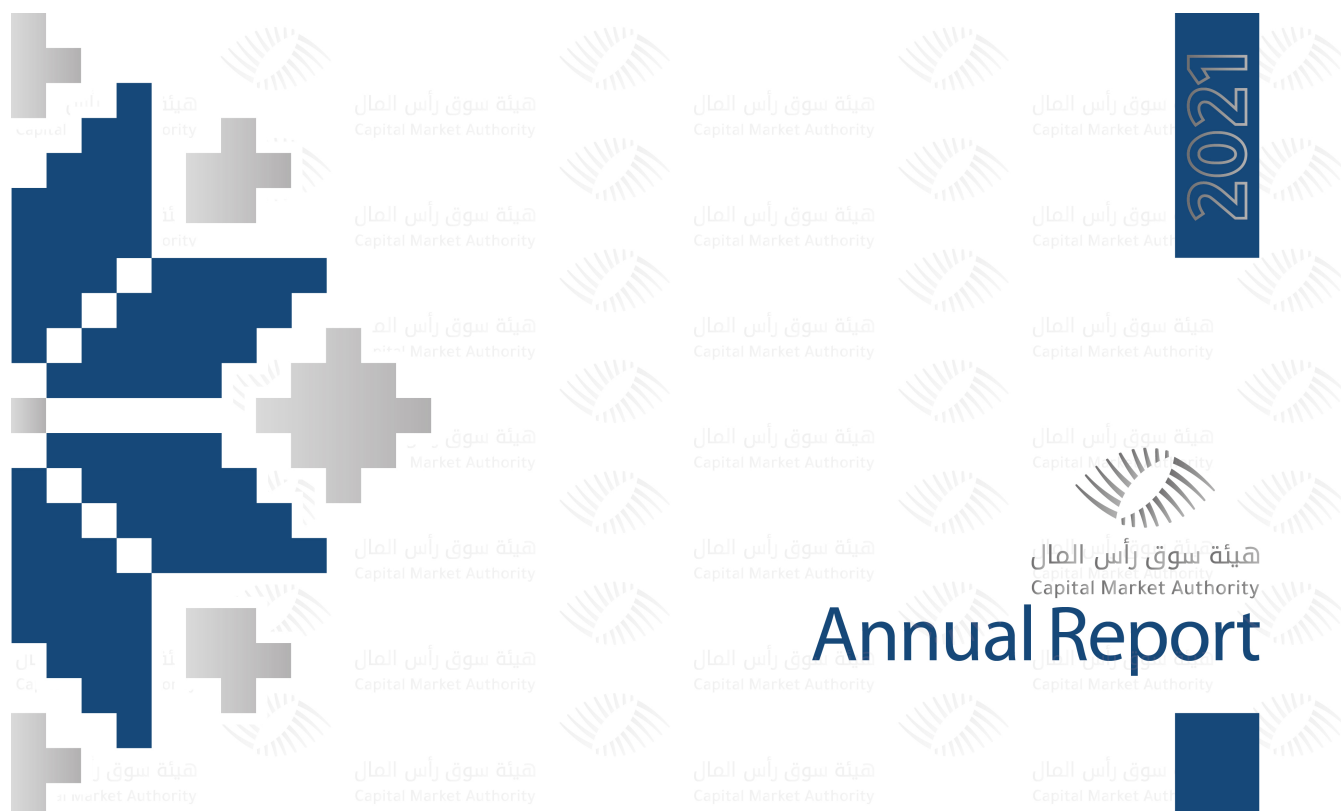


# Annual Report 2021



## Foreword by the Chairman



This presentation does not dispense with reading the full report, as it does not fully appraise the efforts expended by the Board of Directors, the executive management and those working in the various units of the PCMA. Furthermore, this presentation does not address many important details nor does it outline the efforts made in dealing with day-to-day issues or the matters that comprise the PCMA's activities. Such issues and matters, which need not be outlined here, emerge from time to time and consumes the efforts of the specialists for long periods. This presentation aims solely to give an overview of the PCMA's work during the year, drawing on some important developments that are detailed in the relevant parts of the report.

Looking back at the year 2021, it appears that we at the PCMA have become accustomed to working under the restrictive circumstances of the Covid-19 pandemic, which have persisted for the second year in a row to which we have adapted well. The work of the authority was organized without any problem. Likewise with the Board of Directors, whose meetings were held regularly with the presence of all the members, through remote communication techniques. We note here that arranging remote meetings; whether for the Board of Directors or other meetings in which the PCMA participates, was simple and effective. Just, as there were obvious disadvantages to working under the pandemic conditions, there were also opportunities that we alluded to in the previous report, relating to consumption patterns, better workload distribution, and public safety-related behaviours.

The PCMA will try to assess these by reviewing relevant data over the past two years and beyond to learn lessons. We cannot anticipate the outcome, but this could be an opportunity for the PCMA, as for other institutions, to re-examine the needs for doing its jobs, and identify possible savings and increase the efficiency of work in various areas.

This year, the Board of Directors of the PCMA carried out all the usual annual work, in terms of supervision, monitoring and management, directly and through the various committees. The members of the Board deserve thanks and gratitude for their patience, perseverance and constructive participation in long meetings despite their busy schedules. Among the Board of Director's actions are matters related to auditing, risk assessment, approving the general budget, following up on the implementation of the PCMA's strategic plan, and the national plan for financial inclusion implemented by the PCMA with the participation of the Palestinian Monetary Authority and a group of relevant governmental and non-governmental institutions. They also include discussing and deciding on the recommendations of the executive management on draft laws, the regulations, instructions, and proposals for amendments that the PCMA prepares based on its cumulative experience. It should be noted that the PCMA has developed and launched the "Innovate" platform, aiming to enhance an enabling environment for the use of financial technology in the non-banking financial sector as one of the objectives of the strategic plan. This is in addition to the completion of the amended insurance draft law, which is

being widely discussed, and we hope that 2022 will witness forwarding it to decision-making levels for approval as soon as possible. Also, this year, saw the initiation of an updated tool for evaluating the annual performance of employees as well as the adoption of a new media and visual identity policy for the PCMA based on the "Palestinian sunbird" that appears on the cover of the report, which will be used next to the emblem of the State of Palestine. The PCMA also joined the beneficiaries of the General Retirement Law which is obligatory for new employees and optional for old ones.

In terms of implementing the plan to build a modern headquarters for the PCMA, there was a cumulative delay of about 137 days, due to the interruption of work hours in government and municipal institutions and the engineering advisory office due to the pandemic. This was in addition to the need for more time to discuss the specifications of the main building, its details, and to make the modifications requested by the Ministry of Public Works. However, this year, the final designs were approved, detailed plans and bills of quantities were prepared, the approval of the competent authorities on the plans was obtained, and the approval of the Supreme Planning Council on the facilities required for implementation was also obtained. The plans were submitted to the municipality of Surda-Abu Qash in November 2021. Finally, the PCMA has obtained a building permit and implementation is expected to start in the spring of 2022, after the PCMA has duly completed all the required legal steps relative thereto.

From time to time while conducting its activities and works, the PCMA has encountered thorny matters, especially in the field of insurance, but, this year, the PCMA was able to complete one of the issues the particulars of which will be detailed in the report, resulting from the tragic Jabaa accident that has troubled all stakeholders since 2012. We mention this only by way of an example of the difficulties that face the PCMA and drains the efforts of its employees, and how the board of directors weighs its decisions and the prudence it exercises in dealing with such matter. I take this occasion to commend the efforts of the executive management, employees and successive boards of directors for their good management of this difficult matter.

Lastly, I would like to thank, on my own behalf and on behalf of the PCMA's Board of Directors, all employees of the PCMA, particularly the Executive Management, for their efforts and hard work in carrying out their tasks and achieving the PCMA's objectives.

Chairman of the Board

Nabeel Kassis

## Preamble

# Preamble > Vision, Mission and Goals

## Preamble

The Palestine Capital Market Authority is an institution that enjoys legal personality, financial and administrative independence, and legal performance in accordance with Article No. 2 of the Capital Market Authority Law number 13 of 2004.

The PCMA aims to create the appropriate environment to achieve stability and growth in the capital market, by regulating, developing, and supervising the activities of the non-banking financial sectors (securities, insurance, financial leasing and financial mortgage, in addition to Islamic financial products and services). The PCMA also works on regulating the financial technology, with the aim of protecting the rights of customers and investors.

## Vision

An effective regulatory authority that aims at developing a sound capital market and protecting the interests of stakeholders.

## Mission

Regulating, supervising, and monitoring the securities, insurance, financial leasing and mortgage finance sectors in Palestine as well as ensuring that their work complies with the principles of transparency, fairness and integrity, in line with international best practices.

## Strategic Goals

1. Enhancing the use of financial technology in the non-banking financial sector and providing the suitable environment therefor.
2. Promoting Islamic Sharia-compliant financing services and tools.
3. Sustainability of the financial sectors under the supervision of the PCMA and enhancing its stability.

## Capital Market Sectors

## Capital Market Sectors > Securities Sector

## Capital Market Sectors > Securities Sector > Introducing the Sector

With the beginning of 2021, we witnessed events outside our sphere of influence with severe acceleration, spreading its effects in all directions, and in all aspects of life, including the movement of the economy, which contributed to disturbing the investment mood in our region. However, the Palestinian securities sector was able to pass the year 2021 and recover as much as possible from the impact of the Covid-19 pandemic, as Al-Quds Index witnessed a significant increase of 29.11% over the closing of the preceding year 2020, an increase of approximately 137 points, to close at 608.45 points. In addition, during 2021, the trading value on the Palestine Exchange amounted to approximately \$419 million US Dollars, an increase of 120.25% compared to 2020, accompanied with an increase in the number of traded shares by 132.78%, reaching just over 201 million shares, through 33,531 deals, an increase of 94.46% over the number of deals executed during the year 2020. The daily average of trading amounted to about \$1.7 million US Dollars, distributed over 245 trading sessions during the year. The market value of the stock exchange at the end of 2021 amounted to about \$4.41 billion US Dollars, a significant increase of 27.86% from 2020, where the value of this rise is estimated at approximately one billion US Dollars, values that the Palestine Exchange has not achieved since 2005.



## Capital Market Sectors > Securities Sector > Major Developments of 2021

### Major Developments of 2021

- During the year 2021, the General Directorate of Securities reviewed the Instructions of Issuance of Securities, where a partial review of the Instructions was made, and a circular was issued regarding the amendment of some articles to Instructions No. (5) of 2008 regarding the Issuance of Securities.
- Listing of the Tamkeen Insurance Company, a public shareholding company, on the Palestine Exchange.
- Suspension of trading on the securities of Al-Ahlia Insurance Group Company for violating the provisions of the Securities Law and the legislation in place.
- Following up the procedures for reducing the share capital of the Arab Hotels Company, and resuming trading of its securities.
- The approval of the Supreme Sharia Supervisory Board in its meeting No. 4/2021 to launch the Islamic index in Palestine in accordance with the regulations of the Palestinian index of companies listed on the Palestine Exchange, which was submitted by the General Administration of Securities.
- The Board of Directors of the Capital Market Authority approved the executive management's recommendation relating to organizing the PCMA in dealing with foreign currencies and precious metals in foreign stock exchanges, in accordance with the Securities Law No. (12) of 2004 and Capital Market Authority Law No. (13) of 2004.
- Directing the Palestine Exchange on how to deal with the trading accounts of legal persons registered with the other side.
- Developing the reports of the General Administration of Internal Securities, by preparing technical brochures that monitor the performance of member securities companies and their investment orientations at the market level, and at the level of local and foreign securities.
- Contributing to the regulation and development of the use of financial technology in non-banking financial activities, represented in licensing new innovation platforms, and holding a meeting with the securities sector regarding the PCMA's vision, policy and efforts in financial technology.
- Participation in the Global Investor Week, and the implementation of specialized awareness programs, where two working papers were presented; one addressing the role of sustainable finance in achieving economic development, and the other relative to controls over market operations.

### Monitoring the Capital Market Institutions

The General Directorate of Securities, through the Market Operations Supervision Department, continued its efforts to provide an appropriate climate for investment in securities, and to promote the Palestinian capital market in accordance with the highest international standards and practices, specifically the principles emanating from the International Organization of Capital Markets Supervisory Authorities (IOSCO), through:

- Monitoring of Trading: by spotting violations of behaviours and dealings of some listed securities, and

dealing with them and with clients investing in such securities in accordance with the regulatory controls. As for the regulatory warnings that affect the closing prices of securities, 21 cases of price impact cancellation were dealt with as a result of the sudden change in the closing price of the security during the last five minutes of the trading session. The action of cancelling the price impact aims to enhance investors' transparency of trading and to protect the rights of dealers in the security.

- Financial Analysis: by reviewing financial disclosures and periodically following up on the solvency reports of member securities companies, to ensure their compliance with the Securities Law and the solvency instructions issued by the PCMA, in a way that ensures maintaining the safety and stability of the member securities companies' positions, and preserving the funds and rights of their investors.
- Inspection: the inspection team is considered the monitoring arm over the entities and parties licensed by the PCMA. During the 2021, the following was conducted:
  - Completing the implementation of the two inspection rounds according to the approved plan on risk-based inspection and on combating money laundering and terrorist financing.
  - Enforcement of the specialized inspection relative to complaints, in implementation of the follow-ups established by the PCMA's Board of Directors.
  - Issuing circulars to member companies requesting them to provide the PCMA with the ratification of portfolio and account statements of a number of their clients for the year 2020. The sample was selected on the basis of the most frequently traded accounts, and the most long-standing accounts in terms of receivables.
  - Issuing circulars to member securities companies requesting them to provide the PCMA with an indication that their Board of Directors are informed of the PCMA inspection reports, as well as the corrective measures intended to be taken.
  - Sending the inspection team for specialized tours at the request of the Financial Follow-up Unit.
- Violations and Complaints: During the year 2021, the General Directorate of Securities dealt with a number of violations by licensed parties and insiders in listed companies as a result of non-compliance with the applicable disclosure instructions, whereby legal measures were taken against such violators, in accordance with the Securities Law and the relevant instructions issued by virtue thereof. In addition, the Administration dealt with 17 written complaints, based on which the PCMA took the legal measures for the purpose of protecting the rights of dealers in the market.

## Services provided to the Sector:

- 1- Licensing: One of the main tasks of the PCMA is to license the activities and business of securities, which contributes to maintaining the integrity of dealing in the Securities Sector, protecting the Sector from risks that may be exposed to it, and protecting those dealing with it. The General Directorate of Securities has granted the following licenses and renewed the activities and business of securities to the following entities for the year 2022 as follows:
  - Licensing of eight member securities companies to carry out financial brokerage activities for its own account and for the account of third parties and to manage issuances.
  - Licensing of twenty-four accredited brokers and seven financial advisors.
  - Licensing of five banks to act as custodians.
  - Licensing the Palestine Stock Exchange.
  - Licensing of other legal entities to practice the activity of an investment advisor and issue management.
- 2- Issuances: the PCMA agreed to increase the capital of thirteen companies through a secondary public subscription, and by distributing stock dividends, through the capitalization of voluntary reserves and/or retained earnings, as follows:

Company	Issuance type	Number of Shares
1. Palestine Islamic Bank	Stock dividends	5,000,000
2. Bank of Palestine	Stock dividends	2,080,800
3. Arab Islamic Bank	Stock dividends	3,250,000
4. National Insurance Company	Stock dividends	2,250,000
5. Al Quds Bank	Stock dividends	3,261,046
6. Global United Insurance	Stock dividends	528,000
7. Birzeit Pharmaceuticals	Stock dividends	380,048
8. Arab Palestinian Investment - APIC	Stock dividends	8,800,000
9. National Aluminum and Profile - NAPCO	Stock dividends	686,000
10. Al Mashriq Insurance	Stock dividends	300,000
11. Palestine Insurance	Stock dividends	1,800,000
12. The National Bank	Secondary public offering	13,764,706
13. National Aluminum and Profile - NAPCO	Secondary public offering	3,000,000

The PCMA also approved the increase of the share capital of the following three companies by way of private subscription:

Company	Number of Shares
1. Arab Palestinian Investment - APIC	1,200,000
2. Ibn Sina Specialized Hospital	9,798,215
3. Bank of Palestine	12,000,000

The PCMA also approved the issuance of bonds to the Palestine Development and Investment Company, as follows:

Number of Bonds	Total value of issuance
240	\$120,000,000 US Dollars

- 3- Disclosure: Initial and periodic accurate disclosure and making available the information to the public and dealers in securities, are among the main objectives of the PCMA that aim to reaching a stock exchange characterized by fairness, efficiency and transparency.

The following table shows the extent of commitment of listed companies to disclose

periodic reports during the year  
2021:

Periodic reports	Disclosure deadline	Listed companies	Compliant companies	Compliance percentage
Initial financial statements for 2020	15/2/2021	46	42	91%
Annual reports for 2020	30/4/2021	46	42	91%
First quarter financial statements 2021	31/5/2021	46	40	87%
Semi-annual reports for 2021	15/8/2021	47	40	85%
Third quarter financial statements 2021	31/10/2021	47	45	95%

## Capital Market Sectors > Insurance Sector

## Capital Market Sectors > Insurance Sector > Introducing the Sector

The Insurance Sector is considered an important arm of the Palestinian economy, as it plays a significant role in the development of the local economy, and in consolidating the bonds of stability and economic and social progress; Through the relationship between the insurer and the insured, we find that insurance plays the social role with the security it provides, and as a manifestation of cooperation and solidarity. It also has a role in economic life as a means of credit and an effective means of accumulating capital necessary for the economy, being an element of production, leading to the revival and strengthening of the national economy.

The most prominent statistics and results in the insurance market:

Year	Total Premiums (in USD Million)	Population (in millions)	Gross Domestic Product (in US dollars)	Average individual spending on insurance	Insurance percentage in gross national product (%)
2018	279,370,598	4.6	16.277	56.8	1.72
2019	302,509,068	4.7	17.134	60	1.77
2020	341,520,836	4.8	15.561	58.72	1.95
2021	341,520,836	5.2	18.036	64.55	1.89

Types and branches	2019	2020	Growth rate (%) 2019/2020	2021	Growth rate (%) 2020/2021
Vehicle insurance	204,246,742	208,203,153	1.9%	231,795,326	11.3%
workers insurance	24,851,968	24,105,476	-3.0%	26,223,340	8.8%
health insurance	35,119,320	32,103,237	-8.6%	37,302,156	16.2%
Civil Liability Insurance	4,387,383	4,238,377	-3.4%	4,850,146	14.4%
Other insurances	5,376,909	4,873,296	-9.4%	6,962,823	42.9%
Fire insurance	14,288,928	15,753,554	10.2%	18,350,992	16.5%

Marine insurance	1,885,616	1,542,319	18.2%	1,835,537	19.0%
Engineering insurance	6,074,106	6,061,942	-0.2%	7,093,504	17.0%
Life insurance	6,278,096	6,362,749	1.3%	7,107,010	11.7%
Total premiums	302,509,068	303,244,103	0.24%	341,520,836	12.6%

Year	2016	2017	2018	2019	2020	2021
Premiums	215,249,149	255,421,729	279,370,598	302,509,068	303,244,103	341,521,636
Paid compensation	122,632,194	144,320,228	166,307,996	182,660,629	179,630,303	208,550,482

\*The above data does not include the results of the Ahlia Insurance Group for the year 2021.

## Capital Market Sectors > Insurance Sector > Major Developments of 2021

Despite the difficult health conditions that affected the operations of the PCMA and its various departments during the year 2021, as a direct result of the Covid-19 pandemic, and the government measures that occasioned as a result thereof to limit the spread of the pandemic, and preserve the safety and health of its employees, the year 2021 witnessed a number of developments that were implemented, which can be referred to as follows:

1. Begin applying Instructions No. (6) of 2020 amending Instructions No. (1) of 2006 to determine the value of the solvency margin, and the procedures, conditions and forms required to issue the solvency certificate and its amendments, on the annual financial statements for the year 2021.
2. As for the activities of the Insurance Companies Control Department, during the year 2021, it continued updating the insurance companies' risk records, reviewing the actuarial reports issued by its actuarial experts, reflecting its results on their risk records, and continued to review the quarterly and semi-annual financial statements and the final financial statements of insurance companies, granting the PCMA's no-objection to its publication, as well as following up on insurance companies preparing for the implementation of the International Accounting Standard No. (IFRS17), and following up with companies with respect to providing the PCMA with the gap report resulting from the application of this standard, examining the ability of insurance companies to meet their obligations by reviewing the solvency margin (capital adequacy) of insurance companies, issuing solvency certificates in this regard, and working on the continuous development of the statistical database for the insurance sector.
3. Develop and update standardized electronic actuarial forms and reports, according to which actuarial experts for insurance companies are obligated to comply with in preparing actuarial reports, and clarify the actuarial assumptions and methodologies used in preparing the annual actuarial report on the insurance companies' business.
4. Due to the precautionary measures imposed to confront the Covid-19 pandemic, part of the annual plan for field visits to the headquarters and branches of insurance companies was implemented, whereby 89 monitoring rounds were implemented during the year 2021, which focused on following up on the implementation of insurance companies and insurance professionals the provisions of the insurance law and secondary legislation issued by virtue thereof.
5. In terms of following up on complaints received by the PCMA, during the year 2021, the Complaints Department dealt with 64 complaints, out of which 57 complaints were processed and finalized, while 6 complaints remained incomplete, and hence could not be considered, and one complaint remains pending.
6. With regard to the renewal of licenses of insurance companies and owners of other insurance professions, insurance licenses for 2021 were renewed for all insurance companies approved by the PCMA, as well as renewal of licenses for owners of insurance professions registered in the records of the General Department of Insurance, and licenses for insurance professionals who failed to comply with the licensing conditions were cancelled.

Services provided to the Sector:

Granting, declining and renewing practice licenses to insurance companies and insurance agents and professionals:

License number	Company	Insurance category license renewed
2	Al Mashriq Insurance Company	<ul style="list-style-type: none"><li>- Health insurance</li><li>- Accident and professional liability insurance</li><li>- Fire and property damage insurance</li><li>- Marine insurance</li></ul>



3	Palestine Insurance Company	<ul style="list-style-type: none"> <li>- Health insurance</li> <li>- Accident and professional liability insurance</li> <li>- Fire and property damage insurance</li> <li>- Marine insurance</li> </ul>
4	American Life Insurance Company	<ul style="list-style-type: none"> <li>- Life insurance</li> </ul>
5	National Insurance Company	<ul style="list-style-type: none"> <li>- Life insurance</li> <li>- Health insurance</li> <li>- Accident and professional liability insurance</li> <li>- Fire and property damage insurance</li> <li>- Marine insurance</li> </ul>
7	Trust International Insurance Company	<ul style="list-style-type: none"> <li>- Life insurance</li> <li>- Health insurance</li> <li>- Accident and professional liability insurance</li> <li>- Fire and property damage insurance</li> <li>- Marine insurance</li> </ul>
8	Al-Ahlia Insurance Group Company	<ul style="list-style-type: none"> <li>- Health insurance</li> <li>- Accident and professional liability insurance</li> <li>- Fire and property damage insurance</li> <li>- Marine insurance</li> </ul>
9	Palestine Mortgage Insurance Company	<ul style="list-style-type: none"> <li>- Mortgage Lending Insurance</li> </ul>
10	Al-Takaful Palestinian Insurance	<ul style="list-style-type: none"> <li>- Life insurance</li> <li>- Health insurance</li> <li>- Accident and professional liability insurance</li> <li>- Fire and property damage insurance</li> <li>- Marine insurance</li> </ul>
11	Global United Insurance Company	<ul style="list-style-type: none"> <li>- Life insurance</li> <li>- Health insurance</li> <li>- Accident and professional liability insurance</li> <li>- Fire and property damage insurance</li> <li>- Marine insurance</li> </ul>
12	Tamkeen Insurance Company	<ul style="list-style-type: none"> <li>- Life insurance</li> <li>- Health insurance</li> <li>- Accident and professional liability insurance</li> <li>- Fire and property damage insurance</li> <li>- Marine insurance</li> </ul>



## Capital Market Sectors > Financial Leasing Sector

## Capital Market Sectors > Financial Leasing Sector > Introducing the Sector

The financial leasing sector in Palestine is witnessing a remarkable development and growth, not only in terms of the portfolio size of the financial leasing companies, which is moving at an ever-increasing and continuous pace, but also in terms of portfolio diversification and expansion of the leased asset base, by financing new sectors that directly contribute to growth and spinning the wheel of economy, specifically in the field of financing vehicles and trucks related to the productive sectors, in addition to financing machines, equipment and production assets in all their forms, and thus the importance of the sector appears in small and medium-sized industrial establishments.

In 2021, the PCMA reclassified the data of financial leasing contracts that are registered on the electronic system, and added new items, in line with the existing technological developments, and the development of the information exchange process between the PCMA and the relevant authorities, in order to reflect the information on the existing record in a better and more detailed manner and to help in the control process, especially the issue of combating money laundering and terrorist financing.

As part of its endeavor to develop the work of companies and to focus its activities in financial leasing, during the year 2021, the PCMA developed new financial and regulatory standards that will be submitted to the Director General and the Board of Directors for a decision in 2022, where a meeting was held with the companies to inform them about these standards and discuss same with them and obtain their observations by the end of 2021. An experiment will be conducted on the application of these standards in light of the preliminary data of 2021 at the beginning of 2022; that is, before these standards are approved so that final amendments can be reflected thereto before the decision is issued.

## Capital Market Sectors > Financial Leasing Sector > Major Developments of 2021

The number of financial leasing companies licensed by the Palestine Capital Market Authority, as at the end of 2021, reached nine, as the license of one company was canceled due to its inability to rectify its status in compliance with the provisions of the legislation in force at the PCMA.

As of the end of 2021, the total investment value of financial leasing contracts registered with the PCMA amounted to 102 million US Dollars, with 1,900 contracts. This represents an increase in the value of contracts by 48% compared to 2020, and by 39% in the number of contracts compared to the previous year. The rise is due to the gradual recovery of the Palestinian economy in light of the breaking of the epidemic curve of the Covid-19 pandemic, which was positively reflected on the performance of the financial leasing sector, which witnessed a remarkable growth in the portfolios of financial leasing companies to pre-pandemic levels.



At the end of 2021, vehicles for personal use accounted for 51.34% of the total value of contracts, while vehicles for commercial purposes constituted 42.18%, and the share of money transferred from the portfolio amounted to 6.48%, down from 8.02% last year, but it is worth noting that the total value and number of portfolio contracts for the year 2021 is greater compared to 2020. The diagram below shows the distribution of the types of leased assets in the financial leasing portfolio in 2021 according to the total value of contracts:



As can be noted from the diagram below, the governorate of Ramallah and Al-Bireh still ranks first, witnessing a high concentration in the number of financial leasing contracts with 37.63%, followed by Nablus with 14.89%, then Hebron with 11.42%, and the rest of the cities together constitute a total of 36.06% of the total number of contracts.



In terms of geographical concentration of the total value of contracts, the largest concentration was in Ramallah and Al-Bireh governorate with 43.86%, followed by Nablus and Hebron governorates with 15.75% and 12.04% respectively, and the rest of the governorates constituted 28.3% of the total value of contracts.

The diagram below shows the geographical distribution of the total value of financial lease contracts for 2021.



As for the nature of the tenants in relation to the number and total value of the financial lease contracts registered in 2020, they are shown in the following diagram:



As is clear above, 80% of the number of registered contracts belong to individuals, with a value of up to 54% of the total contract value.

## Capital Market Sectors > Financial Leasing Sector > Factoring

Factoring activity is defined as a type of short-term financing, on the basis of transferring a debt, according to which the factoring company purchases the current and future financial rights arising from the sale of goods or the provision of services from a customer (who is the service provider or seller of the commodity). The purchase of financial rights is either with the right of reversion; whereby in cases of default or non-payment of the buyer (the beneficiary of the service or the buyer of the commodity), the factoring company has the right to revert to the seller to collect the indebtedness, or the factoring contract could be without the right of reversion, whereby in events of default or non-payment by the buyer, the factoring company bears the risks of non-payment, and will try to collect this debt from the buyer. Needless to mention the factoring rate and financing amount vary depending on the type of factoring; whether such factoring is with or without the right of reversion, as well as depending on other factors relating to the seller's financial and commercial position, and buyers' liabilities associated with the factoring contract.

This means that the process of factoring has three parties: 1. The factoring company, which is the party that is allowed to engage in the activity of factoring, to which the financial rights are assigned. 2; The customer, who is the creditor, and is also the seller of the commodity or the service provider, assigning the financial rights to the factoring company; and 3. The debtor, who is the buyer of the commodity or the beneficiary of the service.

The factoring agreement is drawn between the seller and the factoring company, and the average financing term does not exceed one year in most cases. Factoring activity includes, depending on the type of factoring that the parties to the contract usually contract, four services; namely finance, account management, collection, and credit coverage.

Given the specificity of factoring activity in terms of the speed and flexibility of the decision, it is mostly practiced in non-banking companies, and the companies are either specialized in the field of factoring, or in financing activities that include factoring activity.

The importance of this activity lies in its ability to provide short-term financing needs for commercial, industrial and service establishments, especially small and medium ones, and factoring activity helps them in stimulating and increasing the rate of capital turnover, improving cash flows, and thus the growth of their activity.

The most important characteristic of this activity is specialization, as it depends on short-term financial rights, and financing is short-term, and often there are no determinants for obtaining this type of financing, and the only required guarantees are financial rights. Most of the time, the decision is made by factoring companies is quickly and with the least number of requests for financing, and therefore enterprises are encouraged to apply for this type of financing. Needless to mention that these financial rights nowadays are registered in the register of movable funds at the Ministry of National Economy.

In 2021, the European Bank for Reconstruction and Development (EBRD) provided the PCMA with a concept paper on factoring activity. The paper contained four main topics: the legal framework for financial rights and their general assignment and status in Palestine, the global principles that govern this topic and dealing with it in local laws, the different types of factoring and its use in Palestine, and recommendations and proposals regarding new legislation and best practices regarding the subject of control, supervision and regulation of the activity.

## Capital Market Sectors > Mortgage Finance Sector

## Capital Market Sectors > Mortgage Finance Sector > Introducing the Sector

The PCMA carries out the supervision and oversight of the mortgage finance sector in accordance with the Capital Market Authority Law No. (13) of 2004, based on its primary objective of creating the appropriate climate to achieve stability and growth of capital and protect the rights of investors.

Looking at the reality of mortgage finance today, banks dominate the primary market (direct lending) of the mortgage finance sector due to the high liquidity enjoyed by the Palestinian banking sector, the high prevalence of its branches and the provision of various services, which has challenged mortgage finance companies to compete and operate within the primary market.

As for the secondary market, the Palestine Mortgage Finance Company, which was established in 1999, and its financing arm, the Palestinian Mortgage Finance Company, are still the two companies licensed to work in this market, and they had a significant impact on the extension and expansion of the mortgage finance market, as they had played a major role in encouraging banks to finance real estate, by providing refinancing of their portfolios specialized in mortgage loans. However, given the high liquidity enjoyed by banks in Palestine, and the accompanying accommodative and stimulus monetary policies of various central banks around the world, specifically the US Federal Reserve, in addition to the expansion of informal activity in the field of real estate financing, these factors, together, formed an obstacle to the ability of companies operating in the secondary market to continue providing refinancing loans.

However, with the recent developments in monetary policies to become more tight (Hawkish), and the hints made by the US Federal Reserve recently regarding raising interest rates more than once during the year 2022, and since we are not isolated from the global economy, we expect the company to have a real opportunity to return and resume its activity in refinancing the loan portfolios of banks, because the banks will be forced to raise the interest on their deposits, and thus increase the cost of mortgage financing loans.

As for real estate appraisal, and given the importance of this profession in determining the value of real estate securities on the basis of which loans are granted, the PCMA is committed to what is stated in the Instructions for Licensing Real Estate Appraisers for the year 2012 in terms of granting a license to those with experience and competence, and then monitoring and supervising the appraisers. The PCMA organizes training courses and subsequent examinations as one of the conditions for obtaining a license.



## Capital Market Sectors > Mortgage Finance Sector > Major Developments of 2021

Since the demand for mortgage financing is a derivative demand, due to the fact that the demand for real estate financing depends on the demand for real estate in general, it is very important to understand and regulate all aspects of this sector, whether in terms of formal market or informal one. And whereas the PCMA has a developmental role, in addition to its regulatory and supervisory roles, at the beginning of the year a meeting was held with the Land Authority - the authority responsible for the land sector (and real estate in the future) whereby several issues were discussed; the most important of which are real estate appraisal, financial leasing of real estate, and the necessity of regulating the work of real estate developers (the main supplier of real estate units that finances the sale of a considerable percentage of these units) and updating the legislation relating to mortgaging real estate for the purpose of financing. During the year, the PCMA also conducted research work and prepared a paper on the most appropriate monetary form to regulate the work of real estate developers, in a way that contributes to stabilizing this aspect of the market and introducing it within the official sector, protecting the rights of the parties. This paper was presented to the Land Authority (the body that is expected to be responsible on the regulation of this sector). Subsequently, and due to the importance of involving all relevant parties in the real estate finance sector in the process of organizing and developing the sector, the Land Authority invited the Monetary Authority and the Financial Follow-up Unit in the presence of the PCMA and informed them of the contents of the paper, and invited them to participate in the process of organizing this important sector.

And in order to complete the cooperation and unify all relevant efforts, and benefit from the experiences, the PCMA has been involved to become a member of the sectoral committee for the development of the real estate sector T the Council of Ministers, as well as a member of the Real Estate Appraisal Bidding Committee at the Monetary Authority for the purpose of completing the efforts and build on what has been done and the preparation of a memorandum of understanding between the PCMA and the Land Authority, which is expected to be signed at the beginning of 2022.

And for the purpose of controlling the practices that take place in the real estate appraisal market, and to establish future rules and regulations, the PCMA held, during the third quarter of the year, a meeting of all licensed and trained real estate appraisers, chaired by the Director General of the PCMA, discussing the reality of this sector, the challenges facing the appraisers, how to develop work in a way that serves reaching fair values of real estate, and the need to adhere to the instructions and ethics of the profession, which would raise the level of the real estate appraisal profession, due to its importance and impact on the real estate sector.



## Capital Market Sectors > Digital Finance and Innovation Services > Introducing the Sector

Rapid technological changes have provided many opportunities to improve services in various sectors in general, and the financial sector in particular, where the importance of employing financial technology is closely related to achieving the goals of financial inclusion, by enhancing the access and use of different segments of society for financial services through official financial channels, especially during the Covid-19 pandemic.

In this regard, and on the level of the non-bank financial sector, the PCMA has taken upon itself the responsibility to enhance the role of financial technology in the non-bank financial sector, and to open horizons for financial service providers, innovators and entrepreneurs, to provide financial technology solutions on the one hand, and to ensure the protection of consumers' rights through effective monitoring of the non-banking financial sector, on the other hand, which takes into account the technological developments taking place, in line with developments in the global financial technology industry.

# Capital Market Sectors > Digital Finance and Innovation Services > Major Developments of 2021

## Major Developments of 2021

- 1- Develop the necessary regulatory framework to create the appropriate environment to accommodate and encourage financial innovations.
  - Preparing draft instructions for “Licensing Electronic Platforms for Selling Non-Banking Financial Services and Providing Compilation and Comparison Service”.
  - Developing and operating the Regulatory Sandbox and provide the necessary regulatory and legal environment for its operation.
  - Providing a new monitoring tool “No Objection Letter”.
- 2- Provide the appropriate environment for the development of innovative financial products.
  - Developing the suitable legal environment for the work of micro-insurance.
  - Stimulating crowdfunding services.

## Reality of the Sector

Since the launching of the “EBTAKER” platform in March 2021, thirteen requests for innovative solutions and applications have been received through the platform, as shown in diagram (1) below. These applications were followed up and the necessary guidance and support were provided. During the same year, no-objection letters were granted to two innovations in the insurance sector.



The innovations received via the platform can also be categorized by sector as shown in diagram (2). As noticeable, the insurance sector enjoys the largest proportion of the number of incoming innovations, followed by innovations related to the financial leasing and securities sectors.



## Financial Sustainability Services

## Financial Sustainability Services > Corporate Governance

2021 witnessed a set of achievements in the field of corporate governance, most of which focused on the developmental level of sectoral governance, in addition to the continuation of strategic cooperation with the International Finance Corporation (IFC) in the field of strengthening corporate governance in Palestine. The following is a summary of the most important developments during the year 2021, in terms of corporate governance:

- Development of the Code of Environmental, Social and Corporate Governance (ESG) in Palestine,
- The continuity of the program integrating the corporate governance course in Palestinian universities.

## Financial Sustainability Services > Financial Inclusion

After nearly passing half the timeframe set for implementing the national strategy for financial inclusion approved by the Council of Ministers in 2018, the PCMA was able to accomplish many achievements in the context of enhancing financial inclusion in Palestine. It should be noted that the executive plan of the national strategy during the past years faced many challenges represented by the economic and political crises that faced the country, specifically as a result of the clearing (Makasa) and the Covid-19 pandemic crises. However, the regulators doubled their efforts to preserve the integrity of the financial sector, both banking and non-banking, including continuing to work to achieve the goals of financial inclusion. According to the results of calculating the indicators of financial inclusion, which will also be outlined in this report, it is possible to infer the strength of the financial sector and its ability to face the economic crises and the regulative risks. Despite these challenges and the aforementioned updates, the PCMA was able to accomplish a number of achievements aimed, in particular, at enhancing financial inclusion in the non-bank financial sector. The following are the most prominent of those achievements accomplished during 2021:

- Monitoring and Evaluation Activities

1. Launching the financial inclusion indicators for 2020<sup>[1]</sup>
  2. Preparing for the process of reassessing the results of implementing the national strategy for financial inclusion during 2022.
- Holding the fourth meeting of the National Committee for Financial Inclusion.
  - Restructuring the specialized financial inclusion working groups according to the current stage of implementing the strategy:

<sup>[1]</sup> مؤشرات الشمول المالي في القطاع المالي غير المصرفي - Indicators of financial inclusion in the non-banking financial sector.

# Anti-Money Laundering and Terrorist Financing

The PCMA aims to initialize the appropriate climate to achieve stability and growth of capital, to regulate, develop and monitor the capital market in Palestine, and to protect the rights of investors, in view of its responsibilities and objectives aiming at achieve stability in the capital market, and in order to prevent the capital market sectors from the risks of money laundering and terrorist financing activities, which may threaten the continuation of these sectors and expose them to financial, operational, legal and other risks. As of the beginning of 2021, the PCMA continued its role in harmonizing compliance in implementing the national strategy to combat money laundering and terrorist financing, as follows:

- In compliance with Instructions 4 of 2016, a Zoom meeting was held on 11/1/2021 with all the auditors contracting with companies subject to the monitoring and supervision of the PCMA discussing (PCMA AML suggested procedures) the audit procedures required by the auditor and to provide the PCMA with a report before 31/8/2021, and the sectors subject to the monitoring and supervision of the PCMA were informed of these procedures and a circular was issued accordingly.
- Meetings were held with the communication officials of the securities companies and stock exchange whereby the inspection reports for the year 2020 were discussed. These meetings aimed to review and discuss the system to reduce the risks of combating money laundering and terrorist financing.
- All insurance companies were visited and meetings were held with their contact persons to oversee the companies' procedures in facing the risks of money laundering and terrorist financing. A circular was sent to all companies regarding the loopholes they have.
- A tool has been developed that will help companies conduct a self-assessment of money laundering and terrorist financing risks and develop procedures to reduce these risks and identify their weaknesses.
- All reports of the external auditors for all sectors were reviewed and letters were sent out to provide the PCMA with rectification plans during the first quarter of 2022.

## Issuance of Instructions and Circulars:

The Circulars issued by the PCMA aims to increase efficiency and enhance the ability of companies to confront the risks of money laundering and terrorist financing and take a risk-based approach in detecting suspicious transactions. Several circulars were issued in the first half of 2021, as follows:

- Circular regarding sending an annual report on all activities related to combating money laundering.
- External auditor Circular.
- Internal auditor Circular.
- Circular regarding the resolutions issued by the UN Security Council, which totalled 7.
- Circular regarding high-risk countries that are prohibited to deal with, which were published on the PCMA's website.
- Circular regarding self-assessment tool.
- Circular regarding raising the efficiency of insurance companies.
- Circular regarding patterns and trends money laundering report.
- Circular regarding the registration on the GOAML program.

## Specialized inspection tours and preparation of risk records:

- Since the beginning of 2021 and according to the risk-based plan, the General Administration of Securities has completed 10 inspection rounds on all securities companies and the Stock Exchange. A tool was developed to helps the inspection team examine the controls of companies and build (RISK PROFILE) for each company separately. The results of the companies' risk rating were 3 high-risk companies, 3 medium-risk companies, and 3 low-risk companies.
- The General Administration of Financial Leasing represented by its Monitoring and Inspection Department, in cooperation with the Anti-Money Laundering and Terrorist Financing Department, has completed 5 specialized inspection rounds, and more work is underway during this year.



- The Anti-Money Laundering and Terrorist Financing Section visited all insurance companies and met with their contact officials in order to follow up their plans to rectify their business outlining the gaps that still exist. A circular was issued on 22/4/2021 to raise the efficiency of the insurance sector and rectify the current gaps.

#### Suspicion cases:

Four reports were produced, two of which relating to the insurance sector, one to the financial leasing sector and one to the General Administration of Securities. The Financial Follow-up Unit was notified through the (GOAML) system accordingly and was provided with all documents and the PCMA responded to all inquiries related to the suspicious request. The PCMA is awaiting the results of the report.

#### Specialized inspection tours upon request of the Financial Follow-up Unit:

- The General Administration of Securities has assigned two inspection rounds at the request of the Financial Follow-up Unit in 2021, which aim to identify and verify companies' procedures in dealing with clients after submitting suspicious reports against such companies.

#### Administrative Violations and Penalties:

- The PCMA's Board of Directors imposed a second-degree penalty of (10,000) ten thousand Jordanian Dinars as a fine against Al Hadaf Jordan and Palestine Securities Company.
- The Board of Directors of the PCMA decided to suspend trading of the securities of Al-Ahlia Insurance Group Company due to non-compliance with disclosure and financial statements.
- The General Department of Insurance issued a written warning to Al-Ahlia Insurance Group Company for not complying with Instructions No. 4 of 2020.
- The General Department of Insurance issued a warning to both Al-Ahlia Insurance Group Company and the National Insurance Company for not providing the PCMA with the report of the external auditor in accordance with the circular issued by the PCMA, granting them a last chance to provide such report.
- The General Administration of Securities has alerted both the United and Al-Wasata Securities companies for non-compliance with Instructions No. 4 of 2016 regarding combating money laundering and terrorist financing.
- The General Administration of Financial Leasing and Mortgage did not renew the license of Good Luck for Financial Leasing Company for non-compliance with the instructions of financial leasing as well as Instructions No. 4 of 2016 regarding combating money laundering and terrorist financing.

#### Referral to the Public Prosecution:

A file was referred to the Public Prosecution for violating the provisions of Insurance Law No. 20 of 2005, as amended, and for practicing the work of an insurance agent without a license.

#### Participation in conferences, workshops and training programs:

- 21 PCMA employees participated in the program (Financial Crimes in the Insurance Sector) with the Emirates Insurance Authority.
- 13 PCMA employees participated in the program (Trading in the Currency, Metals and Commodities Exchange) with the Palestinian Banking Institute.
- 10 PCMA employees participated in the program (factoring (legislative and technical framework)) with the Egyptian Financial Services Institute / affiliated to the Egyptian Financial Supervisory Authority.
- PCMA employees participated in the program (Insurance Companies Governance and Combating Financial Crimes) with the Arab Monetary Fund.
- PCMA employees participated in the "Capital Markets International Trends and Developments" program with the Federation of Arab Securities Authorities.
- PCMA employees participated in the program (Anti-money laundering and terrorist financing system) with the Arab Monetary Fund.

#### Highlighting the PCMA locally and enhancing its regional and international presence:

Due to the prevailing circumstances, the PCMA has not participated in combating money laundering and terrorist financing crimes in a face-to-face manner, but all participations were made through Zoom meetings.

#### Local and International Cooperation:

Request for local cooperation received from the competent authorities:

- The PCMA received ten letters from the Corruption Court relating to lifting confidentiality, all of which were responded to.
- The PCMA received ten letters from the Financial Follow-up Unit requesting information, all of which were responded to.

#### Request for local cooperation issued to the competent authorities:

- Based on suspicious cases, the General Department of Insurance sent requests for assistance to the Financial Follow-up Unit to gather data and information from the State of Qatar.

#### Outgoing request for international cooperation:

Based on suspicious cases, the PCMA has passed international cooperation requests through the Palestinian Financial Follow-up Unit to the State of Qatar, and the no response was received to date.

An overview of the most important statistics of 2021:

Statistics and Data				
Statistic Type	No.	Year	Monitory Administration	Notes
Suspicious Reports	1	2021	Financial Leasing	
Files transferred to the Prosecution	1	2021	Securities	
	2	2021	Insurance	
	1	2021	Insurance	
General circulars / raising and improving efficiency	1	2021	Insurance	
Implementation of Security Council resolutions	9	2021	From the PCMA	
	7	2021	From the PCMA	
Inspection tours upon request of the Unit	2	2021	Securities	

Specialized inspection tours	5	2021	Financial Leasing	
Annual reports on entities subject to the supervision of the PCMA	9	2021	Insurance	Rectification follow-up rounds
Training and qualification of the PCMA staff	10	2021	Securities	
	9	2021	Securities for 2020	
	9	2021	Financial Leasing for 2020	
	9	2021	Insurance for 2020	
	8	2021	PCMA employees	8 training programs
Outgoing international cooperation requests	1	2021	To the Qatari Investigation Unit	Through the Financial Follow-up Unit
Cooperation with local competent authorities - Outgoing	1	2021	Insurance	the Financial Follow-up Unit/Inquiry
Cooperation with local competent authorities - Incoming	11	2021	PCMA	Corruption Court
	42	2021	From PCMA	Financial Follow-up Unit

#### Risk Management Department - Risk Management Section:

The PCMA's risk management framework provides its overall intent and direction in terms of risk management, in addition to providing the procedures and the arrangements for implementing and continuously improving risk management in line with the context of risk management. The PCMA's risk management framework basic elements include contextualization and acceptance of risk taking, risk assessment (identification, analysis and assessment), risk handling, information and communication, awareness, training, monitoring, follow-up and review of risks. The Risk Management Section has been created within the Risk Management Department and it is responsible for managing risks within the PCMA in line with the administrative units.

Among the most prominent results of the Risk Management Department until the first half of 2021:

- Adopting work procedures that clarify the workflow of the Risk Management Department.
- Work is underway to adopt a risk management framework in the PCMA.
- Work is underway to create a risk register and hold a meeting with the administrative units within the PCMA.

## Non-Banking Financial Awareness

In 2021, the PCMA worked on implementing a number of awareness activities related to developing the legal environment, developing the technical work of the PCMA, and raising public awareness of the importance of the non-banking financial sector, which is an essential pillar of the PCMA's duties towards the public in Palestine. The PCMA seeks, on an ongoing basis, to enhance citizens' financial capabilities and culture in the sectors it supervises, in addition to strengthening its internal and external relations, based on its plans, programs and tasks entrusted to it by virtue of the law and the strategic objectives specified in the strategic plan for the years 2021-2025. We hereby outline a set of activities and awareness programs that were implemented in the said year:

Launching the community dialogue on the draft of the new insurance law addressing the shortcomings in the existing legislations

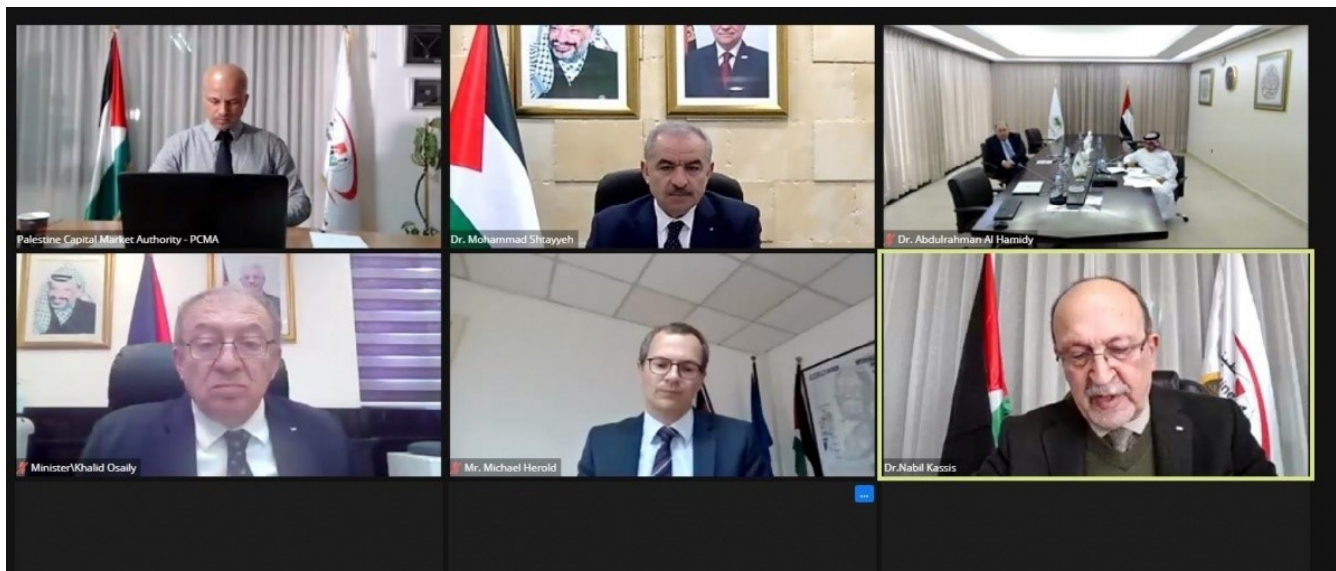


The PCMA launched a community dialogue on the draft of the new insurance law that addresses the shortcomings in the existing legislations, and sent the draft law to a group of syndicates, unions, research, legal and academic institutions, and Palestinian civil society institutions, to expand the circle of participation and consultation on the draft law, in order to reach a law that meets all needs and addresses shortcomings.

Working on a new insurance law aims to keeping pace with developments in the insurance industry, in line with best practices and international principles issued by the International Association of Insurance Supervisors (IAIS), and in the context of strengthening and fortifying the legislative environment regulating the insurance sector in Palestine and addressing deficiencies in existing legislation, in coordination with international experts and specialists in the field of preparing insurance laws and accompanying legislation.

As part of the community dialogue, the PCMA organized a dialogue session with a number of Palestinian journalists on the draft insurance law, and a number of journalists specialized in the economic press, and representatives of the local written, electronic, radio and television media participated in the dialogue, and the PCMA also held a meeting with the legal committee of the union Palestinian insurance companies, to discuss the draft of the new insurance law.

Launching "EBTAKER" Innovation Hub



At the beginning of 2021, the PCMA launched the “EBTAKER”<sup>[1]</sup> platform, a regulatory innovation hub, which specializes in the PCMA’s receipt of innovations relating to financial technology in the non-banking financial sector, and directing it from the supervisory point of view, which contributes to creating an environment conducive to innovation and leadership in digital financial services. It is also considered one of the first supervisory platforms in the region concerned with providing supervisory and regulatory supervision in the non-banking financial sector for people with entrepreneurial ideas.

[1] [www.ebtaker.ps](http://www.ebtaker.ps)

#### Regulating dealing in foreign currencies and precious metals on foreign exchanges

The PCMA decided to regulate dealing in foreign currencies and precious metals in foreign stock exchanges, in accordance with the provisions of Decree number (17) of 2009 regarding dealing in foreign stock exchanges, and in line with the provisions of the Securities Law number (12) of 2004, and Capital Market Authority Law number (13) of 2004.

This was completed through the implementation of the study regulating dealing in foreign stock exchanges, including foreign currencies, precious metals, and others, by securities companies licensed by the PCMA, to the extent that achieves the PCMA’s objectives and its strategic plan for organizing the informal financial sector and protecting its dealers from dealing with many entities and persons who are not licensed to carry out such activities, which represents a violation of the Decree number (17) of 2009, and in order to achieve financial inclusion in Palestine.

#### Launching the strategic framework for Islamic financial services in Palestine





The PCMA launched the strategic framework for Islamic financial services in Palestine, in partnership with the Palestine Monetary Authority, in cooperation with the International Finance Corporation (IFC), and under the sponsorship of the Minister of National Economy Mr. Khaled al-Osaily.

This framework is considered the first step on the way to developing Islamic financial services in Palestine, and work is underway to develop the necessary plans for implementation on the ground in order to achieve the desired positive results out of this project, and to provide investments and Islamic financial tools inside Palestine, thus making Palestine attractive to financial investments in general, and Islamic in particular.

The PCMA grants a letter of no objection to the foreign non-profit Middle East Investment Initiative



The PCMA has granted a no-objection letter to the foreign non-profit Middle East Investment Initiative that owns the “Tamweely” platform in Palestine, qualifying the Initiative to provide insurance networking services through the platform. The letter includes approval to integrate a new segment of insurance applicants into the insurance sector, by linking them with insurance companies. The Initiative submitted a request for a no-objection to the PCMA to provide the services of networking citizens with insurance service providers, in addition to raising awareness about insurance services through its website “Tamweely/insurance.”

For the fourth time in a row

The PCMA participates in the World Investor Week organized by (IOSCO)



In partnership and cooperation with the Palestine Exchange, the PCMA launched the activities of the “Global Investor Week 2021”, which is an international initiative launched by the International Organization of Securities Commissions (IOSCO). The initiative, in its fifth edition, aims to enhance the culture and protection of investors at the global level.

This year’s week came under the title “Sustainable Finance and Fraud Prevention”, and witnessed many events, especially via the cyberspace, to focus on this issue in parallel with the securities and exchange authorities around the world, as well as nearly (100) countries around the world.

Among the activities that were implemented during the investor week, a virtual event held through the Zoom application, represented by a workshop entitled “Ring the bell” for financial knowledge “Sustainable Finance and Fraud Prevention”, which dealt with five working papers focused on sustainable development, sustainable financing and fraud prevention, in addition to launching an awareness campaign on social media platforms, in order to broadcast important messages that carry important indicators and guides for investors about sustainable development and sustainable financing. A short video was also produced for the same purpose.

The PCMA launches the “Financial Journalism Lab” during the year





The PCMA and the Journalists Syndicate launched the “Financial Press Lab” program over two rounds; The first was in the city of Nablus, over two days, with the aim of strengthening the capabilities of male and female journalists in the field of financial journalism, especially in the non-banking financial sectors, under the sponsorship of the Ministry of National Economy, and in cooperation with the German Cooperation Agency (GIZ).

The program comes within the vision of the PCMA, which responds to the national strategy for financial inclusion in Palestine, and to promote financial technology in the non-banking financial sectors, by enhancing public awareness, and enhancing the role of the financial press in Palestine in raising financial awareness among various segments of society.

The PCMA organizes a meeting on the opportunities and prospects of financial technology in the securities sector



The PCMA organized a meeting on financial technology in the securities sector, which was attended by representatives of all components of the sector via virtual platforms. The meeting took place in the presence of the Director General of the PCMA, Mr. Barraq Al-Nabulsi, and His Excellency the Chairman of the Board of Directors of the Palestine Exchange, Mr. Maher Masri. Representatives from the securities sector, including the Palestine Exchange, securities companies, custodians, issuance managers, and investment advisors also participated in the meeting.

Discussing national efforts in regulating the work of real estate developers





The PCMA discussed with the Land Authority the efforts made to regulate the work of real estate developers, as the real estate sector is witnessing rapid growth as a result of the increase in population and changes in the family structure in Palestine, in addition to the movement of many families to cities for work necessities. However, the rapid growth in the construction of real estate units and the subsequent sale on maps and instalments operations, has resulted in a set of problems relating to the establishment of the rights of the both parties, and the need to fulfil the obligations of both parties, in the absence of legislation that defines and clarifies the nature of the relationship between the various parties and how to protect their rights.

## PCMA's most prominent measures in comforting the Covid-19 pandemic

Since the first moments of the announcement of the emergence of the Covid-19 virus in Palestine, and based on the decision of His Excellency the President in declaring a state of emergency in Palestine, and the competent authorities taking all necessary measures to confront the risks resulting from the Covid-19 virus, and to protect public health, and the directions of the Palestinian government to confront the Covid-19 virus, and in accordance with the Capital Market Authority Law number (13) of 2004, the PCMA began taking all necessary measures to address the effects of the pandemic, and in coordination with the relevant authorities. The PCMA also circulated that all precautionary measures issued by the competent authorities should be taken to confront the Corona virus on all sectors subject to its control and supervision, which included: the Palestine Stock Exchange, Securities Companies, Insurance Companies, Financial Leasing Companies, Palestine Mortgage Finance Company.

The PCMA has started early by taking several measures to monitor and mitigate the pandemic, and to ensure the continuity of operations, including measures relating to the personal safety and health of its employees and their families, as well as procedures to enable remote work by creating and activating a virtual work environment, in addition to following various government policies and procedures, noting that all employees of the PCMA have received the necessary Covid-19 vaccinations.

### Liquidity Management

The Covid-19 pandemic was accompanied by economic pressures that affected all countries, the most important of which was the lack of liquidity for various reasons, including the decline of some economic activities, the reluctance of large segments of debtors to pay their instalments, and the difficulty of international exchange procedures, and therefore the interventions of the banking system emerged by pumping money into the wheel of the economy. At the PCMA level, measures have been taken to carefully manage and provide the necessary liquidity to meet the PCMA's obligations, and the PCMA's management closely monitors cash flows and forecasts in a timely manner to maintain reasonably adequate liquidity during this period and beyond.

### Business Continuity Planning

The PCMA is closely monitoring the situation, and has implemented crisis management measures to ensure the continued safety and security of the PCMA's employees, and the provision of services without interruption. Safety and health measures for the PCMA's employees have been implemented, such as social distancing and remote work.

## Annexes









## Capacity Building of the PCMA's employees

To complement its efforts in raising the capabilities of its employees, the PCMA's employees participated in several specialized training courses in the areas of the Capital Market Authority; whereby, in cooperation with the Palestinian Banking Institute, the employees of the General Administration of Securities participated in the trading course on the exchange of currencies, metals and commodities, which was held specifically for such employees, for the purpose of keeping abreast of developments in global financial markets. This is in addition to participating in courses, held remotely, on recent developments and trends in global capital markets, and investment risk management, in cooperation with the Arab Monetary Fund and the Union of Arab Securities Authorities.

In cooperation with the Financial Services Institute of the Egyptian Financial Supervisory Authority, the employees of the General Department of Insurance participated in two specialized courses that were held remotely, that focused on managing the distribution of small and micro insurance, in addition to participating in the Financial Crimes Control Program, in cooperation with the UAE Insurance Authority.

The employees of the General Administration of Mortgage Finance and Financial Leasing also participated in a specialized online course on factoring (legislative and technical framework) organized by the Financial Services Institute of the Egyptian Supervisory Authority. They also participated in a specialized program relating to leasing and banking, combating money laundering and terrorist financing, and corporate governance and financial institutions, which was implemented by the Center for Islamic Economy in cooperation with the Arab Monetary Fund.

The authority's employees also participated in specialized courses related to raising the capabilities of workers in connection, communication and media, in cooperation with the Media Development Center at Birzeit University, as part of a technical assistance project provided by the German Agency for International Cooperation (GIZ). The courses covered the topics of video editing, fundraising, photography, and public relations. As part of this project, the PCMA's employees participated in two specialized courses to obtain a certificate of a certified expert in digital finance, and a certified expert in financial inclusion from (Frankfurt School of Finance & Management).

The PCMA's employees from other departments also participated in a number of internal and external training programs specialized in the professional, financial and administrative sectors, including participation in a program held by the Arab Monetary Fund remotely on financial technology and the application of blockchain, in addition to other training programs held locally on financial statement analysis, electronic archiving, financial planning, budgeting (SharePoint Branding), (Hands-On Enterprise Datacenter Administration Course), (Developing ASP.NET Core MVC Web Apps), taxation in Palestine, managerial, supervisory and leadership skills, receiving and handling complaints in accordance with approaches based on human rights, gender, and micro-enterprise management.

Course type	Number of courses	Number of participants
Internal course	16	55
External/remote courses	12	87