



# UNION NEWS

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## International Markets Volatility and its Impact on Emerging Markets



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## **Financial markets Volatility and the Oversight Authorities' Role**

Securities Authorities are exposed to a great pressure when experiencing an instability or sharp changes in securities listed prices in the financial markets. Frequently, Securities Authorities and financial Markets regulators take measures to stabilize the financial markets, but the effectiveness of these procedures are often limited. Financial markets may be excessively affected in crises, pushing investors, especially small investors, to take unmeasured investment decisions causing them heavy losses. It is noticeable that most of the time when the financial markets's indicators drop, small investors and others recourse to sell while the institutional investors companies make a selective and well studied procurement considering that the decline in market prices represents a valuable opportunity. These institutions achieve substantial capital gains when they sell after a rise in prices. Recently issued facts and statistics in some Arab financial markets prove these facts. Generally, market mechanisms re-balance the financial markets, although the time period in which the financial markets return to stability may be variable and depends on the circumstances and many other factors. The role of regulatory bodies is to intensify awareness-raising efforts to convince investors of the importance studying their investment decisions without being influenced by rumors or other investors behaviors, as well as the assurance that oversight bodies are maintaining the transparency and efficiency of financial markets, and protecting the investors. Internationally, Securities Authorities realized the importance of the systematic risk facing financial markets especially those resulting from the non-banking sector «Shadow Banking», where the International Organization of Securities Commissions «IOSCO» modified its adopted principles to consider the posed risks that may have a significant impact on the capital markets.

# International Markets Volatility and its Impact on Emerging Markets

The Growth and Emerging Markets (GEM) Committee held a conference call on with leading global market players 1 September 2015 to discuss the latest market developments and its impact on emerging market countries. The call was chaired by Ranjit Ajit Singh, Chair of the GEM Committee. More than 30 GEM members dialed into the call. It was agreed that call would be based on "The Chatham House Rule" – i.e. participants may use the material for background but not attribute it.

## 1. Recent Economic Developments:

- The financial market has experienced 2 financial shocks in recent weeks. 1) The devaluation of the RMB reference rate, and 2) the recent depreciation of the Chinese domestic equity prices which, although around flat for the year, are 37% below the peak.
- There is now greater uncertainty in the minds of investors with regard to the possible action by China's policy makers and also uncertainty about OECD growth and interest rate changes in the US.
- The impending US Fed interest rate rise and European developments are considered more important risks to the emerging markets than the current situation in China. Analysts are more concerned on how policy makers in China and indeed other EM countries will respond to rising US interest rate and capital outflows.
- Concerning financial stability in the region, analysts are looking carefully at the level of

foreign exchange reserves in EMs in relation to meeting their external debt obligations; it is perceived that the EMs are generally in a more healthy position than in previous crisis.

## 2. Market Developments:

- Weakness of the emerging market currency against the euro was witnessed in December

The impending US Fed interest rate rise and European developments are considered more important risks to the emerging markets than the current situation in China.

and reasons for this correlation can be attributed to:

- Drop in oil prices and feedback loop, fuelled by momentum trading
- Risk aversion in equity markets which is regarded as a new feature of the EM investing environment. Outflows from EM markets have been more retail led.
- With regards to commodity prices, lower commodity prices will be an advantage for some EM economies.
- Fixed income funds in EMs have seen positive inflows of capital.
- Markets are expected to remain volatile in the next few weeks and months.

## 3. Global Market impacts and effects:

- Recent developments have shown that the markets across geographies and asset classes



overall have functioned reasonably well. Volatility in August is not unprecedented.

- Reviews conducted show that the current market dislocations were partly introduced by the circuit breaker that was put in place on some US equities about a year ago.
- The impact of the Chinese situation on the EMs has been particularly challenging for investors dealing in equity funds. The outflows in the last 9-10 weeks have not been seen since January of 2008, which includes an outflow of \$10 billion in the last week of August. China, India and Chinese Taipei have the largest outflows of capital - spreads have widened and volatility increased. Capital outflows have been mainly local money focused on equities not the credit markets.

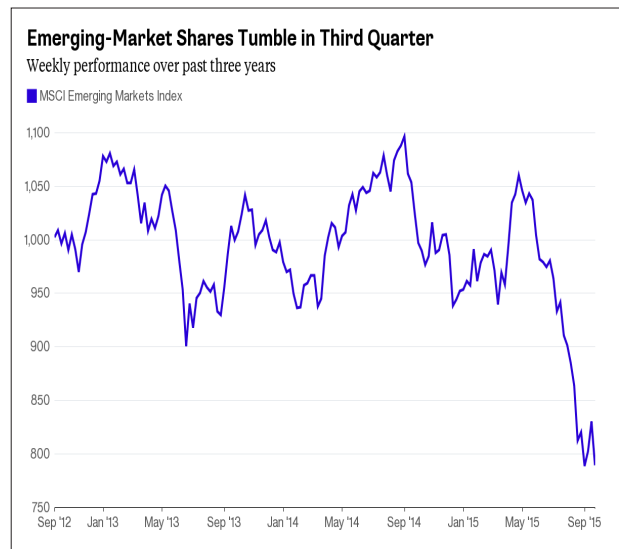
**4.Key Takeaways:**

- According to the experts, markets so far have functioned reasonably well and there is no panic.
- If US interest rates do shift upwards, capital outflow could increase and the RMB will be sold off more. Illiquid credit markets in EM's could then bear the brunt of the adjustment.
- On the more positive side- EM growth may surprise on the upside in 4-6 months' time which would make some EM assets look cheap again.
- The global banking system is much less affected and systemic risks do not seem to be emerging at this stage.
- Despite the effect of Chinese policy, most EM economies are still considered sound, especially by institutional investors.
- Not all EM economies are the same but the issue surrounding bond market liquidity in EMs should be addressed.
- Also the possible consequence of a US Fed interest rate rise on the EMs, particularly where

← The emerging economies, whatever they do, should keep open their markets and avoid creating panic. →

capital is volatile, is that currencies will probably overshoot in the first instance before support will come; perhaps before the end of the year.

- On the other hand, the likelihood of strong EU/US growth will help EMs even though trade is growing less than global GDP. With no fiscal space to help stimulate domestic demand and particularly weak commodity prices, both will weigh negatively on EM growth prospects.



- In terms of outlook, there will be a change technically in the market in terms of unwinding balance sheets to buffer the volatility of assets and help investors transact.
- Fund managers should be encouraged to ensure cash availability around their funds to withstand the shocks and act as buffers; and also act as an opportunistic pool of capital when prices become attractive again.
- The more domestic markets are open, the more investors will continue to invest, therefore, the emerging economies, whatever they do, should keep open their markets and avoid creating panic.

**The role of oversight Authorities:**

In response to 2008 financial crisis, IOSCO was persuaded that its Objectives and Principles were not designed to prevent systemic risk and were therefore insufficient. IOSCO thus revised its Objectives and Principles and added eight new Principles, including two that specifically focused on systemic risk. IOSCO's ongoing efforts to support these new Principles are parallel to efforts by other financial regulators to deal with systemic risk.

Systemic risk in the securities markets is not primarily about prudential regulation. Rather, it concerns activities by non-banking intermediaries, sometimes referred to as the shadow banking sector, transparency and soundness in the capital markets, trading practices, and risks from market innovations. The risks posed by these intermediaries are in some ways more subtle and difficult to understand and control than the risks posed by too-big-to-fail banks.

## The UASA's Strategic Plan Committee First Meeting

The Temporary Committee for the preparation of the UASA 2016 – 2020 strategic plan held its first meeting on 10/09/2015 in the Union headquarters – Dubai. During the meeting, the Committee members selected Dr. Saade Al-Shami, the Lebanese Capital Markets Authority's representative, to chair the Committee. The Committee decided to conduct a survey to explore the UASA's members opinions with respect to the aspired strategic objectives and priorities to be achieved during the next five years. The Committee also distributed the work among its members and fixed a timetable for the strategy preparation.

In addition to the Lebanese Capital Markets Authority, the Committee includes in its membership the Securities and Commodities Authority - UAE (SCA), the Saudi Capital Market Authority, the Capital Markets Authority of Oman and the Egyptian Financial Supervisory Authority.



## The launch of the new website of the Union of Arab Securities Authorities



The new Website can display Members' legislation according to the type of legislation or the Member, and allows access to a specific legislation or more of a specific Authority or more as the case might. In addition to that, the new website features the «RSS» technology which enables users to follow the latest news and updates without the need to visit the website with the possibility of copying and sharing the contents to other websites and social networks. Communication between the UASA members is now facilitated and protected, members can exchange files directly or upload and publish news and publications to the site through the «Members Area». Moreover, the website contains a new section (mini-website) dedicated to events and activities allowing users to register in these activities.

The UASA Secretary-General confirmed that the launch of the new website of UASA has come in implementation of the work plan approved by the UASA Board, particularly updating the UASA website to meet the members and users requirements in order to achieve the Union objectives regarding capital markets development, transparency and efficiency.

The UASA Secretary-General explained that the new website was developed utilizing advanced technology to be used with different types and sizes of screens and devices in addition to be fully dynamic and flexible in term of transition between Arabic and English languages. The new website will be user-friendly in order to obtain the required information efficiently and rapidly through the provision of effective and sophisticated search tools.

## participating in the Arab IPO Summit 2015



Bloomberg Business Week Middle East concluded the Arab IPO Summit 2015, with the participation of The Union of Arab Securities Authorities (UASA) as a strategic partner.

The conference was held in Dubai with the participation of officials and experts in Arab and local capital markets. During the Summit the participants stressed on the importance of IPOs in providing companies the ability to grow and expand thus contributing in increasing the investments and promoting the economic growth. The conference discussed the evolution of IPOs market in the region and worldwide, in addition to IPOs importance as a key driver for growth strategies. The Summit reviewed also the experiences of a number of companies in this area in addition to the experiences of a number of countries in the field of IPOs.

## Participating in the 39th meeting of the ACBGC

Arab Monetary Fund



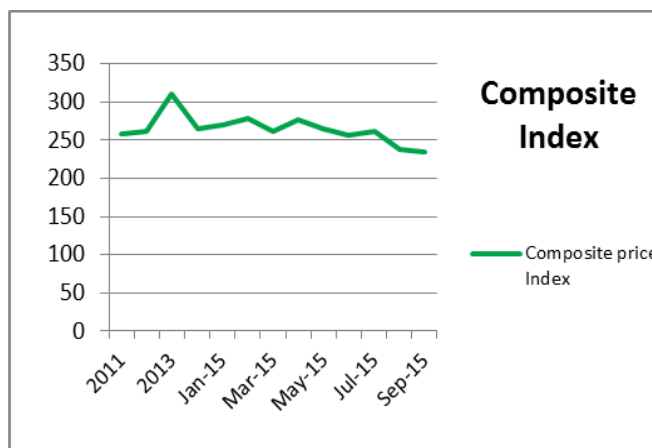
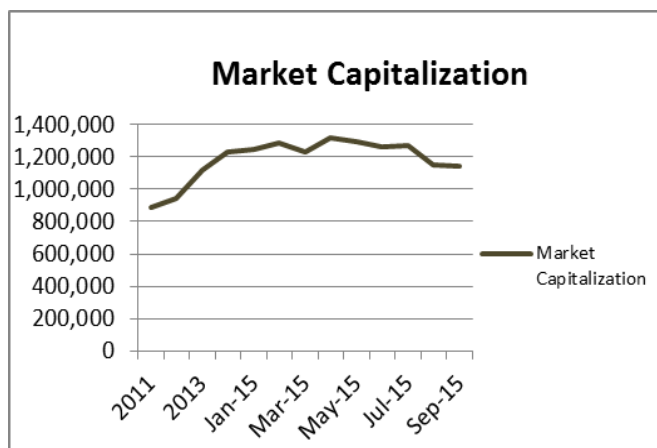
The Arab Central Banks Governors Council held its 39th meeting in Cairo, Egypt, on 13/09/2015, with the participation of Arab central banks governors and the Arab Monetary Institutions. The UASA represented by the Secretary-General participated in the meetings as an observer member.

The meeting discussed different themes, including the Council Secretariat report and the report on the regional task force performance. The Council discussed also the impact on Arab economies of the regional and international economic and financial developments, and reviewed the first draft of the Unified Arab Economic Report for 2015 in addition to the report and recommendations of the 24th and 25th Arab Committee on Banking Supervision.

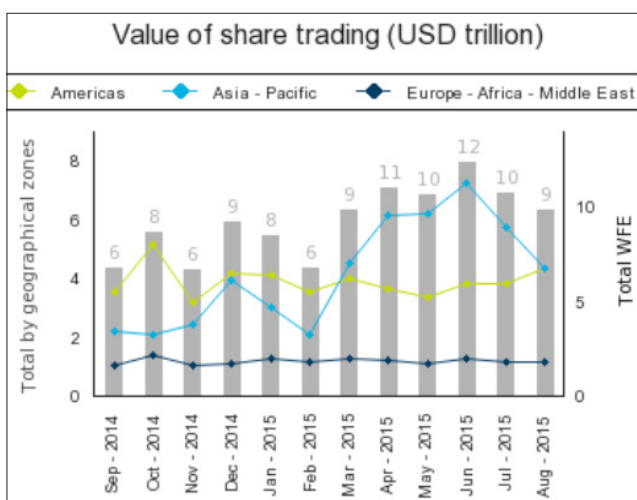
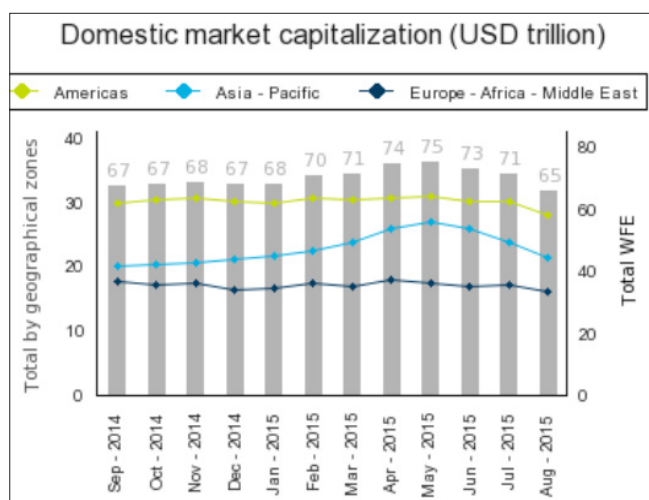
## Summary of Arab Stock Markets Performance

		Market Capitalization (U.S. Million)	Value Traded (U.S. Million)	Composite Price Index
2011		884,490	379,897	213.36
2012		941,412	586,387	219.63
2013		1,120,247	483,364	310.77
2014		1,231,538	800,891	265.78
2015	Jan.	1,250,209	54,232	270.23
	Feb.	1,287,404	59,203	278.35
	Mar.	1,234,544	58,299	261.00
	Apr.	1,321,740	66,203	277.30
	May	1,296,451	55,152	264.11
	June	1,261,476	39,934	256.66
	July	1,267,025	30,115	261.20
	Aug.	1,151,854	39,829	237.38
	Sept.	1,141,949	27,046	234.62

Source : <http://www.amf.org.ae/>



## Summary of the World Stock Exchanges Performance



Source : <http://www.world-exchanges.org/>

## Market Regulation



*Jordan Securities Commission - JSC*

### **Issuing instructions of the templates and tools related to the notification of operations that are suspected to be related to money laundering or terrorism financing**

The anti money laundering and terrorism financing unit issued the Instructions No. 1 for the year 2015 "Instructions of the templates and tools related to the notification of operations that are suspected to be related to money laundering or terrorism financing" to replace Instructions No. 2 for the year 2011, and will come into effect as of 01.10.2015.



*UAE - Securities and Commodities Authority - SCA*

### **SCA issued decision on Dormant Account Mechanism on Brokerage Companies**

The Securities and Commodities Authority (SCA) issued a decision concerning dormant customer accounts held at securities brokerage companies, forcing such companies to classify customer accounts with no financial activity or data update for three years into dormant, as per a number of stages and procedures. As an exception, provisions of the decision do not apply to accounts with complaints filed at SCA, or at the public prosecution, or the court until such complaints are substantiated by a notice from SCA or a decision or ruling from the public prosecution or the relevant court, as may be the case.



*Tunisia - Conseil du Marché Financier - CMF*

### **Issuance of the anti-terrorism and money-laundering law**

Enactment of the Law dated August 7th, 2015 relating to terrorism fighting and anti-money laundering. This Law, comply with international standards, and repeals the Law of 2003.



*Oman - Capital Markets Authority - CMA*

### **Royal Decree Establishing Oman Governance and Sustainability Centre**

Issuance of the Royal Decree No. (30/2015) on the establishment of "Oman Governance and Sustainability Centre" and promulgating its law. The Centre will be reporting to the Capital Market Authority and shall have legal personality, financial and administrative independence and the capacity to own fixed and moveable funds, management and disposal of the same. In addition to that, all the assets and funds of Oman Corporate Governance and Sustainability Centre of the Capital Market Authority shall devolve to the Centre and all employees shall be transferred with their financial grades and employment statuses.

### **Constitution of the Board of Directors of Oman Centre for Corporate Governance and Sustainability**

The Capital Market Authority issued an administrative decision constituting the board of directors of Oman Center for Corporate Governance and Sustainability (OCCGS).

### **Issuance of the Code of Corporate Governance**

The CMA Board of Directors approved the new version of the Corporate Governance Code, the contents of the new code includes additional rules to improve the work and to ensure accuracy and transparency. The draft code was posted on CMA's website and CMA received feedbacks that contributed to the new code which helps in protecting the shareholders and all related parties.



#### CMA Publishes the Proposed Draft of New Executive Bylaws

The Capital Markets Authority (CMA) has announced the accomplishment of a comprehensive legislative project, which includes a complete review of the rules governing the capital markets and the Executive Bylaws of Law No. 7 of 2010. The Bylaws consists of 1610 articles, whereas the existing one comprised of 444 articles, the Bylaws is divided into 17 modules; each module covers a specific topic in order to unify the reference to all CMA regulations. Each module is divided to chapters which adopt a simplified numbering system to ensure the ease of use, amendment, and improvement while maintaining the main structure of the Bylaws. This would result in revoking all of CMA previously issued rules and regulations, as the Bylaws in its new form will include all rules and regulations regulating the market and securities activities. The new structure of the Bylaws may be easily amended and improved whenever the need arises, which unifies the regulations and provides for greater flexibility and consistency among them.

#### CMA issues corporate governance rules after amendment

Capital Markets Authority (CMA) of Kuwait has issued rules of corporate governance after amendments and reviews in line with the best professional practices, where these rules are scheduled for implementation in June 30, 2016, which allows all companies that are subject to these rules to rearrange their situations. These rules aimed at upgrading the performance of companies and strengthen the financial capacity and the development of the work environment in accordance with the regulation that is fair, transparent and efficient. One of the main modifications made on the corporate governance rules is changing the scope of application where the concept of (Comply or Explain) is adopted.



#### EFSA Issued Governance Rules for Private Insurance Funds

EFSA issued governance rules and regulations for private insurance funds in the light of recent amendments to the Executive Regulations of Law on private insurance funds. The decision obliges the private insurance funds to follow what is stated in the governance guide. The said guide regulates fund's management, internal auditing in addition to the election and formation and responsibilities of the board and its committees. Governance rules dealt with aspects related to the meetings of the funds' general assemblies, the role of the auditor and the controls set for conflict of interest.

#### EFSA regulates licensing requirements for brokers

EFSA Board issued a decree regulating the licensing rules for new brokerage companies. The new regulations require that the interested company in obtaining a license should provide its action plan and the estimated volume of activity, in addition to the number of branches to be licensed according to the market needs and the provided services.

#### The New Version of the Egyptian Accounting Standards to be applied starting January 2016

EFSA announced that the new version of the Egyptian Accounting Standards is to be applied starting from the first of January 2016. The new standards will be applied by entities that begin its fiscal year from this date or after it. The new standards include 39 standards and a frame that will be used in the preparation and presentation of financial statements replacing the former Egyptian Accounting Standards. In addition, the new standards include for the first time a special standard for small and medium-sized enterprises. The said standard allows some simplified alternative treatments to suit these entities.

## Market Regulation

 **Egyptian Financial Supervisory Authority- EFSA**

### **EFSA issued Number of Decisions to Regulate Real Estate Finance and Companies' Obligations**

EFSA's BOD has issued number of regulations and regulatory decisions for Real Estate Finance companies to activate the amendments to the Executive Regulations of Real Estate Finance Law. The said regulatory rules include mergers, activities' suspension, liquidation, acquisition and requirements of internal regulations for the companies as well as authorized indicators used in determining the variable cost of financing in contracts.

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### **EFSA issued the Rules Set for Granting Real Estate Finance**

EFSA issued decision no. 76 of 2015 regarding the rules and conditions set for granting real estate financing. These rules included awareness and client's protection, the registration of mortgage, guarantees and client's insurance in addition to the regulations set for granting financing in accordance with the purpose whether residential or administrative or commercial. The said decision also organizes purchasing of real estate rights.

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## Market Oversight

 **UAE - Securities and Commodities Authority - SCA**

### **SCA Issues First Securities Lending and Borrowing Agent Approval**

The Securities and Commodities Authority (SCA) granted the National Bank of Abu Dhabi (NBAD) approval to engage in securities lending and borrowing activities. NBAD is the first to receive this crucial approval to undertake such activities within the UAE capital markets, having satisfied all of the approval conditions and requirements as set by SCA and stipulated under the SCA Board Decision No. (47) of 2012 concerning Regulations on Securities Lending and Borrowing.

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 **Kuwait - Capital Markets Authority - CMA**

### **CMA issues a decision for licensed companies and investment funds that adjusted their positions**

The Capital Markets Authority issued licenses for a number of companies and investment funds that adjusted their positions for a period of three years, subject to renewal. The CMA granted three companies preliminary approval of six months, subject to renewal in order to meet the specific criteria or to complete the necessary legal procedures.

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 **Egyptian Financial Supervisory Authority- EFSA**

### **A Reminder regarding Submitting Periodic Disclosure Reports and the summary of the decisions issued by the General Assemblies and the BOD of the listed companies**

EFSA emphasized that the listed companies shall inform it with the notifications referred to in Articles no. (30) and (31) and (32) of listing and delisting rules issued by the BOD decision no. 11 dated 22 January 2014 and its amendment pursuant to EFSA's BOD decision no. 170 dated 21 December 2014. It includes (the periodic disclosure reports representing the shareholders structure reports, their number, the Board of Directors' structure, treasury shares position, occurred changes as well as the decisions issued by the ordinary and extraordinary General Assemblies and a summary of the BOD decisions including the fundamental events and business results compared to the corresponding period).

EFSA also wishes to emphasize that if the listed companies do not commit to the above, it will be considered as a violation to Article 85 of the Executive Regulations of the Capital Market Law as well as listing and delisting rules.

## Education and Awareness



*Algeria - Commission d'Organisation et de Surveillance des Opérations de Bourse - COSOB*

### **The COSOB Scientific Council organizes its second conference**

The COSOB organized the second conference of its scientific board which focuses on "Financing SMEs and growth" with the participation of heads of public and private companies, listed companies, banks and financial institutions as well as representatives from the Algerian financial center.

### **Training courses for the certificate: «FINANCIAL MARKET PROFESSIONAL»**

Starting from October 2015, The "Commission d'Organisation et de Surveillance des opérations de Bourse" (COSOB) launched, in cooperation with the Institute for Training in Banking (IFB), the second training sessions which are concluded with a certification titled "FINANCIAL MARKET PROFESSIONAL". This training targeted all the financial market stakeholders, including the executives corporate issuers, asset managers in institutional investors and journalists specialized in finance.



*Oman - Capital Markets Authority - CMA*

### **CMA organize training programmes for the employees of insurance companies and brokers**

The Capital Market Authority organized a number of training programs in accordance with the training plan implemented to the insurance companies' employees. A training programme "Introduction to Insurance" was held during five days covered risks, insurance, legal principles of insurance, risk underwriting, components of insurance market and the need for insurance in Oman.

The CMA organized also a training programmed for human resources managers of insurance companies and their assistants and a three days programme on the Legislations of Insurance Industry for 38 participants working for insurance companies.



*Kuwait - Capital Markets Authority - CMA*

### **The closure of the first awareness campaign**

The Capital Markets Authority (CMA) of Kuwait concluded the first awareness campaign, which carried the title "Companies General Assemblies," which was devoted to highlight the importance of attending their companies shareholders' General Assemblies and activate their role in the regulatory exercise, to understand the real situation of the company and its future strategies.

The campaign included a number of events such as the distribution of thousands of copies of awareness flyers related to the campaign entitled "Attending listed companies general assembly meetings is a right". Another awareness tips were broadcasted at the expense of the CMA on Twitter, as well as radio ads on Kuwait Radio on frequently basis through various general and economic programs. Also, a sequential episodes of awareness related to the campaign was broadcasted on the CMA website, as well as TV ads on State of Kuwait official channel through the index and economic news bulletin, in addition to the data and press ads.

### **Launch of the awareness program for the fourth quarter of 2015**

The Capital Markets Authority launched its awareness activities for the fourth quarter of 2015, which includes the five awareness workshops to be held on Tuesdays of each week during the period between late September and October.

## Education and Awareness



**Palestine Capital Market Authority - PCMA**

### The Capital Market Authority establishes a professional certification center in Gaza

The Capital Market Authority inaugurated a specialized center in securities and finance in Gaza providing a professional certification program, in coordination with the Chartered Institute for Securities and Investment «CISI» in London, in order to enable the financial market stakeholders and interested to register and pass the specialized financial certificates exams.

### The Steering Committee to build a national strategy for financial inclusion in Palestine held its second meeting

The Steering Committee to build a national strategy for financial inclusion in Palestine held its second meeting in order to discuss a range of topics, most notably the adoption of direct field survey to study the supply and demand sides and measure financial inclusion in Palestine.

It is worth mentioning that the Committee was formed in the beginning of 2014 to oversee and route all parties involved in the strategic building, which aims to enhance the access and use of the various segments of society services and financial products in a fair, transparent and cost acceptable. The implementation of the strategy is with the support of the AFI based in Malaysia.



**Egyptian Financial Supervisory Authority- EFSA**

### EFSA Held the Largest Microfinance Gathering that includes Banks, Companies and NGOs



The Financial Services institute organized a Workshop for Microfinance which was attended by hundreds of service providers including banks, companies and associations and civil institutions. This was followed by the General Assembly meeting of the Egyptian Federation of Microfinance to approve the annual subscription fees of the members.

Experts from EFSA and a representative of the Social Fund participated in the workshop. Also, the Director of The Egyptian Credit Bureau "I-Score" presents the Services that the clients may take advantage.

## International Cooperation

### MOU between financial markets regulators in the GCC

The GCC regulatory members signed a memorandum of understanding (MoU) with the regulators of financial markets in the GCC countries on the sidelines of the sixth meeting of the Ministerial Committee of the Heads of financial markets regulators of the GCC, where this event took place in Doha, Qatar.

The objective of this agreement is to support the bonds of cooperation among the six regulators, and provide a unified framework for cooperation, and eliminate investment obstacles in the field of securities in the GCC, and facilitate the flow of funds and information and experiences among the financial markets. This MoU came in an effort to support cooperation among the bodies involved, and improve the levels of transparency in the markets in the region to support the investors' protection and savings of individuals, and contribute to the prosperity and economic stability and the promotion of integration in the legislative structure of the regulatory bodies of the GCC.

## International Cooperation

### UAE - Securities and Commodities Authority - SCA

#### MOU between SCA and ADGM's FSRA

The Securities and Commodities Authority (SCA) signed an MOU with the Financial Services Regulatory Authority (FSRA) of the Abu Dhabi Global Market (ADGM) that covers bilateral cooperation in exchanging information and supervising capital markets and listed companies, as well as financial service companies. The MOU also provides for cooperation in regulatory matters and investor protection through a framework that facilitates mutual cooperation and understanding.

The MOU comes to establish a practical framework and determine the scope of cooperation between SCA and ADGM according to terms that specified areas of cooperation and coordination, most notably matters related to 1) supplying the other party with information that tends to assist it in performing supervisory functions, 2) supervising stock markets and clearing and settlement processes, as well as monitoring compliance with the rules and regulations in this regard, 3) ensuring that licensed persons are qualified and efficient and raising their professional level, 4) cooperating and coordinating in public offerings and mutual promotion of securities and financial products, as well as securities sector-related legislations, 6) enforcing rules and regulations in relation to issuing, dealing in, and advising on securities and other investment products, 7) cooperating and coordinating in licensing procedures for financial services and activities offered by companies subject to the supervision of both parties, and 8) countering and detecting money laundering crimes and activities.

### Qatar Financial Markets Authority - QFMA

#### The 13th Meeting of Heads of GCC Financial Markets Regulators' Committee

Qatar Financial Markets Authority "QFMA" hosted the 13th Meeting of Heads of GCC Financial Markets Regulators' Committee (or their equivalents). The meeting discussed several issues regarding the latest developments in GCC financial markets which aims to enhance cooperation and support links between the financial markets regulators. The meeting was concluded by discussing the issues presented to the 6th Ministerial Committee Meeting of Board Chairmen of GCC Securities Regulators.



#### QFMA Hosts the 6th Meeting of the Ministerial Committee of the Board Chairmen of GCC Financial Markets Regulators

QFMA hosted the 6th meeting of the Ministerial Committee of the Board Chairmen of GCC Financial Markets Regulators in Doha. The meeting discussed a number of topics related to the capital market and a review of the latest developments in the GCC financial markets in addition to discussing the appropriate mechanisms that contribute in promoting the development and economic integration among GCC markets as well as the alignment of the applicable laws and regulations in the GCC financial markets.

### Kuwait - Capital Markets Authority - CMA

#### CMA participates in the Smart Surveillance Conference 2015

The Capital Markets Authority participated in The ninth Smart Surveillance Conference 2015 organized by Nasdaq, the conference took place in Hong Kong, China from 1-3 September 2015.

The conference discussed the latest and most significant developments in the area of financial markets oversight, such as the opportunity of exchanging experiences between stakeholders, and to provide experience and study of the presented cases and take advantage of the modern practices.

## International Cooperation



*Capital Markets Authority of Lebanon*

### **An MoU between CMA Lebanon and CMF of Tunisia**

The Capital Markets Authority (CMA) of Lebanon and its counterpart in Tunisia the (CMF) have signed a memorandum of understanding (MoU) that aimed to establishing a framework for cooperation including the establishment of liaison and coordination and exchange of regulatory and technical information channels between the two parties, which contributes in enhancing the transparency and development of financial markets, and investor protection.

The MoU was a result of both parties willingness in cooperation and coordination between the two countries, where it included as well a mechanism for the exchange of experiences and information and provides possibilities for organizing joint training programs for the development and efficiency of their staff.

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## Enforcement Actions



*UAE - Securities and Commodities Authority - SCA*

### **SCA Forces Electronic Connection with CBUAE on Brokerage Companies**

The Securities and Commodities Authority (SCA) forced UAE-based securities and commodities brokerage companies to work on activating electronic connection with the Anti-Money Laundering and Suspicious Cases Unit of the Central Bank of the UAE (CBUAE).

The purpose of this move is to take advantage of the technical system of the Anti-Money Laundering and Suspicious Cases Unit, which is characterized with the highest levels of security and secrecy and instant electronic reporting of any transactions or cases that may constitute money laundering crimes or terrorism financing in the country.

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*Tunisia - Conseil du Marché Financier - CMF*

### **Cancellation of a listed company IPO**

In order to protect the minority shareholders of a listed company that is still under investigations for breaches to capital market rules, mandatory withdrawal public offer has been decided by the Tunisian regulator.

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*KSA - Capital Market Authority - CMA*

### **CMA imposes fines on some listed companies**

The Capital Market Authority announced the issuance of a number of decisions imposing fines on Some listed companies ranged between ten thousand riyals and two hundred thousand riyals, the most significant violations were violation of registration and listing rules, disclosure of incorrect and misleading information in addition to the instructions of corporate advertising related to the reported financial results, as well as the violation of the corporate governance and disclosure rules.

## Enforcement Actions



**KSA - Capital Market Authority - CMA**

### Announcement of the Board of Directors and Senior Executives Trading Restriction Period

The Capital Market Authority announces the Board of Directors and Senior Executives Trading Restriction Periods according to Article (50) of the Listing Rules as the following:

1. For companies that follow the Hijri Calendar and which its fiscal year period ends on 30/12/1436 H corresponding 13/10/2015 (according to Umm Al-Qura Calendar), the restriction period starts on 01/12/1436 H corresponding to 14/09/2015 and ends on the date the date of announcing the company's annual financial statements.
2. For companies that follow the Hijri Calendar and which its fiscal interim period ends on 30/01/1437 H corresponding 12/11/2015 (according to Umm Al-Qura Calendar), the restriction period starts on 16/01/1437 H corresponding to 29/10/2015 and ends on the date of announcing and publishing the interim financial statements after assessing the company.



**Iraq - Iraqi Securities Commission**

### Suspend trading on a number of companies shares

Given the lack of reimbursement of some of the listed companies of the requirements of financial disclosure and provide the Commission the Final Accounts of the financial year which ended on 31/12/2014, therefore, the commission has decided to suspend trading of the shares of these companies.

## Other News



**KSA - Capital Market Authority - CMA**

### THE SAUDI STOCK EXCHANGE IN THE FTSE WATCH LIST FOR POTENTIAL PROMOTION TO SECONDARY EMERGING MARKET STATUS

FTSE reported in their 2015 Annual FTSE Country Classification Review that Saudi Arabia, would join the Watch List for possible addition to Secondary Emerging market status based on the prospective opening of the market to international institutional investors by means of the Qualified Foreign Investor (QFI) framework.

To ensure its objectivity, the process is supported by FTSE external advisory committees including the FTSE Country Classification Committee, which draws its membership from experts in trading, custody and investment management, and the FTSE Russell Policy Group, which represents the views of leading global investors.

Following the recommendation of the FTSE Country Classification Advisory Committee and the FTSE Russell Policy Group regarding the current status of Saudi Arabia, the FTSE Russell Governance Board has approved placing Saudi Arabia on the FTSE Watch List for possible promotion to Secondary Emerging market status. A decision on whether to promote Saudi Arabia will be considered at the Annual Review in September 2016.

## Other News

### **Palestine Capital Market Authority - PCMA**

#### **PCMA issues its annual report for 2014**

Palestine Capital Market Authority issued its annual report for 2014, which included comprehensive information about the Authority and the securities, insurance, mortgage financing, and leasing. The annual report discussed the challenges facing these sectors and ways to overcome them.

The report covered the most important developments in international cooperation and external relations, in addition to the projects of technical assistance provided by specialized institutions as well as international and regional activities of the Authority during 2014, the completed developments with respect to corporate governance, and the financial statements for 2014.



### **Palestine Capital Market Authority - PCMA**

#### **Dr. Nabeel Kassis, Chairman of PCMA**



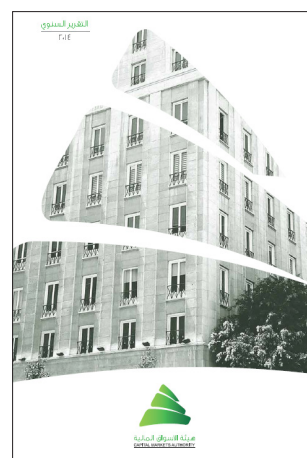
The Council of Ministers issued a decree appointing H.E. Dr. Nabil Kassis, Chairman of Palestine Capital Market Authority (PCMA) during its meeting held on 08/09/2015. Dr. Kassis is currently the general manager of Palestine Economic Policy Research Institute (MAS), and previously held several ministerial positions in the Palestinian National Authority, as Minister of Finance and Minister of Planning and Minister of Tourism and Antiquities, also Dr. Kassis held president of Birzeit University and a board member of the Palestinian Monetary Authority.

### **Capital Markets Authority of Lebanon**

#### **CMA of Lebanon issues its annual report for 2014**

The CMA issued its Annual Report for the Year 2014. The report indicated that the Capital Markets Authority has undertaken major activities in 2014, including the creation of an electronic trading platform in the near future supporting emerging and medium-sized companies to find additional funding sources, issuing all the executive regulations in 2015, promoting cooperation with other Authorities in the region and to join the IOSCO at the earliest deadline.

Moreover, the report reviews the objectives of the CMA, which includes the development of capital markets and investor protection, in addition to its vision and tasks, which include the regulation and oversight of financial markets in line with the changes of domestic and international standards.



## International Organization of Securities Commissions - IOSCO

### IOSCO published a research paper on Corporate Bond Markets in Emerging Markets

The Research Department of the International Organization of Securities Commissions today published a Staff Working Paper entitled Corporate Bond Markets: An Emerging Market Perspective.

The main findings of the report can be summarized in the following key messages:

1. Corporate bond markets across emerging markets are getting bigger, with a large portion of activity concentrated in Emerging Asia.

Corporate bond markets in Emerging Market Economies (EMEs) have more than tripled in size in the last 10 years, reaching \$6.9 trillion in 2014. EME corporate bond issuance reached \$1.06 trillion by end 2014, up from \$0.9 trillion the year before. While around 80% of this issuance comes from Emerging Asia, other regions have also experienced growth.

2. Corporate bond market development in EMEs is being spurred by broad financial sector development, infrastructure improvement and increasing institutional health.

Domestic corporate bond market development is positively influenced by general financial sector development and improvements in financial infrastructure, while international corporate bond market development across EMEs is also related to institutional health.

3. The level of activity of emerging markets issued bonds on US and European secondary markets shows great divergence from region to region and country to country.

Secondary markets in EMEs are characterized as small, if they exist at all. As such, the report focuses on trading activity of EME corporate bonds on US and European secondary markets. According to this data, over the last four years, trading volume and turnover ratios of EME corporate bonds have been flat, except for in Emerging Americas where it is increasing.

### IOSCO publishes report on SME financing through capital markets

The International Organization of Securities Commissions (IOSCO) published the report on SME Financing through Capital Markets, which provides recommendations for regulators to facilitate capital raising by small and medium sized enterprises (SMEs) in emerging markets.

The report identifies the challenges facing SMEs in accessing market-based financing, and examines some of the successful measures implemented by regulators and other policymakers to assist SMEs in tapping capital markets.

## Arab Monetary Fund - AMF

### Arab Monetary Fund and World Bank Group Publication Supports Financial Inclusion and Access to Finance Across the Arab Region

The Arab Monetary Fund (AMF) and the World Bank Group launched a new guide today providing an overview of credit reporting systems in the Arab countries, part of wider efforts to improve the region's financial infrastructure and increase access to finance.

The guide was developed as part of the Arab Credit Reporting Initiative, a joint effort between IFC, a member of the World Bank Group, and the AMF. The initiative aims to raise awareness about the importance of credit information sharing, and support regulators, government bodies and financial institutions in establishing and enhancing credit reporting systems across the region.



## Abu Dhabi Securities Exchange

### Abu Dhabi Securities Exchange To organize a conference titled Transformation to Public Companies: A Vision toward the Future



Abu Dhabi Securities Exchange has announced that it plans to hold its annual conference for the year 2015 under the title "Transformation to Public Companies: A Vision toward the Future". The Conference will take place on Monday, October 26th this year.

The Conference shall consist of several main topics; the most important of which is the role of private companies and family institutions in reinforcing and promoting competition that can lead to the creation of an ideal and sustainable economic environment. Furthermore, the Conference shall focus on the tools and legislations required to support and reinforce this goal, as well as discuss the challenges that hinder the achievement of such goal.

## Dubai Financial Market (DFM)

### Dubai Financial Market Prepares for the Future with Avaya SDN Fx



The Dubai Financial Market (DFM) is now powered by Avaya's SDN FX fabric networking technology. The exchange has selected this solution for its ability to effectively and efficiently cater to day-to-day needs, while also offering the convenience of scalability to grow and provide a superior end-user experience.

The Avaya SDN Fx architecture will encompass the breadth of the DFM network, providing a single end-to-end service and a simplified, agile and resilient infrastructure. Network configuration and service deployment will be faster and easier. With this architecture, DFM can optimise its trading-based multicast services, migrate from legacy technologies, and introduce new services and changes quickly and efficiently.

## Bahrain Bourse

### Bahrain Bourse Announces the Launch of Bahrain Islamic Index

Bahrain Bourse (BHB) launched Bahrain Islamic Index, which includes stocks of listed companies that go in line with the Shari'ah compliance. This index will act as a standardized tool, adopted by investors in order to measure the fluctuations of their investment portfolios in the companies computed within the Islamic Index, which will assist them in taking the right decisions regarding these investments.



## TADAWUL

### SAUDI STOCK EXCHANGE ANNOUNCES THE "GO-LIVE" DATE OF ITS NEW TRADING PLATFORM

The Saudi Stock Exchange launched the new X-Stream INET trading platform by NASDAQ. The launch comes after completion of the necessary system testing, and after ensuring full technical and functional readiness and connectivity with market members and data vendors.

The new platform is NASDAQ's latest in trading solutions and is the fastest recorded trading engine in the world. The new platform will handle the trading of Equities, Sukuk and Bonds, and ETFs.



## Bourse De Tunis

### MoU between the Bourse de Tunis and Paris Europlace



The Bourse de Tunis (Tunis Stock Exchange) and Paris Europlace signed during the Paris Europlace International Financial Forum, MoU that expresses the ambition of the Tunis marketplace to have its stock market grow in power. Its overall aim is to promote the Tunisian financial environment based on the project of a marketplace with Mediterranean and international ambitions.

The Tunis stock exchange and Paris Europlace identified four defining, complementary directions of converging interest which will be added upon as the relationship evolves. The first axis is development support for the Tunis financial market, particularly its stock market. Paris and Tunis will also cooperate on supporting the Tunisian companies, especially SMEs, in getting listed as well as identifying and developing potential French investments in Tunisia and vice versa. The fourth axis of cooperation is on research, innovation and financial prospective.



### Iraq Stock Exchange organized its second workshop for the year 2015

Iraq Stock Exchange organized the second workshop for the year 2015, entitled "financial data analysis of joint stock companies and their impact on stocks returns". The participation are the Board of Governors, the Iraqi Central Bank, the Securities Commission, university professors, listed companies, brokerage firms and a large number of investors.

During the workshop, participants learned how to read the information, financial statements, reports, interpretation and analysis, in addition to the factors influencing the investment decision.



### MoU with The General Authority For Investment To Support The SMEs In Upper Egypt

EGX signed a (MOU) with the General Authority for Investment and Free Zones (GAFI) in order to spread awareness of the role the stock market as a platform for the financing SMEs. The new agreement focuses on strengthening the areas of cooperation in spreading the awareness of the role of the stock market for companies, especially in Upper Egypt. Both parties agreed to make use of the stock market's headquarters in the investors building in Sohag, in order to raise awareness about the stock exchange by putting trading screens that reflect the daily trading of the stock exchange. This enables visitors to follow the stocks trading on a daily basis; meanwhile, the stock market's management will train GAFI staff on the stock market's activity and trading and on knowing the advantages of listing on the stock market. This is to have qualified staff from GAFI to educate investors about the role of the stock market and the funding opportunities offered for companies.



### QATAR UPGRADED BY GLOBAL INDEX PROVIDER FTSE RUSSELL TO SECONDARY EMERGING MARKETS

FTSE announced Qatar was to be upgraded from Frontier to Secondary Emerging within the FTSE Global Equity Index Series. The upgrade will be implemented over two equal tranches in September 2016 and March 2017. FTSE confirmed that Qatar had met all the criteria required to attain Emerging Market status.



### LSEG SIGNS AGREEMENT WITH CASABLANCA STOCK EXCHANGE TO LAUNCH ELITE IN MOROCCO

Casablanca Stock Exchange (CSE) signed an agreement with London Stock Exchange Group (LSEG) to support the launch of LSEG's successful business development programme, ELITE, in Morocco.

A dedicated LSEG ELITE support team will share their knowledge of the programme with CSE representatives, guiding them on how best to implement the programme and promote the ELITE programme and brand locally.



### FTSE to upgrade Palestine Exchange to Frontier market status

The FTSE Russell Governance Board approved the promotion of the Palestine Exchange to Frontier market status within the FTSE Country Classification scheme starting September 2016. This promotion to Frontier Market status is a reflection of Palestine Exchange ability to meet the FTSE group qualities of markets criteria and a result of the continued improvement in corporate governance, operational integrity and transparency in Palestine's capital markets.



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