



Saudi Stock Exchange (Tadawul)

Glossary of Defined Terms Used in the Exchange Rules

Approved by the Board of the Capital Market Authority Pursuant to its Resolution Number

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Arabic is the official language of the Saudi Stock Exchange

Glossary of Defined Terms Used in the Exchange Rules

Unless the contrary intention appears, the words and expressions in this Glossary shall have the meaning herein specified:

Adjusted Settlement Limit: The Custody Member's adjusted Cash Settlement Limit as specified by the Centre.

Applicant: a person applying for Centre membership or an issuer applying to deposit Securities.

The Authority: the Capital Market Authority, including (where the context permits) any committee, sub-committee, employee or agent to whom any function of the Authority may be delegated.

Authorized Person: a person who is authorized by the Authority to carry out Securities business.

Available securities: securities available for carrying out transactions including securities which have been purchased but not yet settled as determined by the Centre from time to time.

Borrowing Agent: a Custody Member entering into an SBL transaction as a borrowing agent in accordance with paragraph (a) of Article 11 of the SBL Regulations.

Broker: an Authorized Person to carry out the securities activity of dealing.

Buyer: the buyer party in a transaction.

Buy-in process: the mechanism specified by the Centre for buying securities and includes both the optional buy-in process carried out by Custody Members and the mandatory buy-in process carried out by the Centre under Article 33 of the Securities Depository Centre Rules.

Capital Market Law: the Capital Market Law issued pursuant to the Royal Decree No. (m/30) date 2/6/1424H, and any amendments thereto.

Cash Account: a cash account opened at the Settlement Member for the Custody Member or any of its clients as the context permits.

Cash Settlement: cash settlement of transactions in accordance with the provisions of Chapter two in Section three of the Securities Depository Centre Rules.

Cash settlement limit: a cash limit as determined by the relevant settlement member for each Custody Member from time to time, as specified by the Centre.

The Centre: the Securities Depository Centre established in accordance with Article 26 of the Capital Market Law.

Centre Account: an account opened at the Centre, which securities depository, settlement of the transactions and any restriction can be executed and processed through.

Centre Member: a person who has obtained one of the two Centre membership categories in accordance with the provisions of the Securities Depository Centre Rules.

Client: a person who potentially or actually receives services from an Authorized Person.

Collateral: money or assets which have been paid for in full by a client and which are held by the Authorized Person or under its charge, either for its own account or under the terms of a deposit, pledge or other pledge arrangement.

The Committee: the Committee for the Resolution of Securities Disputes.

Corporate actions: in the Security Depository Centre Rules, actions taken by the issuer which lead to:

- i. increasing or decreasing the number of its issued securities or changing its nominal value; or
- ii. any distributions of cash.

and other than in the Security Depository Centre Rules, actions taken by an issuer which lead to increasing or decreasing the number of its issued securities or changing its nominal value.

Custody: the securities activity specified in paragraph (5) of Article 2 of the Securities Business Regulations.

Custody Member: an Authorized Person who has obtained the Centre membership of custody category.

Custody Member Account: a Centre Account opened through a Custody Member for the member or its clients.

Day: a business day in the Kingdom in accordance with the official working days of the Exchange.

Debt Instrument: a tradable instrument creating or acknowledging indebtedness issued by companies, the government, public institutions or public organizations.

Deposited Securities: Securities deposited in the Depository and Settlement System.

Depository and Settlement System: all electronic systems used by the Centre to deposit and settle Securities.

Exchange Traded Fund: an index fund the units in which are traded on the Exchange or on another securities exchange which is recognized by the Authority.

The Exchange: The Saudi Stock Exchange Company (Tadawul), or the Saudi Stock Exchange, as the context permits.

Exchange Member: a person who has obtained an Exchange membership, in accordance with the Exchange Rules.

Exchange Rules: the regulations, rules, procedures and instructions proposed by the Board of Directors of the Exchange and approved by the Board of the Authority.

Identification Number: a special number for every investor identified in the Depository and Settlement System.

Implementing Regulations: any regulations, rules, instructions, procedures and orders issued by the Board of the Authority relating to the implementation of the Capital Market Law.

In writing: in legible form and capable of being reproduced on paper, irrespective of the medium used.

Investment fund: a collective investment scheme aimed at providing investors therein with an opportunity to participate collectively in the profits of the scheme which is managed by a fund manager for specified fees.

Investor: a natural or legal person who owns or intends to own securities, including Deposited Securities.

Issuer: a person issuing or intending to issue securities.

Kingdom: the Kingdom of Saudi Arabia.

Lending Agent: a Custody Member entering into an SBL transaction as a lending agent in accordance with paragraph (a) of Article 10 of the SBL Regulations.

Listed: in relation to any type of securities, means the securities approved to be listed on the Exchange.

Managing: the securities activity specified in paragraph (3) of Article 2 of the Securities Business Regulations.

Offeror: any person makes an offer or invites a person to make an offer which, if accepted, would give rise to the issue or sale of Securities by such person or by another person who made arrangements for the issuance or sale of Securities.

Over the Counter: outside the Trading System.

Payment System: the Saudi Arabian riyal interbank express (SARIE) system or any other replacement thereto.

Relending transaction: an SBL transaction in the form specified in paragraph (a) of Article 9 of the SBL Regulations.

Securities borrowing and lending transaction or SBL transaction: a transaction in the form specified in paragraph (b) of Article 3 of the SBL Regulations and entered into in accordance with the conditions set out in the SBL Regulations.

Short selling transaction: a transaction in the form specified in paragraph (b) of Article 3 of the Short Selling Regulations and entered into in accordance with the conditions set out in the Short Selling Regulations.

Person: any natural or legal person recognised as such under the laws of the Kingdom.

Pledge: any form of a security interest recognised under the laws of the Kingdom capable of taking effect in relation to a security.

Prudential Rules: the Prudential Rules issued by the Board of the Authority.

Registered Restriction: restriction registered in the Depository and Settlement System in accordance with the provisions of the Securities Depository Centre Rules, which restricts the ownership of Deposited Securities or conducting any action on them, whether such restriction is contractual, regulatory, judicial or otherwise.

Regulatory Body: any regulatory body in the Kingdom.

Restricted Account: an account opened at the Centre, which Securities trading cannot be executed through, except upon instructions from the Authority.

SAMA: the Saudi Arabian Monetary Authority.

Securities: in accordance with article 2 of the Capital Market Law, Securities shall mean:

- a. convertible and tradable shares of companies;
- b. tradable debt instrument issued by companies, the government, public institutions or public organisations;
- c. investment units issued by investment funds;
- d. any instruments representing profit participation rights, any rights in the distribution of assets or either of the foregoing; and
- e. any other rights or instruments which the Board of the Authority determines should be included or treated as Securities.

Securities Borrowing and Lending Regulations or SBL Regulations: the Securities Borrowing and Lending Regulations proposed by the Board of Directors of the Exchange and approved by the Board of the Authority.

Securities Ownership Register: a register that shows the identity of the owners of a certain category of the issuer's Securities.

Seller: the seller party in a transaction.

Settlement Member: a person who has obtained the Centre membership of settlement category.

Share: a share of any company, wherever incorporated. The definition of "share" includes every instrument having the characteristics of equity.

Short Selling Regulations: the Short Selling Regulations proposed by the Board of Directors of the Exchange and approved by the Board of the Authority.

Special Account: a Centre Account opened for a special purpose in accordance with the provisions of the Securities Depository Centre Rules.

Takeover: the acquisition of control of a company listed on the Exchange.

Traded: in relation to Securities, it shall mean Securities traded in the Exchange.

Trade Rejection Account: a Special Account opened by an Exchange Member for the purpose of receiving rejected transactions.

Trading System: all electronic systems used by the Exchange for trading in Listed Securities.

Transaction: purchase or sell transaction executed through the Trading System or over the counter on Deposited Securities.

Unlisted: in relation to Securities, it shall mean Securities that are unlisted in the Exchange.