



# Subsidiaries

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**Driving innovation and growth across key sectors, the Group solidifies its position as the investment destination of choice within the region.**

## تداول السعودية Saudi Exchange

Saudi Exchange Company "Saudi Exchange"



Scan the QR code to view the website

**Saudi Exchange, as one of the top 10 capital markets globally, contributes to laying the foundations for the growth and development of the Saudi capital market, offering a world-class infrastructure that protects market participants and meets the expectations of various local and international stakeholders through its tailored services.**

"Proudly standing as a global leader, Saudi Exchange has navigated challenges with resilience and innovation. We have solidified our position among the largest and most dynamic markets globally and have navigated complexities, introducing strategic initiatives like Single Stock Options and market making, contributing to the vibrancy of our capital market. The launch of new indices, products, and services, coupled with successful partnerships, underscores our commitment to excellence. Our focus remains on enhancing liquidity, diversifying offerings, and fostering a dynamic and inclusive financial ecosystem, in line with the Kingdom's ambitious economic vision."

**Mr. Mohammed Al-Rumaih**  
CEO, Saudi Exchange



**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**  
Shaping what comes next in capital market development in Saudi Arabia, by providing best-in-class financial instruments across all asset classes, supported by a strong, innovative and technologically advanced market infrastructure.

**Mission**  
Providing markets that are reliable, resilient, transparent, and efficient. Protecting market participants and offering tailored services that are attractive to domestic and international Stakeholders.

**Accelerating Growth and Innovation**  
During a memorable year of strategic progress, outstanding achievements and noteworthy milestones, Saudi Exchange solidified its position among the largest and most dynamic capital markets globally.

Despite the challenging and dynamic market in 2023, including rising interest rates, macro-economic and geopolitical challenges, Saudi Exchange demonstrated its strength and excellence and distinguished with innovative solutions and diverse services, effectiveness and efficiency of its employees and technologies. These collective efforts exhibited flexibility in its corporate culture and contributed to creating added value for all stakeholders.



- Key activities and services**
- Providing listing services.
  - Providing order matching and trading services.
  - Providing market information and indices services.

Maintaining strategic focus while supporting Stakeholders to adapt to evolving market realities, the Saudi Exchange delivered solid growth in volumes and market capitalization across its markets, while attracting new IPOs and listings, and launching new indices, products, and services, marking another highly successful year in contributing to the ambitions of the Group.

## Saudi Exchange (continued)

### Creating Value for Saudi Tadawul Group

Saudi Exchange remains at the heart of the “Create an advanced capital market” objective within the Financial Sector Development program (FSDP) of the Saudi’s ambitious Vision 2030.

The FSDP plays a crucial role in shaping Saudi Arabia’s financial sector and offering diverse investment opportunities into the Kingdom. The Saudi Exchange acts as a key facilitator, enabling foreign institutional investors to participate in the growth journey of Saudi capital market.

In 2023, the Saudi Exchange made significant progress in expanding and advancing its offering, introducing Single Stock Options and implementing a Market Making framework for equity and derivatives, contributing to fostering a vibrant capital market and cultivating a robust risk management culture.

Committed to ongoing improvements, the Saudi Exchange enhanced its trading infrastructure to make the Saudi Capital Market more efficient and attractive. These enhancements, such as changes to closing price calculations, introducing features like cancel-on-disconnect order flagging, and providing services tailored for high-frequency traders (HFT) and Market Makers, demonstrate the Saudi Exchange’s dedication to advanced trading services.

Additionally, the inclusion of a request for quotes (RFQ) service for negotiated deals, along with improvements to debt market fluctuation limits and order types, underscores the Saudi Exchange’s efforts to refine microstructural elements.

Moreover, the development of index benchmarks and detailed datasets, including real-time full order book information, supports the complex benchmarking and data requirements of foreign institutional investors, making investment in the Kingdom’s capital markets more attractive.

Collectively, these initiatives showcase Saudi Exchange’s multifaceted approach to enhancing market dynamics and promoting investment opportunities within the Kingdom.

### Growing Volumes and Market Capitalization in 2023

Overcoming market challenges, TASI increased in 2023 by 14.21% compared to year-end 2022, driven by the energy industry, which impacted TASI by 278.62 points or 18.71%, banks with 233.99 points or 15.71%, and utilities with 211.40 points or 14.20%.

Traded value decreased by 21.95% during 2023 as a result of global economic implications, specifically high interest rates impacting capital market liquidity. Overall market capitalization increased by 14.07% and the number of trades showed positive growth, rising 6.91% for the year.

### Saudi Exchange in 2023

**51**

New listings

**72%**

of total GCC market value

**4**

New indices launched

**11,307.67**  
SAR billion

Market capitalization

Main Market and Nomu  
- Parallel Market

**+593%**

in derivatives volume

**+76%**

in derivatives value

**+30%**

ESG reporting by issuers

In 2023, Saudi Exchange onboarded three Market Makers for eight different securities.



Saudi Exchange (continued)

CANADA  
USD 2.91 trillion

US  
USD 50.47 trillion

UK  
USD 3.09 trillion

GERMANY  
USD 2.41 trillion

FRANCE  
USD 3.27 trillion

SWITZERLAND  
USD 2.10 trillion

The Saudi Exchange maintained its ninth position among World Federation of Exchanges (WFE) members in terms of market value, and ranked 8<sup>th</sup> among countries' stock exchanges, contributing approximately 72% to the total market value of GCC countries.

CHINA  
USD 9.54 trillion

JAPAN  
USD 6.24 trillion

INDIA  
USD 4.20 trillion

HONG KONG  
USD 4.73 trillion

AUSTRALIA  
USD 2.07 trillion

The Exchange sees strong expansion in market capitalization to GDP ratio across emerging markets.

Globally

HONG KONG: **1,226%**  
 SAUDI ARABIA: **281%**  
 SWITZERLAND: **229%**  
 US: **187%**  
 JAPAN: **147%**  
 CANADA: **137%**  
 AUSTRALIA: **125%**  
 INDIA: **113%**  
 FRANCE: **107%**  
 UNITED KINGDOM: **93%**  
 CHINA: **54%**  
 GERMANY: **54%**

Middle East

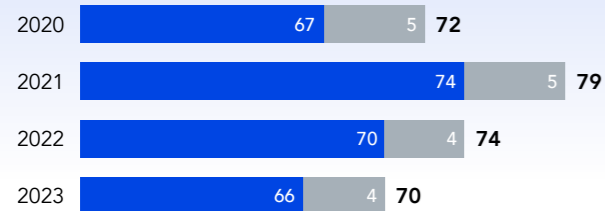
SAUDI ARABIA: **281%**  
 ABU DHABI: **146%**  
 BAHRAIN: **122%**  
 QATAR: **71%**  
 KUWAIT: **81%**  
 DUBAI: **31%**  
 MUSCAT: **21%**

**The Saudi capital market ranks 8<sup>th</sup> globally by Market Cap**



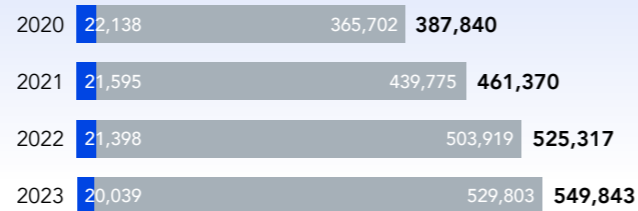
## Saudi Exchange (continued)

### Number of Listed Corporate and Government Sukuk and Bonds



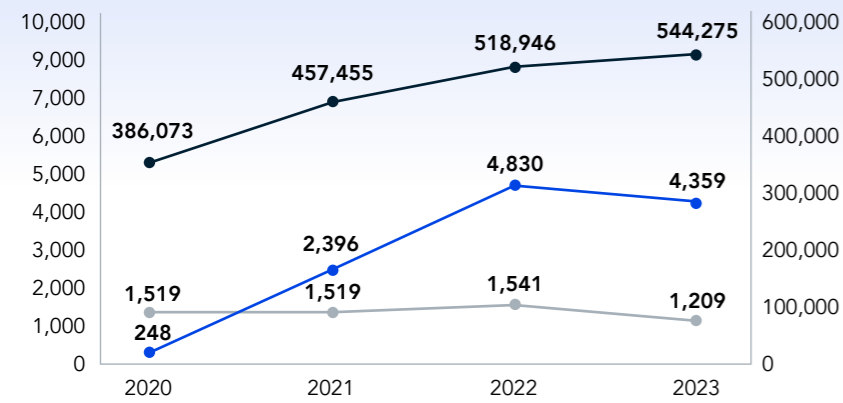
● Listed Government Sukuk and Bonds  
● Listed Corporate Sukuk and Bonds

### Amount of Listed Issuance for Corporate and Government Sukuk and Bonds (SAR million)



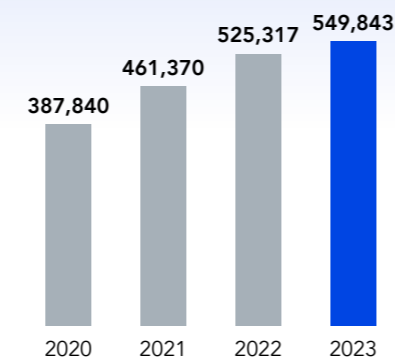
● Listed Government Sukuk and Bonds  
● Listed Corporate Sukuk and Bonds

### Amount of Holdings and Trading per Nationality for Listed Corporate and Government Sukuk and Bonds (SAR million)



● Saudi ● GCC ● Foreign

### Total Amount of Holdings and Trading for Listed Corporate and Government Sukuk and Bonds (SAR million)



### New Listings and Launches

In another landmark year for Saudi Exchange, there were a total of 51 new listings, including 9 listings in Main Market (including Funds: one listing in REITs and one listing in ETFs), 35 new listings in Nomu – Parallel Market, and 5 Corporate and Government Sukuk and Bonds listings. In addition to two companies that moved from Nomu to the main market.

The biggest listings of the Main Market in 2023 were ADES Holding, with the market cap of SAR 15 billion, and SAL Logistics with a market cap of SAR 9 billion. While on the Nomu Market, ARMAH with the market cap

of SAR 0.92 billion, and BALADY with a market cap of SAR 0.60 billion.

A significant development in 2023 was the launch of four new indices by Saudi Exchange, including Large, Mid, Small Cap Indices, and the IPO Index. This strategic move positions the exchange as a key index provider in the region, catering to the needs of both local and foreign investors. By introducing size indices that reflect the market's composition, it aims to provide a balanced representation of the market and offer investors a diverse range of investment opportunities. Meanwhile, the IPO Index will enable investors to participate in the growth potential of

new and rapidly expanding companies listed on the Main Market.

Simultaneously, the Saudi Exchange introduced size indices that accurately show how the market is made up. These indices give investors a clear picture of the market, opening up more investment opportunities. The IPO Index, in particular, allows investors to get involved in the growth of new and quickly growing companies listed on the Main Market. These indices are also important benchmarks for investment products, giving both local and foreign investors access to and advantages from the lively and growing capital market.

Following the publication of Market Making Rules and Procedures for the first time in 2022, progress in this key area continued into 2023, with the signing of eight Market Making Agreements with three key Market Makers: Riyadh Capital, Al Rajhi Capital and SNB Capital.

Reflecting the Saudi Exchange's dedication to diverse and inclusive market practices, Single Stock Options contracts were introduced in late November. This top-of-the-line derivatives product shows a lot of potential for making the market more diverse.

All these developments highlight Saudi Exchange's promise to create a dynamic and diverse market.

## Market Performance

### Number of Listed Securities

#### Main Market

**231**

(Including 18 REITs)

#### Nomu – Parallel Market

**79**

(Including 1 REIT)

#### REITs

**19**

(18 in Main Market, 1 in Nomu Market)

#### CEFs

**2**

#### ETFs

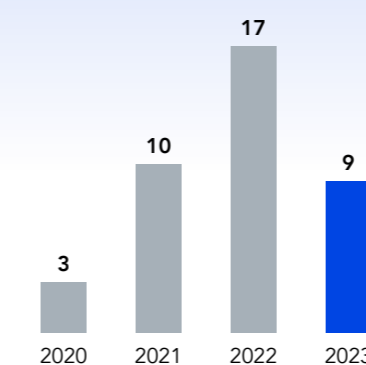
**8**

#### Sukuk and Bonds

**70**

(4 Corporate Sukuk & 66 Government Sukuk)

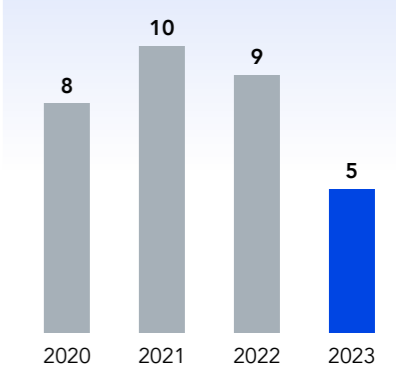
### Number of New Listings in Main Market



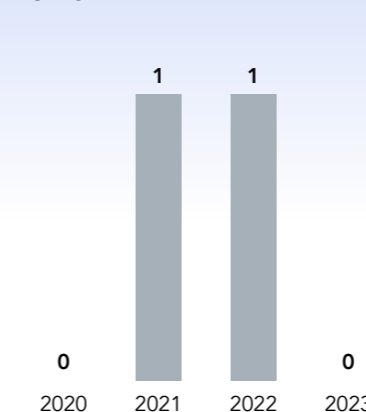
### Number of New Listings in Nomu – Parallel Market



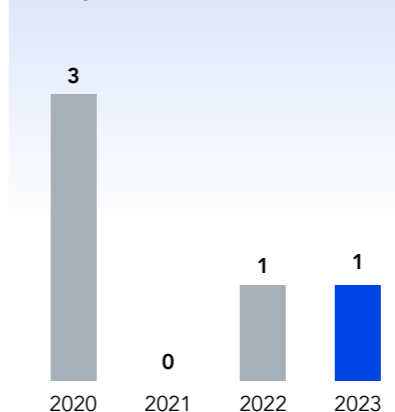
### Number of New Sukuk Listings



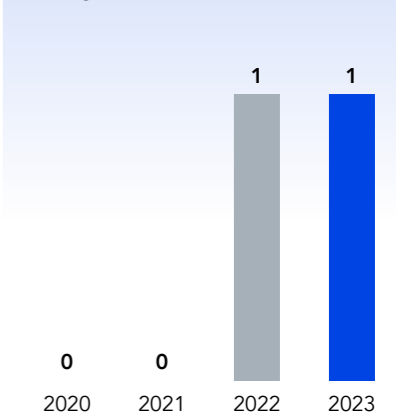
#### CEFs



#### ETFs



#### REITs



## Saudi Exchange (continued)

### Capital Raised (SAR)

Year	2020	2021	2022	2023	Comments
Main Market	5,254,440,000	17,179,160,744	37,512,544,092	11,896,810,330	Including funds
Nomu – Parallel Market	180,000,000	1,893,469,550	1,289,992,376	1,094,356,424	
Tradable Rights	5,646,768,800	2,234,500,000	11,995,284,640	2,885,000,000	

### Market Cap (SAR)

Year	2020	2021	2022	2023	Comments
Main Market	9,101,812,814,628	10,009,151,361,041	9,878,101,398,976	11,259,319,837,837	Including REITs
Nomu - Parallel Market	12,179,300,000	19,025,273,000	35,085,565,047	48,297,238,173	Including REITs
CEFs	-	409,930,345	850,324,747	1,220,698,437	
ETFs	1,608,258,900	1,597,731,800	1,503,387,900	644,772,260	
Sukuk/Bonds	387,840,399,020	461,370,215,860	525,316,925,120	549,843,238,000	Issuance size



### Building Strength through New Partnerships

In 2023, Saudi Exchange signed four new agreements and partnerships with regional and international entities to support the Group’s strategic goals and ambitions.

**Saudi Venture Company (SVC)** – to stimulate investment in early pre-IPO stage specialist funds that are managed by financial institutions in the private sector.

**Ministry of Economy and Planning and Capital Market Authority (CMA)** – to drive the sustainable development and long-term success of the Kingdom’s capital market through collaboration across three main areas: the development of a Saudi ESG taxonomy; the development of a national ESG disclosure framework for listed companies, infrastructure companies and capital market institutions in Saudi Arabia; and promoting awareness of ESG among investors and companies in Saudi Arabia.

**National Center for Environmental Compliance** – to collaborate with the national center on different topics related to environmental topics. In addition to that, to conduct mutual workshops to raise awareness about environmental issues and how to mitigate these issues.

**e& enterprise** – to establish a cooperative relationship focused on developing and encouraging joint sustainability efforts and supporting listed companies in the Saudi Capital Market to disclose their ESG practices.

### Cash Market

Saudi Exchange’s Cash Market witnessed a remarkable journey of growth and innovation, marked by strategic advancements and a keen focus on enhancing its market products and services.

At the heart of its success was a dedicated effort to the development and evaluation of its products and services, ensuring seamless alignment with the overarching strategy to drive engagement and revenue growth. This strategic approach was particularly evident in the development and enhancement of the cash markets products and services, highlighting a deep understanding of market needs and future trends.

One of the pivotal moments of the year was the on-boarding of Market Makers on the Equity and Derivatives Markets. This crucial step revolutionized the market dynamics, injecting much-needed liquidity and enhancing overall market efficiency. Concurrently, the Saudi Exchange introduced specialized services tailored for Market Makers and high-frequency trading (HFT) clients. Features like drop copy and cancel-on-disconnect flagging became game-changers, fostering a substantial increase in algorithmic trading and HFT activities on the Saudi Exchange.

Highlighting its approach to global outreach, the first Chinese member in the cash market was welcomed in 2023, emphasizing its collaborative approach to market participation.

2023 was also a year of significant microstructural market enhancements. The introduction of Market Orders in the Debt Market and the implementation of static fluctuation limits were like the first few notes of a symphony, leading to a more efficient and stable debt market. The introduction of a mid-point closing mechanism for Debt and ETFs added another layer of sophistication, ensuring a more accurate and fair closing price mechanism.

The Equity Markets were not left behind. The removal of the normal trade threshold on main market securities and the introduction of HFT services, such as Drop Copy and Cancel-On-Disconnect order types, were like crescendos, elevating the experience. Furthermore, the introduction of a request for quote functionality opened up new possibilities for negotiated deals, adding a new dimension to market transactions.

These enhancements during the year – be it in liquidity or market efficiency – were key stepping stones in its journey towards a more vibrant and robust market, setting the stage for further development of the Equity Market through microstructural enhancements and the evolution of the Debt Market through liquidity enhancement services in the years ahead.

Saudi Exchange (continued)

# Launching Market Makers Case Study

## Enhancing Liquidity in the Cash Market

In December 2022, Saudi Exchange announced the approval of Market Making Regulations and Procedures by the Capital Market Authority’s Board, marking the introduction of a Market Making framework for Equity markets. This strategic move was aligned with the Saudi Exchange’s efforts to enhance liquidity and improve price formation efficiency, embodying the ambitious goals of the Saudi’s ambitious Vision 2030. The challenge was to invigorate the Saudi Capital Market, aligning it with global best practices, and ensuring robust liquidity and efficient price formation in the market.

To tackle this challenge, Saudi Exchange implemented a comprehensive market making strategy. Market Makers, who are required to be exchange members, were incentivized through discounted trading commissions, provided they adhered to a set of obligations defined by the Saudi Exchange. The Saudi Exchange categorized all listed Equities in the Main Market and Nomu – Parallel Market into different liquidity groups, imposing varying obligations based on the security’s liquidity level.

Market Makers played a pivotal role in enhancing liquidity by continuously sending buy and sell quotes during trading sessions, thereby improving price formation and availability of liquidity. This framework opened opportunities for issuers to enhance their security’s liquidity and for both local and international Market Makers to provide much-needed liquidity. Market Makers operated either as principals or agents for their clients.

### Onboarding Key Market Makers

The outcomes of this initiative were significant. In 2023, Saudi Exchange onboarded three Market Makers for eight different securities. A notable incentive was the 100% discount on

trading commissions offered to Market Makers participating in the pilot program, conditional upon fulfilling the Saudi Exchange’s obligations for six months post the signing of a Market Making Agreement.

This strategy effectively encouraged the development of the Market Making business in the Saudi Capital Market and enhanced the liquidity of securities with active Market Makers. The regulations and procedures provided a clear framework for issuers to appoint Market Makers for their securities, thus enhancing both price formation and liquidity for buyers and sellers.

### Delivering Immediate and Lasting Value

The impact of this solution was clearly reflected in the trading values. Market Makers significantly contributed to the daily traded value of securities, elevating the average daily traded value for these securities. The average daily contribution of Market Makers to the traded value varied impressively, ranging between 7% to 27%, and in some instances, reaching as high as 46%. This initiative underlined the Saudi Exchange’s commitment to enhancing its Market Making framework and continuing to onboard

additional Market Makers across a wide range of listed securities, demonstrating the Saudi Exchange’s dedication to fostering a dynamic and efficient capital market in line with global standards.

### Derivatives

In 2023, Saudi Exchange’s Derivatives offering continued to evolve and progress, playing a pivotal role in the market’s strategic development and aligning with the Saudi’s ambitious Vision 2030 and the FSDP. Derivatives, as diverse financial tools, not only diversified the market offerings, but also provided investors with crucial mechanisms for risk management, thereby enhancing the overall sophistication of the market.

A key highlight of the year was the launch of Single Stock Options (SSO) on four major listed stock, with 888 contracts traded in the year. This addition broadened the range of investment options available, attracting a wider array of investors and contributing to the strategic success of the Saudi Exchange. The introduction of the first Derivatives Market Maker for MT30 Index Futures was another landmark achievement, leading to the trading of 922 contracts. This

Significant increase in the traded volumes and values for the Derivatives market in 2023

Volume

6,780

+593% (YoY)

2023

6,780

2022 978

Value (SAR)

161,328,409

+76% (YoY)

2023

161,328,409

2022

91,612,030

significantly enhanced the liquidity and depth of the market, marking a crucial step towards maturing the Saudi financial landscape. Additionally, a notable 4,970 contracts were traded in Single Stock Futures (SSF). This strong interest indicates the growing attraction of these instruments to market participants.

The introduction of Derivatives has sparked considerable interest among qualified foreign investors (QFI), who have shown a growing curiosity in the Saudi market. The conservative but clear approach of these investors towards the new Derivatives offerings,

particularly the SSOs, indicates a burgeoning interest in the diverse investment opportunities within the Saudi financial market.

The impact of Derivatives on market development has been substantial. By enhancing product diversity and improving market depth, Derivatives have not only benefited the domestic market, but have also positioned Saudi Arabia as a competitive player in the global financial arena.

The Saudi Exchange plans to continue expanding its Derivatives offerings. This includes introducing new financial

derivative instruments, such as index options and new Futures products, as well as broadening the range for SSFs and SSOs with new underlying assets. Improvements to the features of existing products are also on the agenda. It is committed to aligning its market with global standards by enhancing technological and regulatory frameworks, which are essential for achieving greater success in the future.

As Saudi Exchange continues to grow and diversify its derivatives offerings, it solidifies its position as a top destination for investors, furthering the goals of the Saudi’s ambitious Vision 2030 and the FSDP.



Saudi Exchange (continued)

# Launching Single Stock Options Case Study

## Promoting Diverse and Inclusive Market Practices

The introduction of Single Stock Options (SSO) in 2023 was a strategic initiative by Saudi Exchange, aimed at aligning with international best practices and enhancing market dynamics. The challenge lay in offering American-style, physically settled contracts that allowed investors the flexibility to exercise their buy or sell options at any point during the contract's lifespan. Additionally, upon exercise, the underlying stocks would be physically delivered. This required significant expertise, time, and resources from both the Saudi Exchange and the clearing house, Muqassa, to ensure the successful integration of these features.

In response to this challenge, Saudi Exchange launched American-style SSOs, providing traders with new opportunities to diversify and hedge their portfolios. Recognizing the need for investor education in this area, the Saudi Exchange intensified its efforts to raise awareness. It conducted publicly accessible educational workshops, catering to individuals of varying experience levels. These workshops were critical in enhancing investor understanding of how to trade these options effectively and manage associated risks.

### Empowering Investors

The launch of SSOs brought significant benefits. Traders gained new tools for portfolio diversification and risk management. The educational

initiatives undertaken by the Saudi Exchange resulted in a heightened demand among investors to understand and engage with this new product. The efforts to raise awareness and educate investors enhanced market participation and fostered a deeper understanding of the nuances of options trading.

### Driving Increased Market Activity from Day One

The most impressive figure that demonstrates the success and impact of this initiative is the trading volume on the first day – a remarkable 687 traded options. This high level of activity underscored the market's readiness and enthusiasm for such a product. Furthermore, the Derivatives membership pipeline saw considerable

growth, with two additional members onboarded following the product launch. The growing interest among potential members, eager to offer these options to their clients, is a clear indicator of the positive reception and potential of SSOs in the market.

This substantial market activity and the increase in membership base reflect the positive impact of SSOs. They not only offer new opportunities to investors, but also contribute significantly to the overall dynamism and maturity of the Saudi Capital Market. Saudi Exchange's strategic vision in launching these options has thus marked a pivotal development in the region's financial landscape, paving the way for further innovation and growth.

## Nomu – Parallel Market

Since the launch of Nomu – Parallel Market in 2017, Saudi Exchange has continued to evolve, improve and implement enhancements and new options for potential issuers. This includes the option for companies to transfer to the Main Market, as well as the introduction of Direct Listing, which contributed to the increase in number of listings on Nomu. It also eased the listing rules for Nomu, by giving the issuers the option to offer either 20% of the company's shares or shares worth SAR 30 million, whichever is less.

In addition, it eased the continuous disclosures to attract more companies to Nomu, by mandating the financial statements be published on a semi-annual basis, rather than quarterly. Other changes include reducing the normal trade threshold, which leads to better transparency, and expanding daily price fluctuation limits from  $\pm 10\%$  to  $\pm 30\%$ . Moreover, it allowed funds (ETFs, REITs, & CEFs) to list on Nomu, giving investors a wide range of products to invest in. All of which has encouraged more companies to list on Nomu – Parallel Market, resulting in attracting more and more investors to invest in Nomu and deepening its investor base.

## Attracting New Investors

During 2023, Saudi Exchange continued its commitment to expanding its brand and engaging qualified investors by proactively promoting its products and developments globally, attracting foreign investment into its markets and the Kingdom.

Applying a multi-faceted engagement approach centered on global relationship development, market participant diversification, and an enhanced focus on ESG practices, as at year end, the number of registered QFIs reached 3,724, an increase of 18% from 3,151 at the end of 2022.

A key strategy was the development of global relationships, particularly in the EMEA and Asian regions, with a notable expansion of activities in Hong Kong and China. This expansion was facilitated through various channels such as conferences, roadshows, and targeted marketing efforts. These initiatives not only amplified the visibility of the Saudi market on the international stage, but also opened doors for new investment opportunities, fostering continual growth in line with Saudi Arabia's economic aspirations.

Another significant development was the collaboration with WAMID to introduce new market participants, including high-frequency traders (HFT). This collaboration played a crucial role in enhancing market liquidity and further institutionalizing the market, making it more attractive to foreign investors who often seek markets with high liquidity and robust trading mechanisms.

The Saudi Exchange intensified its efforts to enhance ESG awareness and practices within the Saudi Capital Market. Recognizing the growing importance of ESG in global investment decisions, the Saudi Exchange worked alongside related entities to improve and promote ESG practices. This included the upgrade of the IFSAH system to support ESG report publication for issuers, a critical step in ensuring transparency and adherence to global ESG standards.

In addition to technological enhancements, the Saudi Exchange undertook a hands-on approach in guiding issuers through their ESG journey. This was accomplished through one-on-one ESG advisory sessions, with over 50 sessions conducted throughout the year. These sessions provided issuers with valuable insight and guidance on integrating ESG principles into their operations and reporting, aligning them with international best practices.

## Investor Roadshows in 2023

- Citi Saudi Day, London
- HSBC Saudi Exchange Fixed Income Day, London
- Saudi Capital Market Forum, Riyadh
- GS Saudi Day, London
- HSBC MENAT forum, Dubai
- Citi Nordics Roadshow
- ASIFMA Webinar, virtual session
- Saudi Day Singapore
- Nomura Japan Roadshow
- HSBC China Conference, Shenzhen
- NY Roadshow
- GCC London Conference, London
- SE/MSCI ESG Ratings Workshop, Riyadh
- International Trader Forum, Barcelona
- EFG Saudi Conference, London
- Singapore Day, Singapore
- Maybank Malaysia Roadshow, Kuala Lumpur
- SE/JPM Saudi Arabia Investment Forum, New York
- JPM Roadshow, in New York
- Hong Kong Roadshow, Hong Kong
- AmCham ESG Conference, Riyadh
- Citi China Conference, in Shenzhen and Macau
- Acuiti Proprietary Trading Managers' meeting, in London
- HSBC and Saudi Exchange Asia Corporate Day, in Hong Kong





## Saudi Exchange (continued)

Furthermore, the Saudi Exchange actively participated in and organized corporate access events. These events were instrumental in facilitating investor interactions and highlighting the various efforts and investment opportunities available both locally and globally through the Saudi Exchange. These interactions were crucial in building investor confidence and interest in the Saudi market.

To further bolster ESG awareness, the Saudi Exchange provided multiple webinars throughout the year, covering various sustainability topics. These webinars, featuring experts in the field, offered detailed information on ESG, helping issuers and investors alike understand and implement best practices in sustainability.

These strategic efforts in 2023 were marked by a robust approach to global engagement, market participant diversification, and a strong emphasis on ESG practices. Collectively, they contributed to successfully attracting qualified foreign investors and

increasing investment into the Kingdom, reinforcing the Saudi Exchange's position as a dynamic and forward-thinking financial hub.

### Enhancing Experience for Investors and Issuers

The Saudi Exchange continued to innovate and refine its concerted efforts to improve the experience of both issuers and investors, serving them to the best of its capabilities. Among the initiatives launched in 2023, it introduced one-on-one ESG advisory services, with more than 45 sessions across several sectors as at year end.

Holding the Saudi Capital Market Forum 2023 brought together over 2,000 issuers, investors, and other market participants for two days of dialogue dedicated to advancing the Saudi Capital Market. In addition, a workshop was held to activate the investor relations (IR) roles in issuers in collaboration with the CMA.

The Saudi Exchange attracted and onboarded 44 new clients for its Market Information and Indices service. This resulted in an increase in the total client base to 275, representing growth of 15% during 2023.

Saudi Exchange website was significantly enhanced during 2023, reflecting its commitment to enhancing the user journey. The new website introduces a new restructured navigation focused on customer journey to enhance access to the website's sections with ease and efficiency. Users can now personalize their interface according to their interests and needs through customizable menus and tables that allow filtering and browsing data. New features include a new Market Calendar, an Indices Heatmap, improved interactions on data graphics, and the ability to export data into a different format, providing enhanced data and improved experience for users.

In line with its ongoing efforts to develop the Saudi Capital Market for local and international investors, the second edition of the Investor Relations Best Practice Toolkit was introduced, offering information and practical advice adapted to the Saudi market environment to enable IR professionals of companies listed on the Saudi Exchange to apply and adopt best international IR standards.

The Saudi Exchange also worked to attract new companies and family businesses during the year, focusing on enhancing education, guidance, and support. Central to its approach is educating family businesses about the multifaceted benefits of listing. Through workshops, seminars, and personalized consultations, they emphasize how listing can secure sustainable growth and a lasting legacy for future generations. Businesses are shown how listing connects them to a diverse network of investors and enforces a strong corporate governance framework, which is crucial for long-term success. Recognizing the broader economic impact, the Saudi Exchange also underscores that sustainable growth for family businesses is vital for both regional and global economies.

In addition to education, the Saudi Exchange released the third edition of its listing guide, providing an all-in-one roadmap for companies considering listing on the Saudi Exchange, and published an offering and listing advisors report. These resources were designed to demystify the listing process, outlining both the benefits and risks, and provide insight into the performance of market advisors, offering clarity and guidance for potential listed companies. Periodic reviews of related rules and regulations ensure a conducive environment for new listings. The assignment of dedicated relationship managers further supports family businesses, facilitating engagement through a

matchmaking process with financial advisors. Complementing these efforts, the Saudi Exchange launched financial and procedural incentives in collaboration with government entities, further encouraging and easing the process for family businesses considering listing. This multifaceted approach reflects the Saudi Exchange's commitment to expanding its market base and fostering economic growth.

### Awards and Recognition

Saudi Exchange received an award for its outstanding efforts in nurturing the growth of small and medium enterprises (SMEs) at the CEO Forum hosted by Monsha'at. The award is part of the Tomoh program, which aims to support the development of fast-growing SMEs in the Kingdom.

### Saudi Exchange in 2024

In 2024, Saudi Exchange will build on the success of this year to enhance its offering and expand its engagement with all Stakeholders. In cash markets, its focus will be on enhancing liquidity and efficiency. It plans to achieve this through continuous development of its product and service offerings, with a specific emphasis on catering to high-frequency traders, Market Makers, and implementing equity microstructural enhancements, while aiming to improve the functionality of hedging tools.

The Saudi Exchange's commitment extends to the development of the debt market, where it seeks to enhance secondary market activity and liquidity by introducing a market making framework for fixed income instruments. Furthermore, it is dedicated to enhancing the instructional investor experience by making negotiated deals more readily available.

An increase in the use of derivatives for trading and risk management is anticipated for 2024. The Saudi Exchange's strategic plans include

identifying and launching new derivative products, extending market making across all derivatives, and welcoming new members. It aims to attract offshore traders to contribute to a more vibrant local derivatives market through co-location.

Structural changes – particularly the upgrade of post-trade technology infrastructure with PTPP Phase 2.0 (PTTP2) – is expected to be completed in 2024. The upgrades offer several enhancements to the derivatives trading engine and will enable new products to be rolled out to the derivatives market in 2024. There is also recognition of the pivotal role of developing the securities borrowing and lending (SBL) market for success in the derivatives market.

The Saudi Exchange plans to expand its engagements with both local and international participants, and intends to launch new data solutions and indices that can be tracked to investment products, such as ETFs, futures and options. This would broaden the investor base and increase potential investment opportunities in the financial markets for both local and foreign investors, driving continued growth and diversification for the Saudi Exchange.



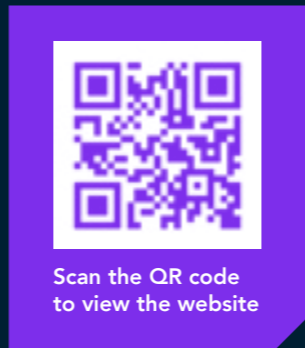


The Securities Depository Center Company "Edaa"

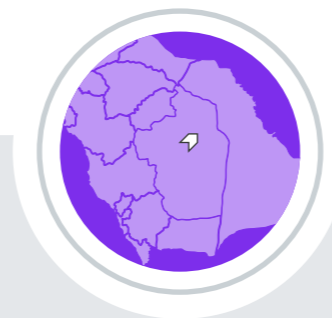
Edaa aims to achieve the strategic objectives of the financial market in terms of developing the infrastructure and implementing the resulting procedures to execute transactions in line with international standards. It also aims to enhance the efficiency of services related to securities deposit and ownership registration by developing a more streamlined environment that promotes excellence in all sectors related to the financial market.

"Edaa is rapidly evolving beyond its core role, driving the Saudi Capital Market's accessibility and growth. We are building a stronger financial infrastructure, diversifying revenue streams, and expanding geographically beyond exchange trading. Domestically, we are innovating in funds, bonds, and securities financing."

Ms. Hanan Al-Shehri  
CEO, Edaa



<b>Ownership</b>	<b>100%</b>	Owned by the Saudi Tadawul Group
<b>Paid up share capital</b>	<b>SAR 400 million</b>	
<b>Number of shares</b>	<b>40 million</b>	(SAR 10 each)
<b>Location</b>	Kingdom of Saudi Arabia, Riyadh	



**Vision**  
Post-trade service provider of choice, building bridges between issuers and investors domestically and internationally.

**Mission**  
Offer trusted and innovative post-trade products and services in line with highest international standards that create value for clients.

## Strategic Transformation and Diversification

Edaa, the Securities Depository Center Company, is a driving force behind the Group's efforts to increase and ease access to the Saudi Capital Market and enhance opportunities for existing and potential investors and other market participants. Edaa is improving access to the Saudi market by introducing linkages with foreign depository centers and by investing in its infrastructure.

Fully aligned with the objectives of the Saudi's ambitious Vision 2030, its strategic objectives aim to build stronger domestic financial infrastructure and position the Saudi Capital Market as a catalyst of regional liquidity across multiple asset classes, while supporting the growth of the Saudi Exchange.

In 2023, as part of the overall Group strategy refresh, Edaa reviewed its medium- and long-term strategic objectives, widening both its domestic product offering and the geographies and asset classes it is going to target in the medium to long term.

In line with this strategic direction, it launched a multifaceted transformational journey to support the diversification of revenues through new products, to reduce dependency from exchange trading flows.

On the domestic front, projects are underway in the funds and bonds space, as well as ancillary services in the area of securities financing, including collateral management and securities borrowing and lending.

### Key activities and services

Operating and maintaining the Depository and Settlement System (DSS).

Other value-added services such as management of issuers' general assemblies (AGM) including remote voting services (e-voting), reporting, notifications, and maintenance of critical core data.

### Enhancing Client Engagement and Service

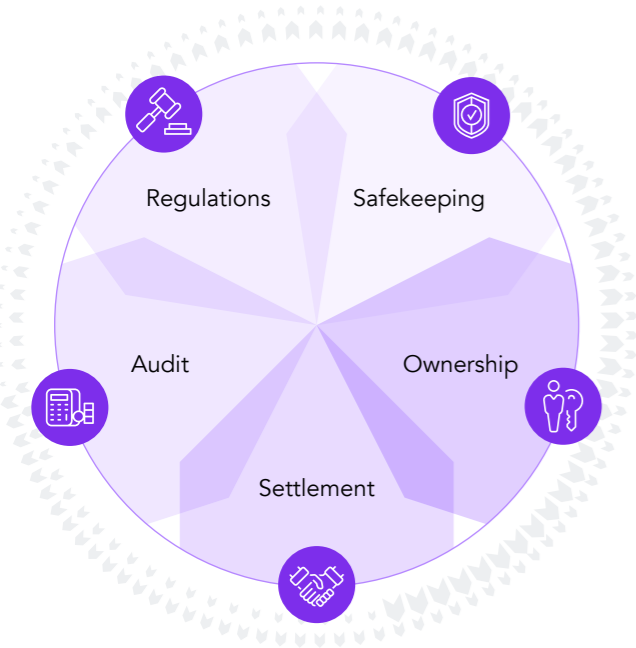
In 2023, Edaa continued to fulfill the needs of its customers and enhance its offerings. It launched its new employee compliance service for a wider range of clients, including listed companies and government funds. It also contributed to the successful introduction of Single Stock Options (SSO) by offering the physical settlement of the underlying stocks.

In line with its commitment to promoting transparency and encouraging foreign investors to invest in the Saudi Capital Market, Edaa launched the second edition of the Association of Global Custodians' (AGC) questionnaire. The questionnaire has information on Edaa's role as a securities depository center (SDC) and settlement system (DSS), and it answers to questions on settlement, registry, safekeeping, regulations, and audit.

## Edaa (continued)

In addition, to enhance cooperation between the Saudi and Turkey markets, Edaa signed an MoU with the Central Securities Depository and Trade Repository of Turkey. This partnership will enhance cooperation and collaboration between the two markets, by facilitating knowledge exchange programs, establishing joint working groups, and accelerating the adoption of advanced technologies in both markets. Moreover, Edaa signed an MoU with Qatar Central Securities Depository (QCSD) with the aim of strengthening the relation between the two companies by exchanging experiences and information and working together to develop the central depository in the two countries.

The Association Global Custodians' questionnaire covers the following services:



### Edaa in 2024

Edaa has major ambitions and objectives that will build on its solid foundation to create increasing value for the Group and its Stakeholders. In the year ahead, Edaa's transformation will accelerate while several major projects are in critical development and delivery phases, requiring a great deal of focus and expertise to deliver on time and on budget.

### Key Operational Highlights

**514,809**

New account openings

**368**

Corporate action

**6,690**

Pledges

**586,105**

Securities transfer

**50**

New issuance

**12,297**

SAR billion

Assets under custody

The above-mentioned stats are for 2023 full year.

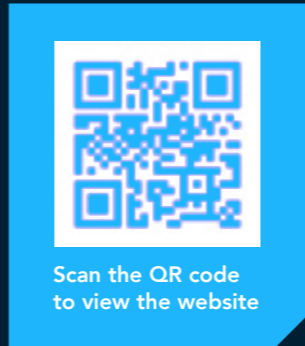
# مقاصة Muqassa

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**



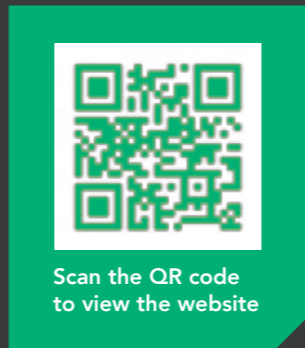


Tadawul Advanced Solutions Company (WAMID)

**WAMID was established to support the Saudi financial market through innovation, in line with the Saudi's ambitious Vision 2030. It is a leading company in creating new products and services, developing the latest technologies to provide value-added solutions to market participants and businesses, and helping them deal with real-world challenges by optimizing the use of modern technology and data capabilities. WAMID is also committed to grow the Saudi financial market, increasing acquisition operations, and supporting initiatives to digitize products and services available in market.**

"WAMID proudly stands at the forefront of innovation and strategic expansion. Our commitment to delivering dynamic solutions remains unwavering, evidenced by the successful acquisition of DirectFN, which opens doors to regional and global markets. The launch of our Liqaa platform signals a new era in virtual engagement, enhancing transparency, and accessibility. As we move forward, our focus on implementing strategic initiatives, leveraging DirectFN, and unlocking the potential of our data monetization program will drive continued growth, diversification, and value creation for WAMID and its Stakeholders."

**Mr. Mohammed Al-Nory**  
CEO, WAMID



Scan the QR code to view the website

**Ownership**  
**100%**  
Owned by the Saudi Tadawul Group

**Paid up share capital**  
**SAR 75million**

**Number of shares**  
**30 million** (SAR 10 each)

**Location**  
Kingdom of Saudi Arabia, Riyadh



**Vision**  
WAMID is Saudi Tadawul Group's technology innovation subsidiary targeting Saudi and regional capital markets, providing innovative services focusing on data and AI, market infrastructure, and disruptive technologies.

**Mission**  
To partner with capital market participants, and the wider business community, to build ambitious and dynamic solutions that leverage emerging technologies to address real-world challenges.

## Enhanced Offerings and Engagement

WAMID, the Tadawul Advanced Solutions Company, delivered a year of outstanding progress and performance, growing its proposition through a key acquisition and an exciting new launch, while positioning WAMID for further strategic growth and diversification in the years ahead.

In 2023, WAMID continued to partner with all market participants and the wider business community to build dynamic solutions to address real-world challenges. The co-location service performed well, enabling clients to substantially reduce latency, as well as architecture complexity by utilizing high-density racks inside a Tier IV Data Center.

Its successful majority acquisition of DirectFN was completed during 2023, representing another key milestone in its journey to diversify sources of recurring revenue, following the earlier launch of co-location services. This acquisition provides WAMID with complementary capabilities and market access, regionally and globally, which will support WAMID in elevating innovation across the regional capital market, leveraging DirectFN's geographic reach across seven markets in the Middle East and parts of Asia. (For more information, please refer to page 82).

To improve market transparency and engagement by providing listed and non-listed companies, corporations, capital market institutions, and governmental entities with an innovative and secure online solution to conduct virtual meetings, WAMID launched its new Liqaa platform during the year. It offers a suite of services

### Key activities and services

Enhance the experience for investors in the Saudi Capital Market.

Create the technology infrastructure required for new products and services.

Build partnerships to drive innovation in Saudi Arabia and the region.

before, during, and after meetings, including livestream, instant translation, live voting, and Q&A services for the Annual General Meetings (AGM), earning calls and initial public offering (IPO) meetings. It helps to facilitate a seamless meeting experience, whereby audiences can participate irrespective of their physical location, while providing organizations with meaningful opportunities to engage with Stakeholders on an intuitive platform. As at year-end 2023, the platform is in a soft launch with targeted clients, which will ramp up to full market engagement and expansion in the year ahead.

### WAMID in 2023

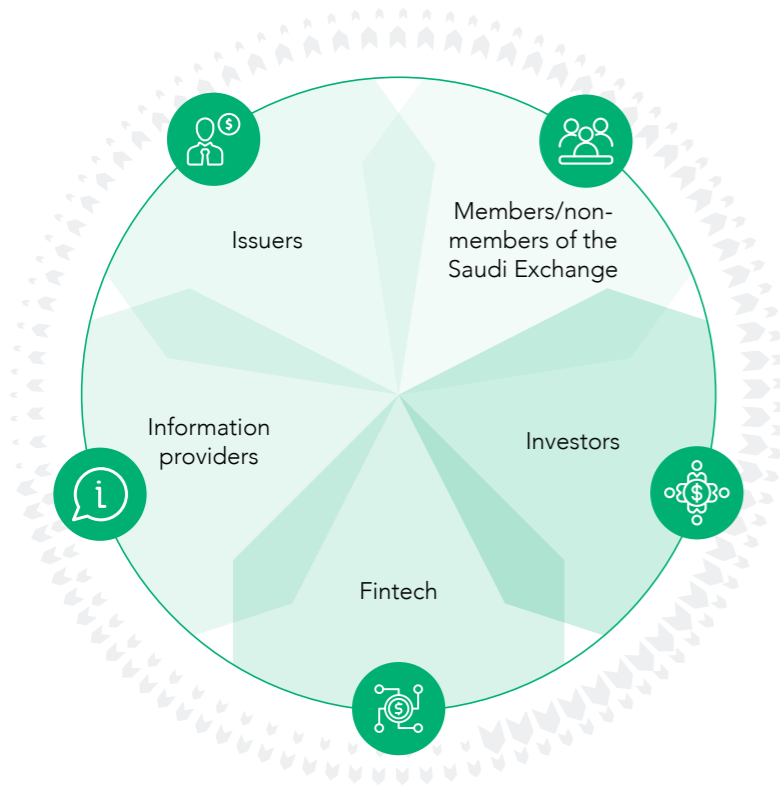
**24**

#### Clients

listed companies, exchange members, high-frequency traders, network providers, and non-market participants

## WAMID (continued)

### Target audience of WAMID services in the financial market:

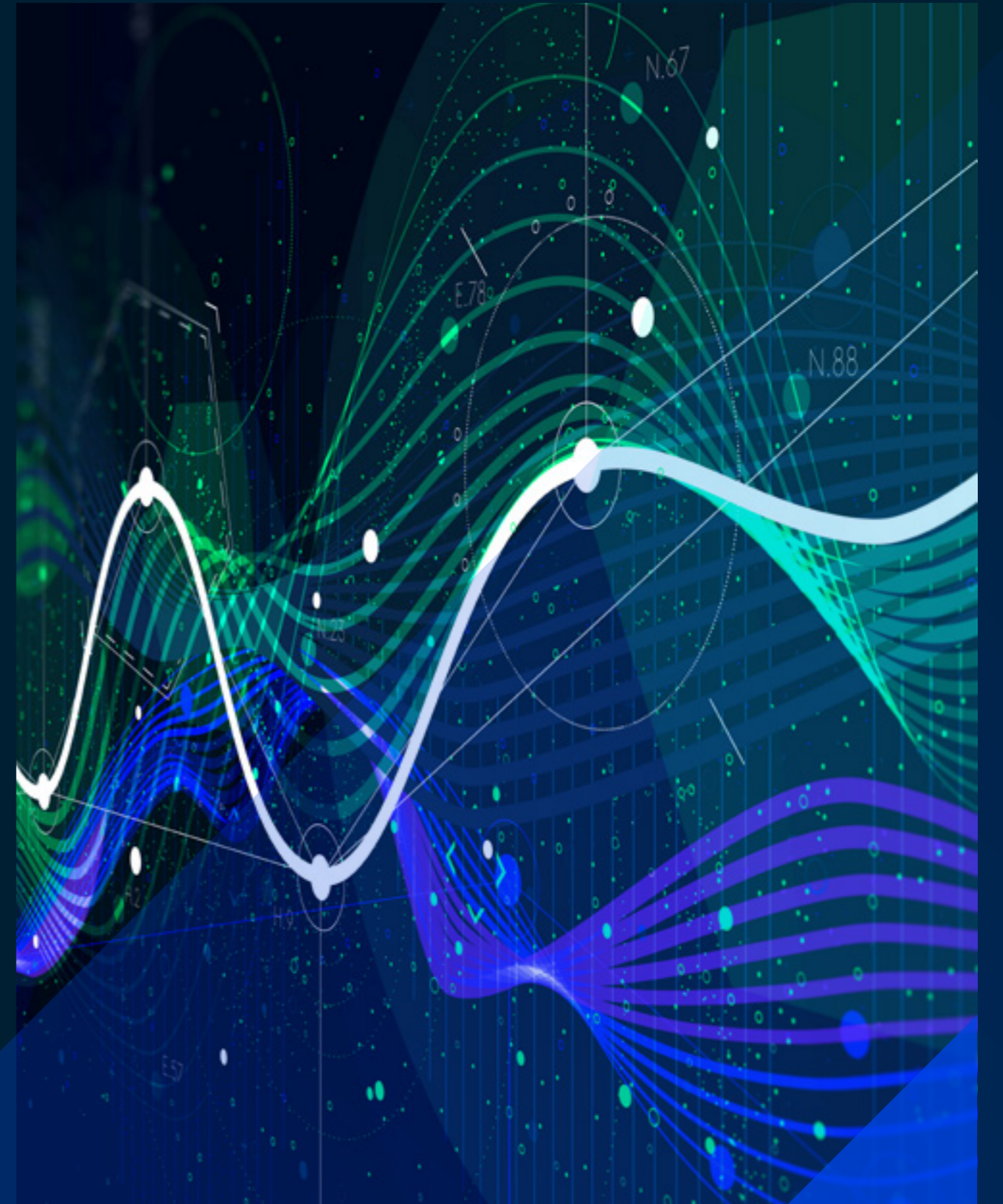
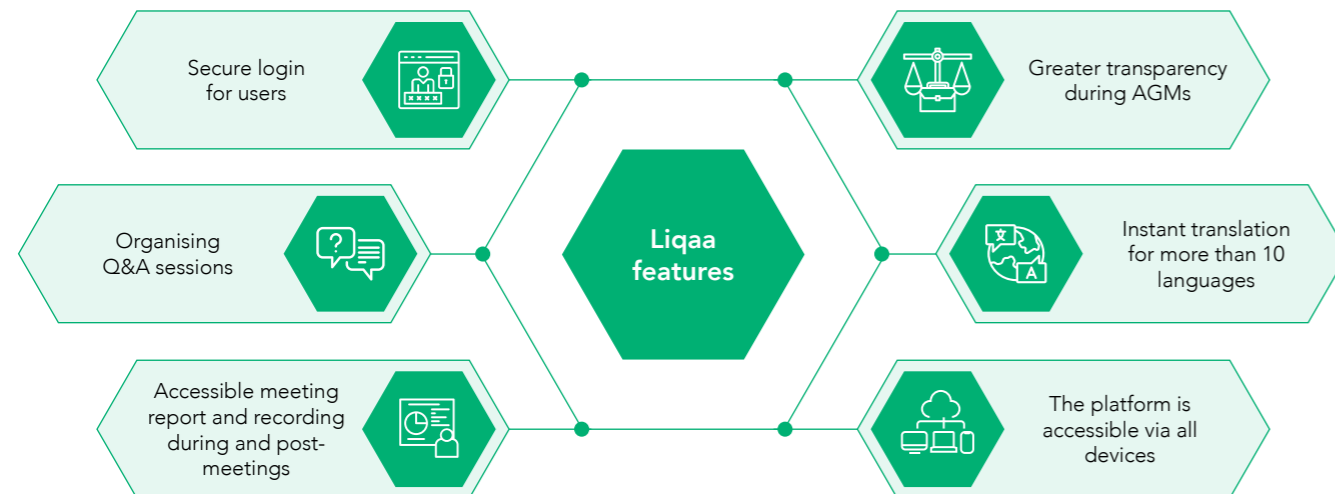


To unlock the value of its data, WAMID selected a partner for its data monetization program, culminating over a year of research and assessment to ensure a world-class solution in line with international best practices. This program seeks to attract all market participants, including those who are not presently trading in the Group, such as the high-frequency trading community. It will also revamp WAMID's data offering, with a wider group of data vendors becoming subscribers of its data for onwards distribution.

### WAMID in 2024

In the year ahead, WAMID will implement its strategy initiatives to accelerate its growth and diversify its revenue streams, in alignment with the Group's strategy. In particular, it will seek to capitalize on the DirectFN acquisition to accelerate growth, while building momentum and scale with its new Liqaa platform and activating its data monetization program to create additional value for the Group moving forward.

### Liqaa: A meeting management platform



# Acquisition of *DirectFN* Case Study

## DirectFN Acquisition: Accelerating Innovation and Impact

In line with WAMID's strategic vision of expanding its digital and technological footprint in the financial market, it identified an opportunity to build scale, capabilities, and capacity through inorganic growth in 2023.

WAMID's SAR 118.26 million (USD 31.54 million) majority acquisition of 51% of DirectFN, which was finalized in the first half of the year, was based on three key strategic drivers.

### 1 Market expansion and diversification

The acquisition opens up significant opportunities for market expansion for both companies. DirectFN's global presence provides a platform for WAMID to extend its services globally and diversify its revenue streams.

### 2 Enabling advancement of the Saudi Capital market

DirectFN's capabilities in emergent technologies – coupled with WAMID's leadership in capital market infrastructure – position the company at the forefront of innovation in financial services supporting long-term growth and profitability.

### 3 Operational synergistic benefits

DirectFN's skilled workforce, which includes a significant number of software developers, enhances WAMID's human capital. This infusion of talent will accelerate product development and innovation, making WAMID a more dynamic and competitive player in the market. In addition to talent, there are operational efficiencies that can be realized.



## Capitalizing on Synergies to Create Value

Throughout this landmark transaction, WAMID's management took a proactive approach to ensuring its success, undertaking a range of initiatives and activities including:

1. The establishment of a synergy and value realization program.
2. The development of a detailed collaborative market entry strategy.

3. A joint R&D initiative plan to enhance the Saudi Capital Market.

4. The development of a talent integration and enhancement plan.

5. The establishment of a new governance, controls and risk management framework.

The post-acquisition focus was to establish a program to support future growth; this includes processes, governance, committees, and strategies. As at year-end 2023,

the value realization program is well underway and will start delivering tangible outcomes in 2024 and beyond.

This landmark transaction underscores WAMID's commitment to creating Shareholder and Stakeholder value, by ensuring the company's financial stability and positioning it as a leader in the evolving financial market landscape.

## DirectFN at a Glance

DirectFN has a global footprint of over 530 professionals distributed across 13 countries. It serves over 100 clients in Saudi Arabia with a range of products that span both market data and investment applications.

- +100 Clients globally
- 5 Offices
- 2 Development centers
- 530 Multinational professionals

