



TWELFTH
ANNUAL REPORT
(2022 - 2023)
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 of the State of Kuwait



His Highness
Sheikh Ahmad Nawaf Al-Ahmad Al-Sabah
Prime Minister of the State of Kuwait

Message of the Chairman of CMA Board of Commissioners	17
Section 1: Establishment and Main Objectives... Vision, Mission, and Institutional Values	23
Establishment	25
Main Objectives	26
Vision, Mission, Institutional Values	27
Organizational Structure	28
Section 2: Performance of CMA Board of Commissioners and Secretariat Office	29
CMA Board of Commissioners	31
Committees that Form as Part of CMA Board of Commissioners	32
Secretariat of the Board of Commissioners	33
Section 3: Strategic Field	35
Strategic Planning	37
Strategic Plan (2018-2023)	38
Strategic Projects	39
Strategic Plan (2023/2024 to 2026/2027)	42
Section 4: Sustainability	45
Sustainability	47
Institutional Sustainability	48
Sustainability of the Securities Activities Sector	59
Social and Environmental Sustainability	62
Section 5: Achievements of the Boards, Committees, and Offices that Form as Part of the Board of Commissioners	67
Advisory Council for Sharia Supervision	69
Disciplinary Board	69
Complaints and Grievances Committee	71
Internal Audit Office	72
Financial Control Office	73

Section 6: The Capital Markets Authority's Achievements in Regulating and Supervising Securities Activities	75
Legislative and Legal Field	77
Legislative and Regulatory Area	77
Legal and Judicial Field and Investigation Tasks	80
Regulatory Field	86
Markets Regulation	86
Trading	87
Licensing and Registration Activities	88
Collective Investment Schemes	94
Capital Markets Development and Risk-Management	97
Corporate Finance and Governance	99
Mergers and Acquisitions	111
Supervisory Field	115
Off-site Supervision	115
On-site Supervision	123
Markets Surveillance	124
Disclosure and Transparency	127
Awareness and Media Field	140
Field of cooperation: local, regional and international	152
Section 7: Regulation and Development of the Internal Work Environment	161
The Financial Affairs and Treasury	163
Technical Regulation and Update	166
General Services	168
Section 8: Future Visions and Aspirations	169
Section 9: CMA's Financial Statements for Financial Year (2022/2023)	177
Section 10: Trading Indicators in Bursa Kuwait Securities Exchange of 2022	209



CMA Board of Commissioners





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



Othman I. Al-Issa
Vice Chairman



Abdulmohsen H. Al-Mazidi
Commissioner



Abdulaziz F. AlMarzouq
Commissioner
(September 2018 – September 2022)



Ahmad A. Al-Qadhi
Commissioner



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





The numerous development objectives of the CMA in its strategy for the financial years (2023-2024/2026-2027), which are expected to be announced promptly upon the end of the financial year covered in our twelfth annual report, can be outlined within the framework of a comprehensive strategic objective. This objective is to promote the Kuwaiti market to the status of advanced emerging markets according to the "FTSE Russell" indicators as a first step, after being upgraded to the status of emerging markets as per the standards of official international rating agencies.

I firmly believe that this ambitious long-term strategic development objective did not come out of thin air. Instead, I see it as a natural progression of the CMA's efforts, building on the implemented initiatives and accomplishments in previous years, up until the recent financial year. I consider this year to be crucial for the advancement of local securities activities, particularly as it signals the culmination of a strategic era and the commencement of another era with ambitious objectives.

In the context of discussing the accomplishments of the financial year (2022/2023), I am pleased to present the CMA's annual report for the year on behalf of the CMA's Board of Commissioners and employees. This report is intended for those interested in economic affairs in general, as well as those specifically concerned with securities activities and the CMA's services. In this brief overview, I will highlight some of the notable qualitative initiatives that the CMA has undertaken within this framework. However, this summary cannot replace a detailed review of their details and the other accomplishments in the various areas of the CMA's work, including regulation, legislation, supervision, awareness, regional and international collaboration, and internal developments.

Some of these qualitative initiatives were regional, such as the agreement among the financial market regulators in the Gulf Cooperation Council (GCC) countries regarding a joint regulatory framework for the passporting of financial products. The CMA's efforts resulted in the addition of a separate module to the Executive Bylaws of its establishment law. This approach not only introduces new financial products and simplified procedures for GCC citizens and residents, but also creates diverse investment opportunities, develops the financial industry, and aims to integrate the financial markets in the GCC countries.

On the other hand, there were local initiatives. Some of which were a continuation of previous efforts aimed at developing the capital market and establishing integrated organizational and legislative systems related to various tasks of the CMA, such as collective investment schemes, financial derivatives, and improving the efficiency of the listing system. The financial year also saw efforts in other areas, such as setting up the regulatory



framework for Fintech, starting with "Securities Based Crowdfunding" and "Digital Financial Advisor- Robo Advisor". This framework is expected to benefit from the early use of technology in providing innovative financial services and products, protecting clients, supporting entrepreneurs, and providing new investment channels that help diversify the national economy and support the government's development vision. It also contributes to the success of the financial inclusion, which the CMA considers a crucial and urgent "national entitlement".

In a related context, the CMA has taken steps to combat the chaos of financial analyses and unlicensed advisory recommendations that have expanded recently due to the technical progress and the increasing use of social media. This has established deceptive behaviours that negatively impact the interests of investors and the capital market at the same time. Therefore, the issuance of investment advisor controls, licensing the activity of the one-person company, and approving the financial analysts register were among measures taken.

"The Requisites of Sustainable Financing" have received special attention from the CMA during the past financial year, in line with the global trend towards more sustainable economies and financial markets through the implementation of "Environmental, Social, and Governance (ESG) sustainable finance. This approach, commonly known as "responsible finance", goes beyond setting sustainable finance regulations in the financial sector. It also requires considering environmental, social and corporate governance factors, ensuring that capital is directed towards sustainable projects. This is done through the issuance and management of sustainable and environmentally friendly financial instruments and products, such as sukuk, bonds and investment funds. The CMA has conducted a study to identify the legislative and regulatory infrastructure requirements needed to implement sustainability principles as a precursor to the gradual transition to sustainable financial markets. This procedure complements previous efforts in setting standards for issuing green, social and sustainable sukuk and bonds in order to establish a comprehensive and integrated framework for such financing mechanisms.

As for the "Protection of Securities Activities Participants", which the CMA considers as the common factor between its various orientations and initiatives, has been the focal point of the CMA's attention during the past year, similar to its predecessors. The regulation of securities trading for insiders and their related disclosures, the regulation of complaints mechanism and the development of an advanced electronic system for their participation in general assemblies are all part of an integrated project to develop such participation and provide the necessary protection mechanisms against financial fraud practices. This includes regulating financial analysis activities, investment advice and recommendations - as mentioned earlier - and allocating a page on the CMA's website for a list of licensed entities and their activities, both locally and in other GCC countries, as well as unlicensed entities practicing securities activities, and those restricted from practicing securities activities. This includes local entities and their counterparts at the capital markets of the other GCC countries.

In parallel, and based on the CMA's distinct vision, the development of its internal work environment and institutional enablement is considered a primary element for its success, along with the parties of the capital markets system. They are the main pillars for achieving their strategic development objectives related to the development of the capital market. It is not an exaggeration to say that there is a close link between the

institutional sustainability of the CMA and its partners on the one hand, and the sustainability of securities activities on the other hand. In this regard, I would like to point out achievements of the CMA in terms of institutional excellence and enablement, by taking the lead for the third consecutive year, among independent budget entities subject to the oversight of the State Audit Bureau in terms of governance, and obtaining the ISO certificate in the field of information security. It also achieved full compliance 100% with the data classification standards at the Communication and Information Technology Regulatory Authority. It established in a precedent, which I believe is the first of its kind among the local regulatory bodies, key performance indicators for its main tasks and evaluated the results of those indicators for the past two years. Finally, the CMA joined the Global Financial Innovation Network (GFIN) in an initiative aimed at supporting financial innovation in the field of financial services and enhancing financial inclusion at the same time.

Strategically, the end of the financial year, the subject of the report, coincides with the end of the CMA's second strategy, and the launch of its third strategy at the beginning of the next financial year. This strategy, with its three pillars (capital markets development, cooperation and communication, and institutional enablement) and its nine objectives, establishes - in my opinion - a significant qualitative stage in the path of local securities activities. It also represents challenges due to the inclusion of twenty-one key initiatives, distributed into one hundred and twelve sub-initiatives, which as a whole represent a roadmap for the next stage.

I will conclude this overview of the financial year (2022/2023), leaving the various sections of the report to present the details of the executed tasks, the achieved accomplishments, and the key directions of the CMA and its visions for the coming years.

Before concluding my message, I would like to praise the efforts of the former members of the Board of Commissioners, up to the colleagues of the current Board. I also commend the CMA's employees and its partners in the capital markets industry. These efforts have integrated to contribute effectively to raising the level of securities activities.

I would also like to extend my special appreciation to Mr. Abdulaziz Fahd Abdulaziz Al-Marzouq, member of the Board of Commissioners, who left the CMA in September 2022 to serve our country in other positions, after contributing effectively to achievements witnessed by the CMA in recent years, wishing him continued success.

In conclusion, on behalf of myself and my colleagues, members of the Board of Commissioners, and all the CMA employees, I express our deepest gratitude and recognition to our wise leadership, represented by 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 Ahmad Nawaf Al-Ahmad Al-Sabah for their constant support to the CMA and its efforts.

Prof. Ahmed A. Al-Melhem

Chairman of CMA Board of Commissioners - Managing Director



Section 1

Vision, Mission, and Objectives

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



Establishment

Law No. 7 of 2010

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



Law No. 108 of 2014

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

Law No. 22 of 2015

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

▶ Article 2 of Law No. 7 of 2010

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

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

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

Main Objectives



Vision

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

Mission

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

Institutional Values

Responsibility

Undertaking the responsibility of implementing the law and the bylaws that govern the capital markets.

Fairness

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

Integrity

Commitment of honesty, integrity and professional ethics.



Transparency

CMA ensures the society's right of knowledge according to the law and the governing rules

Excellence

Commitment to doing our work with a high degree of proficiency and literalism.

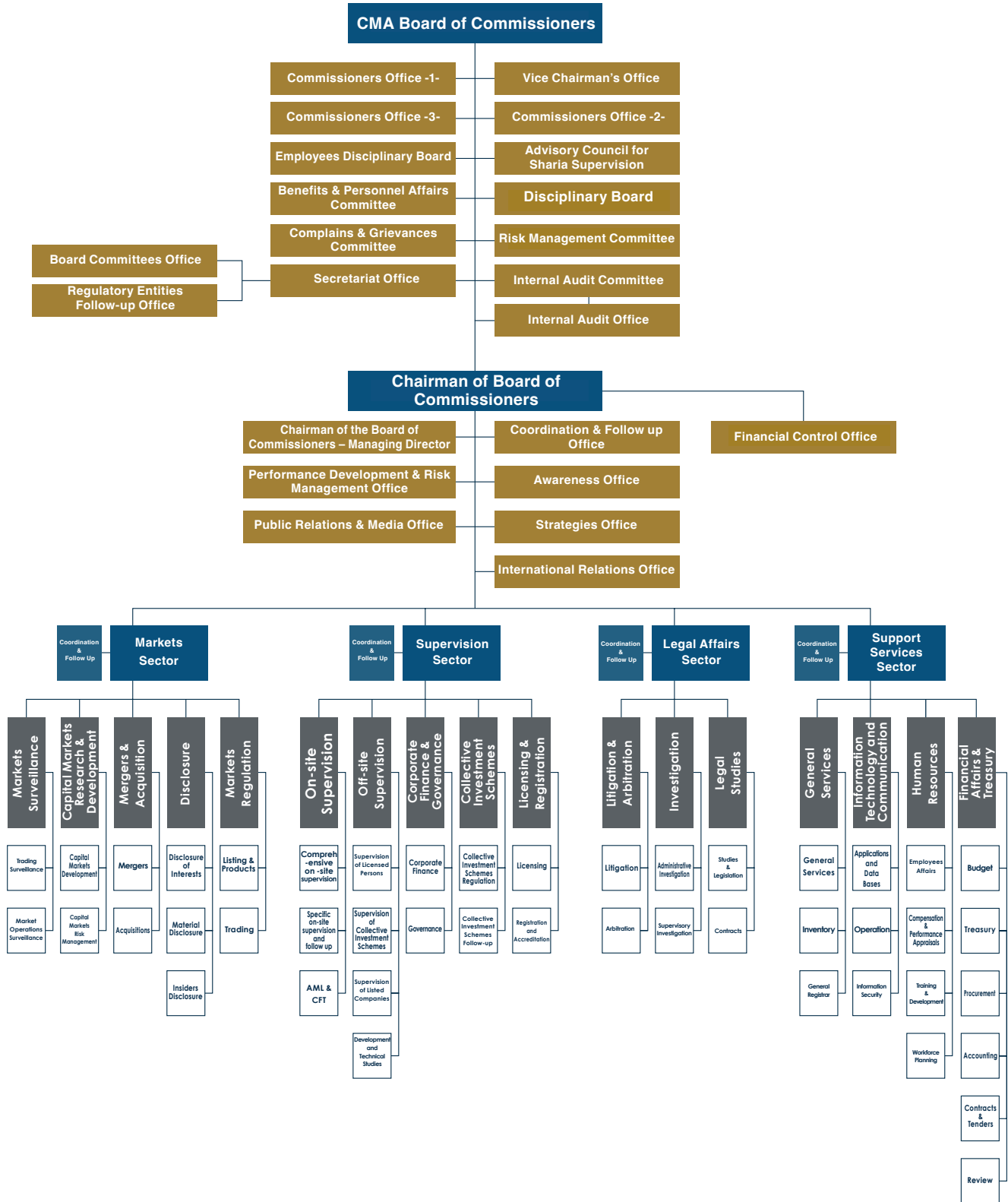
Efficiency

Optimize utilization of the CMA's available resources.

Partnership

Work as a team and partnership with the other regulatory entities and those licensed by the CMA.

Organizational Structure





Section 2

Performance of CMA Board of Commissioners and Secretariat Office

- ▶ CMA Board of Commissioners
- ▶ Committees that Form as Part of CMA Board of Commissioners
- ▶ Secretariat of the Board of Commissioners



► CMA Board of Commissioners

► Board Formation

The formation of the CMA Board of Commissioners during the Financial year (2022/2023) was as follows:

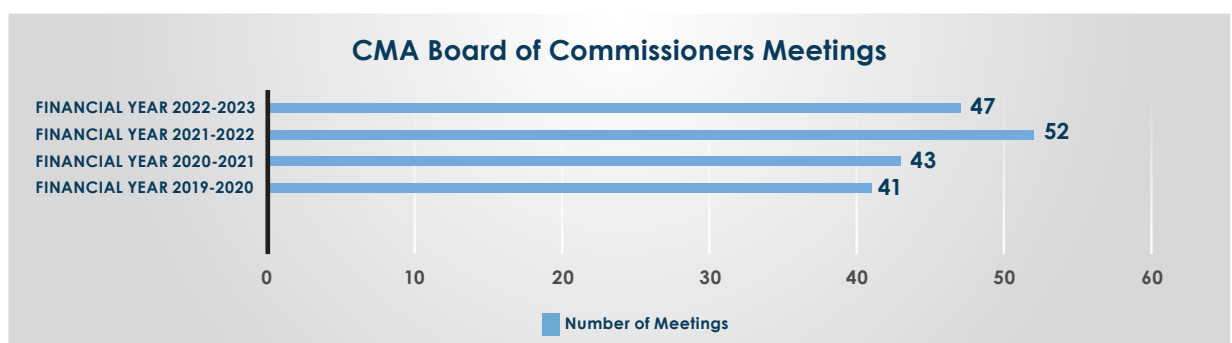
- ▶ **Prof. Ahmad A. Al-Melhem** Chairman
- ▶ **Othman I. Al-Issa** Vice Chairman
- ▶ **Abdulaziz F. AlMarzouq** Commissioner
- ▶ **Abdulmohsen H. Al-Mazidi** Commissioner
- ▶ **Ahmed A. Al-Qadhi** Commissioner

The Commissioner Mr. Abdulaziz F. AlMarzouq has left the CMA on 8/9/2022 to serve our country in other positions.

► Board Meetings and Resolutions

The CMA Board of Commissioners held (47) meetings, during which approximately (425) topics were discussed. Throughout these meetings, (444) resolutions were issued, which varied in nature between regulatory, legislative, and legal resolutions. Additionally, there were resolutions related to government entities, and international authorities and organizations.

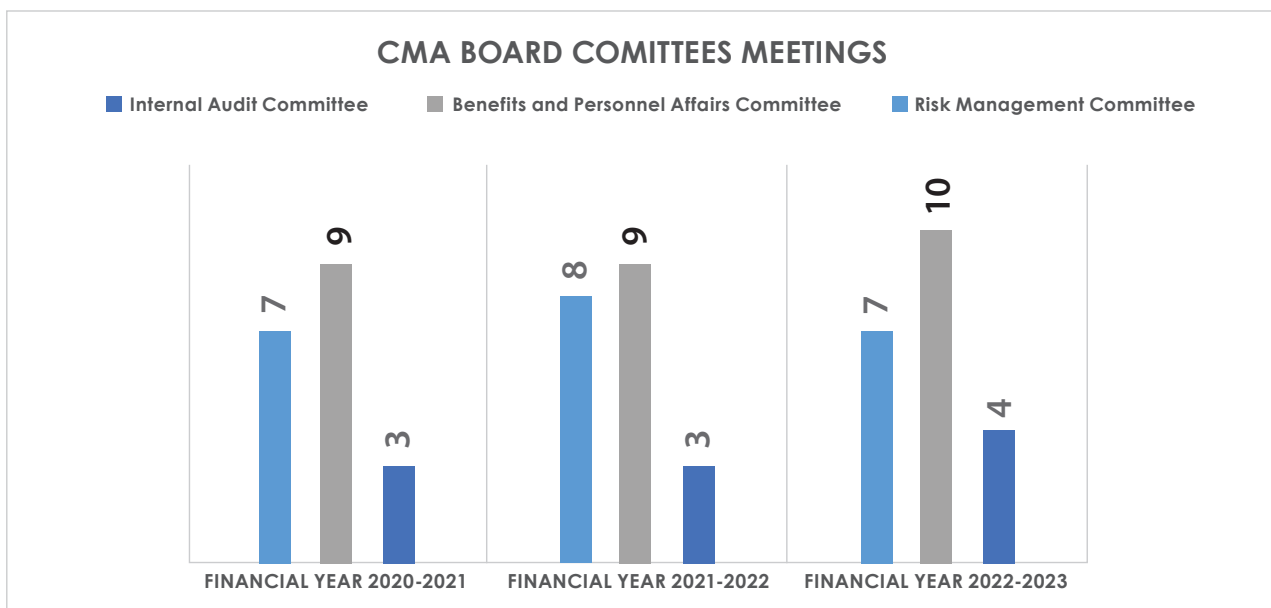
Article (12) of CMA's Law stipulates that "The Board shall convene at least eight (8) times a year upon an invitation from the Chairman or a request filed by at least two Commissioners".



► Committees that Form as Part of CMA Board of Commissioners

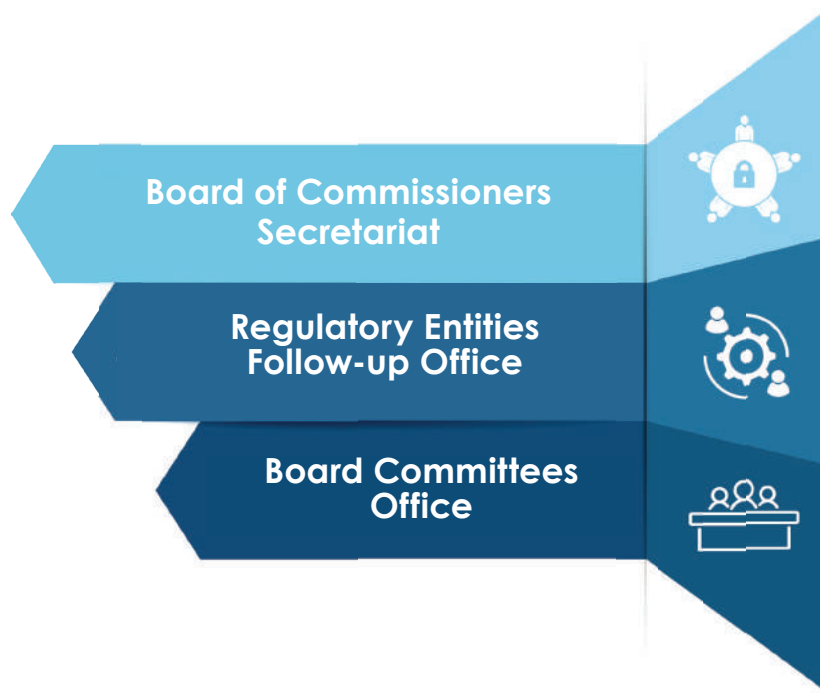
The number of committees that form part of the CMA Board of Commissioners are (3) permanent committees. The following table and figure illustrate the number of meetings of the committees during the financial year that ended on 31/03/2023 compared to the previous years:

Financial Year	Internal Audit	Benefits and Personnel Affairs	Risk Management
(2021-2022)	7	10	4
(2021-2022)	8	9	3
(2020-2021)	7	9	3



► Secretariat of the Board of Commissioners

The activities of the Secretariat of the Board of Commissioners may be reviewed through the work of its administrative units, as illustrated in the following diagram that presents the organizational structure of the Secretariat:



► Board of Commissioners Secretariat

It is responsible for preparing and coordinating the meetings of the Board and its committees. It also records, documents, and archives the minutes of the meetings, as well as any recommendations, directives, assignments or decisions issued by them. It notifies the relevant authorities accordingly and follows up on their implementation. Additionally, it follows up the work of the Board Committees Office and the Regulatory Entities Follow-up Office.

► Regulatory Entities Follow-up Office.

This office is responsible for coordinating between the relevant organizational units within the CMA and the regulatory bodies in the country. During the last financial year, the Office received (149) requests from those bodies, which it reviewed and responded to.

► Board Committees Office

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



Section 3

Strategic Field

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

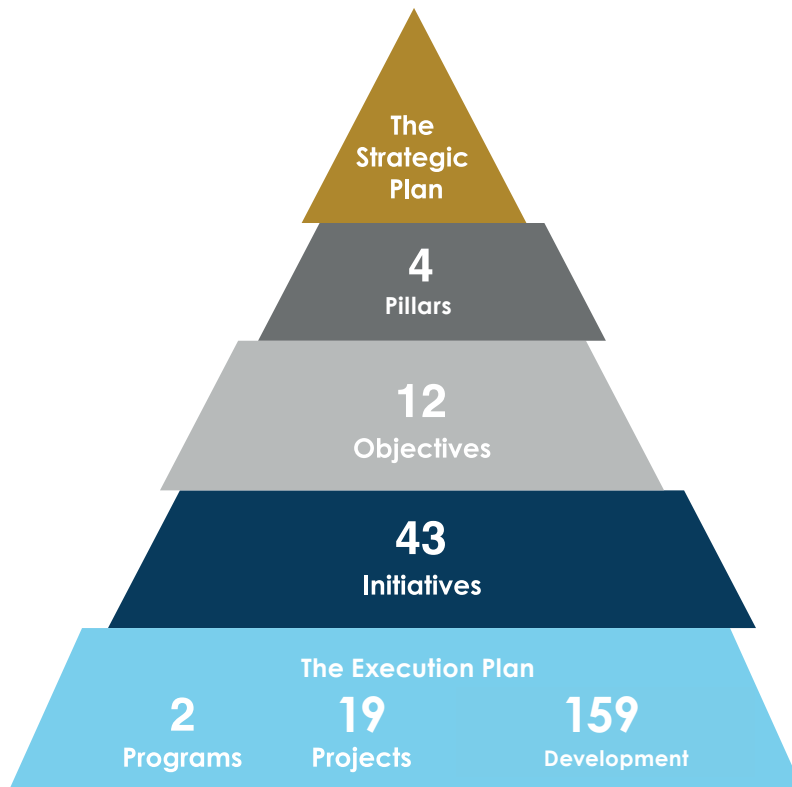


► Strategic Planning

- ▶ Preparation of related publications for the strategy (the fourth annual report for evaluating the performance of CMA's strategy, quarterly reports).
- ▶ Coordination with the General Secretariat of the Supreme Council for Planning and Development regarding the completion of procedures for including some of the CMA's projects in the country's development plan.
- ▶ Instilling a culture of strategic planning among the organization's employees, developing its methodology, and implementing several workshops related to operational plans for its various sectors. Additionally, including the "Project Management" and "Planning Skills" programs within its training programs.
- ▶ Strategic collaboration with a number of committees and work teams with tasks related to the CMA's strategy and business development, as well as coordination of regional and international strategic efforts. The areas of this partnership may be summarized as follows:
 - ▶ Completing of the establishment of the Capital Markets Academy.
 - ▶ Developing the capital markets along with their projects aimed at qualifying new financial products, infrastructure entities, and securities service providers, in addition to executing sub-accounts and enhancing surveillance systems.
 - ▶ International coordination with the International Organization of Securities Commissions (IOSCO): Completing the study of the regulatory framework for sustainable finance and sustainable development, identifying the requirements for implementing sustainable finance, including amendments to the Executive Bylaws of CMA's law, and working on implementing sustainability reporting standards.
 - ▶ Regional coordination within the framework of the strategy to integrate capital markets in the GCC countries.
 - ▶ National strategy to enhance integrity and combat corruption.

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

With the completion of the fourth quarter of the financial year 2022/2023, the entire strategic plan will come to an end. The statistics related to the plan's implementation indicate that 91% of its development and listed projects have been accomplished, including the completion of 8 out of 19 projects and 150 out of 159 development tasks.



► Strategic Projects




The CMA's strategic projects were divided into two main types during the last fiscal year: completed projects within that year, and other projects that are still ongoing.

► Completed projects:

These projects are limited to the financial technologies project, whose details were previously reviewed in earlier reports.

► Projects in progress:

The status of these projects is summarized in the following table before presenting further details.

Sr.	Project	Program	Development plan	Planned Completion date
1	Strategic Planning Methodology Development			May 2023
2	Completion of Establishing the Capital Markets Academy – Kuwait			March 2025
3	Establishment of the Permanent Headquarters for the CMA			March 2024
4	Enterprise Resource Planning (ERP)	Digital transformation		March 2024
5	Developing and automating CMA's external services			June 2022
6	Development of the Electronic Disclosures System (iFSAH 2.0)			March 2024
7	Qualification of New Financial Products	Market Development		June 2024
8	Qualification of Capital Markets Infrastructure (CCP, CSD, SSF)			June 2024
9	Qualification of Securities Service Providers			June 2024
10	Execution of Sub-accounts and Developing Surveillance Systems			June 2024

► Project: Strategic Planning Methodology Development

The project's progress rate stands around 85%, as the output of the first phase have been accomplished. These include the current situation diagnosis report, a detailed study of the requirements for preparing a digital transformation strategy, the CMA's institutional and digital strategic planning methodology guide, training and knowledge transfer to employees implementing the methodology, business readiness report, and change management plan for implementing the new methodology. The second phase of the project is expected to commence simultaneously with the launch of the CMA's third strategy.

► **Project: Completion of Establishing the Capital Markets Academy – Kuwait**

The project's progression rate is 5.6%. During the past financial year, preparations were made for appointing the academy's advisor. A tender was launched to provide consulting services for the project in March 2022, which was re-launched through another tender in November 2022. Moreover, work has started on developing the academy's strategy and approving the qualifying examination center as an accredited examination center at CISI.

► **Project: Establishment of the Permanent Headquarters for the CMA**

The project's progress stands at approximately 30%. Completed activities include awarding the tender, reviewing the draft supervision contract, signing the contract with the consultancy office, and initiating the immediate work. Additionally, the project execution contract (construction, completion, and maintenance of the headquarters) has been signed with the winning company, and a direct order has been issued. At the time of preparing the report, the approved project plans are being updated.

► **Project: Enterprise Resource Planning (ERP)**

The overall progress of this project is 54.4%. The two main deliverables that have been completed include the "Developed Policies and Procedures Document", and the "Detailed design of the enterprise architecture within the project scope". Currently, work is ongoing as per the third main deliverable, which involves the "Technical specifications booklet for the ERP System," to complete the contracting procedures for the tender.

► **Project: Development and Automation of External CMA Services**

The project progress stands at 59.8%. However, no work has been executed during the previous financial year due to a change order, which has not been approved by the project's sponsoring committee up until the report's issuance date. The aim of the change order is to close the project and transfer the remaining tasks to another project.

► **Project: Development of the Electronic Disclosures System (iFSAH 2.0)**

The overall progress of this project is 60.2%. During the previous financial year, the integrated and risk-based audit methodology has been completed. Work is currently underway, at the time of preparing this report, to develop the capital adequacy regulations portal, the system's disclosure portals, and the informative website for the disclosure system.

► **Project: Qualification of New Financial Products**

The project's progress stands at 83.7%. The project team is currently providing feedback on the draft Bursa Kuwait Rulebook, the Executive Bylaws, and policies and procedures related to Kuwait Clearing Company regarding bonds and sukuk.

▶ **Project: Qualification of Capital Markets Infrastructure (CCP, CSD, SSF)**

The project's progress stands at approximately 60.5%. Presently, work is being carried out to fulfill and approve the rules of the Central Counterparty and the Central Depository. Kuwait Clearing Company is also modifying its automated systems to comply with the requirements of the central counterparty, specifically those related to risk management and transitioning to net settlement for members. They are also focusing on interlinking with settlement banks and the central bank.

▶ **Project: Qualification of Securities Service Providers (Exchange Members and Clearing Members)**

The project's progress stands at approximately 81.6%. Currently, monitoring procedures are being conducted for the extended market testing carried out by the Kuwait Clearing Company on registered brokers in the securities exchange (applicants for licensing the activity of a qualified broker registered with the Exchange). The purpose is to ensure the readiness and safety of the systems of securities service providers seeking licenses as qualified securities brokers registered with the Exchange, fulfilling the technical requirements for this activity.

▶ **Project: Execution of Sub-Accounts and Developing Surveillance Systems**

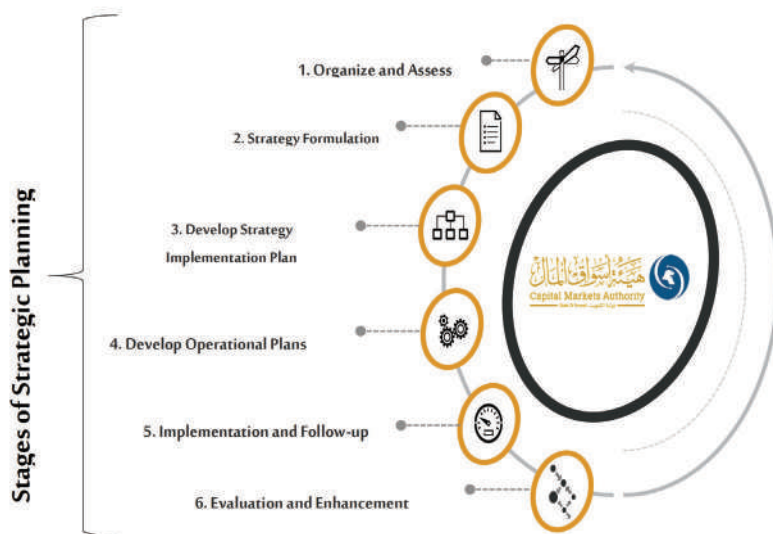
The project's progress stands at 62%. Currently, the automated control system is being changed from the X-stream system operator to the Nasdaq system operator to align with the requirements of the new sub-accounts.

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

The CMA adopted a new methodology in the framework of preparing the third strategy, aimed at developing its strategic planning practices in line with international best practices. This was done in parallel with preparing for its digital transformation strategy in October 2021.

The process of developing the third strategy commenced on March 30, 2022, and its launch was announced on 2 April 2023 (the time of preparing this report). It went through the following stages:

- Preparation and analysis stage: This stage involved conducting an environmental survey including internal and external analysis with the involvement of various stakeholders. This included conducting surveys to gather opinions from stakeholders related to the CMA's work internally and externally, studying the factors affecting the CMA's work, and determining the required criteria and practices. This stage led to the identification of strategic aspirations and the strategic change agenda was defined to determine the components of the strategic plan.
- Drafting of the strategic plan stage: In this stage, strategic priorities, vision, mission and values of the CMA were defined, in addition to identifying the pillars of the plan, objectives, indicators and strategic initiatives.
- Preparation stage of the executive plan and enablement plans in coordination with the CMA's sectors and its various organizational units.



It should be noted that the strategy is based on five directives: the CMA's objectives as stated in the CMA's Law, its Executive Bylaws and their amendments, the standards of the International Organization of Capital Markets Authorities (IOSCO), the State's Development Plan (Kuwait Vision 2035), as well as relevant international and local stakeholders, reports from relevant international indicators and financial markets.

The strategy is built on three pillars: "Capital Markets Development", "Cooperation and Communication", "Institutional Enablement". These pillars lead to nine strategic objectives:

- Market development
- Develop legislative and regulatory frameworks in accordance with recent trends in the financial markets
- Motivate qualitative listings in the financial market and encourage institutional investment

- ▶ Enhance local, regional and international cooperation
- ▶ Upgrade the level of awareness and knowledge in the investment, legal and information security fields for all segments of society
- ▶ Improve organizational and procedural efficiency and effectiveness
- ▶ Develop CMA's human capabilities and resources and improve the work environment
- ▶ Optimize the use of CMA's financial capabilities and resources
- ▶ Employ and utilize the capabilities of digital transformation and modern technologies

In order to achieve these goals, there are 26 key initiatives that are further divided into 112 sub-initiatives. There are also 31 performance indicators.





Section 4

Sustainability

- ▶ Sustainability
- ▶ Sustainability Paths at the CMA
- ▶ CMA's Institutional Sustainability
- ▶ Sustainability of Securities Activities Sector
- ▶ Social and Environmental Sustainability



► Sustainability

In light of the unprecedented global interest in sustainable development, in response to the urgent need for this type of development due to the detrimental effects of rapid economic growth on the environment, the past two decades have shown significant consequences and severe repercussions resulting from the harmful use of natural resources. This includes the impact of climate change and its effects on other environmental aspects. The importance of sustainable development lies in promoting economic development that preserves natural resources and leads to both short- and long-term benefits for our world and humanity as a whole. The concept of sustainable development can be summarized into three main pillars: economic development, environmental protection, and social integration.

Recognizing the significance of sustainable development, the United Nations launched the 2030 Agenda for Sustainable Development aiming to achieve peace and prosperity for people and the planet, both in the present and the future. This agenda includes 17 goals known as the Sustainable Development Goals (SDGs). Governments worldwide, through their development plans, strive to achieve these development goals.

This global interest in sustainable development has led to the focus of businesses and global financial markets on sustainable finance. This involves incorporating environmental, social and corporate governance (ESG) factors into the operational processes of these entities, as well as in their risk assessments. Sustainable finance aims to direct capital towards sustainable projects by issuing and managing sustainable and green financial instruments to fund projects aligned with the sustainable development programs and agendas.

Additionally, regulatory authorities in financial markets, securities exchanges and relevant international organizations have been providing regulatory frameworks, oversight, principles and guidelines on sustainable finance issues. This aligns with the growing interest of investors who seek to achieve financial returns while making a positive contribution to environmental, social, and corporate governance sustainability.

► Sustainability Paths at the CMA

The sustainability paths at the CMA are focused on three aspects simultaneously: institutional sustainability within the CMA itself, sustainability in the securities activities sector, and social and environmental sustainability.

► Institutional Sustainability

The CMA has not stopped at the boundaries of "Institutional Excellence" achieved in recent years, but aims to achieve "Institutional Enablement" as a pillar to support its institutional sustainability. This is done through the development of capabilities and resources of the human workforce, maximizing the utilization of those resources, improving organizational efficiency and effectiveness, and utilizing digital transformation and modern technologies in all of the CMA's work.

► Human Resources

CMA continuously strives to provide a favourable, safe and healthy internal work environment that possesses all the necessary elements to enable its members to carry out assigned tasks to the fullest extent. Additionally, the CMA focuses on enhancing and developing the capabilities of its workforce.

► Efficiency and Qualification

The recruitment policy of the CMA aims to attract the best human resources from the national competencies who possess the ability to achieve its goals. The CMA also resorts to hiring distinguished graduates from its program. In the past financial year, 17 employees were hired in various sectors, and at the same time, procedures were completed for the departure of 13 employees. The CMA also conducts annual evaluation of its members.

Data regarding the distribution of the CMA's employees according to their qualifications are as follows:.

Statement	PhD	Master's Degree	University Degree	Non-university Certificate	Total
Number	5	96	276	60	437
Percentage	1.1%	22.0%	63.2%	13.7%	100%

As it should be noted, (12) of members of the CMA have obtained various professional certificates, as shown in the following table:

#	Professional Certificate	Number
1	Certified Internal Auditor "CIA"	2
2	Certified Financial Analyst "CFA"	10
Total		12

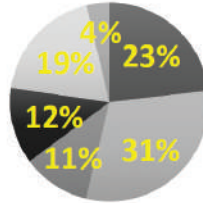
Furthermore, it should also be noted that (10) members of the CMA have received approvals to pursue further studies, including (7) for a master's degree, and (3) for the CIA professional certificate.

- ▶ The CMA has undertaken several initiatives to develop and enhance its workforce. These include standardizing job titles, improving job description cards, adjusting the responsibilities of some organizational units, and preparing a strategic workforce plan to develop and nurture human resources aiming to establish an efficient and highly productive competitive system.
- ▶ The CMA provides health insurance for its employees, in addition to paid sick leave and maternity leave for its female employees.
- ▶ The CMA is committed to continuously enhancing the efficiency of its members through training and qualification programs in various areas of its work, such as regulatory, financial, legal, administrative and behavioural. In addition, specialized professional certificate programs are offered. Some of these programs are implemented by trainers who are members of the CMA.
- ▶ In the financial year subject of the report, the training and professional development regulations were adopted, along with the approval of the training plan for the following financial year. Also, (76) training programs were implemented, distributed as follows:



The number of the CMA's members participating in these programs is 427 employees distributed across its various sectors. This is out of a total of 437 CMA employees.

Percentage of Participants in Training Programs Distributed across all sectors



- ▶ Implementation of awareness and training programs, such as:
 - ▶ The "Professional Certificate in Capital Markets" program in collaboration with the international company New York Institute Finance.
 - ▶ Execution of several legal training programs in collaboration with the Kuwait Institute for Judicial and Legal Studies.
 - ▶ Execution of the "Global Certificate Program for Regulators of Securities Markets" program.
 - ▶ Special awareness workshop for to the managerial and supervisory positions.
 - ▶ Workshop on International Financial Reporting Standard No. 17 "Insurance Contracts".
 - ▶ Organizing an introductory seminar on the Optional Supplementary Insurance System in collaboration with the Public Authority for Social Insurance.
 - ▶ Programs and workshops for the CMA's employees in collaboration with the Central Agency for Information Technology, contributing to the development of national capabilities and keeping up with the latest updates and developments in technical fields.
- ▶ Execution of developmental work addressing various aspects of the qualification process (identifying training needs, launching the registration system in training programs, differential form for selecting training entities,).

► Suitable work environment

- "Empowering women and providing them with opportunities for leadership positions", "gender equality and non-discrimination", and "respecting human rights" These are some of the mechanisms that the CMA employs to achieve the required sustainable work environment.

Statement	Male	Female	Total
Number	257	180	437
Percentage	58.8%	41.2%	100%

Distribution of CMA employees according to gender

Statement	Kuwaiti	Non-Kuwaiti	Total
Number	374	63	437
Percentage	85.6%	14.4%	100%

Distribution of CMA employees according to nationality

- Continuously updating the work environment to keep up with the latest technological developments, enabling tasks to be performed as efficiently as possible. This is done while considering the requirements related to information security and the required information awareness. The CMA has achieved a 100% full compliance rate with the data classification policy in accordance with the standards of the Communication and Information Technology Regulatory Authority.
- Instilling a legal culture among the CMA's employees through a training program that covers the laws and regulations of the CMA in collaboration with the CISI Institute. Additionally, a video promoting awareness of the confidentiality of the CMA's information and data has been circulated.

► Corporate Governance

Given that governance is considered one of the key pillars of effective management and fundamental requirement for the development of the public sector, the CMA has been committed to implementing the principles of public sector governance since its early establishment, based on its various pillars.

In June 2016, the CMA took the initiative to apply the governance rules to the companies under its supervision, setting an example by applying these rules to itself.

For three consecutive years, the CMA has ranked first among independent budgetary entities subject to the supervision of the State Audit Bureau, with a compliance rate of 95.4%.

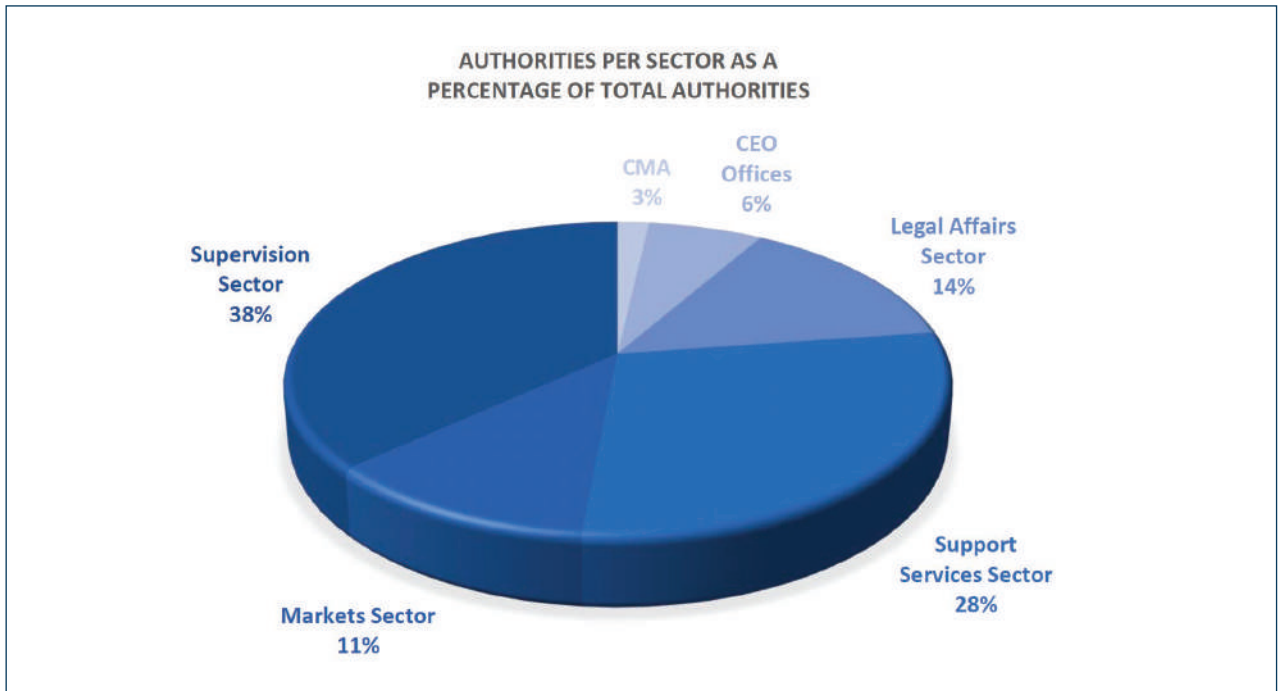
The following are the main principles of governance implemented by the CMA in its own operations and areas of work:

- ▶ Code of ethics for the CMA's commissioners and employees: It sets out the rules of conduct and ethical values that the commissioners and employees of the CMA are obligated to adhere to, in addition to their commitment to its values and objectives.
- ▶ Disclosure and transparency: The CMA is committed to the highest levels of accuracy and transparency in disclosing information that is required to be disclosed. Its employees are required to fully disclose their ownership of listed securities as well as those owned by their minor children under their guardianship. The CMA always strives to establish a work environment characterized by integrity, fairness and transparency. It has also adopted a system for disclosing any changes in the ownership of its employees.
- ▶ Stakeholders rights: The CMA is committed to protecting the rights of stakeholders and enhancing confidence amongst its stakeholders and the entities under its supervision, helping to achieve a better balance between its operations, duties, and the interests of those associated with it.
- ▶ Preventing conflicts of interest: The CMA adheres to the principle of "no conflict of interest" and the exploitation of inside information. Any commissioner or employee who has direct or indirect interest in a matter under discussion in their area of expertise must disclose this interest at the beginning of the meeting and to leave the meeting before starting to discuss the subject or expressing an opinion or voting on it. The CMA has also adopted the concept of direct and indirect interests within its internal operational policies.
- ▶ Independence, audit and financial control and risk management: The CMA has established an organizational unit responsible for financial oversight of its plans, projects, and all its financial operations. It has an Internal Audit Committee and an Internal Audit Office that verifies the adequacy of its business risk management, control measures, governance systems, competence, and effectiveness. It also has a risk management committee and a performance development and risk management office whose tasks include measuring operational risks and making appropriate recommendations to avoid them.
- ▶ Social responsibility: The CMA performs the role assigned to it based on its social responsibility through several initiatives, such as its national project for promoting financial literacy, and its program to qualify and prepare recent Kuwaiti graduates.
- ▶ Information confidentiality: The CMA is keen on the confidentiality of its information and data. Its commissioners, employees and anyone working on its committees shall maintain the confidentiality of information, data, documents, or memos that are circulated during work, whether through modern electronic means of communication, or by any other means. Disclosure is only permitted with the CMA's consent or by order of a judge.

► Performance Development & Risk Management

Authority Matrix:

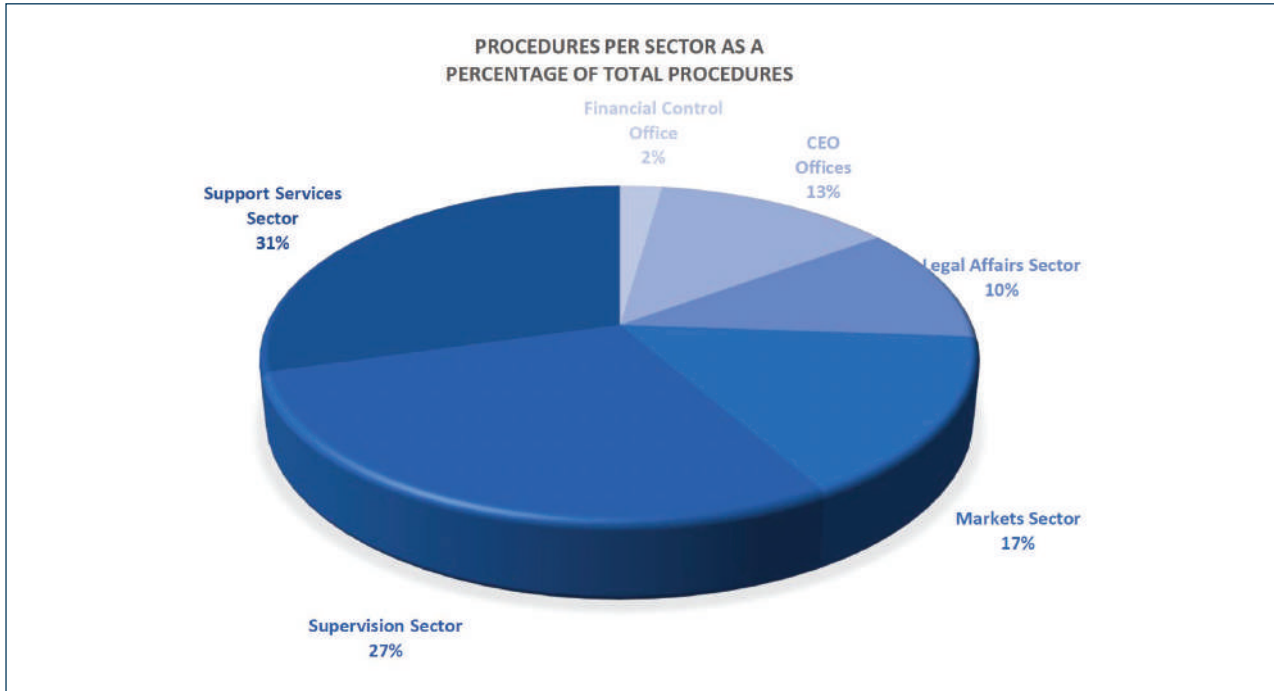
The Authority matrices were updated to conform with the updates of the applicable rules and regulations. CMA's authorities have totaled 635 authorities, of which 167 authorities are under the Board of Commissioners, representing 26% of CMA's total authorities.



Business Procedures Manual:

The Procedures Manuals of the organizational units were developed according to the applicable regulations of the CMA, the total number of Business Processes (273) summarized as follows:

#	Sector/Organizational Unit	No. of Business Procedures Manuals
1	The Financial Control Office	6
2	Managing Director Offices	36
3	Legal Affairs Sector	27
4	Markets Sector	45
5	Supervision Sector	75
6	Support Services Sector	84
Total		273



Approving the Key Performance Indicators (KPIs):

The total number of Operational Key Performance Indicators (OpKPI) reached at the end of 2022 (290) indicator divided across all sectors as follows:

#	Sector	No. Indicators
1	Managing Director Offices	28
2	Legal Affairs	27
3	Markets	52
4	Supervision	112
5	Support Services	71
Total		290

The results achieved for 2022 in terms of operational performance indicators are according to the following table:

#	Sector	Indicators Results
1	Managing Director Offices	99.1%
2	Legal Affairs	98.8%
3	Markets	98.4%
4	Supervision	96.0%
5	Support Services	99.2%
Average Annual Results		98.3%

Operational Risk Management:

The CMA has reviewed and evaluated the operational risks of a number of its organizational units for the last financial year, in preparation for conducting and re-evaluating the risk register report by following up on the results of plans to reduce operational risks and precautionary measures on a regular basis and updating their cases continuously. In this context, the first report was prepared to follow up the operational risk register for the two financial years: (2020/2021) and (2021/2022), which includes developments related to operational risk actions approved in the operational risk register report for these two financial years.

Evaluation of Performance Indicators

The CMA announced the results of the operational performance indicators of its work related to the services provided to the public for the year 2022, which are as follows:

#	Activity	Operational Key Performance Indicators (Percentage of Completion)	Incoming Applications (Numbers)	Specified/ Targeted Period (Business/ Calendar Days)	Percentage of Completion within the Period	Percentage of Completion out of period
1	Licensing	Applications for Securities Activities License	9	90	100%	-
		Applications for Renewing Securities Activities License	35	60	98.2%	1.8%
		Applications for Cancellation of Securities Activities License	4	60	100%	-
		Applications for the Incorporation of a Collective Investment Scheme	3	108	100%	-
		Applications for Marketing the Units of Collective Investment Scheme Incorporated outside the State of Kuwait	19	50	95.9%	4.1%
		Applications for notifications temporary suspension of a licensed activity	1	35	100%	-

#	Activity	Operational Key Performance Indicators (Percentage of Completion)	Incoming Applications (Numbers)	Specified/ Targeted Period (Business/ Calendar Days)	Percentage of Completion within the Period	Percentage of Completion out of period
2	Registration and Approval	Applications for the Nomination of Registered Positions and Chairman of the Board Position	378	30	100%	-
		Applications to update the licensed persons data upon their request (cancellation/ Registration of Registered Positions and Employment Positions)	702	5	99.6%	0.4%
		The approval/disapproval of applications to update the licensed persons data upon their request (Notation)	78	10	100%	-
		Applications for issuance of a data certificate for a licensed person listed in the Authority	22	5	100%	-
		Applications for registering an auditor	1	30	100%	-
		Applications for registering an external sharia auditing office	1	30	100%	-
		Application on resolutions to suspend the cancellation of an auditor or an external sharia auditing office	1	5	100%	-
3	Regulating and Follow-up of Collective Investment Schemes	Application for the approval of appointing a subscription agent/selling agent of a collective investment scheme	1	10	100%	-
		Applications for amending the articles of association	20	27	100%	-
		Applications to approve the employment of the fund's administrative authority	38	24	100%	-
		Applications to replace a custodian or investment controller for the fund	2	17	100%	-
		Applications to renew the term of a local investment fund	9	17	99.3%	-
		Applications to grant a grace period to raise the fund's capital (before and after the third deadline)	2	39	100%	-
	Activity	Operational Key Performance Indicators (Percentage of Completion)	Incoming Applications (Numbers)	Specified/ Targeted Period (Business/ Calendar Days)	Percentage of Completion within the Period	Percentage of Completion out of period
Regulating and Follow-up of Collective Investment Schemes	Applications for Local fund liquidation and appointment of a liquidator	2	57	100%	-	
	Application for extending the period of fund liquidation works	2	10	100%	-	

#	Activity	Operational Key Performance Indicators (Percentage of Completion)	Incoming Applications (Numbers)	Specified/ Targeted Period (Business/ Calendar Days)	Percentage of Completion within the Period	Percentage of Completion out of period
4	Corporate Finance	Applications to increase the capital of a shareholding company, in cash or in kind	6	7	100%	-
		Applications to increase capital by distributing bonus shares to a shareholding company	25	5	100%	-
		Applications to reduce the capital of a shareholding company	16	7	100%	-
		Reviewing applications of capital restructuring for a shareholding company	3	10	100%	-
		Applications to exercise stock options for employees of a shareholding company	2	5	100%	-
		Applications to purchase or sell treasury shares of a shareholding company	141	5	100%	-
		Applications to approve a prospectus for a public or private offering	11	10	100%	-
		Reviewing applications to issue debt instruments (bonds / sukuk)	5	10	100%	-
5	Markets Regulation "Listing and Products"	Reviewing applications for listing outside Kuwait	1	30	100%	-
		Reviewing applications for voluntary withdrawal	1	30	100%	-
6	Merger and Acquisition	Applications for approval to execute the merger process	2	12	100%	-
		Reviewing applications for the publishing of a mandatory acquisition offer	1	10	100%	-
		Reviewing applications for the exemption from a mandatory acquisition offer	2	23	100%	-
		Applications for executing an acquisition offer	1	5	100%	-
		Reviewing applications for the publishing of a partial purchase offer	1	10	100%	-
		Applications for approval to executing a partial purchase offer	1	5	100%	-

Notes:

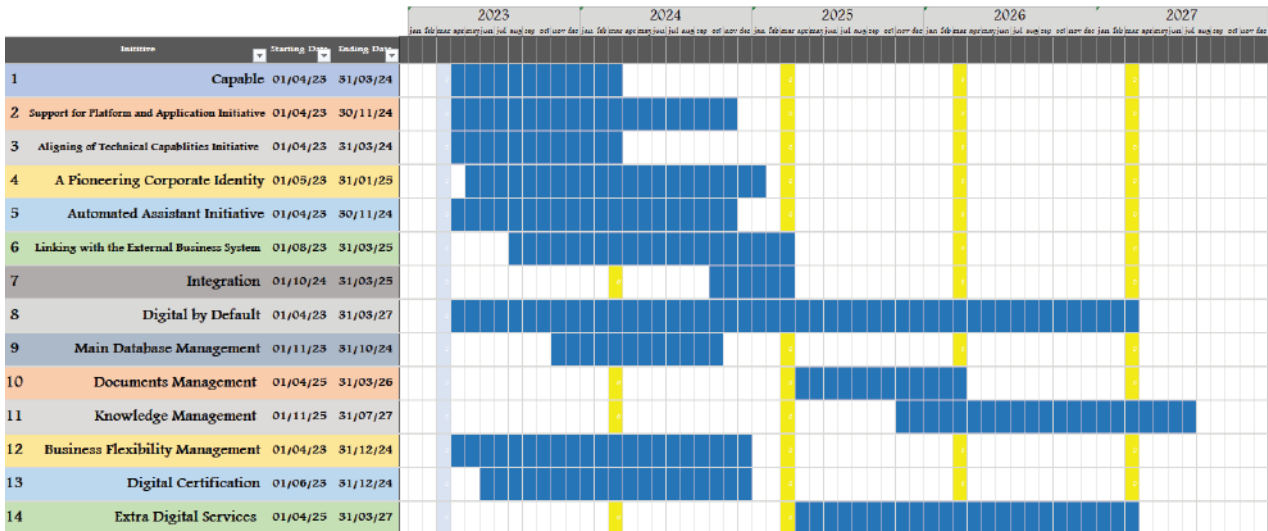
- ▶ Operational Performance Indicator: the percentage of completion of the tasks specified in the activity.
- ▶ Target period: the number of business or calendar days targeted/specified for the completion of the activity which is the subject of the indicator (from the date of fulfilling all the requirements).
- ▶ Execution during the period: the percentage of completed applications within the target/specific period to the total number of applications received during the measurement period.
- ▶ Execution Out-of-period: the percentage of applications completed after the targeted/specific period has elapsed to the total number of applications received during the measurement period.



► **Digital Transformation**

- Approval of the implementation plan for the CMA's digital transformation strategy, which includes several initiatives, the schedule of which indicates the following:

CMA's Digital Transformation Strategy



- Achieving several developments within the framework of digital transformation (legal affairs sector operations, warehouse requests system, project management system, guide for managing and following up the implementation of technical contracts, developing technical competencies, evaluating application portfolios).
- Preparing for the CMA's participation in the work of the committee assigned to review the project of establishing a platform for data exchange between government agencies and cooperation in the platform project (Government Data Exchange - GDX).
- Participation in the Kuwait Digital Transformation Conference aimed at providing a national platform that brings together stakeholders in the field of digitization in Kuwait as a step in the path of achieving Kuwait Vision 2035.
- Participation in the e-government forum aimed at forming a starting point for a comprehensive development in Kuwait.
- Participation in the Kuwait Foundation for the Advancement of Sciences training program "Technologies Driving Digital Transformation" dedicated to discussing the technologies that lead digital transformation across institutions and industries: Cloud - The Internet of Things - Big Data - Artificial Intelligence- Blockchain.



► Sustainability of the Securities Activities Sector

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

- The CMA has prepared a comprehensive study to determine the requirements of the legislative and regulatory structure to enhance the requirements of sustainable development and financing in Kuwait, and to push for the gradual transition to sustainable financial markets. The comprehensive study consists of the following basic elements:

► Reviewing and evaluating information related to sustainable development and financing:

The study addressed the various aspects of the sustainable financing system in the world (the main initiatives of the United Nations (SDGs, PRI, UNGC, SSE), the role of the (IOSCO) in the field of sustainable financing, the most important relevant publications and their recommendations, and an explanation of the most prominent international standards for preparing sustainability reports (GRI, SASB, IIRC, CDP, TCFD), sustainability rating agencies, market indicators for sustainability, and sustainable financial instruments).

It also dealt with the CMA's and local efforts in the field of sustainability, especially the listed companies that issue sustainability reports, and the guide for preparing sustainability reports issued by Bursa Kuwait Securities Exchange.

► Reviewing and evaluating the results of opinion polls:

In this context, 40 surveys were sent to six targeted groups to participate in opinion polls representing key stakeholders, global and regional regulators, which included listed companies, including those that issue sustainability reports, licensed persons, institutional investors, external auditors, and regulatory authorities.

► A comparative study of regulatory frameworks and efforts related to sustainable financing:

The study dealt with the sustainable efforts and initiatives of the financial markets, and the regulatory frameworks applied by similar regulatory bodies, and compared them with the recommendations of IOSCO. This study included (Malaysia, Morocco, Egypt, Saudi Arabia, UAE, Qatar and Bahrain).

► Determining the requirements for the amendments to the Executive Regulations based on a gap analysis.

Based on the foregoing, the proposed amendments to the Executive Bylaws and the procedures required to fulfil the ten recommendations issued by IOSCO regarding sustainable financing were reached, as their compatibility with international standards on the one hand, and their applicability according to local data on the other hand. The opinion of external parties was also taken into consideration in this regard in pursuit of transparency and participation and the importance of promoting the experiences and capabilities of persons and entities subject by the CMA's supervision and taking into account their legitimate ambitions and visions in the decisions or instructions it issues to regulate their fields of work in securities activities.

- CDP (Carbon Disclosure Project).
- GRI (Global Reporting Initiative).
- SASB (Sustainability Accounting Standards Board).
- SSE (The Sustainable Stock Exchanges Initiative).
- SDGs (Sustainable Development Goals).
- UNGC (United Nations Global Compact).
- TCFD (Task Force on Climate-Related Financial Disclosures).
- PRI (Principles for Responsible Investing).
- IIRC (International Integrated Reporting Council).

- ▶ In light of the results of the comprehensive study, the CMA's Board of Commissioners issued a resolution regarding the requirements of sustainable financing, which included making amendments to several modules of the Executive Bylaws, according to the following table:

Module	Description
Module One Glossary	Adding two definitions for the terms "sustainability" and "sustainable fund".
Module Six (Policies & Procedures of Licensed Persons)	Adding a text stipulating that risk management systems can include sustainability elements represented by environmental, social and governance aspects
Module Twelve (Listing Rules)	Adding regulatory rules for sustainability reporting for listed companies, and that the securities exchange shall prepare a comprehensive guide for these reports, with the possibility of issuing instructions by the Authority regarding the obligation to apply this disclosure to one of the markets that have been divided.
Module Thirteen (Collective Investment Schemes)	Adding the "Sustainable Fund" to the fund types and adding a new appendix that includes investment controls in sustainable funds.
Module Fifteen (Corporate Governance)	Adding texts related to the possibility of including sustainability considerations represented by environmental, social and governance issues in corporate operations, and developing a plan to include these factors in the comprehensive strategy and main business plans, as well as the Board of Directors' awareness of sustainability risks.

It is worth mentioning that these amendments complemented previous amendments dealing with the provisions of dealing in securities, which included rules regulating the issuance of green, social and sustainable sukuk and bonds, in an effort to integrate and complete the legislative system related to the requirements of sustainable financing.

▶ Corporate Governance Trends

▶ Issuance and application of governance rules:

- ▶ The CMA issued its corporate governance rules and the regulated entities were advised to comply with such rules as of the financial year 2015/2016.
- ▶ The financial year (2021/2022) witnessed several measures at the level of governance, the most prominent of which are summarized as follows:
 - ▶ Amending some provisions of Module Fifteen (Corporate Governance) regarding dealing with related parties for companies subject to the provisions of the mentioned Module, as well as regarding the competence of the Nominations and Remunerations Committee granted to members of the Board of Directors, Executive Management and Managers.
 - ▶ Receiving the forms related to fulfilling the requirements of the corporate governance report, and the follow-up forms for applying governance for the year 2022 (electronically) to review and analyse it.
 - ▶ Reviewing requests to merge committees and settling them and issuing circulars on governance issues.

► Qualifying and Technical Directions

Professional Qualifications Program for Registered Employment Positions



برنامج المؤهلات المهنية Professional Qualifications Program

During the last financial year, the project witnessed signing a new cooperation agreement with the Chartered Institute for Securities and Investment (CISI), which is a renewal of the previous agreement between the two parties offered by the Institute. It aims at continuing the professional qualifications program for registered employment positions, especially provide ongoing local examinations for CMA's Law and Bylaws to complete the international technical examination that the Institute provides. It should be noted that the program attaches utmost importance to the human element and its qualification as a foundation for development, by raising the level of professional competence, technical ability and legal knowledge of the current and future members of the capital markets, improving their level of performance and granting them specialized certificates accredited (from the CMA and the Institute) on a wide international scale. The program also provides more career opportunities and opens career prospects for aspirants.

► Fintech Regulatory Framework Project

- The issuance of Module Nineteen (Financial Technologies) of the Executive Bylaws of the CMA's Law as a main deliverable of the project. The instructions of the mentioned Module focused on the provisions regulating the first group of services specified in the regulatory framework for financial technologies represented by the two services of crowdfunding based on securities and the investment advisor.

It should be noted that the project falls within the framework of the CMA's approach to adopting the early use of technology in designing and providing financial services and products in a way that contributes to diversifying available investment products, finding new investment channels, achieving financial inclusion, protecting people dealing in securities activities and protecting their rights, and supporting entrepreneurs and innovators in the field of financial technologies.

- The CMA's joining the membership of the Global Financial Innovation Network (GFIN), which represents support for technical financial innovations, and the adoption of solutions that contribute to creating a better environment and enhancing the foundations of economic development.

► The Project of Establishing the Capital Markets Academy

Several tasks were implemented within the framework of the project during the last financial year, such as preparing for the employment of the academy advisor, in addition to starting work related to accrediting the qualifying examination centre as an accredited examination centre with CISI.

The project, which is scheduled to be completed in 2025, aims to improve the efficiency of the local financial markets, develop the knowledge economy related to securities activities, and qualify the human cadres working in these activities.



► Social and Environmental Sustainability

► Social Sustainability

Developing the Islamic industry in the financial markets

- The CMA took its initial steps towards the development of the Islamic industry in the field of securities activities. The following actions have been taken:
 - Formation of an Islamic Industry Development Team.
 - Approval of an initiative to prepare a study for the development of the Islamic capital market in the State of Kuwait in the current strategic plan of the CMA in collaboration with a consulting body.
 - Seeking technical assistance of the Islamic Development Bank to prepare the required study. In this context, a representative team from the mentioned bank visited the CMA and held several meetings with the concerned parties inside and outside the CMA in preparation for preparing a roadmap and a timeline for completing the required study.
 - The CMA's work team concerned with the development of Islamic industry also participated in relevant international conferences, such as AAOIFI's 20th and 21st conferences of Sharia boards held in the Kingdom of Bahrain, as well as the 2023 General Assembly meeting.

► National project to enhance financial inclusion

The project began in late 2017 and extended in its early stages until March 2020, when the Covid pandemic occurred, during which priority was given to raising awareness in the university educational fields (20 university awareness lectures) and the educational fields (200 workshops in 57 schools to qualify 2,969 students).

In addition with the growing role of financial inclusion in various countries around the world to achieve the required sustainable development, in coincidence with the CMA's launch to implement many guidelines that serve the directions of financial inclusion with its three pillars (financial services and products, financial awareness, and financial technologies), renewed phases of the project began, which witnessed a strategic transformation by referring it as a national project to enhance financial inclusion, targeting all societal groups without exception.

The CMA, which is preparing to coordinate with some other national agencies to discuss the development of a national strategy for financial inclusion, has taken several measures in the context of financial inclusion, such as implementing an extensive awareness campaign, issuing a publication on the same subject, and has also launched a financial inclusion surveys on its website with the aim of identifying the reality of financial inclusion in the State of Kuwait.



► CMA Qualifying Program for Fresh Graduates

- The project was initiated by the CMA since the financial year (2013/2014) with the aim of upgrading and qualifying national competencies in line with the needs of the labour market and in accordance with the development orientations of the State.
- The training program of the CMA attracts distinguished recent graduates in several majors (administrative sciences, law, industrial engineering,).
- The project aims to qualify young national cadres on scientific, professional and technical bases, and provide them with the opportunity to learn about the domains of local and international securities activities and prepare them to work in the local and global financial markets.
- The project falls within the framework of the CMA's social responsibility by contributing to the achievement of community development by investing in national cadres.
- The CMA completed the implementation of seven programmes, the last of which ended before the beginning of the financial year subject of the report. 15 of its employees were appointed to the CMA during that financial year after successfully passing all its stages.

CMA's Training Programs for Fresh Graduates				
Program	Financial Year	Number of participating trainees	Number of trainees employed at the CMA	External Training Entity
First	2013-2014	20	11	Malaysia
Second	2015-2016	21	5	Kingdom of Spain- Madrid IE Business School
Third	2016-2017	20	10	Harvard University – Boston (USA)
Fourth	2017-2018	20	12	Harvard University – Boston (USA)
Fifth	2018-2019	19	13	Harvard University – Boston (USA)
Sixth	2019-2020	20	8	Harvard University – Boston (USA +Online training due to the Pandemic)
Seventh	2021-2022	20	15	Harvard University – Boston (USA+ Online training)
	Total	140	74	

- During the month of April 2022, the CMA held a ceremony honouring the trainees of its seventh program, in the presence of the heads of the CMA's sectors and its Managing Director, who praised the excellence of the program and its trainees, and urged them to benefit from the skills and experiences gained during the program in their professional lives. For their part, the program trainees expressed their appreciation to the CMA for providing this training opportunity.



► Environmental Sustainability

► Green sustainable finance

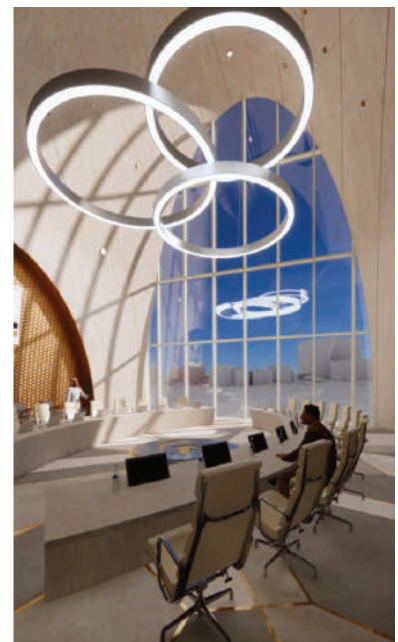
- ▶ Reviewing the possibility of applying sustainable financing controls in areas subject to the CMA's supervision.
- ▶ Amending the provisions of Module Eleven of the Executive Bylaws of CMA establishment law, and adding new guidelines, the most important of which are:
 - ▶ Directions for debt instruments (sukuk and bonds) sustainable (green and social).
 - ▶ Directions for issuing short-term debt instruments (sukuk and bonds).
 - ▶ Issuing debt instruments (sukuk and bonds) within the program.
 - ▶ Raising awareness of sustainable financing issues ESG and their implications for companies listed on the Boursa Kuwait Securities Exchange.

► Compliance with the Requirements of Environmental Protection

- ▶ Manage the CMA's operations according to mechanisms compatible with the requirements of environmental protection (waste, destruction of assets, papers, ...)
- ▶ Digitization of services provided to the concerned public, which reduces reliance on paper documents.
- ▶ Transforming the CMA's work environment into a "paperless" one, which reduces paper waste rates.
- ▶ Implementation of controls related to the rationalization of energy and water consumption and waste treatment.
- ▶ Enhancing the practice of environmental protection among the CMA's employees and related parties.

► **Environmentally friendly sustainable headquarters**

- ▶ The design of the CMA's permanent headquarters, currently under construction, took into account the green building sustainability standards, through the US Green Building Council's review of LEED standards, in line with the requirements of compliance with (Silver) LEED.
- ▶ The design of the new headquarters helps to achieve:
 - ▶ A 20% improvement in energy efficiency.
 - ▶ A 40% decrease in the internal waters.
 - ▶ A 100% reduction of outdoor water.
- ▶ The design considers appropriate measures for all recyclable materials to be safely stored and disposed, including mixed paper and cardboard, glass, plastic, and metal.





Section 5

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

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



► Advisory Council for Sharia Supervision

► Council Formation

- ▶ Prof. Yousef Hassan Al-Sharrah Chairman
- ▶ Mr. Ahmad Hussain Mohammad Member
- ▶ Dr. Jarrah Nayef Al-Fadli Member
- ▶ Dr. Mishari Mohammad Al-Furaih Member
- ▶ Mr. Abdullah Mohammad Al-Ofasi Member

► Implemented Tasks

#	Item	Number of Implemented Tasks
1	Meetings	28
2	Statements	3
3	Research	21

► Disciplinary Board

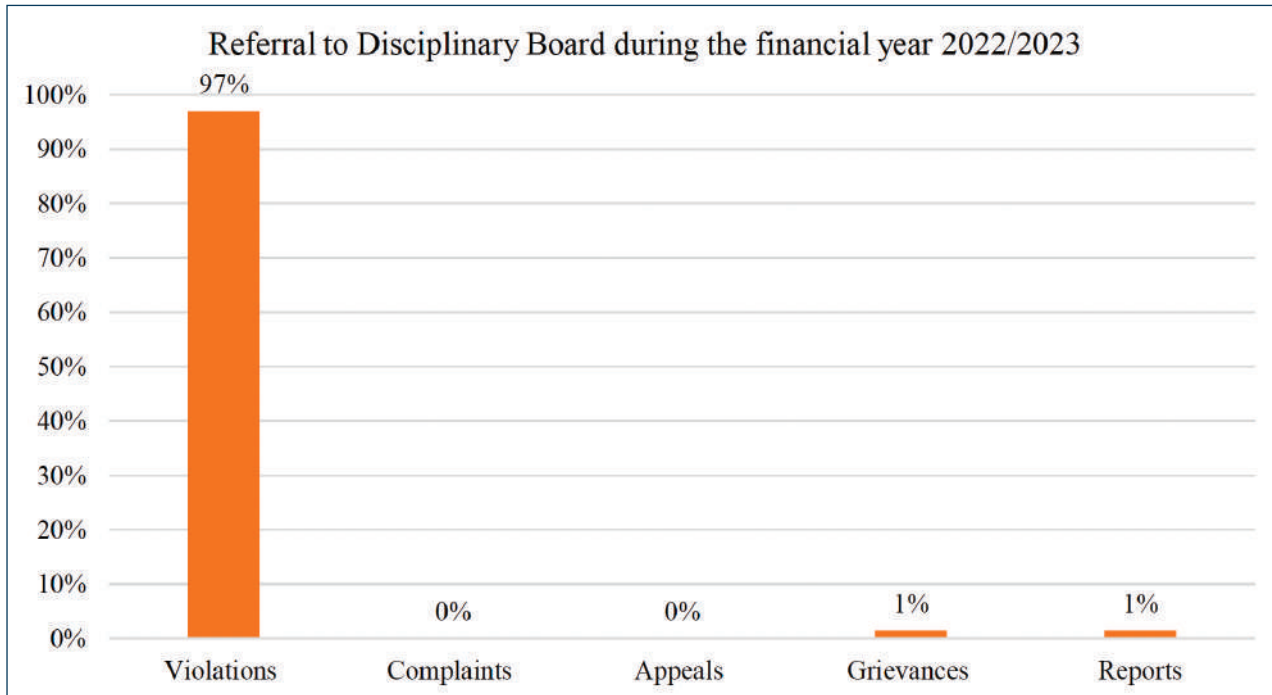
► Board Formation

- ▶ Advisor Mr. Abdul Hadi Fahad Al-Jufain Chairman (by original capacity as of 6/12/2022)
- ▶ Mr. Hamad Abdul-Aziz Al-Huwaidi Chairman (as an alternate)
- ▶ Mr. Majid Bader Jamal Aldeen Member
- ▶ Mr. Yousef Saleh Al-Othman Member
- ▶ Dr. Sulaiman Hamad Al-Bader Member (alternate member)

► Implemented Tasks

#	Referral to Disciplinary Board	Number of Implemented Tasks
1	(1) Violations	130
2	(2) Complaints	0
3	(3) Appeals	0
4	(4) Grievances	2
5	Reports	2
6	Meetings	46

1. Violations referred by the CMA.
2. Complaints submitted by natural persons or corporate bodies referred by the Complaints and Grievances Committee to the Board.
3. CMA's appeals to the Disciplinary Board on the resolutions of the Violations Committee at the Exchange.
4. Grievances on the Exchange's decisions and its Violations Committee.



► Board Resolutions and their Results

#	Results of Disciplinary Board Resolutions	Number of Results
1	Penalties	131
2	Dismissal	-
3	Refusal of disciplinary lawsuit	-
4	Temporary Suspension	2
5	Complementary Resolution	-
6	Explanatory Resolution	-
7	No reason to file a lawsuit	-
8	Cancellation of resolution	1

Financial Fines	Financial Year (2022/2023)
Amount of financial fines imposed by the Board on some violators	KWD 4,119,539,00 (Four million, one hundred and nineteen thousand, and five hundred and thirty-nine Kuwaiti Dinars only)

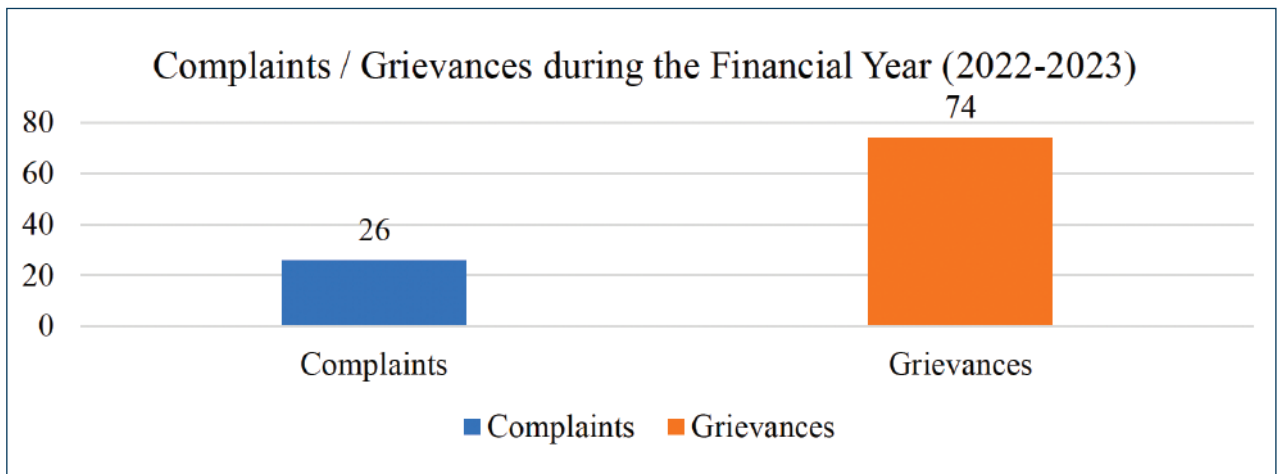
► Complaints and Grievances Committee

► Committee Formation

- Mr. Ali Othman Al-Ghannam Chairman
- Mr. Nouri Juma'a Ali Al-Salem Vice Chairman
- Mr. Basel Abdul-Wahab Al-Zaid Member
- Prof. Abdul-Rahman Abdul-Wahed Al-Radwan Member

► Implemented Tasks

#	Item	Financial Year (2022/2023)		
		Decided	Under examination	Total
	Meetings	48		
	Complaints/Grievances			
1	Complaints	14	1	15
2	Grievances	16	1	17



► Internal Audit Office

► Implemented Tasks

- Executing the annual audit plan approved by the Internal Audit Committee and issuing the final reports on its regard.
- Reviewing the periodical and annual financial information of the CMA and its reports.
- Carrying out periodic follow-ups on internal audit reports.
- Preparing and approving the strategic plan of the Internal Audit Office for the years (2023-2027).
- Updating the competences of the Internal Audit Office, its internal bylaws, its action charter, and its policies and procedures manual.
- Reviewing and expressing opinion on internal issues, such as renewing the contract for auditing and reviewing the financial statements with the CMA's external auditor

► The Financial Control Office

► Implemented Tasks

Type of Procedure	The Financial Year (2021/2022)	The Financial Year (2022/2023)
Payment Vouchers	856	849
Revenue Vouchers	1477	1765
Accounting Settlement Bonds	248	210
Deposits	19	17
Purchase Orders	80	111
Contracts	116	81
Total	2796	3033
Corrective Actions	45	34
Attending Committees' Meetings	36	41
Abstention	0	0
Other tasks	9	7

► Corrective Actions of the Observations

Type of Procedure	Payment Vouchers	Revenue Vouchers	Contracts	Accounting Settlements	Total
Number	11	8	14	1	34



Section 6

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

Legislative and Legal Field

- ▶ Legislative and Regulatory Area
- ▶ Legal and Judicial Field and Investigation Tasks

Regulatory Field

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

Supervisory Field

- ▶ Off-site Supervision
- ▶ On-site Supervision
- ▶ Supervisory Procedures related to Markets Surveillance

Awareness and Media Field

Field of cooperation: local, regional and international



Legislative and Legal Field

► Legislative and Regulatory Area

In the financial year (2022/2023), the CMA issued numerous resolutions and circulars related various aspects of securities activities, including legislative, regulatory and supervisory aspects. A summary of the most prominent ones is provided in the following tables:

#	No. of Resolution	Date	Topic
1	54	11/4/2022	The Regulation of Procedures for the Handing Over of Clients' Funds and Clients' Assets after the Cancellation of the Licensed Person's License.
2	55	11/4/2022	Regulating Dealing in Securities by Insiders and the Disclosure of Penalties Issued against the Listed Company.
3	57	17/4/2022	Transactions with Related Parties of Companies that are Subject to the Provisions of Module Fifteen (Corporate Governance).
4	94	22/5/2022	The Competences of the Nomination and Remunerations Committee to Prepare a Report on the Remunerations Granted to Members of the Board of Directors, the Executive Body and the Managers.
5	98	29/5/2022	Regulating the Collective Complaint.
6	103	5/6/2022	Amending Some Provisions of Module Twelve (Listing Rules) of the Executive Bylaws.
7	113	3/7/2022	Correcting Resolution No. (103) of 2022 Regarding Amending Some Provisions of Module Twelve (Listing Rules) of the Executive Bylaws.
8	122	1/8/2022	Appendix 4 of Module Three (Enforcement of the Law) of the Executive Bylaws.
9	134	21/8/2022	Collective Investment Schemes.
10	136	25/8/2022	The Requisites of Sustainable Finance.
11	137	1/9/2022	The Risk Management Committee and Management of the Operational Risks at the Capital Markets Authority.
12	139	1/9/2022	Developing the Mechanism of Participating in the General Assemblies of the Companies Listed in Boursa Kuwait Securities Exchange.
13	146	25/9/2022	Assigning an External Entity to Undertake the Registered Employment Positions.
14	159	16/10/2022	Amending the Requirements of Categories Intending to Establish Securities Investment Portfolios.
15	175	17/11/2022	Amending Appendix 1 "Procedures of Executing Merger Processes" of Module Nine (Mergers and Acquisitions) of the Executive Bylaws of Law No. 7 of 2010 Regarding the Establishment of the Capital Markets Authority and Regulating Securities Activities and their Amendments.

#	No. of Resolution	Date	Topic
16	177	27/11/2022	Amending Module Twelve (Listing Rules) of the Executive Bylaws.
17	194	18/12/2022	Amending Bursa Kuwait Rulebook.
18	195	18/12/2022	The Attachment of Securities.
19	3	8/1/2023	The Issuance of Module Eighteen (Passporting of Financial Products) of the Executive Bylaws of Law No. 7 of 2010.
20	9	15/1/2023	Amending the Provisions of Listing Non-Kuwaiti Companies in Kuwait Securities Exchange.
21	10	15/1/2023	Issuance of Module Nineteen (Financial Technologies) of the Executive Bylaws of Law No. 7 of 2010.
22	31	12/3/2023	Amending Some Provisions of the Regulatory Requirements of the Clearing Agency.

#	No. of Circular	Its date	Its topic
1	3	6/4/2022	Article (10-9) of Module Eleven of the Executive Bylaws.
2	4	21/4/2022	The Companies on which a Resolution was Issued Regarding Delisting their Shares from the Exchange.
3	5	28/4/2022	To All Persons Licensed by the Capital Markets Authority Regarding Compliance with the Reporting Requirements According to FATCA and CRS Agreements.
4	6	12/5/2022	To All Licensed Persons Regarding the Provisions of the Objectives and Activities in the Memorandum and Articles of Association of the Companies Licensed to Practice One of the Securities Activities.
5	7	22/6/2022	To All Licensed Persons Regarding the Countries Which Do Not or Insufficiently Apply the Recommendations of the Financial Action Task Force (FATF).
6	8	29/6/2022	The Market Maker Obligation to Provide the CMA with Weekly Reports through the Electronic Portal.
7	9	7/7/2022	The Mechanism of Preparing and Submitting the Capital Adequacy Forms for Licensed Persons.
8	10	7/9/2022	To All Listed Companies in the Premier Market in Bursa Kuwait Regarding Providing the Electronic System of Participation.
9	11	20/9/2022	To all Listed Companies Regarding Implementing Resolution No. (139) of 2022 Regarding Developing the Mechanism of Participating in the General Assemblies of the Companies Listed in Bursa Kuwait Securities Exchange.

#	No. of Circular	Its date	Its topic
10	12	25/9/2022	To All Licensed Persons Regarding Dealing with the Clients of the Licensed Persons.
11	13	12/10/2022	To All Companies Subject to the Provisions of Module Fifteen (Corporate Governance)" of the Executive Bylaws of Law No. 7 of 2010 Regarding the Establishment of the Capital Markets Authority and Regulating Securities Activities and their amendments.
12	14	24/10/2022	To All Licensed Persons Regarding the Countries Which Do Not or Insufficiently Apply the Recommendations of the Financial Action Task Force (FATF).
13	15	5/12/2022	Regarding Launching an Automated System for Receiving Daily Reports of the Transactions Data of Electronic Trading Accounts Executed in Bursa Kuwait Securities Exchange.
14	16	28/12/2022	To All Licensed Persons Regarding the Annual Report on Anti-Money Laundering and Combating Financing of Terrorism.
15	1	23/1/2023	To All Companies Subject to the Provisions of Module Fifteen (Corporate Governance)" of the Executive Bylaws of Law No. 7 of 2010 Regarding the Governance Report.
16	2	31/1/2023	Cancelling the Requirements of the Liquidity Guidelines for Licensed Persons to Practice the Activity of Securities Broker Registered with an Exchange Included in Circular No. (3) of 2018 "Regarding the Liquidity Guidelines for Licensed Persons to Practice the Activity of Securities Broker Registered with an Exchange".
17	3	6/2/2023	To all Listed Companies Regarding the Impact of Official Holidays on the Specified Time Periods of Resolution No. (139) of 2022 Regarding Developing the Mechanism of Participating in the General Assemblies of Companies Listed in Bursa Kuwait Securities Exchange.
18	-	16/2/2023	Compliance with Law No. 1 of 2023 - Prevention of Conflicts of Interest.
19	4	1/3/2023	To All Licensed Persons Regarding the Countries Which Do Not Apply or Insufficiently Apply the Recommendations of the Financial Action Task Force (FATF).
20	5	19/3/2023	To All Licensed Persons Regarding the Ultimate Control Rate of the Beneficial Owner over a Client, and the Ex-officio Controllers within the Primary Client.

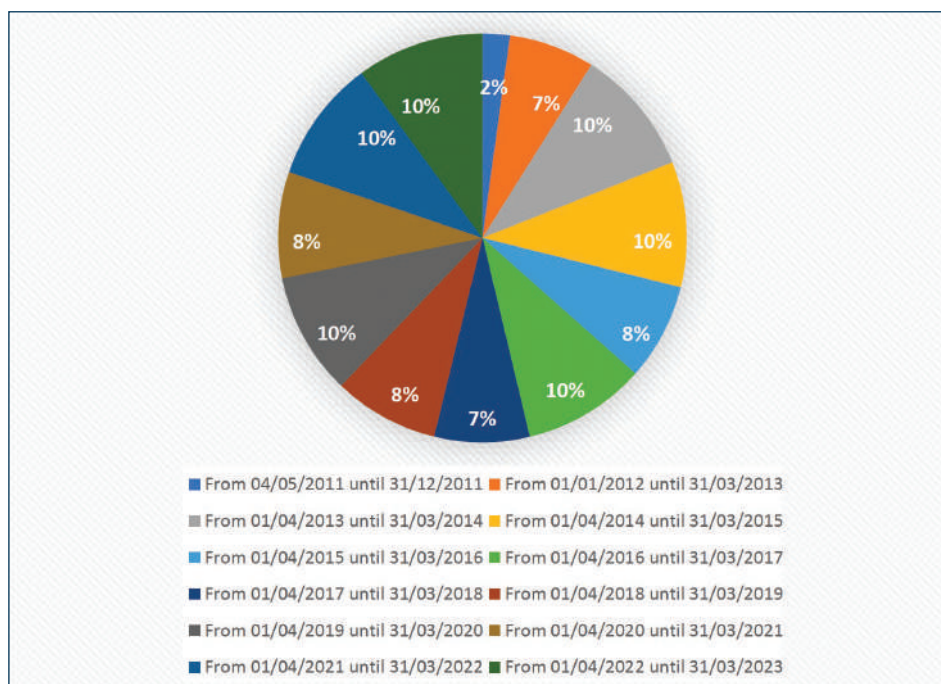
► Legal and Judicial Field and Investigation Tasks

► Legal Area

The total number of subject matters on which the legal opinion was given during the latest financial year is 1190. They are presented in the following table:

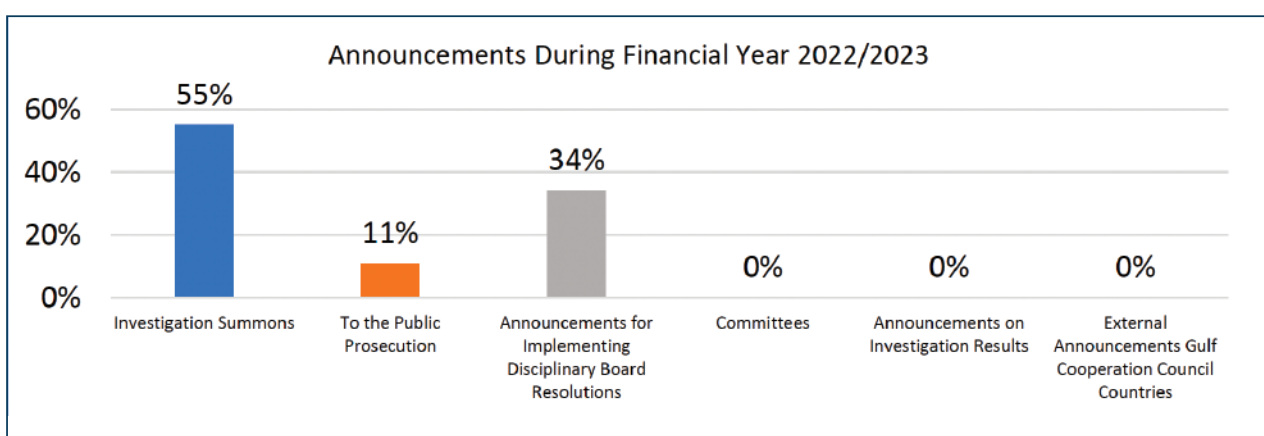
Subject Matter	Number of Memos Answered
Statement of legal opinion on issues related to the work of organizational units, work teams and committees within the CMA	688
Reviewing contracts and agreements between the CMA and other entities	84
Reviewing regulations, resolutions, circulars, or awareness brochures issued by the CMA	246
Reviewing laws from other entities that were presented to the CMA for review	8
Grievances	107
Amendments to the Executive Bylaws	26
Studies and research	6
Legal principles drawn from the implementation of the provisions of the CMA's Law within the fields of the two sections: Contracts and Studies & Legislation	25
Total opinions of the Legal Studies Department	1190

Cumulative figures for the total number of executed legal tasks for the years preceding the reporting year until the end of the latest financial year amounted to 11805 tasks.



► Announcements

#	Announcements	Number
1	Investigation Summons	424
2	Public Prosecution Summons	87
3	Announcements for Implementing Disciplinary Board Resolutions	259
4	Announcements on Investigation Results	2
Total		772



► Reports

#	Reports	Number
1	Approved Reports	0
2	Dismissed Reports	12
Total Received Reports		12

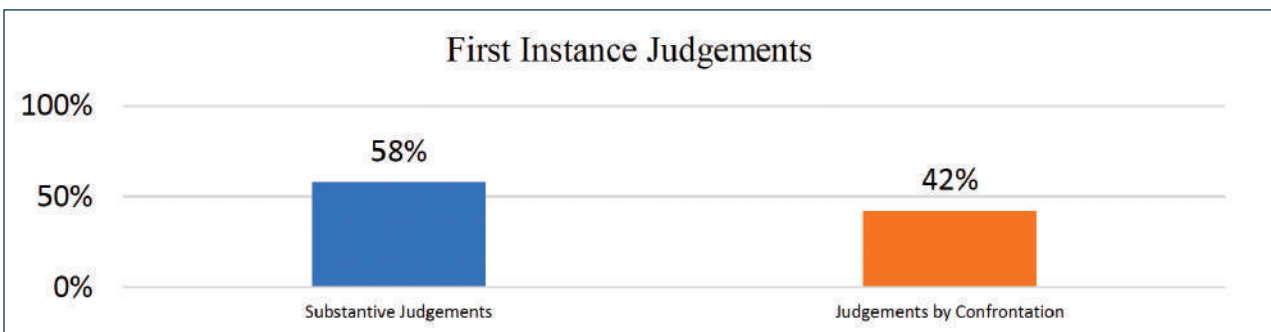
► Right to Access Information Applications and the Related Grievances

#	Right to Access Information Applications	Number
1	Accepted applications	3
2	Partially denied application	1
3	Completely denied applications	28
4	Grievances on right to access information applications	10
Total		42

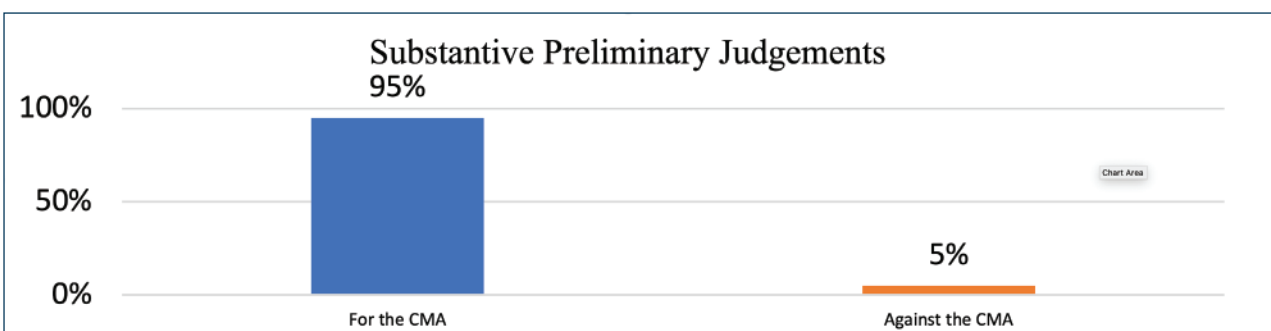
► Litigation and Arbitration Tasks

In addition to renewing the registration of (8) arbitrators and (6) experts, and registering (2) new arbitrators and (1) expert, the number of filed cases during the previous financial year amounted to (1573) cases, with (1138) cases still pending. The following tables and graphs present the status of verdicts of various types during the financial year (2022/2023):

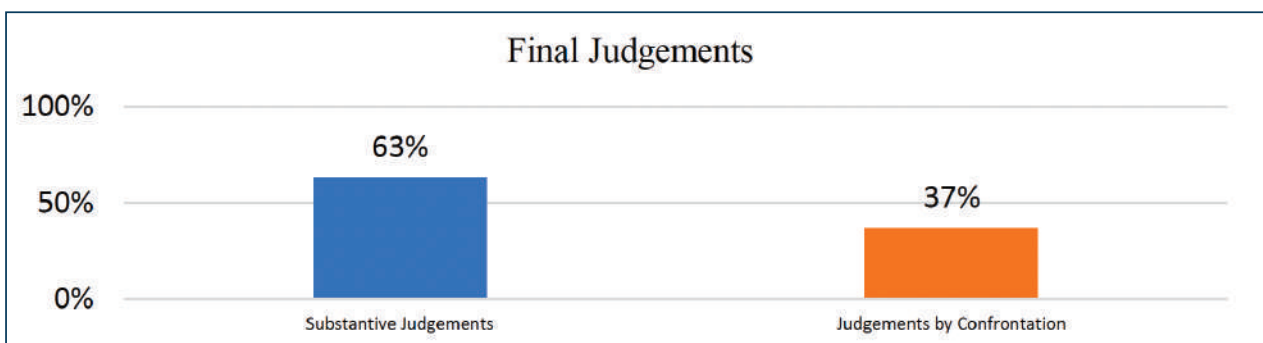
First Instance Judgements	
Substantive Judgements	Judgements by Confrontation
81	59
57.9%	42.1%
140	



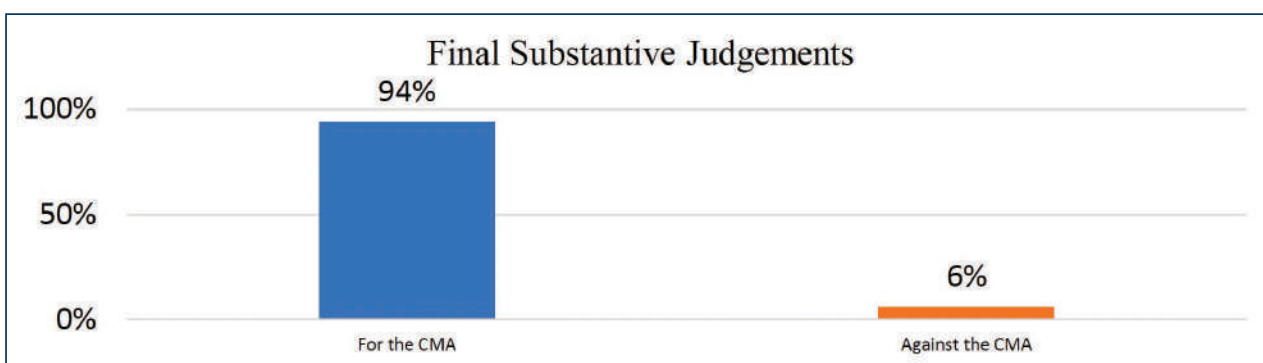
Substantive Preliminary Judgements	
Against the CMA	For the CMA
4	77
5%	95%
81	



Final Judgements		
Substantive Judgements	Judgements by Confrontation	Total Final Judgments
71	42	113



Final Substantive Judgements		
Against the CMA	For the CMA	Total
4	67	71
6%	94%	100%



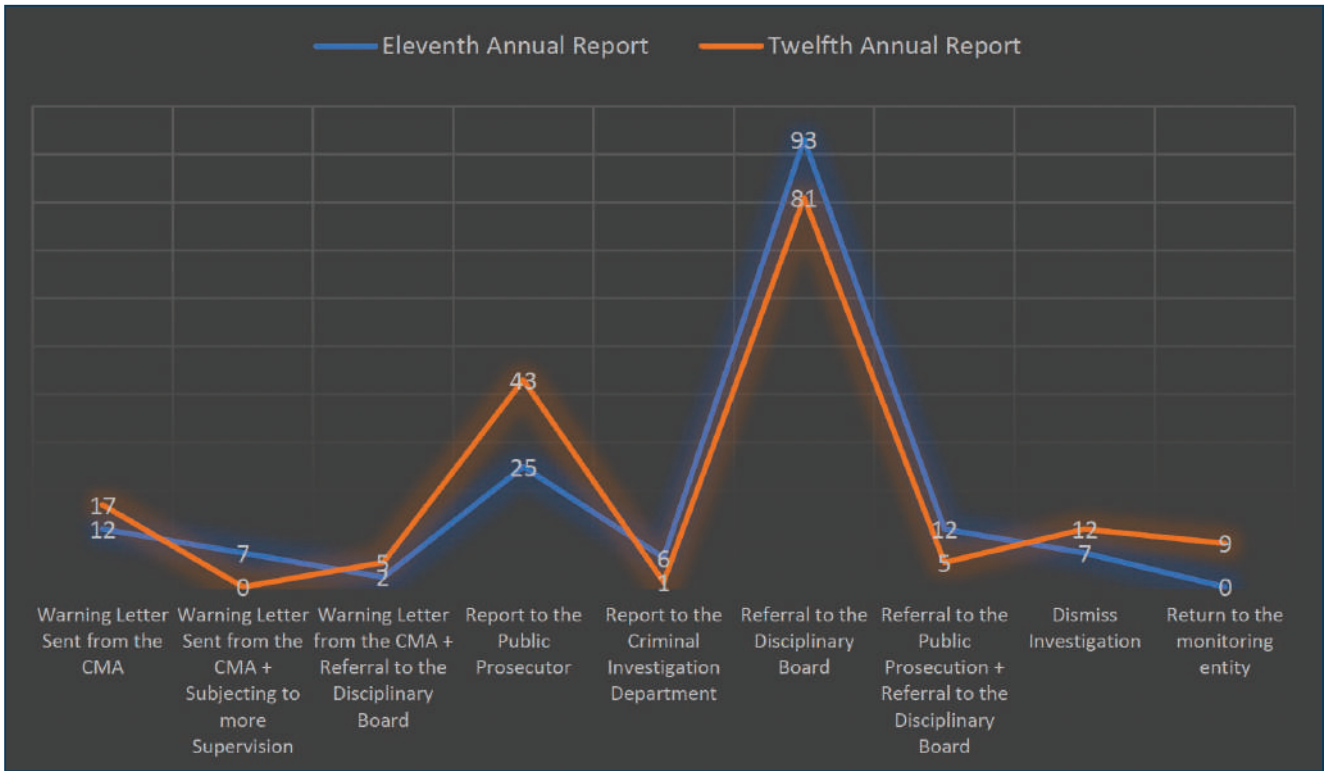
► Dispute Settlement

#	Documents	Implemented	Under Implementation	Rejected	Incomplete procedures	Total
1	Disciplinary Board Resolutions	80	50	0	0	130
2	Civil and Administrative Execution	4	0	0	0	4
3	Penal Execution	5	10	0	0	15
4	Magistrates Orders	17	0	2	6	25
Total Documents		106	60	2	6	174

► Investigation Tasks

In addition to the CMA's submission of 43 reports to the Public Prosecution for non-compliance with Disciplinary Board's resolutions, the financial year (2022/2023) witnessed the execution of investigations into 209 violations. The following table indicates such violations and their processing mechanisms for the latest financial year in comparison to the previous one:

Statement	Financial year 2021/2022	Financial year 2022/2023
Warning Letter Sent from the CMA	12	17
Warning Letter Sent from the CMA + Subjecting to more Supervision	7	0
Warning Letter from the CMA + Referral to the Disciplinary Board	2	5
Report to the Public Prosecution	25	43
Report to the Criminal Investigation Department	6	1
Referral to the Disciplinary Board	93	81
Referral to the Public Prosecutor + Referral to the Disciplinary Board	12	5
Dismiss Investigation	7	12
Return to the monitoring entity	0	9
Under Investigation	48	36
Total number of violations	212	209



Regulatory Field

▶ Markets Regulation

▶ Listing and Products

Approvals for listing in Boursa Kuwait for the shares of:

- ▶ Ali Alghanim & Sons Automotive Company.

Approvals for listing in Non-Kuwaiti Exchanges for the shares of the following companies:

- ▶ Gulf Investment House (Abu Dhabi Securities Exchange).
- ▶ Kuwait Finance House (Bahrain Bourse).

▶ Voluntary Delisting:

Approval of voluntary delisting from Boursa Kuwait of the shares of:

- ▶ Fujairah Cement Industries Company.

▶ Delisting of Shares:

Resolutions of delisting the shares of the following companies from Boursa Kuwait:

- ▶ REAM Real Estate Company.
- ▶ Al-Bareeq Holding Company.
- ▶ Al-Mudon International Real Estate Company.
- ▶ Ajwan Gulf Real Estate Company.
- ▶ Qurain Petrochemical Industries Company (termination of the legal personality of the company due to its merger by amalgamation with Kuwait Projects Company KIPCO (Holding)).
- ▶ Land United Real Estate Company.
- ▶ Education Holding Group Company (the company's merger by amalgamation with Boubyan Petrochemicals Company and transfer of its financial assets to it).

▶ Suspension from Trading:

Issuance of resolutions regarding suspension from trading on the shares of the following companies in Boursa Kuwait:

- ▶ Al-Bareeq Holding Company.
- ▶ AAN Digital Services Holding Company (the suspension period of trading on the company's shares is extended)
- ▶ Land United Real Estate Company.
- ▶ Bayan Investment Holding Company.
- ▶ Wethaq Takaful Insurance Company.
- ▶ Kuwait Remal Real Estate Company.

▶ Resumption of Trading:

Issuance of resolutions regarding resuming the trading on the shares of the following companies in Boursa Kuwait:

- ▶ Bayan Investment Holding Company.
- ▶ Wethaq Takaful Insurance Company.



▶ Trading

▶ Participation in the issuance of resolutions and circulars relevant to:

- ▶ Market maker's obligations to provide the CMA with weekly reports through CMA's electronic portal.
- ▶ Amendments to the rules of Kuwait Clearing Company regarding each of: (cancellation of mandatory purchase session premium, requirements and controls of opening accounts, short selling within the principle of netting).
- ▶ Amendments to the policies and procedures of authorization in securities trading.
- ▶ Regulation of procedures of handing over the clients' funds and assets after cancellation of the licensed person's license.

▶ Resolution and circulars related to the Market Development Program:

- ▶ Preparation for completing phases three and four of the program, which include projects of: (qualification of the infrastructure entities, qualification of securities services providers, developed financial products, sub-accounts). This also involves providing technical opinion concerning the targeted changes such as the rules of the central counterparty, central securities depository, financial collaterals, settlement mechanism changes, submission of the qualified broker form, clearing members form, development of the risk management form, mutual transactions system, establishment of sub-accounts' number for the accounts of brokers, trades, and portfolios.
- ▶ Revision and providing technical opinion concerning amendments to certain provisions of the Executive Bylaws of CMA's Law, and the rules of Kuwait Clearing Company and Boursa Kuwait Rulebook, and those related to various issues such as: (the Exchange's responsibilities concerning the agreed-upon deals, exchange-traded funds (ETFs), bonds and sukuk, fees and commissions of Kuwait Clearing Company, short selling within the principle of netting, securities trading authorization policies and procedures, cancellation of the mandatory purchase session premium, regulating the procedures of handing over the clients' funds and assets after cancellation of the licensed person's license, requirements and controls of opening accounts).

▶ Development Projects and Initiatives:

- ▶ Implementation of the first phase of the project of Developing the Mechanism of Participating in General Assemblies of Listed Companies.
- ▶ Conducting specialized studies of each on the following:
 - o Involving the internal and external stakeholders to understand the sector's nature in Kuwait.
 - o Studying the launch of an exchange or (platform) for listing and trading shares of small and medium-sized enterprises.
 - o Encouraging and enabling the listing of government-owned companies.
 - o International best practices regarding legislative amendments to facilitate the issuance of bonds, sukuk, and exchange-traded funds.



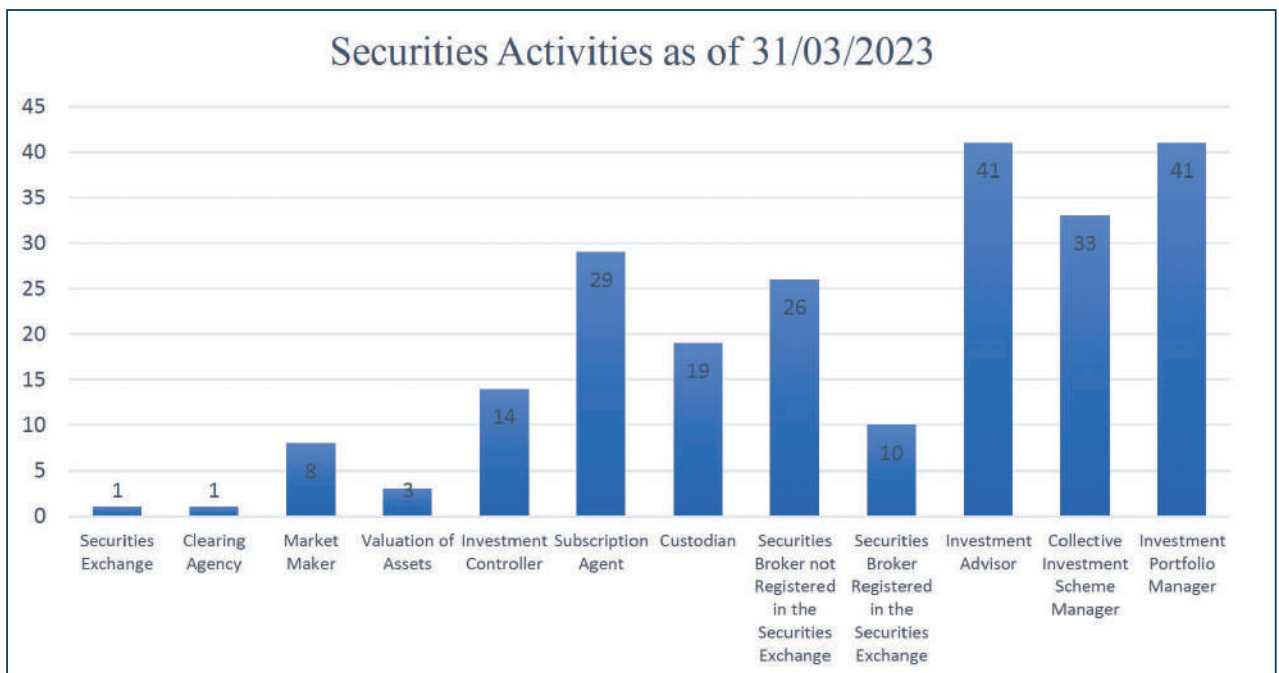
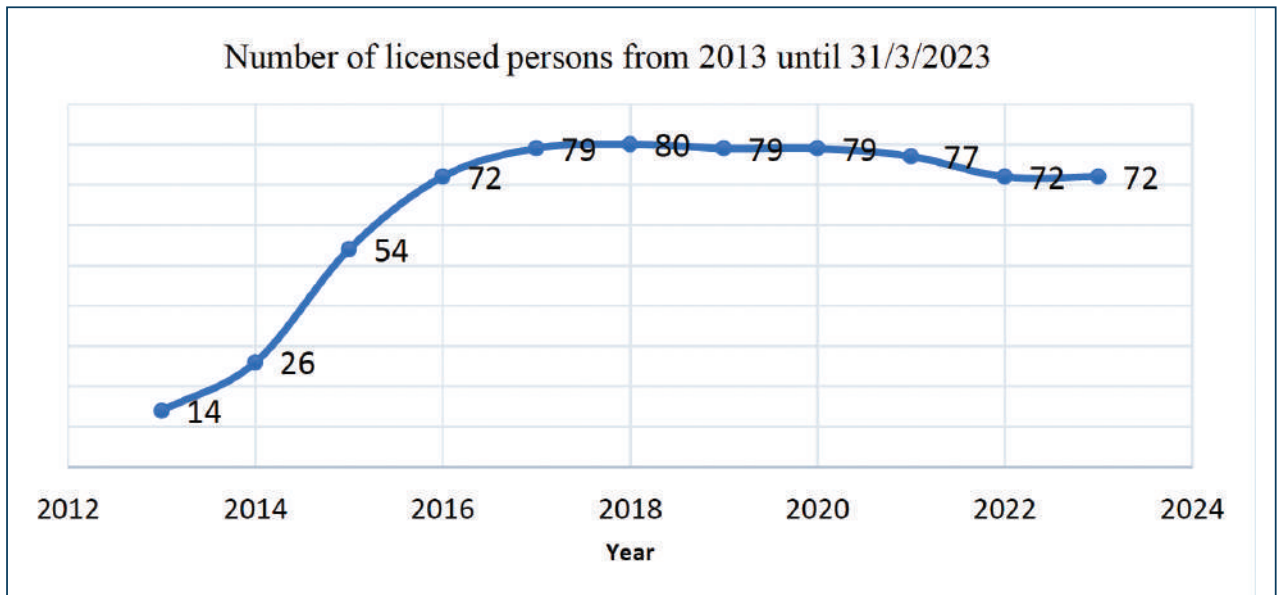
► Licensing and Registration Activities

Efforts have been made to develop regulatory and legislative controls, as well as the creation of necessary operational mechanisms in line with the developments of the licensed persons' practices to align with relevant international best standards. The prominent areas covered by these controls include:

- Development of the investment advisor activity and the one-person company license to practice securities activities, and the financial analysts' register.
 - Appointment of an external entity to perform certain registered employment positions.
 - Amendment of the provisions related to license cancellation, suspension, or activity restriction in accordance with the penalties prescribed by the Disciplinary Board.
 - Regulation of procedures for the handing over of clients' funds and clients' assets in case of license cancellation for the licensed person, and development of a mechanism for handling license renewal applications. Issuance of licensing rules and regulations for the licensed persons in accordance with the licensed activity.
- **Licensed Persons**

The total number of licensed persons at the end of the financial year (2022/2023) was 72 persons, and the total number of licensed activities was 226 distributed according to the following tables and charts:

Securities Activity	Licensed Securities Activities	Percentage of Total Securities Activities
Securities Exchange	1	0.44%
Clearing Agency	1	0.44%
Investment Portfolio Manager	41	18.14%
Collective Investment Scheme Manager	33	14.60%
Investment Advisor	41	18.14%
Subscription Agent	29	12.83%
Custodian	19	8.40%
Market Maker	8	3.53%
Securities Broker Registered in the Securities Exchange	10	4.42%
Securities Broker not Registered in the Securities Exchange	26	11.50%
Investment Controller	14	6.19%
Valuation of Assets	3	1.32%
Total	226	100%



► Regulatory Issuances

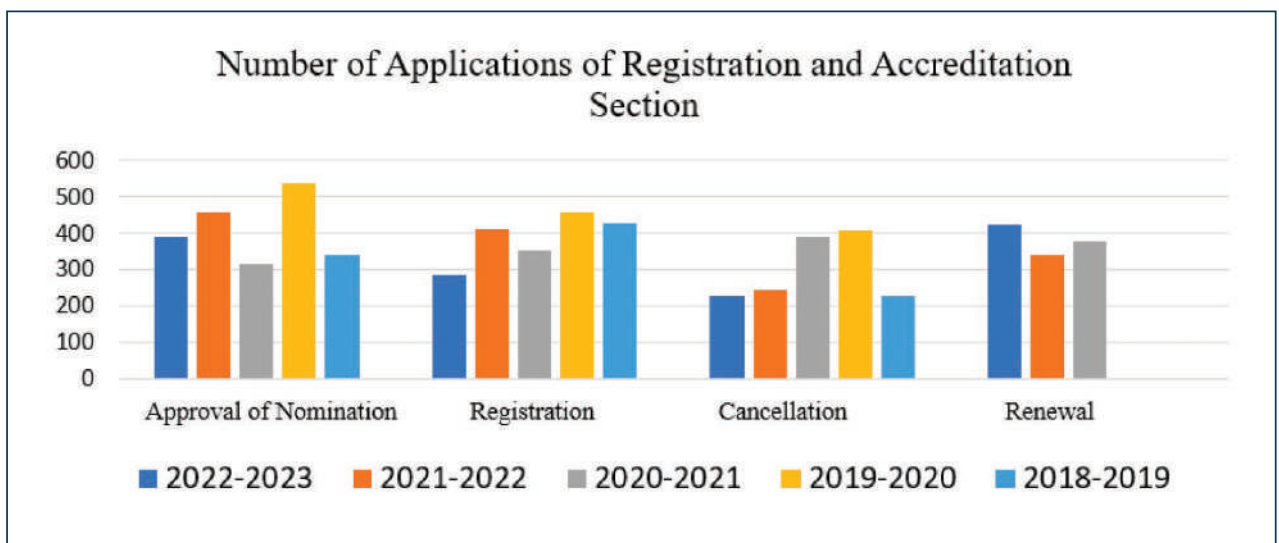
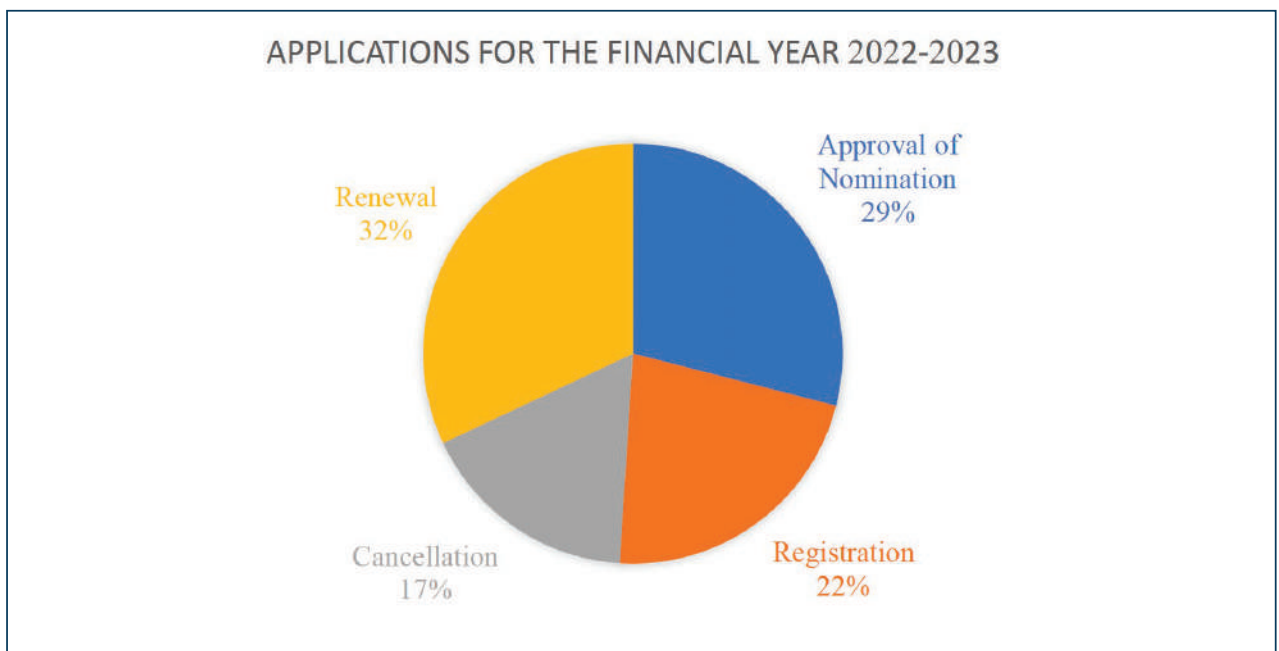
The financial year (2022 - 2023) witnessed the issuance of 4 press releases, 1 circular, 1 announcement, and 165 resolutions related to the licensing activities, as shown in the following tables and chart:

Resolution Type	Issued Number
Resolutions Related to Licensing Licensed Persons	
Renewal of the Securities Activities License	28
Licensing Securities Activities	4
Rejection of Securities Activities Application	3
Preliminary Approval of a Securities Activities License	13
Cancellation of Securities Activities License (Full)	3
Cancellation of Securities Activities License (Partial)	1
Suspension of Securities Activities License	0
Expiration of Securities Activities License (Full)	1
Expiration of Securities Activities License (Partial)	0
Resolutions Related to Collective Investment Schemes	
Renewal of a Collective Investment Scheme	33
Granting a Private Marketing License of a Collective Investment Scheme Incorporated outside the State of Kuwait	26
Granting a Collective Investment Scheme License	2
Approval for Incorporating a Fund for the Purpose of Completing the Capital	3
Cancellation of the Resolution of Granting a Collective Investment Scheme License for Incomplete Capital	1
Cancellation of a License of a Collective Investment Scheme (Cancelling Registration after the End of Liquidation)	5
Cancellation of a License of a Collective Investment Scheme (Liquidation)	2
Resolutions Related to Auditors Registered with the CMA	
Registration of Auditors in the Concerned Register at the CMA	1
Cancellation of the Registration of Auditors in the Concerned Register at the CMA	4
Renewal of Registration of Auditors in the Concerned Register at the CMA	27
Resolutions Related to External Sharia Auditing Offices Registered with the CMA	
Application for Registration of an External Sharia Auditing Office in the Concerned Register with the CMA	1
Application to Renew the Registration of an External Sharia Auditing Office in the Concerned Register with the CMA	0
Other Resolutions	
Other Resolutions of a Special Nature	7

► **Registered Positions and Employment Positions**

The CMA reviewed a total of 1327 applications for nomination, registration, and cancellation for both registered positions and employment positions of licensed persons. The details are outlined in the following table:

Financial Year	Approval of Nomination	Registration	Cancellation	Renewal	Total
2022/2023	390	287	226	424	1327



► **Securities Activities**

#	Service Type	No. of Completed Services
1	Application for Securities Activities License	8
2	Application for License after Preliminary Approval	3
3	Application for Renewing Securities Activities License	20
4	Application for Cancellation of Securities Activities License	1
5	Application for Temporary Suspension from Practicing the Activity	1
6	Policies and Procedures Updates	230
Total		263



► Registered Persons

#	Service Type	No. of Completed Services
1	Application for the Nomination for a Board Member Position in accordance with Fit and Proper Rules	231
2	Application for the Nomination of Registered Positions and Employment Positions in accordance with Fit and Proper Rule	159
3	Application for the Nomination of Board Members of a Securities Exchange in accordance with Fit and Proper Rule	0
4	Registration of Board Members Positions	144
5	Registration of Registered Employment Positions	143
6	Cancellation of Registration of Board Members Positions	49
7	Cancellation of Registration of Registered Employment Positions	177
8	Application for Registration of Board Members Positions upon the Central Bank's Approval	36
9	Application for the Registration of Registered Positions and Employment Positions upon the Central Bank's Approval	6
10	Application for the Registration of an Auditor in the Concerned Register at the CMA	1
11	Application to Renew the Registration of an Auditor in the Concerned Register at the CMA	20
12	Application for Submitting the Annual Report of the Auditor Registered with the Capital Markets Authority	37
13	Application for Meeting the Requirements of the Professional Qualifications Program for the Registered Employment Positions	41
14	Application for Renewing the Registration of Registered Employment Positions for Licensed Persons	424
15	Application for Renewing the Registration of an External Sharia Auditing Office in the Concerned Register at the CMA	0
16	Application for the Registration of an External Sharia Auditing Office in the Concerned Register at the CMA	1
17	Application for the Registration at the Financial Analysts' Register at the CMA	4
Total		1473

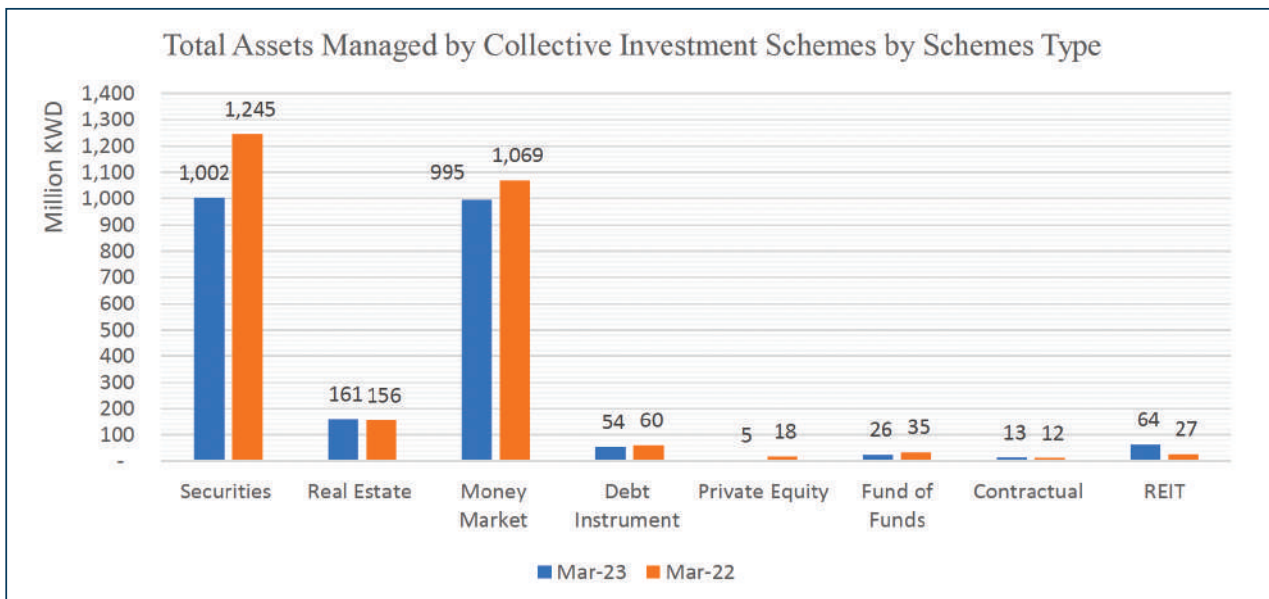


► Collective Investment Schemes

► Data of Ongoing Collective Investment Schemes as on 31/3/2023

Scheme Type	No.	Total Capital (thousand KWD)	Total Net Asset Value (thousand KWD)	Net Asset Value (thousand KWD)
Securities	36	793,478	1,002,008	996,317
Real Estate	5	150,902	160,830	156,879
Money Market	9	873,281	994,889	985,825
Debt Instrument	5	49,882	53,909	53,830
Private Equity	1	4,960	4,523	4,482
Fund of Funds	2	25,359	25,949	25,867
Contractual*	3	11,500	13,462	12,895
Real Estate Income- Generating REIT (Traded)	1	54,600	64,253	58,479
Total	62	1,963,963	2,319,823	2,294,573

* The data of one of the contractual collective investment schemes for the period that ended on March 31, 2023 is not available. It is a recently licensed scheme.





► Applications Relevant to the Collective Investment Schemes

The following table presents the nature of applications relevant to collective investment schemes received by the CMA during the financial year (2022/2023), with a summary of the actions taken regarding them:

#	Nature of Applications	Approved Applications	Applications under Review	Total
1	Application for the Incorporation of Local Investment Funds	2	3	5
2	Application for the Incorporation of Contractual Collective Investment Scheme	1	-	1
3	Review and Approval of Applications to Market Units of Collective Investment Schemes Incorporated Outside Kuwait	26	5	31
4	Follow-up on the Liquidation of Local Collective Investment Schemes	2	-	2
5	Replacement of Liquidator of Local Investment Funds	3	-	3
6	Cancellation of Registration of Local Collective Investment Scheme from the CMA's Register	5	-	5
7	Review of Renewal of license for Local Collective Investment Schemes	33	-	33
Total		72	8	80

► Other Related Tasks

- Review and approve 46 applications to amend the Memorandum and Articles of Association of local funds or local contractual collective investment schemes memorandums.
- Review and approve 45 applications to appoint an administrative authority or executive team for a local collective investment scheme.
- Follow-up and attend a total of 103 unit holders' assemblies of local funds.
- Follow-up the regularization of situations of local collective investment schemes.
- Inclusion of sustainable fund in the collective investment schemes listed in Module Thirteen of the Executive Bylaws of CMA's Law and state its investment controls.



► Cumulative Statistics

Funds Incorporation within the State of Kuwait		
Fund Type	Number of Funds	
	Public Offering	Private Placement
Securities	11	3
Money Market	9	1
Private Equity	-	3
Real Estate	3	6
Debt Instrument	3	2
Fund of Funds	3	-
Real Estate Income-Generating Fund (Traded)	1	-
Total	30	15
	45	

Other Applications	
Application Type	Number
Incorporation of Contractual Collective Investment Scheme within Kuwait	5
Cancellation of Registration of Local Funds from the CMA's Register	51
Appointment of a Substitute Manager for Local Funds	9
Marketing Collective Investment Scheme Units Incorporated Outside Kuwait	126
Replacement and Appointment of a Liquidator for local funds	6
Amendment of the Articles of Association of Local Funds or Local Contractual Collective Investment Schemes Memorandums starting from Financial Year (2016-2017)	307
Applications for Renewing the Local Collective Investment Schemes starting from Financial Year (2016-2017)	105
Follow-up and Attendance of Unit Holders' Assemblies and Approval of Decisions of Assemblies starting from the Financial Year (2016-2017)	837



► Capital Markets Development and Risk-Management

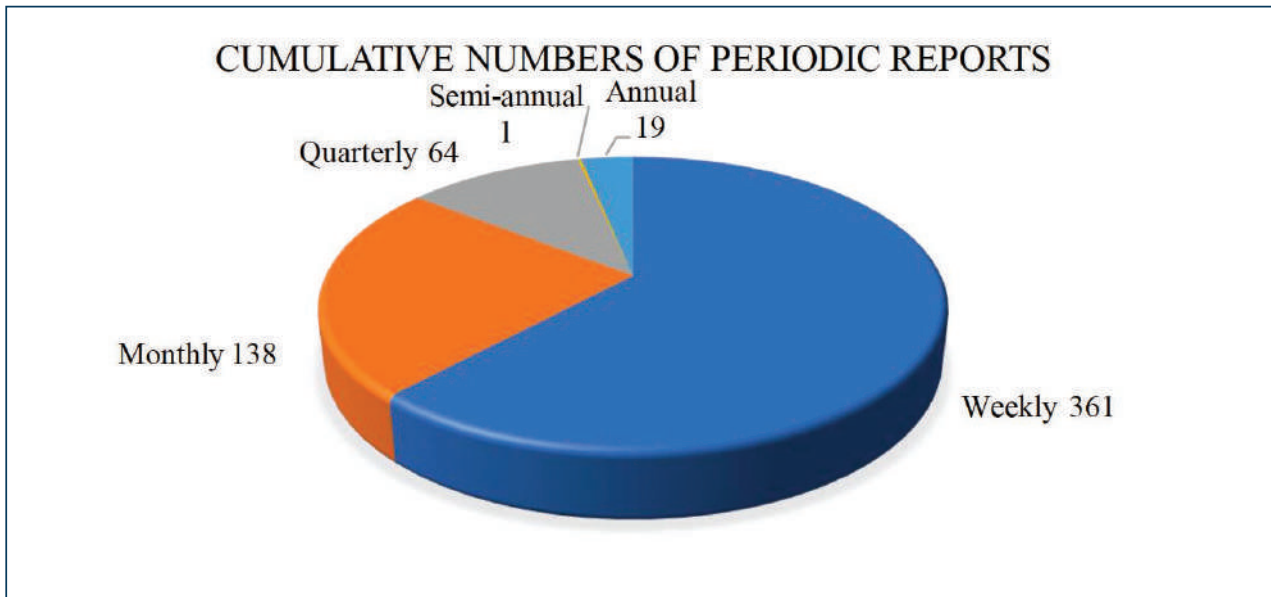
► Key Implemented Tasks

Nature of Implemented Task	#	Subject of Study or Report
Preparation of Research Studies	1	Fees of Kuwait Clearing Company
	2	Brief comparison of major international financial economic centers and their regulatory laws and legislations.
	3	Amendments related to the instructions of dealing in securities system for insiders.
Preparation and Updating of Reports	1	Weekly, quarterly, and annual reports on the performance of Boursa Kuwait Securities Exchange.
	2	Quarterly reports on the latest developments in the capital markets for inclusion in the newsletter of IOSCO's AMERC committee.
	3	Fifth report of the classification of the efficiency of the listed companies in Boursa Kuwait Securities Exchange according to the latest statements issued for 2021.
	4	Fifth annual report on Early Warning Indicators of the key economic and financial variables impacting the securities activity in Kuwait based on the latest statements issued for 2021.
	5	Fifth annual report on the capital market competitiveness in the GCC, based on the latest statements issued for 2021.
	6	Quarterly report on "Indicators of Systemic Risks"



► **Cumulative Statistics of Years (2015/2023):**

Periodic Report	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	Total
Weekly reports	25	50	50	50	47	38	51	50	361
Monthly reports	0	0	18	24	23	25	24	24	138
Quarterly reports	0	0	2	4	8	12	22	16	64
Semi-annual reports	0	0	0	1	0	0	0	0	1
Annual reports	0	0	3	5	1	2	4	4	19
Total	25	50	73	84	79	77	101	94	583



► Corporate Finance and Governance

► Preparation Work:

- Internal study on Securities Based Crowdfunding.
- Approval of the first local issuance of sustainable bonds.
- Development of automated systems for each of: (bonus shares, treasury shares, quarterly reports of treasury shares, invitation to attend the meeting of Bondholders Association or Sukukholders Association).

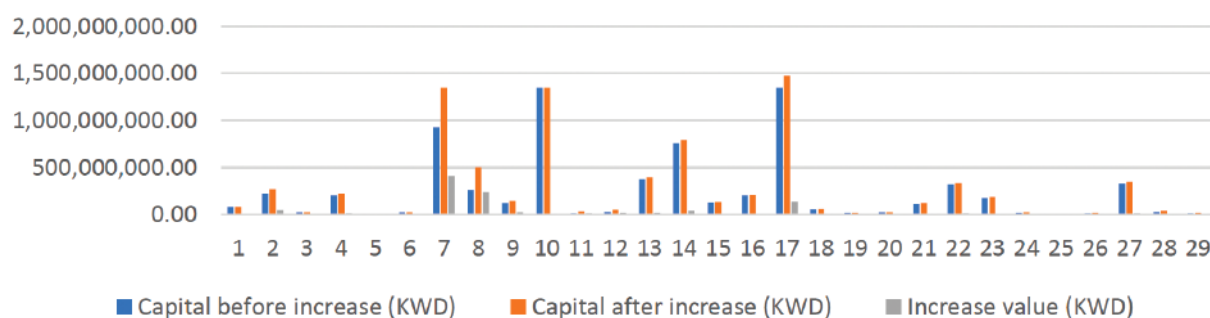
► Increase in Capital:

During the financial year (2022/2023), there were 29 approvals for capital increase. The details are summarized in the following table and chart:

#	Approval Date	Company	Capital Before Increase (KWD)	Capital After Increase (KWD)	Increase Value (KWD)	Increase Type
1	7/4/2022	Arzan Financial Group for Financing and Investment	80,288,255.600	83,098,344.500	2,810,088.900	Bonus Shares
2	13/4/2022	Agility Logistics Company	223,010,715.500	267,612,858.600	44,602,143.100	Bonus Shares
3	19/4/2022	National International Holding Company	22,772,137.500	23,455,301.600	683,164.100	Bonus Shares
4	17/5/2022	National Industries Group Company	202,397,131.900	218,588,902.400	16,191,770.500	Bonus Shares
5	6/6/2022	Kuwait International Investment Company	3,352,796.900	4,023,356.200	670,559.300	Bonus Shares
6	18/7/2022	Burgan Company for Well Drilling, Trading and Maintenance	24,994,715.500	26,744,345.560	1,749,630.060	Bonus Shares
7	25/7/2022	Kuwait Finance House	928,570,712.700	1,342,223,085.900	413,652,373.200	Cash
8	8/8/2022	Kuwait Projects Company - KIPCO	264,000,000.000	504,847,626.900	240,847,626.900	Cash
9	28/8/2022	United Real Estate Company	118,797,442.000	143,054,551.300	24,257,109.300	Cash
10	3/11/2022	Kuwait Finance House	1,342,223,085.900	1,342,223,324.800	238.900	Cash
11	24/11/2022	Arabi Holding Group Company	17,296,224.200	34,592,448.400	17,296,224.200	Cash
12	19/1/2023	Boubyan Capital Investment Company	30,697,343.000	50,000,000.000	19,302,657.000	Cash
13	31/1/2023	Boubyan Bank	373,868,248.400	396,300,343.300	22,432,094.900	Bonus Shares
14	1/2/2023	National Bank of Kuwait	755,232,916.200	792,994,562.000	37,761,645.800	Bonus Shares

#	Approval Date	Company	Capital Before Increase (KWD)	Capital After Increase (KWD)	Increase Value (KWD)	Increase Type
15	7/2/2023	Mabanee Company	124,168,357.400	131,618,458.800	7,450,101.400	Bonus Shares
16	13/2/2023	Warba Bank	200,000,000.000	206,000,000.000	6,000,000.000	Bonus Shares
17	15/2/2023	Kuwait Finance House	1,342,223,324.800	1,476,445,657.200	134,222,332.400	Bonus Shares
18	15/2/2023	Salhia Real Estate Company	53,835,958.400	56,527,756.300	2,691,797.900	Bonus Shares
19	16/2/2023	Ajial Real Estate and Entertainment Company	19,448,100.000	20,420,505.000	972,405.000	Bonus Shares
20	21/2/2023	Kuwait Reinsurance Company	24,015,275.400	26,176,650.100	2,161,374.700	Bonus Shares
21	21/2/2023	Kuwait International Bank	117,807,115.200	122,519,399.800	4,712,284.600	Bonus Shares
22	22/2/2023	Gulf Bank of Kuwait	320,053,429.200	336,056,100.600	16,002,671.400	Bonus Shares
23	22/2/2023	Ahli United Bank of Kuwait	178,513,077.200	187,438,731.000	8,925,653.800	Bonus Shares
24	22/2/2023	Warba Insurance and Reinsurance Company	17,710,845.800	25,000,000.000	7,289,154.200	Bonus Shares
25	28/2/2023	HumanSoft Holding Company	12,223,680.000	12,834,864.000	611,184.000	Bonus Shares
26	2/3/2023	Specialties Group Holding Company	16,995,000.000	17,844,750.000	849,750.000	Bonus Shares
27	7/3/2023	Burgan Bank	328,781,250.000	345,220,312.500	16,439,062.500	Bonus Shares
28	9/3/2023	Alsafat Investment Company	28,327,568.800	38,327,568.800	10,000,000.000	Cash
29	14/3/2023	Al Eid Food Company	16,924,806.600	18,617,287.200	1,692,480.600	Bonus Shares
Total		29 Approvals			1,062,277,578.660	

Graph Illustrating the Movement of Capital After the Increase

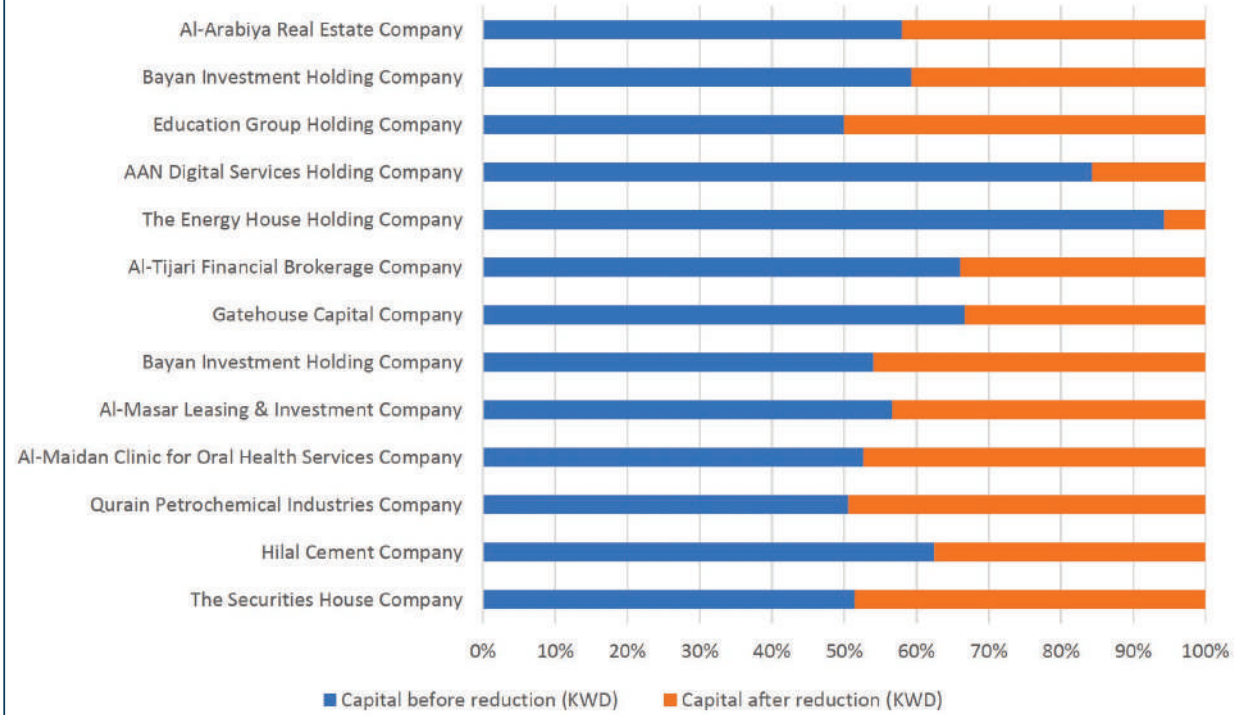


► Reduction in Capital:

Thirteen approvals for capital reduction were granted during the financial year (2022/2023). The details are summarized in the following table:

#	Approval Date	Company	Capital Before Reduction (KWD)	Capital After Reduction (KWD)	Justification for Reduction
1	21/4/2022	The Securities House Company	45,000,000.000	42,500,000.000	Redundancy of the company's capital
2	30/5/2022	Hilal Cement Company	5,000,000.000	3,000,000.000	Redundancy of the company's capital
3	2/8/2022	Qurain Petrochemical Industries Company	109,919,257.600	107,521,262.000	Completion of merger with Kuwait Projects Company (KIPCO)
4	3/8/2022	Al-Maidan Clinic for Oral Health Services Company	25,000,000	22,500,000	Redundancy of the company's capital
5	29/8/2022	Gatehouse Capital Company	10,000,000	5,000,000	Reduction of excess capital
6	30/8/2022	Bayan Investment Holding Company	39,266,391	33,362,542	To fully amortize the company's accumulated losses.
7	12/9/2022	Al-Masar Leasing & Investment Company	16,050,000	12,294,354	To fully amortize the company's accumulated losses
8	23/10/2022	Al-Tijari Financial Brokerage Company	10,300,000	5,300,000	Reduction of excess capital
9	7/11/2022	The Energy House Holding Company	75,000,000	4,533,293	Redundancy of the company's capital
10	9/11/2022	AAN Digital Services Holding Company	87,234,161	16,254,461	To fully amortize the company's accumulated losses
11	10/11/2022	Education Group Holding Company	2,100,000	2,099,983.90	Completion of mergers by amalgamation
12	8/3/2023	Bayan Investment Holding Company	33,362,542	22,902,200	Amortize the company's accumulated losses
13	14/3/2023	Al-Arabiya Real Estate Company	50,984,499	36,920,973	Amortize the company's accumulated losses
Total			13	195,027,781.700	

Graph Depicting the Percentage Reduction in the Capital





► Subscription Prospectus

During the financial year of the report, a total of 11 subscription prospectuses applications were received for approval, as follows:

#	Date	Company	Security Type	Approval Type
1	11/4/2022	Boubyan Bank	Normal Shares	Public offer prospectus in the shares of the capital increase of Boubyan Bank
2	8/6/2022	National Consumer Holding Company	Normal Shares	Public offer prospectus in the shares of the capital increase of National Consumer Holding Company
3	29/6/2022	Al-Rai Media Group Company	Normal Shares	Private placement prospectus in the shares of the capital increase of Al-Rai Media Group Company
4	20/7/2022	National Industries Group Company	Debt Bonds	Private placement prospectus for the issuance of debt bonds in a value not exceeding 50 million KWD for National Industries Group Company
5	4/10/2022	Sultan Center Food Products Company	Debt Bonds	Private placement prospectus for the issuance of convertible debt bonds in a value not exceeding 15 million KWD for Sultan Center Food Products Company
6	15/12/2022	Kuwait Projects Company - KIPCO	Debt Bonds	Private placement prospectus for the offering of debt bonds in a value not exceeding 50 million KWD for National Industries Group Company
7	12/1/2023	Kuwait Medical Center Holding Company	Normal Shares	Private placement prospectus in the shares of the capital increase of Kuwait Medical Center Holding Company
8	16/1/2023	Sultan Center Food Products Company	Debt Bonds	Extending the period of subscription in bonds convertible to shares in a value not exceeding 15 million KWD for Sultan Center Food Products Company
9	7/3/2023	United Real Estate Company	Debt Bonds	Approval of private placement prospectus for the issuance of debt bonds in a value not exceeding 80 million KWD for United Real Estate Company
10	19/3/2023	Arabi Holding Group Company	Normal Shares	Public offer prospectus in the shares of the capital increase of Arabi Holding Group Company
11	22/3/2023	Watani Investment Company	Debt Bonds	Private placement prospectus for the offering of bonds in a value not exceeding 1 billion US Dollars within the third segment of the program of National Bank of Kuwait through NBK SPC Limited.
Total approvals			11 Approvals	



► **Debt Instruments (Bonds/Sukuk):**

The total value of approvals granted by the CMA for debt instruments during the financial year (2022/2023) was 355 million Kuwaiti Dinars. The details are as follows:

#	Approval Date	Issuer	Overall Issuance Size	Currency	Security Type
1	22/6/2022	National Industries Group	60,000,000	Kuwaiti Dinars	Debt bonds
2	4/8/2022	Sultan Center Food Products Company	15,000,000	Kuwaiti Dinars	Bond issuance
3	29/11/2022	Kuwait Projects Company - KIPCO	200,000,000	Kuwaiti Dinars	Bond issuance
4	9/2/2023	United Real Estate Company	80,000,000	Kuwaiti Dinars	Debt bonds
Total approvals			4	355,000,000 KWD	



► **Restructure (Normal Shares):**

#	Date	Company	Capital Before Restructure (KWD)	Capital After Restructure (KWD)	Brief of the Restructure Plan
1	15/6/2022	YIACO Medical Company	1,711,989	2,000,000	<ul style="list-style-type: none"> Restructure as follows: reducing the company's capital from 1,711,989 KWD to 158,730 KWD in an amount of 1,553,259 and a percentage of 90.7% of the capital by cancelling 15,532,590 shares. This is intended to amortize the remaining accumulated losses amounting to KWD 1,565,823 as on 31/12/2021, after settlement of the voluntary reserves and obligatory reserves to amortize part of those losses. Increasing the company's capital from KWD 158,730 to KWD 2,000,000 through a cash increase of KWD 1,841,270 and a 1160% of the capital by issuing 18,412,700 shares in a par value of 100 fils per share, without issuance premium. Such shares are allocated to the shareholders registered in the company's registers on the maturity day.
2	20/11/2022	Boubyan Petrochemicals Company	53,482,275	53,482,275	<ul style="list-style-type: none"> Reducing the company's capital from KWD 53,482,275 to KWD 52,414,629.800 KWD 1,067,645.200 and 1.99 % of capital, by cancelling 10,676,452 shares to complete the merger by amalgamation between Boubyan Petrochemicals Company "the merging company" and Education Group Holding Company "the merged company". The merging company reduces the capital by cancelling a portion of treasury shares. Increasing the company's capital from KWD 52,414,629.800 to KWD 53,482,275 through non-cash increase of KWD 1,067,645.200 and 2.04% of the capital by issuing 10,676,452 shares in a par value of 100 fils per share, without issuance premium. Such shares are allocated to the shareholders of Education Group Holding Company in a trade value of 3.01 shares of Boubyan Petrochemicals Company for each share of Education Group Holding Company shares.



► **Applications for approval of purchasing or selling company's shares (treasury):**

During the financial year (2022/2023), the CMA granted a number of 143 approvals on purchasing or selling treasury shares:

#	Company Name	Date
1	Qurain Petrochemical Industries Company	7/4/2022
2	Kuwait Cement Company	7/4/2022
3	Kuwait Projects Company – KIPCO	11/4/2021
4	Privatization Holding Company	11/4/2022
5	HumanSoft Holding Company	11/4/2022
6	Osos Holding Group Company	12/4/2022
7	ALARGAN International Real Estate Company	12/4/2022
8	National Real Estate Company	13/4/2022
9	Gulf Cable & Electrical Industries Company	13/4/2022
10	Mashaer Holding company	14/4/2022
11	Tamdeen Real Estate Company	18/4/2022
12	Commercial Real Estate Company	18/4/2022
13	First Investment Company	18/4/2022
14	Noor Financial Investment Company	18/4/2022
15	Kuwait National Cinema Company	18/4/2022
16	Salhia Real Estate Company	18/4/2022
17	Burgan Company for Well Drilling, Trading, and Maintenance	18/4/2022
18	Aqar Real Estate Investments Company	21/4/2022
19	Kamco Investment Company	28/4/2022
20	Education Group Holding Company	28/4/2022
21	Mabanee Company	9/5/2022
22	Al Imtiaz Investment Group Company	10/5/2022
23	National Cleaning Company	11/5/2022
24	National Petroleum Services Company (NAPESCO)	11/5/2022
25	Boursa Kuwait Securities Company	12/5/2022
26	Aayan Real Estate Company	12/5/2022
27	Kuwait Foundry Company	22/5/2022

#	Company Name	Date
28	Kuwait Reinsurance Company	23/5/2022
29	National Industries Company	23/5/2022
30	Combined Group Contracting Company	25/5/2022
31	Kuwait Resorts Company	25/5/2022
32	GIG - Gulf Insurance Group	26/5/2022
33	Integrated Logistics Company	1/6/2022
34	National Industries Group	1/6/2022
35	Kout Food Group	7/6/2022
36	Bayan Investment Holding Company	8/6/2022
37	Shuaiba Industrial Company	19/6/2022
38	Jassim Transport & Stevedoring Company	20/6/2022
39	Boubyan Petrochemical Company	22/6/2022
40	Osoul Investment Company	29/6/2022
41	Al-Arabiya Real Estate Company	3/7/2022
42	The Securities House Company	5/7/2022
43	Tamdeen Investment Company	5/7/2022
44	Future Kid Entertainment and Real Estate Company	5/7/2022
45	Kuwait and Middle East Financial Investment Company - KMEFIC	17/5/2022
46	Arabi Holding Group Company	18/7/2022
47	Ali Alghanim & Sons Automotive Company	18/7/2022
48	Kuwait Company for Process Plant Construction and Contracting	18/7/2022
49	Injazzat Real Estate Development Company	19/7/2022
50	ACICO Industrial Company	19/7/2022
51	Al-Masaken International Real Estate Development Company	20/7/2022
52	Al Mazaya Holding Company	21/7/2022
53	Mezzan Holding Company	24/7/2022
54	Mubarrad Holding Company	25/7/2022
55	Kuwait Pillars for Financial Investment Company	28/7/2022
56	Kuwait Finance and Investment Company- KFIC	3/8/2022
57	Sultan Center Food Products Company	3/8/2022



#	Company Name	Date
58	Warba Insurance and Reinsurance Company	9/8/2022
59	Dalqan Real Estate Company	9/8/2022
60	United Real Estate Company	15/8/2022
61	Arzan Financial Group for Financing and Investment	15/8/2022
62	Hayat Communications Company	16/8/2022
63	National International Holding Company	22/8/2022
64	Kuwait Financial Centre – Markaz	23/8/2022
65	First Dubai for Real Estate Development Company	29/8/2022
66	Kuwait Business Town Real Estate Company	30/8/2022
67	Kuwait Real Estate Company	31/8/2022
68	Aayan Leasing and Investment Company	7/9/2022
69	Kuwait Investment Company	8/9/2022
70	Al-Ahleia Insurance Company	19/9/2022
71	The Commercial Facilities Company	20/9/2022
72	Agility Logistics Company	21/9/2022
73	Salhia Real Estate Company	3/10/2022
74	Kuwait Cement Company	4/10/2022
75	National Real Estate Company	4/10/2022
76	Privatization Holding Company	5/10/2022
77	Kuwait Projects Company - KIPCO	5/10/2022
78	National Investment Company	11/10/2022
79	Kuwait National Cinema Company	11/10/2022
80	Gulf Cable and Electrical Industries Company	12/10/2023
81	Commercial Real Estate Company	13/10/2022
82	Asiya Capital Investments Company	13/10/2022
83	ALARGAN International Real Estate Company	16/10/2022
84	Burgan Company for Well Drilling, Trading, and Maintenance	16/10/2022
85	Mabaneer Company	16/10/2022
86	OSOS Holding Group	16/10/2022
87	Mashaer Holding company	16/10/2022

#	Company Name	Date
88	First Investment Company	17/10/2022
89	Tamdeen Real Estate Company	18/10/2022
90	Noor Financial Investment Company	18/10/2022
91	Al-Maidan Clinic for Oral Health Services Company	20/10/2022
92	Kamco Investment Company	25/10/2022
93	Aayan Real Estate Company	7/11/2022
94	Kuwait Resorts Company	7/11/2022
95	National Cleaning Company	8/11/2022
96	HumanSoft Holding Company	10/11/2022
97	Bursa Kuwait Securities Company	13/11/2022
98	Kuwait Reinsurance Company	15/11/2022
99	National Industries Company	17/11/2022
100	Combined Group Contracting Company	21/11/2022
101	GIG - Gulf Insurance Group	21/11/2022
102	National Industries Group	23/11/2022
103	International Financial Advisors Holding Company	29/11/2022
104	Specialties Group Holding Company	1/12/2022
105	Bayan Investment Holding Company	4/12/2022
106	Ajial Real Estate and Entertainment Company	6/12/2022
107	Tamdeen Investment Company	15/12/2022
108	Shuaiba Industrial Company	15/12/2022
109	Boubyan Petrochemical Company	18/12/2022
110	Coast Investment and Development Company	19/12/2022
111	The Securities House Company	20/12/2022
112	Jassim Transport & Stevedoring Company	25/12/2022
113	Future Kid Entertainment and Real Estate Company	27/12/2022
114	Osoul Investment Company	2/1/2023
115	Kuwait and Gulf Link Company for Transport	4/1/2023
116	Al-Arabia Real Estate Company	8/1/2023
117	Kuwait and Middle East Financial Investment Company - KMEFIC	12/1/2023



#	Company Name	Date
118	Arabi Holding Group Company	12/1/2023
119	Al-Masaken International Real Estate Development Company	12/1/2023
120	Al-Manar Financing and leasing Company	12/1/2023
121	ACICO Industrial Company	15/1/2023
122	Injazzat Real Estate Development Company	15/1/2023
123	Ali Alghanim & Sons Automotive Company	17/1/2023
124	Kuwait Company for Process Plant Construction and Contracting	19/1/2023
125	Mezzan Holding Company	25/1/2023
126	Dalqan Real Estate Company	8/2/2023
127	Arzan Financial Group for Financing and Investment	8/2/2023
128	Kuwait Finance and Investment Company (KFIC)	12/2/2023
129	Kuwait Pillars for Financial Investment Company	13/2/2023
130	Al Mazaya Holding Company	14/2/2023
131	Kuwait Investment Company	15/2/2023
132	Kuwait Real Estate Company	20/2/2023
133	Sultan Center Food Products Company	20/2/2023
134	National International Holding Company	23/2/2023
135	Kuwait Financial Centre – Markaz	23/2/2023
136	Kuwait Business Town Real Estate Company	2/3/2023
137	Aayan Leasing and Investment Company	7/3/2023
138	The Commercial Facilities Company	14/3/2023
139	Al-Ahleia Insurance Company	15/3/2023
140	Hayat Communications Company	22/3/2023
141	Agility Logistics Company	23/3/2023
142	National Real Estate Company	26/3/2023
143	Salhia Real Estate Company	29/3/2023



► Mergers and Acquisitions

► Mergers and Acquisition Transactions Executed during the Financial Year (2022/2023)

Mergers and Acquisition Transactions	Total value of transactions (KWD)
Merger by amalgamation between Kuwait Projects Company and Qurain Petrochemical Industries Company	240,847,626.9
Merger by amalgamation between each of United Real Estate Company, United Towers Holding Company, and Al Dhiyafa Holding Company	24,257,109.3
Merger by amalgamation between each of Boubyan Petrochemical Company and Education Group Holding Company	1,067,645.2
Mandatory acquisition offer submitted by Petrobrit Kuwait General Trading and Contracting Company and the parties acting in concert on all shares of Kuwait Hotels Company	610,951.14
Partial purchase offer submitted by Qurain Petrochemical Industries Company on the shares of Advanced Technology Company	6,750,000
Merger by amalgamation between each of Al Safat Investment Company and Cap Corp Investment Company	--
Approval of Mandatory Acquisition Offer document submitted by Kuwait Finance House (KFH) on all Shares of Ahli United Bank – Kuwait	--
Total	273,533,332.54



► Cumulative Statistics according to the Activity's Type:

Activity Type	Year	Number	Value (KWD)
Mandatory Acquisition	2012	4	719,024,999.00
	2013	3	584,643.44
	2014	3	7,274,269.00
	2015	1	18,379,827.00
	2016	3	285,725,816.00
	2017	2	19,387,059.00
	2018	1	5,550,746.996
	2019	1	0
	2020	2	2,229,666.46
	2021	2	36,291.04
	2022 (until 31/3/2023)	1	610,951.14
Total		23	1,058,804,269.08
Voluntary Acquisition	2014	1	1,413,480.00
	2015	1	128,860,518.00
	2018	2	10,524,999.80
Total		4	140,798,997.80
Competitive Acquisition	2016	1	90,256.00
Merger by Amalgamation	2015	1	6,404,237.70
	2016	1	7,315,000.00
	2018	1	29,065,835.70
	2019	2	20,984,431.00
	2021	1	1,333,549.90
	2022 (until 31/3/2023)	3	266,172,381.4
Total		9	331,275,435.70
Partial Purchase Offer	2022 (until 31/3/2023)	1	6,750,000.00
Total Mergers and Acquisition Activities		3	1,537,718,958.58

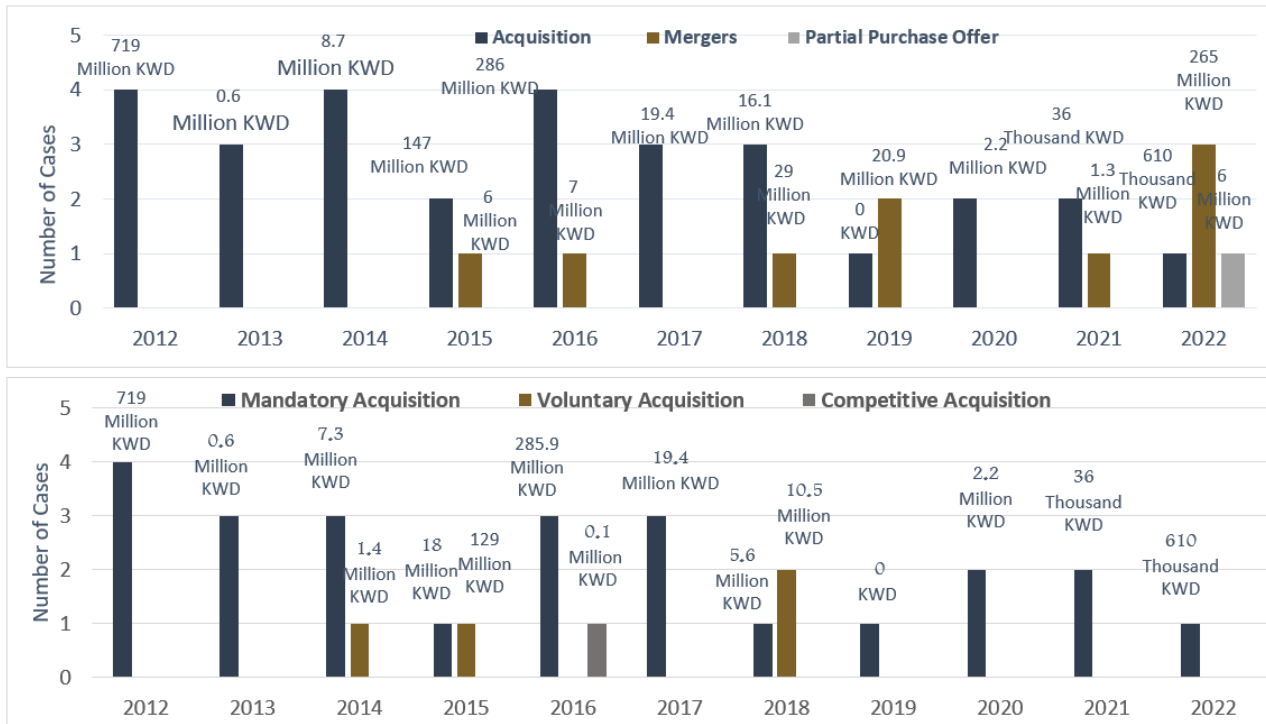


► Cumulative Statistics according to the Activity's Execution Date:

Year	Executed Transactions			
	Type	Number	Value (KWD)	Total Value (KWD)
2012	Mandatory Acquisition	4	719,024,999.00	719,024,999.00
2013	Mandatory Acquisition	3	584,643.44	584,643.44
2014	Mandatory Acquisition	3	7,274,269.00	8,687,749.00
	Voluntary Acquisition	1	1,413,480.00	
2015	Mandatory Acquisition	1	18,379,827.00	153,644,582.70
	Voluntary Acquisition	1	128,860,518.00	
	Merger by Amalgamation	1	6,404,237.70	
2016	Mandatory Acquisition	3	285,725,816.00	293,131,072.00
	Merger by Amalgamation	1	7,315,000.00	
	Competitive Acquisition	1	90,256.00	
2017	Mandatory Acquisition	2	19,387,059.00	19,387,059.00
2018	Mandatory Acquisition	1	5,550,746.996	45,141,582.50
	Voluntary Acquisition	2	10,524,999.80	
	Merger by Amalgamation	1	29,065,835.70	
2019	Mandatory Acquisition	1	0	20,984,431.00
	Merger by Amalgamation	2	20,984,431.00	
2020	Mandatory Acquisition	2	2,229,666.46	2,229,666.46
2021	Mandatory Acquisition	2	36,291.04	1,369,840.94
	Merger by Amalgamation	1	1,333,549.90	
2022 (until 31/3/2023)	Mandatory Acquisition	1	610,951.14	273,533,332.54
	Merger by Amalgamation	3	266,172,381.4	
	Partial Purchase Offer	1	6,750,000.00	
Total Mergers and Acquisition Activities		38	1,537,718,958.58	1,537,718,958.58



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



► Related Tasks

- Preparation of a study regulating special-purpose acquisition companies (SPAC).
- Preparation of a study regarding the international practices of implementing mandatory acquisition controls.

Supervisory Field

► Off-site Supervision

► Revision of financial Statements and Reports:

#	Entity Type	Type of Studied Reports and Financial and Supervisory Statements	Number of Studied Statements
1	Licensed persons (listed and unlisted companies, brokerage firms, Boursa Kuwait Securities Company, Kuwait Clearing Company, advisory services companies)	Annual financial statements	69
2	Listed unlicensed companies	Annual financial statements	138
3	Ongoing collective investment schemes	Annual financial statements	88
4	Collective investment schemes under liquidation	Annual financial statements	31
5	All licensed persons	Semi-annual risk management reports	69
6	All licensed persons	Capital adequacy regulations reports	59
7	Brokerage firms registered in Boursa Kuwait	Liquidity standard reports	100
Total			554

► Monitoring and Addressing Remarks and Violations:

Procedure Type	Entity Concerned with the Remark or Violation				
	Listed Unlicensed Companies	Licensed Persons	Collective Investment Schemes	Auditors Registered with the CMA	Total
Preparing technical study on monitored material remarks	7	-	-	-	7
Referral to the competent organizational unit inside the CMA	68	3	1	4	76
Sending a warning or directing letter to the entity	26	51	1	3	81
Total	101	54	2	7	164

► Preparing Statistical Data for Entities Subject to CMA Supervision

► The Statistical Data of the Listed Companies as on December 31, 2022:

Sector	Assets (in thousands KWD)					
	Conventional Companies		Islamic Companies		Listed Companies	
	December 2022	December 2021	December 2022	December 2021	December 2022	December 2021
Telecoms	6,168,766	5,996,718	432,863	421,983	6,601,628	6,418,701
Oil and gas	703,943	691,281	84,797	89,426	788,740	780,707
Insurance	2,452,218	2,428,136	17,514	25,766	2,469,731	2,453,902
Technology	12,724	13,201	0	0	12,724	13,201
Consumer services	1,432,360	1,223,946	52,071	92,565	1,484,431	1,316,510
Financial services	14,159,405	12,964,087	3,264,476	2,763,162	17,423,881	15,727,249
Financial services – licensed persons	2,193,712	2,259,931	1,123,529	700,105	3,317,241	2,960,035
Health care	400,200	402,556	27,682	34,415	427,882	436,972
Consumer goods	330,960	329,456	0	0	330,960	329,456
Industrial	5,954,599	5,796,307	1,279,256	1,435,198	7,233,855	7,231,505
Real estate	4,980,881	4,978,475	1,257,887	1,240,583	6,238,768	6,219,058
Benefits	480,030	489,899	0	0	480,030	489,899
Basic materials	615,133	1,375,803	0	0	615,133	1,375,803
Total Assets	39,884,931	38,949,797	7,540,074	6,803,203	47,425,006	45,752,999

Sector	Liabilities (in thousands KWD)					
	Conventional Companies		Islamic Companies		Listed Companies	
	December 2022	December 2021	December 2022	December 2021	December 2022	December 2021
Telecoms	3,627,710	3,540,607	189,180	161,614	3,816,890	3,702,220
Oil and gas	489,020	483,290	36,153	23,097	525,173	506,387
Insurance	1,668,492	1,713,544	4,188	5,377	1,672,680	1,718,920
Technology	1,585	1,728	0	0	1,585	1,728
Consumer services	965,446	836,593	4,956	12,837	970,402	849,430
Financial services	11,377,712	10,705,411	2,391,983	1,787,378	13,769,695	12,492,789
Financial services – licensed persons	636,403	644,847	560,974	170,159	1,197,377	815,006
Health care	271,233	287,091	29,058	34,202	300,292	321,293
Consumer goods	189,240	147,223	0	0	189,240	147,223
Industrial	2,879,529	2,212,053	1,002,604	1,066,558	3,882,133	3,278,611
Real estate	2,506,686	2,472,604	620,659	582,380	3,127,345	3,054,984
Benefits	363,069	431,496	0	0	363,069	431,496
Basic materials	270,657	491,743	0	0	270,657	491,743
Total Liabilities	25,246,782	23,968,229	4,839,754	3,843,602	30,086,536	27,811,831

Sector	Shareholders' Equity (in thousands KWD)					
	Conventional Companies		Islamic Companies		Listed Companies	
	December 2022	December 2021	December 2022	December 2021	December 2022	December 2021
Telecoms	2,541,055	2,456,111	243,683	260,369	2,784,738	2,716,481
Oil and gas	214,923	207,991	48,645	66,329	263,568	274,320
Insurance	783,726	714,593	13,326	20,389	797,052	734,982
Technology	11,139	11,473	0	0	11,139	11,473
Consumer services	466,914	387,353	47,116	79,728	514,030	467,080
Financial services	2,781,693	2,258,676	872,494	975,784	3,654,187	3,234,461
Financial services – licensed persons	1,557,309	1,615,084	562,555	529,946	2,119,864	2,145,029
Health care	128,967	115,465	-1,376	214	127,590	115,679
Consumer goods	141,720	182,233	0	0	141,720	182,233
Industrial	3,075,070	3,584,254	276,652	368,640	3,351,722	3,952,893
Real estate	2,474,195	2,505,871	637,228	658,203	3,111,422	3,164,074
Benefits	116,962	58,404	0	0	116,962	58,404
Basic materials	344,476	884,060	0	0	344,476	884,060
Total Shareholders' Equity	14,638,149	14,981,567	2,700,321	2,959,601	17,338,469	17,941,168

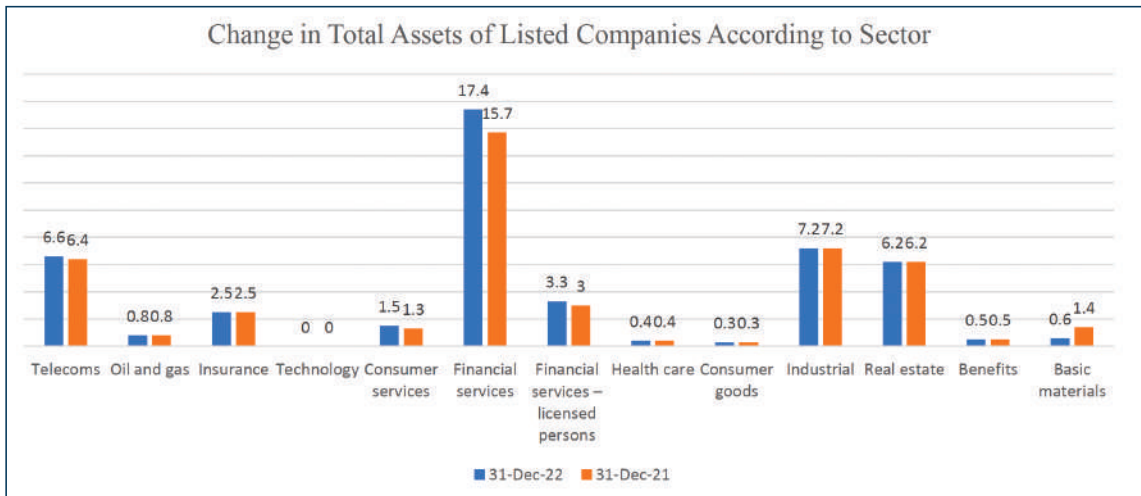
► **Remarks:**

- Islamic companies are the companies that practice their activities in accordance with the principles of Islamic Sharia.
- If the companies did not disclose their financial statements on December 31, 2022, the latest available financial statements have been used.
- The data above are for all companies listed in Bursa Kuwait as on December 31, 2022 – except for banks – that are distributed according to sector as follows:

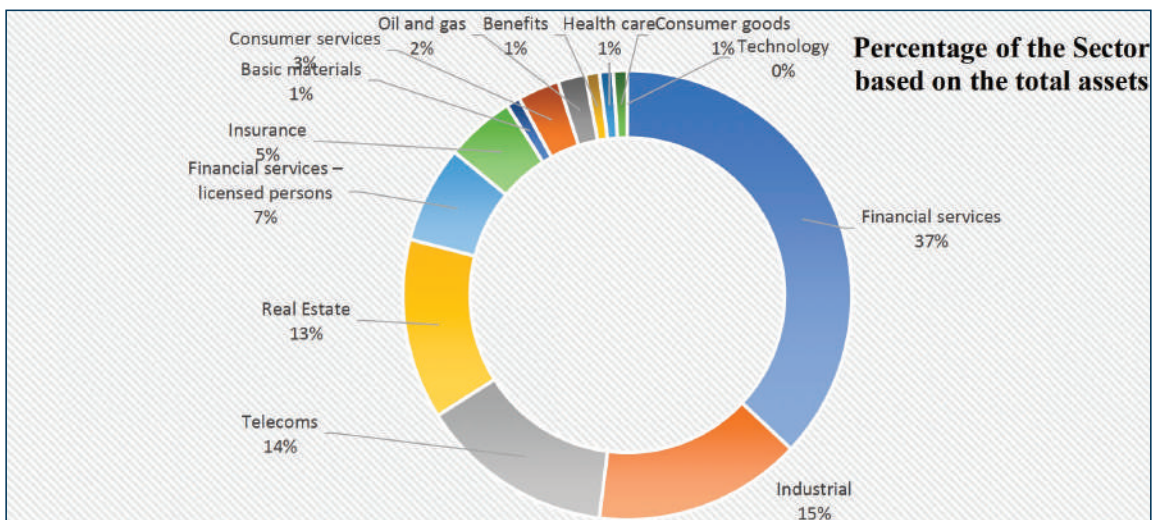
Sector	Companies Numbers					
	Conventional Companies		Islamic Companies		Listed Companies	
	December 2022	December 2021	December 2022	December 2021	December 2022	December 2021
Telecoms	3	3	2	2	5	5
Oil and gas	3	3	3	3	6	6
Insurance	6	6	2	2	8	8
Technology	1	1	0	0	1	1
Consumer services	11	10	2	2	13	12
Financial services	13	15	8	10	21	25
Financial services – licensed persons	14	14	9	9	23	23
Health care	2	2	1	1	3	3
Consumer goods	2	2	0	0	2	2
Industrial	20	23	4	5	24	28
Real estate	20	22	14	16	34	38
Benefits	1	1	0	0	1	1
Basic materials	3	4	0	0	3	4
Total	99	106	45	50	144	156



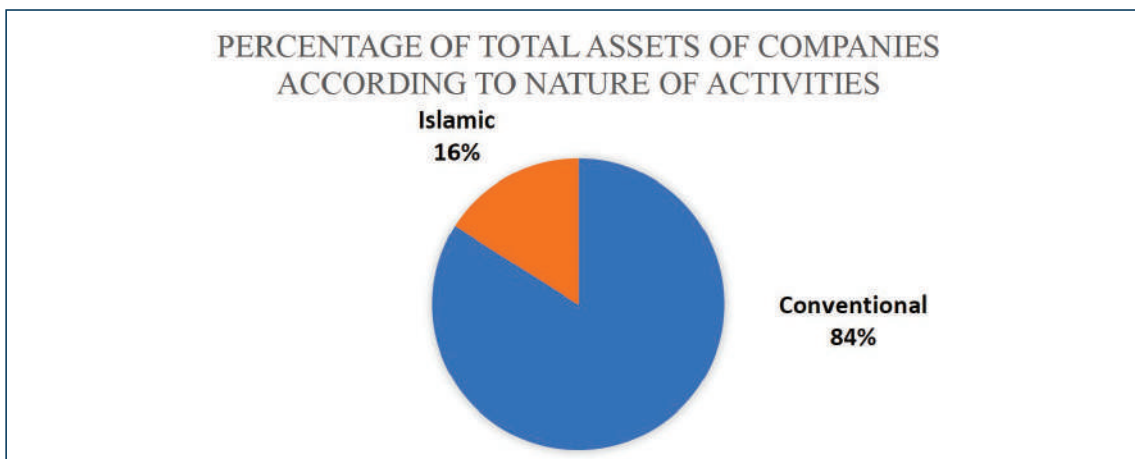
► Change in Total Assets of Listed Companies According to Sector:



► Percentage of Total Assets of Each Sector to Total Assets of Listed Companies - Except for Banks - as on December 31, 2022:



► Percentage of Total Assets of Companies According to Nature of Companies' Activities (Conventional/Islamic) as on December 31, 2022:



- ▶ Statistical Data of Brokerage Companies Licensed to Practice Activity of a Securities Broker Registered with an Exchange as on March 31, 2023:

Statement	Number	Statements as on March 31, 2023	Statements as on March 31, 2022	
		Value (in thousand KWD)	Value (in thousand KWD)	
Assets	Conventional Companies	9	150,185	146,499
	Islamic Companies	1	22,064	20,183
	Total	10	172,249	166,682
Liabilities	Conventional Companies	9	13,274	8,410
	Islamic Companies	1	542	402
	Total	10	13,816	8,812
Shareholders' Rights	Conventional Companies	9	136,911	138,089
	Islamic Companies	1	21,522	19,780
	Total	10	158,433	157,869

- ▶ Statistical Data of Investment Companies Licensed by the CMA – except for banks and brokerage companies mentioned in the item above – as on March 31, 2023:

Statement	Statements as on March 31, 2023		Statements as on March 31, 2022		
	Number	Value (in thousand KWD)	Number	Value (in thousand KWD)	
Assets	Conventional Companies	34	2,792,958	39	3,050,579
	Islamic Companies	19	1,438,577	20	1,433,404
	Total	53	4,231,535	59	4,483,983
Liabilities	Conventional Companies	34	779,263	39	899,187
	Islamic Companies	19	489,379	20	460,387
	Total	53	1,268,642	59	1,359,574
Shareholders' Rights	Conventional Companies	34	2,013,695	39	2,151,392
	Islamic Companies	19	949,198	20	973,017
	Total	53	2,962,893	59	3,124,409

* Remark: The statements of the investment companies include the statements of Boursa Kuwait Securities Company and Kuwait Clearing Company.



► On-site Supervision

► Implementation of Relevant Tasks:

- Taking the necessary action regarding the remarks monitored on some of the licensed persons that are regulated by the CMA, whether by referring them to the relevant organizational unit to provide the technical opinion thereon, referring them to the legal entities (when necessary) to take the legal procedures thereon, or by referring some of them to Kuwait Financial Intelligence Unit to consider their compliance with the regulations of anti-money laundering and combating financing of terrorism.
- Following-up the licensed person to process the observed notes.
- Receiving the reports of evaluating and reviewing the internal supervision systems of the licensed persons and taking the necessary action thereon.
- Receiving several defense files from the persons referred for investigation and provide the technical opinion thereon.
- Issuance of 4 circulars related to Anti-Money Laundering and Combating Financing of Terrorism.

► Statistics of On-site Supervision Tasks in its Various Types for Financial Year (2022/2023):

#	On-site Supervision Type	Number of Tasks	Remarks Referred for Investigation	Non-substantial notes	Remarks Referred to the Competent Organizational Units
1	Comprehensive supervision	33	35	120	155
2	Special Purpose on-site supervision	38	40	114	154
3	Anti-Money Laundering and Combating Financing of Terrorism	32	83	99	0

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

#	Subject	Number of Tasks	
		Financial year (2021/2022)	Financial year (2022/2023)
1	Comprehensive On-site Inspection	29	33
2	Special Purpose On-site Inspection	52	38
3	On-site Inspection related to Anti-Money Laundering and Combating Financing of Terrorism	34	32
4	Review and assess the reports of internal supervision systems	185	139
Total Tasks		300	242



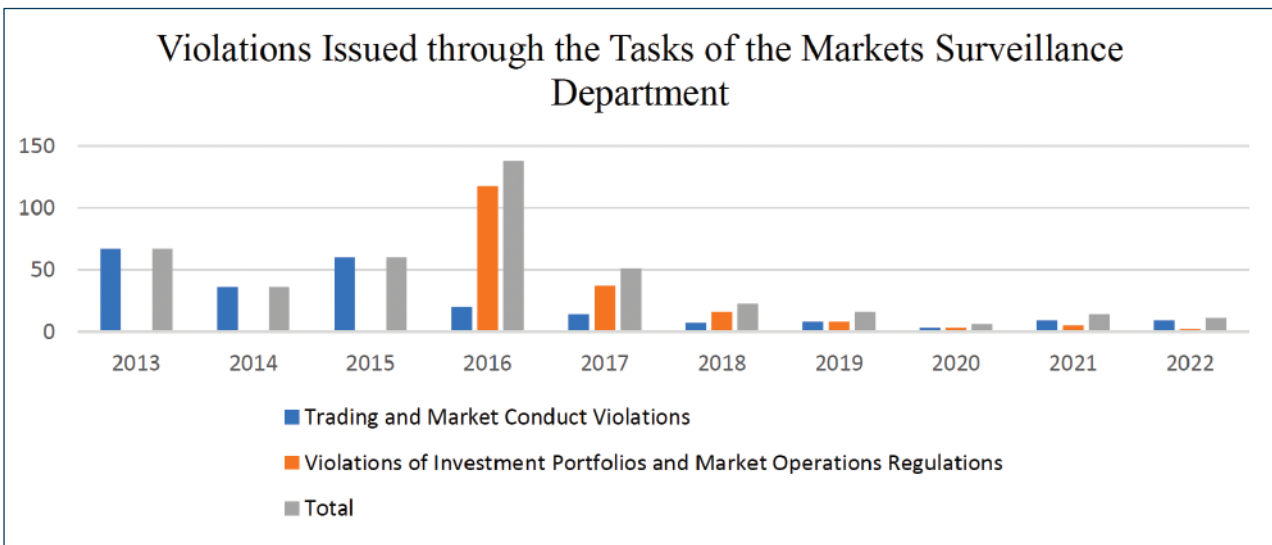
▶ Markets Surveillance

▶ Statistics of the most prominent executed tasks

Task Type	Number
Developing rules, systems and control mechanisms related to tasks associated with Markets Surveillance	9
Initiatives	7
Contributions and Studies	32
Activities (internal and external)	8
Surveillance Operations	16
Delegations by the Board of Commissioners / Managing Director related to Markets Surveillance	4
Inquiries (internal - external)	21

▶ Cumulative Statistics of Violations Issued through the Tasks of the Markets Surveillance Department

Statement	Years									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Trading and Market Conduct Violations	67	36	60	20	14	7	8	3	9	9
Violations of Investment Portfolios and Market Operations Regulations	-	-	-	118	37	16	8	3	5	2
Total	67	36	60	138	51	23	16	6	14	11



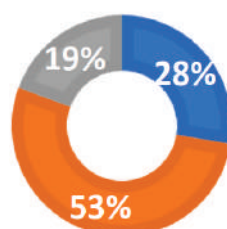
► **Statistics on Securities Investment Portfolios until the End of 2022**

► Securities Investment Portfolios Managers and their Management Mechanism

Statement	Number as on the end of 2022
Investment Portfolios Managers	41 companies
Securities investment portfolios in the State of Kuwait	5,724 portfolios

NUMBERS OF PORTFOLIOS AND THEIR MANAGEMENT MECHANISM

■ Managed by the company ■ Managed by the client ■ Custody

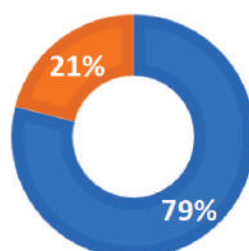


► Types of Securities Investment Portfolios Clients

Statement	Number as of the end of 2022
Kuwaiti clients	3,573
Non-Kuwaiti clients	952
Total investment portfolios clients	4,525

NUMBER OF KUWAITI AND NON-KUWAITI CLIENTS

■ Kuwaiti clients ■ Non-Kuwaiti clients



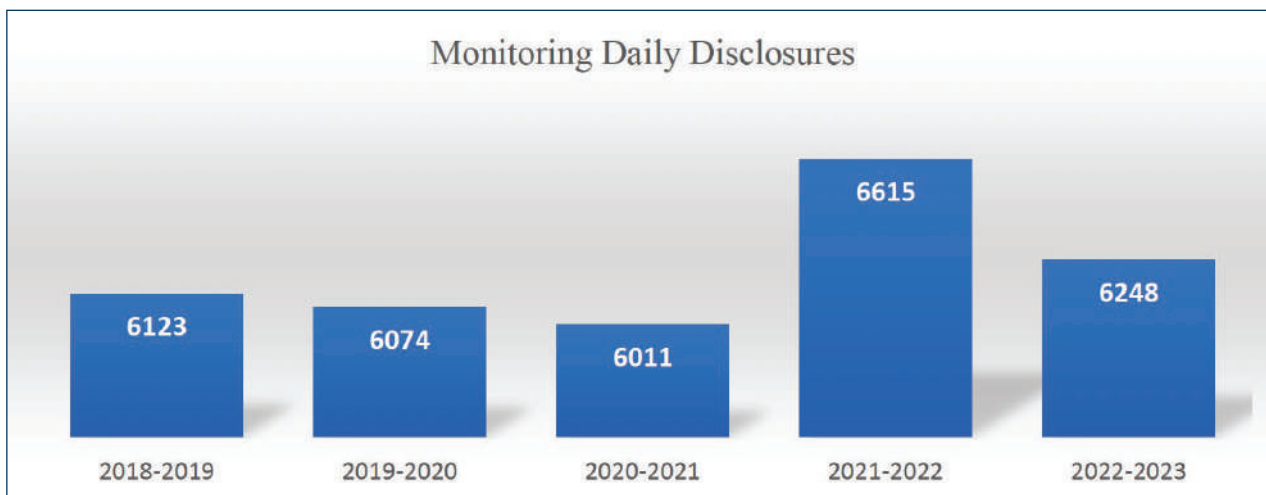
► Market Value of Securities Investment Portfolios

Statement	Value at the end of 2022 (KWD)
Securities market value	13,554,816,737
Cash market value	394,946,138
Total market value of securities investment portfolios	13,949,762,875

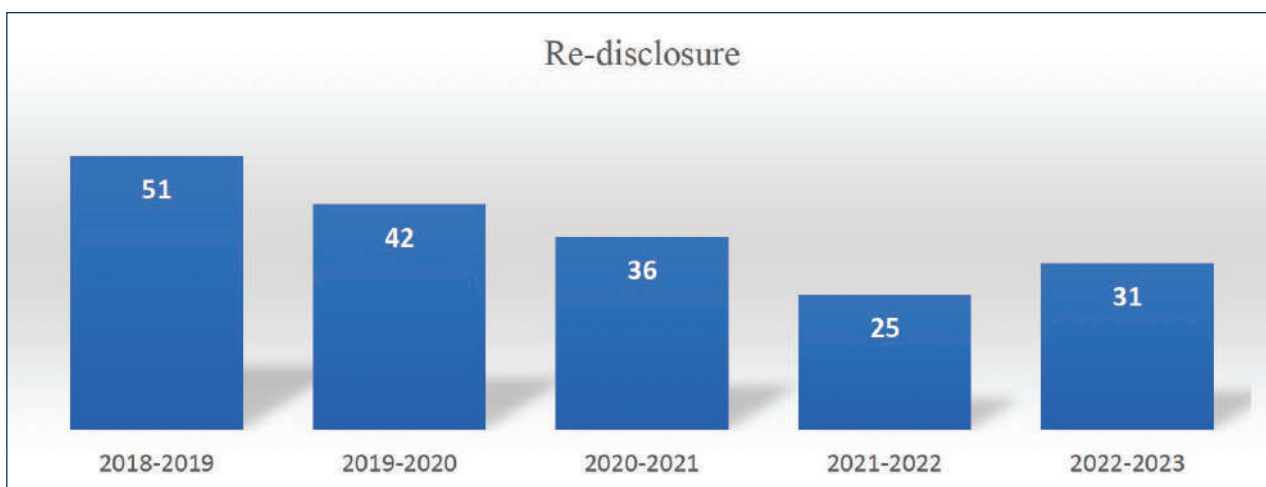
► Disclosure and Transparency

► Material Disclosure

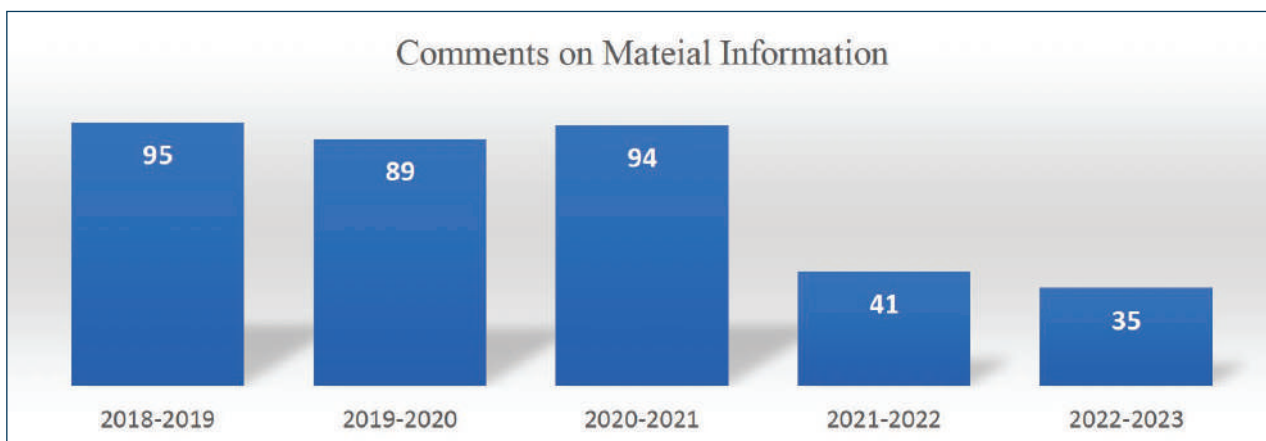
- Monitoring and following up Disclosures Announcements in Bursa Kuwait.



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



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



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



- ▶ Follow up the temporary suspension of trading on the shares of companies listed in Boursa Kuwait for the cases related to material disclosure.

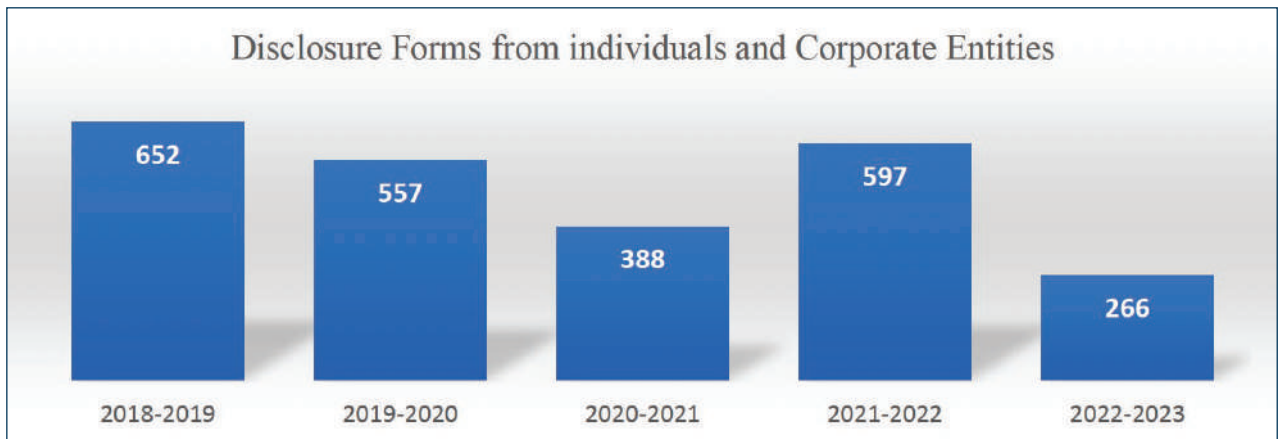


- ▶ Findings Regarding Disclosure of Material Information noted from On-site Investigation Tasks.

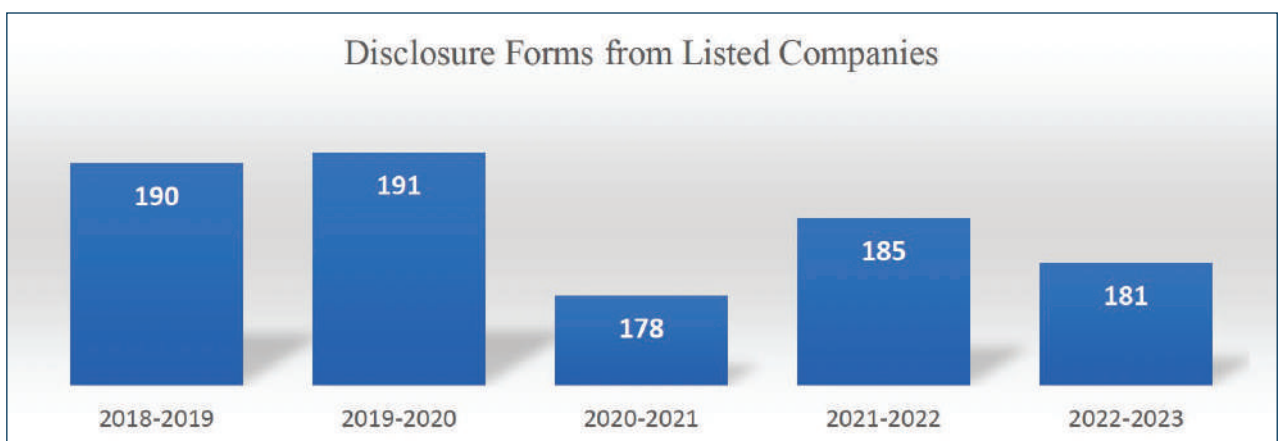


► **Disclosure of Interests**

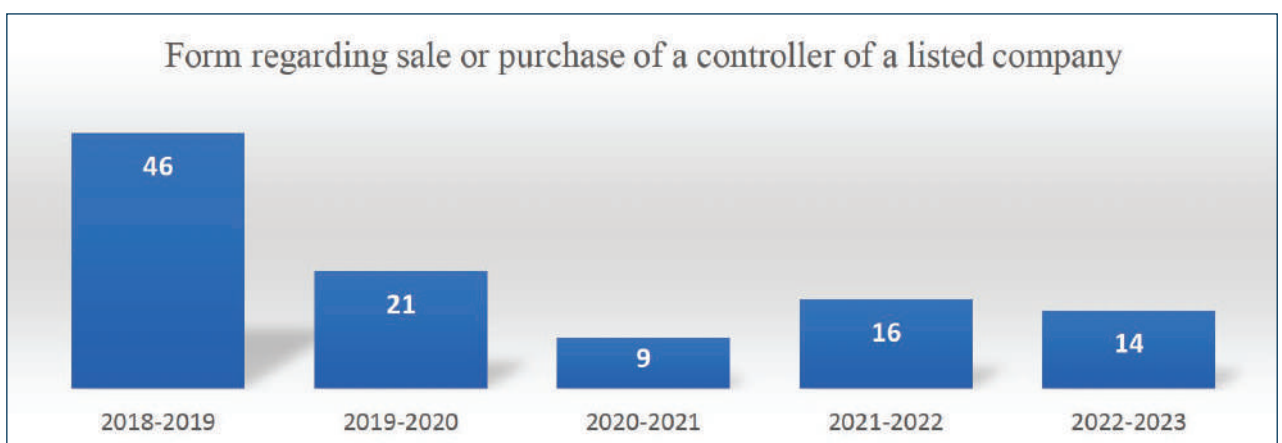
- Receiving and Reviewing Disclosure of Interests Forms from individuals and Corporate Entities



- Receiving and Reviewing Annual Disclosure Forms from Listed Companies.

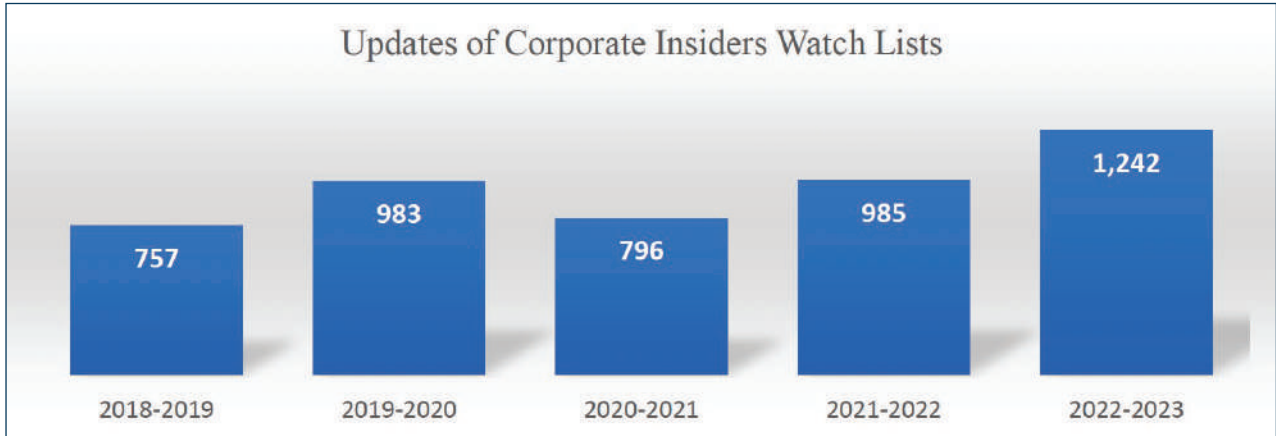


- Receipt of the controller disclosure forms relevant to provisions of Article (3-6) of Chapter Three of Module Nine regarding the percentage of sale or purchase permitted for controller of a listed company referred to the relevant department.

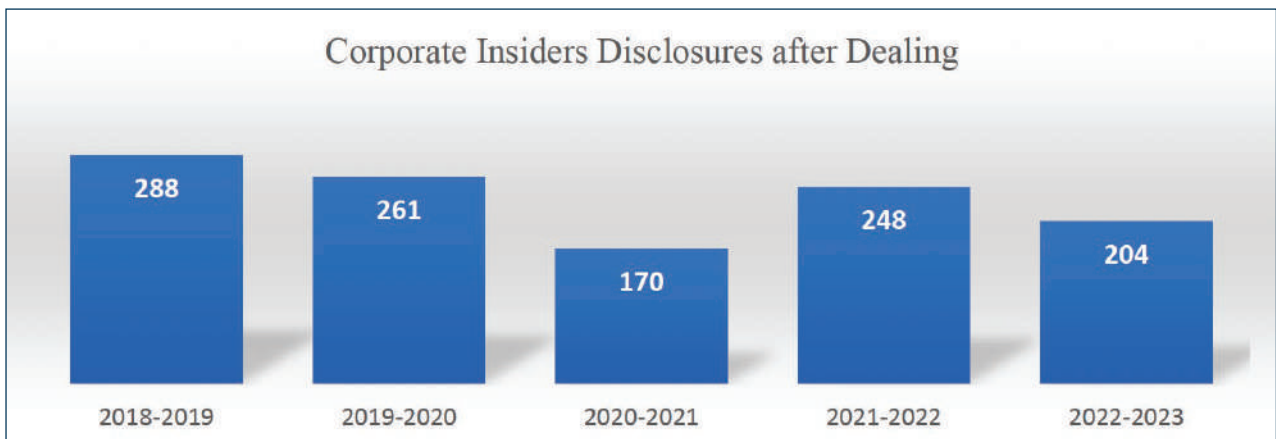


► Insiders Disclosure

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



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



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

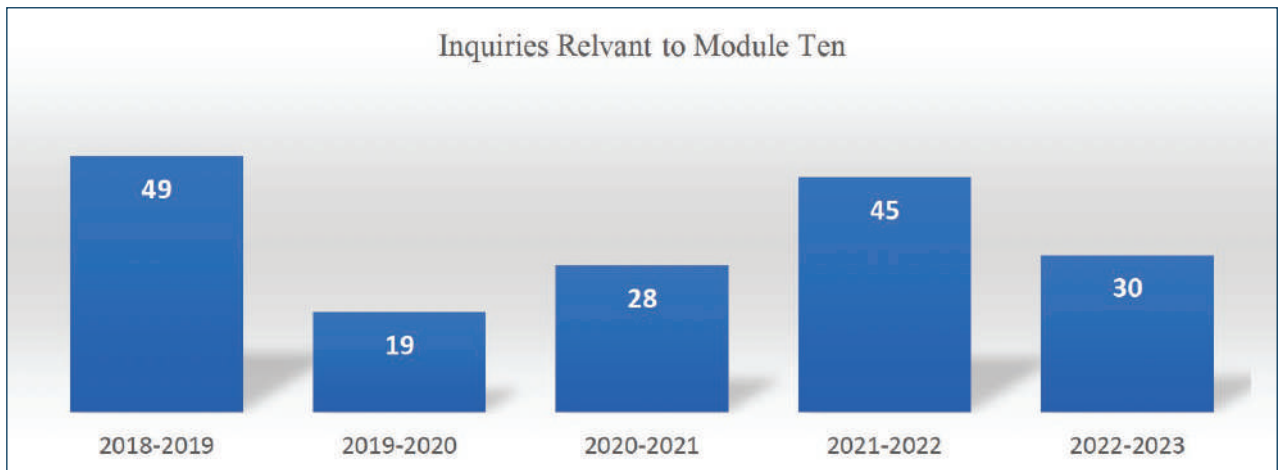


► **Tasks Related to Disclosure in General**

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



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



Awareness and Media Fields

► Awareness Field

First- Awareness Programs and Workshops

During the report period, thirteen awareness workshops were held. They included direct workshops with attending audience as well as electronic workshops, as follows:

► Specialized Awareness Program (Developing the Mechanism of Participation in General Assemblies of Listed Companies) (October 19th- November 1st).

The program was implemented in collaboration between the CMA, Bursa Kuwait Securities Exchange, and Kuwait Clearing Company. It included five direct awareness workshops aimed at introducing the CMA's project to develop the mechanism of participation in general assemblies in accordance with the approved electronic system of Kuwait Clearing Company, in addition to the stages and foundations of this project.



► Workshop on “The Market Maker Weekly Report System” (May 29th)

An electronic workshop limited to participants interested its subject, aimed at clarifying the relevant aspects of the automated system that the CMA developed to provide weekly reports for the market maker of licensed persons. It introduced the automated system for weekly reports and its objectives, the process of adding permissions report components, preparation procedures, completing its forms, and finally uploading and send it.

► **Workshop on “Updates Related to Anti-Money Laundering and Combating Financing of Terrorism” (June 28th-29th)**

This workshop was dedicated to compliance officers of licensed persons, aiming to update them on the latest amendments and developments related to money laundering and financing terrorism issues. It also presented the mutual evaluation process that the State of Kuwait will undergo by the Financial Action Task Force (FATF) during the year 2023.



► **Workshops Conducted by Other Organizational Units**

Workshop on “Automated System for Electronic Account Trading Reports” (October 3rd)

The workshop was conducted by the Markets Surveillance Department, and targeted licensed persons involved in providing electronic trading services. It provided an overview of the automated system for electronic account trading reports, its objectives, the content and data of those reports, as well as procedures and timing for their submission.



► **Gulf Joint Awareness Workshop (June 9th)**

The online workshop is an event under the Gulf Joint Awareness Program known as "Mulem". It focused on the topic of data manipulation as one form of financial fraud. The workshop highlighted the role of regulatory authorities in combating these fraudulent practices through the implementation of governance, strengthening supervision, raising awareness, and enforcing strict penalties and sanctions.



► **University Awareness Workshops**

In this context, four university awareness workshops were conducted, which we will briefly review as part of our discussion on the CMA's project to enhance financial inclusion.

Second: Awareness Campaigns

► Local Campaigns

► Financial Inclusion Campaign (April - May)

This campaign is reviewed in detail as part of the national project to promote financial inclusion.



► Key Performance Indicators Campaign (June-September)

The campaign aimed to introduce the operational performance indicators identified by the CMA for its key operations that are relevant to its stakeholders.

الارتقاء بكفاءة أداء الهيئة

والتوافق مع المعايير الدولية

وتحسين بيئة الأعمال المحلية

تمثل بعضاً من مستهدفات الهيئة
جراء قيامها بوضعها مؤشرات لأدائها،
والإعلان عنها بالشفافية المطلوبة.

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280 مؤشراً داخلياً

240 دليلاً
لإجراءات العمل

تم على أساسها احتساب نتائج أداء مختلف
الوحدات التنظيمية في الهيئة لقياس كفاءة
وفعالية إجراءات عملها خلال الفترة محل القياس.

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► Grievances Submission Campaign (June-July)

The campaign aimed to raise awareness of the mistakes committed by some complainants when filing their grievances against the resolutions of the Disciplinary Board.



► Whistleblower Reward Campaign (August)

The campaign targeted raising awareness of the amendments made to certain provisions and rules related to submitting reports of violations and crimes to the CMA, especially in terms of adding an article that allows the CMA to grant rewards to those who report violations and crimes related to securities activities. The amendments also covered the electronic submission of reports and the handling of reports that do not meet the requirements.



► **The Guidelines for those Requesting the Right to Access Information Campaign (August-September)**

The campaign aimed to introduce the guideline to those requesting the right to access information held by the CMA, and what the guide includes in terms of data classification, lists of information and documents that can and cannot be disclosed, the procedures for submitting requests, responding to them, and the process of filing complaints related to access requests.

► **Campaign for the project of Developing the Mechanism of Participation in General Assemblies (September-October).**

The campaign was implemented in two stages. It presented the amendments to some provisions of the Executive Bylaws of the CMA's Law for the first phase of the project to enhance the mechanism for participation in general assemblies, in addition to the CMA's resolution regarding the adoption of the General Assemblies Policies and Procedures Manual through the electronic systems of the Kuwait Clearing Agency.



► **Sustainable Finance Campaign (October)**

The campaign was part of the CMA's participation in the World Investor Week activities organized by the International Organization of Securities Commissions (IOSCO), and included several activities, such as press releases and awareness messages through the CMA's social media accounts, in addition to issuing an printed materials and educational video. This event was covered in the tenth issue of CMA's Electronic Awareness magazine.



► **Gulf Smart Investor Award Campaign (October-November)**

The campaign aimed to introduce the competition and encourage everyone in the State of Kuwait (citizens and residents) from all age groups to take part. Its activities varied between press releases and awareness messages through the CMA's social media accounts, and coverage in the CMA's electronic awareness magazine, in addition to a press interview for one of the local newspapers with the Director of the Awareness Office, and a television interview with one of the CMA's employees, members of the Mulem team.



► **Joint Campaigns**

In this context, the CMA participated with the Central Bank of Kuwait in the activities of its national banking awareness program, "Let's Be Aware." The CMA published many of the awareness messages of this program through its accounts on social media, and in several issues of its electronic awareness magazine.

Third: Awareness Publications

► The CMA's Electronic Awareness Magazine

► Eighth Issue (June)

The topics of the issue varied between legal, informative, awareness and news related. Among them, the opening section presented the shared responsibility for the continuation and cancellation of listing. The "Opinion and Vision" section discussed the principle of neutrality the company's board of directors when it comes to acquisition offers according to the Executive Bylaws of the CMA Law."



► Ninth Issue (September)

The editorial of the issue presented the prominent achievements of the CMA achieved during its recent strategy. The Issue's Event section addressed two topics: the selection of CMA's candidate as a member in the Board of Directors of the International Organization of Securities Commissions (IOSCO), and the topic of the Gulf Smart Investor Prize. The "CMA's independency aspects as a regulatory entity," was the topic of the legal section, while the remaining topics varied according to their specific sections.

► Tenth Issue (December)

The issue, like all other issues of the magazine, included various topics, such as the legal section that presented the topics of "Unlicensed advice and recommendations through social media" and "CMA's right in concluding agreements and memorandums of understanding with counterparties", and the "Opinion and Vision" section that presented a vision for new investors in simple steps.

► Eleventh Issue (March)

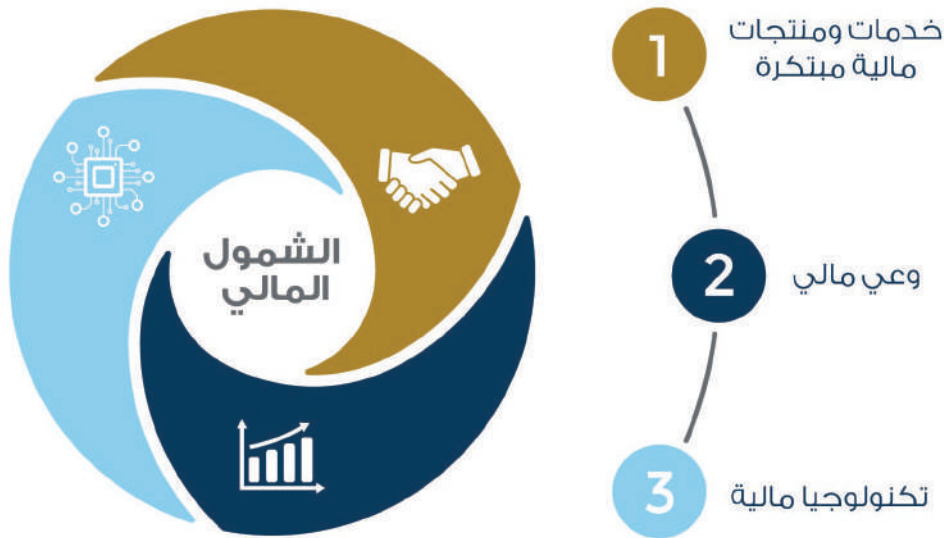
Among the most prominent topics covered in the issue were: passporting products, the financial analyst and investment advisor for a one-person company, the beginning of the era of financial technologies, the CMA's position on sustainable finance, and survey of financial inclusion.



Awareness Brochures

► Financial Inclusion Publication (May)

The publication presented the concept of financial inclusion and its objectives, especially in terms of motivating investment, promoting economic growth, enhancing the safety and sustainability of the financial system, providing sources of financing for SME companies, and providing innovative financial products.



► Sustainable Finance (December)

This publication aimed to clarify the importance of sustainable development as a solution for human society to confront economic crises. It also provided a definition of sustainable development, its indicators, and its pillars.

► Financial Planning (December)

The publication draws a road map for financial success and achieving a balanced financial life. It emphasizes the importance of planning and the urgent need for it in various aspects of life in general, and on the financial level in particular.

► Risks of investing in securities activities and mechanisms for reducing them (January)

The publication presented the most prominent risks facing investment in securities activities, including risks related to the overall political and economic conditions, market and credit risks, trading behaviors, etc. It also presented the most prominent mechanisms for reducing those risks.





► **Module Nine (Mergers and Acquisitions) (February)**

This specialized awareness publication was prepared by the relevant organizational unit. It introduced cases of mergers and acquisitions, partial purchase offers, divisions, and the circumstances of each of them.



Reports

► Eleventh Annual Report (June)

The report included a detailed presentation of the CMA's tasks and achievements during the financial year (2021/2022) in its various areas of its work: legislative, regulatory, supervisory, and awareness, in addition to its prominent future directions.

► Gulf Awareness Development Reports (September - February)

In this context, two reports were issued, the first was for the first half of the year 2022, and the second was for the entire year. Both reports provided a comprehensive presentation of the most prominent achievements of the CMA achieved at the awareness level during the specified period.

► Press Releases

#	Press Release Topic	Issuance Date
1	"The Market Maker Weekly Report System" Workshop	30/5/2022
2	The Capital Markets Authority Publishes the Eighth Issue of its Electronic Awareness Magazine	1/6/2022
3	The Capital Markets Authority Announces the Results of the Key Performance Indicators for its Main Operations	25/6/2022
4	"Updates Related to Anti-Money Laundering and Combating Financing of Terrorism" is the Subject of an Awareness Workshop by the CMA	29/6/2022
5	The Capital Markets Authority Issues its Eleventh Annual Report	23/7/2022
6	The Capital Markets Authority Publishes the Ninth Issue of its Electronic Awareness Magazine	1/9/2022
7	The Capital Markets Authority Participates in the Events of " World Investor Week "	2/10/2022
8	An Awareness Campaign by the Capital Markets Authority Regarding Gulf Smart Investor Award	15/10/2022
9	"Developing the Mechanism of Participating in General Assemblies of Listed Companies" is the Topic of An Awareness Program	26/10/2022
10	Press Release: The Capital Markets Authority Publishes the 10th Issue of its Electronic Awareness Magazine	2/12/2022
11	Strategic Awareness Cooperation between the Capital Markets Authority and College of Business Studies	11/12/2022
12	The Capital Markets Authority Publishes the 11th Issue of its Electronic Awareness Magazine	4/3/2023

► Fourth: Awareness through Social Media

The last financial year witnessed the preparation of about 300 awareness messages, the topics of which varied between awareness campaigns and consecutive issues of the CMA's magazine, in addition to awareness workshops and other awareness activities. 261 of them were broadcast on the CMA's social media accounts. The following table summarizes its prominent topics:

#	Topic	Number of Messages
1	Magazine issues (8,9,10,11)	60
2	Eleventh Annual Report	21
3	Awareness Campaigns "Financial Inclusion, Grievances Submission, Whistleblower Reward Campaign, The Guidelines for those Requesting the Right to Access Information, World Investor Week	122
4	KPI's of CMA's Main Works	25
5	Awareness Programs and Workshops	33
	Total	261



التميز المؤسسي للهيئة من خلال تبنيتها
حوكمة مؤسسية فاعلة، ووضعها مؤشرات
تقييم لأدائها، كانت أدوات الهيئة لأداء
مهامها، وهو ما أهلها للحصول على المركز
الأول في الحوكمة في تقرير ديوان المحاسبة
للجهات ذات الميزانية المستقلة خلال
العامين الأخيرين، وحصولها على شهادة
الأيزو ISO/IEC27001:2013



د. الملحم



قم بمسح الباركود


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Fifth: Visual and Audio Awareness

Visual Awareness

A press interview was conducted by a local newspaper with the Director of the Awareness Office, within the framework of the Gulf Smart Investor Award campaign. The meeting aimed to introduce the competition, its activities, areas of participation, conditions, and the value of its awards.



Visual Awareness

Videos, Infographics and Designs

- ▶ Documentary video of the organized meeting with the Ministry of Commerce and Industry (November).
- ▶ A video on the mechanism for submitting grievances against the Resolutions of the Disciplinary Board (December).
- ▶ Video on Sustainable Development (December).
- ▶ 4 IPO infographics (December).
- ▶ Infographic of On-site Supervision tasks (January).
- ▶ Infographic on reporting procedures (February).
- ▶ Preparing 415 designs for advertisements and awareness messages throughout the financial year.

Television and Radio Coverage

In the field of television coverage, several interviews were conducted on Kuwait State TV with representatives of the Awareness Office. The first was during the month of November and aimed to introduce the Gulf Smart Investor Award competition, its objectives, conditions for participation and its fields. The second took place during the month of March through a television intervention aimed at introducing financial fraud, its practices and causes, and the CMA's pre-emptive and protective efforts to address it among various segments of society. On the same topic, a radio interview was conducted with the "Al-Masaa Telephone" program on Kuwait Radio during the month of March as well.



► **Sixth: The National Project to Enhance Financial Inclusion and Investment Awareness**

The financial year subject of the report witnessed fundamental amendments to the project of the National Authority for Promoting Financial Literacy, with it being referred to as a project to enhance financial inclusion and investment awareness, which required preparing a different vision for the project. Analysing the reality of financial inclusion in different societal sectors was the first step in its path, as the CMA continued at the same time, its efforts in the university educational field postponed the implementation of educational activities. The most prominent things that have been accomplished within the framework of this project can be summarized:

University Awareness lectures (November - December)

Workshop on “Regulatory Bodies’ Response to Limiting Manipulation of Financial Data” (November 9th)

The workshop was implemented at the American University of Kuwait. It provided explanation of the concept of manipulation of financial statements, its purposes, and its methods, in addition to explaining the role of regulatory authorities in reducing these practices.



“Listing and Trading Environment at Bursa Kuwait Securities Exchange” workshop (November 9th)

The workshop was carried out at the College of Administrative Sciences at Kuwait University. It presented the CMA's tasks related to developing the capital market in accordance with the latest international practices, and the mechanisms for implementing them. In addition to the mechanism of listing companies and its expected benefits, whether for the company itself or for its shareholders.



“Capital Market Development Program” workshop (December 5th)

The workshop was implemented at the College of Business Studies. It targeted the teaching and administrative staff. It was dedicated to the topic of the “Capital Market Development Program,” its stages and deliverables of each, and its strategic objectives, especially in terms of developing the market, its compatibility with international standards, improving its classification, and attracting foreign investments.



Workshop on “Listing Procedures with the CMA” (December 5th)

The workshop was carried out at the College of Commercial Studies. It was devoted to the topic of “CMA's listing procedures” and the benefits of listing in the financial markets, its types and benefits, in addition to a comparison between the requirements for listing in the first and main markets of the securities exchange. It also covered the new investment products and tools that the CMA seeks to implement.



Awareness Campaign (April - May)

The campaign was dedicated to financial inclusion issues, implemented concurrently with the activities of Arab Financial Inclusion Day. It included several activities, such as awareness messages through the CMA's website and its accounts on social media, as well as the release of an awareness publication on financial inclusion. Additionally, the eighth edition of its electronic awareness magazine was devoted to covering this campaign.

Financial Inclusion Publication (May)

The publication was presented within the discussion of the awareness brochures.

Participation in seminars on financial inclusion (October-November).

Financial Inclusion Survey (March - May)

As part of the CMA's endeavour to develop an integrated vision for its national project to enhance financial inclusion, it launched a large-scale financial inclusion survey on its website during the month of March 2023 with the aim of analysing the reality of financial inclusion in our Kuwaiti reality.



استبيان الشمول المالي Financial Inclusion Survey



► Seventh: External Awareness Contributions

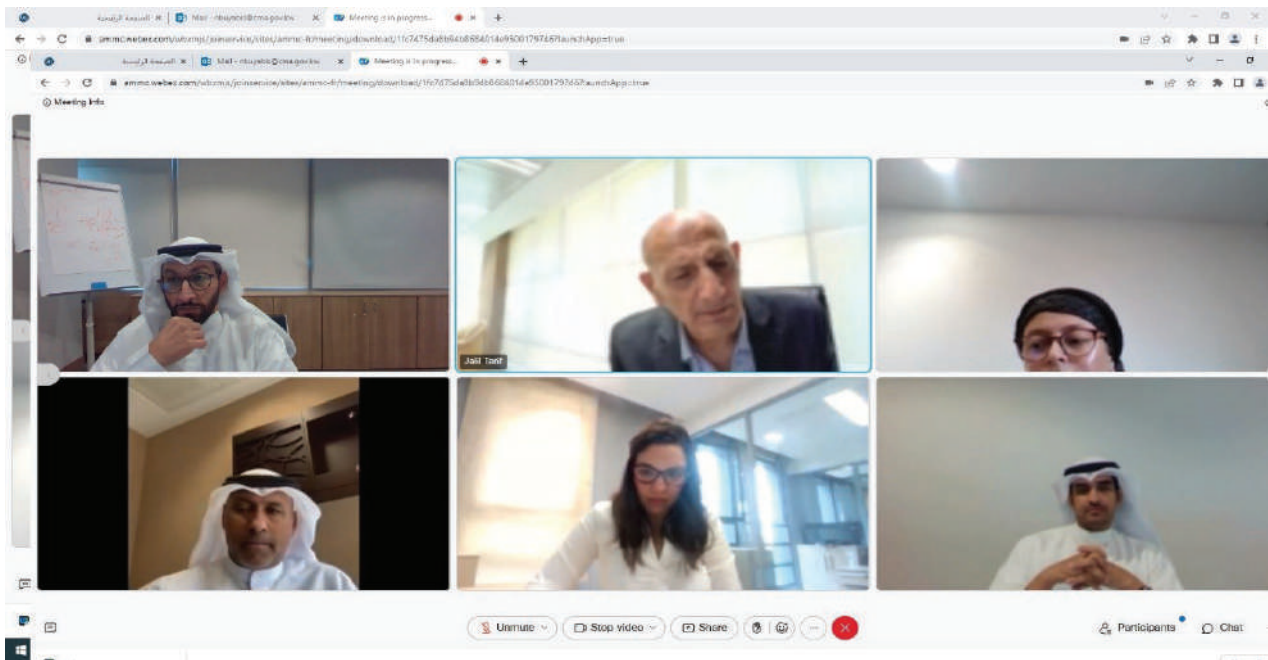
World Investor Week (October 3rd -9th)

For the second year in a row, the CMA participated, representing the State of Kuwait, in the "World Investor Week" activities organized annually by the International Organization of Securities Commissions (IOSCO). These events focused on specific topics (investor flexibility, sustainable finance, financial fraudulent practices, and crypto assets).



Union of Arab Securities Authorities Financial Inclusion Seminars (October 12th, November 9th)

The CMA participated in the activities of the two awareness seminars on financial inclusion, which were implemented via remote visual communication technology by the Union of Arab Securities Authorities. In these two seminars, the CMA's representative gave a comprehensive presentation of the CMA's most prominent initiatives related to the issue of financial inclusion with its three pillars (financial products and services, financial technologies, and financial awareness).



"Mulem" Events

During the reporting period, the CMA participated in Mulem events organized by the regulatory authorities, where it broadcasted the awareness outputs that were decided to be implemented within each event, after ensuring their compliance with the applicable legislation.

#	Campaign	Executing Date	Awareness Outcomes					Total
			Text	Design	Motion Graphic	Interactive Question	Video	
1	World Investor Week	March- April	2	21	-	-	2	25
2	Gulf Smart Investor Award	March- November	-	18	-	3	5	26
3	Investments	May-June	7	12	-	2	1	22
4	Shareholders Rights	July-August	4	9	1	1	-	15
5	Governance	September- October	3	8	-	1	-	12
6	Financial Fraud	October- November	8	8	-	4	1	21
7	Institutional Investment	November- December	4	8	-	2	-	14
Total			28	84	1	13	9	135




► Public Relations and Media

Publishing via Approved Media

Managing the content of the CMA's Website and its Applications on Smart Phones in Arabic and translating it into English

#	Activity	Number
1	Resolutions	194
2	Announcements	248
3	Circulars	20
4	Press Releases	66
Total		528

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

#	Mean of Social Media	Post	Number of Followers
1		141	20,700
2		125	10,000
3		86	-

► Translation

- Amendments to the Executive Bylaws (Modules 18 and 19), in addition to translating proposed amendments to some provisions and guidelines.
- Translation of the CMA's eleventh annual report.
- Updating and publishing the fee schedule in English on the CMA's website.
- Translation of the financial inclusion survey.

► Field of cooperation: local, regional and international

Local Cooperation

► Parties of the Financial Markets

Coordinating with the Kuwait Clearing Company Regarding:

- Policies and procedures manual for general assemblies through the electronic system.
- Developing a mechanism for participation in general assemblies of listed companies.
- Amending the clearing rules regarding (cancellation of the compulsory purchase session percentage, requirements of opening an account, and short selling under the principle of net liabilities).
- Providing special reports to strengthen control over changes in the ownership of persons subject to compliance with disclosure requirements.

Coordinating with Bursa Kuwait Securities Company Regarding:

- Developing the mechanism for participation in general assemblies of listed companies.
- Establishing rules for creating a specialized platform for listing and trading shares of small and medium-sized companies.
- Discussing the reinstatement of the auction market.
- Examining the outputs of technical assistance for activating the secondary markets for bonds and sukuk.
- Coordinating on the procedures related to private transactions concerning shares of licensed persons to confirm compliance with the provisions of effective control.
- Coordinating on amendments related to ETFs.

Coordinating with companies listed on the Bursa Kuwait Securities Exchange regarding:

- Phase one of the project to develop the mechanism for participation in general assemblies.

Central Bank of Kuwait

- Amending the MoU regarding the Margin Trading Service.
- Implementing joint awareness activities (under the framework of the national program: Let's Be Aware).
- Participation in the work of the secondary market development team for bonds and sukuk in the State of Kuwait.
- Workshop to explain provisions and procedures for increasing companies' capital and marketing securities in accordance with the provisions of the CMA's and Companies Laws and their amendments.

▶ Ministry of Finance

- ▶ Responding to inquiries received by the Ministry from the Organization for Economic Cooperation and Development.
- ▶ Participation in the work of the secondary market development team for bonds and sukuk in the State of Kuwait.
- ▶ Workshops on automatic information exchange and information exchange upon request by the OECD.

▶ Ministry of Commerce and Industry

- ▶ Phase one of the project to develop the mechanism for participation in general assemblies.
- ▶ Examining amendments of the MoU between the two parties to take into account amendments related to merger and acquisition activities.
- ▶ Coordination regarding unifying the classification of securities activities and corporate purposes in the Ministry's registry.
- ▶ Meeting with the Bankruptcy Committee in the Ministry and expressing a technical opinion on the trustee's license in the Bankruptcy Law and its Executive Bylaws.
- ▶ Expressing an opinion on Ministerial Resolution No. (4) of 2023 regarding the provisions of procedures for determining the identity of the actual beneficiary and coordinating the issuance of Resolution No. (41) to amend some of those provisions.
- ▶ Coordination regarding the Ministry's procedures that shall be implemented regarding companies in which all or some licenses for securities activities have been cancelled or terminated by the CMA in accordance with the legally prescribed circumstances.
- ▶ Research the governance of the management of partnerships and the management of commercial licenses (individual enterprises).

▶ Academic and Educational Bodies

- ▶ A coordination meeting for joint awareness cooperation with the College of Business Studies.
- ▶ Implementing university awareness workshops in colleges: Business Studies, Administrative Sciences, American University,
- ▶ Implementing the first and second stages of the Sixth Global Certificate Program of Harvard Law School for securities market regulators in cooperation with IOSCO and the International Financial Systems Program.

▶ Kuwait Direct Investment Promotion Authority

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

- ▶ **National Committee for Anti- Money Laundering and Combating the Financing of Terrorism and its working teams, the Financial Intelligence Unit, and the Kuwait Ministry of Foreign Affairs' committees related to combating terrorism and financing weapons of mass destruction.**
 - ▶ Organizing cooperation efforts on various issues related to the tasks of combating money laundering, terrorist financing and financing weapons of mass destruction.
 - ▶ Referring observations made on licensed persons by the CMA to the Financial Intelligence Unit.
- ▶ **The Central System for the Remedy of Situations of Illegal Residents**
 - ▶ Coordinating efforts on unifying the principles and true understanding of the application and enforcement of laws related to illegal residents registered in registered employment positions with the CMA.
- ▶ **Chamber of Commerce and Industry**
 - ▶ Participation in a lecture (Integration of Governance, Risk and Compliance Roles - GRC).
- ▶ **Competition Protection Agency**
 - ▶ Preparing to sign a MoU with the agency.
- ▶ **Sharia Supervision Advisory Board**
 - ▶ Reviewing the Council's proposal regarding the principles and rules of conduct of the Sharia audit profession concerning external Sharia audit offices registered with the CMA.
- ▶ **Various National Bodies**
 - ▶ Promoting and enabling the listing of government companies on the securities exchange.
 - ▶ Researching crowdfunding platforms within the framework of the "Kafo" project.
 - ▶ The national agenda to improve the business environment to protect minority investors.

Regional Cooperation

► Gulf Cooperation

► Meetings

- ▶ The working group responsible for training at the financial markets regulating bodies.
- ▶ The Financial Markets Integration Strategy Working groups.
- ▶ The Committee of Heads of Capital Market Authorities.
- ▶ Development team for passporting initiative for investment funds and their affiliated services.
- ▶ Discussing future prospects for joint Gulf economic and development integration (General Secretariat).
- ▶ Supervision of electronic risks by regulators (Dubai Financial Services Authority).

► Workshops

- ▶ Provisions and controls for issuance and marketing of subscriptions to bonds and sukuk (Securities and Commodities Authority in the United Arab Emirates).
- ▶ Expecting the future of family companies' governance (Ministry of Economy of the United Arab Emirates with the General Secretariat of the Gulf Cooperation Council).
- ▶ Producing and marketing media content in securities markets (General Secretariat).

► Completing data related to inquiries or questionnaires and exchanging information:

- ▶ Central Bank of Bahrain.
- ▶ Securities and Commodities Authority - United Arab Emirates.
- ▶ Qatar Financial Markets Authority.
- ▶ Capital Markets Authority of Saudi Arabia.
- ▶ The Capital Market Authority in the Sultanate of Oman.

Arab and Regional Cooperation

► Union of Arab Securities Authorities

- ▶ The sixteenth annual meeting.
- ▶ A special remote session to discuss the proposed amendments to the Union's regulations.
- ▶ An educational discussion session on digital transactions, their uses, and their risks to financial markets.
- ▶ Remote training program on artificial intelligence in financial institutions.
- ▶ A preliminary remote meeting to elect the head of the union's legal work team.
- ▶ A training program on the challenges of financial technologies and regulatory techniques for capital markets.
- ▶ An introductory seminar on financial awareness and inclusion.
- ▶ A consultative meeting for members of the Union participating in the meetings of the International Organization of IOSCO.

► Kuwait Fund for Arab Economic Development

- ▶ Discussing the amendment of Decree No. (86) of 2022 regarding approving the Credit Bank to issue bonds for the benefit of the Fund.

► Arab Monetary Fund

- ▶ Meetings of the Modern Fintech Working Group.

► Arab Counterparties

- ▶ Video meeting regarding the XBRL system (Iraq Securities Commission).
- ▶ Training visit (Capital Markets Regulatory Authority in Sudan).
- ▶ Request data on the instructions for financial solvency and capital adequacy standards (Jordanian Securities Commission).

International Cooperation

- ▶ **The International Organization of Securities Commissions (IOSCO) and its Committees**
 - ▶ Participation in the technical committee for secondary financial markets emanating from IOSCO.
 - ▶ Participating in the working group to study the repercussions of Corona on secondary markets.
 - ▶ Participation in the activities of the Global Investor Week.
 - ▶ Coordination regarding the explanation of the new accounting standard related to financial statement disclosures of activities and securities that meet the requirements of the Environmental, Social and Governance (ESG) Disclosure Guide for listed companies.
 - ▶ The organization's training program on cryptography and the following regulatory challenges for securities regulators.
 - ▶ Roundtable to discuss good sustainability practices for ESG asset managers and data providers.
 - ▶ The second virtual preparatory seminar on Global Investor Week.
 - ▶ A webinar on digital transformation and the emerging retail investment.
 - ▶ A webinar on IT securities clearing and derivatives.
 - ▶ Side event for the United Nations Climate Change Conference - Announcement of the Voluntary Carbon Market - Egypt.
 - ▶ Risk supervision program for securities regulators for the Africa and Middle East region.
 - ▶ Complete data and information related to inquiries and opinion polls on various topics related to securities activities.
 - ▶ Virtual conference on issues of securities trading and market infrastructure.
 - ▶ IOSCO STF PGP Supervisors Roundtable.

► IOSCO committees

► Affiliate Members Consulting Committee (AMCC)

- ▶ A virtual seminar on cybersecurity in light of the pandemic and beyond.

► Africa and Middle East Regional Committee (AMERC)

- ▶ Video meeting of the committee remotely.
- ▶ Research the sustainable financing course of action.

► Growth and Emerging Markets Committee (GEMC)

- ▶ Committee meeting.
- ▶ Participation session with the International Sustainability Standards Board ISSB-GEMC.

► International Organizations, Committees and Councils

► International Monetary Fund (IMF)

- ▶ Coordination regarding the project to list bonds and sukuk and activate their markets.
- ▶ Visit of the legal expert of the Fund.

► World Bank (WB)

- ▶ Discussion session on the transition to a positive future of climate and nature: Building resistance in the financial sector.

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

- ▶ COMCEC Forum (remote) –Capital Markets Board of Turkiye (discussing regulatory and supervisory systems).
- ▶ Capacity building survey for the Committee Forum, survey on the current situation of the cryptocurrency market in Member States and initiatives of regulatory bodies on crypto assets.

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

- ▶ A video conference on Sharia.
- ▶ The seventh meeting of the joint working group on the Sharia governance framework for institutions providing Islamic financial services. The group's eighth meeting on the revised framework of Sharia governance.
- ▶ The seventeenth conference of AAOIFI and the Islamic Development Bank.
- ▶ The meeting on the Sharia governance framework.
- ▶ Public hearing on Islamic crowdfunding.
- ▶ Hearing on the draft co-financing proposal.
- ▶ Attending meetings of the Ethics and Governance Committee remotely.

► Islamic Financial Services Board (IFSB)

- ▶ Workshop on the basic principles of Islamic finance regulation.
- ▶ The General Assembly and Annual Meeting of 2022 of the Council.
- ▶ The fifth executive program (effective risk management, modified capital requirements and effective solution, effective recovery for Islamic banks).
- ▶ Islamic capital markets workshops.
- ▶ Roundtable discussion on procedures for developing standards and guidelines.

- ▶ **Organization of Islamic Cooperation (OIC)**
 - ▶ Video meeting of the Capital Market Regulators Forum.
- ▶ **Global Financial Innovation Network (GFIN)**
 - ▶ Attending the organization's annual meeting.
 - ▶ An introductory session on supporting artificial data innovation in financial services.
 - ▶ Participation in the crypto assets project.
 - ▶ Surveys on auto learning for artificial intelligence.
 - ▶ The third (remote) digital regulatory cooperation forum, the Financial Conduct Authority, in cooperation with (GFIN).
- ▶ **Organization for Economic Cooperation and Development (OECD)**
 - ▶ Automatic Exchange of Information (AEOI) and Exchange of Information on Request (EOIR) workshops.
 - ▶ The organization's high-level roundtable meeting to discuss climate change and corporate governance.
 - ▶ Kuwait State Evaluation Meeting to exchange information upon request.
 - ▶ A video meeting with technical experts from the FAO Global Transparency Forum on automatic information exchange, and another meeting on the roles and responsibilities of related parties on financial account data.
- ▶ **General Council for Islamic Banks and Financial Institutions (CIBAFI)**
 - ▶ A conference on women's economic empowerment and the role of Islamic financial institutions in connecting existing gaps.
 - ▶ Remote seminar on Islamic finance, environmental, social sustainability and corporate governance, Links for Sustainability Integration.
 - ▶ An executive program on active and strategic leadership for success in a highly unstable world.
 - ▶ Webinar on Anti-Money Laundering and Financial Crime: Recent Regulatory Developments and Strategic Considerations.
- ▶ **The financial district of the City of London**
 - ▶ A visit from Lord Vincent Keaveny, the Mayor of London.
- ▶ **Chartered Financial Analyst (CFA) Institute**
 - ▶ Cooperation between the CMA and the Institute.
- ▶ **Chartered Institute for Securities and Investment (CISI)**
 - ▶ Signing an agreement regarding qualifying tests.

▶ **(HSBC) Bank**

- ▶ A promotional campaign by a global economist from the bank on the macroeconomic prospects for the Africa, Middle East, North Africa and Turkey region for the year 2022 in Kuwait.
- ▶ A phone call to conduct remote due diligence.

▶ **Bank for International Settlements (BIS)**

- ▶ Virtual workshop on proportionality and financial inclusion: implications for regulation and supervision.
- ▶ Bigtechs conference to address important issues related to technology today.

▶ **Mauritius Research and Innovation Council (MRIC)**

- ▶ Cooperation on launching an AI-powered due diligence platform.
- ▶ Awareness campaign about virtual assets and initial token offering services (VAITORS).

▶ **International Counterparties**

- ▶ French Financial Market Authority (International Seminar).
- ▶ Financial Services Centers Authority of the Republic of India (virtual meeting to discuss notes of MoU).



Section 7

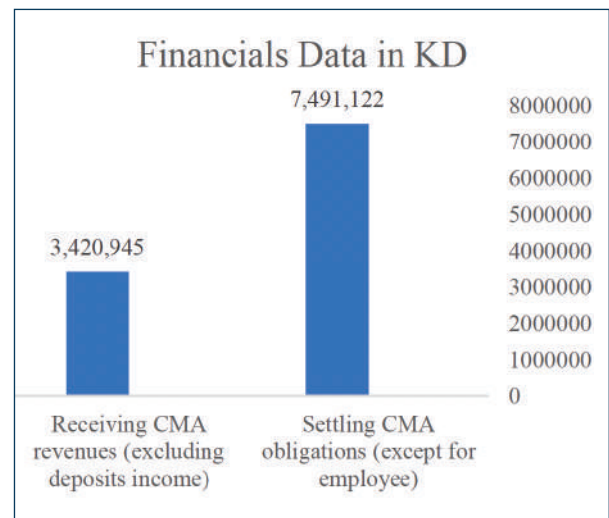
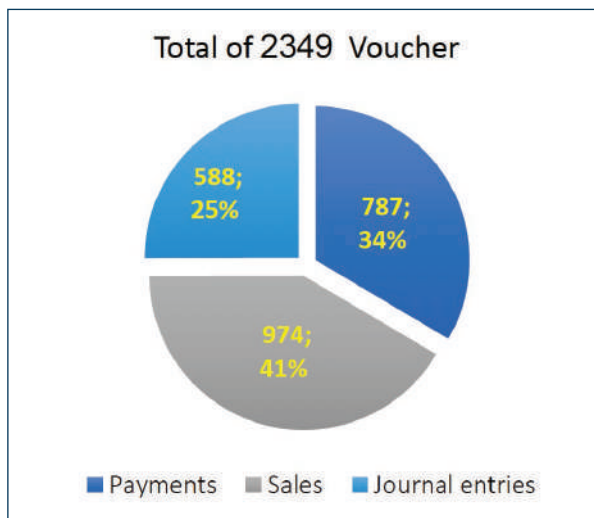
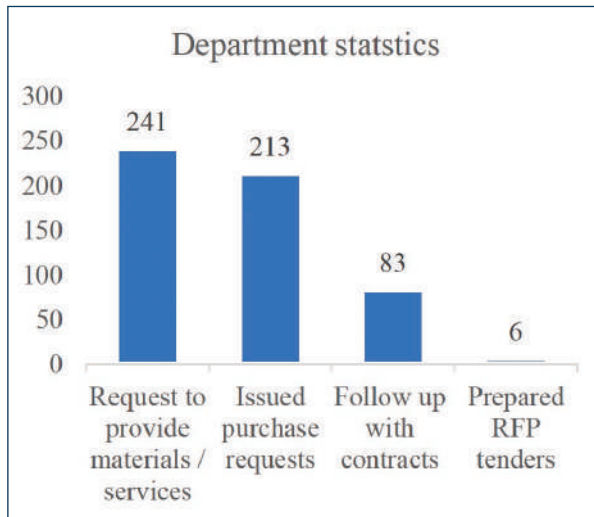
Regulation and Development of the Internal Work Environment

- ▶ The Financial Affairs and Treasury
- ▶ Information Technology and Communications
- ▶ General Services



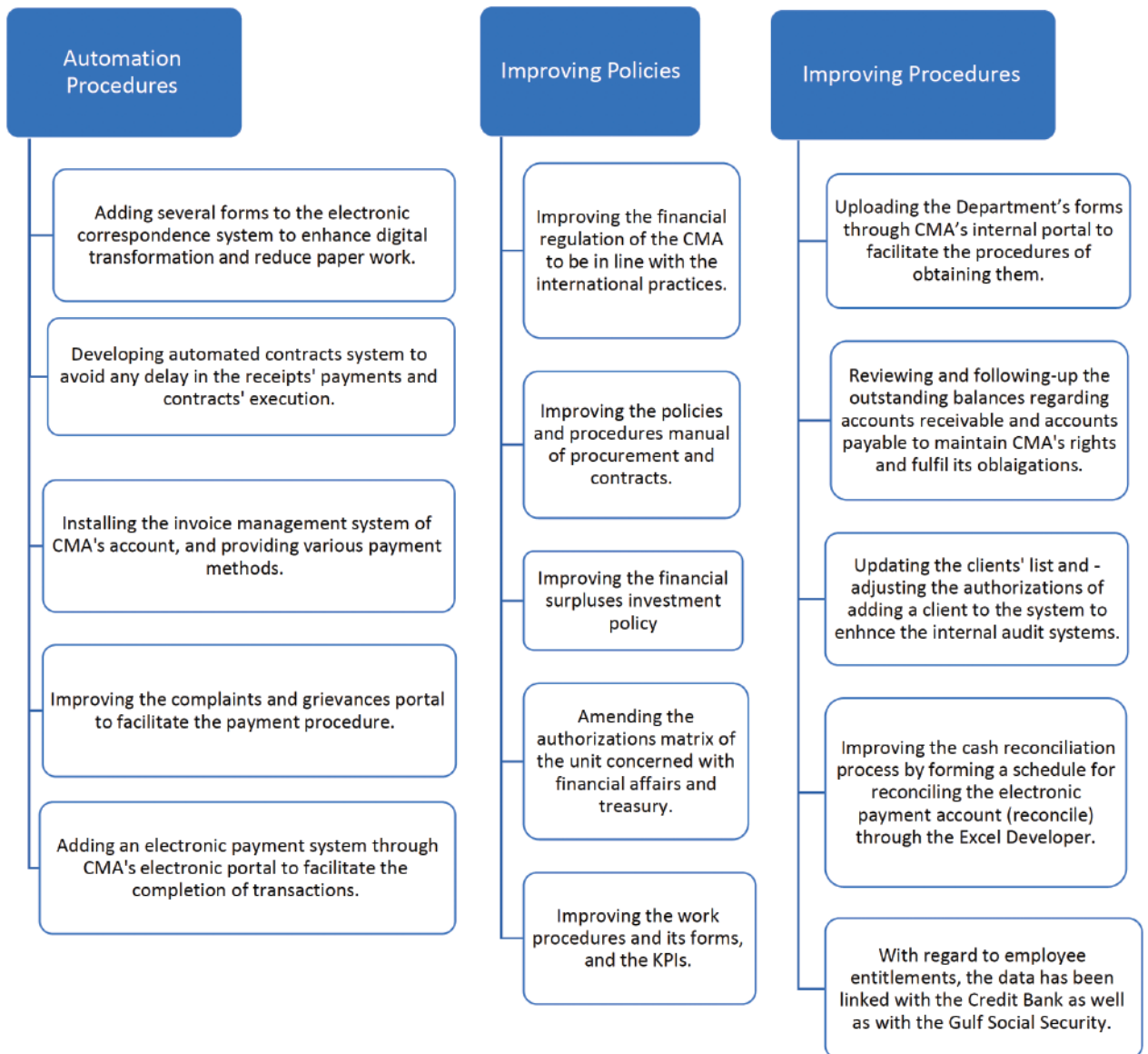
► The Financial Affairs and Treasury

► Data of Financial Affairs and Treasury



► **Related Executed Tasks**

<p>Service level agreements have been signed with all organizational units related to financial department, which aim to raise the level of services, clarify the responsibilities and tasks of employees, and raise the level of trust among organizational units.</p>	<p>Launch the automated invoice system and start to receive the invoices electronically from companies.</p>	<p>The global advisory office's report on the evaluation of the internal control systems had no comments regarding the financial department.</p>
<p>Coordination has been carried out to establish procedures for approving official mission travels, organizing them, and ensuring the active participation of all parties involved in the process.</p>	<p>A study was conducted to evaluate the size of CMA's operating capital due to the 12-year period that had passed since the establishment of the CMA, during which its business grew in line with market development. Additionally, the number of employees increased, and there were anticipated expenses related to operating the new CMA building.</p>	<p>Coordination has been undertaken in order to improve project and development work procedures, organizing them and reducing the documentary cycle, while ensuring that the internal control systems of the CMA are not compromised.</p>
<p>Increased revenues from deposits compared to the previous financial year, saved money through negotiating with companies, lowered the bank fees of electronic payments, and reduced the rent for KNET devices.</p>		



► Technical Regulation and Update

► Operations

- Developing the telephone switchboard system and converting it from traditional servers to virtual servers.
- Developing control panels and monitoring systems for Microsoft Service Center Operations Manager.
- Implementing two-factor authentication for remote access for users of the VPN system.
- Documenting data center equipment using illustrations of the main and auxiliary data center.
- Developing the central storage system (IBM Flash Storage).
- Developing networks by replacing obsolete devices in the data center (DMZ Switches).
- Developing email service protection systems (Cisco Email Security – ESA).

► Information Security

- The CMA achieved 100% compliance with the information asset classification policy standards of the Communication and Information Technology Regulatory Authority (CITRA).
- Implementing 7 awareness programs and 3 awareness workshops and publishing 8 awareness messages to educate the CMA's employees about information security and methods to protect CMA's data.
- Preparing and implementing 4 tests for simulating phishing attacks.
- Reviewing permissions in systems, remote access, and entry to data centres.
- Successfully conducting network security tests for all CMA components and systems.
- Passing the ISO27001 certification audit for information security.
- Preparing a minimum document policy guide for information security.
- Maintaining the security of CMA devices and network information 24 hours a day and 7 days a week.
- Conducting the annual review of the IT and Communication Department's policy and procedures.
- Developing and approving an information security strategy.
- Installing and operating the systems for both: Security Information and Event Management (SEIM) and Endpoint Detection and Response (EDR).



Application and Database Support

- Launching multiple systems, services, and new versions ('Sahel' Application Reporting Service, Statistical Reports for Companies, Projects Management System, Performance Evaluation System, Vendor Registration, Inventory System, Invoicing System, Contract System, Digital Identifier).
- Creating electronic pages for updating family data for CMA members and selling of their leaves.
- Publishing opinion surveys, legal principles page, electronic right to access form, and disciplinary board grievance form.

► **Business Continuity Program Management**

- Updating business continuity program outputs.
- Conducting two theoretical tests and six practical tests for business continuity plans, and successfully executing evacuation drill for some organizational units.

► **Statistics**

 Executed contracts	 Issued reports of maintenance services and technical support	 Updates and upgrades on Systems and servers	 Periodic inspection reports critical servers
23	92	13	75
 Remote access requests (VPN)	 Backup tests	 Files recovery requests	 Success rate of files recovery from backups
249	3	11	100%
 Critical updates for operating systems	 Completed technical support requests	 Supervising the systems of low voltage devices	 Maintenance and support reports
5	14261 requests through phone 825 requests through the technical support system	13	33
Completed change requests on the systems in the operating environment		Practical tests for business continuity program	
111		7	

► General Services

► CMA building and property

- Maintaining CMA's property, cleanliness, and security of its various organizational units' premises.
- Signing a contract for the construction, completion, and maintenance of the permanent headquarters of the CMA. Additionally, signing a contract for the provision of consulting and supervisory services for the headquarters project.

► Hospitality and cleanliness services

- Renewing contracts for cleaning and porters, as well as contract for hospitality and buffet services for the CMA's headquarters.

► Procedures of documents and records

- Renewing contract for providing storage and archiving services for the CMA.
- Receiving, sending, and archiving correspondence:

Statement	Number
Incoming correspondence	15736
Outgoing correspondence	3883
Incoming correspondence via government-to- government messaging G2G	949
Outgoing correspondence issued via government-to- government messaging G2G	969
Outgoing correspondence issued with manual reference	1085
Correspondence archiving	7005

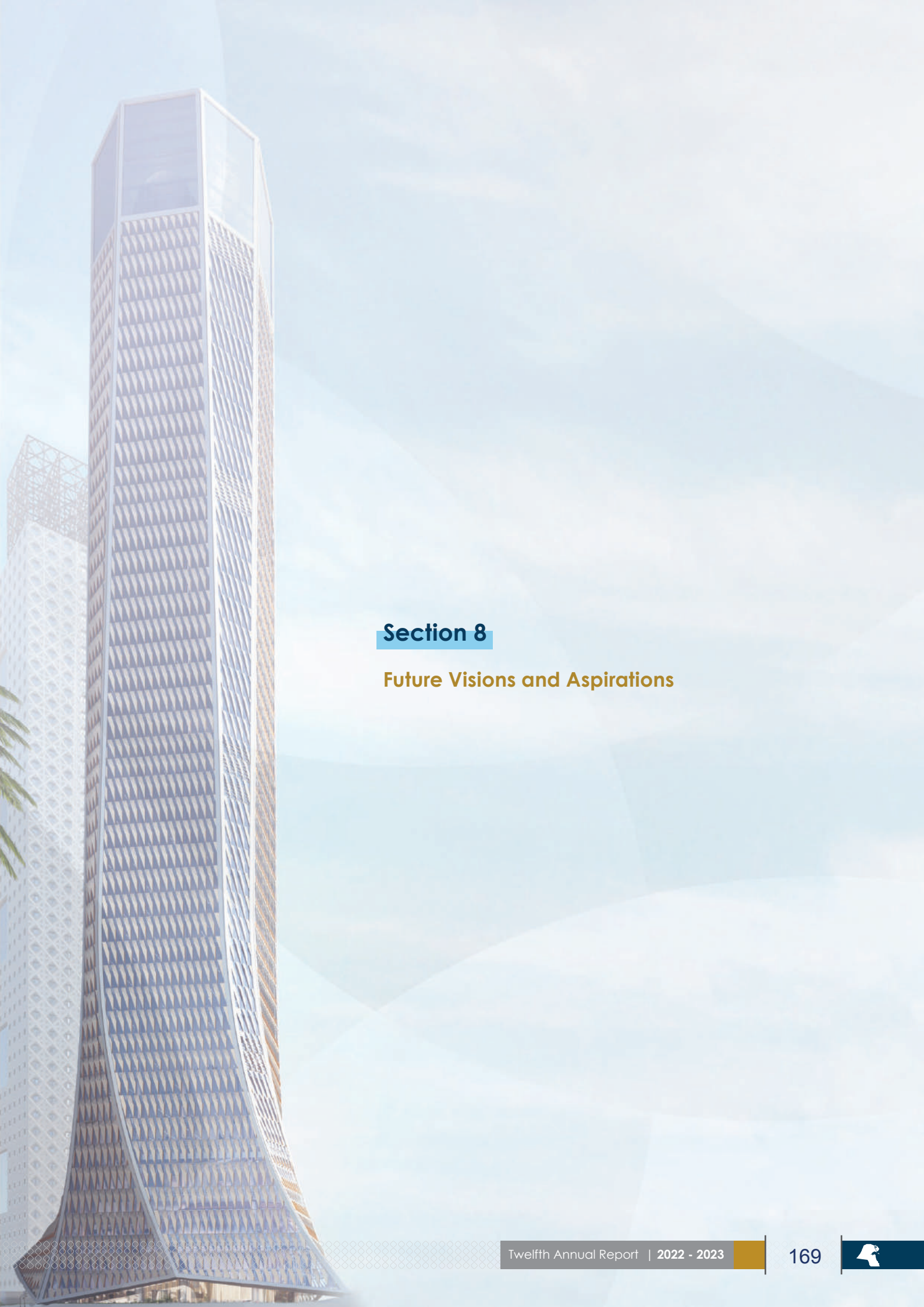
► Procedures of dealing with assets and items

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

Statement	Number
Received assets categories (item)	100
Quantity of assets entered into inventory (unit)	366
Number of asset labels (label)	100

- All the items were received and disbursed as required:

Statement	Number (item)	Quantity (unit)
Received items	66	24663
Distributed items	178	21681



Section 8

Future Visions and Aspirations



The date of preparation of this report coincides with the launch of the CMA's third strategy for the years (2023/2024-2026/2027). It can be said that the CMA, with its strategy, is on the verge of a completely different strategic phase compared to its previous ones, which were largely foundational. Perhaps the comprehensive strategic dimension included in this strategy is reflected in "capital markets development", as the CMA seeks to continue its efforts - in collaboration with its partners - to develop the capital markets in line with the best international practices, including the development of trading, clearing, settlement and custody of securities institutions, in parallel with working within the framework of directions aimed at developing the Islamic financial industry, sustainability, and enhancing financial inclusion.

As for the main strategic objective, it lies in meeting the necessary requirements to upgrade the local capital market to the status of developed markets, starting with the standards of the "FTSE Russell" rating agency, in an initiative that may be the first of its kind in the Arab region.

The CMA's most prominent strategic directions can be summarized according to two main frameworks: long-term directions within the framework of its upcoming strategies, and other short-term directions related to the tasks of the CMA's organizational units.

► Long-term Directions:

- ▶ Develop the market system in all its aspects: trading, clearing and settlement, and custody of securities.
- ▶ Develop the financial industry in both its traditional and Islamic forms, in accordance with Islamic Sharia.
- ▶ Encourage qualitative listing, and foreign and institutional investment.
- ▶ Promote sustainable financing practices and sustainability.
- ▶ Solidify the elements of financial inclusion in the community and completing the directions of promoting financial literacy.
- ▶ Complete the directions for digital transformation, adopt modern technologies, and promote innovation in the CMA's regulatory and supervisory work.
- ▶ Support financial innovation and financial technologies, activate the CMA's membership in the Global Fintech Network to facilitate the exchange of experiences and innovative methodologies.
- ▶ Continue efforts to coordinate and cooperate with regulatory and counterpart authorities at the local, regional, and international levels.
- ▶ Continue special efforts to contribute to the continuous improvement of Kuwait's ranking in various relevant international indicators.
- ▶ Raise awareness and knowledge in investment, legal and information security fields among all segments of society.

► Directions and Initiatives Related to CMA's Areas of Work

► The Regulatory Field

Market Regulation

- Prepare for the second phase of the project to develop the mechanism of participation in the general assemblies of listed companies on the securities exchange and prepare for the necessary amendments.
- Study the possibility of introducing new investment instruments and products for listing, assess the market for them, and study their impact on the relevant parties.
- Prepare for reintroducing the auction market to include companies that do not meet the minimum required fair value threshold upon listing, and low-capital and liquidation-oriented companies.
- Encourage and enable the listing of government-owned companies on the securities exchange, develop listing processes and complete the prerequisites for creating an attractive listing environment.
- Complete the remaining stages related to the directions for developing the capital market.

Licensing and Registration

- Reviewing licensing procedures and making the necessary legislative amendments to develop the rules and regulations of licensing and registration in the Executive Bylaws of the CMA's Law.
- Organizing the workflow and speeding up the completion to overcome obstacles identified through practical application.
- Activating the partnership with the Kuwait Direct Investment Promotion Authority and working to attract foreign capital.

Collective Investment Schemes

- Monitoring the development and introduction of investment instruments that comply with the best international practices.
- Harmonizing investment instruments with future controls to protect participants in securities activities and ensuring that service delivery mechanisms comply with approved standards.

Capital Markets Development and Risk Management

- Monitoring the analysis of trades related to market makers, margin trading, over-the-counter trading, and potential failures, and studying the impact of advanced financial instruments trading on trading in the official market).
- Continuing to perform periodic stress tests to ensure the effectiveness of risk protection systems.
- Monitoring financial guarantees for clearing members and verifying the conformity of calculated amounts with the method approved by the CMA.
- Classifying clearing members based on relevant market risks and determining the mechanism for dealing with them.
- Monitoring the preparation of studies and reports that contribute to market development.

Corporate Finance and Governance

- ▶ Developing automated systems for each of: bonus shares, treasury shares, quarterly report for treasury shares, invitation to attend of the bondholders / sukuk holders committee meetings.
- ▶ Studying company practices related to the recent amendments to Module Eleven of the Executive Bylaws and assessing the need for subsequent amendments.
- ▶ Studying debt instruments issued in international and regional markets and exploring the possibility of applying them in the local financial market.

Mergers and Acquisitions

- ▶ Creating additional value that supports the efficiency of the merger and acquisition market by creating a fertile environment for these activities.
- ▶ Developing merger and acquisition activities in line with the international best practices in several areas (legislative and technical structure, minority rights protection, relevant awareness campaigns, monitoring of direct and indirect ownership of a listed company by the controller, digital transformation, regulation of operations for division of listed or licensed companies by CMA).

Supervisory Field

- ▶ Continuing to prepare classification mechanisms for (investment companies, brokerage firms, auditors, and Sharia auditors) for the financial year (2023/2024).
- ▶ Preparing and approving the financial year plans (2023-2024) for inspection tasks (comprehensive, specific-purpose, inspection related to anti-money laundering and combating financing of terrorism).
- ▶ Preparing and approving a plan to follow up on companies' rectification of previously identified observations, in addition to conducting inspections on a number of financial brokerage firms, auditors and Sharia auditors.
- ▶ Aim to provide reports that strengthen supervision over changes in the ownership of persons subject to disclosure requirements in accordance with the provisions of Module Ten of the Executive Bylaws, developing the provisions of this Module, and preparing a guide for disclosure requirements.

► Awareness, Local, Regional, and International Cooperation Field

► Awareness Field

- Preparing programs for initiatives aimed at achieving the fifth objective of the CMA's current strategic plan for the financial years (2023-2027), especially in terms of developing awareness and educational programs targeting current and future investors, licensed persons in the field of securities activities through available awareness channels.
- Completing the implementation of the planned activities within the framework of the joint Gulf awareness program "Mulem".
- Implementing awareness initiatives in line with the CMA's future directions in financial inclusion, sustainable financing and development, and digital transformation.

Local, Regional and International Cooperation

- Coordinating with stakeholders in the capital markets to complete the development of the system and discuss planned amendments.
- Coordinating with Kuwait Clearing Company to provide reports that assist in strengthening supervision over changes in ownership of persons subject to disclosure requirements.
- Monitoring cooperation with relevant local entities in various aspects of securities activities (National Committee for Anti- Money Laundering and Combating Financing of Terrorism and its working teams, Ministry of Foreign Affairs Committee on combating terrorism and the financing of weapons of mass destruction).
- Preparing for the signing of memoranda of understanding and cooperation agreements with each of the Insurance Regulatory Unit, Competition Protection Agency, Public Institution for Social Security, Kuwait Petroleum Corporation, and international bodies to keep up with emerging developments in collective investment schemes.
- Encouraging local partnership with the Kuwait Direct Investment Promotion Authority to regulate the licensing process for those who wish to practice securities activities fall under the provisions of the Kuwait Direct Investment Promotion Authority Law and its Executive Regulations, in order to create a competitive environment and attract foreign capital.
- Monitoring coordination efforts related to the integration of financial markets in the Gulf Cooperation Council countries (passporting, Mulem, data and information exchange, etc.)
- Opening up opportunities for CMA employees responsible for tasks related to collective investment schemes to cooperate with international counterparts in exchanging experiences.

▶ Internal Work Environment Field

- ▶ Continuing the efforts to meet the required governance standards in order to maintain the forefront ranking of independent-budget public entities in terms of governance.
- ▶ Completing the evaluation of operational performance indicators for CMA's main functions.
- ▶ Continuously reviewing all financial operations within the CMA to ensure the accuracy of the adopted procedures.
- ▶ Launching technological systems and central databases for operational performance indicators.
- ▶ Continuing efforts to develop the operational risk management system at the CMA (AMAN), and implementing its second phase, as well as enhance the culture of managing this type of risk.
- ▶ Developing the annual training plan by including the "Comprehensive Training Guide" initiative with a focus on professional training and accredited specialized certifications, studying training gaps and improving quality measurement methods and training returns.



Section 9

CMA's Financial Statements for Financial Year (2022/2023)





Capital Markets Authority
An independent public authority
The State of Kuwait

The financial statements
for the year ended 31 March 2023
and the Independent Auditor's report

Capital Markets Authority
 An independent public authority
 The State of Kuwait



Contents	Page
Independent auditor's report	1 – 2
Statement of financial position	3
Statement of comprehensive income	4
Statement of changes in net assets	5
Statement of cash flows	6
Notes to the financial statements	7 - 26

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Independent auditor's report

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

Opinion

We have audited the financial statements of Capital Markets Authority ("the Authority"), which comprise the statement of financial position as at 31 March 2023, the statements of comprehensive income, changes in net assets and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Authority as at 31 March 2023, and its financial performance and its cash flows for the year then ended in accordance with IFRS Standards as issued by the International Accounting Standards Board ("IFRS Standards").

Basis for Opinion

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

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

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

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

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





Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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



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

Kuwait: 18 June 2023

Capital Markets Authority
An independent public authority
The State of Kuwait



Statement of financial position
 As at 31 March 2023

(All amounts are in KD)

	Note	2023	2022
Assets			
Banks current accounts		2,071,843	1,249,785
Term deposits	6	130,223,928	148,069,926
Accounts and other receivables	7	6,485,667	2,694,504
Current assets		138,781,438	152,014,215
Right of use assets	8	5,653,949	1,066,939
Intangible assets	9	109,198	99,929
Property, plant and equipment	10	2,076,583	2,121,353
Non-current Assets		7,839,730	3,288,221
Total Assets		146,621,168	155,302,436
Liabilities			
Accounts and other payables	11	7,974,406	8,264,420
Due to the Ministry of Finance	12	4,000,000	4,000,000
Lease liabilities	8	859,206	1,187,125
Current liabilities		12,833,612	13,451,545
End of service benefits for employees		15,474,672	13,107,138
Due to the Ministry of Finance		3,716,757	7,588,997
Lease liabilities	8	4,794,743	-
Non-current liabilities		23,986,172	20,696,135
Total Liabilities		36,819,784	34,147,680
Net assets		109,801,384	121,154,756
Funded as follows:			
Working capital	13	40,000,000	40,000,000
General Reserve	13	93,101,659	104,325,321
Net loss for the year		(23,300,275)	(23,170,565)
		109,801,384	121,154,756

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


Prof. Ahmad A. Al-Melhem

Chairman of CMA Board of Commissioners



Capital Markets Authority
An independent public authority
The State of Kuwait



Statement of comprehensive income
For the year ended 31 March 2023

(All amounts are in KD)

	Note	2023	2022
Revenue			
Licensing and penalties income	14	2,985,705	2,038,558
Interest income		4,546,664	3,517,689
Other income	15	43,498	1,420,486
Total revenue		<u>7,575,867</u>	<u>6,976,733</u>
Less:			
Expenses and other charges			
Staff costs	16	27,419,752	26,268,729
General and administrative expenses	17	2,215,397	2,330,482
Depreciation and amortization	8,9,10	1,240,993	1,548,087
Total expenses		<u>30,876,142</u>	<u>30,147,298</u>
Net loss for the year		<u>(23,300,275)</u>	<u>(23,170,565)</u>
Other comprehensive income items		-	-
Total comprehensive loss for the year		<u>(23,300,275)</u>	<u>(23,170,565)</u>

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

Capital Markets Authority
An independent public authority
The State of Kuwait



Statement of changes in net assets
 For the year ended 31 March 2023

(All amounts are in KD)

	Operating Capital	General reserve	Total
Balance as at 1 April 2021	40,000,000	64,325,321	104,325,321
Net loss for the year	-	(23,170,565)	(23,170,565)
Financing of cash reserves	-	40,000,000	40,000,000
Balance as at 31 March 2022	<u>40,000,000</u>	<u>81,154,756</u>	<u>121,154,756</u>
Balance as at 1 April 2022	40,000,000	81,154,756	121,154,756
Net loss for the year	-	(23,300,275)	(23,300,275)
Financing of cash reserves	-	11,946,903	11,946,903
Balance as at 31 March 2023	<u>40,000,000</u>	<u>69,801,384</u>	<u>109,801,384</u>

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



Capital Markets Authority
An independent public authority
The State of Kuwait



Statement of cash flows
For the year ended 31 March 2023

(All amounts are in KD)

	Note	2023	2022
Cash flows from operating activities			
Net loss for the year		(23,300,275)	(23,170,565)
<i>Adjustments:</i>			
Interests		152,189	274,081
Credit losses provision no longer required	15	(2,250)	(128,286)
Provisions no longer required	15	-	(1,027,277)
Depreciation and amortization	8,9,10	1,240,993	1,548,087
Interest income		(4,546,664)	(3,517,689)
Employees' end of service indemnity- provided during the year		2,580,436	2,575,635
Operating losses before changes in working capital		(23,875,571)	(23,446,014)
Trade and other receivables		(3,401,599)	16,762
Payment from due to Ministry of Finance		(4,000,000)	(4,000,000)
Trade and other payables		(290,014)	337,993
Cash used in operating activities		(31,567,184)	(27,091,259)
Employees' end of service indemnity - paid during the year		(212,902)	(187,250)
Net cash used in operating activities		(31,780,086)	(27,278,509)
Cash flows from investing activities			
Interest income received		4,159,350	2,591,806
Time deposits		17,845,998	(13,898,742)
Paid to acquire of intangible assets	9	(56,700)	(39,450)
Paid to acquire of property and equipment	10	(81,853)	(28,046)
Net cash generating from (used in) investing activities		21,866,795	(11,374,432)
Cash flows from financing activities			
Financing of cash reserves		11,946,903	40,000,000
Repayment of Lease liability	8	(1,211,554)	(1,211,554)
Net cash flows generated from financing activities		10,735,349	38,788,446
Net change in cash and cash equivalents		822,058	135,505
Cash and cash equivalents at the beginning of the year		1,249,785	1,114,280
Cash and cash equivalents at the end of the year		2,071,843	1,249,785

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

Capital Markets Authority
An independent public authority
The State of Kuwait



Notes to financial statements
For the year ended 31 March 2023

(All amounts are in KD)

1. About the authority

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

The Capital Markets Authority aims to:

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

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

These financial statements were authorized for issue by the Board of Commissioners of the authority on 18 June 2023.

2. Basis of preparation and significant accounting policies

2.1. Basis of accounting

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

2.2. Basis of measurement

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



2.3. Functional and presentation currency

The financial statements are presented in Kuwaiti Dinar (“KD”). Which is the Authority’s functional currency.

2.4. Use of judgments and estimations

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

Estimates and underlying assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying value of assets and liabilities that are not readily apparent from other sources.

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

Information about significant judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in the following notes:

- Note 3 (a) – Impairment of financial assets;
- Note 3 (b) – useful lives for intangible assests;
- Note 3 (C) – useful lives of property, plants and equipment;
- Note 3 (e) – Provisions; and
- Note 3 (h) – Leases.

2.5. New standards and interpretations issued but not yet adopted

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2022 with earlier application permitted, however, the Authority has not early adopted any of these new or amended standards in preparing these financial statements.

The new standards and amendments are not expected to have a material impact on the Authority’s financial statements in the period of initial application.

- Classification of liabilities as current or non-current (Amendments to IAS 1);
- IFRS 17 – Insurance Contracts and amendments to IFRS 17 Insurance Contracts;
- Deferred tax related to assets and liabilities arising from a single transaction (Amendments to IAS 12);
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2); and
- Definition of Accounting Estimates (Amendments to IAS 8) Joint Ventures (Amendments to IAS 28).

3. Significant accounting policies

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

a) Financial instruments

i. Classification and measurement of financial assets

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

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

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

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

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

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

Financial assets carried at amortised cost

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

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

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



(All amounts are in KD)

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

a) Business model assessment

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

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

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

b) The SPPI test

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

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

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

(All amounts are in KD)

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

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

ii. **Financial liabilities**

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

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

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

iii. **Offsetting**

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

iv. **Impairment of financial assets**

Expected Credit Losses ("ECL")

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

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

Stage 1: 12 months ECL

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

Stage 2: Lifetime ECL – not credit impaired

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

Stage 3: Lifetime ECL – credit impaired

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

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

- significant financial difficulty of the borrower or issuer;
- a breach of contracts such as a default or past due event;
- the restructuring of loans and advances by the authority on terms that the authority would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for security because of financial difficulties.

Measurement of ECL

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

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

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

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

b) Intangible assets

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

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

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

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

c) Property, plant and equipment

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

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

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

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

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

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

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

d) Impairment of tangible and intangible assets

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

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

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

e) Provisions

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

f) Employees End of Service Benefits

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

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

g) Revenue recognition

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

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

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

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

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

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

h) Leases

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

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

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

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

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

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

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

Short-term leases and leases of low-value assets

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

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

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

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

i) Foreign currency

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

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

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

j) Contingent liabilities

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

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

4. Determination of Fair Value

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

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

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

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

Receivables and other assets

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

Other non-derivative financial liabilities

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

5. Significant accounting estimates and assumptions

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

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

Impairment of tangible and intangible assets and useful lives

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

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

Impairment of financial assets

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

Capital Markets Authority
An independent public authority
The State of Kuwait



Notes to financial statements
For the year ended 31 March 2023

(All amounts are in KD)

6. Term deposits

Term deposits balance as at 31 March 2023 represents the deposits with local banks in KD, which mature within more than three months. Average interest rate on term deposits is 4.35% as at 31 March 2023 (2.34% as at 31 March 2022).

7. Receivables and other debit balances

	<u>2023</u>	<u>2022</u>
Accrued income	2,632,479	2,605,302
Provision for ECL	<u>(177,490)</u>	<u>(179,740)</u>
	2,454,989	2,425,562
Prepaid payments and expenses	3,918,662	159,158
Refundable deposits	96,918	96,918
Other receivables	<u>15,098</u>	<u>12,866</u>
	<u>6,485,667</u>	<u>2,694,504</u>

(a) Prepaid payments and expenses include an amount of KD 3,740,000 representing 50% of advance payment for the works of the new building of the authority, and the method for recovering the payment will be by deducting 10% of the value of due payment to the second party until the full amount is recovered through the completion payments for the contract.

ECL movement is as follows:

	<u>2023</u>	<u>2022</u>
Balance as at 1 April	179,740	308,026
Provision no longer required (note 15)	<u>(2,250)</u>	<u>(128,286)</u>
	<u>177,490</u>	<u>179,740</u>

8. Right of use assets

	<u>2023</u>	<u>2022</u>
As at 1 April	1,066,939	2,133,880
Additions	5,653,949	-
Depreciation charge	<u>(1,066,939)</u>	<u>(1,066,941)</u>
As at 31 March	<u>5,653,949</u>	<u>1,066,939</u>

Amounts recognized in the statement of comprehensive income:

	<u>2023</u>	<u>2022</u>
Finance costs	24,429	87,535
Depreciation	1,066,939	1,066,939
Leases expenses on short term & low value assets	<u>53,021</u>	<u>52,575</u>
	<u>1,144,389</u>	<u>1,207,049</u>



(All amounts are in KD)

Amounts recognized in the statement of cash flows:

	2023	2022
Lease liabilities paid	1,211,554	1,211,554
	<u>1,211,554</u>	<u>1,211,554</u>

Lease liabilities

	2023	2022
Balance as at 1 April	1,187,125	2,311,144
Additions	5,653,949	-
Finance costs	24,429	87,535
Lease liabilities paid	<u>(1,211,554)</u>	<u>(1,211,554)</u>
As at 31 March	<u>5,653,949</u>	<u>1,187,125</u>

The Authority has discounted future lease obligations using incremental borrowing rate which is determined to be 7% (2022: 5.5%) as at reporting date.

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

	2023	2022
Current lease liabilities	859,206	1,187,125
Non-current lease liabilities	4,794,743	-
As at 31 March	<u>5,653,949</u>	<u>1,187,125</u>

9. Intangible assets

	Automated trading system and software	Assets in progress	Total
Cost			
Balance as at 31 March 2021	3,646,521	61,501	3,708,022
Additions	5,650	33,800	39,450
Transfer from assets in progress	43,500	(43,500)	-
Balance as at 31 March 2022	3,695,671	51,801	3,747,472
Additions	24,000	56,700	56,700
Transfer from assets in progress	24,000	(24,000)	-
Balance as at 31 March 2023	<u>3,719,671</u>	<u>84,501</u>	<u>3,804,172</u>
Amortizations			
Balance as at 31 March 2021	3,535,839	-	3,535,839
Amortization	111,704	-	111,704
Balance as at 31 March 2022	3,647,543	-	3,647,543
Amortization	47,431	-	47,431
Balance as at 31 March 2023	<u>3,694,974</u>	<u>-</u>	<u>3,694,974</u>
Net carrying value			
31 March 2023	24,697	84,501	109,198
31 March 2022	48,128	51,801	99,929
Useful lives (years)	<u>3 – 4</u>		

10. Property, plant and equipment

	Building improvements	Furniture, Fixtures and Devices	projects in progress	Total
Cost				
Balance as at 31 March 2021	1,738,907	2,569,473	1,992,296	6,300,676
Additions	-	13,031	15,015	28,046
Transfer from assets in progress	-	83,131	(83,131)	-
Balance as at 31 March 2022	1,738,907	2,665,635	1,924,180	6,328,722
Additions	-	81,853	-	81,853
Disposals	-	(28,778)	-	(28,778)
Transfer from assets in progress	-	68,115	(68,115)	-
Balance as at 31 March 2023	1,738,907	2,786,825	1,856,065	6,381,797
Accumulated Depreciation				
Balance as at 31 March 2021	1,703,045	2,134,882	-	3,837,927
Depreciation	35,862	333,580	-	369,442
Balance as at 31 March 2022	1,738,907	2,468,462	-	4,207,369
Depreciation	-	126,623	-	126,623
Disposals	-	(28,778)	-	(28,778)
Balance as at 31 March 2023	1,738,907	2,566,307	-	4,305,214
Net carrying value				
31 March 2023	-	220,518	1,856,065	2,076,583
31 March 2022	-	197,173	1,924,180	2,121,353
Useful lives (year)	5	5-4		

Capital Markets Authority
An independent public authority
The State of Kuwait

Notes to financial statements
For the year ended 31 March 2023

(All amounts are in KD)

11. Accounts payable and other credit balances

	2023	2022
Accounts payable	197,516	118,680
Revenue received in advance *	1,651,180	1,700,899
Provision for leaves	4,079,149	5,086,371
Provisions and accrued expenses **	646,749	663,334
Other payables	1,399,812	695,136
	<u>7,974,406</u>	<u>8,264,420</u>

* Revenues received in advance represent annual licensing fees received in advance from the companies subject to the Authority's supervision.

** As at 31 March 2022, the Authority reversed a provision of a total amount of KD 1,027,277 (Note - 15) in the statement of comprehensive income resulting from reaching a final settlement with Ministry of Finance regarding rental value of the Kuwait Stock Exchange building for the period from 11 May 2015 to 31 March 2018.

Based on the notification issued by the Fatwa and Legislation Department on 12 August 2021, the authority paid the due amount totaling KD 195,367 which represents the rental consideration as mentioned above. Accordingly, the authority revised the remaining provision.

12. Due to the Ministry of Finance

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

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

Based on the Memorandum of Understanding concluded between the authority and the Ministry of Finance dated 26 January 2020, it was agreed to pay the amount due to the Ministry of Finance amounting to KD 19,800,000 in five annual installments of KD

Capital Markets Authority
An independent public authority
The State of Kuwait



Notes to financial statements
For the year ended 31 March 2023

(All amounts are in KD)

4,000,000, which has to be paid during the first quarter of the financial year ended 31 March 2022, and the last installment includes an amount of KD 3,800,000. During the period ended 31 March 2023, an amount of KD 4,000,000 was paid to the Ministry of Finance.

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

Discounted Liabilities:

	<u>2023</u>	<u>2022</u>
Amounts payable within 12 months	4,000,000	4,000,000
More than one year and less than five years	3,716,757	7,588,997
	<u>7,716,757</u>	<u>11,588,997</u>

Undiscounted Liabilities:

	<u>2023</u>	<u>2022</u>
Amounts payable within 12 months	4,000,000	4,000,000
More than one year and less than five years	3,800,000	7,800,000
	<u>7,800,000</u>	<u>11,800,000</u>



13. Operating capital and general reserve

As per article No. (21) of Law No. 22 of 2015 regarding amendment of some provisions of Law No. (7) of 2010, the authority shall have financial reserves to ensure financial stability in the long term in order to face the systemic risk expected to occur in the Securities activities. The amount and means of creating such reserves shall be determined by a decision issued by the Council of Ministers – upon the Board's proposal. the authority shall manage such reserves, and if these reserves reach the determined amount, the surplus shall be transferred to the Public Treasury of the State. If at any time the reserves become less than the determined amount, then the Government shall supplement and pay the lacking amount. the authority shall also have an operational capital of KD 40,000,000 from which the expenses of all the authority's activities shall be paid. Expenses shall be paid and covered directly from the authority's cash reserves, in accordance with the rules of Bylaws. authority's capital may be increased through a Decree.

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

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

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

- An amount of KD 250 million in form of a Letter of Guarantee issued from KIA.
- Cash amount of KD 200 million (including the current cash reserves amounting to KD 80 million which are held by the authority), and an amount of KD 120 million will be paid during the next three years (KD 40 million each) from the State General Reserve starting from the financial year 2021 – 2022.

The Council of Ministers issued resolution No. (1044) in its meeting no 31 held on 29 July 2019, to approve the authority's recommendations regarding formation of cash reserves amounting to KD 450 million in accordance with the recommendations of the joint memo dated 11 April 2019. As a part of implementing this decision, the authority's cash reserves were funded by KD 11,946,903 during the financial period ended 31 March 2023 (31 March 2022: KD 40 million).

Capital Markets Authority
An independent public authority
The State of Kuwait



Notes to financial statements
For the year ended 31 March 2023

(All amounts are in KD)

14. Licenses and Fines Fee

	<u>2023</u>	<u>2022</u>
Licenses fee	1,845,604	1,780,165
Fines and penalties fee	1,140,101	258,393
	<u>2,985,705</u>	<u>2,038,558</u>

The authority revenues are represented in the fees prescribed for practicing its activities, such as licensing and listing fees, trading commissions, and fines imposed.

15. Other income

	<u>2023</u>	<u>2022</u>
Tenders' income	2,800	83,600
Contract fines	9,512	11,240
ECL Provision no longer required (Note 7)	2,250	128,286
Provision no longer required (Note 11)	-	1,027,277
Other income	27,795	170,083
Gain on disposal of fixed assets	1,141	-
	<u>43,498</u>	<u>1,420,486</u>

16. Staff costs

	<u>2023</u>	<u>2022</u>
Salaries and wages	17,038,641	16,652,336
End of service benefits for employees	2,580,436	2,577,521
Leaves	2,330,120	2,211,159
Social insurance	1,147,694	1,141,709
Bonus	4,322,861	3,686,004
	<u>27,419,752</u>	<u>26,268,729</u>

17. General and administrative expenses

	<u>2023</u>	<u>2022</u>
Rent expenses	53,021	52,575
Consulting expenses	353,323	311,949
Other expenses	388,396	400,486
Training expenses	43,966	141,347
Travel and transportation expenses	18,644	-
Maintenance expenses	641,172	620,401
Subscriptions and Licenses expenses	564,686	529,643
Interest expenses	152,189	274,081
	<u>2,215,397</u>	<u>2,330,482</u>



Capital Markets Authority
An independent public authority
The State of Kuwait

Notes to financial statements
For the year ended 31 March 2023

(All amounts are in KD)

18. Related parties' transactions

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

i) Statement of financial position	2023	2022
Executive management benefits	813,840	719,277
ii) Transaction included in the Statement of profit or loss and other comprehensive income	2023	2022
Executive management salaries and remunerations	435,815	427,396

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

19. Contingent assets

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

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

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

As at 31 March 2023, the authority imposed fines on violators of the authority requirements. These violations amounted to KD 46,947,430 (31 March 2022: KD 8,802,112), and these decisions are being appealed and are still in the initial litigation stages.

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

Capital Markets Authority
An independent public authority
The State of Kuwait



Notes to financial statements
For the year ended 31 March 2023

(All amounts are in KD)

20. Contingent liabilities

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

21. Capital commitments

As at 31 March 2023, the authority has capital commitments related to projects under construction that amounted to KD 72,812,515 (31 March 2022: KD 85,349).





Section 10

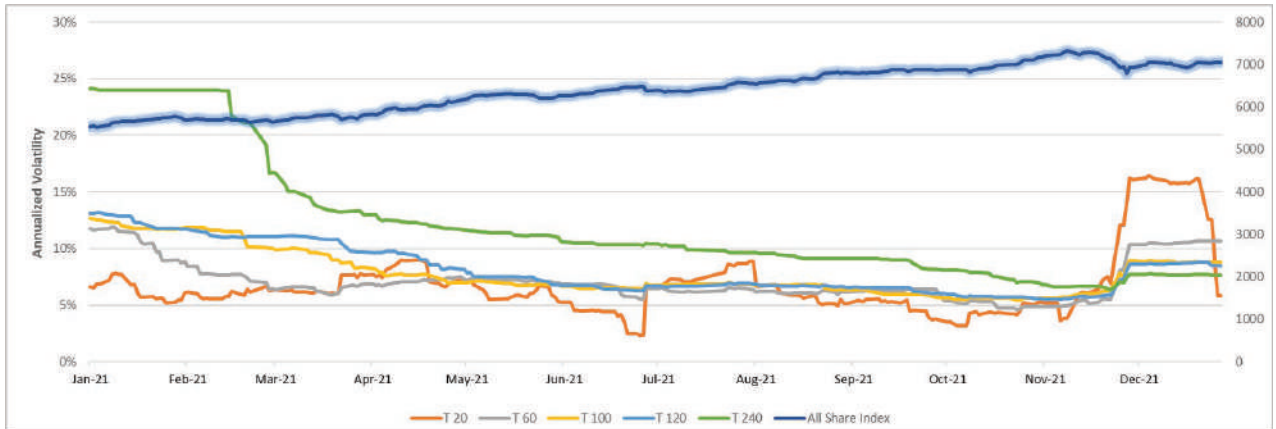
Trading Indicators in Boursa Kuwait Securities Exchange of 2022



► Summary of Boursa Kuwait Trades

► Boursa Kuwait All Share Index Volatility

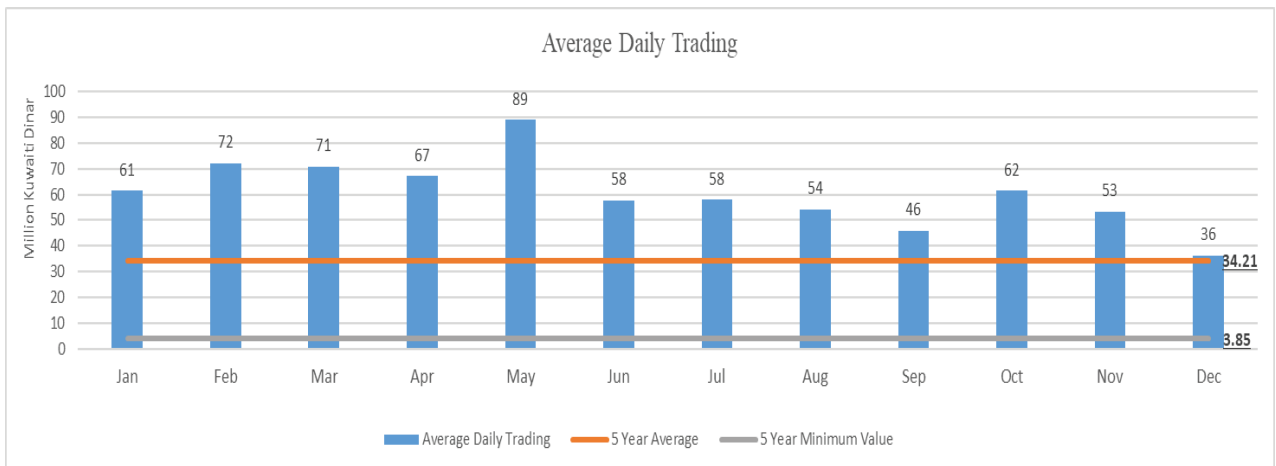
The following graph shows the volatility of the Boursa Kuwait's All- Share Index during the year 2022 over several periods: T-20, T-60, T-100, T-120 and T-240.

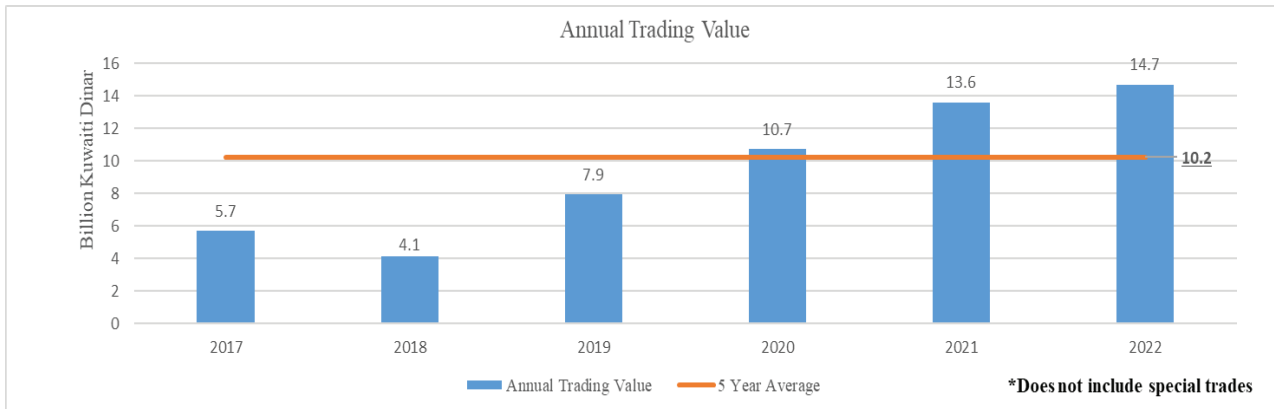


- The Trading Volatility was calculated on an annual basis according to the fluctuations of the All-Share Index for the specified periods, volatility increases as deviation of the daily index values from the average of the same period increases.

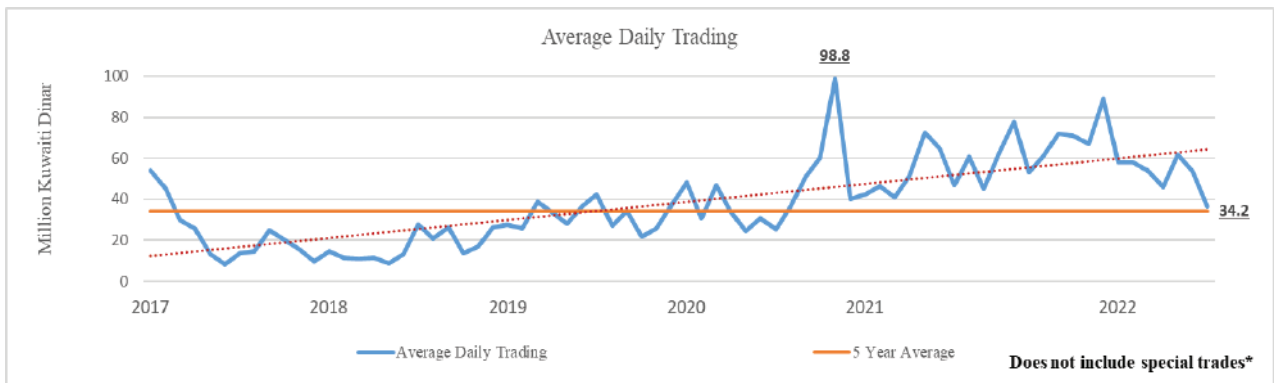
► Trades Values

The following graph shows the average of the daily traded value during 2022 in comparison to the average of the previous five years. The average of the daily traded value reached its peak in May 2022 with a value of 88.9 million Kuwaiti Dinars. The five-year average was 34.2 million Kuwaiti Dinars. The increase in daily traded value index is considered a positive indicator.





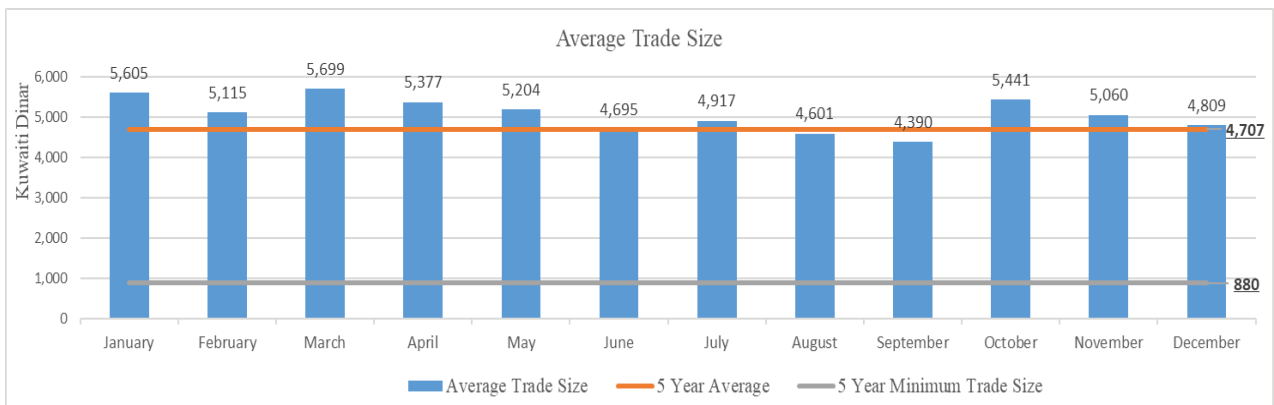
A graph showing the total trade value during the periods from 2018 to 2022 in comparison with the five-year average that reached 10.2 billion Kuwaiti Dinars.



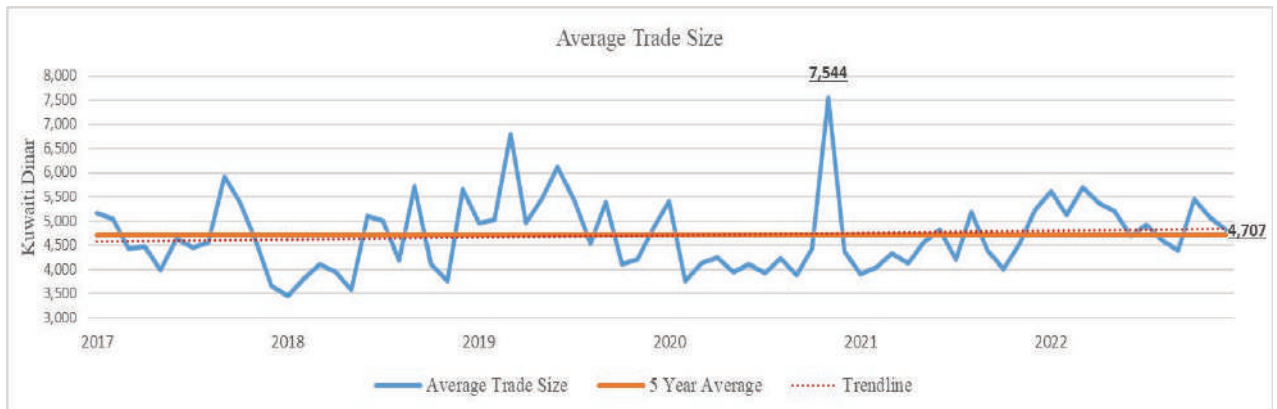
A graph showing the average daily trading value during the periods from 2017 to 2022 in comparison with the five-year average that reached 34.2 million Kuwaiti Dinars.

Trades Size

The following graph shows the average of the daily trade size during 2022 in comparison to the average of the previous five years:



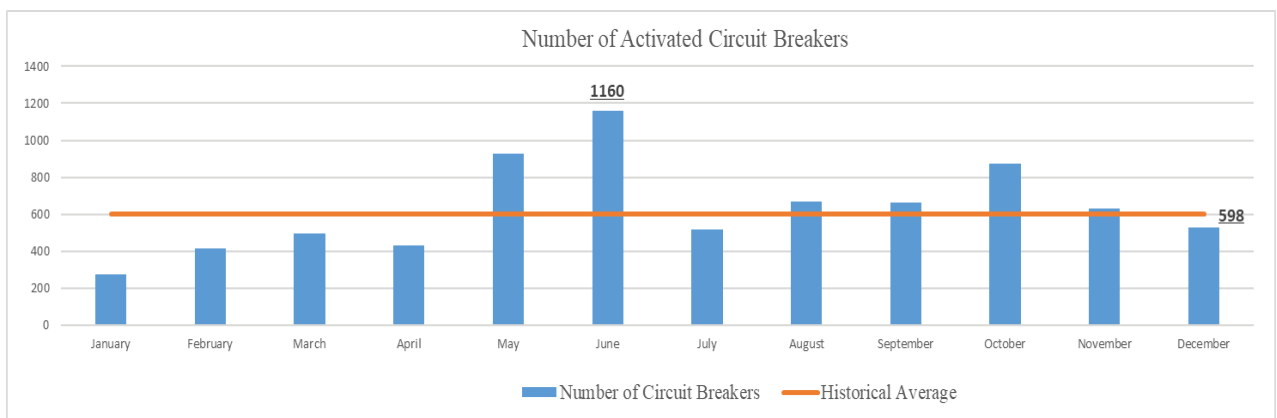
The average daily trade size reached its peak in March 2022 with a value of 5,699 Kuwaiti Dinars. The average of the last five years was 4,707 Kuwaiti Dinars per trade. The increase in average daily trade size is considered a positive indicator.



A graph showing the average trades size during the periods from 2017 to 2022 in comparison with the previous five-year average.

► Circuit Breakers

The following graph shows the number of circuit breakers that were activated during 2022 in comparison with the average of that period:

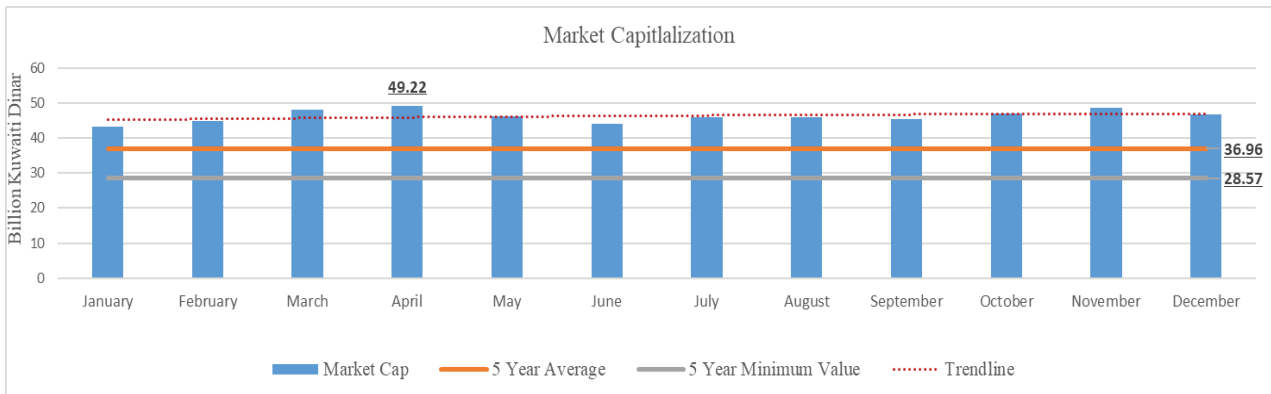


- The circuit breakers system was implemented in April 2018 in line with the launch of the second phase of the Market Development project. The number of circuit breakers reached its maximum in June 2022 in which 1160 circuit breakers were activated.
- The average of the circuit breakers activated monthly since the start of their implementation in April 2018 reached 598 circuit breakers monthly.

Market Capitalization

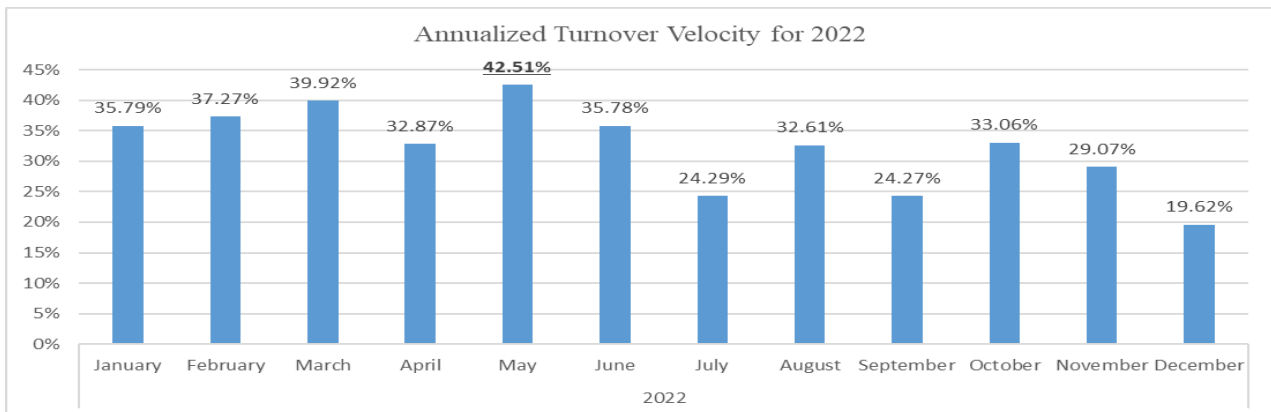
The market capitalization of all companies listed in Bursa Kuwait reached 46.7 billion Kuwaiti Dinars in the end of 2022, while the average of the market value during the previous five years reached 36.9 billion Kuwaiti Dinars.

The graph below displays the market capitalization of the companies listed in Bursa Kuwait at the end of 2022 in comparison to the average of the previous five years.



Market Liquidity Indicator

The following table shows the Turnover Velocity in 2022 in comparison to 2021:



Year	Value	Market Capitalization	Annual Turnover Velocity
2021	13,698,255,144	41,427,677,852	33.07%
2022	14,907,904,968	46,751,527,162	31.89%

- ▶ The Annual Turnover Velocity reached 31.89% in 2022.
- ▶ The indicator reached its peak of 42.51% in May of this year.
- ▶ The Monthly Turnover Velocity was calculated as follows:

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

- The Annual Turnover Velocity was calculated as follows:

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

► Market Capitalization and Trades by Market Sector

The following table shows the market capitalization and the trades at the end of 2022 according to the sector:

Sector	Market Cap	Percentage of Total Market Cap	Value	Percentage of Total Value	Volume	Percentage of Total Volume	Trades	Percentage of Total Trades
Banking	30,054,332,643	64.3%	6,716,593,362	45.6%	12,713,354,660	22.8%	769,319	26.6%
Financial Services	3,878,421,778	8.3%	3,188,699,536	21.7%	23,178,860,359	41.5%	794,074	27.5%
Real Estate	2,546,368,207	5.5%	1,010,707,712	6.9%	7,927,542,241	14.2%	345,911	12.0%
Insurance	618,180,708	1.3%	27,858,993	0.2%	152,371,166	0.3%	13,974	0.5%
Industrials	3,724,481,427	8.0%	2,048,241,533	13.9%	4,889,290,477	8.8%	486,291	16.8%
Basic Materials	477,722,677	1.0%	193,159,547	1.3%	366,618,986	0.7%	44,625	1.5%
Consumer Discretionary	981,737,207	2.1%	515,445,07	3.5%	3,953,303,955	7.1%	177,348	6.1%
Telecommunication	3,620,427,064	7.7%	836,679,279	5.7%	1,309,661,420	2.3%	182,149	6.3%
Energy	229,596,822	0.5%	39,593,404	0.3%	868,703,439	1.6%	33,834	1.2%
Technology	9,569,982	0.0%	1,199,918	0.0%	12,711,399	0.0%	2,065	0.1%
Health Care	228,953,162	0.5%	2,973,979	0.0%	3,057,625	0.0%	437	0.0%
Consumer Staples	145,149,485	0.3%	93,285,049	0.6%	206,810,814	0.4%	18,337	0.6%
Utilities	206,800,000	0.4%	48,246,732	0.3%	229,274,916	0.4%	19,360	0.7%
Total Market	46,721,791,162	100%	14,722,684	100%	55,811,561,457	100%	2,887,724	100%

- The banking sector was the largest sector in terms of the market value, with a total value of 30 billion Kuwaiti Dinars which is approximately 64.3% of the total market value.
- The Banking sector also led the sectors in terms of trading value that reached 6.7 billion Kuwaiti Dinars and formed 45.6% of the total value traded in the market. The Financial Services sector led the sectors in terms of the trading volume and number of trades, as the trading volume reached 23 billion shares which formed 41.5% of the total volume traded in the market, while the number of trades reached 794 thousand trades and formed 27.5% of the total trades in the market.

► Ownership Value of the Kuwaiti Government Entities in Bursa Kuwait

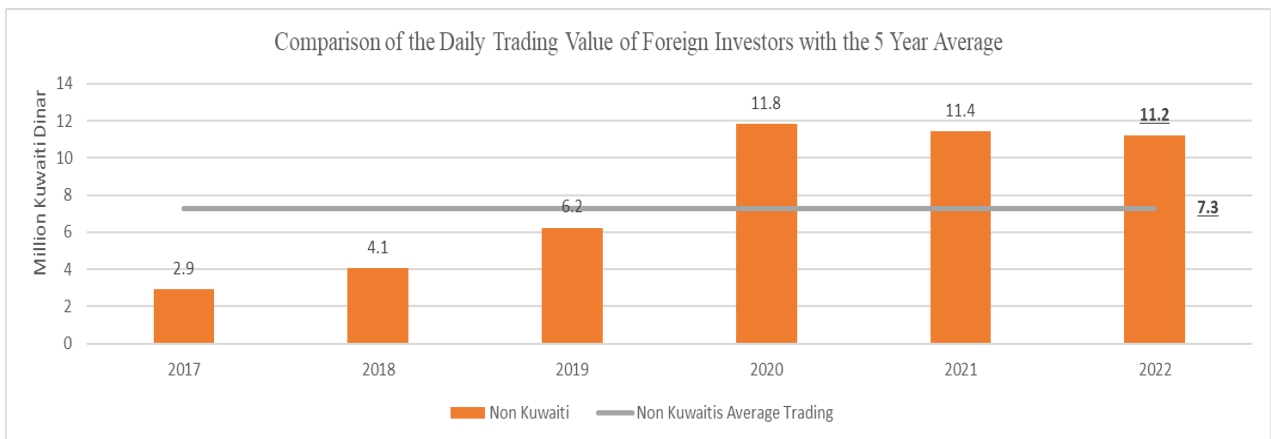
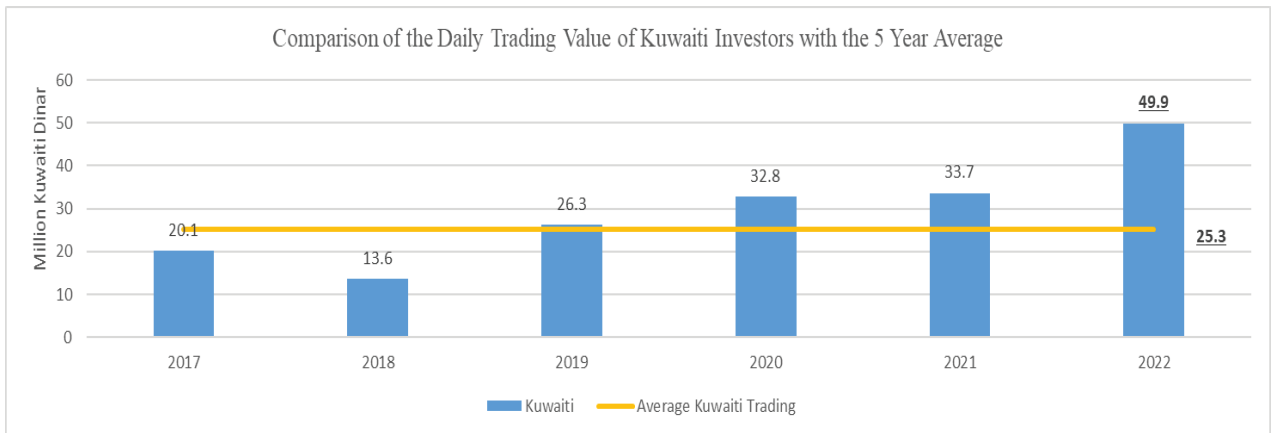
Entity Name	2022		2021		Change in Ownership (KWD)	Change in Ownership Percentage
	Ownership (KWD)	Percentage of Total Market Cap	Ownership (KWD)	Percentage of Total Market Cap		
Kuwait Awqaf Public Foundation	557,267,397	1.19%	514,179,428	1.24%	43,087,969 ▲	-0.049% ▼
The Public Authority for Minor Affairs	795,232,469	1.70%	734,023,685	1.77%	61,208,784 ▲	-0.071% ▼
Kuwait Investment Authority	2,421,718,556	5.18%	2,661,605,825	6.42%	-239,887,268 ▼	-1.245% ▼
Wafra Equity Fund	4,365,915	0.01%	4,040,503	0.01%	325,413 ▲	-0.0004% ▼
Kuwait Petroleum Corporation	28,564,935	0.06%	30,220,206	0.07%	-1,655,271 ▼	-0.012% ▼
Kuwait Airways	26,189,950	0.06%	27,628,105	0.07%	-1,438,155 ▼	-0.011 ▼
Total Ownership of Government Entities	3,833,339,223	8.20%	3,971,697,752	9.59%	-138,358,529 ▼	-1.388% ▼
Total Market	46,751,527,162	100%	41,427,677,852	100%		

- The total ownership value of the Kuwaiti government entities in Bursa Kuwait reached 3.83 billion Kuwaiti Dinars. This ownership forms 8.20% of the total market value of Bursa Kuwait. The ownership value of the Kuwaiti government entities in Bursa Kuwait reduced in an amount of 138.4 million Kuwaiti Dinars, as the ownership of the Kuwaiti government entities represented 9.59% of the total market value of Bursa Kuwait at the end of 2021.

▶ Trading Summary based on Nationality and Category

▶ Trading by Nationality

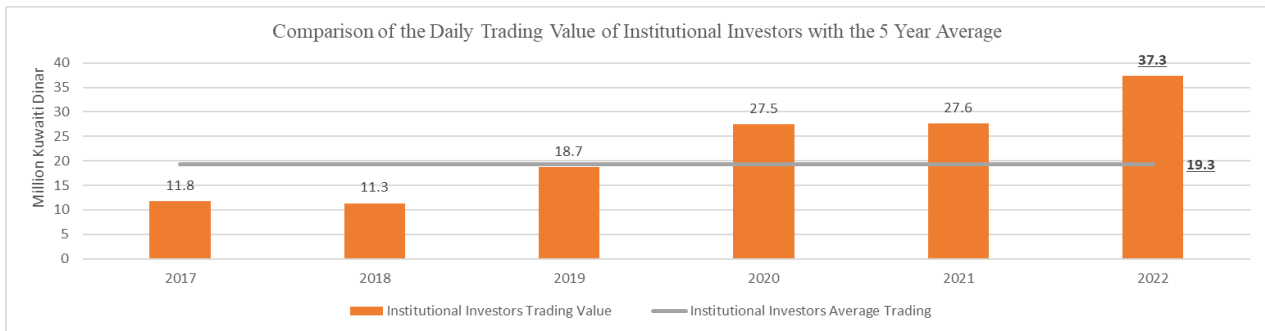
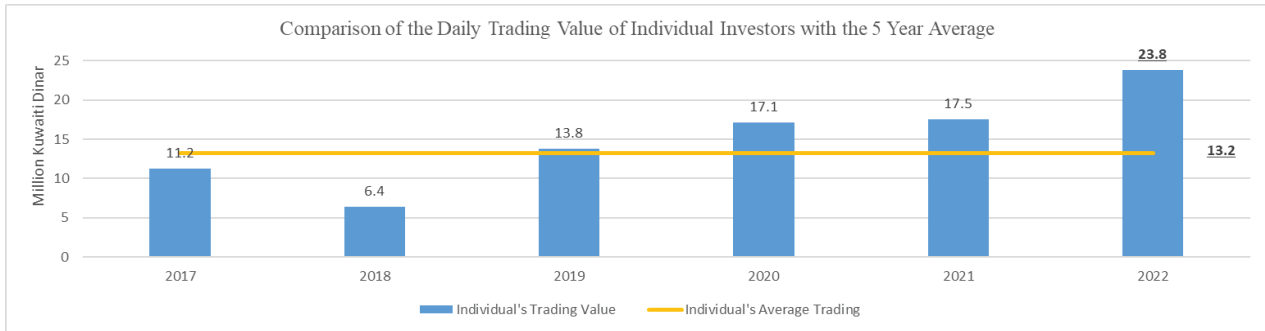
The following graph shows the trading average of Kuwaitis and non-Kuwaitis during the period from 2017 to 2022 in comparison with the average of the previous five years:



- ▶ The average daily trading value of the Kuwaiti investors reached 49.9 million Kuwaiti Dinars during 2022, which is an increase by an estimated value of 16.2 million Kuwaiti Dinars in comparison to the average of 2021.
- ▶ The average daily trading value of non-Kuwaiti investors reached 11.2 million Kuwaiti Dinars during 2022, which is a reduce by an estimated value of 0.2 million Kuwaiti Dinars in comparison to the average of 2021. The daily trading value of foreign investors during 2021 is the highest value during the period from 2017 to 2022, after Kuwait's upgrade to emerging market status in MSCI indices in 2020 and Kuwait's inclusion in both the FTSE secondary emerging markets index and the S&P DJI emerging markets index.

▶ Trading by Investor's Type

The following graph shows the average of the trading value of the individuals and institutions during the period from 2017 to 2022 in comparison with the average of the previous five years:



- ▶ The average daily trading value of the individual investors reached 23.8 million Kuwaiti Dinars during 2022, an increase by an estimated value of 6.3 million Kuwaiti Dinars in comparison to the average of 2021.
- ▶ The average daily trading value of the funds and institutions reached 37.3 million Kuwaiti Dinars during 2022, an increase in 9.7 million Kuwaiti Dinars in comparison to the average of 2021.



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