

CDVM

مجلس القيم المنقولة

CDVM ANNUAL REPORT 2013

Conseil Déontologique des Valeurs Mobilières

L'autorité qui veille sur votre épargne



C D V M A N N U A L R E P O R T
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Word of the Director



Despite the unfavorable regional and international environment, the national economy managed to achieve in 2013 very satisfactory results. Indeed, the growth rate of GDP rose sharply to 4.4% against 2.7% in 2012 thanks to the strong growth of the agricultural added value. The fiscal deficit is contained at 5.5% of GDP against 7.4% one year earlier.

The activity recovery also means the return of market operations. Indeed, financially speaking, 2013 was a year of markets convalescence; these markets are gradually returning to their primary function that is to finance the economy.

Thus, the overall transaction volume, on its part, stood at 62 billion dirhams with a slight increase of 1.8% compared to 2012. Similarly, the value of foreign investments in listed securities recorded on December 31, 2013, an increase of 16% compared to the previous year, moving from 118.10 billion dirhams to 136.99 billion after two consecutive years of decline.

MASI and MADEX ended 2013 with a negative performance but less sharp than the one recorded in 2012. Such indices have experienced a respective decrease of 2.62% and 2.57% against 15.13% and 15.5% in 2012. As for market capitalization, it shows an increase of 1.3% against a decline of 13.7% in 2012. At the end of 2013, it reached a total amount of 451.11 billion dirhams.

As for the figures related to the activities of market stakeholders, they begin to show encouraging signs. Indeed, the total turnover of listed companies, which stood at the end of 2013 at 173 million dirhams, remained almost stagnant compared to 2012. In addition, the financial instruments custody market which represents a total volume of about 1,271 billion dirhams, grew by 4.8% compared to 2012.

In terms of asset management, the number of operational UCITS increased from 360 to 373 at the end of 2013, following the creation of 13 new funds (5 "Medium & Long Term Bonds" UCITS, 4 "Short term Bond" UCITS, 3 "Monetary" and "Equity" UCITS). In addition, net assets under UCITS management reached 245.54 billion dirhams against 241.85 billion dirhams in 2012, recording an annual growth of 1.53%.

Similarly, at the end of 2013, 5 Collective Investment Funds (CIF) on Securitization were active against four funds by the end of 2012. In regard to the venture capital business, the company CDG Capital Infrastructures was approved in 2013 as a venture capital fund Management Company bringing to six the number of management companies of venture capital funds in Morocco.

In 2013, the CDVM has continued its mission of market regulation through taking efficient measures for the development and protection of savings to hoist Casablanca stock exchange with the highest standards and improve its regional and international position. Thus, the CDVM has been heavily involved with other entities, including the Ministry of Finance, Casablanca Finance City Authority, Casablanca Stock Exchange, Maroclear, Bank Al-Maghrib and professional associations, in a variety of legislative, regulatory, technical and educational projects.

Moreover, in terms of controlling market stakeholders, the CDVM has strengthened its presence by conducting several inspecting missions and ensuring permanently the monitoring of market stakeholders. Indeed, fourteen inspecting missions have been conducted with brokerage firms and custodians in 2013; a thematic inspection was conducted with Casablanca Stock Exchange regarding the internal audit mechanism. Similarly, a post-mission inspection was conducted with Maroclear. As for management companies, they have been subject to 12 inspecting missions.

At the coercive level, the CDVM issued in 2013 three disciplinary and financial penalties against stakeholders who have committed violations of the governing laws and regulations.

Internally, several structural projects have been pursued including the project of human resources development, and another related to information governance as well as a project of establishing a reporting system on data exchanges with financial market stakeholders.

Finally, at the international level, the CDVM has confirmed its presence at various international regulatory bodies of financial markets and has actively participated in various debates and discussions in relation to its competence. The CDVM also signed three agreements with the regulatory authorities of Central Africa, West Africa and the supervisory board of the Luxembourg financial sector and a memorandum of understanding with all European Regulators under the AIFM Directive on alternative Investment Fund Managers.

In 2013, the outputs quality of the CDVM has once again confirmed its position as a major player in the development of the Moroccan financial market both nationally and internationally, thanks to the very high level of commitment and professionalism of its employees.

Chapter 1

Key figures of the authority

1 Financial statement

In the context of the stock market downturn, the CDVM operational income witnessed a declining trend between 2012 and 2013.

Apart from the commission charged on the net assets of CIF on securitization, which experienced an increase between 2012 and 2013, the other fees charged by the CDVM have stagnated or declined. Commissions on financial transactions have fallen by 40%, primarily due to lower issuances observed in the primary market. Moreover, the share of parafiscal tax on the CDVM income increased by 10% in 2012 to reach 12% in 2013. Under 2013, the evolution of the CDVM revenues is as follows:

Table 1: **Components and evolution of CDVM operating revenues** (in billions of dirhams)

	2008	2009	2010	2011	2012	2013
Commissions/UCITS	42,771	48,208	52,273	55,216	57,723	57,479
Commissions/Operations	11,942	6,340	20,986	11,066	8,335	4,965
Parafiscal tax on stock exchange transactions	19,863	10,625	16,682	9,205	7,601	9,102
Maroclear Commission	2,554	2,519	2,599	3,007	3,038	3,033
Commission/CIF on securitization Net Asset				106	647	746
Operating received subsidies				798		
Total	77,130	67,692	92,541	79,398	77,343	75,325

Source: CDVM.

Table 2: **Components and evolution of CDVM operating revenues**

Operating fees	2008	2009	2010	2011	2012	2013
Consumed purchases of material & supplies	1,450	1,496	851	2,109	1,385	1,053
Other external fees	9,313	6,424	8,354	8,733	7,894	8,323
Personnel fees	29,332	34,630	38,563	41,034	42,719	42,380
Taxes	80	78	68	68	420	69
Fees related to the activity	40,175	42,628	47,836	51,944	52,418	51,825
Other operating fees	117	117	117	118	14	29
Operating allocations	1,854	1,851	1,836	1,995	4,151	1,843
Total of operating fees	42,146	44,596	49,790	54,057	56,583	53,697

Source: CDVM.



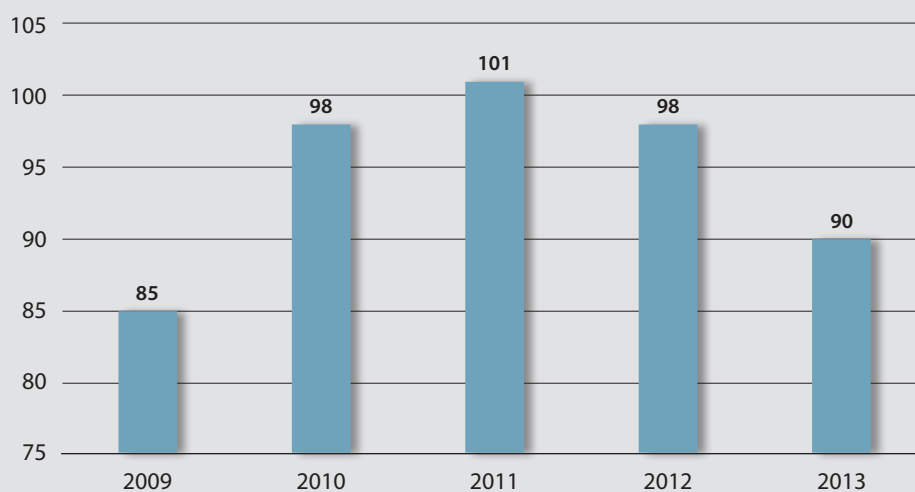
Table 3: **Components and evolution of CDVM income** (in billions of dirhams)

	2008	2009	2010	2011	2012	2013
Operating income	35,555	23,704	42,751	25,341	20,759	21,628
Financial income	3,323	5,656	7,867	8,265	9,975	10,461
Non operating income	8,442	9,773	-108	809	3,509	-259
Pre-tax income	47,321	39,133	50,509	34,415	34,244	31,829
Income taxes	12,026	10,446	15,386	10,514	10,662	9,927
Net income	35,295	28,687	35,123	23,901	23,582	21,902

Source: CDVM.

2 Evolution of CDVM Staff since 2009

Graph1: **Evolution of CDVM Staff since 2009**



Source: CDVM.

Chapter 2

Key figures of the stock market

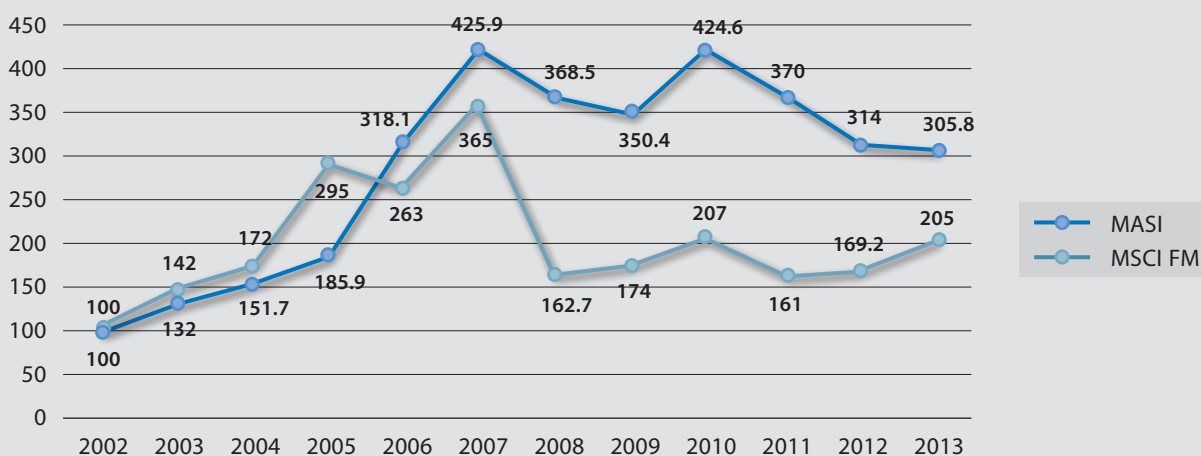
1 Indices evolution

In 2013, the world's major financial centers have posted positive returns. Indeed, the measures deployed by the different monetary policies and the improvement of growth prospects in developed countries have helped to boost markets.

Thus, the MSCI ALL Cap World Index¹ (ACWI) recorded a positive performance of 19.58% over the previous year. However, this performance is mainly due to the developed markets (e.g. MSCI Finland 38.99%, Ireland 36.73%, and USA 28.79%) and Frontier Markets (MSCI FM 20, 53% MSCI, FM Africa 23.49%). Emerging countries have mostly ended the year with negative performance (MSCI EM -5.67%), due to weak global trade and their structural imbalances.

Furthermore, it should be noted that managers of the MSCI index decided in June 2013, the reclassification of Morocco moving from «Emerging market» to «Frontier Market». However, the FTSE maintained the positioning of Morocco in the emerging market category.

Graph 2: **Evolution of MASI and MSCI FM² (Base 100=2002)**

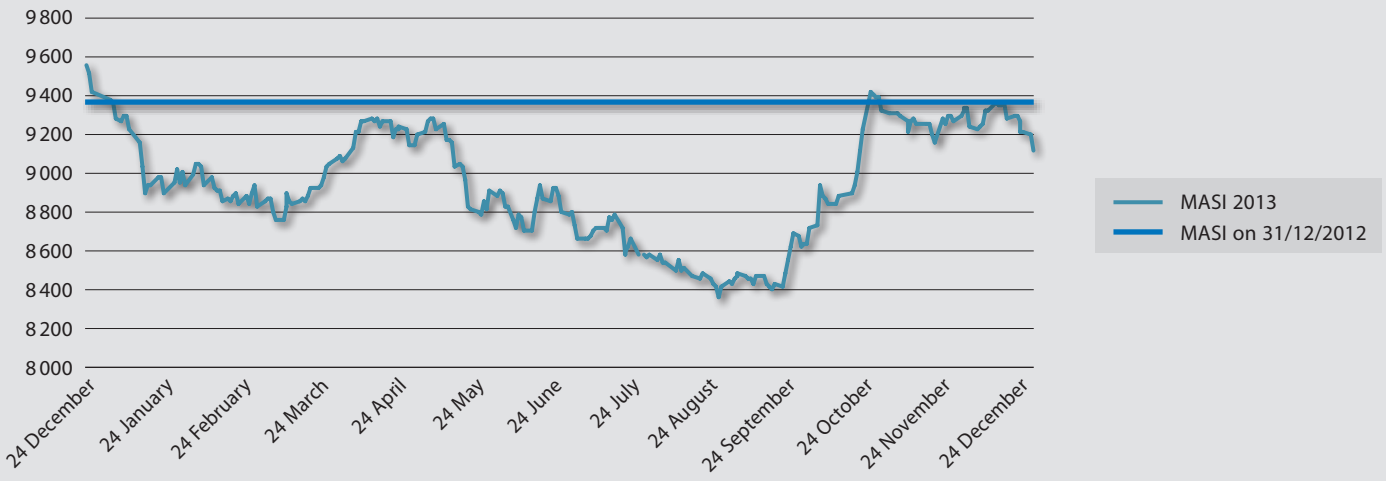


Source: Casablanca stock exchange and MSCI.

¹ Index retracing the stock market performance of 23 developed countries and 21 emerging market.

² The MSCI Frontier Markets (FM) index covers the average and large caps in 26 frontier markets. The index includes 143 components, covering about 85% of the free float-adjusted market capitalization in each country. The frontier countries are: Argentina, Bahrain, Bangladesh, Bulgaria, Croatia, Estonia, Jordan, Kenya, Kuwait, Lebanon, Lithuania, Kazakhstan, Mauritius, Morocco, Nigeria, Oman, Pakistan, Qatar, Romania, Serbia, Slovenia, Sri Lanka, Tunisia, Ukraine, United Arab Emirates and Vietnam.

Graph 3: Evolution of MASI index during the year 2013



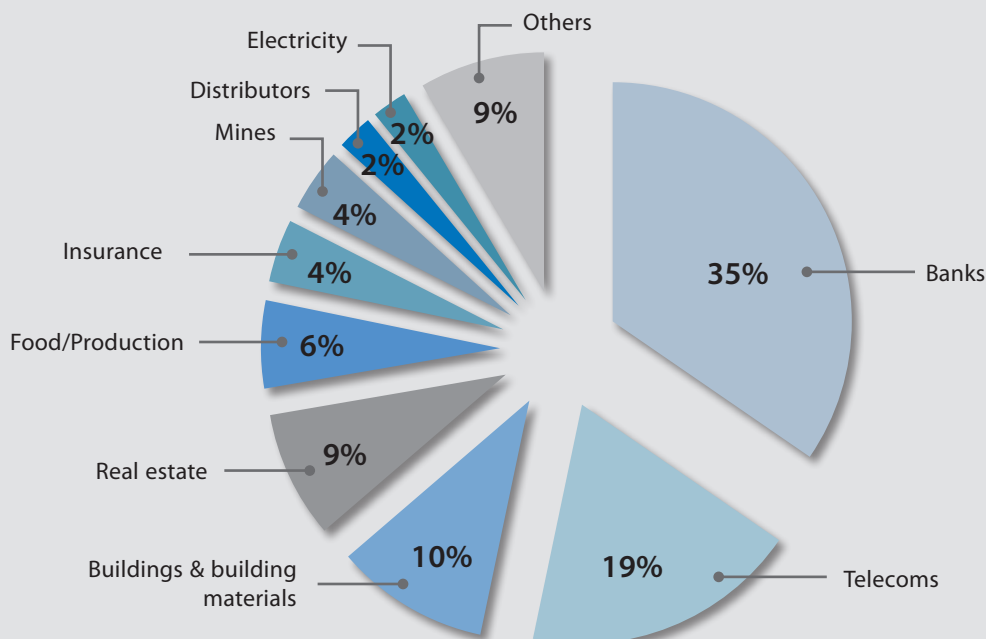
Source: Casablanca stock exchange.

2 Evolution of the market capitalization

Market capitalization showed an increase of 1.3% against a decline of 13.7% in 2012. By the end of 2013, it reached a total amount of 451.11 billion dirhams.

This performance is mainly due to the positive performance of buildings and building materials sectors & Banks, which represent nearly 45% of total market capitalization and the IPO of Jorf Lasfer Energy Company («electricity» Sector represents 2% of market capitalization).

Graph 4: Distribution of market cap by activity sector in 2013



Source: Casablanca stock exchange.

3 Evolution of transactions volume

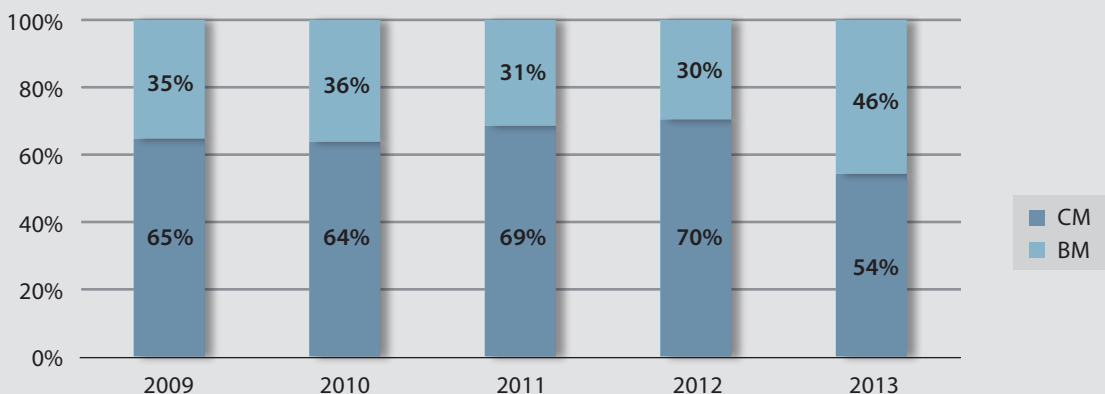
The total transaction volume reached 62 billion dirhams recording a slight increase of 1.8% compared to 2012. However, the decline in the volume observed in recent years in the central market is still ongoing in 2013. Also, the volume on the central market in 2013 reached 28.6 billion dirhams against 32.9 billion dirhams in 2012, recording a decrease of 13% with a depreciation of the average daily trade volume of 11%.

Table 4: Evolution of trading volumes by category

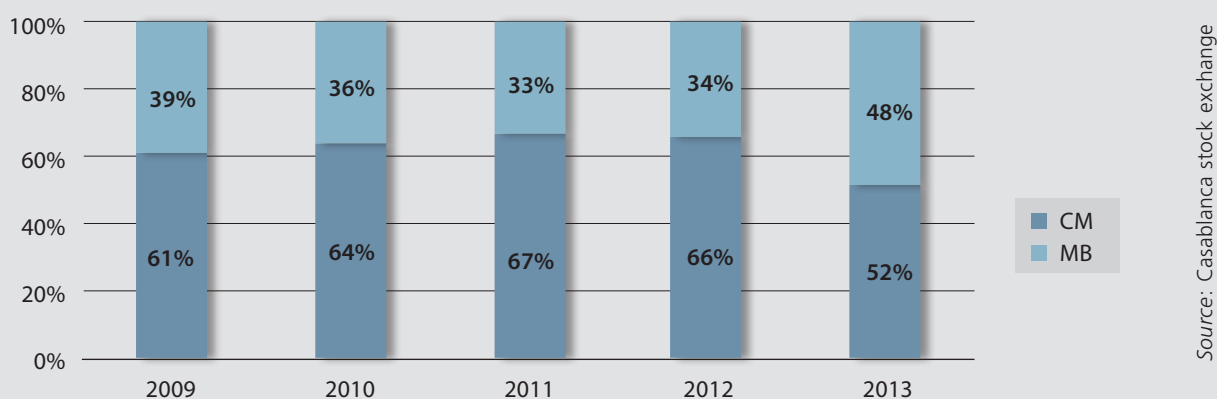
Transaction volumes	2009	2010	2011	2012	2013
Equity Volume					
1. Central market	35,943	51,990	35,211	29,729	26,450
2. Block market	19,439	29,729	16,089	12,470	22,101
Total A = (1+2)	55,382	81,720	51,299	42,199	48,550
3. IPOs	—	837	416	27	1,000
4. Share contributions	3,146	8,484	33,783	2,063	644
5. Takeover bid	113	10,445	3	177	45
6. Transfers	633	1,156	978	617	1,116
7. Capital increases	3,180	6,231	7,379	7,469	3,202
Total B = (3+4+5+6+7)	7,072	27,155	42,559	10,353	6,008
I. Equity total volume (A+B)	62,454	108,874	93,858	52,552	54,558
Bonds Volume					
8. Central market	3,391	6,314	4,932	3,205	2,171
9. Block market	5,201	3,042	3,665	4,368	4,713
Total C = (8+9)	8,592	9,355	8,597	7,572	6,884
10. Issuances	1,482	1,593	889	910	700
11. Share contributions	—	109	23	0	0
II. Bonds total volume	10,073	11,058	9,510	8,483	7,584
III. Overall total	72,527	119,932	103,368	61,034	62,142

Source: Casablanca stock exchange

Graph 5: Distribution of Volume and market share between central and block market in %



Source: Casablanca stock exchange

Graph 6: **Distribution of overall Volume between central and block market in %**

4 Investors typology

Volumes recorded in the central market in 2013 continue on their downward trend decreasing by 13% in 2012 to stand at 28.6 billion dirham against 32.9 billion dirham in 2012.

Regarding purchase transactions, the transactions made via the banking network is declining by 55% compared to 2012, followed by those made by foreign natural persons which decreased by 37% compared to the previous year. However, purchases made by foreign legal entities are up by 19%.

In terms of sales transactions, except for transactions by foreign legal entities which registered an increase of 51% over the previous year, sales from other categories of investors are down, the largest decrease recorded by foreign natural investors stands at nearly 42% in 2013.

Table 5: **Distribution of the stock purchase volumes by category of investors on the central market**
(excluding contribution transactions, IPOs, public offerings and capital increases in cash)

	UCITS	Moroccan Legal persons	Moroccan natural persons	Foreign legal persons	Foreign natural persons	Banking network	Total
Year 2011	27.6%	46.0%	10.4%	14.4%	0.5%	1.1%	100%
Year 2012	23.4%	53.5%	5.5%	16.0%	0.2%	1.4%	100%
Year 2013	21.3%	50.1%	5.9%	21.8%	0.1%	0.7%	100%

Source: Brokerage firms and CDVM calculations

Table 6: **Distribution of the stock sales volume by category of investors in the central market**
(excluding contribution transactions, IPOs, public offerings and capital increases in cash)

	UCITS	Moroccan legal persons	Moroccan natural persons	Foreign legal persons	Foreign natural persons	Banking network	Total
Year 2011	28.6%	42.8%	13.5%	11.4%	0.6%	3.1%	100%
Year 2012	25.5%	51.4%	7.0%	12.1%	0.2%	3.9%	100%
Year 2013	25.5%	41.5%	7.3%	21.0%	0.2%	4.5%	100%

Source: Brokerage firms and CDVM calculations

5 Foreign investment in Casablanca Stock Exchange

At December 31st, 2013 the value of foreign investments in listed securities rose by 16% over the previous year, rising from 118.10 billion dirhams to 136.99 billion dirhams after two consecutive years of decline.

This increase is partly due to the IPO of JLEC Company capitalized at over one billion dirhams, mainly owned by foreigners. The increase is also due to the increasing number of foreign investors who moved from 4560 at the end of 2012 to 4874 at the end of 2013.

Indeed, at constant prices compared to 2012, the current portfolio is valued at 140.08 billion dirhams.

The floating share compared to the market capitalization of foreign capital invested in the Casablanca Stock Exchange was up for the year 2013 and amounted to 3.18% against 2.7% in 2012 and 3% in 2011. The floating share of foreign investment related to the free float represents in its turn 14.18%.

Furthermore, the amount of foreign investment in UCITS shares reached 944.2 million dirhams in 2013 against 1.299 billion dirhams in 2012, recording an annual decline of 27%. During the same period, total net asset under management of UCITS has increased by 1.53% to stand at 245.5 billion dirhams against 241.8 billion dirhams in 2012.

The share in UCITS shares held by foreigners and MRA compared to the total net asset of UCITS decreased slightly from 0.54% in 2012 to 0.38% in 2013.

Table 7: **Types of foreign and MRA investments in Morocco in listed shares** (in millions of dirhams)

	2011		2012		2013	
	Amount	%	Amount	%	Amount	%
Foreigners and MRA investments held in Morocco, including:	147,724	100%	118,100	100%	136,990	100%
– Strategic share	132,485	89.70%	106,141	89.90%	122,634	89.52%
– Float	15,239	10.30%	11,959	10.10%	14,356	10.48%
Market cap	516,222		445,268		451,113	
Floating market cap	119,593		102,526		101,251	
Foreigners and MRA Investments/Market Cap	28.60%		26.50%		30.37%	
Strategic share/Market Cap	25.70%		23.80%		27.18%	
Float/Market Cap	3%		2.70%		3.18%	
Float/floating market cap	12.70%		11.70%		14.18%	

Source: Custodians, Casablanca stock exchange and CDVM calculations.

Chapter 3

Key figures of market participants

1 Brokerage firms

Table 8: **Evolution of the total turnover of brokerage firms from 2011 to 2013**

Brokerage firms realized in 2013 a total turnover of 173 million dirhams thus remaining almost stagnant compared to 2012. Note that the first three brokerage firms monopolize 50% of total turnover in 2013.

	2011		2012		2013	
	Millions of dirhams	Variation in %	Millions of dirhams	Variation in %	Millions of dirhams	Variation in %
Total brokerage firms turnover	251	-34%	172	-31%	173	1%

Source: Brokerage firms

Table 9: **Breakdown of the turnover of brokerage firms by activity**

The breakdown of turnover by activity in 2013 reveals that the intermediation activity occupies, as usual, around 80% of total turnover.

Year	Intermediation	Portfolio management	Securities custody	Securities investment	Financial operations advising	Others
2011	86.26%	0.31%	6.31%	0.60%	0.90%	5.62%
2012	81.00%	0.40%	5.00%	2.00%	3.00%	10.00%
2013	80.00%	0.30%	3.00%	2.00%	4.00%	10.00%

Source: Brokerage firms

Table 10: **Evolution of the total net income of brokerage firms 2011-2013**

In contrast to the stagnation experienced by the turnover in 2013, net income of brokerage firms has decreased from nearly 45 million dirhams in 2012 to 28 million in 2013 with a decline of about 38%.

This decrease is primarily due to the completion of some brokerage firms non-operating income in 2012.

	2011		2012		2013	
	Millions of dirhams	Variation in %	Millions of dirhams	Variation in %	Millions of dirhams	Variation in %
Total Net income of brokerage firms	57	-59%	45	-16%	28	-38%

Source: Brokerage firm

2 Custodians: assets under custody

Table 11: **Evolution of Custodians assets** (in millions of dirhams)

The market of financial instruments custody in Morocco represents a total volume of about 1.213 billion dirhams at the end of 2012, recording a stagnation compared to 2011. This market is dominated by banks up to 90%.

Member	2009	2010	2011	2012	2013	Evolution 2012/2013		Market share
						Amount	%	
Total of assets managed by banks (1)	973,136	1,140,970	1,126,434	1,086,447	1,144,379	57,932	5.33%	89.96%
Total of assets managed by agent brokerage firms (2)	16,957	20,203	13,921	14,438	7,380	-7,058	-48.88%	0.58%
Total of assets managed by issuers (3)	641	756	750	580	459	-121	-20.82%	0.04%
Total of assets managed by other entities (4)	51,111	44,971	75,668	108,376	119,937	11,561	10.67%	9.43%
Overall total of assets = (1+2+3+4)	1,041,845	1,206,900	1,216,773	1,209,841	1,272,155	62,314	5.15%	100.00%
Managed assets (A)	1,041,845	1,206,900	1,216,773	1,209,841	1,272,155			
Balance of assets held in the technical accounts (B)	-1,963	-4,057	-1,681	3,241	-904			
Outstandings total C = (A+B)	1,039,882	1,202,843	1,215,092	1,213,082	1,271,251			

Source: Maroclear

Table 12: **Evolution of the number of securities accounts**

The evolution of the number of securities accounts in 2013 confirmed its bearish trend since the end of 2009. The number of securities accounts has fallen by almost 39% over a period of five years. This decline affects all categories of investors, particularly the «resident legal entities» that were down by more than 45% between 2009 and 2013.

Investors type	Number of securities accounts				
	31/12/2009	31/12/2010	31/12/2011	31/12/2012	31/12/2013
Resident natural persons	148,027	136,065	102,774	101,134	90,607
Resident legal entities	12,983	11,940	8,107	9,492	7,075
Non resident natural persons	12,621	12,179	9,347	9,271	8,691
Non resident legal entity	387	401	431	583	301
Total	174,018	160,585	120,659	120,480	106,674

Source: Custodians

3 Central depository

Table 13: **Evolution of outstanding securities allowed in the Central Depository between 2011 and 2013**

At the end of 2013, the total outstanding amount of the allowed Maroclear securities totaled nearly 1.271 billion dirhams, an increase of 4.8% compared to 2012.

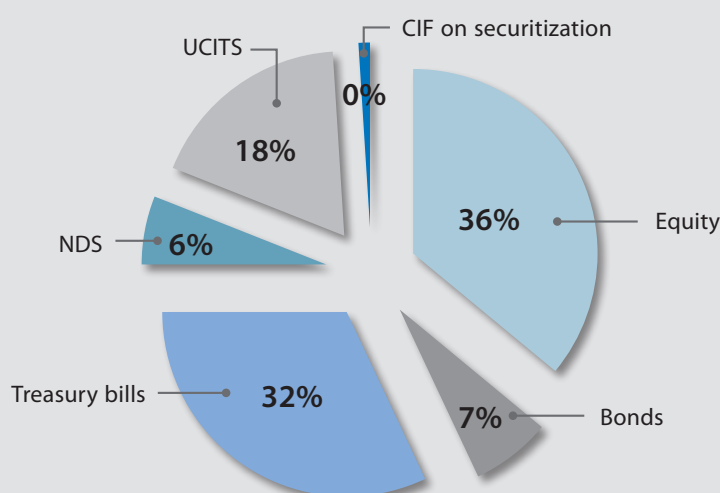
	2011		2012		2013	
	Number of held securities	Outstandings (in billions of dirhams)	Number of held securities	Outstandings (in billions of dirhams)	Number of held securities	Outstandings (in billions of dirhams)
Securities	94	520.5	91	449.5	92	455.9
Bonds	144	74.9	178	90.2	185	88.2
Treasury bills	210	314.2	110	356.7	105	413
NDS	471	78.1	424	82.5	394	75.4
UCITS	335	225.3	363	230.9	372	235
CIF on securitization	7	2.1	24	3.1	27	3.9
Total	1,261	1,215.1	1,190	1,212.9	1,175	1,271.25

Source: Maroclear

The analysis of this outstanding reveals a bearish trend in «bonds» and «NDS» (negotiable debt securities) tiers, of respectively 2.2% and 8.6%, offset by a general increase in all other tiers including «Commercial papers» tier whose outstanding amounted to almost 413 billion dirhams at the end of December 2013, recording an increase of 15.7% compared to 2012. As for «equity» tier, it rose by 1.4% with a total outstanding of 455.9 billion dirhams.

The structure of the total outstanding of allowed securities with the Central Depository remained comparable to that observed in 2012.

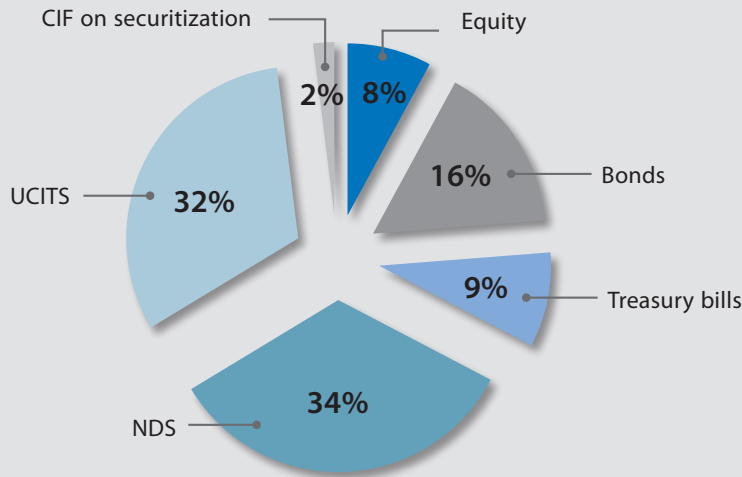
Graph 7: **Breakdown of outstanding securities allowed in the Central Depository at the end of December 2013**



Source: Maroclear.

Furthermore, in terms of number of securities, Maroclear managed in 2013, 1,175 different securities. That number has dropped by 15 lines compared to 2012, primarily due to the decrease in the number of NDS by 7% and Commercial papers by 5%.

Graph 8: **Breakdown of number of securities allowed in the Central Depository at end of December 2013**



Source: Maroclear.

Table 14: **Daily Average flows settled with the Central Depository between 2011 and 2013**

Most of the number of daily settled flows by Maroclear in 2013 (78%) concerned stock exchange operations (exchange network). However, in terms of trading volume, the OTC sector is predominant with 98% of trade.

	2011		2012		2013	
	Number of flows	Amount (millions of dirhams)	Number of flows	Amount (millions of dirhams)	Number of flows	Amount
OTC sector	398	38,095	388	42,727	384	44,483
Exchange trading sector	2,829	571	1,988	609	1,791	706
Free of payment sector	109	NA	125	NA	122,5	NA
Total	3,336	38,666	2,500	43,335	2,298	45,190

Source: Maroclear

4 Management companies: UCITS Key figures

Table 15: **Evolution of net asset under UCITS management companies (in millions of dirhams)**

At December 27, 2013, net assets under UCITS management reached 245.54 billion dirhams against 241.85 billion dirhams in 2012, recording an annual growth of 1.53%.

Regarding the concentration of activity, the combined market share of the top three management companies witnessed instead a decrease of 4% compared to 2012 moving from 61.63% to 59.25% in 2013. This is due to the decline in assets under management in the first two management companies.

It should be noted that the downward trend in overall activity concentration recorded since 2008, was primarily due to the emergence of new entrants (8 new UCITS management companies).

Management company	2012		2013		Variation in %
	Net asset	Market share	Net asset	Market share	
WAFI GESTION	72,340	29.91%	66,257	26.98%	-8.41%
CDG CAPITAL GESTION	43,143	17.84%	41,919	17.07%	-2.84%
BMCE CAPITAL GESTION	33,577	13.88%	37,314	15.20%	11.13%
UPLINE CAPITAL MANAGEMENT	22,427	9.27%	25,981	10.58%	15.85%
RMA ASSET MANAGEMENT	17,577	7.27%	17,424	7.10%	-0.87%
VALORIS MANAGEMENT	16,396	6.78%	17,021	6.93%	3.81%
SOGECAPITAL GESTION	11,310	4.68%	12,589	5.13%	11.31%
BMCI ASSET MANAGEMENT	12,532	5.18%	12,180	4.96%	-2.81%
CFG GESTION	6,295	2.60%	6,396	2.60%	1.62%
IRG ASSET MANAGEMENT	1,853	0.77%	2,493	1.02%	34.52%
ATLAS CAPITAL MANAGEMENT	1,809	0.75%	1,642	0.67%	-9.20%
CAPITAL TRUST GESTION	422	0.17%	1,035	0.42%	145.03%
AD CAPITAL	783	0.32%	972	0.40%	24.12%
WINEO GESTION	544	0.22%	802	0.33%	47.51%
MAROGEST	512	0.21%	560	0.23%	9.52%
CRÉDIT AGRICOLE DU MAROC GESTION	112	0.05%	526	0.21%	370.54%
RED MED ASSET MANAGEMENT	189	0.08%	414	0.17%	118.93%
ORANGE ASSET MANAGEMENT	33	0.01%	17	0.01%	-49.01%
Overall total	241,853	100.00%	245,544	100.00%	1.53%

Source: CDVM

Graph 9: Change in UCITS net asset ratio/overall national savings

At the end of 2013, the ratio [(UCITS Net assets) / (National Savings)] stood at 105.76% against 115.21% at the end of 2012. This drop, which is the first in the last five years, is due to an increase in national savings (+10.59%) higher than that recorded by the UCITS net assets (+1.53%).

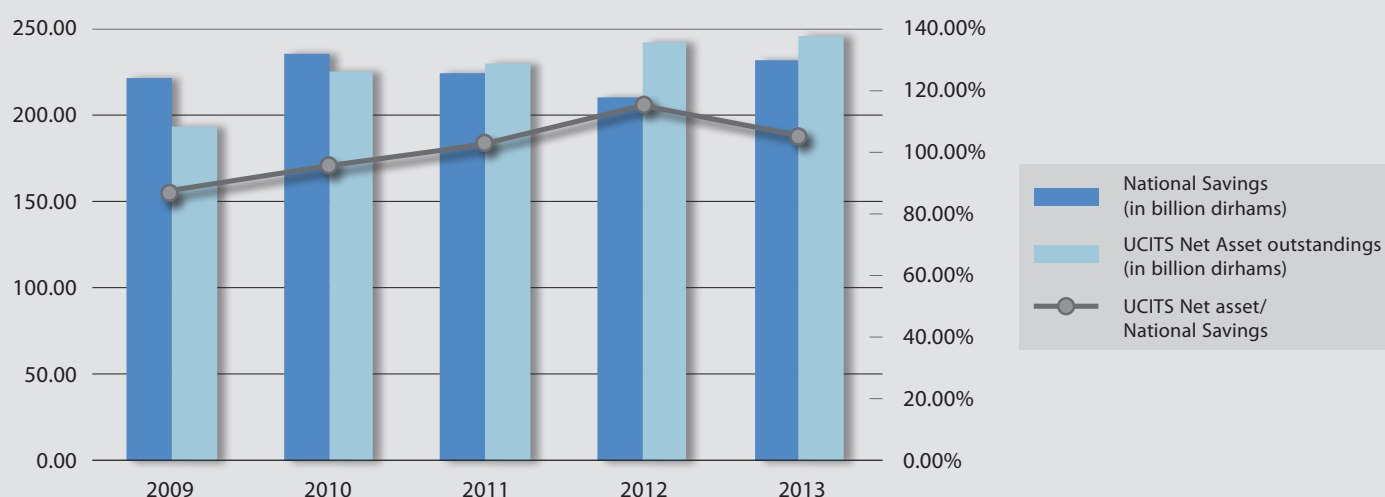


Table 16: **Evolution of GDP, UCITS net assets and the share of net assets in GDP**

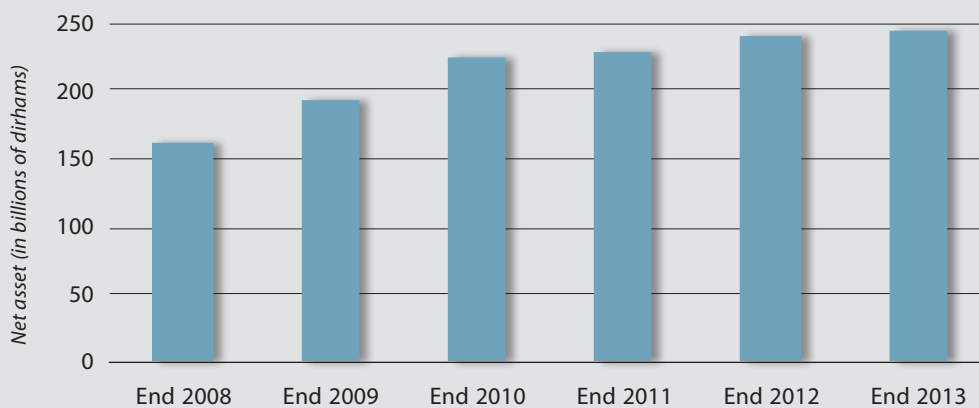
UCITS net assets represent at the end of 2013, 28.13% of GDP, down compared to the end of 2012 (29.23%). The GDP has effectively increased to a greater extent than UCITS net assets.

	2011	2012	2013
GDP (in billions of dirhams)	802.61	827.50	872.79
Net assets of UCITS (in billions of dirhams)	229.48	241.85	245.54
UCITS Net assets ratio/GDP (in %)	28.59	29.23	28.13

Source: Management companies/High Commission for Planning

Graph 10: **Evolution of UCITS net asset**

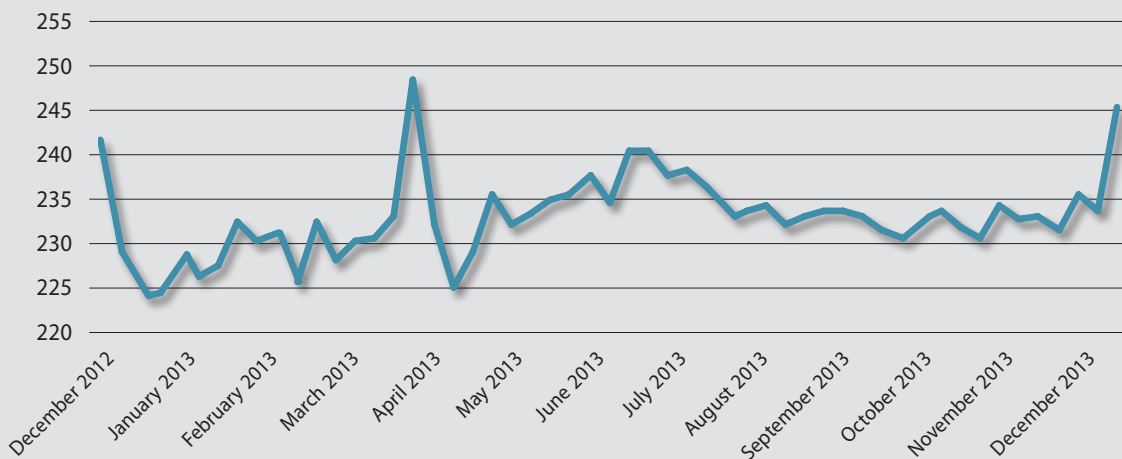
Over the past five years, UCITS net assets increased by 51.53% to reach 245.54 billion dirhams at the end of 2013. The average annual growth in net assets for the period is 8.67%.



Source: Management companies

Graph 11: **Evolution of UCITS net asset in 2013**

Moving from 241.85 billion dirhams in 2012 to 245, 54 dirhams in 2013, net assets under management recorded an annual increase of 1.53%.



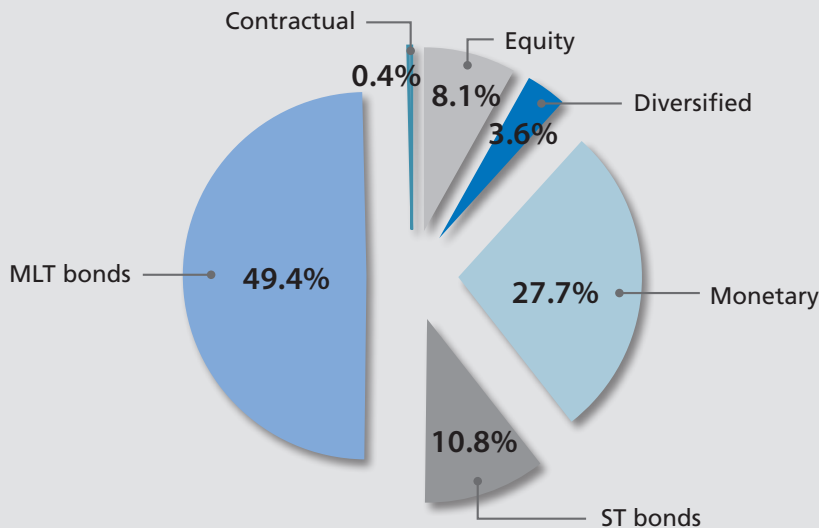
Source: Management companies.



Graph12: **Structure of UCITS net assets by category**

During 2013, the number of operating UCITS increased from 360 to 373, following the creation of 13 new funds (5 «MLTB» UCITS, 4 «STB» UCITS, 3 «Monetary» UCITS and one «Equity» UCITS).

According to their legal status, the 373 active UCITS are divided into 45 SICAV and 328 mutual Funds. With 138 funds, «MLTB» UCITS remain the most numerous. This dominance is also observable in assets under management since «MLTB» UCITS category has, at the end of 2013, an outstanding 121.39 billion dirhams, which is about 50% of total net assets.



Source: Management companies

Table 17: **Distribution of net assets by investor type (in millions of dirhams)**

At the end of 2013, UCITS net assets held primarily by financial companies (up 70.4%). This dominance is mainly due to insurance companies and pension funds (44.6% of net assets) and banks, the CDG and finance companies (20%).

The remaining share, which is 29.6% of net assets, is owned by non-financial companies (20.2%), resident natural persons (8.1%) and non-resident natural persons and legal persons (1.3%).

Investor Category	Net asset					
	Equity and diversified UCITS	Bond UCITS	Monetary UCITS	Contractual UCITS	UCITS total	Share (in %)
Financing Companies including:	24,699	115,137	32,713	368	172,917	70.4%
– Banks, CDG and Financing companies	3,344	38,543	7,068	141	49,096	20.0%
– Insurance Agencies and retirement and pension companies	20,553	68,268	20,633	186	109,640	44.6%
– UCITS and other Portfolio companies	798	5,711	3,031	40	9,580	3.9%
– Brokerage firms	0.1	245	476	0	721	0.3%
– Other financial entities	4	2,370	1,505	1	3,880	1.6%
Non financial companies	611	20,320	28,449	283	49,663	20.2%
Resident natural persons	2,498	11,920	5,212	225	19,855	8.1%
Non resident legal entities and natural persons	966	446	1,661	35	3,108	1.3%
Total	28,774	147,823	68,035	911	245,543	100.0%

Source: UCITS depositories

Table 18: **Breakdown of the number of units or shares holders by investor type**

At the end of 2013, the number of investors in units or shares of UCITS is amounted to 18,111 against 19,826 a year earlier, recording a decrease of 9%. This decline is mainly due to «Resident natural persons» who count 1,736 less investors than in 2012.

This decrease affected all categories of UCITS except «Monetary» UCITS whose investors number has increased by 12% to stand at 4 258. This reflects the attractiveness of this category whose annual performance was +3.58%.

	Equity and diversified UCITS		Monetary UCITS		Bonds UCITS		Contractual UCITS		Total		
	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	Var. (%)
Total number of unitholders or shareholders	3,799	3,632	3,804	4,258	11,797	9,856	426	365	19,826	18,111	-9%
Resident natural persons	3,005	2,860	2,102	2,332	9,817	8,036	313	273	15,237	13,501	-11%
Resident legal entities	400	407	1,537	1,737	970	987	79	63	2,986	3,194	7%
Non resident legal entities and natural persons	394	365	165	189	1,010	833	34	29	1,603	1,416	-12%

Source: Management companies

Table 19: **Performance of CIF on securitization at the end of 2013**

At the end of 2013, 5 Collective Investment Fund on Securitization were active against four funds by end of 2012. This evolution is due to:

- The creation of two new CIF on securitization managed by Maghreb Titrisation:

– «TITRIT» CIF on securitization:

This is a securitization fund on trade receivables, born or future of the electricity industry in the National Office of Electricity and drinking water (ONEE). This securitization operation is aimed to allow the ONEE to fund its operating cycle and its cash on favorable terms while optimizing its working capital needs.

– «FT IMMOVERT» CIF on securitization:

With Credit Agricole du Maroc as an initiator, this CIF on securitization has been subject of a private placement reserved for qualified investors.

- Dissolution in advance of «CREDILOG I» CIF on securitization (the accumulated outstanding capital of receivables held by the fund was in fact less than 10% of the original amount of the issuance).

	CrediLog II	CrediLog III	SAKANE	TITRIT	FT IMMOVERT I Tier *
Transferor	CIH	CIH	Groupe BP	ONEE	Crédit Agricole du Maroc
Issuance date	2003	2008	2012	2013	2013
Issuance Amount (in Dh)	1,000,000,052.91	1,500,000,230.78	1,000,001,431.17	1,000,100,000.00	534,000,000.00
Outstanding by the end of December 2013 (in Dh)	119,761,685.52	865,277,716.84	809,435,423.89	1,000,100,000.00	534,000,000.00
Default rate on loans	0.12%	0.05%	0.18%	0%	
Annual rate of prepayment	4.93%	3.33%	4.06%	0%	
Lapse rates of annual term	0%	0.10%	1.68%	0%	
Default rates on bonds/ share	0%	0%	0%	0%	
Serving guarantees	Néant	Néant	Néant	Néant	

* Fund established on 23/12/2013.

Source: Maghreb Titrisation



Chapter 4 Public Offering

The public offering allows an issuer to raise funds from the public in the form of debt or equity. It is an alternative to traditional financing (bank financing, equity contributions from the shareholders funds...).

In 2013, funds raised in the primary market amounted to around 69 billion dirhams, down by 12% from the previous year. This decrease is due to the combined effect of:

- Decrease of capital increases carried out in 2013 (–33.8%) compared to 2012;
- The significant decline in debenture loans of 86.6% in 2013 to spend 9.35 billion dirhams to 1.25 billion;
- Reducing issuances of purchase finance companies (–99.3%), which increased from 5,585 million dirhams to 40 dirhams;
- The increase in issuances certificates of deposit (+13.8%) which increased from 45.9 billion dirhams to 52.2 billion;
- The increase in issuances of commercial papers (6.8%) moving from 9.44 billion dirhams to 10.1 billion dirhams.

Table 20: **Issuances on the primary market (excluding commercial papers)**
in millions of dirhams

	2008	2009	2010	2011	2012	2013
Capital increases (1)	3,776.00	2,466.00	7,340.50	7,331.20	7,469.00	4,948.00
IPO	1,718.00	—	—	218.20	—	1,000.00
Other capital increases	2,058.00	2,466.00	7,340.50	7,113.00	7,469.00	3,948.00
Issuances on MT and LT market (2)	41,244.00	35,121.00	60,363.00	62,849.00	60,839.00	53,508.00
Debenture loan	10,050.00	8,150.00	11,446.00	10,624.00	9,350.00	1,250.00
Issuances of deposit certificates	30,064.00	20,826.00	42,867.00	44,575.80	45,904.00	52,218.00
Issuances of bills of financing companies	1,130.00	6,145.00	6,050.00	7,649.20	5,585.00	40.00
Issuances of ST market (3)	7,665.00	3,501.00	3,443.00	5,541.50	9,436.50	10,075.00
Issuances of treasury bills	7,665.00	3,501.00	3,443.00	5,541.50	9,436.50	10,075.00
Sum of public offerings on the primary market (4) = (1) + (2) + (3)	52,685.00	41,088.00	71,146.50	75,721.70	77,744.50	68,531.00

Source: Maroclear and CDVM

1 Trading in equity securities

• The IPOs

On December 2nd, 2013, the CDVM has granted the prospectus' visa related to the IPO of Jorf Lasfar Energy Company – JLEC. This operation, carried out through a capital increase, focused on the issuance of 2,234,638 shares at a price of 447.5 dirhams, representing an aggregate transaction amount of one billion dirhams. This transaction was oversubscribed more than 6 times.

• Capital Increases

Seven issuers in the stock market increased their capital in 2013. The majority of capital increases, that is to say four operations were performed by converting dividends while two issuers have opted for capital increases in cash. Only one issuer completed a capital increase in kind, by absorbing a subsidiary.

The capital increases carried out in 2013 are detailed in the following table:

Table 21: **Capital increases carried out in 2013**

	Subscribers	Exchange rate	Number of offered shares	Offer price in Dhs	Operation amount in Dhs
Cash capital increase					
Crédit du Maroc	Holder of preferential subscription rights	1 new security for 12 DPS	803,621	550	441,991,550
S2M	Some employees of S2M	—	25,000	161	4,028,750
Capital increase by absorption merger					
Holcim Maroc	Shareholders of Holcim AOZ	16,445 Holcim Maroc securities against 10,000 Holcim AOZ securities	736,260	1,719	1,657,536,377
Capital increase through conversion of optional dividend					
Attijariwafa bank	Attijariwafa bank shareholders	—	3,018,646	300	905,593,887
Crédit du Maroc	Crédit du Maroc shareholders	—	477,887	525	250,890,675
Addoha	Addoha shareholders	—	12,600,000	45	567,000,000
Alliances Développement Immobilier	ADI shareholders	—	242,000	500	121,000,000

Source: CDVM

Table 22: **Public offerings operations by foreign groups in Morocco in 2013**

In 2013, the CDVM granted nine new simplified prospectuses related to subscription operations in stocks and shares of corporate mutual funds, involving employees of the Moroccan subsidiaries of multinational corporations.

	Security nature	Employees of subsidiaries in question in Morocco	Number of suggested securities worldwide	Subscription price
Cash capital increases reserved for employees				
Total France	Shares of company mutual fund	Total Maroc, Ouargaz, Gazber, Mahatta et Société Marocaine des Colles	18,000,000	30.7 euros
Vinci (France)	Shares of company mutual fund	Freyssimat, Cegelec, Dumez Maroc, Engineering Global Solution, Sogea Maroc et les succursales Terre Armée Maroc et Sogea Tanger Med	10,159,447	394.29 Dh
Vivendi	Shares of company mutual fund	Maroc Telecom et Casanet SA	12,000,000	134.60 Dh
Axa France	Shares of company mutual fund	Axa Assurance Maroc, Axa France Iard, Axa Technologie Services, Axa France Vie Avanssur, Axa Assistance Maroc, Axa Assistance Maroc Services, Axa Credit, Acredassur, Institut de Formation et de Développement Professionnel Axa, Societe de Gestion et de Surveillance (Sgs) et 3A-Phone.	58,951,965	175.94 Dh
Sanofi	Shares of company mutual fund	Sanofi-Aventis Maroc et Maphar	6,631,050	665.33 Dh
Société Générale (France)	Capital securities	ALD Automotive, Athena Courtage, Eqdom, la Marocaine Vie, Société Générale Marocaine de Banques, Sogelease Maroc	11,641,199	237.43 Dh
EADS NV	Capital securities	EADS Maroc Aviation	3,200,000	489.12 Dh
Air Liquide	Capital securities	Air Liquide Maroc et SOMATI	750,000	907.88 Dh
Sale offer of shares reserved for employees				
Décathlon International Shareholding Plan	Capital securities	DECAPRO Maroc	7,903	10.03 euros

Source: CDVM

Table 23: **Takeover bids launched in 2013**

In 2013, the market recorded four bids arising from a legal obligation to protect the rights of minority shareholders. One takeover bid and three squeeze out offers.

	operation nature	Offer initiators	Number of authorized securities	Offer price In DHS	Operation amount in DHS
SOFAC	Squeeze-out procedure	Crédit immobilier et hôtelier	12,326	350	4,314,100
Centrale laitière	Takeover bid	Compagnie Gervais Danone	588,208	1,500	882,312,000
Société Chérifienne des Engrais	Squeeze-out procedure	Holichem	46,660	395	18,430,700
FERTIMA	Squeeze-out procedure	Charaf Corporation Holding	130,202	214	27,863,228

Source: CDVM

2 Debt securities issuances

Financing through debt securities issuance fell by 14% compared to 2012. This decrease is mainly due to the sharp drop in bond issues by 64%, combined with the slight increase in issuance of negotiable debt securities of 2,3%. Issuance trends of market securities were significantly impacted by the sharp decline in finance companies bond issuance by 99.3%.

Table 24: **Registered list of bonds issues authorized by the CDVM in 2013**

The total outstanding bonds amounts to 86.9 billion dirhams at the end of December 2013, a decrease of 3.56% compared to the stock earlier this year (90.2 billion dirhams).

This evolution is due to the raised funds of 7 billion dirhams and repayments of 10.2 billion dirhams. Nearly 63% of funds in 2013 were raised in the first and second quarters.

In 2013, only one prospectus related to subordinated bond issue was authorized by the CDVM, covering a total amount of 1.25 billion dirhams.

Issuer	Security nature	Visa date	Maturity	Issuance amount in millions of dhs	Operation adviser
Attijariwafa bank	Subordinated bonds	3 May 2013	5 years	1 250	Attijari Finances Corp

Source: CDVM

Table 25: **Status of negotiable debt securities in 2013**

Negotiable debt securities are financing instruments regulated by Law No. 35-94 related to some negotiable debt securities. This law provides that the commercial paper programs are subject to the CDVM approval and the issues of certificates of deposit or finance companies bonds are subject to an information file approved by the CDVM.

In dirhams	FCB	CD	CP	Total
Situation on 31/12/2012	18,762,900,000	60,357,700,000	3,456,500,000	82,577,100,000
Fund-raising	40,000,000	52,218,300,000	10,074,600,000	62,332,900,000
Refund	5,535,000,000	53,912,000,000	10,103,500,000	69,550,500,000
Situation on 31/12/2013	13,267,900,000	58,664,000,000	3,427,600,000	75,359,500,000

Source: Maroclear



Table 26: **The CDVM Visas of new issuance programs of TB in 2013**

In 2013, two issuers have introduced a new program of issuing commercial paper.

Issuer	Visa date	Ceiling (in millions of Dh)	Outstandings on 31/12/2013 (in millions of Dh)	Operation adviser
Les Eaux minérales d'Oulmès	19/09/2013	100	50	BMCI Finance
Label' vie	25/12/2013	800	—	CDG Capital

Source: CDVM & Maroclear

Table 27: **Visas of Treasury bills issuances updates**

The CDVM examines all updates of information files related to commercial paper issuance programs. As follows, a table covering updates approved during 2013:

Issuer	Visa date	Ceiling (in millions of Dh)	Outstandings on 31/12/2013 (in millions of Dh)	Operation advisor
Mutandis Sca	06/05/2013	500	202	CFG Finances
Maghreb Steel	29/08/2013	1,500	895	BMCE Capital Conseil
Douja Promotion Groupe Addoha	12/09/2013	1,000	1,000	BMCE Capital Conseil
Capep	08/10/2013	200	—	BMCE Capital Conseil
Jet Alu SA	09/10/2013	200	75	CDG Capital
Résidences Dar Saada	30/10/2013	500	—	CFG Finances/Upline Corporate Finance
Maghreb Oxygène	11/11/2013	200	—	BMCE Capital Conseil
Afriquia Gaz	15/11/2013	1,200	—	BMCE Capital Conseil
Alliances Darna	22/11/2013	1,500	1,000	BMCE Capital Conseil
Dyar Al Mansour	17/12/2013	700	200	CDG Capital

Source: CDVM and Maroclear



Chapter 5

Audit and market discipline

1 Auditing financial reporting

Control of financial publications under 2013

Audits carried by the CDVM cover all financial publications, whether publications of the financial statements for the second half and the year 2012 or those related to the first half of 2013.

The audit by the CDVM on the timeliness of financial publications of issuers for 2013, reported one delay of the financial statements of the second half of 2012.

This company is Mediaco Maroc that exceeded the statutory publication period of 48 days.

The CDVM has issued against Mediaco Maroc Company a fine of 48,000 dirhams corresponding to 1,000 dirhams per day of delay in accordance with the range of sanctions set by the general regulations of the CDVM.

The analysis of the completeness of the financial statements issued in 2013, with reference to legal requirements and framework set by the CDVM circular, reported some shortcomings, the main of which are as follows:

- The failure to publish the limited review certificate of statutory auditors under the first half of 2013, by Mediaco Maroc Company;
- Omission of the consolidation in terms of the consolidated financial statements of the first half of 2013, by the following companies: HPS, Maghreb Steel and DLM;
- Publication of final financial statements under 2012 along with a limited examination certificate of the statutory auditors instead of the summary of the final report. The companies in question are: Fénie Brosette, Stroc industrie, PCP, Eqdom, Crédit du Maroc, Sogelease, Wafasalaf and Wafabail.

Control of important information

Issuers are required to inform the public as soon as they have learned any relevant information which may affect the market price of the assets or securities holders.

It should be noted that the reflex to spontaneously disclose information to the public has settled over time as evidenced by the growing number of press releases meant to disclose important information.

The CDVM shall check the consistency and relevance of the information contained in press releases, and in case of failure, may request issuers to provide any additional information.

In certain situations and to preserve equal access to information, the CDVM requests from the Casablanca Stock Exchange to suspended temporarily trading on certain securities, pending the publication of important information. In most cases, the listed companies themselves request the CDVM to temporarily suspend their securities.

The number of the recorded requests of securities trading suspension in 2013 was 14 against 12 in the previous year.

Control of compliance with ethics rules

The companies listed on the Casablanca Stock Exchange are required under the provisions of the CDVM circular to develop a code of ethics regarding the use of information, applicable to all staff, especially permanent or temporary insiders.

The circular also provides for the appointment of a compliance officer with a permanent position within the company, responsible for ensuring compliance with ethics standards. He is also in charge of forwarding a mid-year report to the CDVM, within 30 days after the end of each semester.

In 2013, controls focused on the mid-year reports related to the second semester of 2012 and the first semester of 2013. In this regard, the CDVM has identified the following findings:

- Transmission deadline:
 - Out of 76 companies, the CDVM identified four timeouts regarding ethics reports submission;
 - Only one company did not submit the ethics semi-annual report for the two periods.
- Reports completeness:
 - In terms of compliance, 23 reports are of minor but recurrent abnormality related to the information about the list of insiders, (signature of commitment dates not indicated or incomplete lists of insiders). The identified anomalies were adjusted following the request of the CDVM.
 - One report was submitted without a list of insiders, by a listed company during its delisting.

Threshold crossing declarations

The declarations of crossing thresholds (DFSP) are an information requirement incumbent on shareholders who crossed upwards or downwards thresholds shareholding in listed companies. These thresholds of 5%, 10%, 20%, 33.33%, 50% and 66.66% are specified in Articles 68b and 68c of Dahir No. 1-93-211 on the Stock Exchange, as amended and supplemented.

The declarations of crossing thresholds are controlled and processed by the CDVM, disclosing them to public through press releases posted online to inform the public about the changes in the shareholding of listed companies.

In 2013, the CDVM has processed 31 declarations of crossing thresholds.

Out of the 31 declarations received, six were by corporations under foreign law, 12 by Moroccan persons, 7 by Moroccan institutional investors and 6 by corporations under Moroccan law, one of which is a listed company.

In 2013, the examination of declarations reveals no timeouts in terms of submission deadlines. Only one noncompliance was identified regarding a statement of intent made by a Moroccan institutional investor, which was adjusted immediately following the CDVM request.

2 Control of stakeholders

Control of brokerage firms and custodians

The CDVM carried in 2013, fourteen inspection missions with brokerage firms and custodians, distributed as follows:

- 8 general missions with brokerage firms, namely Attijari Intermédiation, Alma Finance Group, CFG Markets and banks Attijariwafa Bank, BMCE, BMCI and Banque Centrale Populaire and Société Générale;
- 3 post inspection with MSIN, Sogécapital Bourse and CDG Capital;
- Two thematic missions as follows:
 - A mission on the conduct of the tender offer for the securities of «Centrale laitière» Company;
 - A mission on the JLEC public offer of sale.
- A specific mission related to the control of the new headquarters of Attijari Intermédiation.

Table 28: **Types of anomalies identified in brokerage firms by the CDVM in 2013**

Activity domain	In %
Treatment modalities of trading orders from customers as part of the intermediation activity	29%
Ressources (human, organizational, audit...)	12%
Information system	29%
Relationship with customers (formalization, knowledge and information)	18%
Prudential rules	12%
Total	100%

Source: CDVM

Table 29: **Types of anomalies identified in Custodians by the CDVM in 2013**

Activity domain	In %
Custody of client assets	10%
Processing of client orders	4%
Securities transfers	10%
Securities Transactions	14%
UCITS Depositaries	6%
Ressources (human, organizational...)	17%
Information system	25%
Relationship with customers (formalization, information)	14%
Total	100%

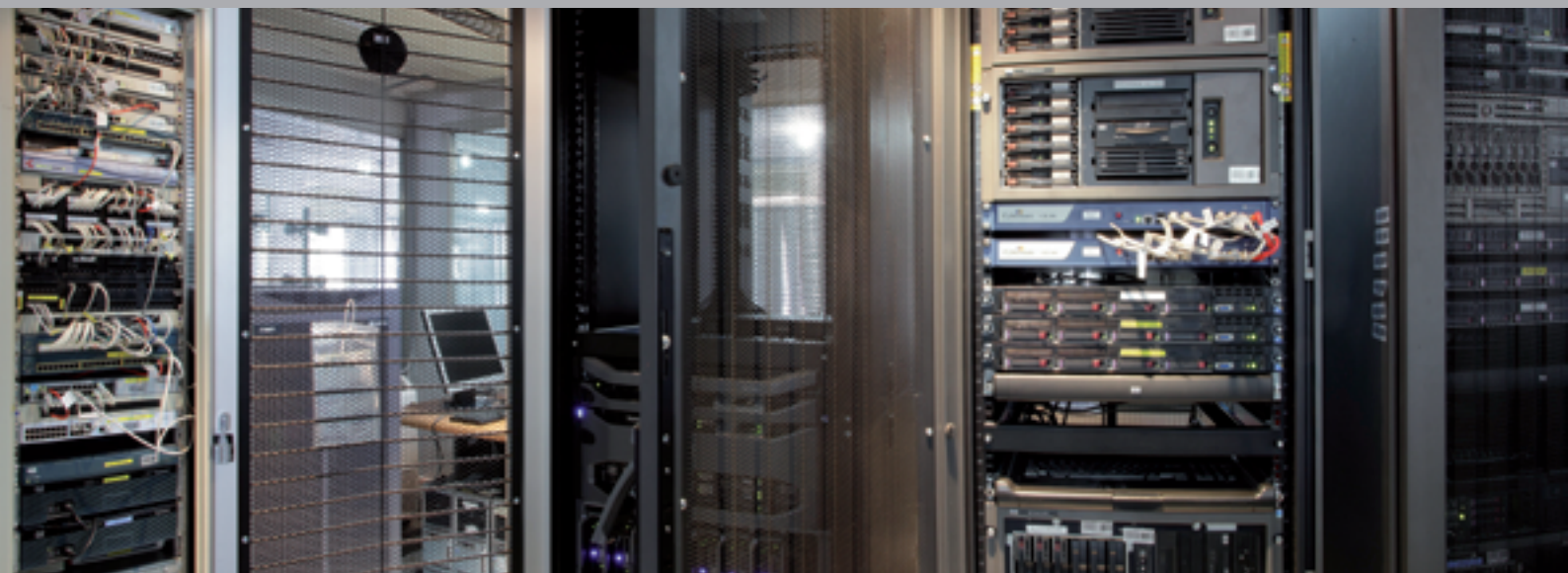
Source: CDVM

Table 30: **Breakdown of anomalies types in UCITS management companies**

Under 2013, the CDVM has carried 12 inspection missions with management companies. Five general inspections were conducted with Med Red Asset Management, BMCI Asset Management, Orange Asset Management, Valoris Management and Wafa Gestion. Six post-inspections or specific missions were carried with Atlas Capital Management, Marogest, RMA Asset Management, AD Capital, BMCI Asset Management and BMCE Capital Gestion. Finally a thematic mission related to private debt instruments was carried with five management companies operating in the stock market.

Activity domain	In %
Ressources (human, organizational, Information system, data security...)	26%
Internal control and ethics (procedures, control, audit, risk management...)	15%
Management activity (procedures, valuation, investment policy...)	45%
Control of the financial management of funds (procedures, monitoring of prudential rules, classification, banking reconciliations...)	12%
Liability management (procedures, trade policy, informing subscribers...)	2%
Total	100%

Source: CDVM



3 Control of Income

Authorizations granted to UCITS

In 2013, the CDVM has granted approval for 46 UCITS, including 10 on the establishment of new funds. It should be noted that 10 UCITS were launched in 2013, four of which are «M<B» funds, and the 3 others are «STB» funds.

The number of prospectus visas of UCITS granted in 2013 recorded a significant decline, decreasing from 118 to 69.

Table 31: Evolution of approvals

Category	Approval Type	2008	2009	2011	2012	2013
Equity	Total	14	30	15	14	11
	Establishment	10	9	5	5	1
	Approval renewal	4	21	10	9	10
Contractual	Total	2	2	3	4	0
	Establishment	2	2	2	3	0
	Approval renewal	0	0	1	1	0
Diversified	Total	8	11	9	14	5
	Establishment	6	2	3	1	0
	Approval renewal	2	9	6	13	5
Monetary	Total	8	10	11	12	9
	Establishment	7	3	6	2	2
	Approval renewal	1	7	5	10	7
STB	Total	2	7	5	8	4
	Establishment	2	2	2	2	3
	Approval renewal	0	5	3	6	1
M<B	Total	20	25	17	32	17
	Establishment	6	9	5	5	4
	Approval renewal	14	16	12	27	13
Overall total		54	85	60	84	46

Source: CDVM

Table 32: **Evolution of prospectus visas**

Category	Visas type	2011	2012	2013
Equity	Total	16	23	8
	Establishment	3	6	1
	Update	13	17	7
Contractual	Total	2	4	2
	Establishment	2	4	0
	Update	0	0	2
Diversified	Total	10	20	7
	Establishment	1	3	0
	Update	9	17	7
Monetary	Total	8	17	7
	establishment	3	4	3
	Mise à jour	5	13	4
STB	Total	6	9	5
	Establishment	1	3	4
	Update	5	6	1
M<B	Total	19	45	40
	Establishment	5	5	5
	Update	14	40	35
Overall total		61	118	69

Source: CDVM

Authorizations granted to CIF on securitization

As for Collective Investment funds on Securitization, the CDVM has examined one application for approval, one prospectus visa application and one advice request in 2013.

Indeed, the approval and visa were granted to "TITRIT" Collective Investment funds on Securitization on June 14, 2013. This fund is a co-ownership whose sole purpose is the acquisition of claims arising and future claims by the ONEE and related to the activity of ONEE electricity supply, through the issuance of bonds and retained interest. The fund has the ability to acquire new claims after the initial issuance date of the securities and/or to proceed to the issuance of new securities.

Furthermore, the consultation given by the CDVM to «FT IMMOVERT» Securitization Fund concerns the securitization of Crédit Agricole du Maroc of some of its real estate assets.

This operation which was subject of a private placement with qualified investors falls within the scope of the implementation by Crédit Agricole du Maroc of a securitization program to diversify its funding sources and support the development of its business.

Table 33: **Evolution of CIF on securitization approvals**

Form	Approval type	2011	2012	2013
CIF on securitization	Total	0	1	1
	Establishment	0	1	1
	Renewal	0	0	0

Source: CDVM

Table 34: **Evolution of CIF on securitization visas**

Form	Visa type	2011	2012	2013
CIF on securitization	Total	0	1	1
	Establishment	0	1	1
	Renewal	0	0	0

Source: CDVM

Authorizations granted to venture capital funds

The year 2013 was also marked by examining two opinion requests for venture capital funds.

The first request concerns renewal of the opinion notice of «SME CROISSANCE» Venture Capital Company that invests primarily in equity and quasi-equity investments in SMEs with high growth potential. «SME CROISSANCE» received a positive opinion to carry out a capital increase.

The second request concerns the creation of a venture capital company by an authorized management company. By the end of 2013, this request was being processed.

Table 35: **Evolution of venture capital funds**

Form	Notice type	2011	2012	2013
Venture capital funds	Total	0	3	1
	Establishment	0	2	0
	Renewal	0	1	1

Source: CDVM

4 Market Discipline

In 2013, the CDVM has issued three disciplinary and financial penalties on operators who have committed violations of the laws and regulations governing them.

The table below describes the nature of the breach and the type of operators affected by these sanctions.

Table 36: **Administrative sanctions issued by the CDVM in 2013**

Stakeholder	Stakeholder type	Penalty grounds	Penalty	Legal and regulatory basis
Upline Capital Management	UCITS management company	No structural compliance with the investment policy of two UCITS under management.	Warning and penalty of 203.000 Dh	Article 4-3 of Dahir No. 1-93-212 on the CDVM
BMCE Capital Gestion	UCITS management company	Failure to report to the CDVM of the non-compliance of the risk division ratio.	Penalty of 21.000 Dh	Article 4-3 of Dahir No. 1-93-212 related to the CDVM
Médiaco	Issuer	Delay on the deadline required to publish semiannual financial statements.	Penalty of 48.000 Dh	Article 4-3 and 17 of Dahir No. 1-93-212 related to the CDVM Article 92 of the General Regulations related to the CDVM

Source: CDVM

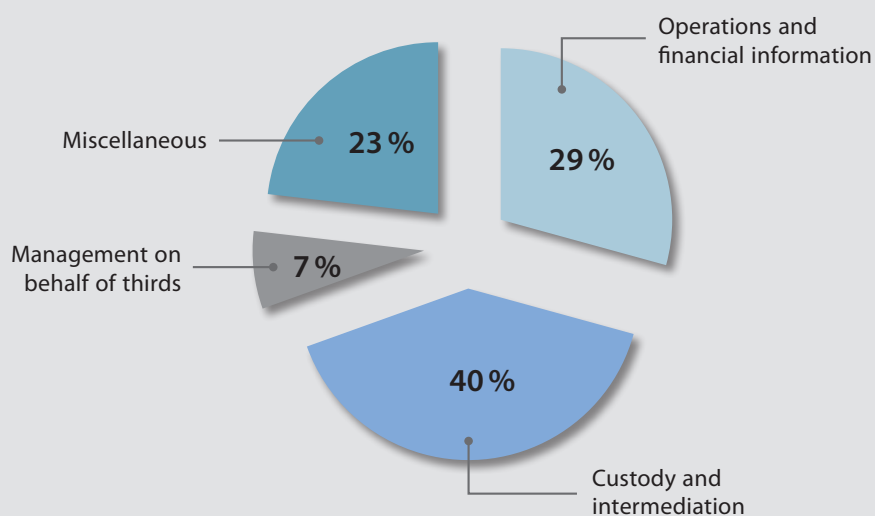


5 Processing complaints and queries

During 2013, eight complaints were processed within an average deadline of 52 days. Of all complaints processed in 2013, two resulted in an adjustment in favor of the complainants. However, only one complaint examination failed to rule in favor of the complainant. The remaining complaints were rejected as they do not fall within the legal powers of the CDVM.

In addition, the CDVM has been regularly requested for legal issues related to the capital market. Indeed, the CDVM has received 82 external applications from mostly capital market professionals: brokerage firms, management companies, financial and legal advisors. The average processing deadline of the said requests was 9 days.

Graph13: **Distribution of requests processed by the CDVM by theme**



Source: CDVM.



Chapter 6

Audit and market discipline

1 Regulation

Faithful to its constant objective of developing the capital market, the CDVM has heavily invested in collaboration with other institutions, including the Ministry of Finance, Casablanca Finance City, the Casablanca Stock Exchange, Maroclear and professional associations in drafting new legislative or regulatory texts meant to regulate the market and its various stakeholders. These texts have as a fundamental vocation to implement new rules to better regulate certain activities, improve financial reporting and boost capital market.

Moreover, the CVDM circular was subject to two amendments in 2013 to keep up with market developments. These amendments have been the subject of prior consultation with relevant professionals and subject to awareness-raising activities.

The CDVM has actively participated in the following bills:

- Draft amendment to the Law on the Stock Exchange;
 - Draft amendment to the law on the establishment of a Central Depository and the establishment of a general book-entry system of certain securities;
 - Draft law on the management for third parties;
 - Preliminary draft law on real estate investment schemes;
 - Draft law on securities lending;
 - Draft Order on Company savings plan.
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