

## **DFM implements new measures pertaining to loss-making companies based on the financial results of Q3-2019**

- **Listed companies are required to disclose accumulated losses of 20% and above of capital and to submit reforming plan to SCA and DFM**
- **Color-labelling for companies that are running at a loss on DFM's Market Watch**
- **Hassan Al Serkal: "Awareness campaign for listed companies, brokers and investors about the new arrangements"**

**Dubai, 14 October 2019:** Dubai Financial Market (DFM) today announced the implementation of the Securities and Commodities Authority's (SCA) new measures concerning loss-making companies of 20% and above of the issued capital based on the financial results of the third quarter 2019. The arrangements underline the joint efforts of the Regulator, the DFM as well as the listed companies to boost operational efficiency of listed companies on one hand and

make investors aware of the financial conditions that the concerned company has to tackle on the other.

As part of the new measures, loss-making companies will be classified and color-labelled on the DFM's Market Watch webpage, which enables investors to easily pinpoint the financial position of each listed company and take it into consideration when making their investment decisions.

Companies that are running at an accrued loss of 20% and above of their capital are obliged to disclose to the Regulator and the DFM, concurrently with the periodic or annual results announcements. They are also obliged to submit an explanation about the main causes of the losses and the planned measures to handle the situation.



Similarly, listed companies are obliged to disclose to the Regulator and the DFM about accrued losses of 50% and above of the capital concurrently with their periodic or annual results announcements and submit an explanation of the main causes of the losses in addition to their detailed plans to handle the situation within a definite timeframe.

Companies with accrued losses are now classified into two categories as per the following; companies with losses between 20% and less than 50%, and companies with losses above 50% of the capital. Accordingly, listed companies within the first category will be Yellow-flagged on DFM's Market Watch webpage once the concerned company discloses its accumulated losses, while companies within the second category will be Red-flagged.

Commenting on this, Hassan Al Serkal, Chief Operating Officer (COO) and Head of Operations Division of DFM said: "The DFM is committed to provide investors



with a fair and transparent trading environment enabling them to take well-informed investment decisions based on the highest levels of clarity about each company. We have been collaborating with the SCA in order to further enhance this trading environment with the adoption of the new arrangements that we are pleased to implement after official issuance from the Regulator. The DFM will host workshops for listed companies as well as brokers and investors as part of an extensive campaign to make them aware of the arrangements.”

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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](http://www.dfm.ae)

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