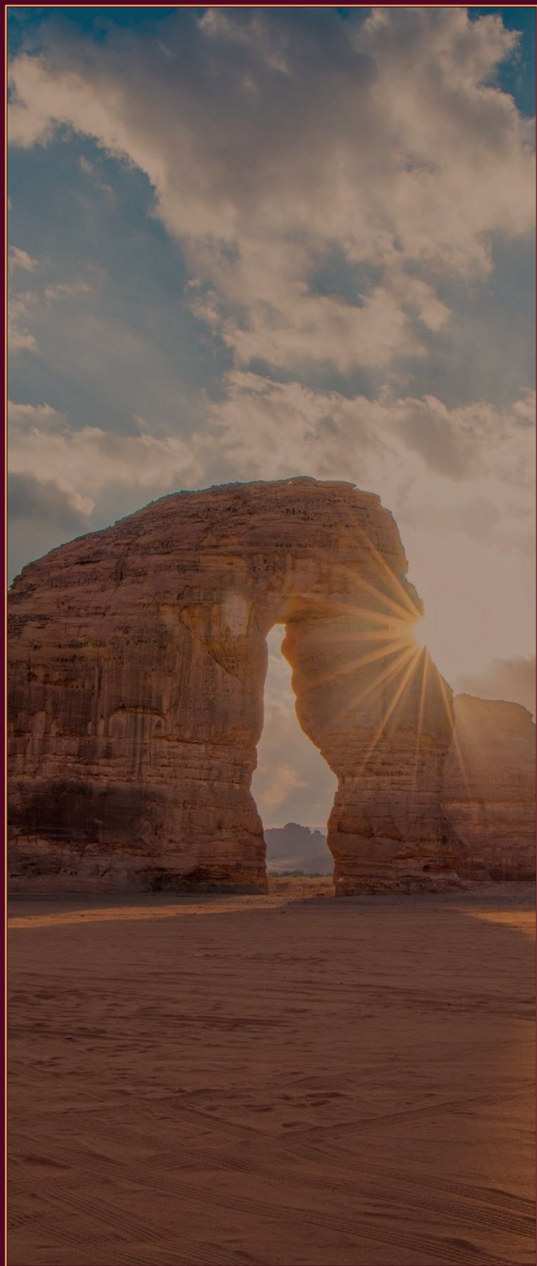
Beyond the 49% Cap

What else could make Saudi equities more attractive to global investors?



Six market-level priorities for converting wider access into deeper, more durable international participation.

Access was phase one. Investability is the next.

Saudi Arabia has already removed major barriers

This is a next-stage agenda, not an argument that the market has stood still.

DIRECT ACCESS

From 1 February 2026, all categories of foreign investors can invest directly in Main Market shares. The QFI and swap frameworks were removed.

BILINGUAL DISCLOSURE

Main Market issuers already make Exchange notifications and public disclosures in both Arabic and English.

TRADING INFRASTRUCTURE

Market-making, securities borrowing and lending, and covered short-selling frameworks are already in place.

REFORM DIRECTION

The CMA described the 2026 opening as part of a gradual approach and referred to complementary steps aimed at further opening the market.

The next phase is less about opening the door and more about making Saudi equities easier to analyse, access, trade and hold at institutional scale.

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1 Complete foreign-ownership liberalisation

The general ceiling should ultimately be judged by how much investable capacity it unlocks.

POTENTIAL END STATE

Consider the eventual removal of the general 49% ceiling, while retaining issuer- or sector-specific restrictions where broader policy genuinely requires them.

The goal is not a larger percentage for its own sake. It is a more open and investable equity market.

IMPLEMENTATION QUESTIONS

1. clear timetable and transition rules
2. transparent issuer-specific and sector limits
3. index and free-float implications considered
4. operational readiness across exchange, brokers, custody and issuers

A higher ceiling matters most where it expands the investable free float of large, index-relevant issuers.

2 Make access operationally frictionless

The useful benchmark is the investor journey from decision to executable position.

How quickly can a previously uninvested institution go from investment decision to executable Saudi position?

ONBOARD

Investment account
Custody
KYC and beneficial ownership
Documentation

EXECUTE

Order access
Settlement
Transfers
Block or negotiated trades

HOLD & SCALE

Corporate actions
Securities lending
Tax and documentation
Global custody integration

Legal access is binary. Operational accessibility is measured in time, cost and certainty.

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3 Keep IPO information as current as the decision

International institutions price current risk, not historical compliance.

1	**PREDICTABLE TIMETABLE**	Greater clarity from approval through bookbuilding, pricing and listing.
2	**FRESH FINANCIALS**	The freshest practicable financial information when investors commit capital.
3	**EFFICIENT UPDATES**	Proportionate supplements where the timetable crosses a reporting period.
4	**MATERIAL DEVELOPMENTS**	Clear treatment of significant developments between prospectus approval and listing.

The practical objective is a prospectus and transaction record that remain decision-useful at the moment the market is asked to price the shares.

International capital should not have to choose between regulatory certainty and current information.

4 Deepen liquidity, not just eligibility

The infrastructure exists. The next gain is wider, deeper and more consistent utilisation.

“A high ownership ceiling has limited practical value if institutions cannot efficiently build or exit a meaningful position.”

A successful bookbuild is not the same as a functioning institutional aftermarket.

FOUR LIQUIDITY LEVERS

1. meaningful free float and institutional allocations
2. wider market-maker coverage
3. deeper securities lending and usable short selling
4. efficient block liquidity and transparent post-trade data

Eligibility opens the position. Liquidity determines whether institutions can build, manage and exit it.

5 Make Saudi market data globally frictionless

Good disclosure becomes more valuable when global systems can ingest, compare and model it easily.

ALREADY STRONG

- bilingual Main Market disclosure
- public issuer announcements
- published foreign-ownership data
- established financial reporting framework

The next gains are about usability and integration.

NEXT MARGINAL GAINS

1. machine-readable financials and KPIs
2. standardised tagging and taxonomies
3. downloadable historical disclosure datasets
4. transparent free-float and ownership breakdowns
5. APIs, data feeds and predictable financial calendars

The easier Saudi data is to ingest, compare and model, the easier Saudi equities are to include in global investment processes.

6 Measure success by participation, not permission

A next-stage scorecard should focus increasingly on outcomes.

1. Foreign ownership as a percentage of free float
2. Breadth of ownership across issuers, not only the largest names
3. International institutional participation in IPO books
4. Foreign trading, liquidity and block capacity
5. Post-listing retention of institutional ownership
6. Number of Saudi issuers relevant to global portfolios

The objective is not only to allow global capital into the Saudi market. It is to build a market in which more global investors choose to allocate capital and choose to remain invested.

Access was the first phase. Investability is the next.

About the author

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Robert has advised on Saudi equity capital markets transactions since 2007, acting for issuers, shareholders and financial advisers on dozens of offerings, including Saudi Aramco’s US$29.4 billion IPO and dozens of Saudi Main Market IPOs.

He advises on IPOs, follow-ons, rights issues, public M&A and CMA and Saudi Exchange matters.

Saudi ECM
since 2007

First Rule 144A
securities offering by a Saudi corporate issuer

First public M&A
transaction in Saudi Arabia

First Sukuk in Saudi Arabia
to qualify as bank regulatory capital

First demerger
by way of an IPO by a Saudi-listed company

Largest IPO to date
in Saudi Arabia

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