



TENTH ANNUAL REPORT

(2020 - 2021)

State of Kuwait



بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ



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



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



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

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CMA Board of Commissioners



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



Othman Ibrahim Al-Issa
Vice Chairman



Abdulmohsen Hasan Al-Mazidi
Commissioner



Abdulaziz Fahad AlMarzouq
Commissioner



Ahmad Ali Al-Qadhi
Commissioner



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



On behalf of the Capital Markets Authority's Board of Commissioners and CMA employees, I am pleased to present to those interested in economic affairs in general, and those concerned with securities activities, the CMA's annual report for the financial year (2020/2021). It includes all executed tasks and achievements despite the exceptional challenges faced by the CMA during the past year due to the repercussions of the Corona virus pandemic (COVID-19) and the precautionary measures taken by the State of Kuwait, as well as the rest of the world, in order to reduce the human and economic losses caused by the pandemic, especially since the State of Kuwait was one of the first countries that sensed the danger of the pandemic and implemented effective preventive measures to limit its spread.

The exceptional circumstances of the last financial year, and the health requirements issued by the official authorities, required the CMA and its partners in the capital markets industry, and all other local supervisory authorities, in particular the ones with functions relevant to securities activities, to work diligently and in continuous coordination of efforts to confront the crisis, manage its risks and contain its repercussions. Many decisions and measures were taken, while taking into consideration the flexibility of the requirements, and taking advantage of the latest available technologies and means of communication to ensure the continuity of the trading process and the work in the market in a manner that guarantees the rights of all parties. Coordination was made with the Ministry of Commerce and Industry to permit the shareholders, their agents, representatives of the relevant regulatory authorities, and auditors to attend the ordinary and extraordinary general assembly meetings through the electronic system, as well as expressing opinion and voting in the topics presented at the meeting through the same system. The CMA also joined Kuwait Clearing Company in making efforts to prepare the electronic system for holding general assemblies for companies remotely (e-AGM), and is currently working on updating it soon.

In the same context, the CMA worked in cooperation with its partners to support the entities subject to its supervision and enable them to fulfill their obligations, by extending the dates of several regulatory requirements, thus postponing the dates of the general assemblies of listed companies, and the dates for disclosing financial statements for specific financial periods, in addition to granting listed companies and licensed persons greater flexibility in the process of valuation of assets. The option of borrowing shares of listed companies was permitted according to specific controls for the market maker.

The COVID-19 pandemic and its repercussions and procedures created a certain situation, which forced the CMA to work with only part of its operational capacity. It also required a temporary postponement of some

of its strategic directions, such as postponing the date of implementing its Qualifications Examinations Project for Registered Employment Positions for a full calendar year, extending the term of its current strategy for an additional year, as well as postponing the promotion of the State of Kuwait to an emerging market according to MSCI indicators for several months. However, this did not prevent it from moving forward in pursuit of its legislative, regulatory, supervisory and awareness-raising tasks. It did not stand in the way of achieving its strategic objectives. Instead, it achieved exceptional accomplishments. It is sufficient to point out in this context Kuwait's classification upgrade to an emerging market according to MSCI indicators, in order to complete its classification according to all international indicators rating agencies for emerging markets, especially since the positive repercussions of such an event are clear, and will not be limited to the record trading witnessed by the securities Exchange on the day of the event, which amounted to one billion Dinars, nor will it be limited to the expected benefits to comply with the international standards and indicators, which we began to see their positive signs with a great achievements by the CMA in compliance with the principles of the International Organization of Securities Commissions (IOSCO) by 92%, in addition to a similar improvement in the State of Kuwait's ranking according to the indicator of protecting minority investors indicator as issued in World Bank Doing Business Index report. It must be emphasized that ensuring the fulfilment of the aforementioned achievements will not be possible without adopting a solid strategy and a balanced institutional governance. It was reflected by the CMA's first place rank in terms of meeting the requirements of governance among independent budget entities under the State Audit Bureau's supervision by a percentage of 100%.

On the strategic level, the CMA has made an important step in the path of its current strategy, after the elapse of 60 % of the time frame and the completion of 68% of its total development activities and projects listed until the date of the report, and the completion of eight of its projects, and ninety-seven of its developmental works. The importance of the strategic aspect of CMA's work lies in considerations related to its long-term development goals in terms of contributing to Kuwait National Vision 2035, as well as creating an attractive investment environment that forms the basis of the required development transformation, especially that several projects of the CMA fall within the framework of the government development plan, as the FinTech project, and the capital market development project, as well as its project to establish a knowledge entity specialize in the capital market sector (Capital Markets Academy).

On the other hand, the past financial year can be considered the year of foundation for different types of listings, for many reasons, starting with the essential amendments that it witnessed in the listing rules within the market development project, and creating a suitable environment for attracting special purpose vehicles for the purpose of issuing debt instruments through sukuk and bonds funded by assets and the securitization process, in addition to providing the necessary regulatory and supervisory frameworks for these listings. New kinds of listings took place recently, such as the listing of Shamal Az-Zour for Power and Water K.S.C as the first company incorporated under the Laws of Kuwait Authority for Partnership Projects between the private and public sectors, and the listing of KFH Capital REIT Fund, and finally the listing of Borsa Kuwait Company as the first Gulf Securities Exchange owned by the private sector that is a self-listed exchange.

"Enhance investor protection" has received great attention from the CMA considering the pandemic, especially with attempts of exploiting the conditions of the pandemic to spread misleading invitations to engage in violating behavior that harms their interests. Protecting the rights of dealers in companies whose financial statements are questionable, and protecting the rights of minority shareholders from the decisions of general assemblies that may be unfair to them due to the agreement of the majority of the

controlling groups on the voluntary withdrawal from the Securities Exchange, in addition to an independent evaluation by an expert if the company's control represents 10% of the capital of its assets with related parties. Furthermore, corporate violations which were referred to the Disciplinary Board, with support of the above-mentioned efforts by a large awareness campaign.

The foregoing represents some of the most prominent achievements during the last financial year, which I wanted to point out in brief, and leave the opportunity to follow up on them and other implemented tasks and future visions in more detail in the report before you. We emphasize that our tendency to improve the efficiency of the local capital market does not stop at the limits of what has already been achieved, as there are legitimate aspirations to upgrade the State of Kuwait's classification to the levels of advanced emerging markets, as well as achieving full compliance with the standards of the International Organization of Securities Commissions (IOSCO). In order to translate our ambitions and goals into reality, we are preparing for the CMA's next strategy which follows its current strategy. It is intended to comprise of several very important projects and initiatives, some of which come as a continuation of the current projects, in addition to several new projects whose implementation is expected to mark the start of a new phase in the course of local securities activities that shall help to enhance government development trends in general, and those related to the environment of securities activities in particular. In this regard, I will only mention the methodological development projects of the strategic planning, qualification of innovative financial instruments, preparation of infrastructure entities (CCP, CSD, SSF), and setting the rules and requirements for issuing a license for those structures after reinterpreting the concept of the clearing agency.

The past financial year witnessed a sad event represented in the passing of the leader of humanity, His Highness the late Sheikh Sabah Al-Ahmad Al-Jaber Al-Sabah, whose generous deeds touched various aspects of our lives, whether social, economic, educational or health aspects. The State of Kuwait has witnessed during his reign a remarkable development that did not only place it in the ranks of modern countries, but also has made it an inspiration for all of humanity, and the pain of losing him is only relieved by the reassurance that the leadership of our beloved Kuwait has moved from a good predecessor to a good successor.

Before concluding my brief message in the introduction to our tenth annual report, I would like to praise the efforts of the previous fellow members of the Boards of Commissioners, my fellow members of the current Board of Commissioners, and all of the CMA employees. I would also like to praise the efforts and cooperation of our partners in the capital markets industry, which had a significant impact on the success of the CMA in reaching its accomplishments.

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

Prof. Ahmed A. Al-Melhem

Chairman of CMA Board of Commissioners - Managing Director



Section One

Vision, Mission, Institutional Values, and Main Objectives

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

Establishment

Law No. 7 of 2010

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

Law No. 108 of 2014

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

Law No. 22 of 2015

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

Article 2 of Law No. 7 of 2010

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

Article 1-1 of Module Two of the Executive Bylaws

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

Main Objectives



Vision

The leadership in developing capital markets that is attractive and supports the local economy

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 best international practice.

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, and ethics of the profession



Transparency

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

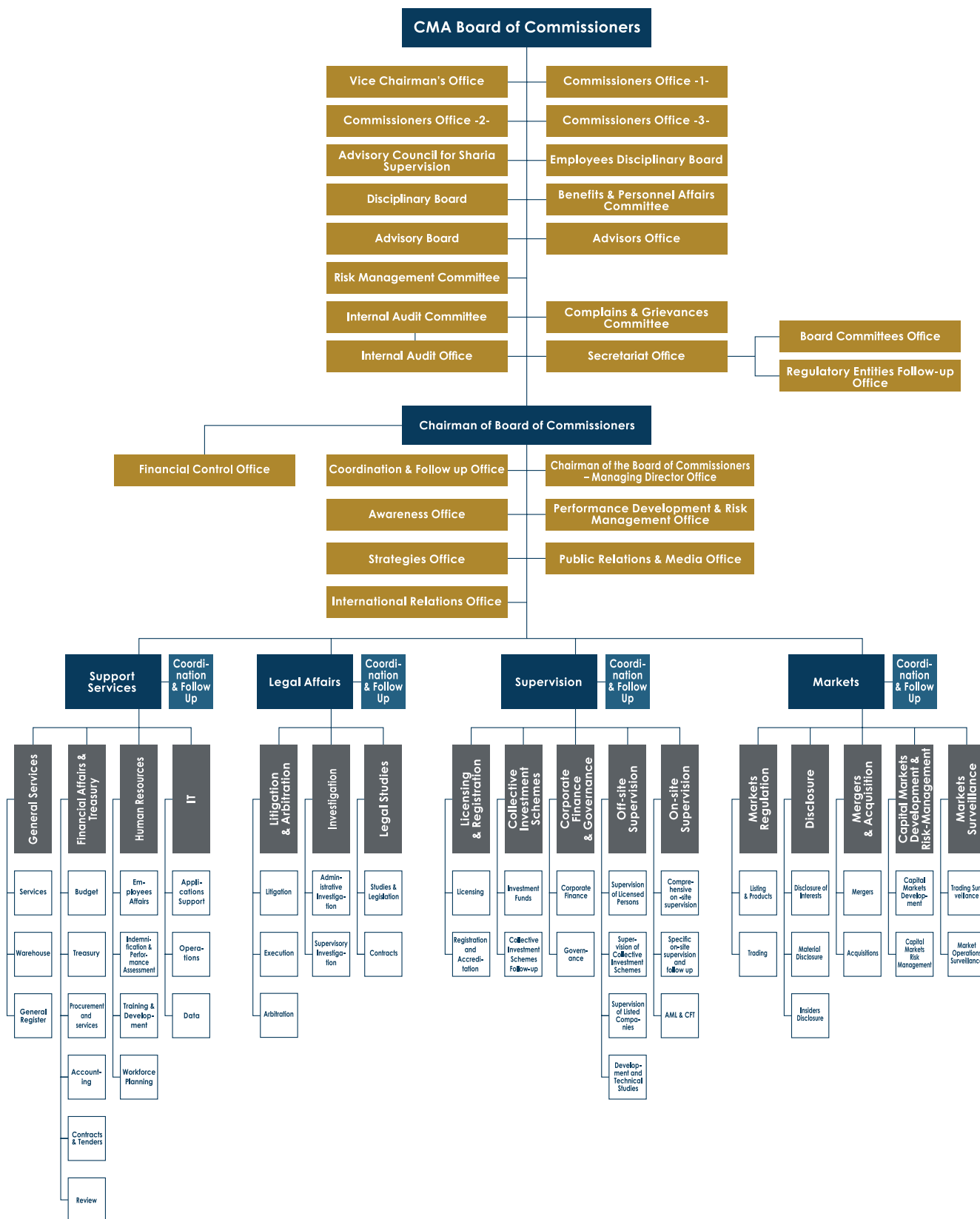
Efficiency

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

Organizational Structure





Section Two

Performance of the CMA Board of Commissioners and the Work of the Secretariat

- ▶ CMA Board of Commissioners: Formation, Meetings, and Resolutions
- ▶ Committees that are Derived from the CMA Board of Commissioners
- ▶ The Secretariat of the Board of Commissioners

► CMA Board of Commissioners: Formation, Meetings, and Resolutions

► Board Formation

The Board of Commissioners undertakes the tasks assigned to it in accordance with the competences stipulated in Articles (4) and (5) of its establishment law to achieve the goals for which the CMA was established. The formation of the CMA's Board of Commissioners was during the financial year which is the subject of this report, is as follows:

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

MR.
Othman Ibrahim Al-Issa
Vice Chairman

MR.
Abdulaziz Fahad AlMarzouq
Commissioner

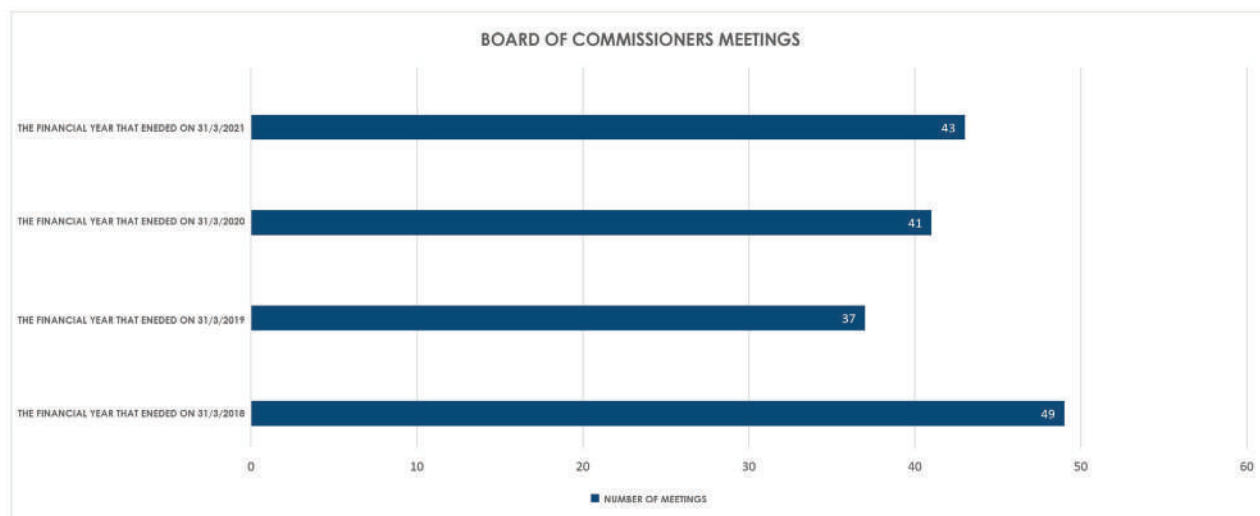
MR.
Abdulmohsen Hasan Al-Mazidi
Commissioner

MR.
Ahmad Ali Al-Qadhi
Commissioner

► Board Meetings and Resolutions



- Regulatory Resolutions (External and Internal)
- Legislative Resolutions
- Resolutions related to investigation referral, the Public Prosecution, the Disciplinary Board, the Complaints and Grievances Committee, and the Advisory Board for Sharia Supervision.
- Resolutions related to External Bodies such as the Council of Ministers, the National Assembly, the State Audit Bureau, the Anti-Corruption Authority, and other government agencies and international bodies and organizations.

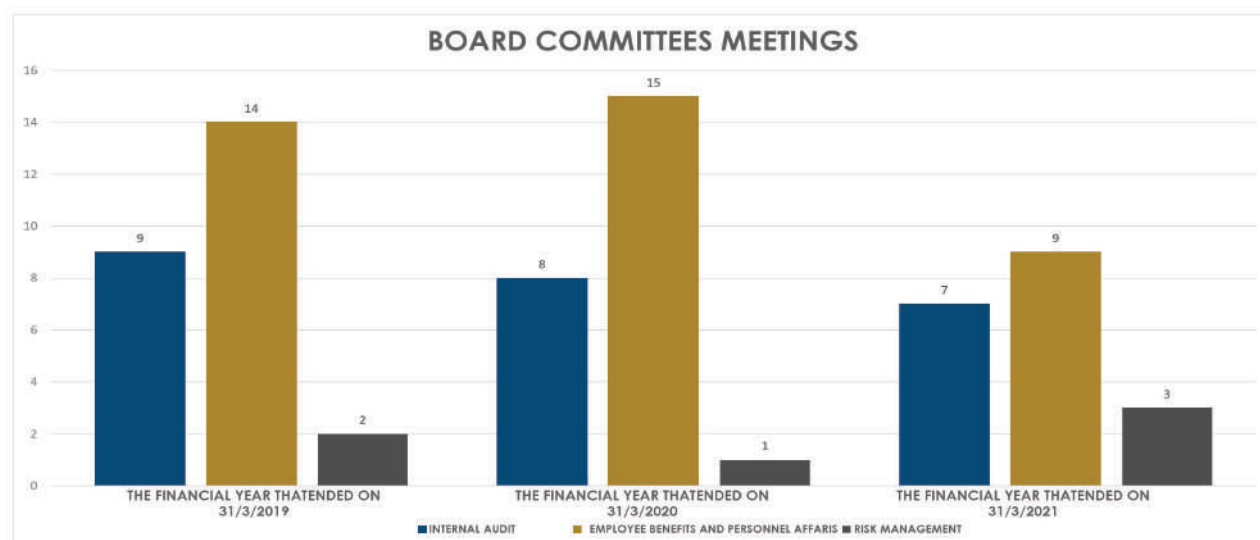


It is worth noting that the CMA's Board of Commissioners continued its work during the period of work suspension in compliance with the instructions issued by the official authorities in the country to suspend all ministries, government agencies, and public authorities and institutions, within the framework of the procedures as a precautionary measure to confront the spread of the Corona virus. During that period, it held (5) meetings, in which it issued (21) resolutions. The CMA's Chairman of the Board of Commissioners issued (3) resolutions upon the authorization of the Board of Commissioners to decide on urgent matters related to all CMA's work that may not be delayed.

► Committees that Are Derived from the CMA Board of Commissioners.

The number of CMA committees that are derived from the Board of Commissioners are (3) permanent committees. A comparative table shown below with the number of meetings of such committees for the two previous financial years in addition to this year:

Financial Year	Internal Audit	Employee Benefits and Personnel Affairs	Risk Management
(2020-2021)	7	9	3
(2019-2020)	8	15	1
(2018-2019)	9	14	2



► The Secretariat of the Board of Commissioners

The general tasks of the secretariat of the Board of Commissioners are to prepare and coordinate the meetings of the Board and its committees, and to record, document and archive discussions, the issued recommendations, directives, assignments or decisions, and to inform the concerned authorities of this information as necessary, and follow up on their implementation. The Secretariat of the Board of Commissioners consists of three units as follows:



Board of Commissioners Secretariat



► Board Committees Office



► Regulatory Entities Follow-up Office

► Board of Commissioners Secretariat

► Board Committees Office.

This office is responsible for direct overview of the meetings of the committees that are derived from the Board of Commissioners, represented by the Employees Disciplinary Board, and committees of Internal Audit, Employee Benefits and Personnel Affairs and Risk Management. It also follows up with their decisions and recommendations.

► Regulatory Entities Follow-up Office

This office carries out the tasks of coordinating between the concerned organizational units within the CMA and the regulatory authorities in the country. The office has received during the last financial year (82) requests, which it has studied and fulfilled the responses in their regard, of which there were (28) requests from the State Audit Bureau, and (54) other requests that were either parliamentary questions or other regulatory bodies requests.



Section Three

Strategic Field

- ▶ Strategic Planning
- ▶ Strategic Plan (2018-2022)
- ▶ Strategic Projects

► Strategic Planning

- Activating the competences of the Projects Department at the CMA, ensuring compliance of the ongoing projects in accordance with the provisions of the bylaws of the mentioned Department, and completing the procedures of closing the completed projects.
- Preparing the operational plan for the financial year (2021/2022) and linking it with the annual budget preparation cycle and preparing a list of the projects for that year.
- Implementing training programs to qualify the projects managers and develop the planning skills of the CMA's employees and enhance their strategic planning knowledge.
- Coordinating with the General Secretariat of the Supreme Council for Planning and Development regarding the projects suggested to be included in the development plan of the financial year (2020/2021) which are as follows:
 - Project of setting the regulatory framework of Financial Technology (FinTech) that is related to securities activities.
 - Projects of the Market Development program.
 - Project of establishing a knowledge entity specializing in the capital markets sector.

However, the precautionary government procedures taken to face Coronavirus have impeded the CMA's approval of the data of those projects. Based on the need to update the plans of those projects, the CMA has coordinated with the General Secretariat to postpone the inclusion while it completes its plans respectively. The coordination proceedings were instituted between the two parties to include the project of establishing a knowledge entity specializing in the capital markets sector in the development plan (2021-2022) after completing its requirements.

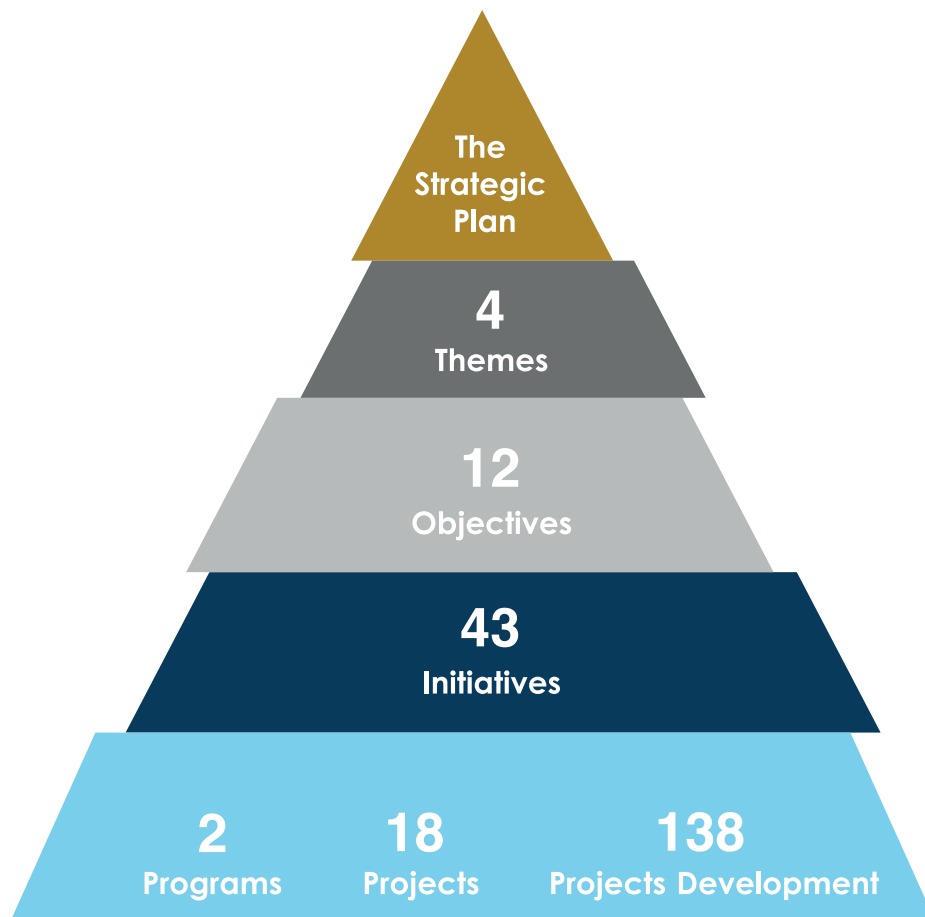
- Developing the strategic planning methodology, signing a contract with Ernst & Young Consulting Company for that purpose, and forming a steering committee and a working group for the project. Moreover, the ongoing practices of the strategic planning cycle were analyzed, the current situation was diagnosed, and the detailed studies for the requirements of preparing the digital transformation strategy were prepared.
- Forming several committees and working teams whose tasks are related to the CMA's strategy and developing its work which are as follows:
 - The technical committee of setting the objectives and the estimates required for establishing or contributing in establishing an educational or training institution in the securities markets' field.
 - The steering committee of coordinating with IOSCO.
 - The team of following up the implementation of the CMA's requirements in Kuwait Integrity and Anti-Corruption Strategy.
 - The team of implementing the inter-licensing initiative for investment funds and their related services between the GCC Countries (Passporting) to represent the CMA in the working team of the GCC capital markets integration strategy.
 - The working team of studying and fulfilling the requirements of the legislative and regulatory infrastructure that is required for implementing the standards and objectives of the sustainable development in accordance with the best international practice.
 - The Market Development Committee and the Executive Team of the Market Development.

- ▶ The steering committee of the CMA's digital transformation program and the team of preparing the strategy of this digital transformation.
- ▶ The steering committee of the financial technologies (FinTech)
- ▶ Providing the CMA's statement regarding the Government Program which included the following:
 - ▶ Proposing the addition of the item "Improving the ranking of the State of Kuwait in the international competitive indicators and creating an attractive investment environment" as one of the government priorities in accordance with what was achieved on the level of upgrading the State of Kuwait in the competitiveness and ease of doing business indicators, the experience of the privatization of Kuwait's securities Exchange, developing the legislative and regulatory infrastructures of the financial markets, and attracting the foreign capital to achieve one of the targets of Kuwait National Vision 2035 of the transformation into a regional financial center, attractive to investment in which the private sector leads the economic activity.
 - ▶ The proposal of including the priority of the "approval of the Public Debt Law for the addition of a financial tool to achieve liquidity", creating an active secondary market for the public debt instruments, and involving the private sector in the initial offer process to form an overall priority for the public debt.
 - ▶ Emphasizing the importance of (digital transformation) on the level of developing the concept of the government work and facilitating services delivery, and reducing the operational expenses incurred by the public sector. It is worth noting that at the present time, it is difficult to include the CMA's services in the unified electronic application Sahel (Kuwait App) as its services are basically concerned with the individuals.
 - ▶ The proposal of considering the possibility of offering a suitable environment for enhancing the profits of the government entities investing in the financial market through raising the transparency levels and listing government and oil companies of added value without exposing or violating the natural or sovereign resources.
 - ▶ Emphasizing that Law No. 7 of 2010 includes the legislative and procedural regulation of the transactions of issuing and marketing the debt instruments such as bonds and sukuks by the government, ministries, and public authorities and institutions, and the public shareholding companies of which the government entities own shares.
 - ▶ The proposal that the priority of "developing the small and medium-sized projects" shall include providing a secondary market for financing and listing these projects, facilitating the exit and entrance of the shareholders to and from them, and the proposal that the legislative priorities shall include the project of the crowdfunding law as well.

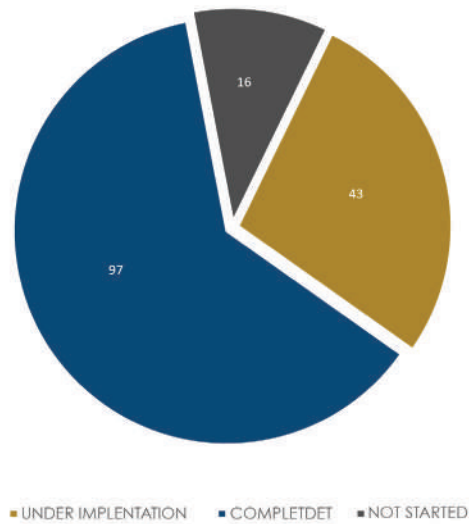
► CMA's Strategic Plan (2018-2022)

It is worth noting that the implications of the novel Coronavirus delayed the work of the CMA's strategic plan (2018/2019-2021/2022), which compelled extending its end date by one financial year that will end in (2022/2023).

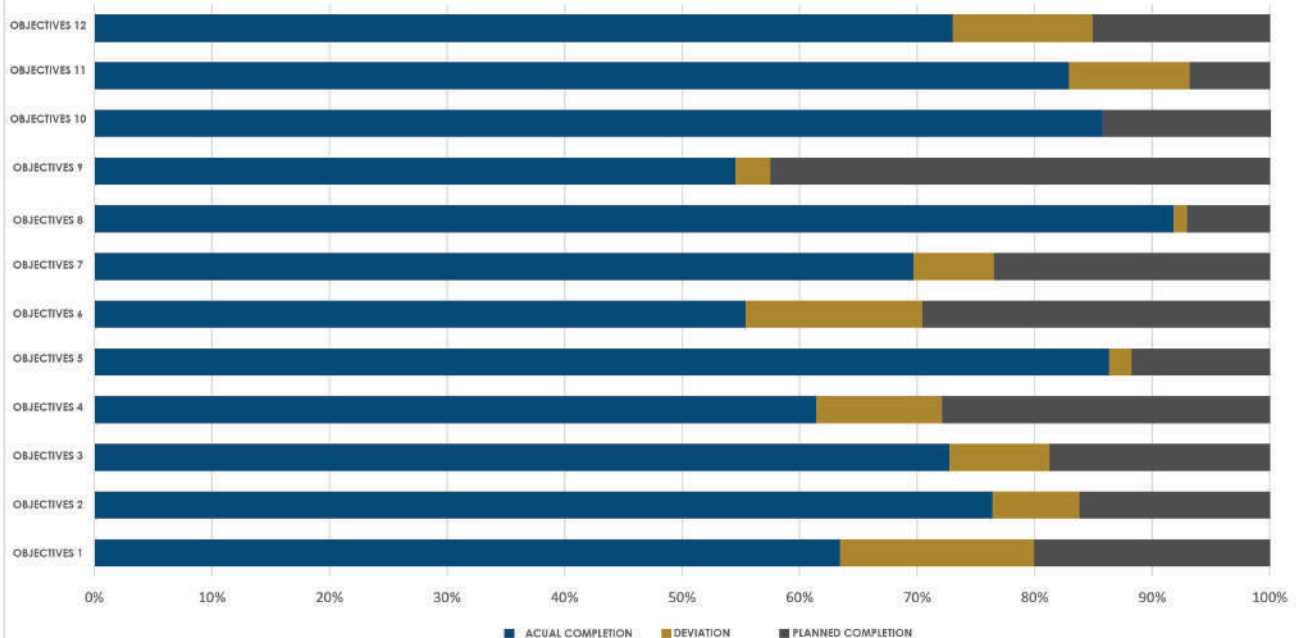
At the end of the fourth quarter of the financial year (2020/2021), three years of the strategic plan will be elapsed, which is 60% of the plan, in which around 68% of the total development activities and listed projects was achieved until the date of this report, 8 of 18 projects and 97 of 138 development activities were completed.



The Achieved Projects and Development Activities



SUMMARY OF THE ACHIEVEMENTS OF THE STRATEGIC OBJECTIVES



► Strategic Projects

During the financial year, the CMA's strategic projects varied between two main types: projects completed during that year and other projects that are still under implementation.

- Completed projects: These projects are reviewed without details, unlike previous reports. These projects are:





- The project of CMA's magazine.
- The Qualification Examinations Project for Registered Employment Positions in collaboration with the Chartered Institute for Securities & Investment (CISI).
- The project of Offering and Allocating the Shares of Boursa Kuwait Securities Company.
- The project of ensuring compliance of Kuwait Clearing Company and the implementation of the Post Trade Model.
- The project of the electronic disclosure system (XBRL).



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- Projects under implementation: the following table summarizes these projects before presenting them in detail:

Sr.	The project	The program	Development plan	Planned completion date
1	Developing CMA's strategic planning methodology			May 2023
2	Establishing a knowledge entity specializing in the capital markets sector			March 2024
3	Establishing CMA's permanent headquarter			March 2024
4	Integrated System for Enterprise Resource Planning (ERP)	Digital transformation		February 2023
5	Developing and automating CMA's external services	Digital transformation		June 2022
6	Developing the operations of the legal sector	Digital transformation		July 2022
7	Project of developing the Electronic Disclosure System (iFSAH 2.0)			December 2022
8	Qualifying the developed financial products	Market Development		March 2022
9	Upgrading financial markets infrastructure (CCP, CSD, SSF)	Market Development		March 2022
10	Qualification of Securities Services Providers	Market Development		March 2022
11	Executing the sub-accounts and developing the surveillance systems	Market Development		March 2022
12	Setting the provisions and requirements of issuing the license for each of (CCP, SSF, CSD)			March 2021

► Developing the CMA's strategic planning methodology

The project aims to issue the guide of the strategic planning methodology that includes all necessary requirements, achieve integration between the institutional strategic plan and the digital strategic plan, take the necessary procedures to put that methodology into practice in collaboration with the relevant persons. The project also aims to empower the team of preparing the digital transformation strategy at the CMA through preparing the necessary technical studies.

The percentage of the project's completion is 57%. The achieved work includes contracting with one of the specialized consulting companies and forming a steering committee and the project's management team. Regarding the project's scope, the study and analysis of the documents and practices of the strategic planning cycle currently in force is completed, and work is proceeding on the preparation of the guide of the institutional and digital strategic planning methodology in accordance with the best practices. Moreover, preparation of the study of the digital transformation requirements is completed.

► Establishing a knowledge entity specializing in the capital markets sector

The project aims at the establishment of a knowledge entity specializing in training, qualifying, and teaching those working in the capital markets sector and raising the public awareness of the aspects of the capital markets through short training programs that discuss different cases related to the capital markets, revision programs to obtain qualification and professional certificates to meet the requirements of the registered employment positions of the registered persons, and other professional certificates and awareness programs for all social categories and the persons concerned and interested in the securities activities, in addition to establishing a virtual library and an approved center for the qualifications examinations.

The percentage of the project's completion is 2%. The project's steering committee and its execution team were formed, in addition the execution work was launched. Moreover, the project's plan was approved in the automated system to prepare and follow up the development plan, and the resolution of the establishment of the Capital Markets Academy was issued and published in the Official Gazette which makes it a corporate entity.

► **Establishing the CMA's permanent headquarter**

The project aims at the establishment of the CMA's headquarter that shall help in creating a suitable work environment and providing a sufficient space for meeting the manpower needs in the future and any other services the CMA may need. In addition, it aims to affirm the CMA's institutional identity in its capacity as one of the leading entities in the State of Kuwait and adds a positive impact in the State of Kuwait along with the impact of the leading national institutions.

The percentage of the project's completion is around 30%. The project's steering committee was restructured, and the first four stages of the work plan were completed. They included receiving the initial design and the schematic design, after revision and development as well as all the executive plans and the tender's documents. The remaining five stages of the project include construction and furniture.



► Integrated System for Enterprise Resource Planning (ERP)

The project aims to adopt an integrated system for the enterprise resources management including automating 80 procedures of the Support Services Sector, to achieve integration between all processes interrelated between its departments, and qualifying its employees with the mechanisms of dealing with the system.

The percentage of the project's completion is 52.7%. The first two deliverables of the project are the policies and procedures document and the design of the enterprise structure for both the Human Resources and Financial and Treasury departments. Furthermore, at the time of this report's preparation, the procedures of the software requirement specifications document are being updated.

► Developing and automating the CMA's external services

The project aims to facilitate the process of acquiring CMA's services, raising the efficiency of the work mandates by automating them completely through the portal, improving the licensed person interaction with the CMA, raising the value of dealing with the licensed person subject to the CMA's supervision by offering an internal central database, issuing reports, and linking with other platforms such as the CMA's internal portal and the CMA's official website. The project includes the implementation of an electronic platform for the forms and reports, in addition to the virtual support program (ChatBot), and the integration work with Kuwait Clearing Company for the trading reports of the companies, individuals, and investment portfolios.

The percentage of the project's completion is 49%. The deliverables of this project were launched as activities (not classified as projects) since 2015, then it was reclassified after merging all its activities in one project that is currently managed within the digital transformation scope. A total of 30 forms of CMA's services have been automated and the electronic payment service (KNET) was implemented for 11 forms of the offered services forms. Moreover, the electronic integration with Kuwait Clearing Company is under process, and the preparations of the virtual support program is in development at the time of this report's preparation.

► The project of developing the operations of the legal sector

The project aims to raise the efficiency of the operations of the legal sector through automating some of its procedures, providing an archive for all the activities of monitoring violations since the establishment of the CMA, reducing the time and effort used for monitoring the violations by decreasing the monitoring steps, providing the possibility of conducting investigation remotely so that the investigation processes will not be disrupted for any reason, unifying the mechanism of dealing with the Executive Bylaws by establishing a central index, developing a tool for performing remote investigation and saving the recording of the investigation, and upgrading the violations record system to version 2.0.

The percentage of the project's completion is 45.8%. The deliverables of this project were launched as activities (not classified as projects), before its reclassification after merging all its activities in one project. It is currently managed within the digital transformation scope to be included in the list of the annual budget's projects immediately after approving its charter. In addition, its first outcome (Remote investigation tool) and second outcome (Violations record version 2.0) have been launched.

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

The project aims to raise the efficiency of the operations performed inside the CMA through automating some of the work procedures in terms of inspection, disclosure, and corporate finance and governance, raising the quality of data and the efficiency of the joint work with Boursa Kuwait through facilitating the exchange of information, and improving the CMA's ability in taking effective decisions.

The percentage of the project's completion is 18.6%. It was implemented as a project after reviewing its proposed scope. Its charter was prepared and approved by the relevant committee. Moreover, the requirements preparation stage was completed by developing the previous electronic disclosure system iFSAH 1.0.

► **The project of the Capital Adequacy Regulations for Licensed Persons**

The project aims to maintain proper levels of capital that are consistent with the risk profile related to the companies' activities, measuring the company's solvency and its ability to meet its obligations and face any losses that may occur in the future and exceed them, in addition to its continuation in offering the services.

The percentage of the project's completion is 100% in which the main outcome represented by the instructions, regulations, forms, and work programs of the Capital Adequacy for Licensed Persons has been reached, and the final stage of holding awareness workshops on the instructions to the entities subject to the CMA's supervision has been achieved. Moreover, Module Seventeen of the Executive Bylaws of CMA's Law of Establishment has been developed to regulate the provisions of the Capital Adequacy Regulations.

► **Qualifying the developed financial products**

The project aims to prepare the operational and legislative environment to offer developed investment products through updating the electronic systems and ascertaining the preparedness of the human cadres, diversify the investors' base through attracting foreign and institutional investors, achieve compatibility with the best international standards and practices such as Principles for Financial Market Infrastructures – PFMI issued by the Committee on Payment and Settlement Systems of the International Organization of Securities Commissions (IOSCO) and Bank for International Settlements, in addition to increasing the number of traded financial tools.

The work of the project has not yet started. The executed work is limited to preparing the project's charter, approving it by the steering committee and determining its project manager. However, as a result of some changes, the project's timeline plan is under revision.

► **Upgrading financial markets infrastructure (CCP, CSD, SSF)**

The project aims to develop the infrastructure of the capital market through creating new entities of financial markets infrastructure and upgrading the current entities, preparing the operational and legislative environment to offer upgraded investment products, ensuring the readiness of the staff and personnel to reduce the systemic risks, diversifying the investors' base, achieving compatibility with the best international standards and practices, and increasing the number of the traded financial tools.

► **Qualification of Securities Services Providers (Exchange Members Clearing Members).**

The project aims to develop the infrastructure of the capital market through developing infrastructure entities and upgrading the current entities, preparing the operational and legislative environment to offer developed investment products through updating the technical systems, ascertaining the preparedness of the human cadres to reduce the systemic risks, diversifying the investors' base through attracting foreign and institutional investors, achieving compatibility with the best international standards and practices such as Principles for Financial Market Infrastructures – PFMI issued by the Committee on Payment and Settlement Systems of the International Organization of Securities Commissions (IOSCO) and Bank for International Settlements, and increasing the number of traded financial tools.

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

The project aims to enhance the CMA's supervisory role, prepare the operational and legislative environment to offer new investment products through upgrading the technical systems, ascertain the preparedness of the human cadres, achieve compatibility with the international standards, and increase the number of traded financial instruments.

► **The project of setting the provisions and requirements of issuing the license for each of (CCP, SSF, CSD) after redefining the clearing agency activity**

The project aims to establish the infrastructure of the Post-Trade Model and the provisions and requirements of issuing the license for each of (CCP, SSF, CSD) after redefining the clearing agency activity and offer consultations by financial derivatives experts.

Moreover, two of the consulting contracts signed for the mentioned purpose have been completed, and consecutively issued the licensing provisions and requirements that enable the CMA to issue the licenses of the activities of a clearing agency to offer the following services: Central Counterparty, Securities Settlement Facility, and Central Securities Depository pursuant to Resolution No. 69 of 2018.

Studying the financial derivatives and moving the upcoming stages of this project to the scope of the Markets Development program and its affiliated projects were completed pursuant to Report No. 1/2019 of reconciling the status.

Furthermore, it is worth noting that the percentage of the project's completion is 25% after executing several of its deliverables such as the approval of its five-year strategy, unifying the settlement period (T+3), upgrading the automated systems, the establishment of separate entities for the Post-Trade activities through separating the activities of the Central Securities Depository from Securities Settlement Facility (clearing and settlement). The work plan of the Central Counterparty has been approved from all the relevant parties especially the brokerage firms, custodians, and local banks, in addition to opening an account at the Central Bank.

As for the rest of the project's tasks, which are still in the process at the time of this annual report's preparation, such as coordinating with the potential settlement banks, approving the rulebook, starting with the technical tests after qualifying the relevant parties, completing the amendments of the automated systems to be in line with the requirements of the central counterparty especially those related to risk management, fulfilling the requirements of the licensing forms of each of the following: Central Counterparty, Securities Settlement Facility, and Central Securities Depository, in addition to completing the transfer of licenses of the new entities which are subsidiaries of the parent company, completing the licensing procedures and licensing the new entities, and linking the new products with the understanding of central counterparty.



Section Four

Achievements of the Committees, Boards, and Offices that are Derived from the Board of Commissioners

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

► The Advisory Council for Sharia Supervision

Council Formation during the financial year (2020-2021), was as follows:

MR.
Prof. Yousef Hassan Al-Sharrah
Chairman

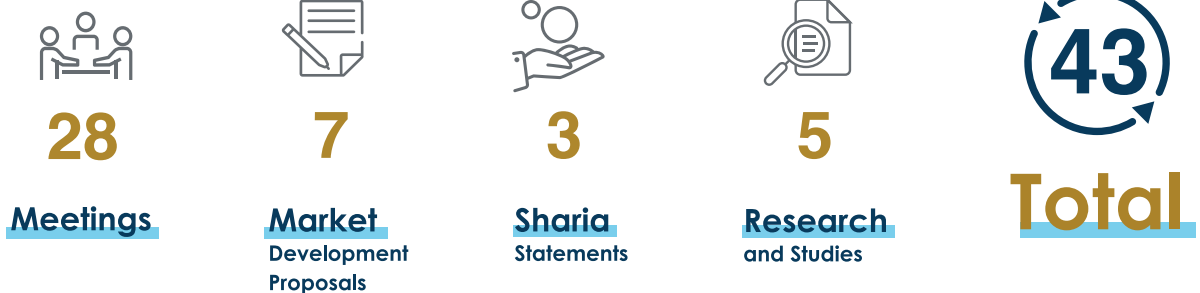
MR.
Ahmad Hussain Mohammad
Member

MR.
Dr. Jarrah Nayef Al-Fadli
Member

MR.
Dr. Mishari Mohammad Al-Furaih
Member

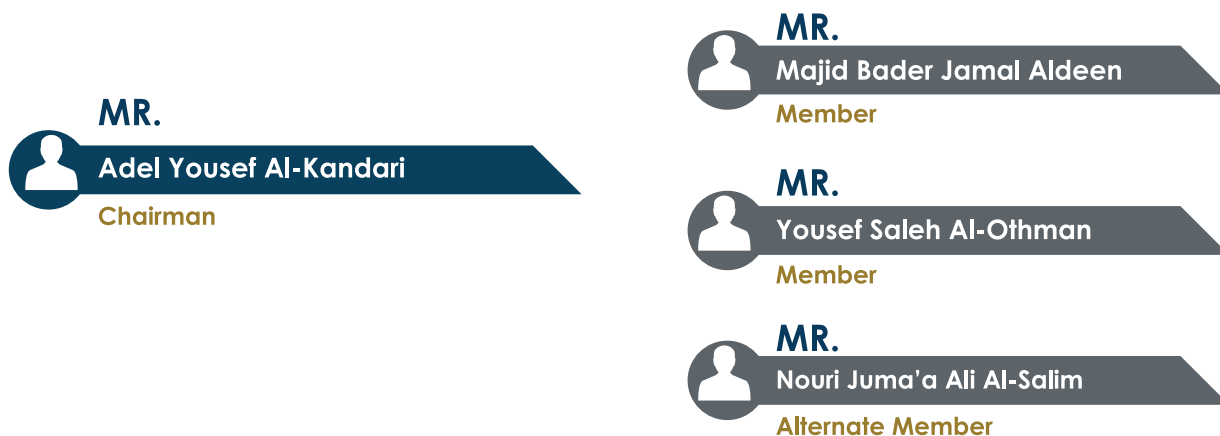
MR.
Mr. Abdullah Mohammad Al-Ofasi
Member

The tasks implemented during the financial year 2021-2020:



► The Disciplinary Board

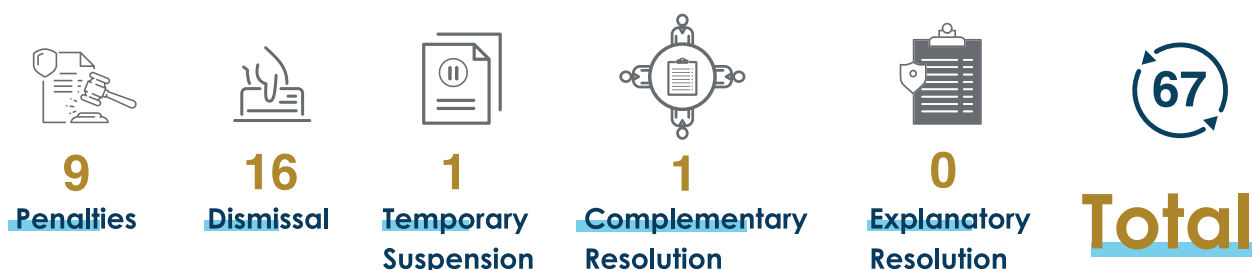
Council Formation during the financial year (2020-2021), was as follows:



The tasks implemented during the financial year 2021-2020:



Types of Disciplinary Board Resolutions during the financial year 2021-2020:




KWD 391,112

(Three hundred and ninety-one thousand and one hundred and twelve Kuwaiti Dinars)

► The Complaints and Grievances Committee

Council Formation during the financial year (2020-2021), was as follows:

 MR. Khalaf Sulaiman Al-Jassim Chairman	MR. Radwan Abdullah Jamal Member
	MR. Dr. Hussain Juma'a Boriky Member
	MR. Ali Othman Al-Ghanam Member
MR. Wasmi Khalid Al-Wasmi Vice Chairman	MR. Yousef Sultan Al-Majid Member

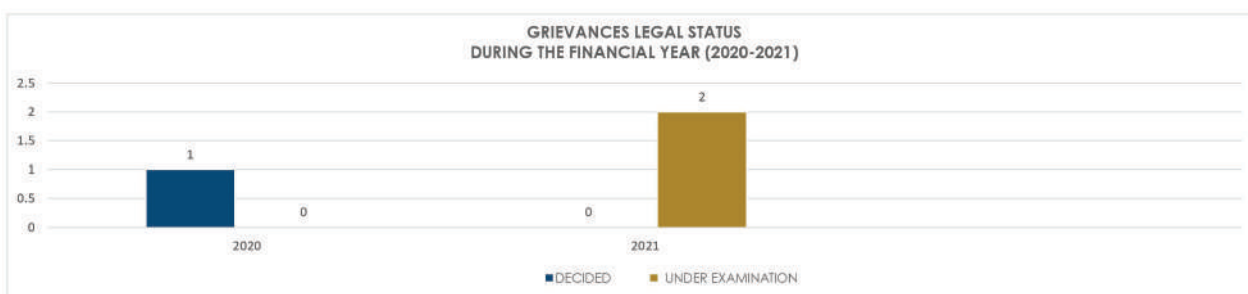
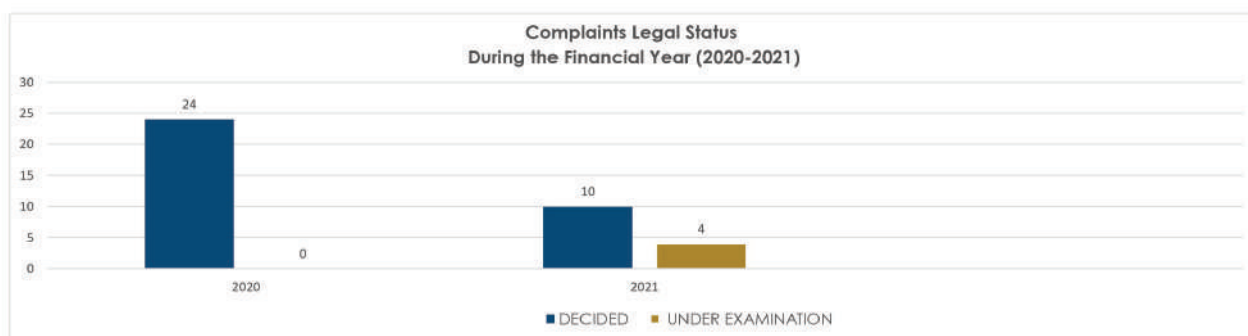
The most prominent tasks of the Committee during the latest financial year and the complaints and grievances it has investigated are summarized in the following table:

Financial Year (2020-2021)	
Complaints	
Decided	34
Under examination	4
Total	38
Grievances	
Decided	1
Under examination	2
Total	3

42

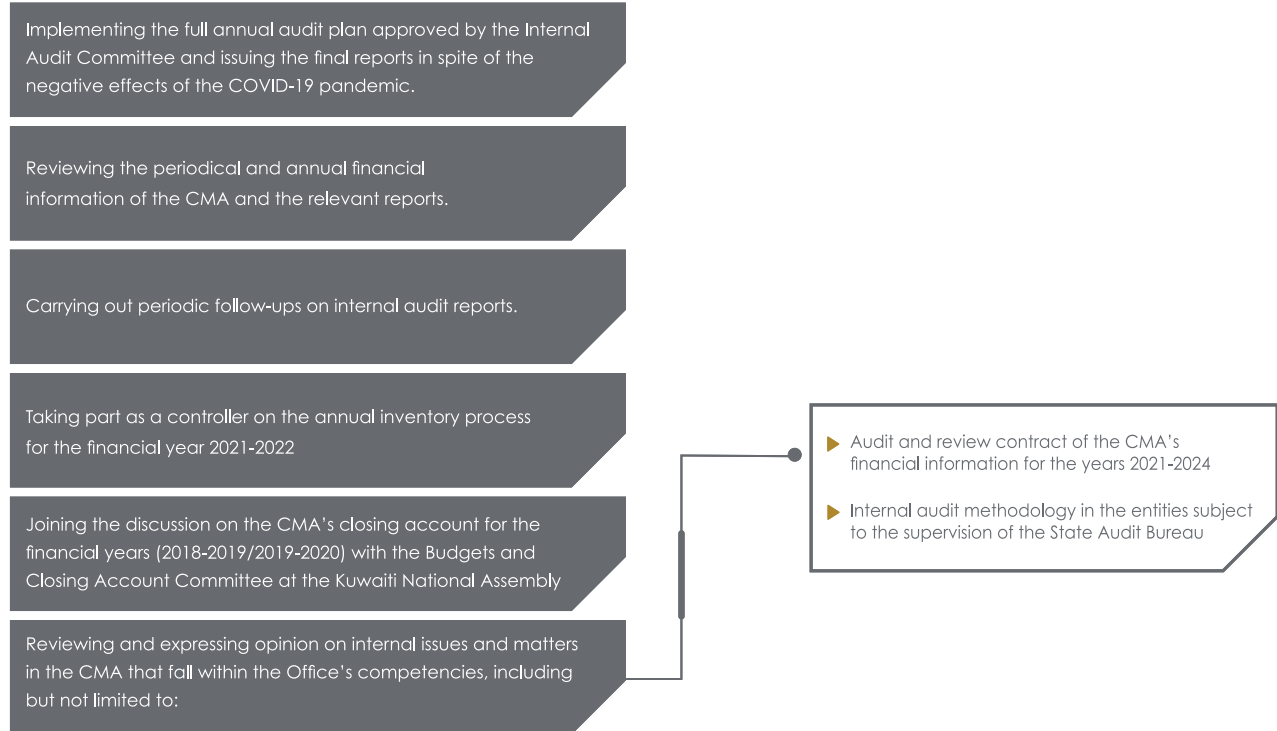


The committee held meetings during this period



Internal Audit Office

During the financial year (2020/2021) the office worked on the following tasks:

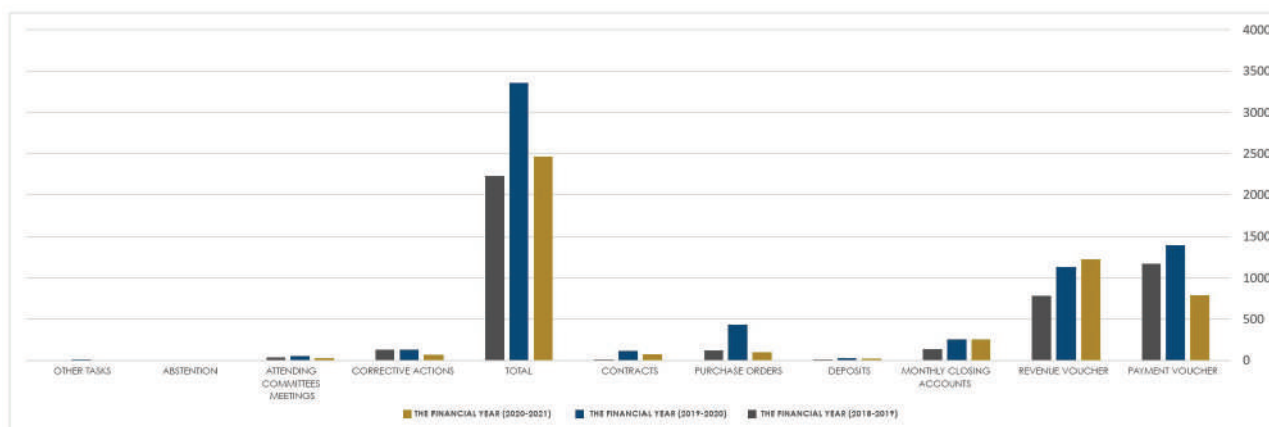


► Financial Control Office

In addition to reviewing the draft financial statements report for the financial year ending on March 31, 2020, participating in (31) committees meetings, and replying to the observations related to the tasks of financial control in the of the State Audit Bureau's report, there are other tasks that have been implemented in terms of financial control, it is summarized in the following tables and diagrams:

Type of Procedure	The Financial Year (2020-2021)	The Financial Year (2019/2020)
Payment Vouchers	791	1397
Revenue Vouchers	1225	1131
Monthly Closing accounts	256	256
Deposits	20	29
Purchase Orders	94	431
Contracts	73	110
Total	2459	3354
Corrective Actions	67	128
Attending Committees' Meetings	31	53
Abstention	0	0
Other tasks	9	8

As for the corrective actions for the (67) observations, they were distributed according in the following table:



► Advisors Office

The following table shows the nature of the tasks achieved by this part of the CMA's work and what was implemented during the latest financial year (2020/2021):

Topic	Achievement	Comments
The Steering Committee for the Coordination with the International Organization of Securities Commissions (IOSCO)	After reviewing the results of the Self-Assessment comparing the level of compliance of the CMA rules and regulations with the IOSCO Principles and having worked with the relevant departments to implement these principles, the Committee was able to raise the level of compliance from 83% to 92%.	The Steering Committee was formed on 7 November 2019.
Tahseen Project as Related to Protecting Minority Investors Taskforce	After the issuance of the World Bank Doing Business 2020 Report, the Protecting Minority Investors indicator improved from rank 72 to rank 51. The Taskforce is currently working with the relevant departments in the CMA as well as representatives from the Ministry of Commerce & Industry and the Ministry of Justice to implement the World Bank recommendations in order to improve the business environment in the State of Kuwait.	The Taskforce was formed on 12 December 2019.
The Taskforce to Represent the CMA in Implementation of the Memorandum of Association with the Central Bank of Kuwait	Working with the Taskforce to implement the Memorandum of Association entered into with the Central Bank of Kuwait.	<p>The Memorandum of Association was signed on 17 January 2018.</p> <p>The Taskforce was formed on 11 July 2018.</p>
The Team Implementing the Market Development Project	Working with the team on the market development project.	The team was formed on 10 November 2019.



Section Five

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

Chapter 1: The Legislative and Legal Field

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

Chapter 2: The Regulatory Field

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

Chapter 3: The Supervisory Field

- ▶ Off-site Supervision
- ▶ On-site Supervision
- ▶ Anti-Money Laundering and Combating Financing of Terrorism
- ▶ Markets Surveillance
- ▶ Disclosure and Transparency

Chapter 4: The Awareness, Multimedia, and Arab and International Cooperation

- ▶ Awareness
- ▶ Public Relations and Media
- ▶ Arab and International Cooperation

Chapter 1: The Legislative and Legal Field

► The Legislative and Regulatory Aspect

In addition to the set of resolutions related to various regulatory aspects that total (127) resolutions issued by the CMA during the financial year 2020/2021, the CMA has also issued several resolutions and circulars related to its tasks relevant to all aspects of securities activities: legislative, regulatory and supervisory. The most prominent of which are summarized in the following tables:

Sr.	Resolution Number	Date	Subject-matter
1	31	22/4/2020	Amending Some Provisions of the Executive Bylaws of Law No. (7) of 2010 (Modules Five, Ten, Eleven, and Fifteen)
2	34	11/5/2020	Amending Some Provisions of the Executive Bylaws of Law No. (7) of 2010 (Module Nine)
3	37	14/6/2020	Extending and Postponing the Dates of the Phases of Implementing the Professional Qualifications Program for Registered Employment Positions
4	41	22/6/2020	Amending Some Provisions of the Executive Bylaws of Law No. (7) of 2010 (Modules Three and Four) and Bursa Kuwait Rulebook
5	47	30/6/2020	Extending the Grace Period Granted to Kuwait Clearing Company to Comply with Article (2-2-3) of Chapter Two of Module Four of the Executive Bylaws of Law No. 7 of 2010 and their Amendments
6	54	7/7/2020	Amending Some Provisions of the Executive Bylaws of Law No. (7) of 2010 (Module One)
7	58	23/7/2020	Amending Some Provisions of the Executive Bylaws of Law No. (7) of 2010 (Modules Five and Twelve, and Appendix (1) "Real Estate Assets Valuation" of Module Eleven)
8	68	13/8/2020	Amending Some Provisions of the Executive Bylaws of Law No. (7) of 2010 and their Amendments (The addition of Appendix (19) to Module Eleven)
9	69	16/8/2020	Amending Some Provisions of the Executive Bylaws of Law No. (7) of 2010 (Modules One, Eleven, and Thirteen, the addition of Chapter Five to Module Thirteen, and amending Appendix 1 of Module Thirteen as well)
10	70	16/8/2020	Amending and Adding Fees to the Fees Schedule Issued in Resolution No. (9) of 2016
11	72	18/8/2020	Amending Some Provisions of the Executive Bylaws of Law No. (7) of 2010 (The addition of Appendix 20 to Module Eleven)
12	76	23/8/2020	Renewal of the Preliminary Approval of Incorporating a Kuwaiti Closed Shareholding Company to practice Securities Activities 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

Sr.	Resolution Number	Date	Subject-matter
13	91	24/9/2020	Amending Some Provisions of the Executive Bylaws of Law No. (7) of 2010 (Module Eleven)
14	110	28/10/2020	Renewal of the Preliminary Approval for the Incorporation of a Kuwaiti Closed Shareholding Company to Practice Securities Activities
15	125	14/12/2020	The New Requirements of Anti-Money Laundering and Combating Financing of Terrorism (Amending Module Sixteen of the Executive Bylaws of Law No. (7) of 2010)
16	132	27/12/2020	Extending the Grace Period Granted to Kuwait Clearing Company to Comply with Article (2-2-3) of Chapter Two of Module Four of the Executive Bylaws of Law No. 7 of 2010 and their Amendments
17	5	20/1/2021	The Establishment of the Capital Markets Academy - Kuwait
18	11	8/2/2021	Amending Some Provisions of the Executive Bylaws of Law No. (7) of 2010 and their Amendments (Module Nine)
19	15	14/2/2021	Amending Some Provisions of the Executive Bylaws Regarding the Protection of the Dealers in Companies Whose Financial Statements are Questionable
20	16	14/2/2021	Amending Some Provisions of the Executive Bylaws of Law No. (7) of 2010 Regarding the Protection of Minority Interests upon the Delisting of Shareholding Companies from the Exchange
21	23	7/3/2021	Amending Some Provisions Related to Registered Persons in Securities Activities (Modules One and Five, Appendices 3, 3 of Appendix 5, 8-A of Appendix 6, 10, 14, 15 and 16 of Module Five)
22	28	21/3/2021	Amending Some Provisions of the Executive Bylaws of Law No. (7) of 2010 and their Amendments (Module Nine)
23	29	21/3/2021	The Provisions Regulating the Submission of Reports and Complaints of Crimes and Violations
24	37	31/3/2021	The Audited Financial Statement for the Period Ending on 31/12/2020

Sr.	Resolution Number	Date	Subject-matter
1	2	12/4/2020	Regarding Policies and Procedures for Emergency Plans and Follow-up of Business Continuity for Licensed Persons Whose Activities are Related to the Trading Activities at the Securities Exchange
2	3	12/4/2020	Regarding Holding the General Assemblies of the Financial Year that Ended on 31/12/2019 through the Electronic System
3	4	5/5/2020	Regarding Holding Unit Holders Assemblies of Investment Funds
4	5	14/5/2020	Regarding Postponing the Date of Holding the General Assemblies of the Financial Year that Ended on 31/12/2019 through the Electronic System
5	6	31/5/2020	Regarding Postponing the Date of Holding the General Assemblies of the Financial Year that Ended on 31/12/2019 through the Electronic System
6	7	8/7/2020	Regarding the Disclosure of the Impact of the Incidents Resulted from the Novel Corona Virus Pandemic on the Financial Statements
7	8	12/7/2020	Circular to All Licensed Persons Regarding the Countries Which Do Not or Insufficiently Apply the Recommendations of the Financial Action Task Force (FATF)
8	9	19/8/2020	Circular to All Persons Licensed by the Capital Markets Authority Regarding the Notification Issued by the American Internal Revenue Service (IRS) on Version No. 2.0 Concerning the Requirements of FATCA XML Schema
9	10	23/8/2020	Circular to All Auditors Registered with the Authority Regarding Obligor them to Report on the Compliance of Companies Listed in the Exchange with the Authority's Law and Relevant Legislations
10	11	5/11/2020	Circular to All Licensed Persons Regarding the Countries Which Do Not or Insufficiently Apply the Recommendations of the Financial Action Task Force (FATF)
11	12	3/12/2020	Circular to All Licensed Persons Regarding the Letter of the Ministry of Commerce and Industry Received by the Capital Markets Authority Concerning First Traders Real Estate Company
12	13	31/12/2020	Circular to All Licensed Persons Regarding the Annual Report on Anti-Money Laundering and Combating Financing of Terrorism
13	1	4/1/2021	Circular to All Auditors Registered with the Authority Regarding Auditors Report on the Actual Results of Licensed Persons Compliance of Capital Adequacy Regulations
14	2	10/1/2021	Circular to All Persons Licensed to Practice the Activity of Investment Portfolio Manager Regarding Authorization of Trading in Securities through Investment Portfolios
15	3	23/2/2021	Circular to All Licensed Persons and License Applicants with the Authority Regarding the Policies and Procedures of Capital Adequacy Regulations
16	4	10/3/2021	Circular to All Persons Licensed by the Capital Markets Authority Regarding Compliance with the Reporting Requirements According to FATCA and CRS Agreements
17	5	22/3/2021	Circular to All Licensed Persons Regarding the Countries Which Do Not or Insufficiently Apply the Recommendations of the Financial Action Task Force (FATF)

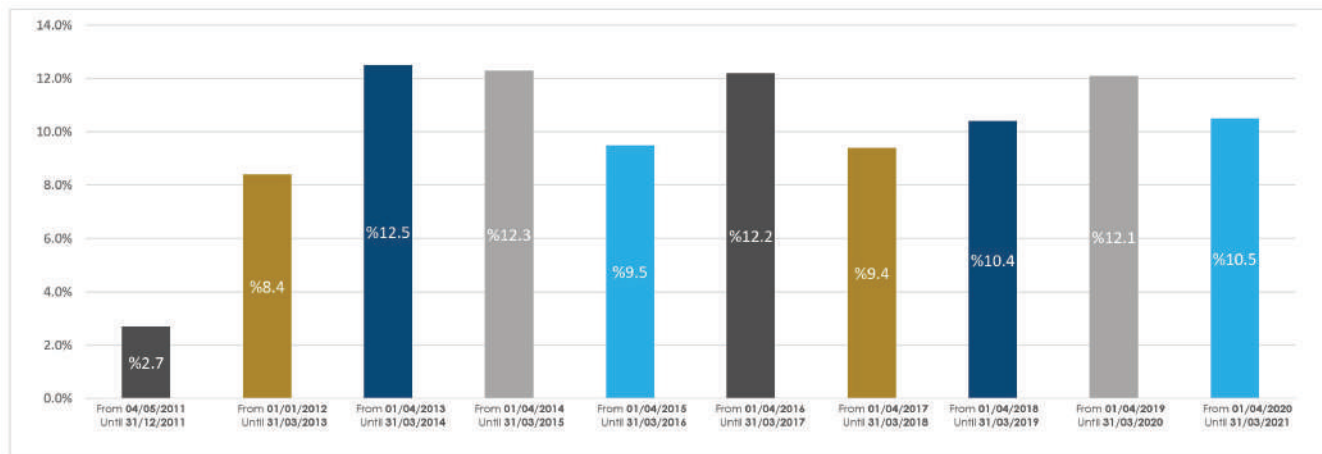
► The Legal and Judicial Aspects, and the Investigation Tasks

► The Legal Aspect

The total number of topics upon which legal opinion was given during the last financial year totals (990) opinions, as shown in the following table:

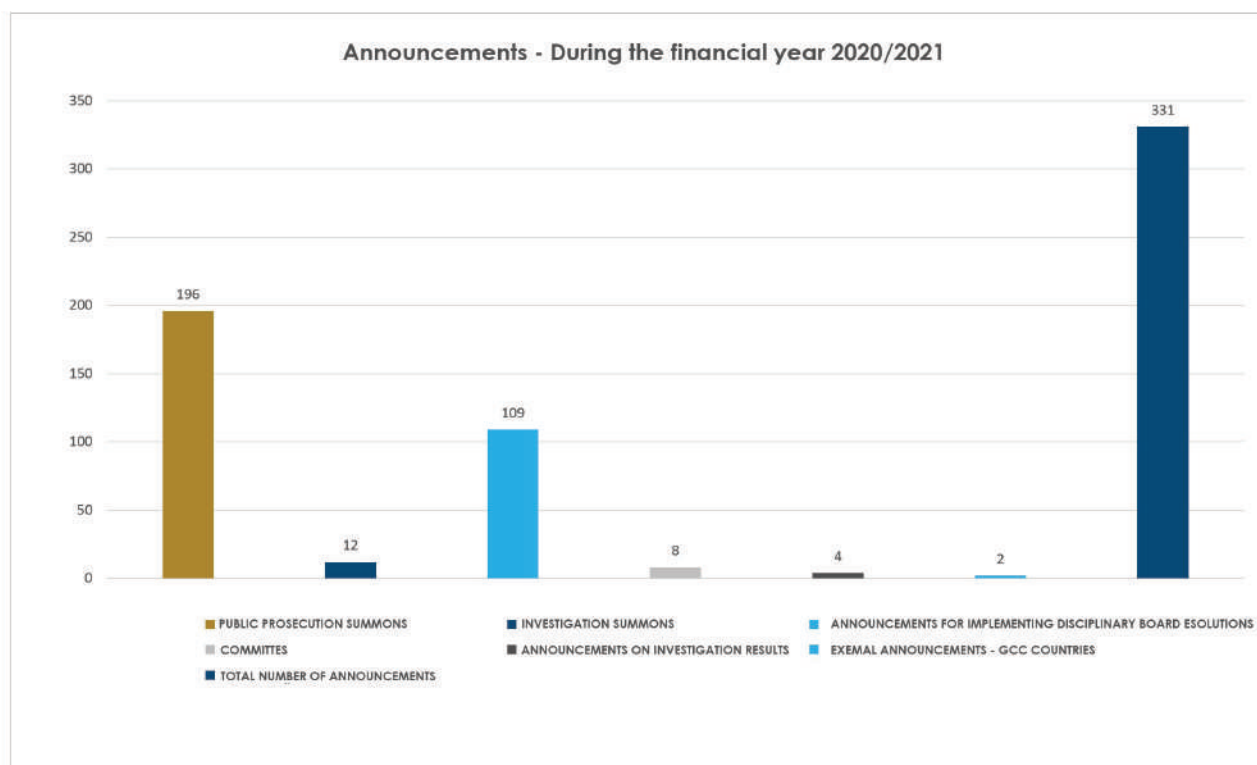
Topic	Number of Memos Answered
Stating the legal opinion on issues related to the work of organizational units, working teams and committees within the CMA	555
Social media inquiries	36
Reviewing contracts and agreements between the CMA and other entities.	92
Reviewing materials for workshops and lectures	1
Reviewing instructions, resolutions, circulars, or awareness brochures issued by the CMA	189
Reviewing laws from other entities presented to the CMA for review	6
Grievances	31
Amendments to the Executive Bylaws	23
Studies and research	9
Legal principles drawn from the implementation of the provisions of the CMA Law within the two sections' fields: Contracts and Studies & Legislation	48
Total legal opinions	990

The cumulative numbers of the total legal tasks executed since 2011 until the end of the last financial year were (9470) tasks.



► **Announcements:**

#	Announcements	Number within the financial year (2020/2021)
1	Investigation Summons	196
2	Public Prosecution Summons	12
3	Announcements for Implementing Disciplinary Board Resolutions	109
4	Committees	8
5	Announcements on Investigation Results	4
6	External Announcements - GCC Countries	2
Total		331




► Litigation and Arbitration tasks

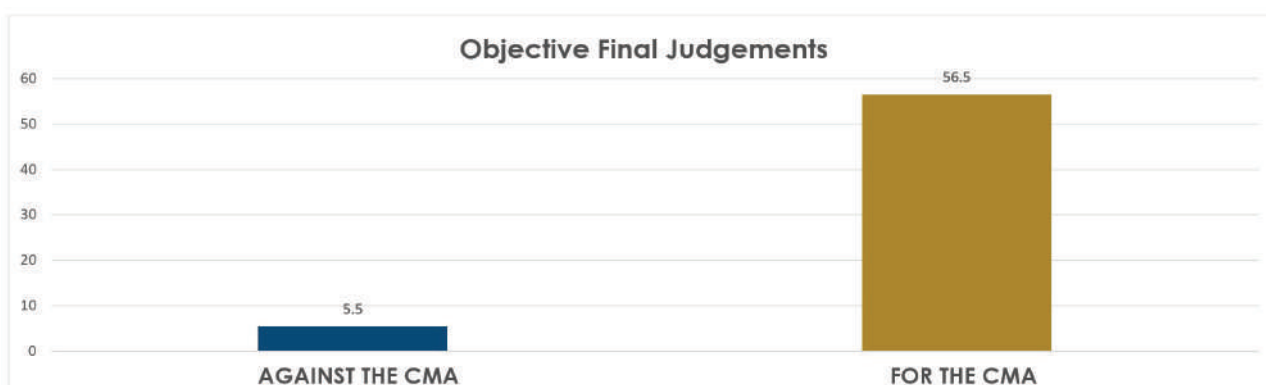
The number of cases registered during last financial year was (100) cases, the accumulative number of cases registered at the CMA was (1179), (791) of which were deliberated cases and (388) dismissed cases. The following tables and graphs show the different types of provisions during the financial year (2020/2021)

 **100**
Cases

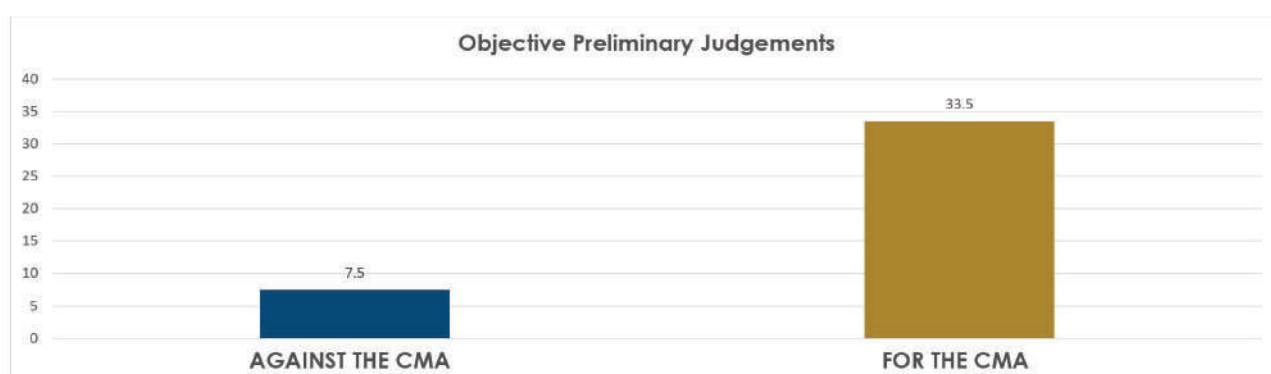
 **110**
Final Judgments

 **1179**
Accumulative number
of cases registered
at the CMA

Objective Final Judgements	
Against the CMA	For the CMA
5.5	56.5
91.13%	8.87%
62	



Objective Preliminary Judgements	
Against the CMA	For the CMA
7.5	33.5
18.29%	81.71%
41	

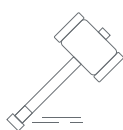


Final Judgements



110

Total
Final Judgments

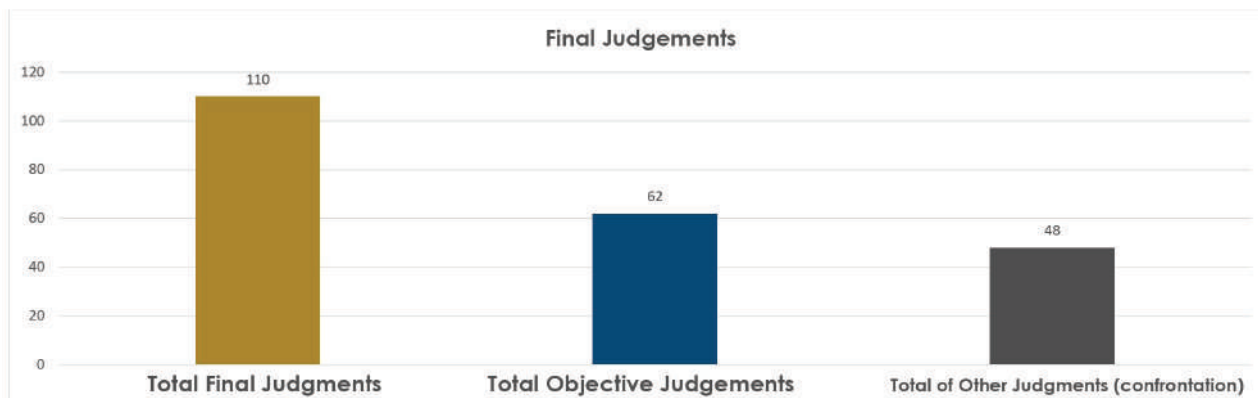


62

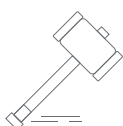
Total
Objective Judgements



Total
of Other Judgments
(confrontation)

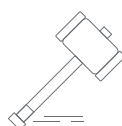


First Instance Judgements



88

Total
First Instance
Judgements

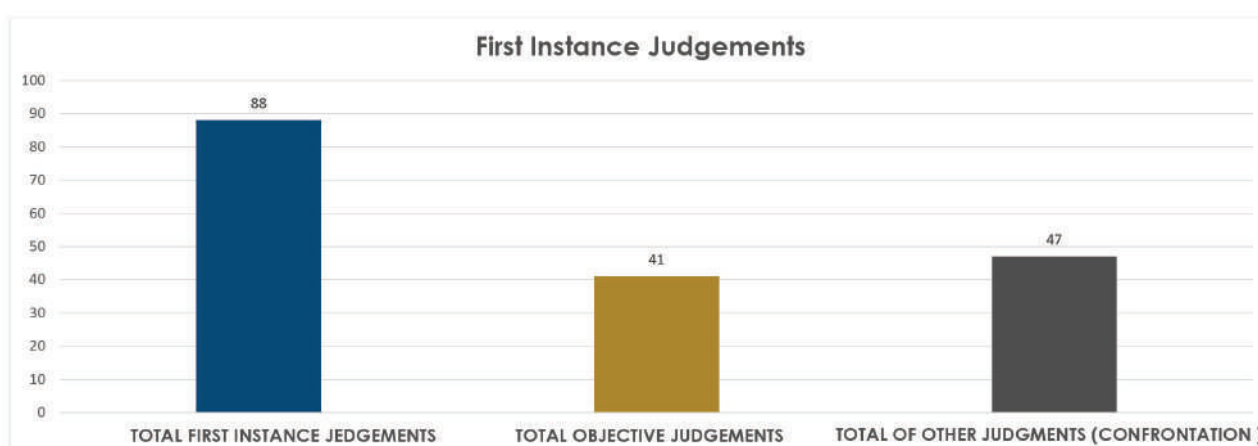


41

Total
Objective Judgements

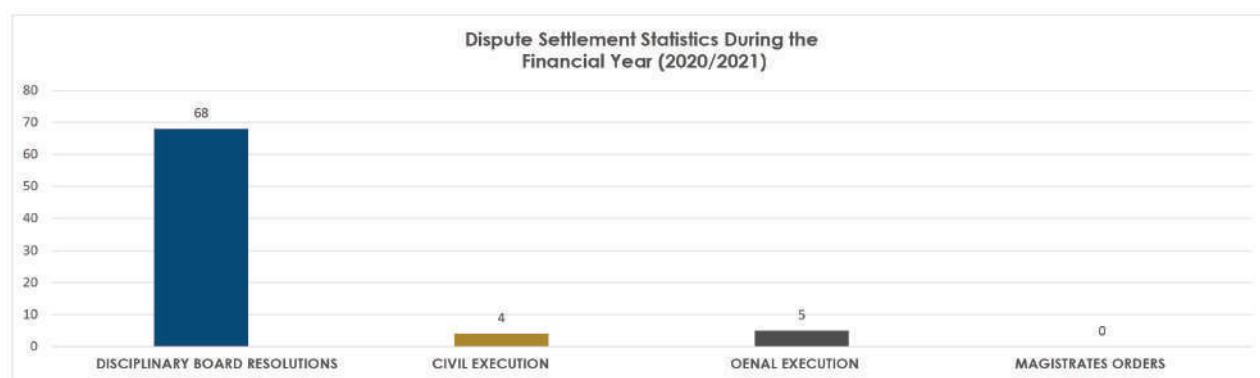


Total
of Other Judgments
(confrontation)



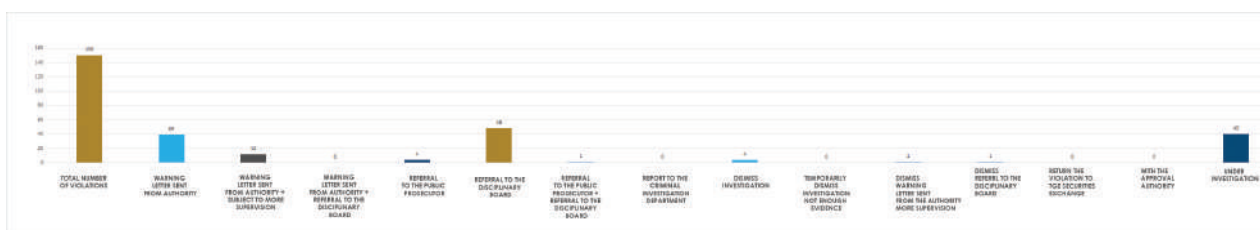
Statistics related to dispute settlement during the latest financial year are shown in the following table:

No.	Documents	Implemented	under implementation	Total
1	Disciplinary Board Resolutions	54	14	68
2	Civil Execution	2	2	4
3	Penal Execution	1	4	5
4	Magistrates Orders	0	0	0
Total documents		57	20	77



► Investigation tasks

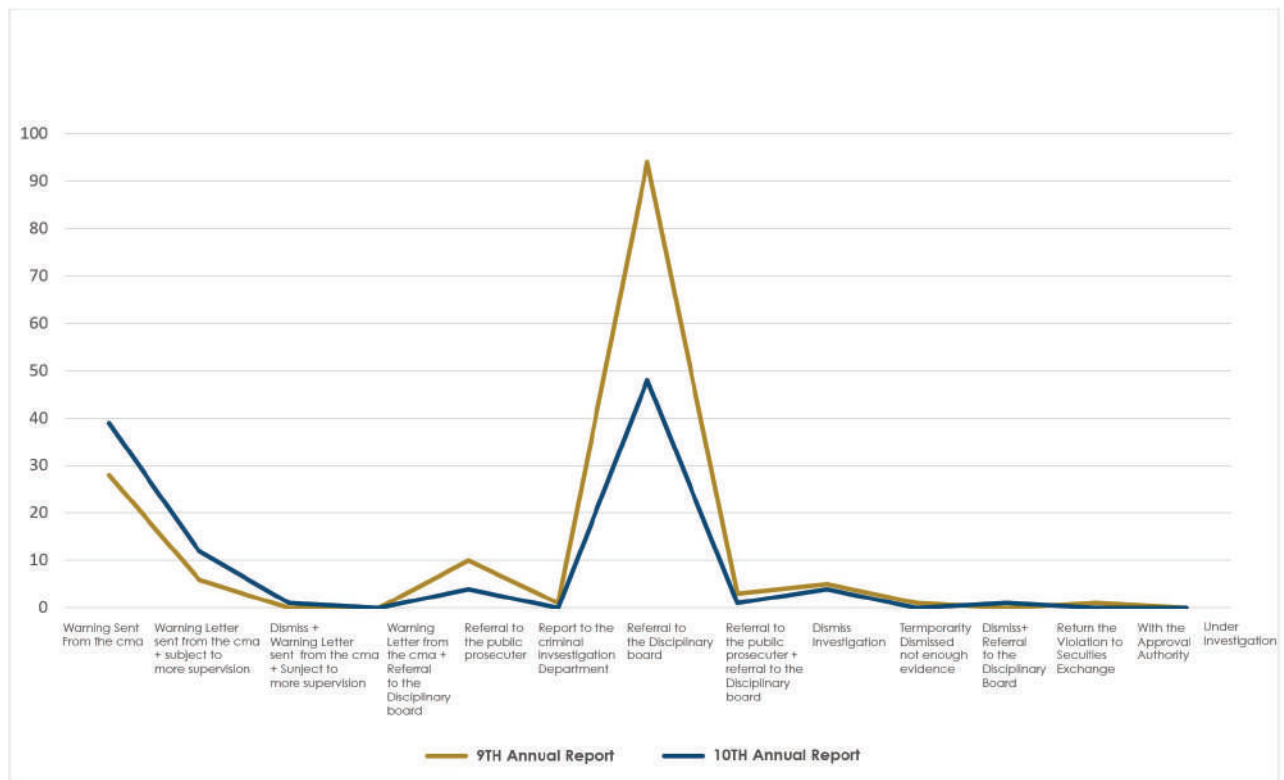
The financial year (2020/2021) witnessed the execution of investigation tasks in (150) violations that were dealt with according to the following diagram:



The following table and graph present a statement of the number of violations and the mechanism of dealing with them in financial year (2020/2021) compared to the previous year:

	9 th Annual Report	Percentage	10 th Annual Report	Percentage	Percentage	Total ⬆️ ⬆️
Warning Sent from the CMA	28	14.4%	39	26.0%	11.6%	⬆️
Warning Letter Sent from the CMA + Subject to more Supervision	6	3.1%	12	8.0%	4.9%	⬆️
Dismiss + Warning letter sent from the CMA + Subject to from the CMA + Subject to more Supervision	0	0.0%	1	0.7%	0.7%	⬆️
Warning Letter from the CMA + Referral to the Disciplinary Board	0	0.0%	0	0.0%	0.0%	-
Referral to the Public Prosecutor	10	5.2%	4	2.7%	-2.5%	⬇️
Report to the Criminal Investigation Department	1	0.5%	0	0.0%	-0.5%	⬇️
Referral to the Disciplinary Board	94	48.5%	48	32.0%	-16.5%	⬇️
Referral to the Public Prosecutor + referral to the Disciplinary Board	3	1.5%	1	0.7%	-0.9%	⬇️
Dismiss Investigation	5	2.6%	4	2.7%	0.1%	⬆️
Temporarily Dismissed (not enough evidence)	1	0.5%	0	0.0%	-0.5%	⬇️
Dismiss+ Referral to the Disciplinary Board	0	0.0%	1	0.7%	0.7%	⬆️
Return the Violation to the Securities Exchange	1	0.5%	0	0.0%	-0.5%	⬇️
With the Approval Authority	0	0.0%	0	0.0%	0.0%	-
Under Investigation❖	46	23.7%	40	26.7%	3.0%	⬆️
Total Number of Violations	194		150			

- ▶ ❖ This number is a result of the current circumstances that the country is going through.
- ▶ ❖❖ The reduction of the change percentage and indicator is written in green despite its negative numbers because of its positive connotation and vice versa.



The number of reports submitted by the CMA to the Public Prosecutor (non-implementation of the CMA's resolutions reached (17) reports during the financial year (2020/2021) in comparison to (7) reports submitted in the previous financial year. The following table shows the reports submitted to the CMA during the latest financial year compared to the previous financial year.

Reports submitted to the CMA	Financial year (2019/2020)	Financial year (2020/2021)
Under Investigation	2	5
Dismissed Investigation	1	4
Total	3	9

Chapter 2: The Regulatory Field

► Markets Regulation

► Listing

► Approval of listing in Boursa Kuwait for each of the following:

- The units of KFH Capital REIT Fund as a Real Estate Income Generating Fund (Traded).
- The shares of Shamal Az-Zour Al-Oula for Power and Water.
- The shares of Boursa Kuwait Securities Company.
- The shares of Land United Real Estate Company.
- The shares of Jassim Transport & Stevedoring Company.

► Approval of listing in external Exchanges for each of the following:

- The shares of Al-Bareeq Holding Company in Dubai Financial Market.
- Studying the request of Kuwait Finance House (KFH) regarding listing a security listed on the Exchange on non-Kuwaiti exchanges (Bahrain Bourse).

► Approval of the voluntary delisting from Boursa Kuwait for each of the following:

- Abyaar Real Estate Development Company.
- Amwal International Investment Company
- Al Rai Media Group Company.
- Sharjah Cement & Industrial Development Company Limited.

► Disapproval of the voluntary delisting from Boursa Kuwait for each of the following:

- Kuwait Syrian Holding Company.
- Ithmaar Holding Company.
- Rejecting the grievance submitted to the CMA on the decision of the ordinary general assembly of Kuwait Syrian Holding Company regarding voluntary delisting from Boursa Kuwait.

► Delisting the shares of the following companies from Boursa Kuwait:

Unless each of the following companies takes the necessary measurements to fulfill the suspension reasons to resume the trading on its securities within a period of three months from the issuance date of CMA Board of Commissioners Resolution:

- Kuwait Cable Vision Company.
- Tamkeen Holding Company.
- Arabi Holding Group.
- Effect Real Estate Company (Under liquidation).
- Danah Alsafat Foodstuff (Under liquidation).
- The approval of delisting the shares of Ithmaar Holding Company from Boursa Kuwait.

- ▶ Not to delist the shares of YIACO Medical Company from Boursa Kuwait and resume the trading on the company's shares immediately after the end of the suspension period specified by Boursa Kuwait.
- ▶ **Suspending the shares of the following companies from trading in Boursa Kuwait until they complete specific procedures:**
 - ▶ Sokouk Holding Company until it provides the external auditor with the required data.
 - ▶ Al-Madina for Finance and Investment Company until another supervising entity completes its work regarding the suspicions submitted to it by the CMA, and until the Disciplinary Board adjudicates the violations contained in the field inspection report that was conducted on the company.

▶ Trading

- ▶ **Approving amendments and recommendations, and reviewing and studying several proposals and approving some of them:**
 - ▶ Amendments of the market maker, and permitting it to use and borrow the treasury shares of the listed companies.
 - ▶ Proposals of the (Rules of lending and borrowing regarding the addition of borrowing agent, the rules of Kuwait Clearing Company regarding transferring the ownership from and to the Omnibus Account for the same person, the rules of Boursa Kuwait regarding adding the provisions of decentralized lending, amending the fees of Kuwait Clearing Company, the rules of Kuwait Clearing Company regarding net liabilities, and amending the rules of Boursa Kuwait to offer the Margin Trading and the trading of Pre-emptive Rights).
 - ▶ The recommendations received from the Committee of Developing the Capital Market System for the initiatives of Boursa Kuwait Securities Company which are as follows:

Initiatives	Recommendations
Margin Trading	Approval for the Investment Portfolio Managers only at the current time. The total and integrated implementation shall be through the agents in conjunction with the implementation of the Qualified Broker Model.
Amending the price units and circuit breakers	The Board decided to postpone the amendment of the price units until further notice and contacted the exchange to prepare an opinion poll in coordination with the CMA.
Trading of Pre-emptive Rights. Bonds and Sukuks market. Exchange-traded Funds (ETF).	The Board's decision for approval in principle, provided that the Exchange shall be contacted to provide the CMA with the technical and detailed joint study with Kuwait Clearing Company.
Lending and borrowing agent	The Board decided to contact the Exchange to provide a perspective for the technical and legal sides and to submit the adequate documents so that the CMA can decide on this initiative.

- ▶ Setting temporary regulations for the security circuit breakers for the purpose of reducing the fluctuations resulted from Coronavirus pandemic in the securities Exchange.
- ▶ The amendments related to the rules of Boursa Kuwait and Kuwait Clearing Company regarding the privatization account and net liabilities to collect and execute the trading orders for the accounts of the clients of the Custodians only, adding the donation of the philanthropists to the cases of transferring the ownership of securities without the approval of the Exchange, public subscriptions, and regulating the dealing of the Market Maker with the Treasury Shares).
- ▶ Approving the request of allowing the investment companies to cross the buy and sell orders for the same account of the securities listed in the exchange.
- ▶ Approving the crossing request submitted by the investment companies as shown in the following table:

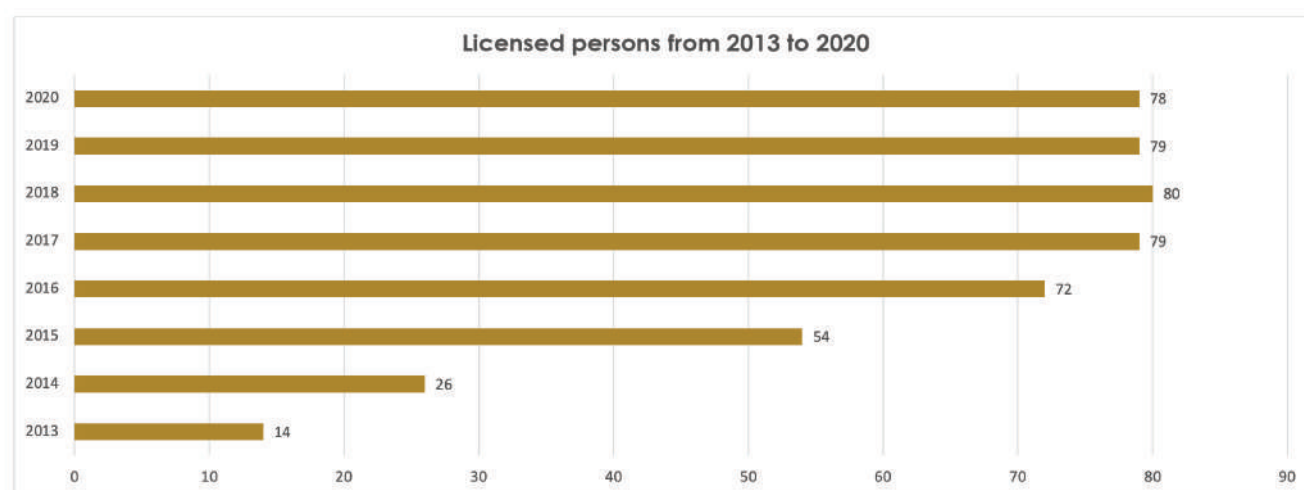
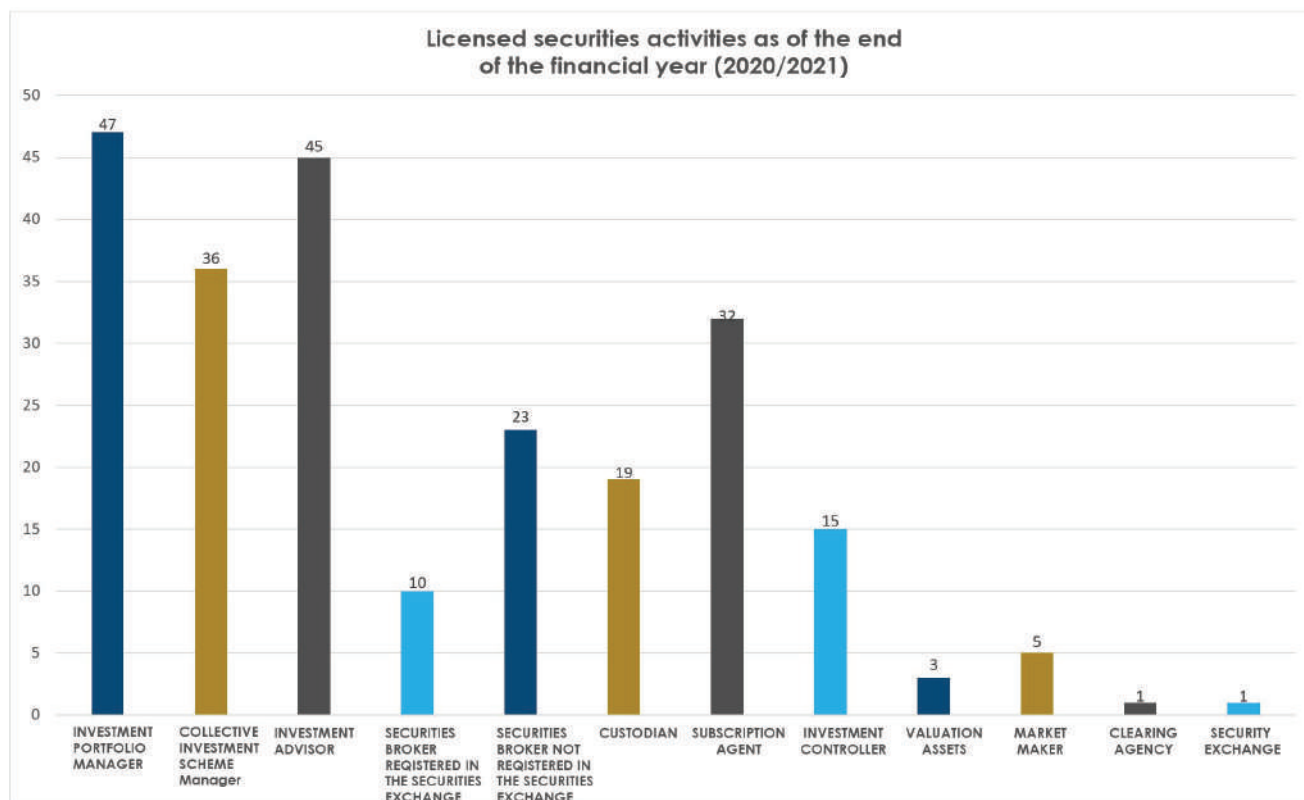
Company	Approval date
Bank of America Merrill Lynch	January 6, 2020
Morgan Stanley & Co.	March 1, 2020
J.P. Morgan Securities plc	March 17, 2020
Goldman Sachs Co.	March 19, 2020
HSBC Bank	August 13, 2020
PSP Investments Board	April 1, 2021

► Licensing and Registration Activities

► Licensed Persons

The total number of licensed persons at the end of the financial year (2020/2021) reached 78 persons, and the total number of licensed activities is 237 distributed according to the following table:

Securities Activity	Licensed Securities Activities	Total Percentage of the securities activities
Security Exchange	1	0.42%
Clearing Agency	1	0.42%
Investment Portfolio Manager	47	19.83%
Collective Investment Scheme manager	36	15.19%
Investment Advisor	45	18.99%
Subscription Agent	32	13.5%
Custodian	19	8.02%
Market Maker	5	2.11%
Securities Broker registered in the Securities Exchange	10	4.22%
Securities Broker not registered in the Securities Exchange	23	9.7%
Investment Controller	15	6.33%
Valuation of Assets	3	1.27%
Total	237	100%



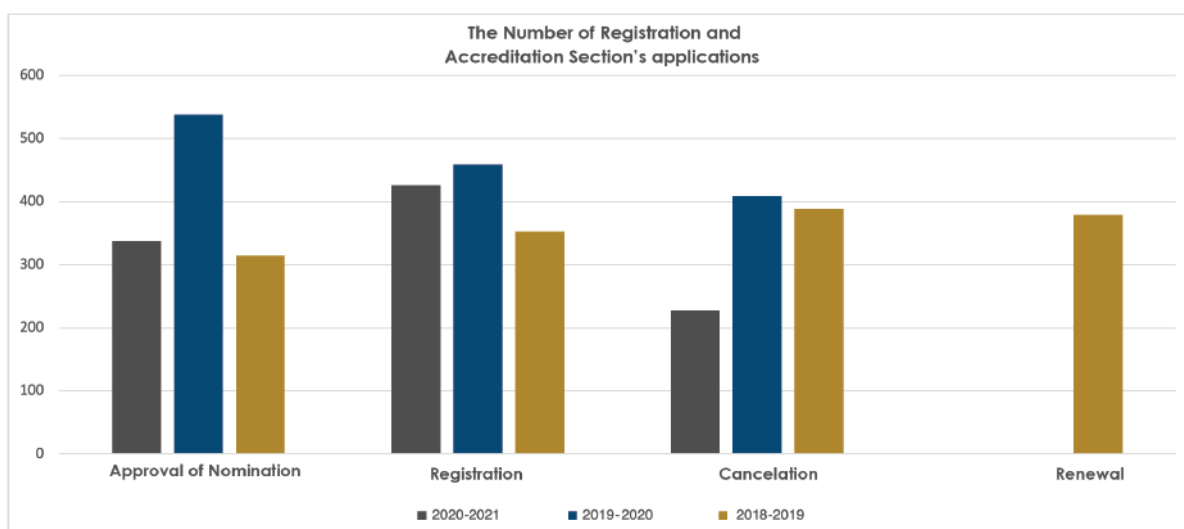
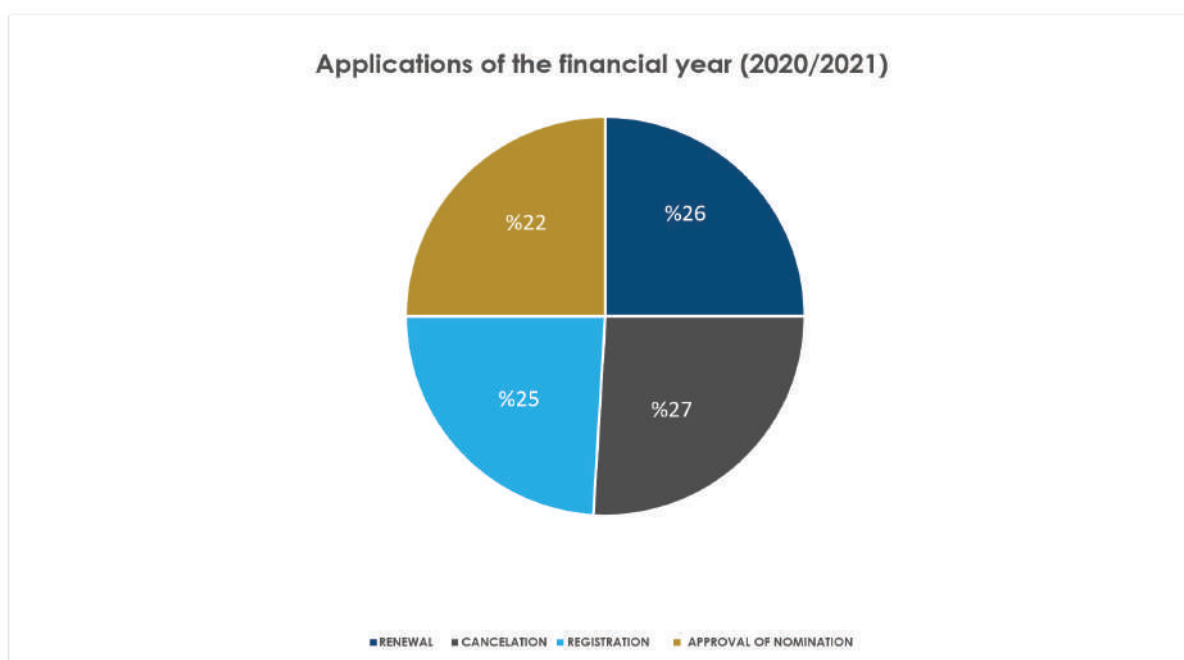
► Regulatory Issuances

The financial year (2020- 2021) witnessed the issuance of (127) resolutions related to the licensing activities, as shown in the following table:

Resolution Type	Issued Number
Resolutions Related to Licensing Licensed Persons	
Renewal of the Securities Activities License	33
Licensing Securities Activities	3
Cancellation of Securities Activities License (Full)	1
Cancellation of Securities Activities License (Partial)	1
Suspension of Securities Activities License	1
Expiration of Securities Activities License (Full)	0
Expiration of Securities Activities License (Partial)	2
Preliminary Approval of a Securities Activities License	14
Resolutions Related to Collective Investment Schemes	
Renewal of a Collective Investment Scheme	22
Granting a Private Marketing License of a Collective Investment Scheme Incorporated outside the State of Kuwait	11
Granting a Collective Investment Scheme License	3
Approval for Incorporating a Fund for the Purpose of Completing the Capital	1
Cancellation of the Resolution of Granting a Collective Investment Scheme License for Incomplete Capital	1
Cancellation of a License of a Collective Investment Scheme (Cancel Registration Upon End of Liquidation)	2
Cancellation of a License of a Collective Investment Scheme (Liquidation)	3
Resolutions Related to Registered Auditors at the CMA	
Registration of Auditors in the Concerned Register at the CMA	2
Cancellation of the Registration of Auditors in the Concerned Register at the CMA	2
Suspension of the Registration of Auditors in the Concerned Register at the CMA	1
Renewal of Registration of Auditors in the Concerned Register at the CMA	5
Resolutions Related to External Sharia Auditors Office Registered at the CMA	
Registration of an External Sharia Audit Office in the Concerned Register at the CMA	1
Registration Renewal of an External Sharia Audit Office in the Concerned Register at the CMA	5
Other Resolutions	
Other Resolutions of a Special Nature (Resolutions: 37 of 2020, 45 of 2020, 46 of 2020, 47 of 2020, 132 of 2020, 23 of 2021)	6
Announcement and Circulars	5
Work Mechanism	1

Registered Positions and Employment Positions

A total of 1436 applications for registered positions and employment positions for licensed persons were reviewed as per the following:



► **Reviewing the Annual Reports of Auditors**

A total of 41 annual reports submitted by the auditors registered in the concerned register with the CMA were reviewed.

► **Licensing and registration services implemented through the CMA's electronic portal**

► Securities Activities

#	Service	No. of completed services
1	Application for Securities Activities License	4
2	Application for License after the Preliminary Approval	2
3	Application for Renewing Securities Activities License	33
4	Application for Cancellation of Securities Activities License	1
5	Application for Temporary Suspension from Practicing the Activity	0
6	Update of Policies and Procedures	32
Total		72

► **Registered Persons**

#	Service	No. of completed services
1	Application for the Nomination for a Board Member Position in accordance with Fit and Proper Rules	141
2	Application for the Nomination of Employment Positions for Licensed Persons in accordance with Fit and Proper Rule	232
3	Application for the Registration of Board Members Positions	183
4	Application for the Registration of Registered Employment Positions	208
5	Application for the Cancellation of Registration of Board Members Positions	94
6	Application for the Cancellation of Registration of Registered Employment Positions	179
7	Application for the Registration of Board Members Positions pursuant to Central Bank's Approval	28
8	Application for the Registration Renewal of an Auditor in the Concerned Register at the CMA	5
9	Application for Submitting the Annual Report of Registered Auditors in the Concerned Register at the CMA	41
10	Application for Meeting the Requirements of the Professional Qualifications Program for Registered Employment Positions	287
11	Application for the Registration Renewal of Employment Positions for Licensed Persons	379
12	Application for the Registration Renewal of an External Sharia Auditing Office in the Concerned Register at the CMA	5
13	Application for the Registration of an External Sharia Auditing Office in the Concerned Register at the CMA	1
Total		1783

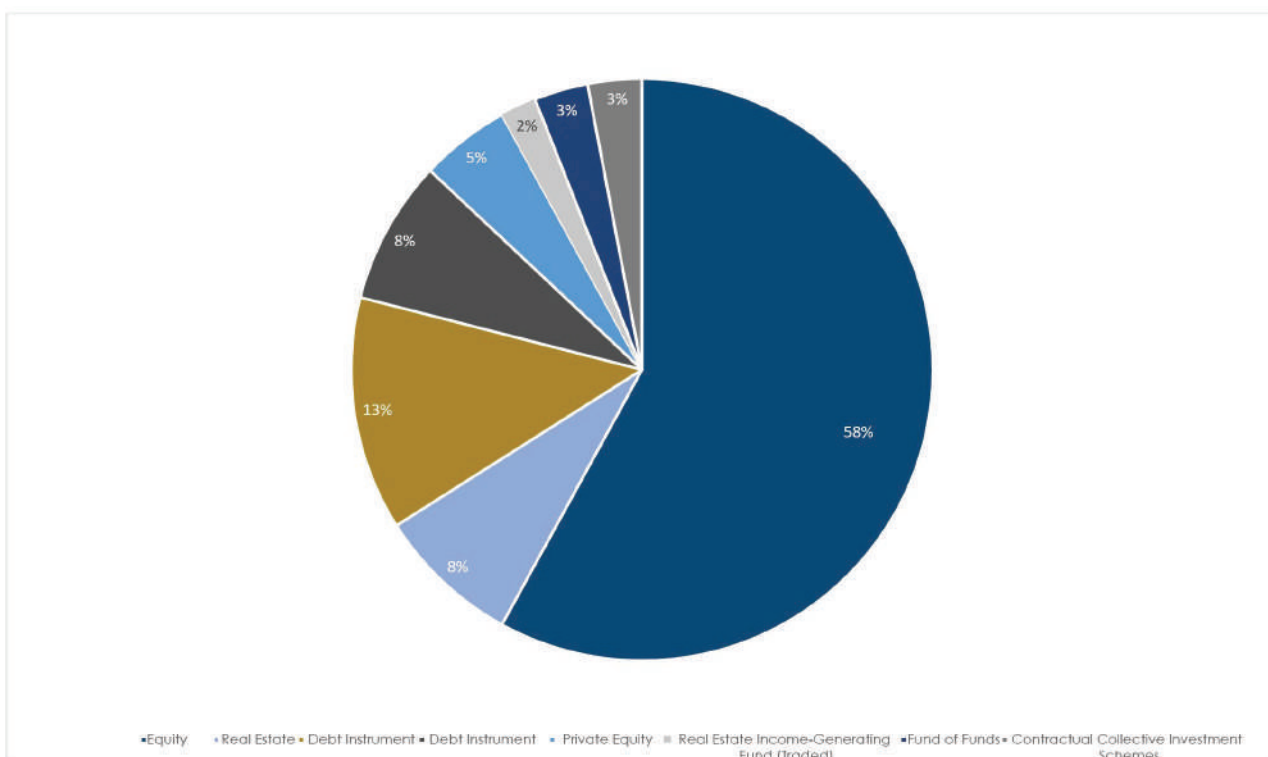
► **Tasks Relevant to the International Organization of Securities Commissions (IOSCO)**

- Notifying the IOSCO signatories of the practices of a local brokerage firm and efforts undertaken by the CMA in this regard.
- Preparing a preliminary study and report on monitoring the practices of members of the international organization related to licensing a natural person to practice the activity of an investment advisor.
- Submitting proposals inspired by the experiences learned from the practices of Member States in the International Organization of Securities Commission IOSCO signatories during the pandemic of the novel corona virus (COVID-19).
- Submitting the recommendations extracted from the IOSCO Risk Foresight Report for the year 2021 and the potential effects of the risks on securities markets related to health and economic crisis resulting from the Corona Virus (COVID-19) pandemic.

► Collective Investment Schemes

► Collective Investment Schemes Data

Types	No.	Capital as of 31/03/2021	Net Asset Value as of 31/03/2021
Equity	35	850,704,402	957,939,721
Real Estate	5	143,315,494	144,257,889
Money Market	8	862,085,076	939,518,441
Debt Instrument	5	42,704,360	48,041,335
Private Equity	3	23,215,236	20,575,308
Fund of Funds	2	22,756,074	26,203,767
Real Estate Income-Generating Fund (Traded)	1	23,600,000	25,800,539
Contractual Collective Investment Schemes	2	6,500,000	6,544,829
Total	61	1,974,880.643	2,168,881,828



► Applications Relevant to Collective Investment Schemes

The table below shows the nature of applications relevant to collective investment schemes received by the CMA during the financial year (2020/2021), summarized as follows:

No.	Nature of Applications	Approved Applications	Applications under Review	Total
1	Incorporation of Local Investment Funds	1	1	2
2	Renewal of Local Funds	22	-	22
3	Cancellation of Local Funds Registration from the CMA's Register	2	-	2
4	Following up Liquidation Processes of Local Funds	3	-	3
5	Removal and Appointment of Liquidator of Local Funds	1	-	1
6	Marketing Units of Collective Investment Schemes Incorporated outside the State of Kuwait	11	5	16
Total		40	6	46

► Other Related Tasks

- The revision and approval of (34) applications regarding amending the Memorandum and the Articles of Association
- Following-up and attending a total of (119) unit holders' assemblies of local funds and approving their decisions
- The revision and issuance of (13) grace periods to increase the funds capital to over KWD 5,000,000

► Cumulative Statistics

The total numbers of collective investment schemes from the establishment of the CMA until the end of the financial year of this report indicates the following:

Fund Incorporation in the State of Kuwait		
Fund Type	No. of Funds	
	Public Offering	Private Offering
Investment in Equity	7	3
Money Market	9	-
Private Equity	-	3
Real Estate	3	6
Debt Instrument	3	2
Fund of Funds	3	-
Real Estate Income-Generating Fund (Traded).	1	-
Total	26	14
	40	
Other Applications		
Application Type	Number	
Incorporating contractual collective investment scheme in the State of Kuwait	4	
Cancellation of local funds from the CMA's register	43	
Appointment of a substitute manager for local funds	9	
Marketing collective investment scheme units incorporated outside the State of Kuwait	80	
Removal and appointment of a liquidator for local funds	5	
Amending the articles of association of local funds or local contractual collective investment schemes memorandums, starting from the financial year (2016-2017)	228	
Requests for a license renewal for the local Collective Investment Schemes starting from the financial year (2016-2017)	99	
Following-up and Attending the Fund Unit Holders Assemblies and approve the resolutions of the assemblies starting from the financial year (2016-2017)	614	

► Capital Markets Development and Risk-Management

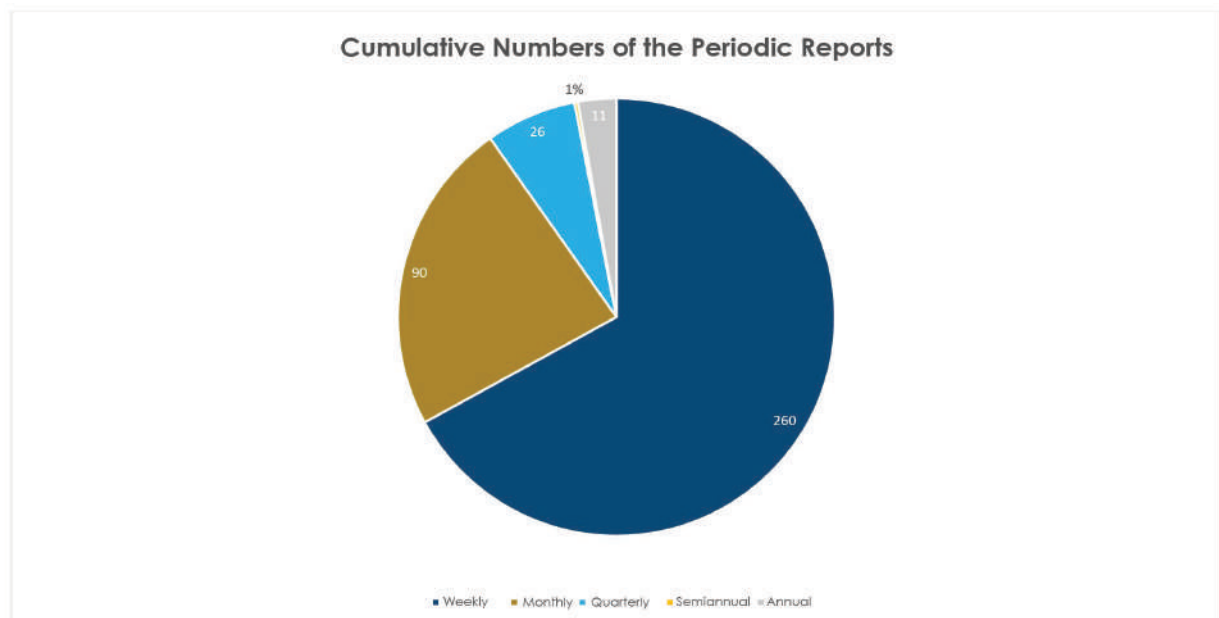
► Most prominent tasks implemented during the financial year (2020/2021)

Nature of the Implemented Task	Sr.	Topic of the Study or Report
Research Studies	1	Measures Taken by the Capital Markets Authority Regarding the Events of the Trading Session of June 10, 2020 and its Effects on all Market Participants.
	2	Precautionary Measures of the International Capital Markets Exposed to the Novel Coronavirus.
	3	Procedures Taken by Several Regulatory Authorities, Members of IOSCO to face the novel Coronavirus pandemic
	4	The Role of the Capital Markets Authorities in the Macroeconomy
	5	Application for Effective Control of the Licensed Person Submitted by Rasmal Holding Company
	6	Proposal of Updating the Continuous Obligations of the Premier Market Submitted by Bursa Kuwait Securities Company
	7	The Expected Capital Inflows to Bursa Kuwait after the Inclusion of Seven Kuwaiti Companies in the MSCI Indices for Emerging Markets
	8	Report Prepared by IOSCO under the Title "Risk Outlook 2021"
	9	Proposal of Amending the Fees of Kuwait Clearing Company
	10	Studying the bill submitted by the Members of the National Assembly Regarding Amending the Provisions of Law No. 7 of 2010 Regarding the Establishment of the Capital Markets Authority and Regulating Securities Activities and providing the most prominent recommendations on its regard.
Periodic Reports	1	Periodic weekly and quarterly reports on the performance of Companies listed in Bursa Kuwait.
	2	A quarterly report on the latest developments of the capital markets in Kuwait to be included in IOSCO's AMERC newsletter.
	3	Two monthly reports are prepared, the first is regarding the collateral system that is managed by Kuwait Clearing Company, and the second report includes the performance of companies listed in Bursa Kuwait along with a summary of the trading in the GCC capital markets.
	4	A report regarding "A Comparison between the Best Practices of Listing and Trading of Bonds and Sukuks and Activating their Secondary Markets".
	5	The report of Ranking the Performance of the Companies Licensed by the CMA to Practice Securities Activities according to the 2019 fiscal year financial statements
	6	Updating the report of Early Warning Indicators according to the latest data and information issued for 2019. This study aims to monitor the movement of the most important economic and financial changes that affect the securities activity in the State of Kuwait.
	7	A quarterly report regarding "Indicators of Systemic Risks"

► Cumulative statistics of the years (2015/2021):

Sr.	Periodic Report	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	Total
1	Total weekly reports	25	50	50	50	47❖	38	260
2	Total monthly reports	0	0	18	24	23❖	25	90
3	Total quarterly reports	0	0	2	4	8	12	26
4	Total semiannual reports	0	0	0	1	0	0	1
5	Total annual reports	0	0	3	5	1	2	11

- ❖ The total weekly and monthly reports were amended due to the unavailability of the complete data during the novel Coronavirus pandemic that resulted in suspending the work at the CMA.



► Corporate Finance

► Capital Increase



21



Listed unlicensed companies

4



Listed licensed companies

► Listed unlicensed companies granted approval for capital increase

No.	Company's Name	Capital before Amendment (KWD)	Capital after Amendment (KWD)	Increase Type	Percentage of the Capital Increase (%)
1	The Kuwait Company for Process Plant Construction and Contracting Company	10,029,196.800	11,032,116.400	Bonus shares	10%
2	Commercial Real Estate Company	178,708,713.700	184,069,975.100	Bonus shares	3%
3	Al Ahleia Insurance Company	20,000,000.000	21,000,000.000	Bonus shares	5%
4	National International Holding Company	21,687,750.000	22,772,137.500	Bonus shares	5%
5	Specialties Group Holding Company	15,000,000	16,500,000	Bonus shares	10%
6	Kuwait Resorts Company	19,646,550	21,021,809	Bonus shares	7%
7	National Real Estate Company	149,756,761.200	157,244,599.200	Bonus shares	5%
8	Combined Group Contracting Company	16,340,577.300	17,157,606.100	Bonus shares	5%
9	Warba Insurance Company	17,278,874.000	17,710,845.800	Bonus shares	2.5%

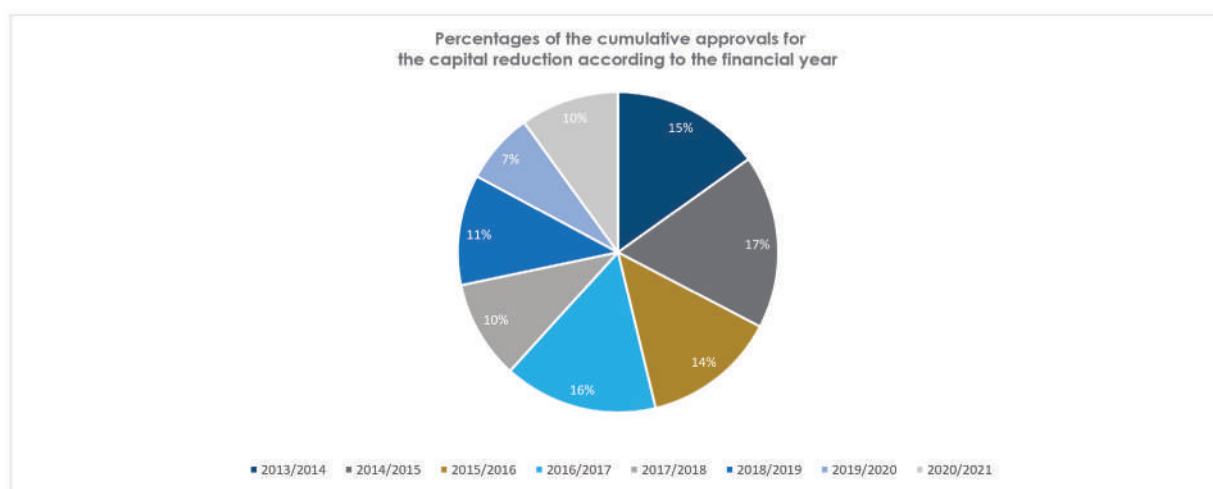
No.	Company's Name	Capital before Amendment (KWD)	Capital after Amendment (KWD)	Increase Type	Percentage of the Capital Increase (%)
10	Agility Public Warehousing Company	176,293,055.800	202,737,014.100	Bonus shares	15%
11	Al Eid Food Company	10,045,588.000	12,045,705.600	Bonus shares	20%
12	Dalqan Real Estate Company	5,502,750.000	6,053,025.000	Bonus shares	10%
13	United Projects for Aviation Services Company	16,450,000.000	38,250,000.000	Cash	132.5%
14	Gulf Insurance Group	18,703,913.000	20,123,913.000	Cash	7.6%
15	Real Estate Trade Centers Company - Marakez	14,000,000.000	15,000,000.000	Converting a debt to shares	7.14%
16	Kuwait Reinsurance Company	20,400,336.000	22,032,362.800	Bonus shares	5%
17	Mabane Company	110,509,396.200	117,139,959.900	Bonus shares	10%
18	Al Ahleia Insurance Company	21,000,000.000	22,050,000.000	Bonus shares	6%
19	Ahli United Bank	216,586,775.700	238,245,453.200	Bonus shares	5%
20	Al Eid Food Company	12,054,705.600	14,465,646.700	Bonus shares	5%
21	Al Ahli Bank of Kuwait	161,916,623.400	170,012,454.500	Bonus shares	10%

► **Listed licensed companies granted approval for capital increase**

No.	Company's Name	Capital before Amendment (KWD)	Capital after Amendment (KWD)	Increase Type	Percentage of the Capital Increase (%)
1	Boubyan Bank	302,828,343.300	317,969,760.400	Bonus shares	5%
2	National Bank of Kuwait	685,018,518.100	719,269,444.000	Bonus shares	5%
3	Kuwait Finance House	767,413,812.200	844,155,193.400	Bonus shares	10%
4	Burgan Bank	262,500,000.000	275,625,000.000	Bonus shares	5%

► Cumulative Statistics

Cumulative approvals of the capital increase according to the financial year							
2020/2021	2019/2020	2018/2019	2017/2018	2016/2017	2015/2016	2014/2015	2013/2014
25	18	28	25	39	34	44	38



► Capital Reduction

8
Companies



► **Listed unlicensed companies granted approval for capital reduction**

No.	Company's Name	Capital before Amendment (KWD)	Capital after Amendment (KWD)	Percentage of the Capital Reduction (%)
1	Equipment Holding Company	13,640,000	8,000,000	41%
2	Educational Holding Group Company	24,530,302.700	15,000,000.000	39%
3	Al Mazaya Holding Company	68,827,895.600	62,955,981.600	9%

► **Listed licensed companies granted approval for capital reduction**

No.	Company's Name	Capital before Amendment (KWD)	Capital after Amendment (KWD)	Percentage of the Capital Reduction (%)
	First Investment Company	65,107,055	44,597,874	32%
	Osoul investment Company	15,710,049.900	14,887,791.800	5%
	Kuwait & Middle East Financial Investment Company	26,381,499.100	22,000,000.100	17%

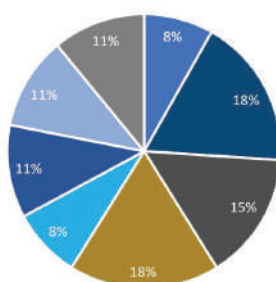
► **Unlisted licensed companies granted approval for capital reduction**

No.	Company's Name	Capital before Amendment (KWD)	Capital after Amendment (KWD)	Percentage of the Capital Reduction (%)
1	Securities Group Company	21,600,000	20,000,000	7%

► **Cumulative Statistics**

Cumulative approvals of the capital reduction according to the financial year							
2020/2021	2019/2020	2018/2019	2017/2018	2016/2017	2015/2016	2014/2015	2013/2014
8	8	8	6	13	11	13	6

Percentages of the cumulative approvals for the capital reduction according to the financial year



■ 2013/2014 ■ 2014/2015 ■ 2015/2016 ■ 2016/2017 ■ 2017/2018 ■ 2018/2019 ■ 2019/2020 ■ 2020/2021

► Capital Restructure

The CMA granted approval to two companies to restructure their capital, as follows:

► Listed unlicensed companies granted approval to restructure their capital:

No.	Approval's Date	Company's Name	Capital before Amendment (KWD)	Capital after Amendment (KWD)
	26/11/2020	Al Deera Holding Company	19,737,880	9,207,056

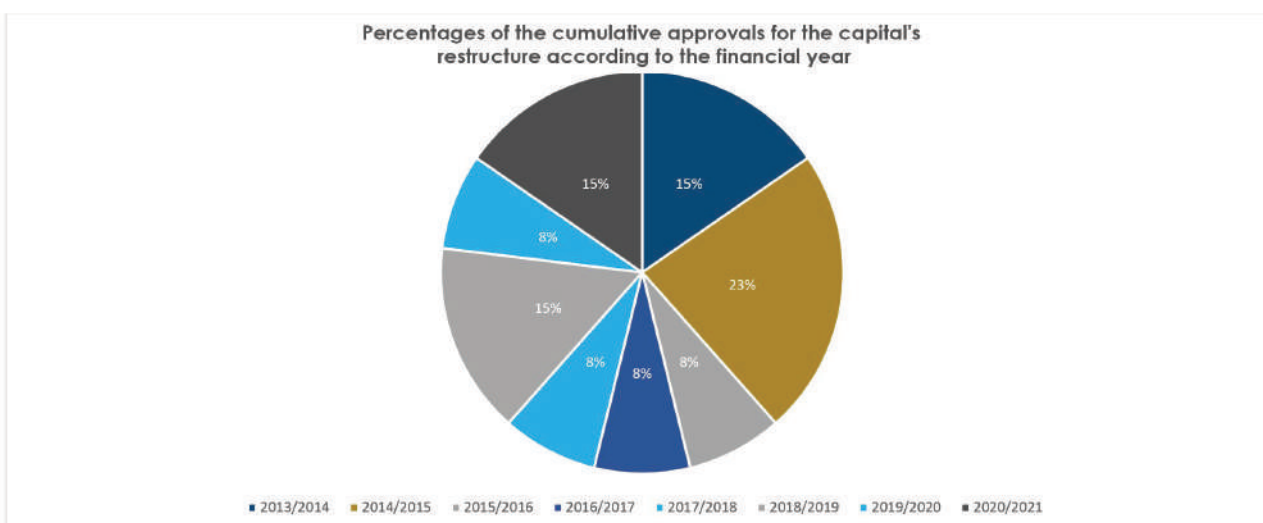
► Listed licensed companies granted approval to restructure their capital:

No.	Approval's Date	Company's Name	Capital before Amendment (KWD)	Capital after Amendment (KWD)
2	04/03/2021	Noor Financial Investment Company	41,316,276.100	41,316,276.100

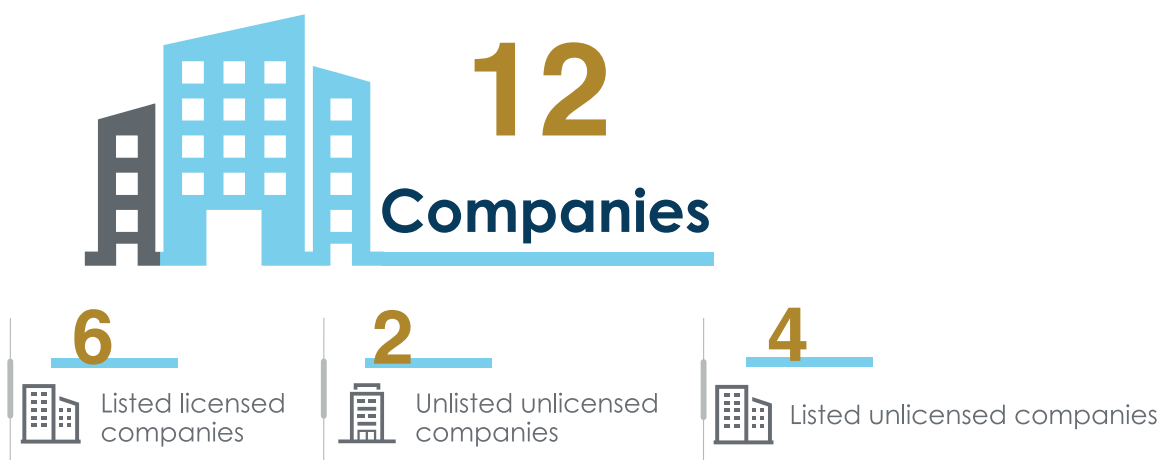
► **Note:** The company's capital was reduced by canceling part of the balance of its treasury shares, then its capital was increased through an in-kind increase in a value that is exactly equal to the amount of the previous reduction, which did not entail a change in the company's capital before and after amendment.

► Cumulative Statistics

Cumulative approvals of the capital's restructure according to the financial year							
2020/2021	2019/2020	2018/2019	2017/2018	2016/2017	2015/2016	2014/2015	2013/2014
2	1	2	1	1	1	3	2



► Subscription Prospectus



► Listed licensed companies granted approval for the subscription prospectus

No.	Company's Name	Prospectus Type
1	Warba Bank	A private placement prospectus for issuing sukuk in a value that does not exceed 150 million Kuwaiti Dinars within the program of issuing the sukuk capped in US 2 billion or its equivalent currencies.
2	National Bank of Kuwait	A private placement prospectus for issuing bonds in a value that does not exceed KWD 150 million
3	Kuwait Financial Centre - Markaz	A private placement prospectus for issuing debt bonds
4	Burgan Bank	A private placement prospectus for issuing bonds in a value that does not exceed US 500 million to Burgan Bank
5	National Bank of Kuwait	A private placement prospectus for the indirect issuance of perpetual bonds issued by the National Bank of Kuwait in a value that does not exceed US 1 billion
6	Boubyan Tier 1 Sukuk Ltd	Request for approving a private placement prospectus for issuing sukuk to Boubyan Bank

► Listed unlicensed companies granted approval for the subscription prospectus:

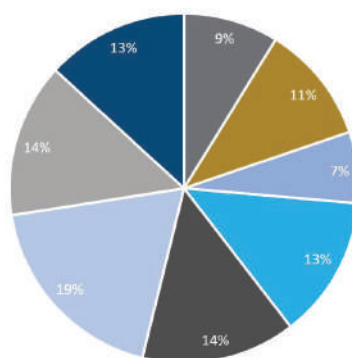
No.	Company's Name	Prospectus Type
	Kuwait International Bank	A private placement prospectus for issuing sukuk
	KIB Sukuk Limited	Request for approving a private placement prospectus for issuing sukuk to Kuwait International Bank
	United Projects for Aviation Services Company	A public offer prospectus for increasing the capital of United Projects for Aviation Services Company
	Gulf Insurance Group	A public offer prospectus for shares of the capital increase of Gulf Insurance Group

► Cumulative Statistics

Cumulative approvals for subscription prospectus according to the financial year

2020/2021	2019/2020	2018/2019	2017/2018	2016/2017	2015/2016	2014/2015	2013/2014
12	13	17	13	12	6	10	8

Percentages of the cumulative approvals of the
subscription prospectus according to the financial year



■ 2013/2014 ■ 2014/2015 ■ 2015/2016 ■ 2016/2017 ■ 2017/2018 ■ 2018/2019 ■ 2019/2020 ■ 2020/2021

► Purchase / Sale of Treasury Shares

The CMA granted during the financial year (2020/2021) a total of (125) approvals to companies' applications of approving (purchase/sale) of treasury shares, whose validity usually extends for six months from the date of granting the approval, and when the percentage of purchase or sale does not exceed 10% of the company's capital

Sr.	Date	Company
1	7 April 2020	Kuwait Projects Company (Holding) KIPCO
2	12 April 2020	Al Imtiaz Investment Group
3	12 April 2020	Al Ahleia Insurance Company
4	15 April 2020	ALARGAN International Real Estate Company
5	15 April 2020	Kuwait Cement Company
6	15 April 2020	Qurain Petrochemical Industries Company (QPIC)
7	15 April 2020	Kamco Invest
8	15 April 2020	Noor Financial Investment Company
9	20 April 2020	National Investments Company
10	20 April 2020	Tamdeen Investment Company
11	20 April 2020	Kuwait Real Estate Company (AQARAT)
12	20 April 2020	The Commercial Real Estate Company
13	27 April 2020	National Industries Company
14	27 April 2020	Human Soft Holding Company
15	27 April 2020	Osos Holding Group Company
16	4 May 2020	Aqar Real Estate Investments Company
17	4 May 2020	Salhia Real Estate Company
18	4 May 2020	Livestock Transport & Trading Company
19	11 May 2020	Tamdeen Real Estate Company
20	11 May 2020	Kuwait Resorts Company
21	11 May 2020	Kuwait Reinsurance Company
22	11 May 2020	Kuwait National Cinema Company
23	12 May 2020	Mashaer Holding Company
24	20 May 2020	Real Estate Trade Centers Company
25	6 June 2020	National Industries Group Company (Holding)
26	7 June 2020	Aayan Real Estate Company
27	8 June 2020	Al-Arabiya Real Estate Company
28	8 June 2020	Combined Group Contracting Company
29	14 June 2020	Mabanee Company

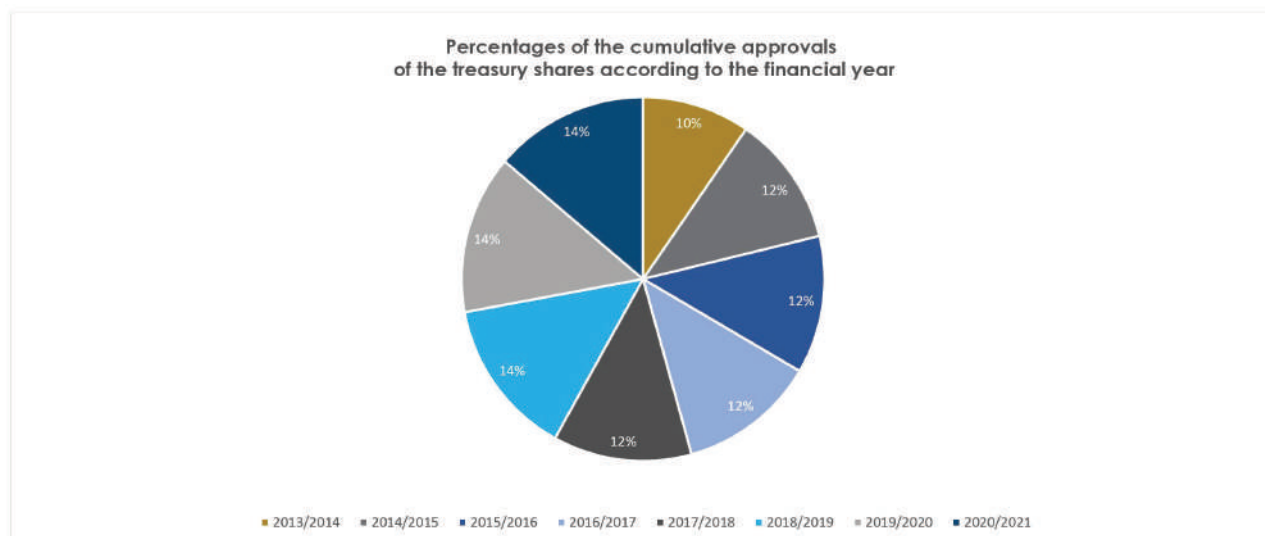
Sr.	Date	Company
30	15 June 2020	Gulf Insurance Group Company
31	15 June 2020	National International Holding Company
32	22 June 2020	Bayan Investment Company
33	28 June 2020	Shuaiba Industrial Company
34	5 July 2020	Kuwait National Cinema Company
35	8 July 2020	International Financial Advisors Holding Company
36	9 July 2020	National Real Estate Company
37	16 July 2020	National Petroleum Services Company
38	19 July 2020	KGL Logistics Company
39	20 July 2020	Mezzan Holding Company
40	21 July 2020	Osoul Investment Company
41	22 July 2020	Al Masaken International Real Estate Development Company
42	26 July 2020	Mubarrad Holding Company
43	28 July 2020	Boubyan Petrochemical Company
44	28 July 2020	IFA Hotels & Resorts Company
45	28 July 2020	Kuwait Finance and Investment Company
46	29 July 2020	Kuwait Company for Process Plant Construction and Contracting
47	4 August 2020	Kuwait and Gulf Link Transport Company
48	6 August 2020	Acico Industries Company
49	9 August 2020	Injazzat Real Estate Development Company
50	9 August 2020	Kuwait and Middle East Financial Investment Company
51	19 August 2020	Coast Investment and Development Company
52	24 August 2020	Al Mazaya Holding Company
53	27 August 2020	Arzan Financial Group For Financing And Investment
54	7 September 2020	Commercial Facilities Company
55	7 September 2020	Kuwait Financial Centre - Markaz
56	7 September 2020	Agility Public Warehousing Company
57	10 September 2020	Hayat Communications Company
58	13 September 2020	Privatization Holding Company
59	14 September 2020	Al Madina for Finance and Investment Company
60	16 September 2020	Educational Holding Group
61	17 September 2020	Integrated Holding Company
62	20 September 2020	United Real Estate Company

Sr.	Date	Company
63	23 September 2020	Tamdeen Investment Company
64	4 October 2020	Gulf Cable and Electrical Industries Company
65	7 October 2020	Al Ahleia Insurance Company
66	8 October 2020	Al Kout Industrial Projects Company
67	11 October 2020	National Cleaning Company
68	13 October 2020	Qurain Petrochemical Industries Company
69	13 October 2020	Alimtiarz Investment Group
70	14 October 2020	Oula Fuel Marketing Company
71	14 October 2020	Alargan International Real Estate Company
72	14 October 2020	Osos Holding Group Company
73	18 October 2020	Kamco Investment Company
74	19 October 2020	Sanam Real Estate Company
75	19 October 2020	Kuwait Real Estate Company
76	19 October 2020	National Investments Company
77	19 October 2020	Noor Financial Investment Company
78	19 October 2020	Kuwait Cement Company
79	20 October 2020	The Commercial Real Estate Company
80	26 October 2020	Salhia Real Estate Company
81	27 October 2020	Aqar Real Estate Investments Company
82	28 October 2020	United Projects for Aviation Services Company
83	1 November 2020	Mashaer Holding Company
84	1 November 2020	Tamdeen Real Estate Company
85	2 November 2020	Burgan Company for Well Drilling, Trading and Maintenance
86	2 November 2020	Kuwait National Cinema Company
87	4 November 2020	National Industries Company
88	5 November 2020	Kuwait Reinsurance Company
89	5 November 2020	Human Soft Holding Company
90	11 November 2020	Kuwait Pillars for Financial Investment Company
91	22 November 2020	Kout Food Group
92	26 November 2020	National Industries Group Holding
93	29 November 2020	Kuwait Resorts Company
94	30 November 2020	Aayan Real Estate Company
95	3 December 2020	Gulf Insurance Group

Sr.	Date	Company
96	8 December 2020	Boursa Kuwait Securities Company
97	8 December 2020	Mabanee Company
98	8 December 2020	Combined Group Contracting Company
99	10 December 2020	Al Arabiya Real Estate Company
100	10 December 2020	Bayan Investment Company
101	28 December 2020	Al-Manar Financing & Leasing Company
102	14 January 2021	Shuaiba Industrial Company
103	14 January 2021	KGL Logistics Company
104	14 January 2021	Mezzan Holding Company
105	17 January 2021	Kuwait and Gulf Link Transport Company
106	18 January 2021	International Financial Advisors Holding Company
107	19 January 2021	Osoul Investment Company
108	20 January 2021	Al Masaken International Real Estate Development Company
109	21 January 2021	Acico Industries Company
110	21 January 2021	Boubyan Petrochemical Company
111	24 January 2021	Mubarrad Holding Company
112	26 January 2021	Kuwait Finance and Investment Company
113	2 February 2021	Kuwait Company for Process Plant Construction and Contracting
114	2 February 2021	Injazzat Real Estate Development Company
115	14 February 2021	Warba Insurance Company
116	17 February 2021	Coast Investment and Development Company
117	18 February 2021	National International Holding Company
118	21 February 2021	Al Mazaya Holding Company
119	24 February 2021	Arzan Financial Group For Financing And Investment
120	24 February 2021	Tamdeen Investment Company
121	2 March 2021	Kuwait Financial Centre - Markaz
122	9 March 2021	Commercial Facilities Company
123	09 March 2021	United Real Estate Company
124	15 March 2021	Agility Public Warehousing Company
125	23 March 2021	Educational Holding Group

Cumulative Statistics

Cumulative approvals of the treasury shares according to the financial year							
2020/2021	2019/2020	2018/2019	2017/2018	2016/2017	2015/2016	2014/2015	2013/2014
125	128	127	112	111	111	105	87



Approvals for the issuance of debt instruments

No.	Approval's Date	Issuing Entity (obligor)	Type of Security	Issuance Value
1	21/05/2020	Warba Sukuk Limited	Sukuks	KWD 150,000,000
2	08/07/2020	Kuwait International Bank	Sukuks	USD 750,000,000
3	24/09/2020	Kuwait Financial Centre	Issuance of bonds	KWD 35,000,000
4	07/10/2020	National Bank of Kuwait	Debt securities	KWD 150,000,000
5	11/10/2020	KIB Sukuk Limited	Sukuks	USD 300,000,000
6	11/10/2020	NBK Tier 2 Limited	Subordinated bonds	USD 300,000,000
7	11/11/2020	Burgan Bank	Debt securities	USD 500,000,000
8	25/11/2020	Boubyan Tier 1 Sukuk Limited	Sukuks	USD 500,000,000
9	10/12/2020	NBK Tier 1 Limited	Perpetual Bonds	USD 1,000,000,000



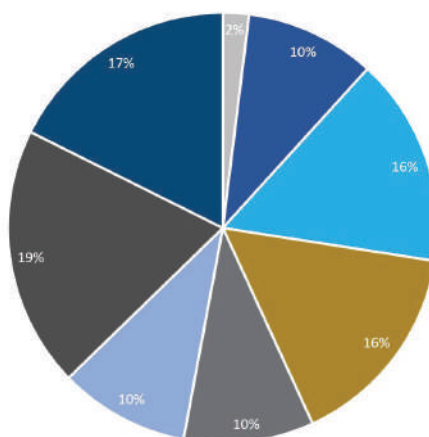
Total cumulative value of CMA approvals on debt instruments solely (excluding approvals on marketing debt instruments inside the State of Kuwait) since the CMA's establishment until the end of the financial year (2020/2021)

KWD 7,428,387,000

Cumulative Statistics

Cumulative approvals of issuing debt instruments according to the financial year							
2020/2021	2019/2020	2018/2019	2017/2018	2016/2017	2015/2016	2014/2015	2013/2014
9	10	5	5	8	8	5	1

Percentages of the approvals of issuing debt instruments according to the financial year



■ 2013/2014 ■ 2014/2015 ■ 2015/2016 ■ 2016/2017 ■ 2017/2018 ■ 2018/2019 ■ 2019/2020 ■ 2020/2021

► Corporate Governance

► Review and reconsideration of many topics and proposals

- The instructions of the mechanism and controls for the nomination and election of independent members to keep pace with the latest regional and global developments. In this context, a comparative study was conducted with regional and international bodies and recommendations thereon. Additionally, the opinion of local authorities was surveyed regarding the proposed amendments.
- The structure of the remunerations report, where the letters received from the concerned authorities in this regard were reviewed, and two virtual meetings were held with representatives of these bodies. A comparative study with regional bodies was performed, and final recommendations were drawn regarding the proposed amendments.
- A study of the proposal on the subject of Sharia governance for persons licensed to work in accordance with the provisions of Islamic Sharia

► Governance Reports

- Receipt of the corporate governance report required from the companies subject to Module Fifteen for the fifth year, and completion of its requirements through the electronic system approved by the CMA (e-Governance) through its electronic portal, starting from reviewing these reports, dealing with them, and analyzing their results.
- Receipt of the corporate governance reports that are read out by the Chairman of the Board of Directors of the company in the General Assembly, through the electronic system approved by the CMA, and through its electronic portal in preparation for its review and analysis of its results.

► Awareness and training activities

- Publishing topics related to governance issues through the CMA's e-magazine that dealt with corporate governance topic at the CMA, and its role in the Corona crisis, and the positive repercussions of adhering to the rules of governance of the concerned authorities, in particular in times of crisis.
- Preparing a paper on the definition and importance of cumulative voting.
- The participation of the CMA's employees concerned with governance in several training programs aimed at developing their skills and capabilities.

► Participation in several governance-related meetings.

- Meetings of the Ethics and Governance Committee - Al-Ayoubi.
- Virtual meeting (webinar) "Transparency and Disclosure in COVID-19", sponsored by the Organization for Economic Co-operation and Development (OECD) in cooperation with Hawkamah Institute - Dubai and the American University of Beirut.
- Virtual meeting "MENA-OECD Working Team on Corporate Governance Annual Meeting" held by the Organization for Economic Co-operation and Development (OECD).

► Participation in joint work related to governance issues

- The Business Environment Improvement Project for the Protection of Minority Investors Rights Index.
- Kuwait's strategy to enhance integrity and combat corruption.

► Mergers and Acquisitions

► Merger and Acquisition transactions Executed during the Financial Year 2020/2021:

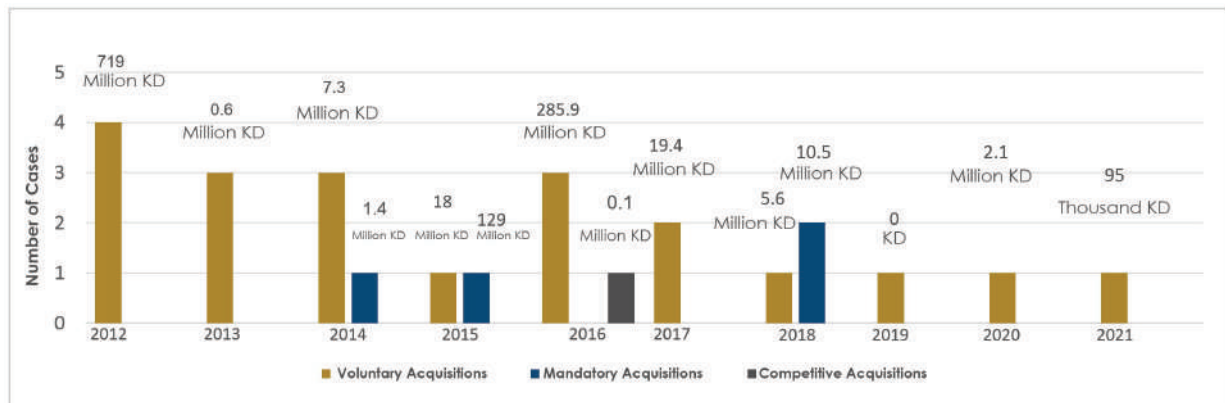
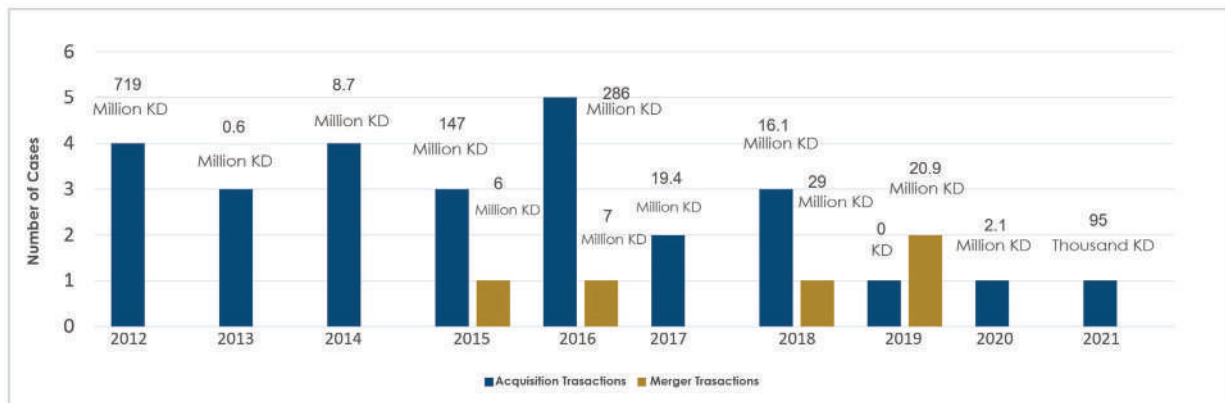
Merger and Acquisition transactions Executed during the Financial Year 2020/2021:	Transaction Value in KWD
Mandatory acquisition offer submitted by Alkhair International Company for buying and selling shares for the remaining shares of Arkan Al Kuwait Real Estate Company	2,134,466.8
Mandatory acquisition offer submitted by Mr. Salem Abdullah Al Hosany for buying for the remaining shares of Kuwait Syrian Company	95,199.7
The approval of the draft merger contract of the merger by amalgamation transaction between Noor Financial Investment Company and Noor Telecommunication Company	-
Total	2,229,666.50

► Cumulative statistics

Number of Transactions	Year	Transaction	Transaction Value in KWD	Total in KWD
4	2012	Mandatory Acquisition transactions	719,024,999	719,024,999
3	2013	Mandatory Acquisition transactions	584,643.44	584,643.44
3	2014	Mandatory Acquisition transactions	7,274,269	8,687,749
1		Voluntary Acquisition transaction	1,413,480	
1	2015	Mandatory Acquisition transaction	18,379,827	153,644,582.7
1		Voluntary Acquisition transaction	128,860,518	
1		Merger by amalgamation transaction	6,404,237.70	
3	2016	Mandatory Acquisition transactions	285,725,816	293,131,072
1		Merger by amalgamation transaction	7,315,000	
1		Competitive Acquisition transaction	90,256	
2	2017	Mandatory Acquisition transactions	19,387,059	19,387,059
1	2018	Mandatory Acquisition transaction	5,550,746.996	45,141,582.50
2		Voluntary Acquisition transaction	10,524,999.80	
1		Merger by amalgamation transaction	29,065,835.7	
2	2019	Merger by amalgamation transactions	20,984,431	20,984,431
1	2020	Mandatory Acquisition transaction	2,134,466.8	2,134,466.8
1	2021❖	Mandatory Acquisition transaction	95,199.7	95,199.7
Total in KWD				1,262,815,785

► ❖ Until March 31, 2021.

► Charts summarizing the executed mergers and acquisition transactions since 2012:



Chapter 3: The Supervisory Field

► Off-site Supervision

► The studied financial statements

No.	Type of Entity	Number of Entities with Studied Statements	Type of Studied Financial Statements	Number of Studied Statements
1	Licensed companies (listed and unlisted companies, and brokerage firms)	69	Annual and quarterly financial statements	136
2	Listed unlicensed companies	130	Annual and quarterly financial statements	261
3	Ongoing collective investment schemes	52	Annual financial statements	64
4	Collective investment schemes under liquidation	33	Annual financial statements	33
Total		284	-	494

► Monitoring remarks and violations and addressing them:

Procedure's Type	Entity Concerned with the Remark or Violation			
	Listed Unlicensed Companies	Licensed Persons	Collective Investment Schemes	Total
Referral to the competent organizational unit inside the CMA	66	22	8	96
Sending a warning or directing letter to the entity	59	45	1	105
Contacting other supervising entities	1	3	0	4
Total	126	70	9	205

► **Preparing statistical data for the entities subject to CMA's supervision**

► The statistical data of the listed companies as on December 31, 2020:

	Assets (in thousands KWD)					
	Conventional Companies		Islamic Companies		Listed Companies	
	31/12/20	31/12/19	31/12/20	31/12/19	31/12/20	31/12/19
Telecoms	6,159,887	6,032,116	403,295	427,322	6,563,182	6,459,438
Oil and gas	599,539	581,010	96,985	108,113	696,524	689,123
Insurance	1,798,730	1,748,604	26,236	26,388	1,824,966	1,774,992
technology	13,752	14,119	0	0	13,752	14,119
Consumer services	1,120,002	1,177,392	94,211	95,768	1,214,213	1,273,160
Financial services	12,720,384	12,696,559	2,212,993	2,099,082	14,933,377	14,795,641
Financial services – licensed persons	2,157,259	2,156,737	776,812	985,910	2,934,070	3,142,647
Health care	394,125	338,770	34,880	37,783	429,005	376,553
Consume goods	320,719	319,333	5,297	5,297	326,016	324,630
Industrial	5,202,273	5,136,576	1,529,719	1,656,531	6,731,992	6,793,106
Real estate	4,599,219	4,717,542	1,335,815	1,401,320	5,935,034	6,118,862
Benefits	516,640	0	0	0	516,640	0
Basic materials	1,332,104	1,343,000	0	0	1,332,104	1,343,000
Total Assets	36,934,632	36,261,758	6,516,244	6,843,514	43,450,876	43,105,272

	Liabilities (in thousands KWD)					
	Conventional Companies		Islamic Companies		Listed Companies	
	31/12/20	31/12/19	31/12/20	31/12/19	31/12/20	31/12/19
Telecoms	3,562,332	3,666,074	157,442	182,798	3,719,774	3,848,872
Oil and gas	392,783	377,755	27,528	27,199	420,311	404,954
Insurance	1,301,767	1,258,647	6,347	5,581	1,308,113	1,264,227
technology	1,701	1,397	0	0	1,701	1,397
Consumer services	787,945	803,322	14,784	26,391	802,729	829,713
Financial services	10,824,413	10,539,830	1,360,971	1,507,685	12,185,384	12,047,516
Financial services – licensed persons	691,003	711,872	238,116	352,060	929,118	1,063,932
Health care	288,682	242,547	32,823	35,786	321,504	278,333
Consume goods	161,777	165,562	3,179	3,179	164,955	168,740
Industrial	2,500,198	2,413,645	1,140,691	1,238,180	3,640,889	3,651,825
Real estate	2,353,958	2,334,296	641,233	616,758	2,995,192	2,951,054
Benefits	476,116	0	0	0	476,116	0
Basic materials	467,780	381,147	0	0	467,780	381,147
Total Assets	23,810,454	22,896,094	3,623,113	3,995,616	27,433,567	26,891,710

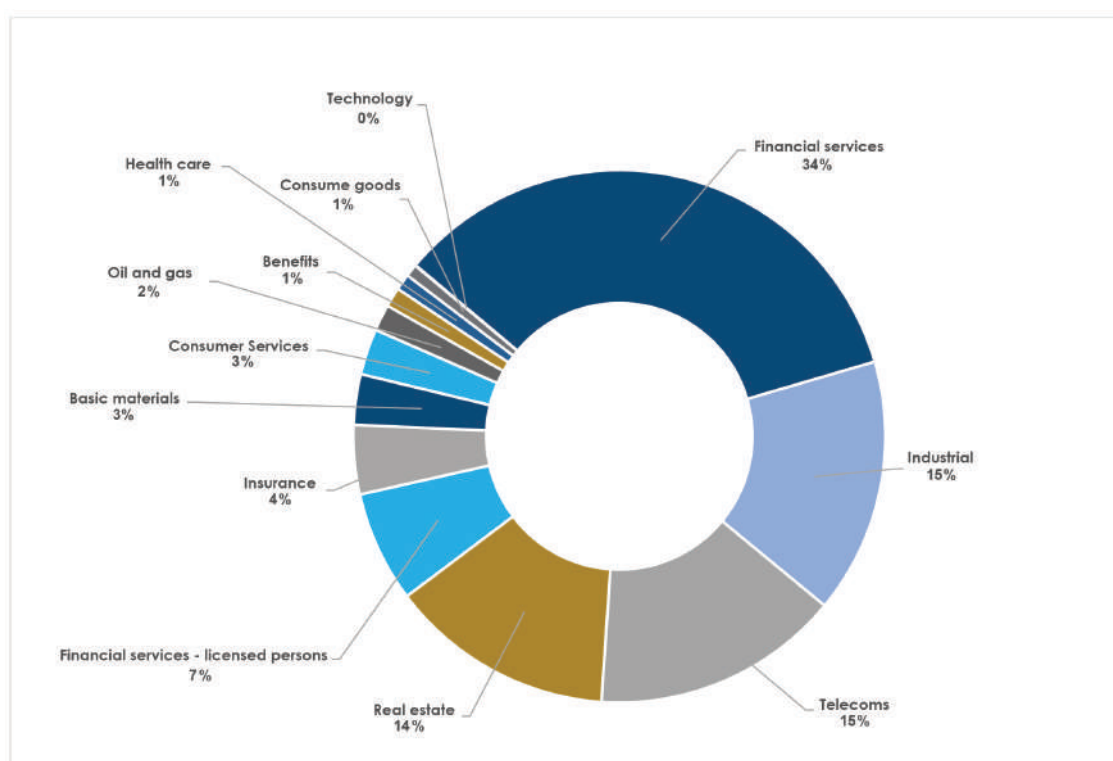
	Shareholders' Rights (in thousands KWD)					
	Conventional Companies		Islamic Companies		Listed Companies	
	31/12/20	31/12/19	31/12/20	31/12/19	31/12/20	31/12/19
Telecoms	2,597,555	2,366,042	245,853	244,524	2,843,408	2,610,566
Oil and gas	206,756	203,255	69,457	80,914	276,213	284,169
Insurance	496,963	489,958	19,889	20,807	516,852	510,765
technology	12,051	12,722	0	0	12,051	12,722
Consumer services	332,057	374,069	79,428	69,377	411,484	443,447
Financial services	1,895,972	2,156,729	852,022	591,397	2,747,994	2,748,125
Financial services – licensed persons	1,466,256	1,444,864	538,696	633,850	2,004,952	2,078,715
Health care	105,443	96,223	2,058	1,997	107,500	98,220
Consume goods	158,943	153,771	2,118	2,118	161,061	155,890
Industrial	2,702,075	2,722,931	389,028	418,351	3,091,103	3,141,282
Real estate	2,245,260	2,383,246	694,582	784,562	2,939,842	3,167,808
Benefits	40,524	0	0	0	40,524	0
Basic materials	864,324	961,853	0	0	864,324	961,853
Total Assets	13,124,178	13,365,664	2,893,130	2,847,898	16,017,309	16,213,562

Remarks:

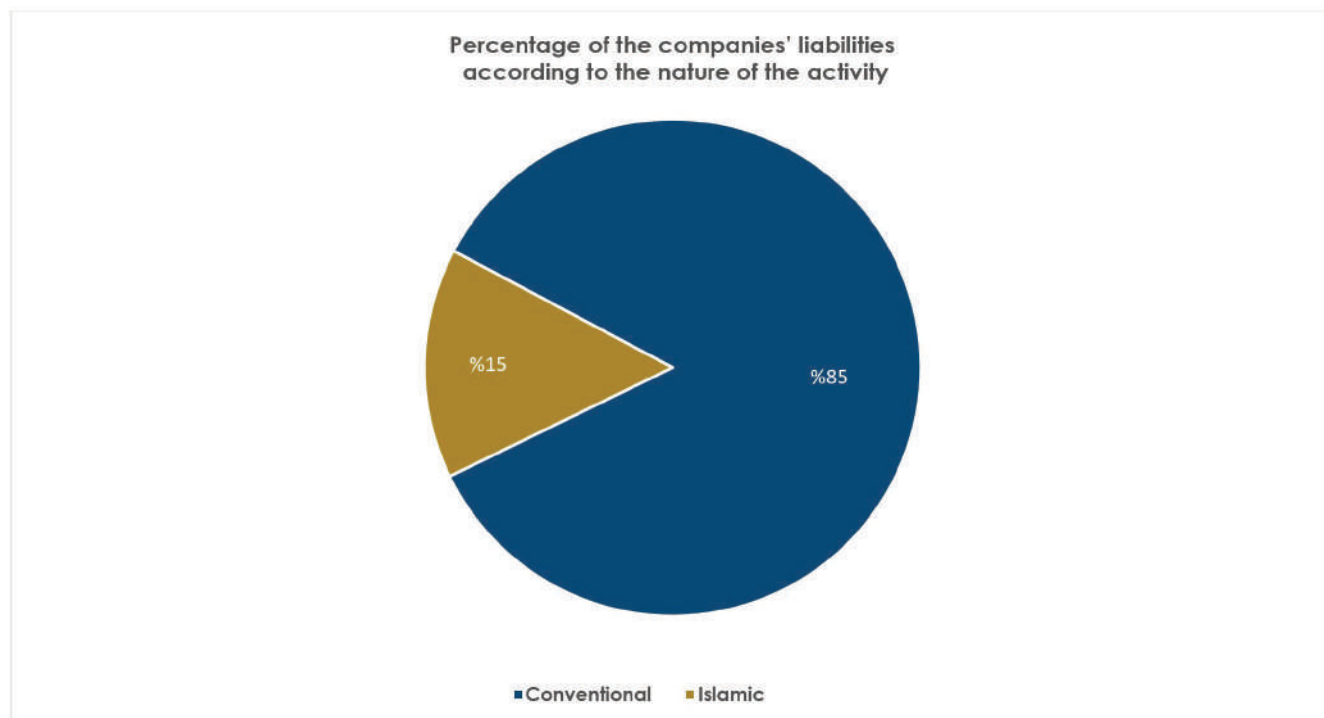
- ▶ The Islamic companies are the companies that practice their activities according to the Islamic Sharia provisions.
- ▶ If the companies did not disclose their financial statements on December 31, 2020, the latest available financial statements will be used.
- ▶ The data above are for all companies listed in Boursa Kuwait as on December 31, 2020 – except the banks – that are distributed according to sector as follows:

Sector	Conventional Companies	Islamic Companies	Total
Telecoms	3	2	5
Oil and gas	3	3	6
Insurance	6	2	8
technology	1	0	1
Consumer services	11	2	13
Financial services	13	10	23
Financial services – licensed persons	17	9	26
Health care	2	1	3
Consumer goods	2	1	3
Industrial	23	5	28
Real estate	22	17	39
Benefits	1	0	1
Basic materials	4	0	4
Total	108	52	160

Moreover, the graph below shows the total percentage of assets of each sector to total assets of the listed companies except banks:



The following graph shows the percentage of the companies' liabilities according to the nature of the companies' activities (Conventional/Islamic):



- The statistical data of the brokerage companies licensed to practice the activity a Securities Broker registered with an Exchange as on March 31, 2020:

	March 31, 2021		March 31, 2020	
	Number	(in thousands KWD)	Number	(in thousands KWD)
Assets				
Conventional Companies	9	131,912	9	121,320
Islamic Companies	1	19,649	1	19,743
Total	10	151,561	10	141,063
Liabilities				
Traditional Companies	9	8,117	9	7,162
Islamic Companies	1	382	1	505
Total	10	8,499	10	7,667
Shareholders' Rights				
Conventional Companies	9	123,794	9	114,159
Islamic Companies	1	19,268	1	19,238
Total	10	143,062	10	133,396

- The statistical data of the investment companies licensed by the CMA – except the banks and the brokerage companies mentioned in the item above (second) as on March 31, 2021:

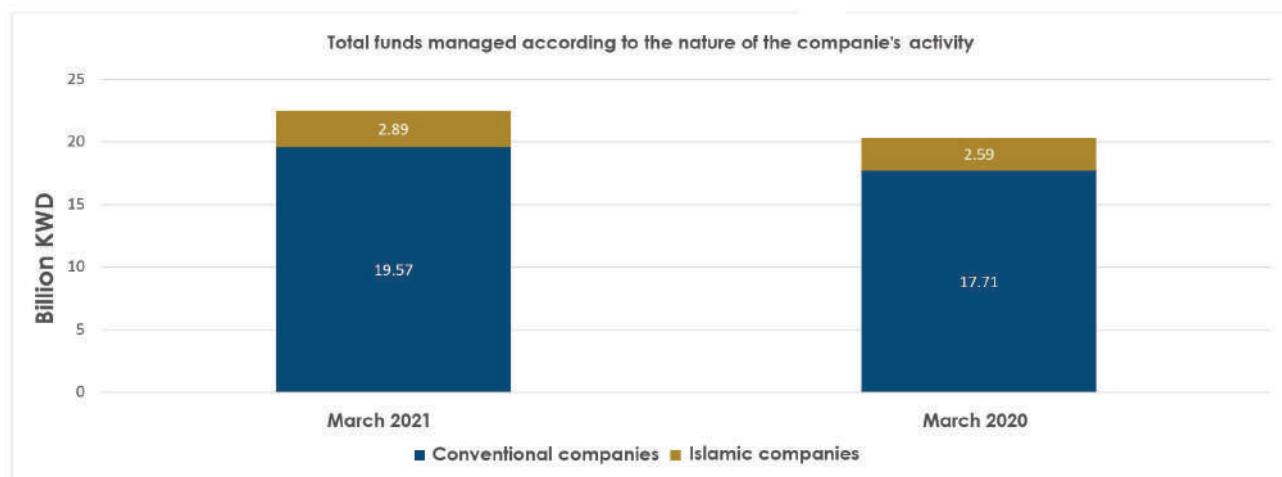
	March 31, 2021		March 31, 2020	
	Number	(in thousands KWD)	Number	(in thousands KWD)
Assets				
Conventional Companies	41	2,922,366	41	2,634,610
Islamic Companies	20	1,400,887	21	1,667,955
Total	61	4,323,253	62	4,302,565
Liabilities				
Traditional Companies	41	962,557	41	953,420
Islamic Companies	20	474,119	21	673,801
Total	61	1,436,676	62	1,627,220
Shareholders' Rights				
Conventional Companies	41	1,959,809	41	1,681,191
Islamic Companies	20	926,769	21	994,154
Total	61	2,886,577	62	2,675,345

- The statements of the investment companies include the statements of licensed companies under liquidation, Boursa Kuwait Securities Company, and Kuwait Clearing Company.

- The following table shows the value of the funds managed by the investment companies licensed to practice the activity of Investment Portfolio Manager -except banks - as on March 31, 2021:

	Conventional Companies		Islamic Companies		All companies licensed to practice the activity of Investment Portfolio Manager	
	31/3/21	31/3/20	31/3/21	31/3/20	31/3/21	31/3/20
Funds managed on behalf of others	28 companies (in thousands KWD)	28 companies (in thousands KWD)	28 companies (in thousands KWD)	28 companies (in thousands KWD)	28 companies (in thousands KWD)	28 companies (in thousands KWD)
Total funds managed by the company	4,020,152	2,796,310	1,001,471	923,947	5,021,623	3,720,257
Total funds managed by the client	5,842,038	5,751,864	500,677	633,501	6,342,715	6,385,364
Total funds managed as a trust	6,143,282	5,852,851	124,984	87,866	6,268,266	5,940,716
Total managed investment funds	3,271,162	3,028,622	646,465	423,426	3,917,626	3,452,048
Total guarantees issued for the clients' interest	13,504	2,293	-	-	13,504	2,293
Others	282,244	282,180	618,674	517,480	900,918	799,660
Total funds managed on behalf of others	19,572,381	17,714,118	2,892,271	2,586,220	22,464,652	20,300,338

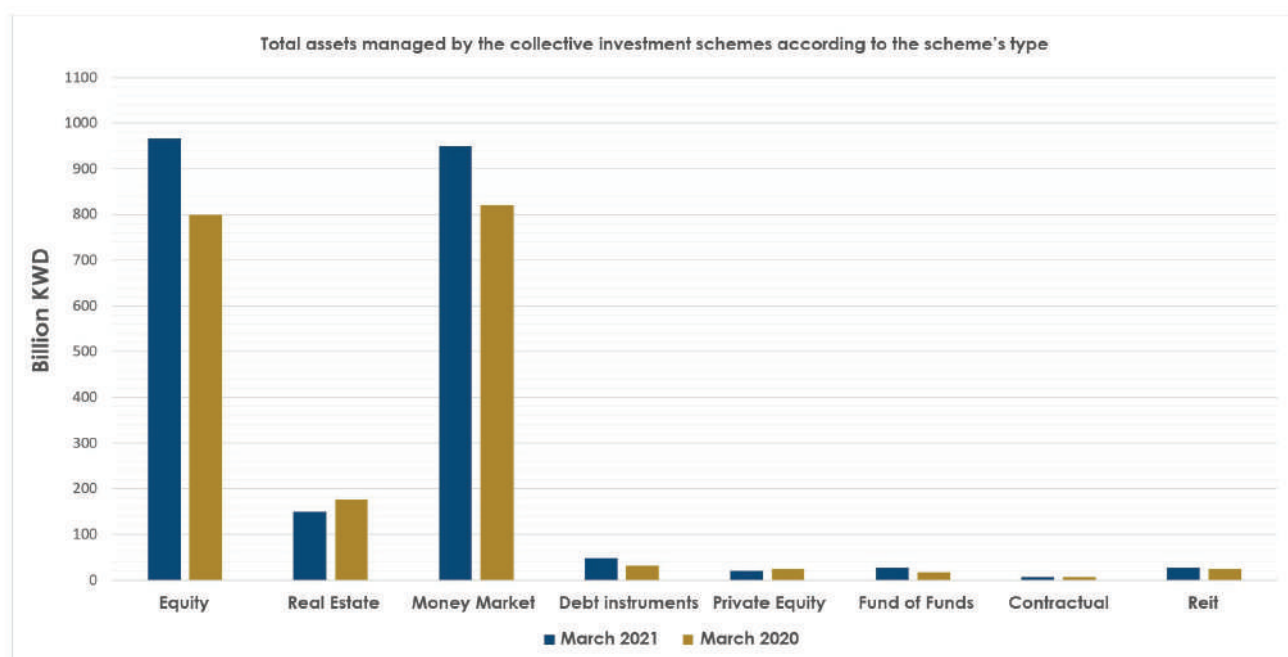
- The graph below shows the growth of the funds managed by these companies:



- The statistical data of the existing collective investment schemes as on March 31, 2021:

Collective investment scheme type	Traditional schemes				Islamic schemes				Total ongoing collective investment schemes			
	31/3/21		31/3/20		31/3/21		31/3/20		31/3/21		31/3/20	
	No.	Total assets	No.	Total assets	No.	Total assets	No.	Total assets	No.	Total assets	No.	Total assets
		(per 1000 KWD)		(per 1000 KWD)		(per 1000 KWD)		(per 1000 KWD)		(per 1000 KWD)		(per 1000 KWD)
Equity	21	797,001	21	668,670	14	169,609	13	130,880	35	966,610	34	799,550
Real Estate	1	21,049	1	23,110	4	128,413	5	153,925	5	149,462	6	177,035
Money Market	2	472,362	2	492,159	6	476,835	6	328,773	8	949,197	8	820,932
Debt Instruments	3	29,042	3	17,178	2	19,178	2	14,728	5	48,220	5	31,906
Private Equity	3	20,635	4	24,253	0	0	0	0	3	20,635	4	24,253
Fund of Funds	1	19,780	1	13,874	1	7,540	1	3,345	2	27,319	2	17,219
Contractual*	0	0	0	0	2	6,708	1	6,490	2	6,708	1	6,490
REIT	0	0	0	0	1	26,232	1	24,230	1	26,232	1	24,230
Total	31	1,359,869	32	1,239,244	30	834,515	29	662,371	61	2,194,383	61	1,901,615

- ❖ For the financial period ending on March 31, 2021, data is not available for one of the schemes for its being a recently licensed scheme.
- Moreover, the graph below shows the size of assets managed by the collective investment schemes according to the scheme's type:



► **Following up the licensed persons' compliance with the capital adequacy regulations:**

As on December 31, 2020, 68 companies are required to submit the capital adequacy report to the CMA after being approved by the auditor, and it shall be after the end of the transitional period of the companies pursuant to Resolution no. (170) of 2019. These companies' data were as follows, provided that the necessary procedures are taken and the companies that are not complying with the capital adequacy percentage are followed up.

Company's Status	Number
Companies complying with the capital adequacy percentage	57
Companies not complying with the capital adequacy percentage	4
Advisory companies that do not apply to the calculation of the capital adequacy percentage according to the risks' levels	7
Total	68

► **Other tasks:**

- Providing the international organizations, external entities, and internal departments with 44 statistic and technical studies.
- Following up the licensed persons' defaults within data study.
- Preparing complete studies for the special cases regarding a group of listed companies that are subject to CMA's supervision.
- Participating in technical committees and experts' committees to consider some complaints submitted to the CMA regarding the companies and funds that are subject to CMA's supervision.

► On-site Supervision

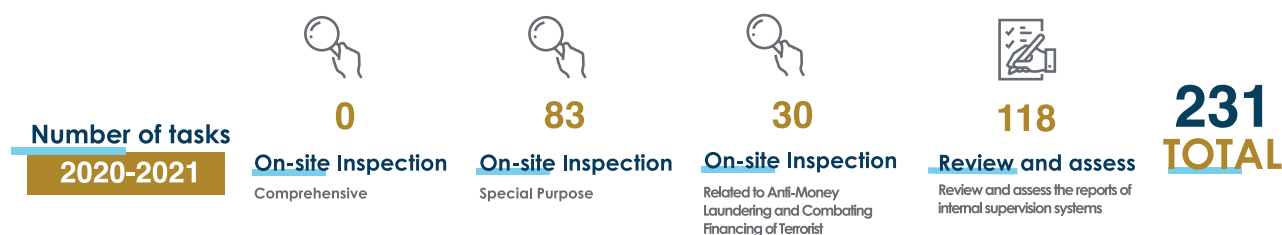
► Approving on-site supervision work plan for the financial year (2021-2022), which includes:

- A special purpose on-site inspection plan (38 inspection tasks on a sample of listed unlicensed companies, in addition to 6 inspection tasks on companies licensed to perform the activity of an investment advisor, and 1 inspection task for follow-up, as well as 9 inspection tasks on a sample of auditors and Sharia audit offices registered in the CMA register).
- Comprehensive field inspection plan (30 comprehensive on-site inspection tasks on a sample of licensed companies and funds managed by it).

► Preparing and approving the exceptional on-site inspection plan for the financial year (2020-2021)

It included carrying out special purpose on-site inspection tasks on licensed persons and some of the listed companies, in order to ensure that all requirements that must be adhered to are complied with according to the provisions of Law No. (7) of 2010 its Executive Bylaws and their amendments, during the period of work suspension in government agencies due to the novel corona virus.

- Referring the notes monitored on some persons subject to the CMA's supervision to the competent authorities to take the necessary action in this regard and reply to the inquiries received.
- Follow-up on corrections of the monitored notes made by the persons subject to the CMA's supervision as a result of their special purpose on-site inspection tasks on them.
- On-site supervision tasks implemented during the financial year (2020-2021) are the following:



► Anti-Money Laundering and Combating Financing of Terrorist

The CMA is working to verify the extent to which the licensed persons comply with the provisions of Module Sixteen (Anti-Money Laundering and Combating Financing of Terrorism), the financial year (2020-2021) witnessed 30 comprehensive field inspection tasks on a trial of licensed companies.

► Data on field inspection tasks related to Anti-Money Laundering and Combating Financing of Terrorist

#	Company Name	Non- grave notes	Notes referred to investigation	Notes referred to the concerned bodies
1	Azyan Capital	2	9	0
2	Cap Corp Investment Company	6	3	0
3	Kamco Investment Company	0	1	0
4	KFH Capital Investment Company	5	6	0
5	National Investment Company	2	3	0
6	Dimah Capital	5	6	0
7	Kuwait Financial Centre 'Markaz'	3	2	0
8	Kuwait & Middle East Financial Investment Company	1	1	0
9	Al-Waseet Financial Business Company	0	0	0
10	Arab Investment Company	0	0	0
11	Al-Riyada Finance and Investment Company	0	0	0
12	Osoul Investment Company	0	0	0
13	18 companies were under implementation as its works was not completed during the inspections at the time the report was being prepared, and the monitored notes were still not clear at the time.			
Total Notes		24	31	0

Noting that the notes included in the previous table do not mean the existence of money laundering operations, as the on-site inspection report did not result in referral to the Financial Intelligence Unit.

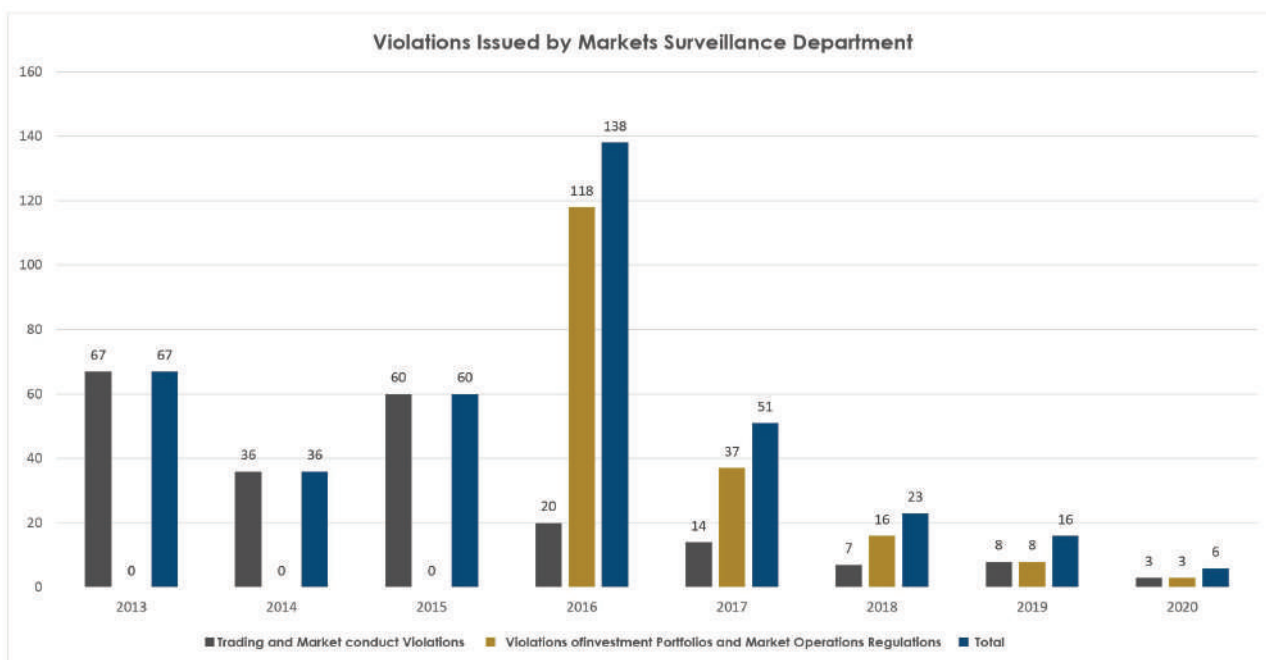
► Markets Surveillance

► Statistics of the most prominent executed tasks:

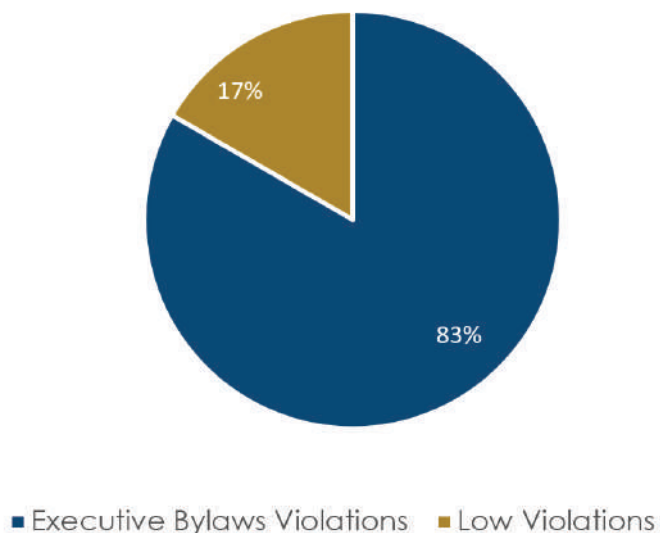
Achievement	6	4	11	3	19	2	17
Developing the rules Systems and control mechanisms related to the work and tasks of the Department	Initiatives	Contributions and Studies	Activities (internal and external)	Surveillance Operations	Delegations By the Board of Commissioners / Managing Director related to the Department	Inquiries (internal - external)	

► Cumulative statistics of the violations issued through the tasks of the Markets Surveillance Department

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



Violations Classification of Markets Surveillance Department

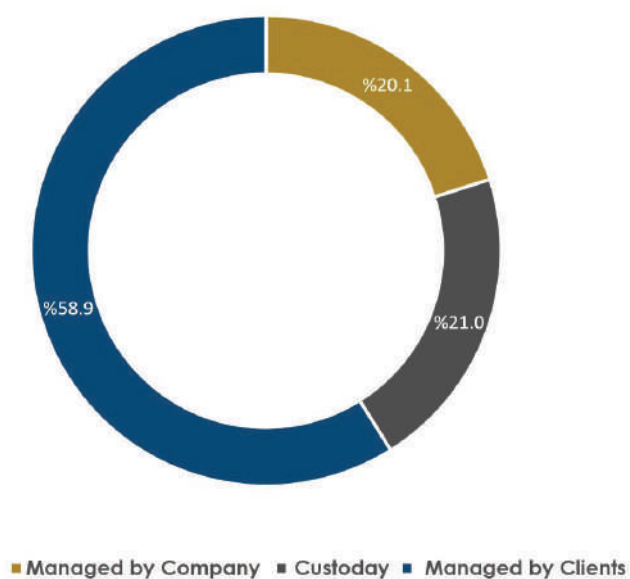


► Statistics on Securities Investment Portfolios until the End of 2020

- A statement on the number of securities investment portfolios managers and their management mechanism

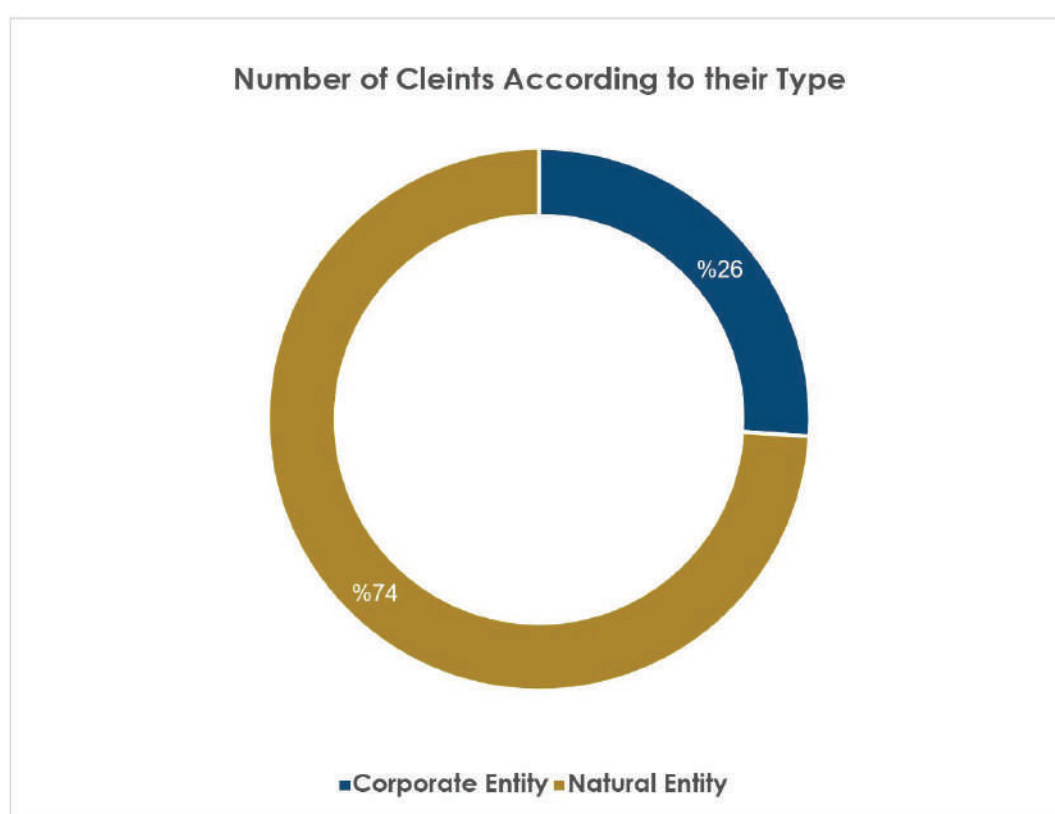
Data	End of 2020
Number of Investment Portfolios Managers	47 Companies
Number of Securities Investment Portfolios in the State of Kuwait	4,781 Portfolio

Number of portfolios by Category



► Statement on Clients' Categories of Securities Investment Portfolios

Data	End of 2020
Number of Kuwaiti Clients	2,773
Number of non- Kuwaiti Clients	930
Total of Investment Portfolios Clients	3,703



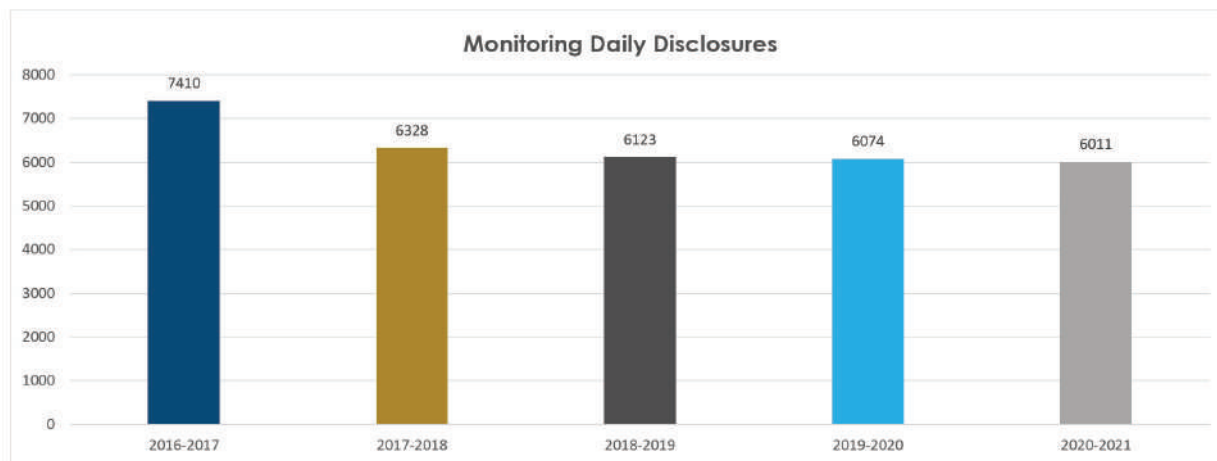
► Statement on the Market Value of Securities Investment Portfolios

Data	Value in Kuwaiti Dinar End of 2020
Securities Market Value	12,612,719,805
Cash Market Value	354,646,686
Total Market Value of Investment Portfolios	12,967,366,491

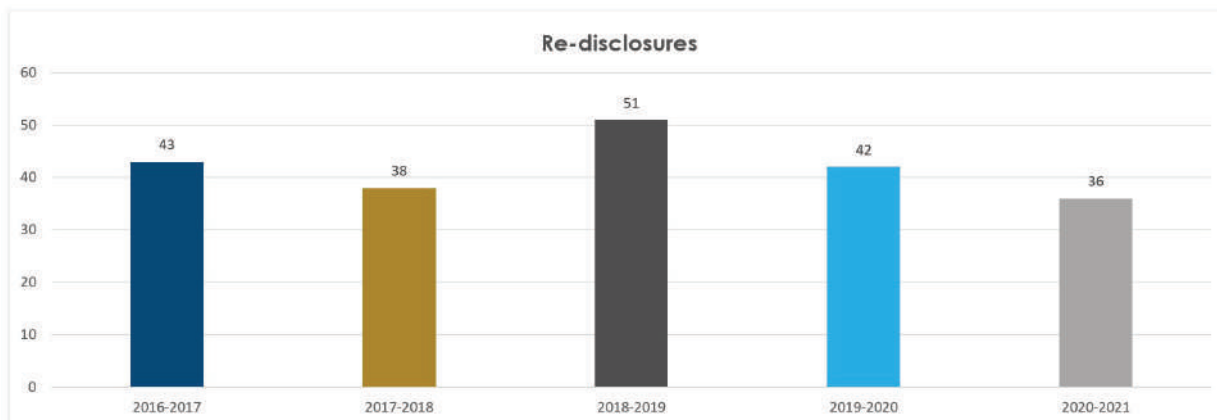
► Disclosure and Transparency

► Material Disclosure:

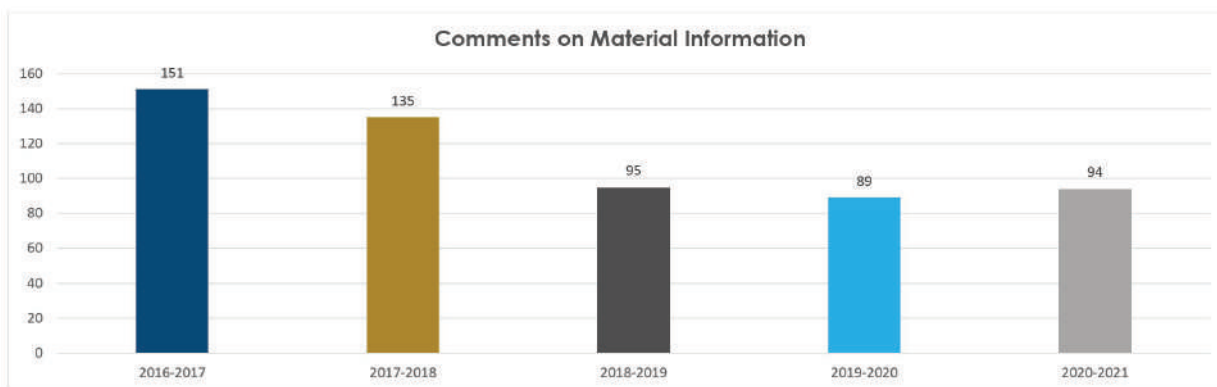
- Monitoring and follow up of disclosure announcements on Bursa Kuwait.



- Disclosures required resubmitting as a result of monitoring the daily announcements on Bursa Kuwait.



- Material information that require commenting from the listed company as a result of monitoring the media daily.



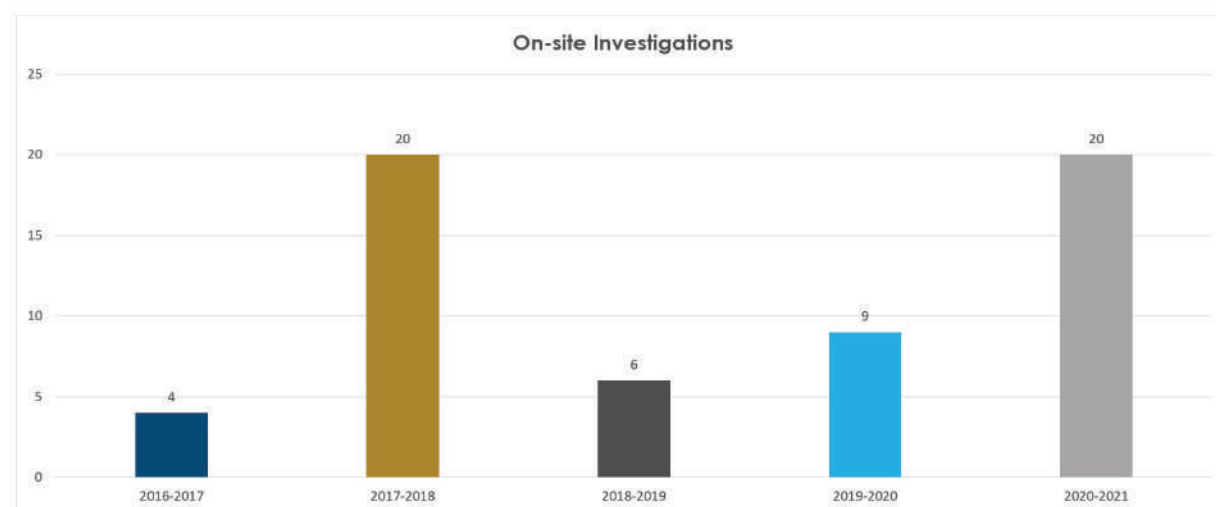
- ▶ Following up on the Securities Exchange fulfillment of its duties regarding the unusual trading on Boursa Kuwait in accordance with Article (4-5) of Chapter Four of Module Ten.



- ▶ Following up the temporary suspensions of trading shares of listed companies on Boursa Kuwait for cases related to disclosure of material information.

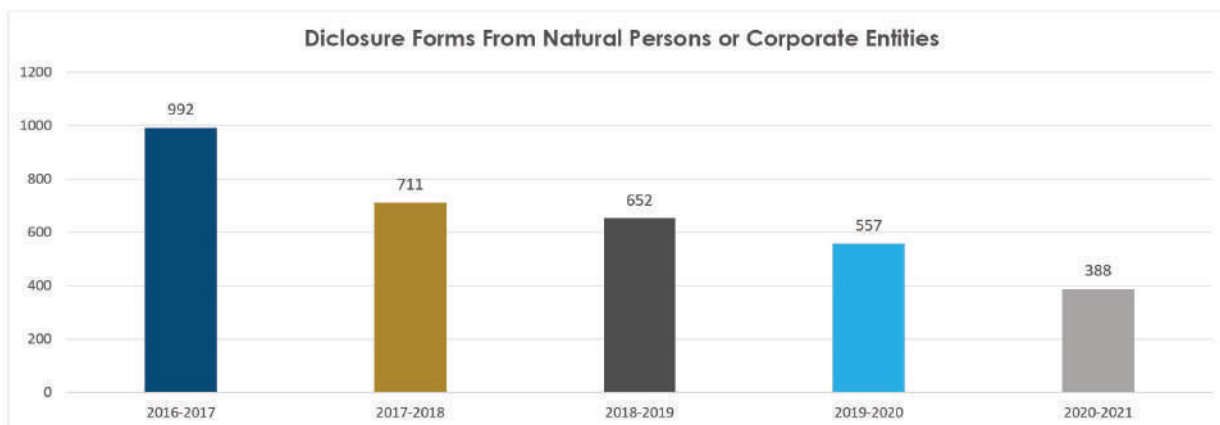


- ▶ Findings regarding disclosure of material information noted during on-site investigation tasks.

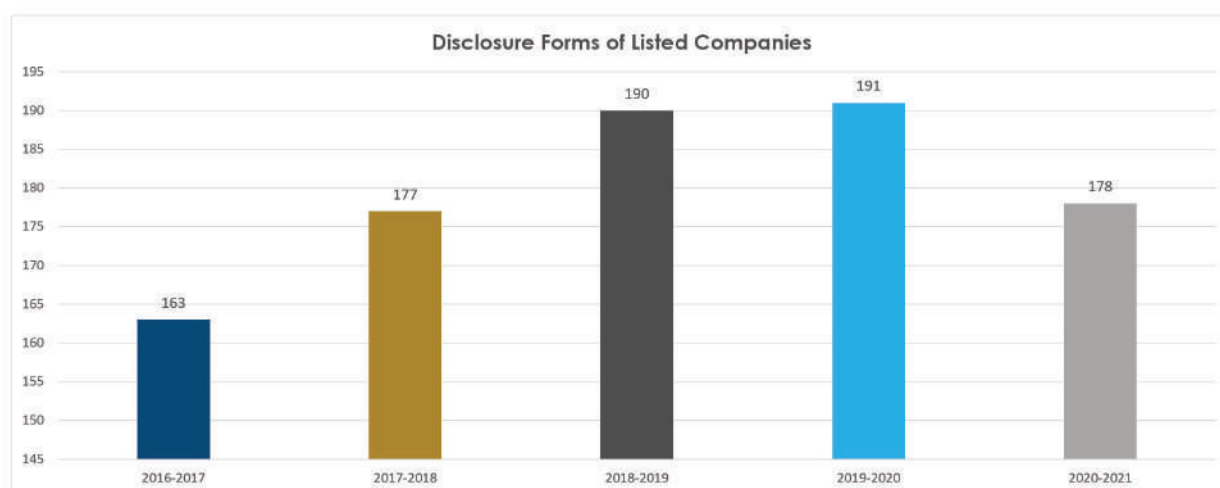


► Disclosure of Interests:

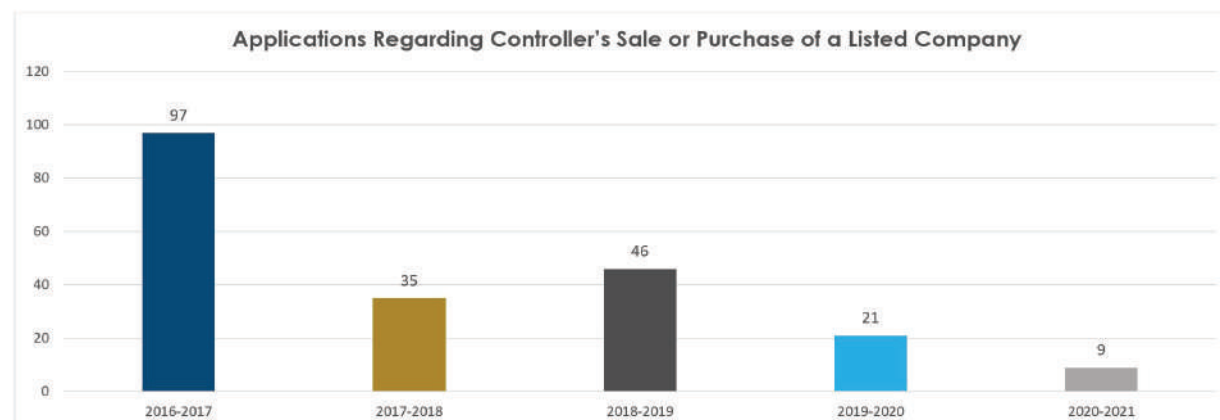
- Receiving and reviewing disclosure of interests forms from individuals and corporate entities.



- Receiving and reviewing annual disclosure forms from listed companies.

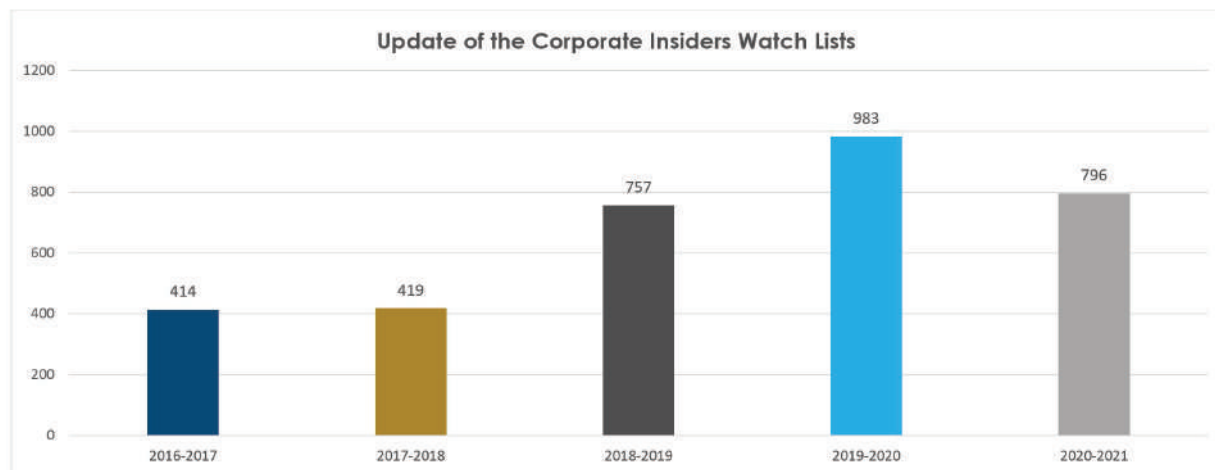


- Receipt of the controlling shareholder disclosure relevant to the provisions of Article (3-6) of Chapter Three of Module Nine regarding the percentage of sale or purchase permitted for the controlling shareholder of a listed company that were referred to the relevant department.

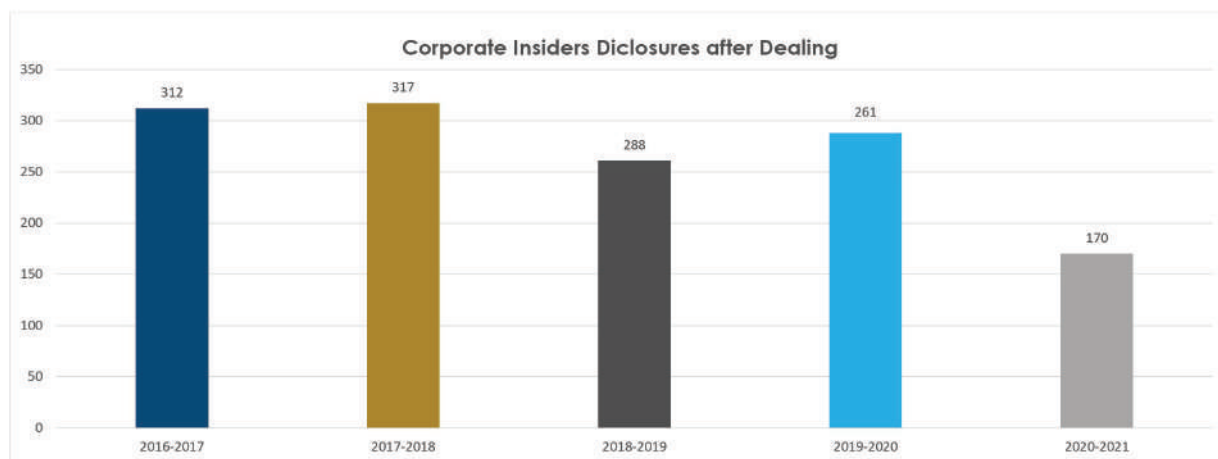


► **Insiders Disclosure:**

- Receiving updates of corporate insiders watch lists forms from listed companies.



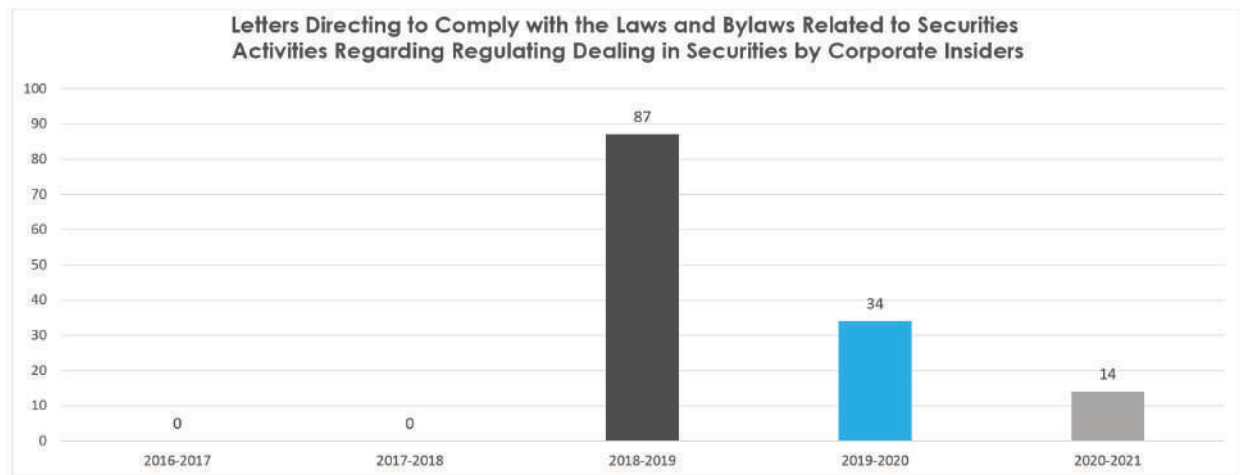
- Receiving disclosures in accordance with the "Corporate insiders disclosure form after dealing in the listed company's shares or a parent company's shares" form.



- ▶ Receiving and reviewing 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" form.

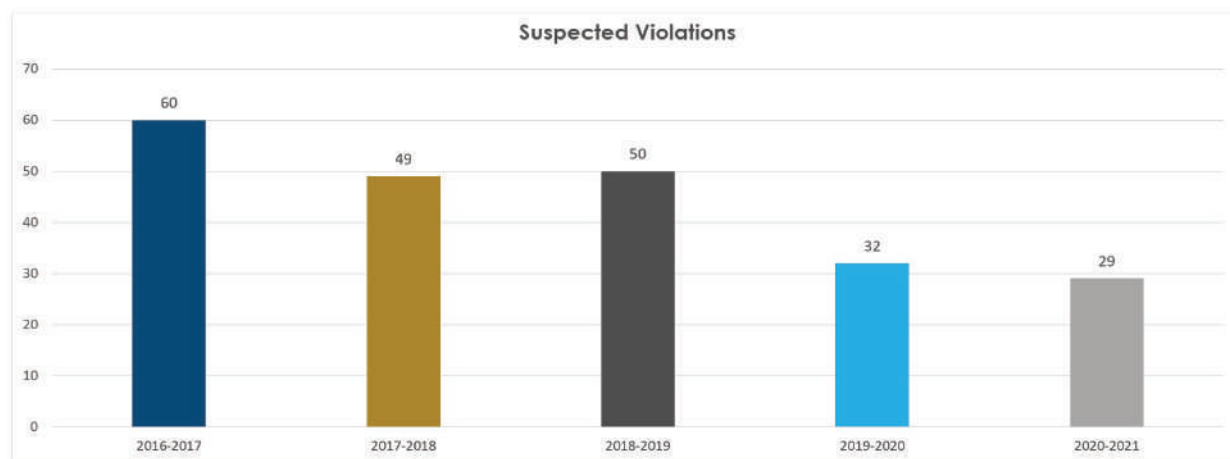


- ▶ Issuing directives to listed companies and corporate insiders to comply with the laws and bylaws related to the articles regulating dealing in securities by corporate insiders.

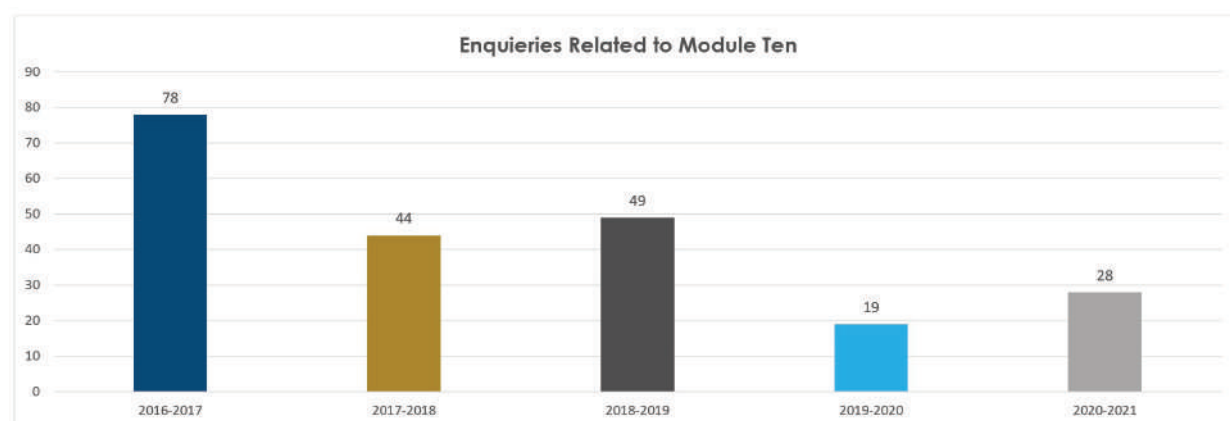


► **Tasks Related to Disclosure in General:**

- Cases referred for investigation on suspicion of violating the provisions of Module Ten of the Executive Bylaws.



- Replying to inquiries and requests related to the provisions of Module Ten.



Chapter 4: The Awareness, Media, and International Cooperation Field

► Awareness Field:

The report preparation time coincided with Coronavirus pandemic and the government directions related to reducing its expansion which postponed the implementation of the planned public awareness activities such as the awareness workshops, annual conference, and the National Project for Promoting Financial Literacy starting from March 2020 to focus on other activities that are in line with the precautionary measures previously mentioned. The most prominent of which that were implemented during the financial year (2020/2021) may be summarized as follows:

► Awareness Campaigns:

Coronavirus pandemic required giving priority to more focused awareness campaigns that varied according to their nature and duration into two main types:

► Long term local awareness campaigns:

Some of these campaigns were planned to be implemented earlier apart from the occurrence of the pandemic, while the circumstances of the pandemic required the implementation of the others. Each campaign extended for several months through the financial year (2020-2021) whose subjects varied according to the following:

- Licenses and Financial fraud practices.
- Investment Consultations.
- Violating trading behaviors.
- Material disclosure.
- Investor rights protection.
- General Assemblies.
- Market Maker.
- Reports and Complaints.
- Violations committed by some of the listed companies.
- Campaign on warning from misleading practices and non-licensed companies.

► Specialized external awareness campaign:



The period of the report witnessed the implementation of the campaign (Think Before You Invest), which falls within the framework of the Gulf Investment Awareness Program "Mulem" whose events started with the awareness campaign of the Capital Market Authority of Saudi Arabia under the subject of "Principles of Investment" during November and December 2020, followed by the State of Kuwait represented by the CMA who implemented a campaign under the subject of "Think before you Invest" which extended for one month (January 3-31, 2021) and aimed to introduce investment in the capital markets and raise awareness of the risks of this type of investment, both regular and irregular, and emphasize the need to adopt strategies that help reduce these risks.

As for the target segments of this campaign, it included all categories of society especially those concerned with securities activities and the investors in general, and the small investors and the beginners in particular.

The most prominent topics of campaign were as follows:

- ▶ 15 elementary facts that shall be realized before investing in the financial markets.
- ▶ Risks of investing in the financial markets.
- ▶ The mechanisms of reducing the risks of investing in the financial markets.
- ▶ Recommendations for the investor.
- ▶ Warning from the financial fraud and dealing with suspicious persons and entities.
- ▶ Subscription.
- ▶ The Insider.
- ▶ Internal Information.
- ▶ Violating behaviors.
- ▶ Ensuring the legal entity of the investment promoter and its Articles of Association.
- ▶ Specifying the objectives, financial position, investment's amount, type, and duration.
- ▶ Viewing the official licenses and investment prospectus as well as studying the investment risks and examining their acceptability.
- ▶ Stock acquisition dates that affect the investment decision.

The activities of the campaign: The campaign's statistics indicated the implementation of three press releases, two awareness electronic issuances, five awareness videos, seven infographics, and thirty-six awareness electronic messages.

▶ **Awareness Workshops:**

The final quarter of 2020 witnessed an internal awareness workshop (remotely) that targeted CMA's employees and was about the operational plan and instilling the culture of strategic planning.

► **Awareness Publications:**

► CMA's Ninth Annual Report:

- The report included a full presentation of CMA's major achievements in its various fields of work through the financial year (2019-2020). The report came in 146 pages distributed into nine chapters and included material amendments in form and content.



► The CMA's Magazine:

The period of the report witnessed the launch of three electronic publications of CMA's magazine, each of which included several established sections which are the awareness, legal and news. It also included new sections in addition to the introduction and conclusion that are allocated for the Managing Director and the Editor-in-Chief of the magazine respectively in which they presented the directions of both the CMA and magazine. The same applies to the (Economic Leaders) section that was allocated for featuring economic figures of an influence to our Kuwaiti reality such as (Khaled AlKharafi, Ahmed Rashid Al-Haroun, and Hisham Al-Otaibi). Moreover, the issue's Interview section included detailed interviews with influential economic figures such as (Yousef Hamad Al-Ibrahim and Jassim Al-Saadoun).

The First issue of the magazine was officially published in September 2020, the second issue was released in early December of the same year, while the third issue was published on the first of March 2021.



Scan the Barcode



Scan the Barcode

► Electronic Awareness Productions:

Within this field, two awareness electronic productions were issued as part of the activities of the awareness campaign "Think Before You Invest" with reference to include as many topics as possible from the suggested issuances' topics within the issues of the CMA's magazine.

► "Think Before You invest":

This electronic issue introduced some of the primary basic principles of investment in general and the investment in securities activities in particular, in addition to general investment advice that shall be realized by the investor before entering the investment world.



- "15 elementary facts you should realize when you invest in the financial markets":

This issue included a presentation of the major fifteen facts that represent the key foundation to succeed in the world of investing in the financial markets.



► Press Releases:

Sr.	Topic of the Press Release	Issuance Date
1	Issuance of the Ninth Annual Report	August 2020
2	CMA's fulfillment of achievements based on national competencies	September 2020
3	CMA Continues to Elevate its Services	September 2020
4	CMA Conducts Coronavirus Swaps to its Employees	September 2020
5	Launch of the first, second and third issues of the CMA's electronic magazine	September - December 2020 March 2021
6	Reminding the Companies' Board of Directors Members of their responsibilities	October 2020
7	Permitting Granting a Reward to the Whistleblower	October 2020
8	CMA calls for compliance with its legislations and urges to report violations	October 2020
9	GCC Knowledge Portal	November 2020
10	CMA's participation in the activities of the Gulf Investment Awareness Program "Mulem"	November 2020
11	The Launch of the Awareness Campaign "Think Before You Invest"	January 2021
12	CMA's announcement of the Establishment of an Academy Specialized in Capital Markets	January 2021
13	CMA's warning against the spread of misleading practices related to securities activities.	February 2021
14	Launch of the campaign "Protect Your Investments by Knowing Your Rights and Obligations"	February 2021
15	Announcement of the results of Think Before You Invest	March 2021

► Awareness through Social Media:

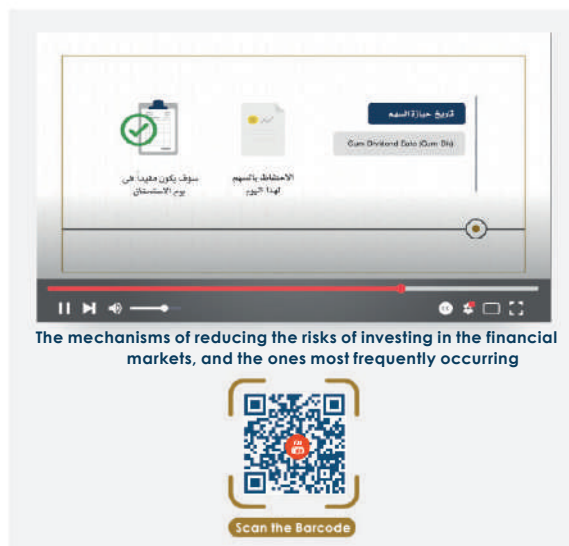
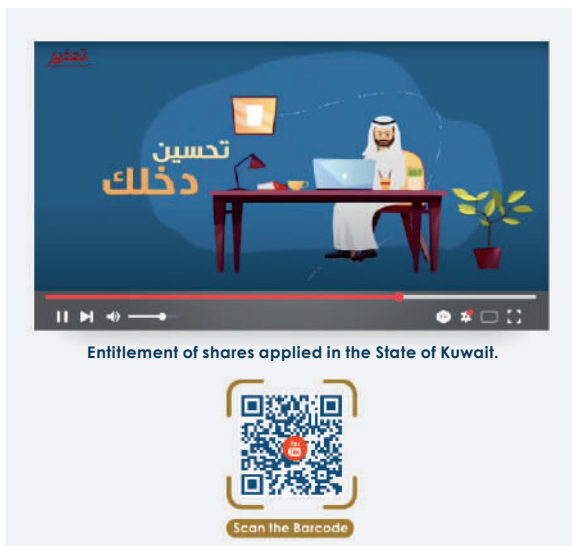
During the report preparation time, (737) awareness messages were prepared whose topics varied between the previously mentioned awareness campaigns and other topics related to some events and activities. The following table presents the most prominent topics of which the awareness messages were prepared:

Sr.	Topic	Number of messages
1	Financial fraud practices	55
2	Ninth Annual Report and Magazine issues	122
3	Trading of unlisted securities	28
4	Material disclosure	21
5	Market Behaviors	43
6	Some of CMA's resolutions (28 of 2020, 15 of 2021, 16 of 2021)	22
7	Crowdfunding platforms	6
8	The activity of investment advisor	20
9	Holding remote general assembly meetings	8
10	Reports and complaints	51
11	The campaign of misleading practices and unlicensed companies	22
12	The awareness campaign "Think before you Invest"	93
13	The CMA's obtaining first place in meeting the requirements of governance for public and corporate sectors at the State Audit Bureau	10
14	Rewarding the whistleblower	6
15	Upgrading Kuwait in MSCI indicators	11
16	Violations committed by some of the listed companies	76
17	The company's board of directors and the care of a prudent person	15
18	Establishment of an Academy Specialized in Capital Markets	7
19	Awareness topics from the tasks of the Supervision Sector	121

Furthermore, the required designs were prepared regarding some of these messages and published through the CMA's social media accounts during the period of the report. It is expected to continue publishing the rest of the messages in line with dates of implementing their activities and events.

► **Visual awareness:**

- Awareness videos covering the following topics:



► (7) awareness infographics covering the following issues:

- Ensuring the legal entity of the investment promoter and its Articles of Association.
- Financial awareness and financial planning.
- Viewing the official licenses and investment prospectus and studying the investment risks and examining their acceptability.
- Stock acquisition dates that affect the investment decision.
- The insider
- Internal information.
- Information to be verified before investment.



► Public Relations and Media

► Publish via official media:

Managing the content of the website and application on smart phones in Arabic and translation into English



Managing the content of the CMA's social media accounts and handing received inquiries



► Translation

- Table of the internal actions taken to confront Corona virus in the State of Kuwait - repository 19 IOSCO COVID
- US Securities and Exchange Commission Rules - Enforcement Manual
- SEC Letter - Request for Assistance
- US Securities and Exchange Commission Rules - Rules for Refund of Unfair Gains and Penal Payments.
- The State Audit Bureau's request of translating some reports by the Information Technology Department.
- Report: Blocking Twitter Account @q8tradeofficial
- Fees Schedule.
- The CMA's electronic portal directed to the CMA's clients.
- CMA's Ninth Annual Report.
- Translating and reviewing various requests received from the organizational units in the CMA due to work needs.

► Arab and International Cooperation Field

► Participating in International Events:

Event	Date
IOSCO Technical Assistance Workshop on Developing on-site Inspection Manuals - Oman	March 11 – 12, 2020
AAOIFI Governance and Ethics Board - Bahrain	March 24 – 25, 2020
Union of Arab Securities Authorities Fourteenth Meeting in Oman	March 25, 2020
Roundtable on securities regulation and financial stability and Spring Meetings - IMF and SEC - Washington	April 14, 2020
Webinar - World Bank - CCAF 2020 Global Covid-19 Regulatory Study one hour interview relates to Fintech - regulating Fintech global survey	May and June 2020
IFSB 18th General Assembly & Side Events - Malaysia	June 2 – 4, 2020
IOSCO 45th Annual Meeting - SCA – IOSCO -	June 8 – 10, 2020
Union of Arab Securities Authorities Fourteenth Meeting in United Arab Emirates	June 24, 2020
Heads of GCC Capital Markets Authorities Committee Twentieth Meeting – Webex (virtual meeting)	June 29, 2020
Panel discussion on the Gulf FinTech (Opportunities and Challenges within Coronavirus Pandemic) – GCC General Secretariat (virtual meeting)	July 20, 2020
IFSB Members-Industry Engagement Session & Launching of the IFSB Stability Report 2020	August 6, 2020
Meeting of the specialists in communication and investors awareness in the entities regulating the financial markets in the GCC countries	August 18, 2020
IFSB e-workshop on Guiding Principles on Sharia's Governance Systems	August 19, 2020
IFSB CEO's Forum online - COVID - 19 and its Implications on Institutions Offering Islamic Financial Services IIFS	August 26, 2020
Heads of GCC Capital Markets Authorities Committee Twenty-First Meeting and Heads of GCC Exchanges Third Joint Meeting - (virtual meeting)	September 21, 2020
Ninth Meeting of Ministerial Committee of the Board of Directors' Heads of GCC Capital Markets	September 22, 2020
AMERC Conference call - AMERC	September 30, 2020
The Challenges of FinTech and RegTech for Capital Markets Program - Union of Arab Securities Authorities in Cooperation with the Capital Market Authority of Saudi Arabia	September 7 – 8, 2020
AAOIFI Footprint Report Launch event	October 27, 2020
FT Global Digital Summit Series	October 20 – 28, 2020
Introduction to Securities and Investment Programme - Union of Arab Securities Authorities in Cooperation with the Capital Market Authority of Saudi Arabia	October 27 – 29, 2020
IOSCO - 13th Annual AMCC Training Seminar - Virtual	November 4 – 5, 2020
IOSCO - Africa/ Middle East Regional Committee (AMERC)	November 9 – 10, 2020
Meeting of the IOSCO MMoU/EMMoU Monitoring Group	November 9, 2020
Sharia Supervisory Boards of the Capital Markets Authorities in GCC countries – "Options Contracts" workshop	November 15, 2020

Event	Date
IOSCO - Growth and Emerging Markets Committee (GEMC) - Virtual Meeting	November 16, 2020
IOSCO Annual Meeting – Series of meetings	November 9 – 18, 2020
Arab Regional Fintech Working Group Fourth Meeting– AMF	November 25 – 26, 2020
Government Fintech Forum - Abu Dhabi Global Market – (ADGM)	November 25 – 26, 2020
The GCC Financial Integration Strategy Working Group Ninth meeting (virtual)	December 9, 2020
FSB/CPMI-IOSCO/BCBS virtual workshops on the potential financial stability impact of CCP recovery and resolution - An Introductory session on key concepts	December 9, 2020
Fifteenth Annual Conference (virtual) "AAOIFI Conference – The Islamic Development Bank: "Adaptability of Islamic finance post COVID-19: navigating through unprecedented times".	December 14 – 15, 2020
IFSB - 21st Islamic Financial Stability Forum	December 16, 2020
Coordinating Meeting of Funds Specialists and Legal Professionals in Entities Regulating Financial Markets in GCC Countries (virtual meeting)	December 27, 2020
Professional Training Programme of "Islamic Finance and Islamic Banks"	January 19 – 20, 2021
FSB/CPMI-IOSCO/BCBS virtual workshops on the potential financial stability impact of CCP recovery and resolution (Systemic risk transmission arising from a participant default)	January 27, 2021
World Bank - the Equitable Growth, Finance, and Institutions (EFI) MENA Knowledge Series event	January 28, 2021
Virtual webinar on "Financial Crimes: Key Concepts and Current Trends" – Union of Arab Securities Authorities	February 10, 2021
High Quality Workshop on Family Business Governance in the Arab Countries (virtual)	February 22, 2021
Technical workshop on Stress Testing for Islamic Financial Institutions – CIBAFI	February 24 – 25, 2021
The GCC Financial Integration Strategy Working Group Tenth Meeting	March 3, 2021
FSB/CPMI-IOSCO/BCBS virtual workshops on the potential financial stability impact of CCP recovery and resolution (Systemic risk transmission arising from a non-default loss scenario)	March 10, 2021
IOSCO - AMF France 11th International Seminar for Market Authorities	March 16 – 17 – 18, 2021
DFSA - Cyber Risk Roundtable	March 17, 2021
The training programme "FinTech and Regulations" – QFMA	March 17 – 18, 2021
Webinar on AAOIFI 2nd Public hearing of its forthcoming standards related to AAOIFI financial accounting standard (FAS)	March 18, 2021
Workshop on Digital Transformation in the Transactions of Arab Financial Markets and the Accompanying Legislations – IMF	March 22, 2021
IOSCO - AMF France 11th International Seminar for Market Authorities	March 23 – 25 – 26, 2021
Arab Monetary Fund – Workshop on the e-KYC Guidelines and Remote Onboarding for Clients	March 24 – 25, 2021
Consultative Meeting of the Heads of GCC Capital Markets Authorities and the Tenth Meeting	March 25, 2021

► **Memorandum of Understanding (MoUs):**

- MoU was signed with Union of Arab Securities Authorities (UASA) on September 1, 2020.

► **Communication and Coordinating with Local Entities and International Organizations to Fulfill Data Regarding the surveys:**

Entity	Inquiry/Survey
International Organization of Securities Commissions (IOSCO)	Survey of the Growth and Emerging Markets Committee regarding the financial technologies (FinTech). The data of Africa/ Middle East Regional Committee (AMERC). Several reports and surveys on various topics such as those related to the enforcement tools, etc. The organization's request of the substantive revision of the business continuity plans that are related to trading places and brokers.
Union of Arab Securities Authorities (UASA)	The Union's request of the latest updates, events, and future projects of the members, in addition to any remarks regarding amendments to the articles of association and bylaws of the Union.
Heads of GCC Capital Markets Authorities Committee (or their equivalents) Secretariat General of the Gulf Cooperation Council The Cooperation Council for the Arab States of the Gulf GCC	The vision of the Secretariat General of the Gulf Cooperation Council regarding enhancing the Gulf joint work (post-Corona phase). The procedures of developing Know Your Client (KYC) form. Survey regarding the extent of benefiting from the unified rules and principles for the Gulf capital markets integration. Data of the capital market's size. Notices regarding the application of the requirements of opening the account and the procedures of Know Your Customer (KYC).
Capital Market Authority – Kingdom of Saudi Arabia	Inquiries about the standards of tracking and recovery of unlawful assets.
Arab Monetary Fund	Draft guidelines for dealing with family businesses of systemic significance.
Capital Market Authority – Sultanate of Oman	Inquiries regarding licensing. An inquiry about regulating the service of international trading deals. An enquiry about auditing and inspecting on investment funds and brokerage companies.
Securities & Commodities Authority (SCA) – United Arab Emirates	An inquiry about data. An inquiry about commencing the application of the continuous professional learning program. Inquiries related to the job titles of the employees of the Licensing Department at the Authority, as well as about the Authority's budget and its employees.
Islamic Financial Services Board (IFSB)	Surveys on various topics, for example (the application of standards 2021, the impact of the Corona pandemic on Islamic capital markets, deepening Islamic capital markets).

Entity	Inquiry/Survey
Securities Exchange Commission (SEC)	An enquiry about (2) companies
Enquiries, request of information, and surveys from various entities	The application of International Accounting Standard (IFSR9) Inquiry from may entities (Central Bank of Bahrain, Jordan Securities Commission, Bangladesh Securities and Exchange Commission) regarding different issues Information related to Japan Financial Services Agency initiative. Data related to the fee schedule, and information about the administrative records at the Central Statistical Bureau in the State of Kuwait, in addition to data on periodic reports Central Bank of Kuwait).

► **Exchange of Information with Regional, Arab, and International Entities:**

- ▶ Union of Arab Securities Authorities (UASA).
- ▶ Capital Market Authority of the Kingdom of Saudi Arabia.
- ▶ Capital Market Authority of the Sultanate of Oman.
- ▶ Qatar Financial Markets Authority.
- ▶ U.S. Securities and Exchange Commission (SEC).
- ▶ Banks such as the Central Bank of Bahrain.



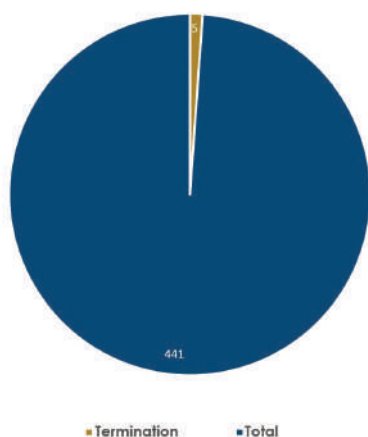
Section Six

Organizing and Developing the Internal Work Environment

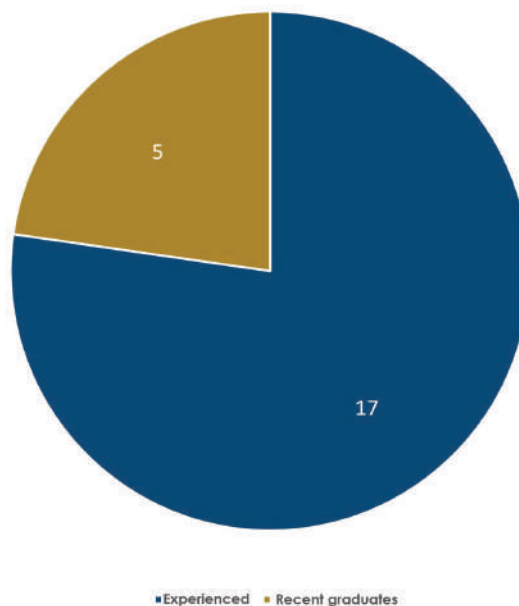
- ▶ The Administrative Aspect and the Development of Human Resources
- ▶ The Financial Affairs and Treasury Aspect
- ▶ Technical Regulation and Update
- ▶ Performance Development and Risk Management
- ▶ Institutional Governance

► The Administrative Aspect and the Development of Human Resources

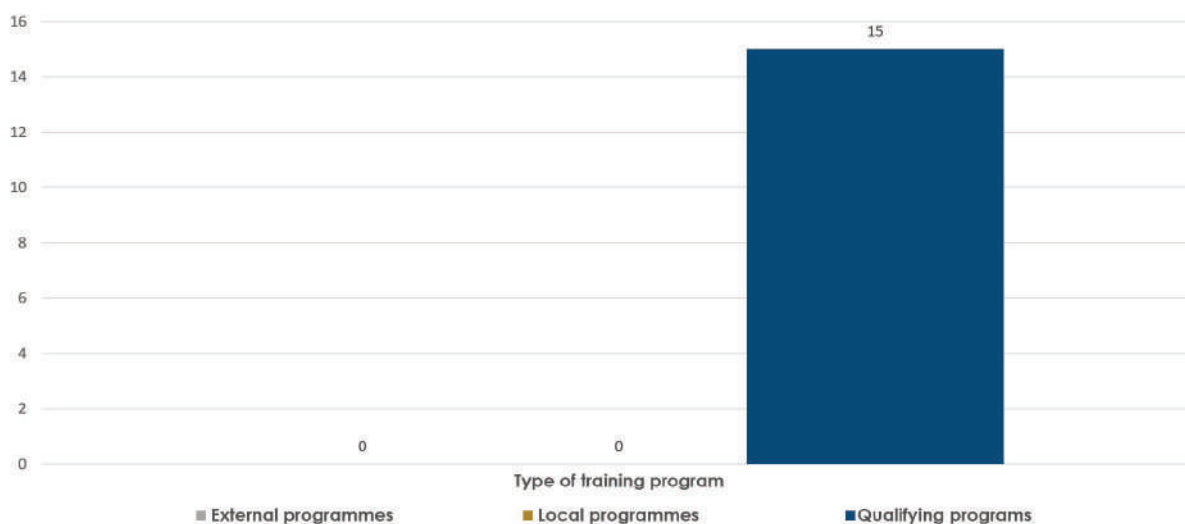
Number of employees in 2020-2021



Appointments during 2020-2021



Training Programmes 2020-2021



New procedures

- ▶ Remote interviews were conducted for all those who passed the Sixth Training Programme for Recent Graduates with the qualification of accounting.
- ▶ Conducting qualification programs in which the participants were (167). The plan of this year adopted the electronic training platform by using Zoom application.
- ▶ Following up the exemptions of medical excuses related to Coronavirus, conducting swabs, and residential quarantine through a special link for this request.
- ▶ Adopting the electronic approval of the annual performance appraisal forms due to Coronavirus pandemic and other logistic reasons and continue to use the procedure after the pandemic.
- ▶ Beginning to count the number of the CMA's employees who received Coronavirus vaccine.

Additional tasks with Coronavirus pandemic

- ▶ Preparation of the plan for the gradual return to work with all its regulations, providing a vision of moving from one phase to another, preparing and following up the application of the precautionary health measurements, following up the medical exemptions granted to some employees, and setting regulations for the process of taking swabs and home quarantine and following up the period of returning to work.
- ▶ Repatriation of (20) trainees from the Training Program for Recent Graduates from the United States of America due to the spread of the novel Coronavirus for their safety. The CMA coordinated with Harvard University -the executing party- to continue the training plan remotely during the period from March 18 to April 24, 2020 in the State of Kuwait.



Part of the preparation phases of the sixth qualification program of the recent graduates (before the pandemic)

Developed Procedures

- ▶ Developing the procedures of service termination and employment and issuing administrative decisions in their regard
- ▶ Approving the employee's annual performance appraisal form from all relevant parties electronically.
- ▶ Establishing a special electronic evaluation form for the training programs to measure the success of the programs and their achievement of the desired goals.
- ▶ Establishing a work procedure for the mechanism of registering local training entities and preparing a new approved form for their registration for the purpose of providing a list of the local training entities approved by the CMA.

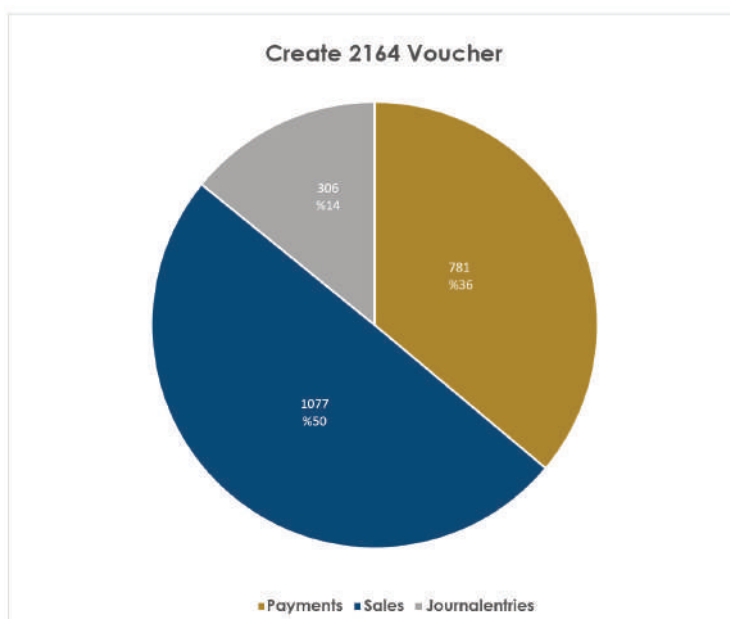
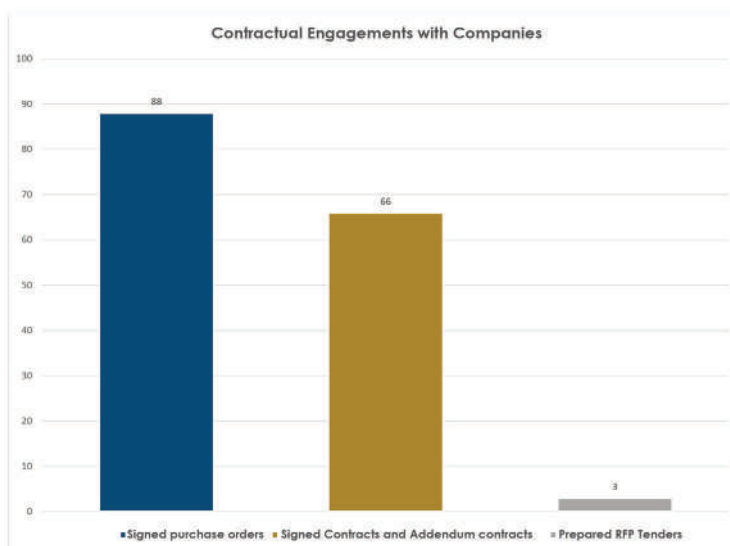
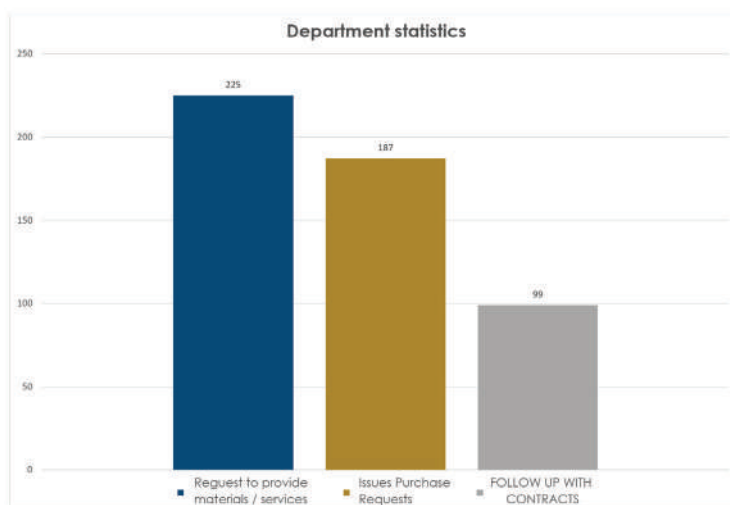
Developed Bylaws

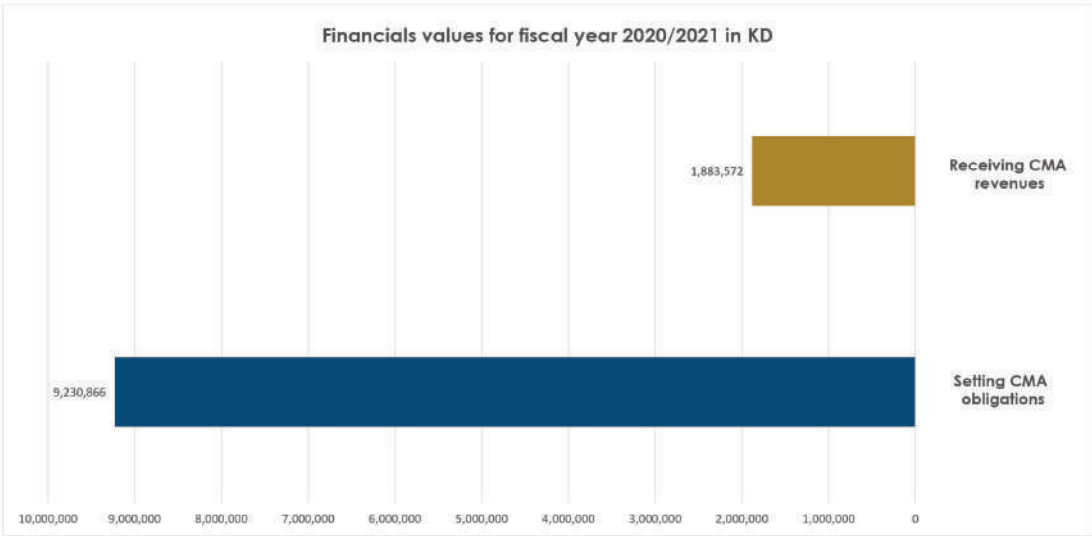
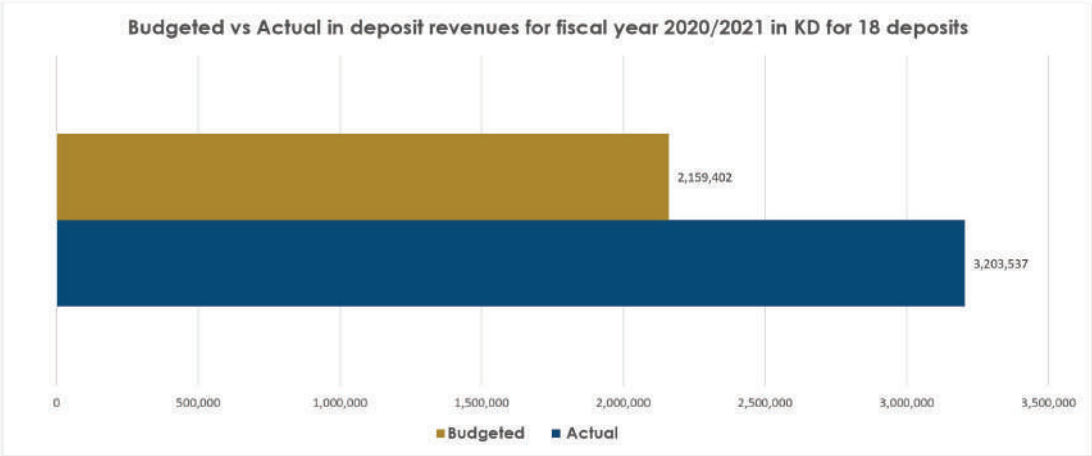
- ▶ Amending the social allowance clause for the divorced and widower employee.
- ▶ Developing and updating the Occupational Training Bylaws.
- ▶ Developing the policies and procedures' guide for CMA's employment.
- ▶ Reviewing the Human Resources' policies, rules, and procedures manual and submitting proposals for developing the guide to be in line with work mechanism.

Achieved Tasks

- ▶ Preparing CMA's organizational structure for the financial year 2021/2022.
- ▶ Preparing the manpower plan for the financial year 2021/2022.
- ▶ Approving an alternative training plan for CMA's employees for the financial year 2020/2021 to ensure the continuity of the training process within the current conditions
- ▶ Involvement with the Financial Affairs and Treasury Department through the electronic correspondences to pay up the employees' benefits and compensations.
- ▶ Completion of the Recent Graduates Programme in all its phases successfully. Granting its members an approved certificate from Harvard University - Boston and the CMA.
- ▶ Preparing, executing and determining all the procedures of CMA's employees' performance appraisal for 2020 and entering their financial impact in the human resources system.

► The Financial Affairs and Treasury Aspect



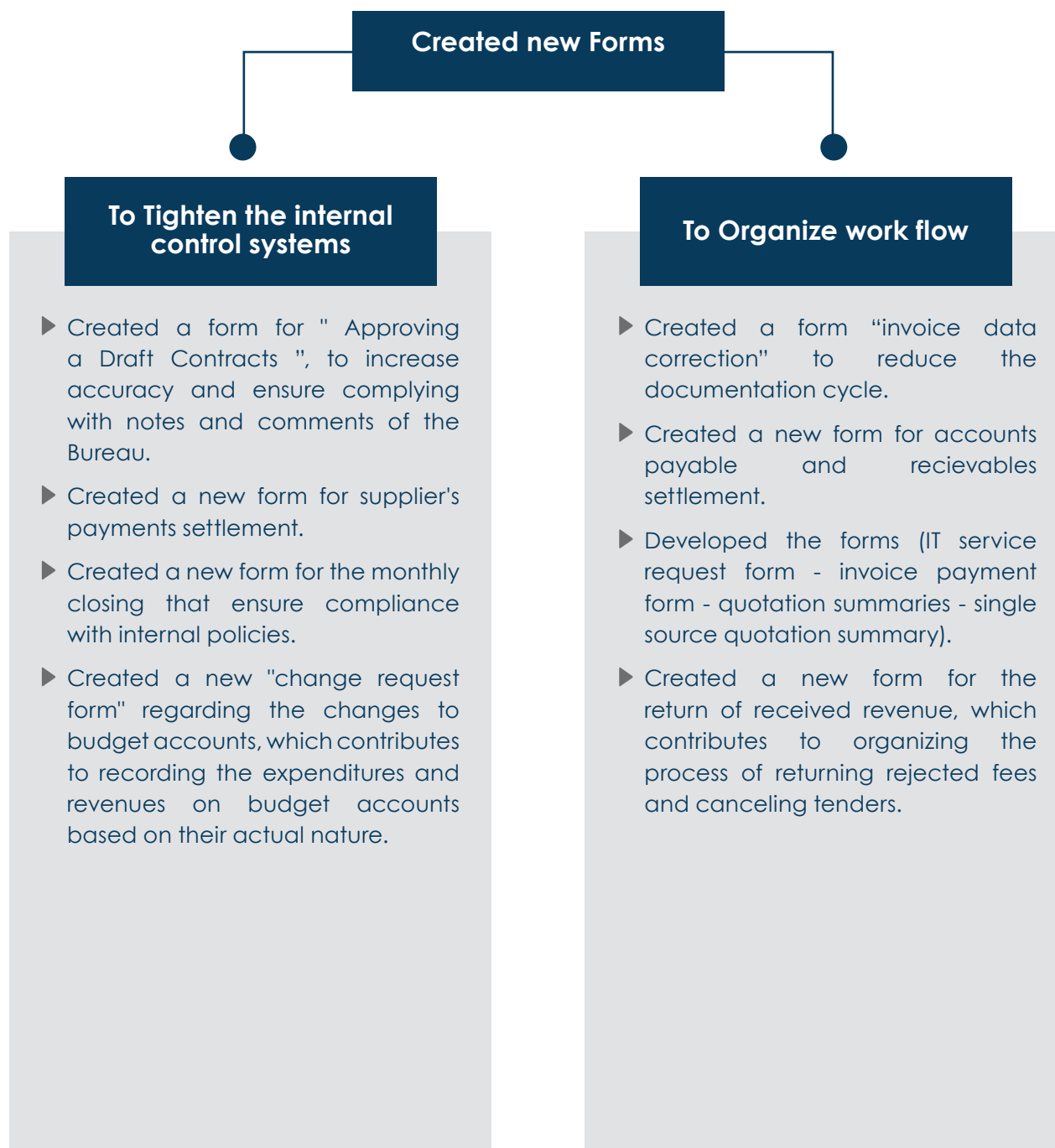


Creating New Procedures

- ▶ Created new procedures for the newly established Contracts and Tenders Unit, after separation from Procurement Unit)
- ▶ Conducted a successful meeting with all local Kuwaiti banks to increase CMA's deposit interest rates return
- ▶ Created new business procedure for the whistleblower reward
- ▶ Created new chapter in the internal financial policy to structure and organize the whistleblower rewards
- ▶ Created quarterly procedure for reviewing and following up on outstanding accounts receivables and accounts payables
- ▶ Preparing the accounting treatment for the provisions for the use of the Kuwait Stock Exchange building in accordance with the accounting standards and according to the discount rate of the central bank, which led to reduced interest cost
- ▶ Reviewed all CMA's contracts during the lockdown period, of which some were extended, and others were suspended via official letters addressed to the companies in order to provide legal cover.

Additional Duties and Responsibilities

- ▶ Participated in the executive team of the development of the CMA's Strategy Methodology
- ▶ Participated in the yearly 2019/2020 assets physical count teamwork
- ▶ Participated in IT's assets physical count teamwork
- ▶ Cost saving through negotiating with vendors, around KWD 92,065
- ▶ Participated in establishing the project of establishing a knowledge entity specialized in the capital markets sector.
- ▶ Participated in IT contracts review teamwork



Automating Procedures

- ▶ Automated the procedures for purchase requests approval through the electronic correspondence system
- ▶ Developed supplier registration system
- ▶ Automated the revenues registration through the electronic correspondence system
- ▶ Automated the procedures for invoices payments approval through the electronic correspondence system
- ▶ Enabled the purchase of tenders documents electronically through the CMA website, and send the tender documents electronically to the companies

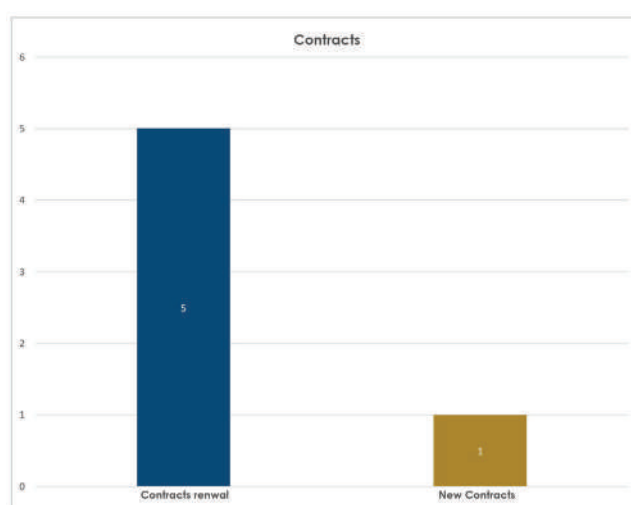
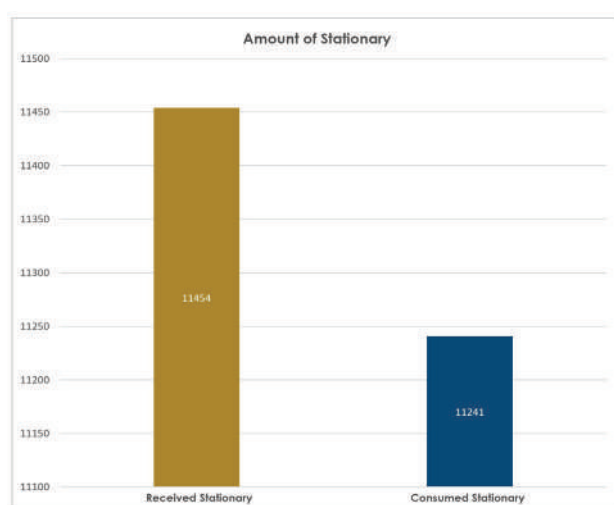
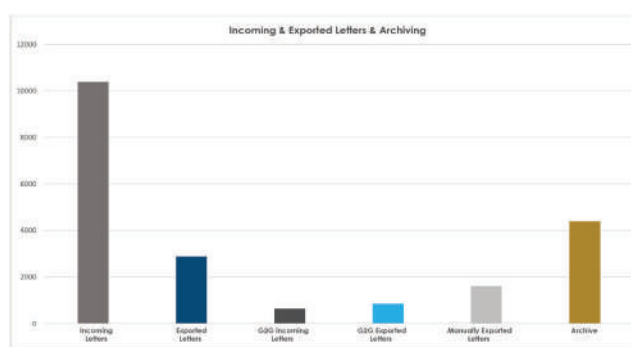
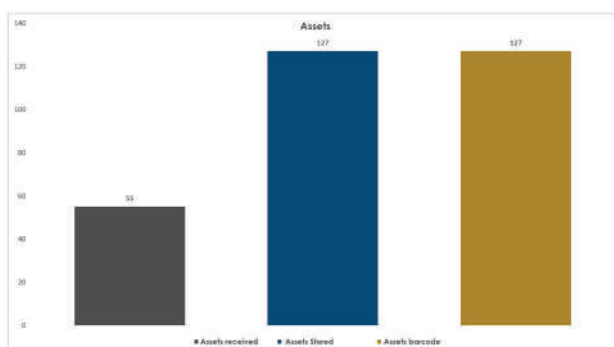
Improving Policies

- ▶ Submitted a proposal to separate and amend the handbook of policies and executive procedures for procurement, contracts and warehouses
- ▶ Updated the CMA investing policy to comply with current tasks which lead to upgrading the workflow in the Treasury Department
- ▶ Amended the internal financial policy, and submitted a proposal for new amendments to keep up with the business best practice
- ▶ Amended and restructured the CMA's chart of account to fit management requirements

Improving Procedures

- ▶ Updated the terms of contracts to include items that contribute to resolve the State Audit Bureau notes/ comments.
- ▶ Created new procedure for following up with supplier's penalties and thier evaluation.
- ▶ Develop and organize the documentary cycle to follow up the implementation of purchase orders and conduct supplier evaluation.
- ▶ Improved the revenues recognition in coordination with legal department regarding the fines and penalties.
- ▶ Amending the accounting treatment to prove the revenues of Registered Employment Positions. As a result of this amendment, the documentary cycle and the monthly closing period has shortened.
- ▶ Standardization the interest revenue recognition.

► Public Services



Additional responsibilities and tasks

- ▶ Follow up on the issuance of curfew permits for the CMA's employees by the official authorities
- ▶ Facilitating the work of the CMA's employees assigned to work during the period of the COVID-19 pandemic and meeting their needs
- ▶ Contacting Al-Hamra Real Estate Company about the procedures to limit the spread of Corona virus
- ▶ Sterilizing the floors of the CMA, providing sterilizers, masks, gloves and sterilization devices in all the floors of the CMA

New work and procedures

- ▶ The necessary measures have been taken to develop the list of policies and executive procedures for the storage by separating what follows the storage from the manual of policies and executive procedures for purchases, contracts and storage (final approvals for issuing the manual).
- ▶ The design of the permanent headquarters of the CMA has been completed, as the last phase of the four stage (delivery of tender documents) of the first phase (design of the main building) was completed on 08/11/2020, and the documents are being reviewed by the concerned department in the CMA.
- ▶ Assigning (40) employees who have been appointed in the CMA, in their respective departments
- ▶ Issuing (40) ID cards for new employees and Al- Hamra Real Estate Company IDs.

► Technical Governance & Enhancements

► Information Security

- Monitoring CMA's information security devices - SOC
- Data sharing security system
- Assessment system of cloud computing applications - CASB
- The application of Cyber Attack Simulation
- Developing CMA Security Awareness Plan

► Enhancing & Improving CMA's IT Infrastructure



**The following systems
were executed
and applied on
the CMA's work
environment:**

Developing the
CMA's network
devices

Developing the
storage capacity
of the primary
and the backup
data centre

Developing the
backup system

► Supporting the Applications and Databases

- Chatbot project
- Family statement system
- Developing the violations record
- Developing the system of monitoring the corporate governance rules on the CMA's electronic portal
- Activating and Approving the forms of the Financial Affairs & Treasury Department through the electronic correspondence system
- Complaints and grievances system
- Aman System (relevant to the Risk Committee and the Performance Development & Risk Management Office)
- Launching 3 new forms on CMA's electronic portal
- Developing CMA's internal portal to include new functions and pages that suit the requirements of Coronavirus crisis
- Developing the CMA's official website to suit the requirements of the organizational units
- Developing the smart devices application
- Launching 3 issues of CMA's magazine
- Developing the annual performance appraisal system
- Employees grievance system

- ▶ Employees complaints system
- ▶ Collecting the data of CMA's employees who received COVID19 vaccine
- ▶ Recording attendance and departure system through CMA's internal portal
- ▶ Vendors data management system
- ▶ New vendors registration system

▶ Technical Support Services

- ▶ Providing all types of technical support services for all the available systems

Technical Support Requests

1241

Through Help Desk System



8718

Through phone calls



Providing

Providing subscriptions for holding virtual and remote meetings through Cisco and Zoom platforms



Establishing 194

Meetings through Zoom application



Providing 190

Devices for the service of connecting to the CMA's network from home using (VPN)

► Governance and Compliance



► Performance Development and Risk Management

► Authority Matrix:

- CMA authority matrices were updated to conform with the applicable rules and regulations. A total of 28 new authorities were added, resulting in a total of 551 authorities.
- In addition, 25 authorities were added to the Board of Commissioners, resulting in a total of 151 authorities.

► Business Procedures Manual:

- The Procedures Manual of the organizational units were developed according to the applicable regulations of the CMA.
- Two procedures were added to the Markets Sector, while one procedure was added to the Supervision Sector and the Support Services Sector. Accordingly, the total number of Business Procedures are as follows:

Sector/Organizational Unit	Number of Business Procedures Manual
The Financial Control Office	6
CEO Offices	34
Legal Affairs Sector	26
Markets Sector	42
Supervision Sector	72
Support Services Sector	72
Total	252

► Operational Key Performance Indicators (Op KPIs):

- The total number of Operational Key Performance Indicators (Op KPI) is 280 divided across all sectors according to the following table:

Sector/Organizational Unit	Performance Indicators
CEO Offices	31
Support Services Sector	72
Legal Affairs Sector	24
Supervision Sector	106
Markets Sector	47
Total	280

► Operational Risk Management:

- The Performance Development & Risk Management Office, in coordination with the Information Technology Department, launched phase one of CMA's Operational Risk Management system "Aman". The system features an integrated electronic platform combining all Operational Risks within the CMA and their respective mitigations.
- The Performance Development & Risk Management Office and in coordination with the Awareness Office, developed and featured a video on Operational Risk Management on the CMA Portal.

► Institutional Governance

Based on the consideration of governance as a basic requirement to ensure the development of the government sector, as it is one of the most important pillars of good governance for various countries of the world, the CMA has been guided by the application of the rules of governance on itself, as is the case in corporate governance due to it being a government institution, it continued to implement a policy of full disclosure on its employees and commissioners to prevent conflicts of interest and exploitation of insider information. This is to achieve the best protection and balance between the performance of its work and the interests of the persons related to it, in a manner that gives reassurance and enhances confidence in dealing with others when it carries out its supervisory work. How was the CMA's governance during the last two financial years that preceded the financial year which is the subject of this report?

► CMA: Ranked first in public sector governance during the financial year (2019-2020)

In November 2020, the State Audit Bureau's report "Part One" was issued regarding the results of the examination and review of the implementation of the budgets of the entities under its control and their closing accounts for the financial year 2019-2020. It included in Chapter VII, titled (Governance of the Public Sector and Companies), a statement of the order of the entities subject to its supervision in their fulfillment of governance requirements and the percentage of their fulfillment. The CMA was ranked first in the status of the relevant authorities of independent budgets which is (16) entities, while the number of government agencies reached (63).

► CMA: Ranked second in public sector governance during the financial year (2018-2019)

The previous achievement was not the result of the aforementioned financial year, as this was preceded in the previous year by the issuance of the State Audit Bureau for the most important financial indicators, control phenomena and developments for the financial year 2018-2019, which included the order of the entities subject to its supervision in terms of implementing the principles of governance, the number of those governmental entities reached (57) entities, the CMA ranked second place. The report covered eight main principles of governance, including (102) sub-items, where CMA did not fulfill (24) of them and worked to fulfill those requirements during the following financial year.



Section Seven

Future Visions and Trends

It can be said that contributing in achieving the development objectives of the State of Kuwait according to Kuwait National Vision of 2035, performing the role assigned to the CMA in terms of developing the government performance and the government's work programs, reaching the basic infrastructure required for the capital markets in the State of Kuwait that has the required competitive and attractive components, and improving the local investment environment in general represent the fundamental determinants of CMA's future visions and trends on the long and medium terms which the CMA seeks to translate as initiatives and projects that form as part of its current strategic framework that extends to the end of March 2023 as a result of the implications of Coronavirus pandemic as well as its subsequent strategy it is currently working on.

In the short term, there are specialized programs and projects that form as part of the framework of the CMA's organizational units which are integrated to serve the CMA's directions in its long and medium terms.

In general, the most prominent directions of the CMA for the coming years may be presented according to the following paths:

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

Such directions are represented in the CMA's strategic projects that are under the process of being included in the development plans of Kuwait (2020/2021-2024/2025) which are as follows:

- The Market Development program.
- The project of setting the regulatory framework of the financial technologies related to securities activities (FinTech).
- The Project of Establishing a Knowledge Entity Specialized in the Capital Markets Sector.

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

There are several programs, initiatives, and proposals by the CMA that aim to contribute in developing the government performance in participation of the other local entities.

- The plan of enhancing integrity and anti-corruption.
- Developing the disclosure systems and enhancing the transparency components.
- Digital transformation for the government services.
- Enhancing the institutional governance.
- Improving the rank of the State of Kuwait in the international competitive indicators and creating an attractive investment environment.
- Passing the law of public debt to add a financial instrument that achieves liquidity through finding an active secondary market for the public debt instruments and involving the private sector in the initial offer process.
- Achieving sustainable public finance by providing an environment that is suitable for enhancing the profits of the government entities investing in the financial market through listing government and oil companies with additional value in the Exchange.

- ▶ Activating the transactions of issuing and marketing the debt instruments such as bonds and sukuk by the government, ministries, authorities, and public institutions.
- ▶ Developing the small and medium-sized businesses and facilitating the shareholders' exit and entrance back and forth.
- ▶ Development directions that aim to raise the efficiency of the local investment environment
- ▶ **Such directions are translated into projects, some of which were implemented recently, and some are under implementation in addition to projects not yet started. The most significant of which are:**
 - ▶ The project of the Capital Adequacy Regulations for Licensed Persons.
 - ▶ The project of rehabilitation of infrastructure entities (CCP, CSD, SSF).
 - ▶ The project of rehabilitation of securities services providers (members of the exchange and members of the clearing).
 - ▶ The project of executing the sub-accounts and developing the supervision systems.
 - ▶ The project of setting the provisions and requirements of issuing the license for each of (CCP, SSF, CSD).
 - ▶ The Qualification Examinations Project for Registered Employment Positions in collaboration with CISI institute.
 - ▶ The project of the regularization of the licensing of Kuwait Clearing Company and the implementation of a new Post-Trade Model.
 - ▶ The project of the Electronic Disclosure System XBRL (ifsah).
- ▶ **Activities and initiatives of the organizational units that serve the strategic development directions**
 - ▶ **The Legal Field**
 - ▶ The project of developing the operations of the legal sector.
 - ▶ Continuing to combine the established principles in the implementation of the provisions of the CMA's Law and its Executive Bylaws as well as the principles drawn from contracts.
 - ▶ Promoting legal literacy.
 - ▶ **The Regulatory field**
 - ▶ The project of developing the mechanism of participating in the general assemblies of the companies listed in Bursa Kuwait which include the changes that will be conducted by Kuwait Clearing Company and the CMA in the first and second stages. The most prominent of which are:
 - ▶ Requiring the companies listed in the Premier Market to hold the general assemblies through the electronic system of Kuwait Clearing Company.
 - ▶ Determining the record date for participating in the general assemblies within a specific period from the day of holding the general assembly for the shareholders.
 - ▶ Introducing the "Voting Agent" and amending the disclosures' items related to proxy voting, announcement, and the results of the general assembly.

- ▶ Conducting studies that aim to offer new investment tools and products that are in line with the international standards and are applicable for listing and studying the market's need for them and their impact on the relevant parties inside and outside the CMA according to the product's type, and continuing to develop them and following up the insuring their compliance with the future regulations.
- ▶ Preparing a complete detailed study that include the involvement of the internal and external persons of interest to understand the nature of the sector in the State of Kuwait, and conducting a benchmark comparison to the successful applications to document the lessons learned and the challenges of the application to reach the requirements of the proper legislative and legal frameworks and the facilities required for this type of enterprise, and conducting a feasibility study for launching an exchange specializing in listing promotion and providing suitable non-traditional financial tools.
- ▶ Reviewing and developing the ongoing provisions related to all listing transactions that regulate the rules of the Kuwaiti securities exchanges and the CMA's Bylaws regularly to create an attractive environment for the companies to list in the exchange.
- ▶ Completing the procedures of licensing the activity of Representative of a Qualified Securities Broker registered with an Exchange and the mechanism of transferring the license issued by Kuwait Clearing Company.
- ▶ Analyzing the trades of Market Makers, Margin Trading, Off-Market Trades and its expected failures, advanced financial tools such as the derivatives and studying the impact of their trades on the trades of the primary market.
- ▶ Conducting Stress Testing periodically to ensure the effectiveness of the risks protection system, follow up the financial guarantees of the clearing members, and verify the conformity of the calculated amounts according to the mechanism approved by the CMA.
- ▶ Classifying the clearing members in accordance with the risk levels they are adding to the financial markets and determining the mechanism of dealing with them.
- ▶ Studying the requirements of the international classification entities periodically, especially those related to liquidity levels.
- ▶ Preparing electronic systems for the bonus shares, the treasury shares, the quarterly report of the treasury shares, and the invitation to the meeting of the Bondholders/Sukukholders Association.
- ▶ Providing a fertile environment for the mergers and acquisition transactions (legislative and technical) and developing those transactions without prejudice to the principle of competition and monopoly while noting the guarantees to avoid conflict of interests in order to maintain the shareholders' rights, protect the minority rights, and develop the operation of monitoring the direct and indirect ownerships of the controller of a listed company.
- ▶ Implementing the CMA's plan of the digital transformation.
- ▶ Regulating the division of the companies listed in the securities exchange or licensed by the CMA.

► The Supervisory Field

- Preparing mechanisms for classifying the investment companies, financial brokerage firms, auditors, and sharia auditors for the financial year (2022/2023).
- Preparing the on-site inspection guide and the plans of inspection in its different types: comprehensive, special-purpose, and the on-site inspection related to anti-money laundering and combating financing of terrorism for the financial year 2022/2023.
- Studying the development of the mechanisms of monitoring material information and cooperating with Boursa Kuwait Securities Company to show the ownership of the insiders' shares within Boursa Kuwait's website.

► The Awareness Field

- The CMA will continue its efforts whether in pursuing its periodic events or executing new awareness initiatives that target the investors segments and those involved in the securities activities, in addition to various community groups.
- The local international cooperation field
- Enhancing cooperation with the supervisory entities in the State of Kuwait and continuing the efforts of coordinating with the Central Bank of Kuwait and the Ministry of Commerce and Industry to implement the Memoranda of Understanding (MoUs) that it has signed. Work is proceeding on signing MoUs with other supervisory entities in the State of Kuwait.
- The required cooperation with Kuwait Clearing Company, Boursa Kuwait Securities Company, and the Ministry of Commerce and Industry to implement the amendments of the project of developing the mechanism of participating in the general assemblies of the companies listed in the exchange.
- Following up the coordinating efforts shared with IOSCO to raise the compliance ratio with the principles of IOSCO as well as the World Bank Protecting Minority Investors indicator to improve the ranking of the State of Kuwait in the Protecting Minority Investors indicator.
- Signing technical cooperative agreements with international capital markets authorities to keep pace with their issuance of new systems, instructions, provisions, and laws of collective investment schemes which will help the CMA be in line with the international standards and practices and provide an opportunity to train CMA's affiliates at those authorities.
- Participating in international events related to the CMA's tasks and continuing the exchange of data and information with regional and international entities.

► The Internal Work Environment field

- Continuing the revision of all of the CMA's financial transactions to ensure the validity of the followed procedures and their conformity with the applied legislations.
- Launching technical systems and central databases for the Key Performance Indicators (KPI) of all the CMA's organizational units after the end of automating their work procedures.
- Developing the operational risk management system "Aman" to include following up the operational risks and preparing reports on their regard.
- Publishing and enhancing the culture of the CMA's operational risk management system.



Section Eight

**CMA's Financial Statements for the Financial
Year 2020-2021**



Capital Markets Authority
Independent Public Authority
State of Kuwait

Financial Statements and Independent Auditor's Report
For the year ended 31 March 2021



Capital Markets Authority
Independent Public Authority
 State of Kuwait

Financial Statements and Independent Auditor's Report
 For the year ended 31 March 2021

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Deloitte.

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Independent Auditor's Report to the Board of Commissioners

Capital Markets Authority

Independent Public Authority

State of Kuwait

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Capital Markets Authority (Independent Public Authority) "the Authority", which comprise the statement of financial position as at 31 March 2021, and the statement of Comprehensive income, statement of changes in net assets and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Authority as at 31 March 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

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

Emphasis of Matter

We draw attention to Note 10 to the financial statements, which describes the uncertainty regarding the result of the final settlement between Capital Market Authority and the ministry of finance regarding the amount owed to the ministry of finance for using the stock exchange building during the period from 11 May 2015 to 31 March 2018. our opinion is not modified in respect of this matter.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Deloitte.

Independent Auditor's Report to the Board of Commissioners (Continued)

Capital Markets Authority

Independent Public Authority

State of Kuwait

Report on the Audit of the Financial Statements (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Authority to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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



Bader A. Al-Wazzan

Licence No. 62A

Deloitte & Touche - Al Wazzan & Co.

Kuwait, 23 June 2021

Capital Markets Authority
Independent Public Authority
State of Kuwait



Statement of Financial Position as at 31 March 2021

(All amounts are in Kuwaiti Dinars)

	Note	2021	2020
Assets			
Current assets			
Bank current accounts		1,114,280	7,077,344
Time deposits	5	134,171,184	112,974,762
Trade and other receivables	6	1,657,097	2,686,644
		<u>136,942,561</u>	<u>122,738,750</u>
Non-current assets			
Right-of-use leased assets	7	2,133,880	3,200,818
Intangible assets	8	172,183	310,082
Property and equipment	9	2,462,749	1,944,311
		<u>4,768,812</u>	<u>5,455,211</u>
Total assets		<u>141,711,373</u>	<u>128,193,961</u>
Liabilities			
Current liabilities			
Trade and other payables	10	8,953,704	7,366,017
Due to Ministry of Finance	11	4,000,000	4,000,000
Lease liabilities	7	1,124,018	1,064,265
		<u>14,077,722</u>	<u>12,430,282</u>
Non-current liabilities			
Employees' end of service indemnity		10,718,753	8,895,965
Due to ministry of finance	11	11,402,451	15,229,102
Lease liabilities	7	1,187,126	2,311,142
		<u>23,308,330</u>	<u>26,436,209</u>
Total liabilities		<u>37,386,052</u>	<u>38,866,491</u>
Net assets		<u>104,325,321</u>	<u>89,327,470</u>
Financing as follows:			
Operating capital	12	40,000,000	40,000,000
General reserve	12	89,327,470	71,518,636
Net loss for the year		<u>(25,002,149)</u>	<u>(22,191,166)</u>
		<u>104,325,321</u>	<u>89,327,470</u>

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

Othman I. Al-Issa
Vice Chairman – Acting Managing Director

Capital Markets Authority
 Independent Public Authority
 State of Kuwait



Statement of Comprehensive Income for the year ended 31 March 2021

(All amounts are in Kuwaiti Dinars)

	Note	2021	2020
Revenues			
Licensing and penalties income	13	2,049,273	2,507,135
Interest income		3,203,542	4,221,170
Other income		24,807	146,254
Total income		<u>5,277,622</u>	<u>6,874,559</u>
Expenses and other charges			
Staff costs	14	25,751,183	23,432,454
Other administrative expenses	15	2,800,986	3,510,241
Depreciation and amortization	7,8,9	1,727,602	2,123,030
Total expenses		<u>30,279,771</u>	<u>29,065,725</u>
Net loss for the year		<u>(25,002,149)</u>	<u>(22,191,166)</u>
Other comprehensive income items		-	-
Total comprehensive loss for the year		<u>(25,002,149)</u>	<u>(22,191,166)</u>

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

Capital Markets Authority
Independent Public Authority
State of Kuwait



Statement of Changes in Net Assets for the year ended 31 March 2021

(All amounts are in Kuwaiti Dinars)

	Operating Capital	General reserve	Total
Balance as at 1 April 2019	40,000,000	21,595,186	61,595,186
Effect of adoption of IFRS 16	-	(115,337)	(115,337)
Balance as at 1 April 2019 (Restated)	40,000,000	21,479,849	61,479,849
Net loss for the year	-	(22,191,166)	(22,191,166)
Financing cash reserves (Note 12)	-	50,038,787	50,038,787
Balance as at 31 March 2020	40,000,000	49,327,470	89,327,470
Balance as at 1 April 2020	40,000,000	49,327,470	89,327,470
Net loss for the year	-	(25,002,149)	(25,002,149)
Financing cash reserves (Note 12)	-	40,000,000	40,000,000
Balance as at 31 March 2021	40,000,000	64,325,321	104,325,321

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

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Statement of Cash Flows for the year ended 31 March 2021

(All amounts are in Kuwaiti Dinars)

	Note	2021	2020
Cash flows from operating activities			
Net loss for the year		(25,002,149)	(22,191,166)
Adjustments:			
Interests		320,637	203,864
Expected credit losses	6	308,026	-
Interest income		(3,203,542)	(4,221,170)
Depreciation and amortization	7,8&9	1,727,602	2,123,030
Employees' end of service indemnity – provided during the year	14	2,075,964	1,876,516
Operating losses before changes in working capital		(23,773,462)	(22,208,926)
Trade and other receivables		77,972	(553,203)
Payment from due to Ministry of Finance		(4,000,000)	-
Trade and other payables		1,587,687	(646,156)
Cash used in operating activities		(26,107,803)	(23,408,285)
Employees' end of service indemnity – paid during the year		(253,176)	(152,909)
Net cash used in operating activities		(26,360,979)	(23,561,194)
Cash flows from investing activities			
Interest income received		3,847,091	2,551,261
Time deposits		(21,196,422)	(22,300,163)
Paid for purchase of intangible assets	8	(111,085)	(100,362)
Paid for purchase of property and equipment	9	(930,117)	(1,322,223)
Proceed from sale of property and equipment		-	213
Net cash used in investing activities		(18,390,533)	(21,171,274)
Cash flows from financing activities			
Finance of cash reserves	12.1	40,000,000	40,000,000
Net proceeds from privatization of Boursa	12.2	-	10,038,787
Repayment of Lease liability		(1,211,552)	(1,211,552)
Net cash generated from financing activities		38,788,448	48,827,235
Net change in cash and cash equivalents		(5,963,064)	4,094,767
Cash and cash equivalents at the beginning of the year		7,077,344	2,982,577
Cash and cash equivalents at the end of the year		1,114,280	7,077,344

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

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Notes to the Financial Statements for the year ended 31 March 2021

(All amounts are in Kuwaiti Dinars unless otherwise stated)

1. About Capital Market Authority

The Capital Markets Authority ("the Authority" or "CMA") was established under Law No. 7 of 2010 regarding the Establishment of the Capital Markets Authority and Regulation of Securities Activities. The law which was issued on 21 February 2010 created CMA as an independent Authority that has legal personality which is subject to the oversight of the Minister of Commerce and Industry.

On 4 May 2015, Law No. 22 of 2015 was issued (and published in the official gazette on 10 May 2015) which amended some provisions of Law no. 7 of 2010 regarding the Establishment of the Capital Markets Authority and Regulation of Securities Activities

The CMA aims to:

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

Pursuant to the provisions of Article (24) of Law No. 7 of 2010, CMA shall not engage in any commercial activities. It may not lend monies, issue Securities or invest therein.

CMA registered address is P.O box 3913 Safat 13040 Kuwait.

These financial statements have been authorized for issue by the CMA's Board of Commissioners on 23 June 2021.

2. Basis of preparation and Significant accounting policies

2.1 Basis of accounting

These financial statements have been prepared in accordance with International Financial Reporting Standards without violating Law No. 7 of 2010, as amended, and its executive regulation. These financial statements have been prepared on the historical cost basis. The below accounting policies have been applied on a consistent basis for all the years presented, except as referred to in Note 2.2 on the application of new and revised IFRSs.

2.2 Application of new and revised International Financial Reporting Standards (IFRS)

2.2.1 Changes in accounting policies and disclosures

The accounting policies used in the preparation of these financial statements are consistent with those used in the previous year except for the adoption of certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2020:

Amendments to IAS 1 and IAS 8: Definition of Material

The amendments provide a new definition of material that states, "Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the financial statements of the CMA.

Amendments to IFRS 3: Definition of a Business

The amendment to IFRS 3 clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Furthermore, it clarified that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the financial statements of the CMA.

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Amendments to IFRS 16: Covid-19 Related Rent Concessions

In May 2020, the IASB issued Covid-19-Related Rent Concessions (Amendment to IFRS 16) that provides practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to IFRS 16. The practical expedient permits a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession the same way it would account for the change applying IFRS 16 if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- Any reduction in lease payments affects only payments originally due on or before 30 June 2021 (a rent concession meets this condition if it results in reduced lease payments on or before 30 June 2021 and increased lease payments that extend beyond 30 June 2021); and
- There is no substantive change to other terms and conditions of the lease.

These amendments had no impact on the financial statements of the CMA

Conceptual Framework for Financial Reporting issued on 29 March 2018

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. This will affect those entities which developed their accounting policies based on the Conceptual Framework. The revised Conceptual Framework includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments had no impact on the financial statements of the CMA.

2.2.2 New and revised IFRS Standards in issue but not yet effective

At the date of authorization of these financial statements, the CMA has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

Amendments to IAS 1	Classification of Liabilities as Current or Non-current The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted.
Amendments to IFRS 3	The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022.
Reference to the Conceptual Framework	Early application is permitted if an entity also applies all other updated references (published together with the updated <i>Conceptual Framework</i>) at the same or earlier.
Amendments to IAS 16 <i>Property, Plant and Equipment—Proceeds before Intended Use</i>	The amendments are effective for annual periods beginning on or after 1 January 2022, with early application Permitted
Amendments to IAS 37 <i>Onerous Contracts – Cost of Fulfilling a Contract</i>	The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.
Annual Improvements to IFRS Standards 2018-2020 Cycle	The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.
Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture	

The management do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the CMA in future periods.

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2.3 Significant Accounting Policies

2.3.1 Financial instruments

Financial assets and liabilities are recognised when CMA becomes a party to the contractual obligations instrument.

All Financial assets or liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets or liabilities (other than financial assets or liabilities classified at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or liabilities as appropriate, on initial recognition. Transaction costs attributable to the acquisition of financial assets or liabilities at FVTPL are recognised directly in the statement of income.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

CMA classifies its financial assets upon initial recognition into the following categories:

- Financial assets carried at amortised cost (AC).
- Investment securities at FVTPL.
- Investment securities at FVOCI.

Financial assets carried at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Current accounts at banks, term deposits, trade and other receivables in the nature of financial assets are classified as financial assets at amortised cost.

CMA has not classified any of its financial assets as financial assets at fair value through statement of income or as financial assets through other comprehensive income.

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant periods.

For financial instruments other than purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVOCI. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired.

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For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the CMA recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition.

The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in statement of income.

Impairment of financial assets

CMA applied the simplified approach and measure the loss allowance for receivable at an amount equal to lifetime ECL. The expected credit losses on receivable are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

CMA writes off receivable when there is information indicating that the debtor is in serve financial difficulty and there is no realistic prospect of recovery, when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the receivable are over 180 days past due.

CMA applies the general approach to providing for expected credit losses prescribed by IFRS 9, for cash at banks and time deposit. CMA uses external rating agency credit grades for assessing credit risk on these financial assets and these published grades are continuously monitored and updated.

Derecognition of financial assets

CMA derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If CMA neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, CMA recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If CMA retains substantially all the risks and rewards of ownership of a transferred financial asset, CMA continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in statement of income.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not classified into the following categories are measured subsequently at amortised cost using the effective interest method:

- 1) Contingent consideration in a business combination,
- 2) Held-for-trading,
- 3) Designated as at fair value through the statement of income.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities

CMA derecognises financial liabilities when, and only when, CMA's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, is recognized in statement of income.

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2.3.2 Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortization is recognized on the straight-line method according to their expected economic lives.

The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use. Gains or losses arising from derecognition are measured as the difference between the net proceeds and the carrying amount of the disposed asset and recognised in the statement of comprehensive income.

2.3.3 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and any impairment losses. Cost of an item of property and equipment comprises of its acquisition costs and all directly attributable costs of bringing the asset to working condition for its intended use. Repairs, maintenance and improvements of minor importance are expensed as incurred. In situations, where it is clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance.

Property and equipment depreciation is calculated using the straight-line method on the basis of estimated useful lives. The amount of property and equipment is written down to its recoverable amount if the carrying amount is greater than its estimated recoverable amount.

The residual value, useful life and depreciation method are reviewed at the end of each reporting period. Change in estimations are accounted for as of the beginning of the financial year in which the change arises.

Gains or losses on disposals of property and equipment are determined by the difference between the sales proceeds and the net carrying amount of the asset and is recognized in the income statement.

Assets in progress are included into property and equipment items until they are completed and ready for their intended use. At that time, they are reclassified under similar assets for future use of these assets and the depreciation is calculated since then.

2.3.4 Impairment of tangible and intangible assets

The tangible and intangible assets are reviewed annually to determine whether there is any indication that those assets have suffered impairment in value. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

The net recoverable amount is the higher of an asset's fair value less costs to sell or value in use.

Impairment losses are recognized in the statement of income for the year in which they arisen. When an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the extent that it does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset.

A reversal of an impairment loss is recognized immediately in the statement of comprehensive income.

2.3.5 Provisions

Provisions are recognized when CMA has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are measured at the present value of the consideration expected to be required to settle the obligation using a rate that reflects market's assessments, the time value of money and the risks specific to the obligation.

2.3.6 End of service indemnity

A provision is calculated for the amounts payable against end of service indemnity for all employees recorded in CMA's payroll for their accumulated service periods as at the date of statement of financial position (the end of each fiscal year) in accordance with the rules approved by CMA's Commissioners.

This liability is unfunded and represents the amount payable to each employee as a result of involuntary termination on the date of financial position and the management believes that this basis is considered to be a reliable approximation of the present value of CMA's liability.

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2.3.7 Revenue recognition

Revenue is recognized at a specific point in time or over a period of time as follows:

- CMA revenue arising from the rendering of the services are recognized when the contractual service is performed and the revenue relating to the fines is recognized either by court verdict or the right to collect those fines are established.
- Registration revenues, share of trading fees income and income from investing surplus funds are recognized over time.
- Listing fees income and income from fines are recognized at a point in time.

2.3.8 Accounting for Leases

CMA as a lessee

CMA assesses whether contract is or contains a lease, at inception of the Contract. CMA recognizes a right of use asset and a corresponding lease liability on the date on which the lessor makes the asset available for use by CMA (the commencement date).

On that date, CMA measures the right of use at cost, which comprises of:

- the amount of the initial measurement of the lease liability.
- any lease payments made at or before the commencement date, less any lease incentives received
- any initial direct costs, and
- an estimate of costs to be incurred to restoring the underlying asset to the condition required by the terms and conditions of the lease as a consequence of having used the underlying asset during a particular period; this is recognised as part of the cost of the right of use asset when CMA incurs the obligation for those costs, which may be at the commencement date or as a consequence of having used the asset during a particular period.

At the commencement date, CMA measures the lease liability at the present value of the lease payments that are not paid at that date. On that date, the lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, CMA uses its incremental borrowing rate.

Lease payments included in measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Payments associated with leases of short term leases and low-value assets are recognized on a straight-line basis as an expense in statement of income.

Whenever CMA incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Subsequent Measurement

Generally, after the commencement date, CMA measures the right-of-use asset at cost less accumulated depreciation and impairment losses. Depreciation is calculated on a straight line basis over the shorter of the asset's useful life and the lease term. CMA determines whether a right of use asset is impaired and recognizes any impairment loss identified in the statement of income. The depreciation starts at the commencement date of the lease.

CMA applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for an identified impairment loss (Note 2.3.4).

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After the commencement date, CMA measures lease liability by increasing the carrying amount to reflect interest on the lease liability and reducing the carrying amount to reflect the lease payment made.

CMA remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Each lease payment is allocated between the liability and the finance cost. The finance cost is charged to statement income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The constant periodic rate of interest is the discount rate used at the initial measurement of lease liability.

For a contracts that contain a lease component and one or more additional lease or non-lease components, CMA allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Where CMA is the lessor

Leases for which CMA is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

When a contract includes lease and non-lease components, CMA applies IFRS 15 to allocate consideration under the contract to each component.

2.3.9 Foreign currencies

Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). Financial statements are presented in 'Kuwaiti Dinars' (KD).

Transactions and balances

Foreign currency transactions are translated into Kuwaiti Dinars using the exchange rates prevailing at the dates of the transactions. At the date of the financial statements, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Foreign exchange gains or losses are resulted from the settlement of such transactions and from the translation at year-end in the statement of income.

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3. Financial risk management

Financial risks factors

The activities of CMA expose it to a set of financial risks, which are market risk, credit risk and liquidity risk.

Market risk

Market risk is the risk of loss resulting from fluctuations in the fair value or the future cash flows of financial instrument due to changes in the market prices. Market risks include three types of risks: foreign currency risk, interest rate risk and price risk.

CMA's management monitors and manages its market risks by regular oversight of the market's circumstances and the change in foreign exchange and interest rates, and market prices.

Foreign currency risk

Foreign currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign currency exchange rates.

CMA is not highly exposed to foreign currency risk since CMA does not have significant financial assets and liabilities denominated in foreign currencies as at 31 March 2020 and 2021.

Fair value risks

Fair value risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices.

There are no financial assets exposed to such risk as at 31 March 2020 and 2021 as CMA is not allowed to invest in all securities such as shares, bonds, financial derivatives and investment fund units.

Interest rate risks

Interest rate risks arise from the risk that the value of a financial instrument will fluctuate as a result of changes in market prices.

As per the Managing Director's resolution, CMA can invest its financial surplus in bank deposits in local currency (Kuwaiti Dinar) and bank deposits include banks operating inside Kuwait, in order to achieve highest returns in favor of CMA at the lowest possible risks.

CMA considers the following basic principles when investing its surplus:

- Risks
- Liquidity
- Profitability

Therefore, in determining its investments, CMA considers that it should involve low risk (risk), highly liquefiable at the earliest time and at the lowest possible cost (liquidity), also, it should maximize the return on investment (profitability).

The interest-bearing financial assets amounted to KD 134,171,184 as at 31 March 2021 (KD 112,974,762 as at 31 March 2020).

If the interest rate changed by 0.5%, the net profit would have changed by KD 670,855 as at 31 March 2021 (KD 564,874 - 2020).

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation causing CMA to incur a financial loss. CMA is not permitted to grant loans in any way.

The assets exposed to credit risk consist principally of cash, time deposits, receivable and other debit balances.

CMA manages the credit risk related to cash and deposits with banks by entering into transactions with high credit rated financial institutions.

It also considers the investment's distribution in more than one financial institution to avoid the credit concentration risks. The funds invested by any banking institution should not exceed the proportions set out in the internal regulations, out of the total funds that are being invested.

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Liquidity risk

Liquidity risk is the risk that CMA will be unable to meet its liabilities when they fall due.

Pursuant to the provisions of Article No. (21) of Law No. 7 of 2010 and its amendments, which stipulates that "CMA shall have financial reserves to ensure financial stability in the long term in order to face the systemic risk expected to occur in the Securities activities. The amount and means of creating such reserves shall be determined by a decision issued by the Council of Ministers – upon the Board's proposal. CMA shall manage such reserves, and if these reserves reach the determined amount, the surplus shall be transferred to the Public Treasury of the State. If at any time the reserves become less than the determined amount, then the Government shall supplement and pay the lacking amount (Note 12).

4. Critical accounting estimates and assumptions

In the application of CMA's accounting policies, stated in Note 2, the Management is required to make estimates and assumptions to determine the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other relevant factors. Actual results may differ from these estimates.

The estimates and underlying assumptions are periodically reviewed. Impact of restatement to the estimates is recognised in the period of restatement and future periods, if the restatement affects future periods.

Critical Judgements

In the process of applying CMA's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements.

Impairment of financial assets

CMA estimates expected credit loss for all financial assets carried at amortized cost. The determination of expected credit losses involves significant use of external and internal data and assumptions. Refer note 2.3.1 impairment of financial assets for more information.

Contingent liabilities / liabilities

Contingent liabilities are potential liabilities that arise from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of CMA. Provisions for liabilities are recorded when a loss is considered probable and can be reasonably estimated. The determination of whether or not a provision should be recorded for any potential liabilities is based on Management's judgment.

Impairment of tangible & intangible assets and useful lives

CMA's management tests annually whether tangible and intangible assets have suffered impairment in accordance with accounting policies stated in Note 2.3.4. The recoverable amount of an asset is determined based on value-in-use method. This method uses estimating cash flow projections over the estimated useful life of the asset discounted using market rates.

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

Discounting of lease payments

The lease payments are discounted using the CMA's incremental borrowing rate ("IBR"). At initial adoption of IFRS 16 "Leases", the Management has applied judgments and estimates to determine the incremental borrowing rate.

5. Time deposits

As at 31 March 2021, time deposits represent deposits at local banks in Kuwaiti Dinar, which mature over periods exceeding three months. The average effective interest rate on time deposits is 1.89% as at 31 March 2021 (3.64% as at 31 March 2020).

Time deposits are assessed to have low credit risk of default since these banks are highly regulated by the central banks of Kuwait. Accordingly, management of the Company estimates the loss allowance on balances with banks at the end of the reporting period at an amount equal to 12 month ECL.

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6. Trade and other receivables

	2021	2020
Accrued income	1,682,666	2,313,516
Expected credit losses	(308,026)	-
	<u>1,374,640</u>	<u>2,313,516</u>
Prepaid expenses	123,028	142,911
Refundable deposits	96,918	96,918
Other receivables	62,511	133,299
	<u>1,657,097</u>	<u>2,686,644</u>

Movement of expected credit losses is as follows:

	2021	2020
Balance as at 1 April	-	-
Provide provisions and credit losses (Note 15)	308,026	-
Balance as at 31 March	<u>308,026</u>	<u>-</u>

7. Right-of-use leased assets

CMA as a lessee has leased its residence including buildings for its use. Lease contracts are in fixed periods with the possibility of renewal with the consent of both parties.

Cost	Buildings
Balance as at 1 April 2019	4,267,758
Balance as at 31 March 2020	4,267,758
Balance as at 31 March 2021	<u>4,267,758</u>
Accumulated amortization	
Balance as at 1 April 2019	-
Amortization	1,066,940
Balance as at 31 March 2020	1,066,940
Amortization	1,066,940
Balance as at 31 March 2021	<u>2,133,880</u>
Net book value	
31 March 2021	2,133,880
31 March 2020	3,200,818
Useful lives (year)	<u>5</u>

Lease liabilities discounted	2021	2020
Amounts due for settlement within 12 months	1,124,018	1,064,265
Amounts due for settlement after 12 months	1,187,126	2,311,142
	<u>2,311,144</u>	<u>3,375,407</u>

Maturity dates of undiscounted lease liabilities are as follows:

	2021	2020
Not later than 1 year	1,211,552	1,211,552
Later than 1 year and not later than 3 years	1,211,553	2,423,105
	<u>2,423,105</u>	<u>3,634,657</u>

The breakdown of related lease amounts recognised in profit and loss is as follows:

	2021	2020
Amortization expense on right-of-use assets	1,066,938	1,066,940
Interests expense of lease liabilities	147,289	203,864
Lease expenses less than one year (Note 15)	53,670	49,710
	<u>1,267,897</u>	<u>1,320,514</u>

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8. Intangible assets

	Software	Projects in progress	Total
Cost			
Balance as at 1 April 2019	3,457,428	39,147	3,496,575
Additions	25,600	74,762	100,362
Transferred from assets in progress	60,080	(60,080)	-
Balance as at 31 March 2020	3,543,108	53,829	3,596,937
Additions	46,806	64,279	111,085
Transferred from assets in progress	56,607	(56,607)	-
Balance as at 31 March 2021	3,646,521	61,501	3,708,022
Accumulated amortization			
Balance as at 1 April 2019	2,935,002	-	2,935,002
Amortizations	351,853	-	351,853
Balance as at 31 March 2020	3,286,855	-	3,286,855
Amortizations	248,984	-	248,984
Balance as at 31 March 2021	3,535,839	-	3,535,839
Net carrying value			
31 March 2021	110,682	61,501	172,183
31 March 2020	256,253	53,829	310,082
Useful lives (year)	3-4		

9. Property and equipment

	Building improvements	Furniture, fixtures & devices	Assets in progress	Total
Cost				
Balance as at 1 April 2019	1,739,249	2,238,182	167,010	4,144,441
Additions	-	96,492	1,225,731	1,322,223
Disposals	(342)	(93,232)	-	(93,574)
Transferred from assets in progress	-	61,509	(61,509)	-
Balance as at 31 March 2020	1,738,907	2,302,951	1,331,232	5,373,090
Additions	-	178,627	751,490	930,117
Disposals	-	(2,531)	-	(2,531)
Transferred from assets in progress	-	90,426	(90,426)	-
Balance as at 31 March 2021	1,738,907	2,569,473	1,992,296	6,300,676
Accumulated depreciation				
Balance as at 1 April 2019	1,265,873	1,552,030	-	2,817,903
Depreciation	348,407	355,830	-	704,237
Disposals	(295)	(93,066)	-	(93,361)
Balance as at 31 March 2020	1,613,985	1,814,794	-	3,428,779
Depreciation	89,060	322,619	-	411,679
Disposals	-	(2,531)	-	(2,531)
Balance as at 31 March 2021	1,703,045	2,134,882	-	3,837,927
Net book value				
As at 31 March 2021	35,862	434,591	1,992,296	2,462,749
As at 31 March 2020	124,922	488,157	1,331,232	1,944,311
Useful life (year)	5	4-5		

According to Municipal Council decision on April 4, 2016, the request submitted by the Capital Markets Authority to allocate free of cost a plot of land with an area of (3800 m²) to establish the headquarters for CMA was approved, provided that certain conditions specified by municipal council are met.

Project under development includes an amount of KD 1,803,621 which represents the amount paid for consultation design work to the construct the CMA headquarters

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10. Trade and other payables

	2021	2020
Leaves payable	4,524,709	2,999,753
Provisions and accrued expenses**	1,837,957	1,808,407
Unearned revenue*	1,598,305	1,768,481
Trade payables	531,356	256,913
Other payables	461,377	532,463
	<u>8,953,704</u>	<u>7,366,017</u>

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

** As of 31 March 2021, the provisions and accrued expenses include KD 1,222,644 (KD 1,222,644 as at 31 March 2020), which represents rental income received from lessees of KSE Building. CMA has resolved not to recognize KSE building income received by the KSE after 1 January 2014 (the expiry date of building's right of use) until 3 October 2016, pending determining the eligibility of recognizing such income and reaching a final settlement with the Ministry of Finance regarding the rental value of the market building for the period from 11 May 2015 to 31 March 2018. The authority addressed the Fatwa and Legislation Department to determine the party responsible for paying the rent for the periods from 11 May 2015 to 30 September 2016, and from 1 October 2016 to 31 March 2018, as well as to determine the rental value. The administration believes that there is no need to make any additional allocations until the decision is made by the Fatwa and Legislation Department.

11. Due to Ministry of Finance

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

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

On the basis of a settlement agreement dated 26 January 2021, between the Capital Markets Authority and the Ministry of Finance it was agreed to pay the amount of KD 19,800,000 due to the Ministry of Finance over the next 5 years from 2019/2020 out of which KD 4,000,000 has to be paid during the first quarter of each financial year and the remaining amount of the claims balance will be paid in the last year of KD 3,800,000. The below table describes the discounted and undiscounted liability maturity analysis as at 31 March:

Discounted liabilities	2021	2020
Amounts due for settlement within 12 months	4,000,000	4,000,000
Later than 1 year and not later than 5 years	11,402,451	15,229,102
	<u>15,402,451</u>	<u>19,229,102</u>
 Undiscounted liabilities	 2021	 2020
Amounts due for settlement within 12 months	4,000,000	4,000,000
Later than 1 year and not later than 5 years	11,800,000	15,800,000
	<u>15,800,000</u>	<u>19,800,000</u>

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12. Operating capital and general reserve

12.1 Pursuant to article No. 21 of law no. 22 of 2015 amending certain provisions of law no. 7 of 2010 stipulating that: "CMA shall have financial reserves to ensure financial stability in the long term in order to face the systemic risk expected to occur in the securities activities. The amount and means of creating such reserves shall be determined by a decision issued by the Council of Ministers – upon the Board's proposal. CMA shall manage such reserves, and if these reserves reach the determined amount, the surplus shall be transferred to the Public Treasury of the State. If at any time the reserves become less than the determined amount, then the Government shall supplement and pay the lacking amount. CMA shall also have a pre-determined operational capital of KD 40,000,000, from which the expenses of all the activities of CMA shall be paid. Expenses shall be paid and covered directly from CMA's cash reserves, in accordance with the rules of the Bylaws. CMA's capital may be increased through a Decree".

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

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

On 11 April 2019, CMA, KIA and MOF signed the joint memo which determined the amount of reserves to be KD 450 million. Such reserve will be formed as follows:

- An amount of KD 250 million in form of a Letter of Guarantee issued from KIA.
- Cash amount of KD 200 million (includes the current cash reserves held by CMA), and an amount of KD 120 million will be paid during the next three year (KD 40 million each) from state of Kuwait General Reserves starting from the financial year 2020/2021.

During The Council of Ministers meeting no 31 held on 29 July 2019, the decision no. 1044 has been taken to approve the recommendations in the joint memo and requested the CMA to form cash reserves with an amount of KD 450 Million in accordance with the recommendations of the joint memo dated 11 April 2019. As part of implementing this decision, the Capital Market Authority's cash reserves were funded by KD 40 million during the year ended 31 March 2021 by the Ministry of Finance (KD 40 Million during the year ended 31 March 2020).

12.2 On 1 October 2019, the remaining 50% stake of CMA in Bursa Kuwait was offered to Kuwaiti citizens in accordance with the provisions of Article (33) of law no 7 for 2010 and Law No. 22 of 2015. The proceeds from the underwriting and allocation of these 50% remaining shares of Kuwait Boursa amounted to KD 10,038,787. During the year ended 31 March 2020, this amount was transferred to the general reserve of CMA in accordance with the Board of Commissioner's decision No. M.H. 4-5 for 2019.

13. Licensing and penalties income

	2021	2020
license fees	1,649,162	1,756,011
Fines and penalties	400,111	751,124
	<u>2,049,273</u>	<u>2,507,135</u>

The CMA's revenues are derived from the prescribed fees from the CMA's exercise of its activities such as the revenues of registration, listing, trading fees proceeds of the fines imposed in accordance with the provisions of Law No. 7 of 2010 and the regulations issued in implementation thereof.

14. Staff costs

	2021	2020
Salaries and wages	16,686,330	14,515,448
Post-employment benefits	2,075,964	1,876,516
Leave	2,159,223	1,841,442
Social security	1,093,675	998,048
Bonuses	3,735,991	4,201,000
	<u>25,751,183</u>	<u>23,432,454</u>

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15. Other administrative expenses

	2021	2020
Consulting expenses	799,935	1,246,363
Maintenance expense	540,754	527,736
Interest expense	320,637	203,864
Expected credit losses	308,026	-
Training expenses	121,326	757,582
Rent expenses	53,670	49,710
Travel and transportation expenses	730	223,305
Other expenses	655,908	501,681
	<u>2,800,986</u>	<u>3,510,241</u>

16. Transactions with related parties

Related parties represent head of sectors of the CMA. In the normal course of business of CMA. Transactions were made with related parties during the year. The following is the statement of transactions and balances resulting from such transactions:

	2021	2020
Transactions		
Salaries and key management benefits	405,337	391,325
Balances		
Trade and other payables	618,013	518,623

Salaries and benefits of CMA commissioners are determined by virtue of a decree.

17. Contingents assets/ liabilities

17.1 Contingent assets

- As set out in note 12 to these the financial statements, CMA received a letter of guarantee issued by Kuwait Investment Authority for an amount of KD 250 Million. CMA shall not benefit from this guarantee unless:-
 - Cash reserve has been exhausted in meeting systemic risk that may occur in the securities activity. CMA must abide by the definition it has set of typical risk.
 - Reserve should not be used to support the entities to avoid entities financial difficulties.
- The value of the letter of guarantee is not recognized in the financial statements as it is a contingent asset, and is recognized upon actual collection.
- As at 31 March 2021, the Commission imposed fines on violators. These violations amounted to a sum of KD 8,802,112, and these decisions are being appealed and are still in the judicial stages.
- On 6 October 2020, the Disciplinary Board issued a decision regarding the violation registered with No. 38/2019 Disciplinary Board and decided to compel some of the violating parties to return a benefit obtained as a result of the violators' actions in the amount of 8 million Kuwaiti dinars, as well as partial fines for violators of KD 320 Thousand. Accordingly, those parties appealed the Disciplinary Board's decision, and a lawsuit was filed against the Disciplinary Board's decision. The case is still in the preliminary stages of litigation. In the opinion of the legal advisor to the commission, it is difficult to predict the final position of this case. In addition, the value of the fines and other violations imposed by the authority in accordance with the decisions of the Disciplinary Board on the violating parties and entities amounted to the amount of 402,000 as of 31 March 2021. These amounts were not included in the fines and penalties income as they are still within the legal period to appeal or the existence of cases brought by the violating parties.

17.2 Contingent liability

There are certain lawsuits raised against the CMA or on the KSE for any rights or obligation arising from outstanding lawsuits and appeals which were raised before the agreement concerning transfer of Boursa facilities along with its tangible and intangible assets, which was signed in 2016. Based on the opinion of CMA's attorney, the outcome of the lawsuits raised against CMA and the KSE will not have a material impact on its financial statements.

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18. Capital commitments

As at 31 March 2021, CMA has capital commitments related to projects under constructions amounted to KD 85,349.

19. Impact of COVID-19

The World Health Organization declared on 11 March 2020 the Novel Coronavirus (COVID-19) as a global pandemic. This event has caused widespread disruptions to business, with a consequential negative impact on economic activity. The CMA is closely monitoring the situation and has activated its business continuity planning and other risk management practices to manage the potential business disruption, due to COVID-19 outbreak, on its operations and financial performance.

The CMA has performed an assessment of COVID-19 implications on the financial results of the CMA and incorporated the outcome in these financial statements and explained the changes in light of the available guidance of IFRS related to critical judgments and estimates. The CMA considered the best available information about past events, current conditions and forecasts of economic conditions in determination of the reported amounts of the CMA's financial and non-financial assets reported in these financial statements. Markets however remain volatile and the recorded amounts remain sensitive to market fluctuations.



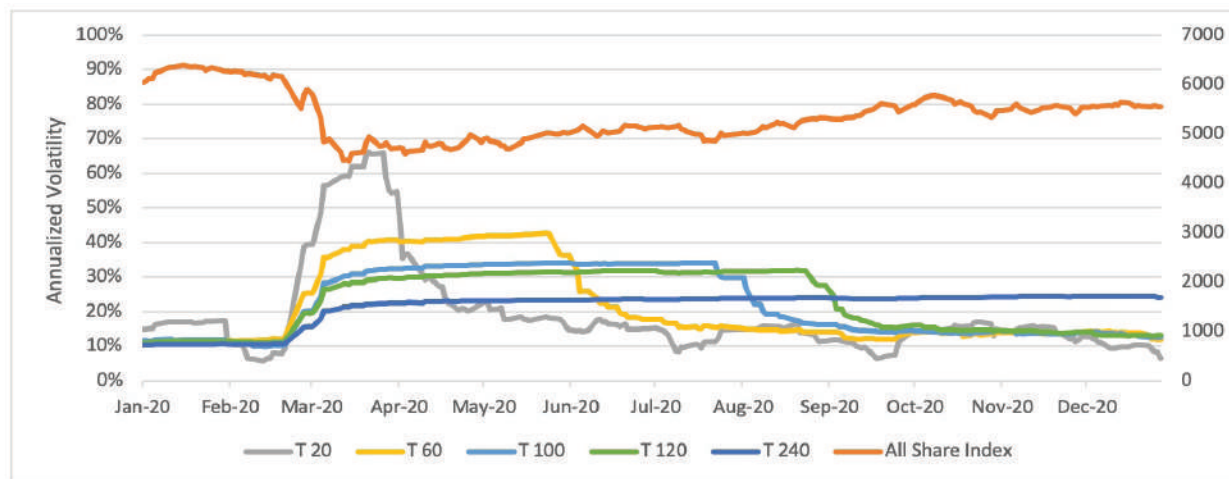
Section Nine

**Some of the Trading Indicators in Boursa Kuwait
of 2020**

► Summary of Boursa Kuwait Trades

► Boursa Kuwait All Share Index Volatility

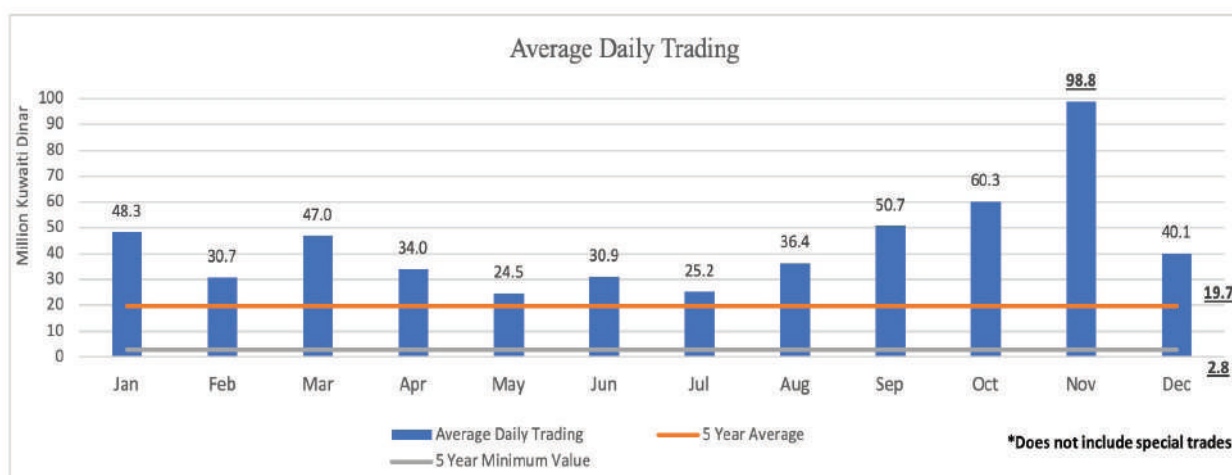
The following graph shows the volatility of the Boursa Kuwait's All- Share Index over several periods: T-20, T-60, T-100, T-120 and T-240:



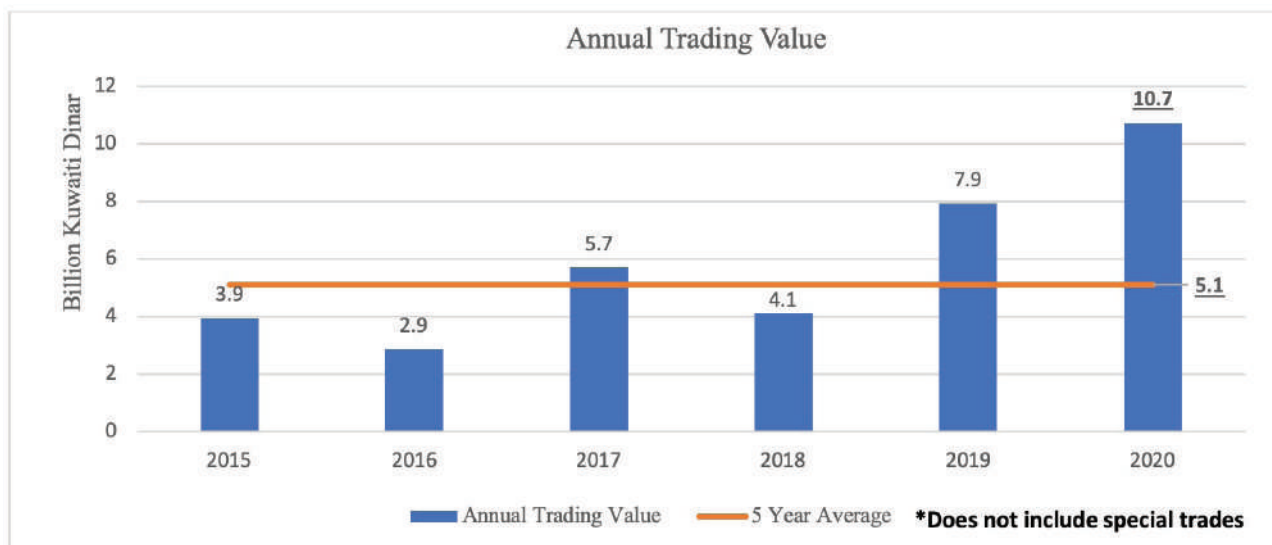
- The Trailing Volatility was calculated on an annual basis according to the fluctuations of the All- Share Index for the specified periods, volatility increases as deviation of the daily index values from the average of the same period increases.

► Trades Values

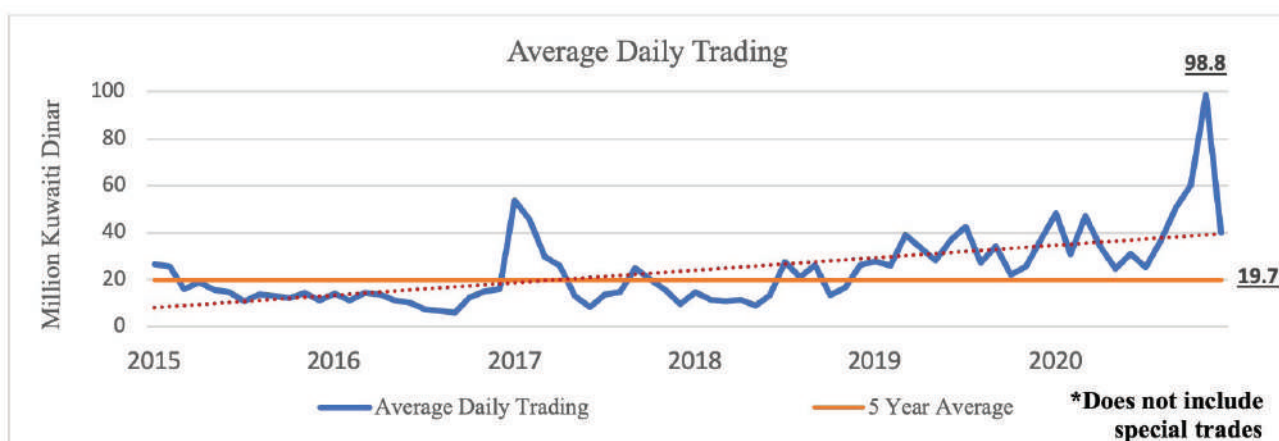
The following graph shows the average of the daily traded value during 2020 in comparison to the average of the previous five years:



The average of the daily traded value reached its peak in November 2020 with a value of 98.8 million Kuwaiti Dinars as a result of the reclassification of Boursa Kuwait's upgrade to emerging market status on MSCI indices. The five-year average was 19.7 million Kuwaiti Dinars. An increase in daily traded value index is considered a positive indicator.



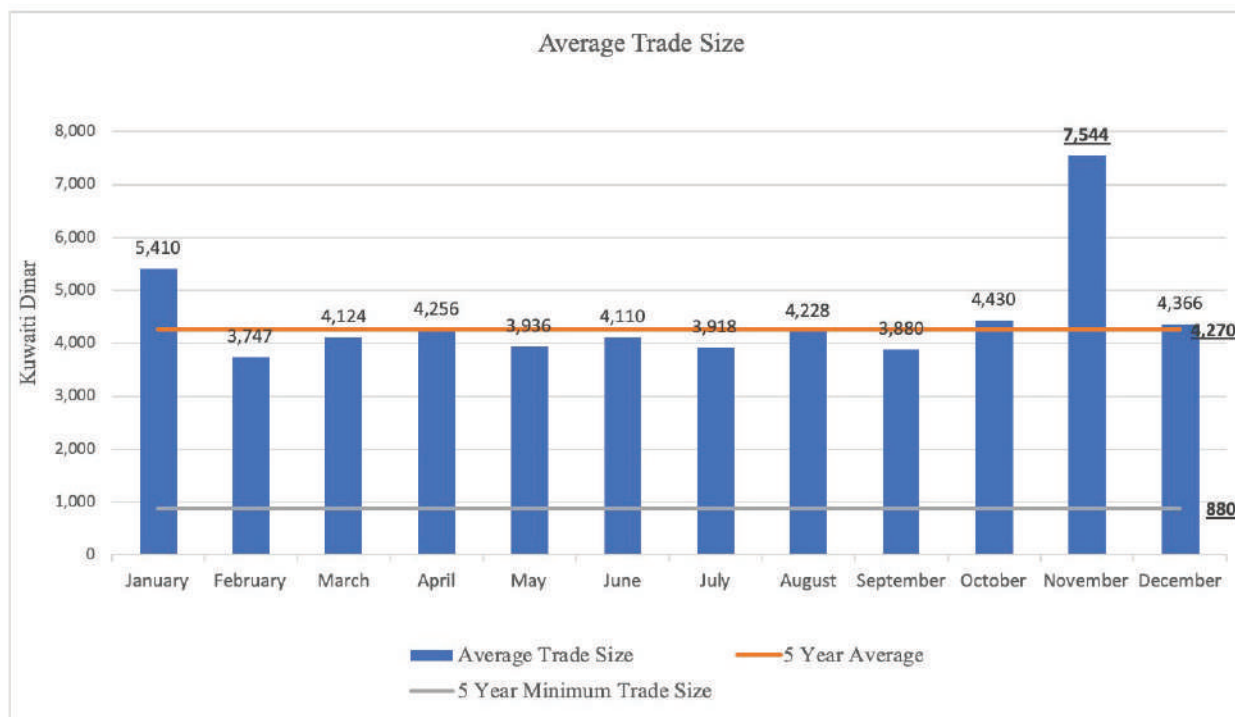
A graph showing the total trade value during the periods from 2015 to 2020 in comparison with the five-year average that reached 5.1 billion Kuwaiti Dinars.



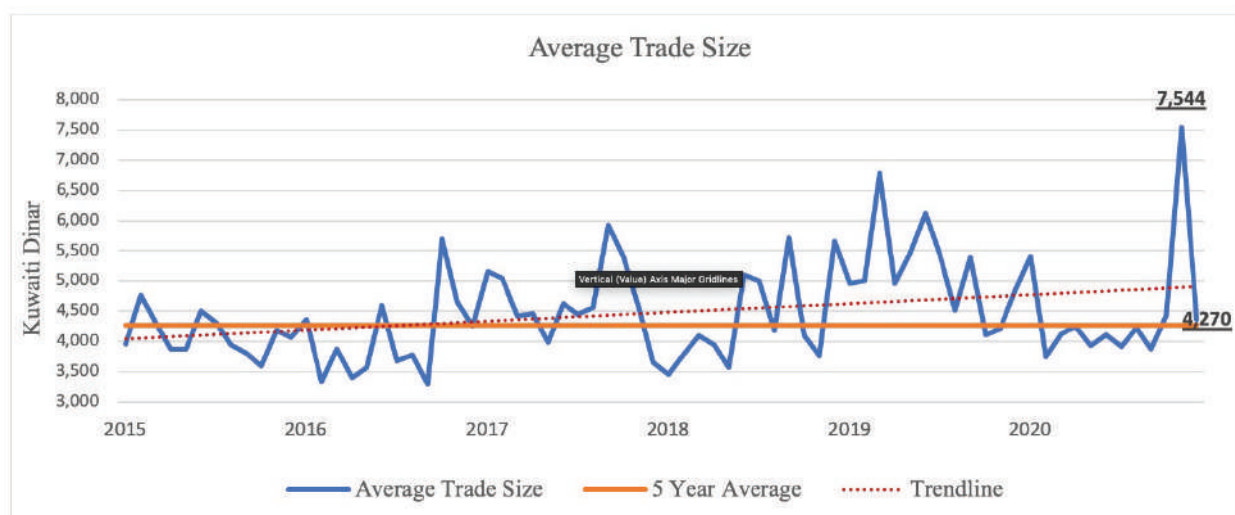
A graph showing the average daily trading value during the periods from 2015 to 2020 in comparison with the five-year average that reached 19.7 million Kuwaiti Dinars.

► Trade Size

The following graph shows the average of the daily trade size during 2020 in comparison to the average of the previous five years:



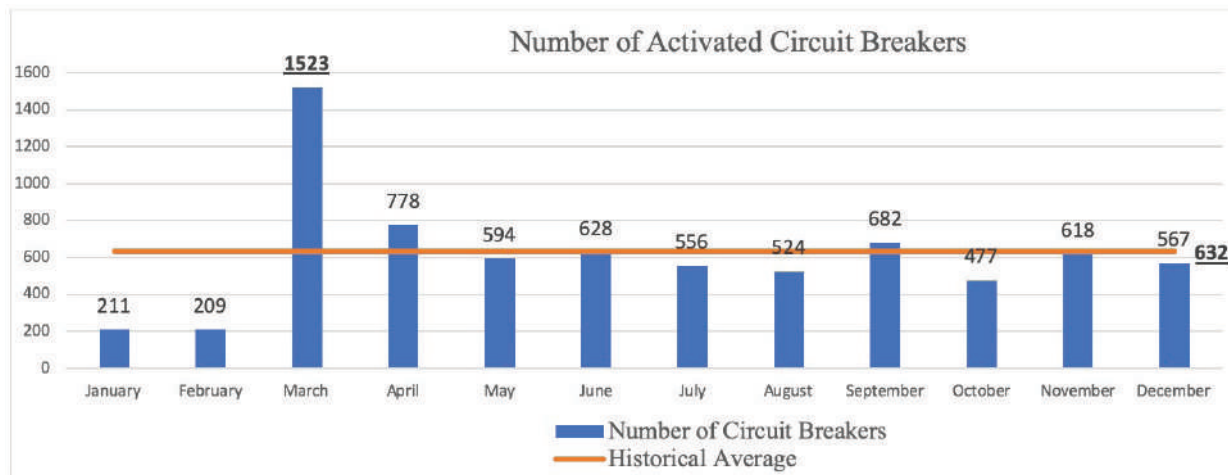
The average daily trade size reached its peak in November 2020 with a value of 7,544 Kuwaiti Dinars per trade. The average of the last five years was 4,270 Kuwaiti Dinars per trade. An increase in average daily trade size is considered a positive indicator.



A graph showing the average trades volume during the period from 2015 to 2020 in comparison with the previous five years.

► Circuit Breakers

The following graph shows the number of circuit breakers that were activated during 2020 in comparison with the historical average:



- The circuit breakers system came into effect in April 2018 in line the launch of the second phase of the Market Development project. The number of circuit breakers reached its maximum in March 2020 in which 1523 circuit breakers were activated.
- The average of the circuit breakers activated monthly since coming into effect in April 2018 reached 632 circuit breakers monthly.

► Market Capitalization:

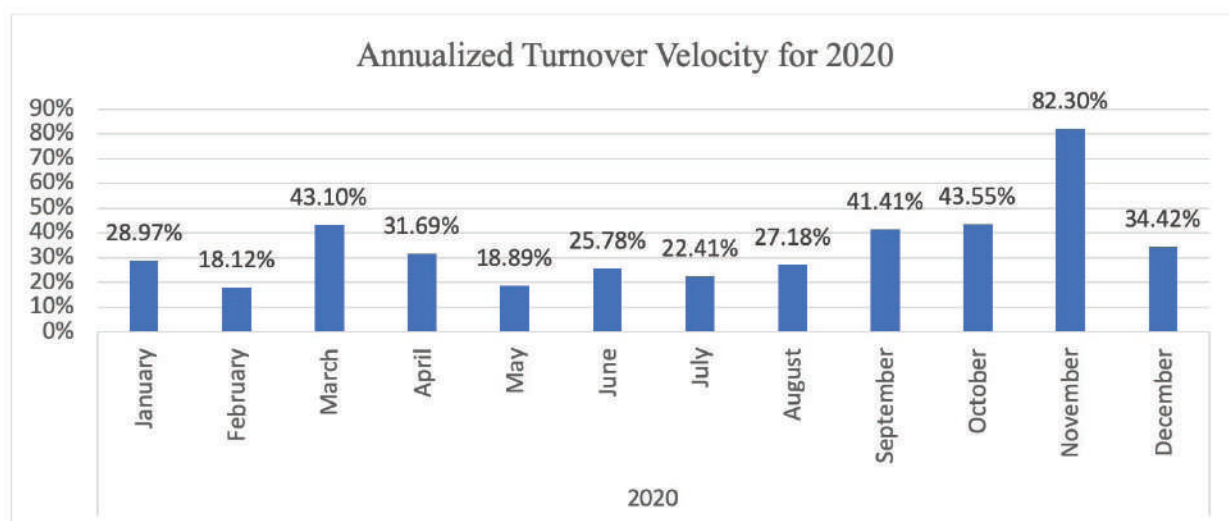
The market capitalization of Boursa Kuwait reached 32.2 billion Kuwaiti Dinars in the end of 2020, while the average of the market value during the previous five years reached 28.8 billion Kuwaiti Dinars.

The following graph shows the market capitalization of the companies listed in Boursa Kuwait at the end of 2020 in comparison to the average of the previous five years.



► Turnover Velocity (Market Liquidity Indicator):

The following table shows the Turnover Velocity in 2020 in comparison to 2019:



Annual Turnover Velocity	Market Capitalization	Trading Value	Year
22.86 %	35,797,101,132	8,182,127,503	2019
33.39 %	32,243,916,778	10,765,962,611	2020

- Annual Turnover Velocity reached 33.4% in 2020, an increase of 10.5% compared to the Turnover Velocity in 2019 of 22.9%.
- The indicator reached its peak of 82.3% in November of last year as a result of Kuwait's upgrade to emerging market status on the MSCI indices.
- The Annualized Monthly Turnover Velocity was calculated as follows:

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

- The Annual Turnover Velocity was calculated as follows:

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

► Market Capitalization and Trades by Market Sector:

The following table shows the market capitalization and the trades at the end of 2020 according to the sector:

Sector	Market Cap	Percentage of Total Market Cap	Value	Percentage of Total Value	Volume	Percentage of Total Volume	Trade	Percentage of Total Trades
Banking	18,422,299,863	57.2%	6,592,971,040	61.4%	16,213,893,266	31.2%	822,813	35.6%
Financial Services	2,577,760,118	8.0%	1,066,377,777	9.9%	15,448,723,867	29.7%	472,807	20.4%
Real Estates	2,003,672,143	6.2%	557,756,874	5.2%	8,847,370,970	17.0%	281,667	12.2%
Insurance	415,101,014	1.3%	7,974,491	0.1%	75,719,096	0.1%	5,608	0.2%
Industrials	3,051,028,478	9.5%	1,119,578,310	10.4%	3,500,183,068	6.7%	322,776	14.0%
Basic Materials	755,588,584	2.3%	116,194,052	1.1%	314,466,398	0.6%	42,282	1.8%
Consumer Discretionary	414,394,967	1.3%	88,705,117	0.8%	720,192,115	1.4%	54,516	2.4%
Telecommunications	3,377,593,985	10.5%	871,004,646	8.1%	3,434,827,634	6.6%	179,028	7.7%
Energy	257,595,922	0.8%	52,114,297	0.5%	2,572,837,735	5.0%	50,104	2.2%
Technology	6,909,987	0.0%	686,952	0.0%	9,860,099	0.0%	1,032	0.0%
Health Care	409,880,695	1.3%	58,706	0.0%	109,012	0.0%	280	0.0%
Consumer Staples	223,295,423	0.7%	53,443,678	0.5%	218,947,712	0.4%	22,704	1.0%
Utilities	304,700,000	0.9%	203,523,553	1.9%	615,308,077	1.2%	56,576	2.4%
Total Market	32,219,821,178	100%	10,730,389,493	100%	51,972,439,049	100%	2,312,193	100%

- The banking sector was the largest sectors in terms of the market value, with a total value of 18.4 billion Kuwaiti Dinars which is approximately 57.2% of the total market value.
- The banking sector also led the sectors in terms of trading value, volume, and number of trades. The trading value reached 6.6 billion Kuwaiti Dinars and accounted for 61.4% of the total value traded in the market. The trading volume reached 16.2 billion shares and accounted for 31.2% of the total volume traded in the market, and the number of trades reached 822,813 trades that accounted for 35.6% of the total trades in the market.

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

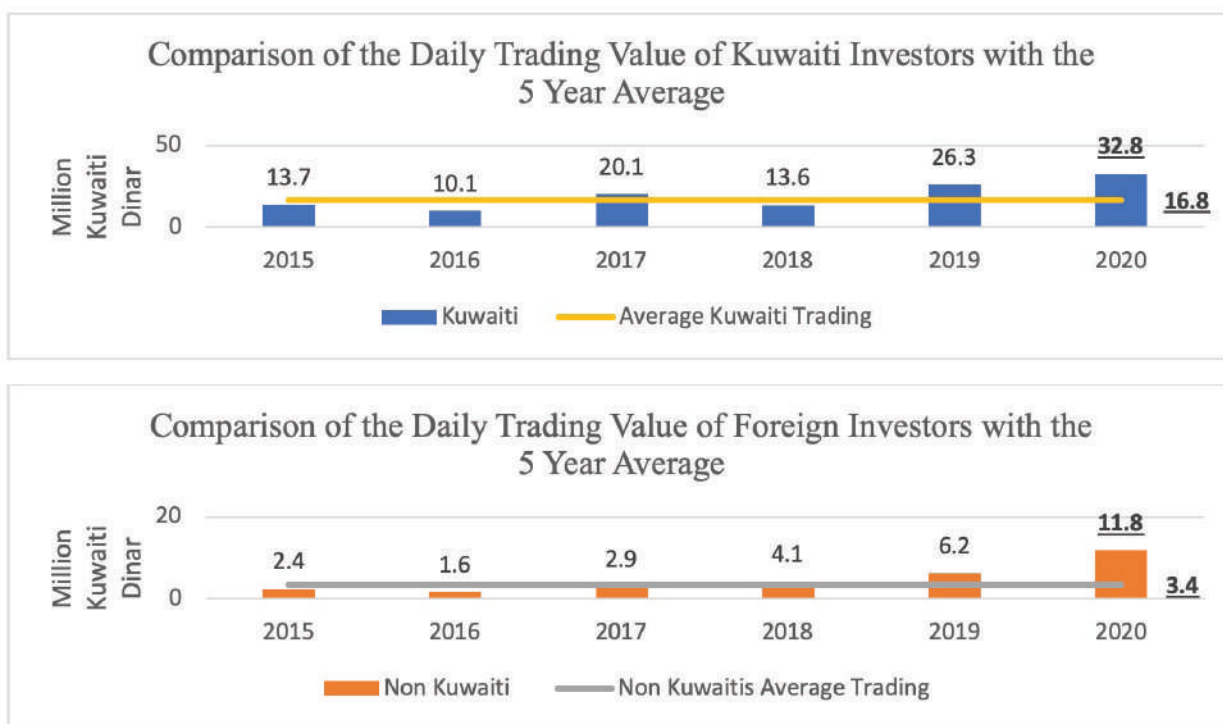
Entity Name	2020		2019		Change in Ownership (Kuwaiti Dinar)	Change in Ownership Percentage
	Ownership (Kuwaiti Dinar)	Percentage to Total Market Cap	Ownership (Kuwaiti Dinar)	Percentage to Total Market Cap		
Kuwait Awqaf Public Foundation	380,905,918	1.18%	415,004,676	1.16%	▼ -34,098,758	▲ 0.022%
The Public Institution For Social Security	28,486,200	0.09%	161,896,577	0.45%	▼ -133,410,377	▼ -0.364%
Public Authority for Minors Affairs	550,084,250	1.71%	597,494,396	1.67%	▼ -47,410,146	▲ 0.037%
Kuwait Investment Authority	2,128,137,242	6.60%	2,233,034,836	6.24%	▼ -104,897,593	▲ 0.362%
Wafra Equity Fund	2,885,368	0.01%	3,999,800	0.01%	▼ -1,114,432	▼ -0.002%
Kuwait Petroleum Corporation	23,806,861	0.07%	24,312,486	0.07%	▼ -505,626	▲ 0.006%
Kuwait Airways	25,619,303	0.08%	31,213,022	0.09%	▼ -5,593,719	▼ -0.008%
Gulf Investments Corporation	28,799,936	0.09%	36,266,586	0.10%	▼ -7,466,650	▼ -0.012%
Total Ownership of Government Entities	3,168,725,077	9.83%	3,503,222,379	9.79%	▼ -334,497,301	▲ 0.041%
Total Market	32,243,916,778	100%	35,797,101,132	100%		

- The total ownership value of the Kuwaiti government entities in Boursa Kuwait reached 3.14 billion Kuwaiti Dinars. This ownership accounted for 9.74% of the total market value of Boursa Kuwait. The ownership value of the Kuwaiti government entities in Boursa Kuwait decreased 327.03 million Kuwaiti Dinars, however the percent ownership in Boursa Kuwait increased from 9.69% in 2019 compared to 9.74% in 2020, an increase of 0.05%.

► Trading Summary based on Nationality and Category

► Trading by Nationality

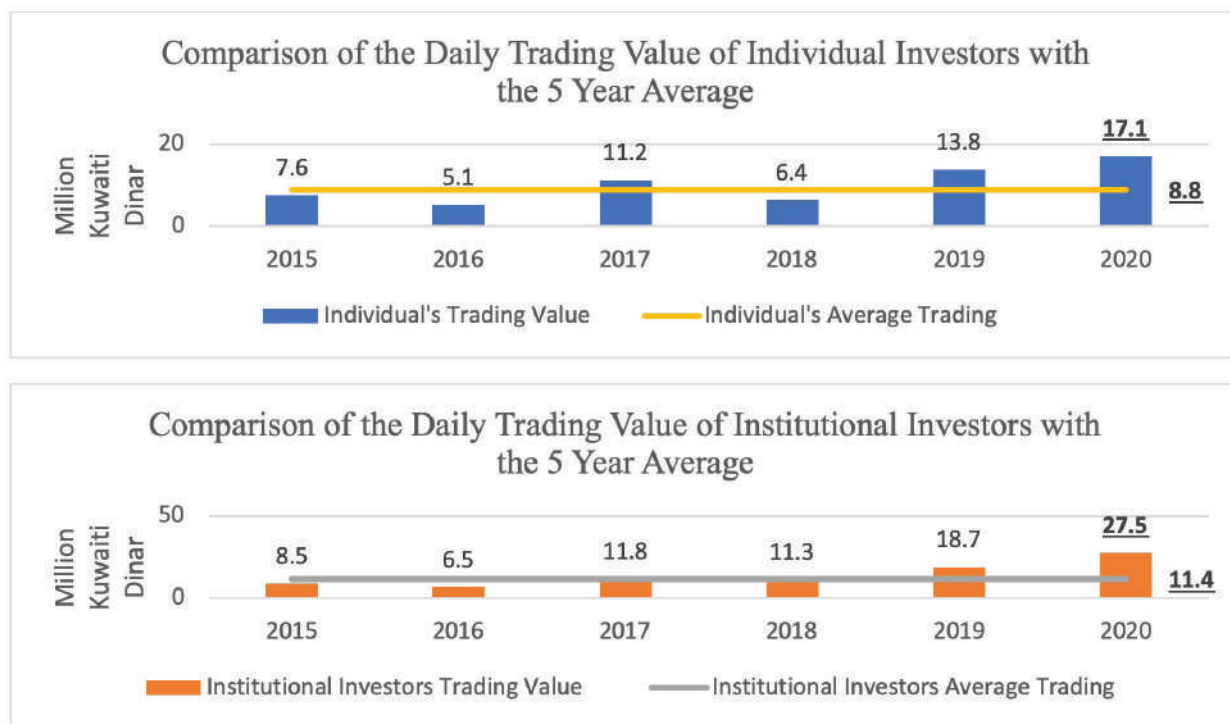
The following graphs shows the trading average of Kuwaitis and non-Kuwaitis during the period from 2015 to 2020 in comparison with the average of the previous five years:



- The average daily trading value of the Kuwaiti investors reached 32.8 million Kuwaiti Dinars during 2020, an increase by an estimated value of 6.5 million Kuwaiti Dinars in comparison to the average of 2019.
- The average daily trading value of non-Kuwaiti investors reached 11.85 million Kuwaiti Dinars during 2020, an increase by an estimated value of 5.6 million Kuwaiti Dinars in comparison to the average of 2019. The daily trading value of foreign investors during 2020 is the highest value during the period from 2015 to 2020, after Kuwait's upgrade to emerging market status in MSCI indices in 2020 and Kuwait's inclusion in both the FTSE secondary emerging markets index and the S&P DJI emerging markets index.

► Trading by Investor's Type

The following graphs shows the average of the trading value of the individuals and institutions during the period from 2015 to 2020 in comparison with the average of the previous five years:



- The average daily trading value of the individual investors reached 17.1 million Kuwaiti Dinars during 2020, an increase by an estimated value of 3.3 million Kuwaiti Dinars in comparison to the average of 2019.
- The average daily trading value of the funds and institutions reached 27.5 million Kuwaiti Dinars during 2020, an increase in 8.8 million Kuwaiti Dinars in comparison to the average of 2019.



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