

Iraq Stock Exchange

2018 Year Book

Introduction

The Iraq Stock Exchange (ISX) is a Baghdad-based economic self-regulatory organization (SRO) that was established by the Law No. 74: Interim Law on Securities Markets of 2004, and was officially opened in Jun 24, 2004. The Interim Law provides the market with a legal entity of autonomous status, independent finance and management, and gives ISX the necessary supervisory and executive powers to exercise its functions. ISX has developed into a comprehensive exchange with stocks, bonds, funds and derivatives products, world-class exchange system and communication infrastructure, and effective self-regulatory system. With these advantages, ISX number of investors is growing fast.

Our Vision: "Being an integrated financial market which delivers comprehensive and diverse services pursuant to the above-mentioned Law, and has the capacity to compete its counterparts".

Our Mission: "Providing secure market services in such efficient, effective, transparent and excellent way as to offer added value to market participants, and to play a part in the development of capital market in Iraq."

In this document we will present the indicators and data on stock trading activities. The plan was implemented in 2018, and those laid for 2019 in light of the action rules and regulations we seek to develop according to the principles of the Union of Arab Securities Authorities and its relevant International organizations.

The most important indicators of trading stocks for 2018 are as follows:

1. The ISX held 238 trading sessions, with a trading average of 5 a week.
2. The number of listed companies on the ISX is 104 Iraqi companies whose total assets IQD 11.956 trillion.
3. Up to 832 billion shares were traded.

4. The total value of those traded shares reached IQD 466 billion.
5. The number of executed tickets were 91067.
6. The ISX60 stock index closed at 577.84 points in the first trading session of 2018, while it ended the year of 2018 at 510.12 points.
7. Trading the second issue of national bonds on the ISX, setting a historical number for the first time since ISX established. The sale raised IQD 1.830 billion through 350 bonds of IQD 5 million each.

The indicators of trading stocks that belong to ISX-listed companies for 2018 were the same of those achieved in 2017 for numerous reasons, the most prominent reasons are:

1. The lack of dividends distribution by shareholding companies from their earnings in 2017.
2. The weak confidence of investors and shareholders that can be attributed to the late annual disclosure by 35 listed companies, their failure to provide financial statements, and the consequent suspension from trading their shares by the Iraq Securities Commission (ISC) as of Aug, 2018.
3. The failure to examine the barriers to develop the securities sector, and not determining a share's value, nor comparing it to its market price, hindering any efforts to formulate a strategy to attract investors.

In its decisions, meetings, workshops and conferences, the ISX's Board of Governors has called upon officials to approve those approaches that have already been adopted by Arab and International stock exchanges to attract investment in securities, and to encourage trading in them. The Board has notably requested to:

1. Study and calculate the intrinsic value of a given stock as opposed to its market value (especially with regard to those undervalued shares), to discuss the results of these studies in a conference bringing together all concerned actors of the Iraqi stock market, and to develop solutions for the current and ongoing problems of shareholding companies.
2. Not suspend a shareholding company for more than ten days in case it fails to meet the requirements of quarterly or annual disclosures pursuant to the

above-mentioned Law, to hold any party accountable for failing to provide the required disclosures, and to impose appropriate penalties on the violating party as specified by the Law. The objective of the above is to ensure that the company has a clear view of investor frustrations as well as an understanding of the need for prompt and decisive action to help restore the reputation of the company

3. Validate and endorse regulations and rules that create a favorable investment environment, such as:
 - a) Issuance of a governance guideline for shareholding companies that resemble the Central Bank of Iraq's Corporate Governance Guide for Banks.
 - b) Setting a share buy-back limit at a rate of 10% of a company's capital, in accordance with the controls adopted by most Arab stock Exchanges.
 - c) Issuance of Global Depository Receipts (GDRs) for Iraqi shares, allowing them to be traded on other stock exchanges.
 - d) Preparing regulations for investment portfolios and investment funds in Iraq.
4. Approve and endorse a draft law, prepared in Arabic and English versions since 2008, to meet the demands of developing the Iraqi capital market in line with international standards.

ISX renew our call on the relevant officials to approve and incorporate the above-mentioned paragraphs into their plans for 2019, with the aim of boosting investment and trade in securities, seeking to address the current problems, and preparing comprehensive studies to prompt stewardship and strategy to reach our objectives.

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