The Purpose of this Booklet

Dubai Financial Market (DFM) endeavors to ensure its investors are aware of their rights and responsibilities and aims to provide the necessary information and data which support them in making informed investment decisions, in their trading transactions and settlement of securities. This supports DFM’s aim of building a fruitful relationship with its investors.

This booklet outlines DFM investors’ rights, responsibilities and obligations when trading on the DFM and is categorized into two key areas: Investors’ Rights and Investors’ Responsibilities and Obligations.

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

Disclaimer

Dubai Financial Market (DFM) endeavors to provide and publish correct real time data and information; however it is not guaranteed to be timely or accurate and is for information purposes only. DFM shall not assume any responsibility for any diminution, error and/or delay of data and information published. Consequently, DFM will not be liable for any claim or loss of any nature that may occur directly or indirectly, from the use of the data and information available at DFM or in any of its publications.
# Contents

Overview 02  
Investors’ Rights 02  
Investors’ Responsibilities and Obligations 04  
Important Considerations when Making Investment Decisions 06  
Benefits and Risks of Investing in Securities 08  
How to find out more... 09
Overview

Dubai Financial Market (DFM) is a market regulated by the Securities and Commodities Authority (SCA), and also supports and trains its licensed brokers to ensure that the utmost transparency, confidentiality and protection of investors are upheld. DFM has in place highly sophisticated systems such as “SMARTS”, the market and surveillance system, to closely monitor trading activity and continues to work closely with the SCA to apply best international practices for ease of trading and surveillance.

At DFM, we believe that the needs of the investor always come first. As an investor, you have important rights, including your rights as a company shareholder and more. At the same time, investors need to shoulder certain responsibilities themselves; to plan carefully to meet their investment goals and to stay informed about the risks and rewards of their investments.

Investors’ Rights

The legislation in force in the UAE grants shareholders and market participants many rights and benefits, particularly the shareholders’ right in the company whose shares are traded on the market to ownership and the transfer thereof, to the dividends distributed by the company and to the proceeds in case the company goes into liquidation. They also have the right to take part in the decision-making process within the company in which they hold shares by attending and voting at the company’s General Assemblies as well as electing and dismissing the Board members.

Shareholders also have the right to monitor the company’s management by accessing information and data on the company’s performance, holding the Board of Directors accountable, asking the company’s auditor questions. They also have the right to raise complaints to the relevant authorities against any party/parties of DFM in the case of a valid justification or harm to the investor.

<table>
<thead>
<tr>
<th>Shareholder Rights</th>
<th>1. Participate in the company ownership, assets and reserves when the company goes into liquidation.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2. Participate in the company management by exercising their rights to vote during the company’s General Assembly (voting is based on the number of securities).</td>
</tr>
<tr>
<td></td>
<td>3. Obtain their annual share dividends.</td>
</tr>
<tr>
<td></td>
<td>4. Sell securities on the market.</td>
</tr>
</tbody>
</table>
As an investor, when you buy shares in a given company, you expect the company to achieve earnings or some other return on your investment, but sometimes such investments fail due to unsuccessful company management or weak implementation of corporate governance principles.

These losses may go on for many years without the investors raising any objections because they are not aware of their rights in the company nor do they know how to claim such rights.

Hence the importance of knowing all your rights of the company you are investing in.
Investors’ Responsibilities and Obligations

Before executing any trading transaction, an investor should fulfill the following general responsibilities and obligations:

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Determine your investment objectives, the amount to be invested as well as the expected investment duration.</td>
</tr>
<tr>
<td>2</td>
<td>Invest surplus income, retain sufficient liquidity to meet your daily needs and obligations and refrain from entering into financial obligations exceeding your financial capacity.</td>
</tr>
<tr>
<td>3</td>
<td>Become acquainted with the legislation issued by the Securities and Commodities Authority (SCA) as well as the other relevant authorities concerning securities investments and investors’ rights.</td>
</tr>
<tr>
<td>4</td>
<td>Choose from the list of SCA licensed brokerage firms operating on DFM, and sign with the brokerage firm a written agreement which stipulates the services provided by the company to the investor and the commissions collected by the company.</td>
</tr>
<tr>
<td>5</td>
<td>Read the memorandum of association, articles of association and prospectus of the company you wish to invest in.</td>
</tr>
<tr>
<td>6</td>
<td>Research and analyze the financial data of the company you wish to invest in.</td>
</tr>
<tr>
<td>7</td>
<td>Refrain from taking investment decisions based on rumors and hearsay.</td>
</tr>
<tr>
<td>8</td>
<td>Track the market trends and economic indicators and the relation between them.</td>
</tr>
<tr>
<td>9</td>
<td>Track the detailed data of your investments by requesting periodical statements of accounts showing the movements in the account.</td>
</tr>
<tr>
<td>10</td>
<td>Diversify your investment portfolio by investing in more than one type of security and more than one sector to avoid the risk of an investment focused on a particular type of security or on one sector only.</td>
</tr>
<tr>
<td>11</td>
<td>Attend meetings held by the companies in which you are investing.</td>
</tr>
<tr>
<td>12</td>
<td>Track the disclosures released by these companies.</td>
</tr>
<tr>
<td>13</td>
<td>Track the decisions issued by control and surveillance authorities concerning the public shareholding companies and brokers.</td>
</tr>
<tr>
<td>14</td>
<td>Track the receipt of dividends distributed periodically by the companies in which you are investing.</td>
</tr>
<tr>
<td>15</td>
<td>Track the listed companies’ information available on the DFM website.</td>
</tr>
</tbody>
</table>

An investor can also obtain legal, financial or specialized advice before taking any investment decisions through accredited and trusted channels and resources.
As an investor it is essential to fulfill the below obligations. Failure to do so will hold him/her legally liable and will result, in some cases, in penalties of imprisonment and payment of maximum fines:

- **Comply with the common code of conduct** when dealing with officials and employees of listed companies, brokers, DFM officials and other investors, and refrain from tarnishing the reputation of any of them, from accusing them of negligence or misconduct, or from spreading rumors concerning thereof.

- **Use a single Investor Number** when trading DFM listed securities. In case you have more than one Investor Number, you should notify the Clearing, Settlement and Depository Division in order to merge your information into a single Investor Number.

- **Fulfill all the obligations** resulting from the executed order for which yourself or your representative has instructed the broker, and settle these obligations according to what was agreed upon with the broker in the account opening agreement or in a registered telephone conversation.

---

**On the Trading Floor, investors are required to:**

- Refrain from entering the brokers’ offices at any time.
- Refrain from distributing, publishing, presenting or promoting any issues, documents, reports or financial analysis in DFM without obtaining prior approval from Market operations.
- Refrain from smoking, eating or drinking on the trading floor.
- Dress in formal attire on the trading floor.
Important Considerations when Making Investment Decisions

Investors should also be well aware of all the important considerations which could affect your investment decision-making, including but not limited to the following:

1. Important Securities-Related Laws

Issued, subscribed and traded securities in the UAE are subject to the country’s general legislative framework, particularly the provisions of a number of federal laws and regulations issued by virtue thereof, namely:

- The Commercial Companies Law.
- UAE Securities and Commodities Authority and Market Law.
- UAE Central Bank Law.

These laws and regulations aim to create an investment environment characterized by its transparency, fairness and equal investment opportunities and guaranteeing the rights of all parties involved.

2. Factors Affecting Price Movement

a. Supply and demand: The prices of DFM listed securities are in constant fluctuation depending on the force of supply and demand. The price and quantity of every executed transaction is set at any moment during the trading session through the electronic bidding system adopted by DFM once the buying order meets a selling order of equal price.

b. Disclosure: The prices of securities on DFM are affected by the disclosures of listed companies and of DFM, as well as by the region’s overall market and economic developments in general. The disclosure instructions in force in the UAE bind companies to disclose any essential information which might affect the price movement on the market and also to disclose their financial statements on a quarterly, semi-annual and annual basis for the periods set in these instructions.

c. Tracking insiders’ transactions: Insiders are persons who have in their possession or are informed due to their work or position of inside (undeclared) information which might affect one or more issue prices of DFM listed securities in case it is declared and made public.
Under the laws and regulations in force, insiders shall be subject to the strictest financial and criminal penalties if they make use of inside information they have in their possession to make profits to the detriment of those unaware thereof. They are under the obligation to disclose their intentions to DFM before dealing directly with the relevant securities, and should also refrain from disclosing any information to others with the view of benefiting from it before it is made public.

d. Recognizing risks and returns: The investor should be aware that every investment results in returns and risks. The return is the actual yield you obtain as a result of your investment on the market. It is divided into two parts: The dividends (gains distributed by the company to its shareholders) and the return on capital (difference between the buying price and the selling price).

As an investor, you should also be aware of the potential risks resulting from your investment in shares, whether they are general risks affecting the market as a whole, even if disproportionately, or specific risks that affect a particular company.
Benefits and Risks of Investing in Securities

Securities are considered as one of the best financial tools for long-term investment, particularly if the investment aims at achieving growth. When the investor purchases shares, he becomes the owner of part of the company to the extent of the value of the securities.

**The ownership of the securities offers their holder the following benefits:**

- An increase in ownership of the company, represented by the value of the securities the investor owns. Any growth of the company is directly reflected in the securities price, which should register an increase in the return on capital.
- Receive company dividends.

**On the other hand, investing in securities involves some risks which include:**

- Fluctuation in company profits.
- Decrease of share price.
- Lack of liquidity of shares, meaning a reduced demand for the shares.

**There are a number of risks which should be taken into account by the investor before carrying out margin trading operations. These include:**

1. Potential losses that might exceed the initial investment.
2. Being constantly prepared to deposit funds or securities if the brokerage firm makes any claims.
3. The right of the custodian to sell all the securities or part thereof without consulting the investor if he fails to meet its requirements.
4. Possible structural problems in the stock market in case of a sharp drop in prices, even though margin trading increases trading volumes on the market in general.
5. The custodian may charge the investor interest on borrowed funds, hence affecting the investor’s total return on investment.
How to find out more...

Ever since its establishment in 2000, Dubai Financial Market (DFM) has been committed to developing and launching numerous educational programs for increasing investment awareness and creating a culture of well-researched securities investment among its different market participants. The awareness and education programs provided for investors by DFM include and are not limited to:

DFM Training Seminars and Workshops
DFM organizes training workshops for its participants, including listed companies, brokers and investors. In this respect, DFM collaborates with all the respective authorities such as the Securities and Commodities Authority (SCA) and the financial institutions active in this sector to develop and implement comprehensive workshops.

DFM Online Guides and Publications
DFM provides a number of publications and newsletters containing important information which help investors in their investment decision-making. In addition to daily, weekly and monthly newsletters, DFM issues various publications which raise awareness and understanding of DFM and its listed companies, particularly the “DFM Listed Companies Guide” which contains the financial statements of these companies over several years. Moreover, DFM has published several booklets available on its website, including but not limited to guides targeting its different market participants, such as the “DFM Guide to Going Public”, the “DFM Guide to Investor Relations” and more.
Stay in touch...
Stay abreast of the latest developments at DFM and NASDAQ Dubai with monthly rounds ups of news, listed company disclosures and market performance by accessing the monthly eNewsletter at www.dfm.ae

Contact Us
DFM Client Services Affairs, CSD, DFM Trading Floor, World Trade Centre, Dubai, UAE.
T: +971 4 305 5555, F: +971 4 305 5191, E: customerservice@dfm.ae