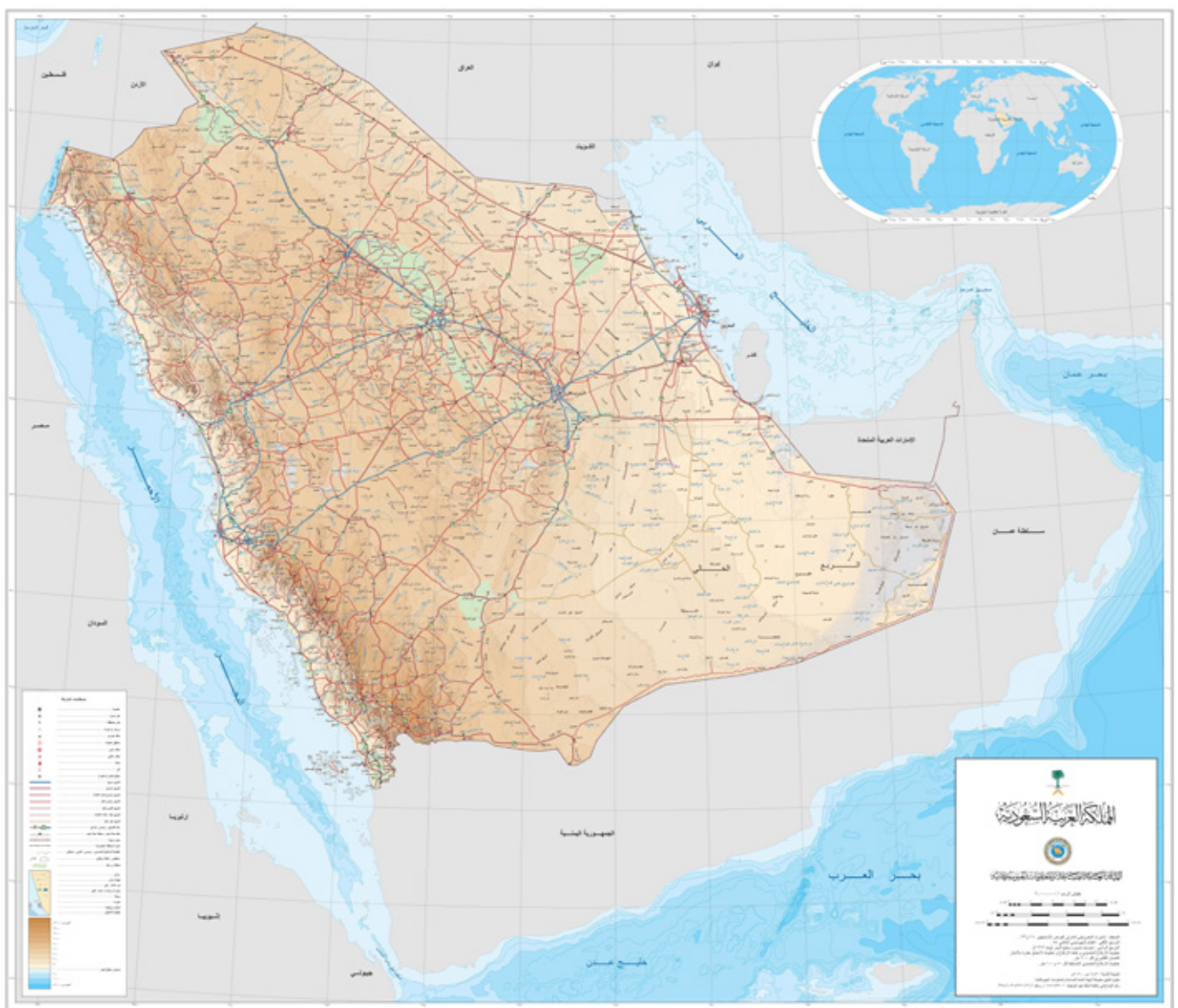




Annual Report

1442 - 1443H (2021)



بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ



The Custodian of the Two Holy Mosques

King Salman Bin Abdulaziz Al-Saud

President of the Council of Ministers



His Royal Highness

Prince Mohammed Bin Salman Bin Abdulaziz Al-Saud

Crown Prince, Vice-President of the Council of
Ministers, Minister of Defense

Capital Market Authority Board of Directors

Royal Order No. (A/36) dated 06/02/1439H was issued to reform the CMA Board as follows:



His Excellency
Mohammed Bin Abdullah El-Kuwaiz*
Chairman



Youssef Bin Hamad Al-Blihidi
Vice-Chairman



Ahmad Bin Rajeh Al-Rajeh
Member



Khaled Bin Abdulaziz Al-Homoud
Member



Khalid Bin Mohammed Al-Solai
Member

*Royal Order number (A/582) dated 22/10/1442 H was issued to extend the service of His Excellency Mr. Mohammed Bin Abdullah El-kuwaiz as Chairman of the Capital Market Authority Board at the rank of "Minister", for four years, as of 26/10/1442 H.



Capital Market Authority Board of Directors



His Excellency
Mohammed Bin Abdullah El-Kuwaiz
Chairman, CMA Board

Academic Qualifications:

MBA, New York University's Leonard N. Stern School of Business, USA	2003
Bachelor's Degree, Law, King Saud University, KSA	1998
The General Securities Qualification Certificate (CME-1)	2008

Professional Experience:

Chairman, CMA Board of Directors	2017 – present
Vice-Chairman, CMA Board of Directors	2016 - 2017
CEO, Derayah Financial	2006 - 2016
Administrative Consultant, McKinsey & Company, UAE	2004 - 2006
Senior Manager of Investment Banking and Corporate Finance, Samba Financial Group	1999 - 2004
Broker, International Markets and Precious Metals, Arab National Bank	1996 – 1999

Memberships:

Chairman, Board of Trustees, The Financial Academy
Member, Financial Sector Development Program, Supervisory Committee, Council of Economic and Development Affairs (CEDA)
Member, Board of Trustees, Oqal Group
Former Member, Investment and Securities Committee, Riyadh Chamber of Commerce and Industry
Former Member, Investment Committee, King Faisal Foundation
Former Member, Investment Committee, Awqaf Sulaiman Bin Abdulaziz Al-Rajhi Holding Co
Former Member, Advisory Committee, Capital Market Authority
Former Member, Board of Directors, Bank Albilad
Former Member, Business Youth Committee, Riyadh Chamber of Commerce and Industry
Former Member, Board of Directors, Public Pension Agency
Former Member, Board of Directors, Al-Yamamah Steel



Capital Market Authority Board of Directors



Mr. Youssef Bin Hamad Al-Blihid
Vice-Chairman, CMA Board

Academic Qualifications:

Master's Degree, Law, School of Law, Wake Forest University, USA	2008
Higher Diploma, Legal Studies (Professional Master's Degree), Institute of Public Administration, KSA	2002
Bachelor's Degree, Islamic Studies (Jurisprudence), King Saud University, KSA	2000

Professional Experience:

Vice-Chairman, CMA Board of Directors	2017 – present
Deputy of Legal Affairs and Enforcement, CMA	2016 - 2017
Director, Department of Follow-up and Enforcement, CMA	2016
Director, Department of Legal Affairs, CMA	2015 - 2016
Manager, Department of Legal Advice, CMA	2010 - 2015
Legal Adviser, Department of Legal Affairs, CMA	2005 - 2010
Case Lawyer, Legal Division, Royal Court	2002 - 2005

Memberships:

Head of CMA Delegation, meetings of the Islamic Financial Services Board (IFSB)
Head of CMA Delegation, meetings of the regulators of Arab financial markets
CMA Representative, Saudi Delegation to meetings of the Standing Ministerial Committee of the Chairmen of GCC Capital Market Authorities
Head of CMA Delegation, meetings of the Executive Committee of the GCC Heads of Capital Market Authorities (or their equivalent)
Chairman / Member of a number of committees and teams comprising regulators of GCC Capital Markets for the integration of GCC Capital Markets Project
Head of CMA Delegation, Saudi-Emirati Coordination Council (the Retreat of Resolve)
Chairman / Member of a number of bilateral committees comprising CMA and other government entities with the aim to accomplish joint initiatives and tasks and set a mechanism to deal with overlapping jurisdictions, to ensure that work is functioning normally and each entity is accomplishing all tasks assigned to it.
Chairman of the Standing Committee for Awareness on Dealing in Securities Activities in the Unauthorized Foreign Exchange Market (Forex)
CMA Representative in several committees at the Bureau of Experts, Council of Ministers for the review of draft laws, regulations, and other issues referred to the Bureau
Chairman / Member of a number of committees and teams tasked with implementing regulations of the Capital Market Law and Companies Law
Chairman, Supreme Joint Committee to Separate the Functions and Jurisdictions of CMA and Tadawul
Chairman, Inspection Committee for Listed Companies, CMA
Vice-Chairman of Administrative Committee, CMA
Chairman, Supervisory Committee for the Capital Market Documentation Initiative



Capital Market Authority Board of Directors



Mr. Ahmed Bin Rajeh Al-Rajeh
Member, CMA Board

Academic Qualifications:

Master's Degree, Public Administration, University of Missouri, USA	1991
Bachelor's Degree, Political Science, King Saud University, KSA	1986

Professional Experience:

Member, CMA Board of Directors	2017 – present
Deputy of Corporate Resources, CMA	2016 - 2017
Director, General Management, CMA	2009 - 2016
Manager, Department of Human Resources, CMA	2005 - 2009
Director General, Corporate Communications, supervisor of the Restructuring and Privatization Project, Saudi Arabian Mining Company (Ma'aden)	1999 - 2005
Consultant to the Minister, Ministry of Labor	1998 - 1999
Faculty Member, Institute of Public Administration – participated throughout his work at the institute in implementing a number of training programs and workshops; Conducted studies in administrative reform and regulatory and administrative consultancy for government agencies	1986 - 1998

Memberships:

Chairman / Member of several CMA committees concerned with regulating and developing the capital market sector
Chairman, Human Resources Development Committee, CMA
Vice-Chairman, E-Transactions Committee, CMA
Former Chairman, Supervisory Committee, Financial Academy, CMA
Former Member, Executive Committee, CMA
Former Member, Administrative Committee, CMA
Former Member, E-Transactions Committee, CMA
Former Member, Committee for Archives and Records, CMA
Former Member, Steering Committee for CMA Headquarters in the Financial District, CMA
Former Chairman, Savings Plan Committee, CMA
Former Member, Scholarships and Training Committee, CMA
Former Member, Policies Committee, Saudi Arabian Mining Company (Ma'aden)
Former Member, Administrative Committee, Saudi Arabian Mining Company (Ma'aden)



Capital Market Authority Board of Directors



Mr. Khaled Bin Abdulaziz Al-Homoud

Member, CMA Board

Academic Qualifications:

Master's Degree, Business Administration, Kent University, Ohio, USA 1999

Bachelor's Degree, Accounting, King Saud University, KSA 1995

Professional Experience:

Member, CMA Board of Directors 2017 – present

Deputy of Strategy and International Affairs, CMA 2013 - 2017

Manager, Investment Funds Department, CMA 2006 - 2012

Chief Executive, Corporate Finance, CMA 2004 - 2005

Faculty Member (Financing and Investment), Saudi Central Bank (SAMA) – Institute of Banking 1995 - 2004

Memberships:

Member, International Organization of Securities Commissions (IOSCO) Board of Directors

Vice-Chairman, African / Middle East Regional Committee, International Organization of Securities Commissions (IOSCO)

Member, Zakat, Tax and Customs Authority

Member, Remuneration and Nomination Committee, Zakat, Tax and Customs Authority

Chairman, Supervisory Committee for the implementation of the risk methodology, CMA

Member, Financial Sector Conference, Supervisory Committee

Former Chairman, Capital Account Committee, Capital Market Awareness, CMA

Former Member, the National Committee for Saving

Former Member, Human Resources Development Committee, CMA

Former Member, E-Transactions Committee, CMA

Former Member, Employee Savings Plan Committee, CMA

Former Secretary, CMA Advisory Committee



Capital Market Authority Board of Directors



Mr. Khalid Bin Mohammed Al-Solai

Member, CMA Board

Academic Qualifications:


CGMA, USA	2012
CRMA, USA	2012
ACFE, USA	2008
CPA, USA	1990
Diploma, Economy and Management, Economic Institute, USA	1985
Bachelor's Degree, Accounting, King Saud University, KSA	1983

Professional Experience:

Member, CMA Board of Directors	2017 – present
Supervisor, Professional Quality Assurance Program, Saudi Organization for Certified Public Accountants	2016 - 2017
President, Internal Audit, Saudi Telecom Company	2006 - 2015
Secondment to Ernest and Young for Accounting and Audit, USA	1986 - 1988
Director, Audit and Financial Consulting, Saudi Industrial Development Fund	1983 - 2005

Memberships:

Chairman, Audit Committee, Sakan Foundation
Former Member, Board of Directors, Saudi Coca-Cola Bottling Company
Member of the Board of Directors and former Chairman of the Audit Committee of Andalus Real Estate Company
Former Member, Internal Audit Committee, Riyadh Chamber of Commerce and Industry
Member, Board of Directors and former Chairman of the Audit Committee – Awqaf Sulaiman Bin Abdulaziz Al-Rajhi Holding Co.
Former Member, Board of Directors, Saudi Association for Internal Auditors
Former Member, Board of Directors, Saudi Accounting Association
Former Chairman, Audit Committee, King Saud University Endowments
Former Member, Audit and Accounting Standards Committee and Management of Professional Quality Assurance Program, Saudi Organization for Certified Public Accountants
Former Chairman, audit committees of several listed and unlisted companies: (ACWA Power, ACWA Holding, Aslak Co., Shaker Group, MEBCO, Al-Rajhi United, Saudia Cargo, Alitco)
Former Member, audit committees of several companies, banks, financial institutions and insurance: (National Commercial Bank, Savola, Aljazira Takaful, Riyadh Cables Group Company, Aldrees Petroleum and Transport Services Company, Saudi Group Co., Eastern Province Cement Company, Saudi Aerospace Engineering Industries, Banque Saudi Fransi)



This report was prepared to demonstrate CMA's compliance with the highest standards of transparency, and to inform the public of its business during the past year pursuant to the requirements of Article 16 of the Capital Market Law (CML) which states:

“The Chairman of the Board shall present to the President of the Council of Ministers an annual report on the Authority's activities and its financial position during the preceding year, within ninety days from the end of the year”.

Pursuant to Article 29 of the Law of the Council of Ministers, the presentation and contents of the document fulfill the requirements of the preparation of annual reports as mandated for ministries and public agencies, including universities and other government bodies*.

*Pursuant to High Order No. (25819) dated 23/04/1443 H. will comply with the guidelines relating to the production of annual reports for public sector entities as of financial year 1443-1444 H (2022)



Vision

To become the Main Market in the Middle East and one of the top ten financial markets in the world.



Mission

A capital market that facilitates funding... encourages investment... promotes confidence... and builds capacities.



Values

01

Continuous Development

CMA constantly develops and improves its business policies and procedures, laws, and programs used to run tasks, thus enhancing the services provided to capital market participants and supporting the growth of the national economy.

02

Excellence

CMA is known for its competent employees. It seeks to develop their skills and expertise to achieve the highest levels of quality and professional conduct, as well as providing the best services to capital market participants.

03

Communication and Consultation

Promoting professional cooperation, consultation, and communication as a work team that carries itself with the highest levels of professional conduct when dealing with capital market participants, within and outside CMA.

04

Social Responsibility and Staff Care

CMA believes that its employees are its greatest assets and that strengthening their loyalty is beneficial to the society and the Kingdom. Therefore, CMA is dedicated to creating a supportive and motivating work environment and providing various development, training, and financial awareness programs to the society.

05

Responsibility

Demonstrating the sense of responsibility and duty CMA has towards its community and staff, the responsibility borne by its employees towards their tasks, and the dedication to work honestly and faithfully to achieve its vision and mission.

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Introduction

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2. CMA Establishment
3. CMA Main Functions
4. Organizational Structure
5. Parties Supervised by CMA



Chairman's Message

Despite the unprecedented circumstances that the world has witnessed in the past two years due to the emerging crisis of the Coronavirus pandemic (COVID-19), and the resulting global precautionary measures to confront it and reduce the subsequent human and economic losses, the Kingdom carried on its development process after implementing precautionary measures to reduce the effects of the pandemic, which deserved international praise.

Through the strategic plan of the Capital Market Authority 2021-2023, CMA worked with its partners in the Financial Sector Development Program (one of the 2030 Vision implementation programs), and in the capital market institutions, to support the development of the financial sector and the development of the Saudi capital market and strengthening its ability to face challenges, and to build a market that facilitates financing, stimulates investment, and boosts the confidence of the dealers.

In CMA's endeavors to expand the capital market, 2021 witnessed a big leap in the number of applications for public offering and registration of shares in both the Main and Parallel Markets that have been approved by the Authority with a percentage of 385.8% compared to the previous year, to reach 34 applications, of which the public offering applications shares in the Main Market constituted 41.2%. Similarly, 2021 witnessed significant momentum in the offerings and list-

ings of the Saudi stock market. Shares of nine companies were offered in an initial public offering in the Main Market, while shares of three other companies were offered in an initial public offering in the Parallel Market.

The Main Market witnessed the first secondary public offering in its history. The shares of 8 companies were also registered for the purpose of direct listing in the Parallel Market, in addition to the promotion of one company from the Parallel Market to the Main Market, along with a direct listing of the Diversified Income Traded Fund, with total listings amounting to 21 during 2021.

The combined amounts of the offering of securities in the two markets amounted to almost 31 billion Saudi Riyals. As for assets under management, they increased by 24.0% to reach 758.4 billion riyals. The assets of investment funds constituted the largest proportion amounting to 523.7 billion Saudi Riyals, marking an increase of 18.5% at the end of 2021 compared to the previous year.

CMA focused on the development and growth of the Sukuk and debt instruments market, which constitutes one of the major financing channels in the Kingdom for both the public and private sectors. This market witnessed a number of developments, most notably: the joining of the Saudi Stock Exchange to the FTSE Russell Emerging Markets Index for government bonds and the iBoxx Index for government

bonds, which will allow Saudi Sukuk and debt instruments to be part of the market indices followed by global investors. The size of the Sukuk and debt instruments market increased as a percentage of the GDP to reach 29% at the end of 2021, coinciding with the increase in the number of Sukuk and debt instruments listed in the capital market to reach 79 issues.

The amount of money consolidated from offering Sukuk and debt instruments reached 37.2 billion Saudi Riyals, compared to 31.0 billion Saudi Riyals in the previous year, with an increase of 20.2%, and the value for Sukuk and debt instruments reached 30.3 billion Saudi Riyals at the end of 2021.

It is worth noting that CMA worked during 2021 on the strengthening of Sukuk and debt instruments market, including Credit Instructions for International Securities Depository Centers, and enabling the linking of a deposit center with International Securities Depository Centers.

All of this created positive effects on the Sukuk and debt instruments market such as reducing the review period for requests for offering and registering debt instruments (20 days instead of 45 days) to stimulate the public offering of debt instruments.

CMA has also enabled foreign investors to use their registered global accounts at the International Securities Depository Centers to invest in the Sukuk and debt instruments market locally, which contributes to attracting foreign investment, enhancing liquidity, and expanding the base of investors in the capital market.

In terms of developing rules and regulations for the capital market, CMA issued in 2021 "Regulation on the Reporting of Violations of the Capital Market Law". It aims to reg-

ulate the reporting of violations of Capital Market Law and its implementing regulations, and the rules and regulations of the Exchange, Depository Center and Clearing Center, including the financial rewards for whistleblowers, the controls for granting them, and actions that contribute to their protection.

CMA has also implemented a number of amendments to a set of regulations and rules, including: Market Conduct Regulations, The Rules for Special Purposes Entities (SPEs), Rules on the Offer of Securities and Continuing Obligations, Investment Funds Regulations, Real Estate Investment Funds Regulations, Glossary of Defined Terms Used in the Regulations and Rules of the Capital Market Authority, Instructions for Investment Funds Announcements, and Financial Technology Experimental Permit Instructions.

Emphasizing the interest in protecting investors and dealers in the market, CMA expedited the necessary procedures to decide on violations of the laws and regulations enforced by CMA, so it completed the necessary procedures for 160 cases and implemented 70 decisions issued by CMA's Board and the Committees for the Resolution of Securities Disputes against violators of the laws and regulations enforced by CMA in 2021. In order to achieve the principle of justice and to raise the confidence of dealers in the capital market, the proceeds of compensation for those affected in the capital market increased, so the value of the compensation awarded to those affected amounted to 366.7 million Saudi Riyals in 2021, marking an increase of 291% compared to the previous year.

Concerning CMA's efforts to support and strengthen awareness of the rules and regulations, and in order to raise the level

of financial and investment culture, CMA launched 55 communication campaigns and issued 203 statements and advertisements on its website, CMA also published 1900 posts on social media in 2021.

Based on the supervisory and developmental role of the capital market institutions sector, CMA issued 17 decisions for licensing new capital market institutions. CMA also continued supporting Fintech projects, which it has started authorizing since 2018, until the number of Fintech experiment permits reached 19 by the end of 2021.

In conclusion, I can only express my sincere thanks and gratitude to the Custodian of the Two Holy Mosques King Salman Bin Abdulaziz Al-Saud, the President of the Council of Ministers, and HRH Prince Mohammed Bin Salman Bin Abdulaziz Al-Saud, Crown Prince, Vice-President of the Council of Ministers, Minister of Defense, and Chairman of the Council for Economic and Development Affairs, for supporting CMA and providing everything needed to enable the development and growth of the capital market. I also thank everyone who contributed to the success of our developmental, regulatory, and supervisory efforts in the capital market, most notably the members of CMA's Board, the executive body, the relevant entities, capital market institutions, and all participants in the capital market.

Mohammed Bin Abdullah El-Kuwaiz
Chairman, CMA Board



CMA Establishment

The Capital Market Authority was established pursuant to the “Capital Market Law” (CML) issued by Royal Decree No. (M/30) dated 02/06/1424H corresponding to 31/07/2003. CMA reports directly to the President of the Council of Ministers, has a legal personality, and enjoys independent financial and administrative autonomy. It is responsible for supervising, regulating, and developing the capital market as well as issuing regulations, rules, and instructions required to implement the provisions of the Capital Market Law.

CMA Main Functions

In accordance with Article 5 of the Capital Market Law (CML), CMA is responsible for issuing relevant regulations, rules, and instructions, as well as implementing the provisions of the CML. To this end, CMA undertakes the following:



Regulating and developing the capital market, seeking to develop and improve the practices of entities trading in securities, and developing procedures that reduce the risks related to securities transactions.



Regulating and monitoring the issuance and dealing of securities.



Regulating and monitoring business activities of parties subject to CMA's control and supervision.



Protecting citizens and investors in securities from unfair and unsound practices, or acts involving fraud, deception, cheating, or manipulation.



Seeking to achieve fairness, efficiency, and transparency in securities transactions.



Licensing the establishment of special-purpose entities (SPEs), and regulating and monitoring their business, uses, issuance of securities, the registration in the registries established by CMA, and the provision of their articles of incorporation, in addition to regulating the provisions of the registration of funds transferred to them, including documentation of the rights thereof, their legal standing against others, and the issuance of relevant regulatory rules.



Regulating proxy and purchase requests and public offers of shares.



Regulating and monitoring full disclosure of information related to securities and their issuers, the dealings of informed persons, major shareholders, and investors, in addition to specifying and providing the information that should be disclosed by participants in the market to shareholders and the public.









Regulating securities in pawn and transactions thereupon.

Organizational Structure

CMA board stipulated a number of decisions in 2021 to amend its organizational structure as follows:

1- CMA Board’s decision (no. 1-8-2021 dated 5/6/1442 H corresponding to 18/01/2021, stating the following: creating a department organizationally reporting to Strategy & International Affairs Deputy named “Data Management Office”.

The data management office undertakes several tasks and responsibilities, including:

 <p>The application of common standards and policies that the National Data Management Office adopts for the CMA and the entities supervised by it.</p>	 <p>Documenting and preserving all data circulating in CMA.</p>	 <p>Drafting and executing a plan to enhance data maturity.</p>
 <p>Establishing a data directory for CMA.</p>	 <p>Cooperating with the National Data Management Office to develop common standards and policies of data management.</p>	 <p>Preparing reports on compliance with adopted policies and procedures.</p>

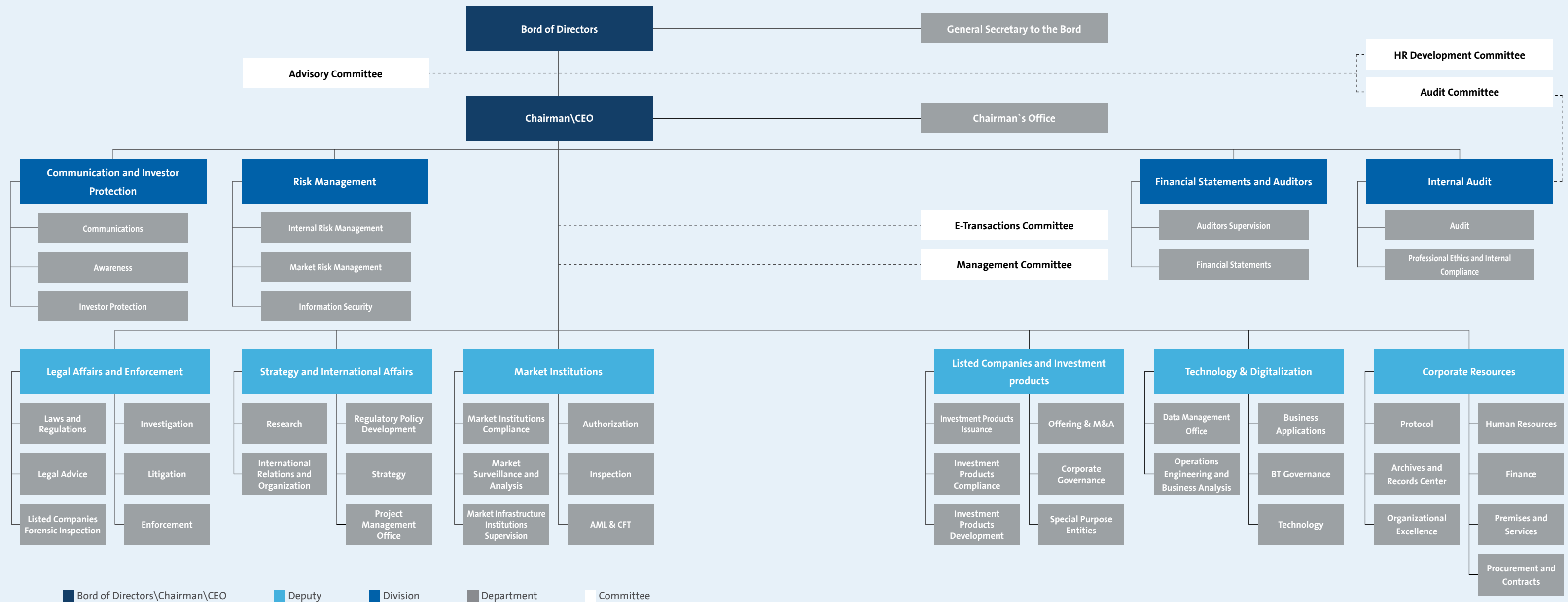
2 - CMA Board’s decision no. 5-136-2021 dated 11/05/1443 H corresponding to 15/12/2021 stating:

 <p>Updating the organizational structure of CMA through creating an organizational unit organizationally related to the Board Director named: Technology & Digitalization Deputy.</p>	 <p>Creating an organizational unit called: “Operations Engineering and Business Analysis Department” reporting to Technology & Digitalization Deputy.</p>
 <p>Transferring the departments reporting to the Information Technology Division “Business Applications Department, Business Technology Governance Department, and Technology Department” to the Technology & Digitalization Deputy.</p>	 <p>Transferring the department of Data Management Office from the Strategy & International Affairs Deputy to the Technology & Digitalization Deputy.</p>

The Technology & Digitalization Deputy assumes several tasks and responsibilities; of which

 <p>01 Providing the necessary information technology support to meet business requirements.</p>	 <p>02 Providing innovative solutions to develop CMA’s services.</p>	 <p>03 Developing and managing digital platforms and applications.</p>
 <p>04 Maintaining and supporting digital platforms and applications.</p>	 <p>05 Leading and implementing government initiatives related to technology and digitization.</p>	 <p>06 Operating and maintaining the technical infrastructure and preserving the quality and sustainability of the service provided.</p>
 <p>07 Governing and managing projects and technical and digital initiatives.</p>	 <p>08 Governing the implementation of the digital transformation plan.</p>	 <p>09 Ensuring the compatibility of digital policies and standards with regulations and legislation in accordance with the digital government framework and with international best practices.</p>
 <p>10 Improving the efficiency of digital operations and services.</p>	 <p>11 Defining the data management methodology in CMA to improve the efficiency of digital operations and services and management of its applications.</p>	

Organizational Structure



Parties Supervised by CMA

CMA supervises the following entities:



Capital Market Infrastructure Institutions



Capital Market Dealers and Participants



Investment Funds and Collective Investment Scheme in the Capital Market



Capital Market Institutions



Special Purpose Entities (SPEs)



Fintech Products Providers Authorized by CMA



Listed Companies



Credit Rating Agencies and Companies



Auditors of Entities Subject to CMA's Supervision

Capital Market Strategic Plan

1. Interconnection between the Capital Market Strategic Plan and the Financial Sector Development Program
2. Capital Market Strategic Plan (2021-2023)
3. Achievements of the Strategic Plan in 2021
4. Strategic Plan Governance
5. CMA Aspirations for 2022

1. Interconnection between the Capital Market Strategic Plan and the Financial Sector Development Program

After the launch of the Kingdom's 2030 Vision in 2016, CMA started revising its strategic plans to develop the "Financial Leadership Program", as part of its strategic plan 2017-2021 in order to comply with its orientations and objectives with those of the 2030 Vision.



In 2017, the Council of Economic and Development Affairs launched ten executive programs to achieve the 2030 Vision, including the Financial Sector Development Program linked to a prosperous economy and an ambitious nation. It aims at establishing a versatile and active capital market that supports the development of the national economy, diversifies its sources of income, and stimulates, savings, financing, and investing, through developing and deepening capital market institutions, and developing the capital market.

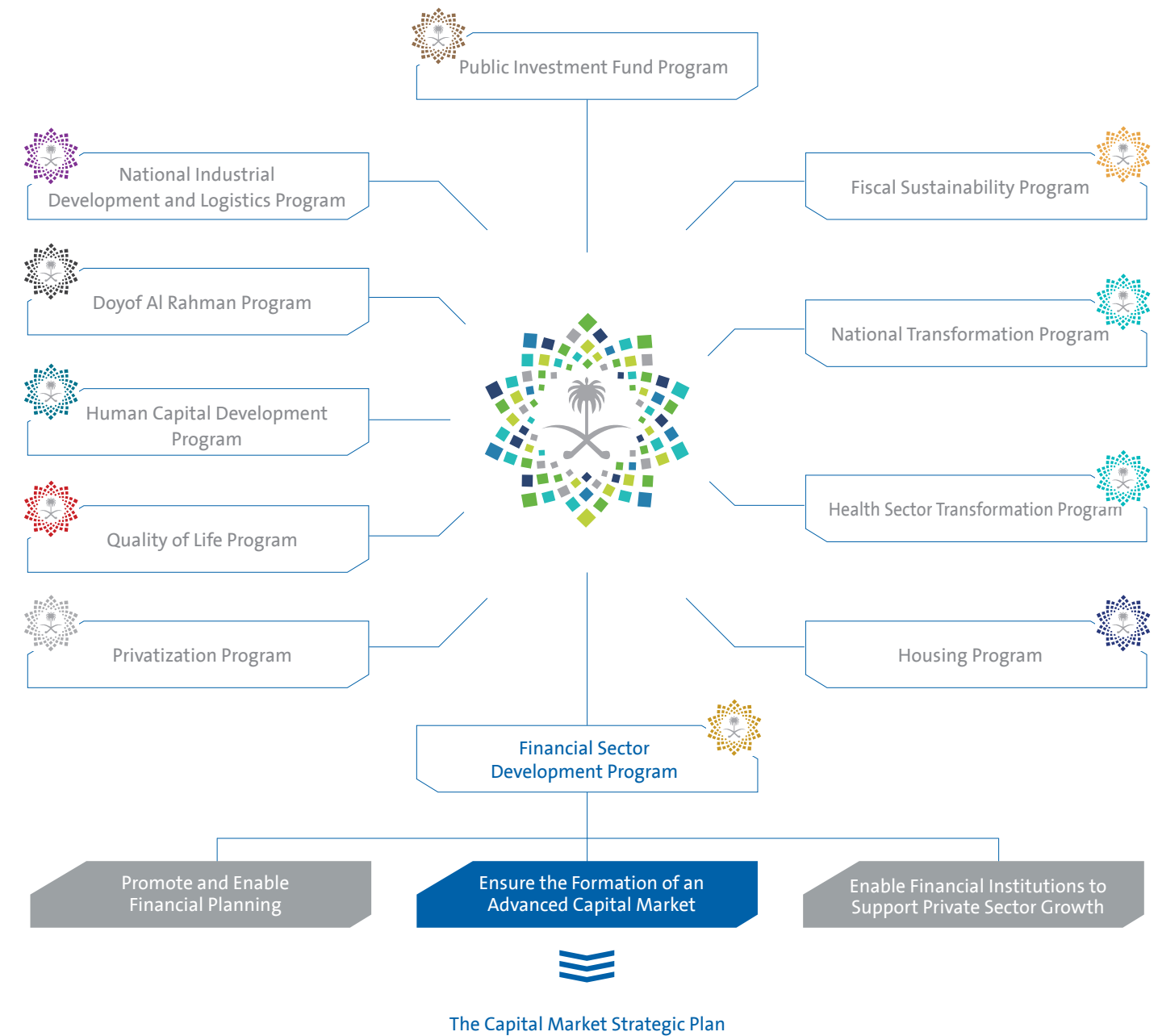


In 2020, CMA worked on updating its strategic plan for 2021-2023 in order to implement continuous improvement and stay in line with the developments that help achieve its vision and with the Capital Market Development Program.



Through its participation in the Capital Market Development Program, CMA aims to support the national economic development movement. By developing the financial sector, developing the Saudi financial market and enhancing its ability to face challenges, to build a financial market that facilitates financing, stimulates investment, and boosts the confidence of its participants.

Saudi Vision 2030 Programs



2. Capital Market Strategic Plan (2021-2023)

The strategic plan revolves around 4 main pillars:

First Pillar:



Facilitating Funding: aims to build an advanced and open financial market, able to attract domestic and international capital, having an active and pivotal role in meeting the economy's financing needs.

Second Pillar:



Stimulating Investment: CMA seeks to create an attractive environment for both local and international investors, developing the components of the investment environment and facilitating investment avenues, to contribute to raising the attractiveness and efficiency of the financial market and enhance competitiveness regionally and internationally.

Third Pillar:



Fostering Confidence: aims at protecting investors in securities from unfair practices and reducing the risks associated with transactions securities and enhancing the regulatory environment and market stability.

Fourth Pillar:



Capacity building: CMA aspires to support the development and competitiveness of the financial market institutions as a major party in raising the capabilities of the sector securities to become a source of power and attract talent, in addition to raising the level of awareness and financial investment culture in the market. This stems from believing that awareness of market participants and their understanding of its factors play a key role in raising the level of commitment and the preservation of savings.

Execution Enablers



These enablers aim at enhancing institutional excellence and raising human capabilities and operational efficiency that enable CMA to successfully perform its tasks and duties.

14 strategic objectives

120+ initiatives

These axes include 14 strategic goals, which are achieved through more than 120 initiatives. Through its strategic plan, CMA seeks to make the Saudi capital market the main market in the Middle East and one of the major capital markets in the world and be an advanced and attractive market for local and foreign investment, enabling it to play a pivotal role in developing the economy and expanding its sources of income.

Vision

To become the leading market in the Middle East and among the top ten capital markets in the world

Mission

A financial market that facilitates funding, encourages investments, promotes confidence, and builds capacities

Themes and Objectives



Facilitating funding

Deepening the capital market and enhancing its role in creating capital

Developing the Sukuk and debt instruments market

Supporting alternative funding mechanisms



Encouraging Investment

Supporting the growth of asset management and promoting institutional investment

Raising market attractiveness to foreign investors

Diversifying investment products and mechanisms available in the capital market

Enhancing trading systems available in the capital market



Promoting Confidence

Adopting risk-based monitoring approach all while enhancing the systems of responding to serious violations.

Promoting stability in the capital market

Enhancing investor protection and conflict resolution procedures

Raising governance and transparency levels in the capital market



Building Capacities

Developing the capacities of the capital market institutions and the main capital infrastructure institutions

Raising awareness and the financial investment culture in the capital market

Facilitating the development of solutions for data and financial technologies

Implementation Enablers



Promoting the role of human resources and developing their capabilities



Promoting organizational excellence



Facilitating the digital transformation and enriching the user experience

3- Achievements of the Strategic Plan in 2021

CMA contributes to the process of continuous economic development to achieve Vision 2030, and to create a prosperous economy by making the financial market in the Kingdom meet the financing needs of the national economy, and developing programs and initiatives to reach its strategic goals.

During the year 2021, work continued on 118 initiatives among which are the initiatives of CMA's Strategic Plan 2021-2023. As a result of these efforts, the capital market witnessed many achievements and developments during the year 2021; the major ones were the following:



The Saudi Stock Exchange joined the FTSE Russell Emerging Markets Index of Government Bonds and the iBoxx Global Government Bond Index

The Impact

01

Expanding the base of investors in the financial market

02

The increase in foreign investors' ownership of Sukuk and debt instrument

03

Improving liquidity levels



Enhancing and amending capital market regulatory rules and regulations, of which:

- Amendment of the Market Conduct Regulations.
- Amendment of the Rules on the offer of Securities and Continuing Obligations and the Glossary of Defined Terms Used in the Regulations and Rules of the Capital Market Authority.
- Amendment of the Rules for Special Purpose Entities.
- Adoption of the Investment Funds Regulations, the Real Estate Investment Funds Regulations, and the Glossary of Defined Terms Used in the Regulations and Rules of the Capital Market Authority.

The Impact

01

Development of legislations and improving the regulatory environment with the aim to enhance capital market stability



Approving the instructions of the international securities depository centers and activating the Clearstream International Depository Center connection:

The Impact

01


Develop the regulatory environment in line with the most prominent international practices

02

Raising the efficiency and attractiveness of the financial market for foreign investors

03

Possibility to invest for Clearstream international clients in Sukuk, debt instruments, and index funds market listed on the Saudi Stock Exchange "Tadawul".

 Increase in the frequency of listings in the Saudi capital market through the completion of 21 listings in 2021.

The Impact **01** Strengthening the Saudi capital market and the rise in trading activity and values

02 Improving liquidity levels

 Improving liquidity level Increase in Sukuk and Debt Instruments Market Size to reach SAR 753.5 billion.

The Impact **01** Expansion of capital market investor base

02 Improving liquidity levels

 Qualified foreign investors' ownership increase by 54% by the end of 2021, compared to In 2020, it will reach SAR 264 billion.

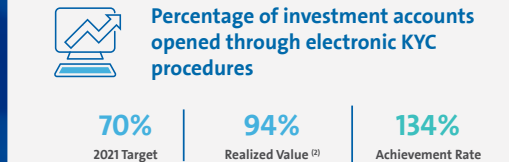
The Impact **01** Enhancing an attractive investment environment for foreign investors in a way that contributes to raising the efficiency of the market and increases competitiveness both regionally and internationally.

02 Strengthening the role of the capital market in forming capitals and diversifying the investor base

03 Asset management growth

04 Capital market revenue growth

Results of strategic indicators for the year 2021 ⁽¹⁾



1. All eight indicators exclude the impact of "Aramco IPO".
2. At the end of 2021.
3. GDP used is for the year 2020 and issued by the General Authority for Statistics.
4. The definition of the World Economic Forum: micro-enterprises with a market value of less than USD 65 million, and small companies with a market value of 65 to 200 million dollars (the Financial Sector Development Program).



4 - Strategic Plan Governance

CMA has adopted an integrated governance framework that enables it to follow up on the implementation of its strategic plan. This framework aims at ensuring the institutionalization of work, raising its efficiency, and facilitating coordination of efforts between the relevant agencies. In order to enhance quality and implementation standards and take corrective actions in a timely manner, CMA has adopted a work methodology of periodically following up on the work of strategic initiatives by developing detailed plans for each initiative. This includes operational activities and their completion dates, assuming the responsibility of implementation, as well as having external business partners, and assigning the roles expected of them.

The governance framework includes a number of joint committees with external parties that were formed to coordinate between the relevant agencies in order to implement strategic initiatives and associated joint works. To ensure work continuity and flexibility in facing challenges and overcoming obstacles related to the implementation process, and in pursuit of continuous improvement and keeping pace with the changes, CMA will periodically review the strategic plan with all its components in order to identify the gaps and develop initiatives to achieve goals.

5- CMA Aspirations for 2022



Deepen the Capital Market and expand the offering and listing of companies and investment products.



Increase the attractiveness of the financial market for foreign investors and encourage foreign companies to offer and list their shares in the Saudi capital market.



Continue the development and deepening of the Sukuk and debt instrument market.



Increase the attractiveness and growth of asset management to promote institutional investment.



Support innovation in technology and digital transformation in financial services with the aim to achieve the development of the digital economy.



Develop Market Infrastructure Institutions in line with best international practices.



Continue to activate the risk-based monitoring approach in the work of the Supervisory Authority for the Improvement of evaluation and categorization efficiency in the capital market.



Enhance Islamic and sustainable finance and develop the capital market to comply with the international standards in these fields.

CMA will keep striving to make more achievements that would make the Saudi capital market the main market in the Middle East and one of the top ten financial markets in the world, while contributing to enhance economic growth and sustainability in all fields and lay new foundations for diversification of income sources in striving towards achieving the “Saudi Vision 2030”.

02

Current Status of CMA

Section One: CMA Internal Environment

Section Two: Committees

Section Three: International Relations and Bodies

Section One: CMA Internal Environment

1. Actions taken to Implement Royal and High Orders and Council of Ministers' Resolutions
2. CMA Board Meetings and Resolutions
3. Human Resources, Training and Development Programs, and Social Responsibility
4. CMA Owned and Rented Buildings
5. Physical Working Environment of CMA
6. Center of Archives and Records

1. Actions Taken to Implement Royal and High Orders and Council of Ministers' Resolutions

During 2021, CMA has received several High Orders and Council of Ministers' Resolutions, and took several measures, which can be summarized as follows:

Royal Court Order No. (60500) Dated 20/10/1442 H



Including:

First: A copy of Cabinet Resolution No. (586) dated 13/10/1442 AH approving a multilateral memorandum of understanding on consultations, collaboration and information exchange between capital market regulators in the Arab countries that are members of the Union of Arab Securities Authorities, signed on 30/11/1441 AH, corresponding to 21/7/2020,

Second: Copy of Royal Decree No. (M/88) dated 15/10/1442 AH approving the above.

In implementation of the High Order, CMA has undertaken the following:

CMA has signed a multilateral memorandum of understanding on collaboration and exchange of views and information between the capital markets regulators in the Arab countries, that are members of the Union of Arab Securities Authorities, based on Cabinet Resolution No. 4 dated 1/1/1440 AH, approving the authorization of His Excellency the President or – his delegate - to sign the draft memorandum. It is worth mentioning that CMA has an effective role in achieving the memorandum's objectives by enhancing self-capacity building in various supervisory fields and encouraging cooperation and exchange of experiences and knowledge among the member countries of the Union, as CMA had hosted (virtually) two training programs on "Recent Developments and Trends in Global Capital Markets" and "Financial Technology and Blockchain Applications", in cooperation with the Union of Arab Securities Authorities, and with the participation of certain employees of the Union's members, stock exchanges and related authorities in the capital markets sector. Moreover, CMA actively participates in the exchange of information and experiences that enhance joint cooperation with the member countries of the Union.

High Order No. (60821) Dated 22/10/1442 H.



Including:

All government agencies should refer their sector-specific strategies - during the review phase and before final adoption - to the National Center for Performance Measurement in order to review them, assess their compatibility and ensure that they are measurable.

In implementation of the High Order, CMA has undertaken the following:

CMA has coordinated, through its Program Office, with the National Center for Public Agencies Performance Measurement (Adaa) regarding the implementation plan of its Finance Development Program, in order to review and adopt the indicators and initiatives included in the Finance Development Program, and that are currently being monitored by the Performance Center and the Program Office on a regular basis.

High Order No. (15145) Dated 08/03/1443 H.



Including:

Raising the level of Cybersecurity for protection of networks, systems and electronic data, and complying with the requirement issued by the National Cybersecurity Authority, in relation to the first article, "accelerate the implementation of basic Cybersecurity controls and Cybersecurity requirements in accordance with the Authority's instructions.

In implementation of the High Order, CMA has undertaken the following:

CMA is working continuously on complying with all the security requirements issued by the National Cybersecurity Authority, as the compliance rate with the basic controls had increased in 2021. In addition, CMA undertakes a continuous assessment process for compliance with the controls and requirements, the results of which are shared with the National Cybersecurity Authority twice per year, in accordance with their requirements.

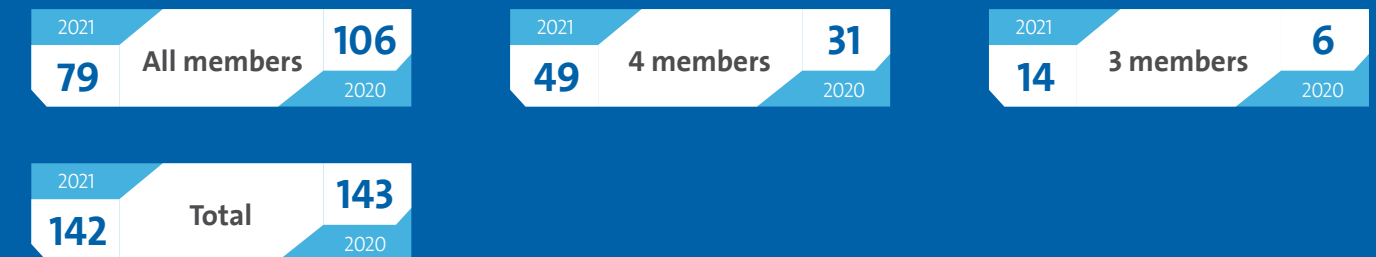
In relation to the second article of the order: "giving cybersecurity priority in spending in its approved budgets," cybersecurity is considered one of the main aspects that CMA pays great attention to. Cybersecurity projects are included in annual budget, and CMA ensures the implementation of these projects in accordance with the highest specifications and standards, in addition to the implementation of certain programs development and internal workshops in this field for Cybersecurity specialists and for a number of CMA employees. Actual spending on the Cybersecurity projects budget had increased in 2021 by 131.0% compared to the previous year.



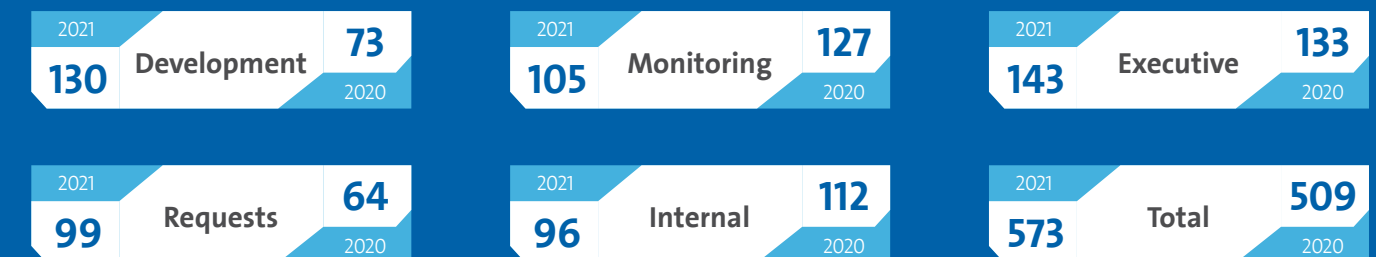
2. CMA Board Meetings and Resolutions

Paragraph (a) of Article 10 of the Capital Market Law states the following: “The Board shall hold its meetings at the request of its Chairman. Meetings should be attended by at least three of its members, including the Chairman or Vice-Chairman. Its decisions shall be made upon a vote of a majority of the members attending the meeting. In case of equal votes, the Chairman of the meeting will have a casting vote”.

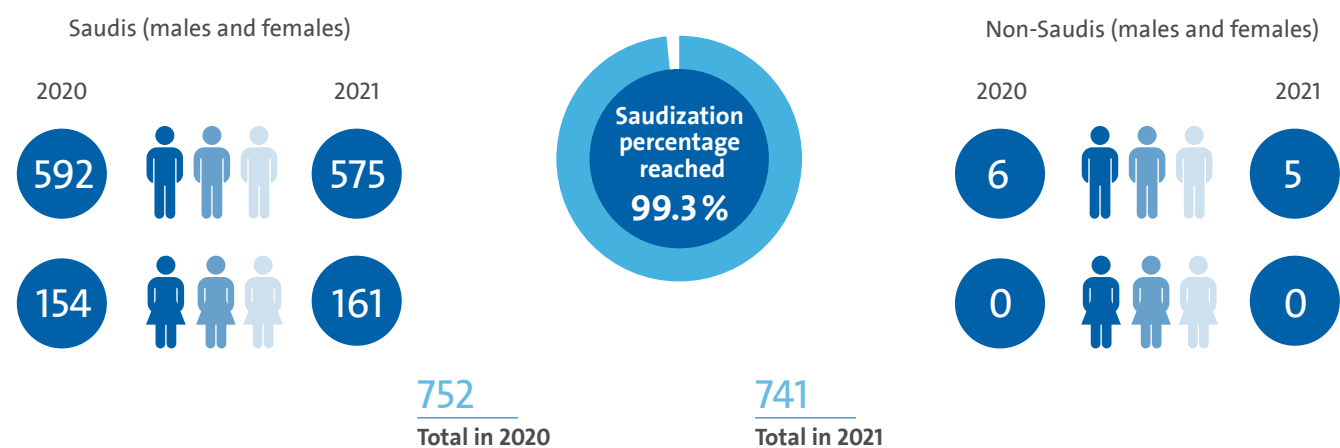
Board meetings classified by the number of members attended



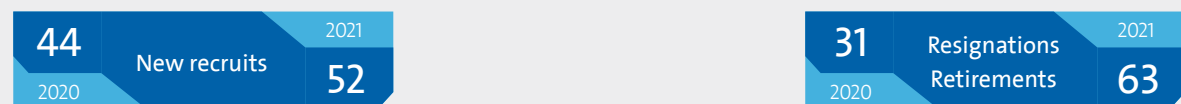
Number of Topics Discussed by CMA Board classified by Themes



3. Human Resources, Training & Development Programs, and Social Responsibility



New recruits, resignation, retirement



Educational Qualifications of CMA Employees

Educational Qualification	High School or below	Diploma	Bachelor's Degree	Higher Diploma/ Master's Degree	PhD	TOTAL
Number 2020	61	69	338	283	1	752
Percentage of Total	8.1%	9.2%	44.9%	37.6%	0.1%	100%
Number 2021	61	63	340	276	1	741
Percentage of Total	8.2%	8.5%	45.9%	37.2%	0.1%	100%

Training & Development Programs

Number of CMA Employees Participating in Human Resources Development Programs



Social Responsibility

CMA has several effective contributions to society, of which most importantly are:



CMA has launched in 2021 a "Scholarship Program for Capacity Building in the Capital Market", through which it aims to provide the market with distinguished and specialized national competencies, with the capabilities, skills, and knowledge that meet the current and future demands of the sector and that would contribute to its development and increase the attractiveness of work in the capital market institutions as well as retain employees in these institutions. The program targets employees in capital market institutions, as it gives the candidates (scholars) an opportunity to earn a master's degree from one of the accredited educational institutions in the programs that meet the needs of the capital market sector.



On-the-job training within CMA for outstanding Saudi graduates from various universities: The program attracts outstanding university graduates with qualifications relevant to the capital market sector, with the aim of developing the professional knowledge and skills of male and female students on «on-the-job training» methods in the areas and activities of the capital market. Those enrolled in the program amounted to 67 male and female trainees in 2021, divided into five training tracks: finance, law, accounting, management, and information technology.



Mutual internship programs for male and female students at the Kingdom's universities and colleges: CMA provides male and female students of universities and institutes whose specialization requires on-field practice, the opportunity to train in one of the various departments of CMA (according to their specialization). CMA provides them with competitive advantages and supports and helps them achieve their goals from the program. 104 male and female students joined this program during 2021.

Research Agenda

Through its research agenda, CMA seeks to create open communication channels with researchers in academic institutions and research centers, in order to perform solid research in areas related to the capital markets and the main functions of CMA. CMA periodically updates the list of research areas to reflect the topics of importance to the capital market. The total research proposals received exceeded 55 in 2021, of which 7 were approved. The number of researchers for accredited studies during the same period reached 20 researchers, representing 7 local and international universities.

The following comprise the main objectives of the research agenda and collaboration with research and academic bodies:

01

Raising the level of financial knowledge.

02

Achieving independence in a number of solid scientific cases, which contributes to the decision-making process.

03

Supporting academic researchers in becoming familiar with and exposed to capital market issues.

04

Raising the quality of studies and research through publication.

05

Achieving the desired levels of knowledge exchange with academics.

06

Raising awareness among the capital market participants.

Volunteer Work

CMA has worked on completing no less than 12 programs within the volunteer work and community service initiative for 2021, as it worked on its volunteers initiative concerned with registering the largest number of volunteers from CMA's employees, within the 2030 vision program to register one million volunteers, in addition to many different programs and international days, including the International Day for the Elderly, in cooperation with the Saudi Elderly Support Organization (WAQAR), and the International Blood Donor Day in cooperation with the National Guard Hospital and Prince Sultan Hospital, in addition to the World Humanitarian Day. CMA employees also provided support for several platforms, such as "Forijat", "Shifaa" and "Tabaraa".

4. Savings Plan and Housing Finance Program for Employees

CMA offers its staff the following two incentive programs:



558 male and female employees

Participating in the program till the end of 2021

Savings Plan

Till the end of 2021, those benefiting from the savings program reached 558 male and female employees, which accounts for 75% of CMA's total employees.



148 male and female employees

Participating in the program by the end of 2021

Housing Finance Program

By the end of 2021, those benefiting from the housing finance program reached 148 male and female employees, which accounts for 20% of CMA's total employees.

5. CMA Owned and Rented Buildings



CMA Headquarters Building,
Riyadh.



CMA Building No. 2, Eastern Tower, King Abdulaziz Center for National Dialogue - Riyadh
Car parking outside the main Headquarters building, Riyadh, for staff.

6. Physical Working Environment of CMA

The guidebook for the physical work environment establishes the benchmark principles and standard specifications for ensuring an effective working environment for both the employees of the government agencies and those receiving their services. The various components and corresponding indicators established based on the results of field studies and surveys, aim to ensure the quality of the physical environment and its related effects on the employees in those environments, and thus on the productivity of the government agency.

The main components of the offices physical working environment, as provided in the guidebook for the physical working environment in government agencies, issued by the Ministry of Human Resources and Social Development, consist of the following:



After reviewing the guidebook and elements of the physical working environment, the comparison with the practices applied at CMA, revealed the following:

331 elements

are covered by the guidebook

310 elements

are currently applied at CMA

9 elements

can be improved according to the nature of CMA's business





12 elements do not apply, given the nature of CMA's business:



The agency is located in the vicinity of factories and industrial workshops.



Utilization of office waste by recycling.



The agency is located in the vicinity of sports complexes and stadiums.



The agency sets guidelines for noise reduction.



Office machinery and equipment are considered a source of noise.



The agency is located in the vicinity of educational complexes.



The agency's beneficiaries are considered a source of noise.



The agency is located in the vicinity of entertainment places.



Unused assets are kept very far away from the workplace.



Doors are considered a source of noise.



The agency's workers are considered a source of noise.



Translation equipment in the main meeting room.

7. Center of Archives and Records

The Center of Archives and Records is responsible for preserving and archiving the Authority's documents, in accordance with the rules and regulations issued by the National Center for Archives and Records. The Center performs its role of organizing administrative transactions through a technical system, through which the flow of transactions is fully tracked.

The main functions and responsibilities of the Center:



Archiving CMA documents in accordance with the policies and procedures of archiving, as per the requirements and controls of the National Center for Archives & Records.



Organizing, indexing, and archiving documents in accordance with the approved rules and procedures, and ensuring their completeness, readiness, and the ability to retrieve them when needed.



Carrying out a periodic evaluation of the archiving and documentation locations and their containers to ensure their safety from damage.



Managing the process of viewing, borrowing, printing, and photocopying documents.



Restoring documents that were damaged, and disposal of documents that are no longer needed.

The Main Achievements of the Center in 2021

01

Activating the digital signature service for the activities of the Board, its committees, permanent committees, and supervisory committees, in addition to internal and external transactions.

02

Filing 48 documents (in Arabic) related to CMA at the National Center for Archives & Records.

03

Scanning of (11,073) documents compared to (6069) documents during 2020, with an increase of 82%.

04

Archiving (20,816) documents compared to (11,210) documents during 2020.

05

Processing (8,503) outgoing transactions compared to (8,775) transactions in 2020.

06

Processing (8,706) incoming transactions compared to (8,968) transactions in 2020.

02

Section Two: Committees




1. CMA Advisory Committee
2. Management Committee
3. E-Transactions Committee
4. Human Resources Development Committee
5. Audit Committee

1. CMA Advisory Committee



The Committee acts as an advisory body to CMA Board. CMA Board Resolution No. (4-25-2021) dated 17/07/1442 H corresponding to 01/03/2021 was issued for the re-formation of the Committee to include part-time members ranging from market participants and experts to qualified specialists and academics, as follows:

 <p>Mr. Abdulrahman Bin Abdulmohsen Al Nafea Founder of Abdulrahman Bin Abdulmohsen Al Nafea Law Office</p>	 <p>Mr. Ameen Bin Fahad Al-Shiddi CFO of Saudi Telecom Company (STC)</p>	 <p>Eng. Rayan Bin Mohammed Al-Nagadi CEO of National Center for Privatization</p>	 <p>Eng. Abdul Latif Bin Ali Al Seif Managing Director and CEO of Sabeen Investment</p>	 <p>Eng. Abdullah Bin Hamad Al Fozan Chairman of KPMG Al Fozan & Partners</p>	 <p>Mr. Fahad Bin Khalid Al-Saud Managing Director and CEO of Alpha Capital</p>
 <p>Dr. Saleh Bin Mohammed Al-Shonaifi Advisor of Internal Audit of STC</p>	 <p>Mr. Abdullah Bin Nasser Al-Dawood CEO of Seera Holding</p>	 <p>Mr. Abdulaziz Bin Mohammed Alajaji CEO of Morgan Stanley Saudi Arabia</p>	 <p>Mr. Mohammed Sulaiman Al-Rumaih CEO of Saudi Exchange Tadawul</p>	 <p>Dr. Fahed Bin Abdullah Al Huwaimani Founder and CEO of EPAP Platform – Saudi writer</p>	 <p>Dr. Fahad Bin Ibrahim Al-Shathri Deputy Governor For Supervision at the Saudi Central Bank</p>

The Committee tasks include:

 <p>Providing recommendations and suggestions for the examination of any topic requested by the CMA board or Chairman.</p>	 <p>Discussing topics and proposals brought up by capital market participants, and gauging their reactions towards any changes and new policies that CMA wishes to adopt, pursuant to the approval of the CMA Board.</p>	 <p>Express opinions and issue recommendations on all matters contributing to the development of the market and the protection of investors in securities.</p>
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The Committee discussed several topics during its meetings in 2021, for which it presented the following proposals:

 <p>CMA Strategic Plan and the most important achievements.</p>	 <p>Regulatory framework for the direct listing of Sukuk and debt instruments.</p>	 <p>Developing a mechanism to improve reporting of violations of the capital market rules and its implementing regulations.</p>
 <p>Developing a list of procedures for resolving securities disputes.</p>	 <p>Addressing Environmental and Social Governance in Money Markets - Addressing Environmental Social and Governance (ESG) In Capital Markets.</p>	 <p>The main proposed amendments to the rules of securities offering and continuing obligations to regulate an additional option for capital increase.</p>

2. The Management Committee

The Committee's regulations were issued by CMA Board's Resolution No. (2-69-2016) dated 03/09/1437 H corresponding to 08/06/2016, based on the Capital Market Law issued by Royal Decree No. (M/30) dated 02/06/1424 H. The Committee's regulations were amended by the Board's Resolution No. (1-44-2018) dated 02/08/1439H corresponding to 18/04/2018, then amended by the Board's Resolution No. (3-121-2019) dated 08/03/1441H corresponding to 05/11/2019. The membership of the Committee was formed as follows:



Chairman of the Board
Chairman of the Committee



Vice-Chairman of the Board
Vice-Chairman of the Committee



Secretary General of the Board
Member and Secretary of the Committee



CMA Deputy of Listed Companies and Investment Products
Member



CMA Deputy of Strategy and International Affairs
Member



CMA Deputy of Legal Affairs and Enforcement
Member



CMA Deputy of Corporate Resources
Member



CMA Deputy of Market Institutions
Member



Director of Communication and Investor Protection Division
Member



Director of Risk Management Division
Member



Director of Internal Audit Division
Member



Director of Information Technology Division
Member












Director of Financial Statements and Auditors Division
Member

The committee held 23 meetings in 2021 with full attendance and discussed 46 topics listed on its agenda.





3. E-Transactions Committee

In accordance with CMA Board's Resolution No. (7-120-2021) dated 01/04/1442H corresponding to 16/11/2020, the E-Transactions Committee was reconstituted as follows:

- | | | |
|--|---|---|
| 
Chairman of CMA Board
Chairman of the Committee | 
CMA Board Member Mr. Ahmad Bin Rajeh Al-Rajeh
Vice-Chairman of the Committee | 
CMA Deputy of Market Institutions
Member |
| 
CMA Deputy of Legal Affairs and Enforcement
Member | 
CMA Deputy of Listed Companies and Investment Products
Member | 
Director of Information Technology Division
Member |
| 
Director of Communication and Investor Protection Division
Member | 
Leader in Digital transformation
Member | 
Mr. Mohammed Bin Abdulrahman Al-Shaalan
Independent Member |

The committee held 23 meetings in 2021 with full attendance and discussed 46 topics listed on its agenda.

Main Achievements of the Committee in 2021

- | | | |
|--|--|--|
| 
Approving the suggested recommendations regarding the automation of internal procedures and needs of agencies and public administrations. | 
Issuing a recommendation to approve the budget for the Information Technology Division and the budget for digital transformation. | 
Issuing a recommendation with regards to the documentation plan of CMA external services. |
| 
Issuing a recommendation to approve the strategic plan for digital transformation within CMA. | 
Starting the implementation of "Nafith" E-System and linking with the Saudi Central Bank for the 3rd phase. | 
Starting the implementation of the financial analysis project. |

In accordance with Council of Ministers Resolution No. (418) dated 25/7/1442 H stating the approval of the formation of the Digital Government Authority, and the cancellation of the E-Government Program "Yesser" after issuance of High Order No. (22290) dated 27/04/1443 H and High Order No. (18767) dated 07/04/1440 H, the resolution stipulates that the Digital Government Authority replaces the "Yesser" Program in all projects and initiatives with regards to which relevant Council of Ministers Resolutions and High Orders have been issued. The Digital Government Authority released the ninth measurement report of government digital transformation for 2021. The latter classified the level of maturity of the Authority in the government digital transformation process within the fourth phase of "Excellence and Improvement".



4. Human Resources Development Committee

Pursuant to CMA Board Resolution No. (5-113-2021) dated 19/03/1443 H corresponding to 25/10/2021, the Committee was reconstituted as follows:



CMA Board Member Mr. Ahmad Bin Rajeh Al-Rajeh
Chairman



CMA Deputy of Strategy and International Affairs
Vice-Chairman



CMA Deputy of Corporate Resources
Member



CMA Deputy of Market Institutions
Member



CMA Deputy Assistant of Legal Affairs and Enforcement
Member



CMA Deputy Assistant of Listed Companies and Investment Products
Member



Human Resources Manager
Member

Main Functions and Responsibilities:

According to the Fifth Article in the Committee's work regulations, amended by CMA Board's Resolution No. (2-124-2020) dated 08/04/1442 H corresponding to 23/11/2020, the Committee's functions include the following:



Outline the overall policy of human resources development, including building cooperative relationships with educational and training institutions.



Approve the human resources development plan.



Validate the programs designed for fresh graduates and recommend their accreditation by the competent employee.



Develop the rules governing human resources development programs at CMA, including the rules related to educational programs, targeted specializations, differentiation criteria of candidates, recommended universities, controls of part-time study programs in educational institutions, attachment programs at international organizations, specialized programs, in-house training programs, professional certificates, technical tests, English language programs, and the high potential program for leadership positions.



Study nominations related to education programs in terms of the need, the candidate's fulfillment of the conditions, and suitability of the intended academic degree and its accreditation.



Study nominations related to attachment programs at international organizations and their accreditation.



Study special cases of employees enrolled in educational and training programs that are reported by the Department of Human Resources, including requests to extend or complete studies or training, and enroll in a hands-on training program after graduation and other schemes, and decide thereupon.



Review the reports of educational and training programs and take the necessary measures as needed.



Validate the fresh-graduate programs and issue a recommendation to the competent employee for their accreditation.

The committee held 12 meetings in 2021 and discussed 29 topics listed on its agenda in terms of Human Resources Department, along with 10 recommendations raised and 26 decisions issued.

5. Audit Committee

In accordance with the Third Article of the Committee regulations, amended by CMA Board Resolution No. (2-69-2016), dated 03/09/1437 H corresponding to (08/06/2016), and without prejudice to the jurisdictions and tasks of the CMA Board indicated in the CML and its Implementing Regulations and the CMA by-laws, the Audit Committee shall:



Follow up on the tasks of the Internal Audit Division of CMA to verify its efficiency in carrying out its tasks and functions.



Examine any restraints placed on the Internal Audit Division that may impede its ability to carry out its tasks and functions, and make proposals and recommendations for resolving them.



Examine the Internal Audit System in CMA and prepare a report with its relevant proposals and recommendations.



Examine the external auditor's plan for external auditing.



Follow up on the tasks of the external auditor and examine the observations thereof and the difficulties faced by them, while also following up on the same, providing relevant suggestions and recommendations, and convening with the external auditor at least once a year.



Review reports submitted by the Finance Department regarding budget performance and analyze deviations between the actual expenses and the adopted estimated budget.



Examine internal auditing reports and follow up on the implementation of corrective procedures indicated in such reports.



Advise the CMA Board regarding the efficiency of the Director of the Internal Audit Division and provide recommendations regarding the performance appraisal thereof.



Ensure the suitability and adequacy of the arrangements taken by CMA regarding the concerns voiced by its employees on any violations or irregular practices within CMA.



Review CMA's financial statements and final accounts and submit recommendations to the Board regarding the approval of the same.



Issue the Audit Committee report and enclose it with the financial statement of CMA.



Examine the Annual Internal Auditing Plan and ensure its adequacy.



Provide recommendations to the CMA Board regarding the appointment, remuneration, and termination of the external auditor, given that he may not be employed for a period exceeding five consecutive years, following which there must be a period of two years before he can be reinstated.



Examine accounting policies adopted in preparing CMA's financial statements and final accounts and offer observations regarding the same to the CMA Board if necessary.

In carrying out its tasks mentioned in paragraph (A) of this article, the Committee shall abide by the powers identified in the authority matrix. The Audit Committee was reconstituted in accordance with CMA Board Resolution (1-75-2021) dated 12/11/1442 H corresponding to 22/06/2021, approving the reconstitution of the Audit Committee as follows:



CMA Board Member
Khalid Bin Mohammed Al-Solai
Chairman



Independent Member
Khalid Bin Mohammed Al-Tawil
Vice-Chairman



Independent Member
Khalid Bin Mohammed Al-Khwaiter
Member

The committee held 5 meetings in 2021 and discussed 39 topics listed on its agenda. Discussions covered reports submitted by the Finance Department regarding performance and deviations between the actual expenses and the adopted estimated budget; Reviewing CMA financial statements and final accounts and submitting recommendations to the Board regarding the approval of the same; Internal audit reports, listed on the agenda, in order to ensure the existence and adequacy of the internal control system and its effective implementation, and to raise any recommendations that would enhance and develop the internal control system, in order to achieve CMA goals and safeguard its interests with high efficiency and convenient costs; Reports of monitoring the implementation of the corrective measures, as included in these reports; Follow-up reports of the Professional Ethics and Internal Compliance Department. The committee issued 24 decisions and raised 6 recommendations.

02

Section Three: International Relations and Organizations

CMA has continued to develop and strengthen its regional and international relations with organizations, authorities, and institutions involved in regulating and monitoring capital markets, while making use of the best international experiences and practices in related areas. In order to gain and exchange expertise and information, consolidate bilateral and multilateral relations, and explore areas of joint cooperation, CMA collaborated with several regulators in a number of relevant areas, and took part in international teams for implementing capital market projects. In 2021, CMA participated in a number of international conferences and forums related to capital markets, their development, and oversight.

CMA contributions through its participation in several international events in 2021:

01

World Investor Week organized by the International Organization of Securities Commissions (IOSCO).

02

Recommendations to CMA in terms of Liquidity Risk Management for Collective Investment Schemes – International Organization of Securities Commissions (IOSCO).

03

The standardized rules and guidelines for Arab securities exchanges – The Union of Arab Securities Authorities (UASA)

04


Gulf Investment Awareness Program “Mulem” aims to raise the investment awareness of the investors in the GCC financial markets – Gulf Cooperation Council (GCC)

05

Joint initiative between the coordination councils of the Kingdom (Saudi-Bahraini Coordination Council, and Saudi-Qatari Coordination Council and Saudi-Iraqi Coordination Council).


The number of seats for CMA employees participating in committees and working groups of international authorities and institutions as members totalled 37 at the end of 2021.

CMA is a member of the following regional and international organizations and projects:




The Union of Arab Securities Authorities

Abu Dhabi CMA Joining Date: 2007




The International Organization of Securities Commissions (IOSCO)

Madrid CMA Joining Date: 2010




GCC Financial Markets Integration Project

Riyadh CMA Joining Date: 2010




Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI)

Manama CMA Joining Date: 2016



Islamic Financial Services Board

Kuala Lumpur CMA Joining Date: 2007



International Forum of Independent Audit Regulators

Tokyo CMA Joining Date: 2019

03

Regulating the Capital Market

1. New Implementing Regulations
2. Amended Implementing Regulations
3. Implementing Regulations under Development
4. CMA's Methodology in Issuing and Developing its Implementing Rules and Regulations

CMA undertakes the responsibility of drafting and enacting the regulations and rules governing the capital market and issuing instructions according to the provisions of the Capital Market Law (CML) and Companies Law.

CMA exercises its regulatory and development roles in a balanced way that guarantees no overlap. It regulates and develops the capital market, in addition to improving and developing the processes applied by the parties and public entities working in securities trading. CMA also promotes measures that limit the risks associated with securities transactions, enforces fairness, efficiency, and transparency, and promotes the disclosure principle as stipulated in Article Five of the CML.

1. New Implementing Regulations

In 2021, CMA approved a new implementing regulation as follows:



Reporting Violations of the “Capital Market Law” (CML) Regulations

The regulation aims at regulating the reporting process of the capital market system provisions' violations and its implementing regulations, market regulations, the depository center, and the clearing center. This includes determining the financial rewards for whistleblowers, the controls for granting them, and the procedures that contribute to the protection of whistleblowers.

2. Amended Implementing Regulations

In 2021, CMA amended certain implementing regulations as follows:



Market Conduct Regulations

The main elements of the amendments are as follows:

- a) Developing the provisions regulating the prohibition of manipulative or misleading behaviors or practices, by clarifying the inclusion of the scope of such actions or practices to promote the purchase of a security for the purpose of selling that security or promoting it for the purpose of buying it.
- b) Developing provisions regulating the prohibition of disclosing inside information and trading based on it for the purpose of including the aforementioned provisions for pre-emptive trading, where information related to orders entered and will be entered into a security will be considered - when the other criteria stipulated in Chapter Three of the Market Conduct Law are met- as insider information prohibited by the law from being disclosed or trading based on it. This prohibition includes, but not limited to, the member of the board of directors, the executive officer or the employee of the Capital Market Authority, and the person authorized to handle the accounts of natural and legal persons from the public and private sectors.



Rules for Special Purpose Entities

The main elements of the amendments are as follows:

- a) Providing an additional option for investment fund managers to establish a Special Purpose Entity, which provides the legal personality of the investment fund, with the possibility of maintaining the option of the contractual relationship between fund managers and unit owners currently in force.
- b) Amending the structure of the Special Purpose Entity offering debt instruments by registering its shares in the name of the Special Purposes Entity's trustee instead of the owner. The trustee of the Special Purpose Entity shall be responsible for protecting the entity's assets, appointing members of the board of directors and determining their remuneration, as well as appointing an auditor, enhancing in this the protection of the assets of the Special Purposes Entity and the interests of debt instrument holders, in line with international best practices.
- c) In addition to Saudi joint-stock companies, Capital Market institutions, banks, and finance companies, Saudi limited liability companies have been empowered for being a sponsor of the Special Purpose Entity when issuing any type of debt instruments, provided that this is in the case of a private offering of debt instruments.



Rules on the Offer of Securities and Continuing Obligations

The main elements of the amendments are as follows:

- a)** Amending the rules on the offering of securities and continuing obligations concerning the requirements for the minimum amount payable by each offeree (non-investors from the category of eligible clients and institutional clients) in the limited offering and limiting the offering of unlisted contractual securities to cases where all are offered to investors in the category of eligible clients and institutional clients, or employees of the issuer or any of its affiliates.
- b)** Amending the rules on the offering of securities and continuing obligations in light of the amended rules governing Special Purpose Entities, with regard to the structure of the Special Purpose Entity offering debt instruments, in addition to a number of amendments regarding the offering of debt instruments by Special Purposes Entity.
- c)** Amending the rules for offering securities and continuing obligations with regard to the period of CMA's review of the request for registration and offering of debt instruments or the registration of convertible debt instruments, offering them and requesting approval of the financing deal related to the public offering of debt instruments to be (20) days from the date of receiving all the information and documents required under the rules.

It should be noted that the decision of CMA's Board of Directors included amending the reference to the number of Article 70 of the rules for offering securities and the continuing obligations mentioned in Paragraph (c) of Article 5 of the instructions for organizing the price stability mechanism for initial offerings so that the reference to the number of Article sixty of the rules.

Offering of Securities and Continuing Obligations, and Amending the Reference to Article No. Sixty-eighth of the Rules for Offering Securities and Continuing Obligations.

In Paragraph (25) of Article Ninety of the Corporate Governance Regulations; to be the reference to the number of Article 67 of the Rules for Offering Securities and Obligations guarantee that the decision of CMA's Board also included the approval of amending the list of terms used in the regulations and rules of the Capital Market Authority.



Investment Funds Regulations, Real Estate Investment Funds Regulations, and Glossary of Defined Terms Used in CMA Regulations and Rules

The main elements of the amendments are as follows:

- a)** Providing an additional option for investment fund managers to establish a Special Purpose Entity, which provides the legal personality of the investment fund, with the possibility of maintaining the option of the contractual relationship between fund managers and unit owners is currently in force.
- b)** Developing many aspects related to the governance of investment funds in order to raise the level of governance in the capital market, in line with best practices and international standards in this regard.
- c)** Regulating the procedures for the termination and liquidation of public and private investment funds in accordance with best practices and international standards in this regard.
- d)** Enabling the offering and listing of real estate investment traded funds, closed-end investment funds, and exchange traded funds in the parallel market.
- E)** Enabling the purchase of closed-ended investment funds and traded real estate investment funds for their units according to specific controls and selling private treasury units according to specific controls included in the Investment Funds Regulations and the Real Estate Investment Funds Regulations.
- f)** Merging each of the instructions for closed-ended investment traded funds issued on 9/22/1439 AH corresponding to 6/6/2018 with the investment funds regulations, and merging the instructions for real estate investment traded funds issued on 01/23/1438 corresponding to 10/24/2016 and amended on 13/2/1440 corresponding to 10/22/2018 with the Real Estate Investment Funds Regulations.
- g)** Raising the level of transparency and disclosure within the periodic reports of investment funds.
- h)** Standardizing the period for disclosing financial statements and annual reports for public investment funds and public real estate investment funds, including real estate investment traded funds.
- i)** Strengthening the role of the Board of Directors of the public fund and the private real estate fund in monitoring and supervising the work of the fund manager and protecting unit holders.
- j)** Enabling public investment funds to subscribe to debt instruments issued under a private placement according to specific controls.



Instructions for Mutual Funds Announcements

The most prominent main elements of the amendments are the identification of investment fund advertisement models presented to investors without prejudice to the relevant articles related to the capital market system, Financial Market and Investment Funds Regulations, and Real Estate Investment Funds Regulations.



Financial Technology Experience Permit Instructions

The main elements of the amendments are as follows:

- a)** Adding definitions to clarify the nature of the financial technology laboratory.
- b)** Adding instructions for doing business in the fintech lab.
- c)** Updating the application form for the Financial Technology Experience Permit.

3. Implementing Regulations Under Development

In order to invest in the confidence of investors and develop the capital market, CMA is working on developing a set of implementing regulations, as follows:



Corporate Governance Regulations and Glossary of Terms Used in the Regulations and Rules of the Capital Market Authority

The proposed amendments in the project aim to develop the definition of the term “related party” used for the purposes of the Rules on the Offer of Securities and Continuing Obligations and the definition of “related parties” used for the purposes of the Corporate Governance Regulations, based on the Capital Market Authority’s belief in the importance of good governance for corporate sustainability, and growth. It also aims at strengthening the internal control of joint-stock companies listed in the capital market and to develop provisions regulating symptoms of independence of the members of the Board of Directors in line with best practices and international standards in this regard.



Rules for Offering Securities and Continuing Obligations

The proposed amendments in the project aim to regulate the option of increasing the capital through the issuance of shares without the right of priority in accordance with Article 140 of the Companies Law, including defining the categories of investors to whom the issued shares may be offered, in order to be an additional option for the joint-stock companies listed in the capital market, in addition to the current options that are available to increase capital, which are issuing rights shares, issuing capitalization, transferring debt, acquiring a company, or purchasing an asset.



Regulation of Procedures for Resolution of Securities Disputes

The proposed amendments in the project aim at developing the procedures for settling securities disputes before the concerned committees. In addition to working on developing procedures that enhance the speed and efficiency of hearing and adjudicating cases and developing everything that would enhance the confidence of participants in the capital market in support for its growth and prosperity, and enhance the protection of investors.



Regulation of Securities Depository Markets and Centers and the Glossary used in the Regulations and Rules of the Capital Market Authority

The project aims to develop the regulatory framework for licensing, supervising, and controlling securities depository markets and centers to effectively perform their tasks and obligations. It also seeks to enhance the regulatory environment and stability in the capital market and develop everything that would enhance the participants’ confidence in the capital market in support of its growth and prosperity; in addition to working on developing procedures to achieve effective supervision and control over securities depository markets and centers in line with international best practices and standards in this regard.

4. CMA’s Methodology in Issuing and Developing its Implementing Rules and Regulations

As part of its responsibility to regulate and develop the capital market, CMA conducts public consultation regarding any draft that involves new implementing regulations before their issuance, as well as the development and modification of previously issued implementing regulations, taking into account the suggestions and feedback of experts and relevant interested parties. In 2021, CMA conducted 4 public consultations and received 503 responses.



4
Public Consultations



503
Responses

04

Securities Offerings, Corporate Actions, and Investment Products

Section One: Securities Offerings and Corporate Actions.
Section Two: Assets under Management.

04

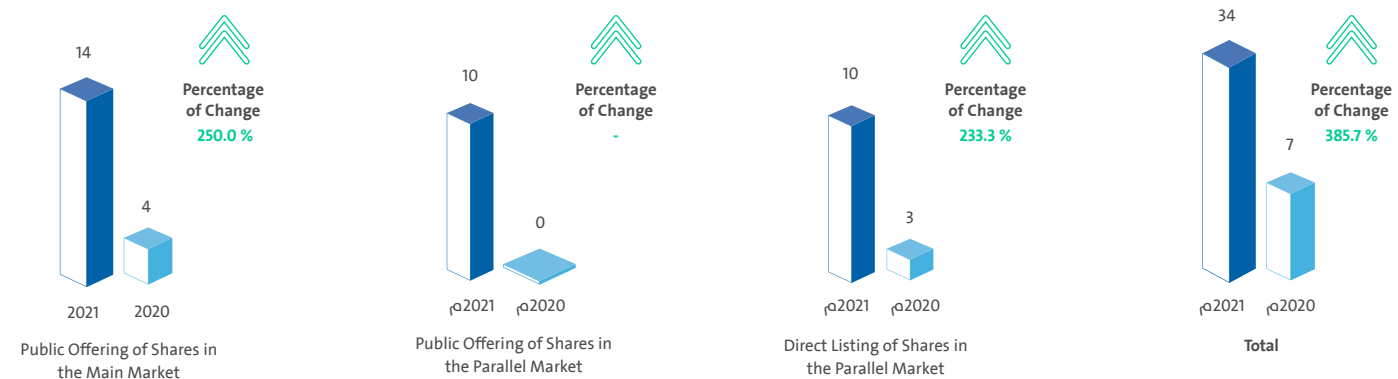
Section One: Securities Offerings and Corporate Actions

1. Offering and subscription of Shares
2. Corporate Actions
3. Offering of Sukuk and Debt Instruments
4. Development of the Sukuk and Debt Instruments Market in the Kingdom

1. Offering and Subscription of Shares

The total number of CMA approved public offering applications in the Main and Parallel Markets witnessed a big leap in 2021, with a percentage of 385.8% compared to the previous year, hence reaching 34 applications, out of which 41.2% in the Main Market.

Total number of CMA approved public offering applications in the Main and Parallel Markets



The year 2021 witnessed a large flow of offerings and listings in the Saudi financial market, with the initial public offering of 9 companies' shares in the Main Market, and the initial public offering of 3 companies' shares in the Parallel Market, taking into account that the Main Market witnessed its first secondary public offering to date (Table No. (2)). Shares were also registered for 8 companies for direct public listing in the Parallel Market (Table No. (3)). One company was also upgraded from the Parallel Market to the Main Market. On another note, the total market value of public offerings in 2021 increased by 195.0% compared to the previous year. The market value of shares offered in initial public offerings accounted for the largest portion 84.9% of the total value of offerings and listings (Table No. (1)).

Table No. (1): Offering and Registration of Shares Categorized by Type of Offering or Listing

Type	2020		2021	
	Total value (million Saudi Riyals)	Number	Total value (million Saudi Riyals)	Number
*Initial Public Offering in the Main and Parallel Markets	30,522.0	4	90,047.0	12
Secondary Public Offering in the Main Market	-	-	220,000	1
**Private Placement Shares	7,294.0	88	11,590.0	82
Rights Issues	6,016.8	10	2,434.5	12
Direct Listing in the Parallel Market	2,400.0	1	1,990.8	8
Total	46,232.8	103	***106,062.3	115

* Including the market value of all companies with IPOs.

** Including received closure notifications of privately placed shares and combined proceeds.

*** The value of the yearly public offering in the Main Market was not included in the total number of companies that offered or registered their shares, as it represents the value of a previously listed company.

Public Offering of Shares

A large wave of companies public offering was witnessed on the financial market in 2021 (Table No. (2)), and the offering value of shares offered for public subscription increased by 456.8% compared to 2020.

Table No. (2): Companies that Offered Part of their Shares for Public Subscription during 2021

Market	Company Name	Offering Value (million Saudi Riyals)	Ratio of Offered Shares to Issued Shares	Over-Subscription (Times)		No. of Individual Subscribers (Thousand Subscribers)
				*Individuals	**Institutions	
Main Market	Al Khorayef Water & Power Technologies Co.	540.0	30.0%	15.0	63.2	137.0
	Theeb Rent A Car	516.0	30.0%	33.9	60.1	414.6
	Tanmiah	402.0	30.0%	11.7	95.3	69.6
	Arabian Internet	3,624.0	20.0%	23.7	130.0	1,042.1
	Acwa Power	4,547.1	11.1%	19.9	248.0	1,347.7
	Arabian Contracting Services Co.	1,500.0	30.0%	15.0	127.0	655.2
	Nayifat	1,190.0	35.0%	21.0	136.0	306.8
	Saudi Tadawul	3,780.0	30.0%	4.0	121.0	598.3
	Almunajem Foods	1,080.0	30.0%	12.0	176.0	129.7
	STC***	12,000.0	6.0%	-	-	231.0
Parallel Market	Shatirah House Restaurant	119.0	29.0%	****66.5	*****0.8	
	Al-Hasoob Trading	26.0	20.0%	****23.0	*****0.2	
	Group Five Pipe Saudi Ltd Co	98.0	10.0%	****12.0	*****1.2	
Total	29,422.1				4,934.2	

* Over-subscription times were calculated by dividing the number of subscribed shares (by individuals) by the number of allocated shares.

** Over-subscription times were calculated by dividing the number of subscribed shares (by institutions) by the number of offered shares.

*** First secondary public offering in the history of the Main Market.

**** Over-subscription times by qualified investors, whether the qualified investor was an individual or an institution.

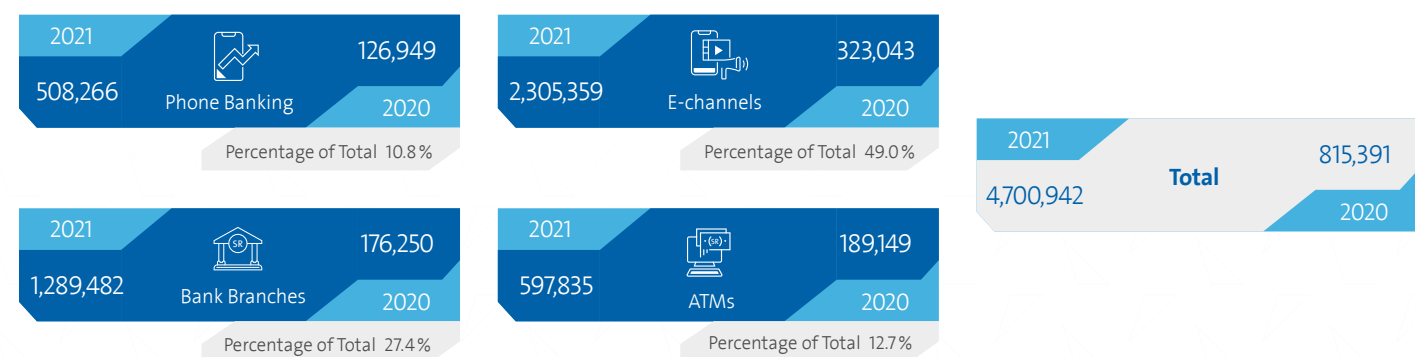
***** individual subscribers meet the definition of qualified investors.

Table No. (3): Companies that offered their shares for Public listing in the Parallel Market during 2021

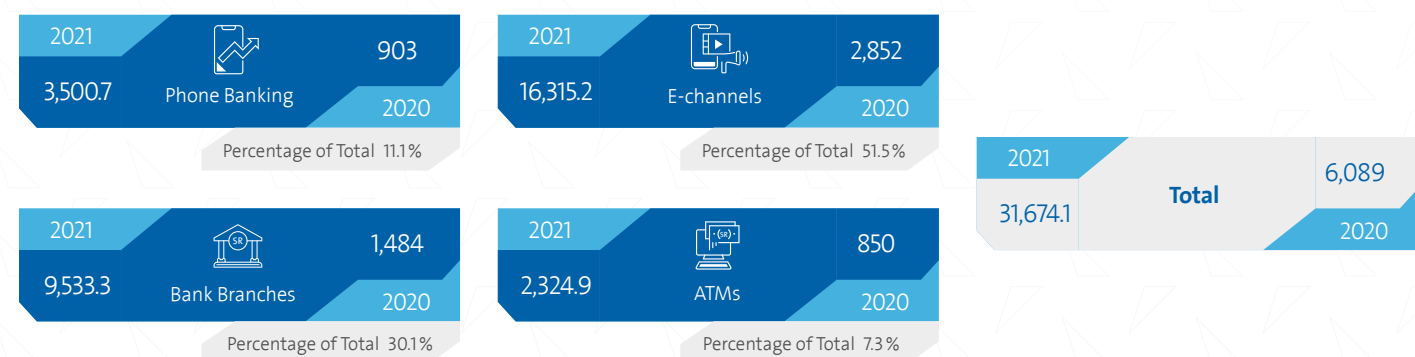
Company Name	Alnaqool	Watani Steel	Mobi	Gas	Fesh Fash	Canadian Medical Center	Banan Trading	Enma Alrawabi	Total
Offering Value upon Listing (million Saudi Riyals)	60.9	448.1	160.0	65.0	56.5	300.3	300.0	600.0	1,990.8

In line with the increase of the number of companies that offered part of their shares for public subscription, the total value of share subscriptions by individuals before returning over-subscribed amounts witnessed a huge increase in 2021 (Table No. (5)).

Individual Subscriptions Categorized by Subscription Channels in the Main Market

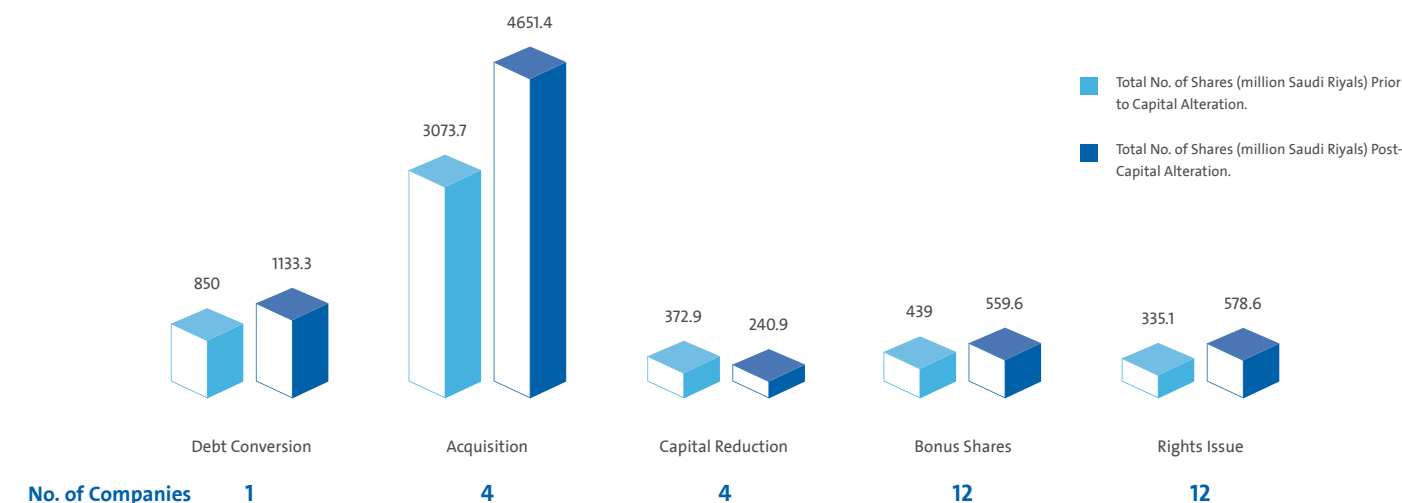


Amounts Collected from Subscriptions (before returning over-subscribed amounts) Categorized by Subscription Channels in the Main Market (million Saudi Riyals)



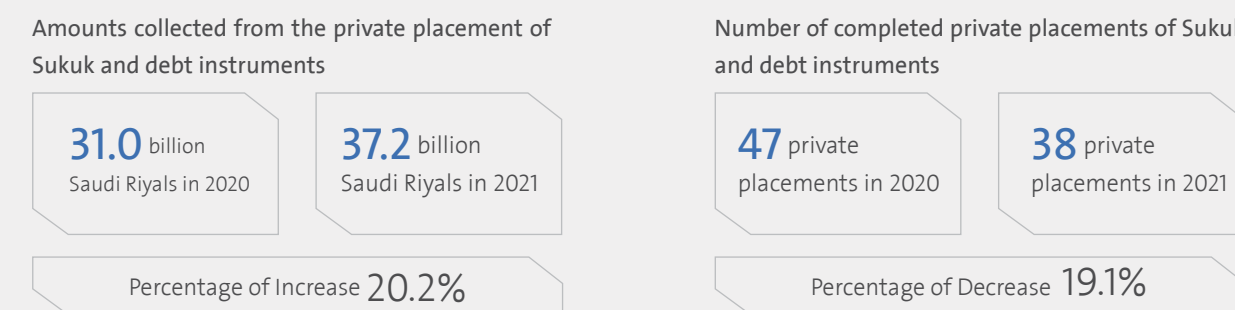
2. Corporate Actions

Chart No. (1): Listed Companies that Altered their Capital during 2021



3. Offering of Sukuk and Debt Instruments

The total amounts collected from the private placement of Sukuk and debt instruments increased from 31.0 billion Saudi Riyals in 2020 to 37.2 billion Saudi Riyals in 2021, marking an increase of 20.2%, whereas the number of completed private placements of Sukuk and debt instruments decreased from 47 in 2020 to 38 in 2021. No public offerings of Sukuk and debt instruments were witnessed in 2021*.



* Does not include debt instruments issued by the government of Saudi Arabia, which are considered as an excluded offering.

4. Development of the Sukuk and Debt Instruments Market

The Sukuk and debt instruments market was marked with a number of positive developments, of which most importantly:



The increase of the Sukuk and debt instrument market as a share of GDP, reaching 29% at the end of 2021.



The increase of the amounts collected from the offering of Sukuk and debt instruments by local companies (private sector), reaching 28.9 billion Saudi Riyals.



The Saudi capital market joined the FTSE Russell Index for measuring of the performance of government bonds and the iBoxx Tadawul SAR Government Sukuk & Bond Index, which will contribute to attracting foreign investments to the Sukuk and debt instrument market and ensure the expansion of investor base.



The increase of Listed Sukuk and debt instrument number, reaching 79 sukuk/ debt instruments*.



The increase of the traded value of the Sukuk and debt instrument market amounting to 30.3 billion Saudi Riyals.



The link between the Securities Depository Center and Clearstream (provider of post-trading services to the Deutsche Börse Group), which will facilitate investment procedures for global investors and ensure the enhancement of foreign investment in the local market of Sukuk and debt instruments.

These measures and amendments had the following positive impacts on the Sukuk and debt instruments market:



The reduction of CMA's review period of an application for the registration and public offering of debt instruments to be (20) days instead of (45) days to encourage the public offering of debt instruments.



The stimulation of foreign investment, boost of liquidity, and expansion of investor base in the financial market through the facilitation of foreign investment processes, with the aim to allow foreign investors to use their global accounts registered at the International Central Securities Depositories to invest in the local Sukuk and debt instruments market.



The promotion of transparency and liquidity, and the increase of market attractiveness and competence, which encourages the issuance and investment of Sukuk and debt instruments.



The stimulation of investment funds participation in the Sukuk and debt instruments market, which supports the variety of investment opportunities and deepens the market.

CMA implemented several measures in 2021 aiming to contribute to the enhancement of the Sukuk and Debt instrument market, including:



The amendment of the rules on the offering of securities and continuing obligations.



The adoption of the Instructions for International Central Securities Depositories and the linkage of the depository center with the International Central Securities Depositories.



The amendment of the rules governing the SPEs.



The obligation of the issuers of privately placed Sukuk and debt instruments denominated in Saudi Riyals, Saudi joint stock companies, and their affiliate SPEs to deposit the Sukuk and Debt instruments in the Securities Depository Center Co., (Edaa) and to disclose the information related to the placed debt instruments on the Saudi Tadawul website.



The amendment of the Investment Funds Regulations.

*The increase was driven by listing Sukuk and Debt Instruments issued by the government of the Kingdom of Saudi Arabia, which is an exempt offer.



The Saudi Capital Market witnessed a steady increase in listed Sukuk and debt instruments. (Chart No. (2)).

Chart No. (2): Number of Sukuk and Debt Instruments listed in the Saudi Capital Market (Tadawul)

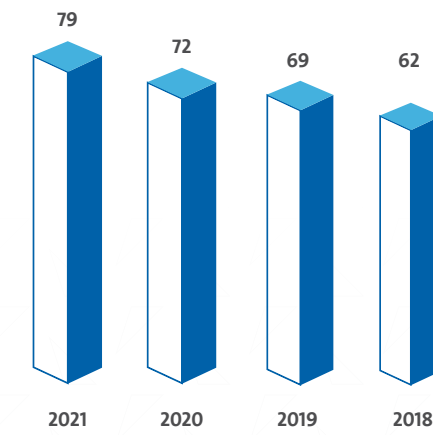


Chart No. (3): Number of trading deals related to Sukuks and Debt Instruments listed in the Saudi Capital Market (Tadawul)

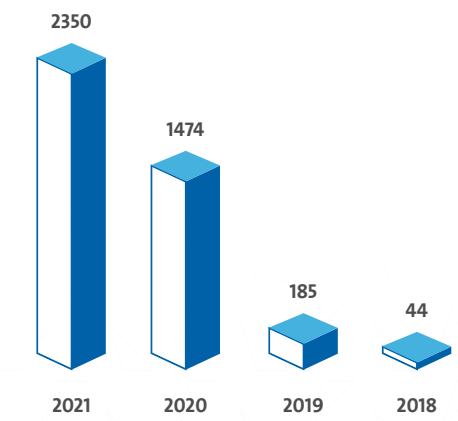
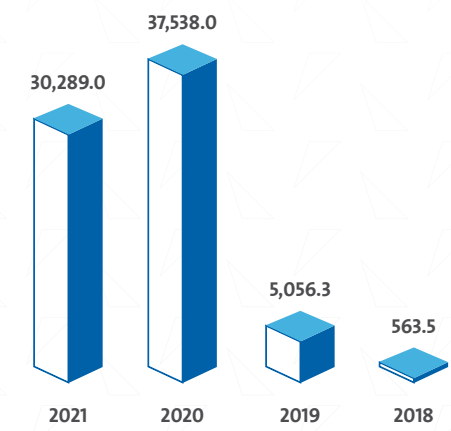


Chart No. (4): Value of traded Sukuk and Debt Instruments listed in the Saudi Capital Market (Tadawul) (Million Saudi Riyals)



*The increase was driven by listing Sukuk and Debt Instruments issued by the government of the Kingdom of Saudi Arabia, which is an exempt offer.

04

Section Two: Assets Under Management

1. Investment Funds
2. Discretionary Portfolios Under Management

The total assets under management marked an important increase at the end of 2021



1. Investment Funds

For the seventh year consecutively, the total assets of investment funds has achieved an annual increase of 18.5% at the end of 2021, compared to the previous year. The number of subscribers to investment funds also increased by 47.3% compared to the previous year, reaching 536.5 thousand (Table No. (4))

Table No. (4): Indicators of Investment Funds Sector*

Element	2020			2021			Change (%)
	Public	Private	Total	Public	Private	Total	
Number of Funds	254	437	691	256	495	751	8.7%
Number of Subscribers	358,894	5,301	364,195	529,312	7,202	536,514	47.3%
Asset Value (Million Saudi Riyals)	209,724.3	232,251.3	441,975.7	227,173.4	296,491.9	523,665.3	18.5%

* Including Exchange Traded Funds (ETFs) and Real Estate Investment Traded Funds (REITs)

1.1 Public Investment Funds

The asset value of public investment funds (whose units are publicly offered) represented 43.4% of the total value of fund assets by the end of 2021. The number of subscribers in public investment funds also increased by 47.5% to reach 529.3 thousand. (Table No. (5)) and (Chart No. (5)).

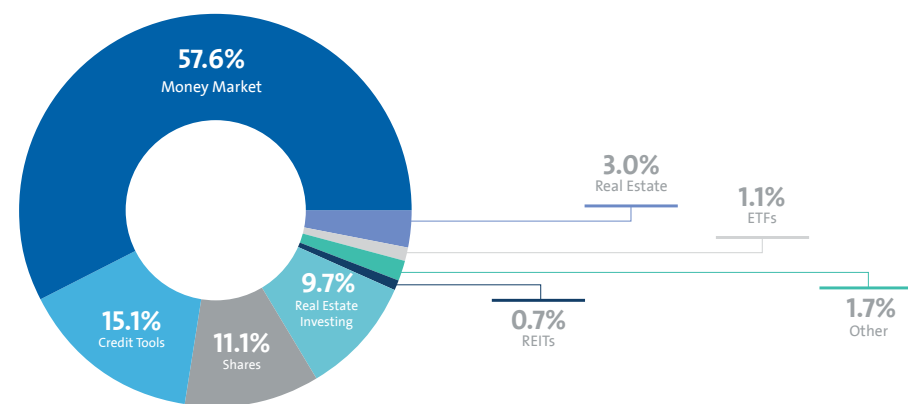
Table No. (19): Indicators of Public Investment Funds by Type of Fund

Fund Type	Number of Funds			Number of Subscribers			Asset Value (million Saudi Riyals)		
	2020	2021	Change (%)	2020	2021	Change (%)	2020	2021	Change (%)
Equities	128	129	0.8%	142,968	142,316	-0.5%	21,220.7	25,096.0	18.3%
Debt Instruments	12	14	16.7%	2,049	2,161	5.5%	17,368.1	34,403.6	98.1%
Money Markets	43	42	-2.3%	37,607	34,187	-9.1%	136,415.4	130,888.5	-4.1%
Real Estate	10	8	-20.0%	7,212	7,078	-1.9%	7,544.9	6,708.9	-11.1%
Fund of Funds	23	22	-4.3%	5,422	6,275	15.7%	2,236.2	2,555.5	14.3%
Balanced	2	0	-100.0%	288	0	-100.0%	53.4	0.0	-100.0%
Exchange Traded Funds (ETFs)	6	6	0.0%	4,899	9,874	101.6%	1,609.0	1,598.6	-0.6%
Real Estate Investment Traded Funds (REITs)	17	17	0.0%	156,342	305,372	95.3%	21,645.0	22,008.8	1.7%
Other*	13	18	38.5%	2,107	22,049	946.5%	1,631.7	3,913.6	**139.9%
Total	254	256	0.8%	358,894	529,312	47.5%	209,724.4	227,173.5	8.3%

*Types of investment funds include: multi assets, endowment, feeder, closed ended traded, real estate, and commodities.

** Multi assets included in this categorization witnessed an increase in asset value from 1,268 million Saudi Riyals in 2020 to 2,843 Saudi Riyals at the end of 2021, marking an increase percentage of 124.2%. The asset value of endowment funds also increased from 325 million Saudi Riyals in 2020 to 435 million Saudi Riyals at the end of 2021, marking an increase percentage of 33.8%. In 2021, the units of the first closed ended traded fund were publicly offered, with an asset value of 600.8 Saudi Riyal at the end of the year.

Chart No. (5): Percentages of Public Investment Funds Assets by Type of Fund for 2021



Indicators of Public Investment Funds in Equities Classified Geographically for 2021

	Local Equities	Local Equities	GCC Equities	Arab Equities	Asian Equities	American Equities	European Equities	Other International Equities	Total
Number of Funds	76	24	3	7	3	4	12	129	
Number of Subscribers	130,555	7,876	210	907	697	408	1,663	142,316	
Asset Value (million Saudi Riyals)	17,669.0	2,084.3	180.1	776.1	1,765.0	853.6	1,768.0	25,096.1	
Asset Value of the total of Public Investment Fund Assets (%)	70.4%	8.3%	0.7%	3.1%	7.0%	3.4%	7.0%		

1.2 Private Investment Funds

The asset value of private funds whose units were privately offered increased by 56.6% by the end of 2021 (Table No. (6)).

Table No. (6) Indicators of Private Funds Classified by Fund Type*

Investment Type	Number of Funds			Number of Subscribers			Asset Value (Million Saudi Riyals)		
	2020	2021	Change (%)	2020	2021	Change (%)	2020	2021	Change (%)
Equities	94	121	28.7%	412	685	66.3%	115,287.9	160,141.0	38.9%
Private Equity	108	110	1.9%	1,368	1,889	38.1%	10,496.6	12,793.5	21.9%
Debt Instruments	14	16	14.3%	483	711	47.2%	10,708.9	11,411.1	6.6%
Money Markets	7	6	-14.3%	109	110	0.9%	2,207.2	2,517.6	14.1%
Real Estate	136	158	16.2%	2,531	3,194	26.2%	83,157.0	96,007.0	15.5%
Endowment	-	3	-	-	1	-	-	27.8	-
Commodities	1	2	100.0%	0	0	-	0	0	-
Multi Asset	69	71	2.9%	207	340	64.3%	9,269.4	12,039.7	29.9%
Hedging and Derivatives	1	1	0.0%	5	5	0.0%	323.1	353.9	9.5%
Feeder	1	1	0.0%	68	80	17.6%	292.1	405.7	38.9%
Finance	6	6	0.0%	118	187	58.5%	509.0	794.6	56.1%
Total	437	495	13.3%	5,301	7,202	35.9%	232,251.2	296,491.9	27.7%

* Including funds in offering periods.

1.3 Exchange Traded Funds (ETFs)

By the end of 2021, the asset value of Exchange Traded Funds made a huge leap with an increase of 101.6% compared to the previous year (Table No. (7)).

Table No. (7): Exchange Traded Funds

Fund Name	Asset Value (million Saudi Riyals)			Number of Subscribers		
	2020	2021	Change (%)	2020	2021	Change (%)
Falcom Saudi Equity	19.4	35.6	83.7%	527	2,247	326.4%
Falcom Petrochemical	3.2	6.4	102.0%	211	490	132.2%
HSBC Saudi 30	9.6	13.1	36.9%	193	454	135.2%
Alinma Saudi Government Sukuk Fund - Short Maturity	1,291.4	1,271.5	-1.5%	187	396	111.8%
Albilad Saudi Sovereign Sukuk	166.8	173.6	4.1%	1,287	2,912	126.3%
Albilad Gold	118.8	98.4	-17.2%	2,494	3,375	35.3%
Total	1,609.2	1,598.6	-0.6%	4,899	9,874	101.6%

1.4 Real Estate Investment Traded Funds (REITs)

The number of subscribers in the REITs increased by 95.3% at the end of 2021 to reach more than 305 thousand subscribers (Table No. (8)).

Table No. (8): Real Estate Investment Traded Funds at the end of 2021

Fund Name	Asset Value (Million Saudi Riyals)			Number of Subscribers		
	2020	2021	Change (%)	2020	2021	Change (%)
Riyad REIT	2,384.3	2,548.6	6.9%	11,346	15,341	35.2%
Al Jazira Mawten REIT	96.3	87.3	-9.3%	2,293	5,526	141.0%
Jadwa REIT Al Haramain	548.5	539.3	-1.7%	8,913	12,022	34.9%
Taleem REIT	656.3	645.3	-1.7%	2,451	5,683	131.9%
Al Maather REIT	578.1	599.4	3.7%	4,830	7,231	49.7%
Musharaka REIT	1,208.9	1,323.3	9.5%	5,828	10,225	75.4%
Mulkia REIT	1,298.6	1,049.6	-19.2%	5,589	6,781	21.3%
Sico Saudi REIT	548.9	657.1	19.7%	4,490	7,390	64.6%
Al-Ahli REIT 1	1,913.3	1,943.1	1.6%	7,937	9,386	18.3%
Derayah REIT	1,595.4	1,714.2	7.5%	9,261	16,433	77.4%
Al-Rajhi REIT	2,338.0	2,122.4	-9.2%	26,447	31,609	19.5%
Jadwa REIT Saudi	1,514.9	1,543.4	1.9%	10,402	11,542	11.0%
Sedco Capital REIT	1,074.1	1,048.5	-2.4%	17,825	93,977	427.2%
Swicorp Wabel REIT	958.2	946.5	-1.2%	6,678	12,186	82.5%
MEFIC REIT	1,241.1	1,060.5	-14.6%	16,251	16,236	-0.1%
Bonyan REIT	1,963.1	2,136.4	8.8%	7,263	9,310	28.2%
AlKhabeer REIT	1,727.2	2,043.8	18.3%	8,538	34,494	304.0%
Total	21,645.2	22,008.7	1.7%	156,342	305,372	95.3%

2. Discretionary Portfolios

The asset value of discretionary portfolios increased by 38.3% to reach 234.8 billion Saudi Riyals by the end of 2021 (Table No. (9)).

Table No. (24): Asset Value of Discretionary Portfolios Categorized by Investment Type

Investment Type	Asset Value (million Saudi Riyals)		Change (%)
	2020	2021	
Local Equities	68,659.8	135,029.8	96.7%
International Equities	3,276.1	3,080.5	-6.0%
Debt Instruments	6,507.3	9,321.3	43.2%
Investment Funds	45,275.3	40,539.9	-10.5%
Other	46,029.6	46,803.5	1.7%
Total	169,748.1	234,775.0	38.3%

05

Capital Market Disclosure and Governance

Section One: Disclosure

Section Two: Corporate Governance

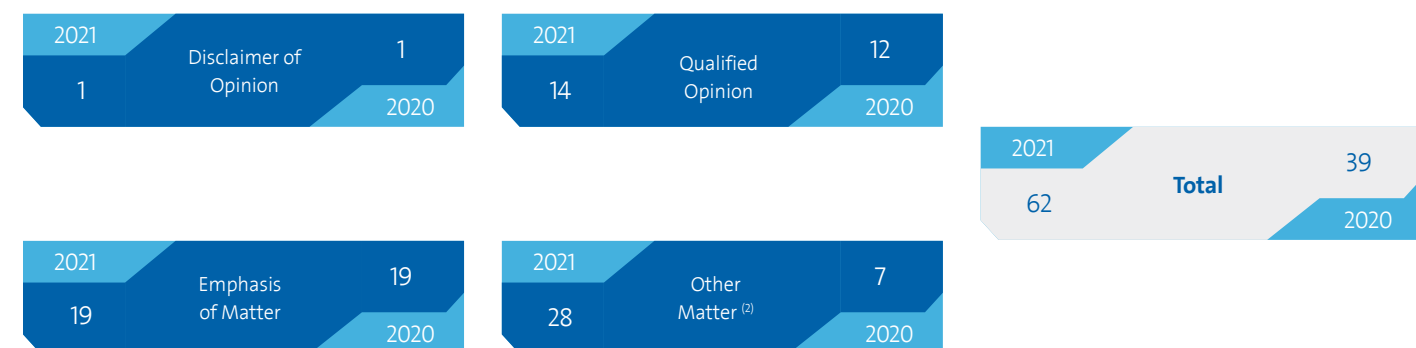
05

Section One: Disclosure

1. Financial Statements of Listed Companies
2. Announcements of Listed Companies

1. Financial Statements of Listed Companies ⁽¹⁾

Number of Qualified Audit Opinions on the Annual Financial Statements of Listed Companies Reviewed by CMA



(1) Financial statements were prepared in accordance with the International Financial Reporting Standards adopted in Saudi Arabia and with other standards and releases approved by the Saudi Organization for Certified Public Accountants.

(2) "Other Matter" refers to a matter other than what is presented or disclosed in the financial statements and is considered by the auditor as relevant to the users' understanding of the audit, the auditor's responsibilities, or the auditor's report. Example: The auditor left a remark under "Other Matter" indicating that the comparative figures presented in the financial statement concerning the previous financial period has been reviewed by another auditor.

2. Announcements of Listed Companies

Announcements on the Saudi Stock Exchange (Tadawul) Website Classified by Type of Announcement

Type of Announcement	2020		2021		Change (%)
	Number	Out of Total (%)	Number	Out of Total (%)	
Financial Results	780	19.8%	800	19.1%	2.6%
Board of Directors' Recommendation to Increase Capital Through Preemptive Rights Issuance	7	0.2%	15	0.4%	114.3%
Board of Directors' Recommendation to Increase Capital Through Bonus Shares Issue	6	0.2%	16	0.4%	166.7%
Board of Directors' Recommendation to Decrease Capital	10	0.3%	9	0.2%	-10.0%
Invitation to General Assemblies and Announcements of their Results	673	17.1%	693	16.5%	3.0%
Dividends	126	3.2%	182	4.3%	44.4%
Explanatory Announcement	450	11.4%	500	11.9%	11.1%
Change in the Composition of Corporate Board of Directors and Top Management	156	4.0%	261	6.2%	67.3%
Approval of New Product	8	0.2%	8	0.2%	0.0%
Other Developments	1,716	43.6%	1,711	40.8%	-0.3%
Total	3,932	100%	4,195	100%	6.7%

Section Two: Governance of Listed Companies

1. Boards of Directors of Listed Companies
2. Main Committees of Listed Companies
3. Enhancing Corporate Governance Compliance

1. Boards of Directors of Listed Companies

Article 16 of the Corporate Governance Regulations stipulates the conditions for the formation of Boards of Directors, including the following:



The number of its members shall be suitable for the size and nature of the Company's activities without prejudice to paragraph (a) of Article 17 of these Regulations.



The majority of the Board shall be non-executive members.



The number of Independent Members shall not be less than two members or one third of the Board, whichever is greater.

Non-executive members and independent members combined constitute 91.4% of the total seats in the Boards of Directors of listed companies in 2021 (Table No. (10)).

Table No. (10): Composition of Boards of Directors of Listed Companies Classified by Membership Type

Membership Type	Number in 2020	Number in 2021	Total Percentage	Change (%)
*Non-Executive Members	676	748	46.8%	10.7%
**Independent Members	708	714	44.7%	0.8%
Executive Members	130	137	8.6%	5.4%
Total	1,514	1,599	100%	5.6%

* Non-Executive Member: A board member who does not manage the company on a full-time basis and does not engage in its day-to-day activities.

** Independent Board Member: A non-executive board member who has total independence in their position and decision, and who is not subject to any independence issues stipulated in Article 20 of the Corporate Governance Regulations.

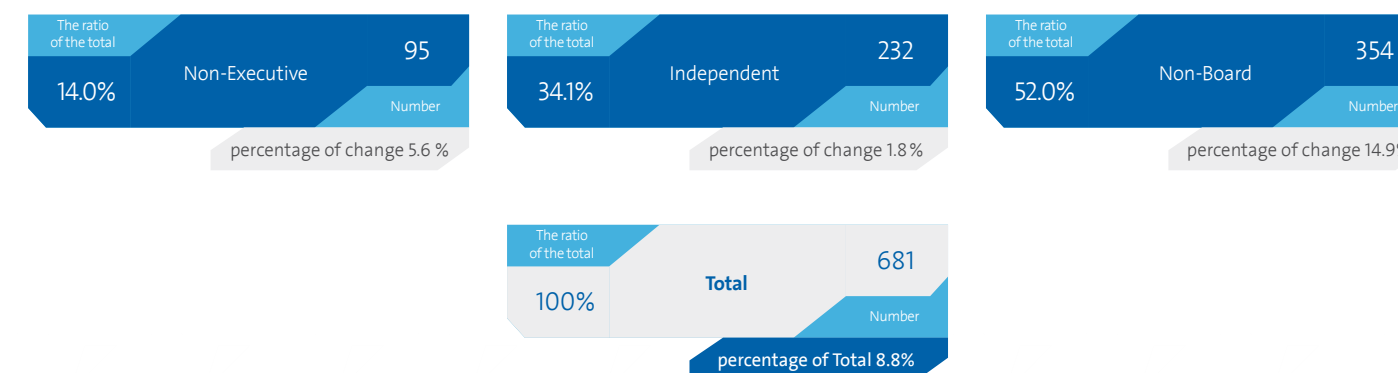
Table No. (11): Resignations of Board Members of Listed Companies Classified by Membership Type

Membership Type	Number of Resignations 2020	Number of Resignations 2021	Change (%)
Non-Executive Members	27	17	32.7%
Independent Members	32	27	51.9%
Executive Members	5	8	15.4%
Total	64	52	100%

2. Main Committees of Listed Companies

A. Audit Committee

Number of Seats of Audit Committees in Listed Companies Classified by Membership Type



B. Remuneration and Nomination Committee

Table No. (12): Number of Seats of Remuneration and Nomination Committees in Listed Companies Classified by Membership Type

Membership Type	2020		2021		Change (%)
	Number	Out of Total (%)	Number	Out of Total (%)	
Non-Executive	214	35.2%	221	35.9%	3.3%
Independent	336	55.3%	319	51.9%	-5.1%
Executive	0	0.0%	1	0.2%	-
Non-Board	58	9.5%	74	12.0%	27.6%
Total	608	100%	615	100%	1.2%



3. Enhancing Corporate Governance Compliance

In order to achieve the objectives of enhancing compliance with Corporate Governance regulations, raising awareness regarding the regulations, and improving the practices of listed companies and parties related to the capital market, CMA was keen, during 2021, on participating in several international and local forums and held several seminars and awareness workshops, including:

01

Panel Discussion
Meeting with King Fahd University of
Petroleum and Minerals under the title
“Company Governance – Overview”
Remotely

02

Workshop
Providing Support after Listing – Second
Quarter
Remotely

03

Workshop
Secretary of the Board of Directors of
Listed Companies
Remotely

04

Workshop
Best Corporate Governance Practices
with the UAE Securities and Commodities
Authority
Remotely

05

Workshop
Providing Support after Listing – Fourth
Quarter
Remotely

06

Workshop
Recent Trends in Corporate Governance of
Listed Companies with the UAE Securities
and Commodities Authority
Remotely

07

Workshop
Zakat Base for Listed Companies with the
Zakat, Tax, and Customs Authority
Remotely

08

Workshop
40th meeting of the Corporate Governance
Committee with the Organisation for
Economic Co-operation and Development
(OECD)
Remotely

09

Workshop
Asian Round Table for Corporate
Governance meeting with the
Organization for Economic Co-operation
and Development (OECD)
Remotely

06

Investors Protection

Section One: Investor Awareness

Section Two: Surveillance

Section Three: Investor Complaints and Reports, and Violations of Laws and Regulations Enforced by CMA

Section Four: Prosecution, Sanctions, and Penal Verdicts on Violations

Section Five: Requests Regarding Investors' Assets

Section Six: Registered Accounting Firms and Certified Public Accountants (CPAs)

06

Section One: Investor Awareness

1. Informational Programs
2. Investment Culture Programs

Ever since its establishment, CMA has given great attention and care to raising awareness and promoting an investment culture in securities. It aims to raise and strengthen awareness regarding laws and regulations issued by CMA Board and enhance the financial and investment culture with a view to increase confidence, knowledge, and the acquisition of skills needed to manage investment instruments, as well as enable the investor to take advantage of investment opportunities, grow and develop his/her investments, and inject available funds and savings into the capital market, all of which reflects positively on the performance of national economy. CMA also strives to protect investors through increasing awareness regarding risks the investor might be exposed to in the capital market as well as manipulative and misleading acts. Therefore, CMA has established several channels to raise investor awareness in the capital market through which it has implemented the following main programs:

1. Informational Programs



Press Materials

CMA issued a number of press and information articles and publications in the local, regional, and international media in both Arabic and English, in addition to issuing more than 1900 publications throughout social media platforms (Facebook, YouTube and Twitter).



Press News

Throughout 2021, CMA issued 203 statements and announcements (30 press releases and 173 announcements) posted on its website and shared with participants in the capital market through media, social media platforms, and the Saudi Stock Market "Tadawul" website. 600 articles and reports related to the Saudi financial market and legislations were spotted and evaluated in the local and international press.



Information Meetings

CMA held 34 information meetings with media outlets and 10 meetings with economic opinion columnists. CMA also participated in a number of information and awareness conferences, seminars, forums, and workshops and issued several periodic reports that monitor and analyse what is reported in media outlets and social media platforms regarding the capital markets.



Communication Campaigns

CMA launched more than 55 communication campaigns throughout 2021.

2. Investment Culture Programs

During 2021, and through both "Thameen" and "Smart Investor" awareness programs, CMA carried out the following cultural activities:



Publishing and Distributing Awareness Booklets

Through the "Thameen" program, CMA issued 10 new audio booklets during 2021.



Educational Campaigns Through Social Media Platforms

- During 2021, the Standing Committee for Awareness and Warning against the Activity of Trading with Securities in the Unlicensed Foreign Exchange Market (Forex) published 81 awareness messages through 4 awareness campaigns.
- Within "Thameen" and "Smart Investor" cultural programs, CMA produced 23 videos published on the CMA social media platforms during 2021.



Seminars and Workshops

- CMA held more than 40 awareness workshops.
- CMA organized the Annual Meeting of the Capital Market Institutions in coordination with the Capital Market Institutions Committee.
- CMA organized the sixth edition of (Financial Stability Seminar) in cooperation with the Ministry of Finance and the Saudi Central Bank.



University Meetings

Through its cultural program "Thameen", CMA organized 32 university meetings which included 17 universities.

06

Section Two: Surveillance

1. Surveillance of Trades
2. Listed Companies with Accumulated Losses of 20% or more of their Capital

1. Surveillance of Trades

Table No. (13): Prominent Developments of Surveillance of Trades and Transactions

Element	Number in 2020	Number in 2021	Change (%)
* Surveillance System Alerts	49,247	53,187	8.0%
Intensive Scans for Trades Suspected of Violating the Laws and Regulations Enforced by CMA	981	730	-25.6%
Surveillance Inquiries	194	156	-19.6%
Suspected Violations	19	16	-15.8%

* "Surveillance System Alerts" means referrals produced by the surveillance e-system on any suspected violation found in a security transaction

Table No. (14): Intensive Scans for Trades and Deals Suspected of Violating Laws and Regulations Enforced by CMA Classified by Source

Source of Intensive Scans	2020		2021		(% Change)
	Number	Out of Total (%)	Number	Out of Total (%)	
*Market Surveillance	332	33.8%	282	38.6%	-15.1%
**Alert	649	66.2%	448	61.4%	-31.0%
Total	981	100%	730	100%	-25.6%

* «Market Surveillance» is the detection, by a market monitoring unit officer, of suspicious activities within Capital Market trades, through direct monitoring and analysis.
 ** «Alert» means suspicious activities detected through signals generated by the SMARTS system when unusual trades occur.



2. Listed Companies with Accumulated Losses of 20% or More of their Capital

In order to enhance investors protection and develop procedures related to reducing capital market risks, CMA has implemented the procedures and instructions concerning listed companies of which accumulative losses amount to 20% or more of their capital, in light of the Companies Law issued by Royal Decree No. (M/3) dated 28/01/1437 H corresponding to 10/11/2015.

Table No. (15): Listed Companies with Accumulated Losses of 20% or more of their Capital in 2021*

Accumulated Losses (%)	Number
Companies with accumulated losses of 20% or more but less than 35% of their capital	14
Companies with accumulated losses of 35% or more but less than 50% of their capital	10
Companies with accumulated losses of 50% or more	7
Total	31

* Data regarding accumulated losses in 2021 was extracted from the interim financial statements for the 3rd quarter period ending September 30, 2021, because the timeframe for publishing the annual financial statements for 2022 ends on March 31, 2022, after the issuance of this report.


Section Three: Investor Complaints and Reports, and Violations of Laws and Regulations Enforced by CMA

1. Contact Center
2. Investors Complaints and Reports
3. Handling Investors Complaints
4. Taking Action against Violations of Laws and Regulations Enforced by CMA
5. Classification of Violations of Laws and Regulations Enforced by CMA

1. Contact Center

26,242

Communications received in 2021, including:



19,978
Phone calls


5,950
Emails


314
Communications on Social Media

17,971

Communications received in 2020, including:


14,897
Phone calls


2,893
Emails



181
Communications on Social Media


Official Channels for Receiving Reports and Complaints



Investor Protection Office
Riyadh – King Fahad Road – Capital Market
Authority Head Office


CMA Website
www.cma.org.sa


Email
Investor.Protection@cma.org.sa


**Investor Protection
Application for Smart Phones**


Download the application for Android:
<https://t.co/QecXlJVQVP>


Investor Protection Application for Smart Phones:
To download the application for IOS:
<https://itunes.apple.com/us/app/capital-market-authority-cma/id1269465692?mt=8>

2. Investor's and Financial Market Participants' Reports

In continuation of CMA efforts to protect investors, preserve market safety, and strengthen the confidence of capital market investors and participants, and since its inception, CMA has sought to remove the obstacles that might face submitters of complaints and reports. It has assumed the task of receiving investors' reports and complaints of suspected violations of the laws and regulations enforced by CMA and has provided several official channels to receive reports and complaints.

Table No. (16): Reports Classified by Subject

Element	Number in 2020	Number in 2021	Change (%)
Conducting Securities Activities without a License	803	687	-14.4%
Market Institutions Activities	298	125	-58.1%
Corporate Governance	322	198	-38.5%
Financial Statements	9	9	0.0%
Market Conduct	35	99	182.9%
Investment products and offering	6	20	233.3%
Anti-money laundering and combating terrorist financing	-	8	-
*Other	-	214	-
Total	1,473	1,360	-7.7%

* Complaints closed during the registration phase and prior to classification.

Table No. (17): Reports Classified by Reported Entity

Reported Entity	Number in 2020	Number in 2021	Change (%)
Capital Market Institutions	290	90	-69.0%
Listed Companies	323	167	-48.3%
Individuals	380	531	39.7%
Market Infrastructure institutions	19	29	52.6%
Unlicensed Entities Dealing in Securities	461	242	-47.5%
Capital Market Authority	-	9	-
Other	-	292	-
Total	1,473	1,360	-7.7%

3. Investors' and Financial Market Participants' Complaints

CMA is entrusted with the task of receiving complaints based on its functions and responsibilities stipulated in the CML, rules and regulations enforced by CMA, particularly its responsibility to protect investors in securities from unfair or unsound practices that may involve fraud, cheating, deception, or manipulation. For this purpose, CMA has taken several steps which include: opening multiple channels to receive complaints from investors, following up on violations of the CML and its Implementing Regulations, and investigating cases of violations of the same. CMA then acts as a public prosecutor against these violations before the Committee for the Resolution of Securities Disputes.

Table No. (18): Complaints Classified by Subject

Element	Number in 2020	Out of Total (%)	Number in 2021	Out of Total (%)	Change (%)
Agreements and Contracts between Investors and APs (Brokerage firms)	49	0.5%	77	0.5%	57.1%
IPO Subscriptions and Rights Issue	247	2.4%	628	4.4%	154.3%
Services Provided by Capital Market Institutions	2,670	25.7%	6,605	46.0%	147.4%
Investment Funds	159	1.5%	198	1.4%	24.5%
Investment Portfolios	652	6.3%	1,847	12.9%	183.3%
Execution of Securities Transactions	220	2.1%	223	1.6%	1.4%
Corporate Governance	1,214	11.7%	1,102	7.7%	-9.2%
Listed Companies Earnings	836	8.0%	924	6.4%	10.5%
Conducting Securities Activities without a License	987	9.5%	877	6.1%	-11.1%
Indemnification Requests Related to Violations of the CML and its Implementing Regulations	891	8.6%	1,317	9.2%	47.8%
Complaints not within CMA's Jurisdiction	47	0.5%	267	1.9%	468.1%
Other*	2,419	23.3%	307	2.1%	-87.3%
Total	10,391	100%	14,372	100%	38.3%

* Complaints closed during the registration phase and prior to classification.

Table No. (19): Complaints Classified by Reported Entity

Reported Entity	Number in 2020	Out of Total (%)	Number in 2021	Out of Total (%)	Change (%)
Market Institutions	4,304	41.4%	7,099	49.4%	64.9%
Listed Companies	2,963	28.5%	2,843	19.8%	-4.1%
Individuals	1,142	11.0%	1,131	7.9%	-1.0%
Capital Market Authority	190	1.8%	406	2.8%	113.7%
Unlicensed and non-listed Entities	1,319	12.7%	2,033	14.1%	54.1%
Tadawul Co.	295	2.8%	580	4.0%	96.6%
Securities Depository Center	178	1.7%	150	1.0%	-15.7%
Committee for resolution of securities disputes	0	0%	72	0.5%	-
Other	0	0%	58	0.4%	-
Total	10,391	100%	14,372	100%	38.3%

Table No. (20): Complaints Processed by CMA throughout 2021

Complaint Status	Number 2020	Number 2021	Change (%)
Under Process	694	995	43.4%
Settled	7,527	9,712	29.0%
Grievant Notified to Proceed with the Complaint to The Committee for Resolution of Securities Disputes (CRSD)	2,170	1,493	-31.2%
Other	0	2,172	-
Total	10,391	14,372	38.3%

Class-Action Lawsuits

A class-action lawsuit is a lawsuit through which a group of people file a lawsuit with collective foundations, facts, and requests. In 2021, CMA handled several class actions and granted permission to any allegedly injured party to take part in the resolution of securities disputes proceedings regulations within the prescribed time limits.



1,655 Applicants

class action related to the violations committed by senior executives and Board members of one of the listed companies.



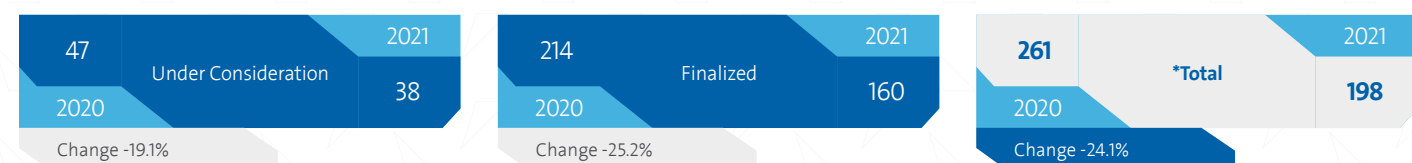
432 Applicants

class action filed against some Board members and employees of a company with cancelled listing.

4- Taking Actions against Violations of Laws and Regulations Enforced by CMA

Paragraph (c) of Article 5 of the CML stipulates that “For the purpose of conducting all investigations which, in the opinion of the Board, are necessary for the enforcement of the provisions of this Law and other regulations and rules issued pursuant to this Law, CMA members and employees designated by the Board are empowered to subpoena witnesses, take evidence, and require the production of any books, papers, or other documents which CMA deems relevant or material to its investigation. CMA shall have the power to carry out inspections of the records or any other materials, whoever the holder may be, to determine whether the person concerned has violated, or is about to violate any provision of this Law, the Implementing Regulations or the rules issued by the Authority”.

Taking Actions against Violations of Laws and Regulations Enforced by CMA



* Including cases from the same year and previous years.

5- Classification of Violations of Laws and Regulations Enforced by CMA

Table No. (21): Filed and Finalized Violation Cases of CML, Companies Law, their Implementing Regulations, and Anti-Money Laundering Law, Classified by Type*

Violation Type	Filed			Finalized **		
	2020	2021	Change (%)	2020	2021	Change (%)
Rules on the Offer of Securities and Continuing Obligations	24	24	0.0%	39	20	-48.7%
Corporate Governance Regulations	27	17	-37.0%	16	29	81.3%
Merger and Acquisition Regulations	0	0	-	0	0	-
Real Estate/Investment Funds Regulations	8	7	-12.5%	6	6	0.0%
Capital Market Institutions Regulations	39	25	-35.9%	43	22	-48.8%
Investment Accounts Instructions	0	1	-	0	1	-
Corporate Advertising Instructions	0	1	-	0	1	-
Market Conduct Regulations	21	18	-14.3%	14	21	50.0%
Securities Business Regulations	34	20	-41.2%	50	26	-48.0%
Rules for Registering Auditors of Entities Subject to the Authority's Supervision	2	7	250.0%	2	7	250.0%
Listing Rules	1	2	100.0%	1	1	0.0%
CMA Board Resolutions	3	3	0.0%	3	5	66.7%
CMA Circulars	7	7	0.0%	2	10	400.0%
Regulatory Rules and Procedures issued pursuant to the Companies Law relating to Listed Joint Stock Companies	0	1	-	0	0	-
Securities Central Counterparties Regulations	1	0	-100.0%	0	1	-
Companies Law	18	9	-50.0%	36	9	-75.0%
Anti-Money Laundering Law and its Implementing Regulations and Counter-Terrorist Financing Law and their Implementing Regulations	3	1	-66.7%	2	1	-50.0%
Total	188	143	-23.9%	214	160	-25.2%

* May include more than one violation in one case, hence the classification as per the most prominent violation.

** Including cases from previous years.

Section Four: Prosecution, Sanctions, and Penal Verdicts on Violations

1. Cases Pending before CRSD Filed against/by CMA
2. Cases Pending before other Judicial Authorities Filed against/by CMA
3. Statements of Claim and Defense in Cases Filed against/by CMA
4. Cases Filed against/by CMA with Final Judgements
5. Cases and Violations Referred by CMA to the Public Prosecution
6. Follow-up of the Enforcement of Sanction Decisions
7. Classification of Sanction Decisions Filed by CMA against Violators of Laws and Regulations Enforced by CMA
8. Financial Penalties against Violators of Laws and Regulations Enforced by CMA
9. Amounts awarded in prosecutions and civil claims issued by the peremptory decisions of the CRSD and ACRSD for Resolution of Securities Disputes

1- Cases Pending Before CRSD and Filed against/by CMA

CMA undertakes litigation for violation cases of laws and regulations enforced by CMA before the Committee for Resolution of Securities Disputes (CRSD), whether such violation cases are filed by or against CMA. CMA has the right to appeal CRSD's decisions before the Appeal Committee for the Resolution of Securities Disputes (ACRSD). Decisions issued by the ACRSD are deemed final and enforceable.

Table No. (22): Number of Cases Pending before the CRSD and ACRSD Filed against/by CMA, Classified by Type

*Case Type	CRSD		ACRSD	
	2020	2021	2020	2021
Violation of Market Conduct Regulations	0	2	0	0
Violations of Rules on the Offer of Securities and Continuing Obligations	2	2	0	0
Claims filed against CMA Board decisions or actions, instructions, and circulars issued by the Authority	3	8	0	6
Total	5	12	0	6

* Many cases mentioned in the previous annual report were deleted due to the transfer of competence for cases related to "Manipulation and Misleading Acts", "Conducting Securities Business without License", and "Insider Trading" to the General Prosecution, and the transfer of competence for the "Enforcement Lawsuit" to the Administrative Courts at Diwan al-Madhalim.

2- Cases Pending before other Judicial Authorities Filed against/by CMA

Table No. (23): Number of Cases Pending Before the Judicial Authorities Filed Against/by CMA

Judicial Body	Type of Case	Number of Cases	
		2020	2021
Administrative Court	Administrative/Enforcement	4	6
Enforcement Courts of the Ministry of Justice	Enforcement	1	1
General Court	Enforcement	0	1
Total		5	8

3- Statements of Claim and Defense in Cases Filed against/by CMA

CMA assumes preparation of statements of claim, defense, and appeal in cases filed against/by CMA.

Table No. (24): Total Number of Statements of Claim, Defense and Grievances in Cases Filed Against/by CMA

Statements of Claim/Defense/Grievances	2020	2021	Change (%)
Statements of Claim and Defense in Cases Filed by CMA	14	29	107.1%
Statements of Defense in Cases Filed against CMA	27	35	29.6%
Briefs of Appeal Against Decisions Issued by Relevant Judicial Bodies	9	7	-22.2%
Grievances against CMA Board Resolution	16	45	181.3%
Total	66	116	75.8%

4- Number of Cases Filed against/by CMA with Final Judgements

Table No. (25): Number of Final Judgments for/against CMA

Case Status	2020			2021			Total Change (%)
	Filed by CMA	Filed Against CMA	Total	Filed by CMA	Filed Against CMA	Total	
Final Judgment in Favor of CMA	4	10	14	4	5	9	-35.7%
Final Judgment Against CMA	1	0	1	0	0	0	-100%

5- Cases and Violations Referred by CMA to the Public Prosecution

The number of cases referred by CMA to the Public Prosecution, since the issuance of High Order No. (4690) dated 06/02/1435H, which transferred the powers of agencies and committees involved in the investigation and prosecution of criminal offences to the Public Prosecution, reached 193 cases up to the end of 2021, including 28 cases before the CRSD, 11 cases referred to the Public Prosecution and which are still ongoing, along with 154 settled cases.

Table No. (26): Number of Violations Referred by CMA to the Public Prosecution

Violated Article	2020	2021
Article (31): Violations Related to Conducting Securities Business/Transaction Without License	15	22
Article (49): Manipulation and Misleading Acts	10	13
Article (50): Insider Trading	1	5
Article (211) of the Saudi Companies Law	1	2
Total	27	*42

*Represents the number of violations referred by CMA to the Public Prosecution during 2021 and which reached 32 cases, considering that more than one violation could be included in one case.



6- Follow-up of the Enforcement of Sanction Decisions

CMA follows up the enforcement of resolutions issued by its Board, the interim decisions of imposing/ lifting provisional attachment issued by the CRSD and the final decisions issued by the CRSD and ACRSD against the violators of the laws and regulations enforced by CMA. This is carried out through the two following steps:

A- Notifying the violator and the bodies in charge of enforcing sanction decisions issued against the violator

B- Following up the enforcement of the sanction decision

Table No. (27): Enforcement of Sanction Decisions against Violators of Laws and Regulations Enforced by CMA Classified by Issuer

Decision Issuer	2020			2021		
	Number*	Enforced	Enforced (%)	Number**	Enforced	Enforced (%)
CMA Board	69	59	85.5%	82	64	78.0%
CRSD/ ACRSD	21	12	57.1%	24	6	25.0%
Total	90	71	78.9%	106	70	66.0%

*This number represents the decisions to be enforced throughout the year and that do not include the decisions issued during the 4th quarter of 2020, since their enforcement shall take place after the end of the year. Therefore, the numbers include the decisions issued during the 4th quarter of 2019 until the 3rd quarter of 2020.

**This number represents the decisions to be enforced throughout the year and that do not include the decisions issued during the 4th quarter of 2021, since their enforcement shall take place after the end of the year. Therefore, the numbers include the decisions issued during the 4th quarter of 2020 until the 3rd quarter of 2021.

7. Classification of Sanction Decisions Filed by CMA against Violators of Laws and Regulations Enforced by CMA

Table No. (28): Number of Violators of Laws and Regulations against whom Sanction Decisions have been issued for Enforcement in 2021*

Type of Violator	Number	Enforced	Enforced (%)	Under Follow-Up	Under Follow-Up (%)
Investor	137	86	62.8%	51	37.2%
Capital Market Institution/ Registered Person	34	32	94.1%	2	5.9%
Listed Company	12	12	100.0%	0	0.0%
Senior Executives	174	130	74.7%	44	25.3%
Total	357	260	72.8%	97	27.2%

*Decisions due to be enforced are the decisions issued during the 4th quarter of 2020 until the 3rd quarter of 2021.

Table No. (29): Number of Violations of the laws and regulations enforced by CMA and against which Sanction Decisions have been issued for Enforcement in 2021*

Law/Regulation	Number	Enforced	Enforced (%)	Under Follow-Up	Under Follow-Up (%)
Rules on the Offer of Securities and Continuing Obligations	23	22	95.7%	1	4.3%
Corporate Governance Regulations	104	74	71.2%	30	28.8%
Real Estate/Investment Funds Regulations	7	7	100.0%	0	0%
Capital Market Institutions Regulations	22	22	100.0%	0	0%
Market Conduct Regulations	130	82	63.1%	48	36.9%
Securities Business Regulations	14	10	71.4%	4	28.6%
CMA Board Resolutions	4	4	100.0%	0	0%
CMA Circulars	14	12	85.7%	2	14.3%
Companies Law	38	26	68.4%	12	31.6%
Anti-Money Laundering and Counter-Terrorist Financing Laws and Regulations	1	1	100.0%	0	0%
Total	357	260	72.8%	97	27.2%

*Decisions due to be enforced are the ones issued on the 4th quarter of 2020 until the 3rd quarter of 2021.

Table No. (30): Sanctions Issued by the CMA Board and CRSD

Sanction	2020		2021		Change (%)
	*Number	Out of Total (%)	**Number	Out of Total (%)	
Financial Penalty	159	82.4%	292	74.3%	83.6%
Banning from Brokerage Activity, Portfolio Management, Investment Advisory, or any Registrable Function	11	5.7%	26	6.6%	136.4%
Banning from Working in Listed Companies	11	5.7%	35	8.9%	218.2%
Banning from Buying Shares of Listed Companies	9	4.7%	40	10.2%	344.4%
Other***	3	1.6%	0	0.0%	-100.0%
Total	193	100%	393	100%	103.6%

*This number represents the decisions to be enforced throughout the year and that do not include the decisions issued during the 4th quarter of 2020, since their enforcement shall take place after the end of the year. Therefore, the numbers include the decisions issued during the 4th quarter of 2019 until the 3rd quarter of 2020.

**This number represents the decisions to be enforced throughout the year and that do not include the decisions issued during the 4th quarter of 2021, since their enforcement shall take place after the end of the year. Therefore, the numbers include the decisions issued during the 4th quarter of 2020 until the 3rd quarter of 2021.

*** Including administrative and cautionary sanctions.

8- Financial Penalties against Violators of Laws and Regulations Enforced by CMA

Table No. (31): Total Amounts of Financial Penalties and Fines Issued by CMA, CRSD, and ACRSD against Violators of Laws and Regulations Enforced by CMA, Classified by Type of Regulation

Type of Regulation	2020		
	Total Amounts Imposed (SR) 01/10/2019 – 30/09/2020	Total Amounts Collected in 2020 (SR) In pursuance of the decisions 01/10/2019 – 30/09/2020	Percentage of Collected from the total amount of fines
Rules on the Offer of Securities and Continuing Obligations	2,530,000	2,270,000	89.7%
Corporate Governance Regulations	2,530,000	1,350,000	53.4%
Real Estate/Investment Funds Regulations	60,000	60,000	100.0%
Capital Market Institutions Regulations	2,200,000	2,200,000	100.0%
Financial Adequacy Rules	20,000	20,000	100.0%
Market Conduct Regulations	62,105,279	27,578,662	44.4%
Securities Business Regulations	1,234,400	421,636	34.2%
CMA Board Resolutions	0	0	-
CMA Circulars	0	0	-
Companies Law	2,030,000	2,010,000	99.0%
Anti-Money Laundering and Counter-Terrorist Financing Laws and Regulations	200,000	200,000	100.0%
Total	72,909,679	36,110,298	49.5%

Type of Regulation	2021		
	Total Amounts Imposed (SR) 01/10/2020 – 30/09/2021	Total Amounts Collected in 2021 (SR) In pursuance of the decisions 01/10/2020 – 30/09/2021	Percentage of Collected from the total amount of fines
Rules on the Offer of Securities and Continuing Obligations	1,280,000	1,230,000	96.1%
Corporate Governance Regulations	5,950,000	2,160,000	36.3%
Real Estate/Investment Funds Regulations	1,965,000	1,965,000	100.0%
Capital Market Institutions Regulations	8,092,874	8,092,874	100.0%
Financial Adequacy Rules	0	0	-
Market Conduct Regulations	206,747,480	28,521,976	13.8%
Securities Business Regulations	1,020,000	690,002	67.6%
CMA Board Resolutions	140,000	140,000	100.0%
CMA Circulars	65,000	10,000	15.4%
Companies Law	5,250,000	1,942,500	37.0%
Anti-Money Laundering and Counter-Terrorist Financing Laws and Regulations	200,000	200,000	100.0%
Total	230,710,354	44,952,352	19.5%

Table No. (32): Total Amounts of Financial Penalties Issued by CMA and the CRSD and ACRSD against Violators of Laws and Regulations Enforced by CMA

Type of Violator	2020			2021		
	Total Amounts Collected (SR) In pursuance of the decisions -01/10/2019 – 30/09/2020	Total Amounts Collected (SR) In pursuance of the decisions -01/10/2020 – 30/09/2021	Percentage of Collected from the total amount of fines	Total Amounts Imposed (SR) 01/10/2020 – 30/09/2021	Total Amounts Collected in 2021 (SR) In pursuance of the decisions -01/10/2020 – 30/09/2021	Percentage of Collected from the total amount of fines
Investor	63,289,679	27,950,298	44.2%	206,067,480	27,711,978	13.4%
Senior Executives	6,690,000	5,440,000	81.3%	14,100,000	6,752,500	47.9%
Registered Person	300,000	300,000	100.0%	0	0	-
Listed Company	400,000	190,000	47.5%	190,000	190,000	100.0%
Capital Market Institution	2,230,000	2,230,000	100.0%	10,352,874	10,297,874	99.5%
Total	72,909,679	36,110,298	49.5%	230,710,354	44,952,352	19.5%

9- Amounts Awarded in Prosecutions and Civil Claims issued by the Peremptory Decisions of CRSD and ACRSD

Amounts awarded in prosecutions and civil claims issued by the peremptory decisions of the Committees for Resolution of Securities Disputes



SR **93,758,611.52**

Compensations in 2020

SR **366,711,547.05**

Compensations in 2021



SR **198,944.00**

Fees for case follow-up in 2020

SR **514,254.00**

Fees for case follow-up in 2021



SR **93,957,555.52**

Total amounts for 2020

SR **367,225,801.05**

Total amounts for 2021

Receivers of compensations awarded by the peremptory decisions of CRSD and ACRSD

445

compensated in 2020

553

compensated in 2021

Table No. (33): Amounts awarded in prosecutions and civil claims issued by the peremptory decisions of CRSD and ACRSD

Classification	2020	2021
Against Conductors of Securities Business/Transaction Without License	29,565,194.02	17,624,579.35
Against Violators of Market Conduct Regulations and article (49) of the Capital Market Law	17,442.00	274,396,207.52
Against Capital Market Institutions	36,706,167.00	17,863,239.82
Against Listed Company	24,644,330.02	13,241,854.84
Class-Action Lawsuits	2,454,558.87	40,214,110.73
Class-Action Lawsuits	370,919.61	3,371,554.79
Total	93,758,611.52	366,711,547.05

Ill-gotten gains and fines awarded issued by the peremptory decisions of CRSD and ACRSD



SR **210,346,220.91**

Ill-gotten gains in 2020

SR **23,102,102.87**

Ill-gotten gains in 2021



SR **37,129,400.00**

Fines in 2020

SR **3,735,000.00**

Fines in 2021



SR **247,475,620.91**

Total in 2020

SR **26,837,102.87**

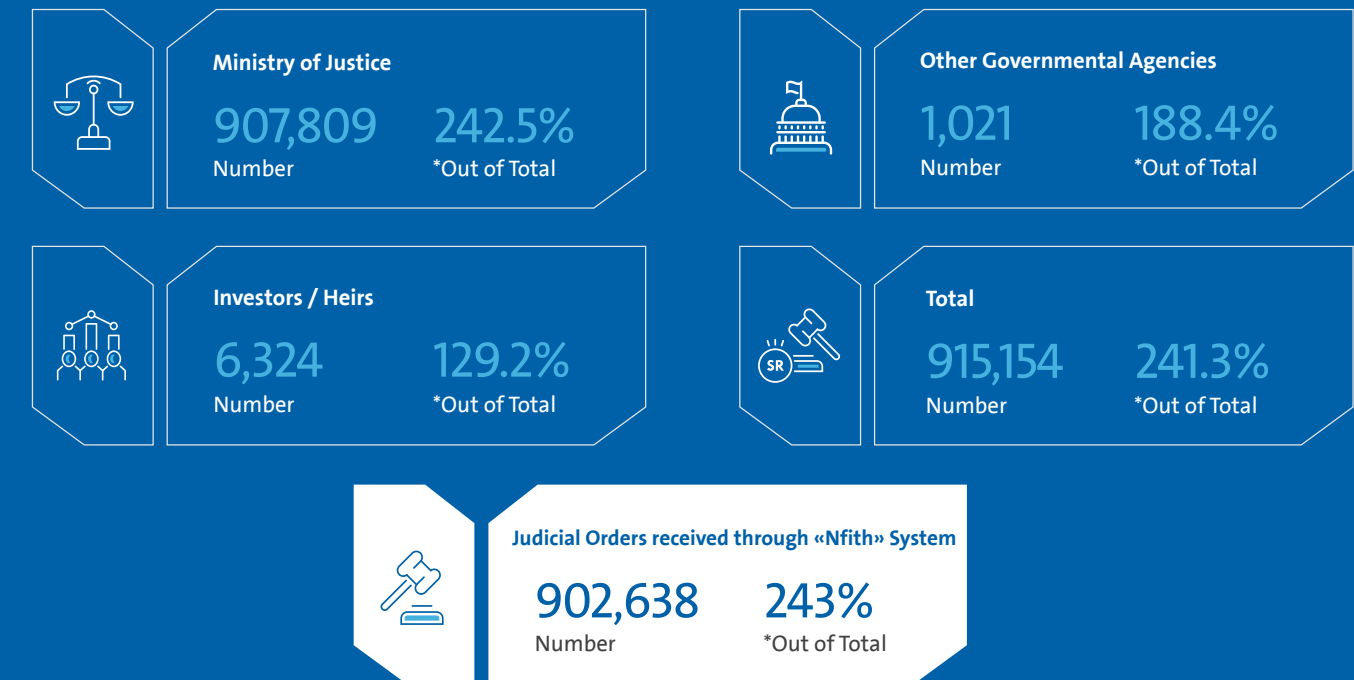
Total in 2021

06

Section Five: Requests Regarding Investors' Assets



Requests of Disclosure and Imposing/Removing Attachment and Enforcement Received by CMA in 2021 categorized by Requesting Party



*Percentage of Change compared to 2020

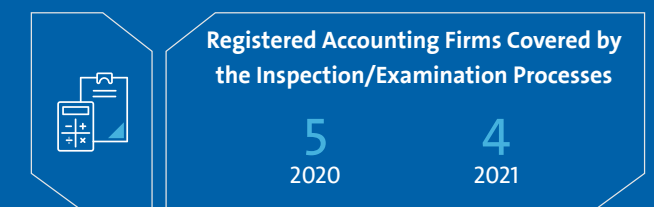
Table No. (33): Requests Received by CMA, Classified by Request Type

Request Type	2020	2021	Change (%)
Disclosure	4,680	11,141	138.1%
Attachment	171,831	657,111	282.4%
Removal of Attachment	91,245	245,437	169.0%
Distribution of Estate	49	72	46.9%
Sale	309	1,256	306.5%
Other	45	137	204.4%
Total	268,159	915,154	241.3%

06

Section Six: Registered Accounting Firms and Certified Public Accountants (CPAs)

As part of its role in regulating and developing the Saudi Capital Market, and in an attempt to make the Market's environment more stable by promoting transparency and disclosure, CMA started registering accounting firms and CPAs in 2019, in order to conduct audits for companies under its supervision. This took place after adopting Rules for Registering Auditors of Entities Subject to the Authority's Supervision, which aim at improving the quality of both: the audits and the information required from investors, hence facilitating access to it. This contributes to promoting transparency, enhancing investors' trust in disclosed information, and attracting institutional investors.



07

Securities Business Activities

Section One: Licenses

Section Two: Inspection and Financial Prudence

Section Three: Performance of Capital Market Institutions

Section One: Licenses

1. Authorization Decisions to Conduct Securities Business Activities
2. Credit Rating Licenses Classified by Practice Status
3. Special Purpose Entities (SPEs)
4. Financial Technology Products «Fintech» in the Saudi Capital Market
5. Labor Force in the Capital Market

1- Authorization Decisions of Securities Business Activities

Number of Authorization Decisions Classified by Type in 2021

New License

22
Number **214.3%**
% of Change

Amended License (add activity)

4
Number **0.0%**
% of Change

Amended license (cancellation activity)

5
Number **25%**
% of Change

Cancellation of License

4
Number **-33.3%**
% of Change

Revocation of License

1
Number **0.0%**
% of Change

Total

36
Number **63.6%**
% of Change

Number of licensed capital market institutions:

Total

106 **123**
2020 2021

2- Credit Rating Licenses Classified by Practice Status

Practicing

4 **4**
2020 2021

Non-Practicing

0 **0**
2020 2021

Total

4 **4**
2020 2021

3- Special Purpose Entities (SPEs)

Licenses for Special Purpose Entities in 2021

27
Entities for issuance of debt instruments

8
Entities for issuance of investment units, including an investment fund acting as a SPE.

***37**
Total

*Two licenses for 2 entities in 2020

4- Financial Technology Products «Fintech» in the Saudi Capital Market

In its concern to keep up with the rapid advances in the Financial Technology sector, CMA approved the update of the Financial Technology Experimental Permit Instructions in August 2021. The most important aspects of this Fintech update include the regulatory framework requirements after obtaining the permit and the control requirements within the timeframe of the permit and the Fintech Lab. The update also features a change in the mechanism of receiving current Fintech requests which allows receipt of Fintech permit requests throughout the year.

Batches of Financial Technology Experiment Permit Applications

	Third Batch	Fourth Batch	*Fifth Batch
Start Date	01/12/2019	01/10/2020	-
End Date	30/01/2020	30/11/2020	15/12/2021
Number of Applicants	44	58	95

*The Fintech instruction update include the mechanism of receiving requests.

Ongoing Fintech Permits

Since 2018, the number of Fintech permits reached 19 permits, with 4 Fintech models approved and granted permission by CMA, including 2 for automated financial consultant models and 2 for investment distribution and real estate investment funds. The number of ongoing licenses at the end of 2021 17 permits.

Permitted Financial Technology Model	2020	2021
Financing Collective Ownership	8	8
Robo-Advisor	3	*3
Introducing Debt Instruments and Investing in them	2	2
Adopting Distributed Ledger Technology (DLT) to Arrange and Preserve Securities	1	1
Social Trading	1	1
Distribution Platform of Investment Funds and Real-Estate Investment Fund	0	2
Total Number of Permits	15	17

*The temporary Financial Technology experimental permit (FinTech ExPermit) granted by CMA to Wahed Capital and Haseed Investing Company to experiment Robo-Advisory Service ended on 30/07/2021.

5- Labor Force in the Capital Market

The total number of employments in Capital Market Institutions reached 4.2%, with a Saudization percentage of 77% compared to 76.1% last year. The most prominent growth was witnessed in the number of Fintech employees with a percentage that exceeds 120%.

Employees Working in Capital Market Institutions

Institution	Number of Employees		Saudization Percentage	
	2020	2021	2020	2021
Capital Market Institutions	4395	4773	75.0%	77.3%
Capital Market Infrastructure Institutions	372	141	90.5%	89.7%
Licensed Fintech Companies	36	80	88.9%	72.3%
Credit Rating Agencies	*41	55	47.0%	26.0%
Total	4844	5049	76.1%	77.0%

*Initial numbers

Section Two: Inspection and Financial Prudence

1. Inspection
2. Financial Prudence
3. Anti-money Laundering (AML) and Counter-Terrorist Financing (CTF)

1- Inspection

Inspections conducted by CMA on financial market institutions included:

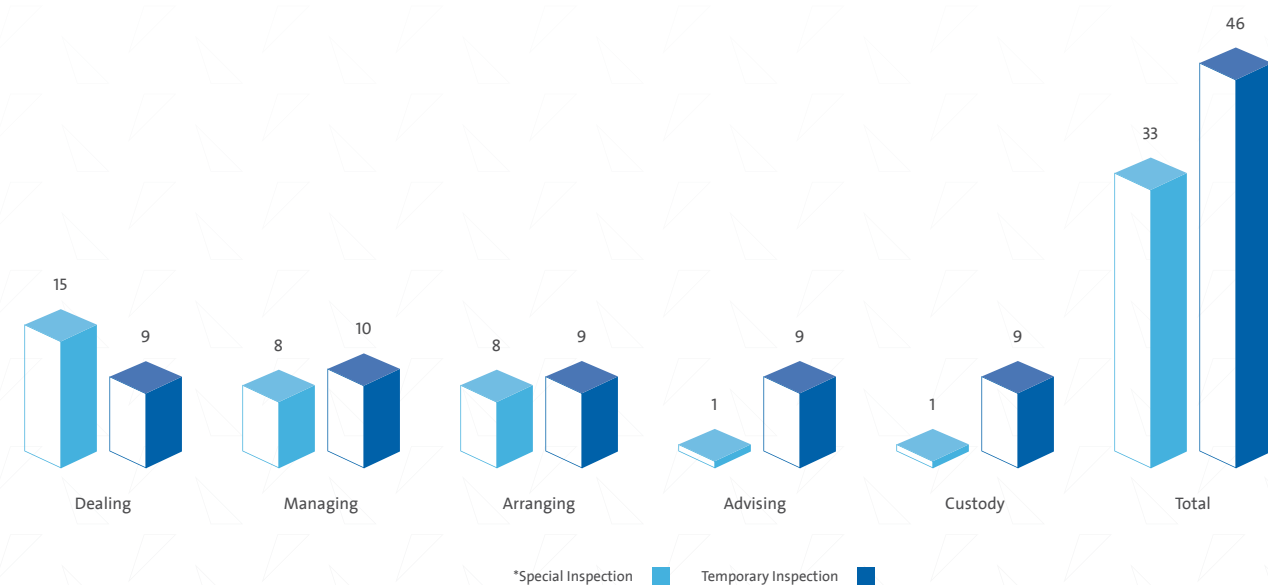
Type of License	Inspections in 2020	Inspections in 2021
Capital Market Institutions that were subject to Cycle Inspections	10	10
Capital Market Institutions that were subject to Cause Inspections	*36	**34
Capital Market Institutions that were subject to Limited Scope Inspections	3	4

*Included 103 cases and 5 field inspections

**Included 90 cases and 6 field inspections

Also, inspections conducted by CMA in 2021 featured 79 licenses, 43 cycle inspections, and 33 cause inspections.

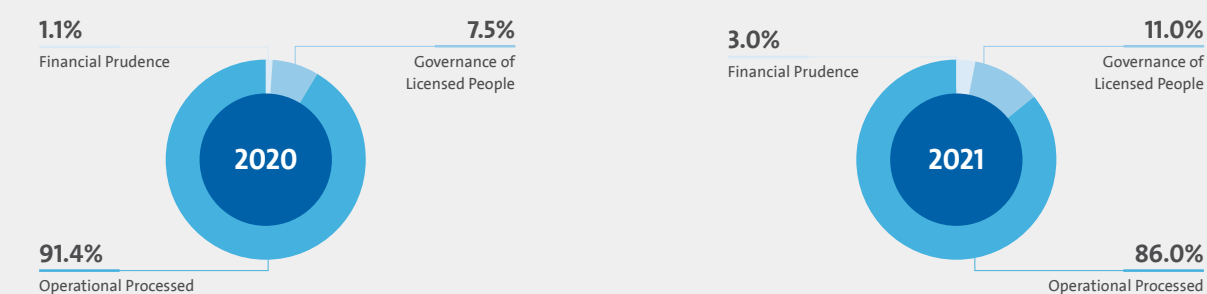
Chart No. (6): Licenses granted during Inspections in 2021



*The total does not include 57 inspection cases related to other aspects of work of the capital market institutions such as compliance to governance requirements and financial prudence etc.

The total number of cycle inspections of capital market institutions in 2021 resulting in several comments regarding their commitment to requirements and regulations enforced by CMA. Chart No. (7)

Chart No. (7) Observations of Cycle Inspections Classified by Subject



2- Financial Prudence

Capital Adequacy Positions of Capital Market Institutions

To monitor their capital adequacy, Capital Market Institutions were classified under two categories based on securities business activities:

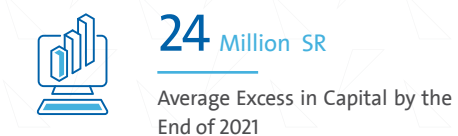
1- Capital Market Institutions Licensed to Engage in Dealing, Managing, and/or Custody Activities

Capital Adequacy Ratio Coverage for Capital Market Institutions Licensed to Engage in Dealing, Managing, and/or Custody Activities reached 2.16 at the end of 2021.

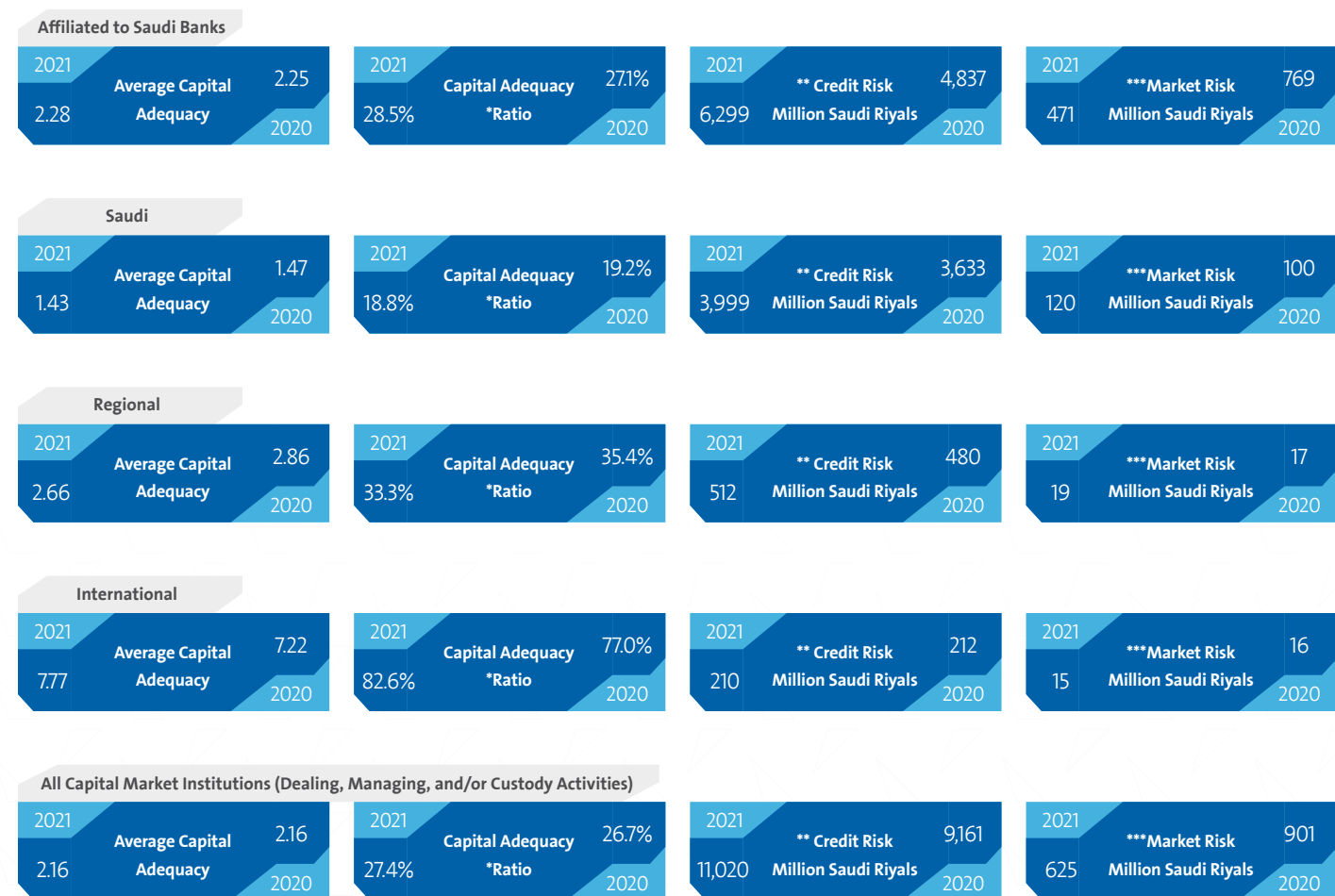


2- Capital Market Institutions Licensed to Engage in Arranging and/or Advising Activities

Prudential Rules require Capital Market Institutions practicing arranging or advising to maintain, at all times, shareholder equity of a minimum of SR 200 thousand and working capital that is sufficient for 3 months.



Capital Adequacy Requirements for Capital Market Institutions Licensed to Engage in Dealing, Managing, and/or Custody Activities Classified by Capital Market Institution Type



*Capital Adequacy ratio is presented based on Basel Accords.

** Risks arising from fluctuations in the credit standing of securities issuers counterparties and any debtors, to which Capital Market Institutions are exposed.

***Risks arising from changes in the volatility of market prices of assets, liabilities, and financial instruments, to which Capital Market Institutions are exposed.

Table No. (34): Capital Adequacy Requirements for Capital Market Institutions Licensed to Engage in Arranging and/or Advising* (Million Saudi Riyals)

Element	2020	2021
Working Capital	345	326
Total Excess in Working Capital	310	200
Average Excess in Capital	25	24

* Data includes Capital Market Institutions licensed to manage sophisticated investors' portfolios, manage private non-real estate investment funds, and practicing arranging and/or advising.

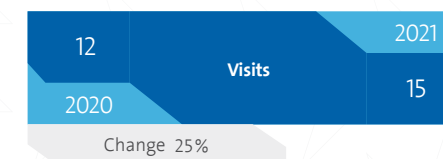
3- Anti-money Laundering (AML) and Counter-Terrorist Financing (CTF)

AML and CTF Activities Classified by Requesting Party



AML Law and its implementing regulations as well as CTF Law and its implementing regulations require gathering data and conducting field work and office visits, to ensure Capital Market Institutions compliance with these laws.

Periodic Inspection Visits Related to AML and CTF*



*in accordance with the risk assessment of AML and CTF

Section Three: Performance of Capital Market Institutions

1. Performance Indicators of Capital Market Institutions
2. Revenue Sources of Capital Market Institutions

1- Performance Indicators of Capital Market Institutions

Table No. (35) Capital Market Institutions Indicators (Million Saudi Riyals)

Item	Capital Market Institutions										Total	
	Saudi-Banks Affiliate		Local		Regional		International		Arranging and/or Advising*			
	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021
Paid-up Capital	6,100	5,850	5,783	5,771	1,796	1,796	2,667	1,796	318	333	16,664	16,488
Total Assets	21,332	28,151	8,312	8,900	2,018	2,133	3,495	3,444	433	476	35,591	43,104
Total Liabilities	5,089	8,724	2,066	1,940	266	319	752	413	72	117	8,245	11,512
Total Shareholder Equities	16,243	19,427	6,246	6,960	1,752	1,814	2,743	3,031	362	360	27,346	31,592
Revenues	5,428	6,090	1,367	2,184	258	435	598	737	131	202	7,782	9,615
Net Profits/ Losses	2,964	3,496	269	892	-49	106	59	185	10	30	3,253	4,708

2- Revenue Sources of Capital Market Institutions

Table No. (36): Revenue Sources of Capital Market Institutions (Million Saudi Riyals)

Revenue Source	Saudi-Banks Affiliate		Local		Regional		International		Arranging and/or Advising*		Total	
	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021
Dealing Activities	2,183	2,327.2	295	555.9	37	39.3	123	157.5	0	0.0	2,638	3,079.9
Asset Management	1,882	2,170.8	737	988.0	86	147.0	26	36.7	19	25.4	2,750	3,367.8
Investment Banking Services	544	559.2	128	172.1	100	183.7	97	221.3	48	61.4	917	1,197.6
Investments	394	566.8	171	302.5	40	-23.0	30	-7.6	2	0.8	637	839.6
Other	425	466.3	36	165.5	-5	87.9	322	329.3	62	81.5	840	1,130.3
Total	5,428	6,090.3	1,367.2	2,183.9	258	434.8	598	737.1	131	169.1	7,782	9,615.2

* Data includes Capital Market Institutions licensed to manage sophisticated investors' portfolios, manage private non-real estate investment funds, and engage in arranging and/or advising.

**CMA Financial
Disclosure**

CAPITAL MARKET AUTHORITY

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021
AND INDEPENDENT AUDITOR'S REPORT

Index of financial statements for the year ended 31 december 2021

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Independent auditor's report

To your excellencies and highnesses, the chairman and members of the board of directors of
Capital Market Authority
Riyadh- Kingdom of Saudi Arabia

Opinion

We have audited the financial statements of Capital Market Authority- ("the Authority") that include the statement of financial position as of 31 December 2021, and the statements of financial performance, changes in net assets and cash flows for the year ended, and a summary of significant accounting policies and other selected notes.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Authority as of 31 December 2021 and its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards Board ("IPSAS").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Authority in accordance with the professional code of conduct and ethics that are endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the financial statements and we have fulfilled our other ethical responsibilities in accordance with its requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information:

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Authority's Management and Those Charged with Governance for the Financial Statements:

The management is responsible for the preparation and fair presentation of the financial statements in conformity with IPSAS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate the Authority or to cease operations or has no realistic alternative but to do so.

The Audit Committee and the Board of Directors of the Authority are responsible for overseeing the financial reporting mechanism in the Authority

Auditor's Responsibilities for the Audit of the Financial Statements:

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Authority's management.
- Conclude on the appropriateness of Authority's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Authority to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

For Dr. Mohamed Al-Amri & Co.



Gihad Mohamed Al-Amri
Certified Public Accountant - Registration No. (362)

Riyadh – Saudi Arabia
Date: --- Sha'ban 1443 (H)
Corresponding: --- March 2022 (G)

CAPITAL MARKET AUTHORITY
STATEMENT OF FINANCIAL POSITION
(Saudi Riyals)

	Note	As of 31 December 2021	As of 31 December 2020
ASSETS			
Current assets			
Cash and cash equivalent	5	3,064,841,615	2,983,487,238
Receivables from exchange transactions	6-A	3,143,714	3,428,371
Receivables from non-exchange transactions	6-B	20,822,476	30,828,442
Employees imprest		12,003,043	10,478,534
Prepayments and other current assets	7	55,749,465	48,310,099
Total current assets		3,156,560,313	3,076,532,684
Non-current assets			
Non-current portion of employees imprest		24,591,804	17,836,496
Property and equipment	8	235,133,789	250,394,466
Projects in progress	9	1,695,854,219	1,695,533,499
Intangible assets	10	12,496,980	16,036,051
Total non-current assets		1,968,076,792	1,979,800,512
Total assets		5,124,637,105	5,056,333,196
LIABILITIES			
Current liabilities			
Accounts payable	11	9,156,019	4,973,252
Accruals and other current liabilities	12	102,126,676	100,046,777
Total current liabilities		111,282,695	105,020,029
Non-current liabilities			
End of service benefits provision	13	459,552,815	394,734,336
Total non-current liabilities		459,552,815	394,734,336
Total liabilities		570,835,510	499,754,365
Net assets			
Expenditure reserve	14	896,822,150	838,794,659
General reserve	14	1,469,075,664	1,305,320,093
Cash surplus	14	698,943,801	839,372,486
Accumulated surplus of revenue over expenses		1,488,959,980	1,573,091,593
Total net assets		4,553,801,595	4,556,578,831
Total net assets and liabilities		5,124,637,105	5,056,333,196

The accompanying notes from (1) to (22) form an integral part of these financial statements.

CAPITAL MARKET AUTHORITY
STATEMENT OF FINANCIAL POSITION
(Saudi Riyals)

	Note	For the year ended in	
		31 December 2021	31 December 2020
Revenues			
Stock trading commission	15	1,436,159,183	1,337,820,667
The CMA services and activities	15	134,544,059	121,979,941
Violations of Capital Market law and its implementing regulations	15	52,610,940	52,654,116
Deposits' returns	15	23,435,279	37,724,177
Total revenues		1,646,749,461	1,550,178,901
Expenses			
Employees' salaries and benefits	16	(531,204,687)	(481,223,293)
General and administrative expenses	17	(155,623,706)	(180,529,631)
Depreciation and amortization	10.8	(28,673,265)	(28,972,052)
Professional and consultancy services		(22,722,939)	(24,421,672)
Employees' training and scholarship		(38,517,730)	(16,861,931)
Total expenses		(776,742,327)	(732,008,579)
Other expenses, net		(302,174)	(2,982,804)
Net surplus over expenses for the year		869,704,960	815,187,518

The accompanying notes from (1) to (22) form an integral part of these financial statements.

CAPITAL MARKET AUTHORITY
STATEMENT OF CHANGES IN NET ASSETS
(Saudi Riyals)

	Note	Expenditure reserve	General reserve	Cash surplus	Accumulated surplus of revenue over expenses	Total
For the year ended 31 December 2020						
Balance at 1 January 2020		798,277,922	1,311,007,417	98,376,918	1,671,124,498	3,878,786,755
Transferred to the Ministry of Finance during the year	14	-	-	(98,376,918)	-	(98,376,918)
Net revenue surplus / (deficit) over expenses		-	-	-	815,187,518	815,187,518
Actuarial valuation differences	13	-	-	-	(39,018,524)	(39,018,524)
Transferred from expenditure reserve and general reserve to accumulated surplus over expenses		(798,277,922)	(1,311,007,417)	-	2,109,285,339	-
Cash surplus before reserves are created	14	-	-	2,983,487,238	(2,983,487,238)	-
Transferred to expenditure reserve	14	838,794,659	-	(838,794,659)	-	-
Transferred to general reserve	14	-	1,305,320,093	(1,305,320,093)	-	-
As at 31 December 2020		838,794,659	1,305,320,093	839,372,486	1,573,091,593	4,556,578,831
For the year ended 31 December 2021						
As at 1 January 2021		838,794,659	1,305,320,093	839,372,486	1,573,091,593	4,556,578,831
Transferred to Ministry of Finance during the year	14	-	-	(839,372,486)	-	(839,372,486)
Net revenue surplus / (deficit) over expenses		-	-	-	869,704,960	869,704,960
Actuarial valuation differences	13	-	-	-	(33,109,710)	(33,109,710)
Reverse of expenditures reserve and general reserve to accumulated surplus over expenses		(838,794,659)	(1,305,320,093)	-	2,144,114,752	-
Cash surplus before reserves are created	14	-	-	3,064,841,615	(3,064,841,615)	-
Transferred to expenditure reserve	14	896,822,150	-	(896,822,150)	-	-
Transferred to general reserve	14	-	1,469,075,664	(1,469,075,664)	-	-
As at 31 December 2021		896,822,150	1,469,075,664	698,943,801	1,488,959,980	4,553,801,595

The accompanying notes from (1) to (22) form an integral part of these financial statements.

CAPITAL MARKET AUTHORITY
STATEMENT OF CASH FLOWS
(Saudi Riyals)

	Note	For the year ended in	
	Note	31 December 2021	31 December 2020
Cash flows from operating activities			
Net revenue surplus over expenses for the year		869,704,960	815,187,518
:Adjustments			
Depreciation and amortization	10,8	28,673,265	28,972,052
losses /(Gains) from the sale of property and equipment and intangible assets		16,842	(1,199)
End of service benefits provision	13	51,712,423	50,213,962
Deposits' return	15	(23,435,279)	(37,724,177)
Changes in			
Receivables from exchange transactions		284,657	8,518,149
Receivables from non-exchange transactions		10,005,966	(8,414,247)
Advance payments and other current assets		(6,836,323)	(3,026,345)
Employees imprest		(8,279,817)	1,797,071
Accounts payable		4,182,767	(578,945)
Accruals and other current liabilities		2,079,899	3,642,296
End of service benefits paid	13	(20,003,654)	(16,989,599)
Proceed from deposits return revenues	5	22,832,236	46,379,477
Net cash generated from operating activities		930,937,942	887,976,013
Cash flows from investing activities			
Additions to property and equipment and projects in progress	9,8	(9,609,831)	(14,685,923)
Additions to intangible assets	10	(621,943)	(279,512)
Proceed from the sale of property and equipment		20,695	1,191,321
Net cash used in investing activities		(10,211,079)	(13,774,114)
Cash flows from financing activities			
Transferred to Ministry of Finance	14	(839,372,486)	(98,376,918)
Net cash used in financing activities		(839,372,486)	(98,376,918)
Net change in cash and cash equivalents during the year		81,354,377	775,824,981
Cash and cash equivalents at the beginning of the year		2,983,487,238	2,207,662,257
Cash and cash equivalents at the end of the year	5	3,064,841,615	2,983,487,238

The accompanying notes from (1) to (22) form an integral part of these financial statements.

1- ORGANIZATION AND PRINCIPAL ACTIVITIES

Capital Market Authority (“CMA”) was incorporated under “Capital Market Law” issued by Royal Decree (M/30) dated 2 Jumada’ II 1424H, corresponding to 1 August 2003G which stipulates that CMA shall be incorporated in the Kingdom of Saudi Arabia under the name of Capital Market Authority. CMA was incorporated and started to carry out duties assigned to it under Royal Decree A/114 dated 13 Jumada’ I 1425H, corresponding to 1 July 2004G by appointing the board of CMA.

CMA is a governmental body with financial and administrative autonomy and is directly linked to the Prime Minister. CMA is responsible for the issuance of the regulations, rules and instructions and the application of the provisions of the Capital Market Law in achieving the following:

- Regulate and develop the financial market.
- Regulate the issuance of financial securities and its control and dealing thereof.
- Regulate and monitor work and activities of entities that are subject to the supervision and control of CMA.
- Protect the public and investors of securities from unfair and unsound practices.
- Maintain fairness, efficiency, and transparency in transactions of securities.
- Regulate and control full disclosure of information related to securities and their issuers.
- Regulate the applications of attorney, purchase and public offering of stocks.
- Authorizing the establishment of a special purpose entity, organizing and monitoring its activities, and issuing the rules regulating this.
- Regulating mortgage of securities and implementing them.

Based on CMA Board Decision No. 2/5/2004 dated 23 Jumada’ II 1425 H (corresponding to 9 August 2004 G), the fiscal year of CMA begins on the eleventh day of Capricorn month each year, corresponding to 1 January and ends on the tenth day of Capricorn month of the following fiscal year, corresponding to 31 December.

The headquarters of the Authority is located in King Fahd Road, Riyadh, PO Box 87171. Riyadh 11642.

2- BASIS OF ACCOUNTING

The financial statements have been prepared in accordance with International Public Sector Accounting Standards (IPSAS) according to the decision of CMA’s board of directors.

The financial statements have been prepared under the historical cost convention using the accrual accounting principle and the going concern concept unless otherwise indicated. The statement of cash flows is prepared using the indirect method.

The financial statements are presented in Saudi Riyals (SR) which is the functional and presentation currency of CMA. The numbers are rounded to the nearest riyal unless otherwise stated.

3- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3-1 Presentation of assets and liabilities

CMA presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is classified under current assets when:

- a) an asset is expected to be sold or there is an intention to sell or depreciate it in the ordinary course of business of CMA; or
- b) an asset is mainly maintained for trading purposes; or
- c) an asset is expected to be sold within twelve month after the reporting date; or
- d) an asset is within the category of cash and cash equivalents unless it is forbidden to exchange the asset or use it to settle a liability within at least twelve month after the reporting date.

CMA classifies all other assets as non-current assets.

A liability is considered under current liabilities when:

- a) it is expected to be settled in the ordinary course of business of CMA; or
- b) it is acquired mainly for the trading purposes; or
- c) liability is expected to be settled within twelve month after the reporting date; or
- d) there is no right associated with a condition to defer the settlement of the liability at least twelve month after the reporting date. When selecting the counterparty, the settlement of the obligation by transferring it into equity does not affect its classification.

All other liabilities are classified as non-current liabilities.

3-2 Cash and cash equivalent

Cash and cash equivalents set out in the statement of financial position comprise cash at banks that are available in the form of treasury and deposits, which are readily convertible to known amounts of cash, can be called at any time, and are subject to an insignificant risk of changes in value and available without any restrictions.

3-3 Financial instruments

Financial assets

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 “Recognition and Measurement” are classified as financial assets at the initial recognition at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate.

CMA’s financial assets include cash and term deposits, receivables from the exchange and non-exchange transactions, and employees imprest.

subsequent measurement

The subsequent measurement of financial assets depends on their classification. All financial assets of CMA are included under category of “receivables and employees imprest and other receivables”.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

De-recognition

CMA derecognizes a financial asset or, where applicable, a part of a financial asset or part of a group of similar financial assets when:

- The rights to receive cash flows from the asset have expired, or
- CMA has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party; and either: (a) CMA has transferred all the risks and rewards of the asset substantially; or (b) CMA has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

CMA assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include the following indicators:

- The debtors or a group of debtors are experiencing significant financial difficulty,
- Default or delinquency in interest or principal payments
- The probability that debtors will enter into bankruptcy or other financial reorganization
- Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults).

CMA initially assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If CMA determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced by the use of an allowance account, and the amount of the loss is recognized in surplus or deficit. Loans together with the associated allowance are written off when there is a realistic prospect of future recovery, and all collateral has been realized or transferred to CMA. If in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or decreased by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to finance costs in surplus or deficit.

Financial liabilities**Initial recognition and measurement**

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate.

CMA determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, are added directly to transaction costs. The CMA's financial liabilities include payables from the exchange and non-exchange transactions.

Subsequent measurement

The measurement of financial liabilities depends on their classification. All financial assets of CMA are classified as loans and borrowings and are measured at amortized cost. Financial assets of CMA are subsequently measured at cost using the effective interest rate method.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

De-recognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in surplus or deficit.

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

Financial instruments at fair value

The CMA measures the fair values of financial assets and liabilities for purposes of recognition and / or disclosure. The CMA measures the fair value of a financial instrument using the reported price in an active market. If the market for the financial instrument is not active, the CMA determines the fair value using a valuation technique. The goal of using the valuation technique is to determine what the transaction price would have been at the date of measuring the exchange transaction between parties acting freely motivated by normal operating factors. Valuation techniques include the use of exchange transactions in the market between knowledgeable and willing parties who act freely - if any, using the current fair value of another largely identical instrument, discounted cash flow analysis, and option pricing models. The method of evaluation chosen depends on the maximum use of market inputs and the minimum possible inputs to the CMA. The valuation method takes into account all the factors that market participants should take into account when setting a price and is consistent with accepted economic methodologies for pricing financial instruments.

3-4 Property and equipment

Property and equipment are measured at cost less accumulated depreciation and accumulated impairment loss if any. Cost comprises of expenditure that is directly attributable to the acquisition of the assets. Depreciable property and equipment are depreciated by using the straight-line method.

When significant parts of property and equipment are required to be replaced at intervals, CMA recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the property and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized as expenses when incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration, the asset is measured at its fair value. Useful lives of assets depreciated are as follows:

	Years
Buildings	33,33
Decorations and improvements	5
Furniture and office equipment	10-5
Motor vehicles	4
Computers	3

The asset's residual value and its useful life are reviewed, and adjusted prospectively, if appropriate, at the end of each reporting year.

An asset's carrying amount is written down immediately to its recoverable amount, or recoverable service amount if the asset's carrying amount is greater than its estimated recoverable amount or recoverable service amount.

CMA derecognizes items of property and equipment or any significant part of assets upon disposal or when no future economic benefits or service potential is expected from its continuing use. Any gain or loss arising on the disposal of assets (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized in the net surplus or deficit when the asset is derecognized.

Projects in progress

Projects under construction is stated at cost less accumulated impairment loss if any. Cost is transferred to property and equipment when it is ready for their intended use, then the depreciation commences.

3-5 Intangible assets

Intangible assets acquired separately are initially recognized at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and any accumulated impairment losses.

The useful life of the intangible assets is assessed as either finite or indefinite.

Intangible assets with a finite life are amortized over their useful life as follows:

	Years
Software	5

Intangible assets with a finite useful life are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortization year and the amortization method, for intangible assets with a finite useful life, are reviewed at least at the end of each reporting year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization year or method, as appropriate, and are treated as future changes in accounting estimates. The amortization expense on intangible assets with a finite life is recognized in net surplus or deficit of the year as the expense category that is consistent with the nature of the intangible asset.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the net surplus or deficit for the year when the asset is derecognized.

3-6 Impairment of non-financial assets – non-cash-generating assets

CMA assesses at each reporting date whether there is an indication that a non-cash-generating asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, CMA estimates the asset's recoverable amount which is equal to the asset's fair value less costs of disposal or value in use, whichever is higher. To calculate the value in use, CMA follows the depreciation replacement cost approach.

Where the carrying amount of an asset exceeds its recoverable service amount, the asset is considered impaired and is written down to its recoverable service amount.

For each asset, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, CMA estimates the asset's recoverable service amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable service amount. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable service amount, nor exceeds the carrying amount, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in surplus or deficit.

3-7 Employees' benefits**Post-employment benefits****Post-employment benefits**

CMA has post-employment benefit plans which are defined benefit for its employees and are unfunded. The defined benefit obligations are redefined on a regular basis by the management of CMA using the projected credit unit method. The present value of defined benefit obligations are identified through discounting the estimates future cash flows using interest rates of high quality companies bonds denominated in the currency in which accruals shall be paid and contained terms approximate the related obligation terms. CMA has used approximates rates for governmental bonds. The net interest cost is calculated through applying a discount rate on net balance of defined benefit obligations and is included in employees' benefits account in statement of financial performance.

Re-measurement gains or losses resulted from settlement of experience and changes in actuarial assumptions are recognized in the statement of changes in net assets in the year that they occur. Changes in present value of the defined benefit obligations resulting from amendments or lines of plans are immediately taken to statement of financial performance for previous service cost.

Defined contribution plans

Pension and Social Security contributions are accounted for as payments for defined contribution plans and therefore are recognised as expenses when employees perform the services that give them the right to these contributions. These contributions are paid immediately, so they are measured at their undiscounted amounts.

Short-term employee benefits

This includes employee benefits that are expected to be fully settled within twelve months after the end of the financial statements year in which employees provide related services, and they include wages, salaries, and Risk and Social Security contributions in social insurance; paid annual leave and paid sick leave; and in-kind benefits (such as medical insurance, housing, and cars) for existing employees. When an employee provides a service to the CMA during the accounting year, the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service is recognised as (a) an obligation (accrued expense), after deducting any amount actually paid, and (b) an expense.

Employee benefits costs are recorded as expenses, unless a standard requires or permits to include such benefits in the cost of an asset.

3-8 Reserves

Pursuant to Article fourteenth of the Financial Market Law, CMA transfers, at each financial year the surplus from sources it charged to the Ministry of Finance after deducting all current and capital expenditure it needed (expenditure reserve) from cash surplus, and after making (general reserve) from the remaining cash surplus equal to double total of its expenditure set out in its previous annual budget.

3-9 Revenue**Revenue from non-exchange transactions****Fees, fines and penalties**

CMA recognizes revenues from fees when the event occurs, and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to future liability, a deferred income is recognized instead of revenue.

CMA recognizes revenues from fines and penalties on companies when the event occurs, while revenues from fines and penalties on individuals are recognized when revenues and time of their collection can be measured reliably, where revenues and time of their collection cannot be measured reliably, revenues are recognized when collected.

Trading commissions

CMA's share of trading commissions is recorded based on the notifications which are received from the Saudi Stock Exchange Company ("Tadawul") Commissions for trading in the main market of stocks are the largest part of trading commission income and CMA's share from the trading commission is 3.2 basis points from the total value of the Trading transaction (0.2 is related to stock trading in the primary market about awareness program at Tadawul).

It is worth noting that after changing the legal form of Saudi Tadawul Company to Saudi Tadawul Group Holding Company, there is no change in the contractual commitments between the two parties.

Revenue from exchange transactions**Rendering of services**

CMA recognizes revenue from rendering of services when the outcome of the transaction can be estimated reliably. Where the outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Revenue from deposits returns

Revenue from deposits is accrued using the effective interest method. The effective return discounts the estimated future cash gains during the expected life of the financial asset to the net carrying amount of that asset. This method applied the return on the balance of the principal amount to identify revenue of deposit at each year.

3-10 Leases

Leases are classified as operating leases that do not transfer all the risks and benefits incidental to ownership of the leased item to CMA substantially. Operating lease payments are recognized as an operating expense on a straight-line basis over the lease term.

CMA has no arrangements for finance leases.

3-11 Contingent liabilities

CMA does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements unless the possibility of an outflow of resources embodying future economic benefits is remote.

3-12 Contingent assets

CMA does not recognize a contingent asset but discloses details of a contingent asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of CMA in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related revenue are recognized in the financial statements of the year in which the change occurs.

3-13 Related parties

CMA regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over CMA, or vice versa. Members of key management, Tadawul company and financial academy are regarded as related parties and comprise the board members of CMA.

3-14 Foreign currencies

Transactions in foreign currencies are translated to Saudi Riyals at the ruling rate of exchange on the date of the transaction. Financial assets and liabilities denominated in foreign currencies if any are translated to Saudi Riyals at the rate of exchange ruling at the statement of financial position date. Gains and losses resulting from foreign currency exchange are included in the statement of financial performance.

3-15 Provisions

Provisions are recognized when there is a present obligation (legal or constructive) as a result of a past event; it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the management of CMA expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

3-16 New standards and amendments issued but not yet effective

The following is a statement of the new International Public Sector Standards issued but not yet effective up to the date of issuance of the financial statements. The Authority intends to follow these standards when their effective date applies.

International Public Sector Accounting Standard Standard No. (41) “Financial Instruments”

The objective of this standard is to establish principles for financial reporting in relation to financial assets and financial liabilities. The standard defines the classification of financial assets according to the cash flow characteristics of the financial instrument and the entity’s business model, the subsequent measurement is carried out according to the following classification: a) financial assets at amortized cost b) financial assets at fair value through net assets c) financial assets at fair value through surplus or deficit.

Financial liabilities are classified either at amortized cost or at fair value through deficit or surplus.

The standard provides a new approach to calculating impairment for financial assets based on the estimation of expected credit losses using historical credit loss experience adjusted for general economic conditions and assessment of conditions at the reporting date including the time value of money where appropriate.

The standard is effective on or after January 1, 2023, with early adoption permitted. As at the date of approving these financial statements, the Authority has not applied the standard and does not expect a significant impact upon its application.

International Public Sector Accounting Standard No. (42) “Social Benefits”

The objective of this Standard is to improve the relevance, appropriate presentation, and comparability of information when reporting social benefits as defined in the Standard. This Standard does not apply to cash transfers that are accounted for in accordance with other Standards.

Under the Standard, an entity measures the liability for a social benefit scheme at the present value of the best estimate of the costs (ie, discounted social benefit payments) that the entity will incur in fulfilling the current liabilities represented by the liabilities .

The standard will be effective on January 1, 2023, with early adoption permitted. As of the date of approving these financial statements, the Authority has not applied the standard and does not expect a significant impact upon its application.

International Public Sector Accounting Standard No. (43) “Leases”

Standard No. (43) provides lessees with a single model for accounting for lease contracts. The lessee recognizes a right-of-use asset that represents its right to use the related asset in addition to a lease liability that represents its obligation to make lease payments. There are optional exemptions for short-term leases and leases of low-value assets. The accounting method adopted by the lessor remains similar to the current standard, i.e. lessors continue to classify leases into finance or operating leases.

The standard shall be applied on or after January 1, 2025, with early adoption permitted if the entity applies Standard 41. As of the date of approval of these financial statements, the Authority has not applied the standard and does not expect a significant impact upon its application.

4- SIGNIFICANT JUDGMENTS AND ESTIMATES

The preparation of the financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the amounts of income, expenses, assets and liabilities, and the disclosure of contingent liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods

4-a Judgements

In the process of applying CMA's accounting policies, management has made judgments, which have the most significant effect on the amounts recognized in the financial statements.

Judgments related to projects in progress

The authority coordinates with the related parties to obtain an alternative building for the administrative headquarters of the authority, and in light of this it was one of the administration's judgments to continue to prove the property with its book value in projects under implementation until the memorandum of understanding is finalized and implemented.

Judgments related to cash and cash equivalents

The Authority has deposits with a maturity date of nine months, and the management believes that these deposits are easily convertible into cash and are not subject to changes in value. Accordingly, the Authority considered these deposits as cash equivalents.

Judgments related to Financial Academy

In light of Council of Ministers No. (538) dated 21 Shaaban 1441 AH corresponding to April 15, 2020 CE, approving the establishment of an academy in the name of the "Financial Academy" and in accordance with the second paragraph of the Academy's organizational arrangements, which stipulates that the Academy has legal personality and financial and administrative independence, the Commission has stopped proving revenues And the academic financial expenses in its financial statements. (Please see note 18-b).

Among the judgments of the authority's management was to consider that the Financial Academy is an entity not under the authority's control, since the Commission does not have existing rights that give it the current ability to direct related activities that greatly affect the nature or amount of benefits accruing from its participation with the Academy.

The Authority's management considers that the Financial Academy is a related party, as it is organizationally linked to the Chairman of the Board of Directors of the Capital Market Authority, as well as the fact that the Chairman of the Board of Directors of the Commission is the Chairman of the Board of Trustees of the Academy.

4-b Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below. The CMA based its assumptions and estimates on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the CMA. Such changes are reflected in the assumptions when they occur.

Estimates related to useful lives and residual values

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- The nature of the asset, its susceptibility, and adaptability to changes in technology and processes.
- The nature of the processes in which the asset is deployed.
- Availability of funding to replace the asset.
- Changes in the market in relation to the asset.

Impairment of non-financial assets and non-cash generating assets

CMA reviews and tests the carrying value of non-cash generating assets when events or changes in circumstances indicate that there may be an impairment in the future service potential that can reasonably be expected from the asset. Where indicators of possible impairment are present, the CMA undertakes impairment tests, which require the determination of the fair value of the asset and its recoverable service amount. The estimation of these inputs into the calculation relies on the use of estimates and assumptions. Any subsequent changes to the factors supporting these estimates and assumptions may have an impact on the reported carrying amount of the related asset.

Estimates related to provisions

Provisions are measured at the management's best estimate that required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

Estimates relating to assumptions measure employee defined benefit obligation

The cost of defined employees' benefits obligations and post-employment benefits are identified using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include identification of the discount rate, future salary increase, employees' turnover and mortality rates. Due to the complexity of valuation, key assumptions and its long-term nature make the obligations of the defined benefit highly sensitive to the changes in those assumptions.

CMA performs the actuarial valuation annually and assumptions are reviewed at each reporting date.

Estimates related to the impairment of trade receivables and employees imprest

CMA assesses employees' imprest and trade receivables from the exchange and non-exchange transactions at the end of each reporting year. In determining whether an impairment loss should be recorded in surplus or deficit, CMA evaluates the indicators present in the market to determine if those indicators are indicative of impairment in its employee's imprest and receivables.

Where specific impairments have not been identified, the impairment for trade receivables from an exchange and non-exchange transactions is calculated on a portfolio basis, based on historical loss ratios, adjusted by national and industry-specific economic conditions and other indicators present at The annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss in the emergence year.

5- CASH AND CASH EQUIVALENT

	31 December 2021	31 December 2020
Time deposits (5-a)	3,061,000,000	2,979,000,000
Cash at bank (Current accounts)	3,841,615	4,487,238
	3,064,841,615	2,983,487,238

(5-a) Time deposits represent the value of deposits with local banks that can be redeemed without restrictions or cost and at different interest rates.

As at 31 December 2021, the statement of financial performance has been charged with a total deposit return amounted to SR 23.4 million . (31 December 2020: SR 37.7 million).

6- RECEIVABLES

(6-a) Receivables from exchange transactions	As at 31 December 2021	As at 31 December 2020
Accounts receivables	635,492	2,045,154
Financial Academy (note 20)	2,508,222	1,383,217
	3,143,714	3,428,371

(6-b) Receivable from non-exchange transactions	31 December 2020	31 December 2020
Saudi Tadawul Group Holding Company (Tadawul) (Note 20)	20,284,556	30,762,769
CMA's customers	537,920	65,673
	20,822,476	30,828,442

7- ADVANCE PAYMENTS AND OTHER CURRENT ASSETS

	31 December 2021	31 December 2020
Prepaid expenses	48,907,364	43,660,797
Accrued deposits revenues	5,070,144	4,467,101
Advances to suppliers	-	16,215
Others	1,771,957	165,986
	55,749,465	48,310,099

8- PROPERTY AND EQUIPMENT

	Lands	Buildings	Decorations and improvements	Furniture and office equipment	Motor vehicles	Computers	Total for the year ended 31 December 2021	Total for the year ended in 31 December 2020
Cost								
As at 1 January 2021	114,700,000	132,300,020	85,827,730	77,786,553	1,280,000	48,825,673	460,719,976	470,767,370
Additions	-	-	579,352	1,230,264	-	646,339	2,455,955	5,651,412
Transfer from projects in progress	-	-	477,745	802,753	-	3,533,422	4,813,920	1,184,587
Disposals	-	-	(55,600)	(2,001,489)	(200,000)	(1,821,568)	(4,078,657)	(16,883,393)
As at 31 December 2021	114,700,000	132,300,020	86,829,227	77,818,081	1,080,000	51,183,866	463,911,194	460,719,976
Depreciation								
As at 1 January 2021	-	35,390,256	68,093,326	61,544,677	894,579	44,402,672	210,325,510	204,332,308
Depreciation	-	3,969,000	8,944,948	6,421,631	228,332	2,929,104	22,493,015	22,094,315
Disposals	-	-	(55,565)	(1,972,331)	(191,666)	(1,821,558)	(4,041,120)	(16,101,113)
As at 31 December 2021	-	39,359,256	76,982,709	65,993,977	931,245	45,510,218	228,777,405	210,325,510
Net book value								
As at 31 December 2021	114,700,000	92,940,764	9,846,518	11,824,104	148,755	5,673,648	235,133,789	
As at 31 December 2020	114,700,000	96,909,764	17,734,404	16,241,876	385,421	4,423,001	250,394,466	

9- PROJECTS IN PROGRESS

	Balance as at 1 January 2021	Additions	Transferred to fixed assets	Balance as at 31 December 2021
CMA's headquarter at Financial District (9-a)	1,690,626,849	-	-	1,690,626,849
Furniture and fixtures	1,111,288	169,209	(1,280,497)	-
Computer hardware and software and other fixtures	3,795,362	6,984,667	(5,552,659)	5,227,370
	1,695,533,499	7,153,876	(6,833,156)	1,695,854,219

(9-a) Projects in progress include building costs for the CMA's headquarter at King Abdullah Financial District in Riyadh. The Authority coordinates with the relevant parties regarding obtaining an alternative building, and until the date of the financial statements, there has not been a final agreement on this.

10- INTANGIBLE ASSETS

	For the year ended in 31 December 2021	For the year ended in 31 December 2020
Cost		
The balance at the beginning of the year	59,382,896	56,200,113
Additions	621,943	279,512
Disposals	-	(40,000)
Transferred from projects in progress	2,019,236	2,943,271
The balance at the end of the year	62,024,075	59,382,896
Amortization		
The balance at the beginning of the year	43,346,845	36,470,108
Amortization charged	6,180,250	6,877,737
Disposals	-	(1,000)
The balance at the end of the year	49,527,095	43,346,845
Net book value	12,496,980	16,036,051

11- ACCOUNTS PAYABLE

	As at 31 December 2021	As at 31 December 2020
Services suppliers	8,797,358	4,476,567
Others	358,661	496,685
	9,156,019	4,973,252

12- ACCRUALS AND OTHER CURRENT LIABILITIES

	As at 31 December 2021	As at 31 December 2020
Employees' accruals	82,140,866	72,503,404
Accrued expenses	17,879,445	22,980,809
Financial Academy accruals	1,131,109	3,155,901
Others	975,256	1,406,663
	102,126,676	100,046,777

13- END OF SERVICE BENEFITS PROVISION

The actuarial assumptions used in the account of provision for end-of-service benefits (an unfunded defined benefits plan) are as follows:

	31 December 2021	31 December 2020
Discount rate	2.85%	2.67%
Salary increase rate	5%	5%
Employee's turnover rates	7%	7%

The value expected for end-of-service based on the program for each staff is as follows:

- Future salary is expected on deemed rate for salary increase.
- Current actuarial value is identified using rules of the plan, deemed discount rate, mortality rates and employees' turnover rate.
- After such, defined obligation is allocated over years of service expected for the employee with identifying the expected obligation equally over each year of past service for calculating defined benefits obligation.

CAPITAL MARKET AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2021

(The amount is in Saudi Riyals, unless otherwise indicated)

The movement in the employees' defined benefit obligation is as follows:

	For the year ended in 31 December 2021	For the year ended in 31 December 2020
At the beginning of the year	394,734,336	322,491,449
Charged to the statement of financial performance	51,712,423	50,213,962
Paid	(20,003,654)	(16,989,599)
Losses from actuarial valuation	33,109,710	39,018,524
At the end of the year	459,552,815	394,734,336

The following is a sensitivity analysis of actuarial assumptions :

	Provision as at 31 December 2021	Change %
Basic assumptions	459,552,815	-
Discount rate basis +0.5%	433,820,782	(5.6%)
Discount rate basis – 0.5%	487,565,965	6.1%
The basis of the salary increase rate + 0.5%	485,564,225	5.7%
The basis of the salary increase rate – 0.5%	435,352,432	(5.3%)
The employee turnover rate 110%	453,941,623	(1.2%)
The employee turnover rate 90%	465,401,599	1.3%
The basis of the mortality rate 110%	459,267,671	(0.1%)
The basis of the mortality rate 90%	459,812,878	0.1%

The below table shows the projections of undiscounted liabilities for employees' end of service benefits for a period of five years based on assumptions and employee data used in calculating liabilities as of December 31, 2021:

Returns expected to be paid during the year	Amount
The year ending December 31, 2022	25,234,435
The year ending December 31, 2023	28,943,804
The year ending December 31, 2024	40,229,424
The year ending December 31, 2025	38,762,544
The year ending December 31, 2026	36,830,526

The Authority conducts the actuarial valuation of employee benefits at the end of each financial year.

CAPITAL MARKET AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2021

(The amount is in Saudi Riyals, unless otherwise indicated)

14- RESERVES

Article 14 of the Capital Market Law stipulates that the surplus resources collected by the Authority shall be transferred to the Ministry of Finance after the creation of reserves, which are:

Expenditure reserve equivalent to all current and capital expenditures, i.e. the Authority's budget for the next year, and as on December 31, 2021 AD, it amounted to 896,822,150 Saudi riyals (2020: 838,794,659 Saudi riyals).

General reserve equivalent to twice the total expenditures of the Authority shown in its previous annual budget, and as of December 31, 2021, it amounted to 1,469,075,664 Saudi riyals (2020: 1,305,320,093 Saudi riyals).

The reserves shown previously are formed as a deduction from the cash surplus, which equals the cash balance at the end of the year, and thus the movement in the cash surplus is as follows:

	Year 2021	Year 2020
Cash surplus before reserves are created	3,064,841,615	2,983,487,238
Less:		
Expenditure reserve	(896,822,150)	(838,794,659)
General reserve	(1,469,075,664)	(1,305,320,093)
Cash surplus balance	698,943,801	839,372,486

The Authority records the cash surplus in the net assets of the Authority. During the year 2021 G, the Authority transferred an amount of 839,372,486 Saudi riyals to the Ministry of Finance (2020: 98,376,918 Saudi riyals) from the cash reserve.

15- EXCHANGE AND NON-EXCHANGE REVENUES

All CMA's revenues are non-exchange revenues except for CMA services ,activities and deposits returns. Distribution of exchange and non-exchange revenues is as follows:

	For the year ended in 31 December 2021			For the year ended in 31 December 2020		
	Exchange	Non-exchange	Total	Exchange	Non-exchange	Total
Stock trading commissions	-	1,436,159,183	1,436,159,183	-	1,337,820,667	1,337,820,667
The CMA services and activities	4,703,750	129,840,309	134,544,059	8,837,946	113,141,995	121,979,941
Violations of Capital Market law and its implementing regulations	-	52,610,940	52,610,940	-	52,654,116	52,654,116
Deposits returns	23,435,279	-	23,435,279	37,724,177	-	37,724,177
	28,139,029	1,618,610,432	1,646,749,461	46,562,123	1,503,616,778	1,550,178,901

16- EMPLOYEES' SALARIES AND BENEFITS

	For the year ended in 31 December 2021	For the year ended in 31 December 2020
Salaries	201,777,918	184,276,035
Employees' allowances	124,700,878	105,578,869
Employees' bonus	56,841,553	51,977,801
End of service benefits	51,712,423	50,213,962
Medical insurance	35,537,076	33,197,084
CMA's share in saving program	26,303,568	22,474,293
Social insurance	26,116,078	25,161,205
Business trips and conferences	218,426	703,874
Others	7,996,767	7,640,170
	531,204,687	481,223,293

17- GENERAL AND ADMINISTRATIVE EXPENSES

	For the year ended in 31 December 2021	For the year ended in 31 December 2020
Expenses of awareness program in CMA	28,245,404	62,319,383
Subscriptions	29,974,420	25,334,562
Maintenance	25,885,087	26,164,367
Media and public relations	20,838,437	12,471,731
Utilities	17,977,257	19,101,964
Rentals	12,391,453	12,295,520
Committees members fees	9,963,154	7,810,682
Fresh graduates program	7,330,718	7,216,767
Operational contracts expenses	2,029,233	3,621,337
Others	988,543	4,193,318
	155,623,706	180,529,631

18- OTHER INFORMATION**18.a Awareness Program in Capital Market**

On 25 Jumada al-Awal 1438H (corresponding: 22 February 2017), CMA Board of Directors issued resolution No. (2-20-2017) which approved to designate 0.2 basis points of commission of trading share at the main market to financing CMA activities related to the Awareness program for Exchange Market to raise the financial, savings and investment culture of investors, develop the control systems of trading by authorized persons and to contribute in establishment and operation of the Financial Academy to be established. On 22 Rajab 1438 H corresponding: 19 April 2017 G CMA Board of Directors issued resolution No. (2-46-2017) Which approved the working regulations of the financing committee of the awareness program in the Saudi Stock Exchange.

The following is a summary of the program revenues and expenses:

	For the year ended in 31 December 2021	For the year ended in 31 December 2020
Balance of surplus program at the beginning of the year	81,989,119	34,832,780
Program revenues	87,629,888	82,258,234
Cash expenses of the program	(24,958,318)	(35,101,895)
Commitments	(9,703,319)	(1,144,267)
Balance of surplus program at the end of year	134,957,370	80,844,852

18.b The Financial Academy

On 15 January 2019 G, a cooperation agreement was signed between the Central Bank of Saudi Arabia («the Central Bank») (Previously the Saudi Arabian Monetary Agency) and the Capital Market Authority («the Authority») to develop a regulatory framework for cooperation regarding the operation of the Financial Academy, and it was agreed that the authority would assume the responsibility of supervising The academy, and based on that, the revenues and expenses of the academy appeared as an integral part of the financial statements of the authority, provided that the authority issues a report on the financial performance of the academy explaining its financial position. The two parties have agreed to cover any deficit in the estimated budget of the Academy equally, after exhausting the financial surplus, if any. The contribution of the Central Bank during the year ended 31 December 2021 amounted to about 16,5 million Saudi riyals (2020 G: SR 17 million).

The revenue and expenses of the Financial Academy have been discontinued in light of Council of Ministers Resolution No. (538) of 21 Shaaban 1441 H corresponding to 15 April 2020 G, which decided to establish the Financial Academy and approve its organizational arrangements, which means its separation from the Authority as an independent government entity.

19- COMMITMENTS**Capital commitments**

The capital commitments as of 31 December 2021 amounted to SR 4,4 million (31 December 2020: amounted to SR 1 million), with the total value of related contracts amounting to SR 15,97 million (31 December 2020: SR 12 million), while the used portion amounted to SR 11.54 million (31 December 2020: SR 11 million).

Operating lease commitments

CMA as a lessee

Future minimum lease payments under non-cancellable operating leases as at the end of reporting year:

	As at 31 December 2021	As at 31 December 2020
Within 1 year	1,255,940	1,441,406
More than 1 year, but not more than 5 years	1,042,521	656,535
	2,298,461	2,097,941

20- RELATED PARTY DISCLOSURES**20-1 Due from a related party**

Name of the related party	Nature of relation	Balance as at 31 December 2021	Balance as at 31 December 2020
Saudi Tadawul Group Holding Company (Tadawul) (Note 6-b)	Supervisory and organizational relationship	20,284,556	30,762,769
The Financial Academy (Note 6-a)	Regulatory relationship	2,508,222	1,383,217

20-2 Transactions made with the related party:

Name of a related party	Nature of transaction	Transaction values for the year ended in	
		31 December 2021	31 December 2020
Saudi Tadawul Group Holding Company (Tadawul)	CMA's revenues through stock trading	1,547,637,395	1,420,388,100
	Payments on behalf of the authority	8,361,696	13,444,838
The Financial Academy	Services commitments	1,131,109	3,155,901
	Revenues	9,069,421	959,583

The balance due from Saudi Tadawul Group Holding Company (Tadawul) represents mainly the uncollected amount that CMA charges for services related to the Saudi Stock Exchange up to the date of the statement of financial position. As fees requests, commissions for trading shares and other securities are issued, and collected by Saudi Tadawul Group Holding Company (Tadawul) on behalf of CMA, in addition to the annual fee for services provided by CMA related to the Saudi Stock Exchange.

In accordance with the CMA's Law and in order to apply Article 22, Saudi Tadawul Group Holding Company (Tadawul) is subject to the supervision of CMA in addition to the regulation relationship that represents the following:

- The regulations and rules of Tadawul, Edaa center, and Muqassa center - each as relates to it specifically are identified, in addition to the membership conditions and requirements of each.
- Tadawul, Edaa and Muqassa - each as relates to it specifically - shall present the names of the candidates for the membership of their boards of directors to CMA's Board to obtain its approval of their nomination before the shareholders' General Assembly elects them.
- The regulations and instructions approved by CMA's board determine the procedures related to holding meetings of boards of directors of Tadawul, Edaa, and Muqassa, the way of taking decisions therein, the conduct of their business plans, the powers and tasks entrusted to each of the board of directors and the executive director, and other related administrative and financial matters.

During 2021, the Saudi Tadawul Company decided to complete the reorganizing of its structure, which led to the company becoming a holding company in the name of Saudi Tadawul Group Holding Company and owning four of the main subsidiaries. The activities of the Authority related to the Saudi Tadawul Group Holding Company, whether related to trading commissions or others, are valid without modification and no change has occurred.

20-3 Key management personnel remunerations at CMA

	For the year ended in 31 December 2021	For the year ended in 31 December 2020
Short-term key management personnel benefits	8,138,984	8,296,385
End of service benefits	592,079	593,679
	8,731,063	8,890,064

The number of key management of the authority during the year was 5 employees (2020 G: 5 employees), all of them are working full time.

21- FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments comprise cash and cash equivalents, accounts receivable, other current assets, accounts payable and other current liabilities. To assess their fair value, it has assumed that they equal their carrying amount due to their nature and short-term maturity.

Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the assumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Authority.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The fair value measurement of non-financial assets takes into account the ability of market participants to achieve economic benefits through the best and maximum use of the asset or selling it to other market participants who use the asset in the best and maximum way.

CMA uses appropriate valuation methods according to the circumstances, and there are sufficient data on it to measure fair value, increase the use of observable inputs, and reduce the use of unobservable inputs.

All assets and liabilities that are measured at fair value or disclosed in the financial statements are categorized within the hierarchy of fair value levels mentioned below and based on the lowest level inputs that are significant to the fair value measurement as a whole:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, CMA determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting year.

Fair value

	As at 31 December 2021	As at 31 December 2020
Classification of financial instruments		
Financial assets at amortized cost		
Cash and cash equivalents	3,064,841,615	2,983,487,238
Receivables from exchange transactions	3,143,714	3,428,371
Receivables from non-exchange transactions	20,822,476	30,828,442
Employees imprest	36,594,847	28,315,030
	3,125,402,652	3,046,059,081
Financial liabilities at amortized cost		
Accounts payable	9,156,019	4,973,252
	9,156,019	4,973,252

The fair value of the financial assets and liabilities approximates their carrying value.

Risks

CMA is exposed to the following risks as a result of its use of financial instruments:

Interest rate risk

Financial instruments are exposed to the risk of changes in value as a result of changes in interest rates for variable interest rate financial assets and liabilities.

A possible change of 100 basis points in interest rates at the reporting date would have increased (decreased) financial performance by the amounts shown below. The analysis assumes that all other variables, remain constant.

CAPITAL MARKET AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2021

(The amount is in Saudi Riyals, unless otherwise indicated)

	Increase /(decrease) in basis points	Effect of increase/ (decrease) on the statement of financial performance
31 December 2021		
Cash and cash equivalents	+100	29,507,139
	-100	(29,507,139)
Employees imprest	+100	802,324
	-100	(833,405)
31 December 2020		
Cash and cash equivalents	+100	24,513,028
	-100	(24,513,028)
Employees imprest	-100	602,900
	-100	(602,900)

Foreign currency exchange risk

Currency risk represents the risk arising from the fluctuation of a financial instrument as a result of the change in foreign exchange rates. Since the Saudi riyal exchange rate is fixed against the US dollar, there are no significant foreign exchange risks. The Authority's management monitors currency exchange rates and believes that the foreign exchange risk is insignificant.

Liquidity risk

Liquidity risk is the risk that CMA will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk management process followed by CMA includes ensuring as possible from the availability of sufficient funds to meet its commitments as they fall due.

CMA does not have financial dues that exceed one year.

Credit Risk

Credit risk is the risk that one party to a financial instrument or customer contract will fail to discharge an obligation and cause the other party to incur a financial loss. For the financial assets classified in "loans and receivables" categories, the maximum exposure to credit risk is the carrying amounts of financial assets.

Credit quality for financial assets

Saudi Tadawul Group Holding Company represents the trade of the largest customer for CMA, and the balance due as of 31 December 2021 amounted to SR 20.3 million (31 December 2020: SR 30.8 million) recorded in the trade receivables.

CAPITAL MARKET AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2021

(The amount is in Saudi Riyals, unless otherwise indicated)

As at 31 December 2021, the ageing analysis of trade receivables from exchange transactions was as follows:

	As at 31 December 2021	As at 31 December 2020
Neither past due nor impaired less than 30 days	1,924,447	1,456,298
Past due from 31 - 90 days	1,219,267	369,466
Past due above 90 days	-	1,602,607
	3,143,714	3,428,371

As at 31 December 2021 the ageing analysis of trade receivables from non-exchange transactions was as follows:

	As at 31 December 2021	As at 31 December 2020
Neither past due nor impaired less than 30 days	19,449,128	29,103,067
Past due from 31 - 90 days	-	-
Past due above 90 days	1,373,348	1,725,375
	20,822,476	30,828,442

Management believes that the unimpaired amounts that are past due by more than 30 days are still collectable in full, based on historical payment behavior and extensive analysis of customer credit risk, including underlying customers' credit ratings if they are available.

CMA holds cash and cash equivalents of SR 3.06 billion at 31 December 2021 (31 December 2020: SR 2.98 billion) with banks having a sound credit rating.

22- APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were approved by the Authority's Board of Directors on 27/08/1443 AH (corresponding to 30/3/2022 AD).

09

Periodic Reports and Bulletins, and Statistic Annex

1. Available on CMA website: www.cma.org.sa
2. And in different file formats (open file) on the following link:
<https://cma.org.sa/Market/Reports/Pages/default.aspx>

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