

Strategy in action

Our strategic plan envisages improving the Saudi capital market, its infrastructure, and upgrading our competencies to enable Tadawul to compete on a global scale.

In 2017, the Board of Directors of Tadawul unveiled a five-year strategic plan for the period 2018–2022. At the time Tadawul had already achieved the distinction of being the largest and most liquid stock market not only in the GCC, but in the whole MENA region.

Prior to the commencement of the plan, our focus was on building infrastructure to compete regionally and achieving internal operational excellence. Our new plan has broadened our horizons to growing the Saudi Arabian capital market, its infrastructure and our competencies to enable us to compete on a global scale.

Our strategy is supported by Vision 2030, Financial Sector Development Program (FSDP), and Capital Market Authority (CMA) strategies.

Aligned with Vision 2030

Vision 2030 is the overarching economic and social development strategy of the Kingdom. Its main themes are building a thriving economy, a vibrant society, and an ambitious nation, while one of its key pillars is for the Kingdom to become a global investment powerhouse.

Vision 2030 has a large number of specific goals and Tadawul's activities interface with many of them. The following in particular are those to which Tadawul makes a direct contribution:

- To raise the private sector's contribution to GDP, from 40% to 65%.
- To increase the Public Investment Fund's assets from SAR 600 Bn to over SAR 7 Tn.
- To rise from our current position of 25 to the top 10 countries on the Global Competitiveness Index.
- To move from our current position as the 19th largest economy in the world to the top 15.
- To increase the SME contribution to the GDP from 20% to 35%.

The Financial Sector Development Program (FSDP) is one of several executive programmes developed to help achieve the objectives of the Vision 2030. The primary goal of the programme is to develop a diversified and effective financial services sector underpinned by the following three pillars:

- Developing an advanced capital market
- Enabling financial institutions to support private sector growth
- Promoting and enabling financial planning

There are several sub-objectives under the first pillar, which align with Tadawul's mandate. One is to facilitate the raising of capital by the government and the private sector. This includes supporting the process of privatization of state-owned entities, which will open up new opportunities for investors. Another is creating an efficient platform to encourage investment and diversify the investor base. Tadawul is contributing to this objective by drawing more foreign investors, increasing the efficiency of trading, and promoting new asset classes. A third objective is to provide a safe and transparent infrastructure, that includes upgrade of the post-trade and risk management model, supported by the establishment of a clearinghouse based on Muqassa principles.

Strategic Plan 2018–2022

Our new plan is multi faceted, encompassing expansion into a wider range of financial instruments and markets. It also envisaged improving market infrastructure and efficiency, strengthening investor protection, and enhancing market information.

The plan has also identified 29 strategic initiatives under the seven strategic pillars. Implementation of a majority of the initiatives commenced within the year. Progress towards strategic goals is carefully measured through a number of corporate KPIs.

Value drivers



➔ Becoming a diversified and integrated exchange

- This includes diversification across asset classes, revenue and product mix, investor base and issuer base. Integration is envisaged across the entire value chain.



➔ Enabling and capitalizing on Saudi growth

- Our strategy envisages that we support the goals of the Kingdom's Vision 2030 by driving capital formation to facilitate the growth of both public and private sectors.



➔ Expanding into becoming a regional listing centre and exchange platform

- We will seek to widen our geographical operations by opening Tadawul's infrastructure and operational capabilities to MENA region.

Strategic pillars

1/ ASSET CLASSES

Expanding asset classes while developing derivatives markets in line with investor needs

2/ ISSUERS

Encouraging more Saudi companies and issuers of other capital instruments to list on Tadawul and extend listing opportunities to the rest of the GCC. In the process, we will help drive Saudi Arabia's privatization and debt listing programme

3/ INVESTORS

Diversify investor base by attracting international and institutional investors

4/ POST-TRADE

Establish a Counterparty Clearing House and enhance post-trade products and services

5/ MARKET INFORMATION AND ANALYTICS

Developing a comprehensive suite of information and analytics services

6/ TECHNOLOGY AND OPERATIONS

Building and operating a regional exchange platform across the value chain

7/ ORGANIZATION ENABLERS

Build an agile, digitized and business-oriented organization while collaborating with local, regional and international stakeholders to implement the strategy