

## **A reading of the reality of the impact of corporate governance on the Qatari capital market.**

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### **Abstract:**

The financial market in Qatar has witnessed a remarkable development in the field of establishing corporate governance rules, and this has generally resulted in an improvement in the overall assessment of governance rules and the extent of companies' compliance with the principles and procedures issued by the Capital Market Authority and with the laws and regulations in force in the Qatari capital market, As it is known that the financial market is the desired goal for every investor desiring the efficient allocation of available financial resources, which requires a measure of correct financial data and information for companies that trade their tools in the market.

### **Keywords:**

Accounting information, disclosure, corporate governance, financial market, Qatar Stock Exchange.

## **1. INTRODUCTION**

The State of Qatar is witnessing unprecedented economic growth, as the Qatar Stock Exchange is a mirror of the Qatari economic performance, including the listed companies that represent the active sectors in the State of Qatar. In these markets, in order to increase the degree of transparency in them, the Qatar Financial Markets Authority has made sure that the application of the governance system in the Qatari money market in its early stages is based on the principle of commitment.

From this, the main question on this topic is as follows:

□ What is the impact of corporate governance on the performance of the Qatari financial market?

As an interim answer to this question, we put the following assumptions:

- The impact of corporate governance on the financial market appears through accounting information, which is one of the main determinants of the degree of corporate governance.
- Corporate governance contributes to improving the performance of the Qatari capital market.
- By implementing the corporate governance rules, confidence will be restored to those involved in the financial market.

## **2- Qatar Stock Exchange**

### **2.1 The emergence of the Qatar Stock Exchange**

The Qatar Stock Exchange was established in accordance with Law No. 14 of 1995 related to the establishment of the Doha Securities Market, whereby it states that the Doha Securities Market enjoys an independent legal personality and has the capacity to dispose of its funds, management and the right to litigation, and its headquarters is in the city of Doha, where it is subject to the supervision of the minister, It officially started its operation in 1997 and since that time the stock exchange has developed into one of the most important stock markets in the Arab Gulf region ([www.qatarexchange.qa](http://www.qatarexchange.qa))

### **2.2 the development of the Qatar Stock Exchange**

As for the most important developments in the Qatar Stock Exchange, it can be summarized as follows:

**Table 1: The most important developments in the Qatar Stock Exchange.**

<b>the year</b>	<b>The most important developments in the stock market</b>
<b>1998</b>	Introduction and application of the central registration system in the market.
<b>1999</b>	Allowing investors to sell shares purchased on the day following the day of purchase.
<b>2000</b>	Implementing a project to connect companies via the Internet to become the first of its kind in the Gulf region
<b>2001</b>	Initiate the implementation of electronic trading that aims to replace trading operations by the plate method with an electronic system using the computer.
<b>2002</b>	The market has established its website on the Internet Allowing investors to sell shares purchased on the same day - The adoption of the market is a new indicator that reflects the changes in the share prices of listed companies with great accuracy.
<b>2003</b>	The market move to a new building is a better environment for investment

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<b>2005</b>	<ul style="list-style-type: none"> <li>- Allowing non-Qataris to invest in shares of companies listed on the market, with a negligence not exceeding 25%</li> <li>- Law No. 33 of 2005 was issued to establish the Qatar Securities Authority Transforming the Doha Securities Market into a Qatari shareholding company for the purpose of separating the supervisory role from the executive role.</li> </ul>
<b>2006</b>	<ul style="list-style-type: none"> <li>Merging the ordinary and the extraordinary market</li> <li>Establishing the Qatar Securities Authority to regulate and supervise financial markets</li> </ul>
<b>2007</b>	The market joined the membership of the International Federation of Exchanges
<b>2009</b>	<ul style="list-style-type: none"> <li>Signing an agreement with the NGSE EVRONEXT Stock Exchange for a partnership aimed at transforming the Doha market into an international exchange.</li> <li>- The market was renamed to take the name Qatar Stock Exchange after signing the partnership.</li> <li>Issuing the corporate governance system for listed companies</li> </ul>
<b>2010</b>	<ul style="list-style-type: none"> <li>- The Qatar Stock Exchange and the Qatar Central Bank signed an agreement under which the bank would provide cash settlement services between brokerage firms</li> <li>- Extending trading hours and reducing price bid units</li> </ul>
<b>2012</b>	<ul style="list-style-type: none"> <li>The partnership with NGSE EVRONEXT has effectively ended</li> <li>- Separating the central depository, settlement and clearing from the Qatar Stock Exchange into an independent company called Qatar Central Securities Depository Company.</li> </ul>
<b>2013</b>	<ul style="list-style-type: none"> <li>- Qatar Holding becomes the sole owner of the Qatar Stock Exchange after purchasing the share of NASI EuroBox in it</li> <li>Abolishing the Central Registration Department in the Qatar Stock Exchange and transferring its functions to a Qatari Central Depository Company</li> <li>-Standard Andrews S&amp;P upgrades the Qatar Stock Exchange to an emerging market, as Standard Andrews S&amp;P raised the Qatari market rating from FrontierMarket to EmergingMarket</li> </ul>
<b>2014</b>	<ul style="list-style-type: none"> <li>Increase the percentage of non-Qatari ownership in companies listed on the Qatar Stock Exchange, not exceeding 49% of the total capital</li> <li>- The activation of the classification of the Qatar Stock Exchange according to the MSCI index, and the relative weight of the stock exchange in emerging market indices is estimated at 0.475%, and 10 Qatari companies have been included in the MSCI emerging markets index.</li> <li>Issuing the governance system for joint stock companies listed in the main market</li> </ul>
<b>2015</b>	<ul style="list-style-type: none"> <li>- Promote the Qatari market in FTSE RUSSELL indices as part of the 2015 Qatar Market Classification Review process.</li> <li>- The weight of Qatari companies included in the MSCI Emerging Markets Index increased by 0.47% following the upgrade to about 1% in 2015.</li> </ul>
<b>2016</b>	<ul style="list-style-type: none"> <li>The Qatar Stock Exchange achieved a new upgrade by raising its rating on the FTSE RUSSELL index to the rank of secondary emerging markets and completing the implementation of the first phase of the tranche, joining the United Nations Sustainable Exchanges Initiative.</li> <li>Governance system for companies and legal entities listed on the main market</li> </ul>
<b>2017</b>	Implementation of the second tranche of the Qatar Stock Exchange upgrade to the

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secondary emerging markets category within the FTSE RUSSELL index.

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**Source:** Prepared by the two researchers based on the annual reports of the Qatar Stock Exchange for the years 2010-2017.

### **2.3- Members and management of the Qatar Stock Exchange**

Doha market membership includes both (Ministerial Resolution No. 10 of 1999, Doha Securities Market Bylaws Article 06):

1. Qatar Central Bank
2. Banks licensed to operate and specialized lending institutions.
3. Qatari shareholding companies that offer their shares for public subscription.
4. Stock brokers at the market.
5. Any natural or legal person whose membership the Committee decides to accept.

Market members are obligated to pay the registration fees and annual subscription fees in accordance with what is specified by the Market's internal regulations.

As for the management of the market, it is managed through the committee and its decisions are implemented through the executive body of the market, and the committee is formed under the chairmanship of a representative of the Ministry of Finance, Economy and Trade and the membership of each of (Ministerial Resolution No. 10 of 1999, the internal regulations of the Doha Securities Market Article 91-92):

1. Market Manager (Vice President).
2. A second representative of the Ministry.
3. A representative of the Qatar Central Bank.
4. A representative of Qatar Chamber of Industry or Commerce.
5. Two representing brokerage firms.
6. Two representing Qatari shareholding companies whose securities are being traded in the market.
7. Two experienced and competent persons.

A decision is issued by the Council of Ministers based on the proposal of the Minister, and the term of membership in the committee is three years, subject to renewal. Anyone who succeeds one of the members may succeed the term of his predecessor, and the meeting of the committee shall be valid if attended by at least six (06) members, including the president or his deputy.

### **3- Qatar Financial Markets Authority**

Law No. (33) of 2005 established the Qatar Financial Markets Authority and transformed the Doha Securities Market (now the Qatar Stock Exchange) into a Qatari shareholding company for the purpose of organizing and supervising financial markets, and the law gave the authority all the regulatory, supervisory and supervisory powers necessary to carry out its functions.

#### **3.1 Introducing the Qatar Financial Markets Authority**

The authority officially assumed its duties in September 2007, and the market, listed companies and financial services companies were notified of the official transfer of supervisory and supervisory functions from the market to the authority after the market had

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done so over the past 10 years, and to keep pace with developments in financial markets, Law No. 08 of the year was issued 2012, regarding the Qatar Financial Markets Authority, and it entered into force on the eighteenth of October 2012, replacing Law No. 33 of 2005 (the annual report of the Qatar Stock Exchange for the year 2015). The Qatar Financial Markets Authority is a legal entity based in Doha and enjoying financial independence And the administrative, and all the regulatory, supervisory and supervisory powers necessary to exercise its duties in accordance with the provisions of Law 08 of 2012 and the regulations, systems and decisions issued in implementation thereof.

### **3-2 Management of the Qatar Financial Markets Authority**

Article 06 of Law No. 08 of 2012 stipulates that the Authority shall be managed by a Board of Directors, to be formed under the chairmanship of the Governor and the Deputy Governor as a Vice President and a member of each of (Law No. 08 of 2012 regarding the Qatar Financial Markets Authority Articles 06,07,08,09):

A. A representative of the Ministry of Economy and Finance of no less than a deputy minister selected by the minister.

B. A representative of the Ministry of Business and Trade whose rank is not below an undersecretary chosen by the Minister.

C. Executive Director General of the Qatar Financial Center Regulatory Authority.

D. Two experts in the Authority's fields of work, chosen by the Chairman.

Members assume their work in the council in addition to their original work, and a decree is issued to appoint the council and determine the remuneration of the president, vice president and members, and the vice president replaces the president in the event of his absence or vacancy of his position. Or other similar periods, and the council meets at the invitation of its president at least once every three months, and whenever necessary, and the meeting is not valid unless the majority of its members attend, provided that the chairman or his deputy is among them.

### **4- Disclosure on the Qatar Stock Exchange.**

The issuing authority must disclose the immediate and periodic information to the authority and the market in which its securities are traded in both Arabic and English and publish it on its website, and the market publishes the disclosures it receives from the issuing authority on its website, and the issuing authority publishes the periodic data in two local daily newspapers, one of them in Arabic.

#### **4.1 Immediate disclosure**

The issuer of the securities listed and traded in the market shall announce, immediately, the Authority and the Market, and by any available means, of any events or information that may affect the notification of the securities, and if the announcement is in writing about those developments or events, a copy of it shall be delivered to each of the Authority and the market in which the securities are traded in both Arabic languages. And English and publish it on the website (Decision No. 02 of 2015 by the Chairman of the Board of Directors of the Qatar Financial Markets Authority to issue a system for offering and listing securities on the second market, Article 43.)

#### **4.2 Periodic Disclosure:**

(Decision No. 02 of 2015 by the Chairman of the Board of Directors of the Qatar Financial Markets Authority to issue a system for offering and listing securities on the Second Market, Article 44)

**A.** Every issuing entity that obtains the Authority's approval to list its securities in the market throughout the period of listing and trading of its securities shall prepare and publish periodic reports and provide the Authority and the market with copies thereof in accordance with the provisions of the laws.

**B.** The periodic reports are quarterly, semi-annual and annual.

**C.** The quarterly reports shall be prepared and published within a period not exceeding 30 days from the end of the concerned quarter, and semi-annual within a period not exceeding 45 days from the end of the concerned half year and annual within a period not exceeding 90 days from the end of the concerned half year and the annual within a period not exceeding 90 days from the end of the issuer's fiscal year.

**D.** The semi-annual reports shall be reviewed and the annual reports audited by the auditor of the issuer's accounts.

**E.** The annual report includes the results of the complete financial general operation of the source of the listed securities, the cash flows during the year and the financial position at the end of the year. The report must include a comprehensive analysis of the financial performance and position, a comparison with the performance of the previous year and projections for the next year. Management on the strength of the issuer to successfully continue the activity and fulfill obligations.

#### **4.3 Initial Disclosure**

If the issuing entity encounters a serious and unexpected event, the disclosure may be delayed for a short time if it is necessary to explain the situation, and in this case when there is a risk of leakage of internal information before it is announced, the issuing body must issue an initial announcement :

- It gives as much detail as possible.
- Determine the reason why a more detailed advertisement could not be published.
- A pledge to publish more details as soon as possible.

If the issuer is unable to publish the advertisement or refuses to do so, it must request the suspension of trading in its shares until the announcement is published.

#### **4.4 Limited Disclosure**

- The issuing authority may be allowed, depending on the circumstances, to access a certain category of persons to internal information, in addition to its employees who need the information to carry out their work tasks
- In the event of limited disclosure, the issuer must follow the procedures stipulated in Article 65, and the issuing body whose securities are listed may appeal against the authority's decision to suspend or cancel the listing of the relevant securities before the Grievance Committee.

### **5- The main features of corporate governance in the Qatar Stock Exchange.**

There is no doubt that corporate governance helps attract foreign and local investments alike, as it applies performance standards that work to achieve economic growth and consolidate economic foundations, as this leads to gaining the confidence of market participants and their eagerness to invest in the activities carried out by the company that applies this system.

#### **5.1. Scope of implementation of governance and adherence to its principles.**

The beginning of the first appearance of the scope of corporate governance in the State of Qatar in 2009, and this is due to the decision of the Board of Directors of the Qatar Financial Markets Authority No. Replaced by Resolution No. 04 of 2014 issuing the corporate governance system for joint-stock companies listed in the main market, to be canceled as well. Decision No. 05 of 2014 issuing the governance system for small and medium-sized

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companies on 09 March 2014 and Ministerial Resolution No. 05 of 2016 to issue the corporate governance system and legal entities Listed in the main market.

### **5.2.The basic principles in drafting a corporate governance system**

In the formulation of the corporate governance system for companies and legal entities listed in the main market, the following principles were taken into account (Ministerial Resolution No. 05 of 2016 issuing the corporate governance system for companies and legal entities listed in the main market):

**A.** The principle of transparency: This principle is based on good faith, honesty and openness, upholding the values of self-control and integrity, and exercising diligence, care and honesty in performing the tasks and functions assigned to each official and worker of the company.

**B.** The principle of assuming responsibility and acknowledging them: It aims to define the rights, duties and responsibilities in the company, and to establish appropriate control mechanisms that work to hold every responsible accountable for his work, evaluate his performance and evaluate the company's performance in general according to the best international standards, whether internal control is carried out by the company's board of directors, its committees, or a unit Internal audit, each within the limits of its competence or external control, is carried out by the auditor

**C.** The principle of justice and equality: Stakeholders and shareholders 'shares have equal rights. It is prohibited to discriminate between them on the basis of race, gender or religion, and they have all the rights arising from the ownership of shares or their capacity in the company equally.

### **5.3 Adherence to the principles of implementing corporate governance:**

The company discloses in its annual report its obligations to implement the principles and provisions of this system, and in the event of non-compliance with the application of any of its principles or provisions for reasons accepted by the Authority in consideration for the public interest or the interest of the market or the protection of investors, the article or materials that have not adhered to the application of its provisions and the justifications for non-implementation or the reasons for the violation must be determined Depending on the circumstances in the governance report, the Board is committed to implementing the principles of governance contained in this system, which are represented in justice, equality between stakeholders, and non-discrimination between them, transparency, disclosure and making information available to the authority and stakeholders in a timely manner and in a manner that enables them to make their decisions and carry out their work properly.

### **5.4 Governance and Disclosure in the Qatari Capital Market**

The governance and disclosure department consists of the following two sections:

#### **5.4.1 Department of Governance, with jurisdiction over the following:**

- 1- Following up on the companies and entities subject to the Authority's control and ensuring their compliance with the principles of the governance system.
- 2- Receiving governance reports and ensuring that they are issued at the specified times in accordance with the corporate governance system.
- 3- Review and evaluate governance reports to ensure that they complete the procedures and **contain** the required information and data.

#### **5.4.2- Disclosure Department: is concerned with the following:**

- 1 - Follow up on the private bodies to monitor the authority, and ensure the extent of their compliance with the requirements of disclosure.

2 - Review the financial statements of companies and verify that they meet the requirements of disclosure, and prepare analysis reports for each financial period, making sure that the Authority provides them within the permitted period and submitting appropriate recommendations regarding them.

3- Follow up the companies and ensure their commitment to the principles of disclosure and prepare reports and studies in this regard.

4- Reviewing companies' financial evaluation studies.

5- Reviewing companies' financial statements and verifying their compliance with international accounting and auditing standards.

### **5.5 Control works according to the corporate governance system**

The internal control (the internal auditor) in addition to the external control (the external auditor) will be done as follows:

#### **5.5.1 Internal Control**

Article 18 of Ministerial Resolution No. 05 of 2014 regarding issuing the corporate governance system for companies listed in the financial markets that are subject to the Authority's control stipulates the following: (Ministerial Resolution No. 05 of 2014 regarding issuing the governance system for companies listed in the financial markets that are subject to the Authority's control):

**A.** The company must adopt an internal control system duly approved by the Board to evaluate the methods and procedures related to risk management, implement the governance system that the company adopts, and adhere to the relevant laws and regulations, and the internal control system must set clear standards for responsibility and accountability in all company departments.

**B.** The internal control processes must include the establishment of effective and independent units for risk assessment and management, as well as financial auditing and internal **operating units, in** addition to external auditing, and the internal control system must ensure that all related parties' transactions are carried out in accordance with their own controls.

**C.** The company should have an internal audit unit with a clearly defined role and tasks.

**D.** The internal audit unit consists of at least an internal auditor appointed by the board of **directors**. The internal auditor is accountable to the board.

**E.** The internal auditor shall prepare and submit to the audit committee and the board of directors an internal report that includes a review and evaluation of the internal control system in the company and determines the scope of the report by agreement between the board (based on the audit committee's recommendation) and the internal auditor.

**F.** The internal audit report is prepared every six months, and starting from 2016 the report has become every three months

#### **5.5.2 External Control**

The audit committee reviews and examines the offers of the registered auditors by entering the external auditors with the authority, and it is submitted to a recommendation board with the reason for choosing one or more proposals to appoint an external auditor for the company, and the approval of the board has provided the recommendation to be included in the agenda of the company's general assembly meeting, and the general assembly appoints one or more auditors. For a period of one year, renewable for a period or other similar periods, up to a maximum of five consecutive years, and may not be reappointed before the passage of two consecutive years, and the auditor and his employee are prohibited from divulging secrets to the company, as well as combining his work, tasks and duties assigned to him and any other work in the company and work for the company one year before At least from the date of terminating his relationship with it (Ministerial Resolution No. 05 of 2016 Article 23-24).

## **6- Report on Corporate Governance**

The Qatar Financial Markets Authority has been keen to be one of the first to initiate the implementation of mandatory governance systems for public shareholding companies listed on the market and its compatibility with best practices and international principles, and that it has informed and cooperated with a number of specialized international institutions in order to develop the governance systems of public joint-stock companies listed on the market and upgrade the classification. Those systems are at the international level.

### **6.1 Definition of Corporate Governance Report.**

The corporate governance report is an integral part of the company's annual report attached to it, signed by the president, without prejudice to the provision of Article 02 of the governance system. The company discloses in its annual report its obligations to implement the principles and provisions of this system, in the event of failure to apply any of its principles or provisions for reasons accepted by it. The authority, in consideration of the public interest, the market interest, or the protection of investors, the article or articles that have not been bound to implement its provisions and the justifications for non-implementation or the reasons for the violation, as the case may be, must be determined by the governance report.

### **6.2 Content of the Corporate Governance Report.**

The corporate governance report and the company's disclosure of the commitment to implement its provisions, including (the corporate governance system and legal entities listed in the main market):

- 1 -** The procedures followed by the company regarding the application of the provisions of this system.
- 2-** Disclosure of the violations committed during the year.
- 3-** Disclosure of information related to members of the board, its committees, and the company's senior executive management.
- 4-** Procedures for risk management and internal control in the company, including supervision of financial affairs and investments.
- 5-** Committees' work, including the number of their meetings and the recommendations they reached.
- 6-** The procedures followed by the company to determine the risks it may face, and the methods of evaluating and managing them.
- 7 -** Disclosure of defects in the application of the internal control system in whole or in part, or weaknesses in its application, and disclosure of emergency situations that affected or might affect the financial performance of the company.
- 9-** Disclosure of the company's compliance with the rules and conditions governing disclosure and listing in the market.
- 10-** Disclosure of the transactions and deals entered into by the company with any related party.

### **7- The position of the Qatar market in light of corporate governance.**

The stock market needs a set of means and mechanisms to reach efficiency, and among these mechanisms is ensuring that companies listed in the market adhere to disclosure and transparency of their information with full transparency and clarity, as well as corporate governance expresses the rules that determine how companies make their decisions and the transparency that governs the decision-making process. In which .

#### **7.1 Efforts of the Qatar Stock Exchange to enhance governance (disclosure - transparency):**

The Qatar Financial Markets Authority has made sure that the application of the governance system in the Qatari financial market in its early stages is based on the principle of commitment or interpretation in order to give the listed companies the appropriate time period for the gradual application of the system and to have the experiences, skills and knowledge necessary for the mandatory application of the system and to benefit from the accumulated positive effects. To implement the corporate governance system in the market since 2010, which is (Lusailnews.net):

- Creating new positions for listed companies and entities related to investor relations and risk management
- Increasing expertise and competencies in the field of governance of listed companies
- Improving and developing the performance of boards of directors and higher executive departments in the listed companies and entities.

## **7.2- The performance of the Qatar Stock Exchange in light of corporate governance.**

The Qatar Stock Exchange has achieved great growth, which reflects the efforts of the Qatar Securities Authority to supervise it through the legislations and laws it issued regarding governance and its follow-up of the extent to which companies implement their principles.

### **A. Qatar Market Index.**

The rules of governance are extremely important to achieve the stability of the financial market, because it is an accurate and sensitive indicator of the soundness of the market, as the financial market can not prosper and grow except through the confidence of investors.

**Table No. (2):** The evolution of the Qatar Stock Exchange index.

Year	2010	2011	2012	2013	2014	2015	2016	2017
Stock Market Index (points)	8,681.65	8,779.03	8,358.94	10,379.59	12,284.78	10,429.36	10,436.76	8,523.38

**Source:** Prepared by the researcher based on the annual report of the Qatar Stock Exchange.

### **RESULTS AND DISCUSSION:**

The index during the years from 2010-2014 witnessed continuous and increasing growth due to the Qatari market achieving the best performance regionally among the Arab Gulf states for the year 2010 unchallenged, registering an estimated growth of 24.75% in the index due to the positive effects of Qatar winning the honor of hosting the 2022 World Cup. As a result of the enormous expenditures, it will be allocated for infrastructure works, in addition to Qatar achieving a production capacity of 77 million tons per year of LNG. During the year 2013/2014, the index witnessed stability and growth, rising by 24.17% in 2014, due to the classification of the Qatari Stock Exchange among emerging stock exchanges by Standard Endor agency in October 2014.

In the year 2015, we notice a decrease in the level of the index to decrease by 15.11%, and this is due to the decline in oil prices and their repercussions on the economic performance of oil-exporting countries, a decline in Chinese financial markets, and concerns about the US Federal Reserve raising interest rates.

During the two years 2016-2017, the index witnessed a slight increase of 0.07%, so that the index knew a sharp decline by 18.33%, due to the repercussions of the Gulf crisis on the State of Qatar and its financial implications resulting from the stock market. On financial stability.

### **B. The evolution of the number of companies and deals executed on the Qatar Stock Exchange 2010-2017**

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The Qatar Stock Exchange opened with 17 companies, and in 2017 there were forty-five (45) listed companies

**Table No. (03):** The evolution of the number of companies and transactions executed on the Qatar Stock Exchange.

the year	2010	2011	2012	2013	2014	2015	2016	2017
<b>Number of companies</b>	43	42	42	42	43	43	44	45
<b>Executed deals</b>	152.392	1.119.099	881.638	961.811	2.058.604	1.190.817	997.482	834.394

**Source:** Qatar Stock Exchange, Annual Report 2015-2016-2017.

### RESULTS AND DISCUSSION:

Through the above figure, we note that the number of listed companies and brokerage firms on the Qatar Stock Exchange experienced a remarkable development during the study period through:

In the year 2011, the number of companies listed on the stock exchange decreased to 42 as a result of Barwa Bank's acquisition of First Finance Company FFCK on 05/04/2011.

In the year 2014, the number of companies listed on the Qatar Stock Exchange increased to 43 companies, and this is due to the listing of MESAIEED PETROCHEMICAL HOLDINGCO on 26/02/2014, which is a dedicated company. For trading, and then raising the limits of foreign ownership of companies listed on the stock exchange, not exceeding 49% of the total capital, and this is after the year 2014, as well as the result of classifying the stock exchange in the ranks of emerging markets and the application of the Corporate Governance Charter for the year 2014 on the Qatar Stock Exchange.

In the year 2016, the number of companies listed on the Qatar Stock Exchange increased to 44 companies for direct listing without a subscription to QATAR FINST BANK on April 27 2016.

In the year 2017, the number of companies became 45, with the joining of the INVESTMENT HOLDING GROUP 'a transformed family that offered 40 of its shares for sale,' on August 14, 2017.

The development of the number of companies in the Qatar Stock Exchange remains a positive indication that the market is continuously expanding, and this positively affects the increase in the volume of investments.

Through the above figure, we note that the value of the transactions executed on the Qatar Stock Exchange experienced growth and stability during the two years 2010-2011, in order to achieve the best performance of the Qatari financial market, as a result of the huge expenditures that it made for infrastructure work, as well as to achieve the best production capacity for natural gas.

As for the two years 2012-2013, the value of executed deals experienced a severe decrease, due to the decrease in global trading volumes and the decline in the Qatar Stock Exchange index.

As for the year 2014, the value of executed deals reached its highest value due to the market promotion to an emerging market in the MSCI Index, and the implementation of the 2014 Governance Charter on the Qatar Stock Exchange.

During the period from 2015-2017, I witnessed a decrease in the development of the number of deals concluded at the Qatar Stock Exchange, due to the conditions of the Qatari economy in addition to the Qatari crisis with the Gulf countries.

### **C. The growth of the market value of companies listed on the Qatar Stock Exchange.**

**Table No. (4):** Growth of the market value of companies listed on the Qatar Stock Exchange 2010-2017

the year	2010	2011	2012	2013	2014	2015	2016	2017
Market value (mrs)	450.20	457.35	459.88	460.88	677.45	553.18	563.66	472.02

**Source:** Prepared by the researcher, based on the annual reports of the Qatar Stock Exchange from 2010-2018.

### **RESULTS AND DISCUSSION:**

Through the figure, we notice that the market value is growing rapidly until the year 2014, when it has known its highest value, thus smashing all its previous records, due to the market opening to foreign investors with a percentage of ownership not exceeding 25% of the shares offered for trading, and then raising the limits of foreign ownership of companies listed in The Stock Exchange does not exceed 49% of the total capital and this is after the year 2014, as well as the result of classifying the Stock Exchange in the ranks of emerging markets and the application of the Governance Charter for the year 2014 in the Qatar Stock Exchange. Prices as well as the decline in international oil prices and the impact of the Gulf crisis on the Qatari money market.

### **D. Trading rates on the Qatar Stock Exchange**

**Table No. (05):** the evolution of trading rates during the period 2010-2017.

the year	The number of shares traded	The value of shares traded	Average daily turnover
2010	2.094.391.542	67.185.287.877	267.670.470
2011	2.302.769.616	83.419.417.460	331.029.434
2012	2.428.190.041	70.673.865.500	280.451.847
2013	1.937.534.253	74.886.053.777	304.414.853
2014	4.439.856.747	199.292.756.273	803.599.824
2015	2.302.409.707	93.720.054.490	374.880.218
2016	1.976.573.362	68.989.085.811	277.064.602
2017	2.465.478.844	66.246.087.322	268.202.783

**Source:** Prepared by the two researchers based on the annual report of the Qatar Stock Exchange for the years 2015-2016-2017.

### **RESULTS AND DISCUSSION:**

The values and trading volumes on the Qatar Stock Exchange have witnessed a noticeable change since the market opened up to foreigners, as it exceeded 100 billion Qatari riyals in trading value. After that, we notice a fluctuation in trading levels, as 2014 is considered the best year as the growth rate reached 166.12%, and this is due to Promoting the Qatar Stock Exchange to an emerging market in the MSCI index, where it witnessed a significant quantum leap in the value of trading and the number of shares traded, and the legislation issued by the Stock Market Authority greatly contributed to enhancing disclosure

## **A reading of the reality of the impact of corporate governance on the Qatari capital market.**

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and transparency in information, which supported investor confidence and contributed to attracting more. However, the performance achieved by the Stock Exchange was short-lived, as trading levels experienced a significant decline, due to the crisis in the Qatari economy and due to the Gulf crisis, as the volume of trading and the value of shares decreased to 2,465,478,844 in the year 2017.

### **8. CONCLUSION**

The Qatar Financial Markets Authority has been keen to implement all the regulations and laws governing corporate governance and to consolidate governance principles such as disclosure and transparency by supporting and strengthening the rights of the minority in the capital market. Thus, the application of corporate governance rules in the Qatari financial market contributed to achieving stability in financial markets.

In light of the above, and by focusing on a role in activating the financial market, the following conclusions can be drawn:

- The Qatar Financial Market Authority has succeeded in achieving its objectives, as it was able to impose governance principles on companies listed on the stock exchange.
- Corporate governance played an important role in activating and revitalizing the Qatar Stock Exchange, whether in terms of market index or market value, as the market's performance witnessed a significant growth, especially in 2014.
- Within the framework of the Qatar Financial Market Authority's endeavor to consolidate the principles of governance, disclosure and transparency, and this is through.

It is necessary to adhere to and act on the principles and provisions of the corporate governance system and legal entities listed on the main market, confirming that this system is not subject to the principle of commitment or justification for non-compliance

- That the listed companies must clearly indicate in the governance report any provisions or principles that they did not adhere to and explain the reasons for non-compliance, and that the disclosures and reports will be reviewed to evaluate what the companies have stated in their reports when they do not represent the provisions and principles of the system.

Starting from the results, proposals and prospects for research can be presented, including:

- Work to make efforts to follow up developments related to corporate governance rules in order to develop awareness.
- The necessity to complete the followed reform programs aimed at updating laws and legislations.

The necessity of having specific and clear control mechanisms in the field of implementing corporate governance in the capital market.

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