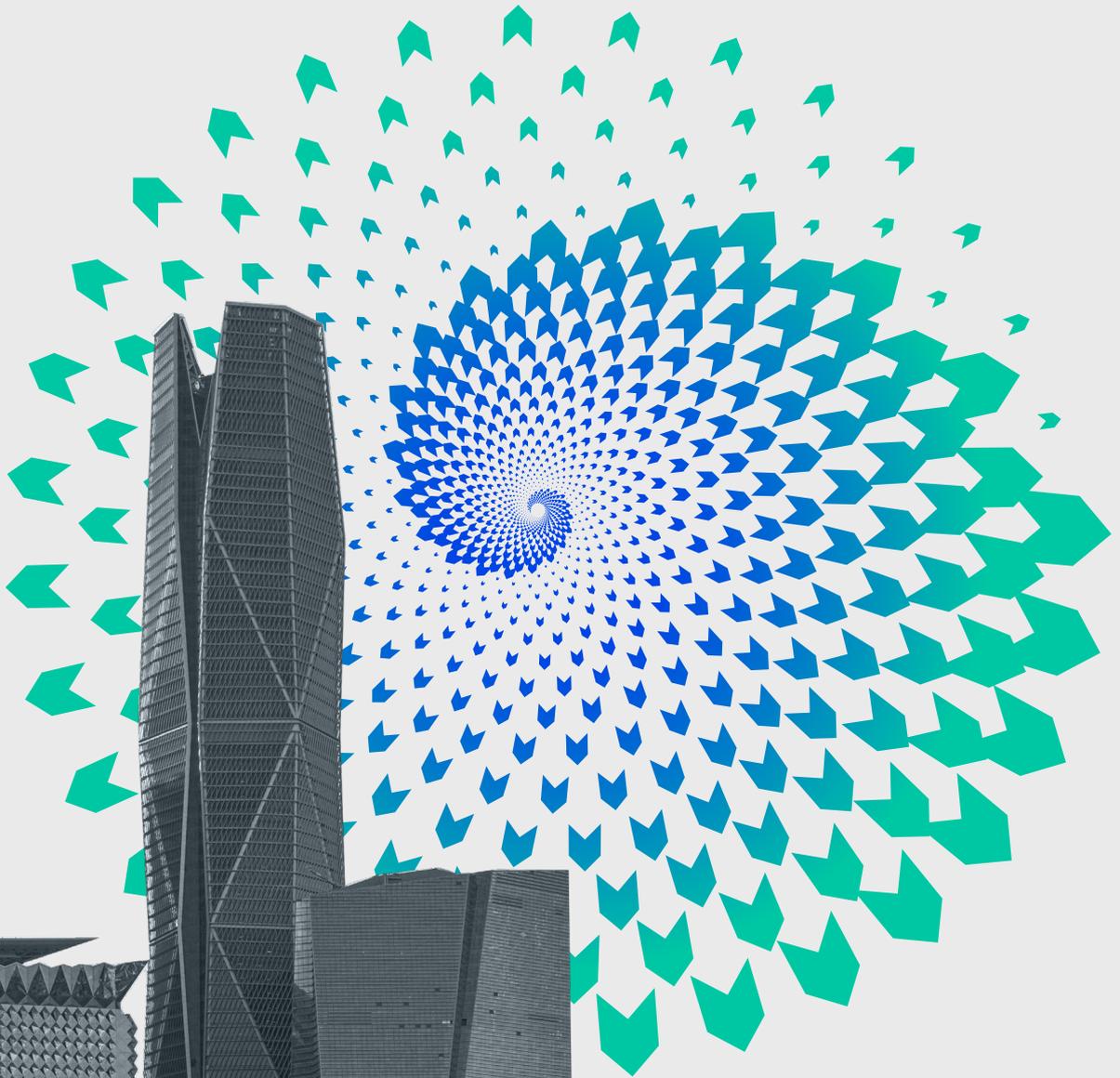
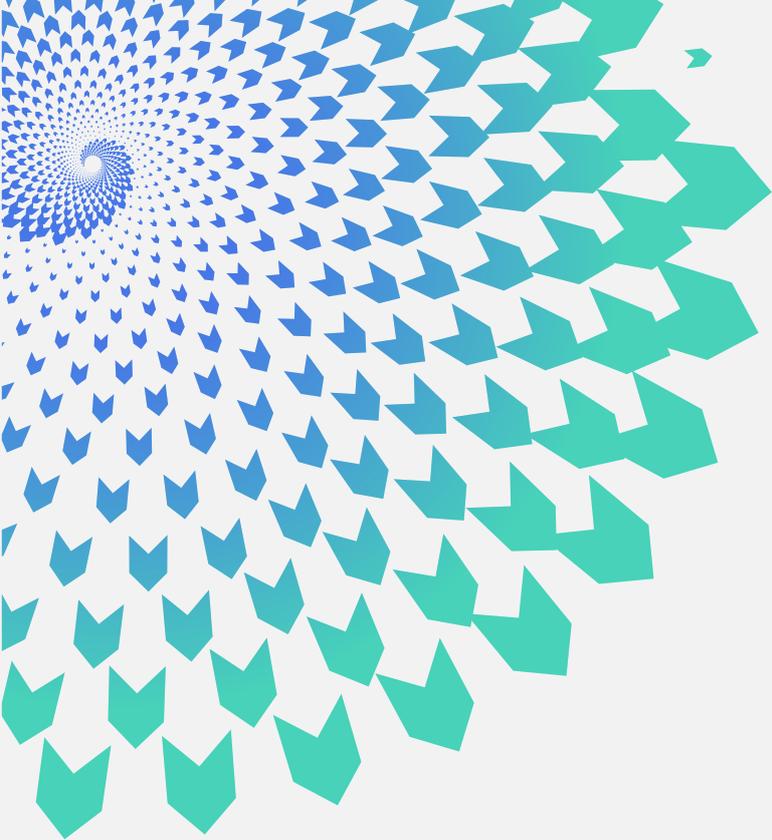


Guideline Manual for Foreign Companies Offering and Listing on the Main Market



This document aims to provide guidance for companies seeking to list on the Saudi Exchange, and does not guarantee obtaining an approval from the Capital Market Authority nor the Saudi Exchange.



Content:

Introduction	1
The Listing Application Process	2
Guideline Manual for Foreign Companies Offering and Listing on the Main Market	4
Regulations and Other Instructions	12



Introduction

Saudi Exchange is actively enhancing its products to align with global best practices and positioning the main market as a gateway for potential growth opportunities. In recent years, Saudi Exchange has experienced rapid and substantial growth, significantly contributing to the Kingdom's efforts to establish itself as a key technical and financial hub in the Middle East and North Africa region.

Saudi Exchange, along with the broader Saudi Tadawul Group, has played a pivotal role in bringing about fundamental changes and significant improvements to the infrastructure, services, and products within the market. The goal is to empower local, regional, and international investors to access diverse investment opportunities, including securities, debt instruments, financial derivatives, closed-end funds, exchange-traded funds, sukuk, bonds, and more.

As one of the world's largest financial markets and the largest and most liquid market in the Middle East and North Africa region, Saudi Exchange provides companies with the opportunity to access additional capital, supporting their growth and assisting in the realization of their strategies.

Overview of Saudi Exchange by the end of 2023:

- The largest market in the Gulf Cooperation Council (GCC) and the Middle East and North Africa (MENA) region
- The market value has exceeded 11 trillion Saudi Riyals
- One of the largest markets globally
- Average daily traded value exceeds +6 billion Saudi Riyals
- The total value of qualified foreign investors' ownership surpasses 320 billion Saudi Riyals

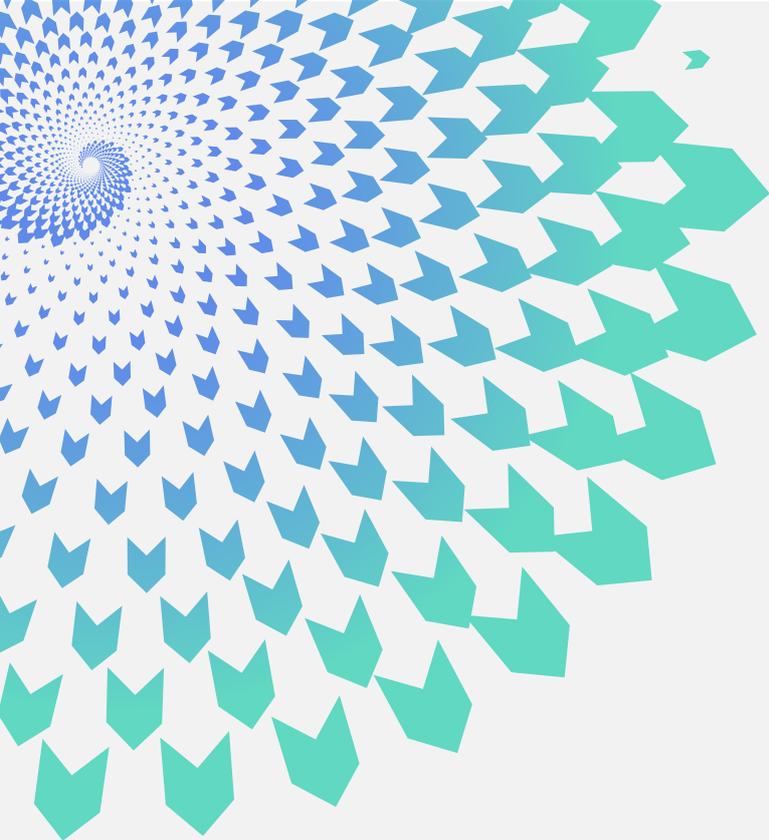
The guideline manual has been prepared to clarify the criteria related to the offering and listing of foreign companies wishing to access the market to facilitate obtaining the required approvals while adhering to the Exchange Rules, and all relevant implementing regulations. Saudi Exchange also provides foreign issuers interested in listing on the main market with the opportunity to assess the request preliminarily before submitting an application for approval for the offering and listing through a financial advisor.

The Listing Application Process

-  Read and understand the criteria of secondary listing with offering included in the Guideline
-  Communicate with the International Listing team and request for a meeting to discuss and clarify all requirements
-  Fill and submit the foreign companies Initial Evaluation Form to the Saudi Exchange to obtain the initial approval
-  Once initial approval is received, the foreign company can start the assignment of financial advisors to prepare the offering and listing file

For detailed information and coordination regarding the listing requirements for foreign companies, please contact the International Listing Department through the following email: international@saudiexchange.sa

Note: This document is an unofficial translation and is provided for information purposes only.



Guideline Manual for Foreign Companies Offering and Listing on the Main Market



Guideline Manual for Foreign Companies Offering and Listing on the Main Market

The applications for foreign companies offering and listing will be considered, and necessary waivers will be granted whenever deemed appropriate according to the following criteria. It is important to clarify that these are not the final requirements, but rather they are established with the purpose of contributing to obtaining the required approvals.

● The minimum market capitalization of the company

The minimum market capitalization of the foreign company seeking listing on the main financial market should not be less than 4 billion Saudi Riyals at the time of submitting the application for a period of not less than six months preceding the application date (the six-month period does not apply to concurrent dual listings).

● Directors and Officers Liability Insurance (D&O)

The foreign company must have sufficient insurance coverage from a local insurance company for all board members and senior executives that aligns with the nature and size of the company's operations. This coverage aims to compensate shareholders or others for damages that may arise due to violations of the Capital Market Law and its Implementing regulations, articles of association and bylaws, or any equivalent founding documents. It also covers errors, negligence, or shortcomings in the performance of their duties in addition to disclosing the insurance information annually.

Financial claims include, at a minimum:

1 Legal costs

3 Lawsuits

5 Unintentional breach of confidentiality

2 Fines

4 Fraud and dishonesty

- **The residence of the members of the Board of Directors**

Appointment of at least two members of the Board of Directors who are continuously residing in the Kingdom of Saudi Arabia

- **Country of Incorporation¹**

The foreign company shall be listed on the market of its country of incorporation or intends to offer and list concurrently on the market of its country of incorporation and the market. It shall be subject to the supervision of a regulatory authority that is a party to the Multilateral Memorandum of Understanding (MMoU) of the International Organization of Securities Commissions (IOSCO).

- **Compliance with Regulatory Requirements in the Country of Incorporation¹**

The company is committed to fulfilling any regulatory requirements in the country of its incorporation before offering in the Kingdom, if applicable.

- **Company Type¹**

The company should be a joint-stock company or its equivalent.

- **Articles of Association and Bylaws and All the Amendments Made to It**

Submitting the articles of association and bylaws and all the amendments to date or their equivalent.

- **Capital Alteration¹**

Foreign companies are subject to the requirements for Capital Alteration. The foreign company may apply for a waiver to the provisions that conflict with the laws stipulated in the country of incorporation.

- **Reverse Takeover**

Foreign companies are subject to requirements for reverse takeover. The foreign company may apply for a waiver to the provisions that conflict with the laws stipulated in the country of incorporation.

● Prospectus

Submitting the prospectus of the foreign company in accordance with Appendix 12 of the Rules on the Offer of Securities and Continuing Obligations (where applicable) disclosing the following:

A) General Disclosures:

- 1 When disclosing the currency of the country of incorporation, the foreign company must state its equivalent in Saudi Riyals
- 2 Previously listed shares (if any) (specifying their type, quantity, and the market of listing)
- 3 Mechanism for transferring shares between the country of incorporation market and the market
- 4 Disclosure mechanism in both markets in case of timing differences and trading hours
- 5 Continuous obligations for the company as a foreign issuer in the kingdom
- 6 Tax imposed for investors
- 7 Auditor details:

- Auditor's name and a brief overview
- Regulatory authorities overseeing the auditor
- Legislative bodies that are members of the International Forum of Independent Audit Regulators (IFIAR) and, if not registered with any members, that should be mentioned

B) Risks

- Risks in the market of the country of incorporation where the company is listed
- Risks related to the offered securities and securities listed in the country of incorporation, specifying the category of listed stocks and any restrictions, if applicable
- Risks associated with dual listing

In case the offering is concurrent in the country of incorporation and the Saudi market, the foreign company must provide a supplementary prospectus to the main prospectus in the country of incorporation. This should consider disclosure of all items in Appendix 12 of the Rules on the Offer of Securities and Continuing Obligations (where applicable) and the above-mentioned items. Additionally, the foreign company must include a notice in the supplementary prospectus emphasizing the importance of reading both prospectuses in both countries to obtain all relevant information about the company and the offering.

● **Additional Declarations¹**

Submitting any additional information or documents requested by the authority within the specified period in the application. This is for the purpose of applying the provisions of the Capital Market Law, its implementing regulations, and other relevant regulations. In the event of non-compliance, it is acknowledged that the authority may take any actions deemed appropriate to protect investors. This may include the suspension and/or delisting of the company's shares from the market.

● **Continuous Obligations¹**

Continuous obligations apply to the foreign company that has listed its shares on the main market in accordance with the listing rules. This is for the foreign company seeking secondary listing, excluding paragraph (E) of Article 81 of the Rules on the Offer of Securities and Continuing Obligations (pertaining to the legal auditor or accounting firm reviewing the company's financial statements)

In addition to disclose to the public in the Kingdom all the information disclosed in the foreign market concurrently. In case it is unable to disclose concurrently, the company must disclose without delay and provide reasons for the inability to announce synchronously

Disclosure of the regulations in its country of incorporation that conflict with the Capital Market Law and its Implementing regulations

● **Restrictions on Shares**

Major shareholders in the company, as indicated in the prospectus, are prohibited from disposing of their shares during the six months following the commencement of trading of the company's shares on the market unless the company specifies a longer lock-up period in the prospectus.

● **Disclosure of Financial Statements¹**

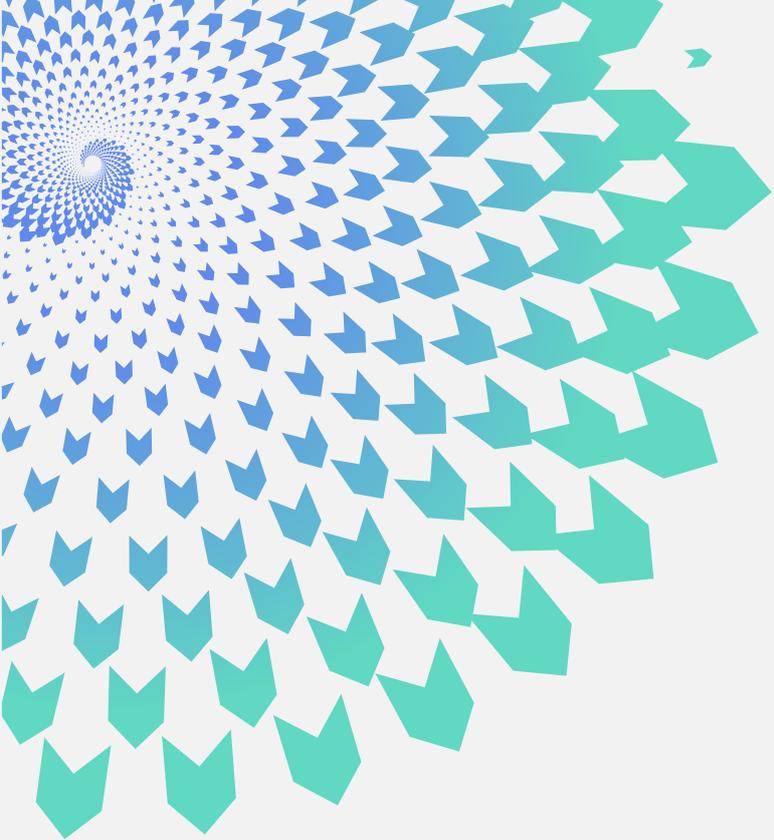
Financial statements must be prepared and audited in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board

Disclosure of its financial statements in Saudi Riyals, in addition to the currency used in its country of incorporation

Disclosure of its financial statements in the Arabic language

● **Chartered Accountant or Accounting Firm Reviewing the Financial Statements of the Company**

- 1- The auditor must be from one of the four major accounting firms (Deloitte, Ernst & Young, KPMG or PricewaterhouseCoopers)
- 2- The audit process for financial statements must be conducted in accordance with international audit standards
- 3- Provide a commitment stating the willingness to enable the authority to obtain any information from the audit source and access the auditor's working papers
- 4- The auditor must annually provide a commitment to supply the authority with any requested information and audit working papers
- 5- Continuous commitment from the foreign Issuer to disclose the specified information in item (6) below upon changing auditors
- 6- The issuance prospectus must include a dedicated section for auditors containing the following information:
 - Auditor's name and brief description
 - Oversight entities
 - Name of the legislative entity that is a member of the International Forum of Independent Audit Regulators (IFIAR), specifying registration. If not registered with any members, this should be mentioned



Regulations and Other Instructions



Regulations and Other Instructions

1

Instructions for Book Building Process and Allocation

The adherence to the instructions for Book Building Process and Allocation Method in Initial Public Offerings, specifically regarding the shares intended for listing in the Kingdom. The foreign company may apply for a waiver from provisions conflicting with the laws in its country of incorporation.

2

Instructions on Price Stabilisation Mechanism in IPOs

If the foreign company wishes to implement the price stabilization mechanism, it must adhere to Instructions on the Price Stabilisation Mechanism for Initial Public Offerings. The foreign company may apply for a waiver from provisions conflicting with the laws in its country of incorporation.

3

Corporate Governance Regulations

Adherence to the Corporate Governance Regulations, excluding the provisions in paragraph (2) of Article 78 of the Corporate Governance Regulations. This article states that The Ordinary General Assembly shall appoint the company's external auditor based on a recommendation from the Board, provided that the following requirements are met:

The external auditor shall be authorised by the competent authority. The foreign company may apply for a waiver of the articles in the Corporate Governance Regulations that conflict with the laws in its country of incorporation.

4

Merger and Acquisitions Regulations

Adherence to the Merger and Acquisitions Regulations. The foreign company may apply for a waiver from the provisions in the Merger and Acquisitions Regulations that conflict with the laws in its country of incorporation.

5

Implementing Regulations of the Companies Law for Listed Joint Stock Companies

The Implementing regulations of the companies law for listed joint stock companies do not apply to the foreign company.

6

Instructions for Companies Announcements

Only the section related to the general instructions in the instructions for company announcements applies, excluding paragraph (n) mentioned in that section. The templates provided in those instructions do not apply. The foreign company may apply for an exemption from paragraphs that conflict with the laws in its country of origin.

7

Instructions and Procedures Related to Listed Companies with Accumulated Losses amounting to %20 or more of their Share Capital

- The procedures and instructions for listed companies whose shares have accumulated losses of 20% or more of their capital do not apply announcement to the foreign company. However, the foreign company must promptly and without delay disclose to the public through an independent announcement when its accumulated losses reach 20% or more of its capital. The announcement should include the amount and percentage of accumulated losses relative to the capital, along with the main reasons leading to these losses. In the event that the required disclosure coincides with the announcement of preliminary or annual financial results, the foreign company is exempt from making a separate announcement if it is included in the financial results
- Saudi Exchange adheres to the procedures and instructions for listed companies with shares in the market that have accumulated losses of 20%, concerning the placement and removal of the mark next to the name of the foreign company on the electronic market platform, indicating the achievement of accumulated losses proportionate to the specified percentage.

Note¹:

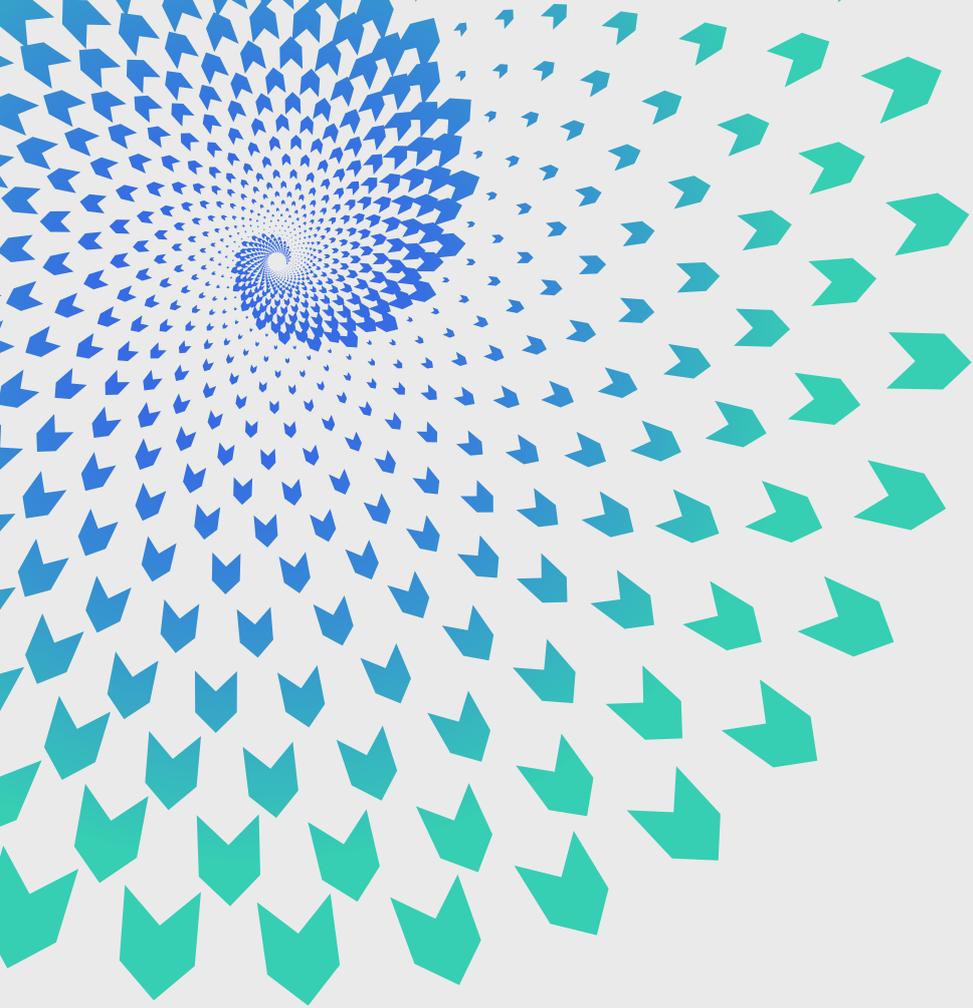
Applicable to regulated dual listings in accordance with listing rules.

General Note (1):

Compliance with the requirements outlined in the Rules on the Offer of Securities and Continuing Obligations is a requirement for all companies listed on the Saudi Capital Market. It should be noted that the criteria outlined in this guide are not final requirements but are set forth to contribute to obtaining the necessary approvals. Approvals are not considered final until approval is obtained from the Capital Market Authority.

General Note (2):

We would like to point that the approval of offerings in the Kingdom is within the jurisdiction of the Capital Market Authority. It is important to note that the acceptance process for foreign companies depends on the added value they bring to the Saudi market and the local economy.



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@tadawul



For more information please visit
saudiexchange.sa

