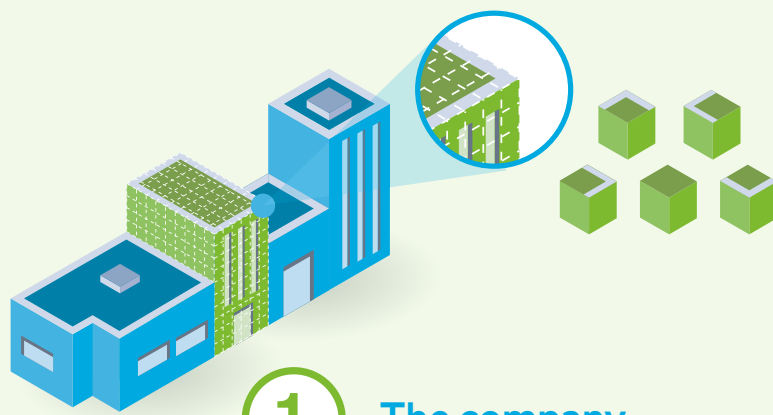


How are stocks created?



1

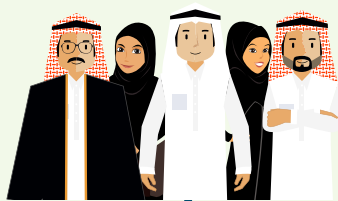
The company

The company is divided into small shares called "stocks".

2

Shareholders

Those who own stocks in the company and have the right to attend its General Assembly



3

(IPO) Initial Public Offerings

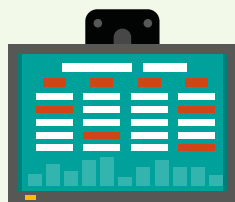
Companies need investments and financing to grow. Getting listed in the the stock market is one way to generate required funds for operating and developing a company. Thus, companies offer shares to investors through a process called Initial Public Offering "IPO".



4

Listing

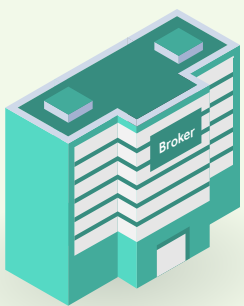
Registering securities in the market records to become tradable.



5

Trading

After completing IPO and listing processes, to become a shareholder in a company, one should buy these shares from another shareholder in the same company who is willing to sell his share.



Broker:

An agent license from CMA to perform brokerage activities In the Stock exchange.



Learn more about trading equities and the financial market in general through the CMA publications.

What are the trading agencies in the financial market



Knowing the role of trading agencies in the financial market and your role as an investor will make you an effective investor

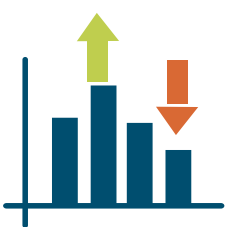
Reading CMA and Tadawul bulletins will help you avoid investment malpractice



هيئة السوق المالية
Capital Market Authority

The CMA is the supervisory and regulatory sector responsible for regulating and developing the financial market, through issuing rules and regulations that ensure creating an appropriate investment environment, thus guaranteeing a fair, transparent, and safe trading for investors, listed companies, and brokers.

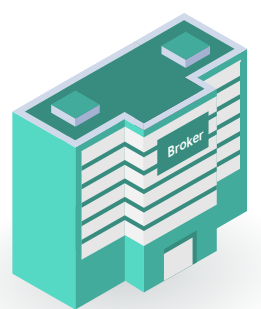
Tadawul is the executive authority responsible for managing and operating the markets, as well as implementing and enforcing rules and regulations issued by the CMA.



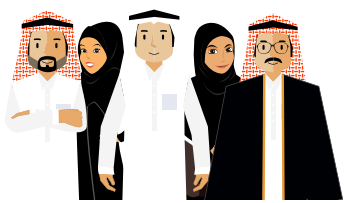
Listed companies

These are Listed companies which have been listed in the stock market. There are more than 170 companies in the Saudi stock market, with a total of 15 sectors

Authorized brokers are persons whom are authorized by the CMA to deal in the financial market, including brokerage firms.



Authorized brokers



Investors

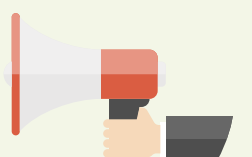
Investors are the people dealing with the financial market, and who have been registered by brokerage firms.

Points to consider



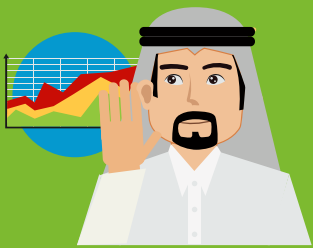
CMA as a legislative authority, and Tadawul as an executive authority, always advise investors to arm themselves with the investment knowledge needed to achieve safer investments.

CMA and Tadawul are always keen to build investment awareness among investors. At the same time, they do not give any investing or trading advice related to a specific company or sector.



Do your own research before investing in any company to avoid potential risks

Reduce investment risks by learning everything there is to know about the stock market.



Following recommendations and rumors.



Long-term investments are less risky than short-term ones.

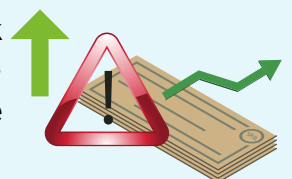


Careful analytical assessment of listed companies may help you reduce investment risks, by comparing their stock performance index to their financial performance measure.

Companies that have high stock volatility in relation to their financial performance often tend to be high risk investments.



Companies that have low stock volatility in relation to their financial performance often tend to be less risk investments.



Points to consider

Trading in the stock market requires careful research

Trading in the stock market like any other investment, should be studied and researched carefully. You should make good use of the available data, statistics, predictions, and future plans in order to take more accurate decisions and reduce risks.



Buy your stocks at the right time

Acquisition of shares in due course reduces risks and increases the chances of a successful investment. There are many factors which could support your purchasing decision, like the actual market value, the company's financial status, and the economic situation.



Investment funds are the easiest way of investment

Investment funds are probably the easiest way to invest, as they are diversified and you can easily find information related to them.



What should I base my investment decisions on?



Take conscious investment decisions.
An investment is an art not an adventure.

Avoid losses by diversifying your investments, rather than putting them all in one basket.



Follow these steps before you begin investing



Set your financial goals

The best way to determine your goals is to set them according to the duration needed to be achieved.

Short-term goals

Goals expected to be achieved in the near future.

Med-term targets

Goals expected to be achieved within 10 years, such as: buying a house, starting a business, or saving for tuition fees.

Long-term targets

Goals expected to be achieved within more than 10 years.

Know your investment decisions

Being aware of the profits and losses that might occur based on your investment decisions is an important step that helps you decrease risks and makes your investment more effective.



What is your investment budget?

You will need a basic capital to begin with.
For example, If you decide to buy 100 shares at SAR 3 per share; you will need SAR 300 plus broker's fees. By saving every month from your income, you will be able to have an adequate budget to start an investment.



Points to consider

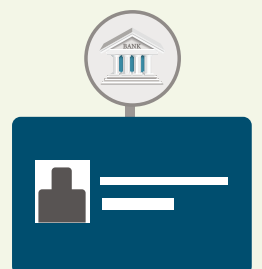


Risk tolerance differs from one person to another

A person responsible for a family is less likely to take risks more than a single person. Also a young person can wait for long-term returns on contrary of a senior on the verge of retirement.

If you do not have the experience to create a financial plan, seek consultation from the authorized persons (Brokers) by The Capital Market Authority to take a professional advice.

Many seek professional assistance when it comes to setting financial plans and investment goals. Such well-advised planning gives investors confidence to make more conscious decisions.



Should you rely on your investment competency or on an investment fund when you decide to invest?

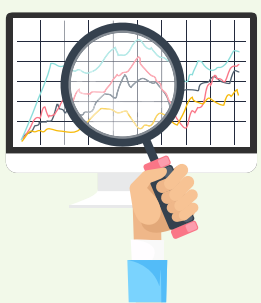


Many investors chose to invest through investment funds as it is considered the best safest choice.

When are investment funds considered a preferable choice?



Points to consider

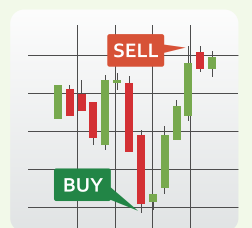


Stock trading is not as easy as you would expect

Investing is a science, it needs a lot of expertise and knowledge regarding the ability to read financial statements, identifying your profit target, and learning how to calculate profits of each share

Frequent buying and selling of stocks may be harmful to your investments if you do not have the experience

Although the market is full of investment opportunities, however, frequent buying and selling isn't necessarily always in your benefit. This is because the value of most investments fluctuate on the short-term, but usually achieve their target on the long-term.



Goals and performance levels of investment funds are regularly disclosed



Investment funds are probably the easiest way to follow up on any investment; as they are diversified and you can easily find information related to them.

Investment funds have a clear target and strategy that enables you to choose what fits your investment objectives



Be careful of recommendations



Do not make any investment decisions based on recommendations from unauthorized persons.

Why should you be careful of recommendations?



Whether resulting from accurate analysis or unknown sources, recommendations still hold the probability of being right or wrong.

You should be especially careful when dealing with the following recommendations:

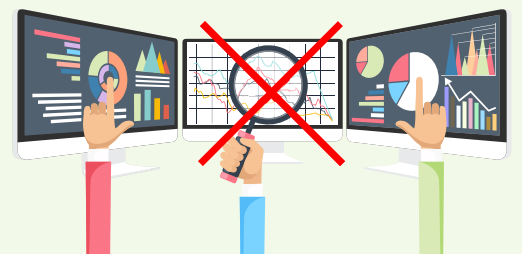


Rumor-based recommendations

Rumor-based recommendations that is conveyed by unqualified people based on rumors are always inaccurate

Recommendations based on false analysis

A recommendation based on a false analysis of the performance of a particular stock or market by an unprofessional person.



Malicious recommendations

A recommendation spread by a group of people to convince traders to buy or sell a certain share, for the purpose of gaining personal interest.



Emotional-based recommendations

A recommendation based on personal irrational impressions regarding the performance of a particular company.

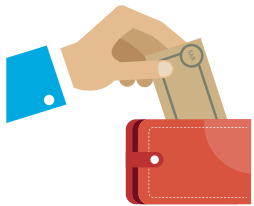
Investment for retirement



What are the best ways to invest when on the verge of retirement?

If you are on the verge of retirement, it is advised to avoid high risk investments. You should also diversify your investments and rearrange your finances so that they are compatible with your status.

Income resources at retirement



When you reach retirement you may have many income resources including your pension, personal savings during your career, or your early investments.

Know your expenses

Determine your expected expenses, which consist of your current spending, projects which you intend to invest in, or any other expenses.



Financial planning at retirement



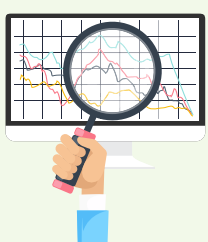
As you grow older, it is advised to take caution when investing, because to engage in high-risk investments may result in significant losses which may require a long time to compensate.

Suitable investment tools

Find out more about low-risk investment tools by diversifying your investments and with the help of authorized persons to assess the risk of those tools.



Points to consider



Stock trading is not as easy as you would expect

Investing is an art, it needs a lot of expertise and knowledge of the financial statements, identifying your profit target, and learning how to calculate profits of each share.

Beware of allocating most of your investments in one industry or one share

Don't put all of your investments in one basket, you're more likely to lose them all at once.



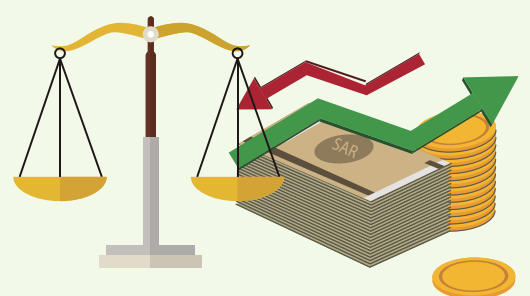
What are your rights as an investor?



Your knowledge of the stock market's rules and regulations, and knowing your rights and claiming them makes you an effective member in the market, which obligates companies and authorized brokers to provide highly transparent services.

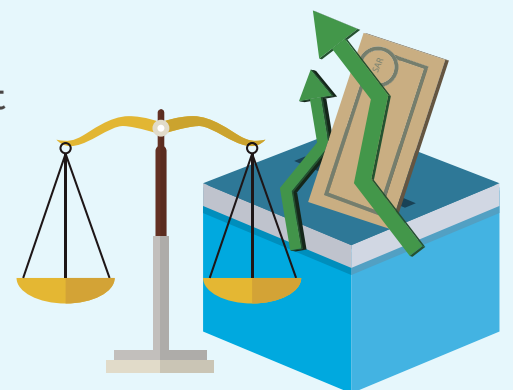
What are your rights as an investor upon activating corporate governance?

- Obtaining any rights related to equity
- The right to obtain a share of the company's assets upon clearance liquidation
- The right to attend shareholders' assemblies, and participate in their deliberations and vote for decisions
- The right to dispose of stock
- The right to monitor the Board activities, and to file a liability suit on members of the Board
- The right to inquire and request information, provided that it does not contradict the company's interest and capital market rules and regulations.



What are your rights as an investor investment funds?

- The right to receive an updated copy of the terms and conditions of the fund
- The right to receive quarterly reports covering the net asset value (NAV) of fund units, the number of owned units and their net value, and your transactions log including any dividends paid after the last received report.
- The right to receive revised financial statements free of charge upon request.
- The right to be notified of any significant amendments in the terms and conditions of the fund, and the right to receive a summary of these amendments (60) days prior to the effective date.
- The right to be notified of any changes in the fund's Board of Directors.
- The right to receive an updated copy of any annual updates issued by the fund manager regarding actual fees and amended information of the fund performance.
- If terms and conditions do not specify the fund's valid period and expiry date should an incident occur, the investor has the right to be notified by the fund manager of terminating the fund at least (60) days prior to the termination.
- The fund manager must pay recovery returns in due time.
- The right to receive special procedures to deal with complaints from the fund manager upon request.



Points to consider

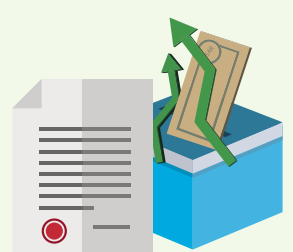


Your knowledge of your rights, makes you an effective investor

Your knowledge of corporate governance regulations is the first step to ensure your rights as a shareholder. However, a more important step is exercising these rights through voting for Board members, attending shareholders assemblies, and requesting information about the company provided that it does not contradict its interests and capital market rules and regulations.

Read the terms and conditions of funds before you decide to buy any units

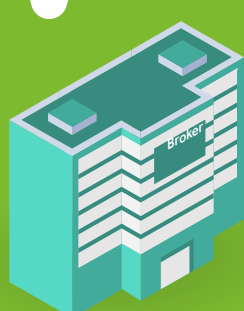
The Capital Market Authority (CMA) requires that any terms and conditions related to the funds, should include the following information: The name of the Fund, the address of the head office of the fund's Manager, the address of a website containing information on the investment fund or its manager, the date of the subscription, the organizing committee, the date of the issuance of the fund's terms and conditions and its latest update, the indication of the minimum subscription to the fund, the fund's currency and goals, investment strategies, and the main risks



As an investor you are entitled to file a formal complaint to the committee through the official channels

The Capital Market Authority (CMA) sets a list of all the existing investment funds on its website, which are managed by financial institutions, in order to protect investors against dealing with unauthorized persons.

Where do I start?



The broker

Your way to invest in stocks.



Investment portfolio

To open a portfolio, visit Tadawul website and browse the authorized members guide (brokers).



Investment tools

You should know the advantages of every investment product before starting an investment.

Don't be deceived by the illusion of easy money. you should rather consider the risks and your level of tolerance.

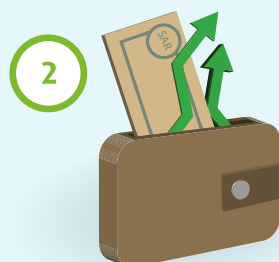


Investment tools and channels

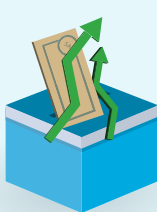
To start investing in the financial market, head to one of the market members (brokerage or investment companies)



Investment Account

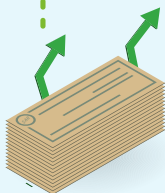


Investment Portfolio



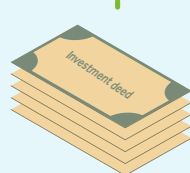
Investment funds

Low-risk investment tools through which money is invested on behalf of investors for a certain fee.



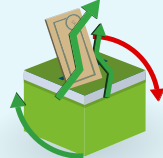
Stocks

Banknotes representing a share in the capital of a listed company.



Sukuk

Sukuk are important financial tools used by the government and other companies to generate necessary liquidity for funding their projects at a relatively low cost. Sukuk are usually low-risk investment tools with safe periodic returns.



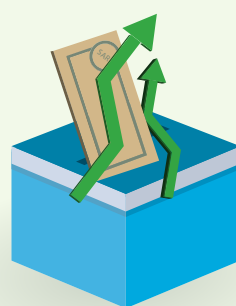
ETFs

Exchange traded funds (ETFs) are investment funds divided into equal units that are traded in the stock market. ETFs combine the advantages of both investment funds and equities.

Points to consider

Investment funds are considered the easiest way to follow up on an investment

This is due to the abundance of information on these funds and their diverse quality



Investment funds are the best choice if you are unable to regularly follow up the market.

Before deciding to invest in a certain fund, it is advised to gather information regarding its goals, risk levels, and subscription fees. You can find information in this regard through the fund's prospectus or visiting Tadawul website to know more about funds' performances.