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SECURITIES & COMMODITIES AUTHORITY

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## SCA's BoD Approves Rules of Launching Exchange Traded Funds in the UAE Financial Markets

In its meeting held in Dubai under the chairmanship of H.E. Eng. Sultan Bin Saeed Al Mansoori, the Minister of Economy and Chairman of SCA Board of Directors, the Board approved the rules of exchange traded funds ETFs. The Board also approved rules needed for licensing, supervision, monitoring, and inspection, as well as the determination of fees, for the activities reassigned to the jurisdiction of SCA according to the Memorandum of Understanding (MoU) signed between SCA and the UAE Central Bank.

The meeting was attended by H. E. Hamad Al Suwaidi, Vice-chairman of the Board, Undersecretary of the Finance Department in Abu Dhabi, H. E. Sultan Bin Nasser Al Suwaidi, the Governor of the Central Bank, H. E. Abdullah Al Turifi, CEO of the SCA, H. E. Sami Z. Al-Quemezi, Director-General of Dubai Economic Development Department, H. E. Mahmoud Ibrahim Mahmoud, and H. E. Hamed Kazim. Discussions during the meeting addressed and decided upon many important topics and issues related to securities sector.

### Exchange Traded Funds (ETF)

The Board of Directors approved the rules proposed by Abu Dhabi Securities Exchange (ADX) with regard to ETFs trading. The rules will be implemented during the current period and until SCA completes developing new regulations for this purpose to be respectively implemented



Meeting of SCA Board Chaired by H.E. Engineer Sultan Bin Saeed Al Mansoori the Board Chairman

upon final approval. The present rules require these ETFs to comply with the laws and regulations of the countries where the funds are established as a prerequisite for acceptance and continuation of listing in the market. They, in particular, include those laws and regulations pertaining to disclosure and the rights of shareholders in order to ensure fairness to investors in the UAE. On the other hand, the market will be committed to inform the funds to be listed that they are necessarily required to follow up the provisions of relevant laws, regulations or resolutions that will be issued later by the SCA.

The Board of Directors reviewed a MoU on authorizing SCA for licensing, supervision and inspection of certain activities related to securities, and

to develop regulations required for this purpose, upon the MoU signed on the 24th of this February between the UAE Central Bank and SCA to determine the powers and authorities related to the financial activities and services for both parties. However the Board stressed the importance of setting up as soon as possible the regulatory rules attributed to SCA as per the said MoU.

### Cancellation of license of a Brokerage Firm

The Board of Directors decided to cancel the license of a brokerage firm (NPF Securities) and to write off its name from the registry of brokers. The decision was taken after reviewing a report including the firm's information and actions taken by the firm to complete the

procedures of cancellation of its license upon its own discretion.

The Board of Directors also discussed a detailed report on the achievements of SCA during the year 2008 within the framework of implementing the Strategic Plan (2008-2010). The report highlighted a remarkable increase in performance and achievement ratios.

The Board also reviewed a report on the recommendations of the forum on «The Global Financial Crisis Impacts and Suggested Remedies» "GFCI & SR, which was held in Abu Dhabi on the 26th of this January. The recommendations included proposals to SCA on how to deal with the current financial crisis.

## 98% Disclosure by Local Public Joint Stock Companies in 2008

The ratio of disclosure by the local public joint stock companies PJSC with respect to their annual financial statements for the year 2008 amounted to about 98% after excluding two companies. i.e. Amlak and Tamweel, due to the merger process between them.

SCA confirmed that the total number of local companies which announced their annual financial statements for the year 2008 was 100 companies out of the 104 local public joint stock companies listed in the securities markets in UAE which are required to submit their annual financial statements. SCA commended the companies

which announced their disclosures. SCA noted that the UAE public joint stock companies which have not yet submitted their disclosures until the end of the legal period for disclosure on 31/3/2009 were only two companies, Al Khazna Insurance Company and the Arab Emirates Investment Bank.

SCA also indicated that the number of the non-UAE companies which have not disclosed their financial statements within the prescribed legal period is 14 Kuwaiti companies, which also have not yet disclosed their financial statements in the main listing market in Kuwait.

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## Calling for Investment Optimization in Human Capital and Adoption of Strategic Thinking

### H. E. Sultan Al Mansoori Opens Institutional Experiences Forum

SCA recently organized the Forum on Institutional Experiences in Dubai with participation from the Telecommunications Regulatory Authority (TRA), the Ministry of Labor, and the Emirates Identity Authority; in presence of representatives and officials from various ministries, authorities and financial markets in the UAE, and a number of private sector members.

H. E. Sultan Bin Saeed Al Mansoori, Minister of Economy & Chairman of SCA opened the activities of the Forum. He commended, in his opening speech, the wise vision of the UAE leadership that aims at placing UAE in an advanced and outstanding position at the international level based on comprehensive growth and progress to drive the process of sustainable development recorded in all fields, including human enhancement. He noted that this objective requires greater investment in human capital, being deemed as the backbone of



a stable and sustained advancement that adds value to nations' strength and progress. In the first session of the Forum, H. E. Abdullah Al Turifi, CEO of SCA presented a working paper entitled «Integration Methodology in the Institutional System Management». He highlighted in the paper three key topics including a historical overview of SCA since its inception and stages

of its development; the integration methodology in the institutional system management; and the results of SCA experience. He explained that SCA adopted this methodology based on its belief that leadership requires the construction of an institutional system provides integrity, flexibility and resilience. He also indicated that the integration methodology has been set forth on constant and

ongoing communication between the leadership, human resources, policies & strategies, and operations. He stressed that the focus should be on the strategic objectives; meeting the expectations of all clients and our strategic partners such as PJSC, brokerage firms, investors, financial markets, commodities markets and similar entities. On his part, H. E. Mohammad Naser Al Ghanim, Director General of the Telecommunications Regulatory Authority presented the experience of TRA.

In the second meeting of the Forum, Mr. Saif Al-Suwaidi, Director of the Ministry of Labor's Office in Ajman, presented the experience of the E-complaints system in the Ministry of Labor and how the Ministry was dealing with such complaints. Mr. Abdullah Al-Zabadi, Director of Human Resources in the Emirates Identity Authority presented the experience of Emiratization at his Authority.

### The Global Financial Crisis Impacts Forum Recommends Counter-Crisis-Mechanism

The Forum on the Global Financial Crisis Impacts and Suggested Remedies recommended developing a sophisticated and effective mechanism for crisis management, promoting the culture of investment; raising awareness against risks of speculative trading through the development ongoing programs; and cooperating with international organizations in this regard.

The Forum, held under the auspices of Eng. Sultan Bin Saeed Al Mansoori, Minister of Economy, Chairman of SCA Board, on the 26th of last January, emphasized that the global financial crisis was an opportunity to learn and understand the regulations of the market and institutions in a better and deeper manner. The crisis experience should encourage the institutions to raise their capital, consider merger and acquisition policies, enhance their long-term financial activities, and support enterprise funding through capital market instruments, and Islamic finance products.

It also recommended the development of corporate governance frameworks and the adoption of governance principles in a more effective manner towards greater transparency and fairness in transactions.

The Forum called for greater cooperation among the Gulf Cooperation Council (GCC) states

and greater utilization of the common factors among them in mitigating the financial crisis by finalizing the monetary union, integrating the financial markets and legislations, adopting the single GCC currency, creating benchmark index for the markets in the region, in addition to adopting expansive financial policies through increased government spending and more motivating programs. The Forum also stressed the need to amend and develop disclosure and transparency policies to be more effective in the disclosure of accounting policies and fair evaluation of shares, furthermore tightening control over irresponsible conduct in the markets; enforcing effective penalties against any violation; and precluding high risk financial instruments.

The Forum also called for more effective and closer coordination and cooperation among the legislative authorities, the UAE Central Bank, and SCA towards the development of an integrated and consistent procedural framework and the monitoring of the application of such procedures on regular basis. The Forum further called for the amendment of procedures, rules and policies regulating the work of credit rating agencies and hedge funds, as well as those pertaining to the efficiency of auditors. Furthermore, strong regulatory rules should be enhanced.

### SCA Attracts Investors' Attention to Complete all Particulars of the Share Purchase/Sale Orders

SCA confirmed the significance of compliance by all brokerage firms operating in the securities field to complete all particulars related to purchase/sale orders before having them signed by the customer.

SCA warned against obtaining the customer's signature on blank order forms without completing the basic information where the firm and the violator will be held criminally accountable for such offence.

SCA called upon investors to observe the completion of all the required particulars before signing any purchase/ sale orders, namely, the name of the share to be traded, the quantity required to be transacted, the price, date & time of the order, and duration of validity). SCA added that in the event of any changes in the particulars of the order whether by deletion, addition or amendment, a signature must be affixed besides such change; or else, the order should be replaced by a new form.

SCA also warned against the deposit of funds in the private accounts of brokerage firms without issuing purchase orders, and against leaving such funds in the accounts of the firm after the execution of sale orders for long periods.





## In the Context of Continuous Consultation and Cooperation

### Al Turifi Holds Discussions with the Mayor of London

H. E. Abdullah Al Turifi, CEO of SCA, recently received in his office Lord Ian Lauder, Mayor of London. During the meeting, they exchanged views and proposals on the financial markets conditions in both the UAE and the United Kingdom amid the global financial crisis which hit all financial markets worldwide.

The meeting was followed by a business luncheon hosted by SCA in the honor of the Lord Mayor of London. H. E. Abdullah Al Turifi presented Lord Ian Lauder a memorial token painting from SCA in recognition of his leading role in promoting cooperation between the two sides in the financial and economic fields. Lord Ian Lauder emphasized his confidence as well as the British financial and banking institutions in the UAE securities markets and banking sector, noting that UAE markets were leading the markets in the region. Outside the United Kingdom, the Mayor of

London is seen as the ambassador of the British financial institutions. Through his activities and communications, he plays an important role in supporting the financial service sector in the UK.

The meeting was attended by H. E. Mohamed Abdul-Aziz Al-Shehhi, Undersecretary of the Ministry of Economy, Humaid Bin Butti, Assistant Undersecretary of the Ministry of Economy, H. E. Salah Al Shamsi, Chairman of the Federation of UAE Chambers of Commerce and Industry, H. E. Mohammed Omar Abdullah, Undersecretary of Abu Dhabi-Department of Economic Development, and H. E. Rashid Al Bloushi, Deputy CEO of Abu Dhabi Securities Exchange. From the British side, it was attended by H. E. Edward Antony Oakden, the UK Ambassador to the UAE, and Mr. Simon Culhane, CEO of the Securities and investment Institute in London.

### SCA Technical Committee Drafts Regulations Reinforcing Legislative Infra-Structure

In its report for the year 2008, the SCA Technical Committee submitted a set of recommendations on laws and regulations on a number of issues assigned to the Committee.

The Committee has completed drafting of the Law of SCA in its final wording, the Committee has reviewed the regulations and legislations of the advanced capital markets, and conducted a comparative study on the best international practices in this regard. The Committee also completed the restructuring the posts of the leadership and strategic planning team of SCA to best serve SCA aspirations and the strategic visions. Meanwhile, the Committee developed the strategic plan of SCA for the period 2008-2015.

Furthermore, the Committee worked on drafting regulations for the financial consultation and financial analysis; developed the draft of margin trading resolution. The resolution was adopted by the SCA Board after adding

some changes related to determining the percentages for the initial margins and maintenance margin. It also presented a proposal on execution mechanism and procedures for trading margin resolution.

In the same context, the Technical Committee developed a proposal on the issue of powers and authorities overlap between the SCA, the UAE Central Bank and the Ministry of Economy in accordance with the best international practices.

In this respect, the Committee discussed the study on rules and standards of financial solvency of the brokerage firms. It also discussed the proposed model for the work mechanism of the market-maker and the studies provided by Clifford Chance Company. The Committee also discussed the report submitted by the SCA Advisory Board, the issue of mutual funds, and the report of the Financial Services Volunteer Corps on the securities sector in the UAE.

## Viewpoint

In spite of the conditions imposed by the global financial crisis and its consequences on the local and international financial markets, our financial markets have managed by the beginning of the second quarter of this year to demonstrate their capability to withstand these consequences, and achieved improvement which, though limited, but it was of significant indications.

I may not overstating if I say that this crisis represented a real exam and a tough test for SCA policies and strategies with reference to its role as the regulator and controller of the financial and commodity markets with oversight and supervisory responsibilities. It is worth mentioning that UAE government took several initiatives to address the conditions resulted in crisis and established the proper bases and foundations, SCA also had not hesitated to take a number of significant actions and measures in absorbing some of the crisis impacts and deal with them with greater effectiveness and resilience.

SCA took a series of measurements including, but not limited to regulating the time for issuing IPOs for PJSC to afford the liquidity conditions; easing the pressures to allow PJSC to redeem their shares; and coordinating with the financial markets to adjust the maximum limit for the decline in the value of shares during a trading session to 10% instead of 15%. SCA also simplified the procedures for mergers between companies to allow for the emergence of powerful economic entities. It also permitted PJSC to issue dividends to promote confidence by investors.

Moreover, SCA organized an international forum and invited experts and specialists to discuss and exchange views and ideas on the best methodologies and approaches to deal with the global crisis. SCA also intensified its programs intended to raise investment awareness among traders in the market. In addition, SCA postponed the application of some regulations which were about to be validated, such as the margin trading regulation. It also suspended the preparation of the short-selling regulation reconsidering the timing is no longer suitable for its launch, given the fact that it was suspended in countries where it was in force.

Based on the above, we believe that the initiatives and actions taken, whether at the level of the federal government and local governments or at the level of the various authorities and departments, including SCA and the UAE Central Bank, will have a substantial role in maintaining the local financial markets in an advanced position.

**Abdullah Salem Al Turifi**





### SCA & UAE Central Bank Agree on Rearrangement of Regulatory Roles

The UAE CB and SCA signed a MoU to determine the cooperation and understanding mechanism between them in areas of legislations for the activities of financial institutions operating in the financial markets; licensing & regulating such institutions activities, and exchanging respective regulatory information. Furthermore, the MoU enhanced cooperation in the area of facilitating the flow of information related to anti-money laundering, counter terrorism finance and other financial criminal acts.

The MoU, signed by H.E. Sultan Bin Nasser Al-Suwaidi, Governor of the UAE CB and H.E. Abdullah Al-Turifi, CEO of SCA, where it determined the powers and authorities of each party with regard to legislation, licensing, control and inspection function to certain activities in the financial service sector in order to tighten control in a more rigorous manner against risks, which may encounter this sector. H.E. Al-Suwaidi said that the current conditions require more and greater cooperation and understanding, especially in relation to financial service sector and

namely mutual funds. He indicated that there was already ongoing cooperation and consultation on subjects of common interest between SCA and UAE CB due to the importance of coordination between regulatory and monetary authorities to ensure the integrity of the financial and banking system in the UAE. On his part, H.E. Al-Turifi confirmed that the transfer of authorities and responsibilities required closer coordination and cooperation in areas of licensing and control as well as in relation to the financial service sector in a manner to better serve the interests of the national economy.

According to the MoU, SCA will be concerned with issues related to the registration, licensing, control, and inspection over the activities of establishing and managing investment portfolios and funds for local and foreign securities in cases where they take the form of an independent company. Excluded from the aforesaid are investment portfolios and funds wishing to invest part of their assets in debt instruments.

### SCA Signs a Memorandum of Cooperation with the UK Financial Services Authority

SCA signed a MoC with the Financial Services Authority (FSA) of the United Kingdom with the objective to promote cooperation between the two countries in the securities sector.

The MoC was signed by H.E. Al-Turifi and Mr. Hector Sants, CEO of the FSA in the presence of H.E. Saif Al-Shamsi, the Charge de Affairs to the UAE Embassy in London, Dr. Obaid Al-Zaabi, Director of SCA Research and Awareness Department, and a number of the FSA officials. The MoC came in pursuance to the directives of H.E. Sultan Bin Saeed Al-Mansoori, Minister of Economy and Chairman of SCA, which also enhanced by support and follow up of the board of directors, in an endeavor to adopt the best international practices and make use of the quality standards and regulatory systems of counterpart authorities in the advanced markets. This endeavor also aims at keeping pace with the rapid developments in the global markets to boost the growth in the local capital markets.

The MoC emphasized the significance of boosting cooperation and facilitating the exchange of information and coordination between the two parties and exerting efforts to provide the framework for cooperation based on a set of regulatory procedures in a manner to enhance the integrity of securities markets in both countries.

He also expected this agreement to have positive effects towards encouraging investments between the two countries. He pointed out that the United Kingdom has outstanding expertise in the field of securities markets and maintains one of the oldest exchange markets in the world. He confirmed the importance of benefiting from the British expertise in this field.

### SCA and its French Counterpart Agree to Cooperate in Investment management and Issuance Listing

SCA has recently signed a MoU with the French Market Authority FMA in Paris. The MoU emphasized the need to empower the two authorities to carry out their tasks in a manner to ensure compliance and implementation of applicable laws in relation to securities and futures contracts.

The MoU confirmed the significance of exchanging technical support between the two parties, especially in relation to the investment management system, as well as the exchange of information to be disclosed by PJSC to investors, the process of listing issues, the development of

Islamic finance products, and the financial market regulation and futures contracts.

The MoU set forth the channels through which the terms of understanding will be implemented, including the organization and conduct of seminars and workshops in both UAE and France. The MoU called for cooperation between the two authorities in connection with compliance and enforcement in securities business and respective prevailing regulations in securities, futures, options, and other market products and legal provisions related to Islamic finance.

### MoU Signed with the Russian Financial Services Authority

SCA signed (MoU) with the Federal Authority for Financial Services Sector in the Russian Federation with the objective of promoting cooperation between the two countries in the field of securities and futures contracts.

The MoU was signed by H.E. Al-Turifi and Mr. Vladimir Milofidov, Chairman of the Board of the RFA for Financial Services Sector. The MoU emphasized the provision of mutual understanding frameworks to ensure the exchange of information and cooperation in the field of investigations in accordance with the prevailing laws

in both countries. It gives focus on disclosure of financial information to enhance the integrity of securities markets in both countries, and upgrading the levels of cooperation between the two signing parties in a manner to provide mutual facilities. It extends cooperation in all current transactions related to securities and futures.

Under the MoU, the two entities will cooperate and exchange assistance and training in addition to coordination and cooperation in areas of supervision and control over the securities markets and their operations.





## To Enhance Integrity of the Markets & Flow of Investments:

# SCA signs 31 Local and International MoUs

In its endeavor to enhance the frameworks of cooperation and communication channels, both internally and externally, with its international counterparts and the relevant local authorities, with the objective to upgrade its professional standards up to the international levels, SCA signed 31 memoranda of understanding and cooperation, at both local and international levels, over the last four years.

The signing of the MoUs aimed at mutual interaction on the basis of knowledge and expertise exchange to improve the integrity of securities markets and acquire the best international practices in this regard. The agreements will allow for harmonizing legislations and regulations; and enhancing control, disclosure and transparency in the local capital markets through the promotion of cooperation with strategic partners and relevant local and international authorities.

The MoUs call for the exchange of technical information and legislations related to capital markets between SCA and the counterparts. They also seek to activate the means and frameworks of cooperation in the field of control and regulation as well as cooperation in the area of training and exchange of expertise and experts, and promoting joint efforts to minimize risks associated with transactions executed and means to protect them.

In the framework of its international relationships, SCA signed 23 MoUs with Arab and foreign counterparts, with the main focus on MoUs on cooperation and exchange of information signed with countries in the Arab world, Europe, Asia, Australia, and New Zealand. Further, there were 2 MoUs signed with foreign specialist educational institutions; 6 MoUs signed with relevant local authorities.

H.E. Abdullah Al Turifi, CEO of SCA, pointed out that «the activation of the provisions included in the MoUs contributes to the

### MoUs enhance investments flows amongst signed parties

increase in the flow of investments between UAE and the States which signed the MoUs through coordination between SCA and its counterparts, and through encouraging mutual listing of securities in our capital markets and foreign markets in a manner to promote the business of the financial markets».

Foreign listings in our local capital markets have increased to 26 companies out of 132

NO.	Counterparts
1	Securities Commission of Malaysia
2	Australian Securities & Investment Commission
3	Monetary Authority of Singapore
4	Capital Market Authority- Egypt
5	Jordan Securities Commission
6	Exchange Organization and Surveillance Commission, Algeria
7	Financial Market Commission, Tunis
8	Movable Values Council, Morocco
9	Securities Regulatory Commission, China
10	Commission on Financial Markets and Securities, Syria
11	Capital Market Authority, Oman
12	Securities and Exchange Board of India
13	Financial Services Board, South Africa
14	Financial Services Supervisory Commission, South Korea
15	Securities Commission, Vietnam
16	Securities and Exchange Commission, Thailand
17	Financial Supervision Commission, Isle of Man
18	Securities Commission, New Zealand

19	Federal Financial Supervisory Authority, Germany
20	Republic of Uzbekistan
21	Financial Services Commission, UK
22	Federal Financial Services Authority, Federation of Russia
23	Financial Markets Authority, France
Foreign entities concerned with securities	
24	Securities & Investment Institute, U.K
Academic institutions	
25	Cass Business School, U.K
26	Emirates Academy associated with Abu Dhabi Chamber of Commerce and Industry
Local entities associated with capital markets	
27	Dubai Financial Services Authority
28	Hawkamah (Governance) Institute
29	Dubai Gold and Commodities Exchange
30	UAE Central Bank
Local entities concerned with Administrative development	
31	Ministry of Governmental Sector Development

### MoUs Signed by Securities and Commodities Authority

companies listed in the local capital markets. The total number of foreign companies is 33 out of 142 companies, while the number of registered foreign companies is 31 out of 137 companies.

It is expected that these MoUs will also contribute to the attraction of more foreign listings in the near future due to the strength of UAE national economy and the increased international confidence therein, added to the efforts exerted by SCA in the local capital markets. H.E. Al- Turifi said that SCA was seeking to adopt the best international practices and utilize quality standards and control regulations applicable at counterparts in the advanced markets and in line with rapid developments in the international markets.

The signing of the MoUs by SCA with several regional and international entities

has promoted the image and enhanced the prestigious position of SCA, locally and internationally, especially after the establishment of the Arab Union of Securities Authorities which approved Abu Dhabi as the base of its headquarters. The signing of the MoUs also came after the accession of SCA to the membership of International Organization of Securities Commissions (IOSCO), considered to be the competent reference for setting international standards in the field of securities. The signing of the MoUs also comes in line with the general framework of the IOSCO principles and rules, which call for the promotion of cooperation, consultation and general coordination with regard to regulating rules for capital markets among member states in order to maintain the efficiency and integrity of the transactions of international financial markets.





## A Relevant Link Uploaded in SCA Website

### SCA Issues a New Guide to Facilitate PJSC Issuance & Establishment

SCA added a special link to its Internet website as an informative outlet to PJSC and the Companies Law. The link was created within the framework of SCA's policy to educate and serve the investors, and provide its services in a modern and sophisticated online environment.

The new link, added by SCA recently, includes the detailed instructions for the procedures, documents and forms pertaining to issue of bonds and Sukuk by public joint stock companies, as well as disclosure requirements.

The content provided by SCA on its website for joint stock companies explains all the requirements that should be satisfied to establish and register a joint stock company and subsequently to be enlisted in the local capital markets, the listing terms for local and foreign companies, the procedures of ordinary and extra-ordinary general assemblies, increase and decrease of capital, the listing of Sukuk and debentures, the procedures for companies to redeem their shares, as well as annual and disclosure requirements.

By the services provided through its new website launched last year, SCA endeavors to provide quality services to investors, joint stock companies, brokerage firms and all traders in the capital markets. SCA's website is intended to be a portal that meets the requirements of all SCA clients and a model for advanced initiatives of communication, creativeness and leadership. By browsing this new section, investors will be able to obtain information on all terms



required in relation to PJSC. It also allows them to obtain all the necessary applications formats for licensing procedures without the need of the applicant to travel and appear in person before SCA.

As part of its strategic plan, SCA intends to develop its services and their provision in a quality manner to investors, public joint stock companies, brokerage firms and all traders in the capital markets. It will also provide a specialist database to be used by all researchers, financial analysts and other professionals in the fields

of journalism and media, and in research and academic institutions. The SCA's portal comprises the main

webpage which includes a section that introduces SCA in terms of establishment, development, vision, mission, objectives, organizational structure, management, and board of directors. It also includes another section for the law and regulations of SCA, in addition to a section on international relations including information on SCA relationship with the International Organization of Securities Commissions (IOSCO)

and the MOU's signed between SCA and the Arab Union of Securities Authorities, and a news corner. There is also a section for investors

comprising information on how to deal with and trade securities by selling and purchasing, transaction

settlements and the investor's responsibilities. In addition, there is a section for markets including information on Abu Dhabi Securities Exchange, Dubai Financial Market and Dubai Gold and Commodities Exchange.

Moreover, the main page includes daily exchange reports of the UAE Securities Market, educational guidelines for traders in the capital market, some relevant links, and a mailing list, as well as a section for suggestions, another section for the latest events of interest to SCA and a voting corner.

With this new link recently added, SCA took a huge step towards enhancing and promoting its portal for new advanced services so that it will be a communication channel providing information and contributing to facilitating and accelerating procedures. In addition to consolidating the relationship with all clients (PJSC brokerage firms, brokers, investors or others), the link will be a tool to complete several procedures such as renewal for companies and amendment of corporate data through the use of forms included in the website (such as the form to register a new public joint stock company, the application form to list company shares in the security market, a form for the initial results of public joint stock company and other SCA forms related to company's redeeming their shares, forms for Islamic Sukuk, forms for debentures, as well as forms for brokers such as the form to apply for the registration of a brokerage firms, etc.)

### The guide provides electronically licensing procedural formats & respective information



## The Adverse Influence of Economic Blogs on Investors' Decisions

### A Study Confirms Decline of Investors Confidence in Economic Blogs

A recent study reveals a decline in investors' confidence in the content published by economic blogs about capital markets. However, the study called for continuous follow-up and monitoring of reports published by such blogs in order to avoid any risks that may affect investment decisions.

The study, conducted by Feedback Company for Market Research in favor of SCA, emphasized the necessity to carefully examine the content provided by economic blogs to ensure the provision of true information away from rumors. The study, entitled «The Role of Economic Blogs in Investment Decision Making», also confirmed that the majority of investors in local capital markets believe that economic blogs have an adverse effect on their investment decisions.

Several economic blogs have been active in the UAE since the beginning of this decade. They provide fundamental and technical analysis, and publish economic news that mainly focuses on the capital markets. These sites are allowed for investors to express their views with respect to trading trends and companies' performance, etc. and at the same time they and their bloggers provide purchase and sale recommendations.

The study, which took the form of an opinion poll using the direct interview approach, covered a random sampling of 1,038 investors whose average age is around 36 years, with 62% of them UAE nationals from eight major UAE cities. The study indicated that investors are exploring these blogs on a regular basis but they confirm that the content of such blogs is of a medium significance from their point of view.

58% of the respondents said that the nature of influence of such blogs on their investment decisions was negative while 42% of them believed that the effect is positive.

The study aimed at exploring the most important subjects in focus on these forums, evaluate their content with respect to the UAE financial markets, explore and evaluate the extent of assistance and effects by these blogs on the investment decision making.

Most investors believed that the blogs have an adverse influence on their investment

**58% of respondents find blogs having negative impacts on their investment decisions**

decisions because they provide them with invalid information and propagate rumors that only benefit speculators. 561 investors of the sample said that they believed that the economic blogs have a negative effect on their investment decisions through the introduction of invalid information and propagation of rumors by these sites. On the other hand, 477 investors thought that these sites have positive influence through the provision of good information about the conditions in the financial market rather than information used in the investment decisions such as purchase and sale/ hold stocks recommendations.

48% of the respondents said that the influence of the blogs on their investment

decision making, whether in sale or purchase, was low while 40% said that it was average and only 12% confirmed that it was high.

56% of the respondents said that the information they review on the said blogs sometimes helped in investment decision making, while 30% said it did not help at all and 14% said it regularly helped. However, 58% of the respondents said that the blogs provided reliable information but 42% disputed by confirming that they did not trust this information.

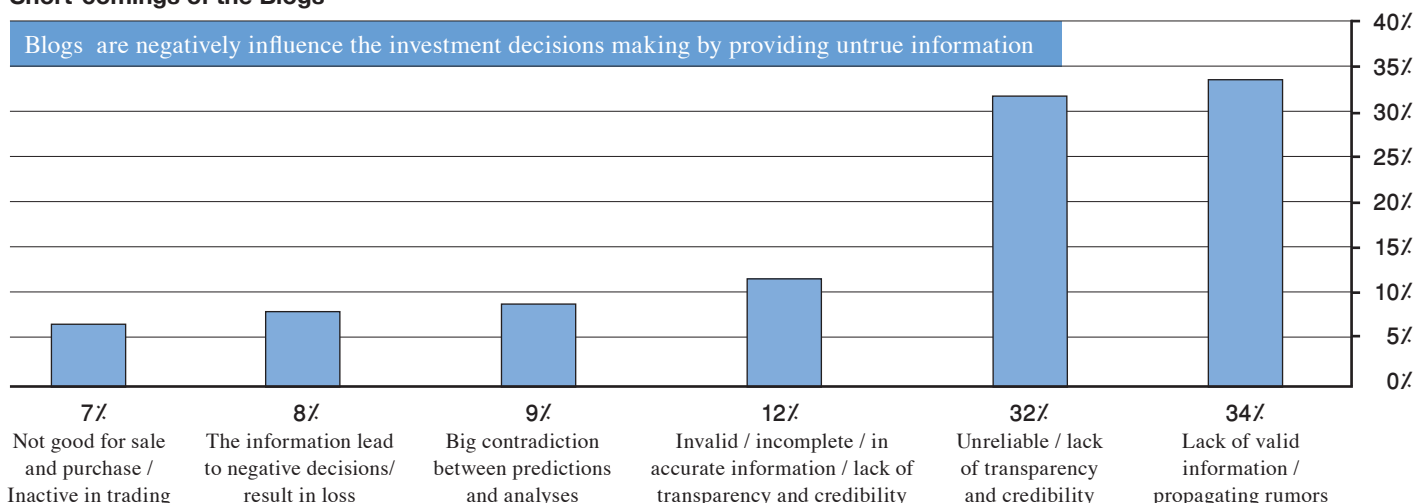
The majority of the investors said that they focus on the news of the financial markets while browsing the internet sites, then they review the technical analysis of stocks and the evaluations of shares, purchase and sale recommendations and primary analysis of companies. 30% of the investors explained that they browsed the blogs on regular basis but 70% said they browsed these sites occasionally.

On their evaluation of the content of such blogs, 30% of the respondents said that they were significant, 30% said that they were average and 20% said that they were weak.

43% of the sample regularly browsed the UAE stock blog entitled «Maktoob», followed by the UAE economic blog and Tawadul blog with 42%, and then the «Bourse» blog by 36%.

It is worth mentioning that 66% of the respondents were university degree holders, 26% secondary school certificate holders, and 6% holders of higher degree such as MAs and PhDs. The remaining respondents were holders of intermediate school certificates.

#### Short-comings of the Blogs





## 212.4 thousand traded contracts in first quarter of 2009

## Two New Brokers Licensed and Initial Margins Revised by DGCX

SCA granted two licenses to new brokers in Dubai Gold and Commodities Exchange (DGCX), and thus the number of licensed commodities brokers as of the end of March, 2009 was 132 brokers.

DGCX also revised initial margins with respect to gold, Sterling pounds - US Dollars futures contracts and Indian Rupee - US Dollar futures contracts. Accordingly, the initial margin for trading gold futures has become 1,000 US Dollar, and the initial margin for trading Sterling Pound futures has become 1,500 US Dollar, while the initial margin for futures in the Indian Rupee has become 800 US Dollars. These margins became applicable as of this April.

Two new spread contracts have been introduced on Gold Futures. Now 3 spread contracts are available for trading on Gold Futures, i.e., front delivery month vs. second delivery month, second delivery month vs. third delivery month and first vs. third delivery month spreads.

DGCX continued to record high trading over the last three months, inspite of the consequences of the global financial crisis, thus amounting to 212,485 traded contracts in the first quarter of 2009. Such high turnover encouraged companies to seek brokerage licenses in order to take advantage of the continued encouraging trend to trade in futures by investors.

This increasing interest by investors has contributed to the increase in the number of traded futures at DGCX to 212,485 futures in the first quarter of 2009 marking an increase of 70% compared to

Month	No. of Traded Futures	Value of Traded Contracts (Billion US\$ )	No. of Trades
January 2009	38,366	1776.8	18,402
February 2009	72,904	4,158.6	18,829
March 2009	101,215	5,914.9	20,732
<b>Total</b>	<b>212,485</b>	<b>11,850.3</b>	<b>57,963</b>

Trading statistics in DGCX on Monthly Basis



the last quarter of 2008. However, investors tentatively have taken hedging measures against risks of fluctuating exchange rates.

The total value of traded futures during the first quarter of the current year amounted to about 11.85 billion Dollars, and the number of trading transactions registered at DGCX was 57,963 trades. The number of futures traded during March was 101,215 contracts traded an increase of 38.8% compared to February when the number of futures traded was 72,904 contracts. During last January, the number of futures was 38,366 contracts.

However, with respect to increase in the value of futures in the same period, it was 134.05% in

February compared to January and 42.2% in March compared to February. The total value of traded futures in the first quarter of the current year was about 11.85 Billion Dollars divided into \$5.91 billion during last March, about \$4.15 billion during February and about \$1.77 billion during last January.

The number of trades also marked a noticeable increase where the increase percentage in the number of trades was 2.3% during February compared to January and 10.12% in March compared to February. The total number of contracts traded in the first quarter of the current year has also increased to 57,963 contracts including 20,732 contracts in March, 18,829 contracts in

February and 18,402 contracts in January.

Currency futures have attracted the focused attention by investors. The European currency (the Euro) has recorded the highest trades and alone accounted for a share of 63.45% of the total volume of trading at DGCX by recording 134,889 traded contracts. The gold futures trading came in the second position in terms of trading volume where gold futures traded amounted to 47,052 contracts over the first quarter of this year, representing 22.14% of the total of the trading volume.

As to the remaining trading, the British currency (Sterling Pound) futures accounted for 15,818 contracts, followed by West Texas Intermediate crude oil futures with 6,668 contracts, then the Indian currency (Rupee) with 5,531 contracts, followed by the Japanese currency (Yen) with 2,722 contracts. The lowest trading volume was in Silver contracts, with 5 contracts only.

On a related issue and as part of DGCX continued contact with the investors, the market organized a seminar to introduce the details of trading contracts in the Indian Rupee to individual and corporate investors. The seminar was attended by a large number of investors.



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### Dear Investor..

Kindly, make sure that you have filled in all necessary information required in the Purchase/Sale Order of the stocks before signing, to avoid any misuse that may bring you into potential risks.

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