



هيئة الأوراق المالية والسلع
SECURITIES & COMMODITIES AUTHORITY

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UAE Proposes Initiative for Integration of GCC Securities Markets

Al-Mansoori Outlines Initiative at the 1st Meeting of the GCC Ministerial Committee

The United Arab Emirates has floated a practical initiative aimed at integrating securities markets of all member states of the Gulf Cooperation Council (GCC). The initiative which will see the markets operating under the same policies and regulations was outlined in the statement of H.E. Sultan bin Saeed Al-Mansoori, Minister of Economy, during the 1st Meeting of the Ministerial Committee of Chairmen of GCC Regulators Board, which was held in Riyadh.

The meeting was held at the invitation of GCC Secretary General, H.E. Abdul Rahman Al-Atiyya.

The UAE Minister, who is also the SCA Board Chairman, called for concerted and unified efforts and better coordination among the "member states to overcome the repercussions of the global financial crisis". In view of this, the current situation demands from us better coordination, uniting our front and launching innovative initiatives, at a time when many institutions and corporate entities worldwide are doubling their steps towards forming alliances and blocs, even merging together to defeat the difficulties facing them. This means, we are in a situation, today, in which we need more actions than our need for words", Al-Mansoori stated in



his address, read on his behalf by H.E. Abdullah Al-Turifi, Chief Executive Officer of the SCA.

The initiative calls for a comprehensive strategy that would be implemented in stages, over a certain period of timeframe. The strategy must have a permanent committee consisting of CEOs of the regulatory bodies of member states or those in their equivalent status. The committee, which shall have to meet three times, at least, in a year, will deliberate over issues and proposals referred to it by member countries. It shall also, among other thing, come up with draft laws, policies and

guidance regulations for the GCC securities markets and their regulators, look into technical proposals aimed at developing the securities markets in the region and refer its recommendations to the permanent ministerial committee for action.

Member countries at the meeting agreed on referring to the GCC Ministerial Council a recommendation for the setting up of the proposed permanent technical committee for consideration.

Highlighting the UAE strategy, Al-Turifi pointed out that the strategy will be presented later to the GCC Ministerial Committee (GCC

Foreign Ministers Committee) for review and action. He said the strategy had attracted great applause from the GCC Secretariat and all member states, who saw the SCA initiative as a roadmap towards achieving integration of GCC securities markets, adding that members of the committee had suggested that a coordination meeting be held to further discuss this initiative.

The two-tier initiative consists of issues that need instant action and other issues which can be dealt with in stages according to certain timeframe, to be agreed on by members.

SCA: 2009 Disclosure Rate of Local PJSCs is 99%

The Emirates Securities and Commodities Authority (SCA) has said that the disclosure rate of local public joint stock companies (PJSCs) for the last fiscal year ending on 31/12/2009 has reached 99.1%. This followed the announcement of 106 local PJSCs out of a total of 107 listed on the UAE securities markets of their annual financial statement for the fiscal year ending on 31/12/2009.

A statement issued by the SCA praised the companies which made the disclosure within the stipulated timeframe and underscored the significance of timely disclosures in building confidence on the market by releasing valuable information to investors.

Generally, 121 SCA-registered companies

out of a total of 133 listed on the UAE markets have furnished the SCA with their annual financial statement, to bring the total rate

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Disclosure made within timeframe
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of disclosure of all listed companies (local and foreign) to 91%.

The SCA said 12 companies, including one local and eleven foreign companies, failed to meet the deadline for disclosure of their financial statement for the year ending 31/12/2009.

SCA is First Federal Entity to Adopt Windows 7

The SCA is the first Federal government entity to implement Windows 7 to enhance internal user productivity and streamline operations.

According to Microsoft Gulf, following the implementation of Windows 7, the SCA has been able to reduce operational expenses and significantly improve overall efficiencies. "The SCA is responsible for the regulation of the UAEs capital markets, so we need to ensure that we use state-of-the art technology that provides advanced corporate data management and security and improves best practices", said Mr. Mohammed Khalifa Al Hadari, SCA's Deputy CEO for Organizational and Supporting Services Affairs.



Archive Photo of SCA Board Meeting

SCA Board Approves Capital Adequacy Regulations

The regulations adopt liquidity and risk as yardstick for measurement of capital adequacy

The board of the SCA has held a meeting, presided over by its chairman, H.E. Eng. Sultan bin Saeed Al-Mansoori, who is also the Economy Minister, during which the board approved a draft resolution on capital adequacy regulations for securities and commodities brokers and broker dealers.

H.E. Sultan bin Nasir Al-Suwaidi, UAE Central Bank Governor, H.E. Abdullah Salim Al-Turifi, SCA Chief Executive, H.E. Sami Dha'en Al-Ghamzi, Director General of Dubai's Department of Economic Development and H.E. Mahmoud Ibrahim Mahmoud, were all present at the 15th meeting of the board's 3rd session, which was held in Dubai.

The resolution urged all concerned companies to abide strictly by the regulations and to the methods of calculation as outlined in the guidebook and the capital adequacy form attached to the resolution. Regarding the capital requirements, the resolution demands that a broker must hold sufficient capital to correspond to credit risk, market risk, and operational risk and in accordance with articles (3, 4, 5).

For the purposes of calculating the broker's required capital, the resolution defined own funds to mean:

Tier 1: Equity + contributions and revaluation reserves - losses during a current financial year - intangible assets

Tier 2: include subordinated debt instruments with an original term to maturity of not less than five years.

Tier 3: net gains attributable to the Broker's trading book and subordinated loans with an original term to maturity of not less than two years. The Broker shall deduct non-liquid assets from the expanded own funds [tier 3 capital].

For the purposes of calculating a broker's capital adequacy, the values of the assets in the broker's portfolios are to be valued in accordance with the provisions of the attached guidelines. But in any case, tier 1 capital is never less than tier 2, the resolution states.

With regards to credit risks, the resolution states that a capital shall have to correspond to not less than 14 percent of the Broker's risk-weighted exposure amounts calculated in accordance with the attached guidelines. But upon calculation of the risk-weighted amount for a certain exposure, a Broker may take into consideration such security, guarantees and other collateral as reduce the credit risk inherent in the exposure. Consideration and calculation of credit risk mitigation shall be conducted according to the detailed capital adequacy rules and according to the capital adequacy

model. Assets can be divided into sub classes, such that risk weights shall be determined in accordance with those set to match risk classes determined by credit rating agencies.

For market risks, the resolution demands that the capital is required to amount to the total of the capital requirements for, counterparty risks for trading book operations, settlement risks for trading book operations, position risks (interest rate and share price risks) for trading book operations and foreign exchange risks and commodity risks in the entire operations. But all capital requirements for market risk shall be calculated in accordance with the attached guidelines, the resolution adds.

In calculating the market risk, the resolution states that a broker may, pursuant to authorization by the SCA, calculate the capital requirement in accordance with Article (3), taking into consideration counterparty risks and where the total market value of the positions in the trading book and receivables attributable thereto, normally, does not exceed 5 percent of the sum of the Broker's balance sheet total and total off balance sheet undertakings; or normally, does not exceed an amount equivalent to AED75 million; and on no occasion, exceeds 6 percent of the Broker's balance sheet total and total off-balance sheet undertakings, nor exceeds an amount equivalent to AED100 million.

Touching on the Operational risks, the resolution states that they include those that result from processes, systems and persons or external ones including legal risks.

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SCA has achieved a lot in areas of legislation, supervision, regulation & organization

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PJSCs, Brokerage Firms Satisfied with SCA Services

Nelson International Poll Shows 87% of PJSCs, 82% of Brokerage Firms Give a "Thumb Up" to SCA

Public joint stock companies (PJSCs) and brokerage firms covered in an opinion poll have expressed great satisfaction on the quality of service being offered by the SCA. While 87% of the PJSCs said they were highly satisfied with the SCA's service in the areas of licensing, supervision, monitoring and communication, 82% of the brokerage companies expressed similar sentiment during an opinion poll held by the SCA in collaboration with the Nelson International, as part of the activities marking the former's 10th anniversary.

The SCA, which marked on February 15, 2010 the 10th anniversary of its existence, was established by virtue of Federal law No. 4 of 2000 as a federal body, which enjoys administrative and financial independence, as well as the necessary supervisory and executive prerogatives to discharge its duties.

In the area of licensing services, 94% of the PJSC respondents said they are satisfied with the duration involved in the process of acquiring a license, compared to 93% of the brokerage companies, while both the PJSCs and the brokerage companies agreed that the level of communication between the SCA and them was good but needs further improvement.

The poll, covered 33 securities brokerage firms, including 14 from Abu Dhabi, 14 from Dubai and five (5) from Sharjah, as well as 55 PJSCs, including 30 from Abu Dhabi, 17 from Dubai and 8 from Sharjah. It also covered 20 commodities brokerage companies, including 15 from Abu Dhabi and five (5) from Dubai.

Details of the level of satisfaction among the PJSCs regarding the licensing service show that 34% of the respondents gave it "Excellent", 60% gave it "Good", while 6% gave it "Fair".

On the attitude and role of SCA staff in

registration procedure, 43% described it as "Excellent", 56% gave it "Good", while 2% said it is "Fair".

A vast majority of respondents agreed that the licensing process is easy and fast, that the service is good and that the SCA staff are always ready to help, with the exception of 6% of the respondents who said the process needs to be eased further and that the online service must also be upgraded.

On the time required to complete the licensing procedure, 36% said the current duration is "Excellent", 56% gave it "Good", 5% said it is "Fair", while 2% said it is "Very Poor". Regarding the SCA procedure for cancellation of license and deletion of name from the record, 27% of the respondents said it is "Excellent", 67% gave it "Good", while the remaining 6% said it is "Fair".

Regarding respondents from the Brokerage companies, their reactions regarding the level of satisfaction to SCA services were nearly similar to those of their counterparts from the PJSCs as 87% expressed satisfaction with those services, 13% described those services as "Fair", while 6% gave it "poor".

On their assessment of the SCA's way of approving the accreditation of brokerage company staff, 24% described it as "Excellent", 55% said it is "Good", 9% gave it "Fair", while another 9% described it as "Poor" to some extent.

Regarding their opinion on the accreditation process itself, 30% of the respondent said it is "Excellent", 48% said it is "Good", 18% described it as "Fair", while 3% of them described it as "Poor" to some extent. The brokers said there was the need to make the registration process a "one-window" process and that should be through the SCA.

On the time required to complete the license renewal procedure, 36% of the respondents from the securities brokerage firms said the current duration is "Excellent", 52% said it is "Good", 9% said it is "Fair", while 3% described it is "Very Poor". But 31% of the respondents described the time required to complete the license acquisition procedure itself as "Excellent", 53% described it as "Good", while 13% described it as "Fair".

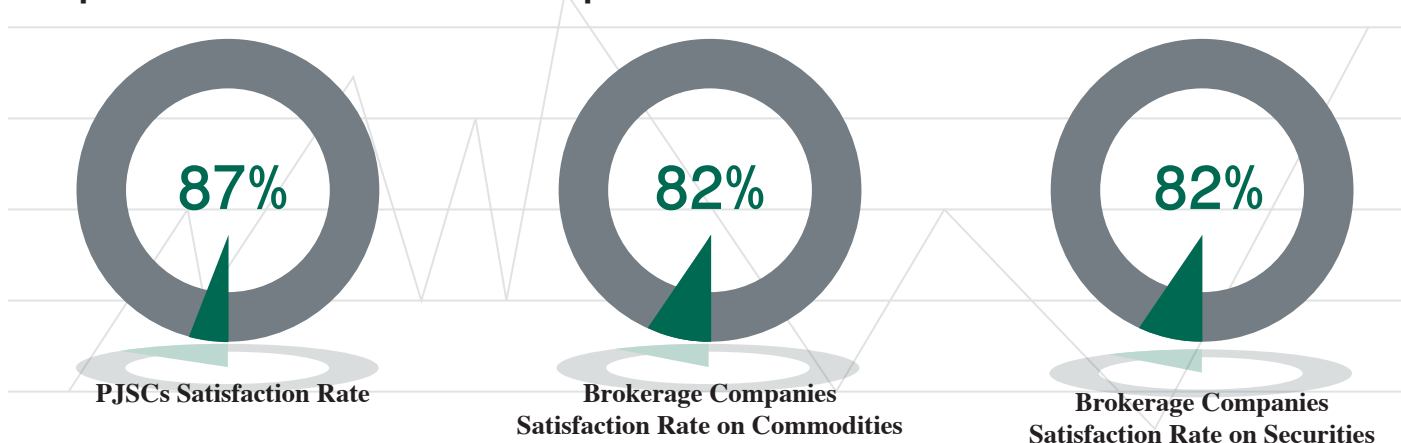
Meanwhile, 33% of respondents from the commodities brokerage companies described the licensing services for brokers as "Excellent", while 58% and 8% described the services as "Good" and "Fair" respectively. But on duration for the license renewal procedure, only 13% described it as "Excellent", while 44% and 40% described the services as "Good" and "Fair" respectively.

On the attitude and competence of SCA staff, about 13% described it as "Excellent", about 38% gave it "Good", while about 50% said it is "Fair". Regarding the transparency of the SCA, 40% of the respondents gave it "Excellent", 35% gave it "Good", 20% described it as "Fair", while 5% said it is "Poor", but 35% gave the SCA "Excellent" on fairness, while 40% and 20% of them gave the SCA "Good" and "Fair" respectively on that component.

With regard to visiting the SCA website, 91% of the respondents said they have visited the website, 46% said they visit the website only if they need to do so, while 14% said they visit the website daily.

On the purpose of their visit to the SCA website, 43% of the respondents said they go only for the news items on the website, with 38% saying they are satisfied with the SCA news bulletins, which they rated as "Excellent".

Opinion Poll Result: Clients Express Satisfaction Rate on SCA Performance



Court Ruling Ends Golden Gate Securities' Dispute

SCA Closely Follows Case from the Beginning to the End

A judiciary committee set up by the Dubai Ruler's Court has ruled for the distribution of the assets of Golden Gate Securities to the latter's creditors. Each of the creditors will be reimbursed in cash amount that commensurate with their credit in a process to be supervised by the Emirates Securities and Commodities Authority (SCA) and with the knowledge of the judicial liquidator.

The judicial panel also ruled that all the company's partners must, severally, pay the shortfall in the total due to the clients of the company, while the company's non-UAE national partners must not be allowed to travel out of the country until the full amount due to the company's clients was fully paid.

Following the ruling, H.E. Engineer Sultan bin Saeed Al-Mansoori, Minister of Economy and SCA Board Chairman, expressed profound gratitude to His Highness Sheikh Mohammed bin Rashid Al-Maktoum, Vice President and Prime Minister of UAE and Ruler of Dubai,

for his personal follow-up of the case and for setting up a special judicial panel to deal with the case to ensure the rights of investors were protected.

The minister said the SCA pursued the case from the beginning when it discovered the violations on time and took the necessary actions to settle the issue as quickly as possible, but Golden Gate's failure to respond positively on the issue forced the SCA to refer the dispute to the courts for solution.

He noted that the SCA, in collaboration with the securities markets in the country, coordinated efforts with the official bodies in the Emirate of Dubai to find the best mechanism to solve the problems of the investors, including the company's clients, to protect their interest.

Also commenting on the issue, H.E. Abdullah Al-Turifi, SCA Chief Executive Officer, said the SCA, by virtue of its role as a protector of the rights of all stakeholders on the securities markets, has been making all efforts and taking all necessary

measures to protect those rights.

He added that the SCA, upon detecting the Golden Gate violations of laid down rules and regulations, took prompt action by cancelling the company's license and expressed reservation on the bank guarantees the company presented to both the Dubai Financial Market and the Abu Dhabi Securities Exchange, as well as reservation on the company's own shares as it owes a number of its clients.

He said the SCA, in collaboration with the securities markets, had taken a number of initiatives and provided various solutions which aimed at finding the best means of settling the issue and protecting the rights of the clients of Golden Gate Securities following the detection of the latter's commission of various violations.

It's worth noting here that the SCA suspended the company from trading for failing to adhere strictly to the laid down rules and regulations which aimed at protecting the rights of all investors on the market.

SCA, ADCCI Discuss Cooperation

A meeting was held here in Abu Dhabi between the Emirates SCA and the Abu Dhabi Chamber of Commerce and Industry to discuss ways to boost cooperation between the two sides. The SCA side was headed during the meeting by H.E. Abdullah Al-Turifi, SCA Chief Executive Officer, while the ADCCI side was headed by its Director General, H.E. Mohammed Rashid Al-Hamli.

The ADCCI delegation includes representatives of the ADCCI-affiliated Securities Brokers Committee, which represents a group of brokerage firms in the Emirate of Abu Dhabi.

They also discussed the best mechanisms for consultations between them, particularly, in areas of making inputs in draft resolutions and rules regulating the work of brokerage companies on the UAE markets, and other issues related to improving the performance of the markets in accordance with the best international practices, including the new orientation program for brokers and the examinations being conducted by the SCA for brokers interested in working on the UAE markets.

SCA Organizes Awareness Forums and Lectures

As part of its sustained efforts to educate all major players in the securities industry, the SCA has held from December 15, 2009 to April 15, 2010 a number of lectures and forums in Abu Dhabi and Dubai to educate investors, brokers and financial analysts doing business on the securities markets in the country.

The SCA held a sensitization lecture on "Islamic Capital Markets", which was delivered by Dr. Obaid Al-Za'abi, Director of SCA's Department of Research and Development.

The SCA held another lecture titled: "Mutual Fund Management", delivered Dr. Munzer Barakat, Senior Advisor on Studies and Research at the SCA, who outlined

during the lecture the significance of proper management of investment funds and portfolios in providing legal environment for institutional investment mechanisms, collecting funds in highly diversified portfolios and in cutting down investment cost, including commission and management fees, as well as in enabling small investors to diversify their small savings.

In a similar event, the SCA has held in Abu Dhabi and Dubai forum to educate brokers and financial analysts working for brokerage companies in the country.

Wafa Shareef Ali, Financial Analysts at the SCA's Department of Research and Development, delivered the lecture titled: "The Reading and Analysis of Financial

Statements". In her presentation, Wafa outlined a number of important points on the reading and analysis of financial statements.

The SCA has also organized in Abu Dhabi and Dubai a forum under the theme: "Public Joint Stock Companies (PJSCs) General Assembly Meeting - Rights and Obligations". Speakers include Ayman Haikal, A legal advisor at the SCA and Dr. Ashraf Abdul Mun'em of the SCA's Legal Affairs Department.

The two speakers highlighted the most significant legal aspects which must be noted during the holding and attending of general assembly meetings, particularly issues related to educating shareholders about their rights.

The SCA has also held at the hall of the Abu Dhabi Stock Exchange a forum under the theme: "The Supervisory Role of the Securities and Commodities Authority". It also organized a workshop for companies operating in the banking and insurance sectors in Abu Dhabi to educate their staff on the rules, regulations and requirements for the application of those rules.

The SCA's legal awareness team has also held a forum under the theme: "The Role of SCA in Protecting Investors". A large number of securities industry interest groups, including staff of brokerage companies, attended the forum, which was held at the Dusit Hotel in Dubai.



Securities and Commodities Authority Signs 4 MoUs

UAE Securities Regulator Signs 39 MoUs Since Existence

The SCA has signed four memoranda of understanding (MoU) with local and Arab bodies with the aim of boosting cooperation and spreading awareness about the securities industry.

The SCA signed a cooperation agreement with the Abu Dhabi Department of Economic Development (DED) and a memorandum of understanding each with Abu Dhabi Centre for Corporate Governance, the Dubai-based Hamdan bin Mohammed e-University and the Palestine Capital Market Authority (PCMA). This brings to 39 the total number of MoUs signed by the SCA since it was established up to March this year. The agreements are within the framework of boosting cooperation and the attraction of UAE national economy to foreign investment and increasing the level of investors' awareness about the local securities markets.

The SCA-DED agreement aimed at boosting business environment through a working system that would simplify, facilitate and develop the necessary procedures for acquiring license by securities companies that would be established in the Abu Dhabi Emirate. H.E. Abdullah Salim Al-Turifi, Chief Executive of the SCA signed for his outfit, while H.E. Mohammed Omar Abdullah, DED Undersecretary also signed for his side during a short ceremony held at the DED premises. Saeed bin Hammoudah Al-Dhahiri, DED Chief Executive for Policies and Legislations Affairs and H.E. Maryam Al-Suwaidi SCA Deputy Chief Executive for legal Affairs, Issuance and Research and a number of officials from both sides were present at the ceremony.

H.E. Abdullah Al-Turifi, CEO of the SCA, said his outfit was committed to signing the agreement based on the monitoring and executive responsibilities entrusted to it, including regulation and licensing of companies operating in the areas of securities and commodities markets in the country, as well as the monitoring and supervision of the activities of those companies to boost sound practices among all parties involved.

Al-Turifi said the agreement between the two institutions was a leading example, as it would significantly improve the services being offered in the emirate, match with the latest developments in the advanced countries of the world and contribute in achieving better cooperation and coordination between the two signatories of the agreement.

Based on the agreement, the two sides will work to build solid partnership between them with the aim of issuing commercial trade license



by linking electronically their two systems. This is to be done through the use of information technology and the internet, through which the two sides will be cooperating very closely to boost each other's initiatives and programs for achieving the objectives of the agreement.

For his side, H.E. Mohammed Omar Abdullah, the DED Undersecretary, said the signing of the agreement by the DED with a

number of federal and local bodies was based on his outfit's responsibility of pushing forward an open, vibrant and successful economy by providing an exemplary environment for local and foreign investment, which would make the private sector the main engine of Abu Dhabi's economic growth.

Meanwhile, the SCA has also signed a memorandum of understanding with the Abu

Boosting Cooperation With Hamdan bin Mohammed e-University

The SCA and the Dubai-based Hamdan bin Mohammed e-University have also signed a memorandum of understanding (MoU) aimed at boosting cooperation between the two sides in the area of professional advice and institutional development, in general and cooperation in the area of quality assurance and institutional excellence, in particular.

H.E. Abdullah Al-Turifi, SCA Chief Executive Officer, signed the agreement for his outfit, while Dr. Ibrahim Mahmoud bin Abdul Rahman, CEO of the University, also signed for his side.

In a post signing statement, Al-Turifi underscored his outfit's pride in the role being played by the Hamdan bin Mohammed e-University as a national institution making very significant contributions in the area of e-Education, in addition to its contributions in other areas of institutional excellence and creativity. He said the SCA's deep interest in signing the agreement was based on its focus on the building of institutional

capacity, achieving institutional development, training and sustainable education for its cadres in order to achieve great development in the area of application of comprehensive quality policies in accordance with the standards of the Sheikh Khalifa Government Excellence Award, in addition to providing a conducive environment for innovation and creativity.

Al-Turifi said the SCA has an annual training and orientation program, which reflects its deep commitment to developing the country's human capital, through capacity building.

For his part, H.E. Dr. Ibrahim Mahmoud bin Abdul Rahman, CEO of the University, said: "The signing of the MoU between the University and the SCA follows similar achievements with a number of government and private institutions to impart our technical and technological expertise to various business sectors according to their objectives, to enable them play very effective roles in the society."

MoUs in Three Months with Local & Foreign Bodies

Dhabi Centre for Corporate Governance (ADCCG), an affiliate of the Abu Dhabi Chamber of Commerce and Industry (ADCCI), to boost the framework of cooperation between them with the aim of spreading awareness on the principles of corporate governance, its application and significance to the business sector.

H.E. Abdullah Al-Turifi, SCA Chief Executive Officer, signed the MoU for his side, while H.E. Khalfan Al-Ka'abi, ADCCG Board Chairman, also signed for his outfit.

The agreement aimed at providing support for initiatives and programs that would be presented by any of the two parties in the area of disseminating corporate governance and its practices. Based on the agreement, the SCA will support ADCCG's initiatives in spreading corporate governance awareness among business community in the country through the holding of forums, seminars and other interactive meetings, as well as by organizing and preparing specialized training programs in corporate governance and related subjects.

The two sides also agreed that the SCA shall be in charge of endorsing and approving specialized development courses in corporate governance that will be adopted by the ADCCG.

In a statement after signing the agreement, Al-Turifi said his outfit will continue to strive in support of all initiatives which aim at activating good governance mechanisms and practices through corporate governance principles,

He pointed out that the MoU seeks to highlight the significance of creating public awareness on the role of corporate governance with regards to companies and securities markets, in general. He said implementing the principles and practices of corporate governance in public joint stock companies contributes immensely in boosting investors' confidence in securities markets and listed companies, adding that in order to achieve this strategic objective, the SCA issued the "Regulation for Corporate Governance of Public Joint Stock Companies" to match with the principles of related international organizations and comparative legislations, while the SCA takes into full consideration the legal framework and the socio-economic situation in the country.

For his side, Al-Ka'abi, said: "The ADCCG is proud to have the support of the SCA to achieve its strategic objectives of developing the UAE business community to be committed to the highest international standards in the area of corporate governance and to improve upon the local corporate governance regulations to match with those being implemented worldwide".

SCA Signs MoU With Palestine Capital Market Authority

The SCA and the Palestine Capital Market Authority (PCMA) have signed a Memorandum of Understanding (MoU) on promoting cooperation, sharing of information, joint listing of companies and protecting investors on the securities and commodities markets.

The agreement was signed by H.E. Abdullah Al Turaifi, CEO of the SCA and H.E. Maher Al Masri, Chairman of the Palestine Capital Market Authority on the sidelines of a conference held in Damascus, Syria by the Union of Arab Stock Exchanges.

The signing ceremony was attended by the UAE Ambassador to Syria, H.E. Salem Issa Al Qattam Al Za'abi and a number of senior officials representing both sides.

Commenting on the MoU, Al Turifi said: "This agreement will have positive results for both parties in terms of mutual cooperation, the exchange of information and expertise, investor protection and the integrity of financial markets.

"According to the MoU, the SCA is ready to provide training and technical expertise. This initiative will help increase the inflow of two-way investments between the two authorities in terms of joint listings," he added.

Al Turifi said that signing the MoU is part of the SCA's general strategy and that the SCA seeks to sign similar agreements with authorities in other countries

Both authorities will cooperate and coordinate in terms of the listing of securities in the capital markets of each country in accordance with the applicable laws and regulations of both authorities.

The parties will exchange expertise, training and technical assistance with the aim of improving the performance of capital markets of both countries.

The two sides will exert maximum efforts to hold annual bilateral meetings to review and assess their joint work, and the cooperation initiatives between them.

SCA Signs MoU with Spanish Counterpart

The SCA has signed a memorandum of understanding (MoU) with its Spanish counterpart to boost cooperation between the two regulators in the area of securities industry. The agreement came to crown the negotiations efforts led by H.E. Sultan bin Saeed Al-Mansoori, Minister of Economy and SCA Board Chairman, during the first UAE-Spain Joint Committee meeting, which was held in the Spanish capital, Madrid.

H.E. Abdullah Al-Turifi, SCA Chief Executive Officer, signed the MoU for his side, while Julio Segura Sanchez, Chairman of the Spanish Securities Market Commission (CNMV), also signed for his outfit in a ceremony which was attended by the UAE Economy Minister, H.E. Dr. Hessa Abdullah Al-Otaiba, UAE Ambassador in Spain, Engineer Mohammed bin Abdul Aziz Al-Shehhi, Director General of the Ministry of Economy and other members of the UAE delegation participating in the joint committee meeting.

As per the MoU, the SCA and the CNMV

shall exchange training and technical programs following consultations between them to determine the areas of these training and technical assistance to support development of securities markets of the two countries. It also seeks to boost mutual assistance and sharing of experience.

The MoU aimed at providing better protection for investors and ensuring competence of securities markets through a framework that would pave the way for cooperation and mutual understanding between the two sides, leading to increased flow of investment into the two countries, through joint listing of securities on their respective markets. The implementation of the MoU will boost disclosure and transparency.

The MoU also entails enforcement of transactions and deals related laws, rules and regulations, as well as those related to administration and consultation in the area of securities and future contracts, investment options and activities, supervision and monitoring of stock markets.



10th Anniversary

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SECURITIES & COMMODITIES AUTHORITY



Under the auspices of H.H. Sheikh Mansour bin Zayed Al-Nahyan, Deputy Prime Minister and Minister for Presidential Affairs, a forum on “Regulators and Financial Markets–Working Mechanisms, Limitations and Prerogatives”, was held in Abu Dhabi on Monday, February 15, 2010, as part of the activities marking the 10th anniversary of establishment of the Emirates Securities and Commodities Authority (SCA). An award ceremony was held on the sideline of the forum to honor former chairpersons and members of the SCA in recognition of their great contributions.

In his address, H.E. Engineer Sultan bin Saeed Al-Mansoori, Minister of Economy and SCA Board chairman said: “ Perhaps the significance of our celebration lies in the fact that it is being held on the 10th anniversary of the issuance of the Federal Decree which established the Emirates Securities and Commodities Authority in 2000, setting off transactions on official securities markets in the country. The anniversary is providing a valuable opportunity for the evaluation of the past years of the SCA and to issue detailed report on achievements made and projects completed to give everybody the opportunity to have a clear picture of this great economic entity.”

“The issue of the day for this forum concerns the dynamic relation and the interrelated roles between two main components of the capital markets, namely the supervision bodies and the exchange markets. This issue is one of ongoing controversies in the financial sciences and research fields, because of its ambiguous meaning for specialists and confusion for market dealers and traders. We are here not to give the final judgment regarding this technical issue, as this judgment will be better given by experts and specialists, but to summarize the role played by the SCA in developing the capital market in the UAE,” he stated.

He pointed out that since its inception, the Authority had spared no effort to set the necessary infrastructure for the commodities and securities markets in the UAE. He said the Authority had played an active role in enhancing investor confidence, providing opportunities for investment in securities within the framework of a fair system that guarantees trading integration and accuracy in securities, and enabling these markets to

be one of the basic foundations of the UAE’s financial and economic stability as well as the center of local and foreign investors’ attention.

“The Authority has been working to boost the attraction of investment on the securities and commodities markets by encouraging the principles of disclosure and transparency, and by developing the criteria of corporate governance and institutional discipline which has positively enhanced the investment environment in one of the country’s most significant investment channels,” he stated.

“Neither the supervisory bodies nor the capital markets in the UAE were isolated from the impacts of the recent global economic crisis. There was a semi-consensus among experts regarding the unavailability of the negative impacts on the structure of the global financial system, mechanisms, products, services, legislations and stakeholders. The Authority was among the first to derive lessons from the crisis and its repercussions, thus developing its organization structure and working mechanisms and legislations to ideally cope with the nature of the local markets and overcome the new challenges given birth by the global crisis,” he added.

The Minister noted that past experience had proven that the UAE markets are capable of addressing and overcoming various economic challenges. “This resilience cannot merely be attributed to the huge and diverse investment injected into local markets, nor to the national economy’s surplus liquidity, or to the advanced legislative structure, the safety mechanisms and the investor-friendly policies, it is also due to other strong incentive elements which reflect positively on the safety of our markets.

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Sultan Al-Mansoori:
UAE markets
are capable of dealing
efficiently with all
challenges

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The Securities and Commodities Authority has made giant strides, within the few years of its existence, on the path of development and prosperity, having succeeded in strengthening its legislative and organizational structures by issuing a series of comprehensive regulations and rules which have contributed immensely in entrenching sound practices on the UAE capital market and brought stability on that market.

The SCA continued to focus on its supervisory role by following up closely trading activities through remote supervision via electronic screens, using advanced electronic systems which monitor transaction activities on the securities markets and through regular and surprise visits to brokerage companies.

Also addressing the gathering, H.E. Abdullah Al-Turifi, CEO of the SCA, said the 10th anniversary carries many important messages which go beyond celebration and award giving, adding that the event provides opportunity to look back and deeply evaluate what had been achieved so far and to outline the most significant challenges the authority faced during this period, while taking into serious consideration the need to look deeply into the future to closely scrutinize the authority's future plans and initiatives to be implemented as part of its operation and strategic plans aimed at achieving its ambitious objective, which is to take the authority to the level of advanced securities authorities of the world.

He said at primary market level, the SCA had taken legislative steps to move from the permanent evaluation and booking system in use in the past to float shares for subscription to a new booking mechanism, which is more advanced and more objective - the book building mechanism which matches with international standards and practices in use in the world's most advanced markets.

"The SCA has issued more than 30 legislations. This is in addition to the Law which was issued in 2000 to establish the authority. The authority is also regularly reviewing its regulations and legislations, amending them to meet new developments on the market, to improve the performance of those markets, enhance disclosure and transparency levels on the markets and entrench the principles of good governance and institutional discipline standards in order to protect the rights of stakeholders," he stated.

Al-Turifi said the authority adopted in this

regard an integrated process which is based on combining direct supervision through regular and surprise visit by its inspection teams with remote supervision through electronic screens, using advanced electronic systems which monitor transaction activities, the volume of deals and tracking them up consistently. "The authority has been able to discover many malpractices and violations which were published outright," he said, adding that the authority continues to follow-up the rate of regular and non-regular disclosures by public joint stock companies.

He pointed out that the SCA – by leading the march of development on the local securities market – has adopted a distinguished strategy for the years ahead. Notable among them are:

Legislative Operations: where the SCA is continuing the development of legislations which regulate activities on the markets, the review of the current SCA Law by making the necessary amendment on it, following up the implementation of the criteria of corporate governance and institutional discipline by listed companies and boosting institutional investment to create a balance and minimize fluctuation on the market, as well as to introduce new investment tools on the markets.

Supervisory Operations and updating and developing the supervision regulations, developing the information systems of the regulatory sector, following up the risk management system of brokerage companies and developing risk indicators to help raise of supervision level and disclosure stability

Services: developing SCA services in accordance with the best practices and implementing orientation programs of brokerage companies'



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**“The SCA
 has achieved a lot in
 areas of legislation,
 supervision, regulation &
 organization”**

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10th Anniversary



SCA Honors Former Chairpersons



H.E. Sultan bin Saeed Al-Mansoori presenting a trophy to H.E. Sheikha Lubna Al-Qasimi, Minister of Foreign Trade and Former SCA Board Chairperson on the 10th anniversary of the SCA.

Prior to the opening session, former chairpersons and members of SCA board were honored in appreciation of their distinguished and selfless services. H.E. Sultan bin Saeed Al-Mansoori, Economy Minister and SCA Board Chairman and H.E. Abdullah Salim Al-Turifi, SCA Chief Executive Officer, presented awards to the honorees in a short ceremony held at the Emirates Palace Hotel, on the sideline of the main event. Those awarded include:

First: former chairpersons of SCA board, including: H.E. Sheikh Fahim bin Sultan Al-Qasimi, the first board chairman whose tenure spanned from 2000 – 2004. He was then the minister of economy and commerce and H.E Shaikha Lubna bint Khalid Al-Qasimi, the current minister of foreign trade, who served as the chairperson of the SCA board from 2004 – 2008, while she was then the minister of economy and planning.



Al-Mansoori presenting a trophy to H.E. Sultan bin Nasser Al-Suwaidi, Governor of UAE Central Bank



Persons and Board Members

Second: Board members, including H.E. Sultan bin Nasser Al-Suwaidi, UAE Central Bank Governor, who is still a member of the current SCA board (He was awarded for being on the board since the SCA was founded 10 years ago), H.E. Hamad Al-Hurr Al-Suwaidi, Undersecretary at the Department of Finance – Abu Dhabi (He is the Deputy SCA board chairman and has been on the board throughout the ten years of the SCA's existence), H.E. Sheikh Tariq bin Faisal Al-Qasimi, H.E. Mohammed Obaid Faris Al-Mazrouei, Assistant Secretary General for Economic Affairs at the General Secretariat of the Gulf Cooperation Council, H.E. Mohammed Jasim Al-Muzakki, H.E. Saif Khalfan bin Sabt, H.E. Mohammed Ali Al-Abbar, H.E. Salim bin Mohammed Al-Dhahiri, H.E. Humaid Darwish Al-Kitbi and H.E. Saeed Obaid Al-Jarwan.



Al-Mansoori presenting a trophy to H.E. Sheikh Fahim Al-Qasimi, 1st SCA Board Chairman



Al-Mansoori presenting a trophy to H.E. Hamad Al-Hurr, Deputy Chairman of SCA Board

10th Anniversary



SCA Organizes Regulators and Financial Markets Summit

The SCA has organized a forum as part of the activities marking the 10th anniversary of its existence. Dubbed: "Regulators and Financial Markets Summit: Working Mechanisms, Limitations and Prerogatives", the forum consisted of three sessions.

Session1: Securities Authorities: Challenges and Ambitions

The first session, which was held under the theme: "Securities Authorities: Challenges and Ambitions", had Dr. Fawzi Bahzad, An Advisor on Securities at the SCA, as the moderator, while speakers include Dr. Bassam Al-Saket, Executive Chairman of Jordan Securities Commission, who spoke on: "The role of Capital Markets Regulatory Authorities, Mechanisms & Challenges in light of the aftermath of the global financial crisis."

Dr. Al-Saket said in his presentation that the global financial crisis failed to adversely affect his country due to "strict commitment to the disclosure law and strict implementation of stringent laws and rules."

"We were to have a safe banking system, a very little bad performance loans and small foreign institutional loans. Moreover, we firmly stood against dealing in toxic assets and most of our investors are from big and long term investors," he added.

Another speaker during the session was H.E. Maryam Al-Suwaidi, Deputy CEO for Legal Affairs, Issuance and Research at the SCA, who spoke on: "The efficiency of the primary & secondary securities markets in UAE". She outlined in her presentation the role of SCA in boosting efficiency of primary and secondary markets through the activation of corporate governance, accountability and review criteria to boost the markets' efficiency and take them to international level of the International organization of Securities Commissions.

Another speaker during the first session was Paul Koster, Chief Executive of Dubai Financial Services Authority, who spoke on: "the positive and negative effects of post

great panic elevated regulatory scrutiny". He said the global financial crisis had led to the scrutinizing review of the feasibility of legislations and legislative structures in the financial services sector, adding that following the crisis, regulatory institutions like the International organization of Securities Commissions (IOSCO) and the Basel Committee on Banking Supervision conducted studies on proposed regulation changes in the general interest and called for concerted efforts to develop securities markets operations.

The session was rounded up with a presentation on: "The expected role of capital markets regulatory authorities in

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The failure in implementation of corporate governance rules took the world by storm which gave birth to the crisis

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maintaining effective corporate governance" by Dr. Nasser Saidi, Chief Economist at Dubai International Financial Centre and Executive Director of Hawkamah Institute for Corporate Governance. He said majority of experts believe the problem of the global crisis lies in corporate governance as the failure came from the top management and board of directors levels and regulators, adding that lessons which must be derived by regulators from the Gulf States from this crisis should include strict implementation of rules and regulations in three major areas, including disclosure, risk management and the practices of board of directors.

Session2: Financial Markets: Roles and Working Priorities

During the second session, which had Dr. Bassam Al-Saket as the moderator, H.E. Dr. Rashed Al-Baloushi, Acting Director General of the Abu Dhabi Securities Exchange made a presentation on: "the integral securities markets' roles and functions in relation to regulatory authorities". He started with a brief introduction of the Abu Dhabi Securities Exchange (ADX), the role it plays as part





of the economic vision of the Emirate of Abu Dhabi and the ADX 2030 strategic plan and within the strategic plan of the United Arab Emirates, in general.

He said the role of Abu Dhabi Securities Exchange (ADX), based on its vision and objectives, is to lead the way in the development of UAE's capital market, develop the legal environment in a way that would ensure credibility, transparency and disclosure, as well as to maintain high professional level, present new investment mechanisms and tools and provide guidance in cost management without compromising competence in performance.

The second speaker of the session, Paul Maco, a partner of Vinson and Elkins, made a presentation on: "Meeting the dual challenge of securing domestic and international confidence in developing securities markets."

The session was rounded-up with a presentation on: "Arab Financial Markets: Priorities & New Challenges - Union of Arab Securities Exchanges' Role", by Dr. Fadi Khalaf, Secretary General of Union of Arab Stock Exchanges, who said the global financial crisis had given birth to confidence and trust crisis on the markets

, adding that by losing trust in companies investors resorted to putting their trust in governments who now stand as surety for the companies, on the one hand and represent a safe haven for investors, on the other hand.

Session 3: Global Financial Crisis Repercussions: Future View

The third and final session, which also had three speakers speaking on the "Repercussions of the global financial crisis on regulators and financial markets", had H.E. Maryam Al-Suwaidi as the moderator.

Dr. Obaid Al-Za'abi, Research Advisor and Director of Research and Development at the SCA, made a presentation on: "the potential for the development of Islamic capital market products after the global financial crisis".

He pointed out that the major factors which guarantee the ideal performance of Islamic capital market include its strong and resilient organizational structure, unified Sharia rules and principles, as well as in-depth and liquidity availability on the market. He said there was the need to agree to a common way of pricing assets, risk management and to ensure the availability of qualified

personnel in resources transfer services. "These factors are the main factors needed to start a high-standard and advanced Sukuk market project," he added.

In a presentation on the topic; "Equity Derivatives in the Gulf Markets – Advantages and Development Opportunities", Jeff Singer, Chief Executive Officer, NASDAQ Dubai, recounted the history of derivatives whose market value reached USD460 trillion in 2007, an amount which represents four folds of the total volume of the world's share and bonds markets.

He said for the region's derivatives market to grow, there is the need to take more aggressive steps, including promulgating rules and regulations for transactions in derivatives, allowing UAE brokers to trade in derivatives, developing the systems and regulations in a way that would allow borrowing of stocks and short-selling and promote Market-Makers mechanism and more training, education and awareness for financial institutions and their representatives. "Derivatives markets of South Africa and South Korea have witnessed great prosperity. There is no reason why it will not enjoy similar prosperity in the UAE," he added.

He said the derivatives are very important on the UAE market and cited hedging as one of the main reasons why the derivatives market must be promoted in the country, adding that derivatives market provides a solid ground for growth of securities markets.

He congratulated the Emirates Securities and Commodities Authority for its numerous achievements within the short period of its existence and on the happy occasion of its 10th anniversary.

Rainer Geiger of the OECD-MENA Investment program was the final speaker of the event. Making a presentation on: "the future of long term investment in the region taking into consideration the aftermath of the global financial crisis", he said investment opportunities in the MENA region in the years ahead look brighter and more attractive than ever before and attributed that to the rapid recovery by the markets in the region.





Commemorative Stamps & Coin Issued to Mark 10th SCA Anniversary

As part of the activities marking the 10th anniversary of the establishment of the Emirates Securities and Commodities Authority (SCA), the Emirates Post has issued a collection of stamps in the AED1, AED2, AED3 and AED5 denominations, in addition to a commemorative post card and the cover page of its "First Day" issue, now ready for sale at its Central Post offices in Abu Dhabi, Deira and Karama. This came at a time the UAE Central Bank has also issued a commemorative silver coin on the occasion of the 10th SCA anniversary.

During a ceremony held at the Dubai premises of the Ministry of Economy to launch the new stamps collection, H.E. Engineer Sultan bin Saeed Al-Mansoori, Minister of Economy, received from Mr. Ibrahim bin Karam, Executive Director of Emirates Post a plaque containing a collection of the commemorative stamps and the First Day cover. H.E. Abdullah Salim Al-Turifi, SCA Chief Executive Officer, was present at the ceremony.

"The issuing of the collection of commemorative stamps and coin is part of our celebration of an occasion that is so dear to our heart, to commemorate the take-off of the operations of the SCA, which has been playing an important role as one of the major pillars of the UAE national economy," the UAE minister said in a statement on the occasion, adding that the SCA's achievements in regulating the operation and functions of stock markets in the country are now a show piece for all.

Al-Mansoori said the SCA, since it was established, had been working to boost investment attraction of UAE securities and commodities markets, through the promulgation and issuance of investment-friendly laws and regulations over the past years, adding that those investment-friendly laws and regulations had impacted positively on the investment climate of one of the most significant investment channels in the country.

Also commenting on the occasion, H.E. Abdullah Salim Al-Turifi, SCA Chief Executive Officer, expressed profound happiness on the issuance of the commemorative stamps and silver coin, which, he said, commemorates an occasion so dear to the hearts of all. "To us, the marking of the 10th anniversary of the SCA represents a new platform for launching greater efforts to further strengthen the role of the SCA in the nation's economic activities, in general, and in the securities and commodities sector, in particular," he added.

He pointed out that the SCA will continue to modernize its regulations to live up to the latest developments on the markets. He said amendment of the regulations will be made in accordance with the demands of the markets, adding that the SCA had taken giant strides on the path of providing sound and fair principles of transactions on the markets and described those strides as "great and important towards achieving its aspirations and objectives".

Mr. Ibrahim bin Karam, Executive Director of Emirates Post, also commented on the occasion, saying: "The issuance of these commemorative stamps is a contribution of the Emirates Post in supporting the efforts being made to highlight the significant contributions of one of the most significant national institutions, by promoting it locally and internationally and showcasing its role in the nation's comprehensive development march through the issuance of stamps which are considered today as ambassadors, as they go round the globe holding aloft the nation's emblem, culture, heritage and achievements."



“The Significance of Financial Statement”

Issued by the SCA

money owned by shareholders. It said: “The budget side must always be balanced, i.e. the company’s assets must always match with its obligations towards a third party and its shareholders.

It pointed out that the general budget side is divided into three. They are: (1) the assets: which is also divided into two (permanent assets and traded assets), (2) obligations: which represent the value of the company’s liabilities due within the fiscal year, and Long-term obligations: which are liabilities the company must settle within a period of over one year. These include loans, long-term bank facilities and long-term bonds, while the third part of the general budget aspect is the rights of shareholders.

Touching on the rights of shareholders, the booklet said: “It is represented in the share of the company’s stakeholders. It means their

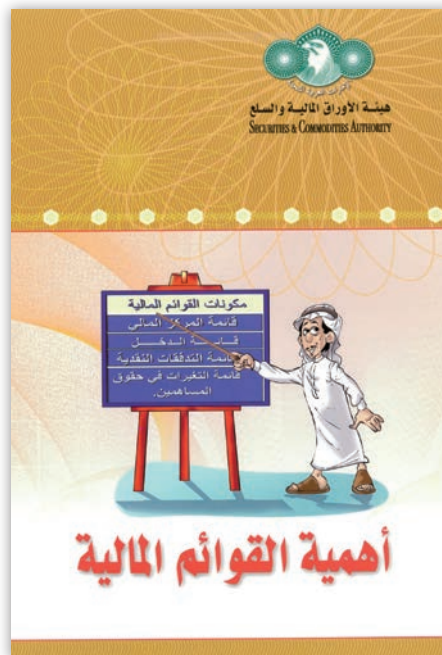
company’s revenues and expenditure within the given time and sums them up with the company’s net profit or loss for the year, after subtraction of all costs and expenditure for the year from the total revenue accumulated from the sale of the company’s products and/or services. It calls for the need to compare between net profit achieved by the company from its operation and the net profit for the fiscal year. “If the profit mainly came from the company’s operation, then that is a good indication for the company’s performance and that profit is bound to grow with any growth in the company’s operation,” it further explained.

The booklet noted that cash-flow statement is a financial statement that shows changes that happen to the company’s cash movement during a certain period of time. It said there are three types of cash-flows. These include Cash flow from operational activities, cash flow from investment activities and cash flow from financial activities. It said Cash-flow Statement is different from Income Statement because the former attaches great importance to cash situation, while the latter focuses on net profit, adding that the difference lies in the reason behind the preparing of the statement.

Finally, the Changes in Equity Statement, which the booklet said, is a statement which shows changes that occur in the accounting of the rights of shareholders from year to another, as a result of profit or loss by the company, or from various additions and reserves which lead to converting part of the company’s profit to reserve and public offering of new shares.

It pointed out that financial statements are used in analyzing the financial situation of companies through a number of indicators and financial ratios, which measure the company’s ability to live up to its long-term and short-term obligations, and to know the company’s ability to achieve profit that commensurate with the monies invested into it. It is also used to analyze the company’s financial structure to know how it funds its projects.

The booklet outlined some ratios and indicators like the rates of trading which measures the company’s liquidity. This rate is measured by dividing the total of traded assets by the total of traded liabilities. But the rate of profit measures the company’s ability to achieve profit. Notable among these rates is the ratio of the total profit to sales and the rate of dividend over the rights of shareholders and the rate of dividend over the rate of assets.



net possession in the company after settling all obligations of the company, adding that the rights of the shareholders increase with an increase in the company’s profit and maintaining of high level of profit and decrease when the company’s profit suffers.

Highlighting the second element of financial statement, i.e. Income Statement, the booklet said it is a very important element because it shows the outcome of the company’s activities within a period of time, mostly, within a fiscal year. This financial statement outlines all the

The booklet highlighted the significance of financial statements which public joint stock companies (PJSCs) are bound by SCA rules and regulations to publish them in the form of quarterly financial reports to explain to investors the outcome of their works and financial situation, including the profit they have made and/or losses they have incurred.

The SCA writes in the preface of the booklet: “Before stepping into the world of investment, interested persons must first know more about the significance of financial statement and how to read and analyze information in these statements to help them make sound investment decisions”.

The booklet started with the issue of financial status by asking: What is your financial situation? It went on to say that it is natural to compare between what you have in terms of fiscal cash, investments in the form of securities, land and other properties, as well as other possessions (assets) with liabilities like loans and credit liabilities, adding that the best way to accurately identify net financial situation is by subtracting the liabilities from the assets.

The booklet pointed out that information in the financial statement is just the main starting point in the process of analyzing a company’s performance and evaluating its shares. This is because the information enables an investor to know the performance of the company within a certain period of time and to know its financial situation, it said.

It summarized financial statements into four main types, including: Financial Position Statement, Income Statement, Cash Flow Statement and Changes in Equity Statement. It went on to elaborate on the four statements above.

On the Financial Position Statement, the booklet said it is the historic financial statement which gives a time-by-time information about a company’s financial situation, to enable us know the company’s assets and obligations, the loan it had contracted and the amount of

SCA Approves the Listing of 3 New Future Contracts on DGCX

Future Contracts Traded on Bourse Recorded 133% Growth in Q1 of 2010

The SCA has approved the listing of three new future contracts on the Dubai Gold and Commodities Exchange (DGCX) during the first quarter of 2010. The new futures include three currencies to be traded on the market. These are Canadian Dollar to the US Dollar, the Australian Dollar to the US Dollar and the Swiss Franc to the US Dollar.

Meanwhile, the initial margin payable on Gold Futures was increased from US\$ 1000 per contract to US\$ 1200 per contract with effect from Jan 11, 2010 and again increased to US\$ 1400 per contract with effect from March 8, 2010.

The initial margin payable on WTI Crude futures was decreased from US\$ 4500 to US\$ 4000 per contract in view of the low volatility in crude prices with effect from February 8, 2010 but again reversed to US\$ 4500 with effect from March 8, 2010. The initial margin payable on Sterling-US \$ futures contract was revised from US\$ 1700 per contract to US\$ 1500 per contract with effect from February 8, 2010.

The SCA gave approval to DGCX to list 3 new currency

futures contracts: Canadian \$ vs. US \$, Australian \$ vs. US \$ and Swiss CHF vs. US \$. With the introduction of these 3 new currency contracts, DGCX would have listed all the major currencies being traded in futures markets in the world.

Meanwhile, the DGCX has recorded a growth of 133% in future contracts traded in the first quarter 2009. A total of 495,059 contracts were traded at a total amount of USD29.6 billion.

The volume of contracts traded from January to March surged, having been boosted by currencies, gold and West Texas Light Crude futures which recorded 361,760, 112,077 and 13,457 contracts respectively, while the volume of trading in these contracts grew during the same period by 128%, 138% and 102% respectively.

Future contracts traded in March stood at 162,034 contracts at a total value of UAD9.7 billion, representing an appreciation of 60% compared to March 2009. The big boost for trading came from gold and crude oil futures, which recorded 91% and 125% growth respectively.



The currency sector was also very active during the first quarter of the year, recording 122,271 contracts in March, representing an increase of 49% compared to the same period last year. This stemmed from the major boost from the Pound Sterling vs. US Dollar, Indian Rupee vs. US Dollar and Japanese Yen vs. US Dollar futures.

The SCA has an oversight responsibility over the DGCX under the power vested with SCA to supervise and monitor the securities and commodities markets in the UAE. A memorandum

of understanding was signed between SCA and the DGCX to promote standards and levels of disclosure and transparency underlying transactions with the ultimate objectives of protecting the interest of investors.

Pursuant to SCA Decision No. 157 of 2005, the DGCX was established and obtained a license to start its practice on November 15th of 2005. The SCA had previously reviewed DGCX' internal by-laws and regulations. The first exchange transaction in DGCX took place on November 22 of 2005.

Volume & Value of Contracts Traded and Number of Trades in Q1 of 2010

Month	Volume	Value (in US \$ Mln)	No. of Trades
January	153,747	9,186.51	41,734
February	179,278	10,721.18	38,469
March	162,034	9,674.89	40,218
Total	495,059	29,582.58	120,421

* in US \$ Billion



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