

New Tick Size Amendment Overview

What is a tick size?

A tick size is the minimum incremental price movement of a traded instrument on an order book. The price movement of different trading instruments vary in multiples of their applicable tick size.


What is the new amendment on tick size?

According to the new amendment, values of current tick sizes shall be reduced and additional price brands shall be included as follows:


Price Bands	Current Tick Size	New Tick Size
Below SAR 10	SAR 0.05	SAR 0.01
SAR 10 to SAR 24.98		SAR 0.02
SAR 25 to SAR 49.95	SAR 0.10	SAR 0.05
SAR 50 to SAR 99.90	SAR 0.25	SAR 0.10
Above SAR 100		SAR 0.20

Examples:

An example of an order book for company (A) trading shares at **SAR 75**. Comparing current and new tick sizes:

Current Tick Size (SAR 0.25)			New Tick Size (SAR 0.10)	
Bid	Ask		Bid	Ask
75	74.75	75	74.90	
75.25	74.50	75.10	74.80	
75.50	74.25	75.20	74.70	
75.75	74	75.30	74.60	
76	73.75	75.40	74.50	

An example of an order book for company (B) trading shares at **SAR 7**. Comparing current and new tick sizes:

Current Tick Size (SAR 0.05)			New Tick Size (SAR 0.01)	
Bid	Ask		Bid	Ask
7	6.95		7	6.99
7.05	6.90		7.01	6.98
7.10	6.85		7.02	6.97
7.15	6.80		7.03	6.96
7.20	6.75		7.04	6.95

Which types of securities will the new tick size scales be applied to?

The new tick size scales will be applied to the Main Market, Nomu-Parallel Market Listed, REITs, ETFs, and Tradable Rights. The new amendment shall not apply to Bond and Sukuk Market.

When will the tick size amendment be effective?

The new tick size shall be effective starting from next Sunday trading 04/06/2017.

What are the objectives of the tick size amendment?

- Support strategic plans to develop the Capital Market and enhance its effectiveness, aligning with Vision 2030
- Decreasing the gap between Bid/Ask prices, which in turn provides more price options for investors
- Increase market liquidity by increasing competitiveness among Bid/Ask prices