

# Sukuk and Bonds

## What are sukuk and Bonds?

Sukuk and Bonds are financial instruments issued by Governments or Corporates to raise money from investors for a period of time. Commonly, over this period, Sukuk and bonds distribute periodic coupon payments (either at a fixed or floating rate). At the end of this period, known as maturity date, issuers pay back the money raised from investors, known as the principal.

## Difference between fixed and floating rate:

Fixed rate coupon is characterized by its fixed coupon payment which does not change over time. Floating rate coupon has a variable rate which changes periodically.

Learn more about Sukuk & Bonds on the Saudi Exchange. The Saudi Exchange has a highly developed Debt Market, with a range of financing options available to companies listed on the Saudi Capital Market

## Trading Information

Quantity	The quantity of Sukuk and Bonds are expressed in par value terms; not number of units.
Price	The price of Sukuk and Bonds is set as a percentage of the par value.

Yield	The yield represents the annual rate of return to be received from Sukuk or Bonds if acquired at a certain price and is held until maturity.
Annual Coupon Rate	The coupon rate is a percentage of the Bond or Sukuk's par value, which is paid annually or semi-annually by the issuer.
Accrued Coupon	Accrued coupon is the amount earned day by day on Sukuk and Bonds, but not yet collected. The coupon accumulates from the date of Sukuk or Bonds issuance until the upcoming coupon payment, then it accumulates between the coupon payment periods thereafter.
Day-count convention	<p>Day count convention determines the calculation of accrued coupon over a period of time where the investor is holding the Sukuk or Bonds</p> <p>The day-count convention in the Saudi Debt Market for fixed coupon is ICMA 30/360</p> <p>The day-count convention in the Saudi Debt Market for variable coupon is ACT/360</p>
Trading channels	Through brokers i.e. online, telephone or visiting the branch
Trading Time	Similar to Equity Markets (Opens 10AM; Closes 3PM)