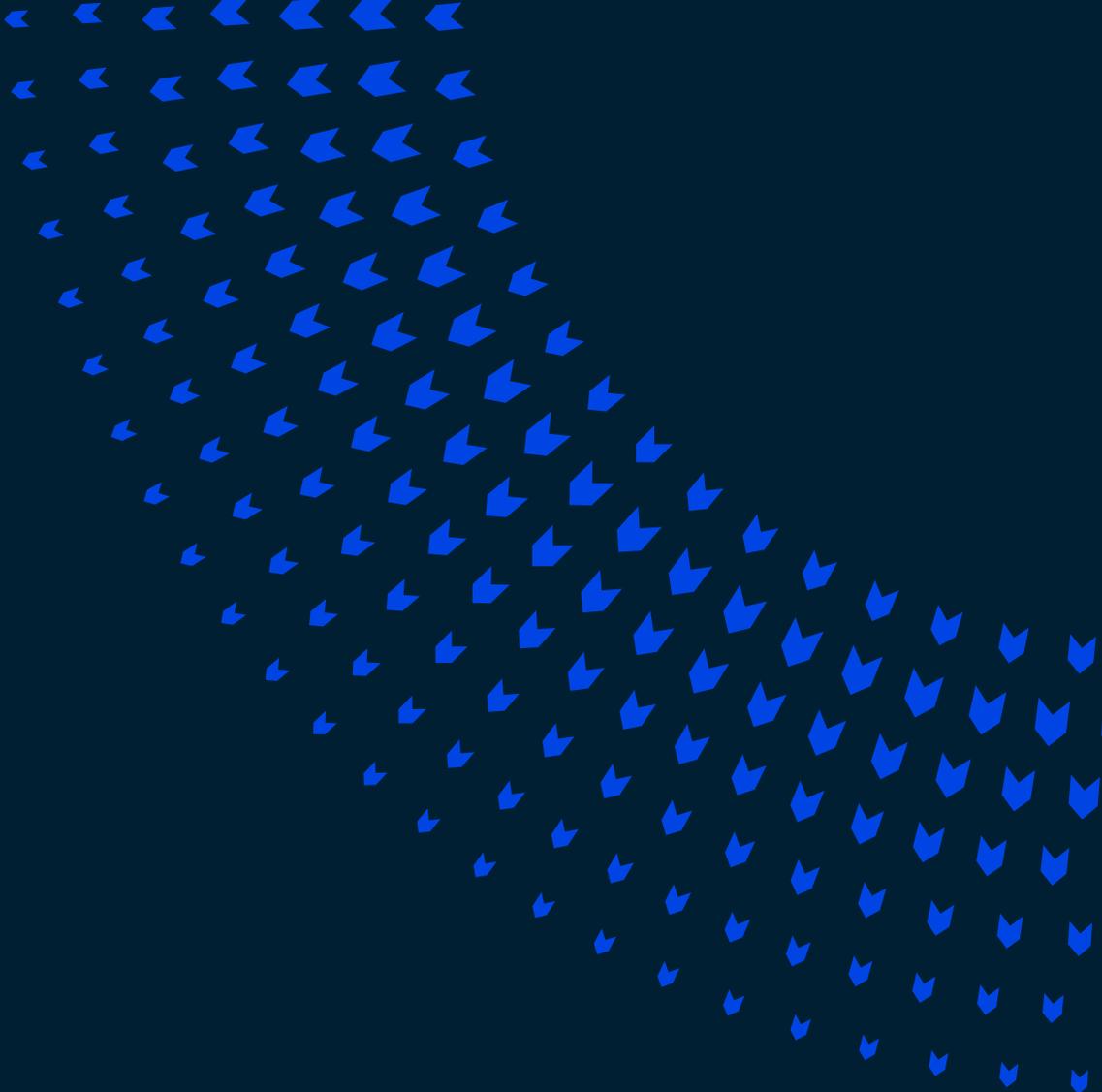


# Saudi Tadawul Group Launches a Bundle of Enhancements to Develop Post Trade Infrastructure

Saudi Tadawul Group and three of its subsidiaries, Saudi Exchange, the dedicated stock exchange, Muqassa, the securities clearing house and Edaa the Securities depository center introduce several new post trade infrastructure enhancements to deliver best-in-class services and financial instruments to local and international investors creating an attractive investment environment for all market participants.

## Edaa Enhancements

| Enhancements   | Benefits   | Additional information  |
|--|--|---|
| <p><b>Introduction of a new central securities depository system and post-trade services</b></p> | <ul style="list-style-type: none"> <li>Edaa has introduced a new central securities depository system, in alignment with international standards, to provide a more sophisticated post-trade infrastructure and a wide range of securities services including settlement, depository, registry and asset servicing.</li> <li>Edaa is introducing a new system and post-trade services, in alignment with international market standards to enhance the experience for CMLs, custodians, settlement agents and investors, and attract more investors to the market.</li> </ul>  | <ul style="list-style-type: none"> <li>The introduction of a new central securities depository system will improve the Saudi capital market and the operations within it by reducing systemic risks and enhancing market efficiency.</li> <li>Increasing the Group's offering enables investor access to new asset classes and opportunities to manage risk and benefit from market movements.</li> <li>This new central securities depository system supports the Group's transformation agenda by offering innovative services and creating strong links with global depository centers.</li> <li>Listed and unlisted securities will be allowed to be deposited in the Depository and Settlement System, except derivatives. <ul style="list-style-type: none"> <li>The transactions on deposited unlisted Securities shall be executed at unlisted board on the Exchange by Exchange members or transfers at Edaa systems by custody Members.</li> <li>The transactions on deposited unlisted Securities shall be executed Over the Counter and through Exchange Members.</li> </ul> </li> <li>Members can transfer listed deposited Securities without executing a transaction under specific transactions, including distribution.</li> </ul> |
| <p><b>Straight-through processing of ISO 15022 messaging</b></p>                                 | <ul style="list-style-type: none"> <li>Edaa has implemented straight-through processing (STP) to efficiently manage the trade settlement process for all securities transactions on Saudi Exchange.</li> <li>STP offers many benefits to market participants. By sharing information electronically, data is received almost instantly, which significantly reduces settlement risk.</li> <li>The use of ISO 15022 messaging standards allows for increased levels of market data standardization. The move away from proprietary feeds has further eliminated the need for user interaction leading to a reduction in risk.</li> </ul>  |   |
| <p><b>Daily and ad-hoc reconciliation and reporting of participants</b></p>                      | <ul style="list-style-type: none"> <li>Edaa now offers automated reconciliation services daily, allowing parties to efficiently and transparently reconcile all marketplace transactions.</li> <li>The introduction of daily and ad-hoc reconciliation and reporting ensures flexibility within a constantly changing business environment. This facilitates tailoring reports based on market participants' needs and creating reports for specific purposes.</li> <li>Changing the business model from settlement at trade to instruction settlement where netting of settlement obligations will be executed at the time of instruction.</li> <li>Banks fully control each service for the receiver's custodian allocated cash amount – allowing to change intraday liquidity reservation when required.</li> </ul> | <ul style="list-style-type: none"> <li>The introduction of intraday cash settlement to allow early release of funds to participants.</li> <li>Holdings, Transactions reports, and messages are available on scheduled and ad-hoc basis.</li> <li>A Depository Center Membership is available and will be activated once eligible members meet the specified criteria highlighted in the Securities Depository Centre Rules.</li> <li>Investors are required to open a Depository Centre Account, which can be used to deposit securities, settle transactions and register restrictions. <ul style="list-style-type: none"> <li>Investors can open an account with more than one custody Member</li> <li>Investors can also use the Depository Center Account with more than one Exchange Member</li> </ul> </li> <li>An Investor must be identified in the Depository and Settlement System prior to opening a Depository Centre Account under the Investor's name for the first time.</li> <li>An Investor may not be identified in the Depository and Settlement System more than once.</li> </ul>   |



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