

DFM issues new regulations for Repo and Murabaha transactions

- H.E. Essa Kazim: “the two new mechanisms are in line with DFM’s strategy 2021 to further diversify market products and services”
- Maryam Fekri: “DFM constantly identifies new opportunities for investors to efficiently use their DFM listed securities in a non-trade related manner”

Dubai, 25 December 2017: Dubai Financial Market (DFM) announced it has issued two new regulations that pave the way for market participants to implement both repurchase agreements (Repo) and Islamic Murabaha transactions in conjunction with the approval given by the Securities and Commodities Authority (SCA).



The regulations have been outlined in line with international best practices as well as in full coordination with various market participants. Accordingly, DFM investors may utilize the two mechanisms to transfer their DFM listed securities as part of a Repo transaction or an Islamic Murabaha transaction with Shariah compliant financial institutions.

The DFM may now process requests for transfer of securities listed on DFM for Repo transactions between a Repo seller and a Repo buyer who have agreed on a repurchase agreement in accordance with DFM requirements.

DFM may also consider requests for transfers of securities by Shariah compliant financial institutions on DFM listed securities underlying an Islamic Murabaha transaction to an investor client of the institution.

His Excellency Essa Kazim, Chairman of DFM said; “We are delighted to introduce these two new mechanism to our market participants in line with DFM’s strategy 2021 to further diversify market products and services, enabling them to create more value from their DFM listed securities. In fact, DFM relentlessly endeavours to introduce new market regulations in line with international best practices. Earlier, we have enabled investors to benefit from their listed securities in a non-trade manner through the Securities Lending and Borrowing (SLB) mechanism and our efforts will accelerate over the



coming period to introduce more services and regulations as part of our efforts to further strengthen DFM's leading position in this part of the world.”

Commenting on this development, Maryam Fekri, Chief Operations Officer (COO) and Head of Clearing, Settlement and Depository Division of DFM said, “As we constantly identify new opportunities for DFM investors, these new rules have been created to ensure that investors can efficiently diversify and create more value using their DFM listed securities in a non-trade related manner. DFM investors can now structure a Repo agreement and sell their securities for cash to a financial institution with a future commitment to re-purchase the securities. On the other hand, DFM securities can now also be used by Shariah financial institutions to structure Murabaha financing transactions for their client financing products whereby such securities can be



transferred to the client if required under the Murabaha financing transaction.”

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About Dubai Financial Market: Dubai Financial Market (DFM) was established as a public institution with its own independent corporate body. DFM operates as a secondary market for the trading of securities issued by public shareholding companies, bonds issued by the Federal Government or any of the local Governments and public institutions in the country, units of investment funds and any other financial instruments, local or foreign, which are accepted by the market. The DFM commenced operations on March 26, 2000 and became the first Islamic Shari’a-compliant exchange globally since 2007. Following its initial public offering in November 2006, when DFM offered 1.6 billion shares, representing 20 per cent of its paid-up capital of AED 8 Billion, DFM became a public joint stock company and its shares were listed on 7 March 2007 with the trading symbol (DFM). Following the IPO, the Government of Dubai retained the remaining 80 per cent of DFM Company through Borse Dubai Limited. www.dfm.ae

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