

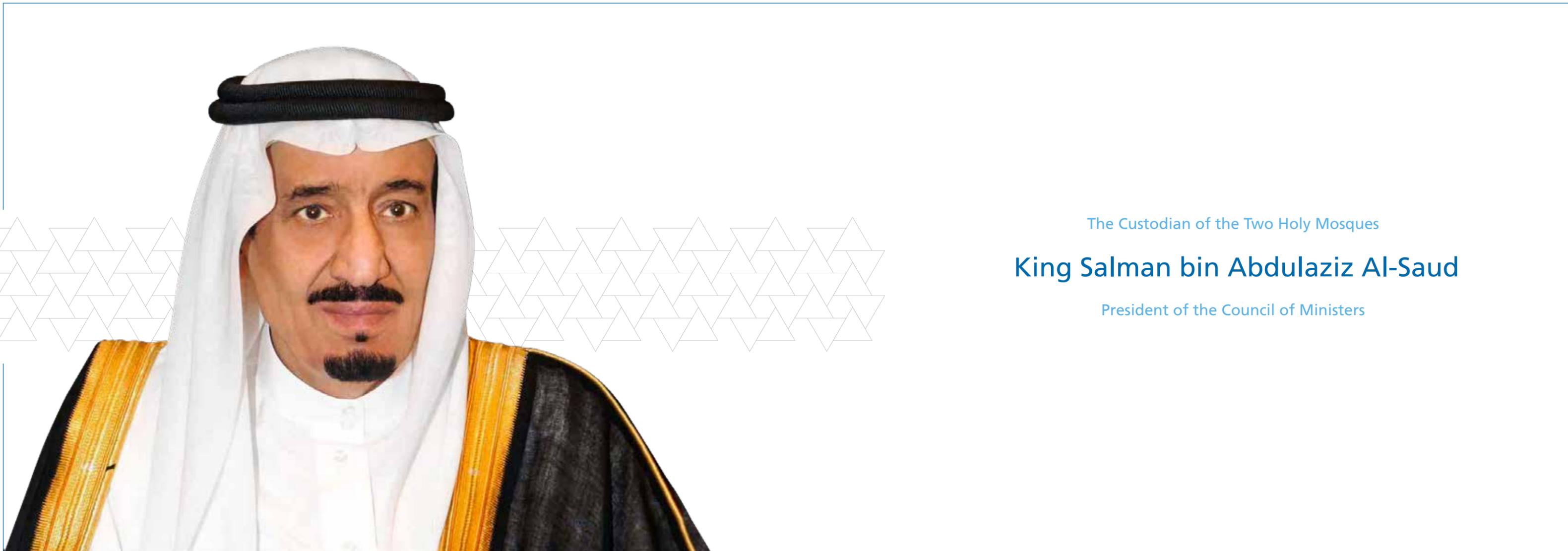


Annual Report

1439/1440 H (2018)



بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ



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



Capital Market Authority Board of Directors

Pursuant to paragraph (b) of Article 7 of the CML, Royal Order No. (A/36) dated 06/02/1439H was issued to reform the CMA Board as follows:



His Excellency Mr.

Mohammed Bin Abdullah El-Kuwaiz

Chairman



Mr.

Youssef bin Hamad Al-Blihid

Vice-Chairman



Mr.

Ahmad bin Rajeh Al-Rajeh

Member



Mr.

Khaled bin Abdulaziz Al-Homoud

Member



Mr.

Khalid bin Mohammed Al-Solai

Member





Capital Market Authority Board of Directors



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 Saudi University, KSA.	1998
• The General Securities Qualification Certificate (CME-1).	2008



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, UAE.	2004 - 2006
• Senior Manager of Investment Banking and Corporate Finance, Samba Financial Group.	1999 - 2004
• Broker, International Markets and Precious Metals, Arab National Bank.	1998 - 1999



Membership

- 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 Group.
- Member, Financial Sector Development Program, Supervisory Committee, Council of Economic and Development Affairs (CEDA).



Capital Market Authority Board of Directors



Mr.

Youssef bin Hamad Al-Blihidi

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 - 2017
• General Director, Department of Follow-up and Enforcement, CMA.	2016
• General Director, Department of Legal Affairs, CMA.	2015 - 2016
• Manager, Department of Legal Advice, CMA.	2010 - 2015
• Legal Adviser, Department of Legal Affairs, CMA.	2005 - 2010
• Case Lawyer, Legal Division, Royal Court.	2002 - 2005



Membership

- Head of CMA Delegation, meetings of the Islamic Financial Services Board (IFSB).
- Head of CMA Delegation, meetings of the regulatory bodies of the Arab financial markets.
- CMA Representative, Saudi Delegation to meetings of the Standing Ministerial Committee of the Chairmen of GCC Capital Market Authorities.
- Head of CMA Delegation, meetings of the Executive Committee of the GCC Heads of Capital Market Authorities (or their equivalent).
- Chairman / Member of a number of committees and teams comprising regulatory bodies of GCC Capital Markets for the Integration of GCC Capital Markets Project.
- Head of CMA Delegation, Saudi-Emirati Coordination Council (the Retreat of Resolve).
- Chairman of the Standing Committee for Awareness on Dealing in Securities Activities in the Unauthorized Foreign Exchange Market (Forex).
- CMA Representative in several committees at the Bureau of Experts, Council of Ministers for the review of draft laws, regulations, and other issues referred to the Bureau.
- Chairman / Member of a number of committees and teams tasked with implementing regulations of the Capital Market Law and Companies Law.
- Chairman, Supreme Joint Committee to Separate the Functions and Jurisdictions of CMA and Tadawul.
- Chairman, Inspection Committee for Listed companies, CMA.
- Vice-Chairman of Administrative Committee, CMA.



Capital Market Authority Board of Directors



Mr.

Ahmad 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
• 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, supervisor of the Restructuring and Privatization Project, Saudi Arabian Mining Company (Ma'aden).	1999 - 2005
• Consultant to the Minister, Ministry of Labor.	1998 - 1999
• Faculty Member, Institute of Public Administration – participated throughout his work at the institute in implementing a number of training programs and workshops; performed studies in administrative reform and regulatory and administrative consulting for government agencies.	1986 - 1998



Membership

• Chairman / Member of 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
• chairman, Financial Academic, supervisory committee, CMA	2017 - present
• Member, Executive Committee, CMA.	2016 - 2017
• Member, Administrative Committee, CMA.	2016 - 2017
• Member, E-Transactions Committee, CMA.	2016 - 2017
• Chairman, the Committee for Archives and Records, CMA.	2016 - 2017
• Member, the Steering Committee for CMA Headquarters in the Financial District, CMA.	2009 - 2016
• Member, E-Transactions Committee, CMA.	2009 - 2016
• Chairman, Savings Plan Committee, CMA.	2009 - 2016
• Member of Scholarships and Training Committee, CMA.	2009 - 2016
• Member, Policies Committee, Saudi Arabian Mining Company (Ma'aden).	2009 - 2016
• Member, Administrative Committee, Saudi Arabian Mining Company (Ma'aden).	1999 - 2005



Capital Market Authority Board of Directors



Mr.

Khaled bin Abdulaziz Al-Homoud

Member, CMA Board



Academic Qualifications

• Master's Degree, Business Administration, Kent University, Ohio, USA.	1999
• Bachelor's Degree, Accounting, King Saud University, KSA.	1995



Professional Experience

• Member, CMA Board of Directors.	2017 - present
• Deputy of Strategy and International Affairs, CMA.	2013 - 2017
• Manager, Investment Funds Department, CMA.	2006 - 2012
• Chief Executive, Corporate Finance, CMA.	2004 - 2005
• Faculty Member (Financing and Investment), Saudi Arabian Monetary Authority (SAMA) – Institute of Banking.	1995 - 2004



Membership

• Member, International Organization of Securities Commission (IOSCO) Board of Directors.	2018 - present
• Vice-Chairman, African / Middle East Regional Committee, International Organization of Securities Commission (IOSCO).	2018 - present
• Chairman, Remuneration and Nomination Committee, General Authority for Zakat and Tax.	2018 - present
• Member, General Authority for Zakat and Tax Board of Directors.	2017 - present
• Member, Financial Sector Development Committee.	2017 - present
• Chairman, Capital Account Committee, Capital Market Awareness, CMA.	2017 - present
• Member, the National Committee for Saving.	2016 - 2018
• Member, Human Resources Development Committee, CMA.	2013 - 2017
• Member, E-Transactions Committee, CMA.	2013 - 2017
• Member, Employee Savings Plan Committee, CMA.	2014 - 2016
• Secretary, CMA Advisory Committee.	2014 - 2016



Capital Market Authority Board of Directors



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
• Supervisor, Professional Quality Assurance Program, Saudi Organization for Certified Public Accountants.	2016 - 2017
• President, Internal Audit, Saudi Telecom Company.	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



Membership

- 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 of the Board of Directors and Chairman of the Audit Committee of Andalus Real Estate Company.
- Member, Board of Directors of Awqaf Sulaiman bin Abdulaziz Al-Rajhi Holding Co. and Chairman of the Audit Committee.
- Chairman, Audit Committee, King Saud University Awqaf.
- Chairman, audit committees of several listed and unlisted companies: (ACWA Power, ACWA Holding, Aslak Co., Shaker Group, MEBCO, Al-Rajhi United, Saudia Cargo, Alitco).
- Member, audit committees of several companies, banks, financial institutions and insurance: (National Commercial Bank, Savola, Aljazira Takaful, Riyadh Cables Group Company, Aldrees Petroleum and Transport Services Company, Saudi Group Co., Eastern Province Cement Company, Saudi Aerospace Engineering Industries, Banque Saudi Fransi).



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". Pursuant to Article 29 of the Law of the Council of Ministers, 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.



Vision

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



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.



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.



Communication and Consultation

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



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.



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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Chairman's Message

Achieving CMA's vision of becoming the main market in the Middle East and one of the top ten financial markets in the world requires relentless work and high ambition. The year 2018 carried many achievements that contribute to realizing our vision. Through working on Capital Market strategic initiatives; CMA was able to achieve the objectives set for the year. I'm pleased to present to you the annual report for 2018, which includes the main regulatory, supervisory, and monetary, developments and achievements that CMA was able to fulfill throughout the year.

CMA implemented a number of initiatives aimed at promoting confidence and the drive to protect investors and increase transparency, as well as optimizing governance of the capital market. The most prominent of these initiatives was effectuating the powers as well as the regulatory, supervisory, and surveillance duties of the Saudi Stock Exchange Company (Tadawul) in compliance with the Capital Market Law. This included a number of aspects such as listing securities, regulating and following-up on the continuing obligations of listed companies and market participants. Initiatives also included the CMA Board approval of Instructions for Investment Fund announcements, as well as updating the Corporate Governance Regulations, and enabling fund managers to use aggregate orders to implement clients' orders. These significant accomplishments were culminated with the national substantial improvement in a number of relevant indices; most notably the Kingdom's rising by 72 ranks in the Shareholder Governance Index - one of the Global Competitiveness Report indices, achieving fifth position globally, the first in the Arab region, and the second in the G20.

In line with these happenings, in 2018, CMA launched the "Investor Protection" Application for smart devices. The application receives reports and complaints relevant to CMA, enabling the public to submit a report or complaint and follow up on their status easily and in strict confidentiality.

CMA also increased the speed of proceedings required for verdicts regarding capital market violations in 2018. Proceedings were completed for 178 cases. Out of 129 decisions issued by the CMA Board and the Committee for the Resolution of Securities Disputes, 113 penal verdicts against violations of the Capital Market Law, the Companies Law, and their regulations were executed. The average time period required for litigation procedures in securities disputes was reduced by 31% to reach approximately 13 months.

To reinforce the stability of the capital market, CMA upgraded the offerings and listing system, amending the instructions of the book building process and allocation method in initial public offerings, as well as amending the Rules on the Offer of Securities and Continuing Obligations. In 2018, the CMA Board issued the resolution to approve the instructions on the price stabilization mechanism for initial public offerings, which aim to regulate the price stabilization activities for the shares of newly listed company on the stock exchange, after the initial public offering. The Board also adopted the Rules for Registering Auditors of Entities Subject to the Authority's Supervision, which aim to set the standards and terms required for the auditors of entities subject to CMA's supervision, including registration at CMA to carry out auditing engagements for entities subject to CMA's supervision. In addition,

the amendments of Regulations for Mergers and Acquisitions were approved to positively impact the activation of this endeavor, whereby the number of announcements for the intention of mergers and acquisitions, since the time of approval of amended regulations, is close to the actual number of announcements published since CMA was founded.

Throughout 2018, CMA launched the Financial Technology (FinTech) Lab initiative which aims to keep pace with the latest global technologies. CMA published the financial technology Financial Technology Experimental Permit Instructions at the beginning of the year, and the Board approved the first two financial technology permits for providing crowdfunding services in 10/7/2018. This contributes to achieving the targets of the Financial Sector Development Program in the field of financial technology and diversifying its products. The Board also approved the closed-end investment traded funds instructions, whereby 11 public offerings were approved in the main and parallel markets at the value of SR 7.4 billion. The total volume offerings of all the different types of financial securities exceeded SR 13.5 billion. Although the asset value of public investment funds does not exceed 1.5%, the year 2018 witnessed a substantial increase in private investment funds, and the asset value increased by 29.9 % and about SR 36.6 billion.

In addition, CMA increased its efforts to develop the capital market system to encourage investment, especially foreign investment. The Rules for Qualified Foreign Financial Institutions Investment in Listed Securities were amended. The CMA efforts in this regard were even more rewarding when the Saudi Stock Exchange joined

a number of global indices in the year 2018 including: FTSE Russell Index, MSCI, S&P DJI, all in the category of emerging markets. A further confirmation of CMA's workflow in the right direction was the positive results we witnessed with the relevant global indices. This included the advancement of the Kingdom's global ranking to 7th place in the Protecting Minority Investors' Index in the Doing Business Report published by the World Bank. The Kingdom's advancement was also evident in a number of competitiveness indices published in the World Economic Forum report. In the SME Financing Index, the Kingdom's ranking advanced by 18 ranks, to achieve 36th place globally.

This positive effect of CMA's strategic initiatives was evident in the investment environment in the capital market system, whereby the pace of investment companies entering the market increased and the number of licensed APs reached 96 by the end of 2018. The number of issued licenses reached 535. The revenues of licensed APs increased by 10.9% compared with the previous year, reaching SR 5.7 billion. The capital adequacy coverage for APs licensed to conduct dealing, managing, and/or custody reached 2.17, exceeding the recommended average based on Basel Accords.

Guaranteeing achievements through strategic objectives is only attainable through a solid, balanced internal governance framework. This is why CMA dedicated special attention to developing its strategic plan and its governance in line with Vision 2030 and the Financial Sector Development Program. As part of the Financial Sector Strategic Plan for the year 2018, CMA continued to work on 87 strategic initiatives, and

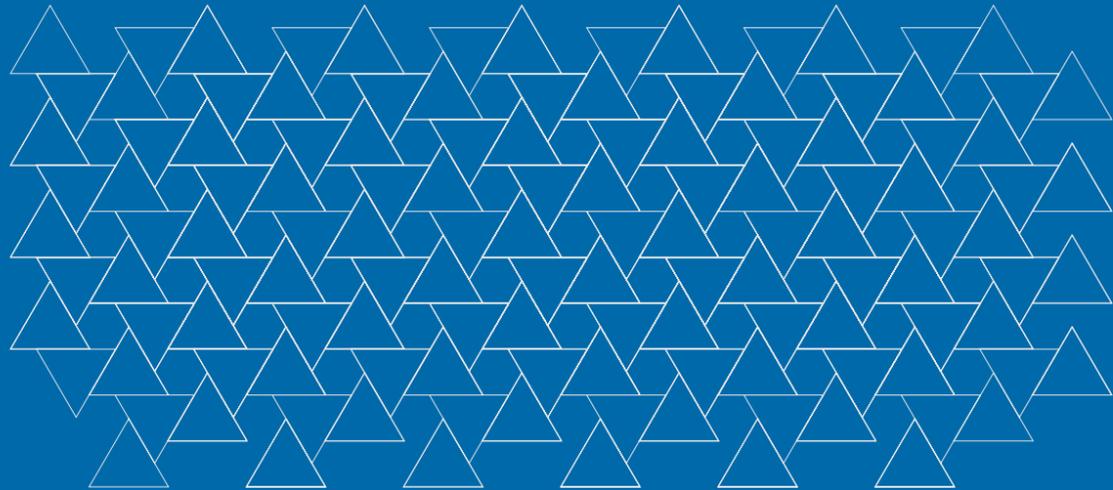
was able to complete 22 of them. The governance of the strategic plan included a clear methodology to measure the performance of its strategic indicators, with a range of key performance indicators spanning the four strategic themes. CMA monitors the results of more than 350 strategic and operational objectives periodically to follow up on the development and security of the financial market and entities associated with it in a comprehensive manner. In addition, CMA continued to work effectively with the National Center for Performance Measurement "Aadaa" for measuring the performance of its agreed-upon key strategic indicators. This contributed to more transparency and disclosure of CMA's work. Finally, I would like to confirm that among the factors which contributed to these achievements is the integration with implementation partners in the Financial Sector Development Program, government agencies and the associated private sector. I would like to express my sincere gratitude to the Custodian of the Two Holy Mosques and HRH the Crown Prince, may God protect them, for the continued support that CMA receives from them, and their ongoing enablement for any step that aims to achieve development, growth, and stability of the financial market. I would also like to thank everyone who contributed to the success of CMA, in the forefront of whom stand the members of the CMA Board and the Executive Team.

With greetings and sincere appreciation,

Mohammed bin Abdullah El-Kuwaiz
Chairman, CMA Board

Establishment

The Capital Market Authority was established pursuant to the “Capital Market Law” issued by Royal Decree No. (M/30) dated 02/06/1424H corresponding to 31/07/2003. CMA reports directly to the President of the Council of Ministers, has a legal personality, and enjoys independent financial and administrative autonomy. It is responsible for the supervising, regulating, and developing the capital market as well as the issuing of regulations, rules, and instructions required to implement the provisions of the Capital Market Law.



CMA Main Functions

In accordance with Article 5 of the CML, 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:



1 Regulating and developing the capital market, seeking to develop and improve the practices of entities trading in securities, and developing procedures that reduce the risks related to securities transactions.



2 Regulating and monitoring the issuance and dealing of securities.



3 Regulating and monitoring business activities of parties subject to CMA's control and supervision.



4 Protecting citizens and investors in securities from unfair and unsound practices, or acts involving fraud, deception, cheating, or manipulation.



5 Seeking to achieve fairness, efficiency, and transparency in securities transactions.



6 Regulating and monitoring full disclosure of information related to securities and their issuers, the dealings of informed persons, major shareholders, and investors, in addition to specifying and providing the information that should be disclosed by participants in the market to shareholders and the public.



7 Regulating proxy and purchase requests and public offers of shares.



8 Licensing the establishment of special-purpose entities (SPEs), and regulating and monitoring their business, uses, issuance of securities, the registration in the registries established by CMA, and the provision of their articles of incorporation, in addition to regulating the provisions of the registration of funds transferred to them, including documentation of the rights thereof, their legal standing against others, and the issuance of relevant regulatory rules.



9 Regulating mortgages of securities and the implementation upon them.

Organizational Structure



In 2018, CMA applied amendments to its organizational structure as follows:

1. Establishing an organizational unit at the level of a department, belonging to CMA's Listed Companies and Investment Products Deputy under the name "Department of Special Purpose Entities".
2. Transferring the Department of Information Security from the Information Technology Division to the Risk Management Division.
3. Cancelling the Executive Committee.
4. Transferring the Department of Financial Statements from the Deputy of Listed Companies and Investment Products to the Financial Statements and Auditors Division.
5. Establishing an organizational unit at the level of a department, belonging to the Financial Statements and Auditors Division under the name "Department of Auditors Supervision".
6. Modifying the name of the Supervision of Auditors of Listed Companies and Market Institutions Division to "Department of Auditors Supervision".
7. Modifying the organizational level of the Market Inspection Unit in the Department of Inspection under the Deputy of Market Institutions to become a department under the name "Department of Supervision of Market Infrastructure Institutions", organizationally linked to the Deputy of Market Institutions.

The tasks of the Department of Special Purpose Entities were assigned, including:

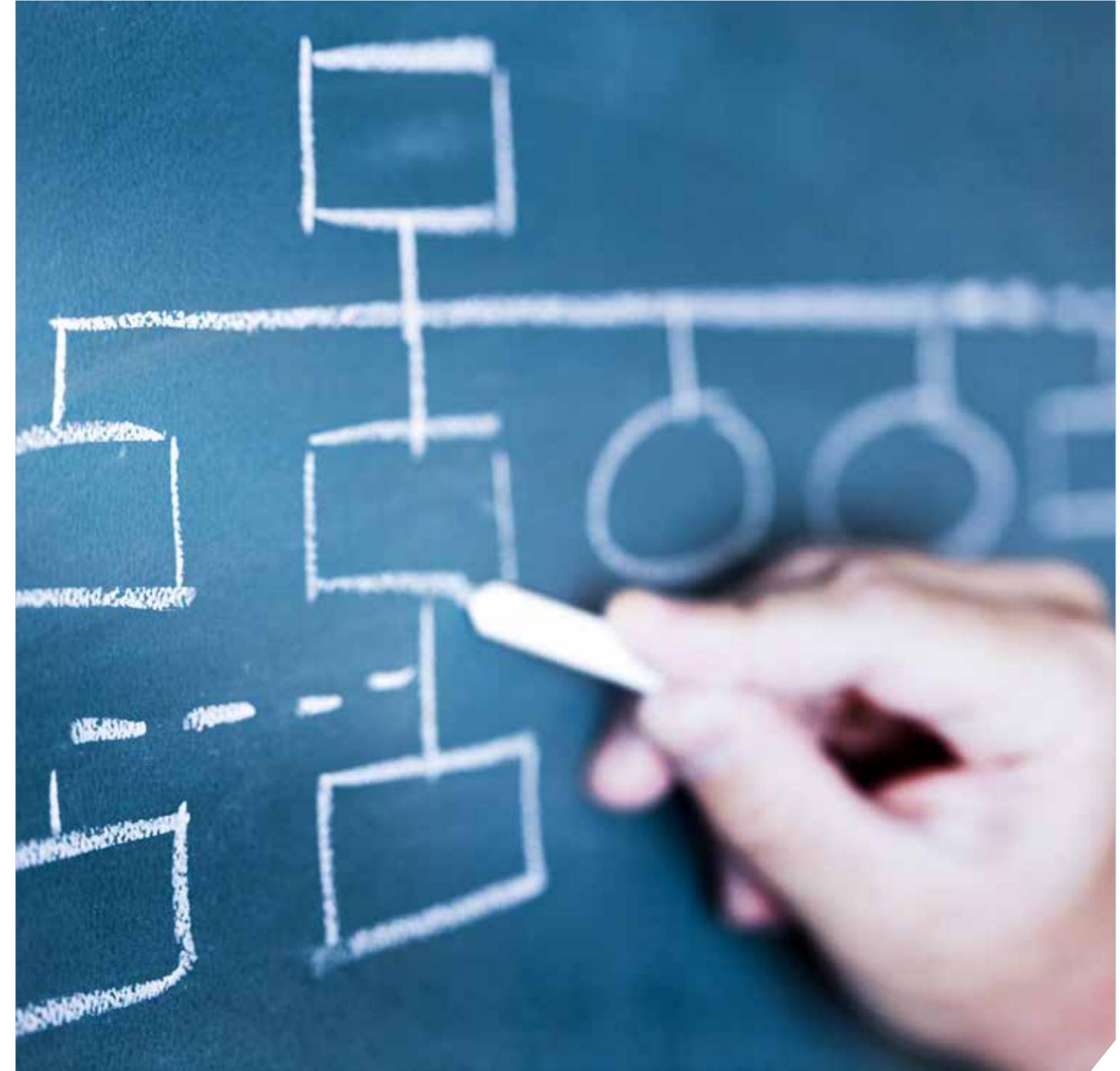
- Reviewing and handling requests for establishing special purpose entities and guaranteeing their compliance with relevant regulations.
- Reviewing requests for completing the licensing of special purpose entities.
- Following up on the disclosure, continuing obligations associated with debt instruments issued by the special purpose entity.
- Building a database with all the information provided by special purpose entities.

The tasks of the Department of Auditors Supervision were assigned, including:

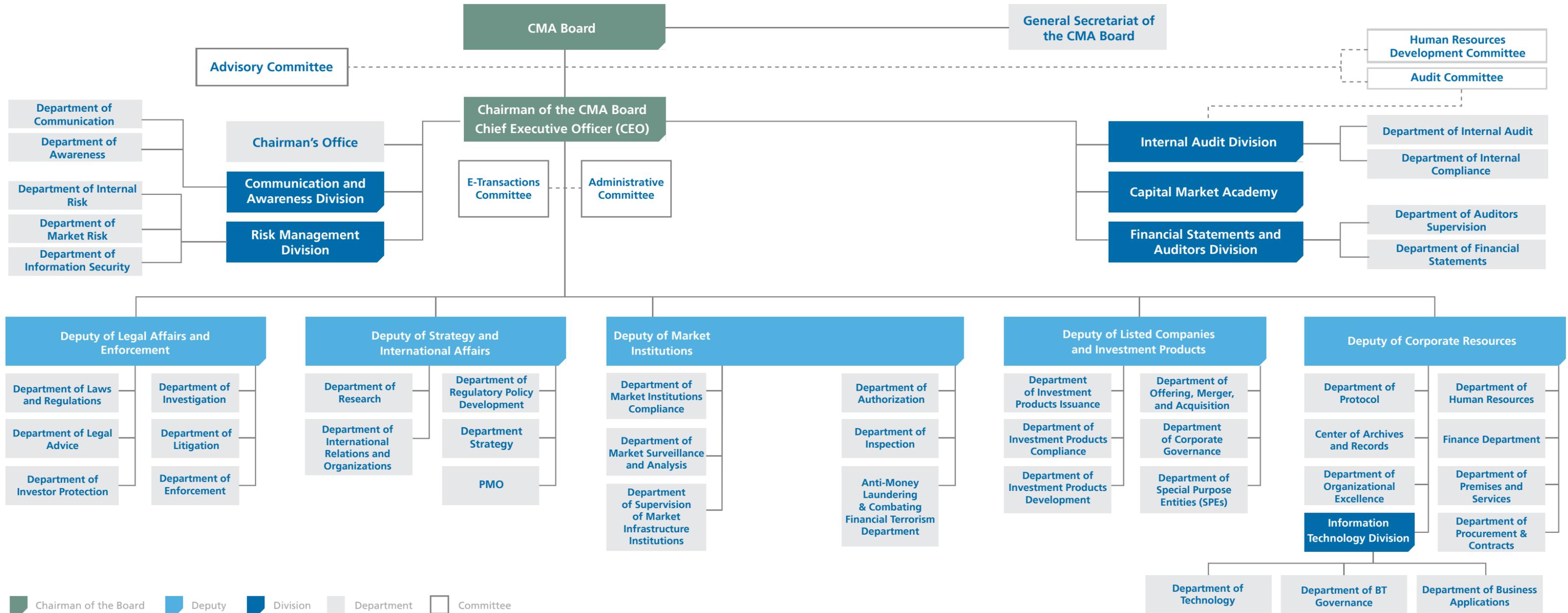
- Collaborating with the Department of Laws and Regulations, the Department of Regulatory Policy Development to develop the required standards and conditions for auditors of special purpose entities subject to CMA's supervision.
- Reviewing and evaluating registration requests by accounting offices and legal accountants who would like to review the accounts of special purpose entities subject to CMA's supervision and ensure that they meet the set conditions, and submitting recommendations regarding them to the authority in charge for approval or rejection.
- Devising the annual testing plan in accordance with the risk evaluation results including time schedules and auditors included in the test.
- Following up on the comments in the test reports to ensure that auditors apply the corrective measures.
- Organizing and managing workshops, seminars, and periodic publications with registered auditors to further enhance the quality of auditing.

The tasks of the Department of Supervision of Market Infrastructure Institutions were assigned, including:

- Ensuring that infrastructure institutions execute their assigned tasks in compliance with the Law and its Implementing Regulations, and the market rules and procedures.
- Ensuring the effectiveness of governance of the market infrastructure institutions.
- Supervising and monitoring information disclosed by market infrastructure institutions, and reviewing and analyzing periodic financial reports.
- Ensuring the compliance of market infrastructure institutions with AML and CFT and their implementing regulations.



Organizational Structure



Parties Supervised by CMA

The following parties are subject to CMA's supervision

- Special Purpose Entities (SPEs)
- Credit rating agencies and companies
- Investment products in the capital market
- FinTech products' providers authorized by CMA
- Auditors of entities subject to CMA's supervision
- The Saudi Stock Exchange Co. (Tadawul)
- Securities Depository Center Company (Edaa)
- Authorized Persons (APs)
- Listed companies
- Capital market dealers / participants





01

Chapter One: Capital Market Strategic Plan “The Financial Leadership Program” (2019-2021)

1. Strategic link between the “The Financial Leadership Program” and “The Financial Sector Development Program”
2. Achievements of the Strategic Plan in 2018
3. Strategic Plan Governance

1. Strategic link between “The Financial Leadership Program” and “The Financial Sector Development Program”

CMA began developing its strategic plans and implementing them since the year 2009. In 2016, CMA launched the “Financial Leadership Program” to contribute to achieving KSA Vision 2030. Several of CMA’s strategic initiatives adopted the Financial Sector Development Program (one of the executive programs of KSA Vision 2030), to serve the objectives and strategic initiatives of the second strategic pillar related to developing an advanced capital market. This is achieved through studying and reviewing CMA’s current strategies and initiatives, and choosing indicators and strategic objectives adopted by the “Financial Leadership Program 2020” to impact the growth

and development of the financial sector as a whole and elevate the capital market status to rank amongst advanced markets.

Through its membership in the Financial Sector Development Program Supervisory Committee, CMA aims to contribute to the national economic development movement through developing the financial sector and raising the capital market to advanced levels, supporting national economic growth, encouraging saving, financing, and investment, as well as increasing the efficiency of the financial sector in facing and handling challenges.

The Financial Leadership Program comprises four main themes, including 13 objectives for accomplishment through more than 100 continuing initiatives over a period of 3 years. The Financial Leadership Program aims to achieve CMA’s vision of becoming the main market in the Middle East and one of the top ten financial markets in the world.

Because CMA is keen on the continuity of work and flexibility in facing challenges, overcoming obstacles related to implementing its strategic plan, and ensuring ongoing improvement and keeping pace with changes, the Strategic Plan 2018 underwent a comprehensive review to become as shown in Figure 1.

Programs to Achieve KSA Vision 2030

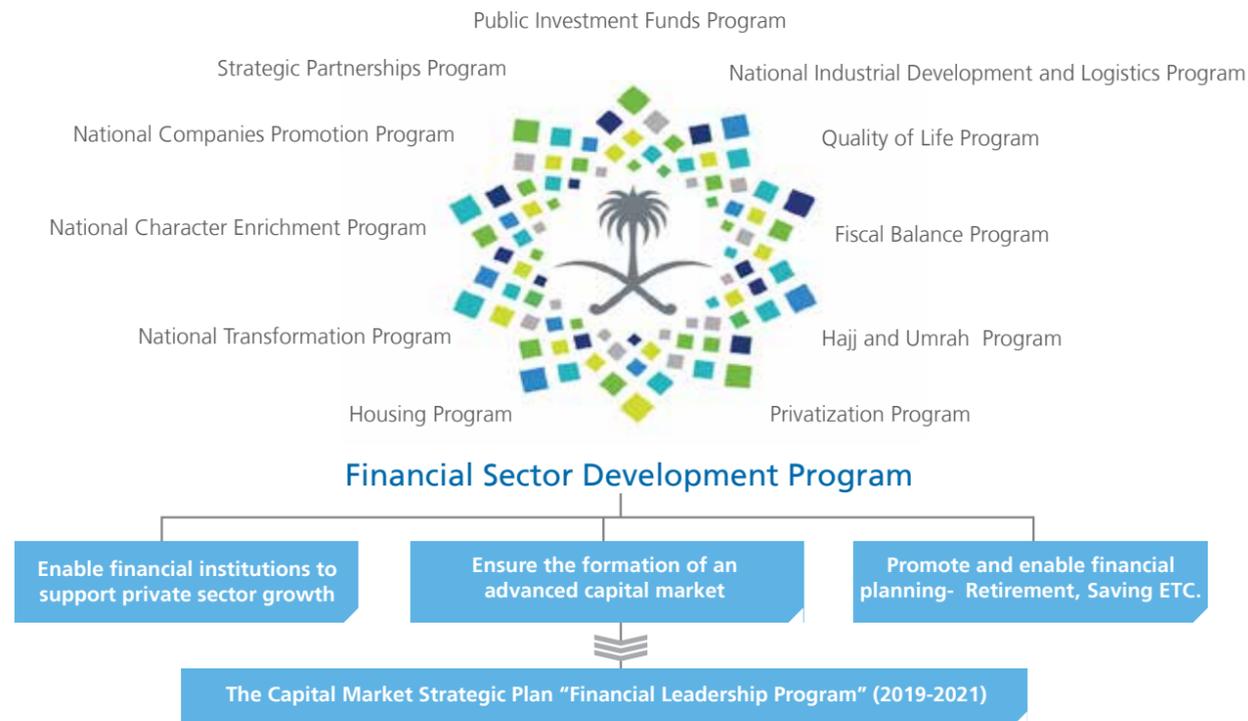
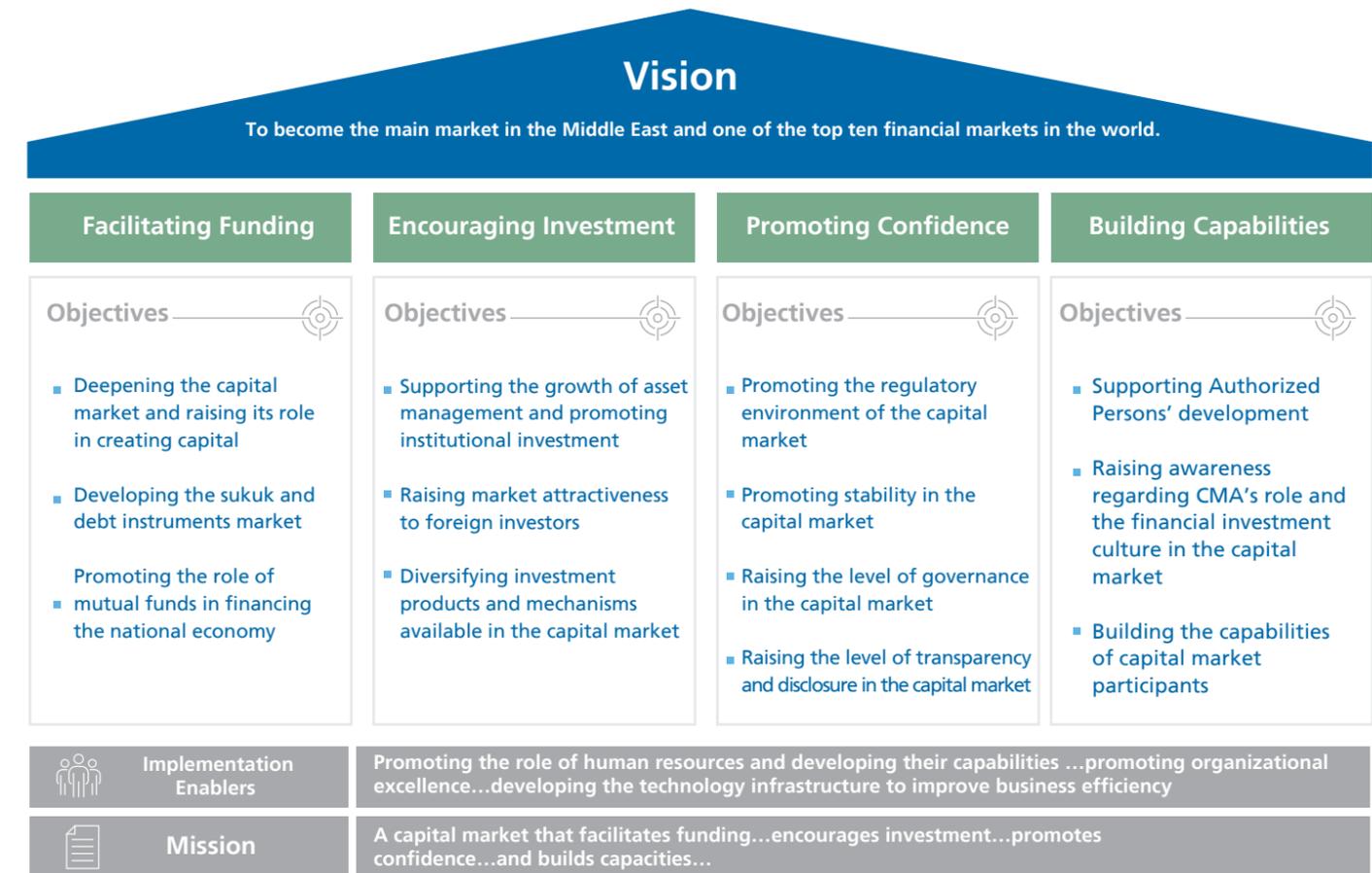


Figure 1: Updated Strategic Plan Themes and Objectives for the years 2019-2021





2. Achievements of the Strategic Plan in 2018

The CMA Board approved the detailed action plan outlining the initiatives and activities to be executed during 2018, as well as their expected deadlines. Data related to the achievements and challenges were compiled and the results were submitted to the CMA Board. CMA continued to work on the 87 initiatives as part of its Strategic Plan for 2018. The following shows the most significant achievements and expected outcomes.



Theme **Facilitating Funding**



Objective **Deepening the capital market and promoting its role in creating capital**

Achievement Updating the Rules for Qualified Foreign Financial Institutions Investment in Listed Securities.

Outcome Organizing rules, procedures, requirements, and conditions to specify the required qualifications of foreign investors to invest in listed securities, and clarifying their obligations and AP obligations in this regard.

Achievement Updating the Merger and Acquisition Regulations.

Outcome Aligning with the best international practices in what's compatible with the nature of the Saudi capital market.

Achievement Amending the Rules on the Offer of Securities and Continuing Obligations and book building process and allocation method of shares in the updated initial public offerings.

- Outcome**
- Making the capital market environment more stable
 - Removing some of the restrictions related to specifying the price range and offering coverage by participating parties
 - Amending the mechanism specifying subscription prices based on supply and demand
 - Adding more flexibility to the share allocation mechanism to contribute to higher market efficiency



Objective **Developing the market for sukuk and debt instruments**

Achievement Listing debt instruments issued by KSA government.

Outcome Developing the market for debt instruments to match the needs of different segments of investors and encourage them to increase liquidity for deepening the capital market.



Objective **Promoting the role of mutual funds in financing the national economy**

Achievement Enabling fund managers to use aggregate orders to execute customers' orders.

Outcome Enabling fair and accurate asset management.

 Theme **Encouraging Investment**

 Objective **Raising market attractiveness to foreign investors**

Achievement	Establishing the Securities Clearing Center Company.	Outcome	Enabling the provision of new securities such as derivatives and others, helping to diversify stock exchange strategies and enabling participants to hedge against risks.
Achievement	Joining of the Saudi Stock Exchange (Tadawul) to MSCI Index, FTSE Russell Index, and S&P Dow Jones Index in the emerging markets category.	Outcome	Increasing the competence and attractiveness of the capital market and its importance regionally and internationally.
Achievement	Representing CMA in the International Organization of Securities Commission (IOSCO) and its associated committees for the period 2018 – 2020.	Outcome	Reinforcing the presence of the capital market regionally and internationally.
Achievement	Representing KSA in the Financial Stability Board (FSB) in 2019.	Outcome	Supporting financial stability, achieving CMA's strategy, and promoting global convergence.

 Objective **Diversifying investment products and mechanisms available in the capital market**

Achievement	Approving the Real Estate Investment Traded Funds Instructions and the amended Closed-ended Investment Traded Funds Instructions.	Outcome	Reinforcing the principle of investor protection, promoting investment in funds, and setting the rules for limiting risks associated with investments in real-estate investment traded funds.
Achievement	Approving the Financial Technology Experimental Permit Instructions	Outcome	Increasing funding substitutes for small and medium enterprises and keeping pace with global technological and financial advancements

 Theme **Promoting Confidence**

 Objective **Promoting the regulatory environment of the capital market**

Achievement	Amending the Investment Accounts Instructions	Outcome	Enabling the electronic process of opening investment accounts, facilitating the procedures for opening and activating investment accounts in accordance with the associated regulatory and supervisory requirements, while sustaining investor protection.
Achievement	Launching the Investor Protection Application	Outcome	<ul style="list-style-type: none"> Facilitating access for reports and complaints. Increasing the speed and efficiency at which reports and complaints are received and handled in accordance with regulatory methods. Following up on reports and complaints, completing all procedures automatically, and electronically linking CMA with all capital market participants

 Objective **Raising the level of transparency and disclosure in the capital market**

Achievement	Approving the Rules for Registering Auditors of Entities Subject to the Authority's Supervision	Outcome	Setting the required standards and conditions for auditors of parties subject to CMA's control and supervision.
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Achievements associated with the Strategic Plan also included:

The Kingdom's advancement in ranking in global competitiveness indices associated with capital markets.

The Global Competitiveness Report 2018, issued by the World Economic Forum, has revealed that the Kingdom achieved its most substantial progress since the last 6 years. It ranked 39th out of 140 countries, reflecting the ranking advancement in several indices, some of which are associated with the capital market. The Kingdom also achieved 4th place in terms of the number of reforms that will contribute to improving the business environment within G20 standards. The Doing Business Report 2019, published by the World Bank Group, referred to the Kingdom's progress this year within 4 indices, including the Protecting Minority Investors' Index which is associated with the capital market. Among the factors which contributed to these achievements is the integrated work of relevant government entities including CMA.

The Council of Economic and Development Affairs issued a resolution to form the Private Sector Improving Business' Performance Executive Committee known as "Taysir Committee" chaired by His Excellency the Minister of Commerce and Investment, and with the membership of 40 government entities including CMA, as well as the Council of Saudi Chambers representing the private sector. The committee works on improving the Kingdom's ranking in international indexes associated with business. So far, it was able to overcome many obstacles and challenges facing the sector and has contributed to its participation in the economic development system.

Examples of what the Kingdom has achieved in the Global Competitiveness Report associated with CMA's work:

a- The Global Competitiveness Report 2018 issued by the World Economic Forum

The Kingdom witnessed substantial advancement in all indices associated with CMA's work, in accordance with its strategic plan. (Table 1).

Table (1): The Kingdom's ranking in the Global Competitiveness Report Indexes



b- The Doing Business Report issued by the World Bank Group

The Kingdom's ranking has improved in the Protecting Minority Investors' Index from 10th place to 7th place globally, the Second in the Arab World and First in the G20 Group



3. Strategic Plan Governance

CMA legislated a comprehensive governance framework to guarantee institutionalizing the work and raising its efficiency, as well as facilitating coordination among relevant entities. This enables CMA to continue implementing its strategic plan effectively. To reinforce the standards of quality and execution, and apply the corrective procedures at the right time, CMA adopted a methodology to periodically follow up on the implementation of strategic initiatives through devising a detailed plan for every initiative. The plan includes the execution steps, deadlines, assigned responsibilities, and external partners and their expected duties. The governance framework consists of a number of joint committees and committees that are common with external parties to guarantee coordination with relevant entities in the implementation of strategic initiatives and common associated work. To sustain the continuity of work and flexibility in facing challenges and overcoming obstacles related to implementation, and for constant improvement and keeping pace with changes, CMA will review its strategic plan and its entire content on a periodic basis to identify any gaps and develop initiatives that contribute to achieving targets.

Measuring Performance:

The governance framework includes a methodology for measuring performance to identify the progress in achieving strategic objectives. The updated plan (2019-2021) included a number of performance measurement indicators across the four strategic themes in addition to indicators specific to each strategic objective.

In the context of performance measurement, CMA also collaborates with the National Center for Performance Measurement "Aadaa" to measure some performance indicators for the Financial Sector Development Program listed within CMA's scope of work. This is achieved through applying models, methodologies and unified tools to support its adequacy and effectiveness, and issue performance reports for measuring the extent to which the Financial Sector Development Program's strategic objectives are achieved.

Table number (2) shows the main performance indicators for the Financial Leadership Program, included within the Financial Sector Development Program. CMA achievement reached 100% on most main performance indicators within the Financial Sector Development Program.

Table (2): Performance Measurement Indicators in the Financial Sector Development Program within CMA's scope of work.

Performance Indicator	Target 2018 ¹	Realized Value ²	Achievement Percentage
1 Market capitalization as a percentage of GDP ³	>=81%	83%	100%
2 Assets under management as percentage of GDP	>=15%	17.6%	100%
3 Concentration percentage in the market capitalization for the largest 10 companies	56%	62.2%	93%
4 Trading volume institutional investment as a percentage of total trading volume.	>=19%	27.4%	100%
5 Foreign investors ownership percentage out of the total market capitalization of shares	>=5%	4.7%	100%
6 Number of Micro, small entities entities listed as a percentage of the total number of listed companies	>=36%	42%	100%
7 Average volatility of the Saudi Stock exchange Index (average volatility over 90 days)	<=25%	13.9	100%
8 Minimum value of free float shares as a percentage of the total market capitalization of shares	>= 45%	42.84%	96%

1- The symbol ">=" means greater than or equal to, the symbol "<=" means less than or equal to.

2- As of the end of the year 2018.

3- GDP used is for the year 2017, issued by the General Authority for Statistics.





02

Chapter Two Current Status of CMA

Section One: 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. Physical Working Environment of CMA
6. Center of Archives and Records
7. Owned and Rented Buildings

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

In 2018, CMA worked on a number of royal and high orders, as well as Council of Ministers' resolutions, and has undertaken many procedures in that regard, which can be summarized as follows:

 High Order No. (20889) dated 30/4/1439H approving the Council of Ministers directive on forming the Standing Committee for Awareness on Dealing in Securities Activities in the Unauthorized Foreign Exchange Market (Forex), chaired by CMA and with members including the Ministry of Interior, Ministry of Culture and Information, and the Saudi Arabian Monetary Authority (SAMA) to perform a number of tasks in this regard.

In implementation of the High Order and in coordination with the parties specified in the High Order, CMA performed the following:

1. Forming the Standing Committee for Awareness on Dealing in Securities Activities in the Unauthorized Foreign Exchange Market (Forex), chaired by CMA and with the membership of the agencies assigned in the High Order.
2. Discussing the tasks and objectives of the committee with the committee members, and preparing a media plan with implementation phases.
3. Launching the first unified awareness media plan in coordination with the Ministry of Culture and Information and the participation of all committee members. The campaign included a statement of the dangers of trading securities in the unauthorized foreign exchange market (Forex) and warned against dealing with suspicious parties, and recognizing investment opportunities provided by Authorized Persons (APs) licensed by official agencies in the Kingdom. The campaign was featured on social media platforms and websites related to participating entities and was supported by audiovisual and printed messages, as well as press releases in English and Arabic, published in print and electronic newspapers and broadcast on Television.
4. Circulating to all heads of print and electronic publications concerning the warning against dealing with

suspicious Forex companies, in coordination with the Ministry of Culture and Information.

5. Discussing and collaborating with the Permanent Internet Committee under the Technical Affairs Division at the Presidency of State Security to agree on a mechanism for dealing with suspicious websites and electronic accounts that promote trading securities in the foreign currency exchange market (forex), handling and blocking them, as well as tracking their source.
6. Communicating with the Councils of Saudi Chambers to inform their employees about cooperating with the media campaigns launched by the committee in coordination with the Ministry of Commerce and Investment.
7. Communicating and coordinating with relevant government agencies including the General Sports Authority, the General Entertainment Authority, the National Program for Exhibitions and Conferences, the Technical and Vocational Training Corporation, and the Consumer Protection Association to support the objectives of the committee through their activities - coordination is in progress with these entities, each within their remit.
8. Working on an addendum to the circular published by the Royal Court No. (47012) dated 16/9/1439H including a directive by the Supreme Authority to address the unauthorized digital currency (bitcoin) trading as one of the missions of this committee.

Given the type of mediums used by unauthorized persons to promote securities trading in the foreign market currency exchange (Forex) and which is usually through websites and social media accounts, CMA increased its monitoring and tracking efforts of these suspicious channels. As a result of its awareness campaigns for warning against dealing with unauthorized persons, CMA received emails of reports and complaints from people who were subjected to these violating activities. CMA also conducted field visits to manage the issue of unauthorized persons, handling 274 cases in 2018, 239 of which concern unauthorized individuals who trade securities in the foreign currency exchange market (Forex). CMA also published a list of unauthorized companies on its website, and contacted the Saudi Arabian Monetary Authority (SAMA) about persons who collected funds to turn them into unauthorized companies in the foreign currency exchange market (Forex) outside the Kingdom. It also contacted the Standing Committee for Awareness on Dealing in Securities Activities in the Unauthorized Foreign Exchange Market (Forex) to block around 195 websites suspected of promoting and trading securities through Forex.

 High Order No. (28688) dated 14/6/1439H approving HH the Secretary General of the Council of Ministers Letter No. 4299 dated 11/6/1439H including the Council of Ministers directive to include legal instruments necessary for approving the organizational structure according to a provision that states the following: "Updating, amending, or modification of positions included in the organizational structure is to be carried out in accordance with legal rules and procedures".

The CMA Board exercises all the authorities entrusted to it in accordance with the provisions of the Capital Market Law, including regulations regarding the positions within CMA, its duties and tasks, and assigning them among its departments. The Board also sets the Internal Regulations of CMA including the performance requirements of department duties and assigning employees.

 The Council of Ministers Resolution No. (350) dated 3/7/1439H stating in the Clause "Eighth": "All government agencies, including public entities and institutions, funds, and legal persons, (each within their jurisdiction) are to amend the provisions associated with the holidays of their employees in compliance with the resolution, without prejudice to the associated powers of these entities".

CMA has set forth the rules for regulating the process of holiday accruals and leaves, to be implemented as of 2019.

 The Council of Ministers Resolution No. (494) dated 14/9/1439H stating the approval on amending Article (Fifth) of the Law of Real Estate Ownership and Investment by Non-Saudis, issued by Royal Decree No. (M/15) dated 17/4/1421H.

CMA prepares recommendations for placing certain regulations, such as standards that identify the scope of included listed companies with the exception stated in paragraph (2/C/2) of Article 5 of the Law of Real Estate Ownership and Investment by Non-Saudis issued by the Council of Ministers Resolution No. (494) dated 14/9/1439H.

High Order No. (2811) dated 15/1/1440H referring to the two circular orders No. 46315 dated 24/12/1434 H concerning the leakage of a number of confidential government documents and publishing them on social media and other websites, stating that every government entity should promote awareness among its employees and members concerning preserving the confidentiality of information and documents, the penalties associated with their disclosure, and applying the penalty law for publishing confidential documents and information and their disclosure; No. (25489) dated 1/6/1438H referred to Article (13/1) of the Code of Job Conduct and Public Job Ethics concerning the prohibition of disclosing confidential information and documents which are considered of an important, secretive, or private nature, and stating that all those who photocopy the official documents, share or disclose information, or save them in private entities for whatever reason will have a legal liability, and which ensures the importance of compliance with what was stated in the orders and its instructions in this regard, and that violators will be subject to severe penalties in accordance with the law.

To execute the High Order and its content regarding other High Orders, CMA took the following steps in 2018:

1. Organizing more than 13 workshops for information security awareness, dedicated to CMA employees for the purpose of raising cyber awareness, and highlighting the significance of maintaining the confidentiality of private data and handling it securely.
2. Organizing 8 awareness seminars to explain to CMA employees the most important articles related to job conduct, including Article Nine about confidentiality and security of information as an essential job conduct rule.
3. Designing and developing material to raise awareness about information security through posters, videos, brochures, screen savers on office computers, and on all screens in the hallways of CMA buildings.
4. Sending CMA employees many awareness messages through e-mails and text messages on mobile devices about the importance of maintaining the confidentiality of both documents and information.
5. Organizing an information security awareness competition and providing motivational awards to the winners.
6. Sending a letter written by His Excellency addressing CMA employees on the importance of protecting CMA's information resources.
7. Issuing an introductory booklet on information security for employees.
8. Performing electronic phishing tests on a periodic basis to measure the level of information security awareness among employees.
9. Implementing and activating the system for preventing data leakage to raise the level of protection of CMA data from intentional or accidental leakage.
10. Implementing the system of categorizing data and all types of files and identifying the process for handling data depending on its sensitivity.
11. Implementing the protecting and coding documents system, whereby it's possible to remotely control the authority to access documents and placing a document expiry date.
12. Preventing employee devices from using memory-saving portals in addition to preventing optical disk drives.
13. Providing secure memory saving for employees, whereby content is encoded and employees can only use by entering a password.
14. Activating the data hiding or masking feature for sensitive information in databases, as well as the feature for monitoring access to databases.
15. Blocking employee access to their personal emails, social media websites, and websites that store files on cloud accounts.
16. Signing the endorsement of compliance to job conduct rules by all CMA employees, obligating them to read and understand the job conduct rules in all their articles and content, including Article Nine regarding information security and confidentiality.

High Order No. (49812) dated 29/9/1439H stating the approval of the General Committee of the Council of Minister of its Recommendation No. (4565) dated 23/9/1439H, in regards to the record prepared at the Bureau of Experts, number (1189), dated 2/9/1439H including: (First) Circulating to all government agencies concerning the submission of periodic reports associated with economic and development affairs and the associated legal document, and informing the Council of Ministers' Bureau of Experts of what it holds in this regard, during a period not exceeding 30 days from the date thereof.

CMA addressed a letter to His Excellency the Chairman of the Bureau of Experts at the Council of Ministers stating that CMA submits to HRH The Crown Prince and Chairman of The Council of Economic and Development Affairs, at the end of every quarter, three reports: "Results of the Financial Leadership Program 2020, "Quarterly Statistics Report for Indicators and Views", and "Authorized Persons Report", for the purpose of informing and updating the Council of Economic and Development Affairs on the performance of CMA and the main indicators of the stock market.

High Order No. (10027) dated 22/2/1440H stating the approval of the Council of Ministers for ensuring that government entities register for "Mureeh" service, especially regarding submitting documents to government entities.

CMA coordinated with Saudi Post for registration in "Mureeh" service.



.2 CMA Board Meetings and Resolutions

In 2018, CMA Board held 139 meetings compared with 124 meetings in the previous year. Table (3) shows the number of CMA Board meetings classified by the number of members in attendance. Table (4) shows the number of CMA Board meetings categorized by member attendance in 2018.

In 2018, the Board of Directors began holding discussion meetings for Committee Members to tackle issues that needed further studying and elaboration, before raising them to the Board. The aim was to present a comprehensive view of the topics under discussion and reinforce the process of decision making throughout the meeting of the relevant board. The number of discussion meetings reached 18 with a total of 25 topics.

Table (3)
CMA Board Meetings Classified by the Number of Attendees

Number of Attendees	Number	
	2017	2018
All-Member Meeting	12 ⁴	77
4-Member Meeting	69	47
3-Member Meeting	43	15
Total	124	139

Table (4)
CMA Board Meetings Classified by Member Attendance in 2018

CMA Board Members	Attendance Number of CMA Board Meetings
H.E. CMA Board Chairman	117
CMA Board Vice-Chairman Mr. Youssef Al-Blihidi	126
Board Member Mr. Ahmad Al-Rajeh	124
Board Member Mr. Khaled Al-Homoud	124
Board Member Mr. Khalid Al-Solai	127

4- Royal Order number (A/303) dated 26/10/1438H corresponding to 20/7/2017 was issued to appoint His Excellency Mr. Mohammed bin Abdullah Al-Kuwaiz as Chairman of the Capital Market Authority Board at the rank "Minister".



During the year 2018, the CMA Board issued 489 resolutions compared with 543 resolutions in 2017, while resolution percentage associated with "Market Supervision, Surveillance, and Disclosure" and "Regulations and Rules Governing the Capital Market" reached 20.2% and 14.1% consecutively (Table (5)).

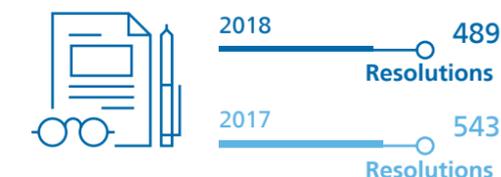


Table (5)
CMA Board Resolutions Classified by Topics

Subject	2017		2018	
	Number	Out of Total (%)	Number	Out of Total (%)
Enforcement and Market Violations	131	24.1%	124	25.4%
Investment Funds	17	3.1%	12	2.5%
Securities Offering and Prospectus	23	4.2%	8	1.6%
Authorized Persons (APs)	21	3.9%	23	4.7%
Market Supervision, Surveillance, and Disclosure	90	16.6%	99	20.2%
Regulations and Rules Governing the Capital Market	64	11.8%	69	14.1%
Governance and Internal Environment	197	36.3%	154	31.5%
Total	543	100%	489	100%

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

Human Resources

CMA receives a large number of applications for vacancies posted on its website. Certain standards for classifying, comparing, and nominating applicants are followed to guarantee choosing the right talents for the personal interview phase and then recruitment. This helps to maintain a highly productive work environment. The total number CMA employees reached 699 by the end of 2018, an increase of 2.9%

over 2017. Saudization rate reached 99.1%, while female Saudi employees reached 16.3% of the total number of employees (Table (6)). It's noteworthy to mention that there's a percentage of CMA employees who have resigned. This is due to their high qualifications and continuous training, which create a high market demand for them (Table (7)).

Table (6). Distribution of Human Resources

	2017		2018	
Saudi		580		579
		96		114
Non-Saudi		03		06
		0		0
Total	679		699	

Table (7). New Recruits and Resignations

	New Recruits	Resignations
2017	83	56
2018	70	50

CMA employees have high academic qualifications. The percentage of employees with Bachelor's Degrees, Master's Degrees, and Graduate Studies 80.8% of the total number of CMA employees (Table (8)).



Table (8) Educational Qualification of Committee Members

Academic Qualification	2017		2018	
	Number	Percentage of Total	Number	Percentage of Total
High School or below	67	9.9%	62	8.9%
Diploma	73	10.8%	71	10.2%
Bachelor's Degree	285	42.0%	306	43.8%
Master's Degree	251	37.0%	259	37.1%
PhD	3	0.4%	1	0.1%
Total	679	100%	699	100%



Training and Development Programs



CMA focuses on supporting the development of its employees and raising the standards of their skills and capabilities through providing constant training and development programs. This is achieved through connecting the employee learning needs' analysis with the job competencies and comprehensive CMA initiatives. In addition, a constant review of training centers is carried out to enhance the partnership of CMA with international

universities and centers for providing leadership and specialized programs. In 2018, CMA offered 21 internal training programs with a total number of 525 participants. The number of external training programs reached 638, with a total number of 515 participants. By the end of 2018, the number of employees who were granted international scholarships for attaining Bachelor's, Master's, or PhD degrees reached 20 (Table (9)).

Table (9): Number of participants in Human Resources Development Programs



5- As at the end of the period



58

The number of participants in the Qualification Program, 5th Edition.

182

Trainees (male and female) since the launch of the CMA Graduate Development Program.

74

Trainees (male and female) within CMA, students (male and female) who have to receive job training as part of their graduation requirements.

22

Trainees (male and female), for qualifying recent graduates to help develop the Saudi capital market.

Social Responsibility



As part of its strategic plan, CMA continues to support recent Saudi graduates through the CMA Graduate Development Program, which started in 2014, providing on-the-job training in several fields that help fulfil the requirements of the capital market. In 2018, the number of trainees enrolled in the program, in its 5th edition, reached 58. The total number of trainees, from 2014 until the end of 2018, holding Bachelor's and Master's Degrees reached 182.

CMA also offers internal training programs for students whose graduation requirements include a period of job training. This serves to train local talents and qualify them for various fields in the job market after graduation. The number of trainees in 2018 reached 74.

In 2018, CMA launched a specific program in collaboration with financial institutions to qualify fresh graduates. The program aims at developing the Saudi capital market through providing highly qualified human resources. 22 trainees have joined the program; 5 of whom hold Master's degrees, and are divided among four specialized fields – asset management, banking and investment, compliance and combatting money laundering, and research in 16 financial institutions. 11 of these trainees were hired in the capital market sector.

4. Savings Plan and Housing Finance Program

CMA offers its staff two incentive programs:

1. Savings Plan

To encourage a culture of saving, CMA implemented an incentive program known as the "Savings Plan". Through this long-term, flexible savings program, CMA offers financial contribution that is added to the participating employee's contribution in the program. Participating in or withdrawing from the program is optional at any time. By the end of 2018, the number of participating employees reached 494, amounting to 74% of the total number of CMA employees eligible to join the program.

2. Housing Finance Program

To strengthen its relationship with its employees, CMA sponsored the Housing Finance Program in collaboration with a number of local banks. CMA's Saudi staff benefit from the program in accordance with its terms and conditions, and only once throughout their term of service at CMA, since CMA holds responsibility for the complete Murabaha percentage on finance. One of the program's benefits is providing long-term finance with easy installments. The number of beneficiaries reached 122 employees by the end of 2018, amounting to 22% of the total number of CMA employees eligible to join the program.

5. Physical Working Environment of CMA

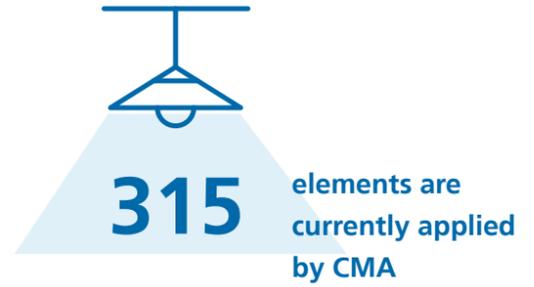
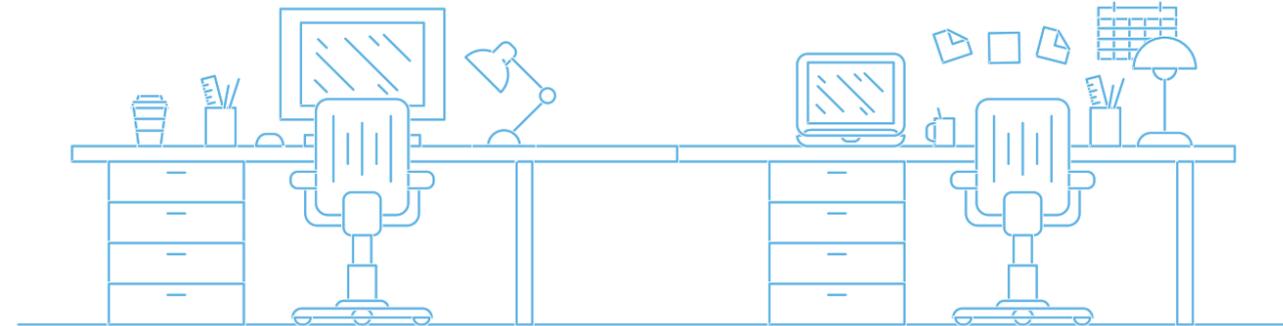
The main components of the physical working environment at CMA, as provided in the guidebook for the physical working environment in government agencies, issued by the Ministry of Civil Service, consist of the following:

Office design		Workplace organization and arrangement	
Office furnishing		Creating reception spaces for beneficiaries	
Air conditioning		Using colors in the offices	
Lighting		Decorating offices	
Safety and Security		Acoustics	
Hygiene		Support services	
Calmness and Noise Reduction			



After reviewing the 342 elements in the guidebook and elements of the physical working environment, the comparison with practices applied at CMA revealed the following:

- 14 elements can be improved according to CMA's business:**
 - Translation equipment in the main meeting room.
 - Central and separate heating units.
 - Humidity generation and measurement devices.
 - Alternative energy sources for operation of HVAC systems.
 - Cold lighting.
 - Using solar energy to provide energy for the workplace.
 - Complying with Saudi Building Code regarding safety and health.
 - Using vacuum cleaners made of microfibers.
 - The agency dedicates one day per year for office cleaning.
 - The agency gives appreciation awards for clean offices.
 - Designating areas for exercise and relaxation.
 - Providing reading rooms with the latest books and knowledge sources.
 - Paintings depicting the social heritage.
 - Emergency exits for the prayer room.



- 13 elements do not apply given the nature of CMA's business:**
 - Using audio devices for different purposes.
 - Utilization of office waste by recycling.
 - Analysis of drinking water.
 - The agency sets guidelines for noise reduction.
 - The agency is located in the vicinity of factories and industrial workshops.
 - The agency is located in the vicinity of educational complexes.
 - The agency is located next to different transport stations.
 - The agency is located in the vicinity of government complexes.
 - Office machinery and equipment are considered a source of noise.
 - Doors are considered a source of noise.
 - The agency's beneficiaries are considered a source of noise.
 - The agency's workers are considered a source of noise.
 - Providing a water cooler in the prayer room.

6. Center of Archives and Records

Pursuant to the Council of Ministers' Resolution No. (9), dated 2/1/1438H, approving the organizational arrangements of the archiving and documentation centers at government agencies, the CMA Board issued its Resolution to change the name of the

"Department of Archives and Records" to become the "Center of Archives and Records". The Board also approved the Archives and Records Regulations and the Policy Guide. The Center enables CMA deputies and departments to effectively file and retrieve documents as needed.



Functions and Responsibilities of the Center

- Archiving CMA documents in accordance with the policies and procedures of archiving, as per the requirements of the National Center for Documents and Archives. 
- Organizing, indexing, and archiving documents in accordance with the approved rules and procedures, and ensuring their completeness, readiness, and the ability to retrieve them when needed. 
- Coordinating with the Information Technology Division to ensure that digital storage and archiving is comprehensive and accurate. 
- Restoring documents that were damaged, and disposal of documents that are no longer needed in accordance with the approved rules in this regard. 
- Carrying out a periodic evaluation of the archiving and documentation locations and their containers to ensure their safety from damage. 

Prominent Achievements of the Center in 2018

Implementing a number of awareness programs among CMA staff regarding archiving and document usage. 

Implementing a number of activities for knowledge-sharing among CMA employees. 

Scanning a total of 3,197,535 papers. 

Building the data dictionary including a description of data entities and attributes in terms of identification, owners, users, locations, and types of data. 

Archiving and the directly filing original transactions that are incoming daily, and following up on transactions electronically. 

Measuring data quality through identifying shortcomings in CMA data and developing standards and measurement methods. 

Improving the electronic transaction system, and the ability to follow up on completed transactions on a periodic basis, which contributed to raising performance and productivity. 

Performing a number of studies to reduce paper consumption through the optimized use of available electronic systems in line with the E-Government Program "Yesser" and the integration system, and in accordance with the Kingdom's Vision 2030. 

7. Owned and Rented Buildings





02

Chapter Two: Current Status of CMA

Section Two: Committees

1. CMA Advisory Committee
2. E-Transactions Committee
3. Supreme Joint Committee to Separate the Functions and Jurisdictions of CMA and the Saudi Stock Exchange (Tadawul)
4. Financial Technologies (FinTech) Lab Committee
5. Audit Committee
6. Human Resources Development Committee
7. Cyber Security Resilience Committee in the Capital Market
8. Supervisory Committee for Savings Plan
9. Standing Committee for Archives and Records
10. Specialized Committees

1. CMA Advisory Committee

The Committee acts as an advisory body to the CMA Board. The CMA Board Resolution No. (1-23-2018) dated 10/6/1439H corresponding to 26/2/2018 was issued for the reformation of the Committee. Its membership included part-time persons ranging from market participants and experts to qualified experts and academics.

His Excellency Mr. Suhail bin Mohammed Abanmi	Governor of the General Authority for Zakat and Tax
Dr. Adnan bin Abdulafattah Soufi	Founder and Managing Director – DAS Partners for Management Consulting (Chairman of the Committee)
Mr. Abdulwahhab bin Abdulkareem Al-Butairi	Managing Partner – Watar Partners (Vice-Chairman of the Committee)
Dr. Ziad bin Sameer Khushaim	Founder, Partner, and Director Khushaim & Associates Law Firm with lawyers and consultants in collaboration with Allen & Overy
Dr. Abdulaziz bin Hamad Al-Qaed	Professor in Collaborative Economics at Dar Al-Uloom University
Mr. Abdulsalam bin Abdullah Al-Manei	Deputy, Agency for Internal Trade, Ministry of Commerce and Investment
Mr. Abdullah bin Saleh Alsuweilmy	Chairman of the Board, Saudi Arabian Navigation Services
Mr. Abdulaziz bin Abdulmohsen bin Hassan	CEO, Credit Suisse Saudi Arabia
Mr. Rakan bin Abdullah Abunayyan	Chief Investment Officer, Abunayyan Holding
Mr. Mutlaq bin Hamed Al-Baqmi	Editor in Chief, Maaal Financial Newspaper
Mr. Abdulaziz bin Saud Al-Shabibi	Partner, Ernst & Young Saudi
Mr. Abdulaziz bin Abdulrahman Al-Khamis	Consultant, Al-Ra'idah Investment Company



Throughout its fifth term in 2018, the Committee held 7 meetings, during which it addressed a number of topics and presented a set of recommendations in their regard, including the following:



- CMA's Strategic Plan
- Promoting the role of the Investor Relations function in listed companies.
- Developing the Nomu market.
- Integration of the capital markets in the GCC.
- Strategic foreign investor's shareholdings in listed companies
- Investment Funds Regulations.
- Questionnaire mechanism for soliciting public feedback.
- Clients' suitability.
- Motivating and encouraging private sector companies to offer and list their shares in the capital market.
- Suggested amendments to the Capital Market Law.
- Issues affecting independence in the Corporate Governance Regulations.

The Advisory Committee's Regulations were amended pursuant to the Committee's Resolution No. (1-23-2018) dated 10/6/1439H corresponding to 26/2/2018. Main amendments included paragraph (c) of Article Ten of the CMA Advisory Committee's Regulations to become as follows: "Committee meetings are not valid except in the attendance of half the number of members, including the Chairman or Vice-Chairman, and Committee recommendations are issued based on majority votes of attending members, and in the case of a tie vote, preference is granted to the side which received the Chairman's vote."

2. E-Transactions Committee

In accordance with the CMA Board Resolution No. (3-38-2018) dated 18/7/1439H, corresponding to 4/4/2018, Dr. Tarek Al-Naeem has joined the Committee as Member for the period 4/4/2018 until 28/10/2018. The Committee is as follows:

Chairman of the Committee	Chairman of CMA Board
Vice-Chairman	CMA Board Member Ahmad bin Rajeh Al-Rajeh
Member	Dr. Tarek bin Abdullah Al-Naeem
Member	Deputy of Corporate Resources
Member	Deputy of Strategy and International Affairs
Member	Director of Communication and Awareness
Member	Director of Risk Management
Member	Director of Information Technology

Main Responsibilities of the Committee

1. Develop and approve CMA's E-transactions Plan in light of the National Plan for Communications and Information Technology (NCITP), and oversee its implementation.
2. Coordinate with the E-Government Program "Yesser" at the Ministry of Communications and Information Technology and other government agencies in this regard.
3. Review and approve e-projects and review the potential threats and risks to CMA's services and electronic systems.



The Committee held 6 meetings in 2018, during which it addressed a number of topics and recommendations, including:

1. Strategic automation indicator.
2. Maturity of CMA Digital Government Services Indicator.
3. Artificial Intelligence of CMA businesses.
4. Status of technical projects.
5. Backup center project.
6. Project for unified managed services.
7. Methodology for automation and improvement of business procedures through the National Enterprise Architecture Office
8. Showcasing comprehensive data of CMA services (View 360).
9. User Experience.
10. Measurement of customer satisfaction of CMA's provided e-services.

Some of the key decisions made by the Committee in 2018 were as follows:

1. Measuring the extent of information security awareness among CMA employees on a periodic basis, using special information security measurement instruments.
2. Approving the automation of procedures for the following services:
 - a- Investment product development services
 - b- Offering, merger, and acquisition services
 - c- Corporate governance services
 - d- Licensing and ownership for Authorized Persons (APs)
3. Studying the integration of licensing procedures for credit rating agencies with the licensing procedures and ownership for Authorized Persons (APs) to have unified procedures.
4. Studying the possibility of unifying the registration model for Board Members of Listed Companies' with the registration model for Authorized Persons (APs), and the committees associated with the Boards.
5. Studying the benefits of Artificial Intelligence Technology in specific fields such as the Department of Surveillance work, in addition to identifying risks associated with listed companies.
6. Application of hypothetical classification (general-specific) for the performance of data classification, whereby the application will start in January 2019 for identifying violations and misclassifications.
7. Approving the start of CMA work and services' automation in its third phase.
8. Measuring the extent of customer satisfaction regarding systems and internal and external services, as well as reports developed through the AI system, interviewing internal and external users to measure the level of satisfaction with provided e-services.
9. Activating the use of file management through smart and office devices (Syncplicity) by CMA employees.
10. Reviewing and implementing the cyber security main rules issued by the National Cyber Security Center.
11. Showcasing the results of the information classification system to provide the necessary protection for CMA data.



CMA received a 60.02% rating in the final results of performance measurement of the E-Government transaction program "Yesser" in its seventh edition, issued in 2016, compared with other government agencies in the financial and commercial sector who achieved 71.1% as a total sector performance index.

In the field of electronic services, CMA was awarded the following:

1. Accredited Certification in Enterprise Architecture Maturity in the E-Government program (Yesser)

CMA received accredited certification as the first government entity to reach the third level in enterprise architecture maturity. This was achieved through applying the National Overall Reference Architecture (NORA) methodology devised by "Yesser" program to guarantee building digital transformation plans with high efficiency, following international standards and models, and with national reference.



2. "Arab Electronic Government Shield 2018" Award

In February 2018, CMA received an award in Cairo, Egypt for its Investor Electronic Protection System. The aim is to improve smart and electronic government websites and their associated pages on social media websites.



3. Best Transformation in Business Procedures Award

In September 2018, CMA was chosen as the winner based on the Committee's evaluation at the IDC Summit for CIOs in the Kingdom. The Committee consisted of local and international experts. The award was for CMA's "Nafith" system which enables enforcement judges to carry out judicial orders quickly and without any delay. This is done through an electronic link between CMA and the Ministry of Justice, as well as the Saudi Stock Exchange (Tadawul) and Authorized Persons (APs).



3. 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 reformed 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 corresponding to 1/11/2017 to keep the number of the Committee members unchanged: five CMA members and five Tadawul members. The Chairmanship of the Committee was assigned to CMA Board Vice-Chairman Mr. Youssef bin Hamad Al-Bulaihid. The Committee continued with its formation in 2018, which includes:



CMA Representatives

CMA Board Vice-Chairman	Chairman
CMA Board Member Khaled bin Abdulaziz Al-Homoud	Member
CMA Deputy of Market Institutions	Member
CMA Deputy of Listed Companies and Investment Products	Member
CMA Deputy of Legal Affairs and Enforcement	Member
Mr. Mohammed bin Abdullah Al-Banyan	Rapporteur



Tadawul Representatives

Dr. Abdullah bin Hassan Al-Abed Al-Qader	Member
Mr. Abdulaziz bin Abdulmohsen bin Hassan	Member
Dr. Abdulrahman bin Abdulmohsen Al-Khalaf	Member
Mr. Khaled bin Abdullah Al-Hussan	Member
Mr. Ahmad bin Sulaiman Al-Issa	Member

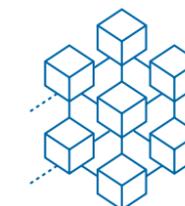


In 2018, the Committee was able to begin implementing the first phase of its project, addressing a number of topics and issuing several decisions, including the following:

1. Instructing the Saudi Stock Exchange (Tadawul) to lift the suspension off listed companies, whose shares were suspended in accordance with Clauses (1,2, and 3) under paragraph (c) of Article Thirty Six of the Listing Rules, after one trading session, once the reasons for suspension cease to exist.
2. The Saudi Stock Exchange (Tadawul) is responsible for the compliance of major shareholders to provide it with notifications regarding direct ownership only, in accordance with the provisions of Rules on the Offer of Securities and Continuing Obligations.
3. Tadawul shall review announcements and communicate with the announcer in the case of any comments that may require corrective or further announcements.
4. Approving the postponement of the implementation of outcomes of the capital market institutions channel, to allow a sufficient period for absorbing the new regulatory changes related to the implementation of outcomes of the corporate financing and issuance channel, and the current work on establishing the Securities Clearing Center Company.

4. Financial Technology instead of Financial Technologies (FinTech) Lab Committee

The Committee was formed in accordance with the resolution of the Chairman No. (R/1/53/18) dated 7/2/1440H corresponding to 16/10/2018, aiming to support financial technology projects in the Kingdom's capital market. The Committee receives financial technology applications, studies them, and helps applicants to understand regulatory requirements. The Committee was formed as follows:



Manager of Regulatory Policy Development Department	Chairman
Manager of the Authorization Department	Vice-Chairman
Manager of the Investment Products Development Department	Member
Mr. Youssef bin Abdulrahman Al-Zumai	Member (Representative of the Department of Regulatory Policy Development)
Mrs. Haifa bint Satti Almutairi	Member (Representative of the Department of Authorization)
Mr. Abdullah bin Abdulrahman Al-Mohawes	Member (Representative of the Department of Investment Products)

The Committee's duties are as follows:

1. Interviewing persons who want to apply for the Financial Technology Experimental Permit (FinTech ExPermit), explaining and clarifying relevant requirements and regulations.
2. Reviewing and studying permit applications and all documents submitted by applicants, and submitting the Committee's recommendations to the Board.
3. Overseeing holders of the permit.
4. Monitoring the compliance of permit holders with regulatory requirements.
5. Following up on the risk that permit holders may be subjected to.
6. Developing regulatory requirements related to financial technology.
7. Participating in awareness campaigns, workshops, seminars, and periodic publications related to financial technology.

The Committee held a number of internal meetings as well as meetings with applicants, and addressed several topics, including:

1. Preparing to receive applications for the second batch of FinTech ExPermits effective 15/10/2018 until 25/12/2018.
2. Interviewing applicants of the second batch who wish to receive the permit, and discussing their applications.
3. Specifying information security requirements for FinTech ExPermit holders.
4. Keeping up with the latest developments concerning permit holders.

5. Audit Committee

The Audit Committee was reformed in accordance with the CMA Board Resolution (1-71-2018) dated 18/10/1439H corresponding to 2/7/2018, approving the reformation of the Audit Committee as follows:

Mr. Khalid bin Mohammed Al-Solai	CMA Board Member	Chairman
Mr. Khalid bin Mohammed Al-Tawil	Independent Member	Vice-Chairman
Mr. AbdulMalik bin Abdullah Al-Hogail	Independent Member	Member

In 2018, the Committee held 6 meetings, during which it addressed 33 topics on its agenda. These included reports by the Finance Department on the estimated budget performance and financial deviation analysis between actual spending and the approved estimated budget, studying CMA's financial statements and its final accounts, and recommending its approval by the Board. This is in addition to the internal audit reports on its agenda to ensure the presence and prudence of the internal surveillance system and its effective implementation, as well as providing any recommendations to further develop the system in line with CMA objectives, the efficient protection of its interests at an appropriate cost, and reports to follow up on the implemented corrective measures in accordance with the contents of these reports.



6. Human Resources Development Committee

The Committee was reformed in accordance with the CMA Board Resolution No. (4-115-2018) dated 13/2/1440H corresponding to 22/10/2018 approving the reformation of the Human Resources Development Committee, as follows:

Mr. Ahmad bin Rajeh Al-Rajeh – CMA Board Member	Chairman
CMA Deputy of Strategy and International Affairs	Vice-Chairman
Manager of the Human Resources Department	Member
Mr. Raed bin Ibrahim Al-Humaid	Member
Mr. Bader bin Mohammed Balghonaim	Member
Mr. Abdullah bin Mohammed bin Ghannam	Member

The Committee held 22 meetings in 2018, throughout which it addressed many topics on its agenda regarding the tasks of the Department of Human Resources, and made recommendations and decisions thereon. The Committee meetings issued 10 resolutions and 46 decisions.



7. Cyber Security Resilience Committee in the Capital Market

Proceeding from CMA's keenness to enhance the electronic security stability in the capital market and reduce the risks involved, CMA has formed a Committee for information security on the 16th of October, 2017. In addition to CMA's membership, it includes the Saudi Stock Exchange (Tadawul) and a number of APs (20 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 the capital market participants.

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

1. Addressing cyber threats and methods of handling them.
2. Sharing reported claims with members, and discussing the best security awareness programs, as well as the best security practices in the infrastructure management.
3. Cooperating with relevant official entities in relation to the information security enhancement initiative, the National Cyber Security Center in particular, as well as the Saudi Arabian Monetary Authority, the Information Security Center, and the National Cyber Security Authority.
4. Studying and evaluating the best practices and technology solutions for information security.

In 2018, the Committee held 7 meetings, during which it addressed a number of topics on its agenda. This included discussing cyber threats, the reporting mechanism for electronic breaches using the Blockchain technology and its main aspects, as well as current challenges of cloud computing, and the latest methods to protect financial and investors data.

8. Supervisory Committee for Savings Plan

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

Mr. Majeed bin Fahad Abl-Abd Al-Jabbar	Chairman
Manager of the Human Resources Department	Member
Manager of the Finance Department	Member
Mrs. Hessa bint Abdulaziz Al-Muhanna	Member
Mrs. Mona bint Saudi Al-Nemer	Member
Mr. Ibrahim bin Sulaiman Al-Thaqib	Rapporteur

The Committee was entrusted with the following tasks:

1. Evaluating the offers of the Savings Program received from investment entities, selecting the appropriate programs and submitting them to the Chairman of the CMA Board for approval.
2. Adopting employee savings investment policies.
3. Continuous evaluation and periodic review of the selected (investment channel), and proposing other investment channels.
4. Recommending withdrawal of the project and terminating the deal with the entity (investment channel) and proposing another investment channel.
5. Submitting periodic reports on the progress of the program to the Chairman of the CMA Board.

The Committee held 7 meetings in 2018, during which it addressed several topics on its agenda and made the appropriate recommendations in their regard.

9. Standing Committee for Archives & Records

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

CMA Deputy of Corporate Resources	Chairman
Director of Risk Management Division	Member
Director of Information Technology Division	Member
Manager of the Legal Advice Department	Member
Manager of the Center for Archives and Records	Member

The committee is a main reference for document-related issues in CMA, and carries out the tasks specified in the approved Archives and Records Regulations. It held two meetings in 2018, during which it addressed several topics, including:

1. Updating the tasks and projects of the Center for Archives and Records.
2. Reviewing the results of the paper consumption analysis study at CMA.
3. Reviewing the Smart Offices initiative.
4. Reviewing the Paperless Government project.
5. Reviewing the latest developments regarding the Knowledge Management initiative.

10. Specialized Committees

1. Management Committee

Pursuant to the CMA Board Resolution No. (2-69-2016) dated 3/9/1437H corresponding to 8/6/2016, and in accordance with the Capital Market Law issued by the Royal Decree No. (M/30) dated 2/6/1424H, amended by the CMA Board Resolution No. (1-44-2018) dated 2/8/1439H corresponding to 18/4/2018, the Committee was formed as follows:

Board Chairman	Chairman of the Committee
Board Vice-Chairman	Vice-Chairman of the Committee
CMA Board General Secretary	Member and Secretary of the Committee
CMA Deputy of Listed Companies and Investment Products	Member
CMA Deputy of Strategy and International Affairs	Member
CMA Deputy of Legal Affairs and Enforcement	Member
CMA Deputy of Corporate Resources	Member
CMA Deputy of Market Institutions	Member
Director of Communication and Awareness	Member
Director of Risk Management	Member
Director of Internal Audit	Member
Director of Information Technology	Member
Director of Financial Statements and Auditors	Member



Without prejudice to the authorities and tasks of the Board stipulated in the CML and its Implementing Regulations, the Committee provides the Board Chairman with administrative and regulatory advice to assist him in making the appropriate decisions, managing CMA properly, and achieving its objectives.

The Committee coordinates with the various CMA Deputies and their Divisions with regards to the adopted annual plans and performance indicators, and discusses the updates and developments related to their tasks.

Members of the Committee make recommendations that serve to increase productivity levels, develop the internal work environment, and optimize the use of human and financial resources. The Committee may also discuss all matters that serve to achieve its goals.

In 2018, the Committee held 17 meetings, during which it addressed a number of topics on its agenda.

2. Committee on the Financing Account for Awareness Program in the Saudi Stock Exchange (Tadawul)

The Financing Account for Awareness Program aims at financing CMA activities related to awareness programs in the capital market, which reflect on enhancing the investor’s financial, saving, and investment culture, financing and developing surveillance of the trading at Authorized Persons (APs), as well as contributing to the establishment and operation of the Financial Academy.

The Committee was founded pursuant to the CMA Board Resolution No. (2-46-2017) dated 22/7/1438H corresponding to 19/4/2017, and was formed pursuant to the CMA Board Resolution No. (7-49-2017) It was reformed pursuant to the CMA Board Resolution No. (10-98-2017) as follows:

Member of the CMA Board to be appointed by the Board to be	Chairman of the Committee
CMA Deputy of Corporate Resources	Member
Deputy of Strategy and International Affairs	Member
An experienced and specialized non-CMA member appointed by the Board	
Currently, the Committee consists of the following Members:	
Mr. Khalid bin Abdulaziz Al-Homoud	Chairman
Mr. Abdullah bin Abdulqader Shibatalhamd, Deputy of Corporate Resources	Member
Dr. Bandar bin Assad Al-Sajjan, Deputy of Strategy and International Affairs	Member
Dr. Obaid bin Saad Al-Abdali	Independent Member

Tasks and Responsibilities of the Committee

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, in order 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 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 and which are required for the operation of the Account.
6. Propose the performance indicators of the Account and submit recommendations to the Board for approval.
7. Setting the controls governing the process of financing from the Account.
8. Reviewing the status of activities and programs financed through the Account and provide recommendations thereon.

In 2018, the Committee held 10 meetings, during which it addressed 17 topics, and issued several recommendations and proposals such as supporting the surveillance program, the Financial Academy, the Recent Graduates Development Program with APs. The main outcomes included:

1. Approving the general policy and rules of the Account operation.
2. Approving the operational procedures and indicators.
3. Approving the estimated budget for the year 2019.

The Committee issued a number of Resolutions, including:

1. Approving the support of a number of research projects in cooperation with universities and research institutions.
2. Approving the support of the Recent Graduates Program with APs.
3. Approving the support of awareness forums and carrying out awareness lectures, forums, conferences, and participating in public events and conducting field visits for 2018.



3. Professional Conduct and Employee Complaints Committee

The Committee was established pursuant to His Excellency CMA Board Chairman's Administrative Decision No. (R/1/58/15) dated 27/1/1437H, corresponding to 9/11/2015 under the name (The Committee of Employee Complaints, Violating Practices and Conduct at CMA). The administrative decision was issued on 4/11/1439H corresponding to 17/7/2018 to reform the Committee and modify the name to become the (Professional Conduct and Employee Complaints Committee).

The Committee addressed the tasks, objectives, and proposed mechanism for handling complaints received from His Excellency the Chairman.

The Committee consists of the following:

Mr. Khalid bin Abdullah Alsuwaiket	Legal Advisor to CMA Board	Chairman
Mr. Ahmad bin Abdulrahman Al-Jalal	Manager of the Unit of Legal Opinions and Studies	Member
Mrs. Farah bint Hassan Al-Ruwaili	Manager of Internal Compliance Department	Member
Mr. Amer bin Rahil Al-Enezi	Human Resources Operations	Member
Mr. Turki bin Omar Al-Sreiheed	Chairman's Office	Rapporteur



4. Authorized Persons Committee

CMA set up the "Authorized Persons Committee" to address common topics and challenges that interest APs, and propose development initiatives and methods to achieve them.

The Committee consists of:

Mr. Khaled Al-Baddah	Chairman	Goldman Sachs Saudi Arabia
Mr. Haitham Al-Ghannam	Vice-Chairman	Jadwa Investment Company
Mrs. Kholoud Al-Dakheel	Member	Al-Dakheel Financial Group
Mr. Fahad Al-Saud	Member	Alfa Capital
Mr. Bassel Al-Ghalayini	Member	BMG Financial Group
Mr. Ali Al-Marzouqi	Member	NCB Capital
Mr. Bassam Al-Mubarak	Member	Arab National Investment Company
Mr. Faisal Malaika	Member	Alawwal Capital
Mr. Badr Al-Enezi	Member	Saudi Kuwaiti Finance House
Mr. Mohammed Al-Rumaizan	Member	Aljazira Capital

In 2018, the Committee held three meetings and addressed a number of topics, including:

1. The risks of financing terrorism, risks of the non-profit sector, and national risks.
2. Appreciation awards for distinctive Asset Managers.
3. Personal dealings of independent members in the Boards of Authorized Persons (APs)
4. Discussion of the current status of Nomu market.
5. Meeting of Authorized Persons





02

Chapter Two Current Status of CMA

Section Three: Communication and International Relations

- 1. Contact Center
- 2. International Relations and Organizations

.1 Contact Center



6,579

Telephone calls



1,375

Emails



451

Communications through social media



In 2018, CMA Call Centers dealt with 8,405 communications, including 6,579 calls, 1,375 emails, and 451 communications on social media. General Inquiries were the main reason for most calls, amounting to a total of 4,687, followed by complaints at 2,331 calls, and information on listed companies at 624 calls.

.2 International Relations and Organizations

CMA has continued to develop and strengthen its regional and international relations with 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, and consolidate bilateral and multilateral relations, and to explore areas of joint cooperation, CMA collaborated with several regulators in a number of relevant areas, and participated among international teams for implementing capital market projects. In 2018, CMA participated in a number of international forums for capital markets, their development and monitoring.

In 2018 CMA also attended and participated in several IOSCO⁸ meetings, including the 43rd IOSCO Annual Conference, 2 IOSCO Board meetings, and the meetings of six technical Committees out of the total Committees of IOSCO. CMA was part of the Africa/Middle East Regional Committee meeting and conference, the Growth and Emerging Markets Committee meeting, the Emerging Risks Committee meeting, and the Payments and Market Infrastructure Committee meeting in Financial Markets.

The most prominent topics addressed during these meetings included:

- Recommendations of the Financial Stability Board and the G20 countries.
- Strengthening cooperation among emerging markets.
- Risks associated with digital currency and Financial Technology (FinTech).
- Raising awareness among investors and ensuring their protection.

8-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 of IOSCO 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 (2018-2020).

9-The Accounting and Auditing Organization for Islamic Finance Institutions AAOIFI is one of the most prominent international not-for-profit bodies that support Islamic Financial institutions. It has several achievements, amongst which is the 100th Standard for accounting, auditing, business ethics, and governance, in addition to Shari'ah standards adopted by central banks and financial authorities.

In 2018, CMA participated in several events held by international institutions, including:

The 12th Annual Meeting of the Union of Arab Securities Authorities UASA.



The 17th meeting of the GCC Capital Market Authorities Committee.



Meeting of The Regional Consultative Group for MENA, part of the Financial Stability Board (FSB).



AAOIFI – World Bank, 13th Annual Conference.



AAOIFI⁹ – 16th Annual Shari'ah Conference.



Several meetings held by the Islamic Financial Services Board (IFSB)



The Annual Conference for National Futures, part of the Commodity Futures Trading Commission and the National Futures Association (NFA).



Annual Meeting of the Working Group on Corporate Governance, part of the Organization for Economic Cooperation and Development (OECD).



Annual Meeting of the Asia-Pacific Capital Market Supervision Committee organized by the Monetary Authority of Singapore (MAS).



The 35th meeting of the Corporate Governance Committee, part of the Organization for Economic Cooperation and Development (OECD).



Future Technology Conference.

CMA has several other contributions in international relations and mutual cooperation, including:

- Strengthening and developing CMA's bilateral relations with equivalent entities for sharing knowledge and expertise.
- Increasing CMA's attendance and participation in international conferences, programs, and fora related to capital markets, their development and monitoring.
- Organizing workshops in the Kingdom with international participation; CMA organized a training program about the "Risks of Financial Services".



CMA's international achievements include:

- Appointing His Excellency the Chairman of CMA Board as Representative of the Kingdom of Saudi Arabia at the Financial Stability Board for 2019.
- Electing CMA Board Member, Khaled bin Abdulaziz Al-Homoud as Vice-Chairman of the African / Middle East Regional Committee of the International Organization of Securities Commission (IOSCO), and Board Member of IOSCO for the period 2018 - 2020.



CMA has Membership 35

Seats for CMA Representatives in Committees and Working Groups that belong to international organizations

In line with CMA's keenness to increase the Kingdom's participation internationally and reinforce its international presence, the number of seats for CMA employees/members participating in Committees and Working Groups of International Authorities and Institutions as members totaled 35 as at the end of 2018. CMA participates effectively in all these Committees and Working Groups.



CMA is a member of the following Regional and International organizations

	Organization – Project	Location	Joining Date of CMA
	the Union of Arab Securities Authorities UASA	Abu Dhabi	2007
	GCC Financial Markets Integration Project	Riyadh	2010
	The International Organization of Securities Commissions IOSCO	Madrid	2010
	Accounting and Auditing Organization for Islamic Financial Institutions AAOIFI	Manama	2016
	Islamic Financial Services Board	Kuala Lumpur	2017





Chapter Three Regulating the Capital Market

1. New Implementing Regulations
2. Amended Implementing Regulations
3. Implementing Regulations under Development
4. CMA's Methodology in Issuing and Developing its Implementing Rules and Regulations

1. New Implementing Regulations

In 2018, CMA issued the following implementing regulations and new instructions:

1- Instructions on the Announcement of Investment Funds

The Instructions were issued by CMA Board Resolution No. (4-1-2018) dated 14/4/1439H corresponding to 1/1/2018 with the aim to regulate and improve the quality of announcements of investment funds provided to investors, and to create a template for special advertisements without prejudice to the provisions of the Capital Market Law and Implementing Regulations of Investment Funds, and Real Estate Investment Fund Regulations, Real Estate Investment Traded Funds Instructions.

2- Financial Technology Experimental Permit Instructions

The Instructions were issued by CMA Board Resolution No. (1-4-2018) dated 23/4/1439 corresponding to 10/1/2018 with the aim to regulate providing financial technology products and services in the capital market, and which serve to provide a regulatory framework by supporting Financial Technology (FinTech) innovations in the capital market in the Kingdom.

3- Instructions on the Price Stabilization Mechanism for Initial Public Offerings

The Instructions were issued by CMA Board Resolution No. (4-87-2018) dated 24/11/1439H corresponding to 6/8/2018 to regulate the price stabilization of shares for newly listed companies after the initial public offering. This includes determining the requirements to be met by the price stabilization manager, his obligations when implanting the mechanism, and exceptions that may occur throughout the price stabilization period.



4- Closed-Ended Investment Traded Funds Instructions

The Instructions were issued by CMA Board Resolution No. (2-66-2018) dated 22/9/1439H corresponding to 6/6/2018. The draft aims to regulate the offering and registration of the traded units of closed-end private investment funds, as well as the management and supervision of all relevant activities in the Kingdom.

5- Rules for Registering Auditors of Entities Subject to CMA's Supervision

The Rules were issued by CMA Board Resolution No. (1-135-2018) dated 12/4/1440H corresponding to 19/12/2018. The rules aim to set out the standards and conditions required for the auditors of entities subject to CMA's supervision. These include the mandating of registration, its conditions, procedures, and the Continuing Obligations of registered audit offices and auditors, as well as the provisions for registration suspension and cancelation, and the ceasing of carrying out audit engagements by entities that are subject to CMA's supervision.

2. Amended Implementing Regulations

CMA amended certain implementing regulations as follows:

1. Instructions of Book Building Process and Allocation of Initial Public Offerings (IPOs)

The Instructions were issued by CMA Board Resolution No. (2-94-2016) dated 15/10/1437H corresponding to 20/7/2016 and amended by Resolution No. (4-4-2018) dated 23/4/1439H corresponding to 10/1/2018, with the aim to expand the circle of participating categories. This will increase pricing efficiency by including GCC national investors of legal personality. The amendments also included lifting some of the restrictions related to determining the price range and IPO coverage by the participating parties. In addition, the draft amended the procedures for determining the subscription price by allowing the financial advisor and the issuer to agree on the price based on supply and demand while taking into consideration relevant regulations for investor protection. The draft also amended the mechanism for allocating shares by making it more flexible to help increase market efficiency.

2. Rules for Qualified Foreign Financial Institutions Investment in Listed Securities

The Rules were issued by CMA Board Resolution No. (1-42-2015) dated 15/7/1436H corresponding to 4/5/2015 and amended by Resolution No. (1-3-2018) dated 22/4/1439H corresponding to 9/1/2018. Main amendments to the current Rules include: facilitation and acceleration of current qualification procedures by cancelling the requirement of CMA's approval on the registration application for the qualified foreign investor, as well as expanding the base of qualified foreign investors by lowering the assets under managements from one billion \$ to 500 million \$. In addition, the amended Rules allow the qualification of subsidiaries belonging to qualified foreign investors, foreign portfolio manager, or investment funds managed by them without the need to submit separate qualification applications, and ease some of the Continuing Obligations requirements.

3. Rules on the Offer of Securities and Continuing Obligations

The Rules were issued by CMA Board Resolution No. (3-123-2017) dated 9/4/1439H corresponding to 27/12/2017 and amended by Resolution No. (3-54-2018) dated 7/8/1439H corresponding to 23/4/2018, whereby paragraph (d) of Article Forty Six was amended in light of the issuance of the Royal Decree No. (M/79) dated 25/7/1439H approving the amendments of certain provisions of the Companies Law.

4- Corporate Governance Regulations

The Regulations were issued by CMA Board Resolution No. (8-16-2018) dated 16/5/1438H corresponding to 13/2/2017 and amended by Resolution No. (3-45-2018) dated 7/8/1439H corresponding to 23/4/2018, whereby paragraph (d) of Article Twenty, paragraph (3) of Article Forty Three, and paragraph (4) of Article Forty Six and Article Forty Eight of the Regulations were amended in light of the issuance of Royal Decree No. (M/79) dated 25/7/1439H approving the amendments of certain provisions of the Companies Law.

5- Merger and Acquisition Regulations

The Regulations were issued by CMA Board Resolution No. (1-50-2007) dated 21/9/1428H corresponding to 3/10/2007 and amended by Resolution No. (3-45-2018) dated 7/8/1439H corresponding to 23/4/2018, whereby subparagraph (d/1) of paragraph (c) of Article Seventeen and subparagraph (e/1) of paragraph (c) of Article Seventeen were amended in light of the issuance of Royal Decree No. (M/79) dated 25/7/1439H approving the amendments of certain provisions of the Companies Law.

6- Procedures and Instructions Related to Listed Companies with Accumulated Losses Reaching 20% or More of Their Share Capital

The Procedures and Instructions were issued by CMA Board Resolution No. (4-48-2013) dated 15/1/1435H corresponding to 18/7/2018, and amended by Resolution No. (1-77-2018) dated 5/11/1439H corresponding to 18/7/2018, whereby paragraph (c) of Article Five was amended in line with the provisions of Article (150) of the Companies Law clarifying the periods companies are required to announce in accordance with Article (150).

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

The Guidance Note was issued by CMA Board Resolution No. (4-95-2017) dated 26/1/1439H corresponding to 16/10/2017, and amended by Resolution No. (1-45-2018) dated 7/8/1439H corresponding to 23/4/2018, to amend the Guidance Note in accordance with the amendments on the Rules on the Offer of Securities and Continuing Obligations and the Glossary of used terms in the in CMA Rules and Regulations, in addition to reflecting the content of the CMA Board Resolution concerning exempting foreign investors from certain requirements in the Investment Accounts Instructions and Anti-Money Laundering and Counter-Terrorist Financing Rules.

8- Market Conduct Regulation.

The Regulations were issued by CMA Board Resolution No. (1-11-2004) dated 20/8/1425H corresponding to 4/10/2004 and amended by Resolution No. (1-7-2018) dated 1/5/1439H corresponding to 18/1/2018, by modifying Article Seventeen to allow the aggregation of orders in accordance with Regulations Rules, or Procedures issued by CMA or the market.

9- Glossary of Defined Terms Used in CMA Regulations and Rules

The Glossary was issued by CMA Board Resolution No. (4-11-2004) dated 20/8/1425H corresponding to 4/10/2004 and amended by Resolution No. (1-7-2018) dated 1/5/1439H corresponding to 18/1/2018 by modifying the term "Order" in the Glossary to allow the aggregation of orders in accordance with Regulations Rules, or Procedures issued by CMA.



10- Investment Accounts Instructions

The Instructions were issued by CMA Board Resolution No. (4-39-2016) dated 25/6/1437H corresponding to 3/4/2016 and amended by Resolution No. (2-124-2018) dated 13/3/1440H corresponding to 21/11/2018. The amendment of the Investment Accounts Instructions aims to enable the process of opening investment accounts electronically, and easing the procedures for opening and operating investment accounts in accordance with the regulatory, surveillance, and supervisory requirements, while sustaining investor protection.

11- Real Estate Investment Traded Funds Instructions

The Instructions were issued by CMA Board Resolution No. (6-130-2016) dated 23/1/1438H corresponding to 24/10/2016 and amended by Resolution No. (2-115-2018) dated 13/2/1440H corresponding to 22/10/2018. The main proposed amendments included prohibiting persons whose names are stated in the fund's Terms and Conditions upon establishment as holders of (5%) or more of the fund units, from disposing of the units to which they are subscribed to during the first year of the relevant fund's trade commencement. This is in addition to further disclosure requirements, such as the disclosure associated with significant unitholders' dealings in the market, including the market rent assessments to the Accredited Valuers Report and obliging the fund manager to publish it. Furthermore, the minimum amount of the fund's establishment was increased from SR 100 million to SR 500 million.

12- Instructions related to the Announcements of Companies

The Instructions were issued by CMA Board Resolution No. (1-199-2006) dated 18/7/1427H corresponding to 12/8/2006 and amended by Resolution No. (2-73-2018) dated 27/10/1439H corresponding to 11/7/2018, with the aim to improve the level of transparency and disclosure in the capital market to help investors make investment decisions that are based on sufficient and correct information. In addition, the amendments aim to facilitate disclosure procedures for companies listed in the capital market, enabling their compliance with disclosure provisions in the relevant Implementing Regulations as well as the continuing obligations provided in the Rules on the Offer of Securities and Continuing Obligations, and the Listing Rules issued by the Saudi Stock Exchange (Tadawul).

3. Implementing Regulations under Development

In line with CMA's keenness to capitalize on investors' trust and develop the capital market, certain Implementing Regulations are under development, as follows:

1. Instructions for the Foreign Strategic Investors' Ownership in Listing Companies Project

The Draft aims to regulate the provisions, requirements, and conditions for the ownership of the Strategic Foreign Investor of a strategic shareholding, in addition to determining the investor's obligations and the imposed restrictions in that regard. CMA sought opinions and comments of experts and relevant interested parties on the Draft Instructions.

2. Instructions on Issuing Depository Receipts outside the Kingdom Project

The Instructions aim to set out the requirements and conditions for issuing depository receipts out of the Kingdom for shares of an issuer in the Kingdom, including the requirements for CMA's approval on issuing depository receipts outside the Kingdom, the issuer's obligations, and the depository bank's obligations. CMA sought opinions and comments of experts and relevant interested parties on the Draft Instructions.

3. Draft Updated Regulatory Rules and Procedures Issued Pursuant to the Companies Law

The Instructions were issued by CMA Board Resolution No. (8-127-2016) dated 16/1/1438H corresponding to 17/10/2016 and amended by Resolution No. (5-33-2017) dated 24/6/1438H corresponding to 23/3/2017. The proposed amendments are pursuant to the amendments of the

Companies Law issued by the Royal Decree No. (M/79) dated 25/7/2018. Amendments of the Companies Law have enabled specialized parties to set licensing rules for businesses and contracts in which Board Members have interest and which are executed for the company. CMA assumed regulating and drafting these controls.

4. Draft Updated Corporate Governance Regulations

The Regulations were issued by CMA Board Resolution No. (8-16-2017) dated 16/5/1438H corresponding to 13/2/2017 and amended by Resolution No. (3-45-2018) dated 7/8/1439H corresponding to 23/4/2018. The proposed amendments are pursuant to the amendments of the Companies Law issued by Royal Decree No. (M/79) dated 25/7/2018. Amendments of the Companies Law have enabled relevant parties to set rules for a Board Member's involvement in any business that may compete with the company or with any of its subsidiary activities. CMA assumed regulating and drafting these controls.

5. Draft Updated Investment Fund Regulations

The Regulations were issued by CMA Board Resolution No. (1-129-2006) dated 3/12/1427H corresponding to 24/12/2006 and amended by Resolution No. (1-61-2016) dated 16/8/1437H corresponding to 23/5/2016. The aim is to regulate the establishment and registration of investment funds, the offering of their units, their management and transactions, and to supervise all their relevant activities in the Kingdom. The team is working on the first draft of the Amended Investment Fund Regulations to be published on CMA website to seek the opinions and recommendations of experts and relevant interested parties, after which it will finalize



the drafting and publishing of the Regulation.

6. Draft Updated Real Estate Investment Funds Regulations

The Regulation were issued by CMA Board resolution No. (1-193-2006) dated 19/6/1427H corresponding to 15/7/2006, and aim to regulate the establishment of real estate investment funds in the Kingdom, as well as the offering of their units, their management, and protecting their owners' rights. In addition, the aim is to implement disclosure and transparency rules to these funds. The team is working on the first draft of the Amended Real Estate Investment Fund regulation to be published on CMA website to seek the opinions and recommendations of experts and relevant interested parties, after which it will finalize the drafting and publishing of the regulation.

7. Draft Updated Rules for Special Purpose Entities

The Rules were issued by CMA Board Resolution No. (4-123-2017) dated 9/4/1439H corresponding to 27/12/2017, and aim to regulate Special Purpose Entities and their establishment, licensing, registration, offering, management, and all their relevant activities in the Kingdom. The team is working on the first draft of the Amendment of Rules for Special Purpose Entities to be published on CMA website to seek the opinions and recommendations of experts and relevant interested parties, after which it will finalize the drafting and publishing of the Rules.

4 CMA's Methodology in Issuing and Developing its Implementing Rules

As part of its responsibility to regulate and develop the capital market, CMA conducts public consultation through its website regarding any draft that involves new implementing regulation before their issuance, as well as the development and modification of previously issued implementing regulation, taking into account the suggestions and feedback of experts and relevant interested parties. Between the years 2016 and 2018, the number of conducted public consultations reached 26, with 5405. CMA carefully considers all opinions that before issuing the final draft.



1-4 Stages of Public consultation

The public consultation process conducted by CMA consists of the following stages:

1) Publishing

In this stage, CMA:

- Publishes a draft of its Implementing Regulation on its website
- Publishes a questionnaire for the public covering the practical and technical aspects of the draft
- Publishes the draft's summary that lists relevant questions.
- Any other channel deemed suitable by CMA The period dedicated to soliciting public opinion is usually 30 days, unless CMA specifies a different duration that better suits the draft.

2) Receiving Public Opinions

CMA receives public opinions on its implementing regulations through one of the following channels.

1. The link specified in the public consultation invite announcement.
2. Communication channels specified in the public consultation invite
3. Any other channel considered suitable by CMA.

3) Publishing Public Feedback

CMA publishes a summary on its website with the main contents of the public feedback provided on the final draft of its implementing regulation, after the CMA Board approves the implementation regulation and the publishing of the feedback.

2-4 CMA Methodology in Handling Public Feedback

The public feedback process conducted by CMA passes through a number of stages as follow:

1. Arranging and organizing incoming feedback according to the subject of the draft regulations or document.
2. Reviewing all comments technically and legally, and providing an answer to each.
3. Referring comments related to other drafts to relevant teams.
4. Applying required amendments to the draft based on the received feedback.





04

Chapter Four Offerings, Corporate Actions, and Investment Products

Section One: Securities Offering and Corporate Actions

1. Public Offering, Offering for Purposes of Listing Companies in Parallel Market, and Private Placement of Shares
2. Public Offering and Private Placement of Sukuk and Debt Instruments
3. Corporate Actions for Listed Companies

1. Public Offering, Offering for Purposes of Listing Companies in Parallel Market, and Private Placement of Shares

The total number of public offering applications, offering for listing in parallel markets approved by CMA, and private placement notifications received in 2018 reached 140 applications/notifications. Table (10)



Table (10): Public offering applications, offering for listing in parallel markets approved by CMA, and private placement of shares notifications received by CMA.

Type	Number	
	2017	2018
Initial Public Offering and offering for listing in parallel markets	10	6
Private placement of Shares ⁶	155	129
Rights Issues	1	5 ⁷
Total	166	140

The total value of shares offered in 2018 increased by 62.8% compared to the previous year, reaching SR 13.5 billion. Private placement of shares constituted the largest percentage, at 45.4% of the total. Table (11)

Table (11) Shares Offering Categorized by Type

Type	2017		2018		Percentage change in offering
	Total value of offerings- million SR	Number	Total value of offerings -million SR	Number	
Initial public offering and offering for listing in parallel markets ⁸	3,939.2	10	3,703.0	3	- 6.0%
Private placement of shares ⁹	3,998.3	80	6,181.3	84	54.6%
Rights issues	380.0	1	3,654.0	4 ¹⁰	861.6%
Total	8,317.4	91	13,538.3	91	62.8%

6-Including closure notifications regarding privately-placed shares

7-Including Amana Cooperative Insurance Co., which received CMA approval in 2018 and has not completed its right issues in the same year

8-Including the total value of all companies with IPOs and listing

9-Including closure notifications regarding privately-placed shares and combined proceeds

10-Does not include Amana Cooperative Insurance Co., which received CMA approval in 2018 and has not completed its rights issue in 2018



Initial Public Offering of Shares

In 2018, two companies offered part of their shares for subscription in the main market, and the total value of offered shares amounted to SR 1,064 million.

Table (12) Companies that offered part of the shares for public subscription during 2018 main market

Company Name	Offering Value (million SR)	Ratio of Offered to Issues Shares	Over-Subscriptions (Times)		No. of Individual Subscribers (Thousand Subscribers)
			Individuals ¹¹	Institutions ¹²	
National Company for Learning and Education	247.0	30.2 %	3.3	1.5	62
Leejam Sports	817.0	30.0 %	2.5	8.3	40
Total	1,064.0				102

In 2018, the total value of individual share subscriptions (before returning over-subscribed amounts) in IPOs (main market) through different subscription channels reached SR 281 million, and the total number of individual subscribers reached 102 thousand subscribers

Table (13) Individual subscriptions categorized by subscription channels for 2018.

Subscription Channel	2018	
	Number (thousand subscribers)	Amount (million SR)
Phone Banking	37	47
Internet	30	158
Bank Branches	3	34
ATMs	32	42
Mobile / Apps	-	-
Total	102	281

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

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

In 2018, one company offered part of its shares for subscription in the parallel market (Nomu), and the total value of offered shares amounted to SR 32.4 million, given that only qualified investors are eligible to invest in this market. (Table (14)).

Table (14): Companies that offered part of the shares for public subscription during 2018 (Nomu market).

Company Name	Offering Value (million SR)	Ratio of Offered to Issues Shares	Over-Subscriptions (Times) ¹³	Number of Individual Subscribers
National Building and Marketing Co.	32.4	20.0%	1.0	46
Total	32.4			

13-Over-subscription times were calculated by dividing the number of subscribed shares by qualified investors by the number of allocated shares.



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

CMA did not receive any public offering requests for sukuk and debt instruments in 2018, however, it received 62 notifications for private placement of sukuk and debt instruments, a 31.9% increase compared with the previous year (Table (15)).

Table (15): public offering requests and private placement notifications for sukuk and debt instruments.

Type	Number	
	2017	2018
Public offering of sukuk and debt instruments	0	0
Private placement of sukuk and debt instruments ¹⁴	47	62
Total	47	62



And concerning offering of sukuk and debt instruments, the total value of private placements in 2018 decreased by 20.6% compared with the previous year, to reach SR 14.4 billion (Table (16)).

Table (16): Value of sukuk and debt instruments offering categorized according to the type of offering¹⁵

Type	2017		2018		Percentage change in value of offerings
	Total value of offerings (million SR)	Number	Total value of offerings (million SR)	Number	
Public offering of sukuk and debt instruments	0	0	0	0	-
Private placement of sukuk and debt instruments ¹⁶	18,105.2	26	14,374.9	29	-20.6%
Total	18,105.2	26	14,374.9	29	-20.6%

¹⁴Including notifications regarding sukuk and debt instruments that were privately placed.

¹⁵Does not include debt instruments issued by the government of Saudi Arabia.

¹⁶ Does not include debt instruments issued by the government of Saudi Arabia, since the Rules for Offering Securities and Continuing Obligations, which became effective as of April 1, 2018 exempted government securities. This is why the total value of placements in 2017 was amended, so the total values of placements in 2017 and 2018 can be compared.

3. Corporate Actions for Listed Companies

CMA approved 35 corporate action applications to alter the capitals of listed companies during 2018. This included approvals of capital reductions for 9 listed companies, and accordingly their issued shares decreased from 344.6 million to 210.9 million. In return, 23 companies increased their capital by issuing bonus shares and right issues. One acquisition took place in 2018, leading to an increase in issued shares by the acquiring company from 15 million to 24.2 million (Table (17)).

Table (17): Listed companies that altered their capital in 2018

Capital Alteration Method	No. of Companies	Total No. of Shares (million)		Percentage change
		Prior to Capital Alteration	Post-Capital Alteration	
Rights Issue ¹⁷	4	571	936.4	64.0 %
Bonus Shares ¹⁸	19	2,748.3	4,130.3	50.3 %
Capital Reduction	9	344.6	210.9	-38.8%
Acquisition	1	15	24.2	61.3 %
Total	33	3,678.9	5,301.8	44.1 %



¹⁷Does not include Amana Cooperative Insurance Co., which received CMA approval in 2018 and has not completed its rights issue in 2018.

¹⁸Includes 3 companies in the parallel market: (Alaseel Company, Al-Kathiri Holding Company, and Saamani Factory for Metal Industries Co.) whose total shares combined increased from 16.26 million to 35.27 million.



Chapter Four: Offerings, Corporate Actions, and Investment Products

- Section Two: Assets under Management

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

1. Issuing Investment Products

In 2018, CMA approved the public offering of the units of 17 investment funds; 2 of which were equity funds, 4 were money market funds, and 6 were REITs. 2018 also witnessed the approval of the public offering of the first Endowment Fund in the Kingdom, and CMA received 91 complete notifications relating to the private placement of investment funds, and processed 278 requests for the amendment of terms and conditions documents (Table (18)).

Table (18): Received requests for the amendment of terms and conditions documents

Received Requests	Processed Requests	Percentage of Processed Requests in 2018
282	278	98.6%

2. Investment Funds

In 2018, total assets of the investment funds sector increased by 15.2% compared with the previous year (Table (19)).

Table (19): Indicators of Investment Funds Sector ¹⁹

Element	2017			2018			Change (%)
	Public	Private	Total	Public	Private	Total	
Number of Funds	273	270	543	249	293	542	-0.2%
Number of Subscribers	238,445	4,047	242,492	332,567	3,939	336,506	38.8%
Asset Value (million SR)	110,232.8	141,631.8	251,864.6	111,861.6	178,279.5	290,141.1	15.2%

¹⁹Including Exchange Traded Funds (ETFs) and Real-estate Traded Funds.



1-2 Public Funds

The asset value of public investment funds (whose units are publicly offered) reached 38.6% of the total value of fund assets by the end of 2018. The value of funds by the end of the year increased by 1.5% compared with the previous year to reach SR 111.9 billion. The number of subscribers increased by 39.5% to reach 332.6 thousand subscribers - the highest figure since 2010. The most prominent increase was in the asset value and number of subscribers in Real Estate Traded Funds, reaching 352.3% and 469.2% consecutively (Table (20)).

Table (20): Indicators of Public Investment Funds by Type of Investment

Investment Type	Number of Funds			Number of Subscribers			Asset Value (million SR)		
	2017	2018	Change (%)	2017	2018	Change (%)	2017	2018	Change (%)
Equities	161	141	-12.4%	162,697	155,278	-4.6%	20,980.1	20,675.4	-1.5%
Debt Instruments	8	5	-37.5%	181	114	-37.0%	754.1	509.7	-32.4%
Monetary Markets	44	43	-2.3%	39,817	38,867	-2.4%	72,651.5	62,444.0	-14.1%
Real Estate	11	10	-9.1%	8,088	7,499	-7.3%	8,811.9	8,347.9	-5.3%
Fund of Funds	32	25	-21.9%	4,784	4,984	4.2 %	2,887.7	2,899.6	0.4 %
Balanced	2	2	0.0 %	326	305	-6.4%	75.9	71.8	-5.4%
Other	5	4	-20.0%	339	372	9.7 %	398.5	425.8	6.8 %
Exchange Traded Funds (ETFs)	3	3	0.0 %	292	368	26.0 %	36.0	37.7	4.6 %
Real Estate Investment Traded Funds (REITs)	7	16	128.6 %	21,921	124,780	469.2 %	3,637.0	16,449.8	352.3 %
Total	273	249	-8.8%	238,445	332,567	39.5 %	110,232.7	111,861.7	1.5 %



Public Funds Investing in Equities

The value of public funds investing in equities decreased by the end of 2018 to approximately SR 20.7 billion; a 1.5% decrease compared with the previous year. The assets of local public investment funds increased by 4.2% to reach SR 15.6 billion (Table (21)).



Table (21): Indicators of Public Investment Funds in Equities Classified Geographically

Geographic Location	Number of Funds			Number of Subscribers			Asset Value (million SR)		
	2017	2018	Change (%)	2017	2018	Change (%)	2017	2018	Change (%)
Local Equities	93	85	-8.6%	149,066	143,107	-4.0%	14,951.0	15,575.4	4.2%
GCC Equities	28	24	-14.3%	10,167	9,293	-8.6%	1,941.5	1,616.3	-16.7%
Arab Equities	4	3	-25.0%	289	217	-24.9%	147.3	123.6	-16.1%
Asian Equities	8	7	-12.5%	1,070	880	-17.80%	909.5	646.0	-29.0%
American Equities	4	3	-25.0%	231	241	4.3%	842.4	920.3	9.2%
European Equities	5	4	-20.0%	267	244	-8.6%	688.4	592.8	-13.9%
Other International Equities	19	15	-21.1%	1,607	1,296	-19.4%	1,499.9	1200.9	-19.9%
Total	161	141	-12.4%	162,697	155,278	-4.6%	20,980.1	20,675.4	-1.5%

2-2 Private Funds

By the end of 2018, the value of assets of private funds (whose units were privately offered) increased by 25.9% compared with the previous year to reach SR 178.3 billion (Table (22)).

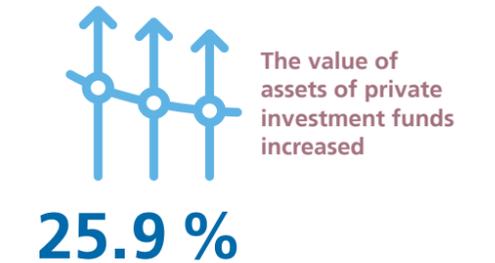


Table (22) Indicators of Private Funds Classified by Investment Type

Investment Type	Number of Funds			Number of Subscribers			Asset Value (million SR)		
	2017	2018	Change (%)	2017	2018	Change (%)	2017	2018	Change (%)
Equities	55	46	-16.4%	383	109	-71.5%	63,730	91,967.1	44.3%
Private Equity / Venture Capital	50	69	38.0%	940	1,214	29.1%	12,126	12,636.0	4.2%
Debt Instruments	8	6	-25.0%	58	106	82.8%	4,600	4,847.0	5.4%
Monetary Markets	9	6	-33.3%	32	15	-53.1%	1,158	1,164.7	0.6%
Real Estate	115	110	-4.3%	2,569	2,315	-9.9%	57,687	58,321.4	1.1%
Commodities	1	1	0.0%	5	4	-20.0%	332	456.5	37.5%
Multi Asset	28	46	64.3%	23	66	187.0 %	816	7,027.8	761.0%
Hedging and Derivatives	3	1	-66.7%	10	8	-20.0%	666	578.5	-13.2%
Feeder	0	1	-	0	0	-	0	0	-
Finance	1	7	600.0%	27	102	277.8%	516	1280.5	148.2%
Total	270	293	8.5%	4,047	3,939	-2.7%	141,631.8	178,279.5	25.9%

3-2 Exchange Traded Funds (ETFs)

By the end of 2018, the asset value of Exchange Traded Funds increased to SR 37.7 million, 4.6% higher than the previous year. Simultaneously, the number of subscribers increased by 26%. (Table (23)).

Table (23): Exchange Traded Funds classified by the Asset Value and Number of Subscribers

Fund Name	Asset Value (SR Million)			Number of Subscribers		
	2017	2018	Change (%)	2017	2018	Change (%)
Falcom Saudi Equity	19.7	19.7	0.4%	178	224	25.8%
Falcom Petrochemical	8.3	9.2	11.0%	58	75	29.3%
HSBC Saudi 20	8.1	8.8	8.3%	56	69	23.2%
Total	36.0	37.7	4.6%	292	368	26.0%



4-2 Real Estate Investment Traded Funds (REITs)

By the end of 2018, the asset value of the REITs amounted to SR 16.5 billion compared to SR 3.6 billion by the end of 2017, while the number of REITs reached 16 listed funds compared to 7 listed funds in the previous year. The number of subscribers increased to 124 thousand (Table (24)).

Table (24): Real Estate Investment Traded Funds Classified by Asset Value and the Number of Subscribers in 2018

Fund Name	Asset Value (million SR)		Number of Subscribers	
	2017	2018	2017	2018
Riyad REIT	487.0	1,347.8	3,281.0	8,735.0
Al Jazira Mawten REIT	120.0	120.0	1,745.0	1,652.0
Jadwa REIT Al Haramain	678.0	653.4	2,947.0	3,534.0
Taleem REIT	294.0	510.0	1,303.0	1,408.0
Al Maather REIT	571.0	599.3	2,749.0	2,484.0
Musharaka REIT	880.0	891.7	4,067.0	3,468.0
Mulkia REIT	607.0	761.2	5,829.0	4,276.0
Mashaer REIT	-	582.2	-	2,656.0
Al-Ahli REIT 1	-	1,446.7	-	6,636.0
Derayah REIT	-	1,570.3	-	4,343.0
Al-Rajhi REIT	-	1,744.0	-	24,986.0
Jadwa REIT Saudi	-	1,592.6	-	12,985.0
Sedco Capital REIT	-	595.7	-	21,515.0
Swicorp Wabel REIT	-	1,180.0	-	6,402.0
MEFIC REIT	-	1,226.0	-	11,620.0
Bonyan REIT	-	1,628.8	-	8,080.0
Total	3,637.0	16,449.8	21,921.0	124,780.0



3. Discretionary Portfolios

By the end of 2018, the asset value of private portfolios increased by 17.9%, amounting to SR 164.2 billion (Table (25)).

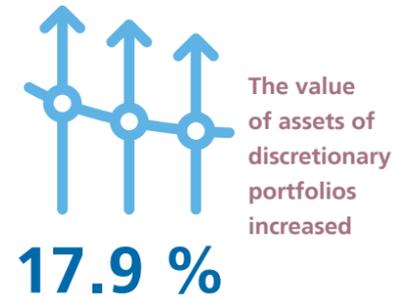


Table (25) Asset Value of Private Portfolios Categorized by Type

Type	Asset Value (million SR)		Change (%)
	2017	2018	
Local Equities	60,174.0	63,921.9	6.2%
International Equities	2,616.0	2,191.8	-16.2%
Debt Instruments	3,288.2	3,870.4	17.7%
Investment Funds	49,649.4	46,323.0	-6.7%
Other	23,470.9	47,855.9	103.9%
Total	139,198.5	164,163.0	17.9%



05

Chapter Five Capital Market Disclosure and Governance

Section One: Disclosure

1. Financial Statements of Listed Companies
2. Announcements of Listed Companies
3. Notifications of Ownership and Disposal Requests

1. Financial Statements of Listed Companies²⁰

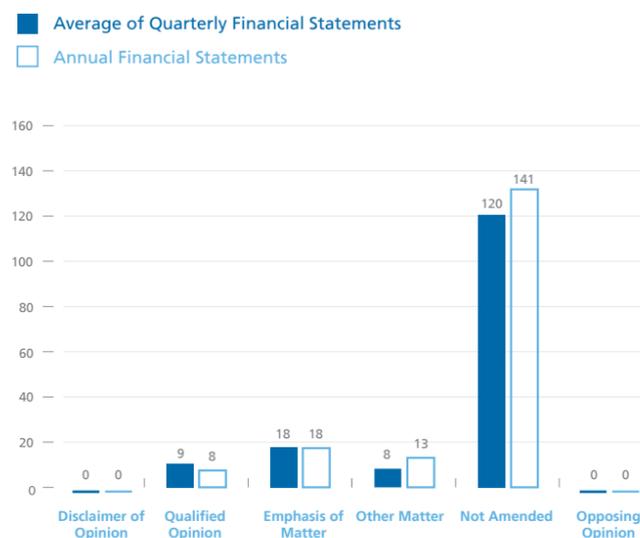
CMA reviewed 780 detailed annual and quarterly financial statements in 2018 (Table (26)).

Table (26) Detailed Financial Statements Published on the Saudi Stock Exchange (Tadawul Website)



The reviews conducted by CMA during 2018 revealed that there were qualified audit opinions on the annual financial statements of 39 companies out of 180 listed companies that were reviewed. In addition, the number of listed companies that had qualified audit opinions on their quarterly financial statements was 35 out of 155 listed companies²¹ that were reviewed. (Chart (1)).

Chart (1): The Number of Companies that Announced their Annual and Quarterly Financial Statements in 2018, Classified by Auditor's Opinion in the CPA Report.²²



2. Listed Companies Announcements

The total number of listed companies' Announcements on the Saudi Stock Exchange (Tadawul) website reached 3735 compared to 3912 in the previous year. (Table (27)).



Table (27): Announcements on the Saudi Stock Exchange (Tadawul) Website Classified by Type of Material Developments.

Type of Announcement	2017		2018	
	Number	Out of Total (%)	Number	Out of Total (%)
Financial Results	870	22.2%	771	20.6%
Board of Directors' Recommendation to Increase Capital through Rights Issue	6	0.2%	6	0.2%
Board of Directors' Recommendation to Increase Capital through Bonus Shares Issue	12	0.3%	20	0.5%
Board of Directors' Recommendation to Decrease Capital	14	0.4%	8	0.2%
Invitation to General Assemblies and Announcements of their Results	981	25.1%	784	21.0%
Dividends	186	4.8%	222	5.9%
Explanatory Announcement	362	9.3%	701	18.8%
Change in the Composition of Corporate Board of Directors and Top Management	239	6.1%	304	8.1%
Approval of New Product	0	-	0	-
Other Material Developments	1242	31.7%	919	24.6%
Total	3912	100%	3735	100%

20. 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.

21. The Board of Directors decided to exempt listed companies from disclosing their initial quarterly financial statements for the fourth quarter (Q4) starting from the fourth quarter of 2017.

22. "Auditor's Opinion in the CPA Report" means the total number of reports with disclaimer of opinion, opposing opinion, emphasis of matter, qualified opinion, or other matter.



3. Notification Requests and Disposal Requests²³

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 92.8%, while notifications of ownership changes decreased by 95.8% (Table (28)).

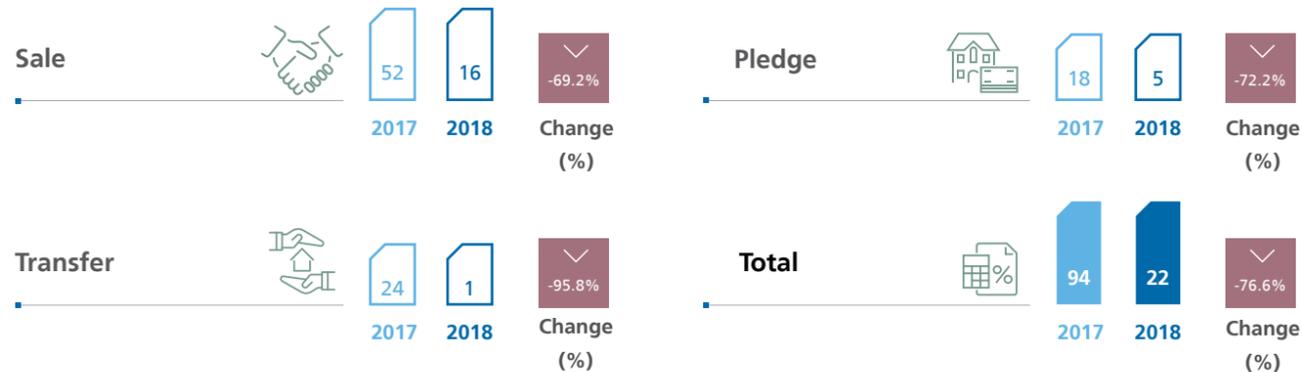
In 2018, there were 22 disposal requests, a 76.6% decrease compared to the previous year. (Table (29)).

Table (28): Number of Notifications of Shareholding and Ownership Changes by Major Shareholders, Board Members and Senior Executives.

Source of Notification	2017		2018 ²⁴	
	Ownership	Ownership Change	Ownership	Ownership Change
Major Shareholders	31	186	2	8
Board Members and Senior Executives	512	243	37	10
Total	543	429	39	18



Table (29): Disposal requests of Owners or Stakeholders of (5%) or More of any Class of Shares or Convertible Debt Instruments



23- The Article was amended to "Notification related to substantial shareholdings (5% or more) or any class of shares with preferential voting rights or Convertible Debt Instruments is one of the issues that should be reported to the market", and are now among the duties of the Saudi Stock Exchange (Tadawul).
24- Only for the first quarter (Q1) of 2018.





05

Chapter Five: Capital Market Disclosure and Governance

Section Two: Governance

1. Forming the Boards of Directors of Listed Companies
2. Main Committees of Listed Companies
3. Ordinary and Extraordinary General Assembly Meetings
4. Supervisory Visits
5. Enhancing Corporate Governance Compliance

Section Two: Governance

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 provision of the Corporate Governance Regulations as follows:



25- Non-Executive Member: A board member who does not manage the company on a full-time basis, and does not engage in its day-to-day activities.

26-Independent Board Member: A non-executive board member who has total independence in his position and decision, and who is not subject to any independence issues stipulated in Article 20 of the Corporate Governance Regulations.

1. Board Composition of Listed Companies

Article 16 of the Corporate Governance Regulation stipulates the conditions for the formation of Boards of Directors, including the following:

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:

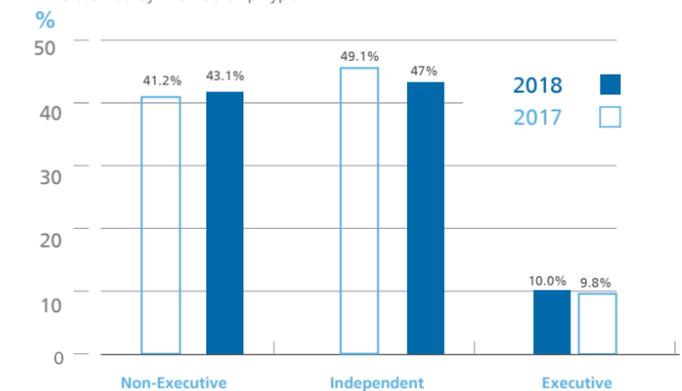
- 1.The majority of the Board shall be Non-Executive Members.
- 2.The number of Independent Members shall not be less than two Members or one third of the Board, whichever is greater.

Non-executive members and independent members combined constitute 90.0% of the total seats in the boards of directors of listed companies in 2018 (Table (30) and Chart (2)).

Table (30): Composition of Board of Directors of Listed Companies Classified by Membership Type

Membership Type	Number		Change (%)
	2017	2018	
Non-Executive Members ²⁵	572	648	13.3%
Independent Members ²⁶	682	705	3.4%
Executive Members	136	151	11.0%
Total	1390	1504	8.2%

Chart (2): Composition Percentage of Board of Directors of Listed Companies Classified by Membership Type





2. Main Committees of Listed Companies

1-2 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. The 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 Independent, and that it does not include any of the Board Executive Members. The number of members of the Audit Committee shall not be less than three or more than five, provided that one of its members is specialized in finance and accounting.

2. The Chairman of the Audit Committee shall be an Independent Member (Guiding paragraph).
3. The Company's General Assembly shall, upon recommendation of the Board, issue Audit Committee Regulations, provided that they include the rules and procedures for the activities of the Audit Committee, the rules for selecting Members, the means of their nomination, the term of their membership, their remunerations, and the mechanism of appointing temporary members should a seat in the Committee become vacant.
4. Any person who works or has worked in the Company's Executive Management, Finance Department, or for the Company's external auditors over the preceding two years may not be a member of the Audit Committee.

In 2018, The number of Audit Committee seats in listed companies has increased by 2.0% to reach 622, while the Member seats outside the Board of Directors represented 43.7% of the total number of Audit Committee seats. (Table (31)).



Table (31): Number of Seats of Audit Committee in Listed Companies Classified by Membership Type

Membership Type	Number				Change (%)
	2017	Out of Total (%)	2018	Out of Total (%)	
Non-Executive	116	19.0%	118	19.0%	1.7%
Independent	234	38.4%	232	37.3%	-0.9%
Non-Board	260	42.6%	272	43.7%	4.6%
Total	610	100%	622	100%	2.0%

2-2 Remuneration Committee

Article 60 of the Corporate Governance regulation relating to the composition of the Remuneration Committee states the following:

- 1- The Company's Board of Directors shall, by resolution thereof, form a committee to be named the "Remuneration Committee", Members of whom are not Executive Board Members, provided that it shall include at least one Independent Member among them.
- 2- The Company's General Assembly, as per the Board of Directors' recommendation, shall issue regulations for the Remuneration Committee including 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 in accordance with the Corporate Governance Regulations.

3-2 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 of Directors shall, by resolution thereof, form a committee to be named the "Nomination Committee", Members of whom are not Executive Board Members, provided that it shall include at least one Independent Member.
- 2- The Company's General Assembly, as per the Board of Directors' recommendation, shall issue regulations for the Nomination Committee including procedures, duties, and rules for selecting its Members, the term of their membership, and their remunerations.

In 2018, the number of seats for Remuneration and Nomination Committees in listed companies increased to 622 seats, while Independent Members accounted for the largest number of seats at 54% of the total (Table (32)).



Table (32): Number of Seats of Remuneration and Nomination Committee in Listed Companies Classified by Membership Type

Membership Type	Number				Change (%)
	2017	Out of Total (%)	2018	Out of Total (%)	
Non-Executive	213	34.9%	221	35.5%	3.8%
Independent	316	51.8%	336	54.0%	6.3%
Executive	30	4.9%	13	2.1%	-56.7%
Non-Board	51	8.4%	52	8.4%	2.0%
Total	610	100%	622	100%	2.0%

3. Ordinary and Extraordinary General Assemblies

Article Ten 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 number of meetings of Ordinary and Extraordinary General Assemblies reached 281 in 2018 (Table (33)), and the average total attendance in 2018 reached 47%, a 2% increase over 2017. This is due to the increase in the number of voters who voted electronically, out of total voters.

Table (33): Ordinary and Extraordinary General Assemblies held in 2018

Assembly Type	Number
Ordinary General Assembly convening from the first meeting	19
Ordinary General Assembly convening from the second meeting	168
Extraordinary General Assembly convening from the first meeting	9
Extraordinary General Assembly convening from the second meeting	72
Extraordinary General Assembly convening from the third meeting	13
Total Number of Meetings	281



4. Supervisory Visits

In 2018, CMA carried out one supervisory visit, followed by procedures and steps necessary to verify the compliance of companies. CMA performs these visits when the need arises to raise the level of awareness and support communication with the Board of Directors of companies. The aim is to achieve the highest level of compliance with the CML and its relevant Implementing Regulations. CMA overlooks the Company's current status and encourages best practices. It also ensures that the Company's Board of Directions adopt policies and procedures that can provide the highest level of compliance as well as the mechanism for continued implementation.

5. Enhancing Corporate Governance Compliance

In order to achieve the objectives of developing compliance with Corporate Governance Regulation, and raise awareness of the Regulations, and improving the practices of listed companies and parties related to the capital market, CMA was keen on participating in several international and local forums and held several seminars and workshops during 2018.



Lecture / Conference / Workshop / Seminar	Subject	Number	City / Province
Lecture	Awareness lecture on Corporate Governance in KSA for university students in different places in Saudi	3	Riyadh, Dammam, Jeddah
Meeting	35th Meeting of OECD Corporate Governance Committee	1	Paris
Workshop	Corporate Governance in which the Public Investment Fund Participates"	1	Riyadh
Workshop	Best Practices in Investor Relations:	1	Riyadh
Conference	MEIRA Annual Conference	1	Dubai
Workshop	Investor Relations of Listed Companies	1	Riyadh
Conference	7th Internal Audit Conference	1	Riyadh
Seminar	Independent Member and Corporate Governance	1	Riyadh
Workshop	Main Regulatory Reforms to Enhance KSA Business Environment – Tayseer Committee	1	Riyadh
Workshop	Main Regulatory Reforms to Enhance KSA Business Environment – Tayseer Commtee	1	Dammam
Seminar	Introduction to CML – CMA Academy	1	Riyadh
Meeting	Meeting of MENA-OECD Working Group on Corporate Governance	1	Lisbon
Workshop	Providing Support After Listing in the Capital Market – Saudi Stock Exchange (Tadawul)	1	Riyadh
Seminar	Seminar by the Secretary of the Board	1	Riyadh
Seminar	Discussion on Encouraging Sustainability in the Private Sector	1	Riyadh
Workshop	Corporate Governance in the Industrial Sector	1	Riyadh
Workshop	Workshop for newly listed Companies	1	Riyadh



06

Chapter Six Investor Protection

Section One: Surveillance

1. Surveillance of Trades
2. Listed Companies with Accumulated Losses of 20% or More of their Capital

1. Surveillance of Trades

Surveillance of trades is carried out as follows:

Trades and alerts generated by the electronic Surveillance System are analyzed. In case a misconduct is suspected, a surveillance inquiry is issued.

Intensive scanning is conducted 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.

Referrals are produced on any suspected violation of the CML or its Implementing Regulations, to the concerned division/department for further investigation and necessary action.

The number totaled:

36,111
Alerts



Surveillance System alerts on trades by the end of 2018.

77
Inquiries



Surveillance inquiries remained in 2018

616
Intensive Scans



Intensive Scans for trades suspected of being in violation of the CML and its Implementing Regulations were conducted.

13
Suspected Violations



Suspected violations in 2018

Developments in Surveillance of Trades and Deals in 2017 and 2018 were as follows:



27. "Surveillance System Alerts" means referrals produced on any suspected violation of the CML and its Implementing Regulations.

28. "Surveillance Alerts" is changed to "Surveillance Inquiries".

The source-based classification of intensive scans for suspected violations of the CML and

its Implementing Regulations in 2018 shows that CMA conducted:

156
scans



intensive scans through market surveillance

460
scans



scans through surveillance system alerts.

Table (34): Intensive Scans for Trades and Deals Suspected of Violating the CML and its Implementing Regulations by Source

Source of Intensive Scans	2017		2018		Change (%)
	Number	Out of Total (%)	Number	Out of Total (%)	
Market Surveillance ²⁹	713	51.1%	156	25.3%	-78.1%
Alert ³⁰	682	48.9%	460	74.7%	-32.6%
Total	1,395	100%	616	100%	-55.8%

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

Table (35): Listed Companies with Accumulated Losses of 20% or More in 2018³²

Percentage of Accumulated Losses	Number of Companies
Companies with Accumulated Losses of 20% or More, and Less than 35%	7
Companies with Accumulated Losses of 35% or More, and Less than 50%	8
Companies with Accumulated Losses of 50% or More	1
Total	16

In 2017, the procedures and Instructions of Listed Companies whose accumulative losses amount to 20% or more of their capital were put into action in light of the Companies Law issued by Royal Decree No. (M/3) dated 28/1/1437H.

By the end of 2018, 16 listed companies incurred losses amounting to 20% or more of their capital³¹ (Table (35)).

29) "Market Surveillance" is the detection, by a market monitoring unit officer, of suspicious activities within Capital Market trades, through direct monitoring and analysis.

30) "Alert" means suspicious activities detected through signals issued by the SMARTS system when unusual trades occur.

31) Based on the amendment of Article 64 of the Rules On The Offer of Securities and Continuing Obligations issued by CMA Board Resolution No. 3-45-2018 dated 7/8/1439H corresponding to 23/4/2018, paragraph (a) states the following:

"The annual financial statements and the first, second, and third interim financial statements of an issuer must be disclosed to the Authority and the public upon their approval and prior to their publication to shareholders or third parties." Accordingly, paragraph (d) provides that "The issuer must prepare its annual financial statements in accordance with the accounting and auditing standards adopted by SOCPA, and disclose them to the public within a period not exceeding three months after the end of the annual financial period included in such financial statements. The issuer must disclose these annual financial statements not less than 21 calendar days before the date of convening the issuer's annual general assembly.

32) According to the financial statements of listed companies published on the website of (Tadawul), on 30 September 2018.



06

Chapter Six Investor Protection

Section Two: Investor Complaints and Reports, and Violations of Laws and Regulations Enforced by CMA

1. Investor Complaints and Reports
2. Handling Investor Complaints
3. Taking Actions against Violations of Laws and Regulations Enforced by CMA
4. Classification of Violations of Laws and Regulations Enforced by CMA

1. Investor Complaints and Reports

CMA is aware of the important role it plays to protect investors in the financial market. Therefore, it took over the task of receiving investors' reports and complaints of suspected violations of CMA Rules and Implementing Regulations. CMA has provided several official channels to receive reports and complaints. In 2018, it launched the "Investor Protection App" on Smart Devices which deals with receiving reports and complaints under CMA's jurisdiction.

The application aims to develop complaint procedures by enabling users to submit a complaint and follow up on it with ease and confidentiality. Through launching the application, CMA seeks to achieve the following:

- Facilitate the procedures of complaints.
- Strengthen CMA's procedures towards illegal practices in the financial market.
- Make investors, financial market dealers and community members an important part of participating in the development of the capital market and increasing their confidence in it.



Channels for receiving complaints are indicated in the following Chart:

Channels for Receiving Reports and Complaints:

 Riyadh-King Fahad Road
Capital Market Authority
Head Office

 P.O. Box 87171
Riyadh 11642

Saudi Post

 Installation

Investor Protection App



 www.cma.org.sa

CMA Website

 Violation.Reports@cma.org.sa

E-mail
(Only for Reports)

1-1 Reports

As a result of the addition of new channels to receive reports and complaints, including the Investor Protection App, it has become easy to submit reports by participants in the capital market, as indicated by the high number of reports in Table (36). The number of reports received by CMA in 2018 increased to 477 compared to 221 in 2017. The number of reports related to

securities' activities without a license increased to 266, representing the largest percentage of the total number of reports in 2018. The number of reports against corporate governance, financial statements, market conduct and activities of market institutions increased to 120, 24, 45, and 13 respectively in 2018, while the number of reports related to investment products and offerings declined to 9 compared with 15 reports in 2017 (Chart No. (3)).

Table (36): Reports classified by subject

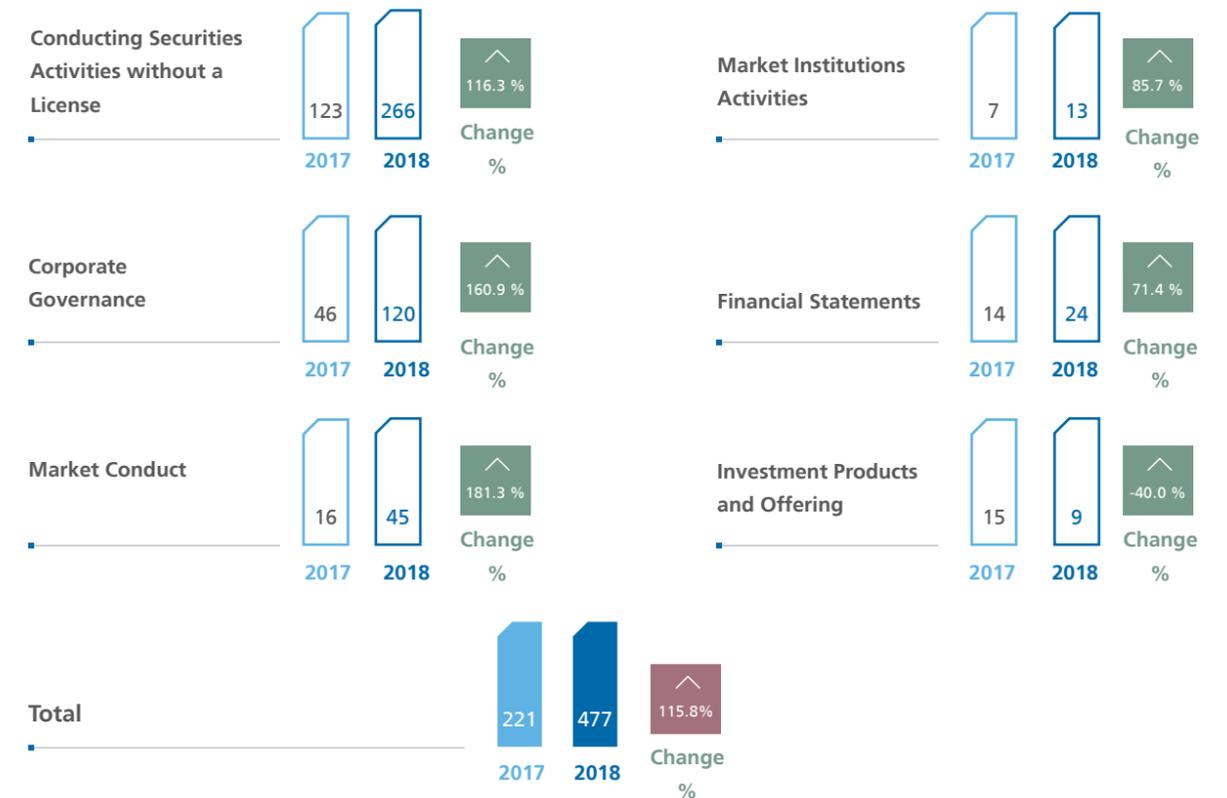
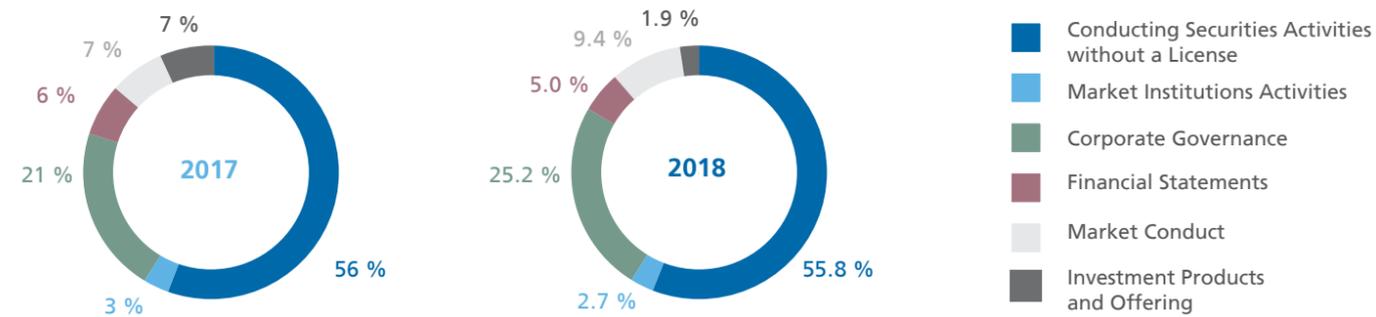
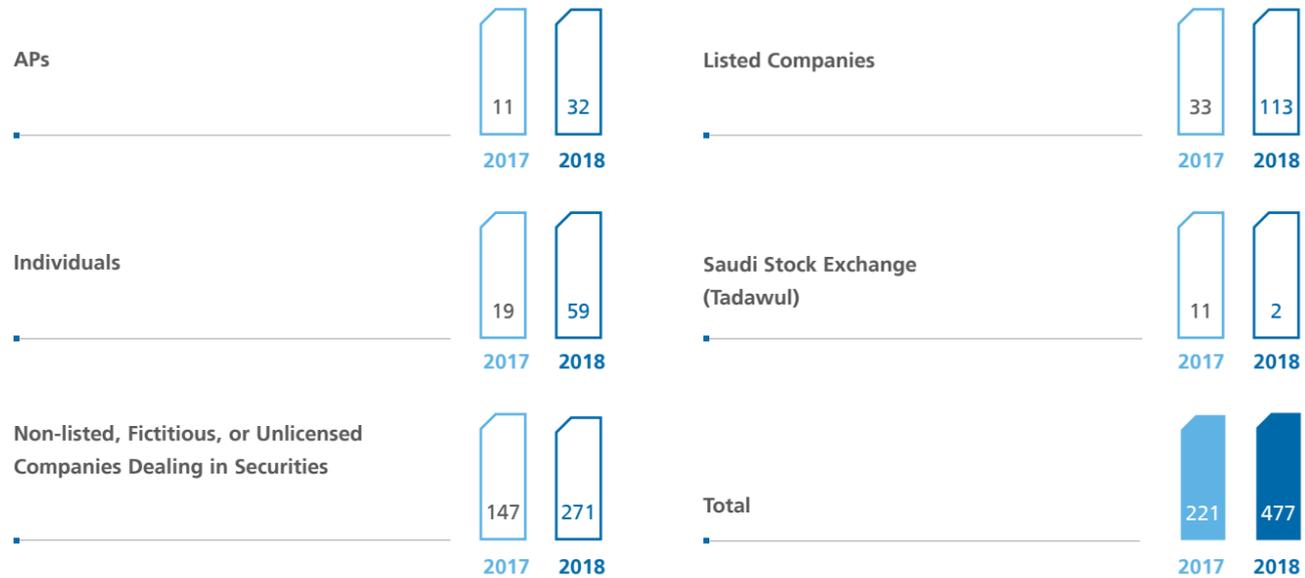


Chart (3): Percentage of reports classified by subject



In view of the classification of these complaints by reported persons, Table (37) indicates that the number of reports against APs, listed companies and individuals in 2018 increased to 32, 113, and 59 respectively, as well as the number of reports against non-listed companies or companies that are fictitious or unlicensed to deal with securities increased by 84.4% compared to 2017, while the number of reports against the Saudi Stock Exchange (Tadawul) declined to two reports compared to 11 in 2017.

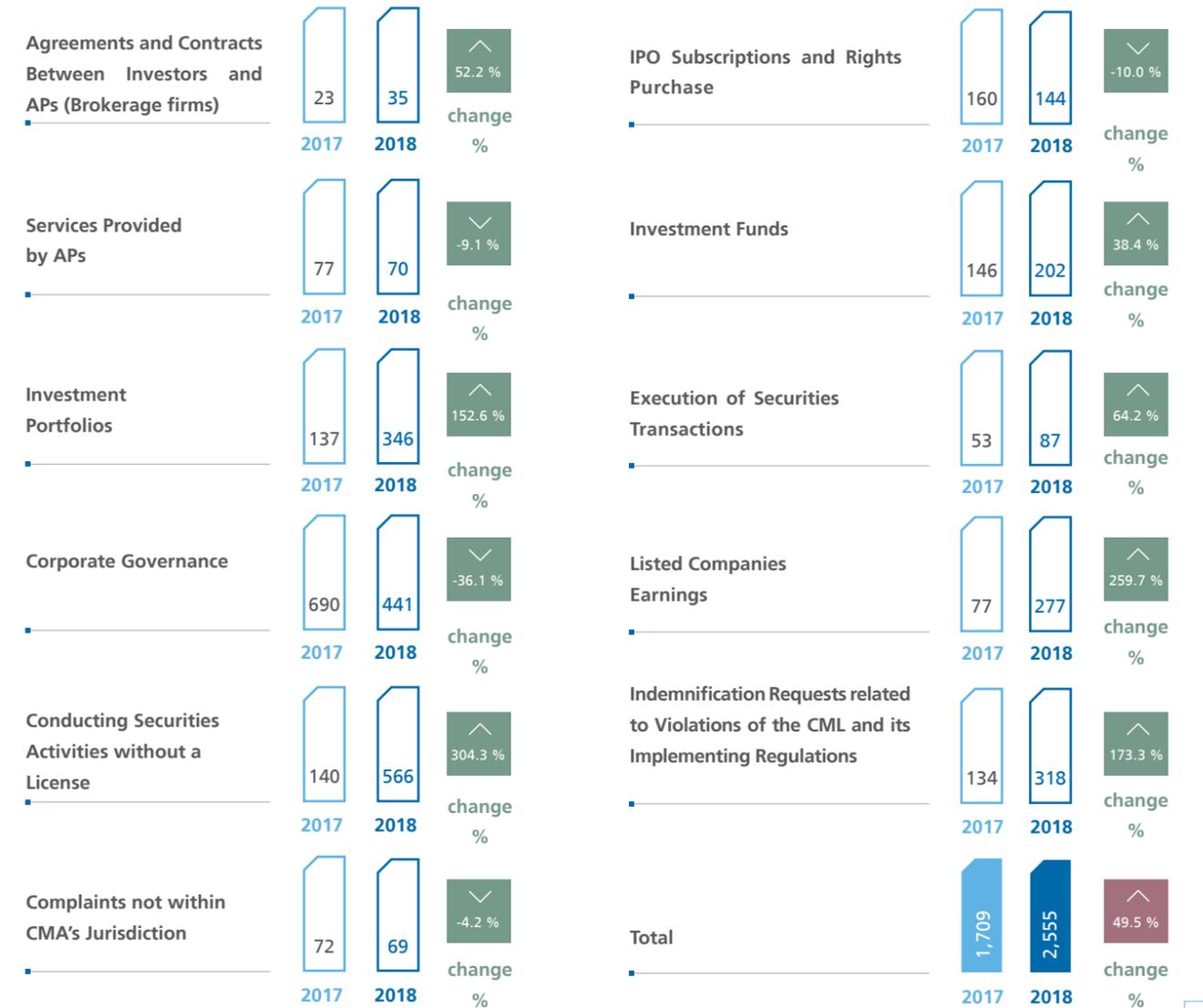
Table (37): Reports Classified by Reported Person



2-1 Complaints

A total of 2555 complaints were received in 2018 with a 49.5 % increase compared to the previous year. The number of complaints related to Conducting Securities Activities without a License represent the largest category of complaints followed by the complaints related to the "Investment Portfolios" in 2018. (Table No. (38)).

Table (38): Complaints Classified by Subject



On the other hand, classifying the complaints by respondent reveals that complaints against Listed Companies represent the largest category of Complaints with 41.4 % in 2018 (Table (39), Chart (4)).

Table (39): Complaints Classified by Respondent

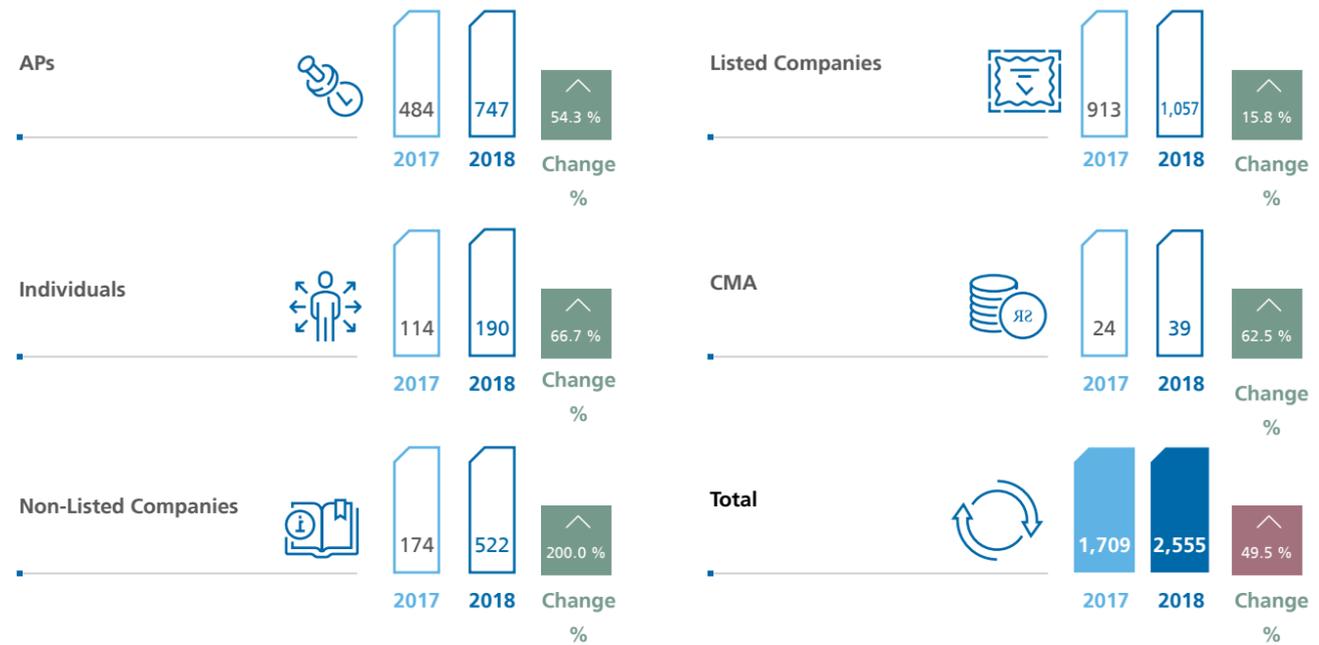
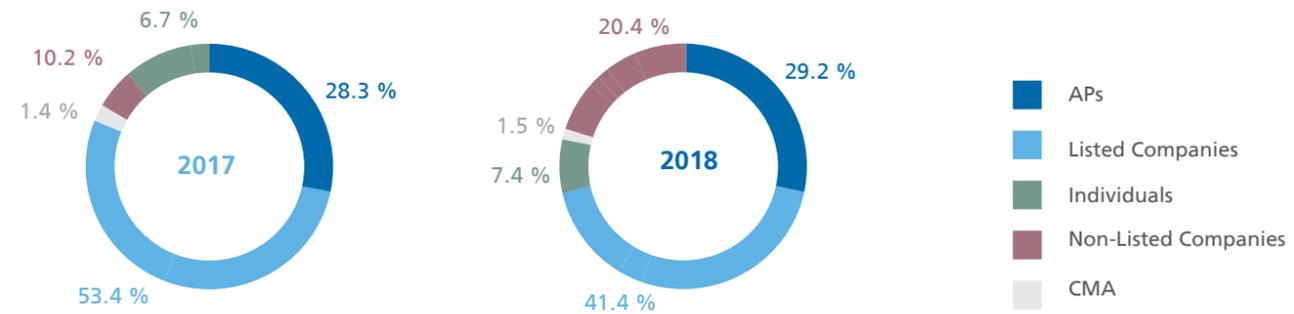


Chart (4): Percentage of Complaints Classified by Respondent



2. Handling Investor Complaints

In 2018, 1643 complaints were settled. The percentage of complaints under consideration remarkably declined to 271 complaints in 2018, compared to 493 complaints in 2017 (Table (40) and Chart (5)).

Table (40): Complaints Processed by CMA

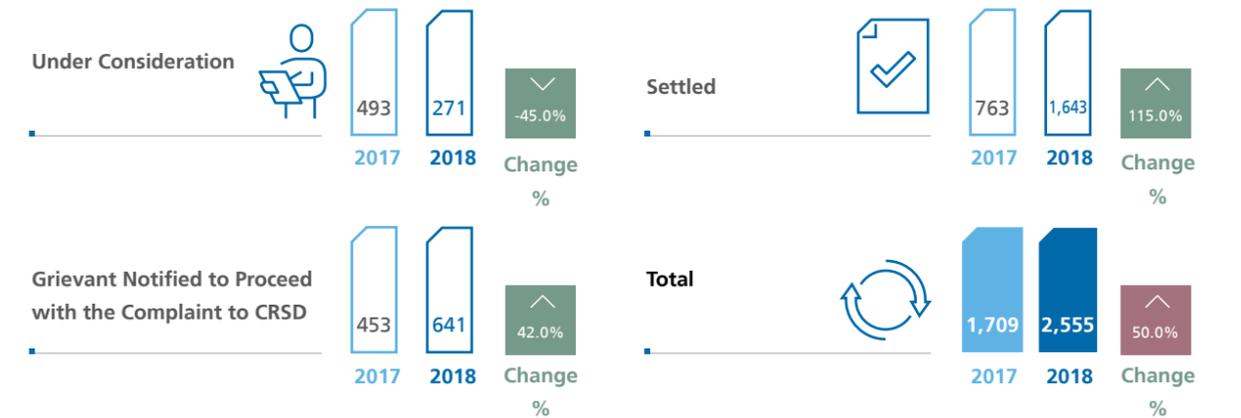
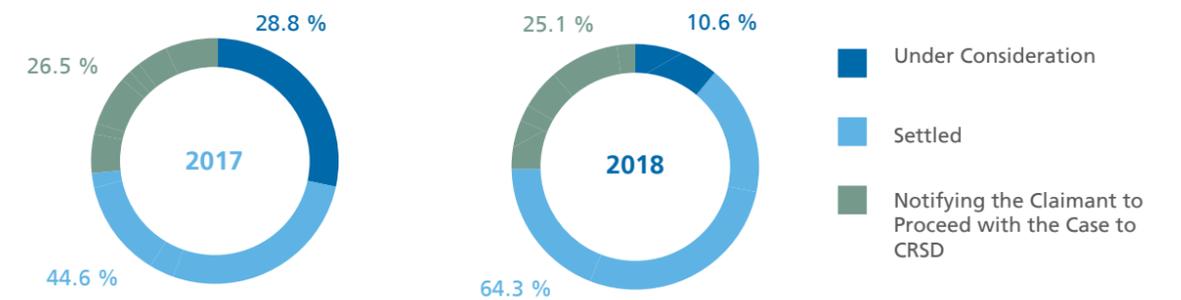


Chart (5): Percentage of Complaints Processed by CMA



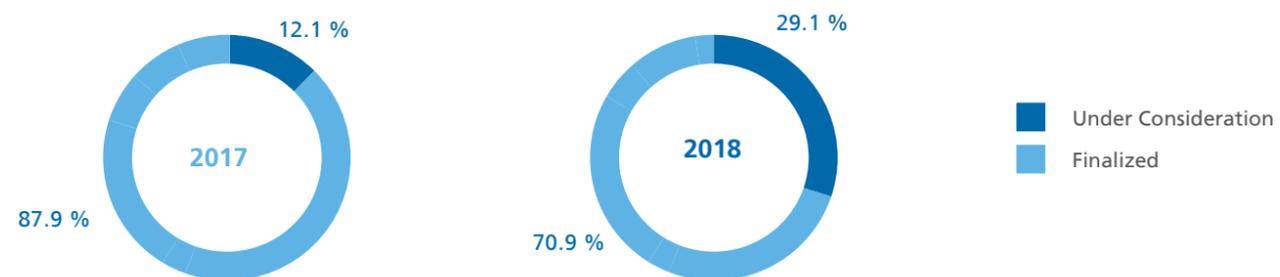
3. Taking Actions against Violations of Laws and Regulations Enforced by CMA

CMA finalized 178 out of the 251 cases filed in 2018. This represents 70.9 % of the total number of cases in which violations of the CML and its Implementing Regulations were suspected. In general, the number of violations of the CML and its Implementing Regulations increased by 4.6% in 2018 (Table (41) and Chart (6)).

Table (41): Taking Actions against CML and Companies Law Violations



Chart (6): Percentage of Taking Actions against CML and Companies Law Violations



4. Classification of Violations of Laws and Regulations Enforced by CMA

1-4 Filed Violation Cases

The total number of violations of the CML and its Implementing Regulations increased by 24.6% in 2018 compared to 2017. Most filed violation cases increased in varying proportions (Table (42)).

2-4 Finalized Violation Cases

The total number of violations of the CML and its Implementing Regulations that have been finalized decreased by the end of 2018 by 15.6 % compared to 2017. Most finalized violation cases increased in varying proportions (Table (42)).

Table (42): Filed and Finalized CML Violation Cases Classified by Type

Violation Type	Filed		Finalized ³³	
	2017	2018	2017	2018
Manipulation and Misleading Act/Market Conduct	14	6	15	18
Disclosure	1	48	5	21
Insider Trading	17	7	28	0
Authorized Persons Regulations ³⁴	10	25	20	22
Change in the Ownership/Disposal Percentages Without Notifying CMA	0	0	0	0
Conducting Securities Transactions Without CMA License	3	13	1	11
CMA Board Resolutions	1	15	2	14
Offers of Securities Regulations	0	8	1	6
Listing Rules	8	32	6	25
Trading During Prohibited Periods	0	17	0	16
Corporate Governance Regulations	8	10	12	10
Investment/Real Estate Funds Regulations	34	7	36	6
Prudential Rules	0	4	0	2
Merger and Acquisition Regulations	1	0	1	0
AP Conduct/CMA Circulars	4	16	6	16
Companies Law	78	9	78	6
Money Laundering Fighting System	-	6	-	5
Total	179	223	211	178

³³ Including cases from previous years.

³⁴ Inspections imposed upon APs to ensure their abidance by the Authorized Persons Regulations and the Anti-Money Laundering and Counter-Terrorist Financing Rules, etc.

06

Chapter Six Investors Protection

Section Three: Prosecution, Sanctions, and Penal Verdicts on Violations

1. Cases Pending Before the Committees for the Resolution of Securities Disputes Filed Against/By CMA
2. Cases Pending Before Other Judicial Authorities Filed Against/By CMA
3. Statements of Claim and Defense in Cases Filed Against/By CMA
4. Number of Cases Filed Against/By CMA with Final Judgements
5. Following up Enforcement of Decisions
6. Classification of Sanction Decisions against Violators of Laws and Regulations Enforced by CMA
7. Financial Penalties & Fines against Violators of Laws and Regulations Enforced by CMA

1. Cases Pending before the Committees for the Resolution of Securities Disputes Filed Against/By CMA

The number of cases pending with the CRSD filed against/by CMA decreased by 37.5% by the end of 2018. No cases were recorded by CRSD from any type. Further, the number of different types of cases also declined (Table (43)).

On the other hand, 6 cases filed against/by CMA were

pending with Appeal Committee for the Resolution of Securities Disputes (ACRSD) by the end of 2018. Cases related to "Manipulation and Misleading Acts", "Appeals against CMA Board Resolutions" and "Violation of Corporate Governance Regulations" decreased by 80%, 62.5% and 50% respectively, compared with 2017 (Table (43)).

Table (43): Number of Cases Pending before the Committees for the Resolution of Securities Disputes Filed Against/By CMA

Case Type	CRSD			ACRSD		
	2017	2018	Change (%)	2017	2018	Change (%)
Manipulation and Misleading Acts	0	0	-	5	1	-80.0%
Insider Trading	0	0	-	0	0	-
Conducting Securities Business without License	0	1	-	0	0	-
Violation of Listing Rules	2	2	0.0%	0	0	-
Violation of Authorized Persons Regulations	1	1	0.0%	1	1	0.0%
Violation of Corporate Governance Regulations	1	0	-100.0%	2	1	-50.0%
Disclosure Violation	0	0	-	0	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	4	1	-75.0%	8	3	-62.5%
Total	8	5	-37.5%	16	6	-62.5%

Since the issuance of High Order No. 4690 dated 06/02/1435H, which granted the Public Prosecution sole authority to consider criminal acts, 114 cases

were referred to the Public Prosecution by the end of 2018.

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

The number of cases pending with other judicial authorities filed against/by CMA increased to 3 cases in 2018. The number of labor cases with the Preliminary Commission for Settlement of Labor Disputes stabilized at one case while the number of administrative cases

with the Administrative Court and the number of enforcement cases with the Enforcement Courts related to the Ministry of Justice increased to one case in 2018 (Table (44)).

Table (44): Number of cases pending before other judicial authorities filed against/by CMA

Judicial Body	2017		2018	
	Type of Cases	Number of Cases	Type of Cases	Number of Cases
The Preliminary Commission for Settlement of Labor Disputes	Labor	1	Labor	1
The Administrative Court related to the Board of Grievances	Administrative	-	Administrative	1
Enforcement Courts related to the Ministry of Justice	Enforcement	-	Enforcement	1
Total	-	1	-	3

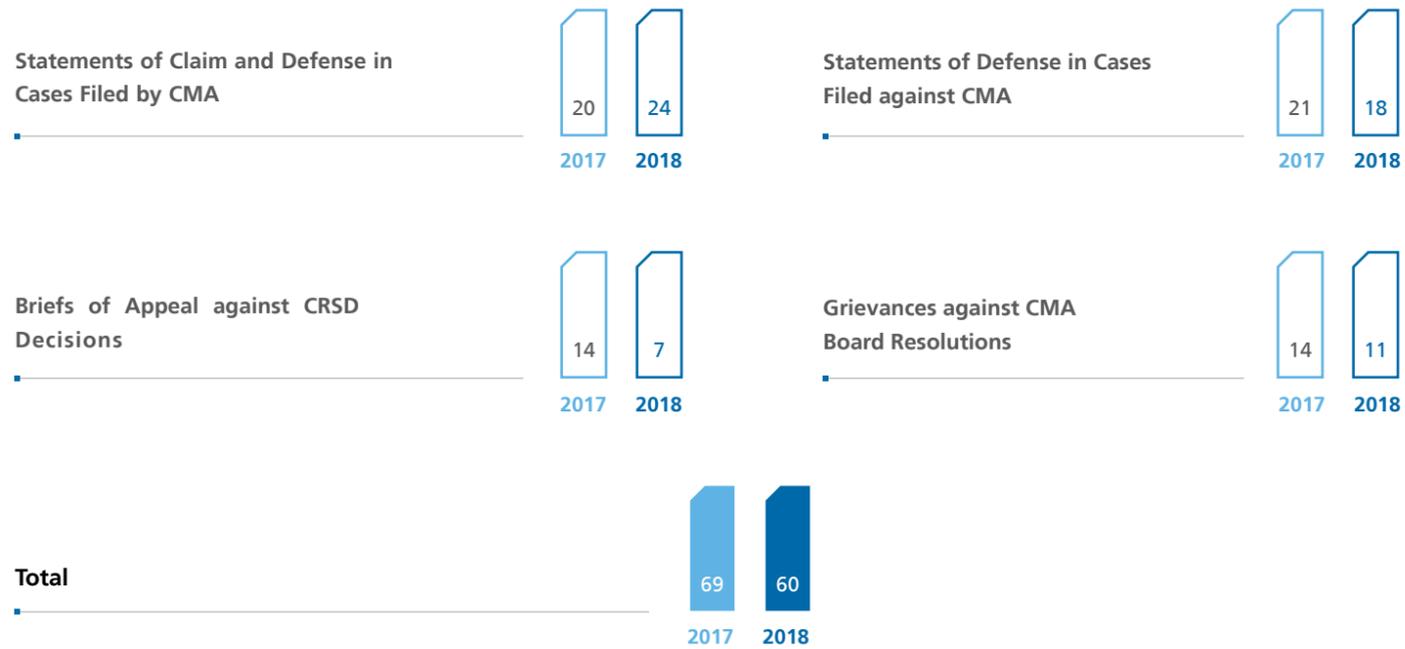


3. Statements of Claim and Defense in Cases Filed Against/By CMA

In 2018, the number of statements of claim, defense and grievances in cases filed against/by CMA decreased to 60, while the number of statements of claim and defense in cases filed by CMA increased to 24. The

number of statements of defense in cases filed against CMA and briefs of appeal against CRSD decisions decreased to 18 and 7 respectively (Table (45)).

Table (45) Statements of Claim, Defense and Grievances in Cases Filed Against/by CMA



4. Cases Filed Against/By CMA with Final Judgements

In 2018, 20 final judgments were issued in favor of CMA in cases brought by or against it. On the other hand, 4 final judgments were issued against CMA in cases brought by or against it (Table (46)).

Table (46): Number of Final Judgments in Favor of/Against CMA

Case Status	2017			2018		
	Filed by CMA	Filed against CMA	Total	Filed by CMA	Filed against CMA	Total
Final Judgment in Favor of CMA	17	21	38	5	15	20
Final Judgment Against CMA	1	0	1	0	4	4
Dismissal/Final Judgment for Lack of Jurisdiction	1	0	1	0	1	1



5. Following up Enforcement of Decisions

In 2018, the CMA Board issued 98 sanction decisions, a 32.4% decline compared to 2017, while the CRSD and ACRSD issued 31 sanction decisions; a decrease of 6.1% compared to those issued in 2017. In this respect, CMA

followed up the enforcement of sanction decisions in 2018 issued by the CMA Board and the CRSD and ACRSD; 90.8% and 77.4% respectively were enforced (Chart (7), table (47)).

Chart (7) Sanction Decisions Against Violators of the Laws and Regulations Enforced by CMA Classified by Decision Issuer

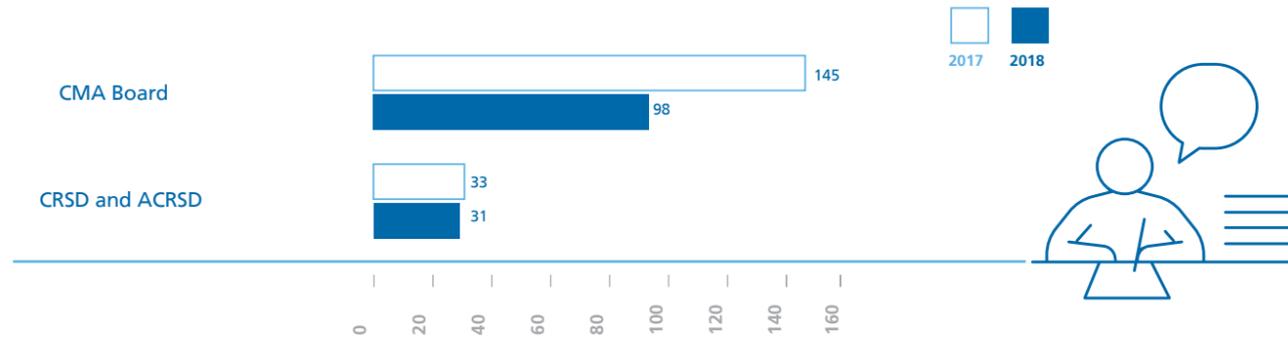


Table (47) Sanction Decisions Against Violators of the Laws and Regulations Enforced by CMA Classified by Issuer - 2018

Decision Issuer	Number	Enforced	Enforced (%)
CMA Board	98	89	90.8%
CRSD and ACRSD	31	24	77.4%
Total	129	113	87.6%

6. Classification of Sanction Decisions Filed by CMA against Violators of the Laws and Regulations Enforced by CMA

In 2018, CMA Board and the CRSD and ACRSD issued 129 sanction decisions against 249 violators including 141 investors and 42 senior executives. On the other

hand, 210 sanction decisions were executed against violators, the remaining decisions are under follow-up (Table (48)).

Table (48) Sanction Decisions Against Violators of the Laws and Regulations Enforced by CMA Classified by Violator Type in 2018

Type of Violator	No.	Enforced	Enforced (%)
Investor	141	109	77.3%
Authorized Person/Registered Person	30	26	86.7%
Listed Companies	36	33	91.7%
Senior Executives	42	42	100.0%
Total	249	210	84.3%



Table (49) shows the sanction decisions issued in 2018 against violators of the Laws and Regulations Enforced by CMA classified by type of violation. The table also shows that 84.3% of all sanctions issued in 2018 have been enforced. "Manipulation and Misleading Acts" violations represent the highest category of violations in terms of number of violations with 110

violations, of which 75.5% have been enforced and the rest are pending. Violations of "Insider Trading", "CMA Resolutions/Circulars" and "Corporate Governance Regulations" reached 18 violations for each, of which 94.4%, 100.0% and 100.0% were enforced, respectively, and the remaining sanctions are pending enforcement.

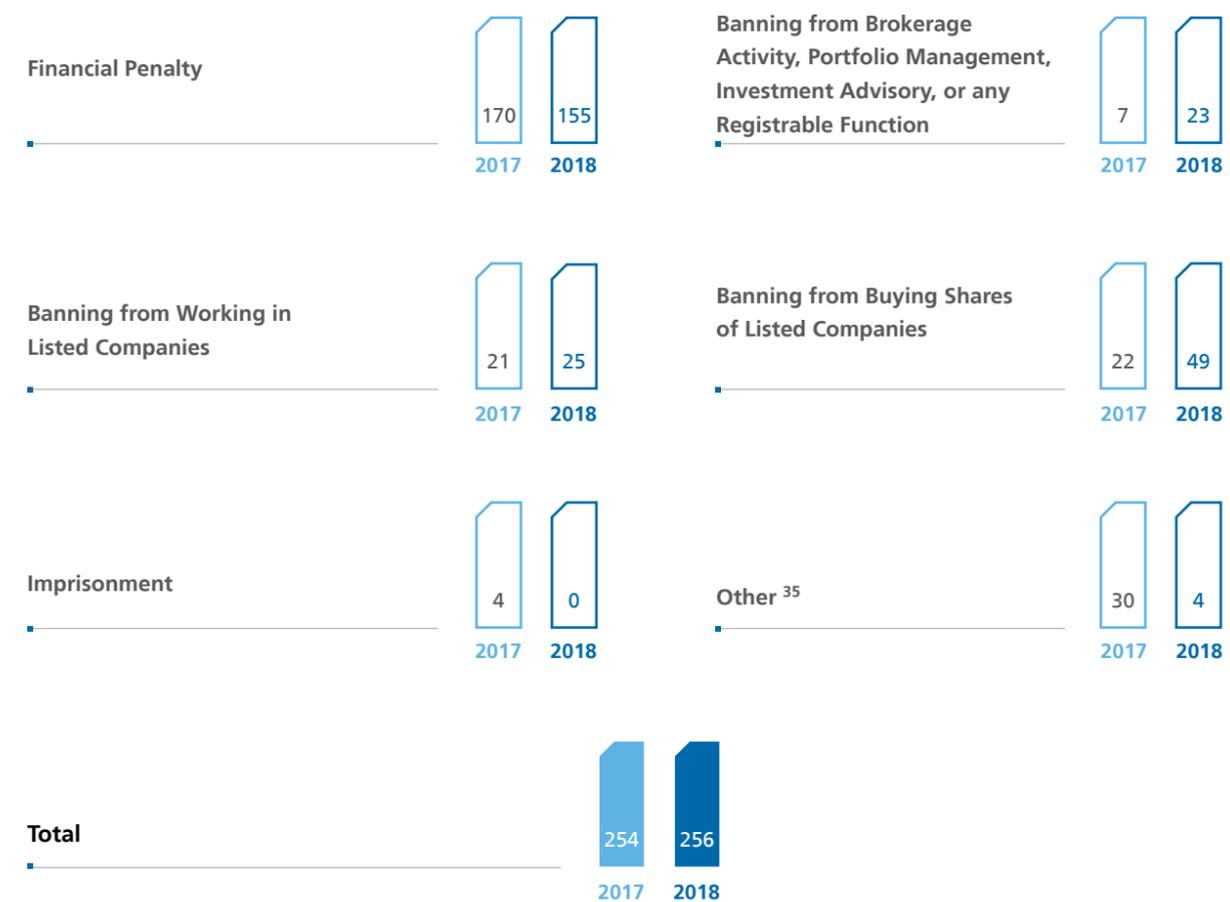
Table (49) Sanction Decisions Against Violators of the Laws and Regulations Enforced by CMA Classified by Type of Violations in 2018

Type of Violation	No.	Enforced	Enforced (%)
Manipulation and Misleading Acts	110	83	75.5%
Disclosure	12	12	100.0%
Insider Trading	18	17	94.4%
Authorized Persons Regulations	10	7	70.0%
Change in Ownership/Disposal Percentages without Notifying CMA	3	3	100.0%
Conducting Securities Business without a CMA License	13	10	76.9%
CMA Resolutions/Circulars	18	18	100.0%
Offers of Securities Regulations	0	0	0.0%
Listing Rules	4	4	100.0%
Trading During Prohibited Period	14	13	92.9%
Corporate Governance Regulations	18	18	100.0%
Investment/Real Estate Funds Regulations	5	4	80.0%
Prudential Rules	2	2	100.0%
Merger and Acquisition Regulations	0	0	0.0%
Companies Regulations	7	6	85.7%
Anti-Money Laundering and Counter-Terrorist Financing Rules	8	8	100.0%
Anti-Money Laundering and Counter-Terrorist Financing Regulations	1	1	100.0%
Offer of Securities Rules	6	4	66.7%
Total	249	210	84.3%

In 2018, the CMA Board and the CRSD and ACRSD issued 256 sanctions, compared to 254 in 2017, i.e. Financial penalties ranked first from among sanctions

issued by the CMA Board and CRSD and ACRSD with 155 penalties in 2018 (Table (50)).

Table (50): Sanctions Issued by the CMA Board and the CRSD and ACRSD Classified by Type of Sanction



³⁵ Including administrative and precautionary sanctions.

7. Financial Penalties & Fines against Violators of Laws and Regulations Enforced by CMA

The total sum of financial penalties issued by the CMA Board and the CRSD and ACRSD against violators of the Laws and Regulations Enforced by CMA in 2018 amounted to SR 395 million, of which SR 373 million (94.5%) were collected. Financial Penalties & Fines

issued against violations of Insider Trading ranked first; amounting to SR 325 million representing 82.3% of all financial penalties, of which SR 324 million were collected (Table (51)).

Table (51): Total Amounts of Financial Penalties Issued by CMA and the Committees for the Resolution of Securities Disputes against Violators of the Laws and Regulations Enforced by CMA Classified by Type of Violation for 2018

Type of Violation	Total Amounts of Financial Penalties & Fines Imposed (SR) 1/1/2018 – 31/12/2018	Total Amounts of Financial Penalties & Fines Collected in 2018 (SR) 1/1/2018 – 31/12/2018	Percentage of Collected Amounts out of Total Penalty
Manipulation and Misleading Acts	62,569,778	41,680,818	66.6 %
Disclosure	200,000	200,000	100.0 %
Insider Trading	325,222,919	324,900,510	99.9 %
Authorized Persons Regulations	420,000	240,000	57.1 %
Change in Ownership/Disposal Percentages without Notifying CMA	0	0	-
Conducting Securities Business without a CMA License	100,000	100,000	100.0 %
CMA Resolutions/Circulars	50,000	50,000	100.0 %
Offers of Securities Regulations	0	0	-
Listing Rules	220,000	220,000	100.0 %
Trading During Prohibited Period	680,000	560,000	82.4 %
Corporate Governance Regulations	5,000,000	5,000,000	100.0 %
Investment/Real Estate Funds Regulations	80,000	60,000	75.0 %
Prudential Rules	50,000	50,000	100.0 %
Merger and Acquisition Regulations	0	0	-
Companies Regulations	170,000	70,000	41.2 %
Anti-Money Laundering and Counter-Terrorist Financing Rules	370,000	370,000	100.0 %
Anti-Money Laundering and Counter-Terrorist Financing Regulations	50,000	50,000	100.0 %
Offer of Securities Rules	80,000	40,000	50.0 %
Total	395,262,697	373,591,328	94.5 %

Table (52) indicates the total amounts of financial penalties issued by CMA and the CRSD and ACRSD in 2018 against violators of the Laws and Regulations Enforced by CMA classified by type of violator. Financial

Penalties & Fines issued against top investors ranked first with a total of SR 378 million, of which SR 357 million (94.5%) were collected.

Table (52) Total Amounts of Financial Penalties Issued by CMA and the CRSD and ACRSD against Violators of the Laws and Regulations Enforced by CMA Classified by Type of Violator - 2018

Type of Investor	Total Amounts of Financial Penalties & Fines Imposed (SR) 1/1/2018 – 31/12/2018	Total Amounts of Financial Penalties & Fines Collected in 2018 (SR) 1/1/2018 – 31/12/2018	Percentage of Collected Amounts out of Total Penalty
Investor	378,301,636	356,970,268	94.4 %
Senior Executives	15,381,060	15,381,060	100.0 %
Registered Person	30,000	0	0.0 %
Listed Company	610,000	470,000	77.0 %
Authorized Person	940,000	770,000	81.9 %
Total	395,262,697	373,591,328	94.5 %





06

Chapter Six Investor Protection

Section Four: Investor Awareness

- 1. Media Programs
- 2. Investment Literacy Programs

1. Media Programs

In 2018, and in line with CMA's task of communicating with external parties, 65 press releases were issued through different media outlets; print and electronic. In addition, CMA organized 45 interviews for its employees and members in local and international newspaper publications. It also participated in several media and awareness seminars.

2. Investment Literacy Programs

In 2018, CMA executed the following programs in accordance with its Investment Awareness Strategy:

1-2 Awareness Exhibitions

CMA participated in a number of exhibitions to reach out to different segments of the community. The aim is to raise investment awareness among investors and all community members concerning the best methods for secure investments in the capital markets, in addition to introducing CML information, guidelines, and Implementing Regulations. This service is to help investors find fair and secure investment opportunities,



and helps increase their awareness of suspicious investments. One of the main exhibitions CMA participated in was Al-Janadriyah Festival, and Riyadh International Book Fair.

In 2018, and to help educate students on the basics of investment, CMA conducted 100 school visits in 5 cities around the Kingdom, during which it distributed 2700 bundles of the Smart Investor Magazine (Table (53)).

Table (53): Awareness School Visits by CMA in Different Saudi Cities in 2018

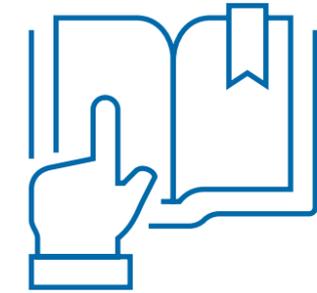
	City	Number		
		Schools	Benefiting Students (male and female)	Number of Distributed Bundles of the Smart Investor Magazine
1	Riyadh	96	5,928	1,850
2	Khamis Mushait	1	90	90
3	Arar	1	300	300
4	Tabuk	1	160	160
5	Hafr Al-Baten	1	300	300
Total		100	6,778	2,700

2-2 Distribution of Awareness Booklets

Over the until 2018 CMA issued 31 awareness brochures and pamphlets, and distributed them throughout its various events.

3-2 Educational Campaigns through Social Media Platforms

Due to the importance and wide usage of Social media channels among different market segments, CMA organized several promotional and educational campaigns through this platform, including:



- 
 Investment Rules for Foreign Financial Institutions Qualified in Listed Securities Campaign
- 
 Protecting Minority Investors
- 
 CampaignMarket Misconduct Campaign
- 
 Real Estate Investment Trading Funds (REITs) Campaign
- 
 Investment Basics Campaign
- 
 Launching the Financial Sector Development Program Campaign
- 
 Financial Technology FinTech Campaign
- 
 Joining the MSCI Index Campaign
- 
 Public Investment Funds Campaign
- 
 Exchange Trading Funds (ETF's) Campaign
- 
 Joining FTSE Russell Index for Emerging Markets Campaign
- 
 Risks of Trading or Investment in Virtual Digital Currencies Awareness Campaign
- 
 Risks of trading in the foreign currency exchange market (FOREX) Awareness Campaign
- 
 Introduction to Investment Funds Campaign
- 
 Savings Campaign

4-2 Seminars and Workshops

During 2018, CMA organized the “Financial Stability Seminar” in cooperation with the Saudi Arabian Monetary Authority (SAMA). The seminar included a discussion on the importance of financial stability in achieving the Kingdom’s Vision 2030, and the role of regulatory entities and financial institutions in guaranteeing the flow of transformation towards achieving the Vision, as well as the successes and challenges faced to date. The seminar highlighted the stimulants of real financial growth in light of the Financial Balance Program, with the participation of experts from the IMF experts, government and semi-government entities, managing directors of banks, and representatives of financial and investment companies.

CMA held 11 workshops covering the following subjects:

-  Professional Understanding of Real-Estate Appraisal Reports
-  Securities Offering and Financial Obligations
-  Secretary of the Board of Directors
-  Compliance Officers at Authorized Persons (Aps)
-  Economic Writers’ Forum
-  Securities Offering and Financial Obligation
-  Market Institutions Forum
-  Investor Relations
-  Special Purpose Entities
-  Independent Members
-  Legal Advisors Forum

In 2018, CMA staff gave several talks to students (male and female) and executives at different Saudi universities and education institutions, including:

		number of visits
King Saud University		5
Princess Norah University		4
Prince Sultan University		3
Al-Yamamah University		2
Imam University		1
Qassim University		1
King Faisal University		1
Institute of Public Administration		1
Saudi Electronic University		1
University of Business and Technology		1
King Abdulaziz University		1
Taibah University		1
Laureate Academy (Al-Madinah)		1
Oxford College (Al-Madinah)		1





07

Chapter Seven Securities Business

Section One: Licenses

1. Authorization Decisions
2. Licenses Classified by Securities Business Activities
3. CMA Efforts in the Development of Financial Sector Employees
4. Credit Rating Licenses
5. Special Purpose Entities (SPEs)
6. Financial Technology "FinTech" Products in the Saudi Capital Market

1. Authorization Decisions

CMA issues authorization decisions for conducting securities business, including licensing, amendment, cancellation, and revocation. CMA issued 21 decisions, including 11 new licensing decisions, the largest

number of licensing decisions granted by CMA since 2010. In addition, CMA issued 9 decisions for license amendment in 2018. The total number of Authorized Persons by the end of 2018 reached 96 (Table (54)).

Table (54): Number of Authorization Decisions Classified by Type



2. Licenses Classified by Securities Business Activities

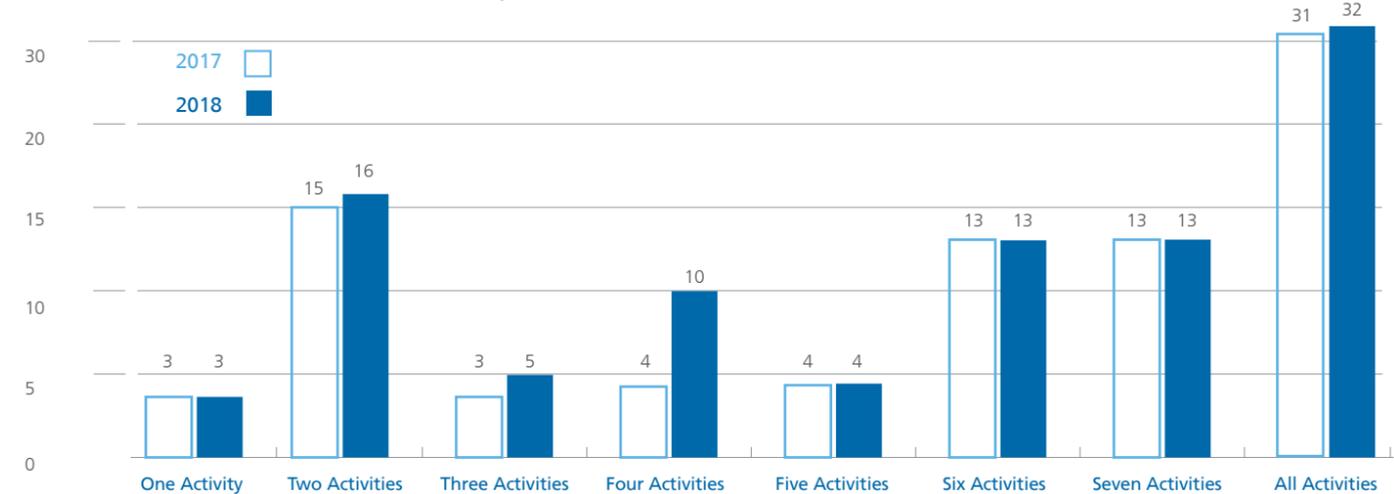
The number of Securities Business Activities Licenses reached 535 by the end of 2018. The "Arranging" activity licensing representing the highest number at

88 (Table (55)) The number of Authorized Persons (Aps) licensed to conduct all activities reached 32 by the end of 2018 (Chart (8)).

Table (55): Number of Licenses Classified by Securities Business Activities

Securities Business Activity	2017			2018			
	COMMENCED	NOT COMMENCED	Total	COMMENCED	NOT COMMENCED	Total	
Dealing	Dealing as Principal	59	3	62	63	0	63
	Dealing as Agent	33	4	37	37	1	38
	As underwriter	49	2	51	50	1	51
Management	Investment Fund Management	63	1	64	66	0	66
	Discretionary Portfolio Management	57	1	58	60	1	61
	Private Non Real-Estate Investment Funds	-	-	-	3	5	8
	Experienced Investors Portfolio Management	-	-	-	3	5	8
Arranging	73	6	79	80	8	88	
Advisory	73	5	78	78	8	86	
Custody	64	2	66	66	0	66	
Total	471	24	495	506	29	535	

Chart (8): Number of Authorized Persons Classified by Number of Securities Activities Licenses



3. CMA Efforts in the Development of Financial Sector Employees

The number of employees working for Authorized Persons decreased to reach 4,325, while Saudization

percentage increased by 2.0% to reach 73% the end of 2018 compared to 2017.

Table (56) Number of Employees Working for Authorized Persons and the Saudization Percentage

Element	Number of Employees		Saudization Percentage	
	2017	2018	2017	2018
Registered Person	3,018	3,056	74.0 %	75.0 %
Unregistered Person	1,324	1,269	64.0 %	68.0 %
Total	4,342	4,325	71.0 %	73.0 %

In 2018, CMA invested substantial effort in the development of financial sector employees, including:

1. Launching the Professional Capabilities Development Project for Employees in the capital market to develop training solutions and professional tests built on market needs. In addition, CMA reviewed and restructured the qualifications in conduct and technical skills of the capital market.
2. Constant development of CMA's qualification Examinations by applying the updates to laws and regulations on education and relevant questions.
3. Offering a course on the Introduction to CML and its Implementing Regulations at the CMA Academy to increase knowledge of the capital market and its Implementing Regulations among recent university graduates hired in the sector.
4. Holding a number of advanced certifications programs in the fields of Compliance, Anti-Money Laundering Counter-Terrorist Financing with the CMA Institute, the UK-CCL and for developing talents among Authorized Persons working in the fields of Compliance, Anti-Money Laundering Counter-Terrorist Financing.
5. Holding and organizing the Compliance Officers Forum at Authorized Persons (APs), and Market Institutions Forum for raising awareness on the latest updates in CML and its Implementing Regulations and the Strategic Plan relevant to the capital market.

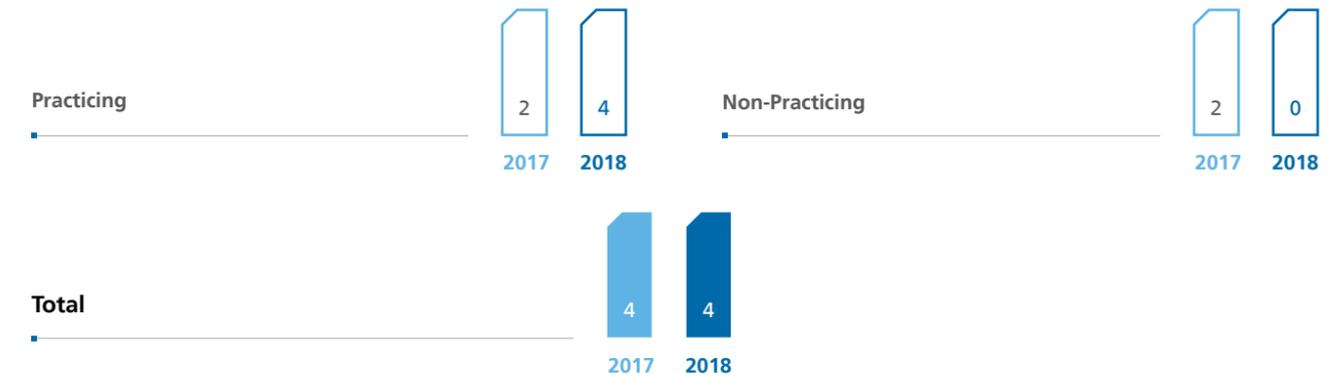


4. Credit Rating Licenses

In 2018, Moody's Investor's Services Middle East Limited (KSA Branch) and Fitch Australia Pty. Ltd. began their credit rating activities. Their offices were officially opened in Saudi Arabia to receive clients and

sign agreements. The total number of licensed Credit Rating Agencies authorized to work amounted to 4 agencies (Table (57)).

Table (57): Credit Rating Licenses Classified by Practice Status



5. Special Purpose Entities (SPEs)

CMA dedicates efforts to constantly develop the Kingdom's capital market and Sukuk and debt instruments market to meet the financial needs of the national economy, while CMA's Strategic Plans includes the facilitating of financing and regulation the issuance, monitory, and dealings of securities. Within this framework, CMA issued on the 9th of Rabi' al-Thani, 1439H corresponding to the 27th of December, 2018 the Rules for Special Purpose Entities (SPEs), as well as the Laws and Regulations in accordance with the Board of Directors' Resolution and the CML. Implementation of Rules for Special Purpose Entities (SPEs) started in the beginning of April 2018. The

Special Purpose Entities Department was established within the Deputy of Listed Companies and Investment Products at CMA, a department that handles licensing of SPEs and supervision of this sector in terms of registration, offering, and management in addition to monitoring its different activities.

Since the founding of the SPEs Department and until the end 2018, CMA launched several initiatives to introduce SPEs and their Rules by holding meetings with parties interested in issuing debt instruments, Authorized Persons (APs), and other relevant parties. CMA also held two workshops for Authorized Persons in November 2018 to discuss Rules of Special Purpose Entities.

To raise awareness of SPEs, CMA published 3 info-graphs introducing SPEs and their objectives, the types of debt instruments issued through them, and the method of applying for a license from CMA along with additional requirements. CMA also gave presentations at important conferences and forums in 2018.

At the end of 2018, CMA issued its decision to license establishing an SPE for providing asset backed debt instruments in accordance with the Rules of Special Purpose Entities under the name: "Itqan Finance". This was the first license of its kind for establishing a Special Purpose Entity in the Kingdom for issuing debt instruments.

6. Financial Technology (FinTech) Products in the Saudi Capital Market

Financial Technology is a new financial industry that used technical applications to improve financial products and services by facilitating access to all investor segments in an easy, fast, and cost-competitive manner. This is achieved through the automation of procedures and operations, and by linking with databases and ISP providers, and reducing dependence on human resources. The widespread use of Internet and smart devices caused the rise of these applications. Financial Technology is used to describe a varied range of innovative business models and emerging technologies that have the ability to elevate the financial services industry to new horizons.

One of CMA's Strategic Plan initiatives aims to support financial technology in the capital market. CMA's Board approved the new Financial Technology Experience Permit by Resolution (1-4-2018) dated 23/4/1439H corresponding to 10/1/2018. These Financial Technology Experience Permit Instructions are the regulatory framework

FINTECH

for issuing permits that enable financial application developers to develop innovative financial technology products and services, by providing them to beneficiaries in the capital market along with specified controls and limitations, under the supervision of CMA, and within a time period not exceeding two years.

CMA received the first batch of Financial Technology Experiment Permit applications in February 2018. On 10/7/2018, CMA's Board approved two of the permits to provide crowdfunding of co-ownership services. On 7/10/2018, CMA announced that it is receiving the second batch of Financial Technology Experiment Permit applications starting from 15/10/2018 until 25/12/2018. CMA received applications from 40 parties, and is studying these applications to ensure that they comply with the regulatory requirements set forth.





07

Chapter Seven: Securities Business

Section Two: Inspection and Financial Prudence

1. Inspection
2. Financial Prudence
3. Margin Lending
4. Requests Received by CMA for Imposing/Removing Attachment & Enforcement
5. Anti-money Laundering (AML) and Counter-terrorist Financing (CTF)

1. Inspection

In 2018, inspection covered 68 licenses, 50 cycle inspections and 18 cause inspections (Table (58)).

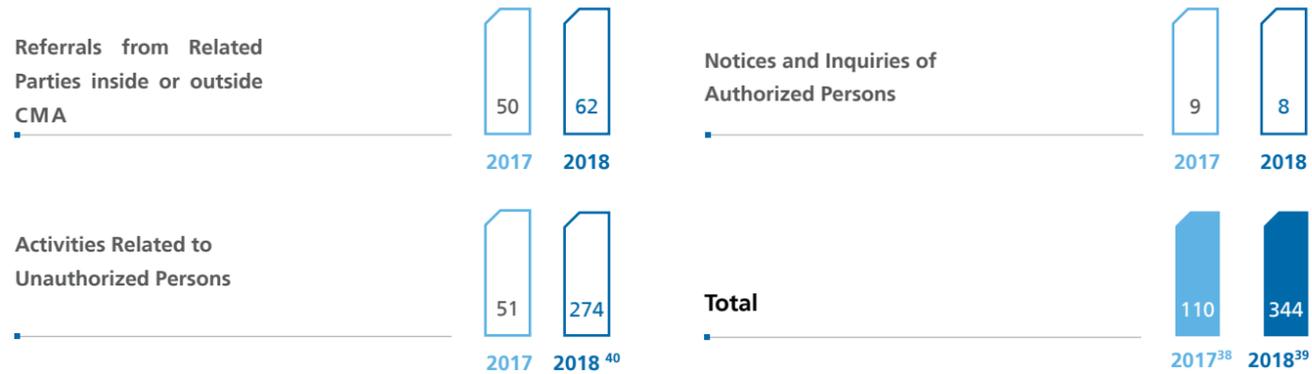
Table (58): Number of Inspection Licenses

Type of License	2017			2018		
	Cycle Inspection	Cause Inspection ³⁶	Total	Cycle Inspection	Cause Inspection ³⁷	Total
Dealing	8	12	20	10	3	13
Managing	9	5	14	10	14	24
Arranging	8	1	9	10	0	10
Advising	8	0	8	10	0	10
Custody	9	1	10	10	1	11
Total	42	19	61	50	18	68

In 2018, the number of cause inspections was 18, with the percentage of case inspections of unauthorized

persons accounted for 79.7% of total cause inspections (Table (59)).

Number of Cause Inspections Classified by Reason

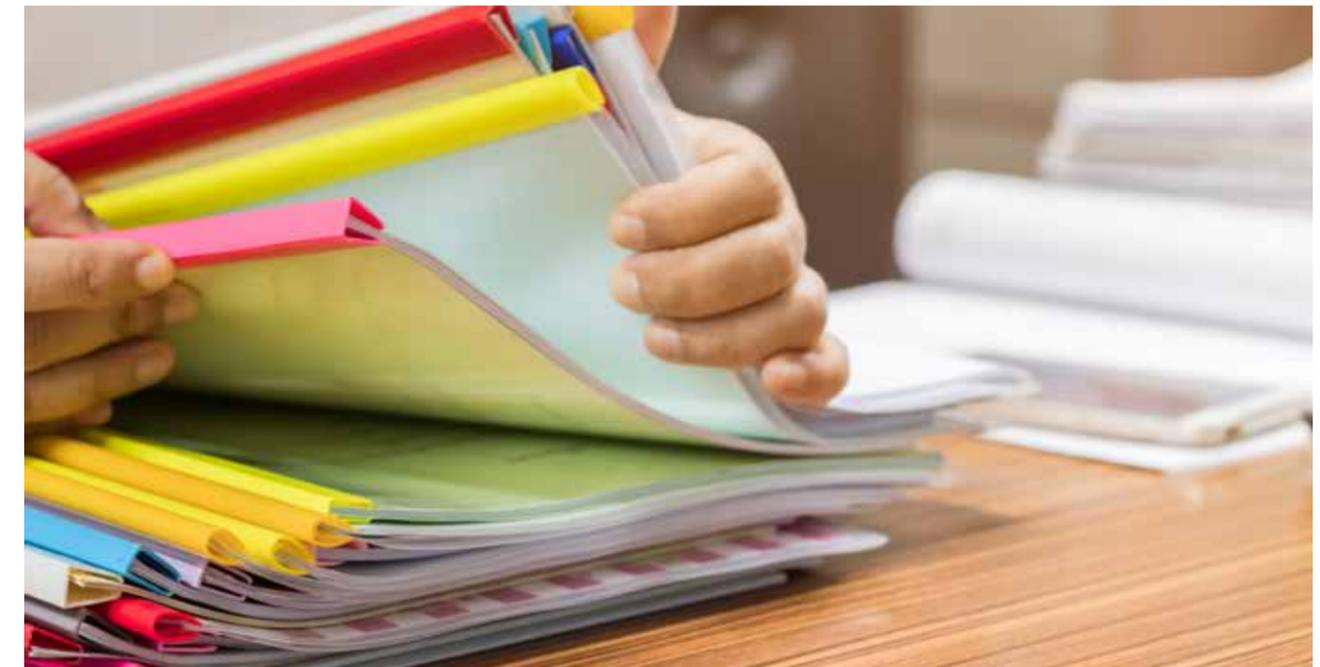
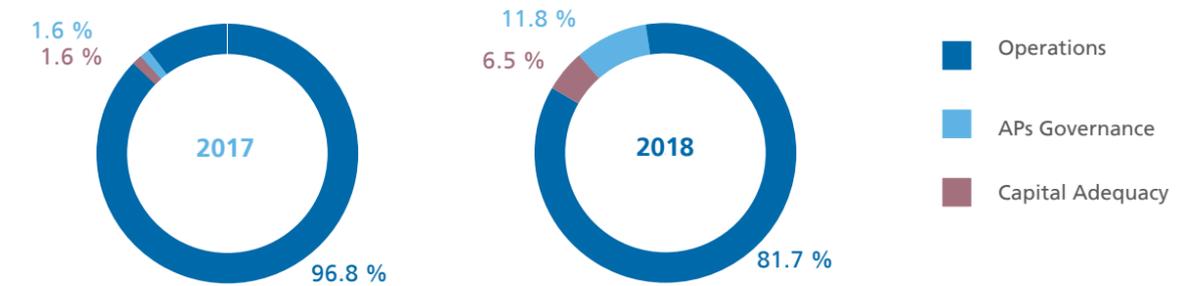


36-The number does not include 49 cause inspection visits related to other aspects of APs business such as compliance with corporate governance, prudential requirements, and other aspects.
 37-The number does not include 52 cause inspection visits related to other aspects of APs business such as compliance with corporate governance, prudential requirements, and other aspects.
 38-The number does not include 49 cause inspection visits related to other aspects of APs business such as compliance with corporate governance, prudential requirements, and other aspects.
 39-The number does not include 52 cause inspection visits related to other aspects of APs business such as compliance with corporate governance, prudential requirements, and other aspects.
 40- Includes 70 cases, 18 related to licenses and 52 are related to other aspects.

In 2018, cycle inspections of APs unveiled a number of observations regarding their compliance with the requirements of the CML and its Implementing

Regulations. Chart (9) shows the observations of cycle inspections classified by subjects.

Chart (9): Observations of Cycle Inspections by Subject



2. Financial Prudence

To ensure the compliance of Authorized Persons with the Financial adequacy principle set out in paragraph (b/4) of Article Five in the Regulation for Authorized Persons, CMA reviewed the following:

In 2018, the total Number of reviews for Authorized Persons reached 1138, a 3.5% increase compared with the previous year. The number of Finance Prudence Reviews of APs as Underwriters increased by 136.4% (Table (60)).



Financial Prudence Reports for APs

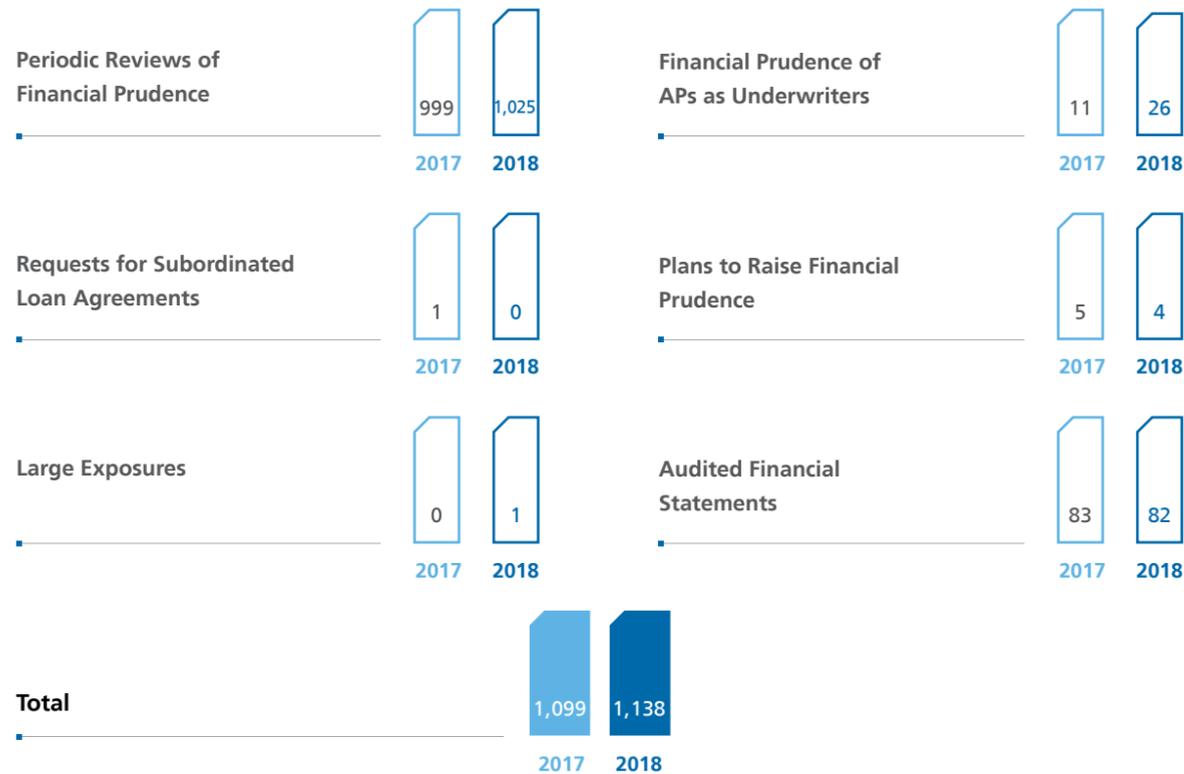


Subordinate Loans Agreements



Financial Prudence of Authorized Persons as Underwriters of securities offering

Table (60): Financial Reviews of Authorized Persons Classified by Type



1-2 Capital Adequacy Positions of Authorized Persons

Based on securities business activities, Authorized Persons 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 2.17 at the end of 2018. The total

capital base reached SR 20,429 million, while the minimum for capital requirements was SR 9,429 million (Table (61)).

Table (61) Capital Adequacy Requirements of APs Licensed to Conduct Dealing, Managing, and/or Custody

Element	APs								Average/Total	
	Bank Affiliate		Local		Regional		Inernational		2017	2018 ⁷
	2017	2018	2017	2018	2017	2018	2017	2018		
Average Capital Adequacy Coverage	2.39	2.46	1.58	1.52	1.72	1.93	8.89	7.41	2.13	2.17
Capital Adequacy Ration ⁴¹	29.6 %	30.9 %	20.6 %	19.8 %	22.1 %	25.0 %	97.0 %	80.6 %	26.9 %	27.6 %
Capital Base (SR million)	10,330	11,098	5,543	5,378	2,078	2,177	1,707	1,776	19,658	20,429
Minimum Due ⁴² (SR million)	4,330	4,511	3,507	3,549	1,209	1,129	192	240	9,238	9,429
Credit Risk ⁴³ (SR million)	3,581	3,824	3,149	3,218	1,068	1,006	119	148	7,918	8,197
Market Risk ⁴⁴ (SR million)	141	130	82	79	52	22	5	9	279	239
Operational Risk ⁴⁵ (SR million)	608	557	276	252	90	101	68	82	1,041	992

41- Capital Adequacy ratio is presented based on Basel Accords.

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

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

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

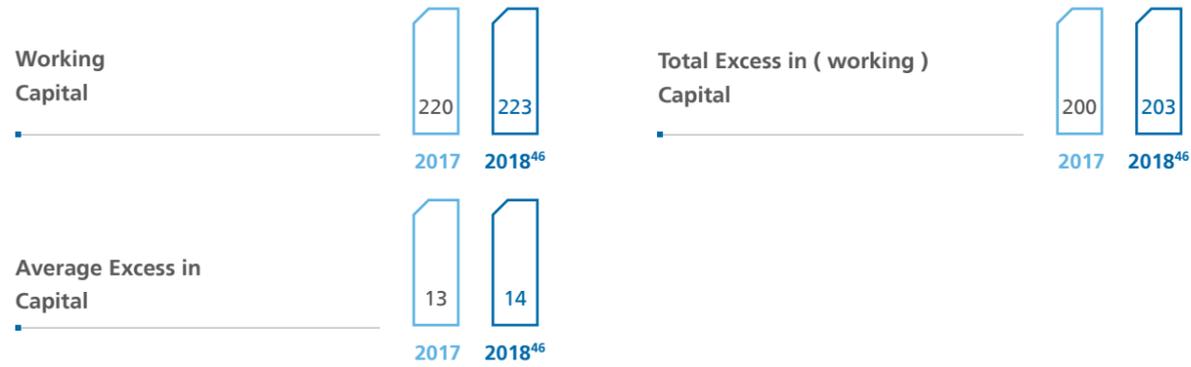
45-The risk arising from deficiency or failure in internal procedures and processes to which APs are exposed.

2 - Capital Adequacy Requirements for APs Licensed to Engage in Arranging and/or Advising

Financial prudence regulations require Authorized Persons practicing arranging or advising to maintain, at all times, shareholder equity of a minimum of SR 200,000 and working capital that is sufficient for 3 months.

Working capital for Authorized Persons' practicing arranging or advising totaled SR 223 million, while the total working capital surplus totaled SR 14 million as at the end of 2018 (Table (62)).

Table (62): Capital Adequacy Requirements of APs Licensed to Engage in Arranging and/or Advising (SR million)

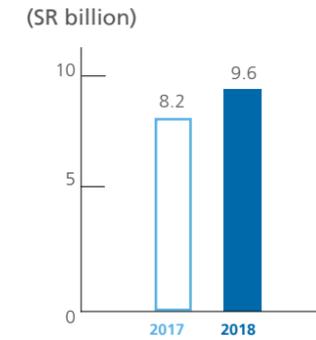


*46 : The data includes two companies authorized to manage experienced investors' portfolios and private, non-real estate investment funds.

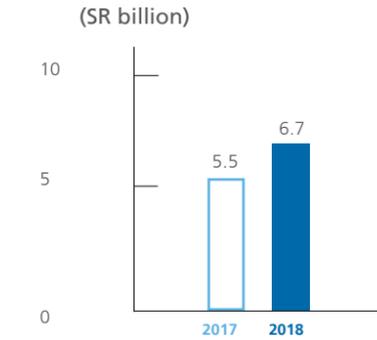
3. Margin Lending

In 2018, there was an increase in:

Total margin commitment



Total Outstanding Balance



There was also an increase in the total outstanding balance to SR 6.7 billion at the end of 2018, compared to SR 5.5 billion at the end of 2017 (Chart (10)).

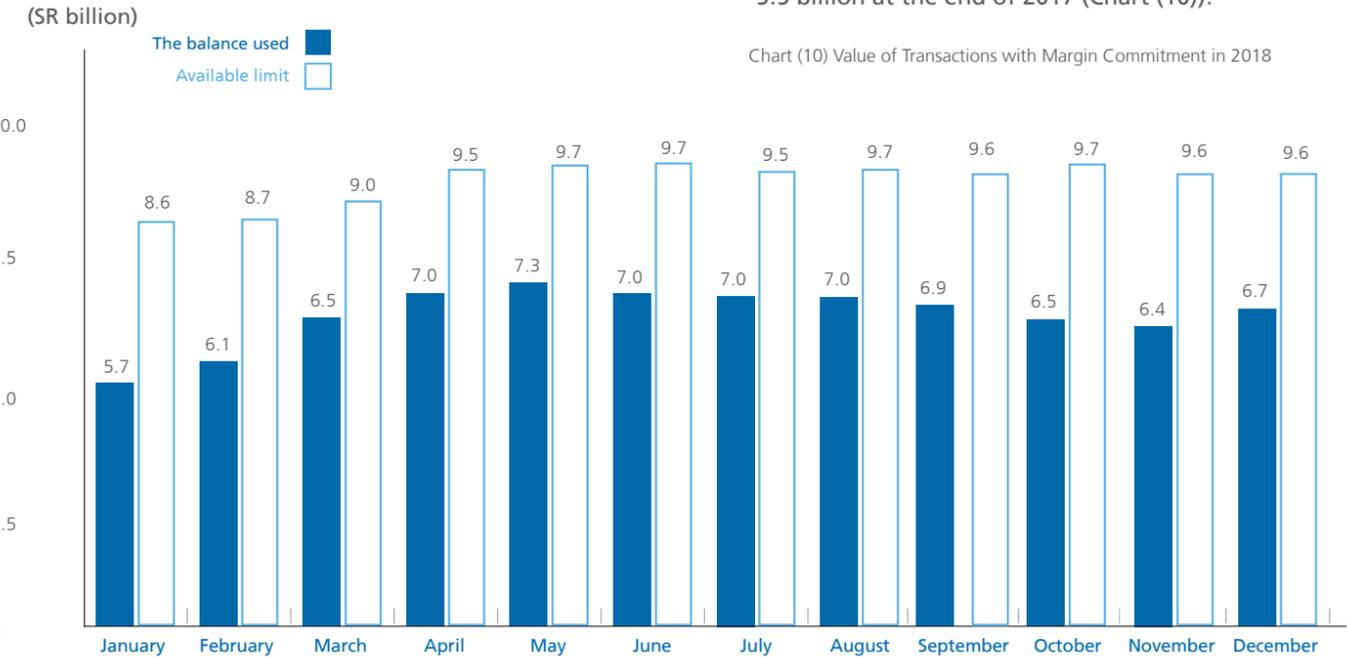


Chart (10) Value of Transactions with Margin Commitment in 2018

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



In 2018, the total number of request received by CMA reached 206,043. The largest number was from the Ministry of Justice at 205,317 requests and a percentage increase of 11.8% compared with the previous year (Table (63)).

Table (63): Disclosure Requests for Imposing/Removing Attachment and Enforcement Classified by Type

Requesting Party	2017		2018		(%) Change
	Number	% Out of Total	Number	% Out of Total	
Ministry of Justice	183,591	99.7 %	205,317	99.6 %	11.8 %
Other Government Agencies	66	0.0 %	116	0.0 %	75.8 %
Investors / Inheritors	507	0.3 %	610	0.3 %	20.3 %
Total	184,164	100 %	206,043	100 %	11.9 %

The number of disclosure and attachment received by CMA from the Ministry of Justice electronically through “Nafith” amounted to 122,868 in 2018, a 5.5% increase compared with the previous year (Table (64)).

Table (64): The number of judicial orders received through “Nafith”



The largest percentage of incoming requests was for Attachment, reaching 59.7% of the total incoming requests in 2018 (Table (65)).

Table (65) Incoming Requests to CMA Classified by Request Type

Request Type	2017		2018		Change (%)
	Number	Out of Total (%)	Number	Out of Total (%)	
Disclosure	2463	1.3 %	2,998	1.5 %	21.7 %
Attachment	116,529	63.3 %	122,962	59.7 %	5.5 %
Removal of Attachment	64,822	35.2 %	79,702	38.7 %	23.0 %
Distribution of Estate	29	0.0 %	54	0.0 %	86.2 %
Sale	200	0.1 %	264	0.1 %	32.0 %
Other	121	0.1 %	63	0.0 %	-47.9 %
Total	184,164	100 %	206,043	100 %	11.9 %



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

CMA received a total of 710 compliance and AML requests in 2018, a 2.0% increase compared with the previous year (Table (66)).

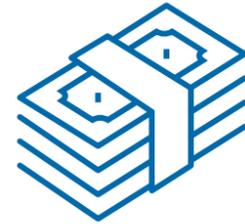


Table (66): AML / CTF Compliance Activities Classified by Requesting Party

Type of Request	Number		Change (%)
	2017	2018	
Requests from Government Agencies	273	333	22.0 %
Requests and Inquiries of Authorized Persons	423	377	-10.9 %
Total	696	710	2.0 %

AML Laws and Implementing Regulations and CFT Laws and Implementing Regulations require the gathering of data and conducting field work and office visits to ensure the compliance of Authorized Persons (APs)

with implementing both. In 2018, CMA conducted 12 visits in accordance with the CMA's risk assessment of AML and CFT (Table (67)).

Table (67): Periodic Inspection Visits Related to AML and CFT.

Type of Activity	Number		(%) Change
	2017	2018	
Visits	9	12	33.3 %





07

Chapter 7: Securities Business

Section Three: Performance of APs

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

1. Performance Indicators of APs

By the end of 2018, the total paid-up capital of APs stood at SR 15.5 billion, an increase of 0.4% over the previous year; total revenues of APs reached SR 5.7 billion, a 10.9% increase over the previous year; and net profits of APs reached SR 1.9 billion, an 18.9% increase over the previous year. The profits of Saudi banks affiliate APs amounted to 90.3% of the total AP profits in 2018 compared with 94.6% in the previous year.

To facilitate comparing AP financial statements, it was classified according to ownership structure, regional presence, and business types; into five categories as follows: bank affiliate, local, regional, international, and arranging/advising APs. Table (68) shows some financial indicators for APs.

Table (68) AP Indicators (SR billion)

Item	APs										Total	
	Bank Affiliate		Local		Regional		International		Arranging and/or Advising			
	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018
Paid-up Capital	5,800	5,800	5,172	5,157	2,292	2,305	1,908	1,998	265	237	15,437	15,497
Total Assets	16,074	17,424	7,205	7,475	2,626	2,640	2,126	3,751	311	264	28,342	31,554
Total Liabilities	4,677	4,947	1,406	1,729	434	393	323	1,833	30	35	6,871	8,937
Total Shareholder Equities	11,397	12,477	5,800	5,746	2,192	2,247	1,802	1,918	281	229	21,472	22,617
Revenue	3,376	3,682	1,034	1,170	308	345	296	388	87	70	5,101	5,655
Net Profits/Losses	1,504	1,706	99	173	- 32	- 11	8	23	11	- 1	1,590	1,890

2. Revenue Sources of APs

APs revenues from the asset management activity amounted to SR 2,502.8 million, representing 44.3% of total revenues for APs. Revenues from the dealing activity amounted to SR 1,192.9 million by the end of 2018 (Table (69)).



Table (69): Revenue Sources of APs (SR million)

Sources of Revenue	APs										Total	
	Bank Affiliate		Local		Regional		International		Arranging and/or Advising			
	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018
Dealing	955.9	1,035.3	67.4	76.3	24.1	25.9	35.9	55.4	0.0	0.0	1,083.2	1,192.9
Asset Management	1,565.0	1,695.5	528.7	605.5	158.6	169.8	31.0	32.5	0.0	0.0	2,283.3	2,502.8
Investment Banking Services	366.5	339.6	167.0	201.6	56.7	46.6	21.3	59.4	59.5	46.5	671.0	693.7
Investments	365.9	469.5	221.8	204.7	27.4	39.7	11.4	20.2	1.9	2.8	628.3	736.9
Other	123	141.4	48.2	83.0	41.2	62.8	196.8	221.2	26.7	19.9	435.5	528.3
Total	3,375.8	3,681.3	1,033.0	1,170.6	308.0	344.8	296.4	388.7	88.1	69.2	5,101.3	5,654.6



Chapter Eight: CMA Financial Disclosure

1. Independent Auditor's Report
2. Balance Sheet
3. Statement of Financial Performance
4. Statement of Changes in Net Assets
5. Statement of Cash Flows
6. Notes to the Financial Statements

1. Independent Auditor's Report



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Licence No. 46/11/323 issued

11/3/1992

To His Excellency

The Chairman and Board of Directors of
Capital Market Authority

Opinion...

We have audited the financial statements of Capital Market Authority ("The Authority"), which comprise the financial position as at 31 December 2018, the statements of financial performance, changes in net assets, and cash flows for the year then ended, and notes to the financial statements, 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 December 31, 2018, its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards (IPSAS).

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.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditors' report. Our opinion on the financial statements does not cover the other information, and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Audit Committee.

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 International Public Sector Accounting Standards, 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 judgement and maintain professional skepticism 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 opinion. The risk of not detecting a material misstatement resulting from fraud is higher than 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 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").

For KPMG Al Fozan & Partners

Certified Public Accountants

Fahad Mubarak Aldossari

License No.: 469

Riyadh on: 18 Rajab 1440H

Corresponding to: 25 March 2019



2. Statement of Financial Position

As at 31 December 2018 (Saudi Riyals)

Assets	Note	31 December 2018	1 January 2018
Current Assets			
Cash and cash equivalents	6	2,221,547,977	1,714,966,815
Receivables from exchange transactions	a - 7	840,643	1,228,231
Receivables from non-exchange transactions	b - 7	56,643,163	11,881,481
Advances to employees		9,011,249	10,443,026
Advances and other current assets	8	50,953,229	35,607,806
Total current assets		2,338,996,261	1,774,127,359
Non-current assets			
Non-current portion of advances to employees		15,743,549	19,244,174
Property and equipment	9	570,810,454	581,017,770
Projects in progress	10	1,705,086,985	1,710,641,795
Intangible Assets	11	20,236,130	12,746,459
Total non-current assets		2,311,877,118	2,323,650,198
Total Assets		4,650,873,379	4,097,777,557
Liabilities			
Current liabilities			
Accounts payables	12	1,541,775	12,415,187
Accruals and other current liabilities	13	73,051,489	64,648,887
Total current liabilities		74,593,264	77,064,074
Non-current liabilities			
Provision for end-of-service benefits	14	249,071,034	251,182,385
Total non-current liabilities		249,071,034	251,182,385
Total liabilities		323,664,298	328,246,459
Net assets			
Expenditure reserve	15	1,074,089,695	643,494,511
General reserve	15	1,147,458,282	1,071,472,304
Accumulated surplus	15	2,105,661,104	2,054,564,283
Total net assets		4,327,209,081	3,769,531,098
Total net assets and liabilities		4,650,873,379	4,097,777,557

3. Statement of Financial Performance

For the year ended 31 December 2018 (Saudi Riyals)

Revenue	Note	31 December 2018
Stock trading commission	16	559,909,905
CMA services and activities	16	152,007,886
The violations of Laws and Implementing Regulations	16	387,674,160
Deposit Returns	16	52,247,514
Total Revenue		1,151,839,465
Expenses		
Employees' salaries and benefits	17	(419,325,248)
Employees training and scholarships		(44,604,279)
Professional and consultancy services		(16,035,847)
General and administrative expenses	18	(111,599,923)
Depreciation and amortization		(29,624,042)
Total Expenses		(621,189,339)
Other income and expenses		(1,056,836)
Net revenue surplus over expenses for the year		529,593,290

4. Statement of Changes in Net Assets

For the year ended 31 December 2018 (Saudi Riyals)

	Notes	Expenditure Reserve	General Reserve	Surplus cash	Accumulated surplus revenue over expenses	Total
Balance at 31 December 2017		643,494,511	1,071,472,304	-	2,105,062,920	3,820,029,735
Effect of transition to IPSAS	5	-	-	-	(50,498,637)	(50,498,637)
Balance at 1 January 2018 after restatement		643,494,511	1,071,472,304	-	2,054,564,283	3,769,531,098
Effect of actuarial valuation differences	14	-	-	-	28,084,693	28,084,693
Net revenue surplus over expenses		-	-	-	529,593,290	529,593,290
Reserves at the beginning of the year transferred to accumulated surplus		(643,494,511)	(1,071,472,304)	-	1,714,966,815	-
Accumulated cash surplus during the year	6	-	-	2,221,547,977	(2,221,547,977)	-
Transferred to expenditure reserve	15	1,074,089,695	-	(1,074,089,695)	-	-
Transferred to general reserve	15	-	1,147,458,282	(1,147,458,282)	-	-
Balance as at 31 December 2018		1,074,089,695	1,147,458,282	-	2,105,661,104	4,327,209,081

5. Statement of Cash Flows

For the year ended 31 December 2018 (Saudi Riyals)

	Note	31 December 2018
Cash flows from operating activities		529,593,290
Net revenue surplus over expenses for the year		
Adjustments to reconcile net surplus for the year to net cash generated from operating activities:		
Depreciation and amortization	9 - 11	29,624,043
(Gains) from sale of property and equipment and intangible assets		(294,814)
Transferred from projects in progress to expenses	10	7,303,220
Provision for end-of-service benefits	14	39,896,610
Uncollected deposits returns revenue		(52,247,514)
		553,874,835
Changes in operating assets and liabilities		
Receivables from exchange transactions		387,588
Receivables from non-exchange transactions		(44,761,682)
Prepayments and other receivables		(7,598,330)
Advances to employees		4,932,402
Accounts payable		(10,873,414)
Accruals and other current liabilities		8,402,602
Employees' end-of-service benefits paid	14	(13,923,268)
Collected deposits returns revenue		44,500,421
Net cash from operating activities		534,941,154
Cash Flows from investing activities		
Additions to property and equipment and projects in progress	9 - 10	(28,208,798)
Addition to intangible assets	11	(582,498)
Proceed from disposal of property and equipment		431,304
Net cash used in investing activities		(28,359,992)
Net increase in cash		506,581,162
Cash and cash equivalent at beginning of the year		1,714,966,815
Cash and cash equivalent at end of the year	6	2,221,547,977
Non-cash transactions		
Transferred from projects in progress to property and equipment	(Note 9)	11,197,430
Transferred from projects in progress to intangible assets	(Note 11)	11,749,740
Gains on actuarial valuation differences	(Note 11)	28,084,693

6. Notes to the Financial Statements For the Year Ended 31 December 2018

1. Reporting Entity

Capital Market Authority was established under "Capital Market Law" issued by Royal Decree (M/30) dated 2 Jamada' Il 1424H, corresponding to 1 August 2003 which stipulates that an authority shall be incorporated in the Kingdom of Saudi Arabia under the name of "Capital Market Authority". CMA was incorporated and started to carry out duties assigned thereto under Royal Decree (A/114) dated 13 Jamada' I 1425H, corresponding to 1 July 2004 appointing the board of CMA.

Capital Market Authority is a governmental body with financial and administrative autonomy and is directly linked to the Prime Minister. CMA is responsible for the issuance of the regulations, rules, and instructions and the application of the provisions of the Capital Market Law in achieving the following:

- Regulate and develop the financial market.
- Regulate the issuance of financial securities and its control and dealing thereof.
- Regulate and monitor work and activities of entities that are subject to the supervision and control of CMA.
- Protect public and investors from unfair and unsound practices.
- Maintain fairness, efficiency, and transparency in transactions of securities.
- Regulate and control full disclosure of information related to securities and their issuers.
- Regulating the applications of attorney, purchase and public offering of stocks.

Based on the CMA Board Decision No.02/5/2004 dated 23 Jamada' Il 1425H corresponding to 9 August, 2004, the fiscal year of CMA begins on the eleventh day of the Capricorn month each year (corresponding to January 1) and ends on the tenth day of Capricorn month of the following fiscal year (corresponding to 31 December).

2. Basis of Preparation

Statement of Compliance

The financial statements have been prepared in accordance with International Public Sector Accounting Standards (IPSAS) based on the CMA Board decision applying IPSAS held on 27 Ramadan 1439H, corresponding to 11 June, 2018. These are the first set of financial statements prepared in accordance with IPSAS, accordingly, IPSAS 33 "First-time Adoption of accrual basis IPSAS" has been applied. Please refer to Note 5 for information on first-time adoption of IPSAS by CMA.

The financial statements should be read in conjunction with CMA's SOCPA GAAP annual financial statements for the year ended 31 December 2017, prepared in accordance with the accounting standards endorsed in the Kingdom of Saudi Arabia.

Basis of Measurement

The financial statements are presented under the historical cost convention using the accrual accounting principle and the going concern concept, unless otherwise indicated.

Presentation Currency

The financial statements are presented in Saudi Riyals (SR) which is the functional and reporting currency of CMA. Amounts have been rounded to the nearest SAR, unless otherwise indicated.

3. Summary of Significant Accounting Policies

Cash and Cash Equivalents

Cash and cash equivalents set out in statement of financial position comprise cash at bank that are available in treasury

and deposits, which are readily convertible to known amounts of cash, can be called at any time, are subject to insignificant risk of changes in value and available without any restrictions.

Classification of Assets and Liabilities

CMA presents assets and liabilities in the statement of financial position based on current / non-current classification. An asset is classified under current assets in case of:

- An asset is expected to be sold or there is an intention to sell or depreciate it the ordinary course of business of CMA, or
- An asset is mainly maintained for trading purposes, or
- An asset is expected to be sold within 12 months after reporting date, or
- An asset is being cash or cash equivalent unless if it is forbidden to exchange the asset or use it to settle a liability within at least 12 months from reporting date.

CMA classifies all other assets as non-current assets.

- liability is considered under current liabilities in the case of:
- When it is expected to be settled in the ordinary course of business,
- If it is acquired mainly for trading purposes;
- A liability is expected to be settled within 12 months after reporting date, or
- There is no right associated with a condition to defer the settlement of the liability over at least 12 months after the reporting date. When selecting the counterparty, its settlement under an equity issue does not affect its classification.

All other liabilities are classified as non-current liabilities.

Recognition of revenue

Revenue from non-exchange transactions Fees, fines and penalties

CMA recognizes revenues from fees when the event occurs, and the asset recognition criteria are met. To the

extent that there is a related condition attached that would give rise to a future liability, deferred income is recognized instead of revenue.

CMA recognizes revenues from fines and penalties on companies when the event occurs, while revenues from fines and penalties on individuals are recognized when revenues and time of their collection can be measured reliably. Where revenues and time of their collection cannot be measured reliably, revenues are recognized when collected.

Trading commissions

The CMA's share of trading commissions is recorded based on the notifications which are received from the Saudi Stock Exchange («Tadawul»). The CMA's share from trading commission is 3.2 basis points from total value of the trading transaction (0.2 is related to stock trading in the main market with regard to awareness program at Tadawul).

Revenue from exchange transactions

Rendering of services

CMA recognizes revenue from rendering of services when the outcome of the transaction can be estimated reliably. Where the outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Revenue from deposits returns

Revenue from deposits is accrued using the effective yield method. The effective yield deductions estimate the future cash gains during the expected life of the financial asset to net carrying amount of that asset. This method applied the yield on the balance of the principal amount to identify the revenue of deposit at each period.

Property and Equipment

Property and equipment are measured at cost, less accumulated depreciation and accumulated impairment loss. Cost includes expenditure that is directly attributed to the acquisition of the asset.

When significant parts of property and equipment are required to be replaced at intervals, CMA recognizes such parts as individual assets with specific useful lives and depreciates accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition

criteria are satisfied. All other repair and maintenance costs are recognized as expenses when incurred. Where an asset is acquired in a non-exchange transaction for nil or a nominal consideration, the asset is measured at its fair value. Useful lives of assets to be depreciated are as follows:

	Years
Buildings	33,33
Decorations & Improvements	5
Furniture and Office Equipment	5 -10
Vehicles	4
Computers	3

The asset's residual value and its useful life is reviewed and adjusted prospectively, if appropriate, at the end of each reporting year.

An Asset's carrying amount is written down immediately to its recoverable amount, or recoverable service amount, if the asset's carrying amount is greater than its estimated recoverable amount or recoverable service amount.

Leases

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to CMA. Operating lease

CMA derecognizes items of property and equipment and / or any significant part of assets upon disposal or when no future economic benefits or service is expected from its continuing use. Any gain or loss arising on derecognition of the assets (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized in the net surplus or deficit when the asset is derecognized.

payments are recognized as an operating expense on a straight-line basis over the lease term. CMA has no arrangements for finance leases.

Intangible assets

Intangible assets acquired separately initially recognized at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

The useful life of the intangible assets is assessed as either finite or indefinite. Intangible assets with a finite life are amortized over their useful life:

	Years
Software	5

Intangible assets with a finite useful life are assessed for impairment wherever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for intangible assets with a finite useful lives, are reviewed at least at the end of each reporting period. Changes in the expected useful life or expected

pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as future changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the net surplus or deficit of the year as the expense category that is consistent with the nature of the intangible asset.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the net surplus or deficit for the year when the asset is derecognized.

Impairment of non-financial assets Impairment of non-cash-generating assets

CMA assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any indication exists, or when the annual impairment testing for an asset is required, CMA estimates the asset's recoverable amount. An asset's recoverable amount is the higher of the asset's fair value less costs to sell and its value in use which one is greater. For the calculation of the asset value in use CMA follow Replacement cost method.

Where the carrying amount of an asset exceeds its recoverable service amount, the asset is considered impaired and is written down to its recoverable service amount.

For each asset, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses no longer exist or may have decreased. If such an indication exists, CMA estimates the asset's recoverable service amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable service amount. The reversal is limited so that the carrying amount of the asset does not exceed

its recoverable service amount, nor exceed the carrying amount, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in surplus or deficit.

Financial Instruments Financial Assets Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Recognition and Measurement: Financial assets at the initial recognition by CMA are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. CMA's financial assets include: cash and term deposits; receivables from exchange and non-exchange transactions and advances to employees.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification. All financial assets of CMA are included under category of "loans and receivables." Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not traded in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in surplus or deficit.

3. Summary of Significant Accounting Policies Continued

Financial instruments

Financial assets

Derecognition

CMA derecognizes a financial asset or, where applicable, a part of the financial asset or part of a group of similar financial assets when:

- The rights to receive cash flows from the asset have expired, or
- CMA has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party, and either: (a) CMA has transferred substantially all the risks and rewards of the asset; or (b) CMA has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset..

Impairment of financial assets

CMA assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an occurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

- The debtors or a group of debtors are experiencing significant financial difficulties,
- Default or delinquency in interest or principal payments
- The probability that debtors will enter bankruptcy or other financial reorganization.
- Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults.)

CMA first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets

that are not individually significant. If CMA determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognized are not included in the collective assessment of impairment.

If there is an objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred.) The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in surplus or deficit. Loans together with the associated allowance are written off when there is a realistic prospect of future recovery and all collateral has been realized or transferred to CMA. If, in a subsequent year, the amount of the estimated impairment loss is increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to finance costs in surplus or deficit.

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. CMA determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs. CMA's financial liabilities include payables from exchange and non-exchange transactions.

Subsequent measurement

The measurement of financial liabilities depends on their classification. All financial assets of CMA are classified as loans and borrowings, and are measured at amortized cost. Financial assets of CMA are subsequently measured at cost using the effective interest method.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged, or canceled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as derecognition of the original liability and the recognition of new liability. The difference in the respective carrying amounts is recognized in surplus or deficit.

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a current enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Employee Benefit

Post-employment benefits

CMA has post-employment benefit plans which are defined benefit for its employees and are unfunded. The defined benefit obligations are redefined on a regular basis by independent Actuaries on the projected unit credit method basis. The present value of defined benefit obligations is identified through discounting the estimated future cash flows using interest rates of high quality companies bonds denominated in the currency in which accruals shall be paid and contained terms approximate the relevant obligation terms. CMA has used approximate rates of governmental bonds. The net interest cost is calculated through applying a discount

rate on net balance of defined benefit obligations and is included in employee' benefits account in statement of financial performance.

Re-measurement gains or losses resulted from settlement of experience and changes in actuarial assumptions are recognized in the statement of net assets in the period that they occur. Changes in present value of the defined benefit obligations resulting from amendments or lines of plans are immediately taken to statement of financial performance for previous service cost.

Provisions

Provisions are recognized when there is a present obligation (legal or constructive) as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the management of the CMA expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is visually certain.

The expense relating to a provision is presented in the statement of financial performance net of any reimbursement.

Reserve

Pursuant to Article fourteenth of the Financial Market Law, CMA transfers, at each financial year the surplus from sources it charged to the Ministry of Finance after deducting all current and capital expenditures that it needed (expenditure reserve) from cash surplus, and after making (general reserve) from the remaining cash surplus, equal to double total of its expenditure set out in its previous annual budget.

3. Summary of Significant Accounting Policies Continued

Financial instruments

Financial liabilities

Contingent liabilities

CMA does not recognize a contingent liability, but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or services potential is remote.

Contingent assets

CMA does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of CMA in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related revenue are recognized in the financial statements for the period in which the change occurs.

Related parties

CMA regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over CMA or vice versa. Members of key management and Tadawul are regarded as related parties and comprise the board members of CMA.

Foreign currencies

Transactions in foreign currencies are translated to Saudi Riyals at the ruling rate of exchange on the date of the transaction. Financial assets and liabilities denominated in foreign currencies, if any are translated into Saudi Riyals at the rates of exchange ruling at the statement of financial position date. Profits and losses resulted from foreign currency exchange are included in the statement of financial performance.

4. Significant Judgments and Estimates

The preparation of the financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and the disclosure of contingent liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Judgements

In the process of applying CMA's accounting policies, management has made judgments, which have the most significant effect on the amounts recognized in the financial statements as follows:

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. CMA based its assumptions and estimates on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising outside CMA's control. Such changes are reflected in the assumptions when they occur.

Useful lives and residual values

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- The nature of the processes in which the asset is deployed.
- Availability of funding to replace the asset.
- Changes in the market in relation to the asset.

Impairment of non-financial assets - non-cash generating assets

CMA reviews and tests the carrying value of non-cash-generating assets when events or changes in circumstances suggest that there may be a reduction in the future service potential that can reasonably be expected to be derived from the asset. Where indicators of possible impairment are present, CMA undertakes impairment tests, which require the determination of the fair value of the asset and its recoverable service amount. The estimation of these inputs into the calculation relies on the use estimates and assumptions. Any subsequent changes to the factors supporting these estimates and assumptions may have an impact on the reported carrying amount of the related asset.

Provisions

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

Long-term assumptions on defined employee benefits obligations

Cost of defined employees' benefits obligations and post-employment benefits are identified using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include identification of the discount rate, future increase, employees' turnover and mortality rates. Due to complexity of valuation, key assumptions and its long-term nature make the defined benefits obligations highly sensitive to the changes in those assumptions. Assumptions are reviewed at each reporting date.

Accounts receivables and staff receivables

CMA assesses loans and receivables from exchange and non-exchange transactions at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, CMA evaluates the indicators present in the market to determine if those indicators are indicative of impairment in its loans and receivables.

Where specific impairments have not been identified the impairment for trade receivables from exchange and non-exchange transactions is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to the loan balances in the portfolio and scaled to the estimated loss emergence period.

5. First-Time Adoption of IPSAS

These financial statements are the first group of the annual financial statements of CMA prepared in accordance with IPSAS. For all years up to and including the year ended 31 December 2017, CMA prepared its financial statements in accordance with previous generally accepted accounting standards (accounting standards issued by the SOCPA).

Accordingly, CMA has reissued the financial statements which are in line with IPSAS applied on 1 January 2018 as set out in the summary of significant accounting policies in the preparation of those financial statements.

Applied exemptions:

IPSAS 33 "First-Time Adoption of Accrual Basis International Public Sector Accounting Standards" allows first-time adopters certain exemptions from the retrospective application of certain requirements under IPSAS. This memorandum sets out the main amendments made by CMA in the reissuance of the statement of financial position that has been issued under SOCPA as at 1 January 2018:

5. First-Time Adoption of IPSAS

Continued

- a. CMA has applied the transition provisions of IPSAS 1 "Presentation of Financial Statements" with regards to the provision of comparative information in the first transitional financial statements for IPSAS and opted not to provide comparative information.
- b. CMA has applied the transition provisions of IPSAS 29 "Financial Instruments: Recognition and Measurement" with regard to the measurement of financial instruments at its fair value when reliable cost information of financial assets and liabilities are unavailable, and using of such fair value at deemed cost, therefore, CMA has opted measuring employees' loans at fair value at the adoption date of IPSAS due to the inability to obtain accurate information on loans that were initiated and finished during the years prior to applying the effective interest method from the originated date of the financial instrument.
- c. CMA has applied the transition provision of IPSAS 33 "First-time Adoption of Accrual Basis International Public Sector Accounting Standards" with regards to the request of a qualified actuary for conducting a detailed actuarial valuation at a single date and submit or delay valuation to another date. Accordingly, CMA has requested an actuarial valuation from a qualified actuary on 1 January 2018, and decided to move forward the account to 31 December 2018.

Reconciliation of the Financial Position as of 1 January 2018 (transition date to IPSAS)

	Notes	SOCPA as at 1 January 2018	Adjustments	IPSAS as of 1 January 2018
Assets Current Assets				
Cash and cash equivalents		1.714.966.815	-	1.714.966.815
Receivables from exchange transactions	5 - 1	-	1.228.231	1.228.231
Receivables from non-exchange transactions	5 - 1	-	11.881.481	11.881.481
Accounts Receivable	5 - 1	13.109.712	(13.109.712)	-
Current portion of employees' long-term loans	5 - 2	-	10.443.026	10.443.026
Prepayments and other receivables	5 - 2	67.347.193	(31.739.387)	35.607.806
		1.795.423.720	(21.296.361)	1.774.127.359
Non-current assets				
Non-current portion of advances to employees	5 - 2	-	19.244.174	19.244.174
Property and Equipment	5 - 3	593.764.229	(12.746.459)	581.017.770

5. First-Time Adoption of IPSAS

Continued

Applied exemptions:

Reconciliation of the Financial Position as of 1 January 2018 (transition date to IPSAS)

	Notes	SOCPA as at 1 January 2018	Adjustments	IPSAS as of 1 January 2018
Projects in progress		1.710.641.795	-	1.710.641.795
Intangible assets	5 - 3	-	12.746.459	12.746.459
		2.304.406.024	19.244.174	2.323.650.198
Total Assets		4.099.829.744	(2.052.187)	4.097.777.557
Liabilities				
Current liabilities				
Accounts payable		12.415.187	-	12.415.187
Accruals and other current liabilities	5 - 4	70.478.075	(5.829.188)	64.648.887
		82.893.262	(5.829.188)	77.064.074
Non-current liabilities				
Provision for end-of-service benefits	5 - 5	196.906.747	54.275.638	251.182.385
Total Liabilities		279.800.009	48.446.450	328.246.459
Net assets				
Expenditure reserve		643.494.511	-	643.494.511
General reserve		1.071.472.304	-	1.071.472.304
Accumulated surplus	5 - 6	2.105.062.920	(50.498.637)	2.054.564.283
Total net assets		3.820.029.735	(50.498.637)	3.769.531.098
Total Net assets and liabilities		4.099.829.744	(2.052.187)	4.097.777.557

5. First-Time Adoption of IPSAS

Continued

1-5 Receivables amounting to SR 13,109,712 as at 1 January 2018 have been re-classified to receivables from exchange transactions of (SR 1,228,231) and receivables from non-exchange transactions of (SR 11,881,481) in order to apply IPSAS 1 "Presentation of Financial Statements" which identifies the way of presenting revenue from exchange and non-exchange transactions.

2-5 Staff loans amounting to SR 31,739,387 as at 1 January 2018 included under prepayments and other receivables have been reclassified to current staff loans of (SR 10,443,026) and non-current staff loans of (SR 19,244,174). A discount rate of 3% has been applied on balance of such loans based on maturity of each loan thereof. Net impairment amounted to SR 2,052,187 and this amount has been reversed to accumulated surplus as per (IPSAS 1) "Presentation of Financial Statements and (IPSAS 29) "Financial Instruments: Recognition and Measurement".

3-5 Software has been reclassified to intangible assets and its net value amounted to SR 12,746,459 as at 1 January 2018 in order to apply IPSAS 1 "Presentation of Financial Statements".

4-5 In accordance with the requirements of IPSAS, revenues of non-exchange transactions (annual licenses) are recognized once they are due in full and they are not amortized over the period of the license. Thus, balance of accrued revenue of annual licenses at 1 January 2018 amounting to SR 5,829,188 base on previous SOCPA has been amortized in accumulated surplus as deemed revenue of prior year in order to apply (IPSAS 23) "Revenues of Non-Exchange Transactions".

5-5 Actuarial assumptions have been applied on provision for end-of-service benefits as deemed defined employee benefits plan and post-employment benefits using the projected unit credit method by actuarial specialist. This application resulted in an increase in calculation of CMA's obligation of provision for end-of-service benefits of SR 54,275,638 in order to apply (IPSAS 39) "Employee Benefit" at 1 January 2018. CMA has taken special exemptions in the initial application of (IPSAS 33) "First-time Adoption of Accrual Basis International Public Sector Accounting Standards" (5-C).

6-5 **Total effect on accumulated surplus due to transformation according to the following details:**

	1 January 2018
Accumulated surplus according to SOCPA	2.105.062.920
Effect resulting from calculation of present value for staff loans (5-2)	(2.052.187)
Effect resulting from provide annual licenses revenue (5-4)	5.829.188
Effect resulting from actuarial valuation for provision for end-of-service (5-5)	(54.275.638)
Accumulated surplus under (IPSAS)	2.054.564.283

6. Cash and Cash Equivalents

	31 December 2018	1 January 2018
Time Deposits*	2,193,000,000	1.701.000.000
Cash at bank (current accounts)	28.547.977	13.966.815
	2,221,547,977	1.714.966.815

*Time deposits represent value of CMA's deposit with local banks at the date of the financial statements for a period ranging between two to nine months and which can be recovered with no restrictions or costs or at different interest rates. The Statement of Financial Performance has been charged with deposit revenue of SR 52.2 million during the year ended 31 December 2018. A total amount of SR 44.5 million has been collected during the year ended 31 December 2018.

7. Accounts Receivable

a. Receivables from exchange transactions	31 December 2018	1 January 2018
Accounts receivables	840,643	1.228.231
	840,643	1.228.231
Aging of accounts receivable from exchange transactions		
Less than 30 days	606,268	650,291
31 – 90 days	234,375	95.916
Over 90 days	--	482.024
	840,643	1.228.231

b- Accounts receivable from non-exchange transactions	31 December 2018	1 January 2018
Saudi Stock Exchange (Tadawul) (Note 21-1)	56,643,163	11.881.481
	56,643,163	11.881.481
Aging of receivables from non-exchange transactions		
Less than 30 days	53,466,890	8.705.208
31 – 90 days	--	--
Over 90 days	3,176,273	3.176.273
	56,643,163	11.881.481

8. Advances and Other Current Assets

	31 December 2018	1 January 2018
Prepaid Expenses	32,805,686	20.250.908
Accrued Revenues	15.764.113	8.017.019
Advances to suppliers	647,028	4.656.804
Deposits with others	--	328.250
Others	1,736,402	2.354.825
	50,953,229	35.607.806

9. Property and Equipment

	Land	Buildings	Décor and Improvements	Office Furniture and Equipment	Cars	Computers	Total	Total as at 1 January 2018
Cost								
As at 1 January 2018	412.046.635	132.300.020	83.700.055	75.844.332	2.458.950	86.592.931	792.942.923	743.171.351
Additions	-	-	1,413,091	1,137,756	420.000	542,371	3,513,218	2.873.136
Transferred from projects in progress	-	-	6,219,351	1,189,629	-	3,788,450	11,197,430	61.302.973
Disposals	-	-	(14.566.738)	(9,459,138)	(1.560.45)	(31,853,624)	(57,439,952)	(14.404.537)
As at 31 December 2018	412.046.635	132.300.020	76,765,759	68,712,579	1.318.498	59,070,128	750,213,619	792.942.923
Depreciation								
As at 1 January 2018	-	23.483.253	57.064.549	53.322.328	2.079.783	75.975.240	211.925.153	200.181.512
Depreciation for the Year	-	3,969,001	7,820,876	5,110,569	187,499	7,693,533	24,781,478	25.364.725
Disposals	-	-	(14.488.343)	(9,412,145)	(1.560.45)	(31,842,527)	(57,303,466)	(13.621.084)
As at 31 December 2018	-	27,452,254	50,397,082	49,020,752	706,831	51,826,246	179,403,165	211.925.153
Net Book Amount								
As at 31 December 2018	412.046.635	104,847,766	26,368,677	19,691,827	611,667	7,243,882	570,810,454	
As at 1 January 2018	412.046.635	108.816.767	26.635.506	22.522.004	379.167	10.617.691		581.017.770

On 29 Safar 1438H (corresponding to 29 November 2016), CMA has received a letter for ownership transfer of its land to the Ministry of Finance (General Authority for State Properties) amounting to SR 297 million (2017: SR 297 million). Transfer of the ownership not yet finalized until the date of financial statement.

10. Projects in Progress

	Balance as at 1 January, 2018	Additions during the year	Transferred to Property and Equipment and Intangible assets	Transferred to Expenses	Balance as at 31 December, 2018
CMA headquarters at King Abdullah Financial District *	1.690.626.849	-	-	-	1.690.626.849
Fixtures of CMA's floors at King Abdullah Financial District	694,568			(694,568)	-
Furniture and fixtures	7,387,005	13,847,442	(11,197,430)	(836,163)	9,200,854
Computer hardware and software and other fixtures	11,933,373	10,848,138	(11,749,740)	(5,772,489)	5,259,282
	1.710.641.795	24,695,580	(22,947,170)	(7,303,220)	1,705,086,985

*Due to the ownership transfer of the entire project of the King Abdullah Financial District, including its new headquarter to the Public Investment Fund, CMA coordinates directly with the Fund as the new owner of the project on the appropriate consideration for the value of current premises.

11. Intangible Assets

	31 December 2018
Cost	
1 January 2018	42.139.875
Additions during the year	582,498
Transferred from projects in progress	11,749,740
Disposals	(4,080,850)
31 December 2018	50,391,263
Amortization	
1 January 2018	29.393.416
Carried for the year	4,842,565
Disposals	(4,080,848)
31 December 2018	30,155,133
Net Carrying Amount	
At 31 December 2018	20,236,130
At 1 January 2018	12.746.459

12. Accounts Payable

	31 December 2018	1 January 2018
Service providers	1,263,952	5.453.186
Other	277,823	6.962.001
	1,541,775	12.415.187

13. Accruals and Other Current Liabilities

	31 December 2018	1 January 2018
Staff Accruals	54,664,606	48,969,495
Accrual expenses	11,932,944	10,064,969
Others	6,453,939	5,614,423
	73,051,489	64,648,887

14. Provision for End-of-Service Benefits

The most actuarial assumptions used in the account of provision for end-of-service benefits (an unfunded defined benefits plan) are as follows:

	31 December 2018	1 January 2018
Discount rate	4.6 %	3.8 %
Salary increase rate	5 %	5 %
Employee's turnover rates	7 %	7 %

The value expected for end-of-service based on the program for each staff is as follows:

- Future salary is expected on deemed rate for salary increase
- Current actuarial value is identified using rules of the plan, deemed discount rate, mortality rates and employees' turnover rate.
- After such, defined obligation is allocated over years of service expected for the employee with identifying the expected obligation equally over each year of past service for calculating defined benefits obligation.

The movement in the employees' defined benefit obligation is as follows:

	31 December 2018
At the beginning of the year	251,182,385
Charged to for the statement of Financial Performance during the year (current service cost)	39,896,610
Paid during the year	(13,923,268)
Actuarial valuation differences (gains)	(28,084,693)
Effect of transition to IPSAS (Note 5-5)	-
At the end of the year	249,071,034

The accompanying notes (1) through (23) form an integral part of these financial statements.

14. Provision for End-of-Service Benefits Continued

The following is a sensitivity analysis for actuarial assumptions:

	Specified as at 31 December 2018	Movement (%)
Key assumptions	249,071,034	-
Discount rate basis +0.5%	235,372,867	(5.5 %)
Discount basis -0.5%	263,978,720	6 %
Salary growth rate basis +0.5%	263,145,822	5.7 %
Salary growth rate basis -0.5%	235,991,395	(5.3 %)
Employees' turnover rate 110%	247,822,518	(0.5 %)
Employees' turnover rate 90%	250,346,778	0.5 %
Mortality rate basis 110%	249,020,291	(0.0 %)
Mortality rate basis 90%	249,121,915	0.0 %

The following table shows the expectations of undiscounted obligations for employees' end-of-service benefits for a period of five years based on assumptions and employee data used in the calculation of obligations at 31 December 2018.

Proceeds expected to be paid during the year	Amount of
Year Ended at 31 December 2019	15,832,501
Year Ended at 31 December 2020	20,164,965
Year Ended at 31 December 2021	22,702,533
Year Ended at 31 December 2022	27,426,380
Year Ended at 31 December 2023	24,986,350

The accompanying notes (1) through (23) form an integral part of these financial statements.

15. Reserves

As at 31 December 2018, the total of accumulated surplus (before creating reserves) amounted to SR 4,327 million (1 January 2018: SR 3,770 million) while the average cash surplus therefrom amounted to SR 2,222 million represented in balance of cash and cash equivalents.

In applying Article XIV of the Capital Market Law, CMA has created expenditure and general reserves at the end of the financial year ended 31 December 2018 as:

CMA, at the end of the financial year and before transferring surplus from resources to the Ministry of Finance, creates an expenditure reserve equal to the value of the estimated expenses that CMA is expected to incur in the following year to the financial statements, as the 2019 estimated budget amounted to SR 762 million in addition to an amount of SR 311 million as an additional reserve, as a hedge against any contingent claims or expenditure. Accordingly, an expenditure reserve has been created during the financial year ended 31 December 2018 in the amount of SR 1,074 million (2017: SR 643.5 million).

Furthermore, a general reserve equaling twice the totality of its cash expenditure is created during the current year. Due to the deficit in creating reserves, CMA has created the general reserve equivalent to the difference between the expenditures reserve and the cash surplus by the end of the financial year and no amount is transferred to the Ministry of Finance, as per the following table:

	31 December 2018	1 January 2018
Cash Surplus as at 31 December (Note 6)	2,221,547,977	1,714,966,815
Less		
Provided expenditure reserve	(1,074,089,695)	(643,494,511)
General reserve at 31 December	1,147,458,282	1,071,472,304
General reserve according to the Law	(1,183,542,476)	(1,080,576,794)
Deficit in creating general reserve	(36,084,194)	(9,104,490)

16. Exchange Revenues and Non-Exchange Revenues

All CMA's revenues are non-exchange revenues with the exception of a part of CMA's Services and Activities revenue and deposit returns. The following shows the distribution of exchange and non-exchange revenues:

	Exchange	Non-exchange	31 December 2018
Stock trading commission	-	559,909,905	559,909,905
CMA services and activities	2,328,800	149,679,086	152,007,886
The violations of laws and Implementing regulations	-	387,674,160	387,674,160
Deposit returns	52,247,514	-	52,247,514
	54,576,314	1,097,263,151	1,151,839,465

The accompanying notes (1) through (23) form an integral part of these financial statements.

17. Employees' Salaries and Benefits

	31 December 2018
Salaries	160,008,614
Employees allowances	97,385,474
End-of-service benefits	39,896,610
Employees' bonuses	38,274,957
Medical insurance	27,352,301
Social insurance	22,683,480
CMA share in Savings Program	19,013,362
Business trips and seminars	6,323,780
Other expenses	8,386,670
	419,325,248

18. General and Administrative Expenses

	31 December 2018
Expenses of Awareness Program in Capital Market	24,039,479
Maintenance	23,473,552
Utilities	16,319,537
Rentals	13,425,789
Subscriptions	12,835,872
Graduates Development program	7,815,071
Committee members' fees	6,189,842
Media and public relations	3,047,510
Operational contracts expenses	2,346,059
Other expenses	2,107,212
	111,599,923

The accompanying notes (1) through (23) form an integral part of these financial statements.

19. Awareness Program in CMA

The CMA Board has approved to designate 0.2 basis points of CMA's share to financing the CMA activities related to the Awareness Program for Capital Market to raise the financial, savings, and investment culture among 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 I 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 Capital Market as per Resolution No. (2-46-2017) dated 22 Rajab, 1438H corresponding to 19 April, 2017.

On 1 January 2018, the revenues allocated to the Awareness Program amounted to SR 25,984,669, and the amount linked to program expenses totaled SR 9,978,328, while the actual expenses amounted to SR 4,223,000.

Summary of revenues and expenses of the program at 31 December 2018 is as follows:

	Note	31 December 2018
Surplus balance of the program at 1 January 2018		22,261,669
Program revenues during the year ended 31 December 2018	1-19	34,549,745
Program cash expenses during the year ended 31 December 2018		(24,518,080)
Commitments during the year ended 31 December 2018		(3,619,869)
Surplus balance of the program at 31 December 2018		28,673,465

20. Commitments**Capital Commitments**

At 31 December 2018, capital commitments on CMA amounted to SR 3.4 million, as the total value for project contracts amounted to SR 17.8 million, while part of which paid amounted to SR 14.4 million (1 January 2018, SR 23.5 million).

Operating Lease Commitments

CMA as a lessee.

Future minimum lease payments under non-cancellable operating leases as at the end of the reporting period.

	31 December 2018	1 January 2018
Within one year	1,336,386	11,800,000
Due within two to five years	792,786	2,500,000
Less than five years	-	-
	2,129,172	14,300,000

The accompanying notes (1) through (23) form an integral part of these financial statements.

21. Related Party Disclosures**1-21 Amounts due from related parties**

Name of Related Party	Nature of Transaction	Balance	
		31 December 2018	1 January 2018
Saudi Stock Exchange (Tadawul)	Supervisory and Regulation	56,643,163	11,881,481

2-21 Transactions with the Related Parties

Name of Related Party	Nature of Transaction	Value of Collected Transactions	
		31 December 2018	1 January 2018
Saudi Stock Exchange (Tadawul)	Supervisory and Regulation	645,148,223	673,206,819
	Payments on behalf of CMA	1,011,796	290,889

The Balance Due for the Saudi Stock Exchange Tadawul (Related Parties) represents CMA's share which had not been processed up to the date of the Statement of Financial Position, in addition to invoices for fees and commissions on stock trading issued as well as services provided and linked with Tadawul, in addition to annual fees. These are collected by Tadawul on behalf of CMA.

In accordance with the Capital Market Law, and in order to apply Article XXII, the Saudi Stock Exchange (Tadawul) subjects for supervision of CMA, in addition to the regulation relationship that represents the following:

- Tadawul manages a Board that consists of nine members appointed through a Resolution by the Council of Ministers and by a nomination of CMA's Board, and they choose among them the Chairman of the Board and Vice Chairman, provided that CMA's Board membership shall be a 3-year period subject renewable one time or more.
- The regulations and Instructions established by CMA set out actions relating to holding meetings of Tadawul's Board and the way for decision-making therein, business plans of the Board, authorizations and tasks assigned to each member of the Board and the Director, and all other administrative and financial matters of relevance.
- The Tadawul Board appoints a director after taking approval of CMA's Board. The appointed director is prohibited to do any governmental or other trading work, or has an interest or ownership in any brokerage firm in the market. The director can be dismissed from his post through a resolution of Tadawul's Board.

The accompanying notes (1) through (23) form an integral part of these financial statements.

21. Related Party Disclosures

continued

3-21 Key Management Personnel Remunerations at CMA

	31 December 2018
Short-term key management personnel benefits	9,296,516
Termination benefits	495,921
Total remunerations paid to key management personnel	9,792,437

22. Financial Instruments and Risk Management

Financial instruments comprise cash and cash equivalents, receivables, payables, and accruals, and other current liabilities. To assess their fair value, it was assumed that they are equal to their carrying amount due to their nature and short-term maturity.

Fair Value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal market, or the most advantageous market, must be accessible by CMA.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits from the asset's highest and best use or by selling it to another market participant that would utilize the asset in its highest and best use. CMA uses appropriate valuation techniques based on the

circumstances, and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy. This is described, as follows, based on the lowest level input that is significant to the fair value measurement as a whole.

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, CMA determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosure, CMA has determined classes of assets and liabilities on the basis of their nature, characteristics, and risks of the asset or liability, and the level of the fair value hierarchy, as explained above. The accompanying notes (1) through (23) form an integral part of these financial statements.

The accompanying notes (1) through (23) form an integral part of these financial statements.

22. Financial Instruments and Risk Management

continued

Fair Value

Fair Value Hierarchy

Fair Value of Financial Instruments

The following table summarizes the financial instruments of CMA charged or disclosed in the fair value hierarchy which reflect that significant portion in data used in measurement.

	Carrying Amount	Fair Value
As at 31 December 2018		
Financial Assets		
Cash and cash equivalents	2.221.547.977	2.221.547.977
Receivables from exchange transactions	840.643	840.643
Receivables from non-exchange transactions	56.643.163	56.643.163
Advances to employees	24.754.798	24.754.798
Total financial assets	2.303.786.581	2.303.786.581
Financial liabilities		
Accounts payable	1.541.775	1.541.775
Total financial liabilities	1.541.775	1.541.775
	Carrying Amount	Fair Value
As at 1 January 2018		
Financial Assets		
Cash and cash equivalents	1.714.966.815	1.714.966.815
Receivables from exchange transactions	1.228.231	1.228.231
Receivables from non-exchange transactions	11.881.481	11.881.481
Advances to employees	29.687.200	29.687.200
Total financial assets	1.757.763.727	1.757.763.727
Financial liabilities		
Accounts payable	12.415.187	12.415.187
Total financial liabilities	12.415.187	12.415.187

Risks Resulting from Financial Instruments and Risk Management

CMA exposed to financial risks in its ordinary course of business could significantly affect results of operation of one or all its sectors.

Market Risk

Market risks arise as a result of fluctuation in fair value of future cash flows for a financial instrument due to fluctuations in prices in the market. Price risks of the market consist of three types: Interest rate risks, currency rate risks, other prices risks such as stock rates. Financial instruments affected by market risks include cash such as deposits. Interest rate on deposits during the year ranges from 2% to 3%.

The accompanying notes (1) through (23) form an integral part of these financial statements.

Interest Rate Sensitivity

Sensitivity analyses relate to the following sections in the financial position as at 31 December 2018.

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased (decreased) financial performance by the amounts shown below. The analysis assumes that all the other variables, especially the foreign exchange rate, remain constant.

22. Financial Instruments and Risk Management

continued

Interest Rate Sensitivity**Interest Rate Sensitivity**

	Increase / Decrease in Basis Points	Effect of Increase / Decrease on the Statement of Financial Performance
31 December 2018		
Financial Assets		
Cash and cash equivalents	100+	21.106.166
	100-	(21.106.166)
Advances to Employees	100+	(509.543)
	100-	509.543
1 January 2018		
Financial Assets		
Cash and cash equivalents	100+	15.513.361
	100-	(15.513.361)
Advances to Employees	100+	(633.831)
	100-	633.831

Sensitivity analysis excludes the effect of movement in the market variables on the carrying amount for pension and other post-pension obligations, provisions, and non-financial assets and liabilities for foreign transactions.

The sensitivity of the related net surplus or deficit is the effect of the assumed changes in the concerned market risks, and this depends on the financial assets and liabilities held as at 31 December 2018 and 1 January 2018.

Liquidity Risks

Liquidity risk is the risk that CMA will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk management process followed by CMA involves ensuring, to the maximum level possible, the availability of sufficient funds to meet its commitments as they fall due.

Trade and other payables are normally settled within 30 days. All such payables shown in the statement of financial position of SR 1.5 million are repayable within less than 30 days.

Credit Risks

Credit risk is the risk that one party to a financial instrument or client contract will fail to discharge an obligation and cause the other party to incur a financial loss. CMA is not exposed to credit risk from its operating activities.

Credit Risk**Credit Quality for Financial Assets**

Tadawul, CMA's largest client in the Kingdom of Saudi Arabia as at 31 December 2018, represents an amount of SR 56.6 million (1 January 2018: SR 11.8 million) of the trade receivables.

22. Financial Instruments and Risk Management

continued

Credit Risks**Credit Quality for Financial Assets (continued)**

At 31 December 2018, the ageing analysis of trade receivable from exchange transactions are as follows:

	31 December 2018	1 January 2018
Neither past due nor impaired loans less than 30 days	606.268	650.291
Past due from 31 – 90 days	234.375	95.916
Past due above 90 days	--	482.024
	840.643	1.228.231

At 31 December 2018, the ageing analysis of trade receivables from non-exchange transactions are as follows:

	31 December 2018	1 January 2018
Neither past due nor impaired loans less than 30 days	53.466.890	8.705.208
Past due from 31 – 90 days	--	--
Past due above 90 days	3.176.273	3.176.273
	56.643.163	11.881.481

Management believes that the unimpaired amounts that are past due by more than 30 days are still collectible in full, based on historical payment behavior and extensive analysis of customer credit risk, including underlying customers' credit ratings if they are available. CMA holds cash and cash equivalents totaling SR 2.2 billion at 31 December 2018 (1 January 2018: SR 1.7 billion) with banks having sound credit quality.

23. Approval of Financial Statements

These financial statements were approved by CMA's Board of Directors on 18 Rajab 1440H (corresponding to 25 March 2019).



Chapter Nine Statistical Appendix

• Content of the Statistical Appendix

1. Number of Applications for Securities Offerings and Corporate Actions Approved by CMA and Private Placement Notifications Received
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3. Number of Individual Subscribers (in Millions) to IPOs by Subscription Channel
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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	Merger & Acquisition	Debts Transfer	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
2018	6	191	0	5	1	1	9	19

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

Year	Initial Public Offering	Share Private Placement	Debt Instrument Public Offering	Rights Issues Offering	Debts Transfer	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	0.0	-	28.6
2017	3.9	31.8	0.4	0.0	-	36.1
2018	3.7	20.6	3.7 ¹	0.0	0 ²	28.0

1.It doesn't include the companies that received CMA's approval during 2018 and have not completed the rights issues offering.

2.The company committee didn't approve the debts transfer.

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
2018	0.04	0.03	0.00	0.03	0.00	0.10

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
2018	0.05	0.16	0.03	0.04	0.00	0.28

5. Number of Publicly Offered 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	-	3	7	5	273
2018	141	5	43	10	25	2	0	3	16	4	249

6. Values of Publicly Offered 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	62,317.0	808.0	33,893.0	1,591.0	2,363.0	-	-	-	-	4,127.0	105,099.0
2008	24,824.0	153.0	43,035.0	2,293.0	1,756.0	-	-	-	-	2,754.0	74,815.0
2009	29,719.0	205.0	54,518.0	2,237.0	1,913.0	115.3	217.5	-	-	635.1	89,559.9
2010	30,974.0	218.9	58,015.7	1,557.4	2,677.3	91.2	358.1	74.2	-	773.5	94,740.3
2011	26,628.4	241.2	49,544.1	2,550.6	2,715.6	115.6	230.5	117.1	-	50.4	82,193.5
2012	27,988.2	637.2	53,878.3	2,587.4	2,731.0	64.2	43.3	107.8	-	30.2	88,067.6
2013	34,441.2	563.3	60,945.8	4,131.1	2,797.9	130.5	-	58.7	-	111.3	103,179.8
2014	35,585.4	641.9	66,381.6	4,975.5	2,837.2	124.6	-	55.9	-	108.7	110,710.8
2015	33,011.6	831.3	61,713.3	4,430.5	2,727.0	91.9	-	35.3	-	57.4	102,898.3
2016	22,444.0	848.7	57,497.6	3,610.3	2,584.9	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	-	36.0	3,637.0	398.5	110,232.7
2018	20,675.4	509.7	62,444.0	8,347.9	2,899.6	71.8	-	37.7	16,449.8	425.8	111,861.7

7. Values of Publicly Offered 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	18,541.8	1,780.4	405.4	1,092.8	1,072.8	2,089.5	4,736.3	29,719.0
2010	19,074.1	1,942.1	246.3	1,116.8	1,162.2	2,211.3	5,221.2	30,974.0
2011	17,135.1	1,519.5	107.1	810.2	1,174.6	1,845.2	4,036.7	26,628.4
2012	17,445.2	1,632.7	185.0	842.7	1,348.2	2,191.5	4,342.9	27,988.2
2013	21,331.3	2,127.4	196.7	860.6	1,763.2	2,746.0	5,416.0	34,441.2
2014	22,634.1	2,342.8	459.5	786.8	2,020.1	2,662.5	4,679.6	35,585.4
2015	20,024.5	3,014.3	306.9	856.0	2,003.6	2,747.9	4,058.5	33,011.7
2016	16,703.8	2,476.1	189.8	690.0	668.3	475.0	1,241.0	22,444.0
2017	14,951.1	1,941.5	147.3	909.5	842.4	688.4	1,499.9	20,980.1
2018	15,575.4	1,616.3	123.6	646.0	920.3	592.8	1,200.9	20,675.3

8. Number of Subscribers to Publicly Offered Funds by Type of Investment

Year	Equities	Debt Instruments	Money Markets	Real Estate	Fund of Funds	Balanced	Capital Protected	ETFs	REITs	Other	Total
2009	275,062	137	68,398	4,484	6,523	757	124	-	-	846	356,331
2010	247,771	94	60,306	3,199	6,430	646	940	592	-	437	320,415
2011	226,204	42	54,839	4,565	6,201	685	849	399	-	121	293,905
2012	212,128	249	51,758	4,565	5,845	497	154	332	-	96	275,624
2013	197,523	203	49,024	5,021	5,453	440	-	307	-	139	258,110
2014	187,426	232	46,307	5,869	5,254	414	-	255	-	274	246,031
2015	181,997	207	43,430	5,455	4,996	377	-	249	-	266	236,977
2016	172,315	185	39,747	5,140	4,656	351	-	292	1,457	268	224,411
2017	162,697	181	39,817	8,088	4,784	326	-	292	21,921	339	238,445
2018	155,278	114	38,867	7,499	4,984	305	-	368	124,780	372	332,567

9. 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	Surveillance Inquiries	Suspected Violations
2006	-	252	-	66
2007	-	283	-	41
2008	34,294	968	-	44
2009	25,374	1,311	-	41
2010	20,722	1,234	-	42
2011	22,303	1,331	-	35
2012	26,323	1,687	-	32
2013	26,251	1,779	-	43
2014	30,824	1,974	-	15
2015	30,549	1,555	-	29
2016	31,896	2,028	-	51
2017	35,561	1,395	77	30
2018	36,111	616	77	13

10. Published 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
2018	120	35

11. Published 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
2018	141	39

12. Filed CML Violation Cases by Type of Violation

Type	Year											
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Violation of Manipulation and Misleading	14	47	41	38	30	31	39	14	10	23	14	6
Disclosure Violation	10	28	19	67	63	36	56	244	99	27	1	48
Insider Trading	-	-	2	3	6	1	2	1	20	31	17	7
Violation of the Authorized Persons Regulation	7	4	6	54	23	29	23	62	89	81	10	25
Ownership/Disposal of Percentages without Notifying CMA	19	11	4	3	10	10	7	20	31	2	0	0
Conducting Securities Business and Investment of Funds without License	45	53	55	39	67	49	39	11	24	13	3	13
Violation of CMA Board Resolution	-	1	2	-	2	7	4	7	24	7	1	15
Violation of the "Offers of Securities Regulation"	-	4	6	2	1	3	6	1	4	0	0	8
Other Violations of Listing Rules	-	3	3	8	1	1	3	1	2	21	8	32
Trading During Prohibited Period	3	-	7	17	15	20	39	42	65	19	0	17
Violation of Corporate Governance Regulation	-	-	9	15	35	41	43	22	30	4	8	10
Violation of Investment Funds/Real Estate Investment Funds Regulation	-	-	3	7	35	41	20	72	0	16	34	7
Violation of Prudential Rules	-	-	-	-	-	-	5	27	30	0	0	4
Violation of Merger and Acquisition Regulation	-	-	-	-	-	-	-	2	0	0	1	0
Other Violations	-	-	-	-	-	-	1	4	4	0	4	16
Companies Law	-	-	-	-	-	-	-	-	-	9	78	9
The Money-laundering Statute	-	-	-	-	-	-	-	-	-	-	-	6
Total	98	151	157	253	288	269	287	530	432	253	179	223

13. Finalized CML Violation Cases Classified by Type

Type	Year											
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Violation of Manipulation and Misleading	8	8	34	44	29	20	1	5	12	22	15	18
Disclosure Violation	6	12	28	49	73	67	24	109	210	98	5	21
Insider Trading	-	-	4	4	4	2	-	2	25	28	28	0
Violation of the Authorized Persons Regulation	1	5	10	25	45	27	3	30	89	112	20	22
Ownership/Disposal of Percentages without Notifying CMA	18	9	7	12	4	11	7	2	24	28	0	0
Conducting Securities Business and Investment of Funds without License	25	46	53	37	69	35	12	16	12	28	1	11
Violation of CMA Board Resolutions	-	-	3	-	1	2	3	8	23	8	2	14
Violation of the "Offers of Securities Regulation"	-	-	4	3	2	1	2	1	1	0	1	6
Other Violations of Listing Rules	-	-	6	8	1	1	1	1	2	27	6	25
Trading During Prohibited Period	-	-	-	19	21	8	16	27	57	65	0	16
Violation of Corporate Governance Regulation	-	-	8	12	27	51	9	32	26	24	12	10
Violation of Investment Funds/Real Estate Investment Funds Regulation	-	-	-	7	27	45	6	4	87	14	36	6
Violation of Prudential Rules	-	-	-	-	-	-	-	12	44	5	0	2
Violation of Merger and Acquisition Regulation	-	-	-	-	-	-	-	0	2	0	1	0
Other Violations	-	-	-	-	-	-	-	1	2	2	6	16
Companies Law	-	-	-	-	-	-	-	-	-	4	78	6
The Money-laundering Statute	-	-	-	-	-	-	-	-	-	-	-	5
Total	58	80	157	220	303	270	84	250	616	465	211	178

14. 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	-	8	-	-
2016	-	4	2	3
2017	5	7	0	2
2018	11	9	0	1

15. 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
2018	87	9	96

16. 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
2018	Commenced	64	67	80	78	66
	Not Commenced	1	7	8	8	0

17. 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
2018	4	17	13	8	54

18. 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 ³
2014	107	54
2015	50	55
2016	43	52
2017	19	42
2018	18	52 ⁴

3. Including inspection of the Saudi Stock Exchange (Tadawul)

4. Including inspection of the Saudi Stock Exchange (Tadawul) and The Securities Depository Center Company.

19. Actions Taken by CMA on Anti-Money Laundering and Counter Terrorist Financing⁵

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 ⁶	11660	146
2015	128	283
2016	180	277
2017	273	423
2018	333	377

5- Number of periodic inspection visits related to anti-money laundering and terrorist financing reached 9 visits in 2017 and 12 visits in 2018.

6-Including the cases received from governmental agencies related to the execution of orders for this year and previous years only.

20. Consolidated Balance Sheet (Unaudited) – for the Years 2016 – 2018 APs Assets (SR Million)

Item	Bank Affiliate APs			Local APs			Regional APs			International APs			Arranging/Advising			Total		
	2016	2017	2018	2016	2017	2018	2016	2017	2018	2016	2017	2018	2016	2017	2018	2016	2017	2018
Cash and Cash Equivalents	4,888	4,325	5,271	1,479	990	877	1,095	753	840	1,527	1,882	1,813	191	196	221	9,180	8,146	9,022
Accounts Receivable	355	318	635	2,441	948	1,149	149	261	256	74	151	228	62	30	17	3,081	1,708	2,285
Margin Lending Creditors	1,864	5,222	6,011	261	149	174	6	88	53	0	0	0	0	0	0	2,131	5,459	6,238
Investments	4,728	5,372	4,609	5,178	4,619	4,839	1,329	1,430	1,396	0	0	1,585	39	61	1	11,274	11,482	12,430
Fixed Assets	172	152	117	249	165	157	121	31	34	20	20	26	11	10	7	573	378	341
Other Assets	496	685	781	403	334	279	90	63	61	34	73	99	13	14	18	1,036	1,169	1,238
Total Assets	12,503	16,074	17,424	10,011	7,205	7,475	2,790	2,626	2,640	1,655	2,126	3,751	316	311	264	27,275	28,342	31,554

21. Consolidated Balance Sheet (Unaudited) – for the Years 2016 – 2018 APs Liabilities (SR Million)

Item	Bank Affiliate APs			Local APs			Regional APs			International APs			Arranging/Advising			Total		
	2016	2017	2018	2016	2017	2018	2016	2017	2018	2016	2017	2018	2016	2017	2018	2016	2017	2018
Accounts Payable and Accrued Expenses	388	448	628	271	239	389	67	163	119	39	78	60	9	11	12	774	939	1,208
Bank Loans	1,025	3,111	2,894	1,497	490	535	241	154	124	14	123	1,601	0	0	2	2,777	3,878	5,156
Subordinated Loans	0	0	0	0	0	0	55	0	0	0	0	0	1	0	3	56	0	3
Zakat and Income Tax	157	179	271	210	85	102	49	56	61	22	33	21	4	5	1	442	358	456
End of Service Benefits	319	353	373	96	98	105	33	35	38	23	28	29	8	8	6	479	522	551
Other Accounts Payable Assets	444	586	781	535	493	598	43	26	51	43	62	122	13	6	11	1,078	1,173	1,563
Total Liabilities	2,333	4,677	4,947	2,609	1,405	1,729	488	434	393	141	324	1,833	35	30	35	5,606	6,870	8,937

22. Consolidated Balance Sheet (Unaudited) for the Years 2016 – 2018 APs Shareholder's Equity (SR Million)

Item	Bank Affiliate APs			Local APs			Regional APs			International APs			Arranging/Advising			Total		
	2016	2017	2018	2016	2017	2018	2016	2017	2018	2016	2017	2018	2016	2017	2018	2016	2017	2018
Paid-up Capital	5,200	5,800	5,800	6,368	5,172	5,157	2,531	2,292	2,305	1,584	1,909	1,998	240	265	237	15,923	15,438	15,497
Statutory Reserve	1,050	1,211	1,261	571	479	431	50	55	66	49	58	50	19	20	5	1,739	1,823	1,813
Retained Earnings	2,383	2,979	3,859	-149	-246	-318	-326	-206	-180	-116	-173	-153	-9	-16	-17	1,783	2,338	3,191
Profit/Loss for the Period	1,589	1,504	1,706	170	99	173	-38	-32	-11	-3	8	23	3	11	-1	1,721	1,590	1,890
Other Shareholder Equity	-52	-97	-149	442	296	303	85	83	67	0	0	0	28	1	5	503	283	226
Total Shareholder Equity	10,170	11,397	12,477	7,402	5,800	5,746	2,302	2,192	2,247	1,514	1,802	1,918	281	281	229	21,669	21,472	22,617

23. Investments of APs in 2016 - 2018 (SR Million)

Item	Bank Affiliate APs			Local APs			Regional APs			International APs			Arranging/Advising			Total		
	2016	2017	2018	2016	2017	2018	2016	2017	2018	2016	2017	2018	2016	2017	2018	2016	2017	2018
Listed Shares	82	74	134	341	207	350	55	95	133	0	0	1,585	0	0	0	478	376	2,202
Investment Funds	2,899	3,243	2,746	3,554	2,988	3,197	447	524	536	0	0	0	0	0	0	6,900	6,755	6,479
Debt Instruments	111	72	96	39	50	40	286	254	217	0	0	0	0	0	0	436	376	353
Securitization	0	0	0	0	0	0	3	3	14	0	0	0	0	0	0	3	3	14
Private Equity/ Subsidiaries and Sister Companies	25	32	40	611	752	754	153	137	154	0	0	0	17	4	1	806	925	949
Real Estate	1,611	1,951	1,593	633	622	498	385	417	342	0	0	0	22	57	0	2,651	3,047	2,433
Total	4,728	5,372	4,609	5,178	4,619	4,839	1,329	1,430	1,396	0	0	1,585	39	61	1	11,274	11,482	12,430

24. APs Consolidated Income Statement for the Years 2016 – 2018 (Unaudited) (SR Million)

Item	Bank Affiliate APs			Local APs			Regional APs			International APs			Arranging/Advising			Total		
	2016	2017	2018	2016	2017	2018	2016	2017	2018	2016	2017	2018	2016	2017	2018 ⁷	2016	2017	2018
Dealing	1,237	956	1,035	85	67	76	24	24	26	34	36	55	0	0	0	1,380	1,083	1,192
Asset Management	1,357	1,565	1,696	503	529	605	174	159	170	15	31	33	0	0	0	2,049	2,284	2,504
Investment Banking	492	366	340	230	167	202	40	57	47	21	21	59	56	59	47	839	670	695
Advice/ Research	0	0	0	0	0	1	1	2	0	0	0	0	0	0	0	1	2	1
Custody	78	109	154	22	17	14	7	9	10	4	11	19	0	0	0	111	146	197
Investments	328	366	469	244	222	205	-7	27	40	14	11	20	3	2	3	582	628	737
Other Revenues	32	14	-12	372	32	67	25	30	52	180	186	202	23	26	20	632	288	329
Revenues	3,524	3,376	3,682	1,456	1,034	1,170	264	308	345	268	296	388	82	87	70	5,594	5,101	5,655
Salaries & Wages	1,165	1,148	1,221	564	491	519	199	206	219	141	162	198	52	46	42	2,121	2,053	2,199
Marketing	12	11	12	38	18	23	2	2	4	2	2	3	1	1	1	55	34	43
Other Expenses	758	713	743	684	426	455	101	132	133	128	124	164	26	29	28	1,697	1,424	1,523
Total Expenses	1,935	1,872	1,976	1,286	935	997	302	340	356	271	288	365	79	76	71	3,873	3,511	3,765
Profit/Loss	1,589	1,504	1,706	170	99	173	-38	-32	-11	-3	8	23	3	11	-1	1,721	1,590	1,890

7- It is worth noting that the Arranging/Advising Aps data for 2018 include financial statements for two authorized companies to manage experienced investors' portfolios and private, non-real estate investment funds.

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