

هيئة السوق المالية
Capital Market Authority



Annual Report

1438 / 1439H (2017)



رؤية
VISION
2030
المملكة العربية السعودية
KINGDOM OF SAUDI ARABIA

In the Name of Allah the Most
Gracious the Most Merciful



2017





The Custodian of the Two Holy Mosques

King / Salman bin Abdulaziz Al-Saud

President of the Council of Ministers



His Royal Highness

Prince Mohammed bin Salman Al-Saud

Crown Prince, Vice-President of the Council of Ministers,
Minister of Defense



Royal Order No. (A/36) dated 06/02/1439H was issued to re-form the CMA Board as follows:

1	His Excellency Mr. Mohammed bin Abdullah El-Kuwaiz 	Chairman
2	Mr. Youssef bin Hamad Al-Blihid	Vice-Chairman
3	Mr. Ahmed bin Rajeh Al-Rajeh	Member
4	Mr. Khaled bin Abdulaziz Al-Homoud	Member
5	Mr. Khalid bin Mohammed Al-Solai	Member

 His Excellency Mr. Mohammed bin Abdullah El-Kuwaiz was appointed Chairman of the CMA's Board of Directors at the rank of Minister by Royal Order No. (303/A) dated 26/01/1438H.





His Excellency Mr.
Mohammed bin Abdullah El-Kuwaiz
 Chairman, CMA Board



Academic Qualifications

- MBA, New York University's Leonard N. Stern School of Business, USA (2003).
- Bachelor's Degree, Law, King Saud University, KSA (1998).



Professional Experience

- Chairman, CMA Board of Directors (2017 – present).
- Vice Chairman, CMA Board of Directors (2016 – 2017).
- CEO, Derayah Financial (2008 - 2016).
- Administrative Consultant, McKinsey & Company, Dubai, UAE (2004 - 2006).
- Senior Manager of Investment Banking and Corporate Finance, Samba Financial Group, KSA (1999 - 2004).
- Broker, International Markets and Precious Metals, Arab National Bank (1996 - 1998).
- Former member, Board of Directors, Public Pension Agency.
- Former member, Board of Directors, Al-Yamamah Steel.
- Former Member, Board of Directors, Bank Albilad.
- Former Member, Investment and Securities Committee, Riyadh Chamber of Commerce and Industry.
- Former member, Investment Committee, King Faisal Foundation.
- Former member, Investment Committee, Awqaf Sulaiman bin Abdulaziz Al-Rajhi Holding Co.
- Member, Board of Trustees, OQAL.





Mr.
Mr. Youssef bin Hamad Al-Blihid
Vice-Chairman, CMA Board



Academic Qualifications

- Master's Degree, Law, School of Law, Wake Forest University, USA (2008).
- Higher Diploma, Legal Studies (Professional Master's Degree), Institute of Public Administration, KSA (2002).
- Bachelor's Degree, Islamic Studies (Jurisprudence), King Saud University, KSA (2000).



Professional Experience

- Vice-Chairman, CMA Board of Directors (2017 – present).
- Deputy of Legal Affairs and Enforcement, CMA (2016).
- Acting General Director, Department of Follow-Up and Enforcement, CMA (2016).
- General Director, Department of Legal Affairs, CMA (2015).
- Manager, Department of Legal Advice, CMA (2010).
- Legal Adviser, Department of Legal Affairs, CMA (2005 - 2010).
- Case Lawyer, Legal Division, Royal Court (2002 - 2005).
- Chairman, Supreme Committee to Separate the Functions and Jurisdictions of CMA and Tadawul (2017 - present).
- Member, Supreme Committee to Separate the Functions and Jurisdictions of CMA and Tadawul (2013 - 2017).
- Member, CMA Employee Savings Plan Committee (2014 - 2016).
- Chairman/Member, several specialized committees and teams representing the regulatory bodies of GCC Capital Market Authorities, Integration of GCC Capital Markets' Project.
- Chairman/Member, several committees and teams tasked with the Implementing Regulations of the Capital Market Law and the Companies Law.
- CMA Representative, meetings of the Union of Islamic Securities Authorities (UASA) .
- CMA Representative, meetings of the Islamic Financial Services Board (IFSB).
- CMA Representative, several committees at the Bureau of Experts, Council of the Ministers for the review of draft laws, implementing regulations, and other issues referred to the Bureau.
- Member, several joint committees with government agencies for the review and discussion of issues related to CMA and other government bodies.
- CMA Representative, Saudi Delegation to meetings of the Permanent Ministerial Committee of the Board Chairmen of GCC Capital Market Authorities.
- CMA Representative, Saudi Delegation to meetings of the Executive Committee of the Heads of GCC Capital Market Authorities.



Mr.
Mr. Ahmed bin Rajeh Al-Rajeh
Member, CMA Board



Academic Qualifications

- Master's Degree, Public Administration, University of Missouri, USA (1991).
- Bachelor's Degree, Political Science, King Saud University, KSA (1986).



Professional Experience

- Member, CMA Board of Directors (2017 – present).
- Chairman/Member, several CMA committees concerned with regulating and developing the capital market sector.
- Chairman, Human Resources Development Committee, CMA (2017 - present).
- Vice Chairman, E-Transactions Committee, CMA (2017 - present).
- Team Leader assigned to coordinate with the Public Investment Fund concerning CMA headquarters at King Abdullah Financial District (2017 - present).
- Deputy of Corporate Resources, CMA (2016 – 2017).
- General Director, General Management, CMA (2009 – 2016).
- Director, Department of Human Resources, CMA (2005 - 2009).
- Director General, Corporate Communications, Saudi Arabian Mining Company (Ma'aden) (1999 - 2005).
- Consultant to the Minister, Ministry of Labor (1998 - 1999).
- Faculty Member, Institute of Public Administration (1986 - 1998).



Mr.
Khaled bin Abdulaziz Al-Homoud
Member, CMA Board



Academic Qualifications

- Master's Degree, Business Administration, Kent State University, Ohio, USA (1999).
- Bachelor's Degree, Accounting, King Saud University, KSA (1995)..



Professional Experience

- Member, CMA Board of Directors (2017 – present).
- Chairman/Member, several CMA committees concerned with regulating and developing the capital market sector.
- Deputy of Strategy and International Affairs, CMA (2016 - 2017).
- General Director, Department of Strategic Planning and Research, CMA (2013 - 2016).
- Manager, Investment Funds Department, CMA (2006 - 2012).
- Chief Executive, Corporate Finance, CMA (2004 - 2005).
- Member, Financial Sector Development Committee (2017 - present).
- Member, Board of Directors, General Authority of Zakat and Tax (2017 - present).
- Chairman, Capital Account Committee, Capital Market Awareness Program, CMA (2017 - present).
- Member, Human Resources Development Committee, CMA (2013 – 2017).
- Member, CMA Employee Savings Plan Committee (2014 - 2016).
- Secretary, CMA Advisory Committee (2014 – 2016).
- Faculty Member (Financing and Investment), Saudi Arabian Monetary Authority (SAMA) - Institute of Banking (1995 - 2004).



Mr.
Mr. Khalid bin Mohammed Al-Solai
Member, CMA Board



Academic Qualifications

- CGMA, USA (2012).
- CRMA, USA (2012).
- ACFE, USA (2008).
- CPA, USA (1990).
- Diploma, Economy and Management, Economic Institute, USA (1985).
- Bachelor's Degree, Accounting, King Saud University, KSA (1983).



Professional Experience

- Member, CMA Board of Directors (2017 – present).
- Chairman, Internal Audit Committee, CMA (2017 - present).
- Supervisor, Professional Quality Assurance Program, Saudi Organization for Certified Public Accountants (2016 – 2017).
- President, Internal Audit, Saudi Telecom Company (STC) (2006 - 2015).
- Director, Audit and Financial Consulting, Saudi Industrial Development Fund (1983 - 2005) / secondment to Ernest and Young for Accounting and Audit, USA (1986 - 1988).
- Member, Board of Directors, Saudi Accounting Association.
- Member, Board of Directors, Saudi Association for Internal Auditors.
- Member, Audit and Accounting Standards Committee, Saudi Organization for Certified Public Accountants.
- Member, Internal Audit Committee, Chamber of Commerce and Industry.
- Member, Board of Directors, Saudi Coca-Cola Bottling Company.
- Member, Board of Directors, Al-Andalus Real Estate Company's and Chairman of the Audit Committee.
- Member, Board of Directors, Awqaf Sulaiman bin Abdulaziz Al-Rajhi Holding Co. and Chairman of the audit committee.
- Chairman, audit committees of several listed and unlisted companies in several sectors, including:
Investment and Financing - Energy - Commodities - Retail Luxury Goods.
- Member, audit committees of several listed and unlisted companies in several sectors, including:
Banking - Insurance - Commodities - Capital Goods - Food Manufacturing



This report was prepared to demonstrate CMA's compliance with the highest standards of transparency, and to inform the public of its business during the past year pursuant to the requirements of Article 16 of the Capital Market Law (CML) which states: „The Chairman of the Board shall submit to the Prime Minister an annual report on the Authority's activities and its financial position during the preceding year, within ninety days from the end of the year“.

The presentation and contents of the document fulfill the requirements of the preparation of annual reports as mandated for ministries and public agencies, including universities and other government bodies, pursuant to Article 29 of the Law of the Council of Ministers.

VISION

2030

To become the main market in the Middle East and one of the top ten financial markets in the world.





Mission



A capital market that facilitates funding... encourages investment... promotes confidence... and builds capacities...

Values

1 Continuing Development

CMA constantly develops and improves its business policies and procedures, laws, and programs used to run tasks, thus enhancing the services provided to participants in the capital market and supporting the growth of the national economy.

2 Excellence

CMA is known for its competent employees. It seeks to develop their skills and expertise to achieve the highest levels of quality and professional conduct, as well as providing the best services to participants in the capital market.

3 Communication & Consultation

Promoting professional cooperation, consultation, and communication as a work team, which carries itself with the highest levels of professional conduct when dealing with capital market participants, within and outside CMA.

4 Social Responsibility and Staff Care

CMA believes that its employees are its greatest assets and that strengthening their loyalty is beneficial to the society and the Kingdom. Therefore, CMA is dedicated to creating a supportive and motivating work environment and providing various development, training, and financial awareness programs to the society..

5 Responsibility

Demonstrating the sense of responsibility and duty CMA has towards its community and staff, the responsibility borne by its employees towards their tasks, and the dedication to work honestly and faithfully to achieve its vision and mission.

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Introduction

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- 2 Establishment
- 3 CMA Main Functions
- 4 Organizational Structure
- 5 Parties Supervised by CMA





Chairman's Message

His Excellency Mr.

Mohammed bin Abdullah El-Kuwaiz

Chairman, CMA Board

It pleases me to present to you the CMA's 2017 Annual Report which includes its initiatives, as well as its regulatory and supervisory achievements. We were keen to support our achievements with data and facts to reflect the development and growth needed to achieve the tenets of Saudi Vision 2030, which will bring prosperity to our beloved country.

On 04/08/148H (30/04/2017), the Council of Economic and Development Affairs issued 10 programs which are strategically significant for the achievement of Saudi Vision 2030. The Financial Sector Development Program is one of these programs. It aims to create a flourishing financial sector which plays a vital role in achieving the goals of Saudi Vision 2030. CMA took part in creating the executive plan for the Financial Sector Development Program via its representation on the Program's Committee and its membership of several competent authorities. It was responsible for developing the strategic initiatives and goals for the Program's second basis, which is concerned with developing an advanced capital market. Accordingly, CMA examined and reviewed its current strategies and initiatives, and selected the strategic indicators and initiatives approved by the Financial Leadership 2020 Program, which have promoted growth in the financial

sector and particularly the capital market, to develop the market into an advanced market.

The CMA Board approved a detailed quarterly executive plan after developing the goals and initiatives of the Financial Sector Development Program and reviewing the CMA's planned strategies and initiatives. The executive plan includes 71 initiatives to be executed in 2017 along with their expected deadlines.

2017 is considered an eventful year in terms of developing capital market laws, rules, and regulations. The CMA Board approved the Rules for Special Purpose Entities which address the establishment of such entities, in addition to their registration, offering, management, and the activities they practice in the Kingdom. The Board also approved the Rules on the Offer of Securities and Continuing Obligations, which will enter into force on 15/07/1439H (01/04/2018), replacing the previously issued Regulations for the Offering of Securities and the Listing and Registering Rules. Further, in compliance with the new Companies Law, the CMA Board approved the Corporate Governance Regulations (CMA Resolution No. (1-212-2006) dated 21/10/1427H,

corresponding to 12/11/2006. These regulations were prepared through the collaborative efforts of CMA and the Ministry of Commerce and Investment to develop the Kingdom's capital market. Additionally, the Guidance Note of the Investment of Non-Resident Foreigners in the Parallel Market was approved. It aims to explicate procedures and requirements related to the investment of non-resident foreigners in the parallel market. Moreover, in 2017, CMA updated 8 Regulations.

During 2017, CMA carried out 10 IPOs with a total value of offered shares at 229.5 million SR. Nine out of the ten IPOs were companies listed in the parallel market (Nomu). The parallel market (Nomu) has fewer listing requirements, which makes it a good alternative for companies. However, investing in the parallel market is restricted to qualified investors. Offering (IPOs, share private placements, and rights issues) have exceeded 8.3 billion SR. Many private placements of Sukuk and debt instruments occurred in 2017 as well. Their asset value increased by 303.9% or approximately 86.2 billion SR. In 2017, CMA authorized 29 investment fund IPOs including five equity funds, one money market fund, three real-estate funds, and 15

real estate investment trusts (REIT).

To ensure full protection of investors and market participants, CMA was keen on finalizing investigations related to capital market violations during 2017. It closed 212 cases. Further, 152 of the 330 sanctions issued by CMA Board, CRSD, and ACRSD decisions against violators of the CML/Companies Law and their implementing regulations were enforced.

We have reason to believe that more investors are entering the financial services sector, and especially after it became easier for foreign investors to enter the market. In 2017, CMA issued five new licenses. It also authorized the amendment of seven licenses and the revocation of only two licenses. Consequently, the number of Authorized Persons (APs) stood at 86 by the end of 2017. CMA is still performing its supervisory, regulatory, and development roles. Its achievements in this regard include inspecting 61 out of 495 licenses. A total of 110 cause inspections were conducted of which 45.5% were triggered by referrals from relevant parties inside or outside CMA. The sector maintained a strong financial position; the average capital adequacy coverage reached

2.13, which significantly exceeds recommended rates according to Basel Accords.

We have started realizing the benefits of economic reform, which was motivated by Saudi Vision 2030, both at CMA and the on the Saudi economy as a whole. Reforming the financial sector required implementing clear methodology to bring about the desired change. It also involved adopting a series of strategic plans that were implemented in phases corresponding to priority to achieve desired results. I would like to take this opportunity to express my deepest gratitude and appreciation to our leadership for their support and the empowerment of our efforts at CMA. This enabled the achievement of development, growth, and stability for the capital market. I would also like to extend my appreciation to everyone who contributed to the success of 2017. First and foremost, I would like to thank the CMA Board Members, our executive staff, all entities affiliated with CMA, and CMA's partners in achieving this success.

Mohammed bin Abdullah El-Kuwaiz
Chairman, CMA Board





Establishment



The Capital Market Authority was established pursuant to the "Capital Market Law (CML)" issued by Royal Decree No. (M/30) dated 02/06/1424H (31/07/2003), to assume supervisory and regulatory roles of the capital market. CMA reports directly to the President of the Council of Ministers, has a legal personality, and enjoys financial and administrative autonomy. It is responsible for issuing the regulations, rules, and instructions needed to implement the provisions of the CML.



Royal Decree No.

(M/30)

Date: 02/06/1424H
Corresponding to: 31/07/2003

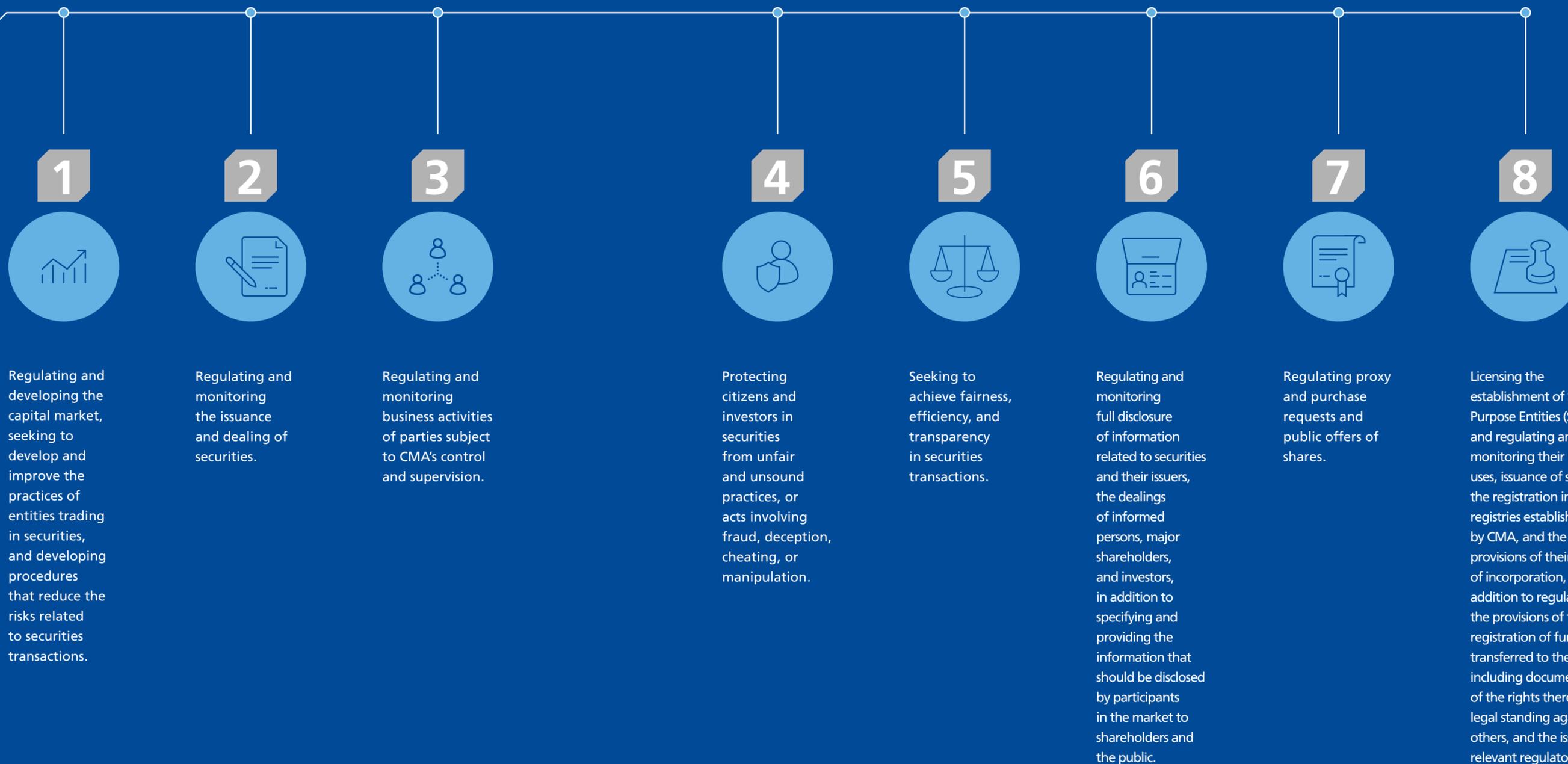
Reports directly to the President of the Council of Ministers, has a legal personality, and enjoys financial and administrative autonomy.





CMA Main Functions

CMA is responsible for issuing relevant regulations, rules, and instructions, as well as implementing the provisions of the CML. To this end, CMA undertakes the following:





Organizational Structure



On 20/01/1439 H (10/10/2017), the CMA Board issued Resolution No.(4-93-2017) adopting the amendment of CMA's organizational structure Establishing a division called the "Supervision of Internal Auditors of Listed Companies and Market Institutions".



CMA Board Resolution No.

(4-93-2017)

Date: 20/01/1439H
Corresponding to: 10/10/2017

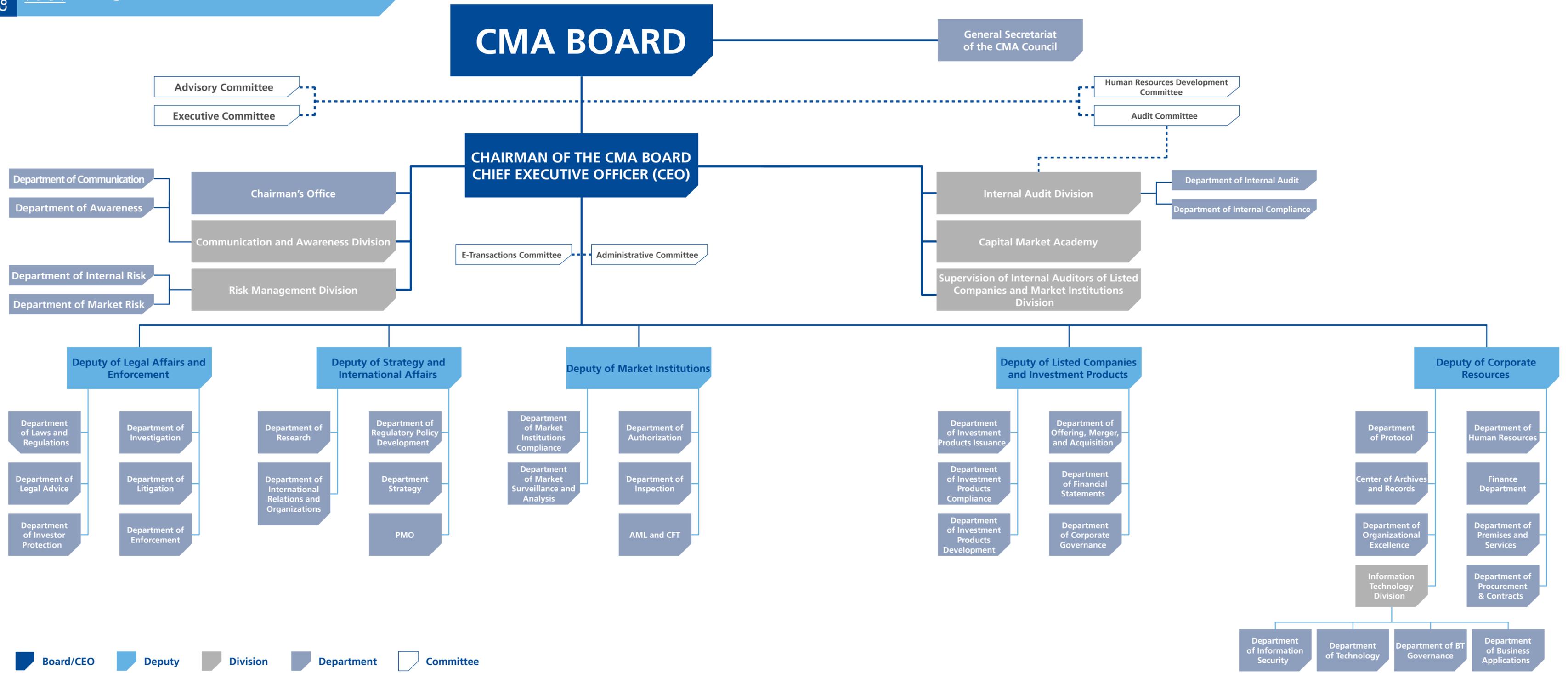
adopting the amendment
of CMA's organizational
structure



The main tasks of the Supervision of Internal Auditors of Listed Companies and Market Institutions Division have been determined as follows:

- Collaborating with the Department of Laws and Regulations and the Department of Regulatory Policy Development to create, develop, and improve regulations, policies, and work procedures related to the establishment of criteria and requirements for individuals working in auditing, registration, and inspection, in addition to issuing necessary sanctions on violators.
- Reviewing and evaluating registration applications, and collecting supporting documents from auditors who are interested in auditing the books and records of the market and the Center, brokerage firms, investment funds, and listed companies to ensure their compliance to relevant requirements.
- Interviewing applicants to explain the application requirements for auditors.
- Issuing recommendations regarding the approval or refusal of registering auditor applicants, and submitting these recommendations to the competent authority.
- Reviewing the receipt of fees for new registrations and coordinating with the Finance Department and other relevant entities regarding settlements of registration fees when approved.
- Preparing an inspection plan which includes the inspection schedule, the auditors involved, their selection criteria, and the level of risk.
- Monitoring and conducting inspection visits of registered auditors, ensuring their compliance with regulations, and preparing relevant reports with recommendations to be submitted to CMA.
- Follow-up of the comments included in surveillance reports and inspection visit reports to ensure the implementation of proper corrective measures by auditors.
- Carrying out inspection visits of auditors suspected of violations.
- Coordinating with the Saudi Organization for Certified Public Accountants to determine the compliance of auditors with the Saudi Certified Accountant's Law and the implementing regulations and procedures.
- Participating in the preparation of reports related to the Division's activities and achievements, as well as the measures that have been taken regarding the implementation of the decisions issued by the Board.
- Providing advice to the CMA Board concerning resolutions related to the Division.
- Participating in identifying and resolving issues that might put the CMA's policy at risk (due to internal or external factors), and submitting relevant reports as necessary.

Continued **Organizational Structure**





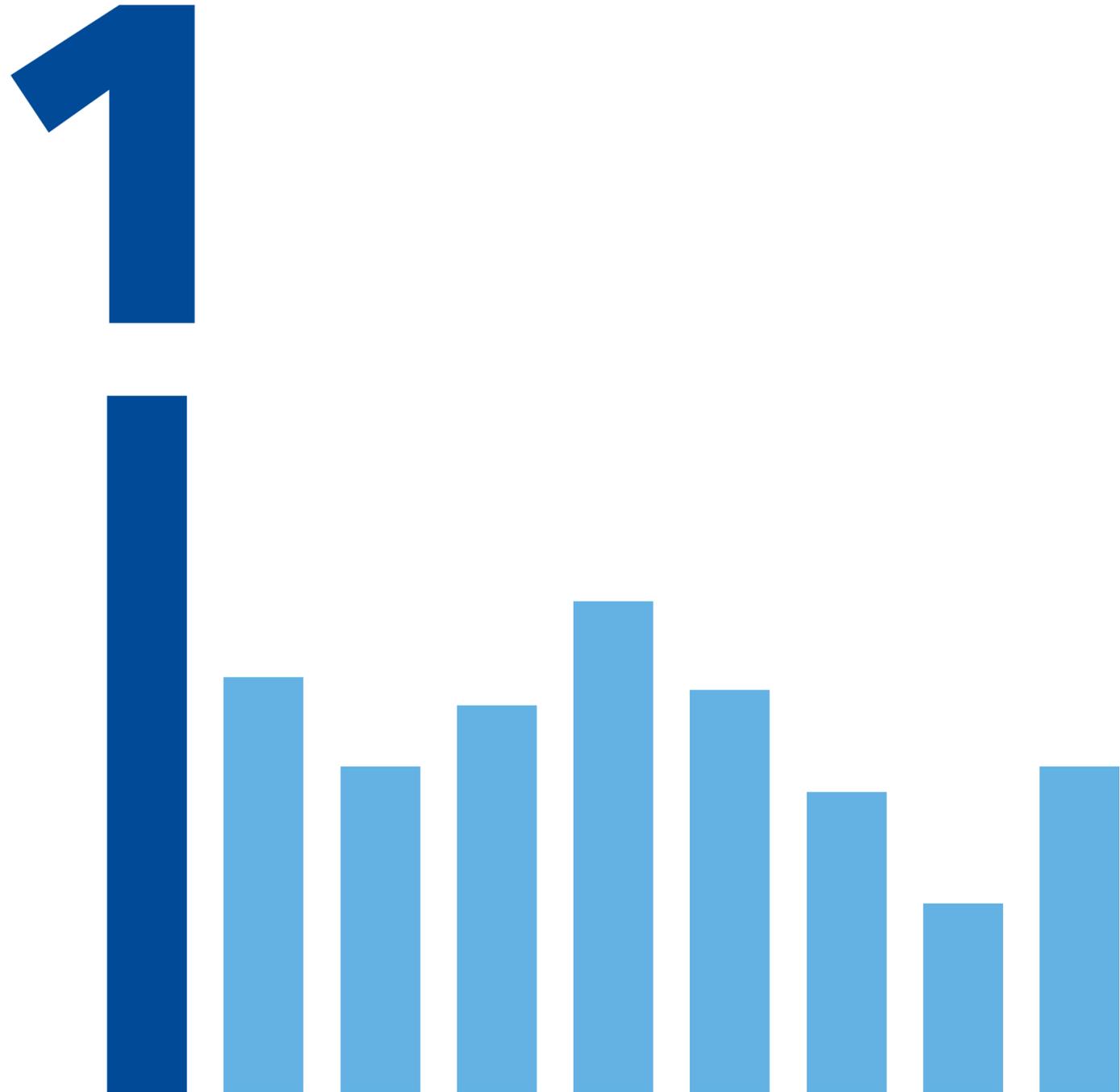
Parties Supervised by CMA



The following parties are subject to CMA's supervision:

- 1 The Saudi Stock Exchange Co. (Tadawul).
- 2 Securities Depository Center Company (Edaa).
- 3 Authorized Persons (APs).
- 4 Listed companies.
- 5 Capital market dealers/participants.
- 6 Special Purpose Entities (SPEs).
- 7 Credit rating agencies and companies.
- 8 Investment products in the capital market.





Chapter One

CMA Strategic Plan

- 1 Achievements of the Strategic Plan in 2017.
- 2 Strategic linkage between the “Financial Leadership 2020” Program and the “Financial Sector Development” Program.
- 3 Main Challenges Faced by CMA in the Implementation of its Strategic Plan.





1. Achievements of the Strategic Plan in 2017

Most significant achievements of the Strategic Plan in 2017 and their anticipated outcomes

Table (1)

The CMA Board approved a quarterly detailed action plan that outlines the initiatives and activities to be executed out during 2017, as well as their expected deadlines. Data related to achievements and challenges were compiled from CMA's departments and divisions and the results were submitted to CMA Board.

The 71 initiatives of the 2017 strategic plan were launched. Table (1) shows the most significant achievements and expected outcomes.

Achievement	Achievement	Achievement	Achievement	Achievement	Achievement	Achievement	Achievement	Achievement
Amending the timeframe for settling transactions for securities listed on the Saudi Stock Exchange to T + 2	Establishing a parallel Capital Market	Enabling securities lending and short selling	Adopting IFRS by listed companies and market institutions	Joining MSCI index watchlist	Establishing a regulatory entity to supervise the auditors of listed companies and market institutions	Approving the amended Merger and Acquisition Regulations and the glossary of used terms	Promoting the asset management business by reducing licensing activities	Allowing non-resident foreign investors to invest directly in the parallel market as qualified investors
Outcome	Outcome	Outcome	Outcome	Outcome	Outcome	Outcome	Outcome	Outcome
Compliance with international best practices in preparation for listing in international indices, and raising the efficiency of the participants protection in the capital market.	Establishing a new funding channel, increasing securities targeted for listing, and deepening the capital market.	Increasing investment products and compliance with the practices of international markets.	Enhancing transparency in the capital market, increasing confidence in reports and financial statements, and compliance with the practices of international markets.	Increasing the attractiveness of the capital market to local and international investors.	Enhancing transparency level in the capital market, increasing confidence in reports and financial statements, and establishing entities comparable to those found in international markets.	Facilitating mergers and acquisitions, regulating and developing the capital market, and enhancing market stability.	<ul style="list-style-type: none"> Allowing experienced and talented individuals to work in asset management. Developing the asset management business in the Kingdom, promoting investments in the venture capital sector and private ownership, as well as enabling experienced and talented individuals to work in asset management. 	Enabling other categories of foreign investment to enter the parallel market, and facilitating the investment of foreign investors in the capital market.
Achievement	Achievement	Achievement	Achievement	Achievement	Achievement	Achievement	Achievement	Achievement
Contributing to the Kingdom's advancement in ranking on the Protecting Minority Investor's Index from 63rd place to 10th place	Restructuring the Securities Depository Center as a legal entity and independent company	Launching an electronic investor protection system to address complaints and claims	Regulating group cases in securities disputes	Amending the regulations for the offering of securities, continuing obligations, and listing rules	Approving the Rules for Special Purpose Entities	Adopting the "Fin Tech Lab" initiative	Applying obligatory electronic voting in general assembly meetings of listed companies	Establishing financial academy specialized in training and qualifying financial sector employees
Outcome	Outcome	Outcome	Outcome	Outcome	Outcome	Outcome	Outcome	Outcome
Increasing the attractiveness of the Saudi capital market to local and international investors.	Enhancing the efficiency of the securities business as well as increasing compliance with the listing requirements of international markets.	Increasing the efficiency of the complaints and claims resolution by linking all market participants with CMA electronically.	Improving the procedures for Investors compensations and facilitating litigation procedures for participants in the capital market to ensure fast receipt of compensation.	Facilitating listing procedures to increase listed securities in compliance with the CMA's Financial Leadership 2020 Program.	Developing the capital market, regulating and monitoring the issuance and dealing of securities, and regulating and monitoring business activities of parties subject to CMA's control and supervision.	Keeping up with updates in international markets, adopting international best practices, developing new products, and supporting the Fin Tech industry in the capital market.	Increasing the percentage of participation in general assembly meetings and enhancing governance.	Enhancing the qualifications of the capital market participants in accordance with one of the main programs of Saudi Vision 2030.





2- Strategic linkage between the “Financial Leadership 2020” Program & the “Financial Sector Development” Program

On 04/08/1438H (30/04/2017), the Council of Economic and Development Affairs lunched ten programs which are strategically important to the achievement of Saudi Vision 2030. The Financial Sector Development Program is one of these programs. The program aims to create a flourishing financial sector which plays a vital role in achieving the goals of Saudi Vision 2030.

CMA participated in creating the executive plan for the Financial Sector Development Program through its representation on the Program’s Committee and its membership in several competent authorities.

CMA was responsible for developing the strategic initiatives and goals for the Program’s second pillar, which is concerned with developing an advanced capital market. Accordingly, CMA examined and reviewed its current strategies and initiatives, and selected the strategic indicators and initiatives approved by the Financial Leadership 2020 Program, which will promote growth in the financial sector and particularly the capital market.

Thus, CMA updated its strategic plan as indicated in Figure (1).

The Financial Sector Development Program is based on three pillars:



Figure (1)

Themes and Objectives of the Updated Strategic Plan 2017 - 2020





3- Main Challenges Faced by CMA in the Implementation of its Strategic Plan

During the last quarter of 2017, CMA modified its Strategic Plan to make it compatible with the Financial Sector Development Program; one of Saudi Vision 2030's programs, which was approved by the Council of Economic and Development Affairs on 10/02/1439H (03/10/2017).

During 2017, CMA successfully achieved the Strategic Plan targets as planned. However, amending the goals of CMA's Strategic Plan in compliance with the Financial Sector Development Program 2020 created several challenges for CMA. The most significant of which are as follows:



Local and global economic and regulatory factors, and their impact on public offerings, the attractiveness of the Saudi Stock Exchange to foreign investors, and chances of the Saudi Stock Exchange joining international indices.



slowing down or inability of the privatization of some assets owned by the government via IPOs since privatization is considered a golden opportunity to deepen the Saudi capital market, as well as increasing market attractiveness.



Delay or failure to accomplish the initiatives of the national program to promote the transformation of private sector establishments into public joint stock companies, offering their securities, and listing them in the Saudi capital market. This program represents a unique opportunity for the funding of private sector companies by the stock market and results in an increase in market cap of the stock market. It also creates new investment opportunities for local and international investors.

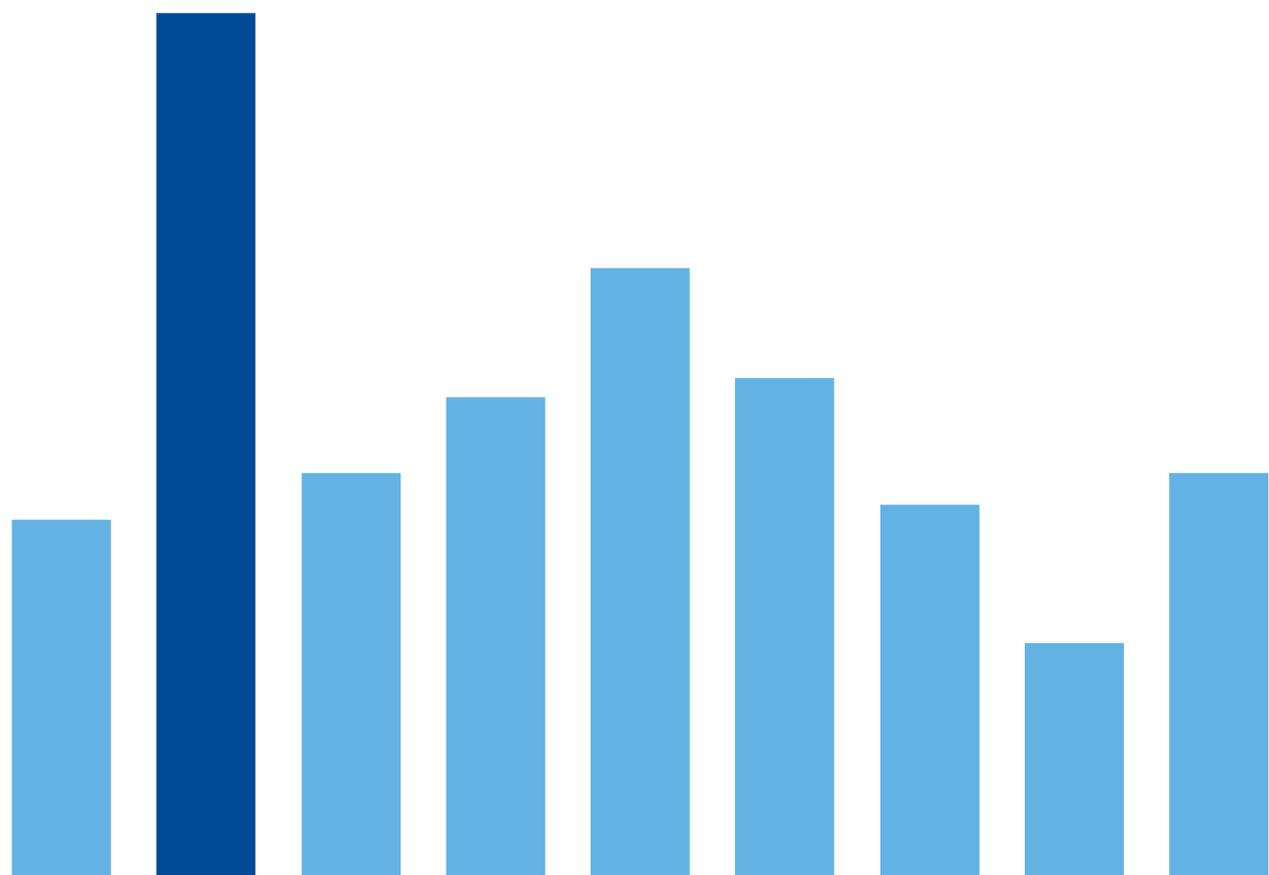


Procedures for calculating taxes enforced on foreign investors, as well as zakat-related procedures for the securities business and its direct impact on the growth and development of the assets management industry and debt instruments market in the Kingdom.

CMA is collaborating with the government entities concerned with the capital market to resolve these challenges and minimize their negative effects.



2



Chapter Two

Current Status of
CMA



2

Section 1

CMA Internal Environment

- 1 Actions Taken to Implement Royal and High Orders and Council of Ministers' Resolutions
- 2 CMA Board Meetings and Resolutions
- 3 Human Resources, Training and Development Programs, and Social Responsibility
- 4 Savings Plan and Housing Finance Program
- 5 Owned and Rented Buildings
- 6 Physical Working Environment of CMA
- 7 Center of Archives and Records



1. Actions Taken to Implement Royal & High Orders and Council of Ministers' Resolutions



High Order No. (5604) date 5/2/1439H approving Council of Ministers' Directive with respect to the recommendations made by the Saudi Energy Efficiency Center

In implementation of the High Order, CMA carried out the following:

1

Rationalizing water consumption using low-flow heads in existing buildings.

2

Automating the lighting control in public areas.

3

Setting the air conditioning system to start/shut based on working hours.

4

Complying with energy efficiency specifications issued by the Saudi Standards, Quality and Metrology Organization in the preparation of terms and specifications for projects and procurement.

5

Ensuring the application of requirements for conservation of energy and water in the new designs for new buildings.



Royal Order No. (29357) dated 24/6/1438H requiring all government agencies to rehabilitate their buildings and facilities by exclusively contracting with the National Energy Efficiency Services Company.

CMA invited the National Energy Efficiency Services Company to visit its headquarters. CMA gave a detailed explanation on the installations related to energy conservation in its premises. CMA also completed the required questionnaire.



High Order No. (44303) dated 25/9/1438H, which states in the clause "First":

The ministries and government agencies associated with economic activities shall adopt the classification used by the General Authority for Statistics in its classification of economic activities in the Kingdom as the solely approved classification of economic activities, which shall be applied before 1/1/2018.

In implementation of the High Order, CMA classified its work-related economic activities according to the classification used by the General Authority for Statistics.



Council of Ministers Resolution No. (713) dated 30/11/1438H, which states in clause "Second" that their legal departments be developed and provided with personnel qualified in the legal and Sharia fields, in addition to setting a plan for the development of these departments and their employees in an appropriate manner to achieve the desired goal, and including taken actions in their annual reports.

CMA has established a team from relevant agencies to develop their legal departments and provide them with personnel qualified in the legal and Sharia fields, set a plan for the development of these departments and their employees in an appropriate manner to achieve the desired goal, and develop a plan of action to implement the recommendations of this team during 2018.





2- CMA Board Meetings and Resolutions

Table (2)

CMA Board Meetings Classified by the Number of Attendees

Number of Attendees	Number	
	2016	2017
All-Member Meeting ²	63	12
4-Member Meeting	60	69
Member-Meeting ³	32	43
Total	155	124

In 2017, CMA Board held 124 meetings compared to 155 in 2016. Table (2) indicates the number of CMA Board meetings classified by the number of members in attendance. Table (3) reflects the number of CMA Board meetings classified by member attendance/non-attendance in 2017.

In 2017, the CMA Board issued 543 decisions compared to 717 in 2016 (Table 4).



Table (3)

CMA Board Meetings Classified by Member Attendance/Non-Attendance in 2017 ³

CMA Board Members	Number of CMA Board Meetings	
	Attendance	Non-Attendance
H.E. CMA Board Chairman	112	12
Former Board Member Dr. Abdulrahman Al-Barrak	76	21
Former Board Member Dr. Wael Al-Qahtani	93	4
Former Board Member Dr. Tariq Al-Nuaem	90	7
CMA Board Vice-Chairman	27	0
Board Member Mr. Ahmed Al-Rajeh	25	2
Board Member Mr. Khaled AL- Homoud	21	6
Board Member Mr. Khalid AL-Solai	21	6

Table (4)

Number of CMA Board Resolutions Classified by Subject

Subject	2016		2017	
	Number	Out of Total (%)	Number	Out of Total (%)
Enforcement and Market Violations	402	56.1 %	131	24.1 %
Investment Funds	33	4.6 %	17	3.1 %
Securities Offering and Prospectus	50	7.0 %	23	4.2 %
Authorized Persons (APs)	37	5.2 %	21	3.9 %
Market Supervision, Surveillance, and Disclosure	61	8.5 %	90	16.6 %
Regulations and Rules Governing the Capital Market	56	7.8 %	64	11.8 %
Governance and Internal Environment	78	10.9 %	197	36.3 %
Total	717	100 %	543	100 %

² Royal Order No. (A/203) dated 26/10/1438H appointed His Excellency Mr. Mohammed bin Abdullah El-Kuwaiz as Chairman of the Capital Market Authority Board at the rank "Minister." He attended 64 meetings as Vice-Chairman and did not attend 7 meetings.

³ Royal Order No. (A/36) dated 6/2/1439H was issued to re-form the CMA Board as follows:

- | | |
|---|---------------|
| 1- His Excellency Mr. Mohammed bin Abdullah El-Kuwaiz | Chairman |
| 2- Mr. Youssef bin Hamad AL- Blihid | Vice-Chairman |
| 3- Mr. Ahmed bin Rajeh Al-Rajeh | Member |
| 4- Mr. Khaled bin Abdulaziz AL Homoud | Member |
| 5- Mr. Khalid bin Mohammed AL-Solai | Member |



3. Human Resources, Training and Development Programs, and Social Responsibility

Human Resources

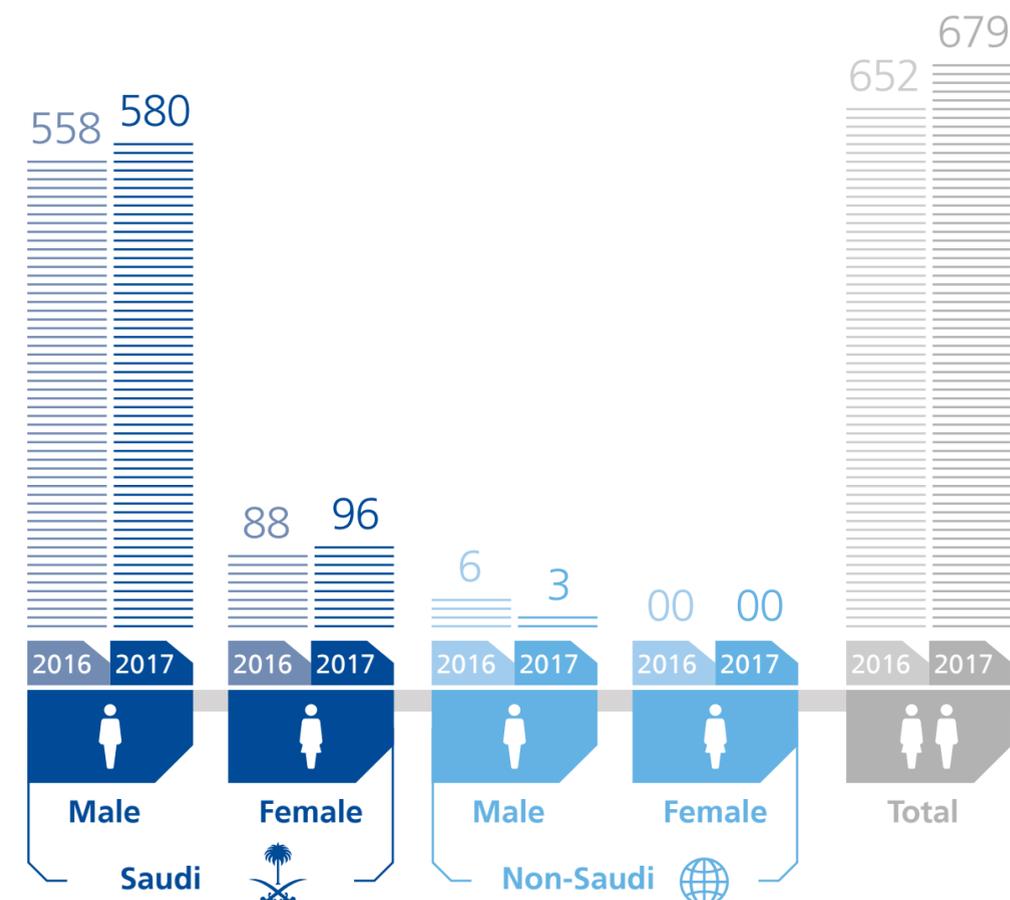
The number of CMA employees reached 679 employees by the end of 2017, an increase of 4.1% compared to 2016.

Saudization rate reached 99.6%, and the Saudi female employees accounted for 14.1% of the total workforce.

► Table (5)

Table (5)

Distribution of Human Resources



Training and Development Programs

In 2017, CMA offered a number of training programs for its employees, which varied between internal, external and on-the-job training programs, as well as scholarship programs to pursue further studies outside the Kingdom. The number of internal training programs reached 23, while the number of external training programs reached 610. The number of employees who received scholarships for bachelor's, master's, and doctorate degrees amounted to 21 employees at the end of 2017, including 5 employees who received their scholarships during 2017.

► Table (7)

Table (7)

Human Resources Development Programs

Program	Number of Participants	
	2016	2017
In-house Training Programs	467	424
International Training Programs	427	471
Rotation Program	20	10
English Language Programs (Domestic)	7	10
English Language Programs (Abroad)	5	2
On-the-Job Training Programs at Peer International Organizations and Authorities	7	8
International Scholarships ⁴	33	5

⁴ As indicated at the end of the period.

The academic qualifications of CMA employees included various academic degrees.

► Table (6).

Table (6)

Academic Qualifications of CMA Employees

High School (or Below) ★★★★★

Year	Number	Out of Total (%)
2016	74	11.3 %
2017	67	9.9 %

Diploma ★★★★★

Year	Number	Out of Total (%)
2016	72	11.0 %
2017	73	10.8 %

Bachelor's ★★★★★

Year	Number	Out of Total (%)
2016	269	41.3 %
2017	285	42.0 %

High Diploma/ Master's ★★★★★

Year	Number	Out of Total (%)
2016	232	35.6 %
2017	251	37.0 %

Ph.D. ★★★★★

Year	Number	Out of Total (%)
2016	5	0.8 %
2017	3	0.4 %

Social Responsibility

In 2017, CMA launched the fourth version of the "CMA Graduate Development Program". The number of trainees enrolled was 36 trainees; 22 male trainees and 14 female trainees holding bachelor's and master's degrees.

In 2017, 81 students from different universities and colleges of the Kingdom joined the cooperative training program for university and college students (11 students for the post-secondary diploma program; 64 students for the bachelor's program; 6 students for the post-bachelor diploma program).

In 2017, CMA also launched the "CMA Graduate Development Program at APs", with the view of enhancing the knowledge of the participants about the technical and systemic aspects of the securities activities. The number of participants in this Program was 26 trainees (16 male trainees and 10 female trainees). They were trained at (17) APs.



4. Savings Plan and Housing Finance Program

CMA offers its staff two incentive programs

1 Savings Plan

By the end of 2017, the number of participants reached

399 employees

in percentage:
58.8 % of total CMA staff

2 Housing Finance Program

benefited from the program

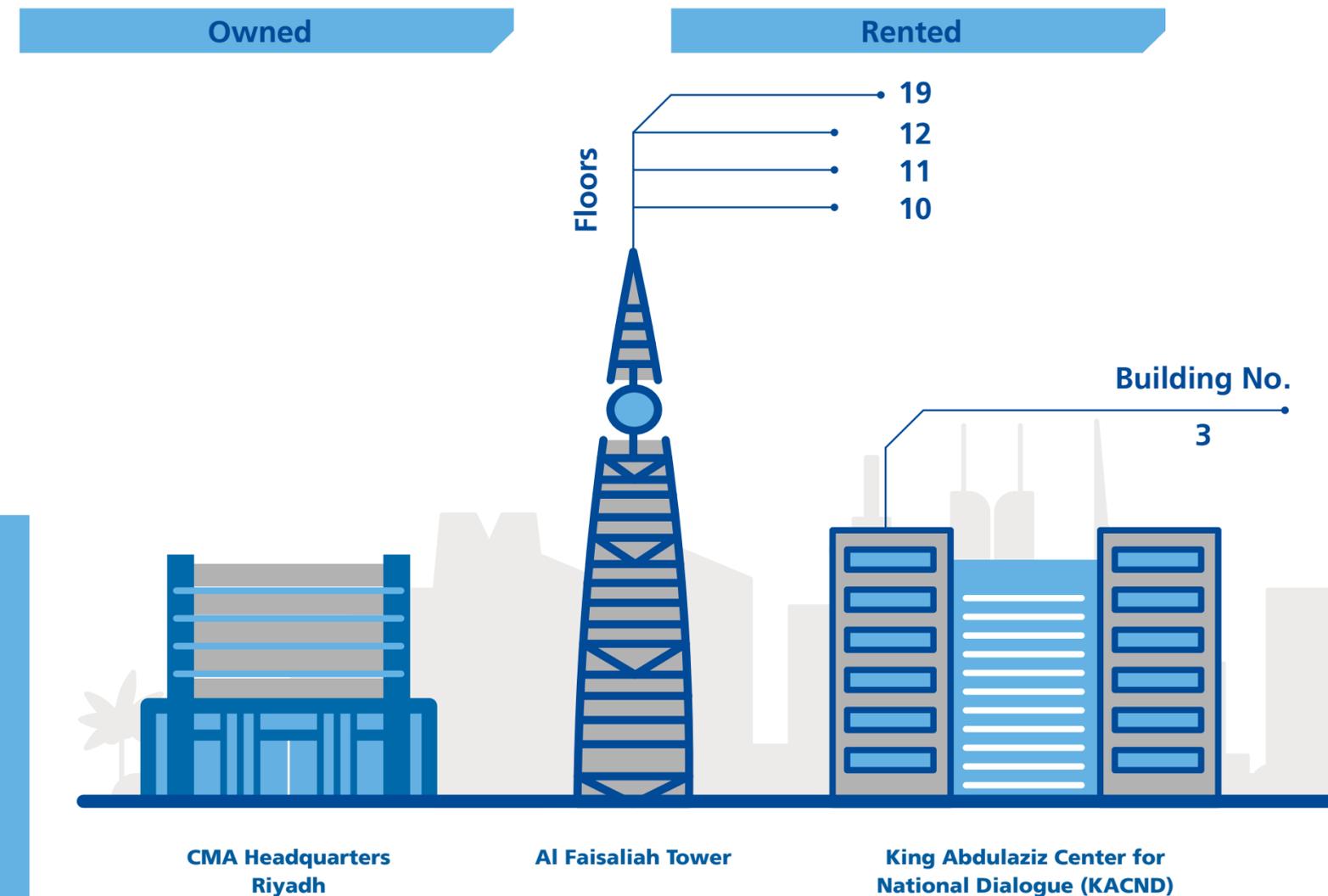
115 employees

By the end of **2017**



5. Owned and Rented Buildings

Table (8) shows the buildings owned or leased by CMA for the year 2017.





6. Physical Working Environment of CMA

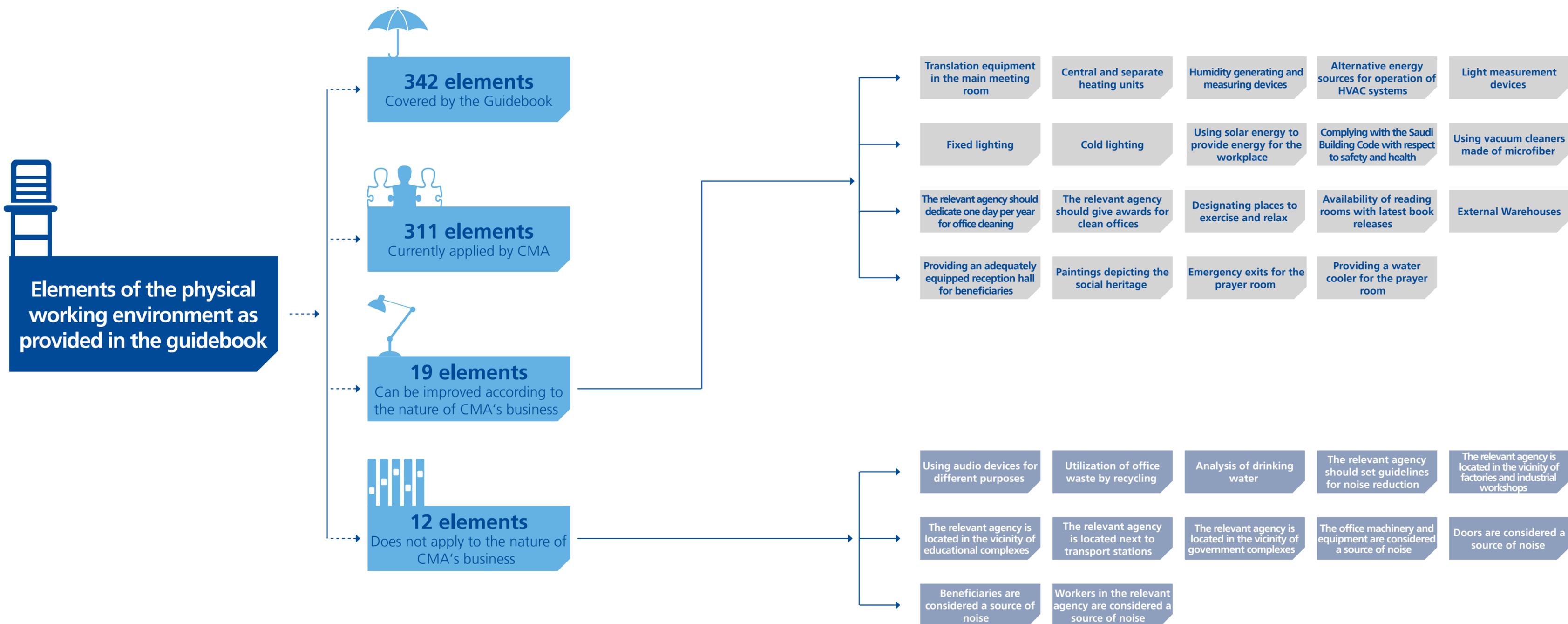
After reviewing the guidebook for the physical working environment in government agencies, issued by the Ministry of Civil Service, and comparing it with the practices applied by CMA, we find the following:

The main components of the physical working environment as provided in the guidebook





6. Physical Working Environment of CMA





7. Center of Archives and Records

The CMA Board issued its Resolution in 2017 to change the name of the "Department of Archives and Records" to be the "Center of Archives and Records". The Board also approved the Archives and Records Regulations on 12/6/1437H and the Policy Guide of the Center of Archives and Records on 3/9/143H, pursuant to Council of Ministers Resolution No. (9) dated 2/1/1438H approving the organizational arrangements for the documentation and archiving centers in government agencies.

The Center of Archives and Records contributes to the implementation of the tasks of the CMA Deputy of Corporate Resources by enabling CMA's deputies and departments to effectively file and retrieve documents as needed.

Functions and Responsibilities of the Center:

- 1  Archiving CMA documents in accordance with the policies and procedures of archiving, as per the requirements and controls of the National Center for Documents and Archives.
- 2  Organizing, indexing, and archiving documents in accordance with the approved rules and procedures, and ensuring their completeness, readiness, and ability to retrieve them when needed.
- 3  Coordinating with Information Technology to ensure that digital storage and archiving process is comprehensive and accurate.
- 4  Carrying out periodic destruction of documents that are not needed.



Salient Achievements of the Center:

- 1  Launching the electronic document archiving project and activating the paper document management system.
- 2  Building the documentary guide to serve as a reference for the classification of the documents and files of each department and determine their characteristics and the level of confidentiality.
- 3  Analyzing the status of documents with completed data and making appropriate recommendations.
- 4  Setting instructions for the use of fireproof iron safes.
- 5  Raising awareness of archiving and document uses.
- 6  Rationalizing the use of paper and the application of duplex printing on the central printers as a default option, which saved paper by more than 30%.



2

Section 2

Committees

- | | | | |
|---|---|---|---|
| 1 | CMA Advisory Committee | 5 | E-Transactions Committee |
| 2 | Supreme Joint Committee to Separate the Functions and Jurisdictions of CMA and the Saudi Stock Exchange (Tadawul) | 6 | Information Security Committee |
| 3 | Audit Committee | 7 | Savings Plan Committee |
| 4 | Human Resources Development Committee | 8 | Standing Committee for Archives and Records |
| | | 9 | Ad-hoc Committees |



1. CMA Advisory Committee

The Committee acts as an advisory body to the CMA Board. The CMA Board Resolution No. 12-3-2017 dated 31/3/2017 was issued for re-formation of the Committee. Its membership included part-time persons ranging from market participants and experts to qualified specialists and academics:

1 His Excellency Mr. Suhail bin Mohammed Abanumai

2 HE Mr. Ayman bin Mohammed Al-Sayari

3 HE Mr. Abdul-Aziz bin Abdulrahman Al-Khamis

4 HE Mr. Khalid bin Abdullah Al-Hussan

5 HE Mr. Abdulaziz bin Abdul-Muhsin bin Hasan

6 HE Mr. Abdul-Aziz bin Saud Al-Shabibi

7 HE Mr. Rakan bin Abdullah Abunyan

8 HE Mr. Abdullah bin Saleh Al-Swailmi

9 HE Mr. Fawaz bin Muhammad Al-Fawaz

10 HE Mr. Dr. Ziad Khushim

11 HE Dr. Abdullah bin Abdulrahman Al-shuai'er

12 HE Mr. Mutlaq bin Hamid Al-Buqami

Throughout its forth term in 2017, the Committee held 8 meetings, during which it discussed a set of studies **and submitted its recommendations regarding them to the CMA Board. These studies included the following topics:**

- ▶ The role of market regulators in supporting and developing venture capital funds and private equity.
- ▶ Evaluation of violation reporting effectiveness and efficiency to reduce violations.
- ▶ Regulation of endowment funds and their impact on the Saudi capital market.
- ▶ Investment fields for credit based investment funds and their requirements and regulations.
- ▶ Bases and criteria for imposing fines on violations of capital market regulations.
- ▶ Serious and non-serious violations provided for in the Companies Law and the CML.
- ▶ Hedge funds and whether they are appropriate to invest in the Kingdom.
- ▶ Infrastructure funds and their role in promoting growth and economic diversification to realize the Kingdom's Vision 2030.
- ▶ Ways to stimulate the financial data and research industry relevant to the capital market.
- ▶ The reasons for the decline in the managed assets in the ETFs in the Kingdom compared to other financial markets.
- ▶ Role of APs and listed companies in handling investors complaints.



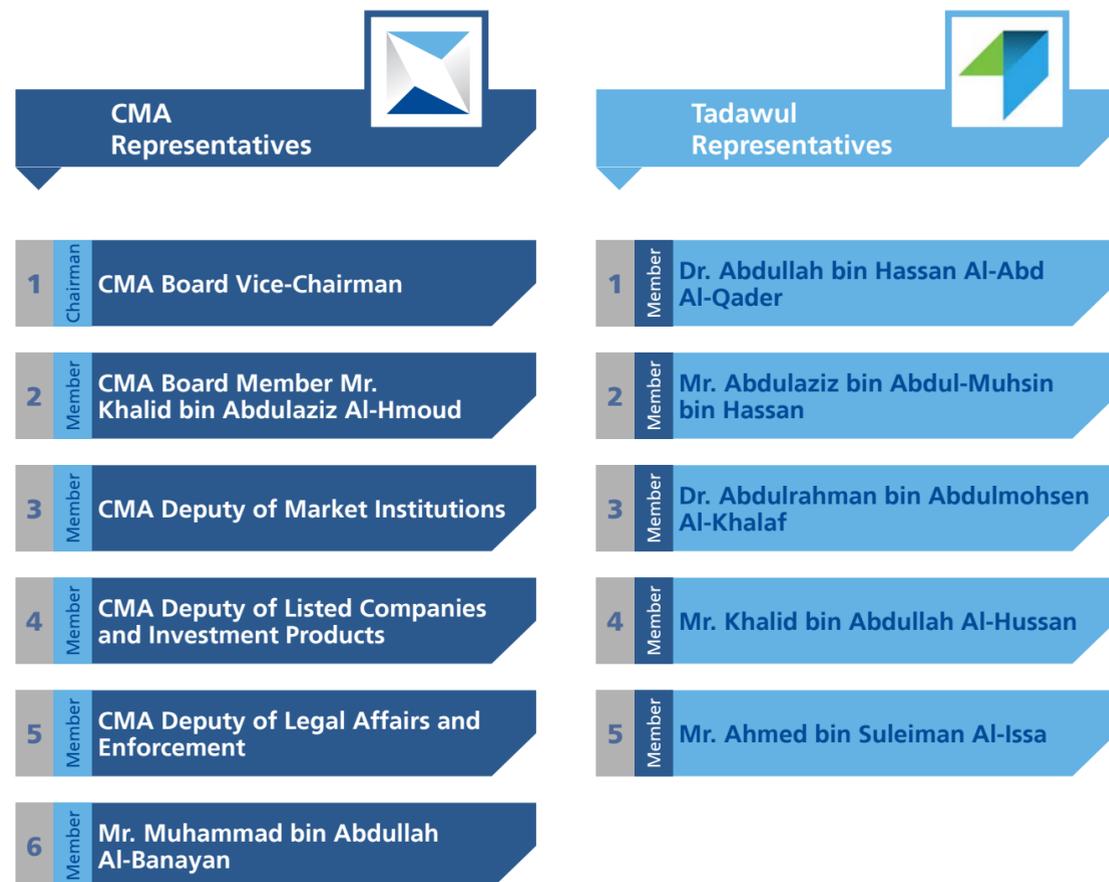


2. Supreme Joint Committee to Separate the Functions and Jurisdictions of CMA and the Saudi Stock Exchange (Tadawul)

The Committee assumes the separation of the functions and jurisdictions between CMA and the Saudi Stock Exchange (Tadawul) in accordance with the provisions of the CML. It enables Tadawul to carry out the functions and jurisdictions set forth in the CML.

The Committee was re-formed twice during 2017, CMA Board Resolution No. 37-1-2017 dated 1/7/1438H (29/3/2017) stipulated that the Committee shall include five CMA members and five Tadawul members, and shall be chaired by the Board member Dr. Abdul-Rahman bin Mohammed Al Barrak.

It was re-formed once again due to the issuance of the Royal Order to reconstitute the CMA Board. Accordingly, the Board issued its Resolution No. (6-98-2017) dated 12/2/1439H (1/11/2017) to keep the number of the Committee members unchanged. Chairmanship of the Committee was entrusted to CMA Board Vice-Chairman Mr. Youssef bin Hamad AL Blihid



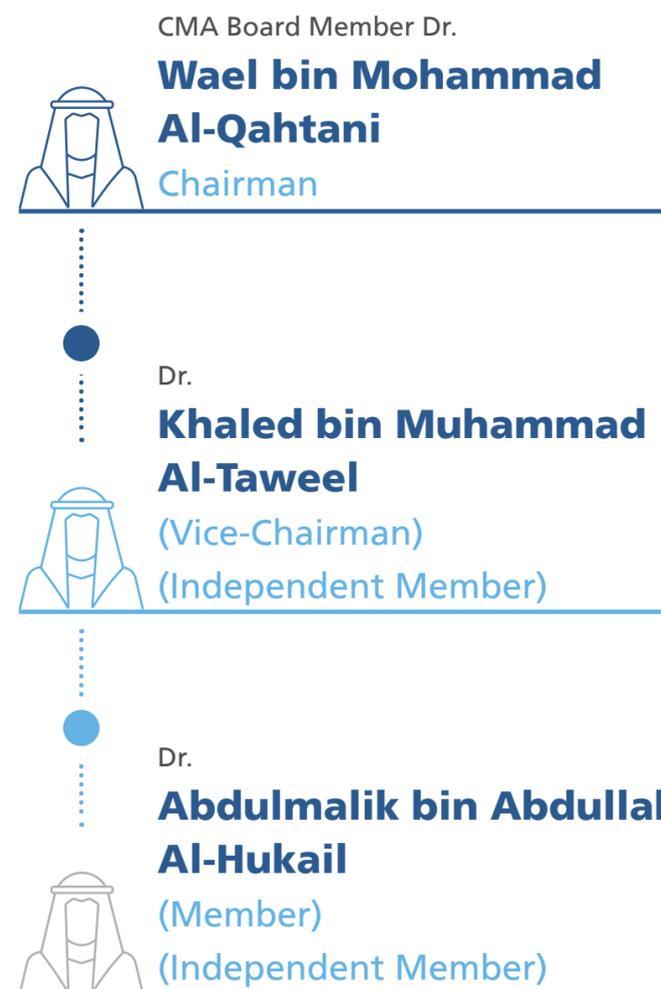
Highlighted achievements of the Committee during 2017:





3. Audit Committee

In accordance with the CMA Board Resolution No. (14-1-2017), dated 04/04/1438H (02/01/2017), **the Committee was re-formed as follows:**

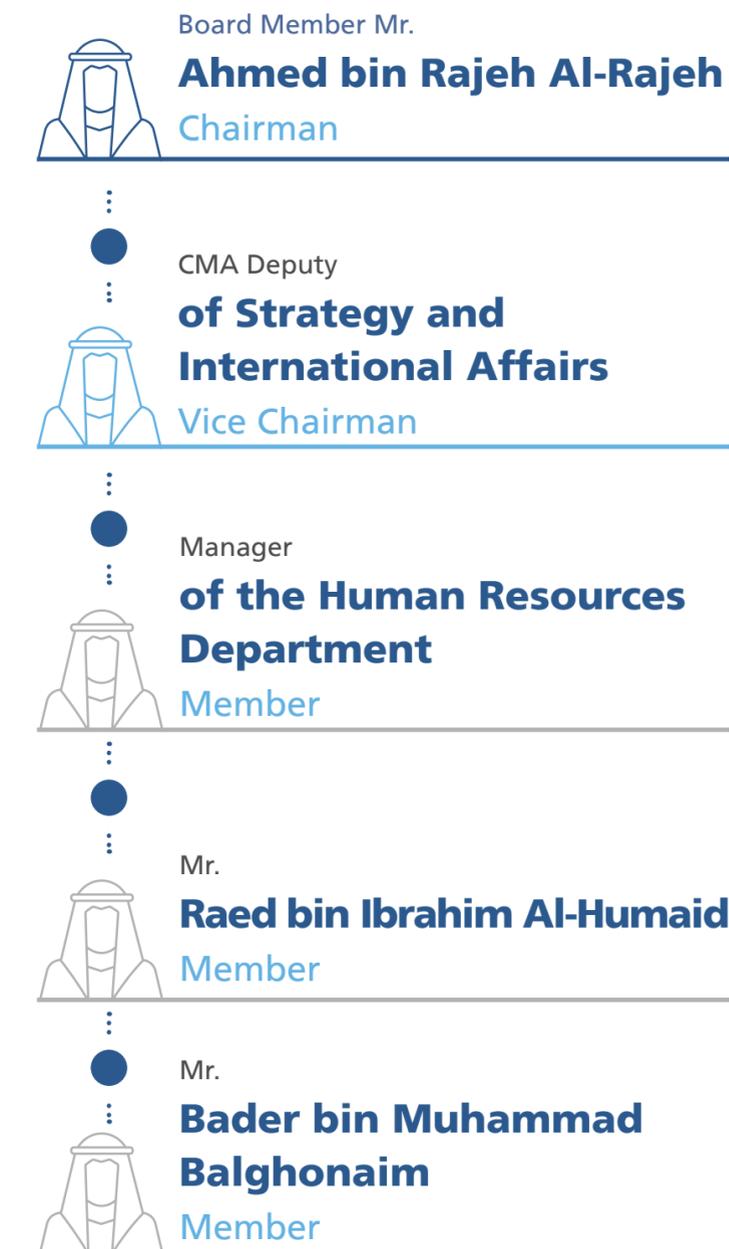


In 2017, the Committee held 6 meetings, during which it discussed 24 internal audit reports on its agenda and issued a number of recommendations and decisions.



4. Human Resources Development Committee

In accordance with the CMA Board Resolution No. (11-98-2017), dated 12/2/1439H(1/11/2017), **the Committee was re-formed as follows:**

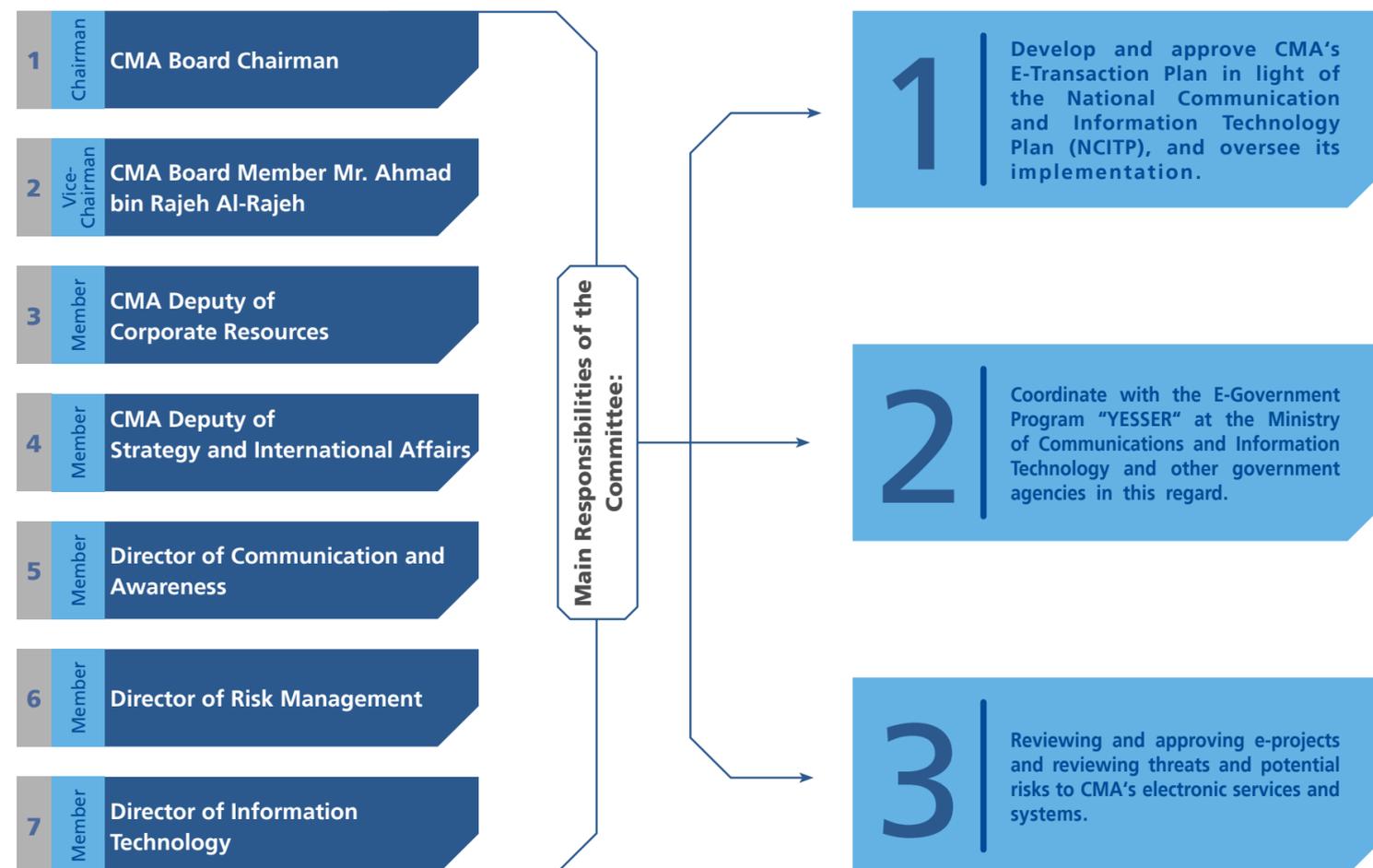


The Committee held 24 meetings in 2017, during which it addressed many items on its agenda regarding the tasks of the Department of Human Resources, and made recommendations thereon.



5. E-Transactions Committee

In accordance with the CMA Board Resolution No. (12-98-2017), dated 12/2/1439H (1/11/2017), the Committee was re-formed as follows:



The Committee held 5 meeting in 2017, during which it discussed several items on its agenda, including the following:

- ▶ The Automation Program for CMA's first-phase services and activities, and the progress of the most significant technical projects.
- ▶ The results of the 7th measurement of YESSER program for the e-transactions of CMA, which is completed by 71.1% on the sector scale compared to other entities in the financial sector.
- ▶ The Automation Program for CMA's first-phase services and activities - the first phase and the next steps for the second phase.
- ▶ Status of technical projects.
- ▶ Achievements of the General Department of Information Technology during the first half of 2017.
- ▶ Following up on the most important activities carried out and completed by the General Department of Information Technology and its divisions during the current fiscal year 2017, in addition to some statistics derived from the General Department of Information Technology in the fiscal year 2017, and discussing key challenges and making the necessary recommendations thereon. Such recommendations include the following:

The Committee made the following decisions:

- 1 | Conducting public survey on the electronic services launched and reviewing the findings of such survey.
- 2 | Preparing an added value study for the services that will be automated, which relate to the services covered in the second phase, according to clear criteria to be presented by the requesting administration.
- 3 | Studying the possibility of raising the level of information security or developing an information security awareness program for listed companies in coordination with CMA Deputy of Listed Companies and developing draft guidelines for the information security minimum requirements to be shared with the companies.





CMA's achievements in the field of electronic services include the following:

1 Award

22rd Middle East Smart Government and Smart Cities Excellence Award.



The Capital Market Authority was awarded the "22rd Middle East Smart Government and Smart Cities Excellence Award" under the category "Excellence in Smart Financial Government Services", **announced in Dubai in May 2017.**



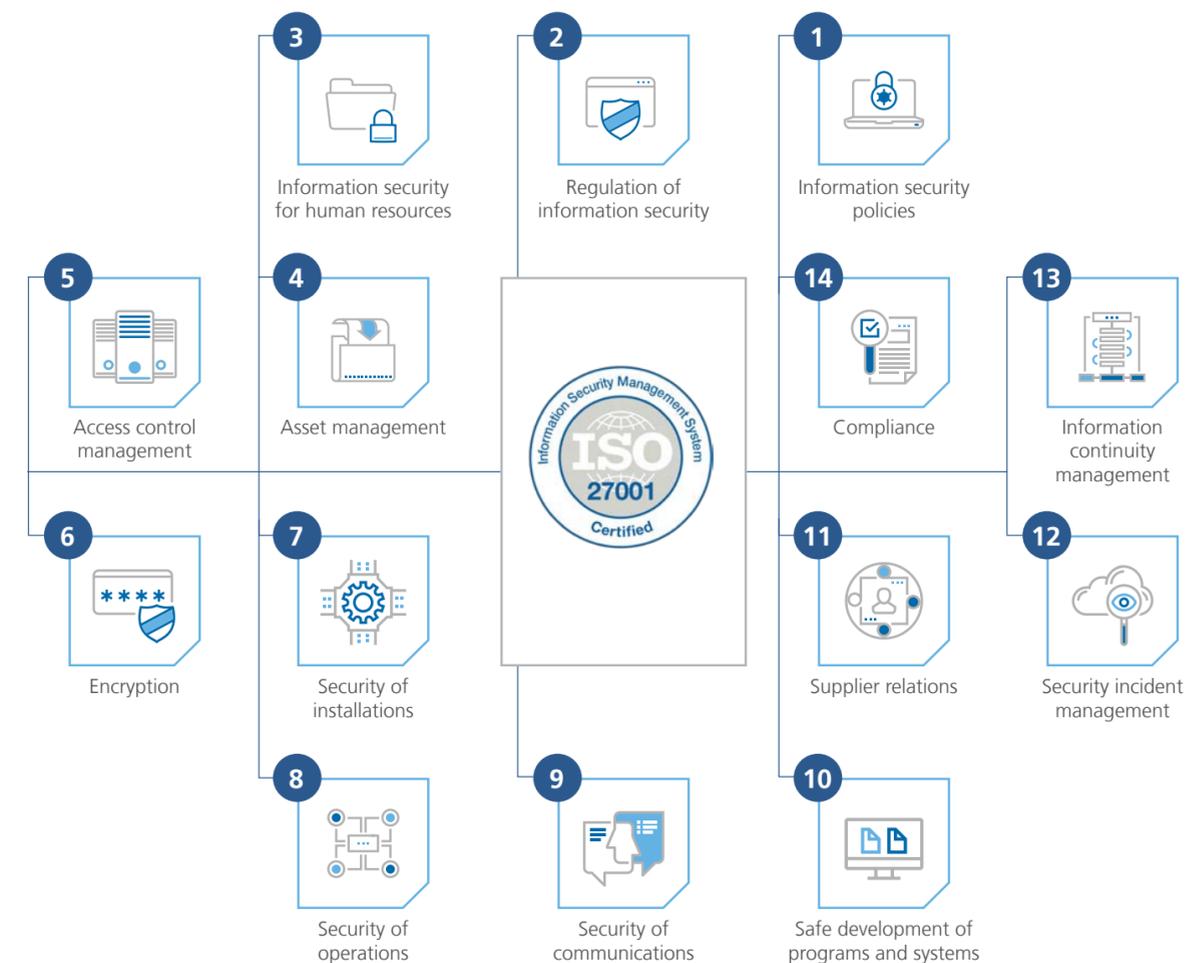
2 Passing

ISO 27001 in Information Security in 2017



In 2017, CMA passed the BSI Audit on the updated ISO 27001 standard in information security. This achievement came after CMA conformed to all security requirements of the global standard.

This was possible only through close and fruitful cooperation with a number of relevant CMA deputies and departments.





6. Information Security Committee

Proceeding from CMA's keenness to enhance the electronic security stability in the capital market and reduce the risks involved, CMA has formed an Information Security Committee, which is specialized in Cybersecurity Resilience. In addition to CMA's membership, it includes the Saudi Stock Exchange (Tadawul), and a number of APs (12 members). The Committee aims to raise the level of security and safety of the exchange of information and financial data, and the continuity of the work of capital market participants.

The Committee will exchange experiences, data, & communication on cyber attacks and participate in any precautionary measures or security measures that will reduce e-security risks, which will enhance electronic security in the financial market and reduce related risks.

Among the most important tasks entrusted to the Committee are the following:

- 1 | Addressing cyber threats.
- 2 | Sharing reported violations with participants, in addition to considering and discussing the best security awareness programs and the best security practices in infrastructure management.
- 3 | Cooperation with relevant official authorities in relation to the initiative to enhance information security, in particular the National Cyber Security Center, the Saudi Arabian Monetary Authority, the Information Security Center, and the National Cyber Security Authority.

Launch of the Security Operations Center (SOC)

CMA launched the SOC on 12 Safar 1439H (November 1, 2017). The SOC is responsible for security surveillance of CMA's electronic systems and services around the clock to monitor and analyze the security situation and respond to emergency security incidents.

The SOC is designed according to the best international practices in information security for the ISO 27001 standard and other standards.

The SOC analyzes, on a daily basis, millions of daily security incidents by virtue of a professional team of information security specialists. Many sources of security threats and attacks are also linked electronically to the SOC to feed it with existing threats and attacks and to block them before they arrive.



7. Savings Plan Committee

In accordance with the CMA Board Resolution No. (R/17/65/1), dated 18/2/1439H (7/11/2017), the Committee was re-formed as follows:

- 1 | Chairman
MR. Majeed bin Fahad Al-Abd Al-Jabbar
- 2 | Member
Manager of the Human Resources Department
- 3 | Member
Manager of Financial Department
- 4 | Member
Ms. Hessa bint Abdul-Aziz Al-Muhanna
- 5 | Member
Ms. Mona bint Saud Al-Nimr
- 6 | Rapporteur
Mr. Ibrahim bin Sulaiman Al-Thaqib

The Committee was entrusted with the following functions:

- 1 | Evaluating the offers for saving Program received from investment entities, selecting the appropriate programs, and submitting them to the CMA Board Chairman for approval.
- 2 | Adopting employee savings investment policies.
- 3 | Continuous evaluation and periodic review of the selected (investment channel).
- 4 | Recommending withdrawal of the project and to stop dealing with the entity (investment channel) and proposing another investment channel.
- 5 | The Committee shall submit periodic reports to the CMA Board Chairman on the progress of the program.

The Committee held 9 meetings in 2017, during which it discussed several issues on its agenda and made the appropriate recommendations.





8. Standing Committee for Archives & Records

The Standing Committee for Archives and Records was formed by Administrative Decision No. (D/16/23/1) dated 21/9/1437H (26/6/2016), consisting of the following:

- 1 **Chairman** CMA Deputy of Corporate Resources
- 2 **Member** General Manager of Risk Management
- 3 **Member** General Manager of Information Technology
- 4 **Member** Manager of the Legal Advice Department
- 5 **Member** Director of the Center of Archives and Records

The Committee carries out the tasks provided in the approved Archives and Records Regulations. It held five meetings during 2017, during which it discussed the stages of the archiving management project, including the foundation stages and subsequent stages, starting with the documentary guide, the development of the paper document management system, and connecting all systems and the email system relating to the requirements of the National Center for Documents and Archives.





9. Ad-hoc Committees

1 Executive Committee

The Committee was formed by the CMA Board Resolution No. (2-69-2016) dated 3/9/1437H (8/6/2016), consisting of the following:

- | | |
|---|--|
| <p>1 Chairman of the Committee
Board Chairman</p> | <p>3 Member
CMA Deputy of Corporate Resources</p> |
| <p>2 Vice-Chairman of the Committee
Board Vice-Chairman</p> | <p>4 Two CMA employees appointed by the Board, provided that one is a member of the upper management</p> |

The Committee shall be responsible for reviewing resolutions and recommendations to increase the efficiency and effectiveness of CMA's internal activities relating to the following:

- | | | |
|--|---------------------------|-----------------------|
| Financial Affairs | Procurement and Contracts | Premises and Services |
| Organizational Excellence | Protocol | Archives and Records |
| Human Resources
(Excluding the matters vested in the Human Resources Development Committee) | | |

2 Administrative Committee

The Administrative Committee Regulations were adopted pursuant to CMA Board Resolution No (2-69-2016), dated 3/9/1437H (8/6/2016). The Committee comprises the following:

- | | |
|--|--|
| <p>1 Chairman of the Committee
Board Chairman</p> | <p>8 Member
Manager of Communication & Awareness</p> |
| <p>2 Member
Board Vice-Chairman</p> | <p>9 Member
Manager of Risk Management</p> |
| <p>3 Member
CMA Deputy of Listed Companies and Investment Products</p> | <p>10 Member
General Manager of Internal Audit</p> |
| <p>4 Member
CMA Deputy of Strategy and International Affairs</p> | <p>11 Member
Manager of Information Technology</p> |
| <p>5 Member
CMA Deputy of Legal Affairs and Enforcement</p> | <p>12 Member
General Secretary to the Board</p> |
| <p>6 Member
CMA Deputy of Corporate Resources</p> | <p>13 Member
CMA Board Chairman's Office</p> |
| <p>7 Member
CMA Deputy of Market Institutions</p> | |

The Committee provides administrative and regulatory advice to the Chairman of the Board that would assist him with taking the appropriate decisions, managing CMA properly, and achieving its objectives.

The Committee coordinates with the various CMA deputies and divisions with regard to their adopted annual plans and performance indicators, and discusses the updates and developments related to their tasks.

The members of the Committee may make recommendations that serve to increase productivity levels, develop the internal work environment, and make optimum use of human and financial resources.

The Committee may also bring up any matter that serves towards achieving the goal it was created for.

The Committee held 18 meetings in 2017, during which it discussed several items on its agenda and made the appropriate recommendations.

The Committee held two meetings during 2017, during which it discussed the following:

- Offering childcare service (nursery) for the female employees of CMA and reviewing the options available to provide the service.
- Funding the project of "reforming CMA's headquarters" from the budget reserves.
- A report on the approved jobs for the current year 2017.



9. Ad-hoc Committees

3

Committee on the Financing Account for Awareness Program in the Saudi Stock Exchange:

CMA Board Resolution No. (2-6-2017) dated 22/7/1438H (19/4/2017) adopted the implementing Rules for the Committee on the “Financing Account for Awareness Program in the Saudi Stock Exchange”, which includes the formation of the Committee as follows:

1	Chairman	CMA Board Member	3	Member	CMA Deputy of Strategy and International Affairs
2	Member	CMA Deputy of Corporate Resources	4	Independent Member	an experienced and specialized non-CMA member appointed by the Board

CMA Board Resolution No. (7-49-2017) dated 29/7/1438H (26/4/2017) appointed HE Board Member Dr. Tariq bin Abdullah Al-Nuaim as the Chairman of the Committee and HE Dr. Obaid bin Saad Al-Abdali as an independent member from non-CMA members.

In view of the restructuring of the Capital Market Authority Board under Royal Order No. (A/36) dated 06/02/1439H, the CMA Board Resolution No. (10-98-2017) was issued on

12/02/1439H 01/11/2017, appointing HE Board Member Mr. Khalid bin Abdulaziz Al-Hmoud as Chairman of the Committee. The account aims to finance the activities of CMA relating to awareness programs in the capital market, which reflect on enhancing the investor's financial, saving, and investment culture, and financing and developing the surveillance of trades at APs, as well as contributing to the establishment of the Financial Academy.

Functions and Responsibilities of the Committee:

(A) The Committee shall supervise the Financing Account for Awareness Program in the Saudi Stock Exchange, without prejudice to the powers and functions of the Board stipulated in the CML, its Implementing Regulations, and CMA's bylaws. The Committee shall exercise its powers as determined in the Authority Matrix of CMA. the Committee's functions include the following:

- 1) Formulate the general policy of the account to achieve the desired objectives of financing the activities and programs referred to in Article Three of the Financing Account Regulations.
- 2) Validate the Account's plan and budget, to be submitted to the relevant authority for approval, within the annual budget of CMA, so as not to exceed the cash surplus transferred to the Account and stating the expected revenue during the budget's year.
- 3) Review financing requests submitted to the Committee and issue financing decisions according to the provisions of the Regulations for the Financing Account for the Awareness Program in the Saudi Stock Exchange and following up on their implementation.
- 4) Draft the Rules of the Account and the procedures necessary to carry out its activities in line with CMA's Authority Matrix.
- 5) Determine the administrative and financial procedures derived from the approved Account policies, which are required for the operation of the Account.
- 6) Propose the performance indicators of the Account and submit recommendations to the Board to approve them.
- 7) Setting the controls governing the financing from the Account.
8. Review the status of activities and programs financed through the Account and provide recommendations thereon.

(B) The Committee may not in any case seek the assistance of consultants or pay for consultancy studies except with the approval of the Board.

(C) The Committee may not in any case approve the disbursement from the Account for staff-related expenses. The Committee held 5 meetings in 2017, during which it discussed several items on its agenda and made a number of recommendations.





4. APs Committees

4 Authorized Persons Committees

CMA set up “Authorized Persons Committees” to review matters of interest to APs, discuss common challenges, put forward initiatives related to the development of the capital market, and explore ways to achieve positive growth.

They include the following Committees:



The Committees shall undertake the following tasks

- Identify issues related to the securities industry in the Kingdom and discuss ways to achieve positive growth of the capital market.
- Present initiatives related to the development of the capital market and regulatory frameworks.
- Create the appropriate environment to ensure compliance with the requirements of relevant laws and regulations.
- Review issues relating to APs that may contribute to promoting market growth and stability.
- Act as a forum for securities business to discuss relevant issues, produce consolidated proposals and analyze them, and submit them to CMA; with a view to achieving the highest level of efficiency in the operation of all elements of the capital market.
- Involve APs in the management of the committees and enable such committees to serve as a mechanism for continuous dialogue between the parties involved in the capital market.

- Use the proposals of these committees as data to develop the regulations issued by CMA, in addition to the technical aspects related to the trading of securities.

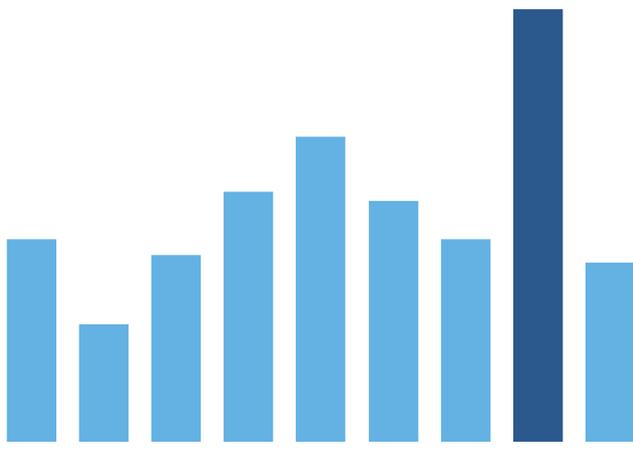
The Committee held 13 meeting in 2017, during which it discussed several items on its agenda including the following:

- Systems surveillance of trades at APs.
- Discussing the latest developments regarding the Foreign Account Tax Compliance (FATCA) as well as difficulties encountered by APs.
- Establish a committee to address cyber attacks.
- Transfer of margin lending activities from banks to APs.
- Requirements for appointment of a custodian in accordance with Article 23 of the updated Investment Funds Regulations.
- The CMA Board decision to exempt APs from the notification requirements stipulated in Article 12 of the Offers of Securities Regulations.
- Adoption of IFRS by APs.
- Some difficulties relating to the applications of some articles of the new Investment Funds Regulations.
- Updates on the licensing of funds.
- The mechanism for obtaining the license of the Saudi Authority for Accredited Valuers.

A number of proposals were issued on these matters and submitted to the competent CMA bodies.



2



Section 3

Communication and International Relations

- 1 Call Center
- 2 International Relations and Organizations



1. Call Center



2. International Relations and Organizations

CMA has continued to develop and strengthen its regional and international relations with the organizations, authorities, and institutions involved in regulating and monitoring capital markets while making use of the best international experiences and practices in related areas.

In order to gain and exchange expertise and information, to consolidate bilateral and multilateral international relations, and to explore areas of joint cooperation, CMA cooperated with a number of relevant regulators in a number of areas, in addition to participating in international task forces to execute projects related to capital markets. It also participated in 2017 in international fora on capital markets and their development and oversight.

CMA joined in 2017 a number of key international organizations and committees. The most important of which are the following:

- 1 Joint Steering Committee on Payments and Market Infrastructures between International Organization of Securities Commissions (IOSCO) and Financial Stability Board (FSB).
- 2 IOSCO's Committee on Emerging Risks.
- 3 Islamic Financial Services Board (IFSB).

During 2017, CMA participated in several IOSCO meetings, including the following:

The 42nd IOSCO Annual Conference, IOSCO Board meetings, Technical Committees meetings, Africa / Middle-East Regional Committee meeting, Growth and Emerging Markets Committee meeting and Emerging Risks Committee meeting.

⁵ The International Organization of Securities Commissions (IOSCO) is recognized as the global standard setter for the securities sector. It collaborates with its members to reach the highest regulatory levels to maintain efficient and proper securities transactions, exchange information and experience to support and develop capital markets and consolidate efforts to achieve an effective oversight of securities transactions. CMA became a member at the 35th Annual Conference in Montreal in 2010. CMA is a member of the Committees of Retail Investors; Investment Management; Issuer Accounting, Audit and Disclosure; Regulation of Secondary Markets; Regulation of Market Intermediaries; and Commodities and Derivatives Markets. CMA was re-elected as a member of the IOSCO Board for the term (2016 - 2018).



2. International Relations & Organizations

The most significant issues addressed in these meetings were as follows:

- ▶ International economic developments and their impact on capital markets.
- ▶ Issues related to the regulation of capital markets and the projects in which the organization is involved including projects related to the implementation of FSB recommendations.
- ▶ Initiatives related to investor awareness and training programs.
- ▶ Financial Technologies (Fintech) in capital markets and the importance of keeping pace with such technologies and creating a balance between innovation and investor protection.
- ▶ Cybersecurity and the threat of cyber attacks on international capital markets, as well as the importance of collaboration among the authorities in charge of regulating these markets to prevent such attacks.
- ▶ Promoting international cooperation in relation to the exchange of information between member States.

CMA also participated in several events organized by other international organizations and agencies, such as:

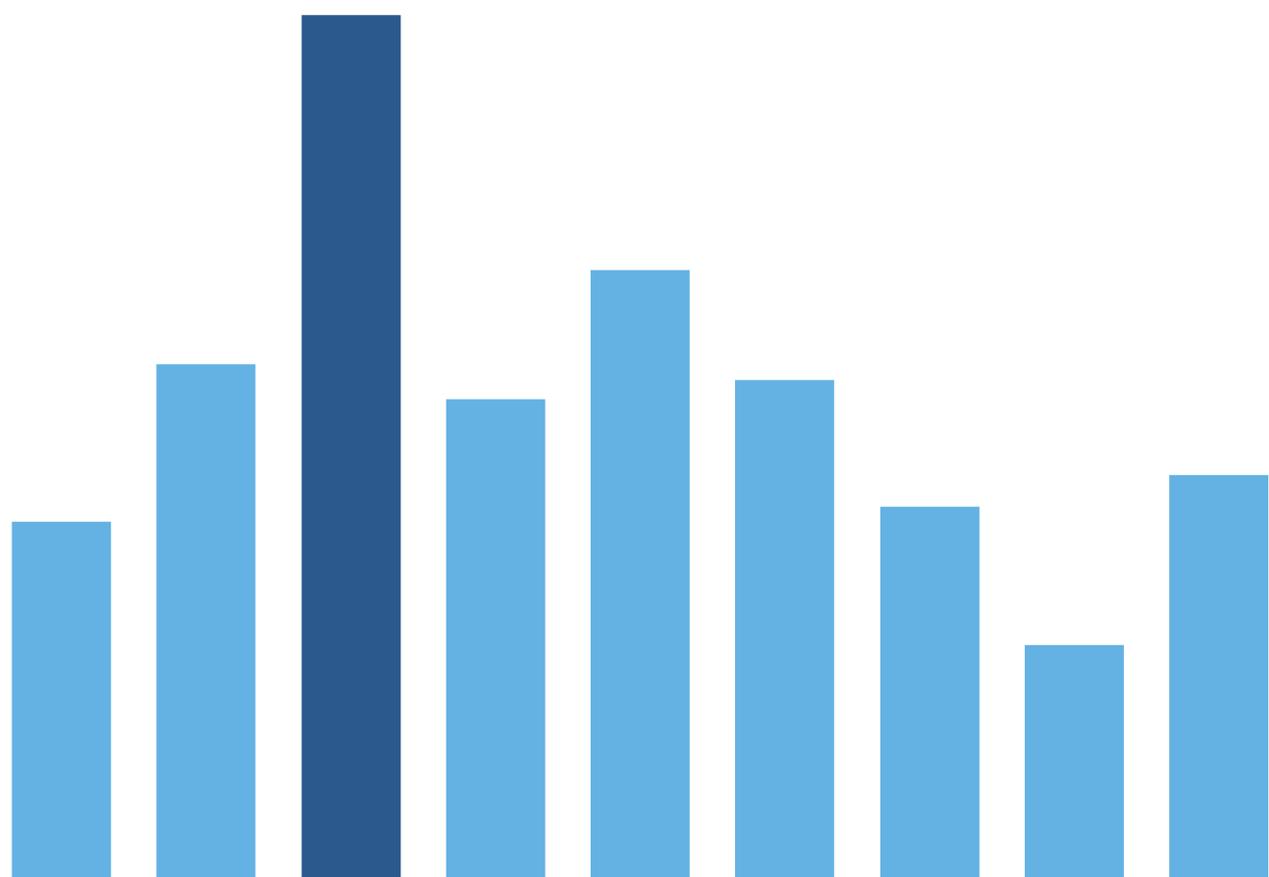
- ▶ The 11th annual meeting of the Union of Arab Securities Authorities (UASA).
- ▶ The 21st general assembly meeting of the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI).
- ▶ AAOIFI-World Bank 12th Annual Conference.
- ▶ The 34th meeting of the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting.
- ▶ The 33rd meeting of the Corporate Governance Committee, Organization for Economic Co-operation and Development (OECD).
- ▶ The 13th High-level Meeting on Global Banking Standards and Regulatory and Supervisory Priorities organized by the Arab Monetary Fund (AMF).
- ▶ The MENA corporate governance group meeting organized by the Organization for Economic Co-operation and Development (OECD).
- ▶ The Annual meeting of International Institute on Audit Regulation organized by the Public Company Accounting Oversight Board (PCAOB).



CMA has some other contributions in the areas of international relations and collaborations, such as:

- ▶ Participating annually in the organization of international delegation visits to the Kingdom in coordination with relevant government agencies, including Article IV Consultations and the visits of global credit rating agencies for the purpose of assessing the financial sector in the Kingdom.
- ▶ Promoting and developing CMA's bilateral relationships with its counterparts with regards to the exchange of information and expertise.
- ▶ Enhancing the participation of CMA in international conferences and events related to capital markets, in addition to organizing conferences, meetings, and workshops in the Kingdom in collaboration with international entities, such as the 5th annual meeting of market surveillance agencies in Asian and Pacific Ocean States.
- ▶ Participating in the Saudi Arabia Financial Sector Assessment Program (FSAP).

3



Chapter Three

Regulating the Capital Market

- ⌚ New Implementing Regulations
- ⌚ Amended Implementing Regulations
- ⌚ Implementing Regulations under Development





1. New Implementing Regulations

CMA issued the following rules and regulations in 2017:

1 Rules for Special Purpose Entities

The Rules for Special Purpose Entities (SPEs) were issued by CMA Board Resolution No. (4-123-2017) dated 09/04/1439H (27/02/2017), effective as of 15/07/1439H (01/04/2017).

The Rules aim at regulating SPEs including their establishment, licensing, registration, management, and the business they practice in the Kingdom.

2 Rules on the Offer of Securities and Continuing Obligations

The Rules on the Offer of Securities and Continuing Obligations were issued by CMA Board Resolution No. (3-123-2017) dated 09/04/1439H (27/02/2017), effective as of 15/07/1439H (01/04/2017).

The Resolution also stipulated that the Rules on the Offer of Securities and Continuing Obligations shall replace, as of its effective date, the Offers of Securities Regulations issued by CMA Board Resolution No. (2-11-2004) dated 20/08/1425H (04/10/2004) and amended by CMA Board Resolution No. (3-151-2016) dated 22/03/1438H (21/02/2016), the Listing Rules issued by CMA Board Resolution No. (3-11-2004) dated 20/08/1425H (04/10/2004) and amended by CMA Board Resolution No. (1-64-2016) dated 19/08/1437H (26/05/2016), and the Parallel Market Listing Rules issued by CMA Board Resolution No. (3-15-2016) dated 22/03/1438H (21/12/2016).

3 Corporate Governance Regulations

The Corporate Governance Regulations were issued by CMA Board Resolution No. (8-16-2016) dated 16/05/1438H (13/02/2017) pursuant to the Companies Law to replace the Corporate Governance Regulations issued by CMA Board Resolution No. (1-212-2006) dated 21/10/1427H (12/11/2006) as of its effective date.

The Corporate Governance Regulations were prepared in collaboration with the Ministry of Commerce and Investment, and in light of the CMA's initiatives to develop the Saudi capital market.

4 Guidance Note of the Investment of Non-Resident Foreigners in the Parallel Market

The Guidance Note of the Investment of Non-Resident Foreigners in the Parallel Market was issued by CMA Board Resolution No. (4-95-2017) dated 26/01/1439H (16/10/2017). The Guidance Note aims to explicate the procedures and limitations related to the investment of non-resident foreigners in the parallel market.





2. Amended Implementing Regulations

1 Regulatory Rules and Procedures issued pursuant to the Companies Law concerning Listed Joint Stock Companies

These Rules and Procedures were issued by CMA Board Resolution No. (8-123-2017) dated 16/01/1438H (17/10/2016) and amended by CMA Board Resolution No. (5-33-2017) dated 24/06/1438H (23/03/2017). They were issued pursuant to the powers granted to the Ministry of Commerce and Investment and CMA by the new Companies Law concerning several dynamic issues to exercise flexibility and keep up with any updates by employing efficient provisions. The rules and procedures were prepared in collaboration with the Ministry of Commerce and Investment, and in light of the CMA's initiatives to develop the Saudi Capital market. The most significant amendment to the Rules affected Article eight(b), which is concerned with electronic voting.

2 Guidance Note to the Regulatory Rules and Procedures issued pursuant to the Companies Law

The Guidance Note was issued by CMA Board Resolution No. (8-127-2017) dated 16/01/1438H (17/10/2016) and amended by CMA Board Resolution No. (5-33-2017) dated 24/06/1438H (23/03/2017). The amended Guidance Note aims to highlight the amendments of the regulatory rules and procedures issued pursuant to the Companies Law concerning joint stock companies listed in the Saudi capital market along with their Boards, shareholders, and any other individuals or entities involved in the implementation of any of the articles of the regulatory rules and procedures issued by the CMA Board.

3 Merger and Acquisition Regulations

The Merger and Acquisition Regulations were issued by CMA Board Resolution No. (1-50-2007) dated 21/09/1428H (03/10/2007) and amended by CMA Board Resolution No. (2-49-2017) dated 25/01/1439H (15/10/2017). The Regulations aim at regulating acquisitions in light of CMA's powers as provided for in the Capital Market Law, and mergers in light of CMA's powers as stipulated in the Companies Law. This includes regulating acquisitions via general assemblies, as well as controlling private sale and purchase transactions, obligatory offers, disclosure requirements, in addition to scheduling such operations and determining the types of merger operations. The provisions of the Merger and Acquisition Regulations apply to any buying or selling of shares with voting rights in listed companies and by which any person, individually or in concert with other persons, owns or controls 10% or more of the concerned company's shares. The Regulations also apply to any offer of purchasing shares with voting rights in listed companies if the number of shares the offeror wishes to own will increase his ownership or control, individually or in concert with other persons, to 10% or more of the relevant company's shares and of the same category.

4 Authorized Persons Regulations

The Authorized Persons Regulations were issued by CMA Board Resolution No. (1-83-2005) dated 21/05/1426H (28/06/2005) and amended by CMA Resolution No. (3-85-2017) dated 27/12/1438H (18/09/2017). The Regulations aim at regulating APs and registered persons, as well as defining licensing procedures and requirements in addition to the requirements for the continuity of licensing or registration. Further, they establish a code of conduct for APs, in addition to rules, regulations, and procedures related to practicing business, surveillance, and client funds and assets.



5 The Resolution of Securities Disputes Proceedings Regulations

The Resolution of Securities Disputes Proceedings Regulations were issued by CMA Resolution No. (1-4-2011) dated 19/02/1432H (23/01/2011) and amended by CMA Resolution No. (1-104-2017) dated 02/03/1439H (20/11/2017) by adding a section that addresses the regulation of group complaints to facilitate litigation procedures in which the plaintiff is a large group of individuals with the same regulatory issues and facts. This is more suitable to the nature of listed joint stock companies and their shareholders. The amendments also aim at developing litigation procedures to accord with best international practices, which increases the attractiveness of the Saudi capital market and minimizes the investment risks. Further, the amendments reduce the time needed to resolve disputes in cases that involve investors compensation, which in turn facilitates the work of relevant committees as well as focusing on investors. Many detailed provisions were included concerning group complaints and the rights of the different parties involved.

6 Glossary of Defined Terms Used in the Regulations and Rules of the Capital Market Authority

The Glossary was issued by CMA Board Resolution No. (4-11-2004) dated 20/08/1425H (04/10/2004) and amended by CMA Board Resolution No. (3-123-2017) dated 09/04/1439H (27/12/2017). It contains definitions of the terms used in CMA Regulations and Rules (new and amended). The Glossary aims at defining and explaining the terms to make it easier to understand them as they occur in Implementing Regulations. It is worth noting that the Glossary has been amended in line with the amendments of CMA's Implementing Regulations.

7 Instructions related to the Announcements of Listed Companies

The Instructions related to the Announcements of Listed Companies were issued by CMA Board Resolution No. (1-199-2006) dated 18/07/1427H (12/08/2006) and amended by CMA Board Resolution No. (6-46-2017) dated 22/07/1438H (19/04/2017). CMA has updated and amended these Instructions with the purpose of improving and developing the procedures and principles of disclosure and transparency concerning the announcements of companies listed in the Saudi capital market to help these companies abide by the provisions of the Companies Law and the CML and their Implementing Regulations especially articles related to continuing obligations in the Listing Rules, Rules on the Offer of Securities, and Listing Rules in the Parallel Market. The Instructions also aim at achieving compliance with the provisions of the Corporate Governance Regulations, the Rules and Regulations issued pursuant to the Companies Law concerning Listed Joint Stock Companies, and the Instructions and Procedures related to Listed Companies with Accumulated Losses Amounting to 20% or more of their Share Capital. Further, they aim at amending the time needed for the settlement of disputes related to listed securities from immediate settlements (T+0) to two days after the deal (T+2). The Instructions also identify the elements that must be included in company announcements posted on the Saudi Stock Exchange website (Tadawul).

8 Anti-Money Laundering (AML) and Counter-Terrorist Financing (CTF) Rules

The Anti-Money Laundering and Counter-Terrorist Financing Rules were issued by CMA Board Resolution No. (1-39-2008) dated 03/12/1429H (01/12/2008) and amended by CMA Board Resolution No. (1-85-2017) dated 27/12/1438H (18/09/2017) by amending the definition of "Politically Exposed Persons" in Article 2(1). The amendment is motivated by the different initiatives aiming at enhancing the integrity of the capital market and the safety of funds invested in it, as well as ensuring compliance with AML and CTF Rules and the 40 recommendations issued by FATF concerning money laundering and counter-terrorist financing.



3. Implementing Regulations under Development

CMA is currently working on developing some Implementing Regulations, including the following:

1 Investment Account Instructions

The Investment Account Instructions were issued by CMA Board Resolution No. (4-39-2016) dated 25/06/1437H (03/04/2016) to regulate the opening of investment accounts and their management by APs licensed in dealing, management, or custody. The Instructions also aim at renewing supervisory and surveillance rules related to investment accounts. It is worth noting that the initial draft of the amended instructions is being prepared and it will be published on the CMA website to survey the opinions of experts and relevant parties before being finalized.

2 Instructions of Closed-End Investment Traded Funds

The draft aims at regulating, offering, registering, and accepting the listing of the units of private investment funds, as well as the management, operations, and supervision of relevant activities in the Kingdom. It is worth noting that the initial draft of the amended instructions is being prepared and it will be published on the CMA website to survey the opinions of experts and relevant parties before being finalized.

3 Rules for Qualified Foreign Financial Institutions Investment in Listed Securities

Proceeding from CMA's strategic objectives to develop the capital market and expand the institutional investment base, and based on the Rules for Qualified Foreign Financial Institutions Investment in Listed Securities issued by CMA Board Resolution No. (1-42-2015) dated 15/07/1436H (04/05/2015) and amended by CMA Board Resolution No. (3-104-2016) dated 05/11/1436H (08/08/2016), CMA prepared a draft to update the Rules for Qualified Foreign Financial Institutions Investment in Listed Securities. The draft regulates the rules, procedures, and requirements necessary to determine whether or not foreign investors are qualified to invest in listed securities. It also outlines their obligations and the obligations of APs in this regard.

CMA invited experts and relevant entities to give their feedback on the draft Rules. The team working on the draft has completed its task and the draft is in the final stages.

4 Instructions of Book Building Process and Allocation in Initial Public Offerings (IPOs)

The Instructions of Book Building Process and Allocation in Initial Public Offerings (IPOs) were issued by CMA Board Resolution No. (2-94-2016) dated 15/10/1437H (20/07/2016) and CMA has prepared a draft for their amendment. It is worth noting that the most significant aim of amending the Instructions is to expand the circle of participating categories. The categories participating in the book building process were expanded to include the GCC national investors of legal personality. Further, the amendments aimed to lift some of the restrictions related to determining the price range and IPO coverage by the participating parties. The draft also amended the procedures for determining subscription price by allowing the financial advisor and the issuer to agree on the price based on supply and demand taking into consideration relevant regulations. In addition, the draft amends allocation procedures by allowing the financial advisor and the issuer to allocate shares as they deem suitable. CMA invited experts and relevant entities to give their feedback on the draft Instructions. The team working on the draft completed their task and the draft is in the final stages.



5 Real Estate Investment Traded Funds Instructions

The Real Estate Investment Traded Funds Instructions were issued by CMA Board Resolution No. (6-130-2016) dated 23/01/1438H (24/10/2016). A Real Estate Investment Traded Fund (REIT), as mentioned in the Instructions, is a real estate investment fund that is publicly offered and the units of which are traded on the Exchange, whose primary investment objective is to invest in constructionally developed real estates that generate periodic income. The Fund must distribute a prescriptive percentage of the fund's net profit in cash to the unitholders at least annually.

It is worth noting that the initial draft of the amended instructions is being prepared and it will be published on the CMA website to survey the opinions of experts and relevant parties before being finalized.

6 Anti-Money Laundering (AML) and Counter-Terrorist Financing (CTF) Rules

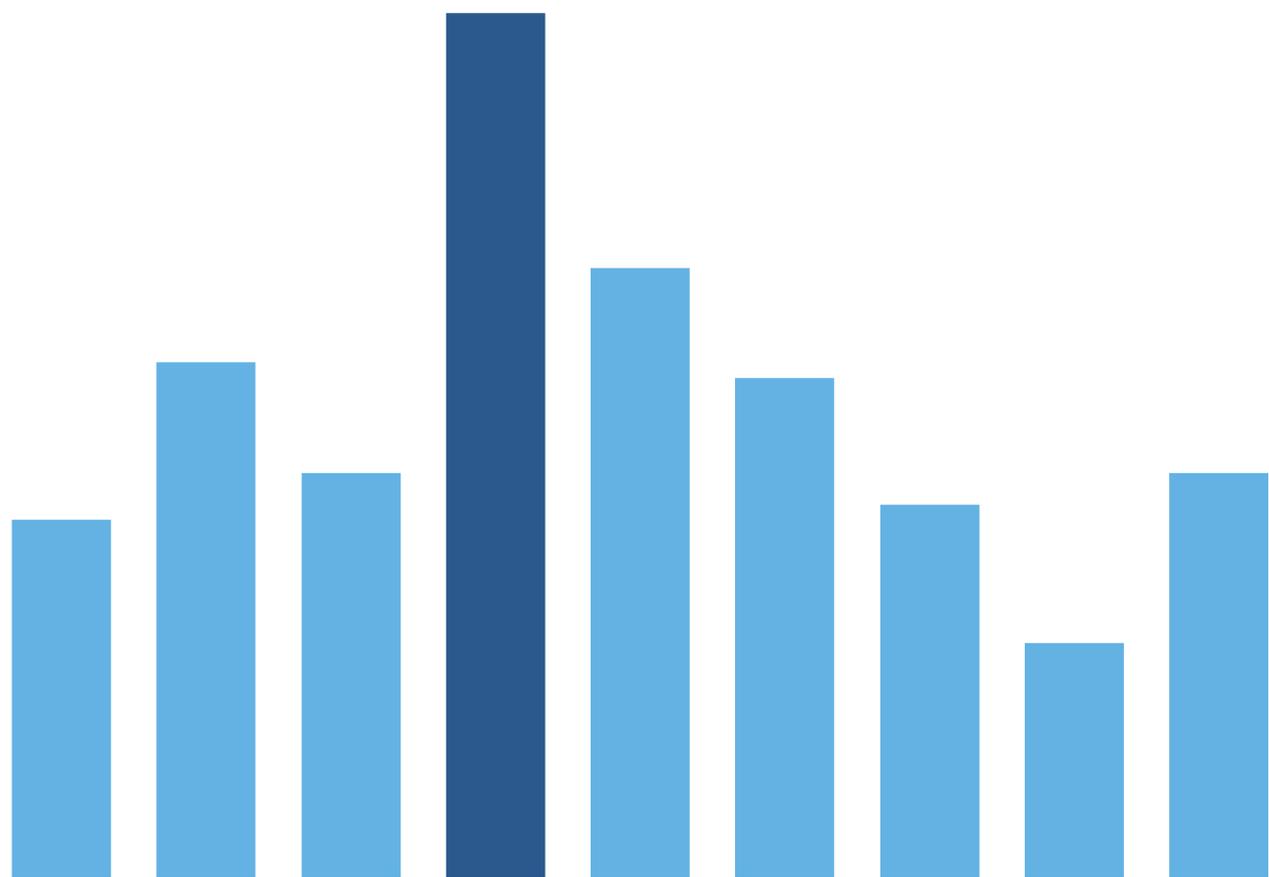
The AML and CTF Rules were issued by CMA Board Resolution No. (1-39-2008) dated 03/12/1429H (01/12/2008) and amended by CMA Board Resolution No. (1-85-2017) dated 27/12/1438H (18/09/2017). It is worth noting that the team responsible for the amendments to the AML and CTF Rules have been directed by the CMA Board to review the Rules in accordance with the Anti-Money Laundering Law issued by Royal Decree No. (M/20) dated 05/02/1439H and its Implementing Regulations and the Anti-Terrorist Crimes Law issued by Royal Decree No. (M/20) dated 05/02/1439H.

7 Instructions of the Announcements of Investment Funds

The draft Instructions of the Announcements of Investment Funds aims at regulating and improving the announcements of investment funds. They also aim at creating a unified template for announcements without prejudice to the provisions of the CML, Investment Fund Regulations, Real Estate Investment Fund Regulations, and Real Estate Investment Traded Funds Instructions.

Following through with CMA's efforts in enhancing transparency and disclosure practices in the capital market, in addition to the successful achievement of the Financial Leadership 2020 Program's strategic goals, the team responsible for the draft completed its task and it is in its final stages.

4



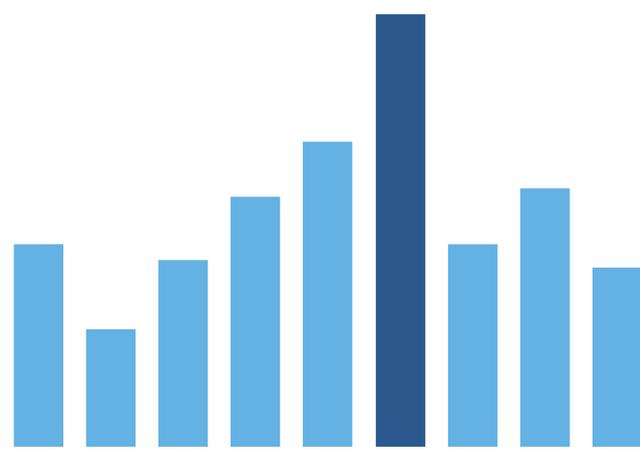
Chapter Four

Offerings, Corporate
Actions, and Investment
Products





4



Section 1

Securities Offering and Corporate Actions

- 1 Public Offering and Private Placement of Shares
- 2 Public Offering and Private Placement of Sukuk and Debt Instruments
- 3 Corporate Actions



1. Public Offering and Private Placement of Shares

The total number of public offering applications and private placement notifications received by CMA in 2017 was 166 applications/notifications.

Table (9)

Table (9)

Public Offering Applications Approved and Private Placement Notifications Received by CMA

No.	Initial Public Offerings	Share Private Placement ⁶	Rights Issues	Total
2016	3	158	3	164
2017	10	155	1	166

Table (10)

Share Offerings by Type

No.	Initial Public Offerings	Share Private Placement ⁸	Rights Issues	Total
2016	3	58	3	64
2017	10	80	1	91

In 2017, share offer values increased by 15.3% compared to last year to reach SR 8.3 billion.

Table (10)

Value (SR Million)

	Initial Public Offerings ⁷	Share Private Placement ⁸	Rights Issues	Total
2016	2793,3	3544,5	875.0	7212,8
2017	3939,2	3998,3	380.0	8317,4
Change (%)	▲41.0 %	▲12.8 %	▼56.6 %	▲15.3 %

⁶ Including notifications related to privately placed shares.

⁷ Including the total value of all company IPOs.

⁸ Including closure notifications regarding privately-placed shares and combined proceeds.

Initial Public Offerings of Shares

A- Main Market

In 2017, part of a company's shares was offered via IPO in the main market, and the total value of offered shares amounted to SR 229 million.

Table (11)

Table (11)

Companies that Offered Part of their Shares for Public Subscription in 2017 (main market)

Zahrat Al-Waha for Trading Co.

Offerings Value	Ratio of Offered to Issued Shares	Over-Subscriptions (Times)		No. of Individual Subscribers (Thousand Subscribers)
		Individuals ⁹	Institutions ¹⁰	
229,5	0.30%	2.6	1.2	49,943

Value (SR Million)

⁹ Over-subscription times were calculated by dividing the number of subscribed shares (by individuals) by the number of allocated shares.

¹⁰ Over-subscription times were calculated by dividing the number of subscribed shares (by institutions) by the number of allocated shares.





B. Parallel Market (Nomu)

In 2017, part of the shares of 9 companies was offered via IPOs in the parallel market, and the total value of offered shares amounted to SR 752.4 million. The parallel market has fewer listing requirements, and it is considered an alternative market for companies seeking listing. However, investing in the parallel market is limited to qualified investors.

Table (12)

Table (12)

Companies that Offered Part of their Shares for Public Subscription in 2017 (Nomu Market)¹¹

Al-Omran Industrial Trading Co.

Offerings Value	Ratio of Offered to Issued Shares	Over-Subscriptions (Times) (Qualified Investors)	No. of Individual Subscribers
33,6	20.0 %	2.3	63

Value (SR Million)

Development Works Food Co.

Offerings Value	Ratio of Offered to Issued Shares	Over-Subscriptions (Times) (Qualified Investors)	No. of Individual Subscribers
16,3	20.0 %	5.0	103

Value (SR Million)

Baazeem Trading Co.

Offerings Value	Ratio of Offered to Issued Shares	Over-Subscriptions (Times) (Qualified Investors)	No. of Individual Subscribers
118,5	30.0 %	4.2	177

Value (SR Million)

Thob Al-Aseel Co.

Offerings Value	Ratio of Offered to Issued Shares	Over-Subscriptions (Times) (Qualified Investors)	No. of Individual Subscribers
255,0	20.0 %	1.7	188

Value (SR Million)

Abdullah Saad Mohammed Abo Moati for Bookstores Co.

Offerings Value	Ratio of Offered to Issued Shares	Over-Subscriptions (Times) (Qualified Investors)	No. of Individual Subscribers
48,0	20.0 %	2.9	73

Value (SR Million)

Al-Samaani Factory for Metal Industries Co.

Offerings Value	Ratio of Offered to Issued Shares	Over-Subscriptions (Times) (Qualified Investors)	No. of Individual Subscribers
17,6	20.0 %	1.7	56

Value (SR Million)

Arab Sea Information System Co.

Offerings Value	Ratio of Offered to Issued Shares	Over-Subscriptions (Times) (Qualified Investors)	No. of Individual Subscribers
22,0	20.0 %	2.5	80

Value (SR Million)

Al-Kathiri Holding Company

Offerings Value	Ratio of Offered to Issued Shares	Over-Subscriptions (Times) (Qualified Investors)	No. of Individual Subscribers
25,4	26.1 %	2.5	97

Value (SR Million)

Raydan Co.

Offerings Value	Ratio of Offered to Issued Shares	Over-Subscriptions (Times) (Qualified Investors)	No. of Individual Subscribers
216,0	30.0 %	4.9	221

Value (SR Million)

Total Offerings Value	No. of Individual Subscribers
752,4 SR Million	1058 (subscriber)

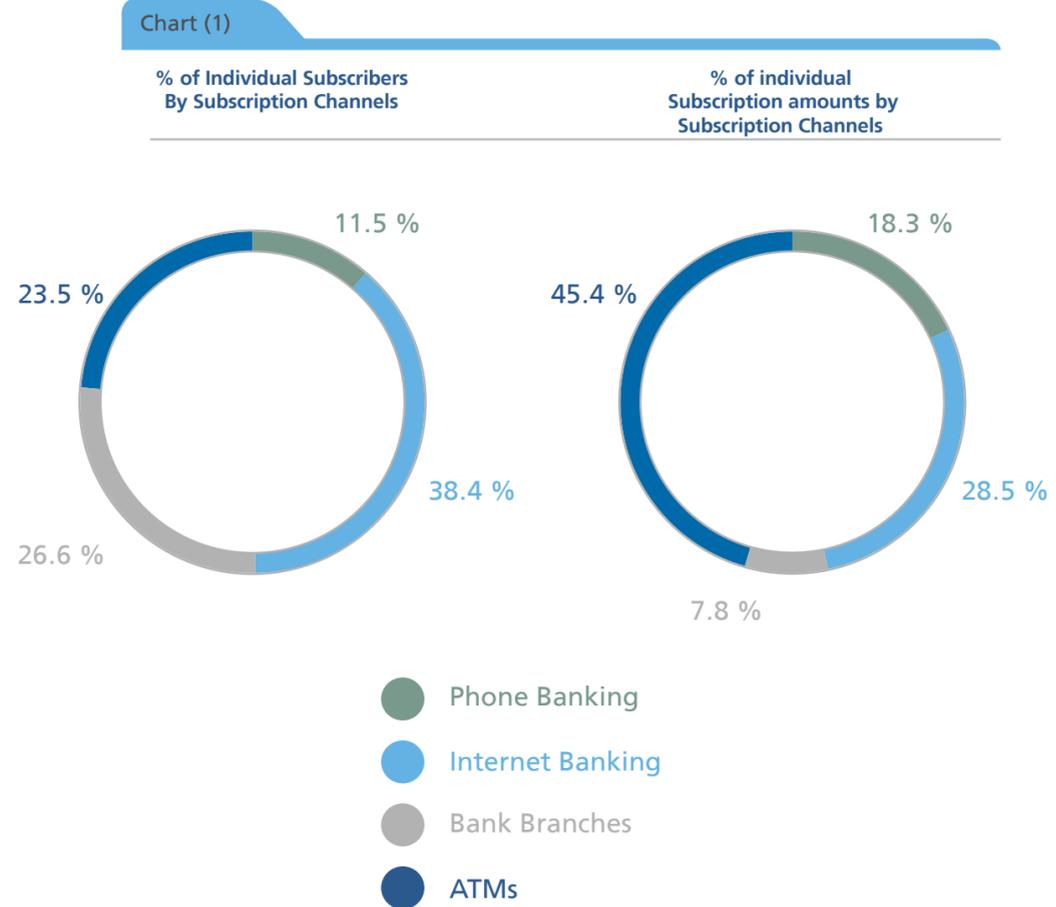
¹¹Over-subscription times were calculated by dividing the number of subscribed shares (by investors) by the number of allocated shares.



1. Public Offering and Private Placement of Shares

Total individual subscription amounts (before returning over-subscribed amounts) in IPOs (main market) through different subscription channels amounted to SR 120.8 million in 2017. There were approximately 50 thousand individual subscribers.

Chart (1)
Individual Subscriptions Classified by Subscription Channels in 2017





2. Public Offering and Private Placement of Sukuk and Debt Instruments

Public offering requests approved by CMA for sukuk and debt instruments and private placement notifications for the same decreased in 2017 to 47 notifications.

▶ Table (13)

Table (13)

Public Offering Requests and Private Placement Notifications of Sukuk and Debt Instruments

No.	Public Offerings of Sukuk and Debt Instruments	Private Placements of Sukuk and Debt Instruments ¹²	Total
2016	0	50	50
2017	0	47	47

Table (14)

Offered Sukuk and Debt Instruments by Type

No.	Public Offerings of Sukuk and Debt Instruments	Private Placements of Sukuk and Debt Instruments ¹³	Total
2016	0	31	31
2017	0	28	28

The value of sukuk and debt instrument private placements in 2017 increased by 303.9% compared to last year to reach SR 86.2 billion.

▶ Table (14)

Value (SR Million)

Value	Public Offerings of Sukuk and Debt Instruments	Private Placement of Sukuk and Debt Instruments ¹³	Total
2016	0	21354,8	21354,8
2017	0	86247,8	86247,8
Change (%)	—	▲303.9%	▲303.9%

¹² Including notifications related to privately-placed sukuk and debt instruments.

¹³ Including closure notifications regarding privately-placed sukuk and debt instruments and combined proceeds.



3. Corporate Actions

CMA approved 28 corporate action applications submitted by listed companies in 2017, including 15 capital reduction applications, and accordingly issued shares decreased from 881.3 million shares to 410 million shares.

▶ Table (15)

Table (15)

Listed Companies that Altered their Capital During 2017

No. of Companies	Bonus Shares	Rights Issues	Acquisition	Total
	11	15	2	28
No. of Shares	Total No. of Shares (Millions)			
Prior to Capital Alteration	23,9	881,3	45,0	950,2
Post-Capital Alteration	28,7	410,9	62,4	502,0
Change (%)	▲20.0%	▼53.4%	▲38.7%	▼47.2%





4

Section 2

Assets under Management

- 1 Issuing Investment Products
- 2 Investment Funds
- 3 Discretionary Portfolios



1. Issuing Investment Products

In 2017, CMA approved the public offering of the units of 29 investment funds, 5 of which were equity funds, one was a money market fund, 3 were real-estate funds, and 15 were REITs. CMA received 305 complete notifications related to the private placement of investment funds. Further, it processed 768 requests for the amendment of terms and conditions documents.

2017

29

Investment Fund

5 Equity Funds

1 Money Market Fund

3 Real Estate Funds

15 REIT Funds

768 Amendment requests of Terms and Conditions documents.

305 Notifications - Completion of Private Placement (Fund)



2. Investment Funds

Total assets of the investment funds sector during 2017 increased by 16.3% to reach SR 251.8 billion.

Table (16)

Table (16)

Indicators of Investment Funds Sector ¹⁴

Number of Funds	Public Funds	Private Funds	Total	
2016	275	219	494	
2017	273	304	577	Change (%) ▲ 16.8%

Number of Subscribers	Public Funds	Private Funds	Total	
2016	224,411	3,521	227,932	
2017	238,445	4,048	242,493	Change (%) ▲ 6.4%

Asset Values	SR Million	Public Funds	Private Funds	Total	
2016		87835,7	128665,6	216501,3	
2017		110232,8	141651,6	251884,4	Change (%) ▲ 16.3%

¹⁴ Include ETFs and REITs.





2. Investment Funds

1 Public Funds ¹⁵

The asset values of public investment funds (whose units are publicly offered) 43.8% of the total values of fund assets by the end of 2017. Their value increased by 25.5% compared to the previous year; reaching SR 110.2 billion. the Number of subscribers increased by 6.3% to 238.4 thousand subscribers.

► Table (17)

► Chart (2)

Table (17)

Total Public Funds Indicators

	2016	2017	Change (%)
Number of Funds	275	273	▼ 0.7 %
Number of Subscribers	224,411	238,445	▲ 6.3 %
Asset Values (SR Million)	87835,7	110232,8	▲ 25.5 %

¹⁵ Include ETFs and REITs.

Table (17)

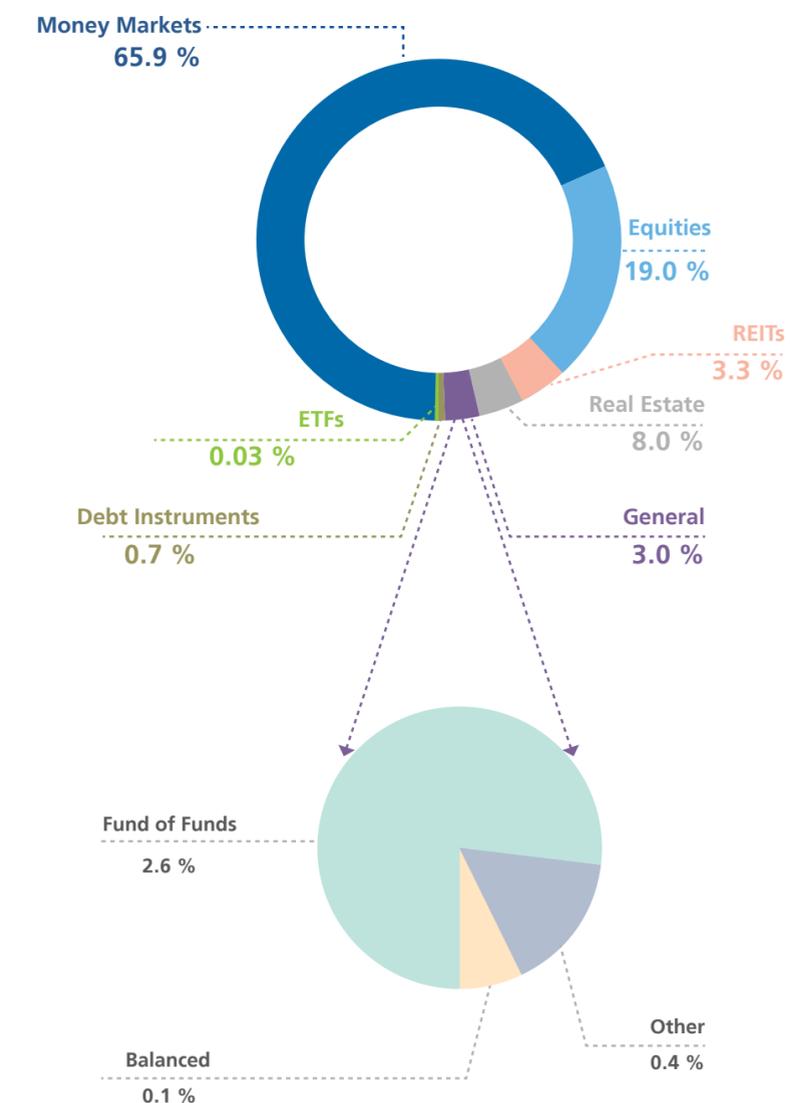
Indicators of Public Investment Funds by Type of Investment

Equities	Number of Funds	Number of Subscribers	Asset Values (SR Million)
2016	168	172315	22444,0
2017	161	162697	20980,1
Change (%)	▼ 4.2%	▼ 5.6%	▼ 6.5%
Debt Instruments	Number of Funds	Number of Subscribers	Asset Values (SR Million)
2016	8	185	848,7
2017	8	181	754,1
Change (%)	0.0%	▼ 2.2%	▼ 11.1%
Monetary Markets	Number of Funds	Number of Subscribers	Asset Values (SR Million)
2016	44	39747	57497,6
2017	44	39817	72651,5
Change (%)	0.0%	▲ 0.2%	▲ 26.4%
Real Estate	Number of Funds	Number of Subscribers	Asset Values (SR Million)
2016	12	5140	3610,3
2017	11	8088	8,811,9
Change (%)	▼ 8.3%	▲ 57.4%	▲ 144.1%
Fund of Funds	Number of Funds	Number of Subscribers	Asset Values (SR Million)
2016	32	4656	2584,9
2017	32	4784	2887,7
Change (%)	0.0%	▲ 2.7%	▲ 11.7%



Chart (2)

Percentages of Public Investment Funds Assets by Type of Investment for 2017



Balanced	Number of Funds	Number of Subscribers	Asset Values (SR Million)
2016	2	351	83,0
2017	2	326	76,0
Change (%)	0.0%	▼ 7.1%	▼ 8.4%
Other	Number of Funds	Number of Subscribers	Asset Values (SR Million)
2016	5	268	176,2
2017	5	339	398,5
Change (%)	0.0%	▲ 26.5%	▲ 126.2%
Real Estate Investment Traded Funds (REITFs)	Number of Funds	Number of Subscribers	Asset Values (SR Million)
2016	1	1,457	555
2017	7	21,921	363,7
Change (%)	▲ 600.0%	▲ 1404.5%	▲ 555.3%
Exchange Traded Funds (ETFs)	Number of Funds	Number of Subscribers	Asset Values (SR Million)
2016	3	292	36,5
2017	3	292	36,0
Change (%)	0.0%	0.0%	▼ 1.3%
Total	Number of Funds	Number of Subscribers	Asset Values (SR Million)
2016	275	224,411	87835,7
2017	273	238,445	110232,8
Change (%)	▼ 0.7%	▲ 6.3%	▲ 25.5%



2. Investment Funds

1 Public Funds¹⁶

Public Funds

Investing in Equities

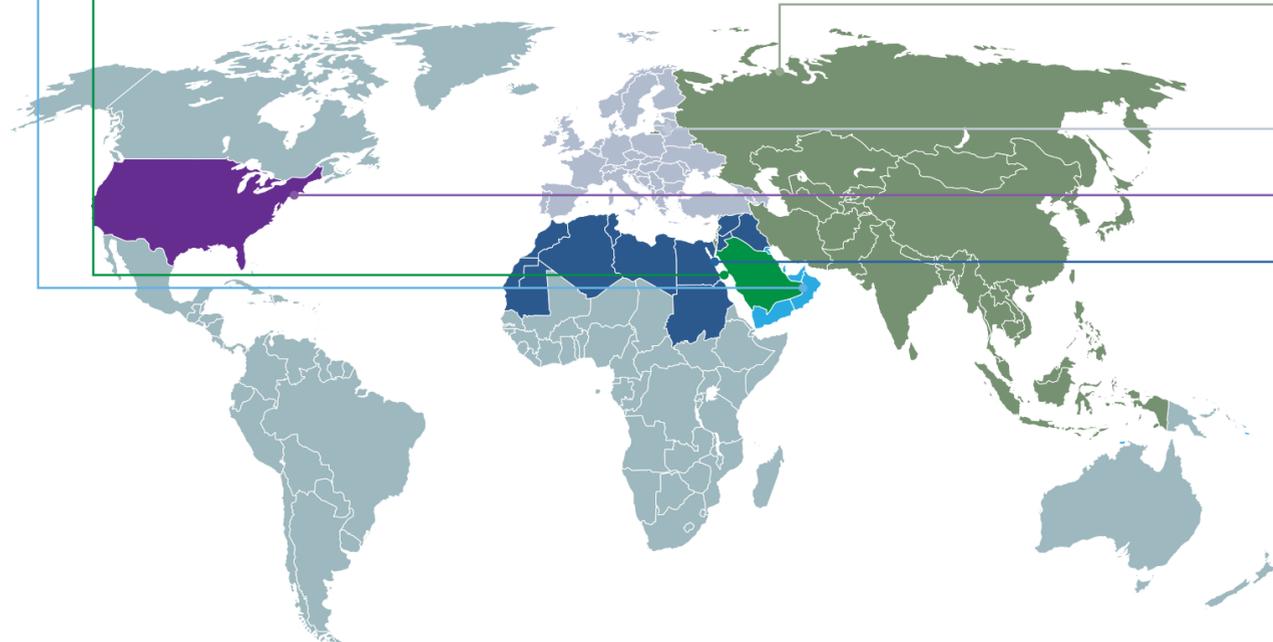
The asset values of public funds investing in equities decreased to about SR 20.9 billion at the end of 2017, 6.5% compared to the previous year.

▶ Table (18)

Table (18)

Indicators of Public Investment Funds in Equities Classified Geographically

Local Equities	Number of Funds	Number of Subscribers	Asset Values (SR Million)
2016	96	157552	16703,8
2017	93	149066	14951,0
Change (%)	▼3.1%	▼5.4%	▼10.5%
GCC Equities	Number of Funds	Number of Subscribers	Asset Values (SR Million)
2016	27	11199	2476,1
2017	28	10167	1941,5
Change (%)	▲3.7%	▼9.2%	▼21.6%



Arab Equities	Number of Funds	Number of Subscribers	Asset Values (SR Million)
2016	6	360	189,8
2017	4	289	147,3
Change (%)	▼33.3%	▼19.7%	▼22.4%
Asian Equities	Number of Funds	Number of Subscribers	Asset Values (SR Million)
2016	9	1015	690,0
2017	8	1070	909,5
Change (%)	▼11.1%	▲5.4%	▲31.8%
US Equities	Number of Funds	Number of Subscribers	Asset Values (SR Million)
2016	4	209	668,3
2017	4	231	842,4
Change (%)	0.0%	▲10.5%	▲26.0%
European Equities	Number of Funds	Number of Subscribers	Asset Values (SR Million)
2016	5	233	475,0
2017	5	267	688,4
Change (%)	0.0%	▲14.6%	▲44.9%
Other International Equities	Number of Funds	Number of Subscribers	Asset Values (SR Million)
2016	21	1747	1241,0
2017	19	1607	1499,9
Change (%)	▼9.5%	▼8.0%	▲20.9%
Total	Number of Funds	Number of Subscribers	Asset Values (SR Million)
2016	168	172315	22444,0
2017	161	162697	20980,1
Change (%)	▼4.2%	▼5.6%	▼6.5%

¹⁶ Do not include ETFs and REITs.



2. Investment Funds

2 Private Funds

At the end of 2017, the asset values of private funds (whose units were privately offered) rose by 10.1% over the previous year to reach 141.6 billion riyals. The increase coincided with a 14.9% increase in subscribers over the previous year.

Table (19)

Table (19)

Total Private Funds Indicators

	2016	2017	Change (%)
Number of Funds	219	304	▲38.8%
Number of Subscribers	3,521	4,048	▲15.0%
Asset Values (SR Million)	128666,6	141651,6	▲10.1%

Table (19)

Indicators of Private Funds Classified by Type of Investment

Equities	Number of Funds	Number of Subscribers	Asset Values (SR Million)
2016	85	1226	62300,5
2017	126	1324	758753,3
Change (%)	▲48.2%	▲8.0%	▲21.8%

Debt Instruments	Number of Funds	Number of Subscribers	Asset Values (SR Million)
2016	7	15	2801,3
2017	9	58	4600,5
Change (%)	▲28.6%	▲286.7%	▲64.2%

Money Markets	Number of Funds	Number of Subscribers	Asset Values (SR Million)
2016	9	32	1412,7
2017	11	59	1674,5
Change (%)	▲22.2%	▲84.4%	▲18.5%



Positively Transforming The Market

Real Estate	Number of Funds	Number of Subscribers	Asset Values (SR Million)
2016	106	2209	54960,1
2017	125	2569	57686,7
Change (%)	▲17.9%	▲16.3%	▲5.0%

Commodities	Number of Funds	Number of Subscribers	Asset Values (SR Million)
2016	1	3	326
2017	1	5	332,0
Change (%)	0.0%	▲66.7%	▲2.0%

Multi Asset	Number of Funds	Number of Subscribers	Asset Values (SR Million)
2016	6	26	6207,3
2017	29	23	816,2
Change (%)	▲383.3%	▼11.5%	▼86.9%

Hedging and Derivatives	Number of Funds	Number of Subscribers	Asset Values (SR Million)
2016	5	10	658,2
2017	3	10	666,3
Change (%)	▼40.0%	0.0%	▲1.2%



2. Investment Funds

3 Exchange Traded Funds (ETFs)

The asset values of ETFs at the end of 2017 decreased to SR 36 million, 1.3% from the previous year, with a stable number of subscribers.

► Table (20)

Table (20)

Exchange Traded Funds (ETFs)

Falcom Saudi Equity	Asset Values (SR Million)	Number of Subscribers
2016	20.9	170
2017	19.7	178
Change (%)	▼6.0%	▲4.7%

Falcom Petrochemical	Asset Values (SR Million)	Number of Subscribers
2016	7,8	66
2017	8.3	58
Change (%)	▲5.9%	▼12.1%

HSBC Saudi 20	Asset Values (SR Million)	Number of Subscribers
2016	7,8	56
2017	8,1	56
Change (%)	▲4.1%	0.0%

Total	Asset Values (SR Million)	Number of Subscribers
2016	36,5	292
2017	36,0	292
Change (%)	▼1.3%	0.0%



2. Investment Funds

4 Real Estate Investment Traded Funds (REITFs)

At the end of 2017, the asset values of the REITFs amounted to SR 3.6 billion and the number of funds reached 7 listed funds.

► Table (21)

Table (21)

Real Estate Investment Traded Funds (REITFs) by the end of 2017

Riyadh REITF	Asset Values (SR Million)	Number of Subscribers
2016	555	1457
2017	487	3281

Al Jazira Mawten REITF	Asset Values (SR Million)	Number of Subscribers
2016	-	-
2017	120	1745

Jadwa REITF Al Haramain	Asset Values (SR Million)	Number of Subscribers
2016	-	-
2017	678	2947

Taleem REITF	Asset Values (SR Million)	Number of Subscribers
2016	-	-
2017	294	1303



2. Investment Funds

4

Real Estate Investment Traded Funds (REITFs)

Table (21)
continued

Real Estate Investment Traded Funds (REITFs) by the end of 2017

AL Maather REITF	Asset Values (SR Million)	Number of Subscribers
2016	-	-
2017	571	2749

Musharaka REITF	Asset Values (SR Million)	Number of Subscribers
2016	-	-
2017	880	4067

MULKIA REITF	Asset Values (SR Million)	Number of Subscribers
2016	-	-
2017	607	5829

Total

	Asset Values (SR Million)	Number of Subscribers
2016	555	1457
2017	3637	21921



3. Discretionary Portfolios

The number of private portfolios increased from 988 portfolios by the end of 2016 to 1035 portfolios by the end of 2017, with a decline in the values of their assets by 6.2% to reach SR 139.2 billion by the end of 2017.

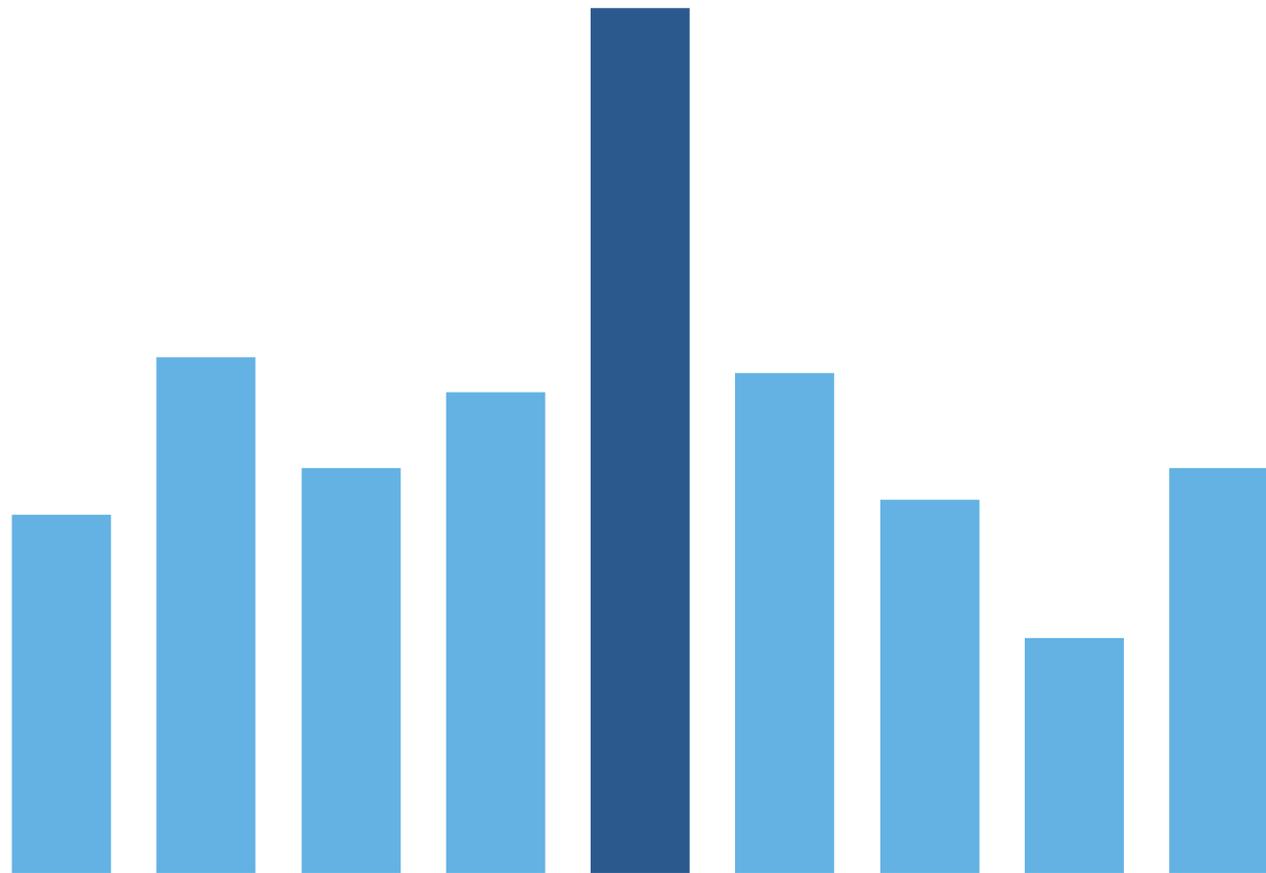
► Table (22)

Table (22)

Asset Values in Discretionarily Managed Portfolios (SR Million)

Local Equities	2016	2017	Change (%)
	58494	60174	2.9%
International Equities	2016	2017	Change (%)
	2155	2616	21.4%
Debt Instruments	2016	2017	Change (%)
	5401	3288	39.1%
Investment Funds	2016	2017	Change (%)
	44536	49649	11.5%
Other	2016	2017	Change (%)
	37841	23471	38.0%
Total	2016	2017	Change (%)
	148427	139198	6.2%

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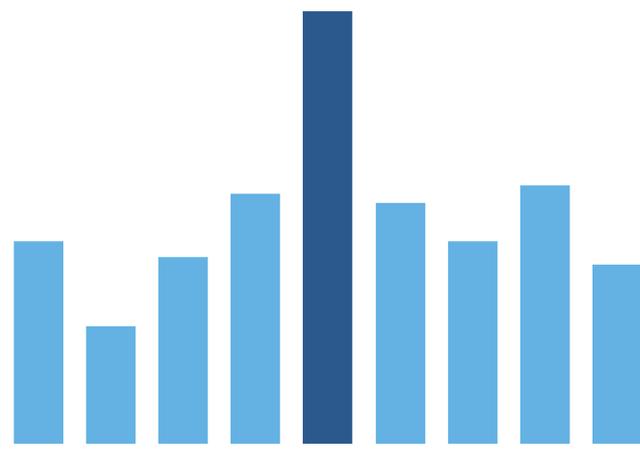


Chapter Five

Disclosure and Governance
In the Capital Market



5



Section 1

Disclosure

- 1 Reviewing the Financial Statements of Listed Companies
- 2 Listed Companies Disclosure
- 3 Notifications of Ownership and Disposal Requests



1. Reviewing the Financial Statements of Listed Companies

CMA reviewed 848 detailed annual and quarterly financial statements and 870 annual and quarterly summarized financial statements in 2017.

Table (23)

Table (23)

Summarized and Detailed Financial Statements Reviewed and Posted on "Tadawul" Website

Element	Summarized Financial Statements	Detailed Financial Statements
2016	862	840
2017	870	848
Change (%)	▲0.9%	▲1.0%

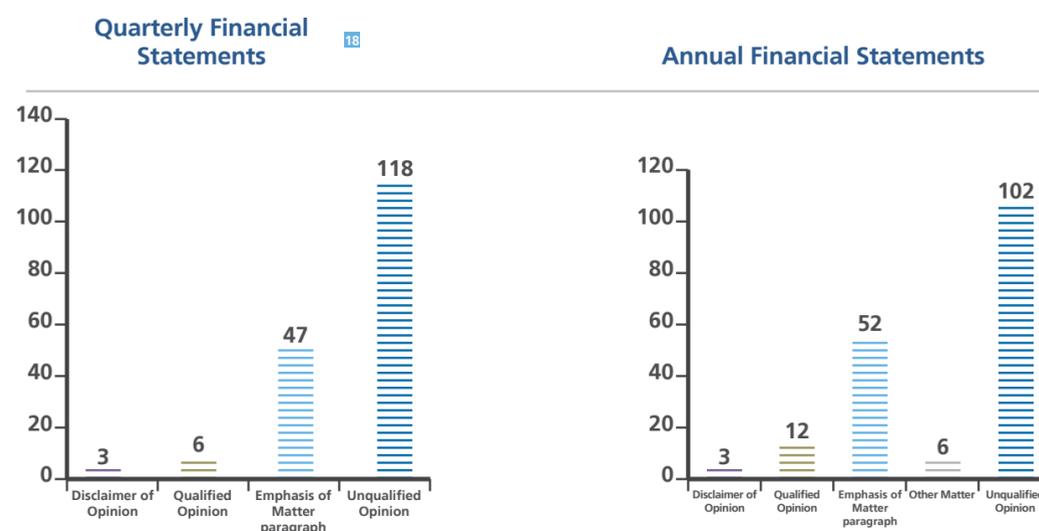
The reviews conducted by CMA during 2017 revealed that there were qualified audit opinions on the annual financial statements of 56 companies out of 174 listed companies that were reviewed. In addition, the number of listed companies that had qualified audit opinions on their quarterly financial statements was 73 out of 175 listed companies that were reviewed.

Chart (3)

- Disclaimer of Opinion
- Qualified Opinion
- Emphasis of Matter paragraph
- Other Matter
- Unqualified Opinion

Chart (3)

Number of Listed Companies whose Annual and Quarterly Financial Statements of 2017 were Reviewed by CMA, Classified by Auditor's Opinion ¹⁷



¹⁷ The quarterly financial statements have been prepared in accordance with International Financial Reporting Standards adopted in Saudi Arabia and with other standards and releases approved by the Saudi Organization for Certified Public Accountants.

¹⁸ "Other Matter" was added to the opinions in accordance with the standards adopted in 2017 for the quarterly financial statements.



2. Listed Companies Disclosure

The total number of listed companies' disclosures on the website of the Saudi Stock Exchange (Tadawul) reached 3912 compared to 4283 in the previous year. Explanatory announcements decreased by 39.8% in 2017 compared to the previous year.

Table (24)

Table (24)

Announcements Posted on Tadawul Website Classified by Type of Material Developments

Type of Announcement	2016		2017	
	Number	Out of Total (%)	Number	Out of Total (%)
Financial Results	862	20.1 %	870	22.2 %
Board of Directors' Recommendation to Increase Capital through Rights Issue	1	0.0 %	6	0.2 %
Board of Directors' Recommendation to Increase Capital through Bonus Shares Issue	9	0.2 %	12	0.3 %
Board of Directors' Recommendation to Decrease Capital	12	0.3 %	14	0.4 %
Invitation to General Assemblies and Announcements of their Results	893	20.8 %	981	25.1 %
Dividends	140	3.3 %	186	4.8 %
Explanatory Announcement	601	14.0 %	362	9.3 %
Change in the Composition of Corporate Board of Directors and Top Management	226	5.3 %	239	6.1 %
Approval on New Product	89	2.1 %	0	0.0 %
Other Material Developments	1450	33.9 %	1242	31.7 %
Total	4283	100 %	3912	100 %





3. Notifications of Ownership and Disposal Requests

Notification of substantial shareholdings (5% or more) of shares or convertible debt instruments, or of ownership of shares or convertible debt instruments by a board member or a senior executive in the same company, are among the disclosures mandated by CMA.

Compared to the previous year, the number of notification of ownership by major shareholders, board members, and senior executives decreased by 34.9%, while notifications of ownership changes increased by 24.0%.

► Table (25)

The total number of disposal requests in 2017 amounted to 94 requests; an increase of 100% compared to the previous year.

► Table (26)

Table (25)

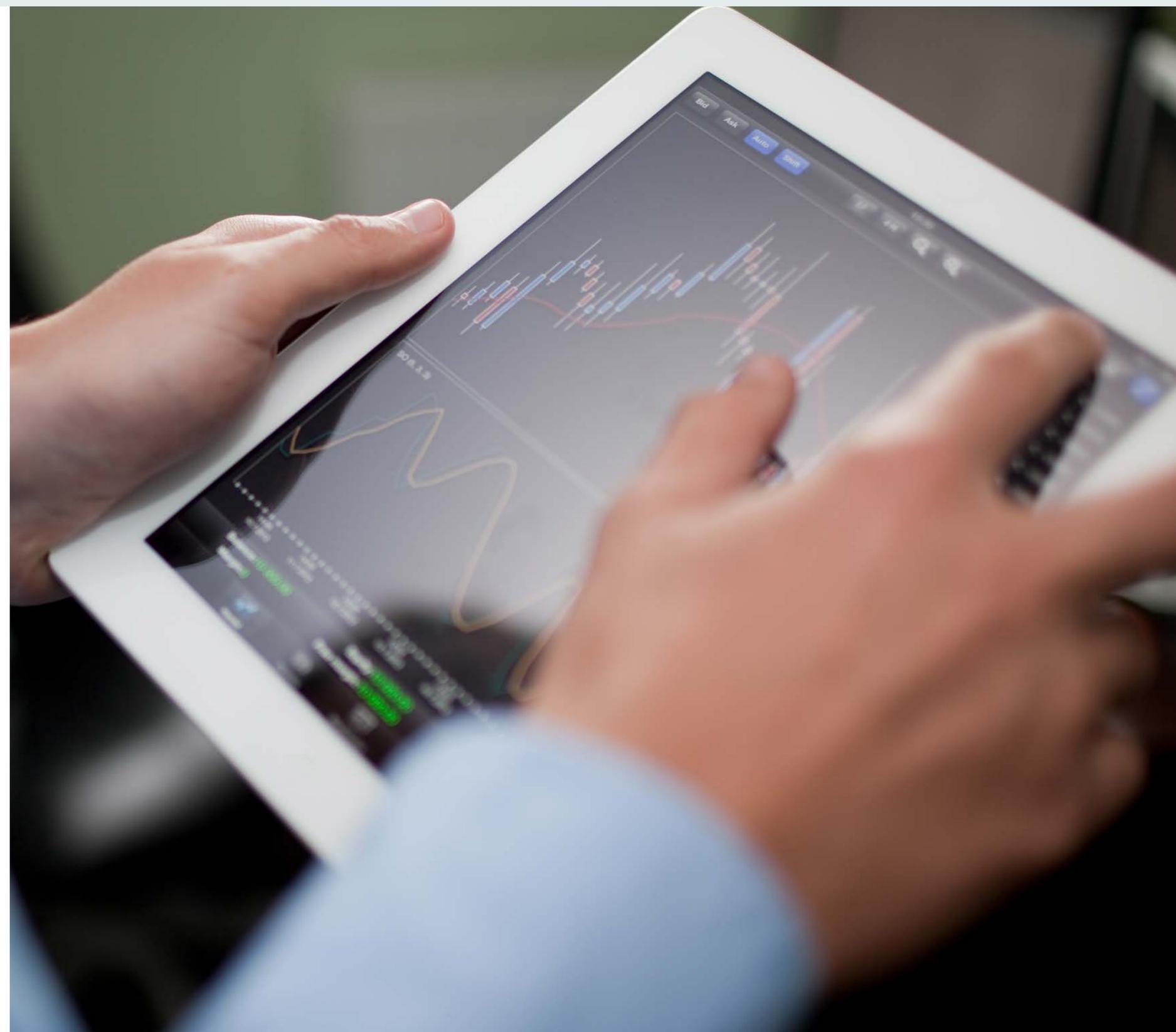
Number of Notifications of Shareholding and Ownership Changes by Major Shareholders, Board Members, and Senior Executives

Source of Notification		Major Shareholders	Board Members and Senior Executives	Total
2016	Ownership	27	807	834
	Ownership Change	142	204	346
2017	Ownership	31	512	543
	Ownership Change	186	243	429

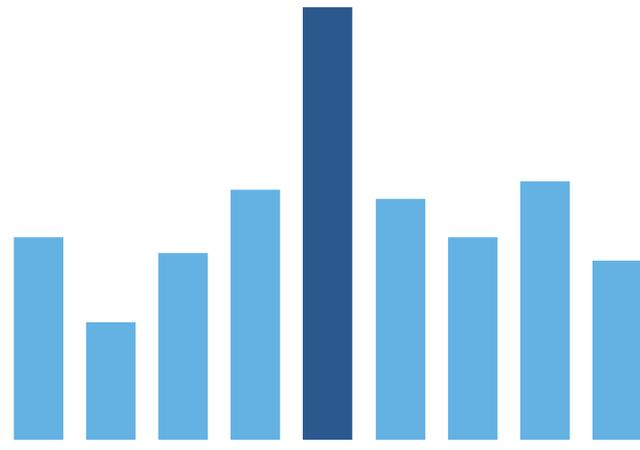
Table (26)

Disposal Requests of Owners or Stakeholders of 10% or More of any Class of Shares or Convertible Debt Instruments

Type of Disposal	Sale	Transfer of Ownership	Pledge	Total
2016	24	11	12	47
2017	52	24	18	94
Change (%)	▲116.7%	▲118.2%	▲50.0%	▲100%



5



Section 2

Governance

- 1 Board Composition of Listed Companies
- 2 Main Committees of Listed Companies
- 3 Ordinary and Extraordinary General Assemblies
- 4 Supervisory Visits
- 5 Enhancing Corporate Governance Compliance

To enhance the principles of governance and raise the level of transparency and disclosure of companies listed on the Saudi Stock Exchange, CMA monitors the compliance of companies with the provisions of the Corporate Governance Regulations as follows:

- 1  | Review the prospectus and internal regulations of the joint stock companies prior to listing.
- 2  | Review the disclosure in the reports of the board of directors of listed companies.
- 3  | Follow up changes on the director's information before and after their nomination for board of director membership.
- 4  | Follow up any change in the statements of the members of the board of directors before and after their nomination for Board membership.
- 5  | Attend general assemblies to ensure compliance with governance practices.

- 6  | Conduct supervisory visits and provide recommendations.
- 7  | Follow up and identify any changes in the board of directors or committees of listed companies.
- 8  | Educate newly listed companies on governance.
- 9  | Evaluate the level of governance in newly listed companies.
- 10  | Answer governance-related questions.



1. Board Composition of Listed Companies

Article 16 of the Corporate Governance Regulations stipulates the conditions for the formation of the boards of directors, including the following:



- 1 the number of its members shall be suitable for the size and nature of the Company's activities without prejudice to paragraph (a) of Article 17 of these Regulations.
- 2 the majority of the Board members shall be of Non-Executive Directors.
- 3 the number of Independent Directors shall not be less than two members or one-third of the Board members, whichever is greater.

Non-executive members & independent members combined account for 90.2% of the total seats in the board of directors of listed companies in 2017 (Table 27 and Chart 4).

► **Table (27)**
► **Chart (4)**

Table (27)

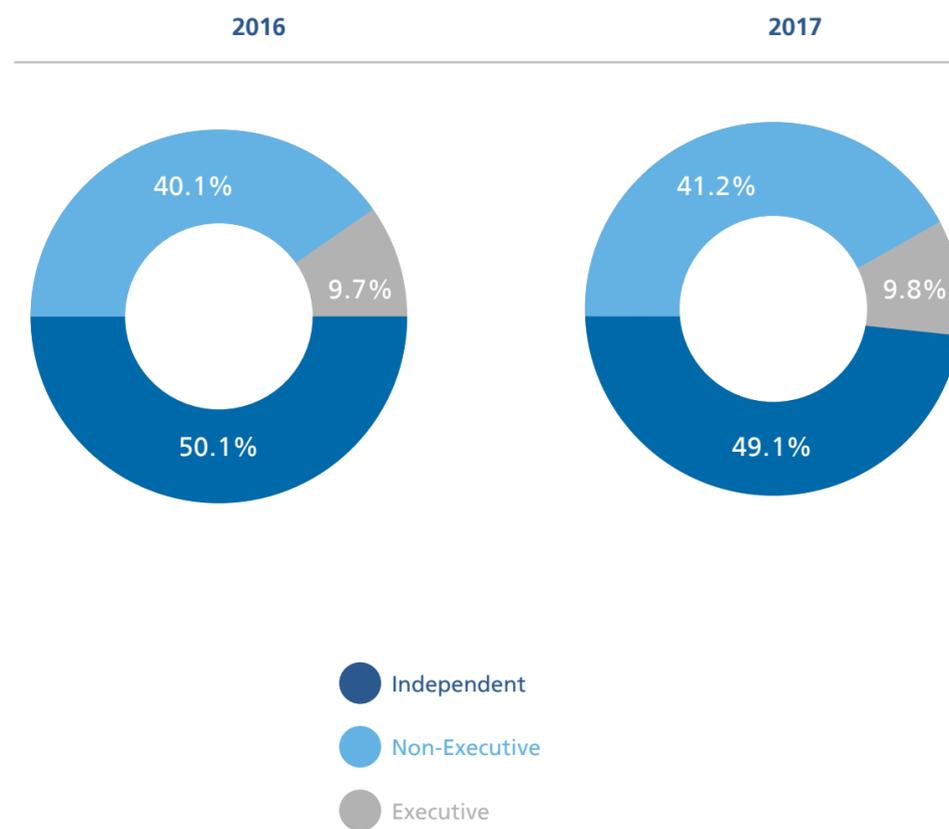
Composition of Boards of Directors in Listed Companies by Membership Type

Membership Type	Non-Executive	Independent	Executive	Total
2016	578	722	140	1440
2017	572	682	136	1390
Change (%)	▼ 1.0%	▼ 5.5%	▼ 2.8%	▼ 3.5%



Chart (4)

Composition of Boards of Directors in Listed Companies by Membership Type





2. Main Committees of Listed Companies

A Audit Committee

The Audit Committee is responsible for monitoring the company's business and verifying the integrity of its financial reports and statements as well as internal control systems, in accordance with Article 54 of the Corporate Governance Regulations relating to the formation of the Audit Committee.

This Committee shall be formed as follows:

1 The audit committee shall be formed by a resolution of the Company's Ordinary General Assembly, and the members of the audit committee shall be from the shareholders or others, provided that at least one of its members is an Independent Director and that no Executive Director is among its members. The number of the members of the audit committee shall not be less than three or more than five, provided that one of its member is specialized in finance and accounting.

2 The chairman of the audit committee shall be an Independent Director. (Guiding paragraph)

3 The Company's General Assembly shall, upon a recommendation of the Board, issue a regulation for the audit committee which shall include the rules and procedures for the activities and duties of the committee, the rules for selecting its members, the means of their nomination, the term of their membership, their remunerations, and the mechanism of appointing temporary members in case a seat in the committee becomes vacant.

4 Any person who works or has worked in the Company's finance Department, the Executive Management or for the Company's external auditor during the preceding two years may not be a member of the audit committee.

The number of seats of audit committees in listed companies increased in 2017 by 3.7% to 610 seats. Member seats outside the Board of Directors represented 42.6% of the total number of Audit Committee seats.

Table (28)

Number of Seats of Audit Committees in Listed Companies Classified by Membership Type

Membership Type	No. 2016	Out of Total (%)	No. 2017	Out of Total (%)	Change (%)
Non-Executive	106	18.0 %	116	19.0 %	▲ 9.4 %
Independent	244	41.5 %	234	38.4 %	▼ 4.1 %
Non-Board	238	40.5 %	260	42.6 %	▲ 9.2 %
Total	588	100 %	610	100 %	▲ 3.7 %

► Table (28)



B Remuneration Committee

Article 60 of the Corporate Governance Regulations relating to the composition of the Remuneration Committee.

States the following:

1 The Company's Board shall, by resolution thereof, set up a committee to be named the "remuneration committee." Members of the committee shall not be Executive Directors, provided that there shall be at least one Independent Director among them.

2 The Company's General Assembly, as per the Board recommendation, issues a regulation for the remuneration committee including its procedure, duties and rules for selecting its members, the term of their membership and their remunerations.

C Nomination Committee

Article 64 of the Corporate Governance Regulations relating to the composition of the Nomination Committee.

States the following:

1 The Company's Board shall, by resolution thereof, form a committee to be named the "nomination committee,". Members of the committee shall not be Executive Directors, provided that there shall be at least one Independent Director among them.

2 The Company's General Assembly, as per the Board recommendation, issues a regulation for the nomination committee including its procedures, duties and rules for selecting its members, the term of their membership and their remunerations.

The Company may merge the Remuneration and Nomination Committees into one committee to be named the Remuneration and Nomination Committee as provided for in the Corporate Governance Regulations. By the end of 2017, the number of seats for remuneration and nomination committees in listed companies increased to 610 seats. Independent members accounted for 51.8% of the total number of seats.

► Table (29)

Table (29)

Seats of Nomination and Remuneration Committees in Listed Companies Classified by Membership Type

Membership Type	No. 2016	Out of Total (%)	No. 2017	Out of Total (%)	Change (%)
Non-Executive	210	35.9 %	213	34.9 %	▲ 1.4 %
Independent	302	51.6 %	316	51.8 %	▲ 4.6 %
Executive	41	7.0 %	30	4.9 %	▼ 26.8 %
Non-Board	32	5.5 %	51	8.4 %	▲ 59.4 %
Total	585	100 %	610	100 %	▲ 4.3 %



3. Ordinary and Extraordinary General Assemblies

Article 10 of the new Corporate Governance Regulations states the following:

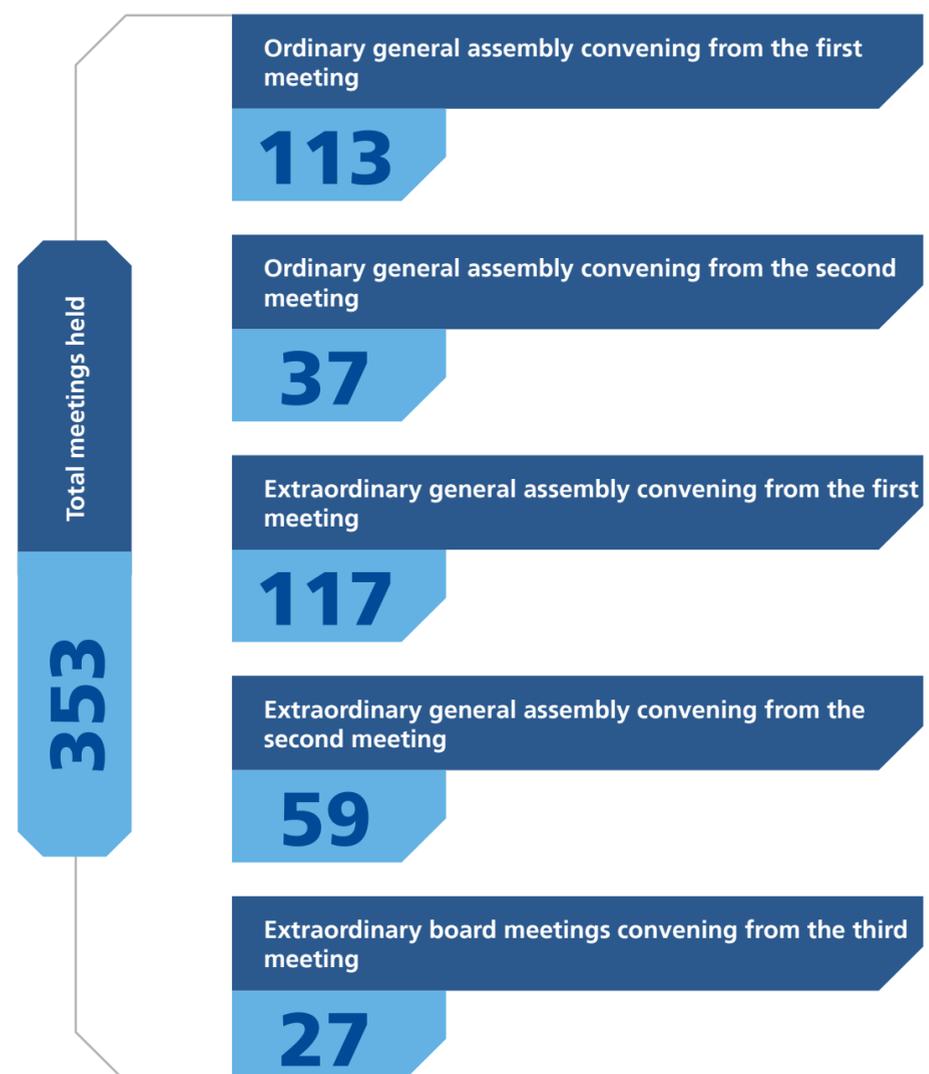
General Shareholders Assemblies of the Company are competent in all of its affairs. A duly-constituted General Assembly represents all shareholders in exercising their powers in respect of the Company. The General Assembly shall exercise its role in accordance with the provisions of the Companies Law and Its Implementing Regulations and the Company's bylaws.

The total meetings of ordinary and extraordinary assemblies reached 353 during 2017.

► **Table (30)**

Table (30)

Ordinary and Extraordinary General Assemblies in 2017



4. Supervisory Visits

In 2017, CMA carried out four supervisory visits to four companies listed on the stock exchange and followed the procedures and steps necessary to verify the compliance of these companies with the regulatory requirements.





5. Enhancing Corporate Governance Compliance

In order to achieve the objectives of developing compliance with the Corporate Governance Regulations, raising awareness of the Regulations, and improving the practices of listed companies and parties related to the capital market, CMA has participated in several international and local forums and held several seminars and workshops during 2017.

Such events include the following:

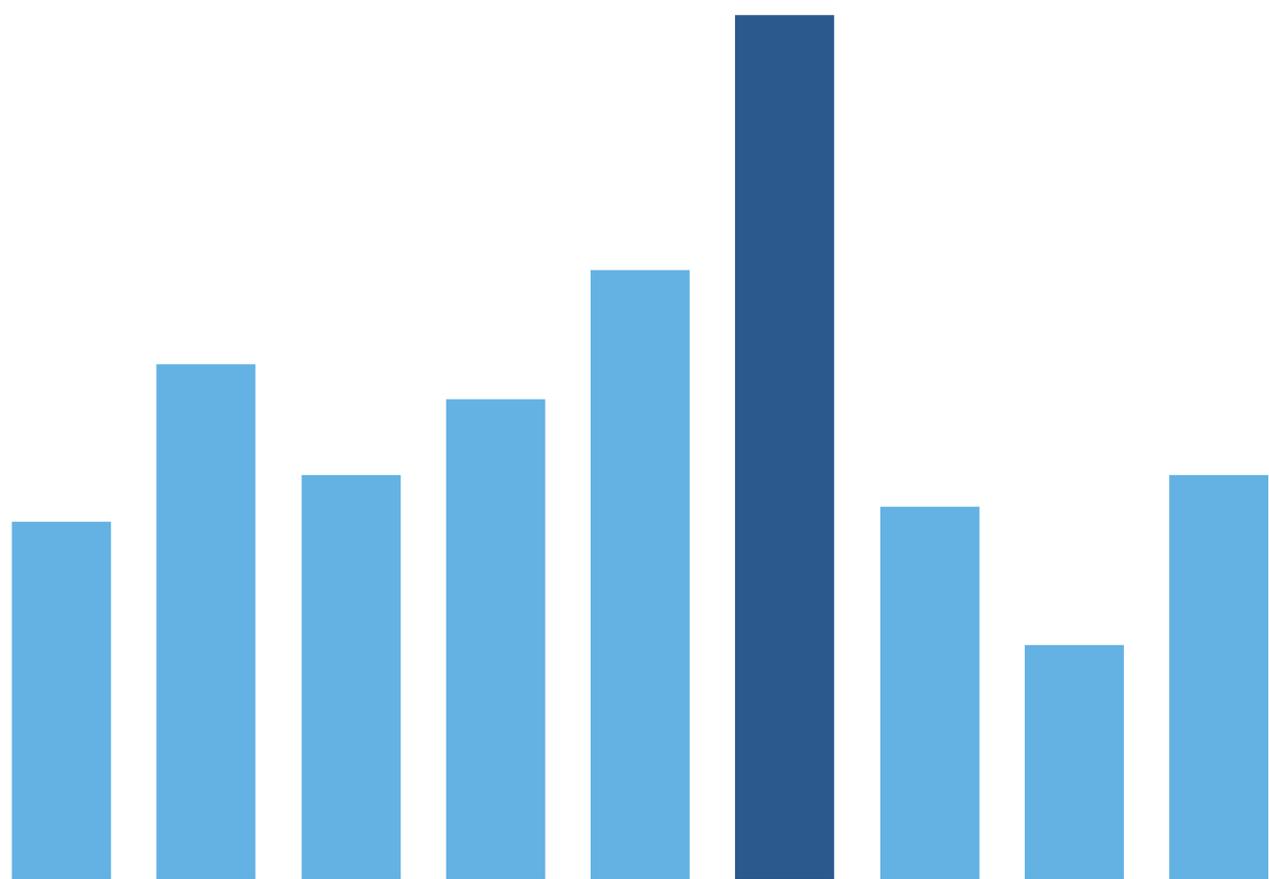
Event	Subject	No.	Place
Workshop	Corporate Governance Regulations - Changes and Developments	5	Eastern Province, Jeddah, Riyadh
Workshop	Board of Directors and Committees - Functions and Challenges	9	Eastern Province, Jeddah, Riyadh
Workshop	Conflict of Interest in the Board of Directors, Saudi Governance Center	1	Riyadh
Seminar	Awareness Seminar on the most important reforms made to the investment environment in the Kingdom, Taysir Committee in cooperation with the Council of Saudi Chambers	3	Riyadh, Jeddah, Eastern Province
Meeting	32nd Meeting of OECD Corporate Governance Committee	1	Paris
Meeting	33rd Meeting of OECD Corporate Governance Committee	1	Paris
Conference	MEIRA Annual Conference	1	Dubai
Workshop	Fundamentals of Board Management, GCC Board Directors Institute	3	Riyadh, Khobar
Forum	2nd Annual Governance Forum: Strengthening Corporate Governance and Financial Institutions in Arab Countries: Building Bridges with Boards of Directors	1	Abu Dhabi
Forum	4th Insurance Forum	1	Riyadh
Conference	Al Faisal University 1st Annual Corporate Governance Conference	1	Riyadh
Conference	The 42nd Annual Conference of "IOSCO" held on 14-18 May 2017	1	Jamaica
Workshop	Workshop on Corporate Governance Dialogue with Investors, organized by the International Organization of Securities Commissions (IOSCO), held on 30/06/2017.	1	London
Seminar	Awareness Lecture on CMA and its Qualifying Tests at the University of Business and Technology and King Khalid University	2	Jeddah, Abha
Workshop	Continuing Commitments of Listed Companies in the Parallel Market «Nomu»	1	Riyadh
Meeting	Meeting of MENA-OECD Working Group on Corporate Governance	1	Rabat
Seminar	Lecture (Sound Financial Transactions) University of Hail	1	Ha'il



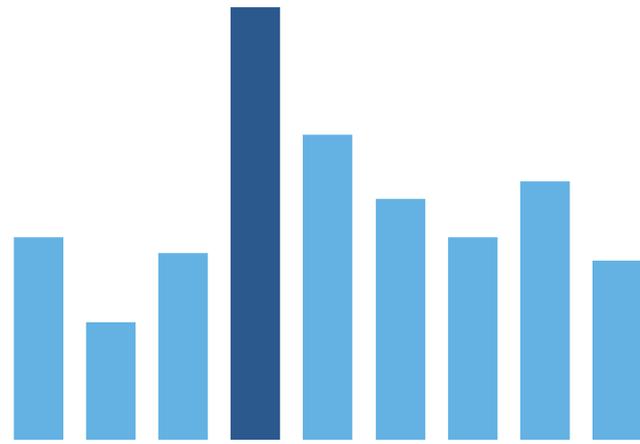
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Chapter Six

Investor Protection



6



Section 1

Surveillance

- 1 Surveillance of Trades
- 2 Listed Companies with Accumulated Losses of 20% or More





1. Surveillance of Trades

Surveillance of trades is carried out as follows:

Analyzing trades and alerts



generated by the electronic surveillance system with respect to daily trades and deals. If misconduct is suspected, a surveillance inquiry is issued.

Studying suspected behaviors



on all daily trades and deals by analyzing market data and reviewing executed orders and transactions suspected of violating the CML and its Implementing Regulations.

Referring any suspected violation



of the CML or its Implementing Regulations to the concerned division/department for further investigation and necessary action.

The number of Surveillance System alerts increased to 35,561 alerts by the end of 2017. A total of 1,395 intensive scans for trades suspected of being in violation of the CML and its Implementing Regulations were conducted. On the other hand, surveillance inquiries dropped to 77 inquiries in 2017 while 30 cases of suspected violations were detected compared to 51 cases in the previous year.

Table (31)

Table (31)

Developments in Surveillance of Trades and Deals

Incident	No. in 2016	No. in 2017
Surveillance System Alerts ¹⁹	31896	35561
Intensive Analyzes for Trades Suspected of Violating the CML and its Implementing Regulations	2028	1395
Surveillance Inquiries	279	77
Suspected Violations	51	30

The source-based classification of intensive scans for suspected violations of the CML and its Implementing Regulations in 2017 shows that CMA conducted 713 intensive scans through market surveillance and 682 Analyzes through surveillance system alerts.

Table (32)

Table (32)

Intensive Analyzes for Trades and Deals Suspected of Violating the CML and its Implementing Regulations by Source

Source of Intensive Scans	2016		2017		Change (%)
	No.	Out of Total (%)	No.	Out of Total (%)	
Market Surveillance ²¹	1165	57.4 %	713	51.1 %	▼ 38.8 %
Alert ²²	863	42.6 %	682	48.9 %	▼ 21.0 %
Total	2028	100 %	1395	100 %	▼ 31.2 %

¹⁹ "Surveillance System Alerts": Alerts issued by the Surveillance System regarding suspected securities violations.

²⁰ "Surveillance Inquiries": Inquiries issued by the Market Surveillance and Analysis Department to APs when manipulation is suspected from their clients

²¹ "Market Surveillance": Suspected violations are detected by the Market Surveillance Unit through continuous monitoring and analysis of trades in the capital market.

²² "Surveillance Inquiries": Inquiries detected when alerts are issued by SMARTS indicating abnormal activities.



2. Listed Companies with Accumulated Losses of 20% or More

The CMA Board issued a resolution to amend the Procedures and Instructions of Listed Companies whose Accumulative Losses are 50% or more of their Share Capital in accordance to the new Companies Law issued by Royal Decree No. (M/3) dated 28/01/1437H. The procedures and instructions were renamed "Procedures and Instructions Related to Listed Companies with Accumulated Losses Reaching 20% or More of their Share Capital.

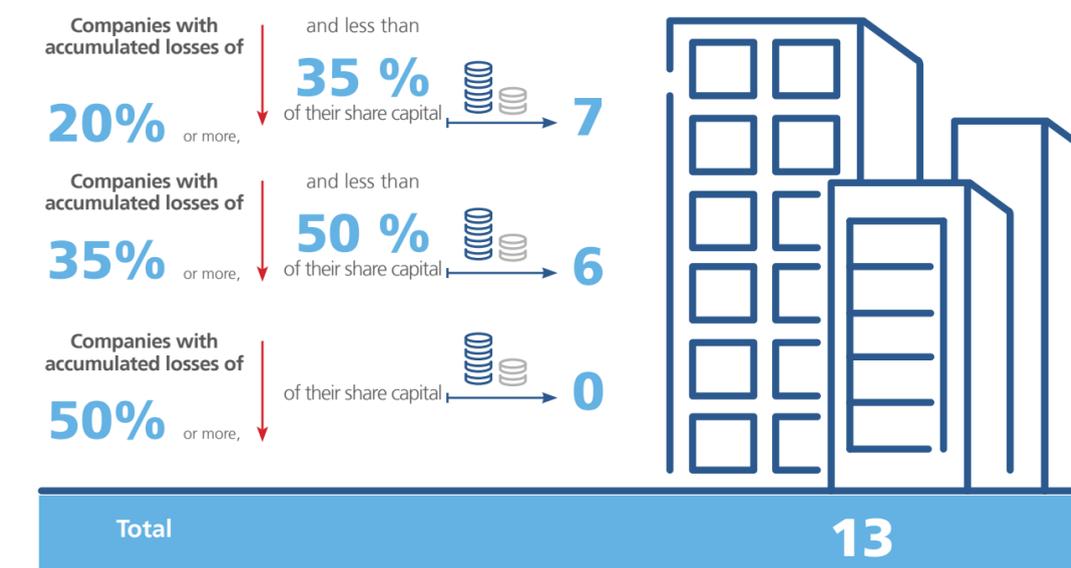
provided that the amended procedures and instructions enter into effect on 25/07/1438 AH (22/04/2017).

By the end of 2017, 13 listed companies incurred accumulated losses of 20% or more of their share capital.

Table (33)

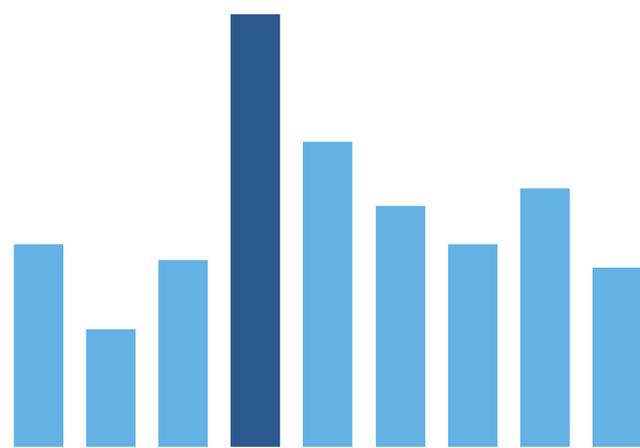
Table (33)

Listed Companies with Accumulated Losses of 20% or More of their Share Capital by the End of 2017





6



Section 2

Investor Complaints and CML/ Companies Law Violations

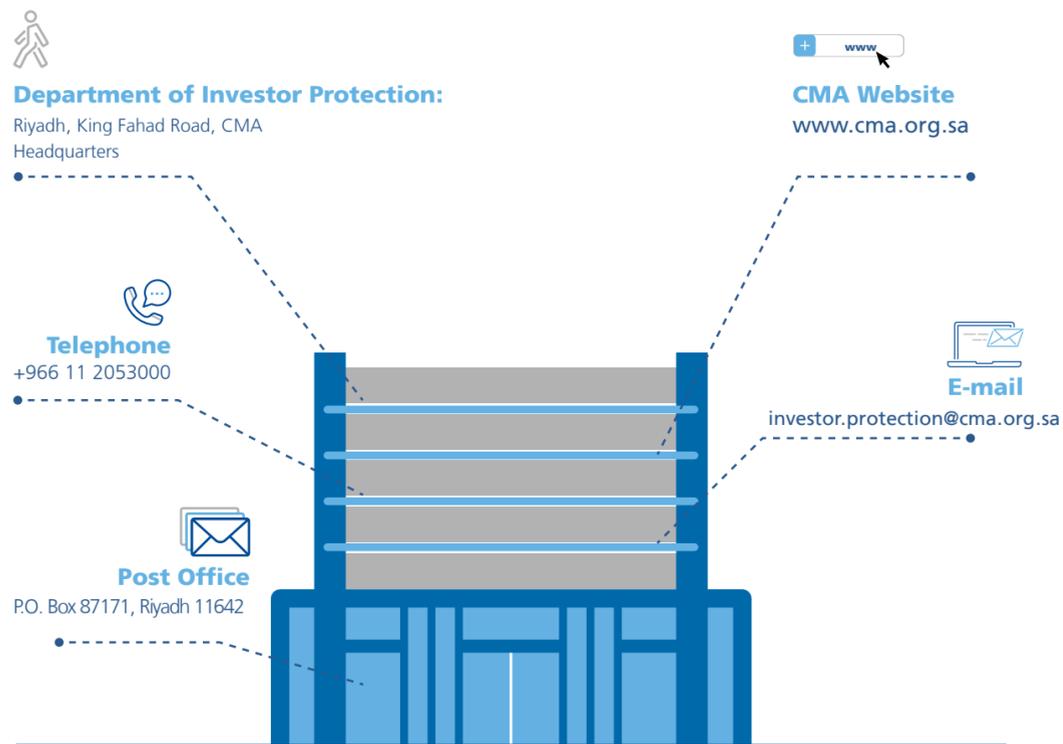
- 1 Investor Complaints
- 2 Handling Investor Complaints
- 3 Taking Actions against CML/Companies Law Violations
- 4 Classification of Violations of the CML/Companies Law and their Implementing Regulations



1. Investor Complaints

Since its establishment, CMA has ensured the efficient handling of complaints by providing multiple channels for receiving them.

as indicated in the following figure:



A total of 1,709 complaints were received in 2017, which is an increase of 100.1% compared to the previous year.

Table (34)

Table (34)

Complaints Classified by Subject

Subject of Complaint	No.		Subject of Complaint	No.	
	2016	2017		2016	2017
Agreements and Contracts Between Investors and APs	23	23	Corporate Governance ²³	0	690
IPO Subscriptions and Rights Purchase	58	160	Listed Companies Earnings	57	77
Services Provided by APs	43	77	Conducting Securities Business without a License	79	140
Investment Funds	78	146	Indemnification Requests Related to Violations of the CML and its Implementing Regulations	0	134
Discretionary Portfolios	73	137	Complaints that do not fall within CMA Jurisdiction	0	72
Execution of Securities Transactions	21	53	Other	422 ²⁴	0 ²⁵
Other	2016	2017			
	854	1709			

²³ All complaints with the number "zero" are included within other categories in 2016, and they have also been included within a special category in 2017.
²⁴ includes complaints against the Saudi Stock Exchange Co. (Tadawul), a listed company, and CMA as well as reports, inquiries, and transactions.
²⁵ New categories have been added and others have been replaced in the 2017 data.

On the other hand, classifying complaints by respondent reveals that complaints against listed companies have increased and represent 53.4% of the total number of complaints received in 2017.

Table (35)
Chart (5)

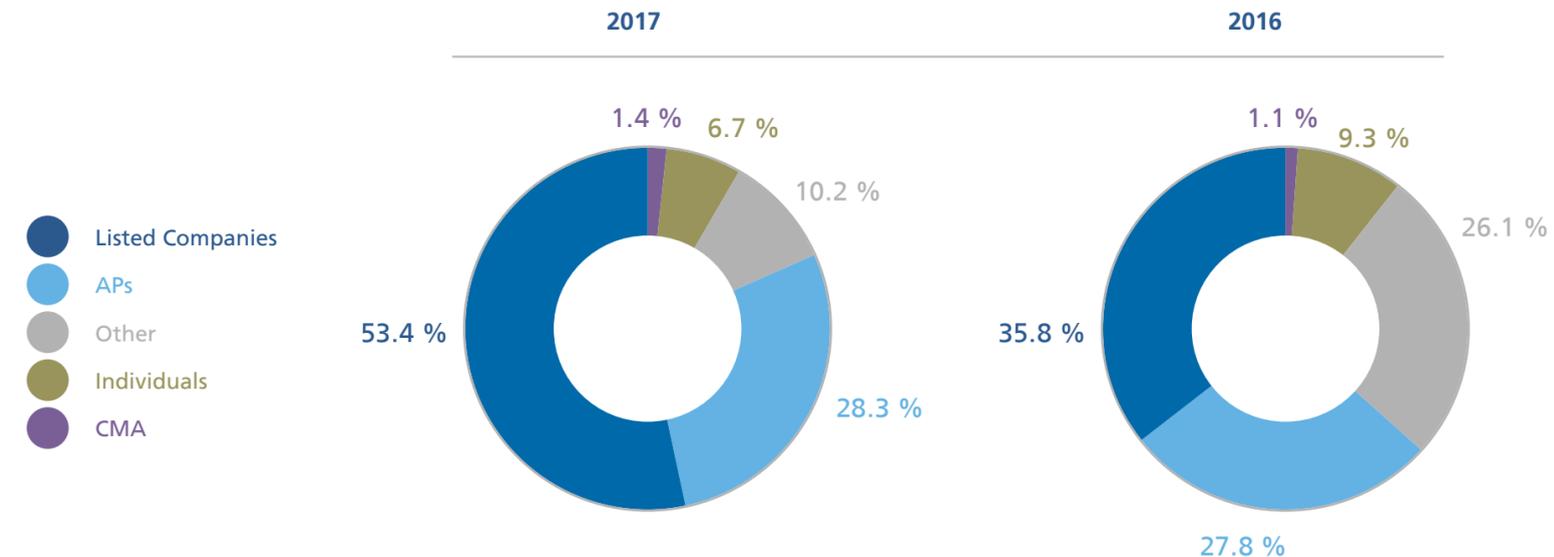
Table (35)

Complaints Classified by Respondent

Respondent	No.		Change (%)
	2016	2017	
APs	237	484	▲ 104.2 %
Listed Companies	306	913	▲ 198.4 %
Individuals	79	114	▲ 44.3 %
CMA	9	24	▲ 166.7 %
Other ²⁶	223	174	▼ 22.0 %
Total	854	1709	▲ 100.1 %

Chart (5)

Complaints Classified by Respondent



²⁶ including the following: Against the Saudi Stock Exchange Co. (Tadawul), a listed company, and CMA as well as reports, inquiries, and transactions.



2. Handling Investor Complaints

In 2017, 763 complaints were settled, which represent 44.6% of the complaints lodged with CMA. The percentage of complaints under consideration increased significantly to 493 complaints in 2017 compared to only 117 in the previous year.

► Table (36)
► Chart (6)

Table (36)

Status of Complaints Filed with CMA

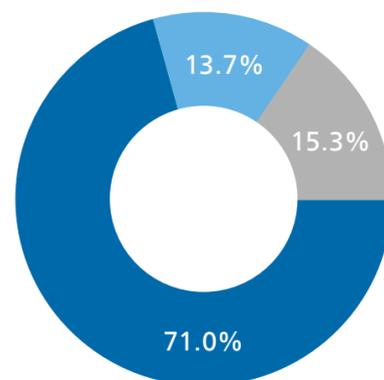
Status of Complaint	No.		Change (%)
	2016	2017	
Under Consideration	117	493	▲ 321.4 %
Settled	606	763	▲ 25.9 %
Grievant Notified to Proceed with the Complaint to CRSD	131	453	▲ 245.8 %
Total	854	1709	▲ 100.1 %

Chart (6)

Status of Complaints Filed with CMA

2016

2017



3. Taking Actions against CML/Companies Law Violations and their Implementing Regulations

CMA finalized 211 out of the 240 cases filed in 2017, which represents 87.9% of the total number of cases in which violations were suspected concerning the CML/Companies Law and their Implementing Regulations. In general, the number of cases related to violations of the CML/Companies Law and their Implementing Regulations declined by 5.1% in 2017.

► Table (37)
► Chart (7)

Table (37)

Actions Taken against Violations of the CML/Companies Law and their Implementing Regulations

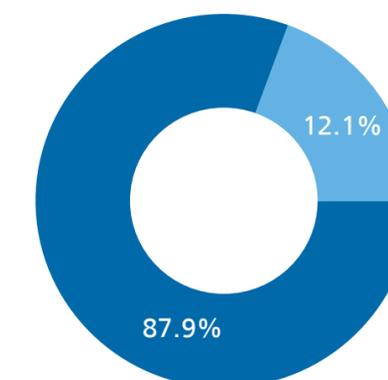
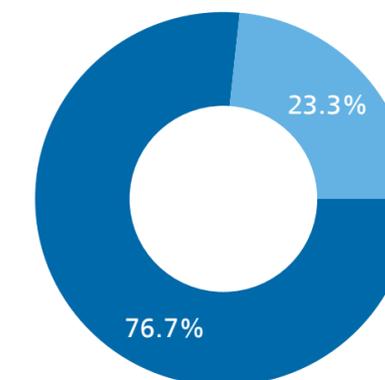
Status	No.	
	2016	2017
Under Consideration	59	29
Finalized	194	211
Total	253	240

Chart (7)

Actions Taken against Violations of the CML/Companies Law and their Implementing Regulations

2016

2017





4. Classification of Violations of the CML/Companies Law and their Implementing Regulations

A Filed Violation Cases

The total number of violations of the CML/Companies Law and their Implementing Regulations decreased by 29.9% in 2017 compared to the previous year. The number of cases of different types of violations also declined in varying percentages.

► Table (38)



B Finalized Violation Cases

The total number of violations of the CML/Companies Law and their Implementing Regulations, which have been finalized, decreased by the end of 2017 by 54.6% compared to the previous year. Most finalized violation cases also decreased in varying percentages.

► Table (38)

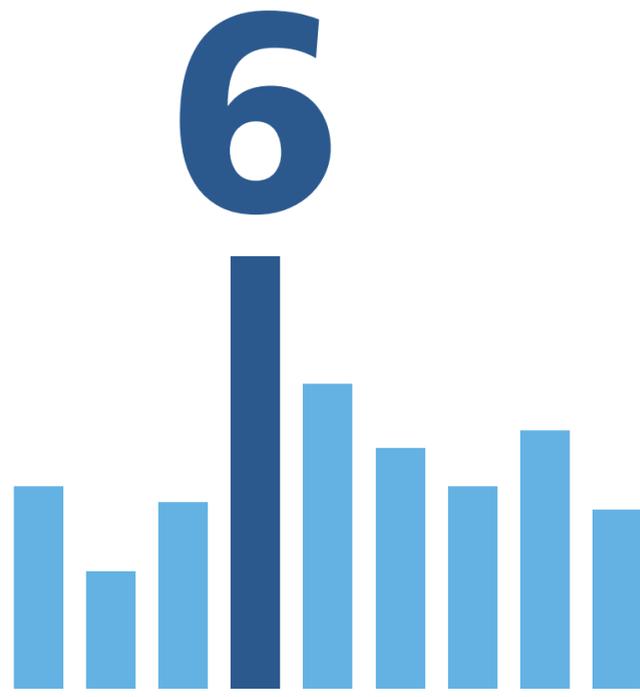
Table (38)

Filed and Finalized CML/Companies Law Violation Cases Classified by Type

Type of Violation	Manipulation and Misleading Acts/Market Conduct	Disclosure	Insider Trading	Authorized Persons Regulations ²⁸	Change in Ownership/ Disposal Percentages without Notifying CMA	Conducting Securities Business without a CMA License	CMA Board Resolutions	Offers of Securities Regulations			Listing Rules	Trading During Prohibited Period	Corporate Governance Regulations	Investment/Real Estate Fund Regulations	Prudential Rules	Merger and Acquisition Regulations	CMA Circulars/ APs Conduct	Companies Law	Total
Filed	2016	23	27	31	81	2	13	7	0		21	19	4	16	0	0	0	9	253
	2017	14	1	17	10	0	3	1	0		8	0	8	34	0	1	4	78	179
	Change (%)	▼ 39.1 %	▼ 96.3 %	▼ 45.2 %	▼ 87.7 %	▼ 100.0 %	▼ 76.9 %	▼ 85.7 %	-		▼ 61.9 %	▼ 100.0 %	▲ 100.0 %	▲ 112.5 %	-	-	-	▲ 766.7 %	▼ 29.2 %
Finalized	2016	22	98	28	112	28	28	8	0		27	65	24	14	5	0	2	4	465
	2017	15	5	28	20	0	1	2	1		6	0	12	36	0	1	6	78	211
	Change (%)	▼ 31.8 %	▼ 94.9 %	0.0 %	▼ 82.1 %	▼ 100.0 %	▼ 96.4 %	▼ 75.0 %	-		▼ 77.8 %	▼ 100.0 %	▼ 50.0 %	▲ 157.1 %	▼ 100.0 %	-	▲ 200.0 %	▲ 1850.0 %	▼ 54.6 %

²⁷ Including cases from previous years.

²⁸ Violations detected during inspection visits of APs to ensure their compliance to Authorized Persons Regulations, Anti-Money Laundering and Counter-Terrorist Financing Rules, and other regulations



Section 3

Prosecution, Sanctions, and Penal Verdicts on Violations

- 1 Cases Pending before CRSD and ACRSD Filed against/by CMA
- 2 Statements of Claim and Defense in Cases Filed against/by CMA
- 3 Cases Filed against/by CMA with Final Judgements
- 4 Follow-up of the Enforcement of Decisions
- 5 Classification of Sanction Decisions Filed by CMA against Violators of the CML/Companies Law and their Implementing Regulations
- 6 Financial Penalties against Violators of the CML, Companies Law, and their Implementing Regulations



1. Cases Pending before CRSD and ACRSD Filed against/by CMA

The number of cases pending before CRSD filed against/by CMA declined by the end of 2017 to 8 cases. Cases related to "Authorized Persons Regulations" and "Listing Rules" decreased by 85.7% and 60.0%, respectively. Further, only 4 cases related to "CMA Board Resolutions" were pending at the CRSD in 2017.

On the other hand, 16 cases filed against/by CMA were pending with ACRSD by the end of 2017. It is worth noting that the number of cases related to "Manipulation and Misleading Acts" dropped by 44.4% compared to the previous year, while only 8 cases related to "CMA Board Resolutions" remained pending with the ACRSD by the end of 2017.

► Table (39)

Table (39)

Number of Cases Pending before CRSD and ACRSD Filed Against/By CMA

Case Type	CRSD			ACRSD		
	2016	2017	Change (%)	2016	2017	Change (%)
Manipulation and Misleading Acts	5	0	▼ 100.0 %	9	5	▼ 44.4 %
Insider Trading	1	0	▼ 100.0 %	0	0	-
Conducting Securities Business without a License	1	0	▼ 100.0 %	0	0	-
Violation of Listing Rules	5	2	▼ 60.0 %	3	0	▼ 100.0 %
Violation of Authorized Persons Regulations	7	1	▼ 85.7 %	1	1	0.0 %
Violation of Corporate Governance Regulations	2	1	▼ 50.0 %	0	2	-
Disclosure Violation	1	0	▼ 100.0 %	1	0	▼ 100.0 %
Other Violations of Market Conduct Regulations	0	0	-	0	0	-
Violation of Unlicensed Offering of Securities	0	0	-	0	0	-
Appeals Against CMA Board Resolutions	10	4	▼ 60.0 %	2	8	▲ 300.0 %
Total	32	8	▼ 75.0 %	16	16	0.0 %

Since the issuance of High Order No. 4690 dated 06/02/1435H, which granted the Public Prosecution sole authority to consider criminal acts,

Referred → **88** cases



88 cases related to violations of Articles 31, 49, and 50 of the CML/ Companies Law and their Implementing Regulations were referred to the Public Prosecution by the end of 2017.



2. Statements of Claim and Defense in Cases Filed against/by CMA

In 2017, the number of statements of claim, defense, and grievances in cases filed against/by CMA fell to 69, while 14 briefs of appeal were filed against CMA Board Resolutions before the CMA.

► Table (40)

Table (40)

Statements of Claim/Defense and Grievances in Cases Filed against/by CMA

Statements of Claim/Defense and Grievances	2016	2017
Statements of Claim and Defense in Cases Filed by CMA	69	20
Statements of Defense in Cases Filed against CMA	35	21
Briefs of Appeal against CRSD Decisions	17	14
Grievances against CMA Board Resolutions	12	14
Total	133	69





3. Cases Filed against/by CMA with Final Judgements

In 2017, 38 final judgments were issued in favor of CMA in the cases filed against/by it. On the other hand, only one final judgment was issued against CMA in such cases compared to three in 2016.

► Table (41)

Table (41)

Number of Final Judgements in Favour or/against CMA

Case Status	2016			2017		
	Filed by CMA	Filed against CMA	Total	Filed by CMA	Filed against CMA	Total
Final Judgement in Favour of CMA	28	8	36	17	21	38
Final Judgement Against CMA	2	1	3	1	0	1
Dismissal/Final Judgement of Lack of Jurisdiction	1	1	2	1	0	1



4. Follow-up of the Enforcement of Decisions

In 2017, the CMA Board issued 145 sanction decisions, which is a 25.6% decline compared to 2016, while the CRSD and ACRSD issued 33 sanction decisions; 28.3% less than those issued in 2016. In this respect, CMA followed-up the enforcement of sanction decisions issued by the CMA Board and the CRSD and ACRSD; 90.3% and 63.6%, respectively, were enforced.

► Chart (8) ► Table (42)

Chart (8)

Sanction Decisions Against Violators of the CML/Companies Law and their Implementing Regulations Classified by Decision Issuer - 2017

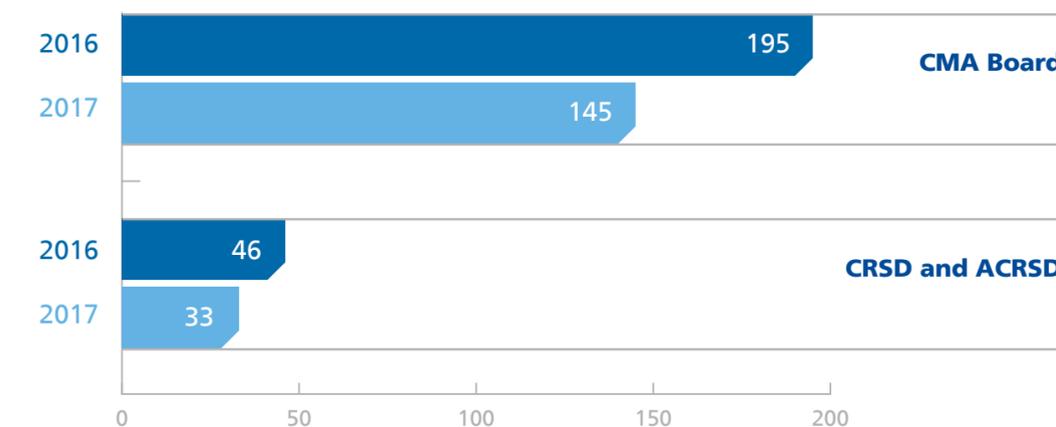


Table (42)

Sanction Decisions against Violators of the CML/Companies Law and their Implementing Regulations Classified by Decision Issuer - 2017

Decision Issuer	No.	Enforced	Enforced (%)
CMA Board	145	131	90.3 %
CRSD and ACRSD	33	21	63.6 %
Total	178	152	85.4 %





5. Classification of Sanction Decisions Filed by CMA against Violators of the CML/Companies Law and their Implementing Regulations

In 2017, the CMA Board and the CRSD and ACRSD issued 178 sanction decisions against 286 violators including 111 listed companies and top executives. On the other hand, the numbers of violators from the categories of APs/registered persons and investors were 88 and 87, respectively, of which 97.7% and 67.8% were enforced, respectively. The remaining cases are being followed-up for enforcement.

► Table (43)

Table (44) shows the sanction decisions issued in 2017 against violators of the CML/Companies Law and their Implementing Regulations classified by type of violation. The table also shows that 87.1% of all sanctions issued in 2017 have been enforced. Companies Law violations represent the highest category of violations in terms of number of violations with 77 violations, of which 93.5% have been enforced and the rest are pending. Violations of "Manipulation and Misleading Acts" and "Authorized Persons Regulations" ranked second and third with 58 and 35 violations respectively, of which 65.5% and 94.3% were enforced, respectively, and the remaining sanctions are pending enforcement.

► Table (44)

Table (43)

Sanction Decisions against Violators of the CML/Companies Law and their Implementing Regulations Classified by Violator Type - 2017

Type of Violator	No.	Enforced	Enforced (%)
Investor	87	59	67.8 %
Authorized Person/Registered Person	88	86	97.7 %
Listed Companies	82	80	97.6 %
Senior Executives	29	24	82.8 %
Total	286	249	87.1 %

Table (44)

Sanction Decisions against Violators of the CML/Companies Law and their Implementing Regulations Classified by Type of Violation - 2017

Type of Violation	No.	Enforced	Enforced (%)
Manipulation and Misleading Acts	58	38	65.5 %
Disclosure	13	12	92.3 %
Insider Trading	14	13	92.9 %
Authorized Persons Regulations	35	33	94.3 %
Change in Ownership/Disposal Percentages without Notifying CMA	1	1	100.0 %
Conducting Securities Business without a CMA License	9	8	88.9 %
CMA Resolutions/Circulars	9	9	100.0 %
Offers of Securities Regulations	1	0	0.0 %
Listing Rules	4	4	100.0 %



continued Table (44)

Type of Violation	No.	Enforced	Enforced (%)
Trading During Prohibited Period	16	10	62.5 %
Corporate Governance Regulations	5	5	100.0 %
Investment/Real Estate Fund Regulations	24	24	100.0 %
Prudential Rules	1	1	100.0 %
Merger and Acquisition Regulations	1	1	100.0 %
Companies Law	77	72	93.5 %
Anti-Money Laundering and Counter-Terrorist Financing Rules	18	18	100.0 %
Total	286	249	87.1 %

In 2017, financial penalties ranked first from among the sanctions issued by the CMA Board and the CRSD and ACRSD with 170 penalties, and only 4 decisions of imprisonment.

► Table (45)

Table (45)

Sanctions Issued by CMA Board and the CRSD and ACRSD Classified by Type of Sanction

Sanction	No.	
	2016	2017
Financial Penalty	279	170
Banning from Brokerage Activity, Portfolio Management, Investment Advisory, or any Registrable Function	17	7
Banning from Working in Listed Companies	18	21
Banning from Buying Shares of Listed Companies	18	22
Imprisonment	1	4
Other ²³	36	30
Total	369	254

²³ including administrative and precautionary sanctions.



6. Financial Penalties against Violators of the CML/Companies Law and their Implementing Regulations

The total sum of financial penalties issued by the CMA Board and the CRSD and ACRSD against violators of the CML and its Implementing Regulations in 2017 amounted to SR 1,960.9 million, of which SR 118.5 million (6%) were collected. Financial penalties issued against violations of manipulation and misleading acts ranked first; amounting to SR 1,952.2 million representing 99.6% of all financial penalties, of which SR 110.9 million were collected. Ranking second were financial penalties issued against violators of AML and CTF Rules; reaching approximately SR 2.4 million (0.1%) of the total sum of financial penalties issued in 2017, all of which were collected during the year.

► Table (46)

Table (46)

Total Amounts of Financial Penalties Issued by CMA and the Committees for the Resolution of Securities Disputes against Violators of the CML, Companies Law, and their Implementing Regulations Classified by Type of Violation - 2017

Type of Violation	Total Amounts of Financial Penalties Imposed (SR) 01/01/2017 – 31/12/2017	Total Amounts of Financial Penalties Collected (SR) 01/01/2017 – 31/12/2017	Percentage of Collected Amounts out of Total Penalty
Manipulation and Misleading Acts	1,952,218,468.21	110,927,881.85	5.7 %
Disclosure	260,000.00	234,226.50	90.1 %
Insider Trading	2,142,275.50	2,142,275.50	100.0 %
Authorized Persons Regulations	890,000.00	660,000.00	74.2 %
Change in Ownership/Disposal Percentages without Notifying CMA	100,000.00	100,000.00	100.0 %
Conducting Securities Business without a CMA License	170,000.00	140,000.92	82.4 %
CMA Resolutions/Circulars	60,000.00	60,000.00	100.0 %
Offers of Securities Regulations	100,000.00	0.00	0.0 %
Listing Rules	280,000.00	280,000.00	100.0 %
Trading during Prohibited Period	1,280,000.00	700,000.00	54.7 %
Corporate Governance Regulations	10,000.00	10,000.00	100.0 %
Investment/Real Estate Fund Regulations	200,000.00	200,000.00	100.0 %
Prudential Rules	10,000.00	10,000.00	100.0 %
Merger and Acquisition Regulations	0	0	-
Companies Law	750,000.00	600,000.00	80.0 %
Anti-Money Laundering and Counter-Terrorist Financing Rules	2,420,000.00	2,420,000.00	100.0 %
Total	1,960,890,743.71	118,484,384.77	6.0 %



Table 47 indicates the total amounts of financial penalties issued by CMA and the CRSD and ACRSD in 2017 against violators of the CML and its Implementing Regulations classified by type of violator. Financial penalties issued against top executives ranked first with a total of SR 1,621.1 million, of which SR 4.76 million (0.3%) were collected.

► Table (47)

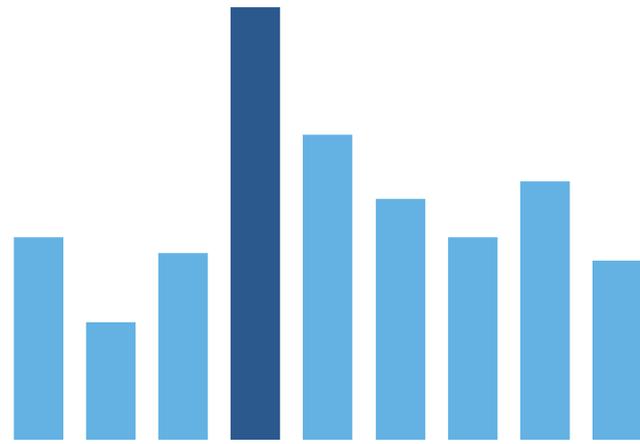
Table (47)

Total Amounts of Financial Penalties Issued by CMA and the CRSD and ACRSD against Violators of the CML/Companies Law and their Implementing Regulations Classified by Type of Violator - 2017

Type of Violator	Total Amounts of Financial Penalties Imposed (SR) 01/01/2017 – 31/12/2017	Total Amounts of Financial Penalties Collected (SR) 01/01/2017 – 31/12/2017	Percentage of Collected Amounts out of Total Penalty
Investor	335,153,615.81	109,568,260.64	32.7 %
Senior Executives	1,621,147,127.90	4,706,124.13	0.3 %
Registered Person	440,000.00	210,000.00	47.7 %
Listed Company	910,000.00	760,000.00	83.5 %
Authorized Person	3,240,000.00	3,240,000.00	100.0 %
Total	1,960,890,743.71	118,484,384.77	6.0 %



6



Section 4

Investor Awareness

- 1 Media Programs
- 2 Investment Literacy Programs





1. Media Programs

In 2017, CMA issued 65 press releases via printed and electronic media outlets. Further, 1,128 articles/reports from local and international media outlets were reviewed. These articles/reports were related to the Saudi capital market and its regulations. CMA also launched the Financial Leadership 2020 Program, in addition to organizing media programs and awareness events about the regulations and legislations issued by the CMA Board. Further, CMA participated in 35 local and international conferences and symposia, in addition to holding 10 press conferences at CMA Headquarters and carrying out 40 media programs. CMA officials also appeared in media and television interviews.



2. Investment Literacy Programs

In 2017, CMA executed the following programs in accordance with its investor awareness strategy:

A Temporary Awareness Exhibits

CMA organized awareness exhibits in Riyadh and Qassim and they were attended by many visitors.

► Table (50)

Table (50)

Awareness Exhibits Organized by CMA Classified by City/Province and Number of Visitors - 2017

Riyadh	Financial Education for Kids - Workshop in collaboration with Sown Advisory	No. of Visitors	 500
Qassim	Awareness Events in collaboration with the Social Development Committee	No. of Visitors	 500
Riyadh	Ithra' University summer	No. of Visitors	 1000

CMA also carried out 5 school visits in 3 different cities. More than 2,083 bundles of "Smart Investor" magazine were distributed to students during these visits.

► Table (51)

Table (51)

School Visits Carried out by CMA in Different Cities - 2017

City	No. of Schools	No. of Beneficiaries (male and female students)	No. of "Smart Investor" Magazine Bundles Distributed
Tabuk	1	500	1000
Kharj	1	400	1000
Riyadh	3	83	83
Total	5	983	2083





2. Investment Literacy Programs

B

Publishing and Distributing Investment Awareness Booklets, Publications, and Pamphlets

CMA published 22 awareness pamphlets in the last few years including 2017. The pamphlets were distributed during different CMA events. It also developed guides for board members, secretaries of boards, and listed companies.

C

Educational Campaigns

CMA organized the following 24 educational campaigns:

- | | |
|--|--|
| • Corporate Governance Campaign | • CMA Exceptional Graduates Qualifying Program |
| • Market Misconduct Awareness Campaign | • Updated Governance Regulations |
| • Campaign to Warn against Forex | • Inclusion in the Review Index - MSCI |
| • World Investor Week Campaign | • Amended Settlement Period T + 2 |
| • World Savings Day | • Investor Protection Department and Complaint System |
| • Electronic Voting Campaign | • Parallel Market "Nomu" |
| • Merger and Acquisition Campaign | • Investment Funds |
| • Article 95 of the Companies Law Campaign | • Board Member Responsibilities |
| • Group Complaints Campaign | • General Assemblies of Joint Stock Companies |
| • Principles of Investment Campaign | • Allowing foreigners to invest in the Parallel Market "Nomu" |
| • Company Termination Campaign | • Publishing a study titled "Benefits of Adding the Saudi Capital Market to International Indices" |
| • IFRS Adoption Campaign | • The Project for Separation of the Jurisdictions of CMA and Tadawul |



D

Seminars and Workshops

During 2017, CMA organized the "Market Institutions Forum", the "Financial Stability Forum", and the following 5 workshops:

- Governance Workshop
- Merger and Acquisition Workshop
- Licensing Workshop
- Regulating Group Complaints Workshop
- Harvard University Workshop

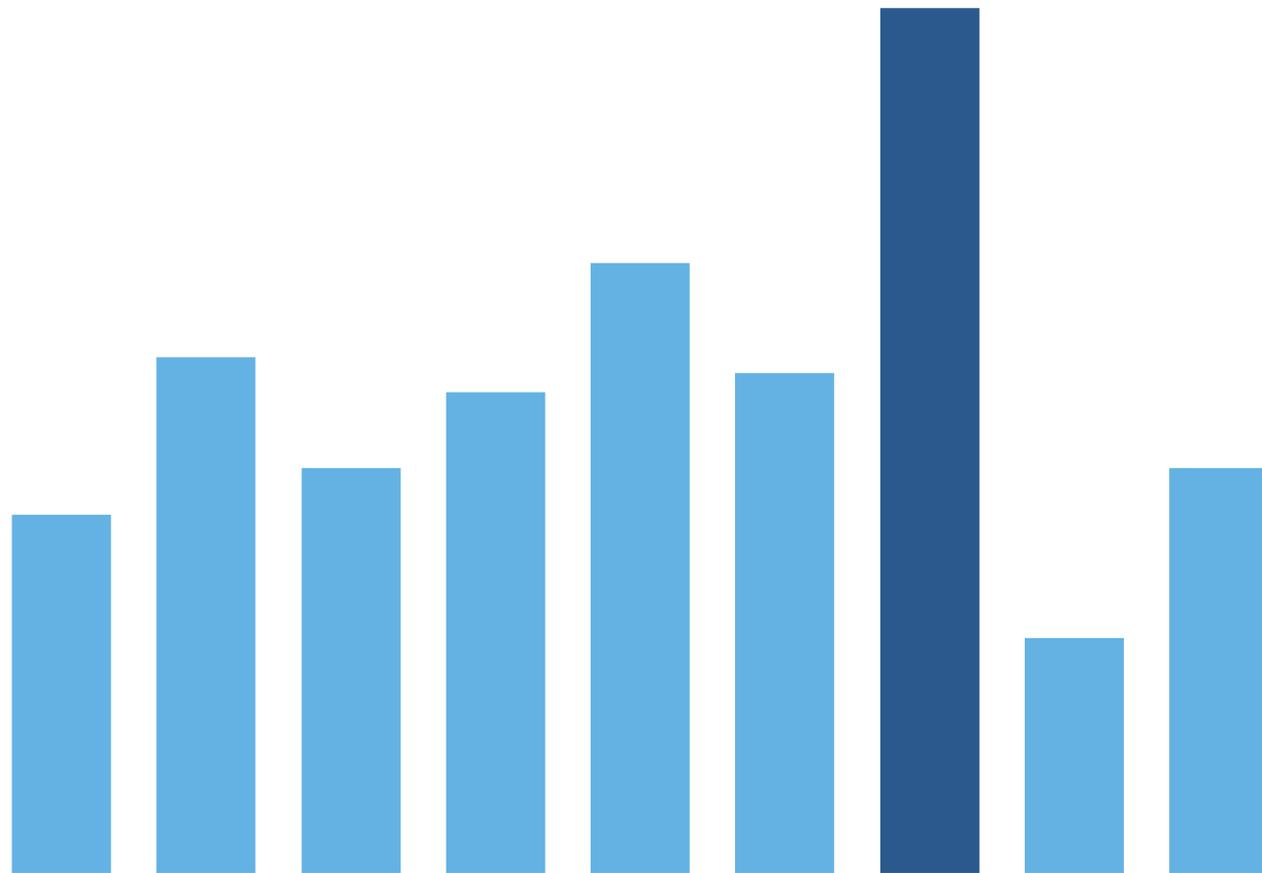
CMA also met with students and executives (females and males) from several Saudi universities on several occasions. Additionally, CMA staff gave 21 talks in several universities and academic institutions across the Kingdom as follows:

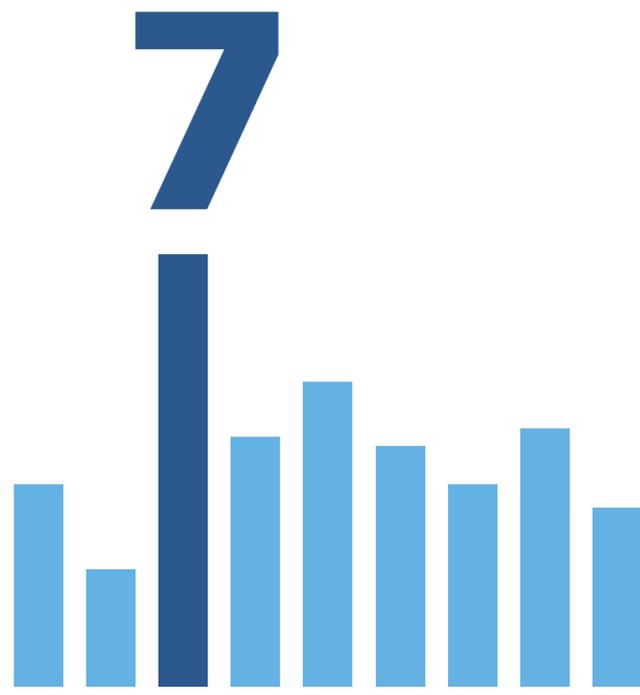
- | | |
|--|---|
| • King Khalid University | • King Abdulaziz University |
| • Islamic University at Madinah | • King Khalid University |
| • Prince Sultan University | • King Saud University (Investment Club) |
| • Prince Sultan University | • King Saud University (Investment Club, female students) |
| • Princess Norah University | • Qassim University |
| • Retal International Training Institution | • University of Business and Technology |
| • Princess Norah University | • University of Business and Technology (female students) |
| • King Saud University (Investment Club) | • Dar Al-Uloom University |
| • Qassim University | • Ha'il University |
| • King Saud University | • Ha'il University (female students) |
| • King Faisal University | |

7

Chapter Seven

Securities Business





Section 1

Licenses

- 1 Authorization Decisions to Conduct Securities Business
- 2 Licenses Classified by Securities Business Activities
- 3 Credit Rating Licenses



1. Authorization Decisions to Conduct Securities Business

CMA issues authorization decisions for conducting securities business, including licensing, amendment, cancellation, and revocation. CMA issued 14 decisions, including five new licensing decisions, seven decisions to amend the activity, and two revocation decisions during 2017 (Table 52). The total number of authorized persons, therefore, reached 86 by the end of 2017.

► Table (52)

2016	Decision	2017
0	New License	5
0	Amendment to License	6
4	Activity Added	1
	Activity Cancelled	
3	Cancellation of License	2
2	Revocation of License	0
9	Total	14



2. Licenses Classified by Securities Business Activities

There were 495 active securities business licenses by the end of 2017, with most being "Arranging" licenses (79), and the least being "Dealing As Agent" licenses (37).

► Table (53)
► Chart (9)

Table (53)

Number of Licenses Classified by Commencement Status

Securities Business Activity		By the End of 2016			By the End of 2017		
		Commenced	Not Commenced	Total	Commenced	Not Commenced	Total
Dealing	As Principal	60	0	60	59	3	62
	As Agent	33	0	33	33	4	37
	As Underwriter	50	0	50	49	2	51
Managing	Investment Funds Management	64	0	64	63	1	64
	Discretionary Portfolio Management	58	0	58	57	1	58
Arranging		75	0	75	73	6	79
Advising		74	0	74	73	5	78
Custody		65	0	65	64	2	66
Total		479	0	479	471	24	495

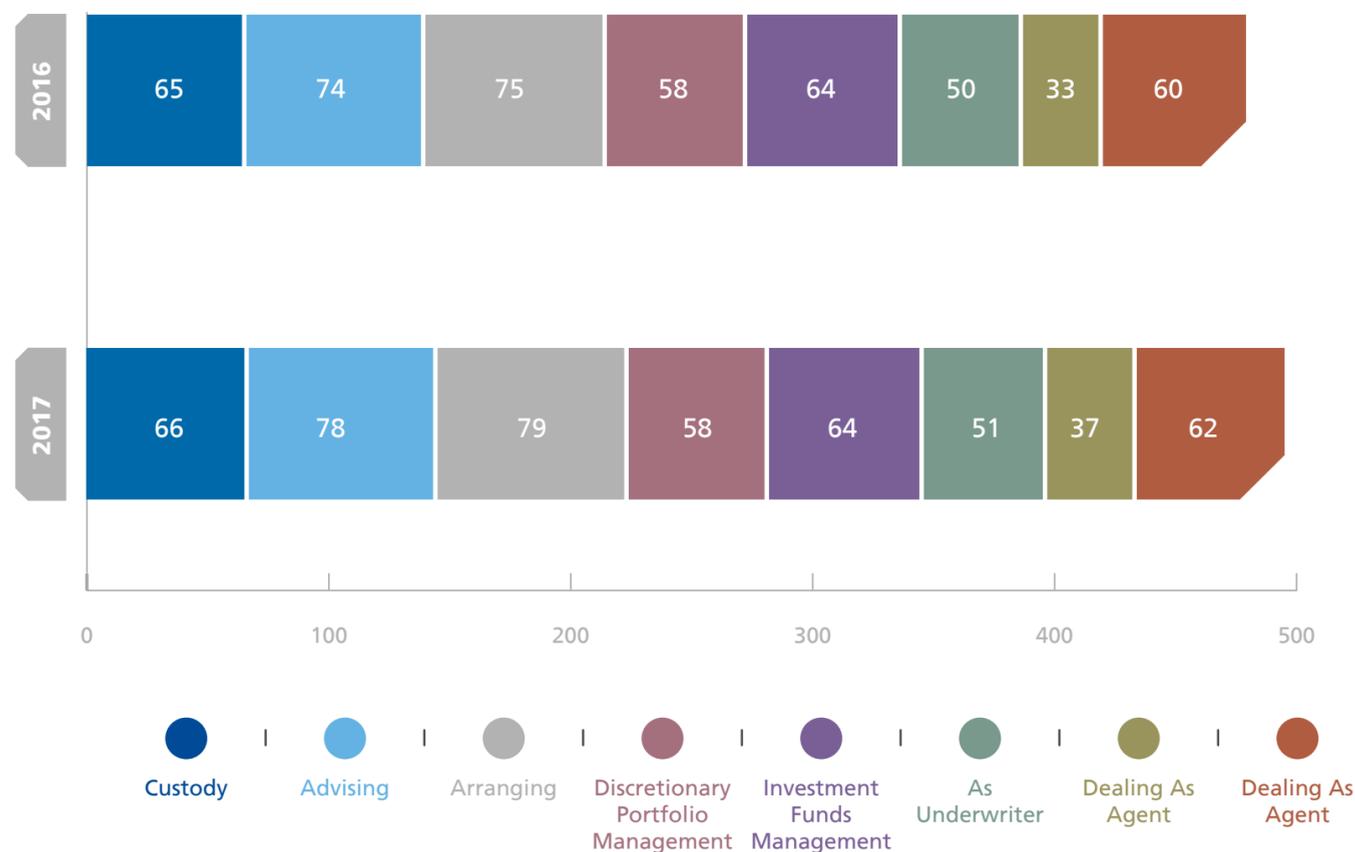




2. Licenses Classified by Securities Business Activities

Chart (9)

Total Number of Licenses Classified by Securities Business Activities

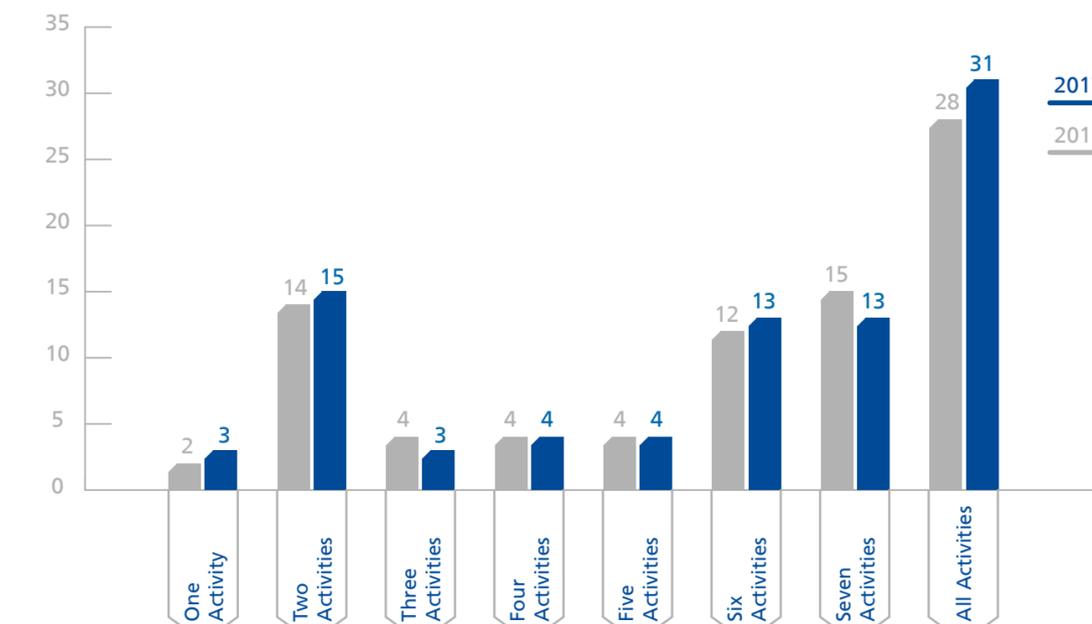


The total number of APs conducting all activities stood at 31 by the end of 2017.

Chart (10)

Chart (10)

Number of APs Classified by Number of Securities Activities' Licenses



With regard to the staffing structure of APs in 2017, we notice a 2.3% year-on-year decrease in the total number of employees; declining to 4342 employees.

Table (54)

Employees of APs and Saudization (%)

Element	Number of Employees		Saudization (%)	
	2016	2017	2016	2017
Registered Person	3056	3,018	74.0 %	74.0 %
Unregistered Person	1388	1,324	63.0 %	64.0 %
Total	4444	4,342	71.0 %	71.0 %

Table (54)



3. Credit Rating Licenses

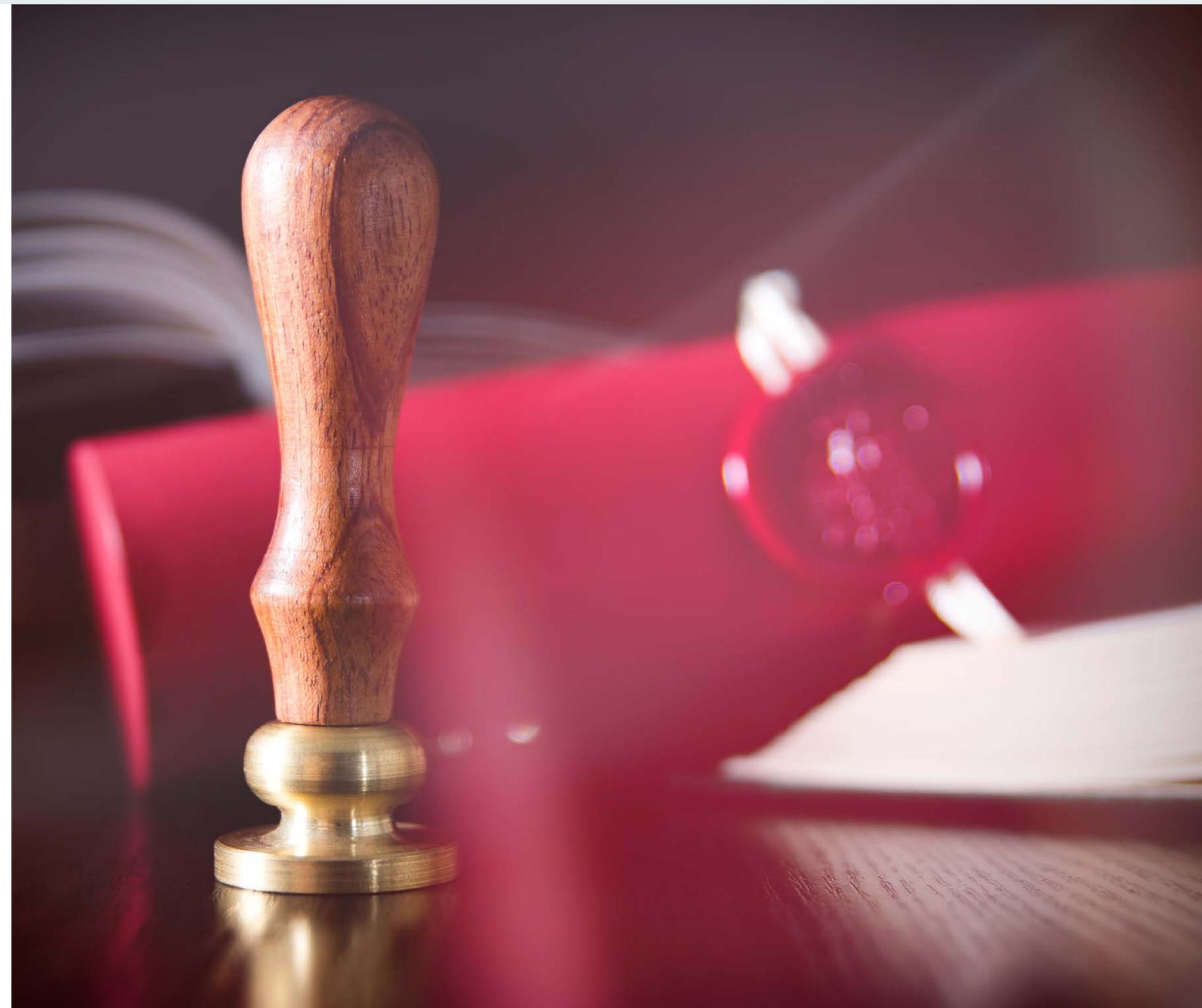
In 2017, CMA issued two licensees for Moody's Investors Service Middle East Limited (KSA Branch) and Fitch Australia Pty Ltd., bringing the total number of licenses granted to engage in credit rating activity to four licenses by the end of 2017.

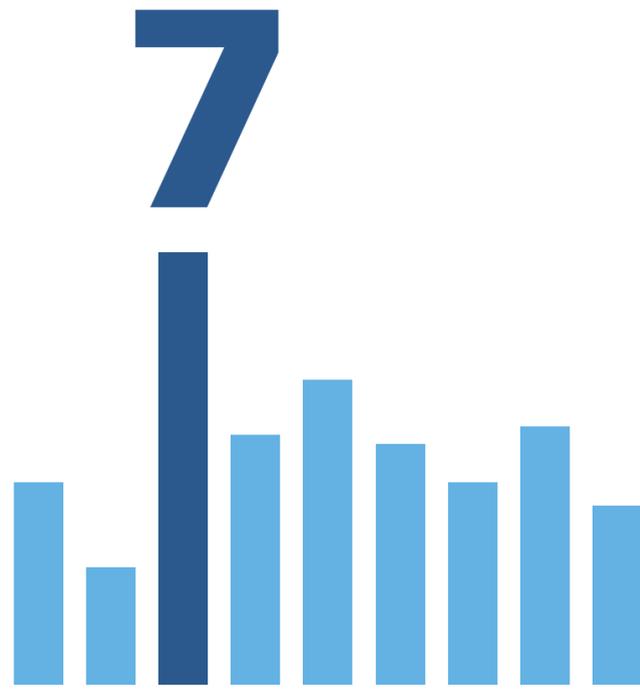
▶ Table (55)

Table (55)

Number of Credit Rating Licenses Classified by Practicing/Non-Practicing Status

2016	Element	2017
1	Practicing ✓	2
1	Non-Practicing ✗	2
2	Total	4





Section 2

Inspection and Financial Prudence

- 1 Inspection
- 2 Prudential
- 3 Margin Lending
- 4 Requests Received by CMA for Imposing/Removing Attachment and Enforcement
- 5 Anti-Money Laundering (AML) and Counter-Terrorist Financing (CTF)



1. Inspection

Inspections covered 61 licenses in 2017, 42 cycle inspections and 19 cause inspections.

Table (56)

Number of Inspected Licenses

Type of License	2016			2017		
	Cycle Inspection	Cause Inspection ²⁹	Total	Cycle Inspection	Cause Inspection ³⁰	Total
Dealing	11	8	19	8	12	20
Managing	11	26	37	9	5	14
Arranging	9	2	11	8	1	9
Advising	10	6	16	8	0	8
Custody	11	1	12	9	1	10
Total	52	43	95	42	19	61

Table (56)

Table (57)

Number of Cause Inspections Classified by Reason

Reason	No. 2016 ³¹	No. 2017 ³²
Referrals from Related Parties inside or outside CMA	133	50
Notices and Inquiries of Authorized Persons	5	9
Activities Related to Unauthorized Persons	17	51
Total	155	110

In 2017, the number of cause inspections stood at 110. Referrals from related parties inside or outside CMA accounted for 45.5% of the causes for their execution.

Table (57)
Chart (11)

²⁹ The total excludes 95 cause inspection visits related to other aspects of APs business such as compliance with corporate governance and prudential requirements.

³⁰ The total excludes 49 cause inspection visits related to other aspects of APs business such as compliance with corporate governance and prudential requirements.

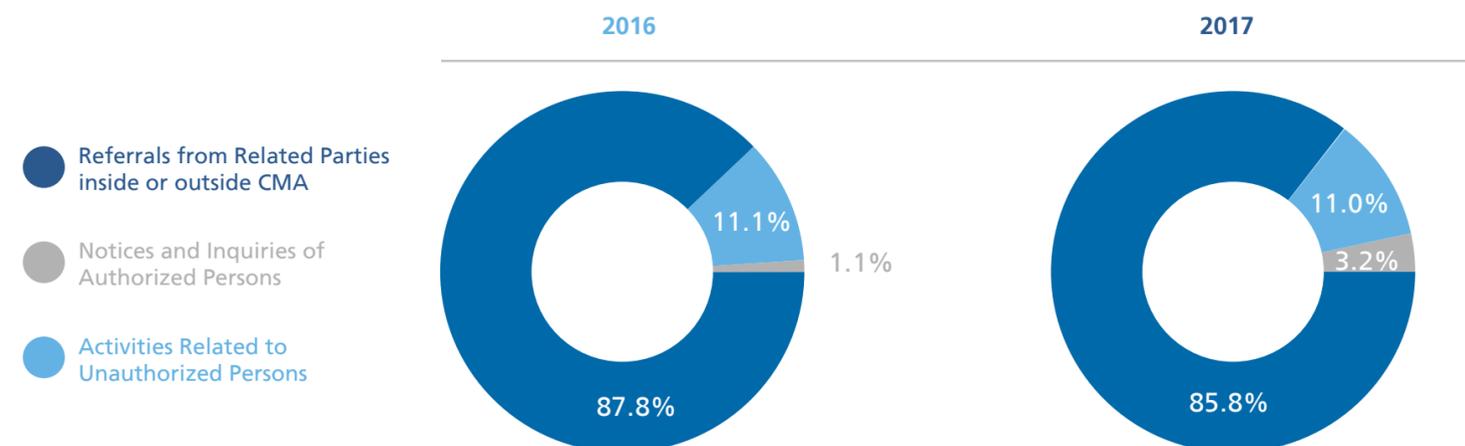
³¹ The total includes 95 cause inspection visits related to other aspects of APs business such as compliance with corporate governance and prudential requirements.

³² The total includes 49 cause inspection visits related to other aspects of APs business such as compliance with corporate governance and prudential requirements.



Chart (11)

Percentages of Cause Inspections Classified by Reason

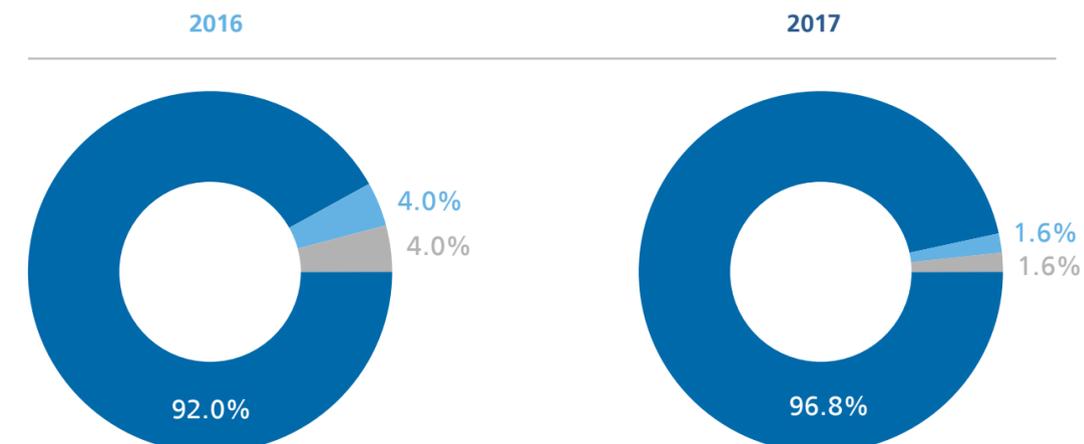


Cycle inspections of APs in 2017 unveiled a range of observations regarding their compliance with the requirements of the CML and its Implementing Regulations. Chart (12) reflects the observations of cycle inspections classified by subject, with operations coming in first with 96.8% in 2017.

Chart (12)

Chart (12)

Observations of Cycle Inspections by Subject



Operations APs Governance Capital Adequacy



2. Prudential

In 2017, financial reviews of APs totaled 1,099, registering a decrease of 2.0% from last year. Further, the number of plans submitted by APs to increase capital adequacy decreased by 58.3% compared to the previous year. The decrease is due to improving the capital adequacy of APs in general, as well as the fact that some APs restructured their capital and wrote-off their losses. This coincided with the issuance of the new Companies Law, which requires companies to take necessary measures to address the accumulated losses so as not to exceed 50% of the paid-up capital rather than the 75% stipulated in the old Law.

► Table (58)

Table (58)

Financial Reviews of APs classified by Type

Type of Review	No. 2016	No. 2017
Periodical Reviews of Financial Prudence	1009	999
Capital Adequacy of APs as Underwriters	15	11
Requests for Subordinated Loan Agreements	2	1
Plans to Raise Capital Adequacy	12	5
Large Exposures	1	0
Audited Financial Statements	83	83
Total	1122	1099

APs Combined Capital Adequacy Positions

Based on securities business activities, APs were classified into two categories to monitor their capital adequacy:

1 APs licensed to engage in dealing, managing, and/or custody activities

The capital adequacy ratio for all APs licensed to engage in dealing, managing, and/or custody activities was 2.13 at the end of 2017, with a total capital base of SR 19658 million, while the minimum for capital requirements was SR 9238 million. ► Table (59).

2 APs Licensed to Conduct Arranging and/or Advising Activities

Prudential Rules require APs, licensed to conduct arranging and/or advising activities, to maintain at all times a shareholder equity of no less than SR 200,000 and a three-month supply of working capital.

The working capital of APs, licensed to conduct arranging and/or advising activities, stood at SR 220 million, and the total excess in working capital amounted to SR 200 million while the average excess in capital reached SR13 million. ► Table (60)



Table (59)

Capital Adequacy Requirements of APs Licensed to Conduct Dealing, Managing, and/or Custody

Indicator	Authorized Persons								Average/Total	
	Bank Affiliate		Local		Regional		International		2016	2017
	2016	2017	2016	2017	2016	2017	2016	2017		
Capital Adequacy Coverage (Times)	2.78	2.39	1.52	1.58	2.09	1.72	10.38	8.89	2.19	2.13
Capital Adequacy Ratio ³³	32.9 %	29.6 %	20.0 %	20.6 %	26.3 %	22.1 %	107.0 %	97.0 %	27.4 %	26.9 %
Capital Base (SR Million)	9016	10330	6758	5543	2261	2078	1445	1707	19480	19658
Minimum Capital Requirements (SR Million) ³⁴	3248	4330	4435	3507	1081	1209	139	192	8903	9238
Credit Risk (SR Million) ³⁵	2463	3581	4046	3149	915	1068	72	119	7496	7918
Market Risk (SR Million) ³⁶	178	141	60	82	64	52	4	5	306	279
Operational Risk (SR Million) ³⁷	607	608	329	276	102	90	63	68	1101	1041

Table (60)

Capital Adequacy Requirements for APs Licensed to Engage in Arranging and/or Advising (SR Million)

Item	2016	2017
Working Capital	242	220
Total Excess in Working Capital	201	200
Average Excess in Capital	13	13

³³ Capital adequacy ratio is presented based on Basel Accords.

³⁴ Represents the value that covers aggregate credit, market, and operational risks.

³⁵ The risk arising from fluctuations in the credit standing of securities issuers, counterparties and any debtors, to which APs are exposed.

³⁶ The risk arising from changes in the volatility of market prices of assets, liabilities and financial instruments, to which APs are exposed.

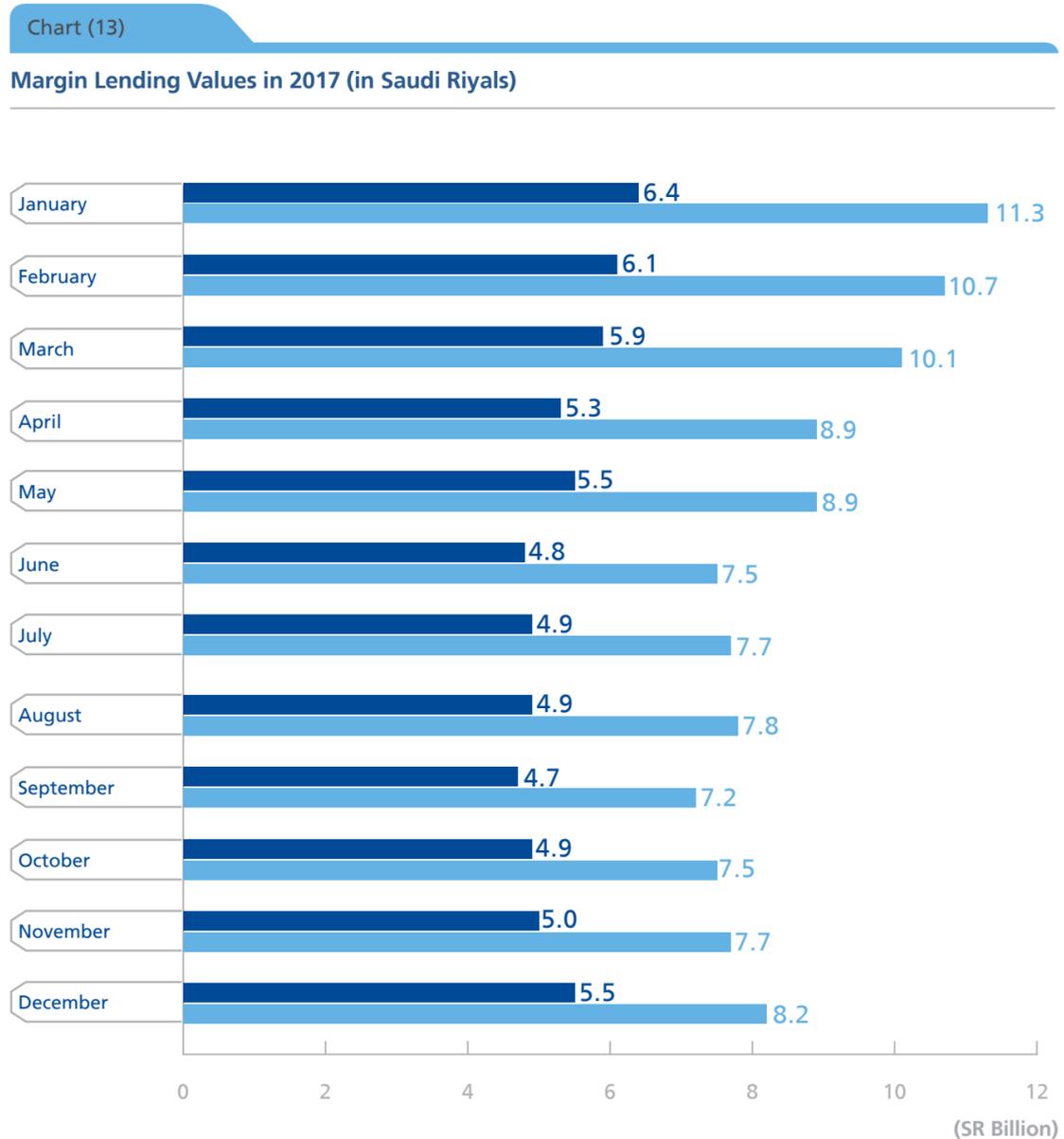
³⁷ The risk arising from deficiency or failure in internal procedures and processes, to which APs are exposed.



3. Margin Lending

By the end of 2017, the total margin lending commitment declined to SR 8.2 billion, 30.5% less than the 2016 figure of SR 11.8 billion. The outstanding balance at the end of 2017 stood at SR 5.5 billion, decreasing by 19.1% compared to SR 6.8 billion in 2016.

▶ Chart (13)



Total outstanding balance

Total margin commitment



4. Requests Received by CMA for Imposing / Removing Attachment and Enforcement

The total number of requests for disclosure, attachment, removal of attachment, and enforcement received by CMA in 2017 was 184,164; the majority of which came from the Ministry of Justice, reaching 183,591 requests. This increase is due to the activation of the electronic connection between CMA and the Ministry of Justice through Nafith System on July 11, 2016.

▶ Table (61)

The number of disclosure and attachment orders electronically received from the Ministry of Justice through the Nafith System reached 116,453 in 2017, an increase of 70.2% compared to the previous year.

▶ Table (62)

Table (61)

Requests Received by CMA for Imposing/ Removing Attachment and Enforcement Classified by Requesting Party

Requesting Party	2016		2017		Change (%)
	No.	Out of Total (%)	No.	Out of Total (%)	
Ministry of Justice	99666	99.7 %	183591	99.7 %	▲ 84.2 %
Other Government Agencies	45	0.0 %	66	0.0 %	▲ 46.7 %
Investors/Heirs	292	0.3 %	507	0.3 %	▲ 73.6 %
Total	100003	100 %	184164	100 %	▲ 84.2 %

Table (62)

No. of Judicial Orders Filed through Nafith System

Type of Order	2016	2017
Disclosure and Attachment	68426	116453
Removal of Attachment	24258	63762
Enforcement	2	46
Total	92686	180261



4. Requests Received by CMA for Imposing/Removing Attachment and Enforcement

The attachment requests formed the largest number of requests received by CMA in 2017, amounting to 63.3% of the total number of requests received. The number of requests for removal of attachment increased during the year 2017 by 133.4% compared to the previous year.

► Table (63)

Table (63)

Incoming Requests to CMA Classified by Type

Request Type	2016		2017		Change (%)
	No.	Out of Total (%)	No.	Out of Total (%)	
Disclosure	1916	1.9 %	2463	1.3 %	▲ 28.5 %
Attachment	70037	70.0 %	116529	63.3 %	▲ 66.4 %
Removal of Attachment	27768	27.8 %	64822	35.2 %	▲ 133.4 %
Distribution of Estate	37	0.0 %	29	0.0 %	▲ 21.6 %
Sale	144	0.1 %	200	0.1 %	▲ 38.9 %
Other	101	0.1 %	121	0.1 %	▲ 19.8 %
Total	100003	100 %	184164	100 %	▲ 84.2 %



5. Anti-Money Laundering (AML) and Counter-Terrorist Financing (CTF)

CMA received 696 compliance and AML requests in 2017, an increase of 52.3% compared to the previous year. This is due to the increase in the number of requests received from government agencies regarding money laundering and terrorist financing issues, in implementation of the AML Procedural Guide issued by the Public Prosecution, in addition to the requests of APs to obtain a no objection letter to open investment accounts under the Investment Accounts Instructions.

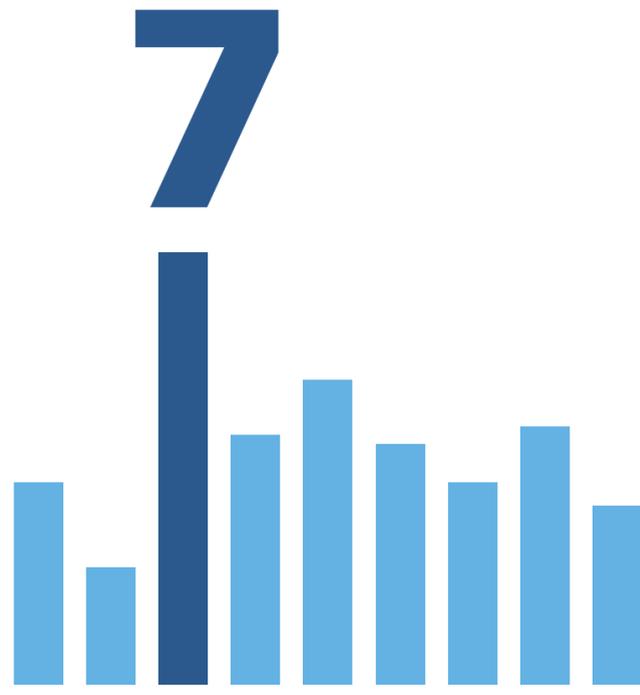
► Table (64)

Table (64)

AML / CFT Activities classified by Requesting Party

Requesting Party	No.		Change (%)
	2016	2017	
Requests from Government Agencies	180	273	▲ 51.7 %
Requests and Inquiries of Authorized Persons	277	423	▲ 52.7 %
Total	457	696	▲ 52.3 %





Section 3

Performance of APs

- 1 Performance Indicators of APs
- 2 Revenue Sources of APs



1. Performance Indicators of APs

By the end of 2017, the total paid-up capital of APs stood at SR 15.4 billion (down by 3.0% year-on-year) with revenues totaling SR 5.1 billion (down by 8.8%). Net profits stood at SR 1.6 billion decreasing by 7.6% compared to 2016. The profits gained by bank affiliate APs amounted to SR 1.5 billion, accounting for 94.6% of APs' total profits realized during 2017.

In order to facilitate the process of reviewing APs' financial statements and comparing them with their counterparts, they were classified according to ownership structure, regional presence, and business type into five categories as follows: bank affiliate, local, regional, international and arranging/advising APs.

► **Table (65)**

Table (65)

APs Indicators (SR Million)

Item	Authorized Persons										Total	
	Bank Affiliate		Local		Regional		International		Arranging and/or Advising			
	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017
Paid-up Capital	5200	5800	6368	5172	2531	2292	1583	1908	240	265	15921	15437
Total Assets	12503	16074	10011	7205	2790	2626	1655	2126	316	311	27274	28342
Total Liabilities	2333	4677	2609	1406	489	434	141	323	34	30	5606	6871
Total Shareholder Equities	10170	11397	7401	5800	2301	2192	1514	1802	281	281	21668	21472
Revenues	3524	3376	1456	1033	264	308	268	296	82	88	5594	5101
Net Profits/Losses	1589	1504	170	98	- 38	- 32	- 3	8	3	12	1721	1590



2. Revenue Sources of APs

APs revenues from the asset management activity amounted to SR 2,283.3 million representing 44.8% of the total revenues of APs. While revenues from the dealing activity amounted to SR 1,083.2 million by the end of 2017.

► **Table (66)**

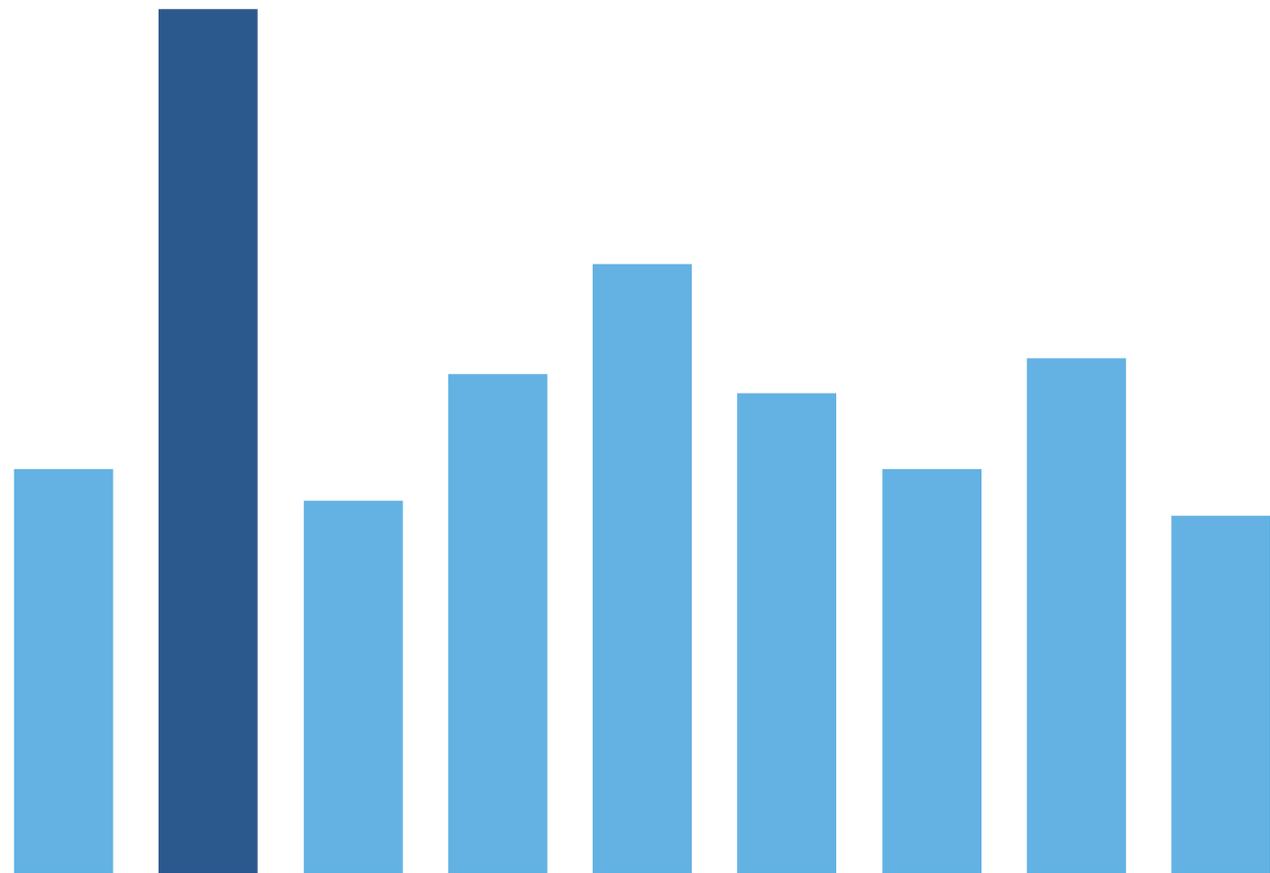


Table (66)

Distribution of APs Sources of Revenue (SR Million)

Sources of Revenues	Authorized Persons										Total	
	Bank Affiliate		Local		Regional		International		Arranging and/or Advising			
	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017
Dealing	1237.3	955.9	85.1	67.4	23.9	24.1	34.3	35.9	0	0	1380.7	1083.2
Asset Management	1357.0	1565.0	502.9	528.7	174.2	158.6	14.9	31.0	0	0	2049.0	2283.3
Investment Banking Services	492.0	366.5	229.6	167.0	39.8	56.7	20.7	21.3	56.1	59.5	838.2	671.0
Investments	327.6	365.9	244.1	221.8	- 7.4	27.4	14.1	11.4	2.6	1.9	581.0	628.3
Other	110.0	122.6	394.2	48.2	33.4	41.2	184.0	196.8	23.2	26.7	744.8	435.5
Total	3,524.0	3,375.8	1,456.0	1,033.0	264.0	308.0	268.0	296.4	81.8	88.1	5,593.7	5,101.3

8



Chapter Eight

CMA Financial Disclosure

- 1 Independent auditors' report
- 2 Statement of financial position
- 3 Statement of financial performance
- 4 Statement of cash flows
- 5 Statement of changes in net assets
- 6 Notes to the financial statements



1. Independent auditors' report



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Correspondent of
MAZARS

To His Excellency,
the chairman and board members

(Capital Market Authority)

Riyadh, Kingdom of Saudi Arabia

Opinion...

We have audited the financial statements of Capital Market Authority ("the Authority"), which comprise the financial position as at 31 December 2017, the statements of financial performance, cash flows and changes in net assets for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Authority as at 31 December 2017, and its financial performance and its cash flows for the year then ended in accordance with generally accepted accounting standards as issued by Saudi Organization for Certified Public Accountants (SOCPA).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Authority in accordance with the professional code of conduct and ethics that are endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with generally accepted accounting standards as issued by SOCPA, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Authority or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Authority's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. 'Reasonable assurance' is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Authority to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation..

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit of Capital Market Authority ("the Authority").

KPMG Al Fozan & Partners Certified Public Accountants

Abdullah Hamad Al Fozan
License No.: 348



Riyadh, 26 March 2018G

Corresponding to: 9 Rajab1439H

Alkharashi & Co. Certified Public Accountants

Suleiman Abdullah Alkharashi
License No.: 91



**2. STATEMENT OF FINANCIAL POSITION**

For the year ended 31 December 2017
(Saudi Riyals)

	Note	2017	2016
ASSETS			
Current assets			
Cash and cash equivalents	4	1.714.966.815	1.392.732.890
Trade receivables	5	13.109.712	17.305.894
Prepayments and other current assets	6	67.347.193	78.647.768
Total current assets		1.795.423.720	1.488.686.552
Non-current assets			
Projects under construction	7	1.710.641.795	1.716.473.852
Property and equipment, net	8	593.764.229	555.736.298
Total non-current assets		2.304.406.024	2.272.210.150
Total assets		4.099.829.744	3.760.896.702
LIABILITIES			
Current liabilities			
Trade payables	9	12.415.187	1.371.408
Accruals and other current liabilities	10	70.478.075	64.224.251
Total current liabilities		82.893.262	65.595.659
Non-current liabilities			
Employees' end of service benefits	11	196.906.747	180.674.696
Total non-current liabilities		196.906.747	180.674.696
Total liabilities		279.800.009	246.270.355
Net assets		3.820.029.735	3.514.626.347
Expenditure reserve	12	643.494.511	612.977.784
General reserve	12	1.071.472.304	779.755.106
Accumulated surplus of revenue over expenses	13	2.105.062.920	2.121.893.457
		3.820.029.735	3.514.626.347

The accompanying notes (1) through (21) form an integral part of these financial statements.

**3. STATEMENT OF FINANCIAL PERFORMANCE**

For the year ended 31 December 2017
(Saudi Riyals)

	Note	2017	2016
Revenue			
Stock trading commission	14	536.886.951	495.145.702
CMA services related to other services of Tadawul	14	130.414.929	103.850.022
CMA services and activities		19.257.462	19.041.595
Violations of capital market law and its implementing regulations		139.802.598	114.935.559
Total revenue		826.361.940	732.972.878
Expenses			
Salaries and employees' related benefits	16	382.821.094	391.916.301
Employees training and scholarships		41.889.055	43.596.234
Professional and consultancy fees		10.589.407	22.780.715
General and administrative expenses	17	89.955.510	78.022.100
Depreciation		25.364.725	18.162.623
Total expenses		550.619.791	554.477.973
Surplus from main operations		275.742.149	178.494.905
Deposit Income and other expenses ,Net	18	29.661.239	30.227.975
Net surplus of revenue over expenses for the year		305.403.388	208.722.880

The accompanying notes (1) through (21) form an integral part of these financial statements.



4. STATEMENT OF CASH FLOWS

For the year ended 31 December 2017
(Saudi Riyals)

	Note	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES			
Net surplus of revenue over expenses		305.403.388	208.722.880
Adjustments to reconcile net surplus of revenue over expenses for the year with net cash from operating activities:			
Depreciation		25.364.725	18.162.623
Loss from disposal of property and equipment		661.803	374.941
Employees' end of services		34.389.548	33.241.825
Deposit income		(30.834.349)	(32.954.282)
Changes in operating assets and liabilities:			
Trade receivables		4.196.182	(3.813.245)
Prepayments and other current assets		10.880.026	(15.223.854)
Trade payables		11.043.779	(542.546)
Accruals and other current liabilities		2.033.989	(4.006.523)
Employees' end of services paid		(18.157.497)	(15.390.414)
Deposit income received		31.254.898	28.161.816
Net cash provided from operating activities		376.236.492	216.733.221
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property and equipment and projects under construction		(54.124.218)	(19.052.308)
Proceeds from disposal of property and equipment		121.651	160.159
Net cash used in investing activities		(54.002.567)	(18.892.149)
Net increase in cash		322.233.925	197.841.072
Cash and cash equivalents at beginning of the year		1.392.732.890	1.194.891.818
Cash and cash equivalents at end of the year		1.714.966.815	1.392.732.890
Non-cash supplemental information			
Additions in projects under construction		4.219.835	832.308
Additions transferred from projects under construction progress to property and equipment		61.302.923	12.453.307
Uncollected deposit income		8.017.019	8.437.568

The accompanying notes (1) through (21) form an integral part of these financial statements.



5. STATEMENT OF CHANGES IN NET ASSETS

For the year ended 31 December 2017
(Saudi Riyals)

	Expenditure reserve	General reserve	Surplus cash	Accumulated surplus revenue over expenses	Total
Balance at 1 January 2016	608.808.078	586.083.740	-	2.111.011.649	3.305.903.467
Net surplus of revenues over expenses	-	-	-	208.722.880	208.722.880
Beginning reserves transferred to accumulated surplus of revenues over expenses	(608.808.078)	(586.083.740)	-	1.194.891.818	-
Accumulated cash surplus during the year	-	-	1.392.732.890	(1.392.732.890)	-
Transferred to expenditure reserve	612.977.784	-	(612.977.784)	-	-
Transferred to general reserve	-	779.755.106	(779.755.106)	-	-
As at 31 December 2016	612.977.784	779.755.106	-	2.121.893.457	3.514.626.347
Balance at 1 January 2017	612.977.784	779.755.106	-	2.121.893.457	3.514.626.347
Net surplus of revenues over expenses	-	-	-	305.403.388	305.403.388
Beginning reserves transferred to accumulated surplus of revenues over expenses	(612.977.784)	(779.755.106)	-	1.392.732.890	-
Accumulated cash surplus during the year	-	-	1.714.966.815	(1.714.966.815)	-
Transferred to expenditure reserve	643.494.511	-	(643.494.511)	-	-
Transferred to general reserve	-	1.071.472.304	(1.071.472.304)	-	-
As at 31 December 2017	643.494.511	1.071.472.304	-	2.105.062.920	3.820.029.735

The accompanying notes (1) through (21) form an integral part of these financial statements.



6. NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

1 ORGANIZATION AND ACTIVITIES

Capital Market Authority "CMA" was established based on "Capital Market Regulations" according to Royal Decree No. (M/30) dated 2 Jumada al thani 1424H corresponding to 1 August 2003 which states that an organization should be established in Saudi Arabia under the name of "Capital Market Authority". The organization was established and proceeded with carrying out the duties assigned to it according to Royal Decree No. (A/114) dated 13 Jumada alawal 1425H corresponding to 1 July 2004 appointing the board of CMA.

CMA is a government organization financially and administratively independent linked directly to the Prime Minister. CMA is entrusted with issuing required rules, regulations and guidelines and implementing the provisions of the Capital Market Law with the objectives of:

- Regulating and developing the financial market.
- Regulating issuing, monitoring and dealing with financial instruments.
- Regulating and monitoring the work and activities of entities subject to the supervision and control of the CMA.
- Protecting investors and the public from unfair and unsound practices.
- Maintaining fairness, efficiency, and transparency in transactions of securities.
- Regulating and monitoring full disclosure of information related to securities and issuers.
- Regulating the authorizing, buying and public offering of shares.

Based on the CMA Board decision No. 02/05/2004 dated 23 Jumada al thani 1425H corresponding to 9 August 2004, the fiscal year of CMA begins on the eleventh day of Capricorn month (based on the Loner Hijri calendar) each year (corresponding to January 1) and ends on the tenth day of the next fiscal year Capricorn month (corresponding to 31 December).



2 BASIS OF PREPARATION

Statement of compliance:

The accompanying financial statements have been prepared in accordance with the generally accepted accounting standards in the Kingdom of Saudi Arabia issued by the Saudi Organization for Certified Public Accountants (SOCPA). The International Public Sector Accounting Standards (IPSAS) were referred to as a guidance in the presentation of the main financial statements to reflect the activity and circumstances of the Authority. No amendment was made to the Saudi Standards applied in the preparation of these financial statements.

Basis of measurement

The financial statements have been prepared on the historical cost basis using the accrual basis of accounting and the going concern concept.

Functional and presentation currency

These financial statements are presented in Saudi Arabian Riyals (SR) which is the functional and presentation currency.

Use of estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.



6. NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in the financial statements.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, current accounts and deposits with banks and other short-term highly liquid investments with original maturities of three month or less and can be called at any time without significant change in value, if any, which are available without any restrictions.

Accounts receivable

Accounts receivable are stated at original invoice amount, in accordance with the CMA regulations. Pursuant to article 15, any due amounts from others are considered to be public funds, and have the same treatment of debts due to Public Treasury, and are collected according to the procedures for the collection of debts due to the Public Treasury.

Property, plant and equipment

Property, plant and equipment are measured at cost, less accumulated depreciation and accumulated impairment loss. Cost includes expenditure that is directly attributable to the acquisition of the asset. Finance costs on borrowings to finance the construction of the assets are capitalized during the period of time that is required to complete and prepare the asset for its intended use.

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the item of property, plant and equipment. All other expenditure is recognized in the income statement when incurred.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of individual item of property, plant and equipment. The estimated useful lives of assets will be depreciated as follow:

	Years
 Buildings	33.33
 Decorations	5
 Office furniture and equipment	5–10
 Motor vehicles	4
 Computer software and hardware	3–5



Trade payable and accruals

Liabilities are recognized for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Provisions

A provision is recognized if, as a result of past events, the CMA has a present legal or constructive obligation that can be estimated reliably, and it is probably that an outflow of economic benefit, will be required to settle the obligation.

Employees' end of service benefits

Provision for end of service benefits is calculated based on one month for each of the first five years of employment and a month and a half for year six onwards according to the CMA Board decision No. 3/113/2005 dated 14 November 2005. The provision is charged to the statement of financial performance during the financial period. The liability is calculated at the current value of the vested benefits to which the employee is entitled, should his services be terminated at the balance sheet date.

Reserves

According to the article fourteen of CMA Regulations, the CMA is required to transfer the surplus cash from its resources to the Ministry of Finance after the deduction of all current and capital expenditures that is needed (expenses reserve), and the CMA shall maintain a general reserve equal to twice the total expenditure set out in the previous annual budget (general reserve).

Revenue recognition

The CMA's share of shares trading revenue are recorded based on the notifications which are received from the Saudi Stock Market Company ("Tadawul"). Tadawul's revenue is recognized when services are rendered and billed to clients on accruals basis.

Other revenue of the CMA is recognized on accrual basis, with the exception of violations of the capital market law and implementing regulations which are recorded upon collection due to uncertainty surrounding receipt until collection is actually made.

GENERAL AND ADMINISTRATIVE EXPENSES

Expenses include all direct and indirect expenses as required by generally accepted accounting standards.

Foreign currency

The CMA maintains its accounts in Saudi Riyals. Transactions denominated in foreign currencies are translated into Saudi Riyals at exchange rates prevailing at the dates of such transactions. Monetary assets and liabilities denominated in foreign currencies are translated in Saudi Riyals at the exchange rates prevailing at the financial position date. All profits and losses resulted from payments or transfers of foreign currency are recognized in the statement of financial performance.



6. NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

4 CASH AND CASH EQUIVALENTS

	2017	2016
Cash at bank on current accounts	13.966.815	19.732.890
Time deposits *	1.701.000.000	1.373.000.000
	1.714.966.815	1.392.732.890

Time deposits represent balances deposited with local banks at the date of financial statements for a period ranging between two to nine months which can be recalled without any cost or restrictions at variable interest rates. Total revenue of deposits amounting to SR 30.8 million has been recognized in statement of financial performance during the period ended 31 December 2017 (2016: SR 32.9 million).



5 TRADE RECEIVABLE

	2017	2016
Saudi Stock Market Company (Tadawul)	11.881.482	16.358.163
Others	1.228.230	947.731
	13.109.712	17.305.894

The balance due from Tadawul (Related party) mainly represents the CMA's share of the fees and trading commissions which had not been processed at the financial position date, in addition to invoices for fees and commissions on stock trading issued and collected by Tadawul.

In accordance to CMA's Regulations and pursuant to Article 22, Tadawul is subject to supervision of CMA in addition to organizational relationship which represent the following:

- The Saudi Arabian Exchange is managed by a Board of Director that consists of nine members appointed through a decision of the Council of Ministers and through a nomination of the Chairman of CMA, in which they chose among them a Chairman of the Board and Vice Chairman of the Board. The term of the Board membership is three years with an option to renew.
- Regulations and guidelines approved by CMA's Board identify the procedures relating to the holding of meetings of Tadawul Board and the way resolutions are made therein, conduct of the Board, terms of reference and tasks assigned to each of the Chairman and the Director, and all related administrative and financial matters.
- The Board of Tadawul appoints a director after taking the approval of CMA's Board. The appointed director is prohibited from doing any governmental or commercial work, or have an interest in or ownership of any brokerage firm in Tadawul. The director is relieved of his post through a decision of the Tadawul Board.

The significant transactions with Tadawul and related amounts during the two financial Years ended were as follows:

	Relationship	2017	2016
CMA's revenue collected through Tadawul	Supervisory & regulatory relationship	673.206.819	595.796.730
Payments on behalf of CMA	Supervisory & regulatory relationship	290.889	-
Payments on behalf of Tadawul	Supervisory & regulatory relationship	-	835.548



6. NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

6 PREPAYMENTS AND OTHER CURRENT ASSETS

	2017	2016
Employees' loans	31.739.387	27.590.590
Prepaid expenses	20.250.908	24.686.483
Accrued revenue	8.017.019	12.466.645
Advances to suppliers	4.656.804	11.450.617
Deposits with others	328.250	636.465
Other receivables	2.354.825	1.816.968
	67.347.193	78.647.768

7 PROJECTS IN PROGRESS

	Balance as at 1 January 2017	Additions during the year	Transferred to property and equipment	Balance as at 31 December 2017
Advance payments for land (A)	187.143.446	-	-	187.143.446
Advances to contractors (B)	294.543.844	-	-	294.543.844
CMA headquarters at King Abdullah Financial District (KAFFD) (C)	1.297.162.592	-	-	1.297.162.592
Furniture at CMA headquarters at (KAFFD)	694.568	-	-	694.568
Furniture	7.233.679	45.616.174	(45.462.848)	7.387.005
Computers, programs and others	17.918.756	9.854.692	(15.840.075)	11.933.373
Less:				
Contractors retentions	(88.223.033)	-	-	(88.223.033)
	1.716.473.852	55.470.866	(61.302.923)	1.710.641.795



A) The advance payments for lands, which amounted to SR 187 million represent the cost of project land to construct the CMA headquarters and the Finance Academy at King Abdullah Financial District, SR 170 million was paid in cash to the Public Pension Agency (PPA) and SR 17 million, which is the cost of the general outline of the project, was paid by the CMA on behalf of the PPA.

B) The advances to the contractors amounting to SR 295 million represents payments made to consultants and contractors who have been assigned to the construction of a CMA building at the King Abdullah Financial Center in which its ownership has been transferred to Public Pension Agency. Based on the above, the obligations related to the contractors have been deducted as a performance guarantee bond amounting to SR 88 million.

C) Details of the cost of the headquarters of the CMA at King Abdullah Financial District are as follows:

	2017	2016
Construction work	1.026.812.552	1.026.812.552
Design and consultancy	253.242.237	253.242.237
Others	17.107.803	17.107.803
	1.297.162.592	1.297.162.592

On 1 Dhu'l-Hijjah 1433H corresponding to 17 December 2012 the royal Decree No. 51728 stipulated transferring the ownership of the CMA headquarters building under construction at King Abdullah Financial District (KAFFD) to the PPA to be added to buildings owned and managed by PPA at KAFFD. The CMA was given the option to either rent or own the space it requires at the finalization of construction. A joint committee from CMA, PPA and an independent specialist party was formed to reach a proper settlement.

On 14 Rabi' al-Awwal 1434H corresponding to 26 January 2013, the agreement between PPA and CMA was concluded

through the joint committee appointed by the two parties in addition to (an independent specialist party). The two parties agreed, as stipulated by the Royal Decree, to transfer the building ownership from CMA to PPA as at 14 November 2012 and to transfer all CMA's rights, benefits, responsibilities and obligations related to the project to PPA.

For the period from the beginning of the project up to the end of 14 November 2012, CMA will be responsible for all administration and payments issues related to the project during that period. The parties shall sign the final purchase agreement at the initial delivery of the project (the purchase price of the space

allocated to CMA is 33% of the total project cost) for the floors 52 to 73 in the building. If the costs borne by CMA exceed the cost of the allocated space that it will own, PPA will pay the difference to CMA, and vice versa, with exception of the amounts spent by CMA to prepare the twenty floors amounting to SR 695 K as at 31 December 2017 (2016:SR 695 K).

Due to the transfer of ownership of the king Abdullah Financial District from the Public Pension Agency to the Public Investment Fund, the Authority coordinates with the fund directly as the new owner of the project.



6. NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017
(Saudi Riyals)

8 PROPERTY AND EQUIPMENT

	2017								
	Lands	Buildings		Decorations and Improvements	Furniture and Office Tools	Motor Vehicles	Computers and Programs	Total	2016
Cost									
1 January 2017	412.046.635	132.300.020		62.648.812	60.704.934	3.168.950	114.441.875	785.311.226	774.709.916
Additions	-	-		184.000	374.716	400.000	1.914.470	2.873.186	3.852.825
Transferred from projects under construction	-	-		26.558.667	19.124.125	-	15.620.131	61.302.923	12.453.307
Disposals	-	-		(5.691.424)	(4.359.443)	(1.110.000)	(3.243.670)	(14.404.537)	(5.704.822)
At 31 December 2017	412.046.635	132.300.020		83.700.055	75.844.332	2.458.950	128.732.806	835.082.798	785.311.226
Accumulated depreciation									
1 January 2017	-	19.514.252		58.055.524	53.896.910	2.693.949	95.414.293	229.574.928	216.582.027
Depreciation for the year	-	3.969.001		4.427.062	3.638.970	145.833	13.183.859	25.364.725	18.162.623
Disposals	-	-		(5.418.038)	(4.213.552)	(759.999)	(3.229.495)	(13.621.084)	(5.169.722)
At 31 December 2017	-	23.483.253		57.064.548	53.322.328	2.079.783	105.368.657	241.318.569	229.574.928
Net book value:									
31 December 2017	412.046.635	108.816.767		26.635.507	22.522.004	379.167	23.364.149	593.764.229	
31 December 2016	412.046.635	112.785.768		4.593.288	6.808.024	475.001	19.027.582		555.736.298

*On 29 Safar 1438H corresponding to 29 November 2016, the Authority received a letter for transfer of ownership of the Authority's land located in Jeddah from the Authority to the Ministry of Finance (State Property Department) amounting to SR 297 million. Transfer of ownership to the Ministry of Finance not yet finalized till the date of financial statement.



6. NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017
(Saudi Riyals)

9 TRADE PAYABLES

	2017	2016
Suppliers of services	5.453.186	928.598
Others	6.962.001	442.810
	12.415.187	1.371.408

10 ACCRUALS AND OTHER CURRENT LIABILITIES

	2017	2016
Employees accruals	48.969.495	44.836.907
Accrued expenses	10.064.969	9.659.552
Deferred revenue	5.829.188	8.462.241
Others	5.614.423	1.265.551
	70.478.075	64.224.251

11 EMPLOYEES' END OF SERVICES BENEFITS

	2017	2016
Balance at 1 January	180.674.696	162.823.285
Provided during the year	34.389.548	33.241.825
Paid during the year	(18.157.497)	(15.390.414)
Balance at 31 December	196.906.747	180.674.696

12 RESERVES

Pursuant to Article 14 of CMA's Regulations, CMA has established an Expenditure Reserve and a General Reserve at the end of the financial year ended 31 December 2017, as follows:

- At the end of the financial year and before transfer of the surplus resources to the Ministry of Finance, CMA establishes an Expenditure Reserve equivalent to the value of the estimated expenses which are expected to be incurred by CMA in the next year of the financial statements. Accordingly, the Expenditure reserve has been established during the financial year ended 31 December 2017 in the amount of SR 643,5 million (2016: SR 613 million).
- Also General Reserve is established equivalent to double its expenditure during the current year. As there is deficit in establishing reserves, CMA established a General Reserve by the difference between the Expenditure Reserve and cash surplus at the end of the year, and no amount has been transferred to Ministry of Finance, as follows:

	2017	2016
Cash for the year as at 31 December	1.714.966.815	1.392.732.890
Less:		
Expenditure Reserve Charged	(643.494.511)	(612.977.784)
General Reserve balance for the year as at 31 December	1.071.472.304	779.755.106
General Reserve according to regulation	(1.080.576.794)	(1.117.015.956)
Deficit in establishing General Reserve.	(9.104.490)	(337.260.850)



6. NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017
(Saudi Riyals)

13

ACCUMULATED SURPLUS OF REVENUE OVER EXPENSES

Total accumulated surplus of revenues over expense (before transferring to reserves) as at 31 December 2017 amounted to SR 3,820,029,735 (2016: SR 3,514,626,347), while the cash surplus, representing in Cash and cash equivalents balance amounted to SR 1,714,966,815 (2016: SR 1,392,732,890). Pursuant to Article "14" of the Capital Market Law, CMA has established Expenditure Reserve amounted to SR 643,494,511 (2016: SR 612,977,784).

Accordingly after the establishing of these reserve the balance of accumulated surplus of revenues over expenses (non-cash) amounted to SR 2,105,062,920 (2016: SR 2,121,893,457).

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STOCK TRADING COMMISSION & CMA SERVICES RELATED TO OTHER SERVICES OF TADAWUL

The Authority's share was previously determined as 50% of the total trading revenues of Tadawul including both stock trading commission and other related services based on the governmental decisions issued in this regard. It was approved by the Chairman of the Capital Market Authority and the CMA Board on 25 Jumada Al-Ula 1427H corresponding to 21 June 2006 as per Resolution No. (1-30-2010) dated 3 Thul Hijjah 1431H corresponding to 9 November 2010.

a) Stock trading commission

The CMA Board amended its share trading revenue from 0.9 basis points to 4.1 basis points as per resolution No. (2-82-2016) dated 21 Ramadan 1437H corresponding to 26 June 2016.

The CMA Board amended its share trading revenue from 4.1 basis points to 3.2 basis points as per resolution No. (4-153-2016) dated 26 Rabi'al-Awwal 1438H corresponding to 25 December 2016.

b) CMA services related to other services of Tadawul

The CMA Board also amended its share of other related services except the trading commission from 50% to be a fixed amount of 130 SR Million per year as per resolution No. (1-3-2017) dated 11 Rabi'Al-Thani 1438H corresponding to 9 January 2017.



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AWARENESS PROGRAM FOR EXCHANGE MARKET

The CMA Board has approved to designate 0.2 basis points of CMA's share of the trading commission income to financing the CMA activities related to the Awareness program for Exchange Market to raise the financial, savings and investment culture of investors, develop the control systems of trading by authorized persons and to contribute to the establishment and operation of the financial academy to be established as per resolution No. (2-20-2017) dated 25 Jumada al-Ula 1438H corresponding to 22 February 2017.

Also the CMA Board has approved the Working rules of the financing committee of the Awareness program for the Exchange Market. As at 31 December 2017 the revenue amount allocated to the Awareness program amounted to SR 25,984,669. The amount associated with the program expenditure amounted to SR 9,978,328 while as at that date the actual expenditure amounted SR 4,223,000.



6. NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017
(Saudi Riyals)

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SALARIES AND EMPLOYEES RELATED BENEFITS

	2017	2016
Salaries	152.456.886	146.861.858
Employees' benefits	84.805.869	80.066.736
Employees' bonuses	32.668.732	27.783.006
End of service benefit	34.389.548	33.241.825
Medical insurance	24.751.027	24.589.273
Social insurance	21.777.345	21.313.350
CMA's share in savings program	17.417.446	17.286.069
Business trips and seminars	5.504.903	4.890.884
Others	9.049.338	35.883.300
	382.821.094	391.916.301

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GENERAL AND ADMINISTRATIVE EXPENSES

	2017	2016
General services and maintenance	32.345.589	30.240.981
Rent	19.703.657	11.560.221
Subscription	6.670.394	10.136.672
New graduate program	6.268.132	6.466.221
Committee's members' fees	5.557.068	5.345.566
Capital Market Academy Expense	4.223.000	-
Telephone, postage and internet	4.370.381	2.850.130
Hospitality	2.433.201	2.564.900
Public relations	2.261.847	2.131.702
Operational contracts expenses	2.292.836	3.582.333
Media expenses and investors awareness	1.868.159	1.608.850
Others	1.961.246	1.534.524
	89.955.510	78.022.100

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DEPOSIT INCOME AND OTHER EXPENSES

	2017	2016
Deposit Income	30.834.349	32.954.282
Capital losses from disposal of property and equipment	(661.803)	(374.941)
Others	(511.307)	(2.351.366)
	29.661.239	30.227.975



6. NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017
(Saudi Riyals)

19 CAPITAL COMMITMENTS

As at 31 December 2017, capital commitments of CMA amounted to SR 23.5 million, as total value of projects contracts amounted to SR 93.4 million, part of which paid amounted SR 69.9 million (2016: SR 18.5 million).

20 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Credit risk

Credit risk is the risk that other parties will fail to discharge their obligations and cause the organization to incur a financial loss. Financial instruments that subject the CMA to concentrations of credit risk consist primarily of bank balances and accounts receivable balances. The CMA deposits its cash balances with high credit-rated financial institutions, and the accounts receivable balance is due from a related party and other parties with high financial profiles and therefore there is no significant credit risk.

Commission rate risk

Commission rate risk is the risk that a movement in commission rates would have an adverse effect on the value of assets and liabilities or would affect commission cash flows. The CMA is not exposed to any risks related to fluctuations in commission rates, as it does not have any assets or liabilities subject to commissions.

20 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The CMA believes that it is not susceptible to a high risk of exchange rate fluctuations as most transactions are in Saudi Riyals. The CMA didn't perform any major transactions in foreign currencies other than the U.S. dollar. Since the Saudi Riyal exchange rate is fixed against the U.S. dollar, the U.S. dollar balances do not represent a significant currency risk. Management of CMA monitors fluctuations in foreign currency exchange rates and believes that the currency risk is not significant.

Fair value

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The financial assets include cash and bank balances, receivables and other assets, and financial liabilities include accounts payable, contractor balances and other liabilities. Management does not believe that the fair values of the CMA's financial assets and liabilities differ materially from their carrying values.

Liquidity risk

Liquidity risk is the risk that the CMA will not be able to meet its obligations related to financial liabilities when they become due. Liquidity needs are monitored periodically and the Management ensures the availability of sufficient funds to meet any obligations when due. The CMA does not expect to face significant risks relating to liquidity during the twelve months from the date of the financial position.

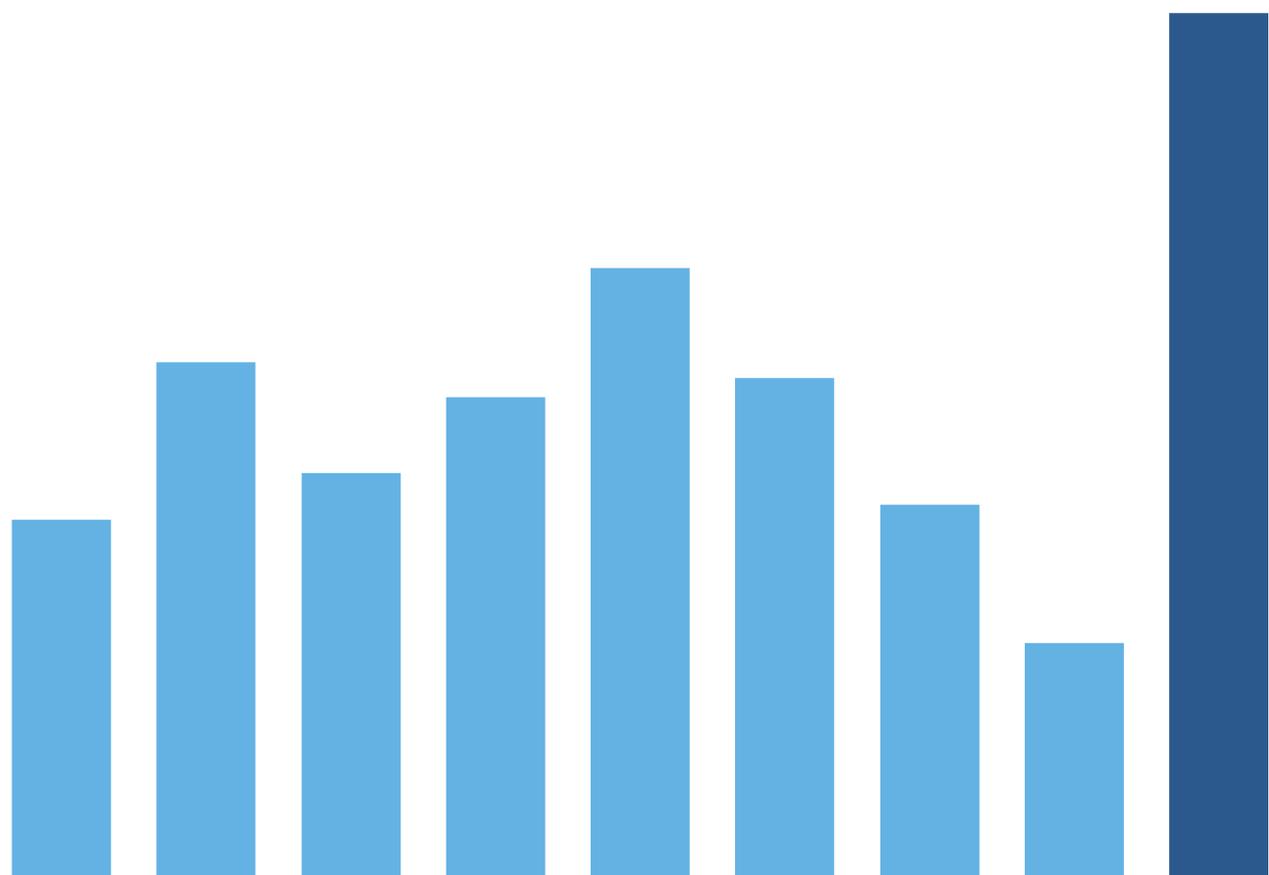
21 APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the Board of Directors of CMA on 9 Rajab 1439H, corresponding to 26 March 2018.

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Chapter Nine

Statistical Appendix



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Table (1)

Number of Applications for Securities Offerings and Corporate Actions Approved by CMA and Private Placement Notifications Received

Year	Initial Public Offering	Private Placement	Debt Instrument Public Offering	Rights Issues Offering	Acquisition	Capital Reduction	Bonus Shares
2006	10	-	1	3	3	1	21
2007	27	1	2	4	1	1	18
2008	13	19	1	5	1	-	17
2009	13	64	2	3	1	-	13
2010	7	93	1	1	-	1	4
2011	6	74	2	5	1	1	10
2012	8	90	1	3	1	1	22
2013	5	115	2	1	1	-	18
2014	5	118	-	10	1	-	24
2015	5	198	1	4	0	1	20
2016	3	208	0	3	1	5	10
2017	10	202	0	1	2	15	11

Table (2)

Total Amounts (SR Billion) Raised from Securities Offerings by Type

Year	Initial Public Offering	Share Private Placement	Rights Issues Offering	Debt Instrument Public Offering	Total
2006	10.5	-	7.2	3.0	20.7
2007	22.6	0.8	3.8	13.0	40.2
2008	36.4	6.7	22.5	5.0	70.6
2009	3.9	17.9	1.4	7.7	30.9
2010	3.8	19.1	0.4	7.0	30.3
2011	1.7	10.0	4.5	5.6	21.8
2012	5.3	33.3	7.4	0.2	46.2
2013	2.0	50.3	0.2	7.5	60.0
2014	25.2	33.6	5.8	4.5	69.1
2015	4.2	23.8	2.3	3.9	34.2
2016	2.8	24.9	0.9	0	28.6
2017	3.9	31.8	0.4	0.0	36.1

Table (3)

Number of Individual Subscribers (in Millions) to IPOs by Subscription Channel

Year	Phone Banking	Internet Banking	Bank Branches	ATMs	Other	Total
2006	6.1	4.2	11.2	12.0	-	33.5
2007	9.0	5.7	6.2	15.0	-	35.9
2008	12.1	11.0	6.7	28.6	-	58.4
2009	3.1	2.7	1.0	6.1	-	12.9
2010	2.1	2.0	0.8	5.3	-	10.2
2011	0.6	0.9	0.2	1.3	-	3.0
2012	1.4	2.4	1.0	6.4	-	11.2
2013	0.9	2.0	1.1	6.2	-	10.2
2014	1.1	2.5	1.0	6.5	-	11.1
2015	0.5	1.2	0.4	3.0	0.3	5.4
2016	0.2	0.3	0.1	0.9	-	1.5
2017	0.01	0.01	0.00	0.02	0.00	0.05

Table (4)

Individual Subscription Amounts (SR Billion) by Subscription Channel before Returning Oversubscribed Amounts

Year	Phone Banking	Internet Banking	Bank Branches	ATMs	Other	Total
2006	5.5	3.6	12.0	9.3	-	30.4
2007	8.3	7.7	49.4	13.1	-	78.5
2008	14.4	17.4	18.7	30.8	-	81.3
2009	1.8	1.7	0.6	3.2	-	7.3
2010	1.4	1.6	0.7	3.0	-	6.7
2011	0.5	1.1	0.4	1.0	-	3.0
2012	1.2	3.5	1.7	4.6	-	11.0
2013	0.6	1.7	0.8	3.5	-	6.6
2014	4.2	37.5	269.5	6.6	-	317.8
2015	0.7	2.3	1.1	2.3	0.3	6.7
2016	0.3	1.0	0.7	0.7	-	2.7
2017	0.01	0.05	0.03	0.03	0.00	0.12

Table (5)

Number of Public Offer Investment Funds by Type of Investment

Year	Equities	Debt Instruments	Money Markets	Real Estate	Fund of Funds	Balanced	Capital Protected	ETFs	REITs	Other	Total
2007	122	11	49	4	33	-	-	-	-	14	233
2008	135	7	57	4	34	-	-	-	-	25	262
2009	151	6	61	6	30	2	3	-	-	7	266
2010	154	6	56	6	27	2	8	2	-	8	269
2011	150	7	50	10	43	2	5	3	-	5	275
2012	138	9	47	10	43	3	2	3	-	4	259
2013	141	8	45	13	41	2	-	3	-	4	257
2014	150	9	46	11	41	2	-	3	-	4	266
2015	169	9	44	10	30	2	-	3	-	3	270
2016	168	8	44	12	32	2	-	3	1	5	275
2017	161	8	44	11	32	2	0	3	7	5	273

Table (6)

Values of Public Offer Funds' Assets under Management (AUM) (SR Million) by Type of Investment

Year	Equities	Debt Instruments	Money Markets	Real Estate	Fund of Funds	Balanced	Capital Protected	ETFs	REITs	Other	Total
2007	62317.0	808.0	33893.0	1591.0	2363.0	-	-	-	-	4127.0	105,099.0
2008	24824.0	153.0	43035.0	2293.0	1756.0	-	-	-	-	2754.0	74,815.0
2009	29719.0	205.0	54518.0	2237.0	1913.0	115.3	217.5	-	-	635.1	89,559.9
2010	30974.0	218.9	58015.7	1557.4	2677.3	91.2	358.1	74.2	-	773.5	94,740.3
2011	26628.4	241.2	49544.1	2550.6	2715.6	115.6	230.5	117.1	-	50.4	82,193.5
2012	27988.2	637.2	53878.3	2587.4	2731.0	64.2	43.3	107.8	-	30.2	88,067.6
2013	34441.2	563.3	60945.8	4131.1	2797.9	130.5	-	58.7	-	111.3	103,179.8
2014	35585.4	641.9	66381.6	4975.5	2837.2	124.6	-	55.9	-	108.7	110,710.8
2015	33011.6	831.3	61713.3	4430.5	2727.0	91.9	-	35.3	-	57.4	102,898.3
2016	22444.0	848.7	57497.6	3610.3	2584.9	82.5	-	36.5	555.0	176.2	87,835.7
2017	20,980.1	754.1	72,651.5	8,811.9	2,887.7	75.9	0.0	36.0	3,637.0	398.5	110,232.8

Table (7)

Values of Public Offer Funds' Assets under Management (AUM) (SR Million) in Equities Classified Geographically

Year	Local Equities	GCC Equities	Arab Equities	Asian Equities	US Equities	European Equities	Other International Equities	Total
2009	18541.8	1780.4	405.4	1092.8	1072.8	2089.5	4736.3	29719.0
2010	19074.1	1942.1	246.3	1116.8	1162.2	2211.3	5221.2	30974.0
2011	17135.1	1519.5	107.1	810.2	1174.6	1845.2	4036.7	26628.4
2012	17445.2	1632.7	185.0	842.7	1348.2	2191.5	4342.9	27988.2
2013	21331.3	2127.4	196.7	860.6	1763.2	2746	5416	34441.2
2014	22634.1	2342.8	459.5	786.8	2020.1	2662.5	4679.6	35585.4
2015	20024.5	3014.3	306.9	856.0	2003.6	2747.9	4058.5	33011.6
2016	16703.8	2476.1	189.8	690.0	668.3	475.0	1241.0	22444.0
2017	14951.1	1941.5	147.3	909.5	842.4	688.4	1499.9	20980.1

Table (8)

Asset Values of ETFs

ETF Name	Asset Value (SR Million)								
	2010	2011	2012	2013	2014	2015	2016	2017	
Falcom Saudi Equity	51.4	79.2	67.0	26.9	26.9	22.4	20.9	20	
Falcom Petrochemical	22.8	27.7	26.0	12.8	13.0	6.1	7.8	8	
HSBC Saudi 20	-	10.2	14.8	18.9	16.0	6.8	7.8	8	
Total	74.2	117.1	107.8	58.6	55.9	35.3	36.5	36	

Table (9)

Number of Subscribers to Public Offer Funds by Type of Investment

Year	Equities	Debt Instruments	Money Markets	Real Estate	Fund of Funds	Balanced	Capital Protected	ETFs	REITs	Other	Total
2009	275062	137	68398	4484	6523	757	124	-	-	846	356,331
2010	247771	94	60306	3199	6430	646	940	592	-	437	320,415
2011	226204	42	54839	4565	6201	685	849	399	-	121	293,905
2012	212128	249	51758	4565	5845	497	154	332	-	96	275,624
2013	197523	203	49024	5021	5453	440	-	307	-	139	258,110
2014	187426	232	46307	5869	5254	414	-	255	-	274	246,031
2015	181997	207	43430	5455	4996	377	-	249	-	266	236,977
2016	172315	185	39747	5140	4656	351	-	292	1,457	268	224,411
2017	162,697	181	39,817	8,088	4,784	326	-	292	21,921	339	238,445

Table (10)

Most Significant Developments of Surveillance of Trades and Deals

Year	Surveillance System Alerts	Intensive Scans for Trades and Deals Suspected of Violating the CML and its Implementing Regulation	Suspected Violations
2006	-	252	66
2007	-	283	41
2008	34294	968	44
2009	25374	1311	41
2010	20722	1234	42
2011	22303	1331	35
2012	26323	1687	32
2013	26251	1779	43
2014	30824	1974	15
2015	30549	1555	29
2016	31896	2028	51
2017	35561	1395	30

Table (11)

Condensed and Detailed Financial Statements Reviewed and Published on "Tadawul" Website

Year	Condensed Financial Statements	Detailed Financial Statements
2006	418	411
2007	461	466
2008	550	534
2009	624	606
2010	676	665
2011	724	714
2012	760	742
2013	808	789
2014	811	790
2015	841	833
2016	862	840
2017	870	848

Table (13)

Reviewed Annual Financial Statements of Listed Companies with Qualified/Unqualified Audit Opinions

Year	Financial Statements with Unqualified Audit Opinions for the Preceding Year	Financial Statements with Qualified Audit Opinions for the Preceding Year
2006	57	20
2007	70	16
2008	97	14
2009	86	41
2010	97	36
2011	107	38
2012	106	44
2013	113	46
2014	112	51
2015	119	48
2016	117	54
2017	118	56

Table (12)

Reviewed Quarterly Financial Statements of Listed Companies with Qualified/Unqualified Audit Opinions

Year	Quarterly Financial Statements with Unqualified Audit Opinions	Quarterly Financial Statements with Qualified Audit Opinions
2006	61	25
2007	82	29
2008	103	24
2009	94	40
2010	98	40
2011	105	41
2012	107	47
2013	111	49
2014	118	48
2015	117	53
2016	111	62
2017	102	73

Table (14)

Filed CML Violation Cases by Type of Violation

Type	Year										
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Violation of Manipulation and Misleading	14	47	41	38	30	31	39	14	10	23	14
Disclosure Violation	10	28	19	67	63	36	56	244	99	27	1
Insider Trading	-	-	2	3	6	1	2	1	20	31	17
Violation of the Authorized Persons Regulations	7	4	6	54	23	29	23	62	89	81	10
Violation of Ownership/Disposal Percentages without Notifying CMA	19	11	4	3	10	10	7	20	31	2	0
Conducting Securities Business and Investment of Funds without License	45	53	55	39	67	49	39	11	24	13	3
Violation of CMA Board Resolutions	-	1	2	-	2	7	4	7	24	7	1
Violation of the "Offers of Securities Regulations"	-	4	6	2	1	3	6	1	4	0	0
Other Violations of Listing Rules	-	3	3	8	1	1	3	1	2	21	8
Trading during Prohibited Period	3	-	7	17	15	20	39	42	65	19	0
Violation of Corporate Governance Regulations	-	-	9	15	35	41	43	22	30	4	8
Violation of Investment Funds/Real Estate Investment Funds Regulations	-	-	3	7	35	41	20	72	0	16	34
Violation of Prudential Rules	-	-	-	-	-	-	5	27	30	0	0
Violation of Merger and Acquisition Regulations	-	-	-	-	-	-	-	2	0	0	1
Other Violations	-	-	-	-	-	-	1	4	4	0	4
Companies Law	-	-	-	-	-	-	-	-	-	9	78
Total	98	151	157	253	288	269	287	530	432	253	179

Table (15)

Finalized CML Violation Cases Classified by Type

Type of Violation	Year										
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Violation of Manipulation and Misleading	8	8	34	44	29	20	1	5	12	22	15
Disclosure Violation	6	12	28	49	73	67	24	109	210	98	5
Insider Trading	-	-	4	4	4	2	-	2	25	28	28
Violation of Authorized Persons Regulations	1	5	10	25	45	27	3	30	89	112	20
Ownership/Disposal of Percentages without Notifying CMA	18	9	7	12	4	11	7	2	24	28	0
Conducting Securities Business and Investment of Funds without License	25	46	53	37	69	35	12	16	12	28	1
Violation of CMA Board Resolutions	-	-	3	-	1	2	3	8	23	8	2
Violation of the "Offers of Securities Regulations"	-	-	4	3	2	1	2	1	1	0	1
Other Violations of Listing Rules	-	-	6	8	1	1	1	1	2	27	6
Trading during Prohibited Period	-	-	-	19	21	8	16	27	57	65	0
Violation of Corporate Governance Regulations	-	-	8	12	27	51	9	32	26	24	12
Violation of Investment Funds/Real Estate Investment Funds Regulations	-	-	-	7	27	45	6	4	87	14	36
Violation of Prudential Rules	-	-	-	-	-	-	-	12	44	5	0
Violation of Merger and Acquisition Regulations	-	-	-	-	-	-	-	0	2	0	1
Other Violations	-	-	-	-	-	-	-	1	2	2	6
Companies Law	-	-	-	-	-	-	-	-	-	4	78
Total	58	80	157	220	303	270	84	250	616	465	211

Table (16)

Number of Authorization Decisions by Type

Year	New License Issued	Amendment to License	Revocation of License	Cancellation of License
2007	35	6	2	-
2008	34	9	2	2
2009	12	4	6	6
2010	4	13	3	14
2011	3	8	-	16
2012	2	8	-	2
2013	5	5	-	-
2014	2	8	-	3
2015	1	8	-	-
2016	1	4	2	2
2017	5	7	0	2

Table (17)

Number of APs Classified by Possession of Business Commencement Letter

Year	Authorized with Letter to Commence Business	Authorized without Letter to Commence Business	Total
2007	46	34	80
2008	71	39	110
2009	85	25	110
2010	90	7	97
2011	81	3	84
2012	80	4	84
2013	84	5	89
2014	87	1	88
2015	88	0	88
2016	83	0	83
2017	82	4	86

Table (18)

Number of Valid Licenses of Securities Business Activities by Business Commencement Status

Year	Business Commencement Status	Dealing	Managing	Arranging	Advising	Custody
2007	Commenced	51	46	64	68	49
	Not Commenced	-	-	-	-	-
2008	Commenced	67	69	92	97	72
	Not Commenced	-	-	-	-	-
2009	Commenced	57	55	74	78	58
	Not Commenced	10	16	21	21	17
2010	Commenced	63	68	80	82	72
	Not Commenced	2	3	6	6	3
2011	Commenced	60	66	76	76	67
	Not Commenced	1	3	3	2	3
2012	Commenced	56	65	75	75	66
	Not Commenced	2	2	3	3	2
2013	Commenced	56	65	78	77	67
	Not Commenced	4	5	4	6	3
2014	Commenced	56	65	79	81	65
	Not Commenced	2	1	1	1	-
2015	Commenced	61	65	80	81	65
	Not Commenced	2	0	1	0	0
2016	Commenced	61	64	75	74	65
	Not Commenced	0	0	0	0	0
2017	Commenced	60	63	73	73	64
	Not Commenced	4	1	6	5	2

Table (19)

Number of APs Classified by Number of Licensed Securities Business Activities

Year	One Activity	Two Activities	Three Activities	Four Activities	All Activities
2007	6	26	8	4	36
2008	4	38	8	6	54
2009	4	34	8	9	55
2010	3	22	7	10	55
2011	2	12	4	11	55
2012	2	15	5	8	54
2013	2	18	4	9	56
2014	2	22	4	7	53
2015	2	21	5	6	54
2016	2	16	6	8	51
2017	3	15	7	8	53

Table (20)

Number of Inspection Visits/Tasks Carried out by CMA by Type

Year	Cause	Cycle
2007	33	-
2008	51	2
2009	67	5
2010	54	18
2011	82	20
2012	65	77
2013	74	83 ¹
2014	107	54
2015	50	55
2016	43	52
2017	19	42

Table (21)

Actions Taken by CMA on Anti-Money Laundering and Terrorist Financing

Year	Incoming Requests from Government Agencies	Requests and Inquiries of APs
2009	492	18
2010	1067	33
2011	2401	92
2012	1958	47
2013	2819	774
2014	11660	146
2015	128	283
2016	180	277
2017	273	423

¹ Including inspection of the Saudi Stock Exchange (Tadawul)

Table (22)

Consolidated Balance Sheet (Unaudited) – for the Years 2015 – 2017 APs Assets (SR Million)

Item	Bank Affiliate APs			Local APs			Regional APs			International APs			Arranging/ Advising APs			Total		
	2015	2016	2017	2015	2016	2017	2015	2016	2017	2015	2016	2017	2015	2016	2017	2015	2016	2017
Cash and Cash Equivalents	5,560	4,888	4,325	1,211	1,479	990	1,633	1,095	753	1,537	1,527	1,882	248	191	196	10,189	9,180	8,145
Accounts Receivable	317	355	318	2,352	2,441	948	210	149	261	83	74	151	61	62	30	3,022	3,081	1,708
Margin Lending Creditors	2,711	1,864	5,222	259	261	149	9	6	88	0	0	0	0	0	0	2,979	2,131	5,460
Investments	4,731	4,728	5,372	5,268	5,178	4,619	1,589	1,329	1,430	0	0	0	58	39	61	11,647	11,274	11,483
Fixed Assets	165	172	152	201	249	165	123	121	31	18	20	20	13	11	10	520	573	377
Other Assets	411	496	685	875	402	334	136	90	63	46	34	73	12	13	14	1,480	1,035	1,170
Total Assets	13,895	12,503	16,074	10,166	10,010	7,205	3,700	2,790	2,626	1,685	1,655	2,126	392	316	311	29,838	27,274	28,343

Table (23)

Consolidated Balance Sheet (Unaudited) – for the Years 2015 – 2017 APs Liabilities (SR Million)

Item	Bank Affiliate APs			Local APs			Regional APs			International APs			Arranging/Advising APs			Total		
	2015	2016	2017	2015	2016	2017	2015	2016	2017	2015	2016	2017	2015	2016	2017	2015	2016	2017
Accounts Payable and Accrued Expenses	527	388	448	299	271	239	333	67	163	42	39	78	15	9	11	1,216	774	939
Bank Loans	2,451	1,025	3,111	1,582	1,497	490	445	241	154	38	14	123	46	0	0	4,561	2,777	3,877
Subordinated Loans	0	0	0	0	0	0	208	55	0	0	0	0	2	1	0	209	56	0
Zakat and Income Tax	109	157	179	191	210	85	61	49	56	19	22	33	4	4	5	383	442	358
End-of-Service Benefits	310	319	353	89	96	98	31	33	35	18	23	27	6	8	8	454	479	522
Other Accounts Payable Assets	669	444	586	496	535	493	98	43	26	33	43	62	36	13	7	1,333	1,078	1,174
Total Liabilities	4,065	2,333	4,677	2,656	2,609	1,405	1,176	489	434	150	141	323	109	35	31	8,156	5,606	6,870

Table (24)

Consolidated Balance Sheet (Unaudited) – for the Years 2015 – 2017 APs Shareholder Equity (SR Million)

Item	Bank Affiliate APs			Local APs			Regional APs			International APs			Arranging/Advising APs			Total		
	2015	2016	2017	2015	2016	2017	2015	2016	2017	2015	2016	2017	2015	2016	2017	2015	2016	2017
Paid-up Capital	5,200	5,200	5,800	6,518	6,368	5,172	2,531	2,531	2,292	1,583	1,583	1,908	262	240	265	16,094	15,921	15,437
Statutory Reserve	913	1,050	1,211	536	571	479	41	50	55	47	49	58	18	19	20	1,555	1,739	1,823
Retained Earnings	1,671	2,383	2,979	-32	-149	-246	266	-326	-206	-164	-117	-173	2	-9	-16	1,210	1,783	2,338
Profits/Losses for the Period	2,102	1,589	1,504	175	170	98	-26	-38	-32	70	-3	8	-3	3	12	2,317	1,721	1,590
Other Shareholder Equity	-56	-52	-97	313	442	296	244	85	83	0	0	0	4	28	1	506	503	283
Total Shareholder Equities	9,830	10,170	11,397	7,510	7,402	5,799	2,524	2,302	2,192	1,535	1,512	1,801	283	281	282	21,682	21,668	21,471

Table (25)

Investments of APs in 2015-2017 (SR Million)

Item	Bank Affiliate APs			Local APs			Regional APs			International APs			Arranging/Advising APs			Total		
	2015	2016	2017	2015	2016	2017	2015	2016	2017	2015	2016	2017	2015	2016	2017	2015	2016	2017
	Listed Shares	116	82	74	595	341	207	295	55	95	0	0	0	0	0	0	1,005	478
Investment Funds	3,176	2,899	3,243	3,271	3,554	2,988	539	447	524	0	0	0	0	0	0	6,986	6,900	6,756
Debt Instruments	10	111	72	51	39	51	284	286	254	0	0	0	0	0	0	344	436	376
Securitization	0	0	0	0	0	0	6	3	3	0	0	0	0	0	0	6	3	3
Private Equity/ Subsidiaries and Sister Companies	25	25	32	781	611	752	72	153	137	0	0	0	18	17	0	897	807	921
Real Estate	1,405	1,611	1,951	571	633	622	394	385	417	0	0	0	40	22	22	2,409	2,650	3,012
Total	4,731	4,728	5,372	5,268	5,178	4,620	4,840	1,329	1,430	0	0	0	58	39	22	11,647	11,273	11,444

Table (26)

APs Consolidated Income Statement for the Years 2015 – 2017 (Unaudited) (SR Million)

Item	Bank Affiliate APs			Local APs			Regional APs			International APs			Arranging/Advising APs			Total		
	2015	2016	2017	2015	2016	2017	2015	2016	2017	2015	2016	2017	2015	2016	2017	2015	2016	2017
	Dealing	1,640	1,237	956	143	85	67	36	24	24	52	34	36	0	0	0	1,871	1,380
Asset Management	1,686	1,357	1,565	557	503	529	177	174	159	23	15	31	0	0	0	2,444	2,049	2,284
Investment Banking	443	492	366	230	230	167	58	40	57	18	21	21	66	56	59	815	839	670
Advice/ Research	0	0	0	0	0	0	4	1	2	2	0	0	1	0	0	7	1	2
Custody	68	78	109	24	22	17	12	7	9	1	4	11	0	0	0	105	111	146
Investments	245	328	366	205	244	222	15	-7	27	6	14	11	1	3	2	471	582	628
Other Revenues	62	32	14	262	372	32	19	26	30	217	180	186	29	23	27	589	633	289
Revenues	4,144	3,524	3,376	1,421	1,456	1,033	321	264	308	319	268	296	97	82	87	6,301	5,594	5,100
Salaries and Wages	1,240	1,165	1,148	555	564	491	210	199	206	140	141	162	64	52	44	2,208	2,121	2,051
Marketing	22	12	11	63	38	18	4	2	2	3	2	2	1	1	1	94	55	34
Other Expenses	780	758	713	628	684	426	132	101	131	106	128	124	35	26	27	1,682	1,697	1,421
Total Expenses	2,043	1,935	1,872	1,246	1,287	935	346	302	340	249	271	288	100	79	72	3,984	3,874	3,507
Profit/Loss	2,102	1,589	1,504	175	170	98	-26	-38	-32	70	-3	8	-3	3	15	2,317	1,721	1,593



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