

Nomu - Parallel Market

A parallel equity market with lighter listing requirements that serves as an alternative platform for companies to go public, and the investment in this market is restricted to Qualified Investors.

The Main Objectives Of Establishing Nomu - Parallel Market

- Additional source of funding for issuers to access capital.
- Increased diversification and deepening the Saudi capital market.

Main Characteristics

- Market with lighter requirements.
- Restricted to Qualified Investors.
- Possibility of transition to Main Market after obtaining needed approvals.

Criteria For Listing And Offering In Nomu - Parallel Market

Nomu - Parallel Market	Criteria
Admission Document	Modified, less stringent application submitted to CMA and Saudi Exchange.

Offering & Listing Process	Simpler and flexible offering and listing process.
	More flexible disclosure requirements (in terms of duration) compared to the Main Market, through:
Financial Disclosure	<p>Disclosure of the semi-annual* financial statements within a period not exceeding 45 days from the end of the period.</p> <p>Disclosure of the annual financial statements within a period not exceeding 3 months from the end of the period.</p>
Material Changes Disclosure	Similar to the Main Market

Listing And Offering Requirements In Nomu - Parallel Market

The Offering & Listing process takes the following criteria into consideration:

- The issuer must be a **joint stock** company.
- Minimum market cap of **SAR 10 million**.
- The issuer must float at least **20%** of the issued shares at the time of listing, or **SAR 30 million** worth of shares in the market, whichever is less.
- **Minimum 1 year** of operational and financial performance.
- Appointing a financial advisor is **mandatory**, legal advisor is **optional**.
- **Annual audited** financial statements.
- **Semi-annual* reviewed** financial statements.
- **Disclosure** of significant/essential information.

- **No profitability** track record required.
- **Lock Up Period:** 100% of pre-offering investor shares for one year.
- At least **50 public shareholders** are required at the time of listing.

Key Differences Between Main Market And Nomu - Parallel Market

	Main Market	Nomu - Parallel Market
Minimum Market Cap	SAR 300 million	SAR 10 million
% Offered	At least 30%	At least 20% of the issued shares. Or floating SAR 30 million worth of shares in the market, whichever is less.
Public Shareholders	At least 200	At least 50
Continuous Obligations	Standard disclosure requirements: Disclosure of quarterly financial statements within 30 calendar days from the end of the period	Lighter financial disclosure requirements than the Main Market (with regards to time permissible to disclose): Disclosure of semi-annual* financial statements within 45

	<p>Year-end financial statements within 3 months from the end of the period</p>	<p>calendar days from the end of the period. Year-end financial statements within 3 months from the end of the period</p>
Daily Price Fluctuation Limits	<p>Daily Price Fluctuation Limits is $\pm 30\%$ based on the previous day closing price or the listing price in the case of the first day of trading after listing.</p> <p>$\pm 30\%$ is applicable only during the first 3 days of trading newly listed Equities, Real Estate Investment Traded Funds and Closed-ended Investment Traded Funds.</p> <p>On the fourth day of trading: The Daily Price Fluctuation Limit will revert to $\pm 10\%$.</p>	<p>Daily Price Fluctuation Limits is $\pm 30\%$ based on the previous day closing price or the listing price in the case of the first day of trading after listing.</p> <p>$\pm 30\%$ Daily Price Fluctuation Limits applies to all listed securities on Nomu.</p>
Static Price Fluctuation Limits	<p>Static Price Fluctuation Limits to be set at $\pm 10\%$ for the first three days of trading newly listed Equities, Real Estate Investment Traded Funds and Closed-ended Investment Traded Funds.</p> <p>On the fourth day of trading: No Static Price Fluctuation Limit is applied.</p>	<p>Static Price Fluctuation Limits of $\pm 10\%$ will apply on an ongoing basis for all listed securities on Nomu.</p>

Who can Invest in Nomu-Parallel Market (Qualified Investors)?

Given that Nomu - Parallel Market is restricted to Qualified Investors, Capital Market Institution must determine who is eligible. Qualified Investors are defined as per the below criteria:

- Capital Market Institutions acting for their own account.
- Clients of a Capital Market Institution by the Authority to conduct managing activities provided that this Capital Market Institution has been appointed as an investment manager on terms which enable it to make decisions concerning the acceptance of an offer and investment in the Parallel Market on the client's behalf without obtaining prior approval from the client.
- The Government of the Kingdom, any government body, any global/international authority recognized by the CMA or the Exchange, and any other stock exchange recognized by the CMA or the Securities Depository Center Company ("Edaa").
- Government-owned companies either directly or through a portfolio managed by a person authorized to carry out managing activities.
- Companies and funds established in a member state of the Cooperation Council for the Arab States of the Gulf.
- Investment Funds.
- Non-resident foreigners permitted to invest in the Parallel Market and who meet the requirements stipulated in the Guidance Note for the investment of Non-Resident Foreigners in the Parallel Market.
- Qualified foreign financial institutions.
- Any other legal persons allowed to open an investment account in the Kingdom and an account at Securities Depository Center Company ("Edaa").
- Natural persons allowed to open an investment account in the Kingdom and an account at the Securities Depository Center Company ("Edaa"), and fulfill any of the following criteria:
 - Has conducted transactions in capital markets of not less than SAR 40 million in total, and not less than ten transactions in each quarter during the last twelve months.
 - Holds net assets of not less than SAR 5 million.
 - Works or has worked for at least three years in the financial sector.
 - Holds the General Securities Qualification Certificate "CME-1", which is recognized by the CMA.
 - Holds a professional certificate that is related to dealing with securities and accredited by an internationally recognized entity.

- Any other persons prescribed by the CMA.

Non-Resident Foreigners whom are allowed to Invest in Nomu-Parallel Market

- Qualified foreign investors according to the Rules for Qualified Foreign Financial Institutions Investment in Listed Securities.
- The ultimate beneficiary in a Swap agreement with an authorized person.
- Legal persons allowed to open an investment account in the Kingdom and an account at the "Edaa" and are licensed or incorporated in a jurisdiction that applies regulatory and monitoring standards equivalent to those applied or accepted by the CMA in accordance with the list of jurisdictions issued by the CMA.
- Natural persons holding the nationality of a country that applies regulatory and monitoring standards equivalent to those applied or accepted by the CMA, in accordance with the list of jurisdictions issued by the CMA, and resides in such countries, and fulfills any of the following criteria:
 - Has conducted transactions in capital markets of not less than SAR 40 million in total and not less than ten transactions in each quarter during the last twelve months.
 - Holds net assets of not less than SAR 5 million.
 - Works or has worked for at least three years in the financial sector.
 - Holds the General Securities Qualification Certificate "CME-1", which is recognized by the CMA.
 - Holds a professional certificate that is related to dealing with securities and accredited by an internationally recognized entity.

Registration Process:

To open an investment account for Non-resident foreign all required documents should be submitted to the designated AP for their review and approval.

Transition To Main Market

When a company wishes to transition from Nomu to the Main Market, a company must comply with the following requirements:

- Completing 2 years since listing on Nomu - Parallel Market
- Meeting the requirements for listing on the Main Market, except for the market capitalization where the minimum average market cap. for the last six months is SAR 200 million
- The Issuer must disclose to the public the board of directors' report, which includes all information required pursuant to the relevant Implementing Regulations.
- Approval of the Board of Directors to transfer to the Main Market and disclose it to the public before the start of the trading session after the issuance of approval.
- Submitting to Saudi Exchange the application to transition to the Main Market and disclosing it to the public.

CRITERIA TO ENSURE THE AVAILABILITY OF SUFFICIENT LIQUIDITY IN THE SHARES SUBJECT TO THE APPLICATION FOR TRANSFER FROM THE PARALLEL MARKET TO MAIN MARKET THAT SHOULD BE SATISFIED BY ALL THE CURRENT LISTED COMPANIES IN THE PARALLEL MARKET TO TRANSFER FROM THE PARALLEL MARKET TO THE MAIN MARKET AS FOLLOW:

SEQUENCE	CRITERIA	DESCRIPTION
		First Criteria: The Issuer must satisfy one of the following tiers when applying for transfer:

1	A- First Tier:	If the number of public shareholders is 200 and above, the ownership of the top 25 shareholders of the shareholders classified as public must not exceed the percentage of 50% or more of the total shares owned by the public.
	B- Second Tier:	If the number of public shareholders is 300 and above, the ownership of the top 20 shareholders of the shareholders classified as public must not exceed the percentage of 50% or more of the total shares owned by the public.
	C- Third Tier:	If the number of public shareholders is 400 and above, the ownership of the top 15 shareholders of the shareholders classified as public must not exceed the percentage of 50% or more of the total shares owned by the public.
	D- Fourth Tier:	The number of public shareholders is 600 and above.
2		The total shares owned by the public must be at least 1 million shares, and at least 30% of the class of shares that are subject of the application upon submitting the application of transfer.
	Second Criteria:	The total number of shares owned by the shareholders classified as public was determined in this criteria on the basis of a unified nominal value of the shares of all companies of ten riyals. In the event that the nominal value of the shares that are subject of the application is less than ten riyals, the total nominal value of shares owned by the shareholder classified as public must not be less than SAR 10 million.

3	Third Criteria:	<p>For the purpose of applying the criteria clarified above, the shareholders classified as public must own at least 100 shares or more of the Issuer's capital at time of submitting the transfer application.</p> <p>The total number of shares owned by the shareholders classified as public was determined in this criteria on the basis of a unified nominal value of the shares of all companies of ten riyals. In the event that the nominal value of the shares that are subject of the application is less than ten riyals, the total nominal value of shares owned by the shareholder classified as public must not be less than SAR 1 thousand.</p>
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The company's shares shall be suspended for a period not exceeding five trading sessions until the completion of the transfer procedures.

Direct Listing In Nomu-Parallel Market

Saudi Exchange is the first GCC exchanges to allow Direct Listings, which will enable companies to directly list their shares in Nomu - Parallel Market without an offering.

Companies that wish to directly list on Nomu must comply with the following requirements:

Meeting all Nomu market direct listing requirements as stipulated in the listing rules.

Appointing a financial advisor to offer advisory to the issuer in regards to implementing market rules and regulations, as well as any other regulations imposed upon Nomu – Parallel Market issuers.

* This change will be effective starting from 01/01/2020

ADDITIONAL CRITERIA THAT THE ISSUER MUST SATISFY TO ENSURE THE AVAILABILITY OF SUFFICIENT LIQUIDITY IN THE SHARES SUBJECT TO THE DIRECT LISTING APPLICATION IN THE PARALLEL MARKET ACCORDING TO PARAGRAPH (C) OF ARTICLE 34 OF THE LISTING RULES:

SEQUENCE	CRITERIA	DESCRIPTION
1		First Criteria: The Issuer must satisfy this criterion through one of the following tiers:
	A- First Tier: (if the number of public shareholders is less than 300)	That the top 20 shareholders of the shareholders classified as public must not exceed the percentage of more than 50% of the total shares owned by the public directly and indirectly. A shareholder is a public class who owns 100 shares or more.
	B- Second Tier: (if the number of public shareholders is less than 600 and more than 300)	That the top 15 shareholders of the shareholders classified as public must not exceed the percentage of more than 50% of the total shares owned by the public directly and indirectly. A shareholder is a public class who owns 100 shares or more.
	C- Third Tier: (if the number of public shareholders is more than 600):	That the top 10 shareholders of the shareholders classified as public must not exceed the percentage of more than 50% of the total shares owned by the public directly and indirectly. A shareholder is a public class who owns 100 shares or more.
	D- Fourth Tier: (if the Issuer had previously made private placement):	That the top 10 shareholders of the shareholders classified as public must not exceed the percentage of more than 50% of the total shares owned by the public directly and indirectly, if the Issuer had previously made private placement and provided evidence of that. A shareholder is a public class who owns 100 shares or more.

For the purpose of applying these tiers:

The total number of shares owned by the shareholders classified as public was determined in this tiers on the basis of a unified nominal value of the shares of all companies of ten riyals. In the event that the nominal value of the shares that are subject of the application is higher or less than ten riyals, the total number of shares owned by the shareholders classified as public will be calculated in proportion to the nominal value of those shares.

2

Second Criteria:

The ownership of the Audit Committee members and their relatives from the shares owned as public will not be counted to meet the liquidity criteria.

3

Third Criteria:

A disclosure declaration by the issuer's shareholders indicating that there is no act by agreement in accordance with the above-mentioned tiers.