



Saudi Stock Exchange (Tadawul)

Trading Procedures

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

Number (1-28-2017) Dated 16/6/1438H corresponding to 15/3/2017G

Amended Pursuant to Resolution Number (2-7-2018)

Dated 1/5/1439H corresponding to 18/1/2018G

Arabic is the official language of the Saudi Stock Exchange

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Article 1 Preliminary Provisions

- a. Any reference to the "Capital Market Law" in these Procedures shall mean the Capital Market Law issued by Royal Decree No. M/30 dated 2/6/1424H.
- b. Expressions and terms in these Procedures have the meaning which they bear in the Capital Market Law and in the Glossary of defined terms used in the Exchange Rules unless the contrary intention appears.
- c. Any person subject to these Procedures may appeal to the Committee in respect of any decision or action that the Authority or the Exchange takes under these Procedures.

Article 2 Scope and Application

- a. These Procedures shall not prejudice the obligations of Exchange Members and their clients as set out in the Capital Market Law, its Implementing Regulations, the Exchange Rules and any other applicable laws or regulations.
- b. These Procedures do not apply to the operations of the Centre or the matters covered by the Securities Depository Centre Rules, including Centre Membership.

Article 3 Limit of Liability

- a. Without prejudice to the provisions of the Capital Market Law, its Implementing Regulations and the Exchange Rules, the Exchange shall not be held liable for any losses or damages incurred by any Exchange Member, their clients or any other indirect participant of the trading system which may arise directly or indirectly as a result of:
 - 1) any procedures, orders or transactions that are subject to these Procedures;
 - 2) the use of the Trading System;
 - 3) the partial or complete suspension or cancellation of trading or of particular transactions on, or closure of, the Exchange;

- 4) the exercise by the Exchange of any of its powers under these Procedures;
or
 - 5) any service failure attributable to the Exchange by reason of an event outside of its control.
- b. Without prejudice to the provisions of the Capital Market Law, its Implementing Regulations and the Exchange Rules, the Exchange makes no warranty, and shall have no liability to any person in respect of the accuracy, timeliness or completeness of Issuer information, price information, market data or any other information published on its website from time to time.

Article 4 Conditions to become an Exchange Member

In addition to the applicable conditions required to become an Exchange Member, a broker must hold and maintain Centre Membership as a Custody Member in accordance with the Securities Depository Centre Rules.

Article 5 Placing Orders

- a. Prior to submitting an order, the Exchange Member must ensure that all necessary steps have been taken to meet applicable requirements for final settlement. Those necessary steps may include, but are not limited to:
 - 1) before submitting a sell order for a client, verify that such client (the seller) has sufficient available securities on account, as specified by the Exchange, and that such securities are not subject to any registered restrictions preventing their sale; and
 - 2) before submitting a buy order for a client, verify that the client satisfies the cash requirements. In doing so, the Exchange Member shall have regard to the following requirements at minimum:
 - a. the settlement of the transaction shall not cause the adjusted settlement limit of the Exchange Member, in its capacity as a Custody Member, to be exceeded, where the client is:

- 1) legal person;
 - 2) investment fund; or
 - 3) client of a person authorised by the Authority to conduct managing activities provided that: the Authorised Person has been appointed as an investment manager on terms which enable it to make a decision to enter into the purchase transaction on behalf of its client without obtaining prior approval from that client; and the decision to enter into the purchase transaction was made by the Authorised Person on behalf of its client.
- b. Where the client is a natural person, such client must have in its cash account sufficient cash to settle the transaction provided that the settlement of the transaction does not cause the adjusted settlement limit of the Exchange Member, in its capacity as a Custody Member, to be exceeded.
- b. The Exchange Member shall not transmit orders where prohibited under the Capital Market Law, its Implementing Regulations or the Exchange Rules. Orders that fail the pre-validation controls of the Exchange Member shall not be transmitted.
- c. On receipt of orders, the Exchange may validate:
- 1) that the relevant Centre accounts and records permit the order to proceed to settlement in accordance with the Securities Depository Centre Rules;
 - 2) that the order does not fall outside the Fluctuation Limits prescribed for the relevant Class of Security; and
 - 3) any additional requirements published by the Exchange from time to time for the relevant Class of Security.
- d. Orders falling outside any of the requirements set out in paragraph (c) of this Article may be rejected by the Exchange.

Article 6 Order Execution

Orders shall be fully or partially executed on the Trading System when orders are matched, or partially matched. Upon such execution, the resulting transaction shall be treated as binding and irrevocable. Following execution in the Trading System, the transaction shall be

confirmed to each relevant Exchange Member, and then, shall be dealt with under the Securities Depository Centre Rules.

Article 7 Publication and Entry into Force

These Procedures shall be effective as per its approval resolution.