

Nomu-Parallel Market: An Overview

The Tadawul Saudi Stock Exchange's new Nomu-Parallel Market is an alternative stock exchange, designed to meet the listing needs of SMEs and other businesses in the kingdom as well as the investment needs of those seeking expanded stock trading options.

Unlike the Tadawul's Main Market, the Nomu-Parallel Market features less restrictive listing rules, thus giving a broader cross-section of Saudi companies the opportunity to have their shares publically traded. Basic listing rules are as follows (though other rules and restrictions may apply):

- The issuer must be a Saudi joint stock company or a joint stock company in which the majority of its capital is owned by citizens of a GCC member state
- Minimum market cap of SAR 10 million
- At least 20% of shares owned by the qualified public, with no single investor owning more than 5%
- Minimum 1 year of operational and financial performance
- Financial advisor is mandatory; legal advisor is optional
- Annual audited financial statements
- Quarterly reviewed financial statements
- Disclosure of material information
- No profitability track record required
- Lock Up Period: 100% of pre-offering investor shares for one year
- If the expected aggregate market value for all shares to be listed exceeds SAR 40 million, at least 50 public shareholders are required. If the expected aggregate market value for all shares to be listed is less than SAR 40 million, at least 35 public shareholders are required

The Nomu-Parallel Market was conceived as a further step toward development of the Saudi capital market and is intended to align with the goals and objectives of the kingdom's Vision 2030 strategy. Toward that end, it will serve as a driver of economic growth and as a conduit for both quality domestic and international investment while maintaining governance standards that ensure that best investment practices are followed.

For companies that previously did not qualify for listing with the Main Market, the Nomu-Parallel Market provides a resource through which they can address expansion plans and capital raising needs. Furthermore, by being listed, such companies can enhance their market profile and increase brand equity.

Investment activities through the Nomu-Parallel Market are restricted to “Qualified Investors” as per Capital Market Authority rules. However, retail investors may invest through qualifying investment funds offered by licensed investment companies, such as Alinma Investment Company.