

SCA signs multilateral memorandum of understanding of IOSCO

Awraq Maliyah



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HH Dr. Sheikh Sultan Al-Qasimi inaugurates "Stock Market Virtual Screen" project of University of Sharjah



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position on world
competitiveness map

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HH Dr. Sheikh Sultan bin Mohammed Al-Qasimi, Supreme Council Member and Ruler of Sharjah has inaugurated last October a stock market training center at the University of Sharjah (UoS). The center was established by the Securities and Commodities Authority (SCA) by virtue of a memorandum of understanding (MoU) with the UoS and in collaboration with the Dubai Financial Market (DFM) and the Abu Dhabi Stock Exchange (ADX).

The Sharjah Ruler, who is also the Chancellor of the UoS, was received upon arrival at the UoS premise by HE Abdullah Al-Turifi, SCA Chief Executive Officer, Professor Amrou Abdul Hamid, Higher Education and Scientific Research Advisor for the Sharjah Ruler, Dr. Humaid Mujul Al-Nuaimi, UoS Deputy Director for Academic Affairs, Professor Husam Al-Deen Hamdi, UoS Deputy Director for Medical and Health Science Colleges Affairs, Dr. Mohammed Ismail Mohammed, UoS Deputy Director for Financial and Administrative Affairs and other officials.

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HE Sultan Al-Mansoori presiding over the meeting

SCA board issues directives for feasibility studies on setting up second market for SMEs and newly established firms

Board discusses latest developments in UAE markets

The board of directors of Securities and Commodities Authority (SCA) has held at its Dubai premise its 15th meeting of the 4th board. The meeting, presided over by board chairman, HE Engineer Sultan bin Saeed Al-Mansoori, Minister of Economy, was attended by HE Mohammed bin Ali bin Zayed Al-Falasi, Deputy Board Chairman, HE Abdullah Salim Al-Turifi, SCA Chief Executive Officer, HE Mubarak Rashid Al-Mansoori, HE Mohammed Ali Ahmed Al-Dhahiri, HE Abdullah bin Ali Al-Hamli and HE Butti Khalifa bin Darwish Al-Falasi.

Also present at the meeting were HE Ibrahim Al-Za'abi (Board Rapporteur), HE Maryam Al-Suwaidi, Deputy CEO for Legal Affairs, Issuance and Research (Board Coordinator).

The board discussed a number of securities industry-related issues, including the following:

Increasing liquidity

The SCA board also discussed the establishment of second financial market for small and medium-scale enterprises (SMEs) and newly established companies,

Companies post 34% profit rise in Q3

The board reviewed the quarterly report of the basic analytical studies of the performance of companies, which shows significant growth in the net income of UAE companies listed on the local markets and great improvement in their third quarter (Q3) performance, having accounted for AED11.419 billion compared to AED8.549, representing a growth of 34%.

Report shows that Q3 net income of local firms listed on the UAE markets achieved 34% growth compared to same period last year. The report also shows that the real estate sector was the best performer in terms of net income growth, recording a growth rate of 616% compared to Q3 of 2011.

as part of the SCA's efforts to create new mechanisms and products to increase liquidity in the local markets. The idea was mooted by the SCA Advisory Board which consists of some of the world's finest international experts and is based on preliminary studies conducted by the SCA on the best international practices in this regard. The SCA board, in collaboration with other concerned bodies and in cooperation with an international professional firm, made recommendation for conducting in-depth studies on the feasibility of establishing a second market inside the main securities market to consist

of newly established firms and SMEs, in addition to proposed regulations and rules to govern that market. The studies should take into consideration many factors, including:

- The possibility of attracting companies from the Gulf states to list on the second financial market.
- The level of success of the experience of UAE and other Gulf markets with high rate of individual traders.
- The need to consider the peculiarities of the Second Market, particularly regarding the types of companies and listing requirements.



• The need to create awareness about the second market before its launch.

Provisional studies conducted by the SCA in this regard touched on various aspects, including the nature of this market, the legal status of the companies to be listed on the market and the market's advantages. The studies show that the second market will seek to encourage companies to list on it to facilitate easy access to financial support through the floating of shares or capital increase, which are a better alternative to borrowing. This market will be open only for newly established companies, small and medium-scale enterprises and companies witnessing steady growth, but with the possibility of listing private and family companies and registering and listing of companies which could not totally meet the requirements of mainstream financial market, as this second market will serve as a first step for companies towards getting listed on the main markets.

The SCA's provisional studies show that listing of new segment of companies will help attract new categories of investors, thus increase the volume of trading on the market which means more liquidity inflow to those markets, adding that listing conditions on that market will be flexible compared to those for the main markets, therefore making the second market more attractive to funds investment.

Bond & sukuk market

The board reviewed a technical study concerning the establishment and regulating of bond and sukuk market in the country. It issued directives to the SCA to coordinate with concerned bodies to set up joint committee to study the criteria for developing the bond and sukuk market. The board urged the SCA to also cooperate with a professional firm specializing in this area to draft rules and regulations regarding the various technical aspects of that proposed market, like the issues of issuance, listing, trading, clearance and settlement.

A report reviewed by the board has shown that developing a bond and sukuk market will provide many advantages to the companies, including the following:

- Cutting cost and increasing capital.
- Diversifying investment portfolio in assets which will serve the interest of long-term investors like pension funds.

Regulation for investment funds

The SCA has issued board's resolution No. 37 of 2012 concerning the rules of investment funds. The decision was signed by HE Eng. Sultan bin Saeed Al Mansoori, Minister of Economy and SCA Chairman .

The announcement was made by HE Abdullah Al Turifi, CEO of SCA, who added that the resolution will enter into force on the day after its publication in the Official Gazette. Al Turifi said that it represents a positive step that will help strengthen corporate investment and provide more opportunities for stability in financial market. Al Turifi commented, "The resolution is part of the SCA's endeavor to issue new investment products and diversify the investment tools available to traders in the markets. It will boost the investment climate in the local markets and help attract new investments and liquidity".

Al Turifi pointed out that that the SCA has been keen since its inception to develop its legislative system, in line with recognizing the importance of continued efforts to improve the level of these markets to match the best international practices in terms of both the legislation and the regulations that govern the markets.

In addition to definitions, the implementation system and rules of setting up investment funds and promoting them, the system includes 48 articles split into four chapters. The first chapter deals with local funds: the setting up of local funds, licensing applications, cancellation, eligibility, correspondence, document of a fund's issuance, statement of a fund's issuance, amendments of the fund's issuance, investment policies of local funds, investment in commodities, prohibition of the receipt of funds, subscription in the fund units, the practicing of a fund's activities, issuing fund units, issuing and trading fund units, evaluating the assets and pricing fund units, distribution and recovery of fund units, fund assets, lending and borrowing a fund and its finances, a fund's financial reports, the General Assembly of owners of fund units, a fund's board of directors, authorities of the board of directors, disclosure and provision of information, conflict of interests, a fund's memberships on the boards of directors of companies, control and inspection of investment fund and expiration of a fund.

The second chapter includes a number of articles related to general obligations of investment fund's service providers, obligations of the investment director, tasks of the Management Services Company, and tasks of the Custodian.

The third chapter deals with the promotion of foreign investment funds inside the country, terms and conditions of promoting foreign investment funds inside the country through IPOs, promoting foreign investment funds inside the country through IPOs, promotion requests, local promoters, obligations of local promoters of foreign funds, means of promotion and identification of investors who are not promoted yet, as well as the minimum value of subscription per investor.

The fourth chapter includes the final provisions such as provisions of investment funds of special nature, the appeal of the authority's decisions, offences and penalties, fees, as well as the reconciliation of an existing fund.

• Helps identify fair value of credit risk like continuous disclosure requirements of regulatory bodies.

• Helps boost disclosure and transparency levels in capital markets.

The studies added that the second market will provide other advantages related to risk management by using risk management tools.

Another study conducted by the SCA in this area has also shown that there is an active bond and sukuk market which would allow the diversifying of sources of

financial requirements without limiting that to the banking source, but the study also pointed out that to have a vibrant bond and sukuk market there is the need to have a number of components in place, including legislative infrastructure, various investment institutions to work on this market, a sound investor base, educational and awareness programs, derivatives market, various types of debt instruments, trading regulation and clearance and settlement regulation.



SCA board approves Market-maker Regulation

Securities lending and borrowing, short-selling and liquidity provider regulations endorsed

- **Al-Mansoori:** The regulation will help maintain market balance and boost national economy
- **Al-Falasi:** Precise implementation of the trading rules is key to the success of the regulation in achieving its objectives
- **Al-Turifi:** Market-Maker strengthens the ability of the markets to perform well and achieve their objectives

The board of directors of the Securities and Commodities Authority (SCA) has passed a number of regulations, notable among them being the highly anticipated Market-maker Regulation, as well as other related regulations, including regulations for Securities Borrowing and Lending, Short-selling and Liquidity Provider.

The approval came during a board meeting held here and presided over by the board chairman, HE Engineer Sultan bin Saeed Al-Mansoori, Minister of Economy.

The 13-article market-maker regulation, consists of definition of Market-Maker Regulation, rules governing the licensing of market-maker, responsibilities of license applicant concerning administrative and technical staff and internal supervision, licensing procedures, duration and renewal, rules for registration of foreign market-maker, market-maker's responsibilities and tasks and facilities granted to market-maker. The Regulation also outlines the prerogatives of the SCA and the financial markets in supervising market-makers, as well as violations, penalties and license suspension and revocation.

In-depth study of international best practices

HE Engineer Sultan Al-Mansoori, Minister of Economy and Chairman of SCA Board of Directors, emphasized on the importance of the Market Maker Regulations in supporting UAE financial markets as one of the key pillars of the national economy by maintaining the balance in the market; adjusting the pace therein and striving to attract more foreign investments. He noted that SCA remains committed to providing all the elements that contribute to the success of the Regulations to achieve the targeted objectives and to effectively play its role. He indicated that the Regulations were issued after in-depth



study of its various implications and after determining the exact roles of the various parties involved. He explained that the process of drafting and issuing the Market Maker Regulations has passed through the following stages, in accordance with the international best practices:

- The SCA conducted an in-depth study regarding the situations of the financial markets in the country and the feasibility of issuing market maker regulations.
- In this study, a specialized consultancy firm met with SCA's strategic partners and

members of the UAE financial industry to explore their views in this regard.

- International practices regarding the market maker were benchmarked by SCA experts, advisers, technicians and specialized companies.

- The experts from the SCA and the two financial markets in the country toured a number of elite international markets of the world in order to identify best practices and practical applications, and to consult with specialists in this field.

- The first drafts of the Market Maker



Regulations and associated regulations were prepared.

- Stakeholders were involved in the discussions on the draft regulations; and feedback and suggestions were gathered from partners in the market. This included a workshop involving about one hundred participants from the incumbents of senior positions and decision-makers in Abu Dhabi Securities Exchange and Dubai Financial Market, brokerage companies, listed companies, national and foreign commercial banks, investment fund companies, and other professionals who have deep knowledge and rich experience in market-maker regulations. The workshop brought together representatives from about 45 financial institutions and brokerage firms.

- The workshop addressed the legal structure and requirements for the market maker, as well as the technical aspects and operation mechanisms of the Regulations. The workshop included several sessions with one dedicated for research, dialogue and debate.

- The workshop was also followed by mock sessions and sessions to revise the draft regulations in light of the feedback outcome.

- In addition, comments received on SCA website during the consultation period from a large number of foreign and local financial institutions (legal and professional) were taken into account.

- This was followed by preparing the final draft of the Regulations and forwarding same to the Board of Directors for consideration. Then, the necessary actions were taken to implement the recommendations of the Board thereon.

- The Board's approval was passed to issue the Regulations and implement them after publication in the Official Gazette. Meanwhile, SCA will continue to organize a series of workshops to promote awareness of the proposed new regulations.

Advantages of Market Maker

HE Mohammed bin Ali bin Zayed Al-Falasi, Vice-Chairman of the Board of Directors, pointed out that the main tasks or basic functions of a market maker can be identified as follows:

- Provision of orders and offers for shares in the main market.
- Provision of continuous and real prices.

Regulation for margin trading amended

The board of directors of Securities and Commodities Authority (SCA), in a meeting presided over by its Chairman, HE Engineer Sultan bin Saeed Al-Mansoori, has given approval for amendments on some Articles of SCA Board Decree No. (25/R) of 2008 concerning Margin Trading.

The move is within the framework of the SCA's supervisory and regulatory role and in line with its commitment to develop regulations that govern the work of financial brokerage companies in the country.

The amendments covered the Regulation's Article (6), which deals with registration of securities financed marginally in clearance transaction in the name of client and in adding of bonus shares or additional shares to the capital as a result of securities financed by margin to the margin trading account of a broker's client.

It also included the Regulation's Article (8) dealing with the selling of securities available in margin trading account, while a new clause has been added to the Article to make it mandatory to have prior SCA approval for any change that shall be made later in accounting system.

The amendment also covered the Regulation's Article (10) dealing with brokerage company's acceptance of additional guarantee to the margin trading account beside securities financed by margin. A new clause has been added to this Article to limit the additional guarantee to securities listed on the market or bank guarantee.

The amendments, which were in line with practices on the international markets, will facilitate transaction procedures for these guarantees to match with reality by leaving that to agreement between the client and the brokerage company, while limiting that to either securities or bank guarantee, cutting off other forms of guarantees which could cause implementation problems.

For more details interested persons may logon to SCA website at: www.sca.gov.ae

- Provision of the required quantities of securities, in the cases of purchase or sale.

- Making the price through the introduction of orders and offers.

He added that the Market Maker Regulations required the issuance of several other associated regulations, including regulations for borrowing and lending of securities, short-selling, and liquidity provider. He underscored that the success of the market maker to perform its role in UAE markets would base on the accurate application of the instructions and controls governing trading on the market as stipulated by the regulations and legislations concerning the functions of the market.

Market-maker concept

Also commenting on the issue, HE. Abdullah Al-Turifi, SCA Chief Executive Officer, said the issuing of the Market Maker Regulations is within the framework of the regulatory and supervisory role of SCA and within the duties of SCA to regulate and develop the functions of the financial markets, adding that the four new regulations are a significant addition to the

Markets will come out with criteria based on which securities will qualify for market-maker regulation

legislative system of the UAE financial markets as they will augment the markets' capacity to discharge their duties and achieve their objectives.

"The market maker is a securities' company with the desire and capability to trade in certain securities, and can tolerate the risks of retaining a certain size of stocks as a depository or to sell such securities for which the company acts as a market maker from the available depository," he explained.

Furthermore, he said, the market maker



is an entity licensed to continuously offer a price for one particular stock or more in order to achieve «liquidity» demand and supply for that stock or Security. The market maker realizes profits by performing its functions.»

Al-Turifi pointed out that in the presence of a market maker there would be a flow of sale offers and corresponding purchase orders or purchase orders and sale offers on the other side, thus the market would always maintain a state of balance between supply and demand and the gap between bid and offer rates would decline.

Coordination between SCA and Markets

For his part, HE Mohammed Ali Ahmed Al-Dhahiri, also a SCA Board Member, pointed out that the drafting and development of the Market Maker Regulations were made in full cooperation and coordination with both Abu Dhabi Securities Exchange and Dubai Financial Market. «It is expected that the markets will make some changes to their own regulations and techniques to adapt to the new Regulations; and will team up with SCA in carrying out training and awareness-raising activities for dealers in the markets,” he said, adding that the markets will also organize mock sessions on how the Regulations will perform and how efficient they will be.

Managing the price margin

On how market makers will manage the price margin, H.E. Abdulla bin Ali Al-Hamli, also a SCA Board Member, explained that the order system will be used so that many market makers can access the same securities. “Investors will be trading among each other on Abu Dhabi Securities Market or Dubai Financial Market.

A market maker may trade only in the securities available to it as a trader. In the event of any disruption of the balance, the market maker will then intervene. In general, the markets will decide what they deem appropriate with respect to the intervention mechanism,” he explained further. He pointed out that this tool was benchmarked with the international best practices. “It is designed to promote and enhance the capital market activities.

It is expected that the implementation of the Regulations will start by the end of 2012,” he said.



Securities lending and borrowing

The regulation for securities lending and borrowing regulates the temporary transfer of securities ownership from one party to another in accordance with a contract signed by the two parties and the rules outlined by the regulation, which also regulates the role of securities lending and borrowing agent, making it compulsory for the latter to have the approval of the SCA before practicing this activity after meeting the laid down requirements.

The regulation also outlines eligible cases and scopes of securities lending and borrowing, regulates other related issues like guarantee and the responsibilities of the lending and borrowing agent, the prerogatives of the SCA and the markets in supervising the lending and borrowing agent, as well as the powers vested in the SCA concerning the handling of violations committed by the lending and borrowing agent.

Securities short-selling

The regulation outlines situations when short-selling of securities can be transacted and the types of securities allowed to be involved in this transaction. It highlights the SCA's unfettered right in halting temporarily or permanently a short-selling transaction of some or all securities anytime it saw necessary in extraordinary situation. It also regulates the responsibilities of all parties involved in short-selling transactions, mandates the disclosure of short-selling centers, regulates the responsibilities of

SCA continues to develop its legislation system to match with developments on the world markets

the market and its supervisory role in short-selling transactions and outlines the authority vested in the SCA regarding violations and penalties.

Liquidity provider

This regulation allows listed companies to contract any licensed market-maker to act as such for the company's securities in order to improve its liquidity on the market. This is by virtue of an agreement known as Liquidity Provider Agreement mandated by the regulation, outlining requirements to be met by the two parties involved to safeguard minimum rights and responsibilities. The regulation also outlines disclosures regarding the source of securities, the responsibilities of liquidity provider and mutual responsibilities, as well as the market's supervisory responsibilities in this regard. It also outlines the SCA's supervisory rights in this transaction, as well as in penalizing violators of the regulation.



Market-maker maintains market balance, boosts confidence - Experts

The SCA has in the recent past issued a number of regulations, including regulations for market-maker, lending and borrowing of securities, liquidity provider and margin trading through the implementation of financial adequacy criteria and others, in addition to approving a many regulations, including regulations for custodian, brokers trading for their own accounts and exchange traded funds, etc.

The SCA continues to strive to further develop its legislations in the future to meet the developments cropping up on the global markets, which the SCA follows closely, making it one of the best financial market regulators in the world.

Commenting on the market-maker regulation, experts believe that the regulation reflects the SCA's concerted efforts to sustainably improve the performance of the local markets. They said approving and implementing the regulation will boost liquidity on the local market and will minimize the sharp fluctuations which randomly affect stocks on the markets, as the market-maker will intervene by providing offers when they are rare.

Abdullah Al-Hossani, General Manager of Dubai National Financial Services, said: "Market-maker will boost confidence in transactions and this will, in turn, contribute immensely in developing the financial markets for sustainable growth and to be able to squarely face challenges that may crop up at any time."

"Market-maker plays a very essential role in boosting financial market. The absence of market-maker will lead to marginalization of market mechanisms, low performance and high risk, particularly in a market situation like ours where individual investment overrides corporate investment which accounts for only about 10% of total investment. Therefore, market-maker will play a very effective role in striking and maintaining a balance on the market."

Raed Fawwaz, a financial analyst,

said: "The local markets like its counterparts in the Arab and Gulf regions is being controlled by emotions and individual investment in both the purchase and sale decisions. In addition, transactions focus on particular shares and stocks and this leads to dwindling of fortunes and investment opportunities on the markets. But market-maker will be a very important step towards boosting of confidence in market transactions in the near future.

He said Market maker plays a very crucial role in striking a balance between demand and supply and suppressing the gap between purchase and selling prices. "What helps preserve the market's most important functions is the ability of investors to sell his securities quickly and easily, contrary to what we now see on our markets. You can clearly see that while stocks of companies being promoted by speculators are easily sold very fast, it is difficult to sell most of the stocks of other companies listed on the market. This shows something is definitely wrong in the system," he added.

He noted that in spite of all the above, Market-maker will help increase the volume of liquidity on the markets.

Fawzi Sarhan, Senior Consultant at the Investment Section of the Emirates NBD, said it is very important to encourage Wealth Funds, government institutions, insurance companies and banks in the UAE to invest some of their liquidity in the local markets to boost confidence in transactions on those markets, adding that with market-maker now in the market system it will take care of controlling stock movements, upward and downward.

Meanwhile, the SCA board, during a meeting presided over by its chairman, HE engineer Sultan bin Saeed Al-Mansoori, has approved the issuing of Market-maker Regulation and three other related regulations, including: regulations for lending and borrowing of securities, short-selling and liquidity provider.

Market-maker

The term is used to identify a license body permitted to work sustainably to determine the prices of certain shares in order to strike a balance between demand and supply (of liquidity) without aiming at making profit although he might achieve profit in the course of discharging his duty.

Market-maker and clients

Market-maker is not a broker or consultant for clients (who represent their clients for commission). A market-maker buys and sells commodities to consumers. According to dictionary definition: a market maker always provides both price quotes (buying and selling) to maintain a neutral stand for the client. Banks act the same way with traders who buy and sell commodities to customers on the market. Relations between a trader (client) and market-maker are simply based on mainly on market forces (demand and supply).

350 experts

More than 350 experts operate as market-makers on the New York Stock Exchange (NYSE). Each expert is allocated a limited number of securities, but deals in shares of only one company when the market is active. Specialization makes the market-maker expert in the company assigned him, knowing everything about the company, including the latter's achievements, level of competence of its administration, its financial strength, its growth potential and fair price for its shares therefore his ability to intervene at the right time to purchase or sell its shares, make daily announcement of the sale/purchase prices of the company's shares and, in some markets, the market-maker stipulates the quantity of shares he is ready to buy/sell at prices made public.

Market-maker advantages

- It provides offers and demands of shares that are not traded on main market
- Provides actual prices continually
- Provides adequate quantity of shares in purchase or sale
- Book-building during demand or offer
- Announcing availability of offer or demand for shares without price quoting





HE Al-Turifi and David Wright after signing the MMoU in the presence of HE Dr. Hessa Al-Otaiba

In order to boost local market attraction to foreign investors SCA, IOSCO sign multilateral memorandum of understanding

Al-Turifi: The agreement is a global recognition of the strength of UAE market's legislation framework

As part of its relentless efforts to boost the local markets' attraction to investors, the Securities and Commodities Authority (SCA) has signed a multilateral memorandum of understanding (MMoU) with the International Organization for Securities Commission (IOSCO) after meeting all the MMoU's prerequisites.

HE Abdullah Al-Turifi, SCA Chief Executive Officer signed the agreement for his outfit, having received it from David Wright, IOSCO Secretary General, during a ceremony held at IOSCO Headquarters in Madrid, Spain and attended by HE Dr. Hessa Abdullah Ahmed Al-Otaiba, UAE Ambassador to Spain, a number of members of the UAE diplomatic mission at the Embassy, IOSCO senior officials and foreign dignitaries from the securities industry.

The MMoU, which aims at boosting international cooperation in securities enforcement matters, is the first global multilateral information-sharing arrangement among securities regulators. It is also the instrument used by securities regulators to help ensure effective global regulation and preserve and strengthen securities markets around the globe.

The MMoU outlines the general framework of joint cooperation among signatories, including consultation, cooperation, sharing of information for securities enforcement, as well as the types and means of sharing the information.

In a post signing comment, Al-Turifi said: "By signing the MMoU, the SCA has accomplished one of most vital instrument international financial and

investment institutions use in ranking markets worldwide. It is also a very important global recognition of the strength of UAE markets' legislation and regulatory framework and this will positively reflect on the level of confidence of local and foreign investors and boost UAE local market attraction to foreign investors."

During its meeting in October 2012, IOSCO's board invited the SCA to sign the MMoU which outlines framework of cooperation, sharing of information among market regulators, members of the organization, based on certain criteria and principles of international standards

“This new SCA achievement was made possible by the unstinting support of the SCA board under the able chairmanship of HE Engineer Sultan bin Saeed Al-Mansoori, Minister of Economy,” Al-Turifi added and praised the SCA task force which successfully negotiated and coordinated efforts with the IOSCO evaluation team which assessed the SCA’s regulations and policies before giving it a very good pass mark.

By ratifying the MMoU, the SCA has successfully maintained its full membership of IOSCO. The international organization has set a deadline of January 1, 2013 for all IOSCO members to ratify the MMoU. No new member will be accepted without first ratifying the MMoU which will become a prerequisite for membership of the organization, while old members who failed to ratify it by the deadline will be placed on IOSCO Watch List. It will also be an indirect prerequisite for membership of the World Federation of Exchanges (WFE) as no financial market will be accepted as a WFE member without first being a member of IOSCO.

An evaluation team from IOSCO made field visits to the SCA within a period of three years to assess the SCA’s application and other attached documents. The team demanded and got a lot of explanation from the SCA. On the other hand, the SCA also held a number of meetings with the IOSCO evaluation team on the fringe of IOSCO annual conferences to discuss ways and means of meeting the IOSCO requirements.

The IOSCO team studied all UAE market

legislations, analyzed all information and data and cross-checked them to verify if they conform to the IOSCO requirements.

The G20 has urged the IOSCO to continue with its efforts to improve upon the level of cooperation among its members by assisting them to meet all conditions of the MMoU, hence the international applause that greets any regulator which succeeds in ratifying the agreement.

Established in 1983, IOSCO’s primary objective is to establish and promote high international standards with a view towards promoting transparency and effectiveness of securities markets, reducing global systemic risk, facilitating cross-border cooperation, protecting investors and promoting market integrity.

IOSCO aims at boosting cooperation among its member market regulators, in addition to the World Bank (WB), the International Monetary Fund (IMF) and

**Signing the MMoU
is a prerequisite
for gaining or
retaining IOSCO
membership**

some various financial and monetary institutions. It is recognized as the international standard setter for securities markets and is the primary international cooperative forum for securities market regulatory agencies. IOSCO currently has over 200 members that regulate more than 95% of the world’s securities markets.



OICU-IOSCO

Definition of “citizenship”

“A common heritage of principles, values, tradition and behaviors among individuals of one state which contribute in establishing their national personality and give them special characteristics which distinguish them from other persons of different nationality.

In other words, it is a sentiment based on common cultural characteristics that binds a population and often produces relations of mutual feelings among their individuals.”

Images of citizenship

“Nationalism must come from within the person based on deep belief and sense of belonging. A true nationalism reflects in the person’s actions or inactions and behavior towards his nation and other individuals. This is in addition to other rights and responsibilities being shared between a citizen and his/her society, in general and the rights and responsibilities shared between the citizen and his/her nation including living together with compatriots on the same land in peace and harmony.

Culled from: The Emirati National Values and Behavior Document





HH Dr. Sheikh Sultan Al-Qasimi inaugurating the project. In the picture are HE AlTurifi, HE Essa Kazim and some UoS Senior officials

HH Dr. Sheikh Sultan bin Mohammed Al-Qasimi inaugurates “Stock Market Virtual Screen” project at UoS

Facility offers students similar working environment to follow-up prices of trading securities

HH Dr. Sheikh Sultan bin Mohammed Al-Qasimi, Supreme Council Member and Ruler of Sharjah has inaugurated last October a stock market training center at the University of Sharjah (UoS). The center was established by the Securities and Commodities Authority (SCA) by virtue of a memorandum of understanding (MoU) with the UoS and in collaboration with the Dubai Financial Market (DFM) and the Abu Dhabi Stock Exchange (ADX).

The Sharjah Ruler, who is also the Chancellor of the UoS, was received upon arrival at the UoS premise by HE Abdullah Al-Turifi, SCA Chief Executive Officer, Professor Amrou Abdul Hamid, Higher Education and Scientific Research Advisor for the Sharjah Ruler, Dr. Humaid Mujul Al-Nuaimi, UoS Deputy Director for Academic Affairs, Professor Husam Al-Deen Hamdi, UoS Deputy Director for Medical and Health Science Colleges Affairs, Dr. Mohammed Ismail Mohammed, UoS Deputy Director for Financial and Administrative Affairs, Dr.

Salah Tahir Al-Hajj, UoS Deputy Director for Community Affairs, Essa Kazim, DFM Chief Executive Officer, Dr. Obaid Al-Za'abi, Research Advisor at the SCA, a number of deans and members of the UoS teaching and administrative staff.

After cutting the tape to officially inaugurate the center, HH Dr. Sheikh Sultan toured the halls of the virtual stock market to have first-hand information about the market and its equipment. He was briefed about the market's operation before moving to inspect the halls for post graduate courses in Business Administration.

The UoS Director said the virtual financial market is another scientific and practical achievement of the university – under the wise guidance of HH Dr. Sheikh Sultan bin Mohammed Al-Qasimi, who regularly gives directives for continuous development of the university to consolidate its leading position among its peers at the local regional and international levels.

Also commenting on the occasion, HE Abdullah Al-Turifi, praised the Ruler

of Sharjah for providing all elements of educational excellence at the UoS and for his sustained efforts in making the Emirate of Sharjah a minerate of knowledge and culture and one of the world's intellectual, art and science capitals.

Al-Turifi said Dr. Sheikh Sultan's opening of the project reflects his deep commitment to placing all educational resources and capabilities within the reach of UoS students, the development of human resources and the promotion of investment culture among the young generations of UAE nationals.

“The stock market virtual screen initiative is an advanced education and training project through which students can put into practice some rules and theories learnt according to their curricula, particularly those related to finance, stock markets and economy,” Al-Turifi said.

He pointed out that the stock market virtual screen project, which was executed in line with the directives of HE Engineer Sultan bin Saeed Al-Mansoori, Minister

of Economy and SCA Board Chairman, provides for under-training students an ideal simulative working environment for instant follow-up of prices of securities being traded on the market, to make fast investment decisions in implementing their projects and case studies related to investing in securities portfolios, while, on the other hand, it enables professors supervising students' projects to effectively evaluate their students' performance in comparison with actual performance on the actual market as the two performances are linked together.

"The under-training students can also contest in a securities trading contest through a special technology similar to the one in use for securities trading on stock markets, through which a student with high scores as a result of his successful management of his virtual portfolio will win a prize and be awarded a certificate of merit by both the UoS and the market's administrations," he explained.

Al-Turifi said the project is a first-of-its-kind concept in this region and is within the framework of existing cooperation between the SCA and the UoS, based on their deep belief in joint action and mutual benefit from each other's experience and capacity in their respective areas of expertise, as outlined by

a memorandum of understanding signed by the two sides last year.

He pointed out that the UoS is one of the few universities having such a facility in the whole world, in view of the fact that the facility conforms to the university's strategy of providing in-depth practical training components to build the capacities of its students and for them to acquire practical experience about various financial market practices and developments, including various means of investment with all the dimensions and implications in a practical and logical manner.

Also commenting on the occasion, Professor Sami Abdul Hamid Mahmoud expressed profound gratitude and deep appreciation to the SCA for providing the facility to the university.

Meanwhile, Professor Hussein Al-Tamimi, Head of the Economy and Finance Section of the Faculty of Business Administration, who is also the Head of the Market Committee, said the stock market virtual screen was set up to give the students of Faculty of Business Administration, in general and Finance, in particular, the true feeling of business and finance and to have a feeling of real practical trading of shares and bonds (purchase and sale), while spreading the culture of finance and

investment among university students, in general.

Touching on the significance of the facility, Professor Al-Tamimi pointed out that the UoS is proud of this great achievement, which made the Faculty of Business Administration one of the leading faculties in the country and in the Gulf region, in general. He said the facility consists of two trading halls for training with each hall fully equipped with a ticker and giant screen linked directly to the local stock markets and displaying stock prices of listed companies and developments in the buying/selling activities, adding that student can practice a role of investor or expert by evaluating the companies and making investment decisions according to the data on display. "The market consists of two trading halls for training purposes. Most of the Finance courses of study are taught in the two halls to enable the students have a true feeling and live in the real world of market activities. It also allows instructors to give students quick tasks related to evaluating of listed company's situation and to do some research works in light of prices data and developments," he said, adding that the program provides a great opportunity to assess and encourage students on punctuality and hard work.



HH Dr. Sheikh Sultan Al-Qasimi in a group photo after inaugurating the project. In the picture are HE AlTurifi, HE Essa Kazim and some UoS Senior officials

SCA advisory board discusses market development criteria

The Advisory Board of the Securities and commodities Authority (SCA) has held a meeting to discuss latest developments in financial market's international practices, market supervision regulations and UAE market development and modernization criteria.

During the meeting, presided over by HE Abdullah Al-Turifi, SCA Chief Executive Officer, the board discussed a number of UAE securities industry related issues. HE Mubarak Rashid Al-Mansoori, HE Abdullah bin Ali Al-Hamli, both members of SCA Board, Essa Kazim, Managing Director and CEO of Dubai Financial market (DFM), HE Rashid Al-Buloushi, CEO of Abu Dhabi Securities Exchange (ADX), HE Ibrahim Al-Za'abi, SCA's Deputy CEO for Legal Affairs, Issuance and Research, HE Maryam Al-Suwaidi, SCA's Deputy CEO for Supervision, Licensing and Enforcement and a number of SCA advisors attended the meeting.

They discussed the SCA's efforts in developing market legislation infrastructure which led to the issuance of five new regulations this year, in light of the SCA strategic plan and laid down action plan, based on which more market-related rules and regulations are to be updated to match with latest international best practices.

The issue of UAE market upgrade to emerging market status by the MSCI featured strongly on the meeting agenda, as well as UAE market development projects, especially the issue of expanding and enhancing DFM/ADX integration. The meeting also discussed latest studies on financial markets worldwide investing in technologies related to trading, clearance and settlement to sustain investor confidence, the SCA's role in organizing alternative investments and the possibility of SCA issuing rules that would demand companies to seek SCA approval for its board members.

The meeting also touched on the phenomenon of increasing volume of corporate investment on the international markets in the aftermath of the global financial crisis and the role regulators must play in this regard. The board assessed the



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progress made in the application of the Delivery versus Payment (DVL) regulation and the latest international developments in that regard, and looked into the issue of acceptance of Central Counterparty Clearance House (CCP) at the local and regional levels.

The board also discussed the need to adopt newly introduced international supervision regulations in the light of the Dodd-Frank Law of the United States and

other regulatory models and the impacts of the application of these models on international markets in countries like the United States and in some South American countries which have not adopted the Twin-Peak module.

The SCA Advisory Board was established in 2007 as part of the SCA's efforts to improve the local markets' performance and to be abreast with the latest international market developments and legislations. The board's objective is to provide technical advice to the SCA board and to conduct studies on issues assigned it by the SCA board. It also closely follows up developments in market-related international laws, legislations and regulations, as well as all technical regulations of international markets and makes appropriate suggestions to the SCA to that effect.

SCA advisory board members

The Advisory Board consists of some of the finest international experts in the securities industry, including Sir Andrew Large, who retired in 2006 as Deputy Governor of the Bank of England where he had served since 2002. Prior to his time at the Bank of England he served from 1992-1997 as Chairman of the UK's supervisory authority, the Securities and Investments Board, which was the precursor of the FSA. Sir Andrew also served as Deputy Chairman of Barclays Group from 1998-2002.

Paul Koster is another SCA Advisory Board member. He was appointed as Chief Executive of the DFSA on 1 December, 2008. Prior to becoming Chief Executive, he was Commissioner and Member of the Executive Board of the Autoriteit Financiële Markten (Netherlands Authority for the Financial Markets (AFM)). He has also served in various capacities at the AFM and in a number of international financial firms.

Another member is Mr. Guillermo Larrain, Chairman of the Center for Regulation and Macroeconomic Stability at the University of Chile Economics Department and Chairman of ChileCapital Consulting. He is a former chairman of the Emerging Markets Committee of IOSCO, and a former chairman of the Securities and Insurance Superintendence and the Pension's Superintendence of the Government of Chile.

Another member is Paul Marco, who held the post of Director of the U.S. Securities and Exchange Commission's (SEC) Office of Municipal Securities until 2000. He is a partner with Vinson & Elkins L.L.P responsible for the Corporate Governance and Compliance Group and practices in the areas of federal securities and commodities law and public finance. He was a Law professor at both the Washington University and Boston University.

George Moller is another Advisory Board member. He was head of the Supervisory Board of Netherlands Authority for the Financial Markets (AFM), Director and Vice-Chairman of Euronext, Chairman of the Supervisory Board of the Federation of European Stock Exchanges (FESE) and Commissioner of the London International Financial Futures and Options Exchange (LIFFE).



ADX adopts pre-closing session call auction

Abu Dhabi Securities Exchange (ADX) announced its decision to implement a new mechanism to calculate the closing prices and its shift to a new free-float index. This move comes in the continuous efforts of ADX to develop its operations in accordance with the best international standards applied in the field. The new mechanism will go into effect starting 2013.

On this occasion, Mr. Rashed Al Baloushi, CEO of ADX, said that: "There will be a pre-closing auction session to run from 1:50 pm to 2:00 pm. During this period, brokers will be allowed to enter orders of buy or sell into the automated system as well as alter them but without executing them. After the end of the pre-closing session, the system will automatically determine the closing price in accordance with the same criteria of determining the opening price; the system will also execute all buy and sell orders that are executable on the calculated closing price."

"ADX has opted to adopt Call Auctions to determine closing price for a stock. Especially that the closing price of securities is widely used by market participants as a benchmark for portfolio valuation as well as index calculation" Added Mr. Al Balouhshi

ADX CEO reiterated: «Today, most developed markets use the call auction mechanism, which gives a more accurate reflection of the real price of a stock, especially if the last trade price was not realistic. In order to maintain a stable stock market, we have set the daily price fluctuation limits of stocks, at a maximum limit 15% of the closing price and a minimum of 10%. This change is within the limit provided by the market regulator Securities and Commodities Authority (SCA).»

Mr. Al Baloushi also announced that ADX will shift, beginning from next year, to a Free Float Index. "We have opted for this shift because a Free Float Index construction takes into consideration only the free-float market capitalization



of a company for the purpose of index calculation and assigning weight to stocks in the index. Free-float market capitalization takes into consideration only those shares issued by the company that are readily available for trading in the market. It rules out government holding, founders holding and other locked-in shares that will not come to the market for trading in the normal course. In other words, the market capitalization of each company in a free-float index is reduced to the extent of its readily available shares in the market," explained ADX CEO.

"A Free-float index also reflects the market trends more rationally as it takes into consideration only those shares that are available for trading in the market.

It also makes the index more broad-based by reducing the concentration of top few companies in Index," Said Mr. Al Baloushi.

"we have commenced on an awareness

Limit of daily price fluctuation of stocks amended to a maximum limit of 15% of the closing price

campaign to aid our stakeholders in understanding the effects and requirements associated with the new decisions made» ADX CEO said, concluding that the new mechanism needs time to reach our stakeholders and the industry professionals across the country"



HE Al-Hadari receiving the award from Facebook Director of Politics in the presence of ARADO Director General

SCA's "Facebook" website wins "Best Interactive Application" award of PAWA eGovernment Web Awards

The Facebook website of the Securities and Commodities Authority (SCA) has been awarded the "Best Facebook Application" Award for the public sector category as part of the eGovernment Web Awards Contest, held on the fringe of the meeting of the Arab League affiliated Arab Administrative Development Organization (ARADO), in collaboration with the Egypt-based Pan-Arab Web Awards Academy (PAWA).

HE Mohammed bin Khalifa Al-Hadari, Deputy CEO for Organizational Affairs and Support Services at the SCA, received the plaque of the award from Elisabeth Linder, Facebook Director of Politics and Government Europe, Middle East and Africa (EMEA), in the presence of Dr. Refat Al-Faouri, ARADO Director General and Pierre Moukarzel, Chairman of PAWA.

Commenting on new SCA achievement, HE Abdullah Al-Turifi, SCA Chief Executive Officer, said the honoring of the SCA as a result of the latter's winning of the award stems from his outfit's efforts

to diversify the mechanisms it uses to boost its investment awareness systems, deepen the meaning of transparency and disclosure on UAE financial markets and to meet the directives of UAE's wise leadership of converting to eGovernment to boost eServices and online interaction with clients through the social networks and digital environment.

Al-Turifi added that the SCA's launch of its website on the social networks, particularly Facebook, stems from its deep belief in their effective support role for the conventional media in the latter's core functions (information – guidance – education and recreation) which these networks augment with high-level of effectiveness and speed, covering large geographical areas with information and news reports.

The panel, which consists of a number of experts selected SCA's Facebook website for the award for many objective reasons, including its easy-to-search feature, fantastic

design, its high-level of interactions, wealth of information and content, its links with other platforms, its large forums and the informative roles the website plays in disseminating information and news reports.

The meeting also consisted of discussions session under the theme: "Challenges of the social networks and the role of government organizations in enhancing transparency". Speakers during the meeting included ARADO Research Manager and Elisabeth Linder, Facebook Director of Politics and Government Europe – EMEA.

Winners of this year's award contests include about 60 other organizations from member countries of the Gulf Cooperation Council (GCC), Jordan, Egypt and Lebanon, as well as six government bodies from the UAE, including the SCA, General authority for Islamic Affairs and Endowment, Ministry of Labour, General Directorate of Abu Dhabi Police, General Directorate of Dubai Police and General Directorate of Ajman Police.



SCA awarded ISO 10002:2004 certificate

The SCA has been awarded ISO 10002:2004 certificate which deals in quality management, customer satisfaction and guidelines for complaints handling in organizations, making the SCA the first UAE federal body to bag-in the laurel.

HE Ibrahim Al-Za'abi, SCA's Deputy CEO for Legal Affairs, Issuance and Research and HE Mohammed Al-Hadari, Deputy CEO for Organizational Affairs and Support Services, received the certificate from the regional manager of Lloyds Register of Quality Assurance (LRQA).

The SCA qualified for the award following extensive external inspection and scrutiny by Lloyds Register to verify whether or not SCA's customer feedback management procedures adhere to international best practices standards, after which the SCA was included in the list of international institutions with best customer feedback management procedures in accordance with best international practices.



It's worth noting here that the SCA's customer feedback system is based on suggestions portal linked to the eGovernment program of the UAE federal government and it's in line with the ISO10002:2004 standards which entails swift and positive reaction to customer

feedback. To successfully handle this program, the SCA has set up a team which swiftly professionally handles all enquiries within a framework of a comprehensive administrative system, putting in place the general objectives and performance indices for efficiency and rapid response.

"Emirati national values and behaviors" Document seeks to nurture highly responsible generation

The Emirati National Values and Behavior Document aims at nurturing a generation of highly responsible Emiratis committed to their national and social responsibilities. The "Document" contains definition of citizenship as a concept, and its three dimensions, including national obligations, family obligations and general behavior and conduct.

The national obligations dimension ensures the nurturing of dedicated citizens who respect the laws of their country and strive for its progress and prosperity. The family dimension seeks to nurture a citizen who works hard to ensure good living for his family while observing fully his responsibilities towards other members of the society, while the general behavior and conduct dimension seeks to instill in Emiratis high sense of responsibility and good conduct in their quest for personal achievements.

The "Document" defines "citizenship" as a common heritage of principles, values, tradition and behaviors among



individuals of one state which contribute in establishing their national personality and give them special characteristics which distinguish them from other persons of different nationality. In other words, it is a sentiment based on common cultural characteristics that binds a population and often produces relations of mutual feelings among their individuals.

On the images of citizenship, the

"Document" says nationalism must come from within the person based on deep belief and conviction of belonging. A true nationalism reflects in the person's actions or inactions and behavior towards his nation and other individuals. This is in addition to other rights and responsibilities being shared between a citizen and his/her society, in general and the rights and responsibilities shared between the citizen and his/her nation including living together with compatriots on the same land in peace and harmony. The "Document" also outlines the dimensions of citizenship at three different levels – general behavior and conduct, family and society, and towards the nation.

On general behavior, the "Document" stresses the need for Emirati nationals to be of good behavior, uphold Islamic values and religious tolerance, be proud of their tradition and culture and to be a role model in hard work and perseverance, creativity and innovation, achievements and good ambassadors of their country abroad.



A shot from the 7th meeting of Committee of Heads of GCC Market Regulators

Committee of heads of GCC market regulators discusses unified rules for listing, disclosure and corporate governance

The Securities and Commodities Authority (SCA) has participated in the 7th meeting of Committee of Heads of Securities Market Regulators of member states of the Gulf Cooperation Council (GCC). H.E. Abdullah Al-Turifi, SCA Chief Executive Officer, headed the SCA delegation to the meeting which was held at the GCC Secretariat in the Saudi Arabian capital, Riyadh.

During the meeting, the committee reviewed a number of issues, including the latest developments on the financial markets of GCC member states and shared views on those developments.

The meeting also discussed other important issues like the outcome of the works of the listing, disclosure and corporate governance team, the IPO team, the results of the 4th and 5th meetings of the working team on GCC market supervision and regulation and the 2nd meeting of the working team on training and studies officers from GCC market regulators.

In a post meeting comment, Al-Turifi said the meeting discussed ways of achieving integration of GCC financial markets and efforts being made to achieve unified policies and regulations in that regard, in accordance with the economic agreement which activates the GCC Common Market,

for maximum benefit of that agreement.

Al-Turifi pointed out that the SCA had been entrusted with conducting studies on mechanisms for cooperation between market regulators of GCC member states. He said members of the committee underscored the need to continue providing the GCC headquarters with regular reports on the implementation of rules referred by the ministerial committee, adding that the meeting also called for re-submission of the unified rules for issuance and floating of mutual funds following additional studies on the issue. "The meeting also reviewed action plan and timetable for accomplishing all tasks entrusted to the various working teams," he said.

Explaining further, he said the meeting aimed at boosting coordination among the GCC regulators to achieve unified financial market policies on various tools, including registration, joint listing, IPOs, trading rules and appraisal of legislations to achieve those objectives. He underscored the need for coordination between GCC member states and regional and international organizations, including the IOSCO and for pursuing of joint ventures in the securities sector, sharing of information and expertise and training for sustainable uplifting of market performance standards.

Regarding the listing, disclosure and corporate governance task force, he said the meeting reviewed reports on progress of implementing the unified rules for listing of securities and suggestions for improvement of that service, adding that the meeting also discussed latest developments in the issues of listing, disclosure and corporate governance.

The outcome of the meeting of the IPO task force was also reviewed during the meeting to assess what had been achieved so far regarding the unified rules for issuance, floating of mutual fund units in member states and recommendations issued for referring the issue to the GCC ministerial committee of board chairpersons of market regulators.

Members of the SCA delegation to the meeting include Dr. Obaid Al-Za'abi, Research Advisor and Director of SCA's Research and Development Department and Mr. Abdul Lateef Al-Shamsi, Director of SCA's Legal Affairs Department.

It's worth noting here that the Committee of Heads of GCC Securities Market Regulators, which was set up based on suggestions from the UAE, aims at coordinating the efforts of GCC member states to work towards achieving unified securities market related policies.

SCA takes part in the «International Arab Banking Summit» in Berlin

UAE among frontrunners in the application of corporate governance in the region

The SCA has participated in the 'International Arab Banking Summit 2012' in Berlin. SCA Chief Executive Officer, Abdullah Al Turifi shed light on the pilot experience of the UAE in the application of corporate governance.

During the summit, Al Turifi highlighted the outstanding results of the application of corporate governance in the UAE over the past period, as well as other corporate governance related initiatives in the country, through comprehensive scientific research on "corporate governance in the GCC countries - a case study of the United Arab Emirates».

Al Turifi gave a presentation titled 'National fiscal policies and ways to boost confidence', in the presence of a number of senior participants in the conference to which representatives of various major international organizations, senior financial industry figures, and Arab and international banking institutions, including the Organization of Economic Cooperation and Development (OECD), the European Banks Federation (EBF), and the United Nations were invited.

The United Nations Development Program (UNDP), the Financial Stability Board (FSB), and the French Banks Federation (FBF), as well as the World Bank, the International Monetary Fund, the International Bankers Forum (IBF), and a number of ministers of finance and economy, along with governors of central banks from around the world were also among the attendees.

The SCA paper reviewed several points, including the significance of corporate governance, its different concepts and objectives, and factors associated with these concepts and objectives, along with the axis of the main framework of corporate governance. Al-Turifi also addressed the principles of OECD which represent a set of guiding principles in the area of corporate governance.

During his presentation, Al Tarifi underlined the results of the application of corporate governance in UAE markets, referring to the UAE's role as one of the leading countries in this respect and the first



in the region to embark on the application of corporate governance. He explained that the rate of disclosure of listed local public joint stock companies in the 2011 corporate governance report was 97.5%.

Al Tarifi pointed out that the number of companies which provided SCA with corporate governance reports in 2011 were 78 out of 80 urging them to provide the SCA with the corporate governance report for the first half of 2012. He said the companies had honored their commitments by providing the Authority with complete reports in accordance to the form approved by SCA. Al Turifi explained that since 2009, SCA has been publishing on its website all corporate governance reports of listed local PJSCs which apply resolution No. 518 of 2009.

Corporate Governance in the GCC

The SCA work paper also underscored the experience of corporate governance in the GCC countries and the role of securities and commodities in this regard.

In his presentation, Al Tarifi cited his outfit's major contributions in the form of initiatives in preparing the draft of the standardized principles for the GCC countries, which has been approved by the ministerial committee of board chairpersons of GCC market regulators. The committee has approved and referred the items to the Supreme Council for endorsement and implementation on advisory basis for two years to be followed by a review and implementation on compulsory basis.

The work paper also made a comparison

between the standard corporate governance principles for companies listed in the financial markets of GCC countries and the principles of the OECD, outlining several points of agreement between the two.

The paper reviewed the development of corporate governance try out in the UAE since the middle of the last decade and the country's mandatory application of corporate governance since May 2010 as per Ministerial Decree No. 518 of 2009.

This decision, which covered corporate governance and institutional discipline standards, was backed by awareness campaigns, educational programs and specialized workshops organized by SCA for the PJSCs listed on the financial markets. The SCA urged the boards of these companies to take advantage of the optional period for the application of governance controls and to also benefit from the findings in order to make the necessary amendments to be able to achieve the desired results with regards to the decision.

SCA team to ensure proper application

Concluding his presentation, the Al-Turifi said earlier this year the SCA began to dispatch a dedicated team to be acquainted with the steps that must be taken by the companies during the application of corporate governance rules. The move aims at ensuring that the companies remain committed to the requirements of the corporate governance application, mainly with regard to the internal control system of the company, its board's action mechanism, as well as its committees and other corporate governance related issues. With this initiative, SCA endeavors to advise these companies in order to activate a correct and effective corporate governance application and to follow the changes brought by corporate governance within the concerned companies.

The conference discussed means and mechanisms to boost corporate governance to reform the financial markets and enable them to withstand crises and developments in the global economy in light of the international financial and economic situation.



SCA services to be fully automated by end of 2013

Electronic conversion to cover 32 services

The Securities and Commodities Authority (SCA) is finalizing steps to automate all its services by end of 2013. The move is part of the UAE market regulator's efforts to fully live up to the demands of country's eGovernment drive which calls for rapid conversion to electronic services for individuals and corporate entities alike.

According to the eService conversion plan, 32 services being rendered by the SCA will be covered by the exercise during the 2012-2013. So far 11 services have been automated, automating of 10 others shall be completed by the middle of 2013 while the remaining 11 will be completed by end of 2013, to make all SCA services fully electronic thereof. Experts believe this will be a historic achievement akin to the best international practices applicable in this regard, as it saves time and efforts for all parties involved in or connected to the SCA services.

The experts attribute this achievement to the unstinting support from the UAE's wise leadership and in implementation of the Federal Decree concerning the setting up of a General Information Authority (GIA) in 2008, issued by UAE President, HH Sheikh Khalifa bin Zayed Al-Nahyan, having being referred to him by the cabinet, headed by HH Sheikh Mohammed bin Rashid Al-Maktoum, UAE Vice President and Prime Minister and Ruler of Dubai. This made the GIA solely responsible and the general overseer of the UAE's eGovernment program, which was later merged with the Telecommunication Regulatory Authority (TRA) to become a sector of the latter.

In the conversion process, the SCA gave priority to some services which were provided online by the end of 2012. These include Public Joint Stock Company (PJSC) Registration Renewal, Approval of General Assembly Meeting (Ordinary), Approval of General Assembly Meeting (Extraordinary), To Whom It May Concern certificate for PJSCs, Securities Brokerage Company License, Securities Brokerage Company License Renewal, Complaints Appeal System, PJSC Record Renewal, Custodian License, Custodian License Renewal, PJSC Record-keeper License and



PJSC Record-keeper License Renewal.

During the second phase of the program, which spans up to the end of the first half of 2013, services to be covered will include Amendment of PJSC Charter, Commodities Brokerage Company License, Recording of PJSC by the SCA, Licensing of Financial Consultation and Analysis Services, Financial Consultation and Analysis Services License Renewal, Cancellation of Company from Record, Looking into Debt Instruments Issuance Application, Application for Arbitration, Conversion to PJSC and setting up of PJSC.

Phase 3 of the program, scheduled to complete by end of 2013, will cover other services like Legal Consultancy, Financial Brokers License, Total Cancellation of Commodities Brokerage Company,

Commodities Brokerage Company License Renewal, International Securities Identification Number (ISIN), Temporary Cancellation of Commodities Brokerage Company, No Objection Letter for Trading on Another Market, Buy-Back Approval, Issuing of Lost Certificate, Suspension of Securities Company and Total Cancellation of Securities Company.

Commenting on the issue, Mustapha Al-Daqaq, Economics and Financial Expert at the Emirates Dubai National Bank, said electronic conversion of all SCA services will certainly improve significantly the standards to best international practices, adding that the SCA's efforts in this regard must be commended as the move will reflect the SCA board's determination to continually facilitate and ease transactions

for all its clients, individual and corporate alike.

“The SCA, within this short period, has been able to provide a lot of services online and continues to strive to provide comprehensive electronic services for its clients by end of 2013,” he said.

Also commenting, Khalid Ba-Sardah, financial Expert, said SCA’s shift from the conventional to electronic method of rendering its services is a very significant step in saving time and efforts of clients and another milestone in the achievements drive it embarked upon right from its establishment covering the legislative and regulatory levels. “The easier all procedures are made for clients in their business transactions with the SCA the better it serves the interest of all parties involved and boosts the UAE government’s efforts to successfully implement its eGovernment program,” he said, adding that electronic service helps a lot in jumping over many routine procedures, and it’s simpler in accessing SCA services compared to the conventional system.

He pointed out that the SCA’s efforts covered many areas that seek to improve its electronic infrastructure, including regulating the works of companies and investors on the markets and improving customer service, providing multiple options of procedures and completion of transactions, in general. “I believe that automating government services, in the end, has more advantages for individuals and the government itself because it expedite all procedures,” he opined.

UAE’s eGovernment program

The eGovernment program is to facilitate the rapid conversion of all government services into electronic. Through the federal government official portal, the easy-to-use eGovernment program provides all federal and local services online to save cost, time and efforts of users. The eGovernment is responsible for the technical and information aspects of the portal.

The eGovernment provides valuable services to other government institutions in the country including virtual servers, software programs license, technical support for i-Cloud services provided while ensuring that the recipient body is capable of administering the applications received. The application of the comprehensive i-Cloud system expedite the electronic conversion process at the federal level in the UAE.

Having achieved a remarkable growth rate of 586%

Local shares attract AED1.53billion FDI in 2012

ESM is best performer among GCC markets

Foreign investment has achieved remarkable growth of 586% on the Abu Dhabi Stock Exchange (ADX) and Dubai Financial Market (DFM) in 2012 to reach about AED1.538 billion compared to AED224 million in 2011.

The DFM attracted nearly AED461 million with the second quarter of the year attracting the highest foreign investment of AED236 million, while the ADX attracted the highest investment of AED691 million in the third quarter of 2012.

Average daily trading value on the Emirates Securities Market (ESM) was about AED281 million in 2012 compared to AED227 million in 2011, representing a growth of 24%.

Quarterly daily trading value in 2012 was about AED194 million for the DFM and AED88 million for the ADX.

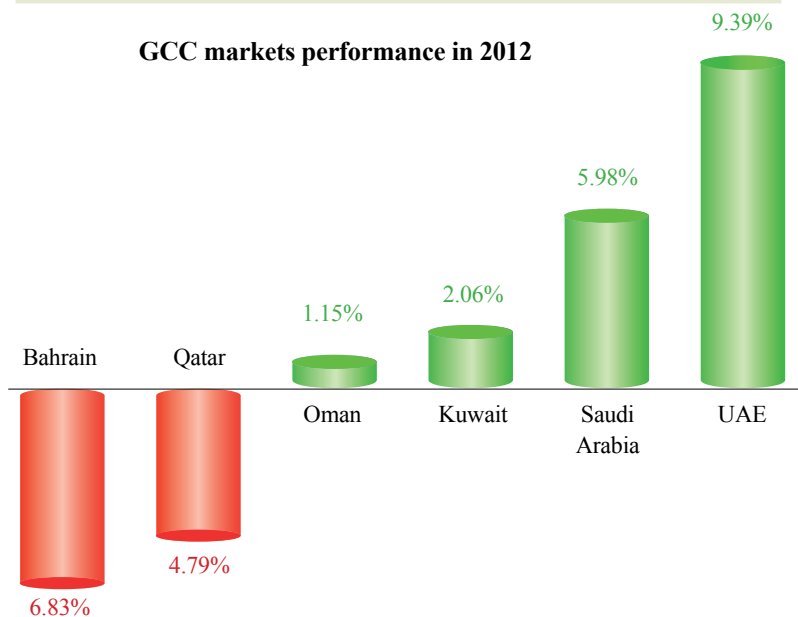
Total flow of corporate investment into both the ADX and the DFM in 2012 was AED1.26billion compared to AED206 million in 2011, representing a remarkable appreciation of 599%. The significant growth in corporate investment in 2012 can be attributed

to the positive inflow of this type of investment to the DFM, particularly in the first and second quarters of the year. DFM enjoyed a corporate investment growth rate of 300% to reach AED1.06billion in 2012 compared to AED265million in 2011.

The local bourses topped the chart of GCC markets at the end of 2012 trading year to be the best performer market of the year with total gains of AED33billion.

The ESM index achieved the biggest rate of appreciation among the Gulf markets in 2012 at 9.39% with the DFM topping the chart at the highest rate of 19.9% high compared to a low rate of 17% in 2011. ADX followed at 2nd position with 9.5% high compared to a low of 11.6% in 2011, followed by the Saudi market with a 2012 high rate of 5.98%, then Kuwait and Muscat markets with 2.06% and 1.15% highs respectively, while the Bahrain bourse suffered the heaviest loss of 6.83% during the year as well as the Qatar bourse with a loss of 4.79%.

GCC markets performance in 2012





HE Al-Turifi and other SCA officials cutting the celebration cake

SCA celebrates 41st UAE national day

The Securities and Commodities Authority (SCA) has held a big celebration to mark the 41st anniversary of UAE national day. HE Abdullah Al-Turifi, SCA Chief Executive Officer, his deputies and heads of the various departments joined all SCA staff to mark the occasion in a fanfare.

Al-Turifi planted a tree in the courtyard of the newly built SCA premise in Dubai to mark the occasion. He delivered a keynote address during which he praised the UAE union. “On this occasion, we arouse the heart of every Emirati and Arab citizen the memory of our founding fathers who successfully built this great nation by rallying together under one umbrella. We specifically remember the generous contributions of the late Sheikh Zayed bin Sultan Al-Nahyan and the late Sheikh Rashid bin Saeed Al-Maktoum, both have demonstrated a rare example of leadership on the path of progress, selflessness and dedication for the

progress of the nation,” Al-Turifi stated in the address.

He lauded the country for achieving great development within the comparatively short span of the existence of the union and for the high reputation it has achieved in various areas, thanks to the wise leadership of UAE President, H.H. Sheikh Khalifa bin Zayed Al Nahyan and UAE Vice President and Prime Minister and Ruler of Dubai, H.H. Sheikh Mohammed bin Rashid Al-Maktoum.

Both the Abu Dhabi and Dubai premises of the SCA have been beautifully decorated in national colors and the “Spirit of the Union” logo.

The Media and Communications Department of the SCA distributed during the celebration souvenirs which reflect national heritage to the participants in the ceremony, including members of the SCA technical and administrative bodies numbering about 180 persons.





SCA premise in Dubai draped in national colors



HE Al-Turifi planting a “Union” tree at the SCA premise in Dubai



HE Mohammed Al-hadari and HE Maryam Al-Suwaidi participating in a charity activity organized by the SCA to mark the national day



A group photo of SCA staff with HE the CEO in the middle



HE Al-Turifi and Simon Culhane in a group photo with officials from both sides after signing the agreement

With the aim of sustainable development of local markets and building capacity of national cadres

SCA signs seven MoU in H2 of 2012

The Emirates Securities and Commodities Authority (SCA) has signed seven memoranda of understanding (MoU) in the second half of 2012 to bring to 68 the total number of MoU and agreement it has signed since its establishment in 2000 up to the end of 2012.

The SCA signed three MoU with international bodies and four with local ones to boost cooperation and enhance the Emiratization program. The three international bodies are the International Organization of Securities Commissions (IOSCO), the International Capital Market Association (ICMA) and the Chartered Institute of Securities and Investment (CISI), while the four local bodies are the National Human Resource Development and Employment Authority (TANMIA), the National Media Council (NMC), the National Identity Authority (NIA) and the Khalifa University.

The SCA has signed in recently at its Abu Dhabi premise a MoU with the ICMA to set in motion the mechanisms of joint cooperation in the area of securities. HE Abdullah Al-Turifi, SCA Chief Executive Officer, signed the MoU for his outfit, while Martin Scheck signed for his side.

The MoU aims at developing the financial markets under the jurisdictions of the two authorities and at promoting joint action in finding effective solutions for financial market related issues.

Commenting on the MoU, Al-Turifi said: "The new agreement is part of the authority's constant endeavors to develop its regulatory and supervisory initiatives in securities market, benefiting from the available experiences in this regard and helping to raise the bar for further performance in these markets to the highest levels, in the light of the rapid changes in global markets"

"We are striving to develop mutual cooperation with all concerned parties. This MoU will have an added value on the UAE markets in regulatory, procedural and legislative levels. A number of mutual cooperation's were included such as; the exchange of experiences, visions and information to further enhance the performance of the local securities markets, according to world's best practices. Mutual cooperation in other issues related to global securities markets was also included in the MoU", Al Turaifi added.

For his part Mr. Scheck said: "ICMA

is honored to be co-operating with ESCA as the Gulf region is an important one for ICMA and its international members. We have an increasing number of financial institutions there among our members and are organizing more conferences and training courses in the UAE focused on their needs. We hope that our enhanced relationship with ESCA will guide us in the provision of improved services to financial market participants in the region".

The agreement provided for cooperation in four major areas, including: exchange of visit and meeting between officials of the two sides, activating communication channel for sharing of information about securities market issues like rules and regulations, including those of self-regulated organizations and practices related to trading efficiency and its procedures, clearance and settlement procedures, accreditation and orientation of securities market practitioners and any other issues agreed by the two sides in the future.

The agreement also calls for coordination between the two sides on market issues of international interest whenever the need arises. This is to be done through the holding

of conferences and seminars. The two sides shall also work for common views on those issues and shall consult each other on other issues of interest to any of them.

The ICMA is the organization representing the global capital market. It represents a broad range of capital market interests including global investment banks and smaller regional banks, as well as asset managers, insurance companies, exchanges, central banks, law firms and other professional advisers. ICMA's market conventions and standards have been the pillars of the international debt market for over 40 years.

Training UAE cadres

The SCA has also signed with the UK-based Chartered Institute for Securities and Investment (CISI) a capacity building agreement to enhance the capacity of personnel working in the UAE financial markets.

H.E. Abdullah Al-Turifi, SCA Chief Executive Officer, signed for his side, while Simon Culhane, Chartered FCSI, CISI CEO in London, also signed for his outfit in a ceremony during which the CISI announced that its Global Securities exam is now available in Arabic at the SCA Training Center and the CISI, which is one of the world's leading professional training institutes in the financial services industry.

The CISI's qualifications are becoming increasingly popular throughout the Middle East as regulators seek to raise the skills of financial services industry practitioners by developing mandatory, qualifications-led licensing regimes and regulatory examinations.

In a post signing comment, H.E. Abdullah Al-Turifi said the capacity building program is part of important initiatives launched by the SCA, through its Training Center, to help uplift the performance of all parties involved in the country's financial markets to international level and to help consolidate professional excellence standards and ensure good practices of all transactions in the securities sector.

"This qualifications programme is one of the cornerstones in the SCA's campaign to ensure that the UAE's regulatory regime meets the highest global standards of rigour and transparency. This additional exam opportunity in Arabic shows our commitment to supporting the brokers to

Boosting investment awareness

The SCA has also signed with the National Media Council (NMC) a MoU to boost cooperation between them in the area of media, sharing of experience, training and organizing of events as per the needs and requirements of each side.

H.E. Abdullah Al-Turifi, SCA Chief Executive Officer, signed for his outfit, while H.E. Ibrahim Al-Abed, NMC Director General, also signed for his side in a ceremony attended by a number of officials from the two sides.

The agreement also seeks to achieve the mutual interest of the two sides and to contribute to developing business media and investment awareness by designing a framework and limit of relations of cooperation between them, particularly in the area of information and by sustaining communication between them for mutual and national interests.

Also commenting on the occasion, H.E. Abdullah Al-Turifi underscored the SCA's commitment to signing the agreement based on both side's mutual desire to boost cooperation between them, to strengthen the foundation of joint media cooperation in order to boost securities investment awareness programs within the framework of existing rules and regulations and in a way that would help the SCA achieve its obligations.

Al-Turifi pointed out that the MoU also provides a common framework for cooperation between the two sides to enable them coordinate well in the areas of technology, technicalities, training and procedures related to the functions of each side, as well as in sharing of experience and organizational expertise at all the various organizational levels.

Based on the agreement, the two sides shall cooperate in the organizing of conferences, workshops, specialized forums and training programs, which deals in the latest developments and best practices in areas of mutual interest.

The MoU also allows the two sides to execute joint programs and projects that enhance the policies and objectives of each of the two sides. It also allows one party and its employees to benefit from the various publications of the other.

reach the required standard. Our on-going partnership with the CISI confirms the paramount importance of professionalism and integrity to the investment community in the UAE, clients and practitioners alike", Al-Turifi added.

For his part, Simon Culhane, who expressed great pleasure for the CISI's latest achievement, said: "We are extremely pleased to be able to offer Global Securities in Arabic and to contribute to developing and maintaining candidate's skill and competency levels. This, coupled with our robust membership programme of CPD, will help ensure that our candidates in the Middle East are demonstrating high levels of professionalism within the financial services industry."

For the first time it is now possible to qualify for CISI Associate level membership by only taking exams in Arabic and this is very significant for the SCA brokerage community. Associate membership entitles candidates to an on-going programme of continuing professional development and

networking opportunities as well as the opportunity to use the designatory letters ASCI.

Based on this agreement, the CISI will prepare and oversee exams regarding UAE's regulations and rules annually to ensure they match with the SCA's ambitious technical standards. The institute shall also oversee the performance of the Center's candidates and modules and shall see to the annual upgrading and updating of the modules.

The SCA Training Center conducts six professional licensing exams, including 'Introduction to Investment – International Module', 'UAE Financial Laws and Regulations', 'Securities International Module', 'Operation Risks', 'Financial Services Risks', 'International Investment Management', etc. The exams are basically for candidates from the country's financial brokerage sector, including broker representatives, trading managers, operation managers, internal supervisors and financial analysts.



SCA, Tanmia sign MoU to boost cooperation

The SCA has also signed a MoU with the National Human Resource Development and Employment Authority (TANMIA) aimed at boosting joint cooperation between them in the interest of the national economy and to boost the federal government's efforts through effective planning and implementation of human resources policies.

HE Abdullah Al-Turifi, SCA Chief Executive Officer, signed for his outfit, while HE Nasser Al-Shamsi, Director General of TANMIA, also signed for his side in a ceremony held at the SCA's Dubai premise.

The agreement is within the framework of the two sides' deep interest in developing their strategic partnership to achieve the objectives of national human resources development program by giving job seekers the opportunity to acquire new skills, polish their experience and by providing for them a fertile ground to gain practical and scientific experience through a variety of capacity building training programs.

In a comment after signing the agreement, Al-Turifi said: "The SCA continues to strive to help improve and develop national human resources in a way that would enrich the work of the SCA and the financial services sector, in general. This new step is in line with the federal government's human resources development strategy."

Al-Turifi pointed out that the agreement came to crown the great efforts exerted earlier in this area, including those by the SCA-affiliated Training Center which boasts of a very high quality training capability. "The SCA believes that cooperation with TANMIA will bring great benefit by creating more job opportunities in the securities sector, boosting the capacity of the national cadres working in this vital sector and improving the professional performance and skills in the sector which would, in turn, reflect positively on the performance of the institutions and companies in the country," he added.

For his part, HE Nasser Butti Al-Shamsi, Tanmia Director General, lauded the agreement, which, he said, underscores the



two parties' commitment to developing and building the capacity of national human resources and providing job opportunities for the youth in both the public and the private sectors, adding that the joint cooperation between the public and the private institutions to build the capacity of UAE nationals for the job market falls within the UAE federal government's Vision 2012 program.

"We shall work relentlessly right away from this point to share experience and to cooperate in various areas, with priority areas including training and orientation of national workforce, who we shall encourage to join the securities sector for work," Al-Shamsi pointed out, adding that they will strive to supply the sector with its needs and will endeavor to implement joint programs and projects to enhance the policies and objectives of the two sides.

The agreement calls for cooperation between the two sides in the form of sharing information and expertise, training and capacity building of national cadres, encouraging national cadres to take up jobs in the securities industry.

It also paves the way for the two sides to engage in joint programs and projects that enhance the objectives and policies of the two sides and build their specialized professional programs. It also promotes joint participation in meetings, exchange of visits, sharing of studies, researches and publications.

Human resources development

The Securities and Commodities Authority (SCA) has signed a memorandum of understanding (MoU) with the Khalifa University of Science, Technology and Research (KUSTR) to boost cooperation in the areas of academic research, professional advice, human resources development and orientation of national cadres.

H.E Abdullah Al-Turifi, signed the MoU for his side, while Dr. Arif Sultan Al-Hammadi, KUSTR Director, also signed for his outfit in a short ceremony held at the Abu Dhabi premise of the SCA and attended by some officials from both sides.

Based on the MoU, the two sides shall boost cooperation in the holding of conferences, workshops, forums and training programs, and shall review latest developments and best practices in areas of mutual interest. They shall also implement joint projects to enhance common objectives and policies.

Commenting on the occasion, Al-Turifi said: "We are pleased to cooperate with a highly reputable educational entity in this country like the KUSTR, which is a reliable source of supply of competent labour for our use in boosting the UAE national cadres at the SCA. This is in line with our policy which aims at creating job opportunities for national youth looking for reliable jobs for better future, and this step is in line with the government's human resources policy."



Al-Turifi pointed out that, in collaboration with other leading institutions in the country, his outfit continues to work relentlessly to provide all forms of support to UAE national youth seeking jobs or those interested in sharpening their technical and administrative skills through the organizing of training programs, workshops, conferences and opportunities for practical training in real working environment at the SCA.

Dr. Al-Hammadi, for his part, said: “We are pleased to work with the SCA, which is arguably one of the leading government entities and great booster of the national economy. The signing of this MoU is an important step towards achieving all what will reflect positively on the present and future of this nation. This is through the empowerment of the youth to work in various sectors in the country, to be able to make generous contributions to the achievement of the UAE’s Vision 2021 program and Abu Dhabi’s vision 2030 program. It will also help expand the scope of beneficiaries of KUSTR’s resources to include SCA workers, thus boosting joint cooperation between the two institutions.”

The agreement will allow SCA employees to benefit from and participate in the KUSTR’s activities and events, as well as to make use of the university’s various installations, including its library, in line with the university’s existing policies, rules and procedures. KUSTR will also nominate some of its final year UAE national students to join the SCA’s SHARE (Supporting Human Assets for Real Emiratization) program or to work directly at the SCA, after passing all the various stages of SCA examinations and meeting all other SCA requirements. On the other hand, the KUSTR will contribute to the development of SCA’s human resources by providing training programs and professional advice which would impact positively on the role of SCA human resources to achieve excellence in its administrative, financial and leadership practices, while the SCA reciprocates with training the university’s students through specialized training programs.

The SCA will also facilitate access to field studies and research for members of the KUSTR’s teaching staff and students. The two sides also agreed to work together to probe for and tap new opportunities that would crop up in the future.

SCA, EIA sign agreement to simplify procedures and develop customer service

The SCA has signed a joint cooperation agreement with Emirates Identity Authority (EIA) to strengthen cooperation and utilize the expertise and potential of EIA in line with the two authorities’ mutual interests. Through the agreement the Securities and Commodities Authority aims to better serve the UAE and enhance customer services.

The agreement was signed by HE Abdullah Al-Turifi, SCA Chief Executive Officer and HE Eng. Dr Ali Mohammed Al Khory, EIA Director General, in the presence of officials from both parties.

Signing the agreement reflects the resolve of both parties to uphold and enforce the existing strategic partnership relations between them and to enhance joint efforts for serving all customers, for positive impact at the economic and social levels.

In his comment after signing the agreement, Al Turifi said: “The SCA, pursuant to its strategic plan, seeks to provide better electronic services for its clients. Providing these new services however requires verifying customers’ data using the ID Card to positively identify the individual making use of the services in terms of the technical aspect as well as ensuring adherence to legal practices.” Al-Turifi hinted that activation of the use of the ID Card for Emiratis and expatriates in the securities sector is in agreement with the government directives to consider the ID Card as a significant and permanent source of important data and information for enhancing performance and facilitating procedures.

“According to this agreement, the Securities and Commodities Authority will activate utilizing the Identity Card within the framework of integration and infrastructure provided by Emirates Identity Authority and will benefit from electronic voting systems accepting the card itself. This will lead to increased standards in technical support which guarantees uninterrupted service

provision to Securities and Commodities Authority clients pursuant to technical and legal frameworks in harmony with the agreement signed between both authorities,” he added.

For his part, Dr. Al Khory, stressed his outfit’s resolve to support all government organizations in the country through the activating of ID Card applications. This will accomplish the strategic goal of this progressive national project represented in enhancing comprehensive development processes in the country, particularly government service sectors, in order to fulfill the vision of UAE leadership and government strategic plans.

Dr Al Khory hinted at the interest of the SCA to benefit from ID card applications and other advanced features in order to organize Securities and Commodities Markets in the country and to develop its services and transactions, thereby upholding proper practice among its clients. This can be achieved through developing registers’ accuracy and verifying customers’ identity with the financial markets in the country through the ID Card number, which is issued once in a lifetime.

The avenues of cooperation stipulated in the agreement include building efficient partnership relations to achieve common strategic goals, enhancing performance, facilitating procedures, developing customer services in the country, enhancing communication between the two sides in order to achieve mutual interests which reflects positively on national interest, in addition to the sharing experience, information, and studies related to both parties’ specializations.

The EIA made a presentation of its most important projects, notably the Digital ID (Electronic Authentication Center) project and the electronic link with government institutions project. The SCA also showcased its outstanding projects. The two sides exchanged souvenirs at the end of the meeting.





Assuming the forefront in many of 2012 indicators

UAE consolidates position on global competitiveness map

UAE has consolidated its position in the heart of the global competitiveness map in 2012, by assuming the forefront in many of the regional and global indicators issued by the international institutions specialized in issuing competitiveness reports.

UAE crowned its competitiveness capacity for the current year with a leap in all key indicators and reports issued this year by the World Economic Forum (WEF), the United Nations (UN), the World Bank, the Trade and Development Organization, the Institute of Administrative Development (IAD) and many other institutions.

The State, this year, achieved a remarkable shift in its ranking among the key indicators of global reports to reformulate the competitiveness map of the countries this year to continue the race to join the list of the top 10 most competitive economies in the world by 2021.

Global competitiveness reports and

indicators issued by the UN, the World Bank and WEF in addition to the international institutions specialized in issuing global indicators, showed that UAE assumed high ranks among the top 10 economies in the world in more than 20 standards.

UAE seized advanced ranks on the competitiveness ladder in the global reports in the past four years, issued by WEF to advance a long list of the emerging markets, such as the giants China, India, Russia and Brazil. It also topped many developed countries like Ireland, Spain and Italy.

UAE jumped, this year, three ranks in the Global Competitiveness Report 2012-2013, issued by WEF, ranked 24th globally, to sit on the throne of economies depending on creativity and innovation in the region.

The country advanced 12 new ranks in the field of global competitiveness, ranking 16th globally, compared to 28th in 2011, in the World Competitiveness Yearbook

2012 issued by the IAD, topping developed countries like UK, Finland and China in the world rankings, which covered 59 countries of the world's most developed countries, including the countries of the Organization for Economic Cooperation and Development (OECD).

UAE ranked 26th globally in the general index of global development in 2012, issued by WEF last November among 62 global financial regimes and capital markets, where it maintained its advanced rank among the top 5 global economies in financial stability. The continuing efforts by the UAE Government to simplify business start-up and strengthen business climate, led to a leap in its rank in the Doing Business Report issued by the World Bank for 2013 to 26th globally and 2nd at the Arab level, compared to the 33rd it occupied last year. It is the same indicator in which it occupied the 1st rank regionally and 4th globally

according to the World Competitiveness Yearbook 2012, issued by IAD, to top USA, UK, France and China.

In the trade area, UAE ranked 1st at the Arab level and 19th globally in the Global Enabling Trade Report 2012, issued by WEF.

The report, covering 132 countries, classified UAE among the first ten countries in the field of efficient import and export procedures and security.

UAE made a significant achievement in the field of e-government in the world, according to the UN e-Government Report 2012, issued in February 2012, by progressing 92 points at a time, in the e-government services standard, i.e. one of the four standards that make up the e-Readiness Index issued by the United Nations.

Officials and experts confirm that the ongoing achievements realized by the UAE in the field of global competitiveness in various areas will enhance the confidence of the international financial institutions in the national economy and increase the attractiveness of the state to foreign investments and capitals.

Abdullah Lootah, the Secretary General of the Emirates Competitiveness Council (ECC), strongly believes that the advanced ranks of the UAE in the Global Competitiveness Reports is a testimony of the international community for the leadership of the UAE and its global position among the most sophisticated and creative countries of the world.

He said that these classifications that have been made by the country recently reflect the UAE Vision 2021, which aims at raising living standards and achieving prosperity for UAE nationals and expatriates alike. These classifications also confirm that those who are in charge of different sectors will pursue the best strategies, policies and international practices, stressing that the superiority of the UAE globally in the areas of quality of life, infrastructure, security and safety and global enabling trade practices confirm that developing and improving performance is part of the daily lifestyle followed by all different state institutions along with the private sector.

“WEF” classified, for the seventh year in a row, the UAE economy as the only Arab economy and the 25th globally within the stage of “economies based on creativity



and innovation”, to be considered the most advanced stages of world economies on the basis of the WEF methodology, which classified 133 countries in 5 groups in the Global Competitiveness Report being issued annually by the WEF which is based in Geneva, Switzerland.

Competitiveness is measured in the annual report through three main axes, including 12 sub-indexes. Countries are classified in various stages of the economic development, which are: the stage of the basic requirements, the first transitional stage, the stage of efficiency enhancement factors, the second transitional stage, and finally the stage of creativity and innovation enhancement factors. The fifth stage is considered the most sophisticated one.

UAE has reached the stage of economies based on creativity and innovation since 2006.

UAE excelled in the field of economy depending on creativity and innovation against elite countries like New Zealand, Australia, Italy and Spain.

The Global Competitiveness Report 2012-2013 attributed the improvement in the general classification of UAE to the constant development in the institutional frameworks, systems and regulations in addition to the overall economic stability.

The report also attributed that to the UAE’s high quality infrastructures, efficient performance of its markets and high confidence in the political leadership and efficient performance of the government,

which contributed to the UAE economy's competitiveness.

Competitiveness Performance

In another achievement, UAE has made significant progress, moving 12 spots up in the world competitiveness ranking to 16th, up from 28th in 2011, according to the World Competitiveness Yearbook 2011, issued by IAD. By this, the UAE outclasses developed countries like the United Kingdom, Finland and China in the international ranking which included 59 of the most developed countries of the world, including OECD member countries.

The Global Competitiveness Report showed that the progress made by UAE by moving up 12 rankings to 16th globally, stems from consolidated standards of government efficiency represented in the UAE's general fiscal policy and institutional framework, in addition to the country's business legislations. This also consolidated the UAE's progress from 15th position last year to 9th in this year among countries of the MENA region.

According to the report that is based on four main axes in the evaluation process, UAE has been able to increase the efficiency of trade businesses by increasing production rates and enhancing administrative practices approved by many institutions working in the country; furthermore, the accelerated growth in the UAE's business market. The report also pointed out that improvement in economic performance of the country's international trade; investment and the big development in its infrastructure were prime factors of the UAE's progress in the international competitiveness rankings.

The report pointed out that the UAE's economic performance has made progress by gaining 10 points this year, to be at 11th among the countries covered by the report. However, the country advanced by one point on the government efficiency index to be at 3rd. As for the efficiency of trade businesses, UAE advanced 27 points to be at 19th among the countries covered by the report, while it moved up to 37th in the area of infrastructure after advancing two points more than last year.

According to the report, the UAE remained at 13th globally in spite of advancing 19 spots this year in its domestic economy competitiveness index. However,

it moved up to the 9th globally in the international trade index; thanks to the increase of international investment, which helps the country advance by 3 spots this year, to be at 32nd internationally.

The report indicated that the UAE has moved up 21 spots in the social framework concerning government efficiency to place at 15th, it advanced 9 places in state institutional framework to be at 17th globally. It also leaped 10 places globally in the legislations of trade business to rank 14th globally.

The report pointed out that UAE has made tremendous progress in all standards in the area of trade business efficiency. It advanced 41 places in productivity and efficiency to place at 15th globally. However, it moved up by 11 places in business market to be at 31st internationally, while it appreciated 12 spots in financing to place at 30th globally. In the area of administrative practices, the UAE advanced 25 places to be at 21st globally this year, and leaped 26 spots in business values and behaviors to be at 8th globally.

The report concluded that in spite of the substantial progress concerning the approved standards in the scientific infrastructure axis, there is room for more progress. It pointed out that despite the UAE's advance 4 places in the area of critical infrastructure, it still remains at 19th globally. However, the technical infrastructure did not witness any progress this year thus slipping to 29th globally.

Meanwhile, the report has also indicated that the UAE's scientific infrastructure has also advanced 12 spots this year, to place 41st globally compared to its 43rd place last year.

Financial Policy

The UAE occupies a leading position in the standard of financial policy efficiency. Some experts consider it an international recognition of the international and efficient level of the government financial policy of UAE. They reiterated that this policy has the greatest impact in consolidating the country's competitiveness capacity and its ability to attract foreign investment. This policy contributed in mitigating the consequences and challenges of the Global Financial Crisis through efficient management of resources and good e-investment of financial policies which

serve the country's interest.

Osama Al Rahma, the General Manager of Al Fardan Exchange, believes that the indicator of general financial efficiency is one of the most leading indicators that attract the interest of international investment institutions, and one of the most influential motives that attract direct and indirect foreign investment, due to its high level of confidence in any country's economy.

He pointed out to the importance of international indicators and reports that international financial institutions rely on to discover the credibility of general financial policy of any country, which consolidate the level of investors' confidence in these countries. He said by consolidating its leading position in the field of financial policy efficiency, UAE will certainly have an enviable position at the center of foreign investment map. Al Rahma said successful management of financial revenues, expenses and liabilities through an integrated, clear and transparent system helped strengthen the UAE'S position in this indicator, adding that the efficiency of financial systems is one of the most powerful engines that drive the economy.

Doing Business

Regarding competitiveness of UAE in the Doing Business (DB) Indicator issued this year by the World Bank, the continuing efforts by the UAE Government to simplify business start-up and strengthen the business climate, led to advancing its rank to 26th globally and 2nd at the Arab level in 2013, compared to the 33rd place last year out of 183 countries covered by the report.

UAE also made progress by advancing 24 places in the indicator of business start-up to place at 22nd, compared to 46 position last year. Thus, occupying the first spot at the Arab level in this indicator.

According to the report, the procedures and reformations package taken by the federal government of local regions strengthen the state's ranking in a large number out of the ten standards of which the report is based. It placed 1st globally in the standard of taxation, 5th in cross-border trade, 7th in the easy-getting electricity, 13th in the standard of dealing with constructions, and 22nd globally



and 1st at Arab level in the standard of business start-up.

In its report, the bank praised the efforts made by the UAE government to simplify the procedures of establishing companies which has contributed in the country advancing 7 places in one leap in the 2013 ranking, topped by Singapore for the 6th consecutive year, to be in the forefront of the most active countries in “the ease of doing business” in last months.

According to the report, UAE simplified the conditions of establishing new companies more than they were before, started an electronic system for tax payment and slashed the time needed to connect electricity.

By attaining the new rank in this report, the UAE has leaped 51 places in six years. It jumped from the 77th place in 2006 to be at 68th in 2007, then to 54th in 2008, then to 45th in 2009, the 44th in 2010, then to 40th in 2011 before leaping to 33rd in 2012 then to the current 26th globally at the end of this year.

In this context, Abdullah Lootah, the Secretary General of the Emirates Competitiveness Council (ECC), said that

UAE economy is the only Arab economy on the list of “Creativity and Innovation-based economies” at 25th position on the list

all state institutions are working on easing and improving the services being provided to the business community by focusing on improving and developing the legislative and organization environment, in addition to working to simplify and unify government procedures, and to convert most of government services to electronic mode. The ease of doing business has contributed in increasing productivity and consolidating the effectiveness of sectors and individuals.

Lootah said: this great achievement and high classification of UAE is connected to the country’s Vision 2021 which aims at

making the UAE one of the best countries of the world by the time it is to celebrate the golden jubilee of the union.

Financial Development

UAE has maintained its advanced rank among the top 5 global economies in the financial stability within the financial development index issued by the World Economic Forum, where it ranked 26th globally among 62 financial systems and capital markets.

The report said that the state-owned developed capital markets, has become more open to foreign investment, pointing out that the repercussions of the global financial crisis has exposed some weak points which UAE noticed and worked on to improve them, which is the secret behind the success of restructuring plan of Dubai World’s debt.

The WEF report stated that the UAE’s economic performance was strong in the index of financial stability and institutional and economic climate, as well as its progress in tax, legal, regulatory freedom and doing business.

The report said the UAE has made progress in protecting the rights of property



ownership, after allowing foreigners to buy and own properties through the freehold system, as well as the availability of loans and mortgages for foreigners.

The report also noted the investment attraction of UAE markets and the position it reached through good investment environment supported by strong legislative frameworks that protect foreign investment, making the country one of the world's financial hubs with great influence on the investment map, providing wide range of products and investment opportunities.

On tourism, the report said the UAE has successfully become a model for tourism diversity in the region, and has succeeded in occupying an enviable position on the major logistics centers map. It provides an attractive destination for business practicing through strong financial legislative frameworks which support the economic activities in the country. Furthermore, there is significant improvement regarding rules of access to the local markets, policies and regulations.

According to the index results, through which ranking order is calculated at a total of seven points, and based on the seven sub-criteria which constitute it, the UAE ranked 4th globally and 2nd at the Arab level, after Saudi Arabia, which placed 1st globally in the financial stability index, with a total point of 5.58 points followed by Switzerland, at 2nd and Singapore at 3rd.

UAE placed 16th globally on the list of corporate governance index and 27th on liberalization of financial sector index

The United Arab Emirates ranked 20th globally and third at the Arab level in the business environment index.

Organizational Environment

In the second sub-index for the institutional environment where it ranked 27th globally, the UAE also ranked 16th globally in the area of corporate governance, 27th in the financial sector release and 22nd in the standard of legislative and legal affairs.

In addition, it ranked 6th globally in the area of infrastructure, 17th in the efficiency of electricity, 24th in Internet connectivity and 30th in the index of the mobile phone users.

In the cost of undertaking business index, the UAE ranked 32nd. It occupied the 2nd spot in the cost of registering property and 27th globally in the index of time needed to undertake works.

Commercial Competitiveness

In terms of global competitiveness in the commercial sector, UAE ranked 1st in the Arab world and 19th globally in the Global Enabling Trade Report of 2012 issued by the WEF.

The report, which covers 132 countries, classified UAE among the first ten countries in the field of import and export procedures efficiency and physical security and ranked 16th globally in the regulatory environment index.

The methodology used in the classification of countries is based on the analysis of 4 key indicators: market access, border management, transportation infrastructure, telecommunications and business environment index within these areas.

HE Juma Al-Kait, Assistant Undersecretary for Foreign Trade Affairs at the Ministry of Foreign Trade, said that UAE has, within a relatively short time, succeeded in making great strides in the field of economic growth and development and in becoming a major commercial hub regionally and globally, having paid greater attention to from the onset to trade, making it the main engine of its economy and doing away with the policy of dependence on one single source of revenue.

In addition, Kait pointed out that the UAE occupied advanced positions globally and



regionally among 132 countries covered by the International Enabling Trade Report of 2012 issued by WEF as a result of the country's implementation of measures which facilitate trade.

At the level of sub-indicators contained in the report, the UAE placed 7th place globally in the index of import and export procedures efficiency - border management, 5th in the index of physical security (physical) - business environment class, and 26th in the index of providing using communications and information technology. The country also achieved leading positions in these indicators regionally.

Main and sub-indicators showed that the UAE also occupied leading ranks globally and regionally regarding policies and practices that promote the freedom and movement of the trade, where the country ranked 1st globally in the availability and quality index of paved roads. The UAE also ranked 1st in the Middle East and North Africa and ranked 11th in border management index.

e-Government

The UAE achieved an important milestone in the field of e-government in the world, advancing 92 places at a time, in a standard of e-government services, one of the four criteria that make up the e-readiness index issued by the United Nations. The country jumped from the 99th rank in the standard of e-government "electronic attendance" index report of 2010, to 7th in the same index according to the 2012 report, an advancement unprecedented by any country in the world in the history of the UN reports for e-government readiness.

This huge leap has impacts on the overall assessment of the e-readiness of the state which led to the progress of UAE from 49th in the 2010 report to 25 in the 2012 report.

The 2012 edition of the UN biannual report of e-governments, issued in February 2012, is the most comprehensive and accurate in monitoring the level of progress in e-government in the various countries of the world. It focuses on the role of e-government in bringing about sustainable development. By this achievement, UAE e-government has been able, within a short period, to regain its leading position in the field of e-government readiness at the



Financial services

UAE ranked 31st globally and 2nd in the Arab world in the field of banking and financial services with a total of 3.87 points. It ranked 23rd globally and 2nd at the Arab level in the field of institutional environment with a total of 4.94 points. In the sub-index of non-banking financial services, UAE ranked 48th globally and 4th in the Arab world with a total of 1.61 points. The country ranked 47th globally and 5th at the Arab level in merging and acquisition activities with a total of 1.63 points, and ranked 21st globally and 3rd in the Arab world in the financial access index.

Each sub-index consists of several different criteria where UAE achieved high ranks in many of them. It ranked 1st globally in terms of taxes within the sub-index of business environment and ranked 20th globally. In addition, it ranked 21st globally in the Human Capital index and 23rd globally in the business infrastructure index and 43rd globally in the cost of business indicator.

regional level, after retreating for years before activating the federal program of e-government.

The UAE ranked 1st at both the Gulf and Arab levels. Bahrain ranked 36th, Saudi Arabia 41st and Qatar ranked 48th.

The e-Government Readiness Report of 2012 recorded a major advancement for the UAE and to re-position the country at the forefront in the e-government field. By this great development, the UAE has overtaken a number of hitherto elite countries in the field of e-government. The report also referred to the UAE's tremendous progress in the field of e-participation, which is one of the main cornerstones which determine the level of readiness of countries worldwide in e-government.



A shot from a training session at the Training Center

UAE is a frontrunner in financial services industry and cadets training

Al-Turifi: Training center among leading institutions in producing market experts

officials and experts from the Financial sector believe that the UAE is now one of the leading countries of the world in the financial services industry and training of cadres for that industry following the successful establishment of a world-class training center for financial brokers and analysts by the SCA, in collaboration with reputable international institutes.

So far the institute has produced 142 graduates who have successfully passed the stipulated exams and obtained professional license to operate in the country's financial markets.

Commenting on the training center, HE Abdullah Al-Turifi, CEO of the Securities and Commodities Authority (SCA) and Chairman of the Center's Board of Trustees, said the SCA Training Center is one of the institutions which pride themselves in training and producing financial market experts, in particular and designing security industry related educational programs, in general.

He pointed out that the center is committed to offering training programs,

SCA Training Center's board holds 4th meeting

The Center's board of trustees approved the launching of the website during its 4th meeting held at the center's Dubai premise and chaired by HE Abdullah Al-Turifi, SCA Chief Executive Officer.

The meeting, which was attended by the remaining board of trustee members, including Dr. Bassam Al-Saket, Dr. Jasim Ali Al-Shamsi, Zuhair Tamim Al-Jarkas and Dr. Obaid Saif Al-Za'abi, also discussed many other issues of interest, including the centre's achievements report and performance index for 2012, reviewed the decisions and recommendations of the previous meeting, approved the center's 2013 promotion plan, discussed and approved the execution stage of the Continuous Professional Development (CPD) program offered by the Chartered Institute of Securities and Investment (CISI) and reviewed the professional certificate training agreement signed on 18th/10/2012 in compliance from the International Compliance Association (ICA).

The meeting also discussed a number of new projects, including developing the Exams Center of the Training Center, approving the rules and regulations of the training program for UAE nationals and the offering of certificate in Assets Management and Commodities Broker License certificate.

Other issues discussed at the meeting include the MoU signed on 11/10/2012 with the TANMIA, and with the International Capital market Association (ICMA) on 06/11/2012 and reviewed the activities of the center in recent time.

exams, professional certificates and organizing awareness forums for all the various financial industry stakeholders to produce a comprehensive educational system that seeks to uplift the performance standards of all the players in the financial

and investment sectors, to meet squarely the challenges and needs of the labor market and to attract professional cadets, including technicians, administrators, experts to ensure delivery of only the best services of the highest professional standards.

He said the center has signed partnership and cooperation agreements with a number of reputable training, educational and academic institutions at the local, regional and international levels, to provide for the center training and examinations programs and services of the highest quality, excellence and innovation of international standards. The center, in collaboration with its strategic partners, awards certificates that are recognized and accepted worldwide, he added.

"I'm extending my invitation, through the center's website, to the general public, including experts and persons with interest in the financial industry, to benefit from the center's programs, services and to sit for its various exams," he said, and urged them to also express their views and offer suggestions on the best way to further develop the center and improve its services for it to achieve its targeted objectives and meet the expectations of its clients.

The center has become a major attraction for the countries in the region, having prepared for intake of trainees from interested persons from any of the Gulf states. This has made it a leading center of its kind in the Arab region in the area of training and orientation of workers from the financial services sector, a major turning point which has consolidated the UAE's position in this area and opened the door wider for greater achievements in the

future, particularly in view of the SCA's unstinting commitment to sustain the center's development in collaboration with specialized international institutions.

In 2011, a decree was issued to regulate the center's activities in order to enhance its leading position in the areas of investment and financial market related training, research and awareness at both the local and international levels, in addition to uplifting the professional competence of the local markets' regulatory systems, workers and other related bodies, as well as to play a proactive role in the development and deepening of the culture of investment to infuse greater confidence in the local markets.

The decree sets for the center strategic objectives which reflect a comprehensive perspective, taking into serious consideration the SCA's focus on the center. The objectives include developing the human resources working in the capital and investment markets to significantly increase the number of workers in this vital sector, developing the culture of investors to protect them and to boost their confidence to serve the national economic interest and providing training and orientation opportunities for nationals of the UAE and other Gulf and Arab states to fully qualify them for work in the securities and commodities markets.

The center supervises accredited professional certificate examinations which award license for technical and professional jobs in the financial industry and evaluates technical certs in this regard. It is also tasked with improving the capacities of market related professional and technical jobs by offering new programs and adopting the Continuous Professional

Training courses

As part of its plan to build the capacity of employees of the financial sector, the center continues to offer more specialized technical courses and programs, having offered this year 21 specialized courses of the approved 2012 training program. The high quality courses were highly applauded by the beneficiaries and observers. Below are some of the most significant statistics about the courses:

- 127 trainees benefited from the courses
- Average evaluation score of the training program content was 87% with the highest score being 99% and the lowest being 76%
- Quality of program presentation was 88%, with the highest score being 98% and the lowest being 84%
- In evaluation of trainers performance, the rate of satisfaction was 93% on the average with the lowest score being 83%
- The training courses executed during the current year were based on a carefully studies plan of action according to requirements of the financial market. The courses are:
 - Quantitative methods of evaluating companies
 - Fraudulent methods of preparing financial statements
 - Risk management in investment institutions
 - Risk management in investment institutions
 - Basel III Standards
 - E-Views
 - Implementation procedures of DvP in Advanced markets
 - Hedge Funds (Types and functions of Hedge Funds)
 - IFRS Concepts and Application
 - IPO book building
 - Technical financial analysis
 - Securitization
 - Credit rating of securities
 - Mergers and acquisitions from legal perspectives
 - Building of financial indicators
 - Operation mechanisms for securities custody and clearance institutions
 - Financial derivatives in the market: Functions and tools
 - Market maker and securities lending and borrowing
 - Latest developments in XBRL
 - Judiciary matters
 - Islamic financial tools in use on Islamic markets
 - Latest developments in IFRS

The professional license examination program consists of 6 exams, including:

"Introduction to investment – International Module", "Financial Laws and Regulations in UAE", "Securities – The international module", "Operation Risk", "Financial Services Risk" and "International Investment Management".

It's worth noting here that the program is initially targeting those working for financial brokerage, financial counseling and financial analysis companies in UAE, including Broker Representatives, Trading Managers, Operation Managers, Internal Supervisors and Financial Analysts.



Development (CPD) system, upgrading examination systems and strengthening ties with specialized bodies which can contribute in sustaining the center's quality of services.

Going back to the center's achievements since its establishment, the center have so far trained a total of 142 persons from financial industry, including 41 financial brokers and workers who graduated in May 2011 and 50 financial brokers who graduated in April 2012 and another 51 who have passed their final exams and are now awaiting graduation ceremony.

It has now become mandatory upon every employee of the financial industry to first undergo an orientation and training program and pass a professional license exams before acquiring accreditation to work in the sector.

According to the program, any person who wants to want in the industry as a trading manager, operations manager or internal supervisor must pass the four stipulated exams of the program, while broker representative must pass only three of the exams to qualify to work in the industry.

The program's statistics show that so far 63 broker representatives, 68 trading and operations managers and 11 financial analysts have passed the exams of the program which is being executed in collaboration with the Chartered Institute of Securities and Investment (CISI) and have obtained their certificate in a convocation ceremony.

The graduation of such a number of brokers and other employees of the financial services sector is a great value addition to the labor market in the country's security industry, in general and to the financial brokerage and analysis sector, in particular.

SCA's introduction of the training program falls within the role entrusted to it to do all within its means to sustainably develop the country's financial markets.

The SCA has signed in 2008 a MoU with the CISI which is arguably one of the world's most reputable specialized institutes. The two also signed in 2009 an

SCA Training Center launches website to serve financial services industry clients

The training center of the Securities and Commodities Authority (SCA) has launched a website (scatc.sca.ae) with a major aim of providing a communication platform for dissemination of information to all financial industry stakeholders, including the various categories of investors, brokerage firms, consultancy and financial analysis companies.

The website, which contains the Training Center's vision, mission and strategic objectives, list of major strategic partners, information about the center's activities and latest developments, allows visitors to the website to have information about a wide-range of other services of the center, including its professional license examination program, exams schedules, training programs, e-archives and list of qualified candidates.

The website has been designed in a way that allows registration for any of the center's training programs. The center is planning to launch on the website in the future a package of services, including eLibrary which will have summaries of education materials, seminars, conferences, awareness lectures and eBooks. It will also contain administrative and financial systems



like online registration for membership and ePayment for exams. The English version of the website will be launched soon.

Plans are advanced to ensure that the new website becomes the preferred reference for its visitors and a window that meets their local and international needs in accordance with the best international systems and practices.

Visitors to the website are invited to proactively present their views and suggestions on the best way to improve the website to meet their expectations and needs by contributing through the center's email address: SCATrainingCentre@sca.ae.

agreement to provide training for financial brokers and analysts.

In a step that reflects the Center's organizational prowess, a board of trustees for the center was formed by virtue of a decree issued in 2011. The board is in charge of drawing a general policy for the center and overseeing the implementation of those policies. It also has to approve the center's annual operation plan and strategic plan, discuss the center's achievements report and performance index, as well as its provisional annual budget, among other responsibilities.

The Professional License Exams Program has been designed according to the SCA's requirements, based on MoU SCA signed with the CISI



As part of its efforts to boost investment awareness

SCA launches variety of awareness campaigns

The Securities and Commodities Authority (SCA) has succeeded in planning and executing a variety of awareness programs over the past ten years with the aim of stepping up the level of investment awareness among all parties involved in the local securities industry, including individual and corporate entities from both the public and private sectors.

In carrying its messages across, the SCA used 20 various means of communication in addition to direct contact. The efforts paid-off as it helped increase the rate of persons with good information about the financial market industry and its significance as a viable area of investment like others in the country.

The huge number of direct contact awareness program, including forums, exhibitions, lectures and conferences, which were held over the years have undoubtedly increased the level of public awareness about the significance of local financial markets.

Records show that the SCA, as part of its efforts to educate various financial market stakeholders, has organized over 50 forums and lectures, in addition to other awareness creation and enhancement activities which have contributed immensely in boosting investment awareness among all those with interest in the stock markets.

Regarding the awareness activities via indirect contact, the SCA continue to use various modern means of communication, in accordance with the best international practices, adopting every development being witnessed by the electronic media and modern social networks.

In addition to the above, the SCA also maintained strong ties with the conventional media, including the print, audio and video media, through which the SCA regularly sends its messages across to educate investors and the general public, in general. The SCA also adopted the contemporary means of communication like the Tweeter, Facebook, YouTube, etc, easily disseminating vital information through them to investors wherever they may be.

As part of its commitment to sustainable development of the means of disseminating

SCA issues financial terms dictionary

New release is part of SCA's education and awareness campaign

The Emirates Securities and Commodities Authority (SCA) has released a special dictionary on financial terms. In the introduction of the dictionary which is in Arabic and English, The SCA said the dictionary is an advanced and modern reference book for all those transacting business in financial markets, including financial experts, researchers and other financial industry stakeholders in the Arab region.

The SCA pointed out that the release of the dictionary is a new addition to the series of SCA initiatives, which aim at educating all stakeholders in the financial markets. It said the dictionary gave clear definition in Arabic of terminologies and words in use in the financial industry, adding that definition of every term or word was done clearly and extensively, including the various usages of the term/word in the day-to-day transactions on the market, in particular and in the financial industry, in general.

The SCA expressed the hope that the dictionary will be a valuable addition to the Arab science library and would help spur the performance of Arab bourses.

The 166-page dictionary, the first of its kind, is a compilation of terminologies (words and phrases) in use in the securities industry worldwide.

It said the dictionary states a word (term), its usages, its origin (American or British, etc) and the extent of its common use according to English financial system and the London Stock Exchange or the American system and the American stock markets, but whenever these two sources are not mentioned in suffix to any term it means the word (term) is common in the financial industry worldwide.

All the steps taken by the SCA in terms of the major regulations of the financial industry, particularly in terms of transparency, disclosure, corporate governance, human resources, training and employees relations have been outlined in the dictionary.



its awareness programs, the SCA will soon place touch screen system (i-View) at various vantage points and places like the trading halls of the local stock markets, major shopping malls and other major points of attraction to the general public and investors, who can always access market-related information through these equipment wherever they may be.

Other means of communication between the SCA and investors are easy-to-read and understand booklets and pamphlets,

a professional magazine and, very soon, the SCA will launch its own online radio through which investors can access archived information in audio and video.

Statistics show that the number of people following SCA's awareness programs and interacting with the SCA through the social networks, particularly the Facebook, is on a steady increase far beyond expectations. This reflects the level of interest investors have in the various modern means of communication.



SCA organizes forum on “Investment risk management”

The SCA has organized separately in Abu Dhabi and Dubai a forum on “Management of Investment Risks”. Dr. Ryan Lemand, Economics Advisor and Director of Risk Evaluation and Management Unit at the SCA, lectured the forum during which he touched on a number of important points about evaluation and management of securities investment risks in investment portfolios.

Dr. Lemand started with definition of investment risks, which he divided into two major groups – Business Risk and Financial Risk. He said financial statements for the past thirty years have indicated a steady rise in investment risks worldwide as well as significant rise in the level of fluctuation in securities prices.

Explaining further, Dr. Lemand said the main cause of the rise in investment risk worldwide can be blamed on a number of factors, notably deregulation policies adopted by a number of advanced countries, especially regarding interest rates, and globalization which has also inflamed

Financial statements for the past thirty years have shown significant rise in the levels of fluctuation of securities prices

business risk being faced by international financial institutions as a result of currency price fluctuation risks.

He then touched on the various indicators for measuring financial risks, notably the Value-at-Risk (VaR) which is used in determining maximum loss, Capital Asset Pricing Model and Pricing Arbitrage Theory.

He explained the procedures for corporate risks management, by categorizing those risks according to their types and the

solution for each type. He cited a number of figures which he explained in details to facilitate easy calculation of some risk measurement indicators.

He outlined each category in detail and explained the role of each sector in any organization in dealing with those risks which include Strategy Risk, Business Risk, Financial Risk and Operational Risk. He defined Financial Risk as dividing into Market Risk, Liquidity Risk and Credit Risk before delving into the specifics for each risk and their solutions.

The forum is part of the SCA’s programs for boosting investment awareness among all parties involved in the financial market industry. The programs include TV programs, daily awareness messages in local newspapers, the SCA’s professional magazine (Awraq Maliya) and some booklets, as well as through social networks like the Facebook, Twitter and YouTube, in addition to the SCA’s multimedia via the Digital Media Center on its portal.

SCA organizes forums on fundamental financial analysis

The Securities and Commodities Authority (SCA) has organized in Abu Dhabi and Dubai awareness forum on “Fundamental Financial Analysis”. Dr. Anis Al-Samet, Associate Professor at the American University of Sharjah, delivered lectures at the forums.

Dr. Al-Samet started with definition of Fundamental Financial Analysis and followed that with comparison between Fundamental Financial Analysis and Technical Financial Analysis. He said Fundamental Financial Analysis depends on studying of quantity and method and went on to explain in details the fundamental and technical analysis of securities.

He noted that studying of the quantity aspect of fundamental analysis is based on fundamental financial statement by calculating profit, loss, balance sheet and cash flows, while studying of the method aspect aims at highlighting all nonfinancial factors which negatively or positively affect a unit, including good and competent management, adding that studying of the method aspect relies on Quartet Analysis, which outlines a company’s points of strength and weakness, opportunities and risk.

Touching on beneficiaries of financial analysis results, he said they include



companies, investors, creditors, securities and commodities regulators, banks and financial institutions, adding that regarding companies, financial analysis exposes the level of efficiency of a company and its administration in achieving the interest of its owner(s) and shareholders by outlining its mid and long-term strategic positions. “But with regard to investors, the effect of financial analysis results lies in the ability

of a company’s administration to identify the profit of a share and the dividend to be distributed, while for creditors, the effect of financial analysis results lies in the ability of a company to live up to its financial obligations,” he explained.

Dr. Al-Samet concluded his lectures with a number of live examples of fundamental financial analysis to boost the understanding of participants in the event.

SCA organizes forums on Technical Analysis and financial insolvency

The Securities and Commodities Authority (SCA) has separately organized in Abu Dhabi and Dubai two forums on “Technical Analysis” and “How a Company Should Handle Financial Insolvency”. Dr. Mohammed Abdo, Professor and Head of the Finance Section at the Al-Ain University of Science and Technology delivered lectures at one of the forums, while Dr. Yas Al-Khaffaji, Associate Professor at the American University in Sharjah, lectured in the other.

In the first lecture, Dr. Abdo highlighted the basics of financial analysis, including

its definitions, assumptions, challenges and characteristics. He also touched on the various price trends through which a financial analyst makes his predictions using the purchase and sale points to know when market is about to fall or rise.

Dr. Abdo also touched on many other related issues and extensively explained them to his teaming audience.

In the other forum titled: “Dealing with a company’s insolvency”, Dr. Al-Khaffaji started by defining insolvency and bankruptcy and the difference between the two. He also touched on the types of insolvency, how to detect company’s

insolvency and the repercussions of insolvency on a company’s situation.

Dr. Al-Khaffaji also touched on the use of analytical rates in this regard through which an analyst can detect a company’s financial situation and how close it is to falling into insolvency.

He also explained the Altman Z-Score theory and how to use the latter in predicting a company’s insolvency position and concluded his lectures with explanation regarding the UAE and the USA trade laws and comparing how the law of each of the two countries handles the issue of financial insolvency.

Financial derivatives

The Securities and Commodities Authority (SCA) has issued a booklet, titled “Financial Derivatives”, as part of its investor education campaign, to educate investors about various means of profit and the risks involved in investing in securities markets and in commodities contract markets.

In its Foreword of the booklet, the SCA said derivatives market is one of the financial instruments that are very attractive to investors and is increasingly gaining the attention of investors and brokers in the local markets, as well as in markets of other countries in the Gulf and the Middle East, in general.

The booklet outlines all what an investor would like to know about derivatives as a relatively modern instrument which helps facilitate the spreading of risk among investors and also an instrument being used in speculation and hedging.

It defines “Financial Derivatives” as an instrument that enables investor agree with the other party on the purchase or sale of assets, like shares, bonds, currencies and commodities, at a future date and at a stipulated price agreed upon now but payment and delivery takes effect on the date agreed upon in the future. Similarly, commodities contracts are also financial instruments but are linked with other financial instruments or assets and derive their name and value from the name and value of the underlying assets.

The booklet touched on the usages of financial derivatives by summarizing them in three major points – Business risk management or protection against business risk (hedging) – adding that hedging is the most significant purpose of using derivatives contracts on financial markets.

It said other usages of derivatives is for benefiting from price differences in between the two markets in what is known as leverage, then there is also the expectation of price movement in what is known as speculation, adding that dealing in derivatives, in most cases, is quite different from dealing in shares and bonds.

It pointed out that derivatives have underlying assets to help the investor

control the price of the assets, notably among these assets are stocks, bonds, commodities, currencies and interest rates.

The booklet outlined three common types of derivative contracts, including:

1. Futures: They are contracts to buy or sell an asset on or before a future date at a price specified today. A futures contract is binding upon the two parties who must abide by the terms of the contract to its natural end.

2. Swaps are contracts to exchange cash (flows) on or before a specified future date based on the underlying value of currencies exchange rates, bonds/interest rates, commodities exchange, stocks or other assets. Swaps are a special contracts normally adopted by major financial institutions, banks and brokers and is bring transacted in the form of over-the-counter (OTC) which is not subject to any regulatory body.

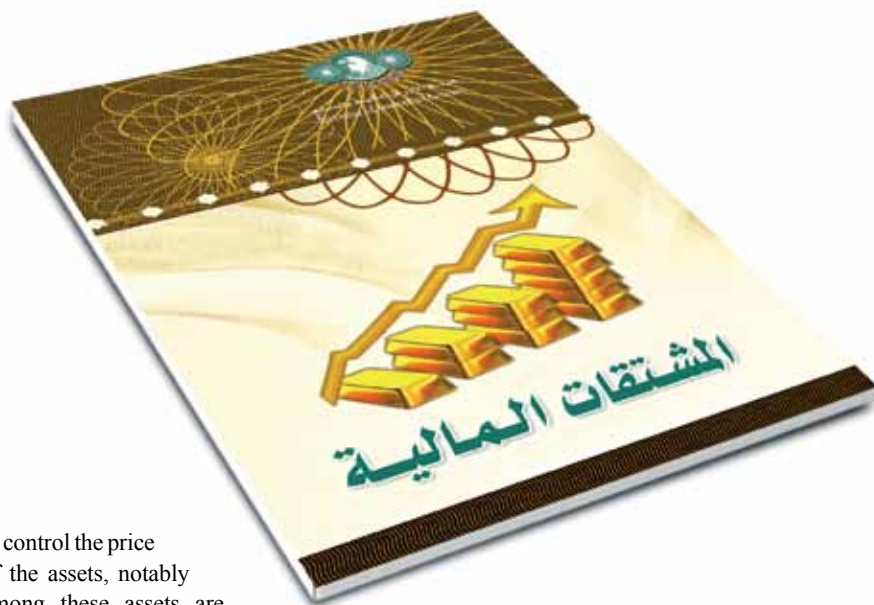
3. Options are contracts that give the owner the right, but not the obligation, to buy (in the case of a call option) or sell (in the case of a put option) an asset. The price at which the sale takes place is known as the strike price, and is specified at the time the parties enter into the option. The option contract also specifies a maturity date.

It said “Options” are of two types: call option and put option. The buyer of a Call option has a right to buy a certain quantity

of the underlying asset, at a specified price on or before a given date in the future, he however has no obligation whatsoever to carry out this right. Similarly, the buyer of a Put option has the right to sell a certain quantity of an underlying asset, at a specified price on or before a given date in the future, he however has no obligation whatsoever to carry out this right.

The booklet pointed out that major players in the derivatives market are hedgers, speculators, brokers and major banks. It said a counterparty may opt out of a derivatives contract in various ways, either by the end or even before the end of the contract by delivery at the delivery date or through cash settlement or by taking the opposite direction of the original position.

On profit and loss in derivatives contracts, the booklet said the buyer makes profit when the price of underlying assets rises on the market to a higher price above the price quoted in the contract, thereby the buyer can buy the underlying assets at the contract rate from the seller before selling the asset on the market at the trading price which is then higher than the original purchase price of the asset, thereby making profit from the variation in the sale and purchase price of the asset. But the buyer suffers a loss if the price of the asset falls on the market.





DGCX launches Middle East's first derivatives trading academy

Dubai Gold and Commodities Exchange (DGCX) today launched the DGCX Academy, an educational initiative aimed at extending the benefits of derivatives trading to the wider business and investment community in the Middle East. The first such initiative in the region, the Academy, seeks to empower the community with the knowledge and skills needed to use derivatives as effective investment and risk management tools.

The DGCX Academy will offer seminars, webinars and certification courses aimed at two different sets of audiences - novice traders and retail investors seeking to further leverage the investment potential of derivatives; and businesses, corporates and institutions looking for effective hedging tools to manage currency and commodity risk.

Commenting on the initiative, Samir Shah, Chief Business Officer of DGCX said: "In the current economic environment, we believe derivatives can play a vital role in supporting business stability in the



regional market. At a time when traditional asset classes like equity and real estate are under pressure, derivatives provide

a very attractive alternative investment opportunity. At the same time, derivatives provide vital hedging tools for managing

the high levels of commodity price and exchange rate risk prevalent today. DGCX is committed to contribute towards strengthening the region's financial system by raising awareness of derivatives as means for market players to diversify investments and manage risk."

The DGCX Academy will offer educational courses for diverse needs and experience levels. These include a Beginner's Module that introduces the fundamentals of financial markets and derivatives trading; and an Advanced Module that helps seasoned professionals enhance their trading strategies and skills.

Speaking about the objectives of the Academy, Shah said: "There is a wide spectrum of regional businesses in sectors ranging from commodities and metals to textiles and construction that can raise their business profitability by hedging currency and commodity risk using derivatives. Unfortunately, there

The education initiative aims at providing opportunities for large segment of the business community to benefit from the advantages of derivatives trading

is low awareness of the full potential of derivatives as hedging instruments. The Academy is a key educational platform for participants to enhance their understanding of how derivatives trading can support their businesses. In the months ahead,

DGCX will be reaching out to various business communities in the region to drive awareness of such opportunities."

Another key objective of the Academy is to widen the pool of trading expertise and promote greater sharing of trading knowledge. In addition to educational programmes, the DGCX Academy will publish study, concept and research-based papers'. The Academy will conduct joint seminars for specific industry groups and communities as part of its efforts to extend the benefits of trading on DGCX to a wider audience.

Other initiatives will include free weekly seminars and webinars, certification courses for various asset classes and financial instruments, customized training sessions for corporates, and customized research. A schedule of the Academy's seminars will be posted on the DGCX website www.dgcx.ae.

DGCX trading post 140% growth in 11 months

Trading of Gold and Indian Rupee futures at the Dubai Gold and Commodities Exchange (DGCX) has recorded a growth rate of 117% last November at 919282 contracts to bring the total volume of contracts traded since the beginning of 2012 to date to 8.7 million contracts, representing a growth of 140% compared to same period last year.

Gold futures contracts, one of the major DGCX products, also appreciated by 121% in November compared to same period in 2011, to stand at 48967 contracts.

Trading in contracts was very buoyant in recent months, thanks to sharp fluctuations in prices of precious metals amidst a gloomy global economy.

Commenting on the situation, Garry Anderson, DGCX Chief Executive Officer, said Gold futures have been very active at DGCX throughout the 2012 as a major price indicator, not just for the gold trading communities in the Middle East region but also for the trading hubs in Asia, adding that Gold futures contracts at DGCX provide extraordinary tool for hedging and diversifying of portfolios in a very



unstable environment to enable market players manage risk while benefiting from market movements.

Indian Rupee futures continue to make brisk business on the DGCX in November with volumes of monthly trading reaching 845451 contracts, representing a growth rate of 123% compared to same period in 2011. Trading volume from beginning of the year up to date was 7810935 contracts,

representing an increase of 180% against same period in 2011. Currency contracts has contributed immensely in growth of trading volume on the DGCX in November, accounting for 853408 contracts, an increase of 115% compared to same month in 2011. The sharp currency fluctuations stemming from instability in global economy, pushed investors to resort to hedging against exchange rate risk on the market.