

International investor's guide to the Moroccan capital markets

This is intended to be a first-step resource for international investors interested in investing in Morocco through Capital Markets and the stock exchange.

In this guide, we provide information on the general macro-economic framework of the Kingdom of Morocco, a summary of the regulatory framework as well as presentation of market infrastructures and stock market. This document also comprises practical insights on market access, listing rules, required financial disclosure, trading, post trade mechanisms, fund repatriation and investor protection mechanisms.

Overview

General Information

Capital	Rabat
Main cities	Casablanca, Fez, Marrakech, Tangier, Agadir
Institutional system	Constitutional monarchy
Administrative division	12 regions
Area	710 850 km2
Position	North Africa
Climate	Mediterranean
Time zone GMT+1	GMT+1
Main languages	Arabic, Amazigh, French
Commonly used languages	English, Spanish

Economy

GDP (2022)	132,4 Billion USD
GDP PER CAPITA (2022)	3603,45 USD
Inflation (2023)	6,1%
Growth Rate (2023)	3,3%

International exchanges

Value of Exportations (2023)	42,6 Billion USD
Value of Importations (2023)	71.1 Billion USD

The Financial Ecosystem

■ The Moroccan Capital Market Authority (AMMC)

The Autorité Marocaine du Marché des Capitaux (AMMC) regulates the Moroccan capital market place, its participants and the investment products distributed via the markets. It also ensures that investors are properly informed and is a driving force behind regulatory change at both continental and international levels. As an independent public authority, it has regulatory powers and a substantial level of financial and managerial independence.

Acting as the Financial Market Authority, the AMMC was established by "Dahir", (Royal Decree) establishing Law No. 1-13-21 bearing Law No.43-12 and whose mission is to:

- Ensure the protection of savings invested in financial instruments;
- Ensure equal treatment of investors, transparency and integrity of the capital market and of the investors information;
- Ensure proper functioning of the capital market and ensure the implementation of legislative and regulatory provisions;
- Ensure control of the activity of different organizations and persons subject to its control;
- Ensure compliance with laws and regulations related to the fight against money laundering by individuals and institutions subject to its control;
- Contribute to promoting financial education for savers;
- Assist the government in the regulation of the capital market.

■ Bourse de Casablanca

An established and trusted trading center since 1929, achieving operational excellence through operating world class technology, best in class processes within a safe and regulated capital market.

Bourse de Casablanca is the second largest exchange in Africa with a market capitalization of more than 62 billion USD. And the total outstanding debt of listed corporate bonds is 315 million USD as of the end of 2023.

International investors hold 30.3% of the market capitalization and are major participants on the market.

Thanks to its robust business, operational, technical and risk management frameworks, the exchange ensures fair, orderly and transparent market.

Bourse de Casablanca operates the stock exchange, under well-defined terms of reference and complies with rules defined in a set of guidelines known as General Rules. The bourse is regulated by the Moroccan Capital Market Authority (AMMC).

Bourse de Casablanca, is a regulated market trading publically equity and corporate bonds. The exchange is working on the introduction of Exchange traded funds (ETFs) and a derivatives market.

Bourse de Casablanca is member of the WFE (World Federation of Exchanges) since October 2010, ASEA (African Securities Exchanges Association), Union of Arab Stock Exchanges as well as FISD (financial Information Services division).

Technology and business continuity

Bourse de Casablanca trades electronically since 1997 and operates world-class technology powered by LSEG (London Stock Exchange Group) Technology. The exchange operates a multi-asset solution for listing, trading and surveillance and offers business functionalities with the best industry standards, in terms of trade, post trade and market data capabilities.

The exchange runs a hot synchronous distant alternate site, which takes over in case of an outage at the primary data center. Critical systems are redundant both at the primary and secondary data center. Business recovery mechanisms, failover and disaster recovery are tested regularly internally and with clients.

Bourse de Casablanca has also implemented a solid business continuity framework using a scalable and resilient technical infrastructure, tested regularly with clients.

Certifications : ISO9001 (Quality management Systems) ISO 27001 (Information security management) ISO 22301 (Business continuity management systems).

■ Maroclear: The Central Depository

The Moroccan financial market infrastructures including Central depository, payment systems and the cash clearing system aim to observe the principles and responsibilities for FMI (Financial Market Infrastructures) published by the CPSS-IOSCO which establishes new international standards for payment systems that are systemically important, central securities depositories, securities settlement systems, central counterparties and trade repositories.

Maroclear is the Central Securities Depository in Morocco since 1997. In Morocco, the Central Depository is a key player in the way financial market securities flow amidst a dematerialized environment. As an administrator of current accounts of securities opened on behalf of its Affiliates, Maroclear is responsible for the dematerialization of securities, their retention and it has to ensure the system of Settlement/Delivery, for stock market transactions and the voluntary sector, by adopting standardized flows, largely automated processes and payment security via Bank Al-Maghrib's payment system. The institution thus provides both the necessary security and fluidity for the proper functioning of the post-market processes.

Maroclear, considered as one of the most important infrastructure of the market, the Central Depository has invested heavily in acquiring powerful technological tools. The operations are carried out according to the best international standards, in the utmost transparency and security.

Maroclear Operating TCS BaNCS solution used by 8 of the top 10 custodians worldwide.

Certifications : ISO9001 (Quality management Systems) ISO 27001 (Information security management) ISO 22301 (Business continuity management systems).

■ A large choice of financial instruments and service providers

› Equities:

- Shares listed on Bourse de Casablanca
- Shares not listed
- Other securities that provide or may provide access to capital or voting rights, such as investment certificates, subscription rights,...

› Debt securities:

- Various forms of bonds (vanilla bonds, subordinated and deeply subordinated bonds, covered bonds, convertible bonds,...)
- Sustainability themed bonds (green bonds, social bonds, gender bonds)
- Other negotiable debt instruments (commercial papers, certificates of deposit ...)

› Collective investment instruments:

- Undertakings for collective investment in transferable securities (UCITS)
- Real Estate Investment Funds
- Securitization funds
- Private equity funds.

Investment activities on the Moroccan market are facilitated by an ecosystem of regulated/licensed financial services providers such as:

- Financial advisors
- Financial analysts
- Brokers
- Custodians
- Asset managers
- Auditors



A new dynamic for capital markets

■ A new dynamic for capital investment

In this dynamic landscape, the OPCCs, with their varied investment strategies targeting diverse business development stages, with their aim to foster economic growth by channeling capital towards specialized sectors and financing avenues, gained a lot of prominence in the last year:

- As of the end of March 2024, the number of OPCC management companies stands at 14, including 10 active companies managing 13 OPCCs.
- The total net assets managed by management companies reached 255 million USD by the end of March 2024, compared to 247 million USD a year earlier.
- The active OPCCs have investment strategies targeting various stages of business development. Among these OPCCs, %62 are specialized OPCCs or prioritize certain sectors, and %54 are OPCCs dedicated to financing SMEs and start-ups.
- The legal framework governing the OPCC activity was amended in 2023. This amendment aims to strengthen the role of capital investment in economic development and establish an adequate legal framework for mobilizing savings and directing them towards regulated capital investment financing for companies.
- The main contributions of the amendment to Law No. 05-41 on OPCCs are as follows:
 - Specification of the issuance and information regime specifics of OPCCs in the said law;
 - Introduction of OPCCs with lighter operating rules, known as "OPCC-RFA," reserved for professional investors;
 - Introduction of the notion of "Professional Investor," a new category of investors eligible to subscribe to OPCC-RFA securities;
 - Introduction of the possibility for OPCC-RFA to grant loans;
 - Modification of the approval/refusal procedures for OPCC management companies;
 - Expansion of cases for withdrawing licenses from OPCC management companies;
 - Strengthening of the obligations of companies wishing to engage in the management of OPCCs.

¹ Collective Investment Schemes in Capital (CISC)

² CISC with lighter operating rules

■ The launch of Mohammed VI investment fund

The Mohammed VI Investment Fund ("FM6I" or "the Fund") was created following the High Royal Orientations to be one of the pillars of the economic recovery plan of the Kingdom of Morocco. The Fund was set up by Law n°76-20 dated 31 December 2020 as a joint-stock company wholly-owned by the State. With an initial and fully paid-up share capital of 15 billion Dirhams, the Mohammed VI Fund's primary objective is to catalyse investment by relying on its own funds and raising funds from national and international, public or private investors. The FM6I is guided by 3 principles:

- 1. Double bottom-line approach** by seeking to achieve a two-fold objective in its investments through (i) financial profitability and (ii) economic, social and environmental impact
- 2. Additionality** by investing in areas that are poorly or not covered by private financing in order to generate additionality (long term horizon, patient capital, project preparation, high ESG standards, etc.)
- 3. Multiplier effect** by mobilizing significant private financing to leverage the equity invested. It acts as a pioneer by de-risking some investments and bringing in private investors

FM6I intervenes through direct and indirect investment using equity, quasi-equity or debt. In this respect, the Fund aims at:

- enhancing companies' ability to invest and create jobs
- helping companies become regional and global players and create jobs;
- contributing to the financing of major structuring investment projects;
- promoting the dual environmental and digital transition.

To achieve these goals, FM6I activities are deployed in 4 streams

1. Direct Investments in major strategic and infrastructure projects

- FM6I can take a minority stake in sustainable infrastructure projects (water, energy, transport, etc.)
- FM6I can take a strategic minority stake in national priority sectors (healthcare, automotive, aerospace, etc)

2. Indirect investments through private equity and venture capital investments (fund of fund activity)

- Participating in equity and quasi-equity investments in Moroccan companies through sectoral or thematic sub-funds
- These sectoral or thematic sub-funds are managed by GPs selected by FM6I via a call for tenders

3. Indirect investments through subordinated debt products

- Partial financing, in conjunction with senior bank debt for investment projects undertaken by Moroccan SMEs to finance expansion or production capacity renewal investments, etc.
- The subordinated debt mechanism features advantageous conditions in terms of maturity, grace period and amount

4. Pipeline preparation

- SMEs pipeline through the creation of a program to assist companies in opening up their capital
- Infrastructure pipeline by establishing a project preparation facility (PPF) to assist project sponsors in accelerating the legal and financial structuring of projects, thereby attracting increased private investor participation.

FM6I is also signatory of the Declaration of Principles for Responsible Investment ("PRI"). This voluntary initiative demonstrates the Fund's commitment to promoting responsible and sustainable investment practices, as the first signatory of the "Asset Owner" category in Morocco.

Bourse de Casablanca : An Established Trading Center

■ Issuers on the Casablanca Stock Exchange

- The listed companies on Bourse de Casablanca offer an array of investment opportunities to suit the needs and preferences of diverse investors. The exchange boasts a range of companies that are leaders in various industries such as banking, mining, telecommunication, manufacturing, and pharmaceuticals.
- These companies have a proven track record of profitability and sustainability, making them a reliable investment option. Moreover, they adhere to the exchange's stringent listing requirements, which guarantee transparency, accountability, and good governance. Investing in the listed companies in Bourse de Casablanca provides investors with a chance to be part of the growth and development of the very promising Moroccan economy and also the Africa Economy.
- Overall, the listed companies in Bourse de Casablanca present a compelling investment opportunity for both local and foreign investors who seek to diversify their portfolios and realize their investment goals.

APE association

APE is the association of the Moroccan companies making public offerings. APE was created in 2021 on the initiative of the CGEM (Moroccan general confederation of private sector companies) and the Casablanca Stock Exchange, with the support of the Moroccan Capital Market Authority.

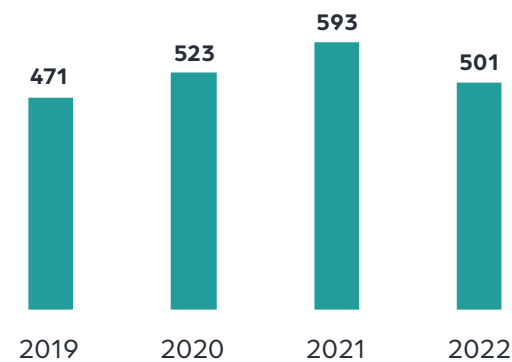
APE aims to be a proactive force in proposing legislative and regulatory changes to facilitate access to the capital market. APE objective is to propose legislative changes, improve the business environment, and activate regulatory leverages to align with the New Development Model's goals of increasing stock market capitalization and listed companies in Morocco.



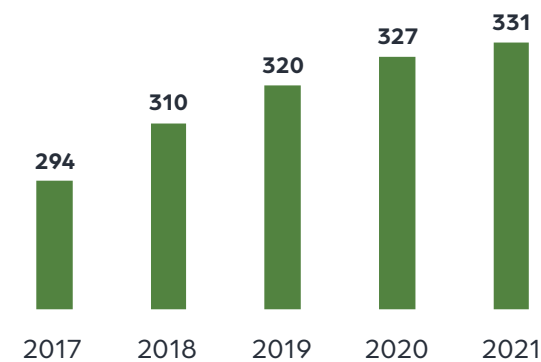
■ Strong local investors capacity and growing demand on listed assets

- The market enjoys a strong and diversified demand for available financial assets with one of the most developed asset management, pension funds and insurance sectors in Africa with 100 billion USD** in assets.
- Moroccan local institutional investors have a strong and growing assets base. They are key players who has been instrumental in driving capital market growth thanks.

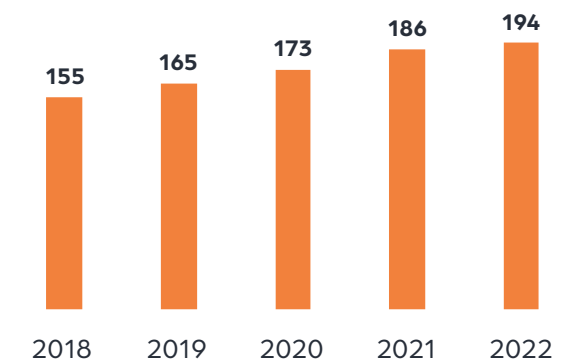
Asset Management Industry
Assets in bilion MAD*



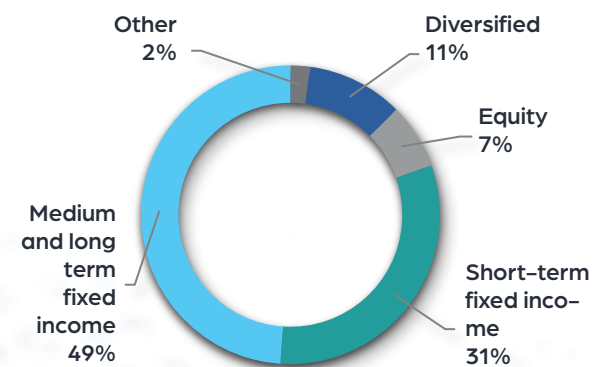
Pension funds reserves
in bilion MAD*



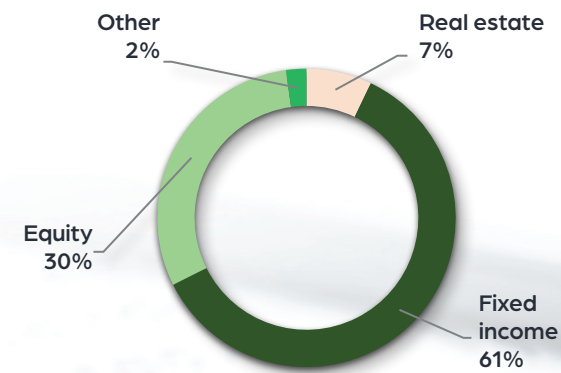
Insurance sector portfolio
in bilion MAD*



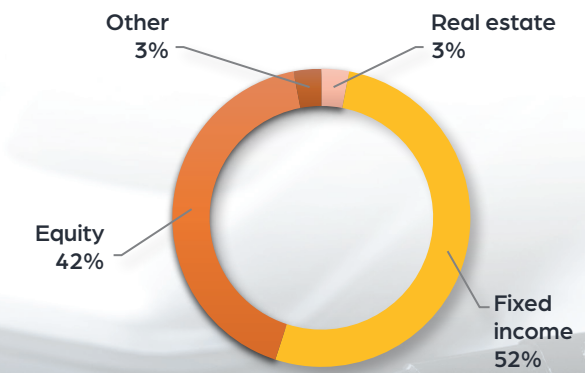
Allocation – Feb. 2023



Allocation – Dec. 2021



Allocation – Dec. 2022



*AMMC/ASFIM: Sept. 2021

** ACAPS

■ Trading and market structure

Market structure

The Exchange has two trading order books:

- The central order book: an order driven market
- The block trade order book: a regulated OTC market where a minimum size of block is required.

Trading Day and Trading Sessions

Trading occurs Monday through Friday as follows:

- Continuous mode where securities traded throughout the trading day with:
 - Opening Auction Call: 9:00 to 9:30–9:31 (random opening)
 - Regular Trading: 9:30 to 15:20
 - Closing Auction Call: 15:20 to 15:30–15:31 (random closing)
 - Closing Price Cross: 15:30 to 15:40
- Auction mode where securities trade on auction
 - Auction Call: 9:00 to 14:30–14:31 (random auction). Transactions take place at the end of the auction.

Lot size

- Lot size is 1 for all securities traded on the exchange.

Circuit breakers

- The Exchange has both static and dynamic reference price. Static circuit breakers is defined as $\pm 6\%$ from the adjusted closing price for shares trading continuously, $\pm 4\%$ for shares trading on auction and $\pm 2\%$ for corporate bonds.
- Dynamic circuit breakers is $\pm 3\%$ from the last price traded, limits not included, and is used during continuous trading mode.

Price–Time priority of orders

Orders priority is established based on Price first. If orders have the same price, the order timestamp determines the priority.

Market Access

Casablanca is well served market with 15 brokers, with proven expertise in supporting international investors. Brokers offer electronic trading capabilities as well as quality market and equity research covering Morocco and other African countries. Investors can also appoint a prime broker, who will trade through a local broker.

For more information visit : www.apsb.ma

■ Settlement cycle and Guarantee fund

- Settlement cycle is T+3.
- The basic principle governing the trade settlement system is simultaneous delivery of securities against cash payment. The settlement of trades between market participants organized by the Exchange is carried out by delivery of securities against cash payment on a reciprocal and simultaneous basis. This must occur within a standard period of time which is the period which runs from the trade date to that of theoretical settlement.
- The exchange operates a guarantee system that provides brokerage firms with a guarantee that the trades that they have executed will be settled whatever their counterparties' situation and within a predetermined maximum number of days. Bourse de Casablanca has put in place the appropriate resources required to resolve any problems arising from a shortfall in securities or cash without any loss being sustained by the counterparty which is the victim of the unsettled trade.
- The guarantee system in place is made up of three types of brokers' contributions: guarantee fund contribution, daily margin calls , and exceptional margin.
- The guarantee covers all transactions of the central market and all listed securities are guaranteed. Each brokerage firm is automatically a member of the guarantee system and is subject to the system's operating procedures. In the event that a member ceases its activity, it remains subject to the system's operating procedures until all movements are settled.

Market Data and indices

Market Data

- Bourse de Casablanca continuously invests in resilient, reliable and high performance technical infrastructure and software to support its investors activities.
- The bourse makes available its market data through the majority of major international market data vendors. The exchange makes available its data to more than 400 institutions in 30 countries.
- The exchange offers a diversified suite of products in compliance with industry standards.
- Exchange offerings include real-time feeds, reference and historical data with different levels of depth, including full order book. Our solutions are delivered in multiple formats through various channels.

Indices

- Bourse de Casablanca offers wide range of equity indices that offer investors robust Benchmarks, which can be used as underlying for financial products or to track market performance and evaluate portfolios.
- The exchange adopted a clear governance framework for its indices and is supported by an independent Scientific Committee, to ensure the market and investors interests are preserved. Both work in close collaboration with market professionals to design and calculate useful and transparent indices.

The indices suite, known as masi., includes

masi.	A comprehensive index that includes all listed stocks based on the free-float market capitalization. A 20% capping factor applies.
masi.20	The index of the 20 most liquid stocks listed on the exchange, based on total turnover and trading frequency. A 20% capping factor applies.
masi.esg	An index with the 20 stocks with the best ESG rating, where the weights are based on the ESG score, provided by an external agency.
masi.mid and small cap	A free-float index composed of 30 small and medium capitalizations. A size filter is applied to identify the mid and small cap universe, from which select 30 stocks based on their liquidity.
masi® in EUR and USD	The masi eur and masi usd are sub-indices of the masi index, the all shares index. It measures the overall performance of the market in EUR and USD and is calculated at the end of the day.
masi.total return indices	masi total return gross and net are sub-indices of the masi index in which the gross or net dividends are reinvested.
masi.sector indices	23 sector end-of-day indices designed to measure the performance of all sectors listed on the Exchange.

Investor protection

Favourable regulations

Foreign Exchange Regulation

The acquisition of financial instruments is one of the forms that foreign investment can take in Morocco.

When these investments are financed in foreign currencies by debit from a currency account or a convertible Moroccan dirham account, they benefit from a convertibility regime that guarantees the investors full freedom to:

- Transfer any income generated by these investments: dividends, distributed profit shares, interests generated by debt securities;
- Transfer the proceeds from the liquidation or sale of their investments, including capital gains.

Main tax provisions

Securities income and capital gains may be subject to taxation in Morocco, and taxation rules may vary between different types of securities. In addition, foreign investors must refer, when applicable, to tax agreements between their country of residence and the kingdom of Morocco to see what tax regime is applicable to them.

Other Regulations and Agreements

Morocco has a legal framework that provides for safe and transparent financial transactions, particularly with regard to the fight against money laundering and financing of terrorism. Market professionals (brokers, custodians, financial advisors, asset managers,...) are subject to stringent rules pertaining to these aspects.

Issuers transparency

Periodic disclosure

Issuers on the Moroccan market are subject to a series of reporting rules ensuring regular communication of relevant information to the public.

Issuers are subject to the following obligations :

Reporting period	Deadline	Content
Quarter	2 months after quarter close Q1 : End of may N Q2 : End of July N Q3 : End of November N Q4 : End of February N+1	Press release (on legal announcements newspaper and online): <ul style="list-style-type: none">- key activity and financial indicators (quarter and cumulative) compared to last year- Management comments on the performance
First semester	3 months after semester close (end of august N)	Semi-annual financial report (online): <ul style="list-style-type: none">- First semester financial statements (individual and consolidated)- Auditor's reports on individual and consolidated financial statements- Management comments on the semester's performance Press release (on legal announcements newspaper and online): <ul style="list-style-type: none">- Individual and consolidated balance sheets and income statements- Management comments on the semester's performance- Semi-annual report access link
Financial year	4 months after year close (end of April N+1)	Annual financial report (online): <ul style="list-style-type: none">- Yearly financial statements (individual and consolidated)- Auditor's reports on financial statements and on regulated transactions- Management report and management comments on yearly performance- Auditor's fees table- Annual ESG report- List of published press releases Press release (on legal announcements newspaper and online) <ul style="list-style-type: none">- Individual and consolidated balance sheets and income statements- Management comments on the semester's performance- Annual report access link

All issuer’s disclosures can be found on their respective websites as well as the AMMC website.

Issuers whose securities are listed on the alternative market have waivers from the publication of quarterly reports and some aspects of ESG reports.

ESG reporting principles

Since 2019, issuers on the Moroccan capital market are required to publish a yearly ESG report as part of their annual financial report.

The ESG report must be established according to an internationally recognized standard, and must include a set of minimal information specified by the AMMC circular n°03/19.:

It contains general information on the company’s ESG approach, strategy and commitments, as well as a set of indicators and qualitative information pertaining to the company’s engagement and performance with regards to environment, society and governance aspects.

Ongoing disclosure

In addition to their periodic disclosure requirements, issuers are required to disclose any material information as soon as it is known to them. Hence, they must publish any information pertaining to their organization, commercial, technical or financial situation and that can have a significant impact on the price of their securities or on the rights of these securities holders.

The material information should be disseminated via a press release that is published on a legal announcements’ newspaper and on the issuer’s website.

Other transparency obligations

- **Post board meeting press releases:** Issuers are required to publish a press release after the board meeting that approves financial statements (annual or semi-annual). The press release should be published on a legal announcements’ newspaper and on the issuer’s website, and should contain main approved financial indicators as well as a management discussion of the period’s performance.
- **Shareholding threshold crossing declarations :** shareholders of listed companies have the obligation to declare their holdings whenever they cross, upwards or downwards, certain threshold (5%, 10%, 20%, 33.33%, 50%, 66.66%) in the capital and voting rights of the said companies. The shareholder must declare the threshold crossing to the issuer, the AMMC and Stock exchange.



■ Issuers governance

Appointment of independent director:

Issuers are required to appoint a minimum number of independent board members (At least 2 for companies listed on the main market, and at least 1 for issuers of securities that are listed on the alternative market). Stringent minimal independence criteria are provided for by the law, and the appointment of the independent director and his remuneration are subject to the same rules and procedures applicable to other directors.

Audit Committees:

Listed companies must constitute an audit committee, composed exclusively non-executive directors. The said committee, acting under the responsibility of the board of directors, must be composed of 3 members at least, including 2 independent directors. The audit committee is chaired by an independent director with sufficient accounting or financial expertise.

Gender parity:

Starting from January 1st, 2024, the proportion of directors of each gender may not be less than 30%. Gradually, this proportion must reach 40% by 2027. The composition of committees established within the board of directors, including those required by laws (Audit Committee, Investment Committee, Salaries and Remuneration Committee, etc.), must include at least one representative of each gender starting from 2024.

Auditors rotation:

Statutory auditors are appointed for 3 years periods. The same auditor may not audit financial statements of an issuer for more than 12 financial years (4 periods of 3 years). If this maximum period is reached, the auditor may not be appointed before a 4 year period.

Shareholder rights:

Shareholders of listed companies have significant rights to enable adequate follow up of their investment and participation in the companies' governance proportionally to their holdings, particularly through shareholders meetings.

With regard to shareholders meetings, all shareholders are granted equal access to sufficient and relevant information to knowingly exercise their voting rights.

- **Pre-meeting information rights:** in addition to periodic and ongoing issuers disclosures, shareholders must be given access to all relevant information pertaining to any shareholder meeting. The said information, comprising the meeting agenda, the proposed resolutions and any reports supporting them, must be published 30 days before the shareholders meeting.
- **Proposal rights:** one or more shareholders holding 5% of the issuer's capital can require the inclusion of resolutions in the shareholders meeting agenda. This right must be exercised within 20 days before the meeting, and in this case, the company is required to publish the proposed resolutions with an indication of the company's board of directors position with regards to these resolutions.
- **Voting rights:** shareholders have voting rights that are proportional to their share holdings (although the law provides for double voting rights and non-voting shares, these instruments are very rare on the market). In addition, voting rights can be exercised remotely through videoconference or correspondence voting. The published meeting call contains all the necessary information for remote participation. It is noteworthy that shareholders that have interest in a resolution are not accounted for in the resolution votes.
- **Post-meeting information rights:** issuers must disclose detailed voting results in the two weeks following each shareholders meeting.



Useful links

- The Moroccan capital market authority : www.ammc.ma
- Bourse de Casablanca : www.casablanca-bourse.com
- The Central Depository : www.maroclear.com
- The Moroccan brokers professional association : www.apsb.ma
- The Moroccan asset managers professional association :
www.asfim.ma
- The Moroccan capital investors professional association :
www.amic.org.ma



Bourse de
Casablanca