



هيئة الأوراق المالية والسلع
SECURITIES & COMMODITIES AUTHORITY

Awraq Maliyah



November, 2009 / Dul-Hijah, 1430H.

Issue No.3

Implementation of New Rules Becomes Compulsory from May 1, 2010 Al Mansoori Issues Decree to Effect New Changes in Corporate Governance Rules

H.E. Sultan bin Saeed Al-Mansoori, Economy Minister and Board Chairman of the Securities and Commodities Authority (SCA) has issued decree no. 518 of 2009 on rules and regulations of corporate governance and institutional code of conduct.

The decree, which takes effect from the date of publish in the official gazette, came to amend the corporate governance rules the SCA issued in April 2007 giving a grace period for its implementation. The grace period ends by April 30, 2010, making the implementation of the new rules compulsory as from May 1, 2010.

The Minister has urged all stakeholders to seize the grace period to appraise themselves with the points of view of public joint stock companies and other institutions implementing the code to benefit from their experience to enable them make the right adjustments that would yield the targeted objectives of the decree, particularly those aiming at improving the standard of management and financial control, considering the significance of those issues in the protection of financial system against crisis, on the one hand and the protection of stakeholders, on the other hand. This is in addition to its effect in the promotion of transparency, which is very important to investors on the capital market who get attracted more to invest in markets and companies which adopt higher standards of corporate governance.

Al-Mansoori stressed on the need for listed companies to view the implementation



”

**The Amendments
Strictly Assure that the
External Auditor should
be Independent**

“

of corporate governance as a framework through which the operation of the companies would be guided and monitored at the highest standards to ensure the achievement of targeted objectives.

Commenting on the issue, H.E. Abdullah Al-Turaifi, SCA Executive Chairman, said the new amendments on corporate governance rules seek to boost the level of exposure and transparency by finding an internal monitoring system in public joint stock companies listed on any of the local UAE stock markets, like the systems in international financial markets, but in a way that will fit the UAE's socio-economic situation. He noted that the new amendments were in response to the outcome of the practical implementation and discussions made during workshops and forums organised by the SCA on the issue in order to explain some points and terminologies in the rules, adding that they also seek to help boost the roles of committees, set up by boards and controlling departments in companies, in discharging their duties effectively and to ensure the appropriate implementation of the rules by the concerned companies.

Al-Turaifi pointed out that the UAE, in order to avert crisis and minimise its impact when it happened, was quick to implement the corporate governance rules in all companies and business institutions operating in the country, considering that a strategic goal which the SCA strive to execute to perfection. He said the public joint stock companies listed on the stock markets in the UAE are obliged

Continues page 11

15



12



10



Contents

**Custodian is Optional Next Year
& will be Compulsory by 2011...2**

**Admission Exams for Brokers
Orientation Programme Begins ...7**

**Sca Receives 3rd Batch of Share
Comprising 12 Trainees8**

Viewpoint

New Budget a Strong Indication of National Economy Recovery

Legal Affairs, Issuance & Research Sector in SCA has been Awarded ISO Certificate; ISO 9001: 2008. In a very prestigious ceremony H.E. Abdullah Al-Turifi the CEO of SCA has received the award from Mr. Bilal Abdul-Ghani the Branch Manager of Lloyds International in Abu-Dhabi.

H.E. Abdullah Al-Turifi the CEO of SCA has appreciated such great event where it is culmination of directives of H.E. Engineer Sultan bin Saeed Al-Mansoori the Minister of Economy/ Chairman of SCA Board as well as the streamline efforts of the SCA Board Members. The sustained joint efforts enabled SCA to be awarded of such international accredit and certificate as well.

In this respect, awarding ISO 9001:2008 to Legal Affairs, Issuance & Research Sector is a new quality record to be added to the previously outstanding record attained by awarding the same accredit to the Organizational & Supporting Services Sector earlier this year.

Such awarding reflects keen efforts of SCA to adopt the international standards in the field of quality where it enhances its regulatory role implemented on the financial markets and the financial services. The event supports its leading tasks from one side and increase the sentiment of investors in the SCA supervisory enhancement.

On the other hand, Ms Maryam Al-Suwaidi the Deputy-CEO for Legal Affairs, Issuance & Research showed pride for such unprecedented event in the history of the Sector, where the three departments successfully received the award of ISO certificate. She said that it is an appreciation certificate for efforts exerted from the Sector in the field of disclosure, issuance, research as well as companies' establishment & registration.

The Sector plays a crucial role in the field of securities activities boosting different core sections of investment. She also added it is a recognition certificate of the competence and integrity of all steps procedures as well as relevant measures taken and implemented in the field of investment in securities.

Abdullah Salem Al Turifi



Al Mansoori Presides the SCA Board's Meeting Held in Abu Dhabi

Custodian Regulations Approved by SCA Board to be Practiced on Discretion by Next Year while it will be Compulsory by 2011

Securities and Commodities Authority Board in its meeting presided by H.E. Engineer Sultan bin Saeed Al-Mansoori the Minister of Economy / Chairman of the SCA Board approves on the custodian services regulation, where it will be practiced upon discretion by the next year, while it will be on compulsory-basis by 2011. At the same time, the Securities and Commodities Authority Board resolved a resolution to adopt the International Securities Identification Number ISIN.

The meeting has been attended by H.E. Hamad Al-Hurr Al-Suwaidi, the Undersecretary of the Financial Dept.-Abu Dhabi/ Deputy-Chairman of SCA Board, H.E. Sultan bin Nasser al-Suwaidi the Governor of the UAE Central Bank, H.E Abdullah Salem Al-Turifi the CEO of SCA. H.E. Sami bin Zahen Al-Quemizi Director-General Department of Economic Development Dubai, H.E. Mahmoud Ibrahim Al-Mahmoud, and H.E. Hamid Kazem.

The Board approved the incorporation of Securities and Commodities Authority into the Association of the National Numbering Authorities ANNA in order to enable Securities and Commodities Authority to get the benefit of international standards already implemented in the field of identifying of these numbers on international basis.

The Board resolved a resolution cancelling finally EMCO for Financial Services from the register of brokers upon their own request. Accordingly, the Board has verified the report raised on the relevant financial statement of the firm and respective procedural actions taken to delete the firm from the brokers' register.

It is worth mentioning that the Board has recommended to take the appropriate disciplinary actions against some of the listed companies due to non-compliance the SCA's regulations. Moreover, the Board recommended to suspend the public joint-stock companies that failed to settle the fines levied on them due to non-compliance with disclosure and transparency systems.

In the meantime, the Board has been outlined by foreigners' trading and their time generally they trade and get out of the capital market. The Board Members expressed welcome and appreciation to noticeably flow of the foreign investment in UAE capital markets. They praised the package of legislative infrastructure provided in the field of financial services that helped create an attractive investment environment and positioned the UAE capital markets amongst outstanding markets. They also appreciated the economic policies adopted by government aiming at diversification and boosting the investment activities.



On 18428 square feet

The Foundation Stone of SCA Dubai Branch Building has been Laid



On its streamline development efforts, SCA lately celebrated laying down the foundation stone of its branch-building in Dubai. Where H.E. Sultan bin Saeed Al-Mansoori the Minister of Economy/ the Chairman of SCA Board inaugurated the celebration by laying down the foundation stone in attendance of H.E. Abdullah Al-Turifi the CEO of SCA as well as the Deputies of the CEO.

In this respect, H.E. Sultan Al-Mansoori expressed his delight and gratitude for this outstanding event announcing commence of construction works for the SCA branch-building in Dubai. The proposed building will be built on the land which has been generously granted by His Highness Shaikh Mohammad Bin Rashed Al-Maktoum Vice President, Prime Minister and Ruler of Dubai.

H.E. the Minister of Economy highlighted that the new building is a part and parcel of a comprehensive-integrated process includes improvement of the infrastructure all over the UAE. Moreover, he pointed out that laying down the foundation stone represents a stage of development program extends to all walks of work environment in SCA, of course, it firstly starts with a new building that may reasonably meet with all increasing needs

”
SCA Keeps Developing its Services Provided to Participants in the Capital Markets
“

of work on future-wise and successfully responds to schemes of aspirations.

Furthermore, he confirmed that this project will be reflected positively on the entire securities sector and further to be referred to as a reliable resource for the said sector and edging up the regulatory competence of the relevant listed companies in UAE in general. On the other side, H.E. Abdullah Al-Turifi the CEO of SCA said that the new building is deemed as an important step on the path of performance development indicating that SCA leaves no stone unturned to serve the public investors according to the best practices internationally recognized.

Mr. Al-Turifi disclosed that SCA is controlling two markets apart from Dubai Gold & Commodities Exchange DGCX as well as other branches of the market in the northern emirates. In this respect, he also indicated that the new building will satisfy the increasing work needs where the new proposed building will comprise on; a training centre for training brokers, financial analysts and others who are working in the financial services industry. This prestigious training centre will be managed-interacted-cooperatively between SCA and the CISI in the United Kingdom.





Al Mansoori Discusses Joint Cooperation with Official French

H.E. Sultan bin Saeed Al-Mansouri, Economy Minister and Board Chairman of the Emirates Securities and Commodities Authority (SCA), received here in Abu Dhabi on Tuesday Jean-Pierre Goyette, Chairman of the France Financial Market Authority and his entourage.

During the meeting, which was held in the presence of H.E. Abdullah Al-Turaifi, SCA Chief Executive, Alain Azouaou, French, they discussed economic relations between the UAE and France and avenues of cooperation between the two sides. They also discussed the situation of financial markets and developments in the economies of the two countries following the global economic crisis. The UAE Minister reviewed with the visiting French official ways and means followed by the UAE government to solve the impact of the global economic crisis on the UAE, the country's great success in minimising the impact and in facing the challenges of the global financial crisis, leading the UAE out of the crisis as the indicators clearly show now in all areas of the economy.

Al-Mansouri said the UAE economy is expected to achieve better growth rate next year. He pointed out that the country had achieved lower inflation rate while foreign investment inflow into the country has surged. He also cited the positive role and contributions of the tourism sector to the gross domestic product (GDP), the role of

the industrial sector in boosting the UAE economy and the positive situation of the financial markets in the UAE. He noted that the remarkable financial records of companies in the UAE reflect positive developments on the UAE markets and represent a clear indication of the country's entry into recovery stage, particularly with the share prices now enjoying stability and taking ascending trend in recent

in both countries, adding that both sides need to attract more foreign investment to help strengthen further their stock markets. He assured that efforts were being made to activate the memorandum of understanding signed by the two sides through a number of steps, including training and technical development, in addition to uplifting the level of confidence in stock markets through better transparency and disclosure.

“ New Methodology for Financial Reports of PJSC Reflects Positive Develop in UAE Markets ”

time. He stressed on the significance of sharing experience with developed financial markets, which he said, would reflect positively on the performance of local financial markets and minimise the level of risk on those markets. He also called for cooperation between French and UAE companies in the area of joint listing on stock markets.

It's worth noting here that the ESCA achieved 32% enclosure while the Dubai Financial Market achieved more 42% enclosure.

He said there was the need for both sides to work to boost the level of foreign investment

The French official expressed great admiration on the UAE financial markets for their flexibility, vibrancy and rapid development. He also expressed great interest on the strategy established by the UAE minister to fight the impact of the global financial crisis. He said that strategy calls for great optimism. "I'm very interested by the strategy established by the minister to fight the crisis and I think there is high possibility to have things right in 2010". Commenting on the meeting, Al-Turaifi said the existing cooperation between the two sides, which is based on a memorandum of understanding, include exchange of visit, sharing of information and technical expertise particularly in the area of financial control. He said French monitoring authority boasts of an electronic system it had developed specially to monitor developments on stock markets and to follow-up performances of companies, adding that the years ahead would witness better cooperation between the two sides in the area of training and technical support.

Upon Achieving the Best Indications amongst the Federal Authorities

SCA Discusses Targeted Projections in the 2nd Half - 2009

SCA has arranged a workshop in which the performance indications achieved during the operational plan of the first half of the current year have been outlined. Accordingly, the strategic & operational targets of the second half of the current year have been thoroughly discussed, on the declaration of SCA being ranked the first amongst all the federal authorities.

H.E. Abdullah Al-Turifi the CEO of SCA has inaugurated the workshop where he cheerfully appreciated the outstanding and honorable record achieved by selection of SCA as the best authority amongst the federal authorities in relation to the performance indications and results attained. At the same time, he expressed gratitude to the Council of Ministers chaired by H.H. Shaikh Mohamad Bin Rashid Al-Maktoum for the great trust and support extended to SCA and its strategy.

He also mentioned that the Governmental Strategy of UAE Government has provided the most appropriate environment and frame work which helped enough to trigger competition amongst governmental institutions in the service of our beloved country. It is undeniably that such methodology has promoted a new additional incentive for creativity and encouraged efforts to offer initiatives for the development of governmental performance in general and raising the performance in the capital markets in particular. In this respect, he added that accomplishing the first position is not a target in itself but it is regarded as a step on the right path of achieving the aspired strategy of SCA. He said that the true challenge is to maintain such achievement which requires tremendous efforts and cohesive coordination amongst all SCA departments as well as its employees.

In the meantime, the workshop which has been attended by the deputies of the CEO & departments & units directors paid a great deal of appreciation to the role enhanced by the Corporate Management of SCA where it successfully mobilized all efforts and resources needed and further left a single stone unturned to achieve the targets.

In this respect, Al-Turifi underpinned that SCA is currently promoting the electronic informative system for the strategy department and performance analysis. This pioneering-unprecedented project has been fully designed and finally produced by self cadres of SCA without any help from any other external consulting party. Al-Turifi added, "Such approach is materializing the major concern exerted by the SCA management towards investment in the human capital and reflects efforts spent in making use of the electronic infra-structure and

exploiting the best informative technological applications in managing strategy".

Highly Ranked Performance Indications Reflect Securities and Commodities Authority Competence

It is worth mentioning that performance indications are mainly concerned with work conditions and its effects on time. At the same time, they actualize on real basis developing

the organizational chart to be in the line with performance program methods. Moreover, they analyze the governmental work which leads to identify equilibrium time, the necessary costs, and the right way to perform the work and accordingly, identifying the performance average then, it turns leads to performance indications.

In this regard, the international competitive creativity performance indications are deemed one of the technologies used in determining the institutions performance generally incorporated in quality and modern organizational development in attaining the specified targets. The string and the integrated-package methodologies are all considered as strategic components in work operations to cope with international competition.



SCA Ranked 1st of Federal Authorities

The Securities & Commodities Authority SCA has unprecedentedly occupied the first position amongst all the federal authorities as for the results and performance indicators during the first half of the current year. In this respect, the Ministry of Economy has also occupied the second place on the ministries level.

The announcement has been issued upon the conclusion of the Council of Ministers session which was held yesterday. The session was chaired by His Highness Shaikh Mohamad Bin Rashid Al Maktoum, Vice-President and Prime Minister of the UAE and Ruler of Dubai. The session was also attended by

His Highness Lt. General Shaikh Saif bin Zayed Al Nahyan, Deputy Prime Minister and Minister of Interior & His Highness Shaikh Mansour bin Zayed Al Nahyan, Deputy Prime Minister and Minister for Presidential Affairs.

At the same time, the Cabinet, within the said session, has reviewed and elaborated the results and performance indicators of all federal authorities as well as the ministries during the first half of the current year. Based on such assessment, SCA was ranked the first position amongst all authorities. It is worth mentioning that the strategic plan of SCA has been selected amongst the best three plans submitted on the federal authorities' level.

SCA Records Competence in Administrative & Organizational Fields

Legal Affairs, Issuance & Research Sector Accredited ISO

Legal Affairs, Issuance & Research Sector in SCA has been Awarded ISO Certificate; ISO 9001: 2008. In a very prestigious ceremony H.E. Abdullah Al-Turifi the CEO of SCA has received the award from Mr. Bilal Abdul-Ghani the Branch Manager of Lloyds International in Abu-Dhabi.

H.E. Abdullah Al-Turifi the CEO of SCA has appreciated such great event where it is culmination of directives of H.E. Engineer Sultan bin Saeed Al-Mansoori the Minister of Economy/ Chairman of SCA Board as well as the streamline efforts of the SCA Board Members. The sustained joint efforts enabled SCA to be awarded of such international accredit and certificate as well.

In this respect, awarding ISO 9001:2008 to Legal Affairs, Issuance & Research Sector is a new quality record to be added to the previously outstanding record attained by awarding the same accredit to the Organizational & Supporting Services Sector earlier this year.

Such awarding reflects keen efforts of SCA to adopt the international standards in the field of quality where it enhances its regulatory role implemented on the financial markets and the financial services. The event supports its leading tasks from one side and increase the sentiment of investors in the SCA supervisory enhancement.

Moreover, H.E. stressed that SCA while practices its regulatory role it pays much attention to the standards of competence and work integrity while controlling activates related to financial services industry. Therefore, the award came typically to boost the regulatory role of SCA by further recognition of its excellence and its compliance with rules and regulations.

Total Quality Assurance

The CEO stressed that while SCA is strongly concerned with adopting the measurements and standards of total quality assurance as well as its strategic plan requirements and designed target, it also keener to implement the best practices of excellence and competence in its field of financial services provided to participants in capital markets. In this respect, SCA spared no effort in boosting the legal infrastructure by further updated rules and regulations.

He further added that SCA has established an integrated development team working on prequalifying & improving work scheme in all sectors of SCA to fully and typically complied with the best practices adopted in the advanced capital markets in order to insure continuity of service quality as per SCA's strategic targets.



Al-Turifi, "Awarding ISO means that SCA is strictly complied with the international measurements & standards of quality"

Moreover, H.E. notified that SCA is deemed one of the pioneering federal authorities which adopts total quality assurance identifying that awarding this certificate means that the awarded authority is complying with the terms typically matching with international standards and measurements where it finally provides stamp of recognition of excellence and competence of authority in managing quality as well as the organizational practices. On the other hand, Ms Maryam Al-Suwaidi the Deputy-CEO for Legal Affairs, Issuance & Research showed pride for such unprecedented event in the history of the Sector, where the three departments successfully received the award of ISO certificate. She said that it is an appreciation certificate for efforts exerted from the Sector in the field of disclosure, issuance, research as well as companies' establishment & registration.

The Sector plays a crucial role in the field of securities activities boosting different core sections of investment. She also added it is a recognition certificate of the competence and integrity of all steps procedures as well as relevant measures taken and implemented in the field of investment in securities.

Culture of Excellence

the Deputy-CEO for Legal Affairs, Issuance & Research clarified that the Legal Affairs, Issuance & Research sector has been thoroughly qualified by Lloyds company within the first half of 2009. According to the field and on spot visits paid by the representatives of Lloyds company, it has undoubtedly found that the sector is qualified enough with eternal endurance to respond to all the clients concerns as well as efficient continuity of submitting systems needed to the work. The Deputy-CEO underpinned that the award is referred to as a value adding to the Legal Affairs, Issuance & Research sector where it is further integration to service-purpose string package endorsed to the clients. Moreover, she said that the next phase will witness the accreditation of the Supervision, Licensing and Enforcement Sector.

She concluded her statement saying that there is no doubt that such awarding and accreditation proves that these sectors are working together in a harmonized-integrated way to serve excellence and doing their best to disseminate the culture of competence amongst other counter authorities in the region.

“
SCA is One of the
Pioneering Federal
Authorities in Adopting
Quality Assurance
Criteria
”



Admission Exams for Brokers Orientation Programme Begins

The Emirates Securities and Commodities Authority (SCA) has organised a forum on orientation programme for those working in the brokerage sector. The forum, which is part of the SCA's efforts to efficiently execute its assigned role of developing the securities market and the financial services industry, in general, was attended by representatives of the Securities and Investment Institute of the United Kingdom (SII) and a large number of brokerage community in both Abu Dhabi, Dubai and the other emirates.

Commenting on the event, H.E Ibrahim Al-Za'abi, SCA Deputy CEO for Licensing and supervision & enforcement, said the admission exams for the programme will commence on October 26, adding that the SCA, in collaboration with the SII, had taken the responsibilities of preparing and executing the orientation programme for those working in the brokerage sector with the aim of developing the profession and uplifting standards to greater heights, adding that the efforts is aimed at boosting excellence in the brokerage profession and in all other practices related to the financial market sector.

He pointed out that passing the exams of the programme is a major condition for annual renewal of license for any broker. He said henceforth, it is mandatory for any broker to obtain annually a Profession Development Certificate, which can only be obtained through the exams of the programme. "It is compulsory for those interested in working as brokers, trading managers, operation managers or internal auditors. The rate of success is job of the total mark. Al-Za'abi noted that the orientation programme is the fruit of concerted efforts of both the SCA and the SII to provide high standard professional knowledge that measure up to legislations of the United Arab Emirates.

He said the SCA had decided to offer to those currently practicing the profession a grace period of two years within which they are to complete the orientation programme. "But from now onward, those who want to work in the UAE financial market sector will have to go through the programme and pass the exams before they obtain a license to practice the profession," he explained. Regarding the procedures for admission to the programme, Al-Za'abi said a staff of any brokerage company may register for the exams by filling-in a

Two-year Grace Period for Workers in Capital Market to Implement the Qualification Program

form already prepared for this purpose. He pointed out that details about the registration and examinations procedures can be found on the SCA website. The SCA will coordinate with applicant to decide the most suitable time for the latter to join his/her exams. He noted that applicants who could not pass the exams in the first attempt may try over and over again within the two years period, beginning from October 26, but such an applicant will have to pay fees of a certain amount for re-sitting of the exams. He said the text books are currently available only in English but the Arabic version in two courses of the programme will be made available next year.

Mr. Tim Myles, Middle East Regional Manager of SII, who was present at the forum, took and answered questions from some members of the brokerage fraternity attending the forum. The questions centred on the role of the SII in the programme.

SCA Organizes Workshops for Qualifying Staff for H.H.Shaikh Khalifah's Governmental Excellence Award

SCA has lately launched a qualifying project to enhance SCA's cadre to be eligible for His Highness Shaikh Khalifah's Governmental Excellence Award, H.E. Abdullah Al-Turifi the CEO of SCA recently disclosed. H.E. also noted that SCA has arranged further training courses as well as mentoring-road-mapping programs to lead prominent employees into the track of excellence and competence awards being presented by His Highness Shaikh Khalifa's Governmental Excellence Award.

Al-Turifi added that SCA has formed a supervisory committee chaired by the CEO to follow up the qualification process. Moreover, a competence team has been constituted where it comprises nine (9) members represent all the working sectors in SCA. Furthermore, SCA is currently implementing evaluations to select the most qualified departments for the award. The selection process is carried out according to pre-designed time frame.

He also confirmed the importance of participation of all employees in such outstanding program. He called on encouraging the employees to be positively interacted with the said program through arranging more awareness workshops. The CEO was quoted saying, "The investment in human resources' issue represents a centric point in strategic march of SCA. Based on this crucial conception, SCA has adopted the institutional competence as a mechanism for continued development vigorously built-on integrated-administrative basis where they are self co-related and tied up together".

Al-Turifi added, "The efforts exerted by SCA is a culmination and translation that typically matched with the directives and interests of H.E. Sultan bin Saeed Al-Mansoori the Minister of Economy-Chairman of SCA Board as well as the keen diligence of the Board Members where they are encouraging every single effort and steps aiming at improvement and development of services to reach the state-of-art level to satisfy the needs of employees as well as the end users.

Needless to say that SCA has been awarded ISO certification for some sectors last year. Furthermore, it has been recently awarded the ISO certification for other new sectors.

Pursuant to SCA's Emartization Plan

SCA Receives the Third Batch of SHARE Emartization Program in Participation of 12 Trainees

In accordance with the streamline efforts exerted by SCA towards true and actual materialization of Emartization for workers in financial service industry, SCA has recently received the third batch of SHARE program graduates.

The third batch comprises 12 trainees, they are all graduates from universities and higher education institutes apart from one trainee from Dubai Multi Commodities Center DMCC. They have been already accredited by passing the test requirements specifically assigned for this purpose.

Development Consolidation

The Deputy-CEO for Organizational & Supporting Services Sector while inaugurating the third term of the program appreciated the concern and attention paid by the corporate management of SCA. He definitely praised efforts exerted by H.E. Sultan bin Saeed Al-Mansoori, the Minister of Economy/ the Chairman of SCA Board, the SCA Board of Directors and H.E. Abdullah Al-Turifi the CEO of SCA in boosting this program.

Furthermore, he identified such support is typically complied with the UAE Governmental strategy aiming at achievement the permanent development in investment of the human capital. It is undoubtedly that this strategy supports youth and appreciates their role in serving their societies to the best satisfaction of making use of their vivid energetic power.

The Deputy-CEO ascertained that there is a very comprehensive and integrated criteria of selection for all the promising candidates whether from specialization or the graduate accumulative appraisal. Taking into consideration other supporting factors, for instance; behavioral skills, fluency in English and Computer literate as well. Mr. Al-Hadari called on all program participants to be the best representative for SCA inside and outside UAE.



Long-term Investment

The Deputy-CEO confirmed that "SHARE" program is deemed as a long-term investment in national human resources in accordance with the strategic & operational plans to get out the best of educational institutions' outputs where to be channeled into SCA or other bodies jointly co-participated in the said program.

In this respect, SCA has already invited several bodies in UAE to join this program for instance; Ministry of Economy, Abu Dhabi Securities Exchange, Dubai Financial Market as well as Dubai Multi-Commodities Center. Apart from studying English language, the program also includes training courses, workshops on capital markets and information technology as well as the capital market regulations.

The trainees will be afforded chance to attend trading sessions in London Exchange where to be accessible to work mechanisms in the exchange. Of course, they

The Program Aims at Prequalifying National Calibers to Join Work in Securities Sector

will be also acquainted with meeting experts and specialists inside and outside UAE.

The trainees, according to the program plan, will be assigned on training and syllabus that include : Life cycle of companies, capital markets and the respective participants, know-how of trading securities, types of listed securities, surveillance on the markets, market abuse, regular transactions in the markets, and the money-laundering cases and its relationship with the capital markets.

It is a pre-requisite to contract held between SCA & the trainee that the latter will be significantly

assigned a trainee. Accordingly, the trainee will receive monthly lump-sum amounted to AED 15,000 alongside the term of program. Furthermore, the outstanding trainees will be eligible to receive a valuable reward.

Privileges of the Program

The trainee who successfully passes all program modules as per relevant specialization and performance appraisals, he will be assigned on one of the following jobs: Financial Analyst, Financial Inspector, Legal Researcher, Researcher in Studies & Securities Research, Administrative Development Specialist as well as Networking Engineer & Information Security.

Pursuant to the incorporation contract perceptively customized with SCA, the trainee is committed to work with SCA for three years at least, in case of failure to meet this condition, whether to work with SCA or with the recommending authority, the trainee will be fully responsible to shoulder all educational fees spent.



200 Brokers Apply for Exams but 80 Accepted for Phase 1

SCA Training Centre in Dubai Inaugurated

Abu Dhabi, November 22, 2009: The Emirates Securities and Commodities Authority (SCA) has inaugurated recently its training centre in Dubai as part of its plans to improve the performance of stock markets and its workers in a move aimed at boosting the national economy.

The SCA Training Centre, which started work by assessing 80 brokers operating in various stock markets in the country as part of an orientation programme for the brokers had earlier received 200 applications from brokers submitting themselves to the orientation programme and exams, which have now become a prerequisite for practicing the profession in the country. Commenting on the issue, H.E. Abdullah Al-Turaifi, SCA Chief Executive Officer, said the centre was established to help improve the technical expertise of SCA staff, brokers, financial analysts in the country and for the assessment of representatives of SCA-registered brokerage companies.

He pointed out that the SCA was striving to make the centre a regional hub for training in the areas of financial market and commodities trading. He said cooperation agreements with various training centres, like the Smith International Inc. (SII), the CFA Institute, the Emirates Institute of Banking and Financial Studies (EIBFS) and other regional and international training institutes, Assessment exams for admission of brokers to the orientation programme started recently. Brokers who successfully completed the programme will be awarded a "Vocation Development" certificate, making it mandatory for all those who want to practice as brokers, trading managers, operation managers and internal auditors to pass through all the phases of the programme, including three phases for brokers and four for the other

professions mentioned above.

Dr. Fawzi Bahzad, SCA Market Advisor, who is the director of the new training centre, said one of the objectives of the new centre is to coordinate efforts and cooperate with the concerned SCA departments to activate the current programmes, like the Supporting Human Assets for Real Emiratisation (SHARE) programme and to strive for Emiratisation of the brokerage and financial analysis professions in the country. He said the centre will supervise the training activities to meet the licensing and accreditation requirements in the country, and the needs of the labour market for qualified technical cadres

He noted that the centre, in cooperation with some specialised bodies, will adopt unified training standards for those working in the financial market sector and will follow-up to ensure the standards are implemented. The exams, he noted, started since October 26, 2009, adding that more than 300 brokers had been registered for the first exams, including three exams for brokers and special exams for financial analysts.

Employees of brokerage companies may apply for the programme by filling a special SCA form, distributed to all those companies last September. The applicant will then have to pay into the Abu Dhabi Islamic Bank account of the SCA a fee for each subject he/she wants to take in the exams before submitting to the SCA the filled form and the receipt of the payment made (The procedure can be found on the SCA website).

After completing the registration procedure the admitted applicant will be presented the text books for the programme, which has flexible examination timing to suit all those involved in the programme.

SCA Awarded the Membership of the International Federation of Accounts IFAC

Based on the recommendations of the International Auditing and Assurance Standards Board IAASB & the International Ethics Standards Board for Accountants IESBA, The Public Interest Oversight Board PIOB has granted the Securities & Commodities Authority SCA the full membership of the International Federation of Accountants IFAC.

Recently, SCA has been received the letter of membership from IFAC. In fact, SCA's membership of such international professional and technically-specialized federations and associations globally recognized as standardizing organizations is itself a certificate of appreciation for SCA for its quality assurance performance and compliance with the international standards especially in the fields of regulatory auditing and controlling. Moreover, it is a self-explanatory message boosting both sentiments of the domestic and foreign investors in efficiency and competence of the regulatory bodies in UAE. In the meantime, it enhances the position of SCA on the international scheme where it is found meeting with the best practices and fully complied with the international standards and measures. It is worth mentioning that the Public Interest Oversight Board PIOB in collaboration with the professional federations and associations is promoting the full compliance with international standards as well as supporting the ethical professional conduct aiming at integrity and competence and eliminating the conflict of interests as well.

In this respect, SCA has achieved unprecedented level of state-of-the-art performance and records in the field of setting up an integrated legal infrastructure that completely insure integrity, transparency, fairness and retail investors protection as well. At the same time, SCA took unparalleled initiatives in adopting advanced supervisory methodologies to be implemented for the first time in the region, for instance, the corporate governance and timely-completed requirements of disclosure. Accordingly, UAE financial markets are being deemed as leading attractive markets well known for its efficiency.

While SCA is proud of being granted such unique and prestigious membership, it is for a renewable term of three years. The three-year commences on September 1st, 2009. Dr. Obaid Saif Al-Zaabi the Research Advisor / Research & Development Director has been selected to represent SCA in IFAC for the first tenure of the membership.



4,315 Hours Training Courses Sharpen Skills of Staff

As part of its 2009 operation plan to sharpen the skills of its staff, (SCA) has held a total 4,315 hours orientation courses for 129 members of its staff and staff of other institutions in the country during the first half of the year.

In a statement, H.E Abdullah Al-Turifi, CEO of SCA said the training was in line with the directives of the SCA board and falls within the strategic plan of the SCA and the UAE government. In general, as per the declaration of H.H. Sheikh Mohammed bin Rashid Al Maktoum, Vice President and Prime Minister of UAE and Ruler of Dubai, adding that the strategic plan has made skill sharpening and uplifting of the standards of national human resources one of its major priorities.

"The SCA, within the framework of its relations of cooperation and partnership with other institutions in the country, has held training courses for some staff of the Zakat Fund.

"The Specialised and technical training courses dealt with issues like developing the staff's assignment execution skills by applying the best practices in their respective areas.

The self assessment training dealt with affective wisdom skills, the art of communication and team leadership skills, creative management and identifying strategic objectives," he further explained.

Commenting on the issue, Mohammed Khalifa Al-Hadari, SCA Deputy Executive Chairman for Corporate and Support Services, noted that the SCA had intensified efforts to sharpen the skills of its staff for effective execution of its strategies and for improving performance to the highest level.

It's worth mentioning here that the SCA was adjudged the best among federal institutions in terms of results and performance indices in the first half of the year. This came to crown the SCA's adopted system of comprehensive approach, beginning from strategic planning, operational plans, execution strategies and summing them up with evaluation of corporate performance of initiatives.

Securities and Commodities Authority Issues New Rules in 2009

The Emirates Securities and Commodities Authority (SCA) is building a comprehensive legislative infrastructure aimed at setting the pace in supporting and protecting investment on the capital and commodity markets and achieving national economic stability.

Wielding its legislative and supervisory authority on the financial markets in the country, the SCA looks forward to building a world-class comprehensive legislative infrastructure and adopting best practices and rules that would match its ambitions of taking the local stock markets to the same level as the world's most advanced stock markets.

To achieve this, the SCA has issued, since it was established, about 23 systems in accordance with Article 4 of 2000 dealing with the establishment of securities and commodities authority, in addition to seven seculars, all serving the interest of investors, the stock market and other players on the market with the ultimate aim of serving the interest of the national economy. This year, the SCA has issued a number of resolutions and amended others, including Resolution 14/R of 2009 on fees payable for listing and trading in Exchange-Traded Funds (ETFs).

Another resolution issued this year is Resolution 29/R of 2009 on regulating the "Custodian" Stock Exchange which allows the regulating of new activities needed on stock markets in the country, based on the best practices on international



be applied only through a public institution or a public joint stock company dealing in securities or through a bank operating in the country. This must be done by acquiring a license from the SCA and based on the rules and regulations mentioned in the resolution and in a way that will allow smooth transfer of ownership of the shares of the private joint stock company and other related rights. It must also be in a way that will achieve stability in transacting business in those shares. The resolution also calls for a system of supervising and monitoring the work of the record-keeper to ensure he fully discharges his duties effectively. It also made provision for penalties against the record-keeper in case the latter violates any of the rules of engagement.

The SCA also issued this year Resolution 30/R of 2009 amending the brokers' bye-law, including Article 1 and 17 of the bye-law which allow a brokerage company to trade in its name and for itself. The amendments include rules and regulations governing the practice of a brokerage company trading in securities in its name and for itself, which must done after getting approval from the SCA and in accordance with the rules indicated by the resolution. The rules demand from such a company to invest 40% of the net investments of its shareholders in its custody in such a venture and that its investment in one particular stock must not be more than 10% of the total amount earmarked for investment for itself.

The amendment is also seeking to achieve the interest of the market by laying down regulations for these transactions, which must be through a company licensed to practice the "Custodian" activities and to maintain the necessary capital adequacy that would allow the company to conduct its activities and give orders on its transactions through the person tasked with managing the investment account and the interest of the broker's clients in protecting their transactions, giving priority to their orders against the broker's orders and averting a conflict of interest.



markets and developing transaction mechanism on the markets. The system outlined the rules and regulations of acquiring a license to practice this activity, the duties and responsibilities of the "Custodian", rules governing the relationship between the latter and its clients, penalties to be slapped on "Custodian" companies, which violate laid down rules and regulations.

In collaboration with the Ministry of Economy, the RCA also issued Resolution 33/R of 2009 to regulate the activities of record-keepers of private joint stock companies, the resolution was based on the Economy Minister's decree no. 37 of 2009 dealing with the records of private joint stock companies, which, according to the decree can

Press-perspective



SCA Spares no Effort to Protect Retail Investors

SCA is the regulatory authority assigned by the government in order to protect all segments of investors in the capital markets in general, where also quite a lot important percentage of citizens currently invest in the securities.

It is worth mentioning that SCA supports the confidence and boosting the investors' sentiment in the capital markets whether they were citizens or non-citizens. It is undoubtedly that the capital markets became one of the most important investment outlets in UAE. Therefore, the positive role enhanced by SCA is deemed one of the pivotal activities that may help support the national economy which is apparently reflected in the percentage of the market value indication of the listed companies as to the gross domestic product GDP.

Furthermore, it is also reflected on the flow of the foreign investment into the UAE capital markets. As a matter of fact, 90%

Tuesday - 08/09/2009
Written by Ziad Al-Dabass

of the investors in the capital markets are represented in the retail investors sector. In this respect, it is found that important percentage of these investors are in need of investment awareness, moreover, where majority of them is directed by speculation way of thinking rather than the long-term investment, apart from the low level of transparency culture amongst some of the officers of the joint-stock companies. No doubt such facts have impacted further responsibilities and burdens on the SCA shoulders especially where it is deemed one of the major regulator ranked as an emerging markets, only few years passed since its inception on 2000. It is believable that the electronic trading adopted since the establishment of SCA has been misused by some of the big speculators who committed

fraudulence as well as dealt with false orders resulted in wrong practices. It is endless and unlimited challenge between the speculators and the regulatory bodies all over the world, where the latter do their best in order to combat the wrong investment practices and to eliminate its implications as well.

In this respect, SCA took unprecedented initiatives to protect retail investors and ensure quite fair, sound and integrity of transactions. No doubt that, SCA has laid the infrastructure of competent brokerage community reinforced with the legal comprehensive structure that provide everlasting clear and transparent trading and dealings as well.

SCA didn't strengthen only the way of combating the market-abuse conduct but further set up integrated disciplinary actions against violations, misconduct which in turn reflected on the investors' sentiment in the capital markets in UAE.

Bloggers

Crucial Role

Mr. Khalid Al-Zarooni, a manager of Uaetd. ae web-site, confirmed that the crucial role enhanced by SCA helped so much in building bridges of awareness and understanding between SCA and investors which positively reflected on both the capital markets and the investors as well. Al-Zarooni ascertained that SCA was able to lead the capital markets into highly-advanced schemes. At the same time, he noted that we are still looking for seeing further regulations and rules that may help transfer our markets into advanced markets levels and protecting all market participants' rights.

Traders

Deepening Confidence

Mr. Saleh Al-Shehi who is currently an investor and previously was trading manager, ascertained that SCA successfully managed within a very short period to gain the investors' confidence and protect them from the wrong practices. Such positive attitude apparently encouraged more investors to enter into the capital markets with the past period. No doubt that such incentive investment environment helped foreign investor's appetite to inject more funds in the market. Al-Shehi added that SCA has undoubtedly launched continued investment culture and awareness platform through the streamline efforts spent in arranging educational forums, programs and workshops.

Al Mansoori Issues Decree

to implement the corporate governance rules issued by the SCA within the timeframe and before the 30 April 2010 deadline set by the decree.

The new decree, as part of the amendment, identifies the companies which must implement the corporate governance rules on all the companies and business institutions which listed stocks on any of the UAE stock markets and on members of their boards. The decree stipulates the condition for essential financial transactions which must be thoroughly cross-checked to ensure the independence of each and every member of the company's board, in such a way that any transaction will be regarded an essential financial transaction if it involves 5% of the company's paid capital or AED5 million or its equivalent in foreign currency, whichever of the two is less.

The decree also amended the duties of the appointment and remuneration committee, to include drawing up special policy on remuneration, entitlements, incentives and salaries of the board members and other staff of a company and reviewing the policy annually. It also entrusted to the committee the responsibility of cross-checking the remuneration and entitlements of senior executive members of a company. The company, according to the decree, must have a very robust internal monitoring system, which will enable the internal monitoring administration to enjoy a certain degree of independence that would allow it to perform its duties effectively under

Continues page 1

the direct command of the company's board. The system is aimed at assessing the company's risk management procedures and ensuring the appropriate implementation of the corporate governance principles.

The decree also reiterated the need for the total independence of a company's external auditor in such a way that an external auditor must be independent from the company and its board. The rule is based on studies conducted by the SCA and other concerned institutions on international practices in this regard. The decree also stipulates penalties against companies which failed to comply with the rules. First violators will be penalised with a warning letter calling the company to order by rectifying the issue that warranted the warning, then suspending the company from listing its stock or cancelling the listing of the stock entirely, or slapping it with a fine which will not be more than the maximum fine stipulated by law.

The SCA will soon organise a number of forums and workshops on the issue to educate all stakeholders on the rules and its implementations. The move is aimed at deriving maximum benefit from the implementation of the rules. It is also part of the SCA's efforts to educate and sensitise business institutions, companies, decision makers and other stakeholders in this area, to convince them to embrace wholeheartedly the corporate governance rules before they come into force on the April 2010 deadline.



Mutual Funds

The Booklet was Issued in 2009 by the Emirates Securities and Commodities Authority

The booklet gave a brief definition and types of “mutual funds” using simple language and terms which would be easily understood by all the various segments of investors.

In the preface of the 16-page booklet, the SCA said the increasing complications in life has made it necessary for all investors to have, at least, the minimum understanding of investment skills and culture and this is exactly what the SCA was trying to help them achieve by using various methods, including the issuing of this booklet which seeks to enlighten the investors about the various types of investment.

The SCA said by issuing the booklet, it did not mean to attract investors to a particular form of investment but to shed some light on the types of investments on the financial markets and to explain the rules and regulations governing them.

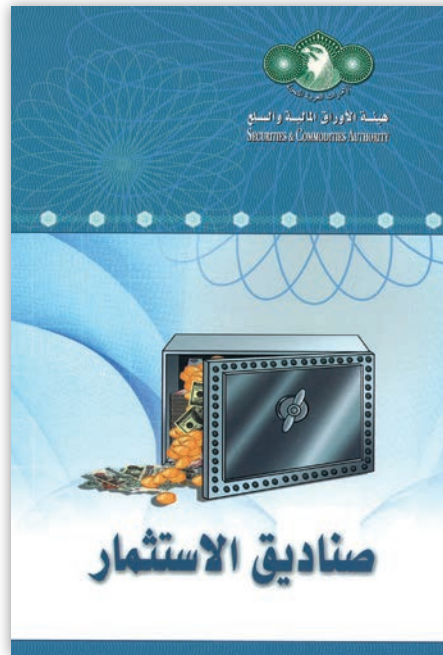
With many subtitles, the booklet started with awareness creation and advice for investors, urging them to build their investment decisions on sound and accurate information from reliable sources, warning that inaccurate information may put investors' money at risk. It also advised investors to avoid “putting all their eggs in one basket”, urging them to rather diversify them in various activities like stocks, bonds and real estate, etc. whether the investor is managing his investment by himself or through a mutual fund.

It noted that mutual fund experts exert great efforts to invest the content of the fund to achieve profit for owners of the fund. It said in most cases, the mutual fund is the best option for investor because it protects the investor from market volatility, which makes investment a risky game that is better played by experts and professionals, who know better how to maneuver on the market.

The booklet divided mutual funds into two – (1) Closed-ended Mutual Funds or what is simply known as “Closed” and (2) Open-ended Mutual Funds also known simply as “Open”. It defined the “Close” by saying that they are really financial securities that are traded on the stock market. there fund have a fixed number of shares. The value of the shares fluctuates with the market, but fund manager has less influence because the price of the underlining owned securities has greater influence. Once underwritten, closed mutual funds trade on stock exchanges like stocks

or bonds. Their value is what investors will pay for them.

In defining the “Open” mutual fund, the book said being HYPERLINK “http://en.wikipedia.org/wiki/Open-End_Fund” \o “Open-End Fund” open-ended means that, at the end of every day, the fund issues new HYPERLINK “[http://en.wikipedia.org/wiki/Share_\(finance\)](http://en.wikipedia.org/wiki/Share_(finance))” \o “Share (finance)” shares to investors and buys back shares from investors wishing to leave the fund. This type of fund is valued by the fund company or an outside valuation agent. This means that the investments of the fund are valued at “fair market” value, which is the closing market



value for listed public securities. Essentially, the fund company prices all of the fund's holdings at the market close and adds up their value; it then subtracts amounts owing and adds amounts to be received by the fund; and finally it divides this net amount by the number of units outstanding to “strike” the unit value for that day. Any participants withdrawing funds from the fund that day receive this unit value for their funds withdrawn. Any new purchases are made at the same unit value.

The booklet stated the positive and negative aspects of mutual fund saying: “Patronising



of mutual fund have risen in the last 20 years because investors benefit from the experience of the body managing the fund and from its diverse nature.”

Other positive aspects of mutual funds, the booklet noted, include their accurate accounts records, the availability of information about the funds daily performance, the availability of liquidity which allows investor to withdraw from the fund whenever he/she wishes to do so and get back their unit value and many other positives. On the other hand, the negative aspects include market risk, as the value of the fund plummets whenever the markets suffer a general slip in addition to interest-rate-related risk and inflation pressure (depreciation of purchasing power of currency).

The booklet also touched on mutual fund trading procedure, evaluation of mutual fund performance. It said the most significant of all mutual funds include: (1) Growth Fund, which, it noted, is the most suitable for long-term investment, (2) Growth & Income Fund, which is more suitable for investors with limited income, (3) Bond Fund, which is better for investors who want to avert any unpleasant surprise, (4) Balanced Fund, which, it said, is the most suitable for investors across the board, (5) Aggressive Growth Fund, which is only for non risk-averse investors willing to accept a high risk-return trade-off and (6) Total Stock Market Index Fund, which may track a broad index such as the Wilshire 5000, Russell 2000 or MSCI U.S. Broad Market, (7) Exchange-Traded Fund and finally (8) the Islamic Fund before the book wrapped up with some words of advice for investors under the title: “The Golden Principles” through which the booklet stressed on the need for investors to know all the rules and regulations of any fund before venturing into it. It also advised investors to ensure that they invest in a fund that is being managed by experienced managers with excellent track-record and to regularly check to see how the fund is faring in achieving the targeted objective, in addition to regular comparison between the fund and others.

Move is Part of Implementation of Strategic Plan

SCA Provides Services Via Modern Electronic Environment, Best International Practices

As part of its plan to provide its services via advanced modern electronic environment, develop the local stock markets and serve efficiently investors and workers on the markets, the Emirates Securities and Commodities Authority (SCA) is developing its online service and providing outstanding services to investors, public joint stock companies, brokers and all other participant on the stock market.

The SCA has taken a giant stride in the implementation of its strategic plans, which include providing its services through modern electronic medium and in accordance with best international practices through a number of initiatives and procedures. Based on its operation plan of 2009, the SCA is working hard to complete building of a data base of initial public offerings (IPOs) and preparing of samples of statistic reports on subscriptions and archives of statistics of trading on the local and regional markets with the aim of building a data base and regularly updating it.

Projects

The SCA has completed a number of projects, including launching of an SCA internal online network, a special system that facilitate the free-flow of work, correspondence system, e-Archive system and archiving of the old files.

The SCA recently introduced an online complaint and suggestion system, online poll system and set up the online violation system. Being one of the governmental supervisory bodies, the SCA provided conducive working climate that ensures protection of information in various emergency conditions to enable it perform its controlling task efficiently. In view of the high confidentiality of its information, the SCA has put in force a system that highly protects this information under all circumstances.

By investing heavily in information technology, the SCA has also set up a system that allows it to quickly retrieve completely all data and information lost in emergency cases to restore operation in full swing within some few hours.

Cultural programmes

In a related development, the SCA is modernising a number of cultural programmes to educate investors and workers in the financial market sector through e-Education. The programmes include an e-Library, an electronic guidebook for investors to be alerted on attending general assembly meetings of public joint stock



Innovating Cultural Programs to Extend Awareness of Investors, Employees in Sectors Via E-Education

companies with the aim of educating them on their rights and responsibilities and another e-Guidebook to educate investors on how to read and analyse financial lists.

The SCA has also launched recently on its website a complaint and suggestion system which allows investors and all other players on the stock markets to easily and effectively file-in their complaints and suggestions online. The SCA will in due course launch many other e-Services which will facilitate transactions online to save clients the trouble of having to come in person to the SCA office. The

e-Services streamline include the following transactions: registration of public joint stock companies, renewal of registration, online fee payment, inputting data on account segregation and review of the data by the concerned companies, inputting data on capital adequacy of a company, inputting and reviewing data of brokerage companies operating on stock markets, filing of complaints and grievances.

To further boost communication with its clients, the SCA will soon introduce to its tool box the Extensive Business Reporting Language (XBRL) technology, which will allow companies to directly post and update online their data and other information. This will facilitate the process of disclosure, regulate the content to match with the best international practices in preparing International Financial Reporting Standards (IFRS) and focus on pushing public joint stock companies to modernise and update their systems to match with existing legislations and laws. It will also help the SCA in conducting financial analysis and in making decisions.



AED6.8 Billion the Total of Capital Increase in Listed Companies in 2009

The total amount of the capital increase through issue of shares of the listed public joint-stock companies during the second and the third quarters of the current year is AED 6.8 billions. The amount has been broken down into bonus and new shares as well as converting the debentures into shares.

The break-down of the ministerial resolutions issued for the capitalization is; 33 for increasing the capital via bonus shares, one for increasing the capital via new initial public offering and the other remaining 3 were issued for increasing the capital through the conversion of debentures into shares.

In this respect, the total amount of bonus issued in 2009 is AED 4,432,161,597, whereby increase in shares as a result of debentures being converted into shares in 2009 was 3,076,333,33 shares. The companies which increased their capital in this way are; Shua'a Capital with 515 million shares, Gulf Public Investment Co. with 333 million shares and Aabar Petroleum Investment Company with 2.2 trillion shares. Meanwhile, the Emirates Islamic Bank was the only one which issued new shares at a total of 1.1 billion shares.

Moreover, apart from capital increase, 10 ministerial decrees related to administration of some banking and business institutions have been issued. The institutions involved include the First Gulf Bank, Gulf Navigation Holding, Dubai Financial Market, Dubai Bank, Noor Islamic Bank, Noor Takaful Family PJSC, Noor Takaful General PJSC, National Marine Dredging Co., Gulfa Mineral Water & Processing Industries, Itihad Insurance.

Share Buy-Back

On the other hand, Securities and Commodities Authority (SCA) has keenly coordinated with the companies which showed interest in buying-back some of their shares not exceeding 10% of their capital, where the Securities and Commodities Authority (SCA) has verified that these companies have met terms and conditions provided in Article No. 168 of the Companies Law as well as the SCA regulations in this regard.

In view of the above, the Securities and Commodities Authority (SCA) has approved Abu Dhabi National Bank's request to buy-back 10% of its shares amounting to 217 million shares. It has also approved Drake & Skull International's request to buy-back 10% of its shares amounting to 217.7 million shares, bringing the total number of shares approved for buy-back to 435,205,297 shares.

The Securities and Commodities Authority (SCA) has also approved within the second and the third quarters of the current year the holding of 14 general assembly meetings, including 11 ordinary meetings and two extraordinary meetings, while the remaining

one was an ordinary/extraordinary meeting. The Issuance & Disclosure Department's representatives attended 82 general assembly meetings, including 32 ordinary, three extraordinary and 47 ordinary/extra-ordinary meetings.

Capital Increase via Bonus Shares

Srl. No.	Corporate Name	Bonus Issued
1	National Bank of Abu Dhabi	10% of the capital (197,661,382,)
2	United Arab Bank	25% of the capital (199,280,256)
3	Bank of Sharjah	15% of the capital (262,527,914)
4	Gulf Pharmaceuticals- Julphar	7% of the capital (44,872,926)
5	Arab Orient Insurance	20% of the capital (500,000,00)
6	Takaful	6,000,000,000
7	Union Cement Co.	5% of the capital 31,878,000,00
8	Emirates Islamic Bank	20% of the capital 280,312,500,00
9	RAK Bank	20% of the capital 222,007,500,00
10	Commercial Bank International	7% of the capital 76,230,000,80
11	RAK National Insurance	12,5% of the capital 10,000,000,
12	Sharjah Insurance	10% of the capital 12,500,000,00
13	Dubai Commercial Bank	25% of the capital 352,961,250
14	Union National Bank	10% of the capital 187,500,000,00
15	National Bank of Umm Al Qaiwain	10% of the capital 132,000,000,00
16	Fujairah Cement	15% of the capital 46,417,215,60
17	Invest Bank	5% of the capital 55,000,000,00
18	Al Saqr National Insurance	15% of the capital 30,000,000,00
19	Dubai Islamic Bank	5% of the capital 172,270,000,00
20	Mashreq Bank	10% of the capital 992,386,146
21	Fujairah Building Industries	10% of the capital 11,500,000,00
22	RAK Ceramics	10% of the capital 55,837,901
23	Gulf Medical Co.	5% of the capital 25,000,000
24	Sharjah Islamic Bank	5% of the capital 110,000,000,00
25	Dubai Investment	10% of the capital 333,161,400,00
26	Umm Al Qaiwain Cement	10% of the capital 33,000,000
27	Union Properties	10% of the capital 206,077,860
28	Abu Dhabi Ship Building	10% of the capital 19,272,000
29	Gulf General Investment Co.	35% of the capital 378,000,000
30	Emirates Driving Co.	10% of the capital 8,162,400,00
31	National General Insurance	10% of the capital 12,171,600,00
32	ARAMEX	10% of the capital 121,000,000,00
33	Emirates National Bank of Dubai	10% of the capital 505,252,247,70

Registering Two New PJSCs Upon Meeting Requirements

SCA Approves Eight Feasibility Studies on Establishing Public Joint Stock Companies

The Emirates Securities and Commodities Authority (SCA) has registered during the second and third quarters of this year a total of two public joint stock companies, which have fully complied with all rules and regulations of the Commercial Companies' Law No. 8 of the year 1984.

It is worth mentioning here that both the General Ceramics Company and the National Petroleum Construction Co. have been registered before the issuing of the Commercial Companies' Law No. 8 of the year 1984. The two companies' status was adjusted according to the requirements of the law following the promulgation of Ministerial Decree No. 415 and Decree No. 417 of 2009. While the SCA is fully aware that the business community and investors are cautious and reluctant to get involved in investment activities, at least for the time-being, due to the recession and slowing down of the world economy, the SCA is positively encouraging investors who are interested in establishing public joint stock companies in line with the laid down rules and regulations.

At present, the total number of the companies registered at SCA is 143 companies, including 109 local and 34 foreign companies. The total number of companies

listed on SCA is 136 companies, including 106 local and 30 foreign companies. Meanwhile, the number of companies listed on the Emirates Securities Market (ESM) is 131 companies. This includes 106 local and 25 foreign companies. As for the companies' listing status, six companies have been de-listed, including two local and four foreign companies. Six companies are currently being regarded as under-listing. They

”

Global Recession Impacts Economic Activities

“

include only one local and five foreign companies. The SCA, in its efforts to streamline and facilitate the establishment of the public joint stock companies, has adopted the book-building system based on Ministerial Decree No. 728 of 2008 approving the system as a mechanism for pricing securities.

In order to educate the business community and create public awareness on the system, the SCA has circulated and displayed on its website all procedures and information

related to conversion into public joint-stock company through the book-building mechanism. The SCA has notified the Ministry of Economy about its approval of eight feasibility studies prepared by founders of private joint stock companies who have already applied for the respective establishing applications to the Ministry of Economy, which has earlier referred the dossier of the feasibility study of these companies to the SCA, being a member of Joint-Stock Companies' Committee, for further review and recommendation.

To ensure that registered companies comply with all procedures and regulations on the validity of their registration, 32 registration certificates of the public joint-stock companies have been renewed during the second and third quarters. This represents 100% of all certificates due for renewal during the said period.

At the same time, 14 general assembly meetings have been approved, including 11 ordinary meetings, two extra-ordinary meetings and one ordinary-extra-ordinary meeting. Representatives of the Department have already attended 82 general assembly meetings, including 32 ordinary, three extra-ordinary and 47 ordinary-extra-ordinary meetings.

PJSCs Compelled to Disclose their Investment Activities

The SCA has demanded from all listed public joint stock companies to disclose their interim financial statements that clarify their investment activities, including securities, real-estate, lands, commercial companies, etc.

The SCA stressed the need to segregate these activities by classifying them according to activities; local investments, external investments (foreign assets). In this respect, the companies must disclose the nature and volume of each investment clarifying the accounting policy adopted in allocating these activities based on its different types.

Meanwhile, the SCA has also demanded from the public joint-stock companies to submit details on their deposits in foreign companies abroad. Companies yet to comply with the directives have been directly addressed to disclose such information.

In this regard, the SCA has demanded from all companies listed on the financial markets to comply with the disclosure and transparency regulations to ensure compliance with timely disclosure of the financial statements. Furthermore, the companies must ensure that the statements included on the disclosure requirements relate to the investment activities of these companies whether they are financial instruments or just existing assets.

A total of 127 out of 131 companies complied with the timely first half disclosure of their financial statements in 2009. The figure represents 97% of the total listed companies, including 100% of listed local companies.



363,402 Contracts Traded Valued at \$18.69 Billion

DGCX Introduces Special Form for Client Risk Assessment

Based on the Emirates Securities & Commodities Authority's (SCA's) advice, clients and their assigned brokers will, henceforth, have to sign a special form for the assessment of client risk. However, the Dubai Gold and Commodities Exchange (DGCX) has introduced a Risk Assessment Form to be duly signed by a client who wants a broker to trade on his/her behalf. The new system gives the client the option to impose position limits and stop losses to limit his overall exposure to trading.

In its streamline efforts to develop the markets, the SCA has licensed one new broker for trading on DGCX during the quarter. The total number of licensed brokers on DGCX has surged to 133 at the end of September 2009.

It is worth mentioning here that the DGCX, with effect from July 6th, 2009, has revised the Initial Margins (IM) for its Gold and Silver contracts. The new IM for both Gold and Silver contracts will be US\$800 per contract, compared to the earlier peg of US\$1000 per contract. While coinciding with the crucial market trends, the DGCX, with effect from August, 2009, has revised the IM payable by clients

for WTI Light Sweet Crude Oil contract and Brent Crude Oil contract to US\$4000 from the previous IM of US\$ 5000.

On the other hand, the third quarter, which ended on September 30, 2009, has witnessed 362,402 futures contracts traded on DGCX. The value of these contracts was US\$18.69 billion, whereas the number of trades recorded was 104,568. Meanwhile, a 13.58% decline has been recorded the total volumes (number of contracts traded) in the 3rd quarter of 2009 as compared to 2nd quarter of 2009. The total number of contracts traded in the 2nd quarter (April-June, 2009) was 419,365 as compared to 362,402 contracts traded in the third quarter. The main reasons behind the decrease in the number of contracts traded was the low market activity due to the summer holiday season when most of the traders prefer to travel abroad, followed by the Holy month of Ramadan.

Similarly, an 8.45% decline has been recorded in the value of trading during the 3rd quarter of 2009, from US 20.41 billion to US \$18.68 billion. However, the number of trading appreciated from



74,635 to 104,568, representing an increase of 40.1%. This means trading during the 3rd quarter were in smaller lots as compared to those during the 2nd quarter.

The comparison of the traded volumes, traded value and the number of trading between the 2nd quarter and the 3rd quarter of 2009 is shown in the following table: Moreover, the volume of trading witnessed an increase in the 3rd quarter (August 09 as compared to July 09), while the volume decreased in September as a result of the holiday season and the beginning of the holy month

of Ramadan. The same reasons are attributed to the decrease in value and number of trading.

Undoubtedly, the Silver futures contract began attracting investors as the volume in the 3rd quarter increased to 424 contracts, compared to only 18 contracts traded in the 2nd quarter of 2009. The investors' appetite were likely attracted to the currency contracts; Euro-dollar, Pound-dollar and Yen-dollar contracts where greater volumes traded has been noticeably recorded. However, the Rupee-dollar futures contract showed declining trend with the volume for the 3rd quarter being less by 21.64% as compared to the volume recorded during the 2nd quarter.

According streamline efforts to create better awareness among investors, the DGCX has organized a forum to acquaint investors with further details on trading in the Indian Rupee Futures contracts. A reasonable number of investors interested in this type of contracts attended the forum.

The comparison of the traded volumes, traded value and the number of trading between the 2nd quarter and the 3rd quarter of 2009

Quarter of 2009	No. of contracts traded	Value of contracts traded*	No. of trading
2nd quarter	419,365	20.41	74,635
3rd quarter	362,402	18.69	104,568
Change (%)	-13.58	-8.45	40.11

* in US \$ Billion



هيئة الأوراق المالية والسلع
SECURITIES & COMMODITIES AUTHORITY

Awraq Maliyah

Issued by:
Securities & Commodities Authority
Abu Dhabi : P.O. 33733
United Arab Emirates UAE
Telephone : 00971-2-6277888
Fax : 00971-2-6274600
E-mail: awraq_maliyah@sca.ae

Dear Investor..

It is advisable to directly give sale/purchase orders either in writing or through the company's answering machine. This is to avoid trading (Buying or selling of stocks) in your account without your permission.

**With the Compliments of
Securities & Commodities Authority**

