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AUTORITÉ MAROCAINE DU MARCHÉ DES CAPITAUX

2020

ANNUAL
REPORT





**HIS MAJESTY KING MOHAMMED VI,
MAY GOD ASSIST HIM**

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WORD FROM THE PRESIDENT



2020 will be remembered as the year that was marked by the outbreak of the Covid-19 pandemic and the global turmoil that it generated.

As such, this edition of the annual report reflects on the specific actions undertaken by the Moroccan Capital Market Authority during this period to carry out its missions, preserve confidence in the market and safeguard its role in financing the economy. This devastating global crisis has profoundly disrupted the world's economic landscape. The contraction of the global economy is estimated at 3.3% in 2020, a figure that could have been higher without the introduction of unprecedented fiscal and monetary support measures by the world's public authorities.

In Morocco, as a result of the crisis and the imposed lockdown, GDP contracted by 6.3%

in 2020. The repercussions have nevertheless been kept in check as a result of strong and rapid emergency measures initiated following the instructions of His Majesty the King Mohammed VI, may God assist him.

These notably include the creation of the Special Fund for the Management of the Pandemic, which has provided support to households. To ensure the business continuity of market participants and infrastructures, the AMMC has set up measures to closely monitor the participants under its supervision and has undertaken a series of actions for the successful adaptation to teleworking. Particular attention has also been paid to ensuring that market participants place their clients' interests first, that they comply with market regulations and that they maintain audit trails for all transactions.

Another challenge was to maintain market information in the context of the suspension of regulatory disclosure deadlines - a measure introduced by the Decree-Law on Special Provisions Applicable during the Health Emergency. The AMMC reminded issuers of the publication deadlines and emphasized the importance of informing the market during this period of uncertainty and of disclosing all material information.

It is critical to ensure the smooth functioning of the markets and the stock market in

particular to facilitate trading and liquidity of financial instruments. Given the risk of high stock price volatility, the AMMC has adopted two preventive measures. On the one hand, it established tighter thresholds of maximum price variation applicable to listed financial instruments and, on the other hand, it reorganized listing, processing and settlement timing.

The asset management industry was a point of particular attention due to its systemic dimension. Mutual funds, in particular, experienced significant stress due to the decline in stock market prices and the increased need for liquidity by some investors. During the year, overall assets posted a slight decline before recovering to their pre-crisis levels. In this context, the AMMC introduced daily monitoring of transactions on the assets and liabilities of funds managed by management companies and required stress tests to monitor the ability of funds to resist high stress situations.

In addition to providing close support to market participants, the context also required concerted action and coordinated monitoring. To this end, an institutional coordination and close monitoring mechanism has been set up between the Moroccan Capital Market Authority, Bank Al-Maghrib, the Supervisory Authority of Insurance and Social Welfare (ACAPS) and the Ministry of Economy, Finance and Administration Reform. The main role of this mechanism is to continuously assess the impacts of the pandemic on financial stability

and to coordinate the actions undertaken by the regulators.

Despite a challenging national and international environment in 2020, the Moroccan capital market has demonstrated its resilience and the proper functioning of its various segments (primary markets, stock exchange, asset management, settlement systems, etc.) has been only marginally impacted.

The market has thus proven its robustness and the soundness of its organization. It now has the necessary tools to strengthen its contribution to the financing of the economy.

Within the Authority, the operationalization of the first 2017-2020 Strategic Plan has resulted in the implementation of a new organization, the strengthening of the information system, the consolidation of exchanges with market participants, all of which have enabled the AMMC to conduct its activities smoothly in a tough crisis context.

As such, in 2020, the AMMC issued 6 approvals to management companies (5 OPCI management companies and one OPCC management company), issued 3 opinions concerning the approval of real estate appraisers and the approval of 75 UCITS. With regards to corporate finance transactions, the AMMC processed 67 filings and granted the related approvals and authorizations.

In terms of information control, 2020 was marked by the entry into force of the

obligation for issuers to publish an annual ESG report. In addition, 30 market participants were subject to an on-site inspection, i.e. a 42% coverage rate. The AMMC issued 2 disciplinary sanctions, one financial sanction and has submitted a proposal to the Minister of Finance for the withdrawal of one approval. In addition, the AMMC handled 22 complaints and opened 3 investigations.

Internationally, the AMMC has intensified its contribution to the work on market regulation policy. The election of the Authority to the Chairmanship of the Africa and Middle East Regional Committee (AMERC) of the International Organization of Securities Commissions (IOSCO) demonstrates our commitment to the development of capital markets at the national and regional levels. This position further strengthens the AMMC's presence in the organization's governance bodies.

Despite an economic climate that continues to be scarred by the effects of the health crisis, 2021 has begun with signs of recovery and a general mobilization in favor of economic recovery. In this context, the AMMC has finalized its second strategic plan covering the period 2021-2023, in accordance with its missions and in line with the requirements of economic recovery.

The emergence of new technologies places innovation at the heart of discussions on the financial markets. One of the priorities of the Moroccan Capital Market Authority will be to support innovation and market

participants and to promote an effective regulatory framework that is adapted to market developments. To this end, it will also be necessary to accelerate legislative and regulatory efforts to support the development of the market and lay the foundations for the start-up of new activities.

Nezha HAYAT
President

The background features large, light gray, stylized letters 'A' and 'M'. The 'A' is on the left, and the 'M' is on the right. The 'A' has a circular element at its top, and the 'M' has a circular element at its bottom. Two thin, vertical gold lines are positioned on the page: one to the right of the 'A' and one to the left of the 'M'.

THE AMMC IN 2020

1. ABOUT THE AMMC

The Moroccan Capital Market Authority (AMMC) is the regulatory body in charge of the supervision and control of the Moroccan capital market by virtue of the provisions of Law No. 43-12 establishing the Authority.

1.1 Missions

The AMMC main missions are as follows:

- 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 anti-money laundering by the persons and organizations under its supervision;
- contribute to fostering the financial literacy of investors.

1.2 Scope of intervention and participants under its supervision

The AMMC exercises the supervisory powers under the laws in force with regard to the bodies and persons subject to its supervision. In this context, the Authority ensures that they comply with the laws and regulations applicable to them, in particular, those relating to:

- 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 advisor);
- market infrastructures (the company managing the Stock exchange, the company managing the futures market, the Central Depository, and the Clearinghouse for the forward market);
- account-keepers;
- public issuers;
- persons licensed to perform one of the functions requiring the AMMC's licensing, as well as persons who, under their activities, assist in transactions in financial instruments.

1.3 Prerogatives and powers

To fulfill its missions, the AMMC is vested with broad prerogatives, and in this capacity, it:

- controls information and approves 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;
- assists the government in the regulation of the capital market.

1.4 AMMC bodies

The AMMC is a collegial institution with several bodies and committees with specific prerogatives. The two governing bodies are the Board of Directors and the Enforcement Committee.

1.4.1 The Board of Directors

In addition to its Chairperson, the AMMC Board of Directors consists of an equal number of representatives of the Administration, and independent members, chosen for their integrity and expertise in financial and legal fields. The Board's attributions, as well as the distribution of roles between its members and the Chairmanship are defined by the Law No. 43-12.

Composition of the AMMC Board of Directors



Ms. Nezha HAYAT
Chairperson of the AMMC



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



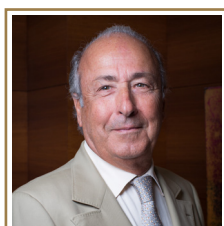
Mr. Hassan BOUBRIK
Chairman of the Insurance and Social Welfare Control Commission (ACAPS), representing the government



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



Mr. Abdelaziz TALBI
Appointed intuitu personae



Mr. Abdelaziz TAZI
Appointed intuitu personae



Mr. Soulaymane KACHANI
Appointed intuitu personae

Government commissioner

Mr. Hicham EL MDAGHRI
Appointed by the administration among high-ranking officials of the Ministry of Finance

Considering the powers of the Chairperson and the Enforcement Committee, the Board of Directors is vested with powers and duties required to administer and fulfil the AMMC missions.

In this context, the Board:

- Approves the annual budget of the AMMC;
- Sets the rules and procedures applicable to the Board and all AMMC staff;
- Reviews the AMMC general regulations;
- Reviews the auditor's report and take the final decision regarding the observations;
- Defines the AMMC organization chart and the responsibilities of the various departments based on a proposal from the Chairperson;
- approves the AMMC's annual report;
- Requests, where appropriate, from the Chairperson to conduct an investigation within the scope of the AMMC's mission.

The AMMC Law sets the Government Commissioner supervisory duties. He, among other things, ensures the AMMC compliance with the legislative provisions governing its activities. He also attends the meetings of the Board of Directors in an advisory capacity.

Box No. 1 ACTIVITIES OF THE BOARD OF DIRECTORS IN 2020

The Moroccan Capital Market Authority Board of Directors held four meetings in 2020 under the chairmanship of Ms. Nezha HAYAT:

March 25, 2020

- Review of the report of the AMMC Audit Committee;
- Approval of the financial statements for the 2019 financial year;
- Allocation of net income for the 2019 financial year ;
- Review of the status of the AMMC's information system (IS) master plan (2019-2022);
- Presentation of the Authority's Covid-19 business continuity plan.

June 25, 2020

- Presentation of the AMMC's activities during the period of Health Emergency state;
- Approval of the 2019 AMMC Activity Report;
- Progress report on the AMMC IS Master Plan (2019-2022);
- Presentation of the work on the amendment of the AMMC General Regulations;
- Reappointment of the Chairman of the Authority's Enforcement Committee.

October 5, 2020

- Approval of the Board of Directors' Internal Rules of Procedure;
- Approval of the Appointments and Remuneration Committee's Rules of Procedure;
- Approval of the Code of Ethics and Professional Conduct for AMMC staff;
- Reappointment of the non-magistrate members of the Enforcement Committee;
- Presentation of the process for developing the AMMC's strategic plan for the 2021-2023 period;
- Approval of a modification of the AMMC's organizational chart.

December 23, 2020

- Review of the AMMC's Audit Committee Report;
- Approval of the AMMC's budget for the 2021 financial year;
- Feedback on the status of the Authority IS Strategic Plan (2019-2022).

1.4.1.1 The Audit Committee

The Board of Directors set up the Audit Committee from among its members. It is responsible for:

- monitoring the accounting information preparation process;
- the independence of the Statutory Auditor and the External Auditor;
- Effectiveness of the internal control and risk management systems and the statutory audit of the financial statements.

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

More generally, its areas of intervention include:

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

The Audit Committee consists of at least two members chosen from among the members of the Board of Directors. The Committee Chairman is selected from among the members appointed *intuitu personae*. These members are chosen based on their qualifications and expertise in the financial and accounting fields.

Composition of the Audit Committee:

Mr. Abdelaziz TALBI
Director- Committee Chair

Mr. Hassan BOUBRIK
Director- Member

Box No. 2 ACTIVITIES OF THE AUDIT COMMITTEE

The Moroccan Capital Market Authority's Audit Committee held two meetings in 2020:

March 11, 2020

- Review of the Audit Committee's decisions;
- Review of the AMMC's financial statements for the 2019 financial year;
- Review of the External Auditor's Report on the AMMC's Internal Control Framework;
- Review of the External Auditor's Report on the 2019 Financial Statements;
- Approval of the 2019 internal audit report;
- Validation of the 2020 Internal Audit plan.

December 15, 2020

- Review of the Audit Committee's decisions;
- Review of the 2021 draft budget;

1.4.1.2 The Appointments and Remuneration Committee

The AMMC Board of Directors has also set up an Appointments and Remuneration Committee composed of:

Mr. Abdelaziz TAZI
Director, Committee Chair

Mr. Abdelaziz TALBI
Director, Member

1.4.2 Enforcement Committee

Box No. 3 ACTIVITIES OF THE ENFORCEMENT COMMITTEE

Meetings of the Enforcement Committee

The pace of the Enforcement Committee's activities in 2020 was relatively not as intense as compared to the previous years due to the exceptional circumstances linked to the spread of the Covid-19 virus and the preventive and restrictive measures adopted during this crisis.

Due to the state of emergency, the number of cases referred to the Enforcement Committee decreased, and the processing deadlines were moderate. At the beginning of the health emergency, in late March 2020, the Enforcement Committee had already concluded all the cases submitted in late 2019.

Investigated cases and released opinions

In 2020, the Enforcement Committee investigated four cases covering solely administrative breaches, held seven meetings, and issued three assent opinions recommending disciplinary actions related to identified breaches and one assent opinion recommending the closure of an infringement file.

1.4.3 Consultative Licensing Committee

As part of the implementation of the licensing system and the provisions of Article 69 of the AMMC General Regulations, a Consultative Licensing Committee (CLC) was put in place. Its mission is to propose and issue opinions and/or recommendations to the Chairperson of the AMMC on all matters relating to the licensing of professionals, including:

- the required training program;
- the content of the examinations;
- the rules for the conduct of the examinations, in particular the dates, the procedures, the evaluation methods, and the criteria for passing the examinations.

The Committee is composed of three representatives of the AMMC appointed by the Chairperson of the Authority, including the Committee Chair and the representatives of the professional associations of the legal entities subject to AMMC supervision.

Currently, in addition to the representatives of the AMMC, the CLC's members include the Association of Moroccan Asset Management Companies and Investment Funds - ASFIM (represented by its Chairperson), the Professional Association of Brokerage Firms - APSB (represented by its Chairperson), and the Professional Association of Moroccan Banks – GPBM (represented by its CEO).

In 2020, the CLC held two meetings and reviewed several topics. Among the topics discussed by the members, three were subject to exchanges and proposals.

- The training program: a broad training program has been carried for the benefit of candidates to back up the licensing process. Conducted by the professional associations represented within the CLC, the main goal of this program is to upgrade the candidates' general knowledge through training based on the knowledge reference framework (syllabus) required by the AMMC.
- The CLC regularly reviewed the progress of this training cycle and ensured that the training (educational program, overall progress, etc.) and the licensing process (scheduling of examination sessions, planning of mock examinations, etc.) were properly linked.
- The organization of the examination sessions: due to the restrictions imposed by the state of health emergency, the schedule for the licensing sessions for 2020 was disrupted. Despite these constraints, and thanks to adequate scheduling and physical space arrangements for the examinations, two sessions were organized for 109 candidates.
- International certification: the roll-out plan for the licensing scheme provides for the introduction of international certification for the functions of the portfolio manager and financial analyst. The members are reviewing the various options available to recommend those certifications that meet the international recognition objective while also being consistent with the local module.

1.4.4 Scientific Committee

• Missions

Set to strengthen the Authority's contribution to the development of the Moroccan financial market, the Scientific Committee is called for further reflection on the market and the regulatory issues, and to support academic research in the space under the AMMC scope of action.

The main missions of the Scientific Council are to:

- inform the Authority on the state of academic research in the field of financial markets and regulation;
- strengthen its strategic intelligence;
- produce, supervise or adapt studies to Morocco on topics related to these fields;
- take part in discussions on the market and regulatory issues at symposiums, seminars, and scientific journals of the Authority.

• Composition

The Scientific Committee of the AMMC is co-chaired by:

Ms. Nezha HAYAT, Chairperson of the Moroccan Capital Market Authority;

Mr. Soulaymane KACHANI, Member of the Board of Directors of the Moroccan Capital Market Authority, Vice-Chancellor and Professor at Columbia University (New York), an expert in financial engineering, big data, corporate finance and industrial economics.

The other members are:

Ms. Rajae ABOLAICH, Professor at the Mohammadia School of Engineering, Mohamed V-Rabat University, an expert in applied mathematics, risk management, financial engineering and participative finance.

Ms. Najat EL MEKKAOUI DE FREITAS, Lecturer-researcher at the Paris Dauphine PSL University and Research Fellow at the Economic Research Forum (ERF), expert in risk management, financial accumulation behaviors and investment policies of institutional investors.

Ms. Hélyette GEMAN, Professor of Financial Mathematics at Birkbeck University (London) and Johns Hopkins University (Washington), an associate of OCP Group and several oil companies since 2008, an expert in the fields of futures, options and commodities.

Mr. Christian DE BOISSIEU, Emeritus Professor at the University of Paris 1 (Panthéon-Sorbonne), former Chairman of the Council of Economic Analysis (Conseil d'analyse économique -France), a former member of the Board of the AMF-France, an expert in monetary issues, banking and financial regulation and European integration (Euro, banking union, etc.).

Mr. Karim EL AYNAOUI, Economist, Chairman of the Policy Center for the New South think tank, Dean of the Faculty of Economic and Social Sciences of the Mohammed VI Polytechnic University and Advisor to the CEO of OCP Group.

Mr. Issouf SOUMARE, Tenured professor and director of the financial engineering laboratory at Laval University (Quebec), an expert in finance, financial engineering, risk management and international finance.

Box No. 4 ACTIVITIES OF THE SCIENTIFIC COMMITTEE

In 2020, the AMMC Scientific Committee held three meetings under the chairmanship of Ms. Nezha HAYAT and Mr. Soulaymane KACHANI. The main topics discussed were the organization of the Committee and the development of its action plan. After ratifying the Committee rules of procedure and its modus operandi, the members developed an action plan to define how the members will contribute, the priority themes, and the actions schedule. The first series of themes were identified and include, but is not limited to the following:

- issues related to savings in the post-Covid period;
- capital market regulation with regards to the challenges of new technologies;
- inclusive finance: how to get the financial sector to develop an offer that best fits the public?
- financing infrastructure in Africa;
- participative finance, a key lever for capital market development;
- systemic regulation: what measures should be introduced in light of the current crisis?
- the use of FinTech, blockchain, and digitalization: what impact will the crisis have?
- the role of banks in promoting capital markets.

The Committee also discussed the contribution formats of its members and agreed on the following contributions for the first action plan:

- Holding webinars with the participation of Board members;
- Launching a research award to the benefit of young researchers in the field of financial markets;
- Written contributions on topics of interest to the AMMC;
- Holding a biennial conference on topics related to the capital market.

In 2020, the Board co-held a webinar on financial inclusion and approved the groundwork for the AMMC Research Award, scheduled for 2021.

AMMC Scientific Research Award

To develop scientific research and innovation, and with the support of its Scientific Committee, the AMMC intends to launch a Research Award on economics and finance topics of interest to the regulator. These themes include long-term market financing, the forward market, the clearinghouse, asset management, the microstructure of financial markets, etc.

The Scientific Committee and the AMMC jury members will award this prize to the winning candidate after a thorough selection process of applications.

Inclusive Finance Webinar

The AMMC held a webinar on inclusive finance in October 2020. Moderated by members of the AMMC's Scientific Committee, this webinar was an opportunity to review the role and challenges of inclusive finance in Morocco.

The webinar discussed the value and cornerstones of financial inclusion and its positive impact on development and economic growth. Further, the webinar addressed the current situation in Morocco and the obstacles to financial inclusion. Finally, supporting measures to promote inclusion were also proposed.

2. HIGHLIGHTS

- Participation in the 44th annual meeting of the Africa/Middle East Regional Committee (AMERC) in Doha.
- Intervention of Ms. Nezha HAYAT at the 3rd annual conference of Qatar Financial Markets Authority in Doha.
- Participation of the AMMC in the annual meeting of the Mediterranean Partnership of Securities Regulators in Cairo.
- Organization by the AMMC of the first meeting of the year of the technical committee of The West African Securities Regulators Association (WASRA).
- Intervention of the AMMC at the conference on "Compliance challenges and the fight against financial crime" organized by the World Union of Arab Bankers (WUAB) and the Union of Arab Banks in Doha.
- Publication, in partnership with the Toronto Centre, of the white paper resulting from the "Workshop on Implementing Green Capital Markets in Africa", held in Rabat in November 2019.

January

- Intervention of Ms. Nezha HAYAT as a panelist at the Toronto Centre conference in Ottawa, under the theme "Climate Change and its impact on the global financial system".
- Intervention of the AMMC at the JCAP2020 conference held in Abidjan under the theme "The real estate sector: Financing through the financial markets".

February

- Holding the first Board of Directors meeting of the year.
- Election of Ms. Nezha HAYAT as Chair of Africa and Middle East Regional Committee (AMERC) of the International Organization of Securities Commissions (IOSCO).
- Intervention of the AMMC at the Central African Financial Market Day in Brazzaville under the theme "Issues and challenges of the unified regional market of Central Africa".
- Publication of rules and recommendations for financial disclosure during the health crisis.
- Reducing the maximum variation thresholds of financial instruments within the framework of protective measures in response to the health crisis.

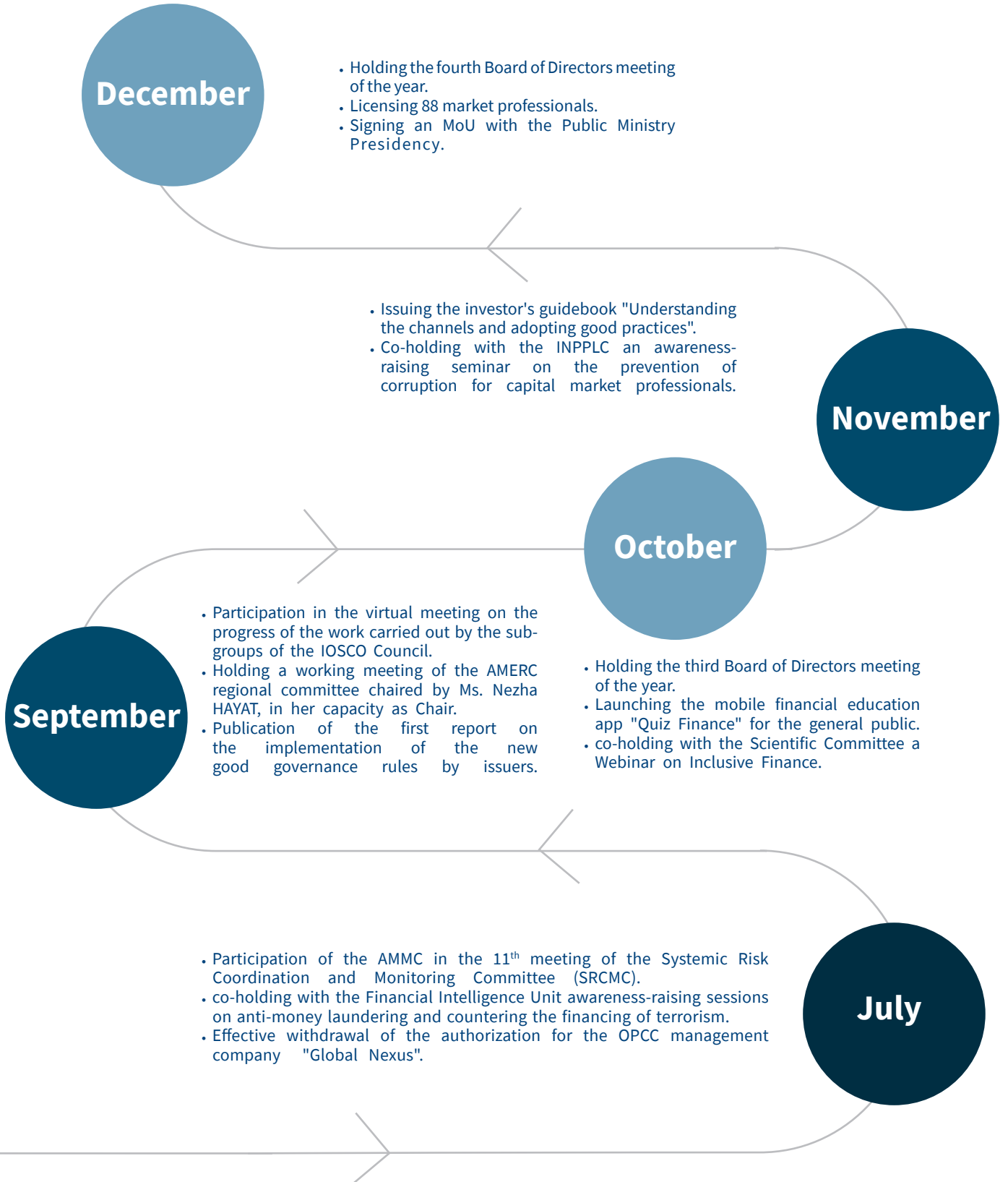
March

April

- Launch of the portal dedicated to the AMMC licensing system.
- Licensing 100 market professionals for different positions .

June

- Holding the second Board of Directors meeting of the year.
- Participation in the annual meeting of the Union of Arab Securities Authorities (UASA).
- Issuing a press release on rules and recommendations related to holding General Meetings during the state of health emergency.
- Co-holding with the Casablanca Stock Exchange of a Webinar devoted to the new provisions of Law No. 27-20 on the implementation of the special provisions relating to the work of the administrative bodies of joint-stock companies and the terms and conditions for holding their general meetings during the state of health emergency.



3. INSTITUTIONAL DEVELOPMENT

3.1 Activities of the risk and internal control committee

The Risk and Internal Control Committee is responsible for defining and implementing the AMMC's risk management policy. In 2020, the Committee held four meetings on:

- monitoring the implementation of the risk-based approach in the control processes of market participants and firms, and reviewing the related consolidated risk maps;
- the validation of the half-yearly systemic risk assessment reports, the financial stability report for the year 2019, as well as its annex on the impact of the Covid-19 pandemic;
- monitoring the implementation of measures adopted by the Risk and Internal Control Committee and the projects conducted by the AMMC as part of the financial stability roadmap.

3.2 Risk management of internal processes

Following the risk mapping set in 2019 on the AMMC's internal processes and the definition of an action plan to address priority risks, a monitoring process was carried in 2020 to ensure the implementation of the said action plan to reduce the AMMC's exposure to certain risks. Concurrently, an incident monitoring process to ensure taking corrective and preventive measures has been set up, taking into account risk assessment.

3.3 Roll-out of the modeling tool

To support its project to implement an internal repository of documents, processes and procedures, and its digital transformation plan, the AMMC has rolled out the MEGA-HOPEX solution in 2020 as a powerful tool to:

- Map, model, and optimize the institution processes;
- describe the technical and application architectures of the information system;
- offer greater visibility on the AMMC line of business and IS.

3.4 Launch of the "QUIZZ FINANCE" mobile app for financial literacy

As part of its financial literacy strategy and to promote digital tools, the AMMC has launched a mobile app to promote financial literacy of investors. The app takes the form of an interactive quiz on knowledge questions related to the Moroccan capital market and aims to familiarize the public with basic capital market concepts.

The mobile app is available in Google Play Store and App Store in French and Arabic.

3.5 Functional upgrade of the market authority exchange and supervisory system "SESAM"

The "SESAM" platform is a financial market exchange and control solution implemented in 2014. It provides market participants and companies with a solution that allows them to communicate with the AMMC in a structured and automatic manner, as much for applications for approval as for reporting purposes.

The regulator's processes are continuously adapting to the capital market's developments, thus having a permanent impact on the Authority's activities and organization. To support this trend, the project for the functional upgrade of the SESAM tool has been launched with the aim of:

- producing new reports following the adoption of the new Circular No. 03/19 on financial transactions and reporting;
- implementing the new AMMC organization by process type;
- developing a business monitoring dashboard for managers;
- handling UCITS reporting.

3.6 Information system security

Aware of the risks and challenges related to information system security, the AMMC has conducted, in 2020, a security audit of its information system (technical and organizational) following the projected schedule to:

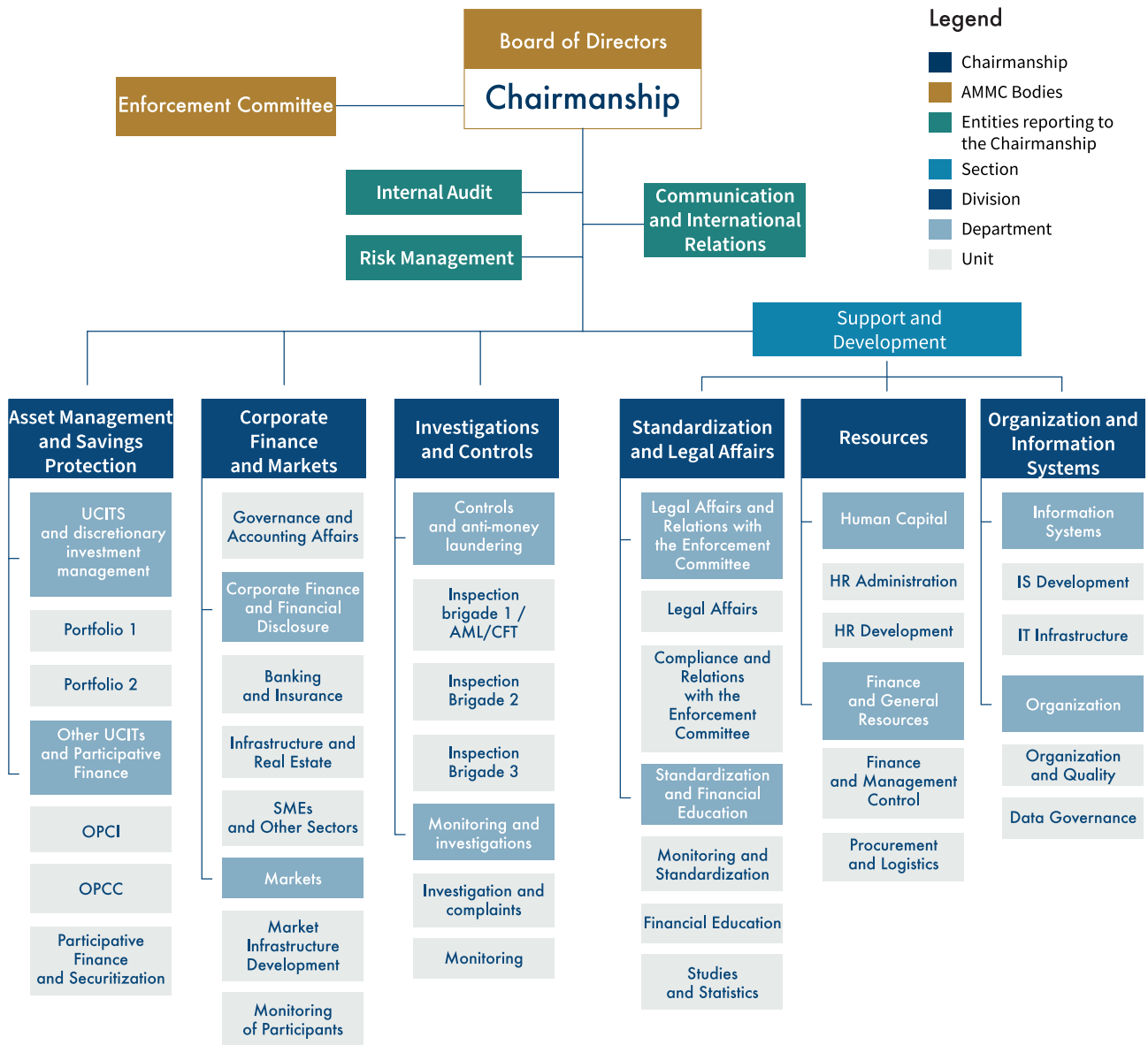
- assess the resistance of its Information System to cyber attacks;
- assess the effectiveness of the IS security systems and tools in place;
- define areas for improvement and remediation plans;
- comply with the applicable laws and regulations.

In this regard, in 2020 the Authority reviewed its IS security policy in accordance with current regulations and best cybersecurity practices. It has also hosted several cybersecurity awareness campaigns for the benefit of all its employees.

4. ORGANIZATION AND HUMAN RESSOURCES

Despite the health context and the resulting restrictions, the AMMC was able to achieve its objectives of strengthening its human resources through the implementation of its recruitment and training plan. The dematerialization of human resources processes (digital recruitment platform, interviews conducted by videoconference, etc.) and the use of digital tools have greatly contributed to this end.

ORGANIZATION CHART



4.1 Staff headcount

Given the acceleration of the digitalization process in 2020 and to support the AMMC's projects in this regard, almost half of the recruitments involved skills specialized in organization and information systems.

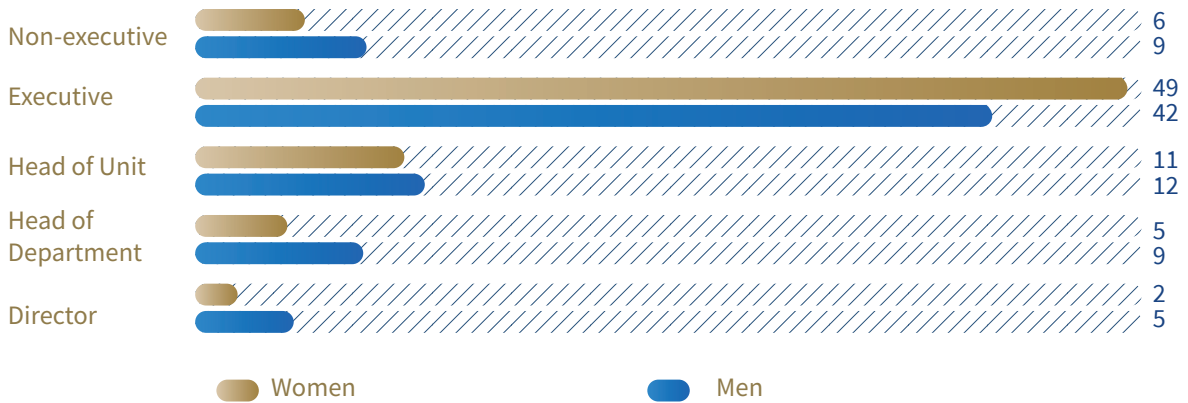
Table 1. Staff headcount between 2016 and 2019

2016	2017	2018	2019	2020
84	88	107	131	151

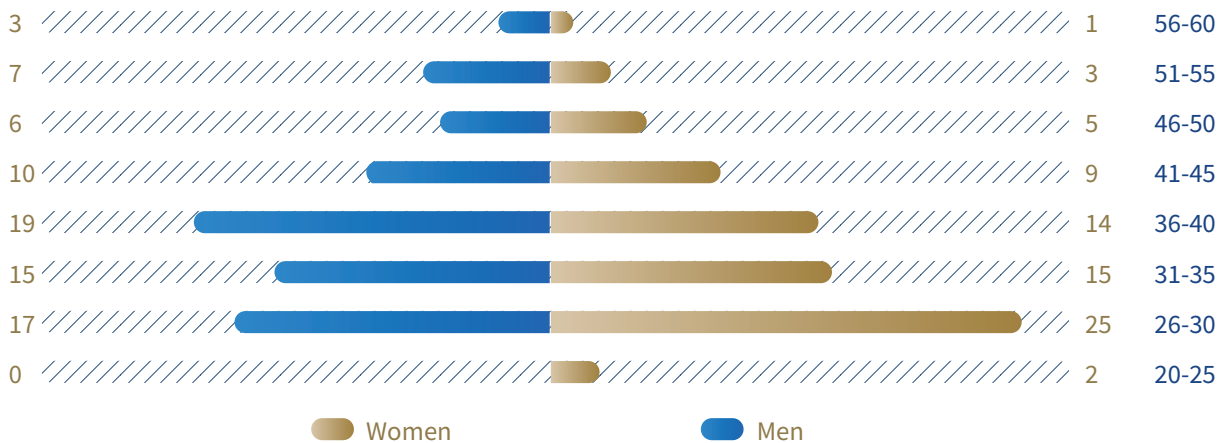
Table 2. Overall breakdown of employees as at 31 December 2020

	Headcount	%
Men	78	52%
Women	73	48%
Total	151	100%

Graph 1. Breakdown of positions by gender



Graph 2. Age Pyramid



4.2 Training

In 2020, 90% of the staff benefited from at least one training course covering various topics thanks to digitalization and distance learning. The training topics covered several areas, including:

- financial market regulation;
- fintech;
- corporate finance;
- foreign languages;
- Personal development and capacity building, including coaching and support workshops for AMMC staff during the challenging period of the health crisis.

Table 3. Training process indicators

Number of employees who benefited from at least one training course	136
Total number of training courses	39 (Skills training, IS, languages, coaching and personal development)

4.3 Contribution to the training and employability of young students and graduates of higher education

2020 was also marked by the AMMC's ongoing contribution in this field, hosting interns from various public and private higher education programs. It was an opportunity for immersion in a business environment, to benefit from the expertise of their supervisors, and to take responsibility for subjects that add value to their academic path and career plans.

In this context, the AMMC welcomed 26 interns, 42% of whom were on a final year internship that focused on the implementation and deepening of their knowledge as well as on research, analysis, and support work around the institution's activities.

Box. No.5 The AMMC, a responsible and committed authority

The AMMC is committed to develop and promote good governance, sustainable finance, and socially responsible practices. These are essential pillars that are part of a strategic vision and lead to concrete achievements.

Our commitment to the promotion of sustainable development

Sustainable finance is one of AMMC's strategic priorities. As a regulator, we strive to foster practices that encourage issuers to consider sustainability issues. We contribute to developing a framework that is conducive to the mobilization of capital for more sustainable activities, and we support any action that promotes sustainable finance. This commitment translates into a series of actions and initiatives taken at both national and international levels:

- Engagement in several international bodies: IOSCO, "Sustainable Stock Exchanges" - United Nations, "Sustainable Banking Network", etc ;
- Launch of educational and support guidelines (Gender bonds, Green bonds, Green, Social & Sustainability Bonds);
- participation in the promotion of sustainable finance with other regulators to achieve a large-scale international mobilization: bilateral agreements including a focus on sustainable development, administration of the Marrakech Pledge platform, a joint publication with the Toronto Centre of a white paper on the program to set up green capital markets in Africa;
- support for the first green bond issues.

The AMMC, a socially responsible employer

The AMMC has a sustainable approach to staff employability. Its key focus areas include:

- skills development and career guidance;
- ensuring professional equality and meritocracy through modern, and objective-oriented management systems;
- encouraging actions that promote social cohesion (management convention, sports or leisure activities, personal development training, etc.);
- ensuring gender parity (52%/48% as of December 31, 2020).

Our commitment to good governance

In terms of good governance, the AMMC promotes a collegial approach and relies on its internal or external Board committees, dedicated to specific themes, such as:

- The Audit Committee (AMMC and members of the Board of Directors);
- the Risk Committee (AMMC);
- the Human Resources and Organization Committee (AMMC);
- the Management Committee (AMMC);
- Controls Monitoring Committee (AMMC);
- The Advisory Committee on Licensing (AMMC and Professional Associations).

5. ACCOUNTING AND FINANCIAL POSITION

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

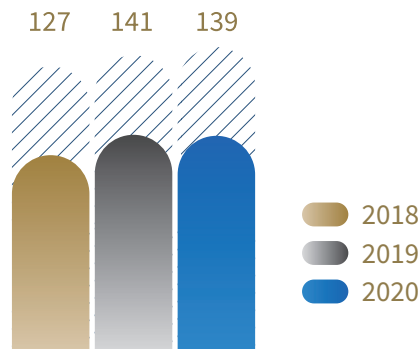
5.1 Operating revenues

In 2020, operating revenues decreased by 1% to reach nearly MAD 139 million versus MAD 141 million in 2019.

The decline of corporate finance transactions fees and the parafiscal tax which fell respectively by 68% and 22% compared to 2019 impacted the operating revenues.

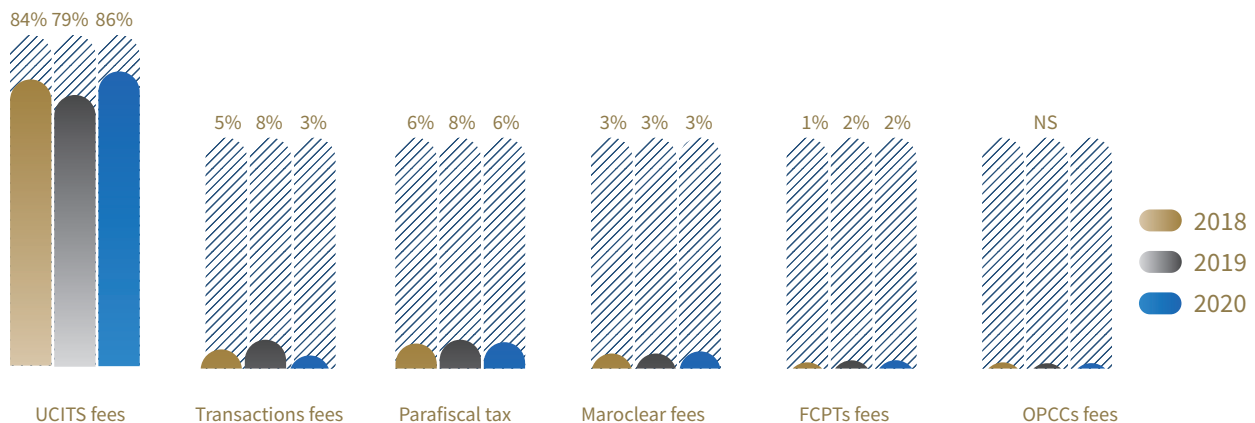
On the other hand, the fee on net assets of UCITS kept increasing and rose by 7% compared to 2019.

Graph 3. Change in operating revenues



The share of fees on net assets of UCITS has increased to stand at 86% of the institution's operating revenues. In 2020, corporate finance transactions fees and parafiscal tax accounted for 9% compared to 16% in 2019.

Graph 4. Composition of operating revenues



NS : Non significatif

5.2 Financial income

Financial income decreased by 24% in 2020 to reach MAD 3.7 million, compared to MAD 4.9 million in 2019. This decline is attributable to the decrease in the invested capital base.

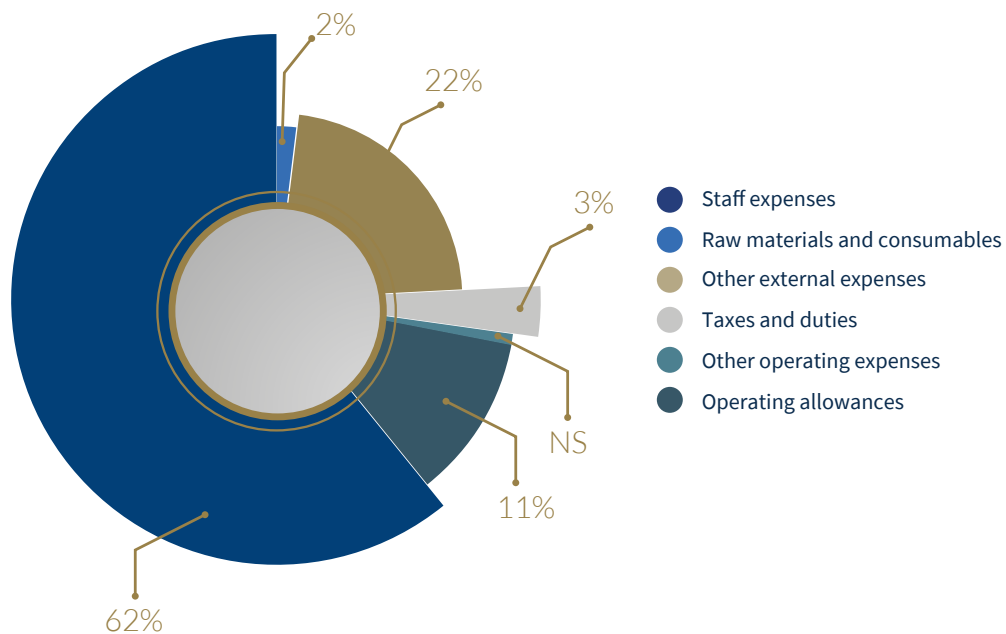
5.3 Operating expenses

In 2020, the AMMC's operating expenses increased by 14% to reach nearly MAD 119 million, versus MAD 105 million in 2019. This increase is due to the rise in staff expenses following the implementation of the recruitment plan, the increase in operating allowances to cover the Authority's contribution to the Covid-19 Special Fund, and lastly, the rise in taxes.

In addition, external expenses decreased by MAD 3.6 million.

Operating expenses cover mainly staff expenses and external expenses to account for nearly 84% of total operating expenses.

Graph 5. Composition of operating expenses



NS : Not significant

5.4 Net income

For the 2020 financial year, the Authority recorded a positive operating income and net income of MAD 20,17 million and MAD 15,38 million, respectively.

5.5 Shareholder's equity

The AMMC's shareholders' equity and quasi-equity decreased by 5% to stand at MAD 237.5 million due to the Authority's contribution to the General State Budget amounting to MAD 27 million for a net income of MAD 15.4 million.

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THE AMMC DURING THE COVID-19 PANDEMIC HEALTH CRISIS

The fallout from COVID-19 health crisis affected significantly the financial year 2020. The pandemic has triggered considerable pressure on economy and the capital market. Accordingly, solid supporting measures were required to preserve the proper functioning of markets and businesses and to initiate a dynamic economic recovery.

Aware of the major difficulties faced by market participants in pursuing their business activities under exceptionally challenging and restrictive circumstances, the AMMC has taken strong action to support them. The Authority's action intended to keep all markets open to ensure business continuity under the best possible conditions.

1. AMMC FINANCIAL CONTRIBUTION

On 20 March 2020, the AMMC made a financial contribution of MAD 15 million to the Special Fund dedicated to the management of Covid-19.

Through this initiative, the AMMC is joining the momentum of solidarity promoted by His Majesty King Mohammed VI, may God assist Him, to cope with the health expenses due to this pandemic and to support the severely impacted sectors and individuals.

2. MEASURES AND RECOMMENDATIONS IN THE CONTEXT OF THE COVID-19 CRISIS

Following the repercussions of the Covid-19 health crisis and the organizational changes brought about by the lockdown, the AMMC adopted a comprehensive response plan to ensure that the capital market continues to function properly and that the activities of the infrastructures and market participants are maintained. The Authority has also adopted a new organizational structure with a twofold objective: on the one hand, to maintain all of its activities and, on the other, to preserve the health of its employees.

Alongside the crisis management measures introduced by the government, the AMMC has defined specific measures and resources to be implemented on the ground:

- preparation of COVID handbooks and procedures;
- redeployment of material resources;
- organization of on-site and remote work ;
- purchase and distribution of new IT and telecom equipment (laptops, internet connections, etc.)
- purchase of a new secure videoconferencing system (equipment and tools);
- strengthening of the security and resilience of the Authority's Information System;
- awareness-raising among the Authority's employees;
- roll-out of collaborative tools, etc.

In addition, a close coordination and monitoring mechanism has been set up between the AMMC, Bank Al-Maghrib, the Insurance and Social Security Supervisory Authority, and the Ministry of Economy, Finance and Administration Reform to continuously assess the impacts of Covid-19 on financial stability.

• AMMC business continuity

The AMMC has implemented a remote working protocol for most of its employees. These employees have thus been provided with the necessary resources to perform their duties.

• Business continuity of market participants and infrastructures

Committed to supporting market participants, the AMMC has closely monitored the market participants under its control during the health crisis to assist them in rolling out their business continuity plans. In light of the context, the AMMC expected market participants to focus their efforts on maintaining business continuity while complying with the integrity of the markets. To this end, it has strengthened audit trails and adapted the procedures for the submission of certain reports by market participants.

• trading of financial instruments on the stock exchange

Due to the increased volatility of the prices of instruments listed on the Casablanca Stock Exchange, two measures have been introduced by the AMMC, in particular the lowering of the maximum variation thresholds applicable to listed financial instruments and the adjustment of the listing, processing, and settlement timing of transactions involving financial instruments.

• Supporting issuers in the implementation of their disclosure obligations

Aware of the great difficulties encountered by many companies in the current health crisis, the AMMC has reminded issuers making public offerings of some of their legal and regulatory obligations in terms of financial reporting.

Thus, and in light of the context, the AMMC reminded issuers of their disclosure obligations and publication deadlines, the importance of disclosing all material information, and the need to use the electronic platforms of legal gazettes.

• Organization of General Meetings during the health crisis

To ensure the smooth running of General Meetings during the state of health emergency, the legislator has amended terms of holding meetings of the governing bodies and General Meetings of joint-stock companies. As such, Law No. 27-00 has introduced exceptional measures in this regard.

Within this context, the AMMC reminded issuers that the aforementioned law authorizes all public limited companies to hold their general meetings by videoconference. To this end, the AMMC reminded issuers of the main procedures that must be followed and made several recommendations, such as providing reliable technical means, supplying shareholders who so request with forms for voting by mail, providing sufficient information on holding general meeting procedures, etc.

• Accounting and auditing standards

The AMMC has informed issuers of the positions taken by accounting and auditing standard-setters in the context of the health crisis. Indeed, investors and other stakeholders need thorough financial information, including regarding the impacts of the pandemic on the financial situation and outlook of issuers.

Accordingly, on 29 April 2020, the National Accounting Board (Conseil National de la Comptabilité - CNC) published its Notice No. 13 explaining the accounting implications of the Covid-19 pandemic. This notice specifies the methods for factoring in the impacts of the pandemic on the accounts, as well as the specific information to be included in the footnotes in this respect.

Similarly, the National Council of the Order of Chartered Accountants (Ordre des Experts Comptables - OEC), in its meeting of 9 April 2020, issued a directive on the impact of the Covid-19 pandemic on the auditing of summary statements. This guideline considers the COVID-19 pandemic as a post-closing event and specifies the auditors' diligences for adequate financial communication.

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CHAPTER I. THE AMMC AND ITS ENVIRONMENT IN FIGURES

BOX 6. CAPITAL MARKET INDICATORS

2020

STOCK MARKET	
Number of listed companies	76
Market capitalization (in MAD billions)	584,97
Market capitalization /GDP ¹ ratio (in %)	53,69%
MASI (annual % change)	-7,27%
Total volume CM+BM (in MAD billions)	48,9
Number of transactions CM+BM	200 006
Number of orders (central equity market)	520 664
Stock market liquidity ratio (in %)	8,83%
SECURITIES LENDING	
Volume of securities lending transactions (in MAD billions)	254,51
FINANCIAL TRANSACTIONS	
Public offering (Number Amount in MAD billions)	1 42 ¹
Capital increases (Number Amount in MAD billions)	5 2,96
Bond issues (Number Amount in MAD billions)	31 29,28
Negotiable debt securities issues (Number of issues Value issued in MAD billions)	19 44,59
Repurchase programs (Number Amount in MAD millions)	3 355
COLLECTIVE MANAGEMENT	
UCITS net assets (in MAD billions)	523,19
OPCC net assets (in MAD billions)	1,05
FPCT net assets (in MAD billions)	9,52
OPCI net assets	6,09
"Net assets of OPC/GDP ² " ratio (in %)	49,55%
Number of UCITS	502
Number of OPCCs	8
Number of FPCTs (Funds Divisions)	14 23
Number of OPCIs	7
MARKET PARTICIPANTS	
Brokerage firms	17
Securities account keepers	25
Asset management companies	42
INVESTORS	
Number of securities accounts	146 111
- Residents	133 769
- Non-Residents	12 342
Number of holders of UCITS units or shares	20 443
- Residents	18 987
- Non-Residents	1 456

¹ GDP 2020= MAD 1 089.52 billion – provisional national accounts (base 2007)

² Maximum amount covered by the offering.

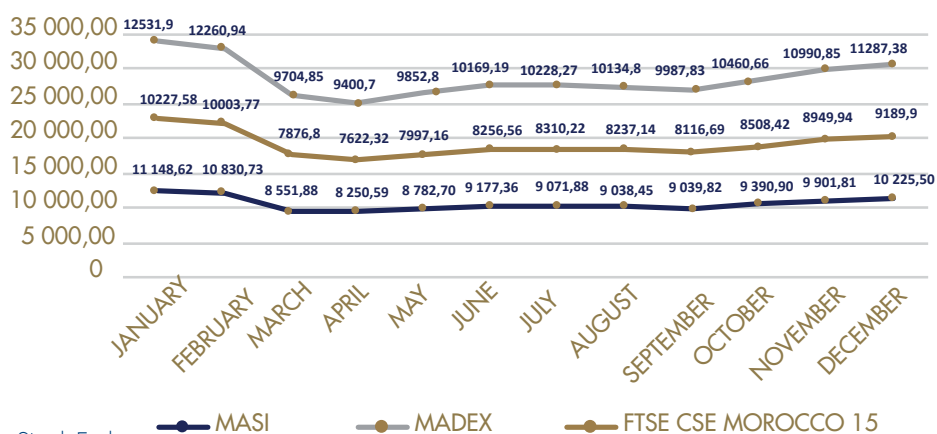
1. STOCK MARKET

1.1 Index trends

Like international stock market indices, the Moroccan stock market indices recorded strong slumps during the first quarter of 2020, particularly through March when the Covid-19 started spreading worldwide.

After having recorded their lowest points in April, the Moroccan indices recovered some of their losses during the second quarter before entering a stabilization phase. The fourth quarter in 2020 was characterized by a recovery of the indices, thus mitigating their annual underperformance at -7.27% for the MASI, -7.35% for the MADEX and -5.65% for the FTSE CSE Morocco.

Graph 6. Trends in the MASI, MADEX and FTSE CSE Morocco 15 indices in 2020



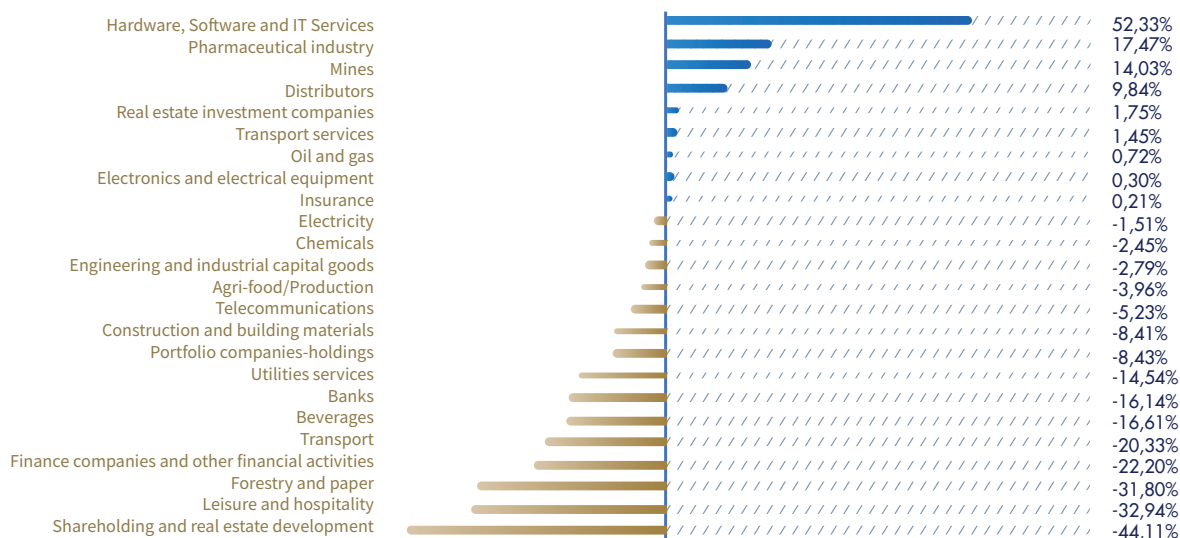
Source: Casablanca Stock Exchange

In 2020, the MASI's valuation reflected the negative performance of most of the sector's indices, ranging from -1.51% to -44.11%, with 8 of them recording double-digit underperformance.

Among the sectors with a significant weighting in market capitalization, the most affected were the "Banking" sector, the "Construction & Building Materials" sector, and the "Telecommunications" sector.

Conversely, 9 sector indices managed to achieve a positive performance in 2020. The "Hardware, Software & IT Services" sector showed the largest gains with 52.33%, the Pharmaceutical Industry with 17.47%, Mining with 14.03% and finally the "Retailers" sector with 9.84%.

Graph 7. Trends in sector indices in 2020

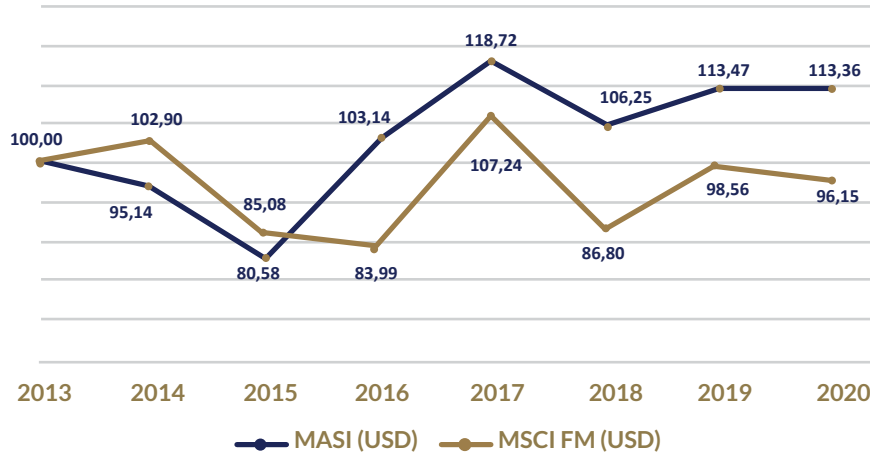


Source: Casablanca Stock Exchange

In 2020, the Casablanca Stock Exchange benchmark index (MASI) recorded a sharp underperformance of -7.27% compared to MSCI Frontier Marker (MSCI FMUSD: -2.45%), in which the Moroccan market is represented. Worthy of note that the MSCI Frontier Market is composed of Stock Exchanges comparable to the Moroccan market.

However, the indexes relating to emerging markets (MSCI EMUSD) and developed markets (MSCI WorldUSD) gained 15.84% and 14.06%, respectively.

Graph 8. Trends in the MASI and MSCI FM indices (Base 100 = 2013)



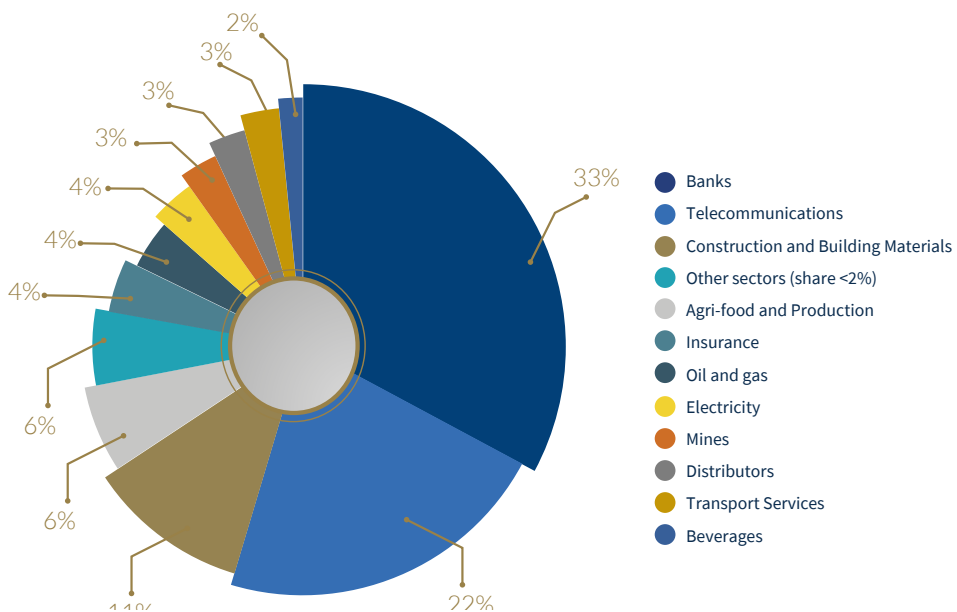
Source: Casablanca Stock Exchange and MSCI Inc.

1.2 Trends in market capitalization

In 2020, market capitalization stood at MAD 585 billion versus MAD 627 billion in 2019, posting an annual decline of 6.66%.

The banking sector, the most represented segment in the market capitalization, lost 3% to other sectors in 2020.

Graph 9. Breakdown of market capitalization by sector in 2020



Source: Casablanca Stock Exchange

1.3 Trends in transaction volume and liquidity

In 2020, overall trading volume was down sharply by almost 26%. This decline is attributable to the decline in volumes on the block market and capital increases, as well as to the recording in 2019 of large-scale extraordinary transactions. These included mainly the sale by the Moroccan State of its shares in Itissalat Al Maghrib as well as the capital increases carried out by Banque Populaire, Bank of Africa, and CIH Bank.

The volume of the central market, up by 5.46% compared to the previous year, represented nearly 68% of the trading volume (central market and block market).

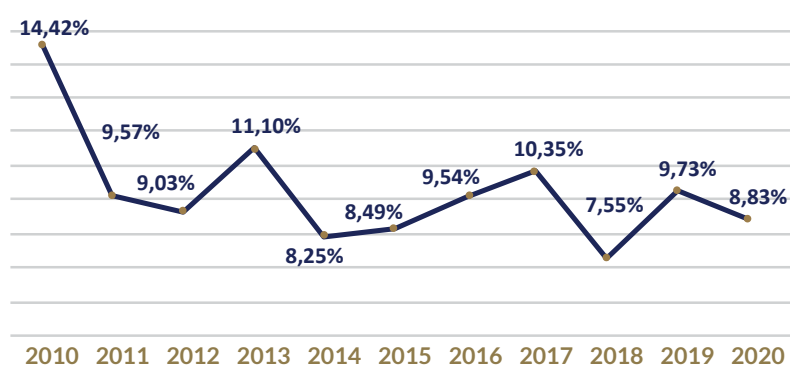
Table 4. Trends in trading volume by category (in MAD millions)

	2016	2017	2018	2019	2020
Equities Volume					
1. Central market	32 082	39 489	37 122	31 200	33 002
2. Block market	18 379	24 051	8 791	26 676	15 836
Total A = (1+2)	50 461	63 540	45 913	57 876	48 838
3. IPOs	1 930	-	799	-	600
4. Securities contribution	4 798	1 213	251	4 135	2 096
5. Public offerings	440	67	25	2 383	0,01
6. Transfers	687	622	430	622	1 368
7. Capital increase	9 877	1 435	3 497	9 848	2 406
Total B = (3+4+5+6+7)	17 732	3 337	5 002	16 988	6 470
I Total equities volume (A+B)	68 193	66 877	50 915	74 864	55 308
Bonds Volume					
8. Central market	2 121	308	55	3	-
9. Block market	1 484	1 684	950	527	187
Total C (8+9)	3 605	1 992	1 005	531	187
10. Issues	938	658	767	-	-
11. Securities contribution	-	210	-	-	281
Total D = (10+11)	938	868	767	-	281
II Total bonds volume (C+D)	4 543	2 860	1 773	531	468
III General Total	72 736	69 737	52 688	75 395	55 776

Source: Casablanca Stock Exchange

The liquidity indicator stood at 8.83%, an average level close to those observed over the last five years.

Graph 10. Trends in the stock market liquidity ratio



Source: Casablanca Stock Exchange

1.4 Types of investors

1.4.1 On the central market of the Casablanca Stock Exchange

In 2020, the overall trading volume at the central market of the Casablanca Stock Exchange stood at MAD 33 billion, up 5.78% compared to 2019. By investor profile, Moroccan legal entities accounted for 36% of the traded volume, down 4% compared to 2019. UCITS slightly outpace this category, increasing from 36% in 2019 to 37% in 2020. Foreign legal entities and Moroccan natural persons have captured an equal share of 12%.

Table 5. Breakdown of central market trading volume by investor category

	UCITS	Moroccan legal entities	Moroccan natural persons	Foreign legal entities	Foreign natural persons	Bank network	Total
2018	31%	48%	9%	10%	NS	2%	100%
2019	36%	40%	7%	13%	1%	3%	100%
2020	37%	36%	12%	12%	1%	2%	100%

(Excluding contributions, IPOs, public offerings and capital increases in cash)
Source: Brokerage firms

Table 6. Breakdown of stock market buying and selling volume on the central market by investor category (in MAD millions)

Category	Purchase			Sale		
	2019	2020	Change	2019	2020	Change
UCITS	12 796.70	12 731.77	-0.5%	9 690.06	11 653.00	20.3%
Moroccan legal entities	12 578.48	11 884.59	-5.5%	12 685.71	11 888.20	-6.3%
Moroccan natural persons	1 846.50	4 220.47	128.6%	2 593.20	3 939.67	51.9%
Foreign legal entities	3 604.49	3 359.88	-6.8%	4 409.67	4 454.44	1.0%
Foreign natural persons	202.24	259.54	28.3%	264.72	252.37	-4.7%
Bank network	174.38	545.19	212.6%	1 559.43	813.75	-47.8%
Total	31 202.79	33 001.43	5.8%	31 202.79	33 001.43	5.8%

(Excluding contributions, IPOs, public offerings and capital increases in cash)
Source: Brokerage firms

1.4.2 Foreign investors at the Casablanca Stock Exchange

At the end of 2020, total foreign investment in listed equities reached MAD 186.34 billion, down by 6.92% compared to the figure recorded at the end of 2019. As a percentage of total market capitalization, the share of foreign investment amounted to 31.85%.

Strategic holdings accounted for the bulk of foreign investment in listed equities. Their share in the total amount was 92.43%. On the other hand, the floating share of foreign capital invested in the Casablanca Stock Exchange amounted to 2.41% of the total market capitalization and 9.37% of the floating capitalization.

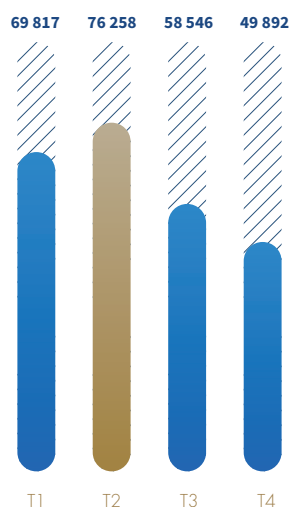
Table 7. Types of investments by foreigners and MRA in listed Moroccan equities (in MAD billions)

Type	31/12/2019		31/12/2020	
	Value	%	Value	%
Investments by foreigners and MRA held in Morocco, including:	200.19	100%	186.34	100%
Strategic share	183.22	91.52%	172.24	92.43%
Floating	16.97	8.48%	14.10	7.57%
Market capitalization	626.69		584.98	
Floating market capitalization	149.76		150.57	
Foreign and MRA investment/ Market capitalization	31.94%		31.85%	
Strategic share/ Market capitalization	29.24%		29.44%	
Floating/ Market capitalization	2.71%		2.41%	
Floating/ Floating market capitalization	11.33%		9.37%	

2. SECURITIES LENDING

In 2020, the volume of securities lending transactions reached MAD 254.5 billion, down by almost 17% compared to 2019. At the end of December 2020, outstanding securities lending transactions stood at MAD 24 billion.

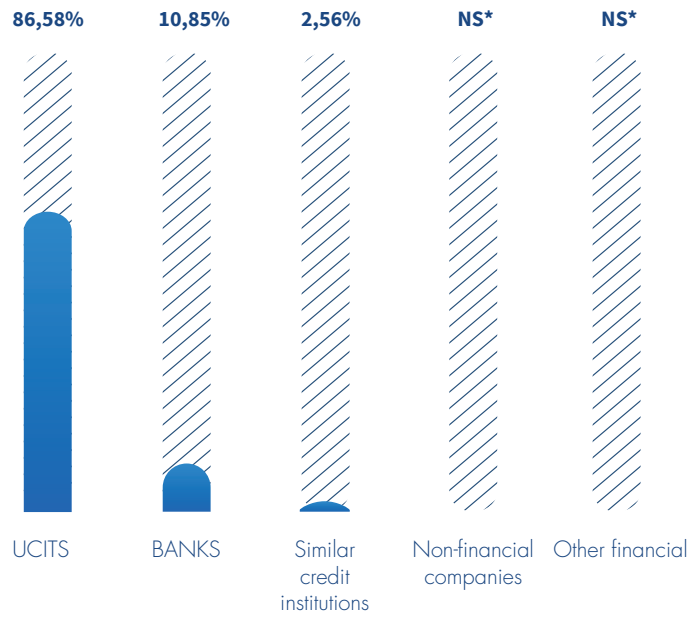
Graph 11. Total volume of securities lending transactions (in MAD millions)



Source: Banks, AMMC calculations

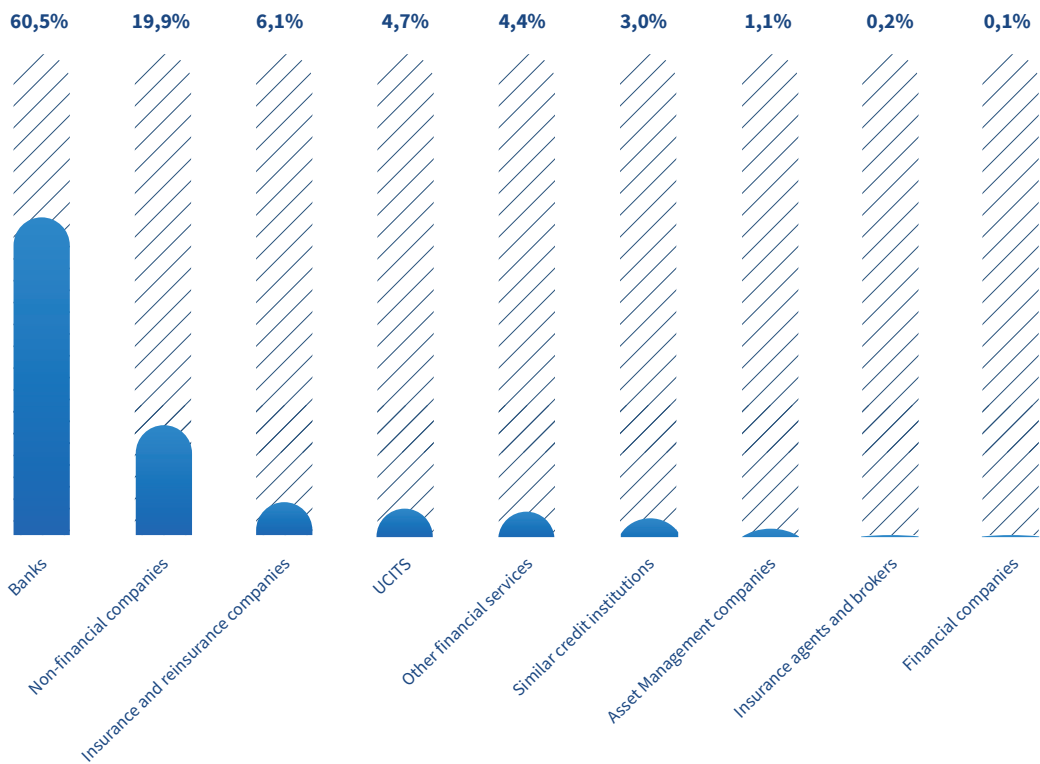
The breakdown of trading volumes by customer category remained the same as in 2019, with banks overwhelmingly predominating as borrowers (60.50%) and UCITS as lenders (86.58%).

Graph 12. Trading volume by customer category (lending)



(*) NS: Not significant
Source: Banks, AMMC calculations

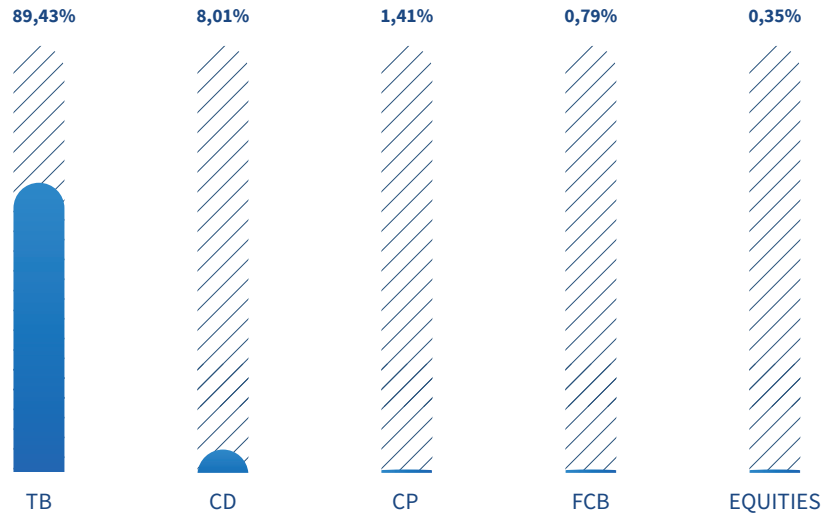
Graph 13. Trading volume by customer category (borrowing)



Source: Banks, AMMC calculations

In 2020, securities lending transactions mainly involved Treasury Bills (TBs), which accounted for 89.43% of the total volume compared to 87.5% in 2019. Negotiable debt securities (TCNs) recorded a 21% decrease compared to 2019 and accounted for 10.2% of total volume in 2020.

Graph 14. Share of trading volume by securities category⁴

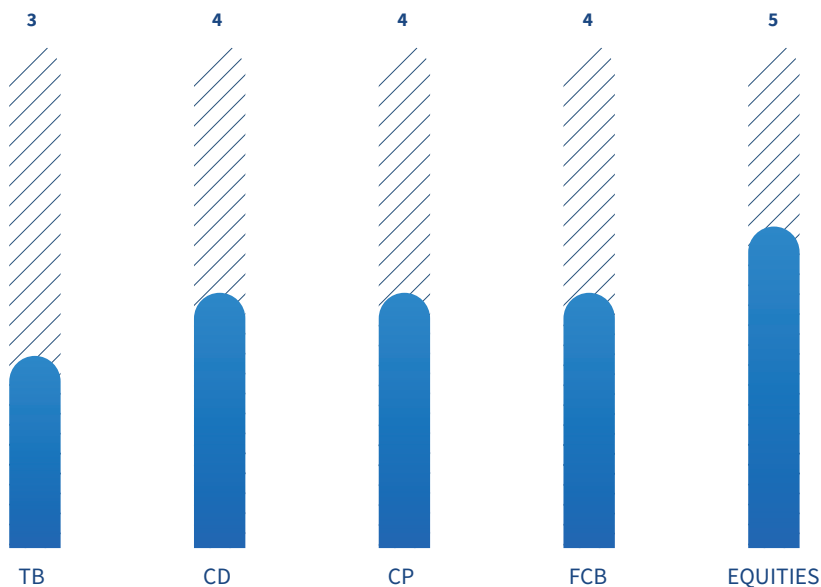


(* NS: Not significant.

Source: Banks, AMMC calculations

The average duration for a securities lending transaction ranges from 3 to 5 weeks as per financial instrument type. The longest holding periods recorded were 52 weeks for TBs, 17 weeks for TCNs, and 7 weeks for equities.

Graph 15. Average duration in weeks by securities category



Source : Banques, calculs AMMC

4. CS: common shares; TB: Treasury Bills; FCB: finance company bills; CP: commercial paper; CD: certificates of deposit.

3. PUBLIC OFFERINGS

In 2019, the public offering regime underwent a significant evolution through the AMMC circular no. 03/19 on financial transactions and reporting. The said circular was approved by order of the Minister of Economy, Finance and Administration Reform no. 1704-19 and published in the official bulletin of 7 June 2019, thus marking its entry into force.

More than one year after implementation and considering the health crisis, the modification of some of the provisions of the said circular was deemed necessary to further improve the attractiveness of the capital market, notably through:

- improving the flexibility of the private placement regime by using a broader definition of “qualified investor”;
- optimizing the burden of reporting requirements on issuers by providing for an exemption from the publication of second and fourth quarter indicators when publishing the half-yearly or annual financial report within the same timeframe as the above-mentioned indicators;
- a clearer definition of certain aspects of non-financial reporting.

As a result, and following the provisions of Article 63 of its General Regulations, the AMMC has put out for public consultation, from 21 October to 4 November 2020, the draft amendment of its circular No. 03/19. The said draft has been sent for approval.

The AMMC processed 67 financial transactions in 2020, a year marked by lower volumes of both equity and debt transactions. Debt issues continue to represent the bulk of the total volume issued during the year.

3.1 Equity securities transactions

The year 2020 was marked by a sharp drop in the volume of equity securities transactions, following the non-recurrence of some large transactions carried out in 2019. Indeed, the total volume was close to MAD 4.5 billion, down by 63% compared to the volume recorded the previous year.

Table 8. Equity securities transactions

Transactions subject to the AMMC Authorisation	Number of transactions handled		Transaction values (in MAD millions)	
	2019	2020	2019	2020
IPOs	-	1	-	600
CAPITAL INCREASES	6	6	10 094	3 261
<i>In cash</i>	6	1	9 197	408
<i>By merger absorption</i>	-	1	-	8
<i>By dividend conversion or amounts made available for distribution</i>	1	3	897	2 545
<i>By debt conversion</i>	-	1	-	300
OFFERS FOR SALE TO THE PUBLIC	1	-	2 181	-
PUBLIC OFFERS	-	1	-	42
<i>Take-over bid</i>	-	1	-	42
EQUITY TRANSACTION BY PRIVATE PLACEMENT	-	1	-	580
TOTAL EQUITY SECURITIES TRANSACTIONS	7	9	12 275	4 483

Source: AMMC

3.2 Issues of debt securities

The total volume of debt securities issues decreased by 17% in 2020, reaching MAD 73 billion, compared to MAD 88.4 billion a year earlier.

Bond issues increased by 9.7%, from MAD 26 to 28.5 billion. By type of transaction, the trend is contrasted:

- A 33% drop in bond issues through public offerings, thus totaling a volume of MAD 12.6 billion;
- a significant increase in the volume (+126%) of private placement transactions. 17 transactions were approved in 2020 for a total amount of MAD 15.9 billion, versus 9 transactions totaling MAD 7 billion in 2019.

Table 9. Debt securities transactions

	Number of transactions handled		Transaction values (in MAD billions)	
	2019	2020	2019	2020
Bond issues	25	28	25.98	28.50
<i>By public offering</i>	16	11	18.93	12.60
<i>By private placement</i>	9	17	7.05	15.90
Issues of Negotiable debt securities*	19	19	62.39	44.59
<i>Commercial paper</i>	6	4	3.31	3.94
<i>Certificates of deposit</i>	8	10	49.34	32.70
<i>Finance company bills</i>	5	5	9.74	7.95
Total issues of debt securities	44	47	88.37	73.09

(*) : The number of transactions handled corresponds to the number of information documents handled by the AMMC, while the transaction values correspond to the values issued
Source : AMMC

The strong growth in private placement bond issues is mainly due to the recent reform of this regime. On the one hand, the number of qualified investors who can invest in this type of transaction has been increased from nine to twenty investors. On the other hand, the criteria to benefit from a qualified investor status have been broadened following the provisions of the AMMC circular no. 03/19 on financial transactions and reporting.

This broadening enhanced the attractiveness of this issuing mode.

3.3 Other financial transactions

During 2020, the volume of other financial transactions handled fell sharply from MAD 3,845 million to MAD 585 million. This decrease is mainly due to the non-recurrence of the share repurchase program of Banque Centrale Populaire, which in 2019 covered a maximum value of MAD 3.2 billion.

The value of the transactions of foreign groups reserved for their employees reached MAD 230 million, down 37%.

Table 10. Other financial transactions

Transaction types	Number of transactions handled		Transaction values (in MAD millions)	
	2019	2020	2019	2020
Share repurchase programs	2	3	3 482	355
Public offerings by foreign groups	11	8	363	230*
Total of other financial transactions	13	11	3 845	585

(*) Sum of the maximum amounts permitted under the General Foreign Exchange Policy Statement

Source: AMMC

4. COLLECTIVE INVESTMENT PRODUCTS

4.1 Undertakings for collective investment in transferable securities (UCITS)

4.1.1 UCITS in the Moroccan economy

At the end of 2020, the share of UCITS in the Moroccan economy recorded a positive trend. Indeed, the UCITS net assets represent, at the end of 2020, the equivalent of 48.02% of GDP versus 40.82% at the end of 2019. This increase is due to UCITS net assets growth by 11.18% , combined with the decrease of GDP by 5.35% at the end of a year marked by the economic consequences of the health crisis.

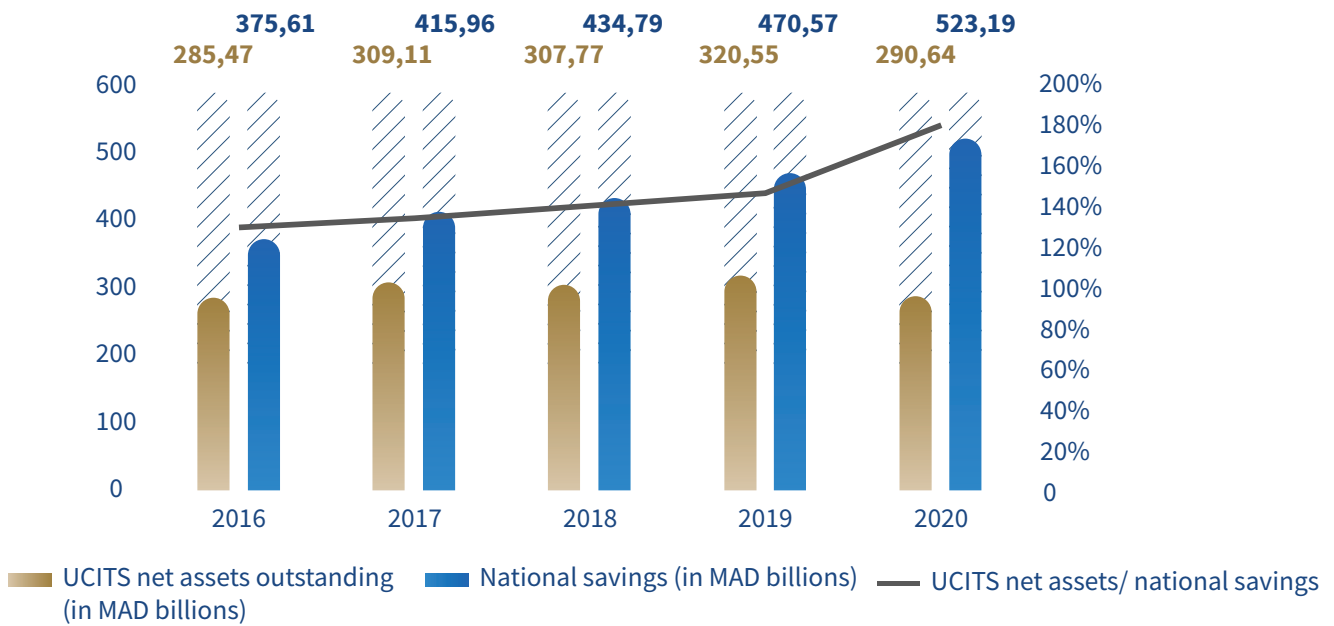
Table 11. Trends in GDP, UCITS net assets and the [UCITS net assets/GDP] ratio

	2018	2019	2020
GDP (in MAD billions)	1 108.46	1 152.80	1 089.52
UCITS net assets (in MAD billions)	434.79	470.57	523.19
UCITS net assets/GDP ratio (in %)	39.22%	40.82%	48.02%

Source: UCITS asset management companies/High Commission for Planning

The ratio of UCITS net assets to domestic savings reached 180.01% at the end of 2020, compared with 146.80% at the end of 2019, i.e., an appreciation of 33.21 percentage points year-on-year. This development is the combined result of the positive change in the net assets of UCITS, which increased by 11.18%, and the decline in domestic savings, which fell by 9.33%.

Graph 16. Trends in the [UCITS net assets / Total domestic savings] ratio



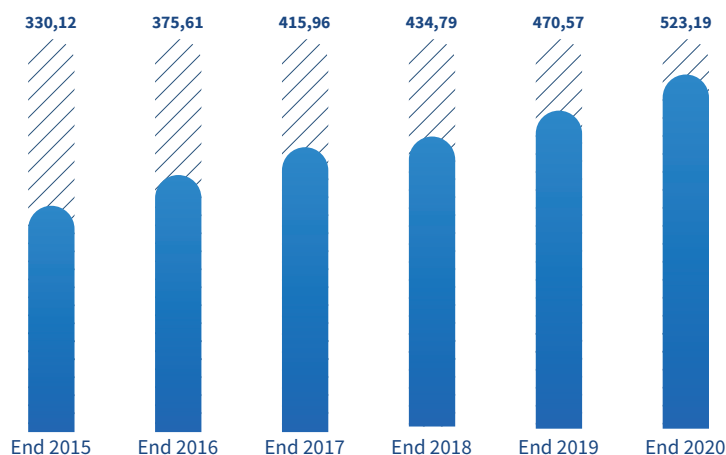
Source: UCITS asset management companies/High Commission for Planning

4.1.2 Trends in UCITS net assets over the last five years

Over the last five years, UCITS net assets grew continuously to reach MAD 523.19 billion at the end of 2020, compared to MAD 330.12 billion at the end of 2015, i.e. a positive trend of 58.49% over the period.

This substantial increase of MAD 193.07 billion is mainly driven by bond UCITS, whose net assets increased by MAD 156.04 billion (MAD 132.31 billion for "MLTB" UCITS and MAD 23.73 billion for "STB" UCITS), i.e. 81% of the total recorded increase. The remainder of the increase in net assets is due to the positive evolution of the outstandings of the other categories of UCITS (MAD 17.91 billion for "Diversified" UCITS, MAD 16.65 billion for "Equity" UCITS, MAD 1.85 billion for "Contractual" UCITS and MAD 607.46 million for "Money Market" UCITS).

Graph 17. Trends in UCITS net assets in MAD billions (2015-2020)



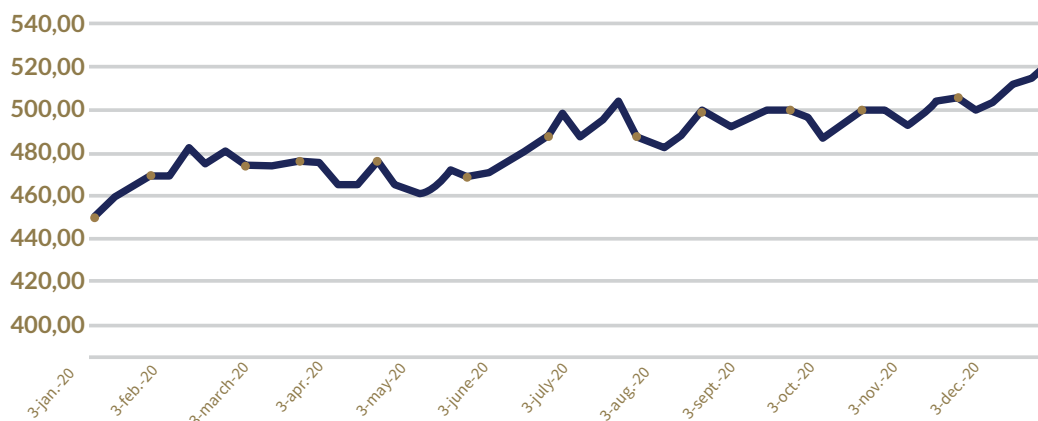
Source : Sociétés de gestion d'OPCVM

4.1.3 Trends in UCITS net assets in 2020

Despite a year marked by an unprecedented health crisis, the net assets managed by UCITS crossed the MAD 500 billion mark for the first time. Thus, at the end of 2020, UCITS net assets stood at MAD 523.19 billion versus MAD 470.57 billion at the end of 2019, i.e. an annual change of 11.18%.

The UCITS management sector has thus shown resilience in 2020, despite the redemptions recorded at the beginning of the health crisis and during the lockdown period of spring 2020. From the end of March to the end of May, total net assets have thus experienced booms and busts with a low of MAD 460.75 billion.

Graph 18. Trends in UCITS net assets in 2020 (in MAD billions)



SOURCE: UCITS ASSET MANAGEMENT COMPANIES

4.1.4 Breakdown of UCITS by category

Following the creation of 28 new funds (14 "MLTB" UCITS, 4 "Diversified" UCITS, 4 "STB" UCITS, 3 "Equity" UCITS and 3 "Money Market" UCITS), the number of active UCITS increased from 474 at the end of 2019 to 502 at the end of 2020. The "MLTB" UCITS continue to dominate with 176 funds, and assets under management of MAD 307.43 billion, i.e. nearly 59% of the total assets.

During the year 2020, the different categories of UCITS have developed as follows:

• «Equity» UCITS

The net assets of "Equity" UCITS posted a decrease of 0.91% at the end of 2020, going from MAD 37.43 billion in 2019 to MAD 37.09 billion in 2020. This decrease is mainly explained by the negative annual performance of 4.42% recorded by this category, mitigated by an annual net collection of MAD 1.84 billion.

The number of "Equity" UCITS increased from 92 funds at the end of 2019 to 96 at the end of 2020, following the creation of 3 UCITS and the change of category of one UCITS from "Diversified" to "Equity" UCITS.

• «Diversified» UCITS

At the end of 2020, the net assets of the 101 "Diversified" UCITS stood at MAD 30.77 billion, compared to MAD 28.95 billion a year earlier, i.e. an annual growth of 6.28%. This growth is due to a net Inflow of MAD 1.72 billion and an annual performance of 1.01%.

• «Money Market» UCITS

Following the creation of 3 new UCITS, the number of "Money Market" funds stood at 64 at the end of 2020. This category recorded net subscriptions of MAD 11.42 billion and a positive annual performance of 2.11%. The net assets of this class thus reached MAD 72.22 billion at the end of 2020, up by 21.43% compared to the end of 2019.

• «STB» UCITS

The number of "STB" UCITS increased from 56 in 2019 to 59 funds in 2020 due to the creation of 4 funds and the transformation of one "STB" UCITS into a "MLTB" UCITS.

With a net inflow of MAD 5.76 billion and an annual performance of 2.89%, the "STB" UCITS have seen their total assets reach MAD 72.08 billion at the end of 2020 versus MAD 64.62 billion at the end of 2019, i.e. a rise of 11.54%.

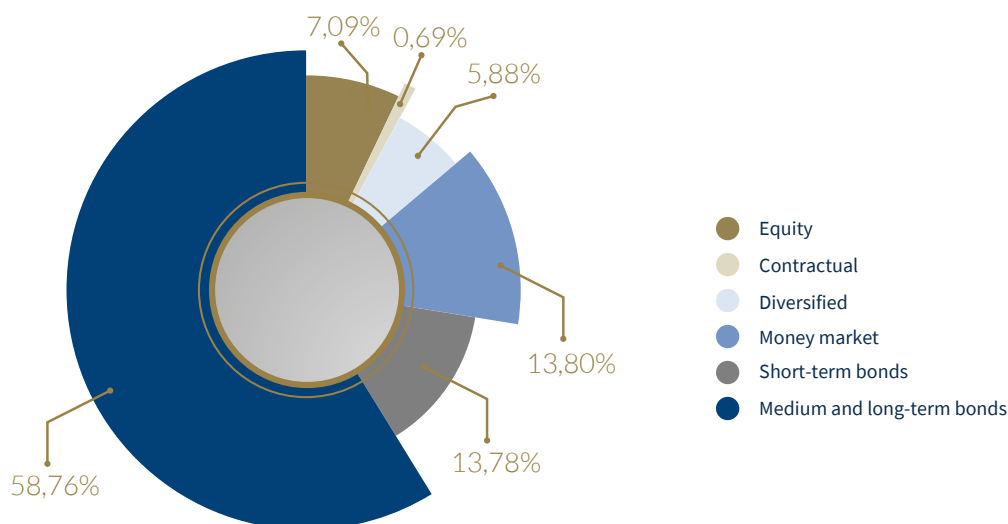
• «MLTB» UCITS

At the end of 2020, the net assets of "MLTB" UCITS recorded an annual growth of 10.64% and stood at MAD 307.43 billion versus MAD 277.87 billion a year earlier. This growth was the result of the combined effect of net subscriptions, which amounted to MAD 18.17 billion, and of the annual performance achieved by this category, which stood at 4.06%.

• «Contractual» UCITS

At the end of 2020, assets under management of "Contractual" UCITS reached MAD 3.62 billion, up by 62.14% compared to the end of 2019. This increase is mainly due to a net inflow of about MAD 1.35 billion. The number of UCITS in this category remained unchanged compared to 2019 with 6 UCITS.

Graph 19. Structure of UCITS net assets by category at the end of 2020



Source: UCITS asset management companies

In terms of the breakdown of UCITS by legal form, FCPs (mutual funds) continue to account for the vast majority, with 456 funds, compared with 46 SICAVs (open-ended collective investment schemes).

4.1.5 UCITS' annual performance

In a context of crisis marked by the negative performance of equity securities listed on the Casablanca Stock Exchange, "Equity" UCITS recorded by the end of 2020 an annual performance of -4.42%. However, this performance remains higher than that achieved by the MASI, which ended the year with a negative change of -7.27%.

In 2020, following the decrease of the prime rate by 75 basis points, which led to a downward movement of the yield curve for all maturities (-77 bps for the ST, -42 bps for the MT, and -38 bps for the LT), the STB and MLTB UCITS recorded positive annual performances of 4.06% and 2.89% respectively.

At the end of 2020, the positive performance of the bond market, partially offset by the underperformance of the equity market, enabled "Diversified" UCITS to post an annual performance of 1.01%. This positive performance reflects the predominance of bond securities in the portfolios of "Diversified" UCITS (nearly 60% of their assets at the end of 2020). At the end of 2020, the "Money Market" category recorded an annual performance of 2.11%, nearly 40 basis points higher than the annual average of the MONIA⁵ index, which stood at 1.72%. This difference can be explained by the fact that "Money Market" UCITS invest both in the cash market and in the ST bond market, a segment whose valuations benefited from the reduction in the prime rate in 2020.

As for the "Contractual" UCITS in the market, they all recorded positive annual performances ranging from 1.40% to 15.76% at the end of 2020.

4.1.6 Composition of the UCITS portfolio

At the end of 2020, UCITS assets under management were mainly invested in unlisted securities, which alone represent 81.03% of the total invested assets, followed by other assets and listed securities which constitute 11.07% and 7.9% of the said assets, respectively.

The outstanding value of unlisted securities increased by 14.3%, from MAD 390.3 billion in 2019 to MAD 446.1 billion in 2020, thus offsetting the decline in the outstanding value of listed securities (-1.92%) and other assets (-4.49%).

Table 12. Breakdown of total UCITS assets by investment category at the end of 2020

	End-2018	End 2019	End 2020
Investment category	Structure		
Listed securities (LS)	7.51%	8.90%	7.90%
LS - Equities	7.39%	8.67%	7.70%
LS – Corporate bonds	0.12%	0.23%	0.20%
LS – Bonds issued or guaranteed by the State	0.001%	0.0003%	0.00%
Unlisted securities (US)	79.20%	78.30%	81.03%
US - Bonds issued or guaranteed by the State	49.41%	46.57%	49.33%
US – Corporate bonds	13.75%	14.62%	15.49%
US - Negotiable debt securities	11.75%	12.96%	11.06%
US – UCITS securities	4.19%	4.07%	5.07%
US - Other	0.10%	0.09%	0.08%
Other assets	13.29%	12.80%	11.07%
Total assets	100%	100%	100%

Source: UCITS asset management companies

MONIA : Moroccan Overnight Index Average est un indice publié par Bank Al-Maghrib depuis janvier 2020 en remplacement de l'ancien taux de référence du marché Repo.

• Unlisted securities

At the end of 2020, the share of unlisted securities in the total assets of UCITS reached 81.03%, compared to 78.3% the previous year, recording an increase of 2.73 percentage points.

This change is driven mainly by government bonds or government guaranteed bonds, accounting for almost half of the total assets of UCITS (49.33%), up from 46.57% in 2019.

The remainder is divided mainly between corporate bonds and negotiable debt securities (FCBs, CDs, and CPs), which account for 15.49% and 11.06% of total assets, respectively.

• Listed securities

The share of listed securities in the total assets of UCITS fell by one percentage point compared with the previous year, when their share stood at 8.9% compared with 7.9% at the end of 2020. This change is mainly due to the decline in the outstanding value of equities (-1.87%) and that of listed corporate bonds (-3.6%).

• Other assets

This category, which mainly includes money market investments in the form of repurchase agreements received, experienced a decrease in its outstanding assets by 4.49% to stand at MAD 60.9 billion by the end of 2020, versus MAD 63.8 billion in 2019. Thus, their share in UCITS' total assets fell from 12.8% at the end of 2019 to 11.07% at the end of 2020.

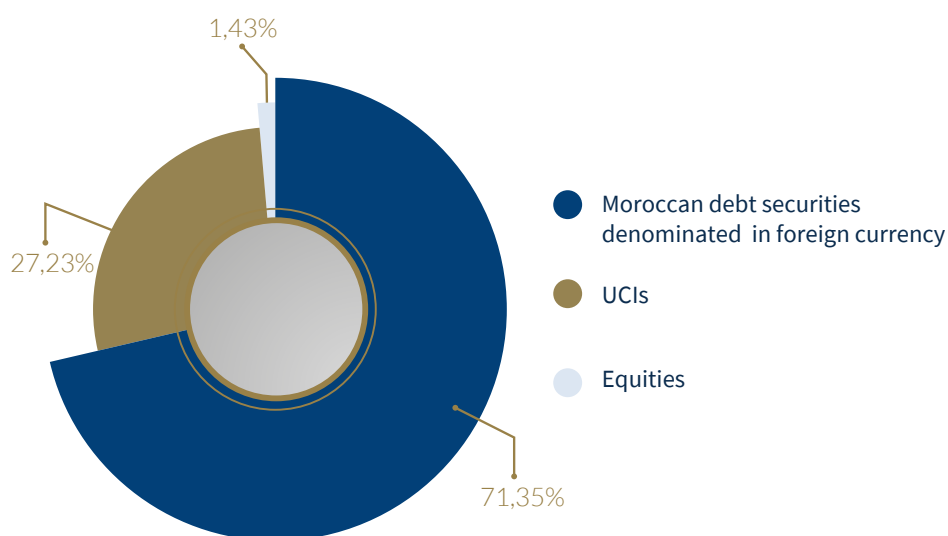
4.1.7 UCITS investments abroad

At the end of 2020, foreign currency investments made by UCITS reached MAD 6.2 billion, accounting for nearly 1.19% of their overall net assets, up from 0.97% in 2019.

71.35% of these investments are made up of foreign currency-denominated debt securities issued by the government or by Moroccan public institutions and are down from the previous year when they accounted for 96.60%.

The remainder of foreign investments is made up of various categories of shares of UCIs (UCITS, real estate investment funds, private equity funds and ETFs), and listed equities which represent respectively 27.23% and 1.43% of the outstanding amount invested abroad, against 3.19% and 0.21% in 2019.

Graph 20. Structure of foreign currency investments made by UCITS at the end of 2020



Source: UCITS asset management companies

4.1.8 Investors in UCITS

At the end of 2020, the number of investors in UCITS units or shares stood at 20,443, i.e. 471 more than a year earlier.

**Table 13. Breakdown of net assets by investor type
(in MAD millions)**

	Equity & Diversified UCITS	Bond UCITS	Money market UCITS	Contractual UCITS	TOTAL UCITS	Share (in %)
Financial companies	54 348.44	310 231.07	39 444.54	968.59	404 992.63	77.41%
Insurance companies and pension funds and institutions	37 951.22	178 791.94	22 660.66	5.78	239 409.60	45.76%
Banks	6 471.55	84 114.23	4 844.11	221.69	95 651.57	18.28%
UCITS	2 494.99	21 806.90	3 750.90	79.77	28 132.56	5.38%
Caisse de dépôt et de gestion (CDG)	6 770.12	7 081.74	1 775.65	0.00	15 627.52	2.99%
Other financial institutions	259.23	10 152.24	4 701.96	414.79	15 528.22	2.97%
Finance companies	31.73	6 419.96	406.35	0.00	6 858.04	1.31%
Other holding companies	334.73	1 312.56	728.98	7.24	2 383.51	0.46%
Brokerage firms	34.86	551.51	575.94	239.32	1 401.62	0.27%
Non-financial companies	2 588.29	52 881.85	25 184.68	2 343.35	82 998.17	15.86%
Resident natural persons	10 707.15	15 451.52	6 262.11	226.60	32 647.37	6.24%
Non-resident natural and legal persons	213.28	938.85	1 324.60	79.55	2 556.28	0.49%
Total	67 857.17	379 503.29	72 215.93	3 618.08	523 194.46	100%

Source: UCITS custodians

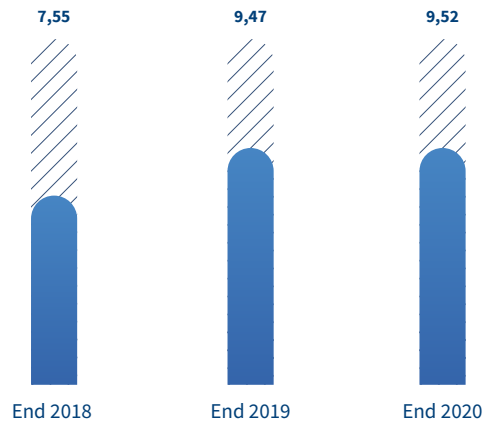
In line with previous years, the total net assets under management are in majority held by financial companies up to 77.41%, mainly invested in bond UCITS. More specifically, insurance companies and retirement and social welfare bodies hold 45.76% of net assets, followed by banks with 18.28%.

The remaining 22.59% of net assets are held by non-financial companies (15.86%), resident natural persons (6.24%), and non-resident natural and legal persons (0.49%).

4.2 Securitization vehicles (FPCT)

Following the approval of 2 securitization transactions in 2020, the number of active FPCTs at year-end 2020 stood at 14 funds with 23 compartments. The assets of securitization funds amounted to MAD 9.52 billion, up by 0.5% compared to 2019.

Graph 21. Trends in FPCT securitized assets (in MAD billions)



Source: Asset management companies

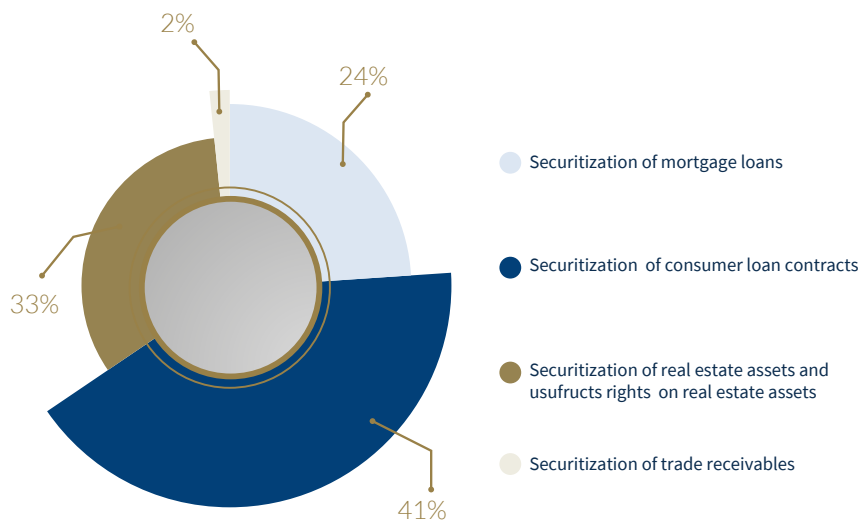
Securitization funds under management at the end of 2020 correspond to securitization transactions of different asset classes, namely:

- mortgage loans ;
- receivables arising from consumer loan contracts;
- trade receivables;
- real estate assets;
- usufruct rights on real estate assets.

The two new securitization transactions carried out in 2020 resulted in the issuance of MAD 888.4 million of bonds to acquire real estate assets.

As regards the breakdown of securitized assets by transaction type, 41% of the assets outstanding at the end of 2020 corresponded to receivables from consumer loan contracts (4 funds). Real estate assets and rights represented 33% of securitized assets outstanding (5 funds). Securitization of mortgage loans represented 24% of the outstanding securitized assets (4 funds), followed by securitization of trade receivables which represents 2% of the outstanding assets (1 fund).

Graph 22. Breakdown of FPCT outstanding assets by transaction type



Source: Asset management companies, AMMC calculations

4.3 Venture capital investment vehicles (OPCC)

In 2020, the number of OPCCs has remained unchanged (8), 1 OPCC of which is under liquidation while one other has not yet started its operations.

The 6 active OPCCs manage a total net asset of MAD 1,057.65 million, representing an increase of 13.95% compared to 2019, and have investment strategies covering the different stages of the life cycle of the companies they finance. Among the active OPCCs, there are generalist OPCCs and OPCCs specialized in the following sectors:

- energy;
- green technology;
- agribusiness;
- infrastructure;
- innovation;
- aeronautics;
- automotive manufacturing;
- building materials.

4.4 Real estate investment schemes (OPCI)

The year 2020 was marked by the start-up of five OPCIs set up in the form of real estate investment companies with light operating rules (SPI - RFA). They are:

- OPCI **CDG PIERRE SECURE** managed by AJARINVEST. The purpose of this OPCI is to be invested in real estate assets which are or will be the subject of lease agreements signed with tenants, such tenants being the State or public entities benefiting from a State guarantee;
- OPCI **AMANE PLACEMENT IMMO** managed by AJARINVEST. This fund is intended to be invested primarily in real estate assets consisting of office buildings, logistics warehouses and factories, as well as industrial production areas, and intended to be the subject of lease agreements signed with Atlanta Sanad or its affiliates as tenants or with entities or legal entities meeting specific criteria;
- OPCI **PATRIMOINE PREMIUM** managed by AFRICA STONE MANAGEMENT. This fund is intended to be invested exclusively in operating real estate assets of Crédit Populaire du Maroc (branches, business centers, subsidiaries, headquarters, etc.) leased by the entities of the Crédit Populaire du Maroc group;
- OPCI **IMMO FUND OF AFRICA** managed by BMCE CAPITAL REAL ESTATE. This OPCI aims at being invested in diversified real estate assets mainly used as offices, bank branches, commercial premises, industrial premises, hotels, education and health;
- OPCI **CLEO PIERRE** managed by REIM PARTNERS. This fund is intended to be invested in real estate assets operated in the form of (i) bank branches, business centers, subsidiaries, offices, etc. initially held by the "BMCI" Group or (ii) offices, shops, logistics and business premises, health, education, industry, held by the "BMCI" Group or any other leading bank or financial institution.

Moreover, during the year 2020, the AMMC has issued a visa for the prospectus of 2 OPCI-RFAs managed by Ajarinvest: CIH PATRIMMO and CDG PIERRE SECURE.

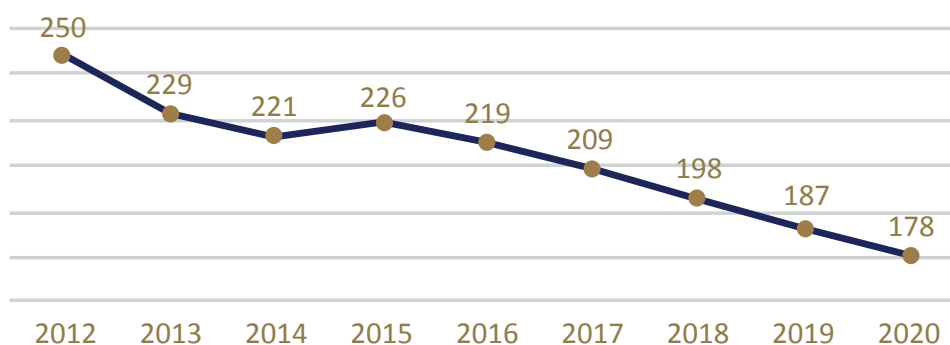
5. MARKET PARTICIPANTS

5.1 Brokerage firms

5.1.1 Legal and corporate aspects

At year-end 2020, the number of brokerage firms remained stable at 17 firms. In 2020, the majority of brokerage firms (13) witnessed team rotation with 9 recruits and vs 16 departures, mainly in back and front office functions, as well as in the internal control function. The brokerage firms' total headcount is one hundred and seventy-eight, down from the year 2019.

Graph 23. Trends in the total staff of brokerage firms



Source: Brokerage firms, AMMC calculations

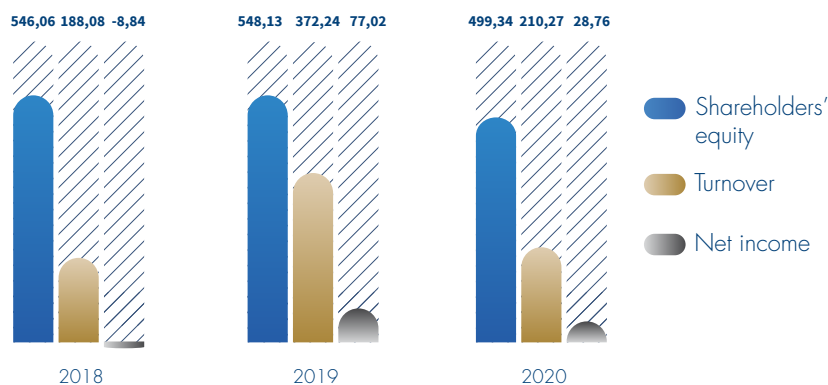
5.1.2 Business indicators

• Financial indicators

In 2020, brokerage firms generated MAD 210.27 million of total revenues, down 43.5% compared to 2019. This decrease resulted in a negative operating income for 6 brokerage firms out of a total of 17.

In addition, the brokerage firms achieved a positive net income of MAD 28.76 million versus a net income of MAD 77.02 million in 2019.

Graph 24. Changes in the financial indicators of brokerage firms (in MAD millions)



Sources: Brokerage firms, AMMC calculations

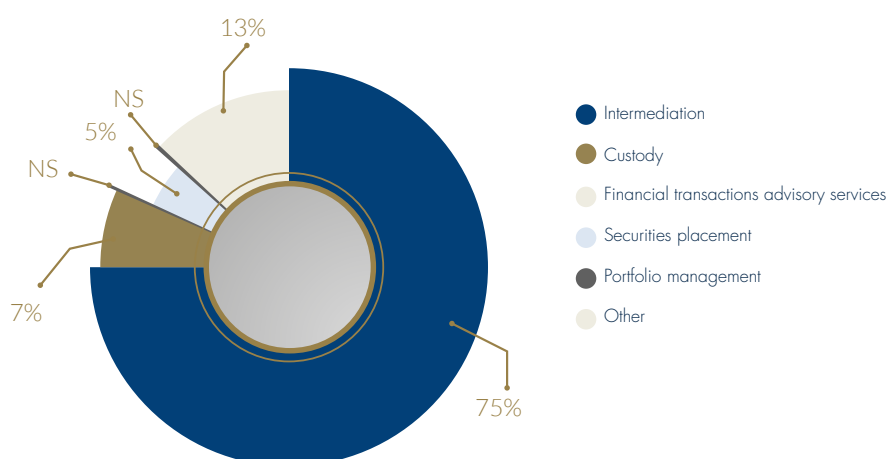
The revenue breakdown highlights the preponderance of the intermediation business, which alone generated 75% of total revenues.

Table 14. Key figures of brokerage firms (In MAD millions)

	2018	2019	2020
Number of brokerage firms	17	17	17
Aggregate revenues	188.08	372.24	210.27
<i>Intermediation</i>	143.92	284.61	155.89
<i>Custody</i>	9.53	13.18	14.54
<i>Financial transaction advisory services</i>	3.61	1.70	0.1
<i>Securities placement</i>	13.43	35.71	9.49
<i>Portfolio management</i>	0.57	0.41	0.58
<i>Other</i>	17.02	36.63	29.67
Net comprehensive income	-8.84	77.02	28.76
Guarantee fund	47	49	52.3

Source: Brokerage firms, AMMC calculations

Graph 25. Breakdown of brokerage firms' revenues by type of activity



Source: Brokerage firms, AMMC calculations
(* NS: Non significant)

In 2020, the 11 brokerage firms, which are subsidiaries of banks, alone had a market share of 85.83%, with 4 of them accounting for 52% of it.

• The brokerage firms' guarantee fund

The guarantee fund is designed to compensate the clients of brokerage firms that have been liquidated, should the need arise. This fund is funded by a contribution, the amount of which is determined as a percentage of the value of the securities and cash under custody of each brokerage firm.

The guarantee fund reached an amount of MAD 52.3 million in 2020. The contributions paid decreased by 1% compared to 2019 due to the 3% decrease in the value of the assets under custody of the brokerage firms, which amounted on average to MAD 8 billion in 2020.

5.1.3 Client structure

In 2020, the number of active brokerage firms' clients on the stock market increased by 1.74% compared to 2019. This change is mainly due to the respective increase of 3.73% in the number of clients falling under the category of Moroccan natural persons. As for the structure, it is worth noting that the majority of clients are Moroccan natural persons who represent 79% of all clients, followed by UCITS with 12%, the remainder being divided among the other categories of clients.

Table 15. Client structure of brokerage firms

	MNP		UCITS		MLE		FLE		FNP		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
2019	6512	78%	1027	12%	511	6%	174	2%	132	2%	8 356
2020	6755	79%	1031	12%	453	5%	144	2%	118	1%	8501

Source: Brokerage firms, AMMC calculations

5.2 Account keepers

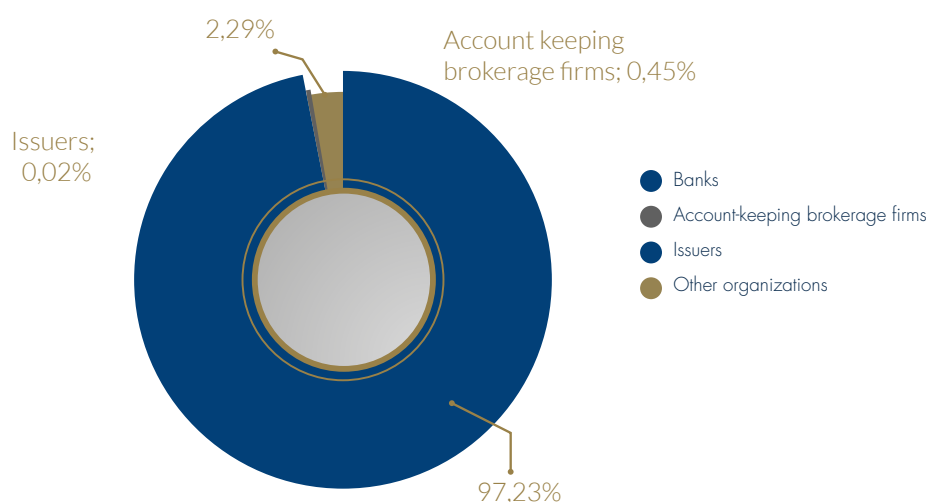
At the end of 2020, the overall stock of financial instruments in custody with securities account keepers was close to MAD 195.1 billion, up by 3.7% compared to 2019. The share of banks is still predominant, accounting for 97% of assets under custody.

With a total of 146,111 accounts, the number of securities accounts has decreased by 9% compared to 2019. This decrease is mainly the result of a clean-up operation carried out by a market participant in its securities account repository. It should be noted that the securities accounts held by the category of resident natural persons account for 83.6% of the total number of securities accounts.

Table 16. Key figures of account keepers

	2019	2020
Number of account keepers	25	25
Number of securities accounts	160 549	146 111
<i>Resident natural persons</i>	137 453	122 200
<i>Resident legal entities</i>	8 879	11 569
<i>Non-resident natural persons</i>	13 686	11 820
<i>Non-resident legal entities</i>	531	522
Assets managed A = (1)+(2)+(3)+(4) (in millions of dirhams)	1 881 671	1 945 930
<i>By banks (1)</i>	1 757 620	1 892 048
<i>By account-keeping brokerage firms (2)</i>	8 524	8 804
<i>By issuers (3)</i>	420	421
<i>By other organizations (4)</i>	115 107	44 657
Assets under management in technical accounts (in MAD millions) (B)	-111	5 526
Total assets C=A+B	1 881 560	1 951 456

Source: Account keepers and Maroclear

Graph 26. Breakdown of assets in custody

Source: Maroclear

5.3 The central depository

The aggregate assets under custody of the Central Depository Maroclear recorded a 3.71% change, from MAD 1,881.56 billion at year-end 2019 to MAD 1,951.46 billion at year-end 2020. This change was supported mainly by the increase in the outstanding amount of Treasury Bills and UCITS, which rose by 7.82% and 6.99% respectively, compared to year-end 2019.

At the same time, the number of securities under the custody of the Central Depository Maroclear increased by 6.38%, from 1,394 securities at year-end 2019 to 1,483 securities at year-end 2020. This increase is mainly due to the increase in the number of Bonds, Treasury Bills, and UCITS.

In contrast, average settled transactions recorded a negative change of 17.73% between 2019 and 2020, mainly due to the decrease in the OTC segment.

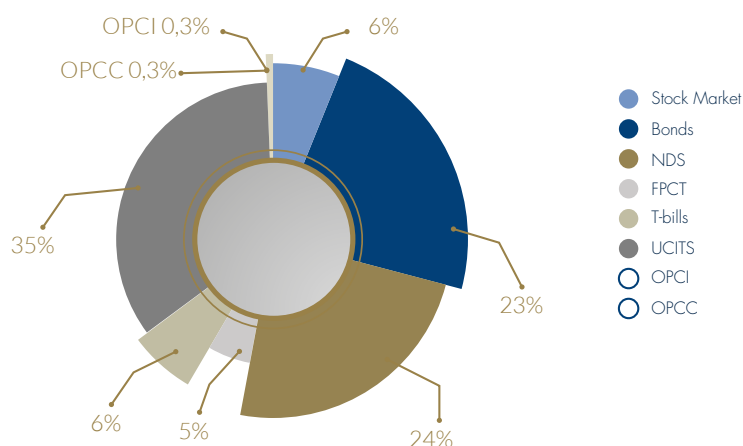
Table 17. Key figures of the activity of the Central Depository Maroclear

	2019	2020
Number of assets in custody	1 394	1 483
Equity	90	91
Bonds	306	342
Negotiable debt securities	363	352
FPCTs	76	81
Treasury Bills	70	95
UCITS	485	513
OPCIs	1	5
OPCCs	3	4
Total assets (in MAD billions)	1 881.56	1 951.46
Equity	637.97	623.08
Bonds	138.20	150.96
Negotiable debt securities	91.47	84.58

<i>FPCTs</i>	10.61	10.32
<i>Treasury Bills</i>	557.16	600.74
<i>UCITS</i>	445.33	476.46
<i>OPCIs</i>	0.80	4.83
<i>OPCCs</i>	0.02	0.48
Daily average of settled transactions (in MAD billions)	70.40	57.92
<i>OTC</i>	69.62	57.43
<i>Stock exchange</i>	0.78	0.49
<i>Free of payment</i>	-	-
Number of securities administration transactions	895	982
<i>Number of dividend distribution transactions managed</i>	81	65
<i>Number of securities transactions managed</i>	814	917

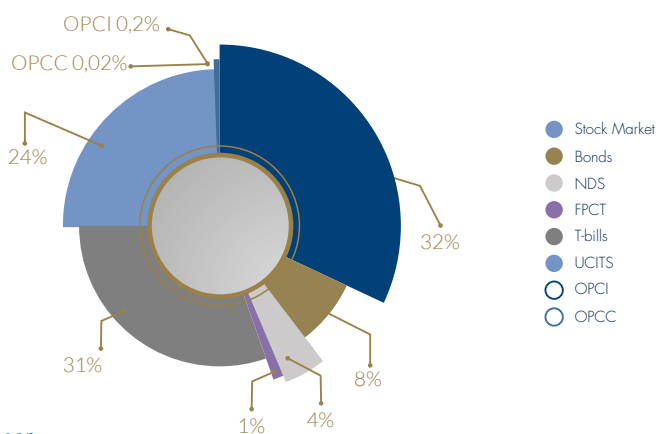
Source: Central Depository Maroclear

Graph 27. Breakdown of the number of securities admitted by category at year-end 2020



Source: Central Depository Maroclear

Graph 28. Breakdown of total assets of admitted securities by category at year-end 2020



Source: Central Depository Maroclear

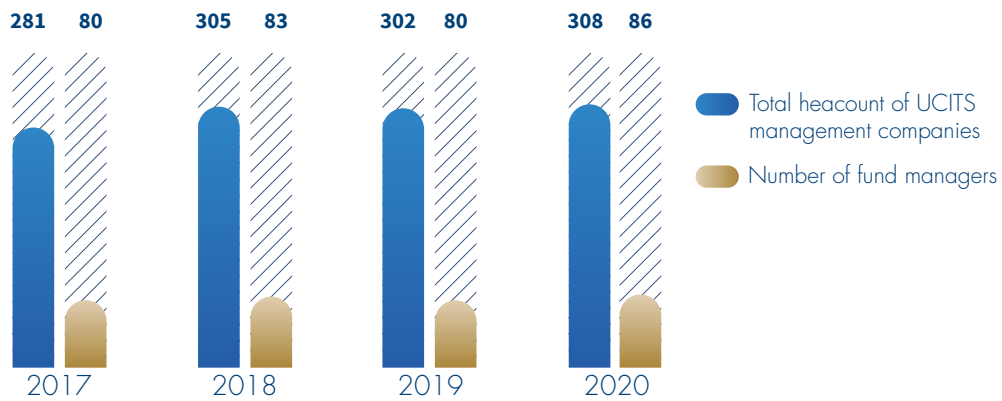
5.4 Asset management companies

5.4.1 UCITS management companies

The year 2020 witnessed the creation of one new UCITS management company, bringing the number of management companies to 18.

The total number of management company employees increased slightly from 302 in 2019 to 308 in 2020. This upward trend also affected portfolio managers, who represented 86 in 2020 compared with 80 a year earlier, thus accounting for nearly one-third of the management companies' employees.

Graph 29. Trends in the number of employees of UCITS management companies



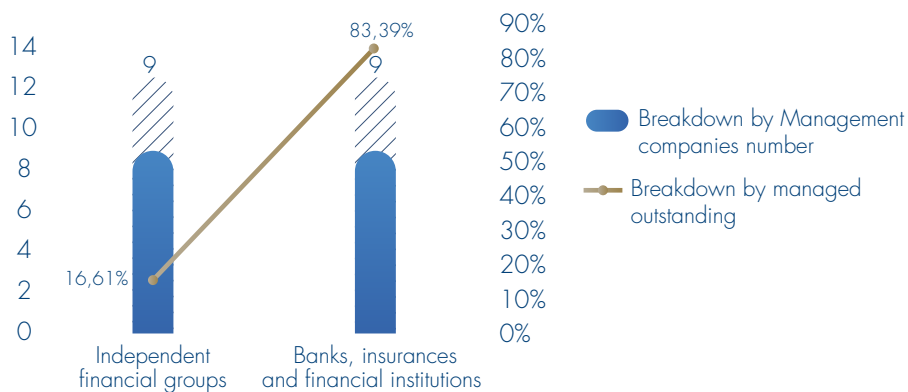
Source: UCITS management companies

• Business indicators

In 2020, the average net assets of UCITS reached MAD 485.93 billion, versus MAD 454.70 billion a year earlier, posting an increase of 6.87%.

At the end of 2020, and as in the previous year, management companies affiliated with banks, insurance companies, or other financial institutions held the largest market share with MAD 436.28 billion of assets under management, i.e. 83.39% of the total net assets. The remaining MAD 86.9 billion are managed by independent management companies (with a market share of 16.61% at the same date).

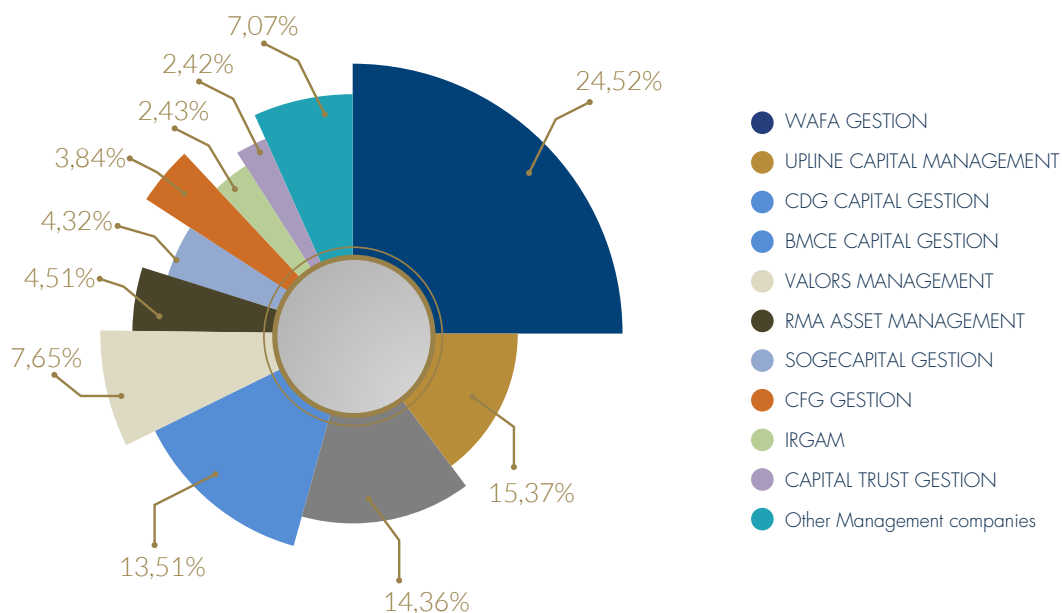
Graph 30. Breakdown of market shares of UCITS management companies by type of shareholding



Source: UCITS management companies

In line with previous years, a high concentration of assets under management is observed among the top 4 management companies of the market, which alone managed MAD 354.53 billion, or 67.76% of the assets under management at year-end 2020. It should be noted that these 4 management companies are subsidiaries of financial institutions.

Graph 31. Breakdown of net assets by UCITS management company



Source: UCITS management companies

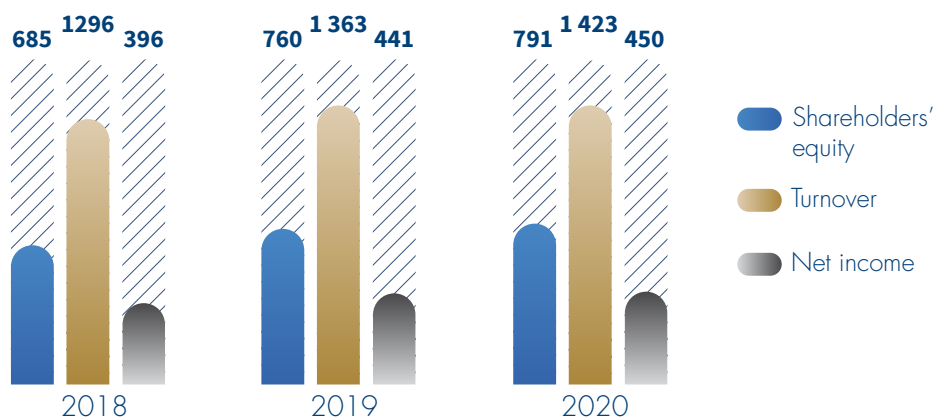
• Financial indicators

At the end of 2020, the consolidated revenues of UCITS management companies increased by 4.42% to stand at MAD 1.42 billion, versus MAD 1.36 billion the previous year.

The consolidated net income of UCITS management companies reached MAD 449.59 million in 2020, up 2% compared to MAD 440.80 million recorded last year.

The equity capital of UCITS management companies also increased from MAD 759.90 million in 2019 to MAD 791.40 million in 2020, representing 4.14% growth.

Graph 32. Changes in financial indicators for UCITS management companies (in MAD millions)



5.4.2 FPCT management companies

For the year 2020, there were 4 FPCT management companies:

- Maghreb Titrisation, approved in February 2002;
- Attijari Titrisation, approved in November 2014;
- BMCE Capital Titrisation, approved in December 2015;
- SOFAC STRUCTURED FINANCE, approved in August 2019.

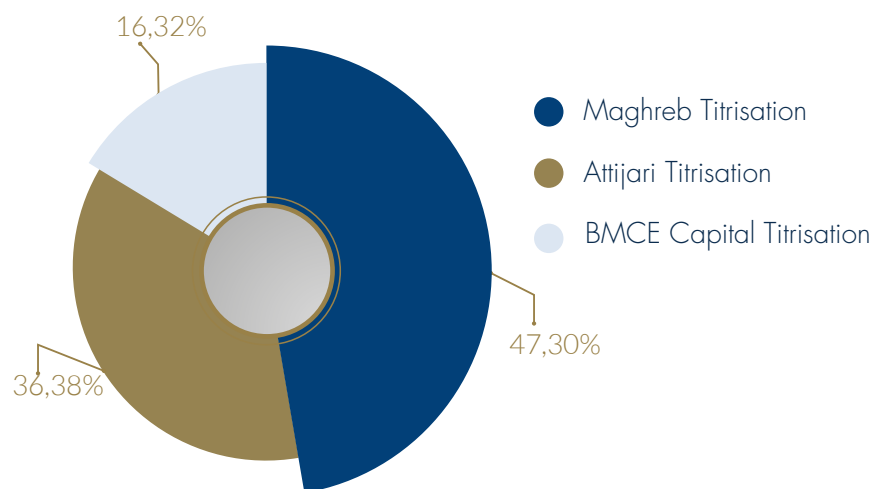
As for the number of employees, the four FPCT management companies had a total of 25 employees at year-end 2020, 11 of whom were responsible for managing and structuring securitization funds.

• Business indicators

At the end of 2020, FPCT management companies managed a total of MAD 9.52 billion in assets spread across fourteen vehicles (excluding compartments):

- **Maghreb Titrisation** with 9 funds (including IMPERIUM SUKUK, which consists of an FT IMPERIUM SUKUK CI compartment, and FT WATER which consists of an FT WATER - Compartment I compartment) representing an AUM of MAD 4.50 billion, i.e. a market share of 47.30%;
- **Attijari Titrisation** with 3 funds (including SALAF INVEST FT, which counts 1 compartment, INVEST AL MOUADDAF, and FT MIFTAH, which counts 2 compartments, MIFTAH FONCTIONNAIRES and MIFTAH FONCTIONNAIRES II), the securitized assets under management stand at MAD 3.46 billion, i.e. a market share of 36.38%;
- **BMCE Capital Titrisation** with two funds (including FT DOMUS which has 18 compartments) representing MAD 1.56 billion of securitized assets outstanding, i.e. a market share of 16.32%.

Graph 33. Breakdown of net assets by FPCT management company



Source: Asset management companies, AMMC calculations

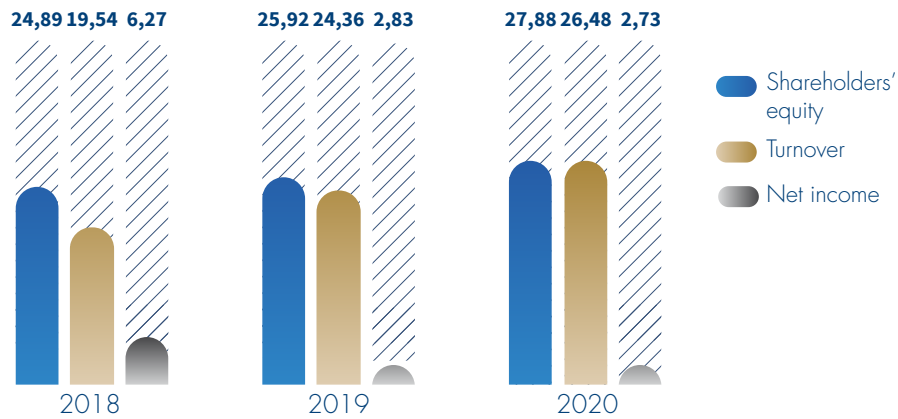
• Financial indicators

The consolidated revenues of the 4 FPCT management companies amounted to MAD 27.88 million in 2020, compared to MAD 25.92 million in 2019, thus representing an increase of 7.56%.

The consolidated net income of the 4 companies amounted to MAD 2.73 million in 2020, compared to MAD 2.83 million in 2019.

The equity capital of all FPCT management companies increased from MAD 24.36 million in 2019 to MAD 26.48 million in 2020, representing an increase of 8.70%.

Graph 34. Changes in financial indicators of FPCT management companies (in MAD millions)



Source: Management companies, AMMC calculations

5.4.3 OPCC management companies

The year 2020 was marked by the approval by the Minister of Economy, Finance and Administration Reform, after obtaining the opinion of the AMMC, of the management company Mediterrania Capital Partners Gestion, a subsidiary of the Maltese holding company MCPartners Limited, and by the withdrawal of approval, by order of the Minister of Economy, Finance and Administration Reform and following the proposal of the AMMC, for the management company Global Nexus.

The number of OPCC management companies was maintained at 11, including 6 active management companies which manage 6 OPCCs. These are CDG Invest PME (formerly CDG Capital Private Equity), CDG Invest Infrastructures (formerly CDG Capital Infrastructures), Private Equity Initiatives, Upline Investments, Seaf Morocco Capital Partners, and Azur Innovation Management.

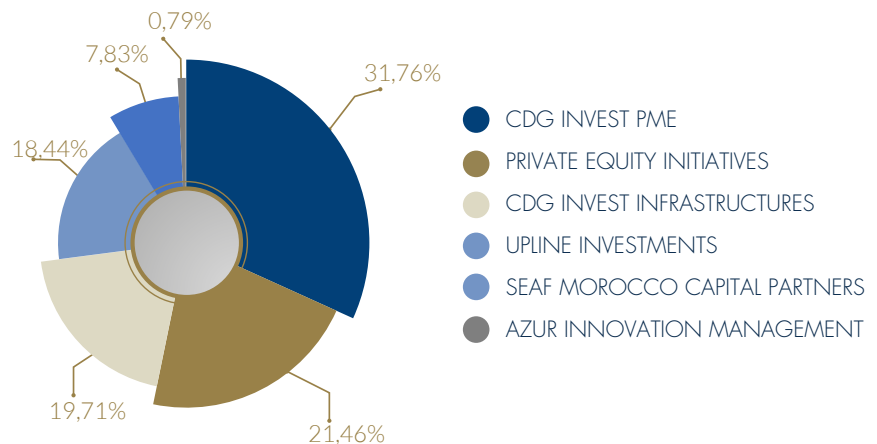
Concerning the staff, the OPCC management companies counted, at the end of 2020, a total of 44 employees, including 16 executives and investment officers.

• Business indicators

At the end of 2020, the total net assets under management by OPCC management companies reached MAD 1,057.65 million, versus MAD 928.16 million in 2019, increasing by nearly 14%.

In terms of business breakdown, the aggregate market share of the top three management companies in the market stood at 72.94% with net assets under management of around MAD 771.4 million.

Graph 35. Breakdown of net assets by OPCC management company



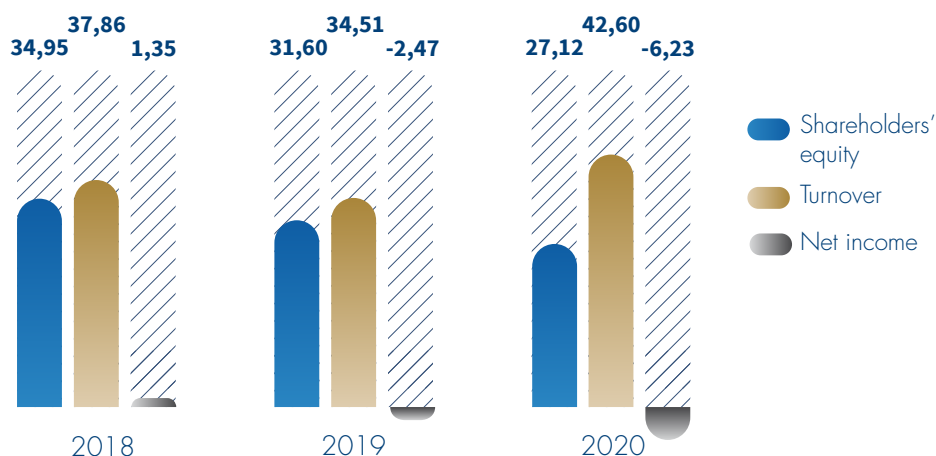
Source: Asset management companies, AMMC calculations

• Financial indicators

The consolidated revenues of OPCC management companies recorded an increase of 23.44% in 2020 to reach MAD 42.60 million, versus MAD 34.51 million in 2019. The consolidated net income of OPCC management companies fell sharply in 2020, moving from a profit of MAD 1.35 million in 2018 to a loss recorded over the years 2019 and 2020 of MAD 2.47 million and MAD 6.23 million, respectively. This decrease is due to a depreciation of about MAD 6 million in the cumulative revenues of 3 OPCC management companies that entered the divestment period in 2020.

The equity capital mobilized by all the OPCC management companies recorded a decrease of 14.18% in 2020, reaching MAD 27.12 million against MAD 31.60 million a year earlier.

Graph 36. Changes in the financial indicators of OPCC management companies (in MAD millions)



Source: Asset management companies, AMMC calculations

5.4.4 OPCI management companies

In 2020, 5 new companies had obtained approval to manage OPCIs, thus bringing the number of OPCI management companies from 4 to 9. These are ATTIJARI REIM, REIM PARTNERS, MSIN GESTION, MOROCCO REAL ESTATE, and IRG Real Estate. Among these 5 management companies, 3 are at least 30% owned by a credit institution, 1 by an insurance company and 1 by a management company approved under French law by the AMF - France.

OPCI management companies are growing in terms of staff numbers, with a total of 73 employees as of 31 December 2020. 25 of these employees hold Fund Manager and Asset Manager positions.

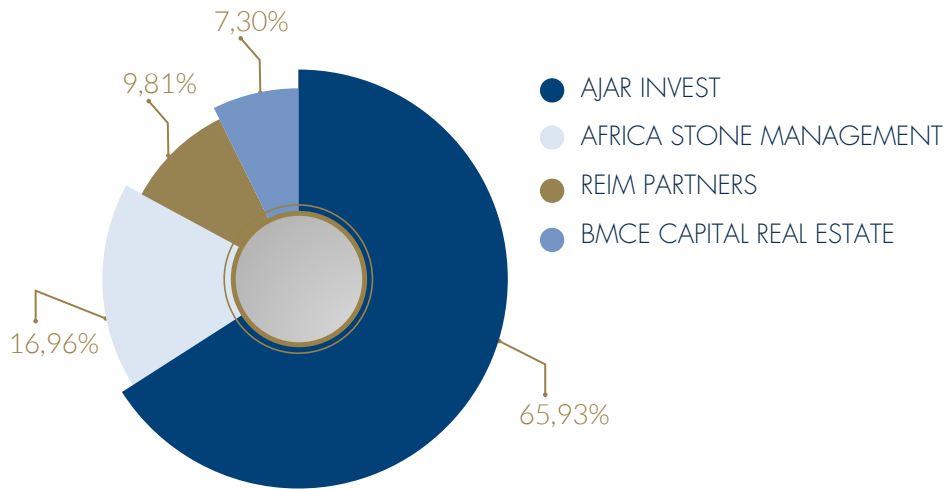
• Business indicators

At year-end 2020, total net assets of OPCIs reached MAD 6.09 billion, held by 7 OPCIs having the form of SPI-RFA and managed by 4 OPCI management companies.

As regards business concentration, the aggregate market share of the top two management companies of the market, AJARINVEST and AFRICASTONE MANAGEMENT, is of 82.89% with net assets under management of MAD 5.05 billion at year-end 2020.

The top two OPCIs in terms of assets under management, managed by the said management companies, represent 47.40% of total net assets under management.

Graph 37. Breakdown of net assets of OPCI management companies at year-end 2020



Source: Asset management companies, AMMC calculations

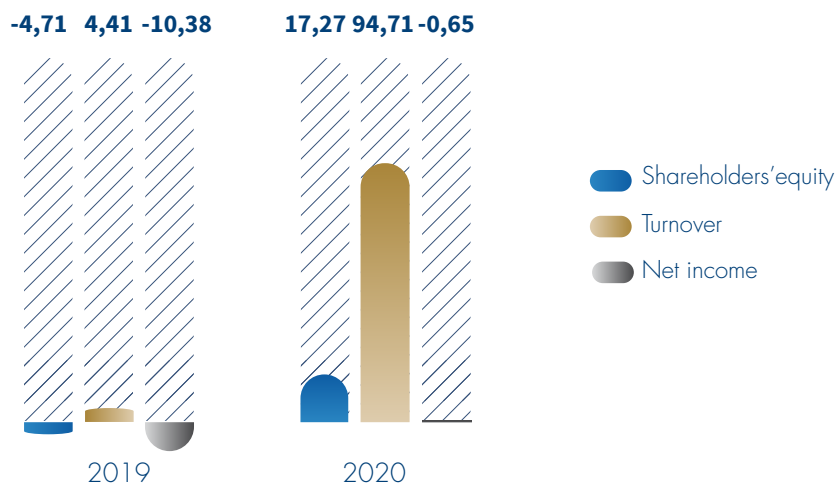
• Financial indicators

The consolidated revenues of OPCI management companies recorded a significant increase in 2020 to reach MAD 94.71 million, compared to MAD 4.41 million in 2019. This increase is mainly the result of the start of operations of OPCIs in 2020.

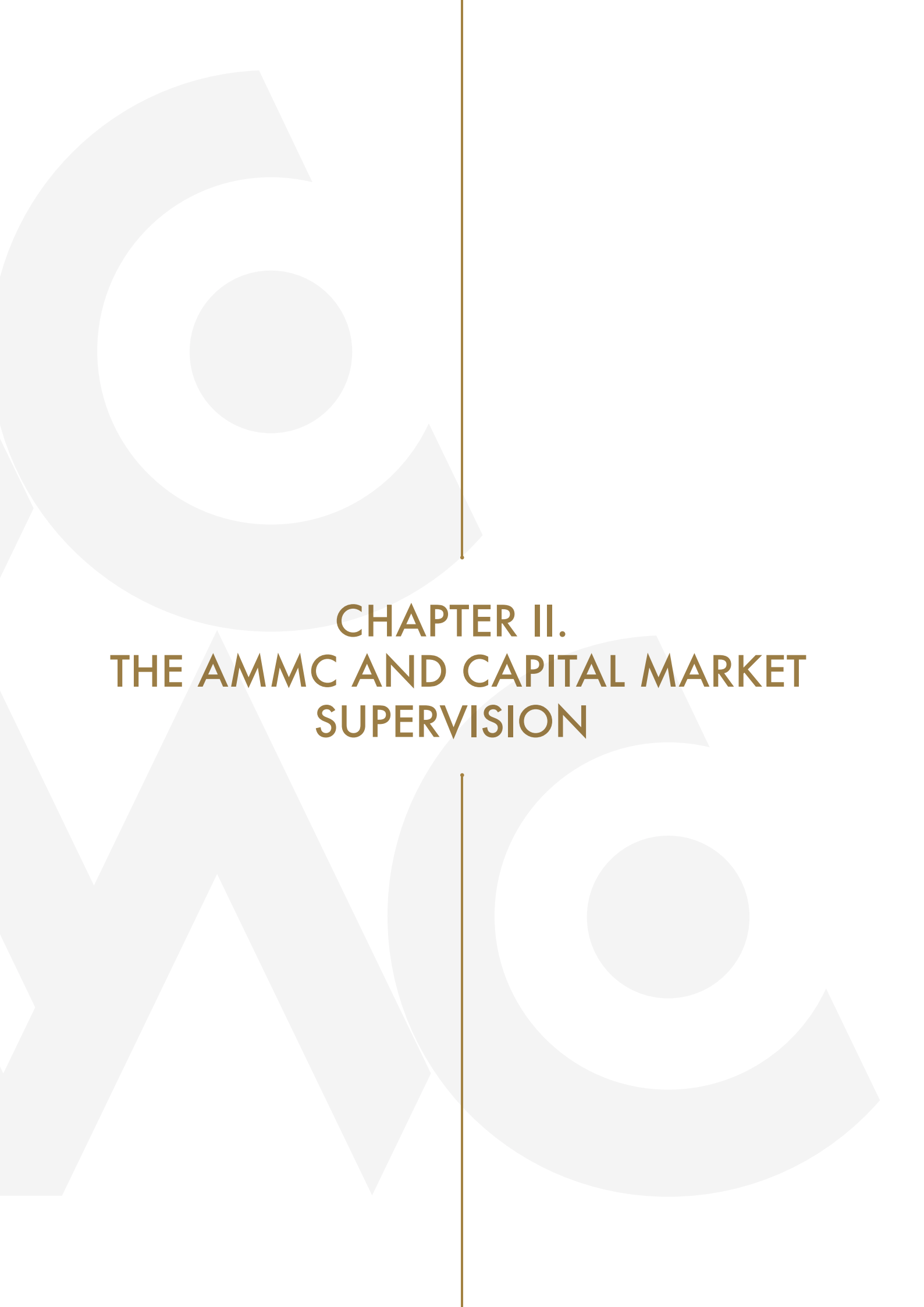
However, the consolidated net income of OPCI management companies is still negative, amounting to MAD -0.65 million in 2020 against MAD -10.38 million in 2019.

As for equity capital, it recorded MAD 17.27 million in 2020 versus MAD -4.71 million a year earlier.

Graph 38. Changes in the financial indicators of OPCI management companies (in MAD millions)



Source : Sociétés de gestion, calculs AMMC

The background features large, light gray, stylized letters 'AMMC' that are partially obscured by the text and a vertical line. The 'A' is on the left, the 'M' is in the center, and the 'C' is on the right. The 'M' and 'C' have circular elements that resemble eyes or targets.

**CHAPTER II.
THE AMMC AND CAPITAL MARKET
SUPERVISION**

1. AUTHORIZATIONS AND APPROVALS

1.1 Approval of market participants

The interest shown in 2019 by capital market players and real estate professionals in the approval of OPCC and OPCI management companies was confirmed in 2020. The AMMC has received several inquiries from the latter about the regulations governing these activities and in particular the management company status. Meetings have been organized accordingly.

In 2020, 5 OPCI management companies and 1 OPCC management company were approved.

Moreover, the management companies BMCE CAPITAL REAL ESTATE and AFRICA STONE MANAGEMENT, approved in 2019, have obtained the AMMC's consent for the relocation of their headquarters and the effective location of their activities.

Table 18. List of applications processed by the AMMC in 2020

Entity	Action taken
ATTIJARI REIM - OPCI management company	The five companies have been granted approval by the AMMC as OPCI management companies.
REIM PARTNERS - OPCI management company	
MSIN GESTION - OPCI management company	
MOROCCO REAL ESTATE MANAGEMENT - OPCI management company	
IRG Real Estate - OPCI management company	
Mediterrania Capital Partners Gestion - OPCC management company	The company was granted approval by the Minister of Economy, Finance and Administration Reform following the opinion of the AMMC.
BMCE Capital Real Estate - OPCI management company	Both companies have obtained the consent of the AMMC for the relocation of their headquarters and the effective location of their operations.
Africa Stone Management - OPCI management company	

Source : AMMC

1.2 Authorization of financial transactions

1.2.1 Equity transactions

During the 2020 financial year, the AMMC authorized 8 equity securities transactions. The transactions processed are set out in the following table:

Table 19. Equity securities transactions granted an authorization (visa)

Transaction Type	Issuer	Authorization date	Value in MAD million	Transaction Description
Initial public offering (IPO)	ARADEI CAPITAL	23/11/2020	600	Initial public offering by increasing the share capital through a public issue of 1,250,000 new shares and the sale of 250,000 shares.
Capital Increase	IMMORENTE INVEST	08/01/2020	408	Issue of ordinary shares within the framework of a capital increase intended for the public with cancellation of the preferential subscription right.
	BANK OF AFRICA - GROUPE BMCE	29/07/2020	999,1	Issue of ordinary shares in the framework of an increase in share capital through optional full or partial conversion of dividends for the 2019 financial year.
	SALAFIN	12/08/2020	129,6	Issue of ordinary shares in the framework of a capital increase through optional total or partial conversion of dividends for the 2019 financial year.
	ATLANTASANAD	10/09/2020	8,2	Capital increase of the insurance and reinsurance company Atlanta through a merger with Sanad.
	ATTIJARIWABA BANK	25/12/2020	1416,6	Capital increase of Attijariwafa Bank by optional conversion into shares of sums distributed on an extraordinary basis.
	Alliances Developpement Immobilier (ADI)	-	300	Capital increase by conversion of Associate current accounts, reserved for an executive.
Takeover bid	S2M	18/09/2020	42,31	Mandatory takeover bid for the shares of S2M, at the initiative of the members of the Concert action represented by Medtech and Millennium Ventures.

Source : AMMC

2020 was marked by the IPO of Aradei Capital for an amount of MAD 600 million through:

- An increase in share capital in cash by issuing 1,250,000 shares at a subscription price per share of MAD 400, i.e. MAD 100 as nominal amount and MAD 300 as issue premium. The capital increase amounted to MAD 500 million, of which MAD 125 million as nominal amount and MAD 375 million as issue premium;
- The sale of 250,000 shares for a subscription price per share of MAD 400, i.e. an amount of MAD 100 million.

Bank of Africa carried out a capital increase through optional total or partial conversion of dividends for the 2019 financial year. The transaction led to the issuing of 5,786,188 new shares at an issue price of MAD 137, i.e. a nominal value of MAD 10 per share and an issue premium of MAD 127 per share. The subscription rate for this capital increase amounted to 79.34% for an amount of MAD 792,707,756.

Attijariwafa Bank carried out a capital increase through optional conversion into shares of sums distributed on an extraordinary basis. At the end of this subscription period, the total number of subscribed shares amounted to 3,313,308 new shares out of a total of 3,650,909 offered shares, i.e. a conversion rate of 91%. The overall amount of the transaction was MAD 1,285,563,504, including MAD 33,133,080 of share capital and MAD 1,252,430,424 of issue premium.

Besides, an equity transaction through private placement amounted to MAD 580 million, including a capital increase of MAD 350 million.

1.2.2 Bond Issues

During the 2020 financial year, the AMMC authorized 12 bond issues by public offering, as shown in the following table:

Table 20. Authorized debt securities

Issuer	Authorization date	Value in MAD million	Description of the transaction
ATTIJARIWABA BANK	10/06/2020	1 000	Perpetual subordinated bond issue with a loss absorption and coupon cancellation mechanism for an overall amount of MAD 1 billion.
ATTIJARIWABA BANK	10/06/2020	500	Subordinated bond issue for an overall amount of MAD 500 million.
JET CONTRACTORS	04/08/2020	200	Ordinary bond issue of a maximum amount of MAD 200 million.
CREDIT AGRICOLE DU MAROC	26/11/2020	200	Perpetual subordinated bond issue with a loss absorption and coupon cancellation mechanism for an overall amount of MAD 200 million.
FEC	04/12/2020	2 000	Ordinary bond issue for an overall amount of MAD 2 billion.
ATTIJARIWABA BANK	10/12/2020	500	Subordinated bond issue for an amount of MAD 500 million.
ATTIJARIWABA BANK	10/12/2020	500	Perpetual subordinated bond issue with a loss absorption and coupon cancellation mechanism for an overall amount of MAD 500 million.
BCP	17/12/2020	1 500	Subordinated bond issue for an amount of MAD 1.5 billion.

Source : AMMC

Moreover, 3 bond issues guaranteed by the government were carried out in 2020, for a total amount of MAD 6.2 billion, including MAD 2 billion raised by ONCF and benefiting from the guarantee of the Guarantee Fund of Public Establishments and Enterprises (Fonds de Garantie des Etablissements et Entreprises Publics - FGEEP).

Finally, 17 bond issues by private placement were authorized by the AMMC, for a total amount of MAD 15.9 billion.

Box No. 7 The guarantee fund for public establishments and enterprises (fonds de garantie des établissements et entreprises publics - FGEEP)

The Guarantee Fund for Public Establishments and Enterprises (FGEEP) was created following the seventh meeting of the Economic Monitoring Committee held on 8 May 2020, in order to optimize the debt management of public establishments and enterprises (PEE), to ensure that it is secured within an ad hoc framework and covered by appropriate instruments, while ensuring that the debt capacity of PEEs is improved and that they are assisted in mobilizing the financial resources required for their development.

The management of the FGEEP has been entrusted to the Caisse Centrale de Garantie (CCG), which acts on behalf of the government and therefore does not commit its own resources.

1.2.3 Other granted approvals

• Negotiable debt securities issuance programs

In the 2020 financial year, the AMMC granted 5 visas relating to commercial paper issuance programs, including the establishment of a commercial paper issuance program for Aradei Capital.

The AMMC also reviewed 15 filings relating to the issuance programs of certificates of deposit and finance company bills.

The negotiable debt securities programs processed in 2020 are presented in the following table:

Table 21. Negotiable debt securities issuance programs (in MAD millions)

Instrument Type	Issuer	Program ceiling
Commercial paper	ARADEI CAPITAL	500
	JET CONTRACTORS	200
	LABEL VIE S.A.	800
	MANAGEM	1 000
Certificates of deposit	BANK OF AFRICA	15 000
	ATTIJARIWafa BANK	20 000
	FEC	7 000
	CFG BANK	5 000
	BMCI	12 000
	CIH BANK	10 000
	BANQUE CENTRALE POPULAIRE (BCP)	12 000
	CDG CAPITAL	2 500
	CREDIT AGRICOLE DU MAROC (CAM)	10 000
	CREDIT DU MAROC	9 000
Finance company bills	SOFAC	3 700
	RCI FINANCE MAROC	3 500
	EQDOM	7 000
	WAFASALAF	6 500
	WAFABAIL	5 000

Source : AMMC

• Share repurchase programs

In 2020, the AMMC approved 3 share repurchase programs:

Table 22. Approved share repurchase programs

Issuer	Authorization date	Description	Maximum amount to be committed (in MAD millions)
STOKVIS NORD AFRIQUE	21/02/2020	Program covering 5% of the capital, with an intervention range of MAD 10-20, and including a liquidity contract covering 20% of the program. The program runs from 19 March 2020 to 17 September 2021.	9.2
ITISSALAT AL-MAGHRIB	09/04/2020	Program covering 0.17% of the capital, with an intervention range of MAD 92-198, and including a liquidity contract covering 20% of the program. The program runs from 13 May 2020 to 12 November 2021.	297
DOUJA PROMOTION (GROUPE ADDOHA)	17/08/2020	Program covering 1% of the capital, with an intervention range of MAD 6-12. The program runs from 11 September 2020 to 10 March 2022.	48.3

Source : AMMC

• Public offerings carried out secondarily in Morocco

During the 2020 financial year, the AMMC authorized 8 public offerings carried out indirectly in Morocco. These consist of offerings exclusively made by foreign groups for their employees worldwide, including those of their Moroccan subsidiaries.

Table 23. Public offerings carried out secondarily in Morocco

Issuer	Authorization date	Security type	Total value of the offering in Morocco (in MAD millions)	Subsidiaries benefiting from the transaction in Morocco
AIRBUS GROUP	25/02/2020	Equity security	8.5	Stelia Aerospace Maroc SA, Aerolia Construction Aéronautique du Maroc SA.
SAFRAN	05/03/2020 et 08/05/2020	Shares of FCPE	27.4	Safran maroc, Safran nacelles Morocco, Safran engineering services Maroc, Safran electrical & power Morocco SA, Safran electronics & defense Morocco, Safran aircraft engine services Morocco et Zodiac aerospace Maroc.
VINCI (FRANCE)	05/06/2020	Shares of FCPE	25.43	Freyssima Maroc, Cegelec SA Maroc, Dumez Maroc, Sogea Maroc, SOLSIF Maroc SA, EXPROM Facilities, VIGIPROM SARL, Sixense Maroc et Asolutions Service.

Issuer	Authorization date	Security type	Total value of the offering in Morocco (in MAD millions)	Subsidiaries benefiting from the transaction in Morocco
SANOFI	11/06/2020	Shares of FCPE	6.52	Sanofi-Aventis Maroc.
AXA (FRANCE)	07/10/2020	Shares of FCPE	44.46	Axa Assurance Maroc, Axa Assistance Maroc, Axa Assistance Maroc Services Institut de formation et de développement professionnel AXA, Axa Crédit, Carré Assurance Maroc et Société de Gestion et de Surveillance (SGS). Les succursales : Axa France IARD Succursale, AXA France Vie Succursale, AVANSSUR Succursale et AXA Group Opérations Morocco.
NEXANS (FRANCE)	04/09/2020 et 16/10/2020	Shares of FCPE	7.97	NEXANS Maroc, SIRMEL, Tourets, Emballages du Maroc et NEXANS Interface Maroc.
VEOLIA ENVIRONNEMENT	04/09/2020 et 05/11/2020	Shares of FCPE	62.38	Veolia service à l'environnement Maroc, Veolia Environnement Industrie Maroc, Compagnie de Travaux Hydrauliques du Maghreb, Redal et Amendis.
CAPGEMINI	17/09/2020 et 09/11/2020	Shares of FCPE	47.58	Capgemini technology services Maroc S.A, Altran Maroc et MG2 Engineering.

Source : AMMC

• The reference document

The reference document contains information about the issuer. It is examined and registered by the AMMC under the same conditions as a prospectus, then published after its registration. The reference document then remains valid until the closing of the issuer's new financial statements, for a maximum period of 12 months.

During the validity period of the reference document, the latter can be used for the issuer's various financial transactions. The reference document can be supplemented by a transaction memorandum, which only contains information relating to the planned transaction, in order to constitute a multi-document prospectus. The adoption of this scheme allows the issuer to benefit from opportunities on the market given the reduced time required for the memorandum's review. The market is also better prepared for the issuer's transactions since it will have had access to all information about the issuer prior to the launch of such transactions.

It should be noted that since the entry into force of circular No. 03/19, the documents relating to negotiable debt security issuance programs must be composed of a reference document (to be updated each year) and a memorandum relating to the negotiable debt security program (to be updated in case there are any changes in the program's characteristics).

As such, in 2020 the AMMC registered the following 19 reference documents:

Table 24. Registered reference documents

Issuer	Registration date	Uses of the Reference Document	Period covered
ARADEI CAPITAL	31/01/2020	Implementation of the commercial paper program.	2018 financial year and H1 2019
ATTIJARIWAFABANK	10/06/2020	Perpetual subordinated bond issue with loss absorption and coupon cancellation mechanism. Subordinated bond issue. Annual update of the information package relating to the certificate of deposit issue program.	2019 financial year
ARADEI CAPITAL	03/07/2020	Annual update of the commercial paper program.	2019 financial year
JET CONTRACTORS	07/07/2020	Annual update of the information pack relating to the commercial paper program. Bond issue.	2019 financial year
FEC	10/07/2020	Annual update of the information package for the certificate of deposit program.	2019 financial year
BMCI	28/07/2020	Annual update of the information package for the certificate of deposit program.	2019 financial year
CFG BANK	28/07/2020	Annual update of the information package for the certificate of deposit program.	2019 financial year
CIH BANK	29/07/2020	Annual update of the information package for the certificate of deposit program.	2019 financial year
SOFAC	12/08/2020	Annual update of the information package for the certificate of deposit program.	2019 financial year
RCI FINANCE MAROC	25/08/2020	Annual update of the information package for the certificate of deposit program.	2019 financial year
BCP	31/08/2020	Annual update of the information package for the certificate of deposit program.	2019 financial year
LABEL'VIE	04/09/2020	Annual update of the commercial paper program.	2019 financial year
CDG CAPITAL	24/09/2020	Annual update of the information package for the certificate of deposit program.	2019 financial year
CREDIT AGRICOLE DU MAROC	05/11/2020	Annual update of the information package relating to the certificate of deposit issue program. Perpetual subordinated bond issue with loss absorption and coupon cancellation mechanism.	2019 financial year and H1 2020
EQDOM	30/11/2020	Annual update of the information package for the finance company bond issue program.	2019 financial year and H1 2020
WAFASALAF	17/12/2020	Annual update of the information package for the finance company bond issue program.	2019 financial year
WAFABAIL	29/12/2020	Annual update of the information package for the finance company bond issue program.	2019 financial year and S1 2020
MANAGEM	29/12/2020	Annual update of the information package for the commercial paper program.	2019 financial year and H1 2020
CRÉDIT DU MAROC	29/12/2020	Annual update of the information package for the certificate of deposit program.	2019 financial year, H1 2020 and O3 2020

Lorsque l'émetteur publie ses comptes semestriels, ou lorsque surviennent des faits nouveaux significatifs relatifs à son organisation, son activité, ses risques, sa situation financière, ses résultats ou ses perspectives, le document de référence doit être actualisé avant de pouvoir faire partie d'un prospectus utilisé pour une opération financière.

In addition, the AMMC has granted its approval for the update of 4 reference documents, detailed as follows:

Table 25. Updated reference documents

Issuer	Registration date of the update	Uses of the updated reference document	Period covered by the update
ARADEI CAPITAL	23/11/2020	Initial public offering of the company.	S1 2020
FEC	04/12/2020	Ordinary bond issue.	S1 2020
ATTIJARIWAFABANK	10/12/2020	Subordinated bond issue. Perpetual subordinated bond issue with loss absorption and coupon cancellation mechanism.	S1 2020
BCP	17/12/2020	Subordinated bond issue.	S1 2020

1.3 The authorization of collective investment schemes

1.3.1 UCITS

In 2020, the AMMC granted 213 approvals to UCITS, consisting of 76 approvals of draft management policies and articles of association of UCITS and 137 authorizations of prospectuses.

The 75 UCITS approvals include 38 renewals and 37 creations. It should be noted that almost half of the newly created UCITS are "MLTB" UCITS.

As for the 137 prospectuses cited, 25 correspond to newly marketed UCITS.

Table 26. Summary of approved UCITS

UCITS	Authorizations			Approvals of prospectuses		
	Creation	Renewal	Total	Creation	Update	Total
Equity	3	12	15	3	22	25
Diversified	7	9	16	4	22	26
Money Market	4	3	7	3	13	16
Short-term bonds	5	0	5	3	18	21
Medium and long-term bonds	18	14	32	12	37	49
Total	37	38	75	25	112	137

Source : AMMC

In 2020, the number of applications for UCITS approvals submitted to the AMMC increased by 10%, i.e. 198 applications received in 2020 compared to 180 in 2019.

As such, the applications for approvals submitted to the AMMC during the past year have particularly reflected:

- managers' search for greater flexibility both in terms of investment scope and in terms of subscription and redemption procedures in the funds under management
- the institutional investors willingness to entrust the management of their assets to management companies
- the managers willingness to diversify their offer by exploring new management themes.

1.3.2 Securitization vehicles (FPCTs)

In 2020, the AMMC approved the creation of two new FPCTs, including a compartment, involving the securitization of real estate assets.

The authorized transactions are as follows:

- **FT IMMO LV II:** fund managed by the management company Maghreb Titrisation which intervenes within the framework of the transaction relating to the securitization of real estate assets held by Label 'Vie S.A. The said fund has been launched through a public offering to qualified investors established under Moroccan law;
- **FT WATER - COMPARTMENT I:** compartment constituted by the management company Maghreb Titrisation for the securitization of real estate assets held by ONEE. The said compartment benefits from a guarantee granted by the government and covering the payment of amounts due by the originator institution to the compartment. The bonds issued within the framework of this transaction were launched through a private placement to qualified investors established under Moroccan Law.

1.3.3 Private equity investment vehicles (OPCCs)

In 2020, only one application for approval was submitted to the AMMC. This was an application for the renewal of the opinion of SCR PME Croissance, managed by Private Equity Initiatives, due to the amendment of the articles of association of the said SCR following the reduction of its capital.

1.3.4 Real estate investment schemes (OPCIs)

In 2020, the AMMC approved the draft management policies of 5 Real Estate Investment Companies (SPI): CDG Pierre Secure and Amane Placement Immo managed by the management company Ajarinvest, Patrimoine Premium managed by the management company Africa Stone Management, Immo Fund Of Africa managed by the management company Bmce Capital Real Estate and Cleo Pierre managed by the management company Reim Partners. These 5 new investment vehicles are OPCIs with light operating rules.

Subscription to the shares of the said OPCIs is reserved for qualified investors.

1.4 Approval of real estate appraisers of OPCI assets

In accordance with the provisions of Law No. 70-14 on OPCIs and Decree No. 2.18.32 implementing Articles 31 and 33 of the aforementioned law, and following the work of the consultative commission in charge of issuing its opinion on applications for approval of real estate appraisers of OPCI assets, the AMMC was asked to give its opinion on applications for approval of real estate appraisers received by the Ministry of Economy, Finance and Administration Reform.

The AMMC's opinion is formulated following verification that the necessary conditions for the exercise of the real estate appraiser's profession in OPCI assets are met. These conditions relate to professional experience in the field of real estate asset appraisal and the integrity of the managers and persons in charge of the real estate appraisal, as well as the necessary guarantees in terms of human, organizational and technical resources.

In 2020, 3 real estate appraisers were approved by the Minister of Economy, Finance and Administration Reform after a favorable opinion issued by the abovementioned commission, thus resulting in a total of 10 approved appraisers.

2. CONTROL OF FINANCIAL INFORMATION

2.1 Periodic information

The periodic information required from issuers is intended to inform investors about the performance and financial situation of issuers.

In 2020, the provisions of the AMMC circular No. 03/19 on annual publications were enforced for the first time. This circular has enriched the content of annual publications through the introduction of the annual financial report with complete financial information and non-financial information (management report, management discussion and analysis, auditors' fees, ESG report).

Given the information required, the deadline for the publication of the annual financial report has been set at 4 months from the date of the closing of the financial year and the requirement to publish the financial statements for the second half of the year within 3 months of the closing of the financial year has been removed. However, issuers must, immediately after approving the annual financial statements, publish a press release in a legal gazette to report on the key figures and provide an explanation of the performance over the period.

As such, in 2020 issuers were required to publish the following periodic information:

- publication of the annual financial reports for the year 2019;
- publication of half-yearly financial reports for the first half of 2020;
- publication of quarterly indicators for the fourth quarter of 2019 and the first, second and third quarters of 2020.

This information has been subject to regular controls by the AMMC, in particular with regard to:

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

Table 27. Result of the control of the annual publications for the 2019 financial year

Type of observations	Q4 2019	2019	Q1 2020	Q2 2020	H1 2020	Q3 2020
Non-compliance with financial publication deadlines	2	5	4	4	4	3

Source: AMMC

Control of the compliance with the deadlines for the publication of financial reports and quarterly indicators published in 2020 reveals the following:

- non-compliance with the publication deadline for Q4 2019 by Centrale Danone and Stroc
- non-compliance with the publication deadline for the 2019 financial year by OCP, DLM, Ennakl Automobiles, Centrale Danone and Stroc
- non-compliance with the publication deadline for Q1 2020 by Jaida, SRM, Centrale Danone and Stroc
- non-compliance with the publication deadline for Q2 2020 by SRM, DLM, Centrale Danone and Stroc
- non-compliance with the publication deadline for the first half of 2020 by M2M, Centrale Danone, Stroc and DLM
- non-compliance with the publication deadline for Q3 2020 by SRM, Centrale Danone and Stroc.

It should be noted that Article 6 of the Decree-Law No. 2-20-292 of 28 Rejeb 1441 (23 March 2020), laying down special provisions for the state of health emergency and measures for its declaration, suspended all deadlines provided for by

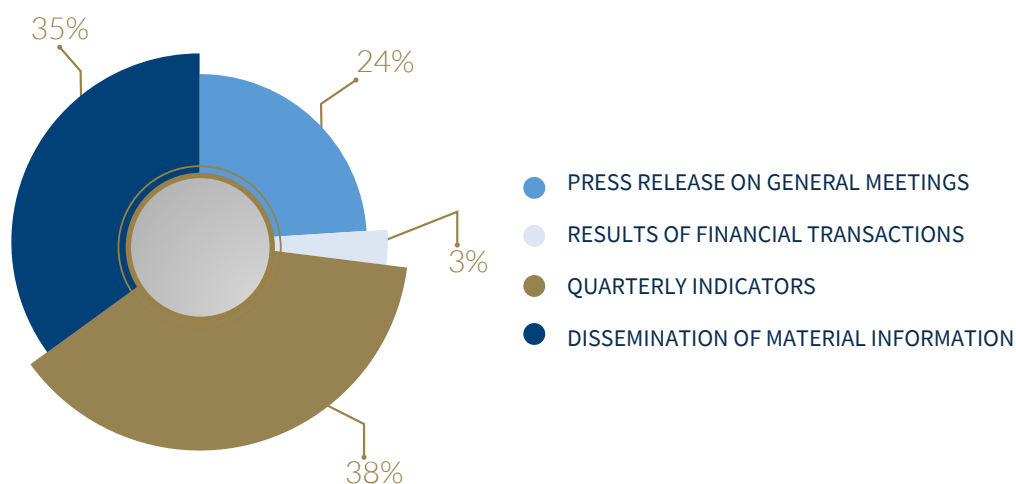
applicable laws and regulations. The provisions of the said article have been repealed by those of law No. 42-20 published in the official gazette on 27 July 2020.

2.2 Other disclosure requirements

Legal entities making public offerings are subject to an obligation to publish any information relating to their organization, their commercial, technical or financial situation and which may have a significant influence on the stock market price of their securities or an impact on the assets of the holders of securities, as soon as they become aware of it.

2.2.1 Type of publications

Graph 39. Breakdown of publications by press release topic in 2020



Source : AMMC

In 2020, 946 press releases were published by issuers compared to 703 in 2019 (representing a 35% increase), mainly due to the full-year application of the disclosure requirements introduced by AMMC Circular No. 03/19 on financial transactions and reporting.

Indeed, 39% of the press releases published relate to quarterly indicators, 25% relate to general meetings and 35% relate to an important event.

2.2.2 Suspension requests

In some circumstances and in order to preserve equal access to information, the AMMC requests the Casablanca Stock Exchange to temporarily suspend the listing of a security pending the publication of material information or within the framework of the filing of a public offer proposal.

As such, 2 securities were subject to suspension requests during the year 2020, one of them being linked to the filing of a proposed takeover bid and the other one in the framework of a merger transaction.

2.3 Threshold crossing disclosures

Threshold crossing disclosures are a disclosure obligation incumbent on shareholders who have crossed, upwards or downwards, the thresholds of ownership in listed companies. These thresholds of 5%, 10%, 20%, 33.33%, 50% and 66.66% are set by Articles 97 and 98 of Law No. 19-14 on the Stock Exchange, brokerage firms and financial investment advisors. Threshold crossing disclosures are controlled and processed by the AMMC, which makes them public via its website in order to report on changes in the shareholding structure of listed companies.

Table 28. Breakdown of disclosures by investor category

Investor category	2019	2020
Threshold crossing disclosure (upward)	16	11
<i>Legal entities established under foreign law</i>	3	0
<i>Legal entities established under Moroccan law</i>	12	6
<i>Natural persons</i>	1	5
Threshold crossing disclosures (downward)	13	10
<i>Legal entities established under foreign law</i>	2	2
<i>Legal entities established under Moroccan law</i>	6	6
<i>Natural persons</i>	5	2
TOTAL threshold crossing disclosures	29	21

Source : AMMC

2.4 Stock repurchase programs of listed companies

Listed companies that have an ongoing stock repurchase program are required to submit a monthly statement to the AMMC, disclosing all sales and acquisitions made either directly or through their subsidiaries during the previous month. The AMMC publishes this information on its web site for the general public.

Table 29. Stock repurchase programs in 2020

2 programs as at 31/12/2019	BCP and IAM
1 program expired in 2020	IAM
1 program renewed in 2020	IAM
New programs approved in 2020	Stokvis Nord Afrique and Douja Promotion Groupe Addoha
4 programs as at 31/12/2020	Stokvis Nord Afrique, Douja Promotion Groupe Addoha, BCP and IAM

Source : AMMC

Table 30. Status of outstanding stock repurchase programs as at 31/12/2020

Companies	Addoha	BCP	MAROC TELECOM		Stokvis Nord Afrique
			Casablanca	Paris*	
Performance of the repurchase program / Liquidity contract					
Number of shares held at the beginning of 2020	2 723 024	86 103	20 000	75 326	368 287
<i>Total number of shares purchased under the repurchase program (RP)</i>	-	130 476	471 093	401 361	7 791
<i>Total number of shares purchased under the liquidity contract (LC)</i>	-	213 117	627 063	-	-
<i>Weighted average purchase price</i>	-	244.81	138.8	12.81	10.32
<i>Total number of shares sold under the RP</i>	-	122 726	467 890	434 000	-
<i>Total number of shares sold under the LC</i>	-	237 634	636 766	-	-
<i>Weighted average purchase price</i>	-	246.79	139.22	12.98	-
Number of shares held at the end of 2020	2 723 024	69 336	13 500	42 687	376 078
Equity share	0.68%	0.03%	0.0015%	0.0049%	4.09%

Source: AMMC

2.5 Deontology of listed companies

From the 74 listed companies subject to the obligation to submit deontology reports:

- 24 companies were late in the first half of 2020 compared to 15 in the second half. Most of the delays were due to the health crisis situation as well as difficulties in accessing the SESAM platform for certain companies;
- 2 companies -**DLM** and **IB Maroc**- failed to comply with their obligation to submit a deontology report for the second half of the year.

As for the comprehensiveness of the reports, the controls carried out revealed the incompleteness of two reports for the first half of the year and one report for the second half of 2020. All of these reports were rectified following the AMMC's intervention.

Moreover, it should be noted that the form relating to the half-yearly deontology activity within the listed companies has been modified, following the entry into force in June 2019 of circular No. 03/19. As such, the amendment of the form has implied adjustments to the SESAM platform, integrating new settings and new controls. The changes in reporting have been subject to several awareness-raising and training sessions for compliance officers.

Table 31. Results of the control of listed companies' deontology reports

	S1 2020	S2 2020
No submission	0	2
Non-compliance with the submission deadline	24	15
Non-compliance with regards to the comprehensiveness of the report	2	1

The analysis of deontology reports for the year 2020 includes the following findings:

- 29 compliance officers reported having conducted awareness-raising sessions in 2020;
- 41 companies reported that their code of ethics provides for the management of the portfolio of permanent insiders by a financial intermediary;
- 45 companies provide for the recording of transactions by permanent insiders with the compliance officer in their code of ethics.

2.6 Management of relations with statutory auditors

Following the entry into force of the provisions of Circular No. 03/19 in June 2019, issuers and their statutory auditors have become subject to new disclosure requirements vis-à-vis the AMMC. These include:

- informing the AMMC of any proposed appointment or reappointment of statutory auditors. Thus, during the year 2020, the AMMC has reviewed 84 files relating to the mandates of statutory auditors, including 74 proposals for renewal of mandates and 10 proposals for new appointments;
- informing the AMMC of any fact or decision likely to affect the issuer's financial situation, jeopardize its ability to continue as a going concern or lead to a reserve or refusal of certification. In this respect, in 2020, the statutory auditors informed the AMMC of 9 intentions to issue reserves, more than half of which concerned a renewal of previous reserves.

2.7 Reporting on corporate social responsibility

2.7.1 ESG Reporting (Environmental, Social and Governance)

2020 was marked by the effective implementation of the new ESG reporting requirements for issuers under AMMC Circular No. 03/19 on financial transactions and disclosures.

The purpose of ESG reporting is to inform the public, in particular about the impact of the issuer's activities on the environment, its relations with employees and stakeholders, and its governance.

As such, during the 2020 financial year, the AMMC conducted an initial review of the ESG reports published for the 2019 financial year. This review revealed that 95% of issuers published an ESG report, despite the conditions and constraints related to the health crisis. However, the qualitative analysis of the content of the reports shows that some aspects still need to be improved.

2.7.2 General Information

This section of the ESG report provides an overview of the issuer's profile and CSR strategy. In particular, it introduces the material issues and describes the process for collecting and processing non-financial information.

In this respect, the reviewed reports highlight the following findings:

- 47% contain a methodological memorandum describing the process for identifying, collecting, processing and compiling non-financial information;
- Only 24% specify the materiality analysis.

2.7.3 Specific Information

This section of the report provides specific information on each of the Environmental, Social and Governance areas.

The " Environmental" dimension: addresses the issuer's environmental policy and covers the impacts related to the use of natural resources and waste treatment, highlighting the company's participation in the preservation of these resources and the efforts made to reduce their consumption. In this respect, the assessment shows that:

- the environmental strategy and practices used to reduce the environmental impact of activities have been reported by most issuers;
- 45% of issuers indicate the level of consumption of natural resources;
- 57% of the reports contain the measures implemented to optimize resource consumption;
- No environmental litigation was reported.

The "social" dimension: describes the main aspects of the issuer's human resources management policy. In this dimension, most of the indicators required by Circular No. 03/19 have been provided, in particular recruitment, dismissals, strike days and information on the workforce. However, some aspects were not disclosed by issuers. Indeed:

- 68% of reports contain a statement on measures taken for gender parity;
- 48% of issuers state that they have implemented measures for the employment and integration of persons with reduced mobility;
- 44% of issuers have specified in the report the employee incentive and participation schemes.

The "governance" dimension: provides an overview of the composition of the governance body and its functioning, as well as its role in risk management and sustainable development. The analysis of this section shows that:

- 32% of the reviewed reports contain a description of the rules followed with regard to parity;
- 57% of the reports mention that the boards of directors/supervisory boards meet more than twice a year;
- 47% mentioned executive compensation;
- 26% of issuers have provided information on the performance review process of the governance body;
- 77% declare having implemented measures to prevent corruption.

3. CONTROL OF PARTICIPANTS AND MARKET INFRASTRUCTURE

The AMMC supervises the activities, organization and resources of participants and market enterprises 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 controls through the analysis of mandatory reportings submitted to the AMMC via the "Market Authority Exchange and Supervision System" (SESAM) platform.

3.1 On-site inspections

As part of the operationalization of the AMMC's new organization in 2019 with the implementation of a new approach to conducting inspections and a new typology of missions⁵, 2020 was characterized by the adaptation of the approach for inspections to the COVID 19 pandemic context, starting from April 2020.

⁵. See Box No. 8

In this context and as a member of the International Organization of Securities Commissions (IOSCO), the AMMC, like other regulators (such as the AMF (France), the CONSOB (Italy), the FSA (Japan)), has reviewed its approach to carry out inspection missions mainly by relying on remote controls, while ensuring that the findings are documented, that audit trails exist and that the principle of adversarial proceedings is respected.

This approach is based on the following main steps:

- administering detailed surveys covering all areas to be controlled and/or requests for information and documents to be provided
- interviews with the managers of the controlled processes by videoconference using a secure platform in order to ensure the accuracy of the information provided and the in-depth control of the topics covered by the mission;
- remote access to the information system and applications of the participant, if necessary;
- sending the inspection reports to the participant for review and comment;
- sending the final inspection report to the participant.

Box No. 8 Reminder of the typology of inspection missions

1. SCAN missions are planned on an annual or pluri-annual basis and cover all of a participant's business areas and processes;
2. SCRIN missions are triggered on the basis of feedback related to the occurrence of a new risk;
3. SCOP missions consist of short thematic controls, targeting a specific topic, carried out on several participants at the same time. The main objective is to compare certain practices of market players in a specific area in order to identify good and bad practices based on a reference framework (national regulations, international standards, etc.).

In 2020, the AMMC carried out on-site inspections for 30 participants, i.e. nearly 42% of the reporting entities. In addition, a SCOP mission relating to the AML/CFT system covered all brokerage firms, management companies and account keepers.

Table 32. Coverage /inspection rate in 2020

	Total number	Number inspected
Brokerage firms	17	11
Management companies	38	12
Banks	14	6
Market undertakings	2	1
Total	71	30
Coverage rate (Number of inspected participants/ Total number of participants)		42%

3.1.1 SCOP mission relating to the public offering of Itissalat Al Maghrib shares

In 2020, following up on the missions conducted in 2019 with 9 placement agents, in order to verify the modalities for collecting subscriptions for the public offering of Itissalat Al Maghrib shares, the AMMC conducted a SCOP mission with 17 placement agents members: Crédit du Maroc Capital, WafaBourse, ICF Al Wassit, Capital Trust Securities, Alma Finance Group, CIH Bank, Société Générale, MSIN, BMCI, BMCI Bourse, Atlas Capital Bourse, CDG Capital Bourse, Crédit Agricole du Maroc, Crédit du Maroc, Artbourse, Valoris Securities and Attijariwafa Bank.

Box. No. 9 Summary of good and bad practices relating of the "public offering of itissalat al maghrib shares"

Good practices	Bad practices
<p>✓ Existence of dedicated modules in the information systems enabling full traceability of the various stages of processing the subscription: entry of the subscription, blocking of subscription coverage, allocations, unblocking and return of the unused balance of the subscription coverage;</p> <p>✓ Existence of several layers of controls before the final validation of the subscriptions (1st level of control by the sales staff, 2nd level of control by the middle-office and 3rd level of control by internal control...) and the application of the same controls for all the subscribers;</p> <p>✓ Verification of the total coverage of subscriptions at the time of their collection, by effective deposits or by collateral;</p> <p>✓ Use of the weightings provided for in the prospectus for the valuation of securities put up as collateral;</p> <p>✓ Formalization and dissemination of procedures to explain the various specificities of the operation, in particular the methods of covering subscriptions;</p> <p>✓ Reinforced controls of the aspects relating to the identification and knowledge of the subscribers.</p>	<p>✗ Technical difficulties in the systematic blocking of subscription coverages until the date of allocations;</p> <p>✗ Insufficient archiving of all the documents related to the subscription (identification of the subscribers, modalities of subscription coverage with the valuation used and traceability of the blocking of the covers...), at the level of the subscription files and information systems;</p> <p>✗ Insufficient control and verification procedures of the documents provided by the subscribers (subscription form, ID, management mandates, blocking certificates...)</p> <p>✗ Recourse by some subscribers to other customers for additional subscriptions. The principal subscriber provides cash to the account of the carrying customer and, once the subscription is made, the securities are immediately sold on the secondary market and the proceeds of the sale are transferred to the principal subscriber;</p> <p>✗ Lack of coordination between certain underwriters and their distribution network as to the application of the subscription terms provided for by the prospectus.</p>

3.1.2 SCOP mission covering the internal control system of UCITS management companies

Given the significant importance of the internal control system in the operations of UCITS management companies and in risk management, a SCOP mission was carried out at 17 management companies in order to assess the said system.

The mission took place in two phases:

- A first phase involving a remote inspection and based on the administration of a survey developed following an analysis of the national regulatory framework and international benchmarks. During this phase, good and bad practices relating to the internal control system of UCITS management companies were identified and broken down into four areas:
 - the control environment;
 - risk assessment;
 - control activities;
 - impact of control activities on process improvement.

- A second phase of on-site inspections involving 8 UCITS management companies, selected on the basis of their ranking according to good and bad practices. The objective of this phase was to make an on-site observation of all the practices identified during phase 1.

Box No. 10 Summary of good and bad practices relating to the internal control system of UCITS management companies

Control environment within UCITS management companies	
Organization and activities of the management company	<ul style="list-style-type: none"> ✓ The creation of a "risk management" function and the separation of management, trading and financial analysis functions. ✗ The combination of functions likely to generate conflicts of interest and the absence of an evaluation of the services provided.
Evaluation of the IC system	<ul style="list-style-type: none"> ✓ Periodic control by the parent company and certification of the internal control system by a specialized firm.
Internal committees	<ul style="list-style-type: none"> ✓ The set-up of internal control and risk management committees and the participation of the internal controller in all internal committees. ✗ The lack of formalization of internal committee meetings and failure to comply with the frequency of holding such meetings.
Rollout of procedures	<ul style="list-style-type: none"> ✓ The implementation of updated and detailed procedures covering all the company's processes. ✗ Incompleteness of the minimum procedures provided for in the AMMC circular.
Human resources	<ul style="list-style-type: none"> ✓ The recruitment of qualified people, the carrying out of evaluations at a predefined frequency and the setting up of appropriate training. ✗ Insufficient human resources and incomplete job descriptions.
Risk assessment within UCITS management companies	
Risk identification and assessment	<ul style="list-style-type: none"> ✓ The development of a relevant risk map, updated on a regular basis and following a consistent methodology. ✗ The incompleteness of the risk map, the inadequacy of the processing and follow-up of incidents and the absence of an IS audit.
Business continuity plan	<ul style="list-style-type: none"> ✓ The implementation of a formalized business continuity strategy, including the definition of minimum requirements in terms of organizational, human and technical resources. ✗ The lack of a business continuity plan or its limitation to the IS component.
Conflict of interest management	<ul style="list-style-type: none"> ✓ Establishment of a mapping of potential conflict of interest's situations. ✗ Lack of formalization of the process of detection and management of conflict of interests and of awareness sessions.

Control activities	
Levels of control	<p>✓ The documentation and materialization of the work of the internal controller on at least a weekly basis, the automation of reconciliations and the configuration of blocking controls in the information system.</p> <p>✗ The lack of a second level of control over the valuation of securities and the calculation of the net asset value, the incompleteness of client files, the insufficient frequency of controls as well as the absence of a definition of internal limits and a formalized monitoring of the investment policy.</p>
Claims management	<p>✓ The implementation of a procedure for handling complaints and a web page dedicated to complaints.</p> <p>✗ The lack of traceability of the complaints received and the absence of action plans to improve the processes concerned.</p>
Impact of control activities on process improvement	
Reporting of internal control results	<p>✓ The submission of periodic reports to executive bodies on the results of internal control work and the reporting of these results by the audit committee to the governance bodies.</p> <p>✗ The lack of involvement of the governance bodies in the internal control system and the absence of formal reporting to senior management.</p>
Follow-up of anomalies and action plans for risk control	<p>✓ The involvement of the risk manager in monitoring the implementation of action plans to control identified risks.</p> <p>✗ The lack of formalization of the follow-up of anomalies by the internal controller in a file or register of anomalies.</p>

3.1.3 SCOP mission on anti-money laundering and combating the financing of terrorism (AML/CFT)

As part of the reinforcement of the national AML/CFT framework and the support of capital market participants in the implementation of an effective internal vigilance and monitoring system in compliance with the regulatory provisions, the AMMC carried out a "SCOP" inspection mission during the 2020 financial year aimed at assessing the AML/CFT systems implemented by all capital market participants, based on their answers to the annual AML/CFT survey.

The AML/CFT SCOP mission was conducted in 4 phases:

1. the AMMC sent a survey to all capital market participants in order to collect essential information on their AML/CFT systems;
2. upon receipt of the responses to the survey, an AML/CFT risk mapping analysis was conducted to assess the inherent and residual risks related to each market participant;
3. the various results of the risk-based analysis were used to prepare a report summarizing the conclusions of the mission: the ratings assigned to the various AML/CFT systems, the good and bad practices identified, and the recommendations made for each participant based on the identified gaps;
4. the comprehensive report of the SCOP mission was sent to all the audited market participants in order to allow them to anonymously compare the level of compliance of their systems with those of other market participants. In addition to the comprehensive report, an individual report was sent to each market participant. This report summarizes the details of the assessment elements and the personalized recommendations relating to the AML/CFT system of the participant.

Box No. 11 Summary of good and bad practices related to the AMC/CFT system

Area No. 1: Control, general policy and procedures for internal vigilance and monitoring	
Internal policies and procedures	<ul style="list-style-type: none"> ✓ Existence of manuals with specific procedures for each AML/CFT process. ✗ Incomplete AML/CFT policies and procedures that fail to cover all processes.
Information system	<ul style="list-style-type: none"> ✓ Use of software and software packages to automate AML/CFT processes. ✗ Predominance of manual processing. AML/CFT processes are not sufficiently automated.
Staff awareness and training	<ul style="list-style-type: none"> ✓ Regular organization of AML/CFT training and awareness-raising sessions using external service providers. ✓ Assessment of staff knowledge following AML/CFT training. ✗ Lack of planning for AML/CFT training by some participants. ✗ The training sessions organized present the AML/CFT theme in a summarized manner and are not adapted to the specificities of certain professions.
Area No. 2: Vigilance regarding business relationships and beneficial owners	
Knowledge of clients and additional vigilance measures	<ul style="list-style-type: none"> ✓ Implementation of reinforced vigilance measures with regard to high-risk clients and systematic reporting of information concerning them to the management bodies. ✗ No use of additional sources of information to ensure the relevance of the information declared by clients.
Classification of clients by risk and updating of client information	<ul style="list-style-type: none"> ✓ Setting of a frequency for updating the information collected on clients according to their risk profile. ✗ Risk-based client classifications are not deployed by all participants and remain insufficient for some participants.
Use of third-party introducers	<ul style="list-style-type: none"> ✗ Third-party introducers are not systematically governed by an agreement that clearly defines the responsibilities of each party.
Area No. 3: Global risk assessment	
Overall risk assessment	<ul style="list-style-type: none"> ✓ AML/CFT risk assessments are updated periodically and take into account relevant factors. ✗ AML/CFT risk assessments are not deployed by all participants.
Area No. 4: Vigilance over transactions	
Control of transactions and freezing of assets	<ul style="list-style-type: none"> ✓ Listing of "red flags" defining suspicious transactions that should be reported. ✓ Definition of thresholds to detect unusual transactions according to the client's profile. ✓ Carrying out automatic checks on transactions. ✓ Implementation of a tool for automatic filtering of clients appearing on the lists of the FIU and international bodies. ✗ Lack of procedures for monitoring transactions. ✗ Lack of procedures defining how to block transactions. ✗ Lack of procedures for freezing assets.

3.2 Documentary controls

As part of the monitoring of market participants, the AMMC carries out a documentary control based on the information and documents that must be submitted according to the frequency and deadlines specific to each report.

This control includes, inter alia, the monitoring and analysis of:

- the changes in participants' quarterly performance and financial indicators;
- monthly securities lending transactions;
- compliance with the various applicable prudential rules;
- the half-yearly reports of internal auditors;
- the half-yearly contributions to the guarantee fund.

These controls allow the AMMC to:

- make recommendations to improve market practices and internal processes of market participants
- enrich the risk map of market participants, in order to obtain a more detailed assessment of each participant's level of compliance with legal and regulatory requirements in terms of human, financial, organizational and technical resources, as well as their level of exposure to various risks associated with their activity.

In addition, the AMMC pays particular attention to the follow-up of reported incidents. In this context, the Authority closely monitors all incidents until they are resolved, in order to assess their origin, criticality, frequency and impact, as well as the action plan implemented by the participant to remedy them.

Furthermore, as part of the monitoring and support of participants, the AMMC also processes all their requests and consultations relating to:

- their development projects;
- Optimization of their operational processes;
- the digitization of treatments and processes.

3.2.1 Control of the company managing the stock exchange

• Monitoring of incidents

The company managing the Stock Exchange recorded 6 incidents in 2020. These incidents were classified as moderate or low criticality and concerned the telecommunications, the clearing system and the "statistics and indices" section.

The reported incidents did not have a major impact on the activities of market participants. They were handled by the teams of the company managing the Stock Exchange and were the subject of a diagnosis which led to a set of corrective and preventive actions.

• Audit Missions

The governance bodies of the Casablanca Stock Exchange have set up an annual audit plan covering several areas of activity. In this respect, 20 internal audit missions were carried out in 2020.

Also, 8 normative audit missions as well as 4 external audit missions have been carried out in order to assess the efficiency and relevance of the Quality Management System (QMS), Information Security Management System (ISMS) and Business Continuity Management System (BCMS) processes.

3.2.2 Control of the central depository Maroclear

• Monitoring of incidents

Maroclear, the Central Depository, recorded 2 incidents in 2020. These incidents were classified as moderate in terms of criticality and concerned the systems.

The reported incidents did not have a major impact on the activity of market participants. They were handled by Maroclear teams and were the subject of a diagnosis which led to a set of corrective and preventive actions.

• Audit Missions

Maroclear's governance bodies have set up an annual audit plan covering several areas of activity.

In this respect, 9 internal audit missions and 3 external audit missions were conducted in 2020 to assess the effectiveness and relevance of operational processes, including the technical security of the information system and the information security management system (ISMS), in accordance with the ISO 27 001: 2013 standard and the Business Continuity Management System (BCMS) in accordance with ISO 22 301 version 2012.

3.2.3 Control of brokerage firms and account keepers

• Documentary control

In 2020, the AMMC received 66 notifications of incidents from brokerage firms and banks in connection with securities account-keeping activities, compared with 83 in 2019.

Table 33. Number and typology of incidents reported to the AMMC

	Activity-related incidents	Technical incidents
Brokerage firms	11	38
Banks	14	3

Source: participants, AMMC calculations

Table 34. Typology of incidents reported by brokerage firms

	Activity-related incidents		Technical incidents	
	Brokerage firms	Prudential regulations	2	Listing/trading platform
	Order executions	2	Telecommunication links	10
	Transaction settlement	2	Telephone recorders	4
	Repurchase activity	1	System bugs	14
	Constitution of the net long position	2	Synchronization between systems	3
	Customer incidents (excluding claims)	1	Power outages	4
	Triangular transactions	1		

Source: Brokerage firms, AMMC calculations

Table 35. Typology of incidents reported by account keepers-banks

	Activity-related incidents		Technical incidents	
	Account keepers-Banks	Order executions	3	Maroclear platform
	Securities transactions	6	Telecommunication links	2
	Transaction settlement	3		
	Accounting of transactions	1		
	Constitution of the net long position	1		

Source: Account keepers-banks, AMMC calculations

It should be noted that a large proportion of the incidents reported are of low to moderate criticality and relate, in particular, to technical issues such as power outages or bugs that caused a temporary halt in activity, resolved breakdowns in telecommunication links and problems relating to the completion of transactions.

In addition, all of the reported incidents were followed up by the AMMC. These include:

- breaches of prudential rules;
- technical incidents in the information systems;
- incidents relating to customer-related activities.

3.2.4 Control of Undertakings of Collective Investment (UCIs) and their management companies

UCIs need to comply with the laws and regulations to which they are subject and which mainly relate to compliance with:

- prudential regulations relating to the composition of their assets, which define the proportions of securities, repurchase agreements, securities lending transactions and cash that make up their portfolio, as well as the maximum level of debt that they are authorized to contract. They aim at defining and managing the main risks to which UCIs are subject: market risk, counterparty risk, liquidity risk and leverage risk;
- the classification and the investment strategy as specified in their prospectus;
- the exclusive interest of their unitholders or shareholders in all the operations they initiate;
- the obligations in terms of investor information.

The documentary inspection of UCITS management companies mainly concern:

- compliance by management companies with all the legal and regulatory provisions governing their activities;
- adequacy between the resources implemented by the management companies (financial, human, technical and organizational resources) and the activities carried out by these companies;
- the primary consideration of said companies is the interests of the investors whose assets they manage;
- compliance by the said companies with their reporting obligations
- evaluation and monitoring of the risks borne by the said companies;
- validation of advertising campaigns concerning the said companies or the UCITS they manage.

• **Control of UCITS and their management companies**

In a context marked by the health crisis and an increased risk of high volatility both in the markets and in subscription and redemption movements, the AMMC has, in addition to its usual regular controls, set up a system of monitoring and support for UCITS management companies, the main components of which include:

- an ongoing dialogue with the various management companies in the marketplace in order to assess the impact of this crisis on their operations and the management of their UCITS
- a reminder to companies that they must continue to scrupulously comply with all legal and regulatory provisions applicable to them
- a follow-up of the rollout by management companies of their business continuity measures and of the constraints imposed in terms of teleworking, data recording and archiving, and cyber security;
- an ad hoc reporting sent daily to the AMMC which allows to follow the transactions on the assets and liabilities side of the UCITS to monitor the liquidity risk;
- the performance by management companies, at the request of the AMMC, of two "stress test" campaigns for the UCITS under management, enabling them to measure the capacity of the said UCITS to meet massive redemption requests or to cope with a significant deterioration in market conditions in terms of both valuation and liquidity.

Box No. 12 UCITS stress test

A stress test on a UCITS consists of studying the impact that scenarios simulating unfavorable or extreme economic and financial conditions may have:

- on the performance of the said UCITS;
- on its capacity to respond to redemption requests sent to it by its unitholders (possibly at a discounted net asset value).

The use of stress tests supports and strengthens the ability of management companies to anticipate and appropriately manage the risks that may be incurred by the UCITS under management.

As a risk management and decision support tool, stress tests enable UCITS managers to:

- identify the limits and vulnerabilities of the investment strategies implemented by the managers in regular market conditions;
- guide crisis management and its resolution in times of crisis.

In 2020, given the context of the health crisis and its economic and financial consequences, the AMMC subjected UCITS management companies to 2 "stress tests" for the UCITS they manage. These stress tests consisted mainly in applying the following to the UCITS:

- assumptions to estimate their ability to respond to large redemptions quickly and without significant portfolio distortion (with or without a discount);
- assumptions to simulate the effects of an unfavorable market trend (stock market decline, interest rate increase, credit risk deterioration, etc.) on the value of the portfolio.

Stress tests conducted during May and November 2020 by mutual fund management companies led to the following conclusions:

- a notable strength and resilience of the UCITS management sector;
- significant exposure of UCITS to the government and banking sectors, which limits their credit and counterparty risk;
- cautious management styles resulting in trends and performance in line with the market;
- controlled liquidity risk and a significant capacity to honor redemption requests received, as a result of the conservative exposures implemented and standardized valuation methods;
- a low level of leverage of the funds, which remains far from the maximum level authorized by the regulations (10% of assets).

However, the results are tempered by:

- the "illiquid" nature of some capital market segments or securities;
- the high level of concentration of UCITS liabilities and their poor diversification.

4. MARKET DISCIPLINE

4.1 Monitoring stock market transactions

The purpose of market surveillance is to detect any event or behavior that may constitute a stock market abuse, or any other breach of the regulations applicable to market participants.

In this context, it provides real-time monitoring of data and participants on the stock market, supplemented by information disseminated by issuers. The monitoring system is based on an integrated monitoring solution as well as on database management tools.

Table 36. Surveillance data

	2019	2020
Securities under surveillance⁶	114	112
Listed stocks	75	76
Listed bonds	39	36
Number of orders introduced⁷	331 959	520 664
Daily average	1 349	2 083
Number of recorded transactions⁸	146 425	200 006
Daily average	595	800

Source : Bourse de Casablanca

Results in 2020 indicate 1,129 significant events⁹, including 6 cases of suspected price manipulation which were thoroughly analyzed. Significant events are detected in real time on the basis of the monitoring of stock market sessions and market events. They are reviewed in particular with regard to the information collected from intermediaries on investors and their profiles, in order to identify suspicious behavior leading to in-depth analysis.

In addition, 3 awareness-raising actions have been carried out for market participants and investors using online trading and for market participants offering this service.

250 trading sessions
1 129 significant events
6 in-depth analysis of records

⁶. As at 31/12.

⁷. On the central equity market.

⁸. Central and block market

⁹. A significant event may relate to exceptional volume, price volatility, non-compliance with the terms of execution of share repurchase or animation programs, etc.

4.2 Investigations

The investigations conducted by the AMMC are opened by the Chair of the Authority following the detection of anomalies on the stock market, after the receipt of a complaint, in response to a request for assistance from a fellow authority in accordance with the provisions of the Multilateral Agreement of the International Organization of Securities Commissions (IOSCO), or following an inspection of a participant or an issuer. In general, they are carried out following the suspicion of an infringement or failure to comply with the legislation in force.

In addition to finalizing the processing of two investigations opened in 2018 and 2019, the year 2020 was characterized by the opening of three investigations on behavior likely to affect the proper functioning of the capital market.

The first concerned suspected violations of regulatory provisions in the context of individual discretionary management by a participant. The second and the third concerned, respectively, a suspicion of use of insider information as well as a suspicion of dissemination of false or misleading information, the investigations of which concerned legal entities or individuals resident in Morocco. These investigations originated from 1 complaint from an individual for the first one and 2 requests for assistance received by the AMMC from foreign counterpart authorities for the two others.

In addition, the AMMC provides assistance to the national authorities in processing requests from the various judicial authorities in the Kingdom. In 2020, it received 252 summons, an increase of 20.5% compared to 2019, 63% of which came from the National Judicial Police Brigade (BNPJ) and 28% from the Regional Judicial Police Brigades (BRPJ). The latter mainly concern the identification of securities accounts opened on behalf of persons under judicial investigation.

4.3 Complaints handling

In 2020, the AMMC received 22 complaints, up 100% compared with 2019, and that took an average of 34 days to be processed. Of these complaints, 8 were not admissible because their subject matter did not fall within the AMMC's field of competence. It should be recalled that the admissibility of any complaint or claim is subject to the following requirements:

- having made a prior complaint to the person concerned, having remained unsuccessful for more than a month from the date of its submission or having been rejected in whole or in part;
- not be the subject of legal proceedings pending before any court, or not have been the subject of a judicial decision which has the force of *res judicata*.

All of the complaints handled in 2020 concerned disputes between investors and market participants or issuers. One of these complaints led to the opening of an investigation.

5. ENFORCEMENT POWER

5.1 Organization of the AMMC's enforcement power

Law No. 43-12 sets out the principle of separation of powers to investigate reprehensible acts, in connection with capital market regulation, and the power to impose sanctions.

The Enforcement Committee, an independent collegial body, is responsible for examining the sanction cases referred to it by the AMMC Chair and for proposing to the latter any follow-up action it deems appropriate in respect of the incidents investigated. Accordingly, following the opinion of the Enforcement Committee, the AMMC Chair may either impose an administrative sanction or close the case without taking any further action.

It should also be noted that the opinion formulated by the Enforcement Committee following the investigation of the breaches referred to it is said to be "compliant", which implies that the decision made by the AMMC Chair must be in line with the opinion expressed by the Enforcement Committee.

5.2 Exercising the AMMC's enforcement power

In 2020, the AMMC Chair took the following decisions:

- 3 decisions of disciplinary and/or pecuniary sanctions, including a proposal to withdraw the approval of a management company;
- 1 decision to close a case of non-compliance for lack of legal grounds.

6. ANTI-MONEY LAUNDERING AND COMBATING THE FINANCING OF TERRORISM (AML/CFT)

6.1 Regulation and support

• Amendment of AMMC circular No. 01/18

As part of the continuous improvement of the regulatory framework governing AML/CFT in the capital market and with the aim of responding to some recommendations of the MENAFATF evaluators, the AMMC has drawn up a draft amendment to Circular No. 01/18 on the obligations of vigilance and internal monitoring incumbent on the persons and organizations subject to its control. This draft provides for an upgrade of the current circular by specifying certain obligations.

The said draft was put in consultation with the professionals of the capital market and with the public during the period running from 10 to 24 November 2020. The results of this consultation were the subject of meetings with the professionals.

• Awareness-raising for market participants

The AMMC has organized awareness raising sessions, via videoconference, in partnership with the Financial Intelligence Unit (UTRF) from 21 to 23 July 2020, for managers and internal controllers of brokerage firms and management companies on AML/CFT-related issues such as:

- the Middle East and North Africa Financial Action Task Force (MENAFATF) peer review process for Morocco
- the findings of the National Risk Assessment (NRA);
- AML/CFT guidelines related to COVID-19 as recommended by the FATF;
- the relationship of reporting entities with the UTRF.

• Dissemination of guidelines

To assist capital market participants during the Covid-19 pandemic, the AMMC has developed a guideline on emerging AML/CFT risks during this time and appropriate mitigation measures.

This guideline is organized around the following areas:

- Emerging AML/CFT threats resulting from the Covid-19 pandemic;
- key emerging risk factors within the financial markets;
- Summary of key potential AML/CFT risks;
- Mitigation measures for key risks.

6.2 Institutional strategy and control of participants

• Update of the AML/CFT roadmap

In order to adapt its actions to the context marked by Covid-19 and the reinforced monitoring of the FATF and MENAFATF, the AMMC has updated its AML/CFT roadmap. This roadmap covered the following aspects:

- specific measures related to the Covid-19 context;
- risk-based control;
- Documentary and on-site inspections;
- support for participants;
- the legislative and regulatory framework;
- national and international cooperation;
- technical assistance and training.

• Risk mapping

As part of the continuous improvement of its control tools, the AMMC has updated its AML/CFT risk map in accordance with the guidelines published by the FATF. The new AML/CFT risk mapping allows for a more detailed analysis of priority risk areas. This analysis is based on a rating and weighting system structured around a tree structure of selected risk factors.

The new AML/CFT risk map is based on data collected through the annual AML/CFT survey. The fundamental idea behind this mapping is to measure the effectiveness of the AML/CFT system implemented by the company by quantifying the transition from inherent risk to residual risk.

6.3 National coordination and cooperation

• AML/CFT Roadmap for the Financial Sector

As an extension of the joint AML/CFT coordination actions, the financial sector supervisory and regulatory authorities (AMMC, ACAPS, BAM, and the Foreign Exchange Office) held meetings to monitor the progress of actions already agreed upon and to update the joint AML/CFT roadmap for the financial sector. The actions aimed at operationalizing the said roadmap were reviewed and monitored by the Systemic Risk Coordination and Monitoring Committee (SRCMC).

• Implementation of the memorandum of understanding signed with the FIU

The technical committee established by the AMMC/FIU MOU held several coordination meetings in 2020. The purpose of these meetings was to operationalize the identified cooperation and coordination actions: awareness-raising of participants, exchange of information, and work related to the enhanced monitoring of the ICRG.

6.4 ENHANCED MONITORING PROCESS BY THE FATF BODIES

• Enhanced monitoring by MENAFATF

The year 2020 was marked by the adoption of Morocco's first monitoring report at the 31st plenary session of MENAFATF, which endorsed the upward revision of the rating of certain recommendations (technical compliance). Also, the AMMC actively contributed to the completion of this report and the preparation of responses to the evaluators' remarks and observations by highlighting the progress made in the capital market.

• Enhanced monitoring by the ICRG

As part of the FATF's monitoring of AML/CFT effectiveness aspects, the AMMC contributed to the development of the first Enhanced Monitoring Report to the FATF (ICRG), which outlines the overall efforts to address the recommendations from the Mutual Evaluation Report.

7. FIGHTING CORRUPTION WITHIN THE CAPITAL MARKET

The AMMC organized, in partnership with the National Authority for Integrity, Prevention and Combating Corruption (Instance Nationale de la Probité, de la Prévention et de la Lutte contre la Corruption - INPPLC), an awareness-raising seminar on combating and preventing corruption in the capital market.

Held by videoconference on 17 and 19 November 2020 for executives and representatives of brokerage firms, management companies, the Casablanca Stock Exchange and the Central Depository Maroclear, this awareness-raising seminar is part of the extension of the cooperation agreement signed, on 28 November 2019, between the INPPLC and the financial sector regulators (AMMC, BAM, ACAPS). For its first edition, this awareness-raising seminar brought together nearly 100 participants. It was an opportunity to recall the national and international commitments in the fight against corruption by highlighting the impact of corruption on the business climate and the economy of the country and to present the evolution of the attributions of the INPPLC.

By organizing this seminar, the AMMC is initiating a series of actions aimed at disseminating the anti-corruption culture and strengthening confidence in the capital market.

8. SYSTEMIC RISK MONITORING

The Systemic Risk Coordination and Supervision Committee's assessment of systemic risks is carried out on a regular basis and consists of analyzing the level of stability of the capital market and identifying, on the basis of market trends, the various risks likely to have a negative impact on that stability. This work is based on the analysis of several types of indicators, in particular those relating to asset prices, liquidity, interconnection, indebtedness and the macro-economic context. The risk assessment is based on a five-level scale: very low, low, moderate, high and critical.

The assessment of risk indicators in the second half of 2020 indicates that after the tensions in the first half of the year, caused by the uncertainties related to the Covid-19 pandemic, the capital market was generally stable in the second half. The Casablanca Stock Exchange even resumed an upward trend from the fourth quarter of 2020, with an average volatility limited to 8.6%, which brought the underperformance of the MASI index to -7.6% on 25 December, against -17.1% on 29 June 2020 and -26.15% on 18 March 2020. The overall valuation of the stock market, calculated on the basis of the 2019 earnings of the listed companies, was at a relatively high level of 18.2 x as of 25 December, slightly exceeding its historical average over the last 5 years. The liquidity of the stock market dropped to 8.8% at the end of November after an improvement where it had reached 11.5% in May 2020.

As for the issuance volume on the stock market, it amounted to MAD 3 billion, down by almost 70% compared to 2019. The outstanding private debt at the end of November 2020 amounted to MAD 233 billion, up 6.9% year-on-year. It is used up to 63.4% to finance credit institutions. Issuers have been globally impacted by the current crisis and there is a slight upward trend in the indebtedness of non-financial issuers, which nevertheless remains globally under control.

As for the operational risk of market companies, i.e. the Casablanca Stock Exchange and the Central Securities Depository (MAROCLEAR), the number of incidents and the rate of suspensions of stock market transactions remain at low levels and are decreasing, due to globally effective risk control mechanisms.

The UCITS industry has proven resilient to the current crisis. The net assets of mutual funds at the end of November 2020 amounted to MAD 500.6 billion, up 9% year-on-year, with net subscriptions mainly geared towards the "MSTB" category, which account for 48.6%, and towards the "Money Market" category, which accounts for 23.5%.

A second stress test exercise was carried out by the UCITS management companies and highlighted a controlled liquidity and credit risk, as well as a notable capacity to honor the redemption requests received, as a consequence of generally cautious investment strategies and conservative exposure.

The background features large, light gray, stylized letters 'AMMC' that are partially obscured by the text and a vertical line. The 'A' is on the left, the 'M' is in the middle, and the 'C' is on the right. The 'M' and 'C' have circular motifs integrated into their design.

**CHAPTER III.
THE AMMC AND CAPITAL MARKET
DEVELOPMENT**

1. REGULATORY DEVELOPMENT

The 2020 financial year witnessed the completion and publication in the Official Gazette of a series of legislative texts, as well as the completion and finalization of new legislative proposals, to which the AMMC contributed.

1.1 Legislative and regulatory texts published in the official gazette

1.1.1 Legislative texts published in the official gazette

• **Law No. 27-20 enacting special measures relating to the operation of the administrative bodies of public limited companies (Société anonyme) and the procedures for holding their general meetings during the period of the state of health emergency**

Law No. 27-20, published in the Official Gazette No. 6887 of 1 June 2020, enacted special and temporary measures during the state of health emergency and introduced a derogatory regime that allows:

- the holding of general meetings of public limited companies by videoconference during this period;
- the board of directors or the management board of public limited companies to issue bonds without the approval of general meetings.

• **Law No. 103-12 on credit institutions and similar bodies**

Law No. 44-20, published in the Official Gazette No. 6903 of 27 July 2020 and amending Law No. 103-12 on credit institutions and similar bodies, modified the status of the Central Guarantee Fund - CCG and has:

- transformed the status of the CCG and changed its name to Société Nationale de Garantie et de Financement de l'Entreprise – SNGFE (National Company for Business Guarantees and Financing);
- incorporated the Caisse de Dépôt et de Gestion - CDG and the SNGFE amongst the institutions treated as credit institutions, subject to law No. 103-12.

1.1.2 Regulatory texts published in the Official Gazette

• **Order No. 1786-20 of the Minister of the Economy, Finance and Administration Reform setting the terms and conditions for the performance of financing risk guarantee operations by securitization vehicles “FPCTs” and the conditions in terms of prudential rules and supervision applicable to them**

Published in the Official Gazette No. 6914 of 3 September 2020 (as rectified by the Official Gazette No. 6932) and issued for the application of Article 1 of Law No. 33-06 on asset securitization, the Order introduces various provisions relating to the risks that an FPCT may guarantee, the categories of originator institutions that may benefit from a coverage of financing risks, the procedures for determining the guarantee and the various indications to be included in the management regulations of FPCTs.

A corrigendum to this decree was published in the French version of the Official Gazette on 5 November 2020.

1.2 Draft legislative texts

• **Draft amendment of the Dahir providing Law No. 1-93-213 on UCITS**

The above-mentioned draft amendment concerns an overhaul of the above-mentioned Dahir providing Law No. 1-93-213. This draft, as prepared in collaboration between the Moroccan Capital Market Authority and the Treasury and External Finance Department, and the Association of Moroccan Management Companies and Investment Funds, is being finalized under the coordination of the Treasury and External Finance Department.

This draft law aims to modernize the legislative framework governing UCITS and to align the Moroccan financial market with international standards. It provides for, notably:

- the constitution of UCITS with compartments ;
- the creation of UCITS with simplified rules of constitution and operation;
- the admission of UCITS securities to trading on a regulated market;
- the expansion of the international investment options for UCITS.

• Draft law No. 15-18 on crowdfunding

The House of Representatives in a first reading on 11 February 2020 unanimously voted the aforementioned draft law for approval.

The purpose of this draft law is to lay down a legal framework governing crowdfunding activities operated through online platforms that allow the direct and transparent connection between project holders and contributors. These activities can involve three forms of financing, namely loans, capital investment, and grants.

This draft law includes the following provisions:

- the creation of the status of manager of crowdfunding platforms "CFP";
- the definition of procedures and conditions for creating and operating platforms and approving crowdfunding companies "CFCs";
- the definition of the commitments and obligations of crowdfunding companies;
- the definition of the rules to be followed in terms of prior verification of projects to be financed, securing transfers, and protecting contributors;
- the definition of specific rules for each of the three forms of crowdfunding.
- The AMMC and Bank Al-Maghrib are designated as regulatory authorities empowered to approve the management companies of crowdfunding platforms, according to their respective fields.

• Draft law No. 12-20 on covered bonds

The purpose of draft law No. 12-20 is to establish the legal regime applicable to covered bonds issued by banks. These are bonds collateralized against a pool of liens whose issue is exclusively reserved for banks. The draft law was put out for public consultation between 12 and 26 March 2020.

The provisions of this draft law contain rules governing the following:

- Bank Al-Maghrib's authorization and supervision of covered bond issuance activities by credit institutions;
- the coverage of the outstanding covered bonds;
- the coverage register and the controller of the coverage basket
- transparency and coverage provisions;
- privileges of covered bondholders.

• Draft law No. 19-20 amending law No. 17-95 on public limited companies (Société anonyme)

The aforementioned draft law had been put out for public consultation as of 18 August 2020. The main contributions of the draft amendment are structured around the following main lines:

- the revision of the regulations governing the creation of a simplified public limited company (Société anonyme simplifiée) by allowing its establishment by natural persons and their incorporation as partners;
- the strengthening of the control and authorization procedures for related party transactions;
- the extension of the scope of liability of the director, the general manager, the deputy general manager, and the shareholder concerned in the event of adverse consequences caused by authorized related party transactions;
- the possibility to cancel related party transactions entered into without prior authorization by the board of directors, the supervisory board, or the general meeting;
- the obligation for the Board of Directors and the Supervisory Board to meet at least twice a year;
- the setting of a maximum period of three years for the renewal of the appointment of the statutory auditor;
- the promotion of equitable representation between men and women within the governance bodies, while enshrining it in the articles of association;
- the possibility of temporary appointments to complete the equitable representation of men and women in the composition of governance bodies within a period of three months from the time a seat becomes vacant.

• Draft law No. 12-18 amending and supplementing law No. 43-05 relating to anti-money laundering

The aforementioned draft law aims to adapt the national legislative framework to the standards and norms adopted internationally by the Financial Action Task Force "FATF" following their recent developments. The said project was approved by the Government Council on 28 November 2019.

1.3 AMMC circular

• Draft amendment to circular No. 01/18 on vigilance and internal monitoring obligations incumbent on organizations and persons subject to AMMC supervision

The draft amendment to circular No. 01/18 amends and supplements some provisions and introduces new ones. It concerns in particular:

- the introduction of new definitions relating to clients, client representatives, legal entities, targeted financial sanctions, freezing, administrative body, and management body;
- the broadening of the definition of "beneficial owner" and the inclusion of financial investment advisors and real estate investment trusts among the persons subject to the circular, or regulated persons;
- fostering permanent vigilance and internal monitoring, allowing the identification, understanding, and evaluation of risks related to money laundering "ML" and financing of terrorism "FT", to manage and mitigate the identified risks;
- reinforcement of the vigilance measures with regard to high-risk clients, in particular persons acting on behalf of third parties and legal entities;
- the determination of the information to be collected from legal entities before entering into a business relationship or carrying out any transaction;
- the enshrinement of the risk-based approach in the assessment of the ML/FT risks of the regulated person and the implementation of reinforced/simplified measures;
- the determination of criteria relating to the application of risk approaches and some risk assessment procedures involving the preparation of risk maps;
- the supplementation of the provisions governing wire transfers and the determination of specific procedures for cross-border wire transfers;
- the clarification of the notion of politically exposed person and the vigilance measures to be taken with regard to him/her, broadening the scope of family members concerning certain persons or entities having a high risk;
- the obligation for regulated persons to apply decisions of the competent authorities relating to targeted financial sanctions, in particular, the freezing of assets;
- reference to the possibility of applying the financial and disciplinary sanctions provided for by the AML/CFT legislation in force;
- the obligation to conduct an external audit of the vigilance and internal monitoring system to ensure its effectiveness.

Said draft amendment was put out for public consultation from 10 to 24 November 2020.

2. CAPACITY BUILDING OF PARTICIPANTS AND INVESTORS

2.1 Financial education

As part of its mission to promote financial education, the Moroccan Capital Market Authority develops a series of educational tools aimed at enhancing the knowledge of investors and professionals about the capital market.

Through a variety of intervention modes, the AMMC contributes to the financial capacity building of investors, encouraging them to become more involved in the development of their financial culture to become active players in protecting themselves.

For the year 2020, in response to the constraints related to the health crisis, the AMMC's financial education activities have adopted a fully digital format.

2.1.1 Participation in the 2020 edition of World Investor Week

The World Investor Week (WIW) is an international campaign launched in 2017 by the International Organization of Securities Commissions (IOSCO) to promote financial education and investor protection.

The Moroccan Capital Market Authority took part in this major event, alongside regulators, international organizations and other stakeholders in the 6 continents of the world.

Within this framework, several awareness-raising actions were carried out by the AMMC, all to contribute to enhancing the financial culture of investors and the general public at large.

The AMMC has expanded the channels for the dissemination of financial education content to investors, industry professionals and the general public:

- Publication of the investor's guide in Arabic and French: "Understanding the channels and adopting good practices". This guide aims to help investors to become familiar with the basic principles of financial market investment. It covers the channels for investing in financial instruments and presents the practices that investors should adopt to make well-considered investment decisions that are adapted to their profile;
- Broadcasting a webinar on inclusive finance, with the contribution of the AMMC's Scientific Council, addressing the challenges and positive impacts of financial inclusion on development and growth;
- Broadcasting of two video clips on sustainable finance and green finance, to address , in an educational manner, while bringing in experts in the field, to shed light on current issues in Morocco and in the world.

2.1.2 Launch of a mobile app dedicated to financial education

The AMMC has designed and launched a mobile app for the general public. Named "Quiz Finance", this app is free and available for download on Google Play and the App Store in French and Arabic. It offers users (beginners or experts) the opportunity to learn about the main concepts of capital markets while taking various quizzes.

2.2 Licensing of market professionals by the AMMC

The licensing of market professionals is a mandatory system whose objective is to ensure that persons holding specific positions within entities supervised by AMMC have the required knowledge that qualifies them to perform their duties in compliance with regulations and ethics.

In 2020, 109 candidates sat for licensing exams and 88 new professionals were licensed by the AMMC as follows:

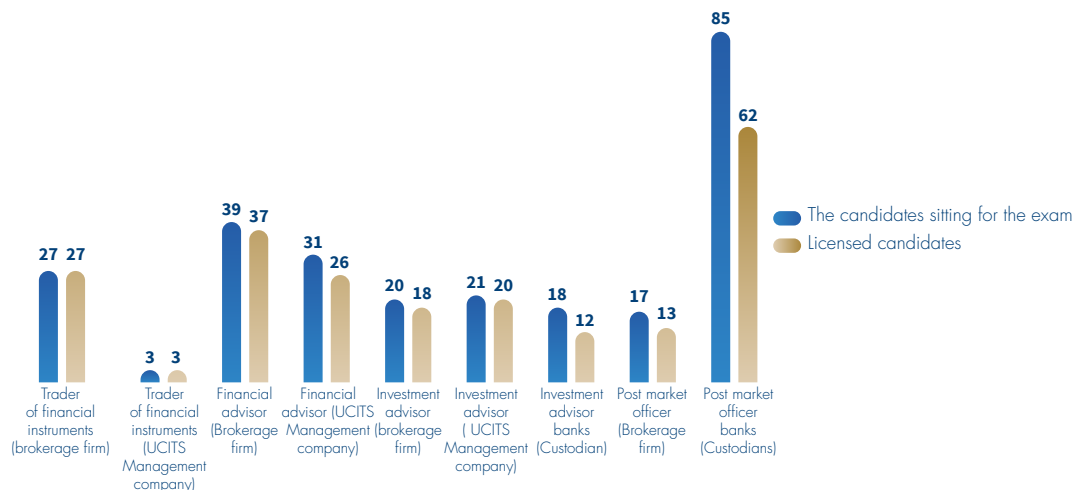
- 39 financial advisors;
- 70 back-office managers.

The licensing examinations were conducted in digital format via the licensing platform. As a reminder, the AMMC has designed a technology portal dedicated to the management of licenses, allowing a digitalized handling of the licensing process, from the application to the publication of the register of licensed persons.

Since its launch in 2019, 218 professionals have been licensed by the AMMC among 261 applicants, representing an overall success rate of 84%.

The 218 licensed professionals cover four positions: **financial advisor** (working for brokerage firms and UCITS management companies), **internal controller** (working for brokerage firms, UCITS management companies, and account-keeping banks), **financial instruments trader** (working for brokerage firms and UCITS management companies) and **back-office manager** (working for account-keeping brokerage firms and account-keeping banks).

Graph 40. Summary of licensing sessions by position under 2020



Source : AMMC

2.3 Contribution to the national financial inclusion strategy

The AMMC is an active player in the national financial inclusion strategy. It is a member, through its Chairperson, of two governance bodies of the strategy:

- The National Council for Financial Inclusion (CNIF), chaired by the Minister of Economy and Finance, ensures the overall monitoring of the strategy and reassesses the priorities and strategic orientations according to the changing environment;
- The Strategy Committee (SC), chaired by the Wali of Bank Al-Maghrib, is in charge of steering, decision-making, and stakeholder mobilization.

In 2020, the AMMC contributed to the thematic working group entitled "Alternative financing tools for VSEs and start-ups", specifically for the implementation of the "Crowdfunding" mechanism.

As a reminder, the mission of the thematic working groups is to develop and deploy detailed action plans in relation to the strategic drivers that have been identified.

3. INSTITUTIONAL COOPERATION

3.1 Partnership with the public prosecutor's office

In December 2020, the Moroccan Capital Market Authority (AMMC) and the Public Prosecutor's Office (PMP) signed a memorandum of understanding on coordinating matters relating to capital market offenses, the fight against money laundering and the financing of terrorism, and the setting up of a training program in the field of capital markets.

The King's Chief Public Prosecutor at the Court of Cassation, President of the Public Prosecutor's Office, Mr. Mohamed ABDENNABAOU and the Chairperson of the Moroccan Capital Market Authority, Ms. Nezha HAYAT signed this MoU.

In addition to the coordination of efforts between both institutions in terms of filing of complaints by the AMMC when the above-mentioned offences are detected and their follow-up, the MoU aims to set up a system of training and exchange of expertise through workshops and training seminars for the magistrates of the Public Prosecutor's Office, the executives and capital market participants in general.

The MoU also provides for the creation of a joint technical committee that will monitor the implementation of the agreed actions.

3.2 Systemic risk coordination and supervision committee

Composed of AMMC, ACAPS, Bank Al-Maghrib and the Treasury and External Finance Department, the SRCSC held, since the beginning of the Covid-19 crisis, weekly meetings to analyze the evolution of the financial sector situation, share financial indicators and information, and exchange undertaken or upcoming measures in light of the potential risks to financial stability.

The CCSRS also held two semi-annual meetings in 2020. A working group composed of representatives from the various financial sector authorities and the Treasury and External Finance Department assists the Committee. The work of the CCSRS has focused on the following:

- monitoring the crisis related to the impact of the Covid-19 pandemic on the financial sector;
- monitoring the implementation of the 2019-2021 financial stability roadmap;
- the semi-annual assessment of financial stability risks;
- the preparation of the financial stability report for 2019 and its addendum on the impact of the Covid-19 pandemic.

Regarding the first point, at the very beginning of Covid-19 crisis, a working group was set up within the CCSRS, composed of representatives from BAM, the AMMC, the ACAPS, and the DTFE. The purpose of creating this working group was to monitor the evolution of the financial sector as a whole through indicators identified to that end, to assess systemic risks, and to discuss the measures undertaken or to be undertaken.

This group has held 28 meetings by videoconference since mid-March 2020 and has allowed for a seamless exchange of information and optimized coordination between members of the CCSRS.

3.3 Monitoring committee for the concession of the casablanca stock exchange

Within the framework of the control of the Casablanca Stock Exchange management company's compliance with the concession's specifications, the Authority actively takes part in the work of the Concession Monitoring Committee established by the new Law No. 19-14 on the Stock Exchange, brokerage companies and Financial Investment Advisers.

The Committee is in charge of monitoring the implementation of the management company of its main missions, mainly the rollout of the new roadmap of the Casablanca Stock Exchange.

4. MARKET DEVELOPMENT

4.1 Setting up a new compartment on the casablanca stock exchange

In coordination with the AMMC, in November 2020, the Casablanca Stock Exchange created an additional compartment of equity securities on the main market of the Stock Exchange, in accordance with the provisions of the General Regulations of the Stock Exchange.

The establishment of this new compartment was following requests made by market professionals and aims to facilitate and streamline, in the context of the Covid-19 health crisis, access to financing via the stock market for companies that do not meet the criteria to be admitted to the current compartments of the main market, and do not meet the profile of a small and medium-sized enterprise listed on the alternative market.

The conditions for admission to this new compartment are as follows:

- minimum public offering of 10% of the securities making up the share capital, with the possible application, after agreement of the AMMC, of a lower threshold according to the issuer's capitalization. However, this threshold may not be lower than 5%;
- requirement of a minimum transaction value that cannot be lower than MAD 100 million;
- compliance with the other conditions of compartments A and B of the main market.

4.2 Setting up the futures market

Since the publication in the Official Gazette of decree No. 2-18-827 setting the composition and operating procedures of the Futures Market Coordination Body (ICMAT), composed of Bank Al-Maghrib and the AMMC, several working meetings of the Body have been held.

The discussions mainly focused on the following points:

- the designation of the ICMAT's Chair and Secretariat. Thus, Bank Al-Maghrib has been designated to hold the first chairmanship of ICMAT and its secretariat for a period of two years, after which the AMMC will hold the chairmanship and secretariat for the same term;
- the definition of a roadmap for the drafting of implementing legislation;
- the preparation of a draft of the ICMAT rules of procedure;
- the memorandum of understanding to establish the rules of the joint intervention of Bank Al-Maghrib and the AMMC;
- the general regulations of the futures market and the clearinghouse.

4.3 Establishing a new stock market index (MSI 20)

The AMMC is actively involved in the work of the Scientific Committee of Indices, set up by the Casablanca Stock Exchange. The mission of the said committee is to reflect and formulate proposals on the general guidelines applicable to the indices of the Casablanca Stock Exchange.

Within this framework, the AMMC has participated in the setting up in 2020 of the stock market index "Morocco Stock Index 20: MSI 20". This index is designed to reflect the performance of the twenty liquid companies of the Casablanca Stock Exchange and is part of the strategy to develop the products and services offered by the stock market.

4.4 Completing a synthetic securitization transaction

In the wake of Order No. 1786-20, a request for an opinion was submitted to the AMMC on 17 November 2020 concerning the management regulations of FPCT FT DAMANE TAMAYOUZ - Compartment I.

This is the first synthetic securitization transaction meant to guarantee the financing risk taken by the originator institution (Finéa) on a portfolio of eligible commitments to give the OCP Group's suppliers access to bank financing at favorable terms.

5. PROXIMITY WITH MARKET PARTICIPANTS

5.1 Market follow up

As part of the AMMC's market awareness process, regular meetings were held with market enterprises and the main professional associations of the financial sector. It is a privileged channel that allows the Authority to discuss topics of interest to the profession, keep it abreast of institutional and regulatory developments, and coordinate on the reflection and implementation of structuring projects.

5.1.1 Market enterprises: Casablanca Stock Exchange and Maroclear

In 2020, the AMMC held several working meetings with market enterprises as part of the market follow up process. These meetings focused on the following:

- the organization of market enterprises and business continuity in the context of the Covid-19 health crisis;
- the deployment of measures to minimize the impact of the health crisis on the market;
- the implementation of the roadmap of the Casablanca Stock Exchange, including the setting up of the Clearing House and the project relating to the setting up of the Futures Market;
- the new IS master plan of Maroclear and the roadmap of the "Digital Transformation" project;
- the segregation of the assets held by the account keepers;
- the implementation of a module for managing subscriptions and redemptions of UCITS at the level of Maroclear;
- the setting up of a central data repository.

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

In 2020, the AMMC maintained a very close dialogue with market participants on various topics such as changes in the regulatory texts governing market activities, the system for licensing professionals, and the status of market-related projects. These meetings were also an opportunity to discuss the measures planned by market participants to ensure business continuity and to hear their requests.

In addition, sustained support was provided to the various participants in the context of the covid-19 health crisis to ensure that the necessary measures for business continuity were adopted and put in place.

Moreover, the AMMC responded favorably to some requests from market participants for additional deadline to submit some regulatory reports, as well as to adopt measures to ease the procedures for processing transactions, taking into account the fact that market participants' staff are remote working, while ensuring in particular compliance with the following :

- diligence and impartiality in the interest of clients;
- markets operational rules ;
- the signing, by the staff of market participants, of a charter of confidentiality and protection of client data in the specific context of remote working.

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

Over the course of 2020, 7 meetings were held with ASFIM, in the context of the Covid-19 pandemic, essentially to learn about the measures planned by management companies to ensure business continuity, to follow up on the deployment of the BCPs (business continuity plans) of the said companies and to be informed of any new market constraints that UCITS might face.

Thus, the main topics discussed during these various meetings concerned:

- the situation of the capital market and the UCITS management business in the context of the Covid-19 pandemic;
- the business continuity plans deployed by management companies in response to the state of health emergency;
- the emergency measures to be taken on a collective and joint basis if all or part of a management company's business cannot be carried out;

- the measures that the professionals would like the public authorities to implement to support the asset management industry in the above-mentioned context;
- the terms and conditions for resuming on-site activities by management companies at the end of the lockdown period.

Further to the above topics, these meetings initiated discussions concerning:

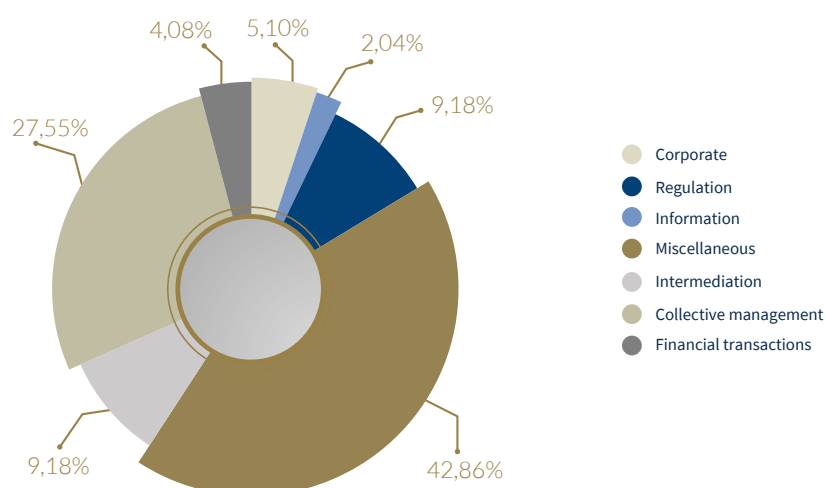
- the draft amendment of the law governing UCITS ;
- the presentation by the AMMC of its new strategic plan;
- the establishment of two new bilateral working groups.

5.2 Addressing questions from the public and legal requests

The AMMC regularly receives legal requests from market professionals and the public through a dedicate section "Submit a request" on the AMMC website.

In the 2020 financial year, the AMMC received 47 external legal requests from law firms, capital market professionals, and publicly traded companies. These requests covered several topics, namely:

Graph 41. Breakdown by theme of requests handled in 2020



Source : AMMC

Table 37 Breakdown of requests handled in 2020 by requestor profile

Profiles	Number of requests
Attorneys/legal advisors	12
Banks/Custodians	16
Issuer	1
Institutions	1
Individuals/Students	14
Statutory auditors	1
Brokerage firms/Asset management companies	2
Total	47

Source : AMMC

6. INTERNATIONAL COOPERATION

In the context of the health crisis, the AMMC maintained its engagement at the regional level and actively contributed to the work of international standardization and multilateral cooperation bodies, particularly in the coordination of mitigation measures related to Covid-19.

In line with the objectives of its 2017-2020 strategic plan, the Authority succeeded in strengthening its engagement at the regional level throughout the year, particularly on issues of integration, regulatory convergence, and the development of sustainable finance.

The Authority also contributed to the work of regional integration and multilateral cooperation forums in its region. Due to travel restrictions related to the health crisis, the 45th IOSCO Annual Meeting was held virtually in November 2020. This edition focused on the impact of Covid-19 and priority topics related to capital markets activities. 480 participants representing 159 jurisdictions attended this event.

On the bilateral cooperation side, the AMMC continued to engage with its foreign counterparts through regular sharing of experiences at market events, expert meetings and mutual consultations.

The Authority also assisted its regional counterparts in Central and West Africa on issues related to market and participants supervision.

Also, the AMMC cooperated with its foreign counterparts in the framework of investigations under the IOSCO-MoU multilateral agreement and recorded a total of 9 inquiries during the year 2020.

Another benefit of international cooperation is the internal capacity building of regulators through seminars, conferences and workshops.

In 2020, the AMMC provided its staff with 13 training sessions, mainly on managing the impact of the pandemic and investor behavior, financial and technological innovations (Fintech, Suptech, Regtech), emerging risks related to cybersecurity and fraud and money laundering.

6.1 Participation in the work of international bodies in the field of regulation

The AMMC is a member of the International Organization of Securities Commissions (IOSCO) since 2007. This organization is a reference for the development of standards and norms in capital markets regulation.

The AMMC contributed actively in 2020 to the various IOSCO committees and working groups, and took part in several important international events:

• International Organization of Securities Commissions – IOSCO annual meeting

The event took place from 9-18 November and included virtual meetings of the IOSCO Board, the Growth and Emerging Markets Committee (GEMC), regional committees, the Affiliate Members Consultative Committee (AMCC), in addition to the Chairs' Committee meeting.

The committees discussed the progress of ongoing projects and priority work of IOSCO, including those related to sustainable finance, financial stability, market fragmentation, asset management, and retail investor behavior. The committees also discussed other topical issues such as fintech, cyber resilience, inter-regulator technical assistance, and capacity building.

At its meeting, the IOSCO Board approved two additional priority topics for 2021:

- Financial stability and systemic risk from non-bank financial institutions;
- remote work, business conduct risks, fraud and scams, and operational resilience in the context of the Covid-19 pandemic.

• Africa and Middle East Regional Committee - AMERC

Ms. Nezha HAYAT, Chairperson of the AMMC, was elected on 9 March 2020, Chairperson of Africa and Middle East Regional Committee (AMERC) of the International Organization of Securities Commissions (IOSCO), joining the IOSCO Board of Directors for a two-year term covering the period 2020-2022.

Africa and Middle East Regional Committee (AMERC) comprises 28 ordinary members and 13 associate members, all representing capital markets in Africa and the Middle East region. The purpose of the Committee's work is to discuss issues specific to the development of capital markets in the region.

The 43rd annual meeting of the IOSCO Africa-Middle East Regional Committee (AMERC) took place in Qatar on 29-30 January 2020. The annual conference focused on the benefits and challenges of new financial instruments in the region's capital markets. As such, the AMMC was invited to speak on the role of market regulators in protecting investors in the long term.

Since her election as Chair of AMERC, the AMMC has hosted several work meetings in May, September, and November 2020. These virtual meetings have provided an opportunity to share what members are doing to mitigate the impact of COVID-19 and to introduce members to the ongoing work of the IOSCO Board.

The meetings also identified key priorities for the region, namely Fintech, sustainable finance, and capacity building.

• Growth and Emerging Markets Committee - GEMC

As Chair of Africa and Middle East Regional Committee (AMERC), Ms. Nezha HAYAT, Chairperson of the AMMC, is also a member of the GEMC Steering Committee.

As such, the AMMC took part in the virtual meeting of this committee held on 23 July 2020. The meeting was an opportunity for committee members to discuss regulatory measures taken in response to the Covid-19 pandemic and their impact on emerging markets.

• IOSCO Technical Committee for Investment Management (Committee 5) and Committee on Regulation of Market Intermediaries (Committee 3)

Eight technical committees are in charge of IOSCO's work. The AMMC is a member of two of these committees: Committee 3 on the regulation of Market Intermediaries and Committee 5 on Investment Management.

Thus, the AMMC took part in the C5 meetings held in May, June, and October 2020. During these three meetings, the exchanges covered the following issues:

- the methodology for measuring the leverage of investment funds;
- Exchange Traded Funds (ETFs);
- Index providers and;
- Collateralized Loan Obligations (CLOs).

As a member of Committee 3, the AMMC also took part in the working meetings held virtually in July, September, and December 2020, which covered the following issues:

- the use of Artificial Intelligence (AI) in the activity of market intermediaries and asset management companies ;
- the outsourcing of financial services;
- Retail distribution and digitalization;
- Collateralized Loan Obligations (CLOs).

• Involvement in the work of the IOSCO temporary "Sustainable Finance Task Force"

In April 2020, the IOSCO Board created a Task Force entitled "Sustainable finance Task Force" (STF), aiming to continue the work and proposals of the "Sustainable Finance Network" SFN report.

This task force includes three sub-groups:

- Working group 1: sustainability-related issuer disclosures;
- Working group 2: sustainability-related asset manager disclosures, greenwashing, and other investor protection matters;
- Working group 3: Rating agencies (CRAs), ESG ratings, and ESG data providers.

Thus, as a member of the STF, the AMMC participated besides 22 other jurisdictions in four meetings held by this working group. At these meetings, they discussed the work program of the subgroups and their progress. Since June 2020, the AMMC has been a member of Working Group 1 on Sustainability-related issuer disclosures. The Authority took part in the three meetings held in 2020.

6.2 Bilateral agreements, cooperation and technical assistance

6.2.1 The AMMC's Risk Map presented to the Regional Council for Public Savings and Financial Markets (Conseil Régional de l'Épargne Publique et des Marchés Financiers CREPMF)

Following the Financial Stability Committee of the West African Monetary Union recommendations (WAMU), CREPMF planned to launch a project to map the risks of the regional financial market and set up a risk management system with the support of a consulting firm for its implementation.

In this respect, CREPMF requested the AMMC experience in this area, particularly its assistance in setting the project terms of reference.

Thus, the AMMC held a virtual working session on Wednesday, 16 September 2020, with the CREPMF teams to present its risk mapping and its new risk management tool "Oxial GRC".

6.2.2 Procedures relating to Squeeze-outs communicated to the Commission d'Organisation et de Surveillance des Opérations de Bourse (COSOB) Algeria

As part of the regular sharing of experiences and practices with the various regulators of the region, the Algerian regulator requested the AMMC assistance with respect to the Squeeze-outs procedures. The AMMC shared the procedure of a squeeze-out operation and detailed its key prerequisites (decision of admissibility, suspension of the listing, etc.).

6.2.3 AML/CFT regulations shared with the Jordan Securities Commission (JSC)

As part of sharing experiences among the Union of Arab Securities Authorities (UASA), the Jordan Securities Commission (JSC) requested members to share their legislative and regulatory framework relating to money laundering and the financing of terrorism.

In this respect, the AMMC responded to this request by providing its regulatory texts, the requirements for intermediaries' approval and its risk assessment system.

6.3 Sharing of experience, capacity building and other international events

6.3.1 Training by international/regional bodies

For capacity-building purposes, the AMMC staff took part in several meetings:

- **Workshop jointly organized by IOSCO and the Luxembourg authority on the impact of COVID-19 on the AML/CFT framework**

The AMMC took part in the workshop held jointly by IOSCO and the Commission de Surveillance du Secteur Financier (CSSF) of Luxembourg on the impact of Covid-19 on the AML-FT framework.

- **22nd IOSCO Seminar Training Program**

As part of its continuous staff capacity-building, the AMMC takes part each year in the seminars held by IOSCO. This year's edition, held virtually from 14 to 16 October 2020, focused on "RegTech / SupTech: Using Technology for Regulatory and Supervisory Responsibilities".

This training was an opportunity to share experiences with IOSCO experts and regulators from several member countries. The main topics covered the progress of IOSCO's work in FINTECH, the evolution of financial technology and future trends, market surveillance systems based on Big Data technologies, SupTech solutions, Blockchain technology, and the use of artificial intelligence to combat financial fraud and crime.

• **15th Joint FSI- IOSCO Conference on "Securities Trading Issues and Market Infrastructure"**

The Financial Stability Institute (FSI) of the Bank for International Settlements (BIS) and IOSCO invited the AMMC to their 15th Conference on Securities Trading Issues and Market Infrastructure.

This meeting, dedicated to banking supervisors and capital markets regulators, was held in November 2020.

• **IOSCO's Annual Affiliate Members Consultative Committee (AMCC) Training Seminar**

The AMMC took part in the 13th edition of IOSCO's Affiliate Members Consultative Committee Training Seminar, held virtually in November 2020.

The training emphasized the pandemic impact on IOSCO's activities and priorities, besides topics related to the events over the same period, including fraud, effective enforcement, remote supervision, and the role of regulators.

• **IOSCO / PIFS-HLS virtual roundtable: Covid-19 Impact on Capital Markets and Effective Policy Responses**

The AMMC took part on 29 September 2020 in the virtual roundtable discussion on "COVID-19 Impact on Capital Markets and Effective Policy Responses", jointly organized by the Program on International Financial Systems (PIFS) at Harvard Law School (HLS) and IOSCO.

• **Training under the IOSCO International Certification Program**

The IOSCO/PIFS-HLS International Certification Program is a program for capital markets regulators. IOSCO and the Program on International Financial Systems at Harvard Law School (PIFS-HLS) held jointly this event.

As part of this program, two representatives of the AMMC benefited from a training session organized in December 2020. This session outlined the role of capital market regulators during the Covid-19 pandemic.

• **11th IFIE-IOSCO Global Investor Education Conference**

The AMMC took part in the 11th Global Conference on Financial Education held jointly by IOSCO and the International Forum for Investor Education (IFIE). The theme of this year's edition (Financial Capability at a Crossroads: Building Financial Resiliency Programmes, and Strategies for a Changed World) focused on developing educational programmes to strengthen investor protection in financial markets.

6.3.2 Trainings organized by regulators

• **Webinar on « Suptech for Arab Regulators - Evolution of Supervisory Technology for Capital Markets »**

In June 2020, the AMMC took part in the joint Securities and Commodities Authority (SCA) and Arab Federation of Exchange (AFE) webinar on "Suptech for Arab Regulators".

6.3.3 Experience sharing

• The Central African Financial Market Day

In March 2020, the AMMC took part in the "Central African Financial Market Day", organized under the high sponsorship of the Ministry of Finance and Budget of the Republic of Congo, by the Financial Market Supervisory Commission of Central Africa (COSUMAF), in Brazzaville. The AMMC thus presented and moderated panel No. 2 on "Accelerating the development of the CEMAC financial market".

• « World Union of Arab Bankers » and « Central Bank of Qatar »

The AMMC took part in the conference organized by "The World Union of Arab Bankers and the Central Bank of Qatar, under the theme "Compliance and Combating Financial Crime" in Doha, Qatar, in January 2020.

The AMMC was invited to speak on the topic "Raising awareness on financial crimes, fraud, and Cybersecurity in the age of digitalization. New Approaches to Compliance".

The AMMC shared its experience in combating financial fraud, particularly anti-money laundering and countering the financing of terrorism.

This conference brought together over 400 financial market regulators, experts in combating financial fraud (money laundering and terrorism financing, corruption, etc.), besides compliance and risk management officers.

• « SEC Nigeria » Webcasts on financial inclusion

The Nigerian regulator invited the AMMC to share its experience in developing investor awareness and education programs for financial inclusion, particularly in the capital markets.

In November 2020, the AMMC contributed to discussions on the importance of financial education in developing the retail investor base in the region's markets.

• Licensing system

The Regional Council for Public Savings and Financial Markets (Conseil Régional de l'Épargne Publique et des Marchés Financiers CREPMF) requested the AMMC assistance in the conception of its licensing system dedicated to market professionals.

In December 2020, the AMMC shared with the CREPMF teams the various stages of the licensing project, from conception to implementation.



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TABLE DES ACRONYMES

ACAPS	Autorité de Contrôle des Assurances et de la Prévoyance Sociale
AMCC	Affiliate Members Consultative Committee
AMERC	Africa/Middle East Regional Committee
AMF	Autorité des Marchés Financiers
APSB	Association Professionnelle des Sociétés de Bourse
ASFIM	Association des Sociétés de Gestion et Fonds d'Investissement marocains
CCSRS	Comité de Coordination et de Surveillance des Risques Systémiques
CEDEAO	Communauté Économique des États de l'Afrique de l'Ouest
CGNC	Code Général de Normalisation Comptable
CNIF	Conseil National pour l'Inclusion Financière
COSUMAF	Commission de Surveillance du Marché Financier de l'Afrique Centrale
CREPMF	Conseil Régional de l'Épargne Publique et des Marchés Financiers
DFSP	Déclaration de Franchissement de Seuils de Participation
FCGD	Fonds Commun de Garantie des Dépôts
FCPE	Fonds Commun de Placement d'Entreprise
FMEF	Fondation Marocaine pour l'Éducation Financière
FMI	Fonds Monétaire International
FPCT	Fonds de Placement Collectif en Titrisation
FSI	Financial Stability Institute
LAB/FT	Lutte contre le blanchiment des capitaux et financement du terrorisme
GAFI	Groupe d'Action Financière
GAFIMOAN	Groupe d'Action Financière Moyen Orient Afrique du Nord
GEMC	Growth and Emerging Markets Committee
GMW	Global Money Week
ICMAT	Instance de Coordination du Marché à Terme
INPPLC	Instance Nationale de la Probité, de la Prévention et de la Lutte contre la Corruption
IOSCO	International Organization of Securities Commissions
IPO	Initial Public Offering
OCT	Obligation Court Terme
OICV	Organisation Internationale des Commissions de Valeurs
OMLT	Obligations Moyen et Long Terme
SESAM	Système d'Échange et de Supervision de l'Autorité du Marché
SPI-RFA	Société de Placement Immobilier à Règles de Fonctionnement Allégées
TCN	Titre de Créance Négociable
UASA	Union Arabe des Autorités de Régulation
UTRF	Unité de Traitement du Renseignement Financier
WASRA	Association des Régulateurs Ouest Africains
WIW	World Investor Week



APPENDICES



APPENDIX 1: FINANCIAL STATEMENTS AT 31 DECEMBER 2020

Balance sheet (assets)

CLAIMS ON CURRENT ASSETS (G)	ASSETS	FISCAL YEAR			PREVIOUS FISCAL YEAR
		Gross	Depreciation and provisions	Net	Net
FIXED ASSETS	NIL VALUE ASSETS (A)	16 469 353.72	3 676 447.86	12 792 905.86	858 729.26
	Preliminary expenses	-	-	-	-
	Deferred charges	16 469 353.72	3 676 447.86	12 792 905.86	858 729.26
	Bond redemption premium	-	-	-	-
	INTANGIBLE FIXED ASSETS (B)	20 521 238.29	18 546 207.69	1 975 030.60	2 298 294.74
	Research & development fixed assets	-	-	-	-
	Patents, trademarks, assets. And similar rights	18 991 166.89	17 253 286.29	1 737 880.60	2 298 294.74
	Goodwill	-	-	-	-
	Other intangible fixed assets	1 530 071.40	1 292 921.40	237 150.00	-
	IMMOBILISATIONS CORPORELLES (C)	46 608 635.67	19 141 981.74	27 466 653.93	29 808 124.12
	Land	-	-	-	-
	Buildings	-	-	-	-
	Technical installations, plant and machinery, equipment and fixtures	-	-	-	-
	Transport equipment	160 150.00	160 150.00	-	-
	Furniture, fixtures and equipment	46 448 485.67	18 981 831.74	27 466 653.93	29 808 124.12
	Other intangible fixed assets	-	-	-	-
	Tangible fixed assets in progress	-	-	-	-
	FINANCIAL FIXED ASSETS (D)	-	-	-	-
	Long-term loans	-	-	-	-
	Other financial claims	-	-	-	-
	Equity interests	-	-	-	-
Other financial fixed assets	-	-	-	-	
TRANSLATION ADJUSTMENTS - ASSETS (E)	-	-	-	-	
Decrease in fixed debts	-	-	-	-	
Increase in financing debts	-	-	-	-	
TOTAL I (A+B+C+D+E)	83 599 227.68	41 364 637.29	42 234 590.39	32 965 148.12	
CURRENT ASSETS	INVENTORY (F)	506 054.82	-	506 054.82	172 251.70
	Goods	-	-	-	-
	Consumable materials and supplies	506 054.82	-	506 054.82	172 251.70
	Goods-in-process	-	-	-	-
	Intermediate and residual products	-	-	-	-
	Finished products	-	-	-	-
	CLAIMS ON CURRENT ASSETS (G)	53 426 757.05	12 000.00	53 414 757.05	47 393 355.39
	prepayments, payments on account	-	-	-	-
	Accounts receivable	43 811 864.73	-	43 811 864.73	41 274 824.95
	Payroll	889 308.42	12 000.00	877 308.42	657 568.46
	Government	7 605 110.74	-	7,605,110.74	4,139,812.85
Partners' accounts	-	-	-	-	
Other accounts receivable	11 563.45	-	11 563.45	11 563.44	
Adjustment accounts. Assets	1 108 909.71	-	1 108 909.71	1 309 585.69	
INVESTMENT SECURITIES (H)	160 000 000.00	-	160 000 000.00	180 000 000.00	
TRANSLATION ADJUSTMENTS - ASSETS (I)	-	-	-	-	
(Current items)	-	-	-	-	
TOTAL II (F+G+H+I)	213 932 811.87	12 000.00	213 920 811.87	227 565 607.09	
TRES.	CASH - ASSETS	3 488 490.17	-	3 488 490.17	16 572 709.68
	Cheques and cash values	-	-	-	-
	Bank, treasury and post office account	3 483 805.72	-	3 483 805.72	16 564 477.65
	Cash, petty cash and credit lines	4 684.45	-	4 684.45	8 232.03
TOTAL III	3 488 490.17	-	3 488 490.17	16 572 709.68	
GENERAL TOTAL I + II + III	301 020 529.72	41 376 637.29	259 643 892.43	277 103 464.89	

Balance sheet (liabilities)

	LIABILITIES	FISCAL YEAR	PREVIOUS FISCAL YEAR
PERMANENT FUNDING	SHAREHOLDERS' EQUITY		
	Corporate or personal capital (1)	222 112 261.92	221 225 799.21
	less: shareholders, subscribed uncalled capital,		
	Called capital,		
	Including paid-in.....		
	issue, merger and contribution premiums	-	-
	Revaluation reserve	-	-
	Legal reserve	-	-
	Other reserves	-	-
	Retained earnings (2)	-	-
	Net income pending appropriation (2)	-	-
	Net income of the fiscal year (2)	15 382 483.10	27 886 462.71
	Total shareholders' equity (A)	237 494 745.02	249 112 261.92
	QUASI EQUITY (B)	-	960 666.67
	Investment grants		960 666.67
	Regulated provisions		
	Other quasi-equity		
	FINANCING DEBTS (C)	-	-
	Bonded debt		
	Other financing debt		
	Other financing debts		
		-	-
	LONG-TERM PROVISIONS FOR LIABILITIES AND CHARGES (D)	-	-
	Provisions for liabilities		
Provision for charges			
TRANSLATION ADJUSTMENTS - LIABILITIES (E)	-	-	
Increase in fixed debts			
Decrease in financing debts			
TOTAL I (A+B+C+D+E)	237 494 745.02	250 072 928.59	
CURRENT LIABILITIES	CURRENT LIABILITIES DEBTS (F)	22 149 147.41	27 030 536.30
	Trade and other accounts payable	4 336 564.94	6 661 072.27
	Trade receivables, prepayments and advances	1 200.00	-
	Payroll	3 966 030.55	3 024 964.03
	Social organizations	343 946.97	3 682 832.78
	Government	12 388 856.90	12 576 568.69
	Partner's accounts	-	-
	Other creditors	1 112 548.05	1 085 098.53
	Adjustment accounts - liabilities	-	-
	OTHER PROVISIONS FOR LIABILITIES AND CHARGES (G)	-	-
	TRANSLATION ADJUSTMENTS - LIABILITIES (current items) (H)	-	-
	TOTAL II (F+G+H)	22 149 147.41	27 030 536.30
	TRES.	TRESORERIE - PASSIF	
Discount credit facilities		-	-
Short-term credit facilities		-	-
Banks, (credit balance)		-	-
TOTAL III		-	-
GENERAL TOTAL I + II + III	259 643 892.43	277 103 464.89	

(1) Debtor personal capital

(2) Profit (+), loss (-)

Income statement

		TRANSACTIONS				
		Particular to the fiscal year 1	For the previous fiscal years 2	TOTAL OF THE FISCAL YEAR 3 = 1 + 2	TOTALS OF THE PREVIOUS YEARS 4	
OPERATIONAL	I	OPERATING INCOME				
		Sales of goods (as is)	-	-	-	
		Sales of goods and services produced				
		Sales revenues	138 953 358.96	-	138 953 358.96	140 760 445.41
		Changes in inventory (+ -) (1)	-	-	-	
		Fixed assets produced by the company itself	-	-	-	
		Operating grants	-	-	-	
		Other operating revenue	-	-	-	
		Resumption of operations; expense transfers	-	-	-	
		TOTAL I	138 953 358.96	-	138 953 358.96	140 760 445.41
OPERATIONAL	II	OPERATING EXPENSES				
		Cost of goods sold (2)	-	-	-	
		Cost of materials and supplies consumed (2)	2 665 347.92	-	2 665 347.92	2 470 664.98
		Other external charges	25 910 989.20	-	25 910 989.20	29 468 676.00
		Taxes and duties	2 998 968.00	-	2 998 968.00	81 613.00
		Payroll	73 084 830.81	7 200.00	73 092 030.81	63 210 681.30
		Other operating charges	587 142.90	-	587 142.90	868 571.48
		Operating allowances	13 529 940.26	-	13 529 940.26	8 490 370.93
	TOTAL II	118 777 219.09	7 200.00	118 784 419.09	104.590.577.69	
	OPERATING INCOME (I-II)	20 176 139.87	-7 200.00	20 168 939.87	36 169 867.72	
FINANCIAL	IV	FINANCIAL INCOME				
		Income from equity holdings and other fixed assets	-	-	-	
		Translation gains	3 280.75	-	3 280.75	2 200.84
		Interest and other financial income	3 731 072.27	-	3 731 072.27	4 912 147.96
		Financial writebacks; expense transfers	-	-	-	-
		TOTAL IV	3 734 353.02	-	3 734 353.02	4 914 348.80
FINANCIAL	v	FINANCIAL EXPENSES				
		Interest charges	-	-	-	
		Translation losses	28 161.13	-	28 161.13	17 802.45
		Other financial expenses	-	-	-	
		Financial allowances	-	-	-	
	TOTAL V	28 161.13	-	28 161.13	17 802.45	
	VI	FINANCIAL INCOME (IV - V)	3 706 191.89	-	3 706 191.89	4 896 546.35

		TRANSACTIONS				
		Particular to the fiscal year 1	For the previous fiscal years 2	TOTAL OF THE FISCAL YEAR 3 = 1 + 2	TOTALS OF THE PREVIOUS YEARS 4	
		NATURE				
NON CURRENT	VII	CURRENT INCOME (III + VI)	23.882.331.76	-7.200.00	23.875.131.76	41.066.414.07
	VII	CURRENT INCOME (Carry-over)	23.882.331.76	-7.200.00	23.875.131.76	41.066.414.07
	VIII	NON CURRENT INCOME				
		Proceeds from disposal of fixed assets	30 000.00	-	30 000.00	37 923.00
		Equalization subsidies	-	-	-	-
		Reversals of investment grants	960 666.67	-	960 666.67	1 048 000.00
		Other non-current income	41 619.53		41 619.53	460 228.91
		Non-current reversals; expense transfers	15 000 000.00	-	15 000 000.00	-
		TOTAL VIII	16 032 286.20	-	16 032 286.20	1 546 151.91
	IX	NON CURRENT EXPENSES				
		Net depreciation value of disposed assets	10 306.17	-	10 306.17	-
		Subsidies granted	-	-	-	-
		Other non-current expenses	16 635 678.69		16 635 678.69	1 422 624.27
		Non-current allowances to depreciation and prov.				
		TOTAL IX	16 645 984.86	-	16 645 984.86	1 422 624.27
	X	NON CURRENT INCOME (VIII-IX)	-613 698.66	-	-613 698.66	123 527.64
	XI	PRE-TAX INCOME (VII+ X)	23 268 633.10	-7 200.00	23 261 433.10	41 189 941.71
	XII	CORPORATE INCOME TAX	7 878 950.00		7 878 950.00	13 303 479.00
	XIV	TOTAL INCOME (I + IV + VIII)	158 719 998.18		158 719 998.18	147 220 946.12
	XV	TOTAL EXPENSES (II + V + IX + XII)	143 330 315.08	7 200.00	143 337 515.08	119 334 483.41
XVI	NET INCOME (Total income - Total expenditure)	15 389 683.10	-7 200.00	15 382 483.10	27 886 462.71	

1) Changes in inventory: closing inventory - opening inventory; increase (+); decrease (-)

2) Purchases resold or consumed: purchases - change in inventory

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RAPPORT DE L'AUDITEUR EXTERNE

EXERCICE DU 1^{ER} JANVIER AU 31 DECEMBRE 2020

Aux membres du Conseil d'Administration

Autorité Marocaine du Marché des Capitaux (AMMC)

Avenue Annakhil, Hay Riad – Rabat

Audit des états de synthèse

Opinion

Conformément à la mission qui nous a été confiée par votre Conseil d'Administration du 30 septembre 2019, nous avons effectué l'audit des états de synthèse ci-joints de l'Autorité Marocaine du Marché des Capitaux (AMMC), qui comprennent le bilan au 31 décembre 2020, le compte de produits et charges, l'état des soldes de gestion, le tableau de financement pour l'exercice clos à cette date, ainsi que l'état des informations complémentaires (ETIC). Ces états de synthèse font ressortir un montant de capitaux propres et assimilés de 237 494 745,02 MAD dont un bénéfice net de 15 382 483,10 MAD. Ces états ont été arrêtés par la Présidente de l'AMMC le 8 mars 2021 dans un contexte évolutif de la crise sanitaire de l'épidémie de Covid-19, sur la base des éléments disponibles à cette date.

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 (AMMC) au 31 décembre 2020, conformément au référentiel comptable admis au Maroc.

Fondement de l'opinion

Nous avons effectué notre audit selon les Normes de la Profession au Maroc. Les responsabilités qui nous incombent en vertu de ces normes sont plus amplement décrites dans la section « Responsabilités de l'auditeur à l'égard de l'audit des états de synthèse » du présent rapport. Nous sommes indépendants de la société conformément aux règles de déontologie qui s'appliquent à l'audit des états de synthèse au Maroc et nous nous sommes acquittés des autres responsabilités déontologiques qui nous incombent selon ces règles. Nous estimons que les éléments probants que nous avons obtenus sont suffisants et appropriés pour fonder notre opinion d'audit.

Responsabilités de la direction et des responsables de la gouvernance à l'égard des états de synthèse

La direction est responsable de la préparation et de la présentation fidèle des états de synthèse, conformément au référentiel comptable admis au Maroc, ainsi que du contrôle interne qu'elle considère comme nécessaire pour permettre la préparation d'états de synthèse exempts d'anomalies significatives, que celles-ci résultent de fraudes ou d'erreurs.

Lors de la préparation des états de synthèse, c'est à la direction qu'il incombe d'évaluer la capacité de la société à poursuivre son exploitation, de communiquer, le cas échéant, les questions se rapportant à la continuité de l'exploitation et d'appliquer le principe comptable de continuité d'exploitation, sauf si la direction a l'intention de liquider la société ou de cesser son activité ou si aucune autre solution réaliste ne s'offre à elle.

Il incombe aux responsables de la gouvernance de surveiller le processus d'information financière de la société.

Responsabilités de l'auditeur à l'égard de l'audit des états de synthèse

Nos objectifs sont d'obtenir l'assurance raisonnable que les états de synthèse pris dans leur ensemble sont exempts d'anomalies significatives, que celles-ci résultent de fraudes ou d'erreurs et de délivrer un rapport de l'auditeur contenant notre opinion. L'assurance raisonnable correspond à un niveau élevé d'assurance, qui ne garantit toutefois pas qu'un audit réalisé conformément aux normes de la profession au Maroc permettra toujours de détecter toute anomalie significative qui pourrait exister. Les anomalies peuvent résulter de fraudes ou d'erreurs et elles sont considérées comme significatives lorsqu'il est raisonnable de s'attendre à ce que, individuellement ou collectivement, elles puissent influencer sur les décisions économiques que les utilisateurs des états de synthèse prennent en se fondant sur ceux-ci.

Dans le cadre d'un audit réalisé conformément aux normes de la profession au Maroc, nous exerçons notre jugement professionnel et faisons preuve d'esprit critique tout au long de cet audit. En outre :

- nous identifions et évaluons les risques que les états de synthèse comportent des anomalies significatives, que celles-ci résultent de fraudes ou d'erreurs, concevons et mettons en œuvre des procédures d'audit en réponse à ces risques, et réunissons des éléments probants suffisants et appropriés pour fonder notre opinion. Le risque de non-détection d'une anomalie significative résultant d'une fraude est plus élevé que celui d'une anomalie significative résultant d'une erreur, car la fraude peut impliquer la collusion, la falsification, les omissions volontaires, les fausses déclarations ou le contournement du contrôle interne ;
- nous acquérons une compréhension des éléments du contrôle interne pertinents pour l'audit afin de concevoir des procédures d'audit appropriées aux circonstances, et non dans le but d'exprimer une opinion sur l'efficacité du contrôle interne de la société ;
- nous apprécions le caractère approprié des méthodes comptables retenues et le caractère raisonnable des estimations comptables faites par la direction, de même que des informations y afférentes fournies par cette dernière ;
- nous tirons une conclusion quant au caractère approprié de l'utilisation par la direction du principe comptable de continuité d'exploitation et, selon les éléments probants obtenus, quant à l'existence ou non d'une incertitude significative liée à des événements ou situations susceptibles de jeter un doute important sur la capacité de la société à poursuivre son exploitation. Si nous concluons à l'existence d'une incertitude significative, nous sommes tenus d'attirer l'attention des lecteurs de notre rapport sur les informations fournies dans les états de synthèse au sujet de cette incertitude ou, si ces informations ne sont pas adéquates, d'exprimer une opinion modifiée. Nos conclusions s'appuient sur les éléments probants obtenus jusqu'à la date de notre rapport. Des événements ou situations futurs pourraient par ailleurs amener la société à cesser son exploitation ;

- nous évaluons la présentation d'ensemble, la structure et le contenu des états de synthèse, y compris les informations fournies dans l'ETIC, et apprécions si les états de synthèse représentent les opérations et événements sous-jacents d'une manière propre à donner une image fidèle.

Nous communiquons aux responsables de la gouvernance notamment l'étendue et le calendrier prévus des travaux d'audit et nos constatations importantes, y compris toute déficience importante du contrôle interne que nous aurions relevée au cours de notre audit.

Casablanca, le 24 mars 2021

L'auditeur externe

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Sakina Bensouda Korachi
Associée

APPENDIX 2: SUMMARY OF PENALTIES

Name	Alleged offences	Penalty
Global Nexus (OPCC management company)	<ul style="list-style-type: none"> I. Non-compliance with management companies' obligations regarding the processing of subscriptions; II. Non-compliance with management companies' obligation not to use assets under management for proprietary purposes; III. Non-compliance with the principles of primacy of the interests of unitholders, their fair treatment, and the stipulations of the management regulations of the relevant OPCC; IV. Non-compliance with some rules relating to the management of the relationship with the AMMC; V. Non-compliance with some rules relating to the human and organizational resources of management companies. 	<ul style="list-style-type: none"> - Financial penalty of MAD 1,000,000; - Proposal to the Minister of Finance to revoke the approval of the party as a disciplinary measure¹⁰.
Bank Of Africa (In the capacity of Custodian of OPCC)	<ul style="list-style-type: none"> I. Failure to control the compliance of some transactions, impacting the liquidity of an OPCC, with the stipulations of the Management Regulations and the provisions of Law No. 41-05; II. Failure to control the regularity of subscription forms for OPCC units; III. Delay in the creation and delivery of the OPCC units to the holders; IV. Non-compliance with the duty to inform the AMMC, without delay, of the identified irregularities. 	<ul style="list-style-type: none"> - Reprimand
MENA CP (Brokerage firm)	<ul style="list-style-type: none"> I. Non-compliance with some obligations of securities account keepers with respect to financial resources; II. Non-compliance with some vigilance obligations applicable to anti-money laundering and countering the financing of terrorism; III. Non-compliance with some obligations of securities account keepers with respect to human and organizational resources; IV. Non-compliance with the obligations governing the internal control system; V. Non-compliance with the prudential ratio relating to customer credit balances (R2); VI. Non-compliance with the rules governing the collection of subscription orders for a public offering; VII. Non-compliance with some rules relating to processing stock market orders. 	<ul style="list-style-type: none"> - Reprimand

10. The revocation of approval was made effective following the publication in the Official Gazette (Arabic Ver.) No. 6898 of 9 July 2020, of the Order of the Minister of Economy, Finance and Administration Reform No. 1681-20 revoking the approval of the OPCC Management Company "Global Nexus SA".



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