

Saudi Arabia Sovereign Local Currency Debt *Primer & Update*

Saudi Tadawul Group



هيئة السوق المالية
Capital Market Authority



August 31st 2025

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Classification: Public

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1. Saudi Arabia's Sovereign Local Currency Debt Market: Summary

The Saudi Arabian Sovereign Local Currency Debt Issuance Programme

A Robust and Growing Domestic Fixed Income Platform for SAR-denominated Issuance

Key Features

Instrument Type:

Currently, Shariah-compliant Sukuk (Islamic bonds) denominated in Saudi Riyals (SAR)
[Based on demand, future issuances in conventional bond format could also be possible]

Issuance Frequency:

Conducted on a monthly basis, typically in the third week of each month

Tenors:

Structured across a wide range of maturities to establish a benchmark yield curve, including “on-the-run” tenors of 4, 6, 7, 9, 11 and 14 years

Issuing Entity:

The National Debt Management Centre (NDMC), on behalf of Saudi Arabia's Ministry of Finance

Purpose:

Primarily used to finance budgetary needs, refinance maturing debt, and support long-term economic projects and infrastructure development

Investor Base:

Accessible to both domestic and international investors, facilitated through primary dealers (both local and international), and trading infrastructure involving Euroclear/Clearstream and custodians

Strategic Importance



Contributes to the development of a well-established SAR yield curve across maturities and stimulates private sector issuance and liquidity in the local market



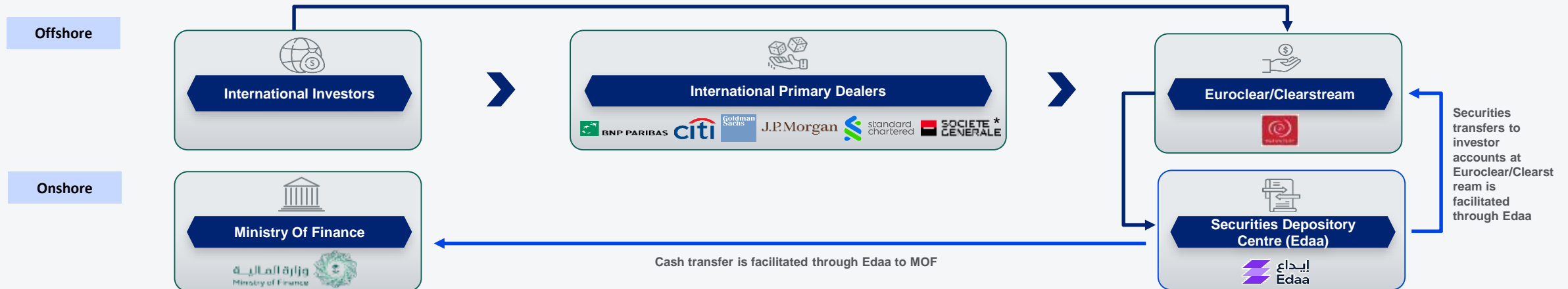
Strengthens financial resilience and supports the long-term diversification goals under Vision 2030



Enhances the debt portfolio by reducing reliance on foreign currency funding and smoothing refinancing risks

Local Currency Sovereign Debt Primary Auction Process

Flow diagram for Saudi Arabian Sovereign debt issuance, involving international investors



Source: NDMC

Note that above is representation for Primary Issuance for International Investors; local investors similarly access the primary auctions through local primary dealers

Primary issuance conducted through 16 Primary Dealers (PDs) – the International PDs and Local PDs also have market-making obligations

International Primary Dealers	standard chartered	J.P.Morgan	citi	Goldman Sachs	BNP PARIBAS	SOCIETE * GENERALE
Local Primary Dealers	ساب SABB	مصرف الإنماء alinma bank	SNB	مصرف الراجحي alrajhi bank	بنك الجزيرة BANK ALJAZIRA	
Distribution Primary Dealers	البلاد المالية Albilad Capital	درابطة derayah	BSF Capital	الراجحي المالية alrajhi capital	الجزيرة كابيتال ALJAZIRA CAPITAL	الجزيرة للأسواق المالية

* Societe Generale was appointed on 26th of July 2025 and is expected to become fully operational soon

Regulatory Evolution of the KSA Sovereign Local Currency Debt Market

2017	The publication of the revamp of relevant Rules clarifying the requirements and procedure of the debt offering
2019	Tax exemption for international investors
2020	Allowing foreign investors to Invest directly in debt market
2021	The publication of instructions for international central securities depositories
2021	Activation of the Linkage with the International Central Securities Depository (Clearstream)
2022	Activation of the Linkage with the International Central Securities Depository (Euroclear)
2024	The licensing of Tradeweb – Expected launch September/October 2025
2024	Enabling Capital Market Institutions to Open "Omnibus Accounts" for Their Clients for domestic DCM Investments
2025	The introduction of a market making framework in the debt market
2025	Announces the Extension of Trading Hours for Negotiated Deals Execution for Debt Instruments
2025	The introduction Over-the-Counter (OTC) Settlement System for OTC trades involving listed debt securities
2025	Reduction of the fail management process fee for fixed income market
2025	Societe Generale to be appointed as a primary dealer in the government's local debt instruments

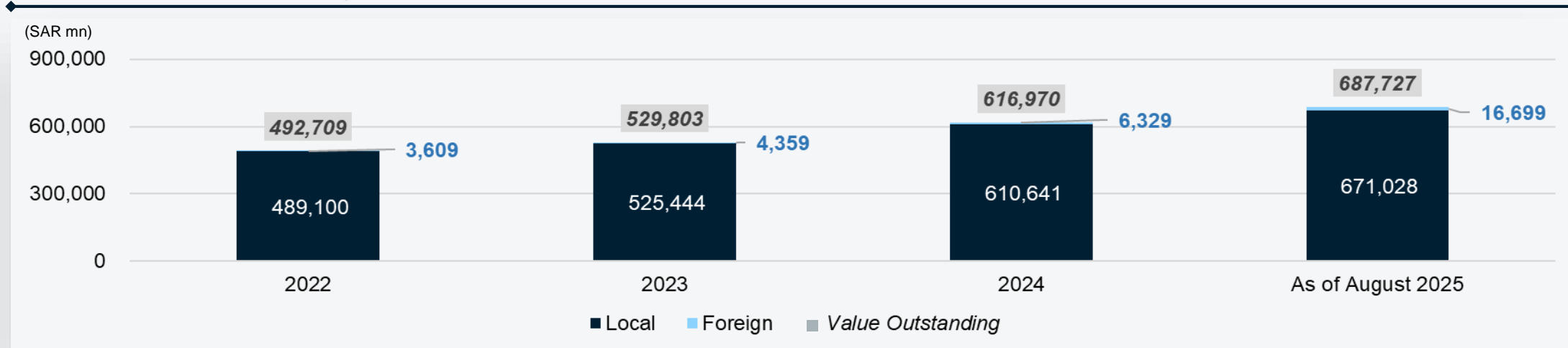
Note: Unlike the equity market, there is no registration required for international investors in the debt market, nor are they required to demonstrate any minimum size; any international investor with a Euroclear/Clearstream account or an account at a local custodian can access the local debt market

Secondary Market Drivers, and Initiatives for Boosting Liquidity

- International and Local Primary Dealers have market-making obligations, and are required to quote two-way pricing
- Sukuk are listed and actively traded on the Saudi Exchange
- Introduction of Over-the-Counter (OTC) trading with corresponding OTC settlement
 - Prior trading channels involved trading the Sukuk on the exchange through intermediary brokers
 - From 1st May 2025 Edaa introduced the OTC Settlement framework that alternately allows bilateral trades between counterparties via custodians (and Euroclear/Clearstream) - eliminating the need for intermediary brokers
 - The service mechanism is a Delivery versus Payment (DvP), automates key settlement functions, and reduces transaction costs and processing times
 - Investors can now settle trades outside the exchange trading platform, improving speed and operational efficiency
 - The model is aligned with global post-trade standards facilitating greater foreign investor participation
 - This development also effectively integrates the local and international investor liquidity pools, through fungible access
- NDMC has begun focusing on 6 key On-the-Run tenors, at primary auction and through buy-backs/switches (liability management), so as to concentrate greater liquidity in these tenors
- The Securities Clearing Center Company (Muqassa) has begun offering an Interbank Repurchase Agreement (Repos), which is under refinement to suit investors' requirements
- Given investor feedback, future initiatives will also consider introduction of Debt Futures market
- Saudi Arabia's sovereign local currency debt is already included in relevant FTSE and iBoxx indices; initiatives are under way for inclusion into other relevant indices (e.g., JPM GBI-EM, Bloomberg)

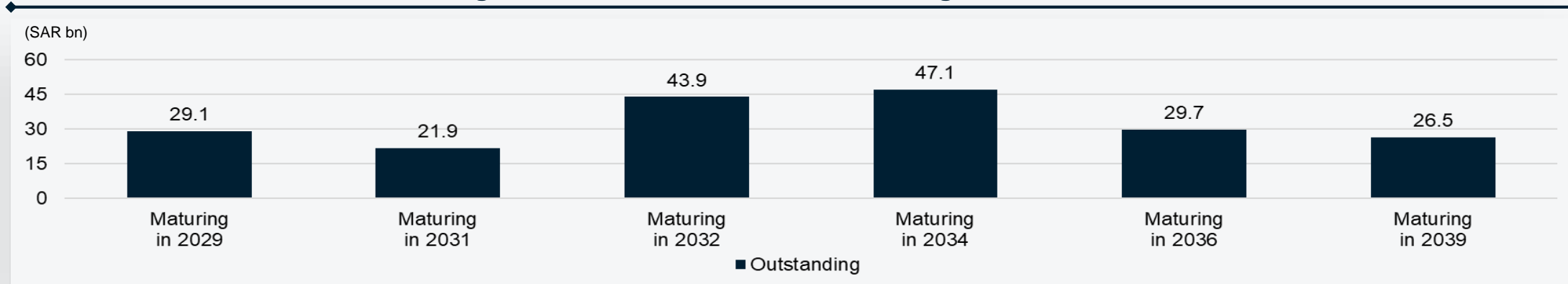
KSA Bond/Sukuk Market - Outstanding Amounts & Ownership

KSA Amounts Outstanding and Ownership Breakdown for KSA Bond/Sukuk Market*



* The above graph includes both sovereign and corporate sukuk; however, the corporate segment is minuscule compared to the sovereign sukuk.

KSA PD Bonds Amounts Outstanding in the 6 OTR Tenors – as end of August 2025**

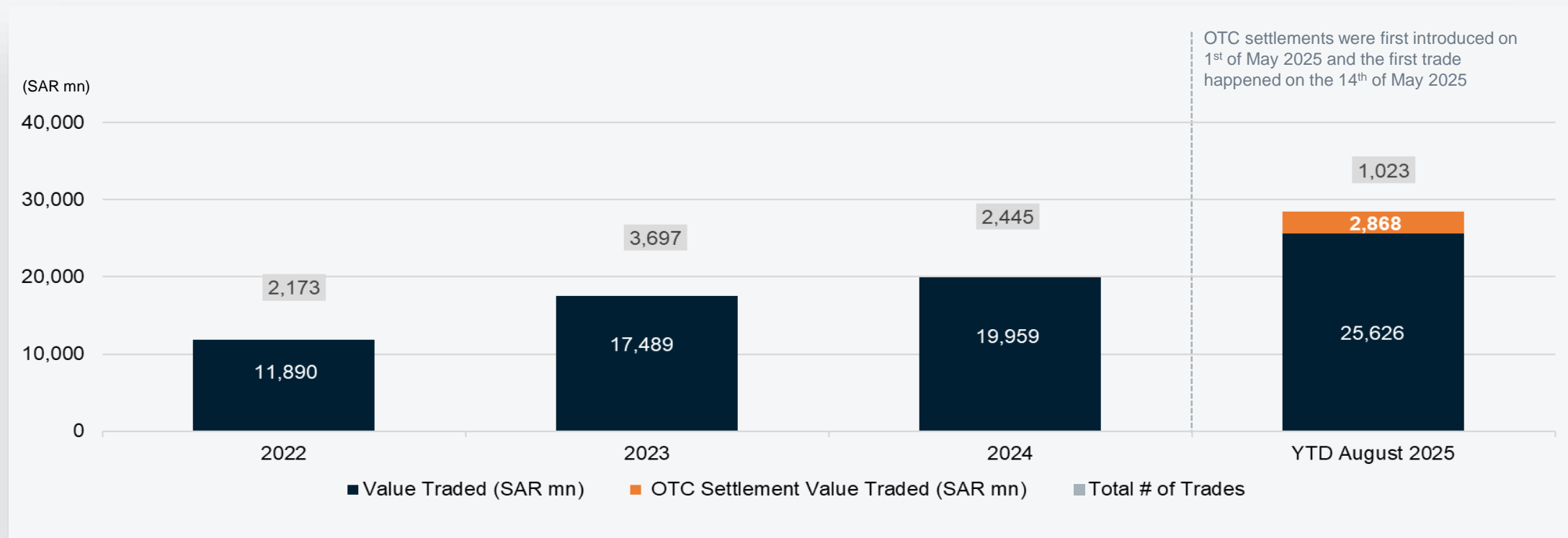


** The above graph includes only sovereign sukuk.

Trading Liquidity Zoom-Out

As of end-August 2025 YTD figures have already surpassed full-year 2024 levels and are expected to rise further with the introduction of OTC settlements

KSA Trading Values for Sovereign Local Currency Bonds*

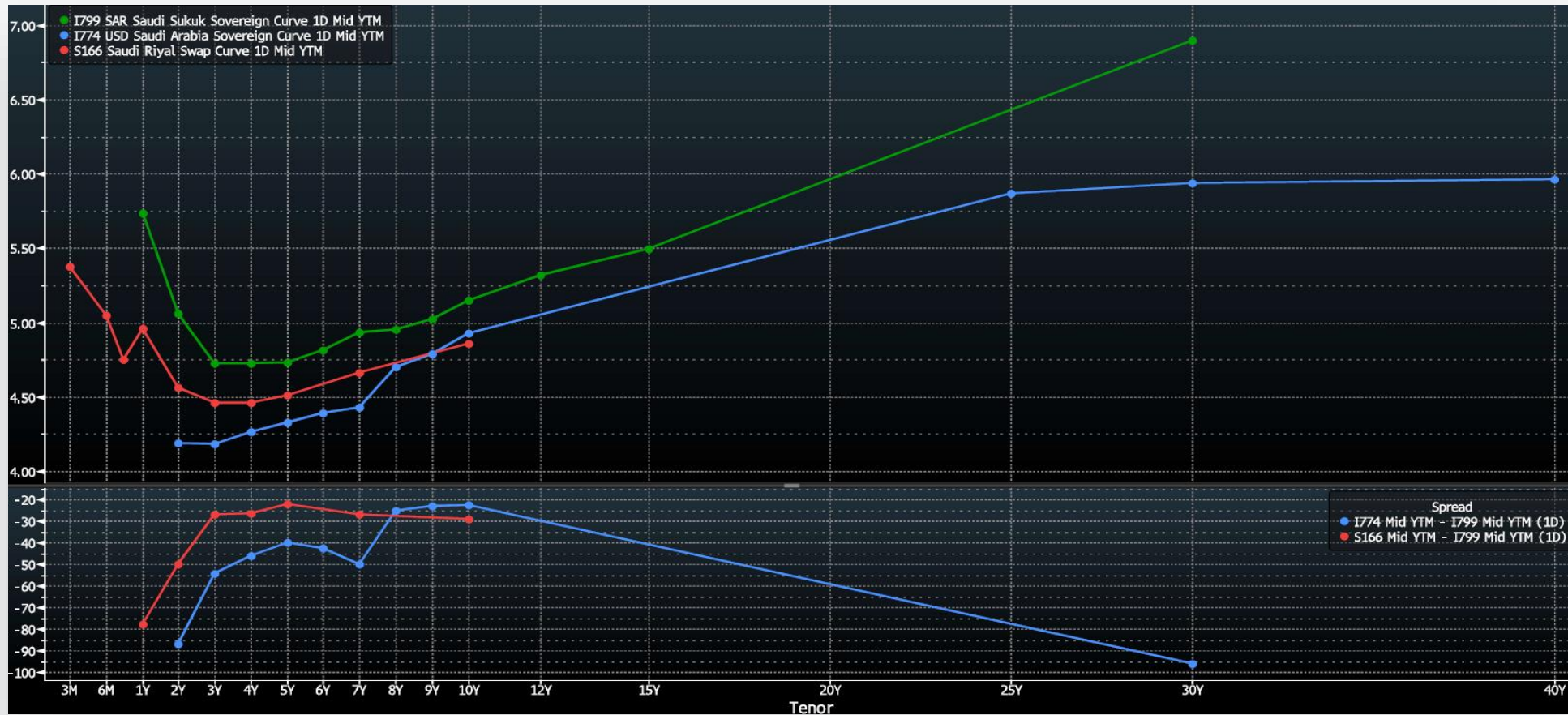


Source: Saudi Exchange

*Trading values shown reflect Saudi Exchange-reported figures and exclude intra ICSD settlement

Comparative Yields

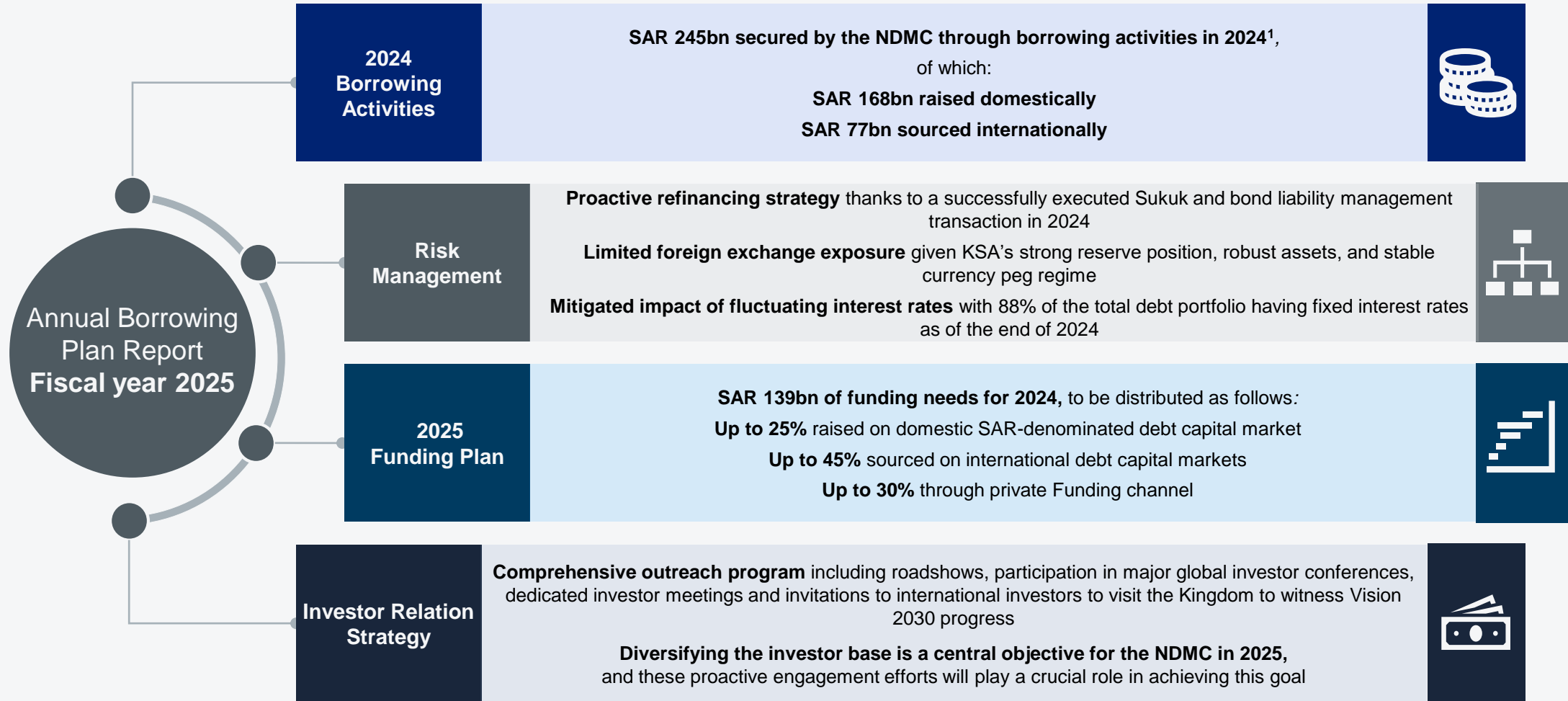
Sovereign SAR yields through the 10-year tenor exhibit notable pickup over both USD sovereign and the SAR swap curves



Source: Bloomberg as of 26th August 2025

2. Saudi Arabia's Sovereign Local Currency Debt Market: Issuance Process and Trading updates

The Annual Borrowing Plan as a Driver for Issuance Activities



Sources: NDMC 2025 Annual Borrowing Plan

Note: 1. Includes liability management transactions during the year

Issuance Calendar and Market Access

A transparent and accessible structure supporting investor participation

The National Debt Management Center (NDMC) maintains a structured and transparent issuance calendar for the Saudi Riyal-denominated Sukuk Program. This calendar outlines the schedule for domestic sukuk issuances, providing clarity and predictability for market participants.

Monthly Issuance Framework

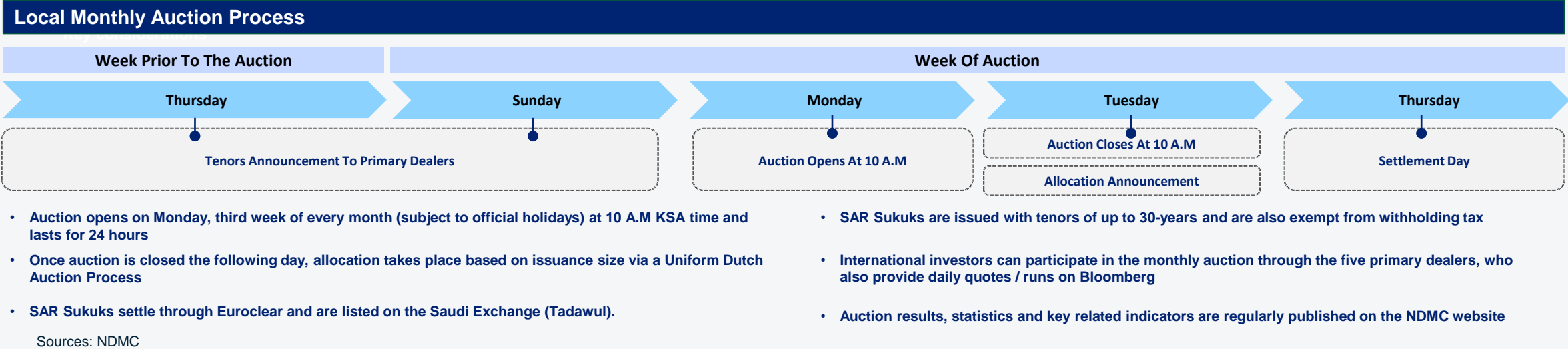
- **Issuance Frequency:** Monthly, typically during the third week of each month.
- **Tenor Structure:** NDMC has designated specific benchmark tenors as “on-the-run” issues to ensure liquidity and pricing transparency.
- **Publication:** The issuance calendar is published annually and is accessible on the NDMC website.
- **Access:** Investors can view the detailed calendar here: [NDMC Issuance Calendar](#)

Recent Issuance Highlights

- **August 2025 Issuance:** Total allocation of SAR 5.313Bn across four tranches with maturities in 2029, 2032, 2036, 2039.
- **July 2025 Issuance:** Total allocation of SAR 5.020Bn across four tranches with maturities in 2029, 2032, 2036, 2039.
- **June 2025 Issuance:** Total allocation of SAR 2.355Bn across five tranches with maturities in 2027, 2029, 2032, 2036, 2039.
- **May 2025 Issuance:** Total allocation of SAR 4.081 billion across four tranches with maturities in 2029, 2032, 2036, and 2039.
- **April 2025 Issuance:** Total allocation of SAR 3.710 billion across four tranches with maturities in 2029, 2032, 2036, and 2039.
- **March 2025 Issuance:** Total allocation of SAR 2.640 billion across multiple tranches with maturities 2027, 2029, 2032, 2039.

For detailed results of each issuance, including tranche sizes and maturities, please refer to the NDMC's [Media Center](#)

Local Currency Debt – Primary Auction Process & Calendar



2025 local Sukuk issuances calendar¹

National Day

Eid Holidays²

Settlement Day

Offer Day

Founding Day

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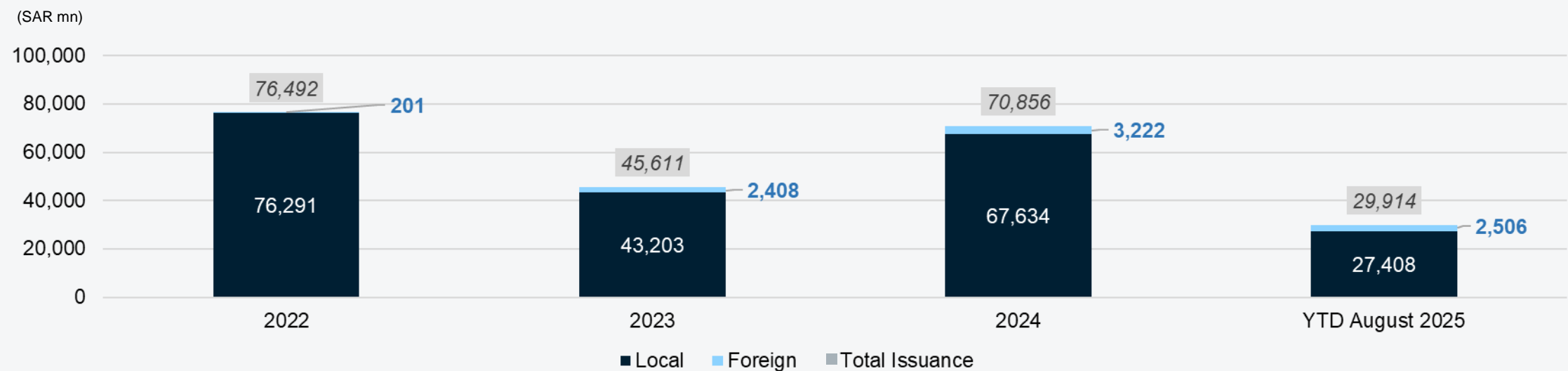
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Sources: NDMC
 Notes: 1. Calendar is subject to change due to official holidays, 2. Tentative Holiday

Local Currency Sovereign Debt Issuance Data

Breakdown between local vs foreign investors allocated in sovereign local currency issuance at primary issuance.
As end of August 2025.



(SAR mn)

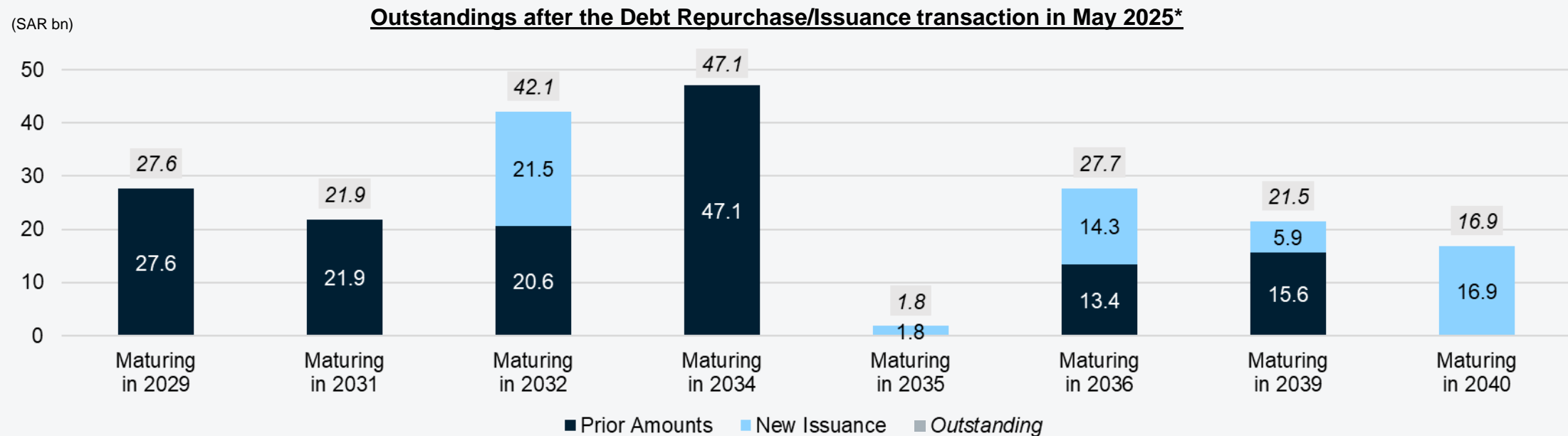
Category	2022	2023	2024	As of end of August 2025
Local	76,291	43,203	67,634	27,408
% of Total Issuance	99.7%	94.7%	95.5%	91.6%
Foreign Investors	201	2,408	3,222	2,506
% of Total Issuance	0.3%	5.3%	4.5%	8.4%
Total Issuance	76,492	45,611	70,856	29,914

Liability Management Update: Consolidating Into OTR Tenors

KSA Sovereign Local Currency Debt Repurchasing/Issuance

In 25th of May 2025, NDMC completed its sixth early **repurchasing** (redemption) transaction of previously issued sukuk maturing between 2025 and 2029 - a total value around **SAR 60.4 bn**.

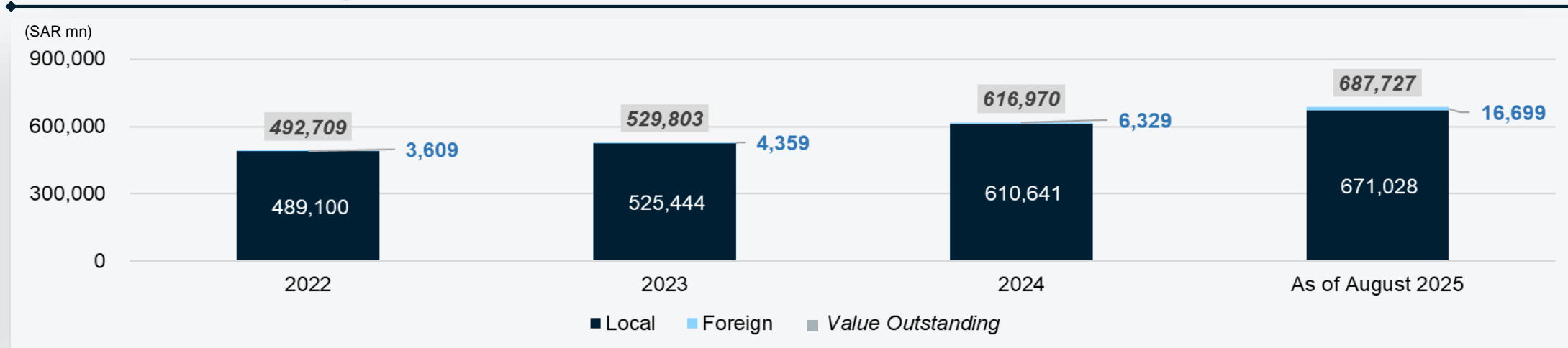
Simultaneously, NDMC **Issuance** of new sukuk totaling **SAR 60.3 bn**, divided into five tranches maturing between 2032 and 2040:



* Tenors shown above are only those that represent the six PD bond/on-the-run tenors, and others where new amounts were issued into. Tenors with no changes to the outstanding amounts have not been reflected

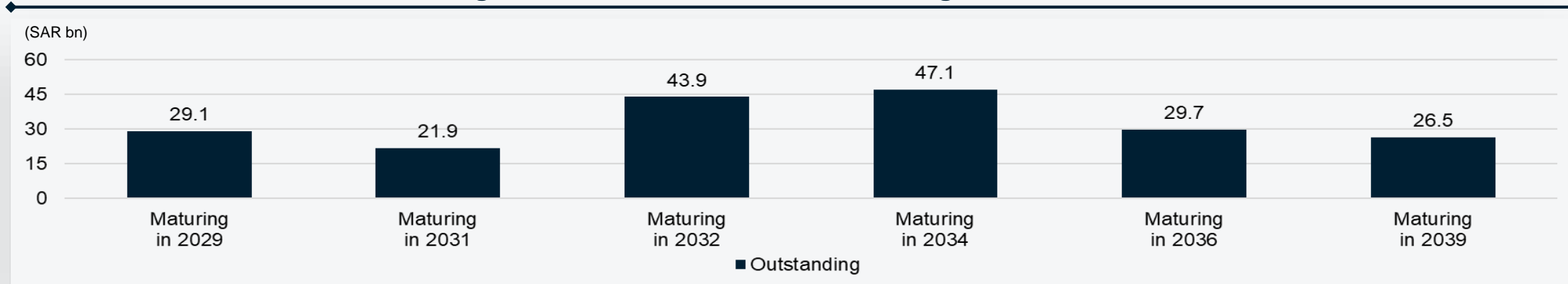
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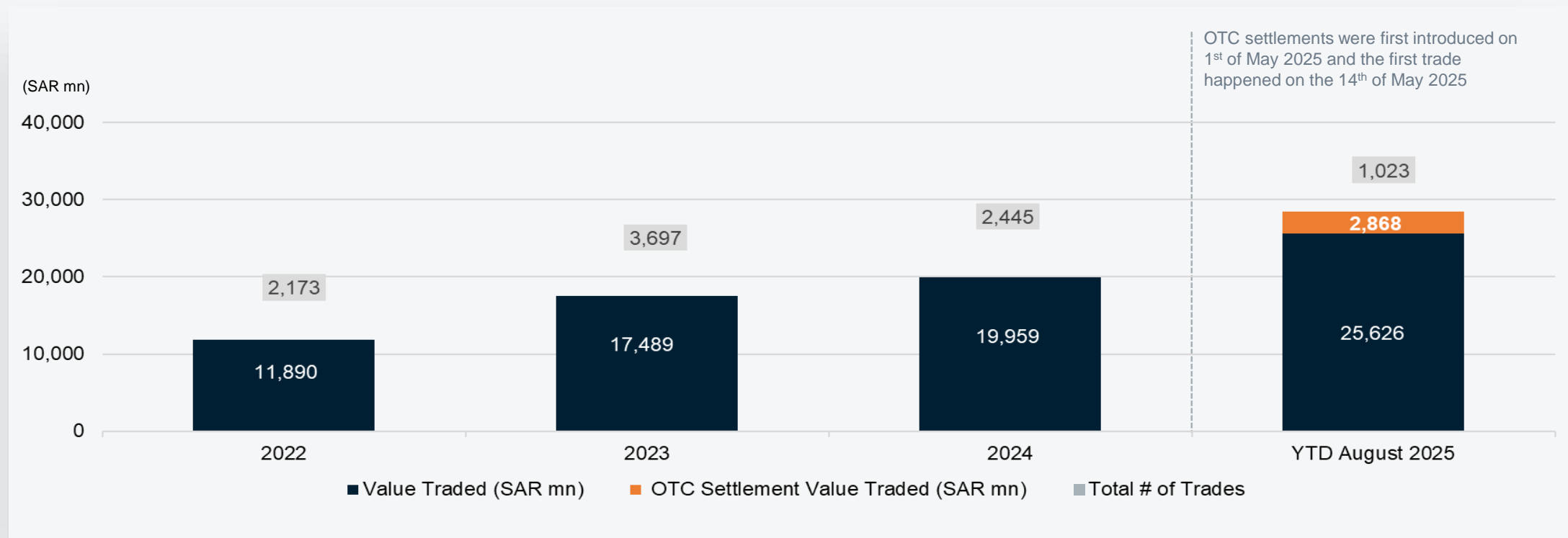


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3. Trading and Post-Trade Developments: Direct OTC Settlement System

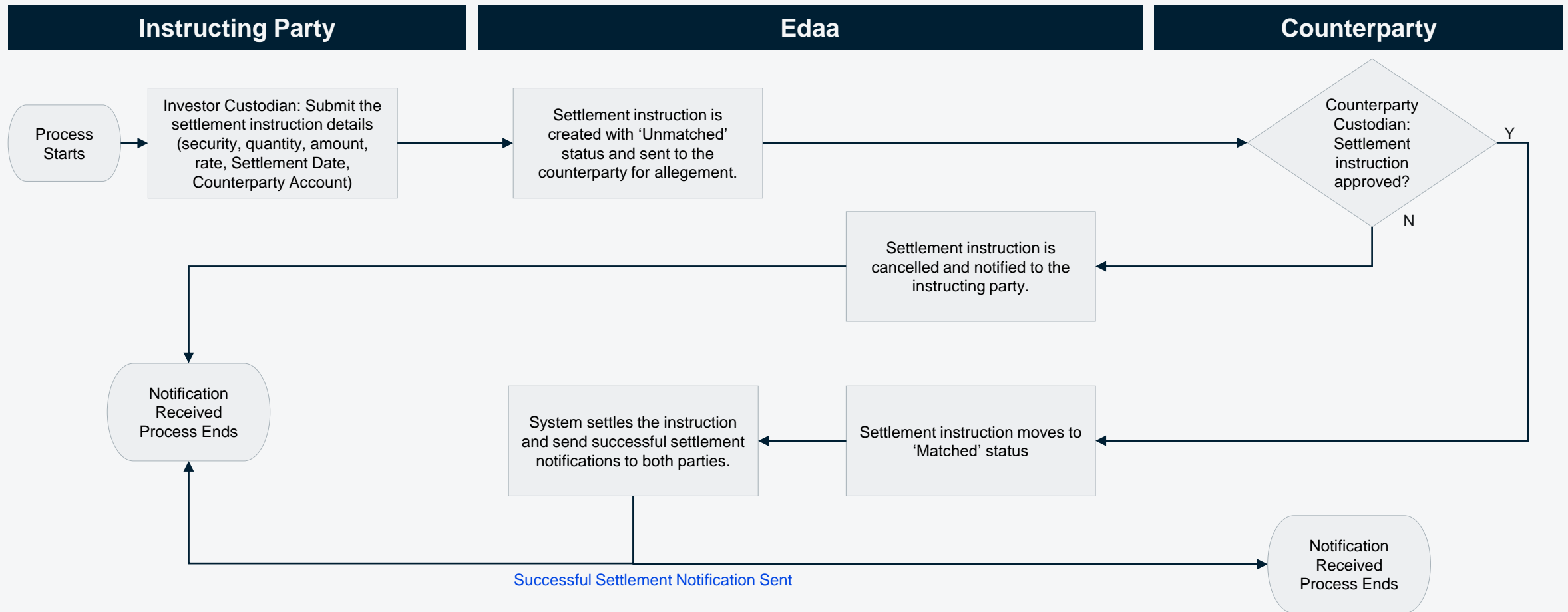
2025 KSA Sovereign Local Currency Debt Market Update

Trading and post-trade infrastructure update

- **Introduction of Over-the-Counter (OTC) trading with corresponding OTC settlement**
 - Prior trading channels involved trading the Sukuk on the exchange through intermediary brokers
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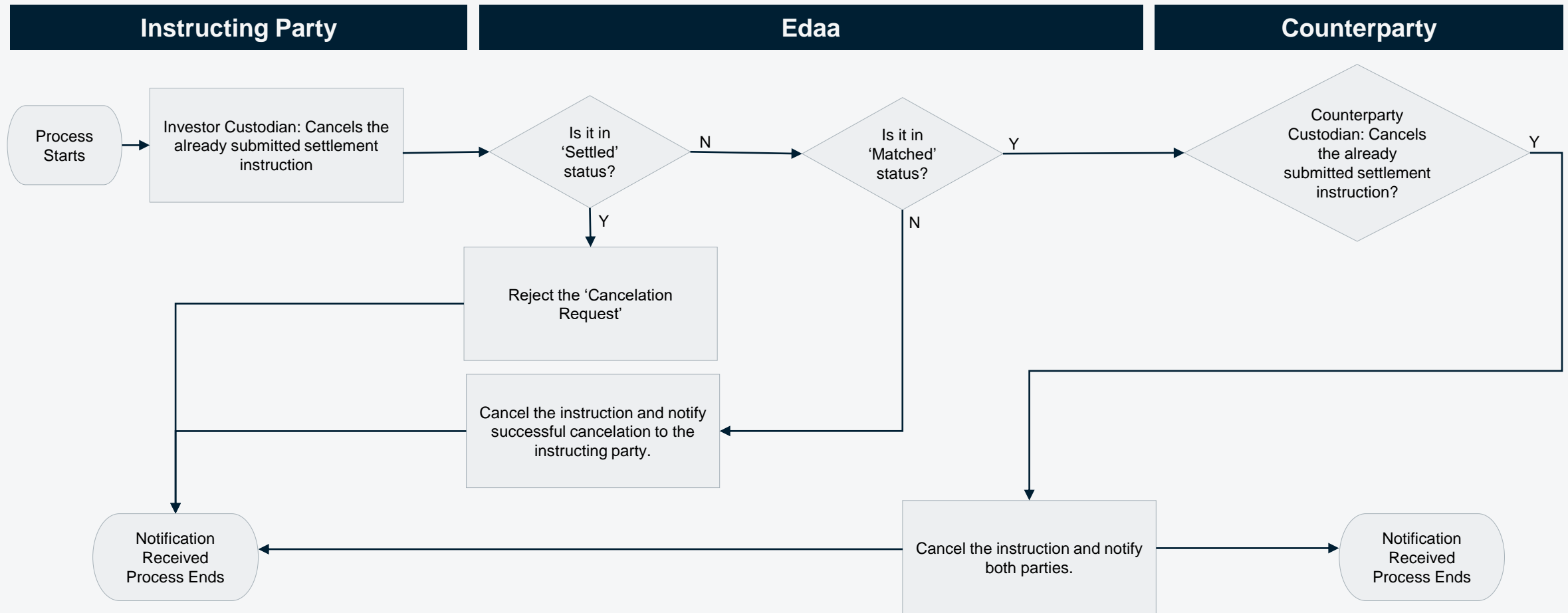
OTC Settlement for Listed Debt Instruments (1 of 5)

OTC Settlement Instructions Creation Procces Flow



OTC Settlement for Listed Debt Instruments (2 of 5)

OTC Settlement Instructions Cancellation Process Flow



OTC Settlement for Listed Debt Instruments (3 of 5)

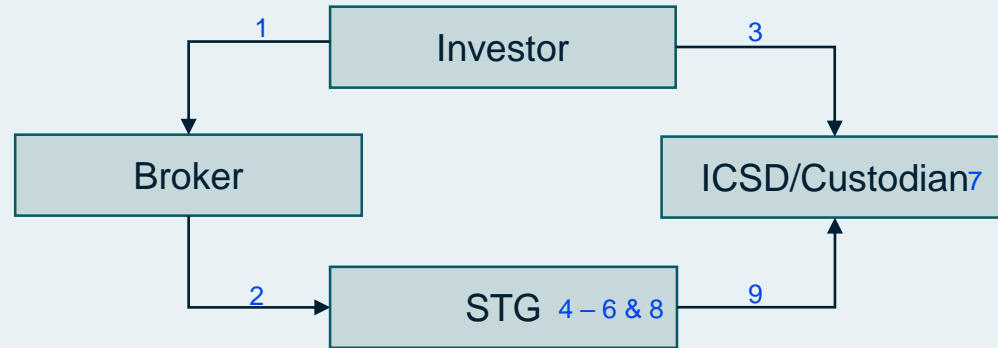
Exchange Trading vs. Negotiated Deals vs. Edaa OTC Settlement

Service	Exchange Trading	Negotiated Deals	Edaa OTC Settlement (Listed Debt Instrument)
Exchange Trading Platform	✓	✓	✗
Muqassa Clearing Service	✓	✓	✗
Edaa Settlement Service	✓	✓	✓
Instruments	All Securities	All Securities	Listed Debt Instruments
Instruction Placement	Broker	Broker	Custodian
Settlement Cycle	T+2	T+0 – T+5	T+0 – T+5
Reporting	Exchange	Exchange	Exchange

OTC Settlement for Listed Debt Instruments (4 of 5)

Investor Journey: Exchange Trading vs OTC Settlement

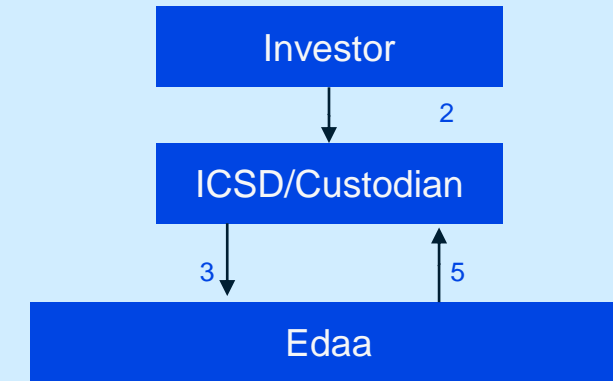
Exchange Trading



1. The ICSD client or local investor establishes a relationship with a local broker, who then connects to the exchange to execute the investor's trade instructions.
2. The Exchange Member (broker) submits the orders directly to the Saudi Exchange for matching and execution.
3. Investors provide their Custodian or ICSD with the necessary trade details for matching purposes*.
4. The Saudi Exchange facilitates the matching of orders.
5. The Saudi Exchange transmits the matched trades to Muqassa for clearing.
6. Muqassa generates the settlement instructions and transmits them to Edaa for processing.
7. The ICSD or Custodian receives the settlement instructions generated by Edaa and completes the settlement in Edaa system.
8. On the intended settlement date, Edaa processes the matched settlement instructions.
9. Edaa sends settlement confirmations to custodians.

* The details required by the ICSD in the trade ticket are: Broker details, broker fee and trade reference.

OTC Settlement



1. The ICSD client or local investor bilaterally agree on the trade details, including price, quantity, and settlement terms with the counterparty.*
2. The investor submits the necessary details to the custodian or ICSD.
3. The ICSD or custodian submits the settlement instruction into Edaa system, generating a settlement instructions for the counterparty's custodian. The counterparty's custodian then confirms the instruction within Edaa for matching, based on the bilaterally agreed settlement terms.
4. Edaa settles the instructions on the intended settlement date.
5. Edaa sends settlement confirmations to both custodians.

*Trade matching remain outside of Edaa scope and can be facilitated through Trading platforms or Direct relationships. Edaa is providing only the settlement service.

OTC Settlement for Listed Debt Instruments (5 of 5)

Key Considerations

- **Key Considerations When Entering OTC Settlement Instructions**
- Investors must adhere to the following requirements when submitting OTC settlement instructions through their custodians in the Edaa system:
 - **Settlement Cycle:** Must be agreed bilaterally between counterparties and fall within a T+0 to T+5 range.
- **Mandatory Fields:**
 - Securities Account
 - Instruction Reference
 - Instrument Identifier
 - Quantity (in multiples of the Face or Nominal Value)
 - Transaction Type
 - Settlement Amount and Currency
 - Settlement Counterparty
 - Trade Price

4. FAQ's, Info/Data Sources, and Key Contacts

Top FAQs from Investors

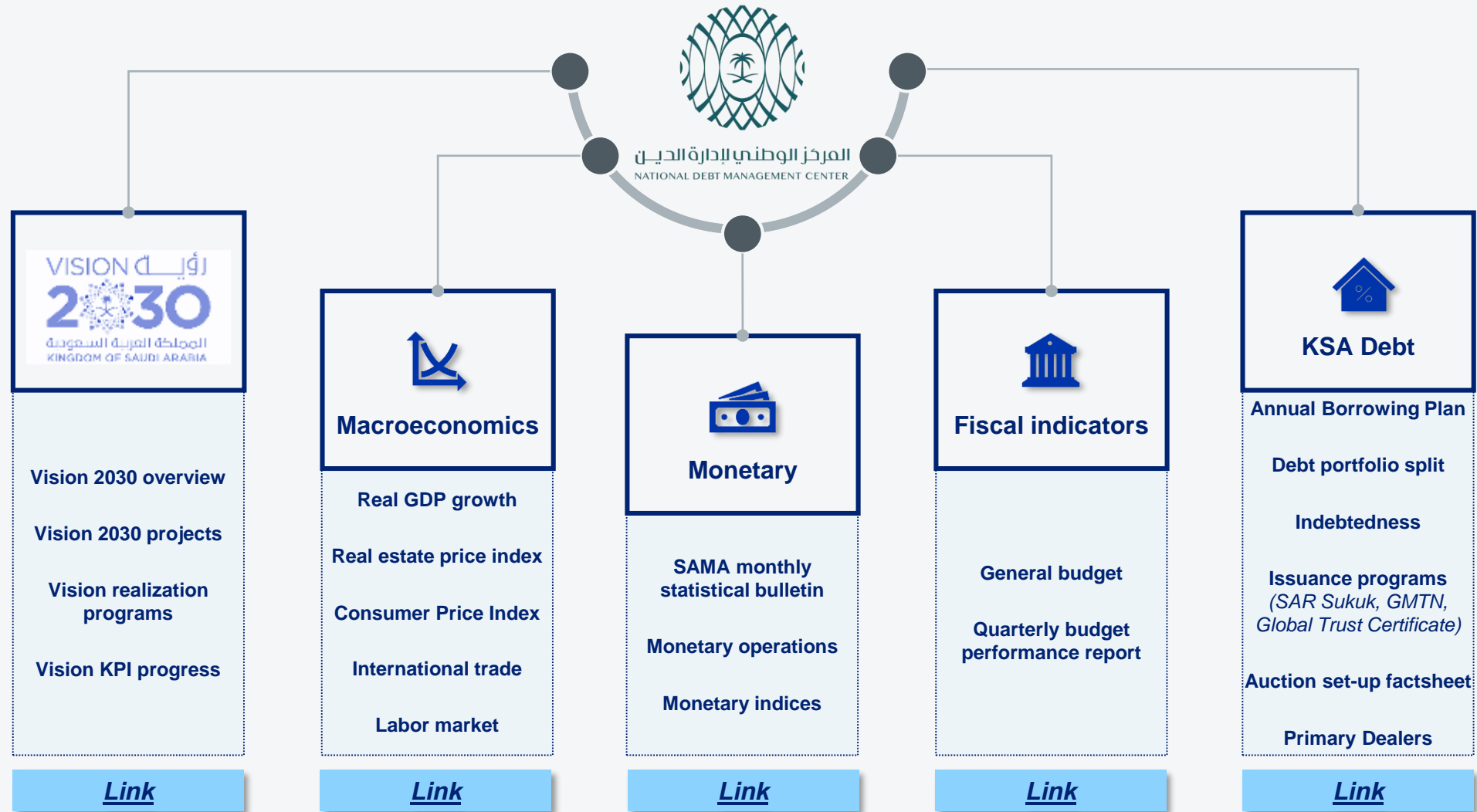
Addressing key queries from current and prospective SAR Sukuk participants

A.	Why is the Kingdom prioritizing a local currency sukuk program alongside its USD issuances?	The local currency sukuk program is a central pillar in the Kingdom's funding strategy. It supports the development of a domestic yield curve, enhances market liquidity, and reduces dependency on foreign currency borrowing. By cultivating a robust riyal-denominated debt market, the Kingdom strengthens local financial market infrastructure while maintaining diversification and flexibility in its funding approach
B.	Are these issuances only in Sukuk format, and can a conventional Bond not be issued?	There are no restrictions in format for the local SAR programme. The Saudi Sovereign itself in USD format has issued several Bonds and Sukuk. If demand for a specific issuance or tenor is robust enough, the Sovereign would be pleased to consider issuing local currency debt for that tenor in the conventional Bond format
C.	What is the issuance frequency of the SAR sukuk program?	Sukuk are typically issued on a monthly basis, often during the third week of each month, according to a pre-defined schedule. This provides predictability and transparency to investors. The current issuance calendar can be accessed here: NDMC Issuance Calendar
D.	How does secondary trading settlement work for international investors?	With the launch of the OTC settlement service for all listed debt instruments, global investors can now engage in direct bilateral settlement of trades agreed with counterparties via their custodians without intermediary broker involvement. Further, both Euroclear and Clearstream are recognized as custodians for this purpose, ensuring internationally recognized settlement standards and ease of access for non-resident participants

Top FAQs from Investors

Addressing key queries from current and prospective SAR Sukuk participants

F.	Are there withholding taxes applicable to foreign investors who participate in SAR issuances?	International investors are not exposed to withholding taxes on interest paid on Saudi sovereign local currency Sukuk (the Ministry of Finance absorbs these taxes, through a permanent decree)
G.	Are there active primary dealers supporting access to the SAR sovereign Sukuk market, and is there an active secondary market?	Yes, there are currently five international primary dealers and five local primary dealers appointed by NDMC, who support the primary auction process and also have market-making obligations. Secondary trading is supported either through brokers on the exchange or otherwise directly through the OTC settlement offered by Edaa.
H.	Is there a forward calendar of upcoming issuances?	Yes. NDMC publishes a forward-looking issuance calendar that outlines the anticipated timing of monthly sukuk auctions. While final size and tenor announcements may come closer to auction date, the calendar allows investors to prepare and position accordingly. NDMC Issuance Calendar
I.	Who are the typical participants in the SAR sukuk market?	The investor base is primarily comprised of domestic banks, which are the key participants across both the primary and secondary markets, and that ensures a strong domestic bid.



KSA Local Links and Data Reference

Links and References

- Edaa OTC Settlement Announcement ([saudiexchange.sa/wps/wcm/connect/tadawul_en/sa-tadawul/sa-pricesandindeces/sa-news/sa-marketnews/ct-marketnews-edaa30-04-2025](https://www.saudiexchange.sa/wps/wcm/connect/tadawul_en/sa-tadawul/sa-pricesandindeces/sa-news/sa-marketnews/ct-marketnews-edaa30-04-2025))
- Sukuk/Bonds liquidity stats for Q1 2025 (https://www.saudiexchange.sa/Resources/Reports-v2/FI_Quarterly_en.html)
- Sukuk/Bonds liquidity stats as of May (https://www.saudiexchange.sa/Resources/Reports-v2/FI_Monthly_en.html)
- Annual Borrowing Plan (<https://www.ndmc.gov.sa/en/IssuancePrograms/Pages/AnnualBorrowingPlan.aspx>)
- Appointed primary dealers (https://ndmc.gov.sa/en/Pages/First_Dealers.aspx)
- Local Saudi Sukuk Issuance Program in Saudi Riyal inc. and auction results (https://www.ndmc.gov.sa/en/IssuancePrograms/Pages/Sukuk_Issuance_Program_in_Saudi_Riyal.aspx#)
- NDMC Reports & Statistics (<https://www.ndmc.gov.sa/en/stats/Pages/default.aspx>)
- NDMC Annual Borrowing Plans (<https://ndmc.gov.sa/en/IssuancePrograms/Pages/AnnualBorrowingPlan.aspx>)
- KSA Budget Statement (<https://www.mof.gov.sa/en/budget/Pages/default.aspx>)
- Budget performance reports for 2025 (<https://www.mof.gov.sa/en/financialreport/2025/Pages/default.aspx>)
- Saudi Exchange's Monthly/Yearly Reports (<https://www.saudiexchange.sa/wps/portal/saudiexchange/newsandreports/reports-publications/annual-reports?locale=en>)
- Reduction of the fail management process fee announcement ([Click here](#))
- Societe Generale to be appointed as a primary dealer in the government's local debt instruments ([Click here](#))

Key Market Contacts

Essential engagement points for market participants

Below is a reference guide of the key institutions supporting access to the Saudi Riyal Sukuk market. Investors can reach out to these entities for inquiries related to issuances, trading, regulation, or settlement, or engage through one of the Primary Dealers or Custodians or Euroclear/Clearstream

National Debt Management Center (NDMC)

Lead entity managing the Saudi sovereign debt programme

General Inquiries Contact

Name: Investor Relations Department

Email: IRRA@ndmc.gov.sa

Notes: Primary point for information on local currency programme, auction calendar, investor onboarding

Saudi Exchange (Tadawul)

Market operator responsible for listing and trading Sukuk

Market Operations / Fixed Income Desk

Name: Fixed Income Desk

Email: FI@saudiexchange.sa

Notes: Trading access, market data, and OTC settlement infrastructure

Capital Market Authority (CMA)

Regulatory authority overseeing securities markets in Saudi Arabia

Sukuk & Debt Instruments Division

Name: Sukuk & Debt Instruments Issuance Dept

Email: SDII@cma.org.sa

Notes: Regulatory queries, disclosures, market rules

Thank You

Saudi Tadawul Group



هيئة السوق المالية
Capital Market Authority

