



# The Authorisation to Carry Out Securities Exchange Activities as an Alternative Trading System in the Kingdom



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## 1. Introduction

In continuation of the Capital Market Authority's ("CMA") role in regulating and developing the capital market, and the commitment to achieve the objectives and directions of the Kingdom Vision 2030 and the Financial Sector Development Program ("FSDP"), the CMA has undertaken various reforms in the Saudi capital market, which aim to reshape the investment landscape in the Kingdom of Saudi Arabia ("Kingdom"). These continuous reforms are stimulated by the Kingdom Vision 2030 and the FSDP – One of the Vision Realization Programs -, which aims for creating a diversified and effective financial services sector to support the development of the national economy, diversify its sources of income, and stimulate savings, finance, and investment.

In line with the FSDP's objectives, the Capital Market Law ("CML") has been amended pursuant to the Royal Decree no. (M/16) dated 19/01/1441H corresponding to 18/09/2019G. These amendments support the development of the capital market infrastructure institutions, which include the Securities Exchanges, Depository Centers and Central Counterparties, by granting the CMA the power to authorize new capital market infrastructure institutions, which include the Securities Exchanges (Primary Exchange, and Alternative Trading System ("ATS"), Depository Centers and Central Counterparties, and to specify the provisions related to their licensing, including the requirements for licensing and maintaining such license, as well as the provisions relating to its relinquishment. Therefore, the CMA's Board has issued the Securities Exchanges and Depository Centers Regulations and the Securities Central Counterparties Regulations, which regulate the Securities Exchanges, Depository Centers and Central Counterparties business, specify the procedures and conditions for obtaining an authorization and its maintenance, and supervise each of these infrastructures, for the efficient performance of their duties and obligations.

### Prior to the year 2019

The CML gives the recognition to the the "Saudi Stock Exchange" as the sole entity authorized to carry out Securities Exchange activities in the Kingdom, and the recognition to the "Securities Depository Center" as the sole entity in authorized to carry out Securities Depository Center activities in the Kingdom.

### Amended CML (in the year 2019)

The amended CML allows the CMA to authorize new capital market infrastructure institutions, by granting the CMA the power to authorize to carry out the Securities Exchange, Depository Center and Central Counterparties (CCPs) activities, and to specify the provisions related to their licensing.

### The year 2019

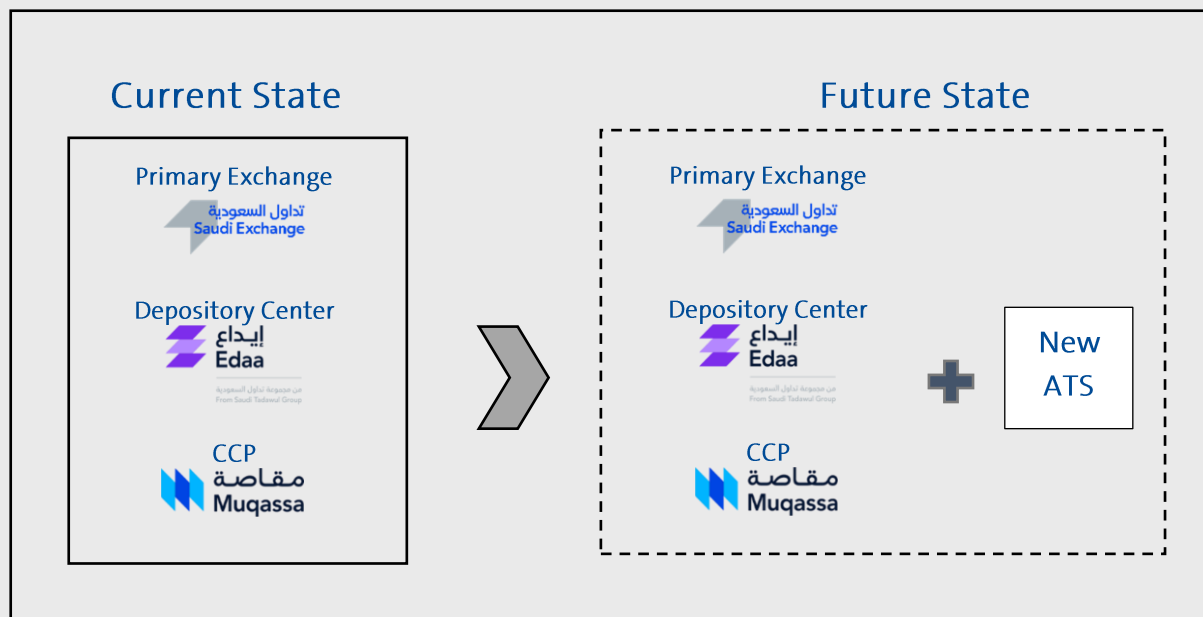
The CMA's Board issued the Securities Central Counterparties Regulations. As per these Regulations, Muqassa was licensed on Jan 2020 as the first CCP in the Kingdom.

### The year 2022

The CMA's Board issued the Securities Exchanges and Depository Centers Regulations.

## 1.1 The CMA's Announcement about the Commencement of the Submission Period for the Authorisation Applications

The amendments to CML and the issuance of the Securities Exchanges and Depository Centers Regulations and the Securities Central Counterparties Regulations have paved the way for further advancements in the Saudi capital market. The CMA is aware of the potential value of the ATS business to the Saudi capital market. As a result, the CMA announces the commencement of the submission period for the authorisation applications to carry out the Securities Exchange activities as an ATS in the Kingdom, starting from the date of 24/03/1445H corresponding to 09/10/2023G, with the last day to receive the applications dated 21/09/1445H corresponding to 31/03/2024G. The CMA would like to encourage all those interested in carrying out the Securities Exchange activities as an ATS in the Kingdom, to apply to CMA for the license, in which the authorisation application should be specifically to carry out Securities Exchange activities as an ATS in the Kingdom, submitted during the determined period above, and in compliance with the authorisation requirements to carry out Securities Exchange activities that are stated in the Securities Exchanges and Depository Centers Regulations issued by the CMA's Board pursuant to the resolution no. (4-77-2022) dated 23/11/1443H corresponding to 22/06/2022G.



This document provides an overview of the authorisation requirements and procedures, and the target license during the current application period (please refer to Section no. (2) of this document for further elaborations).



## 2. Authorisation to Carry Out Securities Exchange Activities an ATS

### 2.1 Target License

At this stage, the CMA aims to grant the authorisation to carry out the Securities Exchange activities as an ATS in the Kingdom, to only one company in this current application period. t (please refer to the summary in table below).

Target License			
License Activity	Category	Trading Practice	Type of Security proposed to carry out trading in them (CMA's focus at the current application period)
Exchange	ATS	Secondary	Sukuk & Debt Instruments

### 2.2 Authorisation Requirements

The CML's provisions prohibited any Person from carrying out any activities of the Exchange, or establishing the Exchange, or operating such activities, without obtaining a license from CMA. The Securities Exchanges and Depository Centers Regulations (“the SEDC Regulations”) have specified the procedures and conditions for obtaining an authorisation to carry out the Securities Exchange activities in the Kingdom, its maintenance, and the other provisions related to regulating the Securities Exchange business. The Capital Market Law, the SEDC Regulations, and the Glossary of Defined Terms Used in the Regulations and Rules of the CMA, are published on CMA's website and can be accessed through the following links:

 [Capital Market Law](#)

 [Securities Exchanges and Depository Centers Regulations](#)

 [Glossary of Defined Terms Used in the Regulations and Rules of the CMA](#)

### 3. Authorisation Procedures

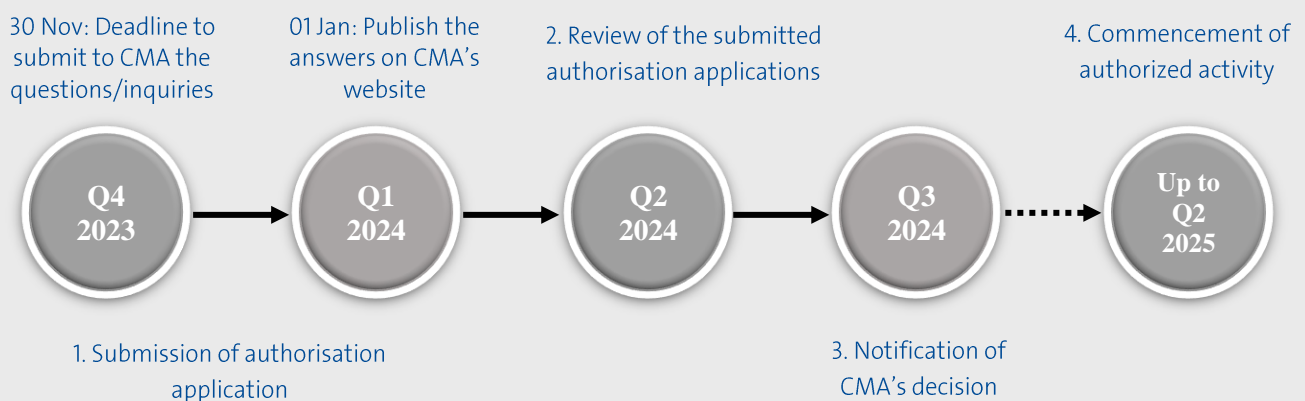
In reference to CMA’s published announcement dated 18 July 2022, containing the Approval of the Securities Exchanges and Depository Centers Regulations, in which includes that the CMA will later determine the period for submitting the authorisation requests to carry out Securities Exchanges and Depository Centers activities, in addition to the mechanism for submitting such requests.

Thus, the CMA’s announcement related to this document has determined the period for the submission of the authorisation applications to carry out the Securities Exchange activities as an ATS in the Kingdom, to be from the date of 24/03/1445H corresponding to 09/10/2023G, until the date of 21/09/1445H corresponding to 31/03/2024G. During this application period, any person interested in operating such activities has to submit to CMA an authorisation application pursuant to the provisions of the SEDC Regulations. Furthermore, the CMA will publish on its website at the beginning of January 2024, the answers to the questions and inquiries related to the authorisation applications to carry out the Securities Exchanges as an ATS in the Kingdom, that were received during the period from the commencement of the submission period for the authorisation applications until the end of November 2023.

During the second quarter of the year 2024, the CMA will review all the submitted authorisation applications pursuant to the procedures and powers of the CMA in relation to the application for authorisation specified in the CML and the SEDC Regulations. The CMA, upon the receipt of all information and documents required, will notify the applicant in writing of the same.

The CMA will take its decision regarding the authorisation application within a maximum period of (30) days of the date of notice, and will notify the applicant about its decision in writing accordingly.

The authorized Exchange must satisfy the requirements for commencement of business stipulated in the second item of Annex (1) of the SEDC Regulations before commencing its business, within a maximum period of (12) months from the authorisation date, and submit to obtain CMA a request to commence its authorized activities accordingly.



**Disclaimer: The timeline is an estimated timeline and subject to changes based on the submitted authorisation applications.**



#### 4. Authorisation related Fees

The applicant for authorisation to carry out the activities of the Exchange is required to pay to the CMA a fee of SAR25,000 at the time of the submission of the authorisation application, for the purpose of reviewing the application.

After obtaining the authorisation, the authorized Exchange operating as an ATS in the Kingdom, is required to pay to CMA an annual fee of SAR150,000 for the maintenance of its authorisation to carry out the Securities Exchange activities. The annual fee is due on June 30<sup>th</sup> of every year for the maintenance of the authorisation. The annual fee for the first year of the commencement of the authorised activities, will be due at the submission of the request by the Exchange for the commencement of its authorised business, and this fee amount will be calculated on a proportional basis from the date of the commencement of business to the upcoming June 30<sup>th</sup> after the commencement date.

Authorisation related Fees		
Fee Type	Fee	Frequency
Application for Authorisation	SAR 25,000	One-time
Maintenance of Authorisation	SAR 150,000	Annual



## 5. Mechanism for submitting the Application:

For the interested entities to obtain an authorisation to carry out the Securities Exchange activities as an ATS in the Kingdom as defined in the SEDC Regulations, please fill out in a complete manner the request form for obtaining the authorisation to carry out Securities Exchange Activities as an ATS in the Kingdom, and submit it to CMA within the time period determined for the submission of the authorisation application specified in section no.(3) of this document (The CMA's email for submitting the authorisation application is stated below). The applicant must ensure the satisfaction of all the authorisation related requirements that are stipulated in the CML and the SEDC Regulations, and provide all the relevant information and documents stipulated in the authorisation request form pursuant to the requirements of the CML and the SEDC Regulations ([The Form's Link](#)).

In addition, the applicant must provide the CMA with the payment proof of the fee with its authorisation application, since the applicant for authorisation is required to pay an authorisation application's fee of SAR 25,000 as specified in section no. (4) of this document, using the following bank account details:

- Beneficiary: Capital Market Authority
- Bank Name: Saudi British Bank (SABB)
- Bank Account Number: 154051114001
- IBAN: SA33 4500 0000 1540 5111 4001
- SWIFT: SABBSARI
- Address: Riyadh, Saudi Arabia

For inquiries and more information, please contact the Market Infrastructure Institutions Supervision Department at CMA as follow:

- Tel.: +966 (11) 279 7780
- Fax: +966 (11) 279 7780
- E-mail: [MarketInfrastructure@cma.org.sa](mailto:MarketInfrastructure@cma.org.sa)

Or through the following mailing address:

Capital Market Authority  
Market Infrastructure Institutions Supervision Department  
P.O. Box 87171  
Riyadh 11642  
Saudi Arabia





Thank you