



الهيئة المغربية لسوق الرساميل
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AUTORITÉ MAROCAINE DU MARCHÉ DES CAPITAUX

ANNUAL REPORT

2018







HIS MAJESTY KING MOHAMMED VI,
MAY GOD ASSIST HIM



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CHAIRPERSON WORD



In line with its mission to protect savings invested in financial instruments and resolutely committed to boosting the capital market and promoting financial innovation, in 2018 the Moroccan Capital Market Authority embarked on a sustained regulatory process aimed at establishing a new phase of structural reforms for the Moroccan financial market.

These advances have mainly concerned the establishment of a regulatory framework for the launch of new financial instruments such as Sukuks. The launch of the first issue of sovereign Sukuk certificates in October 2018 opens up new investment opportunities in the capital market. Other regulatory projects aimed at strengthening confidence and revitalizing the market have made significant progress, such as the projects relating to Real Estate Investment Schemes (OPCIs), the supervision of the new public offering regime and the operationalization of the new law on the Stock Exchange.

The contribution of the capital market to the financing of the economy, through public offerings and private placements, was consolidated, with a volume representing more than MAD 72 billion in 2018. It should be noted that the use of the market through the issuance of equity securities increased sharply, exceeding MAD 5 billion, and that the Casablanca Stock Exchange witnessed a resumption of listings with two IPOs totaling MAD 800 million. In a context of a sluggish economy, the other market segments experienced contrasting trends with a decline in key indicators such as market capitalization, stock market trading volumes and issues of marketable debt securities.

2018 confirmed the trend observed over the past few years in terms of asset management: total assets under management increased by nearly 5% from MAD 422 billion to MAD 443 billion. With a net asset-to-GDP ratio of 39.28%, UCITS have thus become a major contributor to the financing of issuers. During the year, the Authority handled

64 financial transaction cases, including 10 relating to issues of equity securities, 41 to issues of debt securities and 13 to other financial transactions.

In terms of authorizations and approvals, the AMMC approved 56 UCITS funds, including 23 new funds and 98 prospectus approvals; it also authorized four (4) new collective investment funds in securitization and approved one private equity collective investment fund.

Private equity and securitization activities increased by more than 30%, but their contribution to financing the economy, particularly SMEs and start-ups, remains to be strengthened.

In terms of supervision, the AMMC carried out sixteen (16) inspection missions, involving ten (10) brokerage firms, four (4) account keepers and two (2) UCITS management companies. The AMMC opened five (5) investigations into facts that could constitute offences, linked to suspicions of price manipulation and the use of insider information.

On the enforcement side, the Enforcement Committee examined eleven (11) cases and delivered 10 opinions, resulting in one (1) decision to refer the case to the courts and nine (9) decisions on sanctions for violations of ethical and professional rules.

At the international level, we are continuously engaged in dialogue with our counterparts in the different regions of the world, particularly in Africa, and in ensuring convergence in the implementation of reforms. Several technical assistance missions were organized this year with regulators

from the African continent. Lastly, in 2018, the AMMC signed two cooperation agreements on the sidelines of the conference held in Rabat by the Africa and Middle East Regional Committee (AMERC) of the International Organization of Securities Commissions (IOSCO).

2018 was also marked by the overhaul of our organization with the objective of covering all the new prerogatives of the AMMC. The fruit of an organizational diagnosis and an international benchmarking of several leading regulators, the organization we have set up meets the criteria of homogeneity and clarity while ensuring coverage of all activities carried out by the AMMC, in strict compliance with the rules of internal control and good governance. In order to support the deployment of this new organization, a plan to enhance human and material resources has been developed.

For 2019, we remain more committed than ever to fulfilling our missions and the objectives set out in our strategic plan, with the aim of further engaging the ecosystem's stakeholders. We also remain aware of the need to maintain a fair balance between investor protection and the development of an innovative, dynamic market that promotes economic growth.

Nezha HAYAT
Chairperson and CEO



THE AMMC IN BRIEF

MISSIONS, SCOPE OF INTERVENTION,
PARTICIPANTS UNDER ITS CONTROL,
PREROGATIVES, POWERS AND BODIES

The Moroccan Capital Market Authority is a public legal entity responsible for the supervision and control of the capital market pursuant to the provisions of Law No. 43-12. A product of the transformation of the Conseil Déontologique des Valeurs Mobilières, (Moroccan Securities Regulator – CDVM) the AMMC has greater autonomy and broader prerogatives.

1. MISSIONS

The Moroccan Capital Market Authority has the following missions:

- ensure the protection of savings invested in financial instruments;
- ensure equal treatment of investors, transparency and integrity of the capital market and investor information;
- ensure the sound functioning of the capital market and oversee the enforcement of laws and regulations;
- ensure compliance with the laws and regulations in force relating to the fight against money laundering by the persons and organizations under its supervision;
- contribute to fostering the financial education of investors

2. SCOPE OF INTERVENTION AND PARTICIPANTS UNDER AMMC SUPERVISION

The AMMC exercises the supervisory powers vested in it by the laws in force with regard to the bodies and persons subject to its supervision and ensures that they comply with the laws and regulations applicable to them, in particular those relating to the following:

- transactions involving financial instruments, including repurchase agreements, public offerings, transactions involving negotiable debt securities and securities lending;
- financial intermediaries: brokerage firms, asset management companies, OPCC (venture capital investment vehicles) management companies, FPCT (securitization vehicles) management companies and financial investment advisors;
- market undertakings: the company managing the stock exchange, the company managing the futures market, the central depository and the clearing house for the futures market;
- account-keepers;
- public issuers;
- persons authorized to perform one of the functions requiring the AMMC's authorization.

3. PREROGATIVES AND POWERS

To fulfill the missions entrusted to it, the AMMC is vested with the following prerogatives:

- Controls information and approves summary prospectuses;
- Carries out documentary controls and on-site inspections;
- Approves and authorizes players;
- Imposes disciplinary sanctions and fines in the event of violations;
- Refers to the relevant judicial authority any matter likely to constitute an offence;
- Establishes rules of professional and ethical conduct through circulars;
- Provides assistance to the government for the regulation of the capital market.

4. AMMC BODIES

The Board of Directors and the Enforcement Committee comprise the organs of the AMMC.

4.1 The Board of Directors

The AMMC Board of Directors is the governance body par excellence. Its composition, prerogatives and modus operandi were laid down by the aforementioned Law No. 43-12 in a spirit that reflects in practical terms the independence of the Authority's action, while ensuring that a certain balance is maintained in terms of control and distribution of roles between the members and the Chairmanship.

The composition of the Board of Directors also reflects parity between representatives of the Administration and independent members chosen for their integrity and expertise in the financial and legal fields.

Composition of the AMMC's Board of Directors



1 Ms. Nezha HAYAT
Chairperson of the AMMC

2 Ms. Faouzia ZAABOUL
*Director of the Treasury and External Finance,
representing the government*

3 Mr. Hassan BOUBRIK
*Chairman of the Insurance and Social Welfare Control
Commission (ACAPS), representing the government*

4 Ms Hiba ZAHOU
*Director of the Banking Supervision Department,
representing Bank Al-Maghrib*

5 Mr. Abdelaziz TALBI¹
Appointed intuitu personae

6 Mr. Abdelaziz TAZI
Appointed intuitu personae

7 Mr. Soulaymane KACHANI
Appointed intuitu personae

The law on the AMMC introduced an audit by the Government Commissioner. The latter ensures, in particular, that the AMMC complies with the legislative provisions governing its activities. He attends meetings of the Board of Directors in an advisory capacity. The Government Commissioner is appointed by the Administration from among the senior officials of the Ministry of Finance.

 **Mr. Adil BAJJA**
Government Commissioner

Subject to the powers conferred upon the Chairperson and the Enforcement Committee, the Board of Directors shall be vested with the powers and duties necessary to administer the AMMC and to perform the tasks with which it has been entrusted, and to this end the Board:

- Approves the annual budget of the AMMC;
- Sets the rules and procedures applicable to the Board and all of the AMMC staff;
- Reviews the internal regulations of the AMMC;
- Reviews the auditor's report and take the final decision regarding the observations;
- Defines the organization chart of the AMMC and the responsibilities of the various departments on the basis of a proposal from the Chairperson;
- Submits a request to the Chairperson to conduct an investigation in the framework of the missions of the AMMC.

1 - By decision of the Minister of Economy and Finance of 7 December 2017, replacing Ms Rachida Benabdallah who was called to assume other functions

BOX NO. 1: ACTIVITIES OF THE BOARD OF DIRECTORS

The Moroccan Capital Market Authority (AMMC) held four meetings of its Board of Directors in 2018, under the chairmanship of Ms. Nezha Hayat:

January
8th,
2018

- Approval of the status and overall remuneration system for the AMMC staff;
- Review and adoption of the AMMC budget for the 2018 financial year;
- Presentation of the target organization.

March
12th,
2018

- Approval of the financial statements for the 2017 financial year;
- Allocation of net income for the 2017 financial year;
- Review and adoption of the AMMC budget for the 2018 financial year;
- Approval of the status and overall remuneration system for the AMMC staff;
- Approval of the rules of procedure of the audit committee.

October
2nd,
2018

- Approval of the regulations laying down the rules and procedures for the procurement of the Authority;
- Presentation of the Authority's licensing project;
- Presentation of the social protection and benefits provided to AMMC staff.

December
24th,
2018

- Presentation of the AMMC's Audit Committee Report;
- Review and adoption of the AMMC budget for the 2019 financial year;
- Presentation of the proposed mortgage subsidy framework for AMMC staff;
- Presentation of the roadmap of the AMMC Scientific Council.

Pursuant to the provisions of Article 29 of the General Regulations of the Moroccan Capital Market Authority, approved by Decree No. 2169-16 of the Minister of Economy and Finance of 14 July 2016, the AMMC Board of Directors may establish select committees.

4.1.1 The Audit Committee

The AMMC Board of Directors decided, at its meeting on 1 July 2016, to establish an Internal Audit Committee, which will be responsible for the following:

- © monitoring the accounting information preparation process;
- © the independence of the Statutory Auditor and the External Auditor;
- © the effectiveness of internal control and risk management systems and the statutory audit of the annual accounts.

The Audit Committee may also, at the request of the Board of Directors, examine any matter relating to the Committee's powers, in particular the proposed budget and the report on the implementation of the said budget.

The Committee's areas of intervention may include:

- © the approval of the annual and interim financial statements of the AMMC;
- © the procedures for selecting the Statutory Auditor and the External Auditor and the budget to cover their fees;
- © the validation of internal audit programs;
- © the implementation of the recommendations issued by the Statutory Auditor, the external auditors and internal audit.

The Audit Committee shall comprise at least two members from the Board of Directors.

The Chairman of the Committee is appointed from among the members appointed *intuitu personae*.

The members of the Committee are selected based on their qualifications in capital markets and their expertise in financial and accounting matters.

Composition of the AMMC Audit Committee

 **Mr. Abdelaziz Talbi**
Director
Chairman of the Audit Committee

 **Mr. Hassan Boubrik**
Director
Member

4.1.2 THE APPOINTMENTS AND REMUNERATION COMMITTEE

The AMMC Board of Directors decided, at its meeting of 14 March 2017, to establish an Appointments and Remuneration Committee.

Composition of the AMMC's Appointments and Remuneration Committee

 **Mr. Abdelaziz Tazi**
Director
Chairman of the Audit Committee

 **Mr. Abdelaziz Talbi**
Director
Member

BOX NO. 2: ACTIVITIES OF THE AUDIT COMMITTEE

The AMMC Audit Committee held three meetings in 2018, with the following agenda items:

8
January
2018

- Review of the draft rules of procedure of the Audit Committee;
- Review of the draft financial and accounting organization framework;
- Follow-up of the Audit Committee's recommendations;
- Validation of the 2018 Internal Audit plan.

9
March
2018

- Adoption of the draft rules of procedure of the Audit Committee;
- Review of the External Auditor's Report on the AMMC's 2017 accounts.

22
December
2018

- Review of the 2019 budget proposal;
- Proposal for a definition of the concept of the AMMC's cash surplus;
- Opinion on the proposed mortgage subsidy framework for the AMMC staff;
- Review of the 2016-2018 Internal Audit Report.

4.2 The Enforcement Committee

The Enforcement Committee is a collegial body composed of three members, a chairman who is a judge appointed by the Minister of Economy and Finance on the proposal of the Minister of Justice, and two persons appointed *intuitu personae*, after selection by the Board of Directors based on their integrity and expertise in legal and financial fields. This composition gives the Enforcement Committee independence from the Authority's Board of Directors.

The mission of the Enforcement Committee is to investigate the facts likely to give rise to a sanction imposed by the Chairperson of the AMMC and to propose, at the end of the investigation of the cases, the corresponding disciplinary sanction. It may also express its views to the Chairperson of the AMMC, prior to referral, where appropriate, to the relevant judicial authorities, on any facts that may be qualified as criminal offences.

Composition on the Enforcement Committee



Mr. Hassan EL AFOUI

Chairman



Mr. Azzedine KETTANI

*Member appointed intuitu
personæ*



Mr. Abdeljalil CHRAIBI

*Member appointed intuitu
personæ*

5. KEY EVENTS 2018

The AMMC holds its first Board of Directors meeting for the year 2018: implementation of the AMMC's new organization chart

January

AMMC organizes in Rabat the 40th meeting of the Africa and Middle East Regional Committee (AMERC) of the International Organization of Securities Commissions (IOSCO)

Establishment of the Empowerment Advisory Committee

February

The AMMC participates in the work of the IOSCO Council held in Madrid, Spain

The AMMC holds its second Board of Directors meeting for the year 2018

March

The AMMC participates in the work of the annual meeting of the Union of Arab Securities Authorities held in Beirut, Lebanon in March 2018

Initial public offering of Immorent Invest

April

The AMMC participates in the work of the IOSCO annual meeting which took place in Budapest, Hungary

May

The AMMC, as a member of IFREFI, participated in the annual meeting of the institute held from 27 to 29 May 2018 in Bucharest, Romania, under the theme of financial innovation for growth

The AMMC holds its third Board of Directors meeting for the year 2018

October

First issue of sovereign Sukuk certificates in Morocco

Initial public offering of Mutandis SCA

November

The AMMC takes part in the annual meeting of the Chairpersons of the Mediterranean Partnership of Securities Regulators which took place in Athens on 27 and 28 November 2018

On 14 and 15 November 2018, the AMMC organized the 3rd annual meeting of IOSCO's Regulatory Committee on Asset Management (Committee 5) in Casablanca

The AMMC holds its last Board of Directors meeting for the year 2018

December



CHAPTER I

THE AMMC AND ITS INSTITUTIONAL DEVELOPMENT

1. THE AMMC'S NEW ORGANIZATION

2018 was marked by the finalization of the reorganization of the AMMC's departments, in particular by the implementation of a new organization chart.

As part of the process initiated in 2016 to build the Moroccan Capital Market Authority and broaden its scope of action, the new organization reflects the new prerogatives of the AMMC and meets the ambitions defined in the AMMC's 2017-2020 Strategic Plan.

As a reminder, the 2017-2020 Strategic Plan focuses on four (4) strategic pillars:

- ◎ Building confidence in the capital market;
- ◎ Developing regulations to support market dynamics;
- ◎ Being an effective and influential authority at the national and regional levels;
- ◎ Capacity building for all operators/actors and investors.

To this end, the AMMC was supported by a firm specializing in organization, which adopted a methodology in accordance with international best practices based on an organizational diagnosis and a benchmark of several key international regulators. In order to be in line with the organizations of the consulted Authorities, the AMMC has adopted an organization by business line. Thus, this new organization encourages team specialization and provides for an entity dedicated to control. In addition, the support entities have been grouped under the same division in order to ensure optimal coordination of AMMC's cross-functional activities.

Furthermore, the organization that has been set up meets the criteria of homogeneity and clarity while ensuring coverage of all activities to be carried out by the AMMC in strict compliance with the rules of internal control and good governance.

In addition, the new organization chart of the AMMC comprises six (6) departments:

The 3 specialist departments include:

- ◎ The Asset Management and Savings Protection Department;
- ◎ The Financial Transactions and Markets Department;
- ◎ The Investigations and Controls Department.

This new organization chart is based on the specialization of the entities within each department. This specialization, by type of financial instrument or by sector of activity, aims to increase efficiency and agility, in order to support and supervise new financial instruments recently introduced or to be launched in the future.

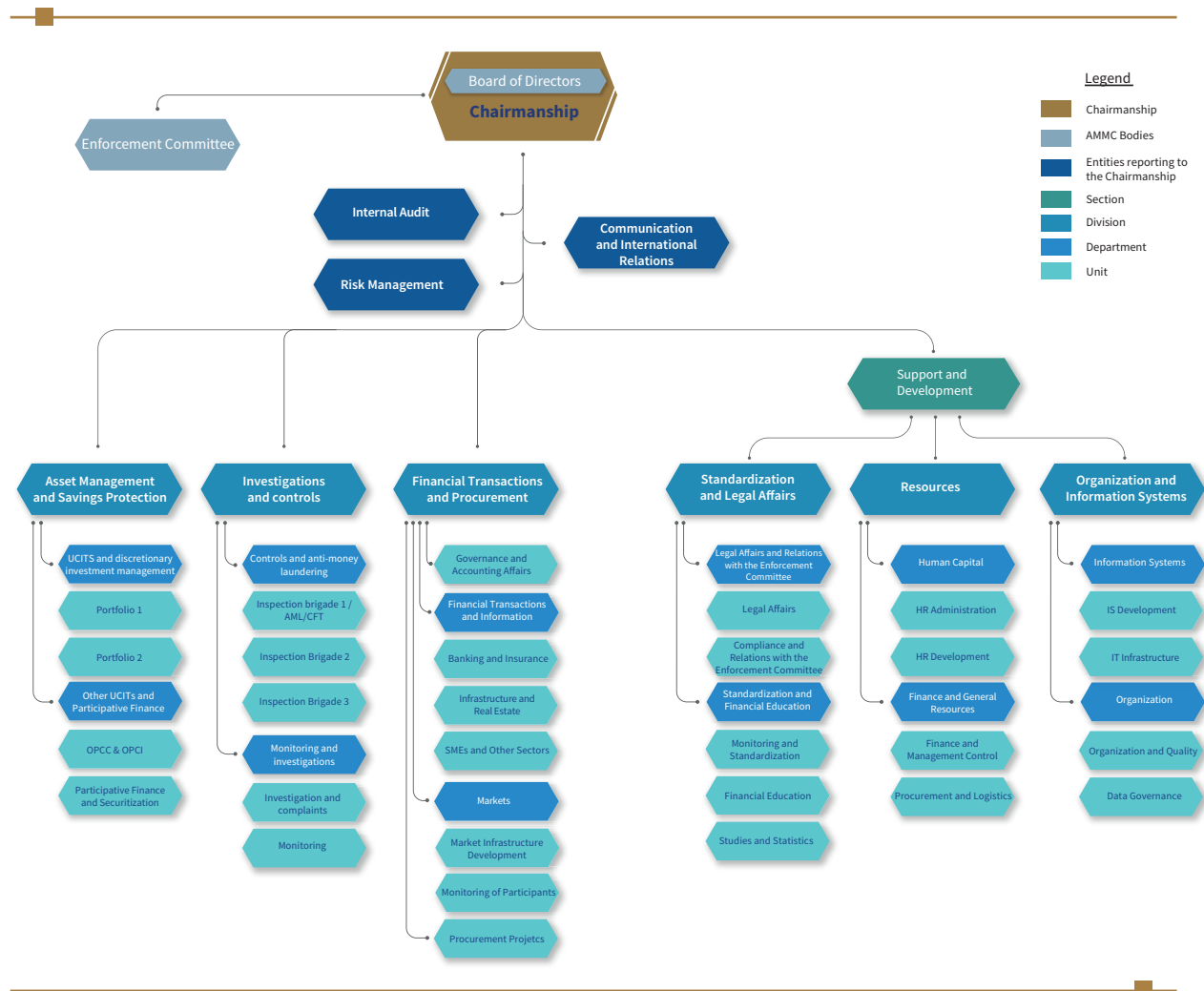
This operational structure is supported by a unit in charge of managing and coordinating all the AMMC's cross-functional activities, which includes development and support activities and is composed of three (3) departments:

- ◎ Standardization and Legal Affairs Department;
- ◎ Resources Department;
- ◎ Organization and Information Systems Department.

The newly created Standardization and Legal Affairs Department's primary objective is to strengthen the link between legislation and regulation as well as to anticipate needs for regulation. This new department is responsible for carrying out the AMMC's regulatory development mission, coordinating the AMMC's involvement in international and national work, and carrying out new activities related to financial education and empowerment.

Finally, three entities report directly to the Chairmanship:

- ◎ Internal audit;
- ◎ Communication and International Relations;
- ◎ Risk Management.



2. RISK-BASED APPROACH

2.1 Proposed implementation of risk management and internal control based on risk mapping

Launched in October 2018 with the assistance of an external firm, this project aims to:

- © design an appropriate organizational framework to ensure the effective operation of the system, in particular by defining the interactions between the various stakeholders in the system (internal audit function, risk management function, permanent control, committees, etc.);
- © draft documentation relating to the organizational framework: charter, procedure and manuals;
- © establish a risk mapping of the AMMC processes;
- © define an action plan to control risks and complete the control system.

Work relating to the launch and scoping phase was carried out in 2018. The other phases will be carried out in 2019 and concern:

- © the analytical review of process mapping and risk monitoring framework;
- © the development of risk mapping;
- © the design of the internal control system.

2.2 Activities of the Risk and Internal Control Committee

The AMMC's Risk and Internal Control Committee is responsible for defining the Authority's risk management policy and ensuring its implementation. Created in 2017, this committee held three meetings in 2018, which focused on the following aspects:

- © monitoring of projects relating to internal risk management;
- © monitoring the use of the risk-based approach for stakeholder inspection;
- © validating the risk analysis reports, in particular systemic risk analysis reports and the financial stability report for the Systemic Risk Coordination and Supervision Committee;
- © monitoring the implementation of measures decided by the Committee or included in the financial stability roadmap.

3. THE FORMALIZATION OF MAPPING PROCESS

Building on the preparatory work carried out in 2017, the project to define and formalize the mapping of AMMC processes and procedures was launched in January 2018.

This project aims to keep the AMMC's activities under control, to establish a dynamic of continuous improvement, in accordance with the 2017-2020 strategic plan and the newly adopted organization.

This project was carried out in cooperation with the various entities of the AMMC. It has helped achieve the expected objectives, namely:

- ◎ the development of process and procedure mapping;
- ◎ the formalization of a first group of Process Identification Forms (PIFs) and the system for facilitating and maintaining the repository;
- ◎ the formalization of pilot procedures.

In order to ensure the sustainability of the mapping implemented and allow the digital modeling of the entire repository, its update and its good distribution to the appropriate users, an enterprise architecture design and modeling tool will be introduced in 2019.

The outcome of the work carried out was used as part of the project to develop the AMMC's information system master plan. It will also serve as a basis for the complete overhaul of the AMMC's internal organizational repository. This project is also a preliminary step towards ISO9001 certification.

4. THE INFORMATION SYSTEM (IS) MASTER PLAN

Building on the preparatory work carried out in 2017, the “Preparation of the Strategic Plan for the AMMC Information System” was launched at the end of February 2018 with the support of an international firm. Its objective is to provide the AMMC with an information system that is aligned with its 2017-2020 strategic plan, while taking into account the latest technological and digital transformation trends.

As such, a diagnosis of the current situation and a needs assessment were carried out through internal and external workshops with the partners of the capital market ecosystem. Benchmarks have also been carried out with other international capital market regulators.

Following the definition of the strategic orientations of the future information system, a short-term action plan was developed, followed by the architecture and urbanization plan for the future IS. In addition, the implementation scenarios were evaluated and the alignment and implementation plan for the target IS was developed.

The completion of the project helped to:

- ◎ assess the current situation of the AMMC's information system;
- ◎ design a target IS to make improvements and address identified shortcomings;
- ◎ align the target IS with international standards and prepare it for digital transformation;
- ◎ define the strategic orientations of the future information system;
- ◎ develop the short-term action plan;
- ◎ develop the architecture and urbanization plan for the future system;
- ◎ develop the alignment and implementation plan for the future information system;
- ◎ develop and evaluate implementation scenarios;
- ◎ develop a roadmap and IS action plan covering the period from 2019 to 2022.

5. THE INFORMATION SECURITY MANAGEMENT SYSTEM

Following the information system security audit carried out at the end of 2016 and the assessment of the extent to which the IS is aligned with international standards and the National Information System Security Directive (DNSSI), the AMMC launched the “Preparation and assistance in the implementation of the AMMC Information System Security Policy (PSSI)”. This project was finalized at the end of 2018 and is a preliminary step towards ISO 27001 certification.

An IS risk analysis was carried out to explore and target the most important risk areas at the AMMC. In view of the risks involved, the idea is to set up an AMMC Information Security Policy (ISP) to strengthen the security of its information system in order to properly support its activities and help it achieve its strategic objectives.

Thus, the identification and classification of all AMMC information assets according to the 3 criteria of information security, namely confidentiality, integrity and availability, were carried out in order to maintain the appropriate level of protection of the AMMC's information heritage.

This work served as a basis for the implementation of a specific security policy for the AMMC to better protect its information system, identify the nature of IS risks, identify threats and promote protection measures adapted to the level of security deemed appropriate in each particular case.

This IS security policy has been documented by procedures and manuals in accordance with the best practices in this area. It has the following objectives:

- © Secure all the information managed within the AMMC and make exchanges with capital market participants more reliable;
- © Express the AMMC's strategic vision for information security;
- © Define information security principles and requirements;
- © Have a reference framework for all AMMC staff and sites;
- © Determine roles and responsibilities for information security management.

The IS security policy is based, inter alia, on the involvement of all the AMMC staff in the information security management process. In this context, information security awareness workshops were organized in September 2018 for all employees. This project has also led to the development of a charter for the use of IT resources and the establishment of an IS security committee, which will be operational in 2019.

6. THE AMMC WEB PORTAL

Alongside the upgrade of the technical platform, the AMMC web portal overhaul project, initiated in March 2018, also made it possible to carry out a graphic overhaul by improving user experience through a modern, independent platform design and the optimization of the site's display on mobile devices such as tablets and smartphones.

7. A NEW MARKET REGULATION

The strengthening of the regulatory framework governing the AMMC's public procurement marked 2018. Indeed, the AMMC Board of Directors approved new regulations setting out the rules and methods of awarding and executing contracts. The said regulations, which repeal the ones in force since 2015, are mainly aimed at revamping the annexes of the decree relating to public procurement; as well as certain thresholds and deadlines to take into account the specific characteristics of the AMMC.

8. SOCIAL AUDIT

8.1 Staff headcount

2018 was marked by an increase in the AMMC's headcount following the adoption of its new organization chart. The implementation of a new full web recruitment platform and the reengineering of the recruitment process have made it possible to streamline processes and optimize the management of applications with practical and innovative features such as:

- ◎ the automation of the recruitment process;
- ◎ the management of online recruitment;
- ◎ the centralization of all applications on the same tool;
- ◎ simplified and intuitive application management;
- ◎ the dematerialization of application files;
- ◎ securing access with authentication;
- ◎ collaboration with operational managers;
- ◎ the reduction of recruitment tasks and time frames;
- ◎ savings in mass printing (ecological approach);
- ◎ the downsizing of the recruitment budget.

Table 1: Staff headcount between 2009 and 2018

2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
85	98	101	98	90	85	82	84	88	107

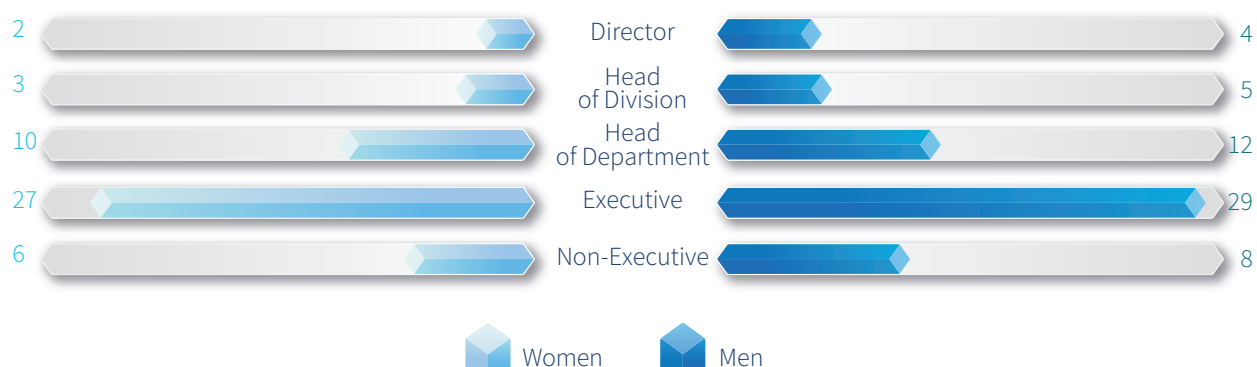
Source: AMMC

Table 2: Overall breakdown of employees as at 31 December 2018

	Number of employees	%
Men	58	54%
Women	49	46%
Total	107	100%

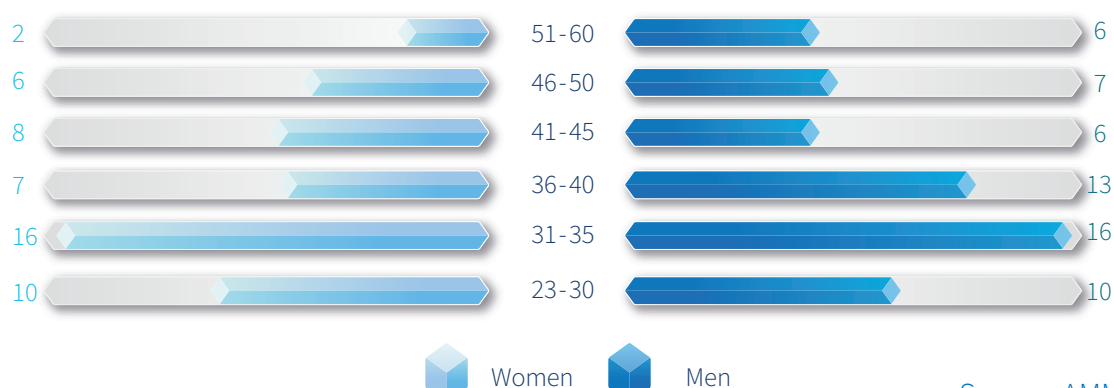
Source: AMMC

Graph 1: Breakdown of positions by gender



Source: AMMC

Graph 2: Age Pyramid



Source: AMMC

8.2 Training courses carried out

In 2018, 45% of employees attended at least one training course. These training courses focused in particular on the following areas:

- ◎ Development of business-lines and new financial instruments;
- ◎ Management and implementation of professional licensing;
- ◎ Participative finance products;
- ◎ Governance and corporate finance;
- ◎ Information Systems;
- ◎ Foreign languages;
- ◎ Personal development and capacity building.

Moreover, 12% of the staff have received training leading to a university degree or certificate.

8.3 New Staff Regulations

In 2018, in accordance with the provisions of Article 16 of Law No. 43-12 on the Moroccan Capital Market Authority, the Board of Directors adopted the new Staff Regulations and the general remuneration and compensation regime.

The preparation of these new Staff Regulations was carried out with the contribution of a specialized firm based on a universal job classification method.

9. THE ACCOUNTING AND FINANCIAL POSITION

The AMMC's accounts are prepared in accordance with the provisions of the General Code of Accounting Standards (CGNC) following the normal model and are certified by independent external auditors appointed by the Board of Directors.

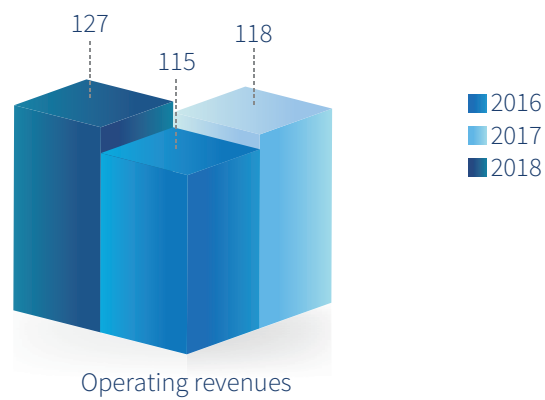
For the 2018 financial year, the AMMC's accounting and financial position shows the following highlights:

9.1 Growth in operating revenues

Operating revenues continued their upward trend during the 2018 financial year. They increased by 7% compared to 2017 to stand at 127 million. Fees on UCITS assets maintained their performance and recorded an 11% growth in 2018 compared to 2017 to reach MAD 106 million. However, the decrease in issuers' use of the financial market had an impact on the evolution of fees on financial transactions, which decreased by 6% compared to 2017, to MAD 6.2 million versus MAD 6.6 million in 2017.

In addition, the decline in the volume of transactions processed on the Casablanca Stock Exchange in the second and third quarters of 2018 resulted in a 26% decrease in the amount of the parafiscal tax collected in 2018.

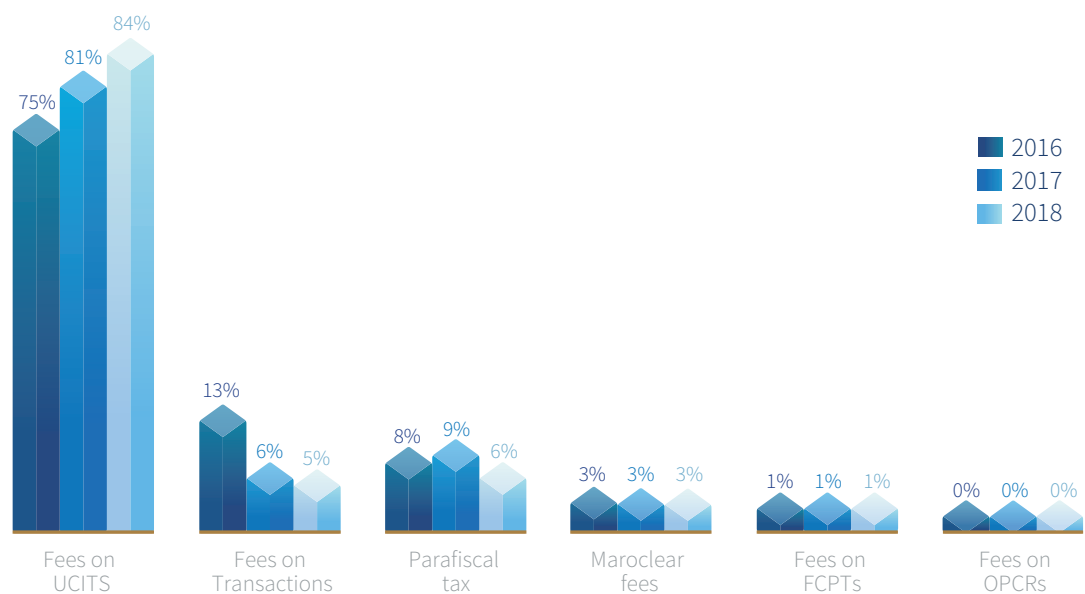
Graph 3: Changes in operating revenues (in MAD millions)



Source: AMMC

In terms of concentration, the share of fees on UCITS' net assets increased to 84% in 2018 from 81% in 2017.

Graph 4: Composition of operating revenues



Source: AMMC

9.2 Stabilization of financial income

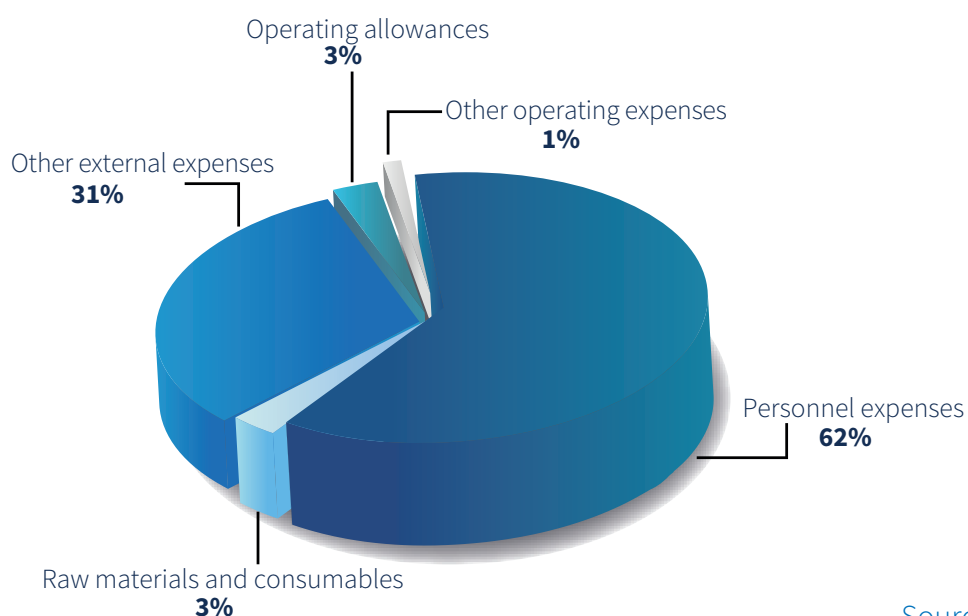
Financial income amounted to MAD 5.3 million in 2018, maintaining the same level as in 2017. This stagnation is explained by the stable investment rates proposed by the Kingdom's General Treasury, with which the AMMC is required to deposit its surpluses.

9.3 An increase in expenses in line with the AMMC's strategic orientations

Between 2017 and 2018, the AMMC's operating expenses increased from MAD 68 million to MAD 89 million, representing an increase of 29%. This increase is mainly due to higher staff and external expenses.

With regard to the composition of operating expenses, staff expenses are the most important expense item, accounting for 62% of total expenses.

Graph 5: Composition of operating expenses



Source: AMMC

9.4 A positive net income

The 2018 financial year was marked by a positive net income. It stood at MAD 27 million, down 21% compared to 2017 due to the increase in operating expenses and the completion of the tax audit procedure.

9.5 A decrease in shareholders' equity and quasi-equity

The AMMC shareholders' equity and quasi-equity stood at MAD 250 million, taking into account a gross contribution to the State's General Budget of MAD 30.5 million.



CHAPTER II

THE AMMC AND ITS ENVIRONMENT IN FIGURES

BOX NO. 3: CAPITAL MARKET INDICATORS

	2018
STOCK MARKET	
Number of listed companies	76
Market capitalization (in MAD billions)	582,16
Market Capitalization/GDP Ratio (in %)	54,76
MASI (annual % change)	-8,27
Total volume - CM+BM (in MAD billions)	46,92
Number of transactions	185 585
Number of orders (central equity market)	487 225
Stock market liquidity ratio (in %)	7,55
SECURITIES LENDING	
Volume of securities lending transactions (in MAD billions)	361,53
PUBLIC OFFERINGS	
Initial public offering (Number Value in MAD billions)	2 800
Capital increases (Number Value in MAD billions)	5 3.183
Bond issues (Number Value in MAD billions)	42 67.374
Public offerings	3 1.256
COLLECTIVE MANAGEMENT	
Net assets of UCITS (in MAD billions)	434,79
Net assets of OPCCs (in MAD billions)	0,708
Net assets of FPCTs (in MAD billions)	7,553
“UCITS net assets/GDP” ratio	39,28%
Number of UCITS	450
Number of OPCCs	6
Number of FPCTs ²	26
PARTICIPANTS	
Brokerage firms	17
Account keepers	25
Asset management companies ⁴	29
INVESTORS	
Number of securities accounts	146 482
- Residents	132 693
- Non-Residents	13 789
Number of holders of UCITS units or shares	18 949
- Residents	17 502
- Non-Residents	1 447

2 - Funds and compartments

3 - Public offerings and private placements

4 - 17 UCITS AM companies, 9 OPCC AM companies and 3 FPCT AM companies

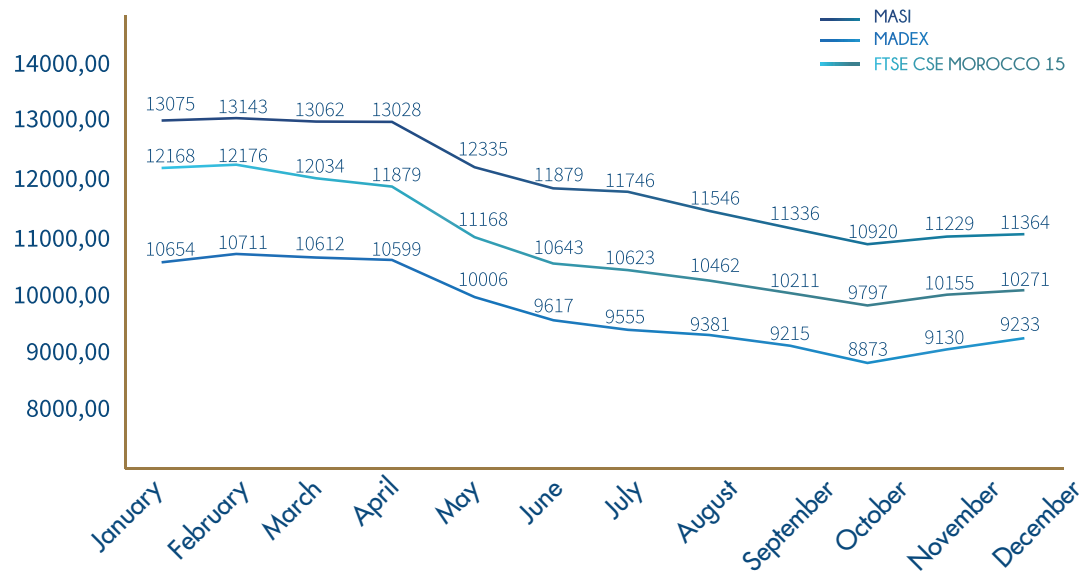
1. STOCK MARKET

1.1 Changes in indices

After two consecutive years of positive annual returns of 30.46% and 6.39% in 2016 and 2017 respectively, MASI ended 2018 with a decline of 8.27%. As a result, it fell from 12,388.82 points to 11,364.31 points year-on-year. The highest value was reached in February 2018 at 13,387.50 points.

The same trend was observed for the MADEX and FTSE CSE Morocco 15 indices, which fell by 8.59% and 11.54% respectively, compared to an increase of 5.79% and 8.34% a year earlier.

Graph 6: Changes in the MASI, MADEX and FTSE CSE Morocco 15 indices in 2018

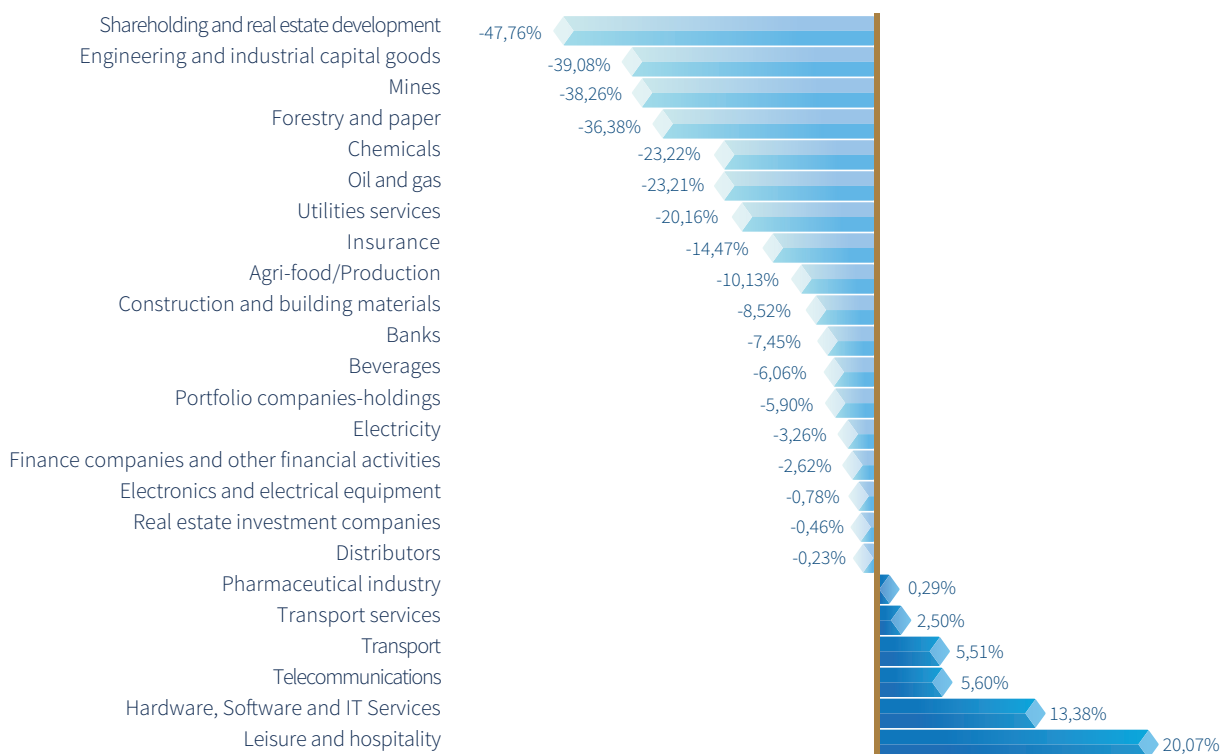


Source: Casablanca Stock Exchange

The change in the benchmark index in 2018 reflects the overall negative performance of the majority of the sector indices represented, ranging from 0.23% to 47.76%, notably the two sectors representing a significant share of the market capitalization, namely “Construction and Building Materials” and “Banks”.

Only six sectors recorded a positive performance, namely “Leisure and Hospitality”, “Hardware, Software and IT Services”, “Transport”, “Transport Services” and the “Pharmaceutical Industry”, as well as “Telecommunications”. The latter ranks 2nd in terms of market capitalization.

Graph 7: Changes in sector indices in 2018

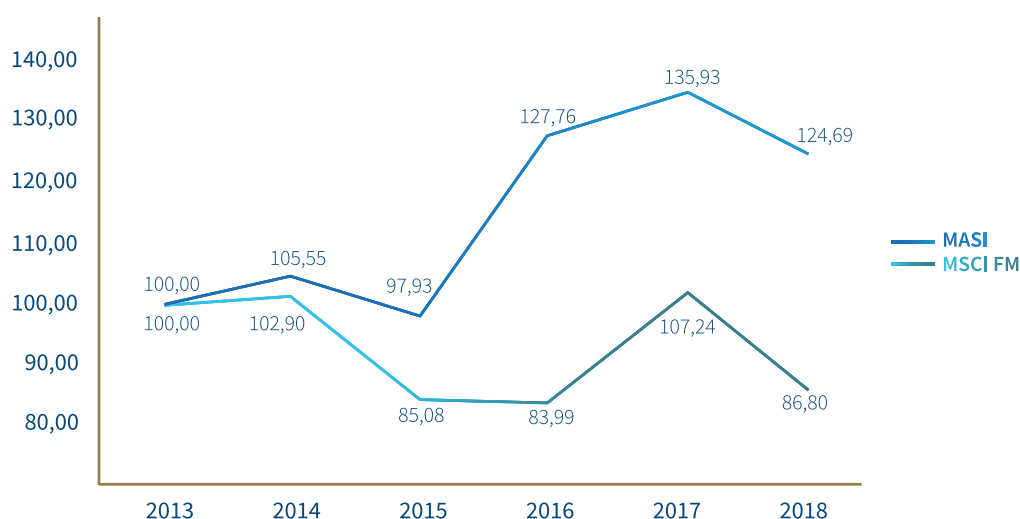


Source: Casablanca Stock Exchange

A downward trend also characterized international markets. In this respect, the MSCI FMUSD, the index of so-called "frontier markets", which includes the Moroccan market, recorded a negative annual return of 16.20% in 2018 versus 32.32% in 2017.

Furthermore, the emerging markets (MSCI EMUSD) and advanced markets (MSCI WorldUSD) indices dropped from 37.28% to -14.57% and from 23.07% to -8.71% respectively in 2017 and 2018.

Graph 8: Changes in the MASI and MSCI FM indices (Base 100 = 2013)⁵



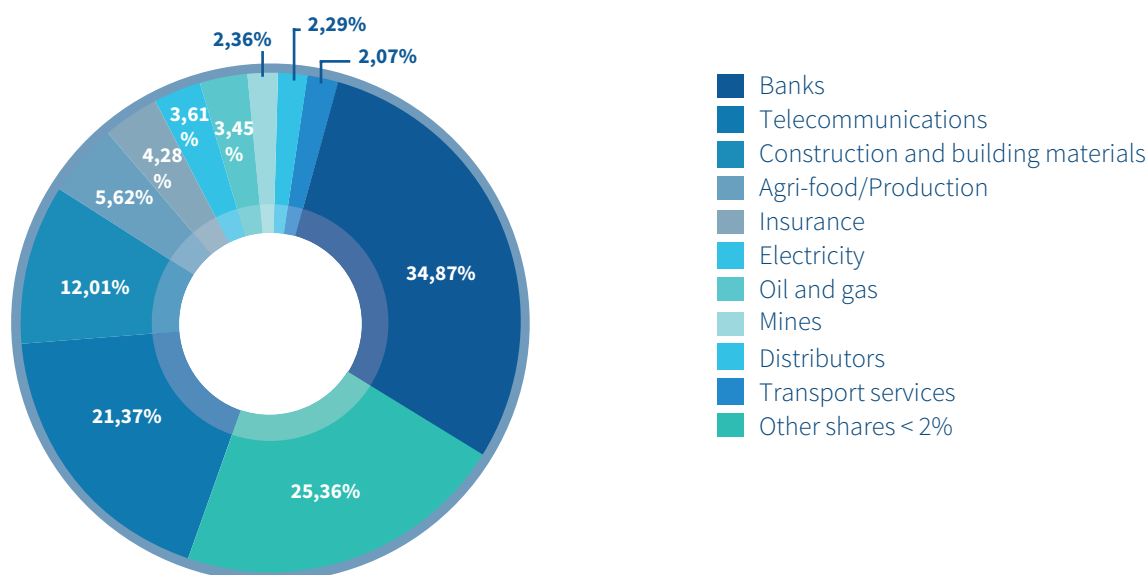
Source: Casablanca Stock Exchange and MSCI

1.2 Changes in market capitalization

Market capitalization decreased from MAD 626 billion at the end of 2017 to MAD 582 billion at the end of 2018, representing an annual decrease of 7.15%.

Although this decline affected almost all sectors, some of them recorded a positive performance, notably the “Telecommunications” sector. The latter represents a significant share of market capitalization.

Graph 9: Breakdown of market capitalization by sector of activity in 2018



Source : Casablanca Stock Exchange

5 - The MSCI Frontier Markets (FM) Index covers the performance of 110 large and mid-cap stocks in 29 frontier markets. It is composed of the following countries: Argentina, Bahrain, Bangladesh, Burkina Faso, Benin, Croatia, Estonia, Guinea-Bissau, Côte d'Ivoire, Jordan, Kenya, Kuwait, Lebanon, Lithuania, Kazakhstan, Mauritius, Mali, Morocco, Niger, Nigeria, Oman, Pakistan, Serbia, Senegal, Slovenia, Sri Lanka, Togo, Tunisia and Vietnam.

1.3 Changes in trading volume and liquidity

In 2018, the total trading volume (CM, BM, IPOs and Issues, Securities contributions, Transfers, Public Offerings and Capital Increases) amounted to nearly MAD 53 billion, representing a 24% decrease compared to 2017. This decline concerned the volume of shares and bonds, down 24% and 38% respectively, compared to 2017.

The share of the central market in the trading volume increased from 61% in 2017 to 79% in 2018, exceeding the peak of 70% recorded in 2014 and 2015.

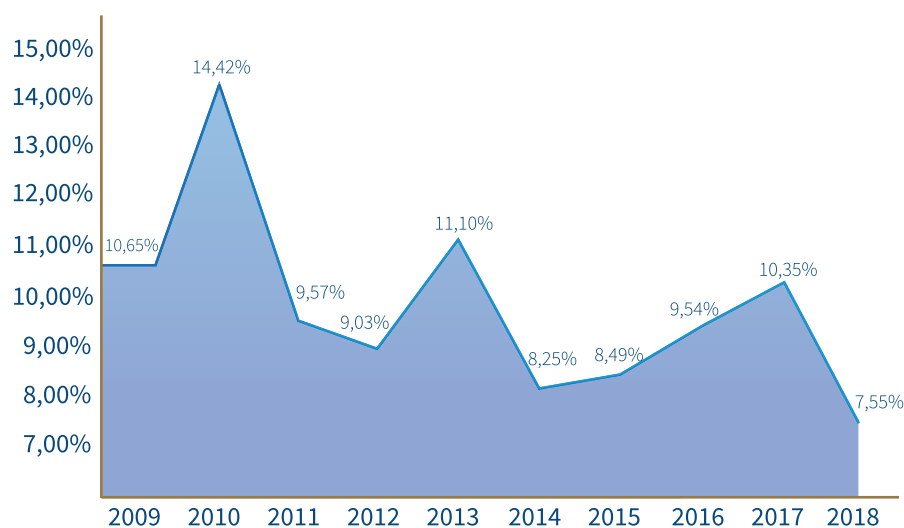
Table 3: Changes in trading volumes by category (in MAD millions)

In MAD millions	2014	2015	2016	2017	2018
Equity volume					
1. Central market	27 595	28 758	32 082	39 489	37 122
2. Block trade	11 816	11 751	18 379	24 051	8 791
Total A = (1+2)	39 411	40 509	50 461	63 540	45 913
3. IPOs	1 127	893	1 930	-	799
4. Securities contributions	2 493	923	4 798	1 213	251
5. Public offerings	675	2 408	440	67	25
6. Transfers	206	106	687	622	430
7. Capital increase	425	2 045	9 877	1 435	3 497
Total B = (3+4+5+6+7)	4 926	6 375	17 732	3 337	5 002
I. Total equity volume (A+B)	44 337	46 884	68 193	66 877	50 915
Bond volume					
8. Central market	3 355	2 690	2 121	308	55
9. Block market	1 936	1 706	1 484	1 684	950
Total C (8+9)	5 291	4 396	3 605	1 992	1 005
10. Issues	184	810	938	658	767
11. Securities contributions	-	1	-	210	-
Total D = (10+11)	184	811	938	868	767
II. Total bond volume (C+D)	5 475	5 207	4 543	2 860	1 773
III. General total	49 812	52 091	72 736	69 737	52 688

Source: Casablanca Stock Exchange

After three years of consecutive increases, the liquidity ratio declined from 10.35% in 2017 to 7.55% in 2018.

Graph 10: Changes in the liquidity ratio of the stock market



Source: Casablanca Stock Exchange

1.4 Types of Investors

1.4.1 On the central market of the Casablanca Stock Exchange

The central market of the Casablanca Stock Exchange recorded a total volume of activity of MAD 37.177 billion in 2018, down 7% compared to 2017.

As far as the breakdown is concerned, 48% of the volume processed comes from transactions carried out by Moroccan legal entities, followed by UCITS with 31%. Foreign legal entities and Moroccan natural persons accounted for 10% and 9% respectively.

Table 4: Breakdown of trading volumes on the central market by investor category

(Excluding contributions, IPOs, public offerings and cash capital increases)

	UCITS	Moroccan legal entities	Moroccan natural persons	Foreign legal entities	Foreign natural persons	Banking network	Total
2016	27%	45%	11%	13%	NS	4%	100%
2017	34%	31%	20%	11%	1%	3%	100%
2018	31%	48%	9%	10%	NS	2%	100%

Source: Brokerage firms

6 - The liquidity ratio is a moving average of the monthly volume (undoubled) of the markets, central and block, compared to the end of the month capitalization, calculated year-on-year.

In terms of changes, the share of Moroccan legal entities posted a strong increase in 2018. Indeed, their volume of activity almost doubled on the buy side in 2018, increasing the share of this investor category to 48% versus 31% in the previous year.

Conversely, the shares of other investor categories declined compared to the levels recorded in 2017. The most significant decrease is recorded among Moroccan natural persons, whose share fell from 20% in 2017 to 9% in 2018, with a volume of activity that fell by 56% for both purchases and sales.

Table 5: Breakdown of stock market volume of purchases and sales by investor category on the central market (in MAD millions)

(Excluding contributions, IPOs, public offerings and cash capital increases)

	Purchases			Sales		
	2017	2018	Change	2017	2018	Change
UCITS	16 161,64	10 604,33	-34%	10 840,06	12 042,26	11%
Moroccan legal entities	10 535,59	19 516,77	85%	14 151,88	15 836,31	12%
Moroccan natural persons	8 036,97	3 563,32	-56%	7 806,95	3 430,79	-56%
Foreign legal entities	4 206,04	2 967,66	-29%	4 669,17	4 423,32	-5%
Foreign natural persons	198,80	161,59	-19%	216,59	167,29	-23%
Banking network	657,85	363,21	-45%	2 112,24	1 276,91	-40%
TOTAL	39 796,88	37 176,88	-7%	39 796,88	37 176,88	-7%

Source: Brokerage firms

1.4.2 Foreign investments on the Casablanca Stock Exchange

At the end of 2018, foreign investors and Moroccans residing abroad (MRE) held MAD 189.563 billion in shares of companies listed on the Casablanca Stock Exchange, out of a total market capitalization of MAD 582.155 billion, representing a holding rate of 32.56%, slightly higher than at the end of 2017 (32.23%).

Strategic investments accounted for most of the foreign investment in listed securities with MAD 174.095 billion at the end of 2018. The share of these in total foreign investment remained almost identical to that of December 2017 and stands at 91.84%.

For its part, the floating share of foreign investment on the Casablanca Stock Exchange remains marginal. It represents only 2.66% of the market capitalization at the end of 2018 and 11.37% of the floating market capitalization.

**Table 6: Typology of foreign and MRE investments in Moroccan listed shares
(in MAD millions)**

	31/12/2017		31/12/2018	
	Value	%	Value	%
Investments by foreigners and MREs held in Morocco, including:	202 043⁽¹⁾	100%	189 563	100%
- Strategic share	184 444	91,29%	174 095	91,84%
- Floating	17 599	8,71%	15 468	8,16%
Market capitalization	626 965		582 155	
Floating market capitalization	143 617		136 055	
Foreign and MRE investment/ Market capitalization	32,23%		32,56%	
Strategic share / Market capitalization	29,42%		29,90%	
Floating / Market capitalization	2,81%		2,66%	
Floating / Floating market capitalization	12,25%		11,37%	

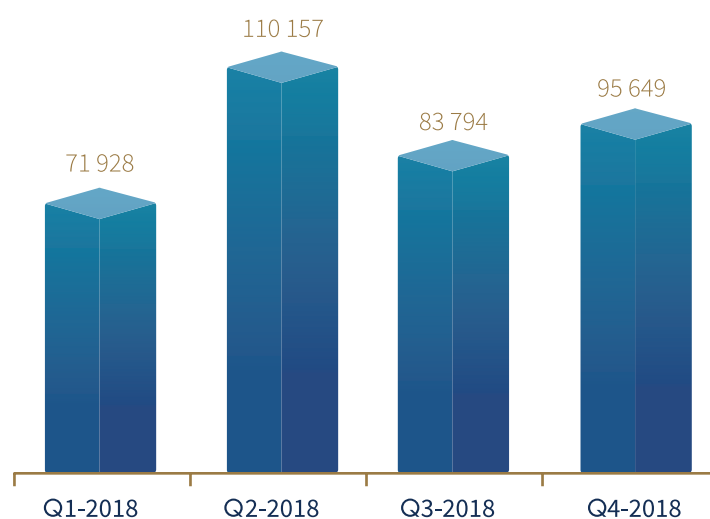
Source: Account keepers, Casablanca Stock Exchange, AMMC calculations

(1) Revised figure

2. SECURITIES LENDING

In 2018, the volume of securities lending transactions amounted to MAD 361 billion, down nearly 29% compared to the volume processed in 2017. At the end of December 2018, outstanding securities lending operations amounted to MAD 22 billion.

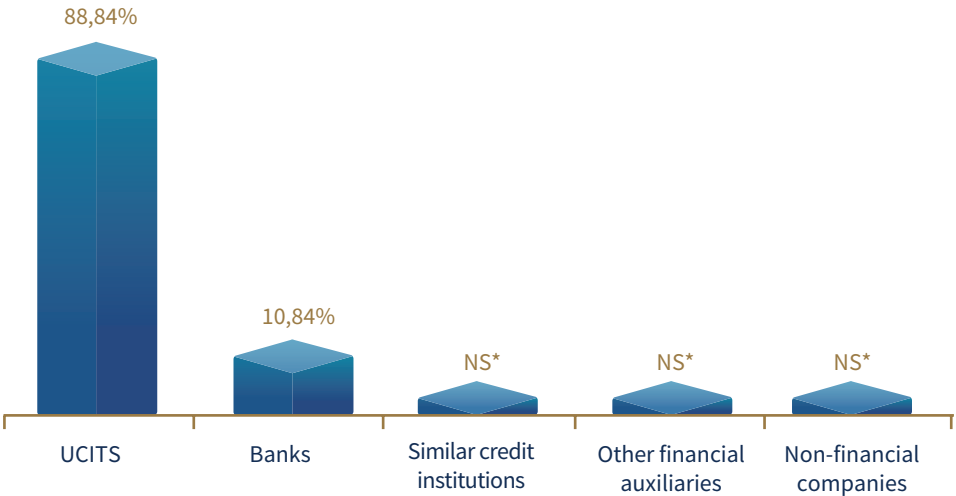
Graph 11: Total volume of securities lending transactions (in MAD millions)



Source: Banks, AMMC calculations

The breakdown of volumes processed by customer category remained the same as in 2017, with banks predominating very widely as borrowers (68%) and UCITS as lenders (88.84%).

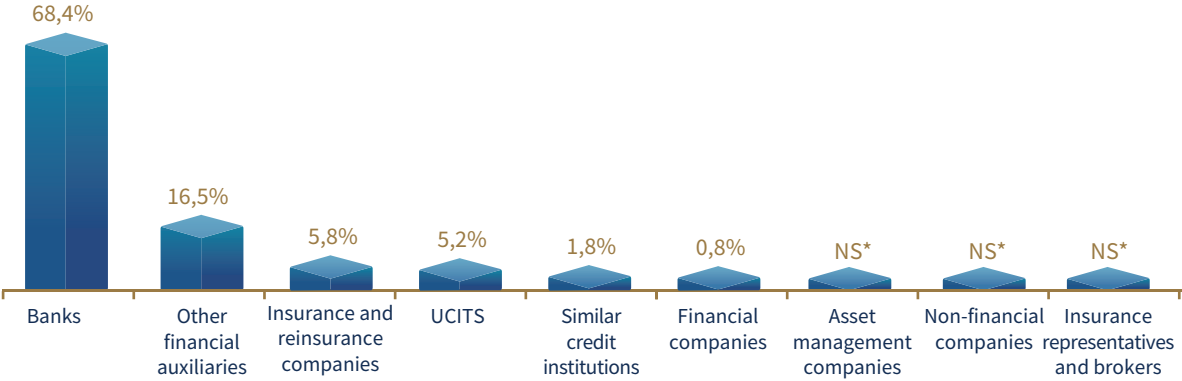
Graph 12: Volume traded by customer category (lending)



Source: Banks, AMMC calculations

(*) NS: Not significant

Graph 13: Volume traded by customer category (borrowing)

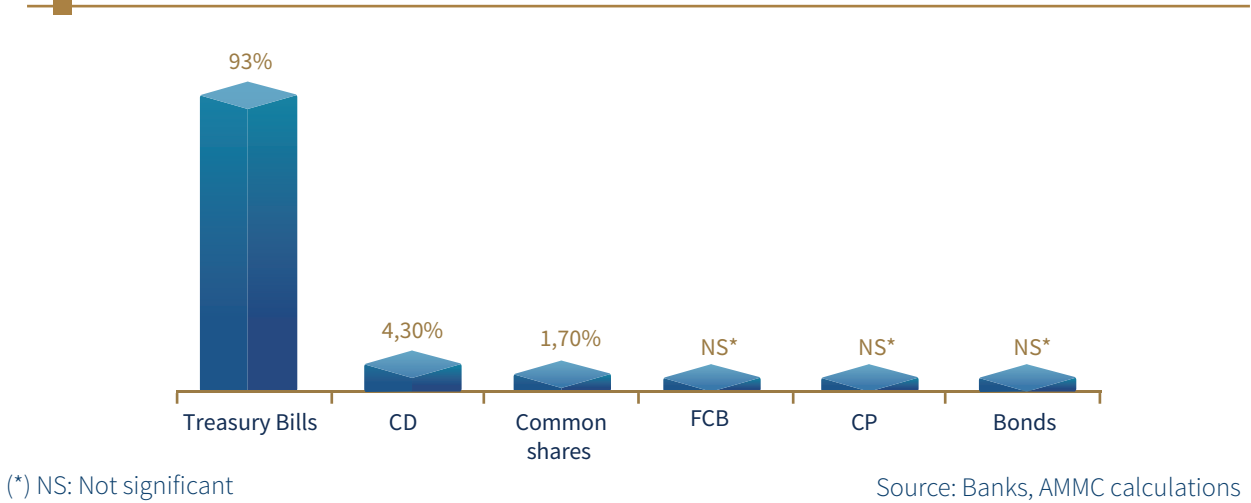


Source: Banks, AMMC calculations

(*) NS: Not significant

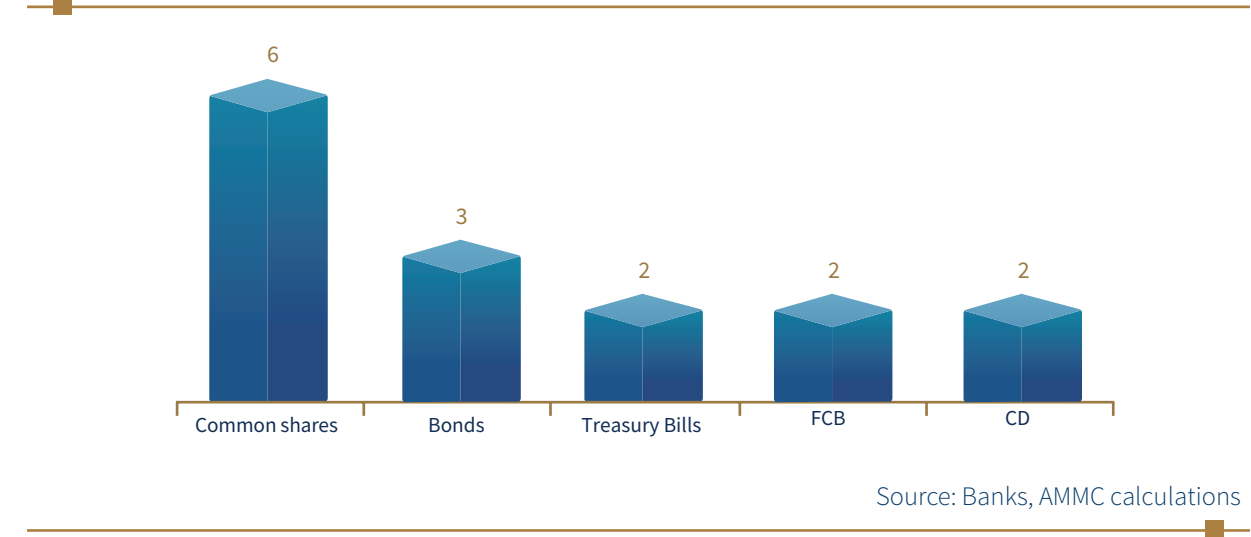
In 2018, securities lending transactions mainly concerned Treasury bills (BDT), which accounted for 93% of the total volume of securities lent, compared with 82% in 2017. The volume of securities lending on Marketable Debt Securities (TCNs) and Bonds represented 5.5%, with a remarkable decrease of 78% compared to 2017. Equity lending remains marginal at 1.7% of traded volume.

Graph 14: Change in volume traded by security category



The average duration of a securities lending transaction varies between 2 and 6 weeks depending on the type of financial instrument. The longest holding periods were recorded for Treasury bills with 52 weeks, Marketable Debt Securities with 24 weeks and 12 weeks for equities.

Graph 15: Average duration in weeks by category of securities⁸



3. PUBLIC OFFERINGS

In 2018, the AMMC processed 66 financial transactions. In terms of volume, transactions in equity securities processed increased sharply compared to the previous year, while transactions in debt securities declined slightly. However, the latter represent the majority of the total volume processed during the year.

8 - FCB: finance company bills; CD: certificates of deposit

3.1 Equity securities transactions

2018 was marked by a significant increase in the number and volume of equity securities transactions. Indeed, the total volume of these transactions exceeded MAD 5 billion, up 2.4 times compared to the previous year.

This strong growth is reflected in all types of transactions:

- In 2018, there were two IPOs, while no similar transactions were recorded in 2017;
- The volume of capital increases more than doubled, mainly due to the Attijariwafa Bank transaction, which amounted to MAD 2.4 billion;
- The volume of public offerings amounted to approximately MAD 1.3 billion, mainly as a result of the public offering for Saham Assurance shares initiated following the SANLAM group' takeover of the latter.

Table 7: Equity securities transactions

	Number of transactions processed		Transactions value (in MAD millions)	
	2017	2018	2017	2018
Transactions requiring an AMMC visa	4	10	1 561	5 239
INITIAL PUBLIC OFFERINGS	-	2	-	800
CAPITAL INCREASES	3	5	1 493	3 183
<i>In cash</i>	2	2	1 370	2 668
<i>By merger absorption</i>	-	3	-	515
<i>By dividend conversion</i>	1	-	123	-
PUBLIC OFFERINGS	1	3	68	1 256
TAKEOVER BID	-	3	-	1 256
SQUEEZE-OUT	1	-	68	-
Private placement	-	-	-	-
Capital increase	-	-	-	-
Total equity securities transactions	4	10	1 561	5 239

Source : AMMC

3.2 Debt securities issues

The overall volume of debt securities issues fell by 4.1% in 2018 to MAD 67 billion from MAD 70 billion in 2017, despite the significant increase in bond issues (+26%). Indeed, the amounts issued on the three market segments of Negotiable Debt Securities (TCN) fell by 14.4% overall, in contrast to the increase in bond issues.

Table 8: Bond securities issues

	Number of transactions processed		Transactions value (in MAD millions)	
	2017	2018	2017	2018
Bond issues	21	19	17 805	22 465
<i>By public offering</i>	13	12	14 550	14 650
<i>By private placement</i>	8	7	3 255**	7 815
Issues of marketable debt securities*	33	23	52 462	44 909
<i>Commercial paper</i>	10	6	5 749	2 612
<i>Certificates of deposit</i>	12	12	39 428	36 970
<i>Finance company bills</i>	11	5	7 285	5 327
Total debt securities issues	54	42	70 268	67 374

(*): The number of transactions processed corresponds to the number of information files processed by the AMMC, while the transaction value corresponds to the values issued. (Source Maroclear).

(**): Including a “Green Bond” issue carried out by BCP, denominated in Euros for a value of 135 million Euros converted at the rate of 11.153 MAD/EUR, reference exchange rate on December 29, 2017.

Source : AMMC

3.3 Other financial transactions

During the 2018 financial year, the volume of other financial transactions processed decreased from MAD 3.9 billion to MAD 560 million. This decrease is due to the non-recurrence of repurchase programs authorized in 2017.

Table 9: Other financial transactions

	Number of transactions processed		Transactions value (in MAD millions)	
	2017	2018	2017	2018
REPURCHASE PROGRAMS	5	1	3 711	284
PUBLIC OFFERINGS BY FOREIGN GROUPS	9	13	171*	276
Total of other financial transactions	14	14	3 882	560

Source : AMMC

(*) Sum of the maximum amounts authorized under the General Instruction on Foreign Exchange Transactions

4. COLLECTIVE MANAGEMENT PRODUCTS

4.1 Undertakings for Collective Investment in Transferable Securities (UCITS)

4.1.1 UCITS in the Moroccan economy

At the end of 2018, the share of UCITS in the Moroccan economy continued to grow positively. At the end of 2018, the net asset value of UCITS represented the equivalent of 39.28% of GDP compared with 39.12% at the end of 2017. This increase is explained by the growth in net assets of UCITS (4.53%), which exceeded that recorded by GDP at current prices (3%).

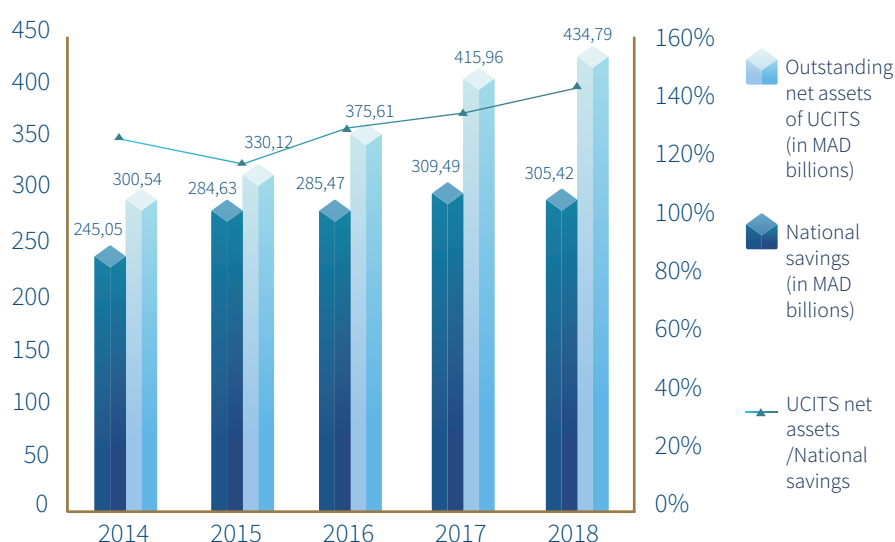
Table 10: Changes in GDP, UCITS' net assets and ratio [UCITS net assets/GDP]

	2016	2017	2018
GDP (in MAD billions)	1013,23	1063,35	1106,82
UCITS net assets (in MAD billions)	375,61	415,96	434,79
UCITS net assets/GDP Ratio (in %)	37,07	39,12	39,28

Sources: asset management companies/High Commission for Planning

As for the “UCITS' net assets/national savings” ratio, it stood at 142.36% at the end of 2018, representing an increase of 7.95 percentage points compared with the previous year (134.4% at the end of 2017). This trend is the combined result of the positive change in net assets of UCITS, which increased by 4.53%, and the decline in national savings, which fell by 1.31%.

Graph 16: Changes in the ratio [UCITS' net assets / overall National Savings]



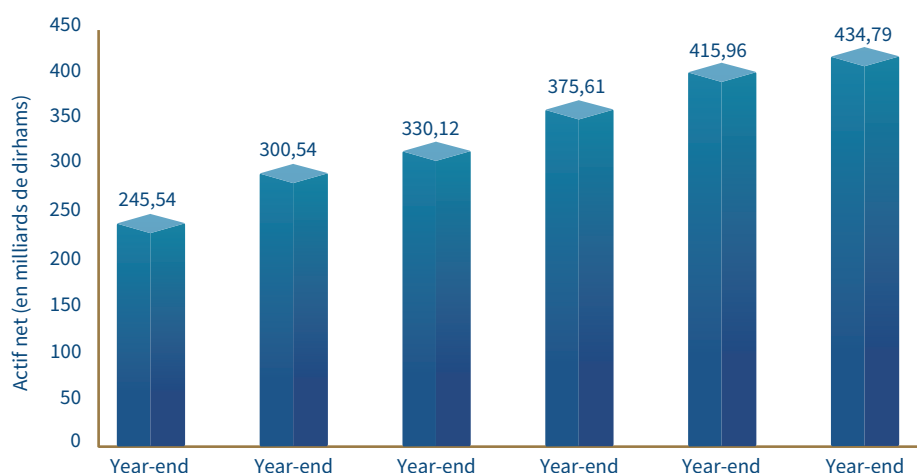
Sources: asset management companies/High Commission for Planning

4.1.2 Overall changes in UCITS' net assets

Over the last five years, UCITS' net assets increased by 77.07% from MAD 245.54 billion in 2013 to MAD 434.79 billion in 2018. The total outstanding assets increased by MAD 189.24 billion, with bond funds dominating, with net assets rising by MAD 163.79 billion (MAD 122.73 billion for medium and long-term bond funds (OMLT) and MAD 41.06 billion for short-term bond funds (OCT), representing 86.55% of the increase.

As for other categories of UCITS, their net assets increased by MAD 18.99 billion for “Diversified” UCITS, MAD 11.72 billion for “Equity” UCITS, MAD 1.86 billion for “Contractual” UCITS, while “Money market” UCITS experienced a depreciation of MAD 7.11 billion.

Graph 17: Changes in UCITS net assets (2013-2018)



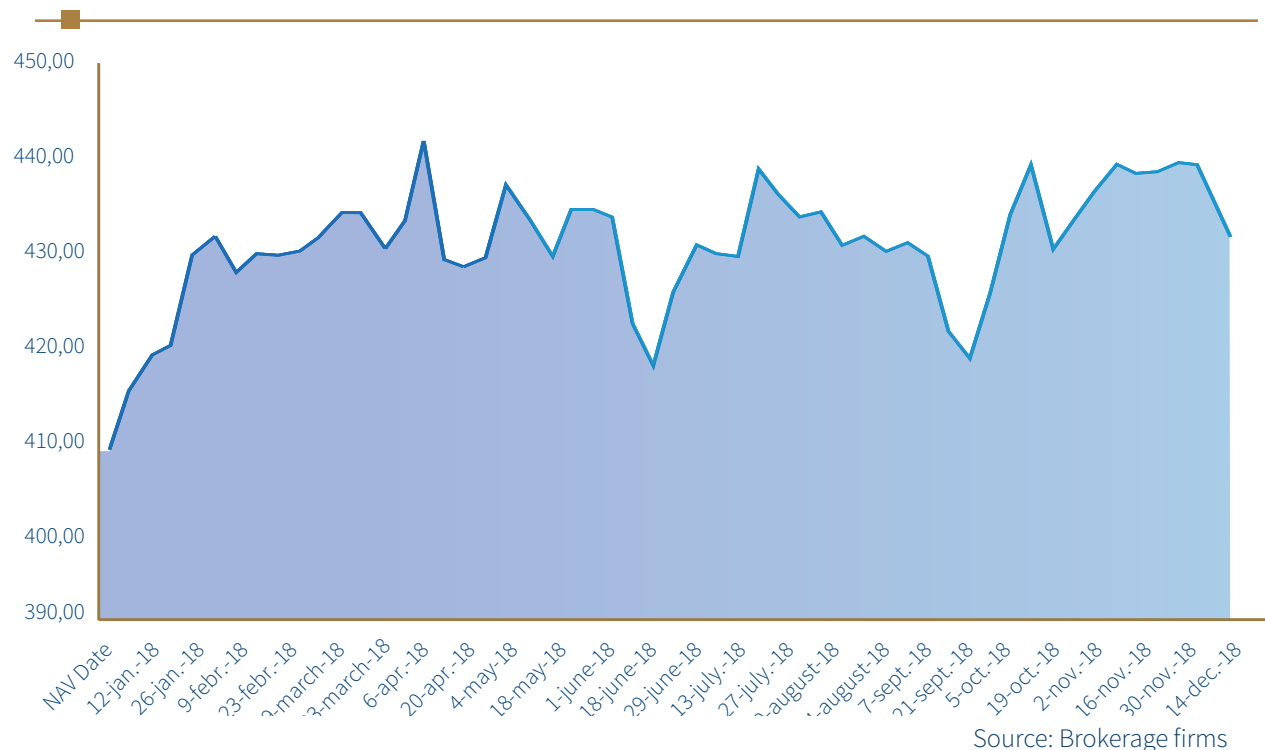
Sources: asset management companies

4.1.3 Changes in UCITS net assets in 2018

During 2018, UCITS assets continued their upward trend. Indeed, UCITS net assets grew by 4.53% annually to MAD 434.79 billion at the end of 2018.

This MAD 18.82 billion increase was mainly driven by medium and long-term bond funds, whose net assets grew by MAD 25.71 billion, but was nevertheless mitigated by the decline in assets managed by “Money Market” and “Equity” funds, which declined by MAD 7.59 billion and MAD 3.76 billion respectively.

Graph 18: Changes in UCITS net assets in 2018



4.1.4 Breakdown of UCITS by category at year-end 2018

The number of active UCITS at the end of 2018 stood at 450 compared with 432 in 2017. This increase is the result of the creation of 18 new funds, including seven “Diversified”, five “medium and long-term bonds”, four “Equities”, one “Money Market” and one “Short-term bonds”.

Regarding their legal form, 404 UCITS are mutual funds (FCPs) while 46 are open-ended investment companies (SICAVs).

As in previous years, the “medium and long-term bond” category, which includes 155 UCITS, accounted for more than half of the total outstanding assets with assets under management of MAD 244 billion, or more than 56% of total net assets.

The different categories of UCITS evolved as follows during 2018:

- “Equity” UCITS:

Following the inception of four new funds and the reclassification of two “Equity” UCITS into “Diversified” UCITS, the number of UCITS in this category rose to 91 at the end of 2018 from 89 at the end of 2017. Net assets in this category amounted to MAD 31.67 billion, down 10.62% compared to the previous year. This decrease is mainly due to the annual underperformance achieved by this category (-7.05%), as well as net redemptions of MAD 571 million.

- “Diversified” UCITS:

The creation of seven “Diversified” funds and the transformation of two “Equity” funds and one “Contractual” fund into “Diversified” funds brought the number of funds in this category to 86 in 2018 from 76 in 2017.

Although this category recorded an annual underperformance of 1.24%, its net assets increased by 4.20% in 2018 to MAD 27.8 billion. This change in outstanding assets is explained by a net inflow of MAD 1.24 billion.

- “Money market” UCITS:

At the end of 2018, the 58 "Money Market" UCITS recorded a negative change of 11.09% in their net assets. The latter decreased from MAD 68.51 billion in 2017 to MAD 60.92 billion in 2018. This decrease is mainly due to a repurchase trend, which reached MAD 8.95 billion, slightly offset by an annual performance of 2.18%.

- “Short-term bond” UCITS:

Following the inception of a new “Short-term bond” UCITS, the number of “Short-term bond” UCITS increased to 50 at the end of 2018. This category recorded a 3.88% increase in outstanding assets in 2018 to reach 67.48 billion compared with 64.95 billion in 2017. This increase is explained by the positive annual performance of 2.58% recorded by this category, combined with net subscriptions of approximately MAD 876 million.

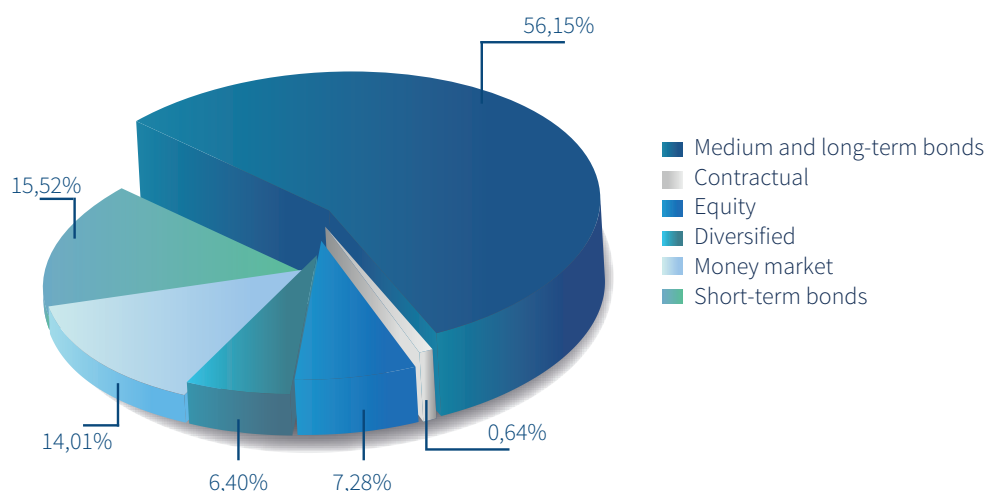
- “Medium and long-term bond” UCITS:

The net assets of “Medium and long-term bond” UCITS recorded an annual growth of nearly 12% to MAD 244.13 billion at the end of 2018. This increase of MAD 25.7 billion is due to net subscriptions received, which reached MAD 20.17 billion, and to an annual performance of 2.66%.

- “Contractual” UCITS:

At the end of 2018, the outstanding assets of “Contractual” UCITS amounted to MAD 2.7 billion, representing an increase of more than 43% compared to the end of 2017. This increase is mainly due to net inflows of approximately MAD 788 million. It should be noted that following the change in a fund's category, the number of “Contractual” UCITS decreased from 10 funds in 2017 to 9 in 2018.

Graph 19: Structure of UCITS' net assets by category at the end of 2018



Source: UCITS asset management companies

4.1.5 Annual performance of UCITS

At the end of 2018, the “Equity” UCITS category posted an annual negative performance of 7.05%. This is due to the negative performance of the MASI (-8.27%), the benchmark index for the majority of “Equity” UCITS.

The “Medium and long-term bond” and “Short-term bond” UCITS posted positive performances of 2.66% and 2.58% respectively, despite the upward movement in the yield curve in 2018.

The underperformance of the equity market, partially offset by the strong bond market, pushed the performance of “Diversified” UCITS down to -1.24% in 2018. It should be noted that debt securities represent 57.75% of the total assets of “Diversified” UCITS, while equity securities represent nearly 24% of their outstanding assets.

The “Money market” UCITS category posted an annual performance of 2.18%, in line with the annual average overnight repo rate of 2.20%.

Lastly, depending on their financial set-up, “Contractual” UCITS generated positive returns ranging from 0.89% to 2.15%, with the exception of one fund, which generated a negative performance of 1.82%.

4.1.6 Composition of the UCITS portfolio

At the end of 2018, the structure of assets under management reflects the prevailing situation on the Moroccan capital market. Indeed, following the negative performance of the MASI index, the Casablanca Stock Exchange’s benchmark index, UCITS turned to bond and money markets. Thus, the proportion of unlisted securities in the total outstanding assets at the end of 2018 was nearly 80%, compared with 76% in 2017. The remainder, more than 20%, consists of listed securities (7.51%) and other assets (13.29%).

Table 11: Breakdown of total assets of UCITS by investment category

Investment category	Year-end 2017	Year-end 2018
	Structure	
Listed securities (LS)	9,10%	7,51%
LS - Equities	8,90%	7,39%
LS - Corporate bonds	0,14%	0,12%
LS - Bonds issued or guaranteed by the State	0,056%	0,001%
Unlisted securities (US)	75,97%	79,20%
US - Bonds issued or guaranteed by the State	48,32%	49,41%
US – Negotiable debt securities	11,13%	11,75%
US - Corporate bonds	12,23%	13,75%
US – UCITS shares	4,19%	4,19%
US - Other	0,10%	0,10%
Other assets	14,93%	13,29%
Total assets	100%	100%

Source: UCITS asset management companies

- Unlisted securities

At the end of 2018, the share of unlisted securities in total outstanding assets increased by 3.23% or MAD 33.1 billion more than the previous year. Bonds issued or guaranteed by the State, mainly composed of Treasury bills, represent the largest share of this component, i.e. nearly half of the total assets managed by the UCITS funds.

- Listed securities

At the end of 2018, listed securities held by UCITS fell by 12.57%. The latter is mainly due to the decline in the overall amount invested in listed equities, which fell by MAD 4.88 billion, reducing the share of listed securities from 9.10% in 2017 to 7.51% in 2018.

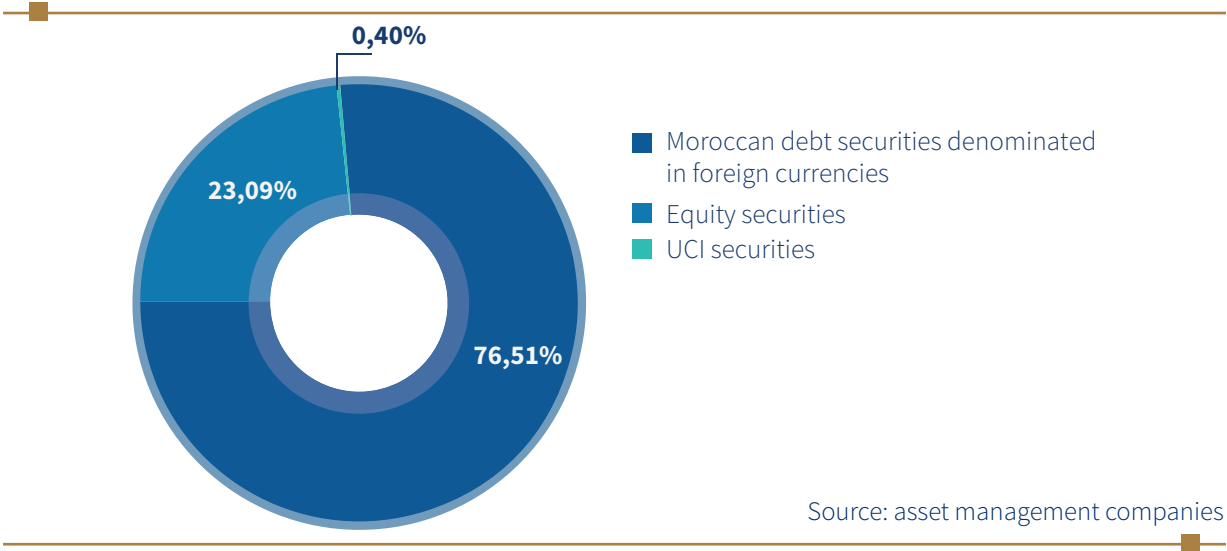
- Other assets

Consisting mainly of money market investments in the form of securities received under repurchase agreements, the share of other assets in the total assets of UCITS fell from 14.93% in 2017 to 13.29% in 2018.

4.1.7 UCITS investments abroad

At the end of 2018, UCITS' outstanding investments in foreign currencies increased by more than MAD 1 billion to MAD 4.93 billion, or 1.14% of total net assets, versus 0.93% in 2017. These investments are, for the most part, made in Moroccan debt securities denominated in foreign currencies. The latter constitute 76.51% of the investments made and are divided between investments in sovereign debt securities, representing 50.89% of the outstanding assets, and investments in debt securities issued by Moroccan issuers, representing 25.42% of the outstanding assets. Other investments made by UCITS abroad were mainly in shares of UCIs (23.09% of outstanding assets), while equity securities represent only 0.41% of investments in foreign currencies.

Graph 20: Structure of foreign currency investments made by UCITS at the end of 2018



4.1.8 Investors in UCITS

The number of investors in units or shares of UCITS stood at 18,949 at the end of 2018, a level similar to that of the previous year.

Table 12: Breakdown of net assets by investor type at year-end 2018

	Equity & Diversified UCITS	Bond UCITS	Money market UCITS	Contractual UCITS	TOTAL UCITS	Share (as a %)
Financial companies including:	46 897,98	259 015,11	21 791,11	306,12	328 010,32	75,44
Insurance and pension and providence institutions	29 513,66	160 385,49	12 263,75	67,41	202 230,30	46,51
Banks	9 512,93	58 893,23	2 656,13	230,79	71 293,07	16,40
UCITS	1 478,38	16 209,01	3 546,33	2,9	21 236,62	4,88
Caisse de dépôt et de gestion (CDG)	5 570,10	13 495,53	144,7	0	19 210,33	4,42
Other financial institutions	86,04	4 263,14	1 690,25	1,74	6 041,17	1,39
Finance companies	14,82	4 670,46	643,72	0	5 329,00	1,23
Other holding companies	645,04	782,61	390,25	3,28	1 821,18	0,42
Brokerage firms	77,02	315,63	456	0	848,66	0,20
Non-financial companies	2 008,22	37 972,83	31 216,93	2 235,01	73 432,99	16,89
Resident natural persons	9 020,74	13 682,17	7 681,67	124,61	30 509,19	7,02
Non-resident natural and legal persons	1 557,34	867,03	307,69	100,96	2 833,03	0,65
Total	59 484,27	311 537,14	60 997,41	2 766,70	434 785,53	100

Source: UCITS custodians, AMMC calculations

At the end of 2018, mainly financial companies with a 75.44% share held the net assets managed by UCITS. The main investors in this category are insurance companies and pension and providence institutions, which hold 46.51% of the net assets, and banking institutions, which hold 16.40%.

Non-financial companies (16.89%), resident natural persons (7.02%) and non-resident natural and legal persons (0.65%) hold the remaining 24.56% of the net assets.

4.2 Securitization vehicles (FPCT)

Following the creation, at the initiative of three asset management companies, of four new funds, the number of FPCTs in operation at the end of 2018 stood at 11 Funds and 21 Compartments. Securitization transactions carried out in 2018 amounted to MAD 4.33 billion and concerned the acquisition of the following:

- ⊙ real estate assets;
- ⊙ usufruct rights;
- ⊙ receivables from consumer credit contracts.

The total net assets of active FPCTs amounted to MAD 7.55 billion at the end of 2018.

4.3 Venture capital investment vehicles (OPCC)

At the end of 2018, the venture capital sector experienced moderate growth with the creation of a single new fund and total net assets under MAD 1 billion.

The number of funds has increased from four (4) to 5 OPCCs with the launch of the FPCC GreenN Innov Invest, managed by Global Nexus, which aims to invest in innovative startups operating in the green sectors and sustainable development.

The 5 active OPCCs manage total net assets of MAD 708.31 million. They are involved in all phases of the life cycle of the companies they finance and implement generalist or specialized investment strategies in the following sectors:

- ◎ energy;
- ◎ “green technology”;
- ◎ agro-industry;
- ◎ infrastructure;
- ◎ innovation.

5. MARKET PLAYERS

5.1 Brokerage firms

5.1.1 Legal and social life

The legal and social life of brokerage firms was characterized in 2018 by changes in governance, staff turnover and capital transactions.

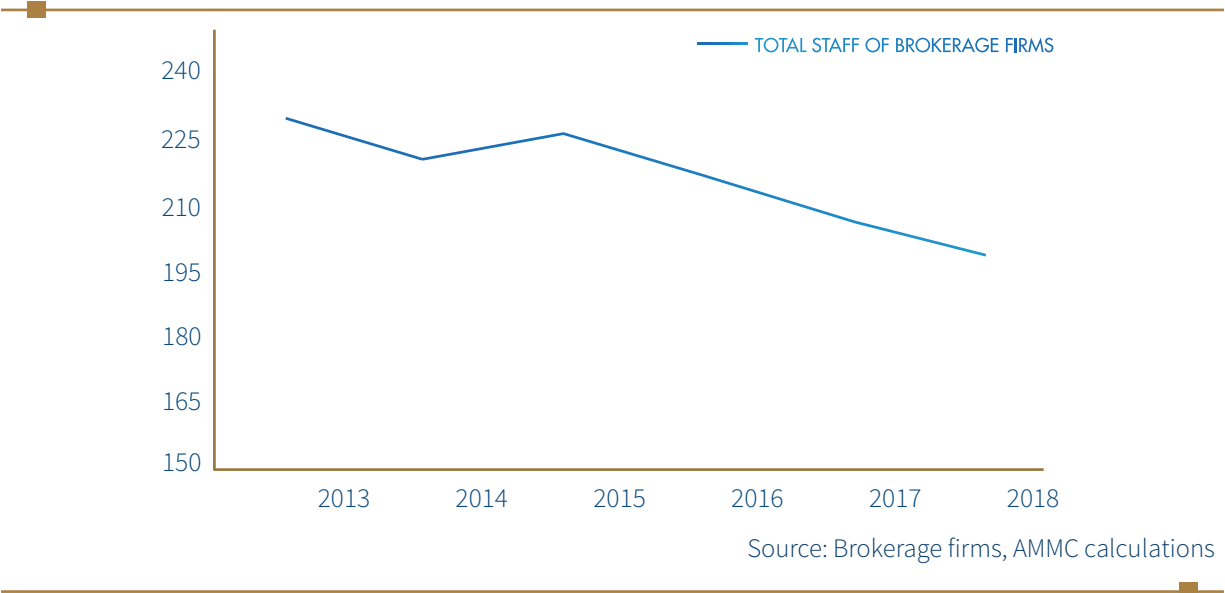
Table 13: Changes in the governance structures of brokerage firms

Nature of the change	Brokerage firm
Change of shareholding structure	Attijari Intermédiation Atlas Capital Bourse Sogecapital Bourse CDG Capital Bourse Upline Securities MENA CP
Appointment of new members to the Board of Directors and/ or Supervisory Board	Sogecapital bourse CDG capital bourse Wafa bourse Attijari intermédiation Mena CP

Source: Brokerage firms

2018 was also characterized by a team turnover in most brokerage firms, materialized by 17 recruitments and 19 departures, mainly in the back and front office functions as well as internal control. The average number of employees, around 12, has not changed over the past two years.

Graph 21: Changes in the total staff of brokerage firms



With regard to capital transactions, in 2018 there was only one capital increase by a brokerage firm. This concerns Upline Securities, whose share capital increased from MAD 30 million to MAD 55 million without a change of control of the company.

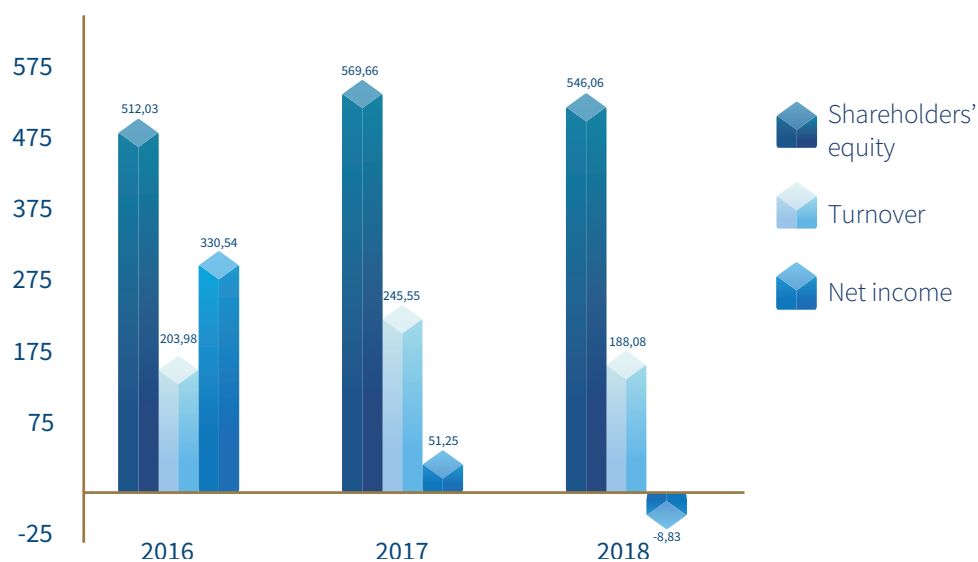
5.1.2 Activity indicators

- Financial indicators**

In 2018, brokerage firms generated total turnover of MAD 188 million, down 23% compared to 2017. This decrease resulted in a negative operating income for 11 brokerage firms out of a total of 17 brokerage firms.

In addition, brokerage firms posted a net loss of MAD 9 million compared with a net profit of MAD 51 million in 2017.

Graph 22: Changes in financial indicators of brokerage firms



Source: Brokerage firms, AMMC calculations

The breakdown of turnover shows that intermediation is the main activity, which alone generated 76% of total turnover compared with 84% the previous year.

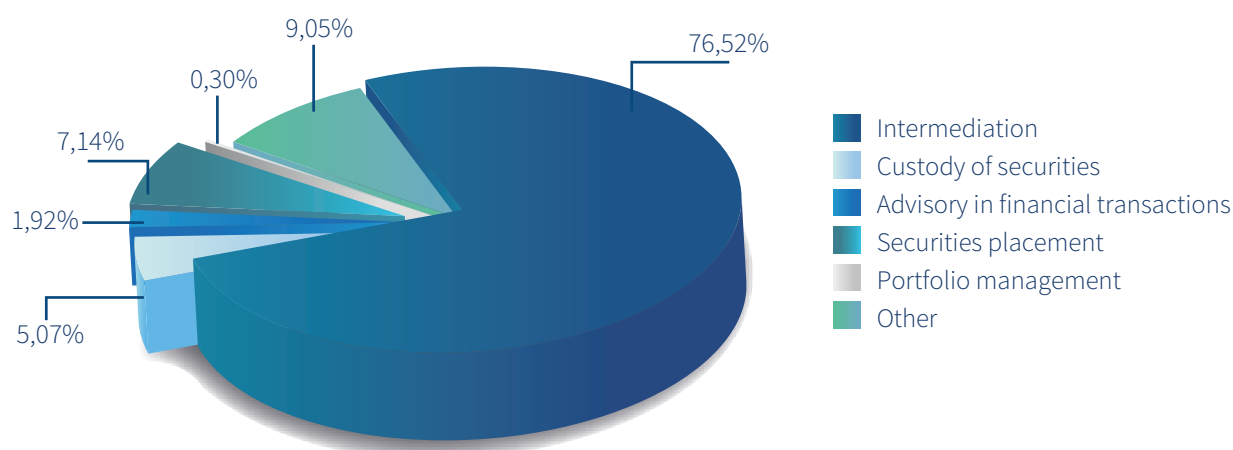
Table 14: Key figures for brokerage firms (In MAD millions)

	2016	2017	2018
Number of brokerage firms	17	17	17
Total turnover	203,98	245,55	188,08
Intermediation	173,91	207,25	143,92
Custody of securities	9,7	15,96	9,53
Advisory in financial transactions	1,57	1,96	3,61
Securities placement	3,53	2,97	13,43
Portfolio management	1,33	1,06	0,57
Other	13,94	16,35	17,02
Total net income	330,54 ¹⁰	51,25	-8,83
Guarantee fund	41,99	44	47

Source: Brokerage firms

10 - In 2016, brokerage firms received exceptional dividends following the completion of the demutualization process of the Casablanca Stock Exchange, reflecting a net income of MAD 330 million.

Graph 23 : Breakdown of turnover of brokerage firms by type of activity



Source : Brokerage firms

Furthermore, an analysis of the breakdown of turnover between brokerage firms shows that 11 brokerage firms that are bank subsidiaries have an 84% market share compared with 16% for 6 brokerage firms that are subsidiaries of non-bank financial groups.

- **The guarantee fund**

The guarantee fund is intended to compensate the clients of brokerage firms placed in liquidation, in the event that the liquidated company has not respected the rules of segregation between the clients' assets and its own assets. This fund is funded by a contribution, the amount of which is determined as a percentage of the volume of securities and cash held by each brokerage firm.

The guarantee fund reached MAD 47 million in 2018. Contributions paid decreased by 14% compared to 2017 due to the decrease in the value of assets held by brokerage firms, which averaged MAD 9 billion for 2018.

5.1.3 Client Structure

The number of clients of brokerage firms that are active on the stock market fell by 1% compared to 2017. This change is mainly due to the 2% decrease in the number of clients in the Moroccan natural persons category.

In terms of structure, it should be noted that Moroccan natural persons account for 79% of all clients, followed by UCITS for 10%, the rest being divided between the other client categories.

Table 15: Structure of brokerage firm clients

	Moroccan natural persons		UCITS		Moroccan legal entities		Foreign legal entities		Foreign natural persons		Total
	Number	%	Number	%	Number	%	Number	%	Number	%	
2016	5 856	79%	728	10%	540	7%	168	2%	115	2%	7 407
2017	5 958	80%	767	10%	483	6%	155	2%	118	2%	7 481
2018	5 838	79%	772	10%	510	7%	150	2%	110	2%	7 380

Source: Brokerage firms, AMMC calculations

5.2 Account keepers

At the end of 2018, the total stock of financial instruments held amounted to approximately MAD 1,765 billion, up 1% compared to 2017. The share of banks remains predominant and represents 93% of assets under custody.

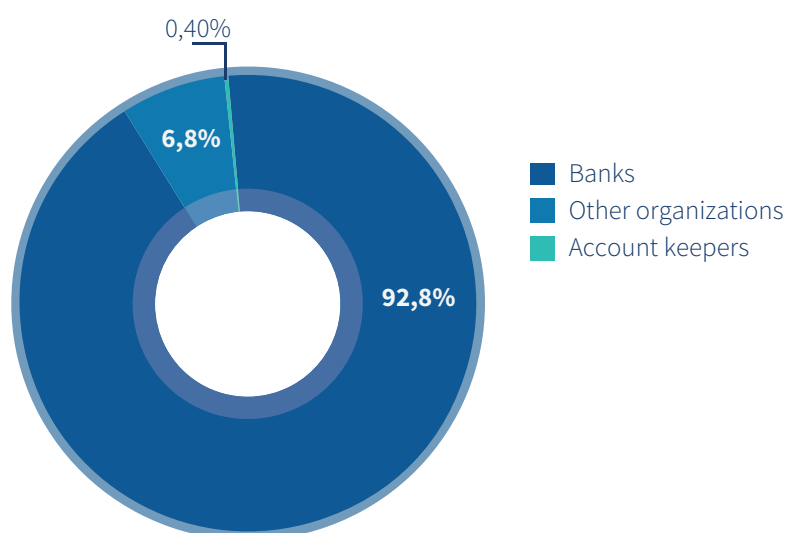
With a total of 146,482 accounts, the number of securities accounts increased by 8% compared to 2017. This increase is related to the number of securities accounts held by the category of resident natural persons, which alone accounts for 85% of the total number of securities accounts.

Table 16: Key figures of account keepers

	2017	2018
Number of account keepers	25	25
Number of securities accounts	136 028	146 482
Resident natural persons	114 723	124 552
Resident legal entities	7 669	8 141
Non-resident natural persons	13 254	13 242
Non-resident legal entities	382	547
Assets managed A = (1)+(2)+(3)+(4) (in MAD millions)	1 748 402	1 765 613
By banks (1)	1 646 620	1 637 474
By brokerage firms that are account keepers (2)	9 385	7 860
By issuers (3)	481	658
By other organizations (4)	91 916	119 621
Balance of assets managed in technical accounts (in MAD millions) (B)	1 405	985
Total assets C=A+B	1 749 807	1 766 601

Source: Account keepers and Maroclear

Graph 24: Breakdown of assets in custody



Source: Maroclear

5.3 The central depository

The total assets held by Maroclear recorded a slight increase of 1%, from MAD 1,750 billion at the end of 2017 to MAD 1,767 billion at the end of 2018. This change was mainly driven by the increase in the outstanding assets of Bonds and Negotiable Debt Securities (TCN) and the outstanding assets of Treasury Bills (BDT), which increased by 11% and 6% respectively compared to the outstanding assets recorded at the end of 2017.

At the same time, the number of securities held by Maroclear increased by 5.88%, from 1,224 securities at the end of 2017 to 1,296 securities at the end of 2018. This increase is attributable, as in 2017, to the increase in the number of Bonds, marketable debt securities, UCITS and FPCTs.

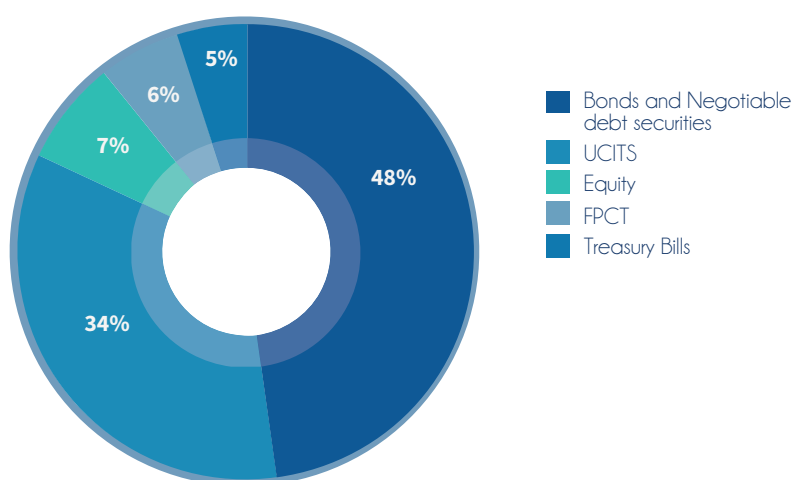
The same trend was observed in the average settled flows, which recorded a positive change of 13.96% between 2017 and 2018, mainly due to the 14.64% increase in the OTC segment.

Table 17: Key figures of the Central Depository's activity

	2017	2018
Total assets (in MAD billions)	1 750	1 767
Equity	633	595
Bonds & Negotiable debt securities	181	201
Treasury Bills	517	546
UCITS	412	417
FPCTs	7	8
Number of securities in custody	1 224	1 296
Equity	92	93
Bonds & Negotiable debt securities	579	617
Treasury Bills	78	69
UCITS	435	445
FPCTs	40	72
Average daily settled flows (in MAD millions)	57 894	65 977
OTC	57 080	65 438
Stock exchange	814	539
Free of payment sector	-	-
Number of securities administration transactions	1 073	826
Number of dividend distribution transactions managed	83	83
Number of securities transactions managed	990	743

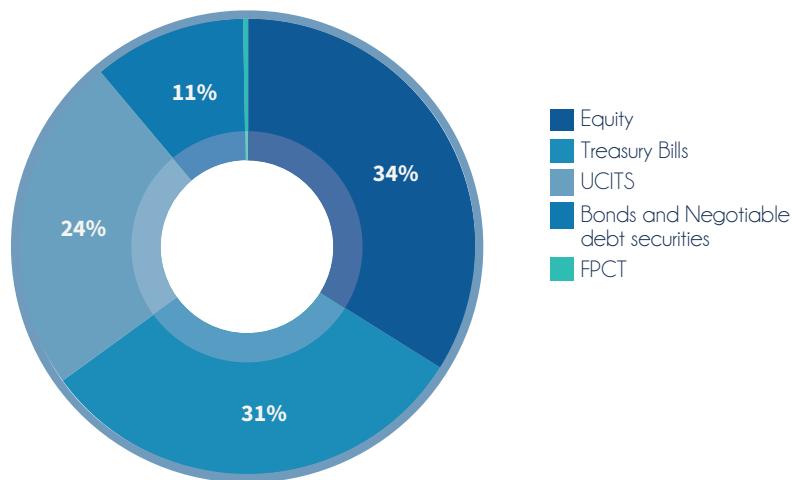
Source: Maroclear

Graph 25: Breakdown of the number of listed securities by category at the end of 2018



Source: Maroclear

Graph 26: Breakdown of the total assets of listed securities by category at the end of 2018



Source : Maroclear

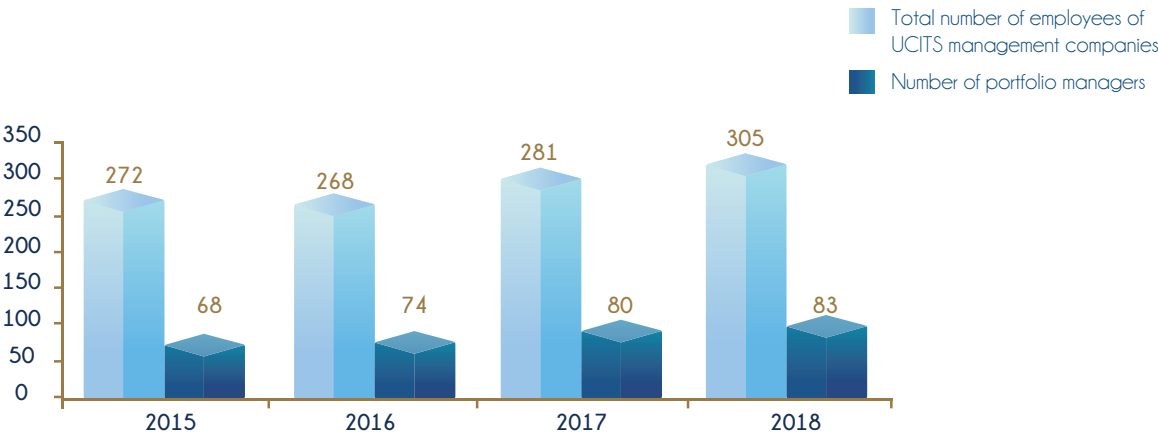
5.4 Asset management companies

5.4.1 UCITS management companies

The number of UCITS management companies remained unchanged at 17 companies in 2018.

In terms of headcount, at the end of 2018, UCITS management companies had a total of 305 employees, including 83 managers, compared with 281 a year earlier, including 80 managers.

Graph 27: Changes in the number of employees of UCITS management companies



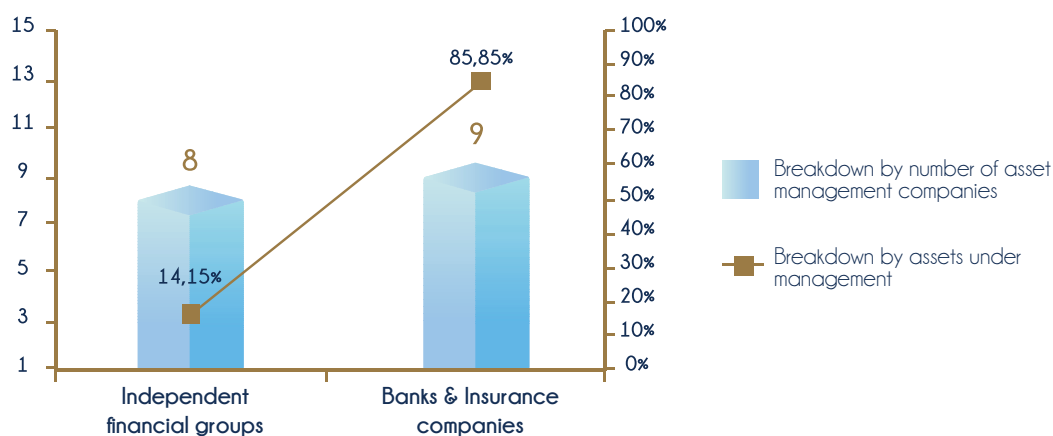
Source: Asset management companies, AMMC calculations

- **Activity indicators**

In 2018, the average net assets of UCITS reached MAD 431.33 billion versus MAD 387.52 billion in 2017, representing an increase of 11.33%.

At the end of 2018, MAD 373.24 billion were managed by asset management companies controlled by banks and insurance companies, representing 85.85% of total net assets, compared with 86.56% in the previous year. Asset management companies controlled by financial groups, which are independent from any banking institution or insurance company, manage the remainder.

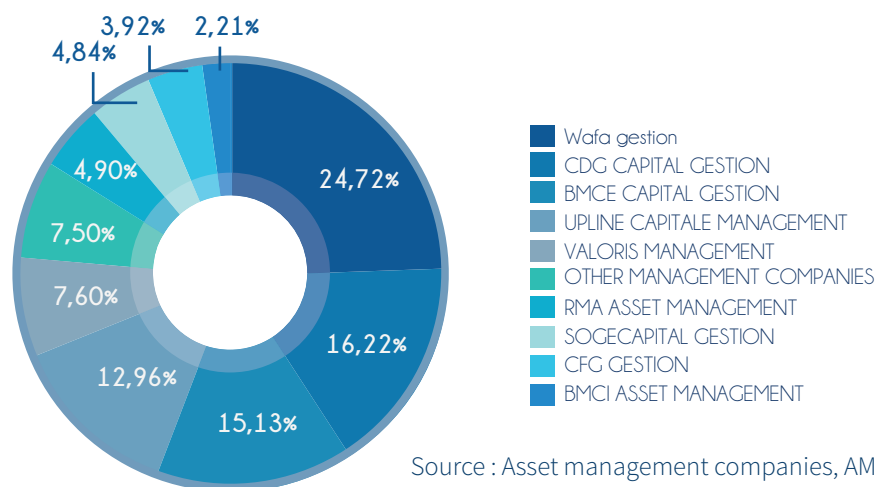
Graph 28: Breakdown of market shares of UCITS management companies by shareholding structure



Source: Asset management companies, AMMC calculations

With regard to business concentration, the aggregate market share of the top three asset management companies in the market at the end of 2018 was 56.07%, representing MAD 243.80 billion in net assets under management, compared with 55% and MAD 228.77 billion respectively at the end of 2017.

Graph 29: Breakdown of net assets by UCITS Management Company in 2018



Source : Asset management companies, AMMC calculations

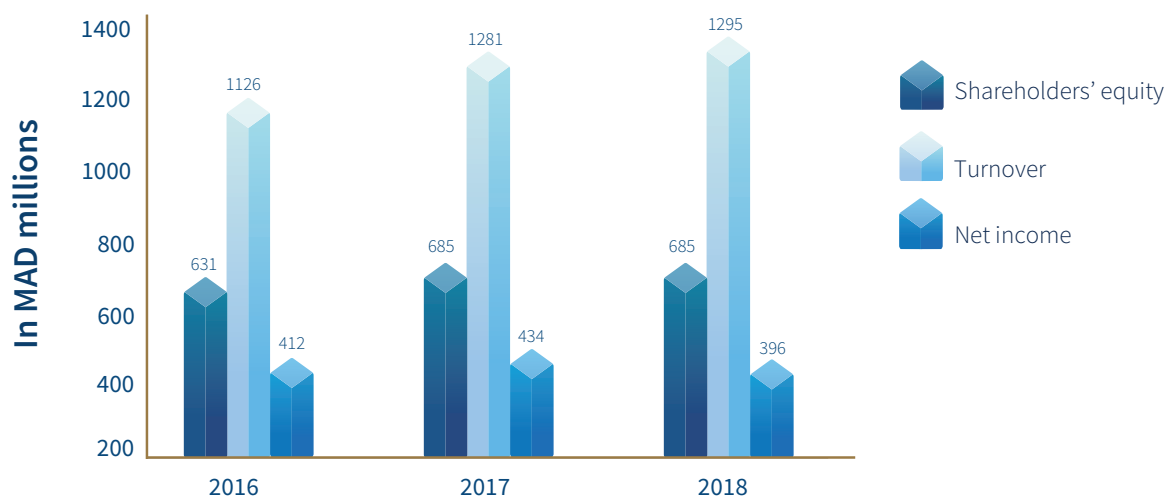
- **Financial indicators**

Consolidated turnover of UCITS management companies increased slightly by 1.15% in 2018 to MAD 1.295 billion versus MAD 1.281 billion in 2017.

The consolidated net income of UCITS management companies fell by 8.68% in 2018. It thus decreased from MAD 434 million in 2017 to MAD 396 million in 2018.

Shareholders' equity committed by all UCITS management companies in 2018 remained stable compared to 2017.

Graph 30: Changes in the financial indicators of UCITS management companies



Source: Asset management companies, AMMC calculations

5.4.2 FPCT management companies

At the end of 2018, there were three FPCT management companies: Maghreb Titrisation, which was established in February 2002, Attijari Titrisation, approved in November 2014 and BMCE Capital Titrisation, approved in December 2015.

They have a total staff of 18 employees, about 50% of whom are in charge of managing and structuring securitization funds.

- **Activity indicators**

At the end of 2018, the number of FPCTs stood at 11, including six (6) managed by Maghreb Titrisation, three (3) managed by Attijari Titrisation and two (2) managed by BMCE Capital Titrisation. Total net assets were up by more than 31% to MAD 7.55 billion from MAD 5.76 billion at the end of 2017.

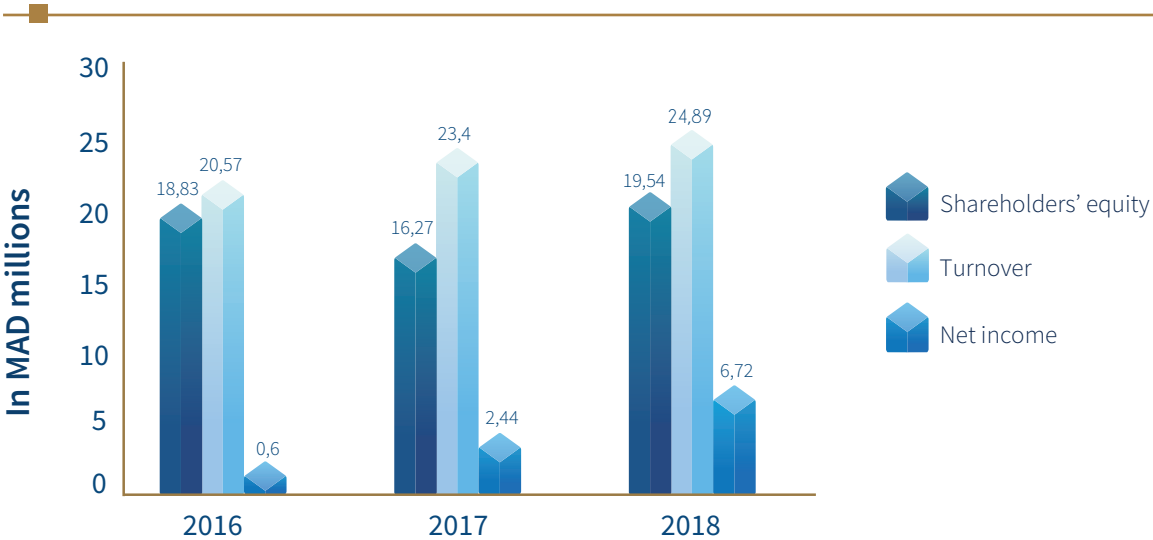
- ### Financial indicators

Consolidated turnover of FPCT management companies stood at MAD 24.89 million in 2018 compared with MAD 23.40 million in 2017, representing a 6.37% year-on-year increase.

The consolidated net income of FPCT management companies stood at MAD 6.27 million in 2018 versus MAD 2.44 million in 2017.

The equity capital committed by all FPCT management companies increased from MAD 16.27 million to MAD 19.54 million, representing an increase of 20%.

Graph 31: Changes in the financial indicators of FPCT management companies



Source: Asset management companies, AMMC calculations

5.4.3 OPCC management companies

In 2018, the number of approved OPCC management companies increased from 7 to 9, including 5 active asset management companies that manage 5 funds. These are CDG Capital Infrastructures, CDG Capital Private Equity, Brookstone Partners Morocco, Private Equity Initiatives and Global Nexus. It should be noted that the AMMC approved, at the end of November 2018, the SEAF Morocco Growth Fund, which will be managed by SEAF Morocco Capital Partners.

In terms of staff, OPCC management companies had a total of 46 employees at the end of 2018, including 11 investment managers.

- Activity indicators**

At the end of 2018, total net assets managed by OPCC management companies reached MAD 708.31 million, compared with MAD 502.71 million in 2017, representing an increase of 40.9%.

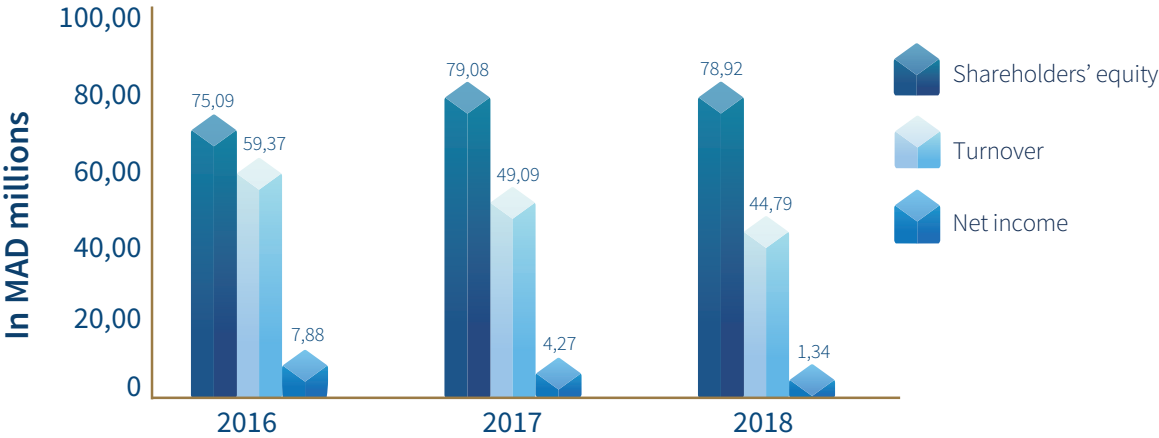
- Financial indicators**

The consolidated turnover of OPCC management companies fell by 8.76% in 2018 to stand at MAD 44.79 million compared with MAD 49.09 million in 2017.

The consolidated net income of OPCC management companies declined by more than 68% in 2018, going from MAD 4.27 million in 2017 to MAD 1.34 million in 2018.

The shareholders' equity committed by OPCC management companies recorded a slight decrease of 0.2% in 2018 to stand at MAD 78.92 million compared to MAD 79.08 million a year earlier.

Graph 32: Development of the financial indicators of OPCC management companies



Source: Asset management companies, AMMC calculations



CHAPTER III

THE AMMC AND CAPITAL MARKET SUPERVISION

1. AUTHORIZATIONS AND APPROVALS

1.1 Approval of market participants

2018 was marked by an increased interest in the establishment of new management companies, particularly OPCCs. In addition, following the AMMC's review of OPCC VENUS CAPITAL's application for approval in 2017, the decision for approval of this asset management company by the Ministry of the Economy and Finance was published in the Official Gazette on 15 February 2018.

Furthermore, the AMMC was requested to review a new application for approval of the OPCC management company: SEAF Morocco Capital Partners. After the opinion of the AMMC, SEAF Morocco Capital Partners was approved, on 14 June 2018, by the Ministry of Economy and Finance, as an OPCC management company. The review of the second application was completed on 26 November 2018 and the AMMC's opinion was communicated to the Ministry of the Economy and Finance.

Moreover, various capital market players who wish to create fund management companies have approached the AMMC. In order to answer their questions about the regulations governing fund management companies, the AMMC devoted several working sessions to them, during which plans to create management companies were also presented to the AMMC.

With regard to brokerage firms, the AMMC has been requested to examine an authorization for the transfer of the registered office of ICF AL WASSIT and Upline Securities.

1.2 Authorization of financial transactions

1.2.1 Equity securities transactions

During 2018, the AMMC authorized ten equity securities transactions. Processed transactions are as below:

Table 18: Equity securities transactions granted an approval (visa) in 2018

Transaction Type	Issuer	Authorization Date	Transaction Description	Value (in MAD)
IPO	Immorente Invest	05/04/2018	IPO by capital increase	400 000 000
	Mutandis SCA	16/11/2018	IPO by capital increase and sale of shares	400 000 140
Capital increase	Attijariwafa Bank	26/11/2018	Capital increase by cash contribution reserved for employees of Attijariwafa Bank, its subsidiaries in Morocco, Wafa Assurance and Wafa IMA Assistance	2 399 999 687
	Jet Contractors	03/12/2018	Capital increase divided into two tranches: - Tranche I: to be paid in cash (MAD 200 million) - Tranche II: to be paid up by settling receivables (MAD 68 million)	267 998 850

Transaction Type	Issuer	Authorization Date	Transaction Description	Value (in MAD)
Merger Absorption	Risma	18/10/2018	Merger absorption of Marrakech Plaza subsidiary (100% owned)	0
	Centrale Danone	14/12/2018	Merger absorption of the Fromageries des Doukkala subsidiary (100% owned)	0
	Salafin	17/12/2018	Merger absorption of Taslif	515 340 000
Public offering	MED PAPER	06/03/2018	Mandatory takeover bid following the threshold crossing of 40% of the voting rights by Alikén and the members of the Sefrioui family (acting in concert)	23 785 102
	TASLIF	04/12/2018	Mandatory takeover bid following the indirect threshold crossing of 40% of the voting rights by SANLAM (following the acquisition of control of SAHAM Finances)	37 435 464
	Saham Assurance	27/12/2018	Mandatory takeover bid following the indirect threshold crossing of 40% of the voting rights by SANLAM (following the acquisition of control of SAHAM Finances)	1 194 573 800

Source : AMMC

The two companies listed on the stock exchange in 2018 have certain specific features. Indeed, Immorente Invest is based on the new investment vehicles model and operates in the professional rental property sector. Moreover, Mutandis SCA is the first company to be listed on the stock exchange in the form of a Société en Commandite par Actions (limited partnership with a share capital) in Morocco. The governance of the company has been reviewed with the objective of establishing a better balance between the characteristics of this form of company and the need to protect limited partners.

With regard to the capital increases, Attijariwafa Bank has initiated a transaction reserved for the group's employees in Morocco for a total amount of 2.4 billion dirhams. This is the second such transaction after the one carried out in 2012. In addition, Jet Contractors initiated a capital increase of MAD 268 million, including MAD 68 million to be paid up by settling the receivable resulting from the acquisition of Moroccan Contractors Associates (MCA).

Also, 3 mergers and absorptions were authorized during 2018, two of which did not result in the creation of new shares because the absorbed subsidiaries were 100% owned by the acquiring companies.

Finally, 3 mandatory takeover bids were authorized following threshold crossings of 40% of the voting rights of listed companies.

1.2.2 Bond issues

During the 2018 financial year, the AMMC granted an approval (visa) to 12 bond issues by public offering, as shown in the following table:

Table 19: Bond issues by public offerings granted an approval (visa)

Issuer	Approval (Visa) Date	Description	Total value (in MAD)
OCP	23/04/2018	Perpetual subordinated bond issue with early repayment and deferred interest payment options, structured in 5 tranches at adjustable rates.	5 000 000 000
CIH Bank	27/04/2018	Subordinated bond issue, divided into 3 tranches at fixed and adjustable rates, with a 10-year maturity.	1 000 000 000
Attijariwafa Bank	07/06/2018	Subordinated bond issue, divided into 6 tranches at fixed and adjustable rates, with a 7-year maturity.	1 500 000 000
SGMB	11/06/2018	Subordinated bond issue, divided into 4 tranches at fixed and adjustable rates, with a 10-year maturity.	800 000 000
FEC	29/06/2018	Issuance of ordinary and subordinated bonds, divided into 9 tranches at fixed and variable rates with maturities of 10 and 15 years.	2 000 000 000
BHCI	07/09/2018	Subordinated bond issue, divided into 2 tranches at fixed and adjustable rates, with a 10-year maturity.	1 000 000 000
Crédit Agricole du Maroc	08/10/2018	Subordinated bond issue, divided into 8 tranches at fixed and adjustable rates, with maturities of 7 and 10 years.	500 000 000
Aradei Capital	16/10/2018	Bond issue guaranteed by first-rank mortgage guarantees, divided into 5 tranches (including 4 at fixed rates), with maturities of 5 years (with bullet repayment) and 7 years (with straight-line amortization)	600 000 000
Holding Al Omrane	30/10/2018	Issuance of ordinary bonds (MAD 500 million) and "Green & Social Bonds" (MAD 500 million).	1 000 000 000
Crédit du Maroc	27/11/2018	The issue is structured in 6 tranches at fixed and adjustable rates, with a maturity of 10 years and straight-line amortization.	750 000 000
Attijariwafa Bank	28/11/2018	Issuance of perpetual subordinated bonds with loss absorption and coupon cancellation mechanisms, divided into two tranches at adjustable rates.	500 000 000
Banque Centrale Populaire	06/12/2018	Subordinated bond issue, divided into 4 tranches at fixed and adjustable rates, with maturities of 7 and 10 years.	2 000 000 000

Source : AMMC

Furthermore, 7 bond issues by private placement were granted an approval (visa) by the AMMC, for a total value of MAD 7.4 billion.

It should be noted that in 2018, two sustainable bonds were issued on the market. Indeed, Holding Al Omrane issued a "Social & Green Bond" whose proceeds, MAD 500 million, will be used to finance building development projects whose purpose, objectives and impacts have a positive environmental, social and societal footprint. Similarly, Casablanca Finance City Authority issued a bond by private placement in order to pursue its high environmental performance real estate program.

1.2.3 Other granted visas

- Programs for the issuance of negotiable debt securities**

During the 2018 financial year, the AMMC granted six (6) visas relating to commercial paper issuance programs and reviewed 17 prospectuses relating to issuance programs for certificates of deposit and finance company bills. The negotiable debt security programs processed in 2018 are presented in the following table:

Table 20: Negotiable debt securities issuance programs

Instrument Type	Issuer	Program ceiling (in MAD)
Commercial paper	Managem	1 000 000 000
	Jet Contractors	200 000 000
	Label'Vie SA	800 000 000
	Résidences Dar Saada	500 000 000
	Afriquia Gaz	1 200 000 000
	Maghreb Oxygene	200 000 000
Certificates of deposit	BMCE Bank Of Africa	15 000 000 000
	BCP *	12 000 000 000
	SGMB	13 000 000 000
	CFG Bank *	800 000 000
	CIH Bank	10 000 000 000
	BMCI	12 000 000 000
	AttijariWafa Bank	20 000 000 000
	Crédit du Maroc	9 000 000 000
	Crédit Agricole du Maroc	8 000 000 000
	CDG Capital	1 500 000 000
Finance company bills	WAFABAIL	5 000 000 000
	WAFASALAF	5 500 000 000
	RCI Finance Maroc	2 000 000 000
	EQDOM	5 100 000 000
	SOFAC	2 500 000 000

Source : AMMC

(*) : Prospectuses updated twice during 2018

- **Share repurchase programs**

In 2018, the AMMC granted an approval (visa) to a single share repurchase program compared to five (5) programs in 2017.

Table 21: Share repurchase programs

Issuer	Approval (Visa) Date	Description	Maximum amount to be deployed (in MAD)
ITISSALAT AL-MAGHRIB	06/04/2018	Program relating to 0.17% of the share capital, with an intervention range of MAD 96-189, and including a liquidity contract for 20% of the program. The program runs from 10 May 2018 to 8 November 2019.	283 500 000

Source : AMMC

- **Public offerings carried out indirectly in Morocco**

During the 2018 financial year, the AMMC authorized 12 public offerings carried out indirectly in Morocco. These are exclusively offerings made by foreign groups for their employees worldwide, including those of their Moroccan subsidiaries.

Table 22: Public offerings carried out indirectly in Morocco

Issuer	Approval (Visa) Date	Security type	Subsidiaries benefiting from the transaction in Morocco	Total amount (in MAD)
Airbus SE	22/02/2018	Equity security	Stelia Aerospace Maroc SA, Aerolia Construction Aéronautique du Maroc SA	5 512 046
TOTAL	22/02/2018 21/03/2018	Shares of FCPE	TOTAL MAROC, OUARGAZ and GAZBER	10 462 774
Vinci	07/05/2018 24/05/2018	Shares of FCPE	Freyssima Maroc, Cegelec SA Maroc, Dumez Maroc, Sogea Maroc, SOLSIF Maroc SA, EXPROM Facilities, VIGIPROM SARL, SIXENSE SOLDATA and Terre Armée Maroc branch offices	20 001 887
SANOFI	21/06/2018	Shares of FCPE	SANOFI-AVENTIS Maroc	5 259 698
Nexans	07/05/2018 25/06/2018	Shares of FCPE	NEXANS Maroc, SIRMEL, Tourets and Emballages du Maroc	7 118 049
Décathlon International Shareholding Plan	03/07/2018	Equity security	DECAPRO MAROC, DECATHLON MAROC, PROXYLINE, DECATHLON REGIONAL SUPPORT	5 593 004

Source : AMMC

Issuer	Approval (Visa) Date	Security type	Subsidiaries benefiting from the transaction in Morocco	Total amount (in MAD)
VEOLIA ENVIRONNEMENT	12/06/2018 06/08/2018	Shares of FCPE	Amendis SA, Compagnie de Travaux Hydrauliques du Maghreb SA (CTHM), Redal SA, Veolia Environnement Industrie Maroc (VEIM), Veolia Services à l'Environnement Maroc (VEOM) et VWS Maroc SARL	57 280 960
Renault	18/09/2018	Shares of FCPE	RENAULT TANGER EXPLOITATION, RENAULT COMMERCE MAROC, SOMACA AND RCIFINANCE MAROC	64 956 627
Axa	06/09/2018 18/10/2018	Shares of FCPE	Axa Assurance Maroc, Axa Assistance Maroc, Axa Assistance Maroc Services, Institut de formation et de développement professionnel AXA, Axa Crédit, Carré Assurance Maroc and Société de Gestion et de Surveillance (SGS), branch offices: Axa Technologie Services, Axa France IARD, Axa France Vie and Avanssur	44 451 099
CAPGEMINI	01/10/2018 14/11/2018	Shares of FCPE	CAPGEMINI TECHNOLOGY SERVICES MAROC S.A.	23 083 303
Air Liquide SA	15/11/2018	Equity security	Air Liquide Maroc and SOMATI	3 562 257
Groupe NGE	12/12/2018	Shares of FCPE	Générale Routière du Maroc	5 940 501
ATOS	18/12/2018	Shares of FCPE	Atos IT Services, Atos ITS Nearshore Center Maroc et Bull Maroc	22 834 904

Source : AMMC

1.3 Authorization of Collective Investment Schemes

1.3.1 UCITS

During 2018, the AMMC granted 56 approvals of draft management regulations and UCITS statutes and 98 approvals of prospectuses visas, for a total of 154 authorizations relating to UCITS. UCITS authorizations are divided between 33 renewals of authorizations and 23 new UCITS launches. Of the 98 prospectuses approved by the AMMC, 18 concern newly marketed funds.

Table 23: Summary of UCITS authorizations in 2018

	Approval of draft Management Regulations and Statutes			Approvals of prospectuses		
	Launch	Renewal	Total	Launch	Update	Total
UCITS						
Equity	4	9	13	4	15	19
Diversified	10	5	15	7	13	20
Money market	1	4	5	1	13	14
Short-term bonds	1	4	5	1	25	26
Medium and long-term bonds	7	11	18	5	14	19
Contractual	0	0	0	0	0	0
Total	23	33	56	18	80	98

In 2018, the number of applications for UCITS authorizations submitted to the AMMC increased significantly. Indeed, it went from 100 applications in 2017 to 211 applications in 2018. This increase is explained by the desire of UCITS management companies to adapt their products to the needs of their investors and to support the development of the Moroccan capital market.

Thus, for the 23 draft management regulations and fund statutes approved by the AMMC for the launch of new funds, 10 authorizations were granted to “Diversified” UCITS whose management objective meets the needs of investors wishing to benefit from the flexibility offered by this category of UCITS (portfolio allocation varies according to equity and bond market trends), and 7 authorizations were granted to “Medium and long-term bonds” UCITS with a “conservative” investor profile.

For the 98 approvals of prospectuses granted, they were mainly granted in the context of requests to update existing prospectuses in order to authorize UCITS to invest in a new asset class on the Moroccan capital market, namely perpetual bonds with interest absorption and/or cancellation mechanisms. These updates are in response to the letter sent by the AMMC to asset management companies in order to integrate this new financial instrument into the investment universe of each UCITS wishing to invest in it and thus ensure better information for UCITS investors.

1.3.2 Securitization vehicles (FPCT)

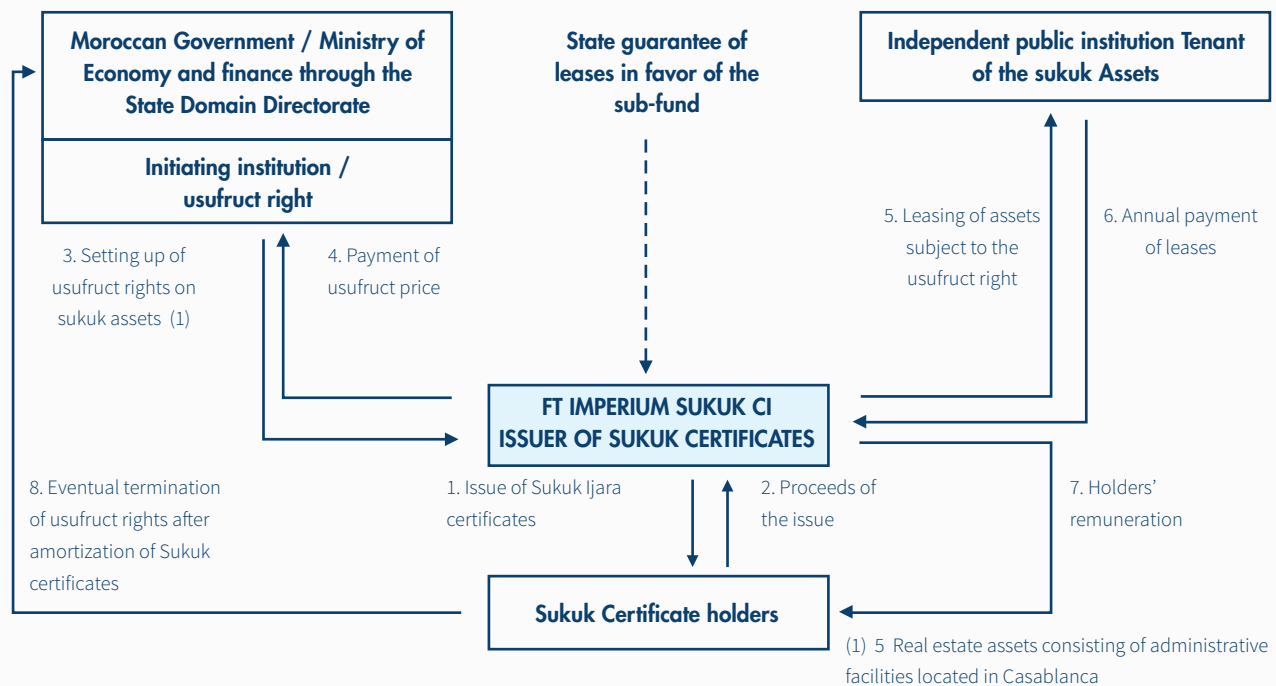
In 2018, the AMMC authorized the creation of four (4) new FPCTs for the securitization of three different types of assets: real estate assets, usufruct rights on real estate assets and receivables from consumer credit contracts.

The authorized transactions are as follows:

- **FT DOMUS :** Securitization fund for real estate assets held by certain subsidiaries of the Alliance Group. This fund, managed by asset management company BMCE Capital Titrisation, was the subject of a Public Offering for subscribers who were qualified investors and was set up as part of the Alliance Group's private debt restructuring plan.
- **FT IMPERIUM SUKUK :** Fund managed by Management Company Maghreb Titrisation, with a view to the securitization of usufruct rights on real estate assets held by the Moroccan State. The creation of this fund was the first issue of Sukuk certificates in Morocco. A usufruct right backs the Sukuk certificates such as Ijara issued as part of this pilot transaction on real estate assets in the private domain of the State.
- Subscription to the Sukuk Ijara Certificates issued by the said fund was reserved for resident investors subject to the restrictions on sale provided for in the fund's management regulations.
- **FT SALAF INVEST :** Fund for the securitization of consumer loans granted by Wafasalaf to Moroccan government officials. This fund, managed by management company Attijari Titrisation, was the subject of a public offering reserved for qualified investors.
- **FT CREDIPER :** Fund set up by management company Attijari Titrisation, with a view to securitizing loans granted by Attijariwafa Bank to its employees. The units issued by the fund were privately placed with qualified investors.

BOX NO. 4 THE INAUGURAL ISSUE OF SOVEREIGN SUKUK CERTIFICATES IN MOROCCO

The pilot issuance of Sukuk certificates in Morocco took place on 5 October 2018 and was a major event in the development of the first segment of the participative capital market. The inaugural issue concerned Ijara type Sukuk certificates for a value of MAD 1 billion, redeemable over a 5-year period and with an annual yield of 2.66%. The Sukuk certificates issued are backed by a usufruct right on real estate assets that are part of the private domain of the State. This transaction, which the market has been waiting for since the launch of the first participative banks in 2017, is the culmination of several months of work and consultation between the Ministry of Finance, the AMMC, the Higher Council of Islamic Scholars and the management institution selected by the Ministry to structure this issue. Discussions and consultations were also extended to Bank Al Maghrib, the Supervisory Authority of Insurance and Social Welfare (ACAPS) and representatives of the tax administration and private domains of the State, with a view to operationalizing Sukuk certificates and marketing them to various economic players, particularly financial and insurance institutions.



Soverign Sukuk issue scheme

In addition, the Sukuk issue in Morocco was only made possible after the completion of a dedicated legislative and regulatory framework composed of Law No. 33-06 on securitization and amended in April 2018, the implementing texts defining the technical characteristics of Sukuk Ijara and the AMMC circular setting the form and content of the transaction's summary document, to be provided to the High Council of Islamic Scholars when requesting any opinion on compliance. The success of this first issue made it possible to lay the foundations for the Kingdom's participatory capital market and to establish the reference framework necessary for the development and diversification of participatory financial instruments in Morocco.

1.3.3 Private equity investment vehicles (OPCC)

In 2018, the AMMC granted approval to the SPCC SEAF Morocco Growth Fund. This company is part of "Fonds Innov Invest", a scheme dedicated to financing seed and innovative start-ups, set up by the Moroccan government with the support of the World Bank and managed by the Caisse Centrale de Garantie (Central Guarantee Fund -CCG).

The SPCC SEAF Morocco Growth Fund will invest in startups and innovative SMEs. The maximum aggregate commitment is MAD 350 million. Subscription to OPCC units is reserved for qualified investors listed in the SPCC's information document.

1.4 Applications for the Casablanca Finance City Status (CFC)

In 2018, the AMMC, as a member of the CFC Commission, examined 44 cases relating to eligibility for CFC status, including 1 case relating to the change of CFC status categories and 4 requests for withdrawal.

2. CONTROL OF FINANCIAL INFORMATION

The 2018 financial year has witnessed a significant evolution in the monitoring of the financial reporting of publicly traded companies, both in terms of organizational aspects, regulatory development and control and awareness approaches, which has been reflected in the practices of issuers.

Indeed, at the organizational level, 2018 brought about a significant change in the departments responsible for controlling information prior to authorizing financial transactions and those responsible for monitoring post-transaction reporting obligations. These departments have been merged into a new "Financial Transactions and Information" department, to which 3 new departments have been added according to a sectoral breakdown (Banking and Insurance, Infrastructure and Real Estate, SMEs and Other sectors). This change has made it possible to further streamline the operation of information control activities in the sense that it makes it possible to leverage the expertise acquired during the appraisal phase of the financial transaction, thus ensuring better monitoring of the issuer throughout its journey on the capital market. Similarly, sector specialization makes it possible to better understand the specificities of each sector of activity and to gain a better understanding of the inherent risks.

In addition to the " Transactions and Financial Information " department, a new department was set up to develop and monitor issues related to issuer governance and accounting matters. Indeed, governance, accounting information and the role of auditors have become major issues in the investor-issuer relationship and are important drivers for building trust in capital markets. This new organizational structure has thus made it possible to strengthen the effectiveness of the issuer information control system while at the same time increasing the support and awareness of these players.

At the regulatory level, a new circular on financial transactions and information has been prepared on the basis of the best international standards, taking into account new legislation, market

developments, observed practices and the needs of stakeholders. As such,, major advances have been introduced in financial reporting (quarterly financial and activity indicators, more detailed half-yearly and annual financial reports, outline of the reference document and the mechanism for the inclusion of information by reference to other documents, etc.) and governance (appointment of independent directors by publicly traded companies and procedures for publishing director independence criteria, annual review of independence criteria, composition of the audit committee, annual "Environmental, Social and Governance" reporting, framework for relations with the Statutory Auditors, etc.), while providing simplified rules for issuers of the future alternative market of the Casablanca Stock Exchange for SMEs. The draft circular was subject to two phases of public consultation followed by discussion meetings with issuers and professionals concerned (CGEM APE Club, Financial Advisors, Order of Chartered Accountants, APSB, ASFIM, etc.). In addition to presenting the new rules, these exchanges made it possible to raise awareness among issuers and professionals, particularly with regard to their disclosure obligations and best practices.

At the same time, and throughout 2018, numerous measures were taken to remind issuers of the rules and implications of important information, in particular the "profits warning", the quality and relevance of the information published and the importance of holding conferences to present achievements to financial analysts and the specialized press. These measures, based essentially on a detailed analysis of all issuers' publications and their financial reporting practices, took the form of awareness and reminder letters, requests for explanations and corrections to publications where necessary, and meetings with issuers and/or their advisors and statutory auditors in specific situations or events. With the same objective of improving transparency, these measures also took the form of events organized by the AMMC or the publication of recommendations. For example:

- In June 2018, the AMMC published a guide on "Green, Social & Sustainability Bonds", followed by a presentation conference organized jointly with the IFC for issuers and their advisors to explain the interest and specificities of this new instrument, but also the reporting requirements that must accompany this type of issue;
- In September 2018, the WMA published financial reporting recommendations inviting issuers to adopt these recommendations ("timing" of publications, clarity and readability, distribution channels, management comments, presentation conferences, annual financial reporting agenda, etc.).

Thus, a change in issuers' financial reporting practices was observed in 2018. Indeed, issuers much more frequently seek the AMMC's opinion on the need to publish certain information as well as on the content of the information to be published. The number of "profit warnings", which is a revealing indicator of this trend, rose sharply in 2018, with 21 publications compared with 10 in 2017. This change reflects a better understanding of the challenges of financial reporting by issuers. Nevertheless, and although each "profit warning" case constitutes a particular one that needs to be specifically examined, further efforts are required in respect of the publication time. In 2018, nearly 50 conferences were held to present the results.

Finally, the 2019 financial year is also expected to be marked by a significant change in financial communication with the entry into force of the new AMMC circular on financial transactions and information referred to above.

2.1 Periodic information

The periodic information required of issuers is accounting and financial information published on a half-yearly and annual basis, informing investors about performance. This information is regularly monitored by the AMMC, in particular on:

- © compliance with deadlines and publication media;
- © the comprehensiveness of the content required by the regulations;
- © the clarity, consistency and relevance of the information published.

Table 24: Result of the monitoring of financial publications

Nature of observations	2017	2018 (S1)
Non-compliance with financial publication deadlines	3	2
Non-compliance of the comprehensiveness of published statements	1	0

Source : AMMC

In 2018, issuers published financial statements for the second half of the year and the 2017 financial year, as well as those relating to the first half of 2018.

Monitoring compliance with the deadlines for the publication of the financial statements published in 2018 revealed the following:

- © two overruns of the deadline for publication of the performance for the second half of 2017: 1 day for Ciments du Maroc and 2 days for Ennakl automobiles;
- © a delay of several months in the publication of the annual accounts for the 2017 financial year for Stroc Industrie. The company published this information on 20 November 2018;
- © two overruns of the deadline for publication of the performance for the first half of 2018: one day for Jaida and Ennakl Automobiles.

In addition, in terms of comprehensiveness, a violation was recorded by Crédit Agricole du Maroc regarding the publication of the 2017 annual financial statements as these were accompanied by a limited review certificate instead of the summary of the final report of the Statutory Auditors.

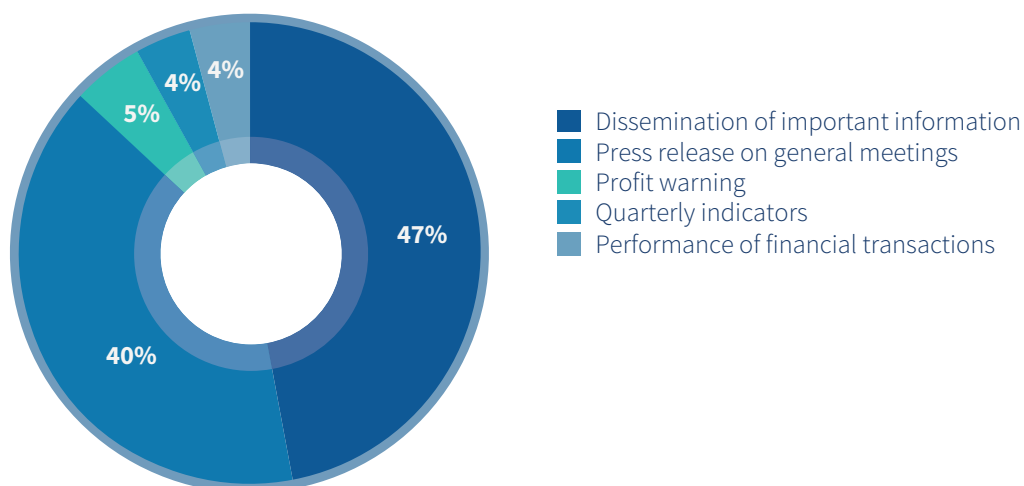
Lastly, the publications of three (3) companies for the 2017 financial year showed non-compliances that were remedied within the legal deadlines following the AMMC's request.

2.2 Important information

Legal entities making public offerings are subject to an obligation to disclose any event occurring in their organization, commercial, technical or financial situation that may have a significant influence on the stock market prices of their securities or an impact on the assets of security holders as soon as they become aware of it.

2.2.1 Type of publications

Graph33: Breakdown of publications by press releases topic in 2018



Source : AMMC

In 2018, 409 press releases were published by issuers, of which 47% inform about an important event and 40% concern general meetings and 5% are issued to alert the public about the foreseeable decline in business.

2.2.2 Suspension requests of trading during 2018

In some cases and to preserve equal access to information, the AMMC intercedes to ask the Casablanca Stock Exchange to temporarily suspend the listing of certain securities, pending the publication of important information.

Thus, two securities were the subject of three requests for suspension during 2018, two of which were for the filing of a proposed public offering and the other for the publication of important information.

2.3 Threshold crossing disclosures

Threshold crossing disclosures are an information obligation incumbent on shareholders who have crossed the thresholds of ownership in listed companies upwards or downwards. These thresholds of 5%, 10%, 20%, 33.33%, 50% and 66.66% are set by Articles 68 ter and 68 quater of the Dahir providing Law No. 1-93-211 as amended and supplemented. Threshold crossing disclosures are controlled and processed by the AMMC and made public through its website in order to inform about changes in the shareholding structure of listed companies.

Table 25: Breakdown of disclosures by investor category

Investor category	2017	2018
Threshold crossing disclosure (upward)	7	10
Legal entities established under foreign law	3	2
Legal entities established under Moroccan law	3	3
Natural persons	1	5
Threshold crossing disclosure (downward)	8	7
Legal entities established under foreign law	1	2
Legal entities established under Moroccan law	4	1
Natural persons	3	4
TOTAL threshold crossing disclosure	15	17

Source : AMMC

2.4 Repurchase programs of listed companies

Listed companies that have an ongoing repurchase program are required to submit a monthly statement to the AMMC, informing it of transfers and acquisitions made directly or through their subsidiaries during the previous month.

Table 26: Summary of repurchase programs in 2018

6 repurchase programs as at 31 December 2017	Addoha, BCP, IAM, Salafin, SNEP and Stokvis Nord Afrique
3 programs expiring in 2018	Addoha, Salafin et Stokvis Nord Afrique
1 program renewed in 2018	IAM
New programs approved in 2018	None
3 repurchase programs as at 31 December 2018	BCP, IAM et SNEP

Source : AMMC

2.5 Ethics of listed companies

In accordance with the AMMC circular, listed companies are required to appoint an ethics expert to prepare an ethics report every six months in which he or she provides the AMMC with any assessments and difficulties concerning compliance with the rules of ethics relating to the use of inside information by insiders.

The said report also includes the list of permanent and occasional insiders, updated at the end of each semester.

In 2018, one listed company, Stroc Industrie, did not submit its ethics reports for the first and second half of 2018.

As for the delay in submitting the ethics report, 13 companies were late for the first half of 2018 and 10 for the second half of 2018.

As for the comprehensiveness of the reports, the checks carried out revealed that two reports were incomplete for the second half of 2018.

Table 27: Results of the control of listed companies' ethics reports

	S1 2018	S2 2018
No sending	1	1
Non-compliance with the sending deadline	13	10
Non-compliance regarding the report's comprehensiveness	0	2

Source : AMMC

2.6 Reporting on corporate social responsibility

In the framework of its commitments to sustainable finance, the AMMC and the Casablanca Stock Exchange jointly published an educational guide on corporate social responsibility (CSR) and Environmental, Social and Governance (ESG) reporting in May 2017.

The guide was intended to raise issuers' awareness on issues pertaining to sustainable development and to encourage them to adopt the ESG approach and non-financial reporting. It was the subject of a public consultation and presentation event bringing together market operators.

The principles set out in the ESG Reporting Guide were incorporated in 2018 into the AMMC draft Circular on Public Offerings, reflecting a progressive approach to preparing issuers for the introduction of new bonds. Indeed, the aforementioned draft circular requires the annual publication of an ESG report, through which issuers inform the public about the environmental impacts of their activities, where applicable, and describe their social relations as well as their governance.

It should also be noted that the AMMC is a member of the Scientific Committee on Indices, which launched the "Casablanca ESG 10" index in September 2018. The latter is composed of the 10 listed securities with the highest ESG criteria scores, assigned by an independent body.

3. CONTROL OF PARTICIPANTS, ENTERPRISES, AND MARKET INFRASTRUCTURE

The AMMC supervises the activities, organization and resources of participants and market undertakings to ensure that they operate under secure conditions in compliance with the legal and regulatory provisions that govern them.

This supervision is carried out in two complementary forms: on-site inspections at the participants' premises, and documentary audits through the analysis of financial statements submitted to the AMMC via the "Market Authority Exchange and Supervision System" (SESAM) platform.

In the framework of the control and analysis of the reports submitted by stakeholders, the AMMC attaches a particular importance to the monitoring of incidents declared by said participants. The Authority also closely monitors all of these incidents in order to determine the degree of criticality, their frequency, impact and to follow up on the action plan adopted by the stakeholder to address them.

Table 28: Stakeholder inspection missions

	Brokerage firms		Account holders		Asset management companies	
Inspection missions	2017	2018	2017	2018	2017	2018
General Missions	1	1		1		1
Post-inspection Missions						
Thematic Missions	1	4	5	3		
Periodic Missions	2	5			3	1
Total	4	10	5	4	3	2

Source : AMMC

3.1 Control of the company managing the stock exchange

3.1.1 Monitoring of incidents

The Casablanca Stock Exchange recorded a 60% decrease in the number of incidents, from 10 incidents in 2017 to 4 incidents in 2018. These incidents were classified as low to moderate criticality and concerned the trading platform, systems, telecoms, and statistics & indices.

This decrease is mainly due to the performance and stability of the new Millennium IT trading and monitoring platform.

The said incidents had a controlled impact both on the Casablanca Stock Exchange and on brokerage firms and other market participants. In addition, they resulted in immediate corrective actions and were all resolved. In this context, preventive measures have been deployed to prevent their recurrence.

3.1.2 Internal Audit Missions

The Casablanca Stock Exchange governance bodies introduced an annual audit plan covering several fields of activity. As such, 3 internal audit missions were carried out in 2018 in order to assess and formulate recommendations regarding the efficiency and relevance of certain operational processes, namely information systems security, QMS/ISMS and internal control.

3.2 Control of the Central Depository

3.2.1 Monitoring of incidents

The central depository Maroclear recorded an 80% decrease in the number of incidents, from 21 incidents in 2017 to 4 incidents in 2018. These incidents were classified as low to moderate criticality and concerned operations management, the settlement platform and telecoms.

This decrease is mainly due to the stability of the new version of the Maroclear IS platform.

The reported incidents did not have a major impact on the activity of market participants. They were managed by the central depository's teams and were the subject of a diagnosis that resulted in a series of corrective and preventive actions.

3.2.2 Internal Audit Missions

Maroclear's governance bodies have put in place an annual audit plan covering several areas of activity. In this respect, eight (8) internal audit missions were carried out in 2018 to assess the effectiveness and relevance of certain operational processes, particularly risk management, internal control, inspection, UCITS and securities transaction management.

3.3 Control of brokerage firms and account holders

3.3.1 Inspection Missions

In 2018, the AMMC conducted 14 control missions among brokerage firms and account holders with two (2) general missions, seven (7) thematic missions and five (5) periodic missions.

- **General Missions**

The general missions concerned a brokerage firm and an account holder.

A mission was conducted at the brokerage firm “ICF Al-Wassit” and focused on the human, organizational, material and technical resources necessary to carry out its activities.

A second mission was conducted with the account holder “Al Barid Bank” and focused on the organizational resources, the procedures for opening securities accounts, as well as the processing of clients' securities transactions and stock market orders.

- Thematic Missions**

Thematic missions were conducted at three (3) brokerage firms and three (3) account keepers.

As part of its market supervision duties, the AMMC conducted missions at BMCI bourse, BMCE Capital Bourse, Valoris Securities and BMCI which focused on controlling certain transactions on the equity market.

The purpose of the mission conducted at BMCE Bank was to ensure that the resources set up by the account holder as part of its mission as a UCITS depository institution were kept up to date.

In addition, an audit mission was conducted among all brokerage firms to verify the completion of project F, the coding system for client orders.

- Periodic Missions**

As part of the follow-up of incidents reported by stakeholders, two (2) periodic missions were conducted at BMCE Capital Bourse and Sogécapital bourse. Similarly, three (3) missions were conducted at brokerage firms Capital Trust Securities, Upline Securities and ICF Al-Wassit to transfer the registered office or the real place of business.

3.3.2 Documentary-based monitoring

In 2018, the AMMC received 96 incident reports from brokerage firms and banks regarding their securities account keeping activities compared with 99 reports in 2017.

Table 29: Number and typology of incidents reported to the AMMC in 2018

	Activity-related Incidents	Technical Incidents	Other incidents
Brokerage firms	20	54	2
Banks	19	1	0

Source : AMMC

Table 30: Typology of incidents reported by brokerage firms to the AMMC in 2018

Brokerage firms	Activity-related Incidents		Technical Incidents	
	Order Executions	9	Telecommunication links	16
	Settlement of transactions	3	System bugs	14
	Facilitation	3	Listing/trading platform	13
	Constitution of the net long position	2	Telephone recorders	8
	Prudential regulations	1	Synchronisation between systems	2
	Accounting of transactions	1	Maroclear Platform	1
	Securities transactions	1		

Source : AMMC

Table 31: Typology of incidents reported by banks to the AMMC in 2018

Banks	Activity-related Incidents		Technical Incidents	
	Order Executions	2	Maroclear Platform	1
	Securities transactions	9		
	Settlement of transactions	7		
	Accounting of transactions	1		

Source : AMMC

It should be noted that a majority of the reported incidents have a low to moderate criticality factor and particularly relate to technical issues such as outages or bugs that caused a momentary business interruption, breakdowns of the telephone recorders of certain brokerage firms that have been fixed and problems relating to the settlement of transactions.

All reported incidents were specifically monitored by the AMMC. These include, in particular:

- © Technical incidents relating to records for the brokerage firms: Sogecapital bourse, BMCI bourse, ICF Al Wassit, Alma Finance Group and Upline Securities.
- © A few incidents on the MIT platform reported by brokerage firms.

3.4 Control of UCITS management companies

3.4.1 Documentary audit of asset management companies

Documentary audit and monitoring of UCITS asset management companies mainly consists of:

- © Monitoring compliance by asset management companies with all the laws and regulations governing their activities;
- © Control of the adequacy between, on the one hand, the means implemented by the asset management companies (financial, human, technical and organizational means) and, on the other hand, the activities carried out by said companies;
- © Monitoring compliance by these companies of the primacy of the interests of the investors whose assets they manage;
- © Monitoring compliance of these companies with respect to their disclosure requirements;
- © Evaluation and monitoring of the risks borne by these companies.
- © Control and validation of advertising communications concerning these companies or the UCITS they manage.

3.4.2 On-site inspections of asset management companies

In 2018, the AMMC carried out two (2) inspections at UCITS management companies: the first one was with CDG Capital Gestion and the other was Upline Capital Management.

The inspection mission carried out at CDG Capital Gestion was a general mission whose objective was to ensure that the asset management company:

- © has the financial, human, organizational and technical resources necessary to carry out its activities;
- © manages the UCITS for which it is responsible in accordance with the regulations in force and in the exclusive interest of the shareholders and unit holders of the said UCITS.

Concerning the inspection mission carried out at Upline Capital Management, this was a short mission following a change of registered office by the asset management company and its objective was to ensure that the company still had appropriate and sufficient organizational and technical resources to conduct its business.

In addition, in 2018, the AMMC sent its final inspection report to three previously inspected management companies and referred three asset management company inspection files to the Enforcement Committee.

3.4.3 Control of collective investment undertakings

- **Control of UCITS**

At the end of a 3-month period from their inception and after the AMMC has approved their prospectus (thus enabling them to be marketed), UCITS are required to comply at all times with all the legal and regulatory provisions to which they are subject.

These legal and regulatory provisions mainly concern compliance by UCITS with:

- © Prudential rules relating to their asset mix (the latter define the proportions of securities, repurchase agreements, securities lending and liquidity transactions making up their portfolio, as well as the maximum level of debt they are authorized to incur. They aim to identify and control the main risks to which UCITS are exposed: market risk, counterparty risk, liquidity risk and gearing risk;
- © Their classification and investment strategy as specified in their prospectus;
- © The exclusive interest of their unitholders or shareholders in all the transactions they undertake;
- © Their investor disclosure requirements.

- **Control of venture capital investment vehicles (OPCC) / Venture capital investment organizations (OPCR)**

The documentary audit and monitoring of venture capital investment vehicles (OPCC) or venture capital investment organizations (OPCR) management companies consists of a series of structured and standardized controls of the documents sent by the management companies. The purpose of these controls is to ensure compliance with the various legal and regulatory provisions in force and, in particular, with the rules of professional ethics and practice.

The control to which the AMMC subjects the venture capital investment vehicles and venture capital investment organizations consists mainly in ensuring compliance with the following:

- the prudential rules applicable to them (in particular the limit on the borrowing ratio);
- their asset mix rules. Indeed, venture capital investment vehicles and venture capital investment organizations are required to meet a “minimum allocation” provided by the regulations;
- the investment strategy set out in their prospectus.

- **Permanent control of securitization vehicles (FPCT)**

The AMMC's control of securitization vehicles consists in ensuring that they comply with all applicable legal and regulatory provisions and that they are managed in accordance with the authorized legal and financial structure.

To this end, the managing institutions are required to submit periodic reports to the AMMC at quarterly, half-yearly or annual intervals in order to provide information on:

- the business, financial and management indicators of their securitization vehicles;
- the implementation of the internal control system of the managing institutions.

4. MARKET DISCIPLINE

4.1 Monitoring stock market transactions

The objective of market surveillance is to detect any event or behavior that may constitute a market offence or any other failure to comply with the regulations applicable to market participants.

To this end, surveillance ensures real-time monitoring of stock market data and participants. This online monitoring is supplemented by data collected from various market players (reports of transactions submitted by brokerage firms and account keepers) and cross-referenced with information disseminated by issuers or on listed companies (financial publications, press articles, social networks, etc.). This surveillance system is based on a surveillance solution (Millennium Surveillance), which meets international standards, as well as on database management tools.

Thus, in 2018, the AMMC continued the work begun a year earlier to develop surveillance tools by enhancing the information collected from market participants.

Among these projects, the coding system for client orders on trading platforms will make it possible to finetune the monitoring and analysis of the surveillance. One of the objectives is to extend the supervisory scope to orders to assess the intervention of investors as a whole over a period of time and to determine whether their actions require in-depth analysis or the opening of an investigation.

Table 32 : Supervisory Scope

	2017	2018
Securities under supervision*	122	122
- Listed stocks	74	76
- Listed bonds	48	46
Number of orders introduced**	713 723	487 225
- Daily average	2 855	1 973
Number of recorded transactions***	289 381	185 585
- Daily average	1 157	751

Source : Casablanca Stock Exchange

* As of 31/12

** On the central equity market

*** Central and block market

The results for 2018 show 1,524 significant events (exceptional volumes, price volatility, compliance with the terms and conditions for carrying out buyback or management programs, etc.). In addition, 17 cases of suspected offences were identified and were the subject of an in-depth analysis.

Table33: Nature of suspicions analyzed

Nature of the suspicion	Number
Market manipulation	15
Insider trading	1
Other	1
Total	17

Source : AMMC

Following this analysis, five suspicious behaviors led to a proposal to open an investigation.

247 trading sessions
1 524 significant events
17 in-depth analysis of records
5 investigation proposals

Furthermore, the AMMC has carried out five (5) awareness-raising actions vis-à-vis operational staff and market participants.

4.2 Investigations

The Authority’s Chair, following the detection of anomalies on the stock market, the receipt of a complaint or a control of a participant or an issuer, opens the investigations conducted by the AMMC. In general, these are carried out following the suspicion of an infringement of the current legislation. In addition to finalizing the processing of three (3) investigations opened in 2017, 2018 was characterized by the opening of five (5) investigations on behavior likely to affect the proper functioning of the market, two (2) of which were opened in the fourth quarter of 2018. Among these investigations, four (4) concern suspicions of price manipulation, two of which were carried out by individuals and two by professional investors. The fifth investigation concerns a suspicion of the use of insider information.

In order to conduct these investigations, the AMMC carried out on-site investigations at the premises of the relevant market participants and conducted six (6) hearings to collect the responses of the persons concerned.

In addition to conducting surveys on the behavior observed on the Moroccan market, the AMMC was requested to share its expertise with other foreign regulators. This assistance in the conduct of certain investigations is provided under the multilateral agreement on consultation, cooperation and

information exchange signed within the framework of IOSCO. In addition, the assistance provided by the AMMC may also include the exchange of information on market participants in connection with applications for licensings or authorizations.

In 2018, the AMMC conducted an investigation for a foreign authority, bringing the total number of investigations opened during that year to six (6). It concerned a suspicion of the use of insider information. As part of this investigation, the AMMC conducted two hearings and forwarded the documents and information requested by a foreign counterpart.

In addition, and at the national level, the AMMC receives requisitions from the Kingdom's various judicial authorities, the number of which reached 99 in 2018. Ninety percent (90%) of these come from the Brigade Nationale de Police Judiciaire (National Judicial Police Brigade - BNPJ). They mainly concern securities accounts opened in the name of persons subject to judicial investigations.

4.3 Complaints handling

During 2018, the AMMC received eight (8) complaints that took an average of 47 days to process. Of these complaints, five (5) were not eligible because their subject matter did not fall within the AMMC's jurisdiction or because they were the subject of legal proceedings.

It should be recalled that the admissibility of any claim or complaint is subject to a number of requirements, including the following:

- To have made a prior complaint to the implicated person and said complaint has remained unsuccessful for more than one month from the date of its transmission or has been rejected in whole or in part;

- Not to be the subject of legal proceedings pending before any court or not to have been the subject of a judicial decision which has the force of *res judicata*.

All complaints handled in 2018 concerned disputes between individual investors and market participants or issuers.

5. ENFORCEMENT POWER

5.1 Organization of the AMMC's enforcement power

The Authority exercises its enforcement power through two major parties, the Enforcement Committee and the Chairmanship of the AMMC.

The organization of the AMMC's enforcement power is governed by the rules provided essentially by Law No. 43-12 and the AMMC General Regulations, which serve as the basis for this power, its scope and the organization of its exercise by the Committee and Chairmanship.

The role of the Enforcement Committee is to investigate the facts referred to it by the Chairmanship. The latter is vested with the authority to decide, in accordance with the opinion delivered by the Committee at the end of the investigation, on the sanctions to be imposed or the referral to the judicial authority, depending on whether the facts investigated are qualified as breaches or offences.

5.2 Exercising of the AMMC's enforcement power

In the course of exercising its enforcement power, the AMMC Chairmanship took 10 decisions in 2018: one decision to bring a case before the courts, for one case of infringement and nine (9) decisions on penalties, for cases of non-compliance. As required by law, all these decisions were taken based on the assent given by the Enforcement Committee at the end of the investigation of each case.

The sanction decisions concerned disciplinary and financial sanctions against an issuer, a brokerage firm, two (2) account keepers and five (5) asset management companies. The sanctioned persons were duly notified and the sanctions were made public through the AMMC website.

Box N°. 5 ACTIVITIES OF THE ENFORCEMENT COMMITTEE

In the course of its work, the Enforcement Committee held several meetings in 2018, some of which were devoted to hearing defendants. The nature of the cases examined at these meetings varied according to the qualification of the facts investigated and the capacity of the persons implicated. At the end of the investigation of the said cases, the Enforcement Committee issued opinions for the attention of the Chair of the AMMC.

- **Meetings of the Enforcement Committee**

The Enforcement Committee held 11 meetings in 2018, during which it notably carried out the following:

- The examination of the files referred to it by the AMMC Chairperson;
- The notification of grievances to the defendants;
- The notification of the grievances to the defendants;
- Hearings of the defendants;
- Closing the investigation and issuing opinions.

In view of the rights of defense enjoyed by persons under investigation by the Enforcement Committee, five (5) of the eleven (11) meetings held in 2018 were devoted to hearing representatives of the defendants. These hearings enabled these persons to present to the College explanations that could substantiate or clarify the observations made in their written replies.

- **Nature of the cases investigated**

The Enforcement Committee investigated 11 cases in 2018, including one infringement case and 10 cases of non-compliance.

The infringement case concerned facts that could constitute an offense of price manipulation.

The default cases concerned grievances against an issuer, a brokerage firm, 2 account keepers and 6 management companies. These defaults consisted of non-compliance with rules relating to the transmission and dissemination of information or documents, the UCITS' investment policy, the means necessary to the exercise of the activity of management company and securities lending transactions.

- **Opinions issued**

The opinions delivered by the Commission in 2018 concerned recommendations to refer the case to the judicial authority and to impose disciplinary and financial penalties in the case of defaults.

Of the 11 cases investigated in 2018, the Council issued 10 opinions.

6. ANTI-MONEY LAUNDERING AND COMBATING THE FINANCING OF TERRORISM

Several national actors (UTRF), supervisory and control authorities, judicial authorities, public administrations, etc.) work within the national anti-money laundering and combating the financing of terrorism (AML/CFT) framework.

The Financial Intelligence Unit (UTRF) is at the heart of Morocco's AML/CFT framework. It has general and guiding powers, operational powers and supervisory and control powers. It is composed of representatives of all the relevant authorities and administrations.

The AMMC, as the authority responsible for supervising and controlling the capital market, plays an important role in this system by ensuring that the persons and organizations under its supervision comply with the laws and regulations in force relating to AML/CFT. The AMMC's AML/CFT prerogatives are implemented through documentary audits and on-site inspections as well as by setting and defining the procedures for implementing the relevant legal provisions.

In 2018, the AMMC also undertook important actions to strengthen its control in anti-money laundering and combating the financing of terrorism (AML/CFT), particularly at the regulatory and organizational levels as well as within the framework of the evaluation mission conducted by MENAFATF¹¹.

6.1 Publication of AMMC Circular No. 1/18 on vigilance and internal monitoring obligations

On the regulatory front, 2018 was marked by the upgrading of the AML/CFT framework through the preparation of a new circular on due diligence and internal monitoring obligations in line with the latest updates of FATF¹² standards.

In accordance with the regulations in force, this circular was the subject of prior consultation with professionals before its adoption and publication in the Official Gazette on 6 September 2018. It defines the AML/CFT rules to be observed by market participants and requires, in particular, the establishment of mechanisms, procedures and measures to comply with the Anti-money laundering and combating the financing of terrorism Act and FATF standards.

6.2 Establishment of an AML/CFT inspection brigade

On the organizational front and following the adoption of the new organization by the AMMC Board of Directors in May 2018, an inspection brigade specialized in AML/CFT was established. This brigade is responsible, in addition to the inspection missions of taxable persons, for the implementation of the AMMC's prerogatives in AML/CFT matters, through the:

11 - Middle East and North Africa Financial Action Task Force
12 - Financial Action Task Force

- © monitoring of compliance with AML/CFT obligations by persons subject to them;
- © development and deployment of action plans necessary to strengthen AMMC control and the understanding of AML/CFT by taxpayers;
- © monitoring of developments in international standards for anti-money laundering and combating the financing of terrorism

6.3 Participation in the mutual evaluation of the national mechanism by MENAFATF

Throughout 2018, the AMMC actively participated in the various stages of the Mutual Evaluation of the national AML/CFT framework by the MENAFATF.

Following the preparation phase and the on-site visit of the MENAFATF team of evaluators in March 2018, and the preparation of the first drafts of the evaluation report, the AMMC participated in the work of the so-called "face-to-face" meetings held in Bahrain in September 2018 to discuss with the evaluators and the MENAFATF secretariat the priority issues of the report. The purpose of these meetings was to improve the rating of certain "immediate outcomes" and the rating of the related recommendations (technical compliance).

As a follow-up to the same process, in November 2018, the AMMC participated, as part of a Moroccan delegation, in the work of the 28th MENAFATF plenary meeting held in Lebanon to discuss the final report of Morocco's assessment.

The AMMC actively participated in this evaluation through the preparation of responses to the points raised by the evaluators and through participation in meetings related to this evaluation.

6.4 Finalization of the National Risk Assessment (NRA) report

The AMMC continued its active contribution to the work of finalizing the National Risk Assessment (NRA) report.

As a reminder, the preparation, adoption and dissemination of an NRA by the State, subject to mutual evaluation by the FATF, is the cornerstone of the evaluation system set up by this body.

As such, the AMMC participated in the working groups that focused on the analysis of threats and vulnerabilities, the preparation of preliminary assessment reports, the finalization of the consolidated report and the preparation of associated action plans.

Based on the results of the capital market assessment, the AMMC has put in place an AML/CFT strategy to define the vulnerabilities and risks identified in the capital market assessment.

The key points of this strategy are structured around the following themes:

- ◎ targeted market monitoring of AML/CFT;
- ◎ a permanent market framework;
- ◎ efficient communication;
- ◎ proactive monitoring and development;
- ◎ national and international cooperation ;
- ◎ continuous improvement of resources and skills.

7. SYSTEMIC RISK MONITORING

7.1 Systemic risk assessment

7.1.1 Enhancement of the systemic risk assessment approach

The AMMC has adopted a process of continuous improvement in its systemic risk assessment approach, taking into account the specific nature of this evolving risk category. The improvements made in 2018 concerned both the organizational and analytical frameworks.

On the organizational level, a new systemic risk management procedure was implemented in the second half of 2018. This procedure aims, in particular, to involve business divisions in the risk identification and analysis phases and specifies the roles of market participants in this process, including that of the Risk and Internal Control Committee.

With regard to the analytical framework, it was strengthened in 2018 by the introduction of six new indicators covering:

- ◎ the volatility of equity, money market and bond markets and net asset values of UCITS;
- ◎ trends in stock market indices;
- ◎ pending stock market transactions.

In addition, the methods for calculating two indicators on stock market volatility and valuation have been improved.

7.1.2 Analysis of risk indicators

Systemic risk assessment work is carried out on a semi-annual basis in preparation for the meetings of the Coordination and Systemic Risk Monitoring Committee (CCSRS). This work consists of analyzing the level of stability of the capital market and identifying, based on market trends, the various risks likely to negatively affect this stability. This work is based on the analysis of several types of indicators, in particular those relating to asset prices, liquidity, interconnection, debt and the macroeconomic context. Risk assessment is carried out on a five-level scale: very low, low, moderate, high and critical.

The assessment of risk indicators during the second half of 2018 indicates that the capital market remains relatively stable overall and the related risk assessment is at a low level. The assessment of stock market risks is at a high level. As a result, the Stock Exchange recorded a decline in its MASI and MADEX indices of 11.7% and 12.1% respectively at the end of October 2018, after a positive peak at 7.2% and 7% respectively on 9 March 2018. The decline affected most sectors and in particular the real estate sector with a decrease of 57.2% accompanied by high volatility. In this context, the annualized 20-day volatility of the MASI index increased significantly during the second half of 2018 but remains, nevertheless, confined to a range between 6.6% and 11.2%. In addition, the private debt market was characterized by a 30% increase in issues in 2018, with a volume issued of MAD 69.6 billion. The outstanding amount of private debt thus reached MAD 200 billion. Interest rate levels remain generally low and stable in bond and money markets. Interest rate volatility on the secondary market for 2-year and 10-year Treasury bills was very low in the third quarter of 2018 and was lower than in the first half of 2018 and in 2017. The risks associated with the operation of the Casablanca Stock Exchange and the Central Depository remain relatively low.

7.2 Work within the Coordination and Systemic Risk Monitoring Committee (CCSRs)

Several actions aimed at risk detection and prevention have been agreed and planned within the Coordination and Systemic Risk Monitoring Committee, mainly:

- © the reliability of the data received on securities lending and borrowing transactions;
- © an international benchmarking of the systemic nature of pension funds;
- © the inclusion of private bond debt data in the Credit Bureau database;
- © reflection on appropriate digital regulatory approaches, particularly in the field of payment systems, drawing on the Bali Charter on "Fintechs", as well as the experiences of advanced countries (Switzerland and Sweden) in this field;
- © the exchange and sharing of experience on the implementation of an anti-corruption management system and its dissemination to the financial sector.

As for the 2016-2018 financial stability roadmap, its implementation rate is estimated at 80%. The remaining unachieved portion has been included in the new 2019-2021 roadmap. The main projects planned by the AMMC under this new roadmap are:

- © the project on the amendment of Law No. 43-12 on the AMMC to extend its prerogatives to include the financial stability mission;
- © project to supervise the secondary market for private debt securities. This project aims to design a framework for the supervision of this market in light of international best practices;
- © supervision of financial instruments marketed by trading rooms;
- © proposal for a financial sector nomenclature;
- © project to set up a competence center dedicated to the regulation of FinTechs in the field of capital markets;
- © cyber-security roadmap for the capital market.

In addition to these projects, the AMMC is also involved alongside Bank Al-Maghrib and the Supervisory Authority of Insurance and Social Welfare (ACAPS) in the development of a framework for the supervision of financial conglomerates.



CHAPTER IV

THE AMMC AND THE DEVELOPMENT OF THE CAPITAL MARKET

1. REGULATORY DEVELOPMENT

2018 focused on the completion of a set of draft legislative amendments and the introduction of new draft laws.

1.1 Legislation in the amendment phase

1.1.1 Law no. 1-93-213 on UCITS

The draft amendment to the Dahir establishing law no. 1-93-213 on UCITS, underwent a new stage in its drafting in 2018. Indeed, the aforementioned draft introduced a set of new concepts and rules and several working groups were set up to study and further develop a set of points in which the AMMC took part, including in particular:

- © listing of UCITS funds on the Casablanca Stock Exchange / ETFs;
- © mechanisms for managing liquidity risk, default risk and financial stability;
- © structuring of UCITS funds, by objective, asset mix or investor profile;
- © categorization of funds into participative funds, green funds, funds with "simplified operating rules" (OPCI-RFA), funds with sub-funds, master and feeder funds, funds of funds;
- © marketing of funds.

The work of the various working groups culminated in a set of recommendations or proposals for regulatory adjustments to be implemented on the revision of the draft.

1.1.2 Law no. 33-06 on asset securitization

Draft law no. 69-17 amending and supplementing law 33-06 on asset securitization, in which the AMMC took part, was adopted and published on 12 April 2018 in the Official Gazette, which placed new obligations on the AMMC, including:

- © the submission of an application requesting an opinion in accordance with the opinion of the Higher Council of Islamic Scholars, for any request to create a Securitization Fund wishing to issue Sukuk certificates to resident investors;
- © the setting through the issuance of a circular, of the form of the summary document of the financing transaction, the information to be contained therein and the documents to be included therein.

1.1.3 Law no. 42-12 on the futures market for financial instruments

Law No. 42-12 on the futures market for financial instruments was the subject of a draft amendment introduced into the adoption process under number 46-17. This draft was submitted to the AMMC opinion and was put out to public consultation in June 2018.

1.1.4 Law no. 17-95 on public limited companies

The AMMC was requested to express its opinion on draft law no. 92-18 amending law no. 17-95 on public limited companies. The said draft initially concerns the principle of restricting the issue of bearer shares only to listed public limited companies and the sanctions in the event of non-compliance with this restriction.

The AMMC made its comments primarily with a view to allow bearer shares to be issued, not only to public limited companies whose shares are listed on the Stock Exchange, but also to any public limited company making a public offering through the issue of shares.

The said draft amendment was put out to public consultation in November 2018.

1.2 Draft laws

1.2.1 Draft law no. 15-18 on collaborative funding

The draft law on collaborative funding or "Crowdfunding" was the subject of a public consultation. Following this consultation, all stakeholders, including the AMMC, took part in the working sessions scheduled to consolidate the draft law in light of the opinions and comments received as part of the said public consultation.

1.2.2 Decree-Law No. 2-18-117 on the automatic exchange of information for tax purposes

The AMMC participated in the working meetings and discussions on the legal solutions to be considered during the negotiations of the FATCA¹³ agreements, from which it was decided to adopt transitional measures through Decree-Law No. 2-18-117 laying down transitional provisions for the automatic exchange of information for tax purposes, published in Official Gazette No. 6652 of 1 March 2018.

1.3 Operationalization of published legislation

As part of the operationalization of published legislation, several related implementing texts were published in the Official Gazette.

1.3.1 Implementing texts relating to Law no. 43-12 on the AMMC

- © Publication in the Official Gazette No. 6652 of 1 March 2018 of Order No. 1756-17 establishing the list of functions whose performance is subject to the authorization of the AMMC. This publication has resulted in the activation of the process of launching the licensing system for market professionals;
- © Establishment and transmission to the Treasury and External Finance Department (DTFE) of the consolidated Order relating to the methods of calculation and payment of the commissions to be paid to the AMMC.

1.3.2 Implementing texts relating to Law no. 44-12 on Public Offerings

- © Publication in the Official Gazette no. 6688 of 5 July 2018, of Order n°401-18 setting out the criteria to be met by financial intermediaries. The said Order was proposed by the AMMC;
- © Publication in the Official Gazette No. 6652 of 1 March 2018 of Order No. 103-18 implementing the provisions of Article 3 of Law 44-12 on Public Offerings, relating in particular to the number of qualified investors;
- © Publication in the Official Gazette No. 6635 of 1 January 2018 of Order No. 2137-17 issued pursuant to the provisions of Article 4 of Law 44-12 on Public Offerings, relating in particular to the number of shareholders or unit holders.

1.3.3 Implementing texts relating to Law no. 19-14 on Securities Exchanges and Financial Investment Advisors

- © Publication in the Official Gazette No. 6638 of 11 January 2018 of Order No. 3299-17 determining the composition and operating procedures of the commission for monitoring the concession of the securities exchange;
- © Publication in the Official Bulletin no. 6652 of 1 March 2018 of Order No. 2959-17 approving the articles of association of the Professional Association of Brokerage Firms;
- © Publication in the Official Gazette No. 6688 of 5 July 2018 of Order No. 1530-18 setting the maximum limit for the registration fee received by the company managing the Stock Exchange;
- © Participation of the AMMC in the stabilization of the final version of the draft General Regulations of the Stock Exchange through the drafting of proposals and compliance notices it has issued. The said draft General Regulations, as finalized in 2018, have been forwarded to the General Secretariat of the Government for review and approval, a process in which the AMMC is also involved.

1.3.4 Implementing texts relating to Law no. 70-14 on real estate investment schemes (OPCI)

- © Publication in the Official Gazette no. 6680 of 7 June 2018, of Decree no. 2-18-32 implementing Articles 31 and 32 of Law no. 70-14 on real estate investment schemes (OPCI), relating in particular to the advisory commission responsible for giving its opinion on applications for approval of property appraisers, the procedures for granting approval and its withdrawal;
- © Publication in the Official Gazette No. 6674 of 17 May 2018 of Decree No. 2-7-420 adopted for the application of Articles 3, 17, 27, 28, 28, 36, 54, 57, 69, 73, 90, and 91;
- © Publication in the Official Gazette No. 6710 of 20 September 2018 of Decree No. 2-18-511 supplementing Decree No. 2-17-420 adopted pursuant to Law No. 70-14 on OPCIs;

Participation of the AMMC in the development and finalization of draft decrees relating in particular to:

- lists of rights in rem comprising the assets of a real estate investment scheme (OPCI), liquid assets and financial instruments of a liquid nature;
- criteria for the eligibility of OPCI assets and the levels of representation of these assets;
- categories of OPCIs and the provisions specific to certain categories of OPCIs relating to contributions in kind;
- conditions and procedures for the enforcement of rules on risk dispersion and capping;
- related activities that may be carried out by OPCI asset management companies and the terms and conditions of their exercise;
- methods for determining the net asset value of a share or OPCI unit;
- cash borrowing and borrowing limits for OPCIs with streamlined operating rules;
- conditions for granting current account advances to companies with a preponderance of real estate assets and;
- terms and conditions for the distribution by OPCI asset management companies in respect of a financial year, of amounts to be distributed by an OPCI or an OPCI sub-fund

BOX N°6 THE LEGAL AND REGULATORY FRAMEWORK GOVERNING REAL ESTATE INVESTMENT SCHEMES (OPCI)

The introduction of real estate investment schemes (OPCI) in Morocco is part of the efforts to diversify the means of financing the economy and real estate in particular, to mobilize long-term savings and to develop the financial sector in Morocco. These new investment vehicles, the main purpose of which is the construction or acquisition of buildings for the sole purpose of renting them, meet the needs of both economic operators and investors. Indeed, OPCIs should, in particular:

- contribute to the growth and development of companies through the financing of their real estate investments;
- enable companies to mobilize new resources and structure their financial position by transferring their real estate assets to OPCIs;
- contribute to the professionalization of real estate management;
- enable a broad spectrum of investors to invest in the real estate market via a financial instrument governed by strict rules and subject to the control of the AMMC.

Morocco has put in place a specific legislative framework for OPCIs through the publication in the Official Gazette of 16 March 2017 of Dahir No.1-16-130 promulgating Law no. 70-14 on OPCIs. The aforementioned Law No. 70-14 defines the legal regime applicable to this new type of financial instrument, in particular the terms and conditions for the authorization of OPCI asset management companies, as well as the terms and conditions for the creation, management and operation of OPCIs.

In order to operationalize the provisions of the aforementioned Law No. 70-14, 2018 was marked by the publication of a set of implementing texts, including 3 decrees by the Head of Government and an order by the Minister of Economy and Finance, covering practical operating aspects, such as the minimum capital of an OPCI, the approval of real estate appraisers, methods for setting the net asset value, etc. To complete the framework, the AMMC has prepared two draft circulars, one on OPCI management companies and the other on OPCI funds. In preparing these two circulars, the AMMC relied on a vast international benchmark and consultation with asset management and real estate management professionals.

• APPROVAL OF REAL ESTATE APPRAISERS

Due to the complex nature of the assets held by OPCIs, in particular real estate and rights in rem, and the crucial importance of valuing such assets in calculating the net asset value and performance of the OPCIs, Law No. 70-14 on OPCIs provides for conditions for the exercise and approval of the activity of real estate appraisers of OPCI assets by the government finance authority after an opinion from a specially created advisory commission. These appraisers are in charge of the periodic appraisal, at least once every six months, of the buildings and rights in rem held directly or indirectly by the OPCIs.

The government authority in charge of finance must verify that the conditions that led to the granting of the approval continue to be fulfilled by the beneficiary, under penalty of a post-opinion of the above-mentioned advisory commission. Finally, the said authority draws up and updates the list of approved real estate appraisers and publishes it in the Official Gazette and on its website.

The advisory commission is composed of 2 representatives of the government authority in charge of finance (one of whom chairs the commission), a representative of the government authority in charge of national spatial planning, urban planning, housing and urban policy, a representative of the AMMC, a representative of Bank Al-Maghrib and a representative of ACAPS.

1.3.5 Implementing texts relating to Law no. 18-14 on venture capital investment vehicles (OPCC)

As part of the operationalization of the aforementioned Law No. 18-14, in 2018 the AMMC finalized several draft decrees and forwarded them to the Treasury and External Finance Department (DTFE), in particular those relating to the:

- © limit and methods for calculating the equity capital required for OPCC asset management companies;
- © methods of calculating the annual commission due by OPCCs to the AMMC;
- © rate and terms of payment of the commission due to the AMMC, as well as the related mark-up rate.

1.3.6 Implementing texts relating to Law no. 33-06 on the securitization of assets

As part of the preparatory work for the inaugural issuance of sovereign Sukuk Ijara certificates, several texts were adopted with a view to finalizing the legislative and regulatory framework necessary for the operationalization of Sukuk certificates. All these texts have been submitted for the assent of the Higher Council of Islamic Scholars:

- © Publication in the Official Gazette No. 6681 of 11 June 2018 of Decree No. 2-18-398 repealing Decree No. 2-08-530 implementing Law No. 33-06 on the securitization of assets, relating in particular to the terms and conditions for issuing Sukuk certificates;
- © Publication in the Official Gazette No. 6682 of 14 June 2018 of Order No. 1346-18 establishing the technical characteristics relating to Sukuk Ijara certificates placed with resident investors;
- © Publication in the Official Gazette No. 6667 of 23 April 2018, of Law No. 69-17 promulgated by Dahir No. 1-18-24 of 25 Rajab 1439 (12 April 2018), amending and supplementing Law No. 33-06 on the securitization of assets. This amendment concerned in particular (i) the establishment of the legal regime governing the issuance of Sukuk certificates and (ii) the control of the managing institution of a securitization fund issuing Sukuk certificates;
- © Publication in the Official Gazette in Arabic version of 2 August 2018 of Decree No. 2173-18 establishing the documents and certificates representing or constituting the eligible assets that may be provided to the management institution and to any other body in the context of securitization transactions, as provided for in Article 111-2 of Law No. 33-06 on the securitization of assets, as amended and supplemented.

1.3.7 Implementing texts relating to Law no. 42-12 on the futures market for financial instruments

The AMMC participated in the preparation of the draft decree on the Coordination Mechanism of the Futures Market through the transmission of its opinions and comments to the Treasury and External Finance Department (DTFE). The said draft decree is being finalized for adoption.

BOX N°7 : THE IMPLEMENTATION OF THE REGULATORY FRAMEWORK GOVERNING THE EQUITY CAPITAL OF VENTURE CAPITAL INVESTMENT VEHICLES (OPCC) MANAGEMENT COMPANIES

Equity is a key indicator of the financial stability and sustainability of asset management companies' activities. Consequently, and in accordance with the provisions of Article 25 of Law No. 41-05 on venture capital investment vehicles (OPCC) promulgated by Dahir No. 1-06-13 of 15, the AMMC has prepared a draft decree setting the limit and methods for calculating the minimum level of equity capital of OPCC management companies. It should be emphasized that this is the only activity in the management of mutual funds for which the asset management company has a capital requirement.

In order to determine the minimum level of capital of OPCC management companies, the AMMC has relied on a set of international practices in terms of capital requirements. The review of these practices revealed the following:

- quantitative requirements that are based on assets under management and/or the operating expenses of the management company;
- qualitative requirements relating to the nature and characteristics of equity capital

instruments and the investment of such equity capital.

The AMMC also examined the requirements imposed on brokerage firms whose equity capital may not be less than the minimum amount of their share capital in accordance with Order No. 1729-96 of the Minister of Finance and Foreign Investment of 11 Ramadan 1417 (20 January 1997) establishing the proportions between the minimum equity capital of brokerage firms and their share capital.

Based on the analysis of the above elements, the AMMC has made a proposal to ensure that OPCC management companies are not disproportionately burdened and that they are financially sustainable, particularly in periods of declining revenues.

1.3.8 Implementing texts relating to Law No. 17-95 on public limited companies

Publication in Official Gazette No. 6688 of 5 July 2018 of Decree No. 2-18-306 setting the percentage of capital that the company may own, directly or through a person acting in their own name on behalf of the company.

1.3.9 Implementing texts relating to Decree-Law No. 2-18-117 on the automatic exchange of information for tax purposes

The AMMC, pursuant to the provisions of Article 1 of Decree-Law No. 2-18-117 on the automatic exchange of information for tax purposes, issued on 31 July 2018, the decision establishing the list of financial institutions covered by the said Decree-Law, subject to the disclosure requirements for tax purposes, within the scope of the FOREIGN ACCOUNT TAX COMPLIANCE ACT (FATCA) framework.

1.4 AMMC Circulars

The AMMC has developed a number of draft circulars, two of which were approved in 2018, as follows:

- © Circular No. 01/18 relating to the obligations of vigilance and internal monitoring incumbent on bodies and persons subject to the control of the AMMC, approved by Order No. 832-18 of 13 August 2018 published in Official Gazette No. 6710 of 20 September 2018;
- © Circular No. 03/18 setting out the form and content of the summary document to be sent to the Higher Council of Islamic Scholars, established by the provisions of Article 3-7 of Law 33-06 on the securitization of assets as amended and supplemented, approved by Order No. 2379-18 of 23 July 2018 published in Official Gazette No. 6696 of 2 August 2018;
- © Circular No. 02/18 on OPCI management companies that covers:
 - Authorization procedures for OPCI management companies;
 - The minimum requirements in terms of the means necessary to carry out the activities of an OPCI management company;
 - The ethical rules applicable to OPCI management companies;
 - The rules governing the marketing of an OPCI and disclosures to investors.
- © The circular relating to OPCIs has been the subject of a consultation with professionals, covering in particular :
 - The terms and conditions for authorization and approval of the prospectus for OPCIs;
 - The terms and conditions of borrowing of OPCIs;
 - The conditions under which real estate appraisers carry out their missions;
 - The valuation methods to be adopted and the procedures for preparing, submitting and providing the prospectus for OPCIs. Transmission and availability of the evaluation report;
 - The missions of the custodian.
- © The draft circular relating to public offerings and the disclosure requirements for persons making public offerings has been finalized and submitted for public consultation in 2018.

The aforementioned draft circular has the following two main objectives:

- To implement the overhaul of the legislative and regulatory framework governing public offerings: in particular by specifying the rules and procedures relating to:
 - the content and procedures relating to annual and interim financial statements, as well as quarterly indicators to be published by issuers;
 - the rules relating to the governance of issuers, the appointment of independent directors by companies making public offerings, the establishment and composition of audit committees, and a review of the criteria for the independence of directors;
 - The terms and conditions relating to the registration of financial intermediaries;
 - The oversight of the relationship with the Statutory Auditors.

-
- Adapt the current rules in the light of market developments, observed practices and the needs of market participants: by introducing new measures to improve transparency for issuers while optimizing the costs and deadlines associated with the various disclosure requirements for issuers, such as:
 - The possibility of drawing up a reference document which can serve several purposes: to serve as an annual or interim financial statement, or to form part of a prospectus if it is supplemented by a securities note, thereby reducing the processing time prior to the completion of a financial transaction;
 - Improving the relevance of the information required in the disclosure documents to be prepared for financial transactions. The standard models have been revised and some financial transactions will benefit from substantial reductions in the information to be provided (capital increases through the conversion of dividends, reserved capital increases resulting in low dilution, and transactions reserved for qualified investors who undertake to hold the securities for a certain period of time);
 - Enhancing the content of periodic information in order to provide investors with comprehensive information, particularly on non-financial aspects (ESG);
 - Introducing the website as the main medium for publishing information, which is more suitable for some large publications and allows for rapid and wider dissemination of regulated information.

Following the public consultation and discussion with professionals, the draft circular will have to be approved by the Ministry of Economy and Finance.

© The draft circular relating to Financial Investment Advisors (FIAs) has been prepared and finalized, then discussed with Bank Al-Maghrib and ACAPS. The said draft should be put out for public consultation in 2019 before it is sent to the Ministry of Economy and Finance for approval.

© The draft circular on financial conglomerates:

The law No. 103-12 relating to credit institutions and similar organizations promulgated by Dahir No. 1-14-193 of 01 Rabii I 1436 (24 December 2014) introduced the concept of financial conglomerate. These entities are groups with significant activities in regulated sectors (capital market, banking and insurance sectors). As such, the bodies that control financial conglomerates will now be subject to certain rules and obligations in terms of transparency and governance.

To this end, Law No. 103-12 has delegated the determination of the terms and conditions for the application of these rules to the financial sector supervisory authorities.

Thus, ACAPS, the AMMC, and Bank Al-Maghrib have set up a working group whose mission is to propose a draft circular governing financial conglomerates. The draft circular is currently being finalized.

2. CAPACITY BUILDING OF PLAYERS AND INVESTORS

2.1 Financial education of Investors

The financial education of investors is one of the AMMC's strategic areas of focus. Introduced by Law No. 43-12 on the Moroccan Capital Market Authority as an explicit prerogative of the authority in the generic terms of Article 3 which states: "In order to strengthen the protection of savings invested in financial instruments, the AMMC contributes to the promotion of the financial education of investors".

It is widely recognized that financial education for investors, and the general public, contributes to improving their knowledge of financial products, concepts and risks in order to develop the skills and confidence necessary to make informed investment decisions and support informed choices. In parallel with the development of a specific strategic plan for the financial education of investors, in 2018 the AMMC undertook a series of measures federated by two major events, which are Moroccan versions of two international events taking place in several countries around the world.

© Participation in the 2018 edition of World Investor Week

Under the aegis of IOSCO, Global Investor Week is an annual event organized by financial regulatory authorities around the world. The unifying objective is to contribute to a better public understanding of financial market concepts and to support any initiative aimed at improving investors' financial literacy and protection.

The previous edition mobilized regulators from 70 countries and reached an audience of 100 million people. The AMMC renewed its participation in 2018, through a program of events aimed at a diversified audience:

- Training day for the benefit of judicial officers of the Higher Institute of Magistracy;
- Web conference in partnership with the Ecole Nationale Supérieure d'Informatique et d'Analyse des Systèmes (ENSIAS);
- Conference in partnership with CGEM on the financing of start-ups and SMEs through the capital market.

© Participation in the Finance Days for Children and Youth (JFEJ 2018):

On the occasion of the 7th edition of the Finance Days for Children and Youth (JFEJ) initiated by the Moroccan Foundation for Financial Education (FMEF) of which AMMC is an active member, the Moroccan Capital Markets Authority welcomed groups of high school students from the Economics and Management branch in its headquarters from 12 to 16 March 2018. They had the opportunity to receive a detailed presentation on financial concepts with a focus on the role and missions of the AMMC. The objective is to familiarize children and youth with basic financial concepts (currency, budget, savings, banking, insurance and stock market).

This initiative was carried out in coordination with the Bank-Al Maghrib branch in Rabat and the Regional Academy of National Education.

2.2 The licensing of market professionals by the AMMC

The licensing of market professionals is a new mission assigned to the Authority, which consists in making the performance of certain functions within legal persons under the control of the AMMC subject to the prior issuance of a specific professional card, following an exam organized by the AMMC. This is a major step forward for the industry in terms of the expected effects that will contribute to raising the level of knowledge of stakeholders, stimulate the dynamics of training and upgrading and finally, meet the highest standards in this area.

The licensing by the AMMC to perform certain functions is provided for in Article 31 of Law No. 43-12 on the Moroccan Capital Markets Authority. Pursuant to this article, Order No. 1756-17 (Order No. 1756-17) of the Minister of Economy and Finance was published in the Official Gazette of 1 March 2018, listing the functions whose performance is subject to the licensing of the AMMC. This includes the following functions: trader, internal controller, portfolio manager, financial analyst, financial advisor, post-trade manager and clearing agent.

Also, as part of the deployment of the licensing system, the Licensing Advisory Committee was created in February 2018 and began its work. The said committee shall propose and give its opinion or recommendation to the Chairperson of the AMMC on any matter relating to licensing, in particular with regard to the curriculum of required training, the content of the exams and the rules governing the organization of the exams (dates, exam procedures, evaluation methods). It is recalled that the Licensing Advisory Committee is composed of representatives of the AMMC, including the Chairperson, and representatives of professional associations of legal entities subject to the control of the AMMC on their proposal (APSB - ASFIM - GPBM).

It is expected that the licensing scheme will be launched in the first half of 2019 and the first exams will be held in the second half of the year.

3. INSTITUTIONAL COOPERATION

3.1 Coordination and Systemic Risk Monitoring Committee (CCSRS)

The Coordination and Systemic Risk Monitoring Committee (CCRS), composed of the AMMC, ACAPS and Bank Al-Maghrib, met in June and December 2018. This Committee is assisted in its work by a working group composed of representatives of the various authorities of the financial sector as well as the Treasury and External Finance Department. The CCSRS's work focused on the following points:

- © monitoring the implementation of the 2016-2018 financial stability roadmap;
- © development of the new 2019-2021 Financial Stability Roadmap, including a specific roadmap for monitoring cyber-risk in the financial sector;
- © preparation of a draft joint circular, between ACAPS, the AMMC and Bank Al-Maghrib, on financial conglomerates;
- © financial stability risk assessment;
- © preparation of the financial stability report for 2017.

3.2 Administration of National Defense (ADN) and the General Directorate for the Security of Information Systems (DGSSI)

As part of the coordination with ADN and DGSSI on cyber security and protection of sensitive information systems of vital infrastructures in the financial market, several measures were implemented in 2018:

- © The periodic participation of the AMMC in events organized by the General Directorate for the Security of Information Systems (DGSSI), particularly the 6th seminar on awareness-raising on information systems security "Cyber resilience - A new approach to meet the challenge of cyber risk" in October 2018;
- © The monitoring and sending of progress reports on the AMMC's compliance with the National Directive on Information Systems Security;
- © The monitoring and taking into account of security warnings by information systems received from the Moroccan Computer Emergency Response Team, also known as "Macert" (Computer Emergency Response Team).

3.3 The AMMC holds board seats in new entities

- © Participation in the work of the National Anti-Corruption Commission (CNAC): The AMMC sits, under the chairmanship of the Head of Government, within the CNAC, established by Decree No. 2-17-582, published in Official Gazette No. 6619 of 6 November 2017, establishing the said commission. The CNAC is responsible, except for the powers conferred on other bodies, under their governing texts, for ensuring:
 - the monitoring of the implementation of the national anti-corruption strategy
 - the presentation of the measures to be undertaken in order to support national efforts in the fight against corruption and to consolidate international cooperation;
 - the approval of the summary reports on the evaluation of the degree of implementation of anti-corruption projects.

As part of the second group of the Commission, the AMMC is required to:

- attend Commission meetings;
- like other members, monitor the implementation and enforcement of the Government's anti-corruption strategy; and
- examine reports on the degree of implementation of anti-corruption projects.

The AMMC attended several preparatory meetings for the plenary meeting held on Wednesday, April 4, 2018, to review the implementation of the programs and projects resulting from the national anti-corruption strategy by the ministries and agencies concerned, as well as to validate the report of the first phase of the strategy.

The AMMC may, as a member of this Commission, issue opinions and formulate recommendations on the projects presented by the various project leaders.

Furthermore, in order to comply with international standards and best practices in the fight against corruption, the AMMC has also adopted an anti-corruption action plan dedicated to the financial market sector, focusing on two areas:

- an anti-corruption system applicable to the staff and collegial bodies of the AMMC;
 - a framework for market professionals.
- © Monitoring Committee for the Concession of the Casablanca Stock Exchange: The AMMC ensures the control, by delegation of the Minister of Finance, of the compliance by the company managing the Casablanca Stock Exchange with the specifications of the concession. In this context, the AMMC is part of and actively participates in the work of the concession monitoring committee set up by the new law No. 19-14. This committee is responsible for monitoring the implementation by the management company of the main missions for which it is responsible, mainly the deployment of the new roadmap for the Casablanca Stock Exchange.
- © The Conference of the Order of Chartered Accountants: in November 2018, the AMMC participated in the 6th edition of the Conference of the Order of Chartered Accountants, under the theme "Audit in the public sector and the imperatives of transparency and accountability."

The Conference was an opportunity for the AMMC to highlight the importance of audits and also to review the legal innovations with regard to the duty of information of the auditors of publicly traded companies, provided for by Law 43-12 on the Moroccan Capital Market Authority.

- © Accounting standard setting: the AMMC, as a regulator supervising operators in different sectors of activity, actively participates in the market's accounting standard setting projects. In this respect, in 2018 the AMMC took part in several projects within the framework of the CNC working group, including:
- the draft law on consolidation;
 - the amendment of the chart of accounts for real estate companies;
 - the project to update the accounting rules applicable to securitization vehicles (FPCT);
 - the development of rules for "Sukuk certificates";
 - the chart of accounts of the Common Deposit Guarantee Fund (FCGD).
- © Collaboration with the OECD: In July 2018, the AMMC attended the conference organized by the OECD in Lisbon on the important developments and challenges facing the countries of the MENA region with respect to rules of good governance. The conference was an opportunity for participants to present measures for the implementation and effective application of good governance rules in the light of the G20 and OECD principles.

4. MARKET DEVELOPMENT

4.1 Capital market committee

Law 19-14 on the Stock Exchange, brokerage firms and financial investment advisers established a capital market committee. The said committee, on which the AMMC sits, has set up three working groups:

- © "Strategy" working group: this group, led by the Treasury and External Finance Department, is responsible for drawing up a coherent and comprehensive strategy for the development of the capital market;
- © "Private debt" working group: this group, led by the Moroccan Capital Market Authority, is responsible for assessing the state of the private debt market with a view to identifying development opportunities;
- © "SME Financing" working group: this group, led

Each of these three working groups began its work in 2018 and held several meetings with the various stakeholders involved in each theme. The findings of the various studies will be presented to the committee in 2019.

4.2 Project to recast the General Regulations of the Stock Exchange

A working group consisting of the AMMC, the Treasury and External Finance Department (DTFE), the Casablanca Stock Exchange and the Secretariat General of the Government (SGG) was set up in September 2018 to work on the new draft revision of the General Regulations of the Casablanca Stock Exchange. The said working group held some thirty meetings over a period of six months, which led to the validation of the French version of the document.

As a reminder, the draft revision aims to operationalize the measures introduced by the new law No. 19-14 on the Stock Exchange, brokerage firms and financial investment advisers. It concerns in particular the integration of the rules and procedures relating to the functioning of the new Alternative Market dedicated to SMEs, the integration of the terms and conditions for the listing of financial instruments issued by organizations or legal entities that do not have their registered office in Morocco, and the integration of the procedures for the execution of judicial sales of listed financial instruments.

4.3 Scientific Committee on Indices

The AMMC is a member of the Scientific Committee on Indices set up by the Casablanca Stock Exchange in 2018. The mission of the said committee is to reflect on the indices proposed by the Casablanca Stock Exchange, and how they can support market development by adapting them to the needs of the market players.

The first achievement in this direction is the implementation in 2018 by the Casablanca Stock

Exchange of the first ESG index. The launch of this index aims to support listed companies that are sensitive to sustainable development issues, to encourage issuers to use ESG reporting and to support investors interested in socially responsible investment.

4.4 National Corporate Governance Commission

During 2018, the AMMC actively participated in the national project to upgrade Moroccan corporate governance, by reflecting on concrete courses of action to implement effective reforms in the field of corporate governance.

As such, the National Commission on Corporate Governance (CNGE), created in 2007, has been reactivated in order to manage this process.

The CNGE, as a structure for public-private dialogue, brings together the relevant ministerial departments, financial market regulatory authorities, representatives of the private sector, as well as several stakeholders in the development of corporate governance in Morocco.

Its main mission is to promote good corporate governance practices in Morocco, in particular through:

- © updating existing codes of good practice and developing new codes, including a code for publicly traded companies;
- © the implementation of actions to promote and disseminate good governance practices within companies;
- © monitoring the implementation of the codes.

4.5 Guide on "GREEN, SOCIAL & SUSTAINABILITY BONDS"

As part of its commitment to promoting sustainable finance, in 2018 the AMMC published a guide on "Green, Social and Sustainability Bonds" for issuers and professionals. This guide complements and updates the principles and rules presented in the 2016 Green Bonds guide. It also broadens the spectrum of eligible companies and projects by introducing two new instruments: "Social Bonds" to finance any project with a social dimension and "Sustainability Bonds" covering projects aimed at both social inclusion and environmental protection. Produced with the support of International Finance Corporation (IFC), a member of the World Bank Group, the guide is based on international best practices. The guide on Green, Social and Sustainability Bonds was presented at a conference for market participants in July 2018.

5. DEVELOPMENT OF CLOSE RELATIONS WITH MARKET PLAYERS

5.1 Attuning to market demands

In the framework of the market awareness process established since several years by the AMMC, regular meetings are organized with market infrastructures and the main professional associations of the financial sector. This is a privileged channel that allows the AMMC to exchange with professionals on issues that are of interest to the profession, to keep them abreast of institutional or regulatory developments and to coordinate the reflection and implementation of structural projects with them.

5.1.1 L'Association professionnelle des sociétés de bourse (The Professional Association of Brokerage Firms - (APSB) and the Groupement professionnel des banques du Maroc (Professional Association of Moroccan Banks – (GPBM):

In 2018, the AMMC maintained a close dialogue with market participants on various topics such as the evolution of regulatory texts governing market activities, the project to authorize professionals and cooperation with African stock markets.

In addition, during the second half of 2018, the AMMC deployed a new organization separating control and monitoring activities. In particular, this organization should allow for more seamless and regular interaction between the AMMC and market participants.

For example, in September 2018, the AMMC organized a conference on the US Foreign Account Tax Compliance Act (FATCA) for the benefit of market participants. This meeting was an opportunity to present the issues and implications of this regulation.

In addition, the AMMC has initiated three working groups with the GPBM Securities Commission that have examined the following three themes:

- © securities transactions;
- © missions of the UCITS depository institution;
- © foreign institutional investors.

The work of these working groups resulted in the preparation of practical guides, including a guide on the missions of the UCITS depository institution and an update of the 2012 guide on the treatment of securities transactions. These guides will be published in 2019.

5.1.2 Market undertakings: Casablanca Stock Exchange and Maroclear

In 2018, the AMMC held numerous working meetings with market undertakings as part of the market awareness process. These mainly concerned the following points:

- ◎ the new roadmap of the Casablanca Stock Exchange;
- ◎ the establishment of the Clearing House;
- ◎ the operationalization of Law No. 19-14 on the Stock Exchange, brokerage firms and financial investment advisors, in particular with regard to:
 - the project to recast the Casablanca Stock Exchange General Regulations;
 - the establishment of a sub-fund reserved for qualified investors at the Casablanca Stock Exchange;
 - the implementation of ETFs and listed UCITS;
 - the listing of financial instruments denominated in foreign currencies on the Casablanca Stock Exchange and dual listings;
- ◎ Maroclear's 2017-2021 strategic course ;
- ◎ the segregation of assets held by account holders;
- ◎ the back office of transactions in financial instruments denominated in foreign currencies;
- ◎ the implementation of direct payment at Maroclear level;
- ◎ the implementation of a module for managing subscriptions and redemptions of UCITS at Maroclear level;
- ◎ the implementation of a monitoring module at Maroclear level for post-trade transactions in financial instruments;
- ◎ the authorization of market participants.

5.1.3 L'Association des Sociétés de gestion et Fonds d'Investissement Marocains (The Association of Moroccan Asset Management Companies and Investment Funds - (ASFIM))

In 2018, the AMMC held two meetings with the ASFIM during which the following points were discussed:

- ◎ the short- and medium-term sectoral perspectives as well as the constraints, questions and expectations of professionals in the sector;
- ◎ the ongoing draft amendment of the UCITS Law;
- ◎ the new requirements imposed by AMMC Circular No. 01/18 on the "obligations of internal vigilance and monitoring by organizations and persons subject to AMMC control";
- ◎ the issue of yield guarantees granted to investors and the terms and conditions for granting such guarantees;
- ◎ the opportunity to adopt a code of ethics that is common to all management companies;
- ◎ the foreign investment of UCITS;
- ◎ the American "FATCA" regulation and its implications for UCITS management companies.

5.1.4 L'Association Marocaine des Investisseurs en Capital (The Moroccan Association of Capital Investors- (AMIC)

The AMMC and AMIC discussed the following main topics in 2018:

- © development opportunities for the private equity business;
- © authorization by the AMMC of certain functions performed by OPCC management companies;
- © capital requirements of OPCC management companies;
- © circular relating to the approval of OPCC management companies;
- © AMIC articles of association.

5.1.5 L'Association des Gestionnaires de Fonds de Titrisation (The Securitization Fund Managers Association - (AGFT)

In 2018, the Securitization Fund Managers Association (AGFT) was officially created following the approval of its articles of association by the administration after consulting the AMMC.

Any duly accredited securitization vehicles (FPCT) management institution is required to join the AGFT. The mission of the AGFT is to:

- © Monitor and raise awareness among its members on compliance with the laws, regulations and ethical provisions applicable to them and declare any breaches of which it may become aware in this area
- © Promote and develop the securitization market by undertaking any action aimed at studying issues relevant to the practice of the profession, proposing new regulatory reforms related to securitization, and strengthening the capacities of managing institutions and the governance of securitization vehicles (FPCT).

5.2 Addressing questions from the public and legal requests

The AMMC regularly receives legal requests from market professionals and, incidentally, from the public. A dedicated transmission channel is provided on the Authority's website under the heading "Submit a request".

5.2.1 Addressing questions from the public through the AMMC website

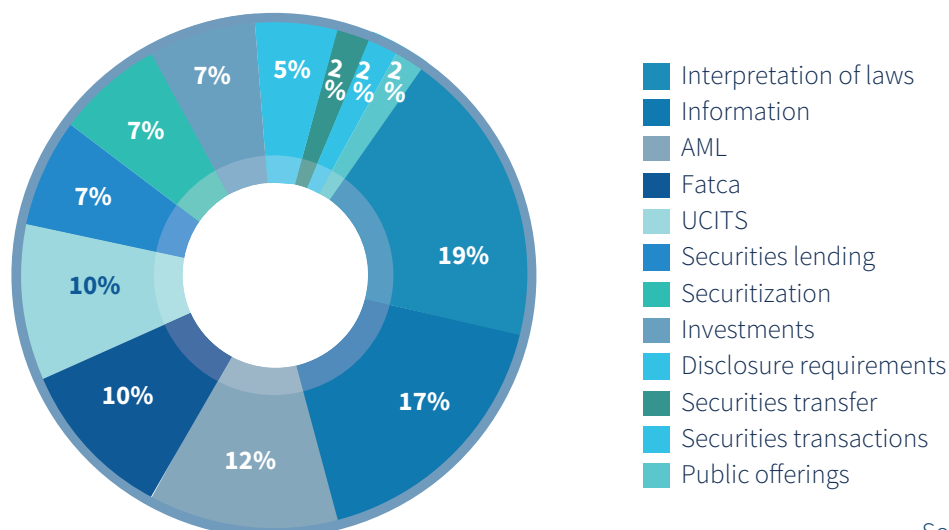
Questions submitted by the public stem from multiple profiles such as investors, students and researchers. In addition to the replies addressed to the requestors, every year, the AMMC builds on its FAQ section on its website by adding some twenty new questions and answers addressing recurring questions.

5.2.2 Addressing legal requests

In 2018, the AMMC received fifty-nine (59) legal requests, including forty-two (42) external requests mainly from capital market professionals, law firms and publicly traded companies. They addressed various themes with a prevalence of issues pertaining to:

- ⊙ Investment: bond issues, private placements, investment in funds, marketing of foreign financial instruments;
- ⊙ Disclosure requirements for publicly traded issuers;
- ⊙ The interpretation of laws and regulations, including the entry into force and applicability of AMMC laws, regulations and circulars;
- ⊙ Securities transactions, processing of allocation rights, transfer of securities;
- ⊙ Anti-money laundering and combating the financing of terrorism (AML/CFT),
- ⊙ Securities lending.

Graph 34: Requests handled in 2018 per field



Source : AMMC

Tableau 34 : Breakdown of requests handled in 2018 by requestor profile

Profiles	Number of requests
Issuers	7
Individuals	4
Professionals (Financial Advisors, Lawyers, Accountants, ...)	12
Asset management companies (OPCCs, Securitization, UCITS, ...)	6
Brokerage firms/Account holders /Depositories	13

Source : AMMC

6. INTERNATIONAL COOPERATION IN 2018

In 2018, and in line with the direction of its strategic plan, the AMMC pursued its commitment within international and regional bodies and consolidated its active role, particularly in the development of finance for sustainable development. The AMMC has also strengthened bilateral cooperation with its foreign counterparts through regular interactions and internal capacity building activities for staff.

The AMMC's international activity is structured around three main pillars: bilateral cooperation; multilateral cooperation; and technical assistance and exchange of experience.

6.1 Bilateral cooperation

In the sidelines of the meeting of the Africa and Middle East Committee (AMERC) of the International Organization of Securities Commissions (IOSCO), in January the AMMC signed two bilateral agreements on cooperation and information exchange with the capital market authorities of Qatar and Oman, respectively Qatar Financial Markets Authority and Capital Market Authority Oman.

The AMMC also organized several bilateral meetings in 2018:

- **Bilateral meeting with the Securities Commission SC Malaysia**

In the margins of the World Capital Markets Symposium in February 2018, the AMMC held bilateral meetings with senior officials of SC Malaysia to initiate bilateral cooperation, particularly in the areas of Islamic finance, green finance, professional licensing and alternative market development and new financial instruments at the eve of the digital revolution.

- **Bilateral meeting with the Spanish Securities Market Commission (CNMV)**

In the margins of IOSCO Council meetings, the AMMC held bilateral meetings with its Spanish counterpart with the aim of initiating discussions to formalize existing cooperation through the signing of a formal cooperation agreement. Through this visit, the AMMC seeks to strengthen cooperation with the CNMV and bring the capital markets of both countries closer together.

In addition, within the framework of the bilateral agreements signed in December 2016 between the regulators and stock exchanges of Morocco and Nigeria, and with the aim of bringing the two capital markets closer together in order to initiate cross-border transactions, the AMMC made an active contribution to this project by spearheading the work of the "Regulation" Working Group.

6.2 Participation in the work of international bodies

6.2.1 International Organization of Securities Commissions (IOSCO)

- **Organization of the 40th meeting of the IOSCO Africa and Middle East Regional Committee (AMERC)**

On 24 January 2018, the AMMC hosted the 40th meeting of AMERC, a regional committee of which the AMMC is the current Vice-Chair and a representative on IOSCO's Board of Directors. On the margins of its meeting, the Committee organized its public conference under the high patronage of His Majesty King Mohammed VI under the theme "Capital Market Financing in Africa and the Middle East: Challenges and Opportunities".

The AMERC committee members' meeting focused on the impact of the digital revolution on capital markets and the role of regulators in the digital age. Emerging risks affecting the region's capital markets and issues related to market access to finance.

The public conference was an opportunity for actors in the Moroccan financial market to engage with regulators in the region on issues related to capital market financing, particularly infrastructure financing in the region, the challenges of financing the green economy and innovative solutions to promote access to the capital market for small and medium-sized enterprises. The issue of regional integration was also raised, in particular the experiences observed in West and East Africa.

- **Participation in the IOSCO Board of Directors**

As a member of the IOSCO Board, the AMMC participated in the first meeting of 2018, which took place at the organization's headquarters in Madrid on February 22 and 23.

The Board's work focused mainly on emerging issues related to crypto currencies, cyber security, data protection, financial innovations and FinTech. The Board also discussed issues related to sustainable financing and related reporting. As a member of the IOSCO Emerging and Growing Markets Committee (GEMC) working group on green financing issues, the AMMC shared with members the recent work carried out by the group and the AMMC's initiatives in this area.

In addition, the Board reviewed the work of the specialized regulatory committees and the various working groups in order to assess their progress.

- **Participation in the IOSCO annual meeting**

The AMMC participated in the IOSCO annual meeting held in Budapest, Hungary from 7 to 10 May 2018. As an active member, the AMMC co-chaired the opening of the Africa and Middle East Committee (AMERC) meeting in its capacity as Vice President, participated in the Board of Directors and Presidents' Meeting, and in the Growth and Emerging Markets Committee (GEMC) meeting. The topics discussed at the various meetings focused mainly on FinTech, personal data protection, the work of regulatory committees and issues related to IOSCO's internal organization.

In the margins of IOSCO's annual meeting, the AMMC held several bilateral meetings to initiate cooperation with its regional counterparts and strengthen existing collaborative relationships.

- **Participation in the first meeting of the Asset Management Regulatory Committee (Committee 5)**

Eight regulatory committees carry out IOSCO's work. The AMMC is a member of two specialized IOSCO committees: Committee 3 on the regulation of market intermediaries and Committee 5 on asset management.

As a member of IOSCO Committee 5, the AMMC participated in the first annual meeting of IOSCO Committee 5 in Madrid from 5 to 7 March 2018.

At this meeting, the discussions focused mainly on the Committee's current mandates, namely ETFs, the use of leverage by funds and fund liquidity.

In the margins of the meeting, a brainstorming session was held between the members of the committee and the team of IOSCO's research department, created in January 2018. The objective of this session was to identify emerging risks related to asset management. The main risks identified relate to the development of crypto-currencies, digitalization, the use of artificial intelligence and macroeconomic risks. The in-depth analysis of these risks is expected to lead to new mandates for Committee 5.

- **Participation in the second annual meeting of the Asset Management Regulatory Committee (Committee 5)**

The AMMC also participated in the second annual meeting of the said committee, held in London-UK from 11 to 13 July 2018.

At this meeting, the discussions focused mainly on the Committee's current mandates, namely ETFs and the use of leverage by funds. Work on the latter mandate is currently being finalized and should soon lead to the introduction of standards for measuring and monitoring leverage levels in an aggregate manner across all IOSCO member countries.

The IOSCO Research Department team also presented the results of the identification of emerging risks identified by IOSCO's eight technical committees. The main risks identified relate to the development of crypto-currencies, digitalization, the use of artificial intelligence, as well as macroeconomic risks. The granting of new mandates to Committee 5 based on the risks identified remains at the discretion of the IOSCO Board, which will decide on the matter at a later date.

- **Organization by the AMMC of the last IOSCO Committee 5 meeting in Casablanca this year**

On 14 and 15 November 2018, the AMMC organized the 3rd annual meeting of the Asset Management Regulatory Committee (Committee 5) of the International Organization of Securities Commissions (IOSCO) in Casablanca.

After its active participation in the first two meetings of the Committee during the year, in Madrid in March 2018 and London in July 2018, the AMMC hosted representatives from 32 market authorities in Casablanca to discuss ways of standardizing the supervision of ETFs (Exchange Traded Funds), the use of leverage by funds and the management of fund liquidity.

- **Participation in the first annual meeting of the Regulatory Committee on the Regulation of Market Intermediaries (Committee 3)**

The first annual meeting of IOSCO Committee 3 on market intermediaries was held in Madrid on 11 and 12 April 2018. As a member, the AMMC participated.

The exchanges were mainly based on the Committee's current mandates, namely: the marketing of OTC derivatives and structured products, and potential conflicts of interest in the context of financial transactions.

Potential new mandates were also discussed, namely the delegation by intermediaries of certain functions to third parties, and the development of artificial intelligence in the stock exchange intermediation activity.

6.2.2 The Union of Arab Securities Authorities (UASA)

The AMMC participated in the work of the annual meeting of UASA, which took place in Beirut on 28 March 2018. At this meeting, members approved the deliverables of the Union's strategic plan, including the financial education portal, the harmonized glossary of financial terms in Arabic, the multilateral cooperation agreement between the members of the Union, as well as the report on business valuation on initial public offerings and issues related to voluntary and mandatory delisting.

The Board of the Union also discussed the proposed action plan for 2018 in addition to other issues related to the internal functioning of the Union.

During the discussion session, the AMMC shared its 2017 - 2020 strategic plan and vision for the development of sustainable finance in the region with the members.

6.2.3 The Francophone Institute of Financial Regulation (IFREFI)

As a member of IFREFI, the AMMC participated in the Institute's annual meeting held from 27 to 29 May 2018 in Bucharest, Romania, under the theme of financial innovation for growth.

During this session, the AMMC took part in the dialogue with the financial community on investor protection in the new digital era and the role that regulators can play to support this trend. The AMMC also participated in the Presidents' Meeting, which addressed, in particular, the issue of long-term investment and regulators' initiatives to stimulate it in a secure environment.

The AMMC also attended the IFREFI seminar, which addressed the issue of the supervision of investment products in a digitalized and cross-border environment.

6.2.4 The Mediterranean Securities Regulators Partnership

The AMMC participated in the annual meeting of the Presidents of the Mediterranean Securities Regulators Partnership, which took place in Athens on 27, and 28 November 2018. This meeting provided an opportunity for members from both sides to exchange views on developments affecting their respective markets and to jointly define programs for technical assistance and sharing of experience between the partnership's member authorities. The AMMC also spoke at the expert seminar to present its alternative market model dedicated to the financing of small and medium-sized enterprises.

6.3 Technical assistance & sharing of experience and internal capacity building of the AMMC

6.3.1 Foreign counterparts' assistance to the AMMC

- **Study visit to Malaysia and Bahrain by AMMC officials and members of the Higher Council of Islamic Scholars**

Following the entry into force of the new regulations on participative finance, and in order to learn from the experience of jurisdictions with advanced markets in this field, study visits were organized by the AMMC with the assistance of the Securities Commission of Malaysia and the Central Bank of Bahrain in May 2018.

- **Technical assistance program at the Italian Clearing House CC&G**

As part of the deployment of the Casablanca Stock Exchange's new roadmap and its support by the Italian clearing house CC&G, a program to enhance the knowledge and skills of the Stock Exchange's teams and market participants was planned.

In addition, a Moroccan delegation consisting of the Casablanca Stock Exchange, the AMMC and Bank Al-Maghrib travelled to Rome to participate in working meetings and presentations of the clearing services of CC&G, a subsidiary of the London Stock Exchange Group, from 7 to 10 May 2018 in Rome.

- **Study visit to the Investigations Department of the Autorité des Marchés Financiers (AMF – France)**

As part of the deployment of the new AMMC organization, including the creation of a new department dedicated to investigations and controls, a study visit has been scheduled to the AMF, the aim of which is to draw inspiration from the AMF's organizational model and benefit from its experience in the field.

- **Study visit in November to the Spanish Financial Market Authority (CNMV) to inquire about their financial education strategy and its implementation at the national level**

As part of the implementation of its public financial education strategy, AMMC staff carried out a study visit to the Spanish regulator to learn about the practicalities of implementing a financial education program and in particular, to discuss with Spanish counterparts in order to obtain feedback on key success factors.

6.3.2 AMMC's assistance to foreign counterparts

- **Study visits by SEC Ghana officials and staff**

As part of the bilateral agreement signed in 2017 between the two authorities, and at the request of the new Managing Director of the SEC Ghana, in April 2018, the AMMC hosted a delegation of senior officials of the Ghanaian regulator for a one-week study visit aimed at drawing on the Moroccan experience in supervising financial instruments and market participants, particularly the use of regulatory reporting, supervision and risk management software tools.

In the same context, the AMMC hosted staff from the SEC Ghana's support department in July 2018 for a study visit of the AMMC's organizational processes, particularly resource management.

- **Internship for students under the supervision of CMA Oman and Sultan Qaboos University**

Following the bilateral agreement signed between the AMMC and the Capital Market Authority, CMA Oman, in January 2018, on the margins of the AMERC meeting, and as part of the partnership between CMA Oman and Sultan Qaboos University, AMMC welcomed two students in July 2018 for a final internship.

- **Presentation at the OECD Conference on Good Governance Practices in the MENA Region**

The Comissão do Mercado de Valores Mobiliários CMVM - Portugal and the OECD organized, on 4 and 5 July 2018, a conference meeting of the OECD/MENA (Middle East and North Africa) Working Group on Corporate Governance on the theme "Regulatory policies to achieve good corporate governance for better competitiveness". The meeting discussed the multiple dimensions of corporate governance in the MENA region, in light of OECD best practices, and brought together academics, business representatives, governments and regulators from more than a dozen countries.

During this conference, the AMMC shared the Moroccan experience and presented recent regulatory developments in the field.

-
- **Participation in the workshop for the launch of the Green Bonds guide organized by the Financial Regulatory Authority (FRA) of Egypt**

On 27 June 2018, the FRA hosted a dialogue with the financial center with the support of the International Finance Corporation (IFC) with a view to launching a guide on Green Bonds issues.

In view of the cooperation agreement between the AMMC and the FRA and taking into account the AMMC's experience in setting up a framework for Green Bonds, the AMMC was approached by its Egyptian counterpart to speak at the conference to launch the FRA's Green Bonds Guide.

The AMMC's contribution consisted in sharing experience in the development and regulation of "sustainable" financial instruments as well as lessons and good practices identified in this field.

6.3.3 Capacity Building for AMMC Staff

- **Training for compliance and internal control officers of the AMF France**

The AMMC participated in the AMF training session for compliance and internal control officers from 13 to 15 March 2018. This training, provided by AMF staff and asset management professionals in France, provided the AMMC with an overview of the practical implementation of controls within asset management companies, risk management obligations, methods for calculating the funds' overall risk and the latest European and international regulatory developments in asset management.

- **Participation in the SEC's annual international conference on "Growth and Development of Capital Markets", Washington, D.C., 12-22 March 2018**

This program offers participants the opportunity to share best practices and challenges of each regulator in order to protect investors and ensure a fair and orderly market. It includes conferences, roundtables, interactive workshops and case studies led by a team of senior executives from the SEC, the World Bank and the Financial Industry Regulatory Authority (FINRA).

- **Participation in the immersion week organized by the AMF France**

The AMF France organized an immersion week for its French institutional partners and foreign regulators who are members of the Francophone Institute of Financial Regulation (IFREFI), from 24 to 28 September 2018, to present all the AMF's missions and the various projects under way.

The AMMC's participation in this event has made it possible to:

- draw on the AMF's experience in organizing study and immersion visits, with the possibility for the AMMC to organize a similar initiative for the benefit of regional regulators;
- gain better understanding of the various AMF divisions and their organization, particularly the European and International Affairs Division, to ensure more seamless communication.

- **Participation of the AMMC in the 11th conference of the Enforcement Committee of the Autorité des Marchés Financiers, (AMF- France) organized in Paris on October 31st 2018**

The purpose of the conference was to raise awareness on the substantive rules applicable to activities under the control of the market authority and the ways in which it exercises its enforcement powers.

This year's edition was devoted to the theme of cooperation between the respondents and the market authority. The AMMC's participation in this conference will provide it with an opportunity to draw on the AMF's experience in preparing new investigation and enforcement procedures and to better understand the substantive and procedural rules of an adversarial procedure.

- **Study visit to the Information Systems Department of the Autorité des Marchés Financiers du Québec (Quebec Capital Market Authority) in Montreal to explore the IS strategic plan, digitalization, cyber security and FinTech**

As part of the restructuring of the AMMC's organizational framework and the development of its IS and digital transformation strategic plan, a study visit was carried out at the AMF Québec from 16 to 19 October 2018.

Participation in this mission enabled the AMMC to complete the Benchmark conducted with other capital market regulators.

- **Participation in the IOSCO Seminar Training Program from 6 to 8 November 2018 in Madrid on the regulation and supervision of investment funds**

In the context of IOSCO's capacity building programs for regulators, as a member, the AMMC took part in an interactive training seminar alongside other regulators to discuss real cases and issues related to the regulation of collective investment funds.

6.3.4 Participation and Contribution of the AMMC to other International Events

- **Participation in the annual Paris EUROPLACE International Financial Forum**

Under the high patronage of the French Prime Minister and the President of Paris EUROPLACE, the annual Paris EUROPLACE International Forum on Market Finance was held in Paris on 11 and 12 July 2018.

This event is a meeting bringing together international financial players (regulators, institutional investors, bankers, insurers, asset managers, etc.) to have a high-level exchange on major developments on the financial markets.

On this occasion, the AMMC was invited by Paris EUROPLACE to attend this forum. Also, the AMMC made a presentation, on the sidelines of the Forum, at a meeting on the various actions for the development of Green Finance in Africa.

- **Participation in the work of Advisory Group of the United Nations SSE Initiative**

The AMMC is a member of a core advisory group created by the United Nations Sustainable Stock Exchanges initiative. The work of this group aims to assess the role of securities regulators in promoting sustainable investment.

A working meeting was held on 30 April 2018 in Geneva to discuss a preliminary draft report that outlines the state of play of green finance regulation around the world in order to draw on best practices in terms of promoting investment in sustainable development and supporting United Nations sustainable development objectives. This one-day meeting provided an opportunity to review the draft and provide new examples, ideas and guidance for the further development of this report.

- **Participation in the conference entitled "Morocco, a gateway to Africa"**

The Casablanca Stock Exchange in partnership with Citi Group and with the support of the Moroccan Embassy in the United States organized, on 18 April 2018, the first edition of the conference "Morocco, a gateway to Africa".

In addition, the AMMC participated in the "US-Morocco trade forum" jointly organized by the American Chamber of Commerce and the Moroccan Embassy in the United States on 19 April 2018.

6.3.5 Sharing of the AMMC's experience in the field of sustainable finance

- **Participation in the round table "Scaling Up Green Finance-The New Role of Regulators and Central Banks" organized as part of the annual meeting of the International Monetary Fund (IMF) and the World Bank, held in October in Bali, Indonesia**

Represented by its Chair, the AMMC participated as a panelist at this high-level conference, alongside the Governors of the Banque Centrale de France, the Bank of England, the Bank of Malaysia and the Director General of the Swedish Market Authority.

Organized in partnership with the Network of Central Banks and Supervisors for the Greening of the Financial System (NGFS), this conference focused on how financial regulation can support the transition to sustainable development and economic growth, without compromising prudential integrity.

- **Participation in the work of the Advisory Group of the United Nations Sustainable Stock Exchanges Initiative**

The AMMC is a member of a core advisory group created by the United Nations Sustainable Stock Exchanges (SSE) initiative. In this capacity, the Chair of the AMMC was invited to participate in the "SSE Global Dialogue", which was held on 23 October in Geneva, on the sidelines of the "World Investment Forum 2018", organized under the auspices of the United Nations.

The AMMC participated in a panel of 30 stakeholders. In her presentation on the role of capital market regulators in achieving sustainable development objectives (SDOs), the AMMC Chair highlighted Morocco's unwavering commitment to climate change, under the leadership of His Majesty King Mohammed VI, while recalling the initiatives undertaken by the AMMC to promote sustainable finance in Morocco and Africa.

- **Participation in the workshop for the launch of a guide on green bonds by the National Bank of Georgia**

The National Bank of Georgia and the Sustainable Banking Network (SBN) jointly organized a workshop on 26 September 2018 in Tbilisi, Georgia, on the occasion of the launch of the first guide to Green Bonds in Georgia.

As an active member of the Sustainable Banking Network and co-chair of the SBN's Green Bonds working group, the AMMC was invited to a panel discussion to share its experience in implementing and regulating sustainable financial instruments.



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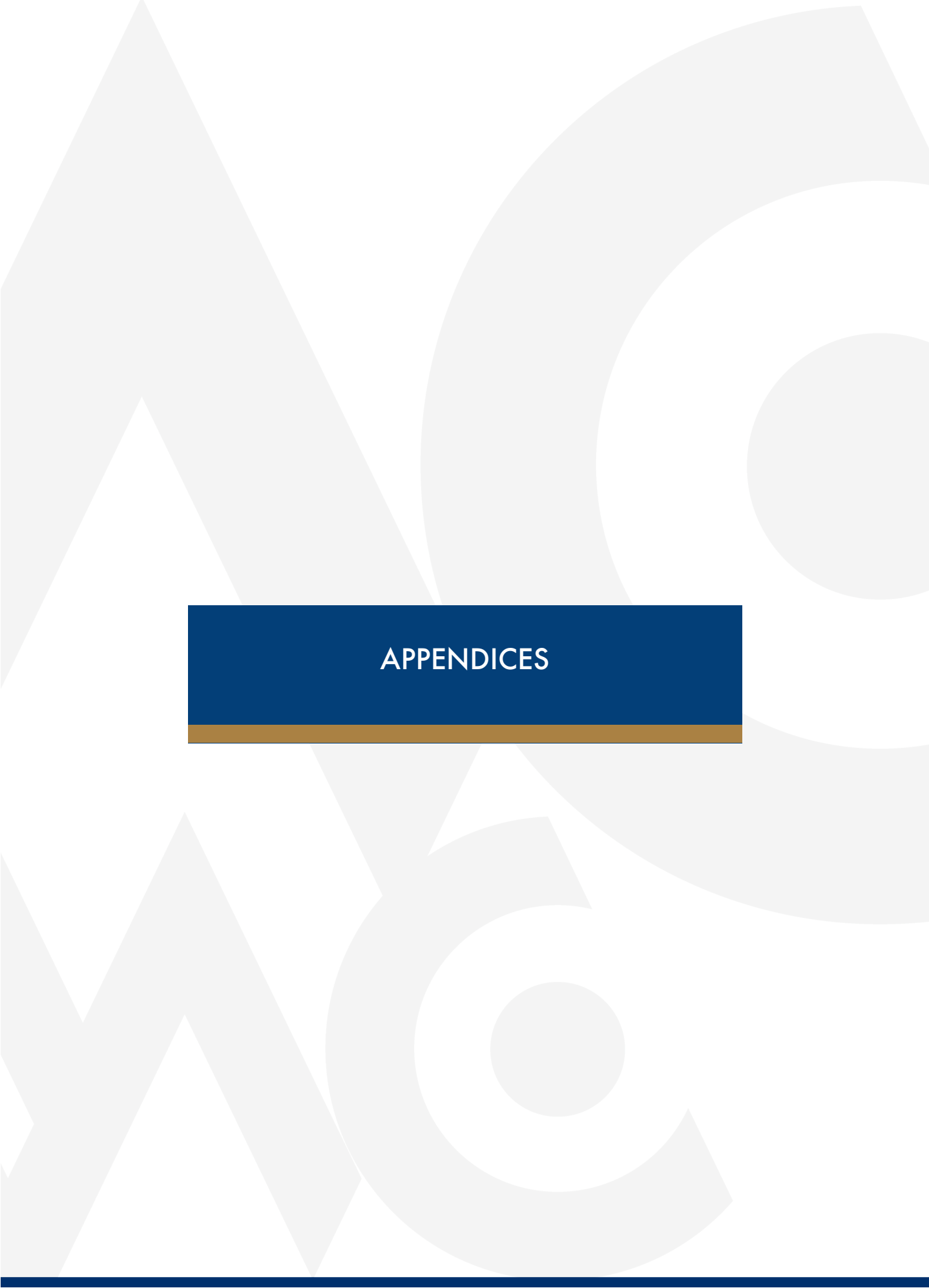
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APPENDICES

APPENDIX 1: BALANCE SHEET AS AT 31 DECEMBER

ASSETS (Standard Model)

FISCAL YEAR FROM 01/01/18 AU 31/12/18

	ASSETS	FISCAL YEAR			PREVIOUS FISCAL YEAR
		Gross	Depreciation and provisions	Net	Net
FIXED ASSET	NIL VALUE FIXED ASSETS (A)	667 292,01	111 870,46	555 421,55	-
	. Preliminary expenses	-	-	-	-
	. Expenditure to be distributed over several fiscal years	667 292,01	111 870,46	555 421,55	-
	. Bond reimbursement premiums	-	-	-	-
	INTANGIBLE FIXED ASSETS (B)	18 486 620,79	14 706 944,78	3 779 676,01	5 423 456,00
	. Research & development fixed Assets	-	-	-	-
	. Patents, trademarks, assets and similar rights	17 193 699,39	13 414 023,38	3 779 676,01	5 423 456,00
	. Goodwill	-	-	-	-
	. Other intangible fixed Assets	1 292 921,40	1 292 921,40	-	-
	TANGIBLE FIXED ASSETS (C)	32 424 971,01	28 909 439,71	3 515 531,30	933 557,23
	. Lands	-	-	-	-
	. Buildings	-	-	-	-
	. Technical facilities, equipment and tools	-	-	-	-
	. Transportation equipment	166 300,00	166 300,00	-	-
	. Furniture office equipment and Miscellaneous items	30 306 607,30	28 743 139,71	1 563 467,59	933 557,23
	. Other tangible fixed Assets	-	-	-	-
	. Tangible fixed Assets under development	1 952 063,71	-	1 952 063,71	-
	FINANCIAL FIXED ASSETS (D)	-	-	-	-
	. Capital loans	-	-	-	-
	. Other financial debts	-	-	-	-
	. Equity interest	-	-	-	-
	. Other Equity interest	-	-	-	-
	TRANSLATION ADJUSTMENTS- ASSETS (E)	-		-	-
	. Decrease in fixed debts	-		-	-
	. Increase in financing debts	-		-	-
	TOTAL I (A+B+C+D+E)	51 578 883,81	43 728 254,95	7 850 628,86	6 357 013,23
CURRAN ASSET	INVENTORY (F)	156 459,73	-	156 459,73	170 096,48
	. Goods	-	-	-	-
	. Consumable materials and supplies	156 459,73	-	156 459,73	170 096,48
	. Goods under process	-	-	-	-
	. Intermediate & residues products	-	-	-	-
	. Finished Products	-	-	-	-
	CLAIMS ON CIRCULATING ASSETS (G)	45 403 595,50	12 000,00	45 391 595,50	44 420 355,44
	. Trade creditors-debit balances, prepayments	-	-	-	-
	. Trade accounts receivable	38 148 931,98	-	38 148 931,98	36 172 224,14
	. Payroll	868 368,46	12 000,00	856 368,46	500 332,94
	. Government	4 778 593,63	-	4 778 593,63	5 847 853,57
	. Partner's accounts	-	-	-	-
	. Other accounts receivables	11 563,44	-	11 563,44	11 563,44
	. Adjustment accounts, Assets	1 596 137,99	-	1 596 137,99	1 888 381,35
	INVESTMENT SECURITIES AND VALUES (H)	210 000 000,00	-	210 000 000,00	220 000 000,00
		210 000 000,00	-	210 000 000,00	220 000 000,00
	TRANSLATION ADJUSTMENTS - ASSETS (I) (Circulating elements)	-		-	-
	TOTAL II (F+G+H+I)	255 560 055,23	12 000,00	255 548 055,23	264 590 451,92
TRES.	CASH - ASSETS	6 760 935,59	-	6 760 935,59	10 759 389,44
	. Cheques and cash values	-	-	-	-
	. Bank, treasury & post office account	6 752 653,39	-	6 752 653,39	10 747 876,75
	. Cash, petty cash & credit lines	8 282,20	-	8 282,20	11 512,69
	TOTAL III	6 760 935,59	-	6 760 935,59	10 759 389,44
	GRAND TOTAL I + II + III	313 899 874,63	43 740 254,95	270 159 619,68	281 706 854,59

LIABILITIES (Standard Model)

FISCAL YEAR FROM 01/01/18 AU 31/12/18

	LIABILITIES	FISCAL YEAR	PREVIOUS FISCAL YEAR
PERMANENT FUNDING	SHAREHOLDERS' EQUITY	-	-
	. Corporate or personal capital	-	-
	. less : shareholders, Capital subscribed and not paid-in Called-up capital, Of which Paid-up one.....	-	-
	. Premium on shares,, merger and contribution	-	-
	. Revaluation reserve	-	-
	. Legal Reserve	-	-
	. Other reserve	221 060 233,40	217 207 794,52
	. Retained earnings	-	-
	. Net income to be allocated	-	-
	. Net income of the fiscal year	27 165 565,81	34 440 674,88
	Total shareholders' Equity (A)	248 225 799,21	251 648 469,40
	EEQUITY RELATED (B)	2 008 666,67	3 056 666,67
	. Government Grants	2 008 666,67	3 056 666,67
	. Regulated reserves	-	-
	. Donations	-	-
	DEBT FINANCING (C)	-	-
	. Bonded debt	-	-
	. Other debt Financing	-	-
	Packaging material Credit	-	-
	Store construction credit	-	-
	Medium and long-term credit	-	-
	SUSTAINABLE PROVISIONS FOR CONTINGENCIES & EXPENSES (D)	-	-
	. Provisions for contingencies	-	-
	. Provision for expenses	-	-
	TRANSLATION ADJUSTMENTS - LIABILITIES (E)	-	-
	. Increase in capitalized account receivables	-	-
	. Decrease of financial debts	-	-
	TOTAL I (A+B+C+D+E)	250 234 465,88	254 705 136,07
CURRENT LIABILITIES	CURRENT LIABILITIES'DEBTS (F)	19 925 153,80	20 932 002,02
	. Trade creditors and other accounts receivables	2 318 825,23	6 056 112,69
	. Trade debtors-credit balances, prepayments	-	-
	. Payroll	3 309 179,31	2 905 499,17
	. Social organizations	2 582 731,22	2 326 250,84
	. Government	11 057 872,04	9 108 828,32
	. Partner's accounts	-	-
	. Other creditors	542 546,00	535 311,00
	. Adjustment accounts - liabilities	114 000,00	-
	OTHER PROVISIONS FOR CONTINGENCIES & EXPENSES (G)	-	6 069 716,50
	TRANSLATION ADJUSTMENTS - LIABILITIES (Current elements) (H)	-	-
	TOTAL II (F+G+H)	19 925 153,80	27 001 718,52
TRES.	CASH FLOW - LIABILITIES		
	. Discount credit facilities	-	-
	. Short term credit facilities	-	-
	. Factoring banks	-	-
	TOTAL III	-	-
	GENERAL TOTAL I + II + III	270 159 619,68	281 706 854,59

INCOME AND EXPENSES STATEMENT (Excluding taxes)

(Standard model)

FISCAL YEAR FROM 01/01/18 AU 31/12/18

		TRANSACTIONS		TOTAL OF THE FISCAL YEAR 3 = 1 + 2	TOTALS OF THE PREVIOUS YEARS 4
		Particular to the fiscal year 1	For the previous fiscal year 2		
O P E R A T I O N	I	OPERATING INCOME			
		. Sales of goods (as it is)	-	-	-
		. Sales of goods and services produced Sales revenues	126 728 430,90	-	126 728 430,90
		. Changes in inventory (+-) ¹	-	-	-
		. Fixed assets produced by the company itself	-	-	-
		. Operating subsidies	-	-	-
		. Other operating revenue	-	-	-
		. Resumption of operations, expense transfers	-	-	-
		TOTAL I	126 728 430,90	-	126 728 430,90
	II	OPERATING EXPENSES			
		. Cost of goods sold ²	-	-	-
		. Cost of supplies and materials consumed ²	2 161 470,51	-	2 161 470,51
		. Other external expenses	27 491 292,92	-	27 491 292,92
		. Taxes and duty	84 684,00	-	84 684,00
F I N A N C I A L		. Payroll	55 171 700,73	-	55 171 700,73
		. Other operating expenses	910 714,35	-	910 714,35
		. Operating allocations	2 915 285,11	-	2 915 285,11
		TOTAL II	88 735 147,62	-	88 735 147,62
	III	OPERATING INCOME (I-II)		37 993 283,28	49 715 872,74
	IV	FINANCIAL PRODUCTS			
		. Income from equity holdings and other fixed assets	-	-	-
		. Translation gains	17 166,03	-	17 166,03
		. Interests and other financial income	5 239 762,43	-	5 239 762,43
		. Financial write backs, transfers of expenses	-	-	-
		TOTAL IV	5 256 928,46	-	5 256 928,46
	V	FINANCIAL EXPENSES			
		. Interest charges	-	-	-
		. Translation gains	6 012,94	-	6 012,94
		. Other financial expenditure	-	-	-
		. Financial allocations	-	-	-
		TOTAL V	6 012,94	-	3 784,95
	VI	FINANCIAL INCOME (IV - V)		5 250 915,52	5 349 900,10
	VII	CURRENT INCOME (III + VI)		43 244 198,80	55 065 772,84

1- Stock change = final stock - initial stock ; increase (+); decrease (-)

2- Re-sold or consumed purchases : purchases – inventory stocks

INCOME AND EXPENSES STATEMENT (Excluding taxes) (Standard model)

(Follow-up)

FISCAL YEAR FROM 01/01/18 AU 31/12/18

		ITEM	TRANSACTIONS		TOTAL OF THE FISCAL YEAR 2 + 1 = 3	TOTALS OF THE PREVIOUS YEARS
			Particular to the fiscal year 1	For the previous fiscal year 2		
	VII	CURRENT INCOME (reported)			43 244 198,80	55 065 772,84
NON CURRENT	VIII	NON CURRENT INCOME	-	-	-	-
		. Fixed asset sale income				
		. Equalization subsidies	-	-	-	-
		. Investment subsidies write downs	1 048 000,00	-	1 048 000,00	1 048 000,00
		. Other non-current products	109 724,42	-	109 724,42	907 704,97
		. Non-current write downs, transfer of expenses	6 069 716,50	-	6 069 716,50	-
		TOTAL VIII	7 227 440,92	-	7 227 440,92	1 955 704,97
	IX	NON CURRENT EXPENSES				
		. Worth net depreciation of fixed assets sold	-	-	-	-
		. Subsidies granted	-	-	-	-
		. Other non-current expenses	10 821 670,91	-	10 821 670,91	519 813,93
		. Non current allowances to depreciation and provisions	-	-	-	6 069 716,50
		TOTAL IX	10 821 670,91	-	10 821 670,91	6 589 530,43
	X	NON CURRENT INCOME (VIII-IX)	-3 594 229,99	-	-3 594 229,99	-4 633 825,46
	XI	PRE-TAX INCOME (VII+X)			39 649 968,81	50 431 947,38
	XII	CORPORATE INCOME TAX			12 484 403,00	15 991 272,50
	XIII	NET INCOME (XI-XII)			27 165 565,81	34 440 674,88
XIV	TOTAL INCOME (I + IV + VIII)			139 212 800,28	125 872 174,03	
XV	TOTAL OF EXPENDITURE (II + V + IX + XII)			112 047 234,47	91 431 499,15	
XVI	NET INCOME (total income - total expenditure)			27 165 565,81	34 440 674,88	

External auditors' report on annual financial statements

Fiscal year from 1st January to 31st December 2018

**Coopers
Audit**

audit et conseil

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A l'attention de la Présidente de
L'Autorité Marocaine du Marché des Capitaux (AMMC)
6 Rue Jbel Moussa
Agdal-Rabat

RAPPORT DES AUDITEURS EXTERNES SUR LES ETATS DE SYNTHESE ANNUELS

EXERCICE DU 1^{ER} JANVIER AU 31 DECEMBRE 2018

Conformément à la loi n° 43-12 et à mission qui nous a été confiée par votre Conseil d'Administration en date du 24 décembre 2016, nous avons effectué l'audit des états de synthèse ci-joints de l'Autorité Marocaine du Marché des Capitaux (AMMC), comprenant le bilan, le compte de produits et charges, l'état des soldes de gestion, le tableau de financement, et l'état des informations complémentaires (ETIC) relatifs à l'exercice clos le 31 décembre 2018. Ces états de synthèse font ressortir un montant de capitaux propres et assimilés de KMAD 250 234 dont un bénéfice net de KMAD 27 166.

Responsabilité de la Direction

La direction est responsable de l'établissement et de la présentation sincère de ces états de synthèse, conformément au référentiel comptable admis au Maroc. Cette responsabilité comprend la conception, la mise en place et le suivi d'un contrôle interne relatif à l'établissement et la présentation des états de synthèse ne comportant pas d'anomalie significative, ainsi que la détermination d'estimations comptables raisonnables au regard des circonstances.

Responsabilité de l'Auditeur

Notre responsabilité est d'exprimer une opinion sur ces états de synthèse sur la base de notre audit. Nous avons effectué notre audit selon les Normes de la Profession au Maroc. Ces normes requièrent de notre part de nous conformer aux règles d'éthique, de planifier et de réaliser l'audit pour obtenir une assurance raisonnable que les états de synthèse ne comportent pas d'anomalie significative.

Un audit implique la mise en œuvre de procédures en vue de recueillir des éléments probants concernant les montants et les informations fournis dans les états de synthèse. Le choix des procédures relève du jugement de l'auditeur, de même que l'évaluation du risque que les états de synthèse contiennent des anomalies significatives. En procédant à ces évaluations du risque, l'auditeur prend en compte le contrôle interne en vigueur dans l'entité relatif à l'établissement et la présentation des états de synthèse afin de définir des procédures d'audit appropriées en la circonstance, et non dans le but d'exprimer une opinion sur l'efficacité de celui-ci. Un audit comporte également l'appréciation du caractère approprié des méthodes comptables retenues et le caractère raisonnable des estimations comptables faites par la direction, de même que l'appréciation de la présentation d'ensemble des états de synthèse.

Nous estimons que les éléments probants recueillis sont suffisants et appropriés pour fonder notre opinion.

Opinion sur les états de synthèse

A notre avis, les états de synthèse cités au premier paragraphe ci-dessus, donnent, dans tous leurs aspects significatifs, une image fidèle du patrimoine et de la situation financière de l'Autorité Marocaine du Marché des Capitaux au 31 décembre 2018 ainsi que du résultat de ses opérations pour l'exercice clos à cette date, conformément au référentiel comptable admis au Maroc.

Casablanca, le 18 mars 2019

Les auditeurs externes

COOPERS AUDIT MAROC S.A

COOPERS AUDIT MAROC
Siège Social: 83 Avenue Hassan II
Casablanca
Tél: 0522 42 11 90 - Fax: 0522 27 47 34

Abdelaziz ALMECHATT
Associé

APPENDIX 2: DISCIPLINARY SANCTIONS IN 2018

Name	Grounds for the sanction	Sanction
Société de Travaux de Réalisation d'Ouvrages et de Construction Industrielle (STROC)	• Delay in the publication of the half-yearly financial statements (second or subsequent offence)	- Reprimand - Financial penalty of two hundred thousand dirhams (MAD 200,000)
CDG Capital Bourse	• Non-compliance with a prudential rule applicable to brokerage firms (ratio of the total value of the net positions of the same client); • Delay in reporting the said overrun to the AMMC	- Warning - Financial penalty of thirty-nine thousand dirhams (MAD 39,000)
AFRICAPITAL Management	• Non-compliance with the statutory time limit for holding securities subscribed by an executive in UCITS managed by the asset management company; • Two incorrect reporting transmissions to the AMMC regarding subscription and redemption transactions carried out by a manager and exceeding 10% of the net assets of a managed UCITS	- Warning - Two financial penalties of a total value of four hundred thousand dirhams (MAD 400,000)
ATTIJARIWafa Bank	• Insufficient technical and organizational resources allocated to the securities lending activity. • Inadequate controls over securities lending transactions. • Absence of a master agreement relating to the securities lending activity	- Warning
CDG Capital Gestion	• Non-compliance with classification rules for two managed UCITS • Overrun of the cash borrowing limit for three managed UCITS. • Non-compliance with asset composition rules for five managed UCITS	- Warning - Financial penalty of eighty-one thousand dirhams - (MAD 81,000)
AD Capital	• Non-compliance with the prudential and classification rules of three managed mutual funds. • Non-compliance with the rules of adequacy and permanence of human and technical resources.	- Warning - Financial penalty of fifteen thousand dirhams (MAD 15,000)

Name	Grounds for the sanction	Sanction
BMCE Bank	• Violations of certain securities lending intermediation rules. • Violations related to the activity of a UCITS depositary institution	- Warning - Financial penalty of two-hundred thousand dirhams (MAD 200,000)
BMCE Capital Gestion	• Non-compliance with the provisions of Order No. 2541-13 of the Minister of the Economy and Finance on the rules governing the composition of UCITS' assets • Non-compliance with the provisions of the master securities lending agreement. • Non-compliance with the provisions of the Codified Circular relating to the procedures manual and the implementation of an internal control system.	- Reprimand - Financial penalty of two-hundred thousand dirhams (MAD 200,000)
WINEO Gestion	• Non-compliance with the rules relating to the resources necessary for the exercise of the activity of an asset management company. • Non-compliance with the ethical rules relating to the management of UCITS. • Non-compliance with certain rules relating to the investment policy of UCITS (cash borrowing and risk division ratios).	- Warning - Financial penalty of one hundred and fourteen thousand dirhams (MAD 114,000)

