The Investor Handbook
How to Trade on DFM and NASDAQ Dubai

www.nasdaqdubai.com
www.dfm.ae
The Purpose of this Booklet

Dubai Financial Market (DFM) and NASDAQ Dubai recognize the importance of providing investors with information and data which support them in making informed investment decisions, as part of our strategy to build a fruitful relationship with investors.

Since the operations consolidation between DFM and NASDAQ Dubai in 2010, we have made it even easier to trade securities on the two exchanges. Investors can buy and sell seamlessly on both using the same Investor Number (NIN) on the same trading platform.

This booklet explains how to trade on DFM and NASDAQ Dubai, from initially obtaining an Investor Number (NIN) to selecting a broker, buying and selling securities and final settlement.

We value your feedback and input to continuously enhance our products and services. If you have any questions or comments, please email customerservice@dfm.ae

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Overview

Since 2000, Dubai Financial Market (DFM) has been operating as a secondary market for the trading of securities issued by listed companies, bonds issued by federal or local governments, local public institutions and mutual funds as well as other local or foreign DFM-approved financial instruments. DFM has fast developed into a leading financial market across the region, being the first exchange in the region to become publicly listed and also adopting Shari’a compliance.

NASDAQ Dubai opened in 2005 as the region’s international exchange. Its tradable products currently include equities and equity derivatives, and the exchange can also list and trade mutual funds, exchange-traded funds and structured products.

In 2010 the two exchanges consolidated their operations to create a dynamic force in the region’s capital markets. The consolidation provides investors an even greater choice of asset classes and easier access to DFM and NASDAQ Dubai listed securities via a single Investor Number (NIN), which allows them to trade seamlessly across the two exchanges.

Both exchanges continue to be regulated separately, DFM by the Securities and Commodities Authority (SCA), and NASDAQ Dubai by the Dubai Financial Services Authority (DFSA).

DFM and NASDAQ Dubai together attract one of the largest pools of investors across the region, creating a powerful capital market hub for local, regional and international investors, including individuals and institutions.
Who is Eligible to Become an Investor

Dubai Financial Market (DFM) and NASDAQ Dubai are open to investors of any nationality based in any country. Any individual or institution can apply for an Investor Number (NIN) with Dubai Financial Market CSD in order to trade both DFM and NASDAQ Dubai listed securities.*

**Individuals:**
Any individual or any joint individuals can apply for an Investor Number (NIN), as well as minors (below 21 years of age) who are represented by a Guardian (the Father or an authorized Guardian).

**Institutions:**
The following institutions can open an investor account with an Investor Number (NIN):
- UAE and non-UAE **Companies** and **Institutions**, including **Sole Proprietorships**.
- UAE and non-UAE **Funds** represented by asset management companies.
- UAE and non-UAE **Banks**.
- **Brokerage firms** licensed by the UAE Securities and Commodities Authority (SCA) or Dubai Financial Services Authority (DFSA).
- **Government bodies/Institutions**.

International investors using global custodians for custody and settlement can approach their global custodians to apply for a NIN account with either DFM or NASDAQ Dubai. Global custodians will liaise with their UAE local custodians to open NINs so as to facilitate the custody and settlement of the international investor’s trades.

*NASDAQ Dubai accounts must be opened through a NASDAQ Dubai broker or custodian.*
In order to begin trading on the DFM and NASDAQ Dubai single trading platform, you must first apply for an Investor Number (NIN). This is a dedicated number given to a person in his/her capacity as an investor and gives the opportunity to trade both DFM and NASDAQ Dubai listed securities. This number is also used to open the investor’s account within the electronic clearing system at the DFM Clearing, Settlement and Depository (CSD) Division, where all securities are held in electronic form. Using this number, securities are transferred from and to the investor’s account each time he/she sells or buys.
Obtaining an Investor Number (NIN) is simple and there is no cost.
Please follow the below 2 steps:

**Step 1:** Please complete the “Investor Number Request Form”, print and sign it. Your signature must be authorized by an accredited bank, licensed broker or DFM CSD (where the investor must appear in person for signature or else his/her passport must be presented if the passport shows his/her official signature).

The form can be downloaded at www.dfm.ae (within CSD, eForms), or completed in person at the DFM Client Services Affairs desk, CSD, Trading Floor, World Trade Centre, Dubai, at a DFM licensed brokerage or a NASDAQ Dubai-licensed brokerage (including common members). (View list of brokers including common members at www.dfm.ae).

For custody clients, the local custodian should complete the NIN opening requirements on their behalf with supporting documents, and submit directly to DFM for processing.

**Step 2:** Submit the completed form with supporting documentation via one of the options below:

a. **Online:** The completed form can be submitted online via eServices at www.dfm.ae (If you have not already registered for eServices, please register online at www.dfm.ae).

b. **CSD Client Services Affairs desk on the DFM Trading Floor:** Dubai Financial Market, Ground Floor, World Trade Centre, Dubai. Your Investor Number (NIN) will be processed on the same day. The CSD desk is open from 8.00am to 2.00pm, Sunday to Thursday, Tel: +971 4 305 5555.

c. **A Broker:** Submit the completed form and supporting documents to a DFM-licensed or NASDAQ Dubai-licensed broker and they will obtain an Investor Number (NIN) on your behalf from DFM.

d. **By Email:** Scan the signed form (which should be authenticated by a licensed broker or an accredited bank) with supporting documents and email to client@dfm.ae

e. **By Fax:** Send the signed form (which should be authenticated by a licensed broker or an accredited bank) and supporting documents to fax number +971 4 305 5189.
Your new Investor Number (NIN) will be sent by SMS once processed.

**Supporting documentation required:**

**Individual/Joint Account application documents:**

<table>
<thead>
<tr>
<th>Document</th>
<th>Description</th>
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<tbody>
<tr>
<td>True copy of a valid Passport.</td>
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</tr>
<tr>
<td>True copy of the UAE Family Book/Marsoom for UAE Nationals only.</td>
<td></td>
</tr>
<tr>
<td>True copy of the National ID for UAE Nationals and residents.</td>
<td></td>
</tr>
<tr>
<td>True copy of the Residence Visa for UAE residents.</td>
<td></td>
</tr>
</tbody>
</table>

Plus specific documentation depending on:

**Joint Account:** Attach a letter addressed to DFM signed by both partners confirming the account type, whether it will be managed by either both partners or any of the partners, (“and” / “or”) A/C.

**Minor** (below 21 years):
- The signature of the guardian (the Father) is necessary on the application.
- In the case of a guardian (other than the Father), a true copy of the guardianship order issued by the court shall be provided.

**Representative:**
- A true copy of a duly authenticated and valid Power of Attorney must be provided with a copy of the representative’s ID.
- A Power of Attorney issued from other countries must be authenticated by the official authorities and the UAE embassy in those countries.
Company/Institution/Brokerage Firm/Government/Bank/Fund application documents:

<table>
<thead>
<tr>
<th>True copy of a valid Memorandum of Association, Trade License and Commercial Register.</th>
</tr>
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<tbody>
<tr>
<td>Authorized signatory letter issued by the company, duly authenticated.</td>
</tr>
<tr>
<td>True copy of the authorized signatory valid Passport and National ID.</td>
</tr>
</tbody>
</table>

Plus specific documentation depending on:

**Fund**, a duly authenticated license letter from the Central Bank must be provided for funds in the UAE. For funds outside the UAE, the authenticated documents from the official authorities must be attached.

**Bank**, a duly authenticated license letter from the Central Bank must be provided for banks in the UAE. For banks outside the UAE, the authenticated documents from the official authorities must be attached.

**Brokerage Firm**, a true copy of the Brokerage License from the UAE Securities Commodities Authority (SCA) or the Dubai Financial Services Authority (DFSA).

**Sole Proprietorship**, attach an undertaking letter addressed to DFM stating that an Investor Number (NIN) will not be opened under his/her personal name.

**Companies and Institutions licensed outside the UAE** must authenticate official documents: Trade License, Commercial Register and Memorandum of Association, by the UAE Ministry of Foreign Affairs or the UAE embassy in those countries.

**Representative**:
- A true copy of a duly authenticated and valid Power of Attorney must be provided with a copy of the representative’s ID.
- A Power of Attorney issued from other countries must be authenticated by the official authorities and the UAE embassy in those countries.
How to proceed if you have securities you wish to trade on DFM or NASDAQ Dubai:
If you currently hold certificates of any DFM or NASDAQ Dubai listed securities and wish to trade them directly on the DFM and NASDAQ Dubai single trading platform, the process of obtaining an Investor Number (NIN) is still a pre-requisite to submitting a securities ownership certificate. Alternatively you can obtain an Investor Number (NIN) and submit the certificate simultaneously.

Obtaining a DFM approved special Power of Attorney:
For those investors unable to provide a notarized Power of Attorney, DFM can issue an approved special Power of Attorney for the purposes of trading on DFM and NASDAQ Dubai. To do so, the principal and agent should both be present at the DFM Client Services Affairs desk, CSD, Trading Floor, World Trade Centre, Dubai, UAE.
Appointing a Broker

After obtaining an Investor Number (NIN) from DFM, in order to trade DFM and NASDAQ Dubai listed securities, the investor should appoint a relevant exchange licensed broker to open a trading account and complete the necessary forms for this purpose. The investor may open several accounts under different numbers with more than one brokerage firm which will all be connected by his/her unique Investor Number (NIN).

The exchange licensed broker acts as an intermediary who carries out the trading transaction (selling and buying) at the instruction of their client.

Brokers are licensed on DFM and NASDAQ Dubai based on strict regulations, laws and codes of conduct to encourage safe trading, investor protection and promote the highest levels of accuracy, transparency and competence in managing the transactions executed on the single trading platform.

To select a brokerage firm, view the full list of licensed brokerage firms, including common members across DFM and NASDAQ Dubai and their services at www.dfm.ae or www.nasdaqdubai.com
Trading: The Buying & Selling of Securities

Once you have obtained an Investor Number (NIN) and appointed a broker to trade through, you can monitor the trading data of DFM and NASDAQ Dubai listed securities on a single trading platform from the trading screens located on the DFM trading floor or online at www.dfm.ae by registering for real-time data access.
The trading data, also known as “Market Watch” on the DFM website, includes the following information of DFM and NASDAQ Dubai listed securities:

<table>
<thead>
<tr>
<th>Field</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Company Name</td>
<td>Trade name of the entity issuing the securities listed and traded on DFM and NASDAQ Dubai.</td>
</tr>
<tr>
<td>Previous Closing Price</td>
<td>Last price of transaction executed through an electronic trading system during official trading hours of the previous trading session.</td>
</tr>
<tr>
<td>Opening Price</td>
<td>Price of securities at the beginning of the trading session, set per security based on the consistency between buy and sell orders entered in the pre-opening period.</td>
</tr>
<tr>
<td>Offer Volume</td>
<td>Total number of securities offered for sale at the lowest price offered.</td>
</tr>
<tr>
<td>Bid Volume</td>
<td>Total number of securities offered for purchase at the highest price offered.</td>
</tr>
<tr>
<td>Offer Price</td>
<td>Current best or lowest price against which the seller wishes to sell.</td>
</tr>
<tr>
<td>Bid Price</td>
<td>Current best or highest price against which the buyer wishes to buy.</td>
</tr>
<tr>
<td>Volume Shares</td>
<td>Total number of shares traded in the market.</td>
</tr>
<tr>
<td>Current Price</td>
<td>Last price of an executed transaction.</td>
</tr>
</tbody>
</table>
A. DFM Trading Floor and Online Trading

Located at the renowned Dubai World Trade Centre, the DFM Trading Floor is well equipped with various amenities and technology, and includes offices of many DFM and NASDAQ Dubai licensed brokers. Investors can trade in person or via an authorized representative on the DFM Trading Floor during the trading session period. This is the period in which orders are entered, modified or cancelled, and transactions executed. It is divided into two sessions:

<table>
<thead>
<tr>
<th></th>
<th>Start Time</th>
<th>End Time</th>
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<tbody>
<tr>
<td>1.</td>
<td>Pre-opening session</td>
<td>09.30am</td>
</tr>
<tr>
<td>2.</td>
<td>Continuous trading session</td>
<td>10.00am</td>
</tr>
</tbody>
</table>

Note: GMT+4

Additionally, DFM and NASDAQ Dubai provide an online trading service through licensed brokers. Online trading is a tailored solution offered by the brokerage firms which meets investors needs, providing them with round-the-clock access to market information and also enables them to trade DFM and NASDAQ Dubai listed securities from home or from the office. An investor wishing to benefit from this service should refer to a licensed broker to provide such services.

**Online trading offers investors a number of key advantages:**

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<tbody>
<tr>
<td>1</td>
<td>Investors can instantly track the execution of their transactions as well as their investments at any time.</td>
</tr>
<tr>
<td>2</td>
<td>Access real time data on Dubai Financial Market and NASDAQ Dubai listed securities swiftly from anywhere in the world.</td>
</tr>
<tr>
<td>3</td>
<td>It facilitates fast transfers of orders from the client to the broker and avoids any errors resulting from unclear data.</td>
</tr>
<tr>
<td>4</td>
<td>It facilitate trading and reduces dependence on brokers.</td>
</tr>
</tbody>
</table>

Accordingly, online trading makes investing in DFM and NASDAQ Dubai listed securities much easier and quicker.

Stay abreast of daily market trading information with the **DFM Daily Bulletins** found at [www.dfm.ae](http://www.dfm.ae) providing comprehensive daily market summaries of DFM trading activity including top losers and gainers, DFM General Index movements, share price movements; local, foreign, retail and institutional net investments, financial ratio summaries of listed companies, daily performance of shares by sector, and more.

NASDAQ Dubai trading activity in terms of daily prices and volumes can be found at [www.nasdaqdubai.com](http://www.nasdaqdubai.com) / Trading / Historical Prices and Volumes.
B. Securities Listed on DFM and NASDAQ Dubai

Dubai Financial Market (DFM) and NASDAQ Dubai together provide a wide choice of financial instruments to investors which include listed equities, bonds and Sukuk across the two exchanges and derivatives on NASDAQ Dubai as well as other financial instruments which are currently being developed including ETFs, mutual funds, rights issues and covered warrants.

DFM and NASDAQ Dubai listed companies represent a broad range of economic sectors including leading companies in real estate and construction, banking, transportation, investment and financial services, insurance, telecommunications, consumer staples and more. DFM and NASDAQ Dubai are actively working with companies across various sectors to expand the sector base, to mirror the growing economic diversity of the UAE and ultimately provide an even greater choice of securities for investors.

DFM has always been the market of choice for regional companies looking to dual-list their shares abroad in addition to listing on their home exchange. Therefore, investors are able to trade the securities of such foreign companies listed on DFM and/or NASDAQ Dubai and have the option of transferring their shares to and from DFM.

The following three categories of securities are currently provided by DFM and NASDAQ Dubai:

<table>
<thead>
<tr>
<th>1</th>
<th>Shares of companies listed on the exchanges.</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>Bonds, representing debt instruments, in which the investor lends money to a company or government entity which is required to repay the investor the loan amount with accrued interest.</td>
</tr>
<tr>
<td>3</td>
<td>Sukuk, which are bonds that are structured under Shari’a principles. These involve shared ownership in assets and exclude any interest payments.</td>
</tr>
</tbody>
</table>

1. Shares

Shares are simply defined as a listed company’s equity. When the company issues shares with a view to expanding and increasing its capital or offers a part thereof for sale, buyers of the shares become shareholders of the company, each to the extent of their contribution in the capital and can be entitled to the profit generated by the company based on the extent of their ownership thereof. This is according to the General Assembly’s decision regarding the payment of share dividends.

There are varying foreign ownership limits (FOL) for companies listed on the DFM. Please refer to www.dfm.ae within Listed Securities.

The DFM has developed a comprehensive Shares standard outlining the Shari’a parameters for acquiring and trading shares of listed companies.

Download the “Shari’a Standard for Acquiring and Trading in Shares“ www.dfm.ae
Valuing Shares
This is one of the most important investment requirements, where the investor makes his/her investment decisions based on such a valuation. Considering the importance of the valuation, this is a key part of the investment process, and investors ought to give it their full attention. Most analysts rely on the history of market trends of similar situations and then predict that the market could take the same path previously witnessed. The main indicator of the upward or downward share price trend is the supply and demand of shares that drive the share price on the market.

There are a number of ‘values’ of a share which investors should understand before beginning to trade. These values are summarized as follows:

<table>
<thead>
<tr>
<th>Value Type</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Face Value</td>
<td>The face value of a share is a nominal price set by the company for the share upon its establishment. This price is printed on the front of the share certificate. The face value of a share is not usually related to the share price on the market, and ranges from AED 1 to AED 10 on DFM. This may change when the share is divided or consolidated subject to approval at the General Meeting.</td>
</tr>
<tr>
<td>Book Value</td>
<td>Contrary to the face value, the book value varies. The book value is what the shareholder expects to obtain in the event that the company goes into liquidation. It is calculated by dividing the difference between the company’s assets including fixed, current and cash assets, and the company’s liabilities including but not limited to its debt, by the number of shares.</td>
</tr>
<tr>
<td>Market Value</td>
<td>Market value is the most widely watched value among market participants, and is affected as previously mentioned by the supply (number of shares offered to investors) and the demand (number of shares investors wish to buy). An investor can know the share price by following its trading activity on the DFM trading floor, the DFM or NASDAQ Dubai websites or through the media.</td>
</tr>
</tbody>
</table>
2. Bonds
Dubai Financial Market (DFM) and NASDAQ Dubai offer a selection of bonds including bonds listed by equity issuers, government bodies and institutions. DFM and NASDAQ Dubai listed bonds are tradable on-exchange.

Essentially, a bond is a debt instrument sold by companies or governments where the issuer of the bond undertakes to pay annual or semi-annual interest, known as a coupon, set in the issuing contract and written on the bond itself. The issuer also acknowledges its debt to the person or entity who owns the bond through the face value mentioned on the bond itself, and undertakes to amortize the bonds within the time limit agreed upon and known as the ‘maturity date’.

Most bonds contain an undertaking by the issuer to repay over a series of cash payments on a semi-annual basis in addition to a single amount to be settled at the expiration of the bond to the investor or holder of the bond. Payments are calculated by multiplying the bond interest rate by its face value. For instance, if the company issues a bond of AED 1000 face value and 10% interest rate, the annual interest on this bond will amount to AED 100. Payments are usually settled on a semi-annual basis and so the holder of this bond would receive AED 50 every six months.

On the maturity date, the borrower will pay the value of the bond to its holder in addition to the accrued interest for this period. In the event that the company issues a bond for 10 years at 10% interest rate, this means that the company will pay to the investor AED 50 every six months for 10 years in addition to the AED 1000 at the end of the ten years.
The interest rate is determined by many factors, the most important of which is the risk factor for the issuing company. Large, reputable or highly rated companies tend to have lower levels of investment risks and so the investor accepts lower interest rates. The duration of the bond period also plays a role in setting the interest rate with longer bond periods imposing higher interest rates.

3. Sukuk
Dubai Financial Market (DFM) and NASDAQ Dubai offer a selection of Sukuk, including Sukuk listed by equity issuers, government bodies and institutions. DFM and NASDAQ Dubai listed Sukuk are tradable on-exchange.

Sukuk are bonds that are structured to comply with Shari’a principles. Unlike conventional bonds, they do not pay interest. Sukuk are based on collecting funds from their owners and investing them through appropriate financing and investment contracts. Immediate money is not offered to finance-seekers in exchange for future money; rather the dealings are conducted on assets, usufructs and financial rights.

Sukuk can be structured in a number of different ways to produce payments for investors. Structures include Sukuk Al Ijara, based on ownership of an asset; Sukuk Murabaha, based on ownership of a debt; Sukuk Al Musharaka, based on ownership of a business; and Sukuk Al Istithmar, based on ownership of an investment.

The DFM developed a comprehensive Sukuk standard, namely the “DFM Standard for Issuing, Acquiring and Trading Sukuk” which will play a crucial role in the global expansion of the Islamic finance sector. Download the Sukuk standard www.dfm.ae

DFM and NASDAQ Dubai are continuously working with their respective regulators, the Securities and Commodities Authority (SCA) and the Dubai Financial Services Authority (DFSA), to introduce new financial instruments. For the latest information on the exchanges’ products and services, please download the “DFM Products & Services” online guide at www.dfm.ae or visit www.nasdaqdubai.com.
C. Types of Buy & Sell Orders

Upon making your investment decision to buy or sell DFM and NASDAQ Dubai listed securities, you can begin issuing buying and selling orders directly through your appointed broker (which must be a DFM-licensed brokerage for DFM listed securities or a NASDAQ Dubai-licensed brokerage for NASADQ Dubai listed securities) during a trading session.

**Buy and sell orders are defined as follows:**
- **Buy Order:** An order given by the investor to the broker to buy a certain number of securities of a specific company and at a specific market price.
- **Sell Order:** An order given by the investor to the broker to sell a certain number of securities of a specific company and at a specific market price.

There are two key types of buying and selling orders on DFM and NASDAQ Dubai:

**Order Types**
- **Price Limit Order:** An order to buy or sell a specific number of securities at a specific price.
- **Market-Price Order:** An un-priced buy or sell order for a security at the best price available on the market. The order may be executed in full or partially. In the case of a partial order execution, the remaining balance will be retained until the expiry of the order, or until order-price exceeds the price limits.

The market price order should meet the following requirements:
1. A market-price order can be traded at prices equal to or better than the price available within the Order Book at www=dfm.ae.
2. Market-price orders entered during the trading session only.
3. A market-price order is rejected unless orders are available by the counterparty.
4. The set price of the market order is on par with the best upward or downward price on the market.

**Duration-related orders**
The duration-related order relates to various periods of validity as follows:
- **Day Order:** Such an order expires, in case it remains unexecuted, at the end of trading on the day of its issuance.
- **Good-Til-Date Order (GTD):** Such an order expires, in case it remains unexecuted, at the end of the duration stipulated by the order.
- **Good-Til-Cancel Order (GTC):** Such an order only expires if cancelled by the broker, provided that the demand period does not exceed 365 days.
D. Ways to Buy & Sell Securities on DFM and NASDAQ Dubai

There are many ways to buy and/or sell DFM and NASDAQ Dubai securities. These include:

- **Online**
  Enter your orders through an online trading facility provided by your broker on the condition that you abide by the DFM Terms and Conditions for this purpose. View brokerage firms which provide e-Trading at [www.dfm.ae](http://www.dfm.ae).

- **In person**
  Visit the brokerage office in person or send your authorised representative to the DFM Trading Floor, and complete an authorization form for each transaction.

- **By phone**
  Call your appointed broker directly and instruct him/her on your order(s). Note the broker’s phone lines are programmed to record the calls for reference purposes in case of any disputes. Thus, the investor should authenticate their buy and sell orders and provide all the details with respect to the price and quantity of the order.

- **By fax**
  Send a fax stating the quantity and price of securities you wish to trade, after completing the authorization form for sending your trading orders by fax, and state the fax number to be used for this purpose.

- **By email**
  Send an email to your broker after completing the authorization form for sending your trading orders by email and state the email address to be used for this purpose.

With the advancement of technology, DFM and NASDAQ Dubai are continuously working on enhancing their services to make it easier for investors to trade on the market. To find out the latest developments please visit [www.dfm.ae](http://www.dfm.ae) or [www.nasdaqdubai.com](http://www.nasdaqdubai.com).
E. Financial Settlement and Transfer of Ownership

DFM and NASDAQ Dubai give particular attention to financial and securities settlements which are of the utmost importance to both the investor and the broker.

The DFM and NASDAQ Dubai single trading platform is based on a “T+2” settlement market. This means that financial and securities’ settlements are completed on the second market day after the trade date. “T” means trade date whereas “T+2” means two market days after the trade date.

1. Settlement for Buying

a. Transfer of ownership
The buyer has the right to fully and immediately dispose the securities which were bought on “T”, therefore he/she may sell them totally or partially.

Purchased securities are settled on “T+2” whereby ownership of the securities are transferred to the buying investor’s account by crediting the buyer’s account of the quantity of securities purchased on “T”.

DFM may however make a cash compensation to the buying investor in lieu of delivery of securities in an unlikely event that securities are unavailable for delivery to the buying investor.

b. Financial settlement
A financial settlement is organized between the broker and the buying investor in the agreed manner between both parties.

2. Settlement for Selling

a. Transfer of ownership
The selling investor will relinquish ownership to the buying investor on T+2 when securities are debited from the selling investor’s account and credited to the buying investor’s account.

b. Financial settlement:
The broker usually pays the funds due to the selling investor within 24 hours from settling the transaction with the DFM.
**T+0**

Buy 100 XYZ Shares

- **BUY**
  - XYZ @ AED 2.00
  - Broker A

DFM/NASDAQ Dubai Trading Platform

Sell 100 XYZ Shares

- **SELL**
  - XYZ @ AED 2.00
  - Broker B

**BUYER’S ACCOUNT:**
Credit 100 XYZ Shares

**SELLER’S ACCOUNT:**
Debit 100 XYZ Shares

**CLEARING & CASH SETTLEMENT**

**OBLIGATION REPORT**

- Broker A: To pay AED 200 for the buy
- Broker B: To receive AED 200 for the sell

**SECURITIES SETTLEMENT**

- **T+0**
  - Buyer investor pays to Broker A AED 200 for shares purchased.
  - Buyer can sell 100 XYZ based on purchased trade immediately.

- **T+2**
  - Debit AED 200 from Broker A’s a/c & credit DFM/NASDAQ Dubai’s a/c
  - Debit AED 200 from DFM/NASDAQ Dubai’s bank a/c & credit Broker B’s bank a/c

- Seller investor receives AED 200 for shares sold

**DEPOSITORY**
### F. Transferring your Securities between CSD and Broker

This service enables investors to transfer securities from their CSD account to their trading account held with the appointed brokerage firm.

In order to transfer securities, the investor should complete the “Transfer Securities between CSD and Broker” Application Form and submit to their appointed Broker and attach the following copies:

- Allotment notice (where applicable).
- A valid National ID for UAE Nationals and Residents (unless it has been previously submitted).
- Investor Signature Form (unless it has been previously submitted).

### G. Transactions Excluded from the Trading Floor

The trading transactions excluded from the trading floor take place through the electronic clearing system at DFM’s Clearing, Settlement and Depository Division. Any investor may be excluded from trading at the DFM Trading Floor if the terms of any of the below operations are applicable:

<table>
<thead>
<tr>
<th></th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Transfer of securities ownership between spouses and up to second-degree relatives.</td>
</tr>
<tr>
<td>2</td>
<td>Transfer of securities ownership as a result of a succession or Will.</td>
</tr>
<tr>
<td>3</td>
<td>Transfer of securities ownership by virtue of a judicial order.</td>
</tr>
<tr>
<td>4</td>
<td>Transfer of securities ownership by virtue of an amicable settlement with a financial institution.</td>
</tr>
<tr>
<td>5</td>
<td>Transfer of securities ownership from the account of one of the partners to that of the company and vice versa, from the company’s account to that of another subsidiary company or from the account of an individual establishment to that of a company and vice versa.</td>
</tr>
<tr>
<td>6</td>
<td>Transfer of securities ownership from an individual to a joint account and vice versa, or from a joint account to another joint account.</td>
</tr>
<tr>
<td>7</td>
<td>Transfer of securities ownership from the account of a founder to that of another founder.</td>
</tr>
<tr>
<td>8</td>
<td>Merging a sole proprietorship account with a personal account or vice versa.</td>
</tr>
<tr>
<td>9</td>
<td>Special deal transactions are available for the trades valued at AED 10 million and above, and are subject to DFM approval for DFM listed securities and NASDAQ Dubai approval for NASDAQ Dubai listed securities.</td>
</tr>
</tbody>
</table>

To download the “Transfers Request” form and to view the list of fees, please visit www.dfm.ae (within CSD) or apply in person at the DFM CSD Client Services Affairs desk, Trading Floor, World Trade Center, Dubai, or through a DFM licensed brokerage or NASDAQ Dubai licensed brokerage firm. (View lists of brokers at www.dfm.ae and www.nasdaqdubai.com)
Every shareholder has the right to sell securities he/she owns at any time without the need for approval from the issuer of the securities or its Board of Directors. The transfer of ownership of such securities should be registered without any restrictions or terms except in the following cases:

1. If the securities certificate has been lost or destroyed.
2. If the securities are pledged or seized.
3. If the sale or transfer of ownership contradicts the laws in force.

### H. How to Track your Securities

As part of our commitment to providing investors with the latest in digitally advanced services, Dubai Financial Market (DFM) provides a wide range of online “eServices” to meet the evolving needs of its investors, by simply registering at [www.dfm.ae](http://www.dfm.ae).

Using a single LOGIN, investors can instantly access the following eServices:

<table>
<thead>
<tr>
<th><strong>Real Time Data</strong></th>
<th><strong>eStockPortfolio</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>on DFM and NASDAQ Dubai listed securities</td>
<td>to track your stockportfolio and transactions instantly online with 24/7 access. View various types of statements with up to date information.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>iVESTOR Card</strong></th>
<th><strong>eForms</strong></th>
</tr>
</thead>
</table>
| online statements | to submit and track online requests to DFM for various types of services. These include and are not limited to:  
  • Investor Number requests  
  • Transfer of Securities Ownership requests  
  • Securities Balance Statement requests  
  • Updating your information at DFM  
  • Cash Dividend requests |
Track your securities by requesting a Securities Balance Statement
The DFM Clearing, Settlement, Depository Division offers a range of services to satisfy requests for securities balance statements:

1. To receive a Securities Balance Statement by email, fax, mail or in person at DFM, please complete the “Securities Statement Request” form.
2. To receive a free daily trading statement via SMS, email or fax, please complete the “Changing/Adding of Investor Information” form.
3. To receive a free Securities Annual Statement of account by mail, please contact DFM Customer Service on +971 4 305 5555.
4. Subscribe to the daily, weekly or monthly securities statements and receive them by email, fax or mail. Simply complete the “Subscription of Securities Balance Statement” form.

To download the above forms and view the list of fees, please visit www.dfm.ae (within CSD) or apply in person at the DFM CSD, Client Services Affairs desk, Trading Floor, World Trade Center, Dubai, or through a DFM licensed brokerage firm or NASDAQ Dubai licensed brokerage firm. (View list of brokers at www.dfm.ae).

Stock Portfolio Inquiry Call Service to instantly track investments in DFM and NASDAQ Dubai Listed Securities
This service is a comprehensive voice portal tailored to meet evolving investor needs and a first of its kind service amongst the region’s financial markets. The service allows investors the opportunity to instantly track their investment and transaction details in DFM and NASDAQ Dubai listed securities.

The “Stock Portfolio Inquiry Call Service” is available in Arabic and English with 24/7 instant access, enabling investors to inquire easily and confidentially on their balances relating to bonus/rights issue shares, transfer of shares from/to the account, executed trade details (buy and sell) amongst many other services.

To register for the above eServices please contact DFM Customer Service on +971 4 305 5555.
I. How to Receive any Due Cash Dividends?

As part of DFM’s ongoing commitment to provide innovative financial services, utilizing state of the art technology to deliver fast and efficient solutions for investors and companies, and by virtue of the decision issued by the Securities and Commodities Authority (SCA), in 2010 DFM launched the iVESTOR card.

The iVESTOR card enables individual investors to receive any due dividends instantly on the electronic card and withdraw cash from anywhere in the world via VISA and PLUS marked ATMs, and Emirates NBD ATMs in the UAE. Replacing the traditional cheque, investors receive notification via SMS once any due dividends have been deposited for instant withdrawals.

You can then make online and retail purchases and top up from any Emirates NBD cash deposit machine or branch. Investors are also able to use the card to register and vote during Annual General Meetings of participating listed companies.

As an iVESTOR cardholder you can track your card transactions and deposits through the iVESTOR online statements available at www.dfm.ae within eServices.

Dividends are paid at specific dates using your chosen payment method. In addition to the iVESTOR card service, DFM offers the cash dividend payment method of bank transfer and cheque. Select your payment method at the time of applying for your Investor Number (NIN) or if you have an existing Investor Number (NIN) simply complete the “Cash Dividends Request” form available at www.dfm.ae under CSD.

To find out more about the card or to apply contact:
iVESTOR Card Customer Service,
Tel: +971 4 305 5555 (24 hours)
Fax: +971 4 305 5189
Email: dividendservices@dfm.ae
Key Financial Indicators

Market indices and financial ratios are valuable investment tools for providing investors with a sharper picture of the performance of individual company stocks in order to make informed investment decisions. There are two market indices which represent DFM and NASDAQ Dubai listed companies: the DFM General Index (DFMGI) and the FTSE NASDAQ Dubai UAE 20 Index.

DFM General Index (DFMGI)

The DFM General Index is a tool used to measure the change in the share prices of DFM local listed companies. The index is calculated on a real-time basis, so it is positive when share prices increase on DFM in general and negative when they decrease.

DFMGI calculation rules:

1. The Index measures the company weight through the free float available for trading, by ruling out government stock and the total properties equal to or exceeding 5% of the corporate capital.

2. In calculating market capitalization, the Index uses the securities’ last traded price in order to reflect the latest trend on DFM.

3. The ceiling for a company’s weight in the Index is set at 20% to limit the effect of the price movement of companies with high market capitalization on the Index movement.

4. The Index consists of ordinary shares of DFM listed local companies, but does not include bonds, funding instruments and preferred stocks, if any, nor does it include the shares of foreign companies listed on DFM.

5. The free float available for trading in the Index is set at 20% only for least traded companies.

6. The date 31/12/2003 was set as the starting point for the Index, whereas the prices recorded on that day were used to set the fundamental market capitalization of the Index. Also, 1000 measurement points were used as a basis for reading the Index on that day.

7. New companies are considered for listing on the Index after one month of being traded on DFM in order to avoid any fluctuations in their share prices during the first period of their trading.
FTSE NASDAQ Dubai UAE 20 Index

The FTSE NASDAQ Dubai UAE 20 index comprises 20 securities admitted to trading on NASDAQ Dubai, the Dubai Financial Market (DFM) and the Abu Dhabi Securities Exchange (ADX).

Its 20 constituents are selected for openness to international investors and high liquidity. They are free float weighted and include some of the GCC’s largest companies such as global ports operator DP World on NASDAQ Dubai and Emaar, one of the world’s largest property companies, on DFM.
As an investor, it is important to understand key financial indicators and ratios, how they are calculated and what they represent about the performance of an individual listed company.
The following table provides a few financial ratios as reference:

<table>
<thead>
<tr>
<th>Financial Ratio</th>
<th>Formula</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Return on Equity %</strong></td>
<td>Return on Equity = Net profit / shareholder’s equity</td>
<td>One of the most important indicators used to measure the company’s potential return on investment.</td>
</tr>
<tr>
<td><strong>Retention Ratio</strong></td>
<td>Retention Ratio = (Net Profit - Dividend) / Net Profit</td>
<td>The value of net profits which the company has re-invested for the purpose of expanding and increasing its earnings instead of distributing them among the shareholders.</td>
</tr>
<tr>
<td><strong>Reinvestment Rate</strong></td>
<td>Reinvestment Rate = Return on Equity x Retention Ratio</td>
<td>An indicator containing the return on equity and retention ratio indicators used to calculate the reinvestment rate.</td>
</tr>
<tr>
<td><strong>Dividend Yield %</strong></td>
<td>Dividend Yield = (Annual Dividends per share x 100) / Share Price</td>
<td>The percentage of the dividend distributed by the company as a proportion of the share price.</td>
</tr>
<tr>
<td><strong>Price Earnings Ratio %</strong></td>
<td>Price Earnings Ratio = Share Price / Earnings per Share</td>
<td>A high price earnings ratio indicates the market participants’ confidence in the share, but a very high ratio means an excessive share price. On the other hand, a low price earnings ratio indicates a share value less than the actual value and is considered a good purchase opportunity for investors. The price earnings ratio represents the relation between the share price and the earnings per share. The earnings per share is the amount of earnings per each outstanding share of a company’s stock.</td>
</tr>
<tr>
<td><strong>Turnover Ratio % (times)</strong></td>
<td>Turnover Ratio % = (Value of Traded Shares x 100) / Market Capitalization</td>
<td>The higher the turnover ratio, the greater the demand for the share and the higher the possibility of trading and selling it at any time.</td>
</tr>
</tbody>
</table>
Trading Mechanisms

Dubai Financial Market (DFM) and NASDAQ Dubai work closely with their respective regulators to continuously evaluate new (mostly automated) trading mechanisms and procedures in order to provide investors with greater flexibility and ease of trading, as well as drive international best practices.

Margin Trading

Margin Trading is a new and effective investment method through which financial brokerage firms provide the client with credit services at competitive interest rates, guaranteed by the securities deposited in the client’s portfolio. The volume of the credit services offered to the client depends on the type and value of the securities he/she owns as well as on his/her financial capacity. Through this service, the brokerage firm funds a percentage of the trade value of the margin funded shares, guaranteed by the same securities or by any other guarantees.
Delivery Versus Payment (DVP)
DVP means delivery of securities if, and only if, payments occur. The DFM and NASDAQ Dubai adopt ‘DVP Model 2’ for financial and securities settlements between DFM or NASDAQ Dubai and their respective broker clearing members or custodian clearing members.

Financial settlement is completed first followed by securities settlement shortly after at the pre-designated times on T+2.

For foreign investors using custodians for custody and settlement, custodians settle trades directly with DFM or NASDAQ Dubai. DVP enables custodians to reject trades for settlement where no matched settlement instructions were received by custodians to settle a trade.

Securities Lending and Borrowing
The Securities Lending and Borrowing system will be implemented on DFM and NASDAQ Dubai under which any investor may lend/or borrow securities he/she owns.

For more details please refer to www.dfm.ae and www.nasdaqdubai.com

Securities can be borrowed in the following cases:
1. To carry out market maker activity.
2. Failure to deliver the sold securities at the date of settlement.
3. Any other case approved by the regulator.
Trading Fees and Commissions

Trading fees and commissions paid by the investor for the execution of buying and selling orders are as follows:

**Executed Orders**

<table>
<thead>
<tr>
<th>S.No.</th>
<th>Fee details</th>
<th>Fees</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Fees paid by both seller and buyer to DFM for every order executed per trading session</td>
<td>AED 10</td>
</tr>
</tbody>
</table>

**Trading of Shares**

<table>
<thead>
<tr>
<th>S.No.</th>
<th>Fee details</th>
<th>Fees</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Trading commission paid by both buyer and seller from the total value of every transaction executed per trading session</td>
<td>0.00275 or 2.75 per thousand</td>
</tr>
<tr>
<td>2</td>
<td>Broker fee on the trading commission</td>
<td>0.0015 or 1.5 per thousand (AED 30 minimum)</td>
</tr>
<tr>
<td>3</td>
<td>DFM fee on the trading commission</td>
<td>0.0005 or 0.5 per thousand (AED 20 minimum)</td>
</tr>
<tr>
<td>4</td>
<td>CSD fee on the trading commission</td>
<td>0.0005 or 0.5 per thousand (AED 10 minimum)</td>
</tr>
<tr>
<td>5</td>
<td>Securities and Commodities Authority (SCA) fee on the trading commission</td>
<td>0.00025 or 0.25 per thousand (AED 5 minimum)</td>
</tr>
</tbody>
</table>

**Trading of Bonds/Sukuk**

<table>
<thead>
<tr>
<th>S.No.</th>
<th>Fee details</th>
<th>Fees</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Trading commission paid by both buyer and seller from the total value of every transaction executed per trading session</td>
<td>0.000275 or 2.75 per ten thousand</td>
</tr>
<tr>
<td>2</td>
<td>Broker fee on the trading commission</td>
<td>0.00015 or 1.5 per ten thousand (AED 30 minimum)</td>
</tr>
<tr>
<td>3</td>
<td>DFM fee on the trading commission</td>
<td>0.00005 or 0.5 per ten thousand (AED 20 minimum)</td>
</tr>
</tbody>
</table>
Trading Fees and Commissions for NASDAQ Dubai

Trading fees and commissions for NASDAQ Dubai are available on the following link.
http://www.nasdaqdubai.com/listing/fees

<table>
<thead>
<tr>
<th></th>
<th>Description</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>4</td>
<td>CSD fee on the trading commission</td>
<td>0.00005 or 0.5 per ten thousand (AED 10 minimum)</td>
</tr>
<tr>
<td>5</td>
<td>Securities and Commodities Authority (SCA) fee on the trading commission</td>
<td>0.000025 or 0.25 per ten thousand (AED 5 minimum)</td>
</tr>
</tbody>
</table>

Special Deal

Fees (AED)

Commission to be paid by both buyer and seller from the total value of the transaction as follows:

**Bonds/Sukuk:**
Commission: 0.000275
Method of Calculation: Number of units x unit value/100 x market value, or higher x commission

**Shares:**
Commission: 0.00275
Method of Calculation: Number of shares x market value or higher x commission

To view the latest updates on trading fees, please visit www.dfm.ae.
Stay in touch...
Stay abreast of the latest developments at DFM and NASDAQ Dubai with daily bulletins, listed company disclosures, market performance and news, as well as the monthly eNewsletter at www.dfm.ae and www.nasdaqdubai.com

Contact Us:
DFM Customer Services
Clearing, Settlement & Depository
T: +971 4 305 5555, F +971 4 305 5191
Email: customerservice@dfm.ae

DFM is regulated by the SCA and NASDAQ Dubai is regulated by the DFSA.