



Tunis Stock Exchange

Recent Development & outlooks

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Some history

1969: Created as a public entity.

1988: First set of reforms on investor protection, public offerings...

1994: Overall reorganisation of the financial market



1994 Law: the keys

Distinct entities for distinct activities:

- Market regulation and supervision
- Market operations
- Post Market operations

Compliance to other international standards

- Information disclosure
- Regulated market operations
- Investor protection



Market institutions

- **Stock Exchange (BVMT)**
Management of securities market
- **Capital Market Board (CMF)**
Market supervision and regulation.
- **Central Securities Depository (Tunisie Clearing)**
Delivery and settlement

Tunis Stock Exchange

- Capital: USD 5.2 million
- Operating under private law.
- Supervised by the market regulator
- Surveillance by a Government Commissioner
- Egalitarian and exclusive ownership by Brokers
- Board comprised of 12 brokers

Brokers

- 23 licensed brokerage firms.
- 13 out of 23 are bank subsidiaries
- Agreed by market regulator
- Brokers are exclusive market members
- Minimum capital requirement

Brokers capital requirement

Depends on authorized activity:

Order execution, portfolio management...

- USD 0,52 million

Market making, bought deals...

- USD 1,6 million

Market principles

- Cash market
- Order driven market
- Anonymous orders
- Irrevocable transactions



Market structure

- **Official list**

- Principal (equities) market (blue chips...)
- Alternative (equities) market (SME...)
- Bond market
- Special Purpose Vehicles

- **Parallel market**

For not listed but publicly traded companies

Technical infrastructure

- Electronic trading :
 - Developed by Euronext technology
 - NSC V900 platform
- Market access platform
 - Developed by Sungard
 - Automated order entry (FIX protocol)
- High availability platform



Market Guarantee Fund

- To cover counterparty risk arising from a defaulting broker
- Set up by brokers
- Administered by the Stock exchange
- Initial, regular (daily) and exceptional margin calls paid up by the brokers

Client Guarantee Fund

- To address non commercial risks: broker bankruptcy, fraud....
- Administered by the Stock exchange
- Contributors: Market institutions and brokers
- Compensation: 90% of portfolio with USD 16 000 ceiling

Foreign investment

- **Bonds:** authorized up to 20% of debt issuances
- **Equities** (General rules)
 - Up to 66% Without prior authorization (since october 2014)
- **Direct** investment: 100% free

Fiscal incentives

- New listed companies offering 30% capital share to the public: 5-year **reduction of tax** on profit to 20% from 25%
- Deduction, from the taxable income base, of **savings plans** on listed stocks
- **Dividends** are tax exempted (except for individuals :Tax = 5% with a reduction of 10 000 TND)
- Capital gains exempted after a minimum detention period



Main highlights of the market 2012-2015

- Historical records of new listings in 2012-2015 : 23 new companies (2 in 2012, 12 in 2013, 6 in 2014 and 2 in 2015 to bring the total number of listings to 79)
- The Tunisian government launched in June 2014 a national bonds and collected 900 million of TDN more than initially planned (500 million of TDN)
- Recapitalisation of state and private banks through financial market to comply with prudential ratios : raising an amount of 0,8 billion of \$ from 2012 to 2015

Main highlights of the market 2012-2015

- Great efforts of recapitalisation for bank sector to strengthen shareholder's equity through financial market and comply with prudential ratios : an amount of 0,8 billion USD risen from 2012 to 2015
- Strong growth of foreign investment portfolio in listed companies : in 2015, net balance of foreign investment increases more than two times and foreign capitalisation gains 2.4 percentage points (from 24.1% to 26.5%)



Achievements of TSE 2012-2015

TSE launched in 2012 the first education program in Africa to spread and promote stock market culture with the support of IFC -Investment Climate Facility for Africa:

- Two editions of stock market and financial services exhibition « INVESTIA » (2012 & 2014),
- Two edition of the Challenge « Myinvestia » (on line game)
- InvestiaAcademy on line education platform

Achievements of TSE 2012-2015

- Partnerships with peer exchanges and organisations:
Casablanca, Algeria, Douala, BRVM, Istanbul, Paris
Europlace

Main market indicators

Indicators	2009	2010	2011	2012	2013	2014	15 th September 2015
Listed companies	52	56	57	59	68	77	79
Market capitalisation (M\$)	9 282	10 627	10 045	9 187	8 688	10 190	9 971
Foreign capitalisation	21,9%	20,2%	20,2%	20,5%	22,3%	24,1%	26,3%
Tunindex	48,4%	19,1%	-7,7%	-3%	-2%	16,2%	5,1%
Total trading value (M\$)	1 377	1 879	1 037	1 385	706	1 045	842
Daily trading value(M\$)	5,5	7,4	4,5	5,5	3,4	4,2	4,7

Development and outlooks

TSE adopt a new strategy for the period 2016-2020 to become the major participant in the financing of the economy

Main axes :

- Expand market financing of SME through appropriate approach: specific support program, improve the financial ecosystem
- Develop of new services: index policy, ETF, Islamic products, market feed,....



Development and outlooks

- Promote financial literacy and market culture of various targets (managers, employees, journalists, majority shareholders, small shareholders, students)
- Upgrade the trading platform to cope with current and future needs (derivatives...) : Migration to the latest version (Universal Trading Platform during 2017)
- Strengthen governance and disclosure practises of listed companies