

## HIGHLIGHTS OF THE 43RD IOSCO ANNUAL CONFERENCE MAY 7-11, 2018 FOR AMERC PRIORITIZATION AND FOLLOW UP

Dear AMERC Colleagues,

It was indeed a pleasure to attend the just concluded Annual Conference and AMERC meeting in Budapest. As was said repeatedly, great commendations are deserved by our colleagues at the Central Bank of Hungary for the smooth execution of the conference overall.

The convening of our meeting on May 7th served as an opportunity for the handing over of the leadership of the Africa Middle East Regional Committee to Mishaal Al-Usaimi of CMA Kuwait and myself. In this regard, I must reiterate the appreciation we both communicated to the Region for the support and confidence you have bestowed on us. We acknowledge of course the long service of SEC Nigeria as Chair and very able Secretariat and the brief but undoubtedly impactful role of the out-going Vice Chair, Nehza Hayat of AMMC Morocco who opened the meeting.

You will no doubt have seen the Conference overview circulated by the General Secretariat so I will not repeat the solid highlight of key discussions and decisions during the meeting. I would however like to flag some of the key topics that may have a particular impact or interest for our region in order to inform how we might prioritize our efforts going forward.

Taking a step back from Committee affairs for a moment, looking to the Budapest Conference format, I am sure many of the attendees would join me in noting that there was potential for significantly greater diversity in the speakers and panellists for the various sessions in both the workshops and public sessions to ensure the deliberations were more reflective of the membership as a whole. I am nonetheless proud to note that our region was very well represented by Jurgen Boyd of FSCA South Africa who injected fresh perspectives and flavour into the deliberations on SME financing. I have nonetheless raised this concern on diversity with the General Secretariat as well as with fellow members of the Board to ensure that we aspire to be more inclusive in future events.

Returning to the deliberations of AMERC, I was encouraged by the level of meaningful engagement by the members on the new dedicated Agenda Item on feedback to the Report of the Secretary General. This engagement was instrumental in helping to identify and crystalize some of the points below on areas we should pay attention to as a Committee. Noting the extended period until our next AMERC meeting. I hope the points below can help to inform potential work in the intervening period.

### *Editorial Board*

Luke Ombara	Chairman
Antony Mwangi	Member
Leah Muli	Member
Viola Kilel	Member

### *Contents*

AMERC Highlights	Page 1
AMERC News	Page 5
Development Reports	Page 12

## 1. Fintech risks and opportunities

Fintech and digitalization have undoubtedly gained momentum across the globe, but potentially more so in the emerging markets that we regulate. There is however need for more targeted analysis on the use of fintech especially given that some jurisdictions are focusing on the deployment of technology for efficiency and operational speed while others are leveraging technology for access and inclusion and yet others looking at it for purposes of reviewing approaches to market infrastructure e.g. blockchain for central securities depositories.

Given this broad spectrum of regulatory and industry approaches, it was noted that there is need for continuous discussion and assessment of the effects of fintech on market integrity, stability and systemic risks. The use cases of blockchain with various emerging crypto-assets, Artificial Intelligence and machine learning and disintermediation introduce a new set of risks and opportunities that need to be identified.

The establishment of a Fintech Network by IOSCO will be important in providing expertise and guidance. AMERC, given our diverse members, should ensure that we will be actively playing a role in the Network to ensure any outputs consider the opportunities and priorities that are relevant to our members.

Given the developments on Initial Coin Offerings (ICOs) globally, IOSCO has considered the need for the development of a framework to support members as they identify regulatory risks occasioned by ICOs and deal with both domestic and cross border issues. The support framework will build on existing resources provided by IOSCO and the ICO Consultation Network.

For AMERC, noting that our investors are increasingly the targets of online, cross-border ICOs, our key focus may need to be on the scrutiny of comparative experiences shared for capacity building and the leveraging of lessons on strategies for the investor education. It is important to note however that it is not currently the IOSCO Board's intention to develop guidance, principles

or recommendations.

The core objective of the ICO Network is to provide a more efficient forum for cross border discussions on ICOs while taking stock of regulatory and market developments. Core issues for consideration include cyber risks, secondary market trading of coins, money laundering and the applicable balance between encouraging innovation and protecting investors.

It was noted that there may be region-specific risks that require increased focus and in this regard, CMA Kuwait as AMERC Vice Chair noted its willingness to lead regional work on analysis of regulatory responses to fintech.

In all events, the cross-border and easy online access nature of the products was emphasized as a wake-up call for IOSCO members to collaborate and work together as they learn from each other's supervisory experiences.

The concern was further reiterated that with the tightening of regulation and enforcement in the developed jurisdictions, the marketing of ICOs and other products are likely to be re-targeted to emerging markets investors.

## 2. Complex over-the-counter products targeting Retail Investors

The increasing online marketing of retail OTC leveraged products continues to raise risks and integrity challenges to the market. While developed markets have strengthened their supervisory and enforcement mechanisms to regulate the complexity of retail OTC leveraged products, there is now an imminent danger of those firms shifting their businesses to emerging markets to take advantage of regulatory arbitrage given the weak or non-existent regulatory protections in some emerging markets. There were for example extensive explanations of the measures adopted by regulators in Europe to curb the detrimental impact of complex retail OTC products on investors. It was however accepted that the 300% decline in retail OTC product complexity in Europe would likely translate into increased targeting of these complex products to emerging markets investors.

The challenge with retail OTC leveraged products is that they are not offered on an exchange translating to complexities on pricing, settlement and trading. Such products are offered through online trading platforms and sold without properly regulated investment advice. In addition, the solicitations and marketing strategies of these products are often unregulated therefore resulting in misrepresentation, misleading and deceptive information. The retail investors therefore are exposed to the inherent risks with growing evidence of investor detriment due to misconduct by unregulated firms.

As a result, IOSCO has noted that there is need for enforcement modalities and avoidance of regulatory arbitrage. A Policy Toolkit is being developed to improve the conduct of licensed firms offering such products .

The Toolkits focus on these three core areas:-

- a. Policy measures with guidance on the offer and sale of these products by intermediaries
- b. Investor education materials with guidance on the products
- c. Enforcement approaches and practices to address and mitigate risks posed by unlicensed firms offering these products to retail investors.

The toolkit is being finalized for publication in July 2018 and there is an opportunity for AMERC to use the same to prepare themselves to deal with the specific risks, regulatory and enforcement challenges for the protection of retail investors in their markets. The component of a C8 toolkit on investor education materials with guidance about relevant products and firms is likely to also be very useful for AMERC members. Members can access and provide feedback on the toolkit which is currently available online.

### **3. Sustainable finance initiatives and Africa's emerging leadership**

Sustainable finance principles have long been

discussed but have been agreed upon as an issue for standards to be issued by IOSCO due to the diversity of members opinions on the role of the regulator in sustainability issues. There continues to be sensitivity in some quarters that the prescription of sustainability standards may be misinterpreted as regulators working to promote sustainable investment in certain asset classes as opposed to simply improving the quality of information to assist investors decide which assets they want to invest in. A call however continues to be made by a number of stakeholder for IOSCO to play a more critical role in providing the taxonomy, statistics and convergence on disclosure standards.

Having regard to the diversity of experiences of members with the implementation of sustainability initiatives it was noted that greater coherence on approach may be possible through a regional approach. In this context, the pan-continental initiative of regulators and stock exchanges in Africa under the Marrakech Pledge was lauded as providing an opportunity for AMERC to provide global leadership on the convergence on sustainability standards at a regional level. In this regard, the former AMERC Vice Chair, AMMC Morocco remains committed to leading continued engagement to increase the number of jurisdictions on the continent, and potentially in the Middle East, to become signatories of the Marrakech Pledge.

In developing any approaches to convergence on sustainability standards, it was however stressed in the GEM Committee that proactive engagement with institutional investors to understand their fundamental needs and expectations was critical to inform the scope, determinants and considerations for sustainable finance initiatives.

In this regard, the GEM Committee will be convening an Industry Roundtable on Sustainability in London on June 28, 2018 in which all AMERC members are encouraged to participate. The meeting will be held in the new Bloomberg Building in The City which is currently rated the most sustainable commercial building in the world.

#### 4. Data Privacy's Impact on Regulatory information sharing

The EU General Data Protection Regulation (GDPR) becomes effective on May 25, 2018. This has implications on information sharing especially on sharing of personal data of EU citizens. Extensive deliberations have been ongoing for an extended period on the impact of GDPR on EU authorities sharing information containing personal data under IOSCO MMoU or other cooperation agreements with non-EU authorities. Central to the discussion is working towards consensus on whether the sharing of enforcement related regulatory information can continue to enjoy exemption from data privacy restrictions based on Public Interest Derogation (PID) or whether it will only be viable if IOSCO is able to agree with the EU on an Administrative Arrangement (AA) detailing the terms and conditions that will inform personal data sharing.

Current discussions note that pending the adoption of an approved Administrative Arrangement(AA), personal data may continue to be shared under MMoU based on the Public Interest Derogation exception for purposes of enhancing market integrity and investor protection. It is however accepted that with the level of information flows by heavy users of the MMoU, this exemption may not be deemed to be adequate. Being lower use jurisdictions, AMERC members are likely to be able to continue to receive assistance based on the PID but we will need to keep an eye on the evolving discussions on administrative arrangements and its implications to smooth regulatory cooperation as we see ever increasing levels of cross border activity.

#### 5. Cybersecurity threats and guidance standards to be applied

A Guidance Note on Cybersecurity and its application by regulators is being developed by Growth and Emerging Markets Committee. Some of the questions posed for the finalization of the Guidance Note include a call for:-

- a. Any views on potential information sharing

mechanisms that can be considered?

- b. Any views on further GEM initiatives to strengthen GEM capabilities on cybersecurity?

It was noted that a network or panel of cybersecurity experts in the regions may need to be set up to feed into and provide guidance to other members and IOSCO in general.

Such a network of experts could be established by AMERC members (subject to Members stepping forward to lead the work) to discuss matters such as data privacy, data security and information exchange protocols.

#### 6. Regional risk identification in conjunction with the CER

The CER Chair, through the GEM Committee meeting highlighted key areas of risk trends being identified from engagement with members cutting across three core areas:

- a. Crypto assets
- b. Artificial intelligence and machine learning
- c. Distribution, disintermediation and dispute mediation

Following very valid queries being raised by members during the AMERC meeting on the potential differences there may be between risk trends in the region as against those being tracked across the IOSCO membership as a whole, I held very constructive discussions with the Chair of the Committee on Emerging Risks (CER). The Chair noted and adopted the recommendation that the CER going forward will put in place structures to engage with the Regional Committee to identify key region-specific trends to help better inform regional committee agenda setting and to inform areas for specific workstreams that can contribute the greatest value to regional committee members.

#### 7. AMERC Working Group on Listing

The Working Group presented its findings to the

Committee highlighting the survey findings and the recommendations on incentives and initiatives to promote listings across AMERC. Members noted the significant benefit the consolidation of this kind of information could provide to all members in their benchmarking activities.

A key area recommended for further data collection and experience sharing was noted on assisting the Working Group to identify those incentives and strategies that have had the most catalytic effects in members markets and more so those initiatives that were found to have negative unintended consequences to guide members on factors they should take into consideration when implementing the same. CMA Uganda will continue to lead this initiative and target to have their final report ready in approximately 6 months' time.

With those highlights, I welcome fellow attendees of the Budapest meetings to provide their insights and feedback on any of the matters highlighted herein or to flag any matters they believe ought to also be covered.

Mishaal and I very much look forward to working closely with all our colleagues in AMERC to focus on key workstreams on which we can deliver credible and tangible results.

Allow me then to wish our colleagues who profess the Islamic faith: Ramadhan Kareem

Warm regards,

Paul M. Muthaura  
Chief Executive, CMA Kenya  
Chairman, AMERC

May 16, 2018

## DUBAI

### FINTECH DFSA EXPANDS INNOVATION TESTING PROGRAMME

In May, the Dubai Financial Services Authority (DFSA) announced the expansion of its Innovation Testing Licence (ITL) programme. The ITL programme enables firms to test innovations in financial technology (Fin-Tech) in or from the DIFC.

Six companies form a new Cohort (Cohort 1) that began the ITL application process on 16 May. The process includes the development of a regulatory test plan describing the proposed business model, product or service. The DFSA is currently working with the applicants to navigate the onboarding process. Should the firms be successful, they will begin a testing period lasting up to 12 months, at the end of which the firms must demonstrate that they have met the agreed targets of the test plan, and can meet the full DFSA authorisation requirements, to obtain a full licence.

The ITL was introduced by the DFSA in May

2017, as part of its strategy to foster an innovation-friendly ecosystem in the DIFC. The restricted financial services licence allows qualifying FinTech firms to develop and test innovative concepts from within the DIFC, without being subject to the full regulatory requirements that normally apply to regulated firms.

The firms making up Cohort 1 underline the diversity of innovations in the FinTech field and the global interest to test these innovations from the DIFC. The firms include Bridg, Delio, Fastnet, HedgeSPA, MarketsFlow, and Jibrel Network.

### Saudi Aramco Rebalances Its Asia Crude Oil Benchmark Using Dubai Mercantile Exchange

The Dubai Mercantile Exchange Limited (DME) is the energy-focused commodities exchange located within the Dubai International Financial

Center (DIFC), and regulated by the DFSA. All trades executed on DME are cleared through and guaranteed by CME Clearing. CME is, in turn, regulated by the U.S. Commodity Futures Trading Commission (CFTC) and is licensed as a Recognised Body by the DFSA.

At the end of the quarter, Saudi Aramco made a decision to adjust its Asia crude oil pricing marker in an effort to increase the overall reliability of its crude oil pricing. Saudi Aramco's long-standing price marker was the average of Platts Dubai and Platts Oman assessments. The company's new Asia Marker will replace Platts Oman with the DME Oman, effective from October 1, 2018, creating a

hybrid between two major Asia benchmarks.

The DME Oman crude oil benchmark is currently used to establish the price of crude oil produced in the Sultanate of Oman and in the Emirate of Dubai, underpinning approximately 1 million barrels per day of production. Aramco's decision adds significant further physical price exposure to the Exchange.

DME Oman Crude Oil Futures was launched in 2007 and since then has grown in its global status and influence. The settlement price of DME Oman is established in a regulated, highly liquid and transparent five-minute window by up to 100 participants each day.

## KUWAIT

### CAPITAL MARKETS AUTHORITY LAUNCHES SECOND PHASE OF MARKET DEVELOPMENT PROJECT

The Capital Markets Authority (CMA) announced the launch of the second phase of the Market Development project (MD-2) at a press conference held in April 2018 at the Exchange's building. The conference included Mr. Mishaal M. Al-Usaimi - Vice Chairman of CMA Board of Commissioners & Acting Managing Director, and Mr. Khaled Abdulrazzaq Al Khaled - Chief Executive Officer of Boursa Kuwait and Chairman of Kuwait Clearing Company. The changes were implemented after five extensive tests performed with all the participating parties, in order to ensure that they and their automated systems are ready to accommodate all the changes related to this phase. The list of participating parties includes the CMA, Boursa Kuwait Company, Kuwait Clearing Company, financial brokerage companies, investment companies and a number of local and international banks. The development process of this phase includes the following:

- Dividing the market into three markets based on the liquidity and capital value of each listed company. The markets are as follows:
  - Premier Market
  - Main Market
  - Auction Market

- Applying different trading fees and commissions for each of the three markets
- Launching new weighted indices, which include an index for the Premier Market and the Main Market, and a general index for both.
- Activating the mechanism of the continuous circuit breakers of the market index, where halt of securities trading composed of the intended index when it reaches the specified percentage is down to a specified period, up to the maximum limit of decline where the halt of trading is set until the end of the session.
- Activating the mechanism of circuit breakers of continuous trading of securities where trading will halt on a security, and the auction period will be entered to determine the reference price when reaching the specified percentage, whether rise or decline.
- Activating new listing procedures and rules to attract companies with outstanding performance, and enhance the process of qualitative listing.
- Activating the Buy-in Board with a settlement period (T + 1) in order to ensure that the defaults resulting from securities transactions are settled if the securities are not available for the seller.

- Provide the late confirmation feature of the Custodian.
- Facilitate special transaction procedures.
- Working by electronic distribution of cash profits.

The MD consists of four phases. The CMA has based the changes made during the achieved phases on the principles of the financial market infrastructure, in addition to the international standards established by the rating institutions. These changes are a continuation of the development process that was completed in the first phase of the project (MD-1), and they are a step forward for the next phases.

It is worth mentioning that MD-1 was launched on May 21, 2017 (the first interim phase of the formerly called Post-Trade Model project), which was one of the most important factors that led to upgrading the capital market in the State of Kuwait to a Secondary Emerging Market status by FTSE Russell. These changes have also had a significant impact in reducing defaults rates of transaction and enhancing investor confidence in capital markets.



*Mr. Mishaal M. Al-Usaimi - Vice Chairman of CMA Board of Commissioners  
6. Acting Managing Director - 43rd Annual Meeting of the IOSCO.*



*Mr. Mishaal Al-Usaimi - Vice Chairman CMA Board of Commissioners  
Khaled Al- khaled Boursa Kuwait during the of the Market Development*

## EGYPT

### FINANCIAL REGULATORY AUTHORITY (FRA) ANNOUNCED THE LAUNCH OF THE NATIONAL STRATEGY FOR NON-BANKING FINANCIAL ACTIVITIES (2018-2022)

In April 2018, Dr. Mohammed Omran- FRNs Chairman announced the launch of the National Strategy for non-banking financial activities (2018-2022) which aims at carrying out structural and legislative reforms to non-banking financial services sector in order to enhance the ability of poor groups to improve aspects of life, grant greater role for entrepreneurs and increase participation of SMEs in the economic growth.

The strategy seeks to change the concept of the non-banking financial sector to a sector that focuses on sustainable development and social justice, a sector that includes all entities and supports the most small and medium enterprises

in order to be the main catalyst for production and operation.

The coordination of efforts between different regulatory bodies, both in the banking and non-banking sectors, has a role to play in ensuring the effectiveness of integration, whether by ascertaining the absence of conflicting policies between the two sectors or to work together to maximize the economic returns of the financial services sector.

The Strategy aims at building an integrated financial system at the local level and achieving integration with all parties involved in the financial

system, especially the banking sector so that the stability of the financial system will be achieved, thus enhancing the ability of non-banking financial institutions to be an important partner in serving the national economy. The prepared strategy aims at placing Egypt among the top 40 countries in the field of innovation and within the top 20 countries in the rate of improving gender equality in employment, increasing the competitiveness of the Egyptian economy internationally, achieving an average economic growth rate of 7% and increasing the contribution of non-banking financial services to GDP to 70%.

### **The Financial Regulatory Authority (FRA) wins the Membership of the IOSCO Board and retains its seat for the third session in a row**

In a new appreciation of the role played by the Financial Regulatory Authority and its activity within the International Organization of Securities Commissions (IOSCO), FRA won the membership of the IOSCO Board where it retains its seat for the third consecutive session (2018-2020) after winning the elections as a representative of Africa / Middle-East Regional Committee (AMERC).

FRA is continuing its traditional core activity within the organization and defending the interests of the countries it represents. It is worth mentioning that FRA was elected for the membership of the IOSCO Board for the first time in (2014-2016).

### **The United Nations chooses FR/Vs Chairman to chair the meeting of the UN Consultative Group for Financial Regulatory Authorities**

The United Nations has chosen Dr. Mohammed Omran — FRA's Chairman to chair the meeting of the UN Consultative Group for Financial Regulatory Authorities organized by the United Nations Conference on Trade and Development (UNCTAD). The meeting, which was held in late April at the United Nations headquarters in Geneva, Switzerland, is part of a new project adopted by the United Nations - to be implemented before the end of this year- represented in creating

the Sustainable Stock Exchanges (SSE) initiative. The (SSE) initiative is a high-level platform to explore how the world's exchanges can work together with investors, regulators and companies to create more sustainable capital markets in order to enhance transparency and performance in all aspects of environmental, social and corporate governance (ESG) and thus promote sustainable financing. During that meeting, the participants agreed on seven key areas that regulators can do to support sustainable financing and the green economy in the light of the United Nations initiative for sustainable development and the Paris Climate Change Agreement. These include monitoring and facilitating the growth of investments, supporting sustainable development in the areas of environment, social responsibility and governance (ESG) as well as encouraging investors to take into account the aspects of sustainability upon taking their investment decisions

Moreover, the participants agreed on the importance of financial culture and the need to raise awareness of the goals of sustainable development and climate change through workshops and communication with officials and policy makers to clarify the revenues to finance the goals of sustainable development and the Paris Agreement on Climate Change.

It is worth mentioning that Dr. Mohammed Omran is one of the founders of this initiative, which was joined by five international Exchanges in 2012 including the Egyptian Exchange to which Dr. Omran was the Chairman in this period.

### **FRA's Board of Directors has agreed to activate short selling mechanism**

In its session dated Monday 28/5/2018, FRNs Board of Directors approved the proposal submitted by the Capital Market Advisory Committee to activate short selling mechanism.

The approval of the Board of Directors to amend the provisions of Articles 298-289 of the Executive Regulations of the Capital Market Law which allows brokerage companies to start short selling mechanism comes together with setting some



standards that companies must comply with upon practicing this activity to that the system shall be decentralized in accordance with international best practices and norms

### **FRA calls for a consultative session to prepare a legislative framework for short-term debt instruments**

FRA hosted a workshop for consultation, exchanging views and ideas, and receiving comments on the draft of the legislative and regulatory framework set for short-term debt instruments in the Egyptian capital market in a step to develop a short-term financing tool that suits the nature of the companies which have short period of capital turnover. Recently, there are long-term bonds with duration of 13 months or more, which is an obstacle for these companies to meet their short-term financing needs. It is worth mentioning that FRA is implementing this project in cooperation with the European Bank for Reconstruction and Development to prepare a comparative study of the regulatory frameworks of short-term debt instruments in a number of developed markets, including the United States, France and the United Kingdom, in order to identify the best practices applied internationally in this field. Participants include representatives of the investment managers, investment banking, credit rating companies, fixed income society, legal advisors, private insurance funds, financial leasing companies and representatives of the European Bank for Reconstruction and Development (ECRD). FRA is working closely with the needs of the non-banking financial sectors, particularly the capital market sector and various financial instruments available to finance various projects. During the workshop, Dr. Omran - FRA's Chairman showed great interest in the point of views of the relevant parties during the events of the workshop. Also, he stressed that all opinions, ideas and suggestions put forward will be taken into account upon issuing the rules governing short-term debt instruments as well as best practices applied internationally.

The workshop represented an important consultative step before completing the legislative

framework for short-term debt instruments, and this is what is always followed by the Authority upon introducing new financial instruments and legislations. In addition, FRA will issue approvals for the issuance of short-term debt instrument within a maximum of 5 working days from the date of submitting all the needed documents due to the special nature of short-term debt instruments.

### **IFC, Financial Regulatory Authority started Consultation on Green Bonds Guidelines in Egypt**

FRA, the Financial Regulatory Authority of Egypt and IFC, International Finance Corporation, a member of the World Bank Group, launched on 27th June a consultation process for guidelines to foster the development of the country's green bond market and help address climate change.

IFC has been assisting FRA in formulating draft guidelines for green bonds that will undergo a consultation process with market stakeholders by providing comparative studies from international markets.

FRA's partnership with IFC helped in providing the necessary information to both issuers and investors, providing a comprehensive reference guide for the market to develop a new financial tool to support green growth in Egypt. This goes in line with FIUs strategy to develop new financial instruments within the Egyptian market over the next four years. IFC focuses on helping the private sector address climate change through investments and innovative financing, and by addressing regulatory and policy obstacles to green growth. Green bonds can help finance investments in renewable energy, agribusiness, green buildings, and energy efficiency projects.

This initiative is a partnership between IFC's MENA Sustainable Energy Finance Program, IFC Treasury, and the World Bank Treasury. The MENA SEF Program is co-financed by the Canadian Department of Foreign Affairs, Trade and Development (DFATD) and the Hungarian Export-Import Bank Plc.



Launch of the National Strategy for Non - Banking Financial Activities (2018-2022)



UN Consultative Group for Financial Regulatory Authorities organised by UNCTAD

## KENYA

### UPDATE FROM THE CAPITAL MARKETS AUTHORITY

#### CMA hosts the Regional Islamic Finance Services Board (IFSB) workshop

As identified in the Capital Market Master Plan, Islamic finance is one of the fields of finance that if nurtured, could potentially catapult the East and Central African region to become competitive as a hub for capital inflows.

During the quarter, the Authority as a coordinator of Kenya financial Sector Regulators on the Islamic Finance Project Management Office, under the patronage of the National Treasury and Planning (Kenya) and in collaboration with the International Financial Services Board (IFSB) organized a 3-day Workshop on Islamic Finance Principles for the financial sector (Banking, Capital Markets, Insurance, and Retirement Benefits & Microfinance) held on 14th to 16th May 2018 in Nairobi, at the Kenya School of Monetary Studies (KSMS). The participants were trained on Islamic Capital Markets Principles and Takaful standards.

The Capital Markets Authority has partnered with the Islamic Financial Services Board on various fronts to facilitate capacity building for Islamic Finance and Capital Markets in Kenya. This has been very crucial in facilitating the build-up of

key competencies, knowledge and skills in Islamic Finance.

#### Capital Market Authority 2018-2023 Strategic Plan

Following the expiry of the 2013-17 Strategic Plan, the Authority has developed a new Strategic Plan running from July 2018 to June 2023 to guide it over the next five years to achieve its mandate

The CMA Strategic Plan further serves as a blueprint for the Authority to steer the development of Kenya's capital markets to support national development objectives and the achievement of MSCI emerging market status aspirations as per the Capital Market Master Plan.

The Plan encompasses six key Strategic objectives including:

1. Ensuring a robust, facilitative and responsive policy and regulatory framework for capital market development and efficiency;
2. Facilitating the development, diversification and uptake of capital markets products and services;
3. Ensuring sound market infrastructure opera-

tions and market institutions;

4. Leveraging technology to drive efficiency in the capital markets value chain;
5. Ensuring optimal institutional efficiency and effectiveness of CMA; and
6. Enhancing strategic influence.

The Plan was developed using a comprehensive process, which involved consultations with key stakeholders such as partner regulators, licensed intermediaries and investors, benchmarking with developed and emerging markets (including the US, UK, Australia, Malaysia, South Africa and Brazil) and support from capital market consultants with expertise from across the UK, Europe, Latin America, Asia and Africa.

In order to ensure that Kenya's capital markets have their desired impact in supporting economic development and empowerment, the Plan has been aligned with a number of local and international priorities, including the Government's National Development Agenda, the Big 4 Agenda, The Vision 2030 Third Medium Term Plan (MTP III), the Capital Market Master Plan (CMMP) and the United Nations' Sustainable Development Goals.

The Plan is also timely as it aims at addressing the technological revolution happening in Kenya and the evolving needs of local and international investors. The Plan, therefore, provides a blueprint for the Authority to align its resources to best meet the demands of a more connected, digital and sophisticated capital market in the country. The Strategic Plan shall be launched in July 2018.

### **CMA hosts a Consultative Workshop on Low Uptake of Capital Markets Products and the Rapid Mass Visibilities Strategy**

While the CMA has made significant progress towards innovation, development and introduction of new products through supporting legal and regulatory frameworks, uptake of both traditional and structured products has remained characteristically low.

In order to address this issue, the Authority undertook a study aimed at determining the underlying reasons behind the low uptake of capital markets products and services. During the quarter, on 29th June 2018, the Authority in conjunction with the Nairobi Securities Exchange conducted a full day consultative workshop with stakeholders at the Kenya School of Monetary Studies to probe the findings and recommendations of the research paper as well as craft a path to recovery on the performance of both traditional and structured products in the country.

The event was well attended with representation from the National Treasury, CMA, NSE, EAVCA, KASIB, Stock brokers, Investment Banks, Listed Companies, Fund Managers, Fintech Firms, SMES and family owned businesses representatives, amongst others. The recommendations from the consultative workshop will be instrumental in addressing the low uptake challenge with the capital markets space, Reversing the perception that the capital market is expensive and removing identified obstacles to listings and improving other capital market products' uptake, increasing Listings at the NSE, addressing gaps in market issuance practice that have resulted to low listings in the equity and debt space as well as identifying potential ways of leveraging on the NSE/KASIB Rapid Mass Visibilities Strategy (RMVS) proposition to spur capital markets listings interest and ultimately develop the market.

### **The African Securities Exchange Association (ASEA) held its 7th Building African Financial Markets (BAFM)**

The African Securities Exchange Association (ASEA) held its 7th Building African Financial Markets (BAFM) seminar in Nairobi on April 19th to 20th, 2018 at Villa Rosa Kempinski Nairobi.

The theme for this year's seminar was 'Adaptive' innovation as a lever for the growth and sustainable development of African Financial Markets. The ASEA Conference is an annual conference that brings together members of exchanges within Africa and leaders of various financial institutions

in the continent. The Authority participated in the Conference as a Gold Sponsor.

The event was graced by the Deputy President of the Republic of Kenya, His Excellency Hon. William Ruto, who noted the key fundamental role that financial markets and in specific the Capital Markets can play in achievement of the Big 4 Agenda for the government namely: manufacturing, universal healthcare, affordable housing and food security.

Some of the key lessons from the conference specific to capital markets regulators include the following;

- a. Current supervision models need to adopt an interactive and outcome based approach to meet future needs;
- b. Green bonds should be a key area of focus for capital markets as sustainability factors are increasingly having a material impact on investment flows;
- c. Effective regulatory cooperation and harmonization could be achieved by capital markets regulators by early and proactive engagement of exchanges, other supervisory authorities, IOSCO and regional harmonisation entities;
- d. Capital markets regulators should consider issuing guidelines to its licensees on standards for cyber security in addition to having in place measures to manage third party cyber risk; and
- e. Regulatory alignment and harmonization of laws in line with international best practices and standards such as the IOSCO principles is key to achieve well-functioning exchange linkages.



*Islamic Financial Services Board Assistant Secretary General Dr. Nagwa Hussein engages with Capital Markets Authority Kenya Chief Executive Mr. Paul Muthaura during the Regional Islamic Financial Services Board Workshop in Nairobi in May 2018.*

## OMAN

### UPDATE FROM THE CAPITAL MARKETS AUTHORITY

#### **CMA has inked a Memorandum of Understanding with the Securities and Exchanges Commission of Thailand**

CMA Oman has concluded a Memorandum of Understanding (MoU) with the Securities and Exchanges Commission of the Kingdom of Thailand in the field of exchange of information and mutual cooperation. The signing ceremony held in Budapest on the sidelines of the 43rd meeting of the International Organization of Securities Commissions.

The MoU focuses on the cooperation of the

regulators in three main issues namely mutual development of investment products the key of which is investment funds, benefiting from Thailand's experience in investor education and cooperation in corporate governance and best practices in both countries to enhance the regulatory aspect, provide protection for market participants in general and retail investors in particular in which the Omani market has an edge.

## CMA Dispatches Students for summer internship abroad

The CMA Oman in collaboration with the Sultan Qaboos University has dispatched a number of students for practical training at capital market regulators. This opportunity will expose students to the actual practical environment in which they make the link between what they have studied and the real-life working practices. The student destinations were to: the Financial Market

Authority of Morocco (AMMC), the Securities & Exchanges Organization of Iran (SEO), the Financial Regulatory Authority of Egypt (EFSA), and the Dubai Financial Services Authority (DFSA).

# CAMEROON

## FINANCIAL MARKETS COMMISSION

### Key Developments

Trading continued on the Douala Stock Exchange (DSX) of Cameroon amidst ongoing talks towards merging the two stock exchanges of the Central African Economic and Monetary Community (CEMAC); DSX is based in Douala while the Central African Stock Exchange (BVMAC) is based in Libreville - Gabon. Market capitalisation of listed stocks on DSX at the end of June 2018 reached XAF 149.3 billion (USD 266.6 million) representing an increase of about 1.6% since March 28, 2017. The capitalisation of the bond market of DSX has remained stable during the period under review and stands at about XAF 273 billion (USD 496 million) at the end of June. Market liquidity remains weak as most investors adopt a buy-and-hold strategy whereas new offerings have remained scant.

As we indicated in our last quarterly report to AMERC, the FMC began the implementation of its new rule, authorizing the constitution of companies by public offering. In effect, founders with a solid capital base could be authorized to create a new corporate entity by public offering. The received its first application to authorize the creation of a mixed-economy (public-private) company by public offering from the Douala City Council. After thorough scrutiny of the project quality, the offering was authorized on the 13th of March 2018. The placement of this issue which

started in April has now been closed and the Douala Metropolitan Investment Corporation will soon be constituted based on a public-private partnership model. It is expected that this company will raise further rounds of funding from the market in the future. The FMC remains vigilant in controlling the process to ensure that the rights of investors and their monies are adequately safeguarded.

The long awaited texts of application of the 2016 law instituting undertakings for collective investments in transferable securities (UCITS) such as mutual funds and open-end investment companies were signed and released by the Minister of Finance of Cameroon on the 1st of June 2018. Persons interested in creating UCITs in Cameroon have now been invited to submit their application files. It is expected that UCITs will change the physiognomy of the capital markets in Cameroon in the coming years.

Cooperation ties between the Cameroonian capital market and the central African capital market in Libreville Gabon reached new heights on the 31st of October 2017 when the Heads of States of the Central African Economic and Monetary Union (CEMAC) reached a decision to work towards the establishment of a single stock exchange and a single regulator for the sub-region. Countries involved include: Cameroon, Central

African Republic, Congo Republic, Equatorial Guinea, Gabon and Chad. Talks towards attaining this objective are underway and it is expected that the stock exchanges and the regulators would be unified by 30th June 2019. In the meantime, a cooperation agreement was signed on 12th April 2018 in Brazzaville Congo between the FMC of Cameroon and COSUMAF for mutual assistance and exchange of information. A key benefit of this agreement is the implementation of a passport regime where licensed investment companies in Cameroon are free to operate in the six CEMAC countries and vice versa for operators licensed by the COSUMAF.

**Perspectives**

The FMC hopes to issue its first licenses to launch the market for mutual funds and open

end investment companies in the third quarter of 2018 after the regulations guiding their constitution were approved on 1st June 2018.

The valuation exercise of the two Stock Exchanges in the CEMAC region (DSX and BVMAC) with a goal to merging them is ongoing and it is expected that this merger might occur before the end of the year 2018.

Some bond and equity issuances are also expected in the coming months.

*Photos below show the signing ceremony of the convention between FMC Cameroon and COSUMAF for information exchange and mutual assistance on 12th April 2018 in Brazzaville Congo.*



*Chairman of FMC Cameroon, Mr Jean Claude NGBWA (middle) signing convention on 12th April 2018 in Brazzaville Congo*



*Chairman of FMC, Mr Jean Claude NGBWA (middle) and Chairman of COSUMA during signing ceremony in Brazzaville Congo on 12th April 2018*



*Cross-section of personalities present during the signing ceremony in Brazzaville Congo on 12th April 2018*



*Chairman of FMC, Mr Jean Claude NGBWA during signing ceremony with the Minister of the Economy of Congo on 12th April 2018 in Brazzaville*

# NIGERIA

## SECURITIES & EXCHANGE COMMISSION

### Highlights Of Activities

#### New and Concluded Cases

During the period under review, one (1) suit involving the Commission was concluded. In addition, thirty (30) new cases involving the Commission came up before various courts and are at various stages of proceedings.

### 1 NEW AND AMENDED RULES

#### 1.1. Sundry Amendments

Following the exposure of eleven (11) proposed sundry amendments to the SEC rules on the Commission website, comments were received from stakeholders and the public on the proposal. The rules were as follows:

6. Rules on Permissible Investments with Related Parties.
7. Rule 41(4) on Publication of Interim Financial Statement Rule 279(3)(5)(ii) on Shelf Registration and amendment to Schedule 11- Insertion of penalty for diversion/misapplication of Issue Proceeds
8. The NASD OTC Markets on the new product tagged as "Private Linked Notes"
9. Amended sundry Rules on Collective Investment Schemes (CIS).
10. Rules on Central Counter Parties (CCP).
11. Exposed rules (CMHC and others).
12. Draft amended Rules of the Central Securities Clearing System (CSCS).
13. FMDQ Equities Market Rules.
14. Amendment to Rule 41(4)- Rules Relating to Publication of Interim Financial Statement
15. Amendment to Rule 279(3)(5)(ii) Rules on Shelf Registration
16. Amendment to Schedule II of the Commission's Rules and Regulations - Insertion of penalty for diversion/misapplication of Issue Proceeds.

#### 1.2. Mergers and Acquisitions

Within the period under review, the Commission approved two (2) proposal for internal transfer of shares. Also two (2) external restructuring, four (4) proposed restructuring, five (5) proposed acquisitions, two (2) Ratification of Acquisitions, two (2) proposed scheme of arrangement and two (2) proposed merger were also processed.

#### 1.3 Investigation and Enforcement

##### a. Investigation

Thirty-six (36) new complaints were received during the period under review Seven (7) against Broker/Dealers, Fund and Portfolio Managers, seventeen (17) against Registrars.

The cases resolved during the reporting period were five (5) and all were against registrars.

Five hundred and sixty-five (565) outstanding complaints were unresolved as at end of the period under review.

##### b. Enforcement

Out of Nineteen (19) outstanding cases, four (4) were concluded in the period under review and the remaining Eight (8) are ongoing.

##### c. Activities at the SEC Zonal Offices

The Commission monitored trading activities on the floors of the respective branches of The Nigerian Stock Exchange in Lagos, Kano and Port-Harcourt.

On the aggregate, a total number of one hundred and eighty-four (184) investors' complaints were received by the zonal offices and three hundred and fifty-eight (358) were successfully resolved. Most of the cases were stockbrokers, illegal market operators and registrars on non-receipt of share certificates and dividend warrants related.

## 1.4 International Relations

The commission participated in a number of meetings in the month under review. Some of the meetings includes:

- a. The West Africa Securities Regulation Association (WASRA) Technical and Executive Council Committee Meetings: The association held its Executive Council meetings at the side line of IOSCO Annual Conference in Budapest, Hungary on 6th May, 2018. The Commission was represented at the meeting.

### Highlights of the meeting:

- i. The final copy of the WASRA Charter presented for signing.
  - ii. Opening a bank account for WASRA in Nigeria and ensuring that a WASRA website is up and running.
  - iii. The acceptance of AMMC Morocco of an observer status within WASRA
  - iv. Continuous efforts made to harmonize the rules of WASRA member countries and integrate their capital markets.
  - v. Amendments made to the Guidelines for Issuance of Fixed Income Securities in ECOWAS Region For Project Financing
- b. IOSCO Annual Conference: The Commission attended the IOSCO Annual Conference and Annual Meeting, which was held on 7th - 11th, May, 2018 in Hungary. The highlight of the meeting was as follow;
    - i. Fintech risks and opportunities
    - ii. Complex OTC products targeting retail investors
    - iii. Sustainable finance initiatives and Africa's emerging leadership
    - iv. Data Privacy's Impact on Regulatory information sharing
    - v. Regional risk identification with focus on crypto assets; artificial intelligence and machine learning; distribution, disintermediation and dispute mediation
    - vi. Continuing the work of the AMERC Working Group on listings.
  - c. Also there were Regulatory Workshops on:
    - i. The Role of Artificial Intelligence & Machine

- Learning in Future of Financial Services
- ii. Crypto Currencies & Initial Coin Offerings - Trends, Risks and Regulatory Implications
- iii. The Rise of ETFs as an Asset Class - A fast growing industry underpinned by strong innovation
- iv. Panels discussing new challenges in Fintech and Digitalization, financing for SMEs from the capital markets, unsuitable products for retail investors etc.

- d. AMERC Chair Election: Mr. Paul Mathuara of CMA Kenya

was elected the new AMERC Chair.

## 2. PRIMARY MARKET ACTIVITIES

### 2.1 Total FGN Bonds and SEC Approved Issues

Total number of new issues approved by SEC and FGN bonds allotted by Debts Management Office (DMO) stood at four (4) valued at \$154.12 million in March, 2018. In April 2018, the number of new issues approved by SEC and FGN bonds allotted by the Nigerian Debt Management Office (DMO) stood at four (4) valued at \$284.95million.

Details of issues for each of SEC and DMO were given in the next two sub-sectors.

### 2.2 The Securities and Exchange Commission (SEC)

- a. New Issues

During the period under review, the Commission approved one (1) new issue which was a private placement valued at \$13.85 million. One (1) new issue was also approved (offer for subscription) of \$34.71 million series 1, 15.25% fixed rate bond.

## 3 SECONDARY MARKET ACTIVITIES

### 3.1 The Nigeria Stock Exchange

- a. Market and sector indices

The All Share index closed at 38,278.55 points in June as against 41,504.51 points in the previous quarter. A comparison of first and second



quarter 2018, therefore indicates that the index depreciated by 7.77%.

#### b. Market Capitalization

Total market capitalization of listed securities (equities, fixed income securities and exchange-traded funds) stood at \$81.365 billion. This figure

indicates a decrease of 5.38% when compared with the position of \$69.722 dollar at the end of the period under review.

During the previous quarter, equities market capitalization depreciated by 7.47% from N14.99 trillion to N13.71 trillion.



Representatives from SEC Ghana, SEC Nigeria and CREPMF during the WASRA Executive Council meeting in Budapest, Hungary

## MAURITIUS

### FINANCIAL SERVICE COMMISSION

The Stock Exchange of Mauritius Ltd (SEM) is licensed under Section 9 of the Securities Act 2005 and operates two markets namely the Official Market (OM) for larger companies and the Development Enterprise Market (DEM) which is tailored for medium and smaller companies.

The SEMDEX is the main index. The tables below provide an overview of the Performance of the Official Market and DEM for the second quarter of the year from April to June 2018.

#### On-Site Inspections

##### Surveillance - Capital Markets

Pursuant to Section 43 of the Financial Services

Act 2007 (FSA), the Surveillance - Capital Markets cluster carried out 5 on-site inspections at the premises of the licences as at 29 June 2018.

The objectives of the inspections were to ascertain whether these entities are operating under the scope of the licences granted to them, and thus determine their level of compliance to the existing legal framework. These entities were further assessed on different parameters such as corporate governance, market conduct, prudential aspects including fairness and transparency, adherence to money laundering legislations and codes; as well as, evaluation of financial soundness and controls (risk management, systems/mechanisms).

**Official Market**

Particulars	April 18	June 18
No of listed companies	58	57
Volume Traded (million)	29.4	44.5
Turnover Value Traded (USD trillion)	24.9	47.7
Market Capitalisation (USD Billion)	8.0	7.7
SEM-ASI	2,133.66	2,068.44
SEMDEX (Points)	2,286.52	2,244.64

**Development & Enterprise Market**

Particulars	April 18	June 18
No of listed companies	42	42
Volume Traded (million)	7.7	10.9
Turnover Value Traded (USD million)	4.7	4.9
Market Capitalisation (USD Billion)	1.8	1.7
DEMEX (Points)	239.65	239.65

**Surveillance Investment Funds and Intermediaries**

The Surveillance Investment Funds and Intermediaries Cluster has continued to conduct its supervision. While the on-site inspections focus on compliance with prevailing legislations, verification of key processes and adherence to AML/CFT requirements amongst other, off-site monitoring includes the assessment of the various requests from licensees. The requests consist mainly of appointment of officers, appointment of auditors, changes in shareholding structures, changes in classification / categorisation, changes in constitutive documents, changes in investment

objectives/strategies, review of financial statements.

The number of new licences during the period April to June 2018 is as follows:

Type of Licensees	New Licences (April to June 2018)	Total Licences (as at 30 June 2018)
<b>Total Funds</b>		
<b>Collective Investment Schemes</b>	6	477
<b>Closed-end funds</b>	12	494
<b>CIS Managers</b>	8	407
<b>Custodians</b>	0	10
<b>CIS Administrators</b>	0	7

*All figures refer to active entities, i.e. those applying for winding up and wound up entities are excluded*

**Regulatory Development**

New Legislation - Approval to Amendments to the Stock Exchange of Mauritius Ltd. ATS Procedures

The Financial Services Commission (FSC) has granted its approval to the Stock Exchange of Mauritius Limited (SEM) for amendments to be brought to the automated trading system (ATS) Schedule of Procedures for the extension of trading hours by one additional hour from 1.30 p.m to 2.30 p.m on both markets (the Official Market, and the Development and Enterprise Market). This is pursuant to section 13(3) of the Securities Act. This extension has become effective as from 12 June 2018. The change in operating hours has an impact on the overall trading schedule and procedures on the different SEM's Trading Boards,

Actions	Number
Suspension of Licence	8
Investor Alerts on unauthorised entities	3
General Alerts	3

*Enforcement actions taken in relation to Capital Markets/ Funds:*

thus requiring changes as appropriate in the ATS Schedule of Procedures. These amendments allow foreign investors in Europe to better track the daily evolution of the Market which will enhance liquidity over time. This extension in operating hours is also a move towards the setting up of an appropriate environment for full day trading in the future as it is the practice in other well established markets. Full day trading will ultimately allow foreign investors in different time zones to follow the market on SEM and subsequently to invest on a real time basis.

#### Enforcement Actions

In order to enable the FSC to take appropriate measures to suppress illegal, dishonorable and

improper practices, market abuse and financial fraud in relation to any activity in the financial services and global business sectors, the FSC is empowered under the FSA to take actions against those licensees who have carried out, are carrying or are likely to carry out any activity which may cause serious prejudice to the soundness and stability of the financial system of Mauritius or to the reputation of Mauritius which may threaten the integrity of the system. During the period April 2018 to June 2018, the following enforcement actions have been taken by the FSC.

During the period April 2018 to June 2018, pursuant to section 27(3) of the FSA, the FSC has suspended the Category 1 Global Business Licences and the authorisation to operate as a Closed-End Fund held by the following entities with immediate effect:

- i. QG AFRICA TIMBER LP;
- ii. QG AFRICA MINING LP;
- iii. QG AFRICA MEZZANINE LP;
- iv. QG Africa Hotel L.P;
- v. QG AFRICA HEALTHCARE LP;
- vi. QG AFRICA AGRICULTURE L.P.;
- vii. QG African Infrastructure 1 L.P.

## ANGOLA

### CAPITAL MARKETS COMMISSION

#### Angolan Government publishes a legal diploma that regulates the general regime of fees on the securities market

The Angolan Government issued on 4th of June, a Presidential Decree No. 139/18, which establishes the Legal Regime of Securities Market Fees, for the legal relations that generate the obligation to pay fees in favor of the Capital Markets Commission (CMC) in return to a provision of certain services. The legal document is applicable on all fees charged by the CMC to the entities subject to its supervision and revokes the Executive Decree No. 209/08 of 26th September on the Fees charged for services provided. During the same period,

the CMC issued three regulations to the Public Consultation, namely, Collective Investment Schemes Operators of Risk Capital, Collective Investment Schemes of Securitization, Exchange and Real Estate Investment Management Companies.

#### Statistics on supervisory and enforcement actions

In the use of its duties, the CMC over the period from April to June carried out four (4) onsite supervision, 29 offsite supervision, two (2) new registrations and three (3) infringement proceedings against market participants.

### **CMC approves Base Prospectus for the Program Submitted by Standard Bank Angola for Bond's Issuance**

On April 20th, the Board of Directors of CMC approved the Base Prospectus for the Bond Issuance Program submitted by Standard Bank Angola under the powers conferred by law.

### **CMC Holds the Legislation Question-and-Answer session on for the Securities Market Traders**

On 27th April and 24th May 2018, the CMC held two question-and-answer session with the Compliance Officers of the Financial Institutions that operate in the securities market in Angola, namely Financial Intermediary Agents and Companies for Management of Collective Investment Schemes (CIS) and Investment Funds. These sessions were attended by the Financial Intelligence Unit, whose topics includes the provision of information to market participants, the consequences of breaching the obligation to report information and combating Money Laundering and Terrorist Financing.

### **CMC Supports the 1st Congress of Compliance Professionals in Angola**

On 8th and 9th May, Angola held the first Congress of Compliance Professionals at the Banco Angolano de Investimentos under the theme of Compliance: the Key to Growth and Diversification of the Angolan Economy. The Congress was institutionally supported by the CMC and conducted by the World Compliance Association. In the aforementioned Congress, issues related to Compliance were discussed and the fundamental measures to be adopted by the public and private sector.

### **CMC announces the Registration Checklist of the Credit Rating Agencies (CRA's)**

On June 14th 2018, CMC held a Disclosure Session for the Checklist for Registration for the Credit Rating Agencies. During the session it was highlighted the important role that CRA's currently play an important role at issuing opinions regarding the credit quality of a particular company or security through a rating system.

### **The Ministry of Finance launched Investor Portal at public session**

On June 28, the Angolan Ministry of Finance, during a public session, launched the Investor Portal, in Luanda, which aims at promoting a better potentiation and democratization of access to the issuance of Public Debt Securities, until now done only through commercial banks. This service allows the purchase of Treasury Securities online by persons or companies, provided they have a bank account in Angola.

### **Statistics of the Trading of Treasury Bonds for April May at Angolan Debt and Stock Exchange (BODIVA)**

During the months of April and May 2018, the Angolan Stock Exchange (BODIVA) recorded a trading of treasury bonds of an equivalent amount of USD 589,242,606.82 showing a negative variation in May, as described in the table below:

*Table n.º1 Treasury Bands Trading in April - June 2018*

<b>Period</b>	<b>Business Number</b>	<b>USD</b>	<b>MoMA%</b>
<b>April</b>	<b>17,851,94</b>	<b>315, 464, 264.97</b>	<b>5%</b>
<b>May</b>	<b>6,574,44</b>	<b>273, 778, 341.85</b>	<b>-13%</b>

### **CMC carries out a cycle of activities on Financial Education and Financial Literacy**

With a view of promoting financial literacy measures to increase the knowledge levels of investors, market participants and general public, the CMC from April to June of the current year carried out the following activities:

Tab. nº. 2 CMC Financial Education Activities

DATES	TRAINING ACTIONS	INSTITUTIONS
30-04-2018	Reading Contest	CMC
11-05-2018	Guided Tour of BODIVA / Students of the Technical University of Angola, BODIVA	CMC / BODIVA
15-05-2018	Cycle of Lectures - The Securities Market and its Functionalities	CMC / Technical University of Angola
25-05-2018	Cycle of Lectures - The Securities Market and its Functionalities	CMC / Kilamba Kiayi Institute of Economics
29-05-2018	Question-and-answers Session with Journalists / GEM Group / Economic Value	CMC
13-06-2018	Cycle of Lectures - The Securities Market and its Functionalities	CMC
22-06-2018	Guide Tour of The CMC to Students of the Angolan College of Talatona	CMC
25-06-2018	Cycle of Lectures - Institutions Religious Communities. Pentecostal Church Cathedral of Worship and Promise	CMC
29-06-2018	Cycle of Financial Cinema / Angolan College of Talatona	CMC

### CMC carried out activities to promote Local and International Cooperation

During April and June, the CMC has signed two (2) cooperation agreements with National Higher Education Institutions (one University and one Faculty), namely the Catholic University of Angola and the Law Faculty of the Agostinho Neto University, with the aim of defining the lays of institutional relations that seek, through identification of the best pre-finalist candidates in the Law, Management and Economics courses of those institutions to integrate the CMC Mentor Program. This program aims to foster the development and implementation of training and knowledge transfer initiatives in the priority areas for the integration of new graduates in the labor market.

### Others activities

In order to technically train the staff and represent the institution in events about the securities market, CMC participated in the following international activities:

Presence of CMC's Chairman, Mr. Mario Edison Gourgel Gavido, at the 43rd IOSCO Annual Conference in Budapest, Hungary, 7th to 11th May.

The spring meeting of the World Bank and the International Monetary Fund (IMF), 11th to 2nd April 2018; Participation in the 40th Ordinary Meeting of the Committee of Insurance, Securities and Non-Banking Financial Authorities - CISNA, in Victoria, Seychelles, from 18th to 20th April 2018; CMC staff participation at the 2nd Congress of Securities and Financial Markets Lisbon, Portugal, on 12th and 13th April 2018; Technical participation in the Fifth Law Congress of Companies in Review, in Lisbon - Portugal, on April 20th and 21st, 2018; Participation in Africa Investors' Conference held from 19th to 20th June 2018, organized by the Standard Bank Group in London, United Kingdom.



Launch of the Investor Gateway



Guided Tour to the CMC to Students of the Angolan College of Talatona

## MOROCCO

### CAPITAL MARKET AUTHORITY

#### AMMC Institutional Overhaul

1.1 The AMMC new organizational chart marked the culmination of a process launched to upgrade the institution structure

On Thursday, May 24th 2018, following an organizational diagnosis and a benchmark with several international regulators carried by the AMMC, the Board of Directors of the Moroccan Capital Market Authority under the chairmanship of Ms. Nezha Hayat, adopted a new organizational chart that covers the AMMC new prerogatives and meets the ambitions set out in the Authority's Strategic Plan 2017-2020.

The new organization put in place, in line with international best practices, aims to cover all the activities that must be under the scope of regulation and supervision of AMMC in compliance with internal audit standards and good governance practices.

Desiring to duly fulfill its main missions, the AMMC new chart relies on 6 Divisions, three of which are solely dedicated to core business,

namely:

- Asset Management and Investments Protection
- Financial Operations and Markets
- Investigations and Controls

Each division consists of specialized Units, either by type of financial instruments or by activity sector to enhance efficiency and agility in processing the newly introduced or future financial instruments.

This operational structure is supported by a consortium of three other divisions in charge of managing and coordinating all the AMMC's cross-functional activities.

This new setup is to result in furthering authorization/licensing activities, transactions and financial information processing, market monitoring and development, among other things.

## 2. Key Stock Market Events

### 2.1 New IPO on Casablanca Stock Exchange: Immorente Invest

On April 5th 2018, the AMMC announced granting authorization to Immorente Invest to be listed on Casablanca Stock Exchange. Carried through a capital increase of 400 million MAD/ 42,188,000 USD, this IPO aims, among other things, to introduce the first real estate vehicle dedicated to professional rental real estate into the Casablanca Stock Exchange and to raise the necessary funds for the investment program to reach an assets portfolio of about 700 million MAD/ 73,768,870 USD by 2020-2021. Immorente first listing ceremony was organized by the Casablanca Stock Exchange on May 11th, 2018.

By entering the stock market, Immorente Invest is the 75th listed company on Casablanca Stock Exchange & the second listed company, after Balima, in the new sector of REITs.

### 2.2 Introduction of Sukuk to the Moroccan market

Following the completion of Sukuk Ijara regulatory framework in the second quarter of 2018, AMMC is collaborating closely with the Ministry of Finance along with other Stakeholders in structuring the initial phase of the first Sukuk issuance in Morocco estimated at one Billion MAD/ (100 Million US \$) expected to occur before the end of the current year.

Introducing this new financial instrument into the Moroccan market aims to meet the needs of market stakeholders and investors and to promote the development of long-term savings in Morocco. It will also allow completing the ecosystem of participative finance in Morocco.

## 3. AMMC International activities

### 3.1 Study Visits to Malaysia and Bahrein

On April 15th, 2018, the AMMC organized jointly with the insurance and social security Authority (ACAPS), a ten-day study visit to Kuala Lumpur, Malaysia and Manama, Bahrein for the benefit of Scholars from the Moroccan Shariah Advisory

Council (CSO) to discover the Islamic financial system components and its correlation with Takaful insurances, besides the general set-up for issuing fatwas and methods of examining fatwas requests as well as drafting guidelines (Shariah standards) etc.

This visit was undertaken as part of the implementation process of the legislative and regulatory framework governing the financial instruments of participatory finance, in particular the Sukuk. The AMMC, ACAPS, and Shariah Advisory Council (CSO) members visited main authorities and entities operating in the field of Islamic finance in both Malaysia and Bahrain with the assistance of the Securities Commission Malaysia, Bank Negara Malaysia and Central Bank of Bahrain. These visits were geared towards compliance with shariah tenets, Sukuk operations and Takaful insurance.

### 3.2 AMMC takes part in the 17th session of the Francophone Institute of Financial Regulation, Bucharest, Romania

As part of its mission to promote training, coordination, technical cooperation among its members, as well as the study of any issue related to financial regulation, the IFREFI held a dialogue with the financial sector on June 27th, 2018 in Bucharest Romania under the patronage of Mr. Eugen Orlando Teodorovice, Minister of Finance of Romania.

The AMMC took part in the seminars held and covering among others things. Financial innovation, Fintechs, institutional and regulatory advances, High Tech innovations, investors protection, cyber security, initial coin offerings.

\*Francophone Institute of Financial Regulation was created in Rabat, on June 24, 2002, at the initiative of the financial market regulators of the French-speaking world, IFREFI aims to strengthen collaboration and exchanges among its members.

## 4. Bilateral cooperation

### 4.1 AMMC hosted two SEC Ghana delegations in the second quarter of 2018

Being fully aware of the importance of international and bilateral cooperation in growing and advancing capital markets, the AMMC, under the concluded MoUs with its counterparts, hosted two delegations from SEC Ghana.

On April 24th, 2018, the AMMC organized a three-day visit for the benefit of the Project Implementation Committee members of SEC

Ghana and assisted them through sharing the AMMC experience in the implementation process of a supervision and regulatory reporting software, among other things.

On June 25th, 2018, the AMMC organized another three-day visit to the procurement, HR, and IT members of SEC Ghana to assist them with technical issues related to IT management, website management, key procurement processes and HR management policy and key processes.