



DFM and Nasdaq Dubai sign licence agreement to launch futures on DFM General Index

- **Index-linked instruments will be traded on Nasdaq Dubai's equity futures market in a first of its kind step in the region**
- **Initiative is milestone to broaden UAE capital markets and increase opportunities for investors**

Dubai, October 22, 2017 – In a first of its kind step in the region, Dubai Financial Market (DFM) and Nasdaq Dubai have signed a licence agreement under which futures contracts linked with the DFM General Index (DFMGI) will be traded on Nasdaq Dubai's equity futures market. The launch of the index futures is a core element of the exchanges' joint strategy to offer institutional and retail investors attractive new investment opportunities and a wider range of products.

The DFMGI tracks a basket of leading DFM-listed companies, providing broad exposure to the UAE economy in vibrant sectors including property, banking, telecoms, insurance and transport. It is noteworthy that the DFMGI's value increased from its base value of 1000 points in 2003 to a historic level of 8485 points in November 2005. The index currently stands at 3660 points.



Nasdaq Dubai will issue the DFMGI futures and they will be traded on the futures market that was launched by Nasdaq Dubai in September 2016. Trading has expanded rapidly on this market, which currently comprises single stock futures on 13 companies including eight that are listed on DFM.

His Excellency Essa Kazim, Chairman of DFM, said: “The diversification of products range and offering new investment opportunities to our enormous investor base is one of the main pillars of DFM’s strategy 2021. In this context, we believe that the launch of futures on the DFMGI will be a milestone in the development of Dubai’s financial landscape, by offering versatile products that are tailored to the needs of international as well as regional investors. This new initiative stems from the unique links between DFM and Nasdaq Dubai that created a favorable framework for various market participants, enabling them to actively participate in Dubai’s capital market. It also further strengthens Dubai’s position as an international capital markets hub.”

DFM will introduce regulated short-selling of equities in coming period. This move will support increased liquidity in both equities and equity futures.

All DFM and Nasdaq Dubai brokers can apply to be Members of the futures market, with access to all eligible individual and institutional investors to trade.



Hamed Ali, Chief Executive of Nasdaq Dubai, said: “The addition of a DFMGI-linked product to Nasdaq Dubai’s equity futures represents a substantial expansion of the market and widens the opportunities for investors who wish to hedge or invest, as well as make gains whether the value of the index is falling or rising. The two exchanges will further increase their cooperation in order to make Dubai a leading international centre for trading and clearing a wide range of equity derivatives.”

In April 2017, the European Securities and Markets Authority (ESMA) recognised Nasdaq Dubai as a third-country central counterparty (CCP) under EU regulations. This enables banks based in the EU to apply to become Clearing Members on the exchange, opening the door to international banks and investors playing a growing role in derivatives trading in Dubai.

Since it opened in September 2016, Nasdaq Dubai’s equity futures market has grown from seven leading stocks to 13, all listed on UAE exchanges. The volume of traded contracts rose 80% from 874,000 in the first six months of the market’s operation to reach 1,574,000 in the next six-month period ended August 31, 2017. Currently eight UAE entities are Members of Nasdaq Dubai’s futures market.



Subject to regulatory approval, trading of DFMGI futures is expected to begin later this year with the support of leading UAE brokers, targeted at professional and institutional investors to enable them to take a macro view on the DFM market.

Nasdaq Dubai last week announced a licence agreement with MSCI under which the exchange will use MSCI's regional indices to create derivative products to be traded on Nasdaq Dubai's derivatives platform. The exchange initially plans to develop futures contracts based on the MSCI UAE index, which is widely tracked by international institutional investors.

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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. 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. 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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About Nasdaq Dubai: Nasdaq Dubai is the international financial exchange serving the region between Western Europe and East Asia. It welcomes regional as well as global issuers that seek regional and



international investment. The exchange currently lists shares, derivatives, Sukuk (Islamic bonds), conventional bonds and Real Estate Investment Trusts (REITS).

The majority shareholder of Nasdaq Dubai is Dubai Financial Market with a two-thirds stake. Borse Dubai owns one third of the shares. The regulator of Nasdaq Dubai is the Dubai Financial Services Authority (DFSA). Nasdaq Dubai is located in the Dubai International Financial Centre (DIFC).