



Citi's Online Academy for Financial Institutions

Morocco Direct Custody and Clearing Market Overview Webinar

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Country Overview



The Kingdom of Morocco

Population	30 million
Time Zone	GMT
GDP (2006, US\$)	75.7 billion
GDP per Capita (2006, US\$)	2,500
Economic Growth (2006)	8.1%
Inflation (2006)	3.3%
Total Market Cap (2007 US\$)	78.6 billion
Country Credit Rating	BBB- (S&P), Baa3 (Moody's)



Market Statistics

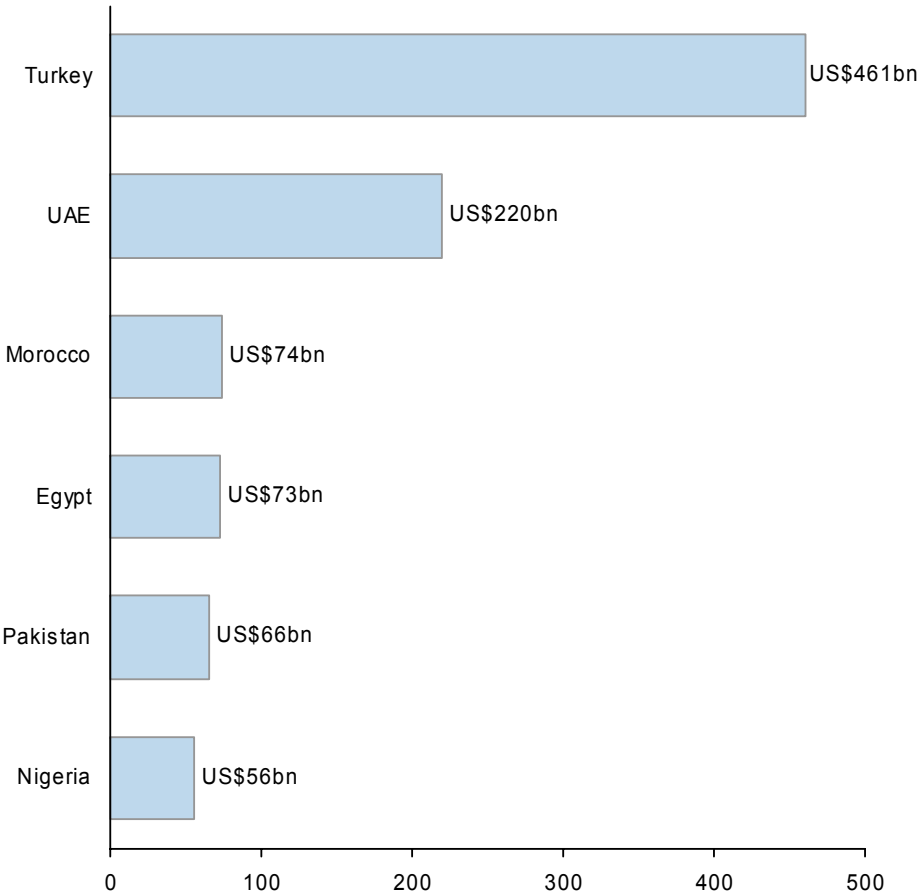
As of 31 December 2007

- Total capitalisation: USD 78.6 billion
- Equity capitalisation: USD 77 billion
- Fixed income capitalisation: USD 1.6 billion
- Number of equities listed: 129 (75 Equities + 54 Bonds)
- Average daily trading value: USD 187.1 million
- International investors hold: 29.7 % of mkt cap

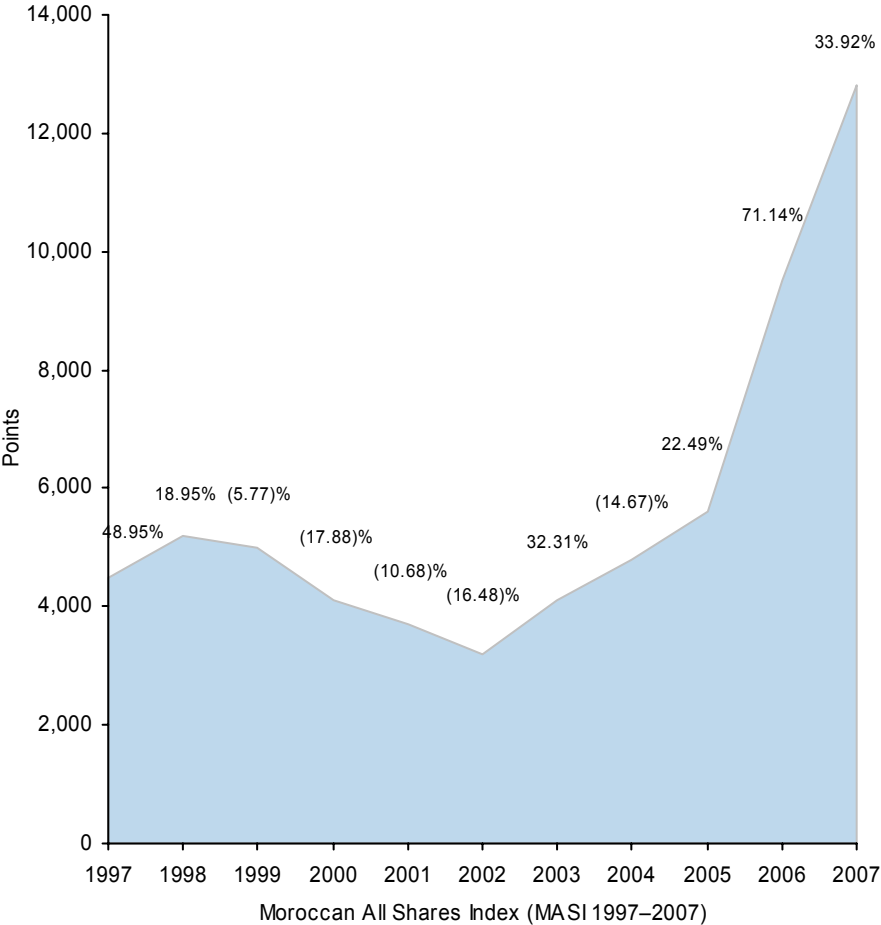


Market Statistics (Cont'd)

Comparative Market Cap Overview (August 2007)



MASI INDEX



Market Statistics (Cont'd)

Public Offerings in Morocco

- 27 IPOs between 2000 and 2007
- Total IPOs value: USD 2.4 billion
- Largest IPO: Maroc Telecom, value: USD 1 billion

Pricing Date	Issuer Name	Industry	Deal Value \$
07-Nov-07	SNEP - Societe Nationale d'Electrolyse et de Petrochimie	Chemicals	128,610,963
16-Oct-07	Assurances Atlanta - Compagnie d'Assurances et de Reassurance Atlanta SA	Insurance	153,194,212
07-Aug-07	CGI - Compagnie Generale Immobiliere	Real Estate/Property	397,130,795
07-Jul-06	Douja Promotion Groupe Addoha	Real Estate/Property	315,975,834
08-Dec-04	Maroc Telecom - IAM	Telecommunications	1,015,106,165
05-Jul-04	Banque Centrale Populaire - BCP	Finance	57,104,110
23-Jun-00	Managem SA	Mining	112,832,853
Note: Includes IPOs above \$50m since January 2000.			

Market Structure – Securities Traded

- Equities
- Fixed income
 - T-Bills
 - Issued by the Moroccan Treasury
 - Traded OTC
 - Auctioned weekly by BAM
 - Tenors ranging from 13 weeks to 30 years
 - Government bonds
 - Fixed and floating rate
 - Varying maturities
 - Corporate bonds
 - Funds
 - Capital risk funds
 - Real estate funds

Key Market Indices

MASI	Moroccan All Shares Index
MADEX	Moroccan Most Active Shares Index

Market Structure – Participants

Casablanca Stock Exchange (CSE)

- Ownership: Joint Stock Company
 - 15 brokerage companies as members
- Established in 1929
- CSE members: 15
- Settlement cycle for CSE trades: T + 3 for fixed income and equities and T for OTC

Trading days: Monday through Friday

Electronic Trading System: (NSC) system introduced in 1998

Trading hours: 9:00–15:30

- 2 Board markets:
 - Central Market : Order driven market
 - Block Market : Minimum size of block required

Market Structure – Participants

Maroclear

- Central Securities Depository and Clearing House
- Owners: State, Central Bank, Public Institutions
- Established in 1997
- Clearance, settlement and safekeeping of equities and fixed income instruments: On and off-exchange
- ISIN numbering system
- Efficient DVP system
- Communication of corporate actions
- Compliant with ISSA G-30 Recommendations

Supervision/Audit

- Bank Al Maghrib (Central Bank of Morocco)
- Exchange office
- CDVM (Stock Market Council of Ethics)

Quick Market Reference Guide

- Settlement method: book-entry
 - Settlement cycle
 - T+3 for on exchange trades: equities and fixed income
 - T for OTC: fixed income
 - Numbering system: ISIN
 - Omnibus account structure: allowed
 - Nominee concept: not applicable in Morocco
 - Turnarounds
 - Possible if both counterparties have the same settlement agent, due to Maroclear batch process
 - Partial settlement: allowed and a market practice
 - Free of payment: allowed provided NCBO
 - Short selling: not allowed
- Pre-matching
 - Market practice
 - Market Penalties
 - Established market penalties for failed trades
 - Buy-in process for Central Market transactions
 - Registration
 - Securities are registered in the name of the beneficial owner
 - The issuers manage registration records on the basis of information provided by sub custodians through Maroclear
 - Voting
 - Physical attendance or by POA
 - Voting deeds
 - Shares blocked five days prior to meeting date

Quick Market Reference Guide – (Cont'd)

- Securities lending: not allowed
- Foreign investment restrictions
 - Foreign investment is not subject to restrictions, but is subject to general ownership limits and threshold reporting requirements that also apply to domestic investors
- Currency and Money Market
 - Exchange rate regime: MAD fully convertible
 - Same day value, Tom value, Spot FX
 - Currency derivative instruments (not involving MAD) : forwards and Swaps
 - RTGS, Non-RTGS cash clearing systems

Taxation

- Non-individual/Institutional investors
 - Withholding tax for non-individual investors (10%)
 - No capital gains tax for foreign insitutional investors (0%)
 - Relief at source as per DTT
- Individuals
 - Withholding tax rates applied for individuals
 - Dividend withholding tax is 10%
 - Interest withholding tax is 20%
 - Foreign individuals are subject to capital gains tax

Quick Market Reference Guide – (Cont'd)

Summary of the recent changes in taxation

Before 2008			After 2008	
	Withholding Tax (on dividends and interests)	Capital Gains	Withholding Tax (on dividends and interests)	Capital Gains
Non-resident Corporate Investors	10%	0 %. Non resident corporate investors are exempt from capital gain Tax on listed securities. 35% on non-listed securities	10%	0 %. Non Resident corporate investors are exempt from capital gains Tax on listed securities. 30% on non-listed securities
Non-resident Individual investors	10%	- 10% on equities and mutual funds composed of minimum 60% equities - 20% on bonds and mutual funds composed of 90% bonds minimum -15% on equities or Mutual funds other than the above categories	10%	15% on equities 20% on bonds and mutual funds

Market Developments and Outlook

Infrastructure and regulatory framework

- Cash RTGS Platform established in 2006
- Maroclear DVP instructions file upload December 2007
- RTGS securities settlement in 2008
- Corporate actions processing (CDVM circular in draft) with enhanced regulatory framework 2008
- Securities lending (CDVM circular in draft) 2008

Citi Morocco

- Present in Morocco since 1967
- Large range of services
 - Commercial investments
 - Inter-bank transactions
 - Deposits
 - Cash management and electronic banking
- Employees covering the following businesses
 - Treasury
 - Global Transaction Services
 - Corporate Banking
 - Corporate Finance and Investment Banking
- Citi's DCC Services opened in Morocco in November 2007 as the 50th proprietary branch

Core Direct Custody and Clearing Services in Citi Morocco

- Securities Clearing and Settlement
- Pre-matching
- Customer Service
- Registration
- Corporate Actions
- Income Collection
- Repatriation
- Foreign Exchange
- Full Proxy Services
- Foreign Ownership Monitoring
- Tax Relief at Source
- Market Claims
- Cash Management
- Comprehensive SWIFT Reporting
- Portfolio and MIS Reporting
- Market Information Services

Why choose Citi Morocco

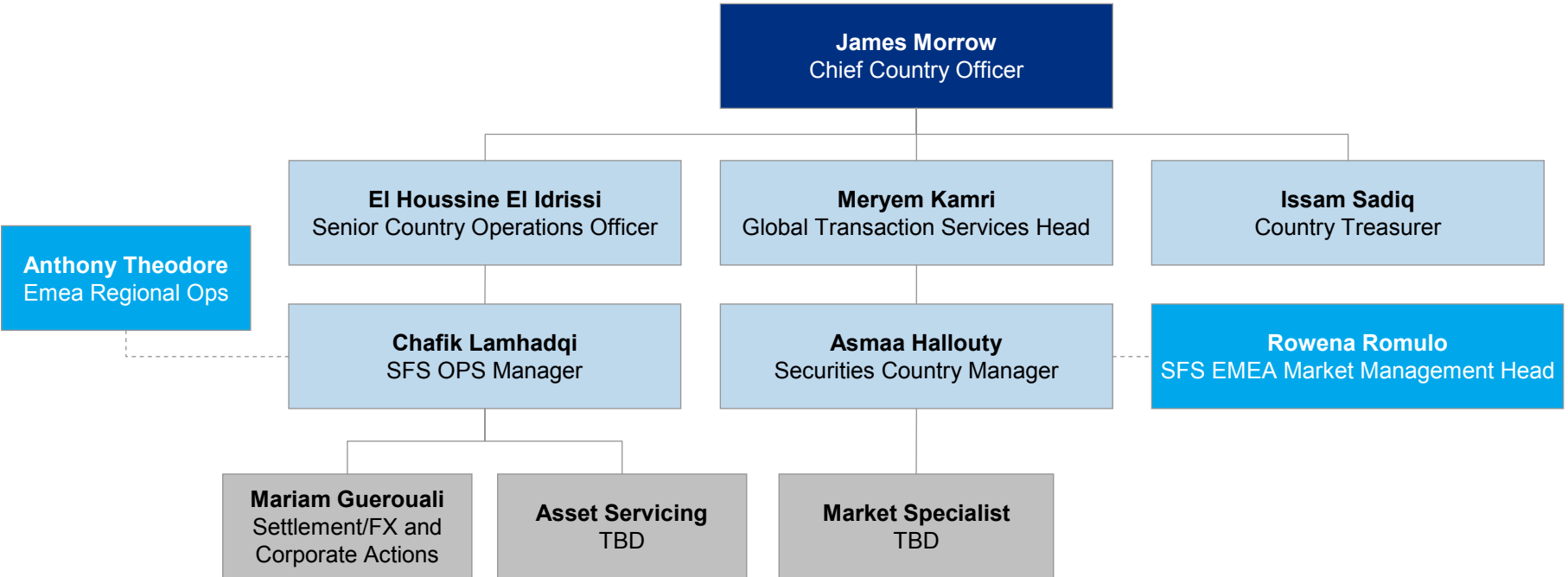
Citi offering	Differentiating Factors	Client benefits
Quality of local market expertise & staff members	<ul style="list-style-type: none"> • Training opportunities from experts dedicated to the business globally • 10 years relevant experience on average 	<ul style="list-style-type: none"> • Global consistency of service delivery and familiarity with clients' expectations and requirements • Best market practices implemented for clients
Quality of technology	<ul style="list-style-type: none"> • Technology platform that provides for consistency with other Citi Securities Services centres in Central Europe, Middle East and Africa (SMAC – Securities Movements Asset Control) 	<ul style="list-style-type: none"> • Clients will benefit from the familiarity of the systems & reporting
Quality of product	<ul style="list-style-type: none"> • Automated threshold monitoring and reporting • Focus on STP • Competitive cut-off times • Real time trade status via ISO 15022 messages 	<ul style="list-style-type: none"> • Reduces risk of regulatory sanctions for our clients • Lower settlement risk through reduced fail trades; cost saving on STP trades • Increased flexibility for instructing the trade
Quality of service	<ul style="list-style-type: none"> • Unique coverage model with centralised Relationship Management and local teams in the market • Monitoring special arrangements on a daily basis • Proactive MIS reports 	<ul style="list-style-type: none"> • Full control on the market level while retaining capability to escalate wider issues to the global RM team • Reduced operational risk • Measurable service quality
Market influence	<ul style="list-style-type: none"> • Representation with local regulatory bodies and market infrastructures • Proven ability to influence the market and represent on behalf of clients • Ability to transplant best practices from other markets 	<ul style="list-style-type: none"> • Representation of our clients and its customer interests in the local market • Best practices implemented for our clients • Establish a more efficient and competitive post-trade industry in the region

Why choose Citi Morocco (Cont'd)

Citi offering	Differentiating Factors	Client benefits
Ongoing Efforts in 2008	<ul style="list-style-type: none"> • Securities lending • Full same day turnaround • Streamlining income collection 	<ul style="list-style-type: none"> • Working with infrastructures and clients to improve efficiencies for our clients
Systems – Quality/Expenditure	<ul style="list-style-type: none"> • Globally maintained core system set with local modules to support market-specific requirements • Development and maintenance of core systems performed by Citi on the global level 	<ul style="list-style-type: none"> • Consistency across all markets where Citi is the chosen provider • Increased efficiency through automation • End-to-end operational controls • Ability to benefit from best market practices
Track Record Within the Market	<ul style="list-style-type: none"> • In the market since 1967 • Proven ability to influence the market and lobby on behalf of clients • Representative client base 	<ul style="list-style-type: none"> • Clients well represented in the local market as a result of Citi's influence resulting from its active participation, long presence and financial strength

Organisation Chart

Securities and Fund Services in Morocco



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Citi Securities Services – Morocco

- **Questions & Answers**

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