



**Saudi Exchange Company**

## **Trading and Membership Procedures**

***Approved by the Board of the Capital Market Authority Pursuant to its Resolution Number (1-82-2018) Dated 17/11/1439H Corresponding to 30/7/2018G***

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**Arabic is the official language of the Exchange**

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## 1. GENERAL PROVISIONS

- 1.1 This document specifies the Trading and Membership Procedures that Exchange Members and Registered Traders must follow to comply with the provisions of the Trading and Membership Rules.
- 1.2 The Exchange may waive any person's obligations to the provisions of these procedures either based on a request from the relevant person or on its own initiative.
- 1.3 These procedures will enter into effect as per the Exchange's approval resolution.

## 2. ACCESS TO TRADING SYSTEM

### 2.1 Access Rights

- 2.1.1 Exchange Members must comply with the requirements prescribed by the Exchange from time to time when accessing the Trading System.

## 3. TRADING TIMES

- 3.1 Listed securities are traded from Sunday to Thursday, except for on official holidays in the Kingdom.
- 3.2 The Exchange will announce and publish specific calendar days for each holiday from time to time.
- 3.3 Order Management System of the Exchange Members must be set with the recognized time specified by the Exchange from time to time.
- 3.4 Each Trading Day follows the sequence of sessions listed in the following table:

**Table (1):**

| <b>Session</b>                                             | <b>Time Schedule (as per the official time in the Kingdom)</b>          |
|------------------------------------------------------------|-------------------------------------------------------------------------|
| <b>First Session:</b><br><br><b>Opening Auction</b>        | 09:30 – 10:00                                                           |
| <b>Second Session:</b><br><br><b>Market Open - Trading</b> | 10:00 – 15:00                                                           |
| <b>Third Session:</b><br><br><b>Closing Auction</b>        | Listed securities (except for Debt Instruments and ETFs): 15:00 – 15:10 |
| <b>Fourth Session:</b><br><br><b>Trade at Last</b>         | Listed securities (except for Debt Instruments and ETFs): 15:10 – 15:20 |

- 3.5 Exchange Members may transmit, amend, and cancel orders during the First, Second, Third, and Fourth Sessions; and they may deactivate outstanding orders during the Trading Day.
- 3.6 Orders at a given price level are displayed aggregated by price (market-by-price view) during the First and Third Sessions.
- 3.7 Order matching occurs at the end of the First and Third Sessions, and during the Second and Fourth Sessions.
- 3.8 The Exchange will determine the ending time for all auctions randomly within a period of 30 seconds after each auction's scheduled time as listed in Table (1) of these procedures.
- 3.9 The Exchange will extend the First and Third sessions for two minutes, automatically, in case there are unmatched market orders or if the latest theoretical price is at the upper or lower end of the Static Limit.
- 3.10 The Exchange may suspend trading in a specific Debt Instrument for a maximum period of seven (7) calendar days for the purpose of coupon payment.
- 3.11 The Exchange will set a trading period for the Rights Issue as indicated by the issuer in the prospectus.
- 3.12 In case forward split Shares process was executed, the Exchange Member shall allow the Shares to be traded from the first trading Session after such process<sup>1</sup>.
- 3.13 In case of trading suspension resulted from any emergency situations set out in paragraph (b) of Article (4) of the Trading and Membership Rules, the Exchange may as the case requires restore normal trading conditions or resume relevant Security/Securities trading through an auction for (15) minutes without extension to the time of any trading Sessions, the Exchange may at its own discretion reduce or extend the auction duration specified in this paragraph as it deems appropriate for trading resumption in a fair and orderly manner.

#### **4. ORDER CHANNELS**

- 4.1 Orders must be submitted using only the following channels:
  - 4.1.1 T Channel: A channel specifically designed for Registered Traders to submit orders;
  - 4.1.2 I Channel: A channel specifically designed for clients to submit orders via Exchange Members' websites and online applications;
  - 4.1.3 A Channel: A channel specifically designed for clients to submit orders via Automated Teller Machines;
  - 4.1.4 V Channel: A channel specifically designed for clients to submit orders via telephone calls;
  - 4.1.5 S Channel: A channel specifically designed for clients to submit orders via the short messages system protocol (SMS);
  - 4.1.6 G Channel: A channel specifically designed for the submission of automated orders based on pre-defined calculated instructions (Algorithmic Trading);
  - 4.1.7 M Channel: A channel specifically designed for market makers to submit orders related to their obligations as Market Makers either via Registered Traders or Direct Market Access, including automated orders based on pre-defined calculated instructions (Algorithmic Trading); and
  - 4.1.8 Any other channel as prescribed by the Exchange from time to time.

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Classification: Public

<sup>1</sup> This Paragraph will be effective starting from 06/01/1447H corresponding to 01/07/2025G.

- 4.2 Except for direct orders, Exchange Members must apply the two-factor authentication standard when using the channel prescribed in (4.1.2).

## 5. ORDER TYPES

### 5.1 Limit Order

- 5.1.1 The Trading System will improve the execution prices of limit orders (by reducing them for buyers or increasing them for sellers) whenever the price is better than the order's price limit on the opposite side (higher or lower as the case maybe). In the absence of a better price on the opposite side, the order will be executed at the limit price.
- 5.1.2 The execution price improvement mentioned in (5.1.1) of these procedures is subject to the Trading System order entry priority.
- 5.1.3 The Trading System can execute limit orders participating in all auctions at the latest Theoretical Prices. Such prices might be better than the specified limit prices of relevant orders.
- 5.1.4 The Trading System can execute limit orders during the Fourth Session at Closing Price.

### 5.2 Market Order

- 5.2.1 During the Second Session, the Trading System will execute market orders partially or fully at one price, and convert the unmatched parts of partially matched market orders into limit orders at their traded prices.
- 5.2.2 Market orders participate in the Theoretical Price calculations.
- 5.2.3 The market-by-price view displays market orders. Market-by-order view will not be available during the First and Third Sessions.
- 5.2.4 At the end of all auctions, unmatched parts of any market order will be converted into limit orders at the last Theoretical Price. If the Theoretical Price is not formed, the trading system will cancel any outstanding market order.

## 6. ORDER CONDITIONS

- 6.1 Orders may bear one of the following conditions:

6.1.1 **Fill or Kill ("FoK")** means the complete order quantity must be executed as soon as it becomes available for matching; otherwise the order will be immediately cancelled, taking into consideration the following:

- (a) the condition is available for limit and market orders; and
- (b) the condition is not available during the First and Third Sessions.

6.1.2 **Fill and Kill ("FaK")** means the order must be at least partially executed as soon as it becomes available for matching; otherwise the order (or the unmatched part) will be immediately cancelled, taking into consideration the following:

- (a) the condition is available for limit and market orders; and
- (b) the condition is not available during the First and Third Sessions.

6.1.3 **Hidden Quantity** means the order will disclose a portion of its quantity. Each time the disclosed portion is fully matched, the order will disclose an equal portion of its quantity, taking into consideration the following:

- (a) the full quantity of the Hidden Order participates in the Theoretical Prices calculations;
- (b) the condition is available for limit orders;
- (c) the minimum quantity of the order must be (50,000) securities, except for Debt Instruments the minimum quantity of the order must be (50,000) Saudi Riyals; and
- (d) the minimum disclosed portion must be (5%) of the total order quantity.

6.1.4 **Cancel on Disconnect** means the order will be cancelled automatically (in case of Market Orders and Limit Orders) upon any network disconnection during the Trading Day between the Exchange Member and the Trading System.

## 7. ORDER VALIDITY

7.1 The Trading System determines order validity according to when orders enter the system, as follows:

- 7.1.1 **Session** means that orders are subject to full execution at the end of either the First or Third Sessions, and they should be transmitted during either the First or Third Sessions of the same day.
- 7.1.2 **Day** means that orders are subject to full execution until the end of the Fourth Session (or the Second Session if the Fourth Session is not applicable as in the case of ETFs and Debt Instruments).
- 7.1.3 **Good till Cancelled (“GTC”)** means that orders are subject to full execution with a validity period of up to (30) days from the transmission of the order.
- 7.1.4 **Good till Date (“GTD”)** means that orders are subject to full execution until a specified expiry date. The expiry date can be set up to a maximum of (30) days from the transmission of the order.

## 8. REQUIREMENTS FOR TRANSMITTING ORDERS

8.1 Exchange Members must ensure that orders transmitted to the Trading System meet the following requirements:

- 8.1.1 **Tick size:** The price of the security is a multiple of the applicable tick size according to the following table<sup>1</sup>:

**Table (2):**

| Price Bands (except for Debt Instruments) | Tick Size (except for Debt Instruments) |
|-------------------------------------------|-----------------------------------------|
| Below SAR 25                              | SAR 0.01                                |
| SAR 25 to 49.98                           | SAR 0.02                                |
| SAR 50 to 99.95                           | SAR 0.05                                |
| SAR 100 to 249.90                         | SAR 0.10                                |

Classification: Public

<sup>1</sup> This Paragraph will be effective starting from 04/01/1447H corresponding to 29/06/2025G.

|                                                                                                                    |          |
|--------------------------------------------------------------------------------------------------------------------|----------|
| <b>SAR 250 to 499.80</b>                                                                                           | SAR 0.20 |
| <b>At or above SAR 500</b>                                                                                         | SAR 0.50 |
| <b>Debt Instruments</b>                                                                                            |          |
| <b>Debt Instruments are priced in percentage terms over their par value. The applicable tick size is (0.001%).</b> |          |

8.1.2 **Fluctuation limit:** The price of the security meets the applicable fluctuation limit as specified in Section (11) of these Procedures.

8.1.3 **Lot size:** The order quantity size is one security or one of its multiples.

8.1.4 Orders must follow any additional requirements published by the Exchange from time to time.

## 9. ORDER AMENDMENT, CANCELLATION, AND DEACTIVATION

### 9.1 Order amendment:

9.1.1 The Trading System allows amendments to: (i) order price; (ii) total quantity; (iii) visible quantity; and (iv) duration of transmitted orders.

9.1.2 Amended orders must adhere to the requirements prescribed in Section (8) of these Procedures.

9.1.3 Amending orders, as prescribed in Section (10) of these Procedures, affects order priority in accordance with the following Table:

**Table (3):**

| <b>Amended Field</b>    | <b>Sessions</b>                              | <b>Consequences on Priority</b>                                                                    |
|-------------------------|----------------------------------------------|----------------------------------------------------------------------------------------------------|
| <b>Price</b>            | The First, Second, Third and Fourth Sessions | This will lose priority                                                                            |
| <b>Total Quantity</b>   | The First, Second, Third and Fourth Sessions | - Increase will lose priority<br>- Decrease will not lose priority                                 |
| <b>Visible Quantity</b> | The First, Second, Third and Fourth Sessions | - Increase will lose priority<br>- Refresh will lose priority<br>- Decrease will not lose priority |
| <b>Duration</b>         | The First, Second, Third and Fourth Sessions | No change in priority                                                                              |

- 9.2 Order Cancellation:
- 9.2.1 The Trading System allows the cancellation of outstanding orders.
- 9.3 Order Deactivation:
- 9.3.1 The Trading System allows the deactivation of outstanding orders.
- 9.3.2 Deactivated orders cannot be executed.
- 9.3.3 Deactivated orders will lose their assigned priority, as prescribed in Section (10) of these Procedures.
- 9.3.4 Deactivated orders remain in the Trading System until activated by the relevant Registered Traders. Upon activation, the orders must adhere to the requirements prescribed in Section (8) of these Procedures.

## 10. ORDER EXECUTION

- 10.1 When Exchange Members transmit orders to the Trading System, the system sorts them by type (buy or sell), price, and entry time.
- 10.2 The Trading System assigns order priority based on price and time of entry to the Trading System. It gives the highest buy order prices the highest priority. Conversely, it gives the lowest sell order prices the highest priority.
- 10.3 The Trading System always gives market orders the highest priority.
- 10.4 The Trading System prioritizes orders transmitted with the same price by their time of entry into the Trading System; it executes the orders transmitted earliest first.
- 10.5 Orders transmitted during auctions will contribute to the calculation of theoretical prices during these auctions.
- 10.6 The Exchange calculates the theoretical prices as follows:
- 10.6.1 The Trading System will assign a price at which the maximum quantity of securities might be traded.
- 10.6.2 If the same quantity could trade at two or more prices, the Trading System will assign the price that leaves minimum residual, which is the unmatched number of securities at that price.
- 10.6.3 If two or more prices have the same minimum residual, then the Trading System will assign the price as follows:
- the highest price if the imbalance of unmatched quantity is on the buy side only;
  - the lowest price if the imbalance of unmatched quantity is on the sell side only; or
  - the average price between (a) and (b) when the imbalance of the unmatched quantity is on both sides (buy and sell). The Trading System will round average price to the closest valid tick size when applicable.

**Table (4):**

The following Example is for Theoretical Price calculation (for auctions):

| Accumulated Buy Quantity | Buy Order Quantity | price | Sell Order Quantity | Accumulated Sell quantity | Maximum Traded Quantity | Minimum Residual |
|--------------------------|--------------------|-------|---------------------|---------------------------|-------------------------|------------------|
|                          |                    | 1.08  | 300                 | 600                       |                         |                  |
| 100                      | 100                | 1.07  | 100                 | 300                       | 100                     | 200              |
| 100                      | 0                  | 1.06  | 100                 | 200                       | 100                     | 100              |

|     |     |      |     |     |     |     |
|-----|-----|------|-----|-----|-----|-----|
| 200 | 100 | 1.05 | 100 | 100 | 100 | 100 |
| 500 | 300 | 1.04 |     |     |     |     |

The above example lists three prices that may produce the maximum number of trades of (100). The existence of multiple prices means that the Trading System calculates the minimum residual to produce two prices, SAR (1.05) and SAR (1.06). Since the imbalance of the unfilled quantity is not on the same side for both prices, the Opening Price will be the average of the prices, rounded to the closest applicable tick size  $(1.06 + 1.05) / 2 = 1.055$  rounded to (1.06).

- 10.7 The Exchange may, as it deems appropriate, implement the necessary amendments to the opening and Closing Price of the market or a specific security in the First and Third sessions.
- 10.8 During all auctions, the Exchange will disseminate each Theoretical Price together with a Theoretical Volume, meaning the quantity of securities that might be traded at that price.
- 10.9 The last Theoretical Opening Price of the First Session will be the Opening Price, provided that it is formed with orders that, when matched, result in at least one trade in the Main Market, and at least one Normal Trade in the Parallel Market. If no Theoretical Opening Price can be formed, the Opening Price will be the reference price as specified in paragraph (11.2) of these Procedures.
- 10.10 The last Theoretical Price of Volatility Auctions will be the newly set Static Price, provided that it is formed with orders that, when matched, result in at least one trade. If no Theoretical Price can be formed, the Static Price will be the last auction price, as specified in paragraph (11.7) of these Procedures.
- 10.11 The last Theoretical Closing Price of the Third Session will be the Closing Price, provided that it is formed with orders that, when matched, result in at least one trade in the Main Market, and at least One Normal Trade in the Parallel Market. If no Theoretical Closing Price can be formed, the Closing Price will be the last traded Price (LTP). If there is no last traded price (LTP), the Closing Price will be the reference price as specified in (11.2) of these Procedures.
- 10.12 The Closing Price for Debt Instruments is calculated using the last traded price (LTP) during the Trading Day. If no last traded price (LTP) can be formed, the Closing Price will be calculated based on the best bid and best offer prices entered by the Market Maker in the order book using the following formula:  

$$\text{Midpoint Closing Price} = (\text{Best Bid Price} + \text{Best Offer price}) / 2$$
In the absence of entered bid and offer orders by the Market Makers, the Closing Price will be the previous Trading Day's Closing Price.
- 10.13 The Closing Price for ETFs is calculated using the last traded price (LTP) formed during last five minutes of the Trading Day. If no last traded price (LTP) can be formed during last five minutes of the Trading Day, the Closing Price will be calculated based on the best bid and best offer prices available in the order book using the following formula:  

$$\text{Midpoint Closing Price} = (\text{Best Bid Price} + \text{Best Offer Price}) / 2$$
In the absence of entered bid and offer orders in the order book, the Closing Price will be the last traded price (LTP) during the Trading Day. If no last traded price (LTP) can be formed, the Closing Price will be the previous Trading Day's Closing Price.

- 10.14 The Trading System will reject orders transmitted during the matching moment period between the First and the Second Sessions and between the Third and the Fourth Sessions.
- 10.15 When an Exchange Member transmits a new order during the Second Session, the Trading System checks if there is an opposite order to match it with. If the order is immediately executable, the Trading System generates one or more transactions. To be immediately executable, an order must be:
- 10.15.1 market order, with available orders on the opposite side;
  - 10.15.2 a buy limit order at a price at or above the lowest offer; or
  - 10.15.3 a sell limit order at a price at or below the highest bid.
- 10.16 The Trading System can execute orders fully or partially. Limit orders may generate several partial transactions at different prices whenever the new limit order does not find enough quantity at the first opposite price level, provided that the second price level remains within the limit price. This process continues as long as the next level price remains within the order's limit price.
- 10.17 Limit orders can also generate multiple executions at different points in time. For example: an order may generate a partial execution upon entry, while the Trading System might execute the remaining portion at a later stage before its expiry.
- 10.18 The following examples concern price determination in the Second Session:
- 10.18.1 **Scenarios with sufficient volume on the opposite side:**

**Table (5):**

The following scenario exemplifies full execution at best price level:

In this scenario, the bid side has only limit orders when an Exchange Member transmits a sell Market Order for (100) securities.

| Bid      |       | Offer    |       |
|----------|-------|----------|-------|
| Quantity | Price | Quantity | Price |
| 200      | 85    |          |       |
| 400      | 84    |          |       |
| 1,000    | 83    |          |       |

Result: The Trading System will execute the sell order against the highest bid resulting in the following execution: Sold (100) at SAR (85).

**Table (6):**

This scenario exemplifies full execution at different price levels:

In this scenario, the bid side has only limit orders when an Exchange Member transmits a sell order for (1,000) securities at SAR (83).

| Bid      |       | Offer    |       |
|----------|-------|----------|-------|
| Quantity | Price | Quantity | Price |
| 200      | 85    |          |       |

|              |    |  |  |
|--------------|----|--|--|
| <b>400</b>   | 84 |  |  |
| <b>1,000</b> | 83 |  |  |

Result: The sale of (200) securities at SAR (85) and (400) securities at SAR (84), with the remaining (400) securities sold at SAR (83).

#### 10.18.2 Scenarios with insufficient volume on the opposite side:

**Table (7):**

Example: in the following scenario, the bid side has only limit orders when an Exchange Member transmits a market order to sell (2,000) securities.

| Bid          |       | Offer    |       |
|--------------|-------|----------|-------|
| Quantity     | Price | Quantity | Price |
| <b>200</b>   | 85    |          |       |
| <b>400</b>   | 84    |          |       |
| <b>1,000</b> | 83    |          |       |

Result: Sold (200) securities at SAR (85); once volume available for execution at the best price level runs out, the Market Order will convert the remaining (1,800) shares to a limit sell order of (1,800) at SAR (85).

**Table (8):**

Example: in the following scenario, the bid side has only limit orders when an Exchange Member transmits a sell order (2,000) securities at SAR (82).

#### New order to sell (2,000) securities at SAR (82)

| Bid          |       | Offer    |       |
|--------------|-------|----------|-------|
| Quantity     | Price | Quantity | Price |
| <b>200</b>   | 85    |          |       |
| <b>400</b>   | 84    |          |       |
| <b>1,000</b> | 83    |          |       |

Result: Sold (200) at SAR (85), Sold (400) at SAR (84), Sold (1,000) at SAR (83); once volume available for execution runs out, the limit order will place the remaining (400) shares on the sell side at SAR (82).

- 10.19 Trades update the daily trading information in the Main Market: high, low, average price, Opening Price, Closing Price, number of trades, and the volume and value of trades.
- 10.20 Normal Trades update the daily trading information in the Parallel Market: high, low, average price, Opening Price, and the Closing Price, All Trades (Normal and Small) update the daily information: number of trades, and the volume and value of trades.
- 10.21 The Exchange will calculate the right's indicative value and use the indicative price as the reference price on the first day of listing the rights. Each right entitles its holder to subscribe to a new share at the offering price; the new share's indicative price will be based on the difference between the share's current price and the offering price using the following formula:

*Tradable Right's indicative value = Share's current price – New share's offering price*

## **11. FLUCTUATION LIMITS**

- 11.1 Subject to the requirements prescribed in Section (10) of these Procedures, the Exchange only allows order execution on listed securities at a price within the applicable fluctuation limits. The Exchange sets daily fluctuation limits against the reference price and they remain valid during the Trading Day. The Exchange may set static fluctuation limits, these are set against the static price.
- 11.2 The reference price is the previous Trading day's Closing Price, including any other adjustments, when applicable. Absent a previous Closing Price, the Trading System uses the listing price as the reference price. Static price is the last auction price or, during a volatility auction, the price that triggered the auction.
- 11.3 The Trading System sets the upper and lower daily fluctuation limits before the start of the First Session using preconfigured percentages.
- 11.4 The Trading System sets the static price for the upper and lower Static Limit before the start of the First Session, at the end of the First Session, at the start of a volatility auction and at the end of a volatility auction, using preconfigured percentages.
- 11.5 The Trading System sets fluctuation limits for Main Market listed securities as follows:
  - 11.5.1 For new listed Securities (except for Debt Instruments and ETFs) will be in accordance with the following:
    - (a)  $\pm 30\%$  Daily Limit and  $\pm 10\%$  Static Limit for the first three days of trading for newly listed Securities.
    - (b)  $\pm 10\%$  Daily Limit from the fourth day of trading the newly listed Securities onwards.
  - 11.5.2  $\pm 10\%$  Daily Limit for ETFs from the first day of trading onwards.
  - 11.5.3  $\pm 10\%$  Static Limit for Debt Instruments from the first day of trading onwards.
- 11.6 The Trading System sets fluctuation limits for Parallel Market listed securities as follows:
  - a)  $\pm 30\%$  Daily Limit and  $\pm 10\%$  Static Limit.
  - b) The Trading System calculates and sets the fluctuation limit percentage for tradable rights based on the absolute price movement of shares that Exchange Members may subscribe to, using the following formula:

*Right's issue daily fluctuation limit = Right's indicative value at closing  $\pm$  (value of the variation of share price)  $\div$  Right's closing price  $- 1$ ; and*

c) the minimum Daily Limit of the of tradable Rights is  $\pm 1\%$ .

## 11.7 Volatility Auctions

11.7.1 Volatility auctions are triggered intraday for 5 minutes (during the Second session), whenever an order (regardless of its size) can potentially match an opposite side order at the upper end of the Static Limit or lower end of the Static Limit ( $\pm 10\%$ ).

11.7.2 The order that triggers the volatility auction is not executed and moves to participate in the volatility auction (meaning, the trade does not take place).

11.7.3 The trigger price becomes the new static price for the Volatility Auction, where the order is entered and the order book enters into volatility auction.

11.7.4 At the end of the volatility auction, trades are executed at the last Theoretical Price and trading will be resumed.

11.7.5 If the last Theoretical Price is at the end of the current Static Limit price range, the volatility auction will not be triggered again.

11.7.6 If at the end of the volatility auction there is no Theoretical Price, the static price reverts back to the previous static price.

11.8 Without prejudice to paragraphs (11.2), (11.5) and (11.6) of this Section the Exchange may as the case requires take any of the following actions:

- a) Adjust or cancel the fluctuation limit parameters after receiving a non-objection notification from the Authority.
- b) Adjust the reference price manually.

## 12. SHORT SELLING

12.1 Disclosure of Short Selling transaction:

12.1.1 When an Exchange Member transmits a short selling order either as an agent or principal, the transmitted order must be flagged as a short sell order in the Trading System.

12.1.2 The Exchange Member can provide a request to the Exchange to rectify the executed short sell order specified in (12.1.1) by either put/remove the flag, as determined by the Exchange.

12.1.3 When an Exchange Members is acting as an agent, such Exchange Member should request its clients to inform about any submitted short sell order.

12.1.4 Scenarios with expected short sell flag activities by Exchange Members:

**Table (9):**

| Client position | Short Selling Orders transmitted by the Client to the Exchange Member | Short Sell flag | Exchange Member expected actions                                                                                                                  |
|-----------------|-----------------------------------------------------------------------|-----------------|---------------------------------------------------------------------------------------------------------------------------------------------------|
| 1000            | 2000                                                                  | Yes             | <b>Short sell</b><br>The Exchange Member or the lending agent has borrowed/lent Securities to the client to cover the short selling transactions. |

|      |      |     |                                                                                                                                                                                                                                                                                                                                          |
|------|------|-----|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1000 | 500  | Yes | <b>Short sell</b><br>The Exchange Member or the lending agent has borrowed/lent Securities to the client to cover the short selling transactions.                                                                                                                                                                                        |
| 1000 | 500  | No  | <b>Sell</b><br>verify that a client (the seller) has sufficient available securities on account or, receiving from the client a confirmation that such client has sufficient available securities on account, and that no registered restrictions prevent the sale of said securities, before transmitting a sell order for said client. |
| 1000 | 2000 | N/A | <b>Reject order</b><br>verify that a client has insufficient available securities on account or, did not receive from the client a confirmation that such client has sufficient available securities on account.                                                                                                                         |

### 13. NEGOTIATED DEALS

#### 13.1 Introduction

- 13.1.1 Negotiated Deals occur after both seller and buyer determine the quantity and price of the listed securities involved in the transaction as specified under this section.
- 13.1.2 The Negotiated Deal execution mechanism specified in (13.3) must be started once both sellers and buyers determine the quantity and price of the listed securities involved in the transaction whether it is negotiated outside the Trading System or through the Trading System using the request for quote service detailed in (13.2).
- 13.1.3 Transactions negotiated outside the Trading System are available for the seller and buyer to determine the quantity and price of the listed securities involved in the transaction during or after the Trading Times, in case it was negotiated after Market Closed or Post-Market Closed Sessions (where applicable) specified in table (12) of these Procedures, it must be executed in the following Trading Day.
- 13.1.4 Transactions negotiated through the Trading System using the request for quote service are available for the seller and buyer to determine the quantity and price of the listed securities involved in the transaction during the Trading Times and the Negotiated Deals additional Sessions specified in table (12) of these Procedures only.
- 13.1.5 Negotiated Deals are computed when calculating or disseminating the number of Exchange traded transactions and the number and price of the traded securities.

13.1.6 Negotiated Deals are not included in the calculation of the last traded price (LTP), the highest and lowest security price, the opening and Closing Prices, as well as the calculation of the Exchange and sectors indexes (except for Debt Instruments).

13.1.7 Debt Instruments Negotiated Deals executed in accordance with table (12) will only update the last traded price (LTP).

13.2 Request for quote service is provided by the Exchange to enable both seller and buyer to negotiate the transaction through the Trading System in accordance with the following mechanism:

- (a) **Request for quote initiation:** a buyer/seller wishes to initiate a bid/offer using the request for quote service (“Initiator”). the Initiator shall identify the transaction elements in accordance with the following table:

**Table (10):**

The table shows the available selections to be identified by the Initiator using the request for quote service:

| # | Transaction Elements              | Available Selections                                                                                                                                                                                |                                                                          |
|---|-----------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------|
| 1 | Price and quantity                | Price and quantity                                                                                                                                                                                  | Quantity only                                                            |
| 2 | Bid/offer expiry                  | Bid/offer Expiration time (optional)*<br><br><small>*the bid/offer will be valid until the end of the Trading Day where the bid/offer was initiated in case an Expiration time was not set.</small> |                                                                          |
| 3 | Type/types of bid/offer Receivers | Private<br>(Specified Exchange Members) *<br><br><small>*The maximum number of bid/offer receivers will be set by the Exchange.</small>                                                             | Public<br>(All linked Exchange Members to the request for quote service) |

- (b) **Request for quote response:** a buyer/ seller who received the bid/offer(“Receiver”). the Receiver may either confirm/ reject all received selections as per table (10), or negotiate by providing alternative selections in accordance with the following table:

**Table (11):**

The table shows the available responses to the Receiver:

| # | Initiators Selections | available responses                                                                                                                                                                                      |
|---|-----------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1 | Price and quantity    | Adjust the quantity (the adjusted quantity may only be less than the specified quantity by the Initiator)                                                                                                |
| 2 | Quantity only         | <ul style="list-style-type: none"> <li>- Add a price only; or</li> <li>- Add price and adjust the quantity (the quantity shall be equal or less than the specified quantity by the Initiator)</li> </ul> |

(c) **Negotiation:**

1. Initiator may either accept or reject the provided response by the Receiver as per sub-paragraph (b) of this paragraph.
2. Initiator shall accept the Receiver response during the time validity as per the selected bid/offer expiry pursuant to table (10).
3. If both Initiator and Receiver have agreed on all transaction elements, the Negotiated Deal may be executed in accordance with the execution mechanism stipulated in paragraph (13.3)

(d) **Cancellation:** the initiated bid/offer will be cancelled upon the following circumstances:

1. If the bid/offer is expired prior to the Initiator's acceptance.
2. If the initiator rejected the provided response by the Receiver.
3. If the Initiator or Receiver wish to withdraw the bid/offer at any time prior to the Initiator's acceptance to the provided response by the Receiver.

### 13.3 Negotiated Deal Execution Mechanism

13.3.1 The transaction may be executed during the Second Session and at Closing Price in the Fourth Session. Such transactions are not permitted during all auctions. The Negotiated Deals can be executed in an additional Sessions specified only for Negotiated Deals in accordance with the following table:

**Table (12):**

| Session                                                                   | Time Schedule (as per the official time in the Kingdom)                                                             |
|---------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------|
| <b>Prior Opening Auction Session</b> -based on a request to the Exchange- | 5:00 - 9:15                                                                                                         |
| <b>Market Closed Session</b>                                              | Listed Securities (except for Debt Instruments and ETFs): 15:20 – 16:00<br>Debt Instruments and ETFs: 15:00 – 16:00 |
| <b>Post-Market Closed Session</b> -based on a request to the Exchange-    | 16:00 - 20:00                                                                                                       |

- 13.3.2 If the buyer and seller are clients of two different Exchange Members, the Exchange Members of the seller and buyer will transmit orders to execute the transaction to the Trading System, as determined by the Exchange.
- 13.3.3 If the buyer and seller are clients of the same Exchange Member, the Exchange Member will transmit an order to execute the transaction for the seller and buyer in the Trading System, as determined by the Exchange.
- 13.3.4 The settlement cycle of the Negotiated Deals transaction is T+2 unless the Buyer and Seller agreed on a different settlement cycle from T+0 to T+5. The settlement cycle of the Negotiated Deals transaction in the Market Closed and Post-Market Closed Sessions specified in table (12) of these Procedures T+2 unless the Buyer and Seller agreed on a different settlement cycle from T+1 to T+5.
- 13.3.5 In cases where the Corporate Actions impact the Security, the Exchange may suspend the Negotiated Deals in the Market Closed and Post-Market Closed Sessions specified in Table (12) of these Procedures on Record Date.
- 13.4 Negotiated Deal Execution Notification:**
- 13.4.1 Exchange Members will receive a confirmation through the Trading System upon the execution of the transaction.
- 13.4.2 The Exchange's website will display the executed transaction information.
- 13.5 Negotiated Deal Requirements:**
- 13.5.1 Before transmitting an order to execute a transaction to the Trading System, the Exchange Member must ensure the following:
- (a) the transaction value is at least one million Saudi Riyals for Securities listed on the Main Market (except for shares and REITs units) or 300 thousand Saudi Riyals for Securities listed on the Parallel Market;
- (b) the minimum transaction value for shares and REIT units listed on the Main Market is determined in accordance with the following table:

**Table (13):**

The table shows the minimum transaction value for shares and REIT units listed on the Main Market based on the Average Daily Traded value "ADTV" in the previous six months:

| # | ADTV<br>Lower End | Criteria                       | ADTV<br>Upper End | Minimum transaction<br>value |
|---|-------------------|--------------------------------|-------------------|------------------------------|
| 1 | 50,000,000        | ≤ Average Daily Traded Value   |                   | 5,000,000 SAR                |
| 2 | 5,000,000         | ≤ Average Daily Traded Value < | 50,000,000        | 3,000,000 SAR                |
| 3 | 1,000,000         | ≤ Average Daily Traded Value < | 5,000,000         | 1,000,000 SAR                |
| 4 |                   | Average Daily Traded Value <   | 1,000,000         | 300,000 SAR                  |

- (c) for newly listed Securities on the Main Market, the transaction value shall be at least one million Saudi Riyals, until the completion of full six months from the date of its listing
  - (d) the transaction complies with the fluctuation limits of the underlying security; and
  - (e) the requested transaction is real and not for the purpose of pledge, warranty, or direct or indirect restriction on the securities relevant to the transaction (the Exchange Member and its client are fully liable if proven otherwise).
  - (f) the Exchange may review and update the minimum value mentioned in sub-paragraphs (b) and (c) of this paragraph on a semi-annual basis.
- 13.5.2 The Exchange Members of buyers and sellers in Negotiated Deals must, at all times:
- (a) follow the Negotiated Deal mechanisms in accordance with this Section;
  - (b) ensure the accuracy and completeness of all information entered and accepted; and
  - (c) satisfy any other applicable requirements set out in the Trading and Membership Rules and the Trading and Membership procedures.

#### 14. BUY-IN PROCESS

- 14.1 The Buy-in Process is a mechanism to be used to facilitate the following scenarios:
  - a. Buying of securities to resolve securities shortages (buy-in).
  - b. Selling of securities to resolve cash shortages (sell-out).
- 14.2 The mandatory buy-in orders will be submitted by the Clearing House on behalf of the Exchange Member and the optional buy-in orders will be submitted by the Exchange member.
- 14.3 The settlement cycle of the Mandatory buy-in and Optional Buy-in trades is T+0.
- 14.4 There are a mandatory buy-in and optional buy-in transactions for all listed Securities.
- 14.5 The mandatory buy-in trades are part of the settlement failure process, where the optional buy-in trades are initiated in order to avoid the settlement failure.
- 14.6 The daily fluctuation limit for the Buy-in Process shall be  $\pm 30\%$  for all Securities, except for Debt Instruments.
- 14.7 Each Buy-in Process follows the sequence of sessions listed in the following table:

**Table (14):**

| Auctions | Sessions (as per the official time in the Kingdom) | Available Buy-in Process and Orders Types                                                                               |
|----------|----------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------|
|          | 8:00 AM – 9:00 AM                                  | <b>Buy-in Process:</b><br>mandatory buy-in and optional buy-in /and optional sell out orders.<br><br><b>Order Type:</b> |

|                       |                   |                                                                                                                                                                                                                                                                                                                           |
|-----------------------|-------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>First Auction</b>  |                   | <p>- all mandatory buy-in orders in this session must be market orders.</p> <p>- optional buy-in orders /and optional sell out orders may be either market order or limit orders.</p>                                                                                                                                     |
|                       | 9:00 AM – 9:30 AM | <p>Exchange Members may submit orders to match the bid and offer Submitted in the previous session, where the trades will be executed at the end of the auction at 9:30am.</p> <p><b>Order Type:</b></p> <p>all orders in this session must be limit orders.</p>                                                          |
| <b>Second Auction</b> | 1:30 PM – 2:30 PM | <p><b>Buy-in Process:</b></p> <p>mandatory buy-in and optional buy-in /and optional sell out orders.</p> <p><b>Order Type:</b></p> <p>- all mandatory buy-in orders in this session must be market orders.</p> <p>- optional buy-in orders /and optional sell out orders may be either market orders or limit orders.</p> |
|                       | 2:30 PM – 3:00 PM | <p>Exchange Members may place orders to match the bid and offer Submitted in the previous session, where the trades will be executed at the end of the auction at 3:00pm.</p> <p><b>Order Type:</b></p> <p>all orders in this session must be limit orders.</p>                                                           |

14.8 At the end of all auctions, unmatched orders will be cancelled.

14.9 During all auctions, there must be at least one limit order submitted to execute the trades at the end of each auction and to form the Theoretical Price. If no limit order is submitted, the trading system will cancel all orders and the trades shall not be executed at the end of each auction.

14.10 Reference price will be linked to order book, except during the Ex-Date and the Record date of the Corporate Actions.