

# Nomu - Parallel Market

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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:

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

## MAIN CHARACTERISTICS:

1. New market with lighter requirements.
2. Restricted to Qualified Investors.
3. Possibility of transition to Main Market after new filing process with the Capital Market Authority (CMA).

## CRITERIA FOR ISSUERS:

NOMU - PARALLEL MARKET	CRITERIA
<b>Admission Document</b>	Modified, less stringent application
<b>Offering Process</b>	Simpler offering process, similar to a private placement
<b>Transition to Main Market</b>	The company must: Be listed on Nomu - Parallel Market for at least <b>2 years</b>  Meet the Main Market requirements
<b>Financial Disclosure</b>	Disclosure of <b>quarterly</b> financial statements <b>within 45 calendar days</b> from the end of the period and year-end financial statements <b>within 90 calendar days</b> from the end of the period
<b>Material Changes Disclosure</b>	Similar to the Main Market

## ADMISSION REQUIREMENTS:

Offering to Qualified Investors takes place first, then listing is conducted. The Offering & Listing process takes the following criteria into consideration:

- 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%**.
- **Min 1 year** of operational and financial performance.
- Financial advisor **mandatory**, legal advisor **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 KEY DIFFERENCES BETWEEN MAIN MARKET AND NOMU - PARALLEL MARKET:

	MAIN MARKET	NOMU - PARALLEL MARKET
<b>Minimum Market Cap</b>	SAR 100 million	SAR 10 million
<b>% Offered</b>	At least 30%	At least 20%
<b>Public Shareholders</b>	At least 200	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.
<b>Continuous Obligations</b>	Standard disclosure requirements. Disclosure of <b>quarterly</b> financial statements <b>within 30 calendar days</b> from the end of the period and <b>year-end</b> financial statements <b>within 90 calendar days</b> from the end of the period	Lighter financial disclosure requirements (with regards to time permissible to disclose)  Disclosure of <b>quarterly</b> financial statements <b>within 45 calendar days</b> from the end of the period and <b>year-end</b> financial statements <b>within 90 calendar days</b> from the end of the period
<b>Daily Fluctuation Limits</b>	±10%	±20%

## WHO CAN INVEST IN NOMU - PARALLEL MARKET?

Given Nomu - Parallel Market is restricted to Qualified Investors, Authorized Persons (APs) must determine who is eligible. For the purpose of Nomu - Parallel Market and Nomu - Parallel Market offering, Qualified Investors are defined per the below criteria:

1. Authorized Persons act for their own account.
2. Clients of a person authorized by the Authority to conduct managing activities provided that this Authorized Person has been appointed as an investment manager on terms which enable it to make decisions concerning the acceptance of an offer and investment in Nomu - Parallel Market on the client's behalf without obtaining prior approval from the client.
3. The Government of the Kingdom, any government body, any supranational authority recognized by the Authority or the Exchange, and any other stock exchange recognized by the Authority or the Securities Depository Center.
4. Government-owned companies either directly or through a portfolio managed by a person authorized to carry out managing activities.
5. Companies and funds established in a member state of the Cooperation Council for the Arab States of the Gulf.
6. Investment Funds.
7. Qualified Foreign Investors.
8. Any other legal persons allowed to open an investment account in the Kingdom and an account at the Depository Center.
9. Natural persons allowed to open an investment account in the Kingdom and an account at the Depository Center, and fulfill any of the following criteria:
  1. has conducted transactions in security markets of not less than 40 million Saudi riyals in total, and not less than ten transactions in each quarter during the last twelve months.
  2. the average size of his securities portfolio shall exceed 10 million Saudi riyals during the last twelve months.
  3. holds the General Securities Qualification Certificate which is recognized by the Authority (CME1).
10. Any other persons prescribed by the Authority.