

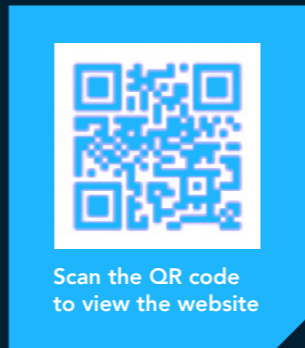


The Securities Clearing Center Company "Muqassa"

Muqassa is one of the key pillars of Saudi Arabia's Financial Sector Development program (FSDP), where it plays a significant role in developing market infrastructure to enhance market efficiency and is essential for the development of new products and services in the Saudi Capital Market.

"Muqassa is propelling the Group's strategic progress and financial success. We have unlocked value by introducing new products like SSO and IRS clearing, expanding the debt market, and enhancing post-trade infrastructure. In line with the Saudi's ambitious Vision 2030 and FSDP goals, we maintain stability and deliver high-quality clearing services. Recognized as the Best Clearing House in MENA, we strive for regional financial hub status and expanding partnerships. Looking forward, we aim to continue accelerating growth, optimizing risk management, and solidifying our position as a global player in the MENA region."

Mr. Wael Al-Hazzani
CEO, Muqassa



Scan the QR code to view the website

Ownership
100%
Owned by the Saudi Tadawul Group

Paid up share capital
SAR 600 million

Number of shares
60 million
(SAR 10 each)

Location
Kingdom of Saudi Arabia, Riyadh



Vision
To be a leading clearing house that fosters financial market stability.

Mission
To provide reliable, efficient and innovative clearing services.

Accelerating Growth and Innovation

Muqassa, the Securities Clearing Center Company, played a pivotal role in advancing the strategic progress and financial success of the Group in 2023. Beyond the successful launch of clearing Single Stock Options (SSO), Muqassa initiated strategic initiatives to introduce new products and services, including clearing interest rate swaps (IRS) and over-the-counter derivatives (OTCD). These strategic moves contributed significantly to diversifying the Group's offerings, fostering financial growth and innovation.

Fully aligned with the Saudi's ambitious Vision 2030 and the goals of the Financial Sector Development program (FSDP), Muqassa continued to make tangible contributions to the realization of the Saudi vision and the Group's strategic objectives. Throughout the year, Muqassa demonstrated stability and consistency in its organizational, structural, and strategic frameworks, successfully maintaining its established service structure focused on delivering high-quality clearing services.

Progress and Performance

Muqassa welcomed three new members during 2023, with nine members joining different markets. The newly onboarded members include Riyadh Bank, Musharaka Capital, and Sahn Capital Financial Company, which also extended their participation to the Cash market. In Derivatives, Riyadh Bank, Albilad Bank, Albilad Capital, and Riyadh Capital became new members. Additionally, in the Repo market, Riyadh Bank, anb, and BSF joined as new members.

Key activities and services

Central counterparty clearing services for all cash markets securities traded on the Saudi Exchange (equities, Sukuk and bonds, ETFs, REITs).

Central counterparty clearing services for all cash markets securities traded on Derivatives market.

Repo clearing services.

Muqassa in 2023

39
Members

Settlement performance highlights

100%
Settlement ratio

99.91%
Average settlement ratio on intended settlement day (ISD)

0.72%
Fails Management ISD+1 to ISD+8

Muqassa (continued)

In line with Muqassa’s commitment to innovation and its continuous efforts to enhance the financial market’s infrastructure and offerings, it introduced SSO in line with the Saudi Exchange’s efforts to expand the Derivatives market, marking Muqassa’s third derivatives product besides futures contracts for the MT30 index and Single Stock Futures (SSF) contracts. SSO contracts are cleared and settled by Muqassa, in line with international best practices. This launch marked a notable expansion in Muqassa’s service offerings, unlocking value by catering to more diverse market demand, while strengthening the efficiency of the Saudi Capital Market.

Muqassa implemented a bundle of enhancements to its repurchase agreement (repo) clearing services. These steps were designed and implemented to improve its financial offerings, benefit Muqassa’s members and bolster the infrastructure of the Saudi Capital Market.

Promoting the development of the debt market, Muqassa enabled cash market members to provide non-cash collateral, in the form of SAR-denominated Saudi Government Sukuk

holdings. It also increased the composition limit for assets accepted as non-cash collateral in the cash market to up to 20% and extended maturity dates to up to 10 years.

Muqassa completed a third-party assessment to ensure alignment with the Principles for Financial Market Infrastructures, which are international standards set by the Committee on Payments and Market Infrastructures (CPMI) and the International Organization of Securities Commissions (IOSCO).

Engagement and Recognition

During 2023, Muqassa also remained steadfast in maintaining its existing MoUs with GCC countries and Egypt, focusing on leveraging and activating these agreements to foster continued collaboration and mutual benefits.

Muqassa continued to enhance member experience and engagement by conducting multiple site visits with members and implementing a range of improvements as part of phase 2 of its Post Trade Technology Program (FTTP), ensuring comprehensive communication and awareness of enhancements among its members.

Muqassa was among 31 global central counterparty clearing (CCP) houses to participate in the international default simulation organized by the Global Association for Central Counterparties (CCP Global) to test the default management framework.

In recognition of its unique proposition and contributions to the regional financial sector, Muqassa was honored with the prestigious Best Clearing House in the MENA Region award by the Arab Federation of Capital Markets (AFCM).

It also successfully obtained ISO 9001:2015 certification, reflecting its enduring commitment to high quality and operational standards.

Muqassa in 2024

The year ahead will see a range of exciting initiatives and advances for Muqassa, creating additional value for the Group and its Stakeholders. One key focal point will be advancing the Post Trade Technology Program (FTTP) to optimize post-trade processes and enhance risk management efficiency, in terms of trading limits for the derivatives market. This includes pioneering an innovative service for local banks to domestically clear SAR-denominated interest rate swaps (IRS), enabling a multi-asset clearing engine, and aligning with global best practices.

Muqassa will actively pursue new agreements and partnerships, both regionally and globally, to enhance its collaborative footprint and strengthen its position in the international financial landscape.

These concerted efforts will see Muqassa accelerate its evolution from a national champion to a regional financial hub for clearing for the MENA region, gradually expanding its capabilities to clear non-domestic products across diverse asset classes primarily traded on the Group’s trading platforms.

New enhancements on repo clearing services include:



Segregated position account



Email notification



Update order entry screen



Price decimal change



Specifying New user roles



Making and checking

