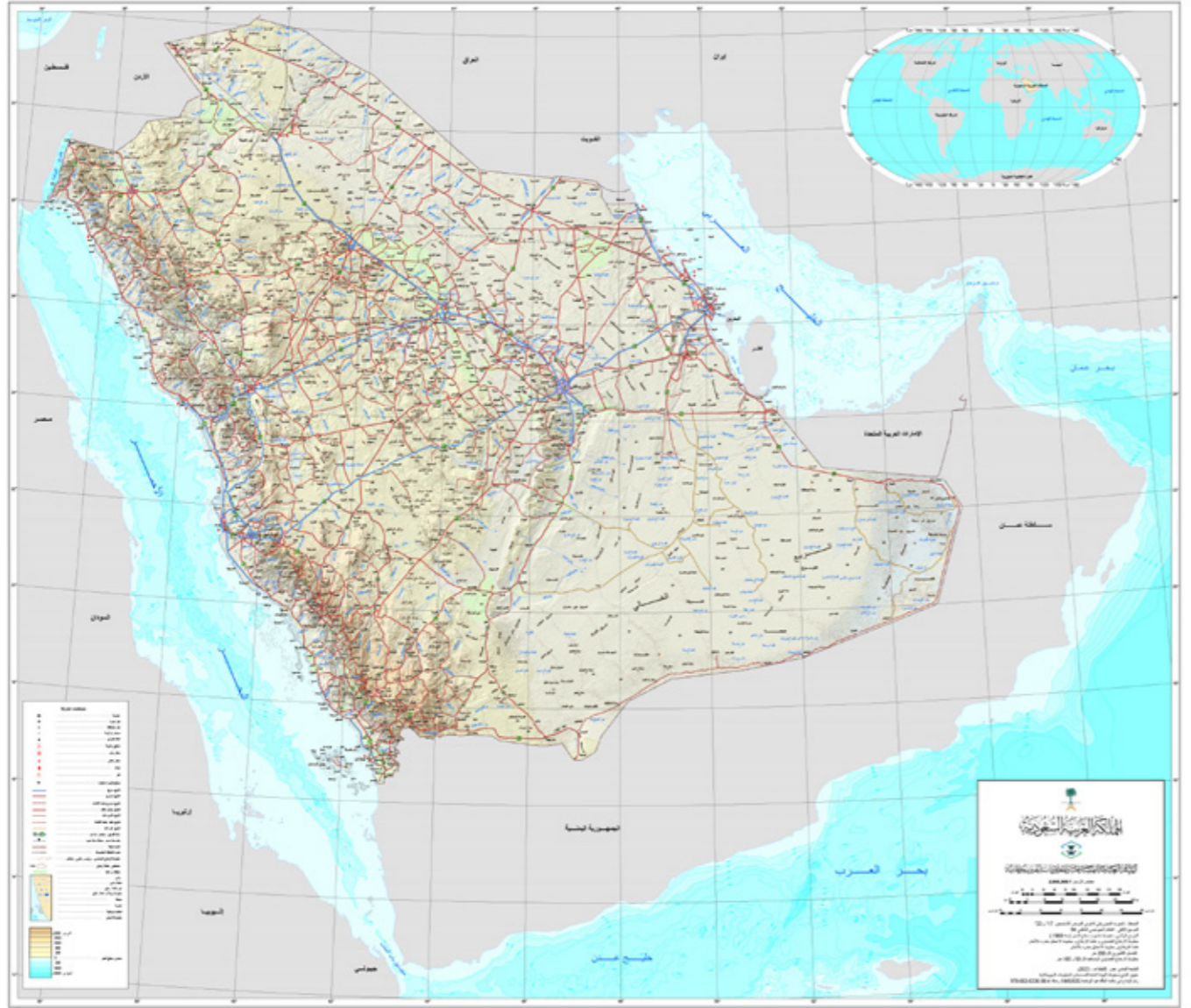




ANNUAL REPORT

1444 - 1445 H (2023)



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

The Capital Market Authority Board of Directors

Royal Order No. 53597 dated 6/8/1444H was issued to Restructure the CMA Board as follows:



His Excellency
Mohammed Bin Abdullah El-Kuwaiz*
Chairman

* 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.



Mr.
Youssef Bin Hamad Al-Blihidi
Vice Chairman



Mr.
Khaled Bin Abdulaziz Al-Homoud
Member



Dr.
Walid Mohammed Al-Issa
Member



Mr.
Abdulaziz Bin Abdul Mohsen Bin Hassan
Member

The Capital Market Authority Board of Directors

His Excellency
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
Chairman, Sukuk and Debt Instruments Development Committee
Member, Financial Sector Development Program, Supervisory Committee, Council of Economic and Development Affairs (CEDA)
Member, National Financial Stability Committee
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, The 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

Mr. Youssef Bin Hamad Al-Blih

Vice Chairman, CMA Baord



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 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

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)	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

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

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, Riyadh 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.

1. *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 1444-1445 H - 2022.



Chairman's Message

The Capital Market Authority (CMA) continues its relentless efforts to fulfill its role, which complements those of its partners, to realize the Saudi Vision 2030 objectives under the Financial Sector Development Program. The CMA embraces the important and significant role it plays as a regulatory, supervisory and developmental authority, which enhances the Saudi Capital Market's growth and ability to face challenges.

Mindful of the above, I am honored to present the CMA Annual Report 2023 (1444-1445 H), which encompasses the CMA's most outstanding regulatory, supervisory and development achievements in 2023.

The year 2023 marked the completion of CMA's strategic plan 2021 – 2023, and the announcement of the development of a new strategic plan, which will be published after approval by the CMA Board. The new plan is inspired by the entirety of the Saudi Vision 2030, as well as its strategic objectives. 2023 was a year of achievements we take pride in. The CMA Board approved the Implementing Regulation of the Companies Law for Listed Joint Stock Companies, to enhance governance in the capital market. The Board also approved the Rules for Foreign Investment in Securities in order to stimulate investment, increase the attractiveness of the capital market, and promote regional and international competitiveness. In addition, the Council of Ministers approved the Real Estate Contributions Law, the result of joint efforts of both the CMA and the Real Estate General Authority. The law is an important step towards the development of real estate investment in the Kingdom through increasing investments and funding channels, along with real estate investment Funds.

As part of the continuing efforts to enhance the strength of the capital market, the main and parallel markets saw 43 listings in 2023. The total proceeds for 36 IPO reached SAR12.3 billion, with 29 companies listed in the parallel market.

The total value of initial public offering, private placement, right issues amounted to SAR 19.8 billion. Furthermore, 2023 broke records in Sukuk and debt instruments, as the total amount resulting from their offerings reached SAR 29.95 billion. The number of trading transactions executed in 2023 significantly increased to 40.6 thousand, compared to 5.8 thousand transactions transactions in 2022. The total value of issuance of listed Sukuk and debt instruments increased by 4.7%, amounting to SAR 549.8 billion. CMA approved the public offering of 29 investment funds, including 9 Equity Funds, 9 Endowments (Waqf) Funds, 3 Money Market Funds, 3 Multi-Asset Funds, 2 Real-Estate Investment Funds (REIT), 2 Sukuk and debt instrument Funds, and 1 Exchange-Traded Fund (ETF). The number of subscribers to public and private investment Funds, thus, reached 1,172,865, reflecting the growing role of investment Funds in increasing savings and investments. In terms of alternative investments, by the end of 2023, the asset value of Venture Capital Funds grew by 71.9%, compared to 2022, reaching SAR 2.5 billion.

Aiming to emphasize its important role in protecting investors and market participants, the CMA was keen to complete investigation procedures related to capital market violations in 2023. CMA adjudicated 146

cases and enforced 176 sanction decisions against violators of the Capital Market Law and its Implementing Regulations. In 2023, the total value of compensations awarded by the peremptory decisions of Committee for the Resolution of Securities Disputes (CRSD) and Appeal Committee for the Resolution of Securities Disputes (ACRSD) on civil claims (private right) amounted to SAR 245.3 million, and 579 investors receiving compensation. The amount of compensation offered exceeded that of fines issued by virtue of peremptory decisions, which reflects the increasing role of the capital market, not only in increasing savings and investments but also in protecting investors.

CMA's strategic initiatives reflected positively on the investment environment of the capital market institutions entering the market, bringing the number of licensed capital market institutions to 163 by the end of 2023. In fact, CMA issued 25 new licensing decisions for a number of institutions. Capital market institution revenues also increased by 11% compared to 2022, amounting to SAR 13.5 billion, with a profit of SAR 6.3 billion, marking a 4% increase from last year.

The Kingdom's efforts culminated in the progress it achieved, as it was ranked third among the G20 countries in the competitiveness indicators, as per the IMD World Competitiveness Yearbook 2023, achieving a 7-rank upgrade to the previous year. In terms of capital market indicators, the Kingdom of Saudi Arabia ranked first in the Board of Directors Index (effectiveness of Board in overseeing company management), second in

the Capital Market Access Index (easy access to foreign and local capital markets), Stock Market Capitalization Index (Percentage of GDP), Shareholder Rights Index (shareholder rights are adequately applied), Venture Capital Index (readily available for venture capital to businesses), third in the Capital Market Index (percentage change in the index), and fifth in the Stock Market Index (providing financing for companies) among G20 countries.

As a result of its continued excellence in providing a work environment that attracts talents, CMA was ranked first as the Best Public Sector Work Environment in 2023, which is proof that it applies the best standards and practices that, in turn, improve the work environment and employee productivity.

In conclusion, I want to extend my deepest thanks and gratitude to the Custodian of the Two Holy Mosques and the Crown Prince for their continuous support and empowerment, in favor of development, growth, and stability in the capital market. I also thank everyone who contributed to CMA's success, most notably the members of CMA's Board, the executive body, CMA employees, capital market institutions, and all partners in the financial sector.

Mohammed Bin Abdullah El-Kuwaiz

Chairman, CMA Board

Definitions

CMA	The Capital Market Authority
The Board	The board of the Capital Market Authority
The Chairman	Chairman of the CMA Board
CML	The Capital Market Law issued by Royal Decree No. M/30 dated 2/6/1424H
Implementing Regulations	Any regulations, rules, instructions, procedures or orders issued by CMA to implement the provisions of the CML
Competent Party	CMA Board/ Chairman
Exchange	The Primary Exchange or Alternative Trading System including where the context permits any committee, sub-committee, employee, officer, affiliate or agent to whom any function of the Exchange may for the time being be delegated, and "on Exchange" means any activity taking place through or by the facilities provided by the Exchange.
Basic Market	A market licensed to operate in the exchange of securities in the Kingdom.
Main Market	The market of Exchange where securities, that have been registered and offered pursuant to Part 4 of the Rules on the Offer of Securities and Continuing Obligations, are traded.
Parallel Market	the market of Exchange where shares, that have been registered and offered pursuant to Part 8 of the Rules on the Offer of Securities and Continuing Obligations, are traded.
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.
Application for listing	Means in the Rules on the Offer of Securities and Continuing Obligations, any application submitted to the Exchange to list securities of any type.
Listing	Listing securities on the Exchange either on the Main Market or on the Parallel Market, or, where the context permits, the application for listing.
Registration and Offer	The registration of securities with the CMA, or where the context permits, the application to the CMA for registration and offer of securities.
Registration	The registration of shares with the CMA or, where the context permits, submitting an application for the registration of shares for direct listing on 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.
Merger	A transaction, however its nature, involving an offeree company listed in the market and resulting in any of the following: 1) The absorption of that offeree company by another company listed in the market. 2) The absorption of that offeree company by a company that is not listed in the market. 3) Formation of a new legal entity by merging two companies or more (including the Offeree Company).
Private Placement Notification	The notification required to be made to the Authority under subparagraph (2) of paragraph (a) of Article 10 of the Rules on the Offer on the Offer of Securities and Continuing Obligations. For the purpose of the Investment fund regulations, means the notification required to be made to the Authority under subparagraphs (1,2 and 3) of paragraph (a) of Article 81 of the Investment Fund Regulations in relation to private Funds or under subparagraphs (1,2 and 3) of paragraph (a) of article (99) of the Investment Fund Regulation in relation to foreign Funds

Investment Fund	A collective investment scheme aimed at providing investors therein with an opportunity to participate collectively in the profits of the scheme which is managed by a fund manager for specified fees.
Real-Estate Investment Fund	A collective investment scheme aimed at providing investors therein with an opportunity to participate collectively in the profits of the scheme which is managed by a fund manager for specified fees.
Real Estate Investment Traded Fund (REIT)	A real estate investment fund, the units of which are traded on the Main Market or the Parallel Market, and whose primary investment objective is to invest in constructionally developed real estates, able to generate periodic and rental income, and distribute a specified percentage of the fund's net profit in cash to the unitholders in such fund during its operation period, at least annually.
Unit Owner	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	Means an entity established and licensed under the Rules for Special Purposes Entities.
Prospectus	The document required to offer securities in the Main Market or in the Parallel Market in accordance with the Capital Market Law and the Rules on the Offer of Securities and Continuing Obligations.
Registrable Functions	Any of the functions that the Authority specifies must be performed by a person registered with CMA.
Authorized Credit Rating Agency	A legal person which is incorporated, and authorised, in the Kingdom to carry out rating activities in accordance with the Credit Rating Agencies Regulations or an authorised foreign credit rating agency.
Executive Member	means in the Capital Market Institutions Regulations, a member of the board of directors who is full-time in the executive management of the Capital Market Institution and participates in its daily activities.
Independent Member	means in the Capital Market Institutions Regulations, a non-executive member of the board of directors who enjoys full independence in his position and decisions, and none of the negation of independence issues stipulated in paragraph (c) of Article 53 of the Capital Market Institutions Regulations, applies to him. 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	means in the Capital Market Institutions Regulations, a member of the board of directors who is not full-time managing the Capital Market Institution and does not participate in its daily activities.
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 (FinTech) Products	Innovative fintech products, services and business models.
Financial Technology Experimental Permit (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.
Securities Crowdfunding	Using a specialized (securities crowdfunding) platform to offer securities to subscribers, through a capital market institution licensed to carry out the necessary arrangements.

Executive Summary:

The CMA Annual Report 1444-1445H (2023) reviews CMA’s most important works and activities in 2023, including the Board’s approval of the Rules for Foreign Investment in Securities and the Implementing Regulation of the Companies Law for Listed Joint Stock Companies, the Council of Minister’s approval of the Real Estate Contributions Law, the launch of the “Makken” program in cooperation with the Saudi Central Bank to support FinTech startups, and the increase in the number of listings to exceed 40 in 2023.

CMA invested great efforts in developing the Sukuk and debt instruments market, which constitutes one of the main financing channels in the Kingdom. Multiple positive developments were achieved in this regard, such as the approval of the debt instruments market development strategy, which includes more than 35 strategic initiatives planned for 2023-2025. In addition, CMA canceled, as of May 2023, its share of commissions in Sukuk and bonds trading, in order to stimulate the activities of liquidity and debt instruments secondary market. CMA also began accepting applications for authorizations and licenses to carry out Securities Exchange activities as an Alternative Trading System (ATS) in the Kingdom.

With regards to deepening the capital market, offerings and listings in the main and parallel markets continued with great momentum in 2023. A part of 36 companies’ shares were placed for public offering in the main and parallel markets, with a total value of SAR 12.3 billion, as well as 39 private offerings with a value of approximately SAR 4 billion. Moreover, 6 offerings for rights of priority shares were completed.

The year of 2023 witnessed, as well, for the first time, the offering of shares with the suspension of preemptive rights – a mechanism approved in 2022 as an additional financing option for companies. As such, the total value of offerings in the Saudi capital market reached SAR 19.8 billion. In this context, 6 companies’ shares were registered for the purpose of direct listing in the parallel market.

Pursuant to its responsibilities in regulating the capital market, CMA adopted in 2023 the Rules for Foreign Investment in Securities and amended four relevant implementing regulations and instructions.

35+

strategic initiatives between 2023 and 2025

SAR 12.3 billion

value of 36 companies’ shares offered for public offering in the main and parallel markets

SAR 19.8 billion

total value of offerings in the Saudi capital market

Emphasizing its key role in protecting investors and traders in the market, CMA was keen on finalizing all necessary procedures related to adjudication of on violations of the laws and regulations that fall under CMA jurisdiction. In 2023, CMA finalized the procedures for 146 out of 162 cases submitted throughout the year and adjudicated 5,056 out of 7,025 complaints received via the official complaint channels. The total value of compensations awarded by peremptory decisions of CRSD and ACRSD on penal and civil claims (private right) amounted to SAR 245.3 million, and 579 people or entities received compensation in 2023.

Based on its supervisory and developmental role in the capital market, CMA issued 25 decisions granting licenses to new capital market institutions. In addition, CMA continued, authorizing FinTech companies in the Kingdom. In 2023, CMA authorized four financial technology experimental models, including the first AI consulting model. A total of 38 FinTech permits were issued, by 2023.

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 200 press releases and announcements on its website. It also launched more than 80 communication campaigns in 2023. CMA organized 164 institutional meetings with capital

market stakeholders to discuss specific topics that could develop the capital market and hear the views, development methods, and challenges that could be developed.

CMA continued to strengthen its relationships with partners and local, regional, and international counterparts and topped the results of capital market indicators in the World Competitiveness Yearbook in 2023. 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. More than 60 research proposals were received in 2023, of which 5 proposals were accepted. 12 researchers contributed to the accepted proposals, representing 5 local and international universities.

SAR 245 million

value of compensations awarded by peremptory decisions of CRSD and ACRSD on penal and civil claims

38 permits

issued for FinTech experimental models by 2023

Executive Summary:



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CMA Overview

CMA Establishment

CMA Main Functions

Parties Supervised by CMA

CMA Organizational Structure

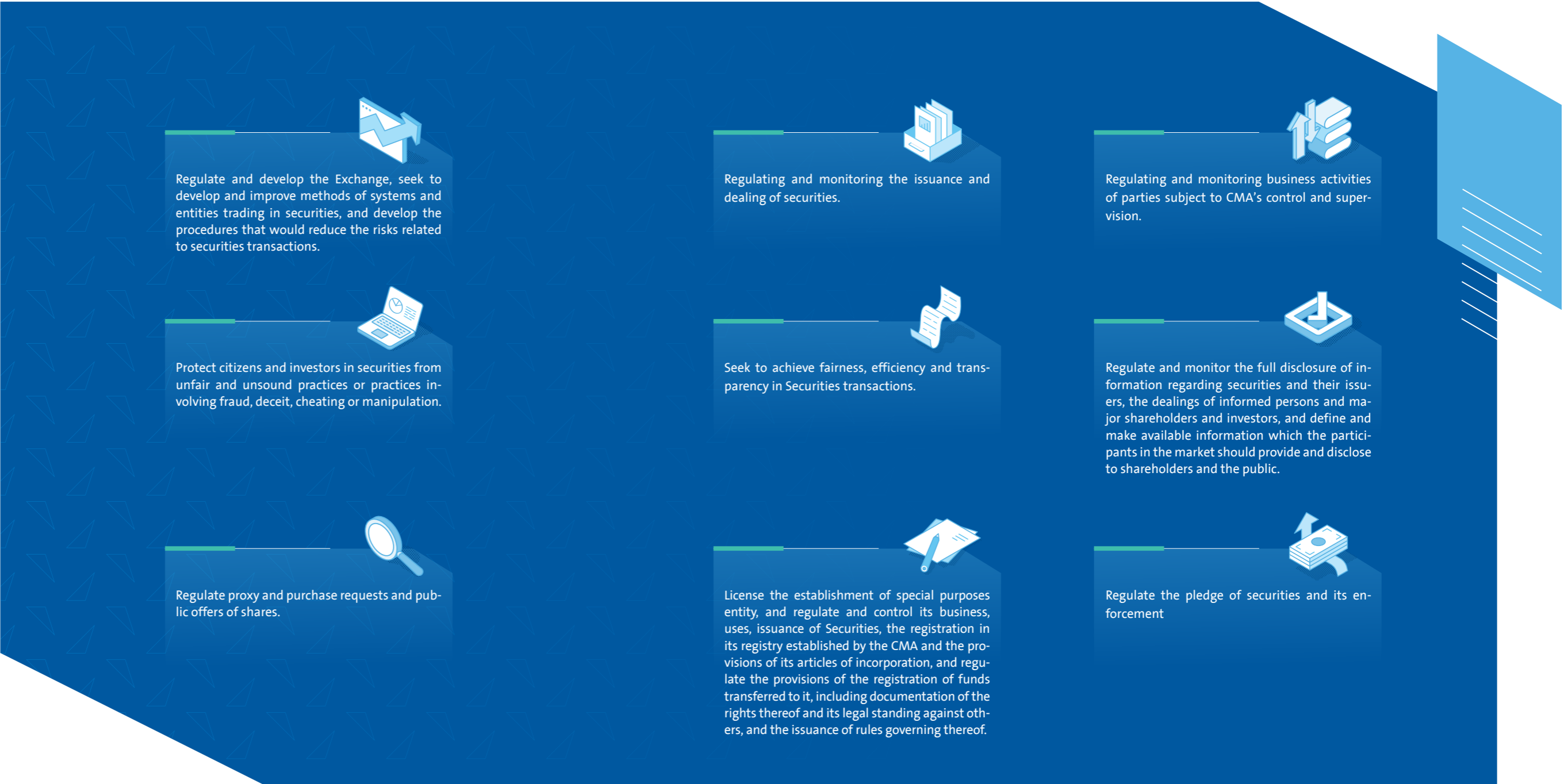


1. CMA Establishment

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; it has a legal personality, and 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.

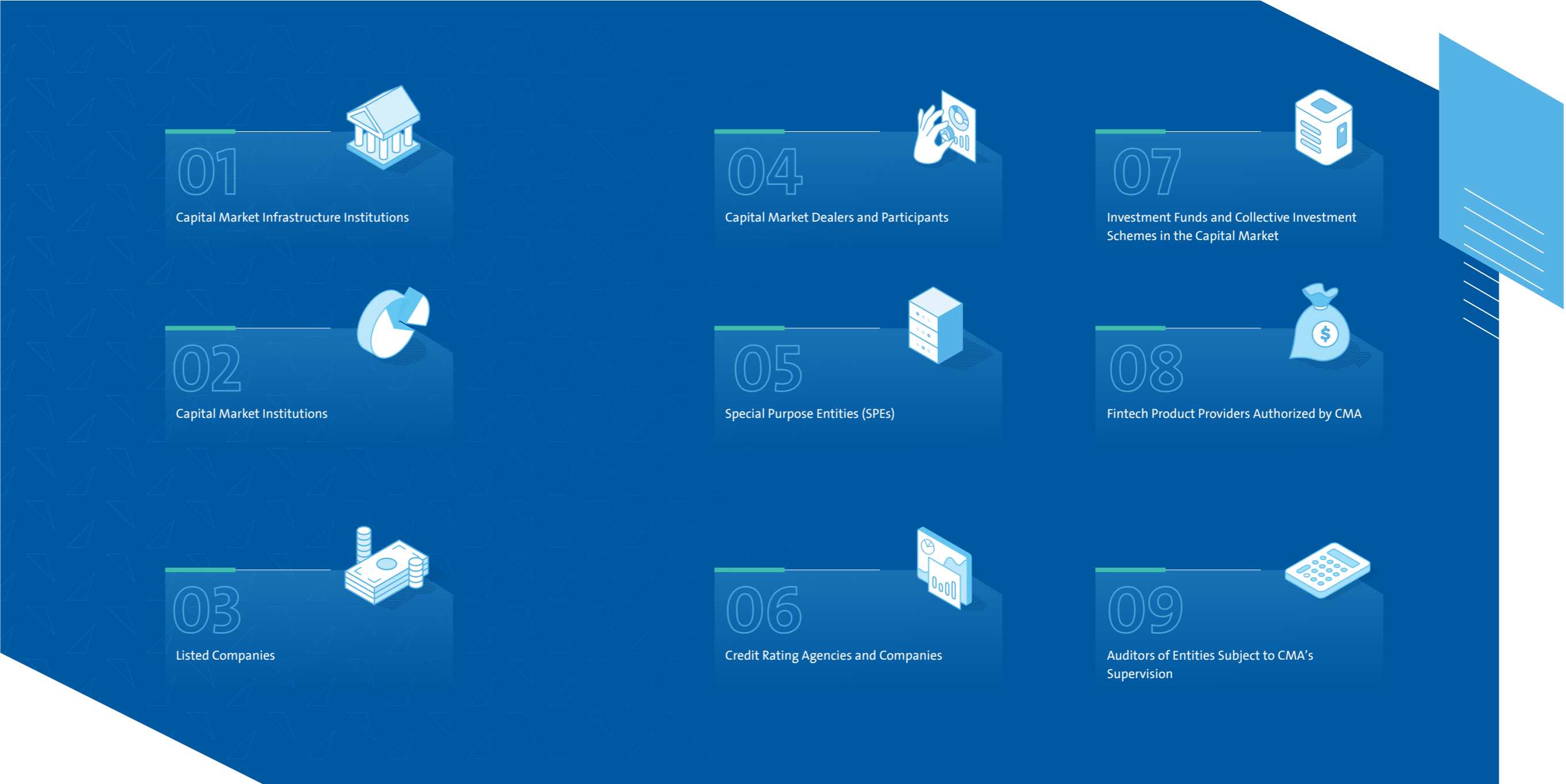
2. CMA Main Functions

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:

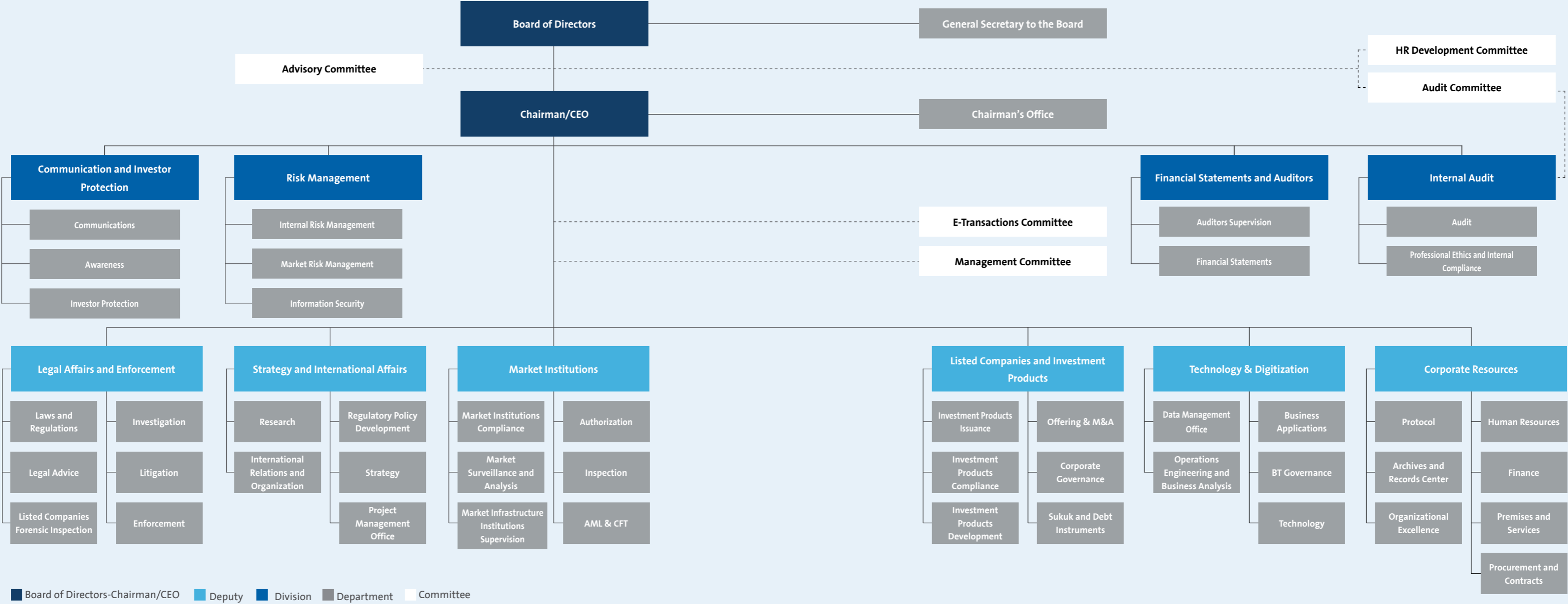


3. Parties Supervised by CMA

CMA supervises the following entities:






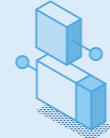


4. Organizational Structure



New Organizational Structure

With the aim of improving and promoting the efficiency, effectiveness, and integration of internal organizational components and ensuring their utilization to achieve CMA’s Strategic Plan through leveraging strengths and identifying possible gaps, improvement opportunities, and optimal use of resources, the CMA Board Resolution No. 2-52-2023 was issued on 7/6/2023 (18/11/1444H) approving CMA’s new organizational structure. The Resolution came into effect on 01/01/2024. The following amendments were made to the organizational structure:

Amendment Type	Amendment Description
 Addition of New Units	Establishing a new organizational unit (Deputy), the Supervision Deputy, to replace the Financial Statements and Auditors General Administration
	Establishing two new organizational units (Departments), the Board Affairs Department and the Internal Governance Department
	Establishing one new organizational unit (Department), the Sustainability Department
 Upgrades	Upgrading the General Secretariat and Internal Governance to a general directorate
	Upgrading the Customer Experience Unit to a department
	Upgrading the Call Center Unit to a department
	Upgrading the Market Institutions Development Unit to a department
	Upgrading the FinTech Unit to a department

Amendment Type	Amendment Description
 Name Change	Renaming the Strategy and International Affairs Deputy as Strategy, Research, and International Affairs Deputy
	Renaming the Listed Companies and Investment Products Deputy as Financing and Investment Deputy
	Renaming the General Secretary to the Board as General Secretariat and Internal Governance
	Renaming the Listed Companies Forensic Inspection Department within the Legal Affairs and Enforcement Deputy as Forensic Inspection Department
	Renaming the Investment Products Development Department within the Financing and Investment Deputy as Financing and Investment Development Department
	Renaming the Investment Products Issuance Department within the Financing and Investment Deputy as Collective Investment Schemes Issuance Department
	Renaming the Financial Statements Department within the Supervision Deputy as Financial Reporting Supervision Department
	Renaming the Investment Products Compliance Department within the Financing and Investment Deputy as Collective Investment Schemes Compliance Department
	Renaming the Information Security Department as Cyber Security Department
 Transfers	Renaming the E-Transactions Committee as Digital Transformation Committee
	Renaming the Human Resources Development Committee as Human Resources Committee
	Transferring the Financial Technology Unit within the Regulatory Policy Development Department in the Strategy, Research, and International Affairs Deputy to the Financing and Investment Deputy, and upgrading it to FinTech Department
 Cancellations	Transferring the Corporate Governance Department and Collective Investment Schemes Compliance Department from the Financing and Investment Deputy to the Supervision Deputy
	Canceling the Regulatory Policy Development Department and reassigning its tasks to the Laws and Regulations Department within the Legal Affairs and Enforcement Deputy
 Cancellations	Canceling the Protocol Department and reassigning its tasks to the Communications, Premises and Services Management, Procurement and Contracts Departments, each within its competence

The Supervision Deputy undertakes a several tasks and responsibilities, including:



Supervising the compliance of the financial statements of the listed companies with accounting standards.



Identifying improvement opportunities and developing the deputy-related laws and executive regulations and seeking to put them into effect.



Supervising the compliance of the listed companies with the provisions of disclosure and corporate governance provided for in the related laws and regulations.



Raising awareness among listed joint-stock companies, accounting offices, and registered accountants on corporate governance, A financial statements and compliance with collective investment schemes, to ensure the correct application of related applicable laws and regulations.



Supervising the compliance of collective investment schemes with the related laws and regulations.



Identifying improvement opportunities and developing the deputy-related laws and implementing regulations and seeking to put them into effect.



Identifying and addressing the violations and suspected violations of the CML and its Implementing Regulations, in accordance with the competency of the Deputy.

The newly established departments assume several tasks and responsibilities, as follows:



The Board Affairs Department undertakes several duties, including :
Implementing the regulatory and administrative tasks and duties related to the CMA Board and Committee meetings, as well as drafting and reviewing decisions and recommendations resulting from such meetings and verifying compliance with Board and Committee regulations.

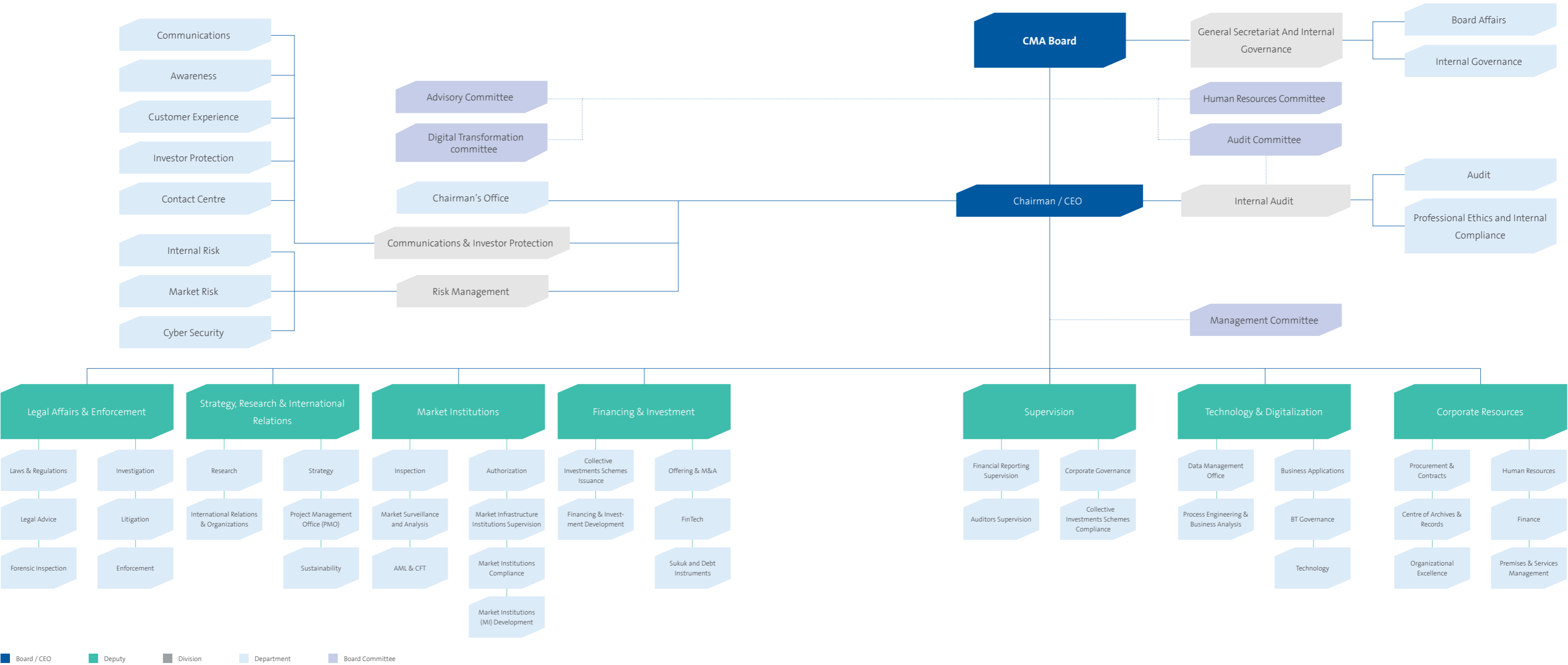


The Internal Governance Department undertakes several duties, including:
Implementing the governance tasks of the CMA board and its committees, updating their mandates, and managing the schedule of authorities and delegated authorities.



The Sustainability Department undertakes several duties, including:
Supporting the fulfillment of CMA sustainable development and climate change goals and commitments and improving the relevant information and data environment for the Saudi capital market sector.

New Organizational Structure



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 2023

Sixth: State of Approved Initiatives

Seventh: CMA Aspirations for 2024, Challenges and Needed Support

First: Vision, Mission, and Values



Vision 2030

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 investment, promotes confidence, and builds capacities.



Values

01

We develop continuously

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

We seek 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

We communicate and consult

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, inside and outside CMA.

04

We care about our staff and community

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

We take 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 establish an advanced capital market that is open to the world and capable of attracting local and international capitals, and that plays an efficient and pivotal role in meeting the economy's funding requirements.



Second Pillar

Stimulating Investment: CMA seeks to create an attractive environment for all categories of local and international investors, CMA will continue to work on developing the investment environment components and facilitating access to investment, thus contributing to raising the attractiveness and efficiency of the capital market and enhancing its competitiveness regionally and internationally.



Third Pillar

Fostering Confidence: aims at protecting investors in securities from unfair practices and mitigating the risks associated with securities transactions and protect investors, thus enhancing their confidence in the capital market.



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 the awareness of market participants plays a key role in promoting the level of commitment and protecting savings.

Each Strategic pillar entails a set of objectives:

Facilitating Funding

- Increase the depth of the capital market and promote its role in capital formation
- Develop sukuk and debt instrument market
- Support the development of alternative financing mechanisms

Stimulating Investment


- Support the growth of asset management and promote institutional investment
- Increase market attractiveness to foreign investors
- Diversify available investment products and mechanisms in the capital market
- Improve trading mechanisms available in the capital market

Fostering Confidence

- Adopt a risk-based supervision methodology while enhancing mechanisms to address qualitative violations
- Enhance stability in the financial market
- Optimize investor protection and dispute resolution procedures
- Enhance governance and transparency for market participants

Building capabilities

- Develop the capabilities of capital market institutions and CMIs
- Raise awareness and promote financial culture in the market
- Facilitate the development of financial data and technology solution




Implementation 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.


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.

In order to keep pace with the continuous changes in global markets and achieve the Kingdom's aspirations to lift the Saudi capital market to the ranks of global capital markets, the CMA developed its Strategic Plan for 2024-2026, which focuses on making the Saudi capital market a main channel for financing the national economy. This can be achieved through activating the role of the market in funding and investing, empowering the capital market to fully carry out its roles and reach its targets, and protecting investor rights by ensuring the highest level of transparency and fairness in the market.


Implementation Enablers



Develop human resources role and capabilities



Promote institutional excellence



Streamline CMA digital transformation and enrich user experience

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

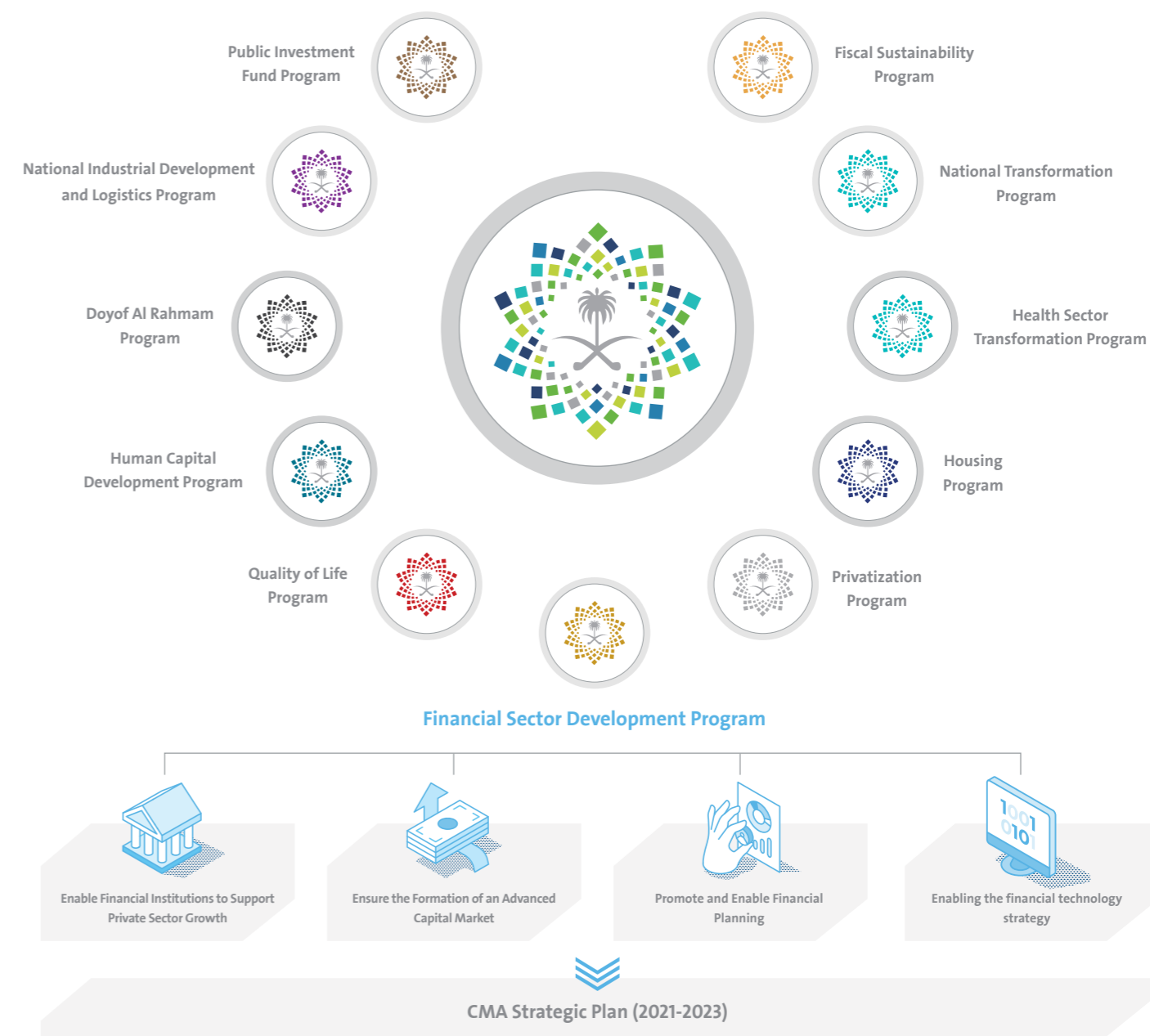
After the launch of the Kingdom's 2030 Vision in 2016, CMA started revising its strategic plans to develop the "Financial Leadership Program 2020", as part of its strategic plan 2017-2020, in order to align its orientations and objectives with those of the 2030 Vision.

In 2017, the Council of Economic and Development Affairs (CEDA) launched ten executive programs to achieve the 2030 Vision, including the financial sector development program linked to a the goal of prosperous economy and an ambitious nation. The program seeks to develop the financial sector as a diversified and effective financial services sector to support the development of the national economy. The program seeks to diversify the financial sector, stimulate savings, finance and investment, 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 Financial Sector 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 funding, stimulates investment, and promotes the confidence of its participants.

Saudi 2030 Vision Programs





Fourth: Strategic Plan Governance

The CMA embarked on developing an integrated governance framework to enable the CMA to effectively follow up on the implementation of its strategic plan. This framework aims to ensure the institutionalization of work, raise its efficiency and facilitate effort coordination between stakeholders. In an effort to enhance the quality and implementation standards of corrective actions in a timely manner, a methodology has been adopted to periodically follow up on the implementation of strategic initiatives by developing detailed plans for each initiative that specify implementation steps, delivery deadlines, responsibilities, business partners from external entities and their expected roles

The governance framework includes a number of bilateral and joint committees with external parties to ensure coordination with stakeholders in order to implement strategic initiatives and their associated joint tasks. In order to ensure continuity of work and flexibility in facing challenges and obstacles related to implementation, guarantee continuous improvement and keep abreast of changes, the CMA will periodically review all strategic plan components to identify gaps and develop initiatives in a way that contributes to the realization of targets.

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

**Bilateral Committee
with Saudi Central Bank**



**Bilateral Committee
with commerce ecosystem**



**Bilateral Committee
with Saudi Tadawul Group**



**Bilateral Committee
with the General Authority of Zakat and Tax**



Fifth: Strategic Plan Achievements in 2023

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 achieve 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.

Most prominent Strategic Plan achievements in 2023 and their expected impact:

Prominent Activities and Works Achieved	Impact
Approving the amended Prudential Rules	<ul style="list-style-type: none">- Increasing confidence in the Saudi capital market.- Enhancing supervision and oversight, as well as the prudential levels of capital market institutions.- Increasing resource management efficiency in the capital market institutions, with a view to provide better services to clients in line with international best practices.
Approving the Rules for Foreign Investment in Securities	<ul style="list-style-type: none">- Facilitating access to the regulatory frameworks governing foreign investment in securities.- Deepening the Saudi capital market, increasing its attractiveness, and promoting liquidity in it.- Enhancing the position of the Saudi capital market at the global level.- Transferring knowledge and expertise to local financial institutions and investors.
Exceeding forty listings in the Saudi Exchange in 2023	<ul style="list-style-type: none">- Developing new promising sectors and providing financing channels for them.- Deepening the capital market and providing more investment opportunities for all investors.
Obtaining Council of Ministers' approval for the Real Estate Contributions Certificates Law	<ul style="list-style-type: none">- Increasing financing and investment channels and promoting real estate activities in the Kingdom.- Ensuring the protection of investors in the real estate sector from unauthorized practices.
Approving the Implementing Regulations of the Companies Law for Listed Joint Stock Companies	<ul style="list-style-type: none">- Regulating and developing the Saudi capital market.- Promoting investor confidence and enhancing the governance level in the Saudi capital market.

Prominent Activities and Works Achieved	Impact
Convicting a number of violators of the Capital Market Law (CML) and its Implementing Regulations and obliging them to compensate for their illegal gains and settle fines with total amounts exceeding SAR 1,700 million	<ul style="list-style-type: none">- Increasing investor confidence in the Saudi Exchange.- Protecting investor rights in the Saudi Exchange.
Approving the amendments to the Capital Market Institutions Regulations	<ul style="list-style-type: none">- Strengthening the protection of clients' funds and assets promoting confidence in the Exchange.
Growing endowments (Waqf) fund assets to a record level in 2023	<ul style="list-style-type: none">- Developing the endowments (Waqf) sector.- Improving the licensing process for endowments investment products and special procedures.- Empowering and incentivizing individuals and entities in the endowments sector.- Expanding work implementation in various areas of investment endowments.
Launching the “Makken” program in cooperation with the Saudi Central Bank to support FinTech startups	<ul style="list-style-type: none">- Encouraging development and growth by reducing technical compliance costs.- Ensuring that start-up entrepreneurs focus on developing products and improving quality.- Facilitating the entry of investors into the sector and providing innovative services.- Entry of national competencies into the sector, and building qualitative expertise in rare fields with high technical requirements.
Improving the Kingdom's ranking in capital market global competitiveness indicators, as per the classifications of the International Institute for Management Development (IMD) for 2023	<ul style="list-style-type: none">- Attracting foreign investments.- Promoting confidence in the Saudi capital market.

Table 1: Results of Strategic Indicators for the Year 2023

#	Performance Indicator	2023 Target¹	Realized Value at the end of 2023	Achievement Rate
1	Number of listings in the Exchange	24	43	179%
2	Equity market capitalization as a percentage of GDP (%)²³	78.10%	80%	102%
3	Debt instrument market capitalization as a percentage of GDP (%)	20.10%	18.3%	91%
4	Assets under management as a percentage of GDP (%)	27.4%	21%	77%
5	Weight of top ten companies in market capitalization (%)³⁴	53.8%	52.4%	103%
6	Trading volume of institutional investment as a percentage of total trading volume (%)	41%	41.3%	101%
7	Foreign investor ownership of equity market capitalization (free floating stocks)	16.5%	12.8%	78%
8	Number of listed micro and small enterprises as a percentage of the total number of listed companies (%)⁵	44%	77%	175%
9	Volatility of Saudi Stock Market index	<=25	11	227%
10	Minimum value of free floating stocks as a percentage of total equity market capitalization³	50%	59.3%	119%
11	Average time for violation processing from the moment of suspicion till the case is closed by CMA (in months)⁴	<=3	3.2	94%
12	Percentage of investment accounts opened through the electronic Know your Client (KYC) procedures	90%	98.4%	109%
13	Average time of litigation procedures in securities disputes, including appeals (in months)⁴	<=8.50	5.5	153%

Target achieved
90% - 100%

Slightly below target
80% - 90%

Low achievement
less than 80%

1. ≤ refers to less than or equal and ≥ refers to greater than or equal.
2. The GDP used is that of 2022, issued by the General Authority for Statistics.
3. All indicators and indices do not take into account the impact of the Aramco IPO.
4. Descending index.
5. Definition of the World Economic Forum: micro enterprises have a market capitalization less than 65 million US Dollars, and small enterprises have a market capitalization between 65 and 200 million US Dollars (Financial Sector Development Program).

Sixth: Status of Approved Initiatives

5 initiatives were approved according to the official procedures under the National Center for Performance Measurements (Adaa). Table 2 presents the status of approved initiatives.

Table 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
Developing regulations to encourage foreign companies to offer their shares in the Saudi capital market	<div></div>	01-01-2023	Work is progressing as planned	67%	67%	30-06-2024	Financial Sector Development Program
Incentivizing the private sector to list and offer their shares in the Saudi capital market	<div></div>	12-04-2017	Work is progressing as planned	78%	78%	31-12-2025	Financial Sector Development Program
Deepening the debt instrument market	Completed	01-10-2017	Completed	100%	100%	31-03-2021	Financial Sector Development Program
Revisiting the mechanism for calculating Zakat on financial products	Completed	30-09-2020	Completed	100%	100%	30-06-2021	Financial Sector Development Program
Regulating and empowering FinTech under the CMA framework	Completed	01-01-2022	Completed	100%	100%	30-09-2023	Financial Sector Development Program

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

Seventh: CMA Aspirations for 2024, Challenges, and Required Support

CMA is continuing its ongoing journey of economic development. It continue to develop the capital market into an advanced market with the aim of creating a diversified and effective financial sector capable of supporting the growth of national economy, diversifying sources of income, promoting savings, funding, and investment, and deepening capital market institutions. In this regard, and with a view to complement the efforts made and achievements gained in developing the financial sector, CMA will continue its work in line with its strategy and in fulfillment of the Saudi Vision 2030 targets of facilitating financing in the capital market and supporting the national economy. In particular, CMA seeks to continue increasing the number of listings in the capital market and support the growth of new and promising sectors and ensure proper financing channels.

CMA gives high priority to the development and deepening of the Sukuk and debt instrument market. It has worked on a strategy aiming to grow and deepen the market, encourage activities in the secondary market, and promote its role as a channel for financing public and private sector projects and complementing investment products that enable all segments of investors to diversify their investments.

CMA will also continue to work on developing the different components of the investment environment and enable the growth of the asset management industry. In this context, CMA developed a strategy to increase the attractiveness of the asset management industry in the Kingdom, entailing the review of implementing regulations and applying global best practices that aim to support the growth of managed assets in the capital market through providing diverse investment products, ensuring professional management of clients' assets, and upholding professional practices and institutional conduct.

On the international level, the next step would be to strengthen the position of the Saudi capital market globally, increase its attractiveness for regional and international investments to ultimately increase the ownership of international investors, deepen the market, and transfer knowledge and expertise to local investors and financial institutions.

CMA will continue its efforts to realize more achievements through the Financial Sector Development Program, with the aim to promote economic growth and sustainability in all areas and lay new foundations for income diversification.

The most prominent challenges the CMA may face in the near future are those that may affect its future aspirations, such as global and local economic and regulatory developments, which may impact the capital market and its attractiveness to local and international issuers and investors. Furthermore, the weak demand for debt instruments and the private sector's insufficient issuance of debt instruments undermines their market in the Kingdom, not to mention the low liquidity in this market compared to other global debt instruments markets. Nonetheless, CMA will continue its work in coordination with relevant capital market participants in order to address these challenges and mitigate their impact. No support is needed at present.

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 Environment

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

During 2023, The Capital Market Authority has received several High Orders, Council of Ministers' Resolutions, and Royal Court Circulars, took several measures to ensure their implementation. They are summarized as follows:

1. Royal Court Circular No. 64595 Dated 19/9/1444H



Circular No. 64595 is related to the Anti-Harassment Law, promulgated by Royal Decree No. (M/96) of 16/09/1439 AH and its amendment, stipulating that the relevant public and private sector authorities should take the necessary measures to prevent and combat harassment in the workplace and hold employees accountable through enforcing disciplinary measures against them in the event they violate the provisions stipulated by law.

» In implementation of the Circular, CMA has undertaken the following:

- » CMA has taken the necessary measures to enforce the provisions of the Anti-Harassment Law, more specifically through including these provisions in CMA's Employee Code of Conduct, approved by the Board, which includes a definition of harassment, the whistleblower mechanism, and how the relevant authority should address it.
- » CMA periodically raises employee awareness regarding the Anti-Harassment Law provisions included in the Code of Conduct and requires that its employees sign off, yearly, that they are fully aware of the content of the Code of Conduct, with a view to prevent and combat harassment.
- » CMA assures its employees that it will increase its efforts and measures to prevent and combat workplace harassment and address all kinds of harassment cases firmly, and take the necessary legal measures without any tolerance.

» CMA has also addressed the following points, in implementation of the circular

- » Intensifying awareness campaigns to inform employees of the definition of harassment, prevention measures, and intervention procedures and mechanisms, clearly specifying complaint channels used to report abuse and violations of the Anti-Harassment Law. CMA published awareness messages related to the mechanism for submitting and processing complaints and the relevant authority which undertakes this duty. An awareness message was sent by email to all CMA employees, and others were published on CMA screens and through CMA's Snapchat account.
- » Organizing workshops throughout the year to raise awareness regarding the mechanism for submitting and processing complaints and the relevant authority which undertakes this duty.



2. Royal Court Circular No. 8325
Dated 5/2/1445H

The Circular includes a reference to Council of Ministers Resolution No. 277 of 14/4/1444H, which stipulates in Clause Six Paragraph (1) that all government agencies shall provide the Real Estate General Authority with all data regarding plans or lands they owned, allocated to them, or reserved for them, including all companies managing a public facility or supervising governmental agencies, within a maximum period of 6 months from the issuance of the Resolution. The Real Estate General Authority shall then, after the expiration of this period, submit a report regarding the complying and non-complying agencies, with justifications for non-compliance.

» **In implementation of the Circular, CMA has undertaken the following:**

CMA has communicated with the Real Estate General Authority to provide it with the required information and documents through Entifa platform. It is important to note, however, that CMA has had no plans or lands owned, allocated, or reserved for it in 2023.



3. Royal Court Circular No. 62693
Dated 12/09/1444H

Circular No. 62693 is related to the President of the General Court of Audit’s Telegram No. 73050 of 23/11/1443H, which includes the recommendations of the 18th GCA Annual Seminar on “The Reflections of Transformation to the Accrual Basis of Accounting on Auditing in the Public Sector”, and the General Secretariat clarifications that the Council of Ministers reviewed the matter on 06/09/1444H, and issued the following directives: First: the General Court of Audit shall, in coordination with the relevant authority, develop a program aiming to train internal audit departments in governmental agencies on transformation in audit work in line with the tasks and duties of these departments, all while applying the accrual basis of accounting. Second: Government agencies shall, in coordination with the Accrual Accounting Center of the Ministry of Finance, take quick measures to fulfill the requirements and capabilities of the project to transition towards the principles of accrual accounting, as per the timeline set by the Center. Third, governmental agencies which had prepared their opening balances and financial statements shall share them with the General Court of Audit and the Accrual Accounting Center. Fourth, the General Court of Audit shall include in its annual report a chapter on its progress regarding the three directives mentioned above, as well as the difficulties, if any, and the extent of coordination and cooperation with relevant government agencies.

» **In implementation of the Circular, CMA has undertaken the following:**

Since 2018, CMA has committed to applying the accrual basis of accounting. It also presents all of its employees with specialized training and programs to ensure they apply the best practices and equip them with the necessary skills and knowledge to perform their jobs to the fullest.



4. Royal Court Circular No. 13162 Dated
24/02/1445H

Circular No. 13162 is related to Council of Ministers General Secretariat Telegram on the Draft Regulations for Advertising Content. The Circular stipulates developing a regularly updated comprehensive document for advertising content controls and providing the General Commission for Audiovisual Media with the details of provisions, controls and standards it issues regarding products and services related to advertising content.

» **In implementation of the Circular, CMA has undertaken the following:**

CMA coordinated with the General Authority of Media Regulation regarding its area of competence. CMA specializes in regulating and monitoring the disclosure of information regarding securities, in conformity with Article Five, Paragraph (A), Subparagraph (6) of the Capital Market Law. Accordingly, CMA issued a number of rules, instructions, and implementing regulations on the CMA website, regulating disclosures in the capital market, as follows:

Rules for Offering Securities

These rules governs matters related to clarity, validity, and completeness of disclosure information.

Procedures and Instructions related to Listed Companies with Accumulated Losses Reaching 20% or More of their Share Capital as per Articles Three, Four, and Five of the Corporate Governance Regulation

These procedures and instructions focused on disclosure policies and processes

Instructions for Company Advertisements

These instructions emphasized the basic elements that should be included in every ad for listed companies published on the Tadawul website.

Instructions for Investment Fund Advertisements

These instructions stipulated controls for advertising on the financial market’s website and the fund manager’s website.

Securities Business Regulations

(These regulations included, in Chapter Three, controls for “securities advertisements”, regulating any oral, electronic, or other types of business advertisement that invites a person or encourages them to engage in activities related to securities.

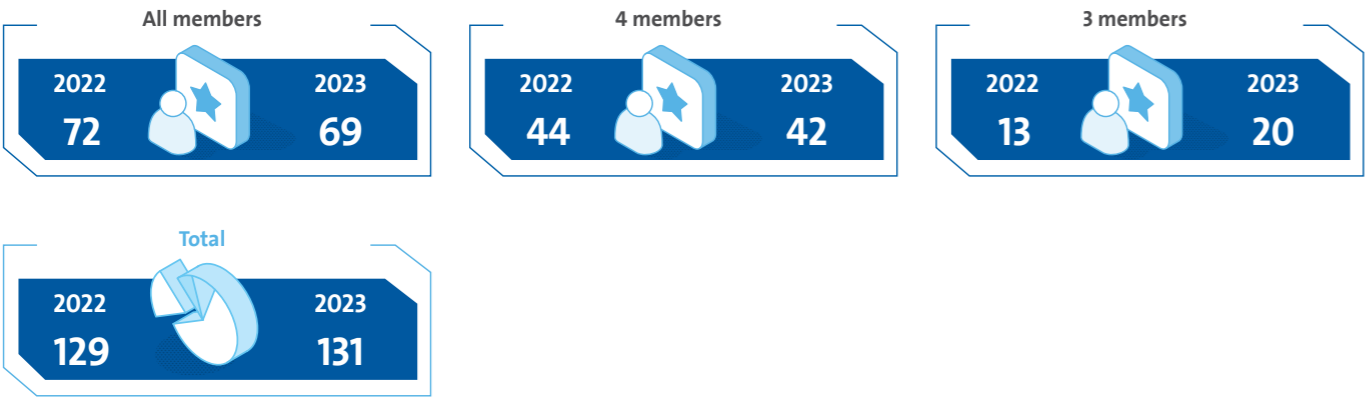
Capital Market Institutions Regulations

Chapter Five Part Two addressed “securities advertisements”, regulating all securities advertisements published by capital market institutions in the Kingdom or approved by these institutions for publication by a third party.

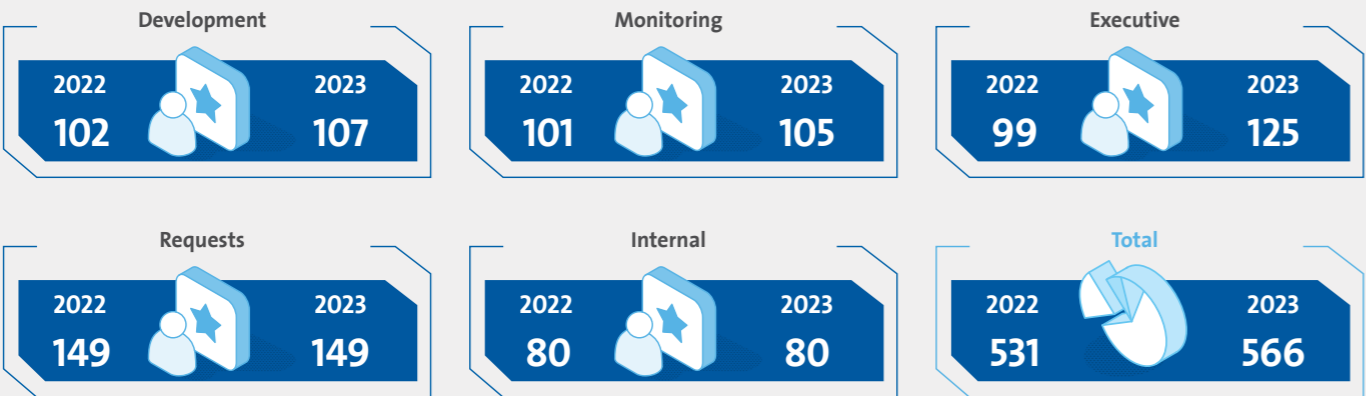
2. CMA Board Meetings and Resolutions

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. Board meetings must be attended by at least three of its members including the chairman or vice chairman. Its resolutions 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:



Topics discussed by CMA Board, classified by type



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

» Work Force

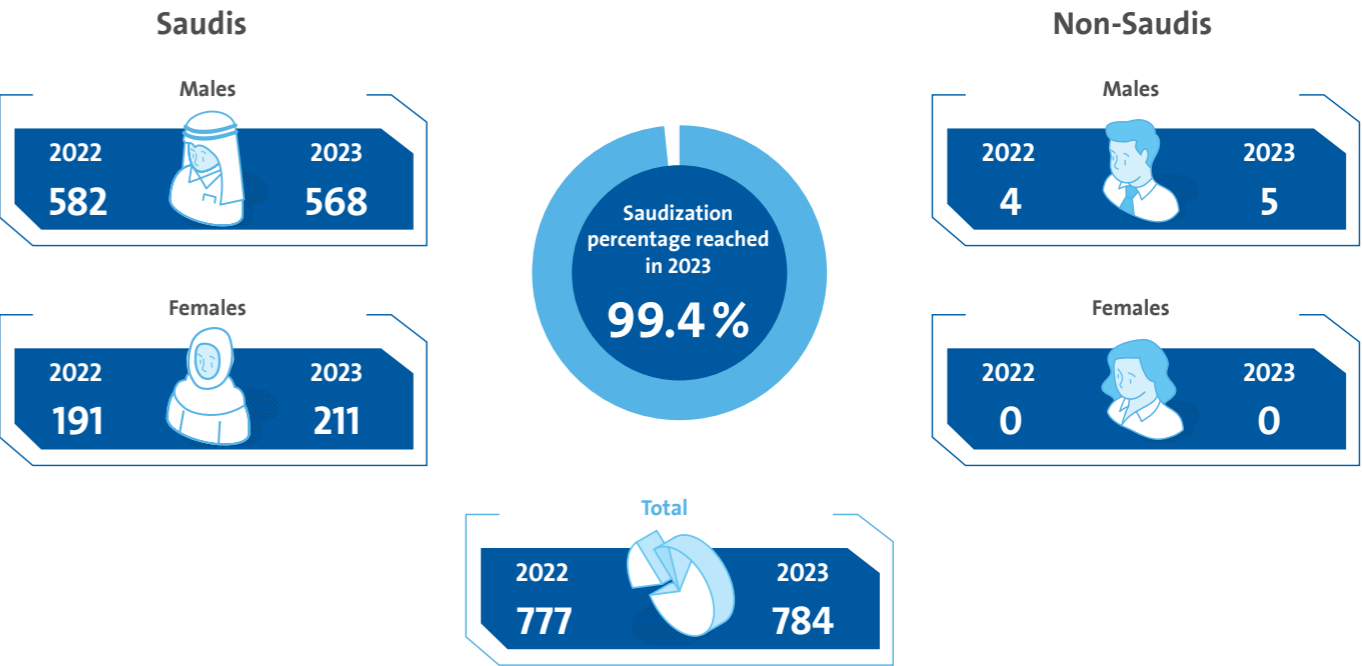








Table 3: Educational Qualifications of CMA Employees

Educational Qualification	 High School or below	 Diploma	 Bachelor's Degree	 Higher Diploma / Master's Degree	 PhD	 Total
2022	59	60	388	266	4	777
Percentage of total	7.6%	7.7%	50.0%	34.2%	0.5%	100%
2023	56	65	409	251	3	784
Percentage of total	7.1%	8.3%	52.2%	32.0%	0.4%	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 2023, most notably through:



The program attracts outstanding university graduates with relevant qualifications with the aim of developing the professional knowledge and skills of students regarding “on-the-job-training” methods in the areas and activities of the capital market. Participants enrolled in the program in 2023 reached 69 male and female trainees, distributed among five specialized disciplines finance, law, accounting, management, technology, and digitization.

CMA provides male and female students from universities and institutes, whose majors require 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, supports and helps them achieve their goals from the program. 134 male and female students from different universities and disciplines joined this program in 2023.



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 main functions of CMA. CMA periodically updates the list of research areas to reflect the topics of importance to the capital market. More than 60 research proposals were received in 2023, of which 5 were approved. The number of researchers for approved studies during the same period reached 12 researchers, representing more than 5 local and international universities.

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

1. Raising the level of financial knowledge through publishing the outputs of research articles on CMA’s official website and social media accounts.
2. Achieving autonomy in a number of solid scientific cases, which contributes to the decision-making process.
3. Supporting academic researchers in becoming familiar with and exposed to capital market issues.
4. 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. Savings Plans

Having an interest in promoting the culture of savings, 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 may take place at any time. Up until the end of 2023, the beneficiaries of the “Savings Program” reached 564 male and female employees, representing 71.94% of CMA’s total employees.

2. Housing Finance Program

To deepen its relationship with its employees and promote a sense of loyalty and in line with the Government’s directives to improve citizens’ wellbeing and provide appropriate accommodation, CMA has developed 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 term at CMA. By the end of 2023, the beneficiaries of the Housing Finance Program reached 180 male and female employees, which accounts for 22.96% of CMA’s total employees.

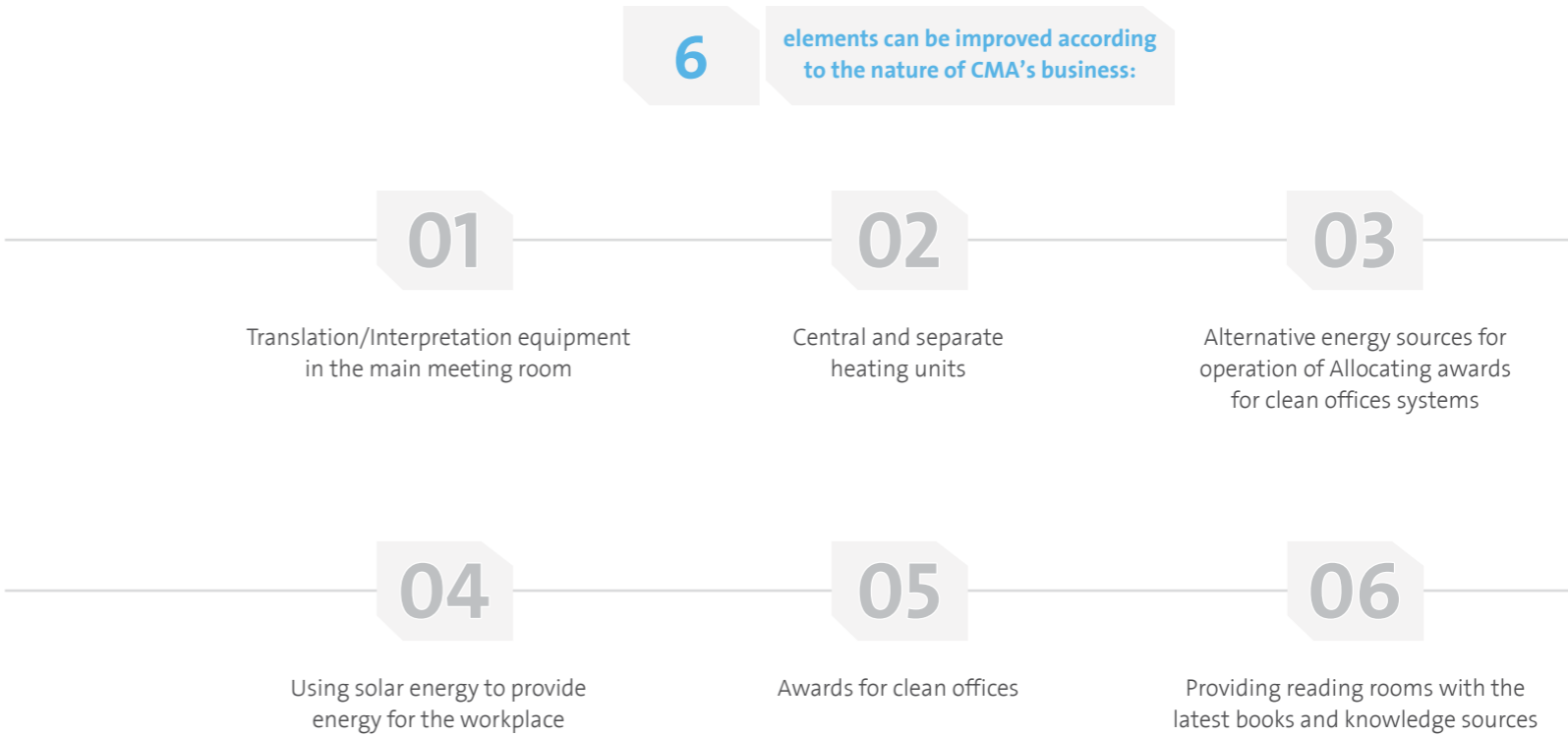
5. Physical Work Environment of CMA

The guidebook for the physical work environment establishes the benchmark principles and standard specifications for ensuring an effective work 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 such environments, and thus, on the productivity of the government agency.

The main components of the offices physical work environment, as provided in the guidebook for government agencies issued by the Ministry of Human Resources and Social Development, consist of the following:



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



11

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

01

Using audio devices for purposes other than those for which they are intended

02

Potable water analysis

03

The agency is located in the vicinity of factories and industrial workshops

04

The agency is located in the vicinity of educational complexes

05

The agency is located next to various transport stations

06

The agency is located in the vicinity of government complexes

07

Office machinery and equipment are considered a source of noise

08

Doors are considered a source of noise

09

The agency's beneficiaries are considered a source of noise

10

The agency's workers are considered a source of noise

11

The agency sets guidelines for noise reduction

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 transaction document through a technical system whereby the flow of documents is fully trackable and their completeness, readiness, and retrievability are ensured.

The Main Achievements of the Center in 2023 are as follows:

01

Depositing nineteen (19) CMA-related documents with the National Center for Archives and Records, in conformity with relevant legislations.

02

Processing 10,535 outgoing transactions in 2023 compared to 9,723 outgoing transactions in 2022, with an 8% increase.

03

Processing 10,501 incoming transactions in 2023 compared to 9,954 outgoing transactions in 2022, with a 5% increase.

04

Linguistic proofreading of 330 documents, including news for publication, minutes of meetings, committee decisions, regulations and policies of various CMA departments and the General Secretariat of Committees for Resolution of Securities Disputes.

05

Providing translation services for 20 diverse requests in 2023, compared to 22 requests in 2022.


06

Launching an awareness campaign on the importance of preserving documents, data, and information, and preventing their leakage, in cooperation with the Internal Risk Management Department, Professional Ethics and Internal Compliance Department, and Information Security Department.

07


Transferring and exchanging knowledge and experiences with external parties (locally and regionally) through bilateral meetings, mutual visits, and electronic communication. Among these entities are the Ministry of Human Resources and Social Development, the Saudi Food and Drug Authority, the Royal Commission for Riyadh City, and the Zakat, Tax, and Customs Authority.

7. CMA Owned and Rented Buildings



Owned

- CMA Headquarters Building -Riyadh



Rented

- CMA Building No. 2, Eastern Tower, King Abdulaziz Center for Cultural Communication – Riyadh
- Staff and visitors Car parking outside the main Headquarters building, Riyadh.

8. Strategic, Operational, and Capital Projects

CMA worked on the implementation of six projects, with a total cost of approximately SAR 46.2 million, closely related to the objectives of its Strategic Plan. The average implementation rate of these projects is 80%, given that a number of them will be completed in the coming years.

CMA also implemented a number of operational and capital projects in 2023, with a focus 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 311.4 million. Most of these projects are related to the required and continuous operational services.

Table 4: Operational, Capital, and Strategic projects

Project Type	Total Costs (SAR)	Budget Allocation	Average Implementation Rate
Operational	297,793,393.9	314,401,943.0	Ongoing Services ¹
Capital	13,592,214.3	14,220,500.0	77%
Strategic	46,139,651.8	50,765,500.0	80%
Total	357,525,260.0	379,387,943.0	79%

1. 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. Advisory Committee

The Advisory Committee was formed by CMA Board Resolution No. 5-80-2023 of 05/09/2023. It consists of the following members:



H.E/Dr
Nabeel Koshak
CEO of Saudi Venture Company



Dr.
Waleed Abdullah Al-Mogbel
CEO and Managing Director of Alrajhi Bank



Eng.
Omar Bin Abdullah Al-Nomany
CEO of Arabian Internet and Communications Services Co.



Mr.
Adel Al-Ateeq
CEO of Awaed Alosool Capital



Ms.
Kholoud Abdulaziz Al-Dakhil
Owner and CEO of Erteqa Financial Company



Mr.
Rashed Ibrahim Sharif
CEO of SNB Capital



Mr.
AbdulAziz AlOmrn
Founding Partner and CEO of Impact46



Mr.
Bassem Al-Salloum
Managing Director



Dr.
Abdulwahab Al-Gahtani
Associate Professor at King Fahd University of Petroleum and Minerals - Economic writer



Dr.
Sultan Al-Masoud
Managing Partner at Dr Sultan AlMasoud & Partners in association with Shearman & Sterling



Mr.
Saleh Abdullah Al-Yahya
Partner - Turki Abdulmohsen Alluhaid & Saleh Abdullah Al Yahya Accountants & Auditors

The CMA Advisory Committee aims to activate communication between CMA and actors in the capital market, and find a regulating mechanism that facilitates achievements of tasks and goals. The Committee tasks include:

- 01

Providing proposals, recommendations, and views regarding any topic raised by the CMA
- 02

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

The Advisory Committee carries out its tasks in its capacity as advisor to the CMA Board of Directors.

Throughout its tenth business cycle in 2023, the Advisory Committee held 2 meetings, in which it presented recommendations and proposals regarding different topics. The most prominent topics discussed were as follows:

- » Review of Committee history, main tasks, and general agenda
- » Capital Market Strategic Plan (2024 – 2026)
- » Nomination of the Chairman and Vice Chairmen

2. Management Committee

Management Committee regulations were amended by CMA Board Resolution No. 5-12-2022 dated 24/01/2022 (21/06/1443H). 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 and Internal Governance

Member and Secretary of the Committee

CMA Deputy of Corporate Resources

Member

CMA Deputy of Legal Affairs and Enforcement

Member

CMA Deputy of Financing and Investment

Member

CMA Deputy of Strategy, Research & International Relations

Member

CMA Deputy of Technology and Digitalization

Member

CMA Deputy of Market Institutions

Member

CMA Deputy of Supervision

Member

Director of Risk Management Division

Member

Director of Internal Audit Division

Member

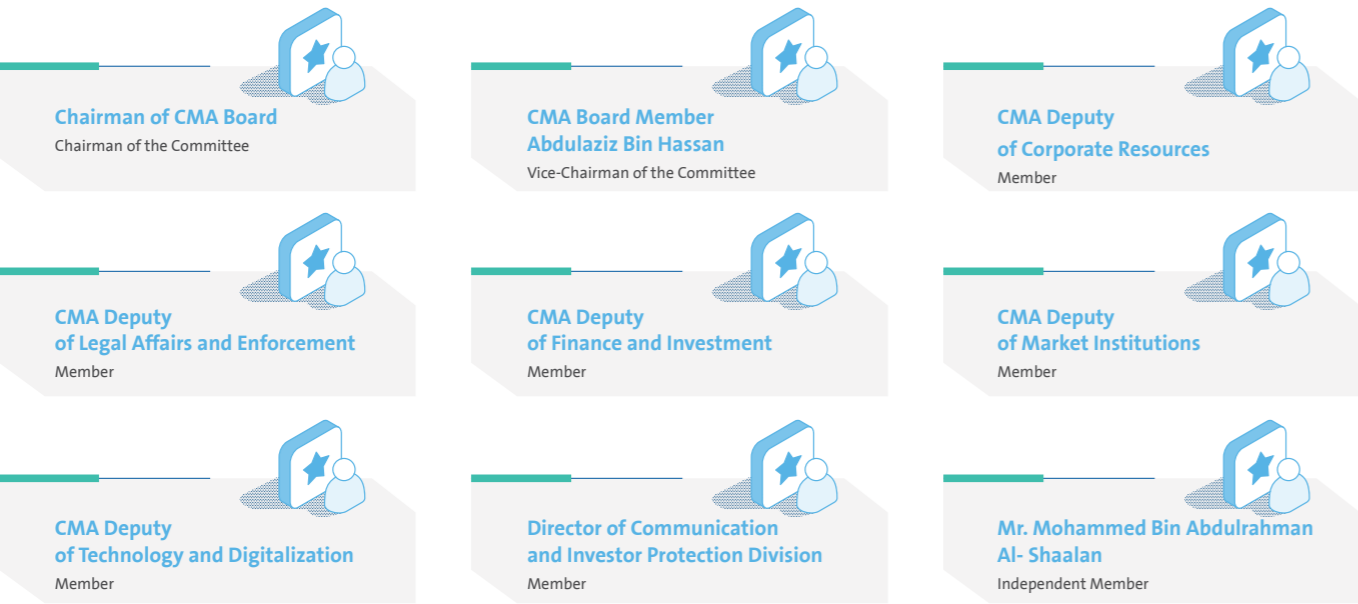
Director of Communication and Investor Protection Division

Member

In 2023, the committee held 30 meetings and discussed 69 topics listed on its agenda.

3. Digital Transformation Committee

In accordance CMA Board Resolution No. (9-22-2023) dated 16/08/1444H, corresponding to 08/03/2023, the Digital Transformation Committee membership was restructured as follows:



The Digital Transformation Committee held 11 meetings throughout 2023 and discussed 33 topics listed on its agenda, in order to make the relevant decisions and recommendations thereon. The Committee issued a total of 14 decisions. Its main achievements were as follows:

- » Updating the Digital Transformation Strategic Plan in line with the CMA Strategic Plan.
- » Approving the final recommendations for digital services projects for 2024, including integration with certain government entities.
- » Launching a number of systems and services to promote CMA digital transformation and integration with other government entities, which, in turn, provides smooth and integrated digital services to actors in the capital market and other relevant entities. Most prominent of these systems and services are:
 1. Newly developed investor protection system.
 2. New digital services for Nafiz platform, a cooperation initiative between CMA and the Ministry of Justice (sale, liquidation, and distribution service for the deceased' Persons' assets).
 3. New digital services for the Makken initiative, such as linkage with government entities and market institutions and digitalizing and modeling work procedures.
 4. Sahl digital services for CMA employees on their smart phones and devices.
 5. The developed CMA communications and administration system.

In its eleventh session of 2023, the Digital Government Authority announced the digital transformation progress results for government entities, and the CMA reached 84.81% in integration, compared to 87.47% in 2022.

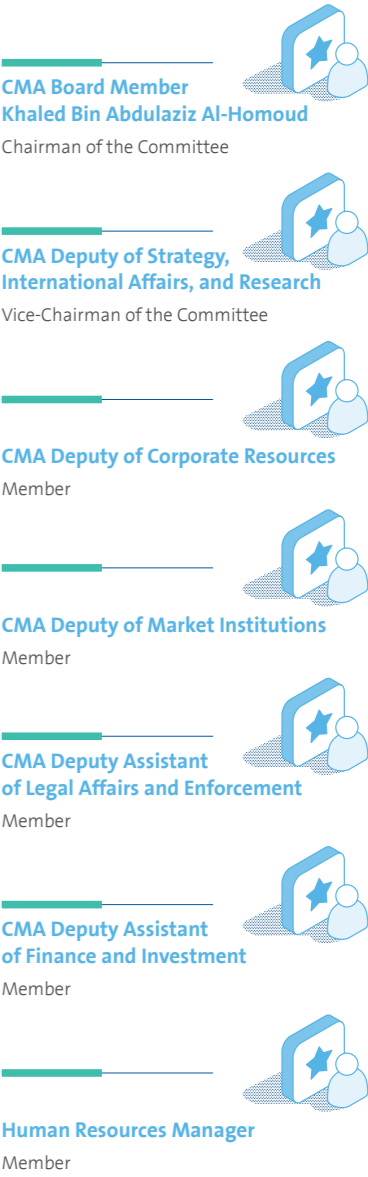
4. Human Resources Committee

Pursuant to CMA Board Resolution No. 2-52-2023 of 18/11/1444H, corresponding to 07/06/2023, the new CMA organizational structure was approved, to take effect as of 01/01/2024, The new structure included renaming the Human Resources Development Committee as Human Resources Committee.

According to Article Five 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 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. Submitting 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, selection criteria of candidates, recommended universities, controls of part-time study programs in educational institutions, accession programs in 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 accession 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 submitting a recommendation to the competent authority to approve them.


The Human Resources Committee held 6 meetings throughout 2023 and discussed 21 topics listed on its agenda in order to make the relevant decisions and recommendations in their regard. The Committee issued a total of 16 decisions.






5. Audit Committee


The Audit Committee abides by the tasks and powers identified in the authority matrix. The Committee is formed of the following members:



Dr.
Walid Mohammed Al-Issa
CMA Board Member – Chairman of the Committee



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



Mr.
Khalid Bin Mohammed Al-Khwaiter
Independent Member – Committee Member

The Audit Committee’s responsibilities are as follows:

1.

Following-up on the tasks of the CMA Internal Audit Division, including the Professional Ethics and Internal Compliance Department, to verify efficiency in carrying out tasks and functions.
2.

Examining 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 the CMA Internal Audit workplan to ensure its effectiveness.
5.

Examining internal audit reports and following-up on the implementation of corrective procedures mentioned in these reports.
6.

Advising the CMA Board regarding the efficiency of the Director of the Internal Audit Division and providing recommendations regarding their performance appraisal.
7.

Making a recommendation to the competent authority to conduct a performance appraisal for the Director General of the Internal Audit Division.
8.

Selecting the entity that conducts external Quality Assurance audits for internal audit activities every five years.
9.

Ensuring the suitability and adequacy of the arrangements and measures taken by CMA regarding the concerns voiced by its employees on any violations or irregular practices within CMA.
10.

Making recommendations to the competent authority to form a team to investigate suspected violations within CMA, then, submitting the findings and proposed measures and actions to the Audit Committee.
11.

Making 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.
12.

Examining the external auditor’s plan for external auditing.
13.

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 thereon, providing relevant suggestions and recommendations, and meeting with the external auditor at least once a year.
14.

Reviewing reports submitted by the Finance Department regarding budget performance and analyzing discrepancies between the actual expenses and the adopted estimated budget.
15.

Reviewing the CMA’s financial statements and final accounts and submitting recommendations to the Board regarding the approval of the same.
16.

Examining accounting policies adopted in preparing the CMA’s financial statements and final accounts and offering observations regarding the same to the CMA Board if necessary.
17.

Carrying out any tasks requested by the CMA Board regarding the work of the Committee and raising any issues that require attention and action to the competent authority, along with recommended measures to be taken in their regard.

The Audit Committee held 8 meetings throughout 2023 and discussed 49 topics listed on its agenda. Discussions covered reports submitted by the Finance Department regarding performance and deviations between the actual expenses and the approved estimated budget, following-up on quarterly reports of the Professional Ethics and Internal Compliance Department, reviewing CMA financial statements and final accounts, submitting recommendations to the Board regarding the approval thereof, 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 making 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 30 decisions and made 9 recommendations concerning these topics.

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 2023, 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 are as follows:

1. CMA participated in the annual meetings of the IOSCO, its Africa/Middle East Regional Committee (AMERC), and its Growth and Emerging Market Committee (GEM). CMA also took part in Egypt’s Financial Regulatory Authority (FRA) conference, as it intervened in the discussion session on the role of FinTech in increasing accessibility of markets and financial services available to a larger segment of investors and entrepreneurs.
2. CMA continued to chair the FinTech Working Group of IOSCO’s Africa/Middle East Regional Committee (AMERC).
3. CMA participated in the third periodic IOSCO Standards Implementation Monitoring (ISIM) review.
4. 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.
5. CMA hosted in Riyadh the 17th annual meeting of the Union of Arab Securities Authorities (UASA) Board on Monday 11 Shawwal 1444H corresponding to May 1, 2023. Their excellencies UASA Board members and representatives attended the meeting, and the CMA was elected UASA chair for the 17th session.
6. CMA approved the final version of the regulatory framework for inter-registration of financial products between GCC financial regulators during the Twenty-seventh meeting of the Chairmen of the GCC Capital Market Regulators. The framework was recommended for submission to GCC Ministerial Committee of the Capital Markets Regulators for approval.
7. In 2023, CMA assumed leadership of the Gulf Investment Awareness Program “Mulim” operations for the second year in a row. “Mulim” was launched in 2022 by the Securities Commissions in the GCC countries, with the participation GCC Capital Market Authorities, in order to raise awareness regarding financial transactions and investment in capital markets through a number of awareness campaigns and events, including the Smart Gulf Investor Award.
8. 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 2023.

9. CMA became member of the IOSCO’s Growth and Emerging Market Committee (GEM) Working group and Primary Market Network Working Group.
10. CMA became member of the Investor and Other Stakeholders Working Group (IOSWG) of the International Forum of Independent Audit Regulators (IFIAR), which aims at promoting investor protection and improving audit quality based on suggestions from both investors and other stakeholders interested in audit-related issues.

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



The Union of Arab Securities Authorities

 Abu Dhabi

 CMA Joining Date: 2007



The International Organization of Securities Commissions (IOSCO)

 Madrid

 CMA Joining Date: 2010



GCC Financial Markets Integration Project

 Riyadh

 CMA Joining Date: 2010



Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI)

 Manama

 CMA Joining Date: 2016



Islamic Financial Services Board

 Kuala Lumpur

 CMA Joining Date: 2017



International Forum of Independent Audit Regulators

 Tokyo

 CMA Joining Date: 2019



2. International Indicators

Saudi Arabia ranked high in capital market indicators. In the 2023 IMD World Competitiveness Yearbook. The Kingdom achieved an improvement in 6 out of 12 indicators related to the capital market, and maintained its rank in 2 indicators, as compared to its 2022 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 2023 IMD World Competitiveness Yearbook Among G20 Countries and Globally:

	Index Name	KSA Ranking in G20 Countries	KSA Ranking Globally
1	Capital Market Access Index (easy access to foreign and local capital markets)	2	11
2	Stock Market Index (providing financing for companies)	5	14
3	Board of Directors Index (effectiveness of Board in overseeing company management)	1	9
4	Capital Market Index (percentage change in the index)	3	5
5	Stock Market Capitalization Index (Percentage of GDP)	2	3
6	Value Traded on Stock Market (USD per Capita)	10	18
7	Initial Public Offering Index (average for the period between 2020 and 2022)	8	8
8	Shareholder Rights Index (shareholder rights are adequately applied)	2	11
9	Venture Capital Index (ready availability of venture capital for businesses)	2	3
10	Listing of Local Companies (number of local companies listed)	16	26
11	Merger and Acquisition Activities (deals per listed companies)	16	40
12	Stock Market Capitalization (billion USD)	8	9

02

Section Two: Regulating the Capital Market

First: Implementing Regulations

Second: CMA 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 prevents 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 2023, CMA adopted the following new implementing regulations:

» Rules for Foreign Investment in Securities

CMA Board Resolution 2-26-2023 was issued on 27/3/2023 (5/9/1444H) approving the Rules for Foreign Investment in Securities. These Rules aim to develop the provisions regulating foreign investment in securities, facilitate access to the regulatory frameworks governing foreign investment in securities by consolidating the regulating provisions in a single regulatory document, as well as facilitate QFI entry procedures to invest in the Saudi capital market by canceling the requirement to submit a QFI application and assessment and opting for the requirement to open an investment account, as per the relevant instructions.

In addition, the Rules paved the way for a new foreign investment channel, as they allowed natural and legal foreign entities to invest in shares listed in the main market, particularly through discretionary investment portfolios run by capital market institutions.

The Rules also developed, conditions for the investment of the non-resident foreign investors in listed securities through Swap Agreements, including removing the requirement on the duration of such swap agreements, as well as removing the requirement to notify the CMA prior to entering into a Swap Agreement. The Rules replace the Rules for Qualified Foreign Financial Institutions Investment in Listed Securities, Instructions for the Foreign Strategic Investors' Ownership in Listed Companies, and the Guidance Note for the Investment of Non-Resident Foreigners in the Parallel Market.

2. Amended Implementing Regulations

CMA approved, in 2023, several amendments to implementing regulations, as follows:

1. Implementing Regulations of the New Companies Law for Listed Joint Stock Companies

The CMA Board issued Resolution No. 8-5-2023 of 25/06/1444H, corresponding to 18/01/2023, approving the amendments of six implementing regulations: The Implementing Regulations of the New Companies Law for Listed Joint Stock Companies, issued by CMA Board Resolution No. 8-127-2016 of 16/01/1438H, corresponding to 17/10/2016, the Merger and Acquisition Regulations, issued by Resolution No. 1-50-2007 of 21/9/1428H (03/10/2007), the Corporate Governance Regulations, issued by Resolution No. 8-16-2017 of 16/05/1438H (13/02/2017), the Procedures and Instructions related to Listed Companies with Accumulated Losses Reaching 20% or More of their Share Capital, issued by Resolution No. 4-48-2013 of 15/01/1435H (18/11/2013), the Rules on the Offer of Securities and Continuing Obligations, issued by Resolution No. 3-123-2017 of 09/04/1439H (27/12/2017), and the Glossary of Defined Terms Used in the Regulations and Rules of the Capital Market Authority, issued by Resolution No. 4-11-2004 of 20/08/1425H (04/10/2004).

The approval of the Implementing Regulations comes in implementation of the new Companies Law and based on the authority the Law granted to the CMA to regulate the matters and subjects related to joint stock companies listed in the capital market. The amendments are, as well, in line with CMA's objectives to regulate and develop the capital market and contribute to achieving the CMA's strategic objectives by enhancing confidence and raising the level of governance in the capital market, and aim to outline necessary rules to implement the provisions of the Companies Law and contribute to realizing its goals.

The main amendments 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", stipulating the provisions that aim to raise the level of governance of the Board of listed joint stock companies, setting out the maximum period for the external auditor's term, regulating the distribution of dividends to shareholders and what constitutes distributable profits, stipulating the provisions related to the issue and conversion of the types and classes of shares, regulating the forward split or reverse split of shares, regulating the squeeze-out and sell-out provisions stipulated in Article 230 of the Law, including the relevant disclosure requirements and conditions for the offer price, and stipulating the provisions governing a company's demerger, and other matters.

2. Amended CMA Investment Account Instructions, Implementing Regulations of the Companies Law for Listed Joint Stock Companies, and Glossary of Defined Terms Used in the Regulations and Rules of the Capital Market Authority

CMA Board Resolution No. 2-26-2023 was issued on 05/09/1444H, corresponding to 27/03/2023, approving the amendments of the Investment Account Instructions, initially issued by Resolution No. 4-39-2016 of 25/06/1437H (03/04/2016), the amendments of the Implementing Regulations of the New Companies Law for Listed Joint Stock Companies, issued by CMA Board Resolution No. 8-127-2016 of 16/01/1438H, corresponding to 17/10/2016, and the amendments of the Glossary of Defined Terms Used in the Regulations and Rules of the Capital Market Authority, issued by Resolution No. 4-11-2004 of 20/08/1425H (04/10/2004), with a view to update and develop the provisions for foreign investments in securities.

3. Amended Capital Market Institutions Regulations and Glossary of Defined Terms Used in the Regulations and Rules of the Capital Market Authority

CMA Board Resolution No. 1-101-2023 was issued on 08/04/1445H, corresponding to 23/10/2023, approving the amendments of the Capital Market Institutions Regulations, initially issued by Resolution No. 1-83-2005 of 21/5/1426H (28/6/2005), and the amendments of the Glossary of Defined Terms Used in the Regulations and Rules of the Capital Market Authority, issued by Resolution No. 4-11-2004 of 20/08/1425H (04/10/2004).

These amendments aim to update the provisions of Chapter 8 of the Capital Market Institutions Regulations in line with CMA competence as per the Capital Market Law and the Bankruptcy Law Regulations issued by Royal Decree No. M/50 dated 28/05/1439 and to update the provisions of dissolution of the CMA in line with the Company Law issued by Royal Decree No. M/132 of 01/12/1444H, as to better reflect investor protection and confidence, growth, and prosperity in the capital market.

4. Amended Instructions for Company Announcements

CMA Board Resolution No. 3-79-2023 of 19/02/1444H, corresponding to 04/09/2023, approved the amendments to the Instructions for Company Announcements, initially issued by virtue of Resolution No. 1-199-2006 of 18/7/1427H (12/08/2006).

The amendments to the Instructions for Company Announcements come as part of CMA's continuous efforts to develop and facilitate the disclosure procedures for listed companies. CMA is also keen to implement best practices related to the company's disclosure to investors and dealers in the capital market, thus helping investors make informed investment decisions based on accurate and adequate information in accordance with the relevant statutory provisions.

Among the key changes is the amendment of the forms for announcing the annual and preliminary financial results of insurance companies in accordance with IFRS 17 Insurance Contracts, as well as the addition of forms for announcing a capital increase with suspension of priority rights and a form for announcing the impact of emergency events on the company's business, in addition to a number of other instructions.

3. Implementing Regulations Under Development

With an aim to increase investor confidence and develop the capital market, CMA is working on a set of new implementing regulations, as follows:

1. Draft Instructions on Offering of Real Estate Contributions Certificates:

The Draft Instructions aim to regulate the registration and offering of real estate contribution certificates in the Kingdom through specifying the requirements that must be met before offering, marketing, announcing, and collecting Funds for real estate contribution certificates, alongside the requirements for public and private real estate contribution certificates offering, CMA obligations for offering, contributors' records, and keeping books and records.



2. Draft Regulatory Framework to Regulate Secondary Offerings:

The Draft Framework aims to regulate secondary offerings in the Saudi capital market.

The main elements of the Draft are as follows:

1. Regulating the requirements of appointing a financial advisor and submitting a notification to CMA in the event a shareholder intends to offer their shares in a listed company partially or fully through a secondary public offering or secondary offering in the parallel market.
2. Regulating disclosure requirements for secondary offerings and preparing the relevant secondary offerings document to be filled.
3. Outlining the provisions for applying the book building process and determining share allocation in the secondary offering.
4. Outlining the provisions for the price stabilization mechanism in secondary offerings in main and parallel markets.

3. Draft Controls for the Exclusion of Companies Listed in the Saudi Stock Exchange (Tadawul) from the Meaning of the Phrase (Non-Saudi) in Accordance with the Law of Real Estate Ownership and Investment by Non-Saudis) :

With the aim of stimulating investment, raising capital market attractiveness and efficiency, enhancing its competitiveness regionally and internationally, and supporting the local economy by attracting foreign capital, the Draft Controls pave the way to exclude companies listed in the Saudi Stock Exchange (Tadawul) from the meaning of the phrase (Non-Saudi) in accordance with The Law Of Real Estate Ownership And Investment By Non-Saudis.

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

1. Developing regulatory concepts, guided by best international practices and standards.
2. Preparing drafts of implementing regulations, in accordance with the approved regulatory concepts.
3. Conducting public consultations on draft implementing regulations.
4. Updating draft implementing regulations in light of public consultations.
5. Approving the new amended implementing 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. In 2023, CMA conducted 4 public consultations, receiving 313 responses.

CMA methodology in processing responses received:

1. Classifying and arranging all responses received, as per the draft implementing regulation articles they are relevant to.
2. Conducting a legal and technical examination (study) of responses.
3. Carrying out the amendments to the draft implementing regulations based on the results of the examination.

CMA also publishes a summary of the most important points the public consultation responses addressed along with CMA's view towards them, in Istitlaa, the unified electronic public and governmental opinion consultation platform.

4

Public Consultations in 2023

313

Responses received

03

Chapter Three: Capital Market Developments

Section One: Securities Offerings and Registration, Listed Companies
Actions, and Investment Products

Section Two: Securities Business

03

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

First: Securities Offerings and Registration, and Listed
Companies Actions

Second: Assets Under Management

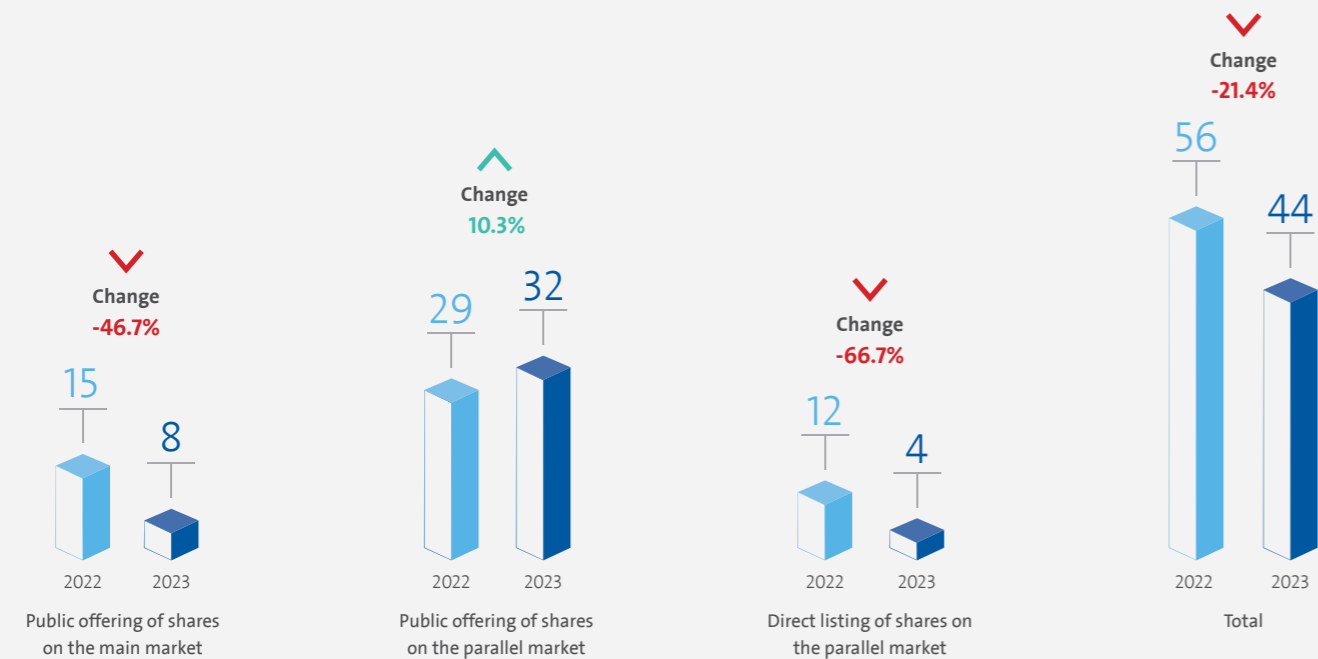
Third: Foreign Investment on the Saudi Capital Market

First: Securities Offerings and Registration, and Listed Companies Actions

1. Offering and Registration of Shares

In 2023, there was a decline in the total number of public offering applications and share registrations approved by the CMA for both the main and parallel markets. The decrease reached 21.4%, with 44 applications, 72.7% of which were pertaining to the Parallel market.

Chart 1: Total number of CMA-approved public offering applications on the main and parallel markets



In 2023, 7 companies’ shares were offered for initial public offering in the main market, and 29 companies’ shares were offered for initial public offering in the parallel market. One company made use of the new funding channel opened by the CMA and offered its shares with suspension of preemptive rights.

Table 6: Saudi Capital Market Offerings

Type	2022		2023	
	Total Value (million SAR)	Number	Total Value (million SAR)	Number
Value of the Initial Public Offering on the main and parallel markets	39,955.9	37	12,265.4	36
Value of the Secondary Public Offering on the main market	0.0	0	0.0	0
Private Placement ¹	15,792.0	57	3,983.0	39
Rights Issues ²	11,752.3	13	2,885.0	6
Offering with suspension of Preemptive rights	0.0	0	630.0	1
Total	67,500.2	107	19,763.4	82

1. Including received closure notifications of privately placed shares and combined proceeds.
2. Including companies that listed rights issues in 2022 and 2023.

» Initial Public Offering (IPO)

In 2023, there was a slight decrease in company shares offered in the capital market. The value of shares offered for public offering decreased by 69.3% compared to 2022.

Table 7: Companies that partially offered their shares for public subscription in 2023

Market	Company Name	Subscription/Offering Value (SAR million)	Ratio of Offered to Issued Shares	Over-Subscription (times)		Individual Subscribers (thousand subscribers)
				Individuals ¹	Institutions ²	
Main Market	Almawarid Manpower Company	288.0	30.0%	16.4	54.4	74.9
	Jamjoom Pharmaceuticals Factory Co.	1,260.0	30.0%	11.0	70.8	170.5
	Morabaha Marina Financing Company	312.9	30.0%	5.5	4.0	61.3
	First Milling Company	999.0	30.0%	10.0	68.9	102.7
	Lumi Rental Co	1,089.0	30.0%	11.5	110.3	124.9
	ADES Holding Company	4,572.7	30.0%	9.8	62.7	416.4
	SAL Saudi Logistics Services Company	2,544.0	30.0%	16.1	71.7	271.8
Parallel Market ³	Leen Alkhair Trading Company	62.3	23.5%	0.6	0.6	0.1
	Nofoth Food Products Co	43.2	12.0%	1.3	2.2	0.1
	Waja Co.	41.0	13.0%	0.9	0.4	0.1
	Knowledge Net Co	28.0	20.0%	0.6	0.8	0.1
	BENA Steel Industries	31.2	12.0%	0.8	0.7	0.1
	Horizon Food Company	59.2	20.0%	0.8	0.3	0.1
	Food Gate Trading Company	23.5	20.0%	4.4	1.2	0.3
	Ghida Alsultan for Fast Food Company	53.8	20.0%	0.5	0.6	0.2
	Saudi Lime Industries Company	34.0	9.1%	1.8	1.4	0.1
	Meyar Company Al	15.7	25.0%	7.8	1.6	0.3
	Muneef Co for Trade Industry Agriculture & Contracting Company	53.2	20.0%	0.6	0.8	0.1
	Tam Development Company	76.1	16.0%	0.3	1.1	0.2
	Al-Razi Medical Company	8.5	20.0%	20.7	2.5	0.6
	ProMedEx	71.4	30.0%	1.5	3.0	0.2
	Marble Design	33.6	20.0%	3.0	4.1	0.3

Market	Company Name	Subscription/Offering Value (SAR million)	Ratio of Offered to Issued Shares	Over-Subscription (times)		Individual Subscribers (thousand subscribers)
				Individuals ¹	Institutions ²	
Parallel Market ³	DS Rent Car Rental	20.0	%20.0	14.5	2.9	0.6
	Munawla Cargo Co. Ltd	22.0	%20.0	16.9	4.3	0.8
	Atlas Lifts Company	27.6	%20.0	2.9	2.1	0.4
	Intelligent Oud Trading Company	15.9	%20.0	16.3	3.6	0.6
	Client Life Company	33.6	%20.0	4.6	1.1	0.3
	Riyal Investment and Development Company	30.2	%9.0	0.8	0.7	0.3
	United Mining Industries Company	59.5	%12.5	1.0	2.5	0.3
	Osool and Bakheet Investment Company (OBIC)	67.5	%18.5	0.3	2.8	0.2
	Mulkia Investment Company	49.4	%20.0	1.4	1.2	0.6
	Fad International Company	20.2	%20.0	6.8	2.4	0.4
	Riyadh Steel Factory	17.0	%20.0	1.0	1.2	0.3
	Lana Medical Company	22.3	%20.0	0.8	0.4	0.2
	Armah Sports Co	138.0	%15.0	1.7	1.2	0.2
	View United Real Estate Development Company	42.0	%18.2	0.9	0.2	0.1
Total		12,265.4				1,230.6

1. Over-subscription was calculated by dividing the number of subscribed shares by the number of allocated shares.
2. Over-subscription was calculated by dividing the number of subscribed shares by the number of offered shares.
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.

Six companies registered their shares for direct listing on the parallel market in 2023, with a total offering value upon listing reaching SAR 1,950.4 million.

Table 8: Companies That Registered Their Shares for Direct Listing on the Parallel Market in 2023

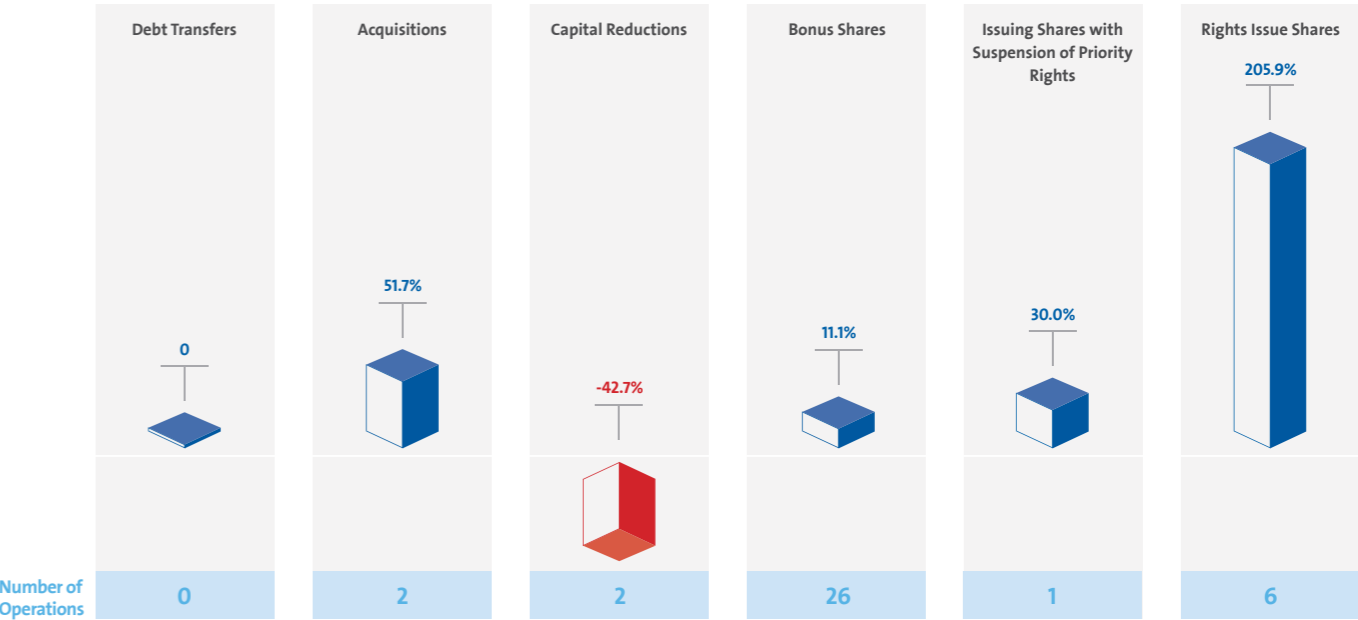
Company	Offering value upon listing (SAR million)
Alqemam for Computer Systems	240.0
Balady Poultry Trading Company	597.9
Mayar Holding Company	420.0
Paper Home Company	112.5
Al Rashid Industrial CoS	200.0
Almujtama Alraida Medical Co	380.0
Total	1,950.4

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)		
	2022	2023	Out of total (%)	2022	2023	Out of total (%)
Phone Banking	2,044,000	13,664	0.4%	7,144.1	491.3	3.8%
E-Channels	7,304,000	3,586,399	94.0%	37,080.9	10,579.0	82.1%
Bank Branches	163,000	51,545	1.4%	7,579.7	1,773.5	13.8%
ATMs	664,000	165,624	4.3%	3,681.6	34.3	0.3%
Total	10,175,000	3,817,232	100%	55,486.3	12,878.0	100%

2. Listed Companies Actions

Chart 2: Percentage change in the capital of listed companies according to the 2023 capital adjustment method



3. Offering of Sukuk and Debt Instruments ¹

The total proceeds from Sukuk and debt instrument offerings in 2023 reached SAR 29.95 billion, of which SAR 29.85 billion were raised through private placements offerings and SAR 100 million 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:

- » Adopting the 2023 – 2025 debt instruments market development strategy, which includes more than 35 initiatives and 10 performance indicator measures.
- » Canceling CMA’s share of commissions in sukuk and bonds trading as of May 2023, in order to stimulate the activities of liquidity and debt instruments secondary market.
- » JP Morgan has established a special index to monitor the issuance of the Kingdom's government sukuk denominated in Saudi riyals. This usually precedes inclusion in global indices such as the JP Morgan Emerging Markets Government Bond Index, which contributes to enhancing foreign investment in the local market.
- » CMA has started receiving applications for licensing to practice market activities under the alternative trading system category in the Kingdom (sukuk and debt instruments). The alternative trading systems will support the Kingdom's debt instruments market, expand the investor base, and provide effective technological solutions to facilitate connectivity and trading.
- » Publishing the Sukuk and Debt Instruments Market Guide to raise investor and issuer awareness regarding the main aspects of the market, including investment mechanisms and channels for issuing Sukuks and debt instruments, all with the aim of expanding the investor and issuer base in the market to further deepen it and increase its liquidity.
- » Revisiting the mechanism of calculating and applying Zakat to Sukuks and debt instruments, in collaboration with the Zakat, Tax, and Customs Authority. The efforts resulted in issuing Ministerial Resolution No. 58705 to amend the Zakat Collection Regulation in order to deepen the debt instruments market. Issuers now have the choice to treat issued sukuk and debt instruments as capital for Zakat purposes and may not reverse such a decision at the maturity period. If treated as capital, such Zakat and debt instruments are deducted from the calculation of Zakat for the investor, provided that the investment in these sukuk and bonds are for non-commercial purposes.
- » Opening a public consultation for the Draft Income Tax Law, which stipulates an exception to tax withholding on sukuk and bond profits, which deepens the Sukuk and debt instruments market and increases its attractiveness to foreign investors.
- » Achieving an increase in Sukuk and debt instruments market trading activity. Data indicates a significant increase in the number of executed transactions, which reached 40,600 transactions in 2023 compared to 5,800 transactions in 2022. The total value of sukuk and debt instruments listed on the market also increased to reach SAR 549.8 billion.

Chart 3: The number of sukuk and debt instruments listed on the Saudi Stock Exchange (Tadawul)

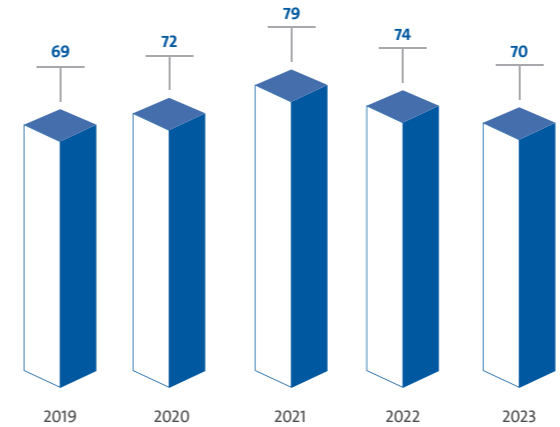


Chart 4: The value of traded sukuk and debt instruments listed on the Saudi Stock Exchange (Tadawul) (Million SAR)

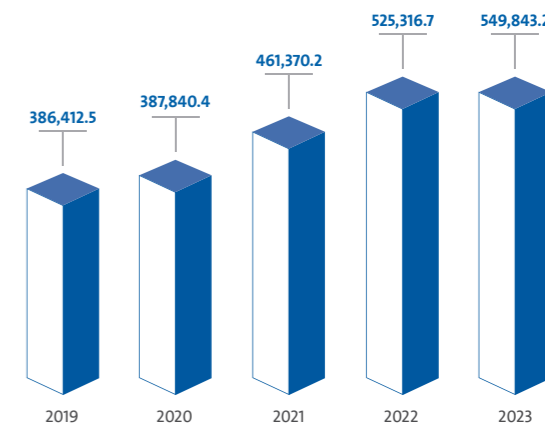


Chart 5: The number of executed transactions relating to sukuk and debt instruments listed on the Saudi Stock Exchange (Tadawul)

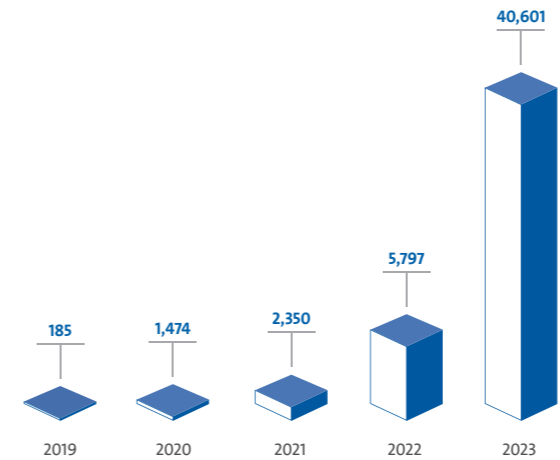
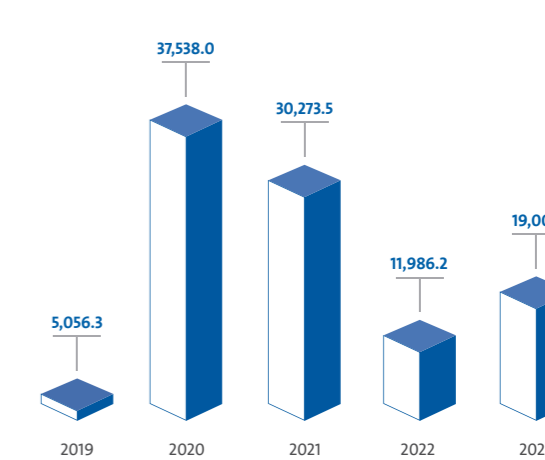


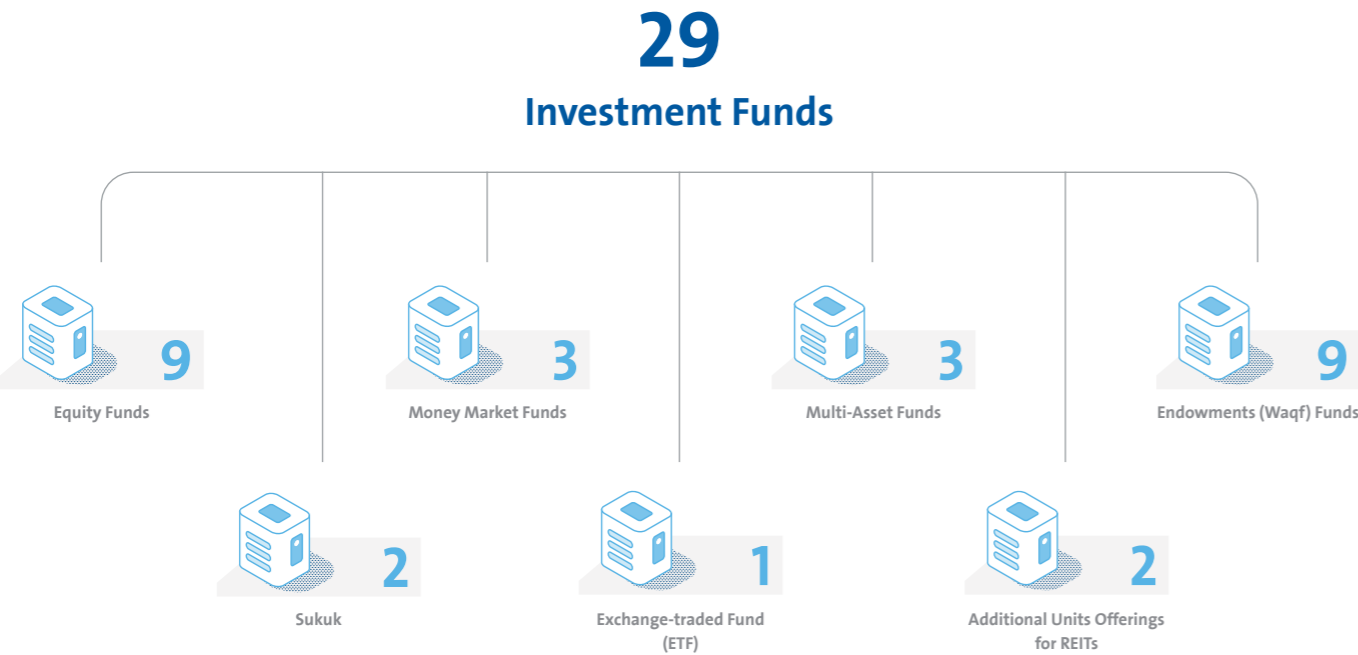
Chart 6: The value of executed transactions relating to sukuk and debt instruments listed on the Saudi Stock Exchange (Tadawul) (Million SAR)



Second: Assets Under Management

1. Issuance of Investment Products

In 2023, CMA approved the offering of:



In 2023, CMA received:



The total assets under management marked a significant increase of 17.2% at the end of 2023.

Table 10: Total Value of Assets Under Management

Item (million SAR)	2022	2023	Annual Change (%)
Total Assets of Investment Funds	478,181.6	558,225.7	16.8%
Total Assets of Discretionary Portfolios Under Management	265,219.2	313,034.1	18.0%
Total Assets Under Management	743,400.8	871,259.8	17.2%

2. Investment Funds

By the end of 2023, the value of investment fund assets increased by 16.7% compared to the previous year, coupled with a surge in the number of subscribers, which reached 1.2 million, marking 73.2% increase from 2022.

Table 11: Investment Funds Sector Indicators¹

Item	2022			2023			Total Annual Change (%)
	Public	Private	Total	Public	Private	Total	
Number of Funds	253	686	939	291	994	1,285	36.8%
Number of Subscribers	652,869	24,326	677,195	1,080,455	92,410	1,172,865	73.2%
Asset Value (million SAR)	126,105.0	352,076.6	478,181.6	122,577.5	435,648.2	558,225.7	16.7%

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

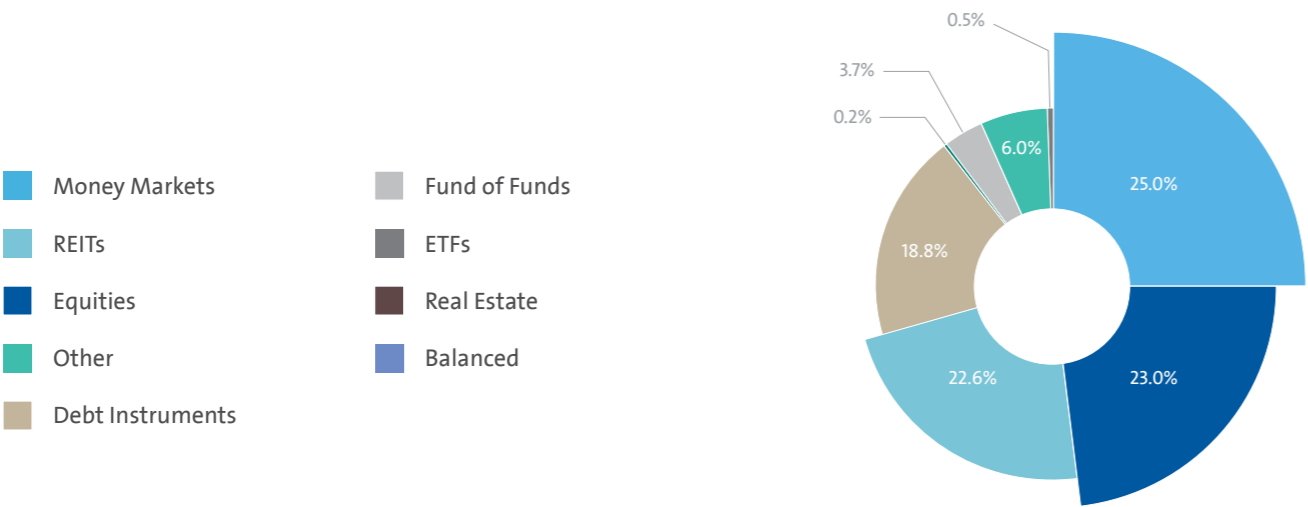
2.1 Public Investment Funds

By the end of 2023, publicly offered investment funds represented 22% of the overall value of fund assets. In addition, there was a growth of 65.5% in the number of subscribers to public investment funds, totaling 1,080,455 subscribers.

Table 12: Public Investment Fund Indicators, Classified by Type Of Investment

Type of Investment	Number of Funds			Number of Subscribers			Asset Value (million SAR)		
	2022	2023	Change (%)	2022	2023	Change (%)	2022	2023	Change (%)
Equities	123	132	7.3%	140,628	209,134	48.7%	23,255.4	28,233.0	21.4%
Debt Instruments	13	18	38.5%	5,213	9,154	75.6%	19,551.9	23,041.7	17.8%
Money Markets	43	46	7.0%	30,719	37,821	23.1%	49,619.5	30,616.9	-38.3%
Real Estate	5	4	-20.0%	2,550	2,015	-21.0%	680.2	295.2	-56.6%
Fund of Funds (FoF)	24	25	4.2%	7,018	50,576	620.7%	2,846.9	4,594.8	61.4%
Balanced	0	1	-	0	317	-	0.0	59.7	-
Exchange-traded Funds (ETFs)	7	9	28.6%	15,392	17,007	10.5%	1,519.1	647.1	-57.4%
Real Estate Investment Trusts (REITs)	18	19	5.6%	301,031	550,543	82.9%	25,198.2	27,727.0	10.0%
Other	20	37	85.0%	150,318	203,888	35.6%	3,434.0	7,362.1	114.4%
Total	253	291	15.0%	652,869	1,080,455	65.5%	126,105.0	122,577.5	-2.8%

Chart 7: Breakdown of public investment Funds assets by investment type in 2023



2.1.1 Public Funds Invested in Equities

Indicators of public Funds invested in equities, classified geographically (2023)



2.2 Private Investment Funds

By the end of 2023, privately offered investment Funds represented 78.0% of the total asset value of Funds. Furthermore, there was an increase of 279.9% in the number of subscribers to private investment Funds, totaling 92,410 subscribers.

Table 13: Private Investment Fund Indicators, Classified by Type of Investment¹

Type of Investment	Number of Funds			Number of Subscribers			Asset Value (million SAR)		
	2022	2023	Change (%)	2022	2023	Change (%)	2022	2023	Change (%)
Equities	168	181	7.7%	1,327	1,209	-9.8%	178,592.2	205,102.6	14.8%
Private Equities	117	163	39.3%	2,993	6,666	122.7%	19,463.9	19,934.1	2.4%
Venture Capital	21	27	28.6%	706	824	16.7%	1,431.9	2,460.9	71.9%
Debt Instruments	21	31	47.6%	709	973	37.2%	11,816.8	12,686.2	7.4%
Money Markets	6	10	66.7%	116	503	333.6%	2,356.9	3,679.2	56.1%
Real Estate	249	403	61.8%	17,631	61,128	246.7%	122,977.0	164,233.5	33.5%
Commodities	2	3	50.0%	0	2	-	0.0	5.6	-
Multi-Asset	86	119	38.4%	430	602	40.0%	13,708.0	24,596.3	79.4%
Feeder	5	22	340.0%	165	215	30.3%	404.9	801.7	98.0%
Finance	10	30	200.0%	248	20,287	8080.2%	1,296.1	2,117.1	63.3%
Endowment	1	5	400.0%	1	1	0.0%	28.9	31.1	7.8%
Total	686	994	44.9%	24,326	92,410	279.9%	352,076.6	435,648.2	23.7%

1. including Funds in offering period

2.3 Exchange-traded Funds (ETFs)

In 2023, the number of subscribers to Exchange-Traded Funds increased by 10.5% compared to the previous year.

Table 14: Exchange-traded Funds (ETFs)

Fund	Asset Value (million SAR)			Number of Subscribers		
	2022	2023	Change (%)	2022	2023	Change (%)
Yaqeen30	45.8	50.5	10.2%	3,812.0	3,514	-7.8%
Yaqeen Petrochemical	6.0	5.8	-2.6%	765.0	813	6.3%
Alawwal Invest MSCI Tadawul 30 Saudi ETF	14.2	9.8	-30.6%	687.0	697	1.5%
Alinma Saudi Government Sukuk ETF – Short Maturity	1,239.1	424.0	-66%	484.0	640	32.2%
Albilad Saudi Sovereign Sukuk ETF	122.0	92.5	-24.2%	3,786.0	4,506	19.0%
Albilad Gold ETF	58.9	40.5	-31.2%	4,467.0	4,444	-0.5%
Albilad MSCI US Equity ETF	33.1	11.5	-65.4%	1,391.0	1,446	4.0%
Albilad MSCI US Tech ETF	-	12.6	-	-	947	-
Albilad MSCI Saudi Growth ETF¹	-	-	-	-	-	-
Total	1,519.1	647.1	-57.4%	15,392.0	17,007	10.5%

1. Fund data is not available, as the fund was established in 2023 and listed in 2024.

2.4 Real Estate Investment Trusts (REITs)

In 2023, the number of subscribers to Real Estate Investment Trusts (REITs) witnessed a 82.9% increase compared to the previous year, reaching a total of over 550,000 subscribers.

Table 15: Real Estate Investment Trusts (REITs) at the End of 2023

Fund	Asset Value (million SAR)			Number of Subscribers		
	2022	2023	Change (%)	2022	2023	Change (%)
Riyad REIT	3,072.6	3,069.4	-0.1%	20,696	26,848	29.7%
Al Jazira Mawten REIT	86.8	84.8	-2.4%	5,131	5,404	5.3%
Jadwa REIT Al Haramain	743.9	749.3	0.7%	11,569	11,083	-4.2%
Taleem REIT	661.3	854.0	29.1%	6,623	10,370	56.6%
Al Maather REIT	602.8	867.0	43.8%	9,825	10,062	2.4%
Musharaka REIT	1,579.0	1,552.2	-1.7%	12,712	13,432	5.7%
Mulkia REIT	1,369.7	1,375.3	0.4%	11,700	36,037	208.0%
Sico Saudi REIT	672.8	536.2	-20.3%	8,197	8,420	2.7%
Al-Ahli REIT	1,954.4	1,996.1	2.1%	11,014	13,760	24.9%
Derayah REIT	1,688.6	1,638.1	-3.0%	25,745	30,653	19.1%
Al-Rajhi REIT	2,191.4	3,132.8	43.0%	36,530	153,284	319.6%
Jadwa REIT Saudi	2,440.3	2,215.6	-9.2%	13,875	13,468	-2.9%
Sedco Capital REIT	1,854.5	2,453.8	32.3%	50,477	91,424	81.1%
Alinma Retail REIT	912.8	975.7	6.9%	15,629	14,877	-4.8%
MEFIC REIT	1,042.3	1,031.8	-1.0%	15,506	15,120	-2.5%
Bonyan REIT	2,157.5	1,908.3	-11.6%	13,059	15,461	18.4%
Alkhabeer REIT	2,010.5	2,017.4	0.3%	32,618	32,020	-1.8%
Alwaha REIT	156.6	177.9	13.6%	125	84	-32.8%
Alinma Hospitality REIT ¹	-	1,091.3	-	-	48,736	-
Total	25,198.2	27,727.0	10.0%	301,031	550,543	82.9%

1. Fund listed and offered in 2023.

3. Discretionary Portfolios

The value of discretionary portfolios increased by 18.0% by the end of 2023, reaching SAR 313.0 billion.

Table 16: Asset Value of Discretionary Portfolios, Classified by Type of Investment

Type of Investment	Asset Value (million SAR)		Change (%)
	2022	2023	
Local Equities	120,965.7	140,644.8	16.3%
International Equities	8,753.5	11,554.7	32.0%
Debt Instruments	11,803.1	16,685.3	41.4%
Investment Funds ¹	19,049.3	20,837.2	9.4%
Other	104,647.6	123,312.1	17.8%
Total	265,219.2	313,034.1	18.0%

1. The data for 2022 presented here differs from the data presented in the 2022 Annual Report because investments in money markets were classified under "other" as a result of updating the financial adequacy model and financial reports received from capital market institutions.

Third: Foreign Investments in the Saudi Capital Market

The main capital market recorded a significant increase in foreign investments, reaching record levels. By the end of 2023, net foreign investments totaled around SAR 198.0 billion, reflecting an increase of 7.7% compared 2022. Moreover, the value of foreign investors' ownership continued to rise in 2023, reaching SAR 401 billion, constituting 12.9% of the free shares on the main market.

Chart 8: Net foreign investments¹ (billion SAR) until the end of 2023

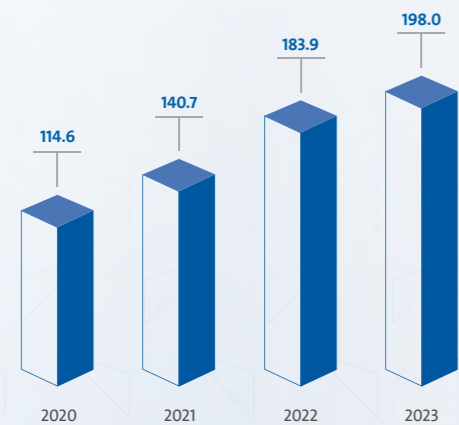


Chart 9: Value of foreign investors' ownership in the Saudi Capital Market (billion SAR) by the end of 2023

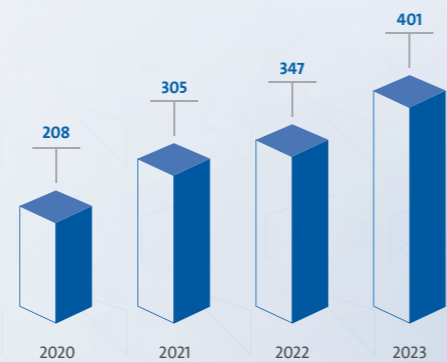
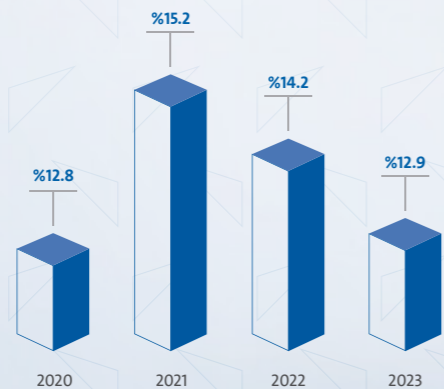


Chart 10: Percentage of foreign investors' ownership² of free shares on the main market by the end of 2023



1. Net foreign investment refers to net buying and selling transactions and is presented cumulatively from 2019 onwards.
2. The decrease in percentage of foreign investor's ownership of free shares in the main market is attributed to the increase in free float market value due to the transfer of a part of government ownership in ARAMCO to the Public Investment Fund. This increase was not met by an increase in Saudi market weight in international indicators, due to different calculation methods of free float shares. The value of foreign investor ownership in the Saudi capital market witnessed a surge, reaching SAR 401 billion by the end of 2023, compared to SAR 347 billion at the end of 2022, and SAR 305 billion at the end of 2021.

03

Section Two: Securities Business

First: Licenses

Second: Inspection, Capital Adequacy, Anti-Money Laundering, and
Combating Terrorist Financing

Third: Performance of Capital Market Institutions

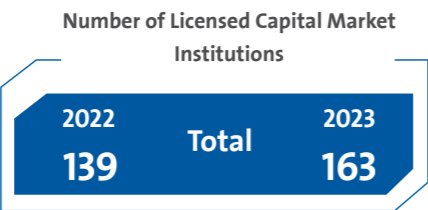
Fourth: Registered Accounting Firms and Certified Public Accountants

First: Licenses

1. Decisions Regarding Licensing to Conduct Securities Business

Table 17: Number of Licensing Decisions, by Type of Decision

Type of Decision	2023	Percentage of the Annual Change
New License	25	%56.3
License Amendment	Activity Added	%1000.0
	Activity Canceled	%0.0
License Cancellation	1	%0.0
License Revocation	0	%0.0
Total	40	%100

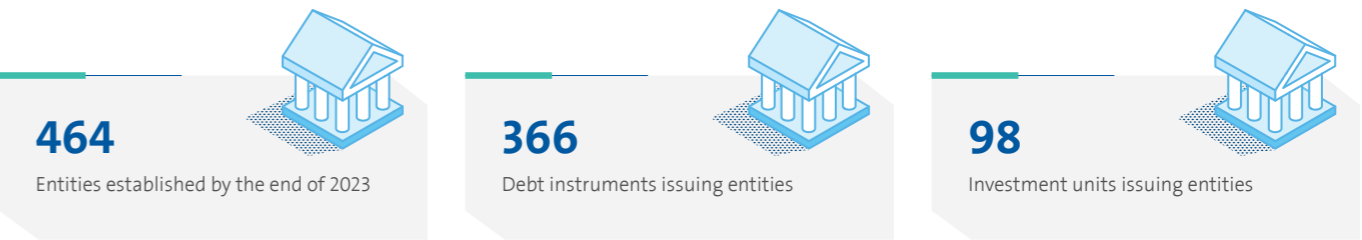


2. Credit Rating Licenses

Credit rating activity licenses, by work practice



3. Special Purpose Entities



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

Based on CMA’s important role in developing the capital market, and in line with its continuous efforts to diversify FinTech labs and foster an empowering regulating environment which stimulates innovation in the capital market, CMA licensed in December 2023 the first AI-powered consulting and advisory model. This model provides algorithm-based advice regarding securities to platform clients, based on data from different sources, including client data collected by the CMA and/or other licensed authorities, after receiving the client’s consent.

CMA also facilitated investments in debt instruments in favor of different investor segments, by allowing licensed FinTech companies to experiment with offering and investing in debt instruments through distributing debt instruments offered publicly in accordance with the Rules for Offering Securities and Continuous Obligations.

Table 18: FinTech Lab Rounds

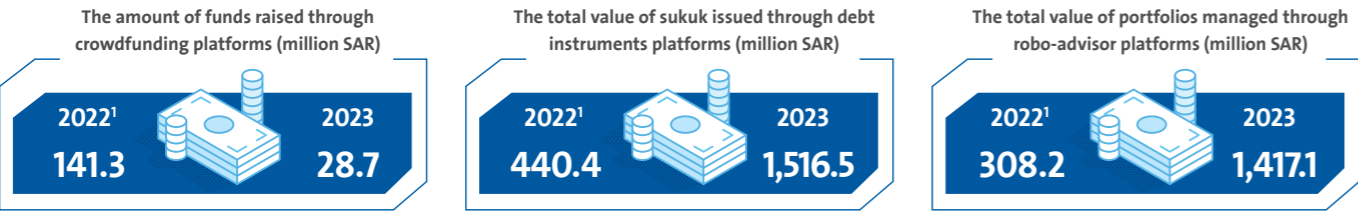
	Rounds				
	Third Round	Fourth Round	Fifth Round ¹	Sixth Round	Seventh Round
End Date	30/01/2020	30/11/2020	15/12/2021	15/08/2022	23/11/2023
Number of Applicants	44	58	95	76	81

1. Updates to the Financial Technology Experimental Permit Instructions included changes to the mechanism for receiving applications.

In 2023, CMA issued several financial technology experimentation permits. These include seven permits for investment Funds and Real Estate Investment Trusts (REITs) distribution model, eight permits for the debt offering and investment model, one permit for the robo-advisor model, and one permit for the AI-power consultation model. The total number of ongoing permits reached 38 by the end of 2023.

Table 19: Licenses for existing financial technology experiments

Authorized Financial Technology Model	Number	
	2022	2023
Crowdfunding	5	1
Robo-Advisor	7	7
Introducing and Investing in Debt Instruments	6	14
Using Distributed Ledger Technology for Securities Issuance and Preservation	1	1
Social Trading	1	1
Distribution Platform of Investment Funds and Real Estate Investment Trusts (REITs)	9	13
AI-Powered Consultation Model	0	1
Total Number of Permits	29	38



Number of investors benefiting from the services of FinTech companies, categorized by group:



1. The data presented here for 2022 differs from that provided in the 2022 Annual Report due to reclassifying and reviewing the data and including data from capital market institutions that provide FinTech services.

5. Workforce in the Capital Market Sector

Capital market institution employees



Saudization rate in capital market institutions

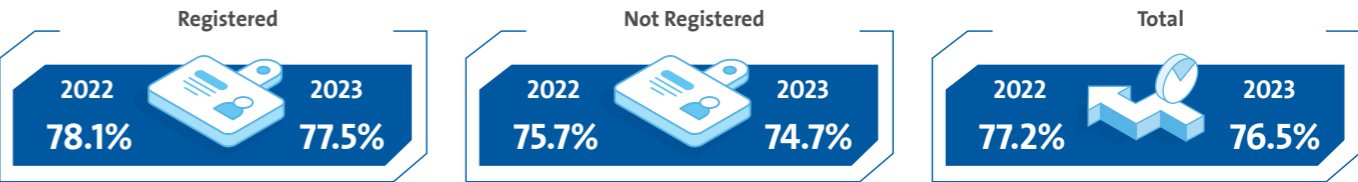
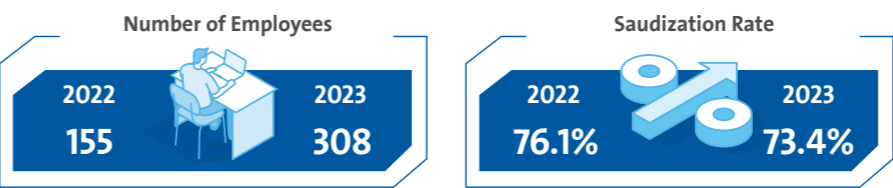


Table 20: Employees Working in Market Infrastructure Institutions and the Saudization Rate

Company	Number of Employees ¹		Saudization rate	
	2022	2023	2022	2023
The Securities Clearing Center (Muqassa)	34	42	82.0%	76.0%
The Securities Depository Center (Edaa)	65	68	95.0%	94.1%
Saudi Tadawul Group	80	77	91.0%	92.0%
Total	179	187	91.1%	89.3%

Employees working in licensed FinTech companies and the Saudization Rate



1. The numbers do not include graduate development program trainees in these companies and institutions.

Second: Inspection, Capital Adequacy, Anti-Money Laundering, and Combatting Terrorist Financing

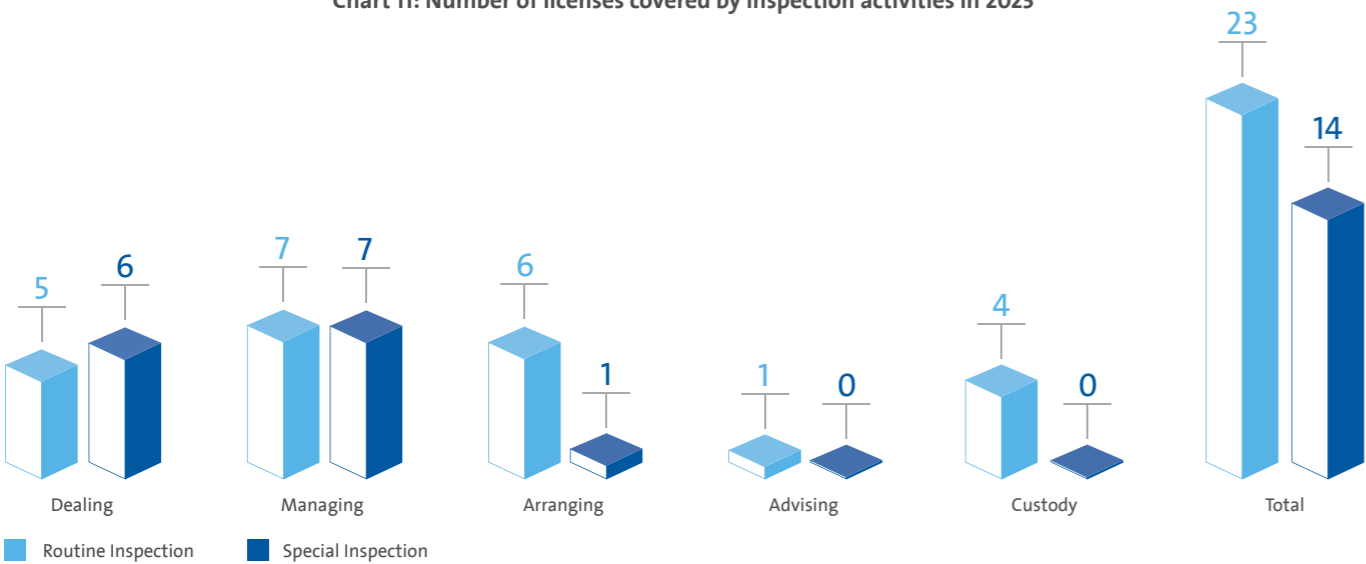
Inspection

Table 21: Inspections on Capital Market Institutions:

Item	Number	
	2022	2023
Capital Market Institutions Covered by Cycle Inspections	13	13
Capital Market Institutions Covered by Cause Inspections	34 ¹	24 ²
Capital Market Institutions Covered by Limited-Scope Inspections	4	0

The inspection activities of capital market institutions are categorized based on the types of licenses held by those institutions. In 2023, the inspection activities included a total of 37 licenses, including 23 routine inspections and 14 special inspections.

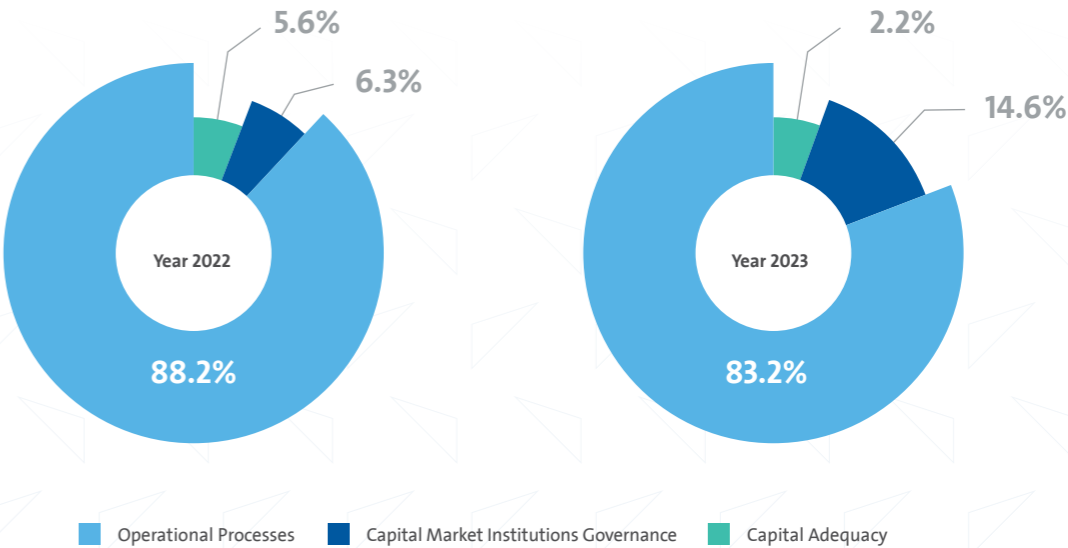
Chart 11: Number of licenses covered by inspection activities in 2023



In 2023, the Cycle inspections of capital market institutions resulted in a number of observations concerning their compliance with the laws and regulations enforced by the CMA.

1. Covering 78 cases and 6 field inspections
2. Covering 33 cases and 10 field inspections

Figure (12): Percentage of Cycle Inspection Mission Observations, by Subject-Matter



Capital Adequacy

» Capital Adequacy of Capital Market Institutions

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

1. Capital market institutions licensed to engage in dealing, and/or managing, and/or custody activities

At the end of 2023, licensed capital market institutions involved in dealing, management, and/or custody activities achieved a capital adequacy coverage rate of 27.7%, compared to 26.8% in 2022.

Table 22: The Capital Adequacy Requirements for Capital Market Institutions Licensed to Engage in Dealing and/or Managing and/or Custody Activities

Item	Saudi-Affiliated Banks		Local		Regional		International		Average or Total	
	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023
Capital Adequacy Coverage Rate	2.14	N/A	1.49	N/A	2.41	N/A	6.58	N/A	2.11	N/A
Capital Adequacy Rate ¹	27.2%	29.7%	19.2%	16.8%	30.1%	32.9%	74.1%	70.1%	26.8%	27.7%
Capital Base (million SAR)	20,785	24,790	6,432	6,808	1,542	1,641	3,154	3,403	31,913	36,642
Minimum ² (million SAR)	9,705	83,586	4,324	40,520	639	4,984	479	4,854	15,147	133,943
Credit Risks ³ (million SAR)	8,388	65,948	3,848	24,588	535	2,360	325	1,310	13,096	94,205
Market Risks ⁴ (million SAR)	503	5,803	138	636	27	320	13	240	683	6,999
Operational Risks ⁵ (million SAR)	814	11,835	337	5,504	76	1,013	141	2,022	1,369	20,375
Concentration Risks ⁶	N/A	0	N/A	9,792	N/A	1,291	N/A	1,281	N/A	12,364

2. Capital market institutions licensed to engage in arranging and/or advising activities

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

The working capital of capital market institutions licensed to engage in arranging and/or advising activities reached SAR 481 million, and the total surplus in working capital totaled to SAR 292 million, while the average capital surplus amounted to SAR 14 million.

1. The method of presenting the capital adequacy ratio in accordance with Basel Regulations.
2. The value covers the sum of credit risk, market risk, operational risk, and concentration risk.
3. The loss risks faced by capital market institutions resulting from changes in the creditworthiness of securities issuers, counterparties, and debtors.
4. The loss risks faced by capital market institutions resulting from market value fluctuations of assets, liabilities, and financial instruments.
5. Loss risks faced by capital market institutions resulting from a deficiency or defect in capital market institution procedures.
6. Loss risks resulting from excessive exposure to a single counterparty or a group of interconnected counterparties, or to high-risk assets such as real estate investments.

Table 23: The Capital Adequacy Requirements for Capital Market Institutions Licensed to Engage in Dealing and/or Managing and/or Custody Activities

Item	2022	2023
Working Capital	317	481
Total Surplus in Working Capital	194	292
Average Surplus in Working Capital	9	14

» Anti-Money Laundering and Combatting the Financing of Terrorism (AML/CFT)

Table 24: AML/CFT Activities, Classified According to the Requisitioner

Type of Transactions	Number		Change (%)
	2022	2023	
Requests from Government Entities	3,364	5,046	50.0%
Requests and Inquiries from Capital Market Institutions	111	101	-9.0%
Total	3,475	5,147	48.1%

Table 25: Cycle Onsite AML/CFT Inspections

Item	Number		Change (%)
	2022	2023	
Visits	16	17	6.3%

Third: Capital Market Institutions Performance

1. Capital Market Institutions Performance Indicators

The net profit of capital market institutions reached SAR 6.3 billion in 2023, representing a 4.2% increase compared to the previous year. The capital market institutions affiliated with Saudi banks recorded profits amounting to SAR 4.9 billion, accounting for 76.7% of the total profits of capital market institutions during 2023.

Table 26: Performance Indicators of Capital Market Institutions (Million SAR).

Item	Licensed and Affiliated with Saudi Banks		Licensed and Local (Saudi)		Licensed and Regional		Licensed and International		Licensed for Arranging and/ or Advising Activities		Total	
	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023
Total Paid-Up Capital	6,990.0	6,990.0	5,580.4	5,406.6	1,585.9	1,405.9	3,004.1	3,080.4	359.7	465.0	17,520.2	17,348.0
Total Assets	39,305.5	42,722.9	9,726.3	9,959.5	1,960.9	2,126.3	4,394.7	4,437.7	564.1	764.0	55,951.5	60,010.5
Total Liabilities	15,506.3	14,269.5	2,083.5	2,149.6	228.8	266.4	976.6	761.1	153.2	258.0	18,948.3	17,704.6
Total Ownership Rights	23,799.3	28,453.5	7,642.9	7,810.0	1,732.1	1,859.9	3,418.1	3,676.6	410.9	506.0	37,003.2	42,305.9
Revenues	7,459.5	8,511.1	3,044.8	2,765.3	439.4	588.5	950.1	1,044.7	264.5	584.0	12,158.3	13,493.7
Profits/ Losses	4,247.6	4,862.3	1,442.8	1,076.8	123.1	169.8	220.9	217.8	50.9	13.1	6,085.3	6,339.8

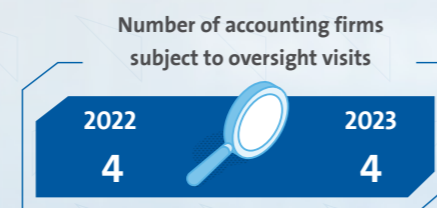
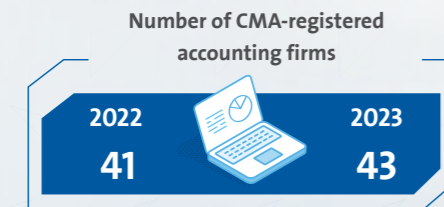
2. Capital Market Institutions Sources of Revenue

In 2023, the revenue generated from capital market institutions asset-management activities reached approximately SAR 4.3 billion, accounting for 31.8% of the total revenue. Revenues from investment grew by 102.9% in 2023.

Table 27: Sources of Revenue for Capital Market Institutions (Million SAR)

Source of Revenue	Bank-Affiliated Capital Market Institutions		Saudi Capital Market Institutions		Regional Capital Market Institutions		International Capital Market Institutions		Capital Market Institutions Licensed for Arranging or Consultation Activities*		Total	
	م2022	م2023	م2022	م2023	م2022	م2023	م2022	م2023	م2022	م2023	م2022	م2023
Dealing Activities	1,651.4	1,355.5	429.9	425.1	80.8	89.8	229.0	176.4	0.0	0.0	2,391.1	2,046.7
Asset Management	2,550.4	2,691.4	1,324.2	1,316.6	113.4	125.6	51.0	83.8	50.5	70.1	4,090.0	4,287.5
Investment Banking Services	531.3	441.1	158.6	139.1	169.8	220.1	236.7	188.9	84.2	89.8	1,180.5	1,079.0
Investment	1,459.4	2,904.4	471.0	677.5	33.5	60.9	33.9	139.4	2.8	277.3	2,000.5	4,059.4
Other	1,267.0	1,118.8	661.1	207.0	41.9	92.2	399.6	456.2	127.1	146.8	2,496.8	2,021.0
Total	7,459.5	8,511.1	3,044.8	2,765.3	439.4	588.5	950.1	1,044.7	264.5	584.0	12,158.9	13,493.7

Fourth: Registered Accounting Firms and Certified Public Accountants



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

04

Section One: Investors awareness

First: Informative Programs

Second: Corporate Communications Programs

Third: Investment Culture 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 the Authority 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, the Authority 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:

1. Media Programs

- » CMA released numerous press releases, media articles, and publications in Arabic and English in the local, regional, and international media. It also issued over 2,265 publications across various social media platforms.
- » Throughout 2023, CMA issued over 200 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, 6,000 articles and reports relating to the Saudi capital market and legislations were monitored and assessed across local and global media outlets.
- » 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, CMA published several reports that regularly monitor and analyze information circulating on the media and social media about the capital market.
- » 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.
- » Media and advertising campaigns helped increase traffic in the CMA digital portal reaching over 2 million visitors in 2023.
- » CMA organized the Economic Writer's Forum which was attended by numerous journalists and media outlets. The Chairman of the CMA Board participated in this forum along with over 30 media representatives.

2. Corporate Communications Programs

- » CMA took part in a number of important local and international conferences and events that featured the participation of the United States, United Kingdom, Hong Kong, United Arab Emirates, and Singapore, among others. CMA also took part in a number of local forums with the aim of enhancing visitors' awareness of the capital market and sharing this market's story. In addition, sideline meetings were held to discuss cooperation opportunities and hear from investors and others who are seeking opportunities in the capital market.
- » CMA held 163 institutional meetings and workshops with capital market stakeholders to discuss specific topics that help develop the capital market. The meetings provided an opportunity to listen to different perspectives and explore strategies to overcome challenges. As for the workshops, they targeted stakeholder

engagement before issuing rules and regulations and after in order to ensure proper understanding of the new of updating documents. Furthermore, awareness workshops were held regarding different topics relevant to the capital market authority, and the number of participants in workshops and meetings exceeded 8,000.

- » CMA held the Capital Market Institutions Forum in cooperation with the Capital Market Institutions Committee. The Forum aimed to develop the capital market and give capital market institutions the chance to participate in specialized. The number of participants exceeded 500 people. Moreover, CMA participated in 9 pavilions in meetings and conferences held within the Kingdom. Topics discussed included the capital market, stimulating listings, general economic topics, CMA rules and regulations, and other relevant subjects.

3. Investment Culture Programs

In 2023, CMA conducted various cultural activities as part of its two outreach programs, "Thameen" and "Smart Investor". It participated in the Gulf Investment Awareness Program "Mulim", launched by the Securities Commissions in the GCC countries. CMA launched, as well, a number of activities that contributed to promoted financial and investor culture among targeted groups:

1. Awareness Campaigns:

CMA launched 55 awareness campaigns on its different platforms in 2023, under the framework of "Thameen" and "Smart Investor". The campaigns addressed several topics, namely, financial planning, conscious investing, violating behaviors, subscriptions, financial statements, saving, and investment products. As part of the awareness campaigns, CMA established a "library" to be used as reference for financial and investment culture, as it published more than 300 awareness and outreach

letters through different channels. CMA also published more than 13 awareness videos and 6 audiobooks. Awareness activities received more than 250 million impressions and 70 million views. CMA celebrated, as well, global events such as World Money Week, World Investor Week, and World Savings Day, and published direct awareness and outreach messages in addition to publications on awareness platforms, in order to reach the different targeted audience segments and promote engagement in global celebrations.

2. University Meetings:

Throughout the year 2023, CMA conducted 32 university meetings as part of its "Thameen" awareness program, engaging with various universities and faculties, namely faculties of Law, Economics, and Business. Meeting beneficiaries exceeded 1,100 male and female students.

3. Awareness Engagements:

CMA took part in different awareness programs and events in the Kingdom. It participated the Biban Expo, which targets SMEs, and sought to increase awareness regarding its Thameen program throughout its engagement therein. CMA also participated in the Capital Market Forum, with an aim, as well to spread information and knowledge on Thameen, and played a significant role in the Financial Academy Forum. Beneficiaries of awareness initiatives exceeded 1,000.

4. Awareness Websites:

CMA awareness programs have specialized websites with specific target audiences. Visiting thameen.org.sa, Thameen Program's website, gives an overview of the Thameen Library, which includes all meetings, lectures, brochures and other awareness materials that benefit the target audience. Visiting the "Smart Investor" Program website on si.org.sa unlocks awareness content targeting the youth, such as "Learning Tools", the "Smart Investor Series", and issues of the "Smart Investor Magazine". Websites and awareness pages visitors reached 600,000 in 2023.

5. Awareness Pages on Social Media Platforms:

CMA's awareness programs have their own social media pages targeting relevant audience and posting awareness messages tailored to them. Users can visit thameen.sa and si.org.sa pages, follow the accounts, and stay up to date with the latest news and publications.

6. The Standing Committee for Awareness and Warning against the Activity of Trading with Securities in the Unlicensed Foreign Exchange Market (Forex):

The Standing Committee for Awareness and Warning against the Activity of Trading with Securities in the Unlicensed Foreign Exchange Market (Forex) launched several awareness campaigns and published more than 68 awareness messages in 2023, in addition to one awareness video. By virtue of Royal Order No. 20889 of 30/04/1439H, CMA chairs the Committee, which includes the membership of the Ministry of Interior, the Ministry of Information, the Ministry of Commerce, and the Saudi Central Bank. The committee aims to educate target groups about the dangers of investing in unlicensed Forex and digital currencies.

7. The Gulf Investment Awareness Program «Mulim»:

The Securities Commissions in the GCC countries launched the "Mulim" awareness program, and CMA took the lead in its operation in 2023. The aim of the program is to raise awareness regarding financial transactions and investment in the capital markets through launching relevant campaigns, events, and initiatives. In 2023, "Mulim" launched 4 campaigns took part in the World Investor Week and the Smart Gulf Investor Award, which gives GCC residents and nationals the opportunity to share creative content about finance and investment culture through four formats: video, drawings, pictures, and writing. 36 winners were crowned in 2023. The overarching aim of the "Mulim" program is to promote financial and investment awareness among GCC residents and nationals.

04

Section Two: Surveillance

First: Surveillance of Trading Activities

Second: Listed Companies with Accumulated Losses of 20% or more of their Capital

First: Surveillance of Trading Activities

Table 28: Key Developments in Surveillance of Trades and Transactions

Item	Number		Change (%)
	2022	2023	
Surveillance System Alerts ¹	42,353	32,376	-23.6%
Intensive Monitoring of Trading transactions Suspected of Violating Regulations	859	1,019	18.6%
Surveillance Inquiries	152	59	-61.2%
Suspected Violations	11	7	-36.4%

Table 29: Intensive Monitoring of Trading activities and Transactions Suspected of Violating Laws and Regulations enforced by CMA, by Source

Source of Intensive Scans	2022		2023		Change (%)
	Number	Out of Total (%)	Number	Out of Total (%)	
Market Surveillance ²	317	36.9%	396	38.9%	24.9%
Alerts ³	542	63.1%	623	61.1%	14.9%
Total	859	100%	1,019	100%	18.6%



1. «Surveillance System Alerts» are notifications issued by the automated surveillance system concerning suspected securities-related violations.
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 an effort to enhance investor protection and mitigate risks in the capital market, CMA has implemented procedures and instructions specifically targeting listed companies that accumulated losses of 20% or more of their capital.

Table 30: Listed Companies That Experienced Accumulated Losses of 20% or More of Their Capital in 2023¹

Accumulated Losses (%)	Number
Companies with accumulated losses of 20% or more but less than 35% of their capital	14
Companies with accumulated losses of 35% or more but less than 50% of their capital	4
Companies with accumulated losses of 50% or more	5
Total	23

1. The data pertaining to accumulated losses in 2023 has been sourced from the interim financial statements for the third quarter, covering the period ending on September 30, 2023. This is because the deadline for publishing the annual financial statements for 2023 falls on March 31, 2023, subsequent to the issuance of this report.

04

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 31: Qualified Audit Opinions on the Annual Financial Statement of Listed Companies¹

Opinions	2022	2023
Disclaimer of Opinion	1	0
Qualified Opinion	12	11
Emphasis of Matter	24	26
Other Matter	25	53
Total	62	90

260 violations were reported regarding the listed companies' financial statements in 2023.

2. Announcements of Listed Companies

Table 32: Announcements on the Saudi Stock Exchange (Tadawul) Website, Classified by Type of Key Developments.

Announcement Type	2022		2023		Change (%)
	Number	Out of Total (%)	Number	Out of Total (%)	
Financial Results	898	%19.2	1000	18.4%	11.4%
Board of Directors' Recommendation to Increase capital through Rights Issuance	10	%0.2	10	0.2%	0.0%
Board of Directors' Recommendation to Increase Capital through Bonus Shares issuance	25	%0.5	29	0.5%	16.0%
Board of Directors' Recommendation to Decrease Capital	11	%0.2	4	0.1%	-%63.6
Invitations to attend General Assembly Meetings and Announcements related to Meeting Results	822	%17.6	956	17.6%	16.3%
Dividends	210	%4.5	239	4.4%	13.8%
Clarification Announcements	470	%10.1	449	8.3%	%4.5 -
Change in the Composition of Board of Directors and Top Management	217	%4.6	318	5.8%	46.5%
Approval of New Products	9	%0.2	42	0.8%	366.7%
Other Key Developments	2,004	%42.9	2,394	44.0%	19.5%
Total	4,676	%100	5,441	100%	16.4%

1. CMA Financial Statements Department gathers all Auditor Opinions raised in Auditor Reports, examines them, and takes legal measures regarding them if necessary.

Second: Governance of Listed Companies

1. Boards of Directors of Listed Companies

Article 16 of the Corporate Governance Regulations outlines the requirements for the composition of Boards of Directors, which include the following provisions:

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

In 2023, non-executive and independent members collectively accounted for 90% of the total seats on the Boards of Directors of listed companies.

The composition of Boards of Directors of listed companies, classified by membership type

Non-executive members ¹			Independent members ²			Executive members		
2022	Change (%)	2023	2022	Change (%)	2023	2022	Change (%)	2023
842	8.4%	913	848	10.5%	937	180	14.4%	206
Out of Total (%)			Out of Total (%)			Out of Total (%)		
44.4%			45.6%			10.0%		

Total		
2022	Change (%)	2023
1,870	9.9%	2,056
Out of Total (%)		
100%		

Resignations of Board Members of listed companies, classified by membership type

Non-executive members ¹			Independent members ²			Executive members		
2022	Change (%)	2023	2022	Change (%)	2023	2022	Change (%)	2023
20	100%	40	29	3.4%	30	10	-40%	6
Out of Total (%)			Out of Total (%)			Out of Total (%)		
52.6%			39.5%			7.9%		

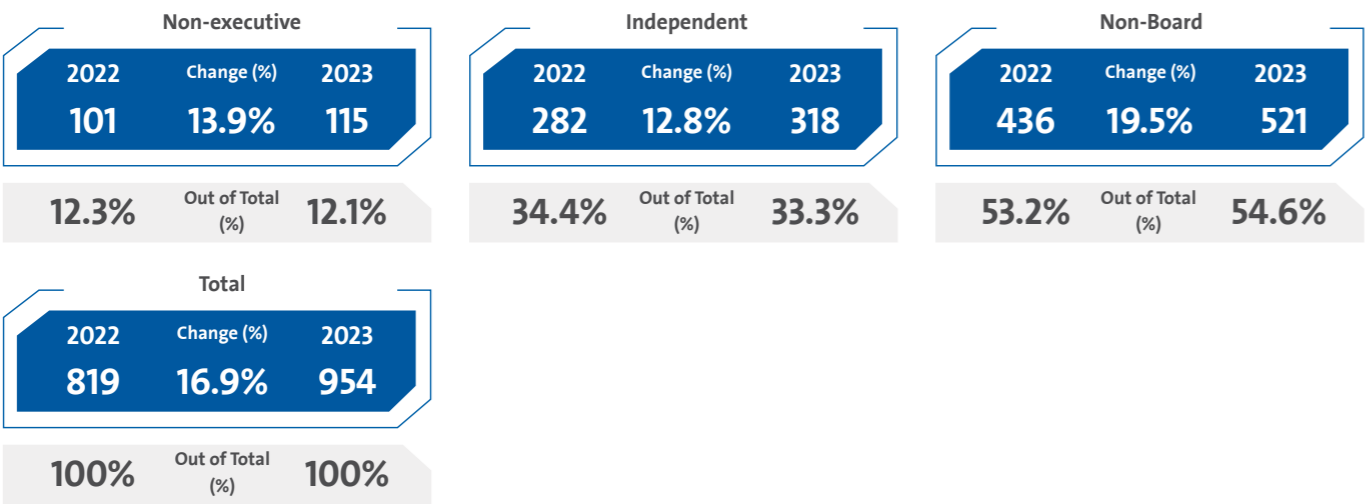
Total		
2022	Change (%)	2023
59	28.8%	76
Out of Total (%)		
100%		

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 19 of the Corporate Governance Regulations.

2. Main Committees of Listed Companies

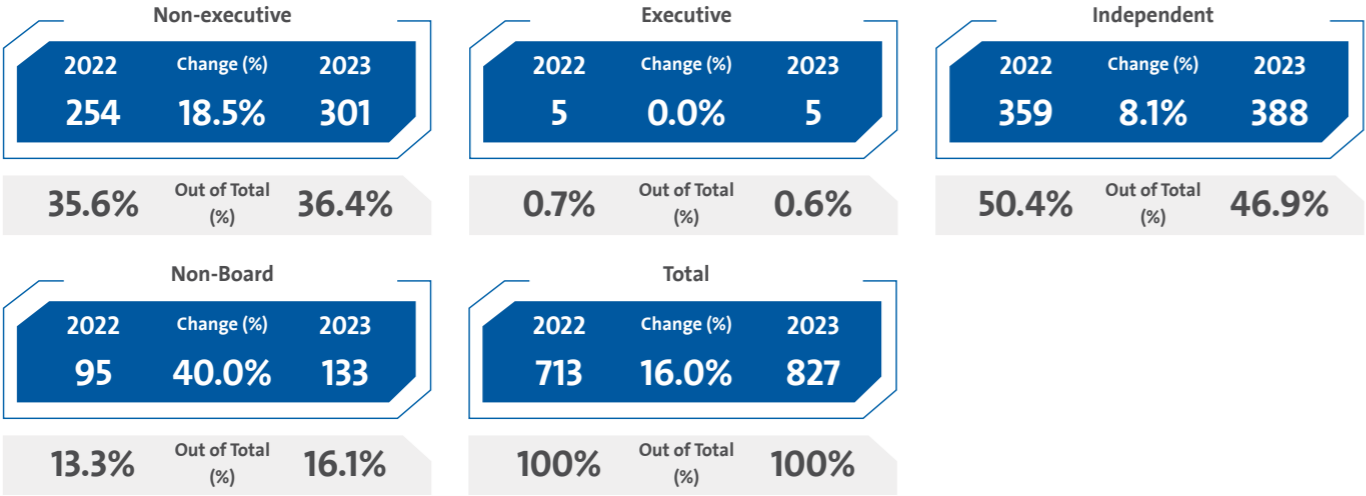
A. Audit Committee

Number of seats in listed companies’ Audit Committees, classified by membership type



B. Remuneration and Nomination Committee

Number of seats in listed companies’ Remuneration and Nomination Committees, classified by membership



3. Enhancing Corporate Governance Compliance

Throughout 2023, CMA demonstrated a dedicated effort to accomplish its objectives of enhancing compliance with corporate governance regulations, increasing awareness about these regulations, and fostering improvements in the practices of listed companies and other stakeholders within the capital market. To achieve these goals, CMA actively engaged in various international and local forums, and organized multiple seminars and awareness workshops. These endeavours aimed to instill a comprehensive understanding of corporate governance principles and drive positive transformations within the industry. They included:

Type	Title	Number	Location
Workshop	Activating the Role of Investor Relations	1	Hyatt Regency - Riyadh
Workshop	Post-Listing Support for Listed Companies	3	online
Workshop	Main Amendments to Listed Company Announcements Instructions	1	online
Lecture – KFUPM	Corporate Governance: Overview of new Companies Law and Regulations	1	Kempinski Hotel – Al Khobar
Participation	45 th OECD Corporate Governance Committee Meeting	1	OECD – Paris
Participation	46 th OECD Corporate Governance Committee Meeting	1	OECD – Paris



4. Sustainability

The concept of sustainability emerged from concern about the society and environment. With time, it further evolved as a measurable indicator. Sustainability refers to the broad scope of governance, encompassing the environmental, social, and corporate sectors. It looks into the main sustainability measurement factors and moral impact of investment in companies and businesses. This is the source of the strategic investors’ interest in non-financial, social and environmental factors linked to business sustainability.

Given the importance of developing sustainability practices in the private sector and capital market, CMA, the Ministry of Economy and Planning, and Saudi Tadawul Group signed a trilateral Memorandum of Understanding during the second annual Capital Market Forum in 2023. This new partnership aims to stimulate economic growth through enhancing Saudi corporate sustainability at all levels and motivating all listed companies to adopt corporate sustainability practices and issue periodic reports about their progress. The MoU covers three main areas of cooperation:

Trilateral MoU to Promote ESG Taxonomy

Main areas of Cooperation
Adopting and implementing standards for an environmental, social and corporate governance (ESG) disclosure framework for listed companies, capital market institutions, and infrastructure institutions
Developing a Saudi taxonomy for sustainable activities
Raising investor and company awareness regarding sustainability and ESG

The MoU comes in line with the tasks and responsibilities of the Saudi Green Initiative (SGI), which seeks to achieve sustainability goals in different areas, such as promoting a green economy and overseeing and consolidating Saudi efforts to combat climate change.

It is worth mentioning, as well, that CMA is a member of several committees implementing corporate sustainability initiatives, for example, the committee tasked with developing and launching ESG guidelines.

Internally, CMA recently established a Sustainability Department in charge of developing sustainability standards and policies in the Saudi capital market and supporting national sustainability targets. In addition, the Sukuk and Debt Instruments Development Committee in the CMA is working on an initiative to issue regulations for green, social and sustainable debt instruments.

04

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

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

Second: Prosecution, Sanctions and Penal Verdicts on Violations

Third: Requests Relating to Investors' Assets

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

1. Contact Center



Official Channels for Receiving Reports and Complaints:



2. Reports of Investors and Participants in the Capital Market

Pursuing its dedication to safeguarding investors, maintaining market integrity, and bolstering the confidence of capital market participants, CMA has consistently prioritized the removal of obstacles that might face individuals submitting complaints and reports. Since its establishment, CMA has taken on the responsibility of receiving reports and complaints from investors regarding suspected violations of laws and regulations enforced by CMA. To facilitate this process, CMA has established multiple official channels to receive such reports and complaints, ensuring accessibility and transparency for all parties involved.

Table 33: Reports, Classified by Subject

Subject of Report	Number		Change (%)
	2022	2023	
Conducting Unlicensed Securities Business	781	534	-31.6%
Market Institutions Activities	119	111	-6.7%
Corporate Governance	473	232	-51.0%
Financial Statements	12	29	141.7%
Market Conduct	119	228	91.6%
Investment Products and Offering	16	28	75.0%
Anti-Money Laundering and Combating Terrorism Financing	1	10	900.0%
Other	132	84	-36.4%
Total	1,653	1,256	-24.0%

Table 34: Reports, Classified by Reported Entity

Reported Entity	Number		Change (%)
	2022	2023	
Capital Market Institutions	99	106	7.1%
Listed Companies	413	289	-30.0%
Individuals	597	528	-11.6%
Market Infrastructure Institutions	11	14	27.3%
Unlicensed Entities Dealing in Securities	196	223	13.8%
The Capital Market Authority	5	2	-60.0%
Other	332	94	-71.7%
Total	1,653	1,256	-24.0%

3. Complaints of Investors and Participants in the Capital Market:

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 35: Complaints, Classified by Subjects

Element	Number	Out of total (%)	Number	Out of total (%)	Change (%)
	2022		2023		
Agreements and Contracts Between Investors and Brokerage Firms	113	0.9%	105	1.5%	-7.1%
IPO Subscriptions and Priority Rights Issue	1,277	10.5%	596	8.5%	-53.3%
Capital Market Institutions Services	1,705	14.1%	1,090	15.5%	-36.1%
Investment Funds	238	2.0%	201	2.9%	-15.5%
Investment Portfolios	3,005	24.8%	1,202	17.1%	-60.0%
Execution of Securities Transactions	335	2.8%	0	0.0%	-100.0%
Corporate Governance	1,400	11.6%	624	8.9%	-55.4%
Spending of Listed Companies Earnings	1,868	15.4%	1,083	15.4%	-42.0%
Conducting Unlicensed Securities Business	924	7.6%	275	3.9%	-70.2%
Compensation Requests Relating to Violations of the CML laws and Regulations	625	5.2%	1,634	23.3%	161.4%
Complaints Not within CMA's Jurisdiction	213	1.8%	214	3.0%	0.5%
Other	415	3.4%	1	0.0%	-99.8%
Total	12,118	100.0%	7,025	100.0%	-42.0%

Table 36: Complaints, Classified by Reported Entities

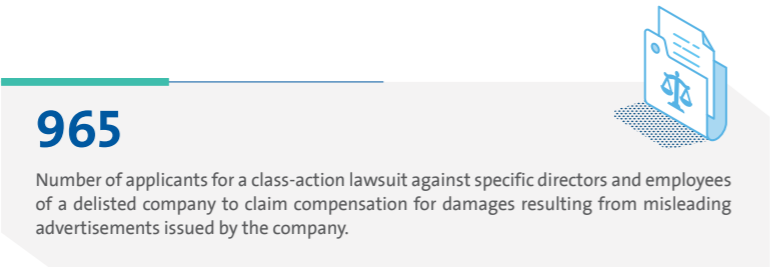
Reported Entity	Number		Change (%)	
	2022	Out of Total (%)	2023	Out of Total (%)
Market Institutions	4,744	39.1%	2,690	38.3%
Listed Companies	4,247	35.0%	2,012	28.6%
Individuals	738	6.1%	995	14.2%
The Capital Market Authority	511	4.2%	403	5.7%
Unlicensed and Non-Listed Entities	1,407	11.6%	676	9.6%
Tadawul Co.	324	2.7%	30	0.4%
Securities Depository Center	105	0.9%	35	0.5%
Committee for Resolution of Security Disputes (CRSD)	40	0.3%	3	0.0%
Other	2	0.0%	181	2.6%
Total	12,118	100.0%	7,025	100.0%

Table 37: Complaints Processed by CMA in 2023

Complaint Status	Number		Change (%)
	2022	2023	
Under Process	252	855	239.3%
Settled	11,354	5,056	-55.5%
Grievant Notified to Proceed with the Complaint to the CRSD	512	1,047	104.5%
Other	0	67	-
Total	12,118	7,025	-42.0%

» Class-Action Lawsuits

A class-action lawsuit is a legal action in which a group of individuals collectively file a lawsuit based on shared grounds, facts, and claims. In 2023, CMA handled one class-action lawsuit, and opened the door for claimants potentially harmed to join the lawsuit, within the statutory periods specified in the Resolution of Securities Disputes Proceedings Regulations.



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

Paragraph (c) of Article 5 of the Capital Market Law states that the CMA is authorized, through its designated members and employees, to conduct investigations necessary for enforcing the provisions of the law and related regulations. This includes the members of the Authority and its employees designated by the Board are empowered to subpoena witnesses, take evidence, and require the production of any records, papers, or other documents which the Authority deems relevant or material to its investigation. The Authority 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 the Authority

Table 38: Taking Action Violations of Laws and Regulations Enforced by CMA¹

Case Status	2022		2023		Change (%)
	Number	Out of Total (%)	Number	Out of Total (%)	
Under Process	50	30.9%	65	30.8%	30.0%
Finalized	112	69.1%	146	69.2%	30.4%
Total ²	162	100.0%	211	100.0%	30.2%

1. CMA focuses on high-priority cases, which require, by nature, exceptional control or investigation procedures, and on urgent cases that require face consideration, either because of its type or its impact.
2. Includes cases received in 2023 and before.

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

Table 39: Filed and Finalized Violation Cases within CMA Jurisdiction, Classified by Type¹

Type of violation	Filed			Finalized ²		
	2022	2023	Change (%)	2022	2023	Change (%)
Rules on the Offer of Securities and Continuing Obligations	17	33	94.1%	16	31	93.8%
Corporate Governance Regulations	14	22	57.1%	7	21	200.0%
Merger and Acquisition Regulations	1	0	-100.0%	1	0	-100.0%
Real Estate/Investment Funds Regulations	5	9	80.0%	7	6	-14.3%
Capital Market Institutions Regulations	23	19	-17.4%	26	17	-34.6%
Credit Rating Agencies Regulations	0	0	-	0	0	-
Investment Accounts Instructions	4	0	-100.0%	2	2	0.0%
Corporate Advertising Instructions	0	0	-	1	0	-100.0%
Capital Adequacy Regulations	0	3	-	0	1	-
Market Conduct Regulations	14	9	-35.7%	13	12	-7.7%
Securities Business Regulations	15	38	153.3%	7	39	457.1%
Rules for Registering Auditors of Entities Subject to CMA Supervision	7	7	0.0%	6	4	-33.3%
Listing Rules	0	1	-	0	1	-
CMA Board Resolutions	1	3	200.0%	1	1	0.0%
CMA Circulars	7	3	-57.1%	7	3	-57.1%
Regulatory rules and procedures issued pursuant to the companies' law relating to listed joint stock companies	0	0	-	1	0	-100.0%
Securities Central Counterparties Regulations	0	0	-	0	0	-
Procedures and Instructions of Listed Companies Whose Accumulated Losses Amounted to 20% or More of their Capital	4	0	-100.0%	4	0	-100.0%
Companies Law	10	9	-10.0%	12	6	-50.0%
Anti-Money Laundering Law and Combatting the Financing of Terrorism Law and their Implementing regulations	1	0	-100.0%	1	0	-100.0%
Capital Market Law	0	3	-	0	1	-
Instructions for Book Building Process and Allocation Method in Initial Public Offerings	0	1	-	0	0	-
Securities Exchanges and Depository Centers Regulations	0	1	-	0	1	-
Instructions for Shariah Governance in Capital Market Institutions	0	1	-	0	0	-
Total	123	162	31.7%	112	146	30.4%

1. One case can contain more than one reported violation. In such instances, the case is classified based on the most serious violation.
2. Includes cases from last year.

Second: Prosecution, Sanctions, and Penal Verdicts on Violations

Since the beginning of 2023, the Committees for Resolution of Securities Disputes (CRSD) have made it a priority to settle all pending lawsuits filed before 2023, In line with CMA’s continuous effort to achieve institutional excellence, This was to improve business management efficiency, and apply best practices in developing internal processes and procedures in order to increase operational efficiency. CRSDs doubled their effort in issuing decisions on lawsuits, which led to an increase in the number of decisions issued by the CRSD and ACRSD totaling at 1,115 decisions – an unprecedented achievement for both Committees. The number of pending cases decreased to 230 in 2023 compared to 302 at the end of 2022. No lawsuit filed before 2023 is still under consideration, which also represents a first-time achievement. CRSDs were also able to decrease consideration (hearing) sessions by more than 25.65% compared to last year, which helped accelerate procedures and contributed to the successful accomplishments.

These efforts helped improve the strategic indicator “average time for litigation”, which decreased to 5.5 months in 2023, compared to 7.6 months in 2022, constituting a 27.4% decrease, knowing that the target indicator score was 8.5 for 2023.

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 40: Number of Cases Pending Before the CRSD and ACRSD Filed Against/by CMA

Case Type	CRSD				ACRSD			
	2022		2023		2022		2023	
	By CMA	Against CMA	By CMA	Against CMA	By CMA	Against CMA	By CMA	Against CMA
Violation of Market Conduct Regulations	0	0	0	0	2	0	0	0
Violation of Rules on the Offer of Securities and Continuing Obligations	0	0	0	0	1	0	0	0
Claims Filed Against CMA Board Decisions/ Resolutions or CMA Actions, Instructions, and Circulars	0	9	0	17	0	0	0	6
Total	0	9	0	17	3	0	0	6

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

Table 41: Number of Cases Pending Before Other Judicial Authorities, Filed Against/by CMA

Judicial Body	Case Type	Number of Cases	
		2022	2023
Administrative Court	Administrative/Enforcement	7	15
Enforcement Court	Enforcement	1	1
General Court	Public	0	0
Total		8	16

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 42: Number of Statements of Claim, Defense and Grievances in Cases Filed Against/by CMA

Statements of Claim/ Defense/ Grievances	Number		Change (%)
	2022	2023	
Statements of Claim in Cases Filed by CMA	7	60	757.1%
Statements of Defense in Cases Filed against CMA	34	64	88.2%
Briefs of Appeal Against Decisions and Verdicts Issued by Competent Judicial Bodies	46	51	10.9%
Grievances against CMA Board resolutions	25	50	100.0%
Total	112	225	100.9%

4. Final Verdicts in Cases Filed Against/by CMA

Table 43: Final Verdicts in Cases Filed Against/by CMA

Classification	2022			2023		
	Filed by CMA	Filed against CMA	Total	Filed by CMA	Filed against CMA	Total
Final Verdict in Favor of CMA	2	24	26	3	17	20
Final Verdict Against CMA	0	0	0	0	0	0

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

Since the issuance of High Order No. 4690 on 06/02/1435H, which transferred the powers held by entities and committees involved in the investigation and prosecution of criminal offences to the Public Prosecution Office, CMA has referred a total of 219 cases to the Public Prosecution until the end of 2023. Out of this number, 20 cases are currently being considered by the Committee for the Resolution of Securities Disputes (CRSD), while 5 are still ongoing and under considered by the Public Prosecution Office. Additionally, 194 cases have been resolved and closed.

Table 44: Number of Violations Referred by CMA to the Public Prosecution

The Violated Article	2022	2023
Article 31: Conducting securities business without a license	4	5
Article 49: Manipulation and Deception Acts	9	6
Article 50: Insider Trading	3	0
Article 211 of the Companies Law	2	1
Article 2 of the Anti-Money Laundering Law	1	4
Total	19	16 ¹

6. Follow-up on Enforcement of Sanctions Decisions

CMA is entrusted with the task of overseeing the enforcement of resolutions issued by its Board, CRSD interim decisions of imposing or lifting provisional attachment, as well as final decisions issued by the two ACRSDs in securities-related disputes against violators of the laws and regulations enforced by CMA. This follow-up is carried out through the following two steps:

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

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

Table 45: Number of Violators of the Laws and Regulations Enforced by CMA and Against Whom/Which Sanctions Have Been Issued for Enforcement in 2023²

Violator	Number	Enforced	Enforced (%)	Under Follow-Up	Under Follow-Up (%)
Investor	137	91	66.4%	46	33.6%
Capital Market Institution/ Registered Individual	22	21	95.5%	1	4.5%
Listed Companies	4	4	100.0%	0	0.0%
Senior Executives and Board Members	116	63	54.3%	53	45.7%
Total	279	179	64.2%	100	35.8%

1. 10 cases of violations were referred to the Public Prosecution in 2023. It should be noted that one case can include multiple violations.
2. Enforceable decisions for 2023 include data from the fourth quarter of 2022 until the third quarter of 2023, excluding the fourth quarter of 2023, as their implementation occurs after the end of the year.

Table 46: Number of Violations of the Laws and Regulations Enforced by CMA and Against which Sanction Decisions Have Been Issued for Enforcement in 2023¹

Law/Regulation	Number	Enforced	Enforced (%)	Under Follow-Up	Under Follow-Up (%)
Rules on the Offer of Securities and Continuing Obligations	15	15	100.0%	0	0%
Corporate Governance Regulations	18	12	66.7%	6	33.3%
Merger and Acquisition Regulations	0	0	0.0%	0	0%
Real Estate/Investment Funds Regulations	3	3	100.0%	0	0%
Capital Market Institutions Regulations	13	10	76.9%	3	23.1%
Credit Rating Agencies Regulations	0	0	0.0%	0	0%
Investment Accounts Instructions	5	5	100.0%	0	0%
Capital Adequacy Regulations	0	0	0.0%	0	0%
Market Conduct Regulations	103	74	71.8%	29	28.2%
Securities Business Regulations	20	8	40.0%	12	60.0%
Rule for Registering Auditors of Entities Subject to CMA Supervision	2	2	100.0%	0	0%
Listing Rules	9	5	55.6%	4	44.4%
CMA Board Resolutions	2	2	100.0%	0	0%
CMA Circulars	2	2	100.0%	0	0%
Implementing Regulations of the Companies Law for Listed Joint Stock Companies	0	0	0.0%	0	0%
Securities Central Counterparties Regulations	0	0	0.0%	0	0%
Companies Law	87	41	47.1%	46	52.9%
Anti-Money Laundering Law and Combatting the Financing of Terrorism Law and their Implementing regulations	0	0	0.0%	0	0%
Total	279	179	64.2%	100	35.8%

1. Enforceable decisions for 2023 include data from the fourth quarter of 2022 until the third quarter of 2023, excluding the fourth quarter of 2023, as their implementation occurs after the end of the year.



Table 47: Classification of sanctions Issued by the CMA Board and the Committee for the Resolution of Securities Disputes (CRSD)

Sanction Type	2022		2023		Change (%)
	Number ¹	Out of Total (%)	Number ²	Out of Total (%)	
Fines	149	90.9%	261	81.3%	75.2%
Banning from Engaging in Brokerage, Portfolio Management, Investment Advisory, or any Registered Function	1	0.6%	2	0.6%	100.0%
Banning from Working in Listed Companies	1	0.6%	34	10.6%	3300.0%
Banning from Buying Shares of Listed Companies	2	1.2%	21	6.5%	950.0%
Imprisonment	0	0.0%	1	0.3%	-
Other ³	11	6.7%	2	0.6%	-81.8%
Total	164	100%	321	100.0%	95.7%

1. Enforceable decisions for 2023 include data from the fourth quarter of 2022 until the third quarter of 2023, excluding the fourth quarter of 2023, as their implementation occurs after the end of the year.
2. Enforceable decisions for 2023 include data from the fourth quarter of 2022 until the third quarter of 2023, excluding the fourth quarter of 2023, as their implementation occurs after the end of the year.
3. Including administrative and precautionary sanctions

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

Table 48: Total Amount of Financial Penalties Imposed by CMA and CRSD against Violators of Laws and Regulations Enforced by CMA¹

Law/Regulation	2022			2023		
	Fines and Financial Penalties to Be Collected (SAR)	Fines and Financial Penalties Collected (SAR)	Percentage of Collected Amount	Fines and Financial Penalties to Be Collected (SAR)	Fines and Financial Penalties Collected (SAR)	Percentage of Collected amount (SAR)
Rules on the Offer of Securities and Continuing Obligations	7,280,000	6,280,000	86.3%	2,760,000	2,760,000	100.0%
Corporate Governance Regulations	2,010,000	1,810,000	90.0%	2,510,000	1,510,000	60.2%
Merger and Acquisition Regulations	-	-	—	-	-	-
Real Estate/Investment Funds Regulations	2,230,000	2,230,000	100.0%	450,000	450,000	100.0%
Capital Market Institutions Regulations	10,905,000	9,755,000	89.5%	3,585,000	3,075,000	85.8%
Credit Rating Agencies Regulations	-	-	—	-	-	-
Investment Accounts Instructions	-	-	—	1,250,000	1,250,000	100.0%
Capital Adequacy Regulations	-	-	—	-	-	-
Market Conduct Regulations	18,056,426	11,456,113	63.4%	1,352,313,101	361,674,174	26.7%
Securities Business Regulations	1,250,000	274,139	21.9%	20,790,000	890,453	4.3%
Rules for Registering Auditors of Entities Subject to CMA Supervision	-	-	—	30,000	30,000	100.0%
Listing Rules	110,000	110,000	100.0%	905,000	375,000	41.4%
CMA Board Resolutions	800,000	800,000	100.0%	60,000	60,000	100.0%
CMA Circulars	-	-	—	50,000	50,000	100.0%
Companies Law	540,000	170,000	31.5%	10,350,000	3,230,000	31.2%
Anti-Money Laundering Law and Combatting the Financing of Terrorism Law and their implementing regulations	100,000	100,000	100.0%	-	-	-
Total	43,281,426	32,985,252	76.2%	1,395,053,101	375,354,627²	26.9%³

1. Enforceable decisions for 2023 include data from the fourth quarter of 2022 until the third quarter of 2023, excluding the fourth quarter of 2023, as their implementation occurs after the end of the year.
2. A portion of the collected amount was reserved as a regulatory allocation, in accordance with the Capital Market Law.
3. Low collection rate is due to the issuance of ACRSD Resolution No. 3912/LS/2023 of 1444H against 22 violators with imposed financial penalties totaling SAR 1,202,611,361.30 of which SAR 1,196,536.361 represent illegal gains caused by violations. SAR 333,372.625.54 have been collected from the total, and efforts are ongoing to collect the rest, but it will require some time due to the large amount stipulated by the Resolution.

Table 49: Total Amount of Financial Penalties Imposed by CMA and the CRSD against Violators of Laws and Regulations Enforced by CMA, Classified by Violator Type¹

Regulator	2022			2023		
	Fines and Financial Penalties to Be Collect-ed (SAR)	Fines and Financial Penalties Collected (SAR)	Percentage of Collected Amount	Fines and Financial Penalties to Be Collect-ed (SAR)	Fines and Financial Penalties Collected (SAR)	Percentage of Collected amount (SAR)
Investor	20,416,426	11,840,252	58.0%	1,376,533,100.62	365,144,627.05	26.5%
Senior Executive	8,310,000	6,590,000	79.3%	12,730,000	4,430,000	34.8%
Registered Indi-vidual	1,225,000	1,225,000	100.0%	0	0	-
Listed company	190,000	190,000	100.0%	220,000	220,000	100.0%
Capital Market Institution	13,140,000	13,140,000	100.0%	5,570,000	5,560,000	99.8%
Total	43,281,425.8	32,985,251.7	76.2%	1,395,053,100.6	375,354,627.1	26.9% ²

Amounts Awarded in Penal and Civil Claims Issued by the CRSD Peremptory Decisions

Table 50: Amounts Awarded in Civil Claims by CRSD Peremptory Decisions

Year	Number of Claimants Awarded Compensation	Compensations (SAR)	Legal Fees for Lawsuit Follow-up (SAR)	Total
2022	1,294	1,751,894,860.4	466,000.0	1,752,360,860.4
2023	579	245,347,758.6	638,000.0	245,985,758.6

Table No. 51: Compensation Amounts Awarded in by CRSD Peremptory Decisions

Classification	2022	2023
Against Persons Carrying out of Securities Activities Without a License	53,190,846.9	61,932,860.5
Against Violators of the Market Conduct Regulations and Article 49 of the Capital Market Law	323,472,285.0	5,939,953.7
Against Capital Market Institutions	37,498,341.9	23,458,177.3
Against a Listed Company	52,969,178.5	123,423.6
Class-Action Lawsuits	1,225,113,291.0	19,532,809.5
Other ¹	59,650,917.0	134,360,534.0
Total	1,751,894,860.4	245,347,758.6

1. Footnote 1: Enforceable decisions for 2023 include data from the fourth quarter of 2022 until the third quarter of 2023, excluding the fourth quarter of 2023, as their implementation occurs after the end of the year.
2. Low collection rate is due to the issuance of ACRSD Resolution No. 2912/L5/2023 of 1444H against 22 violators with imposed financial penalties totaling SAR 1,202,611,361.30 of which SAR 1,196,536.361 represent illegal gains caused by violations. SAR 333,372.625.54 have been collected from the total, and efforts are ongoing to collect the rest, but it will require some time due to the large amount stipulated by the Resolution.
3. Includes investors' compensations from unlisted individuals and companies.

Table 52: Total Amounts of Illegal Gains Subject of CRSD Peremptory Decisions

Year	Illegal Gains (SAR)	Fines (SAR)	Total (SAR)
2022	14,350,171.7	21,870,000.0 ¹	36,220,171.7
2023	1,712,034,237.3	40,610,000.0	1,752,644,237.3

Third: Requests Regarding Investors’ Assets

Table 53: Requests for Disclosure, Attachment Imposition and Removal, and Enforcement Received by CMA, Classified According to the Requestor

Requestor	2022	2023	Change (%)
Ministry of Justice	1,149,383	1,377,273	19.8%
Government Agencies	1,194	1,805	51.2%
Investors/Heirs	6,785	9,286	36.9%
Total	1,157,362	1,388,364	20.0%

Table 54: Number of Judicial Orders Received Through the Nafiz Platform

Order Type	2022	2023	Change (%)
Disclosure and Attachment	738,943	884,621	19.7%
Attachment Removal	394,460	462,837	17.3%
Enforcement	12,384	26,619	114.9%
Total	1,145,787	1,374,077	19.9%

Table 55: Number of Requests Received by CMA, by Request Type

Type of Request	2022	2023	Change (%)
Disclosure	9,825	11,894	21.1%
Attachment	739,699	885,791	19.8%
Attachment Removal	394,609	463,055	17.3%
Distribution of Estate	99	170	71.7%
Sale	13,005	27,360	110.4%
Other	125	94	-24.8%
Total	1,157,362	1,388,364	20.0%

1. There is a SAR 300,000 difference between this value and that in the 2022 Annual Report after reclassification include fines issued by both CRSD and ACRSD.

05

Chapter Five: CMA Financial Disclosure

First: Independent Auditor's Report

Second: Statement of Financial Position as of December 31, 2023

Third: Financial Performance Report for the Year Ending on December 31, 2023

Fourth: Statement of Changes in Net Assets for the Year Ending on December 31, 2023

Fifth: Statement of Cash Flows for the Year ending on December 31, 2023

Sixth: Explanations Regarding the Financial Statements as of December 31, 2023

THE CAPITAL MARKET AUTHORITY
FINANCIAL STATEMENTS
FOR THE YEAR ENDING ON 31 DECEMBER 2023
AND THE INDEPENDENT AUDITOR'S REPORT

Index of financial statements for the year ending on 31 December 2023

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Statement of cash flows	184
Notes to the financial statements	185 - 210

Independent Authorit's report

To your excellences and highnesses, the chairman and members of the board of directors of
The Capital Market Authority
Riyadh- Kingdom of Saudi Arabia

Opinion

We have audited the financial statements of The Capital Market Authority ("the Authority") which comprise the statement of financial position as of 31 December 2023, and the statements of financial performance, changes in net assets and cash flows for the year then ended, and a Material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Authority as of 31 Decem-ber 2023, 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 approved in the Kingdom of Saudi Arabia. Our responsibilities under such standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independ-ent of the Authority, in accordance with the professional code of conduct and ethics that are adopted in the Kingdom of Saudi Arabia and are relevant to our audit of the financial statements. 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

Other information comprises the information included in the Authority's annual report, other than the financial statements and the auditor's re-port thereon. The Management is responsible for the other information contained in its annual report. Our opinion on the financial statements does not cover such 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 described above 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. Substantial in any other way. If we determine that there is a material misstatement of this other information based on the work we have performed, we are required to report that fact. We have nothing to report on this regard.

Responsibilities of the Management and Those in Charge of 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 con-trol 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 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 finan-cial 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, wheth-er 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 state-ments represent the underlying transactions and events in a manner that achieves fair presentation.
- We communicate with those in charge of 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.

Riyadh – Saudi Arabia
Date: 16 Ramadan 1445 (H)
Corresponding: 26 March 2024 (G)



Gihad Mohamed Al-Amri

Certified Public Accountant - Registration No. (362)

THE CAPITAL MARKET AUTHORITY
STATEMENT OF FINANCIAL POSITION
(The amount is in Saudi Riyals unless otherwise indicated)

	Note	As of 31 December 2023	As of 31 December 2022
ASSETS			
Current assets			
Cash and cash equivalents	5	3,304,095,296	2,916,035,384
Receivables from exchange transactions	6-A	1,168,918	2,037,138
Receivables from non-exchange transactions	6-B	54,144,450	18,136,379
Employees imprest – current portion		14,599,111	14,081,177
Prepayments and other current assets	7	82,222,860	49,761,241
Total current assets		3,456,230,635	3,000,051,319
Non-current assets			
Employees imprest – non current portion		29,427,199	26,774,430
Property and equipment	8	214,044,394	223,367,927
Projects in progress	9	1,713,386,776	1,704,287,977
Intangible assets	10	13,969,461	14,917,501
Total non-current assets		1,970,827,830	1,969,347,835
Total assets		5,427,058,465	4,969,399,154
LIABILITIES			
Current liabilities			
Payables from exchange transactions	11	3,558,461	3,412,998
Accruals and other current liabilities	12	438,342,762	115,252,024
Total current liabilities		441,901,223	118,665,022
Non-current liabilities			
End of service benefits provision	13	399,460,093	383,515,033
Total non-current liabilities		399,460,093	383,515,033
Total liabilities		841,361,316	502,180,055
Net assets			
Expenditure reserve	14	1,155,886,296	1,134,485,372
General reserve	14	1,776,203,184	1,558,255,284
Cash surplus	14	44,433,530	223,294,728
Accumulated surplus of revenue over expenses		1,609,174,139	1,551,183,715
Total net assets		4,585,697,149	4,467,219,099
Total net assets and liabilities		5,427,058,465	4,969,399,154

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

THE CAPITAL MARKET AUTHORITY
STATEMENT OF FINANCIAL PERFORMANCE
(The amount is in Saudi Riyals unless otherwise indicated)

	For the year ended in		
	Note	31 December 2023	31 December 2022
Revenues			
Revenues from non-exchange transactions			
Securities trading commission	15	804,763,731	1,052,568,017
The Authority's services and activities	15	160,528,317	158,798,952
Violations of Capital Market law and its implementing regulations	15	68,346,645	48,010,133
		1,033,638,693	1,259,377,102
Revenues from exchange transactions			
Deposits' returns	15	177,574,698	75,588,572
The Authority's services and activities	15	1,409,895	5,281,875
		178,984,593	80,870,447
Total revenues		1,212,623,286	1,340,247,549
Expenses			
Employees' salaries and benefits	16	(611,378,256)	(566,031,069)
General and administrative expenses	17	(170,367,441)	(160,762,301)
Depreciation and amortization	10.8	(20,383,522)	(25,365,756)
Professional and consultancy services		(18,730,316)	(30,386,510)
Employees' training and scholarship		(52,249,840)	(48,323,670)
Total expenses		(873,109,375)	(830,869,306)
Other expenses, net			
		(121,026)	(2,088,822)
Net surplus over expenses for the year		339,392,885	507,289,421

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

THE CAPITAL MARKET AUTHORITY
STATEMENT OF CHANGES IN NET ASSETS
(The amount is in Saudi Riyals unless otherwise indicated)

	Note	Expenditure reserve	General reserve	Cash surplus	Accumulated surplus of revenue over expenses	Total
For the year ended 31 December 2022						
Balance at 1 January 2022		896,822,150	1,469,075,664	698,943,801	1,488,959,980	4,553,801,595
Transferred to the 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 expenditure 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
For the year ended 31 December 2023						
As at 1 January 2023		1,134,485,372	1,558,255,284	223,294,728	1,551,183,715	4,467,219,099
Transferred to Ministry of Finance during the year	14	-	-	(223,294,728)	-	(223,294,728)
Net revenue surplus over expenses		-	-	-	339,392,885	339,392,885
Actuarial valuation differences	13	-	-	-	2,379,893	2,379,893
Reverse of expenditures reserve and general reserve to accumulated surplus over expenses		(1,134,485,372)	(1,558,255,284)	-	2,692,740,656	-
Cash surplus before reserves are created	14	-	-	2,976,523,010	(2,976,523,010)	-
Transferred to expenditure reserve	14	1,155,886,296	-	(1,155,886,296)	-	-
Transferred to general reserve	14	-	1,776,203,184	(1,776,203,184)	-	-
As at 31 December 2023		1,155,886,296	1,776,203,184	44,433,530	1,609,174,139	4,585,697,149

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

THE CAPITAL MARKET AUTHORITY
STATEMENT OF CASH FLOWS
(The amount is in Saudi Riyals unless otherwise indicated)

	For the year ended in		
	Note	31 December 2023	31 December 2022
Cash flows from operating activities			
Net revenue surplus over expenses for the year		339,392,885	507,289,421
Adjustments:			
Depreciation and amortization	10,8	20,383,522	25,365,756
losses from the sale of property and equipment and intangible assets		107,690	1,548
End of service benefits provision	13	53,389,650	45,940,773
Deposits’ return	15	(177,574,698)	(75,588,572)
Changes in			
Receivables from exchange transactions		868,220	1,106,577
Receivables from non-exchange transactions		(36,008,071)	2,686,098
Employees imprest		(3,170,703)	(4,260,761)
Advance payments and other current assets		(24,943,588)	21,303,116
Payables from exchange transactions		145,463	(5,743,020)
Accruals and other current liabilities		323,090,738	13,125,346
End of service benefits paid	13	(35,064,697)	(16,906,671)
Proceed from deposits return revenues	15	170,056,667	60,273,681
Net cash generated from operating activities		630,673,078	574,593,292
Cash flows from investing activities			
Additions to property and equipment and projects in progress	9,8	(19,086,499)	(20,674,892)
Additions to intangible assets	10	(254,928)	(3,780,830)
Proceed from the sale of property and equipment		22,989	-
Net cash used in investing activities		(19,318,438)	(24,455,722)
Cash flows from financing activities			
Transferred to Ministry of Finance	14	(223,294,728)	(698,943,801)
Net cash used in financing activities		(223,294,728)	(698,943,801)
Net change in cash and cash equivalents during the year		388,059,912	(148,806,231)
Cash and cash equivalents at the beginning of the year		2,916,035,384	3,064,841,615
Cash and cash equivalents at the end of the year	5	3,304,095,296	2,916,035,384

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

1. ORGANIZATION AND PRINCIPAL ACTIVITIES

The 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 the Authority shall be incorporated in the Kingdom of Saudi Arabia under the name of The Capital Market Authority. the Authority 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 the Authority.

The Authority is a governmental body with financial and administrative autonomy and is directly linked to the Prime Minister. the Authority 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 capital 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 the Authority.
- 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.

Pursuant to the Authority Board Decision No. 2/5/2004 dated 23 Jumada’ II 1425 H (corresponding to 9 August 2004 G), the fiscal year of the Authority 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 the Authority’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 the Authority. The numbers are rounded to the nearest riyal unless otherwise stated.

3. MATERIAL ACCOUNTING POLICY INFORMATION

3.1 Presentation of assets and liabilities

The Authority 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 the Authority; 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.

The Authority 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 the Authority; 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.

The Authority classifies its liabilities as current when they are due to be settled within twelve months after the date of the financial statements, even if:

- a. The original term was longer than twelve months; or
- b. An agreement to refinance, or to reschedule payments, on a long-term basis was completed after the date of the financial statements and before the financial statements were approved for issue.

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.

Cash flows from operating activities are presented according to the indirect method in the statement of cash flows.

The interest received is classified in the statement of cash flows as cash flows from operating activities.

Transfers to and from the Ministry of Finance are classified in the statement of cash flows as cash flows from financing activities.

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.

The Authority’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 the Authority 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

The Authority 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
- The Authority 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) The Authority has transferred all the risks and rewards of the asset substantially; or (b) The Authority 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

The Authority 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).

The Authority 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 The Authority 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 the Authority. 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. .

the Authority 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 Authority’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 the Authority are classified as loans and borrowings and are measured at amortized cost. Financial assets of the Authority 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 Authority measures the fair values of financial assets and liabilities for purposes of recognition and / or disclosure. the Authority 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 Authority 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 Authority. 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.

Employee imprest

the Authority determines the fair value of an advance by referring to interest rates in an active market. When the Authority cannot determine fair value by reference to an active market, it uses one of the valuation methods. The fair value can be determined using a valuation method by discounting all future cash receipts using the prevailing market interest rate for a similar imprest.

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, the Authority 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.

the Authority 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

The Authority 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, the Authority 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, the Authority 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, the Authority 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

Defined benefit plans

The Authority 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 the Authority 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. the Authority 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 Authority 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 Capital Market Law, the Authority 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

The Authority 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.

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

Trading commissions

the Authority’s share of trading commissions is recorded based on the notifications which are received from the Saudi Exchange Company (“Tadawul”) Commissions for trading in the main market of stocks are the largest part of trading commission income and the Authority’s share from the trading commission is 3.2 basis points from the total value of the Trading transaction (0.2 basis is directed to awareness program).

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 capital 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

The Authority 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 the Authority substantially. Operating lease payments are recognized as an operating expense on a straight-line basis over the lease term.

The Authority has no arrangements for finance leases.

3.11 Contingent liabilities

The Authority 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

The Authority 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 the Authority 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

The Authority 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 the Authority, or vice versa. Members of key management, Tadawul company and financial academy are regarded as related parties and comprise the board members of the Authority.

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 the Authority 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 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.

International Public Sector Accounting Standard No. (45) “Property, Plant and Equipment”

The objective of this Standard No. (45) is to describe the accounting treatment for property, plant and equipment so that users of financial statements can identify information about the entity’s investment in its property and equipment and the changes in this investment. The key issues in accounting for property, plant and equipment are the recognition of assets and determining their carrying value and the depreciation and impairment losses to be recognised.

The standard will be applied on or after January 1, 2025, with early application permitted for entities that apply International Public Sector Accounting Standards No. (43, 44, and 46). As of 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.

International Public Sector Accounting Standard No. (46) “Measurement of Assets and Liabilities”

The objective of this standard is to define measurement bases that help fairly reflect the cost of services, operational capacity and financial capacity of assets and liabilities. The standard sets out the approaches within those measurement bases that will be applied across individual IPSASs to achieve financial reporting objectives.

The standard is effective on or after January 1, 2025, with early application permitted. As of 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.

International Public Sector Accounting Standard No. (47) “Revenues”

The objective of this standard is to establish the principles that an entity must apply to provide useful information to users of financial statements about the nature, amount, timing and uncertainty of revenues and cash flows arising from revenue transactions.

To achieve the stated objective, the entity is required to take into account the terms of the transaction and all relevant facts and data to determine the type of revenue transaction; it also specifies the accounting requirements for calculating a revenue transaction.

The standard is effective on or after January 1, 2026, with early application permitted. As of 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.

International Public Sector Accounting Standard No. (48) “Transfer Expenses”

The objective of this standard is to establish the principles that a transfer provider (the entity) must apply to report information useful to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flows arising from transfer expense transactions.

To achieve the stated objective, the entity is required to take into account the terms of the transaction and all relevant facts and data to determine the type of transfer expenses transaction; It also specifies the accounting requirements for calculating the transfer expenses transaction.

The standard is effective on or after January 1, 2026, with early application permitted. As of 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.

International Public Sector Accounting Standard No. (49) “Retirement Benefit Plans”

The purpose of this standard is to specify accounting and reporting requirements for public sector retirement benefit plans, which provide retirement benefits to public sector employees and other eligible participants.

The standard is effective on or after January 1, 2026, with early application permitted. As of 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 the Authority’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 Authority 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 Authority. 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

The Authority 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 Authority 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.

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

Estimates related to the impairment of trade receivables and employees imprest

The Authority 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, the Authority 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 2023	As at 31 December 2022
Time deposits (5-a)	3,303,000,000	2,914,000,000
Cash at bank (Current accounts)	1,095,296	2,035,384
	3,304,095,296	2,916,035,384

5.1 (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 2023, the statement of financial performance has been charged with a total deposit return amounted to SR 177.6 million . (31 December 2022: SR 75.6 million).

6. RECEIVABLES

(6-a) Receivables from exchange transactions	As at 31 December 2023	As at 31 December 2022
Accounts receivables	-	118,975
Financial Academy (note 19)	1,168,918	1,918,163
	1,168,918	2,037,138

(6-b) Receivable from non-exchange transactions	As at 31 December 2023	As at 31 December 2022
Saudi Tadawul Group Holding Company (Tadawul) (Note 19)	53,096,683	17,379,043
the Authority’s customers	1,047,767	757,336
	54,144,450	18,136,379

7. ADVANCE PAYMENTS AND OTHER CURRENT ASSETS

	As at 31 December 2023	As at 31 December 2022
Prepaid expenses	49,206,972	27,287,281
Accrued deposits revenues	28,158,067	20,385,036
Advances to suppliers	-	155,250
Employees imprest	4,857,821	1,933,674
	82,222,860	49,761,241

8. PROPERTY AND EQUIPMENT

	Lands	Buildings	Decorations and improvements	Furniture and office equipment	Motor vehicles	Computers	Total for the year ended 31 December 2023	Total for the year ended in 31 December 2022
Cost								
As at 1 January 2023	114,700,000	132,300,020	87,128,939	78,863,470	1,425,000	56,848,765	471,266,194	463,911,194
Additions	-	-	90,558	1,793,496	-	2,358,168	4,242,222	7,358,035
Transfer from projects in progress	-	-	-	-	-	455,137	455,137	-
Disposals	-	-	(14,460)	(1,242,301)	(410,000)	(4,040,046)	(5,706,807)	(3,035)
As at 31 December 2023	114,700,000	132,300,020	87,205,037	79,414,666	1,015,000	55,622,024	470,256,746	471,266,194
Accumulated Depreciation								
As at 1 January 2023	-	43,328,256	83,511,381	70,762,753	1,065,932	49,229,945	247,898,267	228,777,405
Depreciation	-	3,969,001	2,396,754	3,023,923	95,000	4,405,535	13,890,213	19,122,348
Disposals	-	-	(14,460)	(1,191,650)	(339,998)	(4,030,020)	(5,576,128)	(1,486)
As at 31 December 2023	-	47,297,257	85,893,675	72,595,026	820,934	49,605,460	256,212,352	247,898,267
Net book value								
As at 31 December 2023	114,700,000	85,002,763	1,311,361	6,819,639	194,066	6,016,564	214,044,394	-
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

9. PROJECTS IN PROGRESS

	Balance as at January 2023 ¹	Additions	Transferred to intangi- ble assets	Transferred to Prop- erty and equipment	Balance as at 31 December 2023
the Authority's headquarter at Finan- cial District (9-a)	1,690,626,849	-	-	-	1,690,626,849
Computer hardware, software and other fixtures	13,661,128	14,844,277	(5,290,341)	(455,137)	22,759,927
	1,704,287,977	14,844,277	(5,290,341)	(455,137)	1,713,386,776

(9-1) (9-a) Projects in progress include building costs for the Authority's headquarter at King Abdullah Financial District in Riyadh. The Authority coordinates with the relevant parties regarding obtaining an alternative building, and the agreement for the alternative building was signed during February 2024.

10. INTANGIBLE ASSETS

	As at 31 December 2023	As at 31 December 2022
Cost		
The balance at the beginning of the year	70,688,004	62,024,075
Additions	254,928	3,780,830
Transferred from projects in progress	5,290,341	4,883,099
The balance at the end of the year	76,233,273	70,688,004
Amortization		
The balance at the beginning of the year	55,770,503	49,527,095
Charge during the year	6,493,309	6,243,408
The balance at the end of the year	62,263,812	55,770,503
Net book value	13,969,461	14,917,501

11. PAYABLES FROM EXCHANGE TRANSACTIONS

	As at 31 December 2023	As at 31 December 2022
Services suppliers	3,000,136	1,859,891
Others	558,325	1,553,107
	3,558,461	3,412,998

12. ACCRUALS AND OTHER CURRENT LIABILITIES

	As at 31 December 2023	As at 31 December 2022
Provision for current liabilities*	327,572,286	-
Employees' accruals	92,165,429	87,525,885
Accrued expenses	14,184,241	24,882,713
Others	4,420,806	2,843,426
	438,342,762	115,252,024

(*) The balance represents the value of a regulatory provision established in accordance with the capital market Law.

13. END OF SERVICE BENEFITS PROVISION

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

	As at 31 December 2023	As at 31 December 2022
At the beginning of the year	383,515,033	459,552,815
Charged to the statement of financial performance	53,389,650	45,940,773
Paid during the year	(35,064,697)	(16,906,671)
(Gain) / losses from actuarial valuation	(2,379,893)	(105,071,884)
At the end of the year	399,460,093	383,515,033

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

	As at 31 December 2023	As at 31 December 2022
Discount rate	5.6%	5.36%
Salary increase rate	5%	5%
Employee's turnover rates	7.5%	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 following is a sensitivity analysis of actuarial assumptions:

	Provision as at 31 December 2023	Change %
Basic assumptions	399,460,094	0.0%
Discount rate basis +0.5%	381,744,432	(4.4%)
Discount rate basis – 0.5%	418,503,474	4.8%
The basis of the salary increase rate + 0.5%	417,430,730	4.5%
The basis of the salary increase rate – 0.5%	382,568,533	(4.2%)
The employee turnover rate 110%	399,461,910	0.0%
The employee turnover rate 90%	399,414,914	0.0%

	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%

The above sensitivity analysis was determined by extrapolating the effect on the defined benefit obligation as a result of reasonable changes in key assumptions that occur at the end of the financial reporting period. The sensitivity analysis is based on the change in the key assumptions while keeping all other assumptions constant. The sensitivity analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the assumptions will change independently of each other.

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, 2023:

Returns expected to be paid during the year	Amount
The year ending December 31, 2024	40,657,840
The year ending December 31, 2025	37,424,917
The year ending December 31, 2026	38,134,500
The year ending December 31, 2027	44,787,248
The year ending December 31, 2028	41,890,422

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, 2023 G, it amounted to 1,155,886,296 Saudi riyals (2022: 1,134,485,372 Saudi riyals).
- General reserve equivalent to twice the total expenditures of the Authority shown in its previous annual budget, and as of December 31, 2023 G, it amounted to 1,776,203,184 Saudi riyals (2022: 1,558,255,284 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 2023	Year 2022
Cash surplus before reserves are created	2,976,523,010	2,916,035,384
Less:		
Expenditure reserve	(1,155,886,296)	(1,134,485,372)
General reserve	(1,776,203,184)	(1,558,255,284)
Cash surplus balance	44,433,530	223,294,728

The Authority records the cash surplus in the net assets of the Authority. During the year 2023 G, the Authority transferred an amount of 223,294,728 Saudi riyals to the Ministry of Finance (2022: 698,943,801 Saudi riyals) from the cash reserve.

15. EXCHANGE AND NON-EXCHANGE REVENUES

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

	For the year ended in 31 December 2023			For the year ended in 31 December 2022		
	Exchange	Non-exchange	Total	Exchange	Non-exchange	Total
Securities trading commissions	-	804,763,731	804,763,731	-	1,052,568,017	1,052,568,017
the Authority services and activities	1,409,895	160,528,317	161,938,212	5,281,875	158,798,952	164,080,827
Violations of Capital Market law and its implementing regulations	-	68,346,645	68,346,645	-	48,010,133	48,010,133
Deposits returns	177,574,698	-	177,574,698	75,588,572	-	75,588,572
	178,984,593	1,033,638,693	1,212,623,286	80,870,447	1,259,377,102	1,340,247,549

16. EMPLOYEES' SALARIES AND BENEFITS

	For the year ended in 31 December 2023	For the year ended in 31 December 2022
Salaries	238,910,849	223,371,680
Employees' allowances	122,278,743	118,017,965
Employees' bonus	80,800,230	70,767,056
End of service benefits	52,894,869	45,940,774
Medical insurance	42,893,487	39,543,871
The Authority's share in saving program	30,279,258	29,172,589
Social insurance	29,638,054	28,524,513
Business trips and conferences	3,293,318	1,630,860
Others	10,389,448	9,061,761
	611,378,256	566,031,069

17. GENERAL AND ADMINISTRATIVE EXPENSES

	For the year ended in 31 December 2023	For the year ended in 31 December 2022
Financial sector development initiatives *	48,450,094	22,888,837
Subscriptions	27,359,646	34,314,531
Maintenance	26,733,933	21,425,072
Utilities	17,419,258	16,380,127
Committees members fees	13,302,100	11,891,917
Rentals	13,209,702	11,080,693
Graduates development program	12,698,634	8,679,868
Media and public relations	7,489,836	30,380,998
Operational contracts expenses	2,419,317	2,165,344
Others	1,284,921	1,554,914
	170,367,441	160,762,301

*The item of financial sector development initiatives icludes on December 31, 2023 an amount of 39.9 million Saudi riyals (December 31, 2022, an amount of 12.8 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 2023 amounted to SR 7.8 million (31 December 2022: amounted to SR 18.3 million), with the total value of related contracts amounting to SR 31.8 million (31 December 2022: SR 32.7 million), while the used portion amounted to SR 24.1 million (31 December 2022: SR 14.38 million).

Operating lease commitments

The Authority as a lessee

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

	As at 31 December 2023	As at 31 December 2022
Within 1 year	989,878	1,403,729
More than 1 year, but not more than 5 years	4,134,669	105,954
	5,124,547	1,509,683

19. RELATED PARTY DISCLOSURES

19-1 Due from a related party			Balance as at	
Name of the related party	Note	Nature of relation	31 December 2023	31 December 2022
Saudi Tadawul Group Holding Company (Tadawul)	6-b	Supervisory and regulatory relationship	53,096,683	17,379,043
The Financial Academy	6-a	regulatory relationship	1,168,918	1,918,163

19-2 Transactions made with the related party:		Transaction values for the year ended in	
Name of a related party	Nature of transaction	31 December 2023	31 December 2022
Saudi Tadawul Group Holding Company (Tadawul)	The Authority's revenues through stock trading	926,763,730	1,174,568,017
	Proceeds from Tadawul	891,046,091	1,177,473,530
The Financial Academy	Revenues	2,981,829	9,127,973
	Proceeds from the academy	3,731,074	9,718,032
	Academy budget support	39,883,000	12,796,095

(*) The balance due from Saudi Tadawul Group Holding Company (Tadawul) represents mainly the uncollected amount that the Authority 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 the Authority, in addition to the annual fee for services provided by the Authority related to the Saudi Stock Exchange.

In accordance with the Authority’s Law and in order to apply Article 22, Saudi Tadawul Group Holding Company (Tadawul) is subject to the supervision of the Authority 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 the Authority’s Board to obtain its approval of their nomination before the shareholders’ General Assembly elects them.
- The regulations and instructions approved by the Authority’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.

19.3 Key management personnel remunerations at the Authority	For the year ended in	
	31 December 2023	31 December 2022
Short-term key management personnel benefits	8,381,354	8,385,775
End of service benefits	556,094	604,767
	8,937,448	8,990,542

The number of key management of the Authority during the year was 5 employees (2023: 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 is assumed that they are equal to their carrying amount due to their nature and short-term maturity.

Fair value

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

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.

The Authority 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, the Authority 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.

For the purpose of fair value disclosures, the Authority 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 2023	As at 31 December 2022
Classification of financial instruments		
Financial assets at amortized cost		
Cash and cash equivalents	3,304,095,296	2,916,035,384
Receivables from exchange transactions	1,168,918	2,037,138
Receivables from non-exchange transactions	54,144,450	18,136,379
Employees imprest	44,026,310	40,855,607
	3,403,434,974	2,977,064,508
Financial liabilities at amortized cost		
Payables from exchange transactions	3,558,461	3,412,998
	3,558,461	3,412,998

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

Risks

the Authority 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.

A possible change of 100 base 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 2023	31 December 2022
Cash and cash equivalents	+100	30,314,528	29,493,056
	-100	(30,314,528)	(29,493,056)
Employees imprest	+100	(952,254)	(845,169)
	-100	988,787	876,363

Foreign currency exchange risk

It is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Authority has no receivables, payables, or binding commitments of material significance in foreign currencies. The Authority also does not have revenues in foreign currency. Most of the Authority’s foreign currency purchases are denominated in US dollars, and the Authority is not exposed to currency risks from these transactions because the riyal is pegged to the US dollar. Purchases in other foreign currencies are not relatively important. Accordingly, the Authority does not hedge foreign currency risks. (If the Authority is exposed to foreign currency risks of relative importance, it shall disclose the significant exposures and methods for managing these risks (if any) and their impact on the surplus or deficit and financial position in accordance with Public Sector Accounting Standard 30)

Liquidity risk

Liquidity risk is the risk that the Authority will encounter difficulty in raising Funds to meet commitments associated with financial instruments. Liquidity risk management process followed by the Authority includes the Authority's assurance of the availability of sufficient Funds to meet its commitments as they fall due.

The Authority 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 “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 the Authority, and the balance due as of 31 December 2023 amounted to SR 53.1 million (31 December 2022: SR 17.4 million) recorded in the trade receivables.

As at 31 December 2023, the ageing analysis of trade receivables from exchange transactions was as follows:

	As at 31 December 2023	As at 31 December 2022
Neither past due nor impaired less than 30 days	1,167,014	715,354
Past due from 31 to 90 days	1,904	1,321,784
	1,168,918	2,037,138

As at 31 December 2023 the ageing analysis of trade receivables from non-exchange transactions was as follows:

	As at 31 December 2023	As at 31 December 2022
Neither past due nor impaired less than 30 days	52,927,649	16,913,086
Past due above 90 days	1,216,801	1,223,293
	54,144,450	18,136,379

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.

The Authority holds cash and cash equivalents of SR 3.30 billion at 31 December 2023 (31 December 2022: SR 2.92 billion) with banks having a sound credit rating.

APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were approved by management on 15 Ramadan 1445 H (corresponding to 25 March 2024 G).

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Chapter Sixth: Statistical Appendix to the Annual Report

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

To access the Open Data of the Statistical Appendix to the Annual
Report click the following link:

<https://opendata.cma.org.sa/Pages/default.aspx>

Conclusion

This report presents an overview of the achievements and activities of the Capital Market Authority in the eventful year of 2023. The Saudi Capital Market made remarkable achievements across various sectors, and this report delves into them. It highlights the adoption of new Implementing Regulations and the amendment of several existing regulations, along with the initiation of work on two new Implementing Regulations. CMA regulatory and developmental efforts 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 number of offerings in both the Main and Parallel markets, totaling to 43 offerings in 2023. Additionally, foreign investment ownership soared to an unprecedented level, reaching an impressive value of SAR 401 billion by the end of 2023.

The Saudi Capital Market played a pivotal role in driving these advancements. The issuance of Sukuk and debt instruments witnessed steady growth, with a total value of SAR 29 billion. Listed Sukuk and debt instruments trading deals reached 40,601 with a value exceeding SAR 19 billion. Furthermore, 29 investment Funds were approved for offering in the capital market. The market also witnessed remarkable progress in digital and technological innovations, as CMA granted a permit for the first AI-powered consultation model, bringing the total of permits to 38 by the end of the year.

In line with its core mission of safeguarding investors, CMA 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. CMA will focus on supporting alternative financing channels through diverse financial products in the Saudi Capital Market, further enhancing the market's growth and development.

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