

Market participants are invited to counsel on the new index methodology during the consultation period:

DFM plans to adopt a new index methodology during the fourth quarter of 2022

- **New DFM's index to be calculated by S&P Dow Jones Indices**
- **Planned enhancements include capping the threshold of individual constituents' weight at 10%, quarterly rebalancing, calculation of the index based on actual free float adjusted market capitalization and sector alignment with Global Industry Classification Standard**
- **Hamed Ali: "The new methodology enhances the transparency of price reference that supports investment activities on DFM"**

Dubai, 3 October 2022: Dubai Financial Market (DFM) today announced that it is planning to adopt a new methodology for its DFM General Index, DFM Sharia Index, and DFM Sector indices, during the fourth quarter of 2022. These indices are to be calculated by S&P Dow Jones Indices.

This step underscores DFM's commitment to continuously developing its services in line with international best practices and to cater to investors' growing appetite towards its investment opportunities. It also provides market participants with world-class investable benchmarks for the DFM equity market.

Key improvements and additions to the indices' methodology include capping the threshold of a DFM index individual constituent at 10% of the index weightage instead of 20% currently, hence limiting the effect of limited number of companies on the index. The index calculation will be based on actual free float adjusted market capitalization and quarterly rebalancing of the index replacing the current semiannual review.

The index methodology is governed by a DFM independent index committee that will supervise current and future methodology changes.

As part of the methodology changes, the DFM's sectors will be aligned with the Global Industry Classification Standard (GICS) that are tracked by institutional clients. Going forward, the sectors will comprise of seven sectors: Financials, Industrials, Real Estate, Utilities, Communication Services, Materials and Consumer Staples.

The DFM has opened a market consultation on the new index methodology which is available at www.dfm.ae/consultation. DFM aims to complete the consultation by 17th of October and launch the revised indices during the fourth quarter of 2022.

Hamed Ali, CEO of DFM and Nasdaq Dubai, said: "The improvement of the DFM indices underlines our commitment to further enhance our market services. This supports the strategic plan to develop Dubai's financial markets by aligning our indices' methodology and sector classifications with the international best practices. We are pleased to select S&P Dow Jones Indices, the world's leading index provider, as our calculation agent to introduce reliable and transparent reference prices that support investment activities on DFM."

As the DFM's calculation agent, S&P Dow Jones Indices will continuously provide the technical support to the calculation of the DFMs General Index, the Sectoral Indices, and the Sharia Index in line with the DFM index rules. The agreement between DFM and S&P Dow Jones Indices can facilitate an appropriate setting for the introduction of other index-related products in the future.

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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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