



## Press Release

### Dubai Financial Market officially launches Dubai Clear and Dubai CSD

- Sultan bin Saeed Al Mansoori: “Significant step towards upgrading financial markets to advanced market status”
- Essa Kazim: “Significant milestone that strengthens UAE markets’ infrastructure and competitiveness”
- Dr. Obaid Al Zaabi: “The independent clearing company will facilitate the development of liquidity management and derivatives products market in the UAE”
- Maryam Fekri: “While Dubai CSD will improve investor protection, Dubai Clear will enhance clearing risk management and support full-fledged multi market Centralized Clearing”

**Government of Dubai Media Office - 28 April 2020:** The Dubai Financial Market (DFM) (PJSC) today officially launched its new subsidiaries, Dubai Clear (L.L.C.) and Dubai CSD (L.L.C.). Dubai Clear is the region’s first independent company central counterparty (CCP) for equity clearing and Dubai CSD, the UAE’s first independent central securities depository (CSD) company.

To celebrate the official launch of the two new companies, the DFM has organised a virtual bell-ringing ceremony that was broadcast through DFM’s channel on YouTube as well as other social media accounts.

The two leading companies are poised to fully transform the post trade services scene in the UAE supported by the world-class regulatory framework of the Securities and Commodities Authority and the implementation of Nasdaq’s Packaged CCP platform on Sunday, 15 March 2020.



This launch crowns DFM's extensive efforts throughout the past two years to enhance market structure and post trade services in line with international best practices, which further strengthen its leadership in driving capital markets development in the UAE and the region.

Dubai Clear and Dubai CSD have received all regulatory approvals from the Securities and Commodities Authority (SCA) and Dubai's Department of Economic Development (Dubai Economy).

### **Significant step towards upgrading to advanced market status**

His Excellency Sultan bin Saeed Al Mansoori, Minister of Economy and Chairman of the Securities and Commodities Authority (SCA), said: "Launching Dubai Clear L.L.C. comes as part of SCA's and DFM's efforts to develop financial market institutions in line with the best international standards and practices. This is a significant step towards implementing a roadmap for upgrading the UAE financial markets to advanced market status. He explained that "SCA has already set the stage for licensing internationally-recognized CCPs by issuing Board Chairman's Decision No. (22/R.M) of 2016 Regulating the CCP Business, which is intended to regulate the clearing of securities trades and to redistribute financial market functions that need to be shifted from vertical model to horizontal model under which separate companies will be licensed for CCP and another for depositories".

### **Business excellence and full readiness**

Commenting on this development, His Excellency Essa Kazim, Chairman of the DFM said: "In conjunction with DFM's 20<sup>th</sup> anniversary and as part of our constant efforts to enhance market infrastructure and business excellence, we are delighted to launch the two new independent companies for clearing and depository, which represent a significant milestone in strengthening UAE markets' infrastructure and competitiveness. The DFM has always been committed to achieving business excellence and ensuring full readiness for future challenges. The launch of



Dubai Clear and Dubai CSD is in line with DFM's strategy to meet local and global regulatory requirements by ensuring robust market infrastructure. The two companies will provide our large and diversified investor base that exceeds 844,000 with best in class solutions for clearing, settlement and depository. They will also ensure DFM's readiness for the future in line with the UAE's preparations to build upon its momentous achievements and prepare for the next 50 years. We would like to extend our sincere thanks to the regulatory authorities including the SCA and Dubai's Department of Economic Development (Dubai Economy) as well as various market participants and advisory firms for their support and cooperation with us to accomplish this achievement."

#### **Meeting IOSCO's standards and requirements**

Dr. Obaid Al Zaabi, SCA's CEO, said: "Launching Dubai Clear L.L.C. supports the implementation of SCA's roadmap to develop the financial markets of the UAE and upgrade them to the status of 'developed' as well as achieve full compliance with International Organization of Securities Commissions (IOSCO) standards. He added: "The national independent clearing company will facilitate the development of liquidity management and derivatives products market in the UAE."

#### **Fully operational CCP for equities**

Maryam Fekri, CEO of the Dubai Central Clearing & Depository Holding (DCCD) said: "We are pleased with this important milestone building upon DFM's successes in implementing numerous leading initiatives amongst capital markets in the UAE and the region. Dubai Clear will provide the Central Counter Party (CCP) function, making it one of the first fully operational independent CCP company for equities in the region. The introduction of a CCP ensures efficient use of collateral by Clearing Members to optimise market liquidity in an efficient and safe manner in accordance with international best practices where collateral usage is linked to market risk. The CCP is also necessary for DFM's derivatives strategy in addition to complying with the CCP



regulations introduced by SCA in collaboration with the UAE markets where DFM played a pivotal role,” she added.

“On the other hand, the Dubai CSD, DFM’s central securities depository (CSD) subsidiary will enhance safe custody protection of investors’ securities held by the CSD as a separate legal entity. This further enhances investor protection noting that securities are primarily safeguarded under local securities laws. The company will also provide many other services such as Investor Numbers (NINs) issuance and cash dividend services,” Maryam Fekri concluded.

Dubai Clear and Dubai CSD are incorporated under the umbrella of the Dubai Central Clearing & Depository Holding (DCCD) (L.L.C), a holding company for post-trade services fully owned by DFM. The establishment of the new independent companies, which was implemented in consultation with various stakeholders, is part of a wider reorganisation of post-trade services aimed at separating them from trading activities in line with international best practices, IOSCO standards and SCA regulations.

Watch the virtual bell-ringing ceremony through the below link:

<https://youtu.be/ekCW8D5NfTc>

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