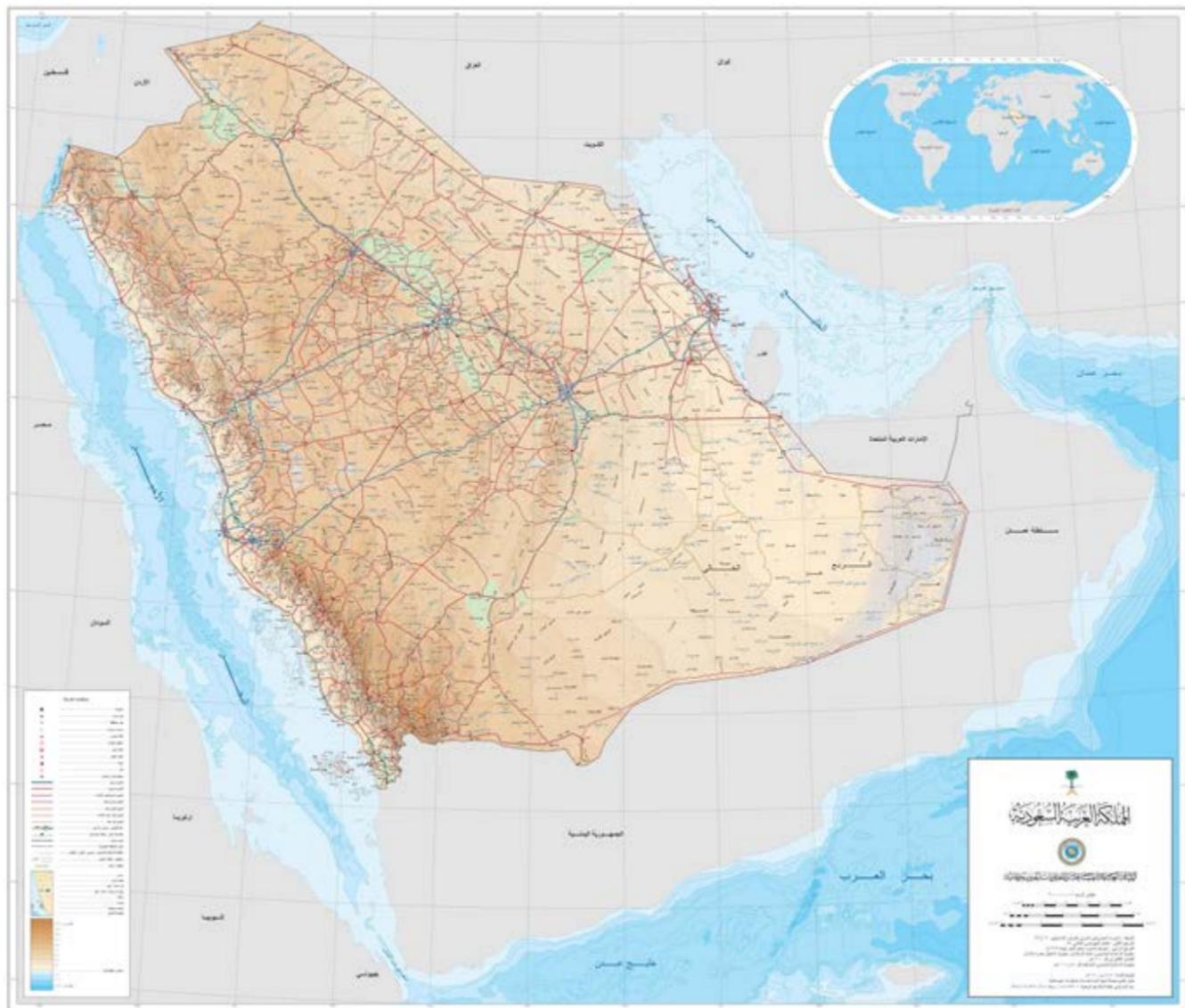




ANNUAL REPORT

1443 – 1444 H (2022)



بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ



The Custodian of the Two Holy Mosques
King Salman Bin Abdulaziz Al-Saud
King of Saudi Arabia



His Royal Highness
Prince Mohammed Bin Salman Bin Abdulaziz Al-Saud
Crown Prince and Prime Minister

Capital Market Authority Board of Directors

Royal Order No. A/36 dated 06/02/1439H was issued to reform the CMA Board as follows:



His Excellency
HE. Mohammed Bin Abdullah El-Kuwaiz*
Chairman



Mr.
Youssef Bin Hamad Al-Blihidi
Vice Chairman



Mr.
Ahmad Bin Rajeh Al-Rajeh
Member



Mr.
Khalid Bin Abdulaziz Al-Homoud
Member



Mr.
Khalid Bin Mohammed Al-Solai
Member

* Royal Order number A/582 dated 22/10/1442H was issued to extend the service of His Excellency Mr. Mohammed Bin Abdullah El-Kuwaiz as Chairman of the Capital Market Authority Board at the rank of "Minister", for four years, as of 26/10/1442H



Capital Market Authority Board of Directors



HE. Mohammed Bin Abdullah El-Kuwaiz

Chairman, CMA Board

Academic Qualifications:

MBA, New York University's Leonard N. Stern School of Business, USA	2003
Bachelor's Degree, Law, King Saud University, KSA	1998
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	2006 – 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	1996 – 1999

Memberships:

Chairman, Board of Trustees, The Financial Academy
Member, Financial Sector Development Program, Supervisory Committee, Council of Economic and Development Affairs (CEDA)
Member, Board of Trustees, Oqal Group
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
Former Member, Advisory Committee, Capital Market Authority
Former Member, Board of Directors, Bank Albilad
Former Member, Business Youth Committee, Riyadh Chamber of Commerce and Industry
Former Member, Board of Directors, Public Pension Agency
Former Member, Board of Directors, Al-Yamamah Steel



Capital Market Authority Board of Directors



Mr. Youssef Bin Hamad Al-Blihid

Vice Chairman, CMA Board

Academic Qualifications:

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

Professional Experience:

Vice-Chairman, CMA Board of Directors	2017 – Present
Deputy of Legal Affairs and Enforcement, CMA	2016 – 2017
Director, Department of Follow-up and Enforcement, CMA	2016
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

Memberships:

Head of CMA Delegation, meetings of the Islamic Financial Services Board (IFSB)
Head of CMA Delegation, meetings of the regulators of Arab financial markets
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 regulators 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 / Member of a number of bilateral committees comprising CMA and other government entities with the aim to accomplish joint initiatives and tasks and set a mechanism to deal with overlapping jurisdictions, to ensure that work is functioning normally and each entity is accomplishing all tasks assigned to it.
Chairman of the Standing Committee for Awareness on Dealing in Securities Activities in the Unauthorized Foreign Exchange Market (Forex)
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
Vice-Chairman of Administrative Committee, CMA
Chairman, Supervisory Committee for the Capital Market Documentation Initiative



Capital Market Authority Board of Directors



Mr. Ahmed Bin Rajeh Al-Rajeh

Member, CMA Board

Academic Qualifications:

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

Professional Experience:

Member, CMA Board of Directors	2017 – February 2023
Deputy of Corporate Resources, CMA	2016 – 2017
Director, General Management, CMA	2009 – 2016
Manager, 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; Conducted studies in administrative reform and regulatory and administrative consultancy for government agencies	1986 – 1998

Memberships:

Former chairman/ member of several CMA committees concerned with regulating and developing the capital market sector
Former chairman, Human Resources Development Committee, CMA
Former vice- chairman, E-Transactions Committee, CMA
Former Chairman, Supervisory Committee, Financial Academy, CMA
Former Member, Executive Committee, CMA
Former Member, Administrative Committee, CMA
Former Member, E-Transactions Committee, CMA
Former Member, Committee for Archives and Records, CMA
Former Member, Steering Committee for CMA Headquarters in the Financial District, CMA
Former Chairman, Savings Plan Committee, CMA
Former Member, Scholarships and Training Committee, CMA
Former Member, Policies Committee, Saudi Arabian Mining Company (Ma'aden)
Former Member, Administrative Committee, Saudi Arabian Mining Company (Ma'aden)



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 Central Bank (SAMA) – Institute of Banking	1995 – 2004

Memberships:

Chairman, Human Resources Development Committee, CMA
Member, International Organization of Securities Commissions (IOSCO) Board of Directors
Vice-Chairman, Growth and Emerging Markets Committee (GEMC), International Organization of Securities Commissions (IOSCO)
Member, Zakat, Tax and Customs Authority Board of Directors
Member, Remuneration and Nomination Committee, Zakat, Tax and Customs Authority
Chairman, Supervisory Committee for the implementation of the risk methodology, CMA
Member, Financial Sector Conference, Supervisory Committee
Former Chairman, Capital Account Committee, Capital Market Awareness, CMA
Former Member, the National Committee for Saving
Former Member, Human Resources Development Committee, CMA
Former Member, E-Transactions Committee, CMA
Former Member, Savings and Investment Committee, CMA
Former Secretary, CMA Advisory Committee



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
Secondment to Ernest and Young for Accounting and Audit, USA	1986 – 1988
Director, Audit and Financial Consulting, Saudi Industrial Development Fund	1983 – 2005

Memberships:

Chairman, Audit Committee, Sakan Foundation
Former Member, Board of Directors, Saudi Coca-Cola Bottling Company
Member of the Board of Directors and former Chairman of the Audit Committee of Andalus Real Estate Company
Former Member, Internal Audit Committee, Riyadh Chamber of Commerce and Industry
Member, Board of Directors and former Chairman of the Audit Committee – Awqaf Sulaiman Bin Abdulaziz Al-Rajhi Holding Co.
Former Member, Board of Directors, Saudi Association for Internal Auditors
Former Member, Board of Directors, Saudi Accounting Association
Former Chairman, Audit Committee, King Saud University Endowments
Former Member, Audit and Accounting Standards Committee and Management of Professional Quality Assurance Program, Saudi Organization for Certified Public Accountants
Former Chairman, audit committees of several listed and unlisted companies: (ACWA Power, ACWA Holding, Aslak Co., Shaker Group, MEBCO, Al-Rajhi United, Saudia Cargo, Alitco)
Former 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)

In accordance with Article Seven of the Capital Market Law stipulating that the CMA Board shall be appointed by virtue of a Royal Order, Order No. 53597 was issued on 6/8/1444H to reform CMA's Board of Directors as follows:

H.E Mohammed Bin Abdullah El-Kuwaiz	Chairman
Mr. Youssef Bin Hamad Al-Blihid	Vice-Chairman
Mr. Khaled Bin Abdulaziz Al-Homoud	Member
Dr. Walid Mohammed Al-Issa	Member
Mr. Abdulaziz Bin Abdul Mohsen Bin Hassan	Member

The brief biographies of the two appointed Board members are presented below:



Capital Market Authority Board of Directors



Dr. Walid Mohammed Al-Issa

Member, CMA Board

Academic Qualifications:

PhD in Accounting, Penn State University, USA	2009
MBA, UCLA, USA	2003
Certificate in Finance, UC Berkeley, USA	2001
Certificate in Business Administration, UC Berkeley, USA	2000
Bachelor's Degree in Electrical Engineering, King Fahd University of Petroleum and Minerals (KFUPM)	1997

Professional Experience:

Member, CMA Board of Directors	February 2023 – Present
Managing Director, Assila Investments, KSA	2019 – 2023
Chief Investment Officer, Assila Investments, KSA	2016 – 2019
Associate Professor of Accounting, École des Hautes Études Commerciales (HEC), Paris, France	2009 – 2016
Research Assistant, Penn State University, USA	2004 – 2009
Electrical Engineer, Saudi Petrochemical Company, Al-Jubail	1997 – 2000

Memberships:

Chairman, Audit Committee, CMA
Member, Board of Directors, National Center for Family Business
Former Chairman, Taibah Holding Group, Medina, KSA
Former Chairman, Al Aqeeq Real Estate Development Co., Medina, KSA
Former Member, Board of Directors, Makarem Al Marefa Hospitality Co., Medina, KSA
Former Member, Board of Directors, Al Gharra International for Real Estate Development Company, Medina, KSA
Former Member, Board of Directors and Executive Committee, Knowledge Economic City, Medina, KSA
Former Member, Board of Directors and Audit Committee, SABIC Agri-Nutrients, Jubail Industrial City, KSA
Former Board Member and Former Chairman of Investment Committee and Audit Committee, Assila Investments, Riyadh, KSA
Former Board Member and Former Chairman of Audit Committee and Nomination Committee, Fiber Glass Oasis Company (FGOC), Yanbu, KSA
Former Board Member and Former Chairman of Nomination and Remuneration Committee, Saudi Heritage Hospitality Company (Nuzul), Riyadh, KSA
Former Board Member and Former Chairman of Audit Committee, Arab Resort Areas Co., Medina, KSA
Former Board Member and Former Chairman of the Audit Committee and Nomination and Remuneration Committee, Herfy Food, Riyadh, KSA



Capital Market Authority Board of Directors



Mr. Abdulaziz Bin Abdul Mohsen Bin Hassan

Member, CMA Board

Academic Qualifications:

Strategic Alignment Diploma, Said Business School, Oxford, UK	2020
Bachelor's Degree, Law, King Saud University, KSA	1991
On-the-job training at Lehman Brothers Investment Bank (London 1999) – Barclays Capital (2001) – Citibank (New York, 1998)	

Professional Experience:

Member, Board of Directors, CMA	February 2023 – Present
Chairman, Board of Directors, Al Alamiya Insurance	2018 – 2023
CEO and Managing Director, Credit Suisse, KSA	2010 – 2019
Board Member and Managing Director, Rana Investment Company (RIC)	March 2010 – June 2010
CEO, Arab Finance Corporation	2008 – 2009
Vice President and Head of Treasury and Investment, Muscat Bank, KSA	2006 – 2008
Assistant General Manager, Alternative Investments Department, Samba Financial Group	1994 – 2006
Dealer, Corporate Management Unit, Riyad Bank	1992 – 1994

Memberships:

Vice-Chairman, E-Transactions Committee, CMA
Former Member, Board of Directors, Al Faisaliah Group (AFG)
Former Member, Board of Directors, Saudi Fransi Capital
Former Member, Board of Directors, Saudi Stock Exchange (Tadawul)
Former Chairman of Governance and Compliance Committee and Audit Committee, Saudi Fransi Capital
Former Chairman of Risk Committee and Former Member of Policy and Oversight Committee, Saudi Stock Exchange (Tadawul)
Former Chairman of Investment Committee and Former Member of Nomination and Remuneration Committee, Al Alamiya Insurance
Former Member of Advisory Committee, CMA
Former Member of Audit Committee, Arab National Bank (ANB)



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 that "The Chairman of the Board shall present to the President of the Council of Ministers an annual report on the Authority's activities and its financial position during the preceding year, within ninety days from the end of the year". The preparation of the report fulfills the requirements of the guide for the production of annual reports for public sector entities*, as applicable to the CMA.

*In implementation of the Supreme Order No. (25819) dated 23/04/1443 H, referring to the adoption of the manual for the preparation of annual reports for public agencies, and to be replaced by the rules for the preparation of annual reports that ministries and public institutions, including universities and other government agencies must submit starting from the fiscal year 1443-1444 H - 2022 .

Introduction

First: Chairman's Message

Second: CMA Establishment

Third: CMA Main Functions

Fourth: Parties Supervised by CMA

Fifth: Executive Summary

Sixth: Definitions

Seventh: CMA Organizational Structure



Chairman's Message

I am pleased to present to you, in the CMA Annual Report 2022 (1443–1444H), a summary of the regulatory and developmental activities undertaken by the CMA in the capital market throughout the past year. As every year, we have consolidated the report's content with facts and figures that reflect the CMA's aspirations and ambitious goals in line with its strategic plan to make the Saudi capital market the leading market in the Middle East and among the top ten capital markets in the world, as inspired by the Saudi Vision 2030 that is to bring goodness and prosperity to our beloved Kingdom.

The year 2022 witnessed economic challenges that cast their shadow on all global markets, most prominently through the increase in interest rates globally and locally. In light of these challenges, CMA doubled its efforts to achieve several targets, which affected positively the capital market and its stakeholders. As a result of improvement in several capital market indicators, the Kingdom's ranking in the IMD World Competitiveness Yearbook has moved up from rank 32 in 2021 to rank 24 in 2022, achieving an 8-rank difference. More so, we take great pride in that the Saudi capital market ranked first among the G20 countries in shareholder equity index. In addition, as part of its contribution to advancing economic growth through facilitating financing and diversifying local investment channels, CMA continued its work towards solidifying the capital market and stimulating the diversification of products and alternative financing instruments. In fact, throughout 2022, the Saudi capital market broke its record in terms of offerings and listings in the Main and Parallel markets, as shares from 37 companies were offered for public offering in both markets, with a value of approximately SAR 40 billion, and offerings for 13 rights shares and 57 private placements were completed, resulting in a total of SAR 67.4 billion in Saudi capital market offerings. Furthermore, 2022 witnessed the first simultaneously dual Initial Public Offering

listing between the Saudi Arabia Stock Market (TASI) and the Abu Dhabi Securities Exchange (ADX), and shares of 13 companies were registered for direct listing in the Parallel Market, all of which led to an increase in the number of listings, which reached 49 at the end of 2022.

Given its attractiveness to foreign investors, the Saudi capital market reached record levels in foreign ownership in 2022, as net foreign investment in the Main Market amounted to about SAR 184 billion. This increase in foreign investment rate is the highest since the market joined the FTSE Russel Emerging Market Index in 2019. The value of foreign investor ownership in the Main Market reached SAR 347 billion at the end of 2022, representing about 14.2% of the total value of the equity market capitalization. Moreover, in terms of investment funds, CMA approved the public offering of 22 investment funds, of which 9 are equity funds, 2 are real estate traded funds, 2 are closed-end traded funds, and 1 is an index traded fund. The number of investment fund users increased by 26.2% in 2022, accompanied by a 25% in the number of funds.

In acknowledgement of the pivotal role that the Sukuk and debt instruments market can play, CMA continued its development of this market as a main financing channel for public and private sectors in the Kingdom. The contribution of the Sukuk and debt instrument market to the GDP grew from 29% in 2021 to 32% at the end of 2022, and the funds resulting from Sukuk and debt instrument offerings reached an all time high of SAR 53.9 billion. In addition, the link between this market and the International Central Securities Depository (Euroclear) was further strengthened in order to facilitate procedures to attract foreign investments in the local Sukuk and debt instruments market. For these same purposes and in order to expand the investor base, the Securities Clearing Center Company "Muqassa" launched the central clearing service for repurchase agreements (Repo). On the other hand, CMA approved the

instructions for direct financing (investment) funds, and 4 of such funds were established during 2022, with an estimated asset value of SAR 543 million. These funds were launched with the aim of improving and diversifying the available alternative financing sources, especially for economic actors, such as startups, entrepreneurs, and NGOs.

CMA achievements related to developing capital market rules, regulations, and systems in 2022 include approving the Securities Exchanges and Depository Centers Regulations, and the Instructions for Shariah Governance in Capital Market Institutions. CMA additionally made great progress in reviewing the Implementing Regulations of the Companies Law for Listed Joint Stock Companies. The new Companies Law (corporate law) was issued on 1/12/1443H, corresponding to 30/6/2022, with the aim of enhancing the corporate regulatory environment and facilitate regulatory procedures and requirements in order to stimulate the business environment and support investment, strike a balance between stakeholders, provide an effective and fair corporate governance framework, consolidate institutional work, contribute to the sustainability of economic entities, attract local and foreign investments, provide sustainable financing sources, as well as cater for the needs and requirements of the entrepreneurial sector and encourage the growth of small and medium-sized enterprise (SMEs). Moreover, CMA approved the Rules for Qualified Foreign Financial Institutions Investment in Listed Securities and the Capital Market Institutions Regulations.

With a view to emphasize its interest in protecting investors and actors in the market, CMA was keen on completing all necessary procedures related to deciding on violations of the laws and regulations that fall under CMA competency. In 2022, CMA completed the procedures for 112 out of 123 cases submitted throughout the year and enforced 56 out of 75 sanction decisions against issued by the CMA Board or the Committee for Resolution

of Securities Disputes (CRSD) and Appeal Committee for the Resolution of Securities Disputes (ACRSD). In addition, CMA resolved 11,354 out of 12,118 received in 2022 through the official channels for receiving complaints. The total value of compensations awarded by peremptory decisions of CRSD and ACRSD on civil claims (private right) amounted to SAR 1.8 billion, and the number of people or entities receiving compensation was 1,294 in 2022. These efforts were complemented with outreach and communication activities undertaken by CMA in cooperation with partners in the capital market and financial sector in order to increase awareness and financial literacy. CMA also developed the new technical system adopted for investor protection by establishing a website dedicated for submitting complaints, reports, requests to join class-action lawsuits, as well as requests for financial compensation to be granted to affected investors who have a CRSD decision issued in their favor.

As part of its developmental and oversight role in the capital market, CMA issued 16 new licensing decisions for capital market institutions in 2022 and followed-up on the compliance of capital market institutions with precautionary requirements to ensure financial stability. In fact, the sector maintained its financial robustness, with an average capital adequacy ratio coverage of 2.11, exceeding the Basel norms. Paid-up capital for market institutions reached SAR 17.5 million, marking a 6.3% increase from 2021. Capital market institutions revenues and profits also reached record figures in 2022, amounting to SAR 12.2 billion and SAR 6.1 billion respectively.

With a view to keeping pace with the great digital renaissance currently happening in the Kingdom and in order to achieve a paradigm shift in financial technology services and products, CMA approved in 2022 the regulatory framework for financing collective ownership, which aims to support financial technology innovations in the capital market in accordance with

international best practices. CMA additionally licensed four financial technology (FinTech) experiment models, including seven permits for the distribution platform of investment funds and real-estate investment funds, five permits for the Robo-Advisor, four permits for introducing debt instruments and investing in them, and one permit for financing collective ownership. The number of ongoing FinTech permits reached 29 by the end of 2022, and the value of funds collected through crowdfunding platforms reached SAR 139.3 million. Within the same context, CMA announced that it began accepting FinTech business models related to encrypted securities, so as to meet the various needs of actors in the capital market, establish economic entities that support the growth of GDP and the national economy, and open new financing and investment channels.

In conclusion, I can express my sincere thanks and gratitude to the Custodian of the Two Holy Mosques King Salman Bin Abdulaziz Al-Saud, the President of the Council of Ministers, and HRH Prince Mohammed Bin Salman Bin Abdulaziz Al-Saud, Crown Prince, Vice-President of the Council of Ministers, Minister of Defense, and Chairman of the Council for Economic and Development Affairs, for supporting CMA and providing everything needed to enable the development and growth of the capital market. I also seize this opportunity to extend my deepest thanks and gratitude for the Custodian of the Two Holy Mosques, as well, for issuing the Royal Order to reform the CMA Board. I also thank everyone who contributed to the success of our developmental, regulatory, and supervisory efforts in the capital market, most notably the members of CMA's Board, the executive body, the relevant entities, capital market institutions, and all partners in the capital market.

Mohammed Bin Abdullah El-Kuwaiz
Chairman, CMA Board



CMA Establishment

The Capital Market Authority was established pursuant to the “Capital Market Law” (CML) issued by Royal Decree No. (M/30) dated 02/06/1424H 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 supervising, regulating, and developing the capital market as well as issuing regulations, rules, and instructions required to implement the provisions of the Capital Market Law.

CMA Main Functions

In accordance with Article 5 of the Capital Market Law (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:



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



Regulating and monitoring the issuance and dealing of securities.



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



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



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



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.



Regulating proxy and purchase requests and public offers of shares.



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.



Regulating the pledge of securities and its enforcement.

Parties Supervised by CMA

CMA supervises the following entities:



Capital Market Infrastructure Institutions



Capital Market Dealers and Participants



Investment Funds and Collective Investment schemes in the Capital Market



Capital Market Institutions



Special Purpose Entities (SPEs)



Fintech Product Providers Authorized by CMA



Listed Companies



Credit Rating Agencies and Companies



Auditors of Entities Subject to CMA's Supervision

Executive Summary

The CMA Annual Report 1443-1444H (2022) reviews CMA's most important achievements in 2022, as the CMA met its targets set in the its Strategic Plan 2022. CMA's achievements included increasing the frequency of offerings and listings in the Saudi capital market in an unprecedented way, issuing single stock futures (SSFs), regulating the direct listings of privately offered debt instruments, creating links with the central securities depository (Euroclear), adopting the regulatory framework for financing collective ownership in support of financial technology, and enabling market making in the Saudi capital market. These achievements were accompanied by a record increase in foreign investors' ownership in the Saudi capital market.

Pursuant to its responsibilities in regulating the capital market, CMA issued in 2022 a new implementing regulation and two new instructions, and amended seven relevant implementing regulations, rules and instructions.

With regards to strengthening the capital market, the year 2022 witnessed a historical number of offerings and listings in the main and parallel markets, as the Saudi capital market witnessed a big flow of company offerings. Part of 37 companies' shares were offered for public subscription in the main and parallel markets, with a total value of 40 billion Saudi riyals. In addition, 13 offerings for rights of priority shares and 57 private offerings were completed, bringing the total value of offerings in the Saudi capital market to around 67.4 billion Saudi riyals. In this context, 13 companies' shares were registered for the purpose of direct listing in the parallel market. The total number of listings in 2022 reached 49 listings.

During 2022, CMA worked on a number of measures aimed at enhancing the development of the Sukuk and Debt Instruments Market. It amended the Rules on the Offer of Securities and Continuing Obligations, approved the public offering requests for Sukuk and Debt Instruments, and adopted a regulatory framework for the public offering of convertible debt instruments.

Based on CMA's interest in enabling financial institutions to support the private sector and enhancing financial planning, CMA adopted the Instructions on the Direct Financing Investment Funds. The instructions aim to regulate the offering of

investment fund units in order to pursue direct financing activities and manage the funds and their operations. By the end of 2022, there were four direct financing funds, with assets under management worth around SAR 543 Million.

Emphasizing its key role in protecting investors and dealers in the market, CMA expedited the necessary procedures to decide on violations of the laws and regulations enforced by CMA in 112 out of 123 cases. It executed 56 penalties against those who have violated the regulations enforced by CMA, out of 75 decisions issued by CMA's Board and the Committees for the Resolution and Appeal of Securities Disputes in 2022.

During 2022, CMA adopted the regulatory framework for equity crowdfunding, which aims to support financial technology "fintech" innovations in the capital market. This includes specifying the licensing needed for capital market institutions to practice fintech activities. It also enables licensed companies to experiment fintech by obtaining the needed permit to practice it as a capital market institution, in line with the international best practices in this regard. In addition, the start of receiving fintech business models related to tokenized securities was announced to meet the different needs of capital market dealers. In 2022, CMA authorized four financial technology experimental models, of which 7 permits were given for the Distribution Platform of Investment Funds and Real-Estate Investment Traded Funds, 5 permits were given for the Robo-Advisor, 4 permits were given for Introducing Debt Instruments and Investing in them, and one

permit was given for equity crowdfunding. The number of ongoing permits in 2022 reached 29 permits. The capital market institutions continued their positive performance, whereby they achieved record amounts of revenues worth SAR 12.2 billion and profit of around SAR 6.1 billion in 2022.

Underscoring the importance of awareness and the investment culture in relation to securities, CMA published more than 2,200 posts on social media and issued more than 250 press releases and announcements on its website. It also held more than 40 media interviews with the press and launched more than 80 communication campaigns in 2022. CMA held 43 workshops to ensure market participants' understanding of the new rules and regulations, and organized 84 institutional meetings with capital market stakeholders to discuss specific topics that could develop the capital market and listen to the point of views, development methods, and challenges that could be developed.

CMA continued to strengthen its relationships with partners and peer organizations in its local, regional and international environment, and topped the results of capital market indicators in the World Competitiveness Yearbook in 2022. CMA also sought to reach out to academic and research institutions to enhance the role of scientific research and extend the coverage of the Saudi capital market through the research agenda. The total number of received research proposals exceeded 20 proposals in 2022, of which 4 proposals were adopted.





49 trainees

Number of people enrolled in CMA's program for training distinguished Saudi graduates (on-the-job training).



68 students

Number of people enrolled in CMA's program for cooperative training of university and college students in the Kingdom.



41 seats

Number of seats for CMA staff in international organizations' committees and working groups.



13.0%

Percentage increase of the asset value of discretionary portfolios.



SAR 543 million

Volume of assets under management for direct financing funds.



329.7%

Percentage increase of the number of special purpose entities authorized by CMA.



9 out of 12 indicators

Number of international capital market indicators in which the Kingdom's ranking increased (World Competitiveness Yearbook).



10.18 million subscribers

Number of individual subscribers through different subscription channels.



SAR 55.5 billion

Total amount of individual subscriptions of shares (before surplus refund).



SAR 139.3 million

Total collected funds through crowdfunding platforms.



42,353 alerts

Number of alerts of the "SMART" monitoring system.



28,228 communications

(phone calls / emails / social media channels) received by the call center of CMA.



SAR 44.0 billion

Total collected funds from the private offering of sukuk and debt instruments.



SAR 525.3 billion

Total value of issuance of Sukuk and debt instruments listed in the Saudi capital market (Tadawul).



SAR 743.4 billion

Total value of assets under management.



1,653 reports

Number of reports made by investors and received by CMA.



12,118 complaints

Number of complaints received by CMA.



11,354 complaints

Number of resolved complaints.



SAR 478.2 billion

Total value of public and private investment fund assets.



1,294 investors

Number of investors compensated by virtue of a final decision made by the Committees for the Resolution of Securities Disputes.



SAR 1,751 million

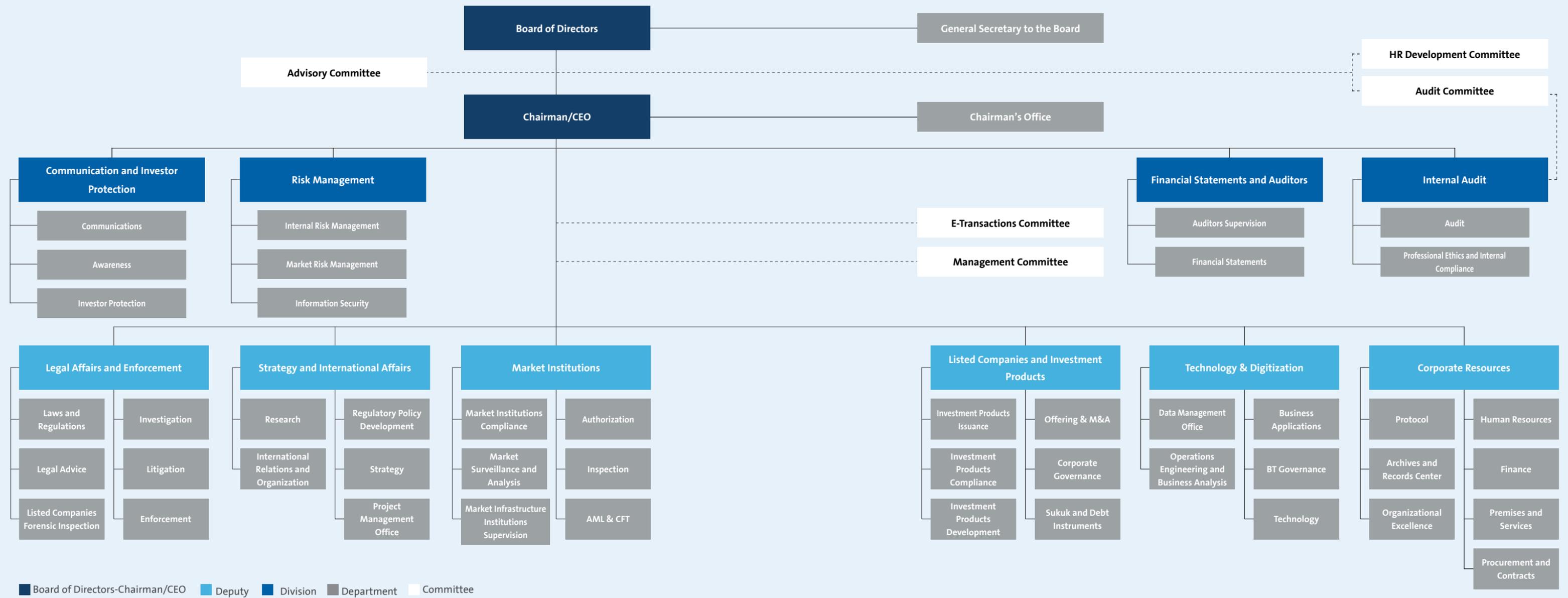
Amounts of awarded compensations issued by final decisions made by the Committees for the Resolution of Securities Disputes.

Definitions

CMA	Capital Market Authority
The Board	The board of the Capital Market Authority.
CML	The Capital Market Law issued by Royal Decree No. M/30 dated 2/6/1424H and the Companies Law.
Implementing Regulations	Any regulations, rules, instructions, procedures or orders issued by CMA to implement the provisions of the CML.
Competent Party	CMA Board/ Chairman
Chairman	Chairman of the CMA Board.
Market	The basic market or the alternative exchange system. It includes, where the context allows, any committee, sub-committee, employee, official, affiliate, or representative that could be presently assigned to carry out any of the market's functions. The phrase "in the market" means any activity that is carried out through the facilities provided by the market.
Basic Market	A market licensed to operate in the exchange of securities in the Kingdom.
Main Market	The market in which stocks which were registered and offered in accordance with Part 4 of the Rules on the Offer of Securities and Continuing Obligations are exchanged.
Parallel Market	The market in which stocks which were registered and offered in accordance with Part 8 of the Rules on the Offer of Securities and Continuing Obligations are exchanged.
Market-Maker	A capital market institution licensed in dealing in securities or other assets, which continuously buys and sells securities to provide liquidity, in accordance with any regulations, rules or procedures issued by CMA or the market.
Listing Application	In the Rules on the Offer of Securities and Continuing Obligations, a listing application is any request made to the market to list securities of any kind.
Listing	To list securities in the main or parallel market, or – where the context allows – to apply to the market to list securities.
Registration and Offer	To register securities with the CMA or - where the context allows – to submit a request to CMA to register and approve the listing.
Registration	To register shares with the CMA or – where the context allows – to submit a request to CMA to register the shares for the purpose of direct listing in the parallel market.
Acquisition	A transaction that consists of buying and selling shares for a company whose shares are listed in the market by submitting a private offer or deal to buy and sell.
Merge	A deal which, however concluded, includes an Offeree Company whose shares are listed in the market. The deal results in one of the following: <ol style="list-style-type: none"> The absorption of the Offeree Company by another company whose shares are listed in the market. The absorption of the Offeree Company by another company whose shares are not listed in the market. Formation of a new legal entity by merging two companies or more (including the Offeree Company).
Private Placement Notification	The notification which should be sent to CMA in accordance with sub-paragraph (2) of paragraph (a) of Article 10 of the Rules on the Offer of Securities and Continuing Obligations. In the context of the Investment Fund Regulations, the private placement notification is the notification which should be sent to CMA in accordance with sub-paragraphs (1, 2 and 3) of paragraph (a) of Article 81 of the Investment Fund Regulations in relation to private funds, as well as sub-paragraph (1, 2 and 3) of paragraph (a) of Article 99 of the Investment Fund Regulations in relation to foreign funds.

Investment Fund	Joint investment program that aims to enable investors therein to collectively participate in the program's profit. It is managed by the fund manager in exchange for specific fees.
Real-Estate Investment Fund	Joint real-estate investment program that aims to enable investors therein to collectively participate in the program's profit. It is managed by the fund manager in exchange for specific fees.
Real Estate Investment Traded Fund	It is a real-estate investment fund whose units are traded in the main or parallel markets. Its main investment goal is to invest in structurally developed real estate, capable of producing periodic rental income. It distributes a specific percentage of the fund's net profit in cash to unit owners in this fund throughout its duration, at least once per year.
Unit Holder	An individual who owns units in an investment fund or real-estate investment fund which represent an undivided share in the fund's net assets.
Special Purpose Entity	An entity that is established and licensed according to the regulated rules of special purpose entities.
Prospectus	The document that is required to offer securities either publicly or in the main or parallel market in accordance with the Rules on the Offer of Securities and Continuing Obligations.
Registrable Functions	Any of the functions that CMA specifies must be performed by a person registered with CMA.
Authorized Credit Rating Agency	A legal person established in the Kingdom and authorized to carry out credit rating activities according to the provisions of the Credit Rating Agency Regulations or the Authorized Foreign Credit Rating Agency.
Executive Member	According to the Capital Market Institutions Regulations, the executive member is a member of the Board of Directors who is part of the executive management of the capital market institution on a full-time basis and engages in its day-to-day activities.
Independent Member	According to the Capital Market Institutions Regulations, the independent member is a non-executive member of the Board of Directors who has total independence in their position and decisions, and who is not subject to any independence issues stipulated in Paragraph (c) of Article 53 of the Capital Market Institutions Regulations. According to the Securities Markets and Depository Centers, the independent member is a non-executive member of the Board of Directors who has total independence in their position and decisions. This includes the absence of any other business, kinship or relationship that could lead to a conflict of interest related to the market or depository center, or the management or membership thereof, in addition to not having any of the mentioned relationships during two years before their membership in the Board of Directors.
Non-Executive Member	According to the Capital Market Institutions Regulations, the non-executive member is a member of the Board of Directors who does not manage the capital market institution on a full-time basis and does not engage in its day-to-day activities.
Applicant for Registration, Registered Accounting Firm or Registered Certified Public Accountant	The individual or entity that submits a registration application to carry out auditing activities for entities under CMA's supervision. The applicant is subject to the Rules for Registering Auditors of Entities Subject to the Authority's Supervision starting from the date of application.
Accounting Firm	The entity which carries out audit engagements in accordance with the provisions of the Law of the Profession of Accounting and Auditing, whether it is an individual or professional firm.
Certified Public Accountant	The natural person who carries out and is responsible for audit engagements, their performance, and the signing of audit reports issued by the accounting firm in accordance with the provisions of the Law of the Profession of Accounting and Auditing.
Financial Technology Products	Innovative fintech products, services and business models.
Financial Technology Experimental Permit	A permit to enable applicants to participate in the fintech lab to deploy and experiment their innovative fintech products related to the capital market within specified parameters and timeframes.

Organizational Structure



Contents

Chapter One: Capital Market Strategic Plan	49
First: Vision, Mission and Values.....	50
Second: Capital Market Strategic Plan (2021-2023).....	52
Third: Interconnection between the Capital Market Strategic Plan and the Financial Sector Development Program.....	54
Fourth: Strategic Plan Governance.....	57
Fifth: Strategic Plan Achievements in 2022.....	58
Sixth: State of Adopted Initiatives.....	61
Seventh: CMA Aspirations for 2023, Challenges and Needed Support.....	62
Chapter Two: CMA's Activities	65
Section One: Current Status of CMA.....	67
Section Two: Regulating the Capital.....	95
Chapter Three: Capital Developments	105
Section One: Securities Offerings, Corporate Actions, and Investment Products.....	107
Section Two: Securities Business Activities.....	129
Chapter Four: Investor Protection	145
Section One: Investor Awareness.....	147
Section Two: Surveillance.....	153
Section Three: Capital Market Disclosure and Governance.....	157
Section Four: Complaints and Reports, and Violations of Laws and Regulations Enforced by CMA, Prosecution, Sanctions, and Requests Regarding Investors' Assets.....	165
Chapter Five: CMA Financial Disclosure	187
Chapter Six: Statistical Appendix	229

01

Chapter One: Capital Market Strategic Plan

- First: Vision, Mission and Values
- Second: Capital Market Strategic Plan (2021-2023)
- Third: Interconnection between the Capital Market Strategic Plan and the Financial Sector Development Program
- Fourth: Strategic Plan Governance
- Fifth: Strategic Plan Achievements in 2022
- Sixth: State of Adopted Initiatives
- Seventh: CMA Aspirations for 2023, Challenges and Needed Support



Vision 2030

To become the Main Market in the Middle East and one of the top ten financial markets in the world



Mission

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



Values

01

Continuous Development

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

02

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 capital market participants.

03

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.

04

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.

05

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.

Second: Capital Market Strategic Plan (2021-2023)

The strategic plan revolves around 4 main pillars:

First Pillar



Facilitating Funding: aims to build an advanced and open financial market, able to attract domestic and international capital, having an active and pivotal role in meeting the economy's financing needs.

Second Pillar:



Stimulating Investment: CMA seeks to create an attractive environment for both local and international investors, developing the components of the investment environment and facilitating investment avenues, to contribute to raising the attractiveness and efficiency of the financial market and enhance competitiveness regionally and internationally.

Third Pillar:



Fostering Confidence: aims at protecting investors in securities from unfair practices and reducing the risks associated with transactions securities and enhancing the regulatory environment and market stability.

Fourth Pillar:



Capacity building: CMA aspires to support the development and competitiveness of the financial market institutions as a major party in raising the capabilities of the sector securities to become a source of power and attract talent, in addition to raising the level of awareness and financial investment culture in the market. This stems from believing that awareness of market participants and their understanding of its factors play a key role in raising the level of commitment and the preservation of savings.

Execution Enablers



These enablers aim at enhancing institutional excellence and raising human capabilities and operational efficiency that enable CMA to successfully perform its tasks and duties.

14 strategic objectives

100+ initiatives

These axes include 14 strategic goals, which are achieved through more than 100 initiatives. Through its strategic plan, CMA seeks to make the Saudi capital market the main market in the Middle East and one of the major capital markets in the world and be an advanced and attractive market for local and foreign investment, enabling it to play a pivotal role in developing the economy and expanding its sources of income.

Vision

To become the leading market in the Middle East and among the top ten capital markets in the world.

Mission

A financial market that facilitates funding, encourages investments, promotes confidence, and builds capacities.

Themes and Objectives



Facilitating Funding

Deepening the capital market and enhancing its role in creating capital.

Developing the Sukuk and debt instruments market.

Supporting alternative funding mechanisms.



Encouraging Investment

Supporting the growth of asset management and promoting institutional investment.

Raising market attractiveness to foreign investors.

Diversifying investment products and mechanisms available in the capital market.

Enhancing trading systems available in the capital market.



Promoting Confidence

Adopting risk-based monitoring approach all while enhancing the systems of responding to serious violations.

Promoting stability in the capital market.

Enhancing investor protection and conflict resolution procedures.

Raising governance and transparency levels in the capital market.



Building Capacities

Developing the capacities of the capital market institutions and the main capital infrastructure institutions.

Raising awareness and the financial investment culture in the capital market.

Facilitating the development of solutions for data and financial technologies.

Implementation Enablers



Promoting the role of human resources and developing their capabilities.



Promoting organizational excellence.



Facilitating the digital transformation and enriching the user experience.

Third: Interconnection between the Capital Market Strategic Plan and the Financial Sector Development Program

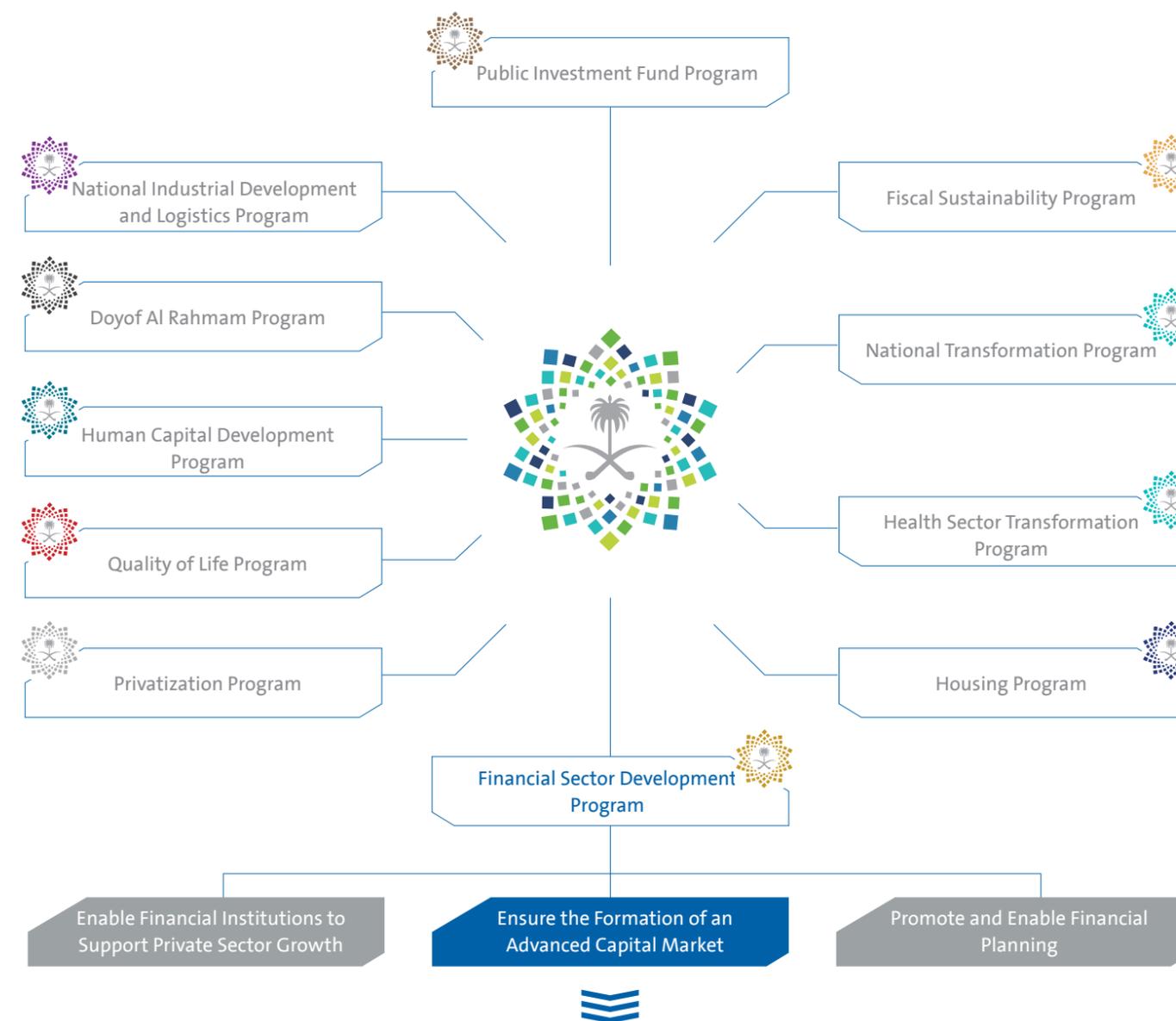
After the launch of the Kingdom's 2030 Vision in 2016, CMA started revising its strategic plans to develop the "Financial Leadership Program 2020", as part of its strategic plan 2017-2021, and that, in order to align its orientations and objectives with those of the 2030 Vision.

In 2017, the Council of Economic and Development Affairs launched eleven executive programs to achieve the 2030 Vision, including the Financial Sector Development Program linked to a prosperous economy and an ambitious nation. This program aims at establishing a diverse and active capital market that supports the development of the national economy, diversifies its sources of income, and stimulates savings, financing, and investing, through developing and deepening capital market institutions and further strengthening and advancing the capital market in conformity with the strategic objectives to maintain the stability and robustness of the financial sector.

As an active member of the Financial Sector Development Program, CMA worked on preparing the Program's implementation plan and the strategic objectives and initiatives of its second strategic pillar "Ensure the Formation of an Advanced Capital Market". In order to achieve this, CMA reviewed the "Financial Leadership Program" 2020 and identified strategic indicators and initiatives that can help develop the financial sector, increase its efficiency, and grow its capital market, so that it becomes an advanced market capable of offering diverse investment alternatives and financing sources, thus attracting more and more investors. Throughout 2020, CMA also worked on updating its strategic plan for 2021-2023 in order to introduce continuous improvements and keep pace with the developments that help the CMA achieve its vision, all in line with the Capital Market Development Program.

Through its participation in the Capital Market Development Program, CMA aims to support national economic development by developing the financial sector and the Saudi capital market, alongside enhancing the market's ability to face challenges. These efforts seek to build a capital market that facilitates financing, stimulates investment, and boosts the confidence of its participants.

Saudi 2030 Vision Programs



The Capital Market Strategic Plan (2021-2023)



Fourth: Strategic Plan Governance

CMA has adopted an integrated governance framework that enables it to follow up on the implementation of its strategic plan. This framework aims at ensuring the institutionalization of work, raising its efficiency, and facilitating coordination of efforts between the relevant agencies. In order to enhance quality and implementation standards and take corrective actions in a timely manner, CMA has adopted a work methodology of periodically following up on the progress of strategic initiatives by developing detailed plans for each initiative, emphasizing the operational activities and their completion dates, the parties responsible of implementation, as well as any external business partners and the roles expected of them.

The governance framework entailed the formation of a number of joint committees with external parties in order to coordinate between the relevant agencies and implement strategic initiatives and associated joint works. To keep pace with continuous changes, ensure work continuity and resilience in facing challenges and overcoming obstacles related to the implementation process, and in pursuit of continuous improvement, CMA periodically reviews the strategic plan with all its components in order to identify the gaps and develop initiatives to achieve goals.

As part of the governance framework for the strategic plan, CMA takes part in four main committees, as follows:



Fifth: Strategic Plan Achievements in 2022

By developing the Saudi capital market and enabling it to meet the financing needs of the national economy, and by developing programs and initiatives that help reach its strategic goals, CMA contributes to the process of continuous economic development with a view to achieve the Saudi Vision 2030 and create a prosperous economy for both the Kingdom and its citizens. Throughout 2022, numerous achievements and developments were accomplished in the capital market.

Most Prominent Strategic Plan Achievements in 2022 and Their Expected Impact:

Achievement	Impact
Regulating capital increase through share issuance with the suspension of preemptive rights	<ul style="list-style-type: none"> Facilitating financing for listed companies and providing additional options for increasing capital
Regulating the offering of direct financing funds and managing these funds and their operations	<ul style="list-style-type: none"> Diversifying sources of financing in the Saudi capital market and local economy and strengthening the financing role of the asset management sector
Regulating the reporting process of violations of the CML, its implementing regulations, market regulations, depository center, and securities clearing center	<ul style="list-style-type: none"> Promoting confidence in the capital market Strengthening investor protection
Developing procedures that increase the speed and efficiency of hearing and adjudicating cases	
Launching the repurchase agreement (Repo) service for government debt instruments	<ul style="list-style-type: none"> Developing the debt market and promoting transparency Transferring liquidity from unsecured lending markets to secured lending markets Supporting access to liquidity for participants in the Sukuk and debt instruments market, while improving efficiency and decreasing risks
Activation of the link with the International Central Securities Depository (Euroclear) in terms of government debt instruments	<ul style="list-style-type: none"> Increasing the number of investors in the local Sukuk and debt market Increasing the liquidity of local government debt instruments through attracting more foreign capital
Launching single stock futures (SSFs) contracts	<ul style="list-style-type: none"> Activating investment risk management tools Diversifying the products available for trading in the Saudi Stock Exchange (Tadawul)

Achievement	Impact
Achieving an improvement in capital market indicators per the IMD World Competitiveness Yearbook (WCY)	<ul style="list-style-type: none"> Attracting foreign investments Strengthening stakeholder confidence in the Saudi capital market
Regulating the direct listing of privately offered debt instruments	<ul style="list-style-type: none"> Diversifying the investment products available in the market so as to expand the investor base Providing an additional channel for exporters to list debt instruments in the market and benefit from market liquidity and organized trading in it Developing the debt instrument market and devising new options for debt instrument offering
Approving the regulatory framework for equity crowdfunding	<ul style="list-style-type: none"> Supporting FinTech innovations in the capital market
Approving the Securities Exchanges and Depository Centers Regulations	<ul style="list-style-type: none"> Promoting confidence in the capital market
Launching a new set of qualifying assessments and exams	<ul style="list-style-type: none"> Enhancing competency and professionalism in performing functions registered in the capital market
Providing market making and market making procedures in the Saudi capital market	<ul style="list-style-type: none"> Creating possibilities for facilitating trade and reducing liquidity risks Increasing liquidity efficiency and volume in the capital market
Amending the instructions for the book building process and allocation method in initial public offerings	<ul style="list-style-type: none"> Increasing the efficiency of the book building process and improving efficiency in pricing offerings and developing the allocation ratio for individual investors either directly or through public investment funds
Launching the initiative of accreditation standards for lawyers specialized in securities cases (Initiative) in cooperation with the Saudi Bar Association	<ul style="list-style-type: none"> Enhancing knowledge and professional expertise in the security sector Increasing litigation efficiency in the committees for the resolution of security disputes

Table No. (1): Results of Strategic Indicators for the Year 2022

#	Performance Indicator ¹	2022 Target ²	Realized Value ³	Achievement Rate
1	Number of listed companies in the capital market	24	49	204%
2	Equity market capitalization as a percentage of GDP (%) ⁴	77%	91%	118%
3	Debt instrument market capitalization as a percentage of GDP (%)	18.7%	32%	171%
4	Assets under management as a percentage of GDP (%)	25.2%	23.8%	94%
5	Weight of top ten companies in terms of market capitalization (%)	54%	56%	96%
6	Trading volume of institutional investment as a percentage of total trading volume (%)	40%	38.8%	97%
7	Foreign investor ownership of equity market capitalization (free floating stocks)	16%	14.03%	88%
8	Number of listed micro and small enterprises as a percentage of the total number of listed companies (%) ⁵	43%	55%	128%
9	Volatility of Saudi Stock Market index	≤ 25%	16.39%	100%
10	Minimum value of free floating stocks as a percentage of total equity market capitalization	≥ 50%	59.4%	118%
11	Average time for processing violations from the moment of suspicion till the case is closed by CMA ⁶	≤ 3	2.34	128%
12	Average time for litigation procedures in securities disputes, including appeal ⁶	≤ 8.75	7.64	115%

Target achieved 90% - 100% Slightly below target 90% - 80% Low achievement less than 80%

- All indicators and indices exclude the impact of "Aramco IPO".
- Sign ≤ refers to less than or equal and sign ≥ refers to greater than or equal.
- Value at the end of 2022.
- The GDP used is for the year 2020, issued by the General Authority for Statistics.
- The definition of the World Economic Forum: micro-enterprises with a market value of less than USD 65 million, and small companies with a market value of 65 to 200 million dollars (the Financial Sector Development Program).
- Descending index.

Sixth: Status of Approved Initiatives

8 initiatives were approved as per the official procedures under the National Center for Public Agencies Performance Measurements (Aadaa) in 2022. Table 2 presents the status of approved initiatives for the strategic pillar "ensure the formation of an advanced capital market".

Table No. (2): Status of Approved Initiatives According to Official Procedures

Initiative	Status	Start Date	Workflow Summary	Actual Completion Rate	Planned Completion Rate	Specified End Date	Program to Achieve Vision
Deepening the debt instrument market		01-10-2017	The objective "Reviewing the mechanism for Zakat calculation and application on Sukuk and debt instruments" has not been fully completed, but the proposal for this mechanism has been drafted pending approval of the Zakat, Customs, and Tax Authority. The expected date of approval is during the first quarter of 2023.	94%	100%	31-03-2021	Financial Sector Development Program
Incentivizing the private sector towards listing in the Saudi capital market		12-04-2017	Work is going according to plan.	69%	67%	31-12-2025	Financial Sector Development Program
Revisiting the mechanism for calculating Zakat on financial products		30-09-2020	The objective "Reviewing the mechanism for Zakat calculation and application on Sukuk and debt instruments" has not been fully completed, but the proposal for this mechanism has been drafted pending approval of the Zakat, Customs, and Tax Authority. The expected date of approval is during the first quarter of 2023. The proposal had been published in a public survey in August 2022.	60%	100%	30-06-2021	Financial Sector Development Program
Linking with international depository centers in favor of the bonds market	Completed	01-12-2019	Initiative completed	100%	100%	25-05-2022	Financial Sector Development Program
Organizing the work of Shariah committees in financial institutions	Completed	01-07-2020	Initiative completed	100%	100%	30-06-2022	Financial Sector Development Program
Organizing Shariah compliance activities and tasks in financial institutions	Completed	01-07-2020	Initiative completed	100%	100%	30-06-2022	Financial Sector Development Program
Organizing internal Shariah oversight and audit in financial institutions	Completed	01-07-2020	Initiative completed	100%	100%	30-06-2022	Financial Sector Development Program
Enabling mutual recognition of investment products and asset management outside the Kingdom.	Completed	15-06-2019	Initiative completed	100%	100%	30-11-2022	Financial Sector Development Program

On the track, difference is less than or equal to 5% Delayed by 5% - 15% Very late, delayed by more than 15%

* Objective description: The main objectives of the strategic pillar "ensure the formation of an advanced capital market" can be summed up in facilitating the collection of capital for the public and private sectors, offering an effective platform to incentivize investment and diversify the investor base, providing a safe and transparent infrastructure, maintaining the stability of capital markets, and building the capacities of capital market actors. Objective type: Strategic objective related to the vision.

Seventh: CMA Aspirations for 2023, Challenges, and Required Support

Throughout 2023, CMA will continue the implementation of its strategic plan with a view to accomplish numerous achievements, namely:



Increasing listings in the capital market as part of efforts to support the national economy, developing new and promising sectors and providing financing channels for them, and listing more than 24 companies in 2023.



Increasing the attractiveness of the market to foreign investors and raising foreign investor ownership of equity market capitalization (free floating stocks) to reach 16.5% by the end of 2023.



Promoting institutional investment in the capital market, increasing the percentage of assets under management from the GDP to 27.4% at the end of 2023, as well as deepening the investment funds sector, increasing its attractiveness to the public, and improving its effectiveness as a channel for institutional investment.



Increasing debt instrument market capitalization as a percentage of GDP to reach 20.1% by the end of 2023.



Developing and regulating the securities services provider sector and supporting innovative business models and emerging technologies capable of opening new horizons for the financial services industry to facilitate financing and stimulate investment.



Developing human capital in order to support the Saudi capital market with the human resources it needs during this stage of growth.

CMA will work on achieving these aspirations through implementing a number of initiatives within the strategic objectives, for example, incentivizing the private sector towards listing in the capital market, developing the regulatory framework for direct listing in the Main market, and developing the regulatory framework for listing Special Purpose Acquisition Companies (SPAC), in addition to diversifying the products available in the capital market, increasing the attractiveness of asset management in the Kingdom, and developing the regulatory framework for platforms for financing through debt instruments. CMA will also continue its efforts to reach more achievements through the Financial Sector Development Program, in order to ultimately promote economic growth and sustainability in all sectors and devise new bases to diversify income sources.

Nevertheless, it is possible that the CMA faces challenges that can affect its future aspirations, for instance, local and/or global economic and regulatory developments and their impact on the capital market and its attractiveness to national and international exporters and investors. Another challenge is the delay in approving the mechanism Zakat calculations on the securities business and the taxes imposed on foreign investors, which might reduce the attractiveness of foreign investments and increase that of the debt instruments markets in the Kingdom. CMA may also face challenges related to increasing the attractiveness of the investment environment and retaining the gains achieved in diversifying the investor base amid current economic changes affecting both financial institutions and individuals. CMA will pursue its efforts in coordination with other competent capital market authorities in order to address these challenges and mitigate their impact.

02

Chapter Two: CMA Activities

Section One: Current Status of CMA

Section Two: Regulating the Capital Market

02

Section One: Current Status of CMA

- First: CMA Internal Environment
- Second: Committees
- Third: International Relations

First: CMA Internal Government

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

During 2022, CMA has received several High Orders and Council of Ministers' Resolutions, and took several measures, which can be summarized as follows:

Royal Court Order

No. (55654) Dated 5 /9 / 1443H



A copy of Cabinet Decision No. (510) dated 9/4/1443H approving the creation of a unit for administrative documentation of government agencies, under the name (Administrative Documentation Department) at the National Center for Archives and Records, to document and preserve the documents of the administrative organization of government agencies from the date of their establishment, monitor their administrative development, and to provide data and information about them to the beneficiaries.

In implementation of the Royal Court Order, CMA has undertaken the following:

CMA provided the National Center for Archives and Records with copies of ten types of administrative documents and records, all for the purpose of satisfying the aim of the newly established Department to document and archive administrative records for public agencies since their establishment, monitor their administrative development, and provide data and information about these agencies to their beneficiaries.

Royal Court Order

No. (74395) Dated 27 /11 / 1443H



The Cabinet instruction to ministries and governmental and semi-governmental establishments not to contract with private civil security guard facilities whose wages for security and safety employees/workers registered with the General Organization for Social Insurance are less than 450 riyals.

In implementation of the Royal Court Order, CMA has undertaken the following:

CMA complied with the provisions of the directive through concluding new security guard contracts for the financial year 2023, so that the salary of a security worker is no less than SAR 4,500.

Royal Court Order

No. (38851) Dated 23 /6 / 1443H



The Cabinet instruction to all relevant public agencies that the provision of Paragraph (2) of Clause (Fourth) of the Regulatory and Structural Arrangements related to combating financial and administrative corruption, issued by Royal Order No. (A/277) dated 4/15/1441 H, does not apply to: Public servants who are proven to be engaged in commerce, given that their engagement in commerce is considered an administrative offense.

In implementation of the Royal Court Order, CMA has undertaken the following:

Pursuant to Article Nineteen of the Capital Market Law, CMA developed the Professional Code of Conduct for its employees in order to encourage professional attitudes and promote an ethical and professional work environment for both CMA and its employees. In addition, CMA put in place procedures that ensure proper adherence and application of the rules in all of CMA activities and employee behaviors, and it is constantly working to ensure full compliance with and no employee violation of the Code of Conduct, work regulations, and all Orders and directives issued in this regard.

Royal Court Order

No. (36982) Dated 14 /6 / 1443H



Referring to High Order No. (7095) dated 2/4/1441H regarding raising performance efficiency of government agencies in a manner that serves the public interest, which stipulates in Paragraph "Second" that each entity shall assign a principal liaison officer and an alternate liaison officer who assume a high level of responsibility and communicate directly with the Minister or senior official in the agency when needed. The names, positions, and telephone numbers of the liaison officers are to be provided to the Royal Court and updated in a timely manner.

In implementation of the Royal Court Order, CMA has undertaken the following:

CMA provided the Royal Court at the time with the names and contact information of the persons entrusted with receiving Royal Directives, Orders, and Decrees as quickly as possible. CMA is also committed to immediately informing the Royal Court of any change that occurs in the liaison positions.



Royal Court Order

No. (51221) 17 / 8 / 1443H



Referring to the Cabinet approval of what was referred to in the Minutes of the Council of Political and Security Affairs No. (14564) dated 12/8/1443H regarding the emphasis on government agencies to abide by the relevant orders, regulations and controls not to circulate confidential documents through any of the means of the electronic communication platform.

In implementation of the Royal Court Order, CMA has undertaken the following:

Pursuant to Article Nineteen of the Capital Market Law, CMA developed the Professional Code of Conduct for its employees. Articles Three and Nine of Code of Conduct affirm the need to respect the information and document confidentiality and apply penalties for their publication and disclosure. CMA raises employee awareness through workshops that are held throughout the year. Moreover, in line with the Audit Committee's function of following-up on the work of the Professional Ethics and Internal Compliance Department, CMA also presents quarterly reports to the Audit Committee demonstrating the results of the work carried out by the Department during the relevant quarter.

Royal Court Order

No. (27126) Dated 15 / 6 / 1443H



Referring to the Cabinet Resolution No. (555) dated 9/23/1440 H, and the Cabinet approval of what was referred to in the minutes of the Political and Security Affairs Council No. (9877) dated 6/4/1443H, including: (1) Emphasizing the government agencies and cloud computing service providers the importance of applying cybersecurity controls for cloud computing, including: (Data and information protection controls that clarify procedures for transferring and data destruction mechanism), in addition to applying all cybersecurity legislation and controls issued by the National Cybersecurity Authority. (2) Emphasizing government agencies and cloud computing service providers of the importance of applying the classification of data contained in the national data governance policies issued by the National Data Management Office in the Saudi Data & IA Authority. (3) Emphasizing the government agencies of the need to adhere to the controls for the use of information and communication technologies in government agencies issued by Cabinet Resolution No. (555) dated 9/23/1440H and included in item (Third) that the use of public or private government e-mail be limited to official work-related correspondence only. The user is not allowed to send mail under his own name when using the general government e-mail, nor is it allowed to use any personal e-mail in official correspondence related to work.

In implementation of the Order, CMA has undertaken the following:

CMA applies and adheres to cybersecurity controls for cloud computing which include (Data and information protection controls that clarify the procedures for the transfer and the mechanism of data destruction), in addition to applying all cybersecurity legislation and controls issued by the National Cybersecurity Authority. CMA also worked on classifying its data, according to the classification of data contained in the national data governance policies issued by the National Data Management Office of the Saudi Data and Artificial Intelligence Authority. CMA also took the necessary measures and circulated to all its employees the importance of adhering to the controls on the use of information and communication technologies in public agencies issued by Council of Minister's Resolution No. (555), in particular Clause "Third", which states that the use of public or private government e-mail addresses shall be limited to official business correspondence only. The user shall not be allowed to send an e-mail in their name when using the government e-mail, nor shall use any personal email for official business-related correspondence.

2. CMA Board Meetings and Resolutions

Paragraph (a) of Article 10 of the Capital Market Law states the following: “The Board shall hold its meetings at the request of its Chairman. Meetings should be attended by at least three of its members, including the Chairman or Vice-Chairman. Its decisions shall be made upon a vote of a majority of the members attending the meeting. In case of equal votes, the Chairman of the meeting will have a casting vote”.

Board meetings classified by the number of members attended:



The number of topics discussed by the CMA Board reached 531 in 2022, compared to 573 in 2021, and the Board issued the relevant decisions in their regard.

Number of Topics Discussed by CMA Board classified by Themes:



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

Work Force



741
Total in 2021

777
Total in 2022

New recruits and resignations

52 (2021) **105** (2022)
New Recruits

63 (2021) **71** (2022)
Resignations

Table No. (3): Educational Qualifications of CMA Employees

Educational Qualification	High School or below	Diploma	Bachelor's Degree	Higher Diploma / Master's Degree	PhD	Total
2021	61	63	340	276	1	741
Percentage of total	8.2%	8.5%	45.9%	37.2%	0.1%	100%
2022	59	60	388	266	4	777
Percentage of total	7.6%	7.7%	50.0%	34.2%	0.5%	100%

Training and Development Programs

Number of CMA Employees Participating in Human Resources Development Programs





Social Responsibility

CMA maintained its effective contributions to society in 2022, most notably through:



On-the-job training within CMA for outstanding Saudi graduates from various universities

The program attracts outstanding university graduates with relevant qualifications with the aim of developing the professional knowledge and skills of students on “on-the-job-training” methods in the areas and activities of the capital market. Participants enrolled in the program reached 49 male and female trainees by end of 2022,, distributed among seven specialized tracks: finance and investment, regulations and legislations, management, inspection, commitment, international commissions and research, technology, and processes.



Cooperative training programs for male and female students at the Kingdom’s universities and colleges

CMA provides male and female students of universities and institutes whose specialization requires on-field practice, the opportunity to train in one of the various departments of CMA (according to their specialization). CMA provides them with competitive advantages and supports and helps them achieve their goals from the program. 68 male and female students from different universities and disciplines joined this program during 2022.

Research Agenda

Through its research agenda, CMA seeks to create open communication channels with researchers in academic institutions and research centers, in order to perform solid research in areas related to the capital markets and the main functions of CMA. CMA periodically updates the list of research areas to reflect the topics of importance to the capital market. The total research proposals received exceeded 20 in 2022, of which 4 were approved. The number of researchers for accredited studies during the same period reached 14 researchers, representing more than 5 local and international universities..

The following comprise the main objectives of the research agenda and collaboration with research and academic bodies:

01

Raising the level of financial knowledge through publishing the outputs of research articles on CMA’s official website and social media accounts.

02

Achieving independence in a number of solid scientific cases, which contributes to the decision-making process.

03

Supporting academic researchers in becoming familiar with and exposed to capital market issues.

04

Raising the quality of studies and research through publication.

05

Achieving the desired levels of knowledge exchange between practitioners in the financial markets and academics.

4. Savings Plan and Housing Finance Program for Employees

CMA offers its staff the following two incentive programs:



1. Saving Plans:

Keen on promoting the culture of saving, CMA has implemented the Savings Plan to encourage employees to save their income. It is a flexible long-term savings plan, under which CMA provides a financial contribution to supplement the contributions made by employees subscribed to the plan. Joining and withdrawing from the program is optional and at any time. Up until the end of 2022, the beneficiaries of the "Savings Program" reached 553 male and female employees, representing 71.2% of CMA's total employees.



2. Housing Finance Program:

To anchor its relationship with its employees and promote a sense of belonging, and in line with the Government's directives to improve citizens' wellbeing and provide appropriate accommodation, CMA has fostered an "Employee Housing Finance" program in cooperation with local banks, where CMA bears the full Murabaha rate on finance. The program offers long-term financing, and CMA's Saudi employees may benefit from the program in accordance with the applicable terms and conditions, only once during their service period at CMA. By the end of 2022, the beneficiaries of the Housing Finance Program reached 170 male and female employees, which accounts for 21.9% of CMA's total employees.

5. Physical Working Environment of CMA

The guidebook for the physical work environment establishes the benchmark principles and standard specifications for ensuring an effective working environment for both the employees of the government agencies and those receiving their services. The various components and corresponding indicators established based on the results of field studies and surveys, aim to ensure the quality of the physical environment and its related effects on the employees in those environments, and thus on the productivity of the government agency.

The main components of the offices physical working environment, as provided in the guidebook, consist of the following:

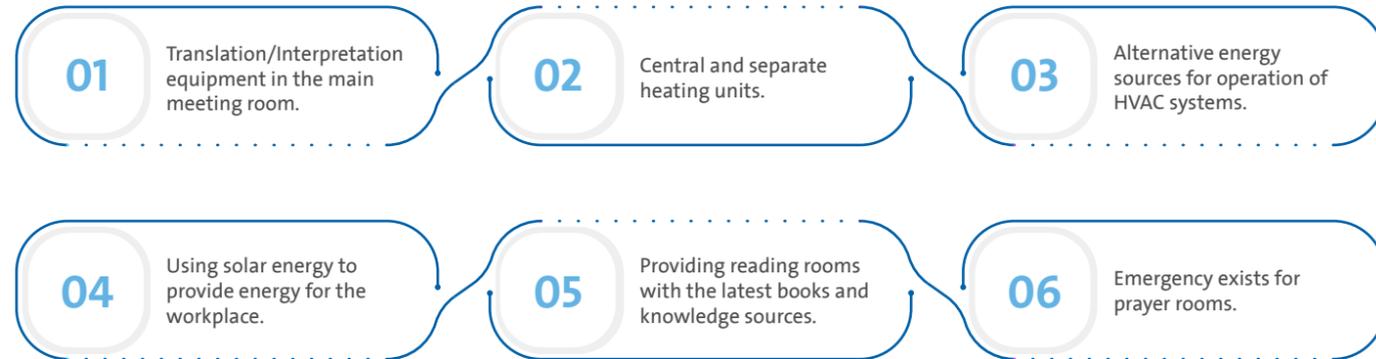


After reviewing the guidebook and elements of the physical working environment, the comparison with the practices applied at CMA, revealed the following:

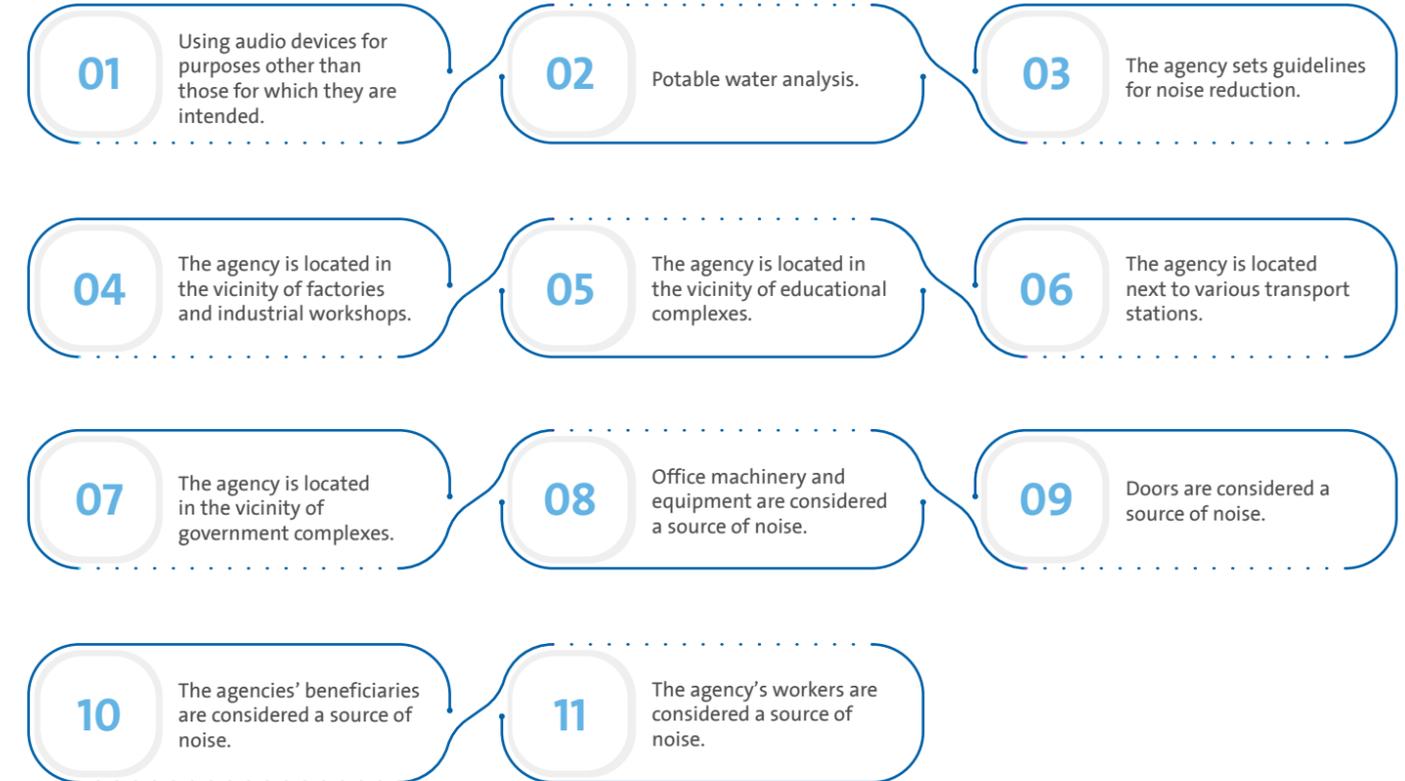
342 elements are covered by the guidebook.

325 elements are currently applied at CMA.

6 elements can be improved according to the nature of CMA's business:



11 elements do not apply, given the nature of CMA's business:



6. Center of Archives and Records

The Center of Archives and Records is responsible for preserving and archiving the CMA's documents, in accordance with the rules and regulations issued by the National Center for Archives and Records. The Center performs its role in organizing administrative transactions through a technical system whereby the flow of transactions is fully tracked and their completeness, readiness, and retrievability are ensured.

The Main Achievements of the Center in 2022 are as follows:

- Adopting CMA's first list of specialized documents, thus becoming one of the first government entities to achieve this. This list will effectively contribute in organizing the documentary work of the CMA.
- Depositing the 18 regulations and Board decisions issued by the CMA throughout 2022 at the National Center for Archives and Records in Arabic and English, to be published on the website of the National Center in conformity with Article (3/4) of the Regulations Concerning the Access to and Circulation of Documents and Archives.
- Linguistic proofreading of 174 documents varying between news for publication, minutes of meetings, committee decisions, and regulations and policies of various CMA departments and the General Secretariat of the CRSD.
- Launching an awareness campaign on the importance of maintaining the confidentiality of documents, and broadcasting the campaign on television screens across CMA facilities, in parallel with the campaign launched by the National Center for Archives and Records in celebration of the International Archives Day on 9/6/2022.



7. CMA Owned and Rented Buildings



CMA Headquarters Building
Riyadh



CMA Building No. 2, Eastern Tower, King Abdulaziz Center for National Dialogue – Riyadh
Car parking outside the main Headquarters building, Riyadh, for staff and visitors

8. Strategic, Operational, and Capital Projects

CMA worked on the implementation of five projects, with a total cost of approximately SAR 45.5 million, closely related to the objectives of its strategic plan. The average implementation rate of these projects is 77%, given that four of them will be completed in 2023.

CMA also implemented a number of operational and capital projects in 2022, focused on achieving the objectives of administrative, maintenance, and operational services, as well as improving the internal business applications and infrastructure projects of the company. The total cost of these projects reached approximately SAR 234 million. In terms of implementation completion, most of these projects are related to the required and continuous operational services, and all other non-service projects were completed at 100%.

Table 4: Operational, Capital, and Strategic projects

Project Type	Total Costs (SAR)	Budget Allocation	Average Implementation Rate
Operational	227,144,495.0	245,658,735.0	Ongoing Services*
Capital	6,447,486.4	7,328,150.0	99%
Strategic	45,495,500.0	47,405,000.0	77%
Total	279,087,481.4	300,391,885.0	88%

*Most of CMA's operational projects are service projects, to which the implementation ratio is not applicable. The implementation ratio is measured at the expiration of the contract with the service provider.

Second: Committees

1. CMA Advisory Committee

The Advisory Committee acts as an advisory body to CMA Board. CMA Board Resolution No. 3-26-2022 dated 22/10/1443H corresponding to 23/5/2022 was issued for the re-formation of the Committee to include part-time members ranging from market participants and experts to qualified specialists and academics, as follows:



Lawyer.
Abdulahman Bin Abdulmohsen Al Nafea
Founder of Abdulrahman Bin Abdulmohsen Al Nafea
Law Office



Mr.
Abdulaziz Bin Mohammed Alajaji
CEO of Morgan Stanley Saudi Arabia



Mr.
Abdul Latif Bin Ali Al Seif
Managing Director and CEO of Sabeen Investment



Dr.
Abdullah Bin Hamad Al Fozan
Chairman of KPMG Al Fozan & Partner



Mr.
Fahad Bin Khalid Alsaud
Managing Director and CEO of Alpha Capital



Mr.
Mohammed Sulaiman Al-Rumaih
CEO of Saudi Exchange Tadawul



Dr.
Fahed Bin Abdullah Al Huwaimani
Founder and CEO of EPAP Platform – Saudi writer



Dr.
Fahad Bin Ibrahim Al-Shathri
Deputy Governor for Supervision at the Saudi Central Bank

Committee tasks include the following:



Providing recommendations and suggestions for the examination of any topic requested by the CMA Board or Chairman.



Discussing topics and proposals brought up by capital market participants, and gauging their reactions towards any changes and new policies that CMA wishes to adopt, pursuant to the approval of the CMA Board.



Expressing opinions and issuing recommendations on all matters contributing to the development of the market and the protection of investors in securities.

Throughout its ninth business cycle in 2022, the Advisory Committee held 3 meetings in which it presented recommendations and proposals regarding different topics. The most prominent topics discussed were as follows:



Corporate volatility during the period of issuer procedures.



Preparing regulatory framework for issuing and trading digital securities (STO, OFFERING TOKEN SECURITY).



Supporting the growth and spread of private equity funds and the venture capital.



Reviewing the regulatory framework for foreign investors.



Regulations for the new Companies Law for Listed Joint-Stock Companies.

2. The Management Committee

The Management Committee regulations were amended by the Board's Resolution No. 5-12-2022 dated 21/06/1443H corresponding to 24/01/2022. The membership of the Committee was determined as follows:

		
Chairman of the Board Chairman of the Committee	Vice-Chairman of the Board Vice Chairman of the Committee	Secretary General of the Board 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	CMA Deputy of Technology and Digitalization Member
		
Director of Risk Management Division Member	Director of Internal Audit Division Member	Director of Communication and Investor Protection Division Member
		
Director of Financial Statements and Auditors Division Member		

The Management Committee held 29 meetings throughout 2022 and discussed 48 topics listed on its agenda,

3. E-Transactions Committee

In accordance CMA Board Resolution No. 5-12-2022 dated 21/06/1443H corresponding to 24/01/2022, the E-Transactions Committee membership was reconstituted as follows:

		
Chairman of CMA Board Chairman of the Committee	CMA Board Member Ahmed Bin Rajeh Al-Rajeh* Vice-Chairman of the Committee	CMA Deputy of Corporate Resources Member
		
CMA Deputy of Legal Affairs and Enforcement Member	CMA Deputy of Listed Companies and Investment Products Member	CMA Deputy of Market Institutions Member
		
CMA Deputy of Technology and Digitalization Member	Director of Communication and Investor Protection Division Member	Mr. Mohammed Bin Abdulrahman Al- Shaalan Independent Member

The E-Transactions Committee held 8 meetings throughout 2022 and discussed 25 topics listed on its agenda in order to make the relevant decisions and recommendations in their regard. The Committee issued a total of 13 decisions and 1 recommendation. Its main achievements were as follows:

- Approving the digital transformation framework and scope for external digital services provided to capital market institutions.
 - » The CRSD system.
 - » The investment products compliance system.
- Approving the establishment of the Enterprise Architecture (EA) Review Committee.
- Approving the re-design of the mechanism for technical request management.
- Approving the unified form for processing requests and providing internal digital services.
- Approving the final recommendations for 2023 digital projects.
 - » Saudi Central Bank (SAMA).
 - » Ministry of Justice.
 - » Ministry of Human Resources and Social Development.
- Updating and launching a number of digital services through establishing a technical link between CMA and the following government agencies:
 - » Saudi Central Bank (SAMA).
 - » Ministry of Justice.
 - » Ministry of Human Resources and Social Development.
- Updating and launching a number of technical systems, most prominently:
 - » The CRSD system.
 - » The investment products compliance system.

* Pursuant to Royal Order No. 53597 dated 06/08/1444H to reconstitute CMA Board membership, Board Member Abdulaziz Bin Abdul Mohsen Bin Hassan was appointed Vice-Chairman of the E-Transactions Committee.

4. Human Resources Development Committee

The Human Resources Development Committee comprises of the following members:



CMA Board Member Ahmed Bin Rajeh Al-Rajeh*
Chairman of the Committee



CMA Deputy of Strategy and International Affairs
Vice-Chairman of the Committee



CMA Deputy of Corporate Resources
Member



CMA Deputy of Market Institutions
Member



CMA Deputy Assistant of Legal Affairs and
Enforcement
Member



CMA Deputy Assistant of Listed
Companies and Investment Products
Member



Human Resources Manager
Member

According to the Fifth Article of the Committee's work regulations, amended by CMA Board Resolution No. 5-12-2022 dated 21/06/1443H corresponding to 24/01/2022, the Human Resources Development Committee oversees human resources development programs and exercises its powers approved in the authority matrix. The Committee's main functions include the following:

1. Outlining the overall policy of human resources development, including building cooperative relationships with educational and training institutions.
2. Approving the human resources development plan.
3. Raising a recommendation to the competent authority to approve the human resources development budget.
4. Developing the rules governing human resources development programs at CMA, including the rules related to educational programs, targeted specializations, differentiation criteria of candidates, recommended universities, controls of part-time study programs in educational institutions, attachment programs at international organizations, specialized programs, in-house training programs, professional certificates, technical tests, English language programs, and the high potential program for leadership positions.
5. Examining and approving nominations related to education programs in terms of the need, the candidate's fulfilment of the conditions, and suitability of the intended academic degree.
6. Examining and approving nominations related to attachment programs at international organizations.
7. Studying and deciding upon special cases of employees enrolled in educational and training programs that are reported by the Department of Human Resources, including requests to extend or complete studies or training, and enroll in a hands-on training program after graduation and other schemes.
8. Reviewing the reports of educational and training programs and taking the necessary measures as needed.
9. Validating the fresh-graduate programs and raising a recommendation to the competent authority to approve them.

The Human Resources Development Committee held 10 meetings throughout 2022 and discussed 20 topics listed on its agenda in order to make the relevant decisions and recommendations in their regard. The Committee issued a total of 13 decisions and 5 recommendations.

* Pursuant to Royal Order No. 53597 dated 06/08/1444H to reconstitute CMA Board membership, Board Member Khalid Bin Abdulaziz Al-Homoud appointed Chairman of the human resources development committee.

5. Audit Committee

In carrying out its tasks mentioned in Paragraph (A) of the Third Article of the Committee Regulations, the Audit Committee shall abide by the powers identified in the authority matrix. The Committee is formed of the following members:



CMA Board Member Khalid Bin
Mohammed Al-Solai*
Chairman of the Committee



Dr. Khalid Bin Mohammed Al-Tawil
Independent Member
Vice-Chairman of the Committee



Khalid Bin Mohammed Al-Khwaiter
Independent Member
Member

The Audit Committee's responsibilities are as follows:

1. Following-up on the tasks of the CMA Internal Audit Division to verify its efficiency in carrying out its tasks and functions.
2. Examine any restraints placed on the Internal Audit Division that may impede its ability to carry out its tasks and functions, and making proposals and recommendations for resolving them.
3. Examining the CMA Internal Audit System and preparing a report with relevant proposals and recommendations.
4. Examining internal audit reports and following-up on the implementation of corrective procedures mentioned in these reports.
5. Advising the CMA Board regarding the efficiency of the Director of the Internal Audit Division and providing recommendations regarding their performance appraisal.
6. Ensuring the suitability and adequacy of the arrangements taken by CMA regarding the concerns voiced by its employees on any violations or irregular practices within CMA.
7. Providing recommendations to the CMA Board regarding the appointment, remuneration, and termination of the external auditor, given that their maximum tenure is five consecutive years, following which there must be a period of two years before they can be reinstated.
8. Examining the external auditor's plan for external auditing.
9. Following-up on the tasks of the external auditor and examining the observations made and the difficulties faced by them, as well as the actions taken in their regard, providing relevant suggestions and recommendations, and convening with the external auditor at least once a year.
10. Reviewing reports submitted by the Finance Department regarding budget performance and analyzing discrepancies between the actual expenses and the adopted estimated budget.
11. Review CMA's financial statements and final accounts and submitting recommendations to the Board regarding the approval of the same.
12. Issuing the Audit Committee report and enclosing it with the financial statements of CMA.
13. Examining the Annual Internal Auditing Plan and ensuring its adequacy.
14. Examining accounting policies adopted in preparing CMA's financial statements and final accounts and offering observations regarding the same to the CMA Board if necessary.

The Audit Committee held 6 meetings throughout 2022 and discussed 29 topics listed on its agenda. Discussions covered reports submitted by the Finance Department regarding performance and deviations between the actual expenses and the adopted estimated budget, following-up on quarterly reports of the Professional Ethics and Internal Compliance Department, reviewing CMA financial statements and final accounts and submitting recommendations to the Board regarding their approval, examining internal audit reports listed on the agenda in order to ensure the presence and adequacy of the internal control system and its effective implementation, and to raise any recommendations that would enhance and develop the internal control system, all with a view to achieve CMA goals and safeguard its interests with high efficiency and convenient costs. The committee issued 18 decisions and raised 4 recommendations concerning these topics.

* Pursuant to Royal Order No. 53597 dated 06/08/1444H to reconstitute CMA Board membership, Board Member Dr. Walid Mohammed Al-Issa was appointed Chairman of the Audit Committee.

Third: International Relations

1. International Affairs

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, consolidate bilateral and multilateral relations, and explore areas of joint cooperation, CMA collaborated with several regulators in a number of relevant areas, and took part in international teams for implementing capital market projects. In 2022, CMA employees occupied 41 seats in committees and working groups affiliated with international organizations, and CMA participated in a number of international conferences and forums related to capital markets, their development, and oversight.

Most important CMA contributions and achievements with international organizations:

1. CMA maintained its seat in Board of Directors of the International Organization of Securities Commissions (IOSCO) after the election of CMA Board Member Khaled Bin Abdulaziz Al-Homoud as Vice-Chairman of the Growth and Emerging Markets Committee (GEMC) for the new term 2022 – 2024.
2. CMA chaired the FinTech Working Group of IOSCO’s Africa/Middle East Regional Committee (AMERC).
3. CMA took part in IOSCO’s World Investor Week, which joined many regulators and stakeholders from around the world with the aim of promoting investor financial literacy and protection.
4. CMA approved the final version of the regulatory framework for inter-registration of financial products between GCC financial regulators during the tenth meeting of the Chairmen of the GCC Capital Market Regulators. This step is considered the first of its kind in promoting inter-registration of financial products, which would allow the marketing of products approved for registration by the GCC in accordance with regulations to be agreed upon by this Committee upon implementing this framework.
5. CMA participated in the Governance and Ethics Board of the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), which issued a number of standards and draft standards during 2022.

CMA is also a member of the following international and regional organizations:

 <p>إتحاد هيئات الأوراق المالية العربية UNION OF ARAB SECURITIES AUTHORITIES</p> <p>The Union of Arab Securities Authorities</p> <p>Abu Dhabi CMA Joining Date: 2007</p>	 <p>IOSCO</p> <p>The International Organization of Securities Commissions (IOSCO)</p> <p>Madrid CMA Joining Date: 2010</p>
 <p>GCC Financial Markets Integration Project</p> <p>Riyadh CMA Joining Date: 2010</p>	 <p>AAOIFI</p> <p>Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI)</p> <p>Manama CMA Joining Date: 2016</p>
 <p>Islamic Financial Services Board</p> <p>Kuala Lumpur CMA Joining Date: 2017</p>	 <p>IFIAR</p> <p>International Forum of Independent Audit Regulators</p> <p>Tokyo CMA Joining Date: 2019</p>

2. International Indicators

The Kingdom has achieved advanced ranks in indicators related to the financial market. In accordance with IMD World Competitiveness Yearbook, the Kingdom achieved an improvement in 9 out of 12 indicators related to the capital market, and maintained its rank in the 3 remaining indicators, as compared to its 2021 results. This progress reflects efforts and measures undertaken by CMA in the capital market during the past year with the aim of developing the capital market sector and applying relevant global best practices. CMA will also pursue its efforts to achieve the Saudi Vision 2030 by focusing on the theme of a prosperous economy, which would allow the Kingdom to reach advanced ranks in a number of global competitiveness indicators.

Table 5: Saudi Arabia Ranking in 2022 IMD World Competitiveness Yearbook Among G20 Countries and Globally:

Index Name	KSA Ranking in G20 Countries	KSA Ranking Globally
Capital Markets Index (easy access to foreign and local capital markets)	2	12
Stock Market Index (providing financing for companies)	4	13
Board of Directors Index (effectiveness of Board in overseeing company management)	3	15
stock Market Index (percentage change in the index)	4	13
Stock Market Capitalization Index (Percentage of GDP)	1	2
Initial Public Offering Index (average for the period between 2019 and 2021)	3	3
Shareholder Rights Index (shareholder rights are adequately applied)	1	8
Venture Capital Index (ready availability of venture capital for businesses)	2	9

02

Section Two: Regulating the Capital Market

First: Implementing Regulations

Second: CMA's Methodology in Issuing and Developing its Implementing Rules and Regulations



First: Implementing Regulations

CMA undertakes the responsibility of drafting and enacting the regulations and rules governing the capital market and issuing instructions according to the provisions of the Capital Market Law (CML) and Companies Law.

CMA exercises its regulatory and development roles in a balanced way that guarantees no overlap. It regulates and develops the capital market, in addition to improving and developing the processes applied by the parties and public entities working in securities trading. CMA also promotes measures that limit the risks associated with securities transactions, enforces fairness, efficiency, and transparency, and promotes the disclosure principle as stipulated in Article Five of the CML.

1. New Implementing Regulations

In 2022, CMA approved three new implementing regulations described below:



Securities Exchanges and Depository Centers Regulations

This regulation aims at developing the regulatory framework for authorizing, supervising, and overseeing securities markets and depository centers to ensure they effectively perform their tasks and regulations and to promote a regulatory and stable environment in the capital market, develop elements that enhance the confidence in the capital market in support of its growth and prosperity, and develop procedures for effective supervision and oversight on securities markets and depository centers in line with international best practices and standards.



Instructions for Shariah Governance in Capital Market Institutions

These instructions aim to set the rules and standards for Shariah governance in capital market institutions.



Instructions on Direct Financing Investment Funds

These instructions aim to regulate the offering of investment fund units established for the purpose of engaging in direct financing, as well as manage these funds and their operations, including the conditions for granting the beneficiary direct financing, investment restrictions, and additional responsibilities and duties borne by the fund manager in this regard.

2. Amended Implementing Regulations

In 2022, CMA approved amendments to a number of implementing regulations, as follows:



Rules on the Offer of Securities and Continuing Obligations

The amendments aim to regulate the option of increasing capital by issuing shares with the suspension of preemptive rights, in accordance with the Companies Law. The amendment addresses the following:

- a. The categories of investors to whom issued shares may be offered.
- b. The upper limit for increasing capital with the suspension of preemptive rights shall not exceed, for each issue, 15% of the issuer's capital.

The amendments present joint-stock companies listed in the capital market with an additional option to increase capital through rights issues, capitalization issues, debt conversion, acquisition of a company, or purchasing an asset.



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

The aim of the amendments is to align the glossary with the Securities Exchanges and Depository Centers Regulations approved by the CMA Board in 2022



The Resolution of Securities Disputes Proceedings Regulations

These amendments aim at improving adjudication procedures for securities disputes in order to enhance CMA's role in investor protection.

The highlights of these amendments are as follows:

- a. Regulating procedures for suit consideration via the electronic platform, including litigation before the CRSD, submitting the statement of claim and filing the lawsuit, holding remote hearings, exchanging memoranda, issuing decisions, and objecting on decisions.
- b. Adding a requirement that the capital market institution or listed joint stock company must, in all suits to which they are a party, be represented by a lawyer or legal representative licensed in the Kingdom including in filing a suit or litigating it, and in the submission of any requests or memoranda to the Circuit or the Appeal Committee.
- c. Regulating the procedures for submitting incidental petitions, including the right of parties to submit directly to the Committee incidental petitions related to the original case.
- d. Regulating the procedures for approving class action lawsuits by CRSD if it deems that a number of existing disputes are identical in terms of the legal basis, alleged facts, and the subject matter of the requests.



Prudential Rules

The amended Prudential rules aim to enhance the stability of capital market institutions.

The main elements of these amendments are as follows:

- a. Updating the prudential requirements for carrying out any of the securities business, including updating the requirements of credit, market, operational and concentration risks.
- b. Updating the methodology used to calculate the minimum limit of capital adequacy, and facilitating the prudential requirements for investment management, arrangement, and advisory activities to be based on expenses, which is in line with the nature of such activities.



Capital Market Institutions Regulations, Investment Account Instructions, and Rules on the Offer of Securities and Continuing Obligations

These amendments aim to develop the debt instruments market, as well as support FinTech innovations in the capital market by establishing the regulatory framework for equity crowdfunding.

The most important amendments addressed the following:

- a. Conditions and requirements to apply for the registration of debt instruments offered in a private placement for the purpose of direct listing in the market.
- b. Provisions regulating convertible debt instruments, including provisions related to private placement offering of convertible debt instruments from listed companies.
- c. Issuance of exchangeable debt instruments and conditions related to exchangeable shares.
- d. Offering of shares by authorized market institutions to carry out arrangement activities in the context securities crowdfunding.
- e. Requirements for custody by authorized market institutions to carry out arrangement activities for client funds received through securities crowdfunding and open and operate investment accounts.



Instructions for Book Building Process and Allocation Method in Initial Public Offering:

These amendments aim to maximize the efficiency of the Book Building process and the pricing of offerings, as well as developing the allocation percentage for individual investors.

The highlights of these amendments are as follows:

- a. Stipulating the role of the financial advisor in coordination with the issuer to allocate a percentage of the offering to public funds provided that CMA approves such percentage. In the event there is insufficient coverage from public funds for the percentage allocated to them, the said percentage shall be reduced within the limits of what was covered by the public funds.
- b. Giving the financial advisor the powers to determine the parties eligible for participating in the Book Building Process alongside the parties stipulated in the Instructions, provided that public funds are among them.
- c. Emphasizing the obligation of the issuer's financial advisor, and any other capital market institution that is associated with receiving bidding participation applications, to make the necessary arrangements and procedures to ensure documenting the bidding participation applications and verifying their validity, as well as verifying the financial solvency of the participating entities and their ability to pay the value of the shares requested in the bidding participation application when allocated to them, before registering bidding participation applications.



Rules for Registering Auditors of Entities Subject to CMA Supervision:

These amendments aim to improve the registration process for auditors of entities subject to CMA supervision.

The main focus of the amendments are as follows:

- a. Amending some of the definitions in Article (2) of the Rules for Registering Auditors of Entities Subject to the CMA's Supervision, which includes amending the definitions of the "Entities Subject to the CMA's Supervision (ESAS)", "Audit Engagements", and "Quality Control System".
- b. Amending the requirements for Certified Public Accountant (CPA) registration, by adding a full-time commitment to practice the profession of account auditing in accordance with the Law of the Profession of Accounting and Auditing, and requiring the CPA to work through an Accounting Firm registered with the CMA.

3. Implementing Regulations Under Development

In order to invest in the confidence of investors and develop the capital market, CMA is working on developing a set of implementing regulations, as follows



Implementing Regulations of the New Companies Law for Listed Joint Stock Companies:

This draft aims to amend the regulatory rules and procedures entailed by the enforcement of the Implementing Regulation of the Companies Law for Listed Joint Stock Companies; the Corporate Governance Regulations, the Merger and Acquisition Regulations; the Rules on the Offer of Securities and Continuing Obligations; the Procedures and Instructions related to Listed Companies with Accumulated Losses Reaching 20% or More of their Share Capital; and the Glossary of Defined Terms Used in the Regulations and Rules of the Capital Market Authority. Amendments also included renaming "the Regulatory Rules and Procedures issued pursuant to the Companies Law relating to Listed Joint Stock Companies" to become "the Implementing Regulation of the Companies Law for Listed Joint Stock Companies".



Capital Market Institutions Regulations:

This draft aims to develop the provisions contained in Part Eight of the Capital Market Institutions Regulations in line with CMA authority under the Capital Market Law and the Bankruptcy Law issued by Royal Decree No. (M/50) dated 28/5/1439H and to develop the provisions regulating CMA decisions to insolve or dissolve capital market institutions in accordance with the Companies Law issued by Royal Decree No. (M/132) dated 1/12/1443H, all of which contributes to promoting investor protection and confidence in the capital market in order to support its growth and prosperity.



Rules for Foreign Investment in Securities:

The draft Rules for Foreign Investment in Securities aim to develop the provisions regulating foreign investment in securities, facilitate access to the regulatory frameworks regulating foreign investment in securities by collecting the regulating provisions in a single regulatory document. As well as facilitate QFI entry procedures to invest in the Saudi capital market and enable the same step on a large scale in other investment classes.

Second: CMA's Methodology in Issuing and Developing its Implementing Rules and Regulations

As part of its responsibility to regulate and develop the capital market, CMA conducts public consultation regarding any draft that involves new implementing regulations before their issuance, as well as the development and modification of previously issued implementing regulations, taking into account the suggestions and feedback of experts and relevant interested parties.

10

Public Consultations in 2022

1,283

Received Responses

03

Chapter Three: Capital Market Developments

Section One: Securities Offerings and Registration, Corporate Actions, and Investment Products.

Section Two: Securities Business Activities.

Section One: Securities Offerings and Registration, Corporate Actions, and Investment Products

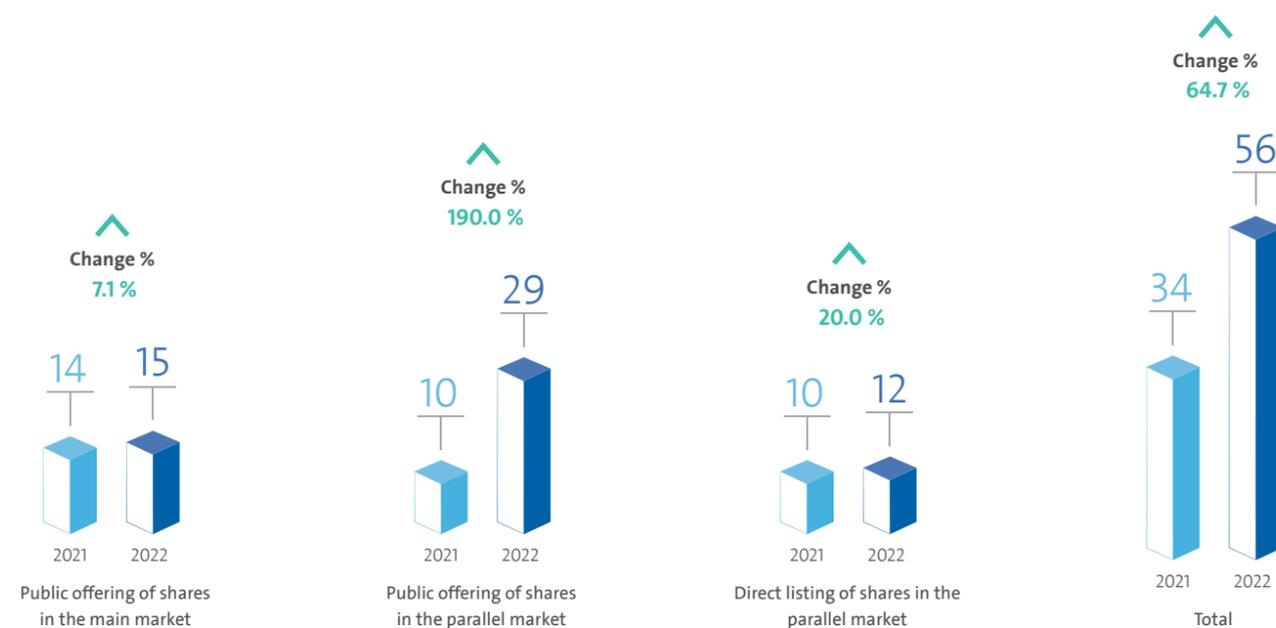
- First: Securities Offerings and Registration, and Corporate Action.
- Second: Assets Under Management.
- Third: Foreign Investment on the Saudi Capital Market.

First: Securities Offerings and Registration, and Corporate Actions.

1. Offering and Registration of Shares

In 2022, there was a notable surge in the total number of public offering applications and share registrations approved by CMA for both the main and parallel markets. The figures witnessed a remarkable 64.7% increase compared to the previous year, culminating in a total of 56 applications, with 51.8% of them pertaining to the parallel market.

Chart No. (1): Total number of CMA-approved public offering applications on the main and parallel markets.



In 2022, the Saudi Capital Market experienced a significant influx of offerings and listings. This included the partial initial public offering of 17 companies' shares in the main market, and the partial initial public offering of 20 companies' shares in the parallel market. Furthermore, the shares of 13 companies were registered for the purpose of direct listing on the parallel market.

Table No. (6): Saudi Capital Market offerings

Type	2021		2022	
	Total Value (Million SAR)	Number	Total Value (Million SAR)	Number
Initial Public Offering in the main and parallel markets	17,422.1	12	39,955.6	37
Secondary Public Offering in the main market	12,000.0	1	0	0
Private Placement shares ¹	11,590.0	82	15,792.0	57
Rights Issues ²	2,434.5	12	11,752.3	13
Total	43,446.6	107	67,499.9	107

1. Including received closure notifications of privately placed shares and combined proceeds.
 2. Including companies that listed rights issues in 2021 and 2022.
 3. the total value was modified from the previous year.

Initial Public Offering (IPO)

In 2022, there was a notable surge in offerings. The value of shares offered to the public experienced a remarkable increase of 129.3% compared to 2021.

Table No. (7): Companies that partially offered their shares for public subscription in 2022

Market	Company Name	Offering Value (Million SAR)	Ratio of Offered to Issued Shares	Over-Subscription (times)		Individual Subscribers (thousand subscribers)
				Individu- als ¹	Institu- tions ²	
Main Market	East Pipes Integrated Company for Industry	504.0	30.0%	16.1	71.8	270.0
	Elm	3,072.0	30.0%	13.0	70.0	1,198.0
	Scientific & Medical Equipment House	312.0	30.0%	34.0	65.0	463.0
	Al-Dawaa Medical Services Co.	1,861.5	30.0%	25.0	54.0	1,134.0
	Nahdi Medical Company	5,109.0	30.0%	13.0	59.0	1,099.0
	Al Masane Al Kobra Mining Company (AMAK)	1,247.4	30.0%	11.0	74.0	1,374.0
	SHL Financing Company	600.0	30.0%	26.0	50.0	756.0
	Retal Urban Development	1,440.0	30.0%	9.0	63.0	71.0
	Alamar Foods	1,222.8	42.0%	7.0	47.5	49.2
	Naqi Water	414.0	30.0%	13.0	30.0	238.0
	Arabian Drilling Company	2,670.0	30.0%	8.0	60.0	497.0
	Perfect Presentation for Commercial Services	832.5	30.0%	4.0	61.0	70.6
	Power & Water Utility Company Jubail & Yanbu	3,362.3	29.0%	6.0	60.0	1,673.0
	Americana Restaurants International PLC	6,772.6	30.0%	3.0	48.0	283.2
	Riyadh Cables Group	1,419.0	22.0%	7.0	72.0	386.0
	Al-Saif Stores for Development & Investment Company	1,207.5	30.0%	3.0	16.0	85.4
	Saudi Aramco Base Oil Co.	4,954.5	29.6%	2.0	30.0	525.0

1. Over-subscription times were calculated by dividing the number of subscribed shares by the number of allocated shares

2. Over-subscription times were calculated by dividing the number of subscribed shares by the number of offered shares.

Market	Company Name	Offering Value (Million SAR)	Ratio of Offered to Issued Shares	Over-Subscription (times)	Individual Subscribers (thousand subscribers)
Jahez International Company for Information Systems Technology ⁵	1,605.2	18.0%	33.8	3.0	
Advance International Company ⁶	44.0	20.0%	20.0	0.1	
Leen Alkhair Trading Company	62.3	26.1%	1.2	0.1	
Gas Arabian Services	71.0	5.0%	47.6	0.9	
Raoom Trading	80.0	20.0%	7.4	0.7	
Al-Jouf Mineral Water Bottling Company	21.9	20.0%	51.5	1.1	
Arabian International Healthcare Holding Company	410.0	25.0%	12.6	4.0	
Arabian Food and Dairy Factories Co	20.0	20.0%	53.2	0.7	
Ladun Investment	90.0	10.0%	19.8	0.5	
Amwaj International Company	43.2	10.0%	9.8	0.3	
Saudi Networkers Service	106.5	25.0%	2.2	0.9	
International Human Resources Company	17.0	20.0%	19.5	0.4	
Naba Alsaha Medical Services Company	79.8	20.0%	5.3	1.9	
Arabian Plastic Industrial Co	27.0	20.0%	15.4	0.3	
Abdulaziz & Mansour Ibrahim Albabtin Company PJSC	41.9	16.0%	6.5	0.2	
Knowledge Tower	14.0	20.0%	9.5	0.5	
Molan Steel Company	12.8	20.0%	13.9	0.3	
Nofoth Food Products Company	43.2	12.0%	3.4	0.1	
Saudi Top for Trading Company	117.0	22.0%	1.0	0.4	
Total⁷		39,955.6			10,188.9

3. Number of over-subscriptions on the parallel market is by qualified investors, be it individuals or institutions, and individual subscribers on the parallel market are defined as qualified investors

4. Offered in 2021; Data completed in 2022.

5. Offered in 2021; Data completed in 2022.

6. Offered in 2021; Data completed in 2022.

7. Total of offerings on the main and parallel markets

Table (8): Companies that registered their shares for direct listing on the parallel market in 2022

Company Name	Companies value upon listing (Million SAR)
AME Company for Medical Supplies	350.0
Obeikan Glass Company	1,632.0
Saudi Parts Center	147.0
Saudi Azm for Communication and Information Technology Co.	210.0
Naseej for Technology Co.	350.0
Aqaseem Factory for Chemicals and Plastics Co.	120.0
National Environmental Recycling Company (Tadweer)	377.5
Keir International	408.0
Academy of Learning Co.	240.0
Future Care Trading	450.0
Rawasi Al Bina Investment Company	220.0
Sure Global Tech Co.	359.1
Edarat Communication & Information Technology Co.	189.0
Total	5,052.6

In parallel with the rise in the number of companies that conducted public offerings of their shares, there was a substantial increase in the total value of share subscriptions made by individuals, as well as the value of their subscriptions (before returning over-subscribed amounts) in 2022.

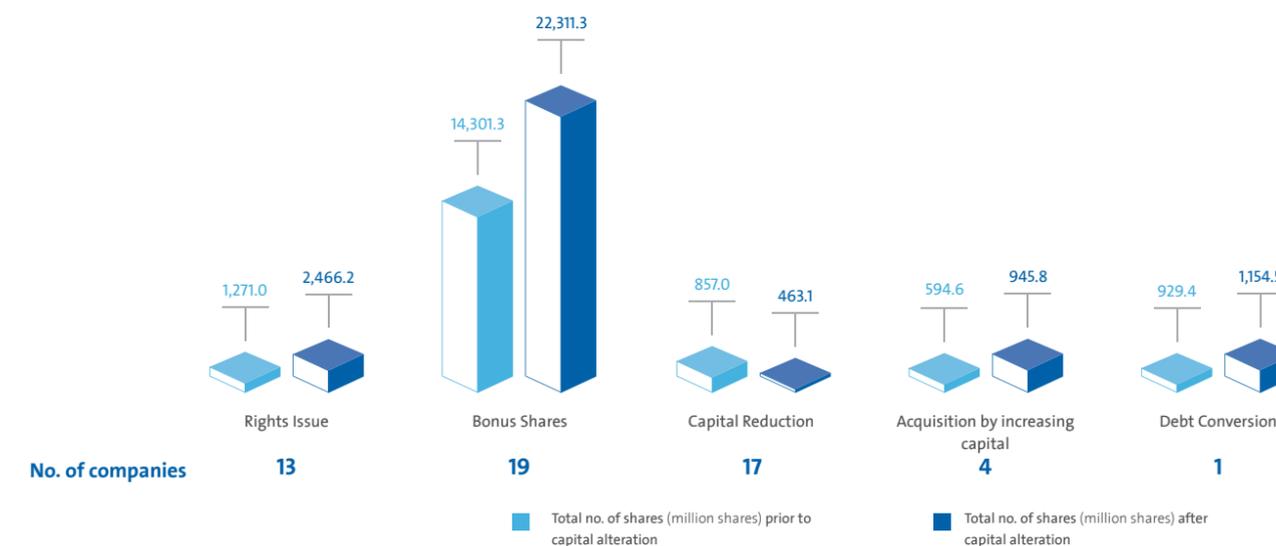
Table (9): Individual subscriptions categorized by subscription channels on the main market, before returning over-subscribed amounts

Subscription Channel	Number (Subscribers)			Value before returning over-subscribed amounts (Million SAR)		
	2021	2022	Out of total (%)	2021	2022	Out of total (%)
Phone Banking	508,266	2,044,000	20.1%	3,500.7	7,144.1	12.9%
E-Channels	2,305,359	7,304,000	71.8%	16,315.2	37,080.9	66.8%
Bank Branches	1,289,482	163,000	1.6%	9,533.3	7,579.7	13.7%
ATMs	597,835	664,000	6.5%	2,324.9	3,681.6	6.6%
Total	4,700,942	10,175,000	100%	31,674.1	55,486.3	100%

These public offerings led to a surge in the number of listings in the Saudi Capital Market, reaching a record-breaking total of 49 listings in 2022.

2. Corporate Actions

Chart No. (2): Corporate action that altered their capital during 2022



Capital alterations and actions of listed companies in 2021 and 2022



3. Offering of Sukuk and Debt Instruments¹

The total proceeds from sukuk and debt instrument offerings reached 53.9 billion Saudi Riyals, with local private sector offerings contributing 48 billion Saudi Riyals. Among the total amount, 43.9 billion Saudi Riyals were raised through private placements, while 10 billion Saudi Riyals were raised through public offerings.

¹ Does not include debt instruments issued by the government of Saudi Arabia, which are considered excluded offerings

4. Development of the Sukuk and Debt Instruments Market

The sukuk and debt instrument market was marked with several positive developments summarized as follows:



The sukuk and debt instrument market experienced significant growth, representing a larger portion of the GDP, reaching 32% by the end of 2022.



There was a notable increase in the proceeds generated from the offering of sukuk and debt instruments by local companies, reaching a total of 48 billion Saudi Riyals.



The Securities Depository Center Co. (Edaa) activated the linkage with Euroclear for government debt instruments, which will play a significant role in attracting foreign investments to the local sukuk and debt instrument market.



Muqassa launched the central clearing service for repurchase agreements (Repo) of government debt instruments.



The Ministry of Finance and the National Debt Management Center appointed five international banks as primary dealers in local government debt instruments. This strategic decision aims to attract foreign investments and broaden the investor base.

Furthermore, in 2022, the Capital Market Authority (CMA) implemented several actions aimed at fostering the growth of the sukuk and debt instruments market. These measures can be summarized as follows:

01

Amendment of the rules for offering securities and continuous obligations

02

Approval of requests for public offering of sukuk and debt instruments

03

Adoption of the regulatory framework for direct listing of privately placed debt instruments

04

Permission to offer privately placed convertible debt instruments

05

Approval of the regulatory framework for the public offering of convertible debt instruments.

These measures and amendments have had positive effects on the sukuk and debt instruments market, such as:

- The successful completion of a public offering of sukuk in the fourth quarter of 2022, attracting over 125,000 individual investors, which in turn supports the diversification of the investor base in the local sukuk and debt instruments market.
- The Saudi Capital Market has experienced a consistent rise in the number of listed sukuk and debt instruments.

Chart (3): Number of sukuk and debt instruments listed on the Saudi Capital Market (Tadawul)

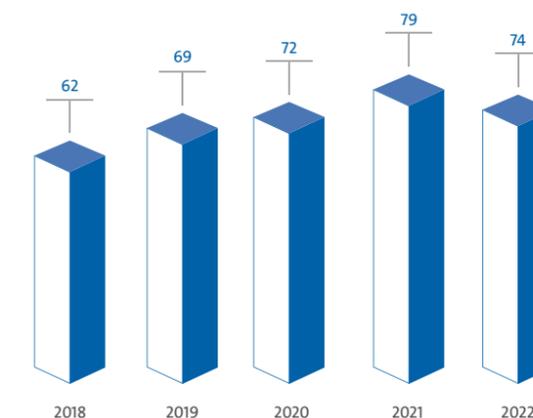


Chart (4): Value of traded sukuk and debt instruments listed on the Saudi Capital Market (Tadawul) (Million SAR)

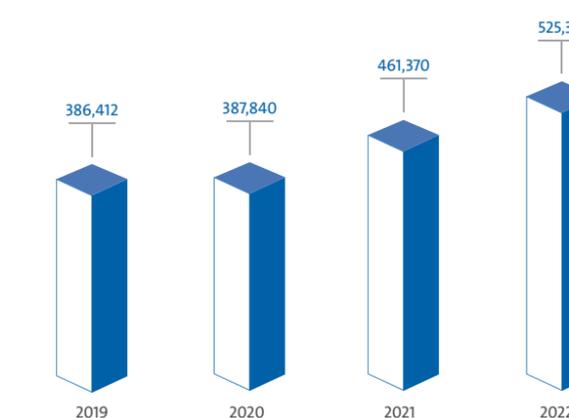


Chart (5): Number of trading deals relating to sukuk and debt instruments listed on the Saudi Capital Market (Tadawul).

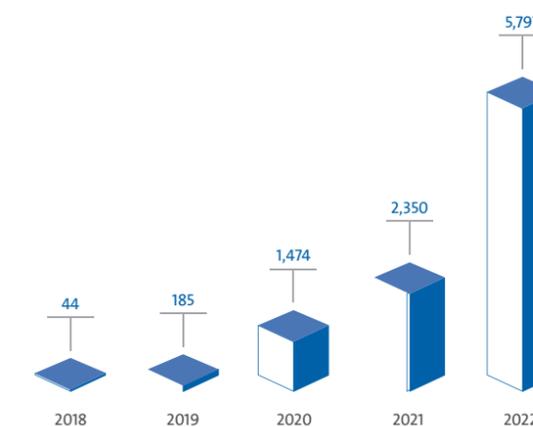
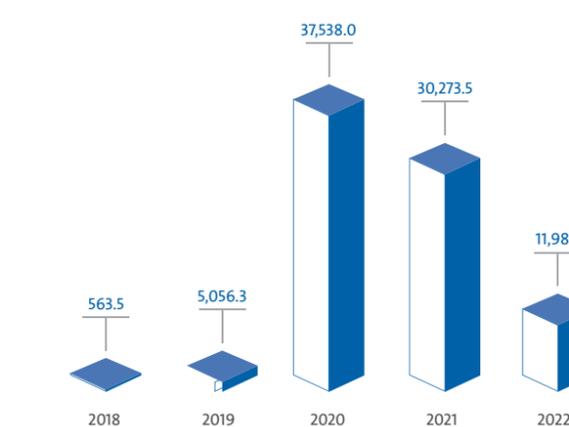


Chart (6): Value of trading deals relating to sukuk and debt instruments listed on the Saudi Capital Market (Tadawul) (Million SAR)





5. Cross listing on the Saudi Capital Market

CMA has been progressively working to create more opportunities for foreign companies. Since the end of 2019, it has allowed for Cross listings of foreign companies. This action is intended to enhance the reputation and standing of the Saudi Capital Market worldwide, making it more appealing, efficient, and competitive both regionally and internationally. In fact, attracting foreign investors is a key strategic objective of the CMA.

In 2022, CMA approved first Cross and simultaneous initial public offering (IPO) application in both the Kingdom of Saudi Arabia and the United Arab Emirates. This milestone was achieved when Americana Restaurants International PLC became the inaugural foreign company to be listed on the Saudi Capital Market. The IPO was a resounding success, raising a total of 6.7 billion Saudi Riyals and attracting participation from 283,000 individual subscribers.

CMA is actively engaged in facilitating the gradual inclusion of foreign companies into the Saudi Capital Market, thereby fostering greater depth and diversity. These endeavours are in line with the CMA ambitious goals for fostering the growth and development of the market.

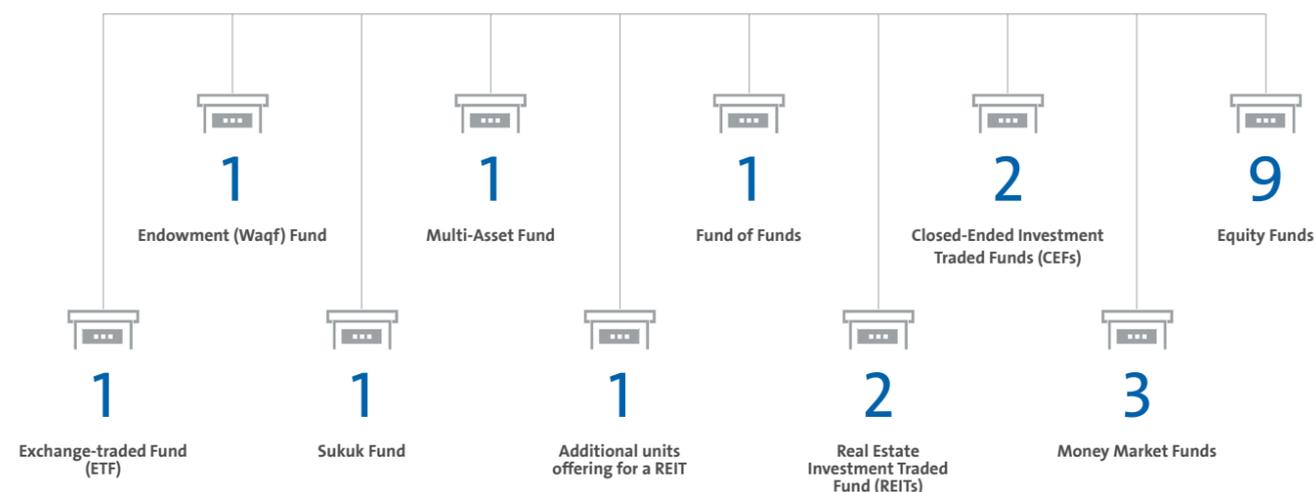
Second: Assets Under Management

1. Issuance of Investment Products

In 2022, CMA approved the offering of:

22

Investment funds through public offering as follows:



In 2022, CMA received:

1,988 requests



for altering the initial information of investment products. CMA successfully settled 1,951 of these requests, accounting for a settlement rate of 98.1%.

452 notifications



concerning the completion of a private placement for an investment fund.

The total assets under management marked a decrease of 2.0% at the end of 2022.

Table No. (10): Total value of assets under management

Element (Million SAR)	2021	2022	Annual Change (%)
Total assets of investment funds	523,665.3	478,181.6	-8.7%
Total asset of discretionary portfolios	234,775.0	265,219.2	13.0%
Total assets under management	758,440.3	743,400.8	-2.0%

2. Investment Funds

By the end of 2022, the value of investment fund assets witnessed a decline of 8.7% compared to the previous year. However, there was a notable surge in the number of subscribers to investment funds, experiencing a growth of 26.2% compared to the previous year, totaling 677,195 subscribers.

Table No. (11): Investment Funds Sector Indicators ¹

Element	2021			2022			Total Annual Change (%)
	Public	Private	Total	Public	Private	Total	
Number of Funds	256	495	751	253	686	939	25.0%
Number of Subscribers	529,312	7,202	536,514	652,869	24,326	677,195	26.2%
Asset Value (Million SAR)	227,173.5	296,491.9	523,665.4	126,105.0	352,076.6	478,181.6	-8.7%

¹ Including Exchange Traded Funds (ETFs) and Real Estate Investment Traded Funds (REITs)

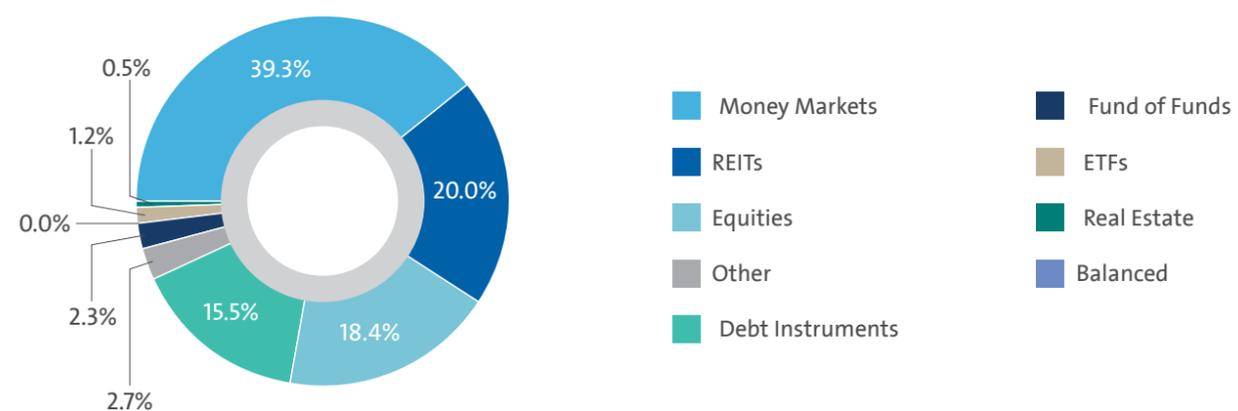
1.2 Public Investment Funds

As of the end of 2022, publicly offered investment funds represented 26.4% of the overall value of fund assets. Additionally, there was a growth of 23.3% in the number of subscribers to public investment funds, totaling 652,869 subscribers.

Table No. (12): Indicators of public investment funds by type of investment

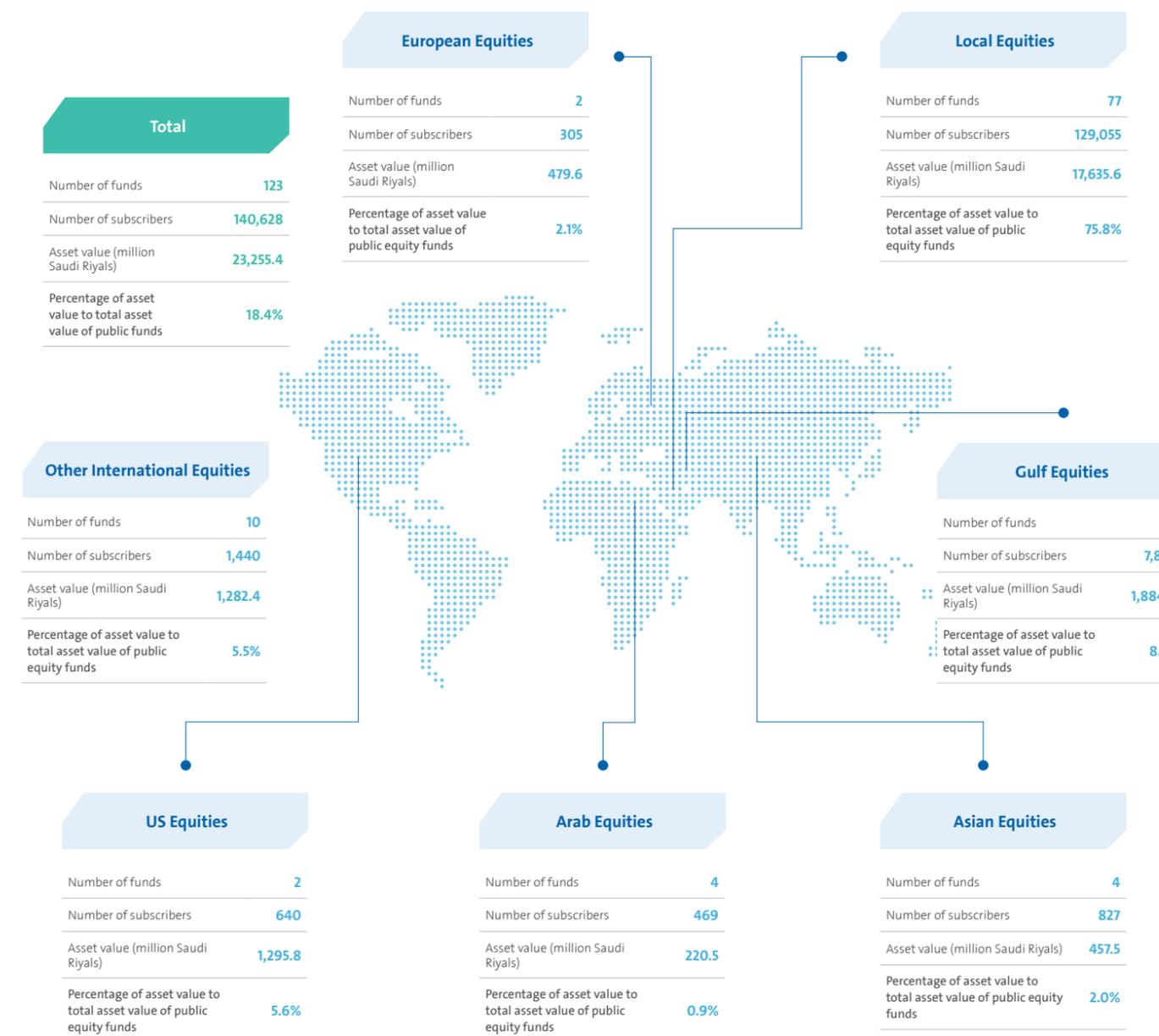
Type of Investment	Number of funds			Number of subscribers			Asset Value (Million SAR)		
	2021	2022	Change (%)	2021	2022	Change (%)	2021	2022	Change (%)
Equities	129	123	-4.7%	142,316	140,628	-1.2%	25,096.0	23,255.4	-7.3%
Debt Instruments	14	13	-7.1%	2,161	5,213	141.2%	34,403.6	19,551.9	-46.2%
Money Markets	42	43	2.4%	34,187	30,719	10.1%	130,888.5	49,619.5	-62.1%
Real Estate	8	5	37.5%	7,078	2,550	64.0%	6,708.9	680.2	-89.9%
Fund of Funds	22	24	9.1%	6,275	7,018	11.8%	2,555.5	2,846.9	11.4%
Balanced	0	0	-	0	-	-	0.0	-	-
Exchange-traded Funds (ETFs)	6	7	16.7%	9,874	15,392	55.9%	1,598.6	1,519.1	-5.0%
Real Estate Investment Traded Funds (REITs)	17	18	5.9%	305,372	301,031	-1.4%	22,008.8	25,198.2	14.5%
Other	18	20	11.1%	22,049	150,318	581.7%	3,913.6	3,434.0	-12.3%
Total	256	253	-1.2%	529,312	652,869	23.3%	227,173.5	126,105.0	-44.5%

Chart No. (7): Breakdown of public investment funds assets by investment type in 2022



1.1.2 Public Investment Funds in Equities

Indicators of public investment funds in equities classified geographically (2022)



2.2 Private Investment Funds

By the end of 2022, privately offered investment funds represented 73.6% of the total asset value of funds. Furthermore, there was an increase of 237.8% in the number of subscribers to private investment funds, totaling 24,326 subscribers.

Table No. (13): Private investment funds indicators classified by type of investment¹

Type of Investment	Number of Funds			Number of Subscribers			Asset Value (Million SAR)		
	2021	2022	Change (%)	2021	2022	Change (%)	2021	2022	Change (%)
Equities	121	168	38.8%	685	1,327	93.7%	160,141.0	178,592.2	11.5%
Private Equities	110	117	6.4%	1,889	2,993	58.4%	12,793.5	19,463.9	52.1%
Venture Capital	-	21	-	-	706	-	-	1,431.9	-
Debt Instruments	16	21	31.3%	711	709	-0.3%	11,411.1	11,816.8	3.6%
Money Markets	6	6	0.0%	110	116	5.5%	2,517.6	2,356.9	-6.4%
Real Estate	158	249	57.6%	3,194	17,631	452.0%	96,007.0	122,977.0	28.1%
Commodities	2	2	0.0%	0	0	-	0	0.0	-
Multi-Asset	71	86	21.1%	340	430	26.5%	12,039.7	13,708.0	13.9%
Hedging and Derivatives	1	0	-100.0%	5	0	-100.0%	353.9	0.0	-100.0%
Feeder	1	5	400.0%	80	165	106.3%	405.7	404.9	-0.2%
Finance	6	10	66.7%	187	248	32.6%	794.6	1,296.1	63.1%
Endowment	3	1	-66.7%	1	1	-	27.8	28.9	-
Total	495	686	38.6%	7,202	24,326	237.8%	296,491.9	352,076.6	18.7%

1. including funds in offering period

3.2 Exchange-traded Funds (ETFs)

The number of subscribers to Exchange Traded Funds (ETFs) increased by 55.9% compared to the previous year.

Table No. (14): Exchange Traded Funds (ETFs)

Fund	Asset Value (Million SAR)			Number of Subscribers		
	2021	2022	Change (%)	2021	2022	Change (%)
YAQEEEN Saudi Equity ETF ¹	35.6	45.8	28.8%	2,247	3,812.0	69.6%
Yaqeen Petrochemical ²	6.4	6.0	-7.5%	490	765.0	56.1%
SAB Invest MSCI Tadawul 30 Saudi ETF ³	13.1	14.2	8.2%	454	687.0	51.3%
Alinma Saudi Government Sukuk ETF – Short Maturity	1,271.5	1,239.1	-2.6%	396	484.0	22.2%
Albilad Saudi Sovereign Sukuk ETF	173.6	122.0	-29.7%	2,912	3,786.0	30.0%
Albilad Gold ETF	98.4	58.9	-40.1%	3,375	4,467.0	32.4%
Albilad MSCI US Equity ETF ⁴		33.1			1,391.0	-
Total	1,598.6	1,519.1	-5.0%	9,874	15,392.0	55.9%

1. the fund name was changed from Falcom to Yaqeen30 in 2022

2. the fund name was changed from Falcom to Yaqeen Petrochemical in 2022

3. the fund name was changed from HSBC to Alawwal Invest MSCI Tadawul 30 in 2022

4. the fund was listed in 2022

4.2 Real Estate Investment Traded Funds (REITs)

In 2022, the number of subscribers to Real Estate Investment Traded Funds (REITs) witnessed a decrease of 1.4% compared to the previous year, reaching a total of over 301,000 subscribers.

Table No. (15): Real Estate Investment Traded Funds (REITs) at the end of 2022

Fund	Asset Value (Million SAR)			Number of Subscribers		
	2021	2022	Change (%)	2021	2022	Change (%)
Riyad REIT	2,548.6	3,072.59	20.6%	15,341	20,696	34.9%
Al Jazira Mawten REIT	87.3	86.85	-0.6%	5,526	5,131	-7.1%
Jadwa REIT Al Haramain	539.3	743.92	37.9%	12,022	11,569	-3.8%
Taleem REIT	645.3	661.35	2.5%	5,683	6,623	16.5%
Al Maather REIT	599.4	602.84	0.6%	7,231	9,825	35.9%
Musharaka REIT	1,323.3	1,579.04	19.3%	10,225	12,712	24.3%
Mulkia REIT	1,049.6	1,369.73	30.5%	6,781	11,700	72.5%
Sico Saudi REIT ¹	657.1	672.80	2.4%	7,390	8,197	10.9%
Al-Ahli REIT	1,943.1	1,954.37	0.6%	9,386	11,014	17.3%
Derayah REIT	1,714.2	1,688.63	-1.5%	16,433	25,745	56.7%
Al-Rajhi REIT	2,122.4	2,191.44	3.3%	31,609	36,530	15.6%
Jadwa REIT Saudi	1,543.4	2,440.26	58.1%	11,542	13,875	20.2%
Sedco Capital REIT	1,048.5	1,854.52	76.9%	93,977	50,477	-46.3%
Alinma Retail REIT ²	946.5	912.82	-3.6%	12,186	15,629	28.3%
MEFIC REIT	1,060.5	1,042.33	-1.7%	16,236	15,506	-4.5%
Bonyan REIT	2,136.4	2,157.54	1.0%	9,310	13,059	40.3%
Alkhabeer REIT	2,043.8	2,010.54	-1.6%	34,494	32,618	-5.4%
Alwaha REIT ³	-	156.63	-	-	125	-
Total	22,008.7	25,198.2	14.5%	305,372	301,031.0	-1.4%

1. the fund name was changed from Mashaer to Sico Saudi REIT in 2022

2. the name of the fund was changed from Swicorp Wabel REIT to Alinma Retail REIT in 2022

3. the fund was offered and listed in 2022

3. Discretionary Portfolios

The value of discretionary portfolios increased by 13.0% by the end of 2022, reaching 265.2 billion Saudi Riyals.

Table No. (16): Asset value of discretionary portfolios categorized by type of investment

Type of Investment	Asset Value (Million SAR)		Change (%)
	2021	2022	
Local Equities	135,029.8	120,965.7	-10.4%
International Equities	3,080.5	8,753.5	184.2%
Debt Instruments	9,321.3	11,803.1	26.6%
Investment Funds	40,539.9	62,279.5	53.6%
Other	46,803.5	61,417.4	31.2%
Total	234,775.0	265,219.2	13.0%

4. Direct Financing Investment Funds

Considering the strategic objectives of CMA to develop an advanced capital market and empower financial institutions to support the private sector while improving financial planning, CMA has implemented regulations for direct financing investment funds. These regulations aim to govern the issuance of units in investment funds established specifically for conducting direct financing activities and managing the operations of such funds. This includes outlining the criteria for providing direct financing to beneficiaries, setting investment restrictions, and defining additional responsibilities for fund managers. Direct financing investment funds are investment vehicles created to engage in direct financing activities for both legal entities and investment funds.

The launch of these funds represents a significant achievement of the Financial Sector Development Program. The program's objective is to enhance and diversify alternative financing sources, particularly for key economic sectors like startups, entrepreneurs, and non-governmental organizations, by promoting the growth of investment funds focused on financing. Recognizing the importance of diverse financing methods in fostering a robust financial market and supporting the private sector, the program introduces an initiative to foster the expansion and proliferation of investment funds involved in financing activities. This initiative plays a vital role in expanding the range of financial services offered by investment funds. Moreover, the program ensures alignment between regulations and the interests of relevant stakeholders, as it aims to create an additional financing avenue for infrastructure development within the economy.

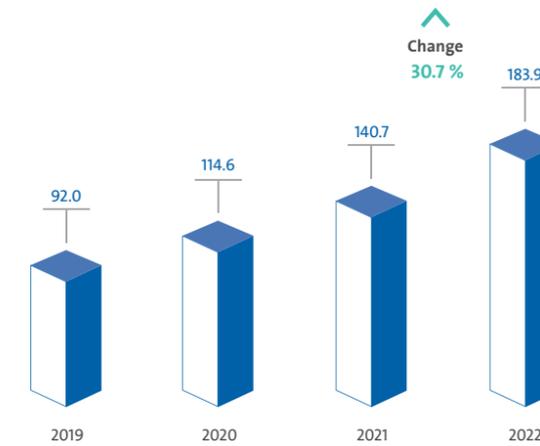
By the end of 2022, there were four direct financing investment funds, collectively managing assets valued at around 543 million Saudi Riyals.



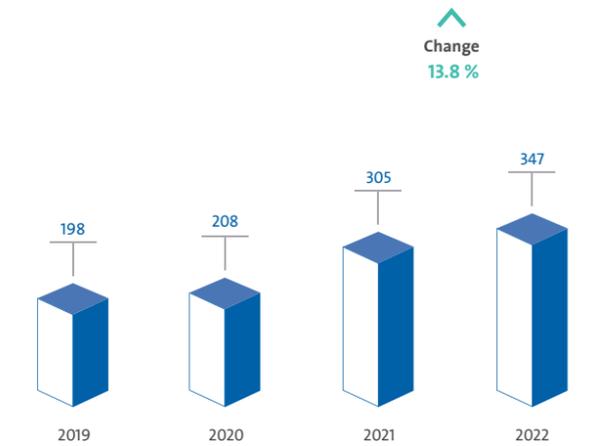
Third: Foreign Investments in the Saudi Capital Market

The main capital market experienced a surge in foreign investments, reaching unprecedented historical levels. As of the end of 2022, net foreign investments totaled around 183.9 billion Saudi Riyals, reflecting a remarkable growth of 30.7% compared to the end of 2021. Moreover, the value of foreign investors' ownership continued to rise, reaching 347 billion Riyals by the end of 2022, constituting 14.2% of the free float on the main market.

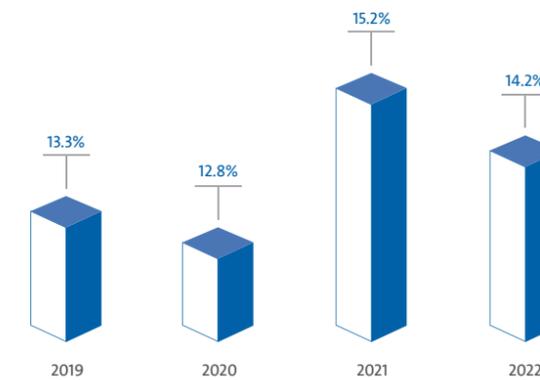
Net foreign investments (Billion SAR) by end of 2022.



Foreign investors' ownership in the Saudi Capital Market (Billion SAR) by end of 2022.



Percentage of foreign investors' ownership of free float in the main market by end of 2022.



Section Two: Securities Business Activities

- First: Licenses
- Second: Inspection, Capital Adequacy and Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT)
- Third: Performance of Capital Market Institutions
- Fourth: Registered Accounting Firms and Certified Public Accountants

First: Licenses

1. Licensing decisions for Securities Business Activities

Table No. (17): Number of licensing decisions categorized by type of decision

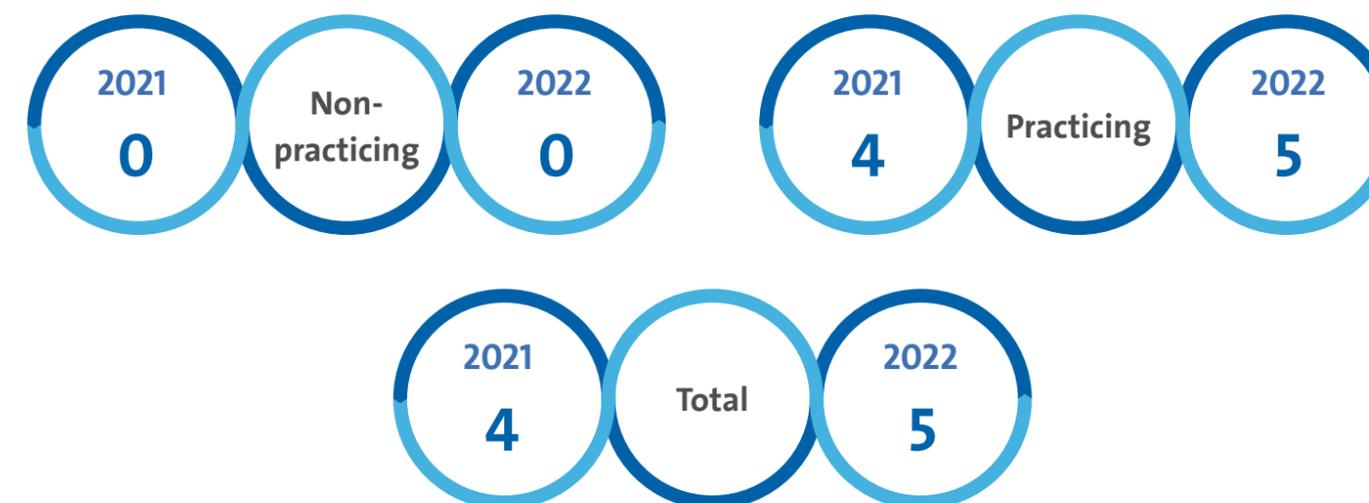
Type of Decision	2022	Percentage of the Annual Change
New License	16	-27.3%
License Amendment	add activity	-75.0%
	cancellation activity	-40.0%
License Cancellation	0	0%
License Revocation	0	0%
Total	20	-44.4%

Number of Licensed Capital Market Institutions

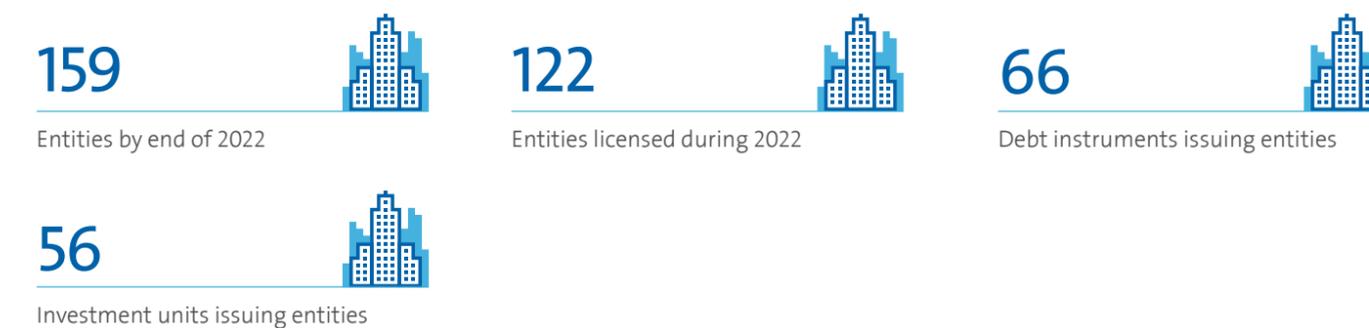


2. Credit Rating Licenses

Credit rating licenses classified by practice status



3. Special Purpose Entities (SPEs)



4. Financial Technology Products «Fintech» in the Saudi Capital Market

In September 2022, CMA adopted the Regulatory Framework for Crowdfunding, aimed at supporting financial technology innovations in the capital market. This includes defining the necessary licenses for the implementation of the framework by capital market institutions, enabling companies holding financial technology experimental permits to obtain the appropriate license to operate as a capital market institution, in line with international best practices in this regard. Furthermore, CMA announced the start of receiving financial technology (fintech) business models for cryptocurrency securities (Security Token). This step aims to cater to the varying requirements of market participants and foster the development of economic entities that contribute to the GDP growth and national economy expansion. Moreover, it intends to create new avenues for financing and investment.

Table No. (18): Batches of Financial Technology Experiment Permit Applications

	Batch			
	Third Batch	Fourth Batch	Fifth Batch ¹	Sixth Batch
End Date	30/01/2020	30/11/2020	15/12/2021	15/08/2022
Number of Applicants	44	58	95	76

In 2022, CMA approved four financial technology experimentation permits. These include seven permits for the investment funds and Real Estate Investment Traded Funds (REITs) distribution model, five permits for the Robo-advisor model, four permits for the debt offering and investment model, and one permit for the crowdfunding model. This brings the total number of permits issued by CMA to 17, and the total number of existing permits to 29 in 2022.

Table No. (19): Existing Fintech Expermits

Permitted Financial Technology Model	Number	
	2021	2022
Crowdfunding ²	8	5
Robo-Advisory	3	7
Offering and Investing in Debt Instruments	2	6
Adopting Distributed Ledger Technology (DLT) to Arrange and Preserve Securities	1	1
Social Trading	1	1
Distribution Platform of Investment Funds and Real Estate Investment Traded Funds (REITs)	2	9
Total Number of Permits	17	29

1. The updates to the financial technology experimental permits instructions included an automated mechanism for receiving applications

2. Two companies have been licensed to operate in the sustainable environment, and the permits of two companies for the crowdfunding model have expired

The total value of portfolios managed through Robo-Advisor platforms (Million SAR)



The total value of sukuk issued through debt instruments platforms (Million SAR)



The amount of funds raised through crowdfunding platforms (Million SAR)



Number of investors benefiting from the services of finTech companies categorized by group



1. The authorized companies started providing Robo-Advisory services in the second half of 2022

5. Labor Force in the Capital Market Sector

Employees working in capital market institutions



Saudization rate of employees in capital market institutions



Table No. (20): Employees working in market infrastructure institutions and the rate of Saudization.

Company	Number of Employees		Saudization rate	
	2021	2022 ²	2021	2022
Tadawul	70	80	89.0%	91.0%
The Securities Clearing Center (Muqassa)	27	34	78.0%	82.0%
The Securities Depository Center (Edaa)	44	65	98.0%	95.0%
Total	141	179	89.4%	91.1%

Employees working in permitted financial technology companies and the rate of Saudization



1. A person registered with CMA to perform a registered job.

2. The numbers do not include the counts of trainees in the Graduate Development Program in those institutions



Second: Inspection, Capital Adequacy and Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT)

1. Inspection

Table No. (21): Inspections of capital market institutions

Type of License	Number	
	2021	2022
Capital Market Institutions that were subject to Cycle Inspections	10	13
Capital Market Institutions that were subject to Cause Inspections	34 ¹	34 ²
Capital Market Institutions that were subject to Limited Scope Inspections	4	4

The inspection activities of capital market institutions are categorized based on the types of licenses held by those institutions. In 2022, the inspection activities included a total of 90 licenses, with 52 cycle inspections and 38 cause inspections.

Chart No. (8): Number of licenses covered by inspection activities in 2022



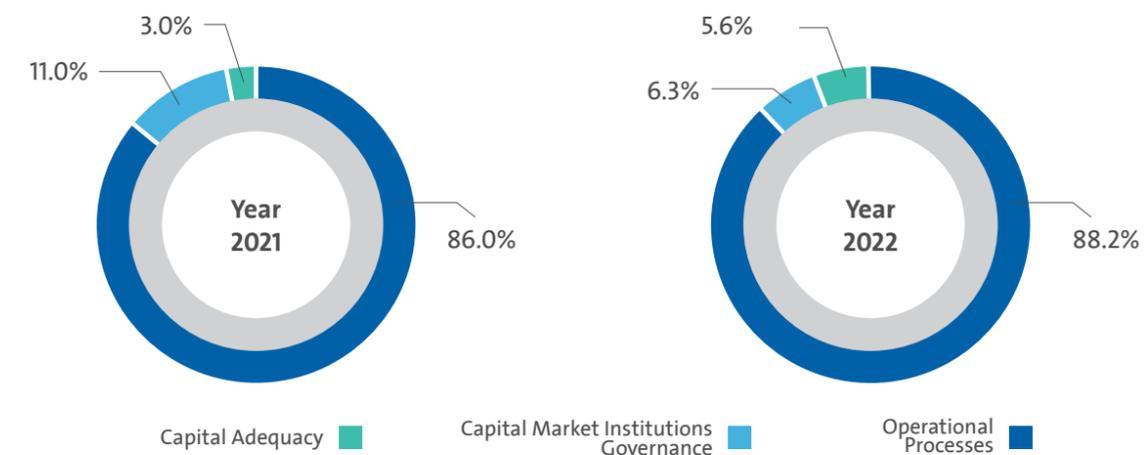
1. Covering 90 cases and 6 field inspections

2. Covering 78 cases and 6 field inspections

3. The total does not include 40 special inspection cases relating to other aspects of financial market institutions' operations, such as compliance with governance requirements, capital adequacy, and others.

In 2022, the cycle inspections of capital market institutions resulted in a number of observations concerning their compliance with the laws and regulations enforced by CMA.

Chart No. (9): Percentage of observations from routine inspections categorized by subject



Number of inspections of non authorized persons



2. Capital Adequacy

Capital Adequacy Positions of Capital Market Institutions

Capital market institutions were categorized into two groups based on their securities business, to ensure their capital adequacy:

- Capital market institutions licensed to engage in dealing, and/or managing, and/or custody activities.
 - At the end of 2022, licensed capital market institutions involved in dealing, management, and/or custody activities achieved a capital adequacy coverage rate of 2.1 times. The total capital base stood at 31,913 million SAR, exceeding the minimum capital requirements of 15,147 million SAR.

Table No. (22): The capital adequacy requirements for capital market institutions licensed to engage in dealing and/or managing and/or custody activities.

Item	Capital Market Institutions								Average or Total	
	Saudi-Affiliated Banks		Local		Regional		International		2021	2022
	2021	2022	2021	2022	2021	2022	2021	2022		
Capital Adequacy Coverage Rate	2.3	2.1	1.4	1.5	2.7	2.4	7.8	6.6	2.2	2.1
Capital Adequacy Rate ¹	28.5%	27.2%	18.8%	19.2%	33.3%	30.1%	82.6%	74.1%	27.4%	26.8%
Credit Risks (2 million SAR) ²	6,299	8,388	3,999	3,848	512	535	210	325	11,020	13,096
Market Risks ³ (million SAR) ³	471	503	120	138	19	27	15	13	625	683

- Capital market institutions licensed to engage in arranging and/or advising activities⁴.

Capital adequacy regulations require capital market institutions licensed to arrange and/or advise to maintain at all times ownership rights of no less than 200,000 SAR and sufficient working capital for three months.

By the end of year 2022:



1. The method of presenting the capital adequacy ratio in accordance with Basel Regulations
 2. The loss risks faced by capital market institutions resulting from changes in the creditworthiness of securities issuers, counterparties, and debtors
 3. The loss risks faced by capital market institutions resulting from market value fluctuations of assets, liabilities, and financial instruments.
 4. The data includes the financial market institutions authorized in managing sophisticated investor portfolios, managing private non-real-estate investment funds, arranging, and advising.

3. Anti-money Laundering (AML) and Counter-Terrorist Financing (CTF)

AML and CTF activities classified according to the requisitioner



The AML and CTF Law and its implementing regulations mandate collecting data and carrying out onsite and offsite inspections to ensure that capital market institutions adhere to these laws.

Cycle Onsite AML and CTF¹ Inspections



1. In accordance with Money Laundering and Terrorism Financing Risk Assessment.

Third: Performance of Capital Market Institutions

1. Performance of Capital Market Institutions

By the end of 2022, the net profit of capital market institutions reached 6.1 billion SAR representing a 29.8% increase compared to the previous year. The capital market institutions affiliated with Saudi banks recorded profits amounting to 4.2 billion SAR, accounting for 70.0% of the total profits of capital market institutions during 2022.

Table No. (23): Performance Indicators of Capital Market Institutions (Million SAR)

Item	Capital Market Institutions										Total	
	Saudi-Affiliated Banks		Local		Regional		International		Arranging and/or advising ¹			
	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022
Total Paid-Up Capital	5,850	6,990	5,771	5,580	1,816	1,586	2,719	3,004	333	360	16,488	17,520
Total Assets	28,151	39,306	8,900	9,726	2,133	1,961	3,444	4,395	476	564	43,104	55,951
Total Liabilities	8,724	15,506	1,940	2,083	319	229	413	977	117	153	11,512	18,948
Total Ownership Rights	19,427	23,799	6,960	7,643	1,814	1,732	3,031	3,418	360	411	31,592	37,003
Revenues	6,090	7,460	2,184	3,045	435	439	737	950	169	265	9,615	12,159
Net Profits/ Losses	3,496	4,248	892	1,443	106	123	185	221	30	51	4,708	6,086

¹ Data includes Capital Market Institutions licensed to manage sophisticated investors' portfolios, manage private non-real estate investment funds, and engage in arranging and/or advising

2. Sources of Revenues for Capital Market Institutions

By the end of 2022, the revenue generated from asset management activities of capital market institutions reached around 4.1 billion SAR, accounting for 33.5% of the total revenue, while revenue generated from dealing activities reached around 2.4 billion SAR, representing 19.7% of the total revenue.

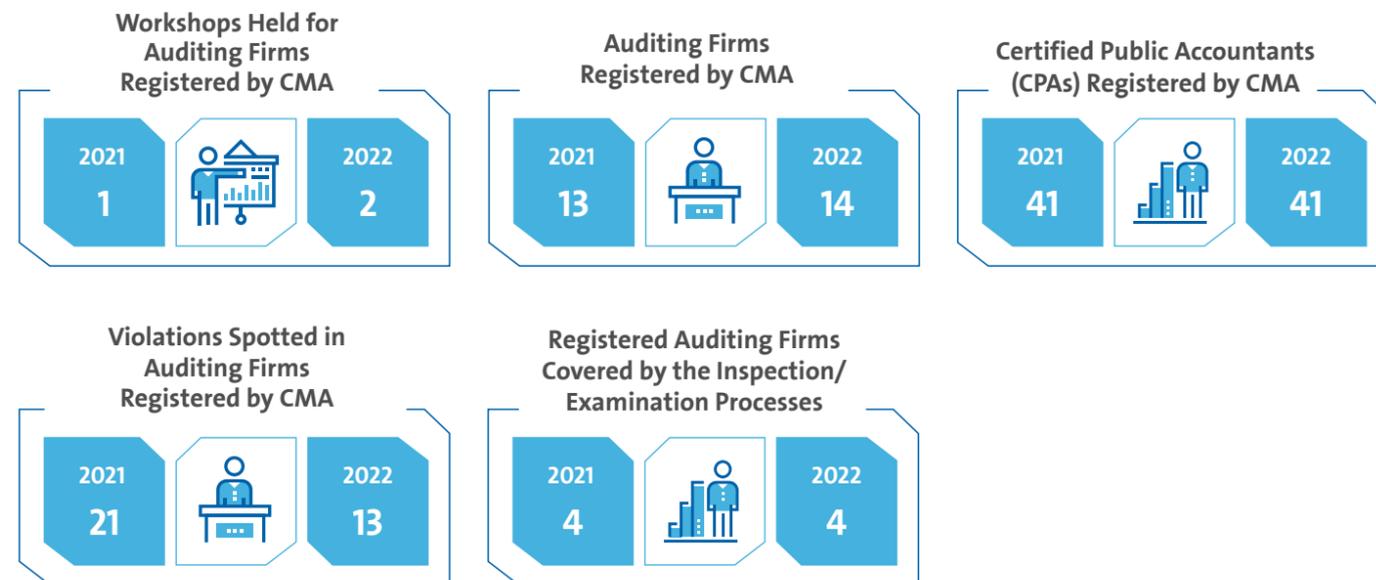
Table No. (24): Sources of Revenues for Capital Market Institutions (Million SAR)

Revenue Sources	Capital Market Institutions										Total	
	Saudi-Affiliated Banks		Local		Regional		International		Arranging and/or advising			
	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022
Dealing Activities	2,327.2	1,651.4	555.9	429.9	39.3	80.8	157.5	229.0	0	0	3,079.9	2,391.1
Asset Management Activities	2,170.8	2,550.4	988.0	1,324.2	147.0	113.4	36.7	51.0	25.4	51	3,367.8	4,090.0
Investment Banking Services	559.2	531.3	172.1	158.6	183.7	169.8	221.3	236.7	61.4	84.2	1,197.6	1,180.5
Investments	566.8	1,459.4	302.5	471.0	23.0-	33.5	7.6-	33.9	0.8	2.8	839.6	2,000.5
Other	466.3	1,267.0	165.4	661.1	87.9	41.9	329.3	399.6	81.5	127.1	1,130.3	2,496.8
Total	6,090.3	7,459.5	2,183.9	3,044.8	434.8	439.4	737.1	950.1	169.1	246.6	9,615.2	12,140.3

Fourth: Registered Auditing Firms and Certified Public Accountants

CMA as the regulator and developer of the Saudi Capital Market, has aimed to create a more stable market environment by promoting transparency and disclosure. To achieve this, CMA collaborated with the Saudi Central Bank to update the rules for registering auditors of entities under its supervision. Furthermore, CMA adopted a standard format of the Professional Liability Insurance document tailored specifically for these auditors.

CMA joined forces with the Saudi Authority for Accredited Valuers "Taqeem" to hold an educational workshop aimed at raising awareness among market participants and valuation professionals. The workshop covered CMA's decision to allow listed companies to utilize the fair value model or revaluation, along with the conditions outlined, when selecting external evaluators.



04

Chapter Four: Investor Protection

Section One: Investor Awareness

Section Two: Surveillance

Section Three: Disclosure and Governance in the Capital Market

Section Four: Complaints, reports and violations of the regulations and rules enforced by CMA, as well as prosecution, penalties, and requests pertaining to investor assets.

Section One: Investors awareness

- First: Media Programs
- Second: Institutional Outreach Programs
- Third: Investment Literacy Programs

Ever since its establishment, CMA has placed significant emphasis on the communicative, educational, and investment culture aspects of securities. Its primary objective is to inform the local, regional, and global communities about the Capital Market's status and contribution to the national economy, while also increasing awareness regarding laws and regulations issued by CMA and enhancing financial and investment culture. CMA aims to keep the local community informed of the latest decisions and developments regarding this sector to increase confidence, knowledge, and acquisition of skills needed to manage investment instruments. This empowers investors to take advantage of investment opportunities, develop their investments, and inject funds and savings into the Capital Market, which positively impacts the national economy's performance. Moreover, CMA aims to protect investors by raising awareness of potential risks they may face in the Capital Market and actions that may constitute manipulation or deception. To this end, CMA has established several channels to educate investors in the Capital Market through which it has implemented the following key programs:

First: Media Programs

In 2022, CMA carried out the following media programs:



Press Materials

CMA released numerous press releases, media articles, and publications in Arabic and English in the local, regional, and international media. It also issued over 2200 publications across various social media platforms (Facebook, YouTube, Twitter, and instgram).



Press Releases and Statements

Throughout 2022, CMA issued over 250 press releases and statements that were posted on its website and disseminated to Capital Market participants through media outlets, social media platforms, and the website of the Saudi stock market "Tadawul". Additionally, 2,439 articles and reports relating to the Saudi Capital Market and legislations were monitored and assessed across local and global media outlets.



Media Interviews

CMA held over 40 interviews with various media outlets, in addition to its participation in multiple conferences, seminars, forums, and media and awareness workshops. In addition to that, the Authority published several reports that regularly monitor and analyze information circulating on the media and social media about the Capital Market.



Communication Campaigns

In 2022, CMA launched over 80 communication campaigns through social media, digital platforms, and media outlets. These campaigns aimed to promote accurate concepts and provide updates regarding the Capital Market latest developments while maintaining effective communication with the target audience through sharing the CMA's decisions and announcements. CMA also aimed to raise awareness about its programs, services, and systems, as well as those of the Capital Market, highlighting aspects that stimulate the local economy and demonstrate the importance and status of the Saudi Capital Market. As a result of these media and advertising campaigns, the digital portal of CMA experienced an increase reaching over 3 million visitors in 2022.



Examination of Misconceptions

CMA examined prevalent misconceptions in the media and prepared over 15 reports to monitor and address them. To achieve this, CMA issued 25 specialized and high-quality reports, covering more than 15,000 media publications.



Book Forum

CMA organized the Economic Writer's Forum which was attended by numerous journalists and media outlets. The Chairman of the Authority's Board participated in this forum along with over 40 media representatives.

Second: Institutional Outreach Programs



Institutional Meetings

CMA conducted 84 institutional meetings with stakeholders in the Capital Market, focusing on specific subjects that contribute to the development of the Capital Market. These meetings provided an opportunity to listen to different perspectives and explore strategies to overcome challenges.



The Story of the Market Evening

CMA hosted an event called “The Story of the Market Evening,” which was attended by esteemed individuals, including high-ranking officials and influential members of the economic community. The purpose of the event was to honor the key stages in the Saudi Capital Market’s history. It attracted around 250 participants.



Workshops

CMA organized 43 workshops, held before and after the issuance of regulations and directives, to ensure the market participants’ understanding of the new rules. These workshops covered a wide range of topics relating to the Capital Market Sector and aimed to enhance awareness among participants. Over 12,000 individuals participated in these workshops throughout 2022.



Capital Market Institutions Forum

CMA conducted Capital Market Institutions Forum with the objective of enhancing the development of the Capital Market and engaging market institutions in specialized gatherings. The forum witnessed the participation of over 800 individuals in collaboration with the Capital Market Institutions Committee.



Participation in Exhibitions and Conferences

CMA participated in 5 pavilions during the meetings and conferences held within the Kingdom to discuss various topics relating to the Capital Market. These discussions aimed to encourage market inclusion, explore significant economic matters, and cover important subjects such as Capital Market regulations and more.

Third: Investment Literacy Programs

In 2022, CMA conducted various cultural activities as part of its educational programs, namely “Thameen” and “The Smart Investor.”



Conducting Awareness Lectures

Throughout 2022, CMA, in partnership with the Financial Academy, hosted 8 informative lectures as part of the “Thameen” program. These lectures were carefully crafted to reach the target audience and were disseminated through various educational platforms, including the program’s dedicated website.



Issuing and Distributing Awareness Brochures and Magazines

CMA distributed a number of “Thameen” brochures and “The Smart Investor” magazine to the targeted audience during various events. Furthermore, electronic copies were made available for easy access through the dedicated websites of the educational programs, “Thameen” and “The Smart Investor.”



University Meetings

Throughout the year 2022, CMA conducted 34 university meetings as part of its “Thameen” program, engaging with various universities across different regions and cities in the Kingdom. Additionally, “Financial Awareness Week” was held in 4 different universities nationwide.



Awareness Campaigns through Social Media Platforms

- The Standing Committee for Awareness and Warning against the Activity of Trading with Securities in the Unlicensed Foreign Exchange Market (Forex) has published over 68 awareness messages through various awareness campaigns and produced and shared several educational videos.
- The educational programs “Thameen” and “The Smart Investor” launched a total of 25 awareness campaigns on their respective platforms, focusing on topics such as financial planning, saving, investment, and investor protection.
- The Gulf Investment Awareness Program “Mulim” has been launched with the aim of raising awareness about financial transactions and investment culture in the financial markets. The program offers a series of awareness campaigns and events targeting citizens and residents of the Gulf Cooperation Council (GCC) countries. It was launched by the Securities Commissions in the GCC countries, and CMA took the lead in its first year of operation. The program consists of a number of initiatives, as follows: monthly campaigns, Gulf Investor Week, and the Smart Gulf Investor Award, which offers prizes up to 275,000 Saudi Riyals.
- Through its educational programs, “Thameen” and “The Smart Investor,” CMA has created and shared more than 28 videos on various awareness platforms. These videos encompass a range of content, including educational videos, lectures, and interviews.
- CMA participated in the National Campaign against Financial Fraud (#Stay Vigilant) in collaboration with relevant entities operating under the National Information Program to Combat Financial Fraud.

Section Two: Surveillance

- First: Surveillance of Trades
- Second: Listed Companies with Accumulated Losses of 20% or more of their Capital

First: Surveillance of Trades

Key developments in trades and transactions surveillance

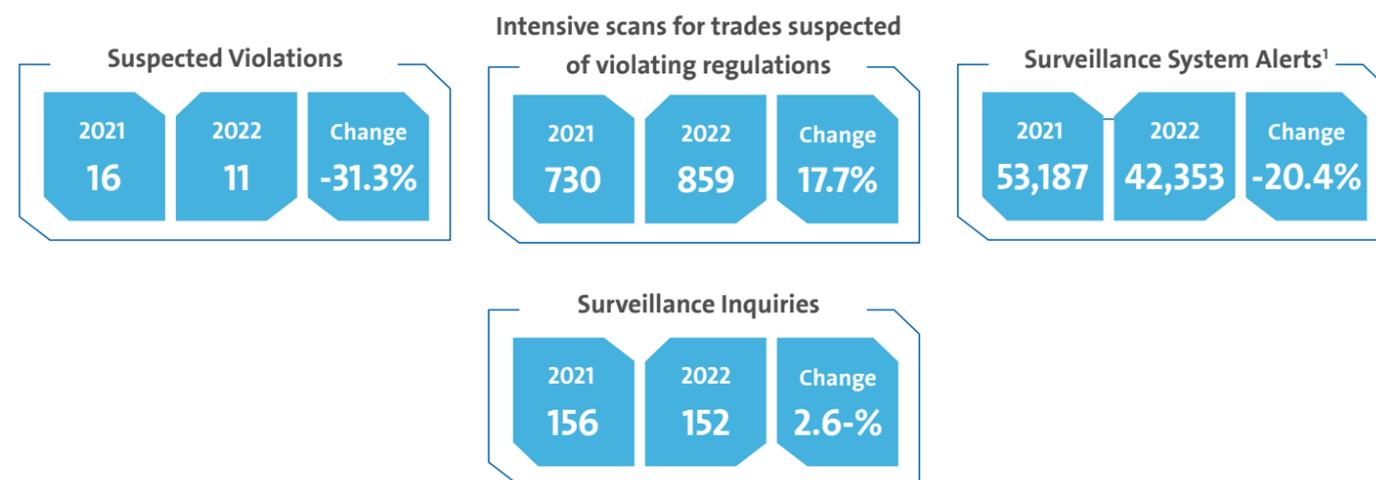


Table No. (25): Intensive monitoring of trades and transactions suspected of violating laws and regulations enforced by the Capital Market Authority (CMA), categorized by their source.

Source of Intensive Scans	2021		2022		Change (%)
	Number	Out of Total (%)	Number	Out of Total (%)	
Market Surveillance ²	282	38.6 %	317	36.9 %	12.4 %
Alert ³	448	61.4 %	542	63.1 %	21.0 %
Total	730	100 %	859	100%	17.7 %

42,353 Alerts

Including: >>>

2022

859 Cases

Intensive scans for trades suspected of violating regulations

Resulted in: >>>

152 Surveillance Inquiries

11 Suspected Violations

1. "Surveillance System Alerts" means any referrals produced by the surveillance e-system on any suspected violation found in a security transaction.
 2. "Market Surveillance" refers to the identification of suspicious activities within the capital market through direct monitoring and analysis.
 3. "Alert" refers to suspicious activities detected through signals generated by the SMARTS system when unusual trades occur.

Second: Listed companies with accumulated losses of 20% or more of their capital

In order to enhance investors protection and develop procedures related to reducing capital market risks, CMA has implemented the procedures and instructions concerning listed companies of which accumulative losses amount to 20% or more of their capital.

Table No. (26): Listed companies with accumulated losses of 20% or more of their capital in 2022.¹

Accumulated Losses (%)	Number
Companies with accumulated losses of 20% or more but less than 35% of their capital	9
Companies with accumulated losses of 35% or more but less than 50% of their capital	9
Companies with accumulated losses of 50% or more	7
Total	25

1. Data pertaining to accumulated losses in 2022 has been sourced from the interim financial statements for the third quarter, covering the period ending on September 30, 2022. This is because the deadline for publishing the annual financial statements for 2022 falls on March 31, 2022, subsequent to the issuance of this report.

Section Three: Disclosure and Governance in the Capital Market

First: Disclosure

Second: Governance of Listed Companies

First: Disclosure

1. Financial Statements of Listed Companies

Table No. (27): Number of Qualified Audit Opinions on the Annual Financial Statements of Listed Companies Reviewed by CMA¹

Opinions	2021	2022
Disclaimer of Opinion	1	1
Qualified Opinion	14	12
Emphasis of Matter	19	24
Other Matter	28	25
Total	62	62

By the end of 2022, there were 102 violations relating to the financial statements of listed companies. CMA released a report that outlined significant opinions regarding the disclosure of financial statements by listed companies in the years 2020 and 2021.

2. Announcements of Listed Companies

Table No. (28): Announcements on the Saudi Stock Exchange (Tadawul) Website Classified by type of key developments

Announcement	2021		2022		Change (%)
	Number	Out of Total (%)	Number	Out of Total (%)	
Financial Results	800	19.1 %	898	19.2 %	12.3%
Board of Directors' recommendation to increase capital through pre-emptive rights issuance	15	0.4%	10	0.2 %	-33.3%
Board of Directors' Recommendation to Increase Capital Through Bonus Shares Issue	16	0.4 %	25	0.5 %	56.3%
Board of Directors' recommendation to decrease capital	9	0.2 %	11	0.2 %	22.2%
Invitation to General Assemblies and Announcements of their Results	693	16.5 %	822	17.6 %	18.6%
Dividends	182	4.3 %	210	4.5 %	15.4%
Explanatory Announcements	500	11.9 %	470	10.1 %	-6.0%
Change in the composition of corporate board of directors and top management	261	6.2 %	217	4.6 %	-16.9%
Approval of new products	8	0.2 %	9	0.2 %	12.5%
Other key developments	1,711	40.8%	2,004	42.9 %	17.1%
Total	4,195	100 %	4,676	100 %	11.5%

1. CMA Financial Statements Department collects and examines qualified opinions mentioned in the auditor's report, and takes necessary regulatory measures as needed.

Second: Governance of Listed Companies

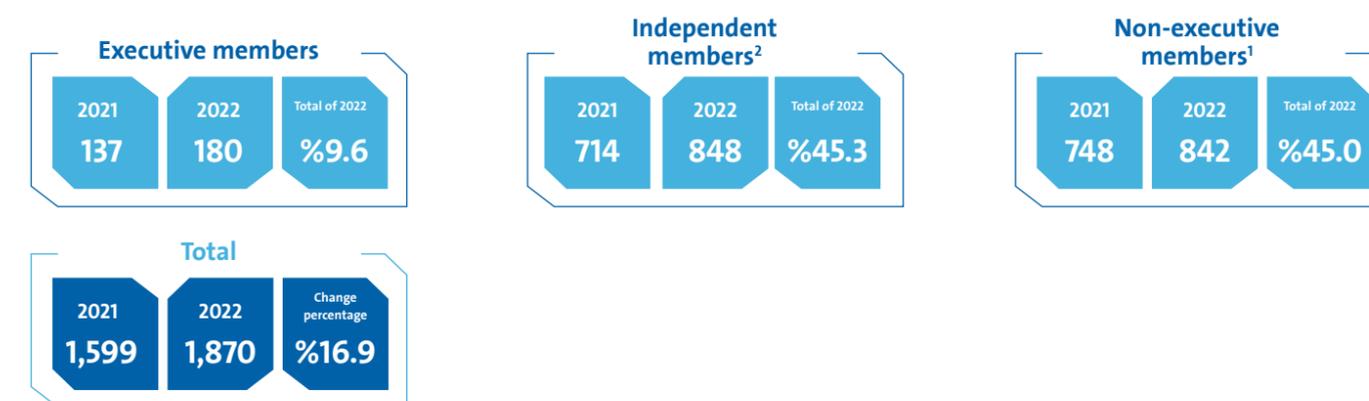
1. Boards of Directors of Listed Companies

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

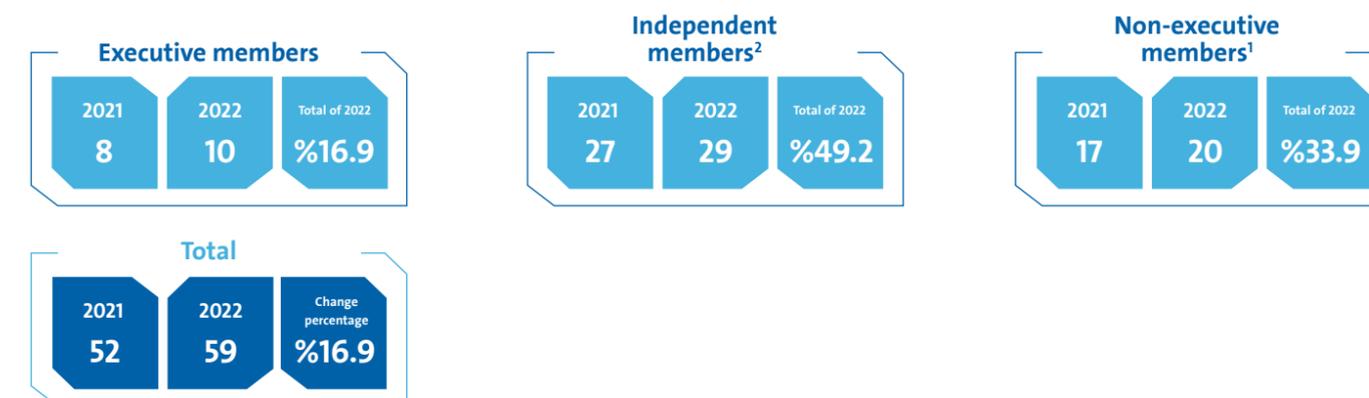
- The number of its members shall be suitable for the size and nature of the Company's activities without prejudice to paragraph (a) of Article 17 of these Regulations.
- The majority of the board Shall be non-executive members.
- The number of independent members shall not be less than two members or one third of the Board, whichever is greater.

In 2022, non-executive and independent members collectively accounted for 90.4% of the total seats on the Boards of Directors of listed companies.

Composition of Boards of Directors of Listed Companies classified by membership type



Resignations of Board Members of Listed Companies classified by membership type



1. 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.

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

2. Main Committees of Listed Companies

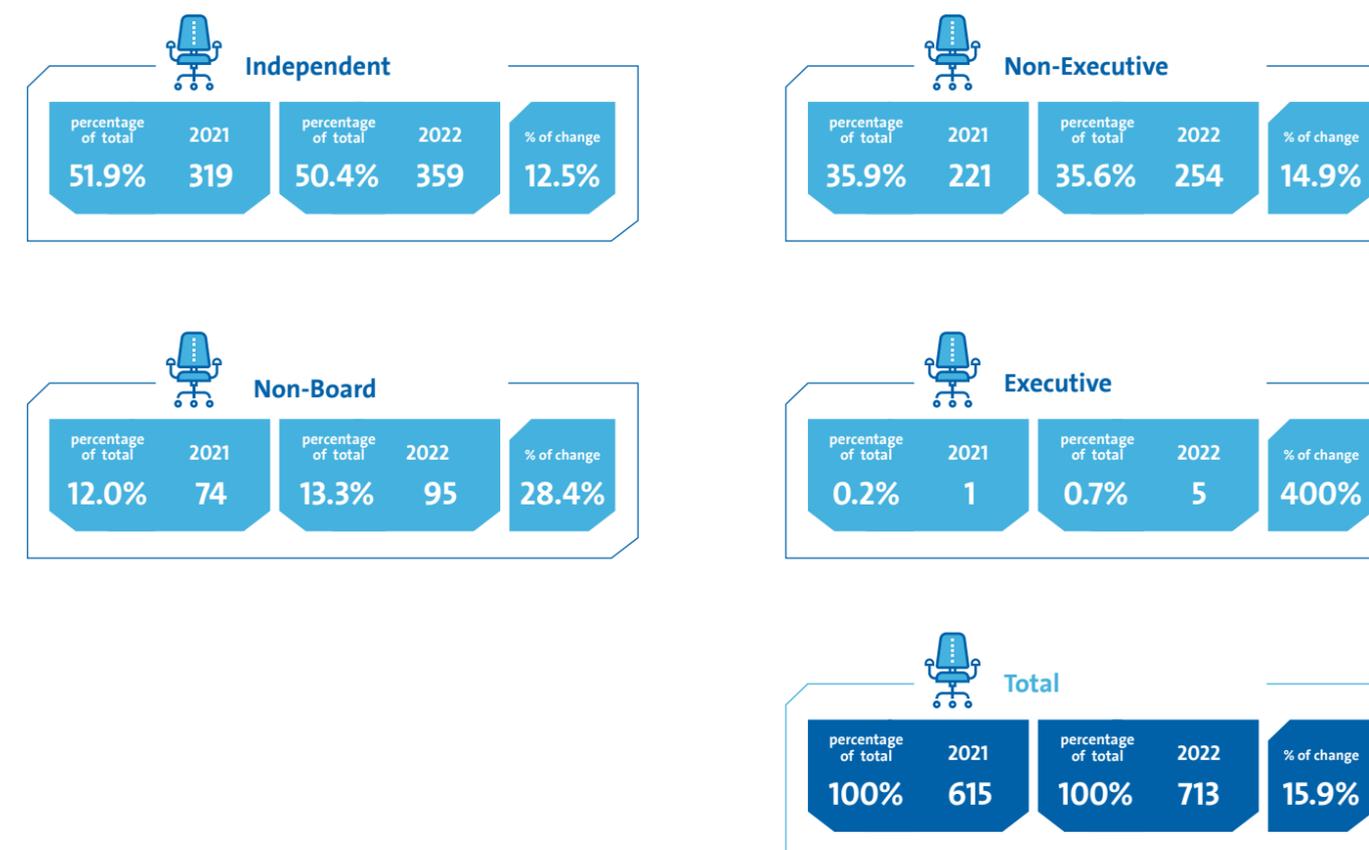
a. Audit Committee

Number of seats of audit committees in listed companies classified by membership type



b. Remuneration and Nomination Committee

Number of seats of remuneration and nomination committees in listed companies classified by membership type.



3. Enhancing Corporate Governance Compliance

In order to achieve the objectives of enhancing compliance with Corporate Governance regulations, raising awareness regarding the regulations, and improving the practices of listed companies and parties related to the capital market, CMA was keen, during 2022, on participating in several international and local forums and held several seminars and awareness workshops, including:



Workshop
Environmental and social practices, and corporate governance

Location: Remotely

Number: 1



Workshop
Company Post-Listing Support

Location: Remotely

Number: 2



Meeting
Overview of the Concept of Governance

Location: SME's Support Center

Number: 1



Participation
43rd meeting of the OECD Corporate Governance Committee

Location: OECD in Paris

Number: 1



Participation
44th meeting of the OECD Corporate Governance Committee

Location: OECD in Paris

Number: 1



Section Four: Investor Complaints, Reports, and Violations of Laws and Regulations Enforced by CMA Prosecution, Sanctions, and Requests regarding Investors' Assets

- First: Investor Complaints and Reports, and Violations of Laws and Regulations Enforced by CMA.
- Second: Prosecution, Sanctions and Penal Verdicts on Violations.
- Third: Requests regarding investors' assets.

First: Investor Complaint, Reports, and Violations of Laws and Regulations Enforced by CMA

1. Contact Center

26,242

communications received in 2021

28,228

communications received in 2022, including:



23,592

phone calls



4,502

emails



134

Communications on social media

Official Channels for Receiving Reports and Complaints:



CMA Website
www.cma.org.sa



Investor Protection Office:
Riyadh – King Fahad Road – Capital Market Authority Head Office



Investor Protection Application

Download the application for Android:
<https://t.co/QecXljVQVP>

To download the application for IOS:
<https://itunes.apple.com/us/app/capital-market-authority-cma/id1269465692?mt=8>



Email

Investor.Protection@cma.org.sa

2. Reports of Investors and Participants in the Capital Market

In continuation of CMA efforts to protect investors, preserve market integrity, and strengthen the confidence of capital market participants, CMA has consistently prioritized the removal of obstacles encountered by individuals submitting complaints and reports. Since its establishment, CMA has sought to remove the obstacles that might face submitters of complaints and reports. It has assumed the task of receiving investors' reports and complaints of suspected violations of the laws and regulations enforced by CMA and has provided several official channels to receive reports and complaints.

Table No. (29): Reports classified by subjects

Subject	Number		Change (%)
	2021	2022	
Conducting Securities Activities without a License	687	781	13.7%
Market Institutions Activities	125	119	-4.8%
Corporate Governance	198	473	138.9%
Financial Statements	9	12	33.3%
Market Conduct	99	119	20.2%
Investment Products and Offering	20	16	-20.0%
Anti-money laundering and combating terrorism financing	8	1	-87.5%
Other ¹	214	132	-38.3%
Total	1,360	1,653	21.5%

Table (30): Reports classified by reported entity.

Subject	Number		Change (%)
	2021	2022	
Capital Market Institutions	90	99	10.0%
Listed Companies	167	413	147.3%
Individuals	531	597	12.4%
Market Infrastructure Institutions	29	11	-62.1%
Unlicensed Entities Dealing in Securities	242	196	-19.0%
Capital Market Authority	9	5	-44.4%
Other	292	332	-13.7%
Total	1,360	1,653	21.5%

¹ Complaints closed during the registration phase and prior to classification.

3. Complaints of Investors and Participants in the Capital Market

The CMA is entrusted with the responsibility of receiving complaints in accordance with its functions and obligations outlined in the CML, as well as the rules and regulations enforced by the CMA. One of its crucial mandates is to safeguard investors in securities by addressing unfair or fraudulent practices that involve fraud, cheating, deception, or manipulation. To fulfill this role, CMA has implemented several measures, including the establishment of multiple channels for investors to submit complaints. Furthermore, CMA diligently monitors violations of the CML and its implementing regulations and conducts investigations into such cases. Ultimately, CMA acts as a public prosecutor, presenting these violations before the Committee for the Resolution of Securities Disputes.

Table No. (31): Complaints classified by subjects

Element	Number in 2021	Out of total (%)	Number in 2022	Out of total (%)	Change (%)
Agreements and contracts between investors and brokerage firms	77	0.5%	113	0.9%	46.8%
IPO subscriptions and rights issue	628	4.4%	1,277	10.5%	103.3%
Services provided by capital market institutions	6,605	46.0%	1,705	14.1%	-74.2%
Investment funds	198	1.4%	238	2.0%	20.2%
Investment portfolios	1,847	12.9%	3,005	24.8%	62.7%
Execution of securities transactions	223	1.6%	335	2.8%	50.2%
Corporate governance	1,102	7.7%	1,400	11.6%	27.0%
Listed companies earnings	924	6.4%	1,868	15.4%	102.2%
Conducting Securities Activities Without a License	877	6.1%	924	7.6%	5.4%
Indemnification Requests Related to Violations of the CML and its Implementing Regulations	1,317	9.2%	625	5.2%	-52.5%
Complaints not within CMA's jurisdiction	267	1.9%	213	1.8%	-20.2%
Other	307	2.1%	415	3.4%	35.2%
Total	14,372	100%	12,118	100%	-15.7%

Table No. (32): Complaints classified by reported entities

Reported Entity	2021	Out of Total (%)	2022	Out of Total (%)	Change (%)
Capital Market Institutions	7,099	49.4%	4,744	39.1%	-33.2%
Listed Companies	2,843	19.8%	4,247	35.0%	49.4%
Individuals	1,131	7.9%	738	6.1%	-34.7%
Capital Market Authority	406	2.8%	511	4.2%	25.9%
Unlicensed and non-listed Entities	2,033	14.1%	1,407	11.6%	-30.8%
Tadawul Co.	580	4.0%	324	2.7%	-44.1%
Securities Depository Center	150	1.0%	105	0.9%	-30.0%
Committee for Resolution of Security Disputes (CRSD)	72	0.5%	40	0.3%	-44.4%
Other	58	0.4%	2	0.0%	-96.6%
Total	14,372	100%	12,118	100%	-15.7%

Table No. (33): Complaints Processed by CMA in 2022

Complaint Status	2021	2022	Change (%)
Under Process	995	252	-74.7%
Settled	9,712	11,354	16.9%
Grievant notified to proceed with the complaint to the committee for resolution of security disputes (CRSD)	1,493	512	-65.7%
Other	2,172	0	-
Total	14,372	12,118	-15.7%

Class-Action Lawsuits

A class-action lawsuit is a legal action in which a group of individuals collectively files a lawsuit based on shared grounds, facts, and claims. There were no class-action lawsuits handled by CMA in 2022.

4. Taking Actions Against Violations of laws and Regulations Enforced by CMA

Paragraph (c) of Article 5 of the Capital Market Law (CML) stipulates that “For the purpose of conducting all investigations which, in the opinion of the Board, are necessary for the enforcement of the provisions of this Law and other regulations and rules issued pursuant to this Law, CMA members and employees designated by the Board are empowered to subpoena witnesses, take evidence, and require the production of any books, papers, or other documents which CMA deems relevant or material to its investigation. CMA shall have the power to carry out inspections of the records or any other materials, whoever the holder may be, to determine whether the person concerned has violated, or is about to violate any provision of this Law, the Implementing Regulations or the rules issued by CMA”.

Table No. (34): Taking actions against violations of laws and regulations enforced by CMA¹

Case Status	2021		2022		Change (%)
	Number	Percentage of Total	Number	Percentage of Total	
Under Process	38	19.2%	50	30.9%	31.6%
Finalized	160	80.8%	112	69.1%	-30.0%
Total²	198	100%	162	100%	-18.2%

1. CMA focuses on serious cases that their nature requires exceptional actions to control or investigate, or urgent cases that require immediate processing to their pattern or impact.

2. Including cases from the same year and previous years.

5. Classification of Violations of Laws and Regulations enforced by CMA

Table No. (35): Filed and finalized violation cases of CMA enforced laws and regulations classified by type¹

Type of violation	Filed			Finalized ²		
	2021	2022	Change (%)	2021	2022	Change (%)
Rules on the offer of securities and continuing obligations	24	17	-29.2%	20	16	-20.0%
Corporate Governance Regulations	17	14	-17.6%	29	7	-75.9%
Merger and Acquisition Regulations	0	1	–	0	1	–
Real Estate/Investment Funds Regulations	7	5	-28.6%	6	7	16.7%
Capital Market Institutions Regulations	25	23	-8.0%	22	26	18.2%
Credit Rating Agencies Regulations	0	0	–	0	0	–
Investment Accounts Instructions	1	4	300.0%	1	2	100.0%
Corporate Advertising Instructions	1	0	-100.0%	1	1	0.0%
Capital Adequacy Regulations	0	0	–	0	0	–
Market Conduct Regulations	18	14	-22.2%	21	13	-38.1%
Securities Business Regulations	20	15	-25.0%	26	7	-73.1%
Rules for registering auditors of entities subject to the Authority's supervision	7	7	0.0%	7	6	-14.3%
Listing Rules	2	0	-100.0%	1	0	-100.0%
CMA Board Resolutions	3	1	-66.7%	5	1	-80.0%
CMA Circulars	7	7	0.0%	10	7	-30.0%
Regulatory rules and procedures issued pursuant to the companies' law relating to listed joint stock companies	1	0	-100.0%	0	1	–
Securities Central Counterparties Regulations	0	0	–	0	0	–
Procedures and instructions of listed companies whose cumulated losses amounted to 20% or more of their capital	0	4	–	1	4	300.0%
Companies Law	9	10	11.1%	9	12	33.3%
Anti-Money Laundering Law and Combatting the Financing of Terrorism Law and their implementing regulations	1	1	0.0%	1	1	0.0%
Total	143	123	-14.0%	160	112	-30.0%

1. May include more than one violation in one case, hence the classification as per the most prominent violation.

2. Including cases from previous years.

3. Modified than the annual report 2021 due to reclassifying the case to be under violation type <<Procedures and instructions of Listed Joint Stock accumulated losses reached 20% or more of their Capital>>.

Second: Prosecution, Sanctions, and Penal Verdicts on Violations

1. Cases pending before CRSD and filed against/by CMA

CMA undertakes litigation for violation cases of laws and regulations enforced by CMA before the Committee for Resolution of Securities Disputes (CRSD), whether such violation cases are filed by or against CMA. CMA has the right to appeal CRSD's decisions before the Appeal Committee for the Resolution of Securities Disputes (ACRSD). Decisions issued by the ACRSD are deemed final and enforceable.

Table No. (36): Number of cases pending before the CRSD and ACRSD filed against/by CMA, classified by type.

Case Type	CRSD		ACRSD	
	2021	2022	2021	2022
Violation of market conduct regulations	2	0	0	2
Violation of rules on the offer of securities and continuing obligations	2	0	0	1
Violation of the regulations of capital market institutions	0	0	0	0
Violation of the regulations of corporate governance	0	0	0	0
Claims filed against CMA Board decisions or actions, instructions, and circulars issued by the Authority	8	9	6	0
Total	12	9	6	3

2. Cases Pending Before Other Judicial Authorities Filed Against/By CMA

Table No. (37): Number of cases pending before the judicial authorities filed against/by CMA

Judicial Body	Case Type	Number of Cases ¹	
		2021	2022
Administrative Court	Administrative/ Implement	6	7
Enforcement Court	Implement	1	1
General Court	Implement	1	0
Total		8	8

1. Include cases from previous years

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

CMA oversees the preparation of statements of claim, defense and appeal in cases filed against/by CMA.

Table No. (38): Number of Statements of claim, defense and grievances in cases filed against/by CMA

Statements of Claim/ defense/ Grievances	2021	2022	Percentage of Change
Statements of Claim and Defense in cases filed by CMA	29	7	-75.9%
Statements of defense in cases filed against CMA	35	34	-2.9%
Briefs of appeal against decisions and verdicts issued by relevant judicial bodies	7	46	557.1%
Grievances against CMA Board resolutions	45	25	-44.4%
Total	116	112	-3.4%

4. Final Verdicts in Cases filed against/by CMA

Table No. (39): Number of Final Judgments for/against CMA

Classification	2021			2022			Out of total (%)
	Filed by CMA	Filed against CMA	Total	Filed by CMA	Filed against CMA	Total	
Final Judgment in favor of CMA	4	5	9	2	24	26	188.9%
Final Judgment against CMA	0	0	0	0	0	0	—

5. Cases and Violations Referred by CMA to the Public Prosecution

The number of cases referred by CMA to the Public Prosecution, since the issuance of High Order No. (4690) dated 06/02/1435H, which transferred the powers of agencies and committees involved in the investigation and prosecution of criminal offences to the Public Prosecution, reached up to the end of 2022 including 11 cases before the CRSD, 25 cases referred to the Public Prosecution and which are still ongoing, along with 174 settled cases.

Table No. (40): Number of violations referred by CMA to the Public Prosecution

The Violated Article	2021	2022
Article 31: Conducting securities business without a license	22	4
Article 49: Manipulation and Deception Acts	13	9
Article 50: Insider Trading	5	3
Article 211: Companies Law	2	2
Article 2: Anti-Money Laundering Law	0	1
Total	42	19¹

6. Follow-up of Enforcement of Sanctions Decisions

CMA follows up the enforcement of resolutions issued by its Board, the interim decisions of imposing/ lifting provisional attachment issued by the CRSD and the final decisions issued by the CRSD and ACRSD against the violators of the laws and regulations enforced by CMA. This is carried out through the two following steps:

- Notifying the violator and the relevant entities in charge of enforcing sanctions issued against the violator.
- Following-up the enforcement of sanctions

Table No. (41): Enforcement of sanctions against violators of the laws and regulations enforced by CMA, classified by issuer¹

Decision Issuer	2021			2022		
	Number ²	Enforced	Enforced (%)	Number ⁴	Enforced	Enforced (%)
CMA Board	82	64	78.0%	59	46	78.0%
Committee for the Resolution of Securities Disputes (CRSD)	24	6	25.0%	16	10	62.5%
Total	106	70	66.0%	75	56	74.7%

1. 16 cases of violations were referred to the Public Prosecution in 2022. It should be noted that multiple violations were committed in the same case.
2. It should be noted that there are cases where a single decision involves multiple violators, and the decision is not considered fully implemented until all the violators have complied with it.
3. Decisions due to be enforced are the decisions issued during the 4th quarter of 2020 until the 3rd quarter of 2021.
4. Decisions due to be enforced are the decisions issued during the 4th quarter of 2021 until the 3rd quarter of 2022.

7. Classification of Sanctions Decisions filed by CMA Against Violators of the Laws and Regulations Enforced by CMA

Table No. (42): Number of violators of the laws and regulations enforced by CMA and against whom sanctions have been issued for enforcement in 2022¹

Type of Violator	Number	Enforced	Enforced(%)	Under Follow-Up	Under Follow-Up (%)
Investor	55	37	67.3%	18	32.7%
Capital Market Institution/ Registered Individual	38	38	100.0%	0	0.0%
Listed Company	5	5	100.0%	0	0.0%
Board Member/Senior Executives	62	50	80.6%	12	19.4%
Total	160	130	81.3%	30	18.8%

Table No. (43): Number of Violations of the laws and regulations enforced by CMA and against which Sanction Decisions have been issued for Enforcement in 2022²

Law/Regulation	Number	Enforced	Enforced (%)	Under Follow-Up	Under Follow-Up (%)
Rules on the Offer of Securities and Continuing Obligations	15	14	93.3%	1	6.7%
Corporate Governance Regulations	25	23	92.0%	2	8.0%
Merger and Acquisition Regulations	0	0	0.0%	0	0%
Real Estate/Investment Funds Regulations	4	4	100.0%	0	0%
Capital Market Institutions Regulations	40	33	82.5%	7	17.5%
Credit Rating Agencies Regulations	0	0	0.0%	0	0%
Investment Accounts Instructions	0	0	0.0%	0	0%
Financial Adequacy Rules	0	0	0.0%	0	0%
Market Conduct Regulations	38	32	84.2%	6	15.8%
Securities Business Regulations	13	2	15.4%	11	84.6%
Rules for Registering Auditors of Entities Subject to the Authority's Supervision	0	0	0.0%	0	0%
Listing Rules	2	2	100.0%	0	0%
CMA Board Resolutions	2	2	100.0%	0	0%
CMA Circulars	0	0	0.0%	0	0%

1. Decisions due to be enforced are the ones issued on the 4th quarter of 2021 until the 3rd quarter of 2022.

2. Decisions due to be enforced are the ones issued on the 4th quarter of 2021 until the 3rd quarter of 2022.

Law/Regulation	Number	Enforced	Enforced (%)	Under Follow-Up	Under Follow-Up (%)
Regulatory rules and procedures issued pursuant to the companies' law relating to listed joint stock companies	0	0	0.0%	0	0%
Securities Central Counterparties Regulations	0	0	0.0%	0	0%
Companies Act	20	17	85.0%	3	15.0%
Anti-Money Laundering Law and Combatting the Financing of Terrorism Law and their implementing regulations	1	1	100.0%	0	0%
Total	160	130	81.3%	30	18.8%

Table No. (44): Classification of penalties issued by the Board and the Committee for the Resolution of Securities Disputes (CRSD).

Sanction Type	2021		2022		Change (%)
	Number ³	Out of Total	Number ⁴	Out of Total	
Financial penalty	292	74.3%	149	90.9%	-49.0%
Banning from engaging in brokerage, portfolio management, investment advisory, or any registered function	26	6.6%	1	0.6%	-96.2%
Banning from working in listed companies	35	8.9%	1	0.6%	-97.1%
Banning from buying shares of listed companies	40	10.2%	2	1.2%	-95.0%
Imprisonment	0	0.0%	0	0.0%	–
Other ⁵	0	0.0%	11	6.7%	–
Total	393	100%	164	100%	-58.3%

3. The enforceable decisions for 2021 include decisions from the fourth quarter of 2020 until the third quarter of 2021, excluding the decisions from the fourth quarter of 2021 as their implementation takes place after the end of the year.

4. The enforceable decisions for 2022 include decisions from the fourth quarter of 2021 until the third quarter of 2022, excluding the decisions from the fourth quarter of 2022 as their implementation takes place after the end of the year.

5. Including administrative and precautionary sanctions

8. Financial Penalties Against Violators of Laws and Regulations Enforced By CMA

Table No. (45): Total amount of financial Penalties and Fines issued by CMA and (CRSD - ACRSD) against violators of laws and regulations enforced by CMA.

Law/Regulation	2021			2022		
	Total Amounts Imposed (SAR) (from 1/10/2020 to 30/9/2021)	Total amounts collected in accordance with the decisions (SAR) (from 1/10/2020 to 30/9/2021)	Percentage of collected amount	Total Amounts Imposed (SAR) (from 1/10/2021 to 30/9/2022)	Total amounts collected in accordance with the decisions (SAR) (from 1/10/2021 to 30/9/2022)	Percentage of collected amount
Rules on the offer of securities and continuing obligations	1,280,000	1,230,000	96.1%	7,280,000	6,280,000	86.3%
Corporate Governance Regulations	5,950,000	2,160,000	36.3%	2,010,000	1,810,000	90.0%
Merger and Acquisition Regulations	0	0	-	0	0	-
Real Estate/Investment Funds Regulations	1,965,000	1,965,000	100.0%	2,230,000	2,230,000	100.0%
Capital Market Institutions Regulations	8,092,874	8,092,874	100.0%	10,905,000	9,755,000	89.5%
Credit Rating Agencies Regulations	0	0	-	0	0	-
Investment Accounts Instructions	0	0	-	0	0	-
Capital Adequacy Regulations	0	0	-	0	0	-
Market Conduct Regulations	206,747,480	28,521,976	13.8%	18,056,425.83	11,456,113.19	63.4%
Securities Business Regulations	1,020,000	690,002	67.6%	1,250,000	274,138.53	21.9%
Rules for registering auditors of entities subject to the Authority's supervision			-	0	0	-
Listing Rules	0	0	-	110,000	110,000	100.0%
CMA Board Resolutions	140,000	140,000	100.0%	800,000	800,000	100.0%
CMA Circulars	65,000	10,000	15.4%	0	0	-
Companies Law	5,250,000	1,942,500	37.0%	540,000	170,000	31.5%
Anti-Money Laundering Law and Counter-Terrorist Financing Law and their implementing regulations	200,000	200,000	100.0%	100,000	100,000	100.0%
Total	230,710,354	44,952,352	19.5%	43,281,426	32,985,252	76.2%

This period was set for twelve months from the beginning of October until the end of September because the first quarter data of each year include the amounts of penalties (to be collected/collected) for the fourth quarter of the previous year.

Table No. (46): Total amount of financial penalties issued by CMA and (CRSD - ACRSD) against violators of the laws and regulations enforced by CMA.

Type of Violator	2021			2022		
	Total Amounts Imposed (SAR) (from 1/10/2020 until 30/9/2021)	Total amounts collected in accordance with the decisions (SAR) (from 2020/10/1 to 30/9/2021)	Percentage of collected amount	Total Amounts Imposed (SAR) (from 1/10/2021 to 30/9/2022)	Total amount collected in accordance with the decisions (SAR) (from 1/10/2021 to 30/9/2022)	Percentage of collected amount
Investor	206,067,480	27,711,978	13.4%	20,416,426	11,840,252	58.0%
Board Member/ Senior Executive	14,100,000	6,752,500	47.9%	8,310,000	6,590,000	79.3%
Registered person	0	0	-	1,225,000	1,225,000	100.0%
Listed company	190,000	190,000	100.0%	190,000	190,000	100.0%
Capital Market Institution	10,352,874	10,297,874	99.5%	13,140,000	13,140,000	100.0%
Total	230,710,354	44,952,352	19.5%	43,281,426	32,985,252	76.2%

9. Amounts Awarded in Prosecutions and Civil Claims Issued by the Peremptory Decisions of the Committees for the Resolution of Securities Disputes (CRSD - ACRSD)

Table No. (47): Amounts awarded in prosecutions and civil claims issued by the peremptory decisions of the CRSD.

Year	Number of compensated	Compensations (SAR)	Legal Fees for Lawsuit Follow-up (SAR)	Total
2021	553	366,711,547.1	514,254.0	367,225,801.1
2022	1,294	1,751,894,860.4	466,000.0	1,752,360,860.4

Table No. (48): Amounts awarded in prosecutions and civil claims issued by the peremptory decisions of the CRSD.

Classification	2021	2022
Against conductors of securities activities without a license	17,624,579.4	53,190,846.9
Against violators of the market conduct regulations and article (49) of the Capital Market Law	274,396,207.5	323,472,285.0
Against Capital Market Institutions	17,863,239.8	37,498,341.9
Against a listed company	13,241,854.8	52,969,178.5
Class-Action Lawsuits	40,214,110.7	1,225,113,291.1
Other ¹	3,371,554.8	59,650,917.0
Total	366,711,547.1	1,751,894,860.4

Table No. (49): Total amounts of Ill-gotten gains awarded by the peremptory decisions of the Committee for the Resolution of Securities Disputes (CRSD).

Year	Ill-gotten gains (SAR)	Fines (SAR)	Total
2021	23,102,102.9	3,735,000.0	26,837,102.9
2022	14,350,171.7	21,570,000.0	35,920,171.7

¹ Includes compensation to investors from individuals and non-listed companies.



Third: Requests Regarding Investors' Assets

1. Requests of Disclosure and Imposing/Removing Attachment and Enforcement Received by CMA categorized by Requesting Party



Number of judicial orders received through the Nafith Platform

1,145,787

The Total number in 2022

26.9%

Percentage of change compared to 2021

Table No. (50): Number of requests received by CMA, categorized by request type

Type of Request	2021	2022	Change (%)
Disclosure	11,141	9,825	-11.8%
Attachment	657,111	739,699	12.6%
Removal of Attachment	245,437	394,609	60.8%
Distribution of Estate	72	99	37.5%
Sale	1,256	13,005	935.4%
Other	137	125	-8.8%
Total	915,154	1,157,362	26.5%

Chapter Five: CMA Financial Disclosure

- Section One: Independent Auditor's Report
- Section Two: Statement of financial position as of December 31, 2022
- Section Three: Statement of financial Performance for the year ending on December 31, 2022
- Section Four: Statement of changes in net assets for the year ending on December 31, 2022
- Section Five: Statement of cash flows for the year ending on December 31, 2022
- Section Six: Notes to the financial statements for the year ended 31 December 2022

CAPITAL MARKET AUTHORITY

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022
AND INDEPENDENT AUDITOR'S REPORT

CAPITAL MARKET AUTHORITY Index of financial statements for the year ended 31 December 2022

Index	Page
Independent auditor's report	190 – 191
Statement of financial position	192
Statement of financial performance	193
Statement of changes in net assets	194 – 195
Statement of cash flows	196
Notes to the financial statements	197 – 226

Independent auditor's report

To your excellences' and highnesses, the chairman and members of the board of directors of Capital Market Authority

Riyadh- Kingdom of Saudi Arabia

Opinion

We have audited the financial statements of Capital Market Authority ("the Authority") which comprise the statement of financial position as of 31 December 2022, and the statements of financial performance, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Authority as of 31 December 2022 and 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 endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's 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 its 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 auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do 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 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. If based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the 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 IPSAS, 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, the 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 the management either intends to liquidate the Authority or to cease operations or has no realistic alternative but to do so.

Those charged with governance, i.e. the Audit Committee and Board of Directors of the Authority are responsible for overseeing the Authority's financial reporting process.

Independent auditor's report (Continued)

Auditor's 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 auditor's 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 ISAs 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 the 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 ISAs endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment 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 our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of Authority'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, we are required to draw attention in our auditor's 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 auditor's 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.

For Dr. Mohamed Al-Amri & Co



Gihad Mohamed Al-Amri
Certified Public Accountant
Registration No. (362)

Riyadh – Saudi Arabia
Date: 04 Ramadan 1444 (H)
Corresponding: 26 March 2023 (G)

CAPITAL MARKET AUTHORITY
Statement of Financial Position
Saudi Riyals

	Note	As of 31 December 2022	As of 31 December 2021
ASSETS			
Current assets			
Cash and cash equivalents	5	2,916,035,384	3,064,841,615
Receivables from exchange transactions	6-A	2,037,138	3,143,714
Receivables from non-exchange transactions	6-B	18,136,379	20,822,476
Employees imprest – current portion		14,081,177	12,003,043
Prepayments and other current assets	7	49,761,241	55,749,465
Total current assets		3,000,051,319	3,156,560,313
Non-current assets			
Employees imprest – non current portion		26,774,430	24,591,804
Property and equipment	8	223,367,927	235,133,789
Projects in progress	9	1,704,287,977	1,695,854,219
Intangible assets	10	14,917,501	12,496,980
Total non-current assets		1,969,347,835	1,968,076,792
Total assets		4,969,399,154	5,124,637,105
LIABILITIES			
Current liabilities			
Accounts payables	11	3,412,998	9,156,019
Accruals and other current liabilities	12	115,252,024	102,126,676
Total current liabilities		118,665,022	111,282,695
Non-current liabilities			
End of service benefits provision	13	383,515,033	459,552,815
Total non-current liabilities		383,515,033	459,552,815
Total liabilities		502,180,055	570,835,510
Net assets			
Expenditure reserve	14	1,134,485,372	896,822,150
General reserve	14	1,558,255,284	1,469,075,664
Cash surplus	14	223,294,728	698,943,801
Accumulated surplus of revenue over expenses		1,551,183,715	1,488,959,980
Total net assets		4,467,219,099	4,553,801,595
Total net assets and liabilities		4,969,399,154	5,124,637,105

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

CAPITAL MARKET AUTHORITY
Statement of Financial Performance
Saudi Riyals

	Note	For the year ended in	
		31 December 2022	31 December 2021
Revenues			
Stock trading commission	15	1,052,568,017	1,436,159,183
The CMA services and activities	15	164,080,827	134,544,059
Violations of Capital Market law and its implementing regulations	15	48,010,133	52,610,940
Deposits' returns	15	75,588,572	23,435,279
Total revenues		1,340,247,549	1,646,749,461
Expenses			
Employees' salaries and benefits	16	(566,031,069)	(531,204,687)
General and administrative expenses	17	(160,762,301)	(155,623,706)
Depreciation and amortization	8,10	(25,365,756)	(28,673,265)
Professional and consultancy services		(30,386,510)	(22,722,939)
Employees' training and scholarship		(48,323,670)	(38,517,730)
Total expenses		(830,869,306)	(776,742,327)
Other expenses, net		(2,088,822)	(302,174)
Net surplus over expenses for the year		507,289,421	869,704,960

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

CAPITAL MARKET AUTHORITY
Statement of Changes in Net Assets
Saudi Riyals

	Note	Expenditure reserve	General reserve	Cash surplus	Accumulated surplus of revenue over expenses	Total
For the year ended 31 December 2021						
Balance at 1 January 2021		838,794,659	1,305,320,093	839,372,486	1,573,091,593	4,556,578,831
Transferred to the Ministry of Finance during the year	14	-	-	(839,372,486)	-	(839,372,486)
Net revenue surplus over expenses		-	-	-	869,704,960	869,704,960
Actuarial valuation differences	13	-	-	-	(33,109,710)	(33,109,710)
Reverse of expenditure reserve and general reserve to accumulated surplus over expenses		(838,794,659)	(1,305,320,093)	-	2,144,114,752	-
Cash surplus before reserves are created	14	-	-	3,064,841,615	(3,064,841,615)	-
Transferred to expenditure reserve	14	896,822,150	-	(896,822,150)	-	-
Transferred to general reserve	14	-	1,469,075,664	(1,469,075,664)	-	-
As at 31 December 2021		896,822,150	1,469,075,664	698,943,801	1,488,959,980	4,553,801,595
For the year ended 31 December 2022						
As at 1 January 2022		896,822,150	1,469,075,664	698,943,801	1,488,959,980	4,553,801,595
Transferred to Ministry of Finance during the year	14	-	-	(698,943,801)	-	(698,943,801)
Net revenue surplus over expenses		-	-	-	507,289,421	507,289,421
Actuarial valuation differences	13	-	-	-	105,071,884	105,071,884
Reverse of expenditures reserve and general reserve to accumulated surplus over expenses		(896,822,150)	(1,469,075,664)	-	2,365,897,814	-
Cash surplus before reserves are created	14	-	-	2,916,035,384	(2,916,035,384)	-
Transferred to expenditure reserve	14	1,134,485,372	-	(1,134,485,372)	-	-
Transferred to general reserve	14	-	1,558,255,284	(1,558,255,284)	-	-
As at 31 December 2022		1,134,485,372	1,558,255,284	223,294,728	1,551,183,715	4,467,219,099

The accompanying notes from (1) to (21) form an integral part of these financial statements

	Note	For the year ended in	
		31 December 2022	31 December 2021
Cash flows from operating activities			
Net revenue surplus over expenses for the year		507,289,421	869,704,960
Adjustments:			
Depreciation and amortization	10,8	25,365,756	28,673,265
Losses from the sale of property and equipment and intangible assets		1,548	16,842
End of service benefits provision	13	45,940,773	51,712,423
Deposits' return	15	(75,588,572)	(23,435,279)
Changes in			
Receivables from exchange transactions		1,106,577	284,657
Receivables from non-exchange transactions		2,686,098	10,005,966
Advance payments and other current assets		21,303,116	(6,836,323)
Employees imprest		(4,260,761)	(8,279,817)
Accounts payables		(5,743,020)	4,182,767
Accruals and other current liabilities		13,125,346	2,079,899
End of service benefits paid	13	(16,906,671)	(20,003,654)
Proceed from deposits return revenues	5	60,273,681	22,832,236
Net cash generated from operating activities		574,593,292	930,937,942
Cash flows from investing activities			
Additions to property and equipment and projects in progress	9,8	(20,674,892)	(9,609,831)
Additions to intangible assets	10	(3,780,830)	(621,943)
Proceed from the sale of property and equipment		-	20,695
Net cash used in investing activities		(24,455,722)	(10,211,079)
Cash flows from financing activities			
Transferred to Ministry of Finance	14	(698,943,801)	(839,372,486)
Net cash used in financing activities		(698,943,801)	(839,372,486)
Net change in cash and cash equivalents during the year		(148,806,231)	81,354,377
Cash and cash equivalents at the beginning of the year		3,064,841,615	2,983,487,238
Cash and cash equivalents at the end of the year	5	2,916,035,384	3,064,841,615

The accompanying notes from (1) to (21) form an integral part of these financial statements

1. ORGANIZATION AND PRINCIPAL ACTIVITIES

Capital Market Authority ("CMA") was incorporated under "Capital Market Law" issued by Royal Decree (M/30) dated 2 Jumada' II 1424H, corresponding to 1 August 2003G which stipulates that CMA 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 to it under Royal Decree A/114 dated 13 Jumada' I 1425H, corresponding to 1 July 2004G by appointing the board of CMA.

CMA 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 the public and investors of securities 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.
- Regulate the applications of attorney, purchase and public offering of stocks.
- Authorizing the establishment of a special purpose entity, organizing and monitoring its activities, and issuing the rules regulating this.
- Regulating mortgage of securities and implementing them.

Based on CMA Board Decision No. 2/5/2004 dated 23 Jumada' II 1425 H (corresponding to 9 August 2004 G), the fiscal year of CMA begins on the eleventh day of Capricorn month each year, corresponding to 1 January and ends on the tenth day of Capricorn month of the following fiscal year, corresponding to 31 December.

The headquarters of the Authority is located in King Fahd Road, Riyadh, PO Box 87171. Riyadh 11642.

2. BASIS OF ACCOUNTING

The financial statements have been prepared in accordance with International Public Sector Accounting Standards (IPSAS) according to the decision of CMA's board of directors.

The financial statements have been prepared under the historical cost convention using the accrual accounting principle and the going concern concept unless otherwise indicated. The statement of cash flows is prepared using the indirect method.

The financial statements are presented in Saudi Riyals (SR) which is the functional and presentation currency of CMA. The numbers are rounded to the nearest riyal unless otherwise stated.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Presentation 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 when:

- a. an asset is expected to be sold or there is an intention to sell or depreciate it in the ordinary course of business of CMA; or
- b. an asset is mainly maintained for trading purposes; or
- c. an asset is expected to be sold within twelve month after the reporting date; or
- d. an asset is within the category of cash and cash equivalents unless it is forbidden to exchange the asset or use it to settle a liability within at least twelve month after the reporting date.

CMA classifies all other assets as non-current assets

A liability is considered under current liabilities when:

- a. it is expected to be settled in the ordinary course of business of CMA; or
- b. it is acquired mainly for the trading purposes; or
- c. liability is expected to be settled within twelve month after the reporting date; or
- d. there is no right associated with a condition to defer the settlement of the liability at least twelve month after the reporting date. When selecting the counterparty, the settlement of the obligation by transferring it into equity does not affect its classification.

All other liabilities are classified as non-current liabilities.

3.2 Cash and cash equivalents

Cash and cash equivalents set out in the statement of financial position comprise cash at banks that are available in the form of treasury and deposits, which are readily convertible to known amounts of cash, can be called at any time, and are subject to an insignificant risk of changes in value and available without any restrictions.

3.3 Financial instruments

Financial assets

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 "Recognition and Measurement" are classified as financial assets at the initial recognition 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 the exchange and non-exchange transactions, and employees imprest

Subsequent measurement

The subsequent measurement of financial assets depends on their classification. All financial assets of CMA are included under category of "receivables and employees imprest and other receivables".

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted 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 the surplus or deficit.

De-recognition

CMA derecognizes a financial asset or, where applicable, a part of a 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 all the risks and rewards of the asset substantially; 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 have occurred after the initial recognition of the asset (an incurred '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 difficulty.
- Default or delinquency in interest or principal payments.
- The probability that debtors will enter into 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 initially 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 a collective assessment of impairment.

If there is 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 by 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 increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or decreased 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, are added directly to transaction costs. The CMA's financial liabilities include payables from the 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 rate 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.

De-recognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. 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 a de-recognition of the original liability and the recognition of a 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 currently 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.

Financial instruments at fair value

The CMA measures the fair values of financial assets and liabilities for purposes of recognition and / or disclosure. The CMA measures the fair value of a financial instrument using the reported price in an active market. If the market for the financial instrument is not active, the CMA determines the fair value using a valuation technique. The goal of using the valuation technique is to determine what the transaction price would have been at the date of measuring the exchange transaction between parties acting freely motivated by normal operating factors. Valuation techniques include the use of exchange transactions in the market between knowledgeable and willing parties who act freely - if any, using the current fair value of another largely identical instrument, discounted cash flow analysis, and option pricing models. The method of evaluation chosen depends on the maximum use of market inputs and the minimum possible inputs to the CMA. The valuation method takes into account all the factors that market participants should take into account when setting a price and is consistent with accepted economic methodologies for pricing financial instruments.

3.4 Property and equipment

Property and equipment are measured at cost less accumulated depreciation and accumulated impairment loss if any. Cost comprises of expenditure that is directly attributable to the acquisition of the assets. Depreciable property and equipment are depreciated by using the straight-line method.

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 them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the property 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 nominal consideration, the asset is measured at its fair value. Useful lives of assets depreciated are as follows:

	Years
Buildings	33,33
Decorations and improvements	5
Furniture and office equipment	5-10
Motor vehicles	4
Computers	3

The asset's residual value and its useful life are 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.

CMA derecognizes items of property and equipment or any significant part of assets upon disposal or when no future economic benefits or service potential is expected from its continuing use. Any gain or loss arising on the disposal of 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.

Projects in progress

Projects under construction is stated at cost less accumulated impairment loss if any. Cost is transferred to property and equipment when it is ready for their intended use, then the depreciation / amortization commences.

3.5 Intangible assets

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

	Years
Software	5

Intangible assets with a finite useful life are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortization year and the amortization method, for intangible assets with a finite useful life, are reviewed at least at the end of each reporting year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization year or method, as appropriate, and are treated as future changes in accounting estimates. The amortization expense on intangible assets with a finite life is recognized in 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 de-recognition 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.

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

CMA assesses at each reporting date whether there is an indication that a non-cash-generating asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, CMA estimates the asset’s recoverable amount which is equal to the asset’s fair value less costs of disposal or value in use, whichever is higher. To calculate the value in use, CMA follows the depreciation replacement cost approach.

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 may no longer exist or may have decreased. If such 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 exceeds 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.

3.7 Employees’ benefits

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 the management of CMA using the projected credit unit method. The present value of defined benefit obligations are identified through discounting the estimates 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 related obligation terms. CMA has used approximates rates for governmental bonds. The net interest cost is calculated through applying a discount rate on net balance of defined benefit obligations and is included in employees’ 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 changes in net assets in the year 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

Defined contribution plans

Pension and Social Security contributions are accounted for as payments for defined contribution plans and therefore are recognised as expenses when employees perform the services that give them the right to these contributions. These contributions are paid immediately, so they are measured at their undiscounted amounts.

Short-term employee benefits

This includes employee benefits that are expected to be fully settled within twelve months after the end of the financial statements year in which employees provide related services, and they include wages, salaries, and Risk and Social Security contributions in social insurance; paid annual leave and paid sick leave; and in-kind benefits (such as medical insurance, housing, and cars) for existing employees. When an employee provides a service to the CMA during the accounting year, the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service is recognised as (a) an obligation (accrued expense), after deducting any amount actually paid, and (b) an expense.

Employee benefits costs are recorded as expenses, unless a standard requires or permits to include such benefits in the cost of an asset.

3.8 Reserves

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 expenditure 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.

3.9 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 future liability, a 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

CMA's share of trading commissions is recorded based on the notifications which are received from the Saudi Stock Exchange Company ("Tadawul") Commissions for trading in the main market of stocks are the largest part of trading commission income and CMA's share from the trading commission is 3.2 basis points from the total value of the Trading transaction (0.2 is related to stock trading in the primary market about awareness program at Tadawul).

According to the Authority's Board resolution No. 1-41-2022, The points charged by the Authority for trading commissions have been redistributed to become (3) basis points from the value of the executed transaction, by canceling (0.2) related to the awareness program in the financial market, starting from the date of April 3, 2022.

It is worth noting that after changing the legal form of Saudi Tadawul Company to Saudi Tadawul Group Holding Company, there is no change in the contractual commitments between the two parties.

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 interest method. The effective return discounts the estimated future cash gains during the expected life of the financial asset to the net carrying amount of that asset. This method applied the return on the balance of the principal amount to identify revenue of deposit at each year.

3.10 Leases

Leases are classified as operating leases that do not transfer all the risks and benefits incidental to ownership of the leased item to CMA substantially. Operating lease payments are recognized as an operating expense on a straight-line basis over the lease term.

CMA has no arrangements for finance leases.

3.11 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 future economic benefits is remote.

3.12 Contingent assets

CMA does not recognize a contingent asset but discloses details of a contingent 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 of the year in which the change occurs.

3.13 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, Tadawul company and financial academy are regarded as related parties and comprise the board members of CMA..

3.14 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 to Saudi Riyals at the rate of exchange ruling at the statement of financial position date. Gains and losses resulting from foreign currency exchange are included in the statement of financial performance.

3.15 Provisions

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

Where the management of 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 virtually certain.

3.16 New standards and amendments issued but not yet effective

The following is a statement of the new International Public Sector Standards issued but not yet effective up to the date of issuance of the financial statements. The Authority intends to follow these standards when their effective date applies.

International Public Sector Accounting Standard Standard No. (41) “Financial Instruments”

The objective of this standard is to establish principles for financial reporting in relation to financial assets and financial liabilities. The standard defines the classification of financial assets according to the cash flow characteristics of the financial instrument and the entity’s business model, the subsequent measurement is carried out according to the following classification: a) financial assets at amortized cost b) financial assets at fair value through net assets c) financial assets at fair value through surplus or deficit.

Financial liabilities are classified either at amortized cost or at fair value through deficit or surplus.

The standard provides a new approach to calculating impairment for financial assets based on the estimation of expected credit losses using historical credit loss experience adjusted for general economic conditions and assessment of conditions at the reporting date including the time value of money where appropriate.

The standard is effective on or after January 1, 2023, with early adoption permitted. As at the date of approving these financial statements, the Authority has not applied the standard and does not expect a significant impact upon its application.

International Public Sector Accounting Standard No. (42) “Social Benefits”

The objective of this Standard is to improve the relevance, appropriate presentation, and comparability of information when reporting social benefits as defined in the Standard. This Standard does not apply to cash transfers that are accounted for in accordance with other Standards.

Under the Standard, an entity measures the liability for a social benefit scheme at the present value of the best estimate of the costs (ie, discounted social benefit payments) that the entity will incur in fulfilling the current liabilities represented by the liabilities .

The standard will be effective on January 1, 2023, with early adoption permitted. As of the date of approving these financial statements, the Authority has not applied the standard and does not expect a significant impact upon its application.

International Public Sector Accounting Standard No. (43) “Leases”

Standard No. (43) provides lessees with a single model for accounting for lease contracts. The lessee recognizes a right-of-use asset that represents its right to use the related asset in addition to a lease liability that represents its obligation to make lease payments. There are optional exemptions for short-term leases and leases of low-value assets. The accounting method adopted by the lessor remains similar to the current standard, i.e. lessors continue to classify leases into finance or operating leases.

The standard shall be applied on or after January 1, 2025, with early adoption permitted if the entity applies Standard 41. As of the date of approval of these financial statements, the Authority has not applied the standard.

International Public Sector Accounting Standard No. (44) “Non current assets held for sales and discontinued operations”

Public sector entities may plan to dispose of non-current assets that are no longer needed. These entities can consider different options on how to dispose of these assets, and the standard provides guidance on how to account for non-current assets when they are available for sale on commercial terms.

The standard shall be applied on or after January 1, 2025, with early application permitted. As at the date of approval of these financial statements, the Authority has not applied the standard and does not expect a significant impact upon its application.

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 amounts of income, expenses, assets and 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.

4.1 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.

Judgments related to projects in progress

The authority coordinates with the related parties to obtain an alternative building for the administrative headquarters of the authority, and in light of this it was one of the administration’s judgments to continue to prove the property with its book value in projects under implementation until final agreements are signed in this regard with the relevant parties.

Judgments related to cash and cash equivalents

The Authority has deposits with a maturity date of nine months, and the management believes that these deposits are easily convertible into cash and are not subject to changes in value. Accordingly, the Authority considered these deposits as cash equivalents.

Judgments related to Financial Academy

In light of Council of Ministers No. (538) dated 21 Shaaban 1441 AH corresponding to April 15, 2020 CE, approving the establishment of an academy in the name of the “Financial Academy” and in accordance with the second paragraph of the Academy’s organizational arrangements, which stipulates that the Academy has legal personality and financial and administrative independence.

Among the judgments of the authority’s management was to consider that the Financial Academy is an entity not under the authority’s control, since it does not have existing rights that give it the current ability to direct related activities that greatly affect the nature or amount of benefits accruing from its participation with the Academy.

The Authority’s management considers that the Financial Academy is a related party, as it is organizationally linked to the Chairman of the Board of Directors of the Capital Market Authority, as well as the fact that the Chairman of the Board of Directors of the authority is the Chairman of the Board of Trustees of the Academy.

4.2 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. The 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 beyond the control of the CMA. Such changes are reflected in the assumptions when they occur.

Estimates related to 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 and non-cash generating assets

CMA reviews and tests the carrying value of non-cash generating assets when events or changes in circumstances indicate that there may be an impairment in the future service potential that can reasonably be expected from the asset. Where indicators of possible impairment are present, the 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 of 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.

Estimates related to provisions

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

Estimates relating to assumptions measure employee defined benefit obligation

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

CMA performs the actuarial valuation annually and assumptions are reviewed at each reporting date.

Estimates related to the impairment of trade receivables and employees imprest

CMA assesses employees' imprest and trade receivables from the exchange and non-exchange transactions at the end of each reporting year. 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 employee's imprest and receivables.

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

5. CASH AND CASH EQUIVALENTS

	As at	
	31 December 2022	31 December 2021
Time deposits (5-a)	2,914,000,000	3,061,000,000
Cash at bank (Current accounts)	2,035,384	3,841,615
	2,916,035,384	3,064,841,615

(5-a) Time deposits represent the value of deposits with local banks that can be redeemed without restrictions or cost and at different interest rates.

As at 31 December 2022, the statement of financial performance has been charged with a total deposit return amounted to SR 75.6 million . (31 December 2021: SR 23.4 million).

6. RECEIVABLES

(6-a) Receivables from exchange transactions	As at	
	31 December 2022	31 December 2021
Accounts receivables	118,975	635,492
Financial Academy (note 19)	1,918,163	2,508,222
	2,037,138	3,143,714

CAPITAL MARKET AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

(The amount is in Saudi Riyals, unless otherwise indicated)

(6-b) Receivable from non-exchange transactions	As at	
	31 December 2022	31 December 2021
Saudi Tadawul Group Holding Company (Tadawul) (Note 19)	17,379,043	20,284,556
CMA's customers	757,336	537,920
	18,136,379	20,822,476

7. ADVANCE PAYMENTS AND OTHER CURRENT ASSETS

	As at	
	31 December 2022	31 December 2021
Prepaid expenses	27,287,281	48,907,364
Accrued deposits revenues	20,385,036	5,070,144
Advances to suppliers	155,250	-
Employees imprest	1,933,674	1,771,957
	49,761,241	55,749,465

CAPITAL MARKET AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2022
(The amount is in Saudi Riyals, unless otherwise indicated)

8. PROPERTY AND EQUIPMENT

	Lands	Buildings	Decorations and improvements	Furniture and office equipment	Motor vehicles	Computers	Total for the year ended 31 December 2022	Total for the year ended in 31 December 2021
Cost								
As at 1 January 2022	114,700,000	132,300,020	86,829,227	77,818,081	1,080,000	51,183,866	463,911,194	460,719,976
Additions	-	-	299,712	1,045,389	345,000	5,667,934	7,358,035	2,455,955
Transfer from projects in progress	-	-	-	-	-	-	-	4,813,920
Disposals	-	-	-	-	-	(3,035)	(3,035)	(4,078,657)
As at 31 December 2022	114,700,000	132,300,020	87,128,939	78,863,470	1,425,000	56,848,765	471,266,194	463,911,194
Accumulated Depreciation								
As at 1 January 2022	-	39,359,256	76,982,709	65,993,977	931,245	45,510,218	228,777,405	210,325,510
Depreciation	-	3,969,000	6,528,672	4,768,776	134,687	3,721,213	19,122,348	22,493,015
Disposals	-	-	-	-	-	(1,486)	(1,486)	(4,041,120)
As at 31 December 2022	-	43,328,256	83,511,381	70,762,753	1,065,932	49,229,945	247,898,267	228,777,405
Net book value								
As at 31 December 2022	114,700,000	88,971,764	3,617,558	8,100,717	359,068	7,618,820	223,367,927	
As at 31 December 2021	114,700,000	92,940,764	9,846,518	11,824,104	148,755	5,673,648	235,133,789	235,133,789

CAPITAL MARKET AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2022
(The amount is in Saudi Riyals, unless otherwise indicated)

9. PROJECTS IN PROGRESS

	Balance as at 1 January 2022	Additions	Transferred to intangible assets	Balance as at 31 December 2022
CMA's headquarter at Financial District (9-a)	1,690,626,849	-	-	1,690,626,849
Computer hardware and software and other fixtures	5,227,370	13,316,857	(4,883,099)	13,661,128
	1,695,854,219	13,316,857	(4,883,099)	1,704,287,977

(9-a) Projects in progress include building costs for the CMA's headquarter at King Abdullah Financial District in Riyadh. The Authority coordinates with the relevant parties regarding obtaining an alternative building, and until the date of the financial statements, there has not been a final agreement on this.

10. INTANGIBLE ASSETS

	For the year ended in	
	31 December 2022	31 December 2021
Cost		
The balance at the beginning of the year	62,024,075	59,382,896
Additions	3,780,830	621,943
Transferred from projects in progress	4,883,099	2,019,236
The balance at the end of the year	70,688,004	62,024,075
Amortization		
The balance at the beginning of the year	49,527,095	43,346,845
Charge during the year	6,243,408	6,180,250
The balance at the end of the year	55,770,503	49,527,095
Net book value	14,917,501	12,496,980

CAPITAL MARKET AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2022
(The amount is in Saudi Riyals, unless otherwise indicated)

11. ACCOUNTS PAYABLE

	As at	
	31 December 2022	31 December 2021
Services suppliers	1,859,891	8,797,358
Others	1,553,107	358,661
	3,412,998	9,156,019

12. ACCRUALS AND OTHER CURRENT LIABILITIES

	As at	
	31 December 2022	31 December 2021
Employees' accruals	87,525,885	82,140,866
Accrued expenses	24,882,713	17,879,445
Financial Academy accruals	-	1,131,109
Others	2,843,426	975,256
	115,252,024	102,126,676

13. END OF SERVICE BENEFITS PROVISION

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

	31 December 2022	31 December 2021
Discount rate	5.36%	2.85%
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:

	For the year ended in	
	31 December 2022	31 December 2021
At the beginning of the year	459,552,815	394,734,336
Charged to the statement of financial performance	45,940,773	51,712,423
Paid during the year	(16,906,671)	(20,003,654)
(Gain) / losses from actuarial valuation	(105,071,884)	33,109,710
At the end of the year	383,515,033	459,552,815

The following is a sensitivity analysis of actuarial assumptions:

	Provision as at 31 December 2022	Change %
Basic assumptions	383,515,034	0.0%
Discount rate basis +0.5%	365,268,364	(4.8%)
Discount rate basis – 0.5%	403,202,152	5.1%
The basis of the salary increase rate + 0.5%	402,127,359	4.9%
The basis of the salary increase rate – 0.5%	366,081,219	(4.5%)
The employee turnover rate 110%	383,166,708	(0.1%)
The employee turnover rate 90%	383,840,958	0.1%

	Provision as at 31 December 2021	Change %
Basic assumptions	459,552,815	-
Discount rate basis +0.5%	433,820,782	(5.6%)
Discount rate basis – 0.5%	487,565,965	6.1%
The basis of the salary increase rate + 0.5%	485,564,225	5.7%
The basis of the salary increase rate – 0.5%	435,352,432	(5.3%)
The employee turnover rate 110%	453,941,623	(1.2%)
The employee turnover rate 90%	465,401,599	1.3%

The below table shows the projections of undiscounted liabilities for employees' end of service benefits for a period of five years based on assumptions and employee data used in calculating liabilities as of December 31, 2022:

Returns expected to be paid during the year	Amount
The year ending December 31, 2023	29,704,923
The year ending December 31, 2024	41,457,961
The year ending December 31, 2025	35,059,731
The year ending December 31, 2026	38,338,686
The year ending December 31, 2027	41,898,029

The Authority conducts the actuarial valuation of employee benefits at the end of each financial year.

14. RESERVES

Article 14 of the Capital Market Law stipulates that the surplus resources collected by the Authority shall be transferred to the Ministry of Finance after the creation of reserves, which are:

Expenditure reserve equivalent to all current and capital expenditures, i.e. the Authority's budget for the next year, and as on December 31, 2022 G, it amounted to 1,134,485,372 Saudi riyals (2021: 896,822,150 Saudi riyals).

General reserve equivalent to twice the total expenditures of the Authority shown in its previous annual budget, and as of December 31, 2022 G, it amounted to 1,558,255,284 Saudi riyals (2021: 1,469,075,664 Saudi riyals).

The reserves shown previously are formed as a deduction from the cash surplus, which equals the cash balance at the end of the year, and thus the movement in the cash surplus is as follows:

	Year 2022	Year 2021
Cash surplus before reserves are created	2,916,035,384	3,064,841,615
less		
Expenditure reserve	(1,134,485,372)	(896,822,150)
General reserve	(1,558,255,284)	(1,469,075,664)
Cash surplus balance	223,294,728	698,943,801

The Authority records the cash surplus in the net assets of the Authority. During the year 2022 G, the Authority transferred an amount of 698,943,801 Saudi riyals to the Ministry of Finance (2021: 839,372,486 Saudi riyals) from the cash reserve.

15. EXCHANGE AND NON-EXCHANGE REVENUES

All CMA's revenues are non-exchange revenues except for CMA services ,activities and deposits returns. Distribution of exchange and non-exchange revenues is as follows:

	For the year ended in 31 December 2022			For the year ended in 31 December 2021		
	Exchange	Non-exchange	Total	Exchange	Non-exchange	Total
Stock trading commissions	-	1,052,568,017	1,052,568,017	-	1,436,159,183	1,436,159,183
The CMA services and activities	5,281,875	158,798,952	164,080,827	4,703,750	129,840,309	134,544,059
Violations of Capital Market law and its implementing regulations	-	48,010,133	48,010,133	-	52,610,940	52,610,940
Deposits returns	75,588,572	-	75,588,572	23,435,279	-	23,435,279
	80,870,447	1,259,377,102	1,340,247,549	28,139,029	1,618,610,432	1,646,749,461

16. EMPLOYEES' SALARIES AND BENEFITS

	For the year ended in	
	31 December 2022	31 December 2021
Salaries	223,371,680	201,777,918
Employees' allowances	118,017,965	124,700,878
Employees' bonus	70,767,056	56,841,553
End of service benefits	45,940,774	51,712,423
Medical insurance	39,543,871	35,537,076
CMA's share in saving program	29,172,589	26,303,568
Social insurance	28,524,513	26,116,078
Business trips and conferences	1,630,860	218,426
Others	9,061,761	7,996,767
	566,031,069	531,204,687

CAPITAL MARKET AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2022
(The amount is in Saudi Riyals, unless otherwise indicated)

17. GENERAL AND ADMINISTRATIVE EXPENSES

	For the year ended in	
	31 December 2022	31 December 2021
Subscriptions	34,314,531	29,974,420
Media and public relations	30,380,998	20,838,437
Expenses of awareness program in capital market*	22,888,837	28,245,404
Maintenance	21,425,072	25,885,087
Utilities	16,380,127	17,977,257
Committees members fees	11,891,917	9,963,154
Rentals	11,080,693	12,391,453
Graduates development program	8,679,868	7,330,718
Operational contracts expenses	2,165,344	2,029,233
Others	1,554,914	988,543
	160,762,301	155,623,706

*The item of awareness program expense includes on December 31, 2022 an amount of 12.8 million Saudi riyals (December 31, 2021, an amount of 16.5 million Saudi riyals), which is endured by the Capital Market Authority from the approved budget deficit for the Financial Academy in accordance with Council of Ministers Resolution No. (538).

18. COMMITMENTS

Capital commitments

The capital commitments as of 31 December 2022 amounted to SR 18,3 million (31 December 2021: amounted to SR 4.4 million), with the total value of related contracts amounting to SR 32,7 million (31 December 2021: SR 15.97 million), while the used portion amounted to SR 14.38 million (31 December 2021: SR 11.54 million).

CAPITAL MARKET AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2022
(The amount is in Saudi Riyals, unless otherwise indicated)

Operating lease commitments

CMA as a lessee

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

	As at	
	31 December 2022	31 December 2021
Within 1 year	1,403,729	1,255,940
More than 1 year, but not more than 5 years	105,954	1,042,521
	1,509,683	2,298,461

19. RELATED PARTY DISCLOSURES

19.1 Due from a related party

Name of the related party	Nature of relation	Balance as at	
		31 December 2022	31 December 2021
Saudi Tadawul Group Holding Company (Tadawul) (Note 6-b)	Supervisory and regulatory relationship	17,379,043	20,284,556
The Financial Academy (Note 6-a)	Regulatory relationship	1,918,163	2,508,222

19.2 Transactions made with the related party

Name of a related party	Nature of transaction	Transaction values for the year ended in	
		31 December 2022	31 December 2021
Saudi Tadawul Group Holding Company (Tadawul)	CMA's revenues through stock trading	1,174,568,017	1,537,159,183
	Proceeds from Tadawul	1,177,473,530	1,547,637,395
	Revenues	9,127,973	10,194,426
The Financial Academy	Proceeds from the academy	9,718,032	9,069,421
	Academy budget support	12,796,095	16,499,555

The balance due from Saudi Tadawul Group Holding Company (Tadawul) represents mainly the uncollected amount that CMA charges for services related to the Saudi Stock Exchange up to the date of the statement of financial position. As fees requests, commissions for trading shares and other securities are issued, and collected by Saudi Tadawul Group Holding Company (Tadawul) on behalf of CMA, in addition to the annual fee for services provided by CMA related to the Saudi Stock Exchange.

In accordance with the CMA's Law and in order to apply Article 22, Saudi Tadawul Group Holding Company (Tadawul) is subject to the supervision of CMA in addition to the regulation relationship that represents the following:

- The regulations and rules of Tadawul, Edaa center, and Muqassa center - each as relates to it specifically are identified, in addition to the membership conditions and requirements of each.
- Tadawul, Edaa and Muqassa - each as relates to it specifically - shall present the names of the candidates for the membership of their boards of directors to CMA's Board to obtain its approval of their nomination before the shareholders' General Assembly elects them.
- The regulations and instructions approved by CMA's board determine the procedures related to holding meetings of boards of directors of Tadawul, Edaa, and Muqassa, the way of taking decisions therein, the conduct of their business plans, the powers and tasks entrusted to each of the board of directors and the executive director, and other related administrative and financial matters.

During 2021, the Saudi Tadawul Company decided to complete the reorganizing of its structure, which led to the company becoming a holding company in the name of Saudi Tadawul Group Holding Company and owning four of the main subsidiaries. The activities of the Authority related to the Saudi Tadawul Group Holding Company, whether related to trading commissions or others, are valid without modification and no change has occurred.

19.3 Key management personnel remunerations at CMA

	For the year ended in	
	31 December 2022	31 December 2021
Short-term key management personnel benefits	8,385,775	8,138,984
End of service benefits	604,767	592,079
	8,990,542	8,731,063

The number of key management of the authority during the year was 5 employees (2021 G: 5 employees), all of them are working full time.

20. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments comprise cash and cash equivalents, accounts receivable, other current assets, accounts payable and other current liabilities. To assess their fair value, it has assumed that they equal 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 assumption 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 or the most advantageous market must be accessible to the Authority.

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.

The fair value measurement of non-financial assets takes into account the ability of market participants to achieve economic benefits through the best and maximum use of the asset or selling it to other market participants who use the asset in the best and maximum way.

CMA uses appropriate valuation methods according to the circumstances, and there are sufficient data on it to measure fair value, increase the use of observable inputs, and reduce the use of unobservable inputs.

All assets and liabilities that are measured at fair value or disclosed in the financial statements are categorized within the hierarchy of fair value levels mentioned below and based on the lowest level inputs that are 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 year.

CAPITAL MARKET AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2022
(The amount is in Saudi Riyals, unless otherwise indicated)

For the purpose of fair value disclosures, CMA has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

	As at 31 December 2022	As at 31 December 2021
Classification of financial instruments		
Financial assets at amortized cost		
Cash and cash equivalents	2,916,035,384	3,064,841,615
Receivables from exchange transactions	2,037,138	3,143,714
Receivables from non-exchange transactions	18,136,379	20,822,476
Employees imprest	40,855,607	36,594,847
	2,977,064,508	3,125,402,652
Financial liabilities at amortized cost		
Accounts payable	3,412,998	9,156,019
	3,412,998	9,156,019

The fair value of the financial assets and liabilities approximates their carrying value.

Risks

CMA is exposed to the following risks as a result of its use of financial instruments:

Interest rate risk

Financial instruments are exposed to the risk of changes in value as a result of changes in interest rates for variable interest rate financial assets and liabilities.

CAPITAL MARKET AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2022
(The amount is in Saudi Riyals, unless otherwise indicated)

A 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 other variables, remain constant.

	Increase /(decrease) in basis points	Effect of increase/ (decrease) on the statement of financial performance
31 December 2022		
Cash and cash equivalents	100+	29,493,056
	100-	(29,493,056)
Employees imprest	100+	(845,169)
	100-	876,363
31 December 2021		
Cash and cash equivalents	100+	29,507,139
	100-	(29,507,139)
Employees imprest	100+	(802,324)
	100-	833,405

Foreign currency exchange risk

Currency risk represents the risk arising from the fluctuation of a financial instrument as a result of the change in foreign exchange rates. Since the Saudi riyal exchange rate is fixed against the US dollar, there are no significant foreign exchange risks. The Authority's management monitors currency exchange rates and believes that the foreign exchange risk is insignificant.

Liquidity risk

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 includes ensuring as possible from the availability of sufficient funds to meet its commitments as they fall due.

CMA does not have financial dues that exceed one year.

Credit Risk

Credit risk is the risk that one party to a financial instrument or customer contract will fail to discharge an obligation and cause the other party to incur a financial loss. For the financial assets classified in "loans and receivables" categories, the maximum exposure to credit risk is the carrying amounts of financial assets.

Credit quality for financial assets

Saudi Tadawul Group Holding Company represents the trade of the largest customer for CMA, and the balance due as of 31 December 2022 amounted to SR 17.4 million (31 December 2021: SR 20.3 million) recorded in the trade receivables.

As at 31 December 2022, the ageing analysis of trade receivables from exchange transactions was as follows:

	As at	
	31 December 2022	31 December 2021
Neither past due nor impaired less than 30 days	715,354	1,924,447
Past due from 31 - 90 days	1,321,784	1,219,267
	2,037,138	3,143,714

As at 31 December 2022 the ageing analysis of trade receivables from non-exchange transactions was as follows:

	As at	
	31 December 2022	31 December 2021
Neither past due nor impaired less than 30 days	16,913,086	19,449,128
Past due above 90 days	1,223,293	1,373,348
	18,136,379	20,822,476

Management believes that the unimpaired amounts that are past due by more than 30 days are still collectable 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 of SR 2.92 billion at 31 December 2022 (31 December 2021: SR 3.06 billion) with banks having a sound credit rating.

21. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements have been approved by the Board of Directors of the CMA on 04/09/1444H, corresponding to 26/03/2023.

06

Chapter Six: Statistical Appendix to the Annual Report

Available on Capital Market Authority's Website:
www.cma.org.sa



Conclusion

This report presents an overview of the accomplishments and activities of the Capital Market Authority in the year of 2022. The Saudi Capital Market witnessed achievements across various sectors, and this report delves into them. It highlights the adoption of several new regulations and the amendment of seven existing regulations, along with the initiation of work on three new executive regulations. The regulatory and developmental efforts of the Authority had a significant impact on the Saudi Capital Market and its participants, benefiting both issuers and investors in the process. This was reflected in the increased number of offerings in both the main and parallel markets, totaling 50 offerings in 2022. Additionally, Foreign Investment Ownership soared to an unprecedented level, reaching a value of 347 billion Saudi Riyals by the end of 2022. Furthermore, a notable milestone was achieved in the main market with the simultaneous dual listing of a foreign company on both the Saudi Capital Market and the Abu Dhabi Securities Exchange.

The Capital Market in Saudi Arabia played a pivotal role in driving these advancements. The issuance of sukuk and debt instruments witnessed steady growth, contributing to approximately 32% of the overall GDP. Furthermore, the launch of four direct financing investment funds marked a significant milestone in 2022. The market also witnessed remarkable progress in digital and technological innovations, with a total of 29 permits currently granted for financial technology products, further enhancing the market's efficiency and accessibility.

In line with its core mission of safeguarding investors, the Authority diligently pursued its objectives by enforcing market regulations, raising public awareness, promoting financial literacy, and effectively resolving complaints.

Looking ahead, the Capital Market Authority aims to continue its collaborative efforts with all stakeholders in the capital market and financial sector to achieve its strategic objectives. The Authority will focus on supporting alternative financing channels through diverse financial products in the Saudi Capital Market, further enhancing the market's growth and development.



هيئة السوق المالية
Capital Market Authority



f t i y Saudi CMA
cma.org.sa