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AUTORITÉ MAROCAINE DU MARCHÉ DES CAPITAUX









HIS MAJESTY THE KING MOHAMMED VI  
MAY GOD ASSIST HIM



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# Chairperson's Word



This 2016 annual report of the Moroccan Capital Markets Authority (AMMC) is the first to be published since the transformation of the Moroccan Securities Regulator (CDVM) into an Authority and my appointment by His Majesty the King Mohammed VI, may God assist Him. In accordance with the provisions of Dahir n°1-13-21 laying down Law n° 43-12, the report is submitted to the Head of Government.

The transformation of the Authority's status brought about significant changes to its organization as well as to its powers, which support and enhance its primary mission to protect investment savings. By doing so, my priority was to build the foundations of this new institution while ensuring the upholding of the spirit and the objectives that underpin this overhaul. As such, the bodies comprising the Authority, which include the Board of Directors and the Enforcement Committee, have henceforth been incorporated, and the work on the implementation of operating procedures is under way, particularly the AMMC General Regulations and the Rules of Procedure of the Enforcement Committee.

Also, aware of the implications of the "scaling up" of an independent Authority with extended powers, and in order to anticipate the developments of an increasingly dynamic market, lengthy discussions were undertaken to tackle the internal reorganization and the resizing of resources.

Capital markets have undergone structural reforms this year, particularly with the transformation of the AMMC and the demutualization of the stock exchange. In addition, there is a determination to diversify financial instruments (real estate investment funds, or OPCIs, Sukuks, financial derivatives, etc...) in order to further enhance the market's attractiveness and channel more savings.

These market dynamics are also reflected in the figures: 29% increase of market capitalization, 14% increase of UCITS' net assets, 40% increase in transaction volumes, 13% increase in public offering volumes, which stand at more than 64 billion Moroccan Dirhams.

Within this context, the AMMC has carried out its missions, consisting in supervisory and control functions exercised upon transactions and actors. It has authorized 9 securities transactions, approved 12 bond issues, authorized 10 transactions relating to public offerings carried out in Morocco and granted 112 UCITS authorizations. 14 inspections have been conducted. In terms of sanctions, the AMMC imposed 22 administrative sanctions based on the CDVM's operating rules. It should be noted that going forward, the sanctions procedure will involve the Enforcement Committee.

The AMMC has also launched several initiatives in favor of green finance, particularly the Marrakech Pledge, an action charter between the Authorities and the stock exchanges in support of sustainable finance, signed in the margins of COP22. The AMMC has also organized a conference on the promotion of green capital markets in the Global South.

On the international front, the AMMC has asserted its presence in the various financial markets regulatory bodies, and continuously strives for a greater integration of financial markets in Africa, an action which was namely consolidated by the signing of a Memorandum of Understanding with our Nigerian counterpart.

Over the course of 2017 and in the upcoming years, the AMMC will spare no effort to relentlessly carry out its primary mission to protect investment savings, and will continue to contribute to the development of capital markets and its contribution to our country's economy funding.

**Nezha HAYAT**

Chairperson and CEO





## FOREWORD

# THE TRANSITION FROM CDVM TO AMMC



The transition from the CDVM into the AMMC was enacted by the promulgation of Law n°. 43-12 by Dahir n°. 1-13-21, as published in the Official Journal of April 18th, 2013. This substantive evolution in the capital markets regulatory approach is part of a global dynamic driven by a dual urge.

On the international level, market regulation kept pace significantly with market and stakeholder changes, amid the growing development of operations and the significant increase of systemic risks. Hence, this underlines the need for implementing a comprehensive regulation with appropriate intervention means and greater independence regarding public authorities. It should be noted that the independence of regulators is considered as a basic principle of the International Organization of Securities Commissions (IOSCO), in terms of assessing the quality and the effectiveness of countries' regulation.

On the national level, the AMMC overhaul lines up with the Moroccan stock market Reform. The CDVM supported the first major reform of the 1990s. Thereupon, the focus was to set up the grounds for a modern market (dematerialization of securities, creation of market intermediaries, privatization of stock exchange management, creation of UCITS, etc.). Today, the AMMC is called upon to accompany the ongoing second major reform (demutualizing the stock exchange market, creating new markets, introducing new market participants, setting Casablanca as a regional hub, etc.). To this end, it endeavors to take the financial market to the next level, keeping up with the best standards and to boost its regional positioning.

This scale change requires essentially an evolution of the regulation, which must be adapted to a new risk mapping and built upon on different means of action. It becomes vital to endow the Authority with adequate operating tools for a comprehensive market overview. The AMMC new status is in line with this imperative through three key levers: a new governance pattern, an enhanced independence and extended prerogatives.

# 1. A NEW GOVERNANCE PATTERN

## 1.1 The appointment of Chairperson and CEO

The AMMC, as an independent authority, aligns itself with the best recognized internationally governing principles. It is duly managed by a Board of Directors, and headed by a Chairperson. The board of directors oversees the management of the AMMC's activities. As for the Authority Chairperson, he enjoys extended powers to duly fulfill his missions and to undertake the AMMC commitments towards the market. He also reflects the will of the Board of Directors as a governing body.

The Chairperson fulfills the AMMC missions, bearing various responsibilities, in particular:

- ◎ To Chair the Board of Directors and set its agenda;
- ◎ To prepare the AMMC annual budget and the subsequent amendments thereto;
- ◎ To structure the different AMMC departments and their respective functions;
- ◎ To represent the AMMC with third parties;
- ◎ To initiate investigations upon his decision or the Board of Directors' decision;
- ◎ To take all the executive and precautionary measures he deems necessary.

Furthermore, the AMMC Chairperson is vested with a coercive power over persons and organizations subject to the Authority oversight, as set out in Article 4 of Law n° 43-12. He has the prerogative to issue disciplinary and / or pecuniary penalties against offenders, or, appeal, after consulting the enforcement Committee, to the competent judicial authority in case of breaching legal provisions.

Ms. Nezha HAYAT is the first Chairperson and CEO to head the AMMC, as appointed by His Majesty The King Mohammed VI -May God Assist Him-, on February 6<sup>th</sup>, 2016.

## 1.2 Establishing a new Board of Directors

The AMMC Board of Directors is the supreme governance body. Its composition, prerogatives and operating mode are set out by the aforementioned Law n°. 43-12. It practically reflects the independence of the Authority's action. It ensures at the same time a balanced breakdown of power between members and the Chairperson.

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

## Members of the AMMC Board of Directors



- 1** Ms. Nezha HAYAT  
*AMMC Chairperson and CEO*
- 2** Ms. Faouzia ZAABOUL  
*Director of Treasury and Foreign Finance Department  
(Representing the Administration)*
- 3** Mr. Hassan BOUBRIK  
*President of ACAPS Authority of Insurance and Social Welfare  
(Representing the Administration)*
- 4** Ms. Hiba ZAHOU  
*Director of Banking Supervision Department  
(Representing Bank Al-Maghrib)*
- 5** Ms. Rachida BENABDELLAH  
*Appointed on an intuitu personae basis*
- 6** Mr. Abdelaziz TAZI  
*Appointed on an intuitu personae basis*
- 7** Mr. Soulaymane KACHANI  
*Appointed on an intuitu personae basis*

Subject to the powers expressly conferred to the Chairperson and the Enforcement Committee, the Board of Directors is vested with the necessary powers to ensure the AMMC management and to fulfill its assigned tasks. To this end, the Board:

- ◎ Approves the AMMC annual budget;
- ◎ Sets out the rules and procedures governing the Board and the AMMC staff;
- ◎ Examines the AMMC general regulation prior to its approval by the Administration;
- ◎ Examines the external auditor's report and decides on the observations;
- ◎ Sets the AMMC organization chart and the various departments tasks upon the Chairperson proposal;
- ◎ Appoints the external auditor carrying the AMMC accounts annual audit;
- ◎ Appoints the AMMC directors according to the appointment procedures related to high-ranking positions, as set by the Law;
- ◎ Adopts the Regulation specifying the rules and procedures of procurement system, in compliance with the provisions in force;
- ◎ Decides on the AMMC organization and general policy;
- ◎ May request the Chairperson to initiate an investigation as part of the AMMC missions.

## THE AMMC BOARD OF DIRECTORS ACTIVITY IN 2016

### Appointment of the Board of Directors members

The members of the AMMC Board of Directors were appointed upon the Minister of Economy and Finance decision on March 7th, 2016.

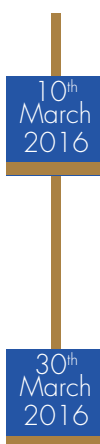


### Meetings of the Board of Directors held in 2016 and Main works

In 2016, the board of Directors of the Moroccan Capital Market Authority held four meetings, chaired by Ms. Nezha Hayat:

#### Board Meeting

- © Review of the financial report of 2015;
- © Approval of the appropriation of the result of the fiscal year 2015;
- © Review and approval of the AMMC General Regulation;



#### Board Meeting

- © Acknowledgement of the appointment of the AMMC Chairperson, the designation of the Board Members and the Chairperson's conferred powers;
- © Taking note of the appointment of the Enforcement Committee Chairperson and its members, in accordance with article 19 of the AMMC Law 43-12 ;



#### Board Meeting

- © Approval of the amending budget for the fiscal year 2016;
- © Appointment of the Audit Committee Chairperson;
- © Appointment of the AMMC Scientific Council Chairperson;

#### Board Meeting

- © Appointment of the auditor for 2016 to 2018 fiscal years;
- © Review of the AMMC Strategic Plan for the period 2017-2020;
- © Approval of the contribution to the State budget;
- © Approval of the fiscal year 2017 budget.



## 1.3 Setting out the Enforcement committee

The Enforcement committee is among the major evolution associated with the Authority new status. Breaking a new ground, coercive power is, henceforth, institutionalized with the establishment of a permanent, dedicated Committee. As for the AMMC organizational structure, this committee initiates independently investigations in case of breaches. This new mechanism ensures a full separation between the investigation powers of the Enforcement Committee and the Chairperson decision-making power, which ensures above all a higher level of fairness and impartiality.

The Enforcement committee is a collegiate body composed of two independent members and chaired by a magistrate. This composition guarantees the independence of the Enforcement committee in regard to the Board of Directors. It seeks to improve professionalism through the choice of independent members chosen for their legal and financial expertise as well as for their integrity while examining the defendants' files. The presence of a magistrate is meant to ensure a fair trial. To this end, the Enforcement committee shall examine the files and provide an opinion the Chairperson to serve as a ground in his decision-making.

The Enforcement committee is composed of three permanent members: a magistrate, appointed by the Minister of Finance on the proposal of the Minister of Justice, and two persons appointed on an *intuitu personae* basis, selected by the Board of Directors for their integrity and expertise in legal and financial areas.

### Members of the AMMC Enforcement committee



Mr. Hassan EL AFOUI  
*Magistrate*



Mr. Azzedine KETTANI  
*Appointed on an intuitu personae basis*



Mr. Abdeljalil CHRAIBI  
*Appointed on an intuitu personae basis*

### The Enforcement committee shall carry the following duties:

- © Examine facts that could lead to penalties issued by the AMMC Chairperson;
- © Propose to the AMMC Chairperson the corresponding disciplinary sanction following the examination of files;
- © Issue an opinion to the AMMC Chairperson, prior to appealing to the competent judicial authority, if necessary.

The Committee operating rules and the procedures of files examination are governed by the AMMC General Regulations and by the Committee Rules of Procedure. Pending the approval of the Regulation by the administration and its publication in the Official Journal, the Committee's functioning process upon its establishment and few actions were undertaken. To this end, the Committee members held meetings with AMMC staff to present the regulator's activities and its functioning mode, particularly in terms of controlling market participants and financial operations. Furthermore, The AMMC organized a visit of the Committee members to AMF France so as to meet the members of the French regulator's enforcement committee, to look into the operating procedures of this committee, and to attend to a committee public meeting dedicated to the examination of a case.

## 1.4 The Government Commissioner

The AMMC Act also introduces control undertaken by the Government Commissioner. The latter ensures the Authority compliance with the legislative provisions governing its activities. He attends on a consultative basis, the Board of Directors meetings.

The Government Commissioner is appointed by the Administration among the relevant senior officials of the Ministry of Finance.

## 2. REINFORCED INDEPENDENCE

According to the abovementioned Act n°. 43-12, the new organization enshrines the principle of independence of the Authority, which is mainly illustrated through the reorganization of the powers of the AMMC bodies and by the operational independence while exercising their prerogatives.

The transfer of the chairmanship of the Authority's Board of Directors to the Chairperson of the AMMC instead of the President of Government, or the delegated Minister, reflects the evolution of the Authority to be empowered with greater independence.

The organization of the AMMC bodies, namely the board of directors and the enforcement committee, lies within the scope of this approach.

The appointment and the dismissal terms of the Board members, concerning independent members, the duration of their office term and the limitation of their office term renewal are set by Law n°. 43-12. Their competence sphere is regulated by the administration.

The Chairperson appointment is set by the Organic Law n°. 02-12, dealing with the appointment of higher officials in accordance with the provisions of articles 49 and 92 of the Constitution. The AMMC Chairperson is appointed by His Majesty The King Mohammed VI -May God Assist Him-.

The Enforcement Committee which is the Authority second body is independent as well given its composition and its functioning mode.

At long last, this independence is enhanced through incompatibility rules of each body and management mode of conflicts of interest.

Moreover, it is important to note that organic independence includes functional independence, which is marked by a clearly defined competence-sharing. Thus, the aforementioned law n° 43-12 granted the Authority with independent bodies regarding their structure and their tight competences, in order to promote further progress in line with international standards, which focus on the greater independence of capital market regulators and on the strengthening and empowerment of the conferred powers.

Similarly, this development complies with the good governance principles of public affairs and of accountability. They are reflected within the new Constitution of July 30<sup>th</sup>, 2011, pursuant to the Royal High Directives. They strongly emphasize the need to establish the basis of good governance and to improve the quality of public services, as prerequisites of sustainable development's achievement.

### **3. EXTENDED PREROGATIVES**

The AMMC prerogatives have extended based on legal grounds as well in accordance with the diversity of legislative Laws in force. These new prerogatives cover market participants, financial products and activities.

#### **3.1 Market participants**

The new Law n°. 19-14 concerning stock exchanges, brokerage firms and financial investment advisers, as published in the Official Bulletin on September 19<sup>th</sup>, 2016, introduced new prerogatives. This law covers the Stock Exchange Managing Company setting new control prerogatives, endowing brokerage firms with a new accreditation process, and establishing financial investment advisers in charge of the registration and supervision terms.

The AMMC prerogatives were also extended under law 42-12 related to setting up futures market whose structure, includes the management company and the bargaining members, are subject to the AMMC oversight.

The new law n° 70-14 regarding the Real Estate Collective Investment Schemes "RECIS", published in the Official Journal of September 19<sup>th</sup>, 2016, and including new market participants, "RECIS" management companies or Real Estate appraisers, extended the AMMC's prerogatives over the said new market participants.

#### **3.2 Financial products**

As for the financial products, the AMMC covers the wide scope of financial instruments which is much more important than the securities scope. In this regard, a number of laws were adopted to set the creation and the operating of new range of instruments.

The RECISs, for example, are established by the aforementioned Law n°. 70-14, which allows the diversifying and the extension of collective investment undertakings (OPCs) to real estate products; of Sukuk certificates, provided by law n°. 19-14, or even products relating to Financial Futures Markets introduced by the aforementioned law n°.42-12.

As a result, the list of the financial instruments, as listed in Act n°. 44-12 concerning the public offerings and the required information of persons and entities making public offerings, was extended.

### 3.3 Activities

The new stock exchange law marks out the brokerage firms intermediation activities from financial investment advice activities carried out by Financial Investment Advisers (CIFs). This allocation shows a new regulation approach which deals also with the supervision structuring of actors achieved by the AMMC.

Furthermore, the AMMC action scope is no longer confined to the capital market, its participants, and its products, as provided previously by laws in force, published during 2016, it is extended to the scope initiated by the prerogatives deriving from these new texts.

The evolution towards the creation of the AMMC marks the undeniable maturity of the regulatory authority in regard with its organization, its mode of operation, and its present or future assigned duties.



## CHAPTER I

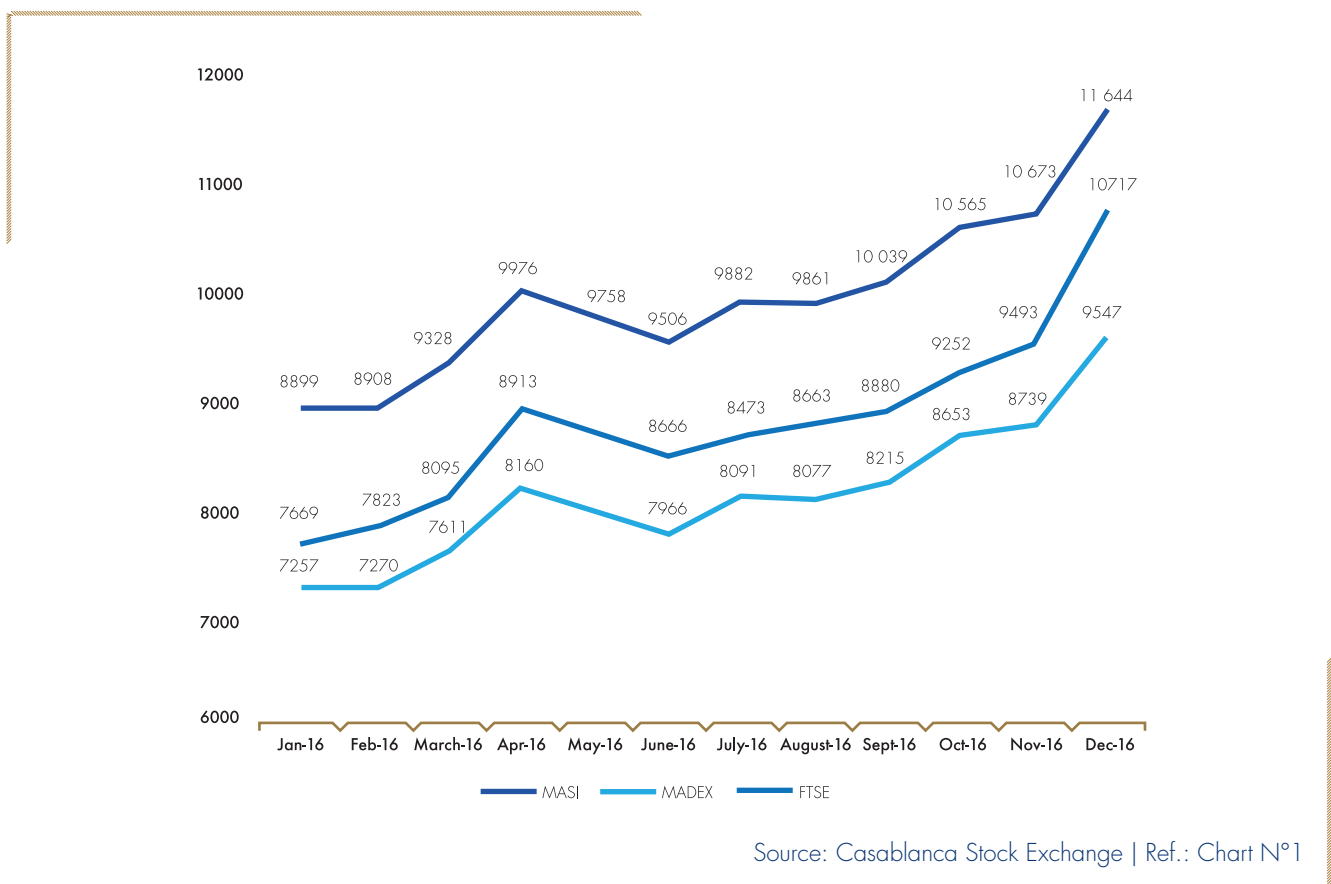
# AMMC AND ITS ENVIRONMENT IN FIGURES

# 1. STOCK MARKET

## 1.1 Indices Evolution

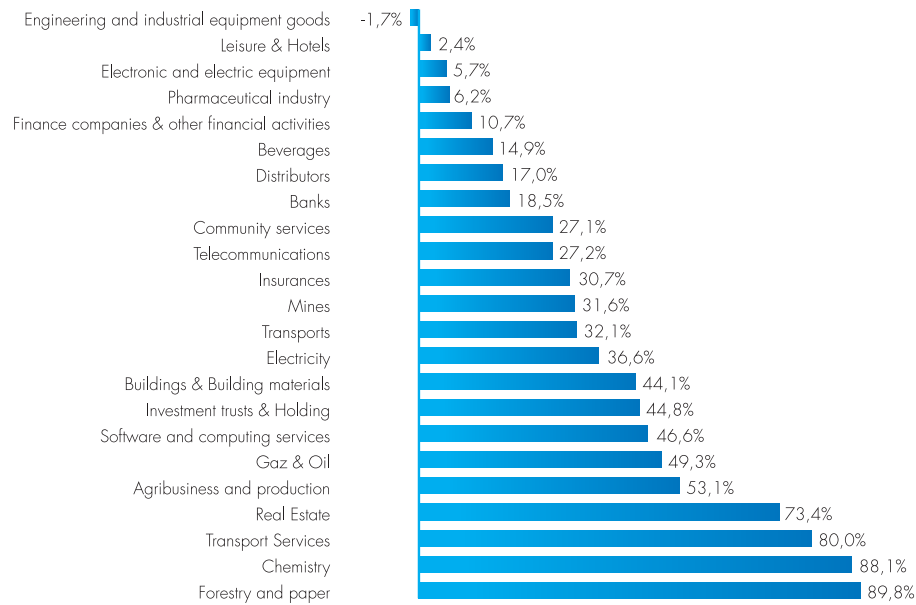
In 2015, the MASI witnessed a 7.2% downturn. However in 2016, it recorded an impressive annual performance of 30.46%. This increase was initiated particularly by the results carried out by listed companies and reflected by the low level of bond yields. Throughout this year, the benchmark index continued its rising trend line, with a growth peak of 11,930.94 points on December 23<sup>rd</sup>. The same trend applied to the FTSE CSE Morocco 15 and MADEX indices. They, respectively, ended the year with a positive performance of 44.36% and 31.59%.

Evolution of the MASI, MADEX and FTSE CSE Morocco 15 indices in 2016



As shown in chart 1, the benchmark index significant improvement is referred to the positive performance carried out by almost all the represented sector indices. Indeed, only the "engineering and industrial equipment" index reached an under-performance of 1.7% in 2016, versus a general values increase in other sectors.

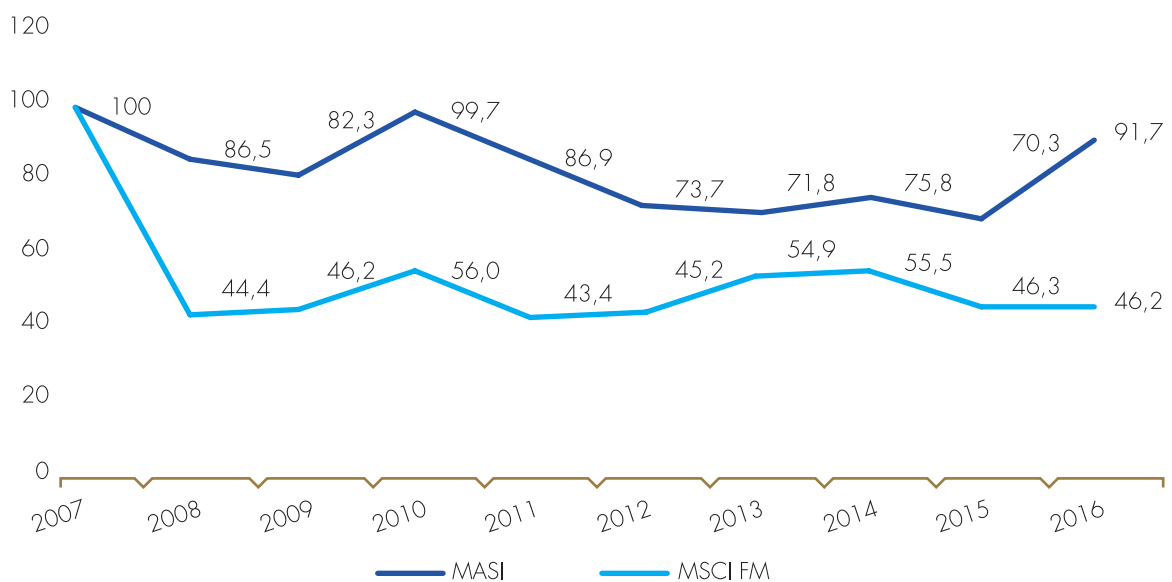
## Evolution of sectorial indices in 2016



Source: Casablanca Stock Exchange | Ref.: Chart N°2

The international markets were affected by an upward trend. But it is still much less pronounced. Thus, for example, the MSCI FM Border Markets Index, including the Moroccan market, stagnated in 2016, recording an annual performance of 3.16%. Similarly, the Emerging Markets (MSCI EM) and Advanced Markets (MSCI World) indices increased respectively by 11.19% and 10.73%.

## Evolution of the MASI and MSCI FM indices (Base 100 = 2007)



Source: Casablanca Stock Exchange | Ref.: Chart N°3

(1) The MSCI Frontier Markets (FM) Index covers the performance of 128 large and mid cap stocks in 30 stock markets of the so-called "frontier" countries. It is composed of the following countries: Argentina, Bahrain, Bangladesh, Burkina Faso, Benin, Croatia, Estonia, Guinea-Bissau, Ivory Coast, Jordan, Kenya, Kuwait, Lebanon, Lithuania, Kazakhstan, , Nigeria, Oman, Pakistan, Serbia, Senegal, Sri Lanka, Togo, Tunisia and Vietnam.

## Morocco in the international reference indices

The most used international indices count the MSCI indices. They are management tools developed and issued by Morgan Stanley Capital International Inc. Their role is to measure equity market performance of a sample of securities indexed together in sections to give a meaningful global view of a country, a geographical area, the company size, etc. The aim is to provide investors, especially institutional investors, exhaustive coverage of the relevant investment opportunity and allow fund managers to enjoy of a strong emphasis on index liquidity, investability and replicability thanks to a global geographic exposure.

Morgan Stanley Capital International (MSCI) index are the benchmarks that track the performance of global stock markets. They deal with listed equities in more than 80 countries and are the first most frequently benchmarked indices by international investors.

To be part of the countries tracked by one or more MSCI indices, a country must meet the conditions and the requirements of the MSCI that are based on a multi-criteria approach, both quantitative (capitalization, liquidity etc.) and qualitative (infrastructures reliability, easy market access for foreign investors, stability of the institutional framework, etc.).

Morocco is present within three MSCI indices, as well as in the MSCI Frontier Market Index, following its delisting from the MSCI Emerging Index in November 2013, with 10 stocks\* and a total weight of 7.54%.

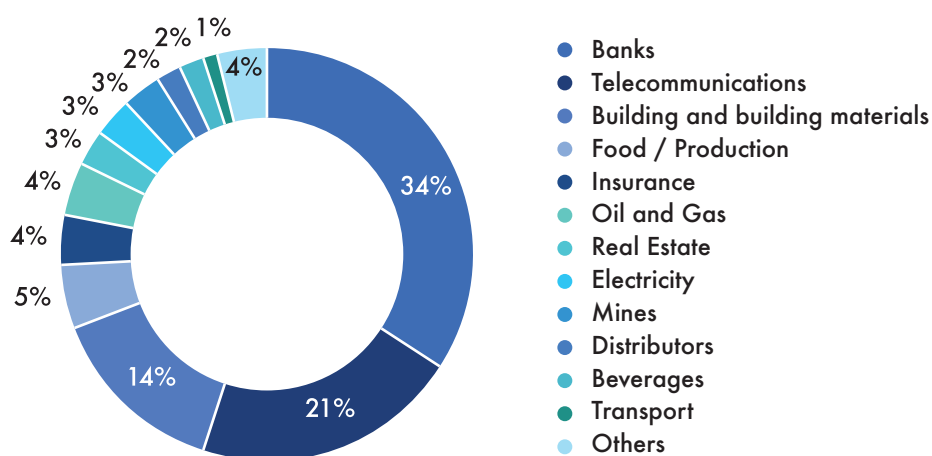
\* Itissalat Al Maghrib, Attijariwafa Bank, Lafargeholcim Maroc, BMCE, Addoha, Banque Centrale Populaire, Ciments du Maroc, Wafa Assurance, Taqa Morocco and Managem.

Ref.: Box N°1

## 1.2 Market Capitalization Evolution

Market capitalization experienced a growth of 28.6% from 453 billion MAD at the end of 2015 to 583 billion MAD at the end of 2016. This increase affected almost all sectors apart from engineering and industrial equipment sector. Besides price effect, this evolution is due to the initial public offering of Marsa Maroc and to the capital increase operations carried out by RISMA, Auto-Hall and LafargeHoclim Maroc.

### Breakdown of market capitalization per sector in 2016



Source: Casablanca Stock Exchange | Ref.: Chart N°4

## 1.3 Transactions volume and liquidity Evolution

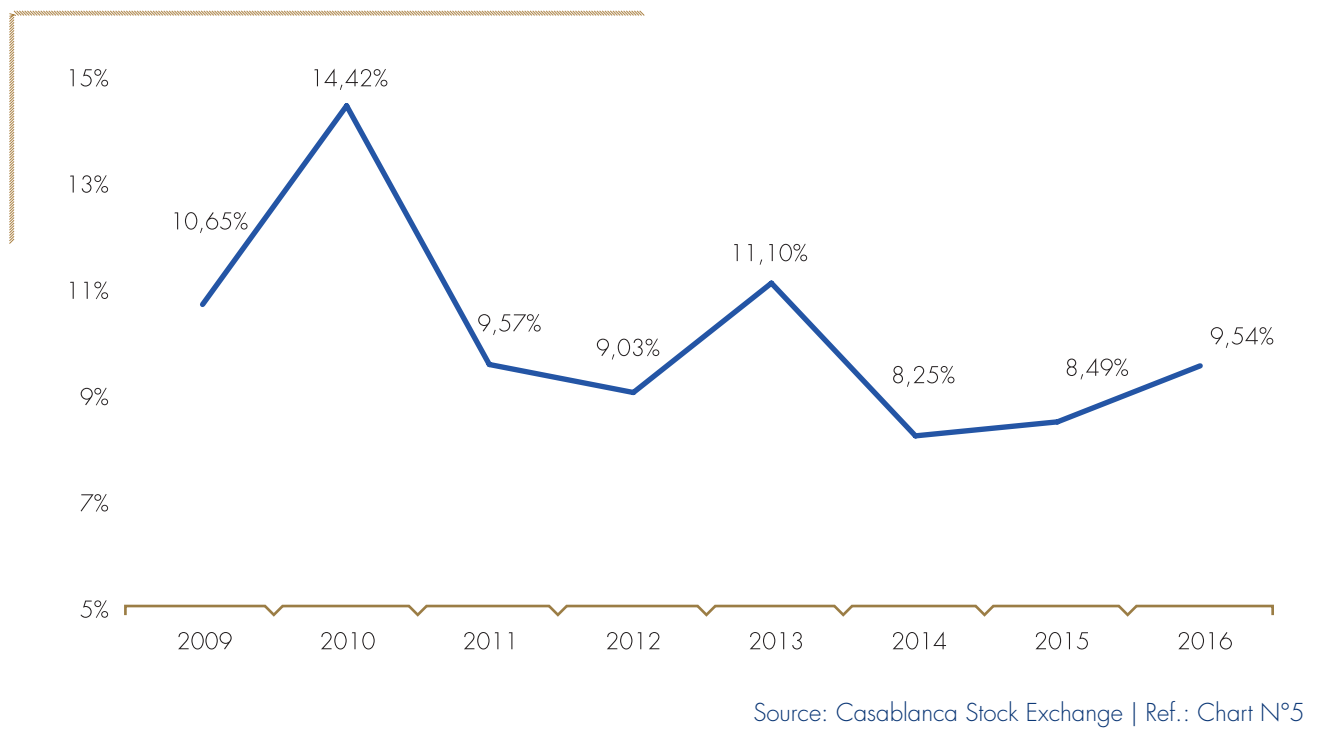
With a growth of 40% compared to 2015, the overall transaction volume increased to almost 72 billion MAD in 2016. This increase involved both the central market and the block market, with respectively 8.7 % and 47.6% compared to 2015. As shown in table 1, the relative market share of the central market in total transaction volume declined from 70% in the past two years to almost 63% in 2016.

### Evolution of transaction volumes per category (in millions of dirhams)

In millions of MAD	2012	2013	2014	2015	2016
<b>Equity Volume</b>					
1- Central Market	29 729	26 450	27 595	28 758	32 082
2- Block Market	12 470	22 101	11 816	11 751	18 379
<b>Total A = (1+2)</b>	<b>42 199</b>	<b>48 550</b>	<b>39 411</b>	<b>40 509</b>	<b>50 462</b>
3- IPOs	27	1 000	1 127	893	1 930
4- Share Contributions	2 063	644	2 493	923	4 798
5- Public offerings	177	45	675	2 408	440
6- Transfers	617	1 116	206	106	687
7- capital Increases	7 469	3 202	425	2 045	9 877
<b>Total B = (3+4+5+6+7)</b>	<b>10 353</b>	<b>6 008</b>	<b>4 926</b>	<b>6 376</b>	<b>17 732</b>
<b>I- Total Equity Volume (A+B)</b>	<b>52 552</b>	<b>54 558</b>	<b>44 336</b>	<b>46 885</b>	<b>68 193</b>
<b>Bonds volume</b>					
8- Central Market	3 205	2 171	3 355	2 690	2 121
9- Block Market	4 368	4 713	1 936	1 706	1 484
<b>Total C = (8+9)</b>	<b>7 572</b>	<b>6 884</b>	<b>5 291</b>	<b>4 395</b>	<b>3 605</b>
10- issuances	910	700	184	810	938
11- Share Contributions	0	0	0	1	0
<b>Total D = (10+11)</b>	<b>910</b>	<b>700</b>	<b>184</b>	<b>811</b>	<b>938</b>
<b>II- Total bonds volume (C+D)</b>	<b>8 483</b>	<b>7 584</b>	<b>5 475</b>	<b>5 206</b>	<b>4 543</b>
<b>III- Overall Total</b>	<b>61 034</b>	<b>62 142</b>	<b>49 811</b>	<b>52 091</b>	<b>72 737</b>

Source: Casablanca Stock Exchange | Ref.: Table N°1

## Evolution of stock market liquidity<sup>2</sup> ratio



As a result of the transaction volume increase, liquidity improved for the second consecutive year. In chart 5, the turnover rate reached, by the end of 2016, 9.54% 2016 versus 8.49% in 2015 and 8.25% in 2014.

## 1.4 Investors typology

### 1.4.1 On the Casablanca Stock Exchange central market

Casablanca Stock Exchange central market recorded a growth of 9% in 2016 compared to 2015, with an activity volume of 34.2 billion MAD.

For Investor profile diagnostic, Moroccan legal entities carried out 45% of the total transaction volume of the central market, followed closely by UCITS (27%), while foreign legal entities and Moroccan natural persons carried out respectively 13% and 11%.

#### Breakdown of Volumes of central market transactions by investor category

(excluding transfer operations, IPOs, Takeover bids and capital increases in cash)

	UCITS	Banking Network	Foreign natural persons	Foreign legal entities	Moroccan natural persons	Moroccan legal entities	Total
2015	23%	57%	5%	12%	0,30%	3%	100%
2016	27%	45%	11%	13%	0,40%	4%	100%

Source: Brokerage Firms | Ref.: Table N°2

<sup>2</sup> The liquidity ratio is a moving average of the monthly volume (not doubled) of the central and block markets, relative to the end-of-month capitalization, calculated on a rolling year.

This development is the result of a sharp increase of transactions registered by Moroccan natural persons doubled in 2016, at purchasing and selling, increasing by 11% versus 5 % in the previous year. UCITS also experienced an appreciation of 4 percentage points from 23% to 27%, and foreign legal entities registered an increase of 35% of their purchasing volumes, while their share in the overall market volume remained relatively stable by passing from 12% to 13%.

### Market volume Breakdown of purchases and sales by investor category in the central market (in millions of dirhams)

(Excluding transfer operations, IPOs, public offers and capital increases in cash)

	PURCHASE			SALE		
	2015	2016	Variation	2015	2016	Variation
UCITS	7.337,64	10.099,99	38%	7.027,71	8.157,41	16%
Moroccan legal entities	18.686,19	15.455,53	-17%	17.212,37	15.535,77	-10%
Moroccan natural persons	1.552,47	3.327,29	114%	1.665,24	3.893,97	134%
Foreign legal entities	3.597,19	4.849,23	35%	4.035,53	3.983,12	-1%
Foreign natural persons	79,96	123,03	54%	113,22	141,01	25%
Banking network	194,23	347,98	79%	1.393,61	2.491,77	79%
<b>TOTAL</b>	<b>31.447,68</b>	<b>34.203,05</b>	<b>9%</b>	<b>31.447,68</b>	<b>34.203,05</b>	<b>9%</b>

Source: Brokerage firms | Ref.: Table N°3

#### 1.4.2 Casablanca Stock Exchange Foreign investments

As of December 31st, 2016, the stock's value of foreign investors and Moroccans living abroad listed shares experienced an increase of 23% from 155.86 billion MAD in December 2015 to 192.36 billion MAD in 2016. While market capitalization stood at 32.97%, slightly down compared to (34.38%) in 2015.

The listed shares of Foreign investment was carried out as strategic investments. The segment market of this category in the overall amount remained almost identical to that of December 2015 at 91.60%.

Moreover, the floating share of foreign capital invested in the Casablanca Stock Exchange realized 2.77% of the total market capitalization and 12.13% of the floating capitalization.

## Typology of investments by foreigners and Moroccan living abroad in Moroccan listed shares (in millions of dirhams)

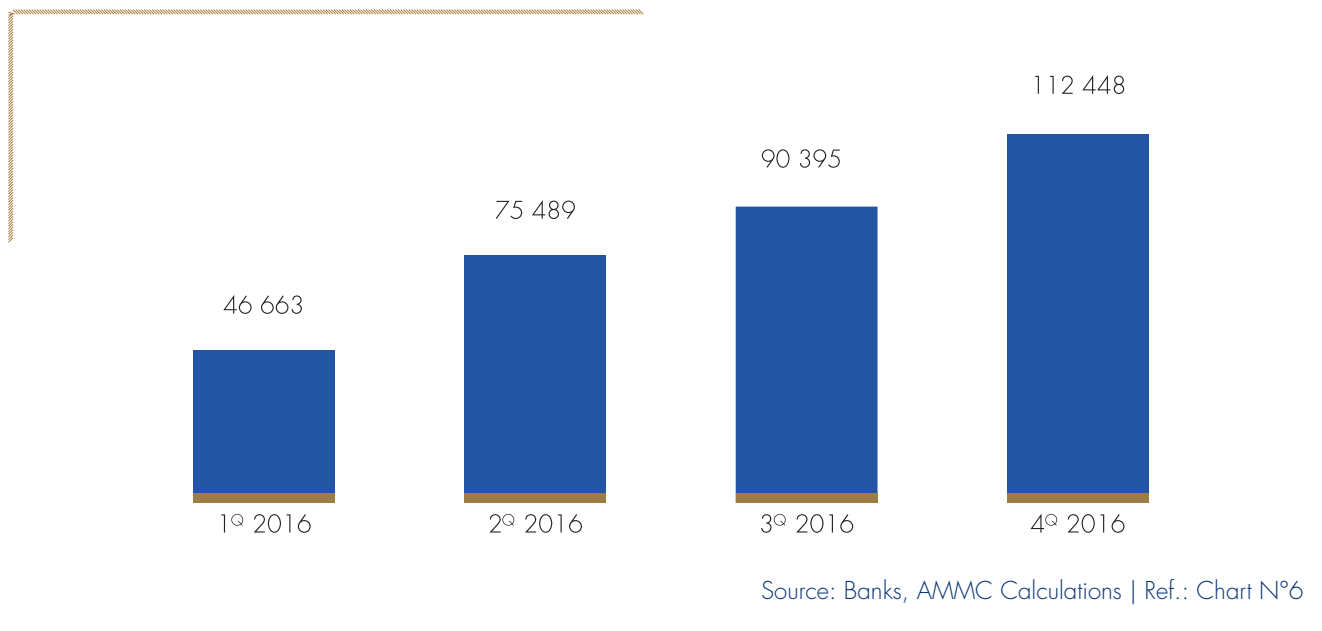
	31/12/2015		31/12/2016	
	Amount	%	Amount	%
Investments by foreigners and Moroccans living abroad (MLA) held in Morocco, including:	<b>155.857</b>	<b>100%</b>	<b>192.358</b>	<b>100%</b>
- Strategic Share	141.885	91,04%	176.201	91,60%
- Float	13.972	8,96%	16.157	8,40%
Market Capitalization	<b>453.316</b>		<b>583.380</b>	
Floating market Capitalization	<b>101.422</b>		<b>133.205</b>	
Foreign and MLA Investments / Market Capitalization	34,38%		32,97%	
Strategic Share / Market capitalization	31,30%		30,20%	
Float / Market Capitalization	3,08%		2,77%	
Float / Floating market capitalization	13,78%		12,13%	

Source: Custodians, Casablanca Stock Exchange, AMMC Calculations | Ref.: Table N°4

## 2. SECURITIES LENDING

In 2016, securities lending transactions volume amounted to 325 billion MAD, it increased with 55% compared to 2015. As of the end of December 2016, the outstanding amount of transactions was almost 14 billion MAD.

### Overall volume of securities lending (in millions of dirhams)

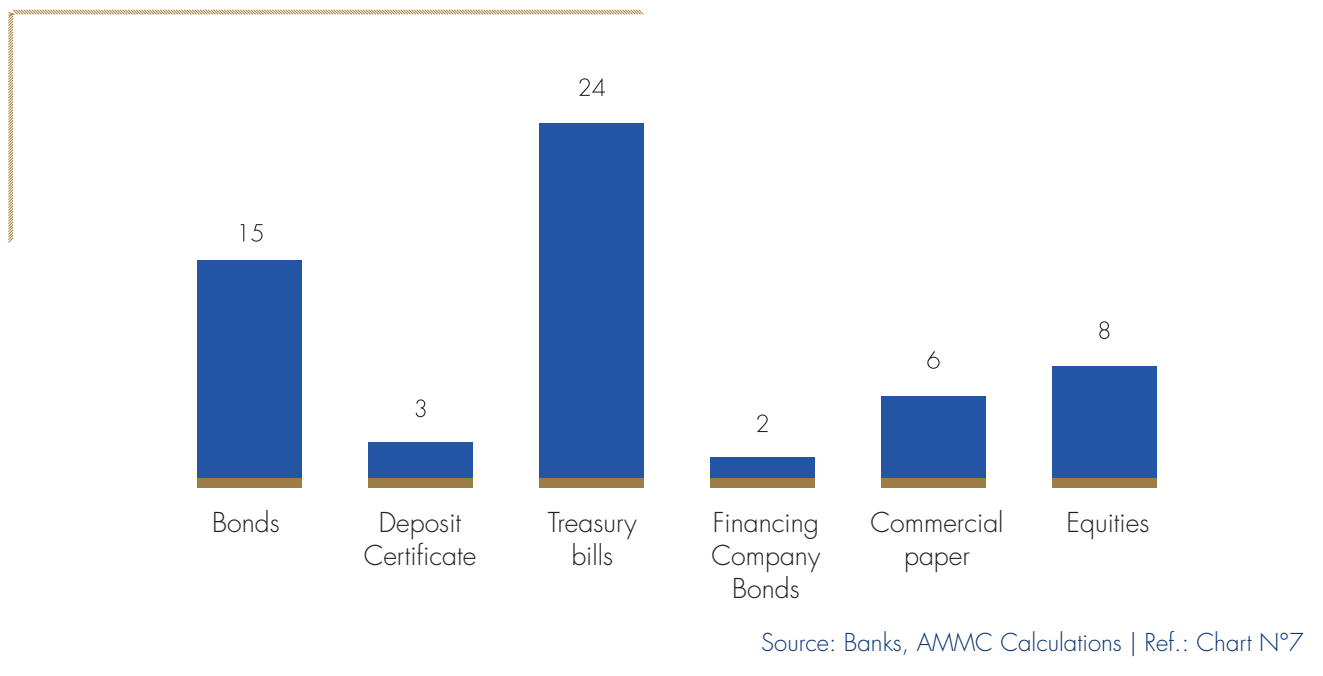


Except the first quarter of 2016, banks are the leading borrowers, while UCITS are the main lenders.

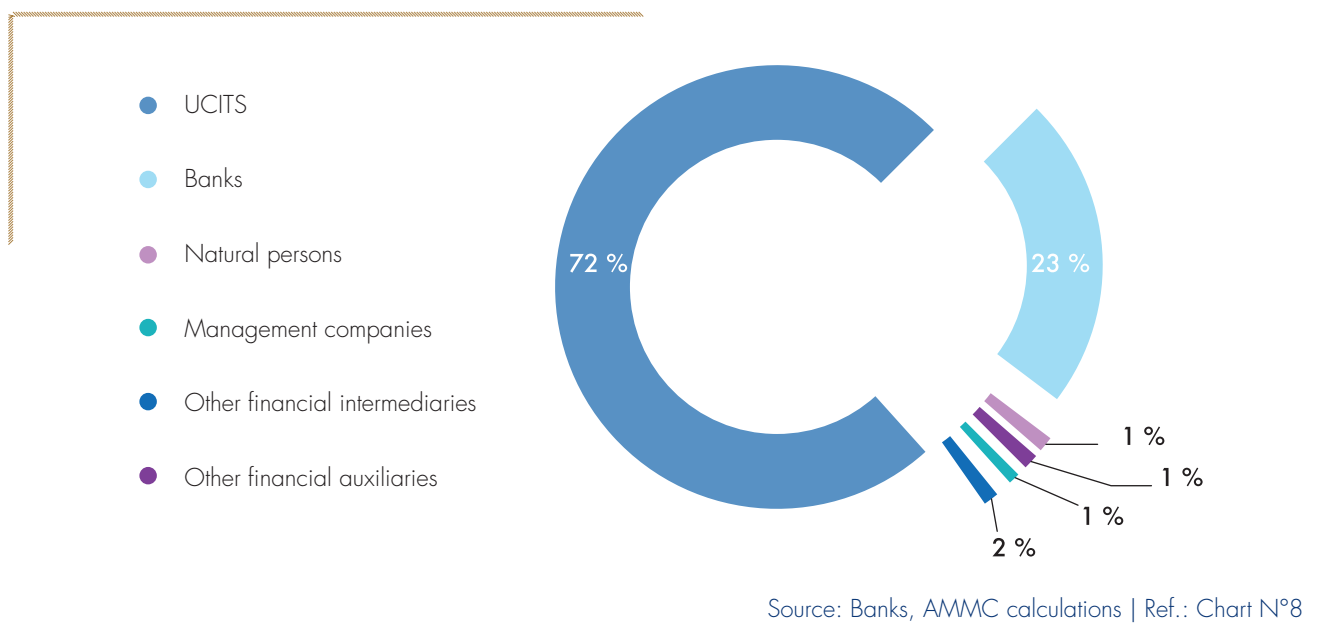
Securities lending transactions mainly involve treasury bills, which represent nearly two-thirds of the securities lent in 2016. Bonds and deposit certificates were subject of securities lending transactions. They recorded respective shares of nearly 20% and 12%. Meanwhile, the equity loan reached almost 1.3% of the overall volume.

The average duration of a securities lending transaction varies between 2 and 24 weeks depending on the type of financial instrument.

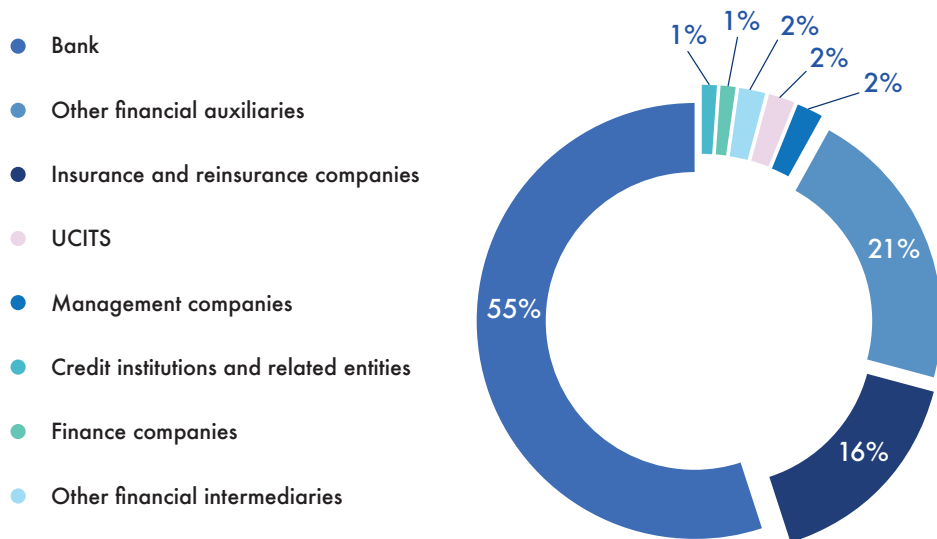
### Average duration in weeks by category of securities



### Volume processed by category of clients (Loan)

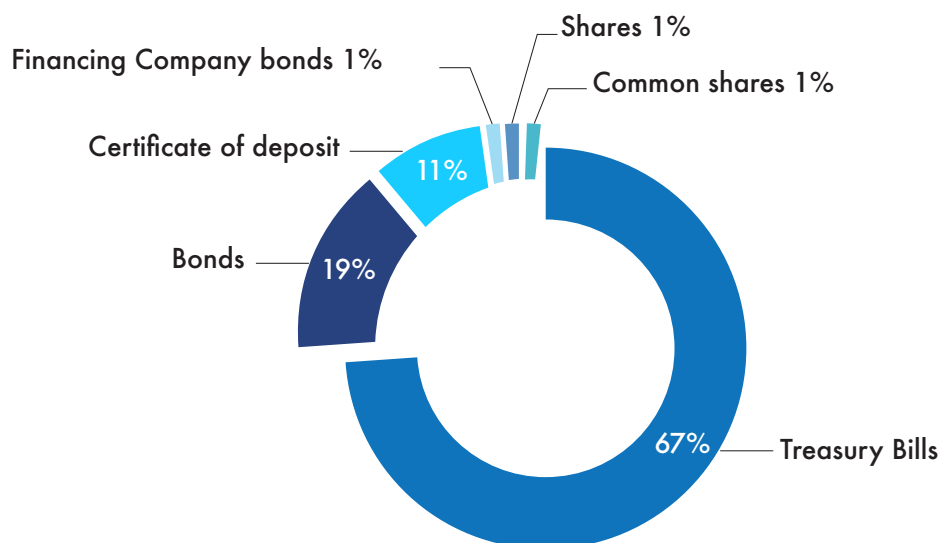


## Volume processed by category of clients (Borrowing)



Source: Banks, AMMC calculations | Ref.: Chart N°9

## Volume processed by category of securities



Source: Banks, AMMC calculations | Ref.: Chart N°10

## Securities loans

### The framework

Securities lending (borrowing) is a market practice used by Moroccan institutional investors, whose activity volume has gradually been consolidated since the introduction in 2014 of its legislative and regulatory framework. In fact, the lending of securities is governed by a series of texts notably Law n°. 45-12 concerning securities lending. This law entered into force in 2014, and other statutory regulation, including, the Decree of the Minister of Economy and Finance approving the standard model of the master agreement and the model of transactions notification of December 26<sup>th</sup>, 2013 and the decree of the Minister of Economy and Finance n° 2541-13 about the rules of the asset mix of undertakings for collective investment in transferable securities dated on March 14<sup>th</sup>, 2014. The various provisions introduced in stock exchange general regulations and the circular of the CDVM of 1 October 2014 are supplemented.

### The practice

Securities lending is a contract which allows parties to exchange full ownership of stock exchange listed securities, negotiable debt securities or treasury bills, According to which the borrower irrevocably undertakes to return the securities and to pay the remuneration to the lender at a mutually agreed date. This core scheme implies real transfer of securities ownership, a variety of possible uses, which depend on the legislation in force and the used conventions. The Securities lending can be foreseen, for example, as a mean to maximize the return on the UCITS portfolios, to cover financing needs through the use of collateral cash, to hedge a short position when short selling is approved, to optimize the successful completion of transactions and to prevent the settlement fails, etc.

It is worth recalling some rules characterizing the Moroccan scheme:

- ⊙ Lending transactions are carried out by authorized intermediaries (banks) who must ensure the regularity and the conformity of transactions: traceability of operations, supervision of the prudential rules of UCITS, processing of the guarantee, etc.
- ⊙ Both parties are bound by the master agreement which sets out the operational terms of the transaction;
- ⊙ Securities lending transaction may be collateralized in securities or in cash;
- ⊙ The duration of the loan is limited to one year;
- ⊙ The Borrowed securities cannot be loaned;
- ⊙ The Securities may not be transferred or assigned without the prior consent of the other party.

### The market

Today, like in the world, The Moroccan securities lending market is exclusively over-the-counter. However, other organizations exist, such as the pool management proposed by some central securities depositories or even electronic trading platforms.

The market remains mainly driven by banks and UCITS with a concentration of transactions on treasury bills. The overall volume of recorded lending transactions in 2016 reached 325 billion Dirhams.

In support of a first feedback, it was possible to draw up an activity report and to identify improvement areas of the overall framework. To this end, a reflection process with professionals began in 2016 and should lead to proposing adjustments to the current system.

Ref.: Box N°2

### 3. PUBLIC OFFERING

The year 2016 remained virtually stable in the number of operations and was marked by a substantial increase in volume of transactions processed. Indeed, the AMMC processed 65 transactions in 2016 compared to 63 transactions in the previous financial year, for an overall volume of 22.3 billion MAD. In terms of volume, the increase was mainly attributable to the amount realized by capital securities transactions, which quadrupled compared to the previous year.

#### 3.1 Capital securities transactions

Although the number of Capital securities transactions remained virtually stable (9 transactions in 2016 compared to 7 transactions in 2015), the volume of transactions increased by 400%, driven by the size of certain transactions carried out on the market in 2016.

##### Capital Securities Transactions

	Amount of transactions		Number of transactions processed (in millions of Dirhams)	
	2015	2016	2015	2016
Public transactions (excluding private placements)	7	8	5 496	20 305
IPOs	2	1	899	1 940
CAPITAL INCREASE	4	5	2 142	11 749
In cash	3	-	1 942	-
By merger-takeover	-	4	-	11 628
By conversion of dividends	1	1	200	120
PUBLIC OFFERINGS	1	2	2 455	6 617
Takeover bid	-	1	-	6 149
Public buy-back offer	1	1	2 455	468
PRIVATE PLACEMENTS	-	1	-	2 000
Capital Increase	-	1	-	2000
<b>Total of Capital Securities Transactions</b>	<b>7</b>	<b>9</b>	<b>5 496</b>	<b>22 305</b>

Source: AMMC | Ref.: Table N°5

#### 3.2 Debt securities issues

In 2016, the overall volume of debt securities issues declined by 5.6%, with 52 billion MAD compared to 55 billion MAD in 2015. This decrease is the result of the increase of the bond issues of 23.7% and the decrease of issues of negotiable debt securities of 14%.

## Debt securities issues

	Number of transactions processed		Amount of transactions (in millions of Dirhams)	
	2015	2016	2015	2016
Bond issues	17	14 *	12 245	15 150 *
By public offering	12	10	11 095	13 600
By private placements	5	4	1 150	1 550
Issues of negotiable debt securities **	27	20	42 848	36 856
Commercial paper	9	5	15 766	4 468
Certificates of deposit	9	10	21 825	28 499
Bonds from finance Companies	9	5	5 257	3 889
<b>Total of Debt securities issues</b>			<b>55 093</b>	<b>52 006</b>

(\*) Excludes two transactions granted initial visa

(\*\*) Source: Maroclear

Source: AMMC | Ref.: Table N°6

## 3.3 Other financial transactions

As illustrated in table 7, the volume of other financial transactions carried out during the fiscal year 2016 showed a sharp increase, reaching 3.1 billion MAD compared to 910 million MAD in 2015. It is mainly due to the amount increase of authorized buy-back programs.

### Other financial transactions

	Number of transactions processed		Amount of transactions (in millions of Dirhams)	
	2015	2016	2015	2016
BUY-BACK PROGRAMS	5	4	789	2 926
Public offering of foreign groups	7	10	121	187 *
<b>Total of Other financial transactions</b>	<b>12</b>	<b>14</b>	<b>910</b>	<b>3 113</b>

(\*) sum of maximum amounts authorized under general instruction of foreign exchange transactions

Source: AMMC | Ref.: Table N°7

## 4. COLLECTIVE INVESTMENT PRODUCTS

### 4.1 UCITS

#### 4.1.1 UCITS and Moroccan economy

As of the end of 2016, the UCITS share in the Moroccan economy experienced a positive change. The UCITS net assets represent 36.97% of GDP compared to 33.61% at the end of 2015. This increase of 3.56 percentage points is the result of the increase of UCITS net assets which is more important than the one carried out by GDP (13.78% versus 2.84% in current prices).

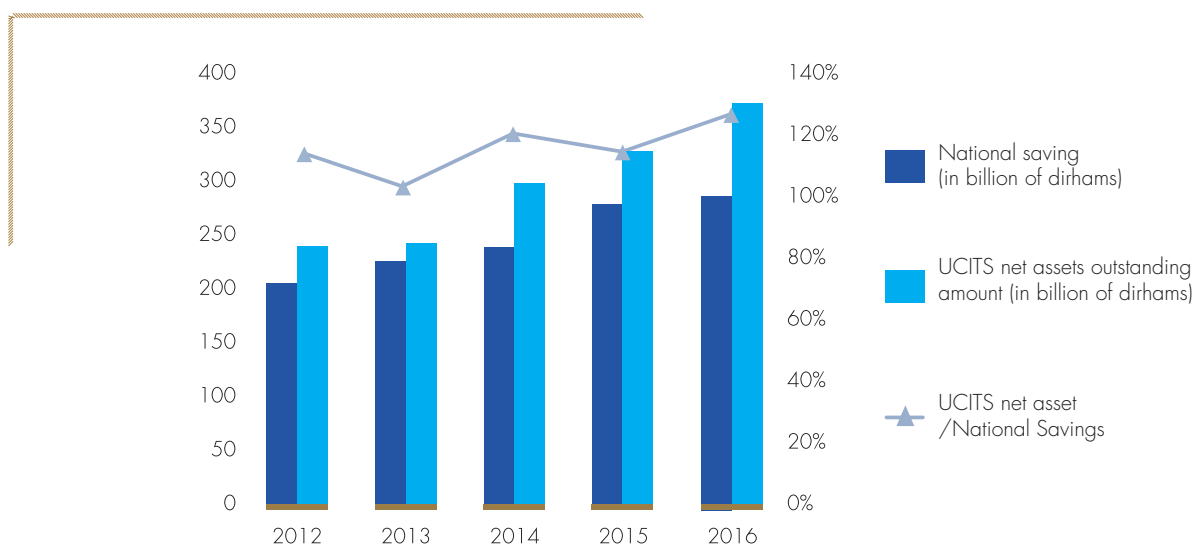
#### Evolution of GDP, net assets of UCITS and the ratio [net assets UCITS / GDP]

	2014	2015	2016
GDP (In billion of Dirhams)	925,38	988,02	1016,12
UCITS Net Assets (In billion of Dirhams)	300,54	330,12	375,61
Ratio UCITS net assets / GDP	32,48%	33,41%	36,97%

Sources: UCITS management companies and High Commissioner of Planning | Ref.: Table N°8

This year, The [Net Asset Value of UCITS] / (National Savings) ratio marked 128.31% compared to 115.98% in 2015. This increase is due to the growth of UCITS net assets by 13.78% while the national savings recorded 2.85%.

#### Evolution of the ratio [net assets of UCITS / Total National Savings]



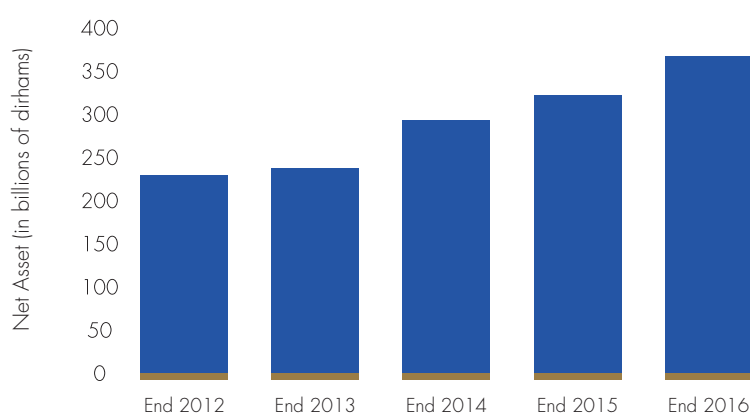
Source: UCITS management companies and High Commissioner of Planning | Ref.: Chart N°11

## 4.1.2 UCITS net assets Changes from (2012 to 2016)

UCITS registered net assets of 133 billion MAD between 2012 and 2016. They changed from 241,85 billion MAD to 375,6 billion MAD recording an increase of 55,30%.

This period knew a positive change, which is mainly due to Bond UCITS whose net assets increased by 114.55 billion MAD (with 88.57 billion MAD for "Medium and long term Bonds" UCITS and 25.98 billion MAD for Short Term Bonds UCITS). They increased by 85.65% of the overall evolution. As far as other UCITS categories are concerned, their net assets increased by 11.8 billion MAD for "Diversified" UCITS, 5.6 billion MAD for "Shares" UCITS, 1.3 billion MAD for "Money market" UCITS and 374.5 for "Contractual" UCITS.

### Changes in UCITS net assets from (2012-2016) (in billions of dirhams)

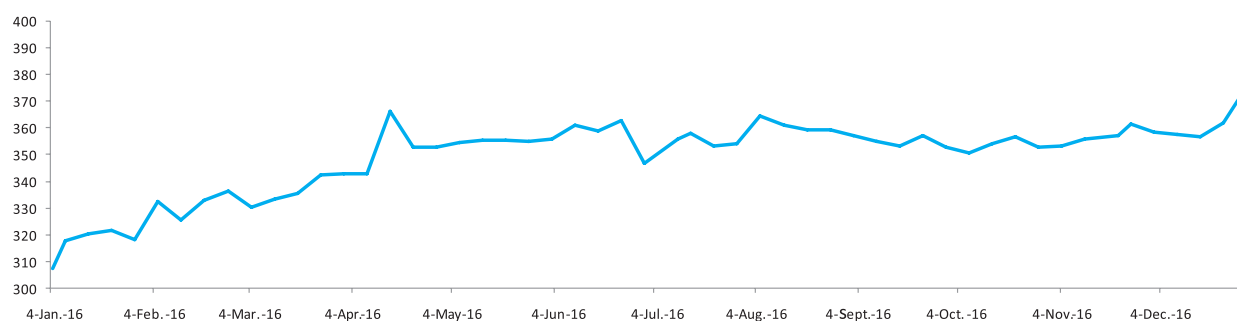


Source: UCITS management companies | Ref.: Chart N°12

## 4.1.3 Changes in UCITS net assets in 2016

Chart 13 shows an increase, during 2016, of 13.78% of UCITS net assets. This growth is mainly the result of both net inflows of "Medium and long term Bonds" UCITS (22.10 billion MAD and the positive performances achieved by all UCITS categories.

### Changes in UCITS net assets in 2016 (in billions of Dirhams)



Source: UCITS management companies | Ref: Chart N°13

#### 4.1.4 Breakdown of UCITS by category at the end of 2016

The UCITS funds number increased from 406 in 2015 to 425 at the end of 2016, this is explained by the start-up of 19 UCITS, that are divided into 7 "Diversified" UCITS, 5 "Short Term Bonds" UCITS, 4 "Money Market" UCITS, 2 UCITS "Medium and Long Term Bonds" and 1 "Shares" UCITS.

As of the end of 2016, The 425 active UCITS are distributed between 379 FCP and 46 SICAV. The "Medium and Long Term Bonds" category remains predominant with 149 UCITS while the assets under management realize more than 204 billion MAD representing 54.34% of the overall outstanding amount.

During 2016, the six different categories of UCITS evolved as follows:

##### © "Shares" UCITS

At the end of 2016, the net assets of the "Shares" UCITS stood at 26.34 billion MAD with 88 active funds compared to 20.43 billion at the end of 2015, which means an increase of 28.92%, mainly due to the annual performance of this category (31.39%).

##### © "Diversified" UCITS

The UCITS number of this category increased from 68 at the end of 2015 to 74 at the end of 2016. This is the result of the creation of 7 new fund and the change of 3 categories; especially with the conversion of one "Medium and Long Term Bonds" UCITS into a "Diversified" UCITS and of two "Diversified" UCITS into "Bonds" UCITS.

This UCITS class of net assets marked an increase (52.36%) of 19.58 billion MAD at the end of 2016. This strong growth is due to a net collection of 3.8 billion MAD as well as to the good performance of the shares market.

##### © "Money Market" UCITS

At the end of 2016, "Money Market" UCITS outstanding amount increased by 1.63% to reach 72.77 billion MAD. This increase is due to the positive annual performance achieved by this category (2.19%), with 58 UCITS.

##### © "Short Term Bonds" UCITS

The creation of 5 new funds and the category change of a "Diversified" UCITS into "Short Term Bonds" UCITS affected the number of funds of this class, which set at 46 UCITS by the end of 2016. The net assets of this category increased by 5.91%; they carried out 51.20 billion MAD, as an outstanding amount. This growth is the result of the combined effect of net inflows (1.53 billion MAD) and an annual performance of this category (2.80%).

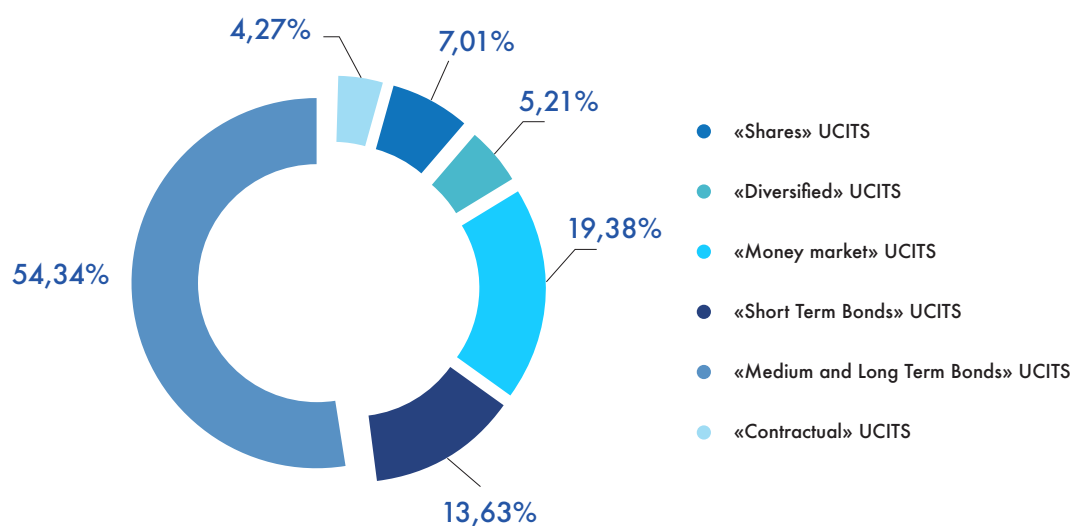
##### © "Medium and Long Term Bonds" UCITS

As of the end of 2016, the total outstanding amount of "Medium and Long Term Bonds" UCITS stood at 204, 09 billion MAD versus 175.11 billion MAD in 2015, with net inflows of 22.1 billion MAD (representing 82% of the overall net inflows) and an average annual performance of 4.68%. The number of UCITS of this category remains unchanged compared to 2015 with 149 UCITS.

##### © "Contractual" UCITS

For this category, The Outstanding Amount showed a decline of 9.03%. Its net assets decreased from 1.76 billion MAD at the end of 2015 to 1.6 billion MAD at the end of 2016. This downward change is the result of net outflows of 206 million MAD. It should be noted that two of the 10 UCITS of this category are matured and their authorization renewal are in progress.

## Breakdown of net assets of UCITS by category at the end of 2016



Source: UCITS management companies | Ref.: Chart N°14

### 4.1.5 Annual performance of different UCITS categories

During 2016, "Shares" UCITS ended the year with a positive annual performance of 31.39%, higher than its benchmark performance, the MASI, which registered a growth of 30.46%, reflecting the managers effective management.

Following the yield curve decrease in 2016, the "Medium and Long Term Bonds" and "Short Term Bonds" UCITS respectively recorded an annual performance of 4.68% and 2.80%. Indeed, during 2016, the short-term (ST), medium-term (MT) and long-term (LT) maturities of the yield curve declined from 27 to nearly 70 basis points.

The "Diversified" UCITS realized a performance of 12.14%. This performance reflects the investments mixed character carried out by this UCITS category. Their assets amounted to 62.5% of debt securities and 25% of Capital securities, by the end of 2016.

Meanwhile, "Money market" UCITS registered, for the same period, an annual performance of 2.19%, compared to the weighted average rate of the interbank money market. Their annual average recorded 2.31%, and the Overnight Repo Rate stood, by the end of 2016, at 2.11%.

Finally, in 2016, except the expiration of two funds, "Contractual" UCITS show an annual performance of 1.29% to 10.52%. This performance reflects the investment strategies diversity of this UCITS category (monetary, index, capital and / or performance guarantee strategies, etc.).

## 4.1.6 UCITS portfolio Composition by the end of 2016

As of the end of 2016, the structure of the net assets under management was constant. It shows the predominance of unlisted securities, which represent more than 78% of assets under management (compared to 77.33% as of the end of 2015). This result reflects the predominance of "Bonds" UCITS in the overall net assets.

### Breakdown of net assets of UCITS by investment category

Category of Investment	End 2015	End 2016
	Structure	
Listed Securities	6,27%	7,72%
LS-Shares	5,89%	7,45%
LS-Private Bonds	0,37%	0,27%
LS-Bonds issues or government guaranties	0,005%	0,003%
Unlisted securities	77,33%	78,21%
Unlisted securities- Bonds issues or government guaranties	48,31%	51,16%
Unlisted securities- negotiable debt securities	13,99%	11,22%
Unlisted securities- Private Bonds	12,02%	11,12%
Unlisted securities- UCITS securities	2,97%	4,59%
Unlisted securities- Others	0,04%	0,11%
Other elements of net assets	16,40%	14,07%
<b>Net assets Total</b>	<b>100%</b>	<b>100%</b>

Source: UCITS management companies | Ref : Table N°9

UCITS carried out different investments categories listed below in ascending order:

#### © Unlisted values

The unlisted securities represented, by the end of 2016, 78.21% of the total assets of UCITS. They consist mainly of issued or guaranteed bonds made by the Government. They are essentially Treasury Bills that are predominant part of the investments achieved by UCITS, with 51% of overall outstanding amount. This heading increased by 35 billion MAD compared to 2015, representing an increase of 21.27%. It reflects the net collections (23.64 billion) and the positive performances of the "Bonds" UCITS.

#### © Other net assets

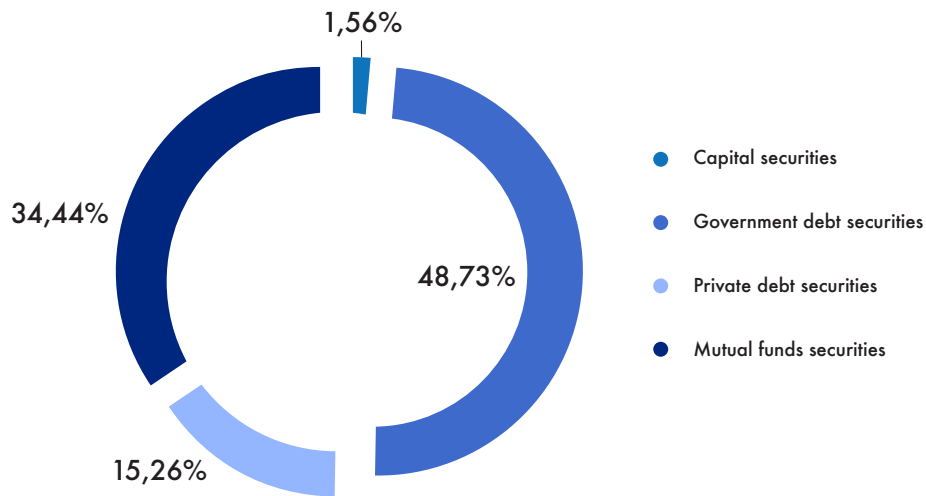
They consist mainly of "Repo securities received" receivables. They represented, as of the end of 2016, 14.07% of the net assets total versus 16.40% by the end of 2015, marking a decline of 2.33 percentage points.

#### © Listed securities

The share of listed securities held by UCITS increased from 6.27% in 2015 to 7.72% in 2016. This increase of 1.45 percentage points is due to the assets under management growth invested in listed securities, which increased of about 9 billion MAD to reach 29.43 billion MAD at the end of 2016.

## 4.1.7 Investment of UCITS abroad

### Structure of investments achieved abroad by UCITS at the end of 2016



Source: UCITS management companies | Ref.: Chart N°15

Since 2007, UCITS have been authorized to invest up to 10% of their assets abroad. In 2016, The UCITS allocated 0.90% of their net assets to investments abroad. These investments are amounted to 3.36 billion MAD at the end of 2016. Half of which, i.e. 48.73%, are government debt issued abroad by the Moroccan Government.

## 4.1.8 UCITS Investors

In 2016, the UCITS investor's number concerning either shares or securities increased from 17.769 to 18.215, with an increase of more than 446 investors. This growth follows the positive trend of performance of all UCITS categories.

## Breakdown of Net Assets by Type of Investor at the End of 2016

	UCITS shares and diversified	UCITS Bonds	UCITS Money market	UCITS Contractual	Total UCITS	Share (in%)
<b>Financial Companies of which:</b>	<b>37 889</b>	<b>208 063</b>	<b>32 609</b>	<b>187</b>	<b>278 748</b>	<b>74,2%</b>
Banks and finance companies	8 418	80 707	12 328	4	101 457	27,0%
insurance companies and pension and provident organization	27 793	112 572	13 383	127	153 875	41,0%
UCITS and other holding companies	1 640	12 036	5 079	53	18 808	5,0%
Brokerage firms	5	265	648	1	919	0,2%
Other financial institutions	33	2 483	1 171	2	3 688	1,0%
<b>Non-financial Companies</b>	<b>794</b>	<b>31 272</b>	<b>33 781</b>	<b>1 275</b>	<b>67 123</b>	<b>17,9%</b>
<b>Resident natural persons</b>	<b>5 906</b>	<b>15 022</b>	<b>5 893</b>	<b>140</b>	<b>26 961</b>	<b>7,2%</b>
<b>Non-resident natural and legal persons</b>	<b>1 338</b>	<b>943</b>	<b>494</b>	<b>2</b>	<b>2 776</b>	<b>0,7%</b>
<b>Total</b>	<b>45 928</b>	<b>255 301</b>	<b>72 776</b>	<b>1 604</b>	<b>375 609</b>	<b>100,0%</b>

Source: UCITS Depositories | Ref.: table N°10

At the end of 2016, financial companies are the first UCITS investors. They hold 74.2% of the total net assets under management. The main investors, within this category, are insurance companies and pension and provident organizations (with 41% of net assets under management), followed by banks, CDG and finance companies (27%).

The other categories of UCITS investors are, in order of importance of net assets, financial companies with 17.9%, resident natural persons with 7.2% and non-resident natural and legal persons with 0.7%.

## 4.2 Collective Investment Funds on Securities (CIFS)

2016 was marked by the expiry of two CIFSs and the creation of a new fund, which reduces the number of active CIFS to 6 funds versus 7 in 2015.

The securitization transactions, carried out by the active CIFSs by the end of 2016, are related to the acquisition of:

- © Mortgage-backed securities;
- © Real estate assets;
- © Current and future trade debts.

The issues made by these 6 CIFSs amounted to 6.55 billion MAD and their net assets to 4.59 billion MAD.

### 4.3 Venture Capital Funds (VCF)

At the end of 2016, 4 out of the 5 CISOs authorized by the AMMC were active. Their total net assets under management doubled during 2016 to reach 414.60 million MAD.

Their investment strategies are various and focus on the various steps of a company's life cycle. In addition to general-purpose VFCs, some of which are specialized in the following sectors:

- ◎ Energy sector (energy production, distribution and recovery, renewable energies, etc.);
- ◎ "Green technologies" sector;
- ◎ Agro-industrial sector;
- ◎ Infrastructure sector (urban, energy, transport, etc.).

## 5. STAKEHOLDERS

### 5.1 Brokerage firms

#### 5.1.1 Legal and social life

In 2016, the brokerage firms legal and social life was characterized by numerous changes in terms of governance, staff turnover and capital transactions.

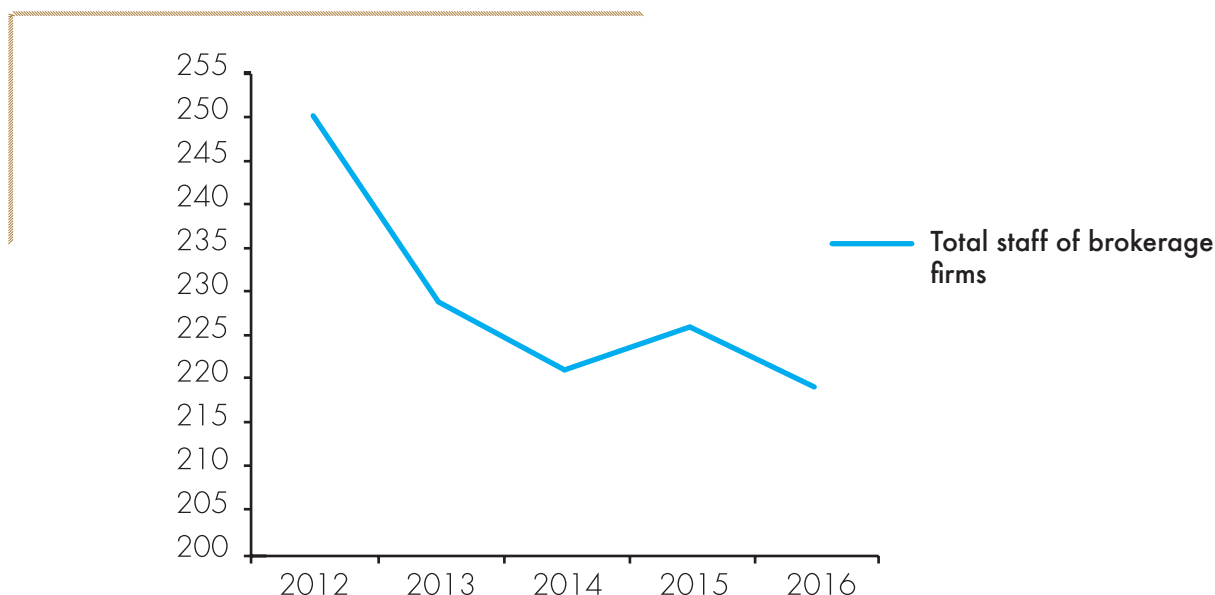
#### Changes in the governance structure of brokerage firms

Nature of change	Brokerage firms
Appointment of new managers	Attijari Intermédiation ICF AL Wassit Mena CP Upline Securities Valoris Securities Wafa Bourse
Appointment of new members of the Board of Directors	Artbourse CDG Capital BourseSogécapital Bourse Wafabourse
Transition from a company with a board of directors to a company with an executive board and a supervisory board	Attijari Intermédiation

Source: Brokerage firms | Ref.: Table N°11

This year was marked by staff turnover within the majority of brokerage companies with 30 hiring and 28 resignations. The average of contracted workforce decreased, in recent years, from 15 in 2012 to 12 in 2016.

#### Evolution of the average workforce of brokerage firms



Source: Brokerage firms, AMMC Calculations | Ref.: Chart N°16

Regarding capital transactions, 2016 recorded 3 transactions:

### Capital transactions carried out by brokerage firms

brokerage firms	Nature of transactions
Alma Finance Group	Increase of the share capital from 12 million to 17.5 million dirhams
CFG Marchés	Reduction of the share capital from 80 million to 20 million dirhams by canceling shares
BMCI Bourse	Reduction of the share capital from 20 million to 5 million dirhams by absorbing cumulative losses at retained earnings

Source: Brokerage firms | Ref.: Table N°12

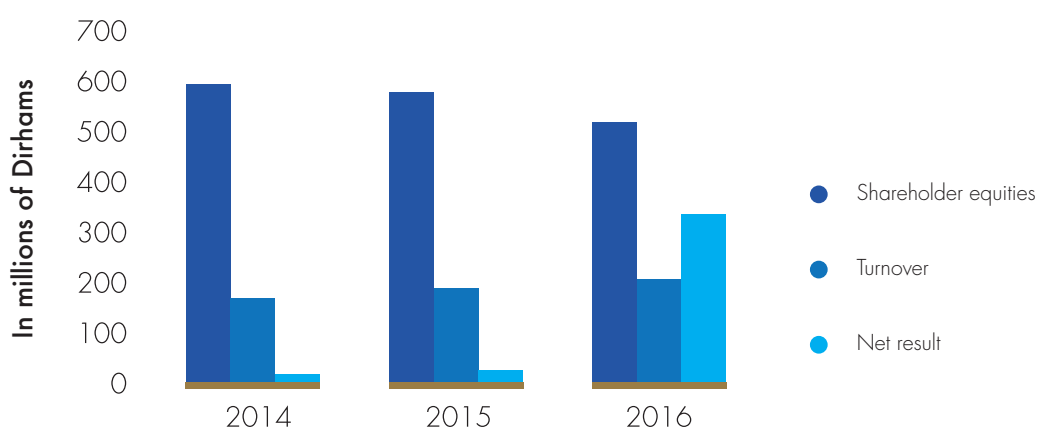
## 5.1.2 Activity indicators

### © Financial indicators

In 2016, the brokerage companies achieved a total turnover of nearly 204 million MAD. They increased of about 10% compared to 2015. However, despite this turnover increase, 13 brokerage companies out of 17 have negative operating results.

Furthermore, during this year, brokerage companies received exceptional dividends, following the completion of Casablanca Stock Exchange demutualization process. The net result of this transaction amounted to 330 million MAD compared to 22 million MAD in 2015.

### Evolution of the financial indicators of brokerage firms



Source: Brokerage firms, AMMC Calculations | Ref.: Chart N°17

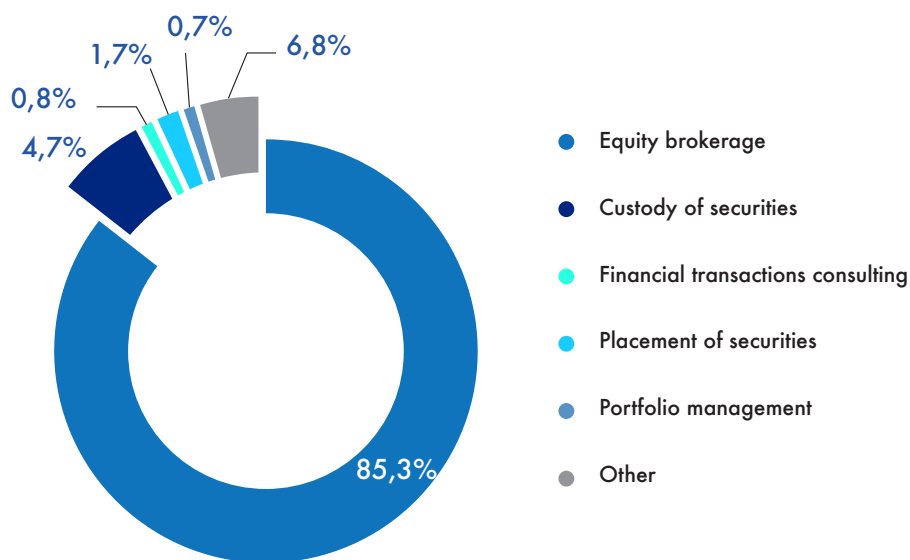
The turnover breakdown shows that the intermediation activity remains predominant; it represents 85% of the total turnover.

### Key figures of Brokerage firms (in millions of dirhams)

	2015	2016
Number of brokerage firms	17	17
Total turnover	184,99	203,98
Brokerage	141,35	173,91
Custody of securities	5,72	9,70
Financial transactions consulting	13,24	1,57
Securities distribution	9,98	3,53
Portfolio management	0,37	1,33
Other	14,34	13,94
Total net result	22,06	330,54
Guarantee fund	39,44	41,99

Source: Brokerage firms | Ref.: Table N°13

### Breakdown of brokerage firms turnover by activity



Source: Brokerage firms | Ref.: Chart N°18

Accordingly, the turnover breakdown between brokerage firms shows that 84% of the market share is held by 11 brokerage firms that are subsidiaries of banks compared to 16% attributable to the 6 brokerage firms; subsidiaries of non-banking financial groups.

## © Guarantee fund

The guarantee fund amounted to 42 million MAD in 2016. The paid contributions increased slightly compared to 2015. This is due to the increase of the assets value held by brokerage companies. Their average amount exceeded 9.5 billion MAD in 2016 while the securities accounts number increased by 6.34% compared to 2015.

## 5.2 Account holders

As of the end of 2016, the market of financial instruments custody reached a total amount of about 1617 billion MAD. They achieved an increase of 14.86% compared to the year 2015. This market is dominated by banks up to 95%.

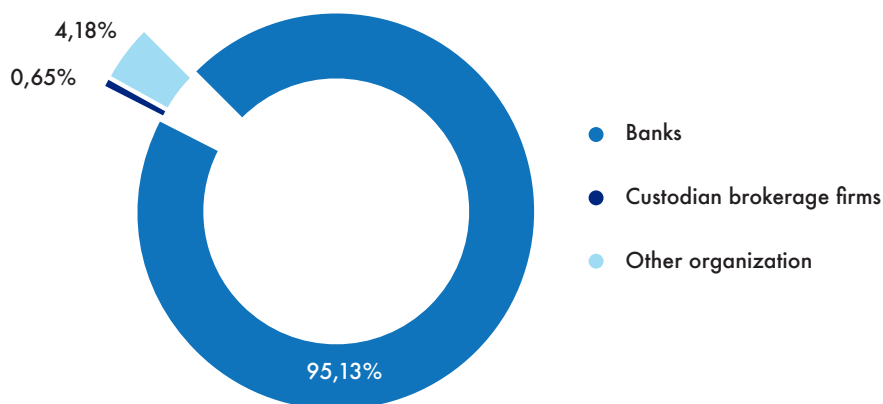
The number of securities accounts achieved a total of 141 270, they increased by 12% in 2016. This was driven by the positive development of the resident natural person's category. Their number of securities accounts reached nearly 120.000 in 2016.

### Key figures of account holders

	2015	2016
Number of account holders	24	24
Number of custody accounts	125 689	141 270
Resident natural persons	105 455	119 957
Resident legal persons	7 583	7 422
Non-resident natural persons	12 189	13 463
Non-resident legal persons	462	428
Assets under management A = (1)+(2)+(3)+(4) (in millions of Dirhams)		
	1 408 264	1 617 645
By banks (1)	1 329 601	1 538 955
By brokerage firms custodian (2)	8 199	10 481
By issuers (3)	677	513
By other organizations (4)	69 787	67 696
Account balances managed in technical accounts (in millions of Dirhams) (B)	-1 814	2 269
<b>Total assets C=A+B</b>	<b>1 406 450</b>	<b>1 619 914</b>

Source: custodians and Maroclear | Ref.: Table N°14

## Breakdown of assets under management



Source: Maroclear | Ref.: Chart N°19

### 5.3 Central depository

The overall outstanding amount of retained assets held by Maroclear marked an increase of more than 15%. It passed from 1.406,4 billion MAD at the end of 2015 to 1.619,92 billion MAD at the end of 2016. This development was underpinned by securities outstanding and UCITS. They respectively increased in 2016 by nearly 27% and 22% compared to the outstanding amounts recorded in 2015.

The average settled flows continued in the same trend. It showed an increase of almost 33% between 2015 and 2016, notably in the OTC sector.

However, the retained securities number and the securities administration transactions number decreased respectively by 1.5% and 18.3% compared to 2015.

#### Key figures for the activity of the Central Depository

	2015	2016
<b>Number of retained securities</b>	<b>1 183</b>	<b>1 165</b>
Shares	95	93
Bonds and negotiable debt securities	559	525
Treasury bills	80	87
UCITS	412	429
Other securities	37	31
<b>Total outstanding ( in billion of Dirhams)</b>	<b>1 406,4</b>	<b>1 619,92</b>
Shares	464,9	589,42
Bonds and negotiable debt securities	156,5	161,3
Treasury bills	470,1	490,1
UCITS	308,2	373,5
Other securities	6,7	5,6
<b>Daily average of flows settled (in millions of Dirhams)</b>	<b>32 083</b>	<b>42 771</b>
OTC sector	31 520	42 045
Exchange trading sector	562	726
Free of payment sector	-	-

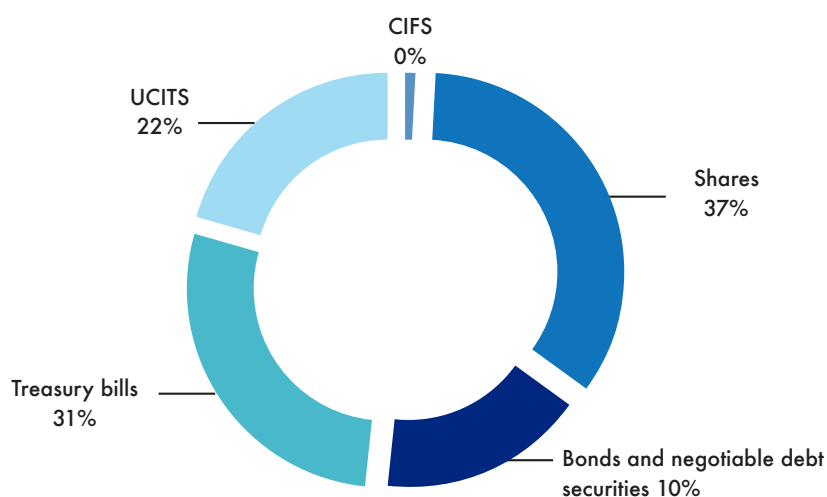
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<b>Number of securities administration transactions</b>	<b>1 382</b>	<b>1 129</b>
Number of dividend distribution transactions	88	81
Number of other securities transactions	1 294	1 048

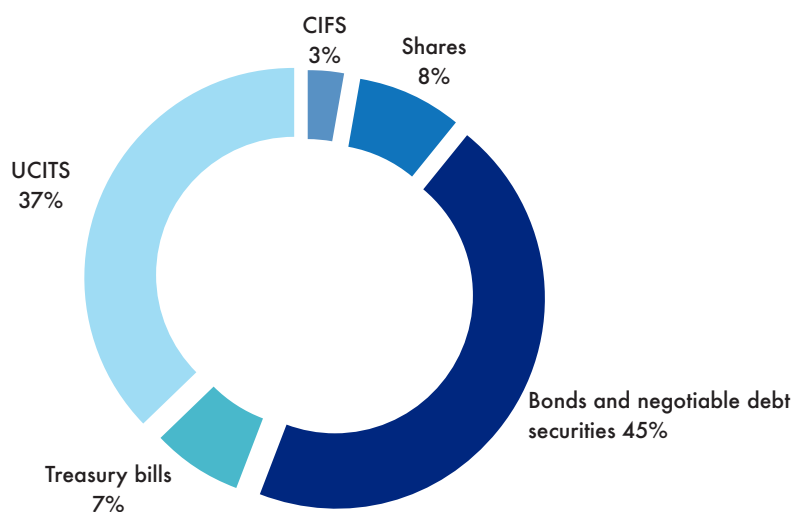
Source: Maroclear | Ref.: Table N°15

### Breakdown of total outstanding of admitted securities by category at the end of 2016



Source: Maroclear | Ref.: Chart N°20

### Breakdown of the number of admitted securities by category at the end of 2016



Source: Maroclear | Ref.: Chart N°21

## 5.4 Management companies

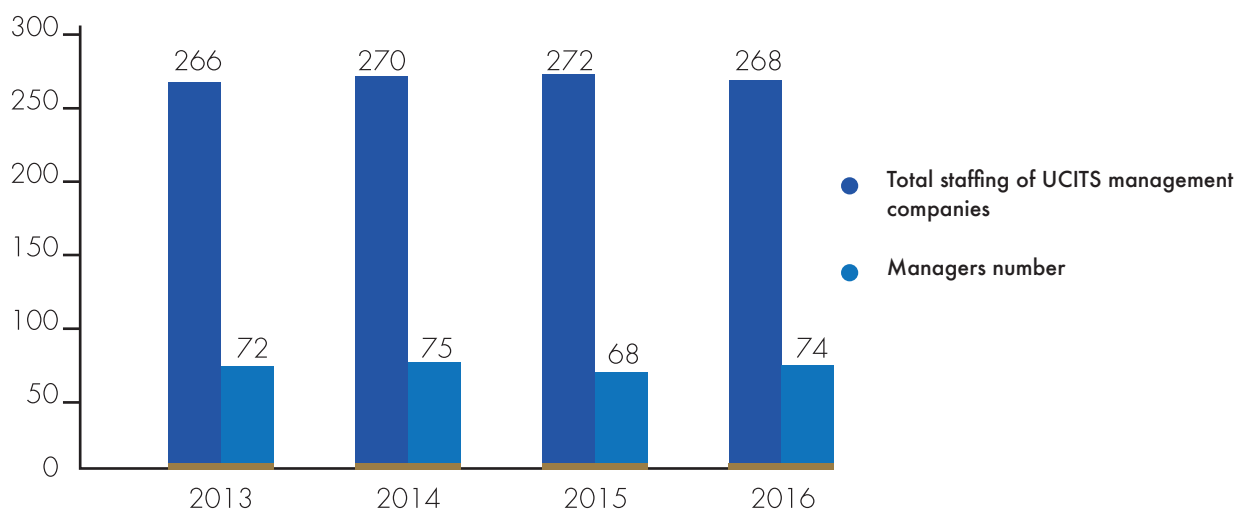
### 5.4.1 UCITS management companies

#### © Legal and social life

In 2016, the UCITS management companies' number moved from 18 to 17 following the change of the corporate purpose of the management company Crédit Agricole du Maroc Gestion. As a result of its merger with the brokerage firm Maroc Service Intermédiation (M.S.IN), Crédit Agricole du Maroc Gestion transferred all its managed funds to the management company MAROGEST, a subsidiary of M.S.IN.

The UCITS management companies staffing includes, as of December 31, 2016, a total of 268 employees, 74 of them are managers, compared to 272 employees 68 of them are managers, at the end of 2015.

#### UCITS management companies staffing evolution



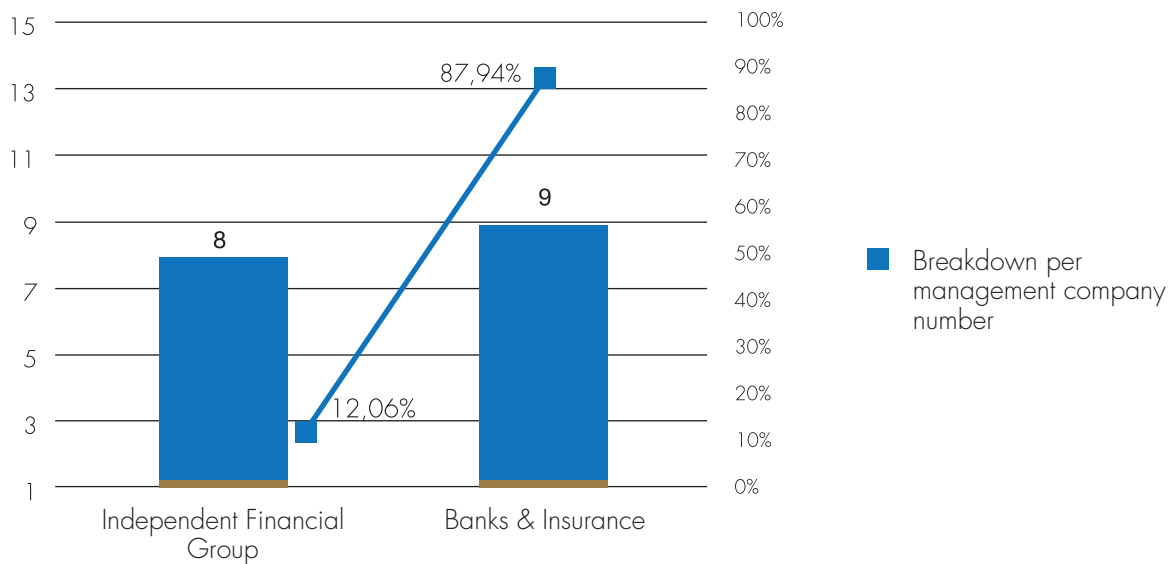
Source: UCITS management companies, AMMC calculations | Ref.: Chart N°22

#### © Activity indicators

In 2016, UCITS average net assets amounted to 348,90 billion MAD compared to 309,22 billion MAD in 2015; they registered an annual increase of 12.83%.

At the end of 2016, 330,3 billion MAD were managed by management companies controlled by banking institutions and insurance companies. They all represented 87.94% of the total net assets, compared to 88.61% in the 2015.

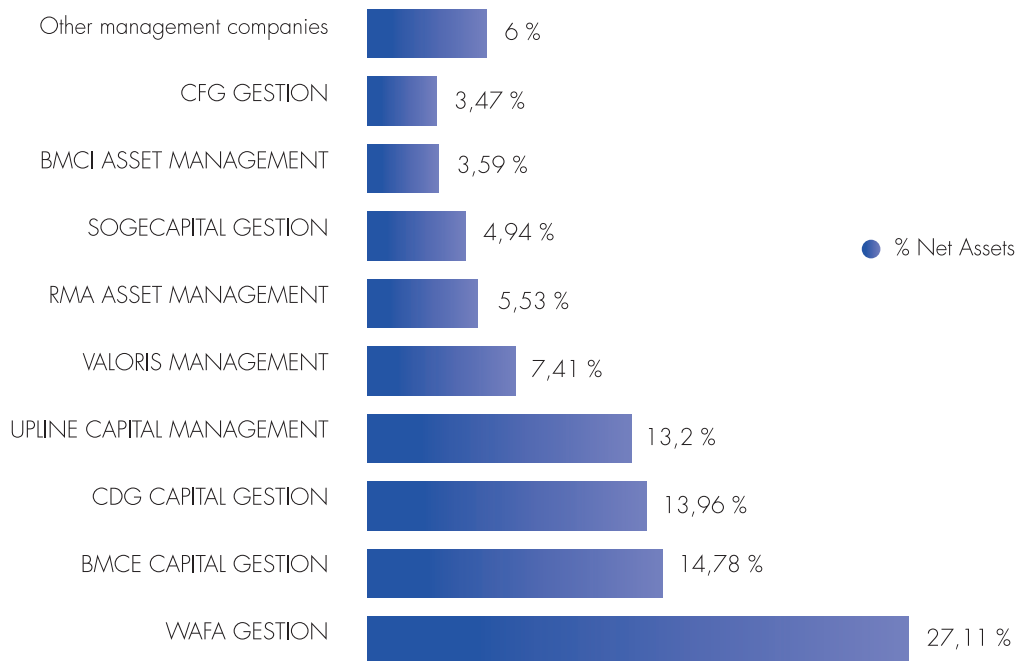
## UCITS management companies staffing evolution



Source: UCITS management companies, AMMC calculations | Ref.: Chart N°23

Coming to activity concentration, the aggregated market share of the top three management companies is 55.86% versus 60.42% at the end of 2015. As of the end of 2016, the net assets under management amounted 209.80 billion MAD compared to 199.46 billion MAD at the end of 2015.

## Breakdown of net assets by UCITS Management Company in 2016



Source: UCITS management companies, AMMC calculations | Ref.: Chart N°24

## © Financial indicators

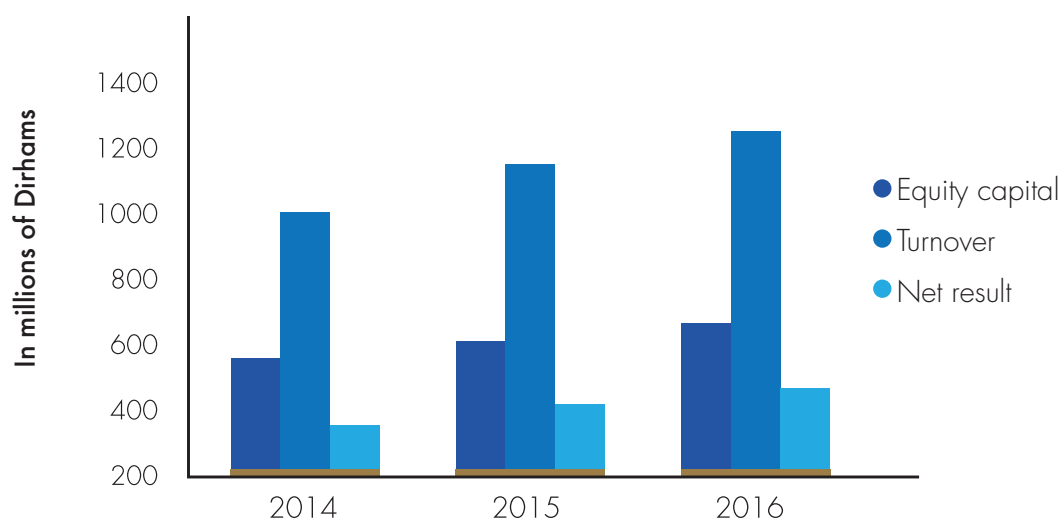
The consolidated turnover of UCITS management companies increased by 8.7% in 2016 amounted to more than 1.267 billion MAD, compared to 1.168 billion MAD in 2015. This increase reflects the growth of assets under management of the market.

The consolidated net result of the management companies grew by 12.9% in 2016. It increased significantly from 417 million MAD in 2015 to 471 million MAD in 2016.

The equity capital invested by all management companies exceeds 672 million MAD, representing an increase of 9.5% compared to 2015.

Moreover, during 2016, Red Med Asset Management increased its share capital from 6.5 million to 10 million MAD.

### Evolution of financial indicators for UCITS management companies



Source: UCITS Management Companies, AMMC calculations | Ref.: Chart N°25

### 5.4.2 CIFS management companies

By the end of 2016, three CIFS management companies were created. Maghreb Titrisation was authorized in February 2002, Attijari Titrisation in November 2014 and BMCE Capital Titrisation in December 2015.

Collective Investment Funds on Securitization (CIFS) number is of 6 CIFS. They are all managed by Maghreb Titrisation. At the end of December 2016, their net assets reached 4.6 billion MAD.

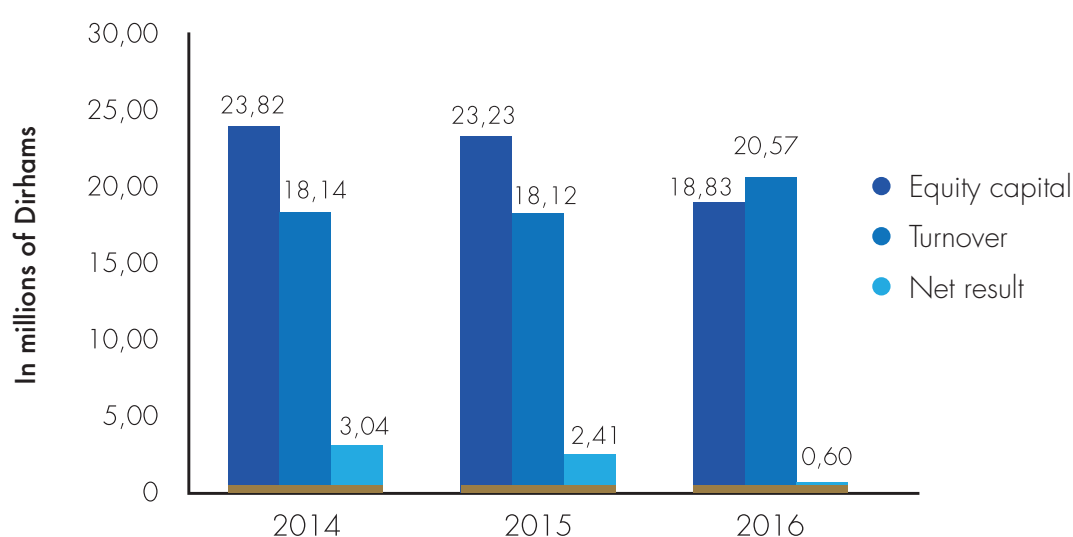
## © Financial indicators

The consolidated turnover of the CIFS management companies amounted to 20.57 million MAD versus 18.12 million MAD in 2015; this shows a year-on-year increase of 13.5%.

In 2016, the consolidated net result of CIFS management companies declined by more than 75%. The amount decreased from 2.4 million MAD to nearly 598 thousand MAD.

Equity capital invested by all CIFS management companies exceeded 18 million MAD, recording a decrease of more than 18% compared to 2015.

### Evolution of financial indicators of CIFS management companies



Source: CIFS management companies, AMMC calculations | Ref.: Chart N°26

### 5.4.3 VCF management companies

For the year 2016, the number of VCF management companies remains constant at 7, including 4 active management companies which manage 4 funds. These include CDG Capital Infrastructures, CDG Capital Private Equity, Brookstone Partners Morocco and Private Equity Initiatives.

As of December 31<sup>st</sup>, 2016, the total net assets managed by VCF management companies amounted to 414,60 million MAD compared to 202,71 million MAD in 2015. It represents an annual increase of more than 100%.

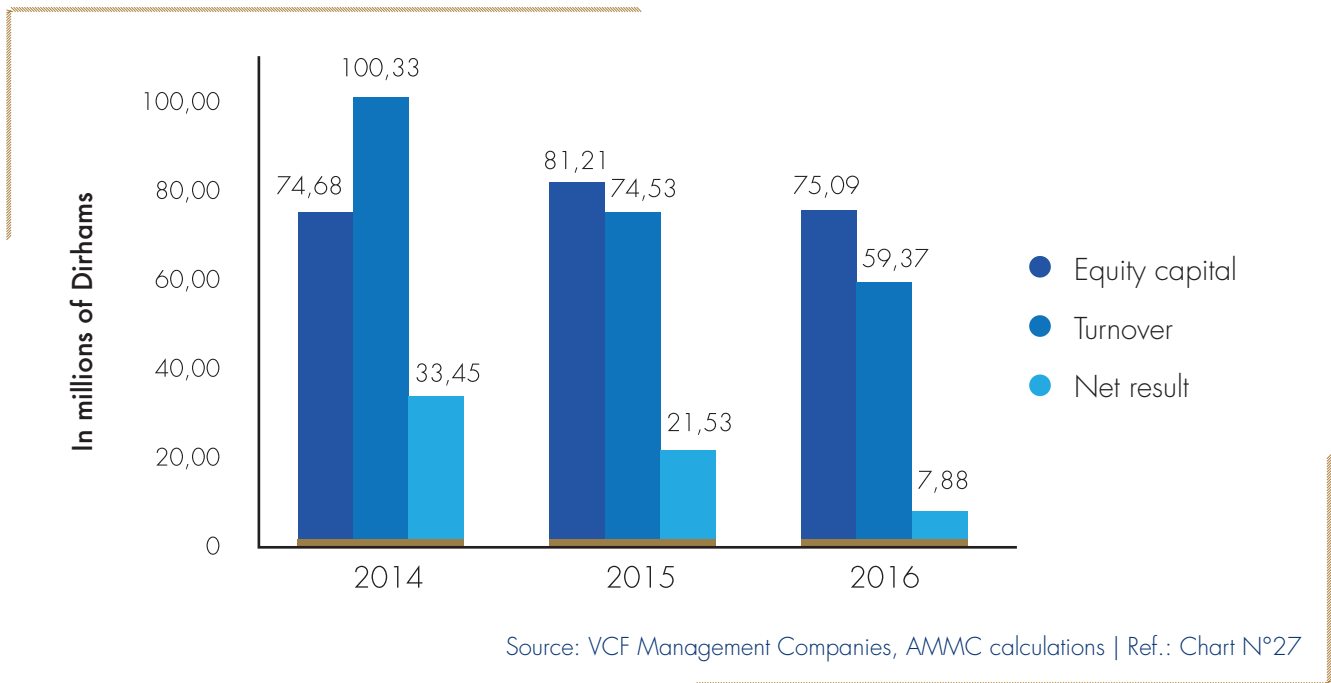
## © Financial indicators

The turnover generated by VCF management companies declined by 20.3% in 2016 with an amount of 59,37 million MAD compared to 74,53 million MAD in 2015. This decline is explained in particular by lower fees of related activities controlled by certain management companies.

The VCF management companies consolidated net result decreased by more than 63% in 2016, passing from 21,53 million MAD in 2015 to 7,88 million MAD in 2016.

Capital equity invested by VCF management companies exceeds 75 million MAD. They recorded a decrease of more than 7.5% from 2015.

### Evolution of the financial indicators of VCF management companies





## CHAPTER II

### THE AMMC AND THE CAPITAL MARKET SUPERVISION

# 1. LICENSING AND APPROVALS

## 1.1 Market participants licensing

In 2016, the AMMC granted authorization to CFG Markets and Valoris Securities to transfer both the actual place of business and the head office.

Furthermore, the AMMC was committed to examine an application of CIFS Management Company license. The application investigation was closed because the applicant exceeded the regulatory deadlines relating to the completeness of the authorization application.

## 1.2 Financial transactions approval

### 1.2.1 Capital securities transactions

During the fiscal year 2016, the AMMC approved 9 capital securities transactions, including 8 through a public offering. The public offerings transactions are disclosed in the following table:

#### Capital Securities Transactions granted visa in 2016

Type of transaction	Issuer	Date of visa	Description of transaction	Amount (in MAD)
IPOs	SODEP (Marsa Maroc)	10/06/2016	Initial public offer (IPO) on the stock exchange by way of transfer of shares representing 40% of the capital	(in MAD)
Capital increase	Auto Hall	07/03/2016	Capital increase by optional conversion of exceptional dividends 2014	120 299 438
	Banque Centrale Populaire	17/06/2016	Merger by absorption of BPR El Jadda-Safi (100% owned by BCP prior to the merger)	-
	Lafarge Ciments	24/06/2016	Capital increase by merger of Holcim Maroc	9 135 742 220
	Cosumar	16/12/2016	Capital increase by merger of the subsidiary SUCRAFOR	133 221 668
	LafargeHolcim Maroc	19/12/2016	Capital increase by merger of the subsidiary Lafarge Cementos	2 359 512 040
Public offering	Centrale Danone	29/01/2016	Compulsory public offering of withdrawal following the crossing of the threshold of 95% of the voting rights by Compagnie Gervais Danone	467 853 600
	Ciments du Maroc	19/08/2016	Public bid	6 148 838 500

Source: AMMC | Ref.: Table N°16

2016 was characterized by a significant increase of capital securities transactions volume (more than 400%). It is due to the size of the authorized transactions not their number. The main authorized transactions are:

© The initial public offering of SODEP (Marsa Maroc) for an amount of around 2 billion MAD. This transaction is the only IPO of the year and was subscribed more than 6 times;

© The merger of Holcim Maroc by Lafarge Ciments of an amount of more than 9 billion MAD. This merger took place thanks to the will of both LafargeHolcim and SNI group to bring Lafarge Ciments and Holcim Maroc closer together and thus to create the market leader of the building materials sector in Morocco.

© The merger of both Lafarge Cementos and its parent company LafargeHolcim Maroc amounted to 2.3 billion MAD. This was part of the rationalization and simplification of LafargeHolcim Maroc group structure, and aimed to create the synergy of both companies structures and financial resources;

© The mandatory public tender bid of Ciments du Maroc shares amounted to more than 6 billion MAD. It was initiated by Heidelberg Cement France (HC France) following the indirect crossing of the threshold of 40% of Ciments' du Maroc voting rights. This acquisition was the result of the 45% interest's acquisition by HC France in Italcementi, an indirect shareholder of Ciments du Maroc, representing 62.31%.

Furthermore, 2016 was marked by the approval of a capital increase by private investment for an amount of 2 billion MAD.

## 1.2.2 Bond issues

During 2016 fiscal year, the AMMC granted visa to 12 bond issues. Two of which were granted only preliminary visas, and another was granted a preliminary and a final visa. The bond issues granted visas in 2016 are set out in the following table:

### Authorized bond issues in 2016

Issuer	Date of visa	Description	Amount (in MAD)
Attijariwafa bank	08/06/2016	Issue of a subordinated bond issue divided into 6 tranches of maturities between 7 and 10 years (listed and unlisted tranches, of fixed and variable rates)	1 000 000 000
BMCE Bank Of Africa	09/06/2016	Issue of a subordinated bond with a 10 year maturity, divided into 4 tranches (listed and unlisted, with fixed and variable rates)	2 000 000 000
Crédit Agricole du Maroc	16/09/2016	Issue of a subordinated bond divided into 8 tranches of maturities between 7 and 10 years (listed and unlisted tranches, fixed and variable rates)	600 000 000
Fonds d'Equipe ment Communal	27/09/2016	Issue of ordinary bonds for 1 billion MAD structured into 4 tranches of 10 and 15 year maturities	1 000 000 000
BMCE Bank Of Africa	04/11/2016	Issue of Green Bonds type structured into 2 unlisted tranches with a maturity of 5 years (fixed and variable rates)	500 000 000
Crédit Agricole du Maroc	15/11/2016	Preliminary Visa for a green bonds issue up to a maximum amount of 500 million MAD	NA
Banque Centrale Populaire (BCP)	15/11/2016	Preliminary Visa for a green bonds issue up to a maximum amount of 2 billion MAD or an equivalent amount in foreign currency, maturing between 7 and 10 years	NA
CIH Bank	28/11/2016	Issue of a subordinated bond divided into 4 unlisted tranches of maturities between 7 and 10 years (tranches with fixed and variable rates)	1 000 000 000
OCP	28/11/2016	Preliminary Visa for the issue of perpetual subordinated bonds up to a maximum amount of 5 billion MAD	NA
Crédit du Maroc	30/11/2016	Issue of a 10 year subordinated bond maturity divided into 4 tranches (listed and unlisted tranches, with fixed and variable rates)	500 000 000
Attijariwafa bank	07/12/2016	Issue of a subordinated bond divided into 8 tranches of maturities between 7 and 10 years (listed and unlisted tranches, fixed and variable rates)	1 500 000 000
Attijariwafa bank	07/12/2016	Issue of a perpetual subordinated bond loan with mechanisms for absorbing losses and canceling coupon payments, divided into 2 tranches at variable rates	500 000 000
OCP	09/12/2016	Definitive visa for the issue of perpetual subordinated bonds. The final structuring involves bonds with early redemption options and deferred interest payments, divided into 6 tranches at variable rates	5 000 000 000

Source: AMMC | Ref.: Table N°17

Furthermore, the AMMC authorized 4 bond issues by private investment, including the issue by MASEN of Green Bonds of 1,15 billion MAD.

The volume of bond issues achieved by public offering increased significantly (+22.6%) in 2016. This year was marked, in particular, by the issue of new types of bonds, as the first transaction of its type on the Moroccan market, namely:

- © The green bonds issued by MASEN (1,15 billion MAD per private investment) and by BMCE (500 million MAD per public offering), plus the preliminary visas issues of Crédit Agricole du Maroc and the Banque Centrale Populaire;
- © Attijariwafa Bank issued perpetual subordinated bonds with mechanisms of losses absorbing and of coupons payment canceling (through a public offering for a total amount of 500 million MAD);
- © OCP SA issued perpetual subordinated bonds with early redemption options and deferred interest payments (through a public offering of 5 billion MAD).

### Green bonds: publication of a guide and first issuances in morocco

As part of its commitment to contribute to the development of climate finance, and in accordance with the Kingdom's renewable energy objectives and the creation of a regional financial hub, the Moroccan Capital Market Authority published on the eve of COP22 in October 2016, a guide of "Green Bonds" for issuers and market participants.

The guide was drafted with the support of International Finance Corporation (IFC), a member of the World Bank Group. The guide presents the key elements of the "Green Bonds" and their main implications. It is submitted to issuers as well as to investors. It aims to promote the development of this new segment in the Moroccan capital market.

This guide provides a clear framework, inspired by international standards, to issuers and professionals who want to invest in this market. It also accompanies the realization of the first issues of green bonds in Morocco.

Created in 2007, Green Bonds were expanding at an incredible development and reached a volume of 41 billion USD in 2015. They become an essential tool of funding mobilization to promote the fight against climate change.

Following the publication of the guide, the enthusiasm for this new type of bond issues was also confirmed in Morocco. The AMMC authorized its visa to four transactions. The authorization covers two final visas and two preliminary ones for a total amount of 4,15 billion MAD.

### Green bonds issues authorized or granted visa by the AMMC in 2016

© MASEN	Issue by private investment for 1,15 billion MAD
© BMCE Bank Of Africa	Issue by public offering of 500 million MAD
© Crédit Agricole du Maroc	Preliminary Visa for an issue of up to 500 million MAD
© Banque Centrale Populaire (BCP)	Preliminary Visa for an issue of up to 2 billion MAD or its equivalent in foreign currency

Ref.: Box N°3

## 1.2.3 Other granted visas

### © Commercial papers issue programs

During the fiscal year 2016, the AMMC approved five prospectus updates covering the following commercial paper issue programs:

#### Information files updates of commercial paper issue programs

Issuer	Date of visa	Ceiling of the program (in MAD)
Les Eaux Minérales d'Oulmès	19/08/2016	200 000 000
Résidences Dar Saada	31/10/2016	500 000 000
Afriquia Gaz	17/11/2016	1 200 000 000
Maghreb Oxygène	01/12/2016	200 000 000
Douja Promotion Groupe Addoha	14/12/2016	1 000 000 000

Source: AMMC | Ref.: Table N°18

### © Buyback programs

In 2016, the AMMC granted visa to four buyback programs, listed as follows:

#### Buyback programs

Issuer	Date of visa	Description	Maximum amount to be committed (in MAD)
Ittissalat Al Maghrib	08/04/2016	Program covering 0.17% of the capital, with an intervention range of 88-139 MAD, with a liquidity contract covering 20% of the program (subject to the approval of the Ordinary General Meeting of 04/26/2016). The duration of the program runs from May 10 <sup>th</sup> , 2016 to November 9 <sup>th</sup> , 2017	208 500 000
Banque Centrale Populaire	04/05/2016	Program covering 5% of the capital, with an intervention range of 184-249 MAD, (subject to the approval of the Ordinary General Meeting of 05/23/2016). The duration of the program is from June 6 <sup>th</sup> , 2016 to December 5 <sup>th</sup> , 2017	2 269 070 517
Atlanta	11/05/2016	Program covering 5% of the capital, with an intervention range of 50-74 MAD (subject to the approval of the Ordinary General Meeting of 05/26/2016). The duration of the program is from June 08 <sup>th</sup> , 2016 to December 08 <sup>th</sup> , 2017	222 704 554
Douja Promotion Groupe Addoha	10/06/2016	Program covering 1% of the capital, with an intervention range of 40-70 MAD (subject to the approval of the Ordinary General Meeting of 06/28/2016). The duration of the program runs from May 10 <sup>th</sup> , 2016 to November 9 <sup>th</sup> , 2017	225 789 970

Source: AMMC | Ref.: Table N°19

The volume of the authorized buyback programs increased significantly compared to the previous year (+371%) in spite of the decrease of their number (4 in 2016 compared to 5 in 2015). This is the result of Banque Centrale Populaire's buyback program, which amounted to almost 2,3 billion MAD.

Moreover, out of the 4 concerned programs concerned, Itissalat Al Maghrib is the only program which provides a liquidity agreement.

### © Public offerings carried out incidentally in Morocco

During the financial year 2016, the AMMC approved 10 public offerings carried out incidentally in Morocco. Foreign groups make these exclusive offers in favor of their employees throughout the world, including the employees of their Moroccan subsidiaries. Four of these transactions were carried out in two-phased steps. Therefore, they were subject of preliminary visas and then of definitive visas.

#### Public offerings carried out incidentally in Morocco

Issuer	Date of visa	Nature of securities	Subsidiaries benefiting from the transaction in Morocco	Amount of offering worldwide (in euros)
Airbus Group N.V	07/03/2016	Actions	Stelia Aerospace Morocco SA, Aerolia, Morocco Aeronautical Construction, EADS Defense and Security Morocco	110 820 000
Orange	15/03/2016 28/04/2016	Parts de FCPE	Medi Telecom SA, Medi Telecom Distribution, Sofrecom Services Morocco, Equant Morocco Inc.	137 080 000
Air Liquide	21/03/2016	Actions	Air Liquide Morocco and SOMATI	5 500 000
Nexans	17/05/2016 27/06/2016	Parts de FCPE	NEXANS Maroc, SIRMEL and Tourets and Emballages du Maroc	13 868 000
Vinci	03/06/2016	Parts de FCPE	Freyssima Maroc, Cegelec SA Maroc, Dumez Maroc, Sogea Maroc, Checom SA Maroc, SOLSIF Maroc SA and the subsidiary Terre Armée Maroc	406 052 106
Sanofi	21/06/2016	Parts de FCPE	SANOFI-AVENTIS Maroc and MAPHAR	373 758 857
Axa (France)	31/08/2016 17/10/2016	Parts de FCPE	Axa Assurance Maroc, Axa Assistance Maroc, Axa Assistance Maroc Services, Axa Credit, Institut de Formation et de Developpement Professionnel Axa, Société De Gestion et de Surveillance (Sgs), Axa Technologie Services, Axa France Iard, Axa France Vie and Avanssur	1 045 218 339
Crédit Agricole (France)	16/09/2016 07/11/2016	Actions	Capital increase in cash reserved for employees who are members of the group savings plan (direct subscription)	175 000 000
Décathlon International Shareholding Plan	20/09/2016	Actions	Decapro Maroc, Decathlon Maroc, Proxyline, Decathlon Regional Support	237 876
ATOS SE	16/12/2016	Parts de FCPE	Atos IT Services, Atos ITS Nearshore Center Maroc and Bull Maroc	2 076 409

Source: AMMC | Ref.: Table N°20

## 1.3 Mutual funds authorization

### 1.3.1 UCITS

During 2016, the AMMC granted 112 authorizations to UCITS management companies; distributed between 38 licenses and 74 prospectus visas.

UCITS approvals are divided into 21 license renewals and 17 UCITS creations.

It should be noted that among 17 UCITS created in 2016, 8 are "Bond" UCITS and 7 are "Diversified" UCITS.

The AMMC covered 74 prospectus, including 18 related to placing on the market of newly created funds that were granted approval in 2016 or in 2015.

#### Balance sheet of UCITS authorizations in 2016

UCITS	Approvals			Prospectus Visas		
	Creation	Update	Total	Creation	Update	Total
Securities	0	8	8	0	14	14
Diversified	7	3	10	7	15	22
Money market	2	2	4	3	7	10
Short Term Bonds	5	2	7	5	5	10
Medium & long Term Bonds	3	6	9	3	14	17
Contractual	0	0	0	0	1	1
Total	17	21	38	18	56	74

Source: AMMC | Ref.: Table N°21

The authorization requests reflect the marketing policies of UCITS management companies. They mainly concern the modification of technical characteristics of the funds marketed or the establishment of new funds related to broadening the investor basis.

Several themes of creation or of modification were processed:

- © UCITS with a Socially Responsible Investment Strategy

This fund focuses on a Socially Responsible Investment approach (SRI) aimed at creating a positive environmental, social and governance impact while seeking financial performance. The management company uses analyzes provided by a recognized international agency of analysis and non-financial rating.

- © UCITS favor the selection of assets rated by an international rating agency ;

- © UCITS with selective investment universe ;

The purpose of this type of fund is to meet the request of investors who wish to limit their exposure to non-financial issuers of sovereign or banking securities.

- © Marketing policy change (investor category, classification, marketing network) ;

- © Technical or legal characteristics Change of funds (allocation policy, benchmarks, fees and expenses, etc.).

Approvals granted for the creation of new funds are increasing compared to 2015 (17 in 2016 compared to 14 in 2015, 25 in 2014 and 10 in 2013). Nevertheless, the total number of issued licenses decreases compared to the previous years.

The growth of approvals and visas granted by the AMMC over the last six years is presented as follows:

### Approvals evolution

Category	Type of approval	2011	2012	2013	2014	2015	2016
<b>Securities</b>	<b>Total</b>	<b>15</b>	<b>14</b>	<b>11</b>	<b>15</b>	<b>4</b>	<b>8</b>
	Creation	5	5	1	3	1	0
	Renewal of approvals	10	9	10	12	3	8
<b>Contractual</b>	<b>Total</b>	<b>3</b>	<b>4</b>	<b>0</b>	<b>4</b>	<b>0</b>	<b>0</b>
	Creation	2	3	0	3	0	0
	Renewal of approvals	1	1	0	1	0	0
<b>Diversified</b>	<b>Total</b>	<b>9</b>	<b>14</b>	<b>5</b>	<b>8</b>	<b>10</b>	<b>10</b>
	Creation	3	1	0	4	1	7
	Renewal of approvals	6	13	5	4	9	3
<b>Money market</b>	<b>Total</b>	<b>11</b>	<b>12</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>4</b>
	Creation	6	2	2	3	3	2
	Renewal of approvals	5	10	7	6	6	2
<b>Short Term bonds</b>	<b>Total</b>	<b>5</b>	<b>8</b>	<b>4</b>	<b>13</b>	<b>7</b>	<b>7</b>
	Creation	2	2	3	4	2	5
	Renewal of approvals	3	6	1	9	5	2
<b>Medium &amp; Long Term bonds</b>	<b>Total</b>	<b>17</b>	<b>32</b>	<b>17</b>	<b>19</b>	<b>21</b>	<b>9</b>
	Creation	5	5	4	8	7	3
	Renewal of approvals	12	27	13	11	14	6
<b>Overall Total</b>		<b>60</b>	<b>84</b>	<b>46</b>	<b>68</b>	<b>51</b>	<b>38</b>

Source: AMMC | Ref.: Table N°22

## Prospectus visas evolution

Category	Type of visas	2011	2012	2013	2014	2015	2016
Securities	<b>Total</b>	<b>16</b>	<b>23</b>	<b>8</b>	<b>23</b>	<b>12</b>	<b>14</b>
	Creation	3	6	1	2	3	0
	Update	13	17	7	21	9	14
Contractual	<b>Total</b>	<b>2</b>	<b>4</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>1</b>
	Creation	2	4	0	0	0	0
	Update	0	0	2	0	0	1
Diversified	<b>Total</b>	<b>10</b>	<b>20</b>	<b>7</b>	<b>14</b>	<b>10</b>	<b>22</b>
	Creation	1	3	0	1	3	7
	Update	9	17	7	13	7	15
Money Market	<b>Total</b>	<b>8</b>	<b>17</b>	<b>7</b>	<b>12</b>	<b>13</b>	<b>10</b>
	Creation	3	4	3	3	3	3
	Update	5	13	4	9	10	7
Short Term Bonds	<b>Total</b>	<b>6</b>	<b>9</b>	<b>5</b>	<b>4</b>	<b>15</b>	<b>10</b>
	Creation	1	3	4	2	3	5
	Update	5	6	1	2	12	5
Medium and Long Term Bonds	<b>Total</b>	<b>19</b>	<b>45</b>	<b>40</b>	<b>29</b>	<b>33</b>	<b>17</b>
	Creation	5	5	5	5	7	3
	Update	14	40	35	24	26	14
<b>Overall Total</b>		<b>61</b>	<b>118</b>	<b>69</b>	<b>82</b>	<b>83</b>	<b>74</b>

Source: AMMC | Ref.: Table N°23

### 1.3.2 CIFS

The AMMC received three applications of CIFS creations during 2016.

An authorization related to the creation of the "FT ENERGY" CIFS was granted in September 2016.

This transaction involved the securitization of trade receivables held by the ONEE and related to the electricity supply business, through the issue of Bonds and outstanding shares.

The issue of about 2 billion MAD by public offering was set aside to qualified investors.

In addition, the AMMC was solicited by the securitization management companies in order to assess the structure of securitization transactions with specific or innovative characteristics.

### 1.3.3 VCF

2016 was marked by the absence of any authorization request or renewal for collective capital investment.

## 2. FINANCIAL INFORMATION MONITORING

### 2.1 Periodic information

The periodic information required by issuers is financial and accounting information published on a semi-annual and annual basis. It informs investors about the achieved performance. This information is subject to regular checks by the AMMC, in particular in regard with:

- © The respect of deadlines and of publication materials;
- © The completeness of the content required by the regulations;
- © The clarity, consistency and relevance of published information.

#### Financial publications monitoring outcome

	2015	S1 2016
Failure to meet deadlines for financial publications	0	4
Failure to publish exhaustive statements	8	8

Source: AMMC | Ref.: Table N°24

During 2016, the issuers published the financial statements of the second half of 2015 and of the financial year 2015, as well as those of the first half of 2016.

The deadline compliance control of the publication of financial statements published in 2016 reveals the following:

- © An overrun of 41 days made by 2 issuers in the second half of 2015. It concerns both ADI and Alliances Darna;
- © A 29 day overrun made by a listed company in connection with the publication of the annual accounts of 2015. This concerns Stroc Industrie. It received the postponement of the Ordinary General Meeting to approve the 2015 annual accounts from the Casablanca Commercial Court on June 29<sup>th</sup>, 2016;
- © An Exceeding deadline of 181 days of accounts publication for the first half of 2016 by the company Stroc Industrie.

The first three defined deficiencies resulted in disciplinary and pecuniary sanctions, while the fourth one is currently in process.

Furthermore, a default was recorded by 8 issuers in terms of completeness. It deals with the publication of the annual accounts of 2015, including a limited assessment certificate instead of the final report summary of the statutory auditors. This concerns the following issuers: Crédit du Maroc, CIH, Crédit Agricole du Maroc, ONCF, RCI Finance, Rebab Company, Société Générale and Zellidja.

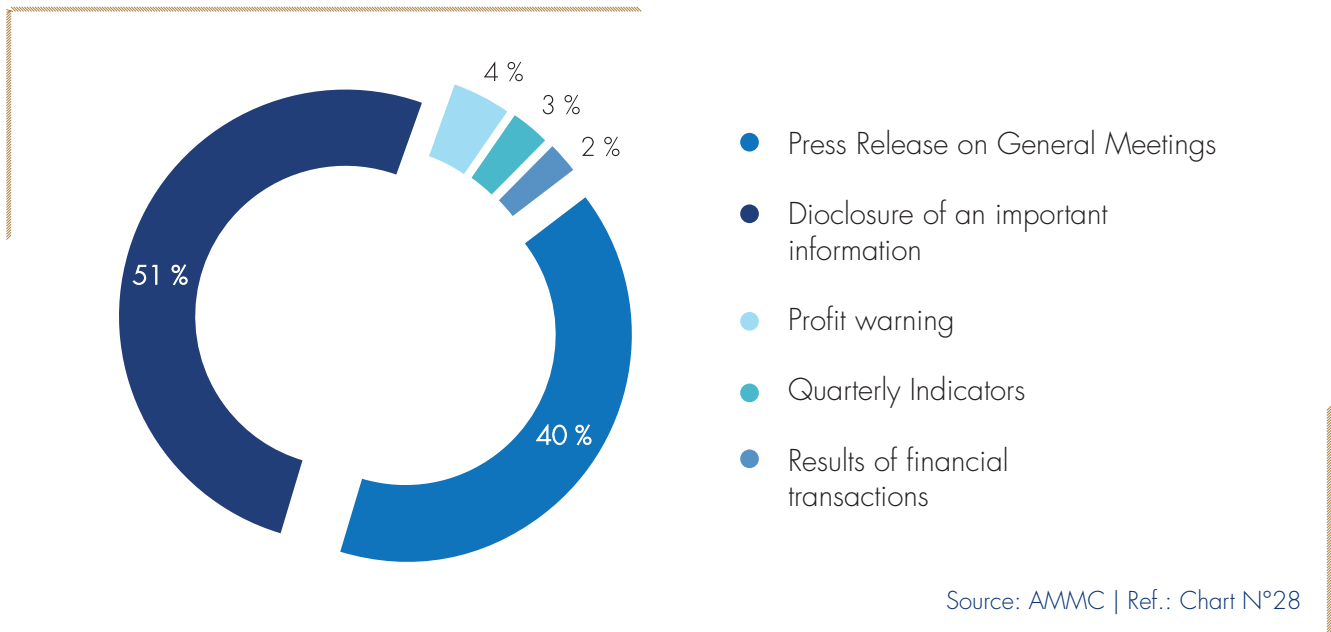
Following the request of the AMMC, all concerned issuers regularized their situation.

## 2.2 Important information

Legal entities making public offerings are subject to a disclosure obligation of any factual, organizational, commercial, technical or financial situation. They may have a significant influence on the market prices of their securities or an impact on the assets of the securities holders, as soon as they become aware thereof.

### 2.2.1 Nature of publications

#### Breakdown of publications by press release subject



Throughout 2016, 473 press releases were issued by issuers, including 40% dealing with general meetings and 58% reporting on a significant event, 4% are disclosed to alert the public about the foreseeable decline of achievements.

The audits carried out on the financial statements published in 2016 exposed 2 deficiencies relating to the obligation to provide important information (late alert publication about results) and were subject to disciplinary and pecuniary sanctions by the AMMC

### 2.2.2 Applications for suspension during 2016

In certain situations, the AMMC intervenes to ask the Casablanca Stock Exchange to temporarily suspend the listing of certain securities in order to preserve equal access to information, while awaiting important information publication.

Thus, eight securities were suspended during 2016. One security was subject to a public offering project. The other seven securities were triggered by the publication of important information.

## 2.3 Threshold crossing declarations

The major shareholding crossing threshold (DFSP) is an information obligation of the shareholders who crossed upward or downward the participation thresholds in the capital of listed companies. These thresholds of 5%, 10%, 20%, 33,33%, 50% and 66,66% are determined by Articles 68b and 68c of the Dahir providing Law No. 1-93-211 as amended and completed. The DFSPs are controlled and processed by the AMMC, which discloses them publicly via its website, in order to inform about changes in the shareholding structure of listed companies.

### Breakdown of threshold crossing declarations by investor category

	2015	2016
<b>Upward Major threshold crossing declarations</b>	<b>11</b>	<b>11</b>
Legal person under foreign law	1	2
Moroccan institutional investors	6	3
Legal person under Moroccan law	3	6
Natural persons	1	0
<b>Downward Major threshold crossing declarations</b>	<b>12</b>	<b>9</b>
Legal person under foreign law	0	4
Moroccan institutional investors	2	1
Legal person under Moroccan law	8	3
Natural persons	2	1
<b>TOTAL Major threshold crossing declarations</b>	<b>23</b>	<b>20</b>

Source: AMMC | Ref.: Table N°25

## 2.4 Listed companies buyback programs

Listed companies with an outstanding buyback program are subject to an obligation to submit a monthly communication report to the AMMC. This report states information about cessions and acquisitions carried out directly or through their subsidiaries during the previous month. For 2016, the analysis of the outstanding buyback programs reveals the following:

© 2 companies did not make any transactions, which are Addoha and Atlanta.

© Maroc Telecom and Label vie carry out transactions both within the frameworks of the buyback program and the back-to-back liquidity contract.

### Balance of buyback programs in 2016

© 6 programs at 12/31/2015	Atlanta- Label Vie- IAM- Salafin-SNEP- Stokvis
© 4 programs due to expire in 2016	Atlanta, IAM, Salafin et Stokvis
© 3 programs renewed in 2016	Addoha, Atlanta et IAM
© 1 program granted visa in 2016	BCP
© 6 programs as of 31/12/2016	Addoha-Atlanta-BCP-IAM-Label Vie-SNEP

Source: AMMC | Ref.: Table N°26

## Liquidity contracts associated with buyback programs

Treasury shares buyback by listed issuers is a practice authorized in Morocco in accordance with current legislation and regulations; the initial milestone was introduced in 2003. The use of a buyback program tends primarily to stabilize market by using ad hoc interventions when stock liquidity is insufficient or the market circumstances prevent the normal formation of prices by the spontaneous crossing of supply and demand.

The issuer's interventions on its securities are strictly governed by conditions drawn to ensure transparency (regular information and reporting) and to avoid disturbing the proper functioning of the market (limitation of intervention volumes, management of intervention prices, introduction of abstention periods, etc.).

The overall weakness of securities liquidity has become over the years a structural constant. The share buyback program underwent several growths and adaptations. Their aim was to improve its effectiveness in relation to the assigned objectives. To this end, a new opening was authorized in 2013 with the introduction of liquidity contracts associated with buyback programs, following the example of certain experiences in the world, particularly in France, Spain and Italy.

Thus, a so-called liquidity source was adopted in the context of share buyback programs. The authorization was intended to simplify the terms of intervention, in order to allow the companies initiating these programs to support more freely their liquidity. As a result, market interventions do not comply with the limits of volumes, prices and periods of abstention within a trading session.

In return, in order to ensure, in one hand, the liquidity contract does not jeopardize the underlying principles of the buyback programs, it is in line with the usual practice in the international financial markets, in the other hand, a range of measures promoted this opening, including the limitation of the liquidity source to 20% of the buyback program; the prior authorization of General Meeting; the obligation to clear the management account of the liquidity contract at the end of the program and the use of a brokerage firm to which was entrusted the contract management in compliance with a specific contract.

Finally, it should be noted that the use of liquidity contracts by listed issuers is still marginal.

Ref.: Box N°4

## 2.5 Listed companies ethics

### Results of listed companies ethics reports

	S1 2016	S2 2016
Listed companies subject to control	73	73
- Failure of transmission	2	3
- Failure to respect the transmission deadline	5	8
- Failure to respect the exhaustiveness of the report	0	1

Source: AMMC | Ref.: Table N°27

During 2016, all listed companies submitted their ethics reports for the first and second half of 2016.

The number of listed companies exceeding the deadline for transmission of the ethics report increased from 5 for the first half of 2016 to 8 for the second half of 2016. Most of the delays are due to the new mode of transmission to the AMMC. The transmission of the reports is made via the SESAM electronic exchange platform and following the request for additional information to be transmitted.

As to the completeness of the reports, the controls carried out revealed that, at the exception of certain minor irregularities, only one company failed to transmit the list of its insiders as of December 31st, 2016. All irregularities were regularized following the request of the AMMC.

#### SESAM Electronic Exchange Platform

The SESAM platform (Exchange and Supervision System of the Market Authority) was set up in 2015, subject to providing a solution for the supervision and control of the financial market.

In particular, It makes available to market participants and companies a dedicated extranet. It enables them to communicate with the AMMC in a structured and automatic way, within the framework of authorization requests as well as within the framework of the reporting.

The platform also helps enhance the responsiveness of the AMMC through dematerialization and automation of consistency and completeness controls, standardization of handling processes as well as the consolidation of the common product and stakeholders. Since its implementation, the SESAM solution enabled a substantial reduction in processing times, data reliability and the use of decision support tools.

### 3. CONTROL OF MARKET PARTICIPANTS AND MARKET INFRASTRUCTURE

The AMMC supervises the activities, organization and means of market participants and companies to operate in secure conditions. The Authority ensures compliance of these parties with the legal and regulatory provisions to which they are bound.

This supervision is available in two complementary forms: on-the-spot supervision through inspections within the premises of the interveners and the monitoring of documents through the analysis of the reports communicated to the AMMC which determines the content and the periodicity.

As part of the supervision and analysis of market participants' reports, the AMMC gives particular importance to the monitoring of incidents reported by these operators. The Authority monitors all of these incidents thoroughly in order to assess the criticality, the frequency, the impact and to ensure the follow-up of the action plan implemented by the market participant in order for effective remedies to be implemented.

#### Market participants inspection missions indicators

4 Inspection missions	Brokerage firms		Account holders		Management Companies		Central depository		Casablanca Stock Exchange	
	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016
General Missions	2	1	1	-	4	1	-	-	-	-
Post-Inspection Missions	1	-	1	1	1	4	-	-	-	-
Thematic Missions	4	1	-	-	1	-	-	-	1	1
Specific missions	3	2	-	-	1	3	-	-	-	-
<b>Total</b>	<b>10</b>	<b>4</b>	<b>2</b>	<b>1</b>	<b>7</b>	<b>8</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>1</b>

Source: AMMC | Ref.: Table N°28

## 3.1 Supervision of the Stock Exchange Managing Company

### 3.1.1 Inspection mission

The AMMC prepared the start of the new quotation system of the Stock exchange. It conducted a thematic investigation mission in 2016. Its main objective was to evaluate the changeover plan and the business continuity set up within the framework of the project "New Age", it intended to migrate to a new trading platform and to implement associated peripheral tools.

At the end of this mission, several minor to moderate risk zones were identified and are related mainly to the organizational means, the security policy and the continuity of activity. These areas of risk concern the following components:

- © The completeness of the failover plan;
- © Updating the management of access and documents relating to information system operation;
- © The formalization of the technical operational diagram of the recovery plan on the backup site;
- © The establishment of a complete enabling matrix to use new trading platform;
- © The completion of all comprehensiveness tests, consistency and confidentiality of the disseminated data;
- © Formalization of a communication plan.

In this regard, the Casablanca Stock Exchange implemented the comprehensive measures needed to ensure the successful migration from its quotation system "NSC V900" to "Millennium Exchange" on August 1<sup>st</sup>, 2016.

### 3.1.2 Documents check

In 2016, Casablanca Stock Exchange recorded 17 incidents of low to moderate criticality. The majority of the reported incidents are related to connection problems between the Exchange's main site and its backup site and to setup problems in some satellite applications.

The reported incidents had controlled impact on both Casablanca Stock Exchange and brokerage firms and other market participants. All incidents resulted in the implementation of immediate corrective actions and the deployment of preventive measures.

### 3.1.3 Risk monitoring

2016 was marked by the strengthening of the governance of Casablanca Stock Exchange. In this context, the shareholders of the management company were enlarged, in addition to the brokerage companies which retained 20% of the share capital, to other financial institutions of the market, namely the banks with 39%, CDG with 25%, insurance companies with 11%, and CFC Authority with 11%. Moreover the administrator charter was drawn up. It incorporates the rules of ethics of the members of the Board of Directors.

Meanwhile, the management bodies of Casablanca Stock Exchange set up an internal audit mission plan covering a wide range of activities.

As such, 21 internal audit missions were carried out to assess the effectiveness of various business processes. These include the assessment of the internal control and risk management system, the business continuity plan, incident management, project management and preventive maintenance, access to the monitoring office, management of the transactions settlement and the purchasing process, and the management of inventories.

In addition, an audit for the renewal of the ISO 9001/27001 certification related to the information security management system carried out in 2016.

Furthermore, the implementation of a new more efficient trading platform and the achievement of several actions contributed to operational risk reduction. The main actions are:

- © The signing of new contracts with the brokerage companies while migrating to the "Millennium IT" quotation system;
- © The completion of modernization and safety work of the electrical installations;
- © The upgrade of the back-up site;
- © Carrying out the external security audits of the Exchange's satellite applications;
- © The procedures updating of the business continuity plan.

However, the stock exchange management company must strengthen more its human and its organizational resources in order to carry out the objectives set out in the new specifications.

#### **Broadening the AMMC supervisory prerogatives**

The Dahir promulgating law 19-14 on stock exchange, brokerage companies and financial investment advisers, provided the AMMC, in addition to the mission of ensuring the smooth functioning of the market, with a new supervision mission related to the compliance of the terms of the specifications by the Casablanca Stock Exchange Managing Company. This new mission is part of the demutualization process of Casablanca Stock Exchange marked, in particular, by a new system of specifications control previously devolved to the government commissioner. Indeed, the specifications control is now subject to the control of a « the stock exchange follow up committee » but also to the control of the AMMC acting on behalf of the Minister of Finance.

## 3.2 Supervision of Central Depository

### 3.2.1 Documents check

In 2016, Maroclear recorded 53 low to moderate criticality incidents. These incidents mainly concerned connection problems with affiliates and accounting documents sending related to the management of certain transactions initiated by affiliates (43% of incidents were processed).

Maroclear carried out a diagnosis of all the reported incidents. It resulted in a set of corrective and preventive actions.

### 3.2.2 Risk monitoring

During 2016, Maroclear strengthened its capacities to guarantee a better supervision of information systems security and to improve its business continuity. The following actions were carried out:

- ⦿ Creation of an "Information Security and IT Quality" service directly assigned to the General Management;
- ⦿ Tests achievement to improve the business continuity plan: the tests were carried out to shift the telecoms links towards the back-up operator, to make available the application components and the electrical network and to give access to the remote back-up site;
- ⦿ Conducting a compliance audit mission of the management system and information security (MSIS), in accordance with the requirements of ISO 27001.

In terms of control of its operations, Maroclear also conducted 4 internal audit missions covering several processing cycles. Thus, audits were carried out in 2016 to ensure the efficiency and the control of:

- ⦿ Transactions processing production cycle, transactions monitoring and overseeing processes, benchmark, issuer relationships and securities transactions;
- ⦿ Security audit cycle through intrusion and vulnerability testing and configuration audit of network and telecom equipment;
- ⦿ Management System and Information Security (MSIS).

Finally, Maroclear continues to carry out development projects of the market. These projects will provide new activities and services to its affiliates in order to process some types of transactions and to improve the transparency and granularity of the data directed at the market.

## 3.3 Supervision of brokerage firms and custodians

### 3.3.1 Inspection missions

During 2016, the AMMC conducted 5 control missions alongside market participants (4 brokerage firms and 1 bank). Moreover, besides two one-off inspection missions related to the premises transfer authorization, the AMMC carried out a general inspection mission, a thematic inspection mission and a post inspection mission.

The general inspection mission was undertaken alongside Alma Finance Group. It revealed that the company does not have sufficient human, organizational, material and technical resources in order to conduct its activities within secure conditions. So, some irregularities and deficiencies were identified. They are related to the process procedures of stock exchange orders, to the formalization of the customer relationship, to the internal control system, to the subscription terms to Marsa Maroc transaction and to the information system. Moreover, the mission highlighted that a customer exercised its discretionary management activities without having a management mandate or setting up the activity adequate resources by Alma Finance Group.

The specific mission carried out in 2016 concerned the conduct of the initial public offering of Marsa Maroc. This mission was conducted alongside 16 brokerage firms during the subscription period. The mission main purpose was to evaluate the means and the procedures set up by the brokerage firms and to control compliance with the circular provisions, in particular the formalization of the customer's relationship, the subscribers' affiliation to their categories, and the subscriptions funding. Except the existence of few deficiencies of the relationship formalization with two foreign customers, this mission did not reveal any particular irregularities in applying the circular provisions.

Concerning the post-inspection mission alongside Crédit Agricole du Maroc, the results highlight the effective implementation of the actions as indicated during the general mission, in particular sending systematically by mail transaction notices to customers, strengthening the internal control system, integrating proprietary positions within the securities account reporting system, introducing a monthly reconciliation in comparison with the positions held by the mandatory CDG Capital and formalizing relationship with customers through securities agreements in case of new account openings.

### Typology of incidents reported in 2016 during inspection missions to brokerage firms

Business areas	Tracked anomalies & deficiencies in %
Failure to comply with terms and conditions for dealing with stock exchange orders and management	14%
Terms of subscription for IPO	14%
Internal control system (inadequacy of the internal control system, monitoring of prudential rules)	14%
Staffing and dual functions	14%
Relationship with clients (incomplete client files)	14%
Physical and technical means	30%
Total	100%

Source: AMMC | Ref.: Table N°29

### 3.3.2 Documents checks

In 2016, the AMMC received 132 incident notifications from brokerage firms and banks for the custodian activity.

#### Number and type of incidents reported in 2016 to the AMMC

	Incidents related to the activity	Technical Incidents	Other Incidents
Brokerage firms	42	55	11
Banks	17	6	1

Source: AMMC | Ref.: Table N°30

#### Typology of Incidents Reported by Brokerage firms

	Incidents related to the activity	Technical Incidents		
Brokerage firms	Prudential rules	22	System bugs	25
	Settlement of transactions	9	Telecommunication links	13
	Market making activity	3	Call recorders	9
	Execution of orders	3	Rating / Trading Platform	4
	Establishment of net buying position	1	Maroc clear Platform	1
	Processing of public tenders	3	Synchronization between systems	2
	Securities transactions	1	Data loss	1

Source: AMMC | Ref.: Table N°31

#### Typology of incidents reported by banks

	Incidents related to the activity	Technical Incidents		
Banks	Execution of orders	6	Maroclear Platform	4
	Securities transactions	4	System bugs	1
	Settlement of transactions	3	Telecommunication links	1
	UCITS controlling missions	2		
	Triangular transactions	1		
	Transfers of securities	1		

Source: AMMC | Ref.: Table N°32

It must be emphasized that the majority of reported incidents are of low to moderate criticality and must concern, in particular, technical problems such as system failures or bugs that caused a temporary shutdown of the activity and an outcome of transactions.

However, the AMMC monitored in particular some of the reported incidents. These include:

- © a failure to set up a "net buying position" during 4 trading days at the brokerage firm CDG Capital Bourse. This failure was due to a technical problem incurred at CDG Capital participating bank;
- © a failure to comply with the rules governing the use of credit balances at MENA Capital Bourse and an overrun of CFG Markets risk diversification ratios;
- © a loss of some telephone records of CFG Markets and Atlas Capital Bourse brokerage firms.

Thus, Market participants' implemented detailed action plans to prevent the reproduction of such incidents.

Finally, in 2016, some banks encountered lot of delays in sending the reporting of securities lending activity. These delays are mainly due to the predominance of these reports manual processing, which also led to errors or incompleteness of the data sent to the AMMC.

In compliance with their intermediary role in securities lending, the market important banks launched, during 2016, projects to overhaul technical resources of securities lending activities in order to overcome the aforementioned deficiencies

## **3.4 Supervision of UCITS management companies**

The AMMC supervises the market participants' activities, organization and means so as to ensure that they operate safely. It ensures their compliance with the legal and regulatory provisions to which they are subject.

This supervision can be of two complementary variations: on-site control; these are inspections held in the market participants' premises, and documents controls, they are checks carried out through analyzing documents to be sent to the AMMC. The latter determines their content and their periodicity.

### **3.4.1 Management companies on-site control**

During 2016, the AMMC carried out eight inspection missions to management companies, versus seven inspection missions in 2015. In 2016, a general mission was carried out alongside the management company Africapital Management. Four post-inspection missions were conducted to BMCI Asset Management, CDG Capital Management, Valoris Management and Wafa Gestion. The purpose of these missions is to check the effective actions implementation identified at the end of the inspection mission.

Finally, three periodic missions were carried out following the change of the professional premises of CFG Gestion, Red Med Asset Management and Wineo Gestion. The mission purpose was to guarantee that the said management companies always comply with the conditions and the terms of granting funds' approvals.

## Typology of deficiencies in UCITS management companies

Business areas	Tracked deficiencies
Means (organizational, human, technical, IT and financial.)	38%
Front Office Processing Process (FO procedures, compliance with investment policy, prudential ratios, sensitivity ...)	31%
Management of the customer relationship (procedures, commercial policy, information of the subscribers ...)	14%
Management of external relations (relationship with the AMMC, relationship with external providers)	10%
Control system (internal control and ethics, 1 <sup>st</sup> level control)	7%

Source: AMMC | Ref.: Table N°33

The general inspections revealed a satisfactory level of operational risks control shown by the audited management companies. However, these companies have improvement areas, notably in terms of compliance with organizational, human, technical, IT and financial means. They also comply with the Front Office Processing Process.

In addition, the post-inspection missions showed an overall respect of the management companies' commitment to implement the agreed actions following the AMMC inspection missions during which deficiencies and irregularities were identified.

### 3.4.2 Management companies documents check

Monitoring management companies consists of a range of structured and standardized check of their documents. The purpose of these controls is to guarantee the compliance of the documents with the various legal and regulatory provisions in force and, in particular, ethic rules and professional practices.

Since SESAM platform implementation (Exchange and Supervision System of the Market Authority), the documents check of UCITS management companies has been monitored alongside a structured and harmonized control of the submitted reports compliance in accordance with regulations in force, the analysis of these reports and the use of data and information validated within the framework of risk assessment incurred by management companies.

## Products control

In addition to supervising the activity, resources and organization of UCITS management companies, the AMMC supervises the products marketed by these companies.

### 1. UCITS supervision

Following a period of three months from the date of their constitution and after the AMMC approves their prospectus, UCITS are committed to comply with all legal and regulatory provisions they are subject to. These provisions cover mainly:

- ⊙ Prudential rules of their assets composition that define the main risks to which they are exposed (market, counterparty, liquidity and leverage risks). These rules relate to securities proportions, repo transactions, securities lending transactions and liquidity constituting their portfolios, as well as to the debt maximum level that UCITS are authorized to contract;
- ⊙ UCITS classification and their investment strategy, as set out in their prospectus;
- ⊙ Exclusive interest of their holders or shareholders in all transactions they initiate; and their disclosure obligations to inform investors.

The AMMC provides continuous and permanent control of all active UCITS through documents check, on the one hand and the information it collects during inspection missions, on the other hand.

### 2. Control of CIFS

CIFS control by AMMC includes ensuring compliance with:

- ⊙ Their financial arrangements;
- ⊙ Their cash investment rules;
- ⊙ The debt ratio limit.

In addition, CIFS management institutions must submit an annual report to the AMMC covering all CIFS as well as assets inventories held by these funds.

### 3. VCF Control

The AMMC control of VCF involves mainly their compliance with:

- ⊙ The prudential rules applicable to VCF (in particular the borrowing ratio limit);
- ⊙ The assets composition rules. VCF must comply with a "minimum allocation" provided by the regulations and must require them the investment of at least 50% of their assets portfolio representing debts, rights and securities providing direct or indirect access to the capital of companies governed by Moroccan law. Those companies do not have their securities listed on the Stock Exchange;
- ⊙ The investment strategy set out in their information document;
- ⊙ Their obligations to provide information and submit documents.

Ref.: Box N°5

## 4. MARKET DISCIPLINE

### 4.1 Stock market transactions surveillance

The objective of market surveillance is to detect any event or behavior that may constitute a market offense or disrupt the orderly functioning of the market.

As part of the new strategic vision of the AMMC, market surveillance activity will strengthen its human, organizational and technical resources. In this context, since August 2016, the AMMC has used new monitoring solution (Millenium Surveillance). This solution was acquired by Casablanca Stock Exchange at the same time of the new listing system acquisition. This solution allows real time tracking of stock exchange orders, manages a large data flow, and sets alerts to detect suspicious or abnormal market behavior. Moreover, the results of the real time surveillance activity are also enhanced by data collected from various market participants (transactions reporting transmitted by brokerage companies and custodians). They are reconciled with disseminated information related to issuers (financial publications, media articles, social networks, etc.) in order to identify suspicious behavior leading to in-depth analysis.

In 2016, the transactions flow increased by more than 43% compared to 2015 thanks to the investors renewed interest of the stock market.

#### Surveillance scope

	2015	2016
Monitored securities*	122	126
- listed Shares	75	75
- Listed bonds	47	51
Number of introduced orders	443 496	549 131
- Daily average	1 803	2 197
Number of registered transactions***	130 477	187 474
- Daily average	530	749

Source: Casablanca Stock Exchange | Ref.: Table N°34

\* As of 12/31

\*\* on the central market shares

\*\*\*Central and blocks market

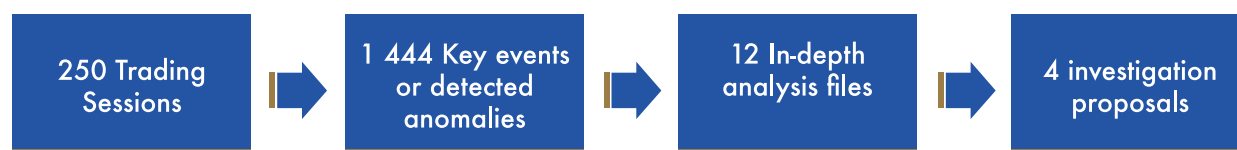
The balance sheet of 2016 shows 1.444 irregularities detected by the surveillance, whose operation revealed 12 cases that need further analyses.

## Analyzed suspicions

NATURE OF THE ANALYSED SUSPICION	NUMBER
Share price manipulation	7
Insiders intervention	4
Publication of false or misleading information	1
TOTAL	12

Ref.: Table N°35

Following the results of these analyses, four files were forwarded to investigations.



## 4.2 Investigations

During 2016, the AMMC initiated three investigations. They dealt with behavior affecting the well functioning of the market. Two of these investigations are about dealings that can be considered as stock market offenses. The third one concerns a transaction similar to a public offering; however, it does not comply with the relevant legal provisions. These investigations were still in process as of the end of 2016.

In addition to its investigation mission concerning controlling conducts within Moroccan market, AMMC was requested, in accordance with IOSCO cooperation agreements, to assist other foreign regulators in carrying out some of their own investigations. These investigations are related to stock market offenses within the spheres of foreign counterpart's jurisdiction, they were achieved by legal entities or natural persons resident in Morocco. Furthermore, AMMC provides assistance foreign regulators that may also involve the information exchange on market participants. It includes requests for approvals or authorizations. Nationally, AMMC processed 71 requisition requests submitted by judicial authorities.

## 4.3 Complaints examination

During 2016, 8 complaints were processed with an average processing time of 77 days. Seven of the processed complaints, resulted in an action undertaken by AMMC. Thus, only one complaint was deemed inadmissible because it was out of the AMMC scope of competence.

Three of the complaints admissible by AMMC concern a problem related to non-reception of a dividend payment, two are related to participation failure to a take-over bid and one complaint concerns an incident between a UCITS shareholder and the management company. Finally, the last complaint deals with a general problem.

The complaints received during 2016 represent different market participants. Three complaints are related to a custodian behavior contest and two others are the responsibility of the issuers. One complaint concerns a dispute with a UCITS management company. The last complaint is not a matter of specific dispute and does not target particular Market participant.

## 5. THE COERCIVE POWER

### 5.1 The AMMC coercive power structure

Since the adoption of its new regulatory authority, AMMC has implemented legal instruments allowing the functionalizing of the Enforcement Committee.

Despite the appointment of its members, the Enforcement Committee could not function effectively until the AMMC general regulation was published and the applied internal rules of procedure were adopted.

Indeed, The AMMC general regulation sets out the operating rules applicable to the Enforcement Committee and the sanction proceeding.

### 5.2 The AMMC coercive power Enforcement

The Enforcement Committee should reserve the right to preserve its prerogatives even though its implementation still depends on the publication of the AMMC general regulation.

For example, during 2016 financial year, AMMC issued penalties for infringements of capital market regulations.

Administrative sanctions were imposed by AMMC on the basis of the scale of penalties provided by the general regulation as approved by the decree of the Minister of Economy and Finance n°. 822-08 issued on April 14<sup>th</sup>, 2008 that remains in force until the effective entry date of the new AMMC general regulation.

In addition, AMMC issued 22 administrative penalties, including one (1) disciplinary sanction and five (5) disciplinary measures against two (2) brokerage firms, six (6) banks as a result of their brokerage activity in securities lending and account management transactions, and three (3) issuers who are legal entities issuing public offering.

The various sanctions were caused by the delays in (i) forwarding regulatory reporting related to securities lending transactions (ii) tax reports (iii) internal auditor's report (iv) outcome alert publication (v) consolidated financial statements; and (vi) annual summary statements. The sanctions concerned a total amount of 469,000 MAD<sup>4</sup>.

<sup>4</sup> Disciplinary measures in the appendix.

## 6. FIGHTING MONEY LAUNDERING

As a member of the Financial Intelligence Processing Unit (UTRF), AMMC continued its contributions to improve the national systems of fighting money laundering and terrorist financing (AML / CFT) to raise awareness of all the market participants under its supervision.

2016 was particularly marked by AMMC contribution to the project work of the National Risk Assessment (NRA), within the scope of the fight against money laundering and financing of terrorism, carried out by the UTRF.

The Participants in this assessment are the administrations and the institutions, members of the UTRF, as well as a number of administrations concerned with the activities and / or regulations of persons subject to the AML / CFT law or with the fight against predicate offences to money laundering.

ENR is the first recommendation of the Financial Action Task Force (FATF). It has a paramount importance regarding national and sector understanding of risks, threats and vulnerabilities of money laundering and terrorist financing. Within this sense, the project receives technical assistance from World Bank whose experts accompany the work of the evaluators according to World Bank developed methods and evaluation tools.

AMMC relied on a variety of information tools and sources to conduct assessment in the brokerage industry and asset management sector. It includes permanent monitoring systems of market participants (internal auditor's reports, inspection missions, various reports and statistics transmitted by brokerage firms and management companies, etc.). Furthermore, the participation of all market participants (management companies and brokerage firms) was solicited, in particular, through the administration of questionnaires to improve and support the undertaken assessment.

The results of the assessment enabled to draw up the following outcome:

- ⦿ Existence of a strong regulatory framework in line with international recommendations;
- ⦿ Existence of regulation and supervision tools of the activity constituting entry barriers;
- ⦿ Increase of market participant's knowledge of the risks of money laundering and the implementation of compliance mechanisms of different depths;

The AMMC assessment report will contribute to the vulnerability assessment of the financial sector as well as to the overall assessment of the effectiveness of the national AML / CFT framework.

## 7. SYSTEMIC RISK MONITORING

### 7.1 Systemic risk assessment

#### 7.1.1 Analysis of risk indicators

Systemic risk assessment works are carried out on a semi-annual basis. They include analyzing the stability level of the capital market and identify different risks from market trends that can impact this stability in a negative manner. This work is based on the analysis of several indicators types, in particular those relating to asset prices, liquidity, interconnection, indebtedness and the macroeconomic context.

These indicators are calculated from capital market data in its various components, namely:

- ◎ The stock market ;
- ◎ The debt securities market ;
- ◎ Asset Management ;
- ◎ Securities lending ;
- ◎ Market participants and market infrastructures ;
- ◎ Investors ;
- ◎ Issuers.

The identified risks are assessed in terms of impact and probability. The aim of this approach is to take the necessary measures in order to prevent risks that are deemed important or critical, or at least to mitigate their potential effects.

The results of the capital market stability assessment are published in the Financial Stability Report 2016. It is a joint report between the three Moroccan financial sector authorities, AMMC, Bank Al-Maghrib and the Supervisory Authority of Insurance and Social Security.

#### 7.1.2 Launch of a project to improve risk assessment process

A World Bank technical assistance mission took place in October 2016. Its main purpose was to make a diagnosis of AMMC assessment process of systemic risks within the capital market and to propose the necessary improvements of the methodology as well as the relevant complementary indicators.

Furthermore, this assistance mission aimed to provide AMMC with the necessary expertise in order to carry out its work on assessing systemic risks in accordance with international best practices in the field.

The mission allowed conceiving a target process in terms of organization, methodology and relevant indicators that must be used. A part of this target process covers structuring reports analysis and some complementary indicators that were implemented in December 2016.

The remainder of this target process was declared as a roadmap from 2017 to the end of 2018.

## 7.2 The Systemic Risk Coordination and Oversight Committee Tasks

Up to date, several objectives have been achieved:

- ◎ The signature of a crisis management agreement in June 2012;;
- ◎ The establishment of the Systemic Risks Coordination and Supervision Committee (CCSRS) through the new banking law, which came into force in March 2015, and which meets every six months to exchange views on the situation of risks in the various sectors of the financial market;
- ◎ The definition of data exchange framework between regulatory authorities and its operational framework from April 2014;
- ◎ The development by the authorities of their own analytical framework of systemic risk.

The implementation of this financial stability system is a strategically important project as it is likely to strengthen the stability image of our country and thus its attractiveness.

Thus, in December 2015, the CCSRS established a three-year Financial Stability Roadmap 2016-2018 to complete the scheme. This roadmap consists of several projects around five main axes:

- ◎ The Institutional and legal framework;
- ◎ The analytical framework;
- ◎ Systemically important institutions and infrastructure;
- ◎ Modeling and macro-prudential instruments;
- ◎ Resolution and crisis management.

Within this roadmap, AMMC is responsible for the realization of 4 projects:

- ◎ Integrating financial stability among the tasks assigned to AMMC;
- ◎ Supervising the Secondary debt market;
- ◎ Steering the project of the implementation of market data nomenclature;
- ◎ Reviewing risk indicators related to capital markets.





## CHAPTER III

# AMMC AND CAPITAL MARKET DEVELOPMENT

# 1. REGULATORY DEVELOPMENT

## 1.1 Laws

A number of laws relating to the capital market were published in 2016, including law n°. 19-14 on the stock exchange, brokerage firms and financial investment advisers, and law n°. 70-14 relating to Real Estate Collective Investment Scheme (OPCI).

The aforementioned law 19-14 established a range of positive steps, amongst others, the stock exchange markets reorganization, including the introduction of an alternative market in addition to the main market, and the power reserved to the management company to create, amend or eliminate compartments within those markets.

Furthermore, the abovementioned law n°. 19-14 introduced several new features such as the possibility of listing foreign companies and the supervision of the financial investment advisers' activity. It also gives the management company the opportunity to offer trading services for non-listed financial instruments.

This Act adopted also a set of amendments to various laws, including laws relating to public bids on the stock market, the Public Offerings, the AMMC and the fight against money laundering.

In light of law 26-03 on public bids on stock market, the purpose of the amendment was, in particular, to review the proportion of voting right which committed its holder to file a takeover bid according to the compartment where the company securities are listed, to the acknowledgement of specific rules relating to mandatory public bids of the alternative market, the shortening of processing deadlines of public bids filed alongside the AMMC, and the introduction of a derogating regime with the obligation to file a public buyout bid in the event of cancellation following a judicial liquidation.

Similarly, with regard to law n°. 44-12 relating to the public offering and to the information required from legal persons and public entities providing public offering, the amendment concerned the extension of the list of financial instruments to Sukuk certificates. Furthermore, this amendment took account of the alternative market new orientation, which provides lighter information requirements for this market.

The aforementioned Act n°. 19-14 also introduced a new method of dealing with judicial sales of listed instruments.

Another law published in 2016, law n° 70-14 relating to OPCI. This law adoption allowed introducing new financial products on the capital market, which enabled investors to diversify their portfolios on the real estate sector through UCI. However, it enabled also the entry of new players on the financial market.

Another publication impacted the capital market. It is the amendment of law n°. 17-95 relating to public limited companies. This amendment impacted the disclosure requirements of public limited companies making public offerings, the terms and conditions of treasury stocks buyback, the requirements of statutory auditors. It introduced the requirement to set up an audit committee for public limited companies whose capital securities are listed on the stock exchange.

## 1.2 Published laws' enactment

The laws published before the financial year 2016 and those published during this financial year require the setting up of a regulation body in order to implement them.

This implementation requires the adoption of regulatory texts specific to all legislative provisions or the amendment of the existing regulatory texts on the one hand and the adoption of specific circulars or the updating of the circulars in force, on the other hand.

In the meaning of the first point, several regulatory texts are expected, concerning, especially, the aforementioned laws number. 19-14, number. 70-14, number. 17-95, number. 26-03, number 44-12 and number 43 -12, in addition to law n°. 41-05 relating to Venture collective funds "VCF" as amended and supplemented, as well as law n°. 33-06 relating to securitization of assets, as amended and supplemented.

The adoption of new circulars is the second point of implementation to introduce new activities and actors. This step also requires the application of new approval process of the AMMC circulars.

Thus, the financial year 2016 was the preparatory phase for the deployment of the published legislation. It allowed reflection about the guidelines of regulatory drafting.

## 2. DEVELOPMENT OF NEW FINANCIAL INSTRUMENTS

### 2.1 Collective undertaking for Real Estate Investment (OPCI)

Act n°. 70-40 on OPCI introduced a new regulated investment vehicle on the local market, in accordance with the actions implemented in recent years to develop the financial sector, to mobilize long-term savings and to diversify the means of financing Moroccan economy.

The OPCIs, whose main purpose is the building or the acquisition of buildings with the sole purpose of renting them, meet both economic market participants and investors' needs and expectations. Indeed, this new category of UCI should, in particular:

- ⊙ Increase the means of financing the real estate sector;
- ⊙ Allow companies to mobilize new resources by transferring their real estate assets to OPCIs;
- ⊙ Contribute to the professionalization of real estate management;
- ⊙ Offer to a greater number of investors the possibility of investing in the real estate sector via an investment vehicle governed by strict rules and subject to the control of AMMC.

However, beyond the set out governing Laws, this new instrument, which is dedicated to real estate investment, requires regulatory implementation.

The reflection was carried out in order to determine the approach and the guidelines of the expected regulatory deployment, notably through opinion proposals concerning the regulatory texts relating to the conditions and the terms of dispersion and risk cap rules implementation and to the list of the rights relating to the real estate property that forms the assets of an OPCI, to the eligibility criteria and to the levels of assets representation and to OPCI categories classification.

The same reflection was also carried out in order to establish the regulatory model to be adopted by the AMMC circular.

## 2.2 Sukuk certificates

Law n°. 33-06 on asset securitization introduced a new financial instrument dedicated to participative finance within the framework of the deployment of participative finance, considered as an alternative financing through the issuance of Sukuk certificates.

Since the aforementioned law n°. 33-06 is of a general nature, it is deemed that the implementing texts are mainly responsible of allowing the implementation of Sukuk certificates issuance.

However, this implementation will be carried out in accordance with the advice of the Higher Council of Oulemas and the publication of rules that determine the technical characteristics of the Sukuk certificates and the terms of their issuance.

Furthermore, several modeling studies and reflections are considered and the Sukuk certificates issuance control procedures were implemented in order to accompany the implementation of these certificates issuance and their guidance by regulatory texts in accordance with the Sharia.

Therefore, AMMC was invited to contribute to the reflection about the guidelines for future issuance of sovereign Sukuk certificates.

## The sukuk legal framework in Morocco

Within the meaning of the classical financial law, Sukuk certificates are financial instruments. According to the AAOIFI, their number is of fifteen\*.

Moroccan legislation identifies Sukuk certificates as securities representing an undivided right of each holder ownership of eligible assets, that are acquired or have to be acquired, or of investments carried out or to be carried out by the issuer of such securities.

In Morocco, there is no legal framework specific to these participative finance instruments. Inconsistently, the various provisions dealing with Sukuk certificates are included incidentally to the main purpose of the relevant texts, in particular:

- Law n°. 33-06 relating to the securitization of assets, according to which Sukuk certificates may have a triple presence in the life of a Collective Investment Funds on Securitization (CIFS) as:
  - ⊙ Securities issued by a CIFS;
  - ⊙ Assets eligible to a securitization transaction;
  - ⊙ Support Instrument of cash investments held by a CIFS.
- The abovementioned law n°. 41-05 relating to VCFs stipulates that Sukuk certificates are part of the VCF issued securities; ;
- The abovementioned law n°. 70-14 on Real estate collective investment scheme (OPCI), according to which OPCIs may issue Sukuk certificates, which may also be a subject matter of OPCI assets or be one of the components of such assets.

The supervision of Sukuk certificates issuance will be jointly ensured by AMMC and the Superior Council of the Oulemas. Indeed, AMMC is legally competent to supervise the triggering and the execution of Sukuk certificate issuances, as well as to guarantee the compliance with the disclosure requirements relating thereto. Meanwhile, the Higher Council of Oulemas will have two levels of intervention:

- A general intervention: it must issue its assent concerning the regulatory text that provides the technical characteristics as well as the terms of the Sukuk certificates;
- Punctual intervention: At the issuance of certificates and especially Sukuk certificates.

\* The AAOIFI (Accounting and Auditing Organization Financial Institution) is a standardization body for Islamic financial industry located in Bahrain. The sukuk types listed by AAOIFI are: Ijara, Wakala, Musharaka, Mudaraba, Salam, Istisna, Milkiyat al Khidma, Muzaraa, MUSAQAT, Mugharassa and Mudaraba.

## 2.3 Crowdfunding

As part of the market finance anticipation, AMMC examined the possible regulatory framework for the Crowdfunding framing.

AMMC is associated with the Treasury Department to participate in setting up a legal framework governing this new funding vehicle.

### **Collaborative financing: recent phenomena but increasingly regulated**

Crowdfunding is a new financing type which experiences strong growth around the world. Its relatively simple organization allows investors to have easy access to dedicated platforms that offer projects to be financed. This financing is usually carried out via three channels: the financing by donation, issuance of securities or by loans. These financing schemes quickly came up against the legislation in force, particularly the legislation related to public offerings and those related to credit institutions, which were inadequate, in their present form, to deal with this type of financing.

Therefore, many countries seek to implement an appropriate regulatory framework that allows a reasonable balance between the flexibility and the accessibility that characterize these platforms and the protection of investors, who apply under a contractual regime which offers less protection than conventional schemes such as public offerings.

However, it is important to note that regulatory experiments are relatively recent and do not yet lead to standardization of rules: Italy (2013), United Kingdom (2014), Canada (2015), Spain (2015), Belgium (2016), etc.

Nonetheless, many regimes agree on key focal points which specifically require the supervision and control of a regulatory authority appointed for this purpose. By way of illustration, we can mention:

- ◎ The approval and control of platforms;
- ◎ The capacity and organization requirements of the platforms;
- ◎ Size limits of projects to be financed;
- ◎ Size limits of investment, especially in case of individuals;
- ◎ Investors' information about projects and associated risks;
- ◎ Access conditions of investors and project holders.

In most cases, financial market regulators play a crucial role in the control process, either alone or in coordination with prudential and banking authorities.

Ref.: Box N°7

## 2.4 Green finance

In the aftermath of COP21, which mobilized global support in favor of the fight against global warming, and in view of the organization of the COP22 held in Marrakech in November 2016, the Moroccan financial sector was mobilized to adapt its strategy with the challenges of sustainable development.

Thus, under the guidance of the Scientific Committee of COP22, a working group on climate finance comprising AMMC, Bank Al Maghrib, the Insurance and Social Security Supervisory Authority, the Ministry of Economy and Finance, Casablanca Stock Exchange, Casablanca Finance City Authority, the GPBM and the Moroccan Federation of Insurance and Reinsurance Companies, was set up in order to contribute to a joint reflection on the financial resources to mobilize against climate change.

This reflection has been extended to enhance alignment between more general issue and the objectives of sustainable development, leading to the development of two roadmaps, the first one, at the national level, concerns the alignment of the Moroccan financial sector on sustainable development and the second one, on a continental scale, concerns the emergence of sustainable finance in Africa.

### 2.4.1 Roadmap for the alignment of the Moroccan financial sector on sustainable development:

It combines the measures proposed by the market participants of the financial sector to support Morocco's transition to a sustainable economy; it is based on five major axes:

1. The extension of risk-based governance to socio-environmental risks;
2. The development of sustainable financial instruments and products;
3. The promotion of financial inclusion as a vector of sustainable development;
4. The strengthening of capacities in the field of sustainable finance;
5. Market transparency and discipline.

The principal measures proposed by AMMC towards the capital market aim to promote the integration of the sustainable dimension into the governance model of issuers and asset managers and within their decision-making processes. In particular, AMMC aims to assist management companies in setting up a carbon imprint assessing process of managed funds.

AMMC undertakes to accompany the market in the creation of specialized investment instruments such as green funds and SRI funds as well as the issuance of green finance products such as green bonds.

Thus, on the eve of COP22, AMMC published a Green Bonds guide which provided a framework for the first green bonds.

Other measures to enhance the transparency of the capital market through the disclosure of non-financial information and the implementation of sustainability reports were carried out within this roadmap, which must be achieved as one of the priorities of the strategic plan 2017-2020.

## 2.4.2 Moroccan financial sector road map for the emergence of sustainable finance in Africa

The African continent is heavily exposed to climate change and has limited and tough access to international climate finance flows. It becomes necessary that "South" countries work together in order to mobilize new resources and to align their financial markets with the continent's sustainable development goals.

The roadmap prepared by the actors of the Moroccan financial sector in relation with the emergence of sustainable finance in Africa is focused on two strategic axes:

- To strengthen regional and continental cooperation on sustainable development;
- to position the financial center of Casablanca as a hub for climate finances.

Therefore, AMMC proposed to integrate the theme of climate finances within all bilateral Memorandums of Understanding concluded with African regulators and to contribute to the development of international standards for the green finance regulation through the different international and regional organizations in which it is a member,

In the fringe of COP22, AMMC organized the "Fostering Green Capital Markets in the South" conference, with the participation of the Casablanca Stock Exchange, Maroclear and the Sustainable Stock Exchanges Initiative. The conference was an opportunity to exchange successful practices and experiences about climate finances and examined partnership opportunities in view of the development of green finance in the markets of the South.

At the initiative of AMMC, this conference was followed by the signature of the "Marrakech Pledge" which represents the commitment of African regulators and stock exchanges to promote green capital markets in Africa. Nineteen stock exchanges and regulators representing twenty-six countries participated in the signature of the agreement.

## 3. EXTENDED CONTACT WITH MARKET PARTICIPANTS

### 3.1 Market awareness

In 2016, AMMC reinforced its efforts to develop a structured and sustainable process to be aware of the market. In this context, AMMC regularly holds meetings with market operators and the main professional associations of the financial sector, in order to deal with structuring projects.

#### 3.1.1 The Professional Association of Brokerage Firms (APSB) and the Professional Group of Banks of Morocco (GPBM):

During 2016, AMMC held 5 meetings with the professional associations. These meetings discussed the following main points:

- ⊙ The implementation of AMMC and the main steps undertaken since the appointment of the Chairperson of the Authority;
- ⊙ The AMMC new regulatory framework;
- ⊙ The development of the regulatory texts governing market activities (stock exchange law, new management company specifications, futures market, etc.);
- ⊙ The APSB governance and its organization;
- ⊙ The overall restitution by AMMC of the expectations of professionals related to the evolution of the capital market during the period 2017-2020, this follows the processing of the survey replies sent by the Authority to the various professional associations;
- ⊙ The vision of APSB and GPBM in relation to the evolution of the brokerage industry, the securities business, and in general the stock market and its development;
- ⊙ The Financial Sector Roadmap for Sustainable Finance and Development;
- ⊙ The empowerment of the stock market professions.

#### 3.1.2 The Association of Moroccan Management Companies and Investment Funds (ASFIM)

During 2016, AMMC held several meetings with ASFIM. Within these meetings, ASFIM presented its action plan and the expected measures to boost the asset management industry and became aware of the Authority new vision and its regulation and supervision approach.

The main topics discussed at these meetings are as follows:

- ⊙ The proposed amendment of the UCITS Law;
- ⊙ The promotion of the asset management business abroad;
- ⊙ The issue of UCITS marketing alongside the general public;
- ⊙ The Problems related to the yield curve;
- ⊙ The work continuation of the AMMC / ASFIM joint committees and the creation of new committees;
- ⊙ The roadmap related to the alignment of the Moroccan financial sector on sustainable development.

### 3.1.3 Market companies: Casablanca Stock Exchange and Maroclear

During 2016, AMMC held 22 meetings with the Casablanca Stock Exchange and Maroclear, at which the following main points were discussed:

- ⊙ The implementation project of the new listing system of the Millennium IT Exchange;
- ⊙ The draft of law governing the Casablanca Stock Exchange;
- ⊙ The draft of the general regulations of the Casablanca Stock Exchange;
- ⊙ Monitoring intra-custodian transactions;
- ⊙ The implementation of a Trade Repository at Maroclear;
- ⊙ The implementation of a module of monitoring transactions on financial instruments at Maroclear;
- ⊙ The Segregation of assets held by Custodians;
- ⊙ The Reduction of settlement and delivery times on the stock exchange;
- ⊙ The establishment of a central counterpart for Securities Lending;
- ⊙ The Implementation of corporate actions management at Maroclear;
- ⊙ The Implementation of direct payment at Maroclear;
- ⊙ The implementation of subscriptions management module & UCITS buybacks at Maroclear.

## 3.2 Institutional Cooperation

In addition to the process of market awareness, AMMC develops national institutional cooperation. In 2016, AMMC contributed, as a permanent member, to the work of the Coordination and Supervision Committee on Systemic Risks, and initiated collaboration with the "Administration de la Defense Nationale" and the "Direction Générale de la Sécurité des Systèmes d'Information".

### 3.2.1 The Coordination and Systemic Risk Supervision Committee (CCSRS)

Within the framework of the financial stability mechanism, and during 2016, AMMC participated in the various aspects of this scheme. The Works included:

- ⊙ The Preparation of the CCSRS semi-annual meetings;
- ⊙ Drafting of the Annual Financial Stability Report. The third issue of the report was published in July 2016;
- ⊙ The preparation and organization of a financial stability symposium held on December 19<sup>th</sup>, 2016, in favor of 100 employees of the three supervisory authorities of the financial system and of the Treasury and External Financing Department. The objective was to inform and exchange about the work carried out within the framework of the Committee.

### 3.2.2 The Administration of National Defense (ADN) and the General Department of Information Systems Security (DGSSI)

According to the provisions of Decree n°. 2-15-712 of 12 Joumada II 1437 (March 22<sup>nd</sup>, 2016) which determines the sensitive information systems of the protection of vital infrastructures, AMMC ensured the coordination of the capital market aspects. In this sense, several actions were undertaken:

- ⊙ The holding of a meeting between AMMC and DGSSI on July 25<sup>th</sup>, 2016 in order to determine the practical terms of the provision implementation of the aforementioned decree, at the end of which AMMC designated Casablanca Stock Exchange and Maroclear as being of vital importance;

- ⊙ The request of AMMC for an opinion concerning the directive draft laying down the security rules and reporting procedures regulating sensitive information systems and security incidents relating to infrastructures of vital importance;
- ⊙ The appointment of a member of AMMC to participate in the Specialized Master of Information Systems Security organized by the DGSSI, with the aim of developing national expertise in cyber security;
- ⊙ The occasional participation of AMMC in the seminars, trainings and panels that are organized by DGSSI; they include training session on Data Center and Security Operation Center (SOC) organized in October 2016.

### 3.3 Examination of public questions and legal requests

In 2016, AMMC consolidated its interaction with the general public and capital market professionals through two main components:

#### 3.3.1 Addressing the issues of the general public on the AMMC portal

AMMC receives annually about fifty questions from general public, through its Internet portal. The Questions are related to various issues. They mainly come from individuals (investors, students, researchers, etc.).

In addition to the replies sent to the applicants, AMMC fuelled the FAQ section of about twenty new questions / answers corresponding to the most recurrent requests. In addition, pedagogical sheets on topics of interest were developed.

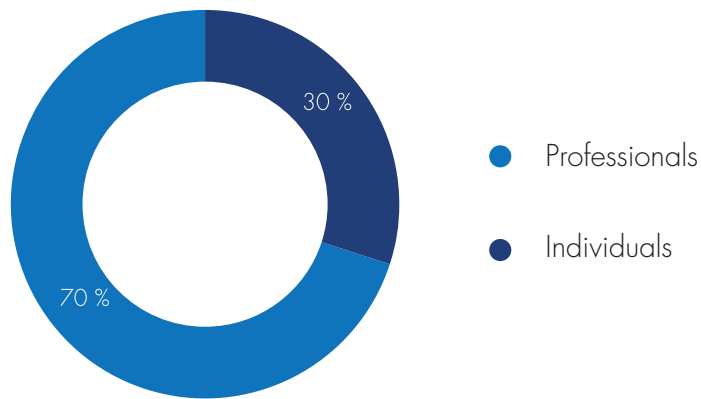
#### 3.3.2 The processing of legal requests

AMMC received 54 legal applications during 2016, mainly from capital market professionals: brokerage firms, management companies, financial and legal advisors.

The received requests concerned all the areas of intervention of AMMC. The recurring topics include:

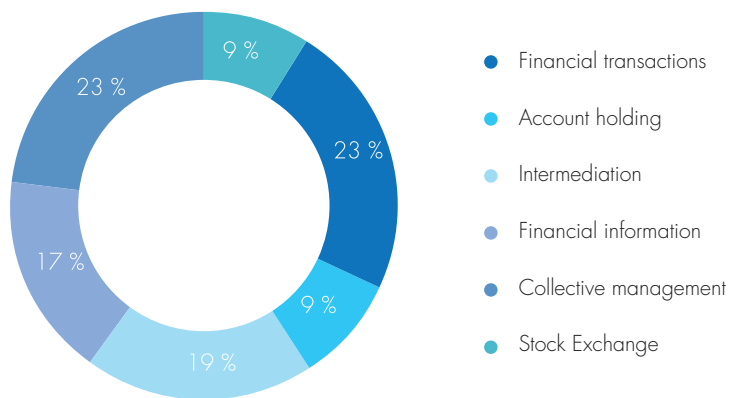
- ⊙ The legal framework for crowdfunding or collaborative funding;
- ⊙ The accumulation of incompatibility functions and rules within brokerage firms;
- ⊙ The UCITS Investments abroad;
- ⊙ The disclosure procedures of the threshold crossings in a listed company;
- ⊙ Share buyback programs of listed companies (residual stock, end of program).

### Breakdown by type of requests processed in 2016



Source: AMMC | Ref.: Chart N°29

### Breakdown by theme of requests processed in 2016



Source: AMMC | Ref.: Chart N°30

## 4. INTERNATIONAL COOPERATION IN 2016

In line with its missions and under the impetus of the transformation of the Moroccan Securities Ethics Council into the Moroccan Capital Market Authority, AMMC has focused its international vision on Morocco's national priorities, in particular, strengthening bilateral ties with African financial market regulators, and the promotion of sustainable finance.

According to the cooperation with the international bodies, AMMC confirmed its commitment to play a more active role in the process of developing norms and standards related to the regulation of capital markets.

Thus, in 2016, two basic elements supported the activity of AMMC abroad, (i) strengthening the international action of AMMC towards Africa, in conjunction with the Royal initiative related to market integration in Africa and (ii) the willingness of AMMC to become more aligned with international standards and then contribute to converging towards the standards of regulation advocated by the reference organizations such as the World Bank and the IMF, which regularly evaluate these aspects of the Moroccan market.

### 4.1 Development of Green Finance in Africa

#### © The African initiative "Fostering Green Capital Markets in Africa"

AMMC's work in Africa focused mainly on mobilizing regulators and exchanges of the continent in view of a voluntary commitment to support the development of green capital markets in Africa. This commitment is a call to action of all green capital markets to work together for sustainable development. To this end, AMMC co-organized with the Casablanca Stock Exchange, Maroclear and the United Nations Sustainable Stock Exchange Initiative, a conference on the promotion of green capital markets in the South. This conference was held in Marrakech on November 16<sup>th</sup>, 2016 in the margins of COP22 and was attended by several international experts, scholars and regulators from Africa.

On the fringe of the conference, the Marrakech Pledge was signed, it included, as of the end of 2016, twenty signatory countries represented by stock exchanges and regulators.

### 4.2 Bilateral cooperation

As part of the official visit of His Majesty The King Mohammed VI to Nigeria, the Moroccan Capital Market Authority and the Securities Exchange Commission of Nigeria signed a Memorandum of Understanding in Abuja on December 3<sup>rd</sup>, 2016, which determines the framework of bilateral cooperation between the two institutions.

The objective of this agreement is to strengthen bilateral cooperation within areas of common interest and to stimulate investment in the respective capital markets. It is a reference frame organizing joint work in order to lay the foundations that will bring together both markets, for example through dual listings, and to encourage more generally the movement of capital between the two countries .

## 4.3 Participation in international forums

At the international level, AMMC, represented by its Chairperson, held a number of bilateral meetings with its foreign counterparts in the margin of the 41<sup>st</sup> annual IOSCO conference held in Lima from May 8<sup>th</sup> to 12<sup>th</sup>, 2016. Bilateral meetings resulted in bilateral agreements projects. They aimed at bringing the Moroccan capital market closer to those of China, India, Turkey and Qatar. AMMC also participated in meetings of Africa and Middle East Committee (AMERC), the Growth and Emerging Markets Committee (GEMC) and the Presidential Committee. This event was also an opportunity for AMMC to affirm its involvement in IOSCO as a regional authority and its candidature was selected to organize the 40<sup>th</sup> meeting of AMERC in Rabat in 2018.

Concerning the technical work of IOSCO, AMMC as a member, participated in the meetings of the Asset Management Committee on June 1<sup>st</sup> and 2<sup>nd</sup> 2016. It should be noted that AMMC is a member of the technical assistance committees C5 (Investment management) and C3 (Market intermediaries), and that membership of these committees is attributed only to IOSCO member countries whose application has been accepted by the General Secretariat.

## 4.4 Participation in regional forums

At regional level, AMMC participated in the meeting of the Union of Arab Securities Authorities (UASA) held in Cairo on March 3<sup>rd</sup>, 2016. At this meeting, members focused on the interest of strengthening exchanges between Arab regulators. This will rely in particular on practical internships, which will allow a better knowledge of policies and regulation in each member country. To this end, AMMC participated in the program organized by the Egyptian Authority (EFSA) on the supervision practices of the financial markets in Egypt.

In the same context, AMMC chaired the work of the annual meeting of the Mediterranean Partnership of Regulators held in Rome on May 19<sup>th</sup> and 20<sup>th</sup>, 2017. At this meeting, the AMMC Chairperson presented the new Authority and its prerogatives and confirmed the AMMC commitment to contribute to the partnership works by proposing the organization of its annual meeting in Rabat in 2017.

AMMC also chaired the annual meeting of the Chairpersons of the Francophone Institute of Financial Regulation (IFREFI) organized by the "Capital Market Authority" from June 1<sup>st</sup> to 3<sup>rd</sup>, 2016 in Beirut, Lebanon. The meeting discussed issues such as market financing of SMEs and the role and powers of the regulator to improve issuer practices and restore investor confidence.

## 4.5 Capacity building

### 4.5.1 IOSCO Certifying Program - Harvard University

In terms of capacity building, AMMC participated in the first certifying program dedicated to regulators. This program is organized under the aegis of IOSCO and jointly with Harvard Law School. It is a three weeks program, two of which held in Madrid at IOSCO headquarters and one week at Harvard Law School, and is meant to provide a common understanding of the regulatory and market related risks involved in market financing.

### 4.5.2 Immersion week at the AMF- France

Being member of IFREFI, the AMMC takes part on a regular basis in the immersion week of the French Capital Markets Authority, which is an annual event during which the AMF presents to its institutional partners and members of the Institut Francophone de la Régulation Financière, its operating mode as well as its ongoing plans regulating the current market. The week was held in Paris from September 19<sup>th</sup> to 23<sup>rd</sup>, 2016.

## 4.6 Participations in international events dedicated to capital markets

The AMMC also participated in the 1<sup>st</sup> edition of "Morocco, Your Footprint in Africa" conference organized jointly by Casablanca Stock Exchange and London Stock Exchange Group on April 21<sup>st</sup> and 22<sup>nd</sup>, 2016 in London. This event focused on the investment opportunities that Morocco offers within the different sectors and the advantages that Casablanca offers as a regional financial hub. On this occasion, the AMMC Chairperson presented the new Market Authority as well as the regulatory environment of the Moroccan capital market.

## 4.7 Mission in favor of the AMMC Enforcement Committee

As part of the implementation of the governance bodies of the Moroccan Capital Market Authority, an accompanying mission was organized in favor of the AMMC Enforcement Committee members. The mission consisted in the visit of the AMF (France) and the meeting of the members of the Enforcement Committee of the French authority in order to know about its organization and its operation mode. Working and exchange meetings were organized with the members of the Commission and its Chairperson. The members of the Moroccan committee also attended a meeting of the French Enforcement Committee, which is an essential step in the conduct of the enforcement procedure in France.





## CHAPTER IV

# INSTITUTIONAL DEVELOPMENT

Changing the status of the authority implies new responsibilities and involves the organization and the available resources. Under the impetus of the AMMC chairperson, a global reflection was carried out in order to identify the measures to strengthen the resources as well as the organization to set up, within the framework of a strategic vision that reflects the positioning of AMMC.

## 1. AMMC STRATEGIC PLAN

In 2016, AMMC initiated a project to develop its 2017-2020 strategic plans. This project, which motivated all employees, led eventually to the vision formulation and the declination as well as the definition of a set of internal and local current projects.

The development of these strategic plans was carried out on the basis of various evaluations of AMMC's action as well as the challenges that the Moroccan financial market must face to support economic development of Morocco.

The assessments used as inputs for the achievement of this work are: internal assessment, FSAP Assessment (Financial Sector Assessment Program of the World Bank and International Monetary Fund), and the market participants' points of view to ensure that their expectations were well integrated into the reflection process.

The results of these works led to the development of a strategic plan for 2017-2020 which was submitted to the Board of Directors in December 2016.

## 2. ORGANIZATIONAL DIAGNOSIS

In 2016, AMMC launched an internal organizational diagnosis. The objective of this organizational diagnosis is to design the organization that AMMC must adopt in order to carry out all the missions assigned to it and to achieve its strategic objectives.

The works will be finalized in 2017.

## 3. DATA GOVERNANCE

### 3.1 Project preparation of the financial sector nomenclature

The project of the financial sector nomenclature is a large-scale project to develop a unified nomenclature for the Moroccan financial sector and to implement a management system of the nomenclature to ensure its relevance and its durability over time.

As noted earlier, this project is part of the 2016-2018 roadmaps of the Systemic Risk Coordination and Oversight Committee and AMMC was responsible for the preparation of this project.

Talks were initiated with the African Development Bank in 2016 to finance this project.

## 3.2 Implementation of a data governance system

In the context of data valorization, the AMMC's strategic asset, the Authority initiated a project to set up a data governance system.

This system aims to improve the control of manipulated data, to benefit from better data traceability, to homogenize and centralize the reference data as well as those required for reporting and to have a dynamic data governance framework.

In 2016, AMMC undertakes to stabilize of the deliverables of the project of data governance roadmap implementation.

These deliverables concern the following areas:

- © The data governance organization design to set up within AMMC as well as the support procedures for the start-up of this activity;
- © The reference design of market participants' statements;
- © The design of a data model project and a data dictionary supporting the statements repository;
- © The design of a financial instruments framework.

## 4. HUMAN CAPITAL

### 4.1 Headcount

As of December 31<sup>st</sup>, 2016, the AMMC employed 84 collaborators, compared to 82 in 2015, with 46% women and 54% men. The supervisory rate increased by 35%. Almost 49% of the total staff is under 35 years of old.

#### Overall breakdown of headcount as of December 31<sup>st</sup>, 2016

	Staff	%
Men	45	54%
Women	39	46%
Total	84	100%

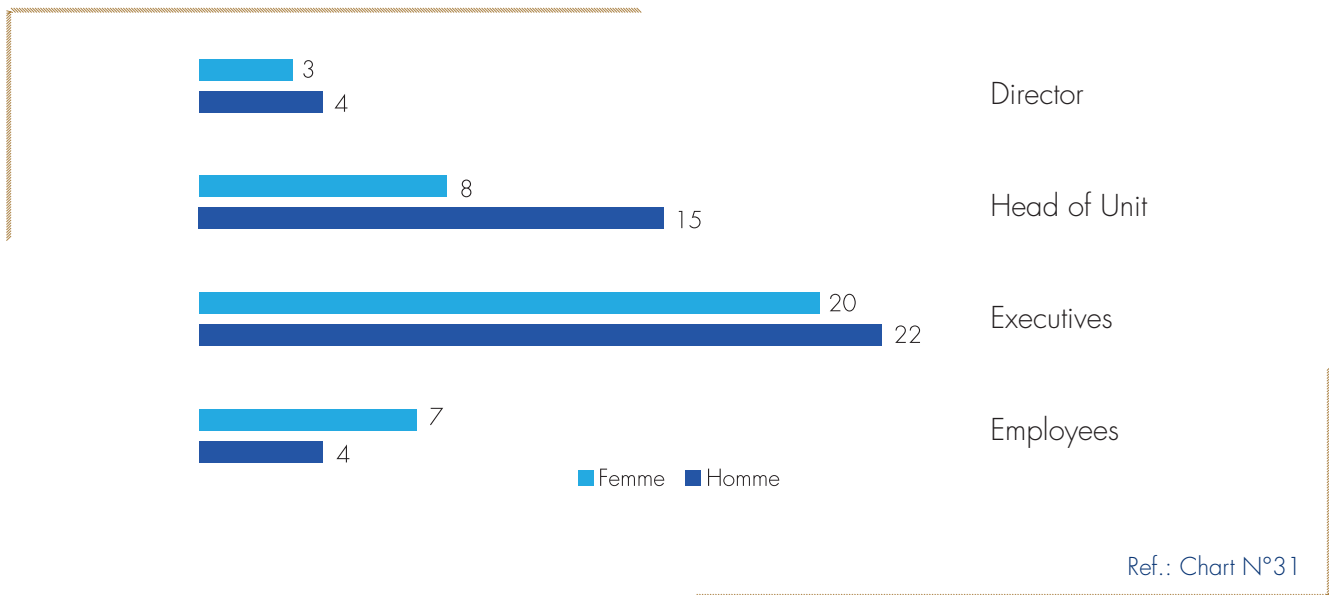
Ref.: Table N°36

#### Headcount evolution between 2009 and 2016

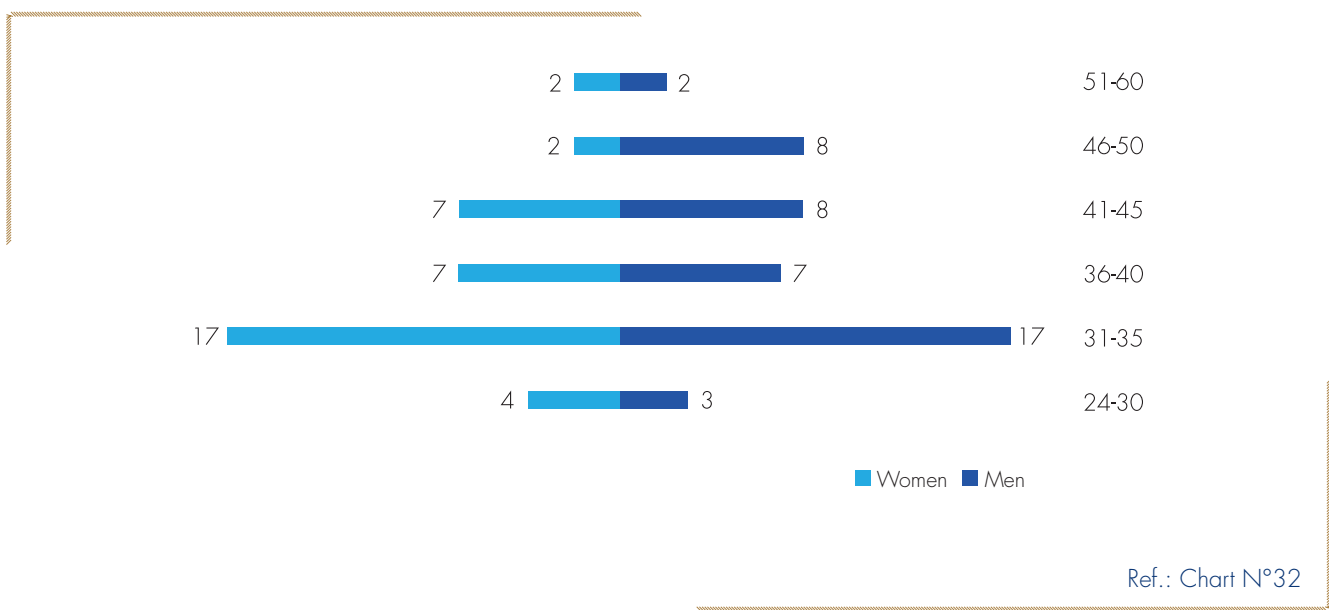
2009	2010	2011	2012	2013	2014	2015	2016
85	98	101	98	90	85	82	84

Ref.: Table N°37

### Distribution of functions by gender



### Age pyramid



## 4.2 Training and skills

The training budget carried out in 2016 amounted to 1,2 million MAD.

The number of training days (excluding diploma courses and language courses) was about 400 days, an average of 4 days and half per employee.

In 2016, 10% of the workforce benefited from a diploma course leading to a university degree or a certificate. The total cost of supporting the said trainings amounted to approximately 500.000 MAD.

Staff members provided at least one training	81 (96% of the staff)
Total number of trainings	48 (Business training, personal development and languages)

35% of training courses were focused on the AMMC's core activities, with a preponderance of themes related to new implemented financial instruments (futures, OPCI, Sukuk, etc.).

The transformation of AMMC in early 2016 also focused on the importance of change management within several major projects. On the training aspect, this was carried out through the organization of workshops to accompany change management, all institution staff benefited from these workshops.

## 5. THE FINANCIAL SITUATION OF AMMC IN 2016

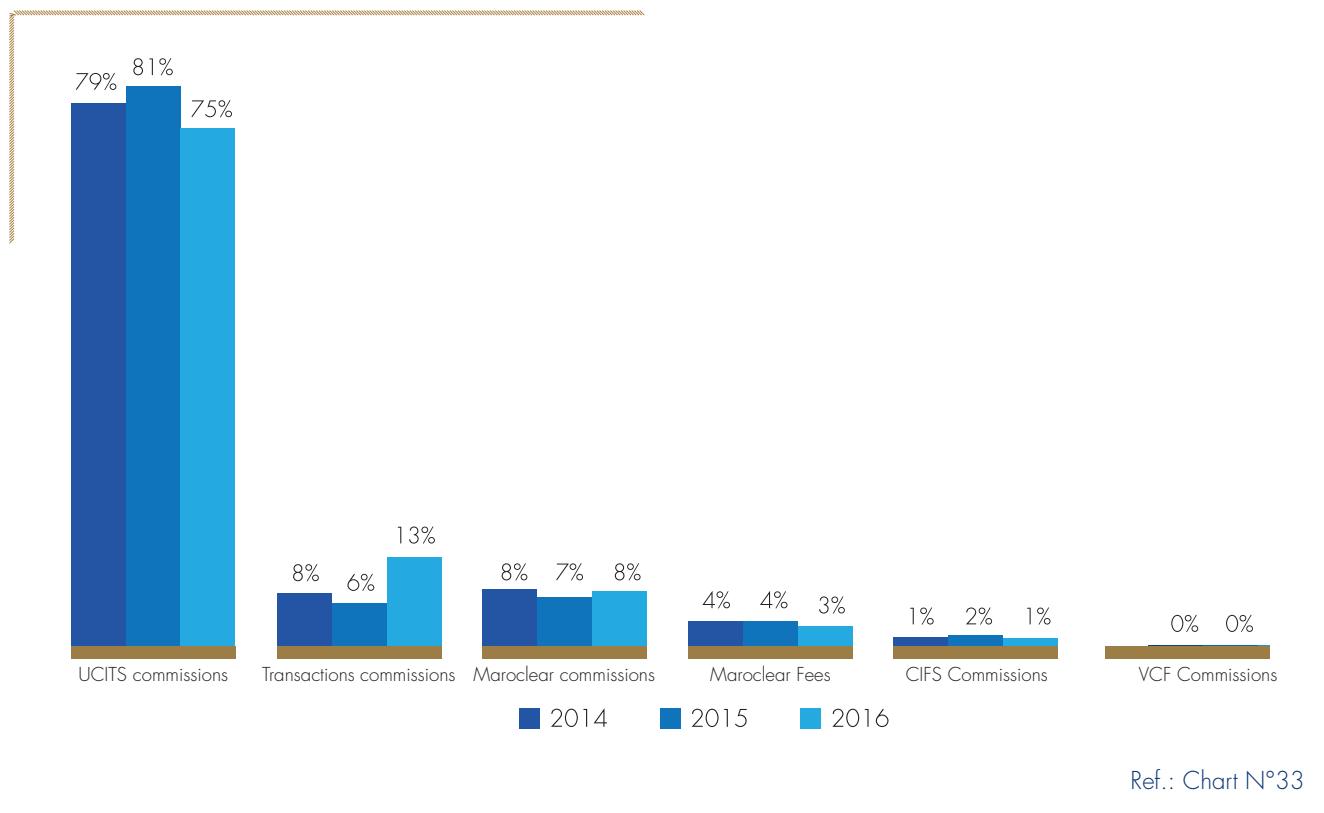
Concerning the financial year 2016, the accounts of AMMC as certified by the independent external auditors show the following elements:

### 5.1 Operating revenues increase

With a performance of 22% compared to fiscal year 2016, the operating revenues, once, passed the threshold of 100 million MAD to stand at 115 million MAD against 94 million MAD realized in 2015.

2016 was marked by the realization of large-scale financial transactions which positively impacted the referral fee on approval of information circular. This mainly concerns the Lafarge Ciments capital increase and the takeover bid by Heidelberg Cement. In addition, the referral fee on UCITS net assets continues to constitute  $\frac{3}{4}$  of the AMMC's revenue.

## Evolution of commissions



## 5.2 Investment income from cash surplus decrease

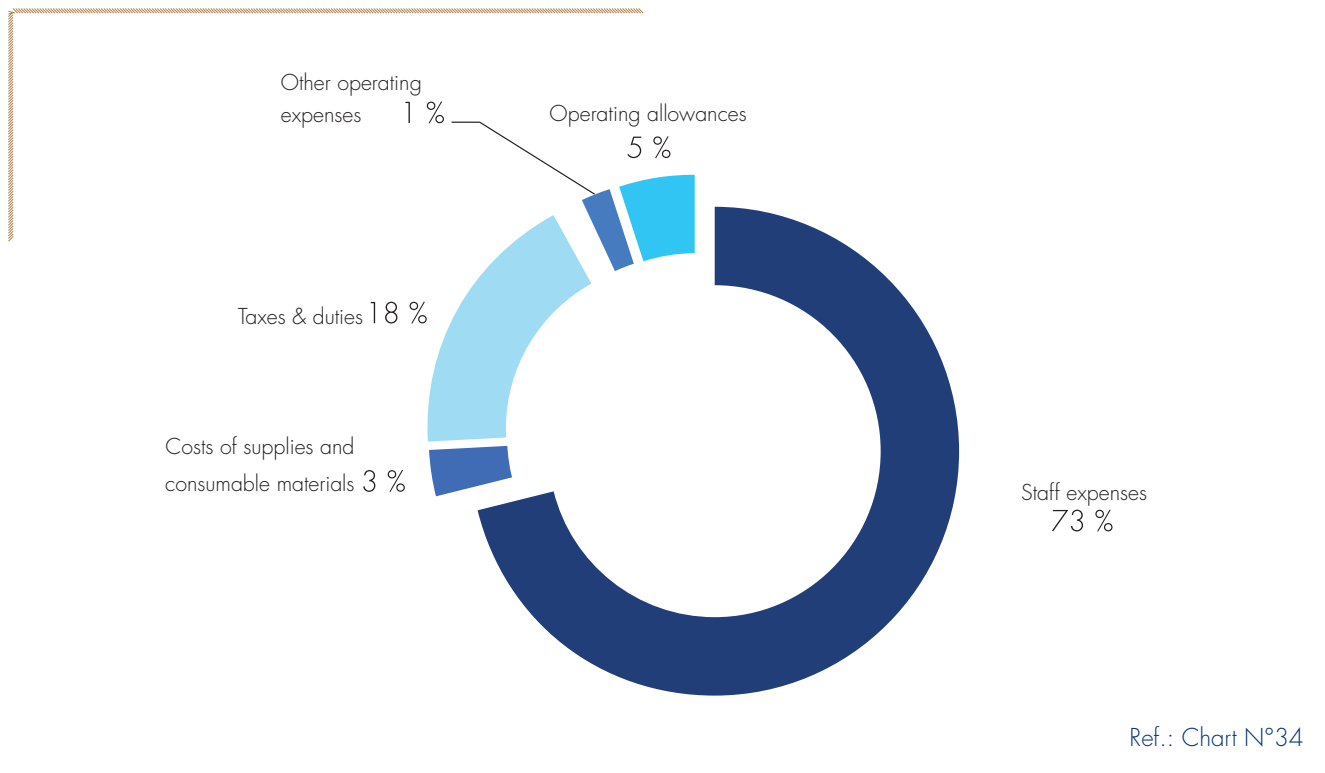
The overall decrease of investment rates had a negative impact on the financial products of AMMC, which declined by 12% in 2016 compared to 2015. They amounted to 7,7 million MAD and remain well below the levels achieved in 2015 and 2014.

## 5.3 Operating expenses increase

Between 2015 and 2016, operating expenses increased by 14% to reach 59 million MAD as of the end of 2016. This increase is mainly due to the execution of certain expenses related to the transition of AMMC and to the active representation of AMMC within various international events

Moreover, in terms of the composition of operating expenses, the latter is marked by the predominance of staff expenses.

## Evolution of the operating expenses composition



## 5.4 Net income increase

The net profit of the financial year 2016 is a beneficial result and amounted to 44,2 million MAD, compared to 35 million MAD in the previous financial year, thus achieving a performance of 26%.





## APPENDICES

# 1 – BALANCE SHEET – ASSETS (Standard Model)

Fiscal Year from 01/01/16 to 12/31/16

	ASSETS		FISCAL YEAR	PREVIOUS FISCAL YEAR		
	Gross	Depreciation and provisions	Net	Net		
FIXED ASSET	NIL VALUE FIXED ASSETS (A)					
	. Preliminary expenses					
	. Expenditure to be distributed over several fiscal years					
	. Bond reimbursement premiums					
	INTANGIBLE FIXED ASSETS (B)					
	. Research & development fixed Assets	17 827 471,65	10 514 715,25	7 312 756,40	9 096 755,84	
	. Patents, trademarks, assets and similar rights	16 534 550,25	9 221 793,85	7 312 756,40	9 096 755,84	
	. Goodwill					
	. Other intangible fixed Assets	1 292 921,40	1 292 921,40			
	TANGIBLE FIXED ASSETS (C)					
	. Lands					
	. Buildings					
	. Technical facilities, equipment and tools					
	. Transportation equipment	166 300,00	166 300,00			
	. Mobilier, matériel de bureau et aménagements items	28 488 876,88	27 592 074,11	896 802,77	980 372,73	
	. Other tangible fixed Assets					
	. tangible fixed Assets under development					
	FINANCIAL FIXED ASSETS (D)					
	. Capital loans					
	. Other financial debts					
	. Equity interest					
	. Other Equity interest					
	TRANSLATION ADJUSTMENTS- ASSETS (E)					
. Decrease in fixed debts						
. Increase in financing debts						
<b>TOTAL I (A+B+C+D+E)</b>		<b>46 482 648,53</b>	<b>38 273 089,36</b>	<b>8 209 559,17</b>		
CURRENTS ASSETS	INVENTORY (F)					
	. Goods	162 275,72		162 275,72	149 739,97	
	. Consumable materials and supplies	162 275,72		162 275,72	149 739,97	
	. Goods under process					
	. Intermediate & residues products					
	. Finished Products					
	CLAIMS ON CIRCULATING ASSETS (G)					
	. Trade creditors-debit balances, prepayments	34 191 333,26	12 000,00	34 179 333,26	31 149 059,29	
	. Trade accounts receivable	32 100 940,51		32 100 940,51	27 864 923,38	
	. Payroll	324 425,10	12 000,00	312 425,10	499 466,73	
	. Government	767 229,71		767 229,71	1 225 443,85	
	. Partner's accounts					
	. Other accounts receivables	11 563,44		11 563,44	11 563,44	
	. Adjustment accounts , Assets	987 174,50		987 174,50	1 547 661,89	
	INVESTMENT SECURITIES AND VALUES (H)					
		204 000 000,00		204 000 000,00	195 000 000,00	
	TRANSLATION ADJUSTMENTS – ASSETS (I)					
	(Circulating elements)					
	<b>TOTAL II (F+G+H+I)</b>		<b>238 353 608,98</b>	<b>12 000,00</b>	<b>238 341 608,98</b>	
	CASH - ASSETS		24 163 928,39		24 163 928,39	22 645 071,66
	. Cheques and cash values					
	. Bank, treasury & post office account	24 151 861,70		24 151 861,70	22 634 634,26	
	. Cash, petty cash & credit lines	12 066,69		12 066,69	10 437,40	
<b>TOTAL III</b>		<b>24 163 928,39</b>		<b>24 163 928,39</b>		
<b>OVERALL TOTAL I + II + III</b>		<b>309 000 185,90</b>	<b>38 285 089,36</b>	<b>270 715 096,54</b>		

	LIABILITIES	FISCAL YEAR	PREVIOUS FISCAL YEAR
PERMANENT FUNDING	SHAREHOLDERS' EQUITY		
	. Corporate or personal capital (1)	0,00	0,00
	. less : shareholders, Capital subscribed and not paid-in , Called-up capital, Of which Paid-up one.....		
	Premium on shares,, merger and contribution	0,00	0,00
	. Revaluation reserve	0,00	0,00
	. Legal Réserve	0,00	0,00
	. Other reserve	198 816 902,32	188 619 990,21
	. Retained earnings (2)	-	-
	. net income to be allocated (2)	-	-
	. Net income of the fiscal year (2)	44 273 246,21	35 196 912,11
	<b>Total shareholders' Equity (A)</b>	<b>243 090 148,53</b>	<b>223 816 902,32</b>
	EEQUITY RELATED (B)	4 104 666,67	5 152 666,67
	. Government Grants	4 104 666,67	5 152 666,67
	. Regulated reserves	-	-
	. Donations		
	DEBT FINANCING (C)	-	-
	. Bonded debt	-	-
	. Other debt Financing	-	-
Packaging material Credit			
Store construction credit			
medium and long-term credit			
SUSTAINABLE PROVISIONS FOR CONTINGENCIES & EXPENSES (D)	-	-	
. Provisions for contingencies	-	-	
. Provision for expenses	-	-	
TRANSLATION ADJUSTMENTS - LIABILITIES (E)	-	-	
. Increase in capitalized account receivables	-	-	
. Decrease of financial debts	-	-	
<b>TOTAL I (A+B+C+D+E)</b>	<b>247 194 815,20</b>	<b>228 969 568,99</b>	
CURRENT LIABILITIES CASH	CURRENT LIABILITIES/DEBTS (F)	23 520 281,34	30 051 430,50
	. Trade creditors and other accounts receivables	4 293 032,69	8 105 660,55
	. Trade debtors-credit balances, prepayments	-	-
	. Payroll	2 701 121,37	3 441 370,56
	. Social organisations	2 879 416,40	1 876 089,49
	. Government	13 030 197,04	14 493 518,18
	. Partner's accounts	-	-
	. Other creditors	616 513,84	2 134 791,72
	. Adjustment accounts - liabilities	-	-
	OTHER PROVISIONS FOR CONTINGENCIES & EXPENSES (G)	-	-
	TRANSLATION ADJUSTMENTS - LIABILITIES (Current elements) (H)	-	-
	<b>TOTAL II (F+G+H)</b>	<b>23 520 281,34</b>	<b>30 051 430,50</b>
	CASH FLOW - LIABILITIES		
. Discount credit facilities	-	-	
. Short term credit facilities	-	-	
. Factoring banks	-	-	
<b>TOTAL III</b>	<b>-</b>	<b>-</b>	
<b>OVERALL TOTAL I + II + III</b>	<b>270 715 096,54</b>	<b>259 020 999,49</b>	

(1) Personal Assets Debtor

(2) Profitable (+). Loss-making (-)

## 2 - INCOME AND EXPENSES STATEMENT (Excluding taxes) (normal model I)

FISCAL YEAR FROM 01/01/16 TO 12 /31/16

	ITEM	TRANSACTIONS		Total of the Fiscal Year 3 = 1 + 2	Totals of the previous years 4
		Particular to the fiscal year 1	For the previous fiscal year 2		
OPERATION	<b>I OPERATING INCOME</b>				
	. Sales of goods (as it is)	0,00			0,00
	. Sales of goods and services produced				
	Sales revenues	115 059 189,10	0,00	115 059 189,10	94 385 724,05
	. Changes in inventory (+) (1)	0,00		0,00	0,00
	Fixed assets produced by the company itself	0,00	0,00	0,00	0,00
	. Operating subsidies	0,00	0,00	0,00	0,00
	. Other operating revenue	0,00	0,00	0,00	0,00
	. Resumption of operations, expense transfers	0,00	0,00	0,00	0,00
	<b>TOTAL I</b>	<b>115 059 189,10</b>	<b>0,00</b>	<b>115 059 189,10</b>	<b>94 385 724,05</b>
OPERATION	<b>II OPERATING EXPENSES</b>				
	Cost of goods sold (2)	0,00	0,00	0,00	0,00
	Cost of supplies and materials consumed (2)	1 871 303,71	0,00	1 871 303,71	1 721 969,39
	. Other external expenses	10 846 210,36	0,00	10 846 210,36	6 477 241,09
	. Taxes and duty	68 543,00	0,00	68 543,00	68 500,00
	. Payroll	43 311 016,48	24 650,00	43 335 666,48	41 879 656,85
	. Other operating expenses	357 142,90	0,00	357 142,90	28 571,44
	. Operating allocations	2 867 947,90	0,00	2 867 947,90	1 940 395,81
<b>TOTAL II</b>	<b>59 322 164,35</b>	<b>24 650,00</b>	<b>59 346 814,35</b>	<b>52 116 334,58</b>	
<b>III OPERATING INCOME (I-II)</b>			<b>55 712 374,75</b>	<b>42 269 389,47</b>	
FINANCIAL	<b>IV FINANCIAL PRODUCTS</b>				
	. Income from equity holdings and other fixed assets	0,00	0,00	0,00	0,00
	. Translation gains	4 101,39	0,00	4 101,39	4 707,60
	. Interests and other financial income	7 777 816,36	0,00	7 777 816,36	8 851 487,09
	. Financial write backs, transfers of expenses	0,00	0,00	0,00	0,00
	<b>TOTAL IV</b>	<b>7 781 917,75</b>	<b>0,00</b>	<b>7 781 917,75</b>	<b>8 856 194,69</b>
	<b>V FINANCIAL EXPENSES</b>				
	. Interest charges	0,00	0,00	0,00	0,00
	. Translation gains	4 887,72	0,00	4 887,72	4 681,27
	. Other financial expenditure	0,00	0,00	0,00	0,00
. Financial allocations	0,00	0,00	0,00	0,00	
<b>TOTAL V</b>	<b>4 887,72</b>	<b>0,00</b>	<b>4 887,72</b>	<b>4 681,27</b>	
<b>VI FINANCIAL INCOME (IV - V)</b>			<b>7 777 030,03</b>	<b>8 851 513,42</b>	
<b>VII CURRENT INCOME (III + VI)</b>			<b>63 489 404,78</b>	<b>51 120 902,89</b>	

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

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

## 2 - INCOME AND EXPENSES STATEMENT (Excluding taxes) (Standard model) (Follow-up)

FISCAL YEAR FROM 01/01/16 TO 12/31/16

	ITEM	OPERATIONS		Total of the Fiscal Year 3 = 1 + 2	Totals for previous fiscal years
		Particular to the fiscal year 1	For previous financial years 2		
VII	CURRENT INCOME (reported)			63 489 404,78	51 120 902,89
VIII	NON CURRENT INCOME	31 100,00	0,00	31 100,00	0,00
	. Fixed asset sale income				
	. Equalization subsidies	0,00	0,00	0,00	0,00
	. Investment subsidies write downs	1 048 000,00	0,00	1 048 000,00	87 333,33
	. Other non-current products	282 493,65		282 493,65	184 981,62
	. Non-current write downs, transfer of expenses	0,00	0,00	0,00	0,00
	<b>TOTAL VIII</b>	<b>1 361 593,65</b>	<b>0,00</b>	<b>1 361 593,65</b>	<b>272 314,95</b>
IX	NON CURRENT EXPENSES	0,00	0,00	0,00	0,00
	. Worth net depreciation of fixed assets sold				
	. Subsidies granted	0,00	0,00	0,00	0,00
	. Other non-current expenses	200 019,22		200 019,22	556 585,73
	. Non current allowances to depreciation and provisions	0,00	0,00	0,00	0,00
	<b>TOTAL IX</b>	<b>200 019,22</b>	<b>0,00</b>	<b>200 019,22</b>	<b>556 585,73</b>
X	NON CURRENT INCOME (VIII-IX)	1 161 574,43	0,00	1 161 574,43	-284 270,78
X	PRE-TAX INCOME (VII+ X)			64 650 979,21	50 836 632,11
X	CORPORATE INCOME TAX			20 377 733,00	15 639 720,00
X	NET INCOME (XI-XII)			44 273 246,21	35 196 912,11

XIV	TOTAL INCOME (I + IV + VIII)			124 202 700,50	103 514 233,69
XV	TOTAL OF EXPENDITURE (II + V + IX + XII)			79 929 454,29	68 317 321,58
XVI	NET INCOME (total income - total expenditure)			44 273 246,21	35 196 912,11

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

**RAPPORT DES AUDITEURS INDEPENDANTS  
SUR LES ETATS DE SYNTHESE ANNUELS****EXERCICE DU 1<sup>ER</sup> JANVIER AU 31 DECEMBRE 2016**

Nous avons effectué l'audit des états de synthèse ci-joints de l'Autorité Marocaine du Marché des Capitaux (AMMC), comprenant le bilan, le compte de produits et charges, l'état des soldes de gestion, le tableau de financement, et l'état des informations complémentaires (ETIC) relatifs à l'exercice clos le 31 décembre 2016. Ces états de synthèse font ressortir un montant de capitaux propres et assimilés de KMAD 247 195 dont un bénéfice net de KMAD 44 273.

***Responsabilité de la Direction***

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

***Responsabilité de l'Auditeur***

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

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

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

***Opinion sur les états de synthèse***

A notre avis, les états de synthèse cités au premier paragraphe ci-dessus, donnent, dans tous leurs aspects significatifs, une image fidèle du patrimoine et de la situation financière de l'Autorité Marocaine du Marché des Capitaux au 31 décembre 2016 ainsi que du résultat de ses opérations pour l'exercice clos à cette date, conformément au référentiel comptable admis au Maroc.

Casablanca, le 1<sup>er</sup> mars 2017

Les auditeurs indépendants

  
**COOPERS AUDIT MAROC**  
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Abdelaziz ALMECHATT  
Associé

#### 4 - Penalties issued by the AMMC in 2016

Stakeholder	Penalty Grounds	Penalty	Legal and regulatory basis
Valoris Securities (Custodian)	<ul style="list-style-type: none"> <li>© Breach of the rule of using customer credit balances</li> <li>© Failure to provide reliable accounting information to the CDVM</li> <li>© Failure to comply with the internal control system</li> </ul>	Warning	<ul style="list-style-type: none"> <li>© Article 2 of Royal Decree ("Dahir") n°. 1-02-202 enacting Law n°. 03-01</li> <li>© Article 4-1 ;4-2 ; 4-3; of the Royal decree « Dahir » enacting law n° 1-93-212 relating to CDVM</li> <li>© CDVM Circular</li> </ul>
Attijariwafa Bank (Custodian)	Failure to transmit regulatory reporting on securities lending transactions	Financial penalty of One hundred sixty-one thousand dirhams (MAD 161.000)	<ul style="list-style-type: none"> <li>© Article 2 of Dahir n° 1-02-202 enacting law n°03-01</li> <li>© Article 4-1 ;4-2 ; 4-3; of Dahir enacting law n° 1-93-212</li> <li>© Article 36 of Dahir n° 1-12-56 promulgating law n° 45-12</li> <li>© Order of the Minister of the Economy and Finance No. 822-08 approving the general regulation, in particular article 89, article 91 and section 1 contained in article 92: © Article V.2.1 of Title II Book V of the circular</li> <li>© point 14 of the appendix V.2 of the circular</li> </ul>
	132 days of Delay regarding the transmission of reporting of January 2016	Financial penalty of One hundred thirty two thousand dirhams (MAD 132.000)	
	3 days of delay regarding the transmission of reporting of December 2015;	Financial penalty of Three Thousand dirhams (MAD 3.000)	
	8 days of delay regarding the transmission of reporting of June 2016	Financial penalty of Eight thousand dirhams	
	14 days of delay regarding the transmission of reporting of July 2016	Financial penalty of fourteen thousand dirhams (MAD 14.000)	
	4 days of delay regarding the transmission of reporting of May 2016	Financial penalty of Four thousand dirhams (MAD 4.000)	
BMCE BANK (Custodian)	Failure to transmit regulatory reporting on securities lending transactions	A financial penalty of a total amount of Fourty three thousand dirhams (MAD 43.000)	<ul style="list-style-type: none"> <li>© Article 2 of Dahir n° 1-02-202 enacting law n°03-01</li> <li>© Article 4-1 ;4-2 ; 4-3; of Dahir enacting law n° 1-93-212</li> <li>© Article 36 of Dahir n° 1-12-56 promulgating law n° 45-12</li> </ul>

Stakeholder	Penalty Grounds	Penalty	Legal and regulatory basis
BMCE BANK (Custodian)	6 days of Delay regarding the transmission of reporting of December 2015	A financial penalty of six thousand dirhams (MAD 6.000)	<ul style="list-style-type: none"> <li>© Order of the Minister of the Economy and Finance n°. 822-08 approving the general regulation, in particular article 89, article 91 and section 1 contained in article 92:</li> <li>© Article V.2.1 of Title II Book V of the circular</li> <li>© Point 14 of the appendix V.2 of the circular</li> </ul>
	2 days of Delay regarding the transmission of reporting of March 2016	A financial penalty of two thousand dirhams (MAD 2.000)	
	35 days of Delay regarding the transmission of reporting of June 2016	A financial penalty of thirty five thousand dirhams (35.000 DH)	
BMCI (Custodian)	5 days of Delay regarding the transmission of regulatory reporting on securities lending transactions of June 2016	A financial penalty of Five thousand dirhams (MAD 5.000)	<ul style="list-style-type: none"> <li>© Article 2 of Dahir n° 1-02-202 enacting law n°03-01</li> <li>© Article 4-1 ;4-2 ; 4-3; of Dahir enacting law n° 1-93-212</li> <li>© Article 36 of Dahir n° 1-12-56 promulgating law n° 45-12</li> <li>© Order of the Minister of the Economy and Finance n°. 822-08 approving the general regulation, in particular article 89, article 91 and section 1 contained in article 92:</li> <li>© Article V.2.1 of Title II Book V of the circular</li> <li>© Point 14 of the appendix V.2 of the circular</li> </ul>
AL BARID BANK (Custodian)	Failure to transmit regulatory reporting on securities lending transactions	A financial penalty of One thousand dirham (MAD 1.000)	<ul style="list-style-type: none"> <li>© Article 2 of Dahir n° 1-02-202 enacting law n°03-01</li> <li>© Article 4-1 ;4-2 ; 4-3; of Dahir enacting law n° 1-93-212.</li> <li>© Article 36 of Dahir n° 1-12-56 promulgating law n° 45-12.</li> <li>© Order of the Minister of the Economy and Finance No. 822-08 approving the general regulation, in particular article 89, article 91 and section 1 contained in article 92.</li> <li>© Article V.2.1 of Title II Book V of the circular</li> <li>© Point 14 of the appendix V.2 of the circular.</li> </ul>
	1 day of Delay in transmission of reporting of December 2015	A financial penalty of one thousand dirhams (1.000DH)	
	1 day of Delay in transmission of reporting of April 2016	A financial penalty of one thousand dirham (MAD 1.000)	

Stakeholder	Penalty Grounds	Penalty	Legal and regulatory basis
CFG BANK (Custodian)	1 day of delay in transmission of regulatory report relating to securities lending transactions of March 2016	A financial penalty of one thousand dirham (MAD 1.000)	<p>© Article 2 of Dahir n° 1-02-202 enacting law n°03-01.</p> <p>© Article 4-1 ;4-2 ; 4-3; of Dahir enacting law n° 1-93-212.</p> <p>© Article 36 of Dahir n° 1-12-56 promulgating law n° 45-12.</p> <p>© Order of the Minister of the Economy and Finance No. 822-08 approving the general regulation, in particular article 89, article 91 and section 1 contained in article 92.</p> <p>© Article V.2.1 of Title II Book V of the circular.</p> <p>© point 14 of the appendix V.2 of the circular.</p>
Crédit du Maroc Capital (Custodian)	5 days of delay in transmission of the tax return	A financial penalty of five thousand dirhams (MAD 5.000)	<p>© Article 2 of Dahir n° 1-02-202 enacting law n°03-01.</p> <p>© Article 4-1 ;4-2 ; 4-3; of Dahir enacting law n° 1-93-212.</p> <p>© Article 53 of Dahir n° 1-93-211</p> <p>© Order of the Minister of the Economy and Finance No. 822-08 approving the general regulation, in particular article 89, article 91 and section 1 contained in article 92.</p> <p>© Article V.2.1 of Title II Book V of the circular.</p> <p>© point 15 of the appendix V.2 of the circular.</p>

Stakeholder	Penalty Grounds	Penalty	Legal and regulatory basis
MENA CP (Custodian)	4 days of delay in transmission of the tax return	A financial penalty of four thousand dirhams (MAD 4.000)	<ul style="list-style-type: none"> <li>© Article 2 of Dahir n° 1-02-202 enacting law n°03-01</li> <li>© Article 4-1 ;4-2 ; 4-3; of Dahir enacting law n° 1-93-212</li> <li>© Article 53 of Dahir n° 1-93-211</li> <li>© Order of the Minister of the Economy and Finance No. 822-08 approving the general regulation, in particular article 89, article 91 and section 1 contained in article 92.</li> <li>© Article V.2.1 of Title II Book V of the circular.</li> <li>© point 15 of the appendix V.2 of the circular.</li> </ul>
ARAB BANK (Custodian)	A financial penalty of a total amount of four thousand dirhams (MAD 4.000 )		
	3 days of delay in transmission of the report by the internal controller for the first half of 2016	A financial penalty of three thousand dirhams (MAD 3.000)	<ul style="list-style-type: none"> <li>© Article 2 of Dahir n° 1-02-202 enacting law n°03-01</li> <li>© Article 4-1 ;4-2 ; 4-3 ; of Dahir enacting law n°1-93-212</li> <li>© Order of the Minister of the Economy and Finance No. 822-08 approving the general regulation, in particular article 89, article 91 and section 1 contained in article 92:</li> <li>© Article V.2.1 of Title II Book V of the circular</li> <li>© point 13 of the appendix V.2 of the circular</li> </ul>
	1 day of delay in transmission of the report on securities lending of February 2016	A financial penalty of one thousand dirhams (1.000DH)	<ul style="list-style-type: none"> <li>© Article 2 of Dahir n° 1-02-202 enacting law n°03-01</li> <li>© Article 4-1 ;4-2 ; 4-3; of Dahir enacting law n° 1-93-212</li> <li>© Order of the Minister of the Economy and Finance No. 822-08 approving the general regulation, in</li> </ul>

Stakeholder	Penalty Grounds	Penalty	Legal and regulatory basis
ARAB BANK (Custodian)			particular article 89, article 91 and section 1 contained in article 92: © Article V.2.1 of Title II Book V of the circular © Article 36 of Dahir n°1- 12-56 promulgating law n° 45-12. © point 14 of the appen- dix V.2 of the circular.
Alliances Développement Immobilier (Issuer)	65 days of Delay in disclosure of public information about the decline in results for the fiscal year 2015	Warning+ A financial penalty of sixty-five thousand dirhams (MAD 65.000)	© Article 2 of Dahir n° 1-02-202 enacting law n°03-01. © Article 4-1 ;4-2 ; 4-3; of Dahir enacting law n° 1-93-212 © Order of the Minister of the Economy and Finance No. 822-08 approving the general regulation, in particular article 89, article 91 and section 13 contained in article 92. © Article III.2.31 of the Circular. © point 4 of the appendix III.2.M of the Circular.
Alliances Développement Immobilier (Issuer)	41 days of delay in disclosure of the company's consolidated financial statements for the second half of 2015	Warning + A financial penalty of forty-one thousand dirhams (MAD 41.000)	© Article 2 of Dahir n° 1-02-202 enacting law n°03-01. © Article 4-3 , 16-2 and 17 of Dahir enacting law n°1-93-212. © Order of the Minister of the Economy and Finance No. 822-08 approving the general regulation, in particular article 89, article 91 and section 13 contained in article 92. © Article III.2.5 of the circular.
Alliances Darna (Issuer)	41 days of delay in disclosure of the company's consolidated financial statements for the second half of 2015	Warning + A financial penalty of forty-one thousand dirhams (MAD 41.000)	© Article 2 of Dahir n° 1-02-202 enacting law n°03-01. © Article 4-3, 16-2 and 17 of Dahir enacting law n°1-93-212. © Order of the Minister of the Economy and Finance No. 822-08 approving the general regulation, in particular article 89, article 91 and section 13 contained in article 92. © Article III.2.5 of the circular.

STAKEHOLDER	Penalty Grounds	Penalty	Legal and regulatory basis
Stroc Industrie (Issuer)	68 days of delay in disclosure of public information about the decline in results for the year 2015	Warning + A financial penalty of sixty-eight thousand dirhams (MAD 68.000)	<ul style="list-style-type: none"> <li>© Article 2 of Dahir n° 1-02-202 enacting law n°03-01.</li> <li>© Article 4-2 ; 4-3 and 18 of Dahir enacting law n°1-93-212.</li> <li>© Order of the Minister of the Economy and Finance No. 822-08 approving the general regulation, in particular article 89, article 91 and section 13 contained in article 92.</li> <li>© Article III.2.31 of the circular.</li> <li>© Point 4 of the appendix III.2.M of the circular.</li> </ul>
Stroc Industrie (Issuer)	Abstention and 29 days of delay in disclosure of the final summary statements deemed to accompany the notice convening the mixed general meeting	Warning + A financial penalty of twenty nine thousand dirhams (MAD 29.000)	<ul style="list-style-type: none"> <li>© Article 2 of Dahir n° 1-02-202 enacting n° 03-01.</li> <li>© Article 4-3, 16 and 20 of Dahir enacting law n° 1-93-212.</li> <li>© Article 156 of Dahir n° 1-96-124 promulgating law n°17-95.</li> <li>© Order of the Minister of the Economy and Finance No. 822-08 approving the general regulation, in section 13 contained in article 92.</li> </ul>

Source: AMMC







