES	– These amendments aim to stimulate Saudi Arabia's debt capital market by making it easier to list sukuk and bonds. This is achieved by: – Reducing the minimum issuance size for sukuk and bonds – Exempting certain debt instruments (those issued by the Kingdom's development funds, banks, and sovereign funds via an exempt offer) from specific listing rules – The goal is to encourage more issuances and provide a key financing channel for businesses and the economy, while still maintaining investor protection
– Omnibus Accounts was prohibited	– November – CMA Enables CMI to Open Omnibus Account for Their Clients	– The approved amendment enables the use of omnibus accounts for securities custody. These are accounts held in the name of a capital market institution (the Custodian) that contain the combined assets of multiple client beneficiaries – The institution's role is expanded and becomes more active, as it is now responsible for: – Maintaining detailed records of each beneficiary's individual ownership within the omnibus account – Obtaining written client consent for this arrangement and disclosing the risks – Keeping separate records to clearly distinguish its own assets from those of each client – The overall goal of this new regulatory framework is to enhance the protection of clients' assets

Past / Headline	Present	Comments
– Amended Rules and Procedures for Muqassa and Edaa	– November – The Saudi Exchange Company Approved the Amended Rules and Procedures of Muqassa and Edaa	– This note acknowledges that a comprehensive set of rulebooks, procedures and defined term glossaries for an exchange's trading, clearing and depository services (covering both securities and derivatives) have been officially amended – The amendments apply to the core operational frameworks for: – Trading and Membership: Rules and procedures for how members trade on the cash and derivatives markets – Clearing: Rules and procedures for the settlement of both cash market (securities) and derivatives transactions – Depository: Rules and procedures for the holding and transfer of securities – Definitions: The official glossary of terms used in these rules has also been updated to ensure consistency
– Omnibus Account concept was not in the debt market	– November – Edaa announces the launch of omnibus accounts in the Saudi Debt Market	– Edaa, the Saudi securities depository center, is introducing a new omnibus account service. This initiative is designed to make investing more efficient and accessible – The key benefits are: – For Investors: Streamlined access to the Saudi market and a simplified investment process – For Capital Market Institutions (CMIs): A more efficient and flexible way to manage the assets of multiple clients under a single, consolidated account
– Calls for Public Consultation on Facilitating the Procedures	– November – CMA Calls for Public Consultation on Facilitating the Procedures for Opening and Operating Investment Accounts for Various Categories of Investors	– The proposed draft aims to significantly expand direct investment access for foreign individuals residing in GCC countries. The key changes include: – New Direct Access: Allowing them to open investment accounts to directly buy shares on the main market, which is currently prohibited – Expanded Options: Broadening the types of securities they are permitted to invest in beyond their current limited options – Current Restrictions: Presently, these investors cannot trade directly on the main market. Their participation is limited to debt instruments, the Nomu parallel market, funds, derivatives, and they can only gain exposure to main market shares indirectly through swap agreements managed by capital market institutions

Past / Headline	Present	Comments
Implementation of a Second Bundle of PTTT	Saudi Tadawul Group announces the Implementation of a Second Bundle of Post-Trade Enhancements	Saudi Tadawul Group announces the successful implementation of the second bundle of its Post-Trade Transformation Enhancements across its subsidiaries: Saudi Exchange, Edaa, and Muqassa
Draft Amendments to the Exchange Rules and Procedures	December - Saudi Exchange Company Announces the Publishing of the Draft Amendments to the Exchange Rules and Procedures for Public Consultation	- The proposed amendments have two main goals: - To address the impact of stock splits on listed companies - To improve market efficiency by updating the minimum price increments (tick sizes) for stocks on the Main and Parallel Markets. This change will not apply to debt instruments

2025 – Continuing Market Rules improvement

Past / Headline	Present	Comments
Saudi Depository Receipts (SDRs) was not in Saudi Market	January - The CMA Calls for Public Consultation on Regulatory Framework for Omnibus Accounts	- The Saudi Depository Receipts (SDRs) project allows investors in Saudi Arabia to trade shares of foreign companies on the local market using Saudi Riyals. It also enables foreign companies to list their shares by appointing a local institution to issue receipts representing their stock The key goals of this initiative are to: - Increase the market's size and attractiveness to both local and international investors - Provide diverse investment opportunities in foreign companies - Offer a new listing option for foreign issuers on the Saudi Capital Market

Past / Headline	Present	Comments
– Depositary Receipts Product was not available in Saudi Market	– January – CMA Calls for Public Consultation on the Draft Amendments to Regulate the Offer of Depositary Receipts	– A new draft regulatory framework proposes to allow foreign companies to offer Depositary Receipts (DRs) on the Saudi capital market, subject to approval from the Capital Market Authority (CMA) Key Points: – Purpose: To deepen the market, diversify investment options, and increase the market's attractiveness – How it works: Investors in Saudi Arabia can buy DRs that represent shares of a foreign company listed on an overseas exchange – Process: Trading, settlement, and clearing of these DRs will follow the same procedures used for existing securities in the Saudi market – This initiative aims to make it easier for Saudi investors to access international companies while using familiar local market infrastructure
– Foreign Investment was prohibited to trade Real Estate Operating in Makkah and Madinah	– January – Allowing Foreign Investment in Real Estate Listed Companies Operating in Makkah and Madinah	– The Saudi Capital Market Authority (CMA) now allows foreign investors to invest in Saudi-listed companies that own real estate in the cities of Makkah and Madinah, which was previously restricted Key Conditions: – Investment is limited to purchasing shares or convertible debt instruments of these listed companies on the Saudi stock market (Tadawul) – Total foreign ownership in any single company is capped at 49% – Strategic foreign investors are completely prohibited from investing in these companies – This change allows foreign investors to benefit from the economic returns of real estate projects in these cities without directly owning the property, thus complying with Saudi real estate ownership laws. It also grants the listed companies themselves the right to acquire properties in these cities for their offices and headquarters

Past / Headline	Present	Comments
Investment Funds had limitation limited rules	February - CMA Calls for Public Consultation on the Proposed Development of the Regulatory Framework for Investment Funds in the Kingdom	- This project proposes enhancements to the investment fund regulatory framework with several key objectives: - Strengthen the Industry: Boost the competitiveness and development of the asset management industry by adopting global best practices - Protect Investors: Increase transparency, ensure strong governance, and safeguard investor rights - Facilitate Manager Withdrawal: Establish clear rules for fund managers to withdraw, requiring CMA approval and a smooth transfer of responsibilities within 60 days to protect investors - Increase Flexibility for Real Estate Funds: Allow newly established real estate funds on the Nomu market to invest in development projects without standard investment percentage restrictions, aiming to diversify assets and increase potential returns - Enable Foreign Fund Distribution: Permit licensed institutions to distribute foreign funds in the Kingdom, giving local clients access to these investment opportunities - The amendments are designed to grow the investment fund sector, diversify options, and bolster investor confidence
Capital Management System was available	February - The Saudi Exchange Company Announces the Launch of the Capital Management System	- The new Capital Market Services (CMS) system benefits three key groups: - Investors: It offers a seamless subscription process directly through their existing portfolios, eliminating the need for new accounts. This saves time, provides access to more opportunities, and enhances investment flexibility - Issuers: The system significantly shortens the time to access the market, allows for more efficient listing of securities, and helps reach a broader investor base to ensure successful offerings - Financial Institutions: CMS provides greater flexibility in managing IPOs, reduces administrative work, streamlines workflows, and strengthens their strategic role by improving operational efficiency

Past / Headline	Present	Comments
– Edaa Connect was not available	– February – Edaa Launches Edaa Connect	– Edaa has launched Edaa Connect, a new, first-of-its-kind platform. It is designed to be a one-stop shop for investing in mutual funds within the Saudi capital market The platform aims to: – Provide centralized access to a wide range of mutual funds – Streamline the subscription and redemption process – Make it easier for investors to manage their portfolios through a single digital platform
– Close-Out Netting had limitations	– February – CMA Calls for Public Consultation on the Regulatory Framework for Close-Out Netting for Capital Market Institutions	– The Capital Market Authority (CMA) has proposed a new draft framework to regulate netting agreements and financial collateral arrangements, particularly when one party is a capital market institution – The key objectives are to: – Ensure these agreements remain enforceable even if a party defaults, goes bankrupt, or if the original conditions of the contract change – Strengthen the stability of Saudi Arabia's financial sector and enhance the capital market framework – The draft includes provisions for: – Defining key terms and governing close-out netting and collateral – Specifying the scope, applicable entities, and which qualified financial contracts would be exempt from the Bankruptcy Law – This initiative aligns with global best practices, following the guidance of international bodies like the International Swaps and Derivatives Association (ISDA), to provide legal certainty and enforceability for these complex financial contracts

Past / Headline	Present	Comments
Investor Categories in Nomu were limited	March - CMA Calls for Public Consultation on the Development of Investor Categories in the Parallel Market	- The proposed draft aims to develop and ease the eligibility criteria for investors in the Parallel Market (Nomu) to have a positive impact on the market - The key changes include: Revised Terminology: The term “Qualified Investor in the Parallel Market” will now refer only to the specific categories eligible to invest Eased Criteria for Individuals: The requirements for individual investors have been significantly reduced: - The minimum transaction value has been lowered from SAR 40 million to SAR 30 million over the past 12 months - The previous requirement to execute at least ten transactions per quarter has been completely removed New Qualified Investors: Board members and committee members of companies listed on Nomu will now be classified as qualified investors, allowing them to invest in the market
Special Purpose Entities was limited	March - CMA Calls for Public Consultation on the Draft to Enhance the Governance of Special Purpose Entities and Facilitate Their Procedures	- The proposed amendments focus on enhancing and expanding the role of Special Purpose Entities (SPEs) in the capital market. Key developments include: - Expanding eligible issuers (where permitted by regulations) and allowing SPEs to offer debt instruments through exempt offerings, in addition to public and private offerings - Enabling SPEs to conduct securitization transactions - Simplifying procedures for SPEs and clarifying the responsibilities of directors and fund managers - Strengthening governance by: - Requiring the trustee to be a legal entity - Improving trustee removal provisions - Ensuring independence of board members from sponsors and originators - Refining dissolution procedures - An SPE is defined as a legally and financially independent entity licensed by the Capital Market Authority to issue debt instruments or investment units. It ceases to exist once its purpose is fulfilled

Past / Headline	Present	Comments
– Omnibus Account concept was not in the shares market	– April – Edaa Announces the Publishing of the Draft Amendments to the Glossary of Defined Terms used in the Exchange Rules, the Securities Depository Centre Rules and Procedures for Public Consultation	– The Draft Amendments aim to enhance the capital market by regulating and introducing Omnibus Accounts for shares and investment traded funds units for asset managers, while also clarifying the operational mechanisms for such accounts
– SPACs was not available in Nomu	– April – CMA Calls for Public Consultation on Introducing a New Investment Product in the Parallel Market	– This proposed draft introduces regulations for Special Purpose Acquisition Companies (SPACs) listing on the Parallel Market. Key elements include: – Listing Requirements: – SPACs must be structured as joint stock companies – Shares must be redeemable at shareholder discretion – Minimum capital must be ≥100 million SAR post-offering to support liquidity – Merger/ Acquisition Safeguards: – Enhanced shareholder protection measures – Sponsors/ investment funds linked to sponsors cannot hold shares in the target company – Target company value must represent ≥80% of funds in the escrow account – SPAC shareholders must retain ≥30% of the target company's shares post-transaction – Timeline: – SPACs must complete mergers/acquisitions within 24 months of listing - Extendable by ≤12 months with approval from the extraordinary general assembly (excluding sponsor-affiliated votes) – The Capital Market Authority must be notified of any extensions

Past / Headline	Present	Comments
– Listing Rules was limited	– April – CMA Calls for Public Consultation on the Draft Regulatory Framework for the Offering and Listing of Different Classes of Shares	– The proposed draft introduces key amendments to enhance the regulatory framework for listed companies, focusing on: – Capital Increases: It allows companies to raise capital by issuing new types or classes of shares not previously listed and regulates increases within authorized capital limits to support capital formation – Ownership Disclosure: It expands disclosure rules, requiring anyone with an interest in 5% or more of the voting rights (previously limited to total shares) to notify the Exchange – Legal Alignment: These changes align with the Companies Law and its Implementing Regulations, which already permit issuing various share classes with specific rights or privileges
– Debt Instruments was not allowed to Settle OTC	– May – Edaa Announces the Approval of the Amended Securities Depository Centre Rules and Procedures related to OTC Settlement for Listed Debt Instruments	– These amendments establish rules for a new Over-the-Counter (OTC) Settlement service for listed debt instruments – The key features of this service are: – It allows investors to settle trades using a Delivery versus Payment (DvP) mechanism for security – The trades are settled bilaterally (directly between the two counterparties) – This settlement occurs outside of the main Trading System, through their custodians
– Offshore Securities Business License was not available in the Market	– May – CMA Calls for Public Consultation on the Draft Regulatory Framework for the Offshore Securities Business License	– According to the proposed draft, the CMA will allow capital market institutions, both local and international, to apply for an Offshore Securities Business License, provided they obtain a regional headquarters license from the Ministry of Investment. This Offshore Securities Business License will enable such institutions to conduct securities activities outside the Kingdom, as well as manage funds investing in securities within the Kingdom. These services may be offered to foreign clients abroad, in addition to a specified category of local clients

Past / Headline	Present	Comments
Green, social, and sustainable were not available in the Market	May - CMA Approves the Guidelines for Issuing Green, Social, Sustainable and Sustainability-Linked Debt Instruments	- Green, social and sustainable debt instruments, along with sustainability-linked debt instruments, are all considered types of debt instruments. However, the first three types are characterized by the specific and exclusive allocation of their offering proceeds to projects that generate a positive impact on the environment and society. In contrast, the proceeds from sustainability-linked debt instruments are used for the issuer's general purposes, and the use of proceeds is not a determining factor in their classification - Globally, sustainability linked assets have experienced significant growth, reaching a value of USD 3.52 trillion by the end of last year, an increase of approximately 92.7% compared to 2020. Meanwhile, the volume of green bonds surpassed USD 580 billion by the end of 2023, reflecting the growing global interest in and adoption of sustainable investing, as well as the increasing focus on financing projects that generate a positive environmental impact
Amended Exchange Rules and Procedures	June - Saudi Exchange Company Announces the Approval of the Amended Exchange Rules and Procedures	The amendments to the Exchange Rules and Procedures aim to solve the impact of splitting the nominal value of listed companies' shares, in addition to enhancing the market efficiency through amending tick sizes in the Main and Parallel Markets except debt instruments in line with market dynamics
Amends Tick Size Bands of Securities	June - The Saudi Exchange Company Amends Tick Size Bands of Securities	The new structure introduces expanding the applicability of smaller tick size bands, in addition to an additional band for securities priced at SAR 500 and above to maintain an appropriate range of spreads across price bands

Past / Headline	Present	Comments
– Stock Split Process had some issues	– June – The Saudi Exchange Company Announces an Enhanced Stock Split Process	– The Saudi Exchange is amending its rules to improve market efficiency and better handle stock splits. The key changes include: – New Tick Sizes: Adjusting the minimum price increments (tick sizes) for stocks in the Main and Parallel Markets (excluding debt instruments) to align with current market conditions. This includes adding a new tier for high-priced shares (SAR 500 and above) – Streamlined Stock Splits: Ensuring that after a company splits its shares, the new share price and quantity are immediately and correctly reflected in investors' portfolios from the very first trading session. This eliminates misalignment and allows trading to continue without disruption – The overall goals are to support faster, more informed investment decisions, enable more efficient portfolio management, and align with global best practices
– Omnibus Account concept was not in the shares market	– July – Edaa announces the approval of the amended Rules and Procedures to the Omnibus Account framework	– The amendments were made to improve the capital market by establishing rules for Omnibus Accounts, which allow asset managers to hold tradable securities for their clients. The changes also clarified how these accounts should operate
– Omnibus Account concept was not in the shares market	– July – Edaa Launches Omnibus Accounts for Traded Securities	– Omnibus Accounts: These are used by Asset Managers to combine many individual investors into a single master account. This streamlines transaction processing and simplifies the investment experience for those investors
– Saudi Depositary Receipts (SDRs) was not available in the Market	– July – Saudi Exchange Launches the Saudi Depositary Receipts (SDRs)	– Saudi Depositary Receipts (SDRs): These are instruments that allow investors in Saudi Arabia to easily invest in foreign companies. Key benefits include: – Trading and settling in Saudi Riyals – Providing liquidity and the flexibility to convert the SDR into shares on the foreign company's original exchange – Enabling trading of the same company's shares on two different markets

Past / Headline	Present	Comments
– Saudi Depositary Receipts (SDRs) was not available in the Market	– July – Saudi Exchange Company and Securities Depository Centre Company Announce Approval of Amended Exchange Rules and Procedures	– The Saudi Exchange has amended its rules to allow foreign companies to list Saudi Depositary Receipts (SDRs). This enables both local and international investors to trade these SDRs, which represent shares in foreign companies. The new framework aims to provide more flexibility for issuers and create new investment opportunities
– Saudi Depositary Receipts (SDRs) was not available in the Market	– July – CMA Approves Regulatory Framework for Issuance of Depositary Receipts in the Saudi Capital Market Corresponding to Foreign Shares	– The approval seemingly wishes to introduce a new security type through the regulation of issuing depositary receipts in the capital market for shares listed in a given foreign market thereby enhancing the role of the Saudi capital market in capital formation, whilst also increasing its attractiveness by providing additional listing options and diversifying investment products – According to the above, the CMA is to permit foreign companies to register and offer depositary receipts in the Saudi capital market representing their shares listed in foreign markets, upon obtaining the required approval – In line with the adopted framework, the requirements for the registering and offering depositary receipts are to follow the requirements for registering and offering shares currently in place under the Rules on the Offer of Securities and Continuing Obligations. The issuer of the respective Saudi depositary receipts will also be subject to those obligations applicable to a foreign company that lists its shares on the Main Market under the Listing Rules, subject to certain exceptions

Past / Headline	Present	Comments
Investment Funds Rules had limitations	July - CMA Approves a Set of Regulatory Enhancements for Investment Funds in the Kingdom	- CMA has approved amendments to enhance the investment fund industry, focusing on efficiency, investor protection and market growth. The key changes include: Expanded Distribution Channels: Investment fund units can now be distributed through licensed investment platforms and electronic money institutions via their digital channels Fund Termination and Manager Changes: The rules for terminating funds and dismissing or replacing fund managers were developed, requiring CMA approval and a smooth 60-day transition to a new manager New Investment Opportunities: Public funds are now allowed to subscribe to privately offered debt instruments from Saudi issuers, broadening their investment options Risk Management and Diversification: Stricter limits were imposed on money market and capital protection funds, capping investments in a single issuer's debt and total exposure to a single entity to enhance diversification and limit risk Increased Transparency: Managers of public debt funds must now disclose the credit ratings of their top ten holdings in quarterly reports Foreign Fund Access and Limits: Licensed institutions can now distribute foreign funds in Saudi Arabia. However, retail investor cash contributions to a foreign fund are capped at 50% of the total Investor Protection: The overarching goals of these measures are to safeguard investor rights, ensure smooth management transitions, and boost confidence in the capital market

Past / Headline	Present	Comments
Investment Accounts had limited Categories of Investors	July - CMA Approves the Amendments to Facilitate the Opening and Operation of Investment Accounts for Various Categories of Investors	- The Saudi capital market has approved new regulations that significantly expand direct investment access for individual foreign investors - Key Changes: - New Direct Access: Individual foreign investors residing in a GCC country can now open accounts to directly invest in shares on the Main Market, moving beyond their previous restriction to debt securities, parallel markets, and funds - Continued Access: Investors who leave the GCC after opening an account can continue investing in the Main Market from their home country - Streamlined Procedures: The amendments aim to simplify the account opening and operation process for all clients of capital market institutions
Category among qualified investors were limited	August - Saudi Exchange Company Announces the Publishing of the Draft Amendments to the Exchange Rules for Public Consultation	- The proposed amendments aim to stimulate the Parallel Market (Nomu) by: - Expanding Investor Access: Creating a new category of “qualified investors” and easing the eligibility requirements for individuals to trade on the market - Adjusting Financial Requirements: Changing the market value requirements for both publicly held shares and the total aggregate value needed for a company to list on the Parallel Market - Ensuring Regulatory Alignment: Updating the rules to align with the latest amendments to the Capital Market Authority's Regulations and the new Companies Law

Past / Headline	Present	Comments
– Offering of Financing Investment Funds	– August – CMA Calls for Public Consultation on Enabling the Public Offering of Financing Investment Funds	– The proposed draft introduces a new regulatory framework for financing investment funds in Saudi Arabia, with the following key elements: – New Public Offerings: It allows financing investment funds to be publicly offered and listed on the Main and Parallel Markets, moving beyond the current restriction to private placements – Consolidated Regulations: It unifies all rules governing these funds into a single document to enhance clarity and strengthen investor protection – Risk Management: Introduces new requirements, including a cap that prevents a single fund from having over 25% exposure to one beneficiary or a group of connected beneficiaries – Defined Investments: Limits fund investments to specific, lower-risk areas like financing activities, bank deposits and money market instruments to avoid high volatility and illiquid assets – Indirect Financing Rules: Specifies that indirect financing must be conducted through purchasing portfolios from or partnering with entities licensed by the Saudi Central Bank (SAMA) – Terminology: Clearly defines “direct financing funds” (for lending directly to businesses) and “indirect financing funds” (for the activities described above)

A summary of the available intelligence regarding forthcoming market developments is provided below for your reference

Expected Market Development	Comment
– Commercial Bank SAR settlement	– Currently, the Edaa system supports liquidity settlement exclusively in SAR currency using the SAMA payment gateway. However, soon, it will also support SAR liquidity settlement through commercial banks via a different payment system
– ISBL	– With ISBL, Investors can transfer securities for borrowing and lending through the Edaa system, which acts as the intermediary. Muqassa will clear all instructions. Borrowers can locate necessary assets within the system, while lenders earn interest on their open lending positions
– Auto-borrowing (ISBL)	– As a part of ISBL's services, a broker custodians can enable auto borrow by requesting to Edaa and this automates the borrowing of securities to ensure that failed CCP trades are completed by the end of the day
– REPO MARKET	– Repurchase agreement (Repo) is a form of short-term borrowing where Repo seller (borrower) sells the underlying security to Repo buyer (Lender), then buys them back at a higher price (repurchase price). Muqassa is offering a CCP cleared Repo service to the eligible members. This document describes the operating model for Repo OTC trading and clearing service

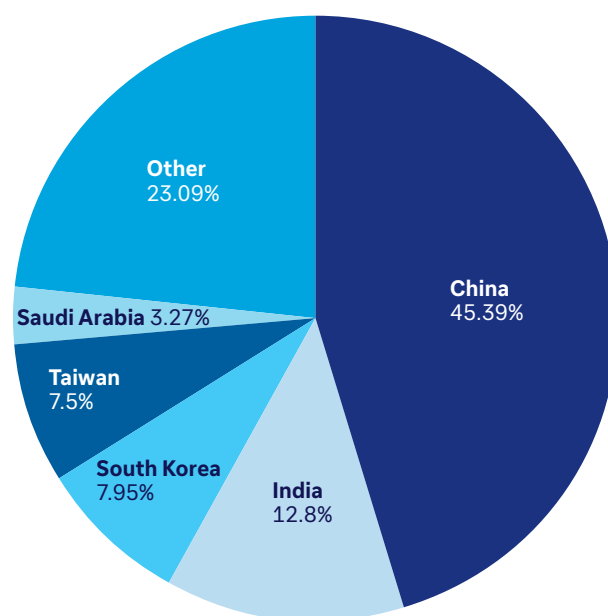
2

Market Upgrade – Emerging Markets Indices Inclusions

2.1 MSCI Emerging Market Index

Since KSA's inclusion in the index in 2019, the equity market has broadened with investors having more diversified sector exposures. In the last six years, foreign investor participation in Saudi capital market has increased multifold as the erstwhile regulatory restrictions impacting them have been relaxed. From 2.83% weightage in August 2019, KSA's weightage in the MSCI Emerging Market Index became 3.27% in July 2025. As of end of July 2025, the MSCI Saudi Arabia IMI, constituting 256 securities, as compared to 70 in June 2019 has seen convincing sectoral diversification over the last five years. The index, which previously included no Information Technology (IT) companies, now features four IT firms, while financials and materials have emerged as the two largest sectors. The listing of leading companies, like Saudi Aramco and Saudi Arabian Refineries Company, have expanded.

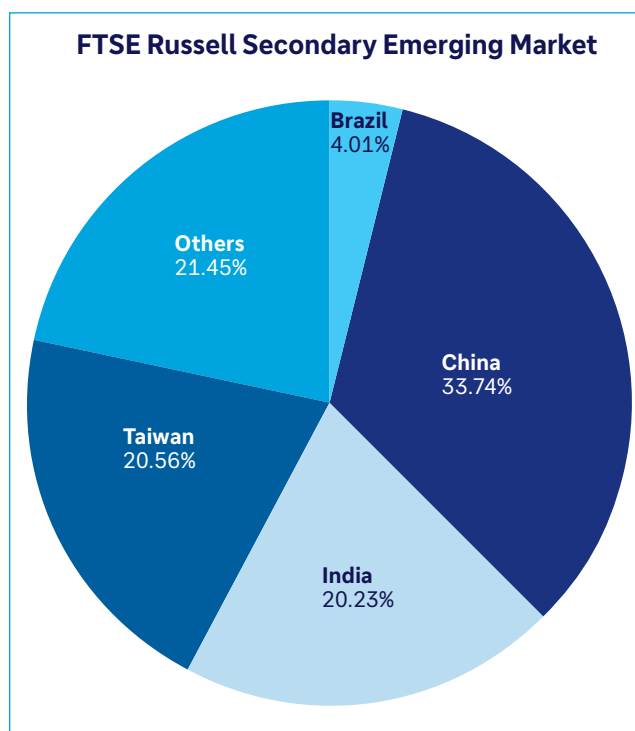
MSCI Emerging Markets Equal Weighted Index



Source: MSCI Emerging Markets Equal Weighted Index
Note: Values are as July 31, 2025

2.2 FTSE Russell Secondary Emerging Market

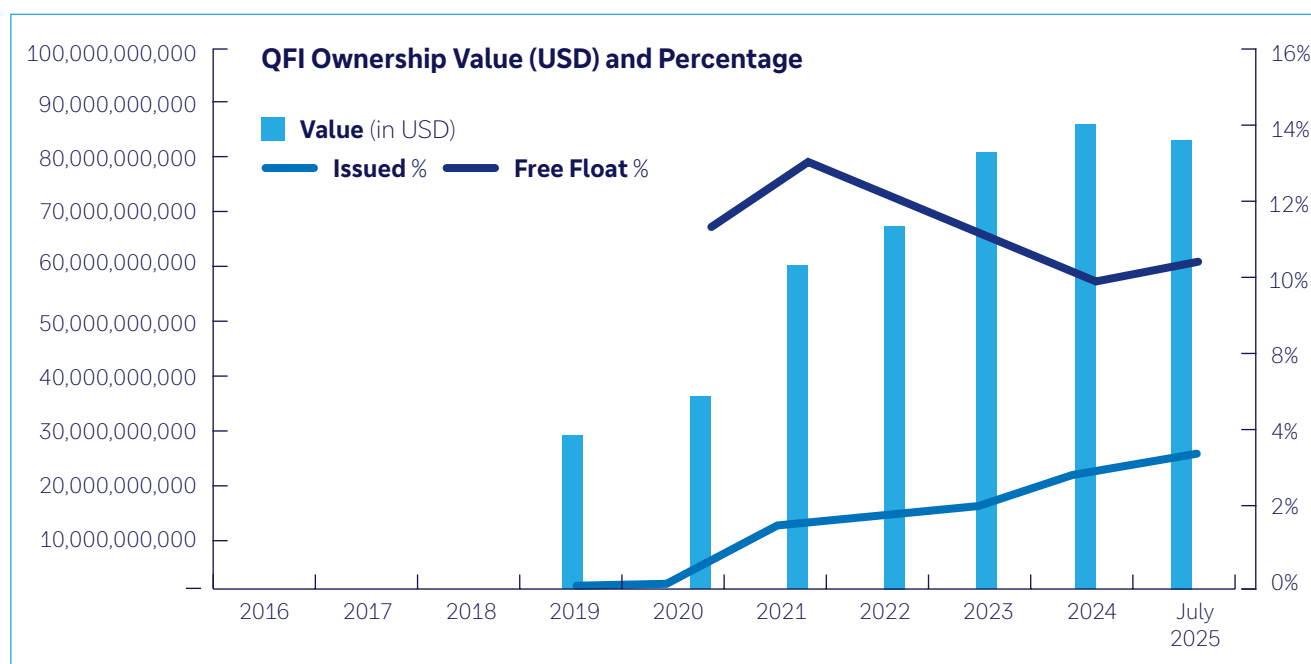
Following the announcement of Saudi Arabia's inclusion in FTSE Russell's indices, in March 2018, the Kingdom's journey began with 2.86% weight in the FTSE Emerging all cap index. Over the years, KSA's country-weightage has been 3.79%, constituting 256 companies with market capitalisation of USD 327,047 million at the end of July 2025. Saudi Arabia's weight in FTSE Emerging Index stood at 4.51% through 62 company constituents with a market capitalisation of USD 336.1 billion at the end of August 2024.



Source: [Research.ftserussell.com](https://research.ftserussell.com)
Note: Values are as July 31, 2025

2.3 QFI Ownership Trend

The QFI ownership trend in the Saudi Exchange is a definitive success story. From a near-zero base less than a decade ago, foreign investors now hold over 10% of the free float, representing over USD 88 billion in investment as of July 2025. This trend is driven by strategic economic reforms, pivotal index inclusions and a compelling growth narrative. While challenges exist, the foundations for continued foreign investment are strong, making QFI ownership a central and growing feature of the Tadawul landscape.



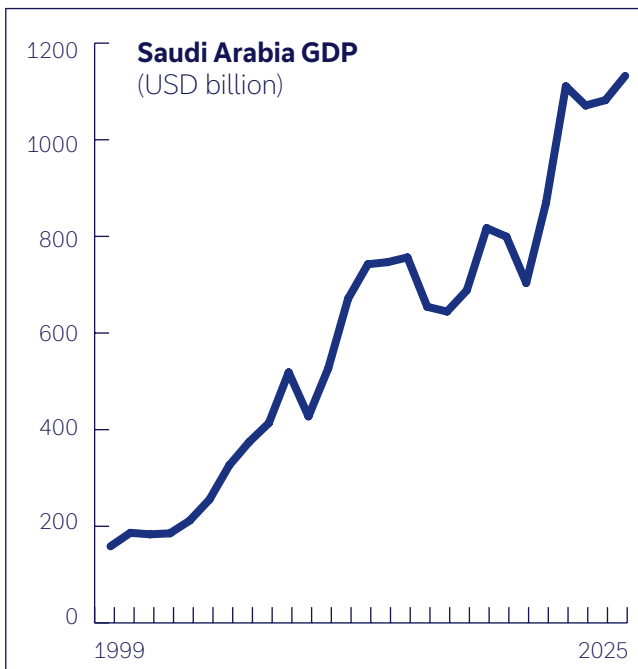
Source: [SaudiExchange.sa](https://saudiexchange.sa) (Periodical publications)
Note: Values are as July 31, 2025

3

Macro Focus

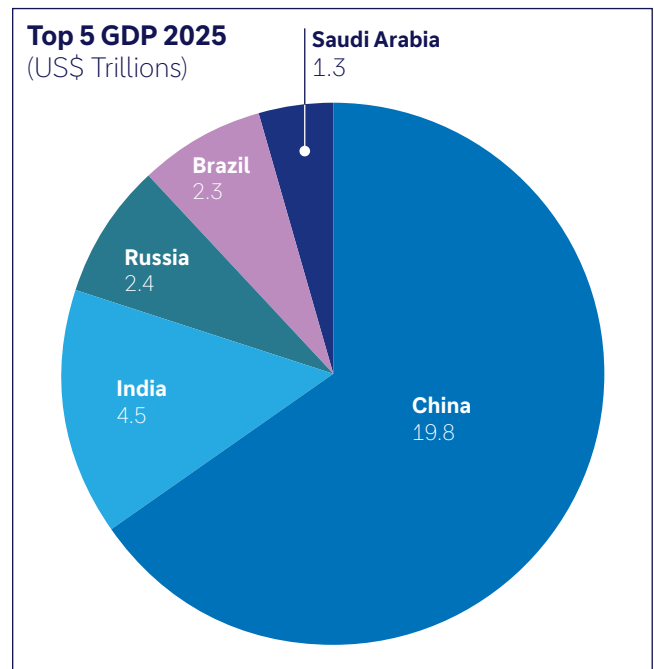
While Saudi Arabia's economy is still tied to oil, it is transitioning toward a more diversified future. Having navigated a challenging period of low energy prices, the Kingdom is now expected to maintain its growth, fueled by government initiatives designed to ensure long-term economic stability.

Saudi Arabia GDP (in USD billion)
1999 – June 2025



Source: World Bank

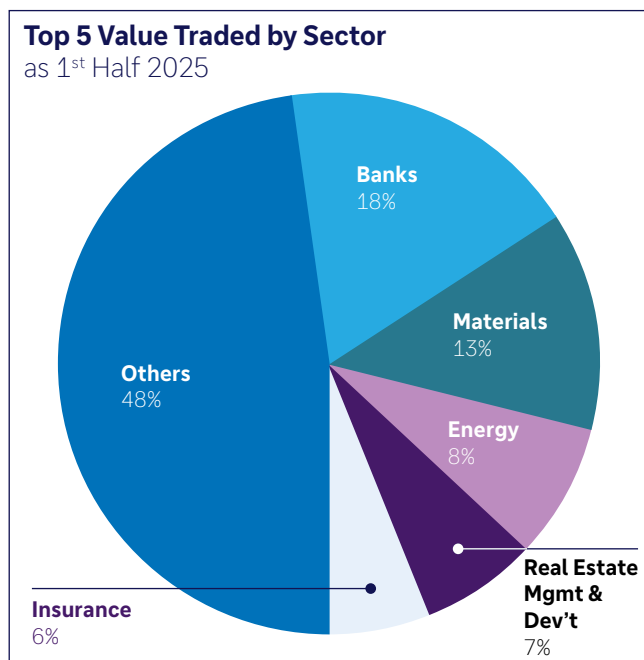
GDP Comparison with related EM Economies (in USD billion)



Source: GDP IMF's World Economic

3.1 Capital Market Focus

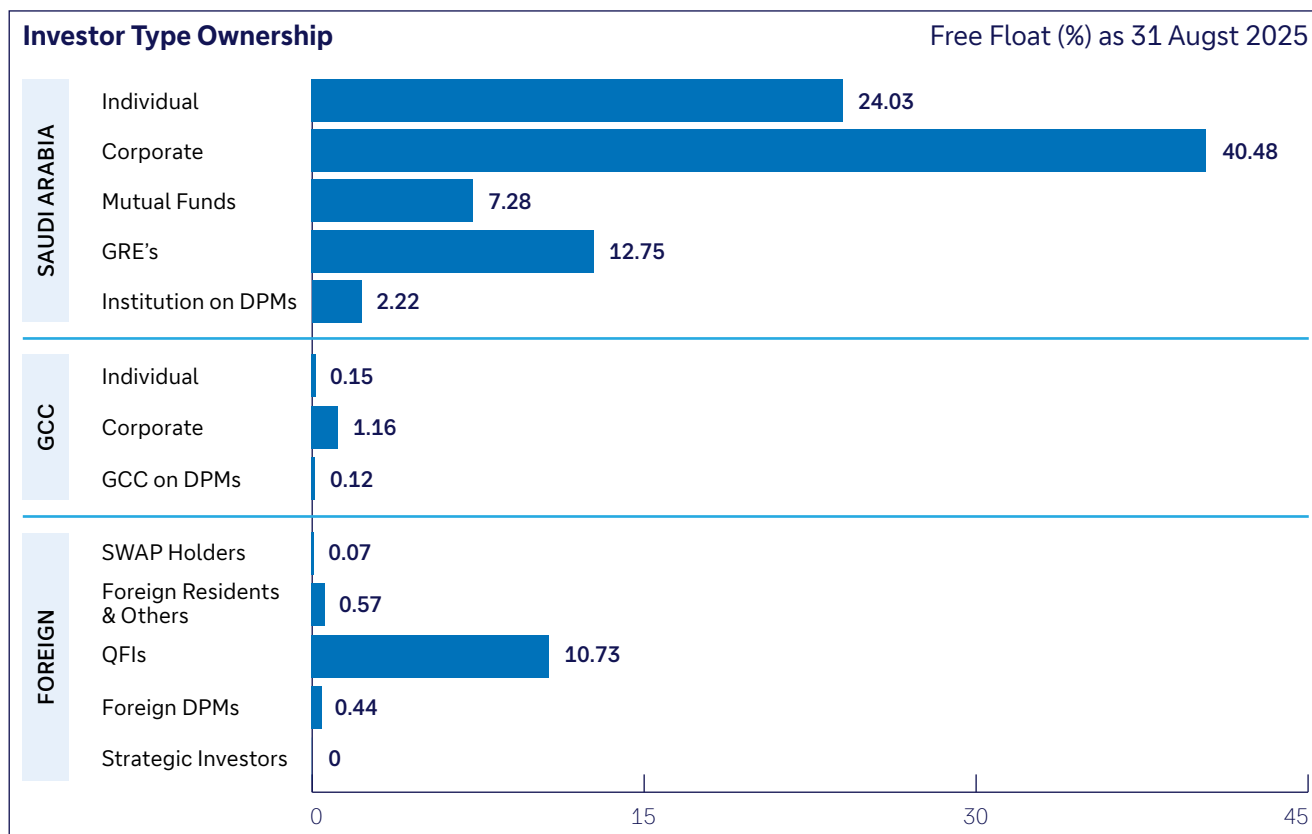
% Market Cap by Sector



Source: Saudi Stock Exchange

Note: Values are rounded-off, and as of H1-2025

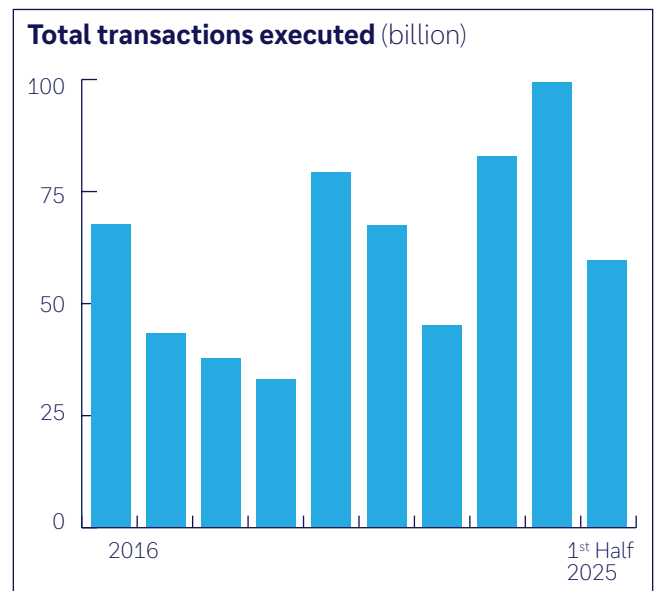
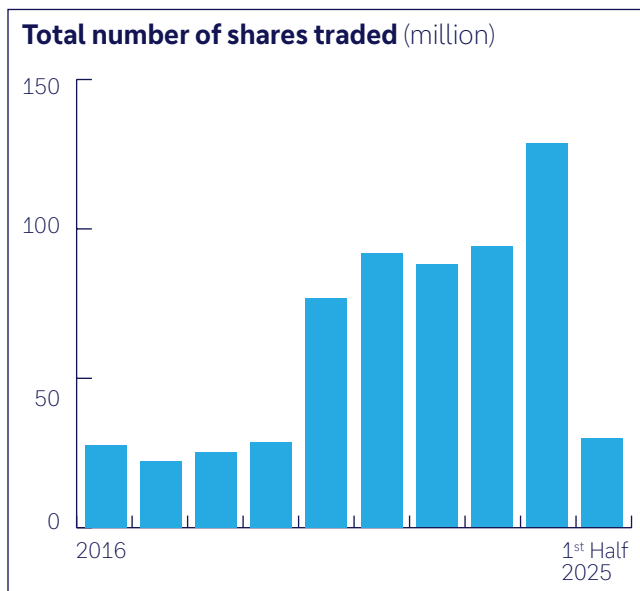
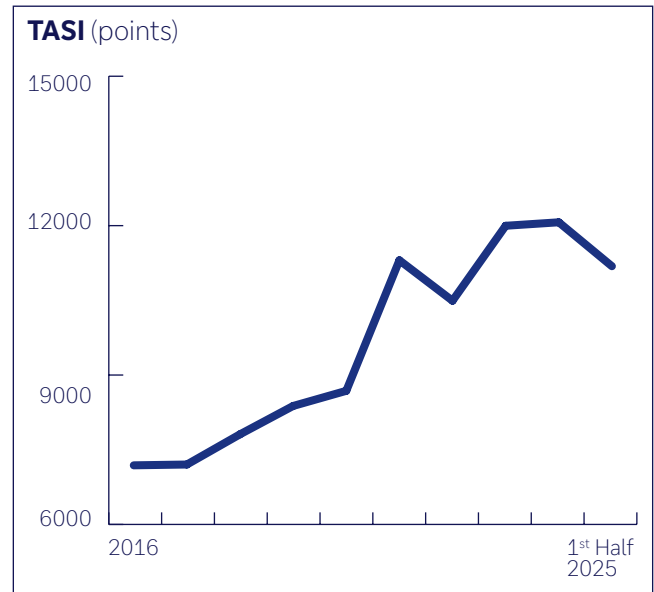
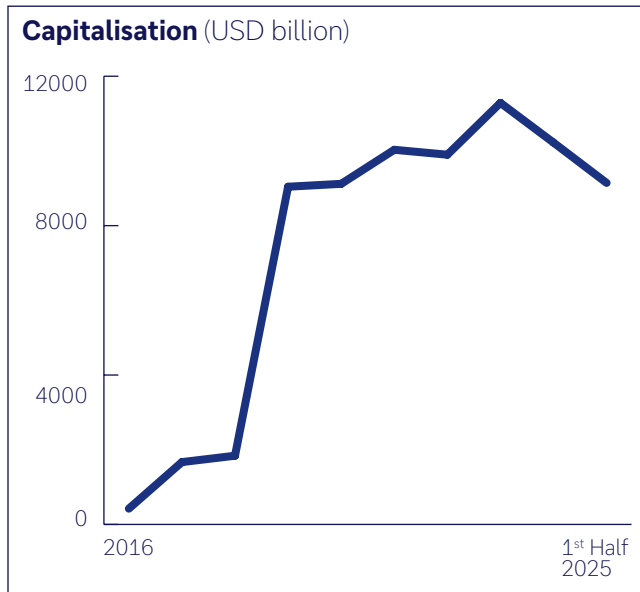
% Ownership



Source: Saudi Stock Exchange

Note: Values are rounded-off, and as of H1-2025

Market Statistics 2016 – 1st Half 2025



Source: Saudi Stock Exchange

3.2 Government: Key Initiatives

3.2.1 Vision 2030

Launched in April 2016, Vision 2030 marks the Kingdom's long-term strategic goals for economic, social and fiscal reforms. The ambitious programs of Vision 2030 are aimed at reshaping the future trajectory of Saudi Arabia's economy by boosting development across industries, including renewable energy, technology, infrastructure, tourism and healthcare, as KSA planned to invest more than US Dollar 7.1 trillion over a 10-year period. Also, as part of this ambitious plan, the government aims to lower its dependence on oil by increasing the private sector's contribution to GDP, promoting the growth of SMEs, reducing unemployment and turning the Public Investment Fund into the world's largest sovereign wealth fund.

Vision 2030 – The Key Goals

Pillar	Goal	From	To
A vibrant society	Increase our capacity to welcome Umrah visitors	8 million	30 million
	Double the number of Saudi heritage sites registered with UNESCO		
	Saudi cities be recognized in the top-ranked 100 cities in the world	0	3
	Increase household spending on cultural and entertainment activities	2.90%	6%
	Increase the ratio of individuals exercising at least once a week	13%	40%
	Raise the Kingdom's position in the Social Capital index	26	10
	Increase the average life expectancy	74	80
A thriving economy	Lower the rate of unemployment	11.60%	7%
	Increase SME contribution to GDP	20%	35%
	Increase women's participation in the workforce	22%	30%
	Move from the current position among the largest economy in the world	19	15%
	Increase the localization of oil and gas sectors	40%	75%
	Increase the Public Investment Fund's assets	SAR 600 Billion	SAR 7 Trillion
	Rise from the current position on the Global Competitiveness Index	25%	10%
	Increase foreign direct investment of GDP	3.80%	5.70%
	Increase the private sector's contribution of GDP	40%	65%
	Raise the global ranking in the Logistics Performance Index	49	25
	Raise the share of non-oil exports in non-oil GDP	16%	50%
	Increase non-oil government revenue	SAR 163 Billion	SAR 1 Trillion
An ambitious nation	Raise the ranking in the Government Effectiveness Index	80	20
	Raise the ranking on the E-Government Survey Index	36	5
	Increase household savings of total household income	6%	10%
	Raise the non-profit sector's contribution to GDP	1%	5%
	Rally volunteers per year	11,000	1 million

3.3 KSA Investment Routes for Foreign Investors

Foreign investors can be sub-divided into the following groups: those originating from within the Gulf Cooperation Council (GCC) region and those from non-GCC regions.

While ownership restrictions apply equally to each group, the KYC/ market entry requirements differ.

- GCC investors, including an individual, a GCC Company, a GCC Investment Institution, a Gulf Pension and Social Insurance Institution or a subsidiary investment fund affiliated to the entities listed above must be domiciled within the Gulf Cooperation Council (Kuwait, Qatar, Bahrain, United Arab Emirates and Oman). It must be noted that entities majority owned in the GCC but registered in Dubai International Financial Centre (DIFC) can potentially be considered for QFI status
- Non-GCC foreign investors can be sub-divided into two classes: non-QFI and QFI. Different restrictions apply to each class of foreign investors
- Foreign investors domiciled in KSA, holding a valid Resident Permit, are free to invest without restrictions, however, they cannot access the market through the routes that are specifically available for non-resident (non-GCC) foreign investors

The securities markets in KSA have witnessed significant reform initiatives over the past few years to broaden the investment choices and provide attractive opportunities to foreign investors:

- In August 2008, the Capital Market Authority (CMA) opened the equities market to non-resident foreign investors, enabling them to trade shares of Saudi companies listed on the Saudi Exchange via SWAP Agreements with local participants, locally known as Capital Market Institutions (CMIs)
- In June 2015, the Saudi Arabian Stock Market was opened for Qualified Foreign Institutional Investors (QFIs) registered with the CMA
- In June 2019, the CMA announced the adoption of the instructions for the Foreign Strategic Investors' ownership in listed companies
- In September 2020, the CMA allowed foreign investors to invest directly in debt instruments
- In May 2023, the CMA amended the foreign investor regulations, including easing of entry and account setup and allowing non-QFI non-resident clients to directly invest in the capital market with adherence to certain conditions
- In January 2025, Real Estate Law expands the possibility for non-Saudis to own and benefit from other rights in rem over real estate in Saudi Arabia, including in the holy cities of Makkah and Madinah, which was not permitted under the 2000 Real Estate Law
- In July 2025, the CMA announced a pivotal policy shift that allows both GCC nationals and expatriates (including former residents) to invest directly in Saudi-listed equities

The Saudi Exchange is the only stock exchange in the country through which trades are executed. In February 2017, the Saudi Exchange introduced the Nomu-Parallel Equities Market, as an alternative equity market with lighter listing requirements.

Various statutes that regulate the securities market include:

- Capital Market Law
- KSA AML Law and its implementing regulations
- Capital Market Institutions Regulations
- Securities Business Regulations
- Investment Accounts Instructions
- Rules for Foreign Investment in Securities
- Securities Depository Centre Rules
- The Resolution of Securities Disputes Proceedings Regulations

4

Securities Market

4.1 Legal Framework

The umbrella legislation governing the securities market in the Kingdom of Saudi Arabia (KSA) is the Capital Market Law (CML). The CML was promulgated by Royal Decree dated July 31, 2003. The law is principally designed for restructuring the capital market within the KSA, through the introduction of new mechanisms aimed towards protecting investors, enhancing confidence in the market and attracting incremental investments. The law provides an integrated regulatory infrastructure for the market and governing guidance on structures, regulations, operational and supervisory responsibilities. The law also defines the regulatory duties and powers while demarcating the control, supervision and operations roles within the market, through the creation of new institutions and dispute settlement committees, which include:

- Capital Market Authority (CMA)
- Saudi Stock Exchange (Saudi Exchange)
- Securities Clearing Center Company (Muqassa)
- Securities Depository Centre (Edaa)
- Committee for Resolution of Securities Disputes
- Appeals Committee

The CMA is supported in its functions by the statutory objectives of the Saudi Stock Exchange which, amongst other things, is required to:

- Make the listing requirements, trading rules and technical mechanisms fair, efficient and transparent and provide the necessary information around the securities listed on the exchange
- Establish and enforce professional standards for capital market institutions
- Conduct periodic reviews of compliance on the part of Capital Market Institutions to ensure financial security

KSA follows the beneficial ownership concept, whereby the title and legal ownership are always in the beneficial owners' name, while the segregated securities and cash accounts are held on the books of the investors' custodians. The nominee concept is currently recognised in the KSA for very specific scenarios.

4.2 Regulatory Structure

4.2.1 Stock Exchange and Capital Markets Supervision

Capital Market Authority (CMA)	
Contacts	Capital Market Authority CMA Head Office — King Fahad Road P.O. Box 87171 Riyadh 11642 Kingdom of Saudi Arabia +966 11 205 3000
Website	http://www.cma.org.sa

The Capital Market Authority (CMA), a governmental organisation with financial, legal and administrative independence, was established by the Capital Market Law dated 2/6/1424 H (16/06/2003 G). The CMA reports directly to the Prime Minister of the Kingdom of Saudi Arabia.

A board of five full-time members, periodically appointed by Royal Orders, governs the CMA. The functions of the CMA are to regulate and develop the Saudi Arabian capital market.

Entrusted with legal powers, CMA issues the requisite rules and regulations, for the implementation of the provisions of the Capital Market Law, aimed at creating an appropriate investment environment while regulating and supervising the financial system.

CMA's duties and authorities comprise the following:

- Regulate and develop the capital market and promote appropriate standards and procedures for all the participants involved in securities trading operations
- Protect investors from unfair and unsound practices involving fraud, deceit, cheating, manipulation and inside information trading
- Maintain fairness, efficiency and transparency in the transactions of securities
- Develop appropriate measures to reduce risks pertaining to the transactions of securities
- Develop, regulate and monitor the issuance of securities and underwriting transactions
- Regulate and monitor the activities of entities working under CMA
- Regulate and monitor full disclosure of information related to securities and issuers

4.2.2 Banking Supervision

Saudi Central Bank	
Contacts	Saudi Central Bank King Saud Bin Abdulaziz Street P.O. Box 2992 Riyadh 11169 Kingdom of Saudi Arabia +966 11 463 3000 +966 11 466 2936/ 466 2966
Website	http://www.sama.gov.sa

The Saudi Central Bank, established in 1952, performs the following primary functions:

- Manages the banking affairs of the Government
- Minting and printing the national currency (the Saudi Riyal), strengthening the Saudi currency and stabilising its external and internal value, in addition to strengthening the currency's cover
- Managing the Kingdom's foreign exchange reserves
- Managing the monetary policy for maintaining the stability of prices and exchange rate
- Promoting the growth of the Kingdom's financial system and ensuring its soundness
- Supervising commercial banks and exchange dealers
- Supervising the non-banking finance firms
- Supervising cooperative insurance companies and the self-employment professions relating to the insurance activity which includes insurance brokers, insurance consultants and inspection and loss assessment experts among others

4.2.3 Taxation Authority

Zakat, Customs and Tax Authority (ZATCA)	
Contacts	Zakat, Customs and Tax Authority P.O. Box 6898 Riyadh 11452 Kingdom of Saudi Arabia +966 11 402 2893
Website	https://zatca.gov.sa/

Zakat, Customs and Tax Authority (ZATCA) is a government department that reports to the Ministry of Finance. It was established per Ministerial Resolution no. 394, dated 7/8/1370 H. (14/06/1951).

The Department has several responsibilities which include:

- Assessing and collecting Zakat duty from Saudis and citizens of member states in the Gulf Cooperative Council, in accordance with relevant regulations
- Assessing and collecting tax from persons subject to tax including persons working in the fields of oil and gas investment according to relevant laws and regulations
- Setting-up and implementing procedures to follow-up on delinquent taxpayers and take necessary actions to ensure their compliance

- Providing fair treatment to taxpayers and improve their voluntary compliance
- Issuing statistical reports on the Department's operations and taxpayers
- Submitting an annual report on actual and projected revenues and expenditures to competent authorities

4.2.4 Anti-Money Laundering and Counter-Terrorism Financing Laws

Historically, the CMA was responsible for the publication and oversight of the AML and CTF Rules in relation to capital market activities. These rules were replaced with general statute and on November 21, 2018 the Anti-Money Laundering (AML) Law and its Implementing Regulations came into effect. The revised AML Law and its Implementing Regulations, are considered to be materially in-line and compliant with most of the money laundering laws in other developed countries, international conventions and UN Security Council Resolutions on combating terrorism financing. The Kingdom of Saudi Arabia, an 'observer member' of the Financial Action Task Force (FATF) since 2015, was confirmed as a full member of FATF in June 2019. KSA is the first Arab country to be granted full membership of the FATF.

4.3 Local Market Administrative Structure

4.3.1 Saudi Exchange

Saudi Exchange (Tadawul)	
Contacts	6897 King Fahd Road – Al Ulaya Unit Number: 15 Riyadh 12211-3388 Kingdom of Saudi Arabia (+966) 92000 1919 +966 (0)11 218 9133
Website	https://www.saudiexchange.sa

The Saudi Exchange is a fully-owned subsidiary by Saudi Tadawul Group, and was established in March 2021 following the transformation of the Saudi Stock Exchange (Tadawul) into a holding company. The ninth largest among 67 members of the World Federation of Exchanges, Saudi Exchange is also a dominant player in the Gulf Cooperation Council (GCC). Additionally, the exchange is the third largest amongst its emerging market peers, and is an affiliate member of the International Organization of Securities Commissions (IOSCO) and the Arab Federation of Exchanges (AFE). As KSA's dedicated stock exchange and the largest stock exchange in the Middle East, the Saudi Exchange carries out listing and trading in securities for local and international investors. The exchange is instrumental to achieving long-term growth for Saudi capital market, and providing the market participants with attractive and diversified investment opportunities.

The legal status, duties and responsibilities of the Saudi Exchange are explicitly defined in the Capital Market Law (CML) issued by Royal Decree Number (M/30), dated on June 16, 2003. The Saudi Exchange website provides near real-time information on stock prices and trade volumes.

4.3.2 Securities Depository Center

Securities Depository Center (Edaa)	
Contacts	6897 King Fahd Road – Al Ulaya Unit Number 11 Riyadh 12211-3388 Kingdom of Saudi Arabia (+966) 9200 26000
Website	http://www.edaa.sa

Eligible Securities: Equities, ETFs, REITs, Bonds and Sukuks (Corporate and Government). The Kingdom's Central Securities Depository is known as the Securities Depository Center (SDC) or Edaa. It undertakes the clearing and settlement of on-exchange transactions and also provides settlement, depository and registrar functions and interfaces with the Saudi Arabian Interbank Express (SARIE) to facilitate payments between local capital market intermediaries (CMIs) and the Settling/ Clearing Banks. Edaa was incorporated on September 5, 2016 as a closed joint stock company with a capital equivalent of SAR 400 million which comprised of 40 million shares with a face value of SAR 10 per share.

Registrars/ Registration Office

The SDC provides central registration facilities for companies listed and traded on the Saudi Exchange.

Dividend Distribution/ Paying Agent

Edaa provides dividend distribution service for securities' issuers listed on the Saudi Stock Exchange, where the 'issuer' authorises Edaa to distribute the cash dividends to the issuers' shareholders through Tadawulaty. The benefits of using the Dividends Distribution (Paying Agent) include:

- Preserving the confidentiality of shareholder registry information and their dividends' information
- Standardising the procedures related to dividend distribution and reducing the dividend distribution-related costs for issuers while improving the efficiency and speed of the distribution process
- Calculating non-resident shareholders' tax for the company 'issuer', which the later deducts and withholds and Edaa receives the net amount for distribution to the investors
- Completing the entire dividend distribution process for the listed companies' 'issuers' and providing the reports, via Tadawulaty

4.3.3 Securities Clearing Center Company – Clearing House/ CCP

Securities Clearing Center Company (Muqassa)	
Contacts	Securities Clearing Center Company Parcel 1.17 Financial Blvd, Al Aqiq Riyadh 13519 Kingdom Of Saudi Arabia
	(+966) 92002 9222
Website	https://muqassa.sa/

Securities Clearing Center Company (Muqassa), is a closed joint stock company fully-owned by the Saudi Tadawul Group in accordance with the Saudi Companies Law issued by Royal Decree No. M/3 dated 28/01/1437 – November 11, 2015, which operates the services related to clearing of securities. As a process, clearing guarantees and confirms the transactions between the participants before their trade settlement and establishes the participants' net settlement of cash and derivatives market trade positions.

Muqassa was established to clear the exchange traded products on open offer basis, where Muqassa places itself between the counter parties at the time of trade matching and follows the Three Lines of Defence (3LoD) model to maintain an integrated and comprehensive risk management system that identifies, measures, monitors and manages the risks, that Muqassa takes over from the Clearing Members.

4.4 Market Instruments

Securities are held in registered form and are immobilised at the Securities Depository Centre (Edaa). The various types of securities are as follows:

Market	Instruments	Comment
– Equities	– Main Market – Ordinary Shares – Nomu-Parallel Market – Ordinary Shares	– Listed and traded on the Saudi Exchange
– Debt	– Sukuk – Corporate Bonds – Government Sukuk	– Listed and traded on the Saudi Exchange
– Funds	– Exchange Traded Funds (ETFs) – Real Estate Investment Trusts (REITs) – Open-Ended Mutual Funds – Closed Funds – Private Equity Funds	– Listed and traded on the Saudi Exchange – Not listed on the Saudi Exchange, typically subscriptions made through Investment Managers
– Money Market	– Time Deposits – Murabaha Agreements	– Typically sold by Banks' Treasuries on OTC, and settled and cleared independently
– Derivatives	– Index Futures – Single Stock Futures – Single Stock Options	– Listed and traded on the Saudi Exchange

4.4.1 Equities Market

Equities, the most-traded securities in KSA, are predominantly exchange traded via the Saudi Exchange.

- Edaa undertakes the clearing and settlement of on-exchange equity transactions and also provides settlement, depository and registry functions, as well as interfacing with SARIE to facilitate payments. The settlement cycle for exchange-traded equities is T+2, the lot size is one, and the transactions are pre-validated
- In April 2017, the Saudi Exchange introduced fails management, buy-in protocols and Delivery versus Payment (DVP). However, the market follows Delivery versus Payment (DvP) Model 3 of the Bank for International Settlement (BIS) settlement process i.e., securities are exchanged on a gross basis while cash is settled on a net basis. The settlement process typically takes place on three subsequent batches distributed throughout the Settlement date
- Since July 2014, the Saudi Exchange provides Over-The-Counter (OTC) trading platform for exchange-specified securities that are suspended and/ or delisted from the regular exchange. The delisted securities primarily belong to issuers with accumulated losses of 20% or more of their capital. The OTC market follows a T+2 settlement cycle, however the settlement can be affected between T+0 and T+5 as agreed on between the Buyers and Sellers

4.4.2 Debt Market

In the Saudi Arabian debt market, Sukuk bonds and government debt instruments are the principal debt securities listed and available for trading at the Saudi Exchange. Sukuk are usually non-callable and have maturities ranging between 2 to 10 years. The Sukuk carry fixed or floating rate and pay coupons and interest semi-annually. Government Sukuk are typically issued in multiples of SAR 1,000 to institutions.

- Various governmental agencies are permitted to issue development Sukuk. The National Debt Management Center (NDMC) is responsible for issuing Sukuk through periodic auction to investors, via primary dealers appointed by the NDMC. Secondary market trading for these issuances is enabled on the Saudi Exchange. The settlement cycle for the Sukuk and bond trading activities is T+2

4.4.3 Funds

Funds are available to investors in the KSA. Mutual funds are typically open-ended and are not listed at the Saudi Exchange. Mutual funds must have a minimum of two subscription/ redemption windows per week.

- On March 16, 2010 the CMA approved the introduction of Exchange Traded Funds (ETFs) in the Saudi market. ETFs are exchange-traded on the Saudi Exchange. While ETFs are permitted investments, very few are currently listed on the exchange. From October 24, 2016 the listing and trading of Real Estate Investment Traded Funds (REITs) was permitted by the CMA

4.4.4 Money Market

Certificates of Deposits (CDs) are eligible securities in the KSA, although very few institutions utilise the facility. Most fund managers use this instrument in money market funds and excess liquidity utilisation.

- The Saudi Central Bank is responsible for issuing Treasury Bills (T-bills) on behalf of the Ministry of Finance, with maturities that include and vary between 30 days, 90 days, 180 days and 52 weeks (one year). T-bills are issued at a discount, and mature at par, in multiples of SAR 1 million to institutions and SAR 50,000 to retail investors and are available through weekly auctions held every Monday. T-bills can only be purchased through local authorised banks
- Local banks' treasuries offer time deposits and Murabaha agreements (Shariah compliant) for various maturities and interest-correlated components

4.4.5 Derivatives

With the launch of the derivatives market, the Saudi Exchange is diversifying the opportunities it offers to investors. Derivatives products can be used to diversify the investment portfolio, protect against downside risk by hedging equity investment positions, speculate on the directional movement of an underlying asset or leverage investments using a limited amount of invested funds.

4.4.6 Securities Identification

ISIN codes are available in the market for all listed securities in the KSA. Generally, local brokers tend to use a ticker code or 'security symbol' as it is referred to locally. The Saudi Exchange is the national numbering agency for KSA securities.

4.5 Market Characteristics

4.5.1 Listing Requirements for Main Market

- The company should be a Saudi Arabian joint stock company
- The company should have been carrying on as its main activity, either by itself or through one or more of its subsidiaries as an independent business for at least three financial years under substantially the same management
- The company should have published audited accounts covering at least the last three financial years, prepared in accordance with the accounting standards issued by the Saudi Organisation for Certified Public Accountants (SOCPA)
- At the point of Initial Public Offering (IPO), the Issuer must meet the following criteria: at least 200 public shareholders, at least 30% of the share capital in public ownership. Equity offerings must have a minimum value of SAR 100 million, whilst debt offerings must have a minimum value of SAR 50 million
- CMA Listing Rules (Article 14) permits eligible foreign Issuers to dual list on the Saudi Exchange
- The CMA can suspend listings or delist securities for a variety of reasons including but not limited to:
 - Mergers and acquisitions activity
 - Insufficient liquidity or insufficient shareholders
 - Non-payment of exchange fees or regulatory fines
 - Where the CMA considers it necessary to delist a security for the protection of investors
- The Saudi Exchange permits direct foreign listing in the form of Saudi Depository Receipts (SDRs)

4.5.2 Exchange Trading Hours

Saudi Exchange Trading-related Details	Trading Period (Local Time)
Pre-opening phase (Orders entered into the trading system)	09:30–10:00 hours
Trading hours	10:00–15:00 hours
Closing auction	15:00–15:10 hours
Trade at last	15:10–15:20 hours
Final closing prices/ Absolute market close	16:00 hours

A trading day is divided into four distinct sessions:

- First session: Pre-open (or Open order maintenance)
During the first trading session:
 - Orders can be entered, amended or cancelled
 - No matching occurs, orders are only held in the order book
 - Auction mechanism to calculate the opening and closing price
- Second session: Open trading
During the second trading session all functions in the preceding session are allowed in addition to:
 - Opening prices are determined, orders are matched and continuous trading commences
 - Orders can be entered, amended or cancelled
 - Orders can be kept in the system up to 30 days
- Third session: Pre-close
During the third trading session:
 - Auction mechanism calculates the opening and closing price
 - Orders can be cancelled and order validity amended

- Order prices cannot be changed; quantities can be decreased but not increased
- New orders cannot be accepted
- Fourth session: Market close
- During the fourth and final trading session:
 - The market is closed
 - No action can be performed on any of the market instruments

4.5.3 Main Market Indices

The Tadawul All Share Index (TASI) is the primary index in the Saudi Arabian market. The TASI is a listed companies' market capitalisation based value-weighted index. The Saudi Exchange became the first stock exchange in the GCC market to introduce the free-float methodology for index calculation.

Index	Composition	Base Value (Base date)
TASI	The total number of shares issued, less the non free-float shares, which are – capable of being traded on the Saudi Exchange and – incorporated into future Index calculations	5,000 (January 1, 2007)

4.5.4 Other Stock Exchange Indices

Since 2017, the Saudi Exchange has adopted the so-called Global Industry Classification Standards (GICS) in the equities market, owing to which the equity market structure consists of 20 industry groups under the second level of GICS. With a base date of January 8, 2017, the pre-open value for New Sector Indices of 5,000 points (base value) was applied. For efficiency, the new sector indices have calculated values for 12 months prior to implementation date. The market sector summaries and indices are calculated/ based on the following 20 industry groups:

Level 1 – Sectors	Level 2 – Industry Groups
– Energy	– Energy
– Materials	– Materials
– Industrials	– Capital Goods – Commercial and Professional Services – Transportation
– Consumer Discretionary	– Consumer Durables and Apparels – Consumer Services – Media – Retailing
– Consumer Staples	– Food and Staples Retailing – Food and Beverages
– Health Care	– Health Care Equipment and Services – Pharma, Biotech and Life Sciences
– Financials	– Banks – Diversified Financials – Insurance

Level 1 – Sectors	Level 2 – Industry Groups
– Telecommunications Services	– Telecommunications Services
– Utilities	– Utilities
– Real Estate	– REITs (Real Estate Investment Traded Securities)
	– Real Estate Management and Development

4.5.5 Nomu-Parallel Market

In 2017, the Saudi Exchange introduced a Nomu-Parallel Equities Market with lighter listing requirements that serves as an alternative platform for companies to go public. The investment in this market is restricted to Qualified Investors, as defined below:

- Authorised persons acting for their own account
- Clients of a person authorised by the Authority to conduct managing activities provided that the authorised person has been appointed as an investment manager on terms which enable it to make decisions concerning the acceptance of an offer and investment in Nomu-Parallel Market on the client's behalf without obtaining prior approval from the client
- The Government of the Kingdom of Saudi Arabia, any government body, any supranational authority recognised by the Authority or the Exchange and any other stock exchange recognised by the Authority or the Securities Depository Centre
- Government-owned companies either directly or through a portfolio managed by a person authorised to carry out investment management activities
- Companies and funds established in a member state of the GCC
- Investment funds
- Non-resident foreigners permitted to invest in the Nomu-Parallel Market and who meet the requirements stipulated in the guidance note for the investment of Non-resident foreigners in the Nomu-Parallel Market
- Qualified foreign investors
- Any other legal persons allowed to open an investment account in the KSA and an account at Edaa
- Natural persons allowed to open an investment account in the KSA and an account at Edaa and fulfil any of the following criteria:
 - Have conducted transactions in security markets totalling not less than SAR 40 million
 - Have conducted not less than 10 transactions in each quarter during the last 12 months
 - Have net assets of not less than SAR 5 million
 - Working or had worked in the financial sector for at least three years
 - Holding the General Securities Qualification Certificate which is recognised by the Authority CME-1
 - Any other persons prescribed by the Authority

The listing Requirements for Nomu-Parallel Market are as follows:

- The Issuer must be a Saudi Arabian joint stock company or a joint stock company in which the majority of the capital is owned by citizens of a member state of the GCC and enjoys a nationality of one of them
- Minimum market cap of SAR 10 million
- At least 20% of shares owned by the qualified public, with no single investor owning more than 5%
- Minimum 1 year of operational and financial performance
- Having a financial advisor is mandatory, while having a legal advisor is optional
- Latest annual audited financial statements
- Latest quarterly reviewed financial statements
- Disclosure of material information

- Track record of profitability is not mandatory
- Lock-in period: 100% of pre-offering investor shares have a 1-year lock-in
- A minimum of 50 public shareholders are required at the time of listing

4.5.6 Electronic Trading Systems

The Kingdom's first electronic share trading system Electronic Securities Information System (ESIS) was introduced in 1990 and was replaced in 2001 by a more advanced system which introduced new order types and was able to handle larger trading volumes. Since introduction the exchange systems have gone through a series of enhancements to support the significant increase in the trading volumes.

In 2006, the Saudi Exchange signed a contract with OMX, a leading supplier and operator of stock exchange technology, for the design, supply and implementation of trading, information dissemination, surveillance, as well as depository and settlement systems. The current infrastructure supports the Saudi Exchange's plans for continuing expansion of its business and broadening of its product offerings.

The Saudi Exchange is an auction market with a quote-driven system. Buying and selling investors submit orders via their respective brokers in the market.

The brokerage firms' systems are connected to the Saudi Exchange's systems which enables the brokers to enter and amend sell and buy orders and obtain the market information and news online.

4.5.7 Foreign Exchange

The Kingdom of Saudi Arabia has no foreign exchange control restrictions on inward remittances or repatriation of funds provided that the transfers are made through a registered bank or an authorised foreign exchange dealer.

4.5.8 Brokerage Commission

Brokerage commission on listed securities can be negotiated directly between client and local brokers, and the maximum chargeable brokerage commission, inclusive of the Saudi Exchange Trading Fees, is as follows:

- Equities/ REITs: maximum of 15.5 basis points on trade value (no minimum charges applicable)
- Rights: maximum of 12 basis points on the trade value (no minimum charges applicable)
- ETFs: maximum of 12 basis points on the trade value (with a minimum of SAR 12)
- Sukuk/ Bonds: maximum of 10 basis points on the trade value (with minimum of SAR 500)

5

Foreign Investors - Market Entry

5.1 QFI Program Introduction

The Saudi Arabian capital market opened to the Qualified Foreign Investors (QFIs) – registered with Capital Market Authority (CMA) on June 15, 2015. Subsequently, the QFI rules underwent multiple modifications, with the latest modification, in May 2023, which introduced multiple easements of QFI entry and extending conditioned direct access to non-resident foreign investors who do not meet the QFI criteria.

The detailed rules for Qualified Foreign Financial Institutions' Investment in Listed Securities can be accessed at: <https://cma.org.sa>

5.2 QFI Market Entry Requirements

An investor will need to meet the following qualification criteria to be classified as a QFI:

- I. Size of the applicant – assets under its own or its group's ownership, management or custody
- II. Category of applicant – legal form

I. Size of the applicant

- Investor shall have assets under its own or its group's ownership, management or custody of SAR 1.875 billion, or more (equivalent to USD 500 million)
- CMA may reduce the requirement of Assets Under Management (AUM) at its discretion
- The following client categories are exempted from the size requirement:
 - pension funds in which the main objective is to collect fees or periodic contributions
 - from participants or for their interest, for the purpose of compensating them according to a specific mechanism
 - endowment funds in which the main objective is to making grants to organisations, institutions or individuals for scientific, educational and cultural purposes, including university endowments funds
 - a market-maker's client, provided that the Capital Market Institution verifies that the investment account is for market-making purposes
 - government entities, central banks and investment funds fully-owned (directly or indirectly) by a government entity, including sovereign funds and funds that take the form of pension and endowments funds; and
 - international organisations of which KSA is a member and their affiliated institutions

- II. Category of applicant – legal form
 - The Investor must be a legal entity and have an independent legal personality

5.3 QFI Classification Procedure

5.3.1 QFI Status

QFI status is perpetual as long as the conditions set out in the QFI rules continue to be met

5.3.2 QFI Classification Fees

Currently, there are no fees imposed by the CMA for QFI classification

5.3.3 QFI Application Procedure

The capital market institution will determine if the investor satisfies the QFI classification criteria based on the evaluation of the Investor's documentation during the KYC process

5.4 Non-QFI Non-Resident Foreign Investors

The foreign investor rules allow foreign investors who do not match the QFI criteria to enter the Saudi Arabian capital market under different classifications and criteria as mentioned below:

5.4.1 Foreign Strategic Investor (FSI)

A foreign strategic investor does not need to meet the QFI criteria and is permitted to directly invest in the market however an FSI is required to hold the shares acquired for a minimum of two years.

5.4.2 Ultimate beneficiaries of Swap Agreement

Capital Market Institutions are permitted to enter into swap agreements with foreign counterparties only for the benefit of non-resident foreign investors for the purpose of transferring the economic benefits of securities listed on the Saudi Exchange to these investors in their capacities as Ultimate Beneficiaries.

5.4.3 Investors appointing local Saudi Asset Manager

Foreign natural or legal person may directly invest in the market, provided they are a client of a local Capital Market Institution authorised by the CMA to conduct Managing Business and is appointed on conditions that enable it to make all investment decisions on the client's behalf without obtaining prior approval from the client.

5.5 Account Framework Overview – Deutsche Securities Saudi Arabia (DSSA)

Function	Description
Securities account structures	Fully segregated at beneficial owner level
Cash account structure	Each ultimate beneficiary to have a segregated cash account in DSSA books as per Client Money Rules
Regulatory	Foreign investors are required to meet a classification of foreign investors as defined within the Foreign Investor Rules
Market registration/ account opening/ maintenance fee	Currently, the CMA has not imposed any fees for opening, and maintain securities and cash accounts
Credit interest	All accounts with DSSA are non-interest bearing for credit balances
Credit facilities/ debit interest	Investors are permitted to obtain credit facilities from local banks only for the purpose of securities settlement at Edaa. The Saudi Central Bank has permitted the local banks to charge debit interest on such facilities
Repatriation	Proceeds from sales or corporate actions can be freely repatriated
FX	No restriction on FX execution
Taxation	Foreign Investors are subject to 5% withholding tax (WHT) on dividend and interest income. There is currently no capital gains tax (CGT). For more details, clients are requested to contact their local tax advisors, as DSSA does not offer tax services/ advice

5.6 Investment Limits

5.6.1 Ownership Limits, Restrictions and Disclosure Requirements

The foreign investors ownership limits, restrictions and disclosure requirements are as follows:

- A single foreign investor cannot hold more than 10% of a Saudi Arabian joint stock company or convertible debt instrument of the Issuer
- Foreign investors (residents or non-residents) including GCC investors, cannot own more than 49% of the issued shares for each listed company. This includes interests under SWAPs
- Foreign investors can invest in all companies listed on the Saudi Exchange (including companies quoted on the Nomu-Parallel Market) except for companies that are specifically restricted for investment. DSSA can provide an updated list on request
- Foreign investors are permitted to participate in Initial Public Offerings (IPOs) unless the IPO prospectus specifically restricts their participation
- No single foreign investor can own more than 10% of the issued units in a locally regulated mutual fund managed by a local fund manager
- Under the GCC specific ownership limits, restrictions and disclosure requirements, no GCC-based entity can hold more than 49% of a Saudi Arabian joint stock company

Notes:

- The Saudi Exchange is responsible for providing the overall market limits on their official website on a daily basis
- Where the 10% per QFI limit is reached, further trade settlement on the client's Investor ID will be prevented by the depository
- In case of limit breach of 49% by all foreign investors in one company, further trade settlement on the clients' Investor IDs will be prevented by the depository
- It is recommended that Foreign Investors monitor the limits on the Saudi Exchange website prior to investing

6

Know Your Client (KYC) Framework

Capital market institutions require intermediaries such as custodians and broker-dealers to fully adopt the KYC requirements. KYC requirements vary depending on the legal form of the institution being adopted. Typically, intermediaries will be required to provide copies of constitutional documents including but not limited to:

- Articles of association/ Certificate of Incorporation (or equivalent legal existence document)
- Board resolutions
- List of Directors and Ultimate Beneficial Owners (UBOs) with ownership details
- Annual report
- Financial statements
- Commercial license
- Commercial registration

The intermediary will be required to have a Power of Attorney (POA) in place with the CMI. The POA will need to be notarised and validated by the Saudi Embassy/ Consulate in the domicile of the intermediary. Clients domiciled in countries which are members of the Hague convention will only need to apostille the POA.

It is possible for CMIs to place greater reliance on the due diligence of third parties (the intermediary) subject to certain CMA conditions being met and subject to certain Deutsche Bank conditions also being met. Where Deutsche Bank can rely on the due diligence of an intermediary, minimal documentation is required for the adoption of underlying clients. The KYC requirements for the underlying client vary depending on the legal form of the client being adopted. Intermediaries will be required to provide scanned copies of documents that will evidence the following:

- Assets Under Management, ownership or custody – size of financial institution
- Category of client – legal form

Typically, this would include:

- Commercial registration and/ or license
- Annual report
- Financial statements
- Prospectus (for collective investment schemes)
- Articles of Association/ Trust Deeds/ Charter documents

The underlying client will also be required to have a Power of Attorney (POA) in place with the CMI – the POA should include details of the appointment of the intermediary as Custodian and the appointment of the CMI as the local sub-custodian. Where DSSA reasonably believes the veracity of the evidential documents provided, it is no longer necessary to have such documents certified as a true copy of the original – scanned copies will suffice.

On request, DSSA can provide additional details in relation to the KYC requirements for the adoption of an intermediary and the onboarding of the intermediaries underlying clients.

7

Cash Management

Cash Management Highlights	
Currency: Convertibility	Saudi Arabian Riyal (SAR) fully convertible
Payment systems	Saudi Arabian Riyal Interbank Express (SARIE)
RTGS	Yes, SARIE
Credit facilities	Yes, possible for trading and settlement purposes
Funding requirements	Should have sufficient funds available or credit facility
Types of FX contracts	Ready, TOM and SPOT
Restrictions on repatriation of funds	No restrictions

7.1 Cash/ FX Restrictions

The Kingdom of Saudi Arabia has no foreign exchange control restrictions. There is no limit to the amount of local currency (SAR) that foreigners may hold in the market at any given time, also there are no special requirements to convert funds and FX reporting is not required. All investors must maintain and operate cash accounts locally. There are no minimum or maximum balance requirements.

7.2 Credit Facilities

Credit facilities (credit lines) can be provided by a CMI or commercial banks to both local and foreign investors. DSSA, at its discretion and subject to internal credit risk approval, may offer clients a Settlement Limit Facility (SLF). The SLF gives clients more flexibility with regards to the timing of funding for buy-side activities.

7.3 Payment Systems

The Saudi Arabian Riyal Interbank Express (SARIE) is the RTGS system in KSA, which was launched in May 1997. SARIE is a payment and settlement system that links all the banks in the KSA and provides a mechanism for the banks to exchange fund transfer and direct debit messages safely and efficiently on behalf of their customers, as well as for their own trading purposes.

The SARIE system, designed on the concept of RTGS, has revolutionised electronic banking and commerce within the KSA by providing the backbone for a number of advanced and sophisticated payment and settlement systems already in place. These include Automated Clearing Houses (ACH), an electronic cheque clearing system, the Saudi Payments Network (SPAN) and Electronic Bill Presentment and Payment system (EBPP-SADAD).

7.4 Funding Procedures

Settlement on the Saudi Exchange is in Saudi Arabian Riyals (SAR).

- The CMI (custodian or broker) is responsible for ensuring that funding is in place with the settlement bank
- The settlement bank of the custodian is responsible for settlement towards the market

On the settlement date, Edaa sends a file to the Saudi Central Bank advising the funds to be debited/credited to the custodians settlement bank account, upon the delivery of settlement amounts that Edaa would process with the settlement of shares. Edaa attempts settlement on settlement date at three different intervals throughout the day.

Client funding for trade settlement may take place in one of two ways i.e. either the client funds its cash account with the custodians in local currency SAR or through an FX transaction to purchase SAR and/ or a pre-agreed SLF is in place in order to meet the settlement obligation(s) on the settlement date(s).

7.5 Foreign exchange

SAR is freely convertible and there are no FX restrictions. The SAR is pegged to the USD (USD 1 = SAR 3.75).

7.6 Credit/ Debit Interest

7.6.1 Credit interest

Credit interest is not paid on cash balances.

7.6.2 Debit interest

Where credit facility or an SLF is offered by a commercial bank or a CMI, debit interest charges may be applicable and will be agreed between the client and the service provider(s) offering the credit facility.

7.7 Securities Lending

Securities Borrowing and Lending (SBL) was implemented in the KSA since April 2017. Typically, the SBL transaction can be entered into for one of the following purposes:

- Executing short-sell transactions pursuant to the short selling regulations
- Re-lending transactions
- Resolution of securities settlement failures
- Return of borrowed securities
- Creation of units of Exchange Traded Fund (ETF) or
- Other purposes determined by the depository from time to time

Further, SBL transactions must typically meet the following conditions in order to be entered into:

- Must only be between eligible participants as specified in the SBL regulations
- Only for eligible listed securities as specified in the SBL regulations
- Must comply with the minimum collateral requirement as specified in the SBL regulations
- The parties must have in place a binding SBL agreement in compliance with the SBL regulations
- The lender enters into the transaction through a lending agent, where applicable
- The borrower enters into the transaction through a borrowing agent, where applicable

8

Clearing and Settlement Environment

8.1 Settlement Cycle

The following are the settlement cycles for different investment instruments in the market:

- Equities: T+2 (BIS DvP Model 3)
- Equities (OTC): T+2 (BIS DvP Model 3)
- Fixed income: T+2 (BIS DvP Model 3)
- Mutual fund units: unlisted (subscription and redemption frequency varies by fund)

8.2 Clearing and Settlement

All securities listed at the Saudi Exchange are dematerialised and follow the settlement cycles as illustrated in the section above. Effective April 2017, DvP was implemented in the Saudi Arabian capital market along with the implementation of the T+2 settlement cycle.

The market follows BIS DvP Model 3 – a DvP settlement mechanism where the final transfer of securities from the seller to the buyer (delivery) occurs on gross (trade-by-trade) basis, but final transfer of cash from the buyer to the seller (payment) occurs on net basis.

The Saudi Exchange introduced a failed trade procedure with associated penalties, up to and including enforced buy-ins, in April 2017, as part of the T+2 settlement model. There is a pre-validation mechanism for securities to be sold, i.e., securities (settled + pending-in – pending-out) have to be available in the investor's account prior to the order being entered in the trading system. An insufficient securities balance will cause the order not to be accepted in the trading system. Partial settlements are permitted.

As soon as orders are matched (executed), trades are generated and reported electronically to Edaa, for subsequent settlement on the Settlement Date (SD), which is T+2. Post settlement, on the SD, the depository system immediately updates the share books of the companies.

All custodians maintain a settlement bank account with a locally designated Saudi Central Bank regulated bank. Settlement banks receive the net obligation payable/ receivable to/ by a clearing member. Settlement of cash in relation to securities trading activities takes place on a DvP basis on the SD.

There are two settlement flows available in the market: a flow for accounts where broker/ custodian is the same entity and a flow for settlement where broker/ custodian are different. The latter is referred to as the

Independent Custody Model (ICM) which was introduced in June 2015 at the same time as the first iteration of the QFI rules. The trade settlement flow followed under the ICM is provided in the following pages.

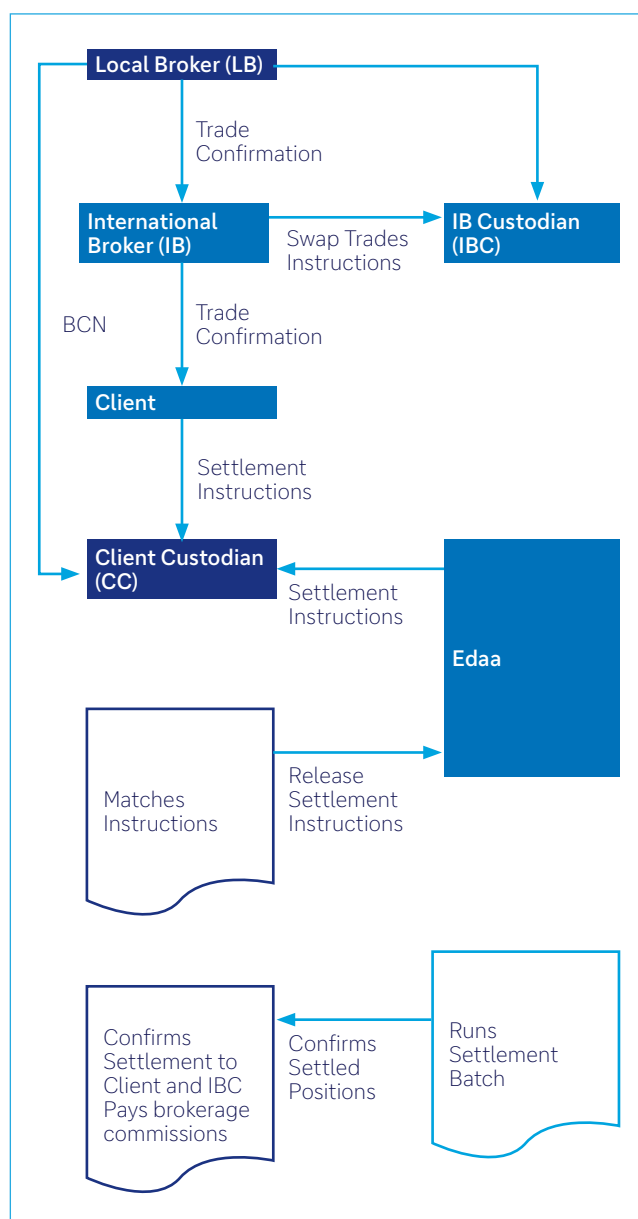
8.2.1 Trade and Settlement Market Wide Flow

Trade date (T)

- Once order is executed by LB;
- IB sends confirmation to Client including IB commission
- LB sends Broker Contract Note (BCN) to CC and IBC T+1
- Client sends the settlement instruction to CC
- CC matches Client Instructions against Market and LB BCN file
- Once trade matching and internal checks are successful, CC releases settlement instructions to Edaa
- IB to send swap trade confirmation to IBC, two instructions for each trade (a sell and a buy) for the same ISIN and quantity but with different price, the difference will be its IB commission

T+2 (Settlement Date)

- Market runs settlement batches, settling all released instructions by CC
- Market 'Trade Report' available to CC, confirming settled positions
- CC confirms settlement to the client
- CC confirms settlement to IBC
- IBC updates swap trade status to settled T+3 (SD+1)
- CC pays brokerage and exchange fees to the LB
- CC pays IB commission to the IBC
- IBC pays commission to the IB



8.2.2 Custody/ Safekeeping Fee

The depositary fees structure announced by Edaa with effect from July 1, 2018 is as below:

Pre-July 2018 Fee Structure	Post-July 2018 Depository Fees
1 Basis Point	1 Basis Point
Minimum fee SAR 10,000 p.a.	No minimum fee
Maximum fee SAR 250,000 p.a.	Maximum fee SAR 250,000 p.a.
Invoice Frequency – Monthly	Invoice Frequency – Semi Annual
Calculated on end of day values	Levied on Investor's average daily value

8.2.3 Fails Management Fees

Type	Value	Charged On	Charged To	Charging Basis
Late Settlement Fee	31 Basis Point*	Exchange Member	End Buyer(s)	Applied on every Transaction
Late Confirmation Transfer Fee	SAR 250	Transferor	SDC	Fixed Per Transaction
Processing of Late Settlement	SAR 1,500	Exchange Member	SDC	Fixed Per Fail Trade
Processing of Late Settlement – CA	SAR 3,000	Exchange Member	SDC	Fixed Per Fail Trade during a CA
SDC Compulsory Fails Management	SAR 3,000	Exchange Member	SDC	Fixed Per Mandatory Buy-in or Cash Substitution

* Min. SAR 2,000–Max. SAR 20,000

8.2.4 Securities Borrowing/ Lending Fees

Type	Value	Charged On	Charged To	Charging Basis
SBL Initiation Fee	31 Basis Point *	Borrower	SDC	Fixed Per SBL Transaction
SBL Termination Fee	SAR 500	Failing Party	SDC	Fixed Per Termination Request

* A waiver of the minimum fee of SAR 100 per transaction until December 31, 2026

8.2.5 Pre-matching

The process of pre-matching is managed between the custodian, the executing broker and the depository. The custodian receives settlement instructions from the depository and trade confirmation data from the brokers independently. Typically, the custodian will reconcile both files with the clients' instructions. The matching is deemed successful once all three data sets are fully matched.

8.2.6 Settlement Assurance

The Saudi Exchange does not check the availability of holdings in the client's portfolio account as trades are entered into the trading system. In the event of insufficient holdings, the order will be placed on hold in post-trade procedures by the depository and the client, broker and custodian must arrange for an appropriate action to ensure the trade settlement is completed. Naked short selling is not allowed.

8.2.7 Partial Settlements

Partial settlements have been permitted in the KSA since April 1, 2018.

8.2.8 Turnaround Trades

Shares are available for sale as soon as a buy trade is executed.

8.2.9 Failed-trades and Buy-ins

Independent Custody Model (ICM) service providers have the ability to hold client settlement instructions in the event of a discrepancy in trade confirmations or a lack of securities or funding. Instructions on hold exceeding the intended settlement date are subject to delayed settlement fees and ultimately trigger the fail-trade management procedures. The cut-off to receive settlement instructions may vary amongst sub-custodians.

8.2.10 Physical Settlement

All listed securities are dematerialised. Hence, physical settlements are not applicable.

8.2.11 Free of Payment Transfers (FOPs)

- Permitted between portfolio accounts opened under the same Investor ID
- Permitted between the synthetic Investor ID and the new QFI investor ID on completion and submission of the relevant forms to Edaa. The transaction is specific to transferring SWAP positions to the direct ownership of the (QFI) foreign investor
- FOPs are also possible via a 'Special Transaction' subject to provision of documents validating such transfer and subject to approval from the CMA and Edaa

8.3 Investor Protection

8.3.1 CCP Backing

The CCP (Muqassa) took over the responsibility of clearing equity and debt clearing at the Saudi Exchange in April 2023, with several clearing members licensed under the CMA. The CCP implements multiple measures to mitigate settlement failure and default risks.

8.4 Registration

8.4.1 Registration

Registration of listed securities takes place on the settlement date when trades are settled in Edaa. Registration and settlement happen simultaneously – all securities are held in registered form and there are no specific fees for registration

8.4.2 Registration Time

Electronic movement of securities in the SDC, into the buyer's account through book entries, constitutes registration. Securities are automatically registered upon settlement.

8.4.3 Central Securities Depositories

Edaa acts as the Central Securities Depository and is responsible for the deposit, transfer and registration of ownership of securities traded on the Saudi Exchange. The depository and settlement services for treasury bills are provided by the Saudi Central Bank.

8.4.4 BIS DvP Model

The KSA has adopted the BIS DvP Model 3, whereby there is gross transfer of securities and net transfer of cash.

9

Asset Servicing

9.1 Corporate Actions

The Saudi Exchange supports a range of corporate actions, with the most common being cash dividends, bonus issues, rights issues and stock splits. Shareholder eligibility for these events is determined by their settled holdings according to the SDC's records on the record date. Importantly, even shares that are blocked remain entitled to corporate action benefits.

9.1.1 Rights Issues

Following the record date, rights entitlements are deposited into the investor's account. These rights are tradable on the exchange, allowing investors to purchase additional rights. Investors therefore have three options: they can exercise their rights to buy more shares, sell them on the market or allow them to lapse.

After the rights trading period ends, any remaining unsubscribed shares may be offered to investors. This secondary offering, managed by the lead manager, will be at a price set by the issuer and conducted as an institutional bid.

Payment for a rights subscription is due within the subscription period. To subscribe, an investor must complete and submit a subscription form before the deadline. Alternatively, DSSA will accept an MT5XX message as a valid substitute for the physical form.

The crediting of new shares to the client's security account generally occurs seven business days subsequent to the closing date of the subscription period.

9.1.2 Cash Dividends

For cash entitlements, the payment is credited to the investor's designated cash account on the pay date. This account is specified in the dividend mandate within their Portfolio Account (PA) settings.

Income Collection Highlights	
Peak Period	January–March, June–August
Source of Information	Company announcements on the Saudi Exchange website
Entitlement Date	Record date
Entitlement Computation	As per the close of business on record date
Pay Date	As announced by the issuer, typically 7 to 10 days after announcement date
Income Claims	Fully managed by the Tadawul with no requirement of CMI intervention. However, disagreements may be taken up separately with the Edaa/ Issuer, as the case may be

9.1.3 Stock Dividends (Bonus)/ Stock Splits

For stock entitlements from events like stock splits or dividends, the SDC credits the additional shares to the shareholder's account(s) on the pay date, where they are immediately visible.

9.1.4 Corporate Action Notifications

The Saudi Exchange operates a dedicated online portal, Tadawulaty, to support investors and issuers with asset servicing and corporate actions. While official corporate action notices are published in the announcements section of the Saudi Exchange's main website, investors may also find information through these secondary sources:

- The Capital Market Authority (CMA) website
- Company announcements in local newspapers
- Data vendor feeds

Please note that DSSA relies exclusively on the Saudi Exchange as its primary and official source for client notifications.

9.1.5 Equities

Investor Account Setup: Upon opening a depository (SCC) account, investors must designate a single cash account (typically with their custodian/ broker) for all dividend receipts. This is done by providing their IBAN. Important: Even if an investor uses multiple brokers, all dividends will be consolidated and paid into this one designated account.

9.1.6 Bonds

Bond coupons and redemption proceeds are paid out like dividends. The issuer or its agent distributes them either by cheque, electronic transfer (SARIE) to your designated bank account or through the depository.

9.1.7 Central Paying Agent

Tone Notwithstanding that Tadawul does not serve as the central paying agent, Edaa commenced offering a Paying Agent Service in July 2019. Consequently, issuers now have the option to delegate dividend payment operations to Edaa.

9.1.8 Income Payment Procedure

Payments do not have a fixed market date. You can generally expect to receive your entitlement 7–10 business days after the announcement. The funds will appear in your cash account once cleared funds are received from the company's paying agent.

9.2 Proxy Voting

Proxy Voting Highlights	
Peak Season – AGM	January–March, June–August
Eligible Securities	Ordinary shares
Notification Source	Company announcements on the Saudi Exchange website
Notice Period	Notice is given at least 21 days prior to the meeting date
Eligibility Date	Date of the EGA (Extraordinary General Assembly of Shareholders)
Eligibility Computation	Date of the EGA
Blocking of Shares	No
Re-registration	Not applicable since securities are all held in scripless form
Voting Method	In person, via an appointed proxy or online
Voting Restriction	Local banking entities are not permitted to vote the shares of other local banks
Split Voting	No
Meeting Results	Listed companies inform the Tadawul as soon as the outcome is made available and the results are posted on the Saudi Exchange website

DSSA can grant client access to Tadawulat in order to facilitate proxy voting.

9.2.1 Extraordinary General Assembly of Shareholders (EGA)

Listed companies are required to convene a General Assembly, commonly known as an Annual General Meeting (AGM), annually. This meeting must be held within six months following the end of the company's financial year.

9.2.2 Voting Procedures

Proxy Voting Guidelines for Investors:

- Eligibility of Proxy: The appointed person must:
 - Be a shareholder of the company
 - Hold a valid civil registration (national ID)
 - Not be an employee or board member of the company

- Authorisation Process:
 - A Power of Attorney (POA) must be granted specifically for the meeting
 - The POA must be notarised and/ or authorised by the Consulate
 - Supporting documents may be required
 - The completed POA must be submitted at least 3 days prior to the meeting
 - Digital Alternative for QFIs:
 - Qualified Foreign Investors (QFIs) can avoid the POA process by having their Custodian register and vote on their behalf via Tadawulaty(the Saudi Exchange's online voting platform) or request their custodian to provide access to the investor in Tadawulaty

9.2.3 Notifications

Companies must announce their general meetings at least 20 days in advance. Notifications must be published on the Tadawul platform, the company's own website and in two major newspapers. Shareholders holding a 5% stake or more have the right to add items to the meeting's agenda. While the official agenda must be published in Arabic, most large companies also provide an English translation.

9.2.4 Publication of Outcome of the Meeting

The company must submit the meeting minutes to the Capital Market Authority (CMA) within 10 days and immediately notify the Saudi Exchange of the General Assembly's outcomes.

10

Tax Aspects

Duties and Tax	
Withholding tax on cash dividend and income from debt instruments	5% for non-residents
Capital gains	Not applicable
Stamp duty	Not applicable
Value Added Tax	15% subject to service provider treatment
Other taxes	Not applicable

10.1 Double Taxation Treaties (DTTs)

To avoid double taxation, Saudi Arabia has established tax treaties with many countries, following the OECD model. These treaties often lower the standard withholding tax rates on cross-border payments like dividends, interest and royalties.

For a definitive list of countries with active treaties, please consult the official source: the Zakat, Tax and Customs Authority (ZATCA) at: <https://zatca.gov.sa>

10.2 Tax Relief at Source and Tax Reclaims Procedure

While investors may be eligible for tax relief or reclaims, they must consult their local tax advisors. DSSA does not offer tax advisory or related services.

APPENDIX

1

Local Time and Holiday List for 2025

Please be advised of the following for our Saudi Arabia operations:

- The time zone is GMT+3 and does not change for daylight saving
- The work week is Sunday to Thursday, with Friday and Saturday off
- Standard working hours are from 9 am to 5 pm
- During Ramadan, working hours are shorter. We will share the specific schedule for Ramadan closer to the time

Date	Day	Description	DSSA	Tadawul	Saudi Central Bank
February 23	Sunday	Founding Day	✓	✓	✓
March 30–April 2	Sunday–Wednesday	Eid-Al-Fitr*	✓	✓	✓
June 5–June 10	Thursday–Tuesday	Eid-Al-Adha*	✓	✓	✓
September 23	Tuesday	Saudi National Day	✓	✓	✓

*Subject to official announcement by the Saudi Exchange



Glossary of Acronyms

AGM	Annual General Meeting	KSA	Kingdom of Saudi Arabia
CCP	Central Clearing Counterparty	Muqassa	The Central Clearing house for the Saudi Exchange
CGT	Capital Gains Tax	OTC	Over The Counter
CMA	Capital Market Authority	PA	Portfolio Account
CMI	Capital Market Institution. An institution licenced by the CMA to provide a capital market service including Brokerage, Custody, Investment Banking and wealth Management	POA	Power of Attorney
CML	Capital Market Law	QFI	Qualified Foreign Investor
CSD	Central Securities Depository	RTGS	Real Time Gross Settlement
DBAG	Deutsche Bank AG Riyadh Branch	SAR	Saudi Arabian Riyal
DSSA	Deutsche Securities Saudi Arabia	SARIE	Saudi Arabian Riyal Interbank Express
Edaa	Saudi Securities Depository Centre	Saudi Exchange	Saudi Arabia Stock Exchange
EGA	Extraordinary General Assembly	SD	Settlement Date
FPM	Foreign Portfolio Manager	SDC	Securities Depository Centre, also known as Edaa
GCC	Gulf Cooperation Council	SOCPA	Saudi Organisation for Certified Public Accountants
IBAN	International Bank Account Number	Tadawul	The market group company consisting of the Exchange, the depository Centre and the clearing house
Investor ID	The Unique identification number of an Investor in the local market. Replaces the previously used “NIN”	TASI	Tadawul All Share Index
IOSCO	International Organization of Securities Commissions	TD	Trade Date
IPO	Initial Public Offering	VD	Value Date
		WHT	Withholding Tax
		ZATCA	Zakat, Customs and Tax Authority
		SDRs	Saudi Depository Receipts
		SPACs	Special Purpose Acquisition Companies



Contact Details and Licences

Address	Contacts
Deutsche Securities Saudi Arabia Al Faisaliah Tower, 17th Floor P.O. Box: 301809	Email: info_dssa@list.db.com Phone: +966 11 237 9700 SWIFT: DEUTSARACUS

Licences
Deutsche Securities Saudi Arabia (DSSA) is a Capital Market Authority (CMA)-licensed financial institution (Licence No. 37-07073), authorized for dealing, arranging, advising and custody activities. Since commencing operations in January 2008, DSSA is also certified by Edaa to provide custody services under the Saudi market's independent custody model.

