



EIGHTH ANNUAL REPORT

(2018 - 2019)

State of Kuwait



بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ



His Highness

Sheikh Sabah Al-Ahmad Al-Jaber Al-Sabah

The Amir of the State of Kuwait



His Highness

Sheikh Nawwaf Al-Ahmad Al-Jaber Al-Sabah

The Crown Prince of the State of Kuwait

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CMA Board of Commissioners

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



Khalifah A. Al-Ajeel
Commissioner

Message of the Chairman of CMA Board of Commissioners

Message of the Chairman of CMA Board of Commissioners

Greetings,

I am pleased to present CMA Annual Report for the financial year (2018/2019) to all those concerned and interested in securities activities. This report is prepared and presented annually on the specified date for multiple considerations. In addition to being a legal entitlement pursuant to CMA's Law of Establishment, which stipulated submitting an annual report to the competent minister that is presented to the Kuwaiti Council of Ministers regarding CMA's activities, business and achievements. This report is a realization of the CMA's commitment to the highest standards of transparency. It exhibits the CMA's services and details of its accomplishments and tasks throughout the previous financial year.

Being a legislator and regulator to the local sector of securities activities, , and according to the CMA's approach which considers its role in the capital markets as not only a regulator, but also a developing partner, it seeks to accomplish its set of goals detailed in the Law of Establishment. Such goals include regulating local securities activities, growing the capital markets, diversifying and developing its investment instruments, enhancing investor protection, reducing systemic risks arising from securities activities, as well as other goals related to the CMA's long term strategic vision that aims to "leading the development of attracting capital markets that are supportive of the national economy". Such goals help to achieve CMA's mission in promoting a supervisory and controlling system and becoming supportive to a competitive and attracting market in Kuwait, that is based on the principles of fairness, competitiveness, transparency and integrity according to the best international practice". CMA intensive efforts in such areas are directly influencing one of the strategic development aspect for the state of Kuwait that is based on the vision of His Highness the Amir to transfer Kuwait into a leading regional financial center in the region, through establishing an attracting investment environment of competency, integrity and transparency, in which the regulated capital markets is one of its most important elements.

CMA's exceptional accomplishments achieved in the previous years such as obtaining membership in the International Organization of Securities Commissions (IOSCO) with membership in its board of directors, chairing the Markets Development Team of the Standing Committee for Economic and Commercial Cooperation of the Organization of the Islamic Cooperation (COMCEC), promoting Kuwait's Exchange to the status of emerging markets according to the standards of several international classification agencies and institutions, and being in the consultation list for promotion based on indicators of other classification agencies. All these accomplishments express the importance of the CMA in the framework of the previously mentioned directions.

Before I state the list of accomplishments of the last financial year (2018/2019), I would like to emphasize CMA's continuity nature in the mechanism of carrying out its tasks, which is expressed in the recently achieved goals that are an outcome of years of the CMA's hard work since its establishment. That leads me to commend the efforts made through the terms of the two previous Board of Commissioners, as well as the present Board of Commissioners.

As for the tasks and achievements accomplished during the last financial year, they will be presented in detail through this report, covering all regulatory, legislative, supervisory and awareness roles of the CMA, as I shall mention one of the most important achievements on the level of the CMA's

strategic planning that is currently ongoing, which most of its implementation procedures made a great progress, based on the positive results expected for these projects not only in securities activities but in the economical and investment environment as well.

Huge important improvements on several projects handled by CMA took place last year, in February in particular. One of the most significant historical events was on February 14, revealing the pre-final stage of the securities exchange privatization project through announcing the success of National Investments Company, Arzan Financial Group, First Investment Company and Athens Stock Exchange Market in winning the bid for the offered 44% share of Boursa Kuwait Securities Company. Such event is highly important since it is a national entitlement and a success of the first and most important step towards privatization projects in the history of Kuwait. It also plays a basic role in strengthening the role of the private sector and assigning it the management of one of the most important economic facilities. Initial public offering for citizens share (50%) is considered a procedure to share with them the projects' property and that supports Government's approach to financial and administrative reform.

February of last year witnessed another two major events strongly related to CMA's strategical projects. The first is CMA launch of its qualitatively electronic disclosure system using XBRL, a phase prior to its mandatory application stage aimed to apply through the next financial year after completing the projects' stages which were spanned over several years. Such event is important in the role of strengthen principles of transparency and disclosure in the financial markets and overcoming current obstacles facing data and information exchange process among different concerned parties dealing with current local financial market, and that turns the project into one of the fundamental and main pillars of setting the required basic structure of financial markets. It also contributes in establishing its competitiveness as it improves the local investment climate in general.

The second event is developing the project of preparing Capital Adequacy Regulations for Licensed Persons to reach advanced stages with the accomplishment of three of its four stages, leading to preparing the final drafts and modules for these Regulations. Such orientation assures the performance efficiency of licensed companies for dealing in securities and to ensure the soundness of their financial positions. It also effectively participates in the protection of investors rights and create a safe investing environment through the necessary precautions needed to face risks related to business and dealings of licensed persons.

In the same contest, preparation is ongoing for the third stage of Capital Market System Development Project, CMA most important project since it is related to developing capital market system with all its components and aspects. This project includes drastic comprehensive changes that assists to a large degree in accomplishing compliance with international standards applied in many aspects of securities activities as it increases efficiency of trading systems and reinforces transparency criteria in clearing and settlement activities. It also enables trading in advanced investment and financial instruments and prepare suitable environment to localize investments and attract foreign ones.

As for promoting Kuwait to an emerging market status, I would like to point out the announcement of the international classification agency S&P Dow Jones regarding upgrading Kuwait to an emerging

market status. Actual implementation would be in September 2019, after FTSE Russell announcement on the promotion of Kuwait to an emerging market status in September 2017. Additionally, MSCI international classification agency announced placing Kuwait on the Watch List in order to upgrade the classification to an emerging market status, expected to be announced in June 2019.

Moreover, I would like to point out to the advanced stages of completing the project of Professional Qualifications Program for Registered Employment Positions . Five out of eight stages are accomplishing. . Also, procedures of the National Project of Promoting Financial Literacy is ongoing according to the approved mechanism.

As for the CMA legislative missions, I would like to indicate the success of multiple amendments, especially in some articles of the Executive Bylaws of the Law of Establishment, which are based on the requirements of pragmatic implementations before approving such amendments every six months. In the regulatory area, CMA proceeds to implement its usual tasks, pointing out the progress of debt instrument issuance activity, achieving over KWD 75 million throughout the last financial year. Values of such issuances is over five billion Kuwaiti Dinars, the same as for the acquisition and merger activity which is over a billion Kuwaiti Dinars since CMA establishment.

On the Other hand, (2018/2019) financial year have witnessed the approval of the (2018/2021) strategies, including four main criteria in different aspects of securities activities (efficiency and competitiveness, investors protection, money market stability and development

sustainability). These criteria are distributed over twelve strategic goals, requiring forty-four initiative to be achieved, some related to completing current projects, others are new initiatives that will be achieved through the strategic plan years.

I will not mention many details of accomplished tasks of the last financial year or its future goals, as this report will handle such details, hoping to present a real image of what the CMA achieved, reflecting the reality of its ongoing projects as well as future visions.

Before concluding, it is a pleasure to mention the hard work of all fellow members of the two previous Board of Commissioners, which contributed in developing and accomplishing current CMA achievements. It is also a pleasure to indicate the huge efforts and cooperation of our partners in the capital markets industry, and all those related to securities activities in general.

In conclusion, on behalf of me and fellow members of the Board of Commissioners and all members of the Capital Markets Authority, I would like to express my gratitude to our wise leadership and present the highest gratitude to His Highness the Amir Sheikh Sabah Al-Ahmad Al-Jaber Al-Sabah, , and to His Highness the Crown Prince Sheikh Nawaf Al-Ahmad Al-Jaber Al-Sabah, and to His Highness the Prime Minister Sheikh Jaber Al-Mubarak Al-Hamad Al-Sabah, for the continuous support to our efforts, assuring the CMA's commitment to proceed its hard work with their wise guidance

Prof. Ahmad A. Al-Melhem

Chairman of CMA Board of Commissioners

Managing Director

Introduction

Introduction

Article (25) of Law No. (7) of 2010 Regarding the Establishment of the Capital Markets Authority and Regulating Securities Activities and its amendments stipulated the following:

The Authority shall, within 120 days after the end of every financial year, present to the Competent Minister an annual report on its activities, work and achievements in the growth and development of the market during the completed year, including the Authority's financial accounts and the auditor's report."

As for the competent minister, he is the Minister of Commerce and Industry, according to Article (2) of the same Law, which stipulates the following: "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 (25) aforementioned made it a legal obligation to submit the report to the competent minister on the specified date. Therefore, the Capital Markets Authority is keen on the preparation of the annual report at the end of each financial year, which includes its achievements and work, activities and efforts to develop and grow the capital markets, accompanied by its audited financial statements, in addition to the auditor's report and the Authority's future directions.

As for Article (18) of the law establishing the Authority, it specified the frameworks for preparing the Authority's budget, as well as the start and end dates of its financial year, as follows:

"The Authority shall have an independent budget promulgated by a Law, to be prepared in accordance with the rules to be set out in the Bylaws taking into account the provisions of Decree-Law No. (31) of 1978 on the Rules for Preparing Public Budgets, Monitoring their Execution and Final Account. The financial year shall commence on April 1st and conclude on March 31st every year. The Bylaws shall set out the financial policies and procedures for the disposition of the Authority's funds, and for book-keeping systems to regulate its operations and monitor its accounts. The Chairman of the Board of Commissioners shall have the competences of the Minister of Finance regarding the provisions of the mentioned Decree-Law".

In implementation of these legal obligations, the Authority submits its eighth annual report for the fiscal year (2018/2019) which includes the most important achievements and tasks implemented during that financial year, and provides a summary of its most prominent visions and future directions, as well as its audited financial statements and the auditor's report, divided into many sections as follows:

Section One: The Capital Markets Authority, the Mission, the Vision, and the Objectives.

Section Two: CMA Governance.

Section Three: CMA Strategic Projects.

Section Four: The Achievements of the Boards,

Committees, and Offices that Form as Part of the Board of Commissioners.

Section Five: The Capital Markets Authority's Achievements in Organizing The Securities Activities and Supervising Them.

Section Six: CMA's Achievements in Organizing and Developing The Internal Work Environment

Section Seven: Future Visions and Trends.

Section one

The Capital Markets Authority, the
Mission, the Vision, and the Objectives

The Establishment

Law No. 7 of 2010 regarding the Establishment of the Capital Markets Authority and Regulating Securities Activities was issued on February 21, 2010. It was published in the Official Gazette on February 28, 2010. Law No. 108 of 2014 Amending Some Provisions of Law No. 7 of 2010 regarding the Establishment of the Capital Markets Authority and Regulating Securities Activities was issued on July 23, 2014 and published in the Official Gazette on August 10, 2014. Law No. 22 of 2015 Amending Some Provisions of Law No. 7 of 2010 regarding the Establishment of the Capital Markets Authority and Regulating Securities Activities was issued on May 4, 2015 and published on May 10, 2015.

Article (2) of Chapter 2 of Law No. 7 of 2010 Establishing the Capital Markets Authority (CMA) states: "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."

In addition, Article (1-1) of Module Two (Capital Markets Authority) of the Executive Bylaws of the CMA Law states: "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."

The Main Objectives of CMA

Article (3) of Chapter 2 of the Law No. 7 of 2010 establishing the CMA and its amendments included the main objectives of the CMA that are as follows:

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

The Vision:

Providing leadership to develop capital markets that attract and support the local economy.

The Mission:

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

The Institutional Values:

Responsibility: undertaking to take the responsibility of implementing the law and the bylaws that govern the capital markets.

Justice: justice and equality in implementing the laws and regulations on all entities that are subject to supervision by the CMA without prejudice and discrimination.

Integrity: commitment of honesty, straightness, and ethics of the profession.

Transparency: the CMA ensures the society's right of knowledge according to its law and governing rules.

Excellence: commitment of doing our work with a high degree of proficiency and literalism.

Efficiency: optimize the available resources of the CMA.

Partnership: work as a team and partnership with the other regulating entities and those that are licensed by the CMA.

The Organizational Structure of the Authority:

Article (4-19) of Module 2 (Capital Markets Authority) of the Executive Bylaws of Law No. 7 of 2010 states: "The Board (the Board of Commissioners) is the only entity authorised to set and approve the organizational structure of the Authority and the arrangements of financial and administrative competences. It may make necessary amendments when necessary."

In order to implement this Article, the Board of Commissioners issued resolution No. (147) of 2017 on 29 October 2017 regarding organizing the administrative structure of the Capital Markets Authority, and setting the main objectives and competences of its organizational units. It is worth reproducing the content of this resolution as it determines the current organizational structure of the Authority, and refers to the significant resolutions issued that amended some of its provisions.

Resolution No. (147) of 2017

Regarding Organizing the Administrative Structure of the Capital Markets Authority, and Setting the Main Objectives and Competences of its Organizational Units.

Having Perused:

- Law No. (7) of 2010 regarding the Establishment of the Capital Markets Authority and Regulating Securities Activities and its Amendments; and
- The law of the Board of Commissioners of the Capital Markets Authority in its 5th meeting of 2017 that was held on 12/04/2017 regarding setting the organizational structure of the Capital Markets Authority; and
- The law of the Board of Commissioners of the Capital Markets Authority in its 31st meeting of 2017 that was held on 09/08/2017 regarding organizing the administrative structure of the Capital Markets Authority, and setting the main objectives and the competences of its organizational units; and
- As dictated by the employment administrative.

The Following Was Resolved:

Article 1:

The Managing Direction structure of the Capital Markets Authority consists of organizational units that are designated and arranged as follows:

1. Main organizational units under the name of "Sector"
2. Basic organizational units under the name of "Department/Office"
3. Minor organizational units under the name of "Section"
4. Internal organizational units under the name of "Unit"

Article 2:

The Managing Direction structure of CMA forms as follows:

The Managing Direction, headed by the Managing Director, is followed by:

- The offices of the Executive Manager:
 1. Coordination and Follow-up Office
 2. Managing Director Office
 3. Awareness Office
 4. Performance Development and Risk Management Office
 5. Strategies Office
 6. Public Relations and Media Office
 7. International Relations Office

- Legal Affairs Sector: it regulates its administrative structure as follows:
 1. Coordination and Follow-up Office
 2. Legal Studies Department that consists of:
 - Studies and Legislation Section.
 - Contracts Section.
 3. Investigation Department that consists of:
 - Administrative investigation Section.
 - Supervisory Investigation Section.
 4. Litigation & Arbitration Department that consists of:
 - Litigation Section.
 - Implementation Section.
 - Arbitration Section.
- Markets Sector: it regulates its administrative structure as follows:
 1. Coordination and Follow-up Office
 2. Markets Regulation Department that consists of:
 - Listing Section.
 - Trading Section.
 3. Disclosure Department that consists of:
 - Disclosure of Interests Section.
 - Material Disclosure Section.
 - Insiders Disclosure Section.
 4. Mergers And Acquisition Department that consists of:
 - Mergers Section.
 - Acquisition Section.
 5. Capital Markets Research and Development Department that consists of:
 - Capital Markets Development Section.
 - Capital Markets Risk Management and Assessment Section.
 6. Markets Surveillance Department that consists of:
 - Trading surveillance Section.
 - Markets Operations Surveillance Section.

- Supervision Sector: it regulates its administrative structure as follows:
 1. Coordination and Follow-up Office
 2. Licensing and Registration Department that consists of:
 - Licensing Section.
 - Registration and Accreditation Section.
 3. Collective Investment Schemes that consists of:
 - Investment Funds Section.
 - Collective Investment Schemes Follow-up Section.
 4. Corporate Finance and Governance office that consists of:
 - Corporate Finance Section.
 - Governance Section.
 5. Off-sight Supervision Office that consists of:
 - Super- vision of Licensed Persons Section.
 - Super- vision of Collective Investment Schemes Section.
 - Super- vision of Listed Companies Section.
 - Development and Technical Studies Unit.
 6. On-sight Supervision Office that consists of:
 - Comprehensive On-site Supervision Section.
 - Specific On-site Supervision and Follow-up Section.
 - Anti-Money Laundering and Combating Financing of Terrorism Section.
- Support Services Sector: it regulates its administrative structure as follows:
 1. Coordination and Follow-up Office.
 2. Financial Affairs and Treasury Department that consists of:
 - Budget Section.
 - Treasury Section.
 - Procurement and Services Section.
 - Accounting Section.
 - Warehouse Unit.
 - Review Unit.
 3. Human Resources Department that consists of:
 - Employees Affairs Section.
 - Indemnification & Performance Assessment Section.
 - Training & Development Section.
 - Work- force Planning unit.
 4. Information Technology Department that consists of:
 - Applications Support Section.
 - Operations Section.
 - Data Section.

Article 3:

The objectives and competences of the organizational units of the administrative structure of CMA are set based on this resolution.

Article 4:

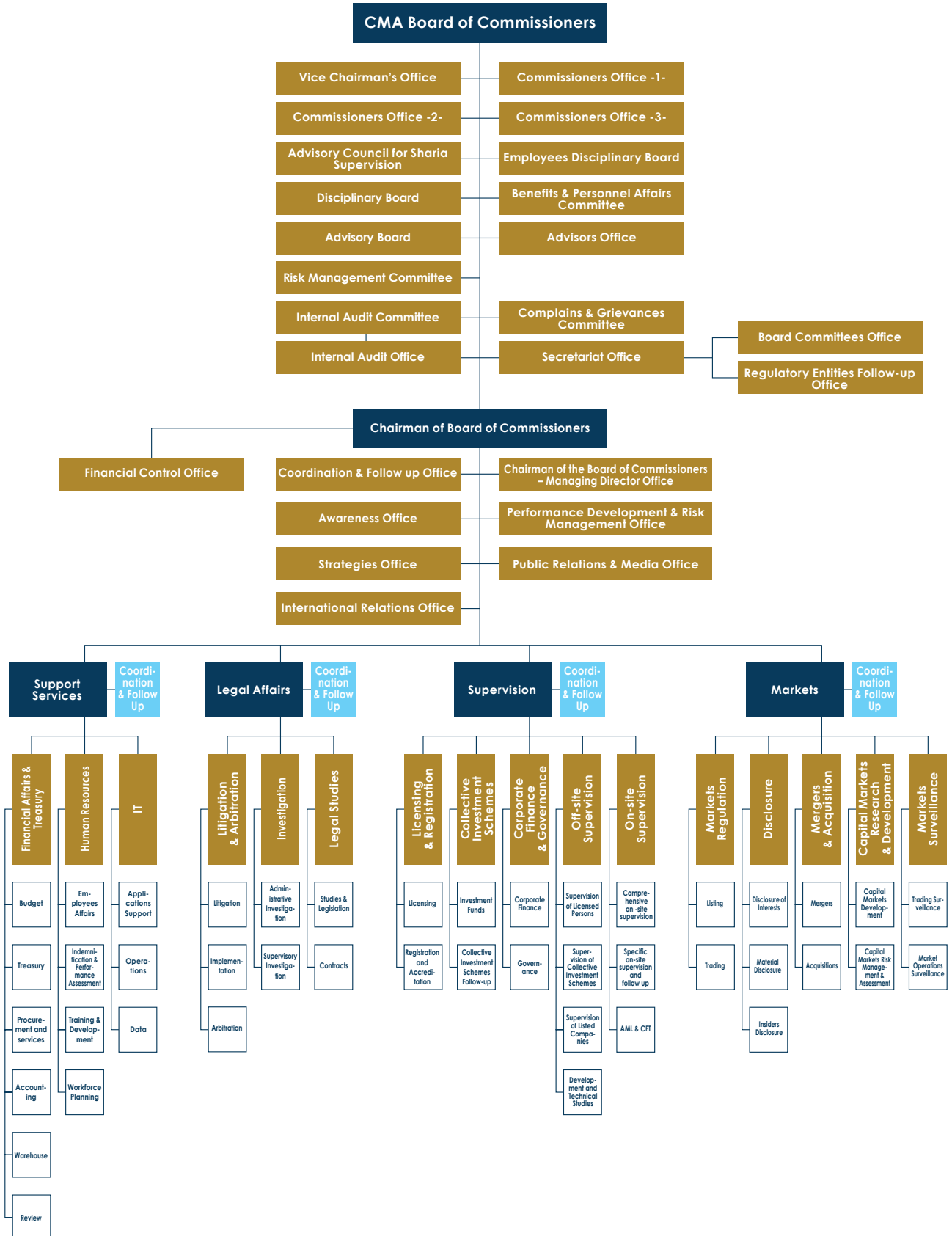
The concerned bodies shall execute this resolution, each within its purview. This resolution shall come into force from the date of its issuance, and it cancels the resolutions that contradict with it.

Date of issuance: 29/10/2017

It is worth noting the committees, boards, and offices that form as part of the Board of Commissioners of CMA, which are as follows: four boards (the Advisory Council for Sharia Supervision, the Disciplinary Board, the Advisory Board, and the Employees Disciplinary Board), three committees (Internal Audit Committee, Benefits and Personnel Affairs Committee, and the Complaints and Grievances Committee), and three offices (the Secretariat Office, the Advisors Office, and the Internal Audit Office).

In addition to noting the issuance of several resolutions that addressed amendments on the organizational structure which are as follows:

- Resolution No. 14 of 2018 that was issued on 04/02/2018 regarding the Reconfiguration of the organizational units of the administrative structure of the authority, and setting its main objectives and competences.
- Resolution No. 102 of 2018 that was issued on 06/08/2018 regarding Editing the Administrative Structure of the Legal Affairs Sector and setting its main objectives and competences.
- Resolution No. 148 of 2018 that was issued on 25/11/2018 regarding Editing the Administrative Structure of the Collective Investment Schemes Department and setting its main objectives and competences.
- Resolution No. 163 of 2018 that was issued on 23/12/2018 regarding the objectives and competences of the Financial control Office.
- Resolution No. 37 of 2019 that was issued on 24/03/2019 regarding Editing the Organizational Structure of the Authority (adding a new committee that forms as a part of the Board of Commissioners under the name of "Risk Management Committee").



Introduction

After dedicating Section 1 of the Eighth Annual Report to set out the CMA's vision, mission, main objectives, institutional values, and organizational structure, Section 2 focuses on the fourth report of governing the CMA, which was executed as an implementation of the CMA's approach since the financial year of (2015/2016), after issuing the Corporate Governance regulations to be applicable in June 2016. Thus, the CMA is providing a model and an ideal of being the first observer of its own instructions. The report of "Governing the CMA" begins with introducing the CMA and its establishment, then to setting the missions and responsibilities of the Board of Commissioners. Then, it described the Secretariat Office's work, and the meetings of the Board of Commissioners and the committees that form as part of it during the latest financial year. It also presented CMA's achievements during the financial year in several areas and the official missions of the commissioners. Then, it described the framework of developing sound regulations for risks and internal audit management, and promoting professionalism and ethics. This is followed by setting out the disclosure, transparency, stakeholders, strengthening and improving performance, and ending with what has been within the framework of the social responsibility of the CMA.

Section 3 of the report presents the major strategic projects of the CMA that are currently being implemented. These projects are the Market Development Project, upgrading Boursa Kuwait to an emerging market, Privatization of Boursa Kuwait, implementing electronic disclosure using XBRL, the Qualifications Examinations Project for Registered Employment Positions in collaboration with the Chartered Institute for Securities and Investment (CISI), the National Project to Promote Financial Literacy, and the Draft Capital Adequacy Rules for Licensed Persons.

Section (4) focuses on the achievements of the committees, boards, and offices that form as part of the Board of Commissioners, while Section 5 presents a detailed overview of the CMA's achievements and accomplished missions that are divided up into the following chapters according to their fields:

1. **The legislative and legal field:** this section discusses the legislative, regulatory, legal, and judicial missions that were implemented by the CMA.
2. **The regulatory field:** this section discusses the CMA's major regulatory achievements in terms of the markets regulation, collective investment schemes, or the markets research and development, in addition to the regulatory functions of the companies that are subject to the CMA's supervision, in addition to the activities of both the corporate governance, and the mergers and acquisitions.
3. **The supervision field:** this section discusses what has been done at the on-site and off-set supervision departments in addition to the market surveillance department. It also discusses what was implemented in the fields of disclosure and transparency, and Anti-Money Laundering and Combating Financing of Terrorism.
4. **The awareness field:** this section discusses various awareness events and programs that were implemented according to their nature and types, such as awareness workshops, advertisements, releases, reports, conferences, and the awareness activities that are part of the National Project to Promote Financial Literacy.
5. **The Arab and International cooperation field:** this section focuses on presenting the official missions that were completed by the CMA in terms of the Arab and International cooperation fields, such as communicating with international bodies for various purposes, participating in external events, and signing memoranda of understanding, cooperation agreements, and shared programs in order to exchange knowledge and experience.

Section 6 focuses on the CMA's achievements in organizing and developing the internal work environment. It is presented in several chapters, beginning with the administrative field and developing the human resources, then organizing the financial affairs and treasury, then it views organizing and development of the technical field, concluding with the fields of performance development and risk management, and strategic planning.

Section 7 briefly sets out the CMA's vision and future direction, whether it was mentioned in its strategy of (2018-2021), or provided for by the specific initiatives of its various activities.

Section 8, the last section of the report, presents the CMA's financial statements of the financial year of (2018/2019).

Section Two

CMA Governance

Introduction:

The CMA's fourth governance report presents a summary of its performance and achievements during the financial year ending 31 March 2019, in which the CMA's Board of Commissioners made continuous efforts to maintain its ongoing approach of being a supervisory regulatory oversight body aware of the challenges and responsibilities, believing and supporting national competencies. It seeks to provide capital markets with the required national competencies, follows the latest international standards and is able to provide an attractive investment environment that ensures the creation of suitable investment opportunities that are trusted by investors.

The achievements of the CMA during the financial year ending on 31/3/2019 is the outcome of the legislative and regulatory frameworks established during the past year, which have consisted of an extended process since its establishment in pursuit of its desired objectives set forth in its Law No. 7 of 2010, which aims to contribute to the achievement of one of the strategic objectives of the State of Kuwait, which is to enhance the efficiency and competitiveness of the investment environment and upgrade the Kuwaiti economy to be one of the leading financial centers in the Middle East.

In this context, the CMA has prepared its first strategy in its founding phase, which included laying the foundations for regulating the local capital markets sector, in structuring, organizing and trading, in addition to regulatory, legislative, organizational, developmental and awareness frameworks, taking into account their alignment with the State Development Plan. The CMA has been able to achieve a number of important achievements such as the issuance of the comprehensive Executive Bylaws of the CMA's law in 2015, which is considered the largest legislative and regulatory work for capital markets in the State of Kuwait, and the upgrading of the capital markets infrastructure to ensure the efficiency of trading, clearing, and settlement and risk management systems for all participating parties, at the same time it allows licensed companies to launch new investment instruments. The CMA also made significant progress in the process of privatizing the Stock Exchange and made periodic amendments to the Executive Bylaws considering the practical requirements upon application. In addition to regularizing the conditions of licensed persons to practice securities activities in accordance with the law on establishing the Capital Markets Authority and its Executive Bylaws, and to ensure periodically that their business forms conform with the licensed activities and to ensure that listed companies at Boursa Kuwait continuously disclose their financial statements which is essential for investors, including fundamental developments and events that may affect the financial condition of these companies and their stock prices, in addition to continuously ensuring that companies comply with the principles of governance issued by the CMA, and activate the organization and supervisory role over mergers and acquisitions and protection of minority investors in addition to the supervision of trading on Boursa Kuwait to protect investors, particularly small investors. This was accompanied by the preparation and implementation of wide-ranging awareness campaigns targeting all segments of society regarding securities activities, and the benefits and risks related thereto. In addition, to inform shareholders of their rights and activate their role in monitoring the performance of the companies through the active presence at their general assembly meetings.

In addition, significant achievements have been made in the development of international and regional relations with organizations, entities and institutions working in the fields of regulation and supervision of financial markets and all related issues, and joining them as active members, for example, the International Organization of Securities Commissions (IOSCO), which is the primary authority for the development of international standards for capital markets and securities activities.

The decision of accepting joining CMA to the International Organization of Securities Commissions (IOSCO) on 16 May 2017 and the decision to upgrade Boursa Kuwait rating from frontier market to an

emerging market which was issued on 29/9/2017 by FTSE RUSSELL, one of the world's leading stock exchange rating agencies, shows the extent of the ongoing efforts of the Authority and its ambitious steps to implement the reform and development package launched since its establishment in 2010.

Continuing in this approach, and in line with the requirements of the next phase to make the Kuwaiti capital markets a regional and international market leader, the CMA has prepared its second strategy for the years (2018-2021), whose principles are to continue to develop and achieve excellence and to further enhance the efficiency of financial markets in various aspects, legislative, regulatory, supervisory, in cooperation with all relevant authorities, within the limits specified by the establishment law.

Based on CMA's belief in the importance of complying with the principles of upright governance for all shareholding companies subject to its supervision whether or not they are listed in the stock exchange, these rules have been put into effect in 2016. In continuation of this approach, the CMA will pay great attention to the trends of upright governance practices and follow-up the commitment of all concerned parties, in addition to working to disseminate the culture of corporate governance through various means of awareness by conferences, seminars and training programs.

For the fourth year in a row, the CMA has guided the implementation of some rules of governance on itself in the preparation of this report, as is the practice in corporate governance and what is appropriate with the fact that it is a governmental institution. The CMA continues to implement the policy of full disclosure on its commissioners and employees to prevent conflicts of interest and exploitation of internal information to achieve the best protection and balance between the performance of its work and the interests of associated people so as to provide reassurance and enhance the sense of confidence in dealing with others when doing the supervision works.

First: Capital Markets Authority

The Capital Markets Authority (CMA) was established pursuant to Law No. (7) of 2010 Regarding the Establishment of the Capital Markets Authority and Regulating the Securities Activities and the amendments thereto. It is an independent entity with a legal personality that supervises and regulates persons subject to its supervision.

A. Legal Status:

Law No. (7) of 2010 Regarding the Establishment of the Capital Markets Authority and Regulating Securities Activities was issued on 21 February 2010 and published in the Official Gazette on 28 February 2010. Law No. (108) of 2014 amending some provisions of Law No. (7) of 2010 Regarding the Establishment of the Capital Markets Authority and Regulating Securities Activities was issued on 23 July 2014 and published in the Official Gazette on 10 August 2014, and Law No. (22) of 2015 amending some provisions of Law No. (7) of 2010 concerning the establishment of the Capital Markets Authority and Regulating Securities Activities was issued on 4 May 2015 and published in the Official Gazette on 10 May 2015.

B. CMA Objectives:

Since its establishment, the Capital Markets Authority (CMA) has been regulating the securities activities in the State of Kuwait. It has a vision to improve this activity and reach the highest possible point of efficiency and transparency. Article (3) of Law No. (7) of 2010 Regarding the Establishment of the Capital Markets Authority and its Amendments specifically set out in those objectives.

Second: The functions and responsibilities of the CMA Board of Commissioners

The Board of Commissioners is entrusted with many tasks to achieve the objectives for which the CMA was established. The tasks entrusted to it are in accordance with the competences set out in Articles 4 and 5 of Law No. 7 of 2010 Regarding the Establishment of the Capital Markets Authority and Regulating of Securities Activities and its Amendments.

A. The CMA Board of Commissioners:

The CMA is managed by a board called the Board of Commissioners of the Capital Markets Authority. It consists of five full-time commissioners with expertise and competence, to be appointed by decree based on the nomination by the competent minister. The decree shall specify from among the members a Chairman and a Vice-Chairman. The Chairman of the Board shall act as the Managing Director and implement the decisions of the CMA. He shall supervise all the technical and administrative bodies affiliated to it. He shall exercise his powers in accordance with the laws, regulations and resolutions approved by the Board of Commissioners. He shall be responsible with the other commissioners for the administration of the Authority and may delegate some of his administrative responsibilities to one of the commissioners, or to an administrative unit in the Authority.

B. Formation of the Board of Commissioners of the CMA:

The CMA had two Boards of Commissioners during the financial year ending 31 March 2019:

- **The First Board:** The Board formed pursuant to Decree No. 216 of 2014 issued on 2 September 2014, as follows:

1. Dr. Nayef Falah Mubarak Al-Hajraf	Chairman
2. Mr. Mishaal Musaed Al-Usaimi	Vice Chairman
3. Mr. Abdulmohsen Hassan Al-Mazidi	Member
4. Dr. Faisal Abulwahab Al Fahad	Member
5. Mr. Khalifah Abdullah Al-Ajeel	Member

The vacancy of the position of Chairman of the Board of Commissioners was the result of the resignation of Dr. Nayef Falah Mubarak Al-Hajraf - Chairman of the Board of Commissioners - Managing Director in accordance with his letter to the Minister of Commerce and Industry dated 10/12/2017, as regards to the issuance of Decree No. (254) of 2017 issued on 11/12/2017 on the formation of the new ministry, which appointed Dr. Nayef Falah Mubarak Al-Hajraf - Minister of Finance.

- **The Second Board:** which was formed pursuant to Decree No. (235) of 2018 regarding the formation of the Board of Commissioners of CMA issued on 15/8/2018 published in the Official Gazette (Kuwait AlYawm) No. (1406) issued on 19/8/2018, and the correction issued in the Official Gazette (Kuwait AlYawm) in appendix No. (1408) issued on 5/9/2018. As follows:

1. Prof. Ahmed Abulrahman Al-Melhem	Chairman
2. Mr. Othamn Ibrahim Al-Issa	Vice-Chairman
3. Mr. Khalifah Abdullah Al-Ajeel	Member
4. Mr. Abdulaziz Fahad Al-Marzouq	Member
5. Mr. Abdulmohsen Hassan Al-Mazidi	Member

Third: Secretariat of the Board of Commissioners

The outline of the objectives of the Board of Commissioners Secretariat is to prepare and coordinate the meetings of the Board of Commissioners of the Capital Markets Authority and its committees, and to provide the necessary requirements, and record, document and archive the discussions and the recommendations, instructions, directions or decisions, and inform the concerned entities of what is required, and to follow-up its implementation, organization and management of the databases related to the work of the Board and its committees in terms of saving, gathering, classifying, analyzing, preparing the necessary reports, follow-up on organizing the cooperation with the regulatory entities and the development of its mechanisms within the framework of laws, regulations and rules to be implemented and guidance of the Board of Commissioners, the Secretariat of the Board of Commissioners of three administrative units, as follows:

Organizational Structure Secretariat of the Board of Commissioners



A. Board Committees Office:

The Office is responsible for direct supervision of the work of the meetings of the committees originating from the Board of Commissioners and other committees formed by the decisions of the Board of Commissioners. This office handles all the work related to these meetings and follow-up on its decisions and recommendations, there are 3 committees originating and formed and one board, as follows:

1. Internal Audit Committee
2. Benefits and Personnel Affairs Committee
3. Risk Management Committee (This Committee was established on the meeting of the Board of Commissioners No. (38) of 2018 held on 12/12/2018)
4. Employees Disciplinary Board

B. Regulatory Entities Follow-up Office:

Regulatory Entities Follow-up Office was established on 22 February 2017 for the coordination and cooperation among regulatory entities and all concerned entities within CMA according to an organized framework that takes into account the legal and constitutional periods specified in the relevant laws, adopt serious measures to avoid repeating the comments received from the State Audit Bureau, through regular meetings with the concerned authorities to follow-up on the latest developments on the commentary. It also sought to seriously address all the observations and repeated violations enclosed in the reports of the State Audit Bureau by submitting many proposals to the Board of Commissioners of CMA, which led to a significant reduction in the number of commentary, whether for the same year or those ongoing from previous years, including financial violations; the number of questions and requests received from the regulatory authorities which were reviewed and answered by the Office during the last financial year, reached 162 requests, of which 76 were from the State Audit Bureau and 86 were from parliamentary inquiries or requests from other entities.

The new organizational manual and the job description of the Secretariat of the Board of Commissioners were updated and approved on 1/8/2018, which was considered inclusive of all tasks and works. It was designed to be a guide to help all functional groups in different administrative units of the Secretariat to carry out its work as required.

Fourth: CMA Board of Commissioner's Meetings

In accordance with the provisions of Clause (Eight: Directions and Future Vision) in the annual report of the Secretariat of the Board of Commissioners for the years 2016 and 2017 which included preparation by the Secretariat regarding organizing the meetings of the Board of Commissioners and completing the provisions of the articles stipulated regarding the Board of Commissioners meetings in Law No.(7) of 2010 Regarding the Establishment of the Capital Markets Authority and Regulating Securities Activities and its Executive Bylaws and its amendments, the Secretariat submitted bylaws that organize the meetings of the Board of Commissioners and its committees, taking into account the best practices applied in this field. The bylaws were approved in the Board of Commissioners meeting No. (32) of 2018 on 10 October 2018.

The Board of Commissioners of CMA held 39 meetings during the financial year ending 31 March 2019, during which it discussed 363 topics and adopted 505 decisions, the following table shows the nature of each:

Topic	No. of Decisions
Internal regulatory decisions: These include internal decisions related to the work of CMA and Boursa Kuwait.	235
External regulatory decisions: decisions concerning companies, funds, and licensed persons.	85
Legislative decisions: These include bylaws, rules, instructions, controls, regulations, mechanisms, forms, and fees schedule.	54
Decisions related to investigation referral, results and grievances thereon, referral to the Public Prosecution, Disciplinary Board, Complaints and Grievances Committee, and Advisory Council for Shari'a Supervisory.	100
Decisions related to external entities: including the Council of Ministers, the National Assembly, the State Audit Bureau, the Anti-Corruption Authority, other governmental entities, and international bodies and organizations.	31
Total	505

As for the following table, it presents a comparison between the financial year ending 31/3/2019 and the previous financial years:

Type of Decision/ Financial year	Internal Regulatory Decisions	External Regulatory Decisions	Legislative Decisions	Decisions related to investigation referral, results and grievances thereon, referral to the Public Prosecution, Disciplinary Board, Complaints and Grievances Committee, and Advisory Council for Shari'a Supervisory.	Decisions related to external entities	Total
Financial Year Ending 31/3/2016	179	102	30	82	8	401
Financial Year Ending 31/3/2017	233	204	45	127	24	633
Financial Year Ending 31/3/2018	256	165	51	77	29	578
Financial Year Ending 31/3/2019	235	85	54	100	31	505

As for the next table, it shows the data regarding the attendance of the members of CMA Board of Commissioners to the Board meetings during the year ending 31 March 2019:

Commissioner	Number of Meetings out of (39)	Notes
Mr./Mishaal Musaed Al-Usaimi	17 out of 17	Number of meetings of the previous board, until the issuance of the Decree to form the new board 17 meetings
Mr./Dr. Faisal Abulwahab Al Fahad	15 out of 17	Number of meetings of the previous board, until the issuance of the Decree to form the new board 17 meetings
Mr./Abdulmohsen Hassan Al-Mazidi	38 out of 39	Number of meetings of the previous and present board during this financial year 39 meetings, the new board establishment included the membership of Mr. Abdulmohsen Al- Mazidi
Mr./Khalifah Abdullah Al-Ajeel	31 out of 39	Number of meetings of the previous and present board during this financial year 39 meetings, the new board establishment included the membership of Mr. Khalifah Al-Ajeel
Mr./Prof. Ahmad Abulrahman Al-Melhem	21 out of 22	Number of meetings since the new board establishment 22 meetings
Mr./Othman Ibrahim Al-Issa	22 out of 22	Number of meetings since the new board establishment 22 meetings
Mr./Abdulaziz Fahad AlMarzouq	22 out of 22	Number of meetings since the new board establishment 22 meetings

All the absences of CMA Commissioners were with acceptable excuses, either on official or annual leave.

Fifth: Meetings of committees emanating from the Board of Commissioners of CMA

The number of committees originating from the Board of Commissioners of the Capital Markets Authority are 3 committees, and the tasks assigned to these committees are the main competences of the Board of Commissioners, and the Board Committees Office is responsible for all the work related to these committees and follow-up on its recommendations and decisions,

- Internal Audit Committee (Permanent Committee).
- Benefits & Personnel Affairs Committee (Permanent Committee).
- Risk Management Committee (Permanent Committee).

The following table provides a statement of the number of meetings of committees emanating from the Board of Commissioners during the last financial year compared with the previous two:

Committee/No. of Meetings	No. of Meetings for the Financial Year Ending 31/3/2017	No. of Meetings for the Financial Year Ending 31/3/2018	No. of Meetings for the Financial Year Ending 31/3/2019
Internal Audit Committee	11	18	9
Benefits & Personnel Affairs Committee	15	15	14
Risk Management Committee	New Committee	New Committee	2

The following table shows the presence of the Commissioners of these committees during the financial year ending 31/3/2019:

Statement/Committee	Internal Audit Committee	Benefits & Personnel Affairs Committee	Risk Management Committee
Total No. of Meetings	9	14	2
Mr./Prof. Ahmad Abdulrahman Al-Melhem	Not A Member	Not A Member	Not A Member
Mr./Othman Ibrahim Al-Issa	Not A Member	Not A Member	2
Mr./Mishaal Musaed Al-Usaimi	Not A Member	Not A Member	Not A Member
Mr./Abdulmohsen Hassan Al-Mazidi	8 out of 9	6 out of 7	Not A Member
Mr./Dr. Faisal Abdulwahab Al Fahad	3 out of 3	7 out of 7	Not A Member
Mr./Khalifah Abdullah Al-Ajeel	9 out of 9	13 out of 14	2
Mr./Abdulaziz Fahad AlMarzouq	6 out of 6	7 out of 7	2

All the absences of CMA Commissioners were with acceptable excuses, either on official or annual leave.

Sixth: CMA's performance during the financial year ending 31/3/2019

CMA works mainly to regulate securities activities according to Law No. (7) of 2010 and its amended laws. CMA has many tasks, such as issuance and renewal of licenses for securities activities, regulation and supervision of securities trading, review and follow-up on the requests to raise and reduce companies capital, as well as regulation and supervision of mergers and acquisitions, in addition to raising the awareness of licensed persons and entities under the supervision of CMA and investors in various aspects of securities activities, as well as their rights and obligations in accordance with CMA's Law and Executive Bylaws , and to educate all public groups on the basic concepts of investment and other topics related to securities activities, in addition to developing and upgrading financial markets, developing mechanisms and reducing their risks, and follow- up the collective investment schemes to ensure their progress according to the standards and regulations followed, also follow-up on the disclosure procedures to reach the highest level of transparency possible, the implementation of corporate governance rules, receiving and examination of complaints and grievances and rule on it, the settlement of disputes related to the financial markets and arbitration.

CMA adopted a special approach to achieve its objectives and carry out its tasks and other activities, based on several aspects, the most important of which are:

The First Aspect: CMA and the development of organizational structure

The Second Aspect: CMA and Market Development

The Third Aspect: CMA and coordination between the supervisory and regulatory entities organizing the work of companies and the financial scheme in the State of Kuwait

The Fourth Aspect: CMA and the involvement of the concerned parties

The Fifth Aspect: CMA and international relations

The First Aspect: CMA and the development of the organizational structure

The CMA is committed to achieving a strategic approach based on the availability of an internal, structured and enabling environment that has the tools to implement these objectives. It is keen to develop the working environment and enhance the management of its human and financial resources, strengthening internal governance and operational risk management and developing the technical environment for its electronic services with all its clients, improving the level of information security and business continuity, and introducing legal culture and the strategic principles to the CMA's staff, the CMA also ensured providing an organized work environment characterized by speed, efficiency and ability to meet the requirements of work and performance. The Board of Commissioners of the CMA has issued several organizational decisions related to the work of the CMA, the most important of which is the upgrading of the organizational structure of the CMA, its reorganization, and the arrangement and the division of its units in a manner that achieves harmony, consistency, integration and comprehensiveness in view of the nature and quality of the CMA's objectives and competencies, the work of the CMA and its procedures and thus support the achievement of its objectives, the general objectives and terms of reference for all sectors of the CMA and the organizational units have been established to ensure coordination and integration of performance and to avoid duplication and to help define and ease the responsibilities of the CMA, also it regulated the authority of the final approval of the work procedures of its sectors and authorizing them through assigning and delegating the various administrative levels of the CMA to the authority of the final approval of the procedure according to its importance and nature in such

a way as to ensure the speed of completion of the CMA work and the efficiency and effectiveness of its procedures and to establish and emphasize the responsibility, decision-making and initiative of its employees.

The Second Aspect: CMA and the Market Development.

The promotion and development of financial markets and creating an attractive investment environment that ensures the confidence of investors locally and globally is a strategic objective to be achieved continuously, this is the result of the periodic review of all the legislations included in the Executive Bylaws and the continuous updating of the regulatory requirements of licensed persons and workers of securities activities, including Boursa Kuwait and institutions supporting its work is one of CMA's top priorities as it seeks to develop the market in line with the best international standards and practices applied taking into account the views of shareholders.

There are many projects and directions that CMA is working on achieving in the current period, some of them fall within the framework of the strategic projects of CMA, such as the projects of market development and privatization, which we will review only briefly given the detailed addressed in a separate section of the current annual report, and other developments outside the framework of these projects witnessed in the year (2018/2019), which is the establishment of the regulatory framework for collective investment schemes, the procedures for facilitating the opening of trading accounts for foreign investors and the development of disclosure requirements for insiders, trading of unlisted securities, those developments are displayed as follows:

A- The Market Development Project (MD)

The project aims at developing the capital markets in the State of Kuwait in all its components and elements, and involves making essential changes in the structure of the system. The CMA has made sure to divide it into four phases that will facilitate the market transition to work on these essential changes.

The first phase of the project was launched on 21 May 2017 and was one of the most important factors that helped promote the classification of the capital markets in the State of Kuwait to a Secondary Emerging Market by FTSE Russell, on 1 April 2018, the CMA announced the launch of the second phase which in turn included radical changes and extensive tests with all parties involved in order to ensure their readiness and the readiness of their systems to accommodate these changes.

The CMA started the stages of preparing for the implementation of the third and fourth phases of the project by issuing its Resolution No. (69) of 2018 Regarding the Development of the Infrastructure of the Post-Trade Model. The resolution included a series of changes to the Executive Bylaws, most importantly is integrating the licensing of a "Securities Broker registered in the Securities Exchange", and a "Qualified Securities Broker registered in the Securities Exchange" and the licensing of a "Securities Broker not registered in the Securities Exchange" and the licensing of a "Subscription Agent" in the activity of "Providing Securities Services", which is a new activity that has been developed for the list of securities activities In Module Five of The Executive Bylaws of the CMA, as well as separating the activity of Stock Exchange and the activity of Clearing Agency from the list of securities activities in Module Five. It also included the separation of the licensing requirements of the CMA with the membership requirements of the Stock Exchange (Members of the Exchange), Clearing Agency, for licensed persons who are Market Intermediaries, as well as introduce the concept of Clearing House as a corporate entity

licensed to practice clearing agency activity to provide both the securities settlement facility (SFF) and the central counterparty service (CCP) together through a single entity, in addition develop the concept of membership to include each of the following entities (the Clearing House, Central Securities Depository, Securities Exchange).

On 28 November 2018, the Capital Markets Authority announced the timeline for the third phase of the project, which is planned to be implemented in two sets. The first of these tests began in January 2019. It includes several initiatives, while the second set will include initiatives that need time to prepare and ensure the readiness of all parties involved.

B- Privatization of Kuwait Stock Exchange

Based on the CMA's belief of the importance of the role of the financial market in the success of the government's strategic development guidelines and the promotion of economic reform, it has created from the rehabilitation and development of the market and the progress in its ranking the center of its concern since the few years after its establishment, and the decision to prioritize it according to a complete vision represents the best solution to overcome its gaps and enable it to play its desired role of development, and there is no doubt that there are positive implications expected by the privatization of the market and not only the reality of securities activities, but the reality of our economy as a whole.

February 14, 2019 witnessed a historic event in the course of Boursa Kuwait and an important step in the completion of the privatization process, to announce the winning of the bidding for a 44% equity stake in its issued share capital Boursa Kuwait Securities Company K.P.S.C. equivalent to 84,134,600 shares (eighty-four million, one hundred and thirty-four thousand and six hundred shares) to a consortium comprising of Athens Stock Exchange, National Investments Company, First Investment Company and Arzan Financial Group for Financing and Investment, that presented the highest financial bid of 237 fils per share and equivalent to a total financial bid of KWD 19,939,900.200 for the offered equity stake. The above was pursuant to Article 33 of Law No. 7 of 2010 Regarding the Establishment of the Capital Markets Authority and Regulating Securities Activities, and its Amendments, and according to the bidding procedures, provisions and terms as published by the CMA in the Official Gazette (Kuwait AlYawm) number 1422 on the 9 of December 2018.

The privatization of Boursa Kuwait is an important step towards achieving the ambitious national developmental goals set out in Kuwait Vision 2035. This will strengthen Kuwait's position as a regional financial center and provide the private sector with an stronger role and larger opportunity to develop the national economy.

This important historical achievement, which is attributed to the CMA and its employment cadres in particular and to the State of Kuwait in general, as this vital facility – Boursa Kuwait - is one of the main tributaries of the national and financial economy of the State of Kuwait. This achievement has a direct positive impact on the national economy which will gain the trust of investors. "This step is a translation and a response to the vision and desire of His Highness the Amir Sheikh Sabah Al-Ahmad Al-Jaber Al-Sabah on making the State of Kuwait a financial and commercial center."

C- Set the Regulatory Framework for Contractual Collective Investment Schemes

The CMA set the regulatory framework for Contractual Collective Investment Schemes by issuing Resolution No. (100) of 2018, whose purpose is to set the rules specifically for these types of contractual collective investment schemes which are formed in order to invest in funds owned by two or more professional clients; the purpose of which is to enable clients participating in these schemes to participate or obtain profits that may arise from the possession, ownership, management or disposal of such assets, the Resolution included most of the required amendments as well as the many technical benefits offered by this framework which allows licensed persons and clients to establish a relationship based on stable principles governed by a contract concluded between the two parties in which the rights are protected and obligations are clarified to both parties, the system acquires a corporate identity and independent financial status through the establishment of a special purpose vehicle that owns the assets on behalf of the scheme, it is also permitted for the special purpose vehicle to separate assets and protect them against any potential failure of the scheme manager or unit holder.

Furthermore, the offering of the scheme is limited to professional clients so as the number of participants in the scheme is limited to 25 professional clients, in addition this product mainly serves professional clients who wish to enter into private investments without complying with the provisions of other products available to the public.

In addition, there are no specific regulations for investment or borrowing set by the Authority. It is left to set the appropriate conditions in the contract for each scheme according to the intent of the two parties to be thereafter subject to the Authority's supervision according to the established procedures which gives this product sufficient flexibility, additionally there are no specific requirements for the minimum capital, and it is permitted to subscribe/redeem units in kind.

It should be noted that the scheme has an executive team representing the scheme manager in responsibilities, authorities and asset management to achieve the objectives of the investment system specified in the contract, the approval of the Unit Holders shall be necessary if the manager wishes to amend any of the terms of the contract with respect to the acquired rights of the Units' Holders. In all cases, no amendment shall be effective until the approval of the Authority is obtained.

The CMA has taken into account the existing contractual collective investment schemes, and has been in contact with the managers of these schemes directly to identify the obstacles that may arise when reconciling its procedures with the new regulations. The Authority decided to grant the existing schemes a transitional period of 13 months in case of any complications that may arise during this transitional period on one hand, and the opportunity to meet the requirements of the regulations developed during that transitional period on the other, in addition the CMA calls on all existing contractual collective investment schemes managers to initiate reconciliation procedures, taking into account the importance of the time factor to safeguard the interests of Unit Holders.

Finally, it is worth noting that before the CMA issued the final regulations related to contractual collective investment schemes it made a broad-based opinion poll on the same subject by sharing drafts of the sections of the regulations being amended to the public and a questionnaire on opinions thereon, where it was communicated with the participants to clarify and discuss all that is related to the draft presented.

D- Procedures to facilitate opening trading accounts for foreign investors and the development of the disclosure requirements of insiders

As part of the CMA's efforts to facilitate the entry of foreign investors of international custodian clients to the Kuwaiti market, the Authority issued Resolution No. (135) of 2018 Regarding Amending Some Provisions of Module One (Glossary) and Module Sixteen (Anti-Money Laundering and Combating Financing of Terrorism) of the Executive Bylaws of Law No. (7) of 2010 Regarding the Establishment of the Capital Markets Authority and Regulating Securities Activities and their Amendments. This amendment is the result of a collaboration between the Capital Markets Authority and Kuwait Clearing Company, being primarily concerned with the opening of accounts to traders in the market, after receiving many observations from various foreign parties and custodians to develop this aspect.

It should be noted that MSCI has noticed an improvement in this aspect through implementing the first phase of the market development project in May 2017, according to the consultation document for the reclassification of Kuwait to an emerging market, which coincided with MSCI's recent review last June. This subject is included in its consultation within the same document within the Key Questions section of the investors who are supposed to be consulted to issue the upgrade decision. The main points of this Resolution can be summarized as follows:

- Addition of a definition of the term Global Custodian, which is licensed by regulators in foreign countries that apply FATF recommendations.
- Regulate the process of verifying the identity of the client dealing with a foreign entity or an international custodian through the existence of specific requirements that must be provided by the parties dealing with a licensed person in the State of Kuwait, in order to exempt the licensed person from certain requirements related to the verification of the customer's identity.
- Regulate the process of authorization by a third party to perform due diligence procedures towards the client.

In addition, the Board of Commissioners of the CMA, at its meeting No. 34 of 2018 held on 31 October 2018, approved some amendments to Chapter Three, "Regulating Dealing in Securities by Insiders" of Module Ten "Disclosure and Transparency" of the Executive Bylaws of Law No. 7 of 2010, the most important of which is the exemption of the market maker from the scope of application of Chapter Three of Module Ten in relation to the securities in which it operates in this capacity, and amending the time limit available to listed companies to submit the list of insiders and updates to become within "five working days" instead of "immediately", also amending the insiders obligation to disclose all its owned shares by the listed companies and his minor children to include the disclosure of his owned shares and his minor children in the company where he is an insider at only.

It is worth mentioning that these two Resolutions come within a series of reforms which have directly contributed to the development of the investment and financial environment in the State of Kuwait. Kuwait's classification has been upgraded to an emerging market by FTSE. In addition, Kuwait's ranking in the protection of minority investor index has improved from 81 to 72, according to the Doing Business Report of 2019 issued by the World Bank Group.

E. Over the Counter Trading

The Capital Markets Authority issued Resolution No. (139) of 2018, announcing the launch of Over the Counter Trading as of 18 November 2018. This Resolution has come after the CMA's approval of OTC Rule Book issued by Boursa Kuwait Securities Company after more than two years of collaboration and team work between the Authority, Boursa Kuwait and Kuwait Clearing Company to complete this significant project as required. All concerned parties have carried out the necessary technical tests over the past months to ensure the readiness of the automated systems and administrative procedures to ensure proper trading in the OTC trading system without any complications.

The system will provide an automated platform for OTC trading apart from using manual procedures as previously done. One of the most important features of this platform is the process of facilitating the trading of shares of unlisted companies and allowing the shareholders of companies that are delisted or canceled to act on their shares by providing a clear and organized mechanism for this purpose. This system will also enable traders to access the necessary data, such as company stock prices and the order schedule, through the services provided by Boursa Kuwait Securities Company for this purpose, which will in turn lead to greater transparency in OTC trading and to provide reference prices to the investor to build the right investment decision. The Kuwait Clearing Company will also play an important role in settling the transactions executed through this system. This will lead to a reduction in the administrative procedures that were executed by the brokerage companies with their clients.

It should be noted that the obligations imposed on listed companies on the Stock Exchange do not fall on the shares of companies traded in OTC market, as registration of those companies for trading in this market is not considered a listing. The role of the Authority and the Stock Exchange and clearing company in this system is limited to upcoming trading and settlement of unlisted securities. The CMA or the Stock Exchange do not require any audit of the financial statements or any obligation on the companies of the disclosure requirements on the companies participating in this platform. Accordingly, the CMA recommend that investors take sufficient care to consider the feasibility of investing in the shares of these companies before making any investment decision due to the risks that may surround the trading process in this platform for the reasons mentioned above. The Authority also recommends going over the rule book of OTC trading issued by Boursa Kuwait and the Collateral Document issued by Kuwait Clearing Company both approved by the CMA to know their rights and duties of OTC trading.

The Third Aspect: CMA and Coordination between the Supervisory and Regulatory Entities Organizing the Work of Companies and the Financial Structure in the State of Kuwait.

The most important achievements in this regard is the monitoring of the implementation of the memoranda of understanding previously signed by the CMA with the Central Bank of Kuwait and the Ministry of Commerce and Industry.

A. Central Bank of Kuwait:

The Central Bank has jurisdiction over the banking system in the State of Kuwait and regulates the banking profession as stipulated in Law No. (32) for the year 1968 regarding cash, the Central Bank of Kuwait, the banking profession, and its amended laws, especially the provisions of Article (15) of the mentioned law.

Within the framework of coordination and cooperation between the Central Bank of Kuwait and

the CMA on the areas of surveillance and supervision of certain aspects of the activities of the units under the supervision of the Central Bank of Kuwait, in addition to the financial instruments subject to the supervision of the CMA its issuance and trading, on 17 January 2018 a memorandum of understanding was signed between the CMA and the Bank. This memorandum represents an update of the memorandum of understanding signed between the two parties on 11 September 2011 to take into account the progresses and legislative and regulatory developments during the period following that date, especially the amendment of some provisions of CMA Law in May 2015 and its Executive Bylaws in November of the same year, and the results of that including new issues in the areas of joint work that requires coordination. It dealt with many aspects in the field of defining coordination frameworks and areas to prevent any supervision duplication or intersection in the framework of the basic functions of the Central Bank of Kuwait and the CMA.

In addition, the Memorandum of Understanding addressed the coordination of work and procedures for existing investment companies prior to the issuance of the CMA's law, and the licensing of securities activities for banks, appointing auditors, sharia supervision, and mergers and acquisitions. The memorandum also specified the regulatory responsibilities in the case of dual supervision, exchange of data and information and confidentiality in accordance with international requirements. Other aspects of the Memorandum of Understanding include specifying the areas of competence for the public debt instruments (finance) and the Central Bank's tools to intervene in the money market, in addition to organizing the operations of the central broker qualified for securities transactions and the members of the clearing and supervision of them.

The signing of the Memorandum of Understanding and the related topics are based on the keenness of the Capital Markets Authority and the Central Bank of Kuwait to achieve harmony and complementarity in the mechanisms and procedures of the work between the entities of the state and to achieve effective supervision to ensure the completion of the work to the fullest.

B. Ministry of Commerce and Industry:

The Ministry of Commerce is responsible for the supervision of companies operating in the State of Kuwait in general, establishment, registration, organization and licensing as regulated by Decree Law No. (25) of 2012 on issuing the Companies Law and its Executive Bylaws and their amendments.

In light of the role of the Capital Markets Authority, particularly in the field of supervision of securities activities in terms of regulation, licensing and activities of all persons that deal in this field, including companies, as regulated by Law No. (7) of 2010 on the Establishment of the Capital Markets Authority and Regulating Securities Activities and its Executive Bylaws, and their amendments. Within the framework of regulating the direct powers entrusted to the Ministry of Commerce and Industry in the field of supervision of companies operating in the State of Kuwait in general, regarding their establishment, registration, organization, and licensing as regulated by Law No. (1) of 2016 on issuance of the Companies Law and its Executive Bylaws. Moreover, it is also in light of the legislator's decision on the role of the Ministry in the field of companies' supervision in general, as well as the privacy and independence granted to the Authority in this area, that is relevant to supervising the companies operating in securities activities in particular, and the resulting overlap of some competencies in the mutual areas of work. It also based on the provisions of Article (1-2) of Module Two (Capital Markets Authority) of the Executive Bylaws of Law No. 7 of 2010 and their amendments, which called for the signing of memoranda of understanding between the regulatory bodies to avoid duplication of supervision, and in an effort to coordinate cooperation in these fields and achieve harmony

and integration of work mechanisms and procedures among the state's entities, and to reduce the procedural burden on the public to achieve effective oversight and to ensure that the work is carried out to the fullest in a manner that ensures clarity, transparency and discipline, CMA signed a Memorandum of Understanding on Coordination of Cooperation with the Ministry of Commerce and Industry on 21 November 2017.

The Fourth Aspect: CMA and the Involvement of Concerned Parties.

Based on the belief of the CMA in the importance of partnership and teamwork, as the CMA is the supervisory body on persons licensed for securities activities, including listed and unlisted companies. Other listed companies are also subject to the supervision of the CMA in certain matters related to the CMA's functions in accordance with Law No. 7 of 2010. The CMA is keen on communicating, consulting and discussing with all shareholders concerned with securities activities, as it was demonstrated during the past financial years:

A. Launching a range of services through the CMA's portal:

The CMA aims to simplify the procedures of dealing with it through enhancing its efficiency through an easy and simplified electronic environment. It also seeks to implement its vision in line with the government's directives on automating business, according to a mechanism that facilitates business processes, saves time and effort, and contributes effectively to improving the business environment in the area of securities activities in general. The new range of services launched on 9 September 2018 are part of the improvement of the business environment that are added to the previous services launched in June 2016, the new services launched include legal and other services related to licensing and registration functions, in addition to other services related to the listing of shares of local and foreign companies on the Exchange in coordination with Boursa Kuwait Company.

B. CMA's Opinion Poll on (the Draft Capital Adequacy Rules for Licensed Persons):

The CMA believes that it is important to seek the views of all market participants as well as those concerned with securities activities in general regarding their various perspectives related to these activities, they are seeking their views and observations on these improvements, it prepared draft capital adequacy rules for licensed persons, as well as all templates of rules in both Arabic and English. It has also assessed their suitability to the business environment through conducting quantitative impact studies, which included the implementation of the draft rules on a selected sample of licensed persons, to show the relevance of these rules to the business environment. The CMA later surveyed the views and observations of the concerned parties of the draft rules posted on its website and welcomed their opinions and observations through a specific email related to these rules, it also carried out an awareness workshop for licensed persons regarding the implementation of these instructions in order to share these draft rules and clarify their content and explain the forms.

C. CMA Organizes its Fourth Annual Conference:

The annual conference is not only a significant annual awareness event, but it also represents an opportunity for CMA to meet local, regional and international competencies to discuss the latest developments in financial markets and securities activities. It is also an opportunity to involve the concerned parties in CMA's activities and work on issues related to securities activities and their latest developments in general.

The CMA's fourth annual conference was held on 23 January 2019, specifically to address "Capital Market Reforms through Regional Initiatives", with the participation of a number of official figures and local, regional and international economic experts and many concerned with economic affairs in general and securities activities more specifically. It is worth noting that the fourth annual conference of the CMA follows an exceptional event, namely, the State of Kuwait hosting for the first time the 42nd annual meeting of the Africa / Middle-East Regional Committee (AMERC), one of the main committees of the International Organization of Securities Commissions (IOSCO).



D. Implementing awareness programs for investors and those concerned with securities activities:

In order to enhance their interaction with all those concerned with their services and securities activities in general, and in order to raise awareness of these services and their requirements and procedures, as well as raise awareness of various issues related to securities activities, they aim to implement integrated training programs, In addition to its aim to implement workshops on specific topics individually, and the last financial year witnessed the implementation of many of these programs.

It should be noted that the Eighth Annual Report will review these activities in addition to the above-mentioned annual conference in some detail in the section devoted to the review of the awareness of CMA's activity during the last financial year.

The Fifth Aspect: The CMA and International Relations.

In order to enhance cooperation with international regulatory bodies and similar bodies in order to exchange the necessary expertise and improve the classification of the financial market, the CMA

has taken many initiatives in several directions in enhancing its international cooperation, the most significant are as follows:

- a. Membership of many international organizations and active participation in various activities.
- b. To achieve the requirements of integration between the financial markets in the GCC system in the pursuit of the desired economic integration.
- c. Compliance with international standards in the field of securities activities.

We outline the highlights of the above-mentioned fields in some detail as follows:

Membership in many international organizations and active participation in various activities

In addition to the membership of CMA in:

- Heads of Financial Markets Authorities Committee in the GCC.
- Islamic Financial Services Board (IFSB)
- Union of Arab Securities Authority (UASA)
- The Standing Committee for Economic and Commercial Cooperation of the Organization of the Islamic Cooperation (COMCEC)
- International Organization of Securities Commissions (IOSCO)

The financial year ending 31 March 2019 witnessed a number of events which have been attended and achievements accomplished in this regard, most importantly:

- The International Organization of Securities Commissions (IOSCO) Elects Former Acting Managing Director, as Member of the Board of Directors of the Organization

The financial year witnessed the election of the former acting Managing Director, as a member of the Board of Directors of IOSCO and Vice Chair of the Africa Middle East Regional Committee (AMERC) for a two-year term. He was chosen for the post during a round of voting which saw him compete for the position against representatives from the Kingdom of Morocco and the Republic of Mauritius.

The CMA representative was selected after only 11 months of joining IOSCO, which is a significant achievement. This membership of the Board of Directors of IOSCO is a result of the CMA's continued efforts to ensure the provision of a sound and stable financial system capable of carrying out regulatory reforms. The State of Kuwait has been appointed to the Board of Directors of the Organization, which has 34 members representing the largest economies in the world to become the fourth Arab state in the membership of the Board of this Organization after Morocco, Saudi Arabia and Egypt. With this achievement, the State of Kuwait will automatically assume a seat in the Board of IOSCO which is considered the governing body responsible for setting IOSCO standards, and reviews regulatory issues facing international securities markets.

This achievement is a result of the keenness of the CMA to strengthen its active role in IOSCO and its different committees. It also seeks to strengthen the presence of Kuwait in international organizations to develop the capital markets, improve the level of supervision, and be committed to its objectives of working in line with international best practice the outcome is that this type of achievement enhances the presence of the State of Kuwait in all international forums.

- **CMA Participates in the 43rd Conference of the International Organization of Securities Commissions (IOSCO)**

The Capital Markets Authority (CMA) delegation participated in the 43rd Annual Conference of IOSCO, in Budapest, from 7 to 11 May 2018. This international event is a great opportunity to discuss the most pressing financial, regulatory and supervisory issues. The annual conference offers a five-day professional program, focused on meeting of IOSCO members in the first three days, followed by a two-day general conference where many securities and capital market experts participate in this event.

The participation of the CMA delegation was through attending several meetings of the various committees and taking part in the workshops, such as the meeting of AMERC in which members discussed the protection of information, risks related to digital currencies and financial technology (Fintech). An announcement was also made regarding the CMA in the State of Kuwait hosting the next meeting of AMERC.

In addition, the Growth and Emerging Markets Committee (GEMC) meeting discussed the specific measures for cybersecurity in emerging markets and issues related to the exchange of information, capacity building and data privacy. IOSCO Secretary General provided an update on the implications of the General Data Protection Regulation, with its entry into force in the European Union in May 2018. The conference also discussed IOSCO's efforts in finding a mutually workable and practical way to address data protection around personal data, in addition to the initiatives of providing greater support to emerging market members and strengthening cooperation among regulators by forming a Data Sharing Platform for GEMC members. Moreover, Chair of the National Securities Commission of Argentina (CNV) and the IOSCO Secretariat presented an update on the Data Sharing Platform.

The Presidents Committee discussed several topics of great importance in the organization, including asset management and liquidity risk management principles that were issued earlier this year and IOSCO's efforts on cyber risks through the recently established Cyber Task Force, mechanisms used by trading venues to manage extreme volatility and preserve orderly trading, in addition to efforts IOSCO is undertaking, together with the Committee on Payments and Market Infrastructures (CPMI), to address the resiliency of financial market infrastructures, particularly related to central counterparties (CCPs), in addition to discussing data gaps and information exchange and investor protection.

The CMA's participation in this meeting will complement Kuwait's presence in all international organizations, which will contribute to the exchange of many experiences, and information with member countries to develop the capital market, as well as improving investors' protection and attracting them and improving the level of supervision to achieve the highest levels of fairness and transparency.

- **The CMA Hosts the 42nd Annual Meeting of Africa Middle East Regional Committee (AMERC)**

The 42nd annual meeting of AMERC was hosted by the State of Kuwait represented by the CMA, which took place on Tuesday, 22 January. AMERC is one of the four permanent regional committees of IOSCO, this meeting was attended by representatives of IOSCO and members in the AMERC, the events of the meeting included the opening remarks by Mr. Othman Ibrahim Alissa, CMA Vice Chairman and Acting Managing Director, who welcomed the guests of the State of Kuwait and stressed Kuwait's keenness to activate its role in the various committees of IOSCO after

obtaining membership in AMERC. Currently, in addition to AMERC, the CMA is a member of the GEMC, Committee 2 (Regulation of Secondary Markets) and Committee 3 (Regulation of Market Intermediaries). He also provided a brief overview of the State of Kuwait's history and economic activity, including securities activities. He concluded by saying that joining IOSCO in May 2017 came as a result of meeting all the principles of the international organization and maintaining the best international standards. He stressed the importance of continuous cooperation between the members of IOSCO to achieve continuous development and reach the desired goals.

Mr. Paul Muthaura, AMERC Chairman welcomed in his opening remarks the members of the Committee and thanked Kuwait, represented by the CMA, for hosting this important meeting.

One the main topics of the meeting included the deliberations and discussions on the subject of sustainability financing, the opportunities and risks arising from fintech, supporting economic growth through long term finance were highlighted by Mr. Paul Muthaura in his opening remarks. Such topics "not only cut across the priorities of the Region, Growth and Emerging Markets but also the priorities of the whole organization under the leadership of the Board." The meeting also focused on facilitating the learning from the different experiences of judicial authorities to ensure the benefit from lessons and risk management in the different investment environments of the capital markets.

Mr. Muthaura also pointed to the importance of the effective participation of AMERC members and other committees of IOSCO in regional projects and IOSCO projects, before turning to the outcomes of the 41st AMERC Meeting in Budapest, in particular the ones relevant to "investor education and financial literacy, capacity building, financial innovation and challenges relating to low listings and capital raising within the region". He also noted that "AMERC stands to provide key contributions to Committee 8 on Retail Investors especially on the application of behavioral insights to financial literacy and investor education programmes as well as on work related to Regulatory Technology (RegTech) and Supervisory Technology (SupTech)".

It is worth mentioning that AMERC focuses on securities regulation in the Africa and Middle East region, with 26 members. The CMA participated in the 41st Annual meeting of the committee held in last May in Budapest, showing the CMA's keenness to participate actively in various international events to strengthen relations and exchange of experiences and adopt best practices in the field of securities activities, and monitor the latest developments in the field of market supervision, in addition to the participation of the CMA at the 43rd annual meeting of last May as well.

Working to Achieve the Requirements of the Integration of Financial Markets in the GCC System in the Pursuit of the Desired Economic Integration.

The last financial year witnessed the hosting of two major events in Kuwait, which are as follows:

- The Seventeenth Meeting of the Heads of GCC Capital Markets Authorities Committee

The CMA represented Kuwait in hosting the 17th meeting of the Heads of GCC Capital Markets Authorities Committee (or equivalent) in the GCC countries in the State of Kuwait on Wednesday 24 October 2018. Prof. Ahmad Al-Melhem, Chairman of the Board of Commissioners – Managing Director of CMA, led the meeting, which was held for one day in the presence of the Assistant Secretary General of the GCC for Economic and Development Affairs at the Secretariat General of the Gulf Cooperation Council, HE Mr. Khalifa Bin Said Al-Abri, with the participation of representatives of the Secretariat. In addition to the representatives of the Capital Market Authorities in the GCC countries (or equivalent) in all Member States.

The meeting commenced with a speech by Prof. Ahmad Al-Melhem, Chairman of the Board of Commissioners, the Managing Director of the CMA, where he welcomed the participants, representatives of the Secretariat General as well as representatives of the regulatory authorities in the capital markets in the GCC countries and praised the importance of enhancing cooperation and overcoming obstacles. He also noted the importance of the issues on the agenda, and wished the meeting success in achieving the desired objectives. This was followed by a speech by the Assistant Secretary General at the beginning of which he extended his thanks and appreciation to His Highness the Amir Sheikh Sabah Al-Ahmad Al-Jaber Al-Sabah and His Highness the Crown Prince Sheikh Nawaf Al-Ahmad Al-Jaber Al-Sabah, and the Kuwaiti government for hosting the meeting. He also welcomed the participation of Prof. Ahmad Al-Melhem Chairman of the Board, for leading the meeting. Thereafter he appreciated the Committee's efforts in the course of achieving the integration of the GCC capital markets and reviewed the most important issues of the agenda of the meeting according to its provisions.

The meeting reviewed the resolutions of the previous meeting (sixteenth) of the Committee which represented the starting point for the discussions of the meeting, in particular the memorandum of the Secretariat on the follow-up and the implementation of the Committee's decisions at the above-mentioned meeting held in Manama followed by the Secretariat's discussion of what was included in the Secretariat's memorandum regarding the developments related to the Memorandum of Understanding between the GCC Capital Markets regulators and specifically the comments and suggestions of Member States on the progress of work in the memorandum and review of cooperative work and propose initiatives for collaborations between the regulators.

The third point of the meeting was devoted to discussing the memorandum of the Secretariat on the study of the strategy and mechanisms needed for the integration of capital markets in the GCC countries, and after reviewing the draft integration plan as well as the summary of the many initiatives that were presented on integration and included in a seminar held for this purpose in the Kingdom of Bahrain.

The memorandum of the Secretariat on the joint meeting between the Committee of Governors of Monetary Institutions and Central Banks and the Ministerial Committee for Capital Markets was the fourth topic of the discussions of the meeting, and the appropriate decision was taken on this regard.

The fifth topic of the meeting was to discuss the time and venue to have the second joint meeting between the committee of heads of capital market authorities (or equivalents) and the heads of stock exchanges in the GCC countries. Some of the main topics that will be covered are the unification of the start time of trading as well as integration of financial markets, after which the participants will discuss the memorandum of the Secretariat related to the developments of capital markets in the GCC in general before moving to discuss the date and venue of the next meeting. It was agreed that it will be held in April 2019, the 18th meeting of the Committee of the Heads of Capital Markets Commissions (or equivalent) in the GCC States in the city of Muscat, Sultanate of Oman, before Prof. Ahmad Al Melhem, Chairman of the Board of Commissioners of the Kuwait Capital Markets Authority, concluded the activities of the conference he thanked the participating representatives of the entities regulating capital markets in the GCC for their keenness for motivating

joint cooperation between the GCC countries in all aspects, especially in the economic aspect, in the field of securities activities, commending their tireless efforts to ensure the success of the activities of the seventeenth meeting and enrich its discussions for the good of all.



- **Capital Markets Authority Hosts the Sixth Meeting of the GCC Taskforce Responsible for Training**

The Capital Markets Authority of Kuwait (CMA) hosted on Thursday, 27 December 2018, the sixth meeting of the Gulf Cooperation Council (GCC) Task Force for Training Officials, attended by the Secretariat and representatives of the GCC States. The Capital Markets Authority of the State of Kuwait prepared the initiative of the e-training portal in April 2016, to build and host a website to review the training programs and their contents and any papers prepared and published by the regulators of the GCC financial markets. The suggestion was welcomed and approved by the committee of the Heads of Authorities of the GCC Authorities at its 15th meeting held in Riyadh in the year mentioned above. Accordingly, the taskforce responsible for training the GCC financial market authorities was assigned to work with the Capital Markets Authority in Kuwait to approve the final framework of the website. The project went through four stages, which was launched since June 2017.

The State of Kuwait, represented by the Capital Markets Authority, has adopted the joint e-training portal for the GCC countries. It has established the project and took responsibility for its operation and technical support. The project aims to exchange experiences and training programs through its publication on the e-training portal, ease registration in training programs, providing a knowledge database containing all educational materials, as well as providing data and statistics on the activities of the concerned bodies, and strengthening and consolidating and activating the concept of e-learning between the GCC countries, it should also be noted that this project targets the integration of the infrastructure between the GCC through building an electronic platform available on the Internet and compatible with the highest standards of information security.

During the meeting of the taskforce responsible for training, the decisions of the committee of the Heads of Authorities of the GCC States (or their equivalent) at its 16th meeting held in the Kingdom of Bahrain and the 17 meeting held in the State of Kuwait were reviewed and briefed, in particular the memorandum of the General Secretariat regarding the joint electronic training portal of the regulators of the GCC financial markets, in light of the agreement reached by the Committee of

Heads of Authorities at its meeting in the State of Kuwait, in which the General Secretariat was assigned to coordinate with the Capital Markets Authority in the State of Kuwait to hold a workshop for training supervisors in Kuwait, in December of this year, and working on the portal as a trial period, in preparation for its launch.

The taskforce reviewed the results of the training and development programs held in 2018 in the GCC countries, in addition to discussing the proposed training calendar for 2019.

On the sidelines of this meeting, a workshop was held for the taskforce responsible for training, to introduce the system of the joint electronic training portal for the GCC countries and train the taskforce to use the system, in addition to registering the training officials in the portal and activating their authorities to prepare and disseminate training programs from the GCC countries, and register staff members in the portal to review the training programs.

C. Compliance with International Standards in the Field of Securities Activities:

The complete commitment of the CMA to achieve its objectives in the development of capital markets in the State of Kuwait in accordance with the best international practices and achieve the required compatibility with international standards applied, was demonstrated during the last financial year of several events, summarized as follows:

The inauguration of listing the State of Kuwait among the Emerging Secondary markets and companies to be listed in the FTSE Global Equity Index Series

The last financial year witnessed FTSE Russell's announcement that the State of Kuwait will be listed among the Emerging Secondary Markets and companies that will be listed in the FTSE Global Equity Index Series, in two phases to correspond with the semi-annual FTSE GEIS review. The first will be on Monday 24 September 2018, and the second will begin on Monday, 24 December 2018.

FTSE Russell Foundation has previously announced that the closing of Thursday, 20 September 2018, will be a reference for calculating the actual weighted value of each company in the index mentioned above in accordance with its announcement of 10 September 2018 regarding the listing of the State of Kuwait as an emerging secondary market, specifically the FTSE Global Equity Index Series (GEIS).

Promoting Kuwait to Emerging Market Among the Index of S & P Dow Jones

S & P Dow Jones Indices announced that it has upgraded the State of Kuwait to the Emerging Markets Index. It praised the remarkable progress in the settlement and clearance systems through the transition to a T + 3 settlement cycle and achieved the principle of delivery against payment (DVP). The indices affected by this decision are:

- S & P Global BMI
- S & P Global BMI Shariah
- S & P / IFCI
- Dow Jones Global Index
- S & P Global Property
- Dow Jones Islamic Markets

It should be noted that S & P Dow Jones Indices placed Kuwait on the watch list to be upgraded to an emerging market in their report issued in June 2018 for the second year in a row. In the announcement, S & P Dow Jones indicated that the regulator (represented by the CMA) is reaching important milestones towards the achievement of the upgrade to emerging market status, which is done through a multi-stage project aimed at reaching international standards. In the same announcement, it mentioned that the most significant achievements in the development process were:

- Unifying the settlement cycle to T + 3 in order to meet the international standards.
- Delivery versus payment (DvP) and continuous development plans.
- To divide the market according to specific criteria.

The same report identified that the expected percentage of Kuwait's weight in the Emerging Markets Index is 0.56%.

This achievement comes as the second upgrade to the Emerging Markets Index received by the State of Kuwait, with the first being the FTSE Russell upgrade. Furthermore, the status of the State of Kuwait is currently on the MSCI watch list for upgrade to the emerging market status, which is set to be decided in June 2019.

It should be noted that on 18 December 2018, His Highness the Amir Sheikh Sabah Al-Ahmad Al-Jaber Al-Sabah welcomed His Excellency the Minister of Commerce and Industry and the Chairman of the Board of Commissioners of the Capital Markets Authority, and the members of the Board of Commissioners, as well as the Chairman of the Board of Directors of the Boursa Kuwait and the members of the Board of Directors and, Chairman of the Board of Directors of Kuwait Clearing Company and its CEO at Bayan Palace, where they congratulated His Highness the Amir on the promotion of Kuwait among the ranks of emerging markets within the Index of S & P Dow Jones, and added a brief explanation of the aspects of the strategic plan of the Authority and its future projects.

His Highness praised the efforts exerted by the Authority and all concerned parties to obtain the promotion, which serves the national economy and strengthens its position locally and internationally. His Excellency the Minister of Commerce and Industry presented to His Highness, the seventh report of the Capital Market Authority for the financial year 2017-2018.

The delegation also met with His Excellency the President of the National Assembly Mr. Marzooq Ali Al-Ghanim and His Highness the Prime Minister Sheikh Jaber Al-Mubarak Al-Hamad Al-Sabah and congratulated them on this occasion.

On 19 December 2018, His Highness the Crown Prince Sheikh Nawaf Al-Ahmad Al-Sabah received the Minister of Commerce and Industry and the Chairman of the Board of Commissioners of the Capital Markets Authority who congratulated him on this occasion, thanking him for his constant support and encouragement.

It is considered the second promotion after being promoted to emerging markets in the FTSE Russell Index announced on 29 September 2017, the actual implementation of the addition of the State of Kuwait to the S & P Dow Jones Index will be implemented before the market opens on 23/09/2019.

- **Stability of Securities Activity Indices in the Global Competitiveness Index 2018**

According to the report issued by the World Economic Forum entitled "Global Competitiveness Index 2018", which indicates a relative improvement in the State of Kuwait's competitive ranking and an increase of two positions over the past year, that improvement is naturally due to the enhancement of the State of Kuwait's rank of more than half of the indices on one hand and the economic stability of Kuwait on the other.

The Kuwaiti economy's competitiveness over the past year has been reinforced by several factors, some of which relate to securities activities. Three indices out of the possible 90 listed on the report have been identified to have a direct relationship to capital markets.

The first two indices are the "Conflict of Interest Regulation" and "Shareholder Governance" indices, the former of which maintained its balance of (57.0) (in the scale of the best performance) and the latter retained its prior balance of (53.0) according to the same scale.

Within this framework, several recent actions had a direct impact on the aforementioned indices, namely, the "Conflict of Interest Regulation" index aimed at protecting shareholders from the misuse of the corporate assets for personal gain, as well as the protection of shareholders rights which is primarily aimed at the protection of minority rights. The most important reform that is related to the protection of minority investors is the issuance of Resolution No. (57) of 2018 which amended several Modules in the Executive Bylaws of the CMA Law 7 of 2010, specifically: Module 10 (Disclosure and Transparency), Module Eleven (Dealing in Securities), Module Twelve (Listing Rules), and Module Fifteen (Corporate Governance). These amendments are expected to reflect positively on these indices in the future as these changes are implemented in line with critical trends related to the development of the market. In the framework of an integrated project of the Capital Markets Authority to develop the entire structure of financial markets, in partnership with some concerned bodies, the Authority has made good progress in the framework of this project, which includes significant changes in the various legislative and regulatory aspects of the tasks related to securities activities. This project, in addition to reaching the final stage of privatization of the exchange, has had the most significant impact in achieving the exceptional successes achieved in the past period, such as raising the promotions of the I stock exchange to emerging markets and placing the State of Kuwait on the list of promotion to the MSCI Emerging Markets index.

As for the last index relating to securities activities that form part of 90 valuation indices relating to market capitalization as a percentage of the total local results, which experienced a slight decline according to the latest valuation, the Capital Markets Authority assigned a specialized team to evaluate the aforementioned index based on the data available from Bloomberg and based on its assessment of the mechanisms described in the Global Competitiveness Index's technical information records, we noted from the table below that the index recorded a slight increase and relative improvement during the years 2014-2016 compared to the period preceding.

Year	Market cap Billions USD	GDP Billions USD	Mcap/GDP
2010	119.02	115.40	1.03
2011	96.90	154.03	0.63
2012	97.18	174.07	0.56
2013	102.85	174.00	0.59
2014	93.17	162.00	0.58
2015	80.90	114.00	0.71
2016	78.78	110.00	0.72

Seventh: The Official Duties of Members of the Board of Commissioners of CMA

The members of the Board of Commissioners of the CMA have carried out many official duties during the financial year ending 31/3/2019 in order to cooperate with regulatory bodies and similar foreign institutions in relation to organizing, coordinating and participating in joint activities, summarized in the following table:

Name	Mission	Date	Country
Mr./Mishaal Musaed Al-Usaimi	- Goldman Sachs	-23/4/2018	-UK
	- 43 rd Annual Conference of IOSCO	-5/5/2018	-Hungary
Mr./Abdalmohsen Hassan Al-Mazidi	- Annual Forum for Arab Securities Brokers	-22/4/2018	-UAE
	- The 13 th Meeting of the Union of Arab Securities Commissions and the Second Annual Conference of the Arab Capital Markets	-26/3/2019	-Jordan
Mr./Khalifah Abdullah Al-Ajeel	- Participate in the invitation from the World Bank	-18/4/2018	-USA
	- Attending the meetings on Offering and Allocation of the Shares of Boursa Kuwait Securities Exchange Company	-21/7/2018	-UK

Eighth: Apply Sound Systems of Risk Management and Internal Audit

- Performance Development and Risk Management Office:**

It is responsible for preparing the necessary studies in the areas of organizing and arranging the work of the CMA, preparing its procedural manuals and measuring the performance of the CMA, in order to achieve the required efficiency and quality, and achieving the institutional performance and management of the operational risks that the CMA may face through identifying and analyzing them, limiting their causes and indicating their effects and suggesting means of reducing or avoiding them. In addition to working on the development of the work of the CMA in order to support the achievement of its objectives in accordance with best practices.

- **Strategies Office:**

It is responsible for setting and planning the overall strategy of the CMA in all its areas of work, implementation, management and evaluation of the strategy through the achievement and completion of internal projects of various sectors in addition to enlighten the members of the CMA of the plan and strategic objectives and the ways to achieve them.

- **Internal Audit Office:**

The office follows the Internal Audit Committee of the Board of Commissioners and is responsible for evaluating the control systems of the CMA and the stages of progress towards achieving the objectives and the intervening objectives and proposing ways to improve the results and submits reports to the Internal Audit Committee.

- **Financial Control Office:**

The objective of this office is to achieve effective control over the financial performance of the CMA, to ensure transparency, fairness and integrity in financial performance, to enhance the credibility and confidence of the CMA's financial procedures, in addition to ensuring that financial performance conforms to international laws, regulations and accounting standards and to provide advice and guidance to the Department of Financial Affairs and Treasury in the CMA if necessary, and follow-up the revenue collection of th CMA.

- **Regulatory Entities Follow-up Office:**

This is an administrative unit that follows the Secretariat of the Board of Commissioners and is responsible for following up the observations of the State Audit Bureau and the parliamentary questions and all the inquiries, received from the various regulatory bodies according to an organized framework that takes into account the legal and constitutional periods specified in the relevant laws. In addition to the CMA's continuous procedures to achieve self-censorship of its work within the framework of the aforementioned rules and regulations relating to disclosure and the Code of Ethics imposed on all its commissioners and employees, looking forward to always being a model in compliance with laws, rules and regulations governing its work, taking into account the importance of giving this unit the attention it deserves, which the Board decided that one of the commissioners will be responsible for the general supervision of the office's work.

Ninth: Promote Code of Conduct and Ethical Standards

In accordance with the provisions of Law No. 7 of 2010 on the Establishment of the Capital Markets Authority and Regulating of Securities Activities and its Executive Bylaws and their amendments, a code of ethics has been established that sets out the rules of conduct and ethics of the commissioners of the Board of Commissioners of the CMA. The Code of Conduct requires each commissioner of the CMA to adhere to and abide by it during the period of his/her work with the CMA, there was also a Code of Conduct set for employees of the CMA which requires that each employee adhere and abide by it during the period of his/her work at the CMA, it is set out in order to determine the professional and personal standards that all employees of the CMA must abide by, for the purpose of raising the level of integrity in the business conduct and transparency of the rules of conduct in the CMA, which enhances customer confidence with the CMA.

As in the field of disclosure and according to Article (26) of Law No. 7 of 2010, no Commissioner or employee invited to attend a meeting within the domain of the Authority's competence who has a direct or indirect interest in the topic submitted for deliberation shall be allowed to participate in its

discussion, or express an opinion or vote thereon. Such interested party must disclose this interest, if any, at the beginning of the meeting, and shall leave the meeting prior to commencing the discussion of the topic. In line with complying with the provisions of Article (26) mentioned, the Board approved the definition of direct and indirect interest within the internal work policies at the CMA.

Tenth: Disclosure and Transparency

The CMA shall apply the full disclosure policy to achieve integrity and transparency and prevent conflicts of interest and the exploitation of internal information. Each member of the Board and employees shall declare in writing to the CMA immediately upon receipt of his duties on his/her ownership of securities listed at the Kuwait Stock Exchange and his minor children under his guardianship. Moreover, he-she shall disclose in writing any change in accordance with the method set by the Board. Members of the Board are prohibited from trading in shares of companies subject to the CMA's supervision for the duration of their membership in the Board. A disclosure system has been adopted for the CMA employees to disclose any changes in their ownership, procedures for disclosure of ownership and their forms. The same system and procedures are applied on Board members on an annual basis.

The CMA also provides all its regulatory decisions on its website and on social media as well as on its application (CMA APP).

Eleventh: Stakeholders

The CMA has designed the systems and policies that guarantees the protection and recognition of the rights of stakeholders. The CMA strives to protect stakeholders by ensuring compliance with laws and regulations related to securities activities in accordance with the duties assigned to it in Article (3) of Law No. 7 of 2010.

Twelfth: Encourage and Enhance Performance

The CMA works to enhance and improve performance in accordance with a comprehensive plan and policy based on many aspects, including, but not limited to:

- o International, regional and local participation in conferences and seminars related to the work of the CMA.
- o Organize forums, courses and workshops.
- o Signing agreements and memoranda of understanding.
- o Seek experts from inside and outside the State of Kuwait.
- o Launch a range of internal programs to develop the work environment, including:

CEO Experience The program provides the opportunity for employees to gain experience by working with the Chairman of the Board of Commissioners - the Managing Director for two weeks.

CMA Rotation The program allows the employees of the CMA to identify the mechanism of work of the various departments and offices at the CMA through the experience of working in it, in order to exchange experiences and acquire new skills.

CMA Star In recognition of the competencies of the CMA, this program is dedicated to outstanding employees. Every month, a group of employees are selected as stars in performance.

CMA Brains The program allows all employees to share their opinions, suggestions and ideas to develop the work of the CMA. All entries are evaluated by a specialized committee and announce the ideas that are chosen.

CEO Breakfast The program allows employees of each department or office to meet with the Chairman of the Board of Commissioners - the Managing Director through a friendly session. The program aims to encourage direct communication between the staff and the Chairman to exchange views, suggestions and professional aspirations, without the presence of direct manager (directors of department- directors of sections).

Thirteenth: Social Responsibility

Since its establishment, the CMA has been focused on its role in the development of the community, based on its social responsibility.

On the legislative level, Law No. 7 of 2010 on the establishment of the Capital Markets Authority and the Regulating of Securities Activities stipulates to "enhance public awareness of securities activities" as one of the main objectives of the CMA. The CMA considered that the target audience is not limited to those concerned and interested in securities activities, but exceeds it.

In terms of application, the CMA has endeavored to present a model to be the first to implement its various directions, through its endeavor and initiative to implement the rules of governance which in turn includes supporting the social role of companies - and the consideration of social responsibility as a key rule.

It also adopted the implementation of several strategic directions in this context, the most prominent of which are:

- **National Project to Promote Financial Literacy:**
The project aims at enhancing the level of financial, investment and legal literacy related to capital markets among all segments of society as one of the tools of sustainable development, it includes several activities. During the last financial year, the CMA completed the implementation of the first phase of this program, which extended to 4 semesters resulting in completing 192 awareness workshops among the middle and high educational stages. It was carried out by volunteers from CMA in 48 schools distributed among the governorates of the State of Kuwait aimed at raising the awareness of 2216 students. At the university level, 16 university lectures were conducted in various faculties.
- **Training Program for Newly Graduated Kuwaitis:**
Through this program, the CMA aims to contribute to the qualification of national cadres to enter the labor market through the development of their skills and enable them to acquire the elements of participation in the implementation of governmental development programs that fall within the framework of the desired transformation policies to a regional financial and commercial center. This program, which is executed in cooperation with leading training institutions, attracts distinguished recent graduates in fields related to financial markets: "finance, economics, accounting and business administration as well as financial mathematics in addition to law and

others", in accordance with a mechanism approved by the CMA to accept applicants, and choose and evaluate their performance. The trainees undergo intensive programs and stages, some of them within the State of Kuwait including the model of general skills programs, and other specialized programs, in addition to field training programs in several locations.

The statistics of this program that the CMA implemented four of them from the financial year (2013/2014) demonstrate the training of 81 trainees 38 were employed at the CMA, and began implementing the fifth of these programs as of 2 December 2018.

It should be noted that details of these two projects will be reviewed in other sections of the eighth annual report.

The CMA has been present constantly and continuously through its web page, the means of social communication, and the applications of smart devices, the most important of which are the following:

- CMA's website www.cma.gov.kw
- Channel on YouTube [cmakuwait](https://www.youtube.com/cmak Kuwait)
- CMA's page on Twitter [@cma_kwt](https://twitter.com/cma_kwt)
- Application of CMA to smart devices Cma-kw
- Celebrations of the National Holidays
To coincide with the national holiday celebrations, the CMA held a ceremony on 21 February 2018 for its employees to participate in the event. Prof. Ahmad A. Al-Melhem Chairman of CMA Board of Commissioners - Managing Director, gave a speech on this occasion. The ceremony also included a number of the CMA teams, CMA employees and INJAZ program volunteers, which were honored for their performance and achievements in 2018, in recognition of their efforts and motivation to give more. The ceremony included a visual presentation that included a review of the achievements of the CMA.

Fourteenth: Future Visions and Aspirations

The CMA seeks to achieve its future guidelines through its approved strategy aimed at achieving its objectives stipulated in its Law No. 7 of 2010 and its Executive Bylaws and amendments, while continuing to fulfill the role assigned to it within the framework of Kuwait's strategic development approach to becoming a "global financial center" by achieving the CMA's vision to be a supervisory regulatory body that seeks to provide a capital market that has the required competencies, which conforms to the latest international standards and is the basis of an attractive investment environment that ensures the creation of suitable investment opportunities that attract investor confidence.

The overall strategy of the CMA for the years (2018/2021), which specifically outlines its future directions, is reviewed in a separate section in the context of our eighth annual report.

Section Three

CMA Strategic Projects

Introduction:

For the second year in a row, the CMA devotes a separate section in its annual report to cover its strategic projects currently implemented, in view of the importance of these projects and the significant changes they create in the environment of the capital markets industry, and their crucial impacts. This section reviews the status of these projects at the end of the financial year, and presents a perspective for the mechanism of completing their remaining stages. Each chapter of this section covers a project, as follows:

- Chapter One : Market Development
- Chapter Two : Upgrade of Kuwait's Exchange Upgrade to Emerging Market Status
- Chapter Three : Boursa Kuwait Privatization
- Chapter Four : Implementation of the Electronic Disclosure System by Using XBRL Language "iFSAH"
- Chapter Five : Qualification Examinations for Registered Employment Positions in Collaboration with CISI
- Chapter Six : National Project for the Promotion of Financial Literacy
- Chapter Seven : Capital Adequacy Rules for Licensed Persons

Chapter One

Market Development

The Market Development (MD) project is a primary focus of the Capital Markets Authority, in particular after completing the establishment stage, along with a large part of the regulatory and legislative structure. This has set the ground for moving to the next stage.

The CMA pursued several strategic approaches to achieve its goals, such as joining the International Organization of Securities Commissions (IOSCO), and upgrading the market to an emerging markets status. The CMA has successfully achieved both of these goals. Such approaches are of utmost importance due to the guarantees it provides to persons who deal in securities activities, and the increased efficiency in the mechanisms and procedures of parties involved in the processes related to those activities.

The CMA seeks to achieve its approaches through a number of projects that it has already planned, and commenced their implementation. The most important of which is the MD project which the CMA oversees its implementation in coordination with its partners in the capital markets industry, such as Boursa Kuwait, the Kuwait Clearing Company and the brokerage companies.

Planning the implementation of the MD project comprised of several steps. It was finally agreed that it shall be implemented in four phases, the first and second of which have already been implemented. On November 28, 2018, the CMA announced the timeline for the implementation of its third phase in a press conference attended by representatives of the concerned authorities. At the time of preparation of this annual report, the first set of changes in Phase III (Pre-MD3) of the project has entered the final testing phase to ensure readiness of the concerned parties.

- **Market Development Project ... A Demand not an Option**

The MD project is concerned with the development of the capital markets industry in the State of Kuwait. It introduces fundamental changes to the structure of the industry. The CMA was keen to divide it into several phases to facilitate the market transition and work according to these changes. In this context, the CMA issued Resolution No. (72) of 2016 Regarding the Implementation of the Interim Phase of the Post Trade Model , which explains the practices that shall be adopted in order to develop the Post Trade Model that came into effect in May 2017.

The CMA has based its changes on the Principles for Financial Market Infrastructure (PFMI) issued by International Committee on Payment and Settlement Systems of the Bank for International Settlements, as well as the international standards set by market rating institutions and other principles and practices that may contribute to the development of the market.

The project's implementation became a necessity due to its numerous benefits, which would ensure achieving the significant transition desired in the field of local securities activities. It was an important factor for joining the IOSCO and complying with the applicable international standards. It also contributed in overcoming the gaps of upgrading the market status, which the CMA achieved in September 2017. Not only does it increase the efficiency of the trading systems, but also promotes the transparency of the clearing and settlement activities and reduces the associated risks, circulates advanced investment and financial instruments, and creates an suitable environment to attract local and foreign institutional investments.

- **Integrated Participation**

The MD project is carried out under the supervision of joint teams of the CMA, Boursa Kuwait Company and Kuwait Clearing Company, as well as the brokerage companies listed on the exchange, and related entities such as custodians, licensed persons and technical service providers.

- **Market Development Not Only a Post Trade Model!**

During the preparation for the Post Trade Model , the implementation was divided into two phases: Interim and Final. However, after the completion of the first phase of the project, the project's name was changed from Post Trade Model to Market Development to reflect the nature of the changes. Such changes covered Boursa Kuwait's initiatives and the trading system, as well as changes in the Post Trade Model. Accordingly, the rest of the project was re-divided into three other phases following the first phase, taking into account the timelines of these new phases in respect of some benefits, and permitting the implementation of some benefits ahead of the set date. It shall be noted that the most prominent foundations of re-division of the implementation phases of the project are as follows:

- Readiness of the participating parties to implement the practices and changes planned for each phase.
- Ease of transition from one phase to another, taking into account the reduction of development costs to the parties involved in different phases.
- Implementation of Boursa Kuwait initiatives in a faster manner after accomplishing the approaches related to the treatment of infrastructure.

Some important parts included in the project's final form, in its four phases, are outlined in the following table:

Fourth Phase	Third Phase	Second Phase	First Phase
Clearing Members Model	Offering short sale, developing the use of lending and borrowing of shares (for investors) (first set)	Market Segmentation	Unifying the settlement cycle to be T+3.
Final Model of the Central Counterparty (CCP) - Derivatives	Listing and trading of funds (first set)	New Market Indices	Introducing the concept of collateral system to mitigate risk of defaults
Offering derivatives, bonds, sukuk, and ETFs units	Improving the mechanism of executing off exchange trades.	Circuit Breakers	New Corporate actions mechanism, in line with international practice
Develop the risk management model in its final form	Introducing the trading session after closing, trading the closing price for a few minutes.	Buy-in Board	New tick sizes.
-	Development of collateral management through a straight-through-processing mechanism (second set)	Over the Counter Service (OTC)	New price limits (up/down).
-	Segregation of clients accounts within omnibus accounts, and changing numbering mechanism for accounts (second set)	Late Confirmation of the Custodian	Randomized closing auction
-	Development of the mechanism for management of claims processing (second set)	Facilitate special transaction procedures	Introduction of trade rejection feature to custodians.
-	Repos (second batch)	Automated distribution of cash profits	Providing an environment for market maker operations.
-	Margin Trading (second set)	-	-
-	Initial Model of Central Counterparty (CCP) - Official Market (second set)	-	-
-	Cash Settlement through: Central Bank of Kuwait / Commercial Banks (second set)	-	-
-	Qualified Broker Model (second set)	-	-

- **The Second Phase of the Project ... Comprehensive Changes!**

The second phase of the Market Development project included a group of changes targeting the trading system and the Post Trade Model. These changes are a continuation of the development process carried out in the first phase, and a step towards the final phases of the Market Development project. In mid-December 2017, the tests of this phase began with the relevant parties, to ensure that they are ready for the implementation.

The implementation of this phase has led to a significant development in the structure of the market in terms of distinguishing the listed companies according to standards that reflect the quality of the performance of these companies, the degree of transparency and communication with investors, in addition to the liquidity of trading their shares. The movement of shares prices and indices were regulated according to certain criteria to limit the impact of speculation at certain times on price fluctuations. In addition, the risk management system was improved by providing an appropriate mechanism to reduce the risk of defaults relevant to shares. Details of the most significant changes included in this phase are outlined below:

A. Market Segmentation: Specified Criteria and Goals

The official market is divided into three segments (Premier Market, Main Market and Auction Market), according to specific criteria covering different aspects that are met by the companies covered in each market. For example:

- The market value of the outstanding shares.
- Liquidity rates.
- The duration of the company's activities.
- Conferences for analysts and bilingual disclosures.

The Premier Market and the Main Market operate in a continuous trading system. As for the Auction Market, there is a fixed number of auctions on a daily basis that are announced, and their timings and durations are determined by the exchange. The Auction Market does not adhere to any price restrictions with regard to the entering of orders and price movements.

The main objective of market segmentation is to differentiate companies in accordance with the continuous fulfillment of the criteria announced by Boursa Kuwait, which provides the investor with information about the status of the company periodically and to make the appropriate investment decision. In addition, this change aims to:

- Increase transparency through the requirements of continuous and effective communication between the company and investors.
- Motivate companies to improve their performance and increase the attractiveness of their shares to investors.
- Increase the level of liquidity by setting it as a requirement for the Premier and Main Markets, and the incentives provided by the Premier Market.

In addition to the continuous requirements described above, it is important to note some of the listing requirements in both the Premier and Main Markets. One requirement is that the fair value of shares not owned by the controlling group of shareholders shall be valued at a minimum of KD 45 million in the company wishing to be listed in the Premier Market. Another requirement is that the minimum required number of shareholders shall be 450 shareholders, and the minimum ownership limit shall be KD 10,000. A third requirement is that the company must have been operating over the past 7 years. As for the listing requirements in the Main Market, the fair value of the company's shares that are not owned by the controlling group of shareholders shall be valued at a minimum of KD 15 million, the company shall have a number of shareholders ranging from 225 to 450 shareholders, while the minimum ownership shall be between KD 5,000 and KD 10,000.

B. Annual Review

Boursa Kuwait performs an annual review to ensure that the listed companies meet the different market criteria, and reclassify the companies in the markets in accordance with this review. This review results in the announcement of lists reflecting the status of companies in terms of moving from market to market. Accordingly, Boursa Kuwait issues a "Premier Market Breach Watch List", which includes companies that have breached one or more of the continuing obligations of the Premier Market, and the "Premier Market Watch List" that includes candidates for promotion to the Premier Market once they meet certain criteria at any annual review.

C. Different Fees According to the Market Type

The trading fees on the listed companies vary according to the market in which the company is classified. The lowest commission rates are those related to trading on companies listed in the Premier Market, to give a greater incentive for listing in this market. The commission rate is slightly higher for trading on companies listed in the Main Market. The highest commission rate is for trading on listed companies in the Auction Market. The following table shows the commission rate applied to each market:

Market	Commission		
Premier Market	Value	< 250 KD	≤ 250 KD
	Commission	0.10% of the transaction value	250 fils per transaction
Main Market	Value	< 165 KD	≤ 165 KD
	Commission	0.15% of the transaction value	250 fils per transaction
Auction Market	Value	< 85 KD	≤ 85 KD
	Commission	0.30% of the transaction value	250 fils per transaction

D. New Indices

The previous indices, namely the Price Index, the Weighted Index and the Kuwait Index 15 (KSX15), are replaced by the following indices:

- Index to measure the performance of all shares covered in the Premier Market (Premier Market Index).
- Index to measure the performance of all shares covered by the Main Market (Main Market Index).
- Index to measure the performance of all shares covered in the Premier and Main Market (General Market Index).

Boursa Kuwait calculates its indices on a weighted basis in terms of the price return and the overall yield method. The weights used in these indicators are based on the market capitalization of each company.

Based on this method of calculating the indices, higher weights are given to companies with high market capitalization. Consequently, these companies have the greatest influence on the index of each market, and the impact of the performance of companies with low market capitalization is limited due to the low weight that it will represent in the index. As mentioned above, weight indices are calculated in two ways:

- **Price Return Version:** The Weighted Index calculated in terms of price return reflects the movement of shares prices relative to the reference price of companies included in the index, without taking into account the cash dividend returns approved by these companies.
- **Total Return Version:** The Weighted Index calculated by the total yield method reflects the movements of the shares compared to the reference price of the companies included in the index, taking into account the cash dividend returns approved by these companies.

It should be noted that no index has been allocated to the Auction Market due to the nature of this market in terms of low liquidity.

E. Buy-in Board

Financial brokerage companies face some risks, and dealing with such risks requires the availability of certain systems and mechanisms. One of these risks is the default in paying obligations on time (settlement date).

The implementation of the financial collateral system for monetary defaults with the implementation of the first phase of the project has contributed to the mitigation of these risks significantly, as statistics showed a significant decline in the value of defaults compared to the period before the implementation of that phase. This system encouraged the brokerage companies to develop risk management systems related to collection of amounts from clients and delivering them on the settlement date.

Following the provision of an effective mechanism to address cash settlements in the first phase, a second mechanism was introduced to address the risks of share-related defaults, which further developed the delivery versus payment (DVP) mechanism implemented in the first phase of the project.

F. Buy-in Board ... Mechanisms and Procedures

The Buy-in Board is held after trading hours. Trading in this market is performed in the manner of the auction, as described in the Boursa Kuwait rules document. The parties that can purchase from this market are limited to the brokers who are expected to fail to deliver the securities on the settlement date. The sale of shares shall be made available to all traders wishing to trade in this session.

In order to encourage the offer of shares in this session, and to achieve the primary objective of providing shares to brokers to make settlements, the share prices in the Buy-in Board shall be higher than the closing price of the security in the trading session on the same day. The reference price for the Buy-in Board is determined in accordance with an equation declared by Boursa Kuwait Company (shown below) to calculate the additional premium of the shares traded in the Buy-in session as an increase in the closing prices of these shares in the market in the trading session.

- Minimum trading price in the Buy-in Board = Closing price of the share in the trading session + (20% x the closing price of the share in the trading session)
- Highest trading price in the Buy-in Board session = Lowest trading price in the Buy-in Board session x (20% x the lowest price of the Buy-in Board session)

Example: Assuming the closing price of a given share in the trading session is 120 fils, the minimum and maximum amount of the Buy-in Board session is calculated as follows:

Minimum limit: $120 \text{ fils} \times 1.2 = 144 \text{ fils}$.

Maximum limit: $144 \text{ fils} \times 1.2 = 172.8 \text{ fils}$.

Consequently, this process involved short sale brokers who incur additional costs that would encourage them to take the necessary measures to ensure that the company is able to follow up on the status of shareholders' equity of their clients and ensure their settlement.

Note that the orders are limited to the quality of the "limit order" for brokers. As for the Kuwait Clearing Company, it has the right to use the "market order" in addition to "limit order" to facilitate the completion of the settlement process as soon as possible.

G. Buy-in Board Procedures:

The settlement cycle for all transactions made in the Buy-in Board session is one trading day after the trading day (T + 1). The completion of the settlement cycle for this type of transaction on the day following trading day (T + 1) is due to the need to provide shares for delivery on time, which is the third day after the completion of the basic transaction. The following table provides an illustrative example of settlement procedures for transactions executed during the Buy-in Board session.

Time	Procedure	Result	
Sunday (T+0)	The broker sold shares to a client that he does not own. The broker can enter share purchase orders	Notice to the broker of the need to provide shares - Entry into Buy-in Board session – In case of purchase, the settlement shall be on Monday. If case of no purchase, the broker must attempt to purchase on Monday	
Monday (T+1)	The broker enters the share purchase orders	Purchase conducted: The settlement shall be on Tuesday	Purchase not conducted: The broker must attempt to purchase on Tuesday
Tuesday (T+2)	The broker enters the share purchase orders	Purchase conducted: The settlement shall be on Wednesday	Purchase not conducted: The clearing agency must attempt to purchase on behalf of the broker on Wednesday
Wednesday (T+3)	The clearing agency enters the share purchase orders on behalf of the broker	Purchase conducted: The settlement shall be on Thursday	Purchase not conducted: The clearing agency must attempt to purchase on behalf of the broker on Thursday
Thursday (T+4)	The clearing agency enters the share purchase orders on behalf of the broker	Purchase conducted: The settlement shall be on Sunday	Purchase not conducted: Ending the clearing agency's attempt to purchase
A following week: Sunday (T+5)	The clearing agency closes the transaction through cash close-out	Cancel the transaction – compensate the purchaser of the entire value of the shares at T+5 and any accrued entitlements, plus compensation for the profitability opportunities	

H. Circuit Breakers to deal with price volatility!

Restrictions on the movement of the share were partially liberalized when the first phase of the project was implemented. The tick size movements regarding the price trading limit (up/down) were ceased. They were replaced with a new percentage limit up/down of the share, which is 20% of the reference price in a trading day. To increase the freedom of movement of share and market efficiency, as well as price-discovery, the price limits were eliminated with the implementation of the second phase of the project.

Consequently, high volatility may occur as a result of speculation on shares or the announcement of certain events. Therefore, it is necessary to apply a mechanism to regulate the movement of share prices or indices while at the same time allowing the possibility of moving without restrictions. Accordingly, circuit breakers were introduced. It is worth noting that the mechanism of circuit breakers for shares is different from the mechanism of circuit breakers for an index.

I. Circuit Breakers for Shares (Corporate Level):

Circuit breakers for shares is an important tool to regulate the movement of shares either upward or downward, so that the share stops for a very short period to discover new prices in a sufficient time to continue trading until after reaching another level to activate the circuit. The following procedures explain how to activate circuit on a share:

1. Trading shall be opened in accordance with the opening auction based on the closing price of the previous day;
2. In the event of a 5% rise or fall of the share, trading on the share shall be halted for two minutes in order to make an auction on the share;
3. To determine the price at which the share trades, the bid and ask limit for this auction shall be 5% (upper - lower) of the price achieved in clause (2) on which the circuit was activated;
4. Trading shall continue until the rise or fall of the share is 5% of the price specified in item (3);
5. This process will continue if the circuit breakers levels are reached throughout the trading session.

J. Circuit Breakers for the Index (Premier or Main Market):

The application of circuit breakers on the index aims to provide additional information and analysis of the market position in the event of a rapid decline, as well as limiting the reduction of losses in the event of a severe decline in the market in general. The main features of the circuit breakers are summarized as follows:

- The circuit breakers of the index are activated in the case of the declines only and are not activated in the case of rise. The exchange stops trading for specified periods according to the movement of the index as shown below:

Level of Index Decline (from the previous closing level)	Trading Suspension Period for all Index Shares
5%	15 minutes
7%	30 minutes
10%	Halt/suspend trading to the end of the day

Trading is halted if the circuit breakers of the index is activated on the shares of each market separately. For example, if the Main Market index drops by 5% and the Premier Market index drops by 2%, trading on all Main Market shares will be halted without halting trading on the Premier Market.

K. Late Confirmation of Custodian Transactions ... Handling Various Cases Including Time Difference!

The implementation of the first phase of the project permitted refusal of committing to the transaction of custodians by Kuwait Clearing Company. The custodian now has the ability to refuse to commit to the transaction for his clients. This feature is important for the custodian's clients (in particular foreign investors) to provide greater accuracy in executing orders.

Due to the process of confirming the transaction required by the transactions of the custodian's clients, as well as the fact that most of them are located in geographic locations with significant timing differences from the timing of the State of Kuwait, it is necessary to provide an opportunity for the late confirmation of the custodian's clients. Accordingly, the second phase provided the (custodian) with the ability to confirm transactions previously rejected prior to the date set by the Kuwait Clearing Company and with the approval of the transaction broker. Note that the maximum time for acceptance and rejection of the transaction by the custodian is 12 p.m. on the second day after trading (T + 2), with the possibility of confirmation a few hours after this time.

L. Developing the Mechanism for Implementing Special Transactions (transactions outside the trading system)

"Special Transactions" are defined as transactions conducted off the trading system. Its nature requires that it is preceded by an agreement between a purchasing party and a selling party to execute the transaction on a security listed in the exchange in terms of price and quantity.

These transactions are of particular interest to the institutional and foreign investor, whose large trading volumes may affect the continuous trading within the trading system.

The second phase of the project included the development of automated systems between Kuwait Clearing Company and Boursa Kuwait Securities Company to facilitate this process and reduce the burden and procedures required in the execution of such transactions. It shall also include transactions that represent more than 5% of the share capital of the listed company with compliance with disclosure requirements, as well as compliance with mandatory acquisition terms (for transactions above 30%) in accordance with the CMA Law and its Executive Bylaws. There would be no obligation to operate under the auction system, but it would be available as an option to interested parties.

It is worth mentioning that when performing a transaction outside the trading system (Special Transactions), the minimum transaction amount shall be KD 150,000 and the transaction price shall not exceed 20% of the previous closing price, in addition to the other requirements stipulated in the rules of Boursa Kuwait Securities Company.

M. Over the Counter (OTC)

Boursa Kuwait Securities Company has developed a platform for trading in unlisted securities. It has also carried out settlement and clearing operations for these transactions through Kuwait Clearing Company, providing all the central safekeeping services for companies traded on the platform. The settlement cycle for this type of trading shall be performed in an instantaneous manner (T + 0).

The platform is a means to facilitate the shareholders of companies that withdraw by selling their shares with a platform that brings together traders to create higher liquidity and increase trading opportunities.

N. Online Transfer Service ... for Cash Profits!

As a second step to what was introduced in 2017 as part of the approach to end working in paper checks, represented in the possibility of receipt of cash profits through the direct transfer of shareholders' accounts if the account of the company distributing profits is in the same bank of the shareholder. The second phase permitted Kuwait Clearing Company to provide the transfer service for the listed companies that choose the service and for the shareholders regardless of where their bank account is located, whether in the same bank or another bank.

The entities responsible for the project are working to eliminate the reliance on paper checks and trading checks in the third phase, so that the online transfer shall be applied in all transactions on securities.

• Third Phase of the Capital Markets Development Project

CMA Board of Commissioners approved in its meeting held on 31/10/2018 the timelines submitted by Kuwait Clearing Company and Boursa Kuwait, which divided the outputs of the third phase into two batches:

- **First Batch (Early Initiatives):** includes initiatives that require short time to be ready for implementation, and some elements required to meet the MSCI index criteria. During this preparation, Boursa Kuwait and Kuwait Clearing Company will take some steps to prepare for the next batch.
- **Second Batch (Subsequent Initiatives):** includes initiatives that require more time to prepare and depend on the readiness of other parties not primarily subject to oversight by the CMA, such as the Central Bank of Kuwait and commercial banks.

Second Batch - Third Phase	First Batch - Third Phase
Qualified Broker Model	The lending and borrowing of shares and the application of short selling which is subject to securing borrowing arrangement
Initial Model of the CCP – Official Market of shares	Improving the execution mechanism of the Off-Exchange Trades
Cash settlements through: Central Bank of Kuwait / Commercial Banks	Introducing the trading session after closing, trading in the closing price for a few minutes.
Development of collateral management through a straight-through-processing mechanism	Listing and trading of investment funds
Segregation of clients omnibus accounts and changing the numbering mechanism of accounts	
Development of the mechanism for management of claims processing	
Introducing Repos	
Margin Trading	

The first phase of the Market Development (MD) project has already begun. At the time of the preparation of the report, some amendments are being made to the Executive Bylaws of Law No. 7 of 2010 Regarding the Establishment of the Capital Markets Authority and Regulating Securities Activities and their amendments in respect of REITs. It is reflected in Module Twelve (Listing Rules) and Thirteen (Collective Investment Schemes), in addition to amendments to the rules of Boursa Kuwait and Kuwait Clearing Company.

The joint team responsible for the MD project conducted three Market Wide Tests (MWT) to prepare for the launch of the third phase of the MD project (First Batch). The first of these tests was conducted on 20/01/2019, 19/02/2019, the third of which was on 10/03/2019 where 11 brokerage companies, and 3 service providers companies, and 6 investment companies participated in these tests. Work is under way to complete all preparations for the launch of the first batch of the third phase of the MD project.

Chapter Two

Kuwait's Exchange Upgrade to an Emerging Market Status

S & P Dow Jones announced the promotion of Kuwait's rating to an emerging market status in November 2018, and the actual implementation shall be before the market opening on September 23, 2019. S & P Dow Jones praised the remarkable progress in the settlement and clearing systems, by using a unified settlement system T + 3 and achieving the principle of delivery versus payment (DVP). The indicators that will be affected by adding Kuwait to the rank of emerging markets are as follows:

S&P Global BMI Shariah	S&P Global BMI
Dow Jones Global Index	S&P/IFCI
Dow Jones Islamic Markets	S&P Global Property

S & P Dow Jones is the second rating agency to upgrade Kuwait's rating, preceded by the international rating agency FTSE Russell by announcing the promotion of Kuwait's rating to an emerging market status in September 2017. Some Kuwaiti companies were included in the FTSE Russell Index in 2018, resulting in the entry of foreign investments exceeding one and a half billion US dollars. In addition, MSCI announced that Kuwait is on the watch list to raise the rating to an emerging market status and its decision is expected to be announced in June 2019.

All these decisions come from international rating agencies, indicating the efforts exerted in the MD project, which is led by the CMA in coordination and cooperation with its partners in the capital markets industry such as Boursa Kuwait, Kuwait Clearing Company and the brokerage companies. The MD project has been the main concern for the CMA, especially after the foundation stage and the completion of the regulatory and legislative structure to a large extent, which represented the basis for moving on to the next stage.

The MD project, which is covered in Chapter One of this section, was one of the main elements of the successful upgrade of the Stock Exchange, particularly the important changes included in the first phase of this project. It included unification of the new settlement cycle, and the application of DVP, and introduction of trade rejection feature to custodians, which contributed to the success of the efforts in promoting Kuwait's Stock Exchange. Only the most prominent ones are reviewed in the framework of this project, since they are fully reviewed in detail in the previous chapter of this section as mentioned above.

Chapter Three

Privatization of Bursa Kuwait Securities Company

In the past few years, Kuwait's exchange has developed significantly, a trend that has progressed towards its promotion according to indicators of global rating agencies. The rating agency, FTSE Russell, announced the promotion of the exchange to an emerging market status in September 2017, followed by S & P Dow Jones in announcing the upgrade to emerging market status in November 2018. The application was effective before the opening of the market on September 23, 2019. The global rating agency, MSCI, also announced placing Kuwait on the watch list to raise the exchange to an emerging market status, with MSCI's decision expected to be announced in June 2019.

These promotions are the result of continuous efforts for several years, aimed at working on two tracks simultaneously: the privatization of the exchange and the adoption of a comprehensive development strategy.

The privatization of the exchange is undoubtedly in line with the State Development Plan aimed at realizing Kuwait's strategic vision (Kuwait, 2035): "[To] transform Kuwait into a financial and trade hub, attractive to investors, where the private sector leads the economy, creating competition and promoting production efficiency, under the umbrella of enabling government institutions, which accentuates values, safeguards social identity, and achieves human resource development as well as balanced development, providing adequate infrastructure, advanced legislation and inspiring business environment." Privatizing and upgrading the exchange are expected to positively affect the securities activities in particular and the local economy as a whole. It should be noted that the first upgrade alone resulted in the entry of foreign investments exceeding one and one-half billion US dollars.

The Legal Basis for Privatization of the Exchange:

The privatization process is based on the provisions of Articles (33, 154 and 156) of Law No. 7 of 2010 Regarding the Establishment of the Capital Markets Authority and Regulating Securities Activities and its Amendments, in particular the provision of Article (33), which stipulates that: "The Authority shall grant an Exchange license to a shareholding company to replace Kuwait Stock Exchange. Its capital shall be specified by a decision made by the Board of Commissioners, and its activity shall be restricted solely to operating a Securities Exchange. The Authority shall be in charge of establishing this Securities Exchange Company. The company shares shall be allocated as follows:

- 1 - Not less than 6% and not more than 24% shall be allocated for public entities which have the right of owning shares. Any unsubscribed shares will be referred to the winning bidder.
- 2 - Not less than 26% and not more than 44% shall be allocated for companies listed on Kuwait Stock Exchange in conjunction with international Securities Exchange operator, or for an international Securities Exchange operator acting solely. The Authority shall establish rules and conditions concerning bidders and the bid process. Shares shall be sold to whoever submits the highest price in excess of its par value and incorporation expenses – if any.
- 3 - 50% of the shares shall be publicly offered for all citizens.

4 - The Board of Commissioners, which is tasked with establishing the company, shall determine its capital and distribute all its shares allocated for Initial Public Offering (IPO) equally to all Kuwaiti citizens registered with the Public Authority for Civil Information (PACI) as of the day of the IPO, provided that the value of such subscriptions shall be paid by the citizens to the Authority in accordance with the procedures and the manner determined by the Authority, without any interests, fees, or increase over the share price of the Public Offering date. The payment period lasts until the end of the sixtieth day that is calculated starting from the first day of the next month after the date on which the Authority issued the invitation to the citizens to duly settle the value of those subscriptions through printed, audio and video media of Kuwait.

The Authority shall include in the subscription prospectus a clause permitting the citizens to request an increase of their allotment of shares in respect of any shares which were not paid for to the Authority to ensure allotment of the complete allocation of 50% of the shares to citizens. The Authority shall specify the mechanism and procedures of allocating the amount of such increase, and its distribution to the citizens, as well as the means and procedures and dates of payment to the Authority.

The Authority may approve of licensing of other Securities Exchanges, whose capitals and activity and conditions of work and management, and any other related matters, shall be specified by a decision issued by the Board of Commissioners."



A group photograph of the members of CMA Board of Commissioners with the members of the Committee for the Offering and Privatization of the Share Capital of Boursa Kuwait

Chronological Developments of Boursa Kuwait's Privatization Project

The first stages of the privatization project of Boursa Kuwait began following the issuance of the CMA Law No. 7 of 2010 regarding Regulating Securities Activities. The developments in the implementation stages towards the privatization of the Kuwait Stock Exchange are as follows:

- Pursuant to the Decree regulating Kuwait Stock Exchange (KSE) issued in 1983, the KSE was established as a public institution entrusted with working as a stock exchange and carrying out regulatory and supervisory functions on the securities activities in the State of Kuwait.

Additionally, pursuant to Law No. 7 of 2010 Regarding the Establishment of the Capital Markets Authority and Regulating Securities Activities and its Executive Bylaws and their amendments, the

regulatory duties was transferred from KSE to the CMA. Article (154) of the aforementioned Law stipulates that KSE Market shall be considered a licensed securities exchange, and it shall organize its affairs according to the provisions of the Law. In addition, Article (156) of the Law states that all material and intellectual assets of KSE shall be rendered to the CMA. The CMA shall appoint an advisory committee charged with evaluating the market assets and determining what shall be rendered to the CMA and what shall remain at the market. Moreover, Article (33) of the Law stipulates that the CMA shall grant an Exchange license to a shareholding company to replace KSE, and its capital shall be determined by decision of the Board of Commissioners. Its activities shall be limited to the operation of the exchange, and the CMA is charged with the establishment of this company.

- In November 2013, the CMA issued Resolution No. (37) of 2013 regarding Approval of Licensing the Establishment and Specifying the Capital of Bursa Kuwait Securities Company. Pursuant to the memorandum and articles of association of the company notarized under No. 2357 of 2014 dated on 22/4/2014, the CMA established Bursa Kuwait Securities Company to replace the KSE, with a fully paid up capital of KD 6 million distributed over 60 million shares worth 100 fils per share, and an authorized capital of KD 60 million. The CMA owns all of the issued share capital of the Company.
- In 2014, pursuant to the provisions of Article (33) of CMA Law, the CMA established Bursa Kuwait Securities Company to replace KSE. In July of that same year, the meeting of the Founding Committee of Bursa Kuwait was held.
- In 2015, Law No (22) of 2015 was issued amending certain provisions of the CMA Law, including Article (33) concerning the allocation of Bursa Kuwait shares. The amending law also included an amendment to Article (156), permitting the CMA to authorize Bursa Kuwait in managing the market. The new Executive Bylaws for CMA Law was also issued. The same year witnessed the issuance of the CMA Resolution No. (80) of 2015 Authorizing Bursa Kuwait Securities Company to Manage the Material and Intellectual Assets of Kuwait Stock Exchange and to Undertake the Administrative and Financial Functions Required for Administering the Exchange's entity.

In addition to Resolution No. (81) of 2015 regarding Approving the Detailed Plan of the Means of Accomplishing the Passing and Receiving Operation of Kuwait Stock Exchange, and its Resolution No. (82) of 2015 regarding the Formation of the Mutual Work Team for Passing and Receiving Kuwait Stock Exchange.

- In 2016, the CMA issued Resolution No. (33) regarding the Report of the Current Tasks and Duties of Kuwait Stock Exchange, and the Recommendation of the Tasks that shall be Transferred to the Authority or Kuwait Clearing Company, or that shall remain at the Market. Additionally, Decree No. (34) of 2016 regarding the Documents and Papers Submitted by the Current Management of Kuwait Stock Exchange to Bursa Kuwait Securities Company, and the minutes of delivery and receipt of the Exchange's entity was issued on 24/4/2016. CMA Resolution No. (63) of 2016 regarding Authorizing Bursa Kuwait Securities Company to Manage the Material and Intellectual Assets of Kuwait Stock Exchange and the Exchange's entity was issued, thereby authorizing Bursa Kuwait of managing material and intellectual assets of the Exchange's entity, and carrying out the administrative and financial functioning of the tasks required for operating the Exchange's entity as of April 25, 2016.

- On April 24, 2016, Boursa Kuwait started operating KSE. On October 3, 2016, an agreement was signed between the CMA and Boursa Kuwait regarding the transfer of ownership of the KSE's material and intellectual assets to Boursa Kuwait. Resolution No. (90) of 2016 Revoking the License of Kuwait Stock Exchange and Terminating the Decree Issued on 14 August 1983 on Regulating the Kuwait Stock Exchange, and Resolution No. (91) of 2016 regarding Licensing Boursa Kuwait Securities Company to Practice the Activity of a Securities Exchange were issued on October 4.
- In January 2017, the CMA announced a tender offer for the valuation of the material and intellectual assets of Kuwait Stock Exchange that are transferred to the Boursa Kuwait, in the Official Gazette on 22 January 2017. Decree No. (38) of 2017 regarding the Formation of a Committee for the Offering and Allocation of the Share Capital of Boursa Kuwait Securities Company and amended by several Resolutions, the latest of which was Resolution No. (58) of 2018.
- The year 2018 witnessed several developments related to the privatization project of the Boursa Kuwait as follows:
 - o On 12 February 2018, the CMA entered into a contract with the Tri-International Consulting Group (TICG) in a consortium with KAMCO Investment Company to provide advisory services for the implementation of the bidding process, which includes the following stages:
 - Milestone 1: "Qualification criteria and requirements for Bidding and Bidders, Shortlisting International Operators and Market Testing."
 - Milestone 2: "Business plan and preparation of financials."
 - Milestone 3: "Roadshow plan and preparation."
 - Milestone 4: "Securing the submission of at least one qualified International Operator for the Technical Bid."
 - Milestone 5: "Securing at least one qualified International Operator to bid for shares of Boursa Kuwait solely or in conjunction with Listed Companies."
 - Milestone 6: "Bidding execution and closing."



Photograph of one of the meetings of the Committee for the Offering and Privatization of the Share Capital of Boursa Kuwait with the advisors.

- o On April 30, 2018, the bidding for an equity stake in Boursa Kuwait between 26% and 44% was announced. The qualification criteria for International Operators as well as the qualification criteria for local companies were set, and the timelines for the next procedures and guidelines for the participation in formal bidding processes were determined.

It should be noted that the criteria for qualifying an International Operator were specified as follows:

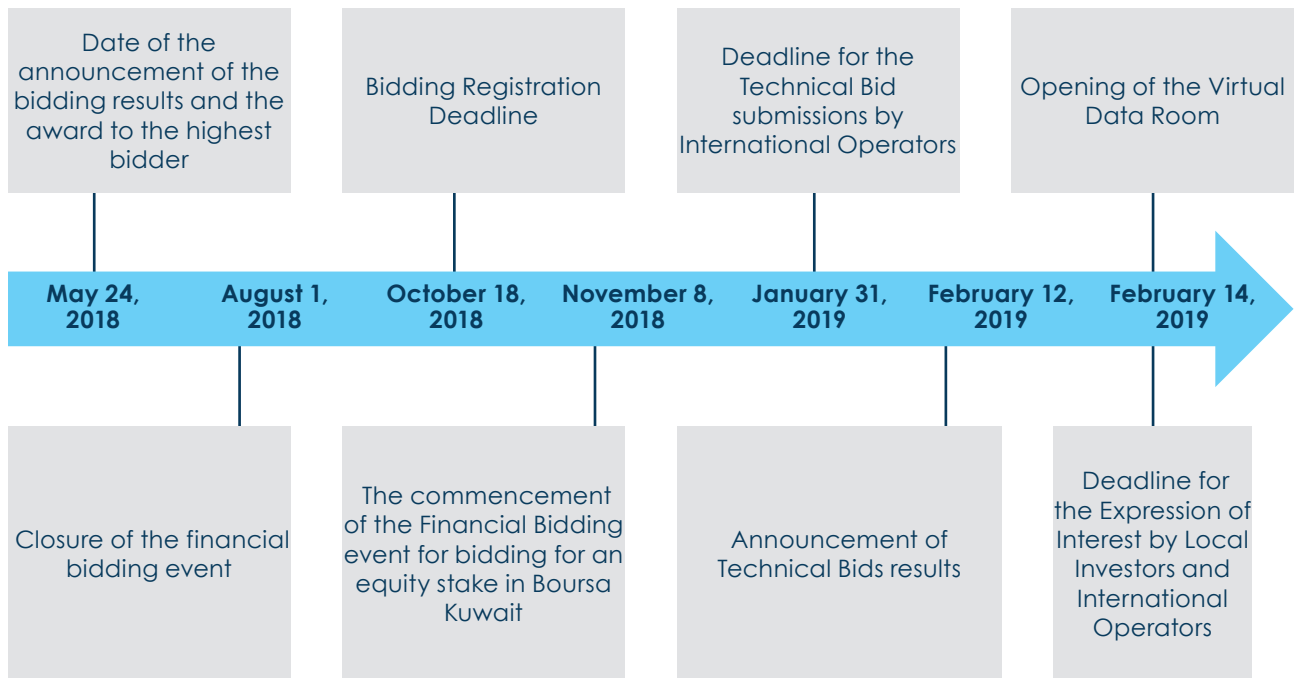
- The International Operator must be domiciled – as of 31/12/2017 - in a market classified as Secondary Emerging Market or higher by FTSE / Russell and Emerging Market or higher by MSCI. In addition to the above criterion, the International Operator should satisfy one of the below criterions:
- Have a minimum market capitalization of \$200BN and a minimum of 300 listings on its exchange as on 31/12/2017.
- or;
- Have annual group wide revenues for the year 2017 of over \$200MM as on 2017.

The qualification criteria for local companies were as follows:

- Must be a Kuwaiti listed company on Boursa Kuwait, incorporated and registered in the State of Kuwait.
- Must be listed on the Premier or Main Market of Boursa Kuwait.
- Must be a bank, investment company or finance company licensed by the CMA and / or registered with the Central Bank of Kuwait.
- After the CMA corresponded with International Operators via official letters and e-mails, and after coordinating and contacting the international operators by the consultant in order to start the Market Testing process in relation to the process of offering the equity stake of Boursa Kuwait, the approved list of qualified International Operators was determined, and a list of qualified local companies was specified and approved, which is based on the approved qualification criteria.
- On May 9, 2018, the CMA announced its meeting with a number of representatives of local companies - listed and qualified- which meet the criteria of initial qualification to participate in the bidding on an equity stake in Boursa Kuwait, in order to explain the bidding procedures and clarify the necessary requirements. During the meeting, an overview of Boursa Kuwait, an explanation of the investment model and qualification criteria for listed companies and International Operators, the timeline of the process, and the documents to be submitted were presented. Moreover, the mechanism of the consortium between local companies and International Operators was explained, and questions about bidding and qualification criteria for the International Operators and local companies were answered.
- On May 24, 2018, the Virtual Data Room (VDR) was launched. Qualified local companies and International Operators who submitted their Expression of Interest (EOI) and Non-Disclosure Agreement (NDA) received a letter from the CMA, within 3 working days following the submission, officially inviting them to participate in the due diligence process and technical bidding phase.

- On June 4, 2018, the advisors of the CMA to the bidding process for an equity stake in Boursa Kuwait, Tri-International Consulting Group and KAMCO Investment Company , held a meeting with a number of representatives of listed local companies qualified for the bidding to explain procedures relating to the bidding process, as well as the qualification criteria for International Operators and the timeline. During the meeting, discussions were held with the attendees from the parties that indicated their intention to participate in the bidding process. The representatives of the advisors to the bidding process responded to the questions and queries raised by the attendees about the details of the bidding process. During this meeting, local companies petitioned the CMA to extend the transaction timelines to allow sufficient time to assess the opportunity and to engage potential partners.
- On 28 June 2018, the CMA issued an announcement regarding the Bidding for an Equity Stake in Boursa Kuwait, whereby the CMA agreed to meet the demand of local investors to extend the transaction timeline, thus giving qualified local investors and International Operators additional time to express their interest in the transaction. The first of August was set as a deadline for investors to express their interest and explore the investment opportunity further.
- On August 2, 2018, the CMA announced the beginning of a new phase for the bidding for an Equity Stake in Boursa Kuwait, with the deadline (August 1) for investors to express their interest and explore the investment opportunity represented by this bidding process further.
- During this period, twelve local companies expressed interest in the investment opportunity and five International Operators who submitted the EOI and the NDA to enter into the VDR to study the investment opportunity.
- On October 18, 2018, three International Operators submitted their technical bids, and two were then qualified to register to participate in the bidding process based on the results of the evaluation of technical bids.
- On 9 December 2018, the CMA announced in the Official Gazette the procedures, terms and conditions of the bidding for an equity stake in Boursa Kuwait, where 44% of Boursa Kuwait was allocated as the bidding stake equivalent to 84,134,600 shares, and 6% allocated for public entities equivalent to 11,472,900 shares.

The timeline and stages of the bidding process are as follows:



The historic event of the announcement of the winning consortium bidding on an equity stake in Boursa Kuwait

In the year 2019, specifically on February 14, an exceptional event in the privatization of Boursa Kuwait was witnessed by ending its pre-final stage by awarding the transaction to a consortium comprising of Hellenic Exchanges- Athens Stock Exchange SA Holding, National Investments Company, First Investment Company and Arzan Financial Group, for the 44% equity stake offered in the issued share capital of Boursa Kuwait. It represents a success in achieving the first and most important approach towards privatization in the history of Kuwait, as it represents one of our most important economic entities, the Kuwait Stock Exchange. This project is the result of implementing the fully integrated and transparent plan based on the principles of competition, procedural fairness and objectivity in accordance with the terms and conditions of public bidding published in the Official Gazette on 9/12/2018.

Article (1) of Resolution No. (25) of 2019 issued on 14/2/2019 Regarding Awarding the Bid for a 44% Equity Stake in the Issued Share Capital of Boursa Kuwait Securities Company K.P.S.C. included the acceptance of the financial bid submitted by the consortium comprising of Bolsas y Mercados Espanoles (BME) and the Commercial Bank, as well as approving the highest financial bid submitted by the consortium comprising of Hellenic Exchanges-Athens Stock Exchange SA Holding, National Investment Company, First Investment Company and Arzan Financial Group for Financing and Investment.

Article (2) stated that the bid is awarded to the consortium comprising of Hellenic Exchanges-Athens Stock Exchange SA Holding, National Investment Company, First Investment Company, Arzan Financial Group for Financing and Investment, which offered a Financial Bid of 237 fils (two hundred and thirty-seven fils) for a total amount of KD 19,939,900.200 (nineteen million, nine hundred and thirty-nine thousand nine hundred Kuwaiti Dinars and two hundred fils) for the purchase of 44% of the equity stake of the issued share capital of Boursa Kuwait Securities Company, being the highest bid.

Article (3) provided that the Chairman of the Committee for the Offering and Privatization of the Share Capital of Boursa Kuwait, and all sectors of the CMA, Boursa Kuwait Securities Company and Kuwait Clearing Company to implement this Resolution and shall come into force from the date of its issuance and publication in the Official Gazette.

Finally, it can be said that the CMA has come a long way in the process of implementing Article (33) of Law No. (7) of 2010, both in terms of granting an exchange license for a shareholding company to replace Kuwait Stock Exchange and determining its capital and the allocation of its shares. The final stage remaining is the public offering of 50% of the shares, after the allocation of the other two stakes. As a result, the achievement in allocating the equity stake of Boursa Kuwait can be summarized as follows:

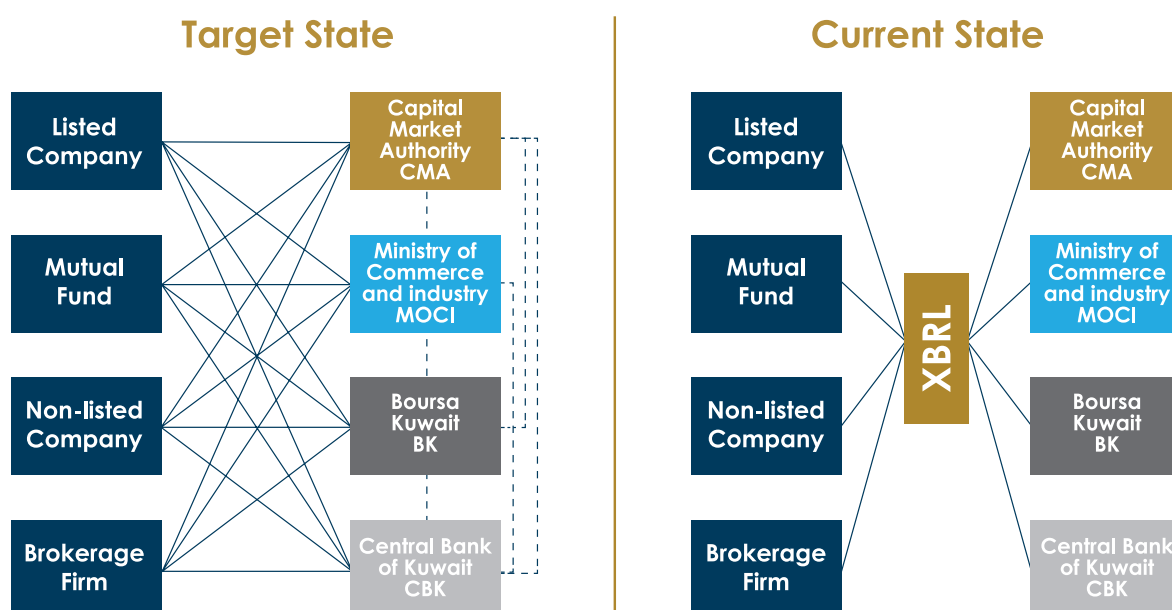
- Bidding stake (ranging between 26% to 44%): Completed through the announcement of the winning consortium.
- Public Entity stake (ranging between 6% and 24%): 6% was allocated to public entities, of which was subscribed by the Public Institution for Social Security.
- Citizens stake (50%): will begin its procedures at a later date and is expected to conclude before 31/3/2020.

Chapter Four

Application of an Electronic Disclosure System Using the Language of XBRL “Disclosure System – iFSAH”

The CMA project of the electronic disclosure system XBRL is part of its efforts to enhance the various transactions related to securities activities, particularly those related to enhancing the principles of transparency and disclosure in financial markets. This developed automated system permits receiving disclosures of information and financial and non-financial statements of concerned entities after unifying the forms of the elements of such disclosures and their reports. This ensures the accuracy of the data and information contained in those disclosures, facilitates the dealings by all its clients, and allows providing them in a timely manner to all stakeholders and to a wider segment of those concerned. Additionally, it reduces the burden of the obligation on the authorities entrusted with the disclosure on the other hand.

This project is a strategic approach that has been included in the State Development Plan as one of the main pillars of establishing the required infrastructure for the capital markets in Kuwait, which contributes to increasing its competitiveness and improving the local investment environment in general. This type of disclosure system proved its effectiveness in facilitating the disclosure process, which is expected to simplify the procedures of the local business environment and to strengthen the regulatory efforts in the financial sector. The disclosure mechanism using this system limits the number of disclosures of data and information performed by the concerned party to one only, and unifies the concepts and elements of disclosure that are agreed upon. The system will then verify their validity and adoption by the parties concerned and then maintain them in a central database, and provide and share them with all other regulatory bodies that deal with the system in accordance with the powers and permits granted, without the need to request such data and information from the regulated entities again. In conclusion, this system represents an opportunity to overcome the many constraints related to the process of exchanging data and information between the different parties involved, and those dealing in the Kuwaiti financial market. The following is a comparison of the current exchange environment of disclosed information and the one targeted through this project:



Language of the Electronic Disclosure System Using XBRL Language and its Advantages:

This electronic disclosure system is based on XBRL (Extensible Business Reporting Language), is the open international standard for digital business reporting that has been especially developed to support the communication and exchange of information and data (both financial and non-financial) between the different parties, users, and stakeholder in the economy. The standard for this language is based on the universal agreement on its concepts and terminology under the umbrella of XBRL International. XBRL International is a non-profit global consortium that manages and promotes the technical specifications that allow the digital preparation, exchange and consumption of financial, performance and compliance reports.

The advantages of this system are numerous, most notably the high flexibility in the exchange of various financial and non-financial data & information, as well as the ability to create new reporting elements and classifications to fulfil the requirements of regulators and related stakeholders. It provides the reader and the computer with a clear understandable language in a timely manner, while ensuring high levels of credibility and reliability.

System Domains and Stakeholders:

Five disclosure domains are allocated to meet the specific disclosure requirements within the system. These domains are as follows:

- Financials Reporting Domain
- Anti-Money Laundering Reporting Domain
- General Assembly Reporting Domain
- Corporate Governance Reporting Domain
- Disclosures Reporting Domain

The entities and parties involved in the system applications are all licensed persons, listed companies, individuals and institutions dealing in the Kuwaiti financial market, auditors, other regulatory bodies and Boursa Kuwait.

Preparation Stages of the System:

The stages of preparation of the project began on 4 October 2016. The project work plan included the implementation of several tasks in three main aspects of the project as follows:

- The technical aspect: The system was designed according to the specifications and work procedures of the CMA and was uploaded in a testing and operating environments. Various tests were conducted, including Penetration and Stress Test. Then the system was prepared and programmed to include all the electronic disclosure domains specified in the project, and perform the necessary tests to verify the system with the BRS documents and the SRS Documents adopted in this regard.
- The classifications structure: Technical requirements for all the relevant CMA sectors were specified. They include regulations, forms and schedules issued by the CMA. Additionally, the disclosure domains related to the system's applications and the disclosure elements thereof were determined. The classification structure for all disclosure domains specified in the project were prepared and documented.
- Awareness: Several internal and external awareness and training workshops were provided to all parties involved in using and dealing with the system, such as companies, individuals, audit

offices and other regulators. It aimed at providing these parties with the information regarding the system requirements, and its benefits. This will contribute to the transition to the new electronic system smoothly and flexibly. Entities segments were selected for the stage of pilot application, and they were qualified for the applications of this stage through awareness workshops and training programs.

The CMA has participated in the annual XBRL conferences since 2015. It had an active role in the organization's conference held from 8 to 10 November 2016 in Singapore, by presenting a review within the conference entitled "Kuwait's Experience in Implementing the Electronic Disclosure System Using XBRL as a Frontier Market", in which the CMA's efforts were highlighted as an active member in this regard.

System Inauguration:

After the completion of the stages of preparation and testing of the system, the CMA announced on 10 February 2019 the inauguration of the system in accordance with a plan to ensure the gradual transition smoothly and flexibly and without obstacles, in two phases; qualifying and mandatory phases.

Qualifying Phase: This phase is divided into several stages, beginning with the launch of the disclosure domain for the "Financial Statements" as well as the disclosure domain for "Anti-Money Laundering Requirements" as a first stage until the end of September 2019. The parties concerned will be required to submit disclosure requirements in such domains for the financial year ended (31 December 2018). The other disclosure domains will be launched upon completion of the linkage process with Boursa Kuwait and other regulators. This phase aims to familiarize the stakeholders with the features, advantages and mechanisms of dealing with this system. At this phase and within a specified period of time, they will be able to submit disclosures and required reports in this new system, through its specific domains (experimental). In addition to continuing to provide the same disclosures and reports according to the traditional methods applied before the application of this system. This is an opportunity for them to acquire the elements necessary for using this system. They may, at the same time, perform more practical tests to overcome any problems with its application process, whether technical or technological.

Mandatory Implementation Phase: This phase is expected to witness the discontinuation of traditional disclosure methods used before the implementation of the XBRL disclosure system (iFSAH). This system shall be the only mechanism available for all entities concerned with disclosure. They may submit their disclosures and reports to the CMA as of the date of implementing this phase.

In order to ensure that those concerned with the implementation of this system have the required awareness and mechanisms to deal with it and disclosure through it, a special awareness section entitled "iFSAH Disclosure System" was set up on the CMA's website (<https://www.cma.gov.kw/en/web/ifsah>). It provides relevant information and guidelines relating to its features and applications in the form of online documents or pre-recorded awareness videos in Arabic and English.

An awareness plan was prepared to implement a series of workshops for the system through "Webinars". It allows wide segment of those involved in the system to watch the workshops and participate remotely, which saves time and effort. The workshop will discuss various aspects related to the features and applications of the system. This has also enabled the possibility of direct communication with the technical support team of the system either by telephone or via e-mail dedicated to this purpose.

Chapter Five

Qualification Examinations for Registered Employment Positions in Collaboration with CISI

The implementation of the Qualification Examinations project is carried out in collaboration with the Chartered Institute for Securities & Investment (CISI), which is specialized in these types of exams, in accordance with a signed cooperation agreement to promote market qualification frameworks and prepare local exams of the laws, regulations and legislation applicable in the field of securities activities. Furthermore, CISI provides international technical exams. A steering committee and a working group were formed to implement such project and determine their respective tasks, based on the following administrative decisions:

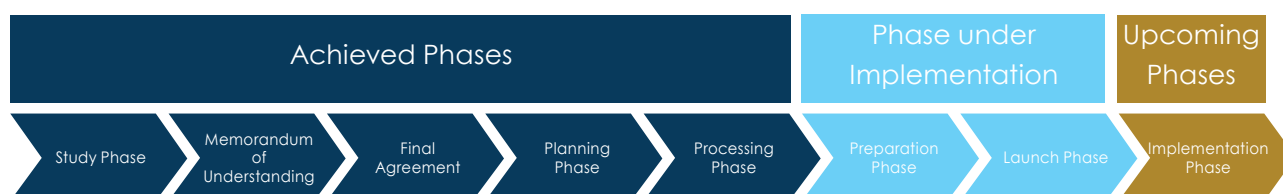
- Administrative Decision No. (28) of 2017 regarding the formation of a "Steering Committee to Supervise the Implementation of the Qualifications Examinations for Registered Employment Positions Project in Collaboration with the CISI", issued on 19/03/2017.
- Administrative Decision No. (43) of 2017 regarding the formation of a working group to implement the Qualifications Examinations for Registered Employment Positions Project in Collaboration with the CISI, issued on 11/04/2017.
- Administrative Decision No. (61) of 2018 regarding the reformation of a "Steering Committee to Supervise the Implementation of the Qualifications Examinations for Registered Employment Positions Project in Collaboration with the CISI", issued on 19/07/2018.
- Administrative Decision No. (74) of 2018 regarding the reformation of a "Steering Committee to Supervise the Implementation of the Qualifications Examinations for Registered Employment Positions Project in Collaboration with the CISI", issued on 24/09/2018.

Following the completion of the planning phase, in which the requirements and timeline of the project were defined, from its inception to its implementation, this financial year witnessed several achievements by the working group and the Steering Committee. The most important of which is the completion of the final version of the Qualification Examinations for Registered Employment Positions' plan, which is one of the project's deliverables, and approving it by CMA Board of Commissioners. Moreover, the working group and the Steering Committee finalized the review of the syllabus of CMA rules and regulations exam, approved it by the Steering Committee, reviewed and translated a number of relevant scientific materials, and prepared and approved the second version of the project's Awareness Plan and activities for its launch.

Several meetings were held and consultations were made at the level of senior management of the parties represented by the Managing Director of the CMA and the CEO of CISI. Moreover, meetings were held among the representatives of CISI, and members of the Steering Committee and the project's working group, to discuss several topics related to the Qualification Examinations project, and the best practices in its application and ways of effective cooperation, in order for both parties jointly launch the project.

This financial year witnessed the completion of the project's fifth phase out of eight. The sixth and seventh phases also started in preparation for the completion of all phases of the project during the next financial year.

The following diagram shows the project's phases:



Chapter Six

National Project for the Promotion of Financial Literacy

The National Project for the Promotion of Financial Literacy is one of the strategic approaches of the CMA in the current and upcoming phases, in particular at the awareness level. It also establishes a regional pioneering experience as it aims to exceed the usual roles of securities activities' regulators, and to target community groups other than the licensed persons and investors of all categories and classifications.

If the contribution to "Enhance public awareness of Securities activities and of the benefits, risks and obligations arising from investments in Securities and encourage their development" is one of the main objectives of the CMA in accordance with its establishment law, this project influences and enhances its role at the community level. This may be achieved through the formation and promotion of the society's financial literacy.

It is considered a national project, as it is an outreach to individuals other than the ones currently involved in securities activities. It aims at qualifying future generations, in order to contribute to the qualification of national cadres who will meet the needs of the labor market, in accordance with Kuwait's future development approaches by providing the necessary expertise and knowledge. This will result in having the desired educational and community levels in line with latest international standards applied.

The project is intended to last several years. It includes integrated programs that are implemented with the participation of a number of ministries, institutions, governmental and national bodies, while benefiting from successful international experiences. The implementation of its programs commenced in cooperation with national bodies in 2017, and specifically with INJAZ Kuwait society, as per a mechanism of cooperation between the two bodies. It aims at implementing joint programs that lead to enhancing the financial literacy and awareness in the educational sector, in particular in intermediate and secondary schools, whether public or private, in all Kuwaiti governorates. The first phase of the program, which covers the years from 2017 to 2019, aims to qualify about 2,000 students through the implementation of financial knowledge programs, with the participation of CMA employees. The project also covers the university level to raise awareness on issues related to securities activities.

The long-term objectives of the project are to contribute effectively to the development of a community that is equipped with financial knowledge. It represents the basis for its transformation into a regional financial hub as a developmental approach, and creates an environment supporting new graduates, as well as contributing to the creation of new jobs. Its objectives in the field of education are the adoption of courses that teach financial and investment principles and terms (intermediate and secondary schools), and university courses on securities activities and CMA regulations in certain colleges.

Indicators' statistics in terms of the implementation of some of the project's programs in its first phase, which extended over four periods during the last two financial years, indicate that the proportions passed the planned number of activities or target students, throughout the different levels.

It is worth noting that preparations are underway for the implementation of the next phase of the project at the time of preparation of this report. It is expected that a second phase of cooperation with INJAZ will be implemented for the academic years (2019/2020-2020/2021), as well as coordination with other national bodies to implement other programs. Further, other approaches are in process, such as issuance of a children's magazine, creation of an interactive website, and taking part in the activities of the Child and Youth Finance International (CYFI).

Chapter Seven

“Preparation of Capital Adequacy Rules for Licensed Persons”

The project of “Preparation of Capital Adequacy Rules for Licensed Persons” is part of CMA's efforts to enhance its regulatory role and to strengthen the legislative structure of the capital market, in order to achieve an effective regulatory system in line with the applicable international standards. It is also a legal entitlement in accordance with the provisions of CMA Law and its Executive Bylaws and their amendments, which stipulates that “The Authority has the right to impose additional requirements or to make requests for specific reports to ensure that the Licensed Person has the ability to continue their business, particularly holding a sufficiency of capital, in a manner that is commensurate with the nature and volume of the Securities Activities that they carry out.”

The project aims at enhancing the efficiency of the performance of companies licensed to deal in securities, ensure the safety of their financial positions, protect their rights and create a secure investment environment by providing the necessary precautions to secure risks related to the activities and transactions of licensed persons.

The CMA started implementation of this project on 18 September 2018 in cooperation with Ernst & Young Consulting Office. It consists of four stages, which were completed on 14 March 2019. The regulations are expected to be announced and issued during the third quarter of 2019, according to an implementation plan that includes a preliminary stage and a mandatory application stage.

The first stage's aims included the preparation of an assessment report of the current state of the licensed persons, and general recommendations concerning the results of three studies, which dealt with the following:

- Study of the current state of licensed persons in terms of the strength and soundness of their financial position and performance, as well as identifying their main concentrations and exposures.
- Study of all standards and rules issued on capital adequacy rules for licensed persons.
- A comparative study of the structure of the licensed activities and the Market Development project and the related policies and roles of its entities.

The second stage of the project included the preparation of an initial draft of the capital adequacy rules for licensed persons and all their templates, based on two main factors: the first is to measure the risk and determine the capital adequacy rates according to the Basel applications for risk weighted assets (risk weighted approach – Basel). The second is to determine the net capital adequacy ratio (Net Liquidation Approach) in preparation for the implementation of the stages of the testing and the quantitative studies. The selected sample from the licensed persons will then be determined, to participate in the Quantitative Impact Studies (QIS). It included identifying the necessary data to study the quantitative impact when implementing the draft rules, and verifying their suitability to the business environment, especially in terms of covering all types of risks associated with the practice of securities activities licensed by the CMA. This study was accompanied by the an awareness workshop organized in June 2018, which provided participants with the data to be met for the two financial years ended March 31, 2016 and 2017, respectively. The results of the QIS showed the great

relevance of the rules to the business environment, and the high capital adequacy rates of the licensed persons participating in the study.

The third stage of the project included some amendments to the draft Capital Adequacy Rules for Licensed Persons, and the implementation of the comprehensive and final QIS. It also included inviting all licensed persons to participate in this study. In addition, a special awareness workshop was organized for this stage on October 23, 2018. The results of the study showed their suitability to the business environment.

In February 2019, the CMA finalized the final draft of the Capital Adequacy Rules for Licensed Persons, as well as the preparation of all its templates in both Arabic and English. Risk-Based Approach was a basis for preparing the rules. It also took into consideration the financial instruments currently licensed by the CMA, and those that will be implemented later on according to the final structure of securities activities. Initially, four licensed activities were excluded from the application of the rules (Asset Valuator - Investment Advisor - Credit Rating Agency - Investment Controller). After the preparation of the above-mentioned draft, the CMA published the draft with its templates on its website in order to survey the opinions of all persons dealing in securities activities. On Monday, February 18, 2019, a workshop was held in order to clarify its content and explain its templates in preparation for its final approval.



The fourth and final stage of the project ensures that the Capital Adequacy Rules are fully and definitively provided. It mainly includes the process of preparing a final draft of the Rules and all their templates in Arabic and English, after taking into account the remarks and amendments provided by the internal and external parties regarding the draft Rules.

The CMA is currently working on the final draft of the Capital Adequacy Rules. It also started the internal procedures required to issue and announce the Rules, the structure of the list of licensed activities and the minimum capital paid with the licenses of such list. It is reviewing the consequential amendments to the CMA Executive Bylaws and the decisions issued in respect of those outputs.

Section Four

The Achievements of the Boards,
Committees, and Offices
That Form as Part of the Board of
Commissioners

The major achievements of the boards, committees, and offices that form as part of the Board of Commissioners of the financial year of (2018/2019), which vary according to the competences of each entity, can be summarized as follows:

1. The Advisory Council for Sharia Supervision

The Advisory Council for Sharia Supervision is the main reference for the CMA's resolutions for the activities that are related to the provisions of the Islamic Sharia. During the financial year of (2018/2019), the council held (16) meetings that discussed several matters concerning revisions, statements, research, and suggestions. In terms of statements and revisions, the council reviewed the following statements: the CMA's feedback of the survey of adopting the standards of IOFI, and the instructions of the Central Bank of Kuwait regarding governing of the Sharia supervisory system. It also viewed the report of the panel discussion of the Sharia supervisory system that was held in the CMA's headquarter, and the recent amendments of the Executive Bylaw regarding the Sharia supervisory system that worked in line with the previously given suggestions by the council on this matter.

In terms of statements, the Sharia Audit Offices would do Al-Zakat calculation according to the following statement: "There does not appear to be an objection from letting the Sharia Audit Offices do Al-Zakat calculation on the companies that they audit. This is considered a commitment that is assigned to the Sharia Audit Offices and the companies that they audit for the shareholders in order to ensure a correct calculation of Al-Zakat based on auditing and reviewing the financial statements." On this matter, the council also suggested the following:

- The companies shall take the approval of the general assembly to let the External Sharia Audit Offices do Al-Zakat calculation.
- Adding a new article in the Executive Bylaws that states that doing Al-Zakat calculation is part the competences of the External Sharia Audit Offices.

In addition, the following statement was given regarding to the investment portfolios of the charitable will and the one-third: "If the guardian or the waqf director has passed away, the investment portfolio that is recorded under the name of One-Third Charity or the Waqf shall not be frozen. Instead, there shall be a request of a legitimate notice from the Authentication Department in the Ministry of Justice for a new guardian or a new waqf director who will be appointed according to the will bond, the authority of the waqf, or a judgement.

If the will approved appointing a new guardian instead of the decedent, there shall be a legitimate notice from the Authentication Department in the Ministry of Justice on this matter.

About the competences of the guardian or the waqf director, he has the authority to withdraw, deposit, and transfer to the will or the waqf's bank account, while keeping in mind to only invest in the secure activities not the risky financial instruments."

The council viewed the Approved Sharia Auditor License and did not object to adopting it, but suggested to extend the duration of the program to be at least three months, in order to have enough time for the given topic.

The council also suggested adding a new article (waqf insurance) for the first part: Glossary of the Islamic Financial transactions, because it is worth considering, though the International Islamic Fiq'h Academy has previously considered it.

It is worth noting that the council also suggested conducting a questionnaire for the External Sharia Audit Offices via a specialized office for questionnaires. In principle, this questionnaire aims to know the following:

1. The External Sharia Audit Offices' commitment to the system of sharia supervision of the CMA Executive Bylaws.
2. The positive aspects of the sharia supervision in the CMA Executive Bylaws.
3. The weaknesses of the sharia supervision in the CMA Executive Bylaws.
4. Comparing the sharia supervision system to the international best practices.
5. The commitment of the licensed persons in contract with the External Sharia Audit Offices.
6. The interference of the competences between the External Sharia Audit Offices and the sharia supervision authorities.

Finally, in terms of research, during the latest financial year, the council prepared two research papers. The first research paper set out the Zakat for stocks, while the second research set out the status of financial derivatives' from the Sharia perspective and its economic implications.

The composition of the Advisory Council for Sharia Supervision for that financial year was as follows:

- Prof. Mohammad Abdul-Ghaffar Al-Sharif	Chairman
- Dr. Mohammad Ali Al-Haj	Member
- Dr. Ahmad Hussain Mohammad	Member
- Prof. Ahmad Abdul-Rahman Al-Melhem	Member
- Mr. Wesam Jassem Al-Othman	Member

2. The Disciplinary Board:

The Disciplinary Board is the party which issues sanctions that are set out in the CMA Law. The composition of the board is made of three members, headed by a judge who is delegated by the Supreme Judicial Council, and two experienced members in the financial, economic, and legal affairs. The board is concerned of the following:

1. Adjudication in the disciplinary accountability that is transferred to it by the CMA regarding the violation of the law, the Bylaws, or any resolution or instruction issued thereunder.
2. Adjudication in the grievances that are made by the Stock Exchange, and its Violation Consideration Committee. The CMA's Disciplinary Board is considered as an appellate body in considering the grievances of that committee's resolutions, and its judgement is the final.
3. Reviewing the disciplinary procedures that are taken by the Stock Exchange towards any of its members, and that are directed to it by the CMA.

The board held 35 hearings during the financial year of (2018/2019) in which it discussed 102 violations that were directed to it by the CMA. In times when the board did not receive any complaint or grievance during the financial year of (2018/2019), the CMA would have three petitions to the board on the resolutions of the violation consideration committee. The Complaints and Grievances Committee direct the complaints of natural or legal persons to

the board, while the grievances usually come as a resolution from the Stock Exchange and the Violation Consideration Committee.

The results of the board's resolutions regarding some of these violations varied from penalties 82, archiving 13, temporarily suspension 2, and supplementary decision 2. The total amount of fines that were signed by the board against some violators was 1,197,079.252 KD (one million, one hundred and ninety-seven thousands, and seventy-nine Kuwaiti Dinars, and two hundred and fifty-two fils only).

The composition of the Disciplinary Board for the financial year of (2018/2019) based on resolution No.51 of 2018 regarding the renewal of the Disciplinary Board was as follows:

- Mr. Adel Yousef Al-Kanderi Chairman
- Mr. Majed Bader Jamal Al-Deen Member
- Mr. Yousef Saleh Al-Othman Member
- Mr. Nouri Juma'a Al-Salem Standby Member

3. The Complaints and Grievances Committee:

The Complaints and Grievances Committee is the concerned party which receives the complaints and grievances from anyone of interest, whether it was a natural or legal person. The committee held (34) meetings during the financial year of (2018/2019) within the implementation of its functions that were stated in law No. 7 of 2010 regarding the Establishment of the Capital Markets Authority, Regulating the Securities Activities, and its amendments. During the latest financial year, the committee received (12) complaints and (7) grievances. The tables below show a comparison between the complaints and the grievances that the committee has received during the latest financial year and the previous financial year:

Complaints	Financial Year of 2017/2018	Financial Year of 2018/2019
Adjudicated	7	9
Pending	-	3
Total	7	12

The committee also received 7 grievances that were dealt with as follows:

Grievances	Financial Year of 2017/2018	Financial Year of 2018/2019
Adjudicated	8	5
Pending	3	2
Total	11	7

In terms of the composition of the committee, there were two compositions for this committee during the financial year of (2018/2019). The first composition, based on resolution No. 136 of 2016, was as follows:

- Dr. Adnan Ali Al-Sultan	Chairman
- Mr. Wasmi Khaled Al-Wasmi	Vise Chairman
- Mr. Khalaf Sulaiman Al-Jassem	Member
- Mr. Radwan Abdullah Jamal	Member
- Mr. Youssef Sultan Al-Majed	Member
- Dr. Hussain Juma'a Bou'reki	Member

The second composition, based on resolution No. 38-1 (C.B.C.) of 2018 that included a stimulation on resolution No. 37-18 (C.B.C.) of 2018 stated that the composition of the Complaints and Grievances Committee would be as follows:

- Mr. Khalaf Sulaiman Al-Jassem	Chairman
- Mr. Wasmi Khled Al-Wasmi	Vise Chairman
- Mr. Radwan Abdullah Jamal	Member
- Dr. Hussain Juma'a Bou'reki	Member
- Mr. Ali Othman Al-Ghannam	Member
- Mr. Youssef Sultan Al-Majed	Member

The second resolution included a thanking letter to the Chairman of the previous committee Dr. Adnan Ali Al-Sultan appreciating his efforts in the committee.

4. Internal Audit Office (IA office):

The IA internal bylaws and the IA charter, both approved by the Board of Commissioners (BOC) in BOC meeting No.29 of 2012, have laid the foundation of the IA office, whose aim is to sufficiently examine CMA's risk management process, its supervisory procedures, and the efficiency and effectiveness of the governance systems, and contribute in achieving the following CMA goals:

- Identifying risks and managing them in an appropriate way.
- Precision, credibility, and efficiency of key financial, administrative, and operational information.
- Commitment of the staff to the set policies, standards, procedures, laws, and regulations.
- Utilizing resources efficiently and economically.
- Continuous progress of quality and development, within CMA's supervisory procedures lines.
- Managing adequately and appropriately with legislative and regulatory elements that affect CMA.

In accordance to IA Office responsibilities, the office has achieved the following tasks during the financial year of 2018/2019:

- Implementation of the 2018/2019 approved annual audit plan and issuance of its final reports.
- Reviewing the financial information of CMA for different periods of the financial year 2018/2019.
- Periodic follow-up of the internal audit reports.
- Submitting a study and recommendation regarding establishing a specialized unit for information security in CMA, which was approved by the Board of Commissioners in their

meeting No. CMA BC 1-7 of 2019.

- Reviewing and providing opinions of other significant matters to the CMA, which fall under the IA office's duties and responsibilities, including but not limited to the following:
 - A proposal for bylaws to manage the CMA's informational assets and records.
 - A specific study with respect of developing a mechanism to manage the CMA's fiscal financial surplus.
 - Amending the CMA's financial bylaws, the fiscal surplus investment policies, and CMA's authority matrix.
 - A study regarding the effect of changes in international financial reporting standards on the CMA financial statements.

5. The Financial Control Office:

Before viewing the major accomplished tasks in the financial control field during the financial year of (2018/2019), the organizational and operational procedures, and the regulations that are followed in implementing the tasks that are relevant to these control functions must be summarized. In addition to viewing the general objectives, competences, and detailed functions of the Financial Control Office.

First: the organizational procedures, laws, and regulations that are followed in the Financial Control Office:

Because of the "special nature" of the CMA's legal entity, and after recruiting the staff of the Financial Control Office from the CMA's employees, the resolution of the Department of Legal Advice and Legislation was compatible with the resolution of CMA's Board of Commissioners that was regarding recruiting the staff of the Financial Control Office from CMA's employees. This was mentioned in the Department of Legal Advice and Legislation's letter No. (2201700002440) dated on 07 October 2018, whose resolution stated that the CMA shall not be subject to the provisions of Law No. 23 of 2015 regarding establishing the Bureau of Financial Controllers, and shall not be subject to the supervision of the Bureau of Financial Controllers.

The main resolutions of establishing the Financial Control Office, recruiting financial controllers, and declaring the objectives and competences of the Financial Control Office can be summarized in the following resolutions: Resolution No. (90) Of 2016 Regarding Recruiting a Financial Controller, Resolution No. (13-9) of 2013 Regarding Establishing the Financial Control Office to be directly under the Chairman of CMA Board of Commissioners – the Managing Director, Resolution No. (80) of 2017 Regarding Recruiting the Head of the Financial Control Office, and Resolutions Nos. (96 and 97) of 2017 Regarding Recruiting Financial Controllers in the Financial Control Office.

Resolution No. (163) of 2018 included the amendments of the objectives and competences of the Financial Control Office to become as follows:

A. The general objectives of the office:

Ascertain the reliability of the actions and procedures of the CMA's financial transactions to be compatible with the applicable rules and standards, and the integrity of the accounting

guidance before the completion of the transaction. The transaction shall be approved through reviewing and auditing the documents of the financial transactions in all of its fields (income-expense-investment), identifying the validity of its procedures, and ascertaining the reliability of the transaction entries in the financial records according to the applicable rules and standards.

B. The competences and the detailed tasks of the Financial Control Office:

1. Preparing the policies and the regulations that organize the work of the Financial Control Office of CMA, proceeding the actions of implementing them after the approval of the competent authority, and developing them to work in line with the best practices within the approved laws, regulations, and standards.
2. Studying the internal auditing systems that organize work, its efficiency and sufficiency to control the financial transactions securely, and raising the necessary recommendations.
3. Preparing the necessary plans and programs of managing the financial control transactions that are prerequisite for the financial actions of CMA, executing them after the approval of the competent authority, and preparing the necessary reports and information on that.
4. Reviewing and auditing all contracts, agreements, or associations' projects that are signed by CMA and has a financial impact before being signed by the competent authority in accordance with the terms of reference. This is to ascertain its integrity, procedures' veracity, compatibility with the applicable rules, and CMA's soundness in it.
5. Controlling the budget's execution in terms of income and expense, and assets and liabilities according to the applicable laws, approved regulations and rules, and the followed accounting standards, in addition to studying the objectives of the usage and resources.
6. Reviewing and auditing the documents of all financial transactions, settlements, and accounting measurements in all its fields (expense – income - investment) and the documents that support them. Validate these aspects and the accuracy of their procedures, their conformity with reality, legal regulations, and the financial regulations, systems, and policies that are followed and approved in preparing them, their verification and documentation in the CMA's records, the integrity of the accounting guidance, and its attributed account before the completion of the transaction as an introduction to the final approval.
7. Reviewing the records, books, and accounting systems in order to ascertain its systematic entry, verifying the conformity to the accounting standards that are followed in executing the financial transactions, and achieving the accounting entries properly.
8. Attending the meetings of the Annual Budget Preparation Committee without having the right to vote, and providing an opinion in the budget project before presenting it to the Board of Commissioners.
9. Providing an opinion in the final account, and the financial data and statements of the past financial year that is set by the CMA before being presented to the Board of Commissioners.

10. Verification of the CMA's revenue collection and supply according to the financial laws, regulations, and instructions.
11. Attending the meetings of the Examination of Submissions Committee in order to verify the accuracy of their procedures, and their conformity with the regulations, policies, and the applicable procedures. In addition to providing an opinion and feedback without participating in decision-making.
12. Following-up the payments of the suppliers and contractors, and ensuring the signature of the penalty clauses in case of the failure to meet the terms of the contract.
13. Controlling the exchange of custodies, and participating in the Inventory Committees.
14. Participating in studying and investigating the accidents, such as thefts, misappropriations, or fire, and suggesting ways to avoid them.
15. Preparing the necessary reports of the results of CMA's prior financial controls.
16. Preparing the necessary notes and reports of achieving the office's works, upgrading them to a higher level, and executing CMA's issued resolutions on this regard.
17. Coordinating the office's cooperation with the other organizational units in CMA in areas of joint activities.
18. Participating and contributing in CMA's activities that are related to the office's competences.
19. Providing a technical opinion to the queries that are within the fields of office's competences.
20. Achieving what is addressed to the office from further works.

Second: the achieved tasks within the framework of the financial control during the financial year of (2018/2019):

During the previous financial year, the Financial Control Office reviewed the financial transactions that are related to payments, revenue collection, monthly accounting settlements, providing any notices and requesting a correction on it when it is necessary.

The Financial Control Office also attended the meetings of several committees according to what was mentioned in the CMA's Board of Commissioners resolution No.163 of 2018 that was issued on 12 December 2018 regarding the competences and the detailed tasks of the Financial Control Office, in addition to achieving further required works and tasks.

The major works of the CMA in terms of financial control during the financial year of (2018/2019) can be summarized in the following table, and detailed afterwards:

The Achieved tasks	The Financial Year (2017/2018)	The Financial Year (2018/2019)	The Change
Payment Vouchers	1457	1170	-287
Revenue Vouchers	813	781	-32
Monthly Closing accounts	130	137	+7
Deposits	0	9	+9
Purchase Orders	0	117	+13
Contracts	0	13	+117
Total	2400	2227	-173
Corrective Actions	140	125	-15
Attending Committees' Meetings	44	38	-6
Abstention	5	3	-2
Other tasks	9	5	-4

A. Payment vouchers:

During the financial year of (2018/2019), the office reviewed the CMA's contract payments, receipts, payment of the official tasks provisions, cash custodies, and salaries and its related expenses. A total of 1170 documents were reviewed in order to ascertain their compatibility to the financial regulations and competences, in which they will either be approved or returned to the relevant party to edit them or supplement the applicable deficiencies.

B. Revenue Vouchers:

During the financial year of (2018/2019), the office reviewed the CMA's revenues from fees, enrollment, permission, and reviewing the revenue classification. A total of 781 documents were reviewed in order to ascertain its compatibility with the approved fees table, in which they will either be approved or returned to the relevant party to edit them or supplement the applicable deficiencies.

C. Closing accounts:

During the latest financial year, the monthly closing entries were reviewed, which were 137 adjusting accounting entries, in order to ascertain the veracity of the accounting guidance. They will either be approved or returned to the relevant party to edit them or supplement the applicable deficiencies.

D. Bank deposits, Purchase Orders, and Contracts:

Some of the competences of the Financial Control Office were activated, especially the competence No. (4) that was approved according to the Board of Commissioners resolution No. (163) of 2018 that stated: "Reviewing and auditing all contracts, agreements, or associations' projects that are signed by CMA and has a financial impact before being

signed by the competent authority according to the terms of references. This is to ascertain its integrity, procedures' veracity, compatibility with the applicable rules, and CMA's soundness in it." Thus, since 09 January 2019 until the end of the financial year of (2018/2019), a total of 9 documents of bank deposits were reviewed, and ascertained to follow the procedures that organize linking the deposits with the banks, in addition to attaching the supporting documents according to the governing resolutions and regulations. The office also reviewed 117 purchase orders and 13 draft contracts and ascertained that they follow the procedures that organize them.

E. Corrective Actions:

During the previous financial year, the total number of the corrective actions that the Financial Control Office requested to apply on the reviewed financial transactions were 125. The number of notices that were presented and corrected was 109, of which 69 notices on payment vouchers, 42 notices on revenue vouchers, and 14 notices on monthly closing accounts.

F. Meetings:

Those who are responsible for financial control functions have participated in 38 meetings during the previous financial year, which was divided into the following: 24 meetings of the Examination of Submissions Committee, 8 meetings of the Inventory and Damage Committee, and 6 meetings of the Budget Committee.

G. Abstention:

During the financial year of (2018/2019), three abstention cases were registered, some of which were for payment vouchers, receivables, or closing entries.

6. The Advisors Office:

During the financial year of (2018/2019), the Advisors Office of the Board of Commissioners drafted and reviewed a number of the CMA's contracts with foreign entities. In addition, the office participated into several CMA taskforces. For example, the Advisor's Office formed part of the team that represented the CMA in executing the Memorandum of Understanding between CMA and the Central Bank of Kuwait that was signed in 2017, and the Advisor's Office is also part of the CMA team coordinating with the International Organizations of Securities and Commissions (IOSCO) in undertaking a self-assessment of the conformity of the CMA's laws, regulations, and instructions with the IOSCO Principles. The conformity of these regulations with IOSCO principles reached 83% as of the date of preparing this report.

Likewise, the Advisor's Office has cooperated with the taskforce that forms part of the Permanent Committee for Streamlining Business Environment and Enhancing Competitiveness. Kuwait's ranking in the Protecting Minority Index improved from rank 81 to rank 72, as published in the World Bank Report issued on 31 October 2018.

Section Five

The Capital Markets Authority's
Achievements in Organizing
The Securities Activities
and Supervising Them

There are a variety of work stream in the CMA which aim to achieve the objectives that were set in the law of its establishment. These fields are the legislative, regulatory, supervisory, awareness, and the Arab and International cooperation. Details of the implemented tasks of these fields will be presented separately and sequentially in the form of chapters.

The first chapter discusses what was achieved in the legislative and legal field. During the financial year of (2018/2019), the CMA issued several regulations regarding the amendments of some articles of the Executive Bylaws of the law of its establishment. It also issued several circulars, and proposed the legal opinion regarding various topics and queries that were addressed to it. In addition, it conducted legal procedures concerning the investigation of registered violations, and the procedures that are related to its issued regulations and agreements. It also followed-up the registered cases, and dealt with reports, complaints, and grievances.

The second chapter presents the CMA's achievements in the regulatory field. The nature of the implemented tasks in this field varied in terms of legislative aspects that aimed at regulatory matters, and regulatory and research procedures. These tasks were divided up into several fields. First, tasks concerning the markets regulations, such as trading, listing, licensing activities, registration, and the positions and jobs requiring registration. Second, tasks concerning Collective Investment Schemes; such as the procedures of their establishment, liquidation, or their units' marketing. Third, tasks concerning preparing research studies that are related to markets development, and evaluating the risks that are related to the securities activities. Fourth, tasks that are concerned with the regulatory procedures of the companies that are subject to the CMA's supervision; such as providing the approval of issuing prospectus, the procedures of increasing, decreasing, or restructuring these companies' capitals, buying and selling the securities of their treasury, in addition to the procedures of approving the issuance of debt instruments. Lastly, the tasks of the corporate governance, and the mergers and acquisitions' activities.

The third chapter discusses various achieved tasks in the supervisory field. The first supervisory task is that of the office control, in which CMA implemented tasks related to legislative and awareness aspects, studied the financial statements of the companies that are subject to its supervision, and other tasks related to monitoring and dealing with the violations. The second task is that of the field inspection, which varied from comprehensive and specific field inspections. This task aims to ascertain the following: meeting the requirements and conditions, the compliance with the provisions of the applicable legislations, risk analysis and survey, in addition to monitoring the crimes and violations, and taking appropriate administrative actions towards them. The third supervisory task is concerned with following-up the market operations, and aims at monitoring and dealing with the violations, and developing the regulatory rules and systems that are related to these tasks. The fourth is concerned with transparency and disclosure, whether it was disclosure of material information, disclosure of interest, or disclosure of the insiders. The last supervisory task is related to Anti-Money Laundering and Combating Financing of Terrorism.

The fourth chapter of this section is allocated to view what was achieved in the awareness field. The tasks of this field varied in terms of awareness releases, advertisements, campaigns, workshops, training programs, organizing the annual conference, in addition to following up the implementation of the National Project to Promote Financial Literacy.

Chapter Five, the last chapter of this section, presents the CMA's achieved tasks in the Arab and International cooperation field such as participating in various events, forums, and conferences, and signing up memorandums of understanding with similar regional and international regulatory authorities.

Chapter one

The Legislative and Legal Field of the Capital Markets

In the legal field, the CMA seeks to develop the legislative and institutional systems in accordance with international best practice, and to provide support in terms of legal, information, and awareness. This leads to the advancement of securities activities, the offering of effective protection to the interests of the CMA and the persons that are dealing in these activities, and the decrease in the systemic risks that are expected to occur thereof. A professional legal and administrative workforce works on implementing and fulfilling the issued policies, resolutions, and instructions, and ascertain the percentage of achievement and the status of achieving the desired objectives in this field.

The legal sector in the CMA is responsible for the legal aspects related to its work, tasks, and activities. It prepares legal studies and research that are necessary for implementing and developing its legal work. It also provides legal opinions on what is being raised concerning the CMA's legal and material work, and on the proposals of amending and adopting the legislations that affect the CMA's. In addition, the legal sector sets the disciplinary responsibility on the disciplinary offences of violating the provisions of the CMA's Law, or any legal system, bylaw, resolution, or instruction issued by the CMA, whether it was made by the persons that are subject to the CMA's supervision, the persons that are dealing in securities activities, or the CMA staff. It also carries out the procedures of all administrative investigations, proposes ways to manage them, and follows-up the implementation of the resolutions issued on this matter. Moreover, it studies and examines the reports addressed to it, investigates them, and proposes ways to manage them. The legal sector also defends the CMA in front of all judicial authorities, and carries out the litigation proceedings for the CMA and tracks its implementations.

The two main aspects concerning the details of the CMA's achievements for the financial year (2018/2019) at the legislative and legal levels are:

A. The Legislative and Regulatory Aspect:

During the financial year (2018/2019), the CMA has issued several resolutions concerning the licenses of licensed persons (preliminary approval, license application, renewing, cancellation, suspension, and expiration), resolutions concerning collective investment schemes (license application, renewing, cancellation of establishment, license cancellation, and marketing of units license), and resolutions concerning the CMA's registered auditors, external sharia audit offices, and other similar resolutions totaling (135) resolutions issued by the CMA during the financial year (2018/2019). In addition, the CMA has issued several resolutions and circulars relating to its various functions to securities activities in all its legislative, regulatory and supervisory aspects, most of which concern amendments to some articles of the Executive Bylaws of the Law of its Establishment, which were before the issuance of the CMA Circular no. (03) of 2019 Regarding the mechanism for updating the Executive Bylaws of Law No. (7) of 2010 that implemented the Board of Commissioners' Resolution No. (C.B.C. 1-19) of 2019 that was held on 09 January 2019, in which it decided that the Executive Bylaws of Law No. (7) of 2010 shall be updated every six months in parallel to its execution of awareness activities related to these amendments, unless it is absolutely necessary to be amended outside this timeframe.

The most prominent resolutions of the CMA during the last financial year are summarized in the following tables:

#	Resolution No.	Date of Issuance	Topic
1	50	09/04/2018	Canceling and Adding a clause in Article (5-2-3) of Module Seven (Clients' Funds and Clients' Assets) of the Executive Bylaws of Law No. (7) of 2010 regarding the Establishment of the Capital Markets Authority and Regulating Securities Activities and their amendments.
2	57	19/04/2018	Amending the Executive Bylaws of Law No. (7) of 2010 regarding the Establishment of the Capital Markets Authority and Regulating Securities Activities and its amendments. (Modules 10, 11, 12, 15)
3	69	28/05/2018	Amending Some Provisions of the Executive Bylaws of Law No. (7) of 2010 regarding the Establishment of the Capital Markets Authority and Regulating Securities Activities and its Amendments for the Development of the Infrastructure of the Post-Trade Model.
4	73	03/06/2018	Sharia Supervision Framework for Licensed Persons practicing Securities Activities in accordance with the provisions Islamic Sharia.
5	74	03/06/2018	Amendments of Module Seven (Clients' Funds and Clients' Assets), and Module Eleven (Dealing in Securities) and Module Sixteen (Anti-Money Laundering and Combating Financing of Terrorism) of the Executive Bylaws of Law No. (7) of 2010.
6	75	03/06/2018	Amending Chapter One (Introduction and Scope of Application) of Module Nine (Mergers and Acquisitions) of the Executive Bylaws of Law No. (7) of 2010 regarding the Establishment of the Capital Markets Authority and Regulating Securities Activities and their amendments.
7	76	03/06/2018	Amending Some Provisions of Chapter Five (Securities Subscription) of Module Eleven (Dealing in Securities) of the Executive Bylaws of Law No. (7) of 2010.
8	81	12/06/2018	Amending Appendix 10 "Execution Rules of Securities" of Module Eleven (Dealing in Securities) of the Executive Bylaws of Law No. (7) of 2010 regarding the Establishment of the Capital Markets Authority and Regulating Securities Activities
9	95	18/07/2018	Extending the Grace Period Granted to Kuwait Clearing Company to Comply with the Article (2-2-3) of Chapter Two of Module Four of the Executive Bylaws of Law No. (7) of 2010 and their Amendments.
10	99	23/07/2018	Amending the Fees Schedule Issued on Resolution No. (9) of 2016.
11	100	29/07/2018	Amending Some Provisions of the Executive Bylaws of Law No. (7) of 2010 regarding the Establishment of the Capital Markets Authority and Regulating Securities Activities and its amendments. (Modules 1, 5, 9, 10, 11, 13)
12	101	29/07/2018	Adding a Fee to the Fees Schedule Issued on Resolution No. (9) of 2016.
13	123	19/09/2018	Amending Appendix (1) "Real Estate Assets Valuation" of Module Eleven (Dealing in Securities) of the Executive Bylaws of Law No. (7) of 2010 regarding the Establishment of the Capital Markets Authority and Regulating Securities Activities and their amendments.

#	Resolution No.	Date of Issuance	Topic
14	124	19/09/2018	Amending Some Provisions of Module Fifteen (Corporate Governance) of Law No. (7) of 2010 regarding the Establishment of the Capital Markets Authority and Regulating Securities Activities and their amendments.
15	128	25/09/2018	Amending Some Provisions of the Executive Bylaws of Law No. (7) of 2010 regarding the Establishment of the Capital Markets Authority and Regulating Securities Activities on the Issuance of the Partial Purchase Offer Provisions.
16	129	25/09/2018	Adding "Fee for Applying for Partial Purchase Offer" to the Fees Schedule Issued Pursuant to Resolution No. (9) of 2016.
17	135	31/10/2018	Amending Some Provisions of Module One (Glossary) and Module Sixteen (Anti-Money Laundering and Combating Financing of Terrorism) of the Executive Bylaws of Law No. (7) of 2010.
18	136	31/10/2018	Amending Article (5-3-2) and Appendices No. 1, 2, 3, 4 and 5 of Module Seven (Clients' Funds and Clients' Assets) of the Executive Bylaws of Law No. (7) of 2010 Regarding the Establishment of the Capital Markets Authority and Regulating Securities Activities and their Amendments.
19	153	02/12/2018	Amending Some Provisions of Module Ten (Disclosure and Transparency) of the Executive Bylaws of Law No. (7) of 2010 Regarding the Establishment of the Capital Markets Authority and Regulating Securities Activities and their Amendments.
20	154	04/12/2018	Amending the Rules of Boursa Kuwait.
21	157	10/12/2018	Amending the Second Paragraph of (First: Investment Portfolio Definition) of Appendix No. (1) (Securities Investment Portfolios' Definition, Goals, Components and Types) of Module Seven (Clients' Funds and Clients' Assets) of the Executive Bylaws of Law No. (7) of 2010 Regarding the Establishment of the Capital Markets Authority and Regulating Securities Activities and their Amendments.
22	158	10/12/2018	Amending Article (3-5-2) of Module Nine (Mergers and Acquisitions) of the Executive Bylaws of Law No. (7) of 2010 Regarding the Establishment of the Capital Markets Authority and Regulating Securities Activities and their Amendments.
23	159	25/12/2018	Amending Some Provisions of Module Three (Enforcement of the Law) of the Executive Bylaws of Law No. (7) of 2010 Regarding the Establishment of the Capital Markets Authority and Regulating Securities Activities and their Amendments.
24	160	25/12/2018	Amending Some Provisions of Module Five (Securities Activities and Registered Persons) of the Executive Bylaws of Law No. (7) of 2010 Regarding the Establishment of the Capital Markets Authority and Regulating Securities Activities and their Amendments.

#	Resolution No.	Date of Issuance	Topic
25	161	25/12/2018	Amending Some Provisions of the Executive Bylaws of Law No. (7) of 2010 Regarding the Establishment of the Capital Markets Authority and Regulating Securities Activities and their Amendments on Issuance of Provisions of Joint Acquisition Offer among Parties Acting in Concert.
26	170	30/12/2018	Extending the Grace Period for 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.
27	10	27/01/2019	Amending the Provisions of Module Five (Securities Activities and Registered Persons) of the Executive Bylaws of Law No. (7) of 2010 Regarding the Establishment of the Capital Markets Authority and Regulating Securities Activities and their Amendments.
28	11	27/01/2019	Amending some provisions of Module Three (Enforcement of the Law) of the Executive Bylaws of Law No. (7) of 2010 Regarding the Establishment of the Capital Markets Authority and Regulating Securities Activities and their Amendments.
29	20	06/02/2019	Amending Some Provisions of Module Four (Securities Exchanges and Clearing Agencies) of the Executive Bylaws of Law No. (7) of 2010 Regarding the Establishment of the Capital Markets Authority and Regulating Securities Activities and their Amendments.
30	23	11/02/2019	Amending Some Provisions of Module Four (Securities Exchanges and Clearing Agencies) of the Executive Bylaws of Law No. (7) of 2010 Regarding the Establishment of the Capital Markets Authority and Regulating Securities Activities and their Amendments.
31	24	11/02/2019	Amending Appendix 11 "Authorization of Trading in Securities" of Module Eleven (Dealing in Securities) of the Executive Bylaws of Law No. (7) of 2010 Regarding the Establishment of the Capital Markets Authority and Regulating Securities Activities and their Amendments.
32	25	14/02/2019	Awarding the Bid for a 44% Equity Stake in the Issued Share Capital of Boursa Kuwait Securities Company K.P.S.C.
33	27	17/02/2019	Amending Some Provisions of Module Eleven (Dealing in Securities) of the Executive Bylaws of Law No. (7) of 2010 Regarding the Establishment of the Capital Markets Authority and Regulating Securities Activities and their Amendments.

The following table summarizes the major circulars issued by the CMA during the last financial year:

#	Circular No.	Date of Issuance	Topic
1	5 of 2018	04/04/2018	A circular to all licensed persons except investment funds regarding amending the monthly financial reports that are required to be provided to the CMA.
2	6 of 2018	29/05/2018	A circular to all investment funds regarding amending the monthly financial reports that are required to be provided to the CMA.
3	8 of 2018	29/05/2018	A circular to all licensed persons regarding the importance of not using the official logo of the Authority in any of the official sites of the licensed persons, or in the means of advertising in any way.
4	9 of 2018	09/07/2018	A circular to all licensed persons regarding countries not applying or insufficiently applying the recommendations of the Financial Action Task Force (FATF).
5	10 of 2018	31/07/2018	A circular to all licensed persons regarding complying with reporting requirements according to the FATCA agreement.
6	12 of 2018	14/10/2018	A circular to all persons regarding the importance of not using the official logo and name of the Authority or any means that would mislead the public that the Authority has a supervisory role, in any of the websites or social media channels or official publications or editorials or promotional and marketing means or any other documents written or electronic.
7	13 of 2018	23/10/2018	A circular to all licensed persons regarding countries not applying or insufficiently applying the recommendations of the Financial Action Task Force (FATF).
8	14 of 2018	12/12/2018	A circular to all fund managers regarding material information for the public and financial statements of complying with the provisions of Module Thirteen of the Executive Bylaws of CMA Law.
9	15 of 2018	31/12/2018	A circular to all licensed persons regarding the annual report for anti-money laundering and combating financing of terrorism.
10	1 of 2019	11/02/2019	A circular to all licensed persons regarding client complaints reports.
11	2 of 2019	17/02/2019	A circular to all issuers of securities regarding granting the Gulf Custody Company a transitional period not exceeding 31/12/2019 to keep the records of the current shareholders only, so that the issuers of the securities transfer the records of the shareholders to a clearing agency licensed by the CMA.
12	3 of 2019	05/03/2019	A circular to all licensed persons regarding countries not applying or insufficiently applying the recommendations of the Financial Action Task Force (FATF).

B. The Legal and Judicial Aspect:

During the financial year (2018/2019), the most important tasks accomplished from the legal and judicial aspect can be summarized as follows:

From a legal aspect, the CMA compiled all the established principles relating to the implementation of the provisions of the CMA Law, the established judicial principles in the judgments of the Capital Markets Court, and the principles that were derived from contracts, and the established principles from the judgments issued by the Disciplinary Board. In addition, binding interpretations of some provisions of Law No. (7) of 2010 Regarding the Establishment of the Capital Markets Authority and Regulating Securities Activities were set. The CMA also prepared a guidance directory related to the major contracts and tenders entered into by the CMA, and restructured the arbitration rules pursuant to the resolution of the Board of Commissioners in its meeting No. 38 of 2018 held on 12 December 2018.

During the financial year ending on 31 March 2019, the CMA had prepared 4 studies, and drew up 160 legal principles relating to the implementation of the provisions of the CMA Law in the area of contracts, studies and legislation. It reviewed all contracts and agreements with other entities totaling 100 contracts and agreements, carried out the legal revision of the workbook materials external awareness lectures and workshops that it participated in totaling 9, reviewed 191 issued resolutions, circulars, and awareness bulletins, and 4 laws that were presented before the CMA by other entities. It also received 40 grievances, and 474 inquiries and internal memorandums were responded to. Accordingly, the total number of topics that the CMA has dealt with legally during the last financial year is 982, and the total number of the CMA's legal opinions since May 2011 totals to 7335 opinions.

As for the legal opinions regarding the internal inquiries received during the last financial year of 474 mentioned above, these are distributed as follows:

#	The Organizational Unit	Number of Memorandums Responded to
1	Head of Legal Affairs Sector	108
2	Head of Support Services Sector	4
3	Licensing and Registration Department	49
4	Corporate Finance and Governance Department	16
5	Collective Investment Schemes Department	21
6	Off-Site Supervision Department	6
7	On-Site Supervision Department	8
8	Markets Regulations Department	9
9	Mergers and Acquisitions Department	14
10	Markets Surveillance Department	39
11	Disclosure Department	3

#	The Organizational Unit	Number of Memorandums Responded to
12	Financial Affairs and Treasury Department	65
13	Human Resources Department	31
14	Information Technology Department	2
15	Coordination and Follow-up Office – Legal Affairs Sector	13
16	Coordination and Follow-up Office – Supervision Sector	42
17	Coordination and Follow-up Office – Markets Sector	1
18	International Relations Office	7
19	Public Relations and Media Office	27
20	Awareness Office	4
21	Performance Development Office	2
22	The Chairman of the Tender Review Committee	1
23	The Steering Committee for Supervising the Qualifications Examinations Project for Registered Employment Positions	1
24	The Steering Committee for preparing and setting the instructions, rules, models, and work programs of Capital Adequacy Rules for Licensed Persons	1
Total		474

About the issues and arbitration activities, during the financial year of (2018/2019), the number of the registered cases was 145, and 99 final judgments that included 31 final objective judgments; 98.4% of it was for the CMA. It is worth noting that since the establishment of the CMA, the total registered issues reached 919, 220 of them ended and archived, while 699 issues are still being deliberated by the end of the latest financial year.

Alternatively, the following table shows the statistics of dispute settlements that occurred during the financial year of (2018/2019):

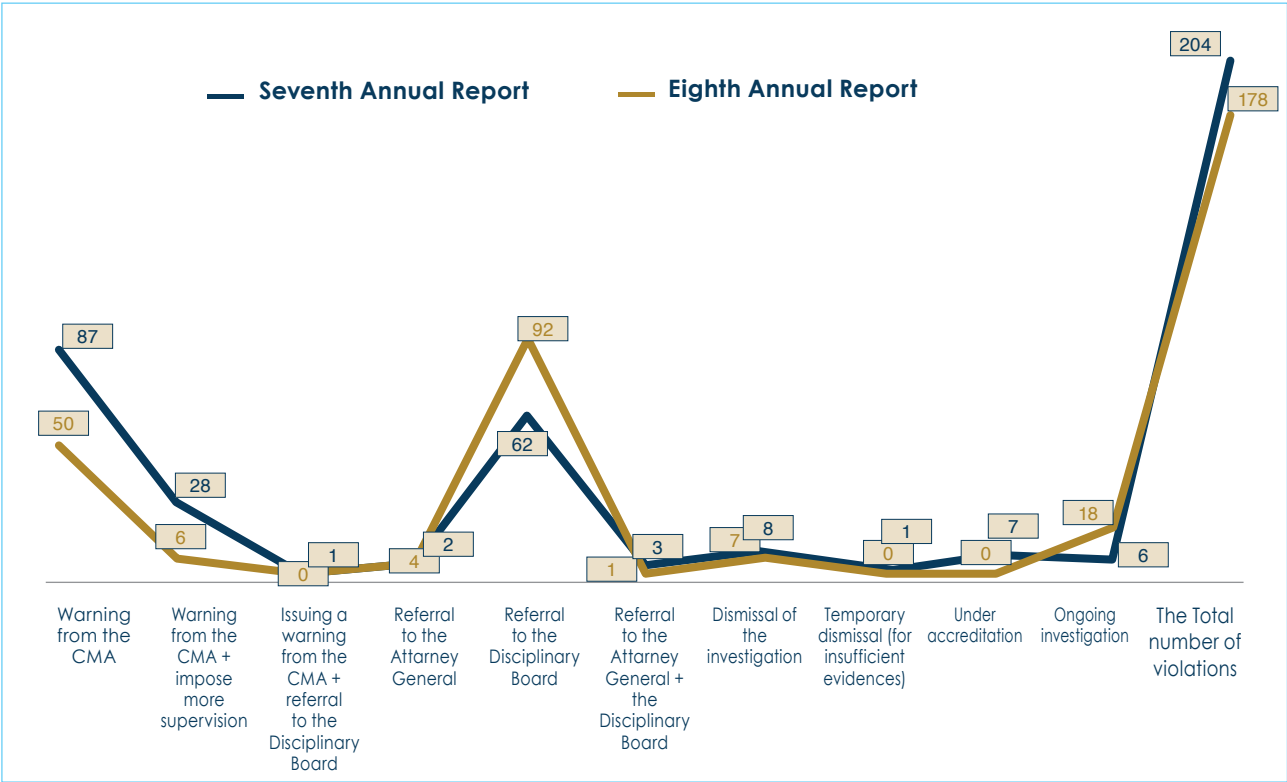
#	The Files	The Numbers
1	Executed Disciplinary Board Resolutions	80
2	Disciplinary Board Resolutions (Refrained from executing)	5
3	Disciplinary Board Resolutions (In progress)	1
4	Administrative and Civil Execution	0
5	Penal Execution (In progress)	1
6	Orders of Reconciliation (Executed)	1
7	Orders of Reconciliation (Rejected)	4
Total	92	

Moreover, in terms of CMA's tasks of investigation, it is worth noting that CMA investigated in (178) violations during the financial year of (2018/2019) as shown in the following table:

The Total number of Violations	Warning from the CMA	Referral to the Attorney General	Warning from the CMA + referral to the Disciplinary Board	Referral to the Attorney General + the Disciplinary Board	Dismissal of the investigation	referral to the Disciplinary Board	Temporary dismissal (for insufficient evidences)	Warning from the CMA + impose more supervision	under Accreditation	On-going Investigation
178	50	4	0	1	7	92	0	6	0	18

The following tables and graphs show a comparison between the number of violations that occurred in the financial year of (2018/2019) and the mechanism of dealing with them, and those that occurred in the financial year of (2017/2018):

Statement	Financial year of (2018/2017)	The ratio%	Financial year of (2018/2019)	The ratio%	The change in ratio	The change index
Warning from the CMA	87	42.6	50	28.1	-14.6	↓
Warning from the CMA + impose more supervision	28	13.7	6	3.4	-10.3	↓
Issuing a warning from the CMA + referral to the Disciplinary Board	1	0.5	0	0	-0.5	↓
Referral to the Attorney General	2	1.0	4	2.5	1.3	↑
Referral to the Disciplinary Board	62	30.4	92	2.3	-28.1	↓
Referral to the Attorney General + the Disciplinary Board	3	1.5	1	0.6	-0.9	↓
Dismissal of the investigation	8	3.9	7	3.9	0.01	↑
Temporary dismissal (for insufficient evidences)	1	0.5	0	0	-0.5	↓
Under accreditation	7	3.4	0	0	-3.4	↓
Ongoing investigation	6	2.9	18	10.1	7.2	↑
The Total number of violations	204	100	178	-	-22.6	↓



Chapter Two

The Regulatory Field

During the financial year of (2018/2019), the Capital Markets Authority have had achievements and accomplished tasks on the regulatory level. These achievements were according to the following: Markets regulation, Collective Investment Schemes, markets studies and development, the regulatory procedures of the companies that are subject to the CMA's supervision, Corporate Governance, and Mergers and Acquisitions.

A. Markets Regulation:

During the financial year of (2018/2019), the CMA regulated the capital markets by having several legislative and regulatory procedures relating to listing and trading, licensing and registration, and the registered employment positions. Details of the implemented procedures of this field will be presented separately.

First: The Legislative Aspect Relating to Markets Regulation:

The legislative aspect relating to markets regulation witnessed the issuance of many resolutions in terms of listing and trading during the financial year of (2018/2019).

In terms of listing, the CMA participated in issuing resolution No. (135) of 2018 regarding the amendment of some provisions of Module One (Glossary), and Module Sixteen (Anti-Money Laundering and Combating Financing of Terrorism) of the Executive Bylaws of Law No. (7) of 2010 and their Amendments. In addition, it issued several resolutions related to listing some companies in Boursa Kuwait, or in foreign stock exchanges. Some of the main resolutions were:

- Resolution No. (C.B.C. 32-17) of 2018 Regarding Approving Listing the Shares of Jiyad Holding Company in a Foreign Stock Exchange.
- Resolution No. (C.B.C. 32-18) of 2018 Regarding the Approval of Notifying the Securities and Commodities Authority of the United Arab Emirates, and Dubai Financial Market in a statement concerning the legal soundness of Jiyad Holding Company.
- Resolution No. (C.B.C. 38-18) of 2018 Regarding Approving the Request of Listing the Shares of Al-Manar Financing and Leasing Company (K.S.C.C) in Boursa Kuwait (Main Market).
- Resolution No. (C.B.C. 14-17) of 2018 Regarding the Preliminary Approval of Listing the Shares of the Integrated Logistics Company in Boursa Kuwait for Securities (Premier Market). The approval is conditioned upon the commitment of the provisions of Articles (5-29) and (5-38) of Module Eleven (Dealing in Securities) of CMA Executive Bylaw, and the provisions of Article (7-2) (Procedures of Listing Securities in the Exchange) of Boursa Kuwait Rulebook.
- Resolution No. (C.B.C. 6-21) of 2018 Regarding Approving the Listing of the Integrated Logistics Company (K.C.S.C) in Boursa Kuwait for Securities (Premier Market).

Moreover, the CMA issued the only resolution regarding postponing the decision of application for listing, which is Resolution No. (C.B.C. 38-17) of 2018 Regarding Postponing the Decision of Application for Listing the Shares of Health Assurance Hospitals Company (DHAMAN) (KSC Public) as a Public Shareholding Company in Boursa Kuwait, and Resolution No. (C.B.C. 1-2) of

2019 Regarding Cancelling the Listing of Mushrif Trading and Contracting Company (KSC) in Boursa Kuwait unless the company fulfills the necessary requirements to relist its shares within 3 months from the date of issuing the resolution. The deadline of submission is in the following financial year.

In terms of trading, the CMA issued resolution No. (24) of 2019 Regarding amending Appendix 11 "Authorization of Trading in Securities" of Module Eleven (Dealing in Securities) of the Executive Bylaws of Law No. (7) of 2010 Regarding the Establishment of the Capital Markets Authority and Regulating Securities Activities and their Amendments, in addition to many other resolutions; some of which are the following:

- Resolution No. (154) of 2018 Regarding Amending the Rules of Boursa Kuwait for the Second Phase of Market Development Project (MD).
- Resolution No. (139) of 2018 Regarding Over the Counter (OTC) Market.
- Resolution No. (C.B.C. 02-39) Regarding Providing Gulf Custody Company with a Transitional Period until 31 December 2019 to Save the Records of the Current Shareholders. The resolution also allows the company to trade in the system of Over the Counter (OTC) that save the shareholders' records via a digital system called "Buns".
- Resolution No. (C.B.C. 32-34) of 2018 Regarding Approving the Documents of the following: the amendment of Module Four (Securities Exchanges and Clearing Agencies) and Module Eleven (Dealing in Securities) of the Executive Bylaws of Law No. (7) of 2010 Regarding the Establishment of the Capital Markets Authority and Regulating Securities Activities and their Amendments, the financial guarantee document of Over the Counter (OTC) market that was issued by Kuwait Clearing Company, and the OTC Market Broker agreement.
- Resolution No. (C.B.C. 9-32) of 2018 Regarding Approving the Recommendation of Refusing to Rename the "Auction Market".
- Resolution No. (C.B.C. 10-32) of 2018 Regarding Approving the Recommendation of Extending the Transitional Period of Moving from the Main Market to the Auction Market in order to provide the listed companies with an opportunity to modify their statuses.
- Resolution No. (C.B.C. 15-29) of 2018 Regarding Approving the Proposal of Kuwait Clearing Company of the Request to Transfer the Proceeds from the Trade.
- Resolution No. (C.B.C. 1-23) of 2018 Regarding Approving the OTC Trading Rules of Boursa Kuwait Securities Company.
- Resolution No. (17-11) of 2018 Regarding Approving the Amendments of the Fees and Commissions' Schedule of Boursa Kuwait Securities Company.

Second: The Regulatory Aspects Relating to Markets Regulation:

- Regulatory procedures concerning listing and trading:

The CMA participated in the Standing Committee for Economic and Commercial Cooperation of the Organization of Islamic Cooperation (COMCEC). It also participated in HSBC conference that was held in Dubai. In addition, it participated in MENAT Securities Forum for Regulators, Exchange and Clients conference, and many other awareness activities that are viewed in details in the Awareness section of this report.

Moreover, during the financial year of (2018/2019), the CMA implemented several tasks related to markets regulation, which led to the upgrading of Boursa Kuwait to an Emerging Market status. These tasks were the following: the project of Market Development (MD), implementation of Over the Counter (OTC) market after approval of its regulating rules, granting a providing a transitional period to Gulf Custody Company, until the end of 2019, to save only the records of the current shareholders according to a study on the financial infrastructure, preparing a comparative study of listing requirements in some emerging countries, in addition to a comparison between the number of the listed companies and their market values in the GCC countries' stock exchanges, and Egypt's stock exchange.

- **Regulatory procedures concerning licensing and registration activities:**

On the licensing and registration field, CMA plans, regulates, and manages the procedures of granting the licenses of practicing securities activities. It is responsible of the registered persons reliance, restriction, and registration. In addition, it ascertains that the persons who practice the securities activities meet the conditions and requirements according to the applicable legislations.

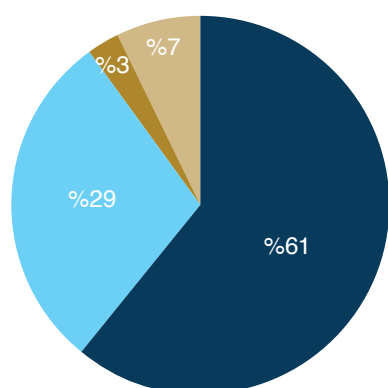
In order to fulfill its vision "to be a leading regulatory authority which works on developing and supervising the activities of capital markets in the State of Kuwait, and creating an attractive investment environment that obtains investors' trust", the CMA developed regulatory controls and mechanisms that are necessary to activate its roles, according to its Executive Bylaws of Law No. (7) of 2010 and their amendments, which reflect the developments of Kuwait's securities market, and the registered person's activities. It also developed two work mechanisms within the legislative aspect in order to guarantee the registered persons' fulfillment of the approved controls of dealing with securities that is represented in resolution No. (C.B.C 32-5) of 2018 regarding the standards of restoring the activity of the suspended and restricted companies to practice securities activities, and resolution No. (C.B.C. 32-6) of 2018 regarding the mechanism of restoring the activity of the suspended and restricted companies if they fulfilled the CMA's requirements.

In order to pursue its objectives by enhancing the investors' protection, and ensuring compliance with the rules and regulations related to securities activities, the CMA is keen to activate the provisions of Article (67) of the law of its establishment, which is represented in issuing the resolutions of cessation, restriction, and cancellation for the licenses of the registered persons in appropriate cases. It is worth noting that CMA provides its licensing, renewing, and cancelling services in an improved dynamic level by activating online modules that serve the department through CMA Portal.

Moreover, it is worth referring to the CMA's major issued resolutions and circulars concerning the legislative aspect, previously mentioned in detail in the legislative and regulatory aspect, are as follows: circular No. (8) of 2018 issued on 29/05/2018, circular No. (12) issued on 14/10/2018, Resolution No. (95) of 2018 issued on 18/07/2018, Resolution No. (99) of 2018 issued on 23/07/2018, Resolution No. (160) of 2018 issued on 25/12/2018, Resolution No. (170) of 2018 issued on 30/12/2018, and Resolution No. (10) of 2019 issued on 27/01/2019.

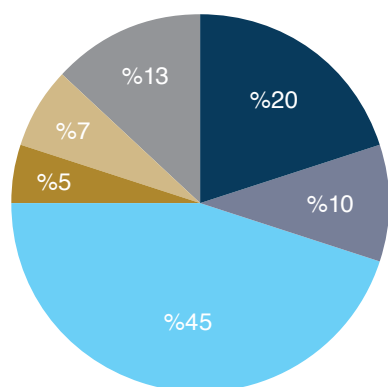
During the financial year of (2018/2019) the CMA issued several resolutions concerning licensing and registration, whether it was for the licensed persons or the Collective Investment Schemes. A total of 82 resolutions were issued regarding the licensed persons licenses' requests, renewals, cancellations, or cessations, and 40 issued resolutions on the Collective Investment Schemes, in addition to other issued resolutions that will be viewed in the following table and graphs.

Resolution Type	Number of Resolutions
Resolutions Concerning the Licenses of the Licensed Persons	
Renewing the securities activities' license	43
Requesting the securities activities' license	6
Cancelling the securities activities' license	10
Cessation of the securities activities' license	3
Expiration of the securities activities' license	5
Preliminary approval of the securities activities' license	15
Resolutions Concerning the Collective Investment Schemes	
Renewing a Collective Investment Scheme	8
Issuing the license of establishing a Collective Investment Scheme	4
Issuing the license of marketing an established Collective Investment Scheme outside of Kuwait	18
Cancelling the resolution of establishing a Collective Investment Scheme for not completing the capital	2
Cancelling the license of a Collective Investment Scheme (liquidation)	3
Cancelling the license of a Collective Investment Scheme (cancelling the enrollment due to the end of the liquidation)	5
Resolutions Concerning the Registered Auditors in the CMA	
The registration of an auditor in the Concerned Register at the CMA	2
Refusing the request of renewing the registration of the auditor in the Concerned Register at the CMA	1
Resolutions Concerning CMA's External Sharia Audit Offices	
The registration of an External Sharia Audit Office in the Concerned Register at the CMA	1
Other Resolutions	
Other resolutions with special concern	7
Work mechanisms	2



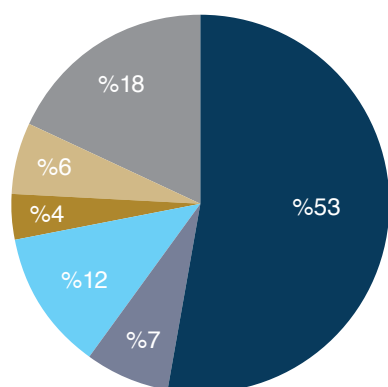
Licensing & Registration Department Resolutions

■ Resolutions related to Securities Activities License	61%
■ Resolutions related to Collective Investment Schemes	29%
■ Resolutions related to registered Auditors at the CMA	3%
■ Other	7%



Licensing & Registration Department Resolutions related to Collective Investment Schemes

■ Resolutions related to the renewal of a collective Investment Scheme License	20%
■ Resolutions related to the license to Incorporate a Collective Investment Scheme	10%
■ Resolutions related to the license to Market a Collective Investment Scheme Incorporate outside of Kuwait	45%
■ Resolutions related to the Cancellation of the license to incorporate a collective investment scheme for not completing the capital requirements	5%
■ Resolutions related to the cancellation of the license of a collective Investment Scheme for Liquidation purposes	7%
■ Resolutions related to cancellation of the license of a collective Investment Scheme after completion of Liquidation	13%



The Licensing & Registration Resolutions related to the licensing of Securities Activities for Licensed Persons

■ Application for Renewing a Securities Activities License	53%
■ Application for a Securities Activities License	7%
■ Application for Cancellation of a Securities Activities License	12%
■ Suspension of a Securities Activities License	4%
■ Expiration of a Securities Activities License	6%
■ Preliminary Approval for a Securities Activities License	18%

Furthermore, during the financial year of (2018/2019), the CMA addressed 15 warning letters to licensed persons regarding special notices, and issued 14 data certificates about licensed or registered persons. It implemented several awareness activities related to licensing and registration such as the training program of developing the infrastructure of post-trade system, and other awareness activities that is presented in detail in the awareness section of this report. It also issued resolutions of a special concern containing regulatory resolutions and reminding circulars that were addressed to the licensed persons in order to reduce malpractices.

- **Regulatory procedures concerning the registered employment positions:**

During the financial year of (2018/2019), and in terms of the regulatory aspects concerning the positions and jobs requiring registration, 1099 requests were determined for candidature approval or disapproval, and registration or cancellation of the positions and jobs requiring registration for the licensed persons. The following table shows this in detail:

The Financial Year	Approval of Candidature	Disapproval of Candidature	Registration	Cancellation	Total
2018/2019	375	21	456	247	1099

On this concern, it is worth noting that the financial year of (2018/2019) witnessed the achievement of the fifth phase of the Qualification Examinations Project for Registered Employment Positions in collaboration with the Chartered Institute for Securities and Investment (CISI), a specialized institute in these kinds of exams, which was implemented according to a signed agreement with the institute. More information about this project is presented in the section of the strategic projects of the CMA.

- **Regulatory procedures concerning the renewal of the registered persons:**

The CMA works on developing new provisions and mechanisms concerning the renewal of the registered persons due to lack of a special regulation for this matter in the Executive Bylaws of Law No. (7) of 2010 and their amendments. This includes the positions and jobs requiring registration, the registered auditors in the Concerned Register at the CMA, and the registered External Sharia Audit Offices in the Concerned Register at the CMA. A concept and a proposal were prepared to add such provisions and mechanisms in the Executive Bylaws, in addition to an opinion poll to relevant external entities. The final procedures concerning this matter are under process at the time of report preparation.

- **Regulatory procedures concerning the auditors:**

In addition to issuing two resolutions concerning the enrollment of an auditor in the Concerned Register at the CMA, and one resolution concerning refusing to renew an enrollment, the financial year of (2018/2019) witnessed the revision of 35 annual reports that were presented by the registered auditors in the Concerned Register at the CMA. Moreover, at time of report preparation, the project of amending the provisions of the auditors will be implemented. Draft amendments on Article (3-4) has been prepared, in addition to an opinion poll, which form as an anticipation of its approval.

B. Collective Investment Schemes:

Within the framework of legislative procedures concerning this type of investment schemes, it is worth noting that the CMA has issued several resolutions and circulars concerning contractual Collective Investment Schemes, such as Resolution No. (100) of 2018 Concerning Amending Some Provisions of the Executive Bylaws of Law No. 7 of 2010 in order to develop investment instruments that are alternative to the collective financial portfolios, Resolution No. (101) of 2018 Regarding Adding a fee to the fees schedule of Resolution No. (9) of 2016, Circular No. (14) of 2018 Regarding a Material Information for the Public and Financial Statements of complying with the provisions of Articles (2-32) and (2-33) of Module Thirteen of the Executive Bylaws.

During the financial year of (2018/2019), and regarding the tasks related to the Collective Investment Schemes, the CMA received 9 requests of establishing local investment funds in Kuwait. It approved four funds, of which were two Public Offer Funds that were Al-Ahli International Multi-Asset Holding Fund managed by Ahli Capital Investment Company, and Smart Tech Investment Fund managed by Kuwait Investment Company, and the other two were Private Placement Funds that were KFH Capital Local Real Estate managed by KFH Capital, and JTC Investment Fund managed by Global Investment house. Four more funds were under consideration at the time of preparing this report, of which two funds were related to real estate, the third fund is that of the money market, and the last fund is the Fixed Income Fund, which is in the process of completing CMA's requirements.

Regarding reviewing and approving the request of marketing an established Collective Investment Scheme abroad, the CMA received 19 requests on this matter, in which it approved 18, and the last one is still under study at the time of the report preparation.

Moreover, the CMA studied and approved four cases of the investment funds liquidation and cancelled the enrollment of five other funds due to the end of their liquidation.

Similarly, the CMA studied and approved 60 requests concerning the amendments of the Articles of Association of the local funds and reviewed and approved (8) requests of renewing the licenses of the local Collective Investment Schemes, and followed up and attended 133 assemblies of the local funds' units holders.

The CMA also reviewed and issued deadlines to twelve investment funds, in order to raise their capitals to exceed five million Kuwaiti dinars.

On the awareness side, the financial year of (2018/2019) marked the creation of the Investment Funds page on Boursa Kuwait website, in addition to implementing the awareness program of the Collective Investment Schemes' managers.

Finally, it is worth noting that the total number of procedures of the Collective Investment Schemes proves that during the financial year of (2018/2019), CMA provided 32 approvals of establishing investment funds; of which were 21 Public Offer Funds and 11 Private Placement funds. In addition, it cancelled the enrollment of 35 local funds from the register of CMA, appointed alternative managers for 5 local funds, and provided 58 approvals of marketing the

units of an established Collective Investment Scheme outside of Kuwait. Furthermore, since the financial year of (2016/2017), the Articles of Association of 152 investment funds were amended, 51 licenses of a Collective Investment Scheme were renewed, and 408 assemblies of the funds' units holders were followed up, attended, and their resolutions were approved.

C. Studies and Capital Markets Developments:

During the financial year of (2018/2019), and within the field of studies and markets development, the CMA presented several awareness activities, and executed several research projects enhancing the efficiency and competitiveness of the Kuwaiti investment environment and economy as one of the leading financial centers in the region. In addition, it prepared various studies that evaluate the risks that affect the securities activities, and established several indicators that follow up the systemic risks. The following is a summary of the reports and studies conducted:

- Preparing a study concerning "The Capital Markets Competitiveness in the GCC Countries", which included a presentation about the major developments of the capital markets in the GCC countries during 2016 and 2017. This was presented in the following five sections: 1) the performance of the capital markets in the GCC countries and their regulations, 2) the performance indicators of the GCC countries' markets , 3) the clearing and settlement cycle of the clearing agencies and the collaterals provided by the brokers, 4) the economic indicators in the GCC countries, and their correlation with oil prices' fluctuations and its impact on gross domestic product in these countries, 5) the GCC countries' market classification by FTSE.
- Developing a Guidance Directory to classify the efficiency of the listed companies in the stock exchange. The listed companies were classified into five categories after evaluating 17 indicators that were carefully chosen, and distributed to four different groups, in order to compare the performance of each company and determine which is more efficient than the other. The four groups are as follows:
 1. Group 1: the ratios and indicators associated with the companies' performance in the exchange.
 2. Group 2: the ratios and indicators associated with the price multiples of the listed share in the exchange.
 3. Group 3: the ratios and indicators associated with the company's debt levels and the liquidity of its assets.
 4. Group 4: the ratios and indicators associated with the company's profitability.
- Developing and maintaining a number of Early Warning Indicators that aim at tracking the main economic and financial variables that affect the securities activities in Kuwait. This included (20) indicators that are classified into the following (3) categories:
 1. Indictors related to the macro-economy.
 2. Indictors related to the financial statements of the listed companies in Boursa Kuwait.
 3. Indicators related to the activity of Boursa Kuwait.

These indicators are of a great importance to decision makers and investors as they help in implementing corrective policies that reduce any disruption that may occur in the capital markets. They help to understand and evaluate the general situation of the securities activities and its future trends in terms of recovery and recession. They also help to diagnose and track the systematic and institutional risks that may affect the capital markets' competitiveness and stability on the short and medium terms.

- Preparing a report about custodian trading in Bursa Kuwait during 2018. This report discusses sales and purchases, custodian rejection, and the obstacles that the brokerage companies may face while dealing with custodians licensed by the CMA. It was noticed that the licensed custodians are directing their activities to a limited number of brokerage companies, which could cause the consumption of a large amount of cash collateral in the financial guarantee system, in the event of relatively large failures.
- The active participation in the Committee on Allocation and Privatization of Capital Shares of Bursa Kuwait Securities Company, and the technical bids evaluation methodology that was offered by Qualified International Operators who participated in the bidding procedures of the offered equity stake of Bursa Kuwait Securities' shares.
- Preparing periodic reports, weekly and quarterly, concerning the performance of Bursa Kuwait in terms of the movement of the major indices, market values of the listed companies, trading quantities and values, and the movement of the companies' shares prices. This helps the CMA in evaluating the market's activity as a whole, and determining the amount of increase or decrease in the securities' prices. In addition, preparing two monthly reports concerning the financial guarantee system that is managed by Kuwait Clearing Company, and a summary of trading in the GCC countries' markets. The first report presents a summary of the brokerage companies and the custodians' trading during the month, while the second report presents the trading quantities and values in Bursa Kuwait, comparing them with their counterparts in the GCC countries, their correlation with oil prices, and the movement of the major systemic risk indicators.
- Preparing an annual report that monitors the trading activities in the capital markets in State of Kuwait, and a number of systemic risk indicators tracked according to the recommendations of international standard setting bodies. This annual report aims at evaluating the integrity of the capital markets in Kuwait, comparing it to the historical levels of these indicators, and comparing the performance of the capital markets in the GCC countries in terms of liquidity levels, and the movement of the main indicators.
- Updating the study of the required cash reserves for the CMA, in order to mitigate the systemic risks that may occur in the capital markets.
- Preparing a guide of policies and procedures that work in line with the systems and regulations of the CMA's intervention in mitigating the systemic risks that may occur in the capital markets. This guide includes the systemic risks' cases that affect the capital markets' integrity, and may extend to several parties unless it has been dealt with appropriately and in due time. The systemic risks are classified into several degrees: low, moderate, high, and very high; according to two main factors: the severity of the event and its impact on the stability of the related parties, and the probability of recurrence of the event. The guide also includes the executive procedures that shall be taken to reduce such risks, and the duration

of implementing each procedure. This guide is prepared in cooperation with the executive team formed from the Preparation of the Systemic Risk Mitigation and Prevention Guide Committee.

- Preparing a number of reports concerning the classification of the capital markets in Kuwait, and the extent to which these capital markets meet the requirements of international leading indices, especially those concerning the liquidity levels, and their effect on foreign trading.
- Providing comments and feedback on several topics and inquiries addressed from the CMA's organizational units, or similar regulatory entities, and reviewing the technical rules of Boursa Kuwait, and Kuwait Clearing Company. In addition to completing questionnaires addressed to CMA from several regional and international regulatory entities such as the International Organization of Securities Commissions (IOSCO).
- Preparing a comparative study of the best international practices concerning the trading of the employees of Boursa Kuwait or Kuwait Clearing Company. This study discusses the main regulations and legislations that regulate the trading of these employees in similar international and regional regulatory entities.

D. Regulatory procedures of the companies that are subject to the CMA's supervision:

Upgrading Boursa Kuwait to an emerging market according to the standards of several world rating agencies reflects positive signs of the securities activities and their regulatory environment in particular, as well as the investing environment in general.

The CMA continues implementing its regulatory procedures concerning the companies that are subject to its supervision in terms of the approvals of issuing debt instruments, and approvals of increasing, decreasing, or restructuring the companies' capitals, and the requests of purchasing and selling the treasury's shares or prospectuses. The following tasks of this field were achieved during the financial year of (2018/2019):

- Increasing the capital:

The CMA approved increasing the capital of 28 companies, of which were 3 unlisted licensed companies, 21 listed unlicensed companies, and 4 listed licensed companies, as shown in the following tables:

First: Listed unlicensed companies that were given the approval to increase their capital:

	Company's Name	The Capital Before Amendment (KWD)	The Capital After Amendment (KWD)	Percentage Increase in Capital	Type of increase
1	Combined Group Contracting Company	14,855,070.3	16,340,577.3	10%	Bonus shares
2	KGL Logistics	70,008,869.7	73,509,313.1	5%	Bonus shares
3	National Real Estate Company	98,965,918.4	108,862,510.2	10%	Bonus shares
4	Kuwait and Gulf Link Transport Company	27,748,666.3	31,910,966.2	15%	Bonus shares
5	Kuwait Real Estate Company	90,671,293.9	97,111,658.2	7.1%	In-kind Increase (via non-monetary optional acquisition)
6	Burgan Company for Well Drilling	23,111,156.3	24,266,714.1	5%	Bonus shares
7	National Real Estate Company	108,862,510.2	136,142,510.2	25.06%	Converting debt to share
8	Warba Bank	100,000,000	150,000,000	50%	Monetary increase
9	United Projects Group for Aviation Services	13,175,000	16,450,000	24.8%	Monetary increase
10	Real Estate Trade Centers Company	13,450,000	14,000,000	4.089%	Converting debt to share
11	ACICO Industries	31,752,390.000	33,340,009.000	5%	Bonus shares
12	United Building Company	98,352,969.300	104,254,147.400	6%	Bonus shares
13	Kuwait Finance House	634,226,291.100	697,648,920.200	10%	Bonus shares
14	Commercial Bank of Kuwait	181,096,040.500	199,205,644.500	10%	Bonus shares
15	Kuwait Reinsurance Company	17,820,000.000	18,889,200.000	6%	Bonus shares
16	Agility Public Warehousing Company	153,298,309	176,293,056	15%	Bonus shares
17	Ahli United Bank	196,450,590.300	206,273,119.800	5%	Bonus shares
18	Kuwait International Bank	103,732,667.150	107,881,973.800	4%	Bonus shares
19	Kuwait Projects Company (Holding)	154,725,133.800	200,000,000.000	5%	Monetary increase
20	Kuwait Business Town Real Estate Company	59,744,941.600	62,732,188.600	5%	Bonus shares
21	Warba Capital (Holding)	7,200,000	15,000,000	108%	Monetary increase

Second: Listed licensed companies that were given the approval to increase their capital:

	Company's Name	The Capital Before Amendment (KWD)	The Capital After Amendment (KWD)	Percentage Increase in Capital	Type of increase
1	Burgan Bank	225,941,847	250,000,000	10.6%	Monetary increase
2	National Bank of Kuwait	621,331,989.3	652,398,588.7	5%	Bonus shares
3	Boubyan Bank	238,847,160.300	288,407,946.000	5% bonus shares 15.75% monetary increase	Monetary increase + Bonus shares
4	Burgan Bank	250,000,000.000	262,500,000.000	5%	Bonus shares

- Decreasing the capital:

The CMA approved decreasing the capital of 8 companies, of which were 4 unlisted licensed companies, and 1 unlisted unlicensed company. The remaining 3 approvals were for the following companies:

An approval for one listed licensed company as shown in the following table:

	Company's Name	The Capital Before Amendment (KWD)	The Capital After Amendment (KWD)	Percentage Decrease in Capital
1	The Securities House	48,000,000	45,000,000	6.25%

Approvals for two listed unlicensed companies as shown in the following table:

	Company's Name	The Capital Before Amendment (KWD)	The Capital After Amendment (KWD)	Percentage Decrease in Capital
1	Danah Alsafat FoodStuff	14,875,000	12,167,773	18.2%
2	Boubyan International Industries Holding Company*	15,000,000	7,200,000	52%

* Boubyan International Industries Holding Company's name is changed to Warba Capital Holding Company on 28/01/2019.

- **Restructuring the capital:**

The CMA approved restructuring the capital of 2 listed unlicensed companies as shown in the following table:

	Company's Name	The Capital Before Amendment (KWD)	The Capital After Amendment (KWD)
1	Gulf Franchising Company	3,249,794	4,000,000
2	Gulf Investment House	16,420,244	40,649,566

- **Prospectuses:**

During the financial year of (2018/2019), the CMA approved the prospectuses of 17 companies. Among them, there were 4 unlisted licensed companies that had three prospectuses of Sukuk marketing, and one prospectus of increasing the capital. The rest of the 13 approvals were of Bonds' issuance and marketing prospectuses, and capital increase prospectuses, which were divided into listed licensed companies and 7 listed unlicensed companies.

First: Listed licensed companies that had the approval of issuing a prospectus:

	Company's Name	Type of Prospectus
1	Kuwait Financial Centre	Capital increase prospectus
2	KAMCO Investment Company	Bonds' issuance and marketing prospectus
3	Kuwait Financial Centre	Capital increase prospectus
4	Burgan Bank	Capital increase prospectus
5	Kuwait Financial Centre	Capital increase prospectus
6	Burgan Bank	Bonds' issuance and marketing prospectus

Second: Listed unlicensed companies that had the approval of issuing a prospectus:

	Company's Name	Type of Prospectus
1	United Real Estate Company	Bonds' issuance and marketing prospectus
2	Integrated Holding Company	Capital increase prospectus
3	Gulf Franchising Company	Capital increase prospectus
4	Kuwait Real Estate Company	Capital increase prospectus
5	Kuwait Projects Company (Holding)	Bonds' issuance and marketing prospectus
6	Warba Bank	Capital increase prospectus
7	United Projects Group for Aviation Services	Capital increase prospectus

- **(Purchase/sell) treasury shares:**

Regarding the companies' requests of the approval to purchase and sell the treasury's shares, whose validity extend for six months from the approval date, and that the purchasing and selling ratios shall not exceed 10% of the company's capital; the CMA provided 125 approvals to the following companies during the financial year of (2018/2019):

	Company's Name	Date of Approval
1	Al-Aman Investment Company	01/04/2018
2	The Sultan Center Food Company	03/04/2018
3	Kuwait Real Estate Company	08/04/2018
4	Kuwait Pillars for Financial Investment	08/04/2018
5	Kuwait Projects Company (Holding)	11/04/2018
6	Privatization Holding Company	12/04/2018
7	KGL Logistics	17/04/2018
8	Noor Financial Investment Company	18/04/2018
9	ALARGAN International Real Estate Company	19/04/2018
10	Al Ahleia Insurance Company	22/04/2018
11	Oula Fuel Marketing Company	23/04/2018
12	Burgan Company for Well Drilling	23/08/2018
13	Kuwait Resorts Company	07/05/2018
14	Kout Food Group	07/05/2018
15	Qurain Petrochemical Industries Company	08/05/2018
16	National Investment Company	08/05/2018
17	Al-Tamdeen Investment Company	08/05/2018
18	Kuwait & Middle East Financial Investment Company	10/05/2018
19	Kuwait National Cinema Company	16/05/2018
20	Al-Tamdeen Investment Company	16/05/2018
21	Aqar Real Estate & Investment Company	27/05/2018
22	Real Estate Management Company	28/05/2018
23	Commercial Real Estate Company	30/05/2018
24	Kuwait Reinsurance Company	30/05/2018
25	Salhia Real Estate	30/05/2018
26	Real Estate Trade Centers Company	30/05/2018
27	Livestock Transport & Trading Co	07/06/2018
28	National Industries Group (Holding)	07/06/2018
29	Combined Group Contracting Company	10/06/2018

	Company's Name	Date of Approval
30	Bayan Investment Company	10/06/2018
31	Ifa Hotels and Resorts	12/06/2018
32	Aayan Real Estate	24/06/2018
33	Mubarrad Holding Company	25/06/2018
34	Arkan Al-Kuwait Real Estate Company	25/06/2018
35	Gulf Insurance Group	28/06/2018
36	Gulf Cryo Holding	28/06/2018
37	Boubyan Petrochemicals	28/06/2018
38	Human Soft Holding Company	03/07/2018
39	First Investment Company	03/07/2018
40	National Cleaning Company	08/07/2018
41	Al-Masaken International Real Estate Development Company	10/07/2018
42	Arabi Holding Group Company	10/07/2018
43	ACICO Industries	11/07/2018
44	Mazaya Holding Company	12/07/2018
45	Specialties Group Holding Company	12/07/2018
46	Agility Public Warehousing Company	18/07/2018
47	Shuaiba Industrial Company	25/07/2018
48	United Building Company	25/07/2018
49	Kuwait and Gulf Link Transport Company	29/07/2018
50	Osoul investment Company	31/07/2018
51	Mezzan Holding Company	31/07/2018
52	Kuwait & Middle East Financial Investment Company	02/08/2018
53	Kuwait Finance and Investment Company	02/08/2018
54	Commercial Facilities Company	06/08/2018
55	Kuwait Company for Process Plant Construction and Contracting	09/08/2018
56	Injazzat Real Estate Development Company	13/08/2018
57	Kuwait Financial Centre	13/08/2018
58	National International Holding Company	14/08/2018
59	International Financial Advisors company	15/08/2018
60	Coast Investment and Development Company	15/08/2018
61	United Projects Group for Aviation Services	28/08/2018
62	Al Imtiaz Investment Group	28/08/2018

	Company's Name	Date of Approval
63	Educational Holding Group	10/9/2018
64	Arzan Financial Group for Finance and Investment	16/09/2018
65	National Industries Company	16/09/2018
66	Kuwait Cement Company	20/09/2018
67	Ream Real Estate Company	20/09/2018
68	KAMCO Investment Company	20/09/2018
69	Tameer Real Estate Investment Company	25/09/2018
70	National Real Estate Company	26/09/2018
71	Al Aman Investment co	02/10/2018
72	Kuwait Real Estate Company	08/10/2018
73	Kuwait Projects Company (Holding)	10/10/2018
74	Privatization Holding Company	10/10/2018
75	Kuwait Resorts Company	10/10/2018
76	KGL Logistics	16/10/2018
77	ALARGAN International Real Estate Company	16/10/2018
78	Al Ahleia Insurance Company	17/10/2018
79	Noor Financial Investment Company	17/10/2018
80	Gulf North Africa Holding Company	29/10/2018
81	Qurain Petrochemical Industries Company	31/10/2018
82	Burgan Company for Well Drilling	31/10/2018
83	National Investment Company	31/10/2018
84	Al-Tamdeen Investment Company	04/11/2018
85	Osos Holding Group Company	08/11/2018
86	Commercial Real Estate Company	08/11/2018
87	Al-Tamdeen Investment Company	13/11/2018
88	Kuwait National Cinema Company	18/11/2018
89	National Industries Group (Holding)	25/11/2018
90	Kuwait Reinsurance Company	25/11/2018
91	Bayan Investment Company	25/11/2018
92	Aqar Real Estate and Investment Company	25/11/2018
93	AlMadar Finance and Investment Company	25/11/2018
94	Combined Group Contracting Company	25/11/2018
95	Salhia Real Estate	29/11/2018

	Company's Name	Date of Approval
96	Livestock Transport and Trading Company	05/12/2018
97	Aayan Real Estate	10/12/2018
98	Oula Fuel Marketing Company	10/12/2018
99	Securities Group	23/11/2018
100	Gulf Insurance Group	23/12/2018
101	Boubyan Petrochemicals	25/12/2018
102	First Investment Company	27/12/2018
103	Mubarrad Holding Company	31/12/2018
104	Ifa Hotels and Resorts	03/01/2019
105	Al-Masaken International Real Estate Development Company	08/01/2019
106	Agility Public Warehousing Company	10/01/2019
107	National Cleaning Company	10/01/2019
108	ACICO industries Company	13/01/2019
109	United Building Company	13/01/2019
110	Mazaya Holding Company	15/01/2019
111	Shuaiba Industrial Company	16/01/2019
112	Kuwait and Gulf Link Transport Company	21/01/2019
113	Osoul investment Company	23/01/2019
114	Kuwait Finance and Investment Company	30/01/2019
115	The Kuwait Company for Process Plant Construction and Contracting	04/02/2019
116	Injazzat Real Estate Development Company	07/02/2019
117	Arabi Holding Group Company	13/02/2019
118	Kuwait Pillars for Financial Investment	17/02/2019
119	Kuwait And Middle East Financial Investment Company	17/02/2019
120	Mezzan Holding Company	21/02/2019
121	Kuwait Financial Centre	27/02/2019
122	United Projects Group for Aviation Services	06/03/2019
123	Al Imtiaz Investment Group	10/03/2019
124	Arzan Financial Group for Finance and Investment	10/03/2019
125	National Industries Company	26/03/2019

- **Approvals of issuing debt instruments:**

During the financial year of (2018/2019), the CMA provided the approvals of issuing debts instruments in a nominal value that was around KWD 715.7 Million, which ranged from debt or secondary bonds to financing Sukuk as shown in the following table:

	Issuing Entity	Type of Security	Share Value (KWD)
1	Kuwait Finance House	Financing Sukuk	302,380,000
2	Burgan Bank	Secondary bonds	151,190,000
3	KAMCO Investment Company	Debt bonds	12,095,200
4	Kuwait Projects Company (Holding)	Debt bonds	100,000,000
5	Burgan Bank	Debt bonds	150,000,000

The cumulative total value of the debt instruments (bonds/sukuk) amounted around KWD 5.284.809.200 (five billion, two hundred and forty eight million, eight hundred and nine thousand, and two hundred Kuwaiti Dinars) since the establishment of the CMA to the financial year of (2018/2019).

E. Corporate Governance:

The CMA seeks to establish good practices for governance by monitoring the companies that are implementing governance, and promoting the culture of corporate governance through several awareness methods. Within this context, a presentation was made to the field-training students of Kuwait International Law School in October 2018, and another one was made during "The CMA Fifth Program of Training the Newly Graduates" in February 2019.

In order to keep pace with the international developments in governance field, the CMA prepared a paper about the updates of corporate governance and its applications within the discussions of Article (4) of the International Monetary Fund In January 2019. In addition, it participated in the discussions of the national agenda to improve the work environment, and the discussions of fulfilling the notes of the World Bank on the Protecting Minority Investors Indicator. It is worth noting that the national agenda included some notes regarding adding some articles to Module Fifteen (Corporate Governance), according to which the CMA added and amended the articles of this Module.

In terms of cooperation with various entities in Kuwait, CMA had a meeting with the General Secretariat of the Supreme Council for Planning and Development to discuss the proposals of cooperation and coordination in applying corporate governance in the governmental sector and benefiting from the CMA's experience in this field.

Moreover, in terms of following up the applications of governance, the CMA received the governance report that was required from the companies that are subject to Module Fifteen for the third year and fulfilled its requirements through the approved electronic system (e-Governance) through the CMA Portal from 30 June 2018. The CMA studied these reports and analyzed their results.

Within the legal deadline, 195 reports were received from the total companies that are applying these instructions, i.e., a commitment rate of 99.7%.

It is worth noting that in 2018, the governance reports presented by the Chairmen of the companies during the General Assembly were received, studied, and their results were analyzed.

And as a continuation of the efforts of providing a supervisory and regulatory system based on fairness, transparency, and integrity, and keeping pace with the best international practices, the CMA issued the model structure of Corporate Governance Report that will be presented by the Chairmen of the company during the General Assembly.

F. Mergers and acquisitions:

In addition to executing four mergers and acquisitions transactions during the financial year of (2018/2019), the CMA implemented several tasks and events in this field that varied from regulatory, legislative, awareness procedures and other tasks, which will be presented briefly.

On the legislative and regulatory side, the following resolutions were issued:

Resolution No. (75) of 2018 Regarding Amending Chapter One (Introduction and Scope of Application) of Module Nine (Mergers and Acquisitions) of the Executive Bylaws of Law No. (7) of 2010 stating that the provisions of this Module are not applicable to Non-Kuwaiti Companies that are jointly listed.

Resolution No. (128) of 2018 Regarding Amending Some Provisions of the Executive Bylaws on the Issuance of the Partial Purchase Offer Provisions.

Resolution No. (129) of 2018 Regarding Adding "Fee for Applying for Partial Purchase Offer" to the Fees Schedule Issued Pursuant to Resolution No. (9) of 2016.

Resolution No. (158) of 2018 Regarding Amending Article (3-5-2) of Module Nine (Mergers and Acquisitions) of the Executive Bylaws regarding the price of the Mandatory Acquisition Offer.

Resolution No. (161) of 2018 Regarding Amending Some Provisions of the Executive Bylaws on Issuance of Provisions of Joint Acquisition Offer among Parties Acting in Concert.

Resolution No. (10) of 2019 Regarding Amending the Provisions of Module Five (Securities Activities and Registered Persons) of the Executive Bylaws.

Moreover, the CMA implemented several awareness activities related to mergers and acquisitions. It prepared an awareness leaflet on mergers and acquisitions, and presented the following workshops: a workshop for the field-training students of Kuwait International Law School, the workshop of "Partial Purchase Offer" that targeted the investors and those who are concerned with securities activities, and a workshop for the fourth Program of Training the Newly Graduates.

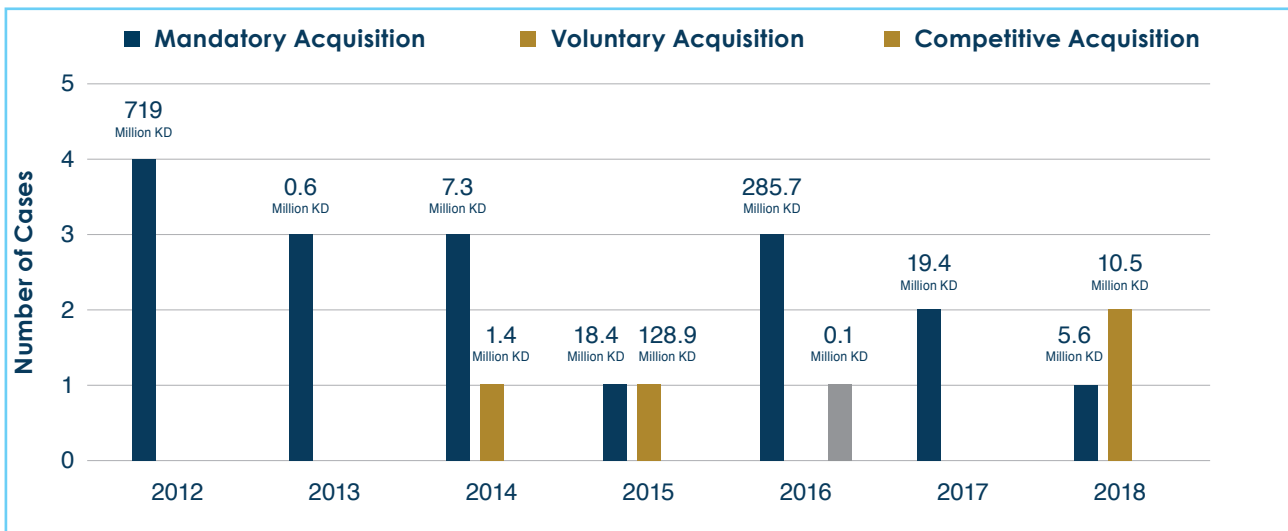
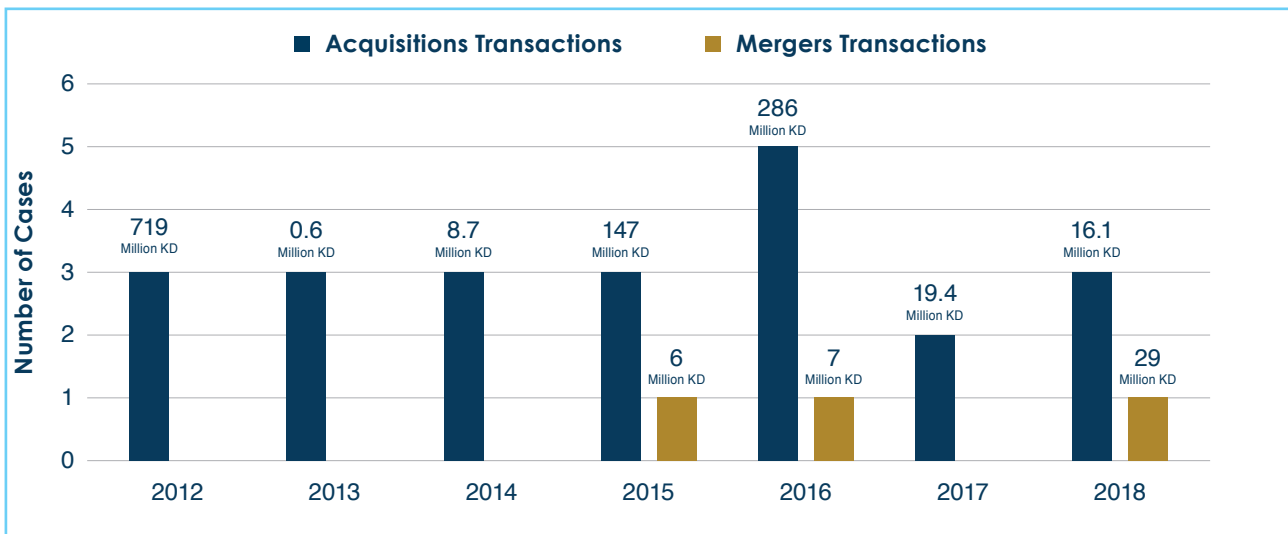
As to view more activities in the field of mergers and acquisitions, the CMA made an opinion poll to the parties that concerning the instructions of the Partial Purchase Offer project, with feedback provided about the partial offer regulations. Also, responded to the remarks concerning reviewing the presentation that was presented to the World Bank regarding Protecting Minority Investors, and CMA's legislations and internal regulations. In addition, it provided an opinion about the work plan offered by the World Bank and Kuwait Direct Promotion Authority regarding the Protecting Minority Investors Indicator and participated in the response to IOSCO's survey. It also provided an opinion about the suggested amendments on "Boursa Kuwait Rulebook", and the regulations that were prepared by Boursa Kuwait to regulate the purchase offer, to obtain a percentage not less than 5% of a listed company's shares and not more than 30%.

The following table shows the executed operations during the financial year of (2018/2019) in terms of mergers and acquisitions:

	The Mergers or Acquisitions' Transactions	Total Value of the Transaction (KWD)
1	Mandatory Acquisition transaction presented by Boubyan Petrochemicals on the shares of Alkout Industrial Projects Company.	5,550,747.0
2	Voluntary Acquisition transaction presented by SHUAA Capital on the shares of Amwal International Investment Company.	8,321,654.9
3	Non-cash Voluntary Acquisition transaction presented by Kuwait Real Estate Company on the shares of Kuwait Resorts Company.	2,203,344.9
4	Executing a Merger by Amalgamation transaction between Dimah Capital Investment and Al Bilad Real Estate.	29,065,835.7
Total		45,141,582.5

It is worth noting that since 2012, the total transactions of mergers and acquisitions executed is 25, with a total value of (KWD 1239.6 Million). These transactions varied between 3 Mergers by Amalgamation, 17 Mandatory Acquisitions, 4 Voluntary Acquisitions, and 1 Competitive Acquisition. The table and graphs below show the implemented mergers and acquisitions transactions since 2012:

	The Year	Type of Mergers and Acquisitions Transaction	Number of Transactions	Value of the Transaction (KWD)
1	2012	Mandatory Acquisition	4	719,024,999.0
2	2013	Mandatory Acquisition	3	584,643.44
3	2014	Mandatory Acquisition	3	7,274,269.0
		Voluntary Acquisition	1	1,413,480.0
4	2015	Mandatory Acquisition	1	18,379,827.0
		Voluntary Acquisition	1	128,860,518.0
		Merger by Amalgamation	1	6,404,237.70
5	2016	Mandatory Acquisition	3	285,725,816.0
		Merger by Amalgamation	1	7,315,000.0
		Competitive Acquisition	1	90,256.0
6	2017	Mandatory Acquisition	2	19,387,059.0
7	2018	Mandatory Acquisition	1	5,550,746.996
		Voluntary Acquisition	2	10,524,999.804
		Merger by Amalgamation	1	29,065,835.7
Total	25	1,239,601,687.63		



Chapter Three

Supervisory Field

The CMA shall exercise its supervisory roles over securities activities and persons practicing them in a license, registration, organization and practice, in order to ensure that they meet the conditions, requirements, and the capability of their organization and the security of their practice and to monitor any observations or violations in this regard and take the necessary measures in respect thereof.

The supervisory roles of the CMA vary from office supervision to field inspection, market surveillance, disclosure and transparency, as well as supervisory roles related to Anti-Money Laundering and Combating Financing of Terrorism.

A. Office and Field Supervision:

We review the most important tasks carried out in the field of office and field supervision, as follows:

- Office Supervision:

CMA shall carry out the functions of Office Supervision on entities subject to its supervision for licensed persons, collective investment schemes and listed companies at Boursa Kuwait in the fields of practicing their activities, preparing their financial statements and managing their risks in compliance with the provisions of Law No. (7) of 2010 and its Executive Bylaws and their amendments and among a framework of approved rules and regulations.

Prior to the review of the most important tasks implemented in the field of office supervision during the financial year (2018/2019), it is necessary to mention the progress of the implementation of two of CMA's projects related to this nature of functions, and they are: "Preparation of the Capital Adequacy Rules" CMA is planning to implement it at the time of preparing the report for the purpose of reducing all types of risks related to licensed persons activities and to maintain appropriate levels of capital consistent with the size of those risks. In addition to ensuring sufficient solvency rates to strengthen its ability to meet its obligations and to face and overcome future losses, the previous year witnessed the preparation of the Draft of Capital Adequacy Rules for licensed persons as well as all templates of rules in both Arabic and English.

In addition, the "Electronic Disclosure System XBRL " project. The system was developed and programmed for all the electronic disclosure gates specified in the project, and contributed to the process of ensuring that the design of the system is compatible with documents in BRS documents and SRS documents, and contribute to the process of transferring the system to the operating environment of the CMA and conducting the internal tests necessary to ensure that the system meets the specifications and working mechanisms developed by the CMA, in addition to conducting Penetration and Stress Tests, and preparing a special awareness section for the system. It should be noted that these projects are reviewed in some detail in another section of this report.

As for the tasks related to the office supervision carried out during the last financial year, the most prominent can be reviewed as follows:

- Review Financial Statements:

A total of 237 financial statements were prepared, ranging from 133 quarterly financial statements and 104 annual financial statements. In the quarterly financial statements, 74 quarterly financial statements were reviewed for licensed companies listed at Boursa Kuwait 59 semi-annual financial statements for licensed investment funds.

As for the annual financial statements, 104 annual financial statements were reviewed, which were distributed among 22 annual financial statements to listed companies at Boursa Kuwait, 19 of which were for licensed companies and 3 for unlicensed companies, 30 annual financial statements for licensed and unlisted companies, as well as 14 annual financial statements for brokerage companies and 38 annual financial statements of investment funds.

- Legislative and Regulatory Sides:

In addition to what was witnessed in the financial year (2018/2019) of implementing some awareness-raising activities related to the functions of office supervision (which will be reviewed in the awareness part of the report), several circulars and reminders have been issued, the most prominent of which are as follows:

- Circular No. (05) of 2018 to All Licensed Persons Except the Investment Funds on complying with the recent amended monthly financial reports that are provided for CMA.
- Circular No. (06) of 2018 to All Investment Funds on complying with the recent amended monthly financial reports that are provided for CMA.
- Circular No. (8) of 2018 to all Licensed Persons of not using the official logo of the Authority.
- Circular No. (14) of 2018 Regarding Material Information for the Public and Financial Statements of Complying with the Provisions of Article (2-32) and Article (2-33) of Module Thirteen of the Executive Bylaws.
- Announcement to all listed companies at Boursa Kuwait to comply with the provisions of Article (1-18) and article (1-9) of Module Twelve (Listing Rules) and Article (3-3) of Module Eleven (Dealing in Securities) of the Executive Bylaws of Law No. (7) of 2010.
- Announcement to all Investment Funds to comply with the Circular No. (6) of 2018 on providing the CMA with monthly financial reports.
- Announcement to all Licensed Persons to comply with the Circular No. (5) of 2018 on providing the CMA with monthly financial.

- Monitoring and Dealing with Violations:

During the past financial year 45 violations were found related to the functions of Office Supervision, as follows:

- o 29 violations of the provisions of the Executive Bylaws of Law No. (7) of 2010 and their amendments and circulars issued by CMA, 11 violations were dealt with and a decision was issued for it, while (18) violations were still under investigation at the time of preparing this report.
- o 10 violations for not complying with submitting the financial statements in accordance with Circular No. (6) of 2017, where letters were sent to notify violating companies.

- o 3 Special violations for not complying with submitting financial reports within the period specified in Circular No. (5) of 2018, where two notice letters were sent to the violating companies.
- o Two violations related to the liquidity instructions of the licensed persons in accordance with Circular No. (3) of 2018, where two notice letters were sent to the two companies.
- o One violation on the company not complying with the procedures and regulations of the asset valuation of real estate assets, paragraph (e) of clause 1 of Appendix (1) of Module Eleven (Dealing in Securities) a notice letter was sent to the violating company.

- **Other Regulatory Actions and Tasks:**

During the past financial year, many actions have been taken and other tasks related to office supervision have been carried out, including:

- Review and amend all forms of reading financial statements for licensed persons for the Office Supervision Department.
- Developing forms for the following:
 - o Study of risks for licensed persons.
 - o Study of both investment funds under liquidation and contractual collective investment schemes.

Follow-up reports for the office supervision work, in addition to some of the financial statements of the entities subject to the supervision of the CMA.

- Preparation of several studies on issues related to office supervision functions, such as:
 - o The texts regulating the valuation of assets related to real estate – Module Eleven of the Executive Bylaws of the CMA Law - in case of conflict of interest with local banks, and an amendment to the Executive Bylaws based on that study.
 - o Digital currencies and initial issues of digital assets, issuing an awareness announcement on its investment risks, and participation in a worksheet on the same subject in the events organized by the State Audit Bureau.
 - o Financial Technologies (FinTech).
- Provide technical opinion and answer many of the questions and observations received as well as data used for the purposes of supervision of licensed persons and investment funds.
- The completion of many questionnaires sent by global regulators such as the International Organization of Securities Commissions (IOSCO) and the International Monetary Fund (IMF).
- Prepare a report and submit a visual presentation with answers to the questions of the Fund's delegation in the framework of the annual consultations in accordance with Article 4 of the Fund's Agreement.
- Preparation of a statement on the Global Competitiveness Index of the World Economic Forum of 2018.

- **Field Supervision:**

The CMA shall undertake the tasks of field supervision and inspection on securities activities and their transactions or the persons practicing them to ensure that the necessary conditions and requirements are met, and the field confirmation of the compliance with the provisions of Law No. (7) of 2010 and its Executive Bylaws and their amendments, in addition to the bylaws, regulations, instructions, rules and circulars approved, monitoring and dealing with crimes or violations in this regard and take administrative actions towards them, and field inspections are based on the analysis and study of the risks that may be faced by persons subject to its supervision through the analysis of financial statements and study the percentage of financial indicators indicating these risks.

It should be noted that the CMA prepares the field supervision plan and follows up its implementation annually and addresses the observations on some licensed persons after their classification. Serious observations are sent to the legal authorities for legal action, while non-serious observations are sent to the concerned authorities for the necessary action. The CMA is responsible for following-up the processing of licensed persons in respect to observations made as a result of field inspection tours. The CMA has recently prepared its work plan for field supervision functions for the financial year (2019/2020) through a chosen model of Investment and financial brokerage companies as well as auditors and sharia audit offices, and the plan was approved. In addition, the inspection manual and the classification mechanisms were updated for investment companies, financial brokerage firms, auditors, and of sharia auditors.

Field inspections vary between comprehensive field inspections and specific purpose field inspections. Comprehensive field inspection involves examining all activities of the person subject to the CMA's supervision without any exceptions except for credit and financing activities. This type of inspection is usually part of a pre-approved plan. In the financial year (2018/2019), (26) comprehensive inspections were implemented.

Specific purpose field inspections are divided into a plan inspection based on an annual work plan to monitor the extent to which persons subject to the CMA's supervision process and correct observations previously detected, as well as their compliance with Law No. (7) of 2010 and its Executive Bylaws and their amendments, and a sudden inspection which comes as the implementation of the decisions and instructions issued by the competent authority of the CMA (Board of Commissioners - Disciplinary Board - Managing Director) on a specific subject, and to consider the extent of compliance of the inspected party with Law No. (7) of 2010 and its Executive Bylaws and their Amendments, at the same time the extent to which the entity made the corrections on the observations previously detected (if any), as per, 30 specified field inspection were carried out during the past financial year, including 8 for investment companies, 7 on investment funds, 2 on financial brokerage companies, 5 on auditors, and the one inspection on the Shari'ah Audit Office, and 7 sudden specified inspections on banks and companies.

A comparison of the data related to field supervision functions during the financial year (2018/2019) with its previous one indicates the following:

#	Subject	Number of tasks on the financial year (2017-2018)	Number of tasks on the financial year (2018-2019)
1	Comprehensive Field Inspection	17	26
2	Specified Purpose Field Inspection	37	30
3	Review and Evaluate Internal Supervision System Reports	72	72
	Total Number of Tasks	126	128

B. Supervisory Procedures on Market Operations Surveillance :

The supervisory procedures on market operations surveillance varies between trading transactions at Boursa Kuwait and the tasks related to the management of clients funds and assets by licensed persons to carry out the activity of portfolio manager in addition to operations related to trading transactions with the exchange and the clearing Agency, in order to ensure the safety of practices in this area and its agreement with the provisions of Law No. (7) of 2010 on the establishment of the Capital Markets Authority and regulating securities activities and its executive bylaws and their amendments and approved rules and regulations. In addition to achieving the highest level of supervision, as well as the preparation and issuance of the rules and regulations required to develop the regulatory environment in pursuit of the objectives of the CMA stipulated in the above-mentioned law. In general, the most prominent of its implementation of the tasks related to market operations surveillance during the financial year (2018/2019) in the following areas:

- **Supervisory Roles:**

Within the framework of the tasks related to the market operations surveillance, during the financial year of (2018/2019) opinions were given and all technical requirements were met regarding the cases and complaints received from the prosecution In addition to reviewing the results of the decisions of the Court of Appeals made by one of the traders in the exchange and made the necessary procedures. The cases that have been issued a decision to carry out more supervision on them, the necessary actions were made.

In the same framework, the monitoring tasks were carried out whether to suspect violations related to various tasks related to securities activities or those related to violations of the provisions of the CMA's Law and its Executive Bylaws, where necessary actions were made on the suspicion of violation in the mechanism dealing with treasury shares and other suspicion related to money laundering tasks, an opinion was given on the contents of the Exchange regarding the suspicions of violations or situations monitored by them which relate to this type of supervisory roles.

On the level of violations of the provisions of Law No. (7) of 2010 and its executive bylaws and their amendments, (21) violations were found, the nature of the violations varied according to the following table:

Financial Year	Number of violations of trading crimes and market conduct	Number of violations of the rules of investment portfolios of securities and market operations	Total
2018/2019	6	15	21

Also, the necessary actions regarding the observations were coordinated among the monitoring and follow-up framework.

The results of supervision efforts related to market operations surveillance as well as the data results of trades inspection related to other aspects of the securities activities such as those related to field inspection of licensed persons, in addition to trade inspection made in the Exchange related to acquisitions or those related to trading of insiders and beneficiaries and irregular transactions, also the notes on the tasks for anti-money laundering and combating financing of terrorism to make the necessary actions on this regard, and monitor the observations related to material disclosure issues in the trades executed on the exchange, and follow-up the inspections of the transactions of listed companies in shares (treasury shares) and validate their fulfillment of the necessary approvals before completing them and making the necessary in cases of trading without obtaining approvals from the CMA. As well as to carry out the daily tasks of follow-up and inspection on cases of default in payments on trading obligations at the exchange, and activate supervision work on rumors that affect the daily trading at the exchange in cooperation with the related parties, and the 40 external inquiries related to these supervisory functions were answered and acted upon

In the context of reports related to market operations surveillance, a report was prepared on the surveillance of companies whose license for investment portfolio manager activity has been canceled or terminated, and periodic monitoring reports have been prepared concerning the transactions of the entities subject to the CMA's supervision, an annual report has been made on the compliance of licensed persons auditor to practice the activity of investment portfolio manager in accordance with Module Seven (Clients' Funds and Clients' Assets) of the Executive Bylaws, and a final complete report has been prepared as a result of subjecting the violators to more supervision.

- **Development of Rules and Regulations on Market Operations Surveillance**

The most prominent achievements in this framework are summarized as follows:

- Provide technical and supervisory opinion on several issues, such as the activation of the systems adopted on the trading accounts of sole proprietorships of Kuwait Clearing Company, as well as on the aspects and procedures associated with the establishment of trading account for holding companies of Kuwait Clearing Company.
- Provide a technical opinion and submit some studies on the development of the legislative rules and issue a number of decisions related to the amendments of several articles in some modules of the Executive Bylaws of Law No. (7) of 2010 on the Establishment of the Capital Markets Authority and the Regulating Securities Activities and their amendments, we will refer to the most prominent as follows:

- o Resolution No. (50) of 2018 Regarding Amending Article (3-2-5) of Module Seven (Clients' Funds and Clients' Assets) regarding the complete separation between the tasks and work related to the licensed persons and by its clients.
- o Resolution No. (74) of 2018 Regarding Amendments of Module Seven (Clients' Funds and Clients' Assets) and Module Eleven (Dealing in Securities) and Module Sixteen (Anti- Money Laundering and Combating Financing Terrorism) regarding Updating Clients' information and data.
- o Resolution No. (136) of 2018 Regarding Amending Article (2-3-5) and forms No. (1), (3), (4), and (5) of Appendix No. 2 of Module Seven (Clients' Funds and Clients' Assets) regarding amending the submission period of periodic reports of securities investment portfolio.
- o Resolution No. (157) of 2018 Regarding Amending the Second Paragraph of (First: Investment Portfolio Definition) of Appendix No. (1) (Securities Investment Portfolios' Definition, Goals, Components and Types) of Module Seven (Clients' Funds and Clients' Assets).
- o Amending article (5-2) of Module Seven (Clients' Funds and Clients' Assets) regarding the annual report prepared by the licensed persons auditor on the compliance of the provisions of this module.
- Providing technical studies on the tasks related to market operations surveillance, such as the study on allowing legal entities who manage and act on the funds of others in accordance with the laws of its establishment to open securities investment portfolios - and also the study to assess the application of the price limits mechanism for shares in the Exchange and the appropriate recommendations in this regard, as well as the study of the requirements for the addition of new notifications in the Automated Control System (SMARTS) in accordance with the supervision process on trading and prepare technical reports in this regard and start the procedures to add such notifications, and another study on the negative aspects that affect the security of trading operations and the extent of the complying with the payments obligations arising from trading in securities after the application of the collateral document issued by the Kuwait Clearing Company.
- Participate in the development of the automated supervision system (SMARTS) to monitor the trading of securities in accordance with the amendments and developments in the rules and regulations of trading on the exchange, and complete the procedures and experiences of the preparation and implementation of an electronic system for receiving periodic reports of securities investment portfolios to investment portfolio managers.
- **Proceeding with initiatives related to market operations surveillance:**
The most important initiatives are summarized as follows:
 - o Proposal on the development of the supervisory work in the follow-up on the reports of the collateral document issued by Kuwait Clearing Company and approved by the CMA.

- o Proposal on the development of the mechanism and procedures for testing the automated control system (SMARTS) in the relevant department due to every update to the system.
- o Proposal on establishing rules to regulate cases of default of payment obligations arising from the repeated trading with brokerage firms at the Exchange.
- o Proposal regarding the addition of a paragraph in all decisions issued by CMA regarding the cancellation or termination of the license of a licensed person.
- o Proposal to study the possibility of adding an article in the Executive Bylaws of Law No. (7) of 2010 Regarding the Establishment of the Capital Markets Authority and Regulating Securities Activities and their amendments, aiming at setting a specific period for the delivery of funds and assets of clients in case of termination or cancellation of the license.
- o Proposal to develop a supervision mechanism for licensed persons practicing the activity of investment portfolio manager through the establishment of a periodic audit report regarding the transactions carried out by representatives of the activity of the portfolio manager with another licensed person.
- o Proposal to deal with trading accounts of deceased persons (direct and indirect) with the Clearing Agency and licensed persons by the CMA, and to establish specific and clear regulations on how to deal with these accounts.
- o In coordination with some entities of the Financial Markets System, it is worth noting that the CMA directs Bursa Kuwait to implement the duties owed to it by the Market Director's Decision No. (33) of 1999 regarding the trading of brokerage companies at the Stock Exchange as well as coordination with Bursa Kuwait, to revise the suggested regulatory amendments by it on the Market Director Decision No. (33) of 1999 regarding the trading of brokerage companies at the Stock Exchange and to discuss the best ways and mechanisms for supervision work in addition to the initiative to activate the duties of Kuwait Clearing Company on connecting the CMA with a secured automated system for assigning trading securities authorized from Kuwait Clearing Company.

- **Participations**

In order to achieve the coordination required to accomplish some of the joint tasks with other bodies within the CMA or within the Financial Markets System, or the need to express opinions on issues related to Markets Surveillance, there were several participations to accomplish some of these tasks, such as joining the regularization of the licensing of Kuwait Clearing Company and to manage the implementation of a new Post-Trade Model, as well as participating in coordination with the IOSCO to follow up the self-assessment process of CMA's application of the Securities Regulations, in addition to participating in accomplishing the tasks related to the State Audit Bureau team in charge of performance supervision by completing all the required data and information and preparing responses for the draft report, in addition to participating in the provision of the follow up of the market operations in the project of the CMA's Strategic Aspects of (2018-2021).

On the other hand, there was a need to provide a supervisory opinion on several issues, some related to the functions of some bodies of the Financial Market System such as the Bursa Kuwait or the Kuwait Clearing Company, while others deal with other external tasks,

the most important of which are as follows:

- Topics related to the activities of Boursa Kuwait, such as the Draft Rule Book for the two phases: Second and Third, as well as the Draft Rules for Over the Counter Trading (OTC), as well as draft amendments on handling legitimate Crossing Cases, in addition to the e-trading service between Boursa Kuwait and one of the service providing companies.
- Several matters related to the clearing tasks, such as participating in providing technical and supervisory opinion to activate the adopted systems for each of the trading accounts of sole proprietorships at Kuwait Clearing Company and the KCC Risk Waterfall Document to explain the implementation of the third phase of the market development project, as well as the request by the same company for amending the clearing rules on the subject of the custodian's rejection of the transaction, and the draft collateral document also issued by KCC.
- Issues related to relevant legislative aspects, such as participation in setting controls and instructions or expressing opinions on proposed legislative amendments, such as the proposal by the Banking Association concerning amendments to some of the Executive Bylaws of Law No. (7) of 2010 on the establishment of the Capital Markets Authority and Regulating of Securities activities and their Amendments; and amending one of the provisions of Module Sixteen (Anti-Money Laundering and Combating Financing of Terrorism) of the Executive Bylaws regarding Collective Investment Schemes, in addition to giving an opinion on the initial draft of the instructions for the option of buying shares for employees, and participate in the preparation of a list of controls and procedures governing the intervention process to address the typical risks that are expected to occur in securities activities, and participating in the preparation of the regulation on the applicability of a decision issued by the Disciplinary Board of the CMA to cancel the transactions executed in one of the violations, in addition to give opinion on the decision of the Board of Commissioners concerning the development of standards and mechanism Specific to consider the return of the activity of companies suspended and restricted in the event of meeting the requirements of the CMA and how to deal with companies suspended and restricted, which did not meet all the requirements.

In a related context, it should be noted that, in addition to following up and monitoring the specified inspection field related to the financial exposure of the clients of a brokerage firm, and take the necessary actions on this regard, as well as responding to queries on aspects related to the regulations and requirements for the assigning trading in securities, opinions have been specified on other issues, most notably the following:

- Proposed a work-plan of the index on the protection of minority rights and improve the business environment and enhance the competitiveness of the index of protection of minority rights.
- Develop a mechanism to identify the main defaults of licensed persons.
- Joint coordination mechanism between CMA and the Central Agency for Public Tenders in the aspect of disclosure of awarding tenders and clearing tenders.
- Request for approval of the subscription of shares offered to the client's portfolios by a licensed person.
- Guidelines for the procedures to be followed to limit the violation of trading on the basis of internal information received from the Union of Arab Securities Authorities.

C. Disclosure and Transparency:

The fifth item of Article 3 of CMA Law, which specifies its objectives, stipulates "Impose requirements of full disclosure in order to achieve fairness and transparency, and to prevent conflicts of interests and the use of Insider Information." To achieve this, the CMA works to plan, organize and manage the disclosure and transparency controls among Kuwaiti listed companies or interested persons and insiders to ensure compliance with the requirements of disclosure of material information, disclosure of interests or disclosure of insider dealings in accordance with the provisions of laws, bylaws, regulations and approved systems, and monitor the occurrence of violations in this regard and work to avoid it.

The CMA's achievements in the field of disclosure and transparency for the financial year (2018/2019) is divided according to the nature of disclosure to three main aspects that represent the areas of disclosure: disclosure of material information, disclosure of interests, and disclosure of insiders, as follows:

- **Disclosure of Material Information:**

The CMA's efforts at this kind of disclosure aims to follow up on the listed companies' compliance to perform their duties in disclosing material information in accordance with the applicable provisions and regulations to enhance transparency, stabilize capital markets and protect investors. The financial year (2018/2019) witnessed the fulfillment of the following tasks in this field as follows:

- o Monitoring, following-up and reviewing 6123 announcements at Boursa Kuwait during the financial year (2018/2019) compared to 6328 announcements at Boursa Kuwait during the financial year (2017/2018).
- o Through the follow-up of the daily announcements at Boursa Kuwait, 51 cases have been identified for re-disclosure during the financial year (2018/2019) compared to (38) in the financial year ending 31 March 2018, as companies related to such announcements were followed-up In accordance with the provisions of Module Ten of the Executive Bylaws of Law No. (7) of 2010 Regarding the Establishment of the Capital Markets Authority and Regulating Securities Activities and its amendments.
- o Through the daily follow-up of newspapers and different media channels, during the financial year (2018/2019), 95 cases were identified for material information requiring a response from the relevant listed company, compared to 135 cases in the previous financial year, as such companies were followed-up to respond to material information that was identified and the company failed to announce it at Boursa Kuwait.
- o Referral of 26 cases for investigation during the financial year (2018/2019) compared to 22 cases in the previous financial year, due to the suspicion of violating the provisions of Module Ten (Disclosure and Transparency) of the Executive Bylaws of Law No. (7) of 2010 on the Establishment of the Capital Markets Authority and Regulating Securities Activities.
- o In accordance with Article (4-5) of Chapter Four of Module Ten of the Executive Bylaws regarding unusual trading activity, Boursa Kuwait and listed companies were followed-up on fulfilling their duties towards 142 unusual trading cases at Boursa Kuwait during the year (2018/2019) compared to 151 cases in the financial year ending 31 March 2018.

- o Following-up on the temporary suspension of trading shares of companies listed at Boursa Kuwait in cases related to the disclosure of material information and the trade resumption for some of them for 8 cases during the financial year (2018/2019) compared to a similar number 8 in the previous financial year (2017/2018).
- o Inclusion of observations related to the disclosure of the material information regarding 6 companies listed in Boursa Kuwait as part of the on-site inspection tasks to ensure that there are no violations compared to 20 observations during the financial year (2017/2018).

- **Disclosure of Interests:**

This type of disclosure aims to follow-up on the compliance of listed companies and their major shareholders to carry out their duties in the disclosure of interests in accordance with the applicable provisions and regulations. The following is a summary of the most important achievements during the financial year:

- o Receipt and reviewing 652 letters of disclosure of interests from legal and natural persons (in accordance with the requirements of Chapter Two of Module Ten, "Disclosure and Transparency" of the Executive Bylaws of CMA Law) during the financial year (2018/2019) compared to 711 disclosure letters for the financial year (2017/2018), as well as receiving and reviewing 190 annual disclosures for listed companies for the financial year (2018/2019).
- o Receiving 4 inquiries from companies concerning the provisions related to disclosure of interests during the financial year (2018/2019) compared to 5 inquiries during the previous financial year.
- o Referral of 19 suspected violations of disclosure of interests for investigation during the financial year (2018/2019), compared to 13 suspected violations in the financial year (2017/2018).
- o Receipt of 46 controller disclosures for the financial year (2018/2019) compared to 35 disclosures for the financial year (2017/2018) related to the provisions of Article (3-6) of the third chapter of Module Nine (Mergers and acquisitions) of The Executive Bylaws of CMA's Law on the percentage of sale or purchase permitted for controllers of a listed company's shares. The technical opinion was also expressed on 4 cases to decide on the applicability of the provisions of the mandatory acquisition offer for the financial year (2018/2019).
- o Identification and transferring of one case and subjecting them to the off-site supervision for expressing technical opinion on it and subjecting it to a specified on-site inspection.
- o Following-up on the compliance of the CMA employees to the annual declaration of changes in their ownership, receipt and review of the relevant forms and documents supporting them in accordance with the electronic disclosure system of CMA's staff for the declaration, entry of the declared information for 366 employees, reviewing employees' requests for selling securities and taking the procedures related thereto, as well as receiving and following-up on declaration forms for 35 new employees.

- **Disclosure of Insiders:**

This type of disclosure aims to follow-up on the compliance of insiders to carry out their duties in disclosing their trades on shares of companies that they are aware of their inside

information, and studying the compliance of such trades with the applicable provisions and regulations. The main achievements for these types of tasks during the latest financial year are as follows:

- o Receipt of 757 letters regarding insiders lists updates from listed companies for the financial year (2018/2019) in accordance with Article (3-1-2) compared to 419 updated lists for the financial year (2017/2018).
- o Receipt of 288 disclosures in accordance with Article (3-6-1) of Chapter Three of Module Ten of the Executive Bylaws on the "Corporate Insiders Disclosure Form after Dealing in Listed Company's Shares or Parent Company's Shares" during the financial year (2018/2019) compared to 317 disclosures according to the same form during the financial year (2017/2018), as well as receiving and reviewing 119 disclosures in accordance with the "Disclosure Form of Shares Listed on the Exchange and Owned, Directly or Indirectly, by a Corporate Insider Including Minors under his Custody as an Insider in the Listed Company whether directly or indirectly "from insiders in listed companies for the financial year (2018/2019) in accordance with the provisions of Article (3-6-1) of the Executive Bylaws of the CMA's Law, compared to 121 for the financial year (2017/2018).
- o Response to 45 inquiries and requests related to the articles regulating dealing in securities by insiders in listed companies during the financial year (2018/2019) compared to 39 similar inquiries during the financial year (2017/2018).
- o Referral of 5 cases to investigation for suspected violations related to the articles regulating dealing in securities by insiders in listed companies during the financial year (2018/2019) compared to 14 similar cases during the financial year (2017/2018).
- o Issuing 87 letters directing to comply with the rules and regulations related to the articles regulating dealing in securities by insiders.

Lastly, in the area of disclosure, it is worth mentioning other measures that have been taken during the latest financial year, such as the completion of a database that includes insiders in listed companies, employees of Boursa Kuwait, Kuwait Clearing Company and Central Bank of Kuwait. In addition, the electronic system of declaration and disclosure for the CMA employees has been updated, and working on developing a system for detecting rumors and news whether spread through newspapers or through social media. Furthermore, surveys and questionnaires related to disclosure have also been completed such as the World Bank's Doing Business 2019 - Protecting Minority Investors 2020, IOSCO surveys and reports, as well as preparing a report on conflict of interest and related behavioral risks during the capital increase process.

D. Anti-Money Laundering and Combating Financing of Terrorism

CMA shall carry out the relevant tasks related to Anti-Money Laundering and Combating Financing of Terrorism in order to determine the extent to which licensed persons and companies subject to the supervision of the CMA comply with the requirements of Anti-Money Laundering and Combating Financing of Terrorism in accordance with applicable provisions and rules, In the form of office work, noting that the CMA is currently examining the possibility of carrying out the tasks of field inspection on the extent of compliance of the licensed persons with the provisions of the above-mentioned Module Sixteen.

During the financial year, the subject of the report was the implementation of several tasks related to Anti-Money Laundering and Combating Financing of Terrorism such as the preparation of the annual report on the follow-up to the implementation of the National Strategy against Anti-Money Laundering and Combating Financing of Terrorism (2016-2019), during 2018, Joining The work of the Technical Team of the National Committee for Anti-Money Laundering and Combating Financing of Terrorism. Five circulars were also issued to all licensed persons on Anti-Money Laundering and Combating Financing of Terrorism, in addition to responding to the inquiries of licensed persons regarding Anti-Money Laundering and Combating Financing of Terrorism, it should also be noted that amendments to Module Sixteen (Anti-Money Laundering and Combating Financing of Terrorism) of the Executive Bylaws of CMA's Law have been made in accordance with several resolutions of CMA, such as Resolution No.(74) and Resolution No. (135) of 2018, and No. (43) of 2019.

The statistics on the observations made by Anti-Money Laundering and Combating Financing of Terrorism Section for the financial year (2018-2019) indicate the following:

Observations referred to the Investigation Department	No. of Observations
Violating Circular No. (1) of 2018	9
Violating Circular No. (13) of 2017	8
Violating Article No. (8-3) of Module Sixteen of the Executive Bylaws of CMA Law	1
Observations referred to the Financial Intelligence Unit	1
Total	19

Chapter Four

Awareness Field

"Awareness" is one of the main objectives of CMA in accordance with Law No. (7) of 2010 and its amendments, specifically Article 3, paragraph 7 stipulates "Enhance public awareness of Securities activities and of the benefits, risks and obligations arising from investments in Securities and encourage their development", also awareness can also indirectly contribute to other objectives, such as providing protection to securities transactions and minimizing the typical risks that are expected to occur in those activities.

Before we elaborate on the most prominent awareness activities implemented during the financial year (2018-2019), we would like to point out that the general objectives of the Awareness Office are to raise awareness and invest in securities activities and the role and objectives and activities of the CMA according to the law, and define the applicable rules and correct practices in all areas of such activities.

The Awareness Office is responsible for developing awareness plans and programs, reviewing the means and methods of awareness being carried out by the CMA, organizing and managing awareness events of various kinds, coordinating with the internal organizational units of the CMA and the local authorities concerned with the completion of these events and monitoring the impact of these activities and awareness activities. In addition to other tasks, foremost of which is the preparation of the annual report on the activities, work and achievements of the CMA in accordance with Article (25) of Law No. (7) of 2010 on the establishment of the Capital Markets Authority and Regulating Securities Activities, and this is what the office was keen to accomplish since its preparation of the first annual report of the CMA for the financial years (2010/2011) and (2011/2012) down to the current annual report for the financial year (2018/2019).

A. Important Awareness Achievements in the Financial Year (2018/2019)

The awareness activities during the fiscal year (2018/2019) varied between several external activities, some of which were to the licensed entities and those related to securities activities, as well as to investors and those interested in these activities, as well as various social segments, especially in the educational field at various stages ranging from intermediate to university which falls within the framework of the National Project for the Promotion of Financial Literacy. Some of activities were internally, which targeted the employees of the CMA. The nature of these activities ranged from awareness workshops, announcements, press releases, awareness issues and various reports, as well as participating in organizing CMA's fourth annual conference.

On the other hand, it should be noted that the Awareness Office participated in the preparation and implementation of awareness plans for some of the CMA's projects, such as the draft qualifying exams for registered positions and the CMA's Market Development Project.

As for the local participations which was attending "The First Forum of Inventions", which was held on 13 February 2019 at Kuwait University, it included a presentation of the university's strategic plan for inventions aimed at achieving the quality of teaching and learning, encouraging innovation and sponsoring investment projects. As well as a review of the opportunities and challenges facing "commercial marketing" in the State of Kuwait, in addition to the Kuwait International

Conference "Integrity for Development", which was held on 15-16 January 2019 and aims to introduce Kuwait's efforts to promote integrity and launch the National Anti-Corruption Strategy and provide a global platform to stimulate international dialogue on the dangers of corruption and ways to address them, thereby contributing to the achievement of the goals of sustainable development.

The main activities and awareness events implemented during the financial year are discussed below.

First: Awareness Workshops

The Financial year (2018/2019) witnessed the implementation of 45 workshops which varied as follows:

- 21 workshop for investors and those concerned with the activities of the CMA and its services, 15 workshops, including an awareness program, in addition to six separate workshops.
- 18 educational workshop (within the framework of the national project to promote financial literacy).
- 6 awareness workshops, university level (within the framework of the national project to promote financial literacy).

- **Awareness workshops for investors and those involved in securities activities:**

21 awareness workshops were held for investors and those involved in securities activities. The objectives of these workshops were: workshops aimed at the general public and the investors, as follows:

- o **A total of 15 Workshops included in the awareness training program of CMA's Electronic Portal:**

In order to ensure its success in providing its various services through its electronic portal, and to ensure that those concerned are informed about the mechanisms and procedures for obtaining such portal and its requirements, it implemented a training program prior to the launch of these services through the portal from (27 August to 5 September 2018), aimed at those concerned with the services of licensed and registered persons, one workshop was a public invitation, and fourteen workshops were specific invitations to according to a mechanism that ensured the participation of representatives of all those involved in those services.

- o **(6) Awareness workshops for investors:**

During the financial year (2018/2019), six awareness workshops targeting the public of investors and those involved in securities activities were conducted. The main data are summarized in the following table, before we review each of them in some detail:

#	Workshop Topic	Department	Date
1	Clarify the Securities Activities and its Scope of Coverage	Licensing and Registration	5/9/2018
2	Requirements and obligations of the licensed person in terms of positions which require registration	Licensing and Registration	18/12/2018
3	CCP as a component of the financial markets development plan	Markets Regulation, Representatives of Boursa Kuwait, Kuwait Clearing Company	24/12/2018
4	Rules for the Provisions of Partial Purchase Offer	Mergers and Acquisition	15/1/2019
5	Preparation of the Capital Adequacy Rules For Licensed Persons	Project Team Leader	18/2/2019
6	Arbitration Rules	Director of Litigation & Arbitration	20/3/2019

o Workshop on “ Clarify the Securities Activities and its Scope of Coverage”:

The workshop was held on 5 September 2018 in Khaled Al-Kharafi Hall, at the Market Building, and was presented by representatives of the Licensing and Registration Department in addition to representatives of the Department of Legal Affairs and Awareness Office. The workshop covered many topics through various aspects:

- Definition of a security in any form
- Activities within the framework of securities activities.
- Clarify the securities activities of its scope of coverage.
- Licensed persons' statistics according to the type of activity.

The growth of the number of licensed persons by CMA were presented from 14 people in 2013 to 80 people in 2018.

o Workshop on “ Requirements and obligations of the licensed person in terms of positions which require registration “:

The workshop was held on 18 December 2018 and was presented by the representatives of the Licensing and Registration Department as well as the Department of Legal Affairs and the Awareness Office. The workshop dealt with many topics through the following aspects:

- Concerned persons of positions that require registration.
- Definition of the functions of senior executives.
- The mechanism for submitting an application regarding positions that require registration.
- The provisions of joining positions that require registration

o Workshop on “the CCP as a component of the financial markets development plan”:

The workshop was held at Khalid Al Kharafi Hall at the Market Building on 24 December 2018. The workshop was organized by representatives of the Market Regulation Department with the participation of representatives of Kuwait Clearing Company and Boursa Kuwait, the

workshop covered many topics through the following aspects:

- Introducing the financial infrastructure institutions and their principles and their relationship with the CCP
- A brief preview on the infrastructure of financial markets
- CCP
- The form of the final post- trading system in Kuwait



CCP as a component of the financial markets development plan Workshop

o **Workshop on “Partial Purchase Offer “:**

The workshop was organized by the representatives of the M&A Department in addition to representatives of the Legal Affairs Department and the Awareness Office in the training hall located at CMA's headquarters on 15 January 2019. The workshop dealt with several topics: the definition of the Partial Purchase Offer, its conditions and provisions, as well as a detailed explanation of the procedures for its implementation, and the requirements for modifying the Partial Purchase Offer and withdrawing from it.



“Provisions of the partial purchase offer” Workshop

o Workshop on “Preparation of the Capital Adequacy Rules For Licensed Persons”:

This workshop was followed by an extensive press conference in which the CMA announced the start of implementation of one of its strategic directions of this project and the preparation of draft capital adequacy rules for licensed persons, the CMA believes that it is important to question the views of all market participants as well as those concerned with securities activities in general regarding their various perspectives related to these activities. In preparation for the final adoption of these rules, the CMA allows them to follow up the draft of these rules, along with the English and Arabic on the website until 7 March 2019. The workshop was represented by the team leader and the head of the directing committee of the project at Khaled Al-Kharafi Hall, located at the Market Building on 18 February 2019, with massive attendance by those concerned with the application of these rules.



“Preparation of the Capital Adequacy Rules for Licensed Persons” Press Conference

o Workshop on “Arbitration Rules”:

The workshop was held on 20 March 2019 and was entitled “The most important amendments on the arbitration rules.” The workshop was represented by the Director of Litigation and Arbitration Department, the workshop covered three main aspects:

- Definition of arbitration.
- The advantages of arbitration.
- Arbitration procedures, demonstrating the importance of the amendments made to it.

In the beginning, the definition of arbitration as an agreement to settle disputes that may arise between persons through private individuals chosen by the parties in dispute. Later the workshop discussed the most important features of arbitration, namely the ease and flexibility of its procedures and the speed in resolving disputes, in addition to preserving the confidentiality and privacy of the litigation and the documents enclosed in the arbitration proceedings, the last topic dealt with is arbitration procedures, demonstrating the importance of the amendments made to it (such as the duration of arbitral disputes / disputes of a special nature / the principle of arbitrator acceptance of the arbitration task and the disclosure obligation/ elimination or isolation and the arbitrator response to the procedure followed after the arbitrator’s response or isolation), in addition to other topics that lies within the same framework.

Due to the importance of the arbitration issue and its confidentiality, the CMA directed the officials and arbitrators to the subject of the workshop to participate in this awareness event.



Arbitration Rules Workshop

It should be noted that some of the CMA's departments have implemented awareness activities in addition to programmed awareness-raising activities by the Awareness Office. Some of them were internally to CMA's staff to clarify the new accounting amendments on the accounting standards No. (9) and (15), and some of them targeted segments outside the CMA such as the introduction programs that some departments have provided to the participants of the fifth newly graduates program in order to define their functions such as the Mergers and Acquisitions, Capital Markets Research and Development, Market Surveillance, Field Inspection, Disclosure, as well as Anti-Money Laundering and Combating Financing of Terrorism Department. Some of these programs also included awareness workshops such as "History of Financial Crises in the World" which was presented by the Capital Markets Research and Development Department.

In addition, several awareness workshops were held for students of the Kuwait International Law School, hosted by CMA in December 2018. The workshop included an introduction to the Research and Development Department and its strategic objectives, in addition to an awareness workshop for the Market Regulation Department and a third workshop for Mergers & Acquisition Department.

The Collective Investment Schemes Department held several awareness activities during the past financial year. It implemented a two-stage awareness program for the managers of the collective investment schemes. The first stage included conducting one-to-one awareness meetings with the representatives of each of the licensed companies, it discussed the existing work and ways to develop it and answered their questions and inquiries related to the collective investment schemes. In addition, they discussed the latest legislative and regulatory developments by the CMA and ways to develop the work of the activities of the collective investment schemes of the company and its aspirations on the regulatory and supervisory role of the CMA on these schemes. The second phase was allocated to licensed persons to practice the activity of collective investment scheme manager who are not actively involved in this activity in order to discuss ways of developing the activities of practicing the activities of collective investment schemes of the company.

In addition, in coordination with Boursa Kuwait, the CMA has started an initiative to create a special page for the local investment funds on the exchange's website and for each local fund separately, for existing funds licensed by the CMA, which are offered for public subscription only, as is currently underway for the listed companies, to enable the public to view data about these funds, including general information, its disclosures, monthly information and financial statements.

In the same context, it is worth mentioning that three workshops were organized for the staff of the Central Bank of Kuwait, two of which dealt with the subject of "Insider trading and the definition of trading conduct" presented by the Department of Market Surveillance and the third dealt with disclosure and presented by the Disclosure Department.

On 5th, 6th December 2018, CMA hosted the second annual workshop on trading surveillance, with the participation of representatives of the GCC Capital Markets Authorities, in which it presented a set of trading and dealing in securities cases, and use of internal information, and how to deal with it and the supervision mechanism, the CMA hosted the first workshop of the same topic in October 2016.



The second workshop of the GCC Capital Markets Authorities to discuss trading surveillance hosted by CMA on December 2018.

Second-National Project for the Promotion of Financial Literacy:

A total of 24 awareness workshops were conducted within the framework of the national project for the promotion of financial literacy, including (18) awareness workshops in the field of education in the intermediate and secondary levels, and (6) awareness workshops for the university level.

- **Educational Sector:**

During the financial year (2018/2019), the fourth phase of the National Project for the Promotion of Financial Literacy, it aimed at forming and strengthening the financial literacy in different social sectors, especially in the educational and university sector, it was implemented through several programs and involving various ministries, institutions and governmental and national entities and benefiting from International expertise.

During this period, which was launched on the 27 September 2018 and lasted until the 13 November of the same year, the implementation of 18 workshops in 18 schools in addition to

one awareness workshop which was implemented at the Public Authority for Applied Education & Training (university lecture) by 14 volunteers from CMA, The workshops targeted about 1416 students, including 1378 students in intermediate and secondary education stages and 38 students in the Public Authority for Applied Education and Training.

The fourth phase of the cooperation project with INJAZ Kuwaiti Society witnessed the implementation of two new educational programs:

- **Project of a Lifetime Program (Middle School):** A one-day program that offers students the concept of entrepreneurship and encourages engaging in fun activities aimed at expanding their horizons and guiding their thinking towards a career. The program makes students gain the principles of the business world its opportunities and challenges, it emphasize the importance of leadership through learning and analysis of various problems, especially financial, and propose solutions to address them and to learn to work under pressure and time constraints, and stresses the importance of life planning, especially in the financial aspect as well as the importance of cooperation and teamwork and the need for effective communication and clarification of several aspects in the establishment of a new project.
- **Innovation Camp Program (High School):** A one-day program like the previous one that gives students the challenge to find innovative solutions to meet the challenges of real work through creativity, analysis and teamwork. It also helps to gain the skills of assessing the idea of projects and how to implement them. Moreover, it highlighted on acquiring skills in Marketing, leadership, creativity, time management and problem solving.

Some of the statistics related to the fourth stage of the project of cooperation with INJAZ are summarized in the following tables:

Program	Educational Stage	Schools-Entities	No. of Students	Workshop	Volunteers
Innovation Camp Program	High School	9	733	9	-
Project of a Lifetime Program	Middle School	9	645	9	-
Innovation Camp Program	Applied Education	1	38	1	-
Total	19	1416	19	14	

Project of a Lifetime Program -Middle School				
School	Date	No. of workshop	No. of Volunteers*	No. of Students
Bader (Girls)- Alriqqa	15/10/2018	1	5	83
Alsaidan (Boys)- Fahad Al-Ahmad	16/10/2018	1	5	41
Ahmad Almishari (Boys)- Jaber Al-Ali	22/10/2018	1	3	46
Abdulrahman Bin Abi Baker (Boys)-Hadiya	23/10/2018	1	5	134
Issa Al-Loghani (Boys)- Sabah Al-Salem	29/10/2018	1	3	71
Jafar Bin Abi Talib (Boys)- Mubarak Al-Kabeer	30/10/2018	1	3	89
Dasmh School (Girls)- Dasmah	5/11/2018	1	5	75
Diaya School (Girls)- Diaya	8/11/2018	1	4	70
Shamiyah School (Girls)- Shamiyah	13/11/2018	1	5	36
Total	9	-		

* Some volunteers participated in more than one school.

Innovation Camp Program -High School and Applied Education				
School	Date	No. of workshop	No. of Volunteers*	No. of Students
Mohammad Abdullah Al-Mohaini (Boys)- Al-Jahra	27/9/2018	1	5	89
Alsubahiya (Boys)- Alsubahiya	3/10/2018	1	5	58
Alritqa (Girls)- Fahad Al-Ahmad	4/10/2018	1	4	87
Alriqqa (Girls)- Alriqqa	10/10/2018	1	5	95
Burgan (Girls)- Alqusour	17/10/2018	1	5	78
Aladan (Girls)- Aladan	18/10/2018	1	5	60
Fariya Bint Abi Alsult (Girls)- Sabah Al- Salem	21/10/2018	1	5	134
Umm Mubshar Alansariya (Girls)-Taima'a- Al-Jahra	1/11/2018	1	5	81
Sulaiman Al-Adsani (Boys) - Alqusour	4/11/2018	1	5	51
Total	9	-	733	
Public Authority for Applied Education and Training	12/11/2018	1	4	38
Total of fourth phase	19	-	1416	

With the completion of the fourth phase of the project, the sponsorship contract with INJAZ Kuwaiti Society will be concluded which was signed on 28 November 2016. The goal of the project is to carry out joint awareness programs, which represent one of the activities of the National Project for the Promotion of Financial Literacy, intended for nearly 2000 students in the intermediate and secondary stages in schools for two years (2017 / 2018-2018 / 2019). The activities were spread over four phases between 7 February 2017 and 13 November 2018, where 2216 students were qualified, an increase equivalent to about 11% of the target, and the total data for this project shows the following:

Statement	First Phase	Second Phase	Third Phase	Fourth Phase	Total
Workshops	61	84	28	18	191
Volunteers	11	17	6	14	*48
Schools	11	12	6	18	47
Students	259	413	128	1416	2216

The data is distributed according to intermediate and secondary stages and applied sciences as follows:

Statement	Workshop	Volunteers	Schools	Students
Intermediate	94	_*	21	1024
Secondary	97	_*	26	1154
Applied Science	1	_*	1	38
Total	192	48*	48	2216

***Note: Some trainer volunteers repeated their participation in more than one school, which makes the number of volunteers technically (48) and actually (33).**

- University Workshops:**

During the financial year (2018/2019), CMA continued to implement the activities of its national program for the promotion of financial literacy in the field of university education. It implemented six awareness workshops summarized in the following table:

#	Workshop Topic	University	Date
1	The Latest Developments in Kuwait's Market and the Promotion of FTSE Russell	GUST	18/4/2018
2	Practical Application of Corporate Finance	GUST	25/4/2018
3	Business Landscape in the State of Kuwait	GUST	25/6/2018
4	Kuwait's Market Upgrade	GUST	16/7/2018
5	Innovation Camp Program	PAAET	12/11/2018
6	The Latest Developments in Kuwait's Market and the Promotion of FTSE Russell	ACK	28/11/2018

- o Workshop on “The Latest Developments in Kuwait’s Market and the Promotion of FTSE Russell”:
The workshop was held at GUST on 18 April 2018, It was delivered by Head of Market Readiness Team & Member of CMA Market Development Project Team at the CMA, and a representative from the Market Regulation Department. He discussed the history of the Kuwaiti capital market, the most important developments of the first and second stages of the Market Development Project, and the promotion of FTSE Russell.



“Part of the workshop on “The Latest Developments in Kuwait’s Market and the Promotion of FTSE Russell

- o Workshop on “Practical Application of Corporate Finance”:
The lecture was held on 25 April 2018 at GUST, it was delivered by the Manager of Corporate Finance Section. He discussed the concept of corporate finance and its scope, companies' types, types and rights of securities, issuance and cancellation of shares, methods of issuing bonds and Sukuk, steps for Issuing securities, and supervisory entities in the State of Kuwait.



“Part of the workshop on “Practical Application of Corporate Finance

o Workshop on “Business Landscape in the State of Kuwait”:

The Capital Markets Authority organized a lecture at GUST among the activities of “ Finance Alumni and Student Day”, on Monday 25 June 2018, the lecture was under the title of “Business Landscape in the State of Kuwait” It was delivered by the Manager of Corporate Finance Section. He discussed: (Supervisory Authorities in Kuwait, Supervisory Authorities impact, CMA's Role, Career path in the financial sector, and the required skills pursued by the employer.)



“Part of the workshop on “Business Landscape in the State of Kuwait”

o Workshop on “Kuwait's Market Upgrade”

The workshop was held at GUST on 16 July 2018, the workshop was intended for Graduate Studies students at the university. The course was conducted by the Director the Market Regulation Department he reviewed the history of the Capital Markets in Kuwait before dealing with the Market Development project, he also covered the requirements for upgrading the Exchange according to FTSE Russell index and the expected results from that promotion.



Part of the workshop on “Kuwait's Market Upgrade” at GUST

o Workshop on “Innovation Camp Program”

This workshop was implemented by the College of Communications and Navigation at the PAAET on 12 November 2018. It was implemented by some representatives of the CMA who participated as volunteers in some activities of the national project to promote financial literacy in cooperation with INJAZ Kuwaiti Society. It aimed at outlining the Innovation Camp Program, which is one of the programs of the fourth phase of the cooperation with the INJAZ and aims to give students the challenge to find innovative solutions to meet the challenges of real work through creativity, analysis and teamwork, and helps to acquire the skill of evaluating the idea of projects and how to apply them, emphasizing the importance of acquiring several skills such as initial planning, marketing evaluation, leadership, creativity, time management and problem solving.



Part of the Workshop on “Innovation Camp Program” at the PAAET

o Workshop on “The Latest Developments in Kuwait's Market and the Promotion of FTSE Russell”:

The workshop was held at ACK on 28 November 2018, It was delivered by a representative from the Market regulation Department at CMA, the workshop discussed the topics through several aspects (the most important developments of the first and second stages of the Market Development Project, and the classification of financial markets by international rating agencies.)



Part of the workshop on “The Latest Developments in Kuwait's Market and the Promotion of FTSE Russell “at ACK.

- **Third-Awareness Publications:**

In addition to the completion of the preparation procedures for the issuance of the CMA Magazine, during the financial year (2018/2019), a number of awareness publications were prepared and issued as follows:

- Awareness Brochure Titled (Market Development Project - Phase II):

This awareness brochure was prepared by The Market Readiness Group in cooperation with the Awareness Office. The purpose is to clarify the second phase of the market development project. It was printed and distributed during September 2018. The main changes included in this stage of market development (the Premier Market, the Main Market, the Auction Market), and launching new weighted indices, which include an index for the Premier Market and the Main Market, as well as activating the Buy-in Board to ensure the defaults resulting from securities transactions, as well as activating the mechanism of circuit breakers of continuous trading of securities, facilitate the special transaction procedures provide the late confirmation feature of the Custodian, OTC, and finally working by electronic distribution of cash profits.

- M & A Brochure:

The Mergers and Acquisitions Department prepared this publication in cooperation with the Awareness Office on the provisions of Module Nine of the Executive Bylaws of Law No. (7) of 2010 regarding Mergers and Acquisition and Partial Purchase Offer. It covered the mergers in detail (definition, types, procedures of executing merger processes, requirements of the draft merger contract), it covered acquisitions as well (Definition, types), voluntary (definition, types), mandatory (definition, types, procedures, exemption cases from the provisions) and in its final part the it covered the definition of partial purchase offer its procedures and conditions, the translation into English was completed and printed in March 2019.

- Brochure on CMA's Electronic Portal is a crucial step in automating all its services:

This awareness brochure was prepared during the third quarter of the financial year. It addressed the subject of the portal as a platform for services and reviewed other aspects. The main objectives of the portal were: (users, CMA's objectives to provide its services through the portal, the portal's interface and its components and the mechanism of registration, services provided by the CMA, indication of obtaining some of the services of the CMA through the portal, such as the listing request from the Exchange and the CMA, companies registration Guide, as well as the Guide to Listing of a Kuwaiti company's shares in Foreign Exchanges), the brochure was in the translation process at the time the 8th annual report was prepared to enable printing and distribution during the first quarter of the following financial year.

- CMA Magazine:

The final image of the magazine has been approved, and the Ministry of Information has been informed about the necessary licenses to issue it in preparation for the completion of the procedures for approving its first issuance.

- **Fourth: Awareness announcements and press releases**

During the period of the report, several press releases were issued, including 15 press releases that varied between the announcement of the participation of the CMA in some international events, the announcement of the opening or concluding of awareness activities, and the review of the main topics discussed, whether those events were awareness workshops, awareness training programs or Annual conferences. The announcement of the launch of a series of new services through the CMA's portal in September 2018 and another press release on the training program on the subject of the portal itself, which preceded the launch of the aforementioned service package, and a statement on the closing of the activities of the meeting the Seventeenth Meeting of the Heads of GCC Capital Markets Authorities Committee in October, and other announcements addressed specific awareness issues such as the announcement of the regulatory framework for contractual collective investment schemes in August, "Stability of Securities Activity Indices in the Global Competitiveness Index 2018" in October, the press release of its programs for its Social Responsibility issued in December, the Press Release on the Application of the Electronic Disclosure System XBRL issued in February 2019, press release on the preparation of CMA Poll on the Draft Capital Adequacy Rules for Licensed Persons issued in February.

Several press releases and announcements were issued to announce all the above-mentioned awareness workshops. Several announcements were also made on the preparation, opening and closing of various international events such as the Fourth Annual Conference and the 42nd AMERC Meeting, held in January 2019.

- **Fifth: Audiovisual Awareness**

During the financial year (2018/2019), 17 awareness info graphs have been prepared to achieve several awareness objectives, some of which relate to some of the CMA's projects, such as the XBRL electronic disclosure system, and Launching Qualifications Examinations Project for Registered Employment Positions, in cooperation with the CISI Institute.

In line with this kind of the efforts to raising awareness, it is worth noting that the CMA in coordination with Bursa Kuwait has set up a special page on its website for all existing local licensed funds, which are offered for public subscription. It includes general information about the fund and its disclosures as well as the monthly information of the fund and the financial statements.

- **Sixth: Awareness through Social Media:**

The CMA continued its activity during the financial year through social media, especially on Twitter, as one of the main platforms for broadcasting its various news and decisions, as well as announcing its various activities, in addition to spreading awareness messages related to an event or occasion.

In addition, it is worth mentioning that more than 270 awareness messages were prepared for the various sectors of the CMA, to be broadcasted through social media for the public later on.

On the other hand, as part of the awareness efforts through CMA's website, it is worth mentioning that the updated FAQ and their answers have been updated and are being translated at the time of preparation of the report in order to be translated on the website in line with the amendments to the Executive Bylaws.

- **Seventh: Awareness Campaigns:**

The last financial year has witnessed preparations for the implementation of awareness campaigns initiated in December in collaboration between the Awareness Office and the XBRL Implementation Team. The project was launched in January 2019 and continues to be implemented along with implementation of other phases of the project. Its objective is to introduce the XBRL language in disclosure, as well as the definition of the project and its role in providing a favorable investment environment that simulates the applicable international standards, and helps to overcome the obstacles and complications of the current disclosure reality, enhance transparency and consistency of disclosure. The campaign also aims to raise awareness of the new disclosure system, the procedures of its access, the contents of its various portals, and the definition of the mechanisms of the system's procedures and disclosure procedures.

The campaign included several activities, such as the preparation and recording of awareness lectures on the project. The project manager was responsible for introducing all aspects of the project, mechanisms of operation of the system and its various gates and the mechanism of disclosure through which these awareness lectures were uploaded to the corner of the disclosure system at the CMA's website to be available to all those involved in disclosure through this system. The system also receives and responds to queries and observations about the system. The campaign also included the preparation and broadcast of "informatics" awareness of the project, in addition to other events, such as messages to be broadcasted on Twitter.

The second of these awareness campaigns was in particular the CMA's launching Qualifications Examinations Project for Registered Employment Positions, which was prepared for the end of the financial year of the report; it is to be launched with the launch of the project in mid-April 2019.

- **Eighth: Awareness reports**

In this context, preparation and issuance of the seventh annual report of the CMA, in addition to the preparation of several different reports that dealt with different issues.

- **CMA's Annual Report:**

The Seventh Annual Report of the CMA for the financial year (2017/2018) was prepared during the first quarter of the current financial year (2018/2019) to be issued in June 2018. This report included in addition to the section dedicated to CMA's governance the part of the strategic projects and developments (MD, upgrade of the stock market, privatization of the market, launch of the electronic disclosure system XBRL, and qualifications examinations project for registered employment positions, the national project for the promotion of financial literacy), the achievements of the CMA during that financial year, starting with the achievements of the Board of Commissioners, and its committees and offices, to the achievements of the CMA in the areas of regulation and supervision of securities activities, which are distributed according to its areas of activity (legislative, regulatory, supervisory, awareness, Arab and international cooperation) and its achievements in organizing and developing the internal work environment and its financial statements of that year, to conclude with a presentation of the most important visions and future directions.

- Other Reports:

During the financial year (2018/2019), several reports were prepared for different purposes as follows:

- o A comprehensive report on the achievements of CMA since its establishment until July 2018, distributed according to its various activities, including graphics and annual comparisons of these achievements supported by statistics and numbers for each year, prepared in July and provided to the Office of the Minister of Commerce based on his request.
- o The report on the achievements of CMA for the period 2014-2018, which was prepared on the occasion of the termination of the period of the Board of Commissioners in early September 2018. The most prominent achievements of CMA during the period were documented in a comprehensive report and provided to the Secretariat during the month of November 2018.
- o A brief report on the awareness developments during the period (April 2017 - September 2018), which was provided to the Office of International Relations during the month of October in preparation for sending it to the Secretariat General of the Gulf Cooperation Council upon its request.
- o The report of the CMA's achievements concerning the statement of the Minister of Finance on the economic, financial and monetary conditions and the draft of the annual budget for the financial year (2019/2020), which included the outstanding achievements of the committee during the last financial year (2017/2018), as well as the exceptional achievements after that financial year, including CMA's executed tasks in its various fields (Legislative, Regulatory, Supervisory, Awareness, Technical and Training) before concluding with the main future directions of CMA projects that are being implemented or those projects under its strategic plan for the years (2018/2021).

• **Ninth: The Fourth Annual Conference of CMA and the AMERC Meeting**

The CMA carried out its fourth annual conference through the Awareness Office in cooperation with the Office of International Relations, and the Public Relations and Media Office, which dealt with the theme of "Capital Market Reforms Through Regional Initiatives", which followed the 42nd Annual Meeting of Africa and the Middle East Regional Committee at the International Organization of Securities Commissions (IOSCO), the activities of this conference were as follows:

• **The Fourth Annual Conference:**

The CMA held its fourth annual conference "Capital Market Reforms Through Regional Initiatives" at Badriah ballroom, located at the Jumeirah Beach Hotel and Spa, for one day only. A number of officials and economic figures attended the conference as well as many interested parties and those concerned with economic affairs in general and securities activities in particular,



Mr. Othman Al-Issa
Speaking to the media

especially the themes of the conference in particular, and attended by representatives of many companies and entities licensed by the CMA.

It should be noted that the remarkable success witnessed by the conference came as a result of great efforts preceded by the implementation of its activities and followed by all the coordination, organizational and technical aspects in addition to the preparation and implementation of a comprehensive media plan that included many promotional and introductory videos of the conference and its activities in both Arabic and English. In addition to several press releases and a number of awareness messages were broadcast through the CMA's official Twitter account, in addition to the announcement on Kuwait TV and Kuwait Radio.

In the same context, coordination was carried out to provide comprehensive media coverage of the proceedings of the conference, which is relevant, whether through local newspapers that have covered its activities, or through Kuwait Radio and Kuwait Television or through other channels such as Sky News, CNBC Arabia, which carried out the media coverage of the event. It also held radio and television interviews with many of the participants in the conference, such as Kuwait Television and Radio, Sky News and CNBC Arabia with Mr. Othman Al-Issa, Vice-Chairman of the Board of Commissioners and Acting Managing Director (on the day of the conference), in addition to a phone call made by Almoasher TV program on Kuwait TV.

KTV2 channel made a television interview with the Director of International Relations Office and the same channel and Sky News held two interviews with the Chief Executive Officer of the Capital Markets Authority of Kenya and the Chairman of the Capital Markets Authority of Oman. The Kuwaiti TV and Kuwait Radio held a meeting with a member of the Board of Directors of the Saudi Arabian Capital Markets Authority, in addition to holding a meeting with the Chairman of the second session of the conference.

Conference Events:

The conference witnessed a number of events, Mr. Othman Al-Issa, Vice Chairman of CMA Board of Commissioners, opened the conference with a speech, followed by a speech of Mr. Paul Andrews-IOSCO Secretary General, followed by three panels, which covered various issues of the aspects of the conference.

Mr. Al Issa, Vice Chairman of Kuwait CMA Board of Commissioners opened the conference with a speech in which he pointed to the importance of "securing and developing financial markets" and enabling them to possess the necessary elements to cope with the rapid changes in capital markets and keep pace with the latest developments in the field of securities activities. He emphasized that it is important not to stop at the limits of previous achievements. He stressed that this is what Authority in cooperation other members of the Financial Markets sector, based on CMA's approach which sees its role as a "developed partner not a guarding supervisor", based on the achievements to fulfill this vision, the membership of the International Organization of Securities Commissions (IOSCO) and its active participation in its committees, "as Kuwait is hosting today the annual conference of one of its committees, " upgrading the classification of the Securities Exchange to an emerging market, according to the international standards of classifying agencies this is the starting point in the path of development, which must follow what has been achieved.

In a related context, the Vice Chairman of the Board of Commissioners referred to the most important strategic approaches of the CMA for the development of the capital market currently being implemented, which is the privatization of the Stock Exchange, the Market Development Project and other initiatives related to the development of the capital market infrastructure such as clearing and settlement, as well as initiatives to stimulate qualitative listing and long-term financing mechanisms, establish effective Sukuk and bond trading platforms, diversify investment instruments, improve the level of risk management of licensed persons, as well as the disclosure system by adopting a modern project in the field of disclosure using the language of XBRL. As well as the CMA's project on qualification exams for registered positions, facilitate mergers and acquisitions, develop the trading system of unlisted companies, improving the level of supervision over trading, protection of minority rights, strengthening the principles of governance, improving the level of risk management of licensed persons, and developing policies for assessing the strength of the financial situation, as well as the development of capital adequacy rules for licensed persons, and some of these initiatives go beyond the boundaries of the capital markets and those concerned with their activities to target different segments of society such as the national project to promote financial literacy in various levels of education from intermediate to university.

Mr. Al-Issa pointed out in his speech the most prominent trend in the field of market development, which is the "Privatization of the Stock Exchange", which is the first and most important local privatization project, which reached its final stages, where in May 2018, CMA announced a bidding for an equity stake in Boursa Kuwait to subscribe to listed companies with the global operator or a single global operator whose schedule has been extended until the end of 2018 at the request of qualified local investors.

Following the opening remarks of the Vice Chairman of the CMA, Mr. Paul Andrews - IOSCO Secretary General, addressed the conference. The three panels focused on three main issues. The first panel was on "Incentives and Initiatives to Promote Listings across the Africa and Middle East Region", and the financing of small and medium enterprises (SME) and its mechanisms and tools to have the issue of regional interaction on the risks arising from financial technology (Fintech), which IOSCO considers important, nevertheless, introducing technology to the securities world provides great opportunities for investors, reduces the cost and time and raise the efficiency of the regulatory entities in the performance of its functions, Mr. Andrews referred to the establishment of a steering committee under the name of the Financial Technology Network, which will clarify the various uses of financial technology and investor protection mechanisms, predict the expected problems and ways to address them, as well as monitor the loss that may be caused by the close interdependence between the countries of the world today ,The Financial Technology Network aims to create a forum for the members of IOSCO to share experiences, identify the typical risks in the financial markets, monitor the unpredicted occurrences, and develop the policies and laws of IOSCO, he concluded his speech by presenting key issues that will be placed upon the focus of the system in the future.



Conference Panels

First Panel: "Incentives and Initiatives to Promote Listings across the Africa and Middle East Region"

"Incentives and Initiatives to Promote Listings across the Africa and Middle East Region" The panel was chaired by Mr. Keith Kalyegira, CEO, CMA Uganda , with the participation of Ms. Noura Abdulkareem, Director of Product Development at Kuwait Boursa Company and Mr. Mohammed Alrumaih, Chief of Markets, The Saudi Stock Exchange (Tadawul), the panel covered several issues, such as the promotion of listing and the challenges facing it. The study presented in this regard was reviewed by a working group representing several countries (Ghana, Egypt, Kenya, Morocco, Nigeria and Uganda), which reached several results, the most important of which is that 92% of the total financing of companies in the region originated from banks, which requires the creation of new financing tools to meet the needs of the growing markets of financial resources. Saudi Arabia second place after South Africa in market value of the listed companies, while Kuwait was third, the panel also pointed out the obstacles of listing in these markets and the incentives to be applied.

Mr. Mohammed Al Rumaih reviewed the experience of the Kingdom of Saudi Arabia and the Arabian Gulf in the development of the issuance of bonds, indicating to the Kingdom's ambition to be among the top ten markets in the world in this context, pointing to the Kingdom's encouragement to include private companies, stressing the lack of awareness efforts on the issues of listing and its positive implications, It has been bypassed by several initiatives such as awareness programs to encourage listing of family companies and a pre-listing program.

As for Ms. Noura Abdulkareem, she reviewed the experience of Boursa Kuwait in this context, starting with the challenges faced by the Kuwaiti market in general, especially the problem of liquidity, referring to the procedures of the Exchange to overcome the problems of listing through the division of market trends and amend the listing requirements to include additional requirements to find a balance between the limit liquidity ratio and the ratio of issued shares, stressing the importance of the role of experts to come up with a fair assessment which reflects the actual value of the company and achieve its benefits and the benefits of its investors alike.

Second Panel: SME Financing

The second panel discussion of the conference was headed by Dr. Nawaf Al-Abduljader, Assistant Professor at the Faculty of Administrative Sciences, Kuwait University, with the participation of Mr. Hisham Al-Alami Managing Director of AMMC, and Mr. Ibrahim Al Kandari, Director General Kuwait National Fund for SME Enterprise Development, and, and Mr. Daniel Tetteh, Director General, SEC Ghana.

Mr. Ibrahim Al Kandari pointed to the Kuwaiti economy elementary resources, stressing to its variation, the emergence of other problems such as the total conversion of small companies to the government to buy their products, emphasizing the need to represent SME's added value to the national economy and have the assets and ambitions of external expansion, not only local, and must find investors and sponsors outside the government.

Daniel Tetteh began by presenting statistics showing that 80% of the jobs available in the developed world are by private entities and that 95% of the African continent companies are SME's. World Bank statistics show that Africa has to provide about 122 million jobs by next year and that the contribution of that continent to the world's output is very small to match with the vast agricultural areas available in them, "Tetteh" stressed that the opportunities exist but we have to solve the constraints of SME's that prevent them from growth and expansion and that there several possible solutions, like providing liquidity for these companies and providing them with sufficient capital for listing and launching. He also presented the experience of the State of Ghana in overcoming these obstacles through charitable committees, small and medium credit institutions and agricultural project finance institutions, as well as regulators through establishing a market for the inclusion of SMEs in cooperation with the stock exchange and ease listing requirements.

Mr. Hisham Al-Alami also reviewed the experience of the Kingdom of Morocco to finance SME's, focusing on the modern developments in the Moroccan market and the amendments to its legislation as well as the launched "Elite" program by Morocco in cooperation with the London Stock Exchange. Mr. Al-Alami pointed that 95% of Morocco's capital is by SME's, and these companies suffer from the problem of liquidity, pointing to the contribution of everyone in financing it from the exchange and supervisory, governmental, private and even global entities.

Mr. Al-Alami reviewed the new amendments concerning the establishment of a new market for SME's, pointing to the risk of investment in them and the importance of awareness-raising efforts in this regard.

As for the "Elite" program aimed at qualifying SME's listing in the market, Al-Alami pointed out that it consists of three phases: First: Get Ready, for shareholders of the company and its managers to clarify the market procedures and opportunities available to the company. Second: Get Fit, to identify the administrative and modern methods and the latest means to bring in new investors, the last of these stages, Get Value, to confirm the availability of qualifications of companies at the listing and after listing and accumulate liquidity.

The program was developed in cooperation with the London Stock Exchange in 2016. A total of 60 companies participated in (19) different sectors, an integrated program comprising consultants from various sectors to prepare the company for pre-listing and post-listing.

Third Panel: "Regional Responses to Emerging Fintech Risks"

The Third and final panel of the Conference covered “Regional Interaction with the Risks of Financial Technology (Fintech)”. The discussion was headed by Mr. Phillippe Richard, Director Abu Dhabi Global Markets FSRA, with the participation Mr. Paul Muthaura, Chief Executive (CMA Kenya), Mr. Joe McHale, Regulatory Affairs Specialist at Bloomberg, in addition to Dr. Bander Alsajjan, Strategy & International Affairs Deputy, (CMA Saudi Arabia).

Mr. Richard pointed out the importance of financial technology, which formed a bridge between the entity and the investor, and the need to provide data for each of them as it is the most important source of data in the current century as it is the product that financial and banking sector attempt to assemble.

Mr. Paul Muthaura, reviewed Kenya's experience in the application of financial technology, he pointed out the possibility of creating an electronic wallet in smart phones to make purchases electronically. Through it, the person can pay invoices electronically, such as in governmental sectors daily consumer bills or electricity and water bills, noting that these electronic transactions are carried out without relying on Internet access, which is available to everyone even in remote villages, one problem this service is faced with is the difficulty of updating or addressing some errors in the application promptly, Mr. Muthaura referred to (IPO) and government bonds through financial technology. Stocks can be traded without the need for personal presence, but the question remains about the need to hire an economic expert who is trained in financial technology or a technical engineering officer who acquires the economic expertise?

Mr. Bander Alsajjan reviewed Saudi Arabia's experience in the field of financial technology, pointing to a relative negligence in this regard, without dismissing the developments in several public areas that help overcome some financial problems, but they are new compared to developed countries such as China, Britain and America, which started at 2007, pointing to several initiatives of the Kingdom to overcome this gap, such as the implementation of the program “Bader” for electronic development, referring to the introduction of financial technology within the vision of the Kingdom 2030, which led to the completion of the first application of smart phones in the field of collective investment schemes.

Joe McHale, pointed out the importance of financial technology at the Davos conference, both from the public and speakers, stressing that the term “financial technology” is a big term that carries many meanings, such as electronic training, industrial intelligence, electronic currency (bitcoin), at Bloomberg we see artificial intelligence and e-training as the most important part of financial technology, especially with its responsibility to collect, arrange, read and report electronically whether financial or otherwise, it will be a burden on humans as it also carries a high rate of error.

- **The 42nd annual meeting of (AMERC)**

The fourth annual conference of the Authority has received special importance for several considerations. On the one hand, it follows an exceptional event which takes place in the State of Kuwait for the first time, which is hosting the meetings of one of IOSCO's committees. Specifically at the 42nd annual meeting of (AMERC), which took place on Tuesday, January 22, the meeting was the first of its kind in the State of Kuwait. The meeting was attended by Mr. Othman I. Alissa, CMA Vice Chairman and Acting Managing Director, who welcomed the guests of Kuwait and stressed Kuwait's keenness to activate its role in the various committees of (IOSCO) after obtaining membership in AMERC. Currently, in addition to AMERC, the CMA is a member of the GEMC, C2 and C3 committees. He also gave a brief overview of the State of Kuwait's history and

economic activity, including securities activities. He concluded by saying that joining IOSCO in May 2017 came as a result of meeting all the principles of the international organization and keeping up with the best international standards. He stressed the importance of continuous cooperation between the members of IOSCO to achieve continuous development and reach the desired goals.

The same meeting witnessed the speech of Mr. Paul Muthaura, AMERC Chairman, where in his opening remarks he welcomed the members of the Committee and thanked Kuwait for hosting this important meeting. He also congratulated Mr. Khaled Alhomoud, Commissioner of CMA Saudi Arabia for his election as Vice Chairman of AMERC, and congratulated Dr. Obaid Al Zaabi who was elected unopposed as the new Chairman of the Growth and Emerging Markets Committee in December.

On the main topics of the meeting, the deliberations and discussions on the subject of sustainability finance, the opportunities and risks arising from fintech, supporting economic growth through long term finance were highlighted by Mr. Paul Muthaura in his opening remarks, such topics "not only cut across the priorities of the Region, Growth and Emerging Markets but also the priorities of the whole organization under the leadership of the Board."

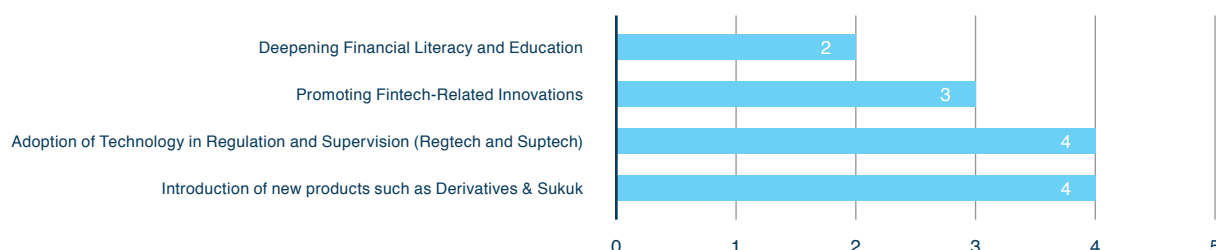
Mr. Muthaura also pointed to the importance of the effective participation of AMERC members and other committees, before turning to the outcomes of the 41st AMERC Meeting in Budapest, in particular the ones relevant to "investor education and financial literacy, capacity building, financial innovation and challenges relating to low listings and capital raising within the region". He also noted that "AMERC stands to provide key contributions to Committee 8 on Retail Investors especially on the application of behavioral insights to financial literacy and investor education programmes as well as on work related to Regulatory Technology (RegTech) and Supervisory Technology (SupTech)".

The Committee, represented by its Chairman, Mr. Paul Muthaura, issued its report on this meeting as well as on the annual conference that followed. At the beginning of his report, Mr. Muthaura expressed his delight in holding this meeting in Kuwait, thanking the CMA and the Acting Managing Director for his proficiency in holding this event, and for the regional committee, expressed its confidence in the success of its directions, especially after its representation at the level of the Board of IOSCO. The main highlights of Mr. Muthaura's report on the subjects of this meeting and the Annual Conference are summarized in the following extracts from his report:

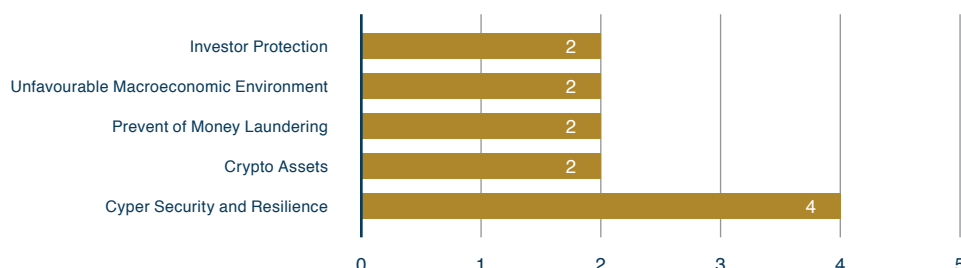
- o Moving forward with the recommendations of the team on listings:
The topic of listings was further discussed and significant recommendations were made following the guidance of the AMERC team on listing and development under the leadership of Mr. Keith Kalyegira. These recommendations were first presented at the AMERC meeting in Budapest during the 2018, at that time a team was assigned to identify options for moving forward. Therefore, I am very pleased to confirm that after the adoption of all these recommendations, it was agreed at the Kuwait meeting to forward these recommendations to actionable proposals through joint work with the financial sector Deepening Africa (FSDA).
- o Risks and Trends in the AMERC Region
In order to familiarize us with the overall priorities of IOSCO and the work of risk expectations, members presented the highlights of local risks affecting their markets and the opportunities they seek to benefit from them. It is not surprising that there is a great deal of integration and

consistency in both risks and opportunities throughout the region.

Most Common Opportunities across Jurisdictions



Most Common Risks across Jurisdictions



Recalling that the theme of the 44th GEM IOSCO meeting at the Cayman Islands was “Building Sustainable Capital Markets in a Digital Era”. I am therefore pleased to note that the forty-second meeting of the AMERC Conference was based on further core deliberations on sustainable financing, opportunities and risks from financial technology, supporting economic growth through long-term financing, including listing and assigning appropriate solutions to address SME financing. Notably, these issues not only represent priorities for the region and emerging markets, but are priorities for the international organization as a whole.

The focus is on challenges and opportunities to build sustainable capital markets. Expanding of broad finance initiatives and products is a key factor in ensuring the sustainability of financial markets. Opportunities exist to learn from both successes and failures. Opportunities for harmony and convergence between standards and need to be pursued. To promote innovation across different product categories to benefit from the global demand for sustainable assets. The African FSDA presented a presentation highlighting its work in promoting and supporting sustainable funding initiatives and active programs in nine member countries of the AMERC including Ghana, Kenya and Mozambique, Nigeria, Rwanda, Uganda, Tanzania, Zambia and Zimbabwe.

As for the Moroccan experience, sustainable development is an integral part of the country's constitution, with a roadmap for the financial sector to achieve sustainability across several pillars: extending risk-based management to socio-environmental risks; developing sustainable financial instruments and products; as a means of sustainable financing, capacity building in sustainable finance; and extending transparency and market discipline.

Abu Dhabi Bank also presented insights on the recent sustainability conference held for GCC members in Abu Dhabi to enrich key discussions on opportunities and priorities in the region.

Needless to say, the broad bond market is growing strongly with surpassing of supply; there are significant opportunities to finance climate-friendly investments; and governments and regulatory entities play a role in creating an enabling environment to capitalize on these opportunities through the development of regulations and guidelines.

- **The Annual Conference**

The conference discussions were very rich with the participation of members of AMERC, Kuwaiti companies and Academics who presented new perspectives on the theme of the conference: "Capital Market Reforms Through Regional Initiatives" through its various panels.

At the level of "Incentives and Initiatives to Promote Listings across the Africa and Middle East Region", the results of the survey prepared by the AMERC team on listings and details of the following steps were presented to help in the possibilities of improving the number of listings in different jurisdictions.

As for the "SME Financing" it focused on the essential role of these institutions as economic drivers throughout the region. Intensive discussions were also held on how to encourage SMEs in Latin America and the Caribbean, since market-based financing as a source Capital is the low-cost in the long term as a complement to bank financing and private equity. Members agreed on the need for short-, medium- and long-term strategies to prepare SME's as issuers.

On "Regional Responses to Emerging Fintech Risks, the impact of technological innovations on the regulatory environment and financial markets was reviewed, taking into account the different approaches taken by regulators worldwide. Many of them set up "sandboxes" to test end-to-end technology solutions before they were introduced in the wider market. Members agreed on the need to be cautious about the emergence of unorganized solutions in some jurisdictions with the related risk of investor protection. Technology-based allows clients unlimited access to products and services without brokers, and in most cases, without regulatory supervision.

There was also a similarity between speakers about the need for regulators to promote / encourage FINTECH innovations for potential benefits and to ensure strong regulatory and legal frameworks to address issues such as investor protection, external transactions and money laundering. Members were also encouraged to share experiences and learn best practices to reduce the learning curve for those at an early stage.

Having included in his report, Mr. Muthaura included the most prominent points on the Agenda of the 2019 IOSCO Board, he has attached two annexes, one relating to the recommendations of the listing team, and the second with a presentation on the next steps in FSDA.

A. Public Relations and Media Office:

The tasks of the Public Relations and Media Office are to manage, plan, coordinate and implement the information activities and events of CMA, organize and provide reception and hospitality services and supervise the implementation of recreational and social activities organized for its employees. It also includes broadcasting information, news and awareness materials related to the activities of the CMA through the media, and updating the content of the portal and its internal screens, its website, and the preparation and participation in the organization of various internal and external events, in addition to the making of all awareness publications including the annual report.

We review the implementation of its tasks in various fields related to public relations during the financial year (2018/2019) in some detail as follows:

First: Media Broadcasting

The media and tools of this broadcast varied, as well as the topics as follows:

- CMA's Website and application on smart phones:
The CMA has worked on publishing all its publications on its website as well as its application on smart phones in both Arabic and English. These publications ranged from resolutions, instructions, circulars, announcements, press releases and prosecution notice, as well as decisions of the disciplinary board, awareness workshops and training programs.
It should also be noted that these two media means are monitored periodically by the CMA.
- Official Gazette (Kuwait Alyoum):
CMA continued to publish all its decisions and announcements and the decisions of the disciplinary board which require publication in accordance with instructions No. (1) of 2014, and continued to provide the Kuwait NewsAgency with all advertisements related to its various activities and invitations to participate therein.
- Kuwait News Agency (KUNA)
During the last financial year, the CMA continued to provide Kuwait News Agency (KUNA) with press releases related to its activities, events and news, as well as media invitations to cover press conferences and events.
- Social Media:
In this context, the administration of the account in the application of Twitter and the publication of tweets in particular activities and events in addition to the publication of its decisions, press releases and circulars by linking it to the site, it also managed the account of CMA in the application of YouTube and the broadcasting of video material of the various activities of CMA through it.

Second: Translation and Distribution of Publications

In addition to translating decision, announcement, circulars, instructions, and press releases, in addition to translating agreements, contracts, engagements and memorandums of understanding that the CMA is a party of, as well as the translation of materials related to conferences and seminars, as well as the various publications of the CMA, brochures, awareness materials and some documents related to its functions. Moreover, the translation of the investment document on the Bidding for an equity stake in the issued share capital of Boursa Kuwait

The office also supervised on the publication of the Seventh Annual Report, the publication of the annual calendar of the CMA for the year 2019 was carried out with the participation of some of its employees.

Third: Managing CMA's Portal and its internal screens

CMA has continued to prepare, broadcast and update the news related to its activities, and other internal and external activities, in addition to its internal programs on its internal portal and its screens, while constantly seeking to develop the content of its broadcasting mechanisms, including the development of the program for the design of the videos shown on it, where it has been working on the design of several videos for some of its activities, such as the video of the program of newly graduates, in addition to the design and broadcasting of greetings and congratulations on the internal portal.

Fourth: Organization of Internal and External Events

During the past financial year, the CMA has continued its efforts to prepare for the organization of its various internal and external events, such as conferences, seminars, meetings, lectures, workshops and press conferences with media representatives. Some of the events organized during the past financial year are the Fourth Annual Conference "Capital Market Reforms through Regional Initiatives" in January 2019, and the organization of several meetings such as the meeting of (AMERC) in January 2019, as well as the sixth meeting of the Gulf Cooperation Council (GCC) Task Force for Training Officials.



Part of the sixth meeting of the Gulf Cooperation Council (GCC) Task Force for Training Officials.

On the level of the workshops, the financial year witnessed the organization of several external work meetings as the second workshop on "Control of trading for the GCC bodies", in addition to preparing for the implementation of the periodic awareness workshops implemented throughout the year. In addition, it planned the signing ceremony for the Memorandum of Understanding with the Kuwait Financial Intelligence Unit.



Part of the press conference announcing the winning consortium of Boursa Kuwait's bidding

As for press conferences, many of them have been organized during the last financial year, such as the bidding for and equity stake in the issued share capital of Boursa Kuwait and the press conference on the draft capital adequacy rules, as well as the press conference on the announcement of the third phase of the Market Development project.

On the internal events, it is worth mentioning that a lecture was organized for participants in the fourth training program for newly graduates, in addition to other events such as the reception on the occasion of Eid al-Fitr and Eid al-Adha and birthdays, and the celebration of CMA on the occasion of national holidays and the organization of football league for the CMA staff during the month of Ramadan.



Part of CMA's Sports event During Ramadan



Part of CMA's National Celebrations

Chapter Five

Arab and International Cooperation Field

During the financial year (2018/2019), the CMA continued its efforts to regulate its relations with foreign organizations and entities, coordinate cooperation in the fields of joint work and work to develop these relations to achieve their interests and support the achievement of their objective, of Clause 11 of Article 4 of Law No. (7) of 2010 on the Establishment of the Capital Markets Authority and Regulating Securities Activities and its amendments, which stipulates: "Cooperate with supervisory authorities and foreign counterpart institutions with regards to organizing, coordinating and participating in joint activities."

In this context, the CMA has divided its time between organizing international events within the State of Kuwait and coordinating with various regional and international entities (companies, organizations, international rating agencies, embassies, etc.) to achieve various objectives, exchange data and information, signing MOU , participate in international activities and events, the most prominent achievements in this framework will be presented as follows:

A. Organize International Events:

Event	Date
The Seventeenth Meeting of the Heads of GCC Capital Markets Authorities Committee	24/10/2018
The 42nd Annual Meeting of Africa / Middle-East Regional Committee (AMERC)	22-23-24/1/2019
CMA Fourth Annual Conference	23/1/2019

B. Participating in External Events

Event	Date
Doing Business Workshop World Bank Washington – USA	11-13/4/2018
Spring Meetings as part of the Kuwaiti Delegation - IMF/World Bank Washington - USA	20-22/4/2018
The 43 rd IOSCO Annual Conference Budapest- Hungary	7-11/5/2018
IOSCO 2018 GEMC Conference and Meetings Cayman Island	19-20/9/2018
The Bloomberg Global Regulatory Forum London- UK	11/12/2018
Participate in the membership of the follow-up committee of the foreign direct investment project and attend the activities of the technical committee for the survey of foreign direct investment in Kuwait	20/12/2018

C. Singing MOU with local and international entities

In this context, efforts were limited to signing of a Memorandum of Understanding with the Abu Dhabi Global Market ADGM on 5 November 2018. The Memorandum is meant to coordinate the frameworks of cooperation in the field of innovation and to identify mechanisms for assigning the work of innovators related to innovation functions between the two sides, Innovation in securities activities between them.

D. Communicating with Local and International Organizations to complete Survey Data:

The CMA's efforts in completing data on questionnaires conducted by regional and international bodies during the past fiscal year are presented as follows:

Entity	Survey
Islamic Financial Services Board (IFSB)	IFSB Survey on the proposed standards development & research Agenda for the banking sector. 2018 IFSB Survey on Implementation of the IFSB Standards. IFSB Survey on areas of Priority for standard development
International Organization of Securities Commission (IOSCO)	IOSCO GEMS Data Sharing Platform Feb 2019 IOSCO 2018 MMoU Monitoring Group Survey Questionnaire. Sustainable Finance in Emerging Markets & the Role of Securities Regulators – Consultation Report
IMF World Bank	IMF Article IV Consultation Questionnaire. IMF Financial Sector Assessment Doing Business 2020.
United Association of South Africa(UASA)	<ul style="list-style-type: none"> Income and expenses of securities authorities and transaction costs in Arab securities markets The Committee for the Regulation and Surveillance of Stock Exchanges regarding the trend towards the establishment of a new bond for SMEs
Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI)	Approve and Implement AAOIFI Standards
Organization for Economic Co-operation and Development (OECD)	OECD Survey of Corporate Governance Frameworks in the Middle East and North Africa (MENA)
QATAR Financial Markets Authority	<ul style="list-style-type: none"> Survey Particularly for setting standards for resuming activity of suspended companies.
Dubai Financial Market	<ul style="list-style-type: none"> Survey for setting standards for resuming activity of suspended companies.

E. Exchange of Information with Regional, Arab and International Entities:

During the Financial year (2018/2019), the CMA exchanged information, data and responses relating to mutual inquiries for various purposes with various regional, Arab and international entities, such as those exchanged with UASA, as well as similar entities such as the Capital Markets Authority of Saudi Arabia, the Capital Markets Authority of Oman, Qatar Financial Markets Authority, the SEC, the Securities Commission of Canada, the Central Bank of Bahrain and some banks such as HSBC.

The nature of the data varied between different regulatory and supervisory purposes, such as inquiries about companies, persons or circulars of investors, information related to organizational structures, applicable fee schedules, and guidelines for certain securities activities.

Section Six

CMA's Achievements in Organizing and Developing The Internal Work Environment

Since the earliest years of its work, the CMA pays a special attention to organizing the internal work environment because it is the foundation that enables it to succeed in regulating, supervising, and controlling the securities activities. After setting the main regulatory foundations of the work environment, the CMA adopted a continuous policy that update and develop this environment in all its aspects in order to keep upwith the rapid developments in the securities activities and their regulators, and to respond to the demands of performing the legislative, oversight, and regulatory tasks.

The latest financial year witnessed the implementation of several directions concerning the improvement of work environment, which came as an interpretation of integrated policies that aimed at quality performance, promptness in achieving tasks and works, in addition to saving time and effort. This will be presented in the following chapters:

Chapter One is allocated for the achievements of the administrative aspect, and the development of human resources. This chapter presents the development of human resources' bylaws, the policies and procedures manuals, preparing work force plans, in addition to developing and implementing qualification programs and training courses, which aim at enhancing the employees' skills, and upgrading their performance efficiency. Moreover, the latest financial year witnessed the initial implementation of the procedures of the fifth Program of Training the Newly Graduated Kuwaitis.

Chapter Two discusses regulating the financial affairs and treasury, and what was achieved in terms of managing the CMA's financial transactions, i.e. procurement, treasury, and all other accounting tasks, managing, employing, and investing the cash reserves, preparing the annual budget and the final account, in addition to monitoring the cash inflows and outflows of the CMA's bank accounts.

Chapter Three is allocated for the technical regulation and update, which aim at managing the applied technical systems in the CMA to work in line with the best international practices and meet the latest technical releases. The achieved tasks of this aspect varied in terms of information security, and programs and applications.

Chapter Four presents managing, evaluating, and tracking the performance development in the CMA's sectors, and classifying the risks that it may face. Within this framework, the CMA prepared the following: procedures manuals of its sectors and offices, operational key performance indicators that measure the efficiency and effectiveness of the work procedures, and an operational risk management policy.

The last chapter of this section discusses the strategic aspect of the CMA's work. It presents the CMA's strategic directions, especially those of its second strategy of (2018-2021) that aims to continue the efforts of development and excellence in order to enhance the efficiency of the capital markets, and to ascertain CMA's adoption of a tendency that develops its strategic development methodology.

Chapter One

The Administrative Aspect and the Development of Human Resources

On a continuous level, the Capital Markets Authority studies, plans, and organizes its administrative structure, and defines the competences of its organizational units. It provides them with the required careers, indicating their arrangement, description, tasks, duties, requirements, and work conditions. It implements the functional procedures, starting from the appointment and enrollment, moving on to the direct action and end of service, and doing what is involved in terms of accommodation, training, evaluation, and upgrading. It also takes the required operational procedures according to the approved rules, policies, and systems.

About the tasks that are concerned with the employees affairs and developing the work environment, the CMA developed the human resources' bylaws, and the policies and procedures' manual. It also developed the mechanisms of organizing the annual vacations, sick leaves, work hours, and permissions, the procedures of renewing the employees' contracts, and the mechanism and regulations of transferring CMA's employees.

In the same context, the CMA developed and approved the competency assessment system for its employees, in addition to beginning the preparation of the job descriptions for all titles (around 200 draft descriptions were made), and implementing the performance management system that depends on the objectives and competencies.

Moreover, the CMA prepared the work force plan for the financial years of (2018/2019) and (2019/2020), and followed up the implementation of the first plan, and the update of the organizational structures. It also submitted a job advertisement for experienced Kuwaitis, and completed the testing procedures and appointed 22 employees.

Within the framework of planning, organizing, and managing the training processes for its employees in order to qualify them, develop their skills, and raise their competences in achieving the work according to the best practices, the CMA undertook the necessary procedures for the participation of its staff in qualifying programs, training courses, and workshops. These training activities are often preceded by an assessment and precise analysis. A total of 109 qualifying activities were made, which were external, internal, and qualifying training programs, workshops, conferences, and other activities, and 526 employees participated in these activities. The table below summarizes the main statistics of the training activities:

The Program Type	Number of Programs	Number of the Program Beneficiaries
Internal training programs	17	40
External training programs	47	70
Qualification programs	22	346
Workshops, conferences, etc.	23	70
Total	109	526

Similarly, and in the context of CMA's training programs, it is worth noting that the financial year of (2018/2019) witnessed the initial implementation of the procedures of the fifth Program of Training the Newly Graduated Kuwaitis, which forms as part of its social responsibilities. The program was announced in 30 September 2018, with an applying period that extended from 30 September 30 to 11 October 2018, in which it received 157 applications. The CMA rejected the following 57 requests: the GPA of 20 applicants was below 3.0, the result of (IELTS Academic – TOEFL IBT) exams of 17 applicants was not qualified, 11 applicants did not qualify with the graduation years, 3 applicants did not qualify with the major requirement, and 6 applicants did not make the language level test. A total of 90 applicants attended the interviews, and 20 applicants from them were accepted in the program. The program was divided into three phases; the third phase took place at the time of report preparation, after achieving the first two phases. The first phase was for the conceptual training, which included some training programs that took place in Kuwait in collaboration with local and international institutions, and varied from specialized technical programs to behavioral and managerial programs. The second phase was for the field training, in which the trainees were trained on the work mechanisms of the CMA's departments in order to get acquainted with the work at the CMA, its various activities and organizational structure, and the extent to which the departments work together and with external entities. This phase also included visiting several relevant institutions and authorities in Kuwait to view their major activities.

The third phase was for the external training. It is implemented in cooperation with Harvard Law School that prepared and applied a program for the trainees based on the CMA's requirements and conditions.

Chapter Two

The Financial Affairs and Treasury Aspect

The CMA is responsible of managing and executing its financial transactions according to the approved regulations, policies, and systems. It manages, employs, and invests its cash reserves, and prepares its annual budget. It also proceeds the implementation of the financial procedures in terms of income and expense, and prepares relative reports and financial statements including the final account. In addition, it implements procurement, tenders, and contracts in order to provide its needs of materials, services, advisory, or execution of work and contracting. Details of the implemented tasks of this field will be presented in the following context:

In terms of procurement and services, the CMA prepared and approved the procurement plan for the financial year of (2019/2020), and implemented the periodic tasks that meet its requirements of procurement, services, or implementation of works (prepared 551 purchase requests, issued 373 purchase orders, approved 37 contracts and 16 contractual annexes, and prepared and submitted 9 tenders' booklets). In addition, it developed the models of contract formats, master specifications' booklet, contracts' follow-up, services request, and service receipt. It also developed a timetable that follows up the documentary cycle of contracts and tenders and updated the approved suppliers' list to include 202 approved companies. Moreover, procurement and services' tasks were monitored periodically through weekly, monthly, and quarterly reports; 1316 relative documents were archived except the ones related to the public record.

About the tasks that are concerned with the treasury, the CMA complied with the policy of investing in financial surpluses by supervising and managing its deposits in order to ensure a financial stability, as it developed and approved the annual plan of investing in its deposits for the financial year of (2019/2020). In addition, an alerting feature regarding the due date of deposits has been added, to be received by email. This feature helps to monitor the CMA's deposits. The CMA also prepared a study concerning developing the mechanism of managing its financial surpluses. It is worth noting that during the financial year of (2018/2019), the CMA achieved a profit of KWD 2,158,001 (two million, one hundred and fifty eight thousand, and one Kuwaiti Dinars) from its invested deposits.

Moreover, periodic follow-up has taken place quarterly for the Kuwaiti banks' credit classification. Another periodic follow up was made for the local markets to monitor the changes in the rates of interests and murabaha according to the Kuwaiti Dinar.

In terms of the accounting tasks, issuing checks electronically has been activated through the financial system, in addition to developing the procedures of saving, delivering, cancelling the checks, and saving the cancelled checks. The receipt voucher has also been developed in order to decrease the documentary cycle, as well as the accounts' manual that was developed and amended to work in line with the businesses' requirements, and the international financial reporting standards. The CMA's contracts and its certain payments were monitored and classified so that it can easily reported to the regulators. Furthermore, the mechanism of saving the hard copies of the accounting entries and the supporting documents has been developed for ease of reference. The CMA also activated the internal controls procedures that are concerned with several accounting tasks, such as preparing an accounting entry, posting to the general ledger, the suppliers' entry, and preparing banking settlements. In addition, receiving the fees has been facilitated, and the

treasury's contents has been inventoried. Moreover, the CMA activated the system of accruals to be through the financial system and linked the financial system with the Human Resources system in order to guarantee the conformity of the two systems' outputs, as well as activating the automatic linkage between the CMA's accountants.

In terms of the procedures that are related to budget, the project of the annual budget of the financial year of (2019/2020) has been prepared and approved, after preparing and applying its instructions and guidelines' memorandum according to the new budget system.

Similarly, the CMA prepared its final account of the financial year of (2017/2018), monitored the budget and the temporary budget of the financial year of (2018/2019), and prepared monthly and quarterly reports for the first half of the latest financial year. On the other side, the CMA continued monitoring the repayment of expenses, and the revenue collection of all budget items. In addition, it implemented 600 purchase orders, 135 payment forms for salaries, vacations, and end of service, 768 receipt vouchers (revenues), and archived 1128 documents.

About the tasks that are concerned with warehouses, the CMA encoded and classified 237 categories. It entered the classifications and numbers in the warehouse system, formatted and classified their contents, and uploaded lists of the damaged items. Moreover, an electronic system for warehousing has been activated, in addition to organizing the process of releasing the items by following up the releasing reports, and implementing the formats mentioned in the executive policies and procedures' manual of procurement and contracts.

Finally, and in terms of reviewing, the CMA activated "Online Banking" to view its local bank accounts in order to facilitate the procedures of monitoring and tracking the daily banking transactions. The CMA also provided the Public Institution for Social Security with the salary scale of its resigned and current employees since its establishment, to update the financial details of those registered in PIFSS, and as a preparation for the automatic link that will be between CMA and PIFSS. Moreover, it paid the PIFSS the subscription fees of social insurance and the increase fund of the employer's share after preparing, reviewing, and settling the bonus of CMA's employees since its establishment. It also paid the PIFSS the due insurances and provided it with a detailed list of the due amounts for every employee, to be monthly and retroactively since 31 March 2010 to the present date.

Within the same framework, the CMA monitored the cash inflows and outflows of its bank accounts continuously and on a daily basis through the "Online Banking".

Chapter Three

Technical Regulation and Update

In the technical field, the CMA constantly provides its needs of automated systems, electronic information systems, programs, and applications and their accessories, in addition to managing, operating, maintaining these systems, and developing them to work in line with the best practices, and latest editions.

The CMA depended on effective policies and procedures to protect its critical and significant information. It strengthened these policies and procedures with an advanced infrastructure that protects the information security, and continuously upgrades the regulatory services provided for the companies or the individuals.

The CMA also increased its members' security awareness by making them aware of the information security rules to be in parallel with the security controls. This is to guarantee the change in the security culture and general behavior that is concerned with reaching the critical information, and dealing with them on a daily basis paper-based or electronically.

Moreover, the CMA applied the information security standards sustainably through a group of experienced persons in the mechanism of maintaining the confidentiality of information and the basic regulations at its highest levels. It also conducted the tests of its internal network, periodically and throughout the year, in order to ascertain its integrity and security, overcome the deficiencies that had been revealed by the security reports, and to pass the standard criteria.

On the other hand, it is worth noting that during the financial year of (2018/2019), the CMA implemented several technical projects that contribute to develop its work environment. These projects were in the fields of information security, and programs and applications, some of which will be viewed in the following points:

A. The field of Information Security:

The following projects have been implemented and updated:

1- Simulation of postal fraud system – Knowbe4:

This system helps implementing the awareness campaigns of information security. It also enables the information security team to send awareness messages, and the messages of simulation of postal fraud to measure the employees' awareness level in the information security.

2- Information security awareness:

The CMA prepared a comprehensive plan containing several mechanisms to raise the information security awareness among its employees, to be implemented according to a specific timetable.

3- Business Continuity and disaster recovery:

Within the framework of the integrity of its information security system, CMA prepared a policy of its business continuity, and specific plans for its organizational units' business continuity.

4- Updating the IT policies and procedures' manual:

Periodically, the CMA updates the policies and procedures' manual concerning the IT tasks in order to include additional policies and procedures that work in line with the international standards.

B. The field of programs and applications:

The CMA implemented the following initiatives:

- **Developing the CMA Portal:**

The CMA developed a new version of its portal to include several services for the public, especially the services of registration and licensing.

- **The CMA's awareness magazine:**

A special application has been developed to support issuing and publishing CMA's awareness magazine, and other functions that will increase the effectiveness of its publication.

- **The electronic messaging system:**

The governmental electronic messaging system has been designed and implemented by the Central Agency for Information Technology. This system enables the governmental entities to communicate electronically as an attempt to create a paper-free environment.

- **Developing the system of managing the violations' record:**

The actual operation of the system of managing the violations' record took place in 2018. It manages the processes of monitoring the violations committed by the licensed persons.

- **Developing the system of managing the warehouses:**

The CMA developed a system for managing its warehouses, which monitor the inventory, manage the requests of releasing items, follow up the quantities, and issue the alerts of requests' limits, and items' validity.

- **Developing the Human Resources system:**

The CMA made various updates on the Human Resources System last financial year. The major updates were issuing automatic tapes that deliver the information to PIFSS every month, redesigning the self-service, in addition to other valuable services that serve the employees.

C. The information infrastructure:

During the financial year of (2018/2019), the CMA made a major development on its information infrastructure by replacing the devices and equipment at the Main Data Centre with others align with the technical developments and approved policies of replacing the equipment. The replaced equipment were used at the CMA's Minor Data Centre.

Chapter Four

Performance Development and Risk Management

During the financial year of (2018/2019), the CMA continued managing, evaluating, and tracking the performance development in its sectors according to their objectives and competences. It classified the risks that it may face, identified and analyzed their causes, and developed ways to confront them in order to support its procedures' quality, effectiveness, and efficiency, and to be within the framework of the approved rules and systems.

In the field of performance development and risk management, the CMA achieved the following tasks:

During the period that extended from July 2018 to February 2019, it prepared work procedures' manuals of its sectors and offices that form as part of the Managing Director in accordance with the applicable rules.

During the period that extended from December 2018 to February 2019, it prepared operational performance indicators that are necessary to measure the efficiency and effectiveness of the work procedures of the organizational units of its sectors and offices that form as part of the Managing Director.

CMA prepared risk management operational policy, and approved it in 04 July 2018.

In February 2018, CMA prepared the internal bylaw of the Risk Management Committee that forms as part of the Board of Commissioners, and approved in March 2018.

Chapter Five

Strategic Planning

The strategic aspect of CMA's work has a special priority for its being the main basis for achieving the objectives that were set in the CMA Law on one hand, and the CMA's pursuit to lead its role in achieving the government development trends on the other. Within this framework, the CMA prepared and developed its strategic plans, and set its main objectives and strategic themes in order to achieve its orientations concerning the capital markets.

Before viewing the main achieved strategic tasks of the financial year of (2018/2019), it is worth noting that the CMA launched its second strategy of (2018-2021). Last financial year was considered as the first year of this strategy, which aims to continue the efforts of development, excellence and advancing towards enhancing the efficiency of the capital markets in its legislative, regulatory, supervisory, and control aspects. The other sections of the report present several projects, which started before this strategic plan and are still on the track of implementation, in addition to other projects that started in the first year of this strategy, which aim at achieving the previously mentioned objectives. The first project is "Capital Adequacy Rules" that aim to prepare and set the instructions of the licensed persons' Capital Adequacy standard. It enables the licensed persons to maintain appropriate levels of capital that are consistent with the risks profiles concerning their activities, measure their suitability and ability to meet their commitments, and pass the losses that it may confront in the future. This project, which was spearheaded internally by CMA's workforce is considered a backbone for the start of many other related projects, such as "Issuing the Licensing Rules and Regulations for the Licensed Persons According to the Type of Activity" that will be implanted in the beginning of the financial year of (2019/2020). Moreover, the CMA finalized the study for creating alternative tools of investments for the consolidated financial portfolios, in preparation for the final issuance of these rules after being approved by the Board of Commissioners in its meeting No. 24 of 2018 that was held on 25 July 2018.

It is worth noting that the CMA fulfilled the requirements of the World Bank poll concerning CMA's practices in setting its strategic priorities, and linking them to its budget and supervisory system, in addition to participating with the State Audit Bureau of Kuwait in evaluating its performance efficiency and effectiveness.

The strategic tasks that were implemented during the financial year of (2018/2019) varied in terms of setting strategic plans for CMA's projects, preparing reports of strategic tasks, and forming committees.

In terms of plans, the CMA has set a plan for its projects for financial year of (2019/2020). It also prepared project achievement reports required to issue journals of the strategic compatibility concerning its projects, which will be presented in other sections of the report.

At the level of Kuwait's Annual Development Plan for the financial year of (2019/2020), the CMA held several meetings with the General Secretariat of the Supreme Council for Planning and Development to discuss the standards of including the CMA's projects in this plan. Both sides agreed to exclude the CMA's Headquarters in the development plan, and to only include "CMA's XBRL Based Electronic Filing Platform" project, which is on its track according to the approved plan.

It is worth noting that the CMA prepared several reports related to strategic tasks. First, it prepared the quarterly follow up reports for the operational plan projects for the financial year of (2018/2019). Second, it prepared the CMA sectors' objectives and programs report to be included in CMA's budget project of the financial year of (2019/2020). The third report discussed a study concerning the strategy and mechanisms of achieving GCC markets' integration. It also prepared the CMA's achievements report for the financial year (2018/2019), which was used as a reference in the preparation of the statement of the Minister of Finance concerning Kuwait's economic, financial, and monetary conditions, and the national annual budget project for the financial year (2019/2020).

As the committee that was formed in January 2017 to prepare the CMA's strategy of (2018/2021) achieved its task, and strategy was approved according to the Board of Commissioners resolution of May 2018; at the time of report preparation, the implementation plan of that strategy will be prepared to include the plans' initiatives over its years, and determine performance indicators of the strategic objectives' performance. It is worth noting that the CMA formed many other committees related to its strategic tasks, which were as follows:

- The Technical Committee of Setting the Objectives and Financial Estimates that are required for the Regional Institute of the Capital Markets Authority for Training and Studies: This committee was formed in 2017. The amendment of the resolution of its establishment suggested that its role would extend beyond the financial year of (2018/2019). Its name was revised to the technical committee of setting the objectives and financial estimates that are required to construct or participate in the construction of an educational or training institution in the area of capital markets. The work is ongoing to issue the project tender in July 2019.
- The Steering Committee of the CMA's XBRL based Electronic Filing Platform: this committee prepared the Disclosure System, and uploaded it in its final form according to the document of the approved work requirements in the operational environment. It also received the manuals of the system and its applications. This project was planned to launch in the last quarter of the financial year.
- The Steering Committee for preparing and setting the instructions, rules, forms, and work programs of the Capital Adequacy Rules for Licensed Persons: this committee was formed in 2017, and its work continued to the last financial year. It prepared the final draft of its instructions and forms. The later stages of this committee will be approving the instructions, and preparing a document for documenting the requirements, and setting the technical solutions that are necessary for submitting the reports of Capital Adequacy Rules electronically.
- The Annual Budget Preparation Committee: this committee is responsible for preparing the annual budget of all financial years, and their projects' lists.
- The Committee of Planning and follow up with the General Secretariat of the Supreme Council for Planning and Development: this committee is responsible for coordinating with the General Secretariat to discuss the CMA's projects that can be listed in Kuwait's annual development plan.
- The CMA is also a member in the Supervisory Committee of Studying the Strategies and Mechanisms of GCC Markets' Integration: this committee is responsible for communicating and coordinating with the General Secretariat of the Gulf Cooperation Council, and the capital markets authorities of the member states to discuss common cases concerning the strategies of GCC markets' integration.

Finally, according to the CMA's belief in the importance of developing human capital skills related to strategic thinking and planning, the CMA worked on the continuous enrollment of its workforce in specialized training programs and conferences that are related to their tasks, and also to perform site visits to strategic planning units in similar entities.

Section Seven

Future Visions and Trends

The CMA aims through its medium and long term strategic objectives towards achieving its objectives. This is done in accordance with the CMA Law, which in turn develops the role of the CMA in the process of achieving the country's strategic development orientation in the transformation to a regional financial center that the appropriate investment environment with the required efficiency represents one of its main pillars.

In order to achieve its objectives, the CMA has endeavored to incorporate its vision and future outlook into an ambitious strategy that extends over four years (2018/2021) and was approved by the Board of Commissioners in its resolution dated 16 May 2018.

It is important to emphasize the close connection between the strategic directions of the Authority and the development trends of Kuwait and its procedures in support of the path of financial and economic reform, especially in terms of achieving a balance in the structure of the national economy by redrawing the role of Kuwait in this economy and increasing the contribution of the private sector in economic activity that enables it to regain its leading role, and the participation of citizens in the ownership of projects and support for the long-term sustainability of economic and social well-being. In this context, it can be noted that the various strategic projects of the CMA are a reflection of this connection, like the privatization of Kuwait Stock Exchange, which is an example of supporting public sector privatization programs as a measure that supports the trends of private sector participation in economic activity as well as trends in citizen participation in project ownership. Other projects, such as the CMA's XBRL based electronic filing platform project, market development and market upgrade project, as well as preparing Capital Adequacy Rules for licensed persons, and the national project for the promotion of financial literacy, which are overall trends that directly contribute to other actions supportive of the path of financial and economic reform, especially the ones related to the creation of a stimulating environment for the private sector, the repatriation of local investments and the attraction of foreign affairs.

It can be said that the CMA mechanisms to achieve its future vision through the aforementioned strategy vary between the completion of the implementation of the current strategic projects, as well as the initiatives that are currently being implemented and those to be implemented during the remaining years of the strategy, which represent, along with the usual activities distributed by the according to the roles of its sectors and main departments the current trends and future visions.

The upcoming years in the plan will witness the completion of the remaining phases of the strategic projects currently under implementation, the most important of which is the privatization of the stock exchange, which is expected to complete its final phase, the citizens' subscription, towards the end of the coming financial year, and MD Project which will continue in the implementation of its third and fourth phases which include a number of important changes. The third phase includes changes to the development of the Central Counter Party (CCP) for the stock market and funds, the presentation of the Qualified Broker model, the settlement of transactions by using the DvP model² (Gross Securities Net Cash), as well as the provision of lending, borrowing and short selling rules, introducing the mechanism of trading of shares through share exchange, developing financial collateral management using Straight-through-processing) segregating clients' accounts among omnibus accounts, offering Repos and margin trading. The fourth phase of the project witnesses important changes such as the introduction of the Central Counterparty (CCP), derivatives, bonds, Sukuk and ETFS units, in addition to the development of the risk management model for the Market Development project and the clearing members model.

The upcoming period is expected to witness the completion of the remaining three phases of the Qualifications Examinations Project for Registered Employment Positions, as well as the preparation of the Capital Adequacy Rules for Licensed Persons, , as with the launch of the CMA's XBRL Based Electronic Filing Platform which was in February 2019, where it is expected to be mandated after the completion of its experimental phase, work will continue among the national project for the promotion of financial literacy and the project of "upgrading the classification of the stock market" after the promotion of S & P Dow Jones in November 2018, following the announcement of the expected upcoming promotion in September of this year with MSCI. It is planned to follow up the efforts for its upgrade with MSCI after meeting the notes of foreign companies working in the field of securities. To initiate the first stages of preparation for new strategic projects that represent initiatives to achieve its current strategic plan, such as the Enterprise Resource Planning (ERP) project and the project of the establishment of an educational or training institution in the securities market, where the administrative Resolution No. (86) of 2018 was issued on 13 December 2018 to form a technical committee to set the objectives and financial estimates required for the establishment of this institution or to contribute to its establishment, as well as the project to adopt innovations in the field of financial techniques applied in the financial markets, which issued an administrative Resolution to form the preparation committee No. (20) of 2019, due to the annual report containing a section on the strategic plans of the CMA which will present the implementation of these projects, we will review the outline of its strategy for the years 2018/2021 as well as the initiatives currently Under implementation and those to be implemented during the remaining years of the strategy which represents along with the usual activities of CMA distributed in accordance with the roles of the main sectors and management tools to achieve those visions and trends.

In the area of the CMA's strategy for the years (2018/2021), it is worth noting that the CMA has adopted the basis of its strategy, to be the strategic vision of the State of Kuwait, which aims to enhance the efficiency and competitiveness of the investment environment and the Kuwaiti economy to become one of the leading financial centers in the Middle East, as well as the objectives defined by Law No. (7) of 2010 and its amendments, in addition to the consistency of the plan in its aspects and objectives with the main principles of the International Organization of Securities Commissions (IOSCO).

There are four aspects of this strategy, each of which is divided into three strategic objectives, which are to be achieved through several initiatives, summarized as follows:

- **The first aspect: (Competency and Competitiveness), we present the strategic objectives of this aspect and the initiatives aiming to achieve them, as follows:**
 - The first strategic objective: to develop the legislative and regulatory structures of capital markets, which is being achieved through the following proposed initiatives:
 - Ongoing development of the legislative structure of the CMA in accordance with the best international practices and recommendations issued by IOSCO, taking into account the views of the stakeholders.
 - Complete the market privatization project and adopt its business model.
 - Development of capital markets infrastructure related to trading, clearing and settlement systems, leading to the creation of independent new entities such as the Central Counter Party and the Central Securities Depository Company (CSD).

- Improve the trading system of unlisted companies at Boursa Kuwait or known as over the counter trading in cooperation with Boursa Kuwait, Kuwait Clearing Company and brokerage firms.
- The second strategic objective: to encourage listing, long-term financing, mergers and acquisitions, through the following initiatives:
 - Cooperation with the Supreme Council of Privatization to encourage the privatization program of public sector institutions and authorities of commercial nature in preparation for the subscription and listing of its shares at Boursa Kuwait at a later stage.
 - Create an attractive environment to encourage non-listed companies to be listed at Boursa Kuwait, as well as encourage the joint listing of non-Kuwaiti companies.
 - Contribute to the development of an effective market for bonds and Sukuk in cooperation with the relevant financial brokerage institutions and all government agencies related to these activities.
 - Work to improve and facilitate M&A procedures in accordance with the CMA's Law and Executive Bylaws and in accordance with the best international practices.
- The third strategic objective: diversification of investment instruments through the following initiatives:
 - Development and regulation of the derivatives markets.
 - Issuing and introducing regulatory regulations for new types of collective investment schemes and enabling persons licensed for managing collective investment schemes to establish specialized collective investment schemes.
 - Work on developing new investment instruments such as lending and borrowing of shares, short selling and buying by margin coverage.
 - Development of the Islamic financial industry in cooperation with all the concerned parties
 - The second aspect: (Investors' Protection), the strategic objectives of this aspect and initiatives to be achieved, are as follows:
- Fourth Strategic Objective: Enhancing investor confidence in capital markets through the following initiatives:
 - Improving the level of supervision over trading and developing the systems used to prevent any wrong practices.
 - Develop and activate mechanisms to monitor violations, receive complaints, grievances and reports, and taking action promptly.
 - Working to protect the rights of the minority in companies listed at Boursa Kuwait and the development of regulatory controls.
 - Promote the principles of ideal trading behavior and apply appropriate restrictions in case of violation.
- Fifth Strategic Objective: To reinforce the principles of governance: through several initiatives, the most important of which are:

- Promote the principles of governance in companies listed at Boursa Kuwait and licensed persons in accordance with the best international practices.
- Development of the rules governing the selection of persons with experience and competence to serve on the Board of Directors and senior executive management in companies listed at Boursa Kuwait and licensed persons.
- Activation of the principle of subsequent supervision on the decisions of the boards of directors of listed companies at Boursa Kuwait and licensed persons to ensure the adherence and safeguarding of shareholders' rights and not to exploit any internal information.
- Raise awareness among senior corporate owners about the importance of adopting corporate governance.
- Sixth Strategic Objective: Improving the level of disclosure through the following initiatives:
 - Increase the efficiency of disclosures of interests and material information processes at listed companies and licensed persons.
 - Development of the rules governing the transactions of securities of insiders.
 - Promote the principles of disclosure of direct and indirect ownership of major shareholders (Controlling Aggregates).
 - The third aspect: (Financial Markets Stability), we summarize the objectives of this aspect and initiatives to achieve each of the following:
- Seventh Strategic Objective: To improve the level of risk management of licensed persons through several initiatives:
 - Development of capital adequacy rules for licensed persons.
 - Raising the level of operational risk management and internal supervision of licensed persons, including enhancing information security and ensuring business continuity.
 - Development of scientific methods to assess the financial situation of licensed persons in order to reduce the risk of financial default.
 - Work to ensure that licensed persons comply with international accounting standards.
- Eighth Strategic Objective: Enhance the level of transparency regarding the risks to which financial markets may be exposed,

Through the following initiatives:

- Development of financial models to assess the financial status of companies listed at Boursa Kuwait in order to strengthen supervision on companies with low financial standing to protect investors.
- Development of economic / statistical models to determine the impact of systemic risk on securities activities.
- Develop standard indicators to assess the performance and competitiveness of capital markets at the regional level.
- Development of mathematical models to measure the value of investment risk in securities.

- Ninth Strategic Objective: Enabling investors to assess the benefits and risks associated with securities activities through:
 - Continue working to provide all financial data on listed companies at Boursa Kuwait and trading data to support a prudent decision-making process.
 - Directing licensed persons to issue studies and research on listed companies at Boursa Kuwait.
 - The fourth aspect: (Sustainable Development), we summarize the objectives of achieving this aspect and its initiatives as follows:
- Tenth Strategic Objective: Improve the level of financial, investment and legal literacy related to capital markets among all segments of society. Initiatives proposed in this context include:
 - Establish a specialized institute for the training of workers in capital markets, securities activities and knowledge-based economic development.
 - Advising traders and persons who are licensed to carry out securities activities about the provisions of the law and the executive bylaws and to inform all segments of society of the basics of investment in securities and derivatives and the risks associated with them.
 - Raise the professional efficiency of the positions requiring registration through professional education and Qualification Examinations.
 - Founding and promotion of the financial literacy of young people through several programs and with the participation of various entities such as ministries, and governmental and private institutions.
- Eleventh Strategic Objective: To strengthen local, regional and international cooperation and to gain experience and exchange of information, through:
 - Activate memorandums of understanding and joint cooperation with relevant local, regional and international entities and form specialized committees to exchange experiences and information, strengthen strategic partnerships and unify visions.
 - Actively contribute to the work of specialized committees originating from international institutions and authorities related to securities activities.
 - Participation in conferences and workshops specialized in capital markets to identify the most important issues, challenges and solutions.
- Twelfth Strategic Objective: Development of institutional structure and human resource development (human capital), through several initiatives, the most important of which are:
 - Development of the working environment and the ideal management of human resources and financial resources and strengthening internal governance and operational risk management.
 - Development of the technical environment for the CMA's electronic services with all its clients, including electronic connectivity with the relevant entities.
 - Develop the internal technical environment and improve the level of information security and business continuity.
- Embed the legal literacy and the strategic principles among the CMA staff.

Finally, in a context related to the strategic aspect of the CMA's work, the CMA has adopted a project to develop strategic planning methodology in accordance with the latest international practices applied, especially in the areas of regulatory and supervisory work.

In terms of the trends related to some of the activities of the CMA, which are distributed according to the roles of its sectors and main departments, which translate into some strategic plan initiatives as well, we can point out the most important. In terms of the internal work environment of the CMA, review all financial operations the CMA will continue to ensure the validity of the procedures followed and their compliance with the applicable legislation, activate the functions of financial control to implement all the roles assigned to it within this framework, and on the other hand it will be working on the activation and implementation of operational performance indicators as well as catalyzing the implementation of operational risk management related to the various organizational units, and will also give the chance for some of the CMA's employees to be assigned to work with international capital market authorities in order to develop performance and gain experience, in addition to continuing efforts to strengthen the internal awareness of its employees.

On the legal level, efforts will continue to consolidate the following principles: Stable principles in applying the provisions of the CMA Law and the principles derived from the contracts and strengthening the legal literacy and developing mandatory interpretations of some provisions of the Executive Bylaws of Law No. (7) of 2010 on the Establishment of the Capital Markets Authority and Regulating Securities Activities and their amendments, and continue efforts to promote legal literacy.

In the regulatory field, it is expected to continue working on issuing new rules for income-generating real estate (traded) funds. The legislation will also be developed to market a collective investment scheme established outside the State of Kuwait, as well as the development of legislation to increase and decrease capital, share split, employee stock option plan, and the implementation of the amendments to these regulations will be monitored to develop the required amendments later in light of practical application. In the same context, the development and progress of investment tools in line with international best practices will continue, carrying out procedure aimed at regularizing investment tools with future controls. In the same regulatory framework, specifically in the area of M&A activities, the legislative, technical and supervisory structure of these activities will be developed in line with international best practices, as well as the development of controls to protect minority rights in companies listed at Boursa Kuwait and to create added value to the M&A market, as well as the development of mergers and acquisitions operations without prejudice to the principle of competition and monopoly, taking into account the guarantees to avoid conflicts of interest in the preservation of shareholders' rights, as well as the development of the monitoring of the direct and indirect ownership of the controlling entity of a listed company, and will also work on the preparation of automated systems for treasury shares and grant shares.

Also in the regulatory context, efforts will continue to amend the Executive Bylaws related to the regulatory functions, as in Module Eleven (Listing Rules), in light of market development project, efforts will also continue within the framework of derivatives.

In the field of studies related to the organizational aspect of the CMA's functions, it is expected to update several studies, such as the study on the competitiveness of capital markets in the GCC countries and the study on Early Warning Indicators to track the movement of the most important economic and financial variables affecting the activity of securities in the State of Kuwait according

to the data of 2018, as well as the study on the guide to the classification of the efficiency of companies listed at the Exchange according to the data of 2018 also, in addition to the comparative study of international best practice on how the staff at the exchange or the clearing agency execute trading to include trading of the staff at the regulatory authorities in accordance with the legislative controls of some regional and international regulatory entities.

In the area of supervision, it is worth mentioning several directions that are being prepared for implementation, such as the classification mechanism for investment companies, brokerage firms, auditors and legal auditors for the financial year (2020-2021), as well as the preparation of the comprehensive field inspection plan as well as the specific field inspection plan for that year and follow-up the correction of companies to the observations of the comprehensive field inspection teams, in addition to conducting the tasks of inspection on a number of brokerage companies, as well as auditors and sharia auditors, and is expected to work on increasing the number of field inspection teams, to reduce the field inspection cycle and increase the efficiency and effectiveness of these types of oversight functions in general.

In terms of Anti-Money Laundering and Combating Financing of Terrorism related tasks, it is expected that the field supervision role will be added based on a methodology founded on the risks of money laundering and terrorist financing to licensed persons by CMA, as well as current tasks.

Also in the supervision framework, the requirements of the of Capital Adequacy Rules and the XBRL Electronic Disclosure System project are expected to be completed. A study will also be prepared on the issuance of guiding principles on corporate risk tolerance and the development of an integrated risk assessment methodology, risk management training tailored for regulatory duties/functions, as well as the introduction of a model to study the financial statements of listed companies.

In the same context, the development and updating of the automated control system will be developed in line with the proposed amendments to the rules and regulations of the Securities Exchange, as well as the development of the internal work mechanism through the use of modern automated systems that contribute to the fulfillment of the supervisory work of the CMA, especially the system of receiving the periodic reports pertaining to the rules of securities investment portfolios, in addition to discussing the proposal to regulate the rules of the requirements of electronic trading service.

In the field of disclosure, there are several directions for important developments, some of which is regulatory and related to the development of Module Ten of the Executive Bylaws to be up-to-date of the latest developments in this regard, and others that are regulatory related to the completion of the implementation of the XBRL system to follow up on the compliance of persons obliged to disclose according to the provisions of Module Ten, and strengthen communication with companies to avoid falling into violations.

On the other hand, the CMA will continue its efforts in the awareness field, either through the follow-up of its periodic activities or the implementation of new awareness initiatives currently under preparation, it aims at the segments of investors and those involved in securities activities in addition to different community groups.

As for the efforts of communication, coordination and cooperation locally, regionally and globally, the CMA will continue its coordination efforts with the Central Bank of Kuwait in accordance with the

Memorandum of Understanding between the two parties, as well as with the standing committee to improve the business environment and enhance competitiveness to represent the CMA in the protection of minority rights indicator, and join the organizing committee in the FATCA Agreement between the Kuwaiti Ministry of Finance and the U.S. Department of Treasury to implement the FATCA Law on licensed persons subject to the CMA's supervision. The CMA will also continue its coordination efforts with government agencies on the required arrangements, or memorandums of understanding to be signed on the list of insiders of the employees of those entities in the listed companies, and work will be done to identify the relations between the shareholders according to Module Ten (Disclosure and Transparency) of the Executive Bylaws of CMA Law by studying the possibility of coordination with the Ministry of Commerce and Industry and the General Authority for Civil Information.

As for the regional and international levels, the CMA will continue its coordination efforts with similar entities in the GCC countries, in addition to enhancing and strengthening its contacts with IOSCO and participating in its meetings as well as the activities of its various committees such as (AMERC) and (GEMC), to coordinate with them in various areas, such as providing required reports and surveys.

In a similar context, it is worth mentioning the formation of a working team for the development of markets at the CMA to follow up the coordination tasks with COMCEC.

There are also several directions for signing technical cooperation agreements with similar financial entities to follow up with instructions, rules and regulations related to some of the CMA's activities, such as collective investment schemes.

In conclusion, the above review represents some of the future visions of the CMA and the translation of its long-term objectives resulting in radical changes in the reality of local securities activities, placing them within the appropriate framework of the transition to universality and occupying the status owed, and is confident that it will succeed in achieving the efforts of its members and the sincere national talents, and the cooperation of its partners in the Capital markets system, and the remarkable government support, and Amiri directions that represents its guidance approach.

Section Eight



ديلويت وتوش الوزان وشركاه

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تقرير مراقب الحسابات المستقل إلى السادة أعضاء مجلس المفوضين

هيئة أسواق المال

هيئة عامة مستقلة

دولة الكويت

تقرير حول تدقيق البيانات المالية

الرأي

لقد تدققنا البيانات المالية المرفقة لهيئة أسواق المال (هيئة عامة مستقلة) "الهيئة" والتي تتضمن بيان المركز المالي كما في 31 مارس 2019 وبيانات الدخل الشامل والتغيرات في صافي الموجودات والتدفقات النقدية للسنة المنتهية بذلك التاريخ والإيضاحات المتعلقة بالبيانات المالية، والتي تتضمن ملخص السياسات المحاسبية الهامة.

برأينا أن البيانات المالية المرفقة تعبر بصورة عادلة، من جميع النواحي المادية، عن المركز المالي للهيئة كما في 31 مارس 2019 وعن أدائها المالي وتدفقاتها النقدية للسنة المنتهية بذلك التاريخ وفقاً للمعايير الدولية للتقارير المالية.

أساس الرأي

لقد قمنا بأعمال التدقيق وفقاً لمعايير التدقيق الدولية. إن مسؤولياتنا طبقاً لتلك المعايير موضحة بشكل أكثر تفصيلاً في فقرة "مسؤوليات مراقب الحسابات عن تدقيق البيانات المالية" والواردة ضمن تقريرنا. نحن مستقلون عن الهيئة وفقاً لميثاق الأخلاقيات المهنية الصادر عن مجلس المعايير الأخلاقية الدولية للمحاسبين، كما التزمنا بمسؤولياتنا الأخلاقية الأخرى وفقاً لهذا الميثاق. باعتقادنا أن أدلة التدقيق التي حصلنا عليها كافية وملائمة لتوفر أساساً لرأينا.

أمور أخرى

تم تدقيق البيانات المالية لهيئة أسواق المال للسنة المنتهية في 31 مارس 2018 بواسطة مدقق آخر والذي أصدر تقريراً غير معدل بتاريخ 11 يوليو 2018.

مسؤوليات الإدارة والمسؤولين عن الحوكمة عن البيانات المالية

إن الإدارة هي المسؤولة عن إعداد وعرض هذه البيانات المالية بصورة عادلة وفقاً للمعايير الدولية للتقارير المالية وعن وضع نظم الرقابة الداخلية التي تراها الإدارة ضرورية لإعداد بيانات مالية خالية من الأخطاء المادية سواء كانت ناتجة عن الغش أو الخطأ.

عند إعداد البيانات المالية، تتحمل الإدارة مسؤولية تقييم قدرة الهيئة على متابعة أعمالها على أساس مبدأ الاستمرارية مع الإفصاح، متى كان ذلك مناسباً، عن الأمور المتعلقة بالاستمرارية واستخدام مبدأ الاستمرارية المحاسبي ما لم يتقرر تصفية الهيئة أو وقف أعمالها أو في حالة عدم توفر أي بديل واقعي سوى اتخاذ هذا الإجراء.

يتحمل المسؤولون عن الحوكمة مسؤولية الإشراف على عملية إعداد التقارير المالية للهيئة.

مسؤوليات مراقب الحسابات عن تدقيق البيانات المالية

إن هدفنا هو الحصول على تأكيد معقول حول ما إذا كانت البيانات المالية ككل خالية من الأخطاء المادية سواء كانت ناتجة عن الغش أو الخطأ وإصدار تقرير مراقب الحسابات الذي يتضمن رأينا. إن التوصل إلى تأكيد معقول يمثل درجة عالية من التأكيد، إلا أنه لا يضمن أن عملية التدقيق التي تتم وفقاً لمعايير التدقيق الدولية سوف تنتهي دائماً باكتشاف الأخطاء المادية في حال وجودها. وقد تنشأ الأخطاء عن الغش أو الخطأ وتعتبر مادية إذا كان من المتوقع أن تؤثر بشكل فردي أو مجتمع على القرارات الاقتصادية للمستخدمين والتي يتم اتخاذها على أساس هذه البيانات المالية.

تقرير مراقب الحسابات المستقل إلى السادة أعضاء مجلس المفوضين (تتمة)

هيئة أسواق المال

هيئة عامة مستقلة

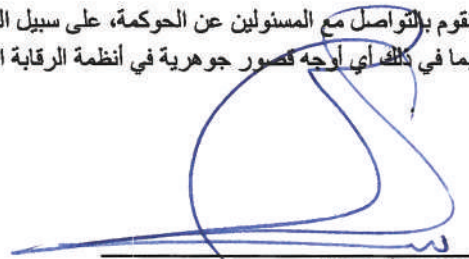
دولة الكويت

تقرير حول تدقيق البيانات المالية (تتمة)

مسئوليات مراقب الحسابات عن تدقيق البيانات المالية (تتمة)

كجزء من عملية التدقيق وفقاً لمعايير التدقيق الدولية، فإننا نمارس أحكاماً مهنية ونحافظ على الشك المهني طوال فترة التدقيق. كما نقوم بما يلي:

- تحديد وتقييم مخاطر الأخطاء المادية في البيانات المالية سواء كانت ناتجة عن الغش أو الخطأ وتصميم وتنفيذ إجراءات التدقيق التي تتناول تلك المخاطر والحصول على أدلة تدقيق كافية وملائمة توفر أساساً لراينا. إن مخاطر عدم اكتشاف الأخطاء المادية الناتجة عن الغش تفوق تلك الناتجة عن الخطأ؛ حيث أن الغش قد يشمل التواطؤ أو التزوير أو الإهمال أو الحذف المتعمد أو التضليل أو تجاوز الرقابة الداخلية.
 - تفهم أنظمة الرقابة الداخلية ذات الصلة بالتدقيق من أجل تصميم إجراءات تدقيق ملائمة للظروف ولكن ليس بغرض إبداء رأي حول فعالية الرقابة الداخلية لدى الهيئة.
 - تقييم مدى ملاءمة السياسات المحاسبية المتبعة ومعقولية التقديرات المحاسبية والإيضاحات المتعلقة بها المعدة من قبل الإدارة.
 - استنتاج مدى ملاءمة استخدام الإدارة لمبدأ الاستمرارية المحاسبي وتحديد ما إذا كان هناك عدم تأكد مادي متعلق بأحداث أو ظروف قد تثير شكاً جوهرياً حول قدرة الهيئة على مزاولة أعمالها على أساس مبدأ الاستمرارية، وذلك بناءً على أدلة التدقيق التي حصلنا عليها. وفي حال استنتاجنا وجود عدم تأكد مادي، يتوجب علينا أن نلفت الانتباه في تقريرنا إلى الإفصاحات ذات الصلة الواردة في البيانات المالية، أو في حال كانت هذه الإفصاحات غير كافية، يتوجب علينا تعديل رأينا. تستند استنتاجاتنا إلى أدلة التدقيق التي حصلنا عليها حتى تاريخ تقريرنا. على الرغم من ذلك، قد تتسبب الأحداث أو الظروف المستقبلية في توقف الهيئة عن مزاولة أعمالها على أساس مبدأ الاستمرارية.
 - تقييم العرض الشامل وهيكل ومحتويات البيانات المالية، بما في ذلك الإفصاحات، وما إذا كانت البيانات المالية تعبر عن المعاملات والأحداث ذات الصلة بطريقة تحقق العرض العادل.
- نقوم بالتواصل مع المسؤولين عن الحوكمة، على سبيل المثال لا الحصر، فيما يتعلق بالنطاق المخطط لعملية التدقيق وتوقيتها ونتائجها الهامة بما في ذلك أي أوجه قصور جوهريّة في أنظمة الرقابة الداخلية والتي قد يتم تحديدها خلال عملية التدقيق.



يوسف الزهراني

سجل مراقبي الحسابات رقم 62 فئة "أ"
ديلويت وتوش - الزهراني وشركاه

الكويت في 10 يوليو 2019

بيان المركز المالي كما في 31 مارس 2019

(جميع المبالغ بالدينار الكويتي)

2018	2019	إيضاح	الموجودات
			الموجودات المتداولة
1,157,749	2,982,577		حسابات جارية بالبنوك
91,351,653	90,674,599	5	ودائع لأجل
1,639,290	1,034,430	6	ذمم مدينة وأرصدة مدينة أخرى
94,148,692	94,691,606		
			الموجودات غير المتداولة
18,821,492	-	6	مستحق من شركة بورصة الكويت للأوراق المالية
696,271	561,573	7	موجودات غير ملموسة
1,873,248	1,326,538	8	ممتلكات ومعدات
21,391,011	1,888,111		
115,539,703	96,579,717		مجموع الموجودات
			المطلوبات
			المطلوبات المتداولة
6,342,984	8,012,173	9	ذمم دائنة وأرصدة دائنة أخرى
19,800,000	19,800,000	10	مخصص مطالبات
26,142,984	27,812,173		
			المطلوبات غير المتداولة
5,435,012	7,172,358		مكافأة نهاية الخدمة للموظفين
31,577,996	34,984,531		مجموع المطلوبات
83,961,707	61,595,186		صافي الموجودات
			يتم تمويله كما يلي: -
40,000,000	40,000,000	11	رأس المال التشغيلي
64,972,739	45,457,115	11	الاحتياطي العام
(21,011,032)	(23,861,929)		صافي خسارة السنة
83,961,707	61,595,186		

إن الإيضاحات المرفقة تشكل جزءاً لا يتجزأ من هذه البيانات المالية.

أ.د. أحمد عبدالرحمن المحم
رئيس مجلس مفوضي هيئة أسواق المال
والمدير التنفيذي

بيان الدخل الشامل للسنة المنتهية في 31 مارس 2019

(جميع المبالغ بالدينار الكويتي)

2018	2019	إيضاح	
			الإيرادات
72,691	105,567		رسوم اشتراكات
1,151,648	2,524,892		رسوم مختلفة وإيرادات عمليات أخرى
2,149,341	2,158,002		إيرادات فوائد ودائع
<u>3,373,680</u>	<u>4,788,461</u>		إجمالي الإيرادات
			المصروفات والأعباء الأخرى
20,545,816	22,096,467	12	تكاليف موظفين
4,351,626	5,518,988	13	مصروفات إدارية أخرى
958,363	1,034,935		استهلاكات وإطفاءات
<u>25,855,805</u>	<u>28,650,390</u>		إجمالي المصروفات
<u>(22,482,125)</u>	<u>(23,861,929)</u>		صافي خسارة السنة من التشغيل
			العمليات المتوقفة
1,471,093	-	14	ربح من العمليات المتوقفة
<u>(21,011,032)</u>	<u>(23,861,929)</u>		صافي خسارة السنة
			بنود الدخل الشامل الأخرى
<u>-</u>	<u>-</u>		إجمالي الخسائر الشاملة للسنة
<u>(21,011,032)</u>	<u>(23,861,929)</u>		

إن الإيضاحات المرفقة تشكل جزءاً لا يتجزأ من هذه البيانات المالية.

بيان التغيرات في صافي الموجودات للسنة المنتهية في 31 مارس 2019

(جميع المبالغ بالدينار الكويتي)

2018	2019	إيضاح	
104,972,739	83,961,707		الرصيد كما في 1 أبريل
(21,011,032)	(23,861,929)		صافي خسارة السنة
-	1,495,408	15.2	صافي متحصلات عملية خصخصة شركة بورصة الكويت
83,961,707	61,595,186		الرصيد كما في 31 مارس

إن الإيضاحات المرفقة تشكل جزءاً من هذه البيانات المالية.

بيان التدفقات النقدية للسنة المنتهية في 31 مارس 2019

(جميع المبالغ بالدينار الكويتي)

2018	2019	إيضاح
(21,011,032)	(23,861,929)	التدفقات النقدية من الأنشطة التشغيلية صافي خسارة السنة
562	-	تسويات:
(2,149,341)	(2,158,002)	خسائر تصفية أعمال مشروع مشترك
958,363	1,034,935	إيرادات فوائد ودائع
1,206,680	1,982,727	استهلاكات وإطفاءات
(20,994,768)	(23,002,269)	مكافأة نهاية الخدمة للموظفين - المكون خلال السنة
(1,466,226)	19,415,669	خسارة العمليات قبل التغيرات في رأس المال العامل
1,250,661	1,756,788	ذمم مدينة وأرصدة مدينة أخرى
(21,210,333)	(1,829,812)	ذمم دائنة وأرصدة دائنة أخرى
(280,406)	(245,381)	النقد المستخدم في الأنشطة التشغيلية
(21,490,739)	(2,075,193)	مكافأة نهاية الخدمة للموظفين - المدفوع خلال السنة
		صافي النقد المستخدم في الأنشطة التشغيلية
2,138,340	2,168,686	التدفقات النقدية من الأنشطة الاستثمارية
11,604,811	677,053	إيرادات فوائد محصلة
(517,763)	(230,005)	ودائع لأجل
(562,308)	(211,121)	المنفوع لاقتناء موجودات غير ملموسة
9,215,633	-	المنفوع لاقتناء ممتلكات ومعدات
21,878,713	2,404,613	المحصل من تصفية المشروع المشترك
		صافي النقد الناتج من الأنشطة الاستثمارية
-	1,495,408	التدفقات النقدية من الأنشطة التمويلية
-	1,495,408	صافي المحصل من خصخصة البورصة
387,974	1,824,828	صافي النقد الناتج من الأنشطة التمويلية
769,775	1,157,749	صافي التغير في النقد والنقد المعادل
1,157,749	2,982,577	النقد والنقد المعادل في بداية السنة
		النقد والنقد المعادل في نهاية السنة

إن الإيضاحات المرفقة تشكل جزءاً من هذه البيانات المالية.

إيضاحات حول البيانات المالية للسنة المنتهية في 31 مارس 2019

(جميع المبالغ بالدينار الكويتي ما لم يذكر غير ذلك)

1. نبذة عن الهيئة

تأسست هيئة أسواق المال "الهيئة" بموجب القانون رقم 7 لسنة 2010 بشأن إنشاء هيئة أسواق المال وتنظيم نشاط الأوراق المالية والصادر بتاريخ 21 فبراير 2010 كهيئة عامة مستقلة تتمتع بالشخصية الاعتبارية يشرف عليها وزير التجارة والصناعة. بتاريخ 4 مايو 2015، تم صدور القانون رقم 22 لسنة 2015 بتعديل بعض أحكام القانون رقم 7 لسنة 2010 بشأن هيئة أسواق المال وتنظيم نشاط الأوراق المالية. وقد تم نشر القانون بالجريدة الرسمية في 10 مايو 2015.

تهدف الهيئة إلى ما يلي:

- تنظيم نشاط الأوراق المالية بما يتسم بالعدالة والشفافية والتنافسية.
- تنمية أسواق المال وتنويع وتطوير أدواتها الاستثمارية مع السعي للتوافق مع أفضل الممارسات العالمية.
- توفير حماية المتعاملين في نشاط الأوراق المالية.
- تقليل الأخطار النمطية المتوقعة حدوثها في نشاط الأوراق المالية.
- تطبيق سياسة الإفصاح الكامل بما يحقق العدالة والشفافية ويمنع تعارض المصالح واستغلال المعلومات الداخلية.
- العمل على ضمان الالتزام بالقوانين واللوائح ذات العلاقة بنشاط الأوراق المالية.
- توعية الجمهور بنشاط الأوراق المالية والمنافع والمخاطر والالتزامات المرتبطة بالاستثمار في الأوراق المالية وتشجيع تنميته.

وفقاً لأحكام المادة (24) من القانون رقم 7 لسنة 2010، يحظر على الهيئة القيام بأي عمل تجاري. كما لا يجوز لها إقراض الأموال أو إصدار الأوراق المالية أو الاستثمار فيها.

إن عنوان الهيئة المسجل هو: صندوق بريد رقم 3913 الصفاة، 13040 الكويت.

تمت الموافقة على إصدار هذه البيانات المالية من مجلس مفوضي الهيئة بتاريخ 10 يوليو 2019.

2. أسس الإعداد والسياسات المحاسبية الهامة

2.1 أسس الإعداد

تم إعداد البيانات المالية وفقاً للمعايير الدولية للتقارير المالية بما لا يخالف أحكام القانون رقم 7 لسنة 2010 وتعديلاته اللاحقة ولائحته التنفيذية. تم إعداد البيانات المالية على أساس التكلفة التاريخية. إيضاح 2.3 يبين السياسات المحاسبية الهامة المستخدمة في إعداد هذه البيانات المالية والتي تم استخدامها في كل السنوات المعروضة.

2.2 تطبيق المعايير الدولية للتقارير المالية الجديدة والمعدلة

2.2.1 المعايير الدولية للتقارير المالية الجديدة والتي أصبحت واجبة التطبيق بداية من السنة الحالية

تم تطبيق المعايير الدولية للتقارير المالية الجديدة والمعدلة التالية، التي أصبحت سارية المفعول على الفترات السنوية التي تبدأ في أو بعد 1 يناير 2018 في هذه البيانات المالية.

- دورة التحسينات السنوية 2014-2016 التي تتضمن التعديلات على المعيار الدولي للتقارير المالية 1 ومعيار المحاسبة الدولي 28.

- تفسير لجنة تفسيرات المعايير الدولية للتقارير المالية 22 "معاملات بالعملة الأجنبية والمقابل المدفوع مقدماً"

- تعديلات على المعيار الدولي للتقارير المالية 2 "الدفع على أساس السهم"

- المعيار الدولي للتقارير المالية 15: "الإيرادات من العقود المبرمة مع العملاء"

- المعيار الدولي للتقارير المالية 9: الأدوات المالية

إن تطبيق هذه المعايير الدولية للتقارير المالية الجديدة والمعدلة لم يكن له أي تأثير مادي على المبالغ المفصّل عنها للسنوات الحالية والسابقة.

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أثر تطبيق المعيار الدولي للتقارير المالية 9 "الأدوات المالية"

في السنة الحالية، طبقت الهيئة المعيار الدولي للتقارير المالية 9 الأدوات المالية (المعدل في يوليو 2014) والتعديلات اللاحقة ذات الصلة على المعايير الدولية للتقارير المالية الأخرى التي يسري مفعولها على الفترة السنوية التي تبدأ في أو بعد 1 يناير 2018. اختارت الهيئة عدم تعديل أرقام المقارنة المتعلقة بتصنيف وقياس الأدوات المالية كما هو مسموح به في الأحكام الانتقالية للمعيار الدولي للتقارير المالية 9.

يقدم المعيار الدولي للتقارير المالية 9 متطلبات جديدة لغرض:

(1) تصنيف وقياس الموجودات والمطلوبات المالية؛

(2) انخفاض قيمة الموجودات المالية، و

(3) محاسبة التحوط العام.

تم شرح السياسات المحاسبية للهيئة فيما يتعلق بتصنيف وقياس الأدوات المالية طبقاً للمعيار الدولي للتقارير المالية 9 في إيضاح 2.3.1.

تطبيق المعيار الدولي للتقارير المالية 15 "الإيرادات من العقود المبرمة مع العملاء"

قامت الهيئة بتطبيق المعيار الدولي للتقارير المالية 15 "الإيرادات من العقود المبرمة مع العملاء" اعتباراً من 1 أبريل 2018. يحل هذا المعيار محل معيار المحاسبة الدولي 11 عقود الإنشاء ومعيار المحاسبة الدولي 18 الإيرادات بالإضافة إلى تفسير لجنة تفسيرات المعايير الدولية للتقارير المالية 13 وتفسير لجنة تفسيرات المعايير الدولية للتقارير المالية 15 وتفسير لجنة تفسيرات المعايير الدولية للتقارير المالية 18 وتفسير لجنة التفسيرات الدائمة 3. يضع المعيار الجديد نموذجاً مكوناً من خمس خطوات للمحاسبة عن الإيرادات الناتجة من العقود المبرمة مع العملاء. بموجب المعيار الدولي للتقارير المالية 15، تتحقق الإيرادات بقيمة تعكس المقابل الذي تتوقع المنشأة الحصول عليه مقابل نقل بضائع أو خدمات للعميل.

طبقت الهيئة المعيار الدولي للتقارير المالية 15 "الإيرادات من العقود المبرمة مع العملاء"، ولم ينتج عنه تغيير في سياسة الاعتراف بإيرادات الهيئة. وعليه، لم يكن له أثر مادي في البيانات المالية.

تم الإفصاح عن السياسات المحاسبية المتعلقة بالمعيار الجديد في إيضاح 2.3.8.

2.2.2 معايير وتفسيرات جديدة صادرة ولكنها غير سارية المفعول بعد

كما في تاريخ اعتماد هذه البيانات المالية، لم تقم الهيئة بتطبيق المعايير الدولية للتقارير المالية التالية الجديدة والمعدلة الصادرة ولكنها غير سارية بعد.

واجبة التطبيق للفترة السنوية التي تبدأ في أو بعد	المعايير الدولية للتقارير المالية الجديدة والمعدلة
1 يناير 2019	المعيار الدولي للتقارير المالية 16: عقود الإيجار
1 يناير 2019	دورة التحسينات السنوية 2015 - 2017 على المعايير الدولية للتقارير المالية التي تتضمن التعديلات على المعيار الدولي للتقارير المالية 3 "دمج الأعمال" والمعيار الدولي للتقارير المالية 11 "الترتيبات المشتركة"، ومعيار المحاسبة الدولي 12 "ضرائب الدخل" ومعيار المحاسبة الدولي 23 "تكاليف الاقتراض".
1 يناير 2019	تفسير لجنة تفسيرات المعايير الدولية للتقارير المالية 23 عدم التأكد حول معالجات ضريبة الدخل
1 يناير 2019	التعديلات على المعيار الدولي للتقارير المالية 9 الأدوات المالية فيما يتعلق بخصائص الدفع المسبق مع التعويض السلبي.
1 يناير 2019	التعديلات على معيار المحاسبة الدولي 19 منافع الموظفين فيما يتعلق بتعديل أو تخفيض أو تسوية خطة منافع محددة
1 يناير 2019	التعديلات على معيار المحاسبة الدولي 28: الاستثمارات في شركات زميلة ومشاريع مشتركة فيما يتعلق بالحصص طويلة الأجل في الشركات الزميلة والمشاريع المشتركة.

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1 يناير 2020	التعديلات على مراجع إطار المفاهيم الواردة في المعايير الدولية للتقارير المالية – التعديلات على المعيار الدولي للتقارير المالية 2 والمعيار الدولي للتقارير المالية 3 و المعيار الدولي للتقارير المالية 6 والمعيار الدولي للتقارير المالية 14، ومعيار المحاسبة الدولي 1 ومعيار المحاسبة الدولي 8 ومعيار المحاسبة الدولي 34 ومعيار المحاسبة الدولي 37 ومعيار المحاسبة الدولي 38، وتفسير لجنة تفسيرات المعايير الدولية للتقارير المالية 12 وتفسير لجنة تفسيرات المعايير الدولية للتقارير المالية 19 وتفسير لجنة تفسيرات المعايير الدولية للتقارير المالية 20 وتفسير لجنة تفسيرات المعايير الدولية للتقارير المالية 22 وتفسير لجنة التفسيرات الدائمة 32 لتحديث البيانات المتعلقة بالمراجع والاختصاصات من إطار المفاهيم أو عندما تشير تلك البيانات إلى إصدار مختلف من إطار المفاهيم.
1 يناير 2020	التعديلات على المعيار الدولي للتقارير المالية 3: دمج الأعمال فيما يتعلق بتعريف الأعمال
1 يناير 2020	التعديلات على معيار المحاسبة الدولي 1 ومعيار المحاسبة الدولي 8 فيما يتعلق بتعريف المادية
1 يناير 2021	المعيار الدولي للتقارير المالية 17- عقود التأمين
تأجيل تاريخ السريان لأجل غير مسمى. ما يزال التطبيق مسموحاً به.	تعديلات على المعيار الدولي للتقارير المالية 10 البيانات المالية المجمعة ومعيار المحاسبة الدولي 28 (الاستثمارات في الشركات الزميلة والمشاريع المشتركة (2011) المتعلقة بمعالجة بيع أو مساهمة الموجودات من المستثمر إلى الهيئة الزميلة أو المشروع المشترك.

لا تتوقع الهيئة أن ينتج عن تطبيق المعايير المدرجة أعلاه أثر مادي في البيانات المالية للهيئة في الفترات المستقبلية.

المعيار الدولي للتقارير المالية 16: "عقود الإيجار"

يسري المعيار الدولي للتقارير المالية 16 على الفترات السنوية التي تبدأ في أو بعد 1 يناير 2019. ويسمح بالتطبيق المبكر باقتراض تطبيق معيار الإيرادات الجديد، المعيار الدولي للتقارير المالية رقم "15"، في نفس تاريخ التطبيق.

إن المعيار الدولي للتقارير المالية 16 لا يغير من طريقة المحاسبة عن عقود الإيجار بالنسبة للمؤجرين بشكل جوهري. كما يطالب المستأجرين بتسجيل معظم عقود الإيجار في بيان المركز المالي كالتزامات عقود إيجار بالإضافة إلى الموجودات الخاضعة لحق الاستخدام. يجب على المستأجرين تطبيق نموذج موحد لكافة عقود الإيجار المحققة، ولكن يكون لهم خيار عدم الاعتراف بعقود الإيجار "قصيرة الأجل" وعقود إيجار الموجودات "ذات القيمة المنخفضة". وعلى وجه العموم، فإن نموذج الاعتراف بالأرباح والخسائر على عقود الإيجار المحققة سيكون مشابهاً لمحاسبة الإيجارات المطبقة حالياً مع الاعتراف بمصاريف الفوائد والاستهلاكات بصورة منفصلة في بيان الدخل.

تعزّم الهيئة تطبيق المعيار الجديد في تاريخ السريان المطلوب، ولن تعدل معلومات المقارنة. خلال السنة المنتهية في 31 مارس 2019، أجرت الهيئة تقييماً لأثر المعيار الدولي للتقارير المالية 16. يستند هذا التقييم إلى المعلومات المتوفرة حالياً، وقد يخضع للتغيرات الناشئة عن المزيد من المعلومات المعقولة والتي ستتوفر لاحقاً عندما تطبق الهيئة المعيار الدولي للتقارير المالية 16. بشكل عام تتوقع الهيئة ألا ينتج عن تطبيق ذلك المعيار أثر جوهري على البيانات المالية للهيئة.

2.3 السياسات المحاسبية الهامة

2.3.1 الأدوات المالية

2.3.1.1 الأدوات المالية (سارية اعتباراً من 1 إبريل 2018):

يتم الاعتراف بالموجودات المالية والمطلوبات المالية عندما تصبح الهيئة طرفاً في الأحكام التعاقدية لهذه الأدوات.

يتم قياس الموجودات المالية والمطلوبات المالية مبدئياً بالقيمة العادلة. إن تكاليف المعاملة المرتبطة مباشرة باقتناء أو إصدار الموجودات المالية والمطلوبات المالية (بخلاف الموجودات المالية والمطلوبات المالية بالقيمة العادلة من خلال بيان الدخل) يتم إضافتها أو خصمها من القيمة العادلة للموجودات المالية والمطلوبات المالية، حيث يكون مناسباً، عند الاعتراف المبني. إن تكاليف المعاملة المرتبطة مباشرة باقتناء الموجودات المالية والمطلوبات المالية بالقيمة العادلة من خلال بيان الدخل، يتم الاعتراف بها مباشرة ضمن بيان الدخل.

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الموجودات المالية

يتم الاعتراف أو الغاء الاعتراف بكافة عمليات شراء أو بيع الموجودات المالية التي تتم بالشروط الاعتيادية باستخدام طريقة تاريخ المتاجرة. إن عمليات الشراء أو البيع التي تتم بالشروط الاعتيادية هي عمليات شراء أو بيع موجودات مالية تتطلب تسليم الموجودات خلال فترة يتم تحديدها عامة وفقاً للقوانين أو الأعراف المتعامل بها في السوق. يتم لاحقاً قياس كافة الموجودات المالية المدرجة سواء بالتكلفة المطفأة أو بالقيمة العادلة وفقاً لتصنيفها.

تصنيف الموجودات المالية

تصنف الهيئة موجوداتها المالية عند الاعتراف المبني ضمن الفئات التالية:

- الموجودات المالية المدرجة بالتكلفة المطفأة
- موجودات مالية مدرجة بالقيمة العادلة من خلال بيان الدخل
- موجودات مالية مدرجة بالقيمة العادلة من خلال الدخل الشامل الآخر

الموجودات المالية المدرجة بالتكلفة المطفأة

يتم قياس الأصل المالي بالتكلفة المطفأة في حالة استيفائه للشروط التالية:

- أن يتم الاحتفاظ بالأصل ضمن نموذج أعمال يهدف إلى الاحتفاظ بالأصل من أجل تحصيل التدفقات النقدية التعاقدية؛ و
- أن تؤدي الشروط التعاقدية للأصل المالي في تواريخ محددة إلى تدفقات نقدية تتمثل في دفعات للمبلغ الأساسي والفائدة فقط على المبلغ الأساسي القائم.

يتم تصنيف الحسابات الجارية لدى البنوك والودائع لاجل والذمم والأرصدة المدينة الأخرى كموجودات مالية مدرجة بالتكلفة المطفأة.

لم تتم الهيئة بتصنيف أي من موجوداتها المالية كموجودات مالية بالقيمة العادلة من خلال بيان الدخل أو كموجودات مالية من خلال الدخل الشامل الآخر.

التكلفة المطفأة وطريقة الفائدة الفعالة

إن طريقة الفائدة الفعالة هي طريقة احتساب التكلفة المطفأة لأدوات الدين، وتوزيع إيرادات الفائدة على الفترات ذات الصلة. بالنسبة للأدوات المالية بخلاف الأصول المالية المشتراة أو الناشئة ذات الجدارة الائتمانية المتدهورة، فإن سعر الفائدة الفعلي هو الذي يخصم تحديداً المتحصلات النقدية المستقبلية المقدرة (بما في ذلك كافة الرسوم والنقاط المدفوعة أو المستلمة التي تشكل جزءاً لا يتجزأ من سعر الفائدة الفعلي، وتكاليف المعاملة، بالإضافة إلى العلاوات والخصومات الأخرى) بدون الخسائر الائتمانية المتوقعة خلال العمر المتوقع لأداة الدين أو فترة أقصر عندما يكون ذلك مناسباً بالنسبة لإجمالي القيمة الدفترية لأداة الدين عند الاعتراف المبني. بالنسبة للأصول المالية المشتراة أو الناشئة ذات الجدارة الائتمانية المتدهورة، فإن سعر الفائدة الفعلي المعدل فيما يخص الإئتمان يتم احتسابه عن طريق خصم التدفقات النقدية المستقبلية المقدرة بما في ذلك الخسائر الائتمانية المتوقعة إلى مقدار التكلفة المطفأة لأداة الدين عند الاعتراف المبني.

إن التكلفة المطفأة للأصل المالي هي المبلغ الذي يتم من خلاله قياس الأصل المالي عند الاعتراف المبني مخصوماً منه المبلغ المسددة من أصل المبلغ، بالإضافة إلى الإطفاء المتراكم باستخدام طريقة الفائدة الفعالة لأي فرق يتم تسويته بين المبلغ المبني ومبلغ الاستحقاق معدل بأي مخصص خسارة. على الجانب الآخر، فإن إجمالي القيمة الدفترية للأصل المالي هي التكلفة المطفأة للأصل المالي قبل مخصص الخسارة.

يتم الاعتراف بإيرادات الفوائد باستخدام طريقة الفائدة الفعالة لأدوات الدين التي يتم قياسها لاحقاً بالتكلفة المطفأة وبالقيمة العادلة من خلال الدخل الشامل الآخر. بالنسبة للأدوات المالية بخلاف الأصول المالية المشتراة أو الناشئة ذات الجدارة الائتمانية المتدهورة، يتم احتساب إيرادات الفوائد من خلال تطبيق سعر الفائدة الفعلي على إجمالي القيمة الدفترية للأصل المالي باستثناء الموجودات المالية التي أصبحت لاحقاً ذات جدارة ائتمانية متدهورة. بالنسبة للأصول المالية التي أصبحت لاحقاً ذات جدارة ائتمانية متدهورة، يتم الاعتراف بإيرادات الفوائد من خلال تطبيق سعر الفائدة الفعلي على التكلفة المطفأة للأصل المالي. وفي فترات التقرير اللاحقة، إذا تحسنت المخاطر الائتمانية الناتجة عن الأدوات المالية ذات الجدارة الائتمانية المتدهورة بحيث لم يعد الأصل المالي ذو جدارة ائتمانية متدهورة، يتم الاعتراف بإيرادات الفوائد من خلال تطبيق معدل الفائدة الفعلي على إجمالي القيمة الدفترية للأصل المالي.

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بالنسبة للأصول المالية المشتراة أو الناشئة ذات الجدارة الائتمانية المتدهورة، تعترف الهيئة بإيرادات الفوائد من خلال تطبيق سعر الفائدة الفعلي المعدل فيما يخص الائتمان على التكلفة المطفأة للأصل المالي منذ الاعتراف المبني. لا تعود طريقة الاحتساب إلى إجمالي الأصل المالي حتى في حالة تحسن المخاطر الائتمانية لاحقاً بحيث لم يعد الأصل المالي ذو جدارة ائتمانية متدهورة. يتم الاعتراف بإيرادات الفوائد في بيان الدخل.

انخفاض قيمة موجودات مالية

قامت الهيئة بتطبيق المنهج المبسط وقياس مخصص الخسارة للذمم المدينة بمبلغ يعادل قيمة الخسائر الائتمانية المتوقعة خلال عمر الأداة المالية. تقدر الخسائر الائتمانية المتوقعة للذمم المدينة باستخدام جدول للمخصصات بالرجوع إلى تجارب التعثر في السداد السابقة للمدين وتحليل المركز المالي الحالي للمدين المعدل بعوامل تتعلق بالمدينين والظروف الاقتصادية العامة لمجالات الأنشطة التي يزاول فيها المدينون أنشطتهم وتقييم التوجه الحالي والمتوقع للظروف كما في تاريخ التقرير.

تقوم الهيئة بشطب الذمم المدينة عند وجود معلومات تشير إلى أن المدين يواجه صعوبات مالية ولا يوجد احتمال واقعي للاسترداد أو عندما يخضع المدين لعملية تصفية أو دخوله في إفلاس أو مضى على استحقاق الذمم المدينة أكثر من 180 يوم.

تطبق الهيئة المنهج العام لتكوين مخصصات مقابل الخسائر الائتمانية المتوقعة وفقاً لما نص عليه المعيار الدولي للتقارير المالية 9، فيما يتعلق بالأدوات المالية ضمن النقد والأرصدة لدى البنوك. تستخدم الهيئة التصنيف الائتماني وفقاً لوكالات تصنيف خارجية لتقييم مخاطر الائتمان التي تتعرض لها هذه الموجودات المالية ويتم مراقبة وتحديث هذه التصنيفات المنشورة باستمرار.

إلغاء الاعتراف بالموجودات المالية

تقوم الهيئة بإلغاء الاعتراف بالأصل المالي فقط في حالة انتهاء صلاحية الحقوق التعاقدية للتدفقات النقدية من الأصل أو نقل الأصل المالي وكافة مخاطر ومزايا ملكية الأصل للطرف الآخر. في حال عدم قيام الهيئة بنقل أو الاحتفاظ بكافة مخاطر ومزايا الملكية واستمرت في السيطرة على الأصل المنقول، تقوم الهيئة بإثبات حصتها المحتفظ بها في الأصل والالتزام المصاحب له مقابل المبالغ التي قد تضطر لدفعها. إذا احتفظت الهيئة بكافة مخاطر ومزايا ملكية الأصل المالي المنقول، تستمر الهيئة في الاعتراف بالأصل المالي كما يتم الاعتراف بالتزام مالي مضمون بمقدار المتحصلات المستلمة.

عند إلغاء الاعتراف بالأصل المالي المقاس بالتكلفة المطفأة، يتم تسجيل الفرق بين القيمة الدفترية لهذا الأصل والمبلغ المقابل المستلم والمستحق في بيان الدخل.

المطلوبات المالية

يتم قياس كافة المطلوبات المالية لاحقاً بالتكلفة المطفأة باستخدام طريقة الفائدة الفعالة أو القيمة العادلة من خلال بيان الدخل.

المطلوبات المالية المقاسة لاحقاً بالتكلفة المطفأة

يتم لاحقاً قياس المطلوبات المالية التي لا تصنف ضمن البنود التالية، بالتكلفة المطفأة باستخدام طريقة الفائدة الفعالة:

(1) المقابل النقدي المحتمل في عملية اندماج الأعمال؛

(2) محتفظ بها للمتاجرة؛

(3) مصنفة بالقيمة العادلة من خلال بيان الدخل.

إن طريقة الفائدة الفعلية هي طريقة احتساب التكلفة المطفأة للمطلوبات المالية وتوزيع مصاريف الفوائد على مدار الفترات ذات الصلة. إن معدل الفائدة الفعلي هو معدل خصم المدفوعات النقدية المستقبلية المقررة (بما في ذلك كافة الرسوم والنقاط المدفوعة أو المستلمة والتي تشكل جزءاً لا يتجزأ من معدل الفائدة الفعلي وتكاليف المعاملة وغير ذلك من علاوات أو خصومات) خلال العمر المتوقع للمطلوبات المالية، أو (حيث يكون مناسباً) على مدى فترة أقصر، إلى التكلفة المطفأة للمطلوبات المالية.

إلغاء الاعتراف بالمطلوبات المالية

تقوم الهيئة بإلغاء الاعتراف بالمطلوبات المالية فقط عندما يتم الإعفاء من التزامات الهيئة أو إلغاؤها أو انتهاء صلاحية استحقاقها. ويتم الاعتراف بالفرق بين القيمة الدفترية للالتزام المالي المستبعد والمبلغ النقدي المدفوع والمستحق، في بيان الدخل.

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(جميع المبالغ بالدينار الكويتي ما لم يذكر غير ذلك)

2.3.1.2 الأدوات المالية – (سارية حتى 31 مارس 2018)

يتم الاعتراف بالموجودات والالتزامات المالية عندما تصبح الهيئة طرفاً للالتزامات التعاقدية لهذه الأدوات.

يتم قياس جميع الموجودات المالية أو المطلوبات المالية مبدئياً بالقيمة العادلة. يتم إضافة أو خصم التكاليف المتعلقة بالاقتناء أو الإصدار للأصل أو الالتزام المالي من القيمة العادلة للأصل أو الالتزام المالي عند الاعتراف المبدئي (باستثناء الأدوات المالية المصنفة بـ "القيمة العادلة من خلال بيان الدخل"). حيث يتم إدراج التكاليف المتعلقة بالاقتناء مباشرة في بيان الدخل.

الموجودات المالية

يتم تصنيف الموجودات المالية إلى تصنيفات محددة وهي موجودات مالية بالقيمة العادلة من خلال بيان الدخل وموجودات مالية محظوظ بها حتى تاريخ الاستحقاق وموجودات مالية متاحة للبيع وقروض ومدينون. تقوم الهيئة بتحديد التصنيف المناسب لموجوداتها المالية في تاريخ الاعتراف المبدئي بناءً على الغرض من اقتناء تلك الموجودات المالية. يتم الاعتراف بكافة عمليات الشراء والبيع للموجودات المالية في تاريخ المتاجرة. تقوم الهيئة بتصنيف موجوداتها المالية كما يلي:

قروض ومدينون

هي موجودات مالية بخلاف المشتقات ذات استحقاق ثابت أو محدد، وهي غير مسعرة في أسواق نشطة. تثبت القروض والمدينين (الذمم التجارية والمدينين الآخرين والنقد لدى البنوك والودائع لأجل) بالتكلفة المطفأة باستخدام معدل العائد الفعلي مخصوماً منها أي خسائر انخفاض في القيمة.

الانخفاض في القيمة

في نهاية كل فترة مالية، تقوم الهيئة بتحديد ما إذا كان هناك دليل موضوعي على وجود انخفاض في القيمة للأصل المالي بخلاف الموجودات المالية بالقيمة العادلة – بيان الدخل. يتم الاعتراف بخسائر الانخفاض في القيمة في بيان الدخل مباشرة عند وجود دليل إيجابي - نتيجة لوقوع حدث أو أكثر بعد الاعتراف المبدئي لهذه الموجودات - أن التدفقات النقدية المتوقعة من ذلك الأصل سوف تتأثر.

بالنسبة للموجودات المالية المدرجة بالتكلفة المطفأة، تقدر خسائر الانخفاض في القيمة بمقدار الفرق بين القيمة الدفترية للأصل والقيمة الحالية للتدفقات النقدية المستقبلية المقدرة بعد خصمها باستخدام متوسط سعر الفائدة الفعلي المستخدم أساساً للأصل المالي. بالنسبة للموجودات المالية المدرجة بالتكلفة فإن خسائر الانخفاض في القيمة تتمثل في الفرق بين القيمة الدفترية والقيمة الحالية للتدفقات النقدية مخصومة طبقاً لمعدلات العائد السارية الفعالية في السوق على الأدوات المالية المشابهة.

يتم تخفيض القيمة الدفترية لكافة الموجودات بخسائر الانخفاض في القيمة مباشرة فيما عدا الذمم التجارية حيث يتم تخفيض قيمتها من خلال تكوين مخصص ديون مشكوك في تحصيلها. عند وجود دليل على أن الذمم التجارية لن يتم تحصيلها يتم إعدام تلك الذمم مقابل المخصص المكون. لاحقاً، وفي حالة تحصيل الذمم التي سبق إعدامها يتم إدراجها في بيان الدخل.

بالنسبة للأدوات المالية التي يتم قياسها بالتكلفة المطفأة فإنه في حالة حدوث تغيير إيجابي في الفترة اللاحقة على خسائر الانخفاض في القيمة، والذي يمكن تحديده علاقته بأحداث تمت بعد الاعتراف بخسائر الانخفاض في القيمة بشكل موضوعي، فإن خسائر الانخفاض التي تم الاعتراف بها سابقاً يتم ردها من خلال بيان الدخل وفي حدود القيمة الدفترية للدخل في تاريخ رد خسائر الانخفاض في القيمة وبما لا يتعدى التكلفة المطفأة لو لم يتم تسجيل خسائر انخفاض في القيمة سابقاً.

الاستبعاد

يتم حذف الأصل المالي من الدفاتر عندما ينتهي حق الهيئة في استلام التدفقات النقدية من هذا الأصل أو عندما تقوم الهيئة بتحويل كافة المخاطر والمنافع المرتبطة بملكيته في الأصل إلى طرف آخر.

يتم الاعتراف بالفرق بين القيمة الدفترية والمقابل المستلم والمدينين والأرباح أو الخسائر التراكمية، المعترف بها ضمن بنود الدخل الشامل الأخرى والمترجمة في بند حقوق الملكية، في بيان الدخل.

المطلوبات المالية

يتم الاعتراف المبدئي للمطلوبات المالية "متضمنة الدائنين والأرصدة الدائنة الأخرى" بالقيمة العادلة بعد خصم تكلفة المعاملة المتكبدة ويتم إعادة قياسها بالتكلفة المطفأة باستخدام طريقة العائد الفعلي.

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الاستبعاد

يتم حذف المطلوبات المالية فقط عند الوفاء بالالتزام أو انتهائه. يتم الاعتراف بالفرق بين القيمة الدفترية للالتزام والمقابل المدفوع والدائنين في بيان الدخل.

2.3.2 الموجودات غير الملموسة

يتم إثبات الموجودات غير الملموسة التي لها عمر محدد والتي تم اقتنائها بصفة مستقلة بالتكلفة ناقصاً الإطفاء المتراكم وخسائر الانخفاض في القيمة. يتم الإطفاء بطريقة القسط الثابت على أساس الأعمار الإنتاجية المقدرة.

يتم مراجعة العمر الإنتاجي وطريقة الإطفاء في نهاية كل فترة مالية، ويتم المحاسبة عن التغير في التقديرات اعتباراً من بداية السنة المالية التي حدث بها التغير.

يتم إثبات الموجودات غير الملموسة التي ليس لها عمر محدد والتي تم اقتنائها بصفة مستقلة بالتكلفة ناقصاً خسائر الانخفاض في القيمة.

يتم حذف الموجودات غير الملموسة عند الاستبعاد أو عند ثبوت عدم وجود منفعة اقتصادية مستقبلية من الاستخدام. يتم قياس الأرباح والخسائر الناتجة عن الاستبعاد بمقدار الفرق بين صافي المتحصلات والقيمة الدفترية للأصل المستبعد، ويتم إدراجها في بيان الدخل الشامل.

2.3.3 الممتلكات والمعدات

تظهر الممتلكات والمعدات بالتكلفة ناقصاً الاستهلاك المتراكم وخسائر الانخفاض في القيمة. تتضمن التكلفة سعر الشراء وأي تكلفة مرتبطة مباشرة بإيصال تلك الموجودات إلى موقع التشغيل وجعلها جاهزة للتشغيل. تدرج مصروفات الإصلاحات والصيانة والتجديد غير المادية في بيان الدخل للفترة التي يتم تكبد هذه المصروفات فيها. يتم رسلة هذه المصاريف في الحالات التي يظهر فيها بوضوح أنها قد أدت إلى زيادة المنافع الاقتصادية المستقبلية المتوقعة الحصول عليها من استخدام هذه الموجودات إلى حد أعلى من معيار الأداء المحدد أساساً.

يتم احتساب استهلاك الممتلكات والمعدات بطريقة القسط الثابت على أساس الأعمار الإنتاجية المقدرة. يتم تخفيض قيمة الممتلكات والمعدات إلى قيمتها الاستردادية وذلك حال زيادة القيمة الدفترية عن القيمة الاستردادية المقدرة.

يتم مراجعة القيمة التخريدية والعمر الإنتاجي وطريقة الاستهلاك في نهاية كل فترة مالية، ويتم المحاسبة عن التغير في التقديرات اعتباراً من بداية السنة المالية التي حدث بها التغير.

تدرج أرباح أو خسائر بيع الممتلكات والمعدات في بيان الدخل بمقدار الفرق بين القيمة البيعية وصافي القيمة الدفترية لهذه الموجودات.

تدرج الموجودات قيد التنفيذ ضمن بند الممتلكات والمعدات حتى يتم استكمالها وتجهيزها لتكون صالحة للاستخدام، وفي هذا التاريخ يتم إعادة تبويبها ضمن الموجودات المشابهة لها، ويتم البدء في احتساب استهلاكها اعتباراً من ذلك التاريخ.

2.3.4 انخفاض في قيمة الموجودات الملموسة وغير الملموسة

يتم مراجعة الموجودات الملموسة وغير الملموسة سنوياً لتحديد مدى وجود مؤشرات على انخفاض قيمتها.

في حالة وجود مثل هذه المؤشرات، يتم تقدير القيمة القابلة للاسترداد لتلك الموجودات بغرض تحديد مبلغ الانخفاض في القيمة، إن وجد. يتم الاعتراف بخسائر الانخفاض في القيمة عندما تزيد القيمة الدفترية للأصل عن صافي القيمة الاستردادية.

ويتم تحديد صافي القيمة الاستردادية على أساس القيمة العادلة للأصل ناقصاً تكاليف البيع أو قيمة الاستخدام أيهما أعلى. يتم الاعتراف بخسائر الانخفاض في القيمة في بيان الدخل الشامل في السنة التي ظهرت فيها هذه الخسائر. في حال رد الانخفاض في القيمة، يتم عكس الانخفاض في القيمة في حدود صافي القيمة الدفترية للأصل فيما لو لم يتم إثبات الانخفاض في القيمة. يتم الاعتراف برد الانخفاض في القيمة في بيان الدخل الشامل مباشرة.

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2.3.5 العمليات المتوقفة

العمليات المتوقفة هي جزء من أعمال الهيئة، العمليات والتدفقات النقدية التي يمكن تمييزها والتي:

- تمثل إما قسم رئيسي منفصل من أعمال أو المنطقة الجغرافية للعمليات؛
- تمثل جزء من خطة فردية منسقة لبيع قسم رئيسي منفصل من الأعمال أو منطقة جغرافية للعمليات؛ أو
- تكون منشأة تابعة يتم شراؤها فقط بهدف إعادة بيعها.

إن التصنيف كعمليات متوقفة يحدث إما عند البيع أو عند استيفاء العمليات للمعايير التي تصنف بموجبها كمحتفظ بها للبيع، أيهما أسبق.

عندما يتم تصنيف العملية كعملية متوقفة، يتم إعادة عرض بيان الدخل الشامل المقارن كما لو كانت العمليات قد أوقفت من بداية سنة المقارنة.

2.3.6 مخصصات

يتم الاعتراف بالمخصصات عندما يكون على الهيئة التزامات قانونية حالية أو التزامات متوقعة نتيجة لأحداث سابقة، ومن المحتمل أن يتطلب ذلك تدفقات خارجة للموارد الاقتصادية لتسوية هذه الالتزامات ويمكن تقديرها بصورة موثوقة فيها. يتم قياس المخصصات بالقيمة الحالية للتدفقات النقدية المتوقعة أن تكون مطلوبة لسداد الالتزام باستخدام معدل خصم يعكس تقديرات السوق والقيم الحالية للنقد والمخاطر المحددة للالتزام.

2.3.7 مكافأة نهاية الخدمة للموظفين

يتم احتساب مخصص للمبالغ الواجبة الدفع نظير مكافأة نهاية الخدمة / مخصص أرصدة الإجازات لجميع العاملين المدرجين في كشف الرواتب بالهيئة عن فترات خدماتهم المتجمعة في تاريخ المركز المالي (نهاية كل سنة مالية) طبقاً للقواعد المعتمدة من قبل مجلس مفوضي الهيئة.

إن هذا الالتزام غير ممول ويتم احتسابه على أساس المبلغ المستحق بافتراض وقوع كامل الالتزام كنتيجة لإنهاء خدمة العاملين في تاريخ البيانات المالية، وتتوقع الإدارة أن ينتج عن هذه الطريقة تقديراً مناسباً للقيمة الحالية للالتزام بالهيئة.

2.3.8 تحقق الإيراد

- تتحقق إيرادات الهيئة من الرسوم المقررة من ممارسة الهيئة لنشاطها وتوظيفها لاحتياجاتها مثل إيرادات رسوم التسجيل والإدراج والتداول وإيرادات استثمار فوائض أموال بالإضافة إلى حصيلة الغرامات المالية التي تفرض طبقاً لأحكام القانون رقم 7 لسنة 2010 واللوائح الصادرة تنفيذاً له.
- يتم إثبات إيرادات الهيئة المترتبة على تقديم الخدمات عندما يتم تنفيذ الخدمة المتعاقد عليها، ويتم إثبات الإيرادات المتعلقة بالغرامات سواء بمقتضى حكم قضائي أو غير ذلك.
- يتم الاعتراف بإيرادات رسوم التسجيل وحصصة من عمولة التداول وإيرادات استثمار فوائض الأموال على مدى زمني.
- يتم الاعتراف بإيرادات رسوم الإدراج والغرامات المالية في نقطة زمنية محددة.

2.3.9 المحاسبة عن عقود الإيجار

يتم معالجة الإيجارات كإيجار تمويلي إذا ما تم تحويل معظم المنافع والمخاطر المرتبطة بملكية الأصل وفقاً لبنود العقد للمستأجر. يتم معالجة كافة عقود الإيجار الأخرى كإيجار تشغيلي.

عندما تكون الهيئة هي الطرف المؤجر

يتم إثبات إيرادات الإيجار التشغيلي بالقسط الثابت على مدار فترة الإيجار. يتم توزيع إيراد الإيجار التمويلي على الفترات المحاسبية بحيث تعكس عائد ثابت على صافي قيمة الأصل المؤجر.

عندما تكون الهيئة هي الطرف المستأجر

يتم الاعتراف المبني بالأسلوب المستأجرة وفقاً لعقود إيجار تمويلي كموجودات في بيان المركز المالي بالقيمة الحالية المقدرة للحد الأدنى للمبالغ المدفوعة للإيجار. يتم إثبات التزام للطرف المؤجر في بيان المركز المالي مقابل عقود الإيجار التمويلي. ويتم إثبات المبالغ المسددة مقابل عقود الإيجار التشغيلي كمصروف في بيان الدخل بطريقة القسط الثابت على مدار فترة عقود الإيجار.

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(جميع المبالغ بالدينار الكويتي ما لم يذكر غير ذلك)

2.3.10 العملات الأجنبية

إن عملة القيد هي الدينار الكويتي، وهي عملة عرض البيانات المالية. عند حدوث عملية مالية بعملة أجنبية ينشأ عنها أصل أو التزام أو إيراد أو مصروف، تسجل تلك العملية بالدينار الكويتي حسب سعر الصرف السائد في تاريخ الحدث. ويعالج الفرق الناتج عن اختلاف سعر الصرف وقت تسويتها ضمن بيان الدخل الشامل لنفس السنة. تقيم أصول والتزامات الهيئة النقدية بعملة أجنبية القائمة في نهاية السنة المالية حسب أسعار الصرف السائدة في نهاية السنة المالية، ويعالج الفرق بين التقييم وبين ما هو مسجل بالدفاتر المحاسبية في بيان الدخل الشامل.

3. إدارة المخاطر المالية

عوامل المخاطر المالية

إن أنشطة الهيئة تعرضها لمجموعة من المخاطر المالية وهي مخاطر السوق (تتضمن مخاطر العملات الأجنبية ومخاطر التغير في القيمة العادلة ومخاطر التغير في معدلات الفائدة) ومخاطر الائتمان ومخاطر السيولة.

مخاطر السوق

مخاطر العملات الأجنبية

تتمثل مخاطر العملة الأجنبية في خطر التغير في قيمة الأداة المالية نتيجة التغير في أسعار صرف العملات الأجنبية. إن خطر العملات الأجنبية يظهر عند وجود معاملات مستقبلية على الموجودات والالتزامات المالية المثبتة في البيانات المالية للهيئة والمقيمة بعملة أجنبية. كما في 31 مارس 2019 و2018 لا تتعرض الهيئة لذلك الخطر نظراً لعدم وجود موجودات أو مطلوبات مادية مقومة بعملة أجنبية.

مخاطر القيمة العادلة

إن مخاطر القيمة العادلة هي المخاطر الناتجة عن تذبذب قيمة الأدوات المالية نتيجة للتغيرات في أسعار السوق. كما في 31 مارس 2019 و2018 لا توجد موجودات مالية معرضة لذلك الخطر حيث أنه لا يجوز للهيئة الاستثمار في كافة الأوراق المالية كالأسهم والسندات والمشتقات المالية ووحدات الصناديق الاستثمارية.

مخاطر معدلات الفائدة

هي مخاطر تذبذب قيمة الأداة المالية نتيجة للتغيرات في أسعار معدلات الفائدة في السوق. بإمكان الهيئة استثمار فوائضها المالية في الودائع المصرفية سواء بالعملة المحلية (الدينار الكويتي) أو العملات الأجنبية مع ضرورة الأخذ في الاعتبار مخاطر تذبذب أسعار العملات عند الاستثمار في ودائع العملات الأجنبية وفقاً لقرار من المدير التنفيذي، كما من الممكن أن تشمل الودائع المصرفية البنوك العاملة في الكويت أو خارجها بما يحقق للهيئة أعلى العوائد بأقل مخاطر ممكنة وذلك وفقاً لقرار من المدير التنفيذي، ويجوز استثمار أموال الهيئة في أنون الخزانة الحكومية.

تقوم الهيئة بمراعاة المبادئ الأساسية التالية عند استثمار فوائض الأموال الخاصة بها:

- المخاطر
- السيولة
- الربحية

وعليه، تراعي الهيئة في تحديد استثماراتها أن تكون منخفضة المخاطر (المخاطر) وأن تكون ذات قابلية عالية للتسييل بأسرع وقت وبأقل تكلفة ممكنة (السيولة) وبحيث تحقق أكبر عائد ممكن على الاستثمار (الربحية).

بلغت الموجودات المالية المحملة بأسعار فائدة مبلغ 90,674,599 دينار كويتي كما في 31 مارس 2019 (91,351,653 دينار كويتي كما في 31 مارس 2018).

في حالة تغير سعر الفائدة بمقدار 0.5% سوف يتغير صافي الربح بمقدار 453,373 دينار كويتي للسنة المنتهية في 31 مارس 2019 (456,758 دينار كويتي - 2018).

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مخاطر الائتمان

يتمثل خطر الائتمان في احتمال خسارة الهيئة نتيجة عدم قدرة أحد أطراف الأداة المالية على الوفاء بالتزاماته المالية تجاه الهيئة. لا يجوز للهيئة منح القروض بأي شكل من الأشكال.

تتمثل الموجودات المعرضة لخطر الائتمان في النقد والودائع لدى البنوك والمؤسسات المالية.

تقوم الهيئة بإدارة خطر الائتمان المتعلق بالنقد والودائع لدى البنوك من خلال التعامل مع مؤسسات مالية تحظى بسمعة ائتمانية طيبة.

تقوم الهيئة بمراعاة توزيع الاستثمار في أكثر من مؤسسة مصرفية لتجنب مخاطر التركيز، بحيث لا تتجاوز قيمة الأموال المستثمرة لدى أي مؤسسة مصرفية النسب المنصوص عليها في اللوائح الداخلية من إجمالي الأموال التي يتم استثمارها.

مخاطر السيولة

هي خطر عدم قدرة الهيئة على الوفاء بالتزاماتها المالية عند استحقاقها.

طبقاً للمادة (21) من القانون رقم 7 لسنة 2010 وتعديلاته اللاحقة، يكون للهيئة احتياطات نقدية تضمن لها استقراراً مالياً على المدى الطويل لمقابلة الأخطار النمطية المتوقعة حدوثها في نشاط الأوراق المالية، ويتحدد بقرار يصدره مجلس الوزراء بناءً على اقتراح مجلس المفوضين مقدار هذه الاحتياطات وكيفية تكوينها، وتقوم الهيئة بتوظيف هذه الاحتياطات، فإذا وصلت إلى المقدار المحدد يحول الفائض إلى الخزينة العامة للدولة، وإذا نقصت في أي وقت عن المقدار المحدد تقوم الحكومة باستكمال واداء مبلغ النقص (إيضاح 11).

التقديرات والافتراضات المحاسبية الهامة

4.

إن تطبيق السياسات المحاسبية المتبعة من الهيئة والواردة في إيضاح رقم (2) يتطلب من الإدارة القيام ببعض التقديرات والافتراضات لتحديد القيم الدفترية للموجودات والالتزامات التي ليست لها أي مصادر أخرى للتقييم. تعتمد التقديرات والافتراضات على الخبرة السابقة والعناصر الأخرى ذات العلاقة. قد تختلف النتائج الفعلية عن التقديرات.

يتم مراجعة التقديرات والافتراضات بصفة دورية. يتم إثبات أثر التعديل على التقديرات في الفترة التي تم فيها التعديل وفي الفترة المستقبلية إذا كان التعديل سوف يؤثر على الفترات المستقبلية.

الأحكام الهامة

فيما يلي الأحكام الهامة التي قامت بها الإدارة عند تطبيق السياسات المحاسبية للهيئة والتي لها تأثير جوهري على المبالغ المدرجة ضمن البيانات المالية:

تحديد مدى وجود سيطرة على شركة بورصة الكويت للأوراق المالية (ش.م.ك.ع.)

كما هو مبين بإيضاح رقم (6)، قامت الهيئة بتأسيس شركة بورصة الكويت للأوراق المالية (شركة البورصة)، كما قامت بسداد رأس مالها بالكامل. بالرغم من ذلك، ترى الهيئة أنها لا تمارس أية سيطرة على أنشطة شركة البورصة، نظراً لما يلي:

- وفقاً لأحكام المادة (24) من القانون رقم (7) لسنة 2010، يحظر على الهيئة إصدار الأوراق المالية أو الاستثمار فيها وبالتالي لا يجوز للهيئة الاستثمار في أسهم. واستثناءً من ذلك تم تكليف الهيئة بإنشاء شركة البورصة ومن ثم خصصتها وفقاً لما ورد بالمادة (33) من القانون رقم (7) لسنة 2010.
- إن أعضاء مجلس إدارة شركة البورصة هم أعضاء مستقلين ولا يوجد من ضمنهم أي ممثل للهيئة. يقوم مجلس إدارة شركة البورصة بتسيير أعمال شركة البورصة بشكل مستقل دون الرجوع إلى الهيئة.
- لا تستحق الهيئة أية توزيعات نقدية أو عوائد من أي نوع بخلاف أصل المبلغ المسدد وقيمة الأصول المادية والمعنوية المحولة لشركة البورصة. وبالفعل لم تحصل الهيئة على أية توزيعات نقدية منذ تأسيس شركة البورصة. كما أن توزيعات أسهم المنحة خلال 2018، تمت لأغراض استكمال هيكل رأس المال بحيث يسمح ببيع مساهمة الهيئة وتحصيل المبالغ المستحقة لها طرف شركة البورصة. وفي ضوء ما سبق، فإن الهيئة لم تقم ولا تقوم باستخدام التحكم في شركة البورصة للتأثير على العوائد.

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- قامت الهيئة خلال الفترة الحالية بتاريخ 30 إبريل 2018 ببدء إجراءات المزايدة على حصة تتراوح ما بين 26% إلى 44% من أسهم شركة بورصة الكويت للأوراق المالية تم استخدام المبالغ المحصلة من المزايدة في سداد المبالغ المستحقة للهيئة (إيضاح 6).

بناءً على ما سبق، ترى الهيئة أنها لا تتحكم في شركة البورصة كما أنها ليست معرضة لأية عوائد متغيرة منها. ومن ثم، لم يتم تجميع البيانات المالية لشركة بورصة الكويت للأوراق المالية للسنوات السابقة حتى 31 مارس 2018 وما قبلها وخلال السنة الحالية، في حال ما إذا كانت إدارة الهيئة قد رأت وجود سيطرة على أنشطة شركة البورصة كان سيتم تجميع بياناتها المالية وفقاً للمعايير الدولية للتقارير المالية ذات العلاقة.

الانخفاض في القيمة

تقوم الهيئة بتقييم ما إذا كانت مخاطر الائتمان المرتبطة بالموجودات المالية والبنود الأخرى قد ازدادت بشكل جوهري منذ الاعتراف المبدئي وذلك بغرض تحديد ما إذا كان من الواجب الاعتراف بالخسارة الائتمانية المتوقعة لمدة 12 شهر أو الخسارة الائتمانية المتوقعة على مدار عمر الأداة المالية.

مصادر عدم التأكد من التقديرات

فيما يلي الافتراضات الرئيسية فيما يتعلق بالمستقبل ومصادر عدم التأكد من التقديرات كما في تاريخ البيانات المالية والتي قد ينتج عنها خطر هام يسبب تعديلات جوهرياً على الموجودات والمطلوبات خلال السنة القادمة:

انخفاض قيمة الموجودات المالية

تقوم الهيئة بتقدير الخسائر الائتمانية المتوقعة لكافة الموجودات المالية المدرجة بالتكلفة المطفأة. ينطوي تحديد الخسائر الائتمانية المتوقعة على استخدام ملحوظ للبيانات الداخلية والخارجية والافتراضات. يرجى الرجوع إلى إيضاح 2.3.1 انخفاض قيمة الموجودات المالية للمزيد من المعلومات.

مطلوبات محتملة/مطلوبات

تتشأ المطلوبات المحتملة نتيجة أحداث ماضية يتأكد وجودها فقط بوقوع أو عدم وقوع حدث أو أحداث مستقبلية غير مؤكدة لا تخرج بالكامل عن سيطرة الهيئة. يتم تسجيل مخصصات المطلوبات عندما تعتبر الخسارة محتملة ويمكن تقديرها بصورة معقولة. إن تحديد ما إذا كان يجب تسجيل مخصص من عدمه لقاء أي مطلوبات محتملة يستند إلى تقديرات الإدارة.

انخفاض قيمة الموجودات الملموسة وغير الملموسة والأعمار الإنتاجية

تقوم إدارة الهيئة سنوياً باختبار انخفاض قيمة الموجودات الملموسة وغير الملموسة طبقاً للسياسات المحاسبية المبينة في إيضاح 2.3.4 يتم تحديد القيمة الممكن استردادها لأصل فردي على أساس طريقة القيمة المستخدمة. تستخدم هذه الطريقة توقعات حول التفتقات النقدية المقدرة على مدى العمر الإنتاجي المقتر للأصل المخصص وفقاً لمعدلات السوق.

تقوم إدارة الهيئة بتحديد الأعمار الإنتاجية للممتلكات والمعدات والموجودات غير الملموسة ومبلغ الاستهلاك والإطفاء المتعلق بها. سيتغير كل من مبلغ الاستهلاك والإطفاء المحمل للسنة بشكل كبير إذا كان العمر الإنتاجي الفعلي يختلف عن العمر الإنتاجي المتوقع للأصل.

5. ودائع لأجل

يتمثل رصيد الودائع لأجل كما في 31 مارس 2019 في ودائع لدى بنوك محلية بالدينار الكويتي وتستحق خلال فترات تزيد عن ثلاثة أشهر. بلغ متوسط معدل الفائدة على الودائع لأجل 3% كما في 31 مارس 2019 (2.23% كما في 31 مارس 2018).

6. نهم مدينة وأرصدة مدينة أخرى

2018	2019
584,230	808,152
875,330	-
70,090	91,293
86,942	96,918
889	634
21,809	37,433
1,639,290	1,034,430
18,821,492	-

إيرادات مستحقة

لجنة خصخصة البورصة

مصرفات مدفوعة مقدماً

تأمينات مستردة

عهد نقدية

أرصدة مدينة أخرى

نهم مدينة غير متداولة

مستحق من شركة بورصة الكويت للأوراق المالية*

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* صدر القرار الوزاري رقم (580) لسنة 2014 بشأن تأسيس شركة بورصة الكويت للأوراق المالية على أن تكون هيئة أسواق المال هي الجهة المكلفة بتأسيس شركة البورصة، وفي ضوء متطلبات هذه القرارات قامت الهيئة بما يلي:

- سداد مبلغ 6 مليون دينار كويتي بما يعادل 100% من رأس المال المصدر لشركة البورصة.
- بموجب الاتفاقية المؤرخة في 3 أكتوبر 2016، تم نقل الأصول المادية والمعنوية لسوق الكويت للأوراق المالية (السوق) إلى شركة بورصة الكويت للأوراق المالية (ش.م.ك.ع) (بورصة الكويت) والتي تم تحديد قيمتها العادلة بمبلغ 12,821,492 دينار كويتي والذي يمثل القيمة العادلة للأصول المادية والمعنوية للسوق بموجب قرار مجلس مفوضي الهيئة رقم م.هـ. 16 - 51 لسنة 2017 بتاريخ 11 يناير 2018 باعتماد التقارير النهائية المقدمة من اللجنة الاستشارية في 15 نوفمبر 2017 والمكلفة من قبل الهيئة بشأن تقييم الأصول المادية والمعنوية للسوق. وقد تم استخدام ذلك الرصيد في زيادة رأسمال شركة البورصة خلال عام 2018.

وبناءً على ذلك، تم تبويب تلك المبالغ ضمن الأرصدة المدينة لحين الانتهاء من كافة مراحل خصخصة البورصة (إيضاح 4). بتاريخ 30 أبريل 2018، قامت الهيئة ببدء إجراءات المزايدة على حصة من أسهم شركة البورصة. بناءً على قرار مجلس مفوضي هيئة أسواق المال رقم 25 بتاريخ 14 فبراير 2019 قامت الهيئة بإنهاء إجراءات المزايدة على حصة 44% من رأس مال شركة بورصة الكويت مما نتج عنه تحصيل مبلغ 19,939,900 دينار كويتي. كما قامت الهيئة وفقاً لأحكام القانون رقم 7 لسنة 2010، بتخصيص حصة بنسبة 6 % من أسهم شركة البورصة للجهات العامة بمبلغ 1,252,329 دينار كويتي. وعلى ذلك، يصبح إجمالي المبالغ المحصلة من عملية خصخصة 50% من رأس مال شركة البورصة 21,192,229 دينار كويتي. تم استخدام المبالغ المحصلة في سداد الرصيد المدين المستحق من شركة البورصة متضمناً (مصرفات لجنة خصخصة البورصة) وتم تحويل المبالغ الزائدة إلى الاحتياطي العام للهيئة وفقاً لقرار مجلس مفوضي الهيئة رقم م.هـ. 4-5 لسنة 2019.

جارى خصصة النسبة المتبقية (50% من رأس مال شركة البورصة) وفقاً لمتطلبات المادة (33) من القانون رقم 7 لسنة 2010.

7. موجودات غير ملموسة

المجموع	موجودات قيد التنفيذ	برامج	التكلفة
2,748,807	54,765	2,694,042	الرصيد كما في 31 مارس 2017
517,763	194,571	323,192	إضافات
-	(226,257)	226,257	المحول من موجودات قيد التنفيذ
3,266,570	23,079	3,243,491	الرصيد كما في 31 مارس 2018
230,005	78,118	151,887	إضافات
-	(62,050)	62,050	المحول من موجودات قيد التنفيذ
3,496,575	39,147	3,457,428	الرصيد كما في 31 مارس 2019
2,282,308	-	2,282,308	الأطفاء المتراكم
287,991	-	287,991	الرصيد كما في 31 مارس 2017
2,570,299	-	2,570,299	إطفاءات
364,703	-	364,703	الرصيد كما في 31 مارس 2018
2,935,002	-	2,935,002	إطفاءات
			الرصيد كما في 31 مارس 2019
561,573	39,147	522,426	صافي القيمة الدفترية
696,271	23,079	673,192	31 مارس 2019
		4-3	31 مارس 2018
			الأعمار الإنتاجية (سنة)

إيضاحات حول البيانات المالية للسنة المنتهية في 31 مارس 2019

(جميع المبالغ بالدينار الكويتي ما لم يذكر غير ذلك)

8. ممتلكات ومعدات				
المجموع	موجودات قيد التنفيذ	أثاث وتركيبات وأجهزة	تحسينات مبنائي	التكلفة
3,485,430	-	1,746,181	1,739,249	الرصيد كما في 31 مارس 2017
562,308	508,959	53,349	-	إضافات
(516)	-	(516)	-	استيعادات
-	(42,210)	42,210	-	المحول من موجودات قيد التنفيذ
4,047,222	466,749	1,841,224	1,739,249	الرصيد كما في 31 مارس 2018
211,121	195,619	15,502	-	إضافات
(113,902)	(87,564)	(26,338)	-	استيعادات
-	(407,794)	407,794	-	المحول من موجودات قيد التنفيذ
4,144,441	167,010	2,238,182	1,739,249	الرصيد كما في 31 مارس 2019
الاستهلاك المتراكم				
1,504,118	-	933,223	570,895	الرصيد كما في 31 مارس 2017
670,372	-	322,883	347,489	استهلاك
(516)	-	(516)	-	استيعادات
2,173,974	-	1,255,590	918,384	الرصيد كما في 31 مارس 2018
670,232	-	322,743	347,489	استهلاك
(26,303)	-	(26,303)	-	استيعادات
2,817,903	-	1,552,030	1,265,873	الرصيد كما في 31 مارس 2019
صافي القيمة الدفترية				
1,326,538	167,010	686,152	473,376	31 مارس 2019
1,873,248	466,749	585,634	820,865	31 مارس 2018
		5 - 4	5	الأعمار الإنتاجية (سنة)

9. ذمم دائنة وأرصدة دائنة أخرى		
2018	2019	
835,443	1,304,241	ذمم دائنة
1,162,046	1,896,217	إيرادات مقبوضة مقدماً*
2,024,675	2,439,757	مخصص الإجازات
1,651,286	1,637,755	مخصصات ومصروفات مستحقة**
240,327	240,327	محتجزات دائنة
429,207	493,876	أرصدة دائنة أخرى
6,342,984	8,012,173	

* يتمثل رصيد الإيرادات المقبوضة مقدماً في مبالغ رسوم الاشتراكات السنوية المقبوضة مقدماً عن رسوم تجديد التراخيص السنوية لشركات الوساطة والشركات الخاضعة لرقابة الهيئة.

** يتضمن رصيد مخصصات ومصروفات مستحقة مبلغ 1,222,644 دينار كويتي كما في 31 مارس 2019 (1,222,644 دينار كويتي كما في 31 مارس 2018) تتمثل في إيرادات الإيجارات المحصلة من مستأجري مبنى السوق حيث قررت الهيئة عدم الاعتراف بإيرادات مبنى السوق المحصلة من قبل السوق بعد تاريخ 1 يناير 2014 (تاريخ انتهاء حق استغلال المبنى) وحتى تاريخ 3 أكتوبر 2016 وذلك لحين البت في أحقية الاعتراف بتلك الإيرادات.

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(جميع المبالغ بالدينار الكويتي ما لم يذكر غير ذلك)

10. مخصص مطالبات

سابقاً قام سوق الكويت للأوراق المالية بإبرام اتفاقية ترخيص استغلال مع وزارة المالية والتي بموجبها تم الترخيص للسوق بشغل واستغلال المبنى المملوك للدولة وساحة الأرض الملحقة به ليكون مقراً لسوق الكويت للأوراق المالية. يسري هذا الترخيص لمدة خمس وعشرون سنة تبدأ من سنة 1989. إن هذه الاتفاقية تقضي بالتزام السوق بأن يدفع لوزارة المالية كمقابل سنوي لشغل واستغلال مبنى السوق نسبة 50% من الفائض الذي تظهره الميزانية السنوية المعتمدة من لجنة السوق بعد خصم الاحتياطيات التي تقررها اللجنة. لم يتم السوق بسداد أي مبالغ لوزارة المالية حيث رأت إدارة السوق أنها لم تخالف بنود الاتفاقية كما لم يتم احتساب أية مخصصات لهذا الغرض.

وفقاً للمادة رقم 156 من القانون رقم 7 لسنة 2010، آلت إلى الهيئة كامل الأصول المادية والمعنوية لسوق الكويت للأوراق المالية.

لاحقاً، قرر مجلس الوزراء بالقرار رقم (697) الصادر باجتماعه رقم (2015/22) بتاريخ 11 مايو 2015 إعادة المبنى إلى أملاك الدولة وإلزام هيئة أسواق المال بسداد ما يترتب بذمتها لصالح وزارة المالية بشأن المبالغ المستحقة نتيجة استغلال مبنى السوق من تاريخ 12 إبريل 1989 وحتى 27 مارس 2011 بواقع 900,000 دينار كويتي سنوياً. وعلى ذلك قرر مجلس المفوضين تكوين مخصص بكامل المستحقات البالغة 19,800,000 دينار كويتي وتحميلها على الرصيد الافتتاحي للاحتياطي العام للسنوات السابقة، لم يتم سداد أية مبالغ مستحقة من ذلك الرصيد حتى تاريخ هذه البيانات المالية. هذا وجارى النظر في تحديد آلية سداد وتسوية مستحقات أملاك الدولة - وزارة المالية من خلال مجلس الوزراء.

11. رأس المال التشغيلي والاحتياطي العام

وفقاً للمادة (21) من القانون رقم 22 لسنة 2015 الخاص بتعديل بعض أحكام القانون رقم (7) لسنة 2010، يكون للهيئة احتياطيات نقدية تضمن لها استقراراً مالياً على المدى الطويل لمقابلة الاخطار النمطية المتوقع حدوثها في نشاط الأوراق المالية، ويتحدد بقرار يصدره مجلس الوزراء - بناء على اقتراح المجلس - مقدار هذه الاحتياطيات وكيفية تكوينها، وتقوم الهيئة بتوظيف هذه الاحتياطيات، فإذا وصلت إلى المقدار المحدد يحول الفائض إلى الخزينة العامة للدولة، وإذا نقصت في أي وقت عن المقدار المحدد تقوم الحكومة باستكمال وأداء مبلغ النقص. كما يكون للهيئة رأس مال تشغيلي مقداره 40,000,000 دينار كويتي يستخدم للصرف منه على جميع أوجه نشاط الهيئة، ويدفع ويغطي مباشرة من الاحتياطيات النقدية للهيئة، وطبقاً للقواعد التي تنص عليها في اللائحة. ويجوز زيادة رأس مال الهيئة بمرسوم.

قرر مجلس مفوضي الهيئة باجتماعه رقم 10/ 2013 المنعقد بتاريخ 24 إبريل 2013 تحديد المقدار المطلوب للاحتياطيات النقدية للهيئة بما يعادل 800 مليون دينار كويتي، على أن يتم مراجعة ذلك المستوى كل ثلاث سنوات.

وافق مجلس مفوضي الهيئة باجتماعه رقم 2016/2 المنعقد بتاريخ 13 يناير 2016، تنفيذاً لما نصت عليه المادة (21) من قانون إنشاء الهيئة رقم 7 لسنة 2010 بشأن موضوع الاحتياطيات النقدية، على تحديد المقدار المطلوب للاحتياطيات النقدية للهيئة بما يعادل 1.5 مليار دينار كويتي. هذا الاقتراح خاضع لموافقة مجلس الوزراء.

بتاريخ 4 مارس 2016، تم تكوين رأس مال تشغيلي تفعيلًا لنصوص القانون رقم 7 لسنة 2010 ولائحته التنفيذية وذلك تحويلًا من الاحتياطي العام للهيئة.

بتاريخ 24 مارس 2019، قامت اللجنة الاقتصادية المنبثقة عن مجلس الوزراء الموقر في اجتماعها رقم (2019/11) بمناقشة ما انتهت إليه دراسة هيئة أسواق المال بشأن مقدار الاحتياطيات النقدية المطلوبة، وقررت اللجنة الاقتصادية في ذات الاجتماع تكليف كل من الهيئة العامة للاستثمار بالتنسيق مع وزارة المالية وهيئة أسواق المال لإعداد مذكرة مشتركة تتضمن المقترحات والتصورات اللازمة لتكوين الاحتياطيات النقدية لمواجهة الاخطار النمطية المتوقع حدوثها في نشاط الأوراق المالية، والمدى الزمني المقترح لتكوينها، وطريقة إدارتها، وسحب واسترداد المبالغ المدفوعة منها. وبناءً على هذا التكليف، وبتاريخ 11 إبريل 2019، قامت كل من هيئة أسواق المال والهيئة العامة للاستثمار ووزارة المالية بالتوقيع على المذكرة المشتركة والتي تضمنت تحديد مقدار الاحتياطيات بمبلغ 450 مليون دينار كويتي، وقد حددت المذكرة المشتركة مقدار الاحتياطيات وكيفية تكوينها، حيث سيتم دفعها كالتالي:

- مبلغ 250 مليون دينار كويتي في صورة خطاب ضمان صادر من الهيئة العامة للاستثمار.
- مبلغ نقدي قدره 200 مليون دينار (يدخل ضمن ذلك ما لهيئة أسواق المال من احتياطيات نقدية حالية)، ويؤدي مبلغ 120 مليون دينار من الاحتياطي العام للدولة بحيث يكون الاحتياطي العام للهيئة مبلغ وقدره 200 مليون دينار على ثلاث سنوات بواقع 40 مليون دينار كل سنة اعتباراً من السنة المالية 2019 - 2020. وحتى تاريخ إصدار البيانات المالية، لم يصدر مجلس الوزراء قراراً بهذا الشأن.

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		12. تكاليف موظفين
2018	2019	
12,966,292	13,694,723	رواتب وأجور
1,206,680	1,982,727	مكافأة نهاية الخدمة للموظفين
1,575,158	1,848,771	إجازات
1,017,707	921,137	تأمينات اجتماعية
3,779,979	3,649,109	مكافآت
20,545,816	22,096,467	

		13. مصروفات إدارية أخرى
2018	2019	
1,098,904	1,193,038	مصروفات إيجارات
1,108,165	2,253,043	مصروفات استشارات
1,044,913	971,143	مصروفات تدريب
215,336	929,746	مصروفات سفر وانتقال
884,308	172,018	مصروفات أخرى
4,351,626	5,518,988	

14. ربح من العمليات المتوقفة
قامت الهيئة بإثبات أثر فروق القيمة العادلة لصافي موجودات سوق الكويت للأوراق المالية عن القيم المؤقتة السابق إثباتها في تاريخ الاستبعاد والبالغة 1,471,093 دينار كويتي.

15. بيان التدفقات النقدية

15.1 المحصل من تصفية مشروع مشترك
بناءً على قرار الهيئة رقم (95) لسنة 2016 الصادر بتاريخ 23 أكتوبر 2016 بشأن تطبيق نظام الضمان على الأشخاص المرخص لهم بممارسة نشاط وسيط أوراق مالية مسجل في بورصة الأوراق المالية ونشاط وسيط أوراق مالية مؤهل مسجل في بورصة الكويت للأوراق المالية يلغي العمل بقرار لجنة سوق الكويت للأوراق المالية رقم (1) لسنة 2002 بشأن نظام ضمان عمليات الوساطة وتعديلاته اعتباراً من تاريخ 1 أبريل 2017.
بتاريخ 25 مايو 2017، قررت الجمعية العمومية لنظام ضمان عمليات الوساطة الموافقة على تصفية نظام ضمان عمليات الوساطة وتحويل حصة الهيئة من التصفية البالغة 9,215,633 دينار كويتي.

15.2 المحصل من خصخصة البورصة
بالإشارة إلى ما ورد بإيضاح رقم 6 من البيانات المالية، قامت الهيئة بتحصيل مبلغ 21,192,229 دينار كويتي نظير عملية خصخصة 50% من أسهم شركة البورصة. تم عرض هذا المبلغ في بيان التدفقات النقدية كما يلي: -
- مبلغ 19,696,821 دينار كويتي لتسوية الرصيد المدين المستحق من شركة البورصة متضمناً مصروفات لجنة خصخصة البورصة ضمن الأنشطة التشغيلية.
- مبلغ 1,495,408 دينار كويتي لإقفال الزيادة بالاحتياطي العام ضمن الأنشطة التمويلية.

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16. معاملات مع أطراف ذات صلة		
تتمثل الأطراف ذات الصلة في رؤساء القطاعات والإدارة التنفيذية للهيئة. في إطار النشاط الاعتيادي للهيئة تمت خلال السنة معاملات مع بعض الأطراف ذات الصلة وفيما يلي بيان بالمعاملات والأرصدة الناتجة عن هذه المعاملات:		
المعاملات	2019	2018
رواتب ومكافآت الإدارة التنفيذية	173,930	293,895
الأرصدة		
ذمم دائنة وأرصدة دائنة أخرى	421,008	55,471
إن رواتب ومكافآت مفوضي هيئة أسواق المال تحدد بمرسوم.		

17. التزامات محتملة		
يوجد بعض القضايا المتداولة على الهيئة، كما تحل هيئة أسواق المال محل سوق الكويت للأوراق المالية في حقوقه والتزاماته المقام فيها الدعاوي والطعون القائمة قبل إتفاقية تحويل مرفق البورصة ونقل أصول المرفق المادية والمعنوية والتي أبرمت خلال عام 2016. وبراى المستشار القانوني للهيئة، ليس من المتوقع أن تكون للقضايا المقامة ضد الهيئة وسوق الكويت للأوراق المالية تأثير مادي على البيانات المالية للهيئة.		



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