



# ELEVENTH ANNUAL REPORT

(2021 - 2022)

State of Kuwait





بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ







His Highness Sheikh  
**Nawaf Al-Ahmad Al-Jaber Al-Sabah**  
The Amir of the State of Kuwait





His Highness Sheikh  
**Meshal Al-Ahmad Al-Jaber Al-Sabah**  
The Crown Prince





His Highness Sheikh  
**Sabah Khalid Al-Hamad Al-Sabah**  
Prime Minister



<b>Message of the Chairman of CMA Board of Commissioners</b>	<b>17</b>
<b>Section One: The Capital Markets Authority – Vision, Mission, and Objectives</b>	<b>23</b>
Establishment	25
Main Objectives	26
Vision, Mission, Institutional Values	27
Organizational Structure	28
<b>Section Two: Performance of CMA Board of Commissioners and Secretariat Office</b>	<b>29</b>
CMA Board of Commissioners	31
Committees that Form as Part of CMA Board of Commissioners	32
The Secretariat of the Board of Commissioners	33
<b>Section Three: Strategic Field</b>	<b>35</b>
Strategic Planning	37
Strategic Plan (2018-2023)	38
Strategic Projects	40
Strategic Plan (2023/2024 to 2026/2027)	44
<b>Section Four: Sustainability</b>	<b>45</b>
Sustainability at the CMA: Vision, Pillars and Paths	47
Institutional Sustainability at the CMA	49
Sustainability of the Securities Activities Sector	59
Social and Environmental Sustainability	62
<b>Section Five: Achievements of the Committees, Boards, and Offices that Form as Part of the Board of Commissioners</b>	<b>67</b>
Advisory Council for Sharia Supervision	69
Disciplinary Board	70
Complaints and Grievances Committee	71
Internal Audit Office	72
Financial Control Office	73



<b>Section Six: The Capital Markets Authority's Achievements in Regulating and Supervising Securities Activities</b>	<b>75</b>
<b>Legislative and Legal Field</b>	<b>77</b>
Legislative and Regulatory Aspect	77
Legal and Judicial Aspect and Investigation Tasks	80
<b>Regulatory Field</b>	<b>88</b>
Markets Regulation	88
Licensing and Registration Activities	91
Collective Investment Schemes	97
Capital Markets Development and Risk Management	100
Corporate Finance	102
Mergers and Acquisitions	114
<b>Supervisory Field</b>	<b>118</b>
Off-site Supervision	118
On-site Supervision	127
Markets Surveillance	128
Disclosure and Transparency	131
<b>Awareness and Media</b>	<b>138</b>
<b>Joint Cooperation: Local, Regional, and International</b>	<b>150</b>
<b>Section Seven: Regulation and Development of the Internal Work Environment</b>	<b>157</b>
Financial Affairs and Treasury	158
Technical Regulation and Update	162
<b>Section Eight: Future Visions and Trends</b>	<b>167</b>
<b>Section Nine: CMA's Financial Statements for Financial Year (2021/2022)</b>	<b>175</b>
<b>Section Ten: Some Trading Indicators in Bursa Kuwait Securities Exchange of 2021</b>	<b>207</b>





## CMA Board of Commissioners





**Prof. Ahmad A. Al-Melhem**  
Chairman of CMA Board of Commissioners  
Managing Director



**Othman I. Al-Issa**  
Vice Chairman



**Abdulmohsen H. Al-Mazidi**  
Commissioner



**Abdulaziz F. AlMarzouq**  
Commissioner



**Ahmad A. Al-Qadhi**  
Commissioner





**Message of the Chairman  
of CMA Board of Commissioners**







The last financial year, which is the subject of the present annual report, was impacted in a similar way to the two previous years by the repercussions of the Coronavirus pandemic (COVID-19), along with the implemented precautionary measures. This unprecedented pandemic, which we hope is coming to an end soon, has affected our world in several aspects: human, social, health, and certainly economic. However, this pandemic did not stand in the way of the CMA's continuous efforts to achieve its vision of leading the development of attractive financial markets that supports the national economy, in line with Kuwait's vision of enhancing the efficiency and competitiveness of the investment environment and the Kuwaiti economy, to become one of the leading financial centres in the region.

It can be said that the CMA, in cooperation with its associates in the capital markets industry, has progressed in achieving its vision through many tasks completed during the past financial year (2021/2022) and the previous ones, in addition to the initiatives it is currently implementing, which this annual report that I present to all those concerned and interested in economic affairs in general, and in securities activities in particular. The CMA does not consider the obligation of submitting this report on time as merely a legal obligation, but rather a commitment to the highest standards of transparency, and to inform the public of the results of its work aimed at developing the capital markets, promoting their growth, increasing their contribution in financing the economic activities, and protecting participants of such markets.

Looking at the bright side of the crisis, I firmly believe that the Coronavirus pandemic, despite the severity of its repercussions, offered a number of lessons. In terms of securities activities in particular, the pandemic may be the direct cause of accelerating the pace of qualitative shift in issues of sustainability and financial inclusion, in addition to essential changes in the CMA's strategic planning methodology. Moreover, a number of achievements took place during this financial year, some of which can be considered exceptional under the prevailing circumstances. I will mention the main ones briefly, with more details included in the report.

Strategically, the CMA has adopted a project to develop its strategic planning methodology when its current strategy entered its final stages, after completing 84% of its work and development projects, and starting preparations for its third strategy for the years (2023/2024 to 2026/2027), which reflects ambitious development trends whose effects extend beyond the scope of securities activities. When taking into consideration the completion of the remaining current strategic initiatives, as well as the accomplishments in several related areas, such as having an integrated system for the Collective Investment Schemes and regularizing the situations of the existing ones, facilitating the regulation of new forms of schemes,

such as Contractual Investment Schemes and Real Estate Income Generating Funds, commencing the establishment of controls for hedge funds and venture capital, qualifying infrastructure entities and securities service providers, developing control systems, regulating companies divisions operations, trading pre-emptive rights, margin trading, the Capital Adequacy Regulations for Licensed Persons, and the implementation of the Professional Qualifications Program for Registered Employment Positions, it becomes clear that the local securities activities' situation is on the verge of a crucial stage.

In another context, it can be said that the last financial year was "foundational" par excellence with regard to sustainability trends and sustainable development, after the CMA has made these issues as main objectives of its next strategy and took several steps in this matter, such as forming a steering committee to meet its requirements, as well as setting the directions related to financial inclusion, sustainable financing, digital transformation, and governance. It has also defined the frameworks for the main ways of achieving them, starting with the institutional sustainability of the CMA, then expanding its framework to include the securities activities sector, and ending with the society with all its sectors and segments subsequently.

In the same context, and in terms of financial inclusion in particular, which has become at the present time one of the pillars of economic and social stability, and a priority for economic policy makers, development plans and regulatory authorities, it witnessed a qualitative transformation with the CMA's expansion of the frameworks of its national project to enhance financial literacy to become a national project for financial inclusion to enable all segments of society to access the required financial services on simple and appropriate terms.

The aforementioned transformation included the three main pillars of financial inclusion, starting with raising awareness of sustainability issues and financial inclusion as a top priority at the current stage, and promoting relevant external participation, as is the case in international events such as the Global Investor Week, which is launched annually by the International Organization of Securities Commissions "IOSCO", and regionally as the Gulf Investment Awareness Program "Mulem". In a similar way to the other two pillars related to innovative financial services and financial technology, there are several strategic directions within their framework, such as the CMA's project to develop a regulatory framework for financial technologies related to securities activities (FinTech), and its other project to establish an academy specialized in capital markets, in addition to its directions to develop an integrated regulatory and legislative framework for the issuance of innovative financial products and sustainable debt instruments, especially green debt instruments that are social environmentally friendly, and short-term debt instruments, in preparation for their later inclusion in the capital market, which is almost ready to implement green debt instruments, which prepare the grounds for its transformation into a stable and integrated financial market that provides sustainable financing to enable the CMA and its associates to become sustainable entities that support the strategic pillars of sustainable development.

As a result, the sustainable development financial industry that enhances financial stability is witnessing a great transformation, given the availability of financing sources and diverse and required investment opportunities, and its elements: good financial solvency, high standards of governance, transparency and legal security, and keeping pace with the latest international standards.

In this framework, I should note CMA's endeavour to cooperate with the concerned authorities to lay the foundations for the advancement of the Islamic financial industry, to regulate dealing with financial derivatives issued or traded in Kuwait, and to bring about more regulation of debt instruments that usually



witness a typical busy activity. It is worth noting that the value of the approvals granted by the CMA for this type of debt instruments has exceeded - during the last financial year - the barrier of five billion US dollars.

In turn, issues of governance and institutional excellence have received a large share of the CMA's concerns recently, as it launched its digital transformation strategy with the aim of digitizing all its services by 2025. It also continued its efforts aimed at meeting all requirements of public sector governance, which deservedly qualified it to rank first among the bodies with independent budgets covered by the supervision of the State Audit Bureau in terms of fulfilling the requirements of governance for the last financial year at a rate of 92.2%, thus completing a path it started three years ago in occupying the leading position in this field. Moreover, obtaining the ISO/IEC27001:2013 certificate marked the fulfilment of the technical and administrative requirements, as well as the regulatory and security controls relevant to its information technology and communications systems.

In the same context, and in a precedent that is the first of its kind among the local supervisory and regulatory authorities, the CMA sought to develop key performance indicators for its operational work and services provided to the concerned public, including individuals and entities subject to its control, amounting to 280 indicators for 204 work procedures, with the aim of facilitating the procedures for providing its services to those concerned, to improve the efficiency of performing its tasks in accordance with international standards, and to actively contribute to improving the elements of the work environment related to securities activities. As for measuring and analysing these indicators, and announcing the results of their evaluation, it was a dedication to transparency, which the CMA always seeks to enhance.

I will settle with this amount of review of the general outlines of the CMA's annual report for the financial year (2021/2022), which includes the most important tasks accomplished by the CMA, its most prominent current projects, and future directions. Full details may be reviewed throughout this report.

Before concluding my message, I would like to praise the efforts of the fellow members of the previous Board of Commissioners, my fellow members of the current Board of Commissioners, and all the CMA employees. I would also like to praise the efforts and cooperation of our partners in the capital markets industry, and all those concerned with securities activities.

In conclusion, I can only express on my own behalf, and on behalf of my fellow members of the Board of Commissioners and all the CMA employees the appreciation to our wise leadership, and to extend my highest gratitude to His Highness the Amir Sheikh Nawaf Al-Ahmad Al-Jaber Al-Sabah, may God protect him, and to His Highness the Crown Prince Sheikh Mishaal Al-Ahmad Al-Jaber Al-Sabah, may God protect him, and to His Highness the Prime Minister Sheikh Sabah Al-Khaled Al-Hamad Al-Sabah for their permanent and continuous support to the CMA and its efforts, highlighting our keenness to follow their wise guidance that outlines our directions, asking God Almighty to direct our path for the good of our dear country.

Prof. Ahmed A. Al-Melhem

Chairman of CMA Board of Commissioners - Managing Director





## Section One

### **Vision, Mission, Institutional Values, and Main Objectives**

- ▶ Establishment
- ▶ Main Objectives
- ▶ Vision, Mission, Institutional Values
- ▶ Organizational Structure



## Establishment

### Law No. 7 of 2010

- ▶ Law of CMA's Establishment
- ▶ Issued on February 21, 2010
- ▶ Published in the Official Gazette on February 28, 2010

### Law No. 108 of 2014

- ▶ Amending Some Provisions of Law No. 7 of 2010
- ▶ Issued on July 23, 2014
- ▶ Published in the Official Gazette on August 10, 2014



### Law No. 22 of 2015

- ▶ Amending Some Provisions of Law No. 7 of 2010
- ▶ Issued on May 4, 2015
- ▶ Published in the Official Gazette on May 10, 2015

### ▶ Article 2 of Law No. 7 of 2010

An independent Authority that has legal personality shall be established and shall be under the oversight of the Minister of Commerce and Industry, and shall be called the "Capital Markets Authority".

### ▶ Article 1-1 of Module Two of the Executive Bylaws

The Authority is a corporate entity, and it is independent financially and administratively. It is supervised by the Competent Minister. The Authority has the right to litigate, conclude contracts, own real estate and movable assets and to conduct all legal acts in order to achieve its objectives.

## Main Objectives



## Vision

Leadership in developing capital markets that attract and support the local economy.

## Mission

Strengthening supervisory and controlling regulations which support an attractive and competitive capital markets in the State of Kuwait; based on the principles of fairness, transparency, and integrity according to the best international practice.

## Institutional Values

### Responsibility

Undertaking to take the responsibility of implementing the law and the regulations that govern the capital markets

### Fairness

Fairness and equality in implementing the laws and regulations on all entities that are regulated by CMA without prejudice or discrimination

### Integrity

Commitment of honesty, straightness, and professional ethics



### Transparency

The CMA guarantees the society's right of knowledge according to the law and the rules governing the CMA's work

### Excellence

Commitment to undertake our role with a high degree of proficiency and professionalism

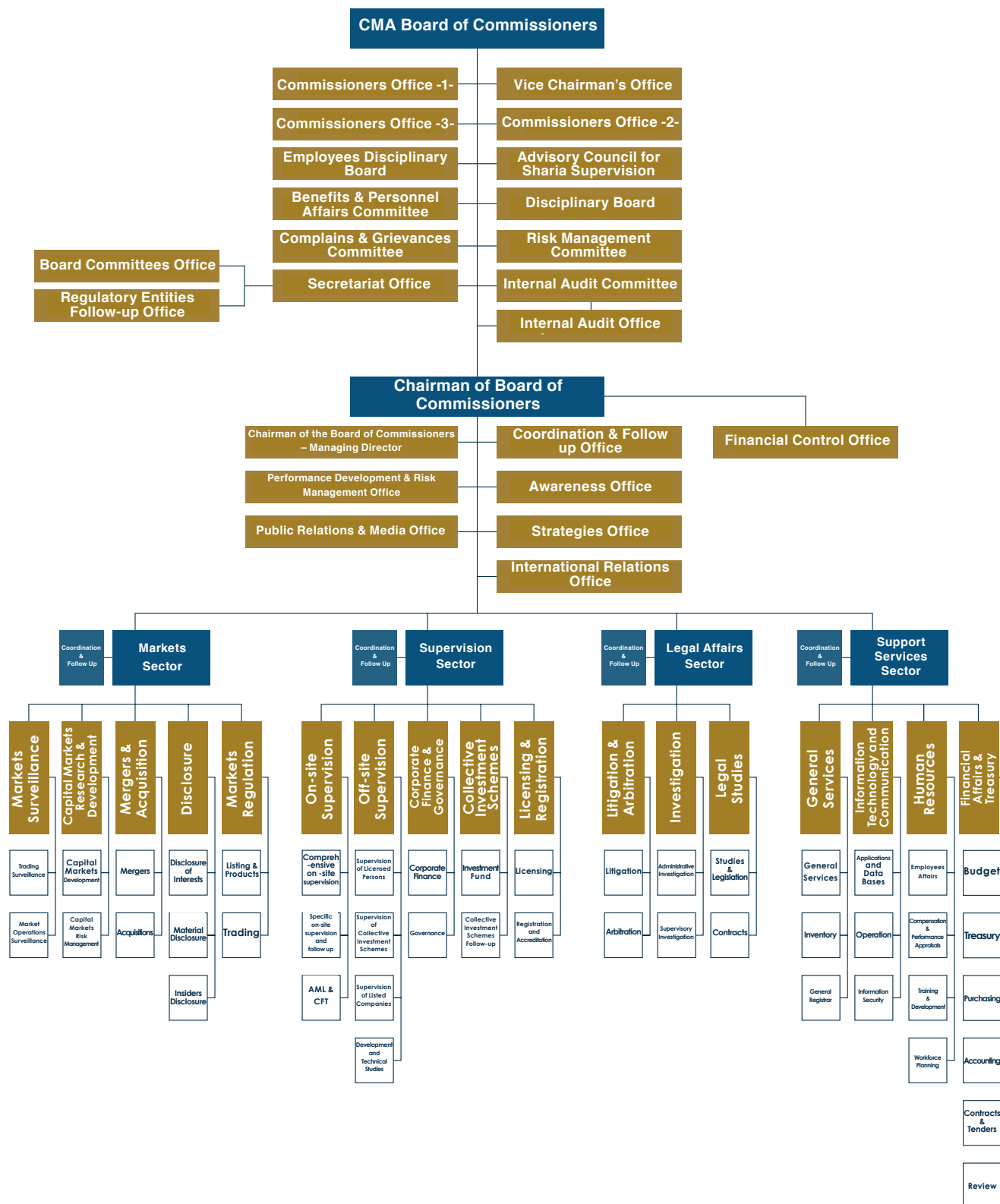
### Efficiency

Optimized utilization of the CMA's available resources

### Partnership

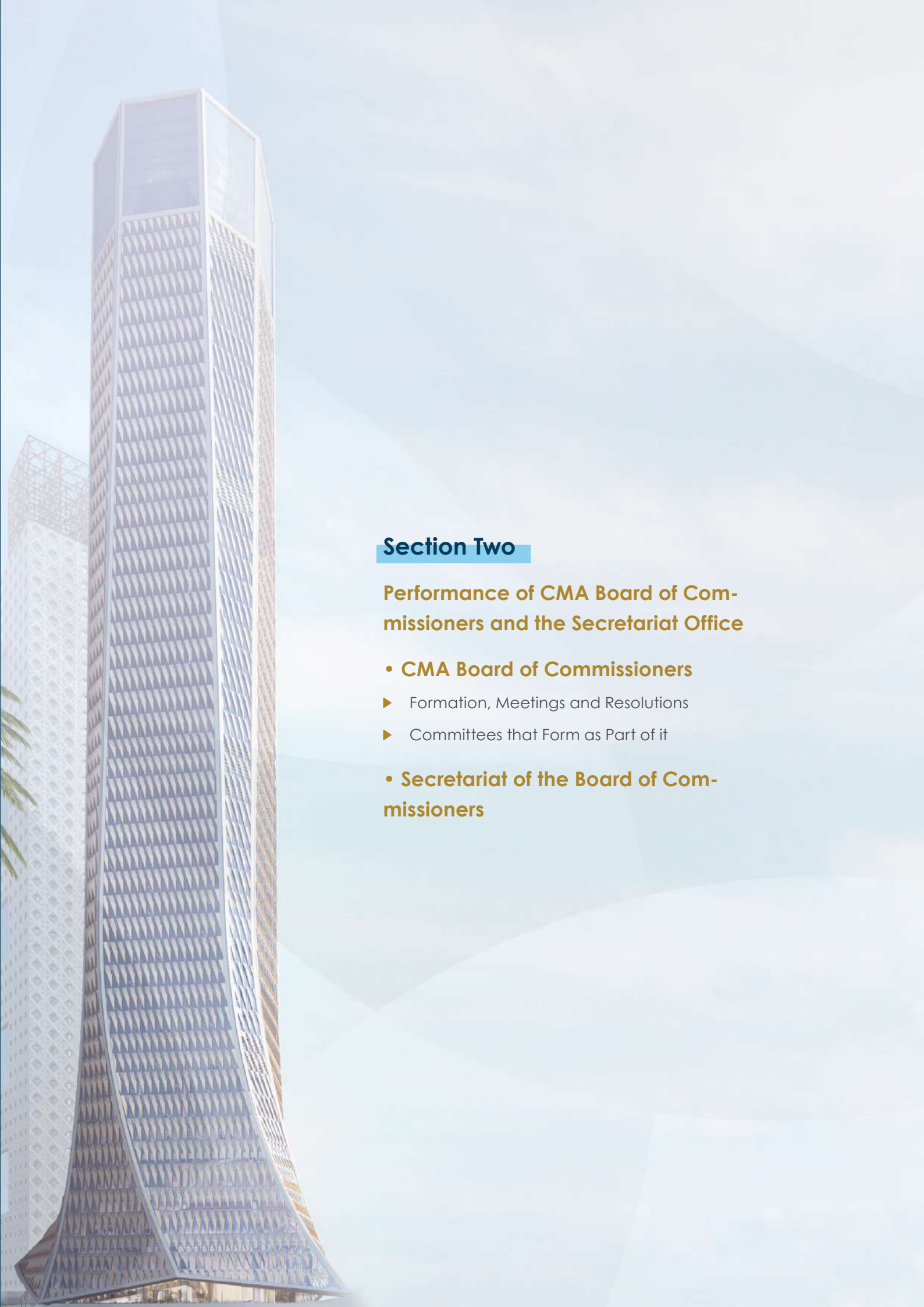
Teamwork and partnership with the other regulatory entities and those licensed by the CMA

## Organizational Structure









## **Section Two**

### **Performance of CMA Board of Commissioners and the Secretariat Office**

- **CMA Board of Commissioners**

- ▶ Formation, Meetings and Resolutions
- ▶ Committees that Form as Part of it

- **Secretariat of the Board of Commissioners**



## ► CMA Board of Commissioners

### ► Board Formation

The formation of the CMA Board of Commissioners during the Financial year (2021/2022) was as follows:

**Prof.**  
**Ahmad Abdulrahman Al-Melhem**  
Chairman of CMA Board of Commissioners

**MR.**  
**Othman Ibrahim Al-Issa**  
Vice Chairman

**MR.**  
**Abdulaziz Fahad AlMarzouq**  
Commissioner

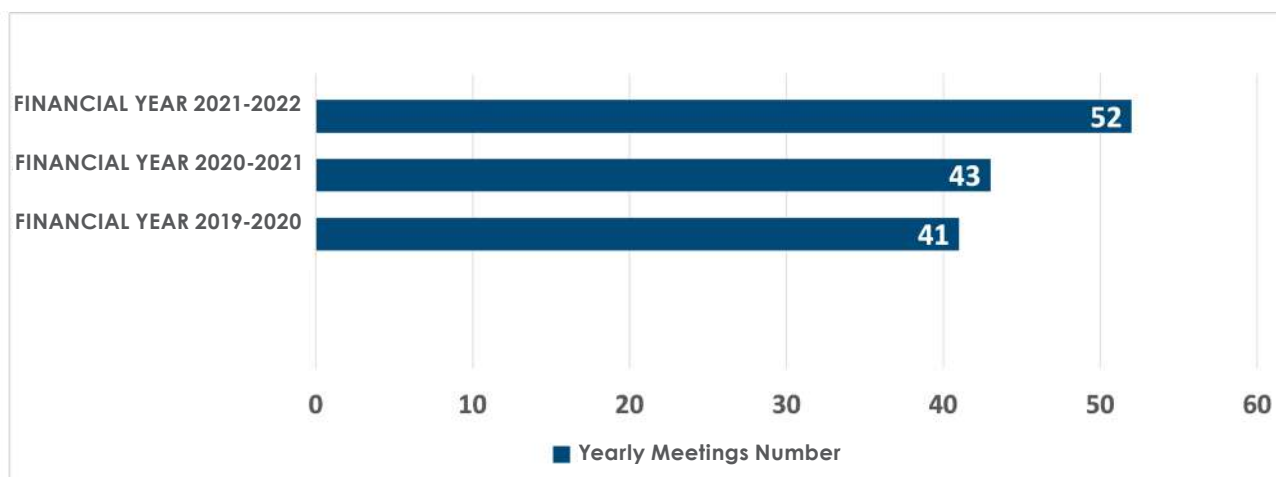
**MR.**  
**Abdulmohsen Hasan Al-Mazidi**  
Commissioner

**MR.**  
**Ahmad Ali Al-Qadhi**  
Commissioner



The CMA Board of Commissioners held (52) meetings, in which it discussed around (394) topics and issued (427) resolutions. The resolutions' nature divided between regulatory and legislative resolutions, resolutions of a legal nature, and resolutions related to government entities and international authorities and organizations.

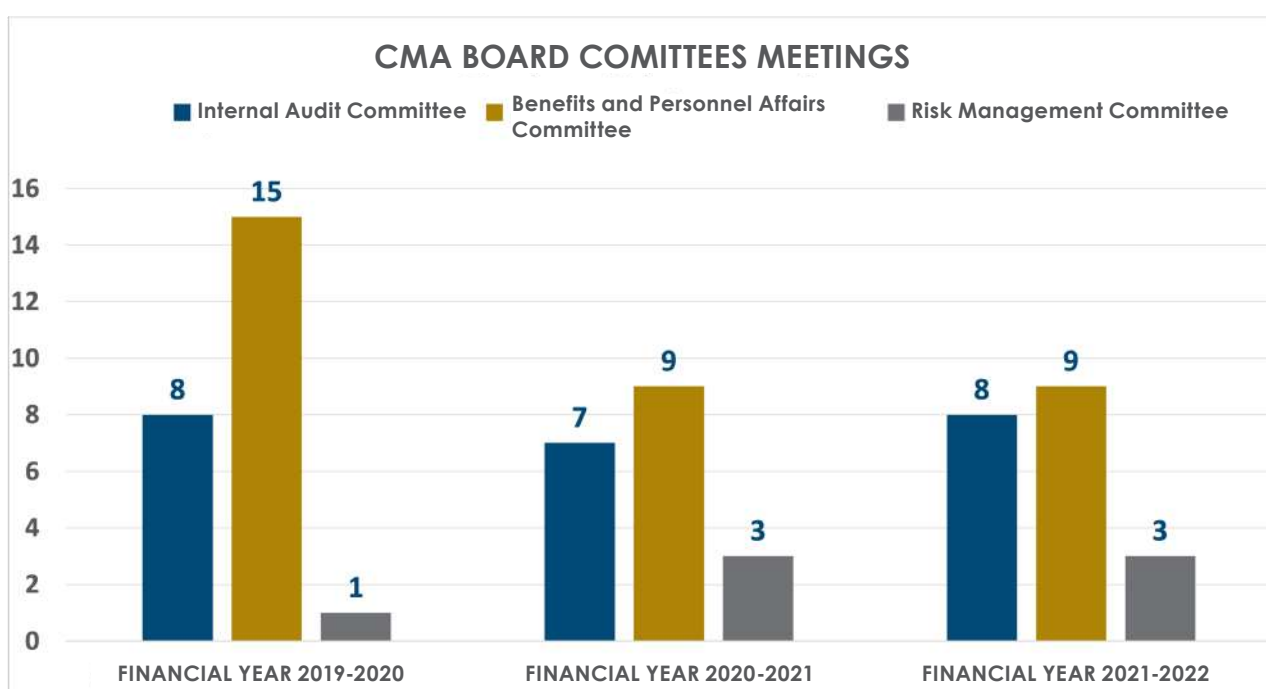




### ► Committees that Form as Part of CMA Board of Commissioners

The number of committees that form part of the CMA Board of Commissioners are (3) permanent committees. The following table and chart show the number of meetings of the committees during the financial year that ended on 31/03/2022 in comparison to the two previous financial years:

Financial Year	Internal Audit	Benefits and Personnel Affairs	Risk Management
(2021-2022)	8	9	3
(2020-2021)	7	9	3
(2019-2020)	8	15	1



## ► The Secretariat of the Board of Commissioners

The work of the Secretariat of the Board of Commissioners may be reviewed through the work of the units of which it consists. They are illustrated by the following figure that presents the organizational structure of the Secretariat:



### ► Board of Commissioners Secretariat

It is responsible for preparing and coordinating the meetings of the Board and its committees, in addition to recording, documenting and archiving the minutes of meetings and its issued recommendations, directives, assignments or decisions. It is also responsible for informing the concerned authorities of the necessary information and following up on their implementation, and following up the work of the Board Committees Office and the Regulatory Entities Follow-up Office.

### ► Board Committees Office.

This office is responsible for direct overview of the meetings of the committees that form as part of the Board of Commissioners previously mentioned, in addition to the work of the CMA Employees Disciplinary Board, and follows up with their decisions and recommendations.

### ► Regulatory Entities Follow-up Office

This office carries out the tasks of coordinating between the concerned organizational units within the CMA and the regulatory authorities in the country. The Office has received during the last financial year (187) requests from those entities, which it has reviewed and fulfilled responses in their regard.







## Section Three

### Strategic Field

- ▶ Strategic Planning
- ▶ Second Strategic Plan (2018-2023)
- ▶ Strategic Projects
- ▶ Third Strategic Plan (2023/2024 to 2026/2027)





## ► Strategic Planning

The Capital Markets Authority launched a project for developing the strategic planning methodology in partnership with a specialized consulting company in October 2020 for developing its current practice in strategic planning, to align with the leading international practice; a new framework for strategic planning and management was designed to be a reference for the CMA to prepare its future strategies. Several outcomes relevant to strategic planning were attained during the last financial year, the most significant of which are:

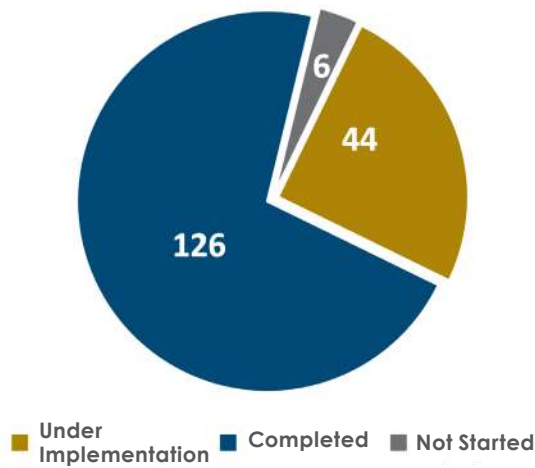
- Working on checking the compliance of ongoing projects with the Project Management regulations and completing the closing procedures for completed projects (CMA magazine, setting the provisions and requirements of issuing the license for CCP, SSF, CSD, Capital Adequacy Regulations).
- Preparing publications related to the strategy (third annual report for evaluating the performance of CMA's strategy, quarterly reports, second version of CMA's strategy).
- Preparing the operational plan for the financial year (2022/2023), as well as preparing the list of projects for the same financial year.
- Coordinating with the General Secretariat of the Supreme Council for Planning and Development regarding completing the procedures for including some of CMA's projects in the country's third development plan.
- Methodologies in strategic planning have been adopted by the CMA in order to increase the knowledge and provide a culture in line with the strategic planning framework for employees, implementing several workshops related to the operational plans of its various sectors, and including the "Project Management Program" within its training programs.
- Strategic partnership with a number of committees and work teams with tasks related to the CMA's strategy and business development, as well as coordination of regional and international strategic efforts. The areas of this partnership may be summarized as follows:
  - Completion of the establishment of the Capital Markets Academy: (listing the project in the State's development plan, approval of: the authorizations related to the Academy's establishment, its final logo and guidelines for its use, the mechanism for nominating and appointing its Board of Trustees, in the process of getting accreditation for the examination centre).
  - Developing the capital markets along with their projects aimed at qualifying the developed financial products, capital markets infrastructure, and securities service providers, in addition to executing the sub-accounts and developing surveillance systems.
  - International coordination with the International Organization of Securities Commissions (IOSCO): (Study of the regulatory framework for sustainable finance and sustainable development, requirements for amendments to the Executive Bylaws of CMA's law to implement sustainable finance), and regional coordination within the framework of the strategy of integrating capital markets among the Gulf Cooperation Council.
  - The national strategy to enhance integrity and combat corruption.

## ► CMA's Second Strategic Plan for the years (2018-2023)

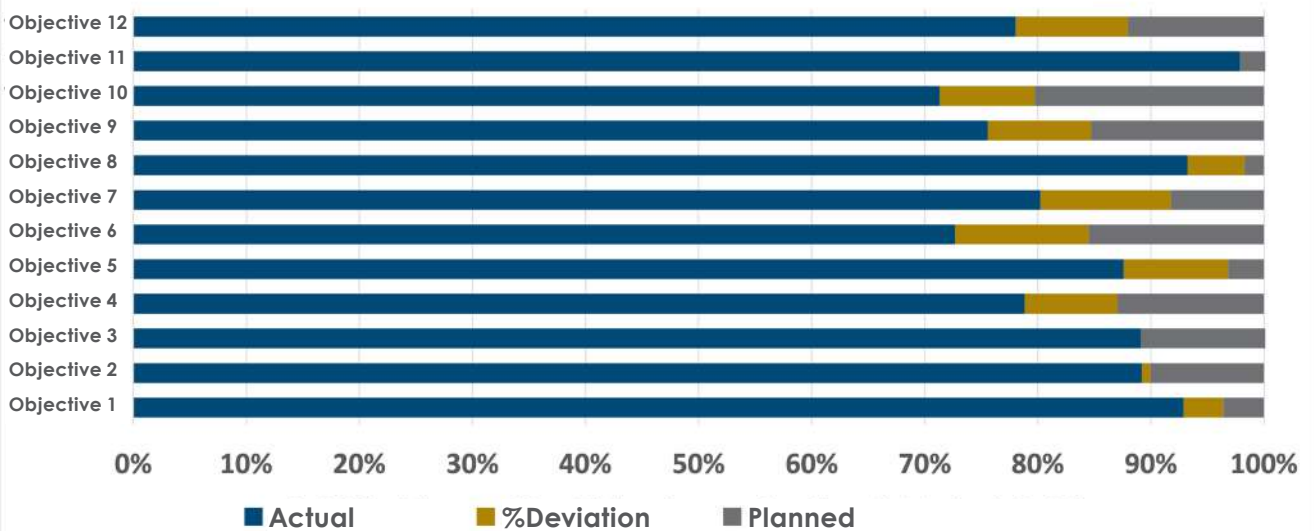
At the end of the fourth quarter of the financial year 2021/2022, four years of the strategic plan will have elapsed, which is 80% of the plan, after extending it for one year due to the Corona virus repercussions and precautionary measures. The execution statistics show that around 84% of the total development activities and listed projects was achieved up to the date of this report. A total of 8 out of 18 projects and 118 out of 159 development activities were completed.



### The Achieved Projects and Development Activities



### Summary of the achievement of strategic objectives



## ► Strategic Projects


### ► Completed projects:

The completed projects are reviewed without details. They are as follows:

- The project of CMA's magazine.
- The Qualification Examinations Project for Registered Employment Positions in collaboration with the Chartered Institute for Securities & Investment (CISI).
- The project of Offering and Allocating the Shares of Boursa Kuwait Securities Company.
- The project of ensuring the compliance of Kuwait Clearing Company and the implementation of the Post Trade Model.
- The project of the electronic disclosure system (XBRL).
- The implementation of the Capital Adequacy Regulations for Licensed Persons.
- Setting the provisions and requirements of issuing the license for each of (CCP, SSF, CSD) as subsidiaries to Kuwait Clearing Company.
- Developing the processes of the legal sector

### ► Projects under implementation:

The projects that are under implementation are summarized in the following table, and more details are provided thereafter. Two remarks shall be considered; the first relates to not presenting the data of these projects and their objectives; their full details were presented in the CMA's previous annual report. The second relates to the decline in the implementation percentage of some projects compared to previous years due to the different bases for calculating such percentage, according to the implementation progress and developments.

Sr.	Project	Program	Development plan	Planned Completion date
1	Developing CMA's strategic planning methodology			May 2023
2	Completing the Establishment of the Capital Markets Academy - Kuwait			March 2024
3	Establishing CMA's permanent headquarter			March 2024
4	Integrated System for Enterprise Resource Planning (ERP)	Digital transformation		February 2023
5	Developing and automating CMA's external services	Digital transformation		June 2022
6	Developing the Electronic Disclosure System (iFSAH 2.0)			March 2022
7	Qualifying the developed financial products	Market Development		June 2024
8	Qualifying capital markets infrastructure (CCP, CSD, SSF)	Market Development		June 2024
9	Qualifying the Securities Services Providers	Market Development		June 2024
10	Executing the sub-accounts and developing the surveillance systems	Market Development		June 2024

### ► Developing the CMA's strategic planning methodology

The percentage of the project's completion is 81%. The achieved parts include the completion of the deliverables of the first phase (a report on the analysis of the current situation, including gaps and corrective solutions, a detailed study of the requirements for preparing a digital transformation strategy, a guide to the CMA's institutional and digital strategic planning methodology, training and knowledge transfer to employees concerned with implementing the methodology, in addition to the business readiness report and change management plan for implementing the new methodology).

### ► Completing the establishment of the Capital Markets Academy - Kuwait

The percentage of the project's completion is 5.6%. Among the most prominent activities executed during the previous financial year is the adoption of controls for the selection and formation of the Board of Directors, and to assigning a secretary to the Board of Directors, in addition to approving the final logo of the Academy by the Board of Commissioners, registering it with the Ministry of Commerce and Industry, and issuing the registration certificate.

### ► Establishing CMA's permanent headquarter

The percentage of the project's completion is 30%, which is as the percentage planned for the project up to this stage, after adjusting the bases for its calculation and avoiding the amount of deviation. It shall be noted that the project activities are temporarily suspended (in the reporting period) pending the signing of contracts for the following stages. This is after offering the tender and publishing it in the Official Gazette "Kuwait Al-Youm" and the CMA's website on December 12, 2021. The tender was extended for two months, provided that the last day for submitting bids is April 13, 2022, at the request of the bidders for further study, and to obtain (actual or real prices) with the agreement of the Committee and the Managing Director, and the approval Board of Commissioners.

Street View



Top View



Interior View



### ► Integrated System for Enterprise Resource Planning (ERP)

This project, like the previous one, included amendments to the basis for the percentages of its completion, as well as the project completion date. The percentage of the project's completion is 45%. The project offers an integrated system for the management of the CMA's operations and resources, including its tangible assets, and its financial and human resources based on the best leading standard practices, in line with the needs of the CMA. It is a set of interrelated systems that aim to simplify the flow of information between all organizational units by means of information intelligence tools for data processing. Currently, there are undergoing preparations for the implementation of contracting procedures for the next phases of the project.

### ► Developing and automating CMA's external services

The percentage of the project's completion is 59.83%. The financial year subject of this report has witnessed the execution of the following:

- Activating the SMS service, and launching forms for complaints, grievances and reports on the CMA's electronic portal.
- Launching the CMA's electronic portal in English.
- Launching the virtual support program (Chatbot), which includes an external version on the CMA's official website, and an internal version for its employees.
- Automating the following ten forms for some of the CMA's tasks, bringing the number of automated forms for the performance of the CMA's services on its electronic portal to 41 models.

#	Tasks
1	Annual Report for Licensed Person Regarding Anti-Money Laundering and Combating Financing of Terrorism
2	Application for Listing a fund in the Securities Exchange
3	Service to Request Submitting the Semi-Annual Report of Clients Complaints
4	Application for Dealing in the Company's Shares (Treasury Shares)
5	Application Form for Distribution of Bonus Shares of a Shareholding Company
6	Application for Dealing in Company's Shares (Treasury Shares)
7	Application Form for the Approval of the Agenda of the Meeting of Bondholders or Sukuk holders' Assembly
8	Treasury Shares Report
9	Application for Renewing a License for a Securities Exchange Activity and a Clearing Agency Activity
10	Market Maker's Weekly Report for Companies Licensed to Practice the Activity of Market Maker

### ► The project of developing the Electronic Disclosure System (iFSAH 2.0)

The percentage of the project's completion is 25.59%. During the last financial year, a team was formed to carry out the specific tasks of the project, and a consulting entity was appointed to implement some of the main deliverables, such as the integrated regulatory methodology based on risk assessment, preparing statistical and accumulated reports, and working on developing the introductory website for the disclosure system and its portals, in addition to the capital adequacy regulations portal.



### ► **Qualifying the developed financial products**

The percentage of the project's completion is 83.72%. Last financial year witnessed the launch of several financial products and services in the market, such as the margin trading service, the pre-emptive rights trading service and the mortgage broker service.

At the time of this report, the preparation is in progress to launch other financial products and services, such as Exchange-Traded Funds (ETF's). A survey is being organized for the opinions of the adjoining regional markets to take their opinions on the (authorized participant) in order to complete the procedures for setting up these regulations. At the same time, coordination is taking place with the Securities Exchange Company to review the draft amendments to the Boursa Kuwait Rulebook and the Executive Bylaws of the CMA for this product.

Work is also underway to review the draft rules for regulating bonds and sukuk with the concerned parties within the framework of completing a system for trading these financial products.

### ► **Qualifying capital markets infrastructure (CCP, CSD, SSF)**

The percentage of the project's completion is about 60.52%. During the last financial year, there was prior coordination with the Central Bank of Kuwait and the Kuwait Clearing Agency regarding the stage of market readiness assessments related to the Central Bank of Kuwait regulations, as well as with potential clearing members regarding preparing for the market readiness assessments stage and membership requirements.

The project seeks to create capital markets infrastructure such as the Central Counterparty (CCP) and qualifying the capital markets infrastructure (CCP, SSF, CSD), in addition to improving the settlement and clearing mechanisms in a way that can reduce typical risks, in accordance with the best international standards and practices in implementing the cash settlement model from the Central Bank of Kuwait and the commercial banks. It also aims to change the settlement mechanism by following the principle of DvP Module 2.

### ► **The project of qualifying Securities Services Providers (members of the Securities Exchange and the Clearing Agency).**

The percentage of the project's completion is 81.64%. During the financial year subject of the report, the relevant units oversaw the development of a mechanism for licensing the activity of a qualified securities broker registered in the Securities Exchange and was implemented, awareness efforts were carried out targeting applicants of this provided service, and the follow-up on the delivery of periodic reports by the concerned brokers (potential Clearing Agency members) was undertaken as well as conducting market-wide tests. It is worth noting that this project aims to elevate the licensed brokers' work model as members of the Securities Exchange and complete the establishment of the structure of financial infrastructure for the post-trade model by qualifying clearing members and related entities such as settlement banks.

### ► **Executing the sub-accounts and developing the surveillance systems**

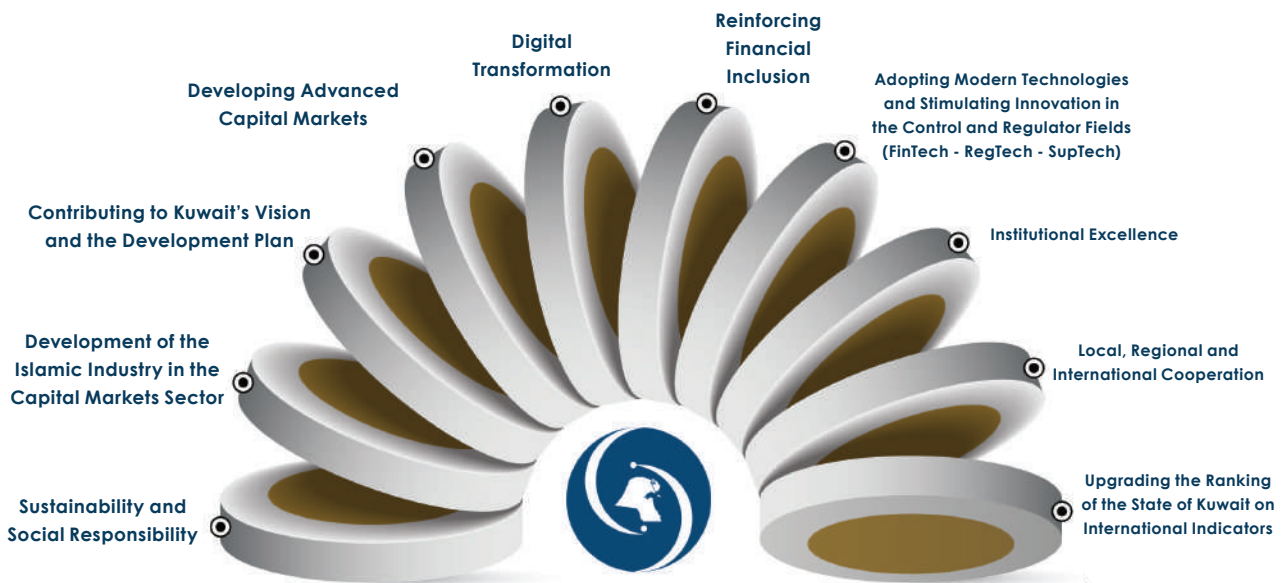
The percentage of the project's completion is 62%. During the last financial year, a draft change order for the automated surveillance system was implemented from the Nasdaq system operator to comply with the requirements of sub-accounts. Work is underway to approve the change to start developing the system. Meetings were also held with all investment companies that obtained a portfolio management license, and the project was explained from a technical point of view, in preparation for the start of activating the sub-accounts.

At the time of preparing the report, work is in progress on creating sub-accounts for the joint accounts of portfolio clients with investment companies, electronic trading clients, qualified brokers and custodians, linking all accounts for one person (Business Partner ID) together, and working on developing surveillance systems, in particular those related to trading and disclosure activities to ensure the required regulatory readiness for the newly developed financial and investment products and services.

## ► CMA's Third Strategic Plan (2023/2024 to 2026/2027)

The preparation of the next CMA's strategic plan is one of the deliverables of its project, to develop its strategic planning methodology. Preparation was launched in March 2022 with the approval of the CMA's Managing Director of its proposed preparation plan. A decision was issued to form an internal team of specialized CMA cadres in accordance with the Administrative Resolution No. (23) of 2022 to implement the process of preparing the CMA's third strategy, which will cover the future directions of the CMA for the four upcoming years (2023/2024 to 2026/2027). The team's work extends until March 2023, so that work on the third strategy will begin immediately after the completion of the CMA's current strategy. It is worth noting that the CMA, at the time of preparing this report, prepared an opinion poll for representatives of licensed persons, companies listed on the Kuwait Securities Exchange, and economic experts regarding this strategic plan.

The most prominent considerations that the CMA is keen to take into account when preparing this strategy include the consistency with the development plans of the State, adopting the developed trends of the local capital market, and ensuring the continuity required for integration with the current strategic directions, in a way that is positively reflected in the development of the size, attractiveness and competitiveness of the local market. The main directions of the CMA's upcoming strategic plan can be summarized as follows:







## Section Four

### Sustainability

- ▶ Sustainability of the Capital Markets Authority: Vision, Pillars, and Paths
- ▶ CMA's Institutional Sustainability
- ▶ Sustainability of Securities Activities Sector
- ▶ Social and Environmental Sustainability



## ► Sustainability of the Capital Markets Authority: Vision, Pillars, and Paths

The geopolitical and social confusion that threatens our world today in various forms: climatic, health, and economic has confirmed beyond any doubt that our "sustainable future" is in forthcoming danger, if the development falters. Facing such challenges has become everyone's responsibility, and overcoming them depends on sustainable development with economic, social and environmental pillars.

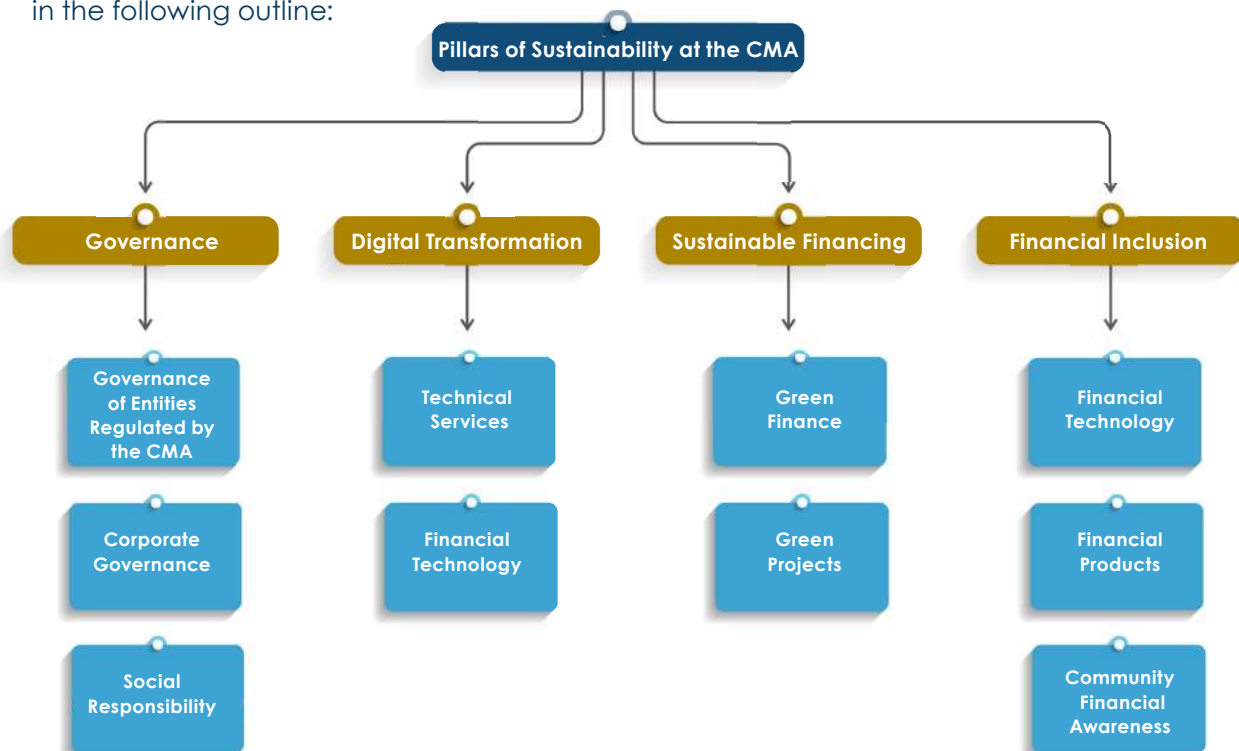
The CMA, as an entity concerned with regulating and supervising an important vital economic sector such as the securities activities sector, and based on its responsible approach as a sustainable authority, it pursued to support the aforementioned development pillars in several areas, starting with its daily business practices, and the practices of the entities subject to its supervision, and extending to include various social sectors, through which its adoption of "sustainability" initiatives, that represent the mechanisms for achieving some of the sustainable development goals, as defined by the United Nations. Some of such initiatives included its current strategy that extends until the first quarter of next year, and some of them were set as main objectives of its next strategy, which is currently under preparation.

### ► The CMA's vision for institutional sustainability

The CMA, as a sustainable entity, seeks to support the pillars of sustainable environmental and social development in its work, in the practices of the entities subject to its supervision, and in various sectors of society. It also works in cooperation with the active parties and its partners in the capital market to develop ongoing sustainability mechanisms.

### ► Pillars of sustainability....and their paths

"Financial Inclusion", "Sustainable Financing", "Digital Transformation" and "Governance" represent the main pillars of CMA's targeted sustainability. It is working to set these pillars through several initiatives simultaneously, with reference to the overlapping areas of implementing most of such initiatives and their targets. Theoretically, these pillars and their initiatives can be initially summarized in the following outline:



### ► Sustainability Paths

To achieve the aforementioned sustainable pillars, the CMA works on several tracks at the same time, starting with its institutional sustainability. It will then expand its framework to target the sustainability of the securities activities sector, and later the society with all its sectors and segments.



## ► Institutional Sustainability at the CMA

The professional and organized internal environment of CMA in all its aspects, along with the qualified human capital, are CMA tools to initially achieve its institutional sustainability and to carry out its tasks related to the regulation and supervision of securities activities, and also to achieve the interests of those concerned with its services. To achieve institutional sustainability, CMA works on several levels:

### ► Human Resources

CMA considers its employees to be the most significant asset, which motivates CMA to always to provide a suitable, safe and healthy environment with the required elements that enable them to carry out their tasks on the one hand, and improve their efficiency and develop their capabilities on the other.

### ► Competence and Qualification

CMA adopts an employment policy that seeks to attract the best human assets of high standard national competencies that can help achieve its goals. CMA also pursues appointing distinguished members for its fresh graduates program. The last financial year witnessed the implementation of a classification system for the ideal candidate for the supervisory positions, as well as the preparation of a workforce plan for the next financial year, in addition to a study regarding the optimal number of its employees and performing the annual employees appraisal.

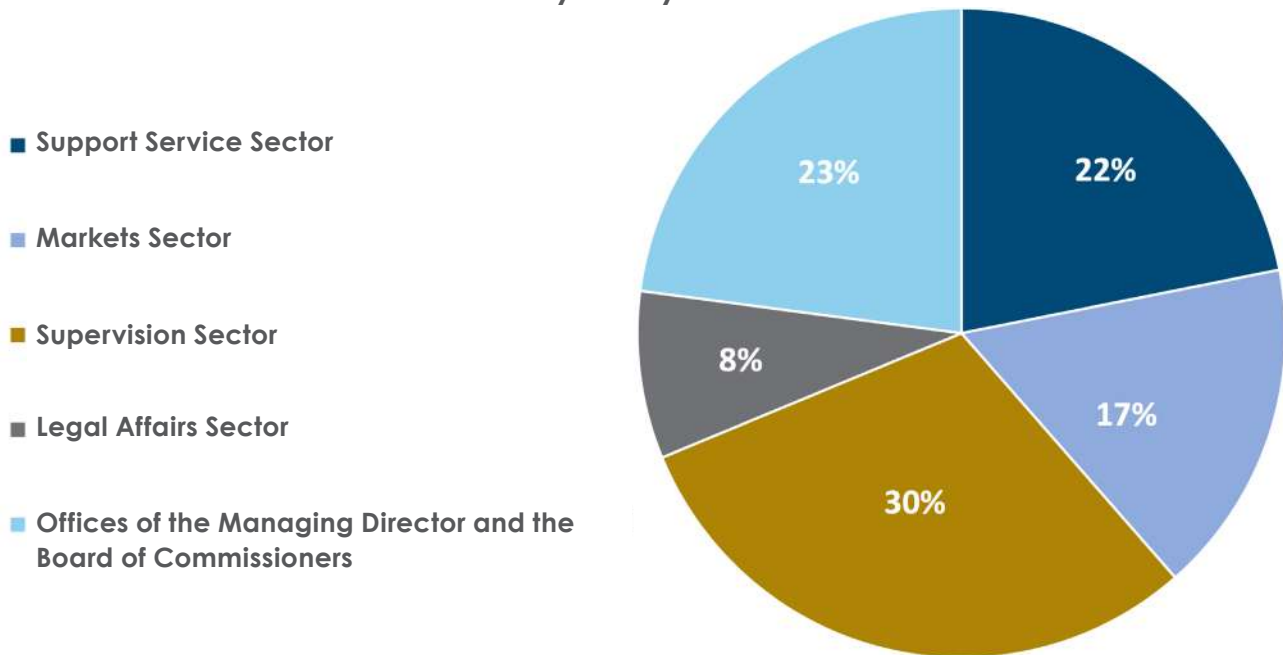
A competency dictionary for all CMA employees was approved by the Board of Commissioners, and the competencies of some employees in the specialized and supervisory positions were assessed and analysed.

Statement	PhD	Masters	University Degree	Beneath a university Degree	Total
Number	6	95	273	60	434
Percentage	1.4%	21.9%	62.9%	13.8%	100%

It shall be noted that 10 university degree holders of CMA employees obtained various professional certificates, as illustrated in the following table:

#	Type of Professional Certificate	Number
1	Certified Internal Auditor "CIA"	1
2	Certified Financial Analyst "CFA"	6
3	Certified International financial Accountant "CIFA"	2
4	Registration Test in the Auditors Register	1
	Total	10

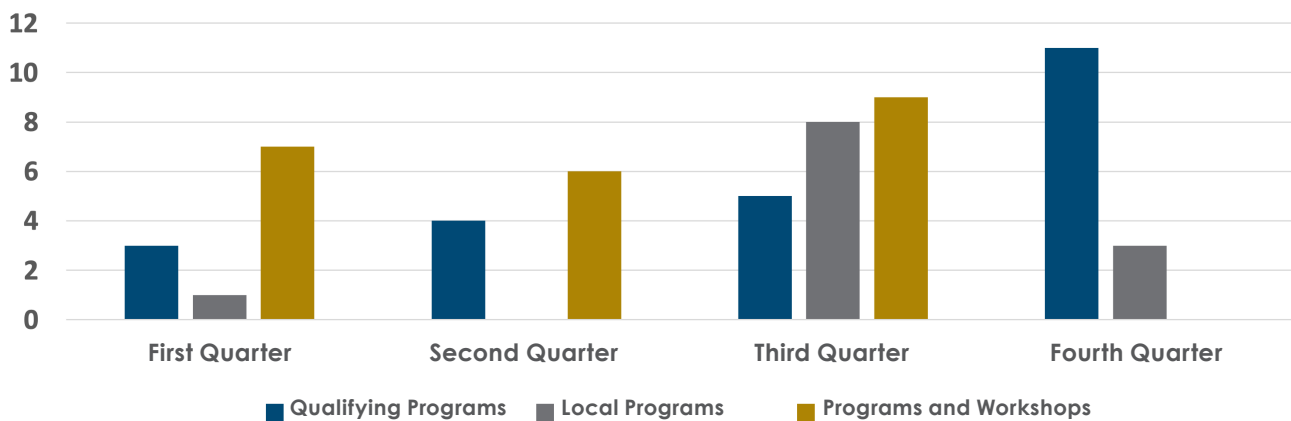
**Distribution of the CMA's Employees whose Competencies were Analyzed by Sector**



► CMA also provides health insurance for its employees and family members, and grants employees paid sick leave and hospitalization leave, in addition to maternity leave.

► CMA is keen to develop its human resources on a permanent basis through training, development and qualification programs. During the last financial year, a number of training programs were implemented in CMA, some of which were carried out in cooperation with trainers from among the CMA's employees, in addition to the implementation of the seventh training program to train and qualify fresh graduated Kuwaitis. The training and career development regulations along with CMA program guide for training and qualifying fresh graduated Kuwaitis were recently updated and approved by the Board of Commissioners.

**Training Programs for the Financial Year 2021/2022**



## ► Suitable work environment

- Providing a sustainable work environment that guarantees gender equality and the principle of equal opportunities, emphasizing the efficiency of performing tasks, working in a team spirit, demonstrating respect for human rights, justice and non-discrimination and empowering women and granting them opportunities to occupy leadership positions based on their competence and qualifications.

**Distribution of CMA employees according to gender**

Statement	Males	Females	Total
Number	260	174	434
Percentage	60%	40%	100%

**Distribution of CMA employees according to nationality**

Statement	Kuwaiti	Non-Kuwaiti	Total
Number	371	63	434
Percentage	85.5%	14.5%	100%

- Providing a highly modern technical environment that keeps pace with the latest evolving technical developments, that facilitates performing the tasks in the required manner, in addition to the elements it contains of information security and the required information awareness, qualified the CMA to obtain the ISO certificate for the international standard for information security ISO 27001.
- Analyzing work culture; a training program was implemented, and an initiative was carried out to analyze the current work culture and the one preferred in the future. The results were announced on June of 2021, where 277 participants from CMA employees; approximately 64%, with a rate of 157 male participants (57%) and 120 female participants (43%). The results indicated that the hierarchical Eiffel Tower culture is currently common, and the preferred culture in the future is the family culture, followed by the creative culture.
- Measuring job satisfaction for CMA employees, and conducting a survey in this regard in October of 2021, reflecting the personal opinions of employees about evaluating their work experience with CMA. The measurement aspects included several points: (satisfaction with management, the nature of direct supervision of the employee, attendance policy, items of periodic leaves for employees, satisfaction with work procedures and policies, career development and related material and moral incentives).





- Implementation of health, community and recreational programs and activities for CMA employees are conducted to relieve them of the burden of work (sports events, open day, cooking courses, talent exhibition, ...).



"Open Day" activities



Side of "Mawaheb" activities



Remarkable achievements for some of CMA Participants



### ► Procedures for dealing with the Corona pandemic:

- ▶ Applying government instructions related to the pandemic, developing and implementing emergency plans and business continuity procedures during periods of total and partial lockdown, and flexibly dealing with precautionary measures such as organizing the work mechanism and implementing training programs remotely, modifying official working hours, and suspending the fingerprint system as a mechanism for the attendance system.
- ▶ Following up the procedures of receiving Corona vaccines for CMA employees, adding it to their profile and ensuring their compliance with health requirements. A mass swab test was conducted in CMA to detect the virus and deal with cases of infection.
- ▶ Implementing an awareness campaign related to the pandemic, including methods of prevention, mechanisms of acting in case of infection, and publishing a guide and video to raise awareness of the mechanisms of action in the event of infection with the virus.
- ▶ Maintaining the cleanliness of CMA headquarters, constantly sterilizing all its floors, and providing sterilization devices, sterilizers, and masks for its employees throughout the pandemic period.

### ► Institutional Governance

Since its establishment, the CMA has endeavoured the highest principles and standards of governance by implementing the rules of governance in conjunction with its application to the companies covered by its supervision, starting from the financial year 2015/2016, thus setting an example for these entities.

Since the early years of its establishment, the CMA has pursued to thoroughly apply the principles of public sector governance in accordance with its main pillars represented in the principles: supremacy of the law, protection of public funds, disclosure and transparency, accountability and liability, integrity, effectiveness and competence, protecting the rights of related parties, in addition to the principles related to sustainability and social responsibility.

The CMA ranked first for the second year in a row in the ranking of the independent budget entities subject to the supervision of the State Audit Bureau; in meeting the governance requirements with 92.2%, in accordance with SAB's annual report issued under the subject of "Important Financial Indicators, Control Phenomena and Updates of the Financial Year (2020/2021)". The CMA, with this achievement, has occupied advanced positions for the third year in a row.

The most significant principles of governance that the CMA implements on itself and to the areas of its competence can be summarized as follows:

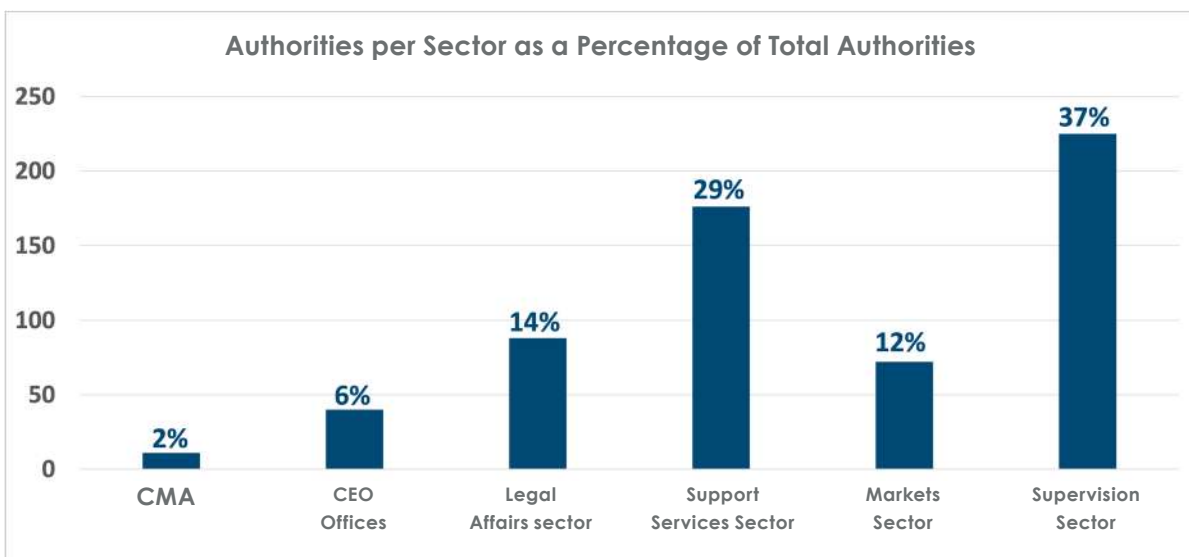
- ▶ **A code of ethics for the CMA's commissioners and employees:** which sets out all the regulations and professional ethics of conduct that must be adhered to by commissioners and employees, in addition to commitment to its values and objectives. Efforts have been made by the CMA to raise the knowledge of its members about their rights and responsibilities.
- ▶ **Disclosure and Transparency:** The CMA is committed to the highest degree of accuracy and transparency in disclosing the information that shall be disclosed. It also obliges its employees to fully disclose the listed securities owned by them and their minor children under their custody. The CMA seeks consistently to establish a work environment characterized by the highest levels of integrity, fairness and transparency.
- ▶ **Rights of stakeholders:** The CMA aims to develop and implement legislations that guarantee the protection of the stakeholders' rights and enhances confidence among its clients and the entities subject to its supervision, in a manner that helps achieve the best protection and balance between its performance of its work and tasks, and the interests of the persons associated with it.
- ▶ **Preventing conflicts of interest:** All CMA employees shall adhere to the rules of preventing conflicts of interest and shall not exploit inside information. Each person invited to a meeting on any area of the CMA's competence and who has a direct or indirect interest in a topic submitted for deliberation must disclose such interest, if any, at the beginning of the meeting and before participating in the discussion or expressing opinion.

- **Independence, Audit and Financial Control:** According to the Executive Bylaws of its establishment law, the CMA is an independent authority, financially and administratively. The CMA has an organizational unit specialized in financial control for its plans, projects and all its financial operations. The CMA has an Internal Audit Committee and an Internal Audit Office that undertakes the tasks of verifying the adequacy of the CMA's risk management process and supervisory procedures, its governance systems, its competence, and its effectiveness.
- **Social Responsibility:** The CMA performs the role assigned to it based on its social responsibility through several initiatives, such as its national project for promoting financial literacy, and its program to qualify and prepare recently graduated Kuwaitis.
- **Information Confidentiality:** The CMA is keen on the confidentiality of its information and data. Each commissioner, employee and any person working in its committees shall maintain the confidentiality of information that they become aware of by virtue of their work. It does not permit their disclosure unless approved or by order of a judge. It also confirms the confidentiality of information related to licensed persons and persons dealing in the financial markets. This includes the technical information, which qualified the CMA to obtain the ISO certificate in information security in January of 2022.

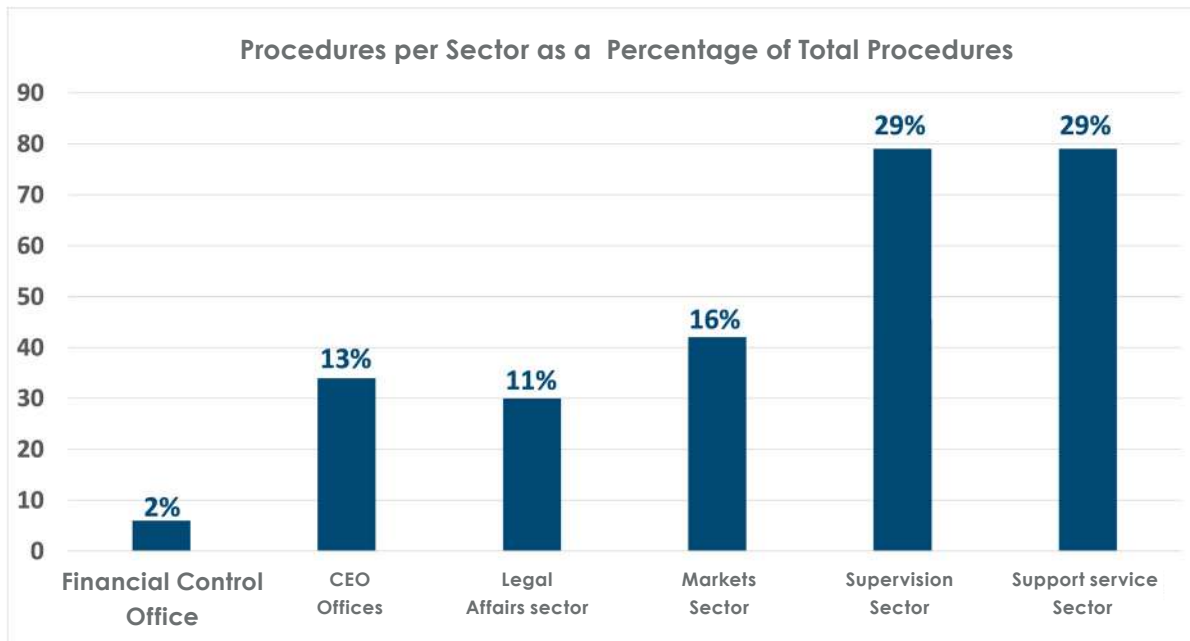
## ► Performance Development & Risk Management

The CMA has assigned an independent organizational unit to develop the performance of its various units and manage their risks. This includes the risks of the entities regulated by the CMA, along with the risks occurring in the securities activities sector. In a precedent, the first of its kind, the CMA has set performance indicators for the services it provides to its stakeholders. It has announced the evaluation of its results for the year 2021. During the last financial year, the following was accomplished:

- Updating the CMA's Matrix (613 authorities)



- ▶ Developing the Business Process Manual (268 procedures)



- ▶ Approving the Operational Key Performance Indicators (294 indicators).
- ▶ Managing the operational risk (register and capture the operational risks and their proposed mitigations through the integrated electronic platform "Aman").
- ▶ Evaluating the operational performance indicators for CMA's core business activities.

As part of CMA's transparency policy, and in a precedent that may be the first of its kind among local regulatory authorities, the CMA developed operational performance indicators for its core business activities and evaluated these indicators for the year 2021.

It is noteworthy the CMA has been keen, since its establishment, to adopt a clear vision to be a pioneering and advanced regulatory authority that seeks to improve the capital markets in Kuwait by being committed to setting supervisory regulations which support an attractive and competitive investment environment in the State of Kuwait; based on the principles of fairness, transparency, and integrity according to the best international practices.

In order to execute this vision, the CMA has defined the objectives and mandates of all units in its organizational structure, and prepared business procedures that clarify the role of these units. In light of this, operational performance indicators for these procedures were built within a framework of approved rules and regulations and in accordance with best practices, with targeted deadlines to fully implement the relative key procedures, leading to the issuance of the relevant resolution, for the purpose of measuring the efficiency, quality and effectiveness of the procedures ability to achieve its operational objectives, which stem from CMA's strategic goals. The achieved results of the performance indicators for the various organizational units in the CMA are also analysed, and the necessary reports and recommendations are prepared. Results of the operational performance indicators were calculated based on 204 procedures out of a total 240 approved procedures. It is worth noting that the CMA publishes the results of the operational performance indicators related to the core business indicators (procedures related to the services provided by the CMA to individuals and entities subject to its supervision), where the number of performance indicators related to the core business of the CMA reached 33 out of 280 indicators, which constitutes 12% of the total number of approved indicators within the CMA. The following table presents the results of the operational key performance indicators for CMA's core business for the year 2021:

#	Activity	Operational Key Performance Indicators (Percentage of Completion)	Incoming Applications (Number)	Specified/ Targeted Period (Business/ Calendar Days)	Percentage of Completion within the Period	Percentage of Completion out of period
1	Licensing	Applications for Securities Activities License	6	90	100%	-
		Applications for Renewing Securities Activities License	25	60	88%	12%
		Applications for Cancellation of Securities Activities License	5	60	80%	20%
		Applications for the Incorporation of a Collective Investment Scheme	3	110	100%	-
		Applications for Marketing the Units of Collective Investment Scheme Incorporated outside the State of Kuwait	20	80	100%	-
2	Registration and Approval	Applications for the Nomination of Registered Positions and Chairman of the Board Position	503	30	98%	2%
		Applications to update the licensed persons data upon their request (cancellation/Registration of Registered Positions and Employment Positions)	793	10	100%	-
		The approval/disapproval of applications to update the licensed persons data upon their request (Notation)	93	10	98%	2%
		Applications for issuance of a data certificate for a licensed person listed in the Authority	23	5	96%	4%
		Applications for registering an auditor	4	30	75%	25%
3	Regulating Collective Investment Schemes	Application for the approval of appointing a subscription agent/selling agent of a collective investment scheme	1	10	100%	-
		Applications for amending the articles of association	23	41	100%	-
		Applications to approve the employment of the fund's administrative authority	43	24	100%	-
		Applications to replace a custodian or investment controller for the fund	4	17	100%	-
		Revising notifications of employment of an external auditor, an external Sharia audit office, or an investment advisor for a fund in the event of a vacancy	10	27	100%	-

		Applications to renew the term of a local investment fund	1	17	100%	-
		Applications to grant a grace period to raise the fund's capital (before and after the third deadline)	12	41	100%	-
4	Following Collective Investment Schemes	Applications for Local fund liquidation and appointment of a liquidator	1	71	100%	-
5	Corporate Finance	Applications to increase the capital of a shareholding company, in cash or in kind	7	15	100%	-
		Applications to increase capital by distributing bonus shares to a shareholding company	18	10	100%	-
		Applications to reduce the capital of a shareholding company	9	10	78%	22%
		Reviewing applications of capital restructuring for a shareholding company	2	17	100%	-
		Applications to exercise stock options for employees of a shareholding company	1	10	100%	-
		Applications to purchase or sell treasury shares of a share holding company	140	10	100%	-
		Applications to approve a prospectus for a public or private offering	19	15	100%	-
		Reviewing applications to issue debt instruments (bonds / sukuk)	9	15	100%	-
6	Markets Regulation "Listing and Products"	Reviewing applications for listing inside Kuwait	5	30	89%	11%
		Reviewing applications for listing outside Kuwait	6	30	100%	-
		Reviewing applications for voluntary withdrawal	4	30	92%	8%
7	Merger and Acquisition	Applications for approval to execute the merger process	1	12	100%	-
		Reviewing applications for the exemption from a mandatory acquisition offer	4	15	100%	-
		Reviewing applications for the publishing of a mandatory acquisition offer	2	10	100%	-
		Applications for executing an acquisition offer	3	5	100%	-

## Notes:

- ▶ Operational Performance Indicator: the percentage of completion of the tasks specified in the activity.
- ▶ Target period: the number of business or calendar days targeted/specified (within CMA's Executive Bylaws) for the completion of the activity.
- ▶ Execution during the period: the percentage of completed applications within the target/specific period to the total number of applications received during the measurement period.
- ▶ Execution Out-of-period: the percentage of applications completed after the targeted/specific period has elapsed to the total number of applications received during the measurement period.

\* The delay in obtaining the response of some external parties.

## ► Digital Transformation

- Continuous development of the technical infrastructure, enhancing governance associated to information technology, developing the CMA's electronic portal, automating the CMA's business, and working on the automation of its services provided to its stakeholders, successively.
- In October 2021, the CMA launched its digital transformation strategy that extends until 2025, which aims to move the CMA's business model to an integrated, ultra-modern digital model, including external services and internal processes, data use, and the development of specialized human cadres.
- The digital transformation strategy helps in the success of the CMA's initiatives related to financial inclusion, and financial technologies "FinTech".
- The digital transformation strategy is divided into three stages:
  - **Orientation stage:** (initiatives that exist before the launch of the strategy, initiatives related to preparing resources and technical infrastructure in preparation for launching new initiatives).
  - **The transformation stage:** (initiatives for the use of new technologies such as digital authentication, linking with the external work system, main data management, artificial intelligence, and others).
  - **Innovation stage:** (reaching digital maturity for the CMA, providing value-added services, and creating new revenue channels for the CMA).





## ► Sustainability of the Securities Activities Sector

### ► The CMA's initiatives in the path of sustainable development and finance

- Made sustainable development one of the aspects of its current strategic plan for the years (2018-2023).
- Applied corporate governance rules, including those that cover several aspects related to the pillars of sustainable finance (environmental, social and governance).
- Organized an international forum on the topic of sustainability (the fourth annual conference "Capital Markets and Institutional Sustainability in March 2018).
- A steering committee and a work team were formed to review and fulfill the requirements of the legislative and organizational infrastructure necessary to implement the principles and goals of sustainable development in accordance with international best practice.
- Has studied and evaluated information related to the global organization of sustainable finance, along with the initiatives of the United Nations and IOSCO, as well as the standards for preparing sustainability reports, their classifications and indicators related to sustainable financial markets, in addition to preparing a comparative study of the regulatory frameworks and efforts related to sustainable financing of similar regulatory authorities. A comprehensive study is currently being prepared for the development of a regulatory framework for the application of sustainable finance in all its aspects.
- Executing and offering innovative financial products and services (Margin Trading, Pre-emptive Rights, Borrowing Broker), and preparing for offering other financial products and services, such as debt instruments of bonds and sukuk, and the book building mechanism.
- Defining the requirements related to the amendments to the Executive Bylaws of the CMA's establishment law with regard to sustainability issues, including (including sustainability topics in the comprehensive risk assessment process and governance of listed companies subject to the CMA's supervision, disclosure by these companies of sustainability reports, regulating green sustainable bonds and sukuk, and sustainable investment funds, building abilities and skills associated to sustainability).
- In February 2022, the legislation related to main market issuances, in particular Module Eleven of the Executive Bylaws of CMA's establishment law, was reviewed. Some of its provisions were revised, and new legislation was added to it through Resolution (28) with the objective of facilitating the process of issuing, marketing and subscribing to securities, to develop integrated legislative and regulatory framework for sustainable (green and social) debt instruments (sukuk and bonds), and regulations for issuing short-term debt instruments (sukuk and bonds) and issuance of debt instruments (sukuk and bonds) within the program, in addition to rules for pre-emptive rights applications, and the rules of stock split applications and others.
- Preparing a comprehensive study to prepare a regulatory framework for implementing sustainable financing requirements, after conducting a comparative study of the regulatory frameworks related to this type of financing with similar regulatory bodies, taking into account the implementation of the recommendations of the International Organization of Securities Commissions (IOSCO), and specifying the requirements related to the amendments of the Executive Bylaws for the application of sustainable financing.

## ► Corporate Governance Trends

### ► Issuance and application of governance rules:

- The CMA issued its corporate governance rules. The regulated entities were advised to comply with such rules as of the financial year 2015/2016.
- The CMA was keen to emphasize the application of the principles of public sector governance in accordance with its main pillars of: rule of law, protection of public funds, disclosure and transparency, accountability and responsibility, integrity, effectiveness and efficiency, and protection of the rights of related parties, in addition to the principles related to sustainability and social responsibility.
- The CMA organized an annual conference on Governance.
- The financial year (2021/2022) witnessed several measures at the level of governance, the most prominent of which are summarized as follows:
  - Amending and providing suggestions to amend some provisions of Module Fifteen (Corporate Governance) to reconsider the mechanism and controls for the nomination and election of independent members to keep pace with the latest regional and global developments in this framework in particular, and a suggestion aimed at enhancing investor confidence in the company's integrity and financial soundness, and strengthening the integrity rules of the Executive Management of listed companies provided that it includes the positions of the Board of Directors with the addition of rules of competence.
  - Receiving the reports related to governance of 2021 submitted by the entities subject to the CMA's supervision, including governance application models, governance reports that are recited by the Company's Chairman of the Board of Directors, and reports of evaluation and review of the internal control regulation (ICR), and studying and analysing their results.
  - Preparing a study on the importance of family corporate governance, conducting a comparison of some regional experiences, examining the mechanism of family business continuity and development, and encouraging them to list in the Securities Exchange and overcoming its obstacles.





## ► Qualifying and Technical Directions

### ► The Professional Qualifications Program (PQP) for Registered Employment Positions

The PQP is intended to raise the level of professional competence, technical ability and legal knowledge of those occupying the Registered Employment Positions of Licensed Persons through professional education and qualifications examinations, which will raise the level of financial institutions and local markets and create an attractive investment environment that has the required features. The project's initial stages were

in January 2015 with the signing of a memorandum of understanding between the CMA and the Chartered Institute for Securities & Investment (CISI) regarding collaboration between them to enhance the market qualification framework and the establishment of a local Kuwaiti examination for laws and regulations to complement the international technical examinations offered by the institute. The project's mandatory implementation phase came into force on October 1, 2021.



برنامج المؤهلات المهنية  
Professional Qualifications Program

### ► FinTech Regulatory Framework Project

The CMA, during the project's preparation stage, seeks to nurture and adopt innovations in the field of financial technologies for the purpose of early use of these technologies, to raise efficiency, reduce expenses, enhance transparency, and protect against various technical risks such as cyber risks, money laundering and financing of terrorism, and effective systemic risks on the financial system, risks related to the strength of technical infrastructures and operational risks.

However, the most prominent role of this project lies in improving the quality of accessing financial services, diversifying financial products, finding new investment and financing channels that contribute to diversifying the national economy, and enhancing the elements of achieving financial inclusion by providing access to financial products and services to a wider segment of society, and more effectiveness and efficiency.

### ► The project of establishing the Capital Markets Academy

The project's objective is to raise the efficiency of the financial markets in the State of Kuwait, develop and advance the knowledge economy related to the securities activities sector, qualifying the human cadres working in that sector and develop their skills and capabilities, and educate the public about the activity of securities and the benefits, risks and obligations related to investing in this activity, as well as encouraging its development. The Academy's activities and programs are divided between training programs related to securities activities and training programs to acquire a certificate for qualifying examinations for Registered Employment Positions, and international professional certificates of all kinds.

As for the target groups of the Academy's programs, they vary between the CMA's employees, the occupants of Registered Employment Positions with the licensed persons and the employees of these persons, in addition to the employees of companies listed on Securities Exchanges. The project's steering committee and execution team were formed, and the decision to establish the Academy was issued and published in the Official Gazette, and it was added to the automated system for preparing and following-up on the development plan.

## ► Social and Environmental Sustainability

### ► Social Sustainability

- Preparing to organize the launch of sustainable social bonds and sukuk, as well as sustainable investment funds.
- Sponsoring various community activities (sports, blood donation).
- The National Project of Promoting Financial Inclusion.
  - The project commenced in 2017 as an awareness project only, with the objective of promoting financial literacy in different societal circles and qualifying national cadres from the youth in line with government development trends and the needs of the labor market. Moreover, after the pandemic, it pursued strengthening the elements of financial inclusion in society, which helps in the transformation into a financial and commercial center, thus turning into a national project to enhance financial inclusion and investment awareness.
  - There are three pillars of financial inclusion (innovative financial services and products, financial technology, and suitable financial awareness). The CMA has several directions whose roles intersect to achieve these pillars, which were previously reviewed in other parts of the sustainability report. With regards to the financial services and products; there are efforts by the CMA concerning developing a legislative framework and an integrated regulatory system for debt instruments of all kinds, in addition to other financial products and services. As for financial technology; there are trends for digital transformation, and a project to develop a FinTech regulatory framework. The CMA has also assigned a national project to raise awareness of financial inclusion issues.
  - The project targets: society with all its segments and categories, the educational sector in all its educational stages, and university education in its various majors with a focus on specific majors, such as law and business, and others.
  - The project's objectives are:
    - Motivating investment, promoting economic growth, and supporting and sustaining financial stability.
    - Providing sources of financing for SMEs.
    - Providing innovative financial products and raising awareness of the mechanisms for obtaining them.
    - Enhancing the elements of investment and legal awareness among current and future investors.
    - Contributing to the preparation of the human resources required for the programs set to becoming a regional financial and commercial centre.

Item	Activity Numbers
<b>Intermediate and secondary educational level</b>	
Workshops	200
Volunteers	84
Schools	57
Students	2969
<b>University level</b>	
Workshops	20



### ► CMA Qualifying Program for Fresh Graduates

- The Fresh Graduates Program falls within the framework of CMA social responsibility, its role in community development, contribution in promoting young national competencies, and enhancing its competitiveness to engage in the labor market in the economic and financial field, and in the fields related to capital markets and investment in securities activities.
- CMA training program attracts distinguished graduates in majors related to capital markets: such as finance, economics, accounting, and administrative sciences in all their majors, as well as mathematical finance, in addition to legal majors and others.
- CMA has adopted a special mechanism for accepting, selecting, and evaluating applicants' performance in the light of specific controls and criteria related to qualifications and educational accomplishment rates, in addition to other requirements after admission to the program, such as passing a medical check, examinations and scheduled interviews.
- The program includes local and external qualifying programs in cooperation with reputable training bodies.
- During the last financial year, CMAs seventh training program was implemented to train and qualify freshly graduated Kuwaitis (20 trainees), who passed all stages successfully and were granted a certificate approved by Harvard University and the CMA.





CMA's Training Programs for Fresh Graduates

Program	Financial Year	Number of participating trainees	Number of trainees employed at the CMA	External Training Entity
First	2013-2014	20	11	Malaysia
Second	2015-2016	21	5	Kingdom of Spain- Madrid IE Business School
Third	2016-2017	20	10	Harvard University – Boston (USA)
Fourth	2017-2018	20	12	Harvard University – Boston (USA)
Fifth	2018-2019	19	13	Harvard University – Boston (USA)
Sixth	2019-2020	20	5	Harvard University – Boston (USA +Online training due to the Pandemic)
Seventh	2020-2021	20	-	Harvard University – Boston (USA+ Online training)
Total		140	56	



## ► Environmental Sustainability

### ► Green Sustainable Finance

- ▶ Amending provisions of Module Eleven of the Executive Bylaws of CMA's Establishment Law and adding new legislation to develop an integrated legislative and regulatory framework for sustainable (green and social) debt instruments (sukuk and bonds).
- ▶ Assigning green financing tools to finance or refinance green projects that are environment friendly.
- ▶ Working on the compatibility of green financing instruments with international standards, such as the principles of green bonds issued by the International Capital Market Association (ICMA), or any relevant global frameworks.

### ► Compliance with the Requirements of Environmental Protection

- ▶ The CMA ensures that its employees and other related parties are compliant with the requirements of environmental protection, and manages its operations indicators (waste, destruction of assets, papers,...)
- ▶ The CMA uses an electronic system for archiving and documentation that helps reduce the use of paper and transforms the CMA into a paperless organization, and it also automates its services for the same purpose.
- ▶ Ongoing follow-up of aspects related to saving energy and water, and waste treatment.
- ▶ Enhancing the practice of environmental protection among the CMA employees and related parties.





► Sustainable Environment Friendly Headquarters

- The CMA took into account the elements of sustainable green buildings in its project to establish its permanent headquarters, which is currently under construction at Sharq area.
- The CMA's headquarters project adopted the frameworks of the "Leeds Project" designed to construct environment friendly buildings in a practical and measurable manner according to specific standards that grant their owner a gold or silver certificate according to the rates achieved in compliance with those standards.
- The project took into account the internal and external environments (the project is expected to enable the CMA's building to achieve good savings compared to traditional buildings, as it is expected to save water at a rate of approximately 50%, energy by 26%, maintenance costs by 13%, and the rate of greenhouse gas emissions by 33%, the project also took into account special mechanisms for the preservation and treatment of rainwater and its use in watering agricultural areas, and the use of alternative energy such as solar energy or wind energy to provide electricity).





## Section Five

### Achievements of the Committees, Boards, and Offices that Form as Part of the Board of Commissioners

- ▶ Advisory Council for Sharia Supervision
- ▶ Disciplinary Board
- ▶ Complaints and Grievances Committee
- ▶ Internal Audit Office
- ▶ Financial Control Office







## ► Advisory Council for Sharia Supervision

### ► Council Formation

 **Prof.**  
**Yousef Hassan Al-Sharrah**  
**Chairman**

**Mr.**  
 **Ahmad Hussain Mohammad** **Member**

**Dr.**  
 **Jarrah Nayef Al-Fadli** **Member**

**Dr.**  
 **Mishari Mohammad Al-Furaih** **Member**

**Mr.**  
 **Abdullah Mohammad Al-Ofasi** **Member**

### ► Implemented Tasks



**31**

**Research**



**5**

**Statements**



**31**

**Meetings**

## ► Disciplinary Board

### ► Board Formation


**Mr.**  
**Younis Mohamad Al-Yasin**  
**Chairman**


**Mr.**  
**Majid Bader Jamal Aldeen** **Member**


**Mr.**  
**Yousef Saleh Al-Othman** **Member**


**Dr.**  
**Sulaiman Hamad Al-Bader** **Member**

### ► Implemented Tasks



49

**Meetings**



4

**Reports**



0

**Grievances**

Grievances on the Exchange's decisions and its Violations Committee.



0

**Appeals**

CMA's appeals to the Disciplinary Board on the resolutions of the Violations Committee at the Exchange.



7

**Complaints**

Complaints submitted by natural persons or corporate bodies referred by the Complaints and Grievances Committee to the Board



99

**Violations**

Violations referred by the CMA.

### ► Board Resolutions and their Results



0

**Explanatory Resolution**



1

**Complementary Resolution**

3

**Incompetence**

1

**No reason to file a lawsuit**



3

**Temporary Suspension**



1

**Dismissal**



102

**Penalties**

Amount of financial fines imposed by the Board on some violators



**30,729,017.00**

Thirty million, seven hundred twenty-nine thousand, and seventeen Kuwaiti Dinars only

## ► Complaints and Grievances Committee

### ► Committee Formation

**Mr.**  
**Ali Othman Al-Ghannam**  
Chairman

**Mr.**  
**Nouri Juma'a Ali Al-Salem**  
Vice Chairman

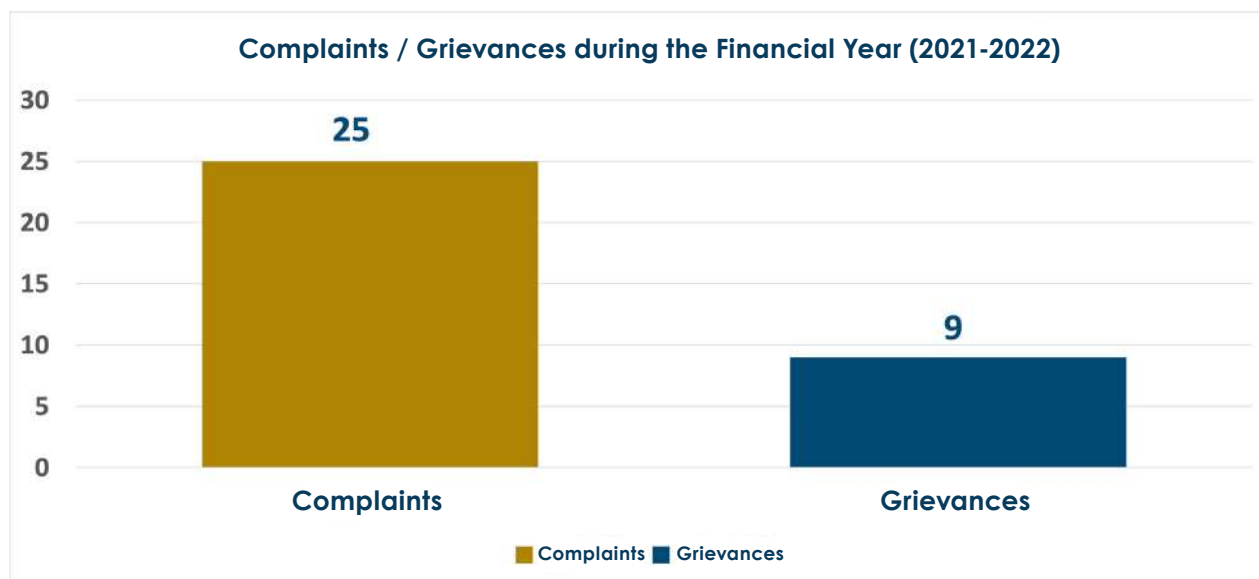
**Mr.**  
**Mr. Basel Abdul-Wahab Al-Zaid**  
Member

**Prof.**  
**Abdul-Rahman Abdul-Wahed Al-Radwan**  
Member

### ► Implemented Tasks

Financial Year (2021/2022)	
<b>Complaints</b>	
Decided	19
Under examination	6
<b>Total</b>	<b>25</b>
<b>Grievances</b>	
Decided	6
Under examination	3
<b>Total</b>	<b>9</b>

 **55**  
Meetings



## ► Internal Audit Office

### ► Implemented Tasks

- Executing the annual audit plan approved by the Internal Audit Committee and issuing the final reports on its regard.
- Reviewing the periodical and annual financial information of the CMA and its reports.
- Carrying out periodic follow-ups on internal audit reports.
- Participating as a controller in the annual inventory process.
- Attending the discussion on the CMA's final account for the financial year (2020/2021) with the Budgets and Final Account Committee at the Kuwaiti National Assembly.
- Reviewing and expressing opinion on internal issues and matters in the CMA, for example:
  - The draft law to approve the final account of the financial year (2020/2021).
  - Renewing the contract for auditing and reviewing the financial statements with the CMA's external auditor.

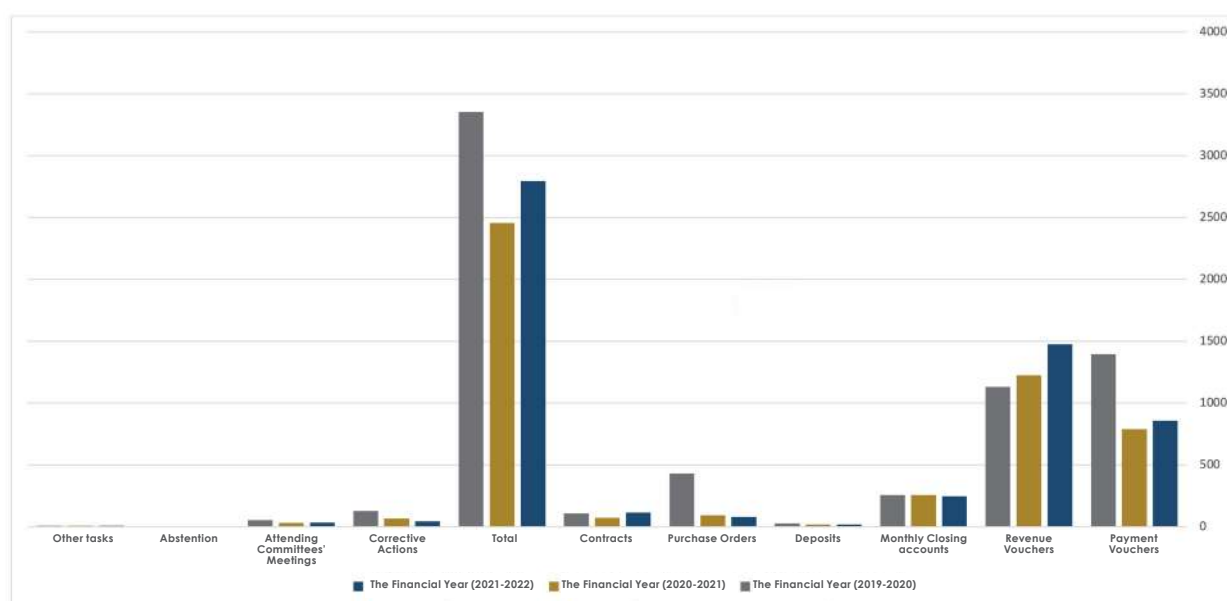
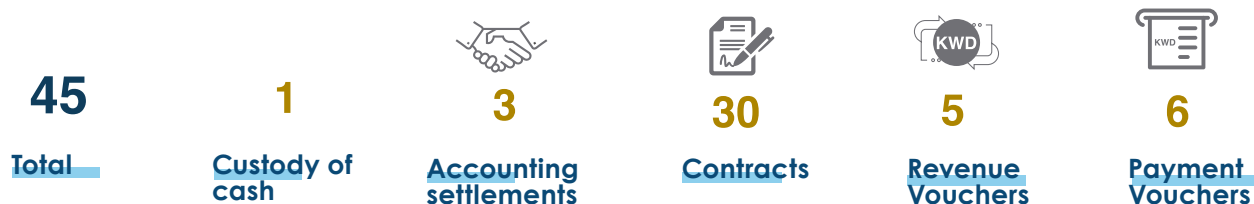


## ► The Financial Control Office

### ► Implemented Tasks

Type of Procedure	The Financial Year (2020/2021)	The Financial Year (2021/2022)
Payment Vouchers	791	856
Revenue Vouchers	1225	1477
Accounting settlement bonds	256	248
Deposits	20	19
Purchase Orders	94	80
Contracts	73	116
<b>Total</b>	<b>2459</b>	<b>3796</b>
Corrective Actions	67	45
Attending Committees' Meetings	31	36
Abstention	0	0
Other tasks	9	9

### ► Corrective Actions of the Observations







## Section Six

### The Capital Markets Authority's Achievements in Regulating and Supervising the Securities Activities

#### Legislative and Legal Field

- ▶ Legislative and Regulatory Aspect
- ▶ Legal and Judicial Aspect and the Investigation tasks

#### Regulatory Field

- ▶ Markets Regulation
- ▶ Licensing and Registration Activities
- ▶ Collective Investment Schemes
- ▶ Capital Markets Development and Risk-Management
- ▶ Corporate Finance and Governance
- ▶ Mergers and Acquisitions

#### Supervisory Field

- ▶ Off-site Supervision
- ▶ On-site Supervision
- ▶ Anti-Money Laundering and Combating Financing of Terrorism
- ▶ Supervisory Procedures related to Markets Surveillance

#### Awareness and Multimedia Field

#### Joint Cooperation Field: Local, Regional, and International





## Legislative and Legal Field

### ► Legislative and Regulatory Aspect

The financial year (2021/2022) witnessed CMA's issuance of tens of resolutions and announcements relevant to securities activities in its different fields: legislative, regulatory and supervisory, the most prominent of which is summarized in the following table:

#	No. of Resolution	Its date	Its topic
1	43	01/04/2021	Amending Some Provisions of Module Ten (Disclosure and Transparency) and Module Fifteen (Corporate Governance) of the Executive Bylaws of Law No. (7) of 2010
2	46	12/04/2021	Amending Some Provisions on Time Controls for the Process of Listing Companies' Shares on the Exchange
3	47	12/04/2021	Amending Some Provisions of the Executive Bylaws Regarding Internal Policies and Procedures of the Licensed Persons (Module Six, Appendix 5 of Module Five)
4	49	19/04/2021	Financial Derivatives Transactions
5	52	21/04/2021	Amendment of Some Provisions of the Executive Bylaws of Law No. 7 of 2010 (Modules No. One, Eleven and Twelve) for the Purpose of Regulating Trading of Pre-emptive Rights
6	53	22/04/2021	Amending Some Provisions of the Executive Bylaws of Law No. 7 of 2010 (Modules One and Eleven)
7	57	03/05/2021	Amending the Provision of Article (2-3-3) of Module Four (Securities Exchanges and Clearing Agencies) of the Executive Bylaws of Law No. 7 of 2010
8	77	11/07/2021	Amendment to the Provision of Article (5-2-3) of Module Seven (Clients' Funds and Clients' Assets) of the Executive Bylaws of Law No. 7 of 2010
9	103	13/09/2021	Amending the Conditions and Requirements of Registering the External Sharia Auditing Offices and their Responsibilities
10	104	13/09/2021	Amending the Provisions Relating to Registered Employment Positions and Auditors Registered with the CMA
11	107	23/09/2021	Extending the Grace Period Granted to Kuwait Clearing Company to Comply with Article (2-2-3) of Chapter Two of Module Four of the Executive Bylaws of Law No. 7 of 2010 and their Amendments
12	108	26/09/2021	Amending Some Provisions of the Executive Bylaws of Law No. (7) of 2010 (Module Fifteen)
13	116	10/10/2021	Amending Form 2 (Report Indicating Securities Investment Portfolios of the Licensed Person)
14	123	01/11/2021	Regulating the Division of Licensed Companies or Companies Listed in the Securities Exchange
15	124	02/11/2021	Issuance of Appendix 4 of Module Two of the Executive Bylaws of Law No. (7) of 2010 (Schedule of the CMA Services Fees)
16	137	12/12/2021	Amending the Rules of Imposing the Measures and Penalties of Anti-Money Laundering and Combating Financing of Terrorism

#	No. of Resolution	Its date	Its topic
17	1	03/01/2022	Amending Some Provisions of the Collective Investment Schemes
18	8	23/01/2022	Capital Adequacy Regulations for Licensed Persons
19	28	22/02/2022	Amending Provisions of Dealing in Securities
20	35	07/03/2022	Calculation of the Minimum Value for Submitting the Request of Initiating the Procedures of Preventive Settlement, Restructuring or Declaring Bankruptcy



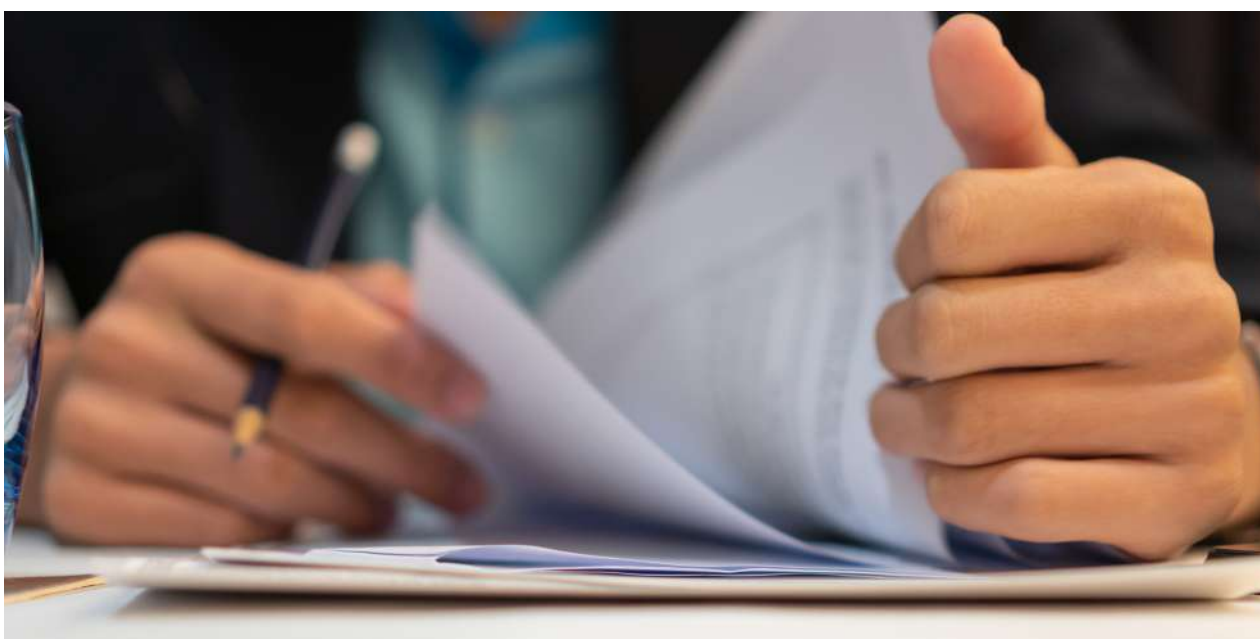
#	No. of Circular	Its date	Its topic
1	6	20/04/2021	Financial Derivatives Transactions
2	7	17/05/2021	Adding the Item of the Report of Violations Monitored by the CMA and regarding which Precautionary Procedures were taken or Penalties were Issued Against the Company in the Agenda of the General Assemblies of the Companies Listed in the Exchange and the Closed Shareholding Companies Licensed to Practice any of the Securities Activities
3	8	20/05/2021	The Registration at Ci-Net - Credit Information Network
4	9	26/05/2021	To All Persons Licensed by the Capital Markets Authority Regarding Compliance with the Reporting Requirements According to FATCA and CRS Agreements
5	10	29/06/2021	Circular to the Countries Which Do Not or Insufficiently Apply the Recommendations of the Financial Action Task Force (FATF)
6	11	15/07/2021	The Establishment of Interest Rates Ceiling for Margin Trading Service
7	12	28/07/2021	To all Persons Licensed by the CMA Regarding the Data of the Foreign Direct Investment
8	13	07/09/2021	Circular to all Persons Licensed by the Capital Markets Authority Regarding Stating the Civil ID Number of Non-Kuwaiti Clients Residing in the State of Kuwait
9	14	07/09/2021	Circular to all Issuers of Securities regarding the importance of complying with some provision of Law No. 1 of 2016 on the Promulgation of the Companies Law and some provisions of Law No. 7 of 2010 Regarding the Establishment of the Capital Markets Authority and Regulating Securities Activities
10	15	01/11/2021	Compliance of Persons Licensed to Practice the Activity of a Securities Broker Registered with an Exchange to the Instructions of the Kuwait Clearing Company Concerning Netting
11	16	03/11/2021	Circular to all Licensed Persons regarding the Countries Which Do Not or Insufficiently Apply the Recommendations of the Financial Action Task Force (FATF)
12	17	28/12/2021	Circular to all Licensed Persons regarding the Annual Report on Anti-Money Laundering and Combating Financing of Terrorism
13	1	31/01/2022	Margin Trading Service for Licensed Persons
14	2	09/03/2022	Circular to all Licensed Persons regarding the Countries Which Do Not or Insufficiently Apply the Recommendations of the Financial Action Task Force (FATF)

## ► Legal and Judicial Aspect and Investigation Tasks

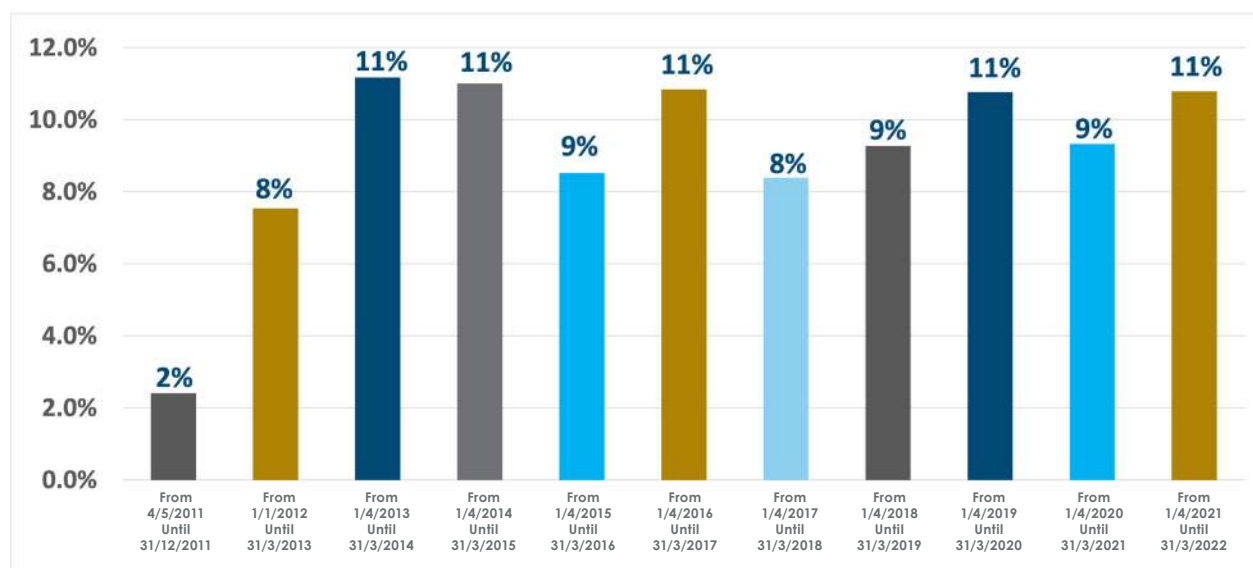
### ► Legal Aspect

The total number of subject matters on which the legal opinion was given during the latest financial year is (1145). They are shown in the following table:

Subject Matter	Number of Memos Answered
Statement of legal opinion on issues related to the work of organizational units, work teams and committees within the CMA	768
Reviewing contracts and agreements between the CMA and other entities	81
Reviewing materials for workshops and lectures	1
Reviewing regulations, resolutions, circulars, or awareness brochures issued by the CMA	177
Reviewing laws from other entities that were presented to the CMA for review	3
Grievances	45
Amendments to the Executive Bylaws	17
Studies and research	7
Legal principles drawn from the implementation of the provisions of the CMA's Law within the fields of the two sections: Contracts and Studies & Legislation	46
Total opinions of the Legal Studies Department	1145



The cumulative numbers of the total legal tasks executed from 2011 until the end of the latest financial year were (10615) tasks.



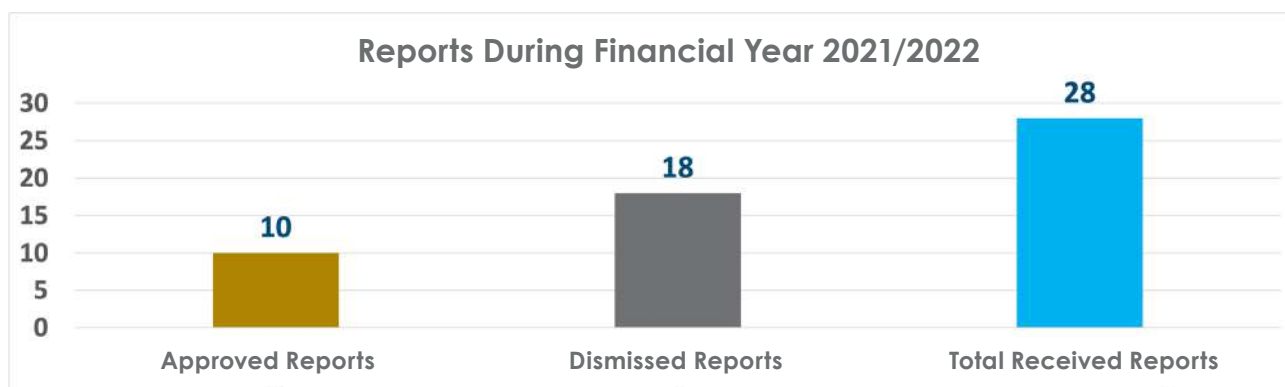
## ► Announcements

#	Announcements	Number
1	Investigation Summons	313
2	Public Prosecution Summons	15
3	Announcements for Implementing Disciplinary Board Resolutions	42
4	Announcements on Investigation Results	7
Total		377



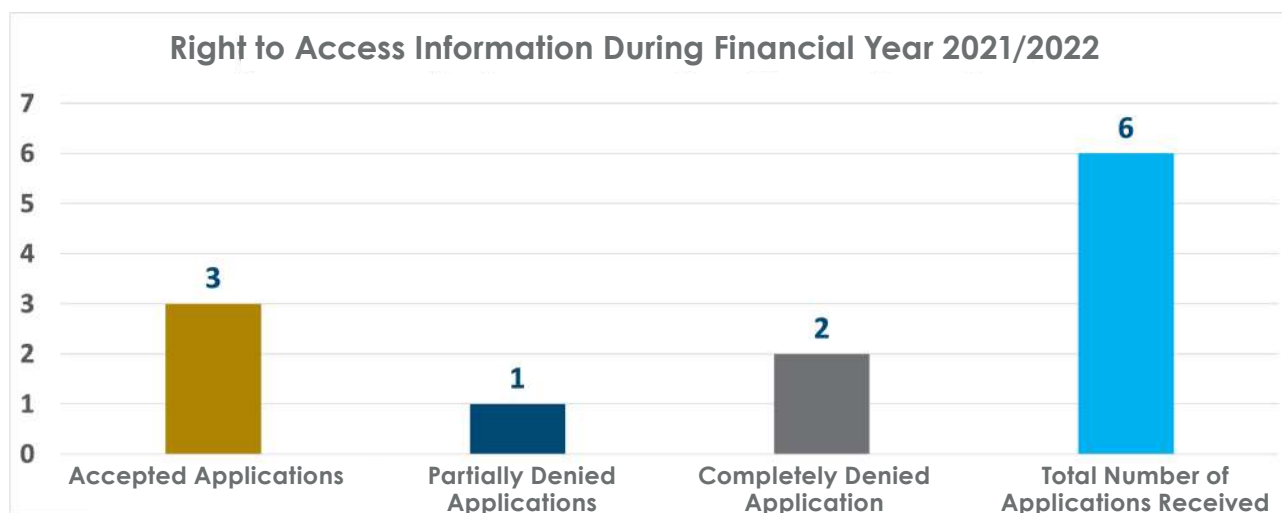
## ► Reports

#	Reports	Number
1	Approved Reports	10
2	Dismissed Reports	18
Total Received Reports		28



## ► Right to Access Information Applications

#	Right to Access Information Applications	Number
1	Accepted applications	3
2	Partially denied applications	1
3	Completely denied applications	2
4	Grievances on right to access information applications	1
Total Received Applications		7





## ► Litigation and Arbitration Tasks

The number of cases registered during last financial year was (172) cases, the accumulative number of cases registered at the CMA was (1341), and (953) of which were deliberated while (388) were dismissed. The following tables and graphs show the different types of provisions during the financial year (2021/2022):

**172**  
Cases



**45**

Total of final  
substantive judgments

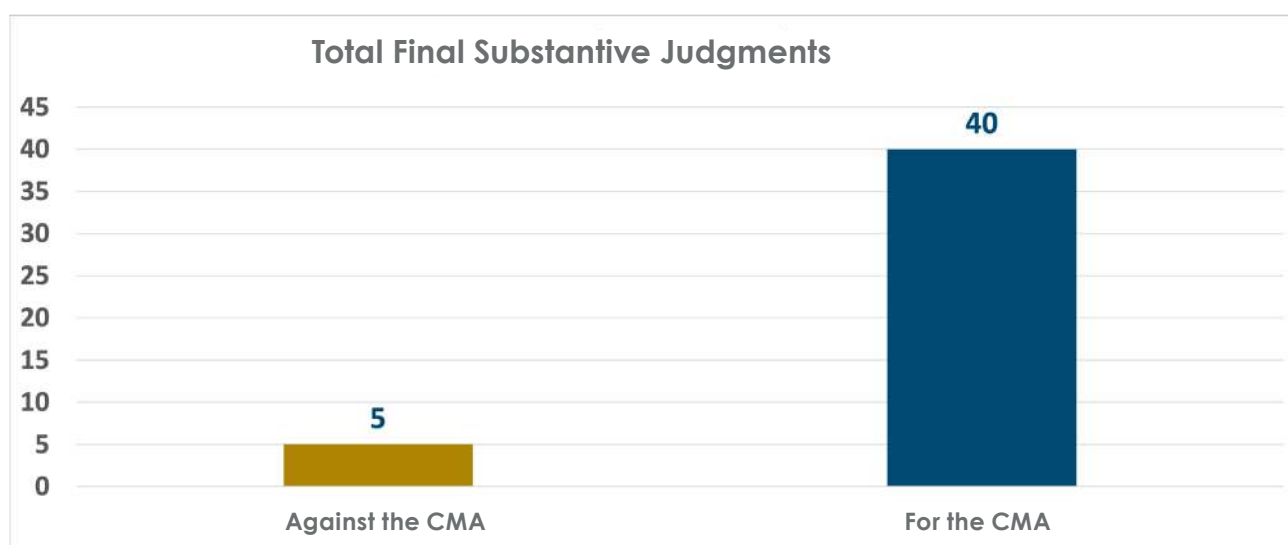


**1341**

Total of cumulative number  
of cases registered  
with the CMA

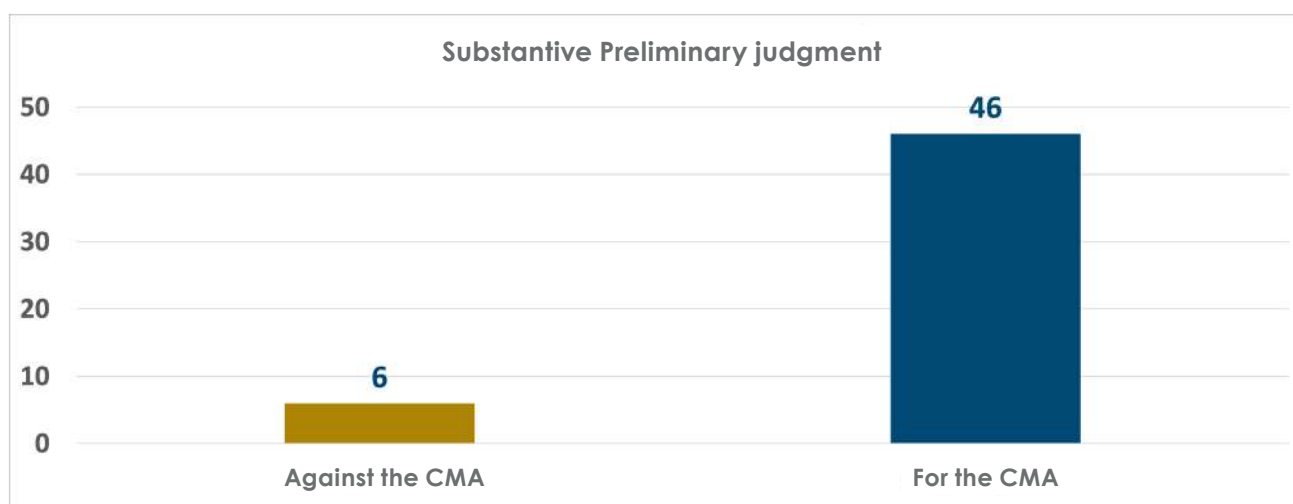


Substantive Final Judgements	
For the CMA	Against the CMA
40	5
88.89%	11.11%
45	



### Substantive Preliminary Judgements

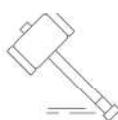
For the CMA	Against the CMA
46	6
88.46%	11.54%
52	



### Final Judgements

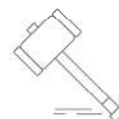
87

**Total**  
Final Judgments



42

**Total**  
of Other Judgments  
(confrontation)



45

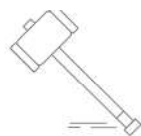
**Total**  
Substantive Judgements

## First Instance Judgements

144

**Total**

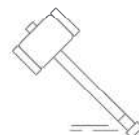
First Instance Judgments



92

**Total**

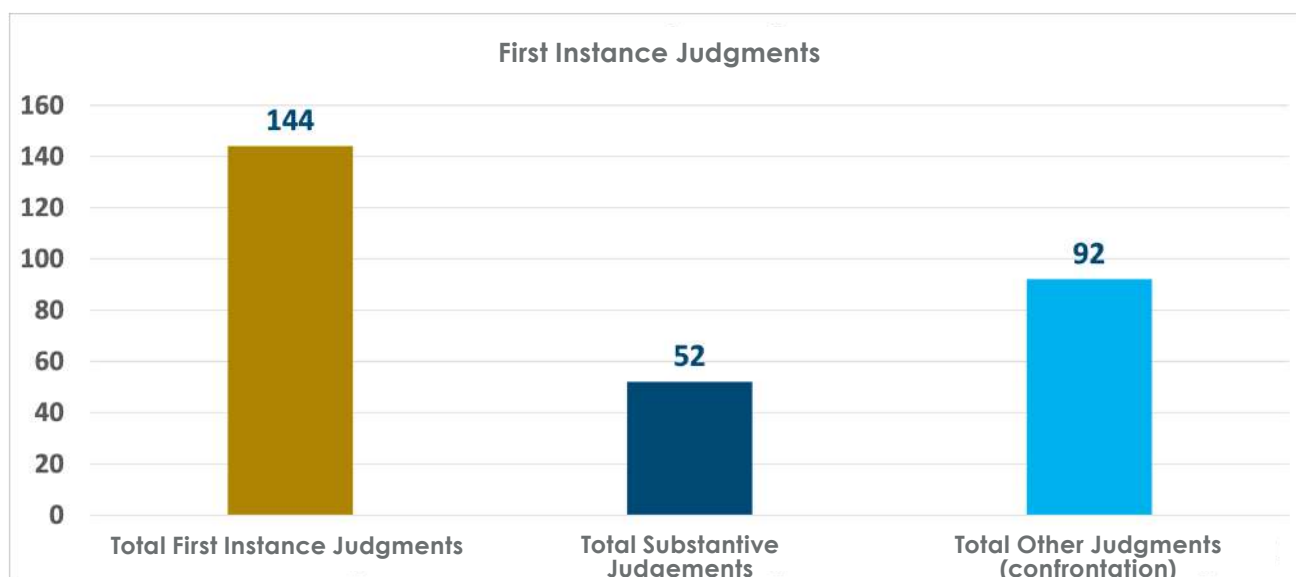
Other Judgments  
(confrontation)



52

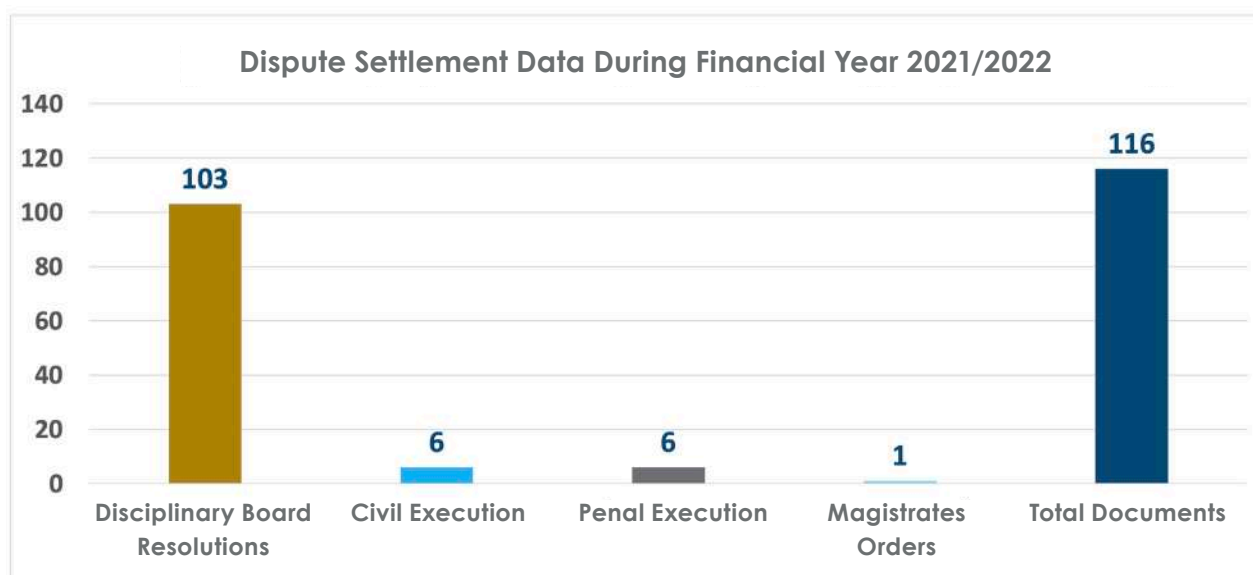
**Total**

Substantive Judgements



## ► Dispute Settlement

#	Documents	Implemented	Under Implementation	Total
1	Disciplinary Board Resolutions	83	20	103
2	Civil Execution	6	0	6
3	Penal Execution	0	6	6
4	Magistrates Orders	1	0	1
Total Documents		90	26	116



## ► Investigation Tasks

In the financial year (2021/2022), a total of 212 investigation tasks were executed. The following table indicates such violations and the methods of addressing them during the latest financial year in comparison to the previous year:

Statement	Financial year 2020/2021	Financial year 2021/2022
Warning Letter Sent from the CMA	39	12
Warning Letter Sent from the CMA + Subjecting to more Supervision	12	7
Dismissal + Warning Letter Sent from the CMA + Subjecting to more Supervision	1	0
Warning Letter from the CMA + Referral to the Disciplinary Board	0	2
Referral to the Public Prosecutor	4	25
Report to the Criminal Investigation Department	0	6
Referral to the Disciplinary Board	48	93
Referral to the Public Prosecutor + Referral to the Disciplinary Board	1	12
Dismiss Investigation	4	7
Temporarily Dismissed (not enough evidence)	0	0
Dismissal+ Referral to the Disciplinary Board	1	0
Return the Violation to the Securities Exchange	0	0
With the Approval Authority	0	0
Under Investigation	40	48
Total number of violations	150	212

## Regulatory Field

### ► Markets Regulation

#### ► Listing and Products

##### ► Approvals of listing the shares of the following companies in Boursa Kuwait:

- Land United Real Estate Company.
- Jassim Transport & Stevedoring Company.
- Alsafat Investment Company

##### ► Approvals of listing the shares of the following companies in Non-Kuwaiti Exchanges (Dubai Financial Market):

- Kuwait Real Estate Company.

##### ► Voluntary delisting of shares of Shareholding Companies from the Exchange:

Approvals of the voluntary delisting of the following companies from Boursa Kuwait:

- Hilal Cement Company.
- Fujairah Cement Industries Company.

##### ► Delisting of shares of Shareholding Companies from the Exchange:

Delisting the shares of the following companies from Boursa Kuwait:

- Abyaar Real Estate Development Company.
- National Shooting Company.
- Al-Madina for Finance and Investment Company.
- Al-Salam Holding Group Company.
- Al-Mal Investment Company
- Investors Group Holding Company.
- KGL Logistics Company.
- Al-Bareeq Holding Company.
- Al- Mudon International Real Estate Company.

► **Suspension from trading a listed Security on the Exchange:**

Resolutions issued regarding suspension from trading a listed security on the exchange of the following companies from trading in Boursa Kuwait:

- Abyaar Real Estate Development Company.
- National Shooting Company.
- Al-Madina for Finance and Investment Company.
- Al-Salam Holding Group Company.
- Al-Mal Investment Company
- Investors Group Holding Company.
- KGL Logistics Company.
- Al-Bareeq Holding Company.
- Al- Mudon International Real Estate Company.
- Ajwan Gulf Real Estate Company.
- Jiyad Holding Company.
- Ektettab Holding Company.
- AAN Digital Services Holding Company (extending the period of suspending the company's shares from trading in the Exchange until no later than 03/11/2022).

► **Resuming trading the shares: (non-cancellation)**

Resolutions issued regarding resuming the trading on the shares of the following companies in Boursa Kuwait:

- Ajwan Gulf Real Estate Company.
- Jiyad Holding Company (the company shall be under more supervision).
- Ektettab Holding Company (the company shall be under more supervision).



► **Issuance of other relevant resolution:**

- ▶ Studying the situation of non-Kuwaiti companies with dual listing in case of voluntary delisting from Boursa Kuwait, so that their delisting does not affect the minority rights as it falls on Kuwaiti companies listed in the Boursa Kuwait.
- ▶ Maintain the terms, requirements, and procedures of the voluntary delisting.
- ▶ Directing Boursa Kuwait Company to develop a clear definition of "control" to reflect the presence of sufficient liquidity available for trading in preparation for its inclusion in future listing conditions.

► **Trading**

► **Participating in the issuance of resolutions relevant to the following:**

- ▶ Amending the rules of lending and borrowing shares to provide a borrowing broker form.
- ▶ Amending Boursa Kuwait Company's Rulebook.

► **Resolution and circulars related to the Market Development Program**

- ▶ Amending some Modules of the Executive Bylaws of CMA Law of establishment including those related to the trading activity (protection of market participants in companies whose financial statements are questionable, protection of minority interests upon the delisting of shareholding companies from the Exchange, time controls for the listing process, the mechanism for calculating the minimum for initiating bankruptcy and restructuring sessions, regulating trading of pre-emptive rights).
- ▶ Issuing circulars regarding each of the following: margin trading service for licensed persons, and the compliance of persons licensed to practice the activity of a securities broker registered with Boursa Kuwait to the instructions of Kuwait Clearing Company concerning netting.
- ▶ Reviewing and providing technical opinion concerning several cases related to the following:
  - ▶ Market Development Project (rules of: Central Counterparty, Central Securities Depository, and the financial collaterals).
  - ▶ Tasks and rules of Kuwait Clearing Company (fees, netting, pledge, conditions of opening the account).
  - ▶ Boursa Kuwait Rulebook of offering new products (bonds, sukuk, and exchange-traded funds).



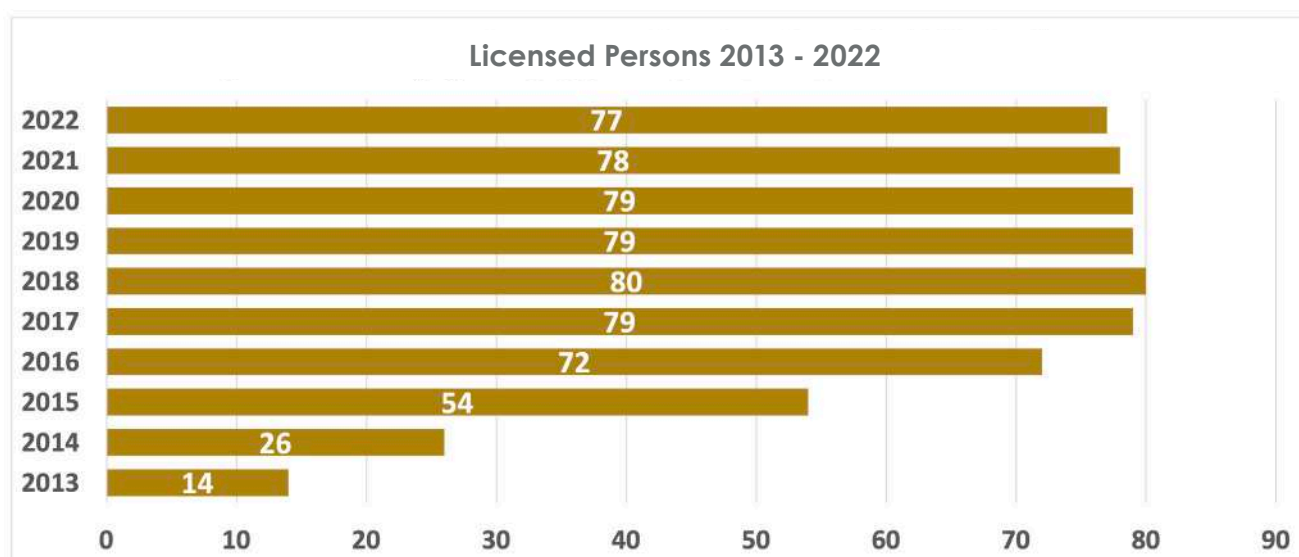
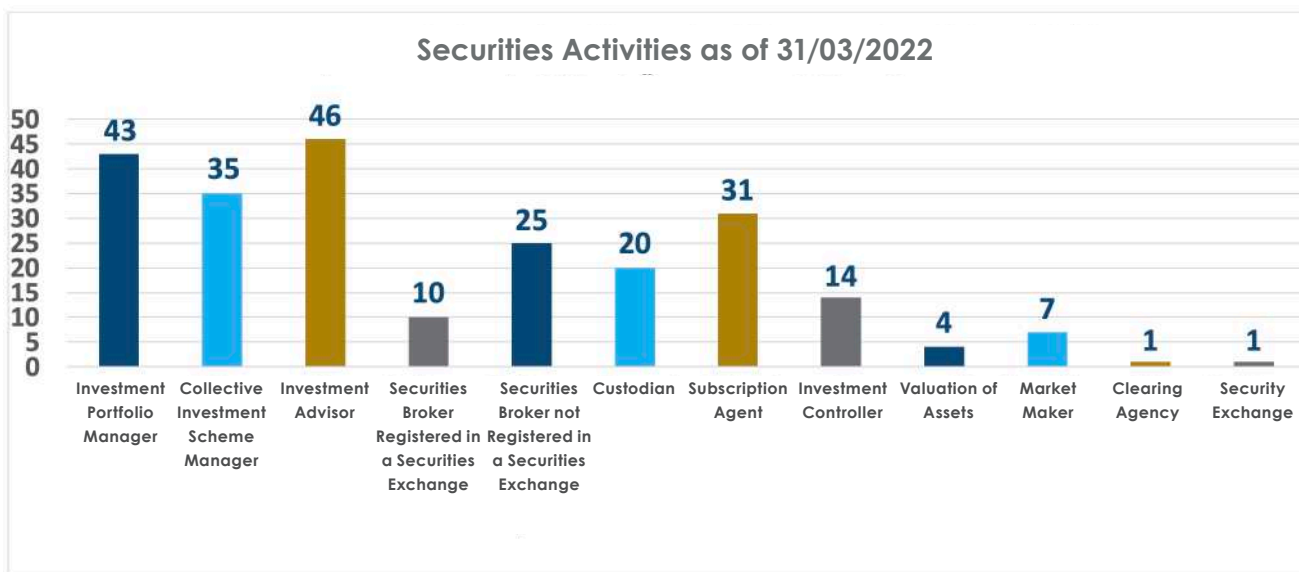
## ► Licensing and Registration Activities

- **Providing the technical opinion concerning several aspects related to licensing and registration activities as follows:**
  - Provisions of each of the central agent and the margin trading.
  - Amendments on the policies and procedures of the licensed person by the addition of the requirements of the capital adequacy policy and procedures.
  - The mechanism of participating in the general assemblies of the listed companies.
  - The project of the division of the licensed companies and the companies listed in the securities exchange.
  - Activation of the arbitration system.
  - The project of qualifying the securities services providers.
  - The guide of suspending the companies listed in Boursa Kuwait.
  - The license of the activity of a securities Exchange.
  - Renewing the collective investment scheme incorporated locally.
  - The Executive Bylaws of the Bankruptcy Law of the persons licensed by the CMA.
  - The entitlements of implementing the Professional Qualifications Program for Registered Employment Positions.
  
- **Regulating and developing mechanisms and provisions for the implementation of several issues related to licensing and registration tasks regarding to the following:**
  - Mechanisms of handling license renewal applications.
  - Dealing with the companies whose license is cancelled/expired.
  - Brokerage activity related to dealing with financial derivatives.
  - Developing the provisions of the investment advisor activity and licensing the single-person company.
  - Nomination applications of members of the Board of Directors of Boursa Kuwait Company.
  - Sharia auditing offices and auditors and their obligations.

## ► Licensed persons

The total number of licensed persons at the end of the financial year (2021/2022) was 77 persons, and the total number of licensed activities was 237 distributed according to the following table and chart:

Securities Activity	Licensed Securities Activities	Total Percentage of securities activities
Securities Exchange	1	0.42%
Clearing Agency	1	0.42%
Investment Portfolio Manager	43	18.14%
Collective Investment Scheme Manager	35	14.77%
Investment Advisor	46	19.41%
Subscription Agent	31	13.08%
Custodian	20	8.44%
Market Maker	7	2.95%
Securities Broker Registered in the Securities Exchange	10	4.22%
Securities Broker not Registered in the Securities Exchange	25	10.55%
Investment Controller	14	5.91%
Valuation of Assets	4	1.69%
Total	237	100%



## ► Regulatory Issuances

The financial year (2021 - 2022) witnessed the issuance of (113) resolutions and circulars related to the licensing activities, as shown in the following table and chart:

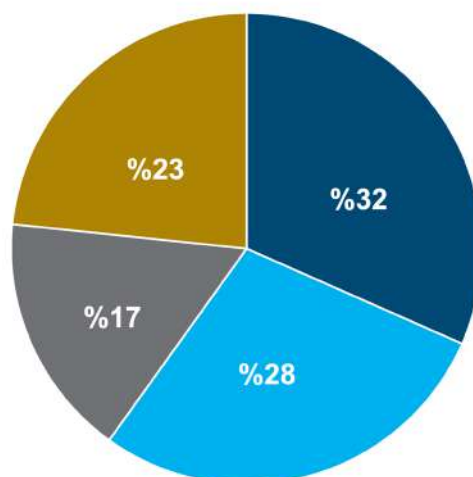
Resolution Type	Issued Number
<b>Resolutions Related to Licensing Licensed Persons</b>	
Renewal of the Securities Activities License	43
Licensing Securities Activities	6
Cancellation of Securities Activities License (Full)	2
Cancellation of Securities Activities License (Partial)	1
Suspension of Securities Activities License	0
Expiration of Securities Activities License (Full)	0
Expiration of Securities Activities License (Partial)	0
Preliminary Approval of a Securities Activities License	9
<b>Resolutions Related to Collective Investment Schemes</b>	
Renewal of a Collective Investment Scheme	6
Granting a Private Marketing License of a Collective Investment Scheme Incorporated outside the State of Kuwait	20
Granting a Collective Investment Scheme License	2
Approval for Incorporating a Fund for the Purpose of Completing the Capital	3
Cancellation of the Resolution of Granting a Collective Investment Scheme License for Incomplete Capital	0
Cancellation of a License of a Collective Investment Scheme (Cancelling Registration after the End of Liquidation)	4
Cancellation of a License of a Collective Investment Scheme (Liquidation)	1
<b>Resolutions Related to Registered Auditors at the CMA</b>	
Registration of Auditors in the Concerned Register at the CMA	3
Cancellation of the Registration of Auditors in the Concerned Register at the CMA	3
Suspension of the Registration of Auditors in the Concerned Register at the CMA	1
Renewal of Registration of Auditors in the Concerned Register at the CMA	1
<b>Resolutions Related to External Sharia Auditing Offices Registered with the CMA</b>	
Application for Registration of an External Sharia Auditing Office in the Concerned Register with the CMA	0
Application to Renew the Registration of an External Sharia Auditing Office in the Concerned Register with the CMA	0
<b>Other Resolutions</b>	
Other Resolutions of a Special Nature (Resolutions:42,47,49,103,104,106,107 of 2021)	7
Circulars (Circular No. 6 of 2021)	1

### ► Registered Positions and Employment Positions

A total of 1452 applications were reviewed in regard to the nomination, registration, and cancellation concerning registered positions and employment positions of licensed persons. They are shown in the following table:

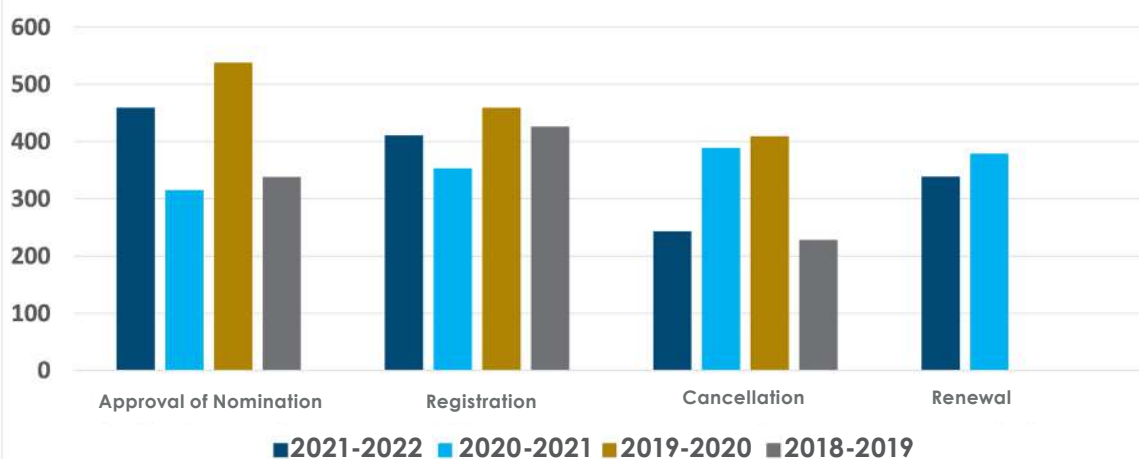


Applications for the financial year 2021-2022



■ Approval of Nomination ■ Registration ■ Cancellation ■ Renewal

Registration Applications





### ► Reviewing Annual Reports of Auditors

A total of 40 applications were reviewed regarding the annual reports submitted by Auditors registered with the CMA.



### ► Licensing and Registration Services Implemented through the CMA's Electronic Portal

#### ► Securities Activities

#	Service	No. of completed services
1	Application for Securities Activities License	6
2	Application for License after the Preliminary Approval	5
3	Application for Renewing Securities Activities License	41
4	Application for Cancellation of Securities Activities License	5
5	Application for Temporary Suspension from Practicing the Activity	5
6	Update of Policies and Procedures	241
Total		303

#### ► Registered Persons

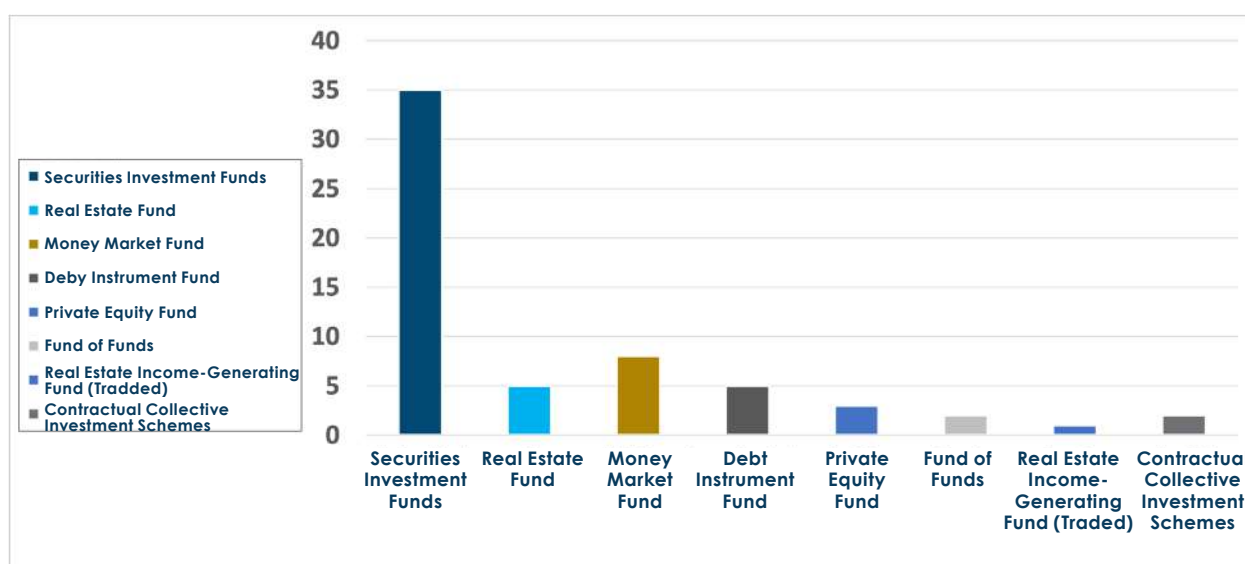
#	Service	No. of completed services
1	Application for the Nomination for a Board Member Position in accordance with Fit and Proper Rules	207
2	Application for the Nomination of Registered Positions and Employment Positions in accordance with Fit and Proper Rule	241
3	Registration of Board Members Positions	136
4	Registration of Registered Employment Positions	227
5	Cancellation of Registration of Board Members Positions	60
6	Cancellation of Registration of Registered Employment Positions	183
7	Application for Registration of Board Members Positions upon the Central Bank's Approval	38
8	Application to Renew the Registration of an Auditor at the Capital Markets Authority	1
9	Application for Submitting the Annual Report of the Auditor Registered with the Capital Markets Authority	40
10	Application for Meeting the Requirements of the Professional Qualifications Program for the Registered Employment Positions	787
11	Application for Renewing the Registration of Registered Employment Positions for Licensed Persons	379
12	Application for Renewing the Registration of an External Sharia Auditing Office in the Concerned Register at the CMA	0
13	Application for the Registration of an External Sharia Auditing Office in the Concerned Register at the CMA	0
Total		2299

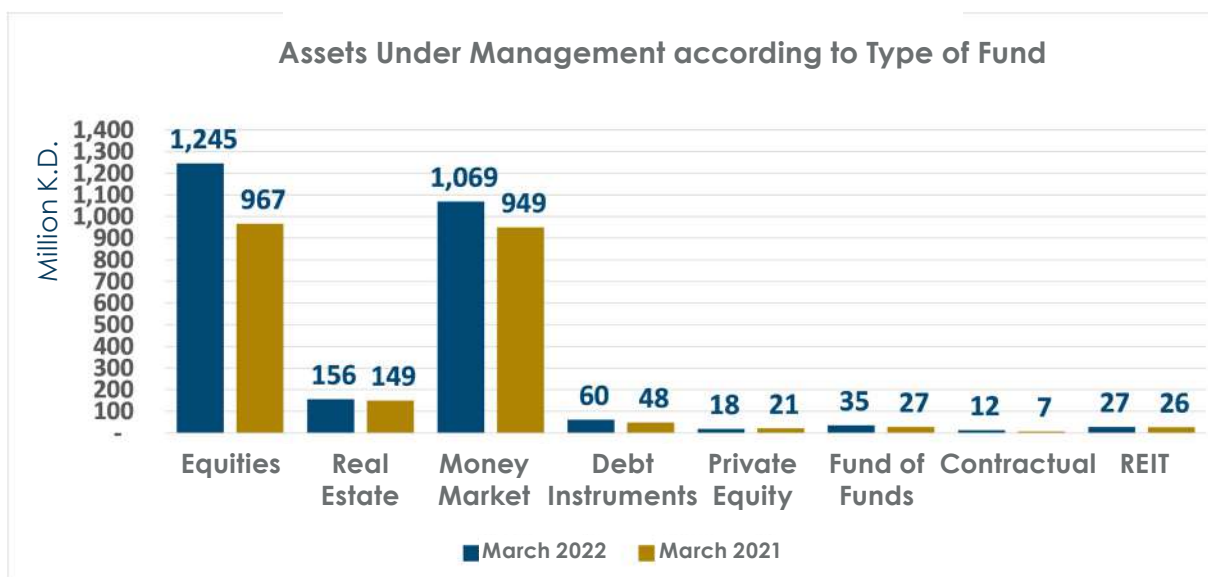
## ► Collective Investment Schemes

### ► Collective Investment Schemes Data on 31/3/2022

Scheme's type	No.	Total Capital (thousand KWD)	Total Net Asset Value (thousand KWD)	Net Asset Value
Securities Investment Funds	36	819,849	1,245,092	1,238,364
Real Estate Fund	5	146,696	156,144	149,193
Money Market Fund	9	966,854	1,069,081	1,064,913
Debt Instrument Fund	5	53,011	60,483	57,877
Private Equity Fund	2	6,002	18,440	18,372
Fund of Funds	2	30,024	34,861	33,538
Contractual Collective Investment Schemes ❖	2	10,900	12,065	11,773
Real Estate Income- Generating Fund (Traded)	1	23,600	26,766	26,364
<b>Total</b>	<b>62</b>	<b>2,056,936</b>	<b>2,622,932</b>	<b>2,600,394</b>

❖ The data of one of the contractual collective investment schemes for the period that ended on March 31, 2021 is not available. It is recently licensed.





### ► Applications Relevant to the Collective Investment Schemes

The table below shows the nature of applications relevant to collective investment schemes received by the CMA during the financial year (2021/2022), summarized as follows:

#	Nature of Applications.	Approved Applications	Applications under Review	Total
1	Incorporation of Local Investment Funds	3	-	3
2	Renewal of Local Collective Investment Schemes Licenses	6	-	6
3	Cancellation of Local Funds Registration from the CMA's Register	4	-	4
4	Following up Liquidation Processes of Local Funds	1	-	1
5	Removal and Appointment of Liquidator of Local Funds	1	-	1
6	Marketing Units of Collective Investment Schemes Incorporated outside the State of Kuwait	20	3	23
<b>Total</b>		<b>35</b>	<b>3</b>	<b>38</b>

### ► Other Related Tasks

- Review and approve (33) applications of amending the Memorandum and Articles of Association of local funds or local contractual collective investment schemes memorandums.
- Review and approve (45) applications of appointing an administrative authority or executive team for a local collective investment scheme.
- Review and approve (6) applications of replacing a custodian or investment controller of local collective investment schemes.
- Follow -up and attend a total of (120) unit holders' assemblies of local funds.
- Review and issue (9) grace periods to increase the capital over KWD 5,000,000.
- Develop the provisions of Module Thirteen of the Executive Bylaws and approve the amended Collective Investment Scheme rules.

► Cumulative Statistics

Funds Incorporation in the State of Kuwait		
Fund Type	Number of Funds	
	Public Offering	Private Offering
Securities	9	3
Money Market	9	1
Private Equity	-	3
Real Estate	3	6
Debt Instrument	3	2
Fund of Funds	3	-
Real Estate Income-Generating Fund (Traded)	1	-
Total	28	15
	43	

Other Applications	
Nature of Applications	Approved Applications
Incorporating Contractual Collective Investment Scheme in the State of Kuwait	4
Cancellation of Local Funds from the CMA's Register	46
Appointment of a Substitute Manager for Local Funds	9
Marketing Collective Investment Scheme Units Incorporated outside the State of Kuwait	100
Removal and Appointment of a Liquidator for local funds	6
Amending the Articles of Association of Local Funds or Local Contractual Collective Investment Schemes Memorandums from the Financial Year (2016-2017)	261
Applications for Renewing the Local Collective Investment Schemes from the Financial Year (2016-2017)	105
Follow-up and Attending the Unit Holders' Assemblies and Approve the Decisions of the Assemblies from the Financial Year (2016-2017)	734

## ► Capital Markets Development and Risk-Management

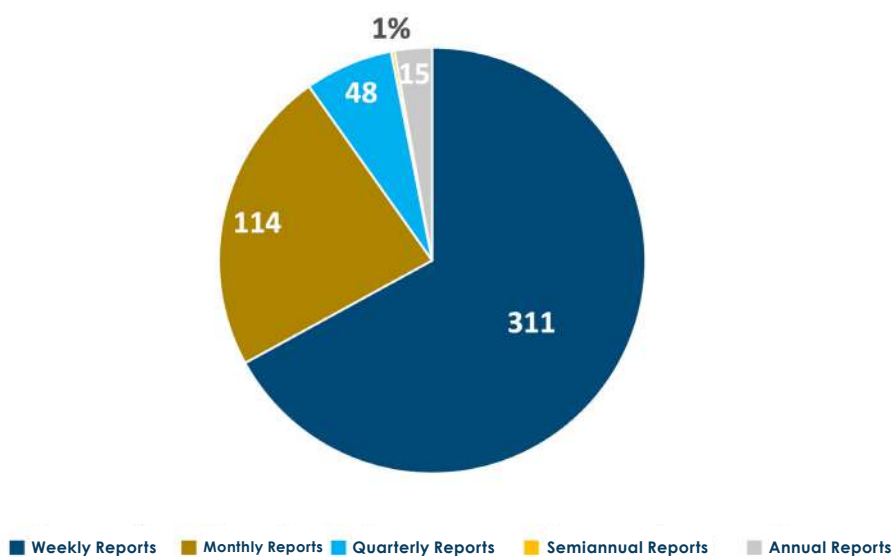
### ► Most Prominent Implemented Tasks

Nature of the Implemented Task.	#	Approved Applications
<b>Research Studies</b>	1	Enquiries on the Market Maker activity.
	2	Studying the requirements of complying with the international competitiveness indicators related to CMA's business.
	3	The Ministry Commerce and Industry Bankruptcy Law.
	4	Cases of misusing the netting standard.
	5	The unusual trading activity.
	6	Calculating the minimum limit of initiating the procedures of bankruptcy and restructure.
<b>Preparing and Updating Reports</b>	1	Periodic weekly and quarterly reports on the performance of Boursa Kuwait.
	2	A quarterly report on the latest developments of the capital markets to be included in IOSCO's AMERC committee newsletter.
	3	Updating the report of classifying the efficiency of the companies listed in Boursa Kuwait Securities Exchange.
	4	Updating the report of Early Warning Indicators of the most important economic and financial changes that affect the securities activity in Kuwait according to the latest statements issued for 2020.
	5	Updating the report of the GCC capital market competitiveness according to the latest statements issued for 2019 and 2020.
	6	A quarterly report regarding "Indicators of Systemic Risks"
	7	Preparing a report on the companies nominated to be delisted from Boursa Kuwait on 31/03/2022.

► Cumulative Statistics of the Years (2015/2022)

Periodic Report	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	Total
Weekly reports	25	50	50	50	47	38	51	311
Monthly reports	0	0	18	24	23	25	24	114
Quarterly reports	0	0	2	4	8	12	22	48
Semi-annual reports	0	0	0	1	0	0	0	1
Annual reports	0	0	3	5	1	2	4	15
<b>Total</b>	<b>25</b>	<b>50</b>	<b>73</b>	<b>84</b>	<b>79</b>	<b>77</b>	<b>101</b>	<b>489</b>

Cumulative Numbers of the Periodic Reports



## ► Corporate Finance

### ► Prepare and Review the Instructions of:

- Employees stock option.
- Bonds and Sukuk (green and short-term).
- Pricing securities (bookbuilding as example).
- Objective: pre-emptive rights, stock split in the Companies Law and its Executive Bylaws and the relevant legislations.
- Capital increase through converting the debts into shares in terms of accounting and the comparative legislations.

### ► Capital Increase

During the financial year (2021/2022), a total of (36) approvals were granted to companies to increase their capitals. The following table and chart summarize their data:

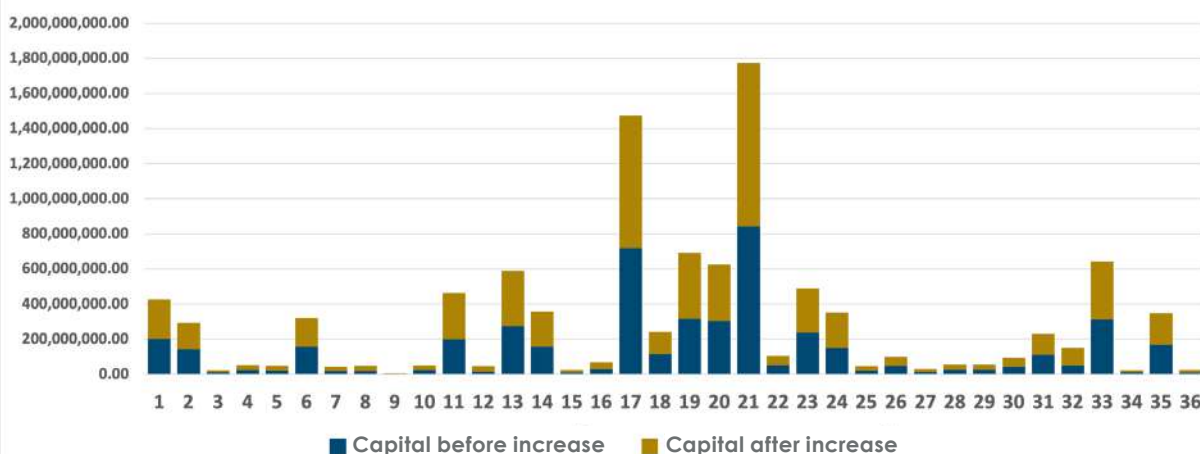
#	Approval date	Company	Capital before increase (KWD)	Capital after increase (KWD)	Increase value	Increase type
1	1/4/2021	Agility Logistics Company	202,737,014.10	223,010,715.50	20,273,701.40	Bonus shares
2	1/4/2021	National Industries Group Company	142,784,572.80	149,923,801.40	7,139,228.60	Bonus shares
3	1/4/2021	Kuwait Company for Process Plant Construction & Contracting	11,032,116.40	11,583,722.20	551,605.80	Bonus shares
4	12/4/2021	Integrated Holding Company	22,000,000.00	25,300,000.00	3,300,000.00	Bonus shares
5	13/4/2021	Alsafat Investment Company	25,693,940.00	26,978,637.00	1,284,697.00	Bonus shares
6	15/4/2021	National Real Estate Company	157,244,599.20	165,106,829.10	7,862,229.90	Bonus shares
7	11/5/2021	Jazeera Airways Company	20,000,000.00	22,000,000.00	2,000,000.00	Cash
8	6/6/2021	Gulf Insurance Group	20,123,913.00	28,457,246.00	8,333,333.00	Cash
9	2/8/2021	Kuwait International Investment Holding Company	2,579,074.50	3,352,796.90	773,722.40	Bonus shares
10	10/8/2021	Burgan Company for Well Drilling, Trading and Maintenance	24,266,714.10	24,994,715.50	728,001.40	Bonus shares
11	30/8/2021	Kuwait Projects Company - KIPCO	200,000,000.00	264,000,000.00	64,000,000.00	Cash



#	Approval date	Company	Capital before increase (KWD)	Capital after increase (KWD)	Increase value	Increase type
12	1/9/2021	Boubyan Capital Investment Company	15,697,343.00	30,697,343.00	15,000,000.00	Cash
13	16/9/2021	Burgan Bank	275,625,000.00	313,125,000.00	37,500,000.00	Cash
14	23/9/2021	Warba Bank	157,500,000.00	200,000,000.00	42,500,000.00	Cash
15	29/12/2021	NCM Investment Company	10,000,000.00	15,000,000.00	5,000,000.00	Cash
16	3/1/2022	Kuwait Pillars for Financial Investment Company	30,000,000.00	39,000,000.00	9,000,000.00	Cash
17	30/1/2022	National Bank of Kuwait	719,269,444.00	755,232,916.20	35,963,472.20	Bonus shares
18	9/2/2022	Boubyan Bank	317,969,760.40	373,868,248.40	55,898,488.00	Bonus shares and cash
19	10/2/2022	Mabane Company	117,139,959.90	124,168,357.40	7,028,397.50	Bonus shares
20	14/2/2022	Gulf Bank of Kuwait	304,812,789.80	320,053,429.20	15,240,639.40	Bonus shares
21	14/2/2022	Kuwait Finance House	844,155,193.40	928,570,712.70	84,415,519.30	Bonus shares
22	17/2/2022	Salhia Real Estate Company	51,272,341.00	53,835,958.00	2,563,617.00	Bonus shares
23	21/2/2022	Ahli United Bank of Kuwait	238,245,453.30	250,157,725.90	11,912,272.60	Bonus shares
24	24/2/2022	National Industries Group	149,923,801.40	202,397,131.90	52,473,330.50	Cash
25	24/2/2022	Kuwait Reinsurance Company	22,032,362.80	24,015,275.40	1,982,912.60	Bonus shares
26	7/3/2022	Kuwait Financial Centre - Markaz	48,080,174.70	50,484,183.40	2,404,008.70	Bonus shares
27	9/3/2022	Al Eid Food Company	14,465,646.70	16,924,806.60	2,459,159.90	Bonus shares
28	10/3/2022	Alsafat Investment Company	26,978,637.00	28,327,568.80	1,348,931.80	Bonus shares

#	Approval date	Company	Capital before increase (KWD)	Capital after increase (KWD)	Increase value	Increase type
29	10/3/2022	Specialties Group Holding Company	26,978,637.00	28,327,568.80	1,348,931.80	Bonus shares
30	15/3/2022	Kuwait International Bank	113,276,072.40	117,807,115.20	4,531,042.80	Bonus shares
31	16/3/2022	Noor Financial Investment Company	41,316,276.10	51,645,345.10	10,329,069.00	Bonus shares
32	21/3/2022	Kuwait Telecom Company	49,936,685.20	99,873,370.40	49,936,685.20	Bonus shares
33	21/3/2022	Burgan Bank	313,125,000.00	328,781,250.00	15,656,250.00	Bonus shares
34	31/3/2022	Kuwait Company for Process Plant Construction & Contracting	11,583,722.20	12,162,908.30	579,186.10	Bonus shares
35	31/3/2022	Al Ahli Bank of Kuwait	170,012,454.50	178,513,077.20	8,500,622.70	Bonus shares
36	31/3/2022	NCM Investment Company	10,000,000.00	15,000,000.00	5,000,000.00	Cash
Total approvals		36	Total increase value		594,819,056.60	

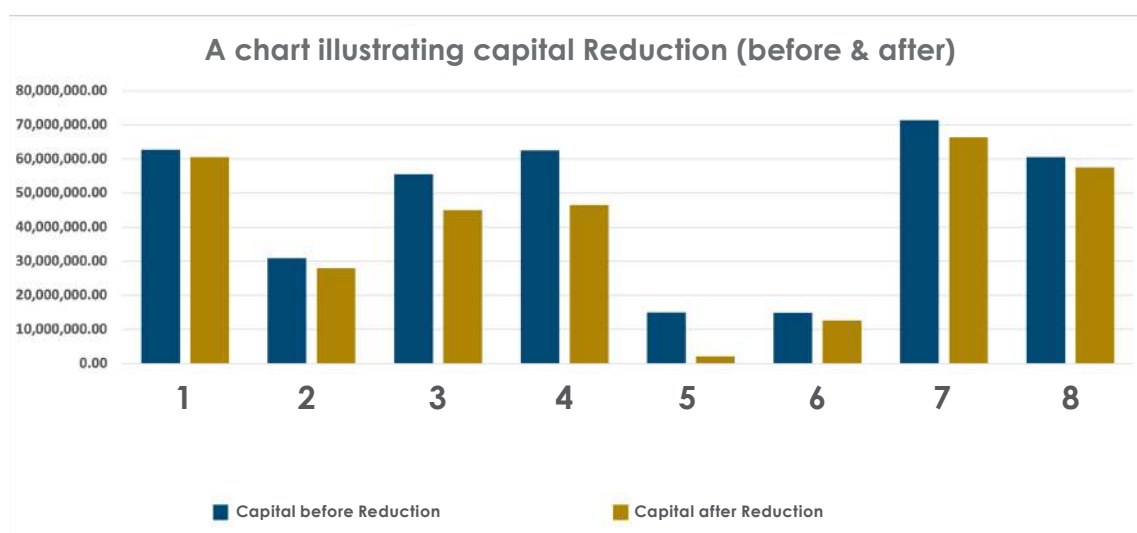
A chart illustrating capital increase (before & after)



► **Capital Reduction:**

A total of (8) approvals were granted to companies during the financial year (2021/2022). The following table and chart summarize their data:

#	Date	Company	Capital before reduction (KWD)	Capital after reduction (KWD)	Reduction reasons
1	12/4/2021	Kuwait Business Town Real Estate Company	62,732,188.600	60,539,760.600	- Amortize the company's accumulated losses. - Reduce the excess capital.
2	13/4/2021	Al Manar Financing and Leasing Company	30,874,759.100	28,000,000.100	- Amortize the company's accumulated losses. - Reduce the excess capital.
3	20/5/2021	The Securities House Company	55,500,000.000	45,000,000.000	Amortize the company's accumulated losses.
4	27/5/2021	Coast Investment and Development Company	62,529,315.200	46,502,690.200	Amortize the company's accumulated losses.
5	10/11/2021	Education Group Holding Company	15,000,000.000	2,100,000.000	Redundancy of the company's capital.
6	21/3/2022	Osoul investment Company	14,887,791.800	12,654,623.000	Redundancy of the company's capital.
7	21/3/2022	Aayan Leasing and Investment Company	71,403,882.400	66,403,882.400	Redundancy of the company's capital.
8	27/3/2022	Kuwait Business Town Real Estate Company	60,539,760.600	57,512,772.600	Redundancy of the company's capital.
Total approvals			8		



### ► Subscription Prospectus

During the financial year of the report, a total of (24) approvals for subscription prospectuses applications according to the following:

#	Date	Company	Type of security	Type of approval
1	13/4/2021	Jassim Transport and Stevedoring Company	Normal Shares	Private placement prospectus for a secondary offering of Jassim Transport and Stevedoring Company
2	18/4/2021	EQUATE Petrochemical Company	Bonds	Private placement prospectus on the bonds issued for EQUATE Petrochemical Company in a value not exceeding 700 million US dollars.
3	19/5/2021	Gulf Bank of Kuwait	Subordinated debt Bonds	Private placement prospectus for the issuance of subordinated bonds in a value not exceeding 50 million Kuwaiti Dinars for Gulf Bank of Kuwait.
4	23/5/2021	Ahli United Perpetual Sukuk Limited	Sukuk	Private placement prospectus of sukuk in a value not exceeding 600 million US Dollars.
5	25/5/2021	Land United Real Estate Company	Normal Shares	Private placement prospectus for the offering of the shares of Land United Real Estate Company.
6	1/6/2021	Jazeera Airways Company	Normal Shares	Public offer prospectus in the shares of the capital increase.
7	6/6/2021	Ahli United Perpetual Sukuk Limited	Sukuk	Supplementary prospectus of sukuk in a value not exceeding 600 million US Dollars.
8	16/6/2021	KFH Sukuk IT1 Limited	Sukuk	Private placement prospectus for the offering of sukuk to Kuwait Finance House.
9	1/7/2021	Dukhan Tier 1 Sukuk Limited	Sukuk	Private placement prospectus for marketing the sukuk issued by Dukhan Bank in a value not exceeding 700 million US Dollars through Dukhan Tier 1 Sukuk Limited.
10	1/8/2021	GIG - Gulf Insurance Group	Normal Shares	Public offer prospectus in the shares of the capital increase of GIG - Gulf Insurance Group.
11	24/8/2021	NBK SPC Limited	Bonds	Private placement prospectus for the issuance of bonds in a value not exceeding 1 billion US Dollars within the second segment of the program of the National Bank of Kuwait.
12	2/9/2021	KT21 T2 Company Limited	Sukuk	Private placement prospectus for marketing the sukuk issued by Kuveyt Turk Katilim Bankasi in a value not exceeding 350 million US Dollars through KT21 T2 Company Limited.



#	Date	Company	Type of security	Type of approval
13	22/9/2021	Al Ahli Bank of Kuwait	Bonds	Private placement prospectus for the offering of bonds to Al Ahli Bank of Kuwait.
14	12/10/2021	Burgan Bank	Normal Shares	Public offer prospectus in the shares of the capital increase of Burgan Bank.
15	13/10/2021	Kuwait Projects Company - KIPCO	Normal Shares	Public offer prospectus in the shares of the capital increase of Kuwait Projects Company - KIPCO.
16	18/10/2021	GIG - Gulf Insurance Group	Subordinated Bonds	Perpetual subordinated debt bonds within the second segment of the capital of a fixed and variable interest subject to revaluation.
17	28/10/2021	Warba Bank	Sukuk	Private placement prospectus for the offering of sukuk.
18	2/11/2021	Burgan Bank	Normal Shares	Public offer prospectus in the shares of the capital increase of Burgan Bank.
19	10/11/2021	Warba Bank	Normal Shares	Public offer prospectus in the shares of the capital increase of Warba Bank.
20	17/11/2021	Warba Bank	Sukuk	Supplementary prospectus.
21	9/2/2022	Kuwait Pillars for Financial Investment Company	Normal Shares	Private placement prospectus in the shares of the capital increase of Kuwait Pillars for Financial Investment Company.
22	24/2/2022	Wafra International Investment Company	Sukuk	Marketing of sukuk of VMMEA Issuer Limited (special purpose vehicle company) in a value not exceeding 13 million US dollars.
23	9/3/2022	Watani Investment Company	Bonds	Private placement prospectus for the offering of bonds in a value not exceeding 1 billion US Dollars within the third segment of the program of National Bank of Kuwait through NBK SPC Limited.
24	10/3/2022	National Industries Group	Normal Shares	Public offer prospectus in the shares of the capital increase of National Industries Group.
Total			24	

► **Debt Instruments (Bonds/Sukuk):**

The value of the approvals of debt instruments of bonds and sukuk granted by the CMA during the financial year (2021/2022) was more than 5 billion and five hundred million US dollars.

#	Approval date	Issuer	Overall issuance size	Currency	Type of security
1	2/5/2021	Gulf Bank of Kuwait	50,000,000	US Dollars	Debt bonds
2	11/5/2021	Ahli United Perpetual Sukuk Limited	600,000,000	US Dollars	Perpetual Sukuk
3	7/7/2021	KFH Sukuk IT1 Limited	1,000,000,000	US Dollars	Sukuk
4	13/7/2021	GIG - Gulf Insurance Group	60,000,000	Kuwaiti Dinars	Perpetual subordinated bonds
5	17/8/2021	NBK SPC Limited	1,000,000,000	US Dollars	Issuance of bonds
6	14/9/2021	Al Ahli Bank of Kuwait	50,000,000	Kuwaiti Dinars	Subordinated debt bonds
7	19/9/2021	Burgan Senior SPC Limited	500,000,000	US Dollars	Issuance of bonds
8	11/10/2021	Warba Tier 1 Sukuk (2) Limited	250,000,000	US Dollars	Sukuk al-mudaraba
9	10/11/2021	Al Ahli Bank of Kuwait	750,000,000	US Dollars	Unsecured bonds of priority payment
10	17/2/2022	Boubyan Bank	1,000,000,000	US Dollars	Sukuk
Total approvals			10		

Total Sukuk (US dollars)	Total Bonds (US dollars)	Total Bonds and Sukuks (US dollars)
2,850,000,000	2,660,452,880	5,510,452,880

► **Restructure (Normal Shares):**

#	Date	Company	Capital before restructure (KWD)	Capital after restructure (KWD)	Brief of the restructure plan
1	25/8/2021	Ajwan Gulf Real Estate Company	21,000,000	15,000,000	<p>► Reducing the capital from 21,000,000 KWD to 11,230,402 KWD in an amount of 9,769,598 and a percentage of 46.5% of the capital by cancelling a number of 97,695,980 shares to amortize the accumulated losses as on 31/12/2020, which were 9,769,598 KWD.</p> <p>► Increasing the capital from 11,230,402 KWD to 15,000,000 KWD through cash increase in a value of 3,769,598 KWD and a percentage of 33.5% of the capital by issuing a number of 37,695,980 shares in a par value of 100 fils. Such shares are allocated to the shareholders of Ajwan Gulf Real Estate Company, each of which will have a percentage of his owned shares in the company's capital and has the right to assign of the right of the subscription priority.</p>

► **Approval on renewing dealing in treasury shares:**

During the financial year (2021/2022), the CMA granted a number of (142) approvals on renewing the right to deal in treasury shares:

#	Company Name	Date
1	Qurain Petrochemical Industries Company	6/4/2021
2	Kuwait Projects Company - KIPCO	6/4/2021
3	Gulf Cable & Electrical Industries Company	7/4/2021
4	Osos Holding Group Company	7/4/2021
5	Al-Ahleia Insurance Company	7/4/2021
6	Privatization Holding Company	7/4/2021
7	Noor Financial Investment Company	8/4/2021
8	Kuwait Real Estate Company	12/4/2021
9	Kuwait Cement Company	12/4/2021
10	ALARGAN International Real Estate Company	13/4/2021
11	National Investment Company	14/4/2021
12	Kuwait Foundry Company	14/4/2021
13	Salhia Real Estate Company	15/4/2021
14	Mashaer Holding company	18/4/2021



#	Company Name	Date
15	National Cleaning Company	18/4/2021
16	Commercial Real Estate Company	18/4/2021
17	Kamco Investment Company	21/4/2021
18	HumanSoft Holding Company	21/4/2021
19	Burgan Company for Well Drilling, Trading, and Maintenance	25/4/2021
20	Aqar Real Estate and Investment Company	25/4/2021
21	Kuwait National Cinema Company	27/4/2021
22	Tamdeen Real Estate Company	27/4/2021
23	National Real Estate Company	28/4/2021
24	Al Imtiaz Investment Group	5/5/2021
25	Kuwait Reinsurance Company	11/5/2021
26	National Petroleum Services Company (NAPESCO)	18/5/2021
27	Specialties Group Holding Company	19/5/2021
28	Aayan Real Estate Company	25/5/2021
29	Kuwait Pillars for Financial Investment Company	25/5/2021
30	National Industries Company	26/5/2021
31	Future Kid Entertainment and Real Estate Company	27/5/2021
32	Mabanee Company	30/5/2021
33	Kuwait Resorts Company	31/5/2021
34	GIG - Gulf Insurance Group	31/5/2021
35	Bursa Kuwait Securities Company	2/6/2021
36	Bayan Investment Company	6/6/2021
37	Combined Group Contracting Company	6/6/2021
38	Salbookh Trading Company	14/6/2021
39	National Industries Group Holding Company	15/6/2021
40	Arab Investment Company	23/6/2021
41	Integrated Logistics Company	24/6/2021
42	Kuwait and Middle East Financial Investment Company - KMEFIC	4/7/2021

#	Company Name	Date
43	Osoul Investment Company	6/7/2021
44	Arabi Holding Group Company	6/7/2021
45	Hayat Communications Company	12/7/2021
46	Shuaiba Industrial Company	13/7/2021
47	Al-Masaken International Real Estate Development Company	13/7/2021
48	Mezzan Holding Company	14/7/2021
49	Kout Food Group	14/7/2021
50	Boubyan Petrochemical Company	15/7/2021
51	ACICO Industrial Company	25/7/2021
52	Mubarrad Holding Company	26/7/2021
53	Kuwait and Gulf Link Company for Transport	26/7/2021
54	Kuwait Company for Process Plant Construction and Contracting	26/7/2021
55	Injazzat Real Estate Development Company	29/7/2021
56	Kuwait Finance and Investment Company	29/7/2021
57	Tamdeen Investment Company	1/8/2021
58	International Financial Advisors Holding Company	4/8/2021
59	The Securities House Company	15/8/2021
60	National International Holding Company	16/8/2021
61	Warba Insurance Company	24/8/2021
62	Arzan Financial Group for Financing and Investment	24/8/2021
63	Kuwait Financial Centre – Markaz	2/6/2021
64	United Real Estate Company	6/6/2021
65	Aayan Leasing and Investment Company	6/6/2021
66	The Commercial Facilities Company	14/6/2021
67	Agility Logistics Company	15/6/2021
68	First Dubai for Real Estate Development Company	23/6/2021
69	Education Group Holding Company	24/6/2021
70	Kuwait Real Estate Company	4/7/2021

#	Company Name	Date
71	Gulf Cable and Electrical Industries Company	5/10/2021
72	Salhia Real Estate Company	6/10/2021
73	Al-Ahleia Insurance Company	6/10/2021
74	Qurain Petrochemical Industries Company	6/10/2021
75	Kuwait Privatization Holding Company	10/10/2021
76	Kuwait Projects Company - KIPCO	10/10/2021
77	National Investment Company	10/10/2021
78	Kuwait Cement Company	11/10/2021
79	First Investment Company	12/10/2021
80	Osos Holding Group Company	12/10/2021
81	Noor Financial Investment Company	12/10/2021
82	Mashaer Holding company	12/10/2021
83	ALARGAN International Real Estate Company	13/10/2021
84	Commercial Real Estate Company	17/10/2021
85	National Cleaning Company	19/10/2021
86	National Real Estate Company	19/10/2021
87	Kuwait National Cinema Company	25/10/2021
88	Aqar Real Estate and Investment Company	25/10/2021
89	Tamdeen Real Estate Company	25/10/2021
90	Burgan Company for Well Drilling, Trading and Maintenance	26/10/2021
91	Kamco Investment Company	1/11/2021
92	MENA Real Estate Company	2/11/2021
93	Kuwait Reinsurance Company	7/11/2021
94	Mabanee Company	7/11/2021
95	Al Imtiaz Investment Group	8/11/2021
96	HumanSoft Holding Company	15/11/2021
97	Kuwait Pillars for Financial Investment Company	16/11/2021
98	Sanam Real Estate Company	22/11/2021

#	Company Name	Date
99	Al Mazaya Holding Company	22/11/2021
100	Aayan Real Estate Company	22/11/2021
101	Boursa Kuwait Securities Company	23/11/2021
102	Combined Group Contracting Company	24/11/2021
103	National Industries Company	28/11/2021
104	Al-Nawadi Holding Company	28/11/2021
105	GIG - Gulf Insurance Group	30/11/2021
106	Kuwait Resorts Company	30/11/2021
107	Sultan Center Food Products Company	1/12/2021
108	Bayan Investment Company	2/12/2021
109	National Industries Group	6/12/2021
110	Al-Ahleia Switchgear Company	20/12/2021
111	Future Kid Entertainment and Real Estate Company	20/12/2021
112	Osoul Investment Company	29/12/2021
113	Arab Investment Company	9/1/2022
114	Shuaiba Industrial Company	11/1/2021
115	Arabi Holding Group Company	11/1/2022
116	Boubyan Petrochemical Company	12/1/2022
117	Mezzan Holding Company	18/1/2022
118	Kuwait and Middle East Financial Investment Company - KMEFIC	19/1/2022
119	The Securities House Company	20/1/2022
120	Kuwait Company for Process Plant Construction and Contracting	23/1/2022
121	ACICO Industrial Company	24/1/2021
122	Injazzat Real Estate Development Company	25/1/2022
123	Mubarrad Holding Company	25/1/2022
124	Tamdeen Investment Company	27/1/2022
125	Al-Masaken International Real Estate Development Company	1/2/2022
126	Kuwait Finance and Investment Company	2/2/2022

#	Company Name	Date
127	Warba Insurance Company	6/2/2022
128	National International Holding Company	22/2/2022
129	United Real Estate Company	22/2/2022
130	Kuwait and Gulf Link Company for Transport	23/3/2022
131	Kuwait Financial Centre – Markaz	24/2/2022
132	Arzan Financial Group for Financing and Investment	6/3/2022
133	Specialties Group Holding Company	6/3/2022
134	Kout Food Group	9/3/2022
135	The Commercial Facilities Company	10/3/2022
136	International Financial Advisors Holding Company	15/3/2022
137	Kuwait Investment Company	16/3/2022
138	Kuwait Real Estate Company	17/3/2022
139	Agility Logistics Company	21/3/2022
140	Al-Ahleia Insurance Company	22/3/2022
141	Aayan Leasing and Investment Company	27/3/2022
142	Al-Maidan Clinic for Oral Health Services Company	30/3/2022

## ► **Mergers and Acquisition**

Mergers and Acquisition Transactions Executed during the Financial Year (2021/2022)

Mergers and Acquisition Transactions	Total value of transactions (KWD)
Merger by amalgamation between Noor Financial Investment Company and Noor Telecommunications Company	1,333,549.9
Mandatory acquisition offer submitted by Silver Arrow Real Estate Company to purchase all the remaining shares of Hilal Cement Company	36,291.098
Mandatory acquisition offer submitted by Noor Al-Salhiya Real Estate Company to purchase all the remaining shares of Aqar Real Estate Investments Company	0
The approval of publishing the partial purchase offer document submitted by Qurain Petrochemical Industries Company to purchase a percentage that doesn't exceed 9% of the share capital of Advanced Technology Company	-
<b>Total</b>	<b>1,369,840.90</b>

► Cumulative Statistics according to the Activity's Type:

Activity's type	Year	Number	Value (KWD)
Mandatory Acquisition	2012	4	719,024,999.00
	2013	3	584,643.44
	2014	3	7,274,269.00
	2015	1	18,379,827.00
	2016	3	285,725,816.00
	2017	2	19,387,059.00
	2018	1	5,550,746.996
	2019	0	0
	2020	2	2,134,466.80
	2021 - (31/3/2022)	3	131,490.70
Total		22	1,058,193,317.94
Voluntary Acquisition	2014	1	1,413,480.00
	2015	1	128,860,518.00
	2018	2	10,524,999.80
Total		4	140,798,997.80
Competitive Acquisition	2016	1	90,256.00
Merger by Amalgamation	2015	1	6,404,237.70
	2016	1	7,315,000.00
	2018	1	29,065,835.70
	2019	2	20,984,431.00
	2021 - (31/3/2022)	1	1,333,549.90
Total		6	65,103,054.30
Total mergers and acquisition activities		33	1,264,185,626.04

► Cumulative Statistics according to the Activity's Execution Date:

Year	Executed Transactions			
	Type	Number	Value (KWD)	Total value (KWD)
2012	Mandatory Acquisition	4	719,024,999.00	719,024,999.00
2013	Mandatory Acquisition	3	584,643.44	584,643.44
2014	Mandatory Acquisition	3	7,274,269.00	8,687,749.00
	Voluntary Acquisition	1	1,413,480.00	
2015	Mandatory Acquisition	1	18,379,827.00	153,644,582.70
	Voluntary Acquisition	1	128,860,518.00	
	Merger by Amalgamation	1	6,404,237.70	
2016	Mandatory Acquisition	3	285,725,816.00	293,131,072.00
	Merger by Amalgamation	1	7,315,000.00	
	Competitive Acquisition	1	90,256.00	
2017	Mandatory Acquisition	2	19,387,059.00	19,387,059.00
2018	Mandatory Acquisition	1	5,550,746.996	45,141,582.50
	Voluntary Acquisition	2	10,524,999.80	
	Merger by Amalgamation	1	29,065,835.70	
2019	Merger by Amalgamation	2	20,984,431.00	20,984,431.00
2020	Mandatory Acquisition	2	2,134,466.80	2,134,466.80
2021- (31/3/2022)	Mandatory Acquisition	3	131,490.70	1,465,040.60
	Merger by Amalgamation	1	1,333,549.90	
Total mergers and acquisition activities		33	1,264,185,626.04	1,264,185,626.04



► Charts Summarizing the Executed Mergers and Acquisition Transactions Since 2012:



► Related Tasks

- Issuance of the provisions regulating the division of licensed companies, or the companies listed in the securities Exchange.
- Amendment of the fees schedule by adding a minimum limit of the fee of executing acquisition transactions and partial purchase offer.

## Supervisory Field

### ► Off-site Supervision

#### ► Revision of financial Statements and Reports:

#	Type of Entity	Type of Studied Financial Statements and Reports	Number of Studied Financial Statements and Reports
1	Licensed persons (listed and unlisted companies, brokerage firms, Boursa Kuwait Securities Company, Kuwait Clearing Company)	Annual financial statements	66
2	Listed unlicensed companies	Annual financial statements	121
3	Ongoing collective investment schemes	Annual financial statements	50
4	Collective investment schemes under liquidation	Annual financial statements	35
5	All licensed persons	Semi-annual risk management reports	66
6	All licensed persons	Capital adequacy regulations reports	67
7	Brokerage firms registered in Boursa Kuwait	Liquidity standard reports	120
Total		-	525

#### ► Monitoring and Addressing Remarks and Violations

Procedure's Type	Entity Concerned with the Remark or Violation				
	Listed Unlicensed Companies	Licensed Persons	Collective Investment Schemes	Auditors Registered at the CMA	Total
Preparing technical study on monitored material remarks	23	-	-	-	23
Referral to the competent organizational unit inside the CMA	93	5	1	12	111
Sending a warning or directing letter to the entity	36	47	3	5	91
Contacting other supervising entities	1	3	-	-	4
Total	153	55	4	17	229

► Preparing Statistical Data for Entities Subject to CMA Supervision

► The Statistical Data of the Listed Companies as of December 31, 2021:

Sector	Assets (in thousands KWD)					
	Conventional Companies		Islamic Companies		Listed Companies	
	December 2021	December 2020	December 2021	December 2020	December 2021	December 2020
Telecoms	5,996,718	6,159,887	421,983	403,295	6,418,701	6,563,182
Oil and gas	691,281	599,539	89,426	96,985	780,707	696,524
Insurance	2,428,136	1,798,730	25,766	26,236	2,453,902	1,824,966
Technology	13,201	13,752	0	0	13,201	13,752
Consumer services	1,223,946	1,120,002	92,565	94,211	1,316,510	1,214,213
Financial services	12,964,087	12,720,384	2,763,162	2,212,993	15,727,249	14,933,377
Financial services – licensed persons	2,259,931	2,157,259	700,105	776,812	2,960,035	2,934,070
Health care	402,556	394,125	34,415	34,880	436,972	429,005
Consumer goods	329,456	320,719	0	5,297	329,456	326,016
Industrial	5,796,307	5,202,273	1,435,198	1,529,719	7,231,505	6,731,992
Real estate	4,978,475	4,599,219	1,240,583	1,335,815	6,219,058	5,935,034
Benefits	489,899	516,640	0	0	489,899	516,640
Basic materials	1,375,803	1,332,104	0	0	1,375,803	1,332,104
<b>Total Assets</b>	<b>38,949,797</b>	<b>36,934,632</b>	<b>6,803,203</b>	<b>6,516,244</b>	<b>45,752,999</b>	<b>43,450,876</b>

Sector	Liabilities (in thousands KWD)					
	Conventional Companies		Islamic Companies		Listed Companies	
	December 2021	December 2020	December 2021	December 2020	December 2021	December 2020
Telecoms	3,540,607	3,562,332	161,614	157,442	3,702,220	3,719,774
Oil and gas	483,290	392,783	23,097	27,528	506,387	420,311
Insurance	1,713,544	1,301,767	5,377	6,347	1,718,920	1,308,113
Technology	1,728	1,701	0	0	1,728	1,701
Consumer services	836,593	787,945	12,837	14,784	849,430	802,729
Financial services	10,705,411	10,824,413	1,787,378	1,360,971	12,492,789	12,185,384
Financial services – licensed persons	644,847	691,003	170,159	238,116	815,006	929,118
Health care	287,091	288,682	34,202	32,823	321,293	321,504
Consumer goods	147,223	161,777	0	3,179	147,223	164,955
Industrial	2,212,053	2,500,198	1,066,558	1,140,691	3,278,611	3,640,889
Real estate	2,472,604	2,353,958	582,380	641,233	3,054,984	2,995,192
Benefits	431,496	476,116	0	0	431,496	476,116
Basic materials	491,743	467,780	0	0	491,743	467,780
<b>Total Liabilities</b>	<b>23,968,229</b>	<b>23,810,454</b>	<b>3,843,602</b>	<b>3,623,113</b>	<b>27,811,831</b>	<b>27,433,567</b>

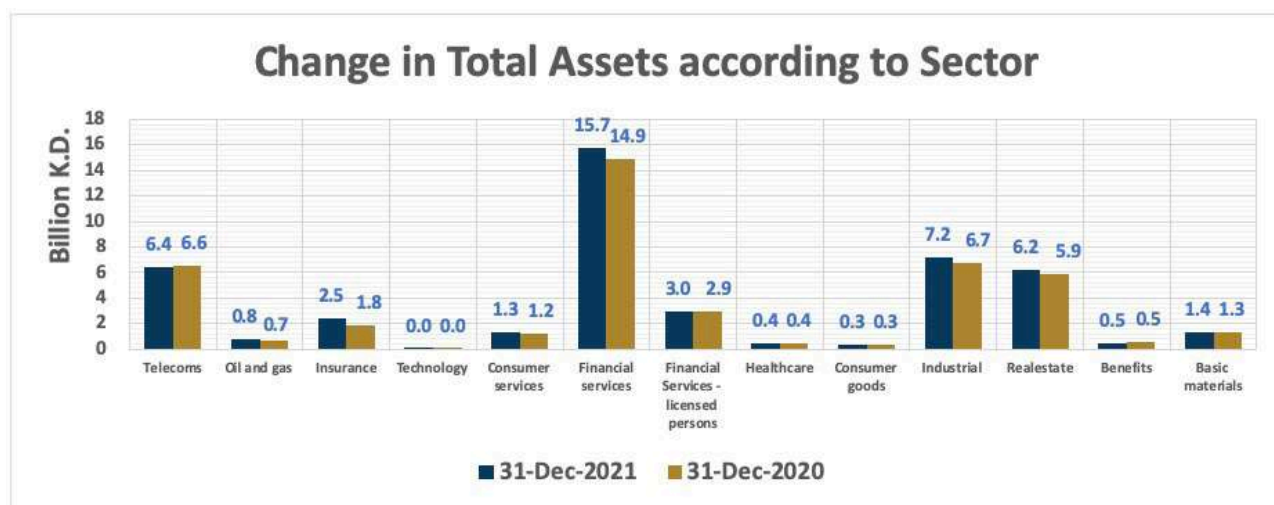
Sector	Shareholders' Equity (in thousands KWD)					
	Conventional Companies		Islamic Companies		Listed Companies	
	December 2021	December 2020	December 2021	December 2020	December 2021	December 2020
Telecoms	2,456,111	2,597,555	260,369	245,853	2,716,481	2,843,408
Oil and gas	207,991	206,756	66,329	69,457	274,320	276,213
Insurance	714,593	496,963	20,389	19,889	734,982	516,852
Technology	11,473	12,051	0	0	11,473	12,051
Consumer services	387,353	332,057	79,728	79,428	467,080	411,484
Financial services	2,258,676	1,895,972	975,784	852,022	3,234,461	2,747,994
Financial services – licensed persons	1,615,084	1,466,256	529,946	538,696	2,145,029	2,004,952
Health care	115,465	105,443	214	2,058	115,679	107,500
Consumer goods	182,233	158,943	0	2,118	182,233	161,061
Industrial	3,584,254	2,702,075	368,640	389,028	3,952,893	3,091,103
Real estate	2,505,871	2,245,260	658,203	694,582	3,164,074	2,939,842
Benefits	58,404	40,524	0	0	58,404	40,524
Basic materials	884,060	864,324	0	0	884,060	864,324
<b>Total Shareholders' Equity</b>	<b>14,981,567</b>	<b>13,124,178</b>	<b>2,959,601</b>	<b>2,893,130</b>	<b>17,941,168</b>	<b>16,017,309</b>

#### Remarks:

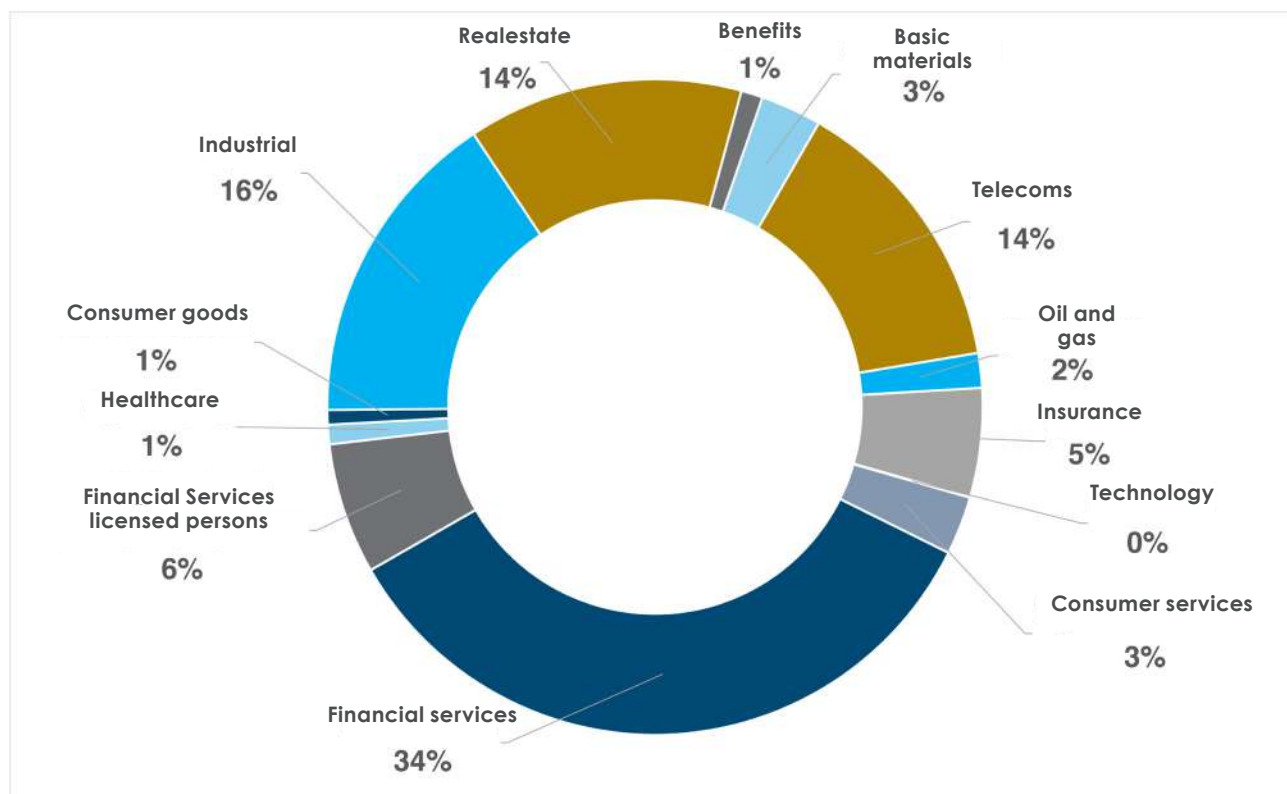
- ▶ The Islamic companies are the companies that practice their activities in accordance with the principles of Islamic Sharia.
- ▶ If the companies did not disclose their financial statements on December 31, 2021, the latest available financial statements has been used.
- ▶ The data above are for all companies listed in Boursa Kuwait as of December 31, 2021 – except for banks – that are distributed according to sector as follows:

Sector	Conventional Companies		Islamic Companies		Listed Companies	
	December 2021	December 2020	December 2021	December 2020	December 2021	December 2020
Telecoms	3	3	2	2	5	5
Oil and gas	3	3	3	3	6	6
Insurance	6	6	2	2	8	8
Technology	1	1	0	0	1	1
Consumer services	10	11	2	2	12	13
Financial services	15	13	10	10	25	23
Financial services – licensed persons	14	17	9	9	23	26
Health care	2	2	1	1	3	3
Consumer goods	2	2	0	1	2	3
Industrial	23	23	5	5	28	28
Real estate	22	22	16	17	38	39
Benefits	1	1	0	0	1	1
Basic materials	4	4	0	0	4	4
<b>Total</b>	<b>106</b>	<b>108</b>	<b>50</b>	<b>52</b>	<b>156</b>	<b>160</b>

► Change in Total Assets of Listed Companies According to Sector:

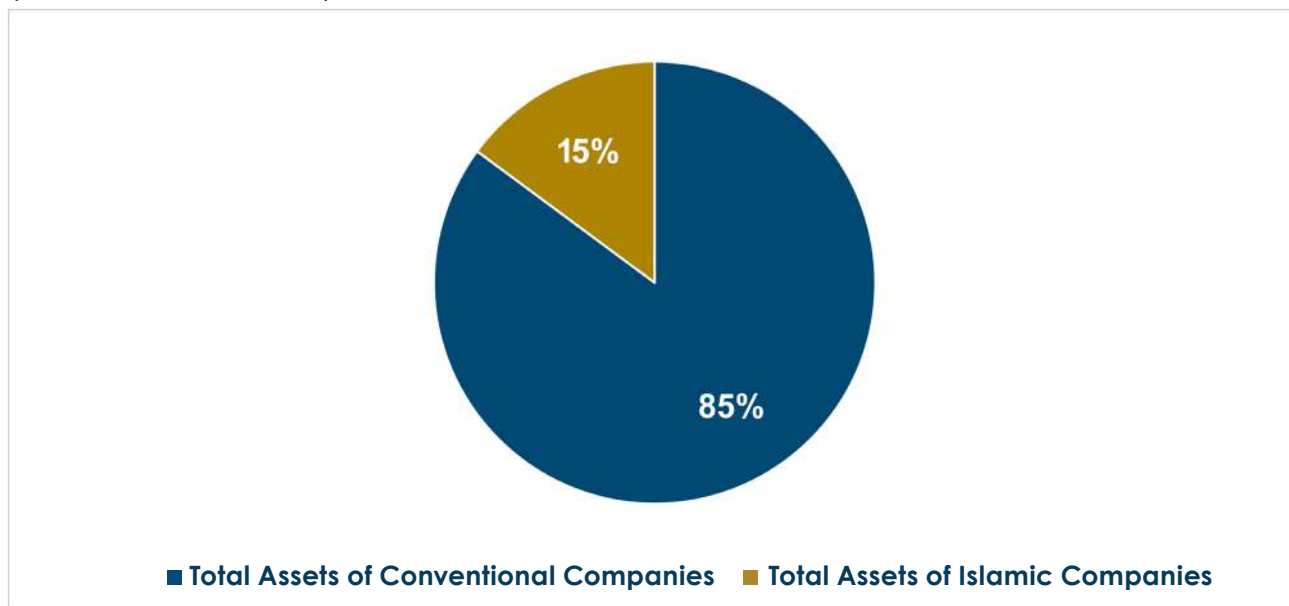


► Percentage of Total Assets of Each Sector to Total Assets of Listed Companies - Except for Banks - as of December 31, 2021:





► Percentage of Total Assets of Companies According to Nature of Companies' Activities (Conventional/Islamic) as of December 31, 2021:



► Statistical Data of Brokerage Companies Licensed to Practice Activity of a Securities Broker Registered with an Exchange as of March 31, 2022:

Statement	Number	Statements as of March 31, 2022		Statements as of March 31, 2021
		Value (in thousand KWD)		Value (in thousand KWD)
Assets	Conventional Companies	9	146,499	131,912
	Islamic Companies	1	20,183	19,649
	<b>Total</b>	<b>10</b>	<b>166,682</b>	<b>151,561</b>
Liabilities	Conventional Companies	9	8,410	8,117
	Islamic Companies	1	402	382
	<b>Total</b>	<b>10</b>	<b>8,812</b>	<b>8,499</b>
Shareholders' Rights	Conventional Companies	9	138,089	123,794
	Islamic Companies	1	19,780	19,268
	<b>Total</b>	<b>10</b>	<b>157,869</b>	<b>143,062</b>

- Statistical Data of Investment Companies Licensed by the CMA – Except for Banks and Brokerage Companies Mentioned in the Item above – as of March 31, 2022:

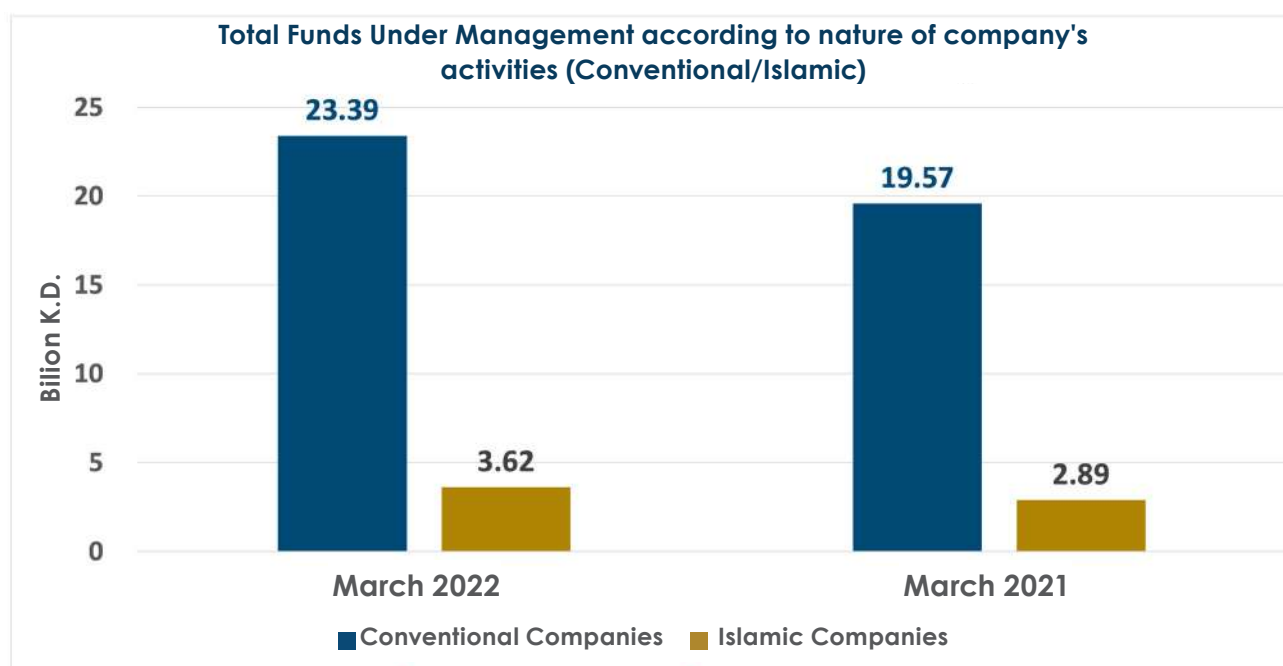
Statement		Statements as of March 31, 2022		Statements as of March 31, 2021	
		Number	Value (in thousand KWD)	Number	Value (in thousand KWD)
Assets	Conventional Companies	39	3,050,579	41	2,715,359
	Islamic Companies	20	1,433,404	20	1,400,887
	Total	59	4,483,983	61	4,116,246
Liabilities	Conventional Companies	39	899,187	41	855,200
	Islamic Companies	20	460,387	20	474,119
	Total	59	1,359,574	61	1,329,319
Shareholders' Equity	Conventional Companies	39	2,151,392	41	1,860,158
	Islamic Companies	20	973,017	20	926,769
	Total	59	3,124,409	61	2,786,927

\*Remark: The statements of the investment companies include the statements of a licensed company under liquidation, Boursa Kuwait Securities Company, and Kuwait Clearing Company.

► Funds Managed by Investment Companies Licensed to Practice Activity of Investment Portfolio Manager as of March 31, 2022:

Statement	Conventional Companies		Islamic Companies		All companies licensed to practice the activity of Investment Portfolio Manager	
	31/3/2022	31/3/2021	31/3/2022	31/3/2021	31/3/2022	31/3/2021
<b>Funds Under Management</b>	<b>25 companies (in thousand KWD)</b>	<b>28 companies (in thousand KWD)</b>	<b>17 companies (in thousand KWD)</b>	<b>17 companies (in thousand KWD)</b>	<b>42 companies (in thousand KWD)</b>	<b>45 companies (in thousand KWD)</b>
Total funds managed by the company	5,448,157	4,020,152	1,104,090	1,001,471	6,552,247	5,021,623
Total funds managed by the client	7,381,886	5,842,038	842,680	500,677	8,224,566	6,342,715
Total funds managed as a trust	6,867,201	6,143,282	203,148	124,984	7,070,349	6,268,266
Total managed investment funds	3,427,894	3,271,162	837,976	646,465	4,265,870	3,917,626
Total guarantees issued for the clients' interest	2,293	13,504	-	-	2,293	13,504
Others	258,225	282,244	629,131	618,674	887,356	900,918
<b>Total funds Under Management</b>	<b>23,385,656</b>	<b>19,572,381</b>	<b>3,617,024</b>	<b>2,892,271</b>	<b>27,002,680</b>	<b>22,464,652</b>

► Growth of Funds Managed by Investment Companies Licensed to Practice Activity of Investment Portfolio Manager



## ► On-site Supervision

### ► Implementation of Relevant Tasks

- Taking the necessary action regarding the remarks monitored on some of the licensed persons that are regulated by the CMA, whether by referring them to the relevant organizational unit to provide the technical opinion thereon, or by referring the serious ones to the legal entities to take the legal procedures thereon, in addition to following-up the licensed person's addressing of such remarks.
- Receiving the reports of evaluating and reviewing the internal supervision systems of the licensed persons and taking the necessary action thereon.
- Receiving several defense files from the persons referred for investigation and provide the technical opinion thereon.
- Achieve the proposal of the obligations of the listed companies.
- Issuance of 4 circulars related to the work of Anti-Money Laundering and Combating Financing of Terrorism.

### ► Statistics of On-site Supervision Tasks in its Various Types for Financial Year (2021/2022)

#	On-site supervision type	Number of tasks	Remarks referred for investigation	Not serious remarks	Remarks referred to the competent organizational units
1	Comprehensive supervision	29	44	165	209
2	Special Purpose supervision	52	71	103	184
3	Anti-Money Laundering and Combating Financing of Terrorism	34	16	94	0

### ► On-site Supervision Tasks Implemented During the Latest Financial Year in Comparison to the Previous Year:

#	Subject	Number of tasks	
		Period from (1/6/2020-31/3/2021)	Financial year (2021/2022)
1	Comprehensive On-site Inspection	0	29
2	Special Purpose On-site Inspection	83	52
3	On-site Inspection related to Anti-Money Laundering and Combating Financing of Terrorism	30	34
4	Review and assess the reports of internal supervision systems	118	185
Total tasks		231	300

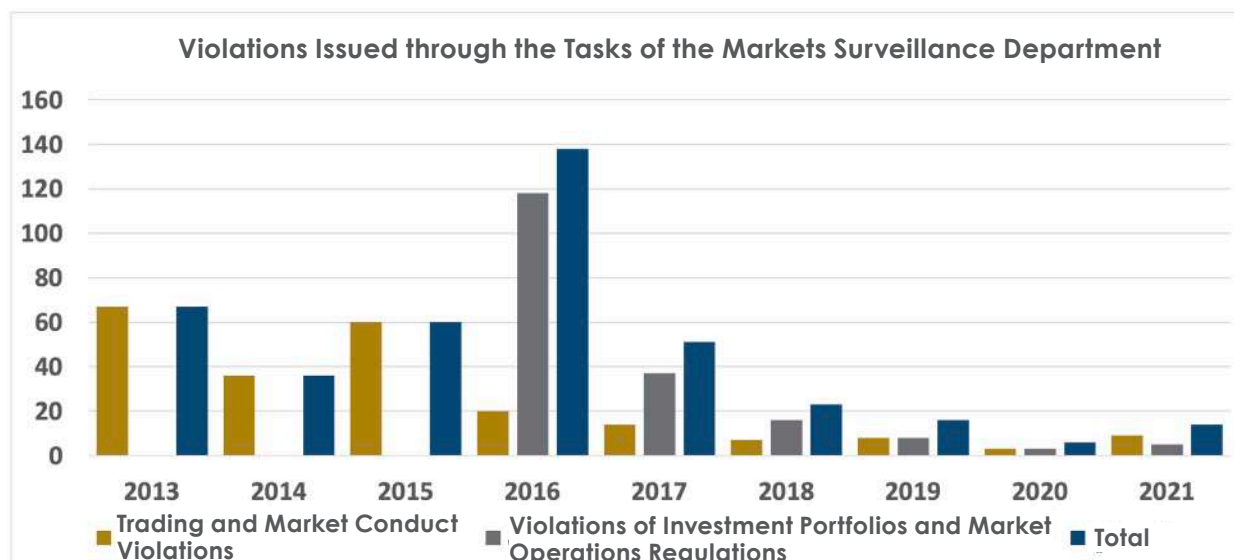
## ► Markets Surveillance

### ► Statistics of the most prominent executed tasks

Type of Task	Number
Developing the rules, systems and control mechanisms related to the work and tasks of the Department	10
Initiatives	7
Contributions and Studies	42
Activities (internal and external)	5
Surveillance Operations	15
Delegations by the Board of Commissioners / Managing Director related to the Department	6
Inquiries (internal - external)	18

### ► Cumulative Statistics of Violations Issued through the Tasks of the Markets Surveillance Department

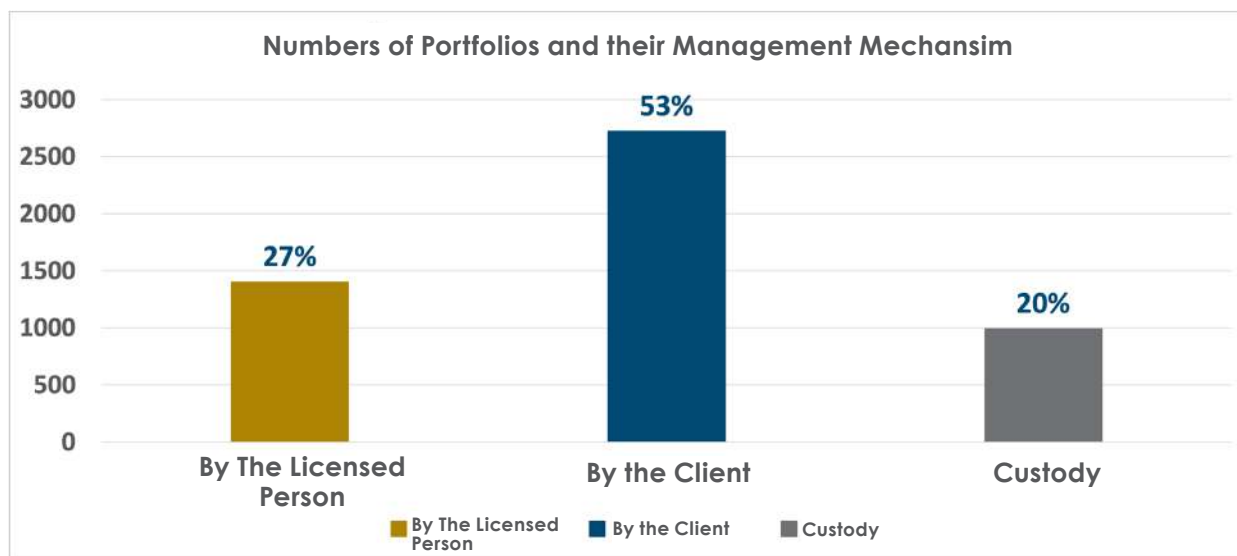
Statement	Years								
	2013	2014	2015	2016	2017	2018	2019	2020	2021
Trading and Market Conduct Violations	67	36	60	20	14	7	8	3	9
Violations of Investment Portfolios and Market Operations Regulations	-	-	-	118	37	16	8	3	5
<b>Total</b>	<b>67</b>	<b>36</b>	<b>60</b>	<b>138</b>	<b>51</b>	<b>23</b>	<b>16</b>	<b>6</b>	<b>14</b>



## ► Statistics on Securities Investment Portfolios until the End of 2021

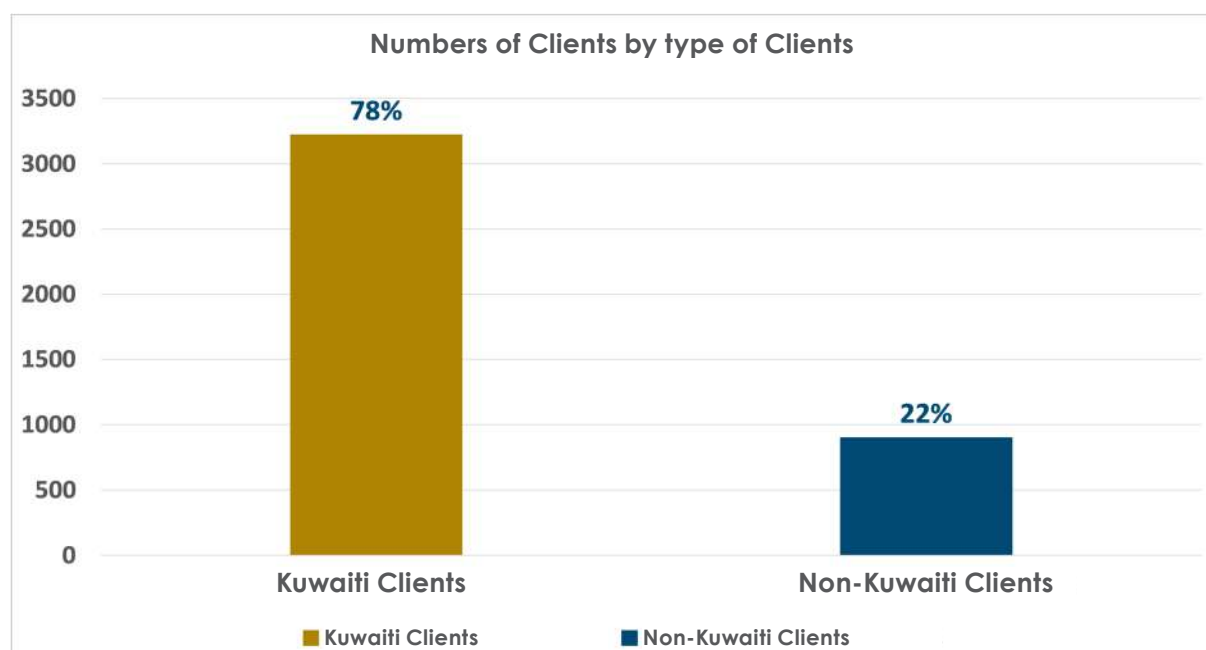
### ► Securities Investment Portfolios Managers and their Management Mechanism

Statement	Number as on the end of 2021
Investment Portfolios Managers	42 companies
Securities investment portfolios in the State of Kuwait	5,130 portfolios



### ► Types of Securities Investment Portfolios Clients

Statement	Number as of the end of 2021
Kuwaiti clients	3,224
Non-Kuwaiti clients	905
Total investment portfolios clients	4,129



► **Market Value of Securities Investment Portfolios**

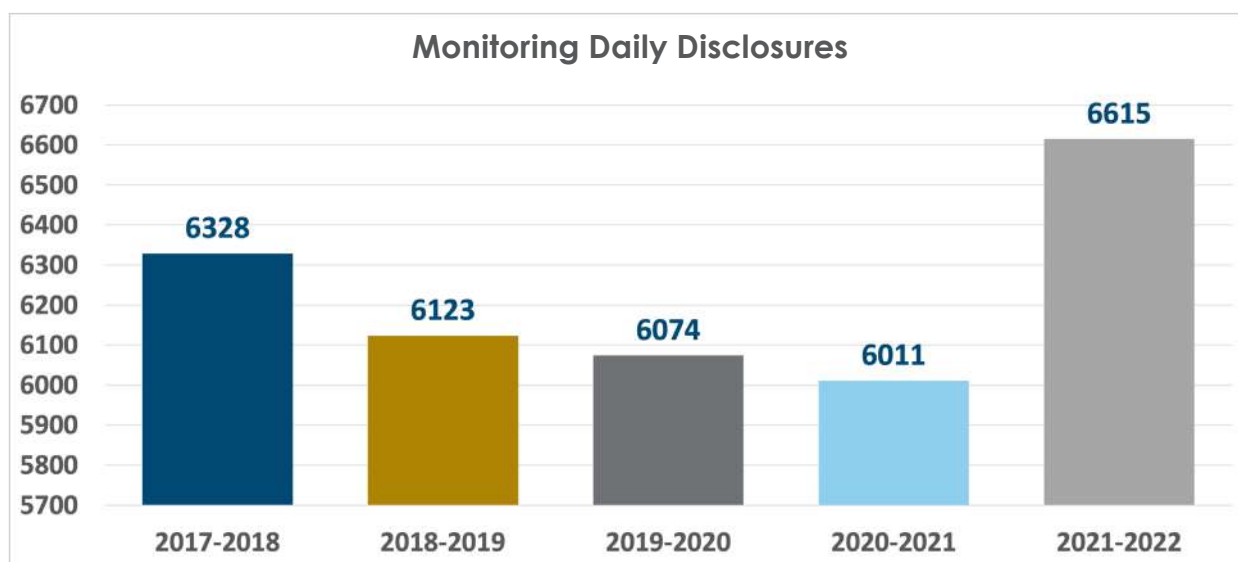
Statement	Value as of the end of 2021 (KWD)
Securities market value	16,710,494,723
Cash market value	393,505,674
Total market value of securities investment portfolios	17,104,000,397



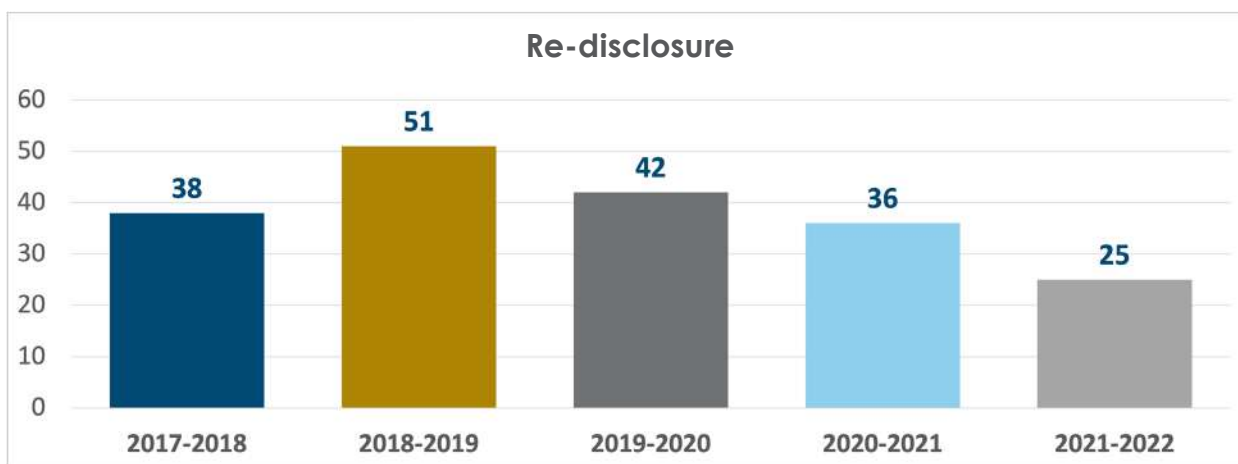
## ► Disclosure and Transparency

### ► Material Disclosure

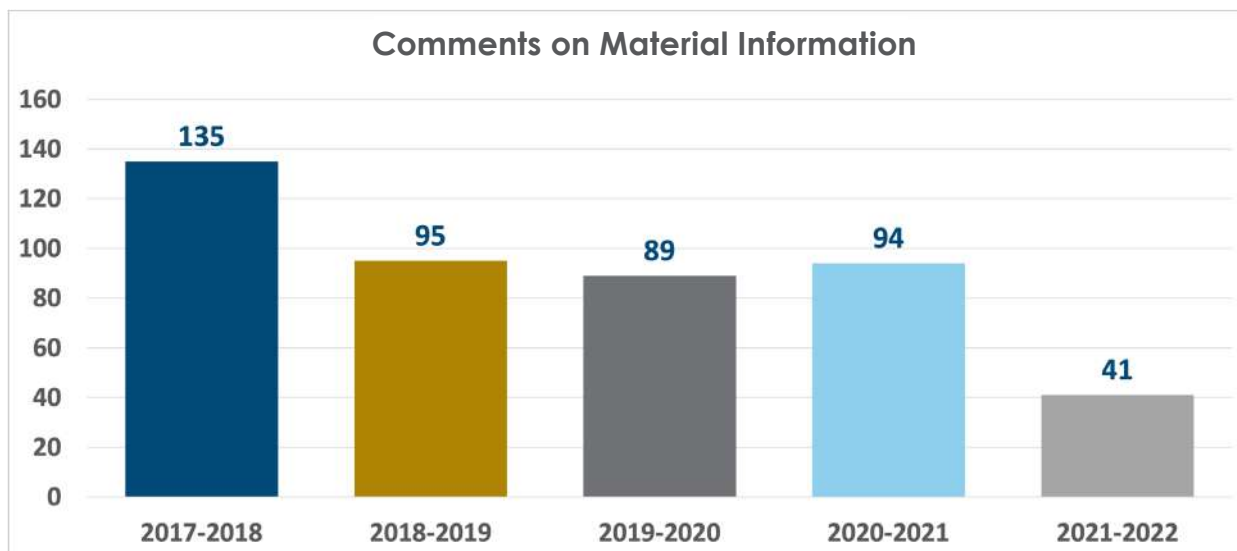
- Monitoring and follow up of Disclosures Announcements in Bursa Kuwait.



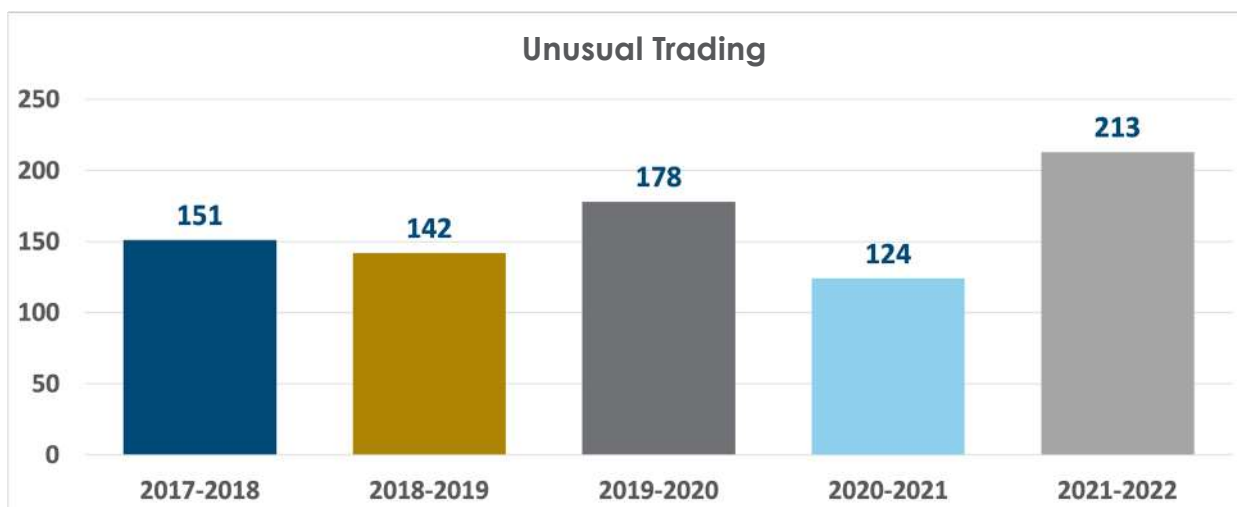
- Disclosures Required resubmitting as a Result of Monitoring the Daily Announcements in Bursa Kuwait.



- Material Information that Requires Commenting from Listed Company as a Result of Monitoring the Media daily.

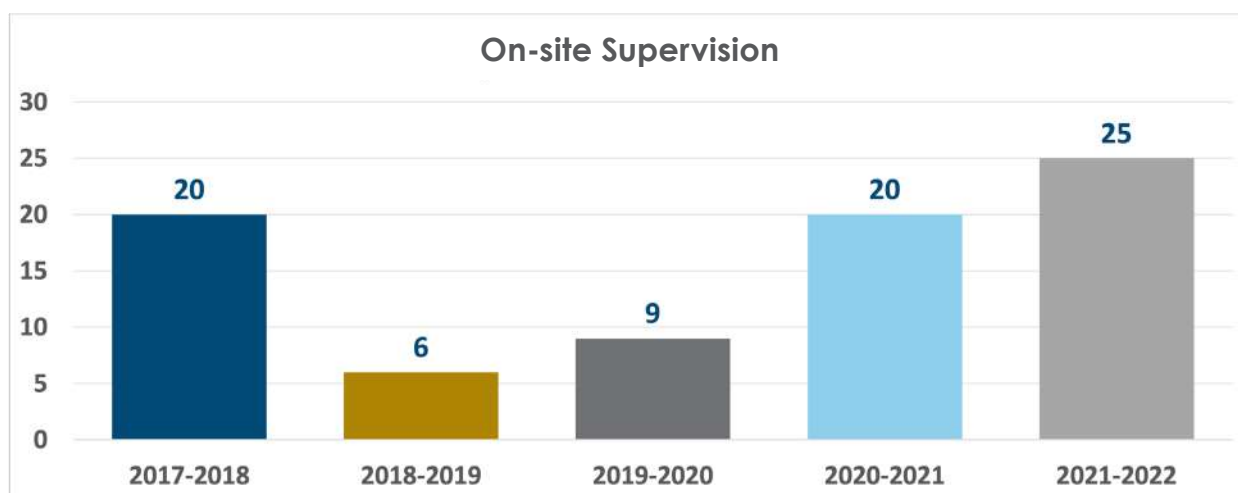


- Follow up on the Securities Exchange fulfilment of its duties regarding the unusual trading in Bursa Kuwait in accordance with Article (4-5) of Chapter Four of Module Ten.



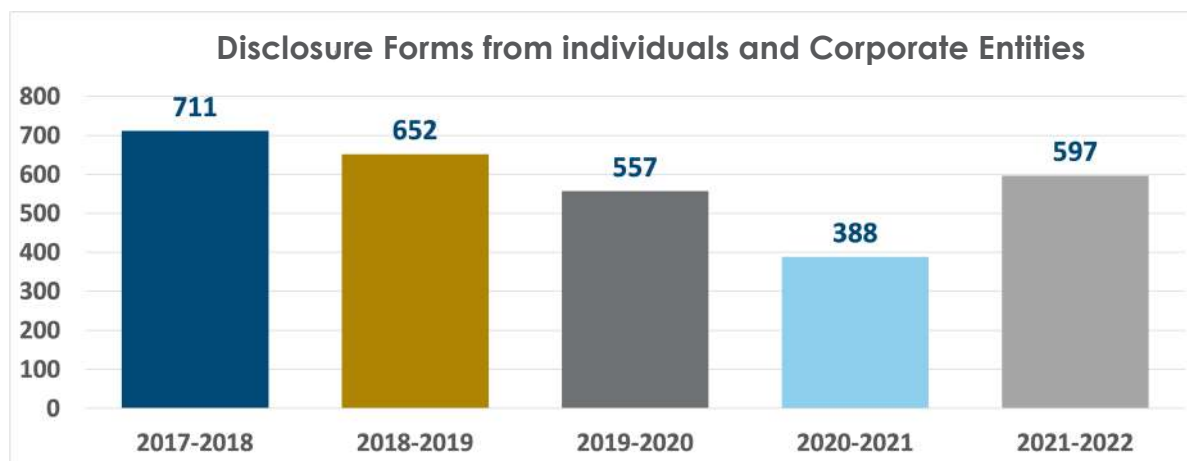


► Findings Regarding Disclosure of Material Information noted from On-site Investigation Tasks.

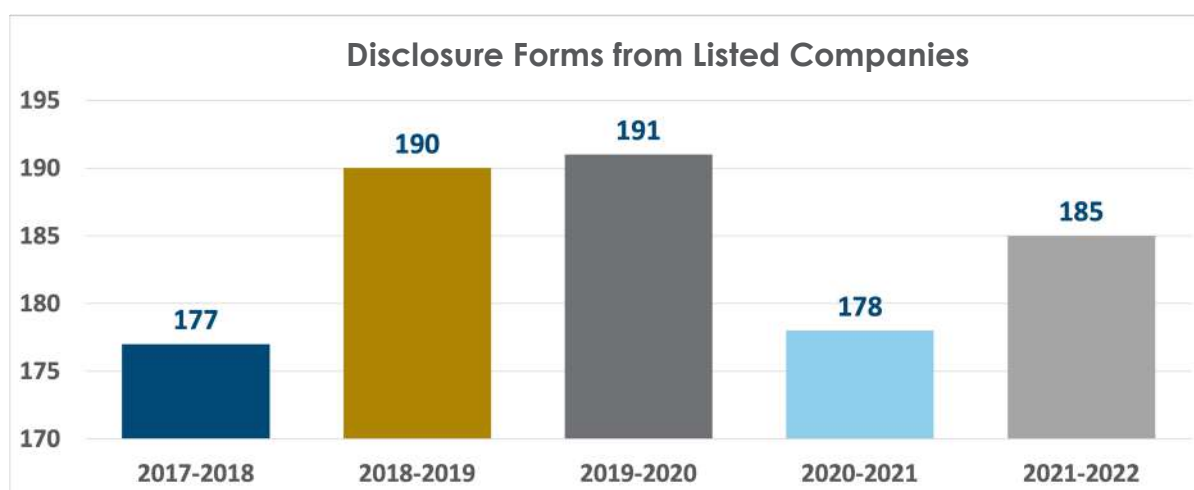


## ► Disclosure of Interests

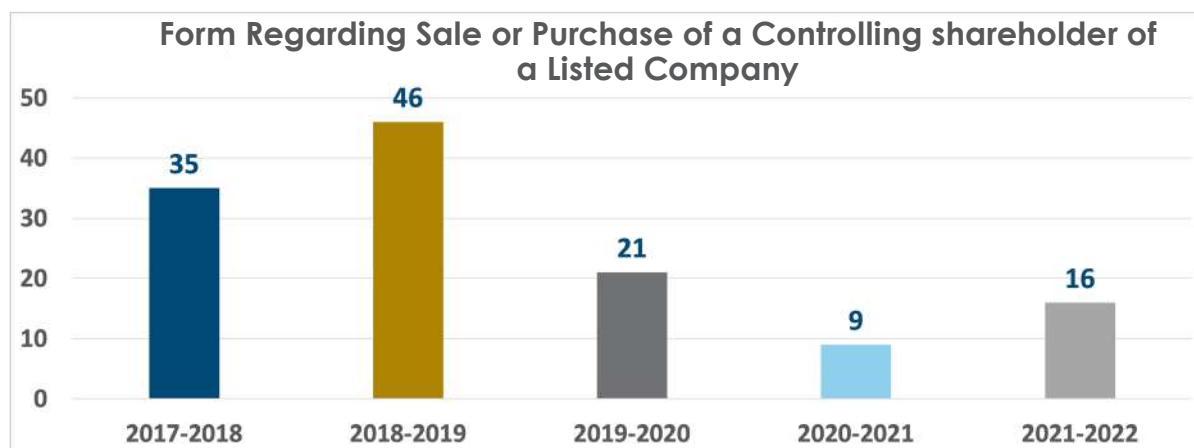
- Receiving and Reviewing Disclosure of Interests Forms from individuals and Corporate Entities



- Receiving and Reviewing Annual Disclosure Forms from Listed Companies.

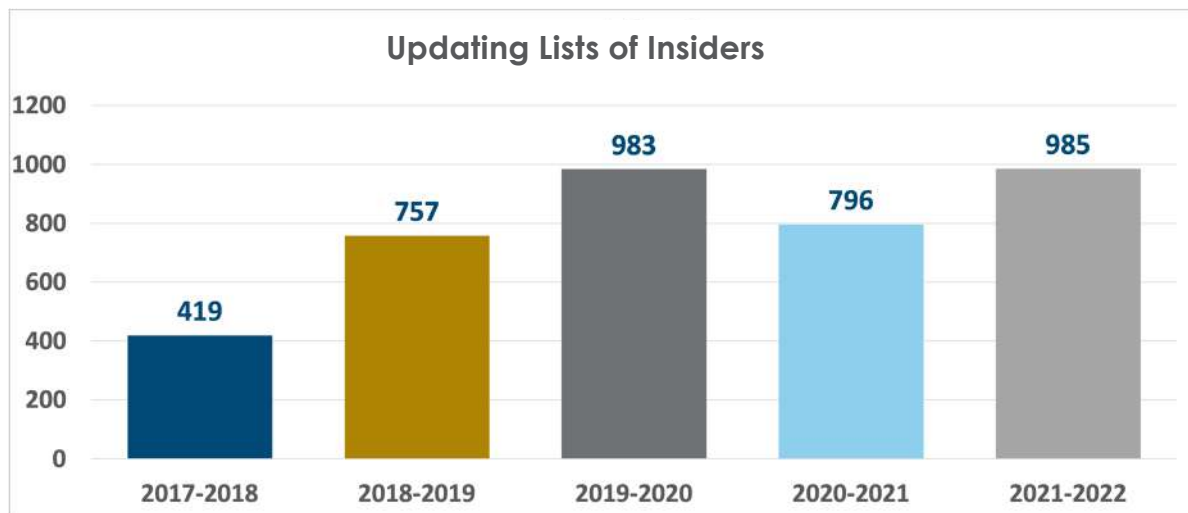


- Receipt of the controlling shareholder disclosure Relevant to Provisions of Article (3-6) of Chapter Three of Module Nine regarding the Percentage of Sale or Purchase Permitted for controlling shareholder of a Listed Company's Referred to the relevant department.

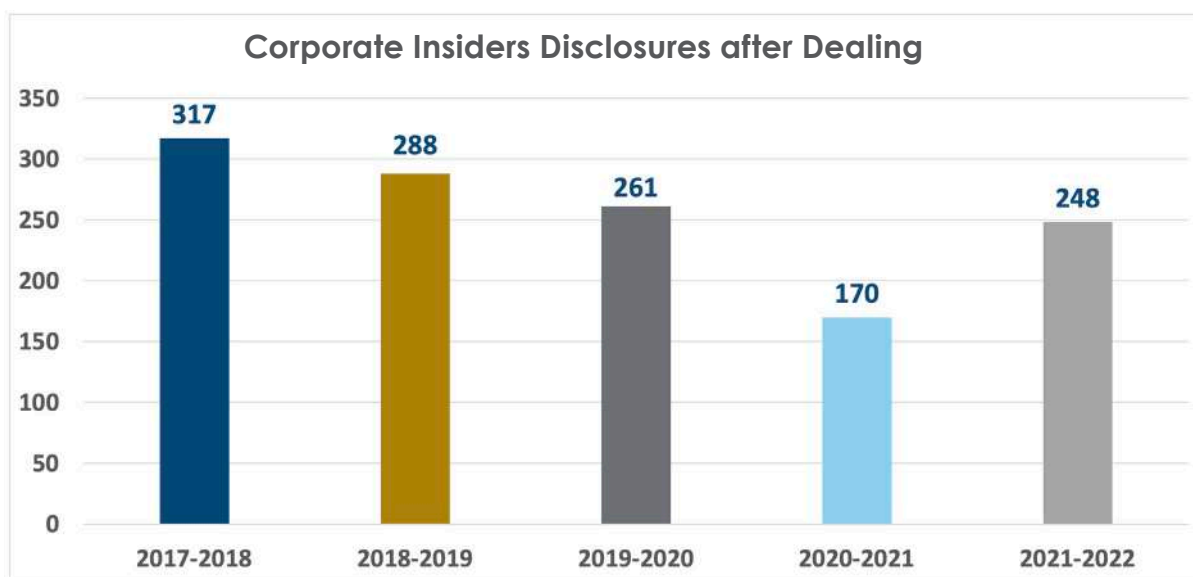


## ► Insiders Disclosure

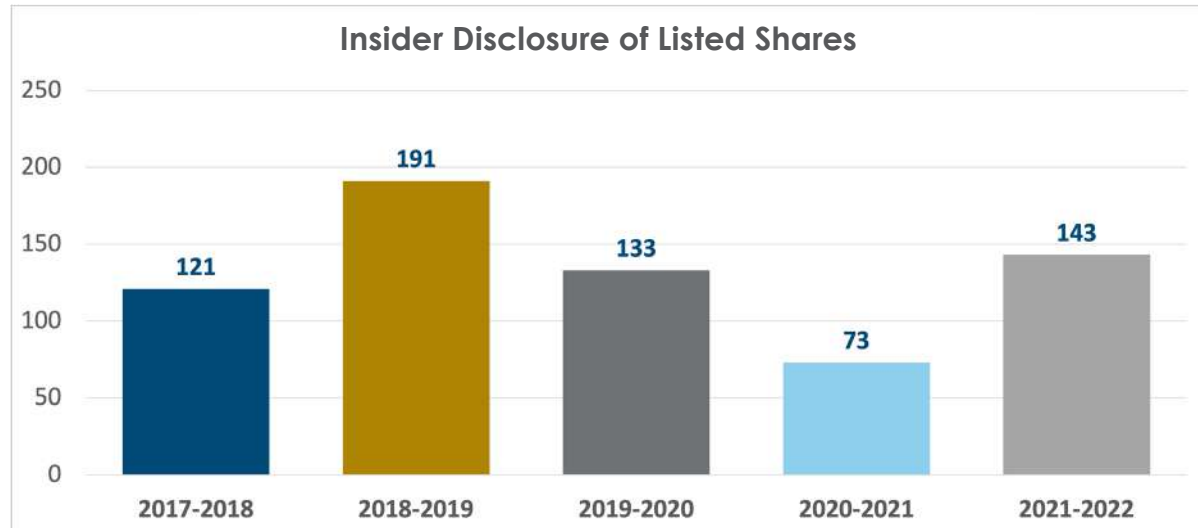
- Receiving Updates of Corporate Insiders Watch Lists from Listed Companies.



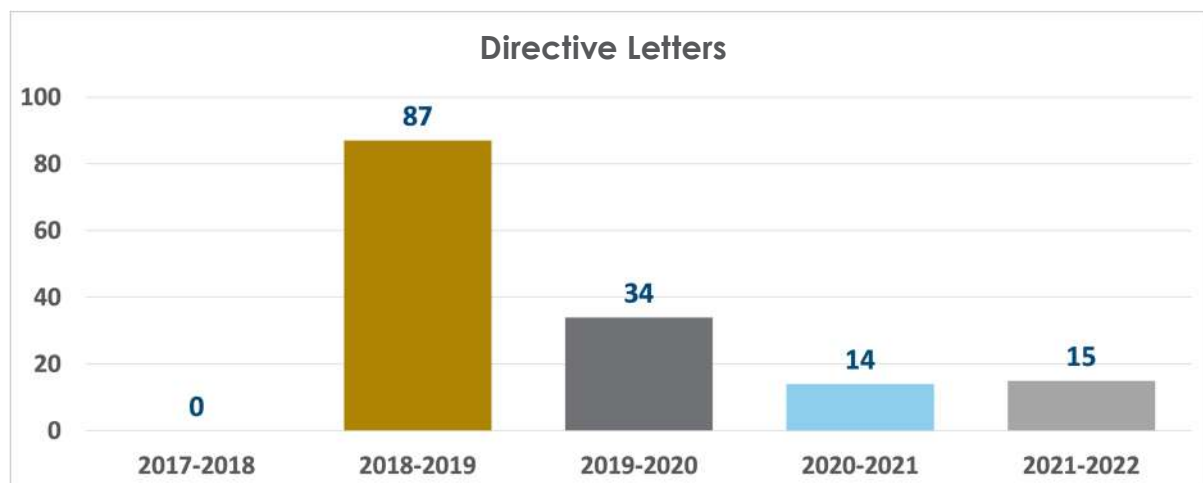
- Receiving Disclosures in accordance with Corporate Insider's Disclosure Form after Dealing in Listed Company's Shares or a Parent Company's Shares form.



- Receiving and Reviewing Disclosures in accordance with Disclosure Form of Listed Shares Owned by an Insider and Minors under his Custody as an Insider in Listed Company whether Directly or Indirectly.



- Issuing Directive Letters for the Compliance with the Laws and Bylaws related to Articles Regulating Dealing in Securities by Corporate Insiders.

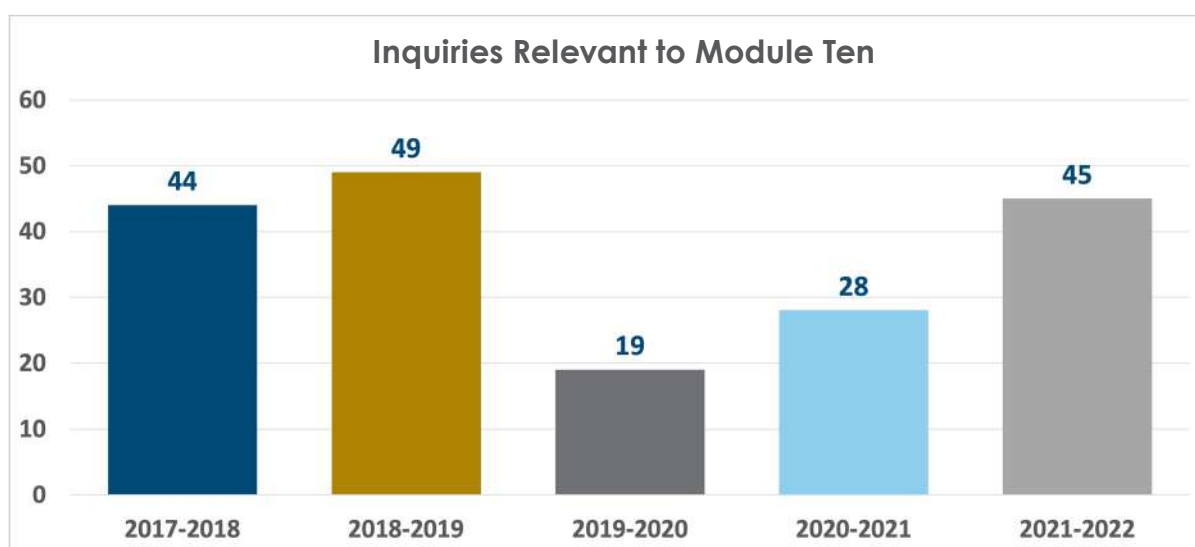


## ► Tasks Related to Disclosure in General

- Cases Referred for Investigation on suspicion of Violating the Provisions of Module Ten of the Executive Bylaws.



- Replying to inquiries and Requests Related to Provisions of Module Ten.





## ► Awareness and Media

### Awareness Field

The financial year (2021/2022) was the second in a row in which the CMA continues to implement some of its awareness activities remotely using the latest technologies and available means of communication, instead of those that require mass attendance, in order to avoid the repercussions of the precautionary measures related to confronting the Corona pandemic. The most prominent of these tasks can be summarized as follows:

#### ► Awareness Campaigns

##### ► Completion of some awareness campaign activities and events that started in periods prior to the financial year

These activities extended over several months during the financial year, and dealt with many topics (violating trading behaviors, mergers and acquisitions, collective investment schemes, disclosure of material information, corporate finance and governance, violations committed by some listed companies, warning of misleading practices and unlicensed companies).

##### ► Joint awareness campaigns in cooperation with the Central Bank of Kuwait

- "World Investor Week" campaign (October): This campaign was considered as an external awareness participation for the State of Kuwait, which we review later in some detail.



- "Enhancing the financial and banking literacy in the community" Campaign (November-December): It aimed to raise awareness of the risks associated with dealing with virtual assets due to the fluctuation of their prices, and not being subject to any local supervisory and regulatory authority, in addition to raising awareness of the risks of accepting invitations to invest in these assets through fake or misleading websites in light of the rapid development of financial technologies and the development of social media.



#### ► Specialized Awareness Campaigns

- The campaign for Resolution (46) of 2021 (April): It aimed to define the time controls for the process of listing companies' shares on the Securities Exchange.
- The "Registered Employment Positions" Campaign (May - June): aimed at urging the associates of the parties of the capital markets concerned with the Registered Employment Positions with licensed persons who intend to join it in the future to rapidly join the program and benefit from its advantages and prepare for its entry into force in the near future.

#### ► Internal Awareness Campaigns

- The campaign was implemented during the period (June-September), and aimed at reminding the CMA's employees of their obligations and duties in accordance with the controls adopted by it, especially what was mentioned in each of the "Executive Bylaws, Code of Ethics, Moral Duties, and HR Policies and Procedures Manual."
- Covering the Campaigns of the Joint Gulf Awareness Program "Mulem".

#### ► External Awareness Posts

The joint participation of the CMA and the Central Bank of Kuwait in the activities of the "World Investor Week" campaign during the month of October 2021 was the first of its kind for the State of Kuwait in this annual international event, launched by the International Organization of Securities Commissions "IOSCO" in 2017, with the objective of raising the levels of financial knowledge.



This year, the campaign aimed to raise awareness of four main themes, which collectively represent challenges facing the global economy in light of the prevailing conditions due to the pandemic, namely: financial fraud, sustainable financing, the fundamentals of investment, and electronic investment.

Kuwaiti participation in the activities of this campaign included the publication of joint press releases, and the broadcast of awareness messages in Arabic and English through various media, in addition to the accounts of these two regulators on social media, their nature varied between messages of the international organization, and others that were the result of a joint work between the CMA and the Central Bank of Kuwait.

## ► Awareness Workshops

The report period witnessed the implementation of seven awareness workshops, whose nature varied between remote electronic workshops, and others with direct attendance to the concerned audience, as follows:

### ► Remote Electronic Awareness Workshops

- "Pre-emptive Rights Trading" workshop (June 13): It aimed to introduce pre-emptive rights, the means of dealing, the rights and risks related to them, and the timeline for their trading.



- "Margin Trading" workshop (July 26): It dealt with the subject of market development in its various stages and the deliverables of each stage in general, and the margin trading service in particular, and the most prominent legislative amendments related to the organization of that service and the conditions for its provision.
- "Models for Corporate Finance and Governance Department" workshop (December 16): It aimed to raise awareness of the mechanism of adding authorities, and to explain many models for providing services related to corporate finance tasks, which were launched later.
- "Financial Fraud" workshop (March 31): The workshop was within the framework of the activities of the World Investor Week, with the participation of specialists from the regulators of capital markets in the countries of the Gulf Cooperation Council for the Arab States. It covered the following aspects: Introduction to "Mulem" program initiatives and the event's targeted segments, Financial Fraud and its areas, Data protection mechanism, types of safe investment, obtaining reliable information, and the role of regulatory and supervisory authorities in limiting financial manipulations).





#### ► Direct Public Awareness Workshops

- “Market Development and the Impact of Upgrading the State of Kuwait in Global Indicators” workshop (December 29): It was carried out at the American University, and presented the CMA's efforts related to regulating market entities, supervising financial brokers, listing companies, controlling and supervising market performance and conduct, and developing it to help implementing new tools and products, risk management, and diversify the investor base, including foreign and institutional investment.
- “Reducing Manipulation of Financial Statements” workshop (March 28): The workshop provided a definition of financial data manipulation practices, the motives behind them and their methods, and the role of the supervisory authorities in their elimination.
- Workshop on “Regulatory Bodies Dealing with Manipulation of Financial Statements” (March 30): It was carried out at the College of Administrative Sciences at Kuwait University, and provided a definition of financial statements, and the concept of methods and practices of manipulation.

It should be noted that the last two workshops fall within the framework of the CMA's project to enhance financial inclusion.



## ► Awareness Publications

### ► CMA's Electronic Awareness Magazine:

- **Launching the fourth issue (June 1, 2021):** It included a variety of awareness topics, most particularly: the opening and closing section that dealt with the topics "Qualitative Listings, Knowledge Economy" respectively, in addition to an updated section titled "Opinion and Vision" in which the Governor of the Central Bank of Kuwait addressed the topic of "Decades of Lessons and Ambitions".



قم بمسح الباركود



- **Launching the fifth issue (September 1, 2021):** One of its main topics included the opening section on sustainable development issues, as well as local initiatives and efforts in the sustainable financing path, in addition to another topic about the CMA's digital transformation program. The "Opinion and Vision" section covered a plan to develop capital markets in the Gulf Cooperation Council countries.



قم بمسح الباركود



- **Launching the sixth issue (December 1, 2021):** It included various topics, the most significant of which were: exceptional initiatives in 2021 despite the pandemic, the role of governance and social and environmental responsibility in attracting long-term investors, Kuwaiti participation in the World Investor Week, and the issue file was devoted to a topic Sustainable Financing and the Ten Recommendations.



قم بمسح الباركود



- **Launching the seventh issue (March 6, 2022):** Among its most prominent topics: "On the way to a sustainable development financial industry" and fundamental adjustments in dealing in securities as a path to a sustainable economy, collective investment schemes as a local organization with global standards, and others.



قم بمسح الباركود



### ► Awareness Brochures:

During the financial year the subject of the report, four awareness publications were prepared, which are to be issued during the next financial year, respectively, in accordance with the awareness plan for the financial year (2022/2023). The publications dealt with the following topics (Financial Inclusion, Investment Risks, Financial Planning, Sustainable Financing).



### ► Reports

- Annual Report: The issuance of the CMA's tenth annual report for the financial year (2020/2021) on 26 July. The report included a detailed presentation of all CMA's executed tasks and its achievements during that financial year in various areas of its work: legislative, regulatory, supervisory and awareness, in addition to related tasks relevant to international cooperation and public relations and media, developments in the implementation of the CMA's current strategic plan, and its most prominent future directions.
- Gulf Awareness Development Reports: Three reports were issued in this context, the first was for the period between September of 2020 and February of 2021 and was issued in early April, and the second was for the period between March and August of 2021, and the third was for the all of 2021.





► Press Releases

#	Press Release Topic	Issuance Date
1	Mulem's Fourth Awareness Campaign "Effective Governance is the Foundation of Sustainable Development"	3/4/2021
2	Mulem's Fifth Awareness Campaign "Choose the Right Investment"	2/5/2021
3	Professional Qualifications Program	4/5/2021
4	The Capital Markets Authority Publishes the Fourth Issue of its Electronic Awareness Magazine	1/6/2021
5	Virtual Awareness Workshop on the "Trading of Pre-Emptive Rights"	21/6/2021
6	Issuance of the Tenth Annual Report	9/8/2021
7	Opinion Poll on the Draft Amendments for Some Provisions Regarding Collective Investment Schemes	21/8/2021
8	The Capital Markets Authority Publishes the Fifth Issue of its Electronic Awareness Magazine	1/9/2021
9	Mulem's Sixth Awareness Campaign "Promising Investment in One Gulf"	4/9/2021
10	Mutual Press Release with Central Bank of Kuwait Regarding Kuwait's Participation in the Activities of "World Investor Week"	4/10/2021
11	CBK and CMA Launch an Awareness Campaign on Crypto Assets	28/11/2021
12	Mulem Seventh Awareness Campaign "Effective Governance is the Basis of the Sustainable Development" Second Phase	1/12/2021
13	The Capital Markets Authority Publishes the Sixth Issue of its Electronic Awareness Magazine	4/12/2021
14	"The Forms of the Corporate Finance and Governance Tasks"	18/12/2021
15	The Capital Markets Authority Ranked First in the Governance of Public Authorities with Independent Budget	8/1/2022



## ► Awareness through Social Media

Preparing hundreds of awareness messages, the topics of which varied between different awareness campaigns, such as "Mulem" campaigns, the CMA's publications of the magazine and reports, and its most prominent resolutions, in addition to other topics, where (275) messages were broadcasted, the following table summarizes the highlights of the covered topics:

#	Topic	# of Messages
1	Magazine Issues	55
2	"Mulem" Campaigns	75
3	Awareness Campaigns "Financial Fraud, Virtual Assets, World Investor Week"	37
4	Professional Qualifications Program for Registered Employment Positions	29
5	CMA's 10th Annual Report	62
6	The CMA obtained the ISO certificate in information security management, and the first place in the governance of independent entities.	17
Total		275



## ► Visual and Audio Awareness

### ► Visual Awareness

- Preparing 320 designs for advertisements and awareness messages throughout the financial year (2021/2022).
- Making a television interview for the CMA's representative, head of the supervision sector, with both Kuwait TV and Majlis TV, within the framework of the joint awareness campaign activities between the CMA and the Central Bank of Kuwait intended to raise awareness of virtual assets, on December 15, 2021, where the CMA's representative presented the CMA's role in raising public awareness about the risks of dealing in virtual assets that are promoted through social media and the Internet, pointing to the CMA's adoption of a financial technology project that aims, in part, to encourage young innovators by developing a regulatory and legislative framework for traditional securities away from Bitcoin and other virtual currencies to protect investors from risks of these currencies and dealing with them.
- Broadcasting 19 different visual awareness products, including infographics, motion graphics, and awareness videos, within the framework of "Mulem" campaigns.

### ► Audio Awareness (Radio Interviews)

- Meeting of (Hatif Al Masaa) program on Kuwait Radio with the Director of the Awareness Office (September 2):  
The interview dealt with the issue of the CMA's tendency to develop new financial instruments that fall within the framework of the directions of promoting the elements of environmentally friendly investment.
- Interview of (Sabah Al Wisal) program on Al Wisal Radio in the Sultanate of Oman with the Awareness Office specialist (March 30):  
The interview aimed to introduce the "Mulem" campaign in general, and the parties concerned with its implementation, and its most prominent activities, especially the "Gulf Investor Week" and the "Smart Investor Award".
- Al Moasher program on Kuwait TV with the representative of the CMA (March 28):  
The meeting with the Director of the Listed Companies Supervision Section which aimed to introduce the Mulem program, its objectives and programs, such as the areas of financial investment, and the aspects that investors must take into account when making their investment decision, in addition to the justifications for warning the regulatory authorities against dealing with financial services and products developed with unlicensed modern technology.



► Awareness Activities within the Framework of the Joint Gulf Awareness Program “Mulem”  
► The CMA's Participation in the Coverage of “Mulem” Campaigns

#	Name of Campaign	Executing Entity	Date	Objective	Campaign Highlights
1	Effective Governance... A Foundation for Sustainable Development- Phase 1	U.A.E.	April 2021	Awareness of corporate governance guidelines, regulations and systems for board members of listed companies	Press Release, 30 Awareness Messages, Digital Booklet, Series of Brochures, Information Competition
2	Choose the Right Investment	Bahrain	May 2021	Introducing the public and related parties to investment products, and how to deal with companies working in the field of securities	Awareness Seminar, 16 Infographics, 2 Motion Graphics, Digital Booklet, Press Release, 21 Tweets
3	Promising Investment in One Gulf	Oman	September-October 2021	Introducing the role of the capital market in the national economy, and how to read the financial statements	Press Release, 5 Awareness Tweets, 4 Infographics, 1 Motion Graphics, Workshop
4	Effective Governance... A Foundation for Sustainable Development - Phase 2	U.A.E.	December 2021	Awareness of corporate governance guidelines, regulations and systems for board members of listed companies	2 Press Releases, 7 Infographics (Fixed and a Video), 8 Mix Videos, Awareness Booklets, 2 Webinars, 2 Information Competition
5	Mulem Program Launch Campaign	Joint Execution	February 2022	Awareness of the program, its campaigns and tools	1 Motion Graphic, 4 Posts, Design, Text
6	Financial Planning Campaign and Savings for Investment- Stage 1	Joint Execution	February-March 2022	Awareness of the importance of the right financial plan and the importance of investing in savings	2 Texts, 5 Designs, 10 Posts, 1 Video
7	The Right Financial Behaviors Campaign	Joint Execution	April- May 2022	Raising awareness of bad financial behaviors (waste, nonessential) and promoting good financial behaviors	2 Texts, 5 Designs, 10 Posts, 1 Video

- **Awareness Events within the Framework of the Gulf Investor Week (March 27- April 1, 2022)**
  - A university awareness workshop at the American University entitled "Reducing Manipulation in Financial Statements" (March 28).
  - A university awareness workshop at the College of Administrative Sciences "Dealing with Regulatory Authorities to Limit Manipulation of Financial Statements" (March 30).
  - A specialized awareness workshop for representatives of the regulators of capital markets in the Gulf Countries Cooperation Council for the Arab States "Financial Fraud" (March 31).
  - The radio interviews that were made on the sidelines of the activities of the week, which were mentioned previously, such as the extended radio interview with the Sultanate of Oman Radio, and the radio interview with Al Moasher program on Kuwait TV.
  - Covering the week's events through the awareness mechanisms followed, and publishing its various products, including broadcasting awareness messages (13 messages) and awareness videos (3 videos) through the CMA's accounts on social media "Instagram, Twitter" and doing REPOST through the story feature in that account.





## Public Relations and Media

### ► Publishing Via Approved Media

- Managing the Content of the CMA's Website and its Applications on Smart Phones in Arabic and Translating it into English

  
**399**

**Total**



**66**

**Press Releases**



**14**

**Circulars**



**179**

**Announcements**



**140**

**Resolutions**

- Managing the Content of the CMA's Accounts on Social Media and the Inquiries Received Through Them



**240**  
POSTS

**Facebook**

**Followers**

**323**



**240**  
POSTS

**Instagram**

**Followers**

**6.532**



**700**  
POSTS

**Twitter**

**Followers**

**17.900**

- Designing a Guide for the Capital Markets Academy Logo Guidelines, in Cooperation with the Committee of Completing the Procedures for Establishing the Academy.

## ► Joint Cooperation: Local, Regional and International

### Local Cooperation

#### ► Central Bank of Kuwait

- Amending the Memorandum of Understanding regarding the margin trading service.
- Coordination of cooperation efforts in the awareness field, and the implementation of several joint campaigns (Global Investor Week, strengthening the financial and banking culture in the community).
- Draft instructions on organizing electronic payment.
- The work of the secondary market development team for bonds and sukuk in the State of Kuwait.

#### ► Ministry of Finance – Public Debt Department

- The work of the secondary market development team for bonds and sukuk in the State of Kuwait.
- An introductory virtual workshop for the partnership framework between the government of the State of Kuwait represented by the Ministry of Finance and the World Bank.

#### ► Ministry of Commerce and Industry

- Amending the Memorandum of Understanding, and coordinating cooperation in several areas, including merger and acquisition activities.
- Exchanging experiences related to corporate governance and measuring the use of unified guiding rules and principles for the integration of financial markets.
- Amending the Bylaws for regulating professional companies for accounting services and account control to avoid a regulatory conflict between the CMA's Establishment Law and its Executive Bylaws and the Bylaws for regulating professional companies for accounting services and controlling accounts.
- Electronic connection with the objective of unifying procedures and facilitating the process of exchanging information.
- Unify the names of activities between the CMA and the Ministry, as well as the Ministerial Resolution to amend the register of companies' purposes with the Ministry.
- Observations related to the application of the procedures of the Executive Bylaws of the Bankruptcy Law, especially Article No. (3) regarding the licensed persons licensed by the CMA. As well as studying the mechanism of calculating the minimum for initial bankruptcy and restructuring procedures.
- Coordination on the mechanism for regularizing the status of brokerage firms and companies marketing services related to the trading of financial derivatives.
- Reviewing the instructions related to stocks splitting from the Companies' Law and its Executive Bylaws and comparative legislation.
- The CMA's recommendations regarding the government's work program.
- Organization on the amendments related to the project of developing the mechanism of participating in the general assemblies of listed companies on the Kuwait Securities Exchange.

► **Direct Investment Promotion Authority**

- Cooperation to organize the process of issuing a license to practice securities activities for interested parties who are subject to the provisions of the Direct Investment Promotion Authority Law and its Executive Regulations.

► **National Committee for Anti- Money Laundering and Combating the Financing of Terrorism and its working teams, the Financial Intelligence Unit, and the Foreign Ministry committees related to combating terrorism and financing weapons of mass destruction.**

- Organizing joint cooperation efforts on various issues related to the tasks of combating money laundering, terrorist financing and financing weapons of mass destruction.
- Observations on licensed persons by the CMA regarding compliance with the laws related to anti-money laundering and combating financing of terrorism regulations.

► **General Secretariat of the Supreme Council for Planning and Development**

- Organizing efforts to include the CMA's projects in the State's development plans.

► **Kuwait Islamic Economics Centre**

- Responding to inquiries regarding the issuance and approval of a certificate for the Sharia auditor.
- Efforts to develop the Islamic industry in general and issuing the Shariah accounts certificate.

► **The Competition Protection Agency**

- Efforts to raise awareness of governance, the fundamentals of its application, its objectives, and its importance.

► **Kuwait Anti-Corruption Authority (NAZAHA)**

- Implementing the CMA's requirements related to the national strategy initiatives to enhance integrity and combat corruption.
- Follow-up the work related to the second aspect (the private sector) of the mentioned strategy.

► **Kuwait Economic Society**

- Studying the proposal to reconsider the capital requirements to obtain a license to practice securities activities and registered employment positions.

► **Sharia Supervisory Advisory Board**

- Studying the Board's proposal about merger and acquisition.

► **Union of Investment Companies**

- Draft of the proposed ministerial decision on defining the controls for non-Kuwaitis to own shares in shareholding companies.



## Regional Cooperation

### ► Gulf Cooperation

#### ► Meetings

- The Committee of Heads of Capital Markets Authorities in the GCC States (Meetings: 22, 23, 24).
- The Committee of Heads of Capital Market Authorities with the Heads of Markets Exchanges in the GCC countries (3rd Meeting).
- The work team of specialists in communication and investor awareness (Meetings: 5, 7, 8)
- The Financial Markets Integration Strategy Working Group (11th Meeting)
- The Ministerial Committee of the Heads of Regulatory Departments of the Capital Markets Authorities in the GCC States (10th Meeting)
- The working group of technical and legal specialists (8th Meeting)

#### ► Activities and Events

- Coordination of efforts in the field of the inter-licensing agreement for financial products.
- Workshop on Monitoring Derivatives Market and Central Clearing Mechanisms GCC.
- Seminar on recent trends in corporate governance.
- The upcoming events of the Institute of Board Members in the GCC States - Ask the Expert Series.
- Media Forum for Regulatory Financial Services.
- Workshop "Governance: Its Scopes and Applications in the Arab Region".

#### ► Completing Data for Inquiries or Opinion Polls and Exchanging Information

- The Saudi Capital Market Authority.
- The Capital Market Authority in the Sultanate of Oman.
- Securities and Commodities Authority - UAE.
- Qatar Capital Markets Authority.

## Arab Cooperation

### ► Union of Arab Securities Authorities

Union of Arab Securities Authorities – Annual Meeting (15th Meeting)

Panel discussions:

- Corporate Governance.
- Enhancing stability and growth in the Gulf Capital Markets in view of Corona.
- The role of financial technology in shaping the future of financial markets.

### ► Arab Monetary Fund

Panel discussion: (Digital Payments).

Meetings:

- The Fifth Meeting of the FinTech Working Group.
- The Sixteenth Annual Meeting Titled the Global Banking Structure After the Corona pandemic, in Cooperation with the Institute for Financial Stability and the Basel Committee.

Workshops:

- Digital financial transformation in the Arab countries
- Promote cross-border payments.

Electronic threats in financial services in the Arab countries.

Opinion polls and inquiries:

- A vision of adopting regulatory and supervisory techniques in the Arab countries.
- Program of the 17th Meeting of the Modern Financial Technologies Working Group.

### ► Similar Arab Authorities

- Exchange of information with the Financial Supervisory Authority in the Arab Republic of Egypt and Jordan Securities Commission.

## International Cooperation

### ► International Organization of Securities Commissions "IOSCO"

- Seminar and training program on market regulation and the use of technology.
- A video meeting on the IOSCO World Investor Week.
- Participation in the activities of the World Investor Week.
- The 46th meeting of IOSCO (Virtual).
- A Multilateral Memorandum of understanding Monitoring Group
- A memorandum of understanding for the monitoring team.
- IOSCO Board of Directors Meeting.
- A virtual meeting on "Securities and Derivatives Clearing Agency and the Role of Central Counterparts".
- Complete data and information related to (15) inquiries and opinion polls on various topics related to securities activities.

### ► IOSCO Committees

#### Associate Members Consulting Committee (AMCC)

- Virtual meeting on cyber security.

#### Africa and Middle East Regional Committee (AMERC)

- A virtual meeting on sustainable financing.

#### Financial Stability Board (FSB), Committee on Payment and Market Infrastructure (CPMI):

- Virtual workshops in cooperation with the Basel Committee on Banking Supervision on the potential impact on financial stability of the recovery/termination of central counterparts "learned lessons".

#### Growth and Emerging Markets Committee (GEMC)

- A workshop on the regulators of capital markets and sustainable investment.

#### IOSCO Asia Pacific Hub

- A video meeting on the development of digital assets, regulatory and executive supervision.
- Virtual Meeting on Artificial Intelligence: Risks, Policy Method, and Guidance for Regulators.
- Workshop on developing enforcement evidence.

### ► International Organizations, Committees and Councils

#### International Monetary Fund

- A joint video meeting with the Middle East for Economics and Finance and the World Trade Organization (government policy to encourage innovation in the age of technology).
- Completing data related to strategies for digitizing government Capital Markets in Arab countries.

#### Standing Committee for Economic and Commercial Cooperation of the Organization of Islamic Cooperation (COMCEC):

- A virtual workshop on the development of Islamic Capital Markets through financial technology.
- The Thirteenth International Forum on Islamic Capital Markets.

#### Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI)

- ▶ Issuance of a draft International Accounting Standard "FAS" on the Zakat financial report, and a hearing on the same topic.
- ▶ The round table meeting of the regulatory and supervisory institutions.
- ▶ A series of technical workshops.
- ▶ The General Assembly of the Authority and the nineteenth annual conference.
- ▶ Launching the AAOIFI Standards Outreach Report.

#### Board of Islamic Financial Services:

- ▶ The nineteenth meeting of the General Assembly.
- ▶ The second forum of the Chairman of the Council and the launch of the Islamic financial services industry stability report.
- ▶ Chairman of the Board Forum "Covid 19 and its Impact on Islamic Financial Services Institutions".
- ▶ Regulatory and supervisory authorities on the Internet.
- ▶ Provide data for inquiries and opinion polls.

#### The General Council of Islamic Banks and Institutions:

- ▶ A virtual seminar on digital currencies is a double-edged sword: challenges and opportunities in the Islamic financial sector.

#### CFA Institute:

- ▶ Seminar on financial regulation.

#### HSBC Bank

- ▶ Economic promotional campaign.

#### Similar International Entities

- ▶ The French Capital Market Authority (the sixth meeting with the FinTech team, an international seminar for financial market authorities.
- ▶ U.S. Securities and Exchange Commission (SEC) (Information Exchange).





## Section Seven

### Organizing and Developing the Internal Work Environment

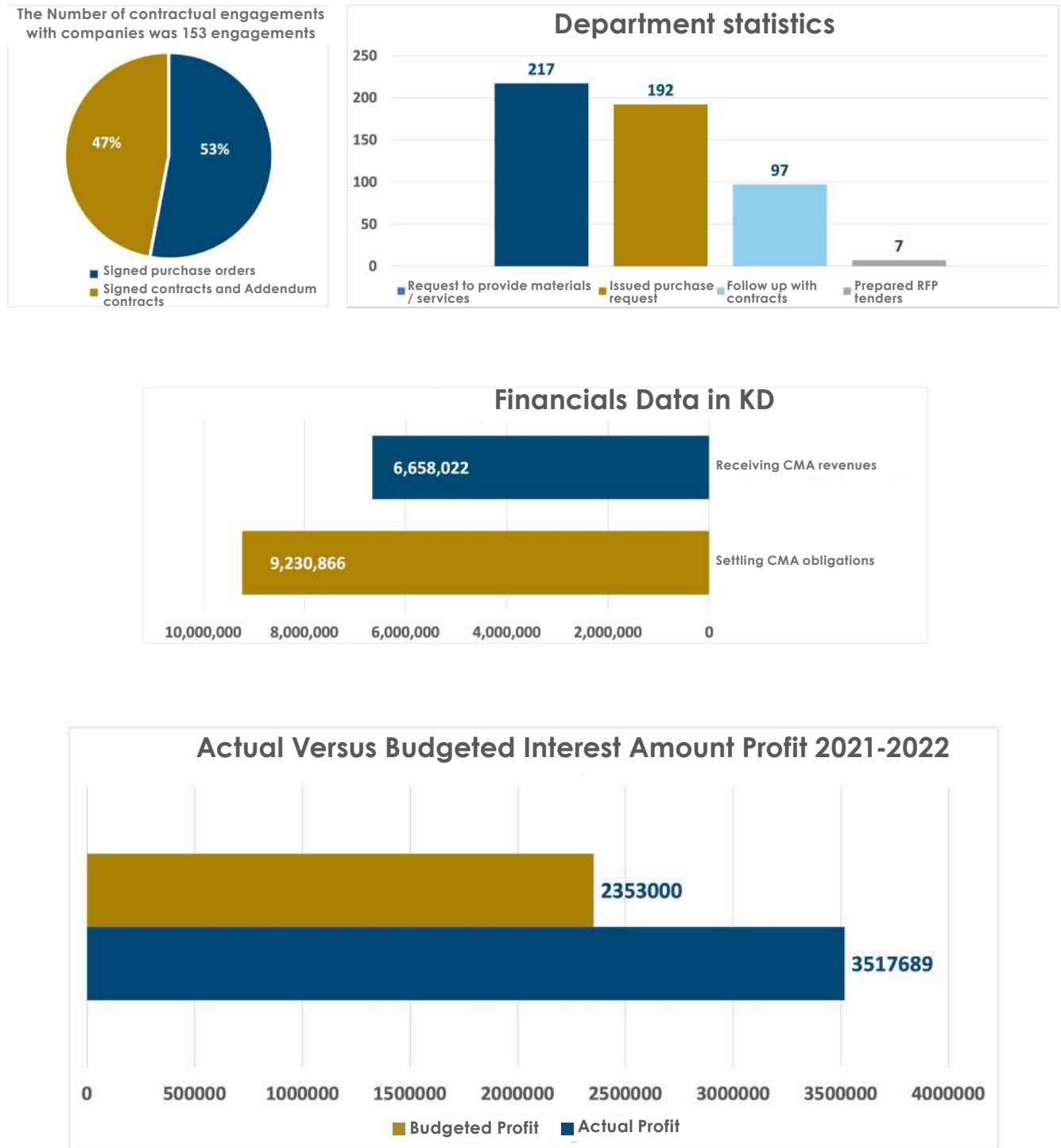
- ▶ Financial Affairs and Treasury
- ▶ Technical Regulation and Update





## ► Financial Affairs and Treasury

### ► Data of Financial Affairs and Treasury



### Related Executed Tasks

- ▶ Participated in preparing a comprehensive study to maximize the CMA's revenues.
- ▶ Settlement of the ministry of finance claims regarding the Kuwait stock exchange building rent and reporting revenues from the reversal of excess provision as other income
- ▶ Preparing a study on the financial position of CMA for the next ten years, which will contribute to the development of a road map for the future. It also included several recommendations that would improve the financial situation and find solutions to reduce the annual deficit in the annual budget.
- ▶ Creating new procedures and process to manage and control the fees collected in the reports, complaints and grievances portal.
- ▶ Improving the task and process of fixed assets disposal in coordination with warehouse section to avoid discrepancies and to ensure that the result of the physical count validates the fixed assets records.

### Automating procedures

- ▶ Transition to electronic archiving from physical archiving
- ▶ Improving supplier system
- ▶ A special form has been prepared via electronic correspondence for salaries and monthly deductions.
- ▶ Development and launch of the new electronic contract system (portal) in cooperation with the Information Technology Department, to ensure alignment with the department's procedures and to facilitate workflow.
- ▶ Creating new automated form for the revenue eliminating transactions

### Improving Policies

- ▶ Implemented the updated Budget unit's work procedures in line with best practices that would improve work procedures and speed their completion.
- ▶ Amended procurement unit and the Contracts and tender unit section's forms
- ▶ Amended working procedures of procurement unit and the Contracts and tender unit
- ▶ Amended internal financial policy
- ▶ Amended the policies and procedures guidebook for procurement and contracts

### Improving Procedures

- ▶ Develop supplier tracking process for the purpose of evaluations
- ▶ Improving the authority matrix regarding the payment approval to increase efficiency and effectiveness.
- ▶ Improving the assets registration process and depreciation allocation.
- ▶ Creating a form for "Approving a Draft Contracts", to increase accuracy and organize the workflow

## ► Technical Regulation and Update

### ► Information Security

- The Capital Markets Authority obtained the ISO certificate for the information security management international standard ISO27001.
- The CMA received a score of 97% at the level of Kuwait according to the criteria for evaluating the status of information security based on score card indicator.
- The ITCD Management Policies Guide was updated to version 5 which includes 35 policies.
- 30 business continuity plans were prepared.
- 4 phishing tests were carried out and the success rate of the CMA employees was 87%.
- A custom non-disclosure agreement was created for external parties.
- A security incident response plan was developed.
- Increase the security awareness in the CMA through the following activities:



### ► Technical Infrastructure and Operations

- Generated (95) Maintenance & Support Reports, (220) Daily Systems' Health check reports, and (237) servers were controlled through the privileged access management solution.
- Executed (133) Change Requests varies between updates, upgrades, and patches for CMA systems.
- Processed (299) VPN requests for remote access.
- Conducted (2) security assessments by Microsoft, as well as (5) Disaster Recovery and Business Continuity drills and (4) data backup recovery tests. Disaster recovery drills success rate was 95% recovering systems in each test within the recovery time objective.
- Implemented (61) change requests on the CMA systems and applications and deployment to production environment.
- Completed (13) requests for file recovery and restore with a 100% success rate.
- Completed three cycles of deploying software and hardware updates.
- Handled (14,260) IT Support Tickets.

### ► Application and Database Support

- The following were launched:
  - System and page for the companies and entities that are not licensed by the CMA to practice securities activities through the CMA website. (48) entities were added.
  - (4) electronic issues of the CMA magazine.
  - (4) opinion polls through CMA website.
  - (23) internal questionnaires on the CMA's portal.
  - (31) meetings were held, (4) of which were with the Institutional Resources Management Project Team and (27) XPRL coordinating meetings.
  - Completion of more than 372 requests for technical support on CMA's electronic portal.

## ► General Services

### ► CMA's building and property

- Maintaining CMA's property and the cleanliness and security of its organizational units, and concluding new contracts of cleaning and porter, guarding and security, and hospitality.
- Offering a tender for the establishment, completion and maintenance of the permanent headquarters of the CMA and renewing the maintenance contract for its current headquarters.

### ► Precautionary measures against the consequences of the pandemic

- Providing sterilizing devices and sterilizers and sterilizing all the CMA's levels.
- Providing masks and sterilizers for the CMA's employees permanently throughout the pandemic.

### ► Procedures of CMA's institutional identity and its logos

- Issuing identity cards for the board trustees of the Capital Markets Academy, CMA new employees, and the trainees of its recent graduates' program.
- Registering CMA's logo and the logo of the Capital Markets Academy.

### ► Procedures of documents

- Renewing the contract of providing storage services for CMA's files.
- Receiving, sending and archiving correspondence according to the table below:

Statement	Number
Incoming correspondence	16352
Published correspondence	3879
Correspondence received via government messaging G2G	938
Correspondence issued via government messaging G2G	979
Correspondence issued with manual referencing	1851
Archived correspondence	5115

### ► Procedures of dealing with assets and items

- All the required assets were registered and disbursed as necessary:

Statement	Number
Items of the received assets (item)	130
Quantity of the assets that entered the storage (unit)	62
Number of the assets' labels (label)	62

- All the items were received and disbursed as required:

Statement	Number (item)	Quantity (unit)
Received items	120	17711
Distributed items	315	18111







## Section Eight

### Future Visions and Trends



It can be said that a shift in the strategic planning path of the CMA has occurred recently, in particular with the launch of a project to develop the strategic planning methodology with the aim of developing relevant practices and directing resources to achieve efficiency and effectiveness in securities activities, as this has a direct impact on the development of the national economy.

The financial year subject of the report witnessed the start of the preparation stages for the CMA's three comprehensive strategies for the CMA's future directions for the four years (2023/2024 to 2026/2027) following the end of the current strategy in 2023.

The most prominent strategic directions of the CMA in the short and long terms can be summarized as follows:

### ► Long-term Directions:

- Enhancing the basics of the CMA's institutional sustainability, its institutional distinction tools, and extending its roles within the framework of its social responsibility. And completing its digital transformation trends.
- Solidify the elements of financial inclusion in the community and completing the directions of promoting financial literacy.
- Completing the trends of developing the capital market, and upgrading its classification to advanced levels, starting with the developed emerging markets.
- Enabling the capital market to transform into a sustainable market and enhancing the elements of sustainable financing at the level of securities activities.
- Performing the role entrusted to the CMA in achieving the government's development vision in general, and in achieving the required investment environment.
- Developing the Islamic industry in the capital market sector.
- Adopting modern technologies and stimulating innovation in the field of control and supervisory work (Fintech – RegTech - SuperTech).
- Completing organization and cooperation efforts with regulatory and counterpart authorities: locally, regionally, and internationally.
- Achieving the maximum possible degree of compatibility with international standards related to the CMA's work, and in the field of securities activities, and contributing to the continuous improvement of Kuwait's ranking on the level of various relevant international indicators.

## ► Medium- and Near-Term Trends:

These trends, in turn, are distributed as follows:

### ► Directions that form as part of the framework of achieving the development vision (Kuwait 2035)

The precautionary measures to confront the Corona pandemic, which occasionally caused a complete and partial disruption of government work, postponed for some time the completion of the procedures for including the CMA's projects in the Country's third development plan for the years (2020/2021-2024/2025), after it was included in the automated system to follow up on the development plan, which is the following projects:

- Establishing the Capital Markets Academy.
- Developing the capital market.
- Develop the regulatory framework for financial technology (FinTech) related to securities activities.

After reducing these measures gradually before cancelling them completely, the procedures for completing these projects were accelerated so that the first one was included in the annual development plan (2021/2022), and the second in the annual development plan (2022-2023). Meanwhile, coordination efforts are underway with the General Secretariat of the Supreme Council for Planning and Development to prepare for the inclusion of other projects of the CMA within the development plan for the financial year (2023-2024).

### ► Directions that form as part of the framework of achieving the government's work programs and developing government performance

- Implementing the national strategy initiatives to enhance integrity and combat corruption.
- Launching the digital transformation program and developing and automating the external services of the CMA to support the digital transformation of government operations and services.
- Strengthening corporate governance.
- Compliance with relevant international standards, improving Kuwait's ranking in global competitive indicators and creating an attractive investment environment.

### ► Directions that form as part of the framework of developing the efficiency of local investment environment (Projects recently completed and others in progress)

- Draft capital adequacy regulations for licensed persons.
- Qualifying the new financial products project.
- Complete the establishment of the Capital Markets Academy.
- Enterprise Resource Planning (ERP) project.
- Project of setting controls and requirements for issuing licenses for each of (CCP, SSF, CSD).
- The qualifying exams project for registered employment positions in cooperation with the CISI Institute.
- The iFSAH 2.0 electronic disclosure system development project.

## ► Directions and Initiatives Related to CMA's Fields of Work

### ► The Regulatory Field

#### ► Market Regulation:

- Studying proposals for: Kuwait Clearing Company fees, the principle of net obligations, mortgage, account opening requirements, and amending securities exchange rules regarding bonds, sukuk and exchange-traded funds.
- Completing the stages of the project to develop the mechanism of participation in the general assemblies of companies listed on the securities exchange.
- Studying the possibility of offering new investment products and tools that comply with international standards and offering some of these products (Fixed Income Bonds and Sukuk, Exchange Traded Funds (ETFs).
- Completing the procedures for setting rules related to the application of the central counterparty, the rules of the central securities depository, and the financial guarantee series.
- Studying the viability of launching a specialized securities exchange to encourage listing, developing controls for listing operations on a regular basis, and providing appropriate non-traditional financing tools to create an attractive environment for listing.

#### ► Licensing and Registration: Completing the directions for developing the rules and provisions of:

- Mechanism for dealing with license renewal.
- Adding the principle of clearing the licensed person to the procedures for cancelling the license.
- Regulating dealing with cancelled companies - whose license has expired.
- Regularizing the positions of brokerage firms and marketing services related to the trading of financial derivatives.
- Developing the controls for the activity of the investment advisor and the licensing of the single-person company.
- Developing the application procedures for the nomination of members of the Board of Directors of Boursa Kuwait.
- Reviewing the registration requirements and obligations of the Auditors that are registered with the CMA.
- Reviewing the registration requirements and obligations of the External Sharia Audit Offices that are registered with the CMA.

#### ► Collective Investment Schemes

- Completion of legislative development related to collective investment schemes.
- Issuing new types of investment funds, such as exchange-traded funds, sustainability funds, and other types of funds, and completing directions for developing and creating investment tools that comply with the best international practices.
- Follow-up to regularize the conditions of collective investment schemes and investment tools with future controls.

#### ► **Developing Capital Markets and Risk Management**

- Analyzing the trades of each of (market makers, margin trading, trades over the counter and possible failures, trades of advanced financial instruments such as derivatives and studying the impact of their trades on the trading in the official market).
- Regular stress testing to ensure the effectiveness of the risk protection system.
- Follow-up on the financial guarantees of the clearing members and verify the conformity of the calculated amounts in accordance with the method approved by the CMA.
- Classifying the clearing members according to the risk levels related to the capital markets and determining the mechanism for dealing with them.

#### ► **Corporate Finance and Governance**

- Preparing automated systems for: bonus shares, treasury shares, the quarterly report on treasury shares, and an invitation to attend the meeting of the bondholders / sukuk holders committee.

#### ► **Mergers and Acquisitions**

- Creating additional value that supports the efficiency of the merger and acquisition market and develops its operations without violating the principle of competition and monopoly, while taking into account the guarantees to avoid conflict of interests in order to preserve the rights of shareholders.
- Develop merger and acquisition activities in line with the best international practices in several areas (legislative and regulatory structure, protection of minority rights, supervision role, awareness of investors and shareholders, the process of monitoring direct and indirect ownership of the controller of a listed company, digital transformation).

#### ► **Supervisory Field**

- Preparing mechanisms for classifying (investment companies, brokerage firms, auditors, and Sharia auditors) for the financial year (2023/2024).
- Annual review of the field inspection manual, and preparation of inspection plans of all kinds (comprehensive, specific-purpose, field inspection related to anti-money laundering and combating financing of terrorism) for the financial year (2023-2024).
- Amending disclosure legislation in light of the observations detected as a result of practical application with the objective of raising efficiency in line with international practices and developing a mechanism for controlling material information.



## ► Awareness Field and Local, Regional, and International Cooperation

### ► Awareness Field

- Implementing the programs and events that the current awareness plan holds, including those that come in implementation of what is included in the operational plans of the organizational units in the CMA.
- Complete the implementation of the activities scheduled within the framework of the joint Gulf awareness program "Mulem".
- Implementation of several new initiatives that focus on specific topics, such as financial inclusion, sustainable financing and development, investment planning, and others.

### ► Local, Regional and International Cooperation:

- Follow-up the directions of joint cooperation with local authorities, especially the supervisory authorities, and those concerned with securities activities.
- Follow-up organization efforts within the framework of the strategy of integration of capital markets in the Gulf countries of the Cooperation Council for the Arab States, especially at the level of the two initiatives of inter-licensing of financial products, inter-licensing of investment funds and their associated services, and efforts related to the joint Gulf awareness program "Mulem".

### ► International Cooperation

- Follow-up the joint coordination efforts with the International Organization of Securities Commissions (IOSCO) and its various committees to achieve more compatibility with the standards of that organization related to the various fields of the CMA's work, in particular the directions of preparing the regulatory framework for implementing the principles and objectives of sustainable finance.
- Establishing technical cooperation agreements with international financial market authorities to keep pace with the new regulations, instructions and controls issued for collective investment schemes.
- Participation in international events related to the CMA's tasks, continuing the exchange of data and information with regional and international bodies, and coordinating the implementation of specialized training programmes.
- Follow-up efforts to communicate with foreign investors and various international rating agencies and institutions within the framework of promotional campaigns and efforts to meet the promotion requirements for advanced emerging markets.

### ► The Field of Internal Work Environment

- Ongoing evaluations of key operational performance indicators for CMA's work.
- Reviewing all financial operations of the CMA to ensure the accuracy of the procedures followed.
- Launching technical systems and central databases for operational performance indicators.
- Continuing efforts to develop the operational risk management system at the CMA, and to enhance the culture of managing these risks.
- Implementation of specialized training programs in the fields of securities and financial services for the employees of the CMA to help develop their professional skills.





## Section Nine

**CMA's Financial Statements for the Financial  
Year (2021/2022)**





**Capital Markets Authority**  
An independent public authority  
The State of Kuwait

The financial statements  
for the year ended 31 March 2022  
and the Independent Auditor's report

**Capital Markets Authority**
  
 An independent public authority
   
 The State of Kuwait



Contents	Page
Independent auditor's report	1 – 2
Statement of financial position	3
Statement of comprehensive income	4
Statement of changes in net assets	5
Statement of cash flows	6
Notes to the financial statements	7 - 27





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## Independent auditor's report

The Board of Commissioners  
Capital Markets Authority  
Independent Public Authority  
State of Kuwait

### Opinion

We have audited the financial statements of Capital Markets Authority ("the Authority"), which comprise the statement of financial position as at 31 March 2022, the statements of comprehensive income, changes in net assets and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Authority as at 31 March 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISA"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Authority in accordance with International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) ("the IESBA Code") and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other matter

The financial statements of the Capital Market Authority as at and for the year ended 31 March 2021 were audited by another auditor who expressed an unmodified opinion on those financial statements on 23 June 2021.

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

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

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

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





### Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 ISA 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 ISA, 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 management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Authority to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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



Safi A. Al-Mutawa  
 License No 138 "A"  
 of KPMG Safi Al-Mutawa & Partners  
 Member firm of KPMG International

Kuwait: 20 June 2022

**Capital Markets Authority**  
**An independent public authority**  
**The State of Kuwait**



Statement of financial position  
As of 31 March 2022

(All amounts are in KD)

	Note	2022	2021
<b>Assets</b>			
Banks current accounts		1,249,785	1,114,280
Term deposits	6	148,069,926	134,171,184
Accounts and other receivables	7	2,694,504	1,657,097
<b>Current assets</b>		<b>152,014,215</b>	<b>136,942,561</b>
Right of use assets	8	1,066,939	2,133,880
Intangible assets	9	99,929	172,183
Property, plant and equipment	10	2,121,353	2,462,749
<b>Non-current Assets</b>		<b>3,288,221</b>	<b>4,768,812</b>
<b>Total Assets</b>		<b>155,302,436</b>	<b>141,711,373</b>
<b>Liabilities</b>			
Accounts and other payables	11	8,264,420	8,953,704
Due to the Ministry of Finance	12	4,000,000	4,000,000
Lease liabilities	8	1,187,125	1,124,018
<b>Current liabilities</b>		<b>13,451,545</b>	<b>14,077,722</b>
End of service benefits for employees		13,107,138	10,718,753
Due to the Ministry of Finance		7,588,997	11,402,451
Lease liabilities	8	-	1,187,126
<b>Non-current liabilities</b>		<b>20,696,135</b>	<b>23,308,330</b>
<b>Total Liabilities</b>		<b>34,147,680</b>	<b>37,386,052</b>
<b>Net assets</b>		<b>121,154,756</b>	<b>104,325,321</b>
<b>Funded as follows:-</b>			
Working capital	13	40,000,000	40,000,000
General Reserve	13	104,325,321	89,327,470
Net loss for the year		(23,170,565)	(25,002,149)
		<b>121,154,756</b>	<b>104,325,321</b>

The accompanying notes form an integral part of these financial statements.

  
Othman Ibrahim Alissa

Vice Chairman- Acting Managing Director

**Capital Markets Authority**
  
**An independent public authority**
  
**The State of Kuwait**



**Statement of comprehensive income**
  
**For the year ended 31 March 2022**

*(All amounts are in KD)*

	<b>Note</b>	<b>2022</b>	<b>2021</b>
<b>Revenue</b>			
Licensing and penalties income	14	2,038,558	2,049,273
Interest income		3,517,689	3,203,542
Other income	15	1,420,486	24,807
<b>Total revenue</b>		<b>6,976,733</b>	<b>5,277,622</b>
<b>Less:</b>			
<b>Expenses and other charges</b>			
Staff costs	16	26,268,729	25,751,183
General and administrative expenses	17	2,330,482	2,800,986
Depreciation and amortization	8,9,10	1,548,087	1,727,602
<b>Total expenses</b>		<b>30,147,298</b>	<b>30,279,771</b>
<b>Net loss for the year</b>		<b>(23,170,565)</b>	<b>(25,002,149)</b>
<b>Other comprehensive income items</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive loss for the year</b>		<b>(23,170,565)</b>	<b>(25,002,149)</b>

The accompanying notes form an integral part of these financial statements.



**Capital Markets Authority**  
**An independent public authority**  
**The State of Kuwait**



Statement of changes in net assets  
For the year ended 31 March 2022

(All amounts are in KD)

	Operating Capital	General reserve	Total
<b>Balance as at 1 April 2020</b>	40,000,000	49,327,470	89,327,470
Net loss for the year	-	(25,002,149)	(25,002,149)
Financing cash reserves	-	40,000,000	40,000,000
<b>Balance as at 31 March 2021</b>	<u>40,000,000</u>	<u>64,325,321</u>	<u>104,325,321</u>
 <b>Balance as at 1 April 2021</b>	 40,000,000	 64,325,321	 104,325,321
Net loss for the year	-	(23,170,565)	(23,170,565)
Financing cash reserves	-	40,000,000	40,000,000
<b>Balance as at 31 March 2022</b>	<u>40,000,000</u>	<u>81,154,756</u>	<u>121,154,756</u>

The accompanying notes form an integral part of these financial statements.



**Capital Markets Authority**  
**An independent public authority**  
**The State of Kuwait**



Statement of cash flows  
For the year ended 31 March 2022

(All amounts are in KD)

	Note	2022	2021
<b>Cash flows from operating activities</b>			
Net loss for the year		(23,170,565)	(25,002,149)
<i>Adjustments:</i>			
Interests		274,081	320,637
Expected credit losses	7	-	308,026
Credit losses provision no longer required	15	(128,286)	-
Provisions no longer required	15	(1,027,277)	-
Depreciation and amortization	8,9,10	1,548,087	1,727,602
Interest income		(3,517,689)	(3,203,542)
Employees' end of service indemnity- provided during the year		2,575,635	2,075,964
Operating losses before changes in working capital		(23,446,014)	(23,773,462)
Trade and other receivables		16,762	77,972
Payment from due to Ministry of Finance		(4,000,000)	(4,000,000)
Trade and other payables		337,993	1,587,687
Cash used in operating activities		(27,091,259)	(26,107,803)
Employees' end of service indemnity - paid during the year		(187,250)	(253,176)
<b>Net cash used in operating activities</b>		<b>(27,278,509)</b>	<b>(26,360,979)</b>
<b>Cash flows from investing activities</b>			
Interest income received		2,591,806	3,847,091
Time deposits		(13,898,742)	(21,196,422)
Paid to acquire of intangible assets	9	(39,450)	(111,085)
Paid to acquire of property and equipment	10	(28,046)	(930,117)
<b>Net cash used in investing activities</b>		<b>(11,374,432)</b>	<b>(18,390,533)</b>
<b>Cash flows from financing activities</b>			
Finance of cash reserves		40,000,000	40,000,000
Repayment of Lease liability	8	(1,211,554)	(1,211,552)
Net cash flows generated from financing activities		38,788,446	38,788,448
<b>Net change in cash and cash equivalents</b>		<b>135,505</b>	<b>(5,963,064)</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>1,114,280</b>	<b>7,077,344</b>
<b>Cash and cash equivalents at the end of the year</b>		<b>1,249,785</b>	<b>1,114,280</b>

The accompanying notes form an integral part of these financial statements.

Capital Markets Authority  
An independent public authority  
The State of Kuwait



Notes to financial statements  
For the year ended 31 March 2022

(All amounts are in KD)

## 1. About the authority

Capital Markets Authority "the Authority" was established under Law No. 7 of 2010 regarding the establishment of the Capital Markets Authority and regulating securities activities issued on 21 February 2010 as an independent public authority that has legal personality supervised by the Minister of Commerce and Industry. On 4 May 2015, Law No. 22 of 2015 was enacted amending some provisions of Law No. 7 of 2010 regarding the establishment of the Capital Markets Authority and regulating securities activities. The law has been published in the Official Gazette issue of 10 May 2015.

The Capital Markets Authority aims to:

- Regulate securities activities in a fair, transparent and efficient manner
- Grow the capital markets, and diversify and develop investment instruments thereof in accordance with best international practice
- Enhance investor protection
- Reduce systemic risks arising from securities activities
- Impose requirements of full disclosure in order to achieve fairness and transparency, and to prevent conflicts of interests and the use of insider information
- Ensure compliance with the rules and regulations related to securities activities
- Enhance public awareness of securities activities and of the benefits, risks and obligations arising from investments in securities and encourage their development.

The authority registered address is: P.O. Box 3913, Safat 13040 Kuwait.

These financial statements were authorized for issue by the Board of Commissioners of the authority on 15 June 2022.

## 2. Basis of preparation and significant accounting policies

### 2.1. Basis of accounting

The financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRSs"), in compliance with the provisions of Law No. 7 of 2010 and its Executive Regulations.

### 2.2. Basis of measurement

The financial statements are prepared on a historical or amortized cost basis.

**Capital Markets Authority**
  
**An independent public authority**
  
**The State of Kuwait**



Notes to financial statements
   
 For the year ended 31 March 2022

(All amounts are in KD)

### 2.3. Functional and presentation currency

The financial statements are presented in Kuwaiti Dinar ("KD"). Which is the Authority's functional currency.

### 2.4. Use of judgments and estimations

In preparing of financial statements, the authority has made judgments, estimates, and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Information about significant judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in Note 3 (d) – impairment.

### 2.5. Changes in accounting policies

The below amendments to standards and interpretations became effective for the annual periods starting after 1 April 2021, but it does not have a material effect on the authority's financial statements.

#### Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS "9", IAS "39", IFRS "7", IFRS "4" and IFRS "16"

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR).

The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest.
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued.
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.



Capital Markets Authority  
An independent public authority  
The State of Kuwait



Notes to financial statements  
For the year ended 31 March 2022

(All amounts are in KD)

## 2.6. New standards and interpretations issued but not yet adopted

A number of new standards and amendments to standards are effective for annual periods beginning after 1 April 2021 with earlier application permitted, however, the "the authority" has not early adopted any new or amended standards in preparing these financial statements.

For those standards and amendments to standards that are expected to have an impact on the authority's financial statements in future financial periods, "the authority" evaluates the transition options and potential impact on its financial statements from the application of those standards. "the authority" does not intend to apply these standards early.

### (i) Other Standards

The following amended standards and interpretations are not expected to have any material impact on the authority's financial statements.

- COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16).
- Annual Improvements to IFRS Standards 2018-2020.
- Property, Plant, and Equipment: Proceeds before Intended Use (Amendments to IAS 16).
- Classification of liabilities as current or non-current (Amendments to IAS 1).
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2).
- Definition of Accounting Estimates (Amendments to IAS 8).

## 3. Significant accounting policies

The authority has consistently applied the accounting policies set forth below for all periods presented in these annual financial statements, except for the changes described above.

### a) Financial instruments

#### i. Classification and measurement of financial assets

Financial assets and financial liabilities are initially recognised on the trade date, which is the date on which "the authority" becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities at fair value through profit or loss are initially recognised at fair value, with transaction costs recognised in the statement of profit or loss and other comprehensive income. Financial assets and financial liabilities not at fair value through profit or loss are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue.

**Capital Markets Authority**
  
**An independent public authority**
  
**The State of Kuwait**



Notes to financial statements
   
 For the year ended 31 March 2022

(All amounts are in KD)

Under IFRS "9", on initial recognition, a financial asset is classified as measured at:

- Financial assets carried at amortised cost;
- Financial assets carried at fair value through other comprehensive income ("FVOCI"); or
- Financial assets carried at fair value through profit or loss ("FVTPL").

The classification of financial assets under IFRS 9 is generally based on the authority business model in which a financial asset is managed and its contractual cash flow characteristics.

Financial assets are not reclassified subsequent to their initial recognition unless "the authority" changes its business model for managing the financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

#### Financial assets carried at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and profit ("SPPP") on the principal amount outstanding.

Financial assets carried at amortised cost are subsequently measured at amortised cost using the effective interest rate method. The amortised cost is reduced by impairment losses.

Foreign exchange gains and losses and impairment are recognised in the statement of comprehensive income. Any gain or loss on derecognition is recognised in the statement of comprehensive income.

#### a) Business model assessment

The Authority makes an assessment of the objective of the business model in which a financial asset is held because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- The stated policies and objectives for the financial assets and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual profit income, matching the duration of the financial assets to the duration of the expected cash outflows or realising cash flows through the sale/derecognition of assets;
- How the performance of the financial assets is evaluated and reported to the authority's management;
- The risks that affect the performance of the business model (and the financial assets held within the business model) and how those risks are managed;



**Capital Markets Authority**  
An independent public authority  
The State of Kuwait



Notes to financial statements  
For the year ended 31 March 2022

(All amounts are in KD)

- How managers of the business are compensated; and
- The frequency, volume, and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the authority's continuing recognition of the assets .

b) The SPPI test

For the purpose of this assessment, principal is defined as the fair value of the financial asset at initial recognition. Interest is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and profit, the authority considers the contractual terms of the instrument. This includes assessing whether the financial asset contain a contractual term that could change in the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the authority considers:

- Contingent events that would change the amount or timing of cash flows;
- Terms that may adjust the contractual coupon rate, including variable rate features;
- Prepayment and extension features; and
- Terms that limit the authority's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and profit criterion if the prepayment amount substantially represents unpaid amounts of principal and profit on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual profit (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Cash at banks, term deposits and accounts and other receivables accounts classified as financial assets carried at amortised cost.

ii. Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative, or it is designated as such on initial recognition.

**Capital Markets Authority**  
**An independent public authority**  
**The State of Kuwait**



Notes to financial statements  
For the year ended 31 March 2022

(All amounts are in KD)

Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any profit expense, are recognised in statement of comprehensive income. Other financial liabilities are subsequently measured at amortised cost using the effective profit rate method.

Profit expense and foreign exchange gains and losses are recognised in statement of comprehensive income. Any gain or loss on derecognition is also recognised in statement of comprehensive income.

### iii. Offsetting

Financial assets and financial liabilities are offset and the net amounts reported in the statement of financial position only when there is a legally enforceable right to set off the recognized amounts and the authority intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously.

### iv. Impairment of financial assets

#### Expected Credit Losses ("ECL")

The authority applies the expected credit loss model to cash at banks, receivables and financial asset at amortised cost.

The Authority applies a three-stage approach to measuring expected credit loss:

#### Stage 1: 12 months ECL

For exposures where there has been no significant increase in credit risk since initial recognition, the portion of the lifetime ECL associated with the probability of default events occurring within next 12 months is recognised.

#### Stage 2: Lifetime ECL – not credit impaired

For credit exposures where there has been a significant increase in credit risk since initial recognition but that are not credit impaired, a lifetime ECL is recognised.

#### Stage 3: Lifetime ECL – credit impaired

Financial assets are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred.

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contracts such as a default or past due event;
- the restructuring of loans and advances by the authority on terms that the authority would not consider otherwise;



**Capital Markets Authority**  
**An independent public authority**  
**The State of Kuwait**



Notes to financial statements  
For the year ended 31 March 2022

(All amounts are in KD)

- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for security because of financial difficulties.

*Measurement of ECL*

ECL is probability weighted estimates of credit loss and are measured as the present value of all cash shortfalls discounted at the effective profit rate of the financial instrument. Cash shortfall represents the difference between cash flows due to the authority in accordance with the contract and the cash flows that the authority expects to receive. The key elements in the measurement of ECL include:

- Probability of default ("PD");
- Loss Given default ("LGD"); and
- Exposure at default ("EAD")

ECL for financial assets in Stage 1 is calculated by multiplying the 12 months PD by LGD and EAD. Lifetime ECL is calculated by multiplying the lifetime PD by LGD and EAD.

PD is derived mainly through collecting performance and default information about credit risk exposures in credit risk grades. LGD is the magnitude of the likely loss if there is a default, based on the history of recovery rates of claims against defaulted counter parties considering structure and counterparty industry. EAD of a financial asset is its gross carrying value at the time of default.

**b) Intangible assets**

Intangible assets with indefinite life, which has been acquired separately, are recognized at cost less accumulated amortization and impairment losses. The amortization is calculated on a straight-line basis over the estimated useful lives.

The useful life and amortization method are reviewed at the end of each fiscal period, and the change in the estimates is accounted for at the beginning of the fiscal year in which they arise.

Intangible assets with indefinite life, which has been acquired separately, is recognized at cost less impairment losses.

Intangible assets are written off on disposal or when the evidence of the lack of future economic benefits from use. Profits and losses resulting from the disposal are measured at the difference between the net proceeds and the carrying amount of the disposed asset and are included in the statement of comprehensive income.



**Capital Markets Authority**  
**An independent public authority**  
**The State of Kuwait**



Notes to financial statements  
For the year ended 31 March 2022

(All amounts are in KD)

#### c) Property, plant and equipment

Property, plant and equipment are recorded at cost, less accumulated depreciation and impairment losses.

The asset is considered a fixed asset if its cost is greater than the level set by the Board of Commissioners, and the useful life is greater than a full fiscal period. Fixed assets are recorded at actual cost, i.e., its purchase price, plus all expenses incurred by the authority until the asset is ready for use. Purchase cost includes the basic operation systems of each computer.

In case of subsequent expenditure on any item of fixed asset for improvement / modification / significant or major reform, which would increase the operational or production efficiency of the asset or increase the useful life or future benefits of the asset, these expenses are added to the carrying cost of the asset.

Fixed assets provided to the authority as gifts or grants are recognized on the basis of fair market value.

Fixed asset depreciation is calculated on a straight-line basis, where the difference between the cost of fixed assets and the estimated value is depreciated at the end of a period of use, (if any) at equal amounts over the estimated useful lives.

The residual values, useful lives and depreciation method are reviewed at the end of each fiscal period, and the change in estimated is accounted for starting from the beginning of the fiscal year in which they arise.

Gains or losses from the sale of property, plant and equipment are included in the income statement as the difference between the selling price and the net carrying value of these assets.

#### d) Impairment of tangible and intangible assets

Tangible and intangible assets are annually reviewed to determine whether there is any indication of impairment.

In the event of any such indication exists, the recoverable amount is estimated for the recovery of such assets for the purpose of determining the amount of impairment, if any. Impairment losses are recognized when the carrying value of an asset is greater than the net realizable value.

Net realizable value is determined on the basis of the asset's fair value less costs to sell or value in use whichever is higher. Impairment losses are recognized in the statement of comprehensive income in the year in which they arise. If impairment is written back, impairment shall be reversed at the extent of the net carrying value of the asset, had impairment is not recognized. Impairment write back is recognized directly in the statement of comprehensive income.



Capital Markets Authority  
An independent public authority  
The State of Kuwait



Notes to financial statements  
For the year ended 31 March 2022

(All amounts are in KD)

**e) Provisions**

Provisions are recognized when the authority has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation that can be estimated reliably. Provisions are measured at the present value of cash flows expected to be required to settle the obligation using a discount rate that reflects current market assessments of the time value of money and the risks specific to the liability.

**f) Employees End of Service Benefits**

Provision for amounts payable against end of service benefits/ leave balance provision are calculated for all staff members recorded on the authority payroll for their aggregate employment periods at the reporting date (at the end of every financial year) as per the rules approved by the authority Board of Commissioners.

This is unfunded commitment, which is calculated at the notional liability had all employees left at the reporting date. The management expects that this method will result in an appropriate estimate of the present value of the authority liability.

**g) Revenue recognition**

The Authority revenues are recognized from the prescribed fees from the Authority's practice of its activities and use of its reserve, such as revenue from registration fees, Listing, and trading, in addition to investment revenue of the Authority's surplus fund.

The Authority revenue arising from services rendered is recognised when the contractual service is performed. Revenue arising from fines is recognised either by court verdicts or otherwise.

The Authority's revenues include service fees and proceeds of financial fines imposed as per Law No. 7 of 2010 and its Executive Regulations.

The Authority's revenues from prescribed fees are recognised from the Authority's practice of its activities, such as licensing and registration revenues, on a time basis as per the straight-line basis over the period covered by these fees.

The Authority's share of the dealing commission is recognised on the basis of the specified percentage for the Authority's share of this commission upon receipt of commission reports collected by other related parties. It is accrued at the reporting date based on received reports.

Deposit interest income is recognized on an accrual basis using the effective interest rate. Revenues are measured at fair value of received or accrued consideration.



**Capital Markets Authority**
  
**An independent public authority**
  
**The State of Kuwait**



Notes to financial statements
   
 For the year ended 31 March 2022

*(All amounts are in KD)*

#### **h) Leases**

The Authority recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the authority by the end of the lease term or the cost of the right-of-use asset reflects that the authority will exercise a purchase option. In that case, the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the profit rate implicit in the lease or, if that rate cannot be readily determined, the authority's incremental borrowing rate. Generally, the authority uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the authority is reasonably certain to exercise, lease payments in an optional renewal period if the authority is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the authority is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective profit rate method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the authority estimate of the amount expected to be payable under a residual value guarantee, if the authority changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

Capital Markets Authority  
An independent public authority  
The State of Kuwait



Notes to financial statements  
For the year ended 31 March 2022

(All amounts are in KD)

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in the consolidated statement of profit or loss and other comprehensive income if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The authority applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

Significant judgement in determining the lease term of contracts with renewal options

The authority determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The authority applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the authority reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

**i) Foreign currency**

Kuwaiti Dinar is the functional and presentation currency of the financial statements.

When a financial transaction occurs in foreign currency resulting in an asset, liability, revenue or expenses, such transaction is recognized in KD at rate of exchange prevailing at the transaction date. Foreign currency differences are recognized in the statement of income for the same year.

The authority's monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated into KD at rates of exchange prevailing at the year end. The resultant exchange differences between the evaluation and amounts stated in the accounting books are recorded in the statement of comprehensive income.

**j) Contingent liabilities**

Contingent liabilities are present obligations that arise from past events for which an outflow of resources embodying economic benefits is not probable or for which the amount of the obligation cannot be measured reliably.



**Capital Markets Authority**
  
**An independent public authority**
  
**The State of Kuwait**



Notes to financial statements
   
 For the year ended 31 March 2022

(All amounts are in KD)

Contingent liabilities are not recognised in the statement of financial position but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

#### 4. Determination of Fair Value

When measuring the fair value of an asset or a liability, the authority uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (Unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The authority recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

##### *Receivables and other assets*

The fair value of receivables and other assets is estimated at the present value of future cash flows, discounted at the market rate of profit at the reporting date. This fair value is determined for disclosure purposes or when such assets are acquired in a business combination.

##### *Other non-derivative financial liabilities*

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and profit cash flows, discounted at the market rate of profit at the reporting date.

#### 5. Significant accounting estimates and assumptions

The application of the accounting policies adopted by the authority as set out in note (2) requires management to make judgments, estimates and assumptions to determine the carrying amounts of assets and liabilities that don't have any other sources of estimation. Estimates and assumptions depend on past experience and other relevant factors. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.



**Capital Markets Authority**  
**An independent public authority**  
**The State of Kuwait**



Notes to financial statements  
For the year ended 31 March 2022

(All amounts are in KD)

#### *Impairment of tangible and intangible assets and useful lives*

The Authority management tests annually whether the tangible and intangible assets are impaired according to accounting policies set out in note 3 – (d). The recoverable amount of an asset is determined based on the value-in-use method. This method uses estimated cash flow projections over the estimated useful life of the asset discounted using market rates.

The authority management determines the useful lives of items of property, equipment, intangible assets, and the related depreciation and amortization charges. Depreciation and amortization charges for the year will change significantly if the actual life is different from the estimated useful life of the asset.

#### *Impairment of financial assets*

The authority management reviews the items classified as receivables on regular basis in order to determine the requirement for recognizing an impairment provision in the statement of comprehensive income. The management estimates the amount and date of future cash flows when determining the level of required provisions. Such estimates are based on assumptions concerning several factors that involve varying degrees of judgments and uncertainty.

#### **6. Term deposits**

Term deposits balance as at 31 March 2022 represents the deposits with local banks in KD, which mature within more than three months. Average interest rate on term deposits is 2.34% as at 31 March 2022 (1.89% as at 31 March 2021).

#### **7. Receivables and other debit balances**

	2022	2021
Accrued income	2,605,302	1,682,666
Provision for ECL	(179,740)	(308,026)
	2,425,562	1,374,640
Prepaid expenses	159,158	123,028
Refundable deposits	96,918	96,918
Other receivables	12,866	62,511
	2,694,504	1,657,097

**Capital Markets Authority**
  
**An independent public authority**
  
**The State of Kuwait**



Notes to financial statements
   
 For the year ended 31 March 2022

(All amounts are in KD)

ECL movement is as follows:

	2022	2021
Balance as at 1 April	308,026	-
Charged during the year	-	308,026
Provision no longer required (note 15)	(128,286)	-
	<u>179,740</u>	<u>308,026</u>

**8. Right of use assets**

	2022	2021
As at 1 April	2,133,880	3,200,818
Depreciation charge	(1,066,941)	(1,066,938)
As at 31 March	<u>1,066,939</u>	<u>2,133,880</u>

**Lease liabilities**

	2022	2021
Balance as at 1 April	2,311,144	3,375,407
Finance costs	87,535	147,289
Lease liabilities paid	(1,211,554)	(1,211,552)
As at 31 March	<u>1,187,125</u>	<u>2,311,144</u>

The current and non-current portion of lease liabilities is as follows:

	2022	2021
Current lease liabilities	1,187,125	1,124,018
Non-current lease liabilities	-	1,187,126
As at 31 March	<u>1,187,125</u>	<u>2,311,144</u>

The below table shows the amounts related to rents and recognized in the statement of comprehensive income:

	2022	2021
Depreciation charge for right of use assets	1,066,941	1,066,938
Interest expenses of lease liabilities	87,535	147,289
	<u>1,154,476</u>	<u>1,214,227</u>



**Capital Markets Authority**  
**An independent public authority**  
**The State of Kuwait**



Notes to financial statements  
For the year ended 31 March 2022

(All amounts are in KD)

**9. Intangible assets**

	Automated trading system and software	Assets in progress	Total
<b>Cost</b>			
Balance as at 31 March 2020	3,543,108	53,829	3,596,937
Additions	46,806	64,279	111,085
Transfer from assets in progress	56,607	(56,607)	-
Balance as at 31 March 2021	3,646,521	61,501	3,708,022
Additions	5,650	33,800	39,450
Transfer from assets in progress	43,500	(43,500)	-
<b>Balance as at 31 March 2022</b>	<b>3,695,671</b>	<b>51,801</b>	<b>3,747,472</b>
<b>Amortization</b>			
Balance as at 31 March 2020	3,286,855	-	3,286,855
Amortization	248,984	-	248,984
Balance as at 31 March 2021	3,535,839	-	3,535,839
Amortization	111,704	-	111,704
<b>Balance as at 31 March 2022</b>	<b>3,647,543</b>	<b>-</b>	<b>3,647,543</b>
<b>Net book value</b>			
31 March 2022	48,128	51,801	99,929
31 March 2021	110,682	61,501	172,183
Useful lives (years)	3 - 4		

**10. Property, plant and equipment**

	Building improvements	Furniture, Fixtures and Devices	projects in progress	Total
<b>Cost</b>				
Balance as at 31 March 2020	1,738,907	2,302,951	1,331,232	5,373,090
Additions	-	178,627	751,490	930,117
Disposals	-	(2,531)	-	(2,531)
Transfer from assets in progress	-	90,426	(90,426)	-
Balance as at 31 March 2021	1,738,907	2,569,473	1,992,296	6,300,676
Additions	-	13,031	15,015	28,046
Transfer from assets in progress	-	83,131	(83,131)	-
<b>Balance as at 31 March 2022</b>	<b>1,738,907</b>	<b>2,665,635</b>	<b>1,924,180</b>	<b>6,328,722</b>
<b>Accumulated Depreciation</b>				
Balance as at 31 March 2020	1,613,984	1,814,794	-	3,428,778
Depreciation	89,061	322,619	-	411,680
Disposals	-	(2,531)	-	(2,531)
Balance as at 31 March 2021	1,703,045	2,134,882	-	3,837,927
Depreciation	35,862	333,580	-	369,442
<b>Balance as at 31 March 2022</b>	<b>1,738,907</b>	<b>2,468,462</b>	<b>-</b>	<b>4,207,369</b>
<b>Net book value</b>				
31 March 2022	-	197,173	1,924,180	2,121,353
31 March 2021	35,862	434,591	1,992,296	2,462,749
Useful lives (year)	5	5-4		



Capital Markets Authority  
An independent public authority  
The State of Kuwait



Notes to financial statements  
For the year ended 31 March 2022

(All amounts are in KD)

## 11. Accounts payable and other credit balances

	2022	2021
Accounts payable	118,680	531,356
Revenue received in advance *	1,700,899	1,598,305
Provision for leaves	5,086,371	4,524,709
Provisions and accrued expenses **	598,123	1,837,957
Other payables	760,347	461,377
	<u>8,264,420</u>	<u>8,953,704</u>

\* Unearned revenue represents the amounts of annual licensing fees received in advance for annual license renewal fees of companies regulated by the authority. In addition to the value of the collected violations against which decisions are issued by the Disciplinary Board until the completion of the period of legal appeals

\*\* As of 31 March 2021, the provisions and accrued expenses include KD 1,222,644 which represents rental income received from lessees of the Kuwait Stock Exchange Building (KSE). The authority has resolved not to recognize KSE building income received by the KSE after 11 May 2015 (the expiry date of the building's right of use) until 30 September 2016, pending determining the eligibility of recognizing such income and reaching a final settlement with the Ministry of Finance regarding the rental value of the market building for the period from 11 May 2015 to 30 September 2018. The authority addressed the Fatwa and Legislation Department to determine the party responsible for paying the rent for the periods from 11 May 2015 to 30 September 2016, and from 1 October 2016 to 31 March 2018, as well as determining the rental value. On 12 August 2021, the Fatwa and Legislation Department administration believes that there is no need to make any additional allocations until the decision is made by the Fatwa and Legislation Department.

**First:** KSE's commitment to pay the rental value in return for its utilization of KSE building for the period from 1 October 2016 to 31 March 2018.

**Second:** The Ministry of Finance shall be responsible for determining the rental value in return for the authority's utilization of the KSE building in the period from 11 May 2015 to 30 September 2016, and in exchange for KSE's utilization of the building in the period from 1 October 2016 to 31 March 2018, as it deems appropriate to protect the State property.

Based on the notification issued by the Fatwa and Legislation Department on 12 August 2021, the authority paid the due amount totaling KD 195,367 which represents the rental consideration as mentioned above. Accordingly, the authority revised the remaining provision amount KD 1,027,277 (Note 15) in the statement of comprehensive income as at 31 March 2022.

Capital Markets Authority  
An independent public authority  
The State of Kuwait



Notes to financial statements  
For the year ended 31 March 2022

(All amounts are in KD)

## 12. Due to the Ministry of Finance

In accordance with article no. 156 of law No. 7 of 2010, certain tangible and intangible assets attributable to the Kuwait Stock Exchange (the KSE) were transferred to the authority with effect from 1 April 2018. The KSE had entered into a utilization license agreement with the Ministry of Finance, under which the KSE was licensed to occupy and utilize the state-owned building and the attached plot of land to serve as the KSE headquarters. This agreement was valid for twenty-five years starting from 1989 and required the KSE to pay to the Ministry of Finance, as an annual consideration 50% of the surplus stated in the annual budget approved by the KSE Committee after deducting the reserves determined by the Committee. The KSE neither made any payments to the Ministry of Finance under this agreement nor did they make any accrual for this.

Subsequently, in their meeting (No. 22/ 2015) dated 11 May 2015, the Council of Ministers resolved by virtue of resolution no. {697} to re-convey the title over the plot of land and the building to the State and obligate the authority to settle the amounts due to the Ministry of Finance for utilizing the building from 12 April 1989 to 27 March 2011, to be computed at KD 900,000 annually. Accordingly, the Authority Board of Commissioners resolved to make a provision for the full due amount of KD 19,800,000 and charge it on the opening balance of general reserve as of 1 April 2015.

Based on the Memorandum of Understanding concluded between the authority and the Ministry of Finance dated 26 January 2020, it was agreed to pay the amount due to the Ministry of Finance amounting to KD 19,800,000 in five annual installments of KD 4,000,000, which has to be paid during the first quarter of the financial year ended 31 March 2021, and the last installment includes an amount of KD 3,800,000. During the period ended 31 March 2022, an amount of KD 4,000,000 was paid to the Ministry of Finance.

The below table describes the discounted and undiscounted liability maturity analysis as at 31 March:

### Discounted Liabilities:

	2022	2021
Amounts payable within 12 months	4,000,000	4,000,000
More than one year and less than five years	7,588,997	11,402,451
	<u>11,588,997</u>	<u>15,402,451</u>

### Undiscounted Liabilities:

	2022	2021
Amounts payable within 12 months	4,000,000	4,000,000
More than one year and less than five years	7,800,000	11,800,000
	<u>11,800,000</u>	<u>15,800,000</u>



**Capital Markets Authority**  
**An independent public authority**  
**The State of Kuwait**



Notes to financial statements  
For the year ended 31 March 2022

(All amounts are in KD)

### 13. Operating capital and general reserve

As per article No. 21 of law No. 22 of 2015 regarding amendment of some provisions of law No. 7 of 2012 mentioned in (Note 1), the authority shall have financial reserves to ensure financial stability in the long term in order to face the systemic risk expected to occur in the Securities activities. The amount and means of creating such reserves shall be determined by a decision issued by the Council of Ministers – upon the Board's proposal. the authority shall manage such reserves, and if these reserves reach the determined amount, the surplus shall be transferred to the Public Treasury of the State. If at any time the reserves become less than the determined amount, then the Government shall supplement and pay the lacking amount. the authority shall also have an operational capital of KD 40,000,000 from which the expenses of all the authority's activities shall be paid. Expenses shall be paid and covered directly from the authority's cash reserves, in accordance with the rules of Bylaws. authority's capital may be increased through a Decree.

On 4 May 2016, operating capital was provided in compliance with law no. 7 of 2010 and its executive regulation by transferring from the authority's general reserve.

On 24 March 2019, the Economic Committee formed by the Cabinet discussed, during its meeting no. (11/ 2019) the results of the study prepared by the Capital Markets Authority in respect of the required amount of cash reserves and resolved to assign Kuwait Investment Authority ("KIA") in coordination with the Ministry of Finance ("MOF") and the authority to prepare a joint memo with a proposal and ways to form cash reserves in order to meet the systemic risks expected to occur in the securities activity, the proposed time frame, method of management, withdrawal and redeeming the funds paid thereof.

Based on this assignment, on 11 April 2019, the Capital Market Authority, Kuwait Investment Authority, and the Ministry Of Finance signed the joint memorandum, which determined the amount of reserves to be KD 450 million. Such reserve will be formed as follows:

- An amount of KD 250 million in form of a Letter of Guarantee issued from KIA.
- Cash amount of KD 200 million (including the current cash reserves amounting to KD 80 million which are held by the authority), and an amount of KD 120 million will be paid during the next three years (KD 40 million each) from the State General Reserve starting from the financial year 2020 – 2021.

The Council of Ministers issued resolution No. (1044) in its meeting no 31 held on 29 July 2019, to approve the authority's recommendations regarding formation of cash reserves amounting to KD 450 Million in accordance with the recommendations of the joint memo dated 11 April 2019. As a part of implementing this decision, the authority's cash reserves were funded by KD 40 million during the period ended 31 December 2021 (31 March 2021: KD 40 Million).

**Capital Markets Authority**  
**An independent public authority**  
**The State of Kuwait**



Notes to financial statements  
For the year ended 31 March 2022

(All amounts are in KD)

**14. Licenses and Fines Fee**

	2022	2021
Licenses fee	1,674,420	1,649,162
Fines and penalties fee	364,138	400,111
	<u>2,038,558</u>	<u>2,049,273</u>

The authority revenues are represented in the fees prescribed for practicing its activities, such as licensing and listing fees, trading commissions, and fines imposed under the provisions of Law No. 7 of 2010 and its executive bylaw.

**15. Other income**

	2022	2021
Tenders' income	83,600	1,800
Contract fines	11,240	-
ECL Provision no longer required (Note 7)	128,286	-
Provision no longer required (Note 11)	1,027,277	-
Other income	170,083	23,007
	<u>1,420,486</u>	<u>24,807</u>

**16. Staff costs**

	2022	2021
Salaries and wages	16,652,336	16,686,330
End of service benefits for employees	2,577,521	2,075,964
Leaves	2,211,159	2,159,223
Social insurance	1,141,709	1,093,675
Bonus	3,686,004	3,735,991
	<u>26,268,729</u>	<u>25,751,183</u>

**17. General and administrative expenses**

	2022	2021
Rent expenses	53,383	53,670
Consulting expenses	311,949	414,365
Other expenses	399,678	626,760
Training expenses	141,347	121,326
Travel and transportation expenses	-	730
Maintenance expenses	620,401	540,754
Subscriptions and Licenses expenses	529,643	414,718
Expected credit loss	-	308,026
Interest expenses	274,081	320,637
	<u>2,330,482</u>	<u>2,800,986</u>

Capital Markets Authority
   
 An independent public authority
   
 The State of Kuwait



Notes to financial statements
   
 For the year ended 31 March 2022

(All amounts are in KD)

## 18. Related parties' transactions

Related parties represent heads of sectors. Transactions and balances with related parties are as follows:

### i) Statement of financial position

	2022	2021
Executive management benefits	719,277	618,013

### ii) Transaction included in the Statement of profit or loss and other comprehensive income

	2022	2021
Executive management salaries and remunerations	427,396	405,337

The salaries and remuneration of the authority Commissioners shall be determined by a Decree.

## 19. Contingent assets

As set out in note 13 to the financial statements, the authority received a letter of guarantee issued by Kuwait Investment Authority for an amount of KD 250 Million. Such letter of guarantee shall be paid as per the following requirements:

- Cash reserve has been exhausted in meeting systemic risk that may occur in the securities activity. the authority must abide by the definition it has set of typical risk.
- Reserve should not be used to support the entities to avoid entities financial difficulties.

The value of letter of guarantee is not recognized in the financial statements as they are contingent assets and are recognized upon actual collection.

As at 31 March 2022, the authority imposed fines on violators of the authority requirements. These violations amounted to KD 43,936,182 (31 March 2021: KD 8,802,112), and these decisions are being appealed and are still in the initial litigation stages.

The authority's legal advisor believes that it is difficult to predict the final situation of these cases. These amounts were not included in the fines and penalties income as they are still within the legal period to appeal, or the existence of cases brought by the violating parties.



Capital Markets Authority  
An independent public authority  
The State of Kuwait



Notes to financial statements  
For the year ended 31 March 2022

(All amounts are in KD)

## 20. Contingent liabilities

There are certain lawsuits raised against the authority, and the authority substituted KSE for any rights or obligations arising from outstanding lawsuits and appeals which were raised before the agreement concerning the transfer of Boursa facilities along with its tangible and intangible assets, which was signed in 2016. The legal advisor of the authority, the outcome of lawsuits raised against the authority and KSE would not have a material impact on the authority's financial statements.

## 21. Capital commitments

As at 31 March 2022, the authority has capital commitments related to projects under construction that amounted to KD 35,300 (31 March 2021: KD 85,349).

## 22. Covid-19 Update

On 11 March 2020, the World Health Organization characterized the outbreak of COVID-19 as a global pandemic and recommended containment and mitigation measures. Since then, extraordinary actions have been taken by the government of the State of Kuwait to contain and combat the outbreak and spread of COVID-19. These actions include travel restrictions, quarantines, stay-at-home orders, and similar mandates for many individuals to substantially restrict daily activities and for many businesses to curtail or cease normal operations. Whilst the restrictions are easing it remains unclear when the COVID-19 pandemic will abate.

the authority management has considered the potential impact of the current economic downturn and volatility on the reported amounts of the authority's assets and liabilities and considered these to represent the best assessment based on available or observable information. As the outbreak continues to evolve, it is challenging at this juncture, to predict the full extent and duration of its business and economic impact. the authority management continues to monitor the situation and its impact on the authority's operation and financial position.







## Section Ten

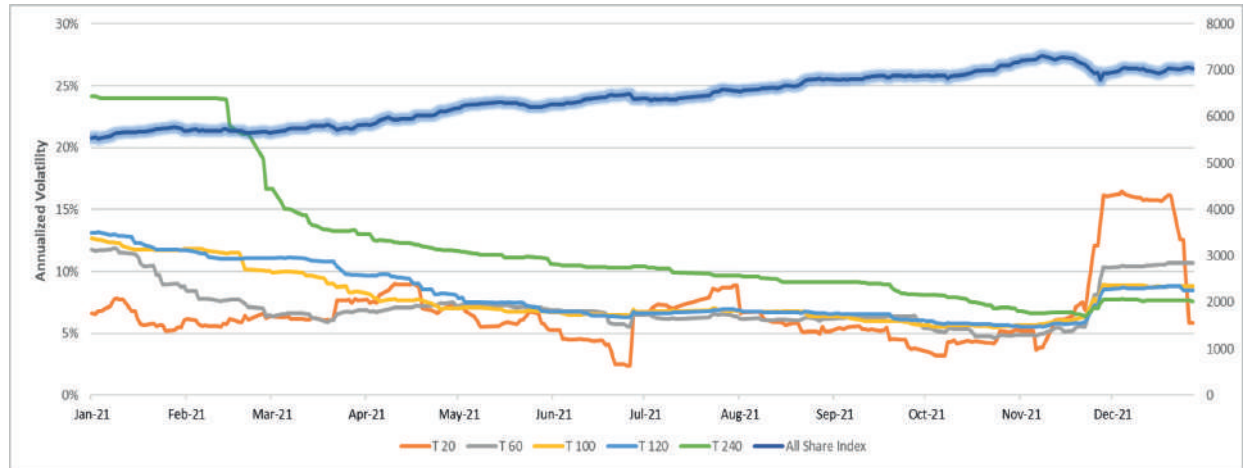
Some of the Trading Indicators in Boursa Kuwait  
of 2021



## ► Summary of Boursa Kuwait Trades

### ► Boursa Kuwait All Share Index Volatility

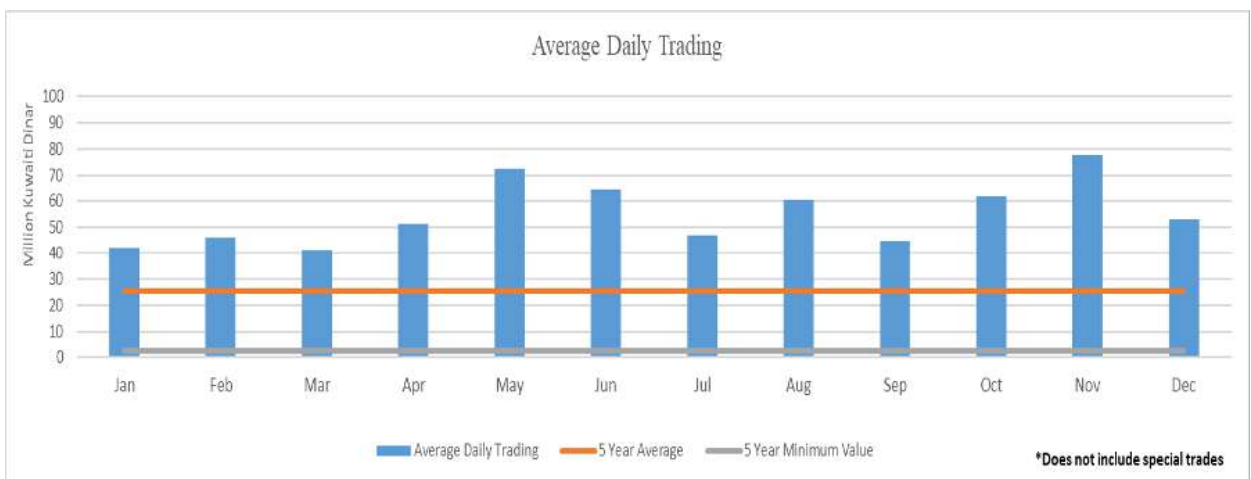
The following graph shows the volatility of the Boursa Kuwait's All- Share Index during the year 2021 over several periods: T-20, T-60, T-100, T-120 and T-240:



- The Trailing Volatility was calculated on an annual basis according to the fluctuations of the All- Share Index for the specified periods, volatility increases as deviation of the daily index values from the average of the same period increases.

### ► Trades Values

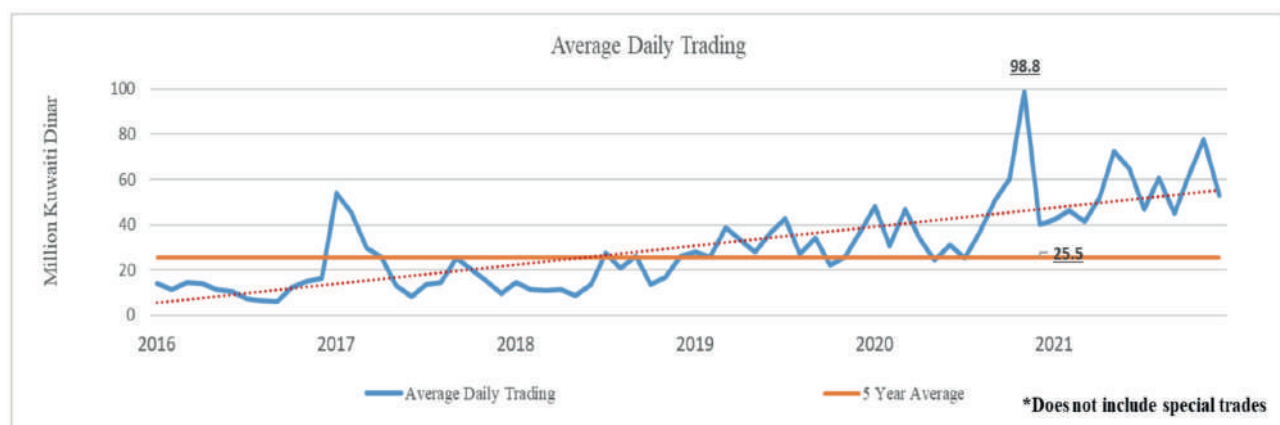
The following graph shows the average of the daily traded value during 2021 in comparison to the average of the previous five years:



The average of the daily traded value reached its peak in November 2021 with a value of 77.7 million Kuwaiti Dinars. The five-year average was 24.5 million Kuwaiti Dinars. The increase in daily traded value index is considered a positive indicator.



A graph showing the total trade value during the periods from 2016 to 2021 in comparison with the five-year average that reached 7.5 billion Kuwaiti Dinars.



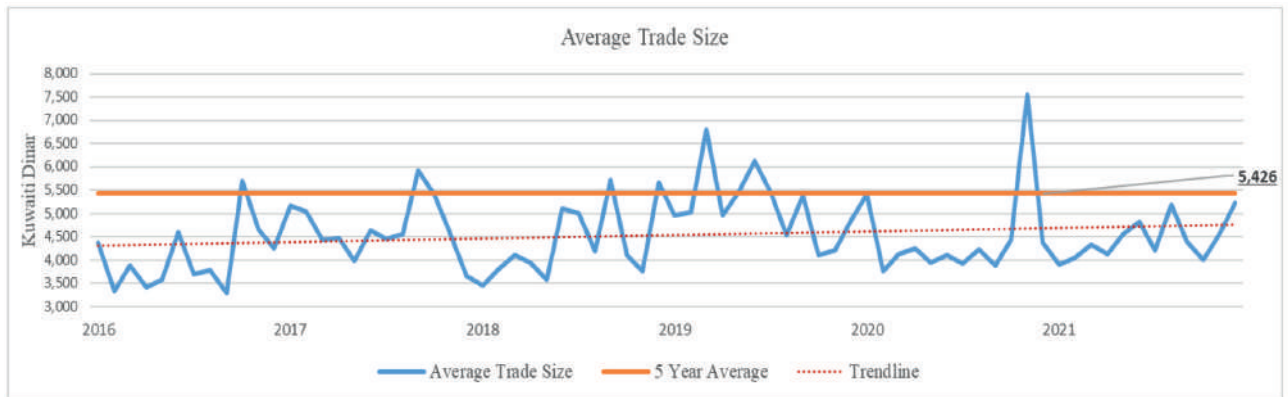
A graph showing the average daily trading value during the periods from 2016 to 2021 in comparison with the five-year average that reached 25.5 million Kuwaiti Dinars.

## ► Trades Size

The following graph shows the average of the daily trade size during 2021 in comparison to the average of the previous five years:



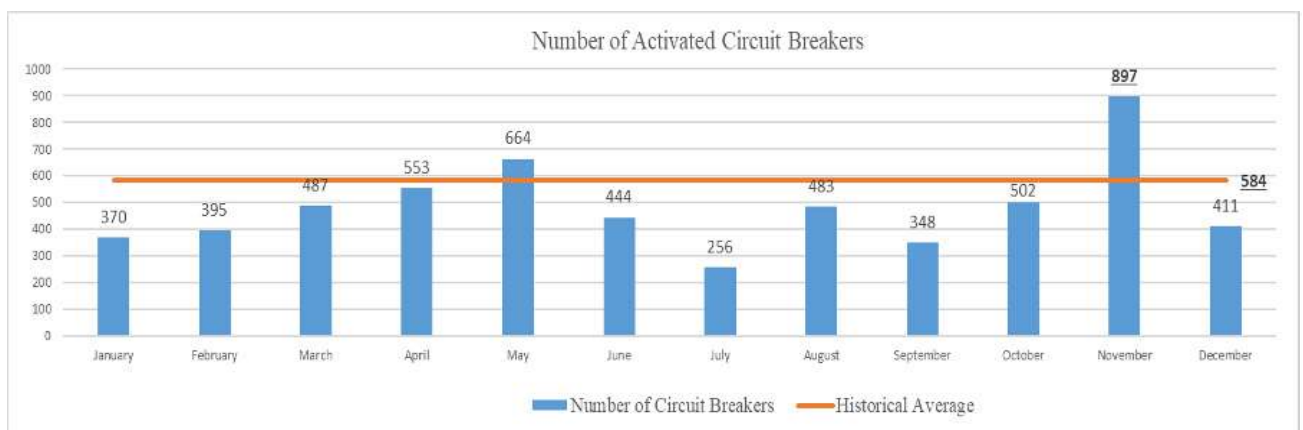
The average daily trade size reached its peak in December 2021 with a value of 5,224 Kuwaiti Dinars. The average of the last five years was 5,426 Kuwaiti Dinars per trade. The increase in average daily trade size is considered a positive indicator.



A graph showing the average daily trading value during the periods from 2016 to 2021 in comparison with the previous five-year average.

### ► Circuit Breakers

The following graph shows the number of circuit breakers that were activated during 2021 in comparison with the average of that period:



- The circuit breakers system was implemented in April 2018 in line with the launch of the second phase of the Market Development project. The number of circuit breakers reached its maximum in November 2021 in which 897 circuit breakers were activated.
- The average of the circuit breakers activated monthly since the start of their implementation in April 2018 reached 584 circuit breakers monthly.

### ► Market Capitalization

The market capitalization of Bursa Kuwait reached 41 billion Kuwaiti Dinars in the end of 2021, while the average of the market value during the previous five years reached 33 billion Kuwaiti Dinars.

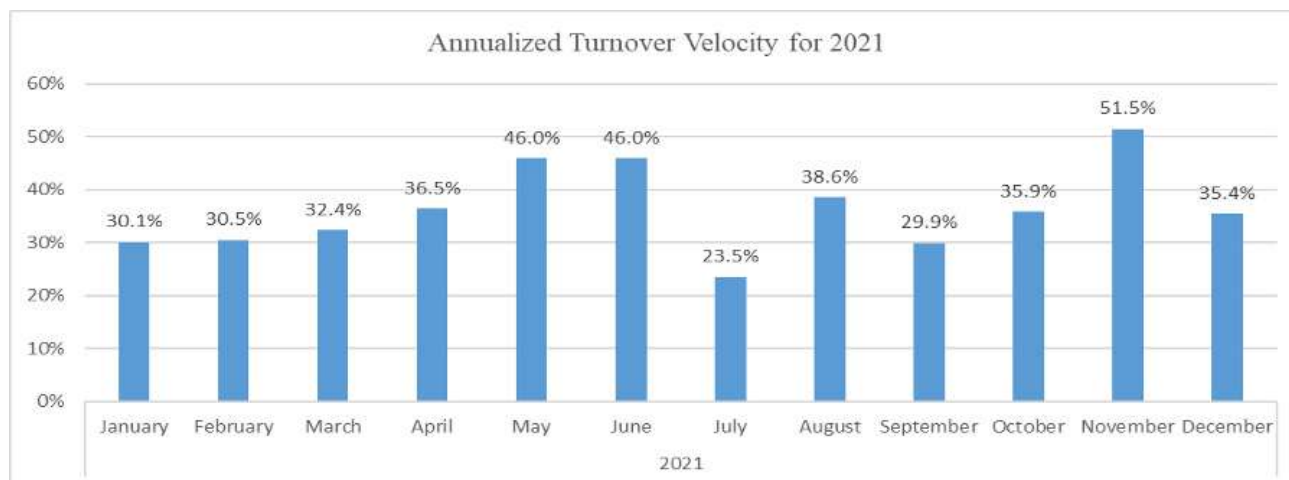
The following graph shows the market capitalization of the companies listed in Bursa Kuwait at the end of 2021 in comparison to the average of the previous five years.





## ► Market Liquidity Indicator

The following table shows the Turnover Velocity in 2021 in comparison to 2020:



Year	Trading Value	Market Capitalization	Annual Turnover Velocity
2020	10,765,962,611	32,243,916,778	33.39%
2021	13,698,255,144	41,427,677,852	33.07%

- The Annual Turnover Velocity reached 33.1% in 2021.
- The indicator reached its peak of 51.5% in November of this year.
- The Monthly Turnover Velocity was calculated as follows:

$$\text{Monthly Turnover Velocity} = \frac{\text{Monthly trading value}}{\text{Market value at the end of the month}} \times 12$$

- The Annual Turnover Velocity was calculated as follows:

$$\text{Annual Turnover Velocity} = \frac{\text{Annual trading value}}{\text{Market value at the end of the year}}$$

## ► Market Capitalization and Trades by Market Sector

The following table shows the market capitalization and the trades at the end of 2021 according to the sector:

Sector	Market Cap	Percentage of Total Market Cap	Vale	Percentage of Total Value	Volume	Percentage of Total Volume	Trade	Percentage of Total Trades
Banking	23,943,142,147	57.9%	4,875,557,768	35.9%	12,743,361,735	15.1%	510,352	16.8%
Financial Services	4,014,395,489	9.7%	3,732,371,024	27.5%	35,889,433,280	42.5%	1,035,762	34.0%
Real Estate	2,791,425,754	6.8%	1,888,091,359	13.9%	19,52,886,702	23.2%	586,515	19.3%
Insurance	611,507,568	1.5%	68,108,277	0.5%	628,265,873	0.7%	34,254	1.1%
Industrials	3,910,309,829	9.5%	1,649,316,354	12.1%	5,343,770,436	6.3%	418,691	13.8%
Basic Materials	876,062,476	2.1%	162,583,570	1.2%	284,705,276	0.3%	46,254	1.5%
Consumer Discretionary	673,273,750	1.6%	305,579,860	2.3%	2,413,735,124	2.9%	135,852	4.5%
Telecommunication	3,337,933,713	8.1%	571,904,040	4.2%	4,122,375,884	4.9%	136,691	4.5%
Energy	287,896,537	0.7%	133,454,518	1.0%	2,781,250,436	3.3%	79,890	2.6%
Technology	9,399,982	0.0%	3,627,854	0.0%	39,083,730	0.0%	3,631	0.1%
Health Care	395,198,505	1.0%	1,481,157	0.0%	2,283,608	0.0%	1,226	0.0%
Consumer Staples	219,194,301	0.5%	74,921,896	0.6%	139,463,511	0.2%	20,133	0.7%
Utilities	25,800,000	0.6%	110,353,840	0.8%	444,037,633	0.5%	35,355	1.2%
Total Market	41,320,730,052	100%	13,577,351,517	100%	84,374,653,228	100%	3,044,606	100%

- The banking sector was the largest sector in terms of the market value, with a total value of 24 billion Kuwaiti Dinars which is approximately 57.9% of the total market value.
- The Banking sector also led the sectors in terms of trading value that reached 4.9 billion Kuwaiti Dinars and formed 35.9% of the total value traded in the market. The Financial Services sector led the sectors in terms of the trading volume and number of trades, as the trading volume reached 35.9 billion shares which formed 42.5 % of the total volume traded in the market, while the number of trades reached 1 million trades and formed 34% of the total trades in the market.

## ► Ownership Value of the Kuwaiti Government Entities in Boursa Kuwait

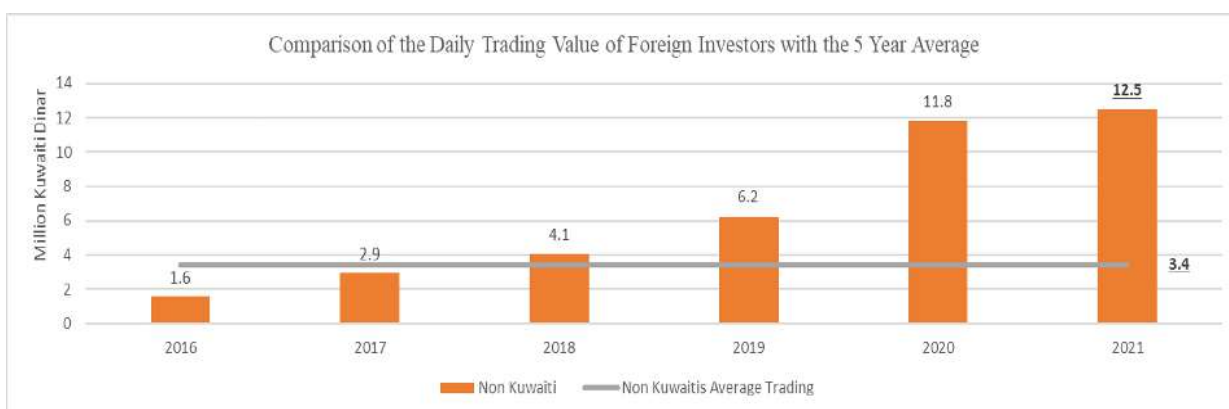
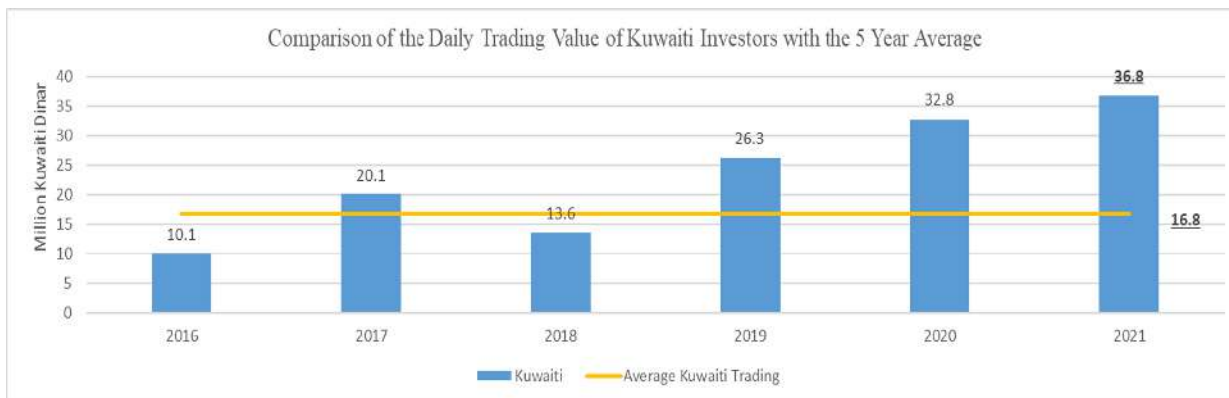
Entity Name	2020		2021		Change in Ownership (KWD)	Change in Ownership Percentage
	Ownership (KWD)	Percentage of Total Market Cap	Ownership (KWD)	Percentage of Total Market Cap		
Kuwait Awqaf Public Foundation	514,179,428	1.22%	380,905,918	1.18%	133,273,133 ▲	0.043% ▲
The Public Institution for Social Security	0	0%	28,486,200	0.09%	-28,486,200 ▼	-0.088% ▼
The Public Authority for Minor Affairs	734,023,685	1.75%	550,084,250	11.71%	183,939,435 ▲	0.042% ▲
Kuwait Investment Authority	2,661,605,825	6.34%	2,128,137,242	6.60%	533,468,582 ▲	-0.262% ▼
Wafra Equity Fund	4,040,503	0.01%	2,885,368	0.01%	1,155,134 ▲	0.001% ▲
Kuwait Petroleum Corporation	2,220,206	0.07%	23,806,861	0.07%	6,413,345 ▲	-0.002% ▼
Kuwait Airways	27,628,106	0.07%	25,619,303	0,08%	2,008,803 ▲	-0,014 ▼
Total Ownership of Government Entities	3,971,697,752	9.46%	3,139,925,142	9.74%	831,772,610 ▲	-0.280% ▼
Total Market	41,992,640,658	100%	32,243,916,778	100%		

- The total ownership value of the Kuwaiti government entities in Boursa Kuwait reached 3.97 billion Kuwaiti Dinars. This ownership forms 9.46% of the total market value of Boursa Kuwait. The ownership value of the Kuwaiti government entities in Boursa Kuwait increased in an amount of 831.8 million Kuwaiti Dinars, as the ownership of the Kuwaiti government entities represented 9.74 of the total market value of Boursa Kuwait at the end of 2021.

## ► Trading Summary based on Nationality and Category

### ► Trading by Nationality

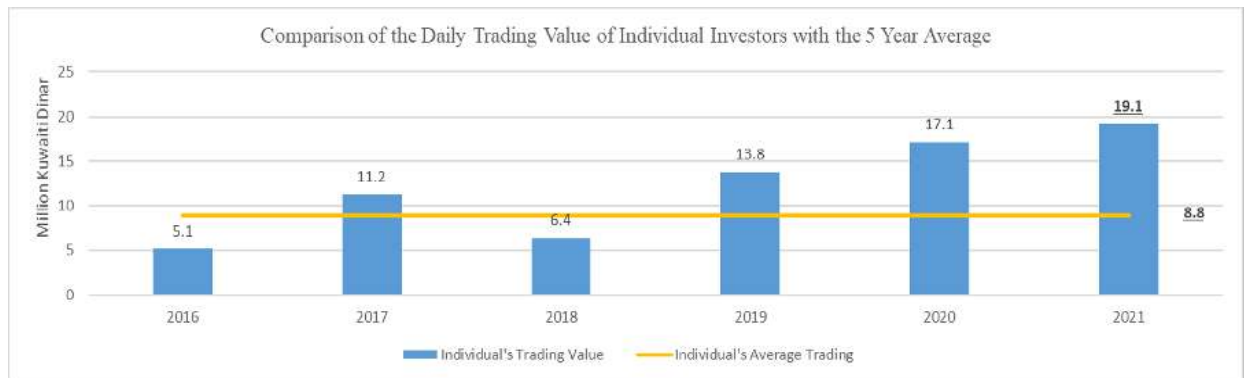
The following graph shows the trading average of Kuwaitis and non-Kuwaitis during the period from 2016 to 2021 in comparison with the average of the previous five years:



- The average daily trading value of the Kuwaiti investors reached 36.8 million Kuwaiti Dinars during 2021, which is an increase by an estimated value of 4 million Kuwaiti Dinars in comparison to the average of 2020.
- The average daily trading value of non-Kuwaiti investors reached 12.5 million Kuwaiti Dinars during 2021, which is an increase by an estimated value of 0.7 million Kuwaiti Dinars in comparison to the average of 2020. The daily trading value of foreign investors during 2021 is the highest value during the period from 2016 to 2021, after Kuwait's upgrade to emerging market status in MSCI indices in 2020 and Kuwait's inclusion in both the FTSE secondary emerging markets index and the S&P DJI emerging markets index.

### ► Trading by Investor's Type

The following graph shows the average of the trading value of the individuals and institutions during the period from 2016 to 2021 in comparison with the average of the previous five years:



- The average daily trading value of the individual investors reached 19.1 million Kuwaiti Dinars during 2021, an increase by an estimated value of 2 million Kuwaiti Dinars in comparison to the average of 2020.
- The average daily trading value of the funds and institutions reached 30.2 million Kuwaiti Dinars during 2021, an increase in 2.7 million Kuwaiti Dinars in comparison to the average of 2020.



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