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# PRIORITY ACTIONS FOR 2023

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In 2021, the AMMC presented its three-year strategic plan 2021-2023 with a central vision: **a capital market that supports the financing of economic recovery.**

Through this second strategic plan, the Authority defined strong accompanying measures capable of initiating a recovery dynamic. It is based on 4 main pillars:

- **Facilitating the use of capital market financing**
- **Promoting regulation that is adapted to innovation**
- **Strengthening savings protection by consolidating the new supervisory approach**
- **Accelerating the modernization of the AMMC and embracing it into a digital transformation process**

In 2021, the AMMC also instituted the annual publication of its priority actions. This commitment allows it to take into account changes in its environment and the progress made. In line with the Authority's strategic plan, these annual priorities are the result of discussions between the AMMC and market players in order to respond better to the expectations of the ecosystem.

In a context of economic recovery and new challenges, the AMMC's actions in 2023 will focus on five areas:

- | **STRIVE FOR A SUSTAINABLE, INCLUSIVE AND MORE EFFICIENT CAPITAL MARKET**
- | **BOOST ASSET MANAGEMENT TO ENCOURAGE THE MOBILIZATION OF SAVINGS**
- | **ASSIST NEW MARKETS AND NEW PLAYERS**
- | **STRENGTHEN THE RISK-BASED APPROACH TO SUPERVISION**
- | **CONTINUE THE DIGITAL TRANSFORMATION AND CAPACITY BUILDING**

## A LOOK BACK AT THE YEAR 2022

### 1- PROMOTING MARKET-BASED FINANCING OF COMPANIES IN A BACKDROP OF ECONOMIC RECOVERY

The AMMC participated in actions aimed at facilitating SMEs' access to the capital market through **the operationalization of the SME Offer**, which was launched at the end of 2021. A first SME has already benefited from this mechanism.

The AMMC has also contributed to the **continuous development of the private debt market** by opening it up to new players, namely local authorities.

In addition, the AMMC has worked **to consolidate the role of asset management in financing the economy**, notably through the continued work on the amendment to the law on UCITS, the launch of the project to amend the law on venture capital investment vehicles OPCs, as well as the ongoing operationalization of debt funds introduced by the law on securitization, of which the decree of application was published during the year.

**The AMMC has also participated in the establishment of a modern, flexible and evolving legal and regulatory framework** that is able to promote the financing of companies by the market, in particular through:

- The amendment to **the circular on financial operations and information**, introducing in particular the extension of the definition of qualified investor to subsidiaries of persons meeting the criteria allowing them to benefit, upon request, from the status of qualified investor, as well as to the two bank deposit guarantee funds;
- The finalization of **the AMMC circular on financial investment advisors (FIAs)**, which allows to frame the activity of advising investors and issuers through rules of registration, professional practice and ethics;
- Supporting the implementation of the last **amendment to the Law on Public Limited Companies** regarding measures to strengthen the governance of issuers and the protection of investors.

## 2- FOSTERING THE INTRODUCTION OF INNOVATIVE PRODUCTS

In order to promote innovation, the AMMC undertook several actions in 2022 to enrich the offer of financial instruments available on the market, including:

- The completion of the regulatory framework on **crowdfunding**;
- The expansion of the **Participative Finance offer**, in particular through the adoption of decrees relating to the certificates of Sukuk of investment and financing, as well as the submission of the project of a Sharia compliant market index to the Higher Oulema Council (CSO);
- Supporting **the development of FinTech** through a multi-dimensional approach, notably by:
  - The launch of a POC (Proof Of Concept) on blockchain in close collaboration with some market players, focused on a bond issue by private placement, thus representing the first "bond issue" operation launched in Morocco on a blockchain platform;
  - The legislative framing of crypto-assets through the follow-up of a national working group on crypto-assets (GTNCA);
  - The launch of the Fintech portal on the AMMC website to allow project holders to discuss their projects and the legal and regulatory framework applicable to them with the Authority.

## 3- SUSTAINING ACTIONS TO PROMOTE SUSTAINABLE FINANCE

The AMMC maintained its commitment to the development of sustainable finance through a series of actions aimed at promoting the integration of sustainability aspects into the practices of market players, both issuers and market participants.

Also, the AMMC signed partnership agreements (FSD Africa, IFC), conducted awareness raising activities on ESG aspects and launched a tool to assess the compliance and the quality of ESG reports.

In addition, the AMMC and the Casablanca Stock Exchange organized a meeting of the signatories of the Marrakech Pledge launched during COP22. This meeting was an opportunity to recall the achievements of this initiative, to initiate the reflection on a new action plan and to welcome 6 new signatories. (3 stock exchanges and 3 capital market regulators).

#### 4- BRIDGING THE GAP BETWEEN THE GENERAL PUBLIC AND THE CAPITAL MARKET

The AMMC attaches great importance to financial education for the general public, especially for individuals.

In this context, the AMMC launched its public communication strategy and improved the scope of its actions aimed at the general public by mobilizing new channels (1 radio campaign, 4 video clips and educational videos).

#### 5 - TACKLING EMERGING RISKS BY PROMOTING BEST PRACTICES AND LEVERAGING DIGITALIZATION

Consolidating the new supervisory approach to protect savings is a pillar of the 2021-2023 strategic plan. The last two years have witnessed an intense supervision and a rise of the coverage<sup>1</sup> rate from **50% in 2021** to **97% in 2022**. In 2021 and 2022, **35 inspections** were carried out, an increase of **94%** compared to the 2019-2020 period.

With regard to AML&CFT, the AMMC updated the circular on due diligence and strengthened its approach to raising awareness and supporting market participants. It has based its controls on the risk map established in 2021 and national risk assessment, thus ensuring the technical compliance and effectiveness of the AML&CFT system of market participants in light of the FATF and MENAFATF benchmarks.

The AMMC has taken measures to support market participants in strengthening their cyber resilience, through awareness-raising activities and the preparation of a guide for the promotion of good practices in cybersecurity governance and the adoption of cybersecurity behaviors.

Last but not least, with regard to the fight against corruption, the AMMC, in close collaboration with the National Authority for Probity, Prevention and Fight against Corruption (INPPLC), carried out awareness-raising actions among market participants and, together with this authority and other regulators (Bank Al-Maghrib and ACAPS), published a guide for professionals on the fight against corruption.

## 2023 PRIORITIES

### 1- STRIVE FOR A SUSTAINABLE, INCLUSIVE AND MORE EFFICIENT CAPITAL MARKET

- **Improving the framework and practices regarding Sustainable Finance**

In line with the commitments made to align the capital market with the objectives of sustainable development, the AMMC continues to be mobilized to:

- Conduct and disseminate a compliance and quality record of issuers' ESG reporting practices. This record will allow making recommendations and proposing regulatory changes to improve these practices;
- Publish new thematic guides aimed at extending the reference framework to other market actors, in particular investors and professionals called upon to intervene in this market segment;
- Continue its commitment to the work of regional and international cooperation bodies that promote best practices and standards, such as the Sustainability Task Force of IOSCO (International Organization of Securities Commissions), the Sustainability Working Group of AMERC (Africa and Middle East Regional Committee) and the Marrakech Pledge...

- **Pursuing work to facilitate access to capital market for SMEs**

As an extension of the measures taken in recent years to promote SME financing through the capital market, the AMMC intends to continue its contribution to the establishment of support mechanisms for SME financing, such as guarantee solutions and aggregation mechanisms, in particular through funds dedicated to SMEs.

In the same perspective, the AMMC will promote measures to stimulate institutional investors' demand for SME securities.

- **Operationalization of the new securities lending regulatory framework**

Following the amendment of the law on securities lending, which introduced several new measures such as extending the circle of eligible persons and instruments, introducing the activity of securities lending platform management and recognizing new models of agreements, the AMMC will contribute, alongside the Ministry of the Economy and Finance and professional associations, to the finalization of all the implementing texts allowing the effective application of these new measures.

- **Participating in the improvement of the debt market framework**

In order to improve the efficiency of the debt market, and in partnership with the stakeholders (The Ministry of Economy and Finance, Bank Al-Maghrib and professionals), several key projects will be sustained or launched in 2023:

- Contribute to the improvement and reliability of the rules for establishing the reference yield curve;
- Promote the use of rating, notably by providing a regulatory framework for this activity and by supporting the creation of local or regional rating agencies;
- Improve the transparency of the secondary debt market by establishing a platform and/or reporting on transactions in this market.

In addition, the AMMC will continue to work on the development of the private debt market, in particular by further opening this market to new categories of issuers. In particular, the AMMC will recommend the implementation of a framework allowing entities other than public limited companies to access financing through the capital market.

The AMMC also plans to support the adoption by the capital market ecosystem of standardized issuance contracts in line with best practices in this area.

## 2- BOOST ASSET MANAGEMENT TO ENCOURAGE THE MOBILIZATION OF SAVINGS

- **Finalizing and the new framework for UCITS**

The new legislative and regulatory framework for the management of UCITS is currently being finalized. The new law will allow the introduction of new fund categories such as Exchange Traded Funds (ETFs), participative UCITS and foreign currency UCITS, thereby enhancing the sector's ability to attract new investors. Similarly, UCITS with lighter operating rules will be introduced for institutional investors who will have more flexibility in allocating their assets.

The new framework will also help to increase the resilience of the sector by strengthening the players' resources, broadening the investment range of UCITS to include financial futures and real estate instruments, and strengthening the risk management system of UCITS with derivatives and management of liquidity risk mechanisms.

The AMMC will work on updating its circular on asset management and on assisting the sector's players in the implementation of the new legislative and regulatory provisions.

- **Operationalizing of debt funds**

The regulatory framework for securitization operations in Morocco was completed in 2022 with the publication in the Official Bulletin of the ministerial decree governing the operations of granting financing by securitization funds.

Following the adoption of this decree, and in view of the crucial role that "debt funds" can play as an alternative financing tool, particularly for SMEs, the AMMC will endeavor, through its doctrinal system, to clarify the operating framework of these new funds during 2023.

- **Supporting the financing and investment vehicles (Venture Capital Investment Vehicles and REITS)**

In line with the actions initiated in previous years to improve the contribution of investment funds to the financing of the economy and to broaden the product offer for long-term investors, the AMMC will continue in 2023 its work aimed at amending the legal framework for OPCCs in partnership with the Ministry of Economy and Finance. The flexibility introduced by the new law is in line with the Authority's efforts to simplify and streamline certification procedures. In 2023, the AMMC will also join forces with the Moroccan Association of Capital Investors (AMIC) to launch joint communication and outreach activities.

The OPCI management activity has shown great momentum in 2022. This year, the AMMC will support management companies in the creation of an offer for the public, in pursuit of the standardization of professional practices.

- **Pursuing the implementation of the Participative Finance roadmap**

Following the adoption of the investment and financing decrees for Sukuk certificates in 2022, the AMMC will publish professional guides and organize exchange and reflection sessions with the main stakeholders to prepare the first issues of Sukuk certificates by private operators. These operations will meet both the financing needs of participative banks and the needs of assets eligible for Takaful insurance investments.

The participative UCITS will constitute a new axis of participative financing in the light of the amendment to the law on UCITS. This will aim to define the methods of operation, authorization and control of these instruments and to submit them to the opinion of the Higher Oulema Council. This second axis will be implemented along with the support of the Casablanca Stock Exchange in the creation of a participative stock market index.

### 3- ASSIST NEW MARKETS AND NEW PLAYERS

- **Supporting for the introduction of the activity financial investment advisors**

In preparation for the approval of its circular on financial investment advisors, the AMMC has begun to raise awareness among potential players in this activity in order to prepare them to comply with the circular.

Thus, in 2023, the AMMC will proceed with the registration of the first financial investment advisors and will ensure the effective implementation of the supervision mechanisms of this profession in accordance with the legal and regulatory provisions in force.

The AMMC will also support the development of this profession in partnership with the Professional Association of Financial Investment Advisors, which will be created once the activity is effectively launched.

- **Supporting for the launch of crowdfunding activity**

The regulatory framework for crowdfunding has been finalized and the latest application texts are being adopted. Once the approval system is in place, the AMMC will examine the first approval applications for crowdfunding companies in 2023, which will mark the effective launch of this new activity in Morocco.

At the same time, support actions for the players are planned and will take the form of professional and general public guides, training, etc.

- **Continuing the operationalization of the futures market**

The operationalization of the futures market has seen several positive developments in 2022, particularly with the approval of the general regulations of the futures market and the clearing house. In 2023, the framework of the futures market will be completed with:

- The finalization of the regulatory framework necessary for the effective launch of this market, in particular the prudential rules applicable to trading members and clearing members;
- The elaboration of the necessary framework for the approval of the various participants of this market, in particular the specifications applicable to the trading members and the clearing members, as well as the accreditation procedures.

In addition, the AMMC remains invested in supporting Fintechs. The Authority aims to ensure that FinTechs can be a lever for capital market development, particularly in terms of financial inclusion, within a secure framework. The Authority will work to identify and manage the risks associated with these new technologies in order to protect savers and ensure financial stability.

## 4- STRENGTHEN THE RISK-BASED APPROACH TO SUPERVISION

- **Supervising new actors and new activities**

In 2023, the AMMC's supervision will be extended to newly approved market participants in order to verify that the resources necessary to conduct their activities in safe conditions have been effectively put in place. These inspections will particularly concern the new OPCCs and OPCIs management companies.

- **Reviewing the document-based control system (risk mapping, controls, review of reporting)**

In 2023, the reports submitted by capital market participants will be updated to integrate the new risk trends that have emerged in recent years and to take into account the latest regulatory developments. In addition, new activities will require the implementation of new risk maps and the introduction of new verification points.

- **Conducting targeted AML&CFT inspections**

The fight against money laundering and terrorist financing is a key priority in the AMMC Action Plan. In 2022, several inspections were carried out to increase the effectiveness of the AML/CFT system within the capital market with regard to the international standards set by the FATF.

In 2023, inspections will be conducted in accordance with the latest national risk assessment and risk mapping prepared by the AMMC. Inspection topics will focus in particular on the application of targeted financial sanctions and declarations of suspicion.

- **The digitalizing of inspection tools**

In 2023, the AMMC will continue to implement the new digital inspection management solution. This system will optimize the inspection management procedures of various market participants, facilitate the exchange of information, and improve the efficiency of the inspection process.

- **Improving communication on inspection**

The publication of supervision priorities aims to inform capital market participants of certain risk areas identified by the AMMC in order to increase their vigilance with regard to their practices in compliance with applicable professional obligations. Therefore, in 2023, in addition to inspections aimed at new players or new activities, thematic inspections will be carried out on individual management under mandate and AML&FT.

Other topics are also planned, in particular business continuity plans, online marketing of the stock exchange product, and compliance with the prudential rules applicable to brokerage firms and business introducers.

In addition, the control and investigation charters will be finalized in 2023. These charters will set out the practical procedures for inspections and the principles of good conduct to be observed by the AMMC agents, as well as the conduct expected of the parties inspected. Finally, a guide on the rights of inspected parties will be distributed to assist them when sanctions procedures are initiated.

## 5- CONTINUE DIGITAL TRANSFORMATION AND CAPACITY BUILDING

- **Continuing the digital transformation of the AMMC**

This year, the Authority is launching its new digital transformation plan for the period 2023-2026, which includes a portfolio of structural projects. The 2023 program calls for the implementation of electronic document management, the completion of the digitalization of inspections management, and the dematerialization of public procurement and the execution of public contracts.

Thanks to this new digital vision and the latest available technologies best suited to its sector of activity, the Authority will extend its digitalization to all its activities and accelerate the pace of dematerialization of processes and exchanges both internally and with the ecosystem.

- **Implementing Business Intelligence and Analytics for greater operational efficiency (decision platform)**

In 2022, the AMMC has launched a structuring Business Intelligence and Analytics project with the aim of acquiring a new decision-making platform that addresses the issues of centralization, quality and security related to the processing of large volumes of heterogeneous data from various market sources (market undertakings, market participants, issuers, etc.).

In the same context, the focus in 2023 will be on activities related to the surveillance of the capital market and statistical indicators, before a gradual extension to all the Authority's activities.

- **Completion of the reengineering of all processes and procedures**

In 2023, the AMMC will complete the implementation of its internal document repository of processes and procedures in accordance with its new global process map published in 2021. The aim of this project is to establish and facilitate the implementation of the organization and support the digital transformation of the AMMC, while meeting the requirements of the internal control principles.

The repository allows the development of a collective intelligence capable of meeting the growing expectations of all AMMC stakeholders. It also provides an opportunity to rethink interactions with the ecosystem and communication with investors, while maintaining a degree of agility to keep pace with the rapid changes in its environment.

- **Capacity building**

In 2023, AMMC intends to focus its efforts on building the capacity of its internal and external audiences.

Internally, the structuring of the training policy will be the object of particular attention from the regulator, which will result in:

- The development of the AMMC University as a privileged space for learning, sharing and transferring internal expertise;
- The organization of training sessions related to the strategic vision of the AMMC on specific topics such as participative finance, sustainable finance, Crowdfunding, the futures market, Fintech and the fight against money laundering.

The AMMC will continue its efforts to support training initiatives for professionals and the academic world (partnerships, training of journalists, organization of the second edition of the Research Prize with the support of the Scientific Committee, etc.). Two priority actions are planned within the framework of the professional accreditation system.

- **Deployment of financial education actions under the partnership with the GPBM (Professional Association of Moroccan Banks)**

The year 2023 will witness the effective deployment of the actions of the partnership agreement signed with the GPBM, which aims to strengthen the capacities of the banking network's professionals in the field of the capital market through continuous training and the provision of financial education content aimed at investors and participants who can finance themselves via the capital market.

The priority actions identified include the elaboration of pedagogical contents related to the "capital market offer", the introduction of face-to-face and e-learning training programs for professionals who market and recommend investment products in financial instruments, and the use of the banking network for the dissemination of financial education contents for the benefit of the general public.

- **Implementation of international certification as part of the accreditation of professionals.**

The year 2023 will see the operational launch of the international certification for portfolio managers. 100 professionals will benefit from this accreditation.

The preparatory process leading to the international certification was launched in 2020 and required several studies and the identification of

adapted certifications, as well as numerous exchanges with the certification entity and the market professionals represented in the Accreditation Advisory Committee.

The AMMC accreditation requires the passing of two exams designed and organized by the certification body in coordination with the AMMC. The exams consist of an international module and a module focused on national regulations.

- **Expansion of the Professional Accreditation Program**

Launched in 2019, the professional accreditation program has allowed 295 market professionals to be accredited as financial instrument traders, financial advisors, back-office managers and internal controllers by the end of 2022.

In 2023, accreditations will be extended to new functions, in particular those performed within market undertakings (the Casablanca Stock Exchange and the central depository Maroclear) and management companies of Collective Investment Schemes other than UCITS (OPCIs, OPCCs and FPCTs).

