

Annual Report 2013

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ



The Custodian of the Two Holy Mosques
King Abdullah Bin Abdulaziz Al-Saud



His Royal Highness Prince
Salman Bin Abdulaziz Al-Saud
Crown Prince, Deputy Prime Minister of
Cabinet and Minister of Defense



His Royal Highness Prince
Muqrin Bin Abdulaziz Al-Saud
Deputy Crown Prince, Second Deputy
Prime Minister

The Board of the Capital Market Authority (CMA)*



H.E. Mr. Mohammad Bin Abdulmalik Al-Sheikh
(Chairman)

Mr. Mazin Al-Romaih
(Member)

Mr. Abdulrahman Al-Rashid
(Vice-Chairman)

Mr. Mohamed Al-Shumrani
(Member)

Dr. Abdulrahman Al-Barrak
(Member)

* Royal Order No. (A/83) dated 17/5/1435H, was issued to recompose the CMA Board as follows:

1. H.E. Mohammad Bin Abdulmalik Al-Sheikh (Chairman)
2. Mr. Abdulrahman Al-Rashid (Vice-Chairman)
3. Dr. Abdulrahman Al-Barrak (Member)
4. Dr. Adnan Bin Abdulfattah Bin Mohammed Soufi (Member)
5. Dr. Najem Bin Abdullah Bin Mohammed Al-Zaid (Member)

The CMA Board



H.E. Mohammad Bin Abdulmalik Al-Sheikh
CMA Board Chairman

- Master's Degree, International Law, Harvard University, USA.
- Worked in private and public sectors, and a legal advisor at the World Bank Group, Washington DC, USA.
- Lawyer at a New York-based international law firm, 2001 – 2003.
- Lawyer and legal advisor in Riyadh, 2003 – 2012.
- Executive Director and representative of Saudi Arabia in the World Bank Group's Board of Directors, 2012.
- CMA Board Chairman, February 2013.



Mr. Abdulrahman Bin Mohammad Al-Rashid
CMA Board Vice Chairman

- B.Sc., Business Administration, King Saud University.
- SAMA from 1984 -2004, during which he occupied several positions the last of which was Manager of Shares Control Department.
- Director of Corporate Services Division at CMA, 2004 – 2009.
- Vice Chairman of CMA Board from 19/5/1430H current date.
- During his service at SAMA and the CMA, he has participated in the membership and chairing of many committees for regulating and developing the capital market sector.
- Represented the CMA in meetings of international financial markets authorities.



Mr. Mohamed Bin Moghanam Al-Shumrani
CMA Board Member

- Master's of Economics, University of Denver, USA.
- Citi Bank Group Riyadh, 1389 – 1394H.
- SAMA from 1394 -1425H, where he occupied held several positions the last of which was Director of Investment Department.
- Appointed as CMA Board Member in 1425H, renewed in 1430H.
- Board member of several entities such as the Saudi Industrial Development Fund, Saudi Credit and Savings Bank, Tunisian-Saudi Company for Investment, Gulf International Bank, and Petromin Corporation.
- During his service at the CMA, he has participated in the membership and chairing of many committees for regulating and developing the capital market sector.
- Represented the CMA in meetings of international financial markets authorities.



Mr. Mazin Bin Abdulrazak Al-Romaih
CMA Board Member

- B.Sc. in Accounting Management and Finance.
- Ernst & Young, auditor and advisor, USA, 1994 - 1998.
- Merrill Lynch International Bank, Investment Department, UK, 1998 – 2002.
- Gulf International Bank, and Samba Financial Group, Riyadh, 2002 - 2004.
- CMA Director of Corporate Finance Division, 2004 - 2007.
- SambaCapital & Investment Management Company CEO, Riyadh, 2007 - 2009.
- Appointed as CMA Board Member on 19/5/1430H to current date.
- During his service at the CMA, he has participated in the membership and chairing of taskforces for regulating and developing the capital market sector.
- Participated in representing the CMA in meetings of international financial markets authorities.



Dr. Abdulrahman Bin Mohammad Al-Barrak
CMA Board Member

- PhD in Finance, University of Newcastle Upon Tyne, UK. Dissertation: "Initial Public Offerings in Saudi Arabia: Motivation, Barriers and Effects".
- Associate Professor of Finance.
- Worked in the academic field at King Faisal University, Al-Ahssa, for a period of 5 five years from 2005 onwards. He was assigned several academic and administrative tasks, the last of which was the Dean of Faculty Affairs.
- During his service in the University, Dr. Al-Barrak contributed to establishing the Finance Sciences Department, the first of its kind across Saudi universities, which included a virtual trading floor.
- During his service at the CMA, he has participated in the membership and chairing of taskforces for regulating and developing the capital market sector.
- Represented the CMA in meetings of international financial markets authorities.

This report was prepared in response to the requirements of Article Sixteen of the Capital Market Law (CML) which states: “The chairman of the Board shall present to the President of the Council of Ministers an annual report on the Authority’s activities and its financial position during the preceding year, within ninety days from the end of the year”. The methodology followed took into account fulfilling all the requirements of the rules relating to the production of annual reports as mandated for public ministries and agencies, including universities and other government entities pursuant to Article Twenty Nine of the Council of Ministers Law.

Vision & Mission

Vision

- ◆ The Saudi Arabian capital market is among the leading capital markets in the world.
- ◆ Investor protection is ensured by a fair, open, and efficient market with active and predictable disclosure of material information.
- ◆ Financial market stability is maintained through enacting world-class, transparent and predictable regulation.

Mission

- ◆ Develop the capital market in depth and breadth and enhance its innovativeness in collaboration with its players.
- ◆ Regulate and monitor the capital market, the issuance and trading of securities and the regulated entities.
- ◆ Protect investors and achieve fairness, efficiency and transparency.

Strategic Goals

The CMA endeavors to achieve many objectives, the most important of which are as follows:

- ◆ Core task and competence of CMA is to continuously protect investors.
- ◆ Maintain an efficient, simple regime (e.g., for listing, transparency and corporate governance, market disclosure) to ensure fair and full competition and to promote capital formation as well as investment in the Kingdom of Saudi Arabia.
- ◆ Further develop the regulatory framework in order to meet the continuing and growing challenges of the capital markets.
- ◆ Encourage and support the programs for developing public awareness in all fields concerning and for the various parties of the financial community.
- ◆ Continuously develop the infrastructure of the capital market.
- ◆ Show dedicated customer and market orientation and secure speed in all market facing activities.
- ◆ Enable more products by setting a flexible and innovative regulatory framework in order to broaden, deepen and stabilize the market and specifically increase the portion of institutional investors.
- ◆ Secure a professional and effective regulatory organization staffed with skilled talent and clearly defined roles and responsibilities - internally as well as towards other agencies.

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Chairman's Statement

It is my pleasure to present the CMA's annual report for 1434/1435H (2013) with its new look which embraces the requirements of annual reports' preparation rules mandated for ministries, government agencies, universities and other government entities. The annual report provides comprehensive highlights of the CMA's performance and achievements as well as the initiatives we are looking forward to pursuing in the years to come.

The CMA has been diligent in giving special priority during the past year to executing the initiatives and measures it had promised to fulfill in the enforcement of its regulatory and supervisory role. Here, I will briefly touch upon our achievements and developments in this regard:

As part of the efforts to enforce the functions of the Saudi Stock Exchange Co. "Tadawul" set forth in the CML, the CMA has formed a Supreme Committee bringing together both the CMA and the Saudi Stock Exchange Co. "Tadawul", and chaired by the Vice-Chairman of the CMA Board to undertake the separation of jurisdictions and functions between the CMA and the Saudi Stock Exchange Co. "Tadawul" as prescribed by the CML. The committee has begun its work, finalized the review of the CML's texts and identified the jurisdictions and functions between the CMA and Tadawul. Consequently, technical taskforces from the CMA and Tadawul have been formed to discuss the themes and issues of coordination and understanding on the steps required to separate the jurisdictions and functions between the two entities in accordance with an agreed-upon time frame. The taskforces will then submit recommendations to the Supreme Committee.

In implementation of the CMA's initiative intended to strengthen communication channels with market participants, we formed an advisory committee to the CMA after issuing its bylaws. The committee members were chosen carefully so as to include a number of experts, specialists and academicians from market participants, with recognized

competencies. The committee started its work during 2013 to offer advice, suggestions and recommendations about all that would develop the capital market and protect investors.

The CMA has formed a number of ad-hoc committees to ensure the implementation of governance standards and rules on the CMA's business as well as its internal and operational environment to strengthen its organizational structure and regulatory environment in line with best standards and practices adopted in peer international authorities. These committees have commenced work following the approval of their rules and regulations, namely:

- 1- Committee for Capital Market Institutions Supervision and Corporate Finance and Issuance.
- 2- Committee for Market Supervision and Enforcement.
- 3- Executive Committee.

The initiative to enforce internal monitoring of the CMA's business so as to enhance transparency and accountability received a great deal of attention. Therefore, the Internal Audit Committee was formed and had its bylaws approved. The Committee is charged with looking into the issues under its jurisdiction and to offer appropriate views, suggestions and recommendations. It also follows up internal audit tasks within the CMA and examines reports to verify their effectiveness. The Committee will evaluate the CMA's internal audit system, and provide suggestions and recommendations for improvement and development.

To develop the mechanism of organizational work with the authorized persons' sector, the CMA has established joint committees tasked with exchanging expertise and experiences, and discussing significant issues and challenges to the sector, as well as offering appropriate solutions and receiving proposals and initiatives related to capital market development in general and to relevant regulatory frameworks. These efforts yielded an agreement on forming sub-committees such as the Compliance

Committee and the Investment Funds Committee. We look forward to further cooperation with this vital sector in our capital market as the CMA has confirmed that the sector now satisfies all Basel 3 requirements and standards.

Having covered the CMA's recent initiatives and developments, it is appropriate to draw to your attention some of our other achievements in 2013. As part of the endeavors to protect investors and improve the capital market's performance efficiency, the CMA has approved procedures and instructions related to listed companies whose accumulated losses exceed 50% or more of their capital, and applied a daily price fluctuation limit of 10% on newly listed companies.

With regard to developing laws, regulations and rules governing the capital market, the CMA approved an amendment to the Authorized Persons Regulations, and the Anti-Money Laundering and Counter-Terrorist Financing Rules. It also consulted the public about an updated draft of the Investment Funds Regulations and draft Credit Rating Agencies Regulation before issuing them formally. Moreover, the CMA is now developing Special Purpose Entities (SPEs) Regulations, and is updating the Authorized Persons Regulations.

The year 2013 witnessed a remarkable increase in the total amounts of securities offerings as they hit SR 60.0 billion, up by 29.8% year-on-year. Private placements rose considerably by 51.2% to SR 50.3 billion while public offering of debt instruments generated SR 7.5 billion compared to SR 240 million in the preceding year.

Total asset values of the investment funds' sector, both public and private, rose at the end of 2013 to SR 139.8 billion, 19.7% higher than the previous year. This was accompanied by an increase of 27.6% in the number of investment funds which now stand at 476.

In the domain of promoting disclosure and transparency and urging companies to comply with the Corporate Governance Regulations, the CMA organized numerous awareness seminars which contributed to improved disclosure levels of listed companies. In 2013, the number of corporate announcements rose by 9.1%, coupled with their compliance with the guidance and mandatory articles of the Corporate Governance Regulations. The CMA also successfully tested the electronic forms system which went into operation last year. The system enables listed companies to update their data and mandatory disclosures by completing and submitting e-forms to the CMA directly. The number of forms reviewed through the system during 2013 amounted to 6,348.

It is noteworthy that the CMA was elected to the Board of the International Organization of Securities Commissions (IOSCO), incarnating the CMA's great strides in developing the Saudi capital market through enacting inclusive, transparent and up-to-date laws and legislation.

Here, it is appropriate to highlight a set of initiatives and measures which we will work on next year and in the years to come, the most important of which are:

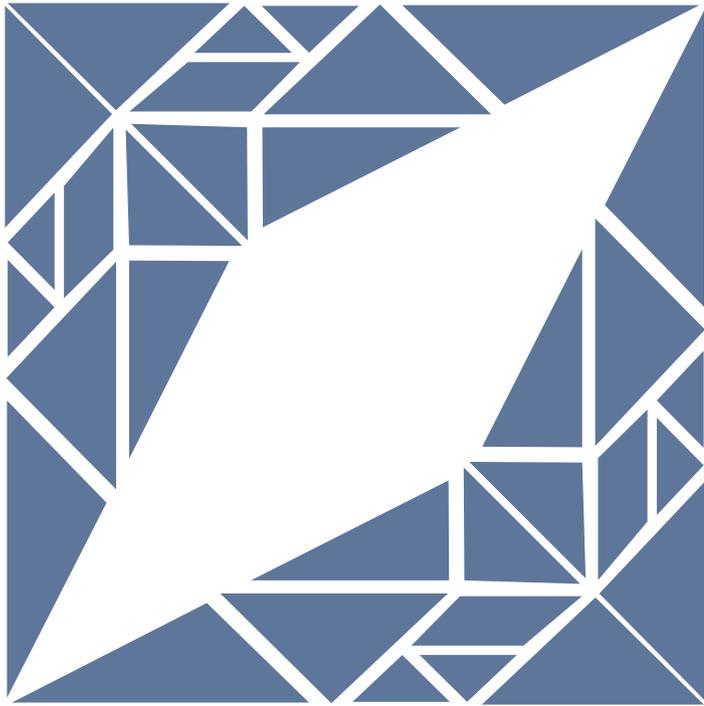
1. Developing the CMA's 5-year strategic plan – to be announced during

2014. The CMA has been developing its strategic plan since 2013, adopting a development approach in harmony with the Kingdom's Ninth Development Plan and the CML. In drafting its strategy, the CMA solicited the views and observations of all market participants without exception, including listed companies as well as authorized persons and investors, while benefiting from the views of experts and specialists in the capital market. Our strategy will shape the CMA's future vision, mission and values in addition to strategic goals and the initiatives necessary to realize them. The strategy will comprise goals covering aspects of development in the capital market, investor protection, strengthening of the market's internal regulatory environment and enhancement of the CMA's organizational excellence.

2. Diversifying investment instruments available in the market and developing the Sukuk and bonds market. In this regard, the CMA will seek to eliminate all legislative, regulatory and structural difficulties hindering the issuance and diversification of debt instruments available for investment and stimulating their trade, hence, facilitating the issuance and trading of debt instruments.
3. Issuing Credit Rating Agencies Regulations and updated Investment Funds Regulations.
4. Initiating the financial data automation project, designed to enhance surveillance and supervision procedures in line with best practices at regulatory authorities, thereby increasing supervision and surveillance efficiency and quality, as well as promoting the concept of risk management to the authorized persons so as to heighten the protection of the capital market and dealers, and closely support interaction with developments. It is expected that the project will have a positive impact on the speed of communication and data provision between the CMA and authorized persons.

In conclusion, on behalf of the CMA Board and employees, I would like to express my deepest thanks and sincere gratitude to the Custodian of the Two Holy Mosques, King Abdullah Bin Abdulaziz, His Royal Highness, Prince Salman Bin Abdulaziz Al-Saud, Crown Prince, Deputy Prime Minister of Cabinet and Minister of Defense, and His Royal Highness, Prince Muqrin bin Abdulaziz Al-Saud, Deputy Crown Prince, and Deputy Prime Minister, for their endless support and much appreciated care for the CMA. I thank all market participants for their praised cooperation in implementing many of the CMA's recent initiatives, and look forward with confidence to their cooperation in implementing the 5-year strategic plan. I also extend my thanks to the CMA's employees and acknowledge their distinguished efforts in serving this vital sector of our national economy. I supplicate to Allah to guide everyone to what is good and right.

Mohammad Bin Abdulmalik Al-Sheikh
CMA Board Chairman



Introduction

- Establishment
- Main Functions and Responsibilities
- Parties Regulated by the CMA
- Organizational Structure

Establishment

The Capital Market Authority was established under the “Capital Market Law (CML)”, promulgated by Royal Decree No. (M/30) dated 2/6/1424H, corresponding to 31/7/2003, to assume the supervisory and regulatory role over the parties falling under its authority. The CMA is a government entity that enjoys financial and administrative autonomy and reports directly to the Head of the Council of Ministers. The Authority is vested with the regulation and development of the Saudi capital market, and issuance of regulations, rules and instructions essential to applying the provisions of the Capital Market Law (CML).

Main Functions and Responsibilities

The Capital Market Law (CML) defined the CMA’s main functions, the most important of which are to:

- Regulate and develop the capital market, seek to develop and improve the practices of entities trading in securities, and develop the procedures that would reduce the risks related to securities transactions.
- Regulate and monitor the issuance of and dealing in securities.
- Regulate and monitor business activities of parties subject to the CMA’s supervision.
- Protect citizens and investors in securities from unfair and unsound practices, or acts involving fraud, deception, cheating, or manipulation.
- Seek to achieve fairness, efficiency and transparency in securities transactions.
- Regulate and monitor the full disclosure of information regarding securities and their issuers, the dealings of informed persons, major shareholders and investors, and specify and provide the information that should be disclosed by participants in the market to shareholders and the public.
- Regulate proxy and purchase requests and public offers of shares.
- License the establishment of Special Purpose Entity (SPE), and regulate and control its business, uses, issuance of securities,

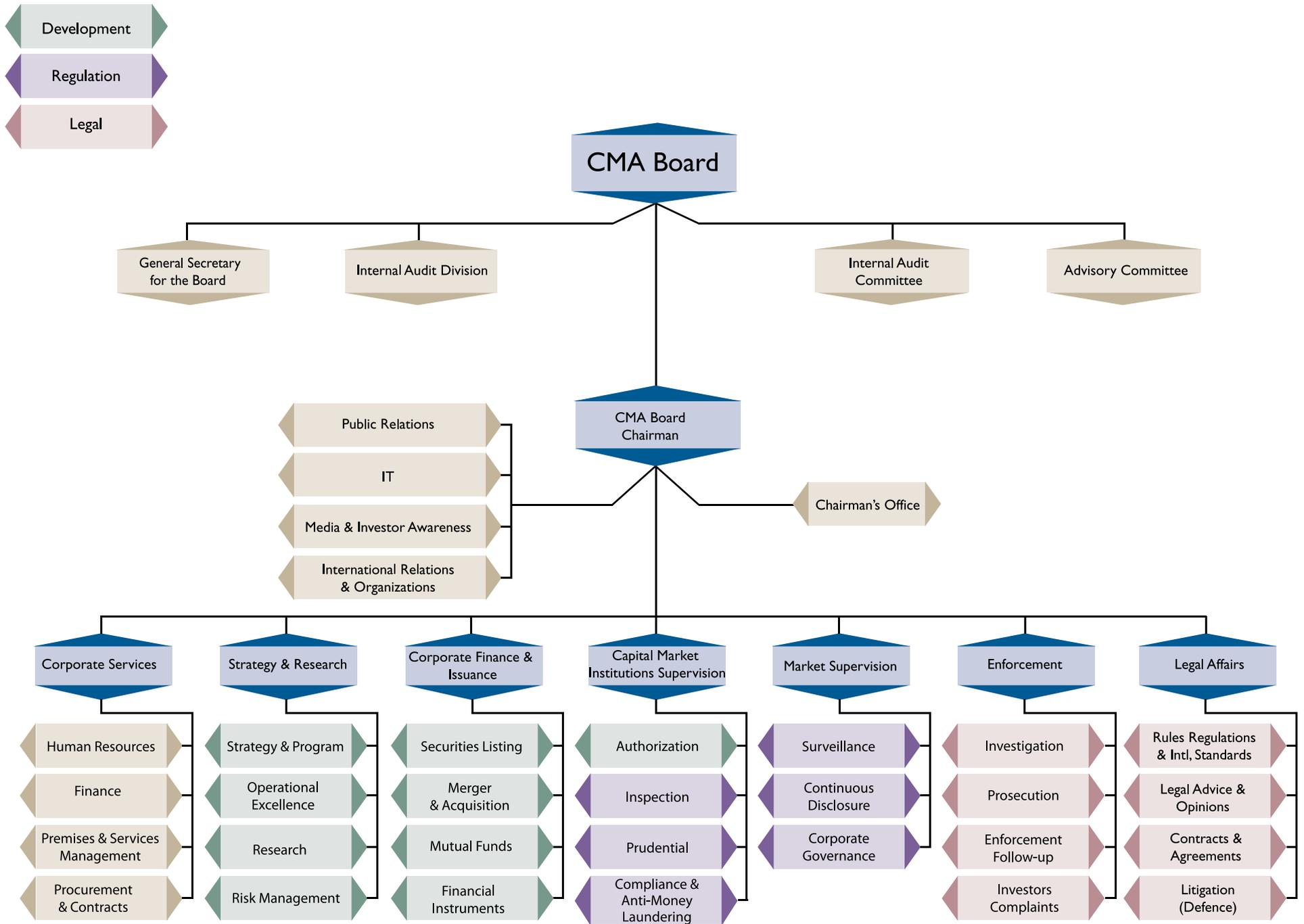
the registration in its registry established by the Authority and the provisions of its articles of incorporation, and regulate the provisions of the registration of funds transferred to it, including documentation of the rights thereof and its legal standing against others, and the issuance of rules governing thereof.

Parties Regulated by the CMA

The following parties are subject to CMA’s regulation:

- (1) The Saudi Stock Exchange Co. (Tadawul)
- (2) Authorized persons.
- (3) Listed companies.
- (4) Capital market dealers/participants.
- (5) Special Purpose Entities (SPEs), and Credit Rating Agencies.

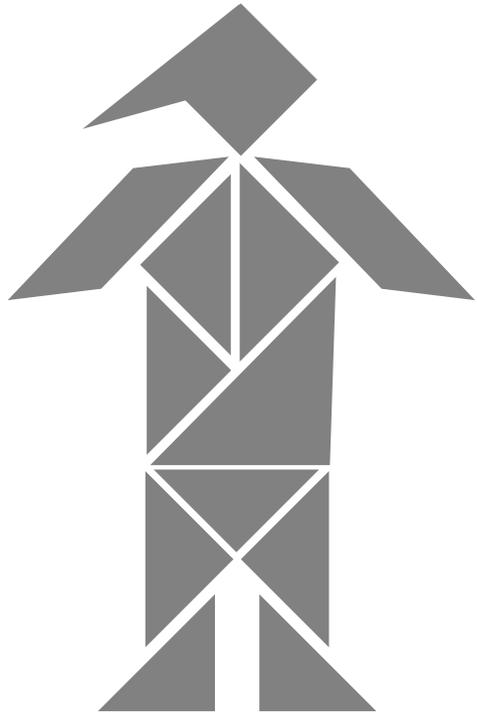
Organizational Structure





Chapter One

CMA Internal Environment Current Status, and Administrative and Regulatory Development Initiatives



Section One

Human Resources

- I.1 Workforces and Saudization
- I.2 Learning and Development
- I.3 Employee Savings Plan and Housing Finance Program
- I.4 Promoting Social Responsibility

Saudization
reached

98.7%

1.1 Workforces and Saudization

The CMA seeks to recruit the talent and expertise it needs to carry out its functions, and to achieve the strategic objectives for which it was created. Furthermore, the CMA aims to maintain a positive, highly stimulating and productive work environment. The

number of CMA's employees stood at 638 by the end of 2013, down by 5.8% compared to 2012. Saudization reached 98.7% while Saudi female employees accounted for 10.3% (Table (1)).

Table (1): Workforces Breakdown

Year	Nationality				Total
	Saudi		Non-Saudi		
	Males	Females	Males	Females	
2012	599	68	10	-	677
2013	564	66	8	-	638

1.2 Learning and Development

Through its training programs the CMA aims to qualify its employees, sharpen their skills and provide them with all that is new and relevant to the business of the CMA, whether these programs are inside or outside the Kingdom of Saudi Arabia. 430 male/female

employees enrolled in domestic training programs, and 481 male/female employees joined international training programs during 2013. 74 male/female employees graduated from the scholarship program since its inception (Table (2)).

Table (2): Male/Female Employees Enrolled in CMA Programs

Element	Number	
	2012	2013
Domestic Training Programs	399	430
International Training Programs	462	481
Rotation Programs	14	15
Programs of English (Domestic and Abroad)	41	17
On-the-Job Training Programs at Peer International Organizations and Authorities	15	15
International Scholarship ¹	41	45
Domestic Scholarship ²	4	6

1.3 Employee Savings Plan and Housing Finance Program

▪ Employee Savings Plan

The CMA is keen on encouraging the culture of saving among its employees to provide them with more security. As part of the CMA's core business of protecting investors, and in response to the increasing needs of urban life while recognizing the importance of securing financial protection essential to employees, the CMA has implemented a program (Employee Savings Plan) to raise employees' awareness about saving. It is a flexible long-term saving plan, aimed primarily to extend a financial contribution to be added to the contributions made by employees subscribed to the plan. The number of participants in the plan was 384 at the end of 2013.

▪ Employee Housing Finance Program

Stemming from the CMA's will to cement its relationship with its employees and promote a sense of belonging, and in line with the State's directives to raise citizens' wellbeing and provide appropriate accommodation, the CMA has fostered an "Employee Housing Finance" program in cooperation with a local bank, where the CMA bears full Murabaha rate on finance. The program secures long-term finance with

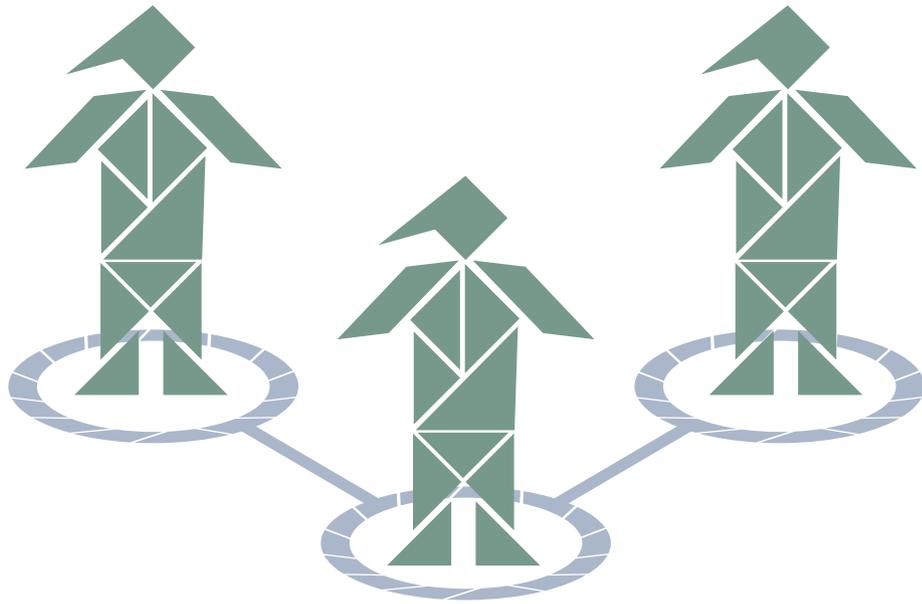
affordable installments. All CMA's Saudi employees can take advantage of these features of the program according to the applicable terms and conditions. The number of beneficiaries stood at 73 at the end of 2013.

1.4 Promoting Social Responsibility

The CMA has continued to promote its social role by participating in four career day events over 16 days at local universities and academic institutions. Moreover, the CMA organized a specialized training program on securities to which it invited all domestic investment firms and a number of members of some GCC securities/capital markets regulators. The CMA has been active in cooperative training programs for college students in the Kingdom. The number of male/female students who joined the program amounted to 61 at the end of 2013. Also, the CMA has extended financial support to the Saudi Organization for Certified Public Accountants (SOCPA) as of 2012 to contribute to the completion of the project of "conversion to international accounting and auditing standards" which will result in enhancing transparency by providing documented information on one hand, and setting controls governing all aspects related to capital market transactions on the other hand. This will also strengthen surveillance on financial data issued by listed companies.

1) Cumulative figures.

2) Cumulative figures.



Section Two

Administrative and Regulatory Development Initiatives

- 2.1 Enforcing the Functions Provided in Chapter Three of the CML
- 2.2 Composing CMA's Advisory Committee
- 2.3 Establishing CMA's Board Affiliate Ad-hoc Committees
- 2.4 Owned and Rented Buildings

During the course of 2013, the CMA commenced implementation of a number of initiatives and measures aimed at enforcing its regulatory role, as referenced in the statement of H.E. the Chairman of the CMA Board in the 2012 annual report. Accordingly, the following has been done:

2.1 Enforcing the Functions Provided in Chapter Three of the CML

As part of the efforts to enforce the functions of the Saudi Stock Exchange Co. "Tadawul" provided in the CML, the CMA has formed a Supreme Committee encompassing both the CMA and the Saudi Stock Exchange Co. "Tadawul", and chaired by the Vice-Chairman of the CMA Board to handle the separation of jurisdictions and functions between the CMA and the Saudi Stock Exchange Co. "Tadawul" in accordance with the instructions of the CML, and enforcing the functions and jurisdictions of the Saudi Stock Exchange Co. "Tadawul" contained therein. The committee has begun its

work, finalized the review of the CML's texts and identified the jurisdictions and functions mandated by the CML. Consequently, it formed technical taskforces from the CMA and "Tadawul" to discuss the themes and issues of coordination and understanding on the steps required to execute the separation process in accordance with an agreed-upon time frame. The taskforces will be continuing their efforts and reporting recommendations to the Supreme Committee until work is completed.

2.2 Composing CMA's Advisory Committee

The CMA has actively sought develop channels of communication with market participants, and has created a regulated mechanism to enhance its performance of functions and achieve its objectives. Based on the CML issued under Royal Decree No.(M/30) dated 2/6/1424H, the CMA Board issued a resolution on 2/11/1434H (8/9/2013) approving the regulations of the CMA Advisory Committee, and designating its members, namely:

- | | | | |
|---|--------------------------|----|----------------------------|
| 1 | Dr. Hamad Al-Baze'i | 9 | Ms. Sarah Al-Suhaimi |
| 2 | Dr. Saad Mariq | 10 | Dr. Sami Baroum |
| 3 | Mr. Abdulaziz Al-Hulaisi | 11 | Mr. Abduassalam Al-Aqeel |
| 4 | Dr. Fahad Abo Heymed | 12 | Dr. Abdullah Alabdulakadir |
| 5 | Mr. Turki Al-Malek | 13 | Mr. Fahad Al-Saif |
| 6 | Mr. Khalid Al-Kaf | 14 | Ms. Lama Ghazzawi |
| 7 | Dr. Rasheed Al-Owain | 15 | Mohammed Al-Jad'aan |
| 8 | Mr. Ryyan Fayez | 16 | Mr. Mohammed Al-Gwaiz |

The purposes of the Advisory Committee include the following:

- A. Provide recommendations and proposals on issues that might be studied at the request of the CMA Board.
- B. Discuss issues and proposals raised by market participants, and review their feedback on proposed changes or new policies it wishes to adopt, subject to the CMA Board's approval.
- C. Express opinions and recommendations on matters relating to the development of the market and the protection of investors in securities.

The Committee exercises its functions in its capacity as a consultative body to the CMA Board. It has the right, when need arises, to form permanent or temporary sub-committees or taskforces, or assign one of its members individually to examine certain issues. Furthermore, the Committee has the right, subject to the Board's approval, to hire whom it deems expert and specialized locally or internationally, as needed.

When exercising their duties in the Committee, members must adhere to the following:

- A) Cooperate to achieve the objectives of the Committee.
- B) Ensure attendance and active participation in meetings of the Committee.
- C) Express points of views responsibly and impartially while taking into account the general interest of the capital market.
- D) Cooperate in order to provide recommendations and suggestions in support of the development of the capital market.
- E) Engage in conduct that reflects and promotes the good image of the Committee.

For more information on the CMA's Advisory Committee, please visit the following link:

<http://www.cma.org.sa/Ar/Pages/AdvisoryCommittee.aspx>

2.3 Establishing CMA's Board Affiliate Ad-hoc Committees

Recognizing the importance of applying standards and rules of governance on the CMA's business and internal operative environment to strengthen its internal organizational structure and regulatory environment according to best standards and practices adopted in similar international authorities, and to be a role model followed by related parties, the CMA Board approved the establishment and formation of a number of ad-hoc committees, and approved the regulations and rules governing these committees. Under the bylaws of the Internal Audit Committee and the rules governing the business of ad-hoc committees, the CMA Board issued its resolutions to establish and form the following committees:

- 1) Internal Audit Committee.
- 2) Committee for Capital Market Institutions Supervision and Corporate Finance and Issuance.
- 3) Committee for Market Supervision and Enforcement.
- 4) Executive Committee.

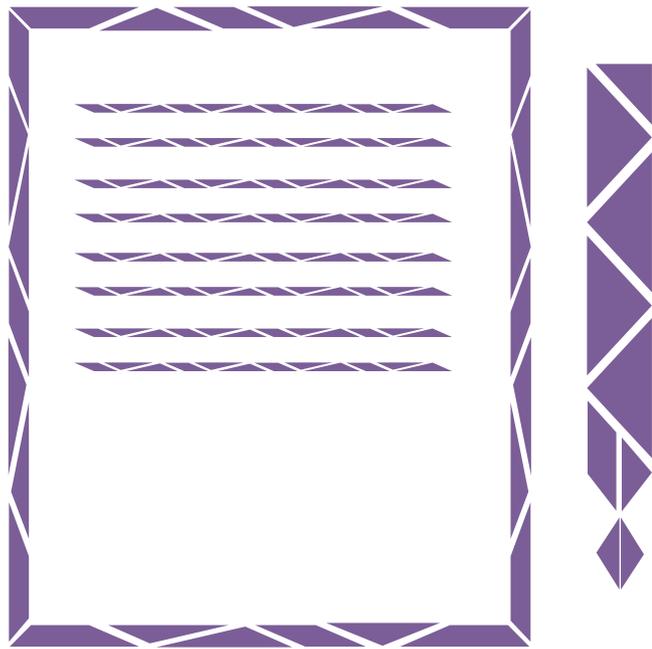
The jurisdictions and functions of the Committees will be detailed in Chapter Three of this report (CMA Governance and Financial Disclosure).

2.4 Owned and Rented Buildings

Table (3) illustrates the buildings owned and rented by the CMA in 2012 and 2013.

Table (3): Owned and Rented Buildings

Buildings	2012	2013
Owned	CMA Headquarters – King Fahd Road	CMA Headquarters – King Fahd Road
	CMA Building Project – King Abdullah Financial District	Ownership of the Building Transferred to Public Pension Agency
Rented	(7) Floors in Alfaisaliah Tower	(4) Floors in Alfaisaliah Tower
	(2) Floors in Ta'wuniah Tower	(2) Floors in Ta'wuniah Tower
	CMA Jeddah Office	CMA Jeddah Office Closed



Section Three

Exalted/Royal Orders and Actions Taken

The CMA received a number of Exalted/Royal Orders during 2012 and 2013, and accordingly took many actions which can be summarized as follows:

- ❖ Fulfilling the directives issued under Exalted Order No.(8189/MB) dated 19/6/1426H, to form a committee at each government agency named “E-Government Committee” to be presided by the top official at that agency or whom he may authorize, and shall be concerned with all matters pertaining to e-transactions, determining respective implementation requirements in coordination with the E-Government Program “YESSER” at the Ministry of Communications and Information Technology and other government agencies; and due to the crucial role attached to the Committee, and with reference to Resolution No. (21/RMS) dated 23/11/1431H (7/2/2010), and Resolution No. (17/RMS) dated 20/7/1432H (22/6/2011), the chairman of the CMA

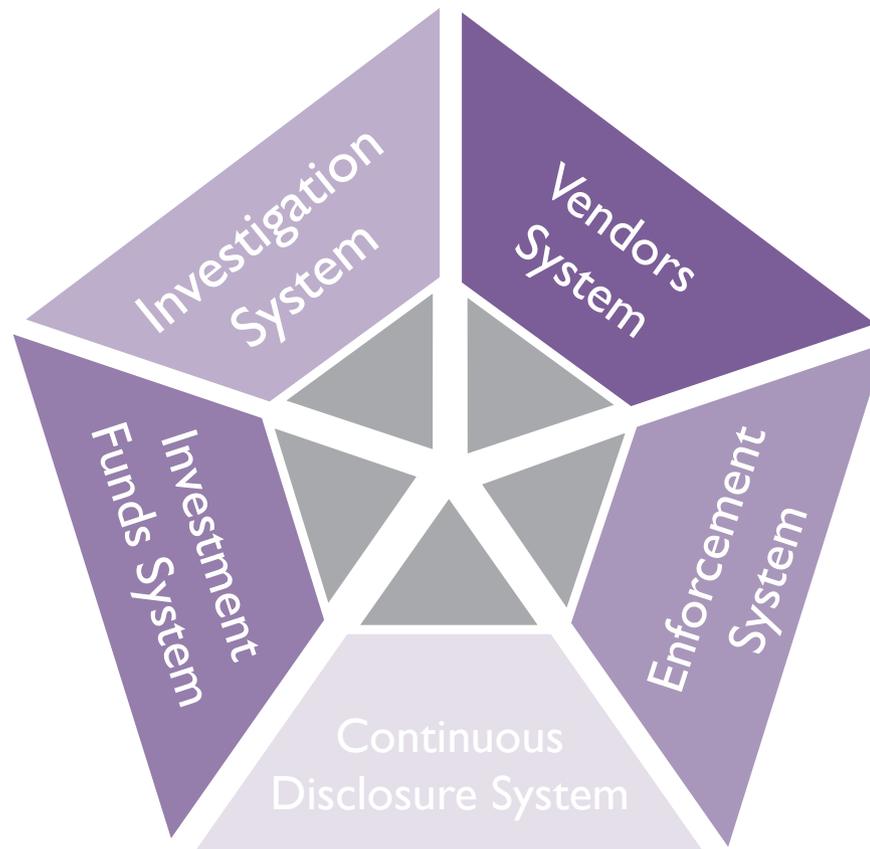
Board issued Resolution No. (40/RMS) dated 21/10/1433H (8/9/2012) to re-establish the E-Government Committee to be presided by His Excellency the Chairman of the CMA Board.

The Committee assumes the responsibility of supervising the implementation of the e-transactions plan at the CMA and coordination with the E-Government Program “YESSER” at the Ministry of Communications and Information Technology and other government agencies.

Major accomplishments made in this regard in 2013 include the following:

First: “YESSER” Program

The CMA undertook several initiatives under “YESSER” program in 2013 which resulted in the approval of the detailed plan for converting into e-transactions within the CMA according to the concepts and standards of the E-Government Program “YESSER”. As a result, it launched a set of systems, such as:



ISO 27001

CMA was awarded
the ISO certificate on
Information Security
for the third
consecutive year

The CMA signed an agreement with the National Center for Digital Certification to offer certification service. It also won the Mobile Applications Excellence Award granted by the Middle East Excellence Awards Institute.

Second: Information Security

In 2013, the CMA:

- Was awarded the ISO 27001 certificate on Information Security for the third consecutive year.
- Launched and activated technological risk management in accordance with best international practices.
- Launched “Secure FTP” service which enables the exchange of large files with external entities. The service offers the following features:
 - Facilitates sending and receiving files easily and safely.
 - Provides access to file transfer service inside and outside the CMA.
 - Reduces the conventional transfer of files on storage devices.
- Applied information security policies and conducted respective awareness programs for all CMA members, such as:
 - Information Security Awareness Program.
 - Anti-Piracy Program.
- Reviewed security systems of all new applications and worked on identifying and closing security gaps.
- Enabled the CMA’s official website protection (firewall) service to defend attacks, thereby ensuring uninterrupted service and a reduced level of security threats.

Third: Internal Systems

In 2013, the CMA:

- Completed the information technology service management (ITSM) project and launched the service to all CMA staff. This project offers many benefits:
 - Developed display of technical services.
 - Ease of use of technical services and support with greater flexibility.
 - Shorter response time to technical problems; technical changes can now be applied without interrupting business continuity.
 - User-friendly interface while maintaining effectiveness at the same time.
 - Advanced measurement tools to increase performance and productivity of different IT Units.
 - System compatibility and integration with many other global systems.
 - Microsoft Intellectual Property Protection License Agreement.
 - Technical support and qualified expertise to develop automated applications.
 - Secure internet service connectivity at 20 mb/s.
 - Upgraded SharePoint to 2010 edition.
 - Upgraded ECM, IBM VIO & TL, and TeamMate.
 - Renewed subscriptions services to maintenance contracts for EMC backup equipment.

Table (4) shows significant statistics relating to technological services provided by the CMA in 2013.

Table (4): Salient Statistics Relating to CMA Technological Services Provided in 2013

Element	Number
Projects	42
Business Assignments	7
Persons Contributing to Projects Development	13
Business Requirements Documents	2
Enhancement Business Requirements Documents	62
Technical Support Requests	7,148
Threats to CMA Website	9,243
Virus Attacks	16,672
E-mail Spams	267,086
Incoming E-mails	3,607,505
Outgoing E-mails	1,263,032
Size of E-mail Data	6.6 TB

❖ The Council of Ministers issued Resolution No. (325) dated 12/11/1432H, which stated the re-composition of the Appeal Committee for the Resolution of Securities Disputes (ACRSD) for a three-year term, effective from issuance date of this Resolution as follows:

- 1- Mr. Abdullah Bin Abdulaziz Ashiddi (of the Bureau of Experts), Chairman
- 2- Mr. Abdulaziz Bin Rashid Bin Kolaib (of the Ministry of Commerce and Industry), Member
- 3- Mr. Salem Bin Saleh Al-Mutawa' (of the Ministry of Finance), Member

The Council of Ministers also issued Resolution No. (90) dated 28/3/1433H, appointing three alternate members for the original members of the Appeal Committee for the Resolution of Securities Disputes (ACRSD) as follows:

1. Mr. Abdullah Bin Atiq Alfouwaz (alternate member for the representative of the Bureau of Experts).
2. Mr. Abdulkarim Bin Fahad Al-Zkiri (alternate member for the representative of the Ministry of Commerce and Industry).
3. Mr. Mohammad Bin Abdulmohsen Al-Osiimi (alternate member for the representative of the Ministry of Finance).

❖ Pursuant to the Council of Ministers' Resolution No. (209) dated 30/6/1433H, providing that all ministries, authorities, public agencies, and other government organizations shall appoint spokespersons in their headquarters and also in branches as needed, and notify the Ministry of Culture and Information of such matter, the Manager of the Media and Investor Awareness Department was appointed as the CMA's spokesperson, and the Ministry of Culture and Information was officially notified accordingly received due notification of his appointment.

❖ In implementation of Royal Decree No. (M/52) issued on 13/8/1433H, and Council of Ministers' Resolution No. (260), dated 12/8/1433H, to add two paragraphs to the CML with regard to regulating special purpose entities (SPEs), the CMA is currently developing draft SPE Regulations according to its jurisdictions stated in the CML in order to issue the required Regulations.

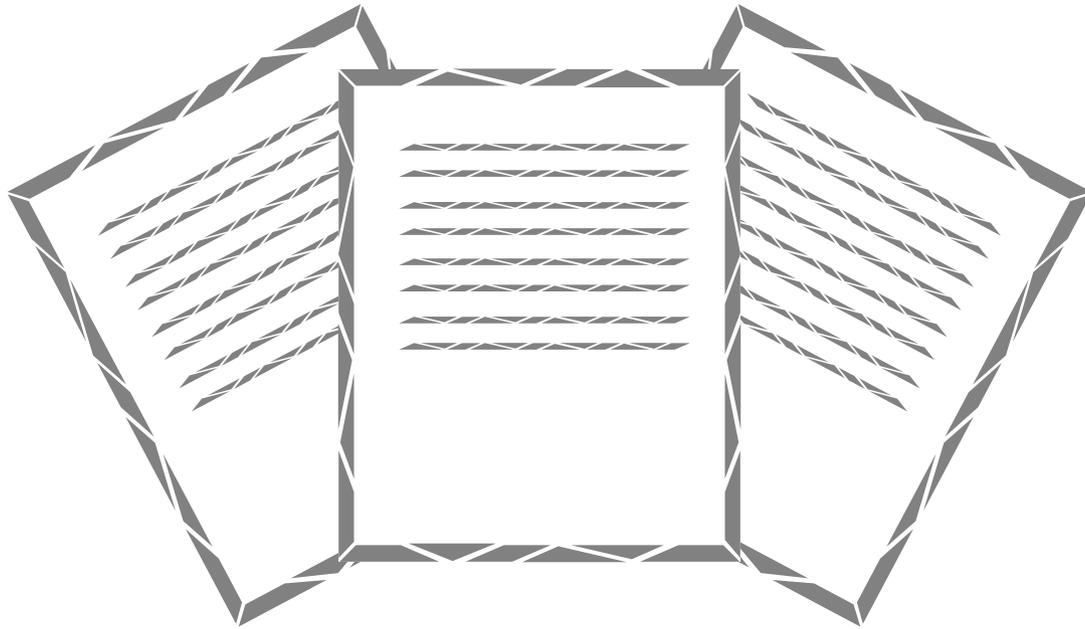
❖ In implementation of the Council of Ministers' Resolution No. (397) dated 29/11/1433H, approving the addition of a Ministry of Finance representative (Department of Zakat and Income Tax) and a CMA representative to SOCPA's board of directors, the CMA Board member Dr. Abdulrahman Al-Barrak was named as CMA's representative in the aforementioned board.

❖ In implementation of the Council of Ministers' Resolution No. (398) dated 23/12/1434H, notified to the CMA under the Royal Court's Telegram No. (267) dated 2/1/1435H, approving the application of the GCC Supreme Council's decision to adopt the unified rules for securities listing in GCC financial markets, and to apply them on a guidance basis for two years to pave the way for reviewing and applying them on a binding basis, the CMA submitted its observations on the aforementioned rules to the GCC General Secretariat, and discussed them during the meetings of specialized committees within the GCC's framework, in addition to the comments and views provided by the member States; Some amendments have been made and work is in progress in this regard.



Chapter Two

Achievements



Section One

Implementing Regulations, and CMA Board Meetings and Resolutions

- I.1 New/Amended Implementing Regulations
- I.2 Implementing Regulations under Development
- I.3 CMA Board Meetings and Resolutions

The CMA assumes the responsibility of enacting the regulations and rules governing the capital market, issuing instructions according to the provisions of the CML, and it also applies the provisions of the CML, in addition to undertaking the implementation of the tasks and functions stated in Articles Five and Six of the CML.

1.1 New/Amended Implementing Regulations

Based on the CML issued by Royal Decree No. (M/30) dated 2/6/1424H, and after taking into account the views of interested individuals and concerned professionals at taking into account parties, the CMA Board issued its Resolution No. (4-48-2013) dated 15/1/1435H (18/1/2013), approving procedures and instructions related to listed companies with accumulated losses of 50% or more of their capital in order to regulate a mechanism for dealing with such companies. These procedures and instructions will be effective as of 4/9/1435H (1/7/2014). The new procedures for listed companies whose accumulated losses exceed 50% of their capital contained 3 main articles, in addition to an article on how to deal with a company's shares after being delisted. Consequently, the total number of implementing regulations and rules issued by the CMA since its establishment is now fourteen.

As part of the CMA's responsibilities to regulate and monitor the work and activities of entities that fall under its regulation and supervision, including the authorized persons, the CMA Board issued Resolution No. (1-1-2013) dated 1/3/1434H (13/1/2013), to amend Article (25) of the Authorised Persons Regulations by adding paragraph (e) which states the following: "the Authority shall have the power to cancel the registration of a registered person if the registered person violates any provision of the Capital Market Law or its Implementing Regulations."

The CMA has been keen on promoting the integrity of the capital market and protection of authorized persons and their clients against illegal transactions that might involve money laundering

or any criminal act. Thus, with its determination to continuously develop the Anti-Money Laundering and Counter-Terrorist Financing Rules, and in light of the Anti-Money Laundering Law issued under Royal Decree No. (M/31) dated 11/5/1433H, the CMA Board issued Resolution No. (2-54-2013) dated 21/2/1435H (24/12/2013) to amend some of the Anti-Money Laundering and Counter-Terrorist Financing Rules in accordance with the provisions of the above-mentioned Law.

1.2 Implementing Regulations under Development

The CMA is working on an ongoing basis to develop and issue a number of implementing regulations, namely:

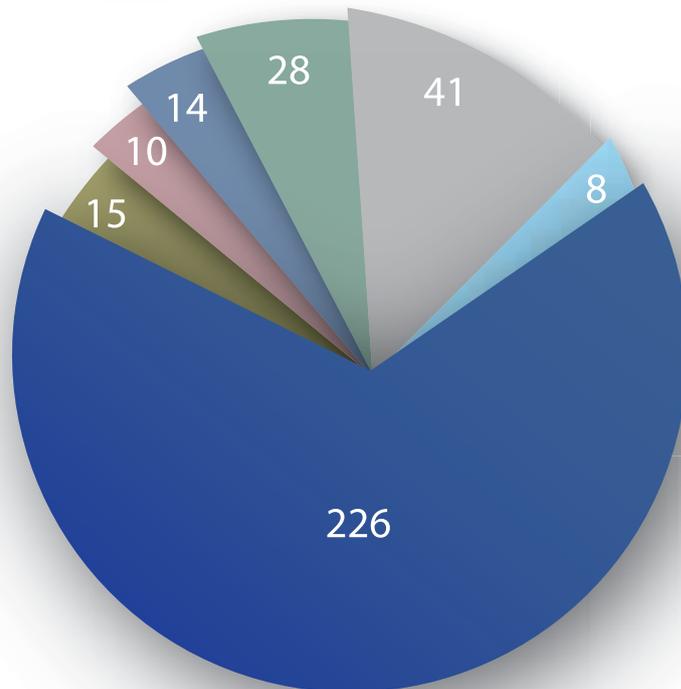
1. Draft Credit Rating Agencies Regulations.
The draft is under review by a CMA taskforce dedicated to this end; it is in the final stages of development prior to presentation to the CMA Board.
2. Draft Special Purpose Entities Regulations.
The draft is under review by a CMA taskforce dedicated to this end.
3. Updated draft Authorized Persons Regulations.
The draft is under review by a CMA taskforce dedicated to this end.
4. Updated draft Investment Funds Regulations.
Public comments on the draft Regulations have been solicited, and work is underway to review and incorporate appropriate changes.

1.3 CMA Board Meetings and Resolutions

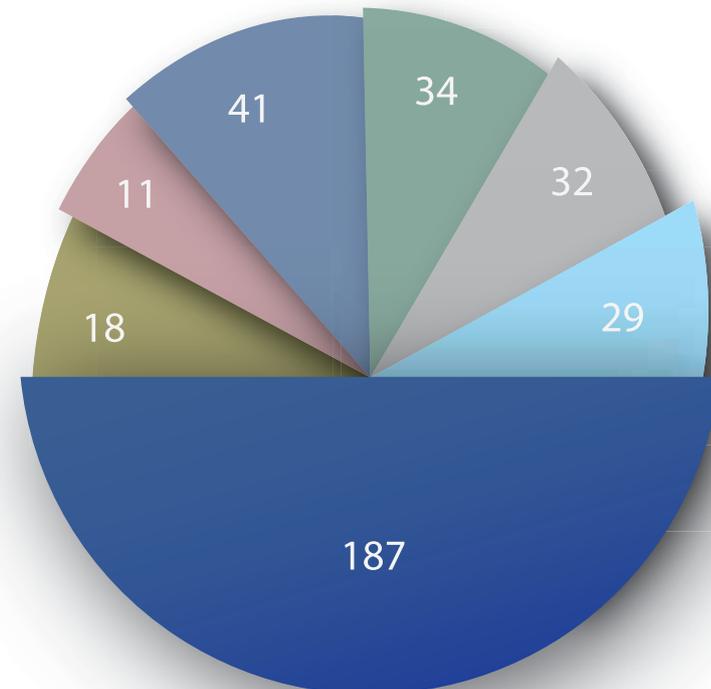
During 2013, the CMA Board held 55 meetings and issued 352 resolutions/decisions covering different CMA functions and activities compared to 342 resolutions/decisions in 2012. Chart (1) illustrates the CMA Board's resolutions/decisions classified by subject in 2012 and 2013.

Chart (I): Number of CMA Board Resolutions/Decisions Classified by Subject in 2012 and 2013

2012



2013



- Authorized Persons
- Market Supervision, Surveillance and Disclosure
- Regulations and Rules Governing the Capital Market
- Governance and CMA Internal Environment

- Enforcement and Capital Market Violations
- Investment Funds
- Securities Offerings and Prospectuses

Paragraph (a) of Article Ten of the CML states: “The Board shall hold its meetings at the request of its chairman. Meetings should be attended by at least three of its members including the chairman or vice chairman. Its decisions shall be made upon a vote of a majority of the members attending the meeting. In case

of equal votes, the chairman of the meeting will have a casting vote”. Table (5) indicates the number of CMA Board meetings classified by the number of attended members. Also, table (6) reflects the meetings of the CMA Board by member attendance/non-attendance.

Table (5): CMA Board Meetings Classified by the Number of Attended Members

Element	Number of CMA Board Meetings	
	2012	2013
All-Member Meeting	23	30
4-Member Meeting	11	20
3-Member Meeting	6	5
Total	40	55

Table (6): CMA Board Meetings by Member Attendance/Non-Attendance in 2013

Board Members	CMA Board Meetings	
	Attendance	Non-Attendance
H.E. CMA Board Chairman	48	7
CMA Board Vice-Chairman	52	3
Board Member/ Mr. Mohamed Al-Shumrani	54	1
Board Member/ Mr. Mazin Al-Romaih	42	13
Board Member/ Dr. Abdulrahman Al-Barrak	49	6





Section Two

Securities Offering and Regulation

- 2.1 Initial Public Offerings
- 2.2 Bonus Shares and Capital Alteration of Listed Companies
- 2.3 Debt Instruments Offering

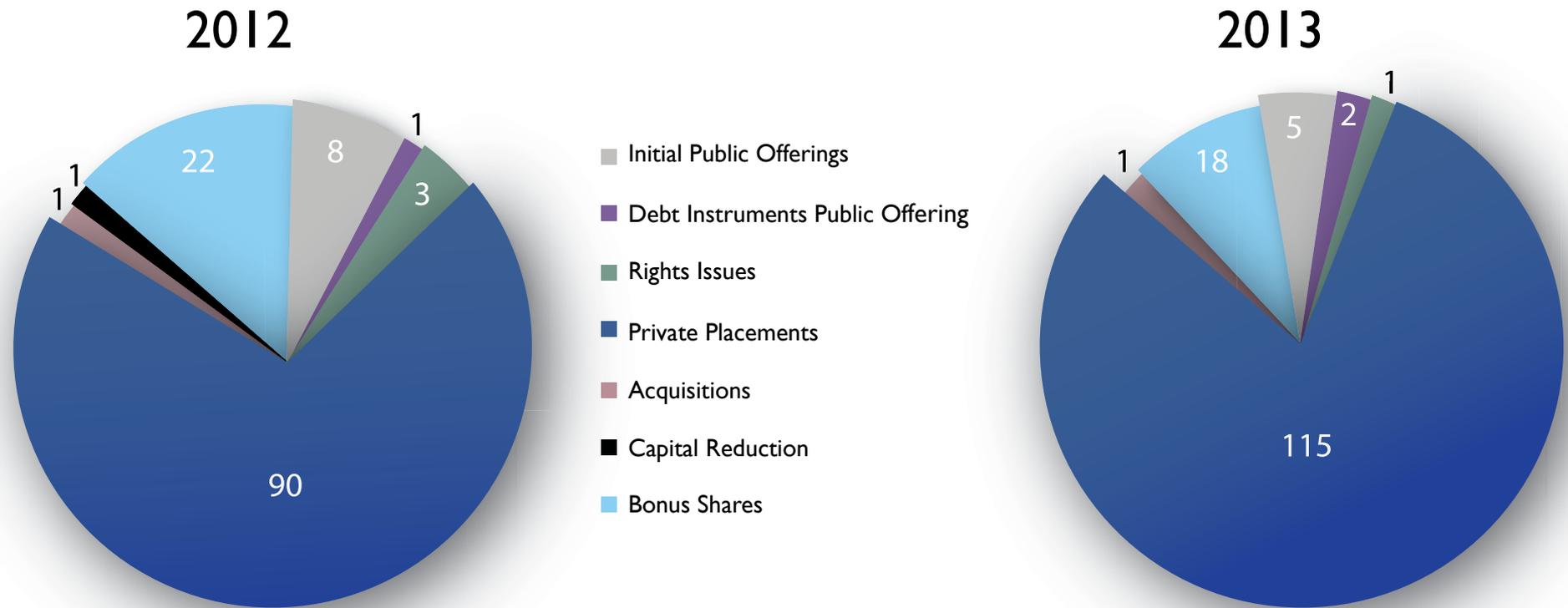
In implementation of Paragraph (a) of Article Five and Paragraph (a) of Article Six of the CML on the CMA's responsibility with respect to regulating, monitoring, and dealing in securities, and approving the offering of such securities, the CMA has exerted every effort to make investment in the capital market attractive for all investors by regulating the issuance of securities and approving their offering. It has also enhanced the procedures governing securities issuance, monitoring and dealing as well as the full disclosure of securities/issuer-related information.

The CMA approved /regulated 142 securities operations in 2013, increasing by 12.7%. These operations included public offerings of shares and debt instruments, rights issues, private placements, issuance of bonus shares and one acquisition. Private placement notifications received by the CMA went up by 27.8% to 115 (61 notifications for share private placements and 54 for debt instrument private placements) compared to the preceding year (Table (7), Chart (2)).

Table (7): Applications for Securities Offerings and Regulation Approved by the CMA and Private Placement Notifications Received

Operation Type	Number		Change (%)
	2012	2013	
Initial Public Offerings	8	5	- 37.5%
Debt Instruments Public Offerings	1	2	100.0%
Private Placements	90	115	27.8%
Rights Issues	3	1	- 66.7%
Acquisitions	1	1	0.0%
Capital Reduction	1	0	- 100%
Bonus Shares	22	18	- 18.2 %
Total	126	142	12.7%

Chart (2): Number of Applications for Securities Offerings and Regulation Approved by the CMA and Private Placement Notifications Received



Total amounts raised from securities offerings went up by 29.8% to SR 60.0 billion in 2013 compared to the previous year. This is due to a significant increase of 51.2% in the total amounts of private placements to SR 50.3 billion (SR 7.0 billion from share private placements and SR 43.3 billion from debt instruments private

placements). The increase in total amounts raised from securities offerings in 2013 was also driven by a rise in the value of public offerings of debt instruments to SR 7.5 billion compared to SR 240 million in the preceding year (Table (8)).

Table (8): Total Amounts Raised from Securities Offerings by Type

(SR Million)

Type	2012	2013	Change (%)
Initial Public Offerings ³	5,326.0	1,962.0	- 63.2%
Debt Instruments Public Offerings ⁴	240.0	7,500.0	3,025.0%
Private Placements ⁵	33,276.4	50,312.3	51.2%
Rights Issues Offerings	7,362.0	200.0	- 97.3%
Total	46,204.4	59,974.3	29.8%

3) Including the National Medical Care Company and the Northern Region Cement Co. (both were approved in 2012, and went public in 2013); excluding, however, Astra Industrial Group which had the CMA's approval to offer part of its shares in 2013, but it was cancelled. This also includes Saudi Marketing Company (approved in 2013, but not offered in the same year).

4) Including only the Sukuk of Sadara Basic Services, and excluding Saudi Electricity Company Sukuk 4 which was approved in 2013, but not offered in the same year.

5) The number of completed private placements during 2013 amounted to 72 (35 private placements of shares, and 37 private placements of debt instruments).

2.1 Initial Public Offerings

In 2013, the shares of five companies were partially offered for public subscription. The total value of offered shares amounted to SR 2.0

billion with 10.2 million subscribers (Table (9)). Chart (3) illustrates the amounts of initial public offerings (IPOs) over the past five years.

Table (9): Companies that Offered Part of their Shares for Public Subscription in 2013

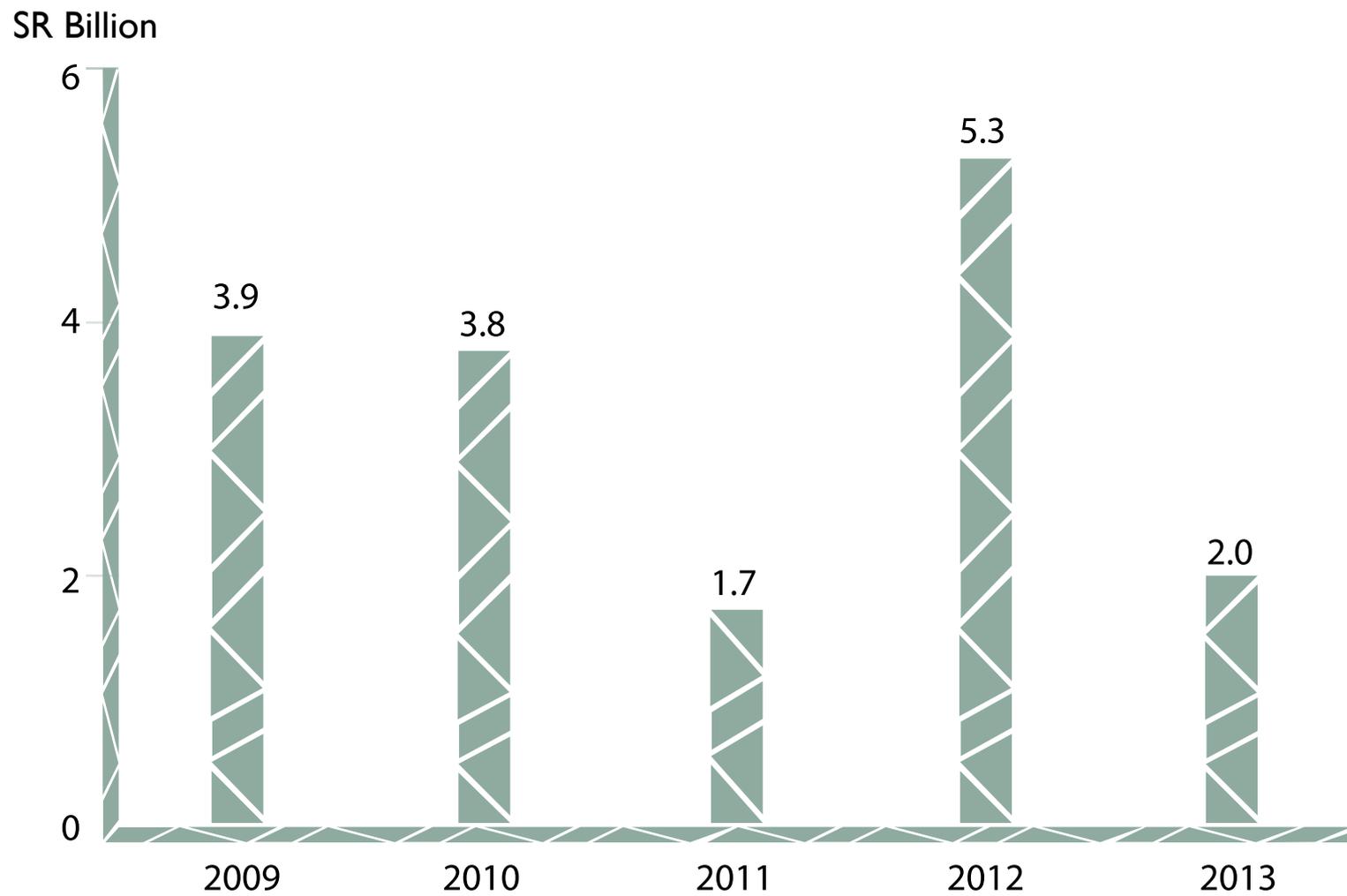
No.	Company Name	Offering Value (SR Million)	Over-subscription Times (Individuals) ⁶	Over-subscription Times (Institutions) ⁷	Over-subscription Times ⁸	Number of Subscribers (Thousand)
1	Northern Region Cement	900.0	3.2	--	3.2	3,802.0
2	National Medical Care	364.5	7.1	10.4	8.7	2,631.4
3	Aljazira Takaful Taawuni	105.0	9.1	--	9.1	1,600.0
4	MetLife AIG ANB Cooperative Insurance	52.5	11.8	--	11.8	1,059.9
5	Bawan	540.0	2.6	12.8	7.7	1,084.8
Total		1,962.0	--	--	--	10,178.1

6) Level of oversubscription was calculated by dividing the number of shares subscribed by individuals by the number of shares allocated to them.

7) Level of oversubscription was calculated by dividing the number of shares subscribed by institutions by the number of shares allocated to them.

8) Level of oversubscription was calculated by dividing the number of shares subscribed by both individuals and institutions by the total number of shares offered for subscription.

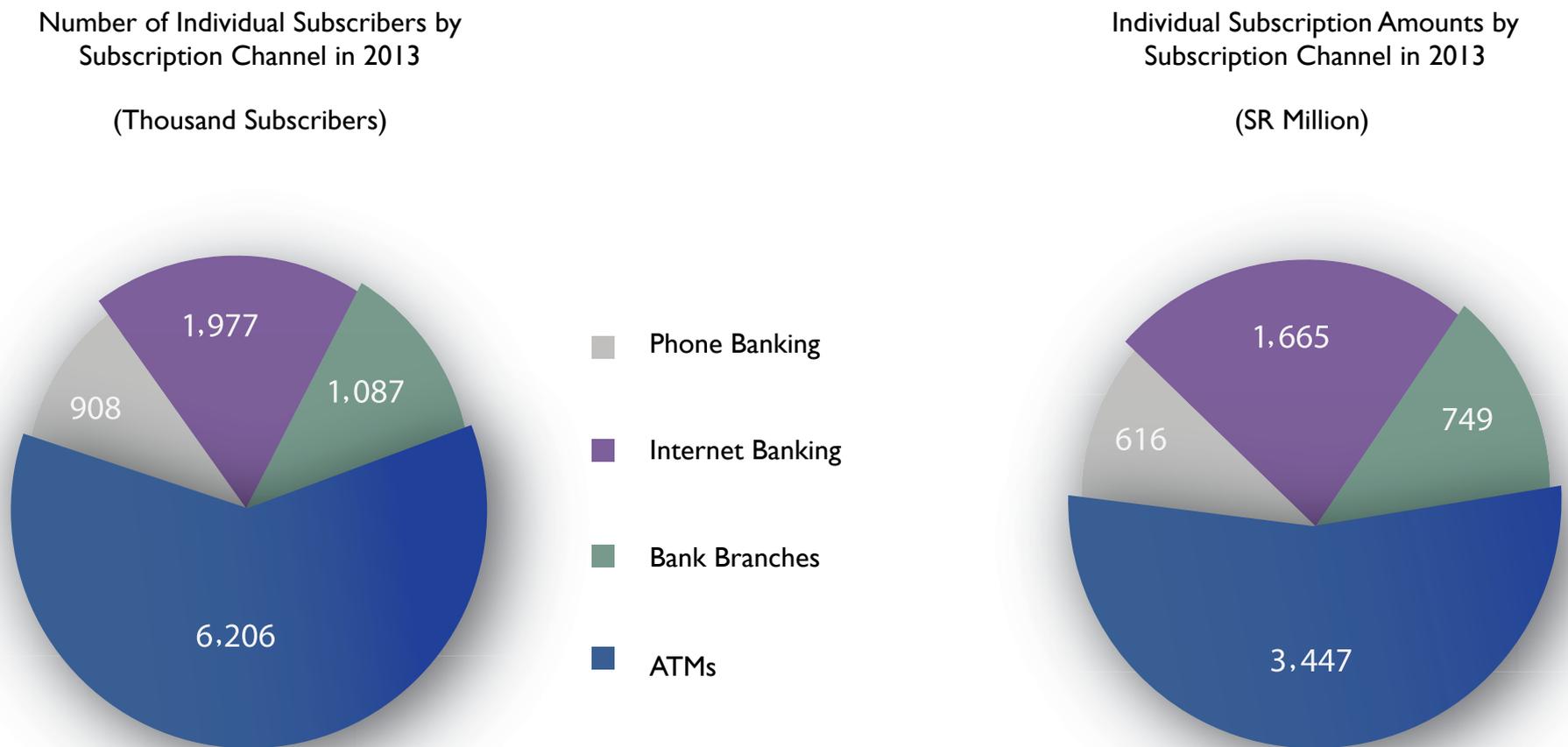
Chart (3): Amounts Raised from Initial Public Offerings during 2009 - 2013



Subscription Channels

Total individual subscription amounts (before returning over-subscribed amounts) through different subscription channels in 2013 stood at nearly SR 6.5 billion with 10.2 million subscribers (Chart (4)).

Chart (4): Subscription Amounts and Number of Individual Subscribers by Subscription Channel



2.2 Bonus Shares and Capital Alteration of Listed Companies

21 companies listed on the Saudi Stock Exchange “Tadawul” increased their capital in 2013, bringing the number of their outstanding shares to 3.4 billion (up by 25.5%) against 2.7

billion shares before capital increase. 19 listed companies (out of 21) increased their capital by issuing bonus shares (Table (10)).

Table (10): Listed Companies that Altered their Capital during 2013

Method of Capital Alteration	Number of Companies	Total Number of Shares (Million)		
		Prior to Capital Alteration	Post Capital Alteration	Change (%)
Issuing Bonus Shares	19	2,130.9	2,758.0	29.4%
Rights Issues	1	40.0	60.0	50.0%
Acquisition ⁹	1	500.0	534.0	6.8%
Total	21	2,670.9	3,352.0	25.5%

2.3 Debt Instruments Offering

The CMA approved the offering of two issuances of Sukuk in 2013 with a total value of SR 12.0 billion (Table (11)). On the other hand, 37 debt instruments were privately placed successfully with a total value of SR 43.3 billion during 2013 compared to SR 32.4

billion in 2012. Table (12) and chart (5) indicate the amounts of public offerings and private placements of debt instruments during the past five years.

Table (11): Amounts of Debt Instruments Offerings Approved by the CMA

(SR Million)

Issuer	Debt Instrument		2012	2013
	Name	Type	Issue Value	Issue Value
Saudi Electricity Company ¹⁰	Saudi Electricity Company Sukuk 4	Sukuk	--	4,500.0
Sadara Basic Services Company	Sadara Sukuk	Sukuk	--	7,500.0
Saudi ORIX Leasing Company	ORIX Sukuk	Sukuk	240.0	--
Total			240.0	12,000.0

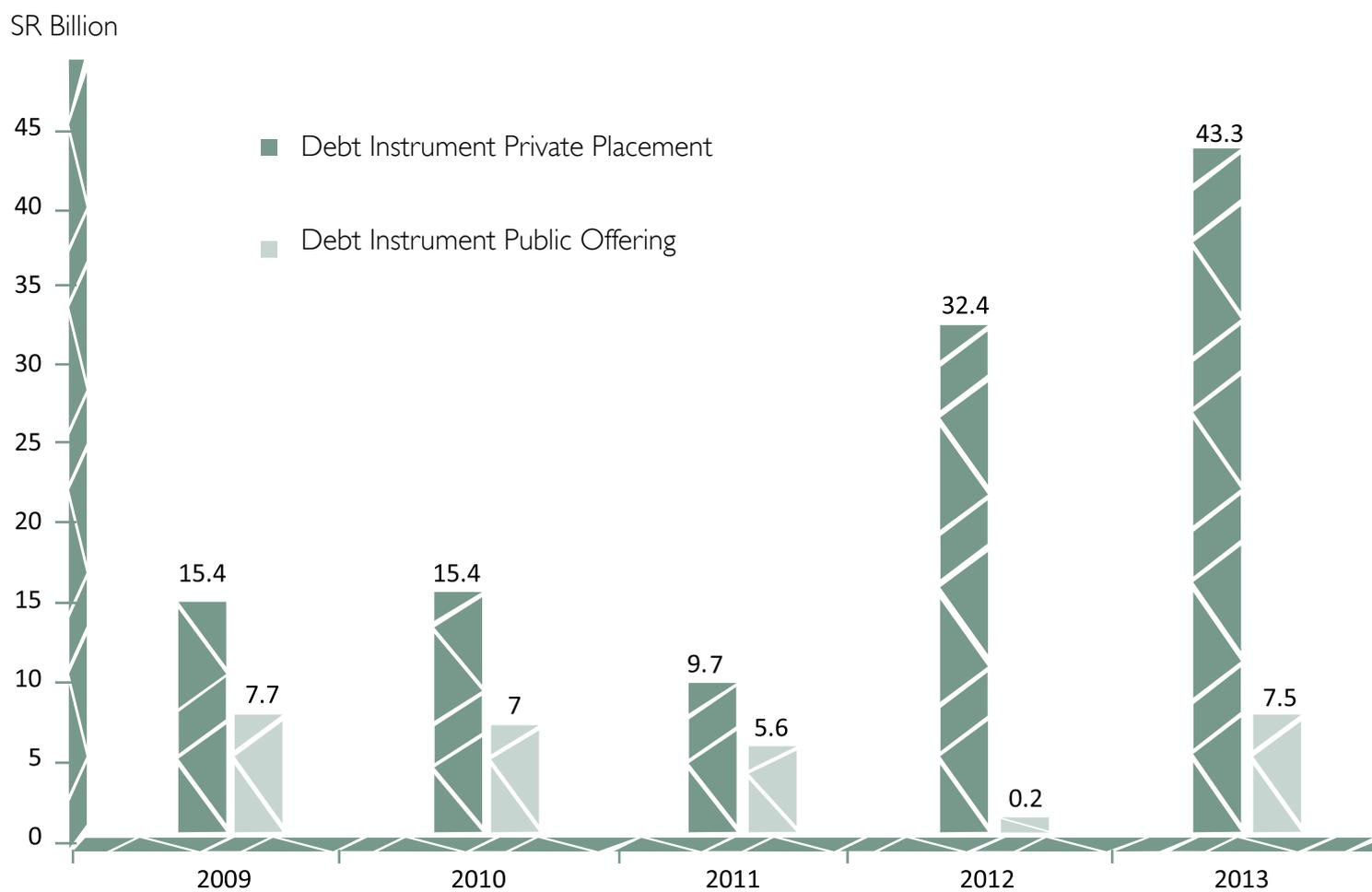
9) Savola Group increased its capital from SR 5 billion to SR 5.34 billion by issuing 34 million new shares for Al-Muhaidib Holding Company, in exchange for acquiring the shares and (direct or indirect) shareholdings of Al-Muhaidib Holding Company in both Savola Foods Company (10%) and Azizia Panda United Company (18.6%).

10) The CMA approved the offering of Saudi Electricity Company's Sukuk 4 in 2013; it was not offered in the same year.

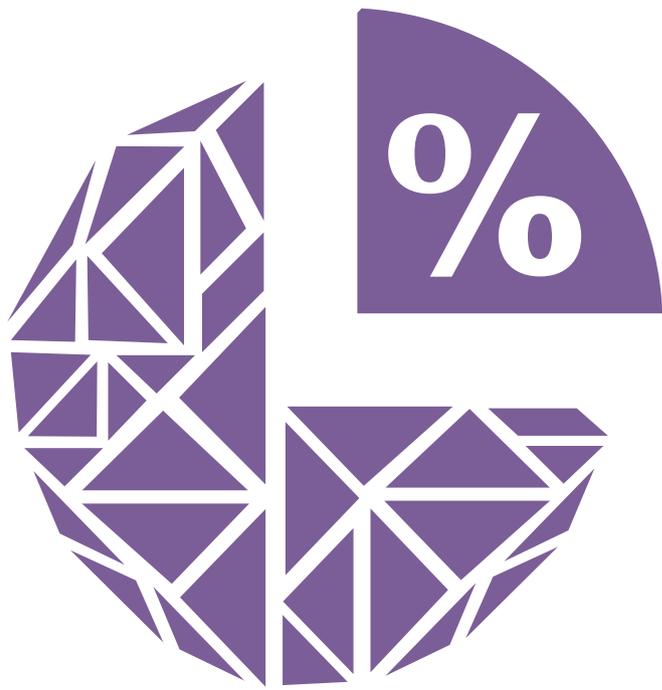
Table (12): Amounts of Money Raised from Public Offerings and Private Placements of Debt Instruments during 2009 - 2013

Year	Value of Debt Instrument Offering (SR Billion)		
	Public Offering	Private Placement	Total
2009	7.7	15.4	23.1
2010	7	15.4	22.4
2011	5.6	9.7	15.3
2012	0.2	32.4	32.6
2013	7.5	43.3	50.8
Total	28.0	116.2	144.2

Chart (5): Amounts of Money Raised from Public Offerings and Private Placements of Debt Instruments during 2009 - 2013







Section Three

Investment Funds and ETFs

3.1 Investment Funds

3.2 Exchange-Traded Funds (ETFs)

3.1 Investment Funds

Article Six and Article Thirty Nine of the CML have empowered CMA to regulate the activities of investment funds, set the regulations, rules and instructions required for their establishment, offering and management of their units, and applying disclosure and transparency rules thereto. Accordingly, the CMA has issued the “Investment Funds Regulations” and “Real Estate Investment Funds Regulations” which included standards and conditions that must be met by investment funds.

Total values of investment funds’ assets, both public and private, stood at SR 139.8 billion at the end of 2013, an increase of 19.7% over the preceding year. The number of subscribers declined by 6.1% to 260.4 thousand subscribers compared to the previous year (Table (13)).

Table (13): Indicators of Investment Funds Sector by Type of Offering

Item	2012			2013			Change (%)
	Public Offer	Private Placement	Total	Public Offer	Private Placement	Total	
Number of Funds	256	117	373	254	222	476	27.6%
Number of Subscribers	275,292	2,146	277,438	257,803	2,578	260,381	- 6.1%
Value of Assets (SR Million)	87,959.8	28,803.0	116,762.8	103,121.3	36,644.3	139,765.6	19.7%

In 2013, the CMA approved 18 publicly offered investment funds: 10 in equities and two in money markets, three real estate funds, and three funds of funds. Also, the CMA received 170 notifications of privately placed investment funds, and successfully processed 500 (out of 501) applications for amending essential information of investment funds in 2013.

3.1.1 Public Offer Funds

Assets values of public offer investment funds rose by 17.2% to SR 103.1 billion at the end of 2013 compared to the previous

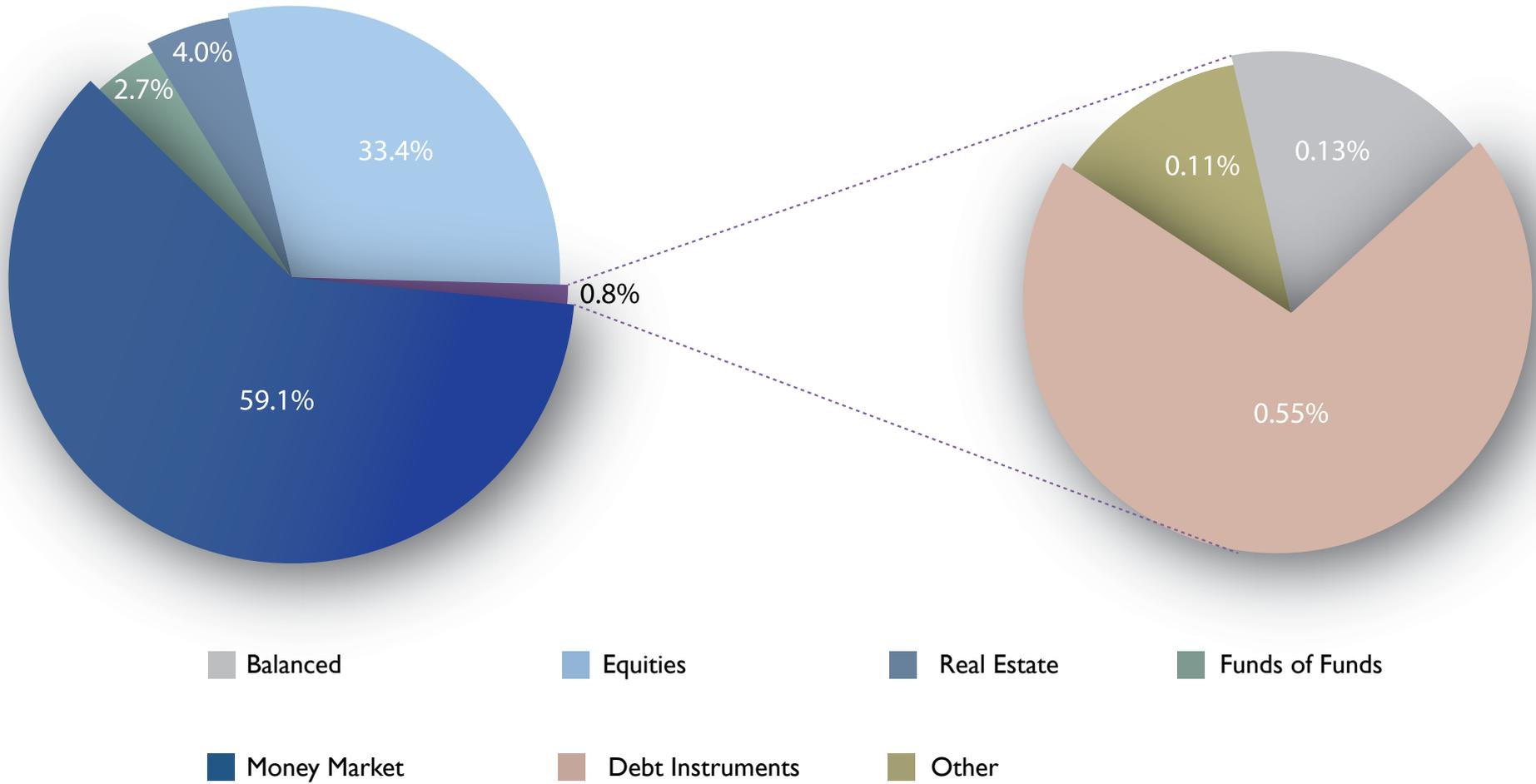
year. This increase came despite a retreat in the number of funds to 254, and a decline of 6.4% in the number of subscribers to 257,803 (Table (14)).

Higher assets values in 2013 can be attributed to the increase in the assets values of equity and money market investment funds with SR 6.5 billion and SR 7.1 billion respectively. Assets values of both equity and money markets investment funds accounted for 92.5% of total assets values of public offer funds (Chart (6)). The decrease in the number of subscribers to public offer funds is reflected in the lower number in equity investment funds from 212,128 in 2012 to 197,523 at the end of 2013.

Table (14): Public Offer Investment Funds by Type of Investment

Investment Type	Number of Funds			Number of Subscribers			Value of Assets (SR Million)		
	2012	2013	Change (%)	2012	2013	Change (%)	2012	2013	Change (%)
Equities	138	141	2.2%	212,128	197,523	- 6.9%	27,988.2	34,441.3	23.1%
Debt Instruments	9	8	- 11.1%	249	203	- 18.5%	637.2	563.3	- 11.6%
Money Markets	47	45	- 4.3%	51,758	49,024	- 5.3%	53,878.3	60,945.8	13.1%
Real Estate	10	13	30.0%	4,565	5,021	10.0%	2,587.4	4,131.1	59.7%
Funds of Funds	43	41	- 4.7%	5,845	5,453	- 6.7%	2,731.0	2,797.9	2.5%
Balanced	3	2	- 33.3%	497	440	- 11.5%	64.2	130.5	103.3%
Capital Protected	2	0	- 100.0%	154	0	- 100.0%	43.3	0.0	- 100.0%
Other	4	4	0.0%	96	139	44.8%	30.2	111.3	268.6%
Total	256	254	- 0.8%	275,292	257,803	- 6.4%	87,959.8	103,121.3	17.2%

Chart (6): Percentages of Public Offer Funds' Assets under Management (AUM) by Type of Investment for 2013



Public Offer Funds Invested in Equities

Public offer funds invested in equities are important since they hold 76.6% of total subscribers to public offer funds in the capital market. Although the number of subscribers to public offer funds

invested in equities went down by 6.9% compared to last year, their assets values went up by 23.1% to SR 34.4 billion at the end of 2013 (Table (15)).

Table (15): Public Offer Investment Funds in Equities Classified Geographically

Geographical Scope	Number of Funds			Number of Subscribers			Value of Assets (SR Million)		
	2012	2013	Change (%)	2012	2013	Change (%)	2012	2013	Change (%)
Local Equities	60	60	0.0%	193,556	178,825	- 7.6%	17,445.2	21,331.3	22.3%
GCC Equities	22	23	4.5%	12,104	12,142	0.3%	1,632.7	2,127.4	30.3%
Arab Equities	4	6	50.0%	244	272	11.5%	185.0	196.7	6.3%
Asian Equities	11	11	0.0%	2,054	1,780	- 13.3%	842.7	860.6	2.1%
US Equities	5	5	0.0%	245	266	8.6%	1,348.2	1,763.2	30.8%
European Equities	6	6	0.0%	275	291	5.8%	2,191.5	2,746.0	25.3%
Other International Equities	30	30	0.0%	3,650	3,947	8.1%	4,342.9	5,416.0	24.7%
Total	138	141	2.2%	212,128	197,523	- 6.9%	27,988.2	34,441.3	23.1%

3.1.2 Private Placement Funds

Assets values of private placement funds rose by 27.2% to SR 36.6 billion at the end of 2013. This was accompanied by an increase of 20.1% in the number of subscribers compared to last year. The number of funds also soared by 89.7% to 222.

87.3% of the rise in the assets values of private placement funds is attributable to increases in the assets of real estate and equity funds with SR 4.9 billion and SR 1.9 billion respectively (Table (16)).

Table (16): Private Placement Funds by Type of Investment

Investment Type	Number of Funds			Number of Subscribers			Value of Assets (SR Million)		
	2012	2013	Change (%)	2012	2013	Change (%)	2012	2013	Change (%)
Equities	42	86	104.8%	685	716	4.5%	9,621.9	11,536.9	19.9%
Debt Instruments	4	22	450.0%	3	3	0.0%	35.9	4.2	- 88.3%
Money Markets	6	6	0.0%	21	27	28.6%	299.1	608.5	103.5%
Real Estate	54	72	33.3%	1,190	1,561	31.2%	16,506.4	21,437.2	29.9%
Commodities	2	2	0.0%	4	3	- 25.0%	80.9	50.7	- 37.3%
Multi Asset	5	17	240.0%	58	72	24.1%	765.9	602.0	- 21.4%
Hedging and Derivatives	4	17	325.0%	185	196	5.9%	1,492.9	2,404.9	61.1%
Total	117	222	89.7%	2,146	2,578	20.1%	28,803.0	36,644.3	27.2%

3.2 Exchange Traded Funds (ETFs)

Up to the end of 2013, the CMA had approved the trading of three ETFs' units, two managed by FALCOM Financial Services, and one managed by HSBC Saudi Arabia Limited. Assets values

of ETFs dropped by 45.6% to SR 58.6 million compared to the preceding year. The total number of subscribers was 7.5% lower than last year (Table (17)).

Table (17): Exchange Traded Funds (ETFs)

ETF Name	Assets Value (SR Million)			Number of Subscribers			Value of Traded Units (SR Million)		
	2012	2013	Change (%)	2012	2013	Change (%)	2012	2013	Change (%)
Falcom Saudi Equity	67.0	26.9	- 59.9%	216	188	- 13.0%	39.7	42.1	6.1%
Falcom Petrochemical	26.0	12.8	- 50.8%	64	64	0.0%	17.3	10.4	- 39.7%
HSBC Saudi 20	14.8	18.9	27.7%	52	55	5.8%	24.6	17.2	- 29.9%
Total	107.9	58.6	- 45.6%	332	307	- 7.5%	81.6	69.8	- 14.5%



Section Four

Monitoring Securities

- 4.1 Surveillance of Trades
- 4.2 Surveillance of Electronic Means

To ensure fairness, transparency and investor protection in the capital market, the CMA monitors trades, websites and electronic means pursuant to Articles Five and Six of the CML which empowered the CMA to develop the procedures that would reduce the risks related to securities transactions and to monitor securities trading to protect investors from unfair or unsound practices, involving fraud, deceit or manipulation. Moreover, Articles Forty Nine and Fifty of the CML further set out the practices and actions that constitute a violation of the provisions of the CML.

As part of the authorized persons' legal responsibility towards the conduct of their clients - detailed in Article Eleven of the Market Conduct Regulations - the CMA works with the authorized persons on taking necessary and prompt actions to ensure that they do not execute clients' orders if they are in breach of the CML and its implementing regulations. This is to protect investors and dealers in securities against illegitimate, misleading, manipulative or deceptive acts.

4.1 Surveillance of Trades

The process of surveillance of trades is carried out as follows:



The number of "SMARTS" alerts stood at 26,251 at the end of 2013. Moreover, 1,779 intensive scans for trades and deals suspected of

violating the CML and its Implementing Regulations were made; 43 cases of suspected violations were detected (Table (18)).

Table (18): Developments in Surveillance of Trades and Deals

Incident	Number	
	2012	2013
"SMARTS" Alerts	26,323	26,251
Intensive Scans for Trades and Deals Suspected of Violating the CML and Implementing Regulations	1,687	1,779
Suspected Violations	32	43

4.2 Surveillance of Electronic Means

The CMA has adopted the latest surveillance systems and methods to monitor electronic means, websites and social media networks to ensure there exists no practice violating the CML and its Implementing Regulations by unauthorized persons who conduct securities business including investment portfolios management, promotion and advertisement of securities such as shares and debt instruments; carrying out financial brokerage or advice, or making recommendations.

Electronic surveillance is carried out through an electronic surveillance system that identifies topics and news on capital

market or listed companies, released and broadcast on various local and Arab mass media and websites. Once these topics and news are detected, the system generates alerts thereof. Alerts are then analyzed and examined to identify any case in breach of the CML and its Implementing Regulations.

System alerts on electronic means decreased by 42.1%, amounting to 1,472 in 2013 compared to the preceding year. 42 intensive scans were made on those alerts, resulting in 26 cases of suspected violations (Table (19)).

Table (19): Highlights of Surveillance on Electronic Means

Incident	Number		Change (%)
	2012	2013	
Alerts on Electronic Means	2,542	1,472	- 42.1%
Intensive Scans for Trades and Deals Alerted	78	42	- 46.2%
Suspected Violations	33	26	- 21.2%



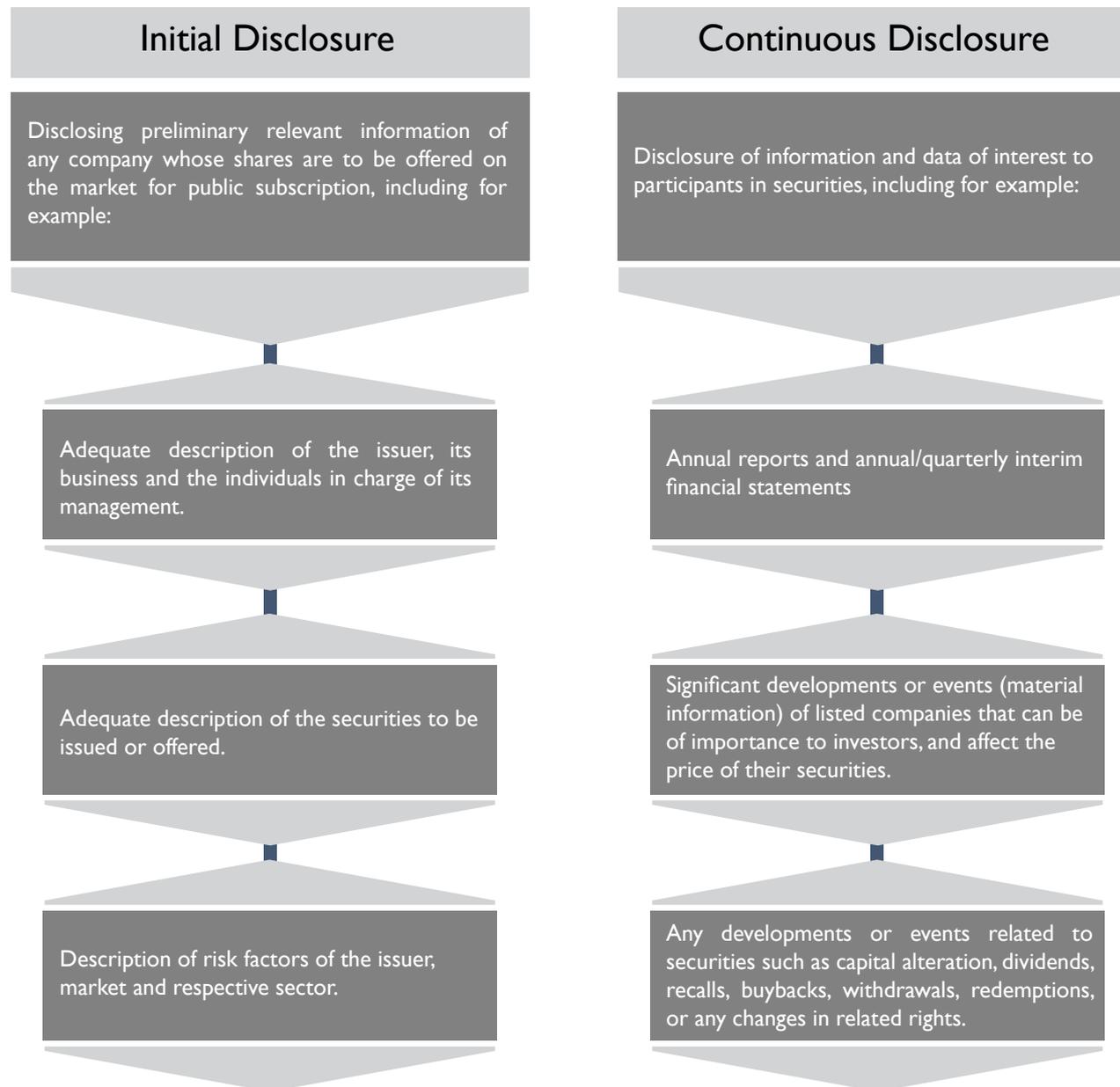
Section Five

Listed Company Disclosure

- 5.1 Review of Annual and Quarterly Financial Statements
- 5.2 Announcements of Listed Companies
- 5.3 Supervisory Visits
- 5.4 Notifications of Ownership and Requests of Disposal
- 5.5 Improving Disclosure

Article Five of the CML empowered the CMA to regulate and monitor full disclosure of information associated with securities and their issuers, and the dealings of informed persons (insiders), major shareholders and investors, in addition to defining and making available information which market participants should

provide and disclose to shareholders and the public. In addition, Article Six of the CML granted the CMA the power to issue the required resolutions, instructions and procedures for regulating and monitoring the disclosure process. Two types of disclosure are regulated and monitored by the CMA:



5.1 Review of Annual and Quarterly Financial Statements

The CMA reviews detailed and condensed annual and quarterly financial statements of listed companies, which are posted on the website of the Saudi Stock Exchange Co. "Tadawul", to ensure that they meet all disclosure requirements according to the CML and

its Implementing Regulations. During 2013, the CMA reviewed 808 condensed financial statements and 789 detailed financial statements (Table (20)).

Table (20): Condensed and Detailed Financial Statements Reviewed and Posted on Saudi Stock Exchange's "Tadawul" Website

Category	Number		Change (%)
	2012	2013	
Condensed Financial Statements	760	808	6.3%
Detailed Financial Statements	742	789	6.3%

Those reviews revealed that the quarterly financial statements of 49 companies (out of 160 listed companies) had qualified audit reports. In the same context, the number of listed companies that

had qualified audit reports on their annual financial statements amounted to 46 (out of 159 listed companies) (Table (21) and table (22)).

Table (21): Reviewed Quarterly Financial Statements of Listed Companies with Qualified/Unqualified Audit Reports

Statements	Number		Change (%)
	2012	2013	
Quarterly Financial Statements with Unqualified Audit Reports	107	111	3.7%
Quarterly Financial Statements with Qualified Audit Reports	47	49	4.3%
Total	154	160	3.9%

Table (22): Reviewed Annual Financial Statements of Listed Companies with Qualified/Unqualified Audit Reports

Statements	Number		Change (%)
	2012	2013	
Financial Statements with Unqualified Audit Reports	106	113	6.6%
Financial Statements with Qualified Audit Reports ¹¹	44	46	4.5%
Total	150	159	6.0%

11) Including qualification related to preparing and reviewing financial statements of insurance companies according to international standards. The CMA exempted banks and insurance companies from preparing and auditing their financial statements according to the Saudi standards, and allowed them to apply international standards in line with SAMA's requirements.

5.2 Announcements of Listed Companies

The CMA seeks to ensure compliance of listed companies with the disclosure of any material information that can be of significance to participants in securities. All material information must be announced on the website of the Saudi Stock Exchange Co. "Tadawul" pursuant to the CMA's prescribed instructions and requirements as to timing and content.

The total number of announcements posted during 2013 went up by 9.1% to 4,102 compared to the preceding year. Explanatory announcements jumped by 98.8% compared to last year. Also, the number of announcements related to changes in the composition of corporate boards of directors and top managements increased by 43.4% compared to the previous year (Table (23)).

Table (23): Announcements Posted on the Saudi Stock Exchange "Tadawul" Website Classified by Type

Type of Announcement	Number		Change (%)
	2012	2013	
Financial Results	1,111	976	- 12.2%
Recommendation of Capital Increase through Rights Issue	4	4	00.0%
Recommendation of Capital Increase through Bonus Shares Issue	15	19	26.7%
Recommendation of Capital Decrease	0	0	--
Invitation to General Assemblies, and the Announcements Related to their Outcomes	963	1,099	14.1%
Dividends	146	141	- 3.4%
Explanatory Announcement	244	485	98.8%
Change in the Composition of Corporate Board of Directors and Top Management	129	185	43.4%
Approval on New Product	106	119	12.3%
Other Material Developments or Events	1,043	1,074	3.0%
Total	3,761	4,102	9.1%

5.3 Supervisory Visits

The CMA carried out several supervisory visits to listed companies during 2013 to examine the level of compliance with the Listing Rules, raise awareness within those companies and enhance

compliance with the CML, its implementing regulations and other related regulations.

5.4 Notifications of Ownership and Requests of Disposal

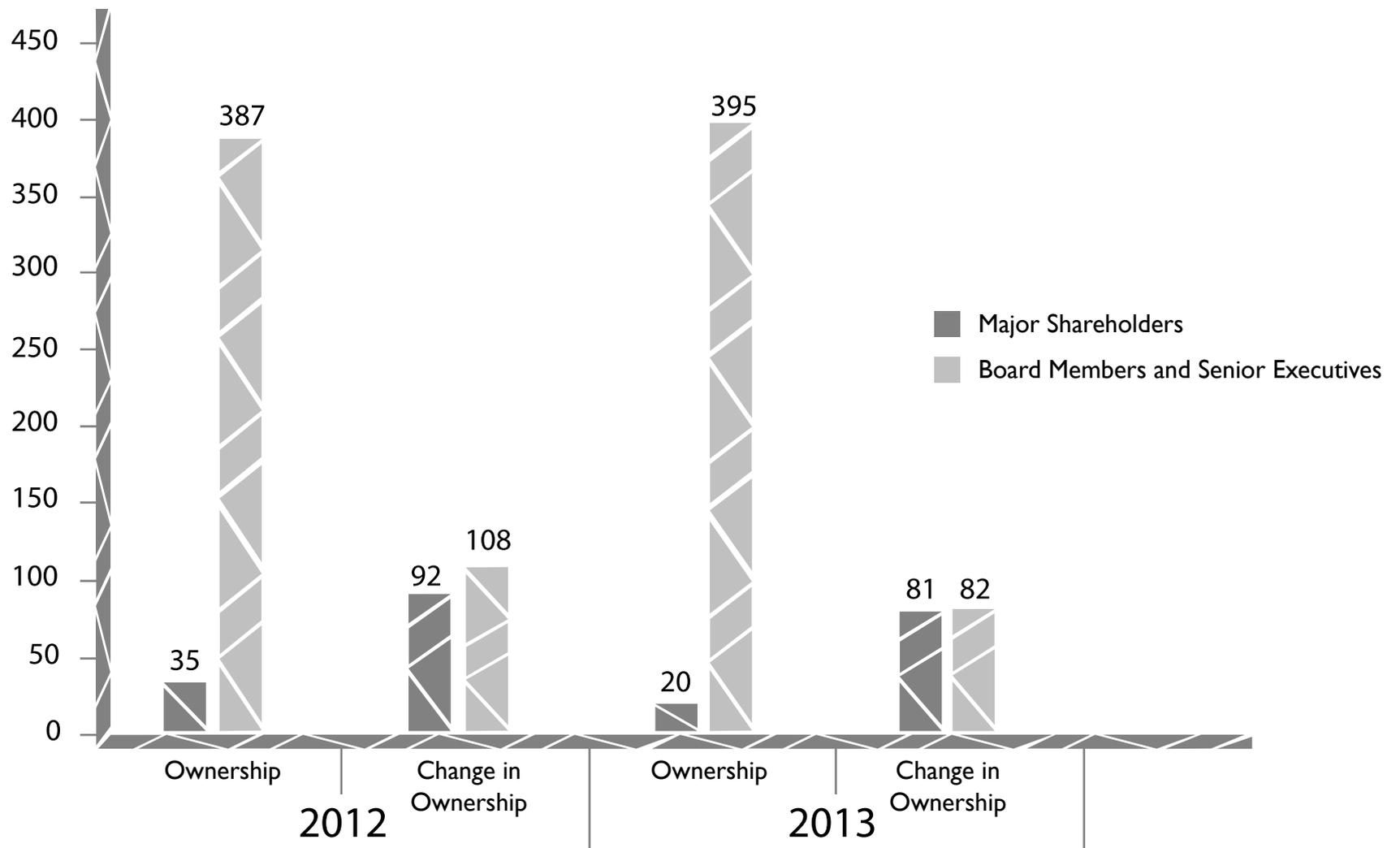
Notification of substantial shareholdings (5% or more) or convertible debt instruments, or ownership of shares or convertible debt instruments by a board member or a senior executive in the same company, are among the disclosures mandated by the CMA under paragraphs (a/1), (a/2), (a/3) and (a/4) in Article Forty Five of the “Listing Rules”.

Notifications of shareholdings and change in ownerships by major shareholders amounted to 20 and 81 respectively at the end of 2013. Numbers of notifications of shareholdings and ownership change by board members and senior executives stood at 395 and 82 respectively (Table (24), Chart (7)).

Table (24): Number of Notifications of Shareholding and Ownership Change by Major Shareholders, Board Members and Senior Executives

Source of Notification	2012		2013	
	Ownership	Ownership Change	Ownership	Ownership Change
Major Shareholders	35	92	20	81
Board Members and Senior Executives	387	108	395	82
Total	422	200	415	163

Chart (7): Number of Notifications of Shareholding and Ownership Change by Major Shareholders, Board Members and Senior Executives



Paragraph (f) of Article Forty Five of the Listing Rules states that “a person who has become an owner of, or interested in 10% or more of any class of shares or convertible debt instruments of the issuer, must not dispose of the same without the approval of the Authority. The Authority may impose certain restrictions on

such a disposal and specify its method”. At the end of 2013, the CMA received 51 disposal requests, down by 15.0% compared to the previous year. Requests of transfer of ownership dropped by 90.9% during 2013 compared to the previous year (Table (25)).

Table (25): Disposal Requests of Owner of, or Interested in 10% or More

Type of Disposal	Number		Change (%)
	2012	2013	
Sell	48	47	- 2.1%
Transfer of Ownership	11	1	- 90.9%
Pledge	1	3	200.0%
Total	60	51	- 15.0%

5.5 Improving Disclosure

The CMA strives to strengthen transparency among market participants by enforcing compliance of listed companies with the CML and the Listing Rules as well as the instructions on corporate announcements. As prescribed by relevant laws and regulations, listed companies must disclose all material developments without any delay by posting them on the Saudi Stock Exchange's "Tadawul" website, enabling investors to know the latest developments on corporate activity and relevant material news.

As part of the CMA's incessant efforts towards enhancing and

developing disclosure procedures and principles regarding listed companies' announcements, the CMA Board issued its Resolution, dated 9/11/1433H corresponding to 25/9/2012, to amend the instructions on listed companies' announcements. The amended version went into force as of 1/1/2013. These amended instructions aim to help listed companies enhance capital market transparency and disclosure, and enable investors to make informed investment decisions.

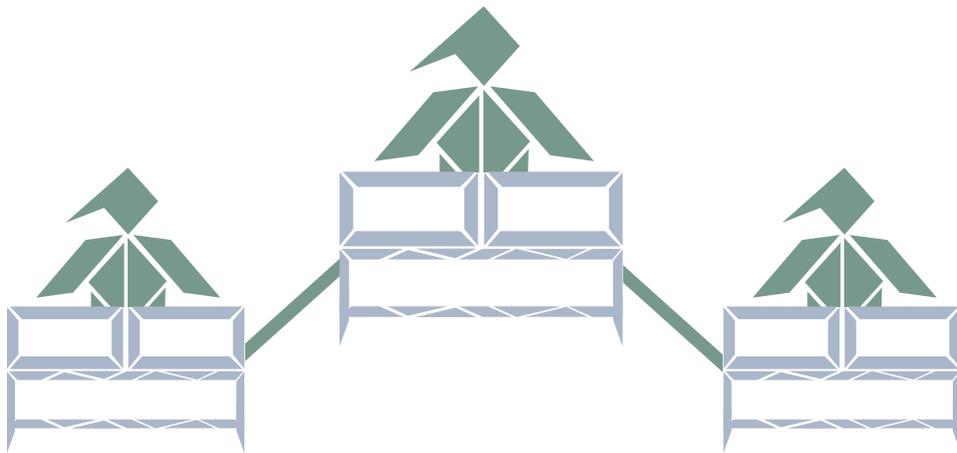
■ Electronic Communication System

the CMA has built a system that enables listed companies to update their data, fill in and submit the forms required by the CMA electronically. With this system, the CMA can also send circulars to listed companies electronically.

The system is intended to apply the concept of e-government and standardized means of communication in addition to accelerating transactions between the CMA and listed companies. The number of forms that have been reviewed through the system since it went live on 1/1/2013 stood at 6,348 forms up to 31/12/2013

During 2013, the following forms were reviewed:

- Designating representatives of listed companies.
- Submitting financial statements of listed companies.
- Résumés of nominees to board membership of companies listed on the Saudi Stock Exchange "Tadawul".
- Information of members of boards of directors, senior executives and their relatives.
- Reporting expired membership of a board member, or termination of business relations with a senior executive.
- Compliance with the Corporate Governance Regulations.



Section Six

Corporate Governance

- 6.1 Mandatory Articles of the Corporate Governance Regulations Approved in 2013
- 6.2 Board Members of Listed Companies and their Classification
- 6.3 Board Meetings of Listed Companies
- 6.4 Boards of Directors' Main Committees
- 6.5 Enhancing Compliance with Corporate Governance

The CMA monitors the compliance of listed companies with the articles of the Corporate Governance Regulations through the following:



6.1 Mandatory Articles of the Corporate Governance Regulations Approved in 2013

Paragraphs (i) and (j) of Article 5, and paragraph (g) of Article Twelve of the Corporate Governance Regulations became mandatory as of 1/1/2013. Furthermore, based on the CMA Board's Resolution

No. (3-40-2012), dated 17/2/1434H (30/12/2012), paragraphs (c) and (d) of Article Ten of the Corporate Governance Regulations became mandatory as of 30/6/2013.

6.2 Board Members of Listed Companies and their Classification

Article Twelve of the Corporate Governance Regulations states the requirements with regard to the composition of the board of directors; they are as follows:

1. The articles of association of the company shall specify the number of board of directors' members, provided that such number shall not be less than three and not more than eleven.
2. The majority of members of the board of directors shall be

non-executive members.

3. The independent members of the board of directors shall not be less than two members, or one-third of the members, whichever is greater.

The number of independent members' seats in listed companies' boards of directors in 2012 was 620, while the number of seats for non-executive members stood at 536 (Table (26), Chart (8)).

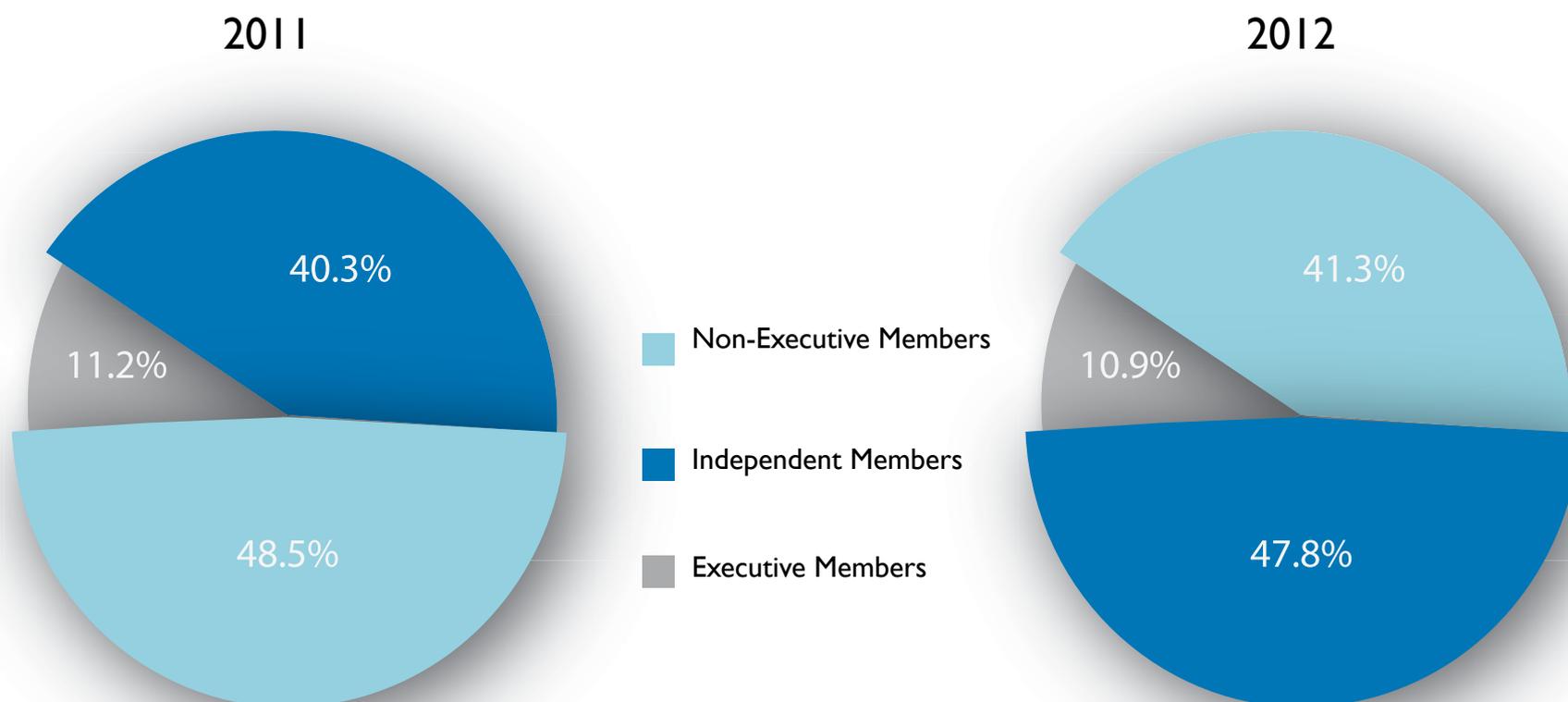
Table (26): Composition of Boards of Directors in Listed Companies by Membership Type as in Boards of Directors' Reports¹²

Membership Type	2011		2012		Change (%)
	Number	Percentage out of Total (%)	Number	Percentage out of Total (%)	
Non-Executive ¹³	608	48.5%	536	41.3%	- 11.8%
Independent	505	40.3%	620	47.8%	22.8%
Executive	141	11.2%	141	10.9%	0.0%
Total	1,254	100%	1,297	100%	3.4%

12) Table shows the data included in the reports of listed companies' boards, which are provided to the CMA during the year that follows the fiscal year in which those reports were issued.

13) Non-executive member: is a member of the Board of Directors who does not have a full-time management position at the company, or does not receive monthly or yearly salary. Consequently, any independent member is a non-executive member at the same time.

Chart (8): Composition of Boards of Directors in Listed Companies by Membership Type as in Boards of Directors' Reports



6.3 Board Meetings of Listed Companies

Article Sixteen of the Corporate Governance Regulations has provided instructions on several matters such as holding board meetings on a regular basis upon a request by the chairman.

The number of boards' meetings in listed companies (as in board reports) stood at 843 at the end of 2012, higher by 8.9% than last year with an average of 5.4 meetings per company (Table (27)).

Table (27): Number of Boards' Meetings in Listed Companies by Sector as in Boards of Directors' Reports¹⁴

Sector	2011		2012	
	Number of Meetings	Average Meetings per Company	Number of Meetings	Average Meetings per Company
Banks and Financial Services	58	5	55	5
Petrochemical Industries	59	4	60	4
Cement	55	6	81	6
Retail	42	5	51	5
Energy & Utilities	17	9	20	10
Agriculture and Food Industries	86	6	90	6
Telecommunication & Information Technology	27	7	27	7
Insurance	150	5	163	5
Multi-Investment	36	5	33	5
Industrial Investment	65	5	65	5
Building & Construction	82	5	88	6
Real Estate Development	43	5	49	6
Transportation	31	8	28	7
Hotels and Tourism	8	4	15	5
Media and Publishing	15	5	18	6
Total Number of Boards of Directors Meetings	774		843	
Meetings Average for All Listed Companies	5.3		5.4	

14) Table shows the data included in the reports of listed companies' boards, which are provided to the CMA during the year that follows the fiscal year in which those reports were issued.

6.4 Boards of Directors' Main Committees

Corporate Governance Regulations required listed companies to form the following main committees:

(I) Audit Committees

Article Fourteen of the Corporate Governance Regulations stipulates that the board of directors should set up an audit committee, issue rules for appointing the members of that committee, define its work procedure, and determine duties and

responsibilities thereof. The Article also states that the committee's members should not be less than three, including a specialist in financial and accounting matters. Executive board members are not eligible for audit committee membership.

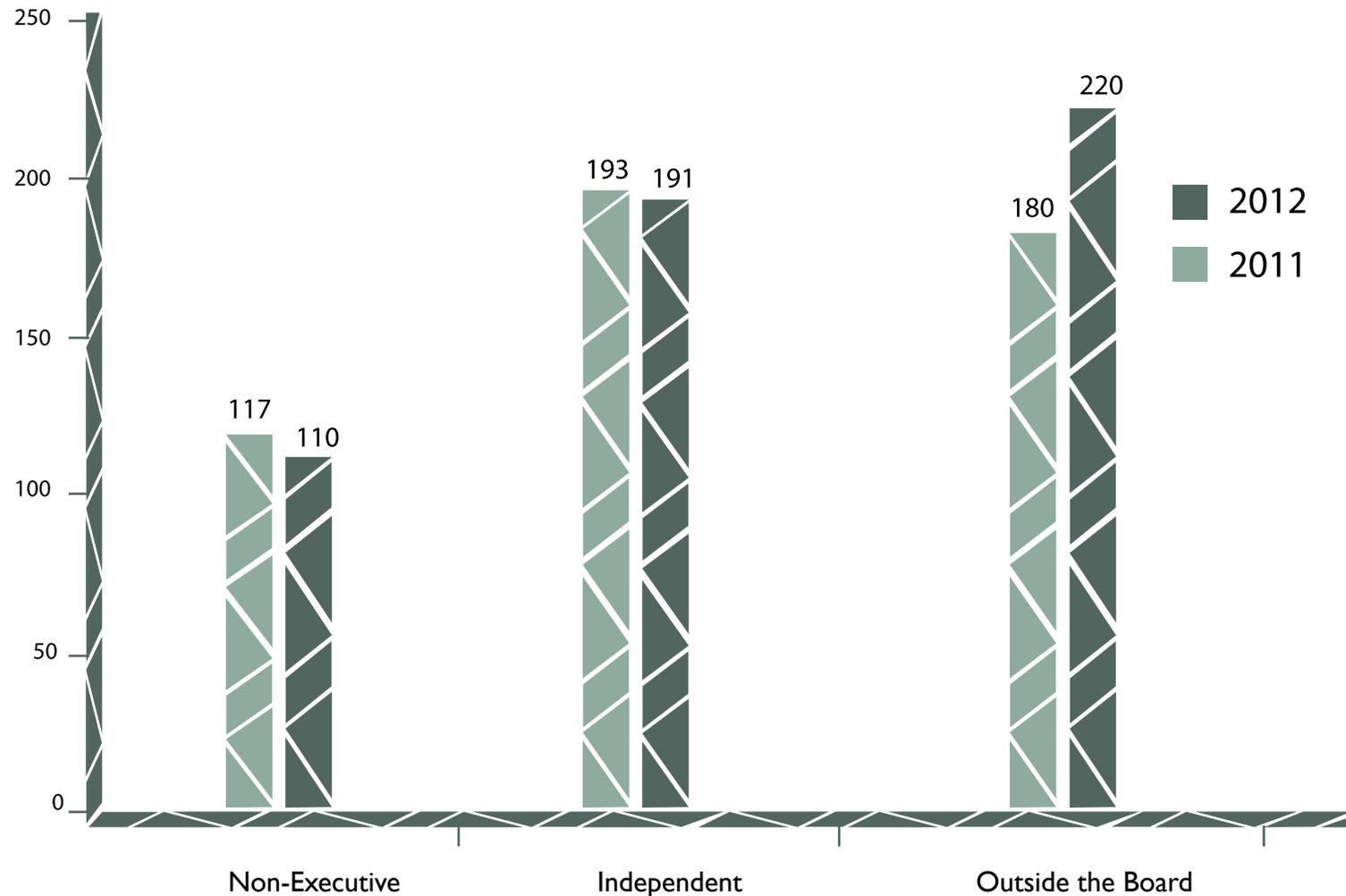
The number of audit committees' seats in listed companies rose to 521 in 2012. The number of seats for members outside the board accounted for the largest share with 42.2% of the total (Table (28), Chart (9)).

Table (28): Seats of Audit Committees in Listed Companies by Membership Type as in Boards of Directors' Reports¹⁵

Membership Type	2011		2012		Change (%)
	Number	Percentage out of Total (%)	Number	Percentage out of Total (%)	
Non-Executive	117	23.9%	110	21.1%	- 6.0%
Independent	193	39.4%	191	36.7%	- 1.0%
Outside the Board	180	36.7%	220	42.2%	22.2%
Total	490	100%	521	100%	6.3%

15) Table shows the data included in the reports of listed companies' boards, which are provided to the CMA during the year that follows the fiscal year in which those reports were issued.

Chart (9): Number of Seats of Audit Committees in Listed Companies by Membership Type as in Boards of Directors' Reports



(2) Nomination and Remuneration Committees

The CMA made Article Fifteen (Nomination and Remuneration Committee) of the Corporate Governance Regulations mandatory for all listed companies as of 1/1/2011.

The number of companies that have nomination and remuneration committees rose to 155 in 2012 compared to 147 in 2011. Now, all listed companies (except those that are not yet included in

compliance reports) have formed nomination and remuneration committees in compliance with Article Fifteen. In addition, the number of seats of nomination and remuneration committees in listed companies increased to 525 in 2012. Seats of independent members ranked first with 258 (49.1%) of the total (Table (29)).

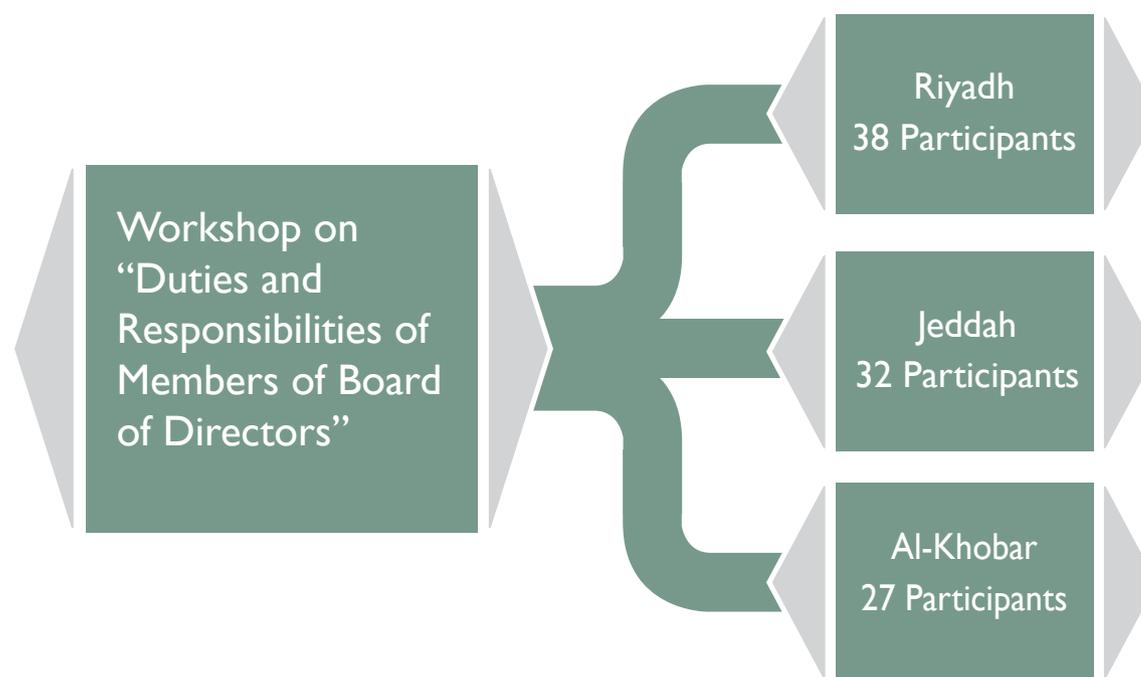
Table (29): Seats of Nomination and Remuneration Committees in Listed Companies by Membership Type as in Boards of Directors' Reports¹⁶

Membership Type	2011		2012		Change (%)
	Number	Percentage out of Total (%)	Number	Percentage out of Total (%)	
Non-Executive	190	38.0%	191	36.4%	0.5%
Independent	242	48.4%	258	49.1%	6.6%
Executive	44	8.8%	52	9.9%	18.2%
Outside the Board	24	4.8%	24	4.6%	0.0%
Total	500	100%	525	100%	5.0%

6.5 Enhancing Compliance with Corporate Governance

To attain its goals of protecting investors by applying corporate governance rules, the CMA organizes workshops to increase awareness about the Corporate Governance Regulations and develop governance practices in listed companies. Accordingly, the CMA held 3 workshops for companies listed on the Saudi

Stock Exchange “Tadawul” during 2013 distributed evenly among three cities: Riyadh, Jeddah and Al-Khobar, entitled “Duties and Responsibilities of Members of Boards of Directors”. The number of listed companies’ representatives who participated in these workshops amounted to 97.



¹⁶ Table shows the data included in the reports of listed companies’ boards, which are provided to the CMA during the year that follows the fiscal year in which those reports were issued.





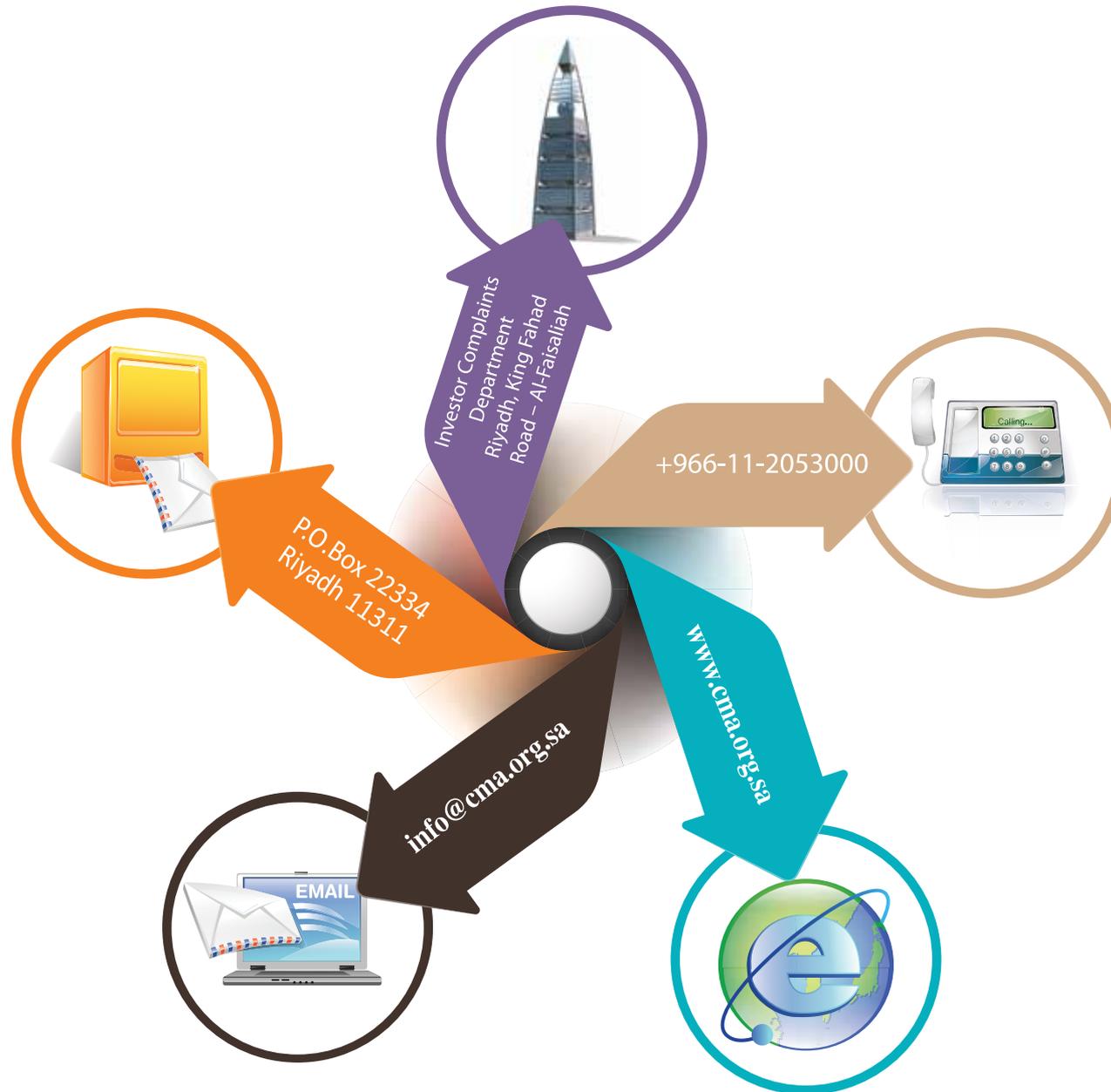
Section Seven

Complaints and Violations

- 7.1 Investor Complaints
- 7.2 Handling Investor Complaints
- 7.3 Investigation into Violations of the CML
- 7.4 Classification of Violation Cases of the CML
- 7.5 Litigation before the Committee for the Resolution of Securities Disputes (CRSD)
- 7.6 Following up Enforcement of Decisions
- 7.7 Classification of Sanction Decisions Issued by the CMA against Violators of the CML and its Implementing Regulations

7.1 Investor Complaints

As part of its endeavors to overcome difficulties that may face complainants, the CMA has provided a set of channels for receiving complaints:



The complaints handled by the CMA are classified based on their nature and process. In 2013, the total number of received complaints was 846. There was a general decline in most categories of complaints. However, the complaints about “listed

company” climbed sharply by 372% due to the suspension of some companies during 2013, and other reasons related to rights issues subscriptions (Table (30)).

Table (30): Complaints Received by the CMA Classified by Type

No.	Type of Complaint	Number		Change (%)
		2012	2013	
1	Investment Portfolios	196	138	- 29.6%
2	Credit Facilities	5	2	- 60.0%
3	Portfolio Management	119	94	- 21.0%
4	Corporate Earnings	50	52	4.0%
5	IPO Subscriptions	44	27	- 38.6%
6	Execution of Transactions	142	80	- 43.7%
7	Speculators	19	15	- 21.1%
8	Investment Funds	11	16	45.5%
9	Stock Certificates	18	5	- 72.2%
10	Services	9	2	- 77.8%
11	Information Request	16	4	- 75.0%
12	Listed Company	67	316	371.6%
13	Other Complaints	104	95	- 8.7%
Total		800	846	5.8%

7.2 Handling Investor Complaints

Paragraph (e) of Article Twenty Five of the CML requires complainants to first lodge their complaints at the CMA, as it states “No complaint or statement of claim may be filed with the Committee without being filed first with the Authority, and a 90-day period has passed from the filing date, unless the Authority notifies the grievant otherwise of the permissibility of submitting before the expiration of this period”. In the event that no amicable settlement can be reached between the conflicting parties within

90 days from the filing date of the complaint with the CMA, a notice shall be given to the complainant. This gives them the right to file a case with the Committee for the Resolution of Securities Disputes (CRSD) to look into it.

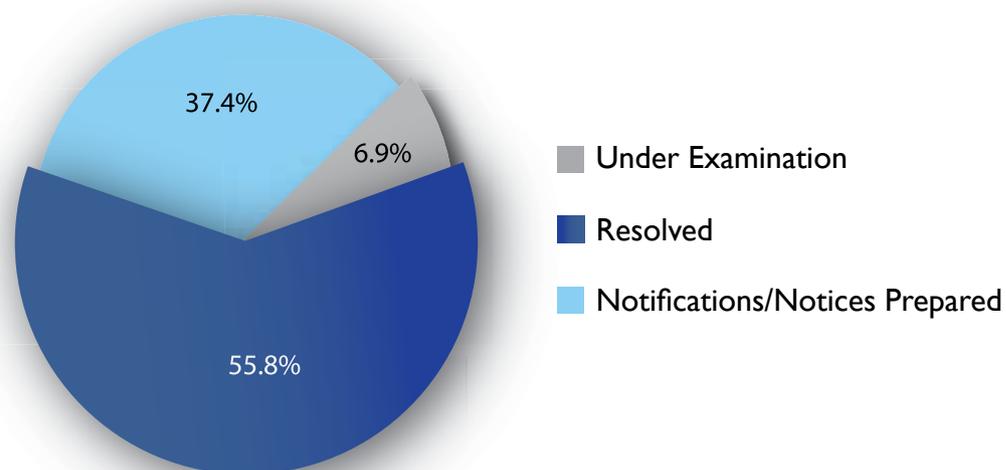
Resolved complaints up to the end of 2013 stood at 349 out of a total of 846 complaints lodged with the CMA (Table (31), Chart (10)). Notifications/notices were prepared for 460 complaints to be filed to the CRSD (Table (32)).

Table (31): Status of Complaints Received by the CMA

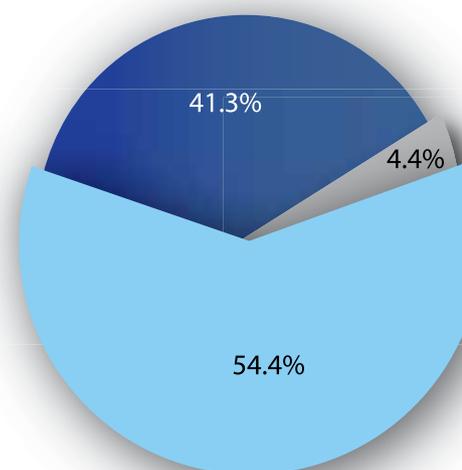
Complaint Status	Number		Change (%)
	2012	2013	
Under Examination	55	37	- 32.7%
Resolved	446	349	- 21.7%
Notifications/Notices Prepared ¹⁷	299	460	53.8%
Total	800	846	5.8%

Chart (10): Status of Complaints Received by the CMA (Percentages)

Complaints Status at the end of 2012



Complaints Status at the end of 2013



17) In the event that no amicable settlement can be reached between the conflicting parties, within the first 90 days from the original filing of the complaint with the CMA, a notification shall be given to the complainant to file a case with the Committee for the Resolution of Securities Disputes (CRSD) to look into it.

Table (32): Status of Notifications/Notices Prepared by the CMA to Complainants

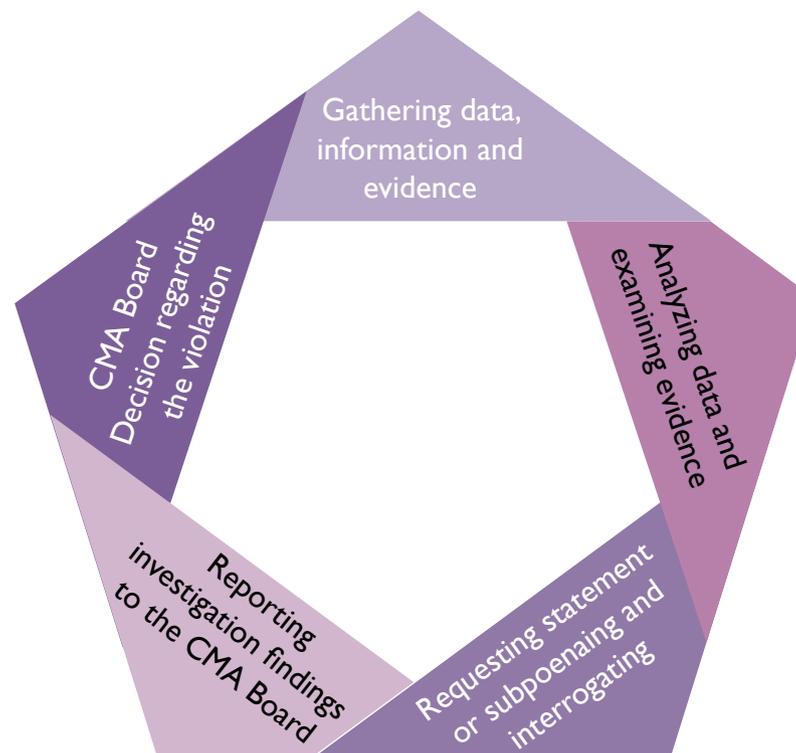
Status of Notifications/Notices	Number		Change (%)
	2012	2013	
Served to Complainants	194	333	71.6%
Not Served	105	127	21.0%
Total	299	460	53.8%

7.3 Investigation into Violations of the CML¹⁸

Paragraph (c) of Article Five of the CML, which states: “for the purpose of conducting all investigations which, in the opinion of the Board, are necessary for the enforcement of the provisions of this Law and other regulations and rules issued pursuant to this Law, the members of the Authority and its employees designated by the Board are empowered to subpoena witnesses, take evidence, and require the production of any records, papers, or other documents which the Authority deems relevant or material

to its investigation. The Authority shall have the power to carry out inspections of the records or any other materials, whoever the holder may be, to determine whether the person concerned has violated, or is about to violate any provision of this Law, the Implementing Regulations or the rules issued by the Authority”.

The CMA investigates violations of the CML in a multi-stage process that can be summed up as follows:



18) Currently, coordination is underway between the CMA and the Bureau of Investigation and Public Prosecution on transferring the jurisdictions of investigation and prosecution in criminal offences to the Bureau pursuant to Exalted Order No.4690 dated 6/2/1435H.

During 2013, investigation into 99 cases was completed, accounting for 34.5% of total investigation cases into violations of the CML. There are 188 cases under investigation procedures (Table (33), Chart (11)).

Table (33): Investigation Cases into Violations of the CML Classified by Stage of Investigation

No.	Stage of Investigation	Number	
		2012	2013
1	Under Investigation Procedures	45	188
2	Investigation Completed	224	99
Total		269	287

Chart (11): Percentages of Investigation Cases into Violations of the CML Classified by Stage of Investigation



7.4 Classification of Violation Cases of the CML

7.4.1 Filed Violation Cases

Cases under investigation related to “disclosure violation” ranked first at the end of 2013 with 56 cases, followed by cases related to “violation of Corporate Governance Regulations” with 43

cases. The number of cases of violations involving “trading during prohibited period” and “manipulation and misleading information” rose to 39 for both types (Table (34)).

7.4.2 Closed Violation Cases

Closed violation cases declined by 68.9% at the end of 2013 compared to the previous year. Cases of “disclosure violation” came in the first place with 24 cases (28.6% of total closed cases). Cases involving “manipulation and misleading information”,

“Authorized Persons Regulations”, and “Investment/Real Estate Funds Regulations” recorded significant decreases of 95%, 88.9% and 86.7% respectively. Violation cases involving “trading during prohibited period” showed an increase of 100.0% (Table (34)).

Table (34): Filed/Closed Investigation Cases into Violations of the CML by Type

Type of Violation	Filed			Closed ¹⁹		
	Number		Change (%)	Number		Change (%)
	2012	2013		2012	2013	
Manipulation and Misleading Information	31	39	25.8%	20	1	- 95.0%
Disclosure Violation	36	56	55.6%	67	24	- 64.2%
Insider Trading	1	2	100.0%	2	0	- 100.0%
Authorized Persons Regulations	29	23	- 20.7%	27	3	- 88.9%
Ownership/Disposal of Percentages without Notifying the CMA	10	7	- 30.0%	11	7	- 36.4%
Conducting Securities Business without CMA License	49	39	- 20.4%	35	12	- 65.7%
CMA Board Resolutions	7	4	- 42.9%	2	3	50.0%
Offers of Securities Regulations	3	6	100.0%	1	2	100.0%
Listing Rules	1	3	200.0%	1	1	0.0%
Trading during Prohibited Period	20	39	95.0%	8	16	100.0%
Corporate Governance Regulations	41	43	4.9%	51	9	- 82.4%
Investment/Real Estate Funds Regulations	41	20	- 51.2%	45	6	- 86.7%
Prudential Rules	0	5	--	0	0	--
Other	0	1	--	0	0	--
Total	269	287	6.7%	270	84	- 68.9%

19) Including cases from previous years.

7.5 Litigation Before the Committee for the Resolution of Securities Disputes (CRSD)

After the CMA Board issues a decision to approve the filing of a general lawsuit in relation to violations of the CML and its implementing regulations, the CMA prepares indictments against violators; these are then filed with the CRSD.

The number of cases for which indictments were prepared and

filed with the CRSD amounted to 33 at the end of 2013. It should be noted that there was an overall decline in the number of cases for which indictments were issued and filed with the CRSD except for cases involving the violation of “conducting securities business without license from the CMA” which rose by 41.2% (Table (35)).

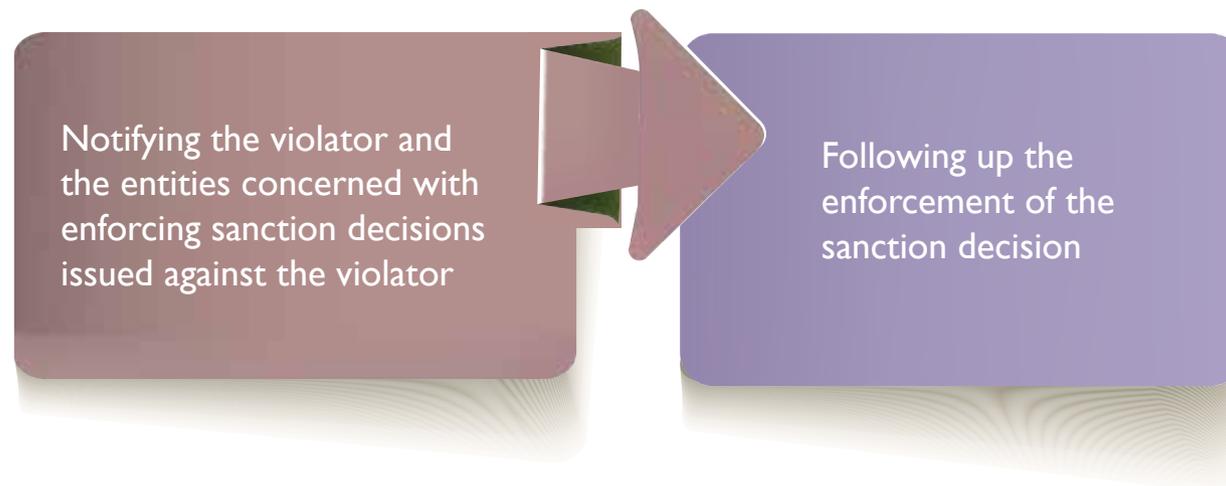
Table (35): Cases for which Indictments were Prepared and Filed with the CRSD

Case Type	Number		Change (%)
	2012	2013	
Manipulation and Creating Misleading Impression	13	8	- 38.5%
Conducting Securities Business without CMA License	17	24	41.2%
Listing Rules Violation	1	0	- 100.0%
Insider Trading Violation	2	0	- 100.0%
Disclosure Violation	0	0	--
Authorized Persons Violation	0	1	--
Total	33	33	0.0%

7.6 Following up Enforcement of Decisions

The CMA enforces decisions issued by the CMA Board, the temporal decisions of imposing/lifting provisional seizure issued

by the CRSD, and the final decisions issued by the CRSD and ACRSD by conducting the following steps:

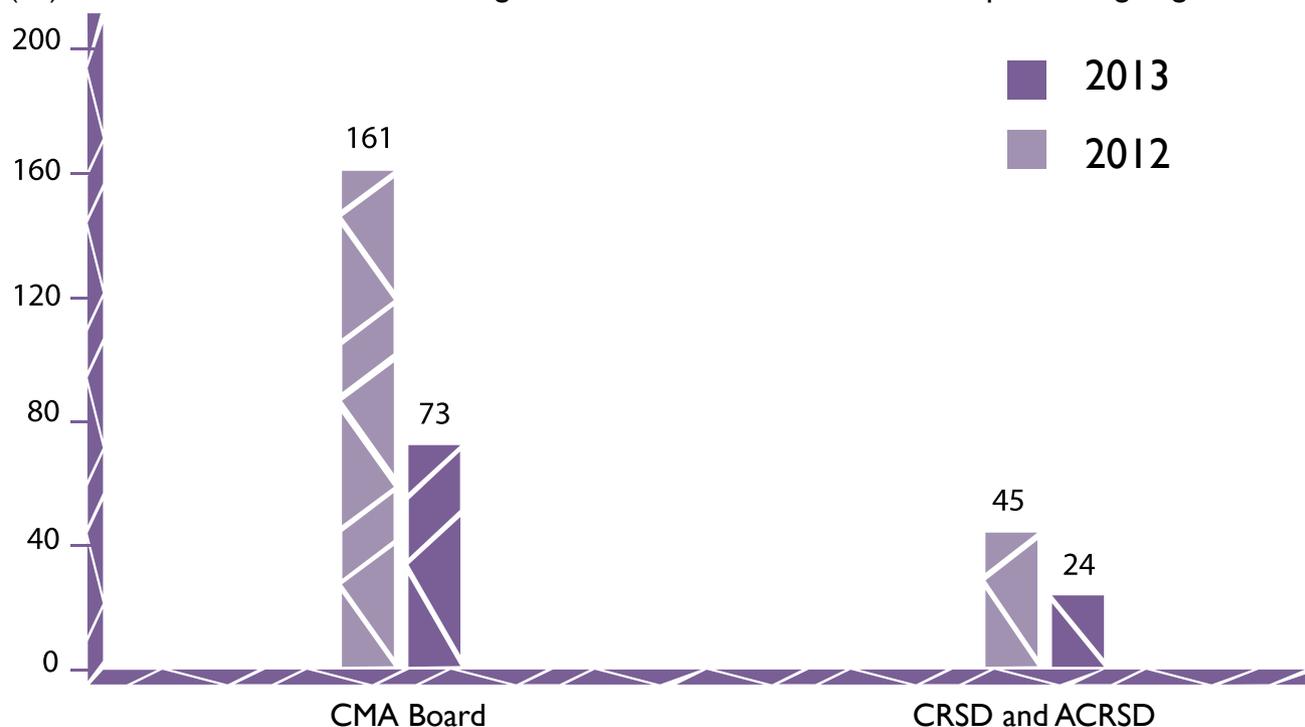


In 2013, the CMA followed up the enforcement of 73 sanction decisions issued by the CMA Board, and 24 sanction decisions issued by the CRSD and ACRSD (Table (36), Chart (12)).

Table (36): Sanction Decisions against Violators of the CML and its Implementing Regulations by Issuer

Issuer of Decision	Number	
	2012	2013
CMA Board	161	73
CRSD and ACRSD	45	24
Total	206	97

Chart (12): Number of Sanction Decisions against Violators of the CML and its Implementing Regulations by Issuer



7.7 Classification of Sanction Decisions Issued by the CMA against Violators of the CML and its Implementing Regulations

7.7.1 Sanction Decisions Classified by Type of Violator and Violation

The number of sanction decisions issued by the CMA Board, the CRSD and ACRSD in the cases brought against violators of the CML and its implementing regulations at the end of 2013 stood at 97, as 70.1% of these decisions was enforced, while

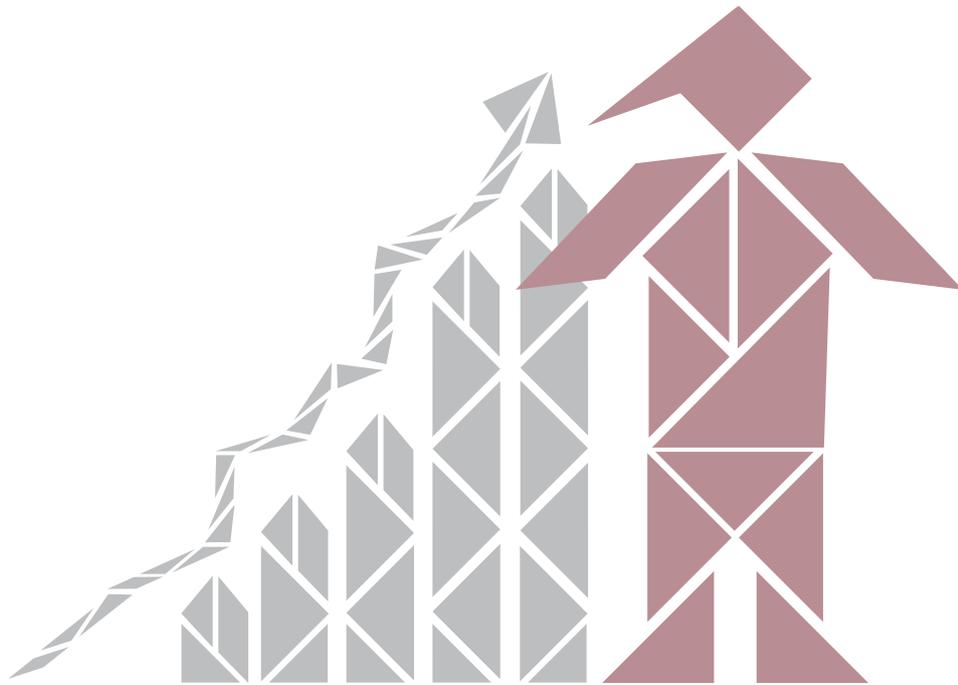
enforcement of the remaining is being followed up (Table (37)). Table (38) reflects sanction decisions against violators of the CML and its implementing regulations classified by type of violation.

Table (37): Sanction Decisions against Violators of the CML and its Implementing Regulations Classified by Type of Violator in 2013

Type of Violator	Number	Enforced	Enforced (%)	Enforcement Followed Up	Enforcement Followed Up (%)
Investor	28	16	57.1%	12	42.9%
Listed Company/ Senior Executive	58	45	77.6%	13	22.4%
Authorized Person/Registered Person	11	7	63.6%	4	36.4%
Total	97	68	70.1%	29	29.9%

Table (38): Sanction Decisions Against Violators of the CML and its Implementing Regulations Classified by Type of Violation in 2013

Type of Violation	Number	Enforced	Enforced (%)	Enforcement Followed up	Enforcement Followed up (%)
Manipulation and Misleading Information	9	6	66.7%	3	33.3%
Disclosure	24	21	87.5%	3	12.5%
Insider Trading	0	0	--	0	--
Authorized Persons Regulations	8	4	50.0%	4	50.0%
Change in Ownership/Disposal Percentages without Notifying the CMA	4	3	75.0%	1	25.0%
Conducting Securities Business and Investment of Funds without CMA License	15	7	46.7%	8	53.3%
CMA Board Resolutions	0	0	--	0	--
Offers of Securities Regulation	0	0	--	0	--
Listing Rules	0	0	--	0	--
Trading During Prohibited Period	22	15	68.2%	7	31.8%
Corporate Governance Regulations	12	9	75.0%	3	25.0%
Investment/Real Estate Funds Regulations	3	3	100.0%	0	0.0%
Total	97	68	70.1%	29	29.9%



Section Eight

Authorized Persons to Conduct Securities Business Activities

- 8.1 Authorization Decisions
- 8.2 Licenses Classified by Securities Business Activities
- 8.3 Authorized Persons Performance Indicators

8.1 Authorization Decisions

Based on Article Thirty Three of the CML the CMA issues licenses for conducting securities business activities. In 2013, the CMA Board issued 10 decisions pertaining to these licenses. These 10

decisions included five decisions to approve new licenses and five decisions to amend existing licenses (Table (39)).

Table (39): Licensing Decisions by Type

Decision Type	Number of Decisions	
	2012	2013
New License Issued	2	5
Change in Business Profile	Activity Addition	2
	Activity Cancellation	3
Cancellation of License	2	0
Revocation of License	0	0
Total	12	10

The number of authorized persons at the end of 2013 stood at 89, five of which did not commence business (Table (40)).

Table (40): Authorized Persons Classified by Business Commencement Status

Classification	Number of Authorized Persons		
	2012	2013	Change (%)
APs Commenced Business	80	84	5%
APs Not Commenced Business	4	5	25%
Total	84	89	6%

8.2 Licenses Classified by Securities Business Activities

The number of licenses issued for various securities business activities totaled 514 at the end of 2013. “Advising” accounted for the highest activity with 83 licenses while “dealing as agent” recorded the lowest activity with 38 licenses (Table (41), Charts (13) and (14)).

Table (41): Licenses by Business Commencement Status²⁰

Securities Business Activity		Number of Licenses					
		2012			2013		
		Commenced	Not Commenced	Total	Commenced	Not Commenced	Total
Dealing	As Principal	51	1	52	50	5	55
	As Agent	40	0	40	37	1	38
	As Underwriter	52	1	53	51	3	54
Managing	Investment Funds Management	64	2	66	64	5	69
	Discretionary Portfolio Management	60	2	62	60	3	63
Arranging		75	3	78	78	4	82
Advising		75	3	78	77	6	83
Custody		66	2	68	67	3	70
Total		483	14	497	484	30	514

²⁰) The CMA issues securities business licenses with requirements that must be satisfied within a period of 12 months, as of the date of authorization. Once satisfied, the CMA issues a Business Commencement Letter.

Chart (13): Total Number of Licenses by Securities Business Activities

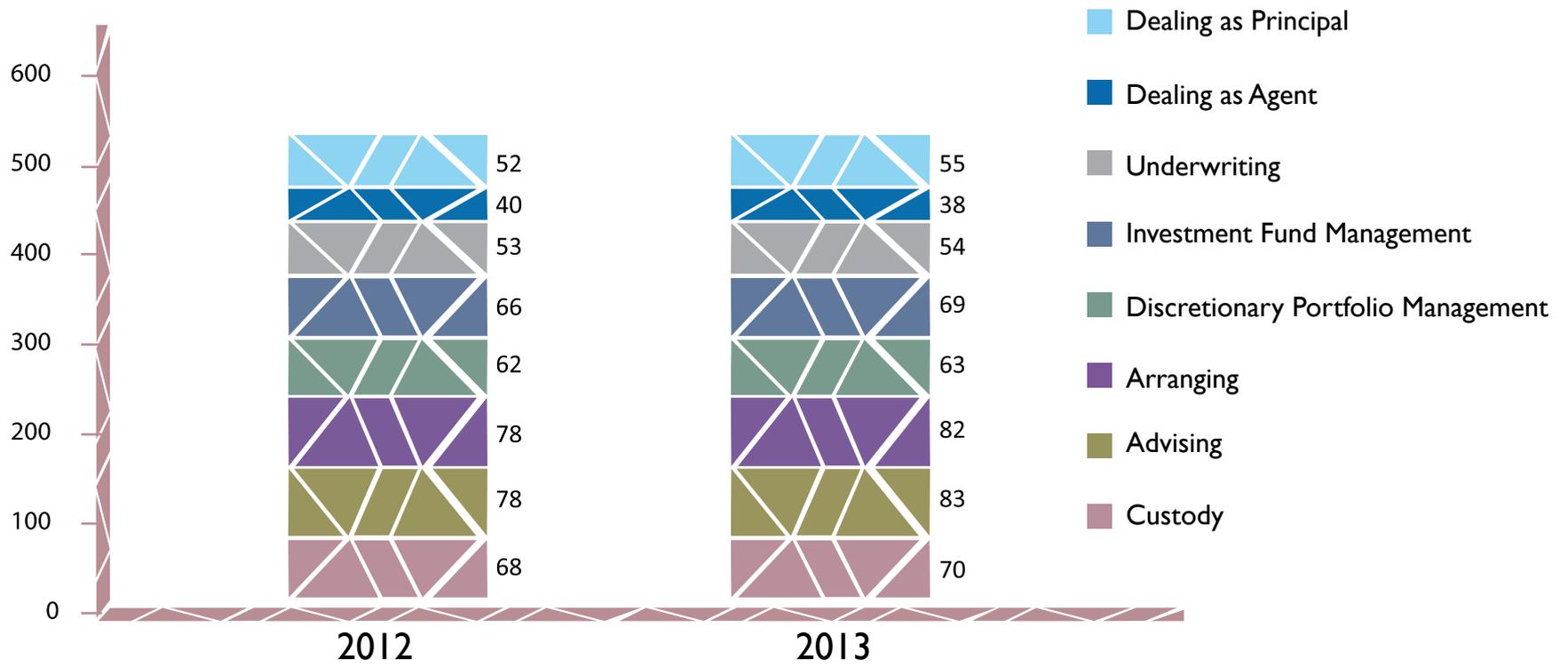
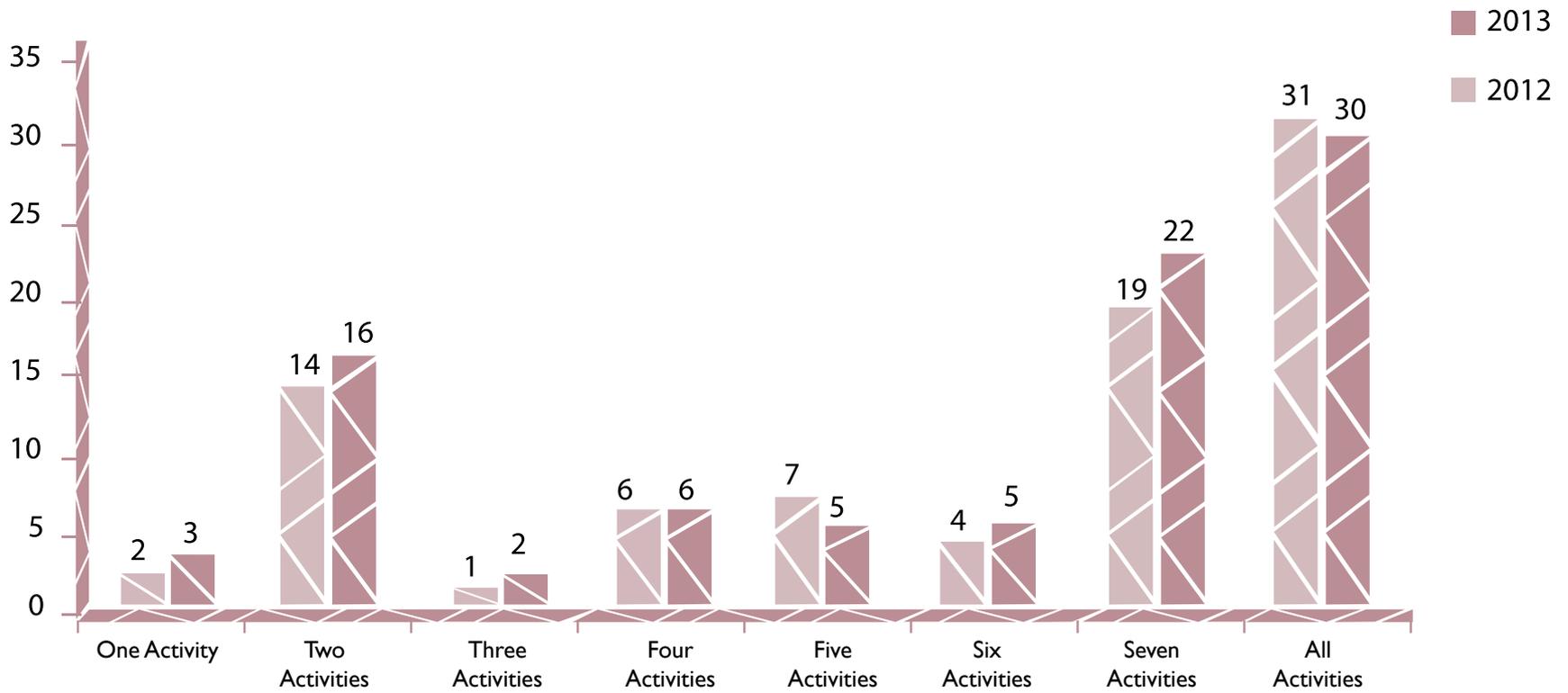


Chart (14): Number of Authorized Persons Classified by Number of Licensed Securities Business Activities



8.3 Authorized Persons Performance Indicators

Paid-up capital of authorized persons (APs) at the end of 2013 amounted to SR 15.7 billion with revenues of SR 6.3 billion. They generated a net profit of about SR 2.4 billion. Table (42) shows a number of financial indicators for the authorized persons. To ease the process of reviewing and comparing their financial data with their counterparts, they have been classified based on ownership structure, regional presence and business type into five categories:

bank affiliate APs, local APs, regional APs, international APs and APs conducting arranging/advising business activity.

Bank affiliate APs made a profit of SR 1.5 billion accounting for 63.6% of total profits of all APs realized during 2013. The revenues of all APs rose except for bank affiliates whose revenues declined by 15.8% from last year's levels.

Table (42): Authorized Persons Performance Indicators

(SR Million)

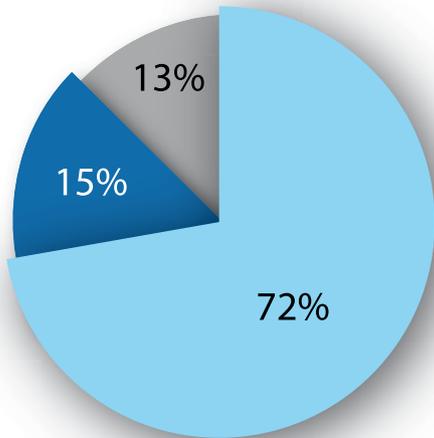
Item	Authorized Persons										Total		Change (%)
	Bank Affiliate		Local		Regional		International		Arranging/ Advising		2012	2013	
	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013			
Total Paid-up Capital	5,050	5,200	5,601	6,056	3,132	2,566	1,622	1,674	216	190	15,621	15,686	0.4%
Total Assets	10,130	11,272	7,922	8,743	3,549	3,082	1,564	1,694	207	278	23,373	25,069	7.3%
Total Liabilities	2187	3,093	1,252	1,310	1,066	837	182	194	29	45	4,716	5,479	16.2%
Total Shareholder Equity	7,943	8,179	6,670	7,432	2,484	2,246	1,383	1,501	178	231	18,658	195,89	5.0%
Revenues	4000	3,368	1,417	1,966	276	454	309	360	83	105	6,085	6,253	2.8%
Profit/Loss	2,270	1,495	314	633	- 40	109	- 41	73	21	40	2,524	2,350	- 6.9%

Chart (15) illustrates the breakdown of the main revenues of APs in 2013. Bank affiliate APs held the largest share of revenues from

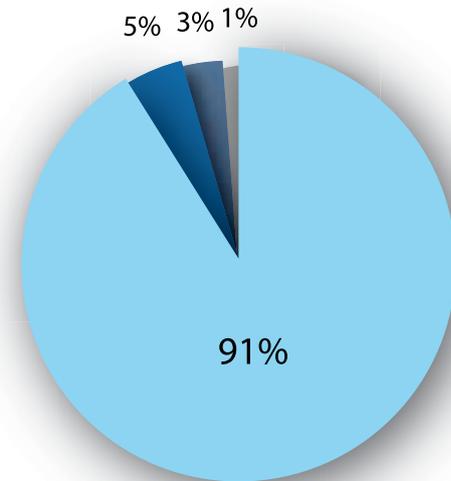
dealing, asset management and investment banking services. Local APs took the biggest slice of revenues from investment.

Chart (15): Breakdown of Authorized Persons' Main Revenues in 2013

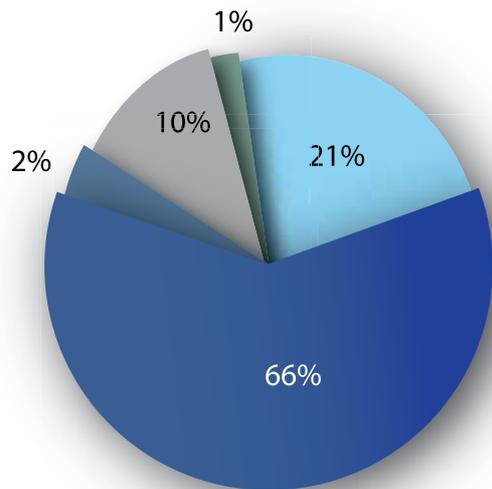
Revenues from Asset Management



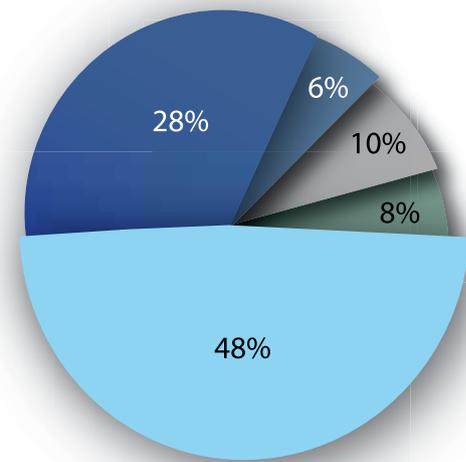
Revenues from Dealing



Revenues from Investment



Revenues from Investment Banking Services



- Bank Affiliate APs
- Local APs
- Regional APs
- International APs
- Arranging/Advising APs





Section Nine

Inspection of Authorized Persons

9.1 Inspection

9.2 Prudential

9.3 Anti-Money Laundering (AML)

9.1 Inspection

According to the powers stated in Paragraph (c) of Article Five of the CML, the CMA carries out a number of inspection programs to monitor the activities of authorized persons and capital market institutions in accordance with the requirements of the CML and its Implementing Regulations in line with best international standards and practices of review applications based on risk analysis and assessment. This is achieved by means of dedicated inspection programs:

(1) Cycle Inspection Programs

Cycle inspection programs are based on risk assessments and analysis of authorized persons and capital market institutions. Accordingly, the CMA conducts inspection visits covering the activities, operations, products and services offered to market participants.

(2) Cause Inspection Programs

Cause triggered programs are conducted in response to incoming referrals from related parties inside and outside

the CMA, in addition to the notices and inquiries sent by authorized persons and any information related to unauthorized persons conducting securities business.

The CMA adopts a number of standards to ensure the quality of inspections and follows up corrective action plans presented by authorized persons and capital market institutions. It also reviews monitoring requirements, updates and develops inspection manual and procedures on a regular basis so as to include the latest international standards and practices. These rely on comprehensive analysis of risks based on the volume of capital market institutions' operations and their compliance with the CML and its Implementing Regulations.

In 2013, inspections covered 157 licenses, accounting for 30.5% of total licenses given to authorized persons (Table (43), Chart (16)). Moreover, the CMA conducted an inspection visit to the Saudi Stock Exchange Co. "Tadawul". Table (44) and chart (17) show the number of cause inspections.

Table (43): Number of Inspected Licenses

Type of License	2012			2013		
	Cycle Inspection	Cause Inspection	Total	Cycle Inspection	Cause Inspection	Total
Dealing	15	38	53	15	28	43
Managing	16	24	40	17	34	51
Arranging	14	3	17	17	7	24
Advising	16	0	16	17	3	20
Custody	16	0	16	17	2	19
Total	77	65	142	83	74	157

Chart (16): Number of Inspected Licenses

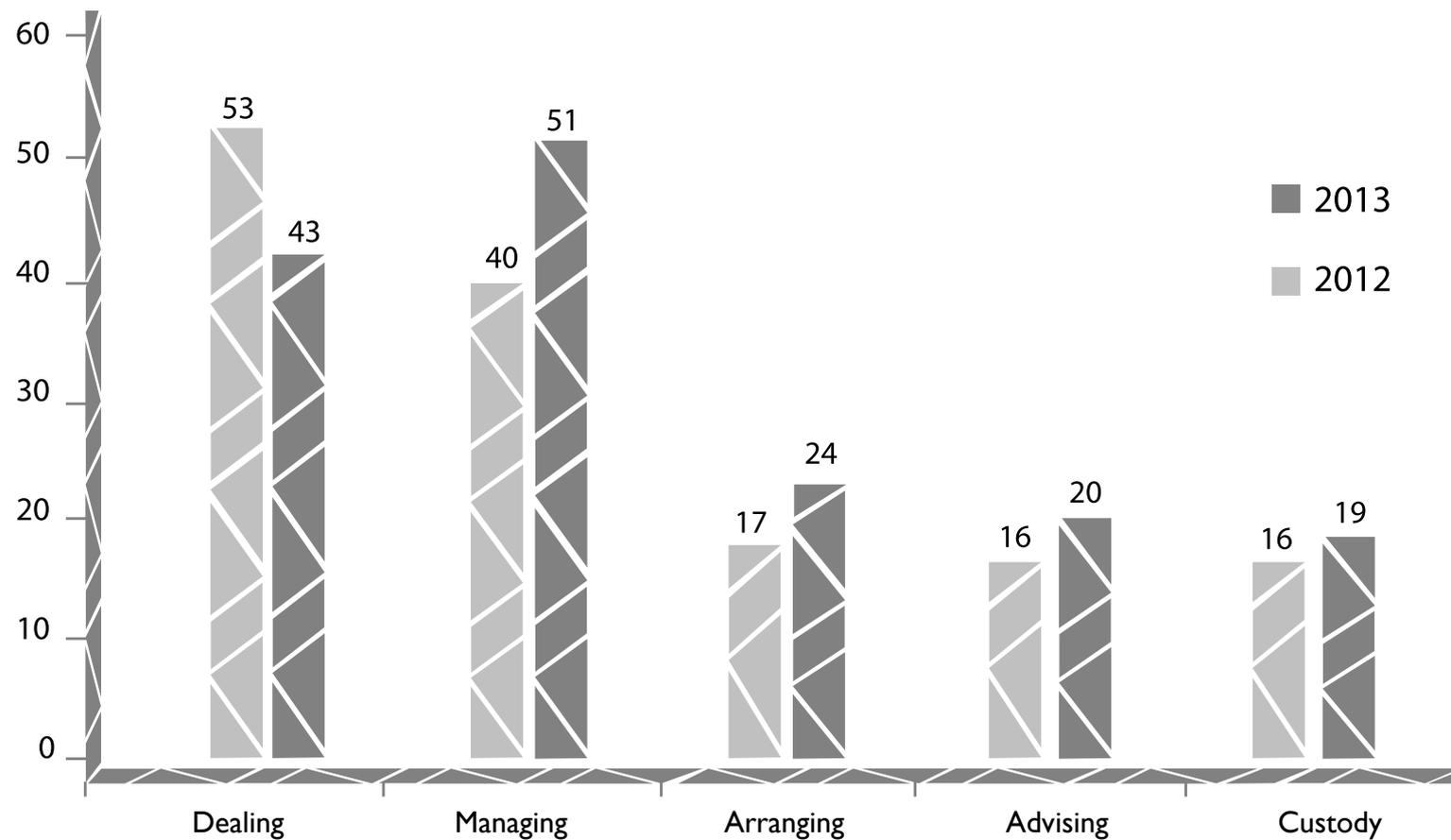
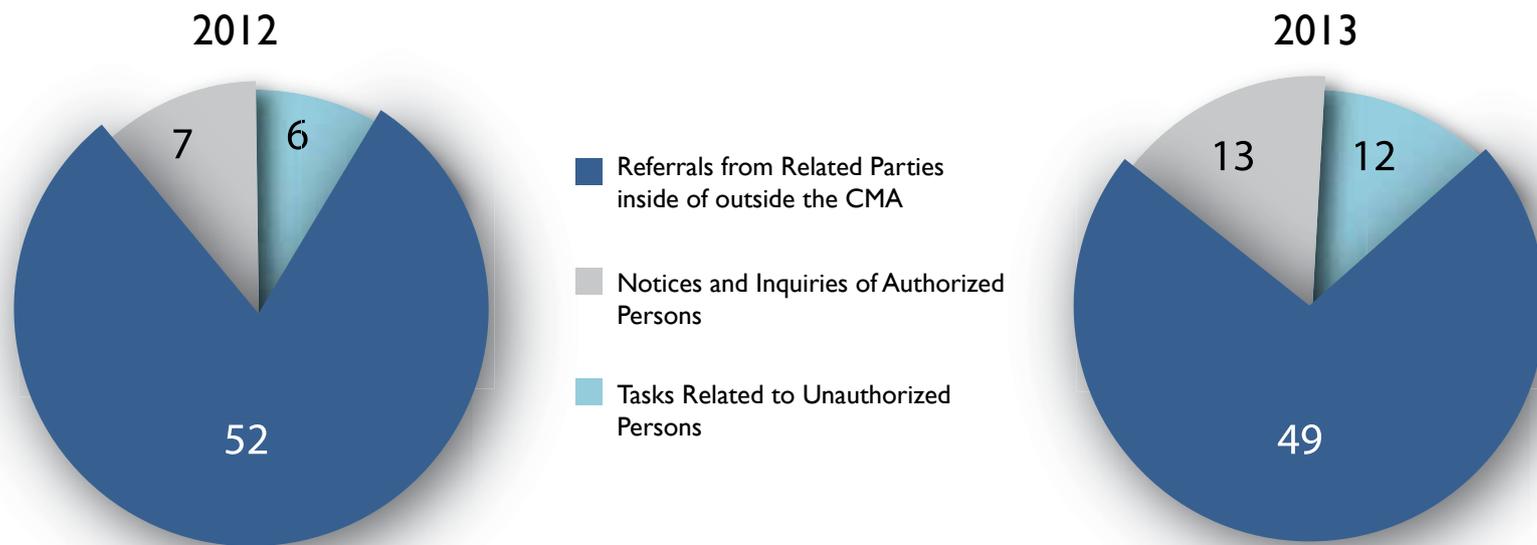


Table (44): Number of Cause Inspections

Type	Number	
	2012	2013
Referrals from Related Parties inside and outside the CMA	52	49
Notices and Inquiries of Authorized Persons	7	13
Tasks Related to Unauthorized Persons	6	12
Total	65	74

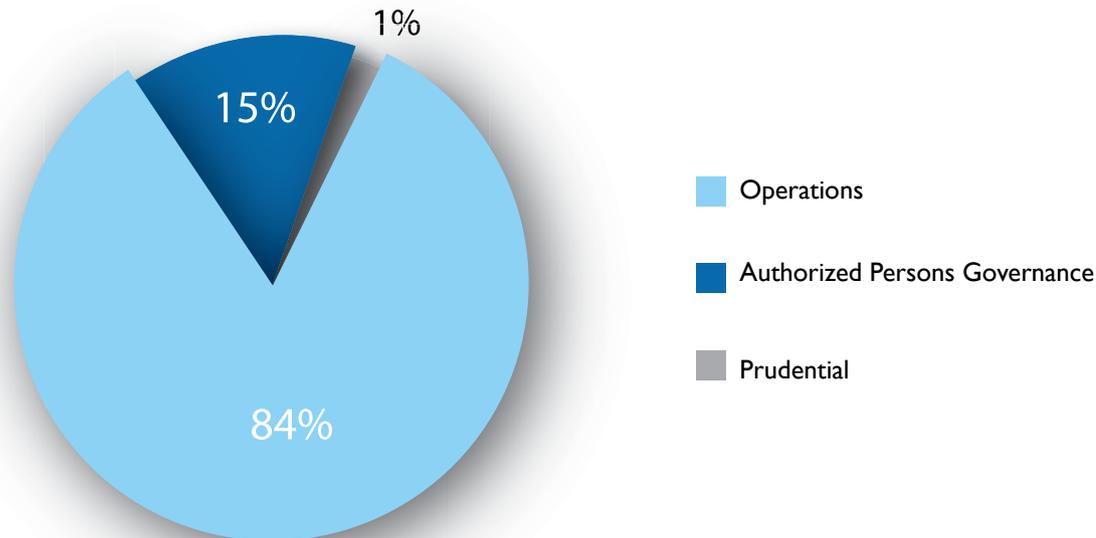
Chart (17): Number of Cause Inspections



Cycle inspections of authorized persons in 2013 unveiled a range of observations about their compliance with the requirements of

the CML and its Implementing Regulations. Chart (18) reflects the observations of cycle inspections classified by subject in 2013.

Chart (18): Observations of Cycle Inspections by Subject in 2013



9.2 Prudential

Paragraph (b/4) of Article Five of the Authorized Persons Regulations stipulates that an authorized person must comply with the principle of financial prudence, by maintaining adequate financial resources in accordance with the Rules prescribed by the Authority. To ensure such compliance, the CMA reviews the following:

1. Capital adequacy reports of APs.
2. Subordinated loan agreements.
3. AP's capital adequacy when underwriting a securities offering.

The total number of financial reviews of authorized persons amounted to 1,120 in 2013 compared to 921 reviews in 2012, denoting an increase of 21.6%. Follow-ups of large exposures/undue concentrations rose by 214.3% largely as a result of

migration to rules based on Basel 3 requirements in 2013. By way of contrast, the number of capital adequacy assessments of APs underwriting offerings contracted by 47.8% as the number of subscriptions declined during 2013 (Table (45)).

Table (45): Numbers of Financial Reviews of Authorized Persons by Type of Review

Type	Number		Change (%)
	2012	2013	
Periodical Reviews of Capital Adequacy Reports	805	986	22.5%
Capital Adequacy Assessment of APs Underwriting Offerings	23	12	- 47.8%
Subordinated Loan Agreements	1	5	400.0%
Business Plans to Raise Net Capital Beyond Minimum Level	6	15	150.0%
Large Exposure/Undue Concentration Cases Follow-up	7	22	214.3%
Audited Financial Statements Reviews	79	80	1.3%
Total	921	1,120	21.6%

The CMA Board issued its Resolution No. (I-40-2012) dated 17/2/1434H (30/12/2012) to approve the Prudential Rules which require authorized persons to maintain adequate financial resources in accordance with the rules issued by the CMA. The Rules are intended to create a regulatory framework that maintains a market where authorized persons have a sound financial position, adequate to meet the capital market's essential obligations and regulations.

■ APs Capital Adequacy Requirements

The CMA supervises the capital adequacy of authorized persons as per the requirements of the Prudential Rules which are based on Basel framework, comprising three pillars of capital adequacy requirements. Pillar 1 regulates the capital adequacy requirements which include credit, market and operational risks. Pillar 2 involves

the internal capital adequacy assessment process (ICAAP), and will be applied in 2014. Pillar 3 covers the disclosure of compliance and risk management strategies and operations as well as the value of the capital base. It will be effective in the first quarter of 2015.

Based on securities business activities, authorized persons were classified into two categories:

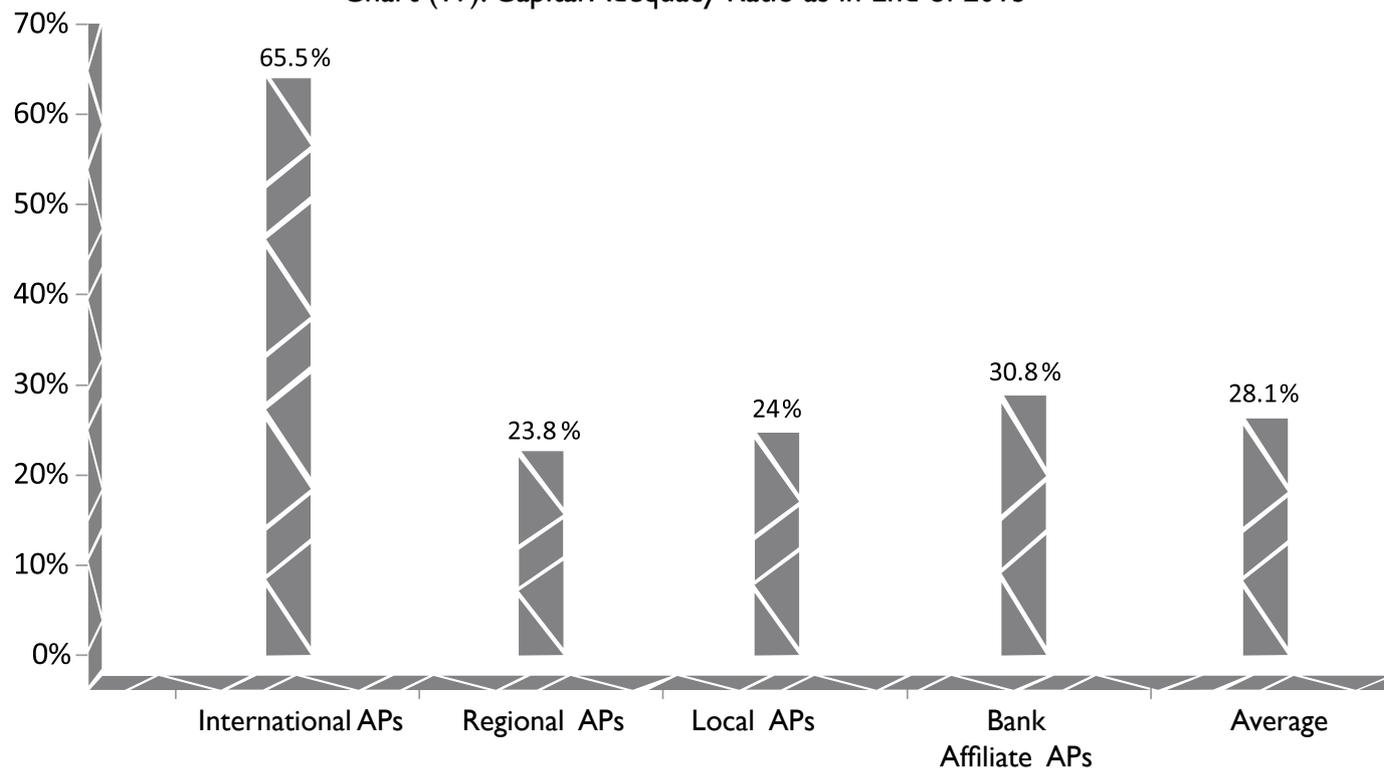
I. Authorized Persons Licensed to Conduct Dealing/ Managing/ Custody

Capital adequacy ratio of authorized persons licensed to conduct dealing, managing and custody activities averaged 2.35, higher than the requirements of Basel framework which call for a ratio higher than 1. The capital base stood at SR 17,055 million while the minimum capital requirement amounted to SR 7,338 million (Table (46)).

Table (46): Capital Adequacy Requirements of Authorized Persons Licensed to Conduct Dealing /Managing /Custody

Type of Requirement	Authorized Persons				Average/ Total
	Bank Affiliate	Local	Regional	International	
Capital Adequacy Coverage (Times)	2.75	1.91	1.93	6.16	2.35
Capital Adequacy Ratio ²¹	30.8%	24%	23.8%	65.5%	28.1%
Capital Base (SR Million)	6,696	6,807	2,151	1,401	17,055
Minimum Capital Requirement ²² (SR Million)	2,435	3,561	1,116	227	7,339
Credit Risk ²³ (SR Million)	1,625	3,008	914	131	5,678
Market Risk ²⁴ (SR Million)	293	343	98	8	742
Operational Risk ²⁵ (SR Million)	517	210	104	88	919

Chart (19): Capital Adequacy Ratio as in End of 2013



21) Capital adequacy ratio is presented based on Basel Accords.

22) Represents the aggregate value that covers credit, market and operational risks.

23) The risk of loss arising from fluctuations in the credit standing of securities issuers, counterparties and any debtors, to which APs are exposed.

24) The risk of loss arising from changes in the level and in the volatility of market prices of assets, liabilities and financial instruments.

25) The risk arising from deficiency or failure in internal procedures and processes, personnel and systems, or from external events.

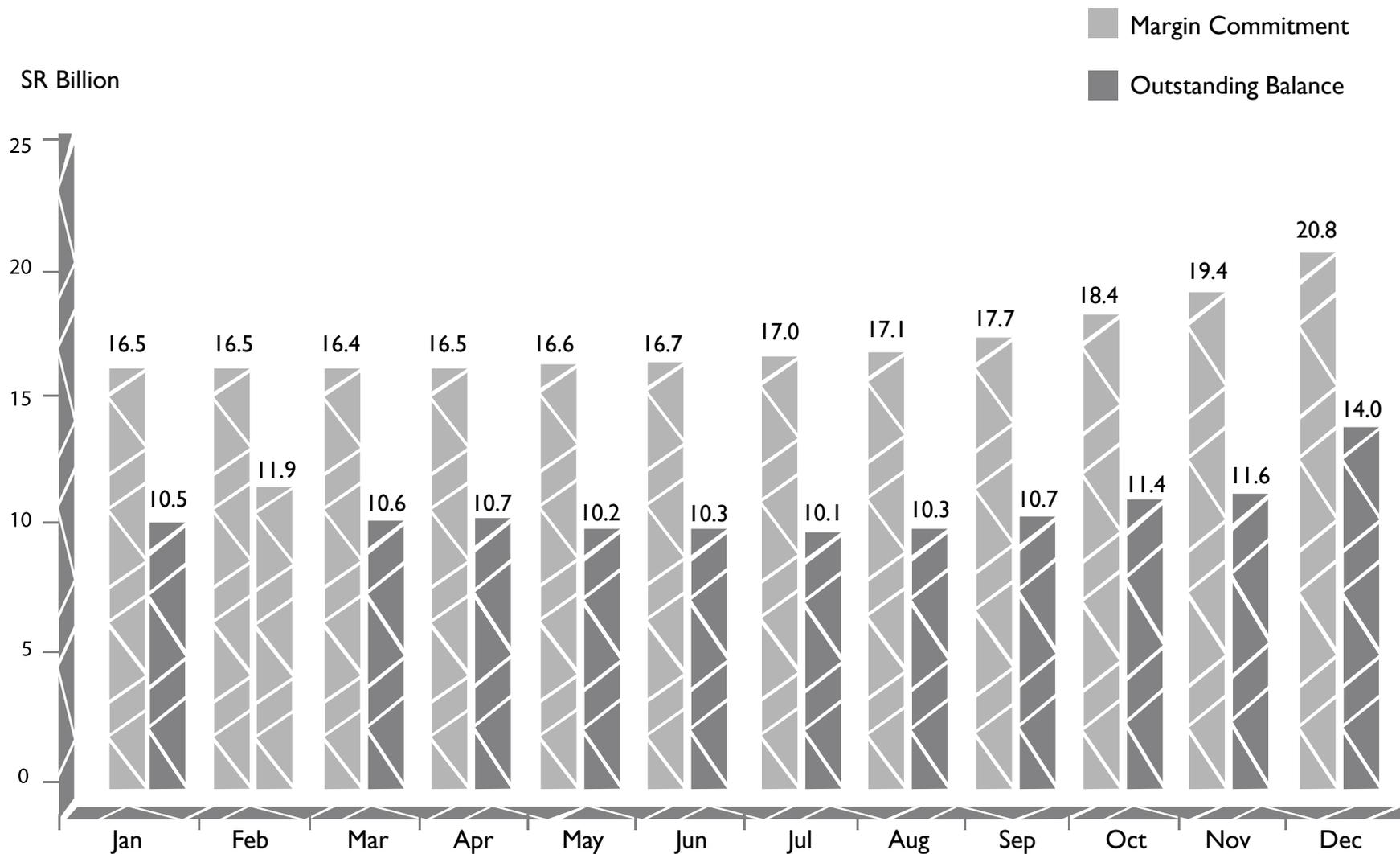
2- Authorized Persons Licensed to Conduct Arranging/ Advising Activities

Prudential Rules require authorized persons (arranging/ advising) to maintain at all times an owners' equity of no less than SR 200,000 and a three-month's supply of working capital. APs' (conducting arranging/ advising activities) working capital stood at SR 173 million. Total excess in working capital amounted to SR 156 million. Average excess in capital reached 9.2 times.

Margin Facilities

Article 45 of the Authorized Persons Regulations allows an authorized person to extend credit facilities. Total margin to execute margin trades amounted to SR 20.8 billion while the outstanding balance stood at SR 14 billion at the end of 2013. Chart (20) illustrates the development of margin trades values during 2013.

Chart (20): Development of Margin Trades Values (SR Billion) in 2013



Incoming requests from government agencies up by **93.2%**

9.3 Anti-Money Laundering (AML)

The CMA monitors the compliance of authorized persons with the Anti-Money Laundering Rules and other relevant laws by carrying out specialized inspection programs. In collaboration with the Financial Investigation Unit (FIU) of the Ministry of the Interior and other competent authorities, the CMA works on coordinating all relevant matters.

The number of requests processed in 2013 amounted to 3,593, increasing by 79.2% compared to the number of requests processed in 2012. It is worthy of note that the percentage of incoming requests from government agencies rose by 93.2% (Table (47)).

Table (47): Tasks Processed by the CMA on Compliance Management and AML by Type of Incoming Requests

Type of Incoming Requests	Number		Change (%)
	2012	2013	
Requests from Government Agencies	1,459	2,819	93.2%
Requests and Inquiries of Authorized Persons	546	774	41.8%
Total	2,005	3,593	79.2%



هيئة السوق المالية تحت المستثمرين في الأوراق المالية على حصر تعاملاتهم مع الأشخاص المرخص لهم من الهيئة



وفي حالة

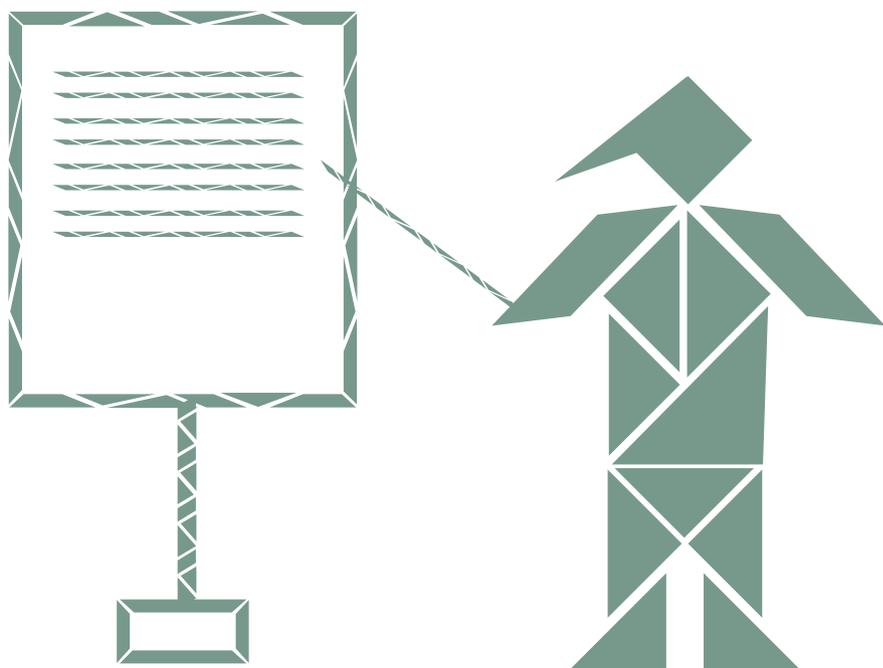
تلقى أي اتصال من جهة تدعي أنها شخص مرخص له من الهيئة، أو فرد يدعي أنه يمثل شخصاً مرخصاً له، يمكن للمستثمرين التثبت من هويته عن طريق الرجوع إلى هيئة السوق المالية. كذلك يمكن الاطلاع على قائمة الأشخاص المرخص لهم من الهيئة في ممارسة أعمال الأوراق المالية في المملكة في موقع هيئة السوق المالية على الإنترنت على الرابط الآتي: www.cma.org.sa

تهيب

هيئة السوق المالية بالمستثمرين التأكد من أن تعاملاتهم في الأوراق المالية تتم عن طريق أشخاص مرخص لهم من الهيئة، وأن يتوخوا الحذر وعدم التعامل مع الأشخاص غير المرخص لهم، سواء أكانوا أفراداً أم مؤسسات، لكونهم غير مصرح لهم بجمع الأموال أو بممارسة أي نشاط يتعلق بالأوراق المالية بما في ذلك تقديم المنتجات أو الخدمات في المملكة المتعلقة بالأوراق المالية مثل التعامل في ورقة مالية ببيع أو شراء أو إدارة الأوراق المالية أو تقديم الأشخاص فيما يتعلق بأعمال الشركات أو التصرف بأي شكل من أجل تنفيذ أعمال تمويل الشركات أو تقديم المشورة بشأن مزايا أو صفقة على ورقة مالية، أو تقديم المشورة بشأن مزايا أو مخاطر التعامل في ورقة مالية ونحوها.

والهيئة تحت

المستثمرين على إبلاغها فوراً عن أي حالات يتم فيها ممارسة أي من أعمال الأوراق المالية من قبل أشخاص غير مرخص



Section Ten

Investor Awareness

- 10.1 Media Activities and Programs
- 10.2 Public Activities and Programs
- 10.3 Awareness Activities and Programs
- 10.4 Private Sector Contribution

Since its inception, the CMA has attached high importance and special attention to raising the awareness of securities investors to the risks they are exposed to, and the acts that constitute manipulation or deception in the capital market. This has been achieved through the introduction of regulations, instructions and resolutions issued by the CMA Board. It has also presented awareness-raising products and investment literature. During 2013, the CMA carried out several media, field and awareness activities, including:

10.1 Media Activities and Programs

The CMA has published many press releases and informative materials that cover news and resolutions issued by the CMA Board, and materials explaining and interpreting them in local, regional and international mass media in both Arabic and English. Furthermore, such news and informative materials have been posted on the CMA's pages on social media websites (Facebook, YouTube and Twitter). 574 press items were published in 2013 in addition to seven awareness reports distributed to the media to raise the level of awareness amongst the community of capital market participants. The awareness reports were published in 175 traditional and electronic newspapers. A further 662 awareness messages were posted on the CMA's social networking pages (Facebook and Twitter) to boost the awareness of current and potential investors.

10.2 Public Activities and Programs

◆ Receiving Public Calls

The CMA's Call Center receives and follows up on a wide variety of incoming communications, be they inquiries or complaints via telephone, e-mail or fax.

◆ Receiving Visitors

The Media and Investor Awareness Department received students and officials from several Saudi universities and colleges; presentations were made for delegates from King Saud University, Prince Sultan University, Princess Nourah Bint Abdulrahman University, Salman Bin Abdulaziz University and Huraimla Community College.

10.3 Awareness Activities and Programs

In 2013, the CMA conducted the following awareness activities and programs:

◆ Publishing and Distributing Awareness Booklets and Publications

- Distributed more than 35,000 publications through pavilions and stands at conferences, symposia, airports, train stations, summer camps, community and charity centers, and government and private schools across the Kingdom.
- Issued the seventh volume of the "Smart Investor Magazine" which discussed the importance of planning and budgeting through the medium of different every-day life scenarios seen from the viewpoint of a child. This volume featured various approaches of presentation, switching between direct information, short stories and illustrations. The Magazine's team got the inspiration for its content from real-life examples of financial transactions they captured in their school visits across the Kingdom.
- Published and distributed more than 30,000 copies of the "Smart Investor" magazine (volumes 6&7 bundle) at exhibitions and different CMA's appearances.
- Published and distributed more than 20,000 pamphlets for the "Seven Smart Steps", 15,000 paper money boxes, 20,000 coloring books and 30,000 Smart Investor Magazine's stickers.
- Continued cooperation with VISA to keep an educational game in release, as 1,000 CDs were distributed.
- Published an awareness flyer "Know Your Rights" on the CMA's website. It encourages the public to read the terms and conditions of investment funds before making the decision to invest in them; 5,000 paper copies were distributed.

◆ Awareness Road Shows and International Fairs

The CMA continued the Road Shows project targeting five cities/provinces across the Kingdom. Several pavilions were set-up in malls where the CMA communicated directly with its target audience. These road shows achieved remarkable attendance levels with 2.4 million visitors. The total number of road shows stood at 19 at the end of 2013 (Table (48)).

Table (48): Number of Investor Awareness Road Shows Organized by the CMA by City/Province and Number of Visitors

No.	City/Province	Road Shows Organized	Visitors
1	Riyadh	14	2,417,416
2	Jeddah	1	2,000
3	Al-Jubail	2	4,750
4	Al-Khobar	1	5,040
5	Al-Dhahran	1	16,200
Total		19	2,445,406

The CMA also organized awareness pavilions on several occasions in 2013:

- Mid-year school-break events at Prince Sultan Bin Abdulaziz Science and Technology Center (SciTech).
- Riyadh 7th International Book Fair.
- Cultural days on the occasion of the Saudi Arabia's 83rd National Day.
- 6th Universal Children's Day.

◆ Smart Investor Program

In 2013, the CMA held three training courses for 78 female ambassadors under its "Smart Investor Ambassador" program.

They were provided with essential instruments (laptops, cameras, roll-up banners, programs guides, publications) to present the course. The CMA is not only keen to spread the message behind this program, but also to promote the culture of volunteering. New features were added this year: the presentations were translated into English, and the first English-language edition of the Smart Investor Magazine was issued.

◆ School Awareness Visits

The CMA made several awareness visits to schools in different cities/provinces across the Kingdom. Table (49) shows the number of such visits made by the CMA in 2013.

Table (49): Number of Awareness School Visits Made by the CMA in Different Cities/Provinces across the Kingdom

No.	City/Province	Number		
		Schools	Beneficiary Students	Distributed Bundles of “Smart Investor” Magazine
1	Riyadh	78	5,926	8,365
2	Jeddah	1	250	300
3	Al-Jubail	13	762	1,200
4	Hafr Al-Baten	4	127	220
5	Huraimla	4	190	350
Total		100	7,255	10,435

◆ **Organizing and Sponsoring Symposia and Seminars**

In 2013, the CMA:

- Participated in Euromoney Riyadh Conference 7-8 May, 2013.
- Sponsored the Real Estate Investment Funds Forum, February 2013.
- Sponsored the “Credit Rating” Forum, April 2013.
- Organized specialized seminars entitled “Roles and Responsibilities of Board of Directors” for listed companies in three cities. The goal was to instill best corporate governance practices and increase the level of disclosure in board of directors’ reports.

◆ **Awards and Honors**

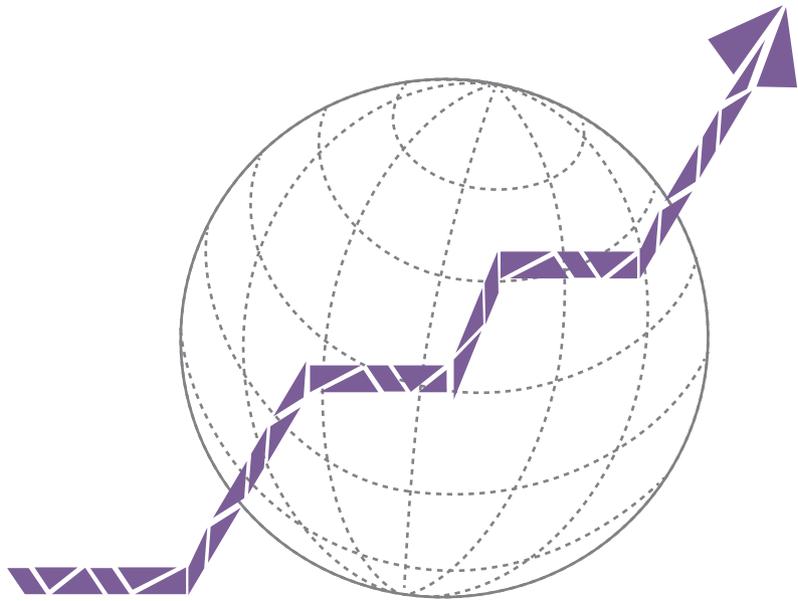
- The CMA won the Mobile Applications Excellence Award at the 18th eGovernment and eServices Excellence Awards in Dubai, 22 May 2013 under the sponsorship of major government agencies.
- Child & Youth Finance International (CYFI) honored the CMA

as the best organization offering financial awareness programs in the Middle East and North Africa during the Second Annual Child and Youth Finance International Summit & Awards Ceremony held between 7th and 9th of May 2013, Istanbul, Turkey. The Summit was held under the patronage of the Capital Markets Board of Turkey and in cooperation with Borsa Istanbul and the Central Bank of Turkey.

10.4 Private Sector Contribution

- The CMA made a strategic alliance in the area of investor awareness with the Saudi Arabian Basic Industries Corporation (SABIC) which sponsored the “Smart Investor” program in 2013.
- The CMA provided the authorized persons and joint-stock companies listed on the capital market with electronic awareness materials encouraging them to print, publish and disseminate them to their clients and other stakeholders.





Section Eleven

Activities Related to International Relations
and Organizations

The CMA has been working to boost its regional and international relations with international organizations, commissions/authorities and associations involved in regulating and monitoring financial markets. In this context, it has promoted its bilateral and multi-lateral relations, and opened channels for joint cooperation with a number of regulatory entities.

First: International Organization of Securities Commissions (IOSCO)

The International Organization of Securities Commissions (IOSCO) is recognized as the global standard setter for the securities sector. It works with its members to reach the highest regulatory levels to maintain efficient and sound securities transactions, exchange information and experience to support and develop financial markets, and unite efforts to achieve effective oversight on securities transactions. The CMA signed IOSCO's Multilateral Memorandum of Understanding (MMoU), and was announced as an ordinary member during IOSCO's 35th Annual Conference in Montreal, 2010. The IOSCO established several key committees, to name a few:

1. Presidents Committee.
2. Policy Committees.
3. Growth and Emerging Markets Committee (GEM).
4. Regional Committees: including Africa and Middle East Regional Committee (AMERC).

The CMA took part in the following activities and meetings of IOSCO committees in 2013:

- Presidents Committee Meeting during the IOSCO's Annual Conference in Luxembourg.
- IOSCO's Policy Committees and regular meetings.
- CMA participated in its capacity as member in the Growth and Emerging Markets Committee (88 members). It attended the GEM's meetings in Panama and Luxembourg in 2013. The CMA is also a member in the GEM's Steering Committee (15 members).
- Africa and Middle East Regional Committee (AMERC) (21 members) in Dubai and Luxembourg where it presented Saudi Arabia's Country Report which highlighted the latest developments in the Saudi capital market.

The election of the CMA in the IOSCO's Board is a realization of its efforts in developing the Saudi capital market through the issuance of comprehensive, transparent and up-to-date laws and regulations.

Second: Gulf Cooperation Council (GCC)

The CMA participates in the meetings of the Ministerial Committee of the Chairpersons of GCC markets regulators. The Committee's 4th meeting was held in Riyadh, October 2013, with representatives of all member states attending the event. In addition, the CMA participated in the 8th (April 2013) and 9th (October 2013) meetings of the Committee of the Chairpersons of GCC markets regulators. The CMA also participated in a number of regular meetings of the taskforces of the Integration of GCC Financial Markets project, including listing, disclosure and governance taskforce, IPOs and subscriptions taskforce, securities market supervision and oversight taskforce. In its 34th round in Kuwait (December 2013), the Supreme Council approved a number of standardized principles and rules to be followed as guidelines until such time as they become mandatory following a final review and endorsement.

Third: Union of Arab Securities Authorities (UASA)

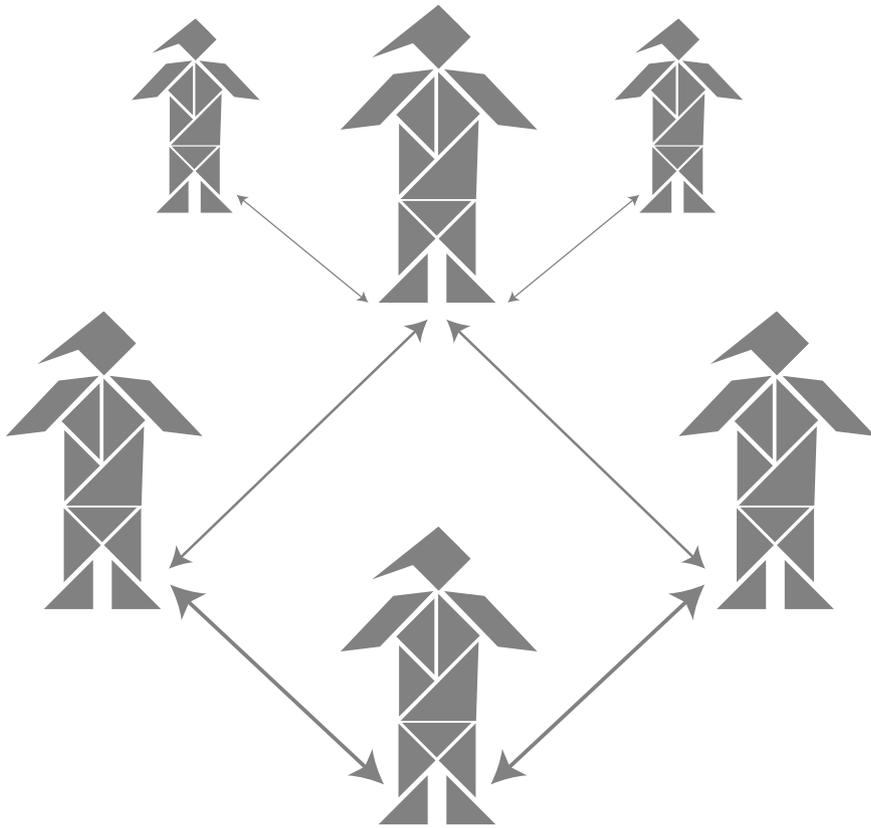
The Union of Arab Securities Authorities (UASA) was established in 2007; it includes 15 active members and two associate members. The CMA is a founding member. UASA's objectives are to raise the performance level of Arab financial markets, unite efforts to reach effective levels of oversight on transactions in Arab financial markets, and to exchange information, technical assistance and expertise. It also encourages cooperation and coordination to set up standards to ensure the efficiency and integrity of financial markets' transactions, and coordination on related laws and regulations so as to achieve maximum harmony and consistency. The CMA participated in the 7th Annual Meeting of the UASA in Kuwait, February 2013.





Chapter Three

CMA's Governance and
Financial Disclosure



Section One

Governance

I.1 Internal Audit Committee

I.2 Ad-hoc Committees

- (1) Committee for Capital Market Institutions
Supervision and Corporate Finance and Issuance
- (2) Committee for Market Supervision and
Enforcement
- (3) Executive Committee

Recognizing the importance of applying the standards and rules of governance on the CMA's business and internal operating environment in order to strengthen its internal organizational and regulatory structures in line with best practices and standards adopted in similar international authorities to be a role model followed by related parties, the CMA Board approved the establishment and formation of a number of ad-hoc committees, and approved the regulations and rules governing these committees. Under the bylaws of the Internal Audit Committee and the rules governing the business of ad-hoc committees, the CMA Board approved the establishment and formation of the following committees:

I.1 Internal Audit Committee

Pursuant to the CML promulgated by Royal Decree No. (M/30) dated 19/12/1424H, the CMA Board issued Resolution No. (3-54-2013) dated 21/2/1435H (24/12/2013) to approve the Internal Audit Committee's bylaws. The Committee aims, without prejudice to the powers and functions of the CMA Board set forth in the CML and its Implementing Regulations, to study the issues entrusted to it under the Internal Audit Regulations, provide suggestions and recommendations, and express views thereof. In addition, the Committee shall follow up internal audit tasks within the CMA and examine respective reports to verify the Authority's effectiveness in executing its tasks and functions. The Committee will also evaluate the CMA's internal audit system, and provide suggestions and recommendations for improvement and development. The Internal Audit Committee was formed as follows:



I.2 Ad-hoc Committees*

After viewing the CMA Board's bylaws issued under the Board's Resolution No. (01-17-2009) dated 7/6/1430H (31/5/2009), amended by the Board's Resolution No. (3-22-2013) dated 6/6/1434H (16/4/2013), the bylaws of the CMA's ad-hoc committees issued by the Board's Resolution No. (4-54-2013) dated 21/2/1435H (24/12/2013), and under the CML promulgated by Royal Decree No. (M/30) dated 19/12/1424H, the CMA Board issued its Resolution No. (3-54-2013) dated 21/2/1435H (24/12/2013) to form ad-hoc committees within the CMA as follows:

I. Committee for Capital Market Institutions Supervision and Corporate Finance and Issuance

The Committee shall study the issues related to the Capital Market Institutions Supervision Division, and the Corporate Finance and Issuance Division in the CMA. The Committee was formed as follows:

* Some committees will be recomposed following the issuance of Royal Order No. (A/83) dated 17/5/1435H which provided for recomposing the CMA Board.

CMA Board Member/ Mr. Mohamed Al-Shumrani	1	Chairman
CMA Board Member/Dr.Abdulrahman Al-Barrak	2	Member
Corporate Finance and Issuance Director	3	Member
Capital Market Institutions Supervision Director	4	Member

2- Committee for Market Supervision and Enforcement

The Committee shall study the issues which fall under the

jurisdictions of both the Market Supervision and Enforcement Divisions in the CMA. The Committee was formed as follows:

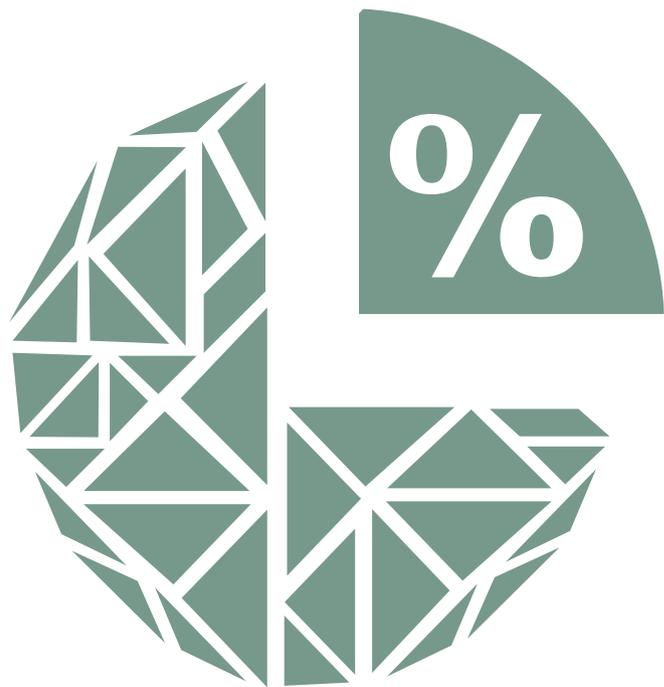
CMA Board Vice Chairman/ Mr.Abdulrahman Al-Rashid	1	Chairman
CMA Board Member/Mr. Mazin Al-Romaih	2	Member
Market Supervision Director	3	Member
Enforcement Director	4	Member

3- Executive Committee

This Committee is to study all issues within the CMA, except those that fall under the jurisdictions of the Committee for Capital Market Institutions Supervision and Corporate Finance and Issuance,

Committee for Market Supervision and Enforcement, or the Internal Audit Committee. The Executive Committee was formed as follows:

CMA Board Chairman	1	Chairman
Corporate Services Director	2	Member
CMA Board Vice Chairman	3	Member
Committee-selected Representative from CMA Staff	4	Member



Section Two

Financial Disclosure

- 2.1 CMA Financial Position
- 2.2 Independent Auditors' Report
- 2.3 Balance Sheet
- 2.4 Statement of Financial Performance
- 2.5 Statement of Cash Flows
- 2.6 Statement of Changes in Net Assets
- 2.7 Notes to Financial Statements

According to Article Thirteen of the CML, the financial resources of the Authority shall consist of the following:

1. Fees for services and commissions charged by the Authority in accordance with the provisions of this Law and the regulations and instructions issued in pursuance thereof.
2. Charges against using its facilities, returns on its funds, and proceeds of the sale of its assets.
3. Fines and financial penalties imposed on violators of the provisions of this Law.
4. Funds provided by the government to the Authority.
5. Any other resources determined by the Board.

The Board shall determine the fees to be paid to the Authority for the following matters:

1. Registration of securities with the Authority.
2. Listing of securities on the Exchange.
3. Trading of securities.
4. Licensing and renewal of licenses of brokerage companies or investment advisers.
5. Registration of investment funds.

This is to fund all of its current and capital expenses and other expenses needed by the CMA.

According to Article Fourteen of the CML, the Authority shall have a separate annual budget that will be submitted to the Minister of Finance, and will be approved in accordance with applicable regulations. Accordingly, the Authority submitted its annual budget to the Minister of Finance.

The CMA follows the cash basis (as in subsection 2.1) and accrual basis (as in subsections 2-2 and afterwards) in recording and reporting its financial operations. Cash basis conforms to government accounting requirements and accrual basis conforms to the accounting standards issued by SOCPA and the international standards for the public sector.

2.1 CMA Financial Position

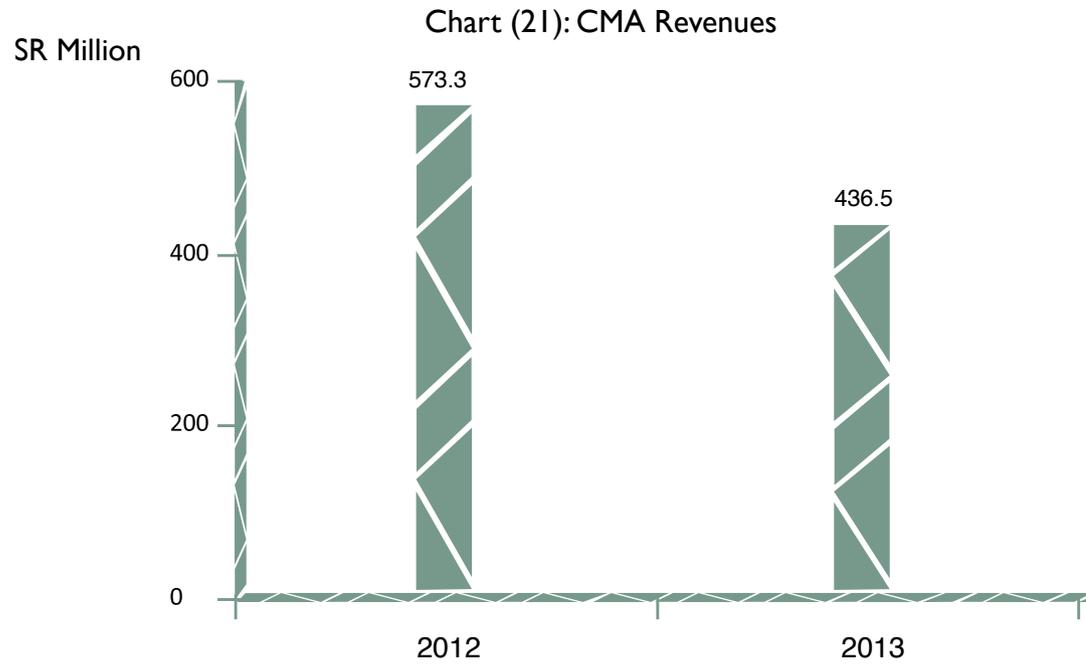
Receipts and payments up to 31/12/2013 as follows:

I- Receipts (Revenues):

Total CMA revenues collected in 2013 declined by 23.9% (SR 137 million approx.) compared to 2012 (Table (50), Chart (21)).

Table (50): CMA Revenues

Item	2012	2013	Decline	(%)
Revenues (SR)	573,346,104	436,458,143	136,887,961	23.9%



2- Payments (Expenses):

Total payments (expenses) approved in the CMA’s budget for 2013 stood at SR 556.9 million. 77.7% (SR 432.7 million) was disbursed out of the approved budget, generating a surplus close to SR 124.1 million (Table (51), Chart (22)).

Table (51): CMA Budget vs. Payments (Expenses) for 2013

Item	Budget	Actual	Surplus	(%)
Payments (Expenses) (SR)	556,865,083	432,723,461	124,141,622	22.3%

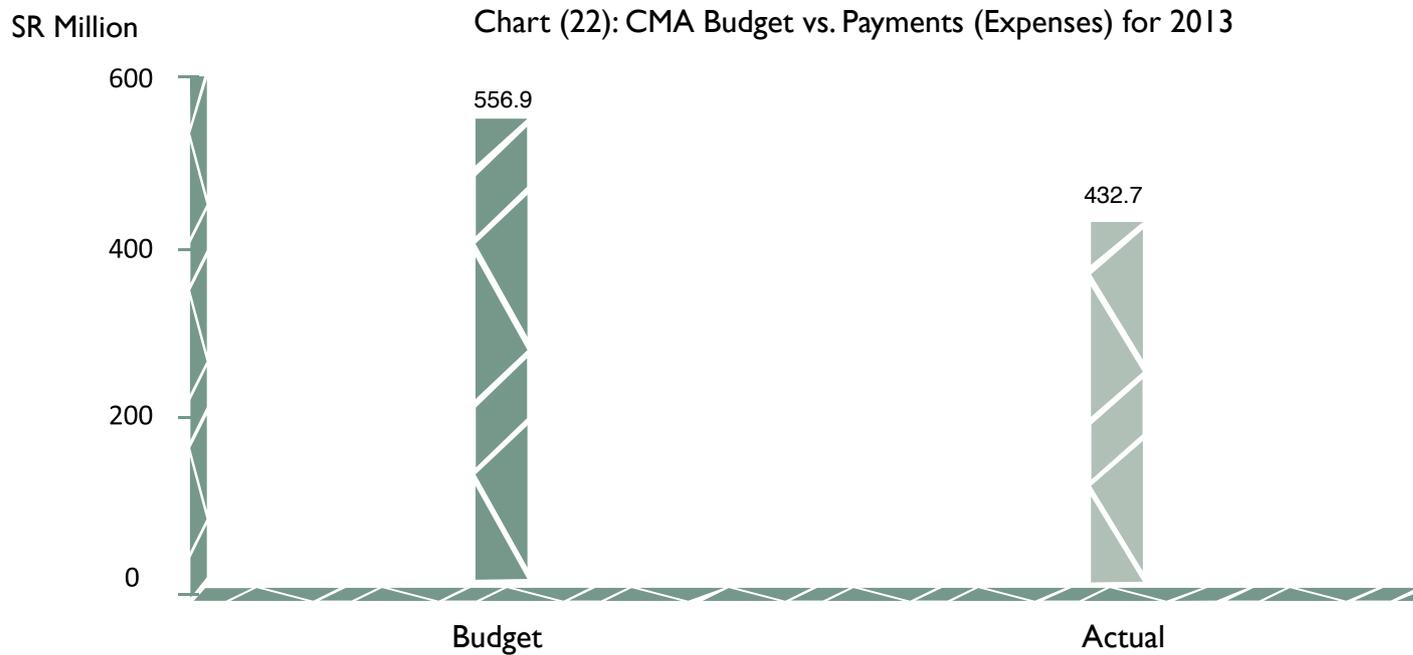


Table (52) indicates a comparison of the CMA's actual payments in 2012 and 2013, showing a reduction of 5.1% year-on-year.

Table (52): CMA Actual Payments in 2012 and 2013

Item	2012	2013	Variance	(%)
Actual Payments (SR)	455,853,764	432,723,461	- 23,130,303	- 5.1%

The most significant savings achieved as a result of the CMA's initiatives taken during 2013 were:

- **Employee Expenses:**

The CMA posted a reduction of 12.8% in total employee expenses compared to the budget approved for 2013 (Table (53)).

Table (53): Budget vs. CMA Employee Expenses for 2013

Item	Budget	Actual	Surplus	(%)
Employee Expenses (SR)	406,690,059	354,681,427	52,008,632	12.8%

- **General and Administrative Expenses:**

Total general and administrative expenses declined by 48.9% at the end of fiscal year 2013 compared to the approved budget (Table (54)).

Table (54): Budget vs. CMA General and Administrative Expenses for 2013

Item	Budget	Actual	Surplus	(%)
General and Administrative Expenses (SR)	140,496,704	71,789,773	68,706,931	48.9%

- **Capital Expenses:**

The CMA spent 62.4% of the budget approved for capital expenses, generating a surplus of 37.6% (SR 3.64 million). This

saving was realized by reducing expenses on computer equipment and programs, and rescheduling IT projects in line with the CMA's priorities and needs (Table (55)).

Table (55): Budget vs. CMA Capital Expenses for 2013

Item	Budget	Actual	Surplus	(%)
Capital Expenses (SR)	9,678,319	6,038,098	3,640,221	37.6%

2.2 Independent Auditors' Report

SAUDI ACCOUNTANTS

(I.ALSOBAYEL CO.)

(REG. 2)

I.AL-SOBAYEL * M.AL-DAMEGH

L. NO. (76) 1981 L. NO. (95) 1982

Chartered Accountants



Dr. Mohamed Al-Amri & Co.

P.O. Box 8736

Riyadh 11492

Saudi Arabia

License No. 323/11/66



**To His Excellency, the Chairman, and the Board Members
Capital Market Authority**

Riyadh – Kingdom of Saudi Arabia

Audit Scope:

We have audited the accompanying statement of financial position of the **Capital Market Authority** (“the CMA”) as of Capricorn 10, 1392 (corresponding to December 31, 2013) and the related statements of financial performance, cash flows and changes in net assets for the year then ended, including the related notes from 1 to 17. These financial statements are the responsibility of the CMA’s management and have been prepared by them and presented to us together with all the information and explanations which we required. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in the Kingdom of Saudi Arabia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

Unqualified Opinion:

- in our opinion, the accompanying financial statements, taken as a whole, present fairly, in all material respects, the financial position of the CMA as of December 31, 2013 and the results of its financial performance and cash flows for the year then ended in conformity with generally accepted accounting principles which are relevant to the CMA’s activities.
- comply with the requirements of the Financial Market Regulations with respect to the preparation and presentation of financial statements.

For Dr. M. Al-Amri & Co.,

Gihad Al-Amri
Certified Public Accountant
Registration No. 362



For Saudi Accountants,

M. Abdulaziz Al-Damegh
Certified Public Accountant
Registration No. 95



Rabia Thani 23, 1435 (H)
February 23, 2014 (G)

2.3 Balance Sheet

ASSETS	Notes	SAUDI RIYALS	
		2013	2012
Current assets			
Cash and bank balances	3	991,898,778	1,039,952,592
Accounts receivable	4	10,299,504	14,448,556
Prepayments and other receivables	5	52,045,483	56,339,335
Total current assets		1,054,243,765	1,110,740,483
Non-current assets			
Projects in progress	6	1,779,705,116	1,725,151,162
Property and equipment, net	7	604,839,125	639,370,946
Total non-current assets		2,384,544,241	2,364,522,108
Total Assets		3,438,788,006	3,475,262,591
LIABILITIES			
Current liabilities			
Accounts payable	8	3,101,628	1,839,584
Accruals and other payables	9	60,225,888	54,944,414
Total current liabilities		63,327,516	56,783,998
Non-current liabilities			
Contractors' retentions		88,223,033	84,851,054
End of service benefits	10	115,997,899	95,452,907
Total non-current liabilities		204,220,932	180,303,961
Total liabilities		267,548,448	237,087,959
Net assets		3,171,239,558	3,238,174,632
Net Assets			
Expenses reserve	11	524,907,906	556,865,083
General reserve	11	466,990,872	483,087,509
Accumulated surplus of revenues over expenses	11	2,179,340,780	2,198,222,040
		3,171,239,558	3,238,174,632

The accompanying notes from No. (1) through (17) form an integral part of these financial statements.

2.4 Statement of Financial Performance

Revenues	Notes	SAUDI RIYALS	
		2013	2012
Commissions on stock trading		246,675,009	347,426,362
Other services of Tadawul		101,926,039	91,340,579
Direct services and fees		22,561,474	23,306,404
Fines for market manipulation and disclosure violations		47,391,572	92,548,966
Total revenues		418,554,094	554,622,311
Expenses			
Salaries and employees' related benefits	12	(334,253,387)	(327,239,917)
Training and scholarships		(44,113,989)	(51,020,914)
Professional and consultancy fees		(15,156,585)	(23,651,900)
General and administrative expenses	13	(67,033,555)	(78,065,474)
Depreciation		(41,034,434)	(42,977,626)
Total expenses		(501,591,950)	(522,955,831)
(Deficit)/surplus from the main operations		(83,037,856)	31,666,480
Other revenues and expenses, net	14	16,102,782	13,232,236
Net (deficit)/surplus for the year		(66,935,074)	44,898,716

2.5 Statement of Cash Flows

CASH FLOWS FROM OPERATING ACTIVITIES	SAUDI RIYALS	
	2013	2012
Net (deficit)/surplus of revenues over expenses for the year	(66,935,074)	44,898,716
Adjustments of net (deficit)/surplus of revenues over expenses for the year to net cash from operating activities:		
Depreciation	41,034,434	42,977,626
Net gain from disposals of property, plant and equipment	(3,259,644)	(360,230)
Provision for end of service benefits	26,044,321	24,787,114
Changes in operating assets and liabilities:		
Accounts receivable	4,149,052	(772,078)
Prepayments and other receivables	4,293,852	(3,903,452)
Accounts payable	1,262,044	(1,144,562)
Accruals and other payables	5,281,474	12,845,700
End of service benefits paid	(5,499,329)	(1,635,040)
Net cash from operating activities	<u>6,371,130</u>	<u>117,693,794</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property and equipment, and projects in progress	(58,657,924)	(691,271,286)
Payments to contractors	-	(16,932,697)
Proceeds from disposals of property and equipment	4,232,980	361,750
Net cash used in investing activities	<u>(54,424,944)</u>	<u>(707,842,233)</u>
Net decrease in cash and bank balances	<u>(48,053,814)</u>	<u>(590,148,439)</u>
Cash and bank balances at the beginning of the year	1,039,952,592	1,630,101,031
Cash and bank balances at the end of the year	<u><u>991,898,778</u></u>	<u><u>1,039,952,592</u></u>
Non-cash transaction		
Additions to projects in progress recorded in contractors' retentions	3,371,979	42,724,608

2.6 Statement of Changes in Net Assets

	SAUDI RIYALS					
	Expenses Reserve	Capital Reserve	General Reserve	Surplus Cash	Accumulated surplus revenues over expenses	Total
Balance as at December 31, 2011	596,948,299	960,962,953	72,189,779	-	1,563,174,885	3,193,275,916
Net surplus of revenues over expenses for the year 2012	-	-	-	-	44,898,716	44,898,716
Reserves opening balance transferred to accumulated surplus of revenues over expenses	(596,948,299)	(960,962,953)	(72,189,779)	-	1,630,101,031	-
Cash surplus as at December 31, 2012	-	-	-	1,039,952,592	(1,039,952,592)	-
Transfer to expenses reserve	556,865,083	-	-	(556,865,083)	-	-
Transfer to general reserve	-	-	483,087,509	(483,087,509)	-	-
Balance as at December 31, 2012	556,865,083	-	483,087,509	-	2,198,222,040	3,238,174,632
Net deficit of revenues over expenses for the year 2013	-	-	-	-	(66,935,074)	(66,935,074)
Reserves opening balance transferred to accumulated surplus of revenues over expenses	(556,865,083)	-	(483,087,509)	-	1,039,952,592	-
Cash surplus as at December 31, 2013	-	-	-	991,898,778	(991,898,778)	-
Transfer to expenses reserve	524,907,906	-	-	(524,907,906)	-	-
Transfer to general reserve	-	-	466,990,872	(466,990,872)	-	-
Balance as at December 31, 2013	524,907,906	-	466,990,872	-	2,179,340,780	3,171,239,558

2.7 Notes to Financial Statements

1- ORGANIZATION AND ACTIVITIES

The Capital Market Authority (“the CMA”) was established based on the “Capital Market Regulations”, according to Royal Decree no. (M/30) dated 02/06/1424H corresponding to 01/08/2003G which states that an organization should be established in the Kingdom of Saudi Arabia and named “Capital Market Authority”. The organization was established, and proceeded with carrying out the duties assigned to it according to Royal Decree no (A/114) dated 13/05/1425H, corresponding to 01/07/2004G appointing the board of the CMA.

The CMA is a government organization applying full financial, legal, and administrative independence, and has direct links with the Prime Minister. The CMA’s functions are to regulate and develop the Saudi Arabian Capital Market by issuing required rules and regulations for implementing the provisions of Capital Market Law with the objectives of having an appropriate investment environment. The CMA is entrusted with the following duties:

- Regulate and develop the financial market.
- Regulate issuing, monitoring and dealing with financial instruments.
- Regulate and monitor the work and activities of entities subject to the supervision and control of the CMA.
- Protect investors and the public from unfair and unsound practices.
- Maintain fairness, efficiency, and transparency in transactions of securities.
- Regulate and monitor full disclosure of information related to securities and issuers. Regulate authorizing, buying and public offerings of shares.

Based on the CMA Board decision number 02/05/2004, dated 23/06/1425H, corresponding to 09/08/2004G, the fiscal year for the CMA begins on the eleventh day of Capricorn month (based on the Solar Hijri calendar) each year (corresponding to January 1) and ends on the tenth day of the next fiscal year Capricorn month (corresponding to 31 December).

2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed by the CMA in preparation of the financial statements are as follows:

Basis of Presentation

The financial statements for the CMA are prepared in accordance with the historical cost convention on the accruals basis (except for revenues fines of market manipulation, which are recorded on the cash basis), and in accordance with generally accepted accounting principles in the Kingdom of Saudi Arabia, and the financial statements are presented in accordance with International Standards for Public Organizations.

Accounting estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires the use of estimates and judgments which might affect the valuation of recorded assets, liabilities and the disclosure of contingencies in the notes to the financial statements at the financial position date. Although these estimates are based on the best information available to management at the date of issuing the financial statements, the actual end results might differ from those estimates.

Cash and Bank Balances

Cash and bank balances include cash and current accounts and deposits with banks; the CMA Regulation does not allow it to invest in securities.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation is provided over the estimated useful lives of the applicable assets using the straight line method. When an asset is sold or disposed, the cost and related accumulated depreciation are removed from the accounts at the date of sale or disposal, and any resulting profit or loss is included in the statement of financial performance. The estimated useful lives of the principal classes of assets are as follows:

	Years
Buildings	33.33
Decoration and improvements	5
Fixtures and office equipment	5 - 10
Motor vehicles	4
Computers and programs	3 - 5

Provision for End of Service Benefits

The provision for end of service benefits is calculated based on one month provision for each of the first five years of employment and a month and a half for year six onwards according to the CMA Board decision number 3/113/2005 dated 14/11/2005 G.

Reserves

According to the Regulation of the CMA, the CMA is required to transfer the surplus cash from its resources to the Ministry of Finance after the deduction of all current and capital expenditures that is needed (expenses reserve), and the CMA shall maintain a general reserve equal to twice the total expenditure set out in the previous annual budget (general reserve).

Revenue Recognition

The CMA's share of shares trading revenues are recorded based on the notifications which are received from the Saudi Stock Market Company ("Tadawul"). Tadawul's revenue is recognized when services are rendered and billed to the customer and according to the accruals basis. The CMA's share is 50 % of the total trading

revenues and other related services based on government decisions issued in this regard and approved by His Excellency, the President of the CMA, dated 25/05/1427 H, corresponding to 21/06/2006 G and by the CMA Board under resolution No. (1-30-2010) dated 03/12/1431 H, corresponding to 09/11/2010 G.

The CMA's other revenues are recognized according to the accruals basis, with the exception of fines for market manipulation which are recorded upon collection of the fine in accordance with the cash basis.

Foreign Currency

The CMA maintains its accounts in Saudi Riyals. Transactions denominated in foreign currencies are translated into Saudi Riyals at exchange rates prevailing at the dates of such transactions. Monetary assets and liabilities denominated in foreign currencies are translated to Saudi Riyals at the exchange rates prevailing at the financial position date. All realized and unrealized gains or losses on foreign currency are taken to the statement of financial performance.

3. CASH AND BANK BALANCES	Saudi Riyals	
	2013	2012
Cash	-	10,000
Bank current accounts	3,898,778	2,942,592
Time deposits	988,000,000	1,037,000,000
	<u>991,898,778</u>	<u>1,039,952,592</u>

4. ACCOUNTS RECEIVABLE	Saudi Riyals	
	2013	2012
Saudi Stock Market Company (Tadawul)	7,635,931	12,060,821
Others	2,663,573	2,387,735
	<u>10,299,504</u>	<u>14,448,556</u>

The balance due from Tadawul (a related party) mainly represents the CMA's share of the fees and trading commissions which had not been collected at the financial position date, in addition to invoices for fees and commissions on stock trading and other services issued

and collected by Tadawul. The major transactions with Tadawul and related amounts during the years ended December 31 were as follows

	Saudi Riyals	
	2013	2012
The CMA revenues collected by Tadawul	347,458,374	438,562,422
Payments by Tadawul on behalf of the CMA	634,538	-

5. PREPAYMENTS AND OTHER RECEIVABLES	Saudi Riyals	
	2013	2012
Employees' loans	27,396,222	18,924,212
Advances to suppliers	3,117,993	3,000,000
Prepaid expenses	11,925,583	27,876,840
Accrued revenues	7,847,390	4,919,276
Deposits with others	945,105	994,725
Other debit balances	813,190	624,282
	<u>52,045,483</u>	<u>56,339,335</u>

6. PROJECTS IN PROGRESS	Saudi Riyals	
	2013	2012
CMA head quarters at King Abdullah Financial Center (KAFF)	1,297,162,592	1,228,363,455
Fixtures at CMA head quarters at KAFF	624,750	-
Computers and programs	230,484	1,471,799
Advance payments for land	187,143,446	187,083,160
Advances to contractors	294,543,844	308,232,748
	<u>1,779,705,116</u>	<u>1,725,151,162</u>

PROJECTS IN PROGRESS (Continued),

The advance payments for lands, which amounted to SR 187 million, are the cost of project land to construct the CMA head quarters and the Finance Academy at King Abdullah Financial Center. SR 170 million was paid in cash to the General Organization of Retirement (the owner of the land) and SR 17 million, which is the cost of the general outline of the project, was paid by the CMA on behalf of the General Organization of Retirement. The final cost of the land will be determined when the project is developed and the final cost per square meter is determined.

The advances to the contractors amounting to SR 295 million represents payments made to consultants and contractors who have been assigned to the implementation of the construction of a CMA building at the King Abdullah Financial Center.

Royal Decree No. 51728 Dated 01/12/1433 H, corresponding to 17/10/2012 G stipulated transferring the ownership of the

CMA headquarters building under construction at King Abdullah Financial Center (KAFF) to the Public Pension Agency (PPA) to be added to buildings owned and managed by it at KAFF. CMA was given the option to either rent or own the space it requires at the finalization of construction. A joint committee from CMA, PPA and a third party specialist was formed to reach a proper settlement. The Committee concluded to discontinue the ongoing procedures to transfer the land ownership to CMA, to transfer the ownership of floors 52 to 73 in the new building to the CMA after completion and to continue the work of the third party specialist in studying the contracts and documents of the building until a final settlement between the CMA and the PPA is reached. Up to the date of these financial statements the final settlement has not been concluded, noting that the liabilities related to the contractors' contract have been transferred from CMA to PPA as of 14/11/2012.

Details of the cost of the head quarters of the CMA at King Abdullah Financial Center as at December 31 are as follows:

	Saudi Riyals	
	2013	2012
Design and consultancy	253,242,237	253,242,237
Construction work	1,026,812,552	958,638,972
Others	17,107,803	16,482,246
	<u>1,297,162,592</u>	<u>1,228,363,455</u>

7. PROPERTY AND EQUIPMENT, NET	Lands SR	Buildings SR	Decorations and Improvements SR	Furniture and Office Tools SR	Motor Vehicles SR	Computers and Programs SR	Total SR
Cost							
January 1, 2013	412,046,635	132,300,020	67,153,529	66,268,565	6,574,899	94,889,886	779,233,534
Additions	-	-	2,761,842	1,981,111	250,000	2,482,996	7,475,949
Disposals	-	-	(10,279,183)	(7,617,250)	(2,368,400)	(2,059,333)	(22,324,166)
December 31, 2013	<u>412,046,635</u>	<u>132,300,020</u>	<u>59,636,188</u>	<u>60,632,426</u>	<u>4,456,499</u>	<u>95,313,549</u>	<u>764,385,317</u>
Accumulated depreciation:							
January 1, 2013	-	(3,638,251)	(38,928,059)	(33,117,676)	(5,252,666)	(58,925,936)	(139,862,588)
Depreciation for the year	-	(3,969,000)	(9,160,175)	(9,083,824)	(717,601)	(18,103,834)	(41,034,434)
Disposals	-	-	10,038,625	7,150,862	2,125,189	2,036,154	21,350,830
December 31, 2013	<u>-</u>	<u>(7,607,251)</u>	<u>(38,049,609)</u>	<u>(35,050,638)</u>	<u>(3,845,078)</u>	<u>(74,993,616)</u>	<u>(159,546,192)</u>
Net book value:							
December 31, 2013	<u>412,046,635</u>	<u>124,692,769</u>	<u>21,586,579</u>	<u>25,581,788</u>	<u>611,421</u>	<u>20,319,933</u>	<u>604,839,125</u>
December 31, 2012	<u>412,046,635</u>	<u>128,661,769</u>	<u>28,225,470</u>	<u>33,150,889</u>	<u>1,322,233</u>	<u>35,963,950</u>	<u>639,370,946</u>

8. ACCOUNTS PAYABLE	Saudi Riyals	
	2013	2012
Suppliers of services	2,924,847	1,793,701
Others	176,781	45,883
	<u>3,101,628</u>	<u>1,839,584</u>

9. ACCRUALS AND OTHER PAYABLES	Saudi Riyals	
	2013	2012
Employee accruals	37,613,126	35,836,982
Accrued expenses	9,292,595	8,350,004
Deferred revenues	8,142,978	6,578,829
Others	5,177,189	4,178,599
	<u>60,225,888</u>	<u>54,944,414</u>

10. PROVISION FOR END OF SERVICE BENEFITS	Saudi Riyals	
	2013	2012
Balance, January 1,	95,452,907	72,300,833
Provision for the year	26,044,321	24,787,114
Paid during the year	(5,499,329)	(1,635,040)
Balance as at December 31,	<u>115,997,899</u>	<u>95,452,907</u>

II. ACCUMULATED SURPLUS OF REVENUES OVER EXPENSES

The total “accumulated surplus of revenues over expenses” (prior to transfer to reserves) as at December 31, 2013 amounted to SR 3,171,239,558 (2012: SR 3,238,174,632), while the cash surplus, representing cash and bank balances, amounted to SR 991,898,778 (2012: SR 1,039,952,592). Accordingly and pursuant to Article 14 of the Capital Market Law, CMA has established an expenses reserve amounting to SAR 524,907,906 (2012: SR 556,865,083). As at December 31, 2013 a general reserve has been established

in accordance with the requirements of the Capital Market Law amounting to SR 466,990,872 (2012 SR 483,087,509) and no amounts were transferred to the Ministry of Finance as at the mentioned date as there was no cash surplus after establishing the mentioned reserves. Accordingly, the balance of accumulated surplus revenue over expenses (non-cash) as of December 31, 2013, after making the transfers to the reserves, amounted to SR 2,179,340,780 (2012: SR 2,198,222,040).

12. SALARIES AND EMPLOYEES' RELATED BENEFITS	Saudi Riyals	
	2013	2012
Salaries	141,817,562	135,980,730
Allowances	75,900,362	77,870,619
Bonuses	33,993,525	33,351,709
Social insurance	18,556,953	17,881,229
End of service benefits	26,044,321	24,787,114
Medical insurance	15,723,947	13,985,511
CMA share of saving program	14,980,055	12,876,464
Business trips and travel expenses	3,216,293	7,575,492
Employment expenses	137,489	232,167
Others	3,882,880	2,698,882
	<u>334,253,387</u>	<u>327,239,917</u>

13. GENERAL AND ADMINISTRATIVE EXPENSES	Saudi Riyals	
	2013	2012
Rent	14,029,257	19,919,919
General services and maintenance	24,132,985	23,998,631
Media expenses and investor awareness	597,580	975,658
Committee's members' fees	3,352,000	3,330,552
Telephone, postage and internet	2,790,944	4,400,892
Stationery and printing	974,679	974,557
Entertainment	1,991,128	1,778,447
Public relations	2,807,487	2,773,125
Subscriptions	12,879,205	14,254,010
Consumer assets	67,915	280,261
Operational contracts expenses	2,219,230	3,120,768
Co-operative training program	629,866	1,048,683
Others	561,279	1,209,971
	67,033,555	78,065,474

14. OTHER REVENUES AND EXPENSES, NET	Saudi Riyals	
	2013	2012
Revenues from bank deposits	12,492,139	14,605,133
Prior years adjustments, net	(297,070)	(3,261,528)
Gain from disposal of property and equipment, net	3,259,644	360,230
Others	648,069	1,528,401
	<u>16,102,782</u>	<u>13,232,236</u>

15. CAPITAL COMMITMENTS

As shown in note (6), the obligations of the CMA for construction contracts of its head quarters at King Abdullah Financial Center have been transferred to the General Organization for Retirement; the capital commitments of the CMA for other contracts as at December 31, 2013 were SR 1.79 million (2012: SR 1.4 billion).

16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Credit risk

Credit risk is the risk that other parties will fail to discharge their obligations and cause the organization to incur a financial loss. Financial instruments that subject the CMA to concentrations of credit risk consist primarily of bank balances and accounts receivable balances. The CMA deposits its cash balances with high credit-rated financial institutions and does not believe that there is a significant risk of non-performance by these financial institutions, and the accounts receivable balance is due from a related party and other parties with high financial profiles and therefore there is no significant credit risk.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The CMA believes that it is not susceptible to a high risk of exchange rate fluctuations because most transactions are in Saudi Riyals. The CMA didn't perform any major transactions in foreign currencies other than the U.S. dollar. Since the Saudi Riyal exchange rate is fixed against the U.S. dollar, the U.S. dollar balances do not represent a significant currency risk. Management monitors fluctuations foreign currency exchange rates and believes that the currency risk is not significant.

Commission rate risk

Commission rate risk is the risk that a movement in commission rates would have an adverse effect on the value of assets and liabilities or would affect commission cash flows. The CMA is not exposed to any risks related to fluctuations in commission rates, as it does not have any assets or liabilities subject to commissions.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Liquidity risk

Liquidity risk is the risk that the CMA will not be able to meet its obligations related to financial liabilities when they become due. Liquidity needs are monitored periodically and the Management ensures the availability of sufficient funds to meet any obligations when due. The CMA does not expect to face significant risks relating to liquidity during the twelve months from the date of the financial position.

Fair value

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The financial assets include cash and bank balances, receivables and other assets, and financial liabilities include accounts payable, contractor balances and other liabilities. Management does not believe that the fair values of the CMA's financial assets and liabilities differ materially from their carrying values.

17. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the Board of Directors on 23/04/1435H, corresponding to 23/02/2014 G.



Chapter Four

Statistical Appendix

Content of the Statistical Appendix

Table (1): Number of Applications for Securities Offerings and Regulation Approved by the CMA, and Private Placement Notifications Received

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Table (25): APs Consolidated Income Statement (Unaudited) for 2012 & 2013 (SR Million)

Table (1): Number of Applications for Securities Offerings and Regulation Approved by the CMA, and Private Placement Notifications Received

Year	Initial Public Offering	Share Private Placement Notification	Debt Instrument Public Offering	Rights Issues Offering	Acquisition	Capital Reduction	Bonus Shares
2006	10	-	1	3	3	1	21
2007	27	1	2	4	1	1	18
2008	13	19	1	5	1	-	17
2009	13	64	2	3	1	-	13
2010	7	93	1	1	-	1	4
2011	6	74	2	5	1	1	10
2012	8	90	1	3	1	1	22
2013	5	115	2	1	1	-	18

Table (2): Total Amounts (SR Billion) Raised from Securities Offerings by Type

Year	Initial Public Offering	Share Private Placement	Rights Issues Offering	Debt Instrument Public Offering	Total
2006	10.5	-	7.2	3	20.7
2007	22.6	0.8	3.8	13	40.2
2008	36.4	6.7	22.5	5	70.6
2009	3.9	17.9	1.4	7.7	30.9
2010	3.8	19.1	0.4	7	30.3
2011	1.7	10	4.5	5.6	21.8
2012	5.3	33.3	7.4	0.2	46.2
2013	2	50.3	0.2	7.5	60

Table (3): Number of Individual Subscribers (Million) to IPOs by Subscription Channel

Year	Phone Banking	Internet Banking	Bank Branches	ATMs	Total
2006	6.1	4.2	11.2	12	33.5
2007	9	5.7	6.2	15	35.9
2008	12.1	11	6.7	28.6	58.4
2009	3.1	2.7	1	6.1	12.9
2010	2.1	2	0.8	5.3	10.2
2011	0.6	0.9	0.2	1.3	3
2012	1.4	2.4	1	6.4	11.2
2013	0.9	2	1.1	6.2	10.2

Table (4): Individual Subscription Amounts (SR Billion), by Subscription Channel before Returning Oversubscribed Amounts

Year	Phone Banking	Internet Banking	Bank Branches	ATMs	Total
2006	5.5	3.6	12	9.3	30.4
2007	8.3	7.7	49.4	13.1	78.5
2008	14.4	17.4	18.7	30.8	81.3
2009	1.8	1.7	0.6	3.2	7.3
2010	1.4	1.6	0.7	3	6.7
2011	0.5	1.1	0.4	1	3
2012	1.2	3.5	1.7	4.6	11
2013	0.6	1.7	0.8	3.5	6.6

Table (5): Number of Public Offer Investment Funds by Type of Investment

Year	Equities	Debt Instruments	Money Markets	Real Estate	Funds of Funds	Balanced	Capital Protected	Other	Total
2007	122	11	49	4	33	-	-	14	233
2008	135	7	57	4	34	-	-	25	262
2009	151	6	61	6	30	2	3	7	266
2010	154	6	56	6	27	2	8	8	267
2011	150	7	50	10	43	2	5	5	272
2012	138	9	47	10	43	3	2	4	256
2013	141	8	45	13	41	2	-	4	254

Table (6): Value of Public Offer Funds' Assets under Management (AUM) (SR Million) by Type of Investment

Year	Equities	Debt Instruments	Money Markets	Real Estate	Funds of Funds	Balanced	Capital Protected	Other	Total
2007	62,317	808	33,893	1,591	2,363	-	-	4,127	105,099
2008	24,824	153	43,035	2,293	1,756	-	-	2,754	74,815
2009	29,719	205	54,518	2,237	1,913	115.3	217.5	635.1	89,559.9
2010	30,974	218.9	58,015.7	1,557.4	2,677.3	91.2	358.1	773.5	94,666.1
2011	26,628.4	241.2	49,544.1	2,550.6	2,715.6	115.6	230.5	50.4	82,076.4
2012	27,988.2	637.2	53,878.3	2,587.4	2,731	64.2	43.3	30.2	87,959.8
2013	34,441.2	563.3	60,945.8	4,131.1	2,797.9	130.5	-	111.3	103,121.1

Table (7): Value of Public Offer Funds' Assets under Management (AUM) (SR Million) in Equities Classified Geographically

Year	Local Equities	GCC Equities	Arab Equities	Asian Equities	US Equities	European Equities	Other International Equities	Total
2009	18,541.8	1,780.4	405.4	1,092.8	1,072.8	2,089.5	4,736.3	29,719
2010	19,074.1	1,942.1	246.3	1,116.8	1,162.2	2,211.3	5,221.2	30,974
2011	17,135.1	1,519.5	107.1	810.2	1,174.6	1,845.2	4,036.7	26,628.4
2012	17,445.2	1,632.7	185	842.7	1,348.2	2,191.5	4,342.9	27,988.2
2013	21,331.3	2,127.4	196.7	860.6	1,763.2	2,746	5,416	34,441.2

Table (8): Number of Subscribers to Public Offer Funds by Type of Investment

Year	Equities	Debt Instruments	Money Markets	Real Estate	Funds of Funds	Balanced	Capital Protected	Other	Total
2009	275,062	137	68,398	4,484	6,523	757	124	846	356,331
2010	247,771	94	60,306	3,199	6,430	646	940	437	319,823
2011	226,204	42	54,839	4,565	6,201	685	849	121	293,506
2012	212,128	249	51,758	4,565	5,845	497	154	96	275,292
2013	197,523	203	49,024	5,021	5,453	440	-	139	257,803

Table (9): Most Significant Developments of Surveillance of Trades and Transactions

Year	“SMARTS” Alerts	Intensive Scans for Trades and Transactions Suspected of Violating the CML and Implementing Regulations	Suspected Violations
2006	-	252	66
2007	-	283	41
2008	34,294	968	44
2009	25,374	1,311	41
2010	20,722	1,234	42
2011	22,303	1,331	35
2012	26,323	1,687	32
2013	26,251	1,779	43

Table (10): Condensed and Detailed Financial Statements Reviewed and Posted on “Tadawul” Website

Year	Condensed Financial Statements	Detailed Financial Statements
2006	418	411
2007	461	466
2008	550	534
2009	624	606
2010	676	665
2011	724	714
2012	760	742
2013	808	789

Table (11): Reviewed Quarterly Financial Statements of Listed Companies with Qualified/Unqualified Audit Reports

Year	Quarterly Financial Statements with Unqualified Audit Reports	Quarterly Financial Statements with Qualified Audit Reports
2006	61	25
2007	82	29
2008	103	24
2009	94	40
2010	98	40
2011	105	41
2012	107	47
2013	111	49

Table (12): Reviewed Annual Financial Statements of Listed Companies with Qualified/Unqualified Audit Reports

Year	Financial Statements with Unqualified Audit Reports for the Preceding Year	Financial Statements with Qualified Audit Reports for the Preceding Year
2006	57	20
2007	70	16
2008	97	14
2009	86	41
2010	97	36
2011	107	38
2012	106	44
2013	113	46

Table (13): Number of Filed Investigation Cases into Violations of the CML by Type

Type	Year						
	2007	2008	2009	2010	2011	2012	2013
Violation of Investment/Real Estate Funds Regulations	-	-	3	7	35	41	20
Violation of Corporate Governance Regulations	-	-	9	15	35	41	43
Trading During Prohibited Period	3	-	7	17	15	20	39
Other Violations of the Listing Rules	-	3	3	8	1	1	3
Violation of the "Offers of Securities Regulation"	-	4	6	2	1	3	6
Violation of the CMA Board Resolutions	-	1	2	-	2	7	4
Conducting Securities Business and Investment of Funds without License	45	53	55	39	67	49	39
Ownership/Disposal of Percentages without Notifying the CMA	19	11	4	3	10	10	7
Violation of the Authorized Persons Regulations	7	4	6	54	23	29	23
Insider Trading	-	-	2	3	6	1	2
Disclosure Violation	10	28	19	67	63	36	56
Manipulation and Misleading Information	14	47	41	38	30	31	39
Violation of Prudential Rules	-	-	-	-	-	-	5
Other Violations	-	-	-	-	-	-	1
Total	98	151	157	253	288	269	287

Table (14): Number of Closed Violation Cases of the CML Classified by Type

Type	Year						
	2007	2008	2009	2010	2011	2012	2013
Violation of Investment/Real Estate Funds Regulations	-	-	-	7	27	45	6
Violation of Corporate Governance Regulations	-	-	8	12	27	51	9
Trading During Prohibited Period	-	-	-	19	21	8	16
Other Violations of the Listing Rules	-	-	6	8	1	1	1
Violation of the "Offers of Securities Regulation"	-	-	4	3	2	1	2
Violation of the CMA Board Resolutions	-	-	3	-	1	2	3
Conducting Securities Business and Investment of Funds without License	25	46	53	37	69	35	12
Ownership/Disposal of Percentages without Notifying the CMA	18	9	7	12	4	11	7
Violation of the Authorized Persons Regulations	1	5	10	25	45	27	3
Insider Trading	-	-	4	4	4	2	-
Disclosure Violation	6	12	28	49	73	67	24
Manipulation and Misleading Information	8	8	34	44	29	20	1
Total	58	80	157	220	303	270	84

Table (15): Number of Licensing Decisions by Type

Year	New License Issued	Change in Business Profile	Revocation of License	Cancellation of License
2007	35	6	2	-
2008	34	9	2	2
2009	12	4	6	6
2010	4	13	3	14
2011	3	8	-	16
2012	2	8	-	2
2013	5	5	-	-

Table (16): Number of Authorized Persons Classified by Possession of Business Commencement Letter

Year	APs with Letter to Commence Business	APs without Letter to Commence Business	Total
2007	46	34	80
2008	71	39	110
2009	85	25	110
2010	90	7	97
2011	81	3	84
2012	80	4	84
2013	84	5	89

Table (17): Number of Valid Licenses of Securities Business Activities by Business Commencement Status

Year	Business Commencement Status	Dealing	Managing	Arranging	Advising	Custody
2007	Commenced	51	46	64	68	49
	Not Commenced	-	-	-	-	-
2008	Commenced	67	69	92	97	72
	Not Commenced	-	-	-	-	-
2009	Commenced	57	55	74	78	58
	Not Commenced	10	16	21	21	17
2010	Commenced	63	68	80	82	72
	Not Commenced	2	3	6	6	3
2011	Commenced	60	66	76	76	67
	Not Commenced	1	3	3	2	3
2012	Commenced	56	65	75	75	66
	Not Commenced	2	2	3	3	2
2013	Commenced	56	65	78	77	67
	Not Commenced	4	5	4	6	3

Table (18): Number of Authorized Persons, Classified by Number of Licensed Securities Business Activities

Year	One Activity	Two Activities	Three Activities	Four Activities	All Activities
2007	6	26	8	4	36
2008	4	38	8	6	54
2009	4	34	8	9	55
2010	3	22	7	10	55
2011	2	12	4	11	55
2012	2	15	5	8	54
2013	2	18	4	9	56

Table (19): Number of Inspection Visits/Tasks Carried out by the CMA by Type

Year	Cause	Cycle
2007	33	-
2008	51	2
2009	67	5
2010	54	18
2011	82	20
2012	96	17
2013	65	18 ²⁶

26) Including inspection of the Saudi Stock Exchange "Tadawul".

Table (20): Number of Tasks Conducted by the CMA on Compliance Management and AML

Year	Processing Incoming Requests from Government Agencies	Processing Requests and Inquiries of Authorized Persons
2009	492	18
2010	1,067	33
2011	2,401	92
2012	1,958	47
2013	2,819	774

Table (21): Consolidated Balance Sheet (Unaudited) for 2012 & 2013 – APs Assets (SR Million)

Item	Bank Affiliate APs		Local APs		Regional APs		International APs		Arranging/ Advising APs		Total	
	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013
Cash and Cash Equivalents	4,188	4,313	1,051	1,404	2,222	1,525	1,439	1,466	125	119	9,025	8,827
Accounts Receivable	353	363	814	641	146	122	51	109	48	70	1,412	1,305
Margin Lending Creditors	2,102	3,314	221	248	13	17	0	0	0	0	2,336	3,579
Investments	2,905	2,754	5,297	4,853	1,064	1,069	2	44	23	58	9,291	8,778
Fixed Assets	279	219	271	810	45	246	43	29	5	23	643	1,327
Other Assets	303	309	269	787	59	103	29	46	6	8	666	1,253
Total Assets	10,130	11,272	7,923	8,743	3,549	3,082	1,564	1,694	207	278	23,373	25,069

Table (22): Consolidated Balance Sheet (Unaudited) for 2012 & 2013 – APs Liabilities (SR Million)

Item	Bank Affiliate APs		Local APs		Regional APs		International APs		Arranging/ Advising APs		Total	
	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013
Accounts Payable and Accrued Expenses	578	325	839	664	259	161	134	86	11	17	1,821	1,253
Bank Loans	1,128	2,112	207	294	650	299	0	20	0	0	1,985	2,725
Subordinated Loans	0	0	40	0	108	243	29	0	12	12	189	255
Zakat and Income Tax	0	122	0	98	0	46	0	10	0	2	0	278
End of Service Benefits	397	225	162	82	46	19	12	15	6	6	623	347
Other Accounts Payable	84	309	4	172	3	69	7	63	0	8	98	621
Total Liabilities	2,187	3,093	1,252	1,310	1,066	837	182	194	29	45	4,716	5,479

Table (23): Consolidated Balance Sheet (Unaudited) for 2012 & 2013 – APs Shareholder Equity (SR Million)

Item	Bank Affiliate APs		Local APs		Regional APs		International APs		Arranging/Advising APs		Total	
	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013
Paid-up Capital	5,050	5,200	5,601	6,056	3,132	2,566	1,622	1,674	216	190	15,621	15,686
Statutory Reserve	603	666	457	456	19	36	35	35	6	11	1,120	1,204
Retained Earnings	1,868	661	58	-165	-718	-566	-274	-281	-46	-7	888	-358
Profit/Loss for the Period	180	1,497	-17	633	0	108	0	73	0	32	163	2,343
Other Shareholder Equity	242	155	571	452	51	102	0	0	2	5	866	714
Total Shareholder Equity	7,943	8,179	6,670	7,432	2,484	2,246	1,383	1,501	178	231	18,658	19,589

Table (24): Investments of Authorized Persons in 2013 (SR Million)

Item	Bank Affiliate APs	Local APs	Regional APs	International APs	Arranging/Advising APs	Total
Listed Shares	147	1,474	99	12	9	1,741
Investment Funds	2,541	2,140	436	0	0	5,117
Debt Instruments	10	54	426	32	14	536
Securitization	0	0	0	0	0	0
Private Equity/Subsidiaries and Sister Companies	55	886	67	0	9	1,017
Real Estate	0	298	41	0	26	365
Total	2,753	4,852	1,069	44	58	8,776

Table (25): APs Consolidated Income Statement (Unaudited) for 2012 & 2013 (SR Million)

Item	Bank Affiliate APs		Local APs		Regional APs		International APs		Arranging/ Advising APs		Total	
	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013
Dealing	2,033	1,504	98	87	15	20	56	51	0	0	2,202	1,662
Asset Management	1,063	1,232	190	263	111	212	24	3	0	0	1,388	1,710
Investment Banking	652	435	338	260	29	93	18	51	69	74	1,106	913
Advice/Research	0	0	0	2	0	3	0	0	8	2	8	7
Custody	31	44	4	9	3	3	0	0	0	0	38	56
Investments	124	253	387	780	111	114	4	23	4	12	630	1,182
Other Revenues	97	-100	400	565	7	9	207	232	2	17	713	723
Revenues	4,000	3,368	1,417	1,966	276	454	309	360	83	105	6,085	6,253
Salaries and Wages	1,017	1,038	460	496	177	177	188	168	38	43	1,880	1,922
Marketing	17	24	7	37	2	4	0	2	0	0	26	67
Other Expenses	696	811	636	800	137	164	162	117	24	22	1,655	1,914
Total Expenses	1,730	1,873	1,103	1,333	316	345	350	287	62	65	3,561	3,903
Profit/Loss	2,270	1,495	314	633	- 40	109	- 41	73	21	40	2,524	2,350

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