



إتحاد هيئات الأوراق المالية العربية
UNION OF ARAB SECURITIES AUTHORITIES

Annual Report

2013



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2013



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Message



of the UASA's Chairman



I am pleased to present the Union of Arab Securities Authorities annual report for 2013, which contains a review of the most important events in the Arab and international capital markets, and the main achievements of the Union. The year 2013 was a distinctive and positive year at various levels. Financial markets have maintained the pace of positive growth, achieving more gains and compensating the losses they incurred since the outbreak of the global financial crisis in 2008. Arab financial markets experienced remarkable growth in their various indices as the market value of the Arab financial markets increased by the end of 2013 to exceed one trillion dollars.

The Arab Securities Authorities, members of the UASA, accomplished significant achievements during 2013 which were reflected in enhancing their positions in the regional and international organizations, especially the International Organization of Securities Commissions (IOSCO). The number of UASA members who obtained full membership in this organization amounted to ten members. All those members signed the Multilateral Memorandum of Understanding (MMOU) on information sharing and international cooperation. In addition, there is another group of UASA members working on satisfying the final requirements for full IOSCO membership. On the other hand, the Arab Securities Authorities made significant progress in the areas of development, modernizations, training and enhancing financial systems, especially in the fields of oversight, disclosure, enforcement, applications of governance principles, social corporate responsibility, promoting transparency, as well as updating regulations and legislations that govern their work in line with the best international standards and practices.

The year 2013 saw a new start for UASA after the appointment of its Secretary-General, completion of outfitting the Secretariat of the UASA in its new headquarters in Dubai, completion of hiring the administrative staff, and installation of the electronic structure and infrastructure, in addition to launching the new website in both Arabic and English and launching the new e-newsletter. These activities contributed to enhancing the role of the UASA in developing mutual cooperation amongst members of the UASA as well as its regional and international role.

The UASA has endeavored to enhance the links of cooperation and coordination amongst members of the UASA by adopting a well-defined work plan the major part of which was accomplished during 2013. This was reflected through the implementation of a number of surveys and studies associated with the business of the UASA and the participation in a number of regional and international activities, as well as the implementation of a number of training programmes within the framework of bilateral exchange and transfer of knowledge.

In the context of the UASA's pursuit to expand the base of its membership, the Council of the UASA approved the accession of the Capital Markets Authority of Lebanon during 2013. The UASA has ongoing efforts to attract more members to join the membership of the UASA as the Capital Market Authority of Tunisia is working on satisfying the requirements of full membership in the UASA. In addition, negotiations are under way with Bahrain, Mauretania, Sudan and a group of relevant regional and international institutions and organizations. The UASA Secretariat follows up on this issue.

Internationally, IOSCO approved the membership of the UASA in March 2013 to be an Affiliate Member. This membership was amended last December and the UASA became Associate Member. The UASA also joined the regional specialized committees of IOSCO, including the Presidents Committee, Africa & Middle East Regional Committee (AMERC) and Growth and Emerging Markets Committee (GEMC). In addition to close coordination and cooperation between the UASA and a number of regional and international organizations, including the Organization of Economic Cooperation and Development (OECD), IOSCO, and Arab Monetary Fund (AMF).

There is no doubt that the significant cooperation and coordination demonstrated by the Arab Securities Authorities as well as the support and assistance provided to the UASA and its Secretariat have contributed to the work completed during 2013. I hope that this cooperation will continue in the future in order to accomplish more achievements and output. We look forward for more work and achievement throughout the year 2014.

In this occasion, I am delighted to extend my sincere thanks and gratitude to the members of the Union for their confidence, cooperation and support to the Union and its General Secretariat during the period of my presidency starting from February 2013. And I seize this opportunity to offer my best wishes of success to the new presidency, Praying to the Almighty to reconcile and to crown our efforts for the benefit of our Arab Countries.



Saleh Mubarak Al Falah

Message



of the UASA's Secretary General



The Secretariat of UASA has completed the establishment of its electronic infrastructure and the hiring of its technical and administrative staff according to the plan approved by the UASA Board of Directors in this regard. Furthermore, all needed prerequisites to facilitate the work of the Secretariat and enhance communication between the Secretariat, members of UASA and the external world was also completed. The electronic network of UASA was developed and the design and creation of the website was also completed.

The new website includes a section dedicated for communications among members of UASA. Users of 71 countries all over the world have visited the website since its launching in May last year. The quarterly e-newsletter was issued to provide the most important events and news, as well as a monthly summary of significant news and events in order to enhance communication and cooperation between the members of UASA and other parties associated with capital markets. Three issues of the newsletter were released covering the news of UASA during the whole year 2013.

As for the implementation of the tasks assigned under the work plan approved by the Board of UASA, three surveys were conducted during 2013 focused on work priorities, needs and training potentials as well as transactions with the related parties. The results of these questionnaires were analyzed, necessary actions were taken and recommendations as required were submitted to the Board of UASA to take the appropriate actions. The Secretariat of UASA has finalized a study concerning raising the awareness and educating investors. The members of UASA were provided with the study to solicit their feedback thereon. It will be presented to the Board of UASA to take the appropriate decision in this regard. The Secretariat of UASA has finalized a survey related to the issues of enhancing transparency in Arab capital markets including governance, social responsibility, disclosure and insider trading. Survey related to these areas will be implemented during the coming year.

The UASA has attached greater importance to training and knowledge transfer as the results of the survey conducted by the Secretariat of UASA on this matter provided important information which was used to identify 6 training programmes that meet the training needs and could be implemented by the Arab Securities Authorities who demonstrated the desire and potentials to implement such programmes. During 2013, three bilateral exchange training programmes were implemented in Jordan Securities Commission in Amman, Securities and Commodities Authority in Dubai and Qatar Financial Markets Authority in Doha. In cooperation with members of the UASA, The Secretariat will organize more bilateral exchange programmes during 2014 in Saudi Capital Market Authority, Egyptian Financial Supervisory Authority and Moroccan Council of Securities (CDVM), in addition to other programmes that will be determined according to the needs and availability of training capabilities at the member authorities.

Internationally, the UASA membership in IOSCO and its participation in the committees of this important organization have provided new prospects of international cooperation that will positively reflect on the members of UASA and enhance the international position of UASA. Furthermore, communications with the Organization of Economic Cooperation and Development (OECD) has opened the door for UASA to cooperate with this organization in a series of projects related to its work, especially in the fields of enhancing cooperation, governance and transparency in the Arab capital markets.

The year 2013 was packed with vigorous activities at all levels. The support and assistance which the Secretariat of UASA received from the members of UASA and other parties have had a great impact on facilitating the performance its mandated role and implementing the assigned tasks pursuant to the work plan approved by the Board of UASA. The potentials for mutual cooperation and coordination among the members of UASA are huge and wide. The role of UASA is vital and necessary to enhance this cooperation through the creation of specific mechanisms to facilitate the delivery of the tasks decided pursuant to the regulations of UASA.

We are optimistic and positive towards the future of UASA and its ability to achieve the ambitions and aspirations of its members through greater cooperation to reach the highest levels of coordination and integration to generate benefits to the Arab capital markets and enhance their standing.

Finally, I would like to extend my thanks and gratitude to the seventh's session Union presidency for their commitment to develop the Union and to the other members of the Union for their cooperation and continued support to the General Secretariat. I also would like to extend my thanks to the UAE Securities and Commodities Authority for hosting the Secretariat of the Union and for the generous support provided to the Secretariat and the Union.



Jalil Tarif

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**Arab and Global Financial
Markets Performance**

Arab and Global Financial Markets Performance:

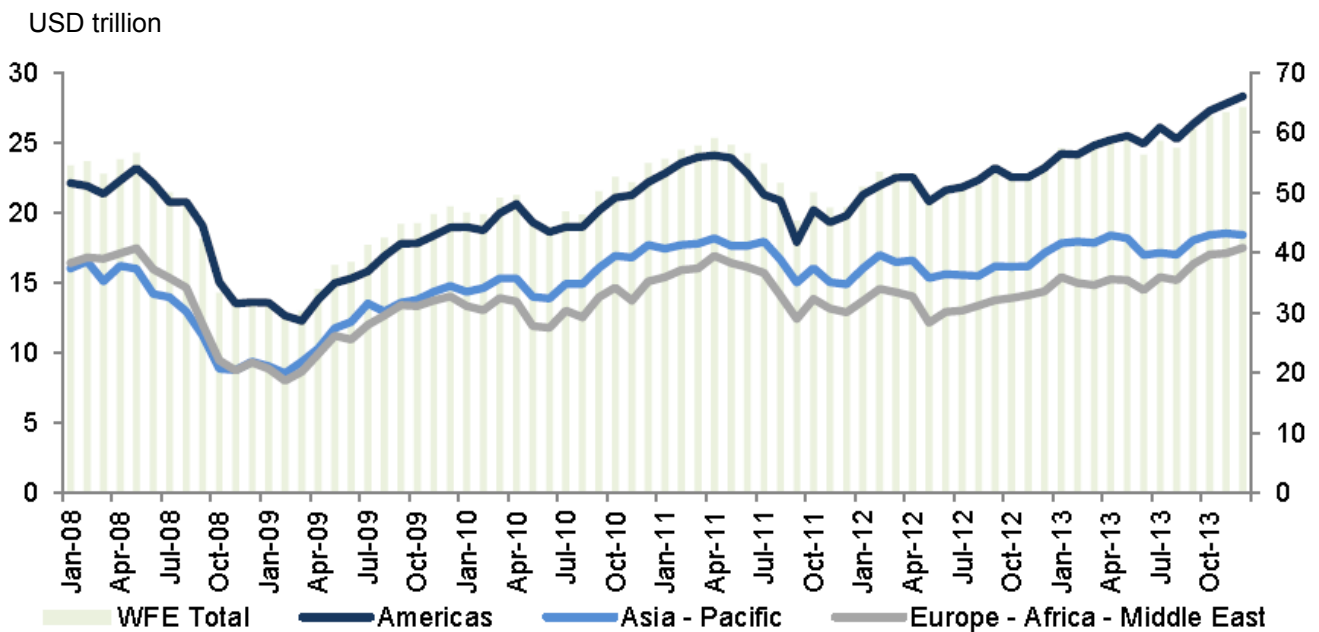
The global economy had come to a “turning point” as fiscal austerity and policy uncertainty no longer weighed as heavy on most richer economies especially after the growth in 2013, which reached 2.4% with the expectation of the positive growth continuation during 2014 for the first time since (3) years, and will reach 3.2% according to the World Bank estimates.

For the first time in five years, there are indications that a self-sustaining recovery has begun among high-income countries, suggesting that they may now join developing economies as a second engine of growth in global economy.

At the level of international markets, 2013 was a positive year for the second time respectively reflected on the growth of the global market indices significantly. Data from the World Federation of Exchanges “WFE” indicates that the international financial markets achieved significant heights in market capitalization and trading volumes. The Market Capitalization increased to 64.2 USD trillion compared to 54.7 USD trillion in 2012, marking an increase of 17%. The American markets accounted about 44% of the international market capitalization, followed by Asia and the Pacific 28.7%, and the European markets and the Middle East of 27.3%.

Graph no. (1)

World Market Capitalization distributed geographically



Graph no. (2)

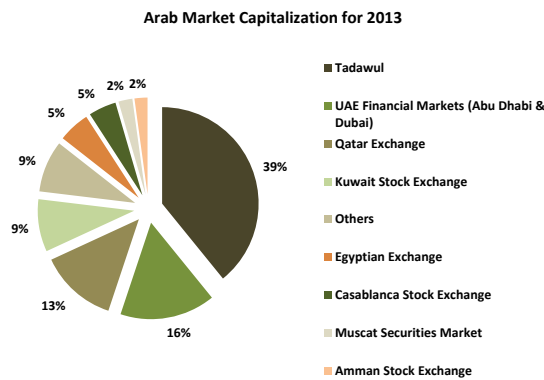
World Market Capitalization and Value Traded



Trading values reached about 54.7 USD trillion compared to 48.9 USD trillion in 2012, representing an increase of 12%. The trading Value in the American markets accounted 47% of the volume of international transactions, followed by the Asian and the Pacific markets 36% and the European and the Middle East markets 17%.

Graph no. (3)

Market Capitalization in Arab Capital Markets



As for the Arab Financial Markets, the market capitalization value of these markets reached 1.1 USD trillion by the end of 2013 compared to 941 USD billion in 2012, marking an increase of 19%. The Market Capitalization of the Saudi market “Tadawul” accounted about 39% of the total market capitalization of Arab financial markets.

Graph no. (4)

Value Traded of Arab Capital Markets



Despite the improvement in the price indexes and market value, the volume of trading declined during 2013 to 483.4 USD billion, compared to 586.4 USD billion in 2012, marking a decrease of 21%. Such decline was mainly attributed to an overall decline in total trading in the Saudi Stock Exchange “Tadawul” which dropped in 2013 by 28%, at a time when trading in other Arab stock exchanges experienced a visible increase in 2013.

Table no. (1)

World Market Capitalization and Value Traded distributed geographically

USD billion

Time Zone	Market Capitalization			Value Traded		
	2013	2012	change %	2013	2012	change %
Americas	28,297	23,193	22%	25,722	25,679	0%
Asia-Pacific	18,415	17,131	7%	19,887	14,296	39%
Europe, Africa, Middle East	17,483	14,373	22%	9,092	8,901	2%
Total WFE	64,195	54,697	17%	54,700	48,876	12%

Source: World Federation on Exchanges (WFE)

Table no. (2)

Arab and World Market Capitalization

USD billion

Exchange	2013	2012	change %
NYSE Euronext (US)	17,950	14,086	27%
NASDAQ OMX (US)	6,085	4,582	33%
Japan Exchange Group	4,543	3,681	23%
London Stock Exchange Group	4,429	3,397	30%
NYSE Euronext (Europe)	3,584	2,832	27%
Hong Kong Exchanges	3,101	2,832	9%
Shanghai SE	2,497	2,547	%-2
TMX Group	2,114	2,059	3%
Deutsche Börse	1,936	1,486	30%
SIX Swiss Exchange	1,541	1,233	25%
Arab Stock Exchanges	1,100	941	19%
World Market Capitalization	64,195	54,697	17%

Source: World Federation on Exchanges (WFE) / Arab Monetary Fund (AMF)

International Oversight Activities:

The International Securities Authorities continued in strengthening their persistent efforts to protect investors, to enhance their confidence and their knowledge, to reduce Systemic Risks and to provide transparent, fair and efficient markets.

The “IOSCO” progressed work in a number of areas of global regulatory reform, especially to move forward with work requested by the “G20” on key issues for securities markets, including “OTC” derivatives, financial benchmarks, credit rating agencies and shadow banking. Also to identify emerging risks in a proactive and forward-looking way, and to play an increasingly active role in promoting the finance of long-term investment through capital markets in different areas like corporate bond markets, securitization, SME finance, Islamic Finance and Cross-border Cooperation. Members approved new measures to ensure full compliance with the “IOSCO” Multilateral Memorandum of Understanding on cooperation and exchange of information “MMoU”. They stressed that greater cross-border cooperation facilitated IOSCO’s enforcement efforts and promoted the implementation of its recommendations across jurisdictions.



IOSCO’s Presidents Committee approved a proposal to increase the number of Board members by two to 34 members and change some membership criteria. The move is aimed at providing the Board with a more balanced regional representation. “IOSCO” adopted new measures to encourage non-signatory members to sign the “IOSCO” Multilateral Memorandum of Understanding on cooperation and exchange of information. Established in 2002, the “MMoU” is the instrument used by securities regulators around the world to fight the cross-border fraud and financial services misconduct that can weaken global markets and undermine investor confidence.

The Presidents’ Committee approved a resolution that calls for gradually restricting opportunities of non-signatory members to influence key “IOSCO” decisions due to the limited support they can provide IOSCO’s enforcement efforts. The resolution also seeks to encourage national governments and parliaments to adopt the measures that support securities commissions in their efforts to comply with the “MMoU”.



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UASA's Member Activities

UASA's Member Activities:

The Arab Securities Authorities, members of the Union, have made considerable progress in 2013, as part of endeavors to enhance Arab financial markets. This was achieved by keeping pace with developments and complying with the international standards in areas related to the regulation and oversight of trading in securities by improving the legislative frameworks to achieve fairness and transparency. Additionally, training courses were organized to improve the level of knowledge and skills of the sector's employees, as well as developing mutual cooperation with numerous regional and international organizations. Activities by the Union members covered the legislative and control over the market, training, international cooperation, and enforcement actions.

The most important activities of the UASA members are:

1. Market Regulation

In an effort to instill transparency and comply with the international standards and practices, the Arab Securities Authorities issued many laws, regulations and instructions on listing rules, market regulations, investment management regulations, and rights issue, in addition to instructions specific to anti-money laundering and terrorism funding.

The Jordan Securities Commission issued a code of corporate governance rules and a set of instructions on trading cap, buying shareholding companies of their shares (Treasury Stocks) and the segregation of brokerage firms' funds from their customers' funds.

The Securities and commodities Authority of UAE approved regulations on rights issue and investment management bylaw, issued a criteria concerning the ownership and trading of Sukuk. The Saudi Capital Market Authority enacted procedures related to listed companies with Accumulated Losses reaching 50% or more of their capital and issued amendment on instructions specific to anti-money laundering and terrorism funding.

In the same context, the Oman Capital Market Authority approved amendments on the regulations of the financial market. The Palestinian Capital Market Authority made amendments to the applicable disclosure bylaw and approved a regulation for measuring compliance of governance and issued instructions concerning the auditing and the management in the securities firms. Qatar Markets Authority launched its strategic plan "2013-2016" and approved the regulation of Rights Issue.

The Kuwait Capital Market Authority adopted an Arbitration By Law and issued instructions concerning the trading in securities and anti-money laundering and terrorism financing. Egyptian Financial Supervisory Authority amended the Listing and Delisting Rules at the Egyptian Exchange, the regulations concerning the Listing and the Trading of the companies' shares, the Executive regulation of Capital Market's Law and E-signature and issued the regulation concerning the organization of the technological infrastructure and information security systems. The EFSA's BOD issued regulations concerning brokerage companies and asset management firms.

Moroccan (CDVM) has approved a set of amendments to the provisions related to anti-money laundering and terrorist financing. In Algeria, the COSOB published new instructions regarding the profession of sponsor in the stock exchange for small and medium companies (SMES).

2. Market Oversight:

In order to ensure the full oversight of the financial markets and the implementation of disclosure and principles of governance, the UASA members issued a set of decisions and laws pertaining to many activities including governance rules. The Jordan Securities Commission started the application of the Electronic Disclosure System and issued the corporate governance rules, As well as the signature of a memorandum of understanding with the Anti-Money Laundering & Counter Terrorist Financing Unit.

In the same context, the Securities and commodities Authority of UAE launched the Technical Analysis Certification Program and a training program on Compliance officer, participated in the Bilateral Exchange Program on Disclosure and E-disclosure Systems, in addition to the application of the risk management standard.

The Saudi Capital Market Authority added mandatory elements in the corporate announcements, adopted the shareholder vote on the terms of the companies' General Assemblies and announced the Board of Directors and Senior Executives Trading Restriction Period, as well as the follow up on the listed companies' information and disclosure.

The Syrian Commission on Financial Markets and Securities urged companies to provide midterm and annual disclosures and invited private shareholding companies to list their shares in the Damascus Securities Exchange.

The Iraqi Securities Commission took different actions against non-compliant companies in providing disclosures and following up the performance of listed companies.

The Oman Capital Market Authority issued the first Islamic Sukuk prospectus based in the Sultanate. The Palestinian Capital Market Authority made amendments to the disclosure bylaw, launched the governance website and adopted a law for measuring the compliance with governance rules. Also, the (PCMA) got a membership in the Regulatory Oversight Committee.

The Kuwait Capital Markets Authority has organized a special workshop about the provisions of the mandatory offer in acquisitions and adopted a regulation of arbitration in addition to the organization of a special workshop about the registration requirements of the legal external audit firms.

The Egyptian Financial Supervisory Authority extended the deadlines for the auditors who are listed in the European Commission and held an agreement with the Egyptian Stock Exchange to exchange data between them.

The Moroccan (CDVM) presented the Buy-Back program and issued amendments related to the implementation of the Buy-Back program and the market settlement.

The Capital Market Authority of Lebanon issued a set of decisions related to internal audit, compliance, disclosure and mobilize funding. The Libyan Stock Market put efforts on oversight of disclosures and raising awareness as well as strengthening oversight by the enrollment of a group of accountants and auditors in the Stock Market.



3. Enforcement Actions:

The Arab Securities Authorities made significant progress in the area of disclosure, enforcement and application of governance principles in order to enhance transparency and social responsibility. The actions by the Authorities ranged from simply sending out alerts to the imposition financial penalties on the violating companies, or the suspension of trading in shares of the violating companies escalated to placing seizure over the shares of the violating companies.

The penalty is dependable on the seriousness of the violations committed by listed companies, which ranges from failure to satisfy disclosure requirements or overriding the legal deadline to provide disclosures, to non-compliance with the standards of corporate governance and transparency. In some cases, they are violating of law provisions, abuses and misconducts or irregularities in the context of daily trading.

4. Education and Awareness:

The Arab Securities Authorities exerted extensive efforts to improve the level of education and knowledge and improve the capacities and expertise in the Arab Capital Markets. In this regard, the Jordan Securities Commission “JSC” held a workshop on the preparation of disclosure and annual reports, JSC organized a bilateral exchange program on investigation and enforcement in cooperation with the Union of Arab Securities Authorities.

The Securities and Commodities Authority “SCA” of UAE organized many training programs and workshops, the most notably are the capital markets conference in the UAE, the opening of the virtual financial market project in the University of Sharjah, the organization of a training program about the techniques and modern methods to detect financial crimes. SCA also signed a cooperation agreement with Etisalat Academy and an MoU with the University of Dubai and “E-vision”. Algerian “COSOB” has launched training courses for the certificate “Financial Market Professional” and signed an agreement with the (IEDF) pertaining to accredited professional training for the intermediaries in the stock exchange operations.

The Saudi Capital Market issued a handbook about the behavior in the market and launched the English website called “The Intelligent Investor”. In addition to signing a contract with the Institute of Banking and conducting Workshops on the board members functions and responsibilities. The Iraqi Securities Commission participated in a seminar on “The development of investment in the capital market in Iraq”. The Omani capital market Authority held a seminar on developing the strategic role of the boards of directors and organized a training program for Government Units Employees on Capital Market and Insurance Sectors.

The Palestinian Capital Market Authority received several student delegations in order to spread financial awareness among all community segments, signed an agreement with the British Investment Institute to develop the Palestinian Legislation Securities Sector Certificate, held a training program on anti-money laundering and signed a memorandum of understanding and cooperation with the Coalition for Integrity and Accountability organization “AMAN”.

The Qatar Financial Market Authority “QFMA” held a training program on “Dispute Resolution Procedures” in cooperation with the Union of Arab Securities Authorities Secretariat. QFMA also received a delegation of assistants prosecutors trainees as part of the fourth compulsory training course. In addition, QFMA organized a workshop on rules against money-laundering and terrorist financing and participated in the forum discussing the regional repercussions of the U.S. Foreign Account Tax Compliance Act (FATCA).





The Kuwait (CMA) organized a workshop concerning the disclosure issues and another one concerning the investment funds. CMA also organized a training program for fresh graduates and set up a workshop for all listed companies about acquisition, in addition to a set of announcements to enhance awareness.

The Egyptian Financial Supervisory Authority held a workshop on “Corporate Governance Reports” and issued a set of flyers and circulars about the activities of the capital market, financial leasing, brokerage companies and investment funds. The Moroccan (CDVM) Issued statistics about the transactions distribution and placed online a daily financial guide. Libyan Stock Market organized a training course entitled “Certified Arabic Public Accountant”.

5. International Cooperation:

The Arab Securities Authorities has worked on promoting the bilateral joint cooperation at both regional and international levels.

The Securities and Commodities Authority “SCA” of UAE signed memorandums of understanding with each of counterparts in Poland, the Brazilian Authority and Labuan Authority.



SCA participated in the meetings of “GCC” Ministerial Committee and the “IOSCO” meetings. The Algerian (COSOB) concluded a cooperation agreement with the French financial markets representative “PARIS EUROPLACE”. In the same context, Saudi Capital Market Authority was elected for membership in the “IOSCO” Board of Directors.



The Omani Capital Market Authority hosted the 3rd “MENA” stock exchanges meeting on corporate governance in addition to participating in the “IOSCO” annual meeting. Also, the “CMA” signed memorandums of understanding with Jordan, Luxembourg and Nigeria, and received an Iranian delegation from the Securities Authority and the Exchange Market to discuss a mechanism for joint cooperation.

The Palestinian Capital Market Authority got a membership to the global regulatory oversight committee, participated in studying a mechanism to link the Jordanian-Palestinian financial markets and received a delegation from the “IOSCO”.

In the same context, the UAE and Qatar Financial Markets were promoted to the rank of emerging market as part of the Morgan Stanley indices. Also, the Qatar Financial Market Authority Obtained the membership in the “IOSCO” and participated in the organization of the Qatar banking Conference.

Kuwait Capital Market Authority And after its accession to the Islamic Financial Services Board, It has hosted the seventh annual meeting of the (UASA) and participated in the meeting of the Financial Services Commission’s Board of Directors and the Eighth Islamic Forum for financial stability.

The Egyptian Financial Supervisory Authority signed a memorandum of understanding with the Ukrainian National Commission and participated in several conferences of international organizations related to the financial markets, such as “IOSCO” and the International Association of Insurance.



UASA's Activities:

The Union of Arab Securities Authorities (UASA) have sought to support cooperation between Arab Securities Authorities in various fields in order to promote development and economic integration and improve organizational and legal status of Arab financial markets, and access to the highest levels in the areas of market oversight and upgrade to an international level of efficiency and transparency. One of the main activities carried out by the Union during year 2013 was the launching of the bilateral exchange program in cooperation with UASA members. The first training program concentrated on systems inspection, investigation and enforcement in cooperation with the Jordan Securities Commission, the second training program was about disclosure and e-disclosure in collaboration with the Securities and Commodities Authority of UAE . In late 2013, the third bilateral exchange program held in collaboration with the Qatar Financial Markets Authority on “ procedures to resolve disputes and arbitration”.

In the context of strengthening the communication between the Secretariat of the Union and its members, a complete website in both Arabic and English has been set to facilitate communication with various international parties to access information. The Union Secretariat issued a quarterly newsletter and a monthly summary of the most important news and events in the Arab world and internationally. In the context of broaden the UASA membership base, the board approved the accession of the Lebanese Capital Market Authority during the seventh assembly meeting of the Union which was held in Kuwait.

The Union continued through 2013 its efforts in the context of attracting more members to join the Union, where communications was made with Bahrain and Mauritania, Sudan and Tunisia, which have reached the final stages in completing the requirements for full membership, in addition to a number of regional and international organizations.

At the international level, the Union has participated in a number of activities including the annual conference of the World Federation of Exchanges (WFE), and the conference of the Certified Financial Analysts “CFA” about investing in the Middle East, also participated in the Arab-Turkish Capital Markets, and the 37th Session of the Governors Board of the central banks and Arab monetary fund organizations. In addition, the Union participated in the third meeting of the financial markets for the “MENA” region about corporate governance and at the annual meeting of the International Organizations of Securities Commissions “IOSCO”, whom accepted the Union membership as an “Affiliate Member” in the first stage and then modified the UASA membership in late 2013 to become an “Associate Member”. The Union also joined the regional committees of IOSCO including “Presidents Committee”, “AMERC” and “GEMC”. The Union enhanced the cooperation with the Organization for Economic Cooperation and Development “OECD”.

The Union secretariat launched a study in cooperation with the Organization for Economic Cooperation and Development “OECD” about related party transactions oversight. In addition, the Union Secretariat prepared a report on investor education and awareness in Arab capital markets as well as a survey on enhancing transparency in the Arab capital markets. The following is a summary of the most important activities of the Union in 2013:

1. UASA's assembly meeting

The UASA seventh assembly meeting was held in Kuwait on the 3rd of February 2013 with the presence of the Union's board members. The Board discussed the Union's objectives and strategies and decided to assign to the Secretariat to submit a group of training programs, after consulting with the members of the union board, that are prioritized and start implementing them according to their importance. The Board approved the work plan submitted by the General Secretariat for 2013.



The Board also discussed the estimated budget and approved it, taking into account the changes that may occur as a result of the Secretariat revenue-generating activities and joining the IOSCO's membership. Furthermore, the board decided to hold the UASA's next annual meeting in Beirut / Lebanon, whom which welcomed to host the meeting in March 2014.

UASA's Board has approved the annual report submitted and the auditor's report and the accounts for the year 2012, and agreed to renew the appointment of Ernst & Young to audit the accounts of the Union for the year 2013. The board also accepted the application of the Capital Markets Authority of Lebanon membership in the UASA. The board assigned to the Secretariat to provide a summary on Foreign Account Tax Compliance Act (FATCA) and particularly with regards to its impact on the Securities Commissions.

2. UASA Member of IOSCO

The IOSCO's Board of Directors approved the request of the membership of the Union of Arab Securities Authorities due to the decision taken by the Board of Directors of the organization during their annual conference which was held in Sydney - Australia on 22 / March / 2013. There is no doubt that the accession to the membership of this organization will have a positive impact in the area of enhancing the union's stand and its role in the regional and international levels for the benefit of members of the Union.

It should be noted that IOSCO has modified the membership of the UASA from an associate member to the Affiliate Member under amendments adopted by this organization. The organization also called Union to participate in specialized regional commissions of the organization , including the Presidents Committee and (AMERC) and (GEMC).

There is no doubt that the membership amendment of the Union to become an associate member will have a positive impact on the Union's role at the international level , especially in the areas of strengthening adherence to international standards and to increase cooperation and coordination between the Arab capital markets and international organizations concerned with the control of capital markets .

3. Participation in IOSCO annual meetings

At the level of Arab participation in the International Organization of Securities Commissions (IOSCO) annual meeting, the Arab Securities Commissions active participation reflected through signing a number of multilateral memorandum of understanding MMoU and join the membership of the IOSCO as well as the signing of a number of joint cooperation agreements between Arab and some international organizations where it has been on the sidelines of the conference.



Qatar Financial Markets Authority “QFMA” gains the full membership after getting the approval of the “IOSCO” Board of directors, and the Securities and Commodities of United Arab Emirates signed a multilateral memorandum of understanding in the presence of the Chairman of the UAE Securities and Commodities Authority, the Chairman of the Qatar Financial Markets Authority and the “IOSCO” Chairman. The signing ceremony is also attended by the chairman and the secretary general of “IOSCO” and a number of Arab and international representatives and the Secretary- General of the Union of Arab Securities Authorities, in addition to a crowd of officials and international media.

The UASA Secretariat, has participated in the 38th annual meeting of IOSCO and presented UASA's objectives and its role in enhancing cooperation among its members to the SROCC committee which consist of (77) affiliate members presenting developed and emerging markets as well as derivative markets.

4. Participation in the activities, events and conferences

A. Participating in the MENA Stock Exchanges Meeting on Corporate Governance

The Organization of Economic Cooperation and Development (OECD) organized the Third Annual Roundtable of Middle East and North African Stock Exchanges Task Force for Corporate Governance. The meeting was held on the 2nd of December 2013 and hosted by the Muscat Securities Market and the Capital Markets Authority of Oman.

The UASA Secretariat has participated in the meeting's closing session, and pointed out that the implementation of corporate governance principles in the Arab Capital Markets constantly evolving and progressing in a positive way, also stressed on the importance of building a capacity to develop and support the implementation these principles which will eventually reflect positively on the Arab capital markets. The Taskforce of MENA Stock Exchanges for Corporate Governance was established by the OECD in 2011. The key objective of this Taskforce is to facilitate a

dialogue among Arab stock exchanges on issues related to capital markets development and corporate governance. The Taskforce is composed primarily of heads of stock exchanges, but also of securities regulators, clearing houses, investors and other experts from the MENA region.

B. Euro money Conference in Qatar

The UASA Secretariat participated in the EUROMONEY Conference which was held in Doha/Qatar in December 2012. The Secretariat participated in the work session and pointed out oversight and the role UASA to strengthen cooperation among Arab Capital Markets.

C. The 7th MENA Corporate Governance Conference

The UASA Secretariat had participated in the 7th Middle East and North Africa Corporate Governance Conference held in Dubai 23-24/11/2013. The conference was organized by the Institute of Corporate Governance "HAWKAMAH" and the Organization of Economic Cooperation and Development (OECD).

D. Participating in Turkish Arab Capital Markets Forum

The UASA Secretariat had participated in the Turkish Arab Capital Markets Forum held in Istanbul on the 20th of September 2013. The Secretariat stressed in the opening speech of the forum on the important role of the UASA regarding cooperation and coordination between the Arab Securities Authorities on legislation issues and strengthening oversight of the Arab Securities Markets. The Secretariat also participated in the second panel on the impact of international regulations on Turkish and Arab Capital Markets, and understanding regulatory issues that drives harmonization forward, and developing disclosure and transparency rules.

The Secretariat emphasized on the recent progress of the Arab Securities Authorities, particularly in complying with the best international practice and standards, including the International Organization of Securities Commissions (IOSCO) principles and signing of the multilateral memorandum of understanding on cooperation and exchange of information (MMoU).



E. Participating in the 37th meeting of the Arab Central Banks Governors Council

The UASA Secretariat had participated in the 37th meeting of the Arab Central Banks Governors Council held in Abu Dhabi, UAE, on 29/09/2013. The UASA attended this meeting as an observer member.

F. Participating in AFE conference

The UASA's Secretariat had participated in the Arab Federation of Stock Exchanges annual conference in cooperation with Muscat Securities Market which was held in Muscat – Oman on the 3rd-4th of March 2013.

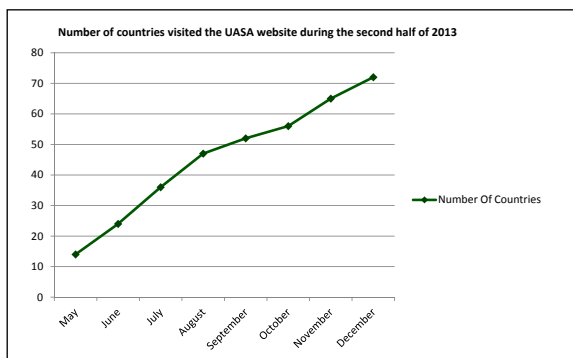
G. Participating in CFA conference

The UASA's Secretariat had participated in the 4th annual CFA conference on investment in the Middle East that was held in Dubai on 20-21 March. The Secretariat participated in the work session on future developments of Arab capital markets oversight and stressed on the importance of the role of the UASA regarding cooperation and coordination between the Arab Securities Authorities on legislation issues and strengthening oversight in dealing in Arab securities markets.

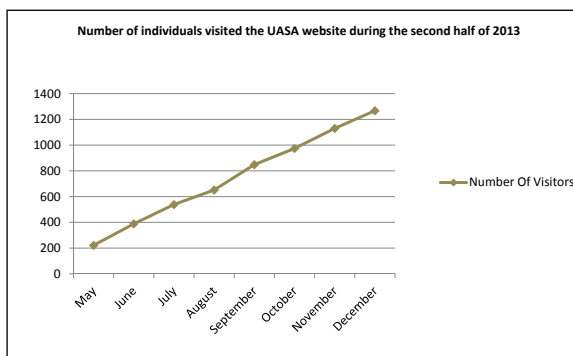
5. The launch of the new website of the Union of Arab Securities Authorities

The UASA Secretariat announced the launch of the new website of UASA (www.uasa.ae), indicating that the creation of the website has been completed in both Arabic and English. The website now contains the basic information related to the work of UASA, including all information concerning the UASA; its members; the legislations that govern the functioning of the Arab securities authorities; the procedures implemented by the member authorities with regard to legislations and oversight the markets; and the enforcement actions, as well as awareness programs and protection of investors.

The website also contains information on major events and important news concerning the UASA and its members as well as news related to regional and global developments. All such information is continuously updated. Moreover, the website allows for the posting of "Investor Alerts" by the authorities for the protection of investors, as well as providing a member area for the use of members to facilitate communication among the members.



The UASA Secretariat confirmed that the launch of the new website of UASA has come in implementation of the work plan approved by the UASA Board at its seventh meeting which was held in Kuwait in February 2013. In addition to the creation of the website, the plan included the implementation of a variety of tasks, activities and programs aimed at promoting cooperation and coordination among the Arab securities authorities to best serve the interests of Arab capital markets.



It should be noted that the new UASA website has witnessed a remarkable turnout since it was launched as reflected by the growing number of visitors and browsers in addition to increasing the time browsing the site. According to available statistics on the uses of the website, the number of people who visited the site has reached (1267) visitors during the second half of 2013 from 135 city of more than 71 countries from Asia and Africa, Europe, America, Australia, the Pacific, and others.

6. Press and Publications

The UASA Secretariat announces the issuance of the first edition of the quarterly newsletter “Union News” in implementation of the work plan approved by the UASA Board on its seventh meeting, which was held in Kuwait City on 3rd February 2013.

The newsletter covers the latest developments and events and news related to the Arab and the international capital markets from various aspects, especially with regards to the new regulations and significant events and

new releases and actions taken by the securities with respect to oversight and disclosure, enforcement, awareness and education of investors and other aspects related to capital markets . The bulletin covers as well the UASA Secretariat news, programs and projects being implemented in various fields.

During 2013, the UASA issued three editions of the quarterly newsletter. The first covered the Union news during the first half of 2013, while other issues covered the rest of the year News. The newsletter was distributed to the Union’s members, the Arab Stock Exchanges and different Arab, regional and international institutions and bodies.

Starting from July 2013 the General Secretary launched a monthly bulletin which summarizes the most important news and events related to the Union members, in addition to the most important news and events of relevant international capital markets institutions. The monthly news contains links to the news and events in order to facilitate the access to the Union’s members and all other interested parties. In 2013 there was 6 releases containing the most important events and news of the Arab Securities Authorities, in addition to the most important regional and international news.

Also the General Secretariat printed the Memorandum of association and the Internal By-laws of the UASA as a reference for the Union’s members and interested parties.



7. The Bilateral Exchange Program

As an implementation of the work plan approved by the UASA Board on its seventh meeting, which was held in Kuwait City on 3rd February 2013, concerning bilateral training programs in order to promote the exchange of experiences and knowledge transfer between Arab Securities Authorities, the General Secretariat prepared a special questionnaire to identify the training needs of the Union's members as well as to identify available capabilities in some Arab Authorities are able to provide training for the others. All authorities provided the General Secretariat with the requested information.

The training needs covered around (15) area, the number of staff who needs trainings estimated at 157 employees from all Authorities which responded to the questionnaire. The training needs are in fields of surveillance systems, the relation between surveillance departments and the markets, disclosure and e-disclosure, insiders disclosure and electronic software applicable in this regard, the oversight over the instruments of collective investment schemes, dealing with new tools and index funds, ETF's trading and methods of investigation and enforcement.

Based on the results of the survey, which was prepared for the purpose of the bilateral exchange training programs implementation, (6) practical training programs were identified commensurate with the training needs of some Union members. The programs were selected according to the table (No. 3), which shows the details of the training programs in terms of the topics and the concerned authority. These training programs cover most of training needs.



Table (3): Bilateral Exchange Program

Authority that provides training	Country	Training topics
Jordan Securities Commission	Jordan	<ol style="list-style-type: none"> 1. Inspection and management methods 2. investigation and enforcement systems
Securities and Commodities Authority	United Arab Emirates	<ol style="list-style-type: none"> 1. disclosure and e-disclosure systems
Capital Market Authority	Saudi Arabia	<ol style="list-style-type: none"> 1. Oversight of the joint investment tools and ETF index funds 2. Insider Trading 3. Methods of monitoring money laundering operations 4. Accounting Systems for brokerage firms, follow-up and IT Audit for these systems
Qatar Financial Markets Authority	Qatar	<ol style="list-style-type: none"> 1. Dispute Resolution Procedures 2. Trading surveillance systems, methods of management and oversight parties relation with financial markets
Egyptian Financial Supervisory Authority	Egypt	<ol style="list-style-type: none"> 1. Monitoring the efficiency and adequacy of the brokerage firms capitals and methods of oversight systems to brokerage firms 2. Conditions of licensing and dealing with the authorized parties 3. Methods of monitoring the corporate governance principles implementation and procedures implemented to evaluate the compliance with these principles
Conseil Déontologique des Valeurs Mobilières	Morocco	<ol style="list-style-type: none"> 1. Investors education and awareness programs and applicable methods in dealing with investors 2. Oversight Authority dealing with the media, control on news related to capital markets and dealing with the information dissemination companies 3. The strategic planning in the Authority and its importance in the development and the assessment of the achievement

Some Arab authorities requested specific training in particular areas related to the nature of their needs in addition to the proposed programs in the survey. These needs focused particularly on the organization of the Islamic sukuk dealing, irregularities oversight, financial crimes, types of fraud and the laws applicable to this area, risk management and researches in the promotion of public shareholding companies.

Table (4) shows the requested additional trainings requested by the concerned parties. It is worth mentioning that the number of trainees for these programs is (50) employees. Thus, the total number of staff who would be trained through bilateral exchange programs is (207) employees.

Table (4): Additional training required by UASA members

Other areas of required trainings	The concerned Authority
1. Irregularities, financial crimes, types of fraud and identifying the applicable law in this area	Saudi Arabia
2. Identify the provisions and sanctions brought against individuals involved in financial irregularities	Saudi Arabia
3. Policies and procedures of dealing with investors complaints, analysis and coordination with the concerned departments on each issue	Saudi Arabia
4. Stock market analysis, assessment of the listed shares and periodically reporting	Syria
5. Risk Management	Syria
6. Methods of enhancing the activity of listed companies and brokerage firms	Syria
7. Islamic Sukuk issuance, the prospectus for these tools and the regulatory requirements and tools	Jordan, Oman, Palestine
8. Oversight of the initial public offering (IPOs)	Libya
9. Regulatory reporting	Libya
10. Capital markets	Oman

In 2013, three bilateral training programs were held in Dubai, Amman, and Doha. The following is a summary of these programs:

1) The Bilateral Exchange Program on Disclosure and E-disclosure Systems

The Securities & Commodities Authority (SCA) held in cooperation with the Union of Arab Securities Authorities (UASA) Secretariat a training program on disclosure and e-disclosure systems at the headquarters of the Securities and Commodities Authority in Dubai on the 20th of May 2013. Fifteen trainees representing four different Arab Securities Authorities have participated in this training program, in addition to the participation of other local organizations. During the program, SCA's experience on of disclosure and e-disclosure were reviewed, including the use of the XBRL language in order to enhance disclosure efficiency and transparency in United Arab Emirates capital market.



2) The Bilateral Exchange Program on Investigation and Enforcement

The Jordan Securities Commissions (JSC) held in cooperation with the Union of Arab Securities Authorities (UASA) Secretariat a training program on investigation and enforcement systems at the headquarters of the JSC in Amman on the 29th and 30th of May 2013.



Forty two trainees representing seven different Arab Securities Authorities have participated in this training program, in addition to the participation of other local organizations. During the program, JSC's experience on investigation and enforcement were reviewed, in order to enhance the efficiency and transparency in the Jordanian capital market.

3) The Bilateral Exchange Program on “Dispute Resolution Procedures” in Qatar

The Qatar Financial Markets Authority (QFMA) held in cooperation with the Union of Arab Securities Authorities (UASA) Secretariat a training program on “Dispute Resolution Procedures” at St. Regis hotel in Doha on the 15th of Dec 2013. Thirty four trainees representing a number of different Arab Securities Authorities have participated in this training program, in addition to the participation of other local organizations.

In addition to the above mentioned programs, The Saudi Capital Market Authority will organize in cooperation with the Union of Arab Securities Authorities (UASA) the 4th bilateral exchange training program on “Saudi CMA Market Oversight Operations”.

The program aims to provide participants with the mechanisms and oversight procedures applied in the Saudi Capital Market Authority particularly in the areas of investment funds regulation, market oversight, insider trading, e-surveillance, applicable procedures in the field of investigation and prosecution, irregularities in the market system, money laundering operations oversight, and inspection of information systems for the financial markets.

A group of the Saudi CMA officials will provide the training to the participants. The program will be held at the headquarters of the Saudi CMA building on 25th and 26th of February 2014. It is worth mentioning that the organization of this program comes in implementation of the UASA's work plan in the field of training and exchanging knowledge.



8. Expanding the Union membership Base

In the context of its pursuit to expand the base of its membership, the Union continued through 2013 his efforts in order to complete the joining of more Arab countries in the membership of the Union to strengthen the bonds of cooperation between Arab countries for the benefit of the Arab capital markets and economies and to meet the basic objectives of the Union in this area.

The Board of the Union approved the membership of the Capital Markets Authority of Lebanon as a new active member in the annual meeting held in February 2013 in Kuwait. The capital Markets Authority of Lebanon founded under Law No. 161 for the year 2011 in order to maintain the integrity of the savings in the financial sector, and encourage financial markets in Lebanon in coordination with different concerned parties through the organization and the development of financial markets, the reduction of the systemic risk and protecting the investors from illegal transactions in addition to many other regulatory functions related to the capital market. The Authority Board of Directors is composed of seven members, headed by the Bank of Lebanon's governor.

Also during 2013, The Union intensified the communication and coordination with the Tunisian Capital Market Authority (CMF) in order to complete the requirements of full membership in the UASA. It is worth mentioning that the CMF was established in 1994 under Law No. 117 for the year 1994, and considered as an independent public authority that have legal and financial autonomy based in Tunisia.

The board of CMF consists of a President and nine members. CMF responsibilities include the protection of savings invested in securities, market regulations and prevent manipulation to ensure proper functioning. It's also responsible for monitoring the financial information and offenses and penalties or violations of laws and regulations . Tunis Stock Exchange, Depository and Clearing Corporation and brokerage companies are regulated by the CMF. CMF's supervision includes disclosure, settlement of securities, brokerage companies, and collective investment schemes.

9. Studies, Reports and statistical surveys:

a. Report on Investor Education and Awareness Programs in Arab Capital Markets

The General Secretariat of the Union prepared in 2013 a report on the "Investor Education and Awareness Programs in Arab Capital Markets compared with some international experiences". This report focused on investor education and awareness programs in terms of providing information, programs and documentation for investment methods and arithmetic operations used within this framework, in addition to information and programs about the modern investment tools. The report also stated the institutions which are supporting and evaluating awareness and education, noting the most successful awareness and education programs internationally, particularly the impact of these institutions on investors' decisions.

The report studies the current situation of investor awareness and education programs at the Arab capital markets and compare it with the international capital markets. The report concluded with a set of recommendations that can be adopted to contribute in strengthening the role of the Arab Securities Authorities in providing effective educational programs to help achieving the goals of investors' protection and enable them to make their investment decisions wisely which improves the efficiency and transparency of the Arab Capital Markets.

Global capital markets and international organizations demonstrated great and growing interest in the issue of investor awareness and education due to the significant role of these programs in providing a suitable investment environment that contributes to enhancing the efficiency and transparency of capital markets.

Capital market institutions in a large number of countries around the world have allocated significant resources to provide advanced and diverse awareness and education programs that meet the needs of investors in the various sectors. These programs are designed to include all segments of the community such as school and university students, housewives, police and army, professionals and others.

Also, simplified teaching aids have been provided to meet the basic requirements for investment in the financial markets as well as sophisticated means covering the complex aspects of investment and new investment tools, such as Exchange Trading Funds, ETF's, Futures and Options and other tools.

Within this context, most of the international specialized institutions showed special attention to this aspect. In June this year, the International Organization of Securities Commissions (IOSCO) launched a new gateway named the Investor Gateway, which aims to provide comprehensive information and data about the investor education programs of the member states, in addition to the information available to IOSCO on investor education.

The Organization for Economic Cooperation and Development (OECD) also demonstrated special interest in this matter as apparent in many publications, releases and events associated with the applied strategies to educate investors and other programs.

At the level of Arab capital markets, the information and data on the subject of investor awareness and education available on the websites of Arab securities authorities and Arab financial markets showed disparity in the level of programs offered to investors in terms of their comprehensiveness, efficiency and effectiveness. It was found that there was a group of Arab capital markets that offer awareness and education programs characterized by comprehensiveness and high professionalism that were developed on the basis of a clear strategy for investor education, in addition to providing the mechanisms for updating and developing these programs and having them evaluated by the beneficiaries of these programs.

In contrast, there is a shortage of available programs for investor education in another number of Arab capital markets, where the programs available in these markets are still very limited. These countries need to develop clear strategies in this area and need self-local capacity building to provide programs that are suitable for the status quo of these markets.

b. Study on Related Parties Transactions in Arab Capital Markets

This study has been developed in accordance with the work plan that was approved by the Board of the Union of Arab Securities Authorities (UASA) in its meeting held in the city of Kuwait on February 3rd, 2013. The study based on the survey, which was conducted by the Secretariat General of the UASA and the Organization for Economic Cooperation and Development (OECD), whereby the Arab Securities Authorities member of the UASA as well as the Financial Oversight Board of Tunisia were requested to fill a questionnaire to identify the experiences of Arab Capital Markets in the oversight over transactions with related parties.

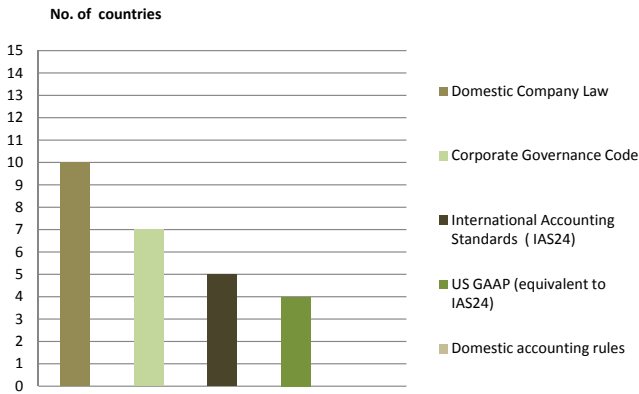
Within this context, all UASA member authorities answered the questionnaire. The results of the questionnaire were studied and analyzed by the UASA Secretariat General and the OECD in order to reach a deeper understanding of the issue of control over related party transactions and the operational practices of the Arab capital markets in this regard.

Generally speaking, the results of the survey showed the important and vital role played by the Arab Securities Authorities in the area of oversight over transactions with related parties. This is apparent through the procedures applied in the Arab capital markets in area of disclosure of transactions with related parties, control procedures and enforcement procedures applied by the Arab Securities Authorities to reduce the impact of related party transactions that are inconsistent with the legislations in force.



Graph no. (5)

Definition of RPTs in Arab Capital Markets



The study came up with a set of recommendations based on the results of the survey conducted in this regard. The adoption of these recommendations will contribute to the enhancement of oversight efforts in the face of adverse effects resulting from related party transactions that are inconsistent with the legislations in force, thereby enhancing the efficiency of the financial markets and improving their attractiveness to local and foreign investments.

c. Survey on the promotion of transparency in the Arab Capital Markets

Under the work plan of 2013, The General Secretariat of the Union prepared a survey on transparency in the Arab capital markets. The objective of this survey is to identify the different issues concerned with the promotion of transparency, especially in the areas of corporate governance, disclosure and insider trading in the Arab Capital Markets.

In the area of governance, the survey covered the methods applied in the field of corporate governance and social responsibility, the governance standards' relation with the auditors' reports and the possibilities available to the Arab Securities Authorities in the commitment to the principles of governance.

In the area of disclosure, the survey discussed the subject of the legislative framework that supports disclosure of electronic systems adopted in this area, the nature of the information required to be disclosed and the role of oversight bodies in monitoring capabilities as well as a measuring the extent of compliance with disclosure legislation and penalties for violators.

As for insider trading, the survey aims to identify the legislative framework governing the oversight of insider trading and if there are electronic systems which can help in detecting such transactions, in addition to identifying control procedures in this area, the penalties imposed and the powers granted to the regulators in this area.

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UASA's Financial Statement



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INDEPENDENT AUDITORS REPORT TO THE BOARD MEMBERS OF: UNION OF ARAB SECURITIES AUTHORITIES

Report on the Financial Statements

We have audited the accompanying financial statements of Union of Arab Securities Authorities (the "Union"), which comprise the statement of financial position as at 31 December 2013 and the statement of income and expenses, statement of changes in general reserve account and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Union as at 31 December 2013 and its financial performance and its cash flows for the year ended in accordance with International Financial Reporting Standards.

Signed by:
Mohammad Mobin Khan
Partner
Ernst & Young
Registration No. 532
23 January 2014
Abu Dhabi
A member firm of Ernst & Young Global Limited

STATEMENT OF INCOME AND EXPENSES

for the year ended 31 December 2013

	Notes	2013 (AED)	2012 (AED)
Income			
Membership fees	4	607,200	552,000
Contributions from hosting country	5	534,060	535,973
Interest Income		25,288	36,575
Total income		1,166,548	1,124,548
Expenses			
Salaries and wages	6	1,177,600	(379,178)
General and administrative expenses	7	685,024	(305,594)
Total expenses		(1,862,624)	(684,772)
(Deficit) Surplus of income over expenses for the year		(696,076)	439,776

Note: The attached notes 1 to 16 form part of these financial statements

STATEMENT OF FINANCIAL POSITION

At 31 December 2013

	Notes	2013 (AED)	2012 (AED)
Assets			
Non-current assets			
Property and equipment	8	16,794	28,814
Current assets			
Receivable balances	10	281,688	210,275
Cash and cash equivalents	9	3,718,880	4,405,946
		4,000,568	4,616,221
TOTAL ASSETS		4,017,362	4,645,035
Non-current liability			
Employers' end of service benefits	11	68,828	4,907
Current liability			
Accounts payable and accruals	12	97,764	93,282
TOTAL LIABILITIES		166,592	98,189
Net Assets		3,850,770	4,546,846
Attributed to:			
General Reserve	13	3,850,770	4,546,846

The final statements were authorized for issue on 23rd January on behalf of the Union by:

Mr. Jalil Tarif
General Secretary



Note: The attached notes 1 to 16 form part of these financial statements

STATEMENT OF CASH FLOWS
For the year ended 31 December 2013

	Notes	2013 (AED)	2012 (AED)
OPERATIONG ACTIVITIES		(696,076)	439,776
(Deficit) surplus for the year			
Adjustments for:	8	14,930	14,405
Depreciation		(25,288)	(36,575)
Interest income	11	63,921	4,907
Provision for employees' end of service benefits		(642,513)	422,513
Working capital changes			
Receivable balances		(71,413)	7,698
Accounts payable and accruals		4,482	(55,654)
Cash (used in) from operation		(709,444)	374,557
Employees' end of service benefits paid	11	-	(54,688)
Net cash (used in) from operating activities		(709,444)	319,869
INVESTING ACTIVITIES			
Purchase of property and equipment	8	(2,910)	-
Interest income received		25,288	36,575
Net cash from investing activities		22,378	36,575
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		(687,066)	356,444
Cash and cash equivalents in the beginning of the year		4,405,946	4,049,502
CASH AND CASH EQUIVALENTS AT 31 DECEMBER 2013	9	3,718,880	4,405,946

Note: The attached notes 1 to 16 form part of these financial statements

STATEMENT OF CHANGES IN GENERAL RESERVE ACCOUNT
For the year ended 31 December 2013

	2013 (AED)	2012 (AED)
Balance at 1 January	4,546,846	4,107,070
(Deficit) surplus of income over expenses for the year	(696,076)	439,776
Balance at 31 December	3,850,770	4,546,846

Note: The attached notes 1 to 16 form part of these financial statements

1. LEGAL FORM AND ACTIVITIES

Union of the Arab Securities Authorities (the “Union”) is an independent legal personality and non-profit entity, which was established under the approval of its members on 30 January 2007, taking Abu Dhabi in the United Arab Emirates as the headquarter of the Union and the General Secretariat. The active member which hosts the General Secretariat bears 25% of the total annual budget of the Union, and provides payment of annual membership fees.

The Union aims to upgrade the legislative and regulatory framework for Arab securities markets, and provides possible technical assistance to all members for markets development.

Membership of the Union’s Board of Directors is composed of the following countries: United Arab Emirates, Jordan, Algeria, Saudi Arabia, Syria, Iraq, Oman, Palestine, Qatar, Kuwait, Egypt, Lebanon, Morocco and Libya.

The number of staff of the Union as at 31 December 2013 were three employees (31 December 2012: two employee).

2. BASIS OF PREPARATION

The financial statements have been presented in United Arab Emirates Dirhams (“AED”), which is the functional currency of the Union. The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

The financial statements are prepared under the historical cost convention.

2.1. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

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

Amendments on accounting estimates are recognized in the period of estimate adjustment and in any periods affected in the future.

2.2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

New standards, interpretations and amendments adopted by the Union

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of the Union’s financial statements for the year ended 31 December 2012, except for the adoption of the following new standards and interpretations as of 1 January 2013:

IAS 1 Presentation of Financial Statements: Presentation of Items of Other Comprehensive Income – Amendments to IAS 1

The amendments to IAS 1 introduce a grouping of items presented in other comprehensive income. Items that could be reclassified (or recycled) to profit or loss at a future point in time (e.g. Net gain on hedge of net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) now have to be presented separately from items that will never be reclassified (e.g. actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendment affected presentation only and had no impact on the Union’s financial position or performance.

IFRS 10 Consolidated Financial Statements and IAS 27 Separate Financial Statements

IFRS 10 establishes a single control model that applies to all entities including special purpose entities. IFRS 10 replaces the parts of previously existing IAS 27 Consolidated and Separate Financial Statements that dealt with consolidated financial statements and SIC-12 Consolidation – Special Purpose Entities. IFRS 10 changes the definition of control such that an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. To meet the definition of control in IFRS 10, all six criteria must be met, including: (a) an investor has power over an investee; (b) the investor has exposure, or rights, to variable returns from its involvement with the investee; and (c) the investor has the ability to use its power over the investee to affect the amount of the investor's returns. IFRS 10 had no impact on the investments held by the Union.

IFRS 13 Fair Value Measurement

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The application of IFRS 13 has not materially impacted the fair value measurements carried out by the Union.

IFRS 13 also requires specific disclosures on fair values, some of which replace existing disclosure requirements in other standards, including IFRS 7 Financial Instruments: Disclosures. IFRS 13 had no impact on the Union's financial position or performance.

IFRS 1 First-time Adoption of international Financial Reporting Standards

The standards was amended with effect for reporting periods starting on or after 1 January 2013. The Union is not a first-time adopter of IFRS; therefore, this amendment is not relevant to the Union.

The Union has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

IAS 1 Presentation Of Financial Statements- Clarification of the requirement for comparative information (Amendment)

The amendment to IAS 1 clarifies the difference between voluntary additional comparative information and the minimum required comparative information. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the minimum required comparative period. The additional voluntarily comparative information does not need to be presented in a complete set of the financial statements.

An opening statement of financial position (known as the 'third balance sheet') must be presented when an entity applies an accounting policy retrospectively, makes retrospectively restatements, or reclassifies items in its financial statements, provides any of those changes has a material effect on the statement of financial position at the beginning of the preceding period. The amendment clarifies that a third balance sheet does not have to be accompanied by comparative information in the related notes. Under IAS 34 Interim Financial Reporting, the minimum items required for financial statements do not include a third balance sheet. This has no impact on the financial statements of the Union.

IAS 19 Employee Benefits (Revised 2011) (IAS 19R)

IAS 19R includes a number of amendments to the accounting for defined benefit plans, including actuarial gains and losses that are now recognized in other comprehensive income and permanently excluded from profit and loss; expected returns on plan assets that are no longer recognized in profit or loss. Instead, there is a requirement to recognize interest on the net defined benefit liability (asset) in profit or loss, calculated using the discount rate used to measure the defined benefit obligation, and; unvested past service costs are now recognized in profit or loss at the earlier of when the amendment occurs or when the related restructuring or termination costs are recognized. Other amendments include new disclosures, such as, quantitative sensitivity disclosures.

In case of the Union, the transition to IAS 19R did not have an impact on the employees' end of service benefits obligations.

IFRS 7 Financial Instruments: Disclosures Offsetting Financial Assets and Financial Liabilities Amendments to IFRS 7

The amendment requires an entity to disclose information about rights to set-off financial instruments and related arrangements (e.g. collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognized financial instruments that are set off in accordance with IAS 32. The disclosure also apply to recognized financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether the financial instruments are set off in accordance with IAS 32. As the Union is not setting off financial instruments in accordance with IAS 32 and does not have relevant offsetting arrangements, the amendment does not have an impact on the Union.

2.3. STANDARDS ISSUED BUT NOT YET EFFECTIVE

Standards issued but not yet effective up to the date of issuance of the Union's financial statements are listed below. This listing of standards and interpretations issued are those that the Union reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. The Union intends to adopt these standards when they become effective.

- IAS 9 Financial Instruments: Classification and Measurement.
- Annual Improvement to IFRS

The Union, expects no material impact from the adoption of the above new standards and amendments on its financial position or performance.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Income

The Union's income is basically composed of annual membership fees received from members, in addition of annual contributions which the Union receives from the United Arab Emirates to cover 25% of the Union's annual budget. Income is recognized in the statement of income and expense according to the accrual basis.

Interest income is recognized when accrued using the effective interest method.

Property and equipment

Property and equipment are recorded at cost, less accumulated depreciation and any impairment in value. Management determines the useful lives and the residual value for some of the fixed assets based on the defined usage for assets and the expected economical lives of these assets. Subsequent changes in conditions such as technical updates or the possible usage for certain assets may result in different useful lives or residual values from initial estimates. Management reviewed the residual values and useful lives for the main items of property and equipment and has approved not to perform any amendments.

Profit and loss arising from the disposal of any items of property and equipment through comparing disposal proceeds with the deferred value of the property and equipment and is recognized in the statement of income and expenses. Depreciation is calculated in the statement of income and expenses on a straight line basis over the estimated useful lives of the property and equipment as follows:

- Vehicles 3 Years
- Tools and equipment 4 years

Financial Instruments

Fair values of financial instruments are based on estimated fair values using such methods as net present values of future cash flows or by reference to the market value of similar instruments.

Impairment

Financial assets

Financial assets are assessed at the reporting date to determine if there is an objective evidence that there is an impairment, financial assets are impaired if there is an objective evidence of an existing event which has a negative impact on the expected future cash flows for that asset.

Impairment related to that asset is measured as cost and as difference between the deferred value and current value of the expected future cash flows for that asset discounted by the effective interest rate method.

Impairment losses are reversed if such reversal can be linked objectively to an event which occurred after recognizing impairment losses. As for financial assets measured by amortized cost, they are recognized by reversing them in the statement of income and expenses.

Receivables

Receivables are measured by cost less impairment.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash in hand and bank balances.

Accounts payable and accruals

Liabilities are recognized for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the statement of financial position date. All differences are taken to the statement of income and expense. Foreign currency profit or losses relating to monetary items represents the difference between the amortized cost of the Union's operation at the beginning of the period- adjusted to actual interest paid during the period and the transferred amortized cost in foreign

currencies at the ruling date at the end of the period.

Non-financial assets and liabilities denominated in foreign currencies are translated through historical cost using the exchange rate at the reporting date in the statement of income and expenses.

Provisions

Provisions are recognized when the Union has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefit will be required to settle the obligation and a reliable.

Payable and accruals

When the time value of money is significant, the fair value is estimated as the present value of the principle amounts and the future interest cash flows, discounted by the market value at the reporting date.

4. MEMBERSHIP FEES

Membership fees consists of annual fees paid by participators members, totaled 16 members as of 31 December 2013 (31 December 2012: 12 members). Subscription per member amounts of AED 55,200 for new members, whereas renewal fees amount to AED 36,800.

5. CONTRIBUTIONS FROM HOSTING COUNTRY

This represents UAE's contributions to cover 25% of the Union's annual budget.

6. SALARIES AND WAGES

	2013 (AED)	2012 (AED)
Basic salaries	936,660	292,467
Housing allowances	176,640	71,177
Car and transportation allowance	11,000	7,767
Other allowance	53,300	7,767
Total	1,177,600	379,178

7. GENERAL AND ADMINISTRATIVE EXPENSES

	2013 (AED)	2012 (AED)
Conferences and symposium	10,933	21,760
Subscription fees	150,760	-
Travel tickets	118,200	26,116
Hotel and hospitality	2,558	14,426
Advertisement, promotion and publications expenses	6,500	49,372
Bank expenses	7,776	7,759
Insurance	40,665	3,527
Experts and consultants fees	15,000	15,000
Website expenses	32,800	28,600
Travel and official mission expenses	133,250	61,000
Depreciation expenses	14,930	14,405
Other expenses	151,652	63,629
Total	685,024	305,594

8. PROPERTY AND EQUIPMENT

	Vehicle (AED)	Tools and Equipment (AED)	Total (AED)
2013			
Cost:			
At 1 January 2013	102,800	68,527	171,327
Additions during the year	-	2,910	2,910
At 31 December 2013	102,800	71,437	174,237
Depreciation:			
At 1 January 2013	102,800	39,713	142,513
Charge for the year	-	14,930	14,930
At 31 December 2013	102,800	54,643	157,443
Net carrying amount at 31 December 2013	-	16,794	16,794
2012			
Cost:			
At 1 January 2012	102,800	68,527	171,327
Additions during the year	-	-	-
At 31 December 2012	102,800	68,527	171,327
Depreciation:			
At 1 January 2012	102,800	25,308	128,108
Charge for the year	-	14,405	14,405
At 31 December 2012	102,800	39,713	142,513
Net carrying amount at 31 December 2012	-	28,814	28,814

9. CASH AND CASH EQUIVALENTS

	(AED) 2013	(AED) 2012
Current accounts	218,880	905,946
Term deposit with a local bank	3,500,000	3,500,000
Total	3,718,880	4,405,946

Term deposit with a local bank carries interest rate at 0.72% per year (2012: 1.64% per year).

10. RECEIVABLE BALANCES

	(AED) 2013	(AED) 2012
Interest receivable	5,688	7,875
Balances due from related parties (Note 14)	276,000	202,400
Total	281,688	210,275

As at 31 December, the ageing of unimpaired due from related party is as follows:

	Total (AED)	Neither past due nor impaired (AED)	Past due but not impaired			
			30-60 days (AED)	60-90 days (AED)	90-120 days (AED)	>120 days (AED)
2013	276,000	-	-	-	-	276,000
2012	202,400	-	-	-	-	202,400

Unimpaired receivables are expected, on the basis of past experience, to be fully recoverable. It is not the practice of the Union to obtain collateral over receivables and the vast majority are, therefore, unsecured.

11. EMPLOYEES' END OF SERVICE BENEFITS

	(AED) 2013	(AED) 2012
Balance as at 1 January	4,907	54,688
Provision during the year	63,921	4,907
Paid during the year	-	(54,688)
Balance as at 31 December	68,828	4,907

12. ACCOUNTS PAYABLE AND ACCRUALS

	(AED) 2013	(AED) 2012
Accrued expenses	36,019	-
Other payable	61,745	93,282
Total	97,764	93,282

13. GENERAL RESERVE

This account represents the Union's net assets. The movement in this account represents the deficit for the year amounting to AED 696,076 (2012: Surplus for the year amounting to AED 439,776).

14. RELATED PARTY TRANSACTIONS

Related parties transactions represent transactions with the Union's members and key management personnel. Amount due from related parties in the statement of financial position comprise the following:

Transaction with related parties in the statement of income and expenses represent membership fees amounting to

	(AED) 2013	(AED) 2012
Algeria	110,400	73,600
Syria	36,800	36,800
Libya	128,800	92,000
Total	276,000	202,400

AED 607,200 (2012: AED 552,000) and contribution from the hosting country amounting to AED 534,060 (2012: AED 535,973).

Compensation of key management personnel

Key management personnel represent the general secretary and the Union's employees. Total salaries, benefits of key management during the year were as follows:

	(AED) 2013	(AED) 2012
Salaries, benefits and remunerations	1,177,600	379,178
Employees' end of service benefits	68,828	54,688

15. RISK MANAGEMENT

The main risks arising from the Union's financial instruments are interest risk, liquidity risk, credit risk and foreign currency risks.

The Union's management reviews and approves each policy for managing these risks which are summarized below.

INTERST RATE RISK

The Union is exposed to interest rate risk related to its term deposit with a local bank.

The following table demonstrates the sensitivity of the statement of income and expenses to reasonably possible changes in interest rates, with all other variables held constant.

	Effect on income (AED)
2013	
+1% increase	35,000
-1% decrease	(35,000)
2012	
+1% increase	35,000
-1% decrease	(35,000)

Credit risk

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to financial loss.

The Union limits credit risk related to banks by dealing with reputable banks only.

Liquidity risk

The Union limits liquidity risks by making available cash facilities with banks.

The Union's undiscounted financial liabilities at 31 December 2013 and 31 December 2012, based on contractual payment dates and current market interest were less than three months.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Union manages its banks accounts in UAE Dirhams, which is the functional currency, thus the management does not believe that the Union is exposed to foreign currency risk.

16. FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise of financial assets and liabilities.

Financial assets consist of receivables, bank balances and cash. Financial liabilities consist of payables.

The fair values of financial instruments are not materially different from their carrying values.

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Jordan

Jordan Securities Commission

Arjan Area – Near the Ministry of Interior – Behind Regency Hotel

President:	Mr. Mohammed Saleh Hourani
Telephone:	(+962) 6 560 7171
Fax:	(+962) 6 568 6830
Website:	www.jsc.gov.jo

United Arab Emirates

Securities and Commodities Authority

Abu Dhabi - Hamdan Street - AL Gaith Tower -13th Floor

President:	Mr. Abdullah Salem Al-Turifi
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Fax:	(+971 2) 6274600
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Algeria

Cosob

17 campagne chkiken 16045 vald hydra

President:	Mr. Abdelkareem Berah
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Fax:	+213 (0) 21 59 10 13
Website:	www.cosob.org

Saudi Arabia

Capital Market Authority

Al Faisaliah Tower, King Fahd Road

Chairman:	Mr. Mohammed Bin Abdulmalik Al Sheikh
Telephone:	(+966 1)2053000
Fax:	
Website:	www.cma.org.sa

Syria

Syrian Commission on Financial Markets and Securities

Floor 3, Old Prime Ministry Bldg., Sabeh Bahrat Square.

President:	Dr. Mohammed Al-Emadi
Telephone:	+(963)11 3310487
Fax:	+(963)11 3310722
Website:	www.scfms.sy

Iraq

Iraqi Securities Commission

Baghdad, al Mansour, Almutanabi area, Mahala 603, st. 48, Res no. 2

President:	Dr Abdul Razak Dawood al-Saadi
Telephone:	5421750 / 7270007023
Fax:	
Website:	www.isc.gov.iq

Oman

Capital Markets Authority

3359, 112 Ruwi - Sultanate of Oman

Chairman :	Mr. Abdullah Salem Al Salmi
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Fax:	(+968 2)4817471
Website:	www.cma.gov.om

Palestine

Palestine Capital Market Authority

4041 – El Bireh

President:	Mr. Maher Al-Masri
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Fax:	(+972 2)973334
Website:	www.pcma.ps

Qatar

Qatar Financial Markets Authority

Alkhaleej Al Arabi, Qatar Financial Center, Tower 2

President:	Mr. Nasser Ahmed Shaibi
Telephone:	(+974 4)4289999
Fax:	(+974 4)4441221
Website:	www.qfma.org.qa

Kuwait

Capital Markets Authority

Ahmad Tower, East – Al Khaleej el Arabist.

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Egypt

Egyptian Financial Supervisory Authority

Smart Village, building no. 5A – 84 B Kilo 28 Egypt – Alexandria road Giza province

Chairman:	Mr. Sherif Samy
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Email:	oir@efsa.gov.eg
Website:	www.efsa.gov.eg

Morocco

Conseil Déontologique des Valeurs Mobilières

Rabat : Siège

6 rue Jbel Moussa Agdal-Rabat - Maroc

President:	Mr. Hasan Boulaqnadel
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Lebanon

Capital Markets Authority of Lebanon

Mid Beirut – Riyadh Al Solh St. – building no. 87

Chairman:	Mr. Riad Salame
Telephone:	(+961 1) 750042
Fax:	
Website:	www.cma.gov.lb

Libya

Libyan Stock Market

Al Andalus Area - Tripoly

President:	Mr. Mohammed Fakroun
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Fax:	218 61 909 3067
Website:	www.lsm.ly