

Saudi Tadawul Group rolled out a bundle of enhancements to develop post trade infrastructure, supporting the continuous development of the Saudi capital market into a technologically advanced, diverse and integrated capital market

WHAT

Saudi Tadawul Group launched a bundle of enhancements to develop the post trade infrastructure.

The enhancements are the largest in the history of the Saudi capital market and intend to provide investors with increased investment opportunities and access to a diverse range of financial instruments and new products

WHY

As part of Saudi Tadawul Group's ongoing commitment to innovation and alignment with international best practices, this new wave of enhancements further supports the continuous development and advancement of the Saudi capital market.

How do these enhancements benefit the Saudi capital market?

01

Facilitate the development of new and innovative products and services



02

Diversify offerings and investment opportunities available to local and foreign investors



03

Improve the Saudi capital market's infrastructure as they aim to reduce systemic risks and enhance market efficiency



04

Contribute to market stability by proving an improved governance and regulatory framework to ensure seamless and secured post-trade activities



05

Create an attractive investment environment conducive to the needs of domestic and international investors



06

Increase the attractiveness of the Saudi capital market among international investors by aligning the Saudi capital market with international markets best practices



Several new market infrastructure enhancements

The Group and its subsidiaries will capitalize on the benefits of these enhancements to deliver best-in-class services and financial instruments to local and international investors creating an attractive investment environment.

Saudi Exchange

Several enhancements including the introduction of a **more efficient handling of order flow by market participants**, such as an enhanced mechanism for short selling activities, which provides an efficient and dynamic mechanism for market participants.

Further enhancements include:

- Buy-in trades executed at the Exchange and settled on the same day (T+0)
- Investors will now benefit from a flexible settlement cycle for Negotiated Deals, allowing buyer and seller to agree on a settlement cycle from T+0 to T+5 based on their deal requirements
- Additional flexibility in the trading experience and settlement cycles for securities traded over-the-counter

Muqassa

Several key enhancements including the **extension of clearing services** to cover all securities traded on Saudi Exchange to adopt a more comprehensive risk framework and to facilitate the introduction of new products and services.

Further enhancements include:

- Enabling Capital Market Institutions (CMIs) and banks to benefit from an enhanced degree of clearing service offering Muqassa membership
- Extended post-trade services
- Adoption of a comprehensive risk management framework

Edaa

Several key enhancements including the **introduction of a new central securities depository system and post-trade services**, in alignment with international standards, to enhance the experience for CMIs, custodians, settlement agents and investors.

Further enhancements include:

- Straight-through processing of ISO 15022 messaging
- Daily and ad-hoc reconciliation and reporting of participants

"The introduction of these new enhancements will further support our aim to develop a technologically advanced capital market on a par with global capital markets. The new enhancements will allow us to not only expand our offering but also strengthen our connectivity and respond to the rapid changes in international financial markets. As we continue to address both local and international investors' needs, we are continuously reinforcing the Saudi capital market's position as an attractive global investment destination."

Eng. Khalid Al-Hussan,
CEO of Saudi Tadawul Group

Saudi Exchange

Saudi Exchange introduced new enhancements that provide the Saudi capital market with an efficient and dynamic mechanism for market participants.

These enhancements are part of the Exchange's commitment to provide market participants with diverse and advanced investment opportunities that will strengthen the Saudi capital market's position as a global market leader and enhance its attractiveness as an investment destination.

A key enhancement is the introduction of a more efficient handling of order flow by market participants, such as an enhanced mechanism for short selling activities. This includes the introduction of a short selling order flagging mechanism and the ability to short sell without having the securities in an account upfront provided an SBL agreement is in place. The changes of covered short selling will strengthen the Exchange's position as a global markets leader and enhance the attractiveness of the Saudi capital market for regional and international investors.

"As one of the largest exchanges in the world and one of the largest among our emerging market peers, we have a responsibility to uphold international standards and implement global best practice. We are proud to upgrade the investor experience on the Exchange by continually advancing the product and service offering, as we strive to raise the bar for the benefit of all market participants."

Mohammed Al Rumaih,
CEO of Saudi Exchange

Saudi Exchange enhancements:

01

The introduction of a more efficient handling of order flow by market participants, such as an enhanced mechanism for short selling activities.



02

Buy-in trades executed at the Exchange and settled on the same day (T+0)



03

Investors will now benefit from a flexible settlement cycle for Negotiated Deals, allowing buyer and seller to agree on a settlement cycle from T+0 to T+5 based on their deal requirements



04

Additional flexibility in the trading experience and settlement cycles for securities traded over-the-counter



Muqassa, the clearing house of Saudi Tadawul Group, is extending clearing services to complement the Exchange traded derivatives clearing services launched in 2020 by covering equities, sukuk and bonds, and traded funds markets to adopt a more comprehensive risk framework and facilitate the introduction of new products and services for clearing members.

These latest enhancements not only promote growth on the Saudi capital market by enabling new products and services for investors but also further align it with international securities clearing standards.

Capital Market Institutions (CMI) & banks will benefit from an enhanced degree of clearing service offering, enabling them to select the model that best fits their business alongside enhanced services provided by Muqassa.

“The extension of our clearing services marks an important step forward for us as a company and for the Group. Our enhanced offering will support our goal to protect the integrity of the Saudi capital market and facilitate the introduction of new products and services for clearing members. We look forward to enforcing clearing services for all securities traded on the Exchange, which will enable us to further foster financial stability.”

Wael Al-Hazzani,
CEO of Muqassa

Muqassa enhancements:

01

Extension of clearing services to cover all securities traded on the Saudi Exchange



02

Enabling Capital Market Institutions (CMI) and banks to benefit from an enhanced degree of clearing service offering Muqassa membership



03

Extended post-trade services



04

Adoption of a comprehensive risk management framework



Edaa will provide a more sophisticated post-trade infrastructure and a wide range of securities services by introducing new enhancements including the new central securities depository system, in alignment with international standards, to enhance the experience for capital market institutions (CMIs), custodians, settlement agents and investors, and attract more investors to the market.

This new system improves the Saudi capital market operations and enhance market efficiency.

This new central securities depository system supports the Group's transformation agenda by offering innovative services and creating strong links with global depository centers.

"As the Saudi capital market's depository center, we welcome the opportunity to introduce a new central securities depository system that provide a more sophisticated post-trade infrastructure and strengthen our links with global depository centers and a wide range of securities services for participants in the Saudi capital market to further boost the attractiveness of the Exchange for local and international investors."

Raed Al-Humaid,
CEO of Edaa

Edaa enhancements:

01

Introduction of a new central securities depository system and post-trade services



02

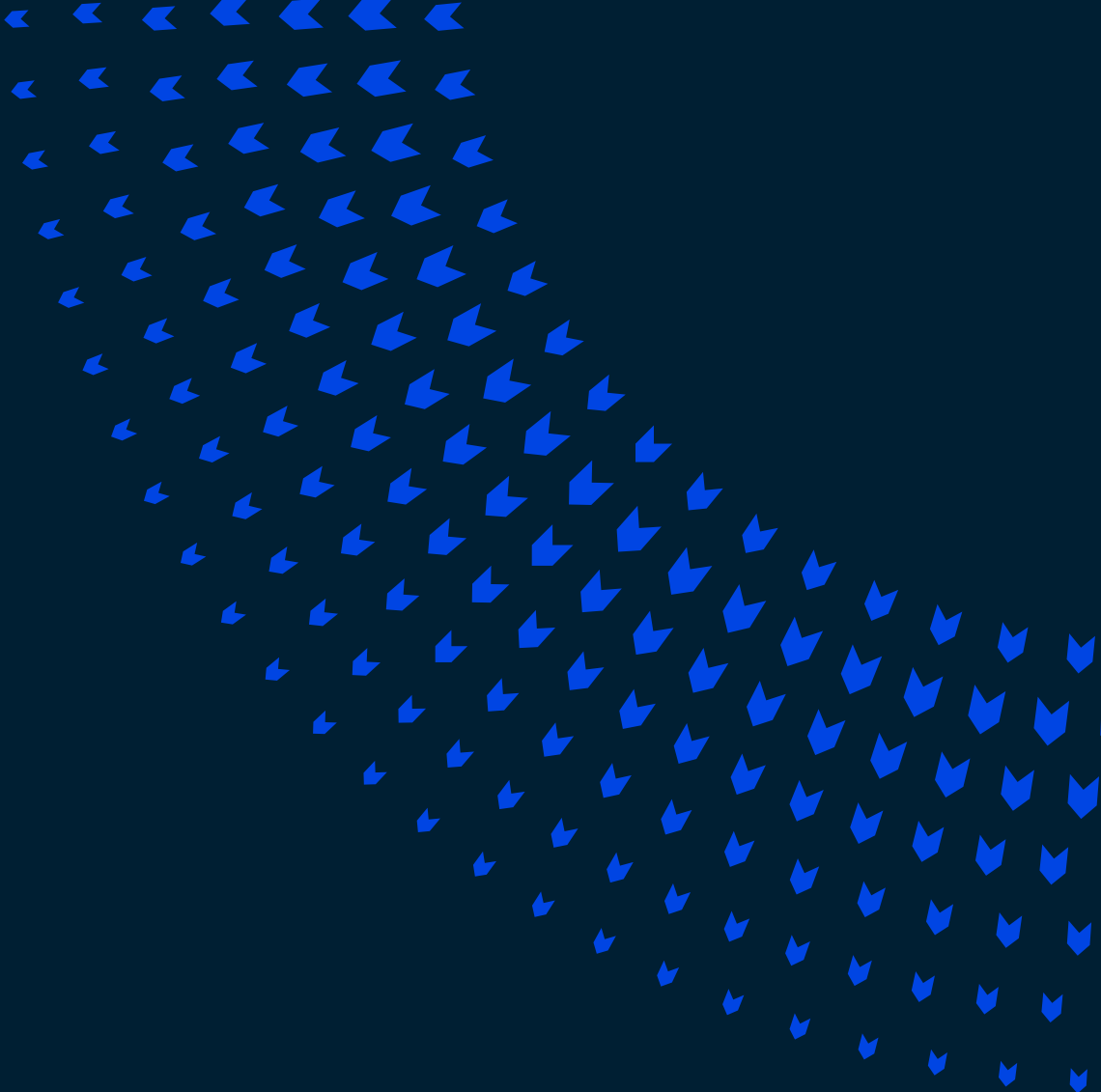
Straight-through processing of ISO 15022 messaging



03

Daily and ad-hoc reconciliation and reporting of participants





To learn more, visit our website
or scan the QR code below:

