



هيئة الأسواق المالية
CAPITAL MARKETS AUTHORITY

2012

2013

2014

2015

2016

2017

2018

2019

2020

ANNUAL REPORT

“ In the year 2020, work from home was adopted in many countries around the world, including Lebanon, where the country witnessed several lockdowns and strict preventive health policies that have added to the economic pressures of the Lebanese citizens. The economic burden of the Covid pandemic on Lebanon was heavy, with the World Bank expecting an overall drop in economic activity by almost 20.3% of GDP.

CHAIRMAN'S MESSAGE

It is with great pleasure that I present the Capital Markets Authority (CMA) Annual Report for the year 2020, a year marked by the global fight against the Corona pandemic and its economic implications.

In the year 2020, work from home was adopted in many countries around the world, including Lebanon, where the country witnessed several lockdowns and strict preventive health policies that has added to the economic pressures of the Lebanese citizens. The economic burden of the Covid pandemic on Lebanon was heavy, with the World Bank expecting an overall drop in economic activity by almost 20.3% of GDP.

In its effort to address the many challenges Lebanon is facing, the Banque Du Liban issued Circular 154 in August 2020, whereby it directed the banks and financial institutions to raise its Capital by 20%, and increase its liquidity by 3% of the total value of deposits in foreign currencies.

As a result, the Capital Markets Authority and other regulators have simultaneously worked to ensure that those responsible to implement Circular 154, adhere to its prerogatives and enforce compliance, in order to better ensure the functioning of the financial system and instill confidence in the Lebanese financial markets.

Also, in their common goal to achieve financial stability and ensure the safety of the financial markets, the CMA and the Special Investigation Committee (SIC) signed a Memorandum of Understanding to coordinate and cooperate on fighting money laundering, terrorism financing and other illicit activities through a framework of mutual assistance and information sharing.

In its capacity to protect investors as mandated by law No. 161/2011, the CMA issued in April 2021, Announcement No. 71 which requested that all approved institutions settle in foreign currency (fresh funds) the liquidated positions of portfolios held outside of Lebanon, or transfer the portfolios to accounts held overseas as per the requests of the clients, with punitive actions on non-compliance.

In its effort to ensure that its work from home policy and the pandemic do not limit the ability of the CMA to cater to the needs of approved institutions, the CMA issued Announcement No. 66, which allowed for a quick online procedure to obtain approval on securities offers providing all requirements are met. In addition to its role in regulating and monitoring the Lebanese capital markets, the CMA will urge approved financial institutions to establish collective investment schemes and investment funds that simulate market requirements, while providing investment opportunities for a wide range of investors' risk-appetite via different securities and asset classes.



This would help provide financing capabilities to strategic sectors and established companies with a great footprint in local and regional business, building on their capabilities to export products and services and technology from Lebanon.

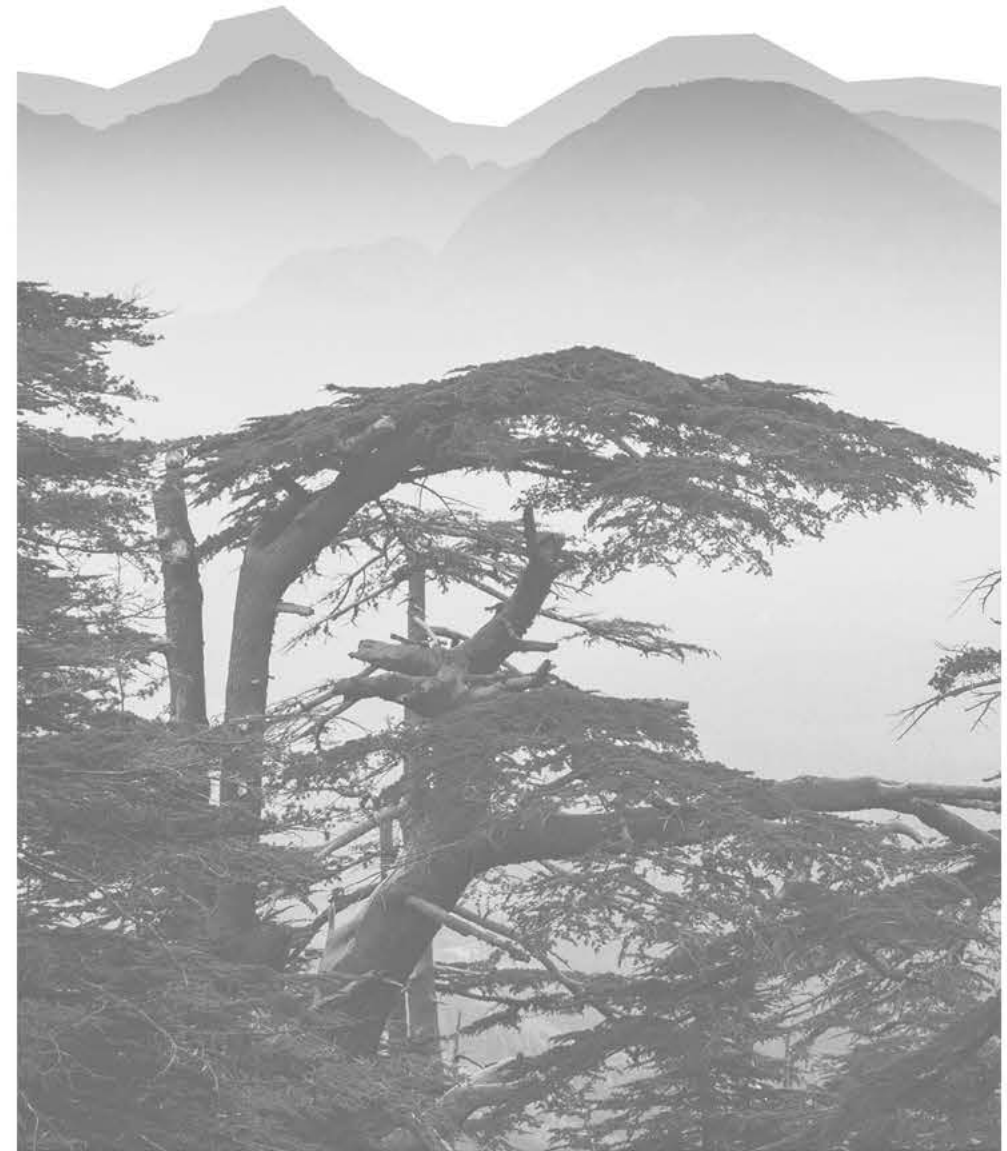
The best way to achieve this emerging dynamism in the markets lies within the capital markets development plan that the CMA has embarked on since its inception in accordance with World Bank experts. This is also complemented with the work it had conducted to launch the electronic trading platform project in order to secure listing, trading and investment in all types of financial instruments, currencies and precious metals, and to attract foreign investments.

Finally, I would like to offer my sincere regards to all the staff and personnel at the CMA, especially on their tremendous commitment and hard work through the challenging times the country has witnessed. My sincere hope to better days ahead for Lebanon.

Sincerely,

RIAD TOUFIC SALAME
Chairman of the
Capital Markets Authority,
Governor of Banque Du Liban

MISSION & VISION



VISION

Establishing confidence in the Lebanese Capital Markets by enhancing their integrity and maintaining their attractiveness to investors by developing the local markets to better serve the national economy.

MISSION

The CMA ensures the protection of savings invested in Financial Instruments, encourages the capital markets in Lebanon, and coordinates between the various concerned sectors. For this purpose, the CMA shall perform all functions and activities entrusted to it, including but not limited to:

- Reducing Systematic Risk in Capital Markets.
- Protecting the investor by providing a fair and transparent investment environment.
- Facilitating access to the information necessary for investors by organizing and defining the framework, and setting the professional actions carried out by persons engaged in financial instruments and ensuring their adherence to professional ethics.
- Raising Investor Awareness in Lebanon and increasing their knowledge on capital markets.
- Protecting the investor and aiming to increase the use of capital markets by investors in Lebanon and abroad.
- Developing the Capital Markets through continuous communication with all stakeholders in all productive sectors.

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CHAPTER 1

THE CAPITAL MARKETS AUTHORITY



THE CAPITAL MARKETS LAW AND THE CMA'S MAIN GOALS

The Capital Markets Law No. 161 was ratified by the Lebanese Parliament on 17/8/2011. It stipulated the establishment of the Capital Markets Authority, «CMA».

The CMA aims to achieve two main goals: promote and develop the financial markets in coordination with the various sectors concerned, and protect private savings invested in financial instruments. In this context, the law defines the mechanism for the regulation and promotion of financial markets in the effort to eliminate systemic risk through promoting a culture of absolute transparency in the sector that will ensure the safeguarding of investor savings in capital markets.

The vision around which the work of the Authority revolves is based on the importance of establishing trust in the Lebanese capital markets by means of reinforcing their safety and preserving their attractiveness so they could be developed and serve the Lebanese economy.

Indeed, the development of the financial markets has direct bearing on the increase of the growth rate in the economy, which reflects positively on the capital movement and the unemployment rate, in view of the ability to find long term funding sources for the private sector, and to guide public savings in

the economy towards appropriate investments.

Accordingly, the law sets a mechanism to ensure accountability and enforces disciplinary action against any party found in breach of the provisions thereof through the legal frameworks it provides. Such mechanisms are duly reflected in the core functions designated to the Independent Sanctions Committee and the Capital Markets Court of Law that still require establishment through appointments conducted at the level of the Lebanese cabinet as proposed in the Capital Markets Law No. 161.

Moreover, Law No. 161 also allows the Authority to express its opinion on all matters relating to the capital markets, including but not limited to, draft laws and decrees relating to the operations and development of those markets in Lebanon. Also, and in the same regard, the Law allows the Authority to oversee the regulations and activities of licensed stock exchanges in Lebanon, especially in light of formulating new policies that may have an impact on the performance of the capital markets and the ability to attract investors.

CMA BOARD

The Capital Markets Authority is administered by a Board composed of seven members and chaired by the Governor of Banque du Liban. The Board includes three full time members, experts in Banking, Capital Markets and Financial Affairs, and three part time members representing ministries and administrations directly involved in the operations of the CMA. These are the Director General of the Ministry of Finance, the Capital Markets Authority is administered by a Board composed of seven members and chaired by the Governor of Banque du Liban. The Board includes three full time members, experts in Banking, Capital Markets

and Financial Affairs, and three part time members representing ministries and administrations directly involved in the operations of the CMA. These are the Director General of the Ministry of Finance, the Director General of the Ministry of Economy and the Head of the Banking Control Commission.

In reference to the article 6,7 and 8 of the Capital Markets Law No. 161 dated 2011/08/17, and at the proposition of the minister of Finance and following the approval by the Council of Ministers on 3 2020-6-10 members of the Board of directors of the Capital markets Authority were appointed for 5 years.

As of June 10, 2020 the CMA Board was composed of the following members:			
Represented by the First Vice Governor of the Banque du Liban	Chairman	Governor of Banque Du Liban	
	Executive Board Member	Expert in capital markets	Riad Salamé
	Executive Board Member	Expert in banking affairs	Fouad Choucair
	Executive Board Member	Expert in financial affairs	Walid Kadri
	Board member	Expert in financial affairs	Wajeb Kansa
	Board member	Director General of the Ministry of Finance	Director General of the Ministry of Finance
	Board member	Director General of the Ministry of Economy	Mohamad Abou Haidar
	Board member	Chairperson of the Banking Control Commission	Mayya Dabbagh

CORE FUNCTIONS OF THE CMA:

Investor Protection and Organization of Professional Activities

- Protecting investors from illegal, irregular or unfair practices, including the prohibition of direct or indirect insider trading.
- Organizing the disclosure of information to persons who distribute Financial Instruments to the public.
- Setting the work environment and organizing the professional activities of the persons who perform operations on Financial Instruments, while monitoring their compliance with professional ethics.

Organizing Capital Markets and Reducing Systemic Risks

- Organizing and developing capital markets in Lebanon, and promoting their use by investors and Issuers in Lebanon and abroad.
- Reducing systemic risks in capital markets.

Licensing

- Granting licenses to brokers who provide services to investors and Issuers.
- Granting licenses to financial rating agencies, and defining and regulating their functions and work process.
- Licensing collective investment schemes, including mutual funds that invest in securitization.

Organize and Control the Work of the Stock Exchanges

- Regulating and controlling the work of licensed Stock Exchanges, and the persons who provide deposit, clearing or settlement service.
- Setting the general regulatory framework for listing Financial Instruments and approving their trading on stock markets.

Legal Control and Accountability

- Sanctioning administrative violations of this Law and its implementation rules.
- Initiating legal action for insider trading crimes and for the circulation of false or misleading information regarding securities or Financial Instruments, or concerning their issuers.

IMPLICATIONS OF THE CORONA VIRUS ON THE GLOBAL ECONOMY

Despite the launching of global vaccination efforts, albeit in varying rates in different countries, the Corona pandemic will continue to be a major challenge for regional and international economies as foreseen by experts.

According to the International Monetary Fund's report issued in April 2020 under the title "Covid-19: A Threat to Financial Stability", the Corona pandemic has created an unprecedented humanitarian and health crisis, as the necessary measures to contain the virus have led to an economic downturn that may have long-term repercussions on global financial stability.

When analyzing capital markets, the crisis have shown major signs of stress on markets, especially with the increase in yield spreads across financing markets, including the global market for the US dollar. As markets became tense, volatility sharply increased, reaching in some cases, levels not seen since the global financial crisis.

In order to maintain the stability of the financial system and support the global economy, Central Banks in major economic powerhouse countries

became the first line of defense; facilitating monetary policy by reducing basic interest rates and providing additional liquidity through open market operations.

According to the International Monetary Fund, Central Banks will continue to have a critical role in protecting the stability of global financial markets and maintaining the flow of credit to the economy. However, and as the IMF report indicated, this crisis is not just one of liquidity. The other side of the crisis was the insolvency of large sectors of the global economy because of lockdowns that affected the majority of cities worldwide. Lockdowns have also affected global supply chains.

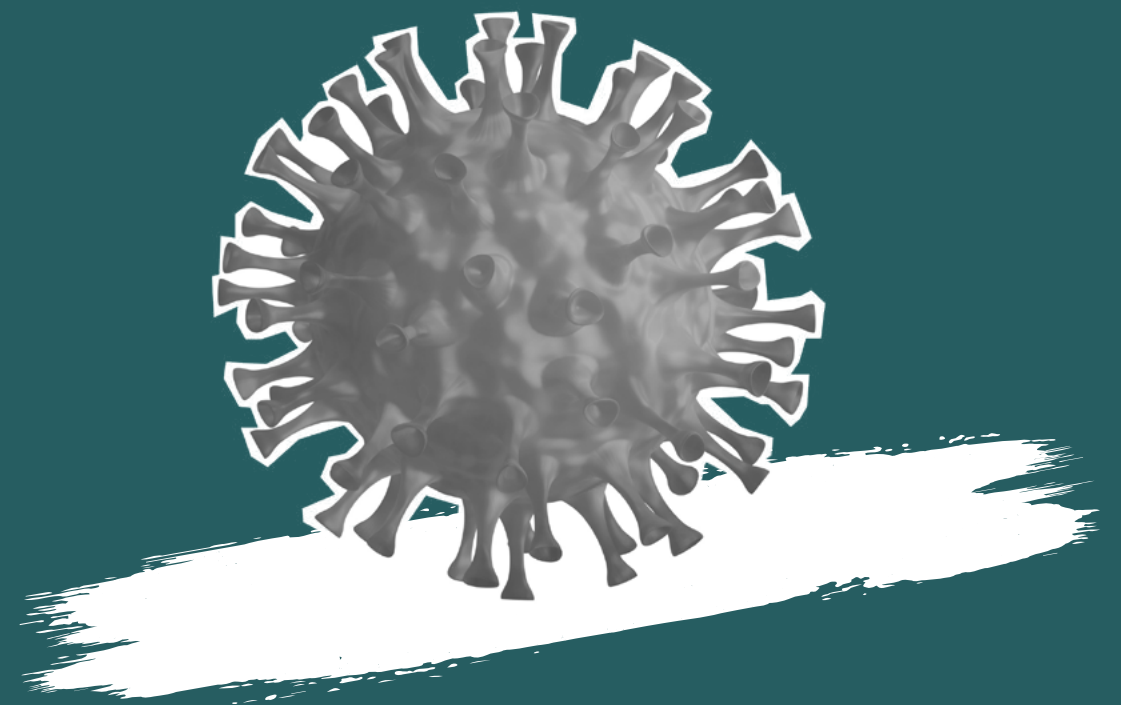
In this regard, fiscal policy has a vital role to play; to mitigate the impact of the shock created by Covid-19 and to ensure a steady and sustainable recovery once the pandemic is under control.

THE EFFECT OF COVID 19- ON THE ARAB REGION

According to preliminary estimates of the repercussions of the Corona pandemic, the Arab region has recorded losses of no less than 42 billion dollars in 2020, with losses expected to increase as the pandemic maintains.

According to the Economic and Social Commission for Western Asia (ESCWA), global growth rates are also expected to record a sharp decline, tilting economies towards the brink of stagnation. According to the ESCWA, the period between December and mid-March 2020 saw companies in the Arab region lose around 420 billion dollars in market capitalization. The losses recorded by these companies are equivalent to 8% of the total wealth of the region.

As a result, global thought leaders have started to consider many questions around the extent of the pandemic's impact on the future of banking and financial markets. Questions on its impact on digital transformation processes, and how it necessitates strengthening the concepts of "cyber security" to secure a sound work environment with the existing transformations and encourage workers' adaptation and involvement more and more with developments and innovative business patterns. The pandemic has given the world, and the Arab region, the incentive required to explore new world realities as a necessity to adaptation.



CHAPTER 2
**CAPITAL MARKETS
ACTIVITY IN LEBANON**

2020



CMA MAIN ACTIVITIES IN 2020

As a result of the Corona pandemic which took the world by surprise towards the end of 2019, the world economy has experienced economic crisis and shocks that affected global development and increased financial instability. Lebanon has had its share of economic shocks in 2020, and despite local and global challenges, the Capital Markets Authority continued its role in monitoring capital markets activity in order to maintain their comparative stability amidst growing economic concerns. To this end, the CMA worked hard in the year 2020 to carry on its mandate at all levels; whether at the regulatory, supervisory or investor protection level, CMA personnel persevered to address challenges all through a very difficult year.

Although setting up physical meetings was not straightforward as in previous years, the CMA established the capacity to attend to its business via virtual meetings in order to keep pace with market developments.

Moreover, and amidst unprecedented health precautions, investor protection remained a key goal of the CMA. The Capital Markets Authority continued to implement its set plans to educate investors early on, whereby the set program that offered lectures at Lebanese universities did not come to a stop. Due to the impossibility of direct meetings as a result of the outbreak, the CMA held virtual seminars for university students via

the “Zoom” platform, where the emphasis was on highlighting the regulatory and supervisory roles of the CMA and addressing questions that potential investors have.

In addition, the CMA continued its online awareness campaigns using social media outlets to inform investors on their rights and duties to facilitate knowledge based access to capital markets. Decisions and Announcements were duly published on the CMA website and social media platforms with the aim of informing the public of any updates or changes to CMA regulations.

At the international level, the CMA has maintained contact with international partners and other regulatory bodies such as the International Organization of Securities Commissions (IOSCO), in which it has been an Associate member since 2016. It had also remained updated with the guidelines set by the Union of Arab Securities Authorities (UASA) to address the challenges of the period, and simultaneously addressing issues related to the development of capital markets and support for small and medium enterprises, with the World Bank.

AT THE REGULATORY AND SUPERVISORY LEVEL

With the appointment of a new CMA Board of Directors, the Capital Markets Authority continued its supervisory and regulatory work to protect and encourage investments in Lebanese capital markets, setting guidelines and updating its regulatory framework to develop the capital markets.

As the new Board Members took office, a holistic review process was initiated in order to follow-up on previous achievements at the CMA, and to be able to better address the challenges of their new tenure.

BRIEF REGARDING THE IMPLEMENTING REGULATIONS LAUNCHED BY THE AUTHORITY IN 2016-2020

Business Conduct Regulation Series 3000, November 2016

This regulation aims to establish the rules and code of conduct that an approved institution must comply with in carrying out securities business and dealing with clients. It also defines the policies and procedures, systems and controls that an approved institution must establish and implement. The regulation also sets out the rules for approved institutions on how to handle client money and client assets, while it sets the requirements to notify or report certain changes and events to the Capital Markets Authority.

Market Conduct Regulation Series 4000, November 2016

This regulation aims to regulate the conduct of trading in the securities markets, and set out the details of the prohibitions on insider trading and the prohibitions on market manipulation. The regulation also aims to cover the obligations of approved institutions when trading in the markets, as principal and for clients.

Licensing & Registration Regulation Series 2000, January 2017

This regulation aims to identify the different categories of licenses required to carry out securities related business in Lebanon, identify exclusions from the requirements, and set the requirements for licensing institutions and registering individuals as registered persons. It also sets the conditions for the maintenance of a license or a registration, and established the procedures of applications, approvals, changes and termination of a license or registration.

Offers of Securities Regulation Series 6000, August 2017

This regulation aims to outline the requirements related to offers of securities in Lebanon and determine the types of offers that are exempted from the imposed requirements on the public offer as well as set the requirements for an exempted offer of securities.

Listing Rules Series 7000, Draft

This regulation aims to outline the necessary requirements for the issuer to list financial instruments in Lebanon and determines the requirements for maintaining this listing and sound foundations for corporate governance by the listed issuers.

Collective Investments Scheme Regulation Series 8000, January 24, 2019

This regulation comprises the establishment and operation of Collective Investments Schemes including Islamic Investments Scheme in Lebanon according to Law 706 but excludes the use of Collective Investments Scheme for the purpose of securitization according to Law 705 as it is a separate Law simply using the form of a common fund for other purposes. This regulation aims to regulate the process of setting, licensing, suggesting and managing collective investments scheme and its complementary activities in Lebanon, and determining the work requirements adopted by the managers, the depositaries and the accredited agents.

AT THE REGULATORY LEVEL, the authority continued to play a key role throughout 2020 in restructuring the announcements and decisions issued by the CMA board in line with the implementing regulations that have been subsequently issued since 2015. Accordingly, each capital markets related activity has a specific legal reference within these six implementing regulations issued by the Authority.

In this regard, the CMA board issued decision number 34 that publish the updated list of financial intermediaries duly registered annually by the CMA.

Decisions issued by the Capital Markets Authority in 2020

CMA Decision Number	Date	Decision Title
34	10/11/2020	A list of the names of the duly registered Financial Intermediation Institutions

Announcements Issued by the Capital Markets Authority in 2020

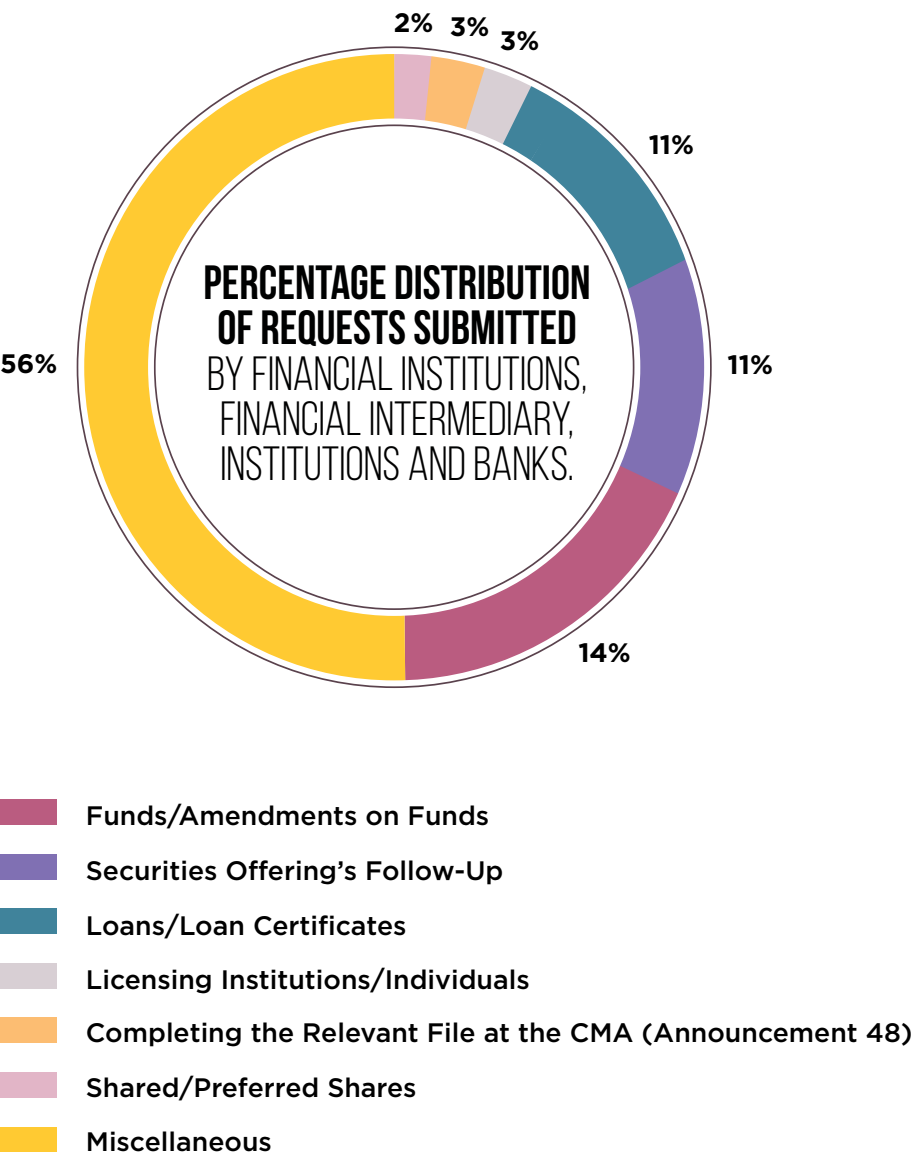
Announcement Number	Date	Decision Title
65	19/5/2020	Amendment to the Implementing Regulation Licensing and Registration Series 2000 and the Implementing Regulation Offers of Securities Series 6000.
66	30/6/2020	Adoption of a Quick Procedure to Obtain Approval on Securities Offers.
67	9/9/2020	Amendment of the Implementing Regulation Offer of Securities Series 6000.
68	14/10/2020	Listing of 4T S.A.L. on the List of Financial Intermediation Institutions.
69	27/10/2020	De-Listing of Excillis Trading SAL from the List of Financial Intermediation Institutions.

AT THE SUPERVISORY LEVEL, the Financial Control Unit (FCU) conducted thirty seven (37) investigations and twenty (20) audits on approved institutions. Furthermore, the FCU conducted five (5) investigation follow-ups and seven (7) audit follow-ups.

The FCU reviewed sixty three (63) applications submitted by approved institutions in 2020 (financial institutions, financial intermediation institutions and banks). These applications tackled various aspects including market structured products, market shares, applications to register persons, market loans and loan certificates, market mutual funds and amendments on funds and others.

The chart below shows that the greater part of the sixty three (63) applications revised by the FCU was related to securities offerings, that represented nine (9) applications to market mutual funds (or amendments on funds), seven (7) applications related to securities offerings follow ups, one application related to market shares/preferred shares (1), and seven (7) applications related to loans and loan certificates.

The FCU received four (4) applications to license institutions in addition to thirty-five (35) miscellaneous applications.



AT THE LEVEL OF THE CMA'S BOARD, and as per the Capital Markets Law No. 161, as stated in Article 11 thereof, the CMA Board is committed to protecting investors and promoting investments as per the executive authority granted by law to set the implementation rules and the general/individual instructions and directives to regulate and oversee the establishment and management of stock exchanges; as well as the conditions of registering and trading securities and financial instruments. Furthermore, the Board also has the exclusive authority to set the code of conduct to be followed by Stock Exchanges and their employees, as well as by financial service providers and their employees.

Moreover, the Board is entitled to grant the license for the establishment of the financial

intermediation institutions, Collective Investment Schemes and the licensing of securitization activities. In this regard, throughout 2020, the CMA Board issued several decisions, announcements and regulations to enhance the performance of capital markets in Lebanon.

According to its above-mentioned responsibilities, the CMA Board held a total of 15 meetings in 2020 which 9 of them held by the new board appointed in June 2020 and took 441 regulatory and administrative decisions.

The General Secretariat which was tasked with following up the implementation of the decisions issued by the CMA Board in 2020, worked concluding most the decisions' requirements.

Decisions Related to Licensing and Registration Regulation - Series 2000	
License to Practice Securities Business Activity	4
Temporary Cessation of Business Activity by an Approved Institution/ Cancellation of License	11
Licensing of Activity	1
Cancellation of Licenced Activity	2
Completion of an Approved Institution File with the CMA (Announcement 48)	29
Transfer of Shares	7
Increase in Capitalization of an Approved Institution	4
Change of Address of an Approved Institution	3
Replacement of External Auditor	2
Registration of Persons to Perform a Registrable Function	73
Cancellation of Registration to Perform a Registrable Function	48
Decisions Related to Business Conduct Regulation - Series 3000	
Complaints/Lawsuits Filed by Clients of Approved Institutions	27
Exemption of Compliance with Certain CMA Regulations	3
Assigning of Tasks to External Parties	2

Decisions Related to Market Conduct Regulation - Series 4000	
Notifications Related to Insider Trading Transactions	7
Decisions Related to Offers of Securities Regulation - Series 6000	
Marketing/Issuing Securities	14
Liquidation of Funds	5
Decisions Related to Collective Investment Schemes Regulation - Series 8000	
Breach of Investment Restrictions + Exceeding Borrowing Limit	17
Amendment of Offering Document and Bylaws of Collective Investment Scheme/Terms and Conditions	4
Assessment of Securities Owned by Collective Investment Scheme	3
Decisions Under Law 161	
Following Up on CMA Board Decisions	21
Memos/Procedures/Announcements	13
Amendment of CMA Procedures	8
Request of Information	2
Financial Control Unit Reports on Approved Institutions	64
Audits Conducted by the Financial Control Unit	12
CMA Financial Statements for 2019	10
Electronic Trading Platform - ETP	3
Other Decisions	42
Total Number of Decisions	441

BOARD MEETINGS IN 2020

#	Date
1	7/1/2020
2	21/1/2020
3	13/2/2020
4	3/3/2020
5	17/3/2020
6	19/5/2020
7	16/6/2020
8	7/7/2020
9	28/7/2020
10	26/8/2020
11	15/9/2020
12	6/10/2020
13	27/10/2020
14	1/12/2020
15	22/12/2020
Total	15

BOARD DECISIONS ISSUED IN 2020

As for the follow up to ensure that board decisions are complied with and enforced, it is worth noting that the rate of compliance amounted to 99.5% of CMA board decisions, whereby more than 76% had been completed, or in the process of being completed, which reflects the good standing relationship between CMA and approved institutions.

Categories	#	%
Implemented Decisions	333	75.51 %
Decisions Under Consideration	63	14.29 %
Decisions that did not exceed deadlines	19	4.31 %
Deferred Decisions	11	2.49 %
Decisions on Hold as per Country Situation	9	2.04 %
Postponed	4	0.91 %
Non-implemented Decisions	2	0.45 %
Total Number of Decisions for 2020	441	100 %

BOARD DECISIONS ISSUED IN 2020

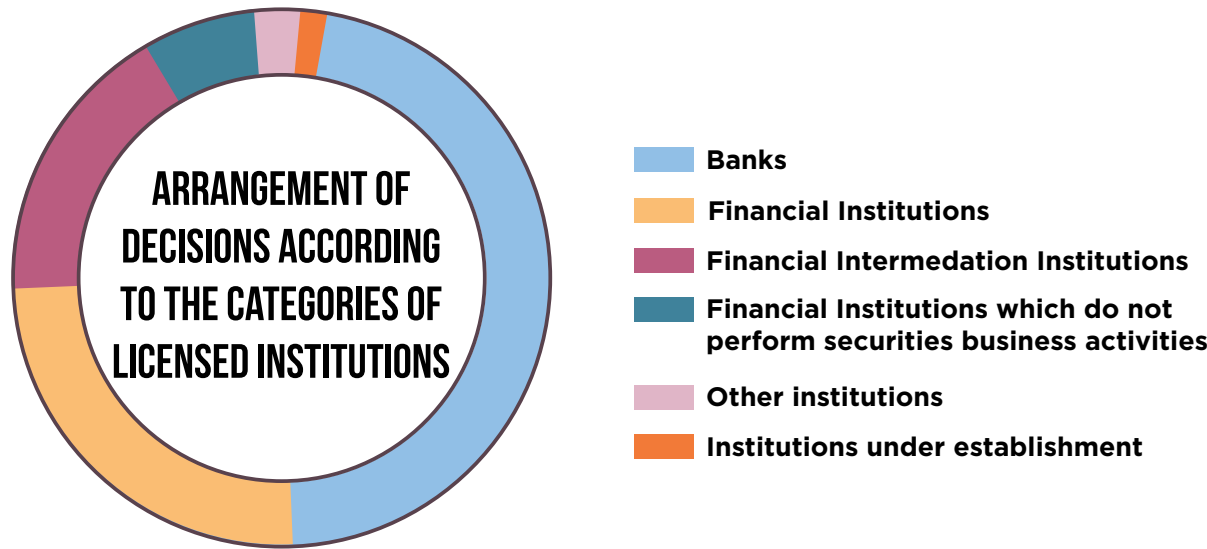
Categories	#	%
General Secretariat	83	54.97 %
Legal Affairs Department	15	9.93 %
Financial Control Unit	14	9.27 %
Executive Board Members	9	5.96 %
Banking Control Commission of Lebanon	6	3.97 %
Security Surveillance and General Services Department	6	3.97 %
Human Resources and Finance Department	3	1.99 %
Special Investigation Commission	3	1.99 %
Insurance Control Commission	3	1.99 %
Communications and Research Department	2	1.32 %
H.E. Governor of BDL	2	1.32 %
Compliance Department in BDL	2	1.32 %
Legal Affairs Department in BDL	1	0.66 %
Financial Control Unit and Legal Affairs Department	1	0.66 %
Executive Board Members and Financial Control Unit and Legal Affairs Department	1	0.66 %
Total	441	100 %

Percentage of decisions related to non financial institutions	34.87%
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ARRANGEMENT OF DECISIONS ACCORDING TO THE CATEGORIES OF LICENSED INSTITUTIONS

Authority	#	%
Banks	148	51.03%
Financial Institutions	70	24.14%
Financial Intermediation Institutions	56	19.31%
Financial institutions which do not perform securities business activities	12	4.14%
Other institutions	3	1.03%
Institutions under establishment	1	0.35%
Decisions related to Approved Institutions	290	100%

Banks, at %51 of total applications sent to the CMA Board by Approved institutions, constitute the majority of applications followed by financial institutions at %24 and financial intermediary institutions at %19.

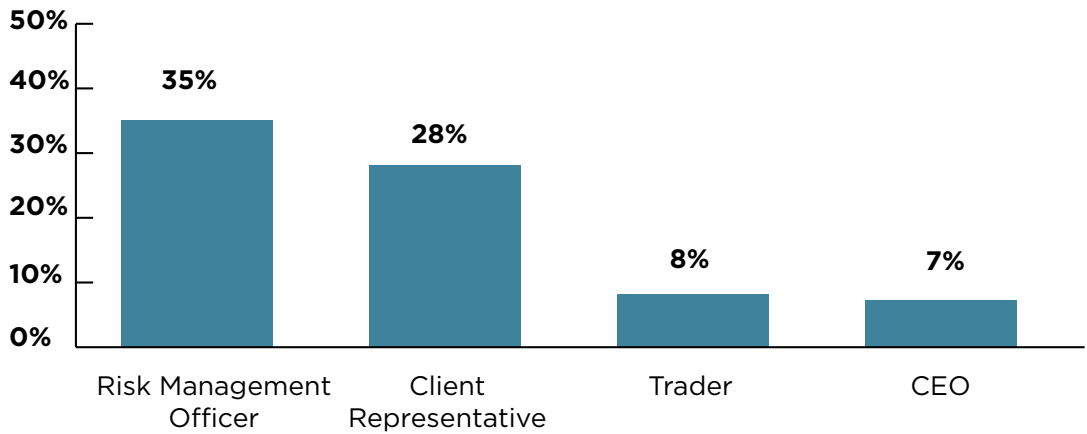


REGISTERED PERSONS WITH THE CAPITAL MARKETS AUTHORITY

as an implementation to the Licensing and Registration Regulation Series 2000, which regulates the process of registering persons in approved institutions in order to perform registrable functions, the number of persons officially registered at the CMA in 2020 is 677 registered persons in total. This sets the approval rate for registration at the CMA since the launch of Series 2000 to be 71% of total applications, with a 8% rejection rate, and a request rate to resubmit applications for registration at 19%.

The Top 4 Registered Functions by CMA till end of Year 2020

- **Risk Management Officer:** A total of 35% whereby 5 were registered in 2020 in comparison to 189 in 2019.
- **Client Representative:** A total of 27.61% whereby 39 were registered in 2020 in comparison to 141 in 2019.
- **Trader:** A total of 8.37% whereby 20 were registered in 2020 in comparison to 34 in 2019.
- **CEO:** A total of 6.68% whereby 10 were registered in 2020 in comparison to 32 in 2019.



Banks

#	Registered institution	Approval	Resubmission of Application	Suspension of Registration
1	FRANSABANK S.A.L.			
3	Banque Misr Liban S.A.L./in abbreviation BML S.A.L.	4	5	
5	Arab Bank P.L.C.	13		
10	Banque Libano-Française S.A.L.	15		2
11	B.L.C. Bank S.A.L.	13	1	2
14	BLOM Bank S.A.L.	82	7	9
16	Federal Bank of Lebanon S.A.L.	5	3	
19	Societe Generale de Banque au Liban S.A.L.	1		
22	BankMed S.A.L.	22	6	2
27	Audi Private Bank S.A.L.	32	4	
28	BBAC S.A.L.			
33	Audi Investment Bank S.A.L.			
34	Syrian Lebanese Commercial Bank S.A.L.			
36	Banque de Crédit National S.A.L.	5	2	
39	Byblos Bank S.A.L.	20	4	
43	Finance Bank S.A.L.			
48	SARADAR Bank S.A.L.	21	21	5
52	IBL Bank S.A.L.	3		1
53	Credit Libanais S.A.L.	10	3	
56	Bank Audi S.A.L.	87	17	1
58	Fenicia Bank S.A.L.	8		
62	North Africa Commercial Bank S.A.L.	11	3	
63	Lebanese Swiss Bank S.A.L.	9	1	

68	BSL Bank S.A.L.	10	1	1
73	National Bank of Kuwait (Lebanon) S.A.L.	17	1	
75	Bank of Beirut S.A.L.	14	1	
90	Arab African International Bank	2		
92	Emirates Lebanon Bank S.A.L.			
93	Banque BEMO S.A.L.	16	2	3
94	Lebanon and Gulf Bank S.A.L.	19		2
98	Cedrus Bank S.A.L.			
101	AM Bank S.A.L.	6	1	5
108	First National Bank S.A.L.			
110	MEAB Bank S.A.L.	5	4	
111	BLOMINVEST Bank S.A.L.	29	5	6
113	Medinvestment Bank S.A.L.	1		
114	Credit Libanais Investment Bank S.A.L.	1	1	
118	Arab Bank (Switzerland) Lebanon S.A.L.	14	3	1
121	Fransa Invest Bank S.A.L. (FIB)			
123	Byblos Invest Bank S.A.L.			
125	Arab Finance House S.A.L. (Islamic Bank)	1	4	
127	BLOM Development Bank S.A.L.			10
129	FFA Private Bank S.A.L.	14	1	
130	Bank of Beirut Invest S.A.L.			
133	CSC Bank S.A.L.			
135	IBL Investment Banks S.A.L.	4		1
136	Qatar National Bank (Q.P.S.C)	4		
137	Cedrus Invest Bank S.A.L.	7	15	1
139	LI Bank S.A.L. (Levant Investment Bank)	7		
141	Invest Bank P.L.C.			
142	Lucid Investment Bank S.A.L.	3		

Financial institutions

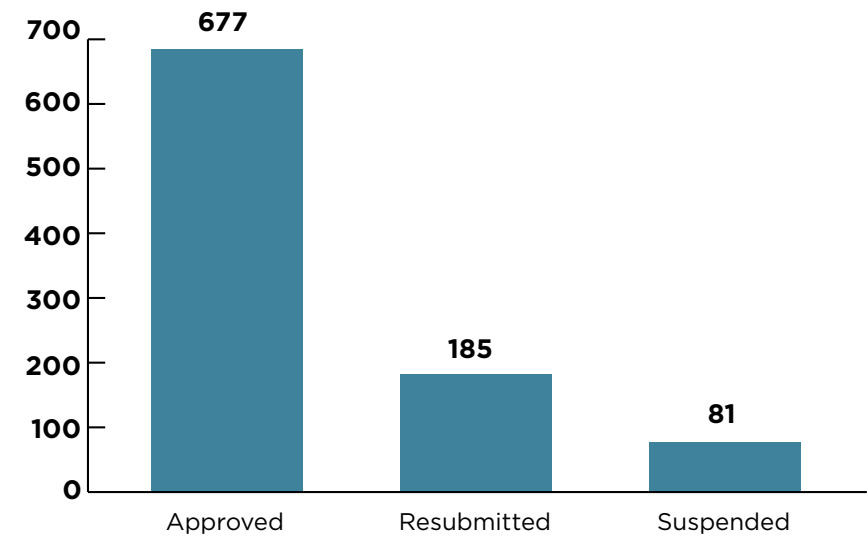
1	Arab Finance Corporation S.A.L.	8	3	4
8	Societe Financiere du Liban S.A.L.	6		
9	BEMO Securization S.A.L.	6	1	
10	FIDUS S.A.L.	13	6	4
11	Capital Investment Services S.A.L.	3		
12	Lebanon Invest S.A.L.	1		
14	Libano-Francaise Finance S.A.L.	3		2
19	FNB Capital S.A.L.	4	2	1
26	Credit Financier S.A.L.	4	5	
32	Credit Trust S.A.L.			
40	Credit Financier Invest S.A.L.	4	1	
42	Credit Suisse (Lebanon) Finance S.A.L.	6	2	6
43	Investa Financial Planning Services S.A.L.			
44	CA Indosuez Switzerland (Lebanon) S.A.L.	8		
58	MORE Capital S.A.L.	3	7	
62	Excillis Finance Co. S.A.L.	3	2	
70	Optimum Invest S.A.L.	5		1
72	CC Investment S.A.L.			

Brokerage firms

1	Julius Baer (Lebanon) S.A.L.	16		5
5	Arab International Development & Investment CO. S.A.L.			
8	Beirut Brokerage Corporation S.A.L.	4	3	
13	Lebanese Dealers Corporation S.A.L.	6		
15	Royal Financials S.A.L.			
16	Master Capital Group S.A.L.	3	4	

17	Accurate Investment Brokers S.A.L.	3	4	
20	TRUST Capital S.A.L.	5	4	
22	Blom Asset Managment S.A.L.	3		4
23	Broadgate Advisers S.A.L.	5	6	1
24	RM Private Wealth Managment S.A.L.	2		
25	Capital EE S.A.L.	2	4	
26	Amana Capital S.A.L.	2	12	
27	HSBC Financial Services (Lebanon) S.A.L.	8	1	
29	Valbury Capital	7		1
30	Shenandoah Consulting S.A.L.			
32	4T S.A.L.	1	1	
Total		677	185	81

Board decisions related to registered persons till year 2020



AT THE ADMINISTRATIVE LEVEL

On another note, and in terms of activating data management of the Authority and insuring systems and data protection, the Information Technology Department at the CMA continued to develop the security protocols of information systems at the Authority, especially with the growing cyber security threats that are affecting businesses worldwide. The security protocols established a Security Operations Center in order to detect known and unknown risks that are a threat to CMA information systems. In this regard, threats are constantly identified, controlled and prevented thus eliminating risks that may result from them.

In its efforts to ensure a smooth transition in the work environment, and as dictated by the new requirements set-forth by global health conditions, The IT department swiftly responded to the changing nature of work and initiated the 'work from home' technical capabilities for the CMA staff. In effect, all IT services were maintained and the same level of safety to the internal IT network and databases enforced.

Moreover, and as the Communications and Research department initiated the project to establish a 'web-based portal' for all Registered Persons with the CMA, the General Secretariat, officially appointed to follow up on the project, had coordinated with the IT department to ensure the delivery of the portal initiated by the CRD in 2020.

The portal will aim to allow the General Secretariat live access to the 'Registered Persons' database; ensuring updated records on all persons and institutions, such as educational, professional developments and changes in employment history. As such, the database and portal will aim to protect investors in capital markets and ensure a more holistic view on the nature of registered persons in the market.

Additionally, The General Secretariat had also been requested to take responsibility of ensuring that Memo 37 related to 'fighting terrorism financing' is enforced by Approved Institutions. Accordingly, the General Secretariat had coordinated with the Compliance Unit at the Banque Du Liban in order to establish a system that allows for ensuring that the CMA is enforcing a strict anti-money laundry and financing of terrorism policies and procedures.

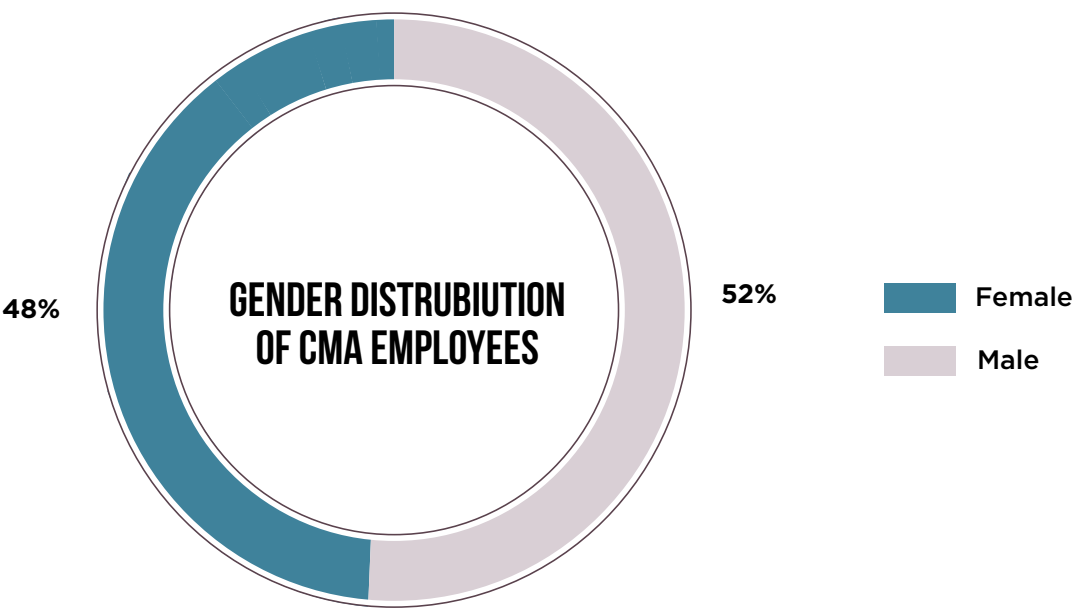
In relation to staff development, the travel and gathering restrictions have led to the postponement or cancellation of training courses and conferences; mainly intended to train and develop CMA employees through their participation in local and international training courses, organized in cooperation with significant training institutions and lecturers in Lebanon and the region.

AT THE LEVEL OF CMA STAFF the year 2020 witnessed significant economic difficulties all over the world, whereby Lebanon experienced a severe downturn in economic activity and economic disruptions partly because of the Covid19- virus, which negatively affected the efficiency and output of Lebanese public and private institutions.

During the challenging health conditions that the CMA has faced in the year 2020, the Human Resources department focused on increasing health and safety awareness among employees. It has ensured that preventive guidelines and procedures to reduce the spread of the pandemic were respected among staff members.

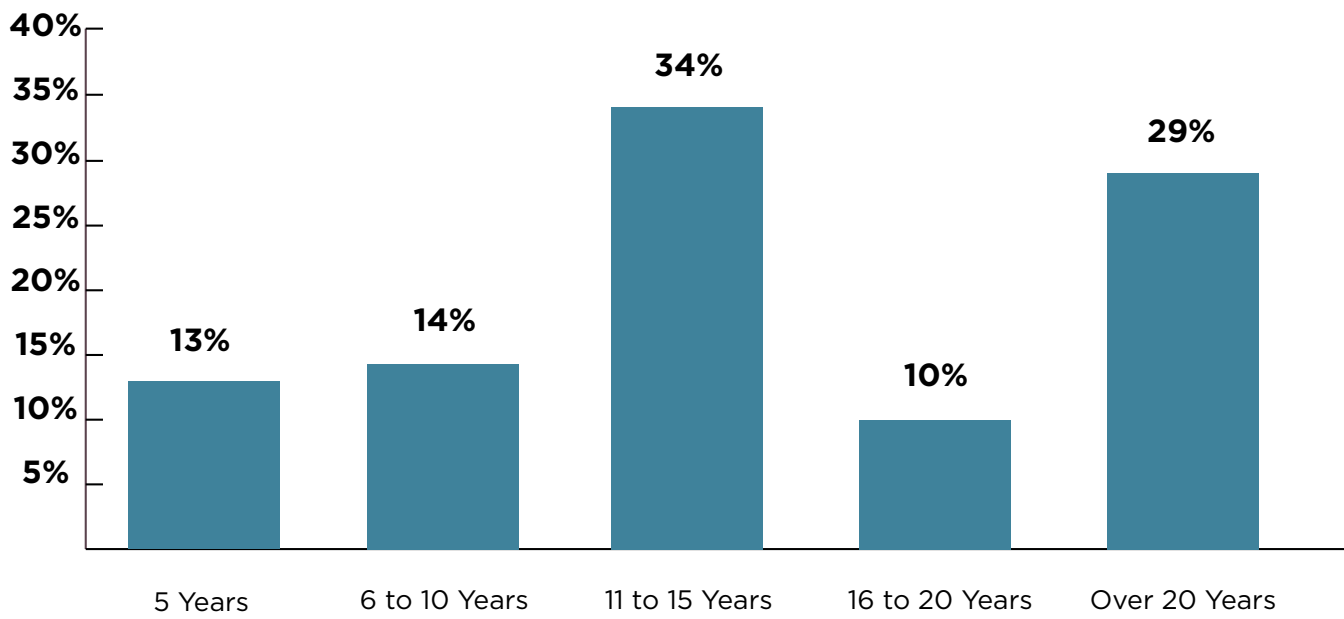
The HR department had also labored to track the health conditions of all CMA staff regularly, whereby it conducted the necessary tests required to ensure a Covid-free working environment as per the instructions set by the Ministry of Public Health in establishing preventive measures or dealing with infected individuals to maintain a healthy work environment.

The number of male employees at the Authority exceeded the number of female.

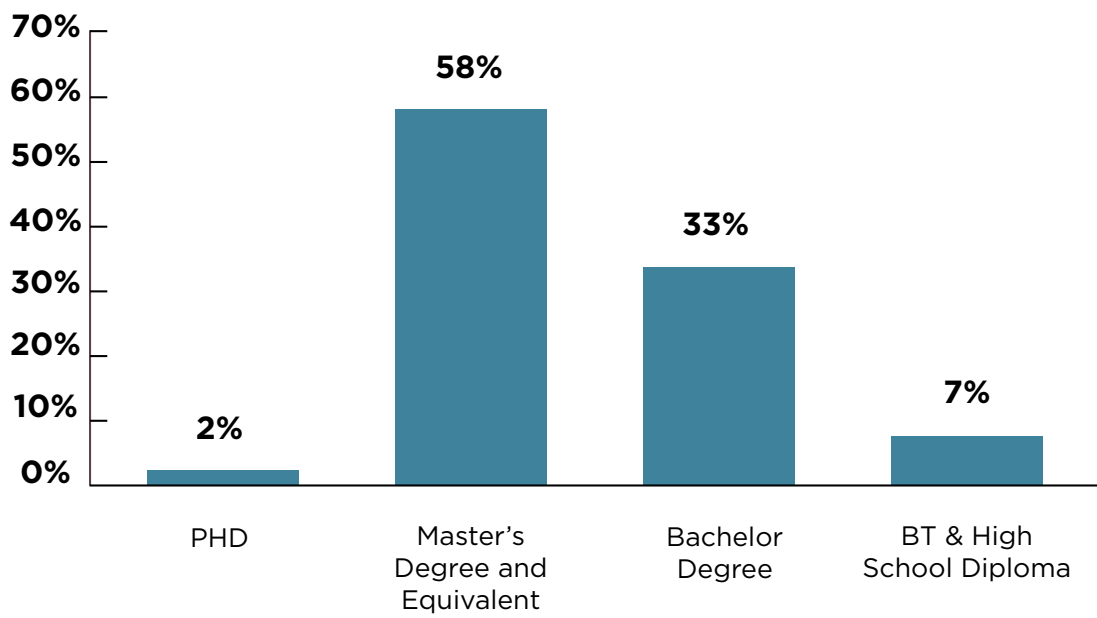


In terms of experience of the CMA staff, the largest proportion represents individuals with an extensive experience in capital markets, especially as 73% of the total number of staff has an experience of 11 years and above.

YEARS OF EXPERIENCE OF THE CMA STAFF



ACADEMIC ACHIEVEMENT OF THE CMA STAFF



PUBLIC OUTREACH

In its efforts to promote a safe and developed capital markets activity in Lebanon, the CMA set forth a strategy to introduce financial markets literacy aimed at protecting investors, in cooperation with financial and educational institutions from the private sector. The strategy saw representatives of the Communication and Research department and the Department of Legal Affairs conduct virtual lectures for university students all through the year 2020, to advance knowledge on the role of the CMA and its regulatory efforts in Lebanon.

In this context, the Capital Markets Authority cooperated with BLOM Invest S.A.L, a CMA approved institution, to organize the Virtual Stock Exchange (VSE) Competition in Lebanese Universities for the year 2020, where a large number of university students had the opportunity to experience real life investment knowledge and competed for the title of «Best Trader». Fifteen (15) Lebanese universities participated in the competition that gave participants the chance to present their ideas concerning different trading strategies on markets, according to international best practices and educational guidelines.

The judging committee included Executive Board Member Mr. Walid Kadri and Director of the Communications and Research Department Mr. Tarek Zebian on behalf of the Capital Markets Authority, alongside Mr. Marwan Abou Khalil, Mr. Bechara Bardawil and Mr. Chadi Atallah on behalf of BLOM Invest.

Furthermore, and within the continuous public outreach efforts that the CMA conducts, members of the General Secretariat delivered a lecture that was part of a training program organized by the Central Bank of Lebanon for university students participating in the BDL summer training program. The lecture emphasized on the CMA's role in promoting and developing the Lebanese capital markets.

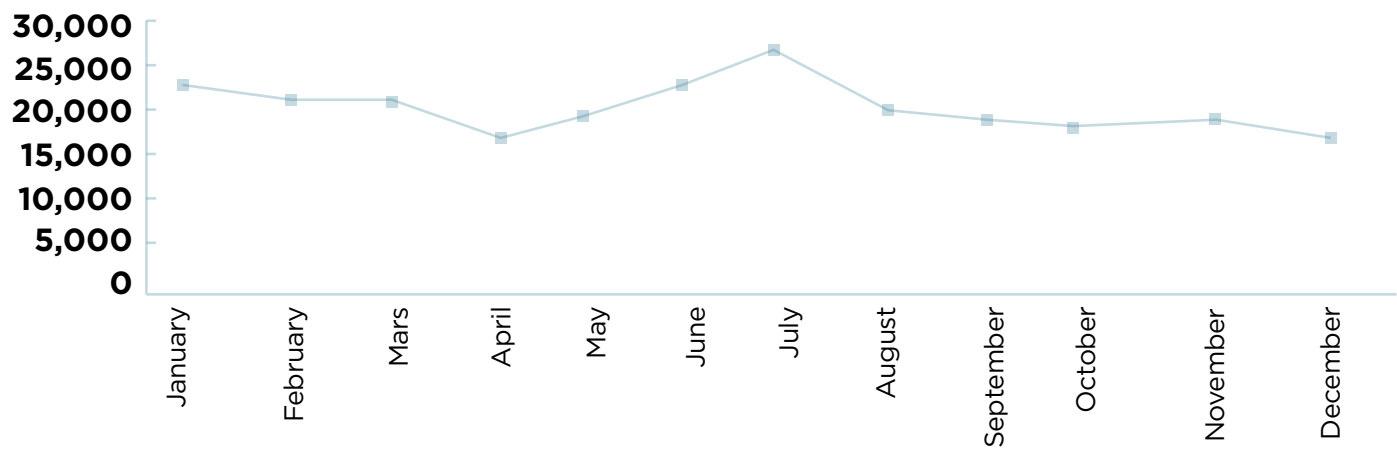
In order to develop the reports issued by the Communications and Research department (CRD) at the CMA, the CRD initiated an internal survey that was shared with all CMA personnel, in order to understand the efficacy of its internally published reports, media briefs and public information and material shared on the CMA's website. As a result of the survey, the CRD gave more weight to certain type of data and information shared to CMA staff.

In 2020, the Communications and Research department issued a number of public and non-public reports. The issued reports, which vary in the frequency of their publication between monthly and daily, cover the activities of the Beirut Stock Exchange, statistics related to Collective Investment Schemes and Structured Products in Lebanon, registered persons, macroeconomic report on Lebanon, in addition to a media brief on local and global economic and political news. The CRD also publishes the CMA Market Value Weighted Index, a global index used by analysts worldwide to analyze the Lebanese equity markets.

In 2020, the CRD had prepared a survey addressed to private sector institutions in Lebanon that have shown potential in listing on the Electronic Trading Platform project. The survey, which required firms to answer a set of questions that would help CMA have a deeper understanding on the financing challenges companies in Lebanon face, allows company management to share with the CMA their vision on how to cooperate in addressing evolving market dynamics. Although CMA management had approved this survey, it had not circulated or shared with private sector companies in 2020 for reasons related to the pandemic.

As for the communications and correspondence received by the CMA through email, which includes the reports received from Approved institutions and other documentation requested by the CMA, in addition to correspondents with CMA staff on various issues of interest to market participants, the total number of email correspondents amounted to 238,481 incoming and outgoing emails, distributed as such:

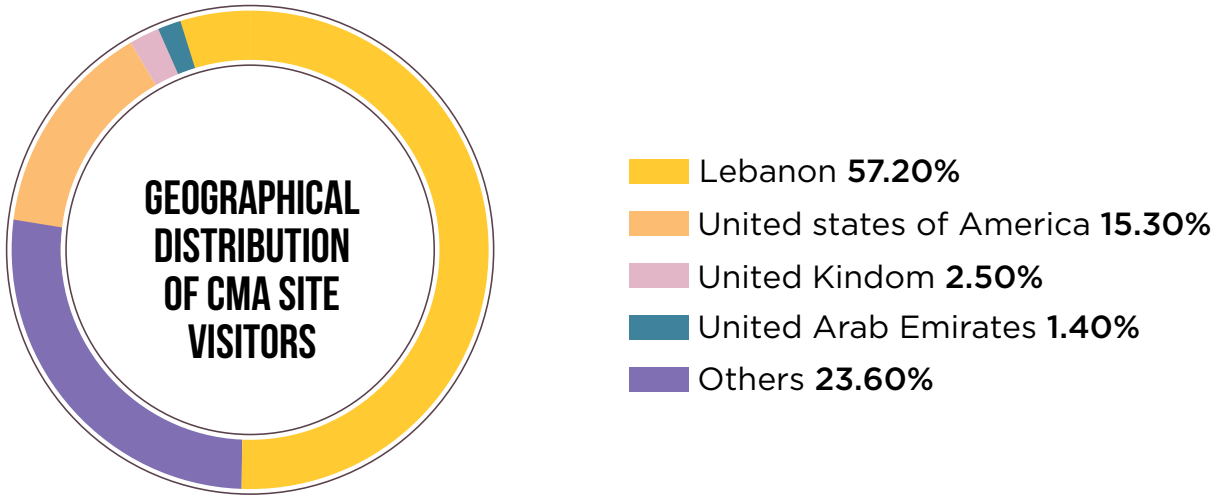
TOTAL INCOMING & OUTGOING EMAILS



Month	Emails
January	23,486
February	20,615
March	19,634
April	15,601
May	18,521
June	21,974
July	25,775
August	20,030
September	19,593
October	18,432
November	18,394
December	16,426
Total	238,481

In 2020, the total number of CMA website (www.cma.gov.lb) visitors reached 24,087, an average of 2,043 visitors per month. Of the annual visitors in 2020, Forty two (42%) were new, viewing a total of 111,836 pages. The website section related to laws and regulations recorded the highest browsing rate (24,711 views) followed by the section related to investor education (17,755 views).

Geographically, the majority of the total number of visitors were from Lebanon (57.2%), followed by visitors from the United States of America (15.3%), and 3.9% from both the United Kingdom and United Arab Emirates respectively, as shown in the chart below.



www.cma.gov.lb

MEMORANDA OF UNDERSTANDING

In an aim to serve CMA's regulatory objectives in developing the Lebanese Capital Markets and enforcing investor protection, the CMA constantly strives to advance cooperation with its counterparts around the world.

#	Date	Country	Country
1	05/05/2014	France	Autorité des Marchés Financiers
2	25/11/2014	Arab Republic of Egypt	Financial Supervisory Authority
3	15/12/2014	Qatar	Qatar Financial Center Regulatory Authority
4	01/06/2015	Tunisia	Conseil du MarchéFinancier
5	01/12/2015	United Arab Emirates	Financial Services Authority
6	29/02/2016	United Arab Emirates	Securities and Commodities Authority
7	20/05/2016	Germany	Federal Financial Supervisory Authority
8	24/01/2017	Federation of Russia	Central Bank of Russia
9	07/03/2017	Sultanate of Oman	Capital Markets Authority
10	13/06/2017	Republic of Lebanon	Insurance Control Commission
11	19/09/2017	United Arab Emirates	Dubai Authority of Financial Services
12	28/08/2018	Republic of Cyprus	Republic of Cyprus Securities and Exchange Commission
13	04/09/2019	Mauritius	The Financial Services Commission (FSC) of Mauritius

CAPITAL MARKETS AUTHORITY BUDGET

At the level of the Authority's budget, the CMA's the gross total, are related to current expenditures expenses in 2020 amounted to 17,034 billion LBP. mainly staff wages and salaries. The largest part of such expenses, around 93% of

CMA Budget 2021														Actual Expenses 2020
	January	February	March	April	May	June	July	August	September	October	November	December	Total	Total
Gross Total	794	1216	1,589	1,658	1,489	4,294	1922	1865	2,021	1,394	960	2,156	21.359	17.034
Current Expenditures	771	1181	1,479	1,610	1,446	4,128	1720	1811	1,921	1,333	932	2,032	20.363	15.920
Personnel Charges	562	1046	1,225	1,523	1,254	2,037	1312	1358	1598	742	696	1,525	14.879	12.903
Occupancy Expenses	86	86	111	28	28	294	48	240	89	260	48	281	1.599	982
Consumable Expenses	45	21	36	21	27	80	92	41	72	52	31	91	610	539
Conferences and International Organizations	0	0	23	0	0	0	31	0	0	50	0	0	104	72
Telecommunication	4	4	6	5	6	7	7	7	7	7	7	12	80	72
Services and Adminstrative Installations	53	4	48	7	107	1,678	129	181	124	191	119	91	2.733	1.082
Consultancy	20	20	30	26	25	31	55	31	31	31	31	31	359	270
General Statutory Reserve	23	35	44	43	25	124	52	54	58	40	28	61	611	
Capital Expenditure	0	0	64	0	0	41	147	0	41	20	0	61	373	1.114
General Statutory Reserve	0	0	2	0	0	1	4	0	1	1	0	2	11	

CHAPTER 3

CAPITAL MARKETS ACTIVITY IN LEBANON



BEIRUT STOCK EXCHANGE

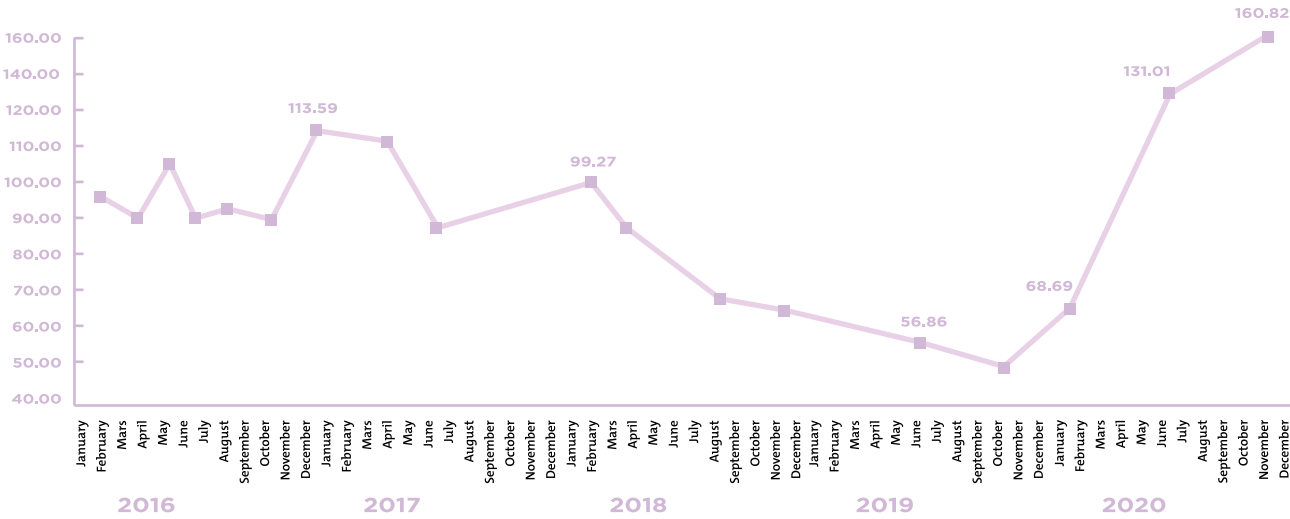
Names Of The Companies	Financial	Non Financial
	BLC Bank	Solidere
	Bank Audi	Rasamny Younis Motor Company
	Bank of Beirut	Holcim (Liban)
	Byblos Bank	S.L. des Ciments Blancs
	Banque BEMO	
	BLOM Bank	
Total	6	4

Figure (1)

There are 10 listed companies on the Beirut Stock Exchange as shown in Figure (1) above, alongside other securities traded on the exchange. The Free Float Market Cap of Beirut Stock Exchange decreased by 14.86%, from \$7.6 billion at the end

of 2019 down to \$6.5 billion at the end of the year 2020. The stock Bank of Beirut Preferred 2014 was de-listed; the number of listed shares is 26.

HISTORICAL AVERAGE MARKET VALUE WEIGHTED INDEX 2016 - 2020



HISTORICAL AVERAGE BANKS VALUE WEIGHTED INDEX 2016 - 2020

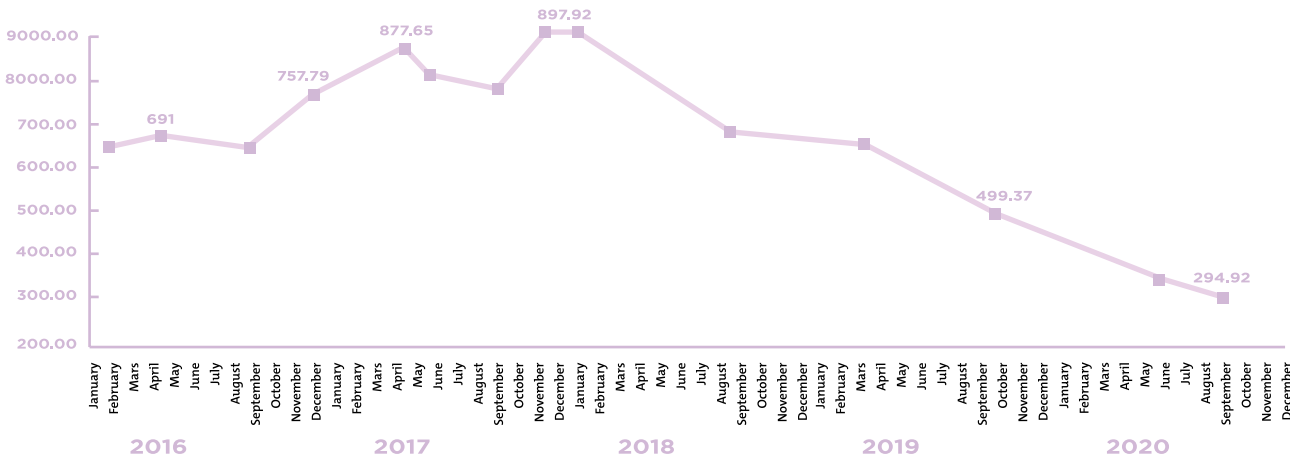


Figure (2) shows the Average Market Value Weighted Index (MVWI) for shares listed on the Beirut Stock Exchange, alongside the Average Banks Value Weighted Index (BVWI) for banks listed on the Beirut Stock Exchange for 2015-2020.

The Average Market Value Weighted Index shows an increase of 209.88% in December 2020 given that it closed at the average of 160.82 points compared to 51.90 points December 2019.

As for the BVWI, it showed a decrease in December 2020 by 45.79% and closed at the average of 251.52 points compared to 463.9 points in December 2019.

MARKET SUMMARY REPORT	2016	2017	2018	2019	2020
Number of Transactions	10,939	10,759	8,790	5,732	9,544
Volume Traded	119,745,228	85,919,093	89,879,701	34,986,735	47,129,830
Value Traded (Turnover) (\$)	963,814,191	741,753,014	632,842,372	218,303,290	249,727,252
Average Value Per Working Day (\$)	3,982,703	3,116,609	2,681,535	1,128,669	1,085,167
Average Volume Per Working Day	494,815	361,005	380,846	109,335	493,818
Value/Volume	8	8.63	7.04	6.24	4.93
Number of Trading days	242	238	236	221	236
Market Liquidity	2016	2017	2018	2019	2020
Turnover Ratio =YTD Value Traded / Average Market Cap.	8.57%	6.35%	5.98%	2.61%	3.67%
Percentage of The Free Float	100.07%	99.37%	99.28%	96.76%	98.15%
Market Size	2016	2017	2018	2019	2020
Total Number Of Listed Securities	30	29	28	27	26
Total Number Of Listed Firms	10	10	10	10	10
Average Free Float Market Cap. in Current Year (M of \$)	11,248	11,672	10,588	8,375	6,172

Figure (3)

Figure (3) provides a summary of the trading activity of Beirut Stock Exchange as it shows an increase in the traded volume in 2020 by 66.50% in comparison to 2019. The total number of traded shares was 47,129,830 at the end of 2020 compared to 34,986,735 shares at the end of 2019.

As for the value of traded shares, it increased by 14.39% at the end of December 2020 and reached

\$250 million compared to \$218 million at the date of the closing of trading in 2019.

Total number of transactions in 2020 were 9,544 compared to 5,732 transactions at the end of 2019, i.e. an increase of almost 66.50%.

STRUCTURED PRODUCTS & OTHER FINANCIAL INSTRUMENTS:

The total number of subscribers in Structured Products was 1,406 subscribers with a total subscription value of \$310,294,583 by the end of 2020, in comparison to 5,156 subscribers with a total subscription value of \$881,225,111 in 2019. This shows a decrease of 64.79% in the total subscription value.

the total subscription value amounted to \$2,612,166,812 with 6,926 subscribers, compared to total subscription value of \$2,933,059,342 with 7,519 subscribers in 2019. This drop represents a decrease of 7.89% in the number of subscribers and 10.94% in the total subscription value.

As for the other financial instruments (OFI) being marketed in Lebanon, among them financial instruments previously licensed by Banque Du Liban,

	Dec 19	Dec 20		Dec 19	Dec 20	
	Number of Subscribers at end of Month		% Change	Subscription at end of Month		% Change
OFI	7,519	6,926	-7.89%	2,933,059,342	2,612,166,812	-10.94%
SP	5,156	1,406	-72.73%	881,225,111	310,294,583	-64.79%
Total	12,675	8,332	-34.26%	3,814,284,453	2,922,461,395	-23.38%

DOMESTIC COLLECTIVE INVESTMENT SCHEMES

Domestic Collective Investment Schemes 2020	
Total Number of CIS Funds	15
Total Number of Subscribers	2,839
Total Subscriptions (\$)	\$237,589,411.78
Assets Under Management (AUM)	\$203,635,432.46
Open-Ended	15
Currency	
USD	9
LBP	5
EUR	1
Type of Investment*	
Alternative	6
Fixed Income	5
Money Market	3
Equities	1
Geographical Zone	
MENA	7
International	4
Lebanon	3
North American Region	1
Type of Institution	
Bank	6
Financial Institution	2
Financial Intermediary Institution	7

Figure (4)

Figure (4) shows that 15 Domestic Collective Investment Schemes (CIS) were traded in Lebanon in 2020.

Total Subscription of Domestic CIS decreased by 11.88% to reach \$238 million at the end of December 2020 compared to \$269.63 at the end of December 2019.

Assets under Management of Domestic CIS decreased by 37.66% to reach \$203.64 million at the end of December 2020 compared to \$326.64 at the end of December 2019.

Of the Domestic CIS Funds, 74.95% of the value of AUMs were primarily focused in Fixed Income Securities and 15.27% in Money Markets. 72.76% of the Domestic CIS are based on investments in Lebanon, followed by 18.65% in the MENA markets.

*The Category Classification is based upon transparent rules based methodologies set by by Morningstar (www.morningstar.com). Morningstar Inc. is a global financial services firm that provides an array of investment-research and investment management services.

Collective Investment Schemes - Domestic		
	2019	2020
Banks	6	6
Financial Institutions	2	2
Intermediation Institutions	7	7
Total	15	15

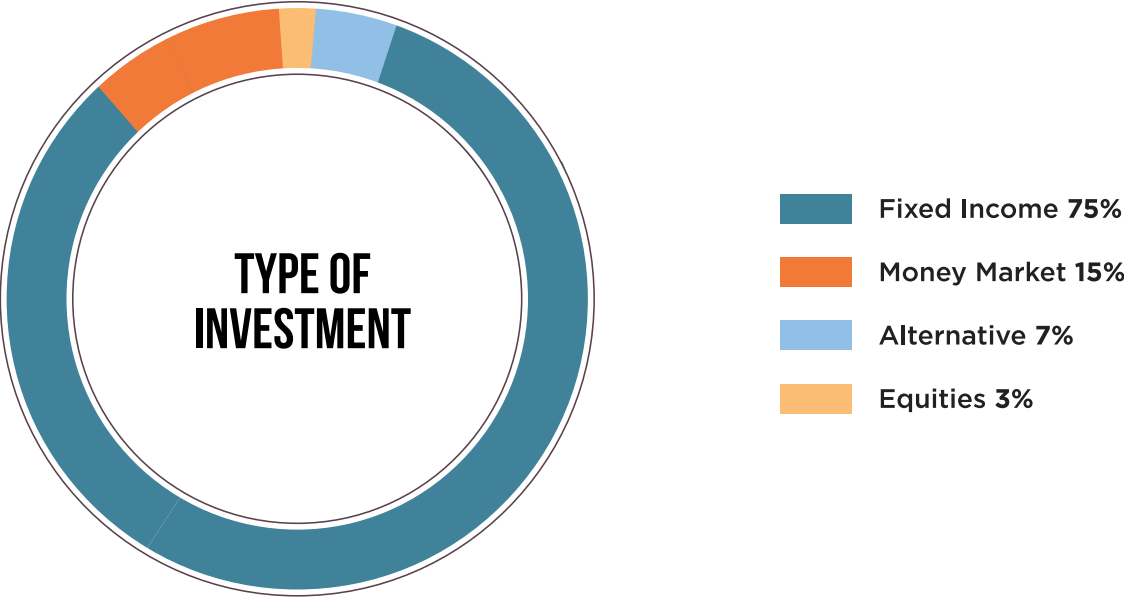
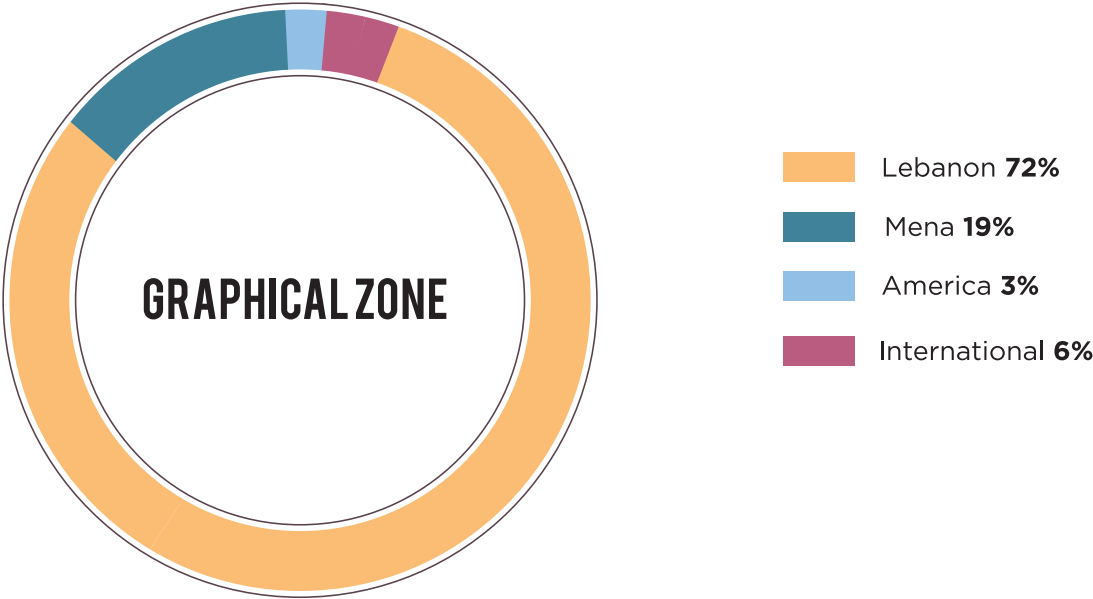
Collective Investment Schemes - Domestic 2020

Type	Number of Funds	%	Subscribers	%	Million USD	%	AUM	%
Fixed Income	5	33.33%	2,698	95.03%	254.69	107.20%	152.63	74.95%
Alternative	6	40.00%	125	4.40%	-1.65	-0.70%	14.58	7.16%
Money Market	3	20.00%	15	0.53%	-18.64	-7.85%	31.09	15.27%
Equities	1	6.67%	1	0.04%	3.20	1.35%	5.33	2.62%
Total	15	100%	2,839	100%	\$237.59	100%	\$203.64	100%

Collective Investment Schemes - Domestic 2019

Type	Number of Funds	%	Subscribers	%	Million USD	%	AUM	%
Alternative	6	40.00%	130	4.53%	0.31	0.12%	18.00	5.51%
Equities	1	6.67%	2	0.07%	5.33	1.98%	6.31	1.93%
Fixed Income	5	33.33%	2,717	94.74%	261.65	97.04%	251.21	76.91%
Money Market	3	20.00%	19	0.66%	2.33	0.86%	51.11%	15.65%
Total	15	100%	2,868	100%	\$269.63	100%	\$326.64	100%

Percentage Change 2020-2019				
Type	Number of Funds	Subscribers	Value of subscribers USD	AUM
Total	0.00%	-1.01%	-11.88%	-37.66%



FOREIGN COLLECTIVE INVESTMENT SCHEMES

Foreign Collective Investment Schemes 2020	
Total Subscriptions (\$)	\$798,490,939.84
Total Number of Subscribers	3,206
Total Number of CIS Funds	249
Open-Ended	220
Close-Ended	25
Hedge Fund	4
Currency	
USD	192
EUR	46
GBP	4
CHF	2
JPY	2
SAR	2
LBP	1
Type of Investment*	
Equities	129
Fixed Income	42
Mutual Funds	30
Mixed Allocation	20
Private Equity	18
Hedge Fund	4
Money Market	3
Alternative	2
Real Estate	1

* The Category Classification is based upon transparent rules-based methodologies set by Morningstar (www.morningstar.com). Morningstar Inc. is a global financial services firm that provides an array of investment-research and investment management services.

Geographical zone	
International	102
North American Region	40
Europe	33
Asia	31
Emerging Markets	13
MENA	11
Latin America	7
Lebanon	5
Russia	3
OECD Countries	2
United Kingdom	1
Africa	1
Type of Institution	
Financial Institutions	157
Banks	90
Financial Intermediation Institutions	2

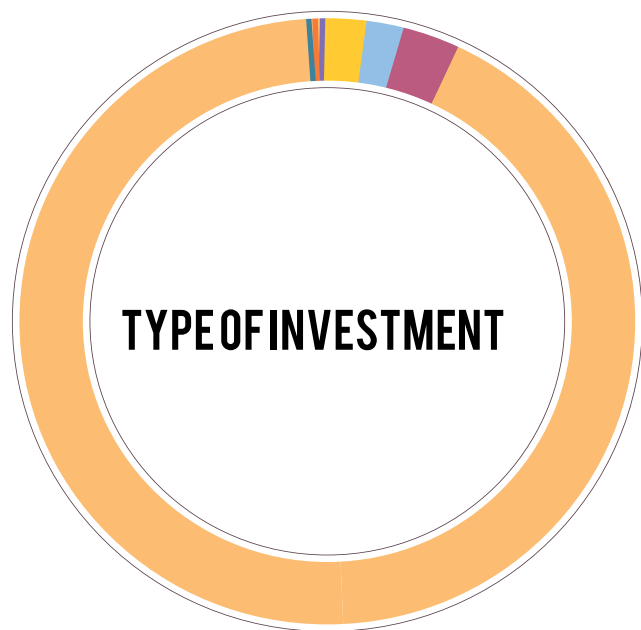
Figure (5)

DISTRIBUTION OF FOREIGN CIS FUNDS

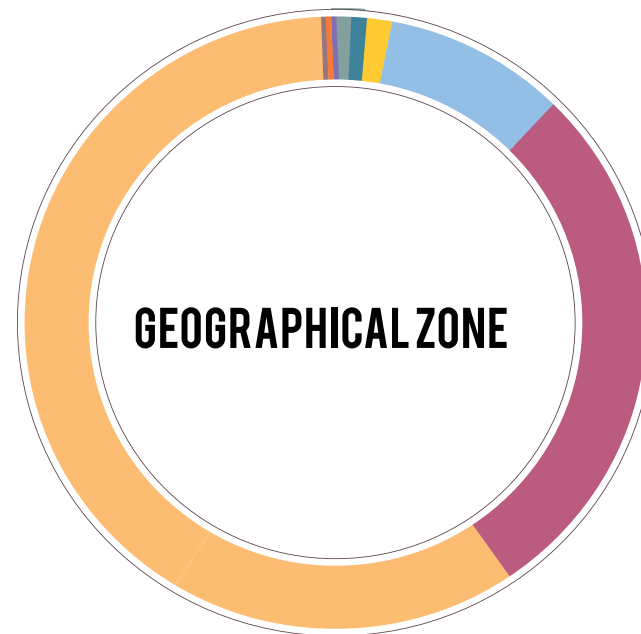
	2020	2019	YoY Percentage Change
Banks	90	336	-73.21%
Financial Institutions	157	61	157.38%
Financial Intermediation Institutions	2	10	-80.00%
Total	249	407	-38.82%

Figure (5) shows that the total number of Foreign Collective Investment Schemes reached 249, decreasing by around 38.82% in 2020. Nonetheless, the value of subscription increased by approximately 26.09% to reach \$798.49 million compared to \$633.29 million in 2019.

Of the Foreign CIS Funds, 91.30% of the total subscriptions of foreign CIS Funds were concentrated in Fixed Income, and 3.69% in Private Equity. Subscribers in Foreign Investment Schemes preferred to invest primarily in Lebanon (54.61%) followed by 30.19% in the MENA Region.



Fixed income	91.30%
Private Equity	3.69%
Equities	1.95%
Mutual Funds	1.95%
Allocation	0.49%
Hedge Fund	0.48%
Others	0.15%



Lebanon	54.61%
Mena	30.19%
International	8.51%
North America	2.84%
Europe	1.61%
Asia	1.63%
Africa	0.32%
Emerging Markets	0.15%
Others	0.15%

Percentage Change 2019-2020			
Type	Number of Funds	Subscribers	Value of Subscribers USD
Total	-38.82%	31.23%	26.09%

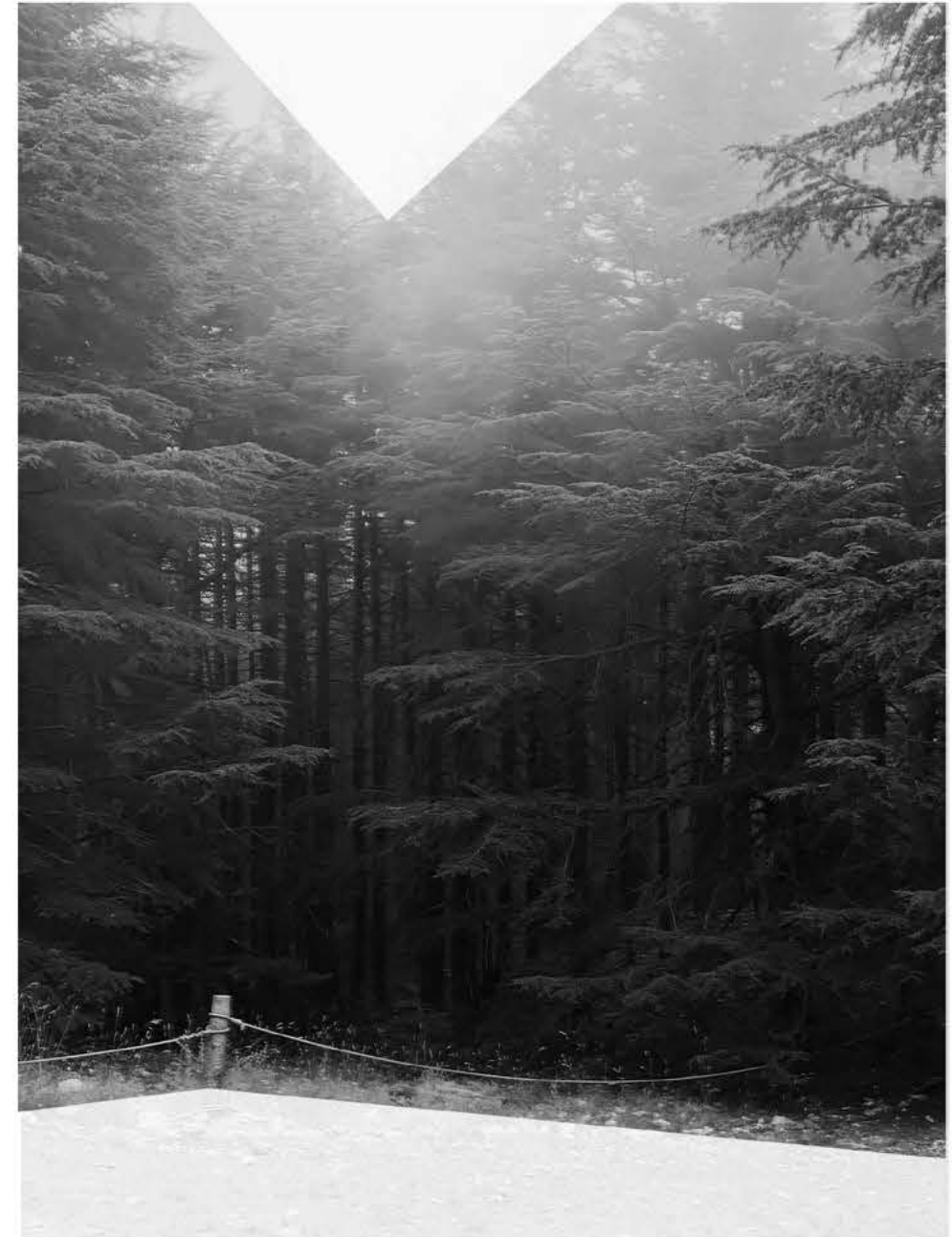
DISTRIBUTION OF FOREIGN CIS FUNDS 2020

Type	Numbers of Funds	%	subscribers	%	Million USD	%
Mixed Allocation	20	8.03%	47	1.47%	3.94	0.49%
Alternative	2	0.80%	2	0.06%	1.05	0.13%
Equities	129	51.81%	610	19.03%	15.59	1.95%
Fixed Income	42	16.87%	2,328	72.61%	729.03	91.30%
Hedge Fund	4	1.61%	11	0.34%	3.85	0.48%
Money Market	3	1.20%	3	0.09%	0.00	0.00%
Mutual Funds	30	12.05%	98	3.06%	15.55	1.95%
Private Equity	18	7.23%	106	3.31%	29.49	3.69%
Real Estate	1	0.40%	1	0.03%	0.00	0.00%
Total	249	100%	3,206	100%	\$ 798.49	100%

DISTRIBUTION OF FOREIGN CIS FUNDS 2019

Type	Numbers of Funds	%	subscribers	%	Million USD	%
Alternative	6	1.47%	6	0.25%	1.59	0.26%
Bonds	7	1.72%	8	0.34%	0.20	0.03%
Commodity	1	0.25%	1	0.04%	0.00	0.00%
Diversified	1	0.25%	1	0.04%	0.22	0.04%
Equities	210	51.60%	660	27.70%	18.98	3.11%
Fixed Income	82	19.90%	1277	51.03%	502.58	78.60%
Hedge Fund	8	1.97%	17	0.71%	17.59	2.88%
Mixed Allocation	27	6.63%	97	4.07%	22.15	3.63%
Money Market	6	1.47%	7	0.29%	0.59	0.10%
Mutual Funds	38	9.34%	177	7.43%	21.62	3.54%
Private Equity	18	4.42%	184	7.72%	47.22	7.73%
Specialty	3	0.74%	8	0.34%	0.55	0.09%
Total	407	100%	2,443	100%	\$ 633.29	100%

CHAPTER 4 **OUTLOOK FOR** 2021



After appointing new members to the Board of the Capital Markets Authority in the year 2020, the CMA looks favorably to the long-awaited and still incomplete appointment of members of the Sanctions Committee and the Special Capital Markets Court, as stipulated in Law No. 161 dated August 17, 2011.

Despite the many challenges accrued in the year 2020, the Capital Markets Authority steered its whole modus operandi to adapt to the new realities that have shaped the global and local economies simultaneously.

After the launch of the electronic trading platform project with the aim of financing productive sectors through capital markets, and despite the current difficulties, the CMA will re-address its plans to issue the frameworks required to support SMEs and other institutions that require access to finance for growth.

In this regard, and given the changing landscape of financial and economic developments and hardships that companies operating in Lebanon continue to face, the CMA will conduct a survey to assess the willingness of certain private sector institutions to list shares or bonds issued by them on the electronic trading platform once ready. The CMA will also increase the frequency of its meetings with representatives of the private sector to come up with solutions to improve access to finance and liquidity in markets.

Regarding investor protection, the CMA will continue to issue regulations and Announcements to monitor and navigate the work of Approved institutions and their employees as per the set regulatory frameworks. The CMA will also follow up on all institutional and individual complaints it receives in order to address them in the manner set and allowed for by the Law on Capital Markets.

After appointing new members to the Board of the Capital Markets Authority in the year 2020, the CMA looks favorably to the long-awaited and still incomplete appointment of members of the Sanctions Committee and the Special Capital Markets Court, as stipulated in Law No. 161 dated August 17, 2011.

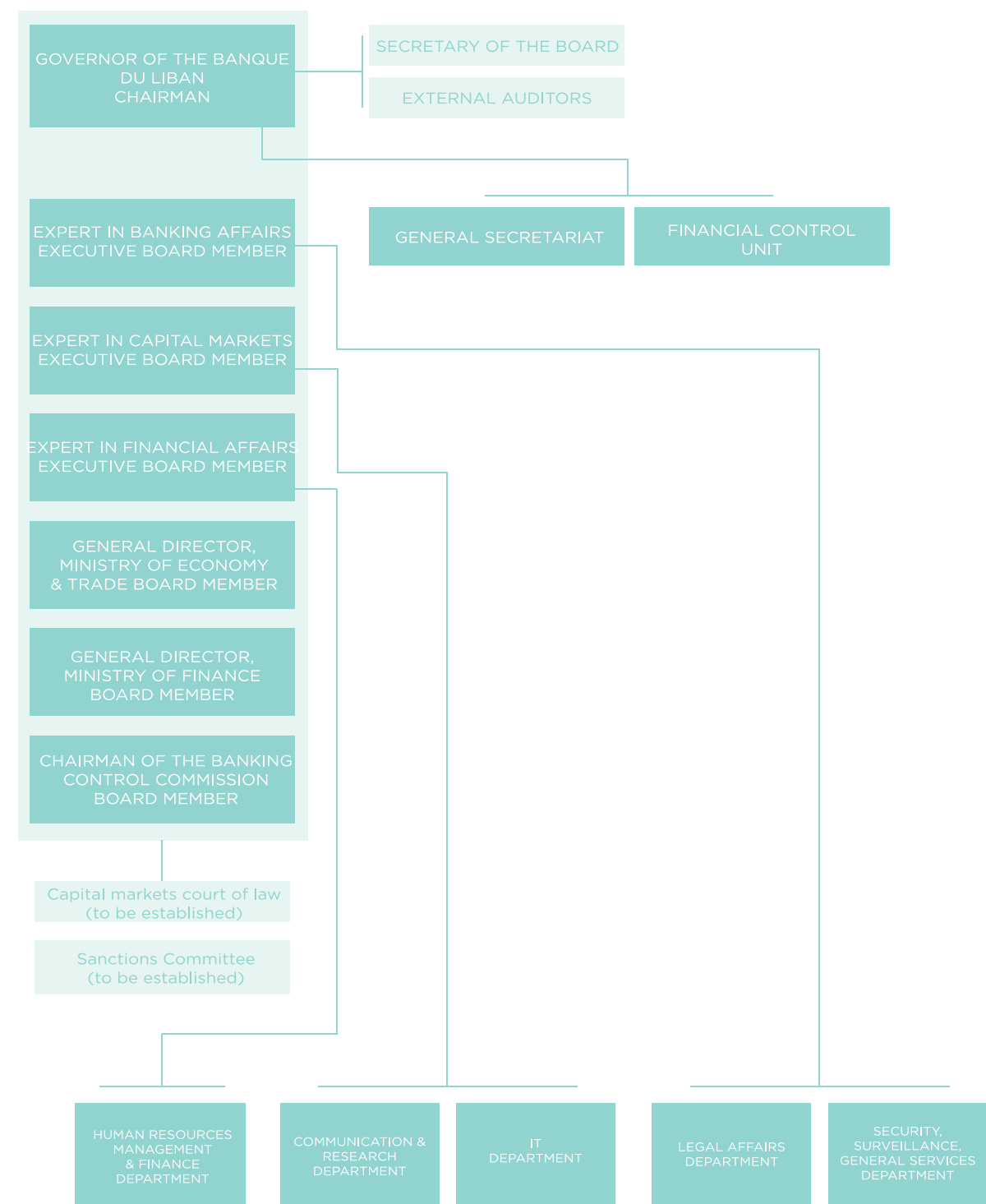
CHAPTER 5

THE CAPITAL MARKETS AUTHORITY, WHO WE ARE



ORGANIZATIONAL STRUCTURE IN YEAR 2020

The Capital Markets Authority organization comprises three units: The Financial Control Unit, the General Secretariat, and the Sanctions Committee; in addition to the Departments of Legal Affairs, Human Resources and Administration, the IT Department, the Communications and Research Department, and the Security and Services Department.



CHAIRMAN AND EXECUTIVE BOARD MEMBERS

The management of the Capital Markets Authority is entrusted to a Board formed of seven members and chaired by the BDL Governor. The Board comprises three full-time members experts in banking and financial affairs, and three part-time members representing ministries and departments directly involved in the work of the CMA: the Director General of the Ministry of Finance, the Director General of the Ministry of Economy and Trade and the Chairman of the Banking Control Commission.

The Board has extensive powers that may enhance investor protection and promote investment in the financial markets. It has the power to establish general regulations concerning the establishment and management of stock exchanges, the regulations concerning the establishment and functioning of financial intermediation institutions which manage investment funds for the public. It also sets the code of conduct to be followed by stock exchanges and their users, as well as by financial service providers and their users.

The Board of Directors has the power to establish regulations related to transparency and governance, and that encompass, but are not limited to, the obligations to publish and disclose to the public all information that could affect, either directly or indirectly, the prices of financial instruments.

In the same context, the Board has the power to license the establishment and functioning of financial intermediation institutions, and securitization; ratify (or cancel previous ratification of) the decisions taken by the administration of each stock exchange concerning the registration of securities and financial instruments; and approve the regulations set by the administrations of stock exchanges concerning the transactions undertaken on such stock exchanges.

At the advising level, the Board of Directors gives its opinion in the draft laws and decrees related to the work and development of the capital markets, as per Law No 161.

GENERAL SECRETARIAT

The role of the General Secretariat is to facilitate communication and work between the CMA's units and departments, and to follow up on the implementation of the decisions taken by the Board. It can also suggest to the Board reasons to initiate investigations and conduct surveys regarding violations of the provisions of Law No. 161 or the provisions contained in the general regulations, or instructions issued by the Board, by virtue of the said law. The General Secretariat shall also transmit all complaints to the Board, while communicating to

the Board the decisions taken by the Sanction Committee, and notify these decisions to the concerned parties. It shall submit all the reports issued by the Authority to the Board and ensure that its regulatory decisions and general directives or instructions are published.

The Secretariat shall also suggest to the Board the establishment or amendment of the provisions and regulations relating to capital markets.

FINANCIAL CONTROL UNIT

The Financial Control Unit (FCU) monitors that the approved institutions are abiding by the set regulations, decisions and instructions, and that the trading conditions provided for by the law are applied. The Financial Control Unit may request from the external auditors of the concerned institutions, or from independent experts, to further audit and analyze the operations of approved institutions, and to perform compliance investigations and collect evidence for detecting violations detrimental to the functions of a sound capital market.

The FCU ensures that the companies and institutions whose securities and financial instruments are traded on stock exchanges follow the procedures stipulated in applicable laws and regulations. It also verifies the accuracy and validity of disclosed information by approved institutions and listed companies. The Financial control unit may require that companies provide additional information, and make amendments deemed necessary to the information published, if it finds that the information published is incomplete or inaccurate.

THE SANCTIONS COMMITTEE (NOT ESTABLISHED YET)

The Sanction Committee is expected to be formed in the near future so that the CMA can take necessary measures against anyone who violates the laws and regulations that govern the functioning of CMA. The Sanction Committee shall examine violations transmitted by the Board, and take the necessary

decisions. It shall have the authority to impose administrative sanctions and monetary penalties on all parties, entities and natural persons who deal with financial instruments and services.

CAPITAL MARKETS COURT OF LAW (NOT ESTABLISHED YET)

The Capital Markets Court shall examine the conflicts between natural persons arising from Operations on Financial Instruments, the objection to the individual decisions taken by the CMA Board and the requests for recusal or removal of the Chairman or members of the Board of the CMA or of the Chairman or members of the Sanctions Committee.

The Capital Markets Court acts as Court of Appeal, examining all the decisions taken by the Sanctions Committee as well as a Court of first instance regarding all offences related to insider trading or the disclosure of false or misleading information about securities or Financial Instruments or their Issuers.

INSTITUTIONS AND PRIVATE BUSINESSES SUBJECT TO THE SUPERVISION AND CONTROL OF THE CAPITAL MARKETS AUTHORITY

Law No. 161 defines all activities that are subject to the control and authority of the CMA. It includes all operations related to the issuing, purchase, sale, or promotion of financial instruments that are directly offered for Public Subscription, or that are purchased or sold on behalf of the public, in addition to Financial Instruments listed or traded on the stock exchange,

and financial instruments and financial rights licensed by the Capital Markets Authority. The law clearly defines all activities pertaining to financial instruments, as well as institutions that are subject to the authority and control of the financial markets as shown in the following table:

PARTIES SUBJECT TO THE SUPERVISION AND CONTROL OF THE CMA

- Registered Persons
- Companies listed on the Lebanese Stock Exchange
- Lebanese stock exchanges or institutions whose objective is to manage and conduct the business of stock exchanges, provided such institutions are established as Lebanese joint-stock companies.
- Financial companies or licensed institutions and bodies including:
 - Collective investment schemes dealing in securities and other financial instruments
 - Investment schemes in securitization operations
 - Islamic investment and securitization schemes
 - Financial consultants and all other institutions providing services related to financial instruments
 - Financial Rating Agencies

FINANCIAL INSTRUMENTS AND SERVICES SUBJECTS TO THE SUPERVISION AND CONTROL OF CMA



CAPITAL MARKETS AUTHORITY

AN OVERVIEW

CONFERENCES AND EVENTS



- **2020** CMA participates in the judging Committee of the Blominvest National Virtual Stock Exchange Competition for the 3rd consecutive year.
- **2019** CMA hosts the 14th Annual “World Exchange Congress” attended by global capital market players. CMA and ETP winning consortium host an open discussion on “Capital Financing in Lebanon” in the presence of Lebanese Economic & Business Associations, leading private sector executives and family business owners.
- **2018** CMA hosts the first “World Investor Week” in Lebanon as part of the global initiative to promote Investor Education and Protection.
- **2017** CMA hosts the 12th Annual Union of Arab Securities Authorities (UASA) meeting in Beirut.
- **2016** CMA hosts the 15th Annual Institut Francophone de la Régulation Financière (IFREFI) meeting in Beirut.

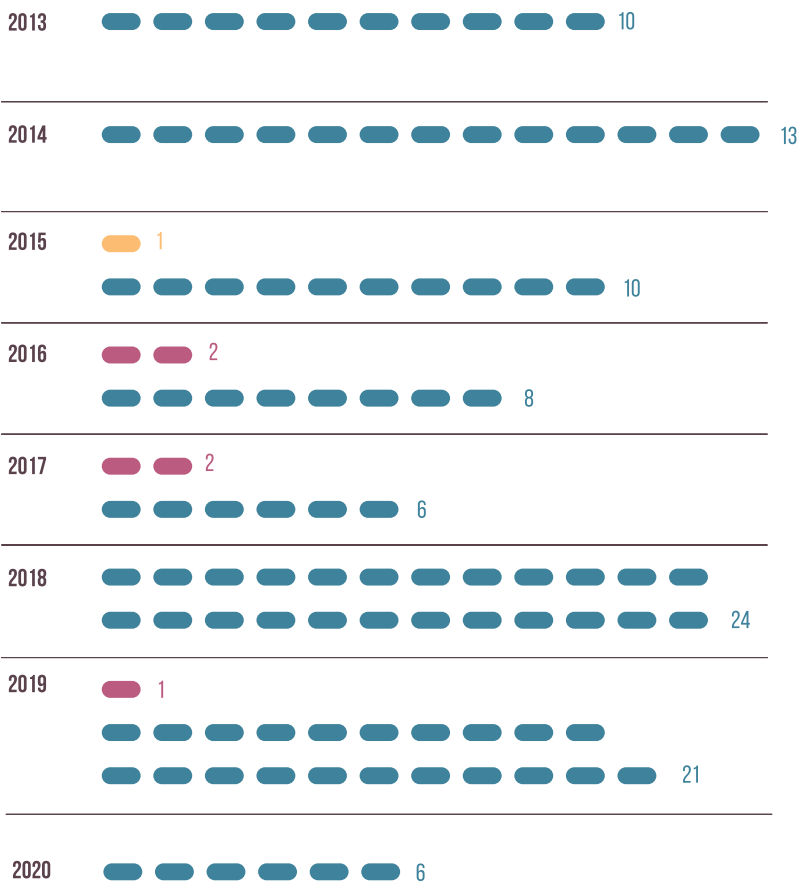
COMMUNICATION AND OUTREACH



BOARD DECISIONS



REGULATORY



5 ISSUED IMPLEMENTING REGULATIONS

Implementing Regulations issued by the CMA are series 2000, 3000, 4000, 6000 & 8000 on Licensing and Registration, Business Conduct, Market Conduct, Offers of Securities and Collective Investment Schemes respectively.

1 DRAFT IMPLEMENTING REGULATIONS

Series 7000 on Listing Rules.

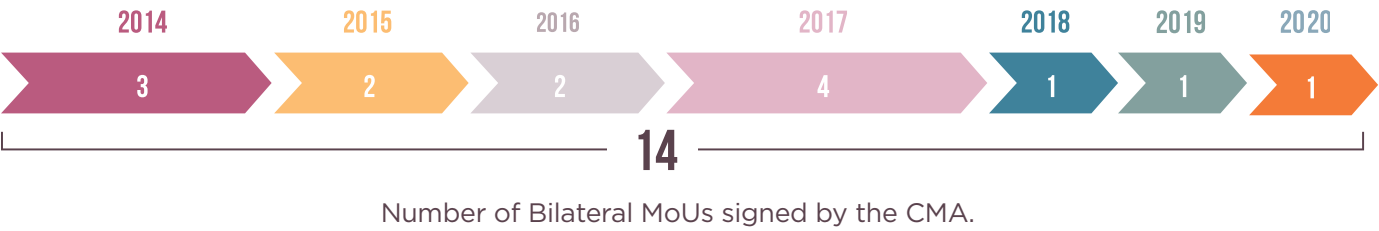
98 DECISIONS & ANNOUNCEMENTS

Official Board Decisions or Announcements issued by the CMA.

CAPITAL MARKETS AUTHORITY

AN OVERVIEW

MEMORENDUM OF UNDERSTANDING (MoUs)



The MoUs aim to enhance information sharing and technical assistance with regional and international authorities.

The first MoU signed was with the French Autorité de Marchés Financiers - AMF on May 2014. Moreover, in September 2019, the CMA signed an MoU with the Financial Services Commition (FSC) of Mauricius.

In March 2021 , the CMA signed an MOU with the

Special Investigation Commission - SIC to combat financial crimes.

CMA aims to sign MMoU with IOSCO
Signature would faciliate cooperation with all 127 IOSCO members globally.

INTERNATIONAL AFFILIATIONS

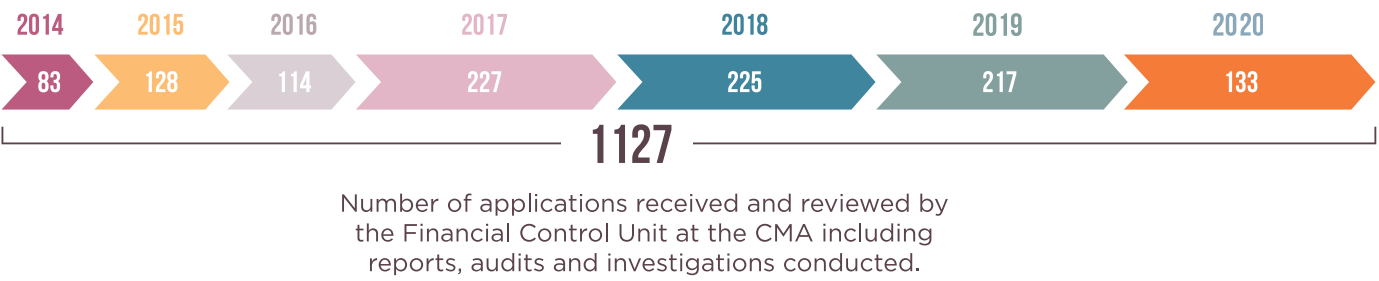
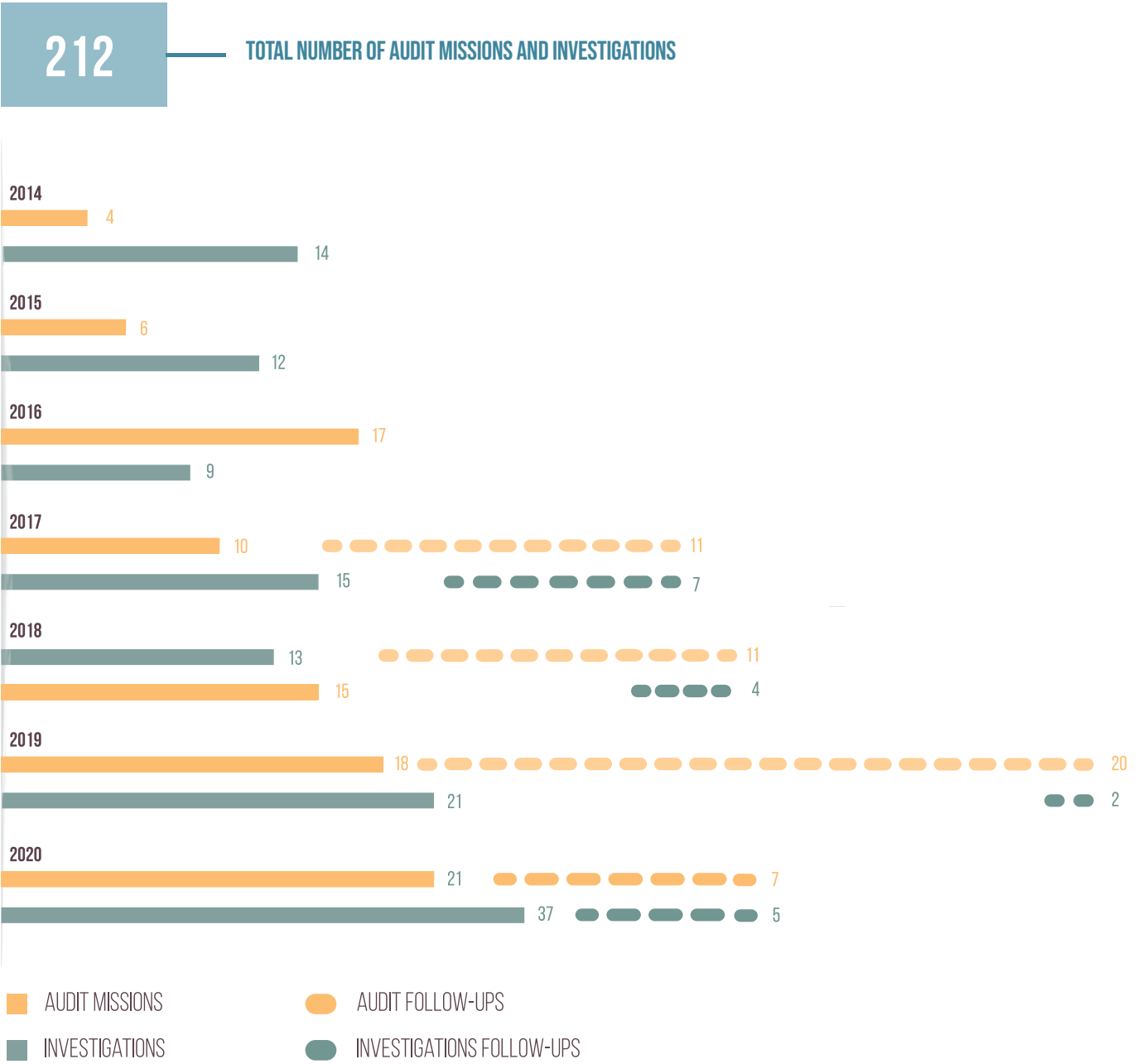
MEMBER OF 3 INTERNATIONAL ORGANIZATIONS

IOSCO
ASSOCIATE MEMBER
JUNE 2016

UASA
FORMER PRESIDENT OF UNION OF
ARAB SECURITIES AUTHORITIES

IFREFI
FORMER PRESIDENT OF L'INSTITUT
FRANCOPHONE DE LA RÉGULATION
FINANCIÈRE

FINANCIAL CONTROL UNIT



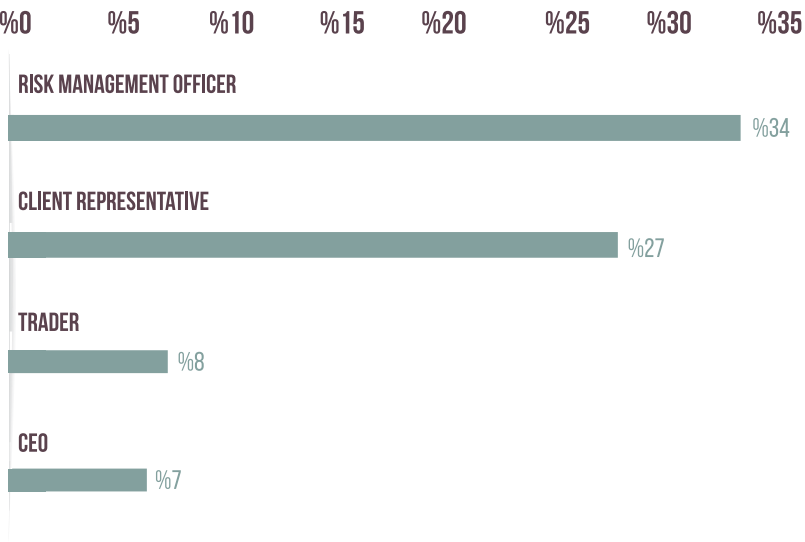
REGISTERED PERSONS AT THE CMA

IN 2020

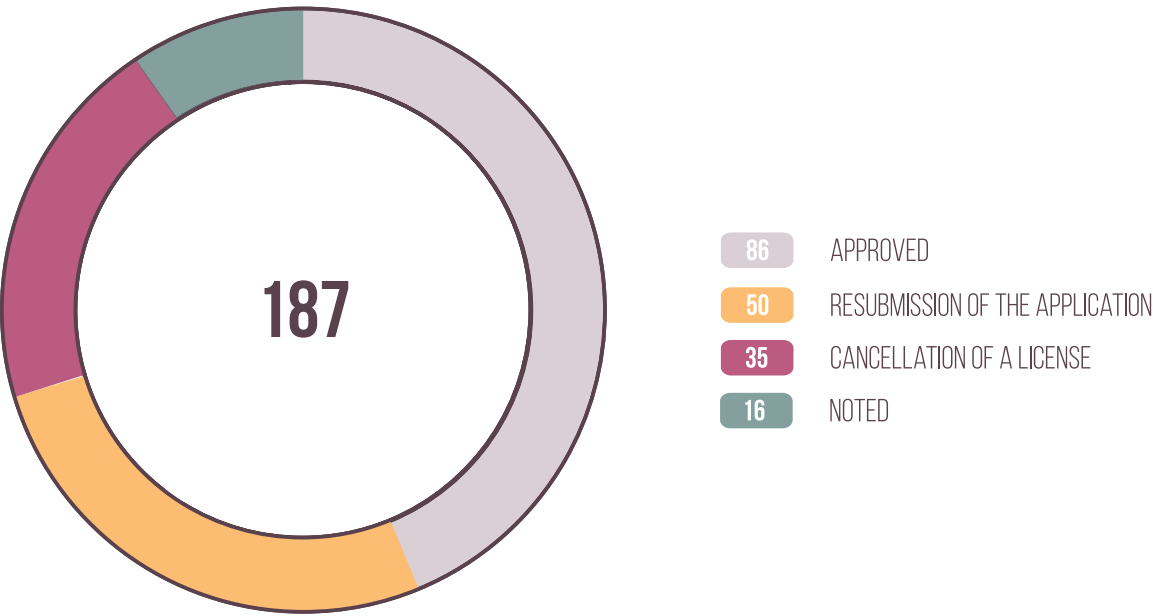
TOTAL NUMBER OF REGISTERED PERSONS IS 86
CANCELLATION OF REGISTRATION IS 35

677 TOTAL NUMBER OF REGISTERED PERSONS
BY THE CMA TILL END OF 2020

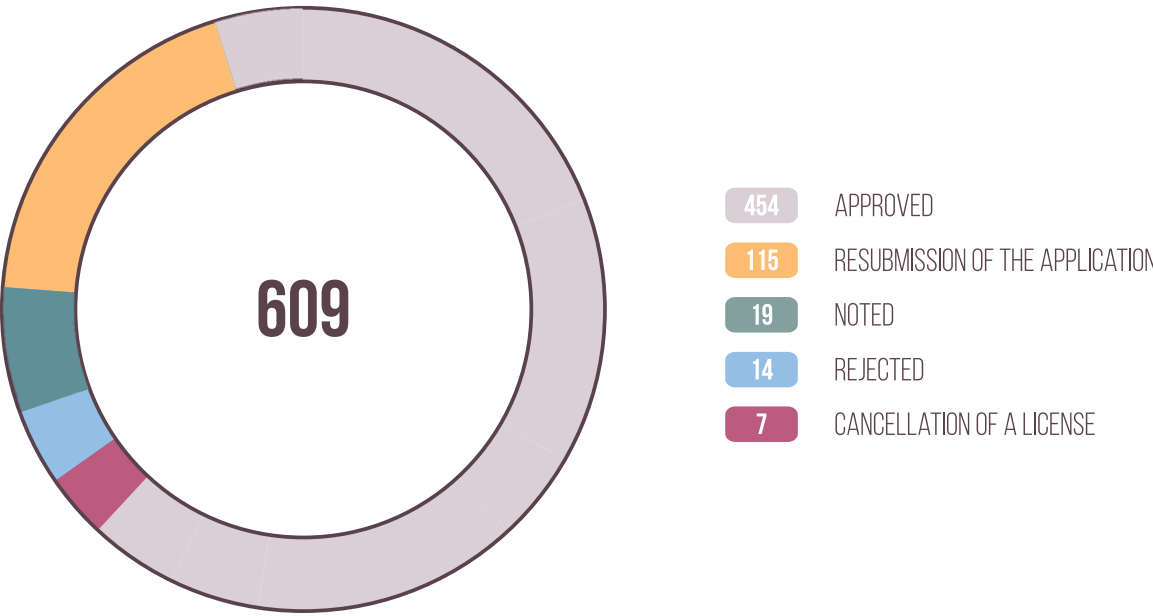
TOP 4 REGISTERED FUNCTIONS BY THE CMA TILL END OF 2020



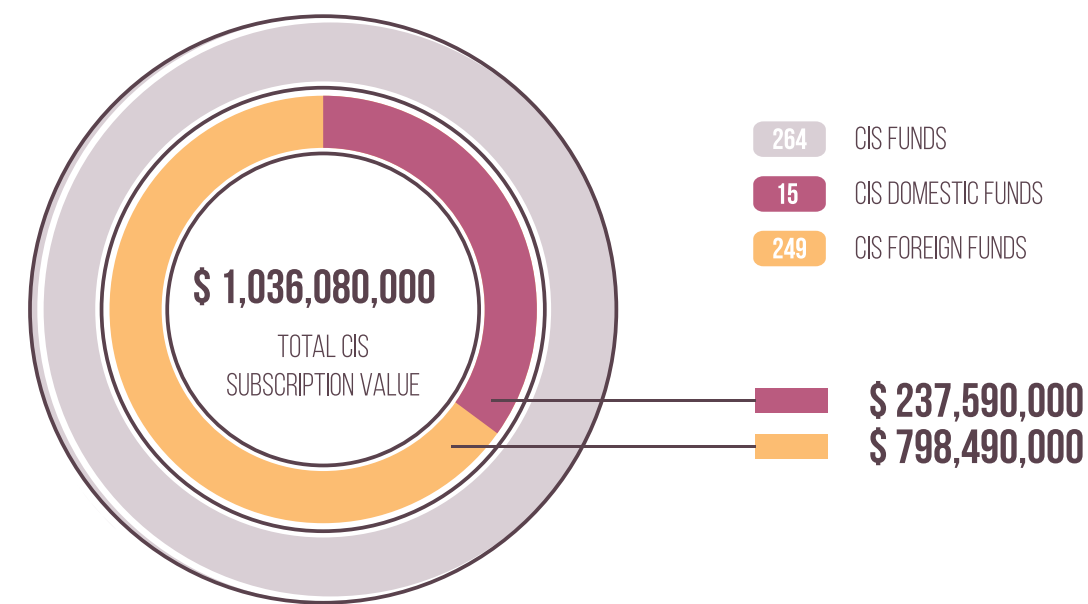
CMA BOARD DECISIONS ON REGISTERED PERSONS IN 2020



CMA BOARD DECISIONS ON REGISTERED PERSONS IN 2019

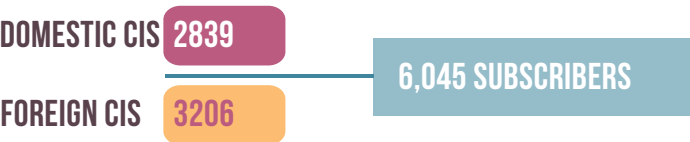


COLLECTIVE INVESTMENT SCHEMES (CIS)



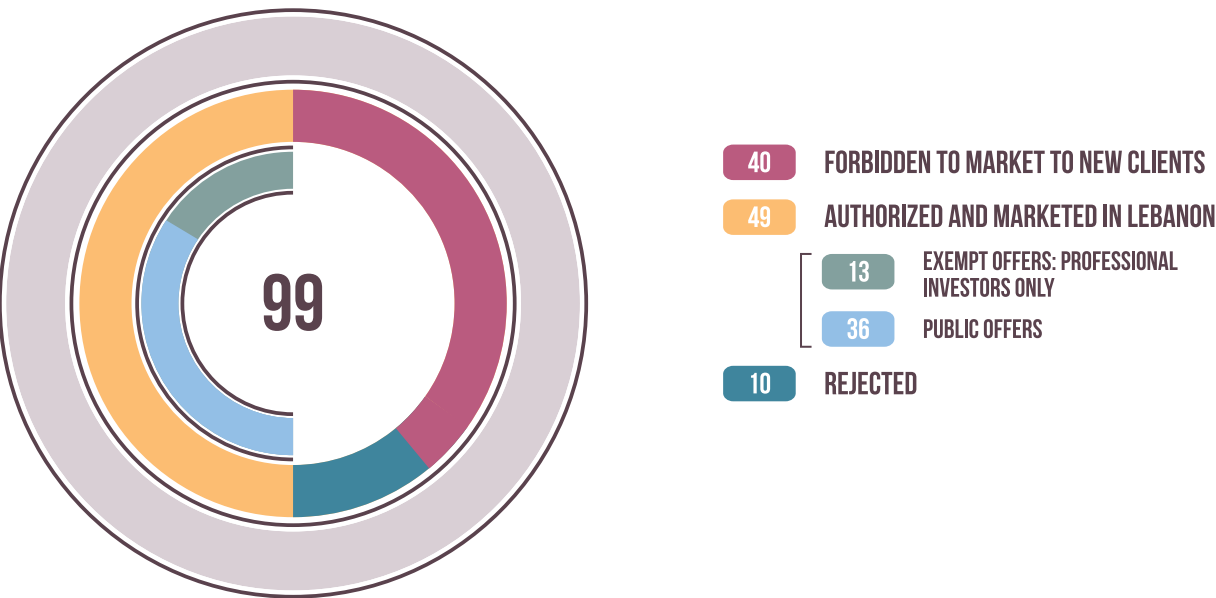
264 Total Number of Authorized CIS marketed in Lebanon, including Funds approved by BDL prior to establishment of CMA

NUMBER OF SUBSCRIBERS IN FUNDS



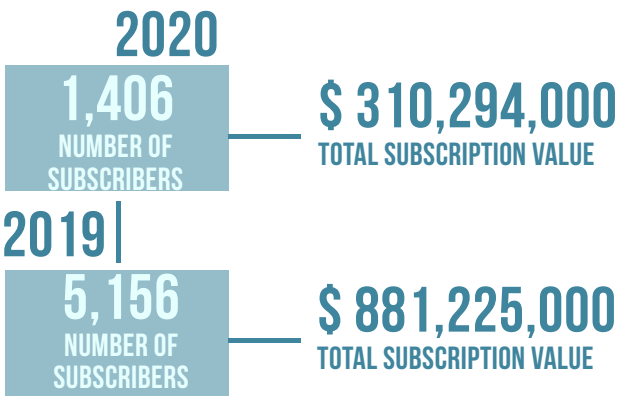
TOTAL NUMBER OF REVIEWS CIS FUNDS BY THE CMA SINCE ITS ESTABLISHMENT

(no changes in 2020)

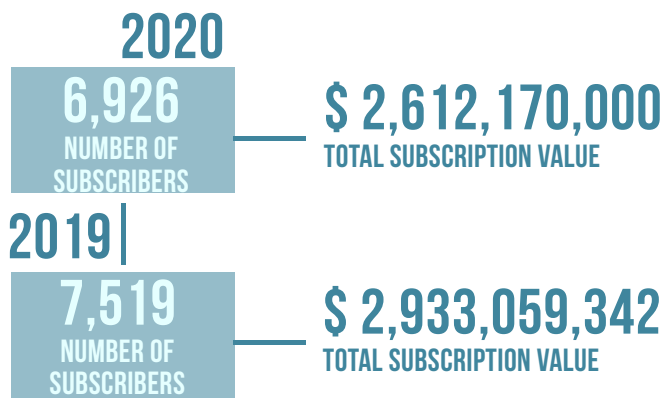


STRUCTURED PRODUCTS

44 STRUCTURED PRODUCTS
Approved by the CMA since its establishment



OTHER FINANCIAL INSTRUMENTS (OFI)



ROME STREET, WARDIYEH, HAMRA
www.cma.gov.lb | +961 1 735 500