

SCA approves 4 new regulations

Awraq Maliyah



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Public shareholding companies distribute dividend of AED 31.28 billion in 2013



204 thousand users of SCA website in 2013

Analysts expect strong return for IPO market



SCA holds 6th Annual Conference
Experts: Adopting the best international criteria would help accelerate elevation of UAE market to "Advanced" status



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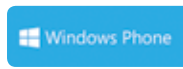


The Securities and Commodities Authority (SCA) is pleased to announce that it is now providing a package of smart services for both private and public joint stock companies, brokerage firms, custodian companies and all investors. The services are as follows:



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SCA approves 4 new regulations within 6 months

Issues regulations for Covered Warrants, Investment Management, Sukuk, Corporate Bonds

The board of directors of the Securities and Commodities Authority (SCA) has approved the issuance of a number of regulations in the past six months. The issuance of the new regulations, which are of highest international standards, stems from SCA's supervisory role on the markets to safeguard the interest of all parties involved.

The board approved during a meeting last April regulations for Sukuk, Corporate Bonds, Covered Warrants and Investment Management.

As part of its review of regulation for listing of bonds, the board meeting, presided over by SCA Board Chairman, H.E. Engineer Sultan bin Saeed Al-Mansoori, approved the Regulation for Covered Warrants.

The regulation promotes the transactions of issuance, listing and trading of warrants on the market to boost the UAE local markets which are arguably one of the major pillars of the UAE national economy.

The SCA, after consultations with all concerned parties of the financial markets and the financial services advisory committee, has put in place all the necessary factors of success for the regulation to achieve its targeted objectives.

The regulation outlines licensing conditions for covered warrants, disclosure rules, approval conditions and listing and trading in covered warrants.

Based on the Regulation, covered warrants are tradable securities of equal

value. They allow the holder to, without compulsion, purchase or sell a certain number of assets instead of the warrants for a particular price within a certain period of time.

The 15-Article regulation states that nobody shall issue covered warrants without first obtaining a license from the SCA.

To obtain a license from SCA to practice the activity of issuing Covered Warrants, the body should be a commercial or investment bank, a financial institution or branch of a foreign bank which had obtained approval of the Central Bank to practice the activity of issuing Covered Warrants, or must be a company or establishment that had been set up in the country according to the Commercial Companies Law, and must be licensed by the SCA to operate in the securities sector, within the SCA rules that prohibit conflict of business activities

For the institution to qualify to practice



that activity, it must have a minimum capital of AED100 million, an appropriate premise and all the necessary administrative and technical capacity and cadres. It must also have an efficient risk management system, safe technical system and procedures, vibrant disclosure and internal control systems capable of qualifying it to issue Covered Warrants and that must be according to the rules outlined by the SCA. The institution must also have financial adequacy. The regulation also outlines other licensing conditions and mechanisms, time involved in acquiring license, the disclosure, listing and trading of warrants.

Regulation for Investment Management

The SCA board has also approved regulation for Investment Management. The approval followed a series of procedural work, including preparing a draft of the regulation and displaying it on the SCA website and other various channels of communication with all concerned parties, whose inputs were invited into the regulation. The draft regulation was later referred to financial services advisory committee which put the regulation into its final shape, taking into consideration the feedbacks and inputs from the various quarters.

The regulation outlines licensing conditions, requirements for internal regulation by the investment manager towards both the investment and the SCA, assuming the duties of investment manager and other requirements. The regulation touches on the issue of supervision, inspection and penalties, as well as practicing of Investment Management activity from outside the UAE.

The regulation urges those practicing investment management activities before the issuance of the new regulation to adjust their status to match with the new regulation within a period not exceeding one year from the date of publishing the regulation in the official gazette.

The 16-Article regulation states that no

Amendment of Regulation for Trading, Clearance & Settlement

As part of its commitment to sustainably develop the legislations regulating the country's financial markets, the SCA board has approved a proposed amendment on Article (14) of SCA Decision No. (2) of 2001 concerning regulation for trading, clearance and settlement, ownership transfer and securities custody, to clear any ambiguity that may occur regarding the ban on doing business during a particular period of time in the interest of the person covered by the ban, or for being a representative of a third party or a legal representative of a corporate body. This is to avoid the suspicion or doubt of conflict of interest against the person covered by the ban.

Amendment of Regulation for Securities Lending and Borrowing

The SCA board has also approved amendment on Decision No. (47) of 2012 concerning lending and borrowing of securities to facilitate borrowing by brokers in time of need and to encourage foreign establishments to do business on the local markets. It is also to allow brokerage firms to borrow in case they failed to deliver securities as per the Delivery Versus Payment (DVP) procedures without necessarily having to go for SCA approval, enable the execution of contracts between foreign establishments through direct clearance and other borrowing circumstances that match with international practices.

Listed companies to set up Investor Relations Section

The SCA board has held a meeting presided over by its chairman, H.E. Sultan bin Saeed Al-Mansoori, Minister of Economy. During the meeting which was held at the SCA branch in Dubai, the board decided to make it compulsory on companies listed on UAE securities markets to have Investor Relations Department in their companies.

The board said the new service has now become vital as the local markets continue to enjoy increasing significance among the various categories of investors at both the national and international levels, adding that creating such a department would help improve the level of disclosure in those companies to boost investor relations and meet investors' ambition, while, on the other hand, it will serve as a launch pad for preparing the UAE market towards upgrade to the "Advanced Market" status.

The SCA has set up a joint task force of experts consisting of two representatives from each of the SCA, the Abu Dhabi Stock Exchange (ADX) and the Dubai Financial Market (DFM), to study several proposals it had received in this regard.

The board also reviewed a number of international practices of this subject, which show that companies listed on advanced market have similar task force taking care of investor relations.

According to the decision, the proposed Investor Relations Department shall have to meet the following requirements:

- A listed company must have a specific person tasked with handling enquiries from investors and communicating with them without necessarily being employed solely for this job.
- A listed company must have a website which contains all the necessary information about the company and its management.
- The website must have a section specially for investor relations. The section shall contain all information of interest to investors about the company.
- The website must also have an agenda highlighting dates of relevant information about the company, like its general assembly meetings, disclosures, etc.



one shall practice investment management activities without first acquiring a license for that from the SCA.

The SCA board also approved the new two regulations – Regulation for Sukuk and Regulation for Corporate Bonds – having passed through several stages which took into consideration the best international practices. A specialized international consultancy firm was tasked with drafting the first draft of the two regulations. The draft was published on the SCA website to allow concerned parties to express their views and make the necessary inputs and to attract feedback, later the draft regulations were referred to the Financial Services Consultative Committee, which studied the inputs and the feedback to adopt those appropriate and suitable. Furthermore, a meeting was held with representatives of some concerned bodies to discuss their observations before the draft regulations were issued in their final shape.

Regulation for Corporate Bond

The new regulation, which replaces the old one, aims at boosting the bond market. The regulation was prepared based on studies earlier conducted on international practices and inputs and feedback from various categories of the financial market industry.

The 30-article regulation covers various scopes of application, including compulsory listing of companies and approval, issuance and listing rules, procedures and documents required for approval of listing, record for application for listing and issuance of sukuk, listing, trading, clearance and settlement of sukuk, suspension and cancellation of listing and many other related issues.

On approval and listing, the regulation states that with the exception of government corporate bonds, no corporate bond shall be issued and offered for public subscription in the country without first obtaining SCA approval. The corporate bonds must also be listed on the market. It also states that

no corporate bonds shall be listed on the market unless after obtaining approval from the SCA. On condition for issuance and listing approval, the regulation says the general assembly must approve the issuance of corporate bonds if the issuer is a joint stock company, and that subscription announcement must be prepared and presented according to the format approved by the SCA. If the corporate bonds are convertible, the publication must indicate that and must explain the form, procedures, conditions of conversion and all other related issues, and this must be done according to the SCA format.

The two regulations clearly indicate that neither the SCA nor the markets shall be held responsible for any document (financial statement, financial data, information or report or any other documents) presented by the applicant or issuer whether presented for publishing or for market purposes. The access of SCA or the market to that information or the publishing of that information in SCA official gazette does not authenticate that information.

The new regulation conforms to UAE's policy, particularly Dubai's ambitious program of becoming the capital of Islamic Economy.

Regulation for Sukuk

The new regulation, which was approved by the SCA board, deals with sukuk as an ownership tool and not a debt one. The new regulation conforms to UAE's policy, particularly Dubai's ambitious program of becoming the capital of Islamic Economy.

The 28-article regulation covers several scope of application, including compulsory listing of companies and approval, issuance and listing rules, procedures and documents required for approval of listing, record for application for listing and issuance of sukuk, listing, trading, clearance and settlement of sukuk, suspension and cancellation of listing and many other related issues.

On applications for issuance and principal listing of sukuk, the regulation outlines some conditions, including the need for Sukuk to be approved by the Sharia Committee of the applicant. But if the latter has no Sharia Committee then it must be approved by a Sharia Committee approved and accredited by the issuance regulator. It states that unless the SCA decided otherwise, the nominal value of the sukuk issuance to be listed must not be less than TEN MILLION DIRHAMS (AED10,000,000).

The regulation touches on rules for sukuk trading, clearance and settlement, as well as conditions for issuance and listing concerning the applicant.



SCA issues first market-maker license to NBAD

The SCA has issued the first license for practicing of Market-Making activity to the National Bank of Abu Dhabi (NBAD) following NBAD's fulfillment of all regulatory requirements.

The issuance of the first Market-Making license came at a time UAE equity markets are witnessing recovery and growth and weeks before the actual upgrade of UAE markets to "Emerging Market" status by the Morgan Stanley Capital International (MSCI) Index, a move which will give a significant boost to corporate investment in UAE equity markets and greater in-depth and balance to local stock markets.

NBAD is expected to start practicing this activity during the 3rd quarter of this year

after finalizing some technical requirements in collaboration with UAE markets.

The SCA Board Resolution concerning Market-Maker was issued in August 2012, following in-depth and thorough study of all the various aspects of the Resolution and the outlining of the role of the various parties involved. The preparing and issuance of the Market-maker Regulation was done in stages and according to best international practices.

One of the significant benefits of having a licensed Market-maker is their commitment to provide bid and offer prices in all market conditions. This ensures there is always a price at which customers can buy and sell in their stocks with the involvement of a market maker.



At a meeting held at SCA headquarters in Dubai

SCATC board of trustees discusses brokers' professional license exams

The board of trustees of the Securities and Commodities Authority Training Center (SCATC) has held its 7th meeting, presided over by its Chairman, H.E. Abdullah Al-Turifi, Chief Executive Officer of Securities and Commodities Authority (SCA). H.E. Dr. Bassam Al-Saket, Deputy Chairman of the Board of Trustees, H.E. Professor Abdullah Mohammed Rahma Al-Shamsi, H.E. Zuhair Tamim Al-Jarkas, all board members, as well as H.E. Dr. Obaid Saif Al-Za'abi, the board's secretary, Yusuf Al-Wahhabi, SCATC head, attended the meeting which was held at the SCA's Dubai headquarters.

The meeting approved the board's agenda and minutes of past meeting, reviewed the decisions and recommendations of the 6th meeting, which deliberated over the key performance indexes, development proposals and a number of awareness and training programs.

The board discussed statistical report of the professional license exams program, results of a field study of the first launch

Package of programs launched for the general public

Early in 2014, the SCATC launched a package of specialty training and professional certification programs in the area of capital market and investment industry. The launching of the program in English/Arabic was in partnership with a number of international professional institutions and experts.

The program includes preparation courses for the professional license certification program of the CISI, as well as internationally accredited certification programs like "Accredited Financial Analyst" and "Accredited Assets Manager" certification, in collaboration with the American Academy of Financial Management (AAFM) and (CFTe1) certification for technical analysts.

of the 2014 training program for employees of brokerage firms. It also deliberated over general proposals for development of the SCATC, in collaboration with the Insurance Authority, to offer training programs for award of professional certificate.

Early this year, the SCATC launched a package of specialty training and professional certification programs in the area of capital market and investment industry.

It's worth noting here that the SCATC,

for the first time, has opened its door wide for all those working in the securities and commodities sector. The SCATC offers internationally accredited certification programs, in collaboration with the American Academy of Financial Management (AAFM) and (CFTe1) certification for technical analysts. It also provides preparation courses for the professional license certification program of the Chartered Institute of Securities and Investment (CISI).





H.E. Abdullah Al-Turifi honoring a graduate of the program in presence of CISI representative and Dr Ibrahim Al-Za'abi

In a step that will help boost UAE markets performance

SCA awards 107 graduates of brokers professional qualification program

The SCA has awarded 107 financial market brokers and analysts, who passed the professional license examinations to work in the UAE equity markets. The program is being run in collaboration with the UK-based Chartered Institute of Securities and Investment (CISI).

H.E. Abdullah Al-Turifi, SCA Chief Executive Officer, distributed certificate to the graduates of the program, which was held at the SCA Training Center (SCATC). The award ceremony, which was held at the SCA's Dubai headquarters, was attended by members of the SCATC board of trustees, representatives of CISI and a number of SCA officials.

In his opening address, Al-Turifi congratulated the graduates for successfully going the program and thanked the CISI for the continuous cooperation with SCA as strategic partner in the area of training and orientation.

He pointed out that the graduation of the yesterday's batch takes the total of graduates of this program to 305 within a period of three years. He said the figure has very significant meaning, taking into account the number of

those working in the brokerage companies, which currently stands at about 360 employees, adding that it is a major contribution to enhancing professional excellence standards and meeting the latest developments in the UAE's financial markets.

Al-Turifi cited some of the most significant developments on the financial brokerage sector in recent time. "As you know, the SCA has started updating the regulation for brokers to issue a new regulation. It has presented the first draft of the new regulation to all partners and other financial market stakeholders for feedback and suggestions which could be inputted into the final draft, as part of the SCA's adoption of best international practices in this regard.

On the other hand, the brokerage firms have expanded their activities which are no more limited to executing purchase/sale deals on the market. A large number of the 48 brokerage firms operating on the UAE markets have been licensed to practice other activities. Latest SCA statistics show that 20 companies have been licensed to practice margin trading, while others have been licensed to practice the activities

305
brokers have so far graduated from the program

of financial consultancy and financial analysis among the 18 companies offering that service,” he stated. Al-Turifi cited a positive development of interest to brokerage firms and their employees which is the upward trend in the value traded being witnessed on the UAE markets as the value traded reached more than AED275.700 billion in the past period of the current year, representing an appreciation of 342% in the past period of the current year, compared to the same period last year. In other words, the total value traded recorded during the period this year (less than five months) surpasses the value traded recorded in any of the past five years.

For his part, Matthew Cowan, CISI Regional Head - Middle East, congratulated the graduates for their achievement. He said they have successfully passed a series of CISI exams which qualify them to be licensed by the SCA, adding that the exams are the same exams taken by thousands of others around the world.

He pointed out that CISI conducts around 40,000 exams each year of which approximately 10,000 are taken outside the United Kingdom. He said in the Middle East CISI conducts around 4,000 exams of which around 2000 are here in the UAE. “SCA are a key strategic partner of the CISI and hugely value the warmth, generosity and shared vision between the two organizations,” he added.

A total of 107 completed the program this year. This include: 79 broker representatives, 19 trading managers, operations managers and internal controllers and nine (9) financial analysts.

Based on the training program which was designed according to the best international practices, the Training Center will be conducting six (6) exams in various course disciplines, including Introduction to Investment, Operation Risk, Financial Services Risk, International investment Management.

The program is targeting basically those working in the country’s brokerage companies, including broker’s representatives, trading managers, operation managers, internal controllers and financial analysts.

The program was designed as per SCA’s requirements by virtue of a memorandum of understanding signed in 2009 between the SCA and the CISI, arguably one of the world’s best in professional training of workers in the financial services industry.

The first exam of the program was conducted in October 2009 with 41 graduating in the first batch of the program in 2011, 50 graduated in 2012 as Batch 2, while Batch 3 which consists of 107 graduated in 2013.



UAE University in Al-Ain

In activation of the MoU signed between SCA and the University “Stock Market Virtual Screen” inaugurated at UAE University

A “stock market virtual screen” facility for training of university students has been inaugurated at the UAE University. H.E. Abdullah Al-Turifi, Chief Executive Officer of the Securities and Commodities Authority (SCA) and Dr. Ali Rashid Al-Nuaimi, Director of the UAE University, inaugurated the facility in a ceremony attended by a number of officials from both sides and from the Abu Dhabi Stock Exchange (ADX).

The establishment of the facility at the University’s Faculty of Management and Economics is in activation of an existing memorandum of understanding (MoU) between the two sides. It is also the fruit of coordination between the SCA, on the one hand and UAE securities markets, on the other hand.

The project aims at training the University’s students the basics of trading on stock market by providing for the students a trading environment similar to real one to enable them follow-up instantly prices of securities being traded on the local securities markets and to train on making investment decisions on sale and purchase of stocks during practical training programs, by investing in securities portfolios, as part of their courses of study at the Finance and Economics Section of the Faculty of Management and Economics.

Dr. Al-Nuaimi expressed profound gratitude to the SCA and the ADX for the positive development. He said two facilities have been inaugurated – one at the Men’s College and another at the Women’s College, adding that

the initiative is one of the pioneering academic projects at the regional level which would help spread the culture of financial investment among college students.

The SCA said the launching of the stock market virtual screen at the University falls within its educational and cultural initiatives targeting university students, adding that it is also to enhance the SCA’s role in this area and in the discharge of its social responsibilities.

It pointed out that the it had supervised and implemented similar project at the University of Sharjah within the last two years. It said his outfit is proud and honored to collaborate with the UAE University, due to the latter’s leading role and position as “the minaret of higher education in the country and the mother of all universities in the UAE”, adding that the stock market virtual screen is an advanced educational and training facility which will help build the capacity of students in practical aspects of their courses, particularly in finance, securities market and economics.

The stock market virtual screen project will provide the students a working environment similar to the real one and will allow them to follow up minute by minute developments in trading activities on the UAE markets. Students will also learn practically trading procedures, the right time to enter and exit the market and the right time to buy and sell in view of available information and trends.



SCA - Interior Ministry sign MoU on training, quality services and organizational excellence

The Securities and Commodities Authority (SCA) and the Interior Ministry have signed a memorandum of understanding (MoU) to boost cooperation and share experience in the areas of quality services, organizational excellence and training. The move is in manifestation of the government's vision and strategy of promoting relations of partnership among the various UAE institutions in the interest of the nation.

H.E. Lt. General Saif Abdullah Al-Sha'afar, Interior Ministry Undersecretary, signed the MoU for his outfit, while H.E. Abdullah Al-Turifi, SCA Chief Executive Officer, also signed for his side in a ceremony held at the Interior Ministry Headquarters.

The MoU promotes cooperation between the two sides in many areas, including joint efforts to achieve the country's strategy, vision and general objectives, sharing of experience, best practices in strategic planning and quality, cooperation and coordination for mutual interest and sustained communication between the two sides for their mutual interest and the general interest of the nation.

The MoU also calls for cooperation in the area of training, joint presenting of initiatives and programs that serve the mutual interest of the two sides, sharing of technical assistance, including in the organizing of conferences, joint scientific and training workshops, developing of organizational works and services, engaging in joint social services to help achieve the government's aspirations and sharing of successful organizational experiences.

In a post signing comment, Major General Saif Al-Sha'afar said the signing of the MoU was based on their deep belief that working in this modern time has become institutional and based on sound



H.E. Al-Turifi and H.E. Lt. General Saif Al-Sha'afar after signing the MoU

procedures, which make the country's ministries outstanding. He stressed on the significance of boosting communication and coordination with the SCA and other concerned bodies, adding that such a move is very important strategic principle which his ministry adopted to achieve its vision and future aspirations.

For his part, H.E. Abdullah Al-Turifi, SCA Chief Executive Officer, said his outfit continues to promote and strengthen the bond of cooperation and partnership with prominent federal institutions in adopting the culture of excellence and creativity, citing the ministry of interior as being at the forefront of those federal bodies. "We are proud of the high standard performance of the ministry's organs. The ministry has constantly proven its great ability to apply excellent performance standards in its services, tasks and operations. This is evidently clear from

the numerous quality assurance prizes and awards it has won over the years and this is what has motivated us to seek to benefit from its rich experience in this area," he added.

Al-Turifi cited the SCA's sustained initiatives for uplifting competitiveness standards to higher levels to match with the best international practices in outstanding services, according to the vision of the federal government and its strategic policies. He said the SCA is among the leading federal authorities which has adopted the application of quality programs, vigorously promote the culture of creativity and excellence through sustainable development of its human resources and uplifting the level of their efficiency, presenting the programs in various forms and making them easily accessible to all clients and at the right time.

SCA discusses boosting cooperation with European market regulators



A delegation from the Securities and Commodities Authority (SCA), led by its Chief Executive Officer, H.E. Abdullah Al-Turifi, has held series of meetings to discuss issues of mutual interest with top officials of market regulators of France and Luxembourg and with the chairman of the European Securities Market Authority (ESMA).

The talks focused on ways to boost cooperation with the three bodies in the areas of mutual funds and investment management.

In a statement, the SCA said the aim of the visit is to try and develop more investment tools and products on the local markets to give the markets greater in-depth and boost their performance through the studying and application of successful experiences, the study of regulatory rules governing advanced markets of the world, the best international standards being implemented by these markets and the study of their regulatory frameworks and structures, adding that the SCA has so far registered and licensed 15 national investment funds and that his outfit had issued 679 approvals for promoting foreign investment funds in the UAE, according to latest statistics.

During the meeting with ESMA, with the latter's team being led by its chairman, Mr. Steven Maijor, they discussed a number of issues, including the approach ESMA is taking to establish a single rulebook for EU countries, especially for investment funds and investment management, the methodology ESMA

adopted to regulate credit rating agencies and ways to cooperate on cross border mutual funds between the UAE and the European Union.

At the second meeting in Paris, the SCA delegation held talks with Mr. Gerard Rameix, Chairman of the French Financial Market Regulator (AMF). They discussed the progress made by the SCA with regards to new regulations (Mutual Funds, Investment Management, Market-Maker, Short-Selling, Securities Lending and Borrowing...), the possibility of facilitating the distribution of UAE mutual funds in Europe and ways to enhance relations of collaboration between the two authorities on the mutual funds and investment management subjects.

In Luxembourg, the SCA delegation held talks with Mr. Jean Guill, Chairman of Luxembourg Financial Sector Regulator (CSSF), where their discussions focused on the regulatory organization of Funds and Investment Management in Luxembourg and the strategy adopted to become a hub, the process of registering and approving Funds at the CSSF and the process of surveillance on funds in Luxembourg.

They also discussed ways to improve mutual recognition with regards to mutual funds and investment management.

The delegation also held a meeting with board members of the Luxembourg Funds Association (ALFI) and a number of large companies representing the industry of mutual funds in Luxembourg. The SCA delegation was briefed about the establishment, organization and purpose of the Association, the benefits of having a funds association, the process of communication between the ALFI and the CSSF.

They also discussed best ways for cooperation between the SCA and ALFI in the areas of sharing of information and facilitating the work of Luxembourg companies in the UAE.



SCA holds workshop on “Role of board of directors in light of corporate governance and disclosure”

The SCA has organized a workshop for board members and executives of listed companies. Mr. Rami Al-Nasoor, Financial Advisor at the SCA delivered a speech at the workshop which was held under the theme: “Role of board of directors in light of corporate governance and disclosure”.

The workshop highlighted the definition and principles of corporate governance, general features, skills and experience board and executive members must have for efficient result, setting up a board of director and independence of board members, evaluation of the performance and efficiency of a board in view of the corporate government assignments.

It also touched on the criteria for setting up board of directors sub-committees according to corporate governance rules, allowances of board and executive members of companies, the need to link that to the performance of the company and the need to have internal control system in a company.

Other issues dealt with during the workshop include the rights of shareholders and other concerned bodies, company’s environmental and social responsibilities, as the SCA has imposed on all listed companies which fall under Decision No. (518) the implementation of environmental and social responsibilities policy to contribute in the development of the local communities.

SCA, Sorbonne Abu Dhabi sign MoU to train human resources for labor market



H.E Mohammed Al-Hadari and Prof.Fouache during the signing of the MoU

The Securities and Commodities Authority (SCA) and Paris-Sorbonne University Abu Dhabi (PSUAD), have signed a memorandum of understanding (MoU) for bilateral cooperation in the area of training of national cadres, research and preparing of university students and graduates for the labor market in the area of financial services to help improve performance and growth of that sector.

H.E Mohammed Al-Hadari, SCA Deputy Chief Executive Officer, signed for his outfit, while Prof. Fouache, Vice Chancellor of Paris-Sorbonne University Abu Dhabi, also signed for his side during a ceremony attended by senior officials from both sides.

The MoU is an embodiment of the SCA’s strategy and values which focus on building strong alliance and strategic partnership with the aim of achieving mutual benefit and interest on the capital markets and cooperation with academic institutions.

In a statement after signing the

MoU, H.E Al-Hadari said the signing of the agreement is within the directives of H.E Abdullah Al-Turifi, SCA Chief Executive Officer, for giving greater attention to the training and developing of SCA employees and boosting cooperation and coordination with academic institutions in a way that would add value to SCA employees to reflect positively on their performance at the SCA and consequently benefit the securities sector, in general.

H.E Al-Hadari, who praised the PSUAD for the positive role it is playing in training outstanding national cadres, said by signing the MoU the SCA seeks to boost joint cooperation in the area of scientific research and to provide related data and information, adding that the SCA always looks forward to building unique partnership with academic bodies reputable for adding value to education to help meet the need of the UAE securities sector for qualified human resources and developing market-related research and studies.



SCA participates in Annual Investment Forum

The Securities and Commodities Authority (SCA) has participated in the 4th Annual Investment Forum which opened in the morning of today at the Dubai World Trade Center.

The annual event was held under the auspices and in the presence of H.H. Sheikh Mohammed bin Rashid Al-Maktoum, UAE Vice President and Prime Minister and Ruler of Dubai.

H.E. Engineer Sultan bin Saeed Al-Mansoori, Minister of Economy and SCA board chairman, delivered the opening address in the attendance of a number of dignitaries, including heads of national delegations, deputy prime ministers, ministers and other senior officials from various countries of the world. H.E. Abdullah Al-Turifi, SCA Chief Executive Officer and some executives of the Abu Dhabi Stock Exchange (ADX) and Dubai

Financial Market (DFM) also attended the opening ceremony.

The SCA, which participated in the event with a joint pavilion that included the ADX and the DFM, put on show its various publications and publications of the two markets, in addition to documentary and awareness dissemination films, live trading screen and a ticker. It also displayed the eServices it offers its clients via smart phones.

DFM implements pre-closing session mechanism

Dubai Financial Market (DFM) today announced that it will implement a Pre-Closing Session mechanism to determine the closing price of equity and debt securities traded on DFM as of Wednesday, 14th May 2014. This step is part of DFM's constant efforts to further enhance market infrastructure in line with the international best practices as most of developed exchanges implement this mechanism.

The Pre-Closing Session is timely

introduced ahead of the inclusion of UAE to MSCI's Emerging Market category with a considerable segment of institutions, especially passive investors, track the index, hence this mechanism will attract them and facilitate their activities as it further enhances the calculation process of closing price, index as well as portfolio valuation given that it eliminates last trade price factor in case it was not sensible.

The Pre-Closing Session will run for

10 minutes from 13:50 to 14:00. The Go-Live follows extensive arrangements and coordination with brokerage firms as DFM has circulated to them April 13th 2014 to ensure their readiness.

The Pre-Closing Session enables brokers to place orders at the investor's per-defined price and the orders are accumulated for execution by market closing at 2 PM. The execution price is considered the closing price of the share.



With a 23.6% growth rate

204 thousand users of SCA website in 2013

The number of users of the Securities & Commodities Authority (SCA) website rose to two hundred and four thousand (204,000) users in 2013 with a growth rate of 23.6% compared to 165,000 users in 2012. The growth reflects the continued interaction with the services that the SCA is keen to provide to investors, companies and specialists. The services have been developed by the SCA over the past years in a manner to facilitate the process of obtaining information as quickly as possible, and also to keep pace with its plan to implement the Smart Government program which has a special significance on the agenda of the SCA Management.



The great leap in the number of the website users coincides with a high satisfaction rate with the SCA e-Portal among public joint stock companies (PJSCs) and brokerage firms according to a survey conducted by a specialized company. Based on the survey, satisfaction rate rose to 94% for PJSCs by the end of 2013 compared to 83% in 2012, while 93% of brokerage firms confirmed they were visiting the electronic portal by the end of last year.

The great increase in the number of visits to the website reflects the level of satisfaction among investors with the SCA's services, together with the advantages of speed and reduced effort. The SCA Management has automated the greater part of its services during the past two years in order to facilitate procedures for investors and companies, inside or outside the country, by making services accessible electronically in lieu of traditional methods.

Through a study conducted for the SCA to identify the interaction of investors with the SCA's services on the website, which gained international awards during the past period, the remarkable increase in visitors accessing

information and obtaining services, from both inside and outside the UAE, to the website is quite apparent.

The total number of the citizen or residents users of the website IN the past year was 113,000, or 55.4% while more than 90,000 visits were recorded for the users from abroad, the greatest number being users from the Kingdom of Saudi Arabia, at 9046. The number of visitors from the UK was greater than 3000, with almost the same number of visitors were recorded from USA, India and other countries.

According to the statistics, the second quarter of last year was the most active in terms of the number of SCA website users at 53,700 in a natural progression following the successful joint efforts of the SCA and the local markets to achieve upgrade of the Emirates Securities Market (ESM) on the Morgan Stanley Indicators, which has contributed to attracting investors to access as much information as possible about the ESM or to access services available on the SCA website. During the last quarter of the



Brokerage companies have benefited immensely from SCA online services



year there were 52,100 users, as a result of the decisions coming into force and the forthcoming financial statement from Emirati companies. The number of visitors during the first quarter was about 51,300 and about 47,600 during the third quarter.

The greatest proportion, more than 80%, of the SCA website beneficiaries were still using Windows. The access process to the website through other systems has witnessed a significant increase compared to last year. The most popular of these systems was the Android, followed by Black Berry, then IOS, and other smartphone systems.

A study conducted by the Nielsen Company has come up with certain proposals aimed at upgrading the e-Portal and increasing willingness to visit it, such as increasing speed and the search process together with creating new electronic methods to communicate with the companies and exchange information, inter alia, as well as the establishment of an e-magazine.

Many investors said they constantly rely on the SCA website to readily obtain information or services which helped to overcome the bureaucratic procedures. They said that the investor is now able to finalize a transaction or file a complaint with ease now that the SCA's e-services have developed significantly during the past few years, which has led to

shorter time and reduced effort for all users. They added also that the investors have taken advantage of the introduction of a large segment of SCA services accessible through smart phones, which are widely used in the

Emirates, which is ranked among countries with highest Smartphone rate worldwide.

According to statistics stated by Lenovo, the Smartphone rate in UAE was about 62% at the end of last year and the average annual growth rate for this kind of phone was 18%.

Jamal Ajaj, general manager of Al Sharhan Stock Center- Abu Dhabi said, "As brokerage companies, we took advantage of the services being rendered by the SCA via its website and now we are able to electronically finalize many related procedures without the burden of personal visits. Furthermore, we can access information about the developments on the markets through the same website".

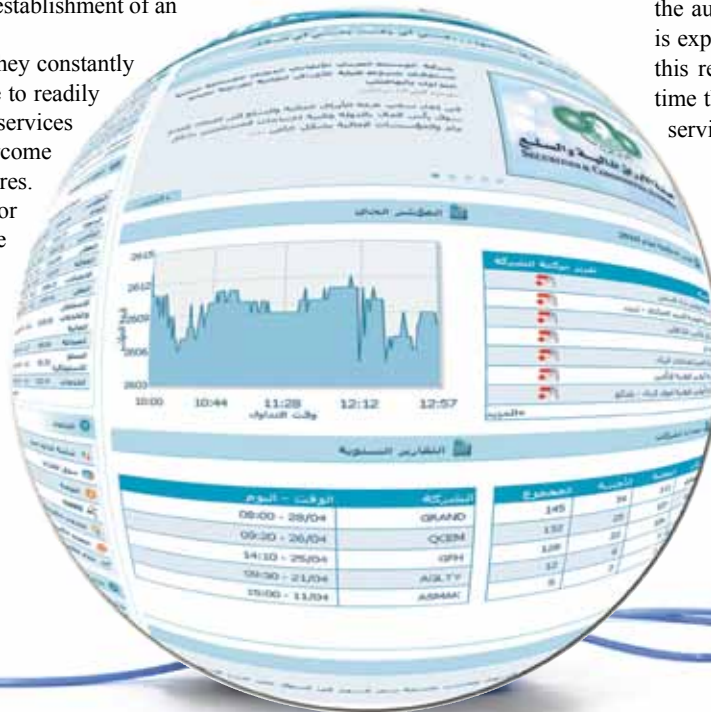
He indicated that the introduction of the service via the Smartphone devices made it easy for investors and companies alike.

He agreed that the SCA's efforts to simplify processes for investors and companies are great and it has succeeded in the automation of most of its services and is expected to introduce more initiatives in this regard during the coming period at a time the markets are badly in need of such services.

Electronic services development

The plan of the SCA to develop its electronic and smart services has been accorded prominence, as it has already commenced introduction of services via the modern communication media and social networking especially the Smartphone devices, as the SCA realizes the importance

90
thousand visits
recorded from
users abroad



of keeping pace with international best practices in automating the services rendered to the investors, companies and financial markets-related parties. This is in addition to its compliance with the decision issued by the Council of Ministers chaired by HH Sheikh Mohammed Bin Rashid Al Maktoum, the State's Vice President and Prime Minister, Ruler of Dubai, concerning the adoption of the federal e-government plan.

By the end of 2013, the total number of services rendered electronically amounted to 31. However, the SCA provided certain services more than two years ago through smart phones and tablet devices, through which it was possible to identify the Emirates Securities Market Index through BlackBerry, iPhone and iPad, as well as the SCA's regulations and legislations.

The SCA has been at the forefront of the control authorities in the region, issuing the trading system via internet in 2007, which the majority of brokerage firms operating in the markets have taken advantage of and have become able to readily and easily provide their clients with the service.

The services being provided electronically via the mobiles include: financial data and statistics platforms, license renewal notifications to the



companies dealing with the SCA, request for "to whom it may concern" certificates for the members of boards of directors of public shareholding companies, calls for general assembly, whether ordinary or extraordinary, violation inquiry, resolution of disputes arising from securities trading,

and other services related to the renewal of trading companies' licenses, complaint applications, brokerage business and dispute resolution and holding of the general assembly, in which the parties found an outstanding means to easily and conveniently obtain their needs.

Online forums

During this year, the SCA has been keen to provide a new service for investors and parties concerned with the local financial markets, namely "dialogue forums." A window was allotted on the website whereby ideas and suggestions may be offered. The dedication of the electronic window is considered to be the first of its kind and has taken place in line with the SCA interest in having a permanent channel for communication with investors in order to identify their comments and views concerning the services being rendered and in a manner conducive to the development of business mechanisms in general.

Those in charge of the website confirmed that the views and proposals provided through the e-window are highly appreciated by the management and shall be taken into consideration as one of the important references used to discuss improvements and developments related to the e-Services and the SCA website.

The window involves three major subjects for forum discussions. The first is dedicated to identifying public views about SCA services, the second to identify the opinion on the SCA's strategy, while the third is dedicated to opinions concerning SCA policy. The people in charge of the website expect that the forums will find positive interaction by the investors and the Emirates financial markets-related parties and stress that the discussions included will constitute an important source for the SCA to get to know the needs of all segments of dealers with the services, together with other subjects that would lead to upgrades of their services to the next phase of development.

Dear Investor,



To save time and efforts, you can access through the SCA website www.sca.gov.ae the dispute resolution system and the arbitration services concerning securities-related disputes.



In a customer satisfaction survey for 20 services

SCA online services score 97.2% of companies' satisfaction in 2013

The satisfaction rate of the public shareholding companies and brokerage firms with the services being rendered by the SCA via its website reached 97.2% at the end of 2013, compared to a rate of 87.2% recorded in 2012, according to a survey conducted by the Nielsen, a company which specializes in conducting surveys.

The survey included opinions on more than 20 services rendered by the SCA to the public shareholding companies and securities and commodities brokerage firms, including the services for the establishment of the public shareholding companies, renewal of their memoranda of association, requests to hold the ordinary and extraordinary general assembly, request for "to whom it may concern certificates," company registration and company transformation and awareness and other services being rendered electronically via the SCA website without the need for the previous traditional method and personal attendance to complete service-related procedures.

According to the survey, 71% of the public shareholding companies operating in the financial markets confirmed that they were familiar with the service to obtain consent to hold the ordinary general assembly through the SCA website by the end of 2013 compared with 45% by the end of 2012, which reflects the greatly increased rate of awareness of the service among these companies. Based on the foregoing, the average rate of satisfaction with this service has increased from 87% to 96% during the same comparison period.

Concerning the consent service to hold the extraordinary general assembly via the website, the average satisfaction rate among the survey sample of companies amounted to 98% by the end of 2013 compared with 86% in 2012, owing to the high rate of awareness of the service, up to 71%.

The average satisfaction rate with the service for companies' license renewal amounted to 97% from 94%. 33% of the companies already used the SCA website to take advantage of the service in 2013.

The awareness rate of the registration renewal service for public shareholding companies' via the SCA website rose,

97%
of companies
satisfied with SCA's
online license
renewal service

71%
of PJSCs aware they
can get online SCA
approval to hold general
assembly meeting

77%
of PJSCs satisfied
with SCA's strict
adherence to its
transparency, fairness
and equity values

21%
of PJSCs use
online license
renewal service

according to the survey, from 55% to 82%. 21% of the companies covered by the survey took advantage of the service and consequently the satisfaction rate with this service rose from 71% to 83% by the end of last year.

Regarding the service for preparation of "to whom it may concern" certificates, the survey showed a high rate of awareness with the service via the website with an increase from 20% to 53%. The percentage of companies included in the sample that benefited from this service amounted to 33% and the relevant satisfaction rate was 100% in 2013 compared with 33% in 2012.

The service to register public shareholding companies, renew registration and amend the Articles of Association gained the same satisfaction rate which reflects the extent of development witnessed by the SCA services through the website.

Of the commodity brokerage firms that were covered by the survey, 91% of them

confirmed their awareness of the efforts exerted by the SCA to raise the awareness level among their customers by the end of 2013 compared with awareness rate of 75% in 2012. The satisfaction rate with these efforts rose from 37% to 73% last year. 89% of the firms expressed their total satisfaction with the SCA's efforts in the field of holding conferences and lectures, while the satisfaction rate with the SCA's manuals and printed matters amounted to 75% and to about 73% with the awareness programs promoted through newspapers and magazines, and 50% with the TV programs. Concerning the securities and brokerage firm participants in the survey, 77% of them expressed satisfaction with the SCA's preservation of the value related to transparency, integrity and justice by the end of 2013 compared with 40% in 2012. 97% of them confirmed they were familiar with the service to renew licenses through the website and 68% had already used the service.





SCA holds 6th Annual Conference

Experts: Adopting the best international criteria would help accelerate elevation of UAE market to “Advanced” status

Financial experts have agreed that the adoption of best international practices by UAE markets would boost and expedite the elevation of UAE markets from the current “Emerging” market status to “Advanced” within a short time. They commended the Securities and Commodities Authority (SCA) for adopting latest international practices in the issuance of regulations, rules and laws to govern the UAE market.

This came during the 6th SCA annual conference, held under the theme: “Global Standards – The Pathway to Deep and Liquid Markets” and attended by a number of international experts in the financial market industry from various parts of the world.

Delivering the opening address, H.E. Abdullah Al-Turifi, SCA Chief Executive Officer, said the UAE occupies very enviable position on the world economy map, being a major financial hub and a first class strategic and investment destination, thanks to the great vision of the UAE’s wise leadership, and to what the UAE has, including an excellent economy and comprehensive economic policy that

is open, diverse and flexible, which have made the country a very important hub and vital destination for foreign investment and major international corporations.

He stated that Market indices show that total trade of the Emirates Securities Market (ESM) has achieved a very significant high in total traded value. He said this significant improvement in the level of liquidity came as a result of the application of new regulations, including the Regulation for Margin Trading (with 20 brokerage companies having been licensed to practice margin trading activities, according to statistics), Regulation for Liquidity Provider and Regulation for Securities Lending and Borrowing, which were part of a package of regulations attached to the Market Maker Regulation that was issued in 2012.

On Market transparency, he said the rate of disclosure of corporate governance reports was 98% of the total concerned listed companies, adding that 96 out of a total of 120 companies listed on UAE markets have so far implemented the XBRL, in response to SCA decision and demand.

Al-Turifi touched on corporate investment, which he said is one of the important aspects of advanced financial market. “It is a strategic goal the SCA has sustainably adopted by encouraging the licensing of mutual funds and investment portfolios. The issuance of the regulation for mutual funds and regulation for investment management was a major turning point in this regard, as they led to significant rise in the number of licensed and registered mutual funds in the country. The total reached 15 mutual funds by the end of first quarter of the year, while the

Al-Turifi: UAE occupies very enviable position on the world economy map, being a major financial hub and a first class strategic and investment destination



Global Standards – The pathway to deep and liquid markets



number of SCA approvals for promotion of foreign mutual funds in UAE markets reached 679 approvals to reflect increasing interest in corporate investment,” he added and pointed to bonds and sukuk, as well as measures taken by UAE markets and other bodies, which he said would contribute in consolidating the position of UAE, in general and Dubai, in particular, as the capital of Islamic Economy.

Outstanding performance

Delivering the conference’s keynote address, H.E. Abdulrahman Al-Hamidy, Director General and Board Chairman of the Arab Monetary Fund (AMF), said the elevation of UAE market to the “Emerging Market” status came to crown the concerted efforts of all those who have worked hard in the country to improve the markets and develop the legislations, rules and regulations which govern those markets, adding that these efforts reflected positively on the markets leading to the latter’s outstanding performance last year compared to other emerging markets.

He said the year of 2013 was by and large

an outstanding year for the Arab financial markets, adding that besides the upgrading of some of the markets in the region to emerging status, the performance of the Arab financial markets collectively was much better than the performance of all other emerging markets. “The AMF composite index, which measures the aggregate performance of all the Arab stock markets, has increased by 18.6 per cent during 2013. They had recovered about USD 197 billion of their total market capitalization during 2013, to reach USD 1138 billion by the end of 2013, equivalent to about 42.2 per cent of the GDP of all Arab countries. This was accompanied by improvement in the flow of foreign investment, which has recorded a net positive flow, for the first time in six years. The total purchases of foreign investors of Arab Securities reached USD 57.3 billion for the year 2013, an increase of about USD 20.4 billion compared to the previous year,” he stated.

Total finance

He added: “The total value of corporate bonds and sukuk issued during 2013

SCA commended for adopting best international practices

Market indices show significant appreciation in total traded value of ESM





reached USD 30.7 billion, compared to about USD 6.9 billion financing through equity markets (IPOs and Right Issues). Nevertheless, It should be noted, that bank lending is still the dominant source of financing for corporates in the region.

It is worth mentioning in this regard, the successful issuance of the Ruwais Power Project bond last summer, one of few truly project bond structures in the region in the last few years”.

He said despite improvements in banking and financial services and the issuance of Bonds and Sukuk in the Arab countries over the past few years, the contribution

of both Non-banking Financial Institutions and debt capital markets in private sector financing still remains low compared to banking credit facilities in the region, and to debt capital markets in other developing and emerging bond markets. “Thus, it is very timely for the Arab countries to step up the pace on local currency debt capital markets.

Emphasizing further, he said the development of the debt markets will also enhance financial stability via changing the financial system from a primarily bank-oriented to a multilayered system, decreasing the maturity mismatch

between assets and liabilities and enabling introduction of new financial products, which can enhance risk management and curb asset bubbles.

“Arab countries have paid more attention in the last years to developing local debt capital markets especially Government Securities. This attention has been reflected in the increased volume of bond issuance during this period, mainly to finance government budget deficits in some Arab countries. However, despite the size of the total issuance which reached USD 41 billion during 2013, bond markets in these countries still lack sufficient depth and liquidity,” he added.

Bond issuance

On corporate bonds and sukuk, he said despite their significant growth especially in the GCC, many issuances have been narrowly distributed or denominated in foreign currencies, with little tangible contribution to developing local currency debt markets. He pointed out that the total issuance of corporate bonds and sukuk in foreign

Al-Hamidy: Total finance granted to Arab companies in general through bonds and sukuk in 2013 amounted to US\$30.7 billion



Global Standards – The pathway to deep and liquid markets



currencies reached USD 24.9 billion during 2013, representing more than 80 per cent of the total corporate issuance during the same year, and called for developing of corporate investment and for expanding of financial markets investor base. “According to the figures, the outstanding value of corporate bonds and sukuk reached USD 131.9 billion at the end of 2013, which represents only around 4.4 percent of total GDP, quite low when compared to other regions. And more complex debt instruments such as mortgage and asset-backed bonds scarcely exist in Arab countries,” he stated.

Regulatory harmonization

The first of the three-session conference was on the topic: “Regulatory Environment – Global Standards and Harmonization at the National Level” which was moderated by Alex Roussos – Partner at Dentons, while the panelist consisted PromodDass, Deputy CEO at RAM Rating Services Berhad and Eric Salomons, Head of Markets at the Dubai Financial Services Authority.

Making his presentation, the speaker of the session, Paul Symon, Head of Public Affairs at the Euroclear Bank, touched on issue of regulatory harmonization. He said the financial crisis has led to a necessary global regulatory response, which has to some degree impinged on the roles local domestic regulators, especially in Europe. This, he added, has led to a trend towards more regulatory harmonization, but the term “Regulatory harmonization” has a somewhat different meaning now than a few years ago, before the crisis.

Panelist PromodDass discussed current trends in harmonization of Asian financial markets including lessons learned over the years since the Asian crisis and the increasing recognition that “one sizes fits all” regulation does not work in every case. The panelists went on to discuss these comments and relate them to the current status of harmonization at the GCC level.

The second session, which was held under the topic: Investment Management – “The Role of Institutional Asset Managers”, had Kai Schneider, Partner of Clifford Chance, as the moderator, while the panelist consists of Dimitri Arlando, Head of Business Development – State Street



Bank and Trust Company Representative, and Abdul kadir Hussain, Chief Executive Officer of Mashreq Capital, were panelists.

In his presentation, the speaker of the session, Saleem Khokhar, Head of Equities for National Bank of Abu Dhabi (NBAD). He said the role of the Institutional Investment Manager is to deliver superior risk adjusted returns for investors in chosen asset classes, adding that funds are classified into categories depending on investment objectives and predominant class of assets held. “The main categories of funds are: Equity funds, Fixed income funds, Balanced funds, Money market funds, Structured funds, Real estate funds and Alternative investment funds,” he said, adding that funds can also be classified depending on other criteria such as geography, sector, style, level of accepted risk.

The Third and final session was held under the topic “Bond and Sukuk – Completing the Capital Market” with the speaker being Dr. Hatem Al-Habib Ghouma, Senior Capital Markets Specialist at the Treasury Department of the Islamic Development Bank. The panelists were Daniele Vecchi, Senior Vice President for Group Treasury, Majid Al-Futtaim, Mohammed Paracha, Partner at Norton Rose Fulbright and Mohammed Dawood, Director DCM, HSBC Bank.

In his presentation Dr. Ghouma talked about promotion of local currency, particularly in Sukuk format; standardization of Sharia principals and boards, investor protection through promotion of disclosure and transparency.

Developing active markets for debt bonds in local currency poses major challenge for developing the financial and banking sector

Dear Brokerage Company Officer,

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Dr. Hatem Ghouma

Bonds and Sukuk markets still need more liquidity and greater in-depth

Recommendations

The organizing committee of the conference, which was held under the theme: “Global Standards – The Pathway to Deep and Liquid Markets” and attracted about 200 experts in the field of securities, banking and finance, has issued a final statement which consists of recommendations categorized according to a number of axis.

Financing by debt instrument

- The need to expand in financing through other tools other than banks – like through bonds and sukuk – to meet the increasing demand for financing infrastructure and energy projects.
- To develop debt instrument markets to make them more vibrant and to issue bonds in local currency.
- Bond and sukuk markets, particularly government bond markets, still need more liquidity and greater in-depth compared to similar markets in developing countries and other emerging economies.
- A number of Arab countries are making reforms aimed at creating more conducive environment for developing of debt instruments. This calls for more efforts in the area of supply and demand for these instruments.
- The need to focus on issuance of government bonds to build a sustainable dividend trend. This requires the developing of related legislations and laws to overcome some legal issues that could hinder the issuance of those instruments.
- Solving issues related to insolvency laws and creditor’s rights, effect implementation of sound corporate governance rules, which is a vital ingredient in the building of a sound legal infrastructure.
- Continue completion of sound infrastructure, particularly the regulations

for bond and sukuk trading, clearance and settlement.

- Step up awareness campaign and work for greater disclosure and dissemination of information concerning debt instruments.
- Developing legislations, regulations, incentives and appropriate climate for growth of non-banking financial institutions capable of attracting long-term savings.

Sukuk

Regarding Sukuk, the conference recommended the following:

- There is need for legislative and regulatory environment, the stronger the legislations the more promising shall the sukuk market be.
- There is need for better training and development in the area of sukuk.
- Generally, there have been some good steps in the area of documentation and procedures regarding issuance of sukuk, but there is the need to ease and simplify those procedures and to standardize the structure and documentation of sukuk issuance.
- There is need for better disclosure to investors who look up to enforcement of corporate governance laws and order.
- There is need to simplify issuance procedures and minimize its paper works and time involved (to emulate Malaysia where requirements in this regard are lower compared to other countries of the world). It’s worth noting here that banks represent a large segment of the investors, while the rate of individual investors is low.
- The need to attach great importance to local funds and credit ratings through initiatives, as well as to Islamic finance instruments. (It has been observed that there is greater interest in Islamic finance instruments abroad (As in the case of



Global Standards – The pathway to deep and liquid markets



Paul Symons

Hong Kong and Britain) than in some Islamic countries.

- There is need for issuance in local currencies. Note that investors take into serious consideration stability in the system of government and law enforcement.

Funds and savings

In this regard the conference recommended the following:

- Strengthening of capital and improving its requirements, improving investment fund licensing procedures and developing the rules of disclosure and evaluation of the funds.

- Encourage the setting up of pension and retirement funds and putting in place incentives and rules for their successful operation.

- The need to put in place incentives that would encourage savings through insurance policies, developing legislations that would help develop insurance companies – both the conventional and solidarity (Takaful) types of insurance companies.

- Developing of tools and means for help investors manage risk better to improve liquidity on the markets.

Recommendations for regulatory harmonization

- To boost cooperation among all GCC parties to harmonize their legislations with international legislations in the interest of corporate investors, listed companies and the markets in general.
- The need for better coordination among the various supervisory authorities of each country, on the one hand and between these authorities and corporations and other market clients, on the other.
- The need to adopt regional program to develop the markets in the region and to eliminate obstacles among the markets to help achieve common market with greater in-depth, more liquidity and better efficiency.
- To work for coordinated legislations, regulations and related practices in accordance with best international standards.

Institutional investment

- To give great attention to assets managers as they have important role to play in institutional investment, particularly as in view of the high potential for significant growth in the activities of assets management in the Gulf region.
- Disclosure and transparency are very vital for the market to protect investors' interest and to provide the necessary information for investment decision-making.
- There must be plans for better and more efficient investing of end-of-service benefits.
- There is the need to boost and promote the culture of retirement plans among all segments of workers.
- There is the need to have legislations to support corporate investors as buyers on the markets.
- Assets managers must have freedom to enter markets and move freely in the markets of all countries in the region.
- There must be mutual recognition among the countries of the region of their regulations and legislations as in the case of the European Union.
- There is the need to develop institutional investment and to expand investor base of financial markets in the region.

Other recommendations are:

- Effective regulatory cooperation must be strengthened among concerned bodies through regulatory harmonization.
- Dispelling the notion that “This company is so big that it is impossible for it to collapse”.
- Adopting the “One size fits all” approach for it has many advantages (including no regulatory arbitrage)
- International initiatives need regulatory support at national level and from regulators to achieve matching.
- Making derivatives markets more secured
- Rules and regulations issued by regulators must be enforced
- The need to pump retirement fund investments into the markets in a way that would achieve good return to reflect positively on market in-depth
- Boosting supervision of derivatives markets as best as possible to minimize risk to lowest level possible.



More than AED 51 billion of profit realized in 2013

Analysts: Record profit for listed companies in current year

National shareholding companies listed on both the Abu Dhabi Securities Exchange (ADX) and the Dubai Financial Market (DFM) are expected to achieve record profits during this year with the return to the strong activity of the national economy and with expectations of strong growth levels during the coming years.

Analysts believe that the profits achieved by these companies during the first quarter of the current year and the record profits achieved last year constitute a strong indicator of the tendency to achieve record levels of gains creating an attractive environment for investors who expect rewarding returns.

The accumulated profits of the national companies listed on the ADX and the DFM rose by 26% during the first quarter of the current year to reach about AED 15.5 billion compared to the profit of the same period in 2013, which was found to be closer to the profit achieved in 2008.

The listed companies had achieved record profits in 2013 amounting to AED 51.2 billion with a growth rate of 19.9%, compared to the net stated profits in 2012 amounting to AED 42.7 billion, creating a new turning point for the business of all the listed operating companies, representing several economic activities in the UAE through which they exceeded the record profits achieved in 2008.

Nabeel Farahat, Partner & Manager of Al-Fajr Securities, noted that achieving such a leap in profit level was not surprising following the return of the activity cycle back to its full strength last year, which had positively affected the generous distribution rate. The same has prompted the return of liquidity flow into the markets and the improvement of share prices which, despite the rise, continue to attract investment.

He expressed his belief that the growth rates in companies' profitability will continue during the current year, supported with several stimulations, such as the improved performance of the listed companies.

Kifah Al Maharmeh, the general manager of Al-Dar Financial Services, noted that the

33.4
billion dirhams is
net profit achieved
by companies
trading on ADX

17.88
billion dirhams is
net profit achieved
by companies
trading on DFM

**Record profits
achieved by companies
is attracting more
investors to the
generous dividend**

line with the national economy which is expected to continue its strong growth over the next years.

According to the accumulated figures, the net profits achieved by the companies trading on the Abu Dhabi Securities Exchange reached about AED 33.4 billion by the end of 2013 with a growth rate of 10.3% compared with AED 30 billion in 2012. In the Dubai Financial Market, the net profits of the companies rose to AED 17.88 billion with a growth rate of 40% in 2013 compared with AED 12.7 billion in 2012.

At the sector level, the greatest share of the profits realized in both markets was in the banking sector which amounted to AED 28.25 billion in 2013 with a growth rate of 18.6% compared with AED 23.8 billion in 2012. Consequently, the banking sector acquired about 55.3% of the total profits realized by all the national companies listed on the Abu Dhabi Securities Exchange and the Dubai Financial Market.

In the real estate sector, the net profit by the end of 2013 amounted to about AED 7.6 billion with a growth rate of 75% compared with the profits realized by sector companies listed in the two financial markets in 2012, amounting to AED 4.33 billion.

The total profits for the companies listed on the Abu Dhabi Securities Exchange and the Dubai Financial Market amounted to AED 36.9 billion by the end of the first nine

high profits achieved by the companies have been the primary motive for increasing the cash distribution rate to shareholders in the last year, of which he believes a great portion will be re-pumped into the markets as a result of the rise in confidence in transactions and the large returns being achieved by market investment compared with the other investment channels.

On his part, Iyad Al Braigy, the trading manager of Al Ansari Financial Services, stated that the return of activity to the national economy will be positively reflected in the companies' profits, and thus in dividends during the coming years which will drive many investors to access the financial markets for the rewarding revenues of dividend distributions.

He expected the profits of these companies to rise to record levels in





%19.9
 is net profit growth
 rate of listed companies
 compared to 2012

months of 2013 compared with AED 32.6 billion in the same period of 2012.

The net accumulated profits for the companies listed in the Dubai Financial Market during the first nine months of 2013 amounted to AED 11.42 billion with a growth rate of 29% compared with AED 8.84 billion achieved during the same period of 2012 with an increase of AED 2.58 billion.

The accumulated profits of the banking sector companies in the Dubai Financial Market amounted to AED 5.96 billion during the first nine months of 2013 with 52% of total accumulated profits for companies in the market.

On the other hand, the total results for the companies listed on the Abu Dhabi Securities Exchange by the end of the first nine months of 2013 was AED 25.54 billion compared with AED 23.79 billion achieved during the first period of 2012 with an increase of AED 1.75 billion.

The banking sector has been the main contributor to the high accumulated profits

of the Abu Dhabi Market companies during the first nine months of 2013 with AED 15.45 billion. Previously, 2012 showed progressive profit in both markets, with the net profit of the Dubai Financial Market companies amounting to AED 11.8 billion with a growth rate of 80% and with an amount of AED 5.2 billion compared with AED 6.6 billion achieved during the same period of 2011.

On the Abu Dhabi Securities Exchange, the net accumulated profits by the end of 2012 amounted to about AED 29.4 billion with a growth rate of 14% and with an amount of AED 3.6 billion compared to AED 25.8 billion in 2011.

The banking sector acquired 57.7% of the net profits realized in both markets with an amount of AED 23.8 billion, with AED 17.8 billion from the Abu Dhabi Market banks and about AED 6 billion from the Dubai Financial Market banks.

Dear Investor,

Make sure all data in share purchase or sale orders is completed under your supervision prior to signing and handing them over to the brokerage company; so that they cannot be used in a way that would expose you to account manipulation risks.



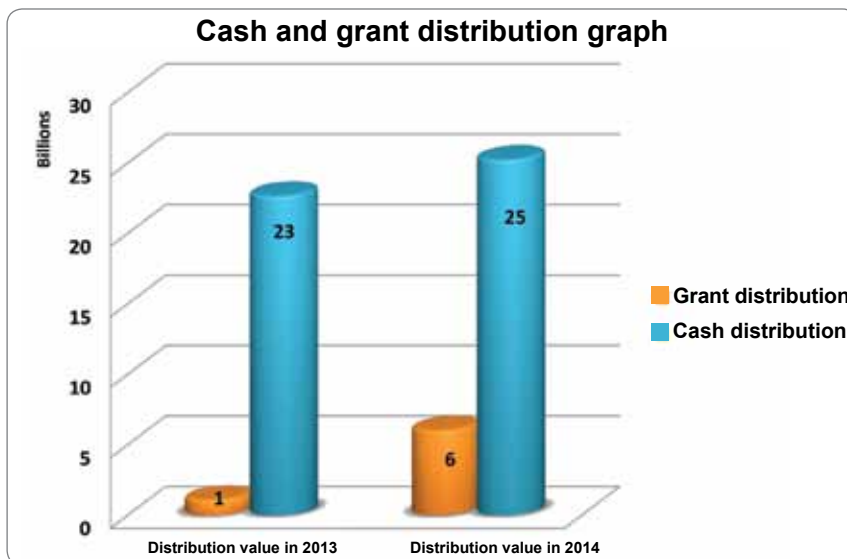
Public shareholding companies distribute dividend of AED 31.28 billion in 2013

Banking sector dominates with largest proportion of distributions



Public shareholding companies raised their cash and bonus dividends in 2013 to AED 31.28 billion as approved by the general assemblies during the first half of the current year. AED 25.25 billion of those dividends was in cash and AED 6 billion was in bonus shares compared to AED 23.76 billion in 2012.

Companies listed on UAE financial market achieved record profits during the year amounting to AED 51.2 billion with a growth rate of 19.9% compared with stated net profits of AED 42.7 billion in 2012, making a turning point in the business of all listed operating companies representing many economic activities in the UAE; and hence the record profits realized in 2008 were exceeded.



The banking sector has acquired the largest proportion of the public shareholding companies' dividends for 2013 with AED 13.12 billion in cash and AED 2.74 billion as bonus shares, followed by the telecommunications sector with AED 7.4 billion in cash, followed by the real estate sector with AED 1.6 billion in cash and AED 2.3 billion as bonus shares. However, the total distributions in the consumer goods sector was AED 156 billion in cash, and about AED 506 billion in cash in the distributions of the transportation sector.

The number of public shareholding companies that distributed cash dividends from the banking sector was 18 and total distributions amounted to AED 13.1 billion, acquiring 51.97% of the total cash dividends in the market, followed by the telecommunications sector that distributed AED 7.4 billion through two major companies namely Etisalat and Du.

Real estate sector companies acquired 6.44% of the total cash dividends where

three companies distributed AED 1.6 billion in cash, followed by the investment and financial services sector by 3.33% where three companies distributed AED 839 million, followed by the insurance sector by 2.79% where 18 public shareholding companies distributed AED 704.8 million.

Ten shareholding companies from the industrial sector acquired 2.06% of total dividends paid in the financial markets during the past year by AED 518.9 million, followed by the transportation sector companies by 2.01% where two companies from the sector distributed AED 506.7 million. Distributions of services sector companies amounted to 1.45% where seven companies distributed AED 365.8 million followed by the commodities sector by 0.62% where six companies distributed AED 156 million.

On the other side, the banking sector acquired the largest proportion of the bonus share dividends with 45.48% of total paid bonus dividends in the markets

Dear Investor,

If not sufficiently experienced in stock market, you can invest in investment funds or portfolios – those licensed by approved bodies – after studying their performance and policies; such funds have qualified staff to manage your funds. They also have diversified investments and mitigated risks.



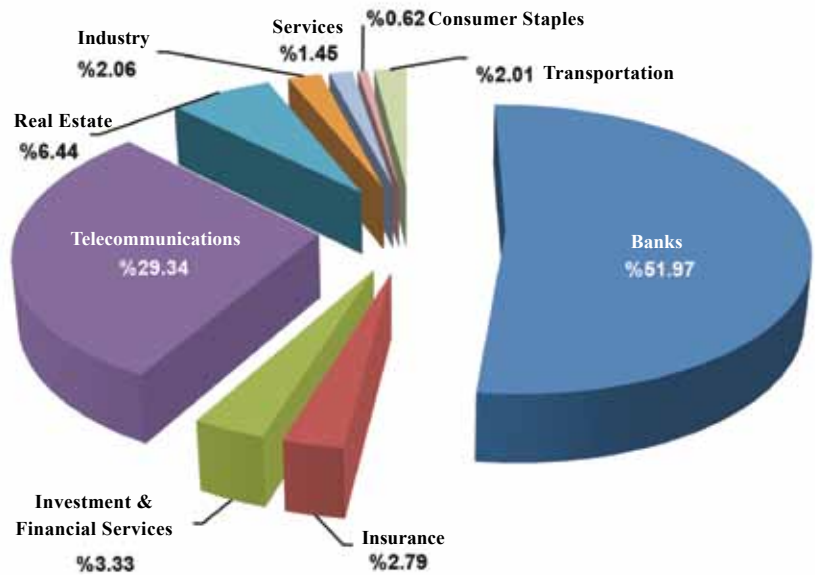
where 11 listed banks distributed bonus dividends equivalent to AED 2.74 billion, followed by four companies from the real estate sector which distributed AED 2.3 billion as bonus dividends, so that the sector acquired 38.11% of the total bonus shares distributed for 2013. Distributions of the services sector amounted to 5.17% where three companies distributed AED 312 million as bonus shares, followed by two companies from the investment and financial services sector which distributed AED 297 million as bonus shares so that the sector acquired 4.93%. Four companies from the industrial sector distributed AED 234 million as bonus shares accounting to 3.89% of total bonus dividends, followed by four companies from the insurance sector which distributed bonus shares amounting to AED 146 million accounting for 2.42% of the total bonus dividends for 2013.

The First Gulf Bank led the banking sector companies, which for 2013, distributed AED 3 billion with 100% in cash and 30% as bonus shares, equivalent to AED 900 million followed by the National Bank of Abu Dhabi with 40% in cash, equivalent to AED 1.7 billion and 10% as bonus shares, equivalent to AED 430.5 million while Abu Dhabi Commercial Bank distributed 30% in cash, equivalent to AED 1.56 billion.

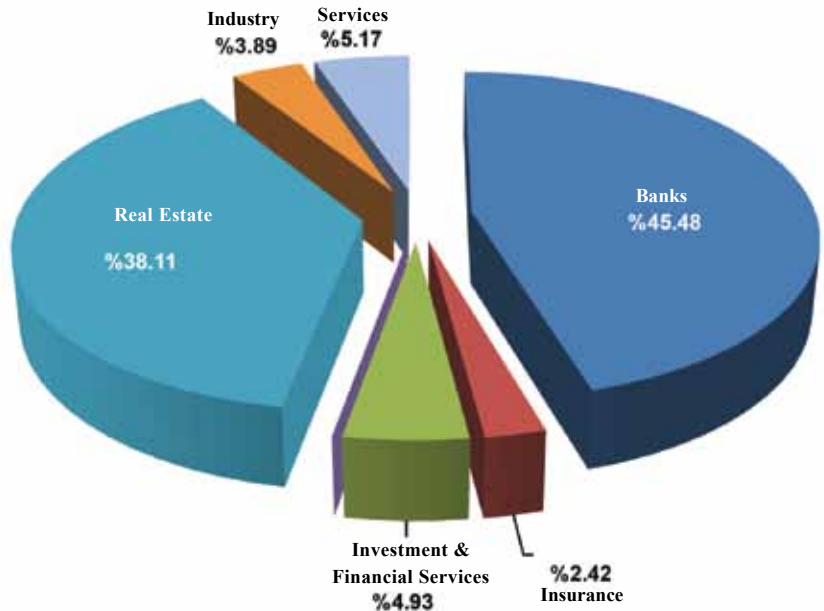
The Emirates NBD distributed 25% in cash, equivalent to AED 1.38 billion, while the Dubai Islamic Bank distributed 25% in cash, equivalent to AED 988 million, followed by the National Bank of Ras Al Khaimah, the general assembly of which approved dividends with 50% equivalent to AED 838 million.

Distributions of Emaar Properties valued 15% in cash, equivalent to AED 976.3 million while its distributions of bonus shares accounted to 10%, equivalent to AED 650.8 million. Distributions of Al Dar Properties amounted to AED 550 million with 7% in cash, while Ras Al Khaimah Properties distributed AED 100 million as cash dividends equal to 5%, and Arabtec Holding distributed 40% as bonus shares valued at AED 1.255 billion.

Total cash distribution in 2014



Total grant distribution in 2014



After a comprehensive study conducted by the Research & Financial Analysis Section, SCA experts: No need to dedicate a special regulation for disclosure and transparency

A recent study conducted by the Research & Financial Analysis Section of the Securities and Commodities Authority (SCA) concluded that there is no difference or boundaries between the concept of disclosure and transparency. This is in view of the fact that transparency is a result of disclosure, therefore there is no need to dedicate a special regulation for each of them.

The study indicated that the experiences of all countries included in the study focused on the concept of disclosure and transparency as one, which is also the conclusion of the Research Section of the SCA.

The study confirmed that certain articles are used to differentiate between disclosure and transparency and designated disclosure as the process of a company declaring its information, while transparency is the process of the market's announcing information related to companies or to operations, prices, quantities and the people in charge thereof.

A team of experts within the Research Department- as part of the SCA's keenness to upgrade awareness level among investors, companies and professionals- was dedicated during the past period to prepare an in-depth study targeting identification of the thorough and comprehensive concept of disclosure and transparency with reference to multiple sources and through the experiences of advanced countries worldwide and the neighboring countries of the UAE with a view to identify the feasibility of dedicating a special regulation for disclosure and another one for transparency, in the case of different concepts and obligations thereof.

According to the Organization for Economic Cooperation and Development (OECD), their experience in this field constituted one of the sources relied upon by the SCA experts while conducting the



study. The principle of disclosure and transparency is one of the major principles of corporate governance regulatory rules as issued by the International Organization where in the governance framework should foster realization of accurate disclosure in due time concerning all issues pertinent to the incorporation of companies, inter alia, the financial position, performance, property and authority exercise method.

Disclosure shall include the operating financial results, the company purposes,

rights of majority in terms of contribution, rights of voting, clarification of the names of the board members, major CEOs, payroll and benefits granted to them together with the foreseeable risk factors, employee and stakeholder-related material matters and corporate governance structures and policies.

According to the OECD, the information should be prepared and reviewed and should be disclosed in a manner consistent with accounting and financial qualification

standards. Such a method should meet the requirements of non-financial disclosure and audit processes along with the assumption of the annual audit through an independent auditor to provide an external and objective audit of the method used in the preparation and presentation of financial statements to all the information distribution channels in order to guarantee possible access of information to users in due time and at proper cost.

Among the other sources of experience on which the study relied was the International Organization of Securities Commissions (IOSCO). The major business principles of IOSCO in connection with the issuers of securities lay stress on the necessity of providing complete and accurate disclosure within a suitable time about the financial indicators and also other information to help investors take their decisions.

The Organization defined market transparency as the ability of the market participants to obtain information about trading transactions such as price, demand quantity, trading volume and risk and dealer's identification and thus it depends on the information available pre and post trading.

The study examined the definitions that handled the concept in a simplified manner noting that transparency is the principle of creating an environment in which the information pertinent to the circumstances, decisions and the current business is available, visible, and understandable to all market participants while disclosure is defined as a process and approach to provide information and make decisions related to the entity policy known and identified through publication in due course.

The SCA experts in their study confirm that, based on the foregoing, it can be said that disclosure and transparency are two sides of the same coin as both are connected with the information and data coming out of the company and fed to the markets. It can also be said that the commitment of the joint stock companies listed in the financial markets to disclose constantly and repeatedly all financial and non-financial information, whether good or bad, and their interest to simultaneously deliver the information to all investors and users thereof and not to prefer one

segment to others, will lead to the increase in efficiency, transparency of the financial markets, and the confidence of dealers the rein, and thus increase the attraction and access of new investors the reto.

They clarified that the disclosure concept pursuant to the previous definitions concentrates on the delivery of the financial and non-financial information and data to all parties at the same time. The same is applicable to the transparency concept, but transparency requires the delivery of full information and data to all investors at the same time without deformation or division or obscurity. Therefore, transparency is an inevitable result of full disclosure, which is composed of many elements including timeliness, content and type (financial-essential- historical and administrative) and phases before subscription, allocation, listing, business commencement, during the year, date of the general assembly (and methods), company management, market management, and media, in addition to the importance of investment growth and safeguarding, the attraction of more investments, dealers' protection, employment opportunities, the protection of shareholder's equities, lenders rights, the simplification of follow-up examinations, the avoidance of national economic risks from sudden financial shocks, the enhancement of the financial and investment cultural spirit among the people connected with the company and the market.

In order to grant the study more depth and accuracy and to attain thorough results concerning the subject matter, the SCA experts also decided to study the experiences of international and Arab securities markets and securities regulatory authorities. The experts found out that all such countries have focused on the concept of disclosure and transparency as one without discrimination and without boundaries between the disclosure principle and the transparency principle. However, they enacted legislation concentrating on full disclosure by the companies listed with their financial markets without falsification or obscurity, i.e., high transparency and full clarity of information disclosed to all parties and investors at the same time through placing a set of standards and requirements within their laws and regulations.

Disclosure and transparency are two faces of the same coin, as the two are linked with information and data from the company to the markets

Dear Public Joint Stock Company Officer,

You can access at anytime and from anywhere through smart phone applications like iPhone, iPad, BlackBerry and Android windows, SCA services including license renewal for public joint stock companies and application for approval to hold ordinary or extraordinary general assembly meeting and certificate of "To Whom It May concern".



Supported by economic growth and ease of liquidity Analysts expect strong return for IPO market

The Initial Public Offering (IPO) market in the UAE has restored its activity in the current year due to several recovery factors, notably the availability of surplus liquidity looking for good investment opportunities, as well as the continuous improvement recorded in the minor financial markets during the last two years which was top on the list of fastest growing global markets in 2013.

Financial analysts reported that the IPO market, which is one of the most important elements supporting the secondary financial markets, and increased investment opportunities there in, is offering new subscriptions after the recession which dominated the market in the past four years. They pointed out that there is a strong need to establish new public shareholding companies in economic sectors yet to be represented in the marketplace, such as the sectors of health, education and ancillary petroleum services. Marka Company first offered its shares to the public last April and witnessed a great demand when the outcome of the offering amounted to more than AED 10 billion, covering more than 36 times the required amount. Marka

offered 275million shares to the public subscription.

The analysts reported surplus liquidity, with the investors still looking for investment opportunities, together with the banks' readiness to provide the financing necessary for the new offerings, particularly after the large growth in their business during the last two years.

By the end of last March, the loans and advances from banks operating in the UAE rose by 0.8% to reach AED 1303.4 billion compared to AED 1293.5billion in February, which means the banks advanced AED 9.9 billion of new loans to their clients within one month.

In a move reflecting the willingness of investors to accept new offerings, 76% of participants in a questionnaire recently prepared by the Dubai Financial Market (DFM) showed readiness to take part in the public offerings during 2014 and expressed their interest in taking part in the public offerings of government corporations and private family groups.

About the vision of investors of the IPO sector, the results showed that the most prominent factors in the decision of the investors to participate in IPOs are the financial performance of the company, its founders, the management, and the good reputation of the company.

Majd Al Ma'ayta, head of the securities department at the National Bank of Abu Dhabi said, The atmosphere is so positive in witnessing IPO implementation which had been delayed during the past years. This will pave the way for the private and family companies to reap the fruits of transformation into public shareholding companies in light of the standard performance that the secondary financial markets have achieved.

He confirmed that the return of recovery to the IPO market during 2014 will be supported by several factors, namely the recovery in activity of the secondary market



which was a result of the recovery of many economic sectors from the crisis they experienced in recent years, in addition to the ease of liquidity in the banking system and investors currently looking for high revenue-investment opportunities.

He said, "On our part, we in the securities department of the National Bank of Abu Dhabi, keep in touch with companies having the intention to proceed with IPOs, as well as continuing cooperation with the concerned authorities, particularly the Authority, to support the IPO markets, and to overcome any difficulties that threaten to impede the success of their IPOs or the increase of their capitals."

On his part, Hussam Al Hussein, the financial expert, said, "The activity being witnessed by the financial markets for over a year reflects investor's surplus liquidity which means that part of that may be invested in any new offerings, especially those in sectors not currently represented in the markets and have the potential to achieve good growth rates for the investor and support the secondary markets."

He confirmed that the legislative environment enabling the IPO market is

76%

of participants in the
recently held survey
are ready to participate
in public subscriptions
in 2014





currently very favorable as the Authority has developed underwriting mechanisms during the past period, as well as the continued updating of the regulations. Furthermore, it has adopted a book building mechanism for the price range of company shares offered in IPOs, following discussions between the company and the orders book manager to identify the fair value of the offering in a way that secures the fair evaluation of the shares at the offering time.

He indicated that, besides the establishment of new companies during the current year, there will be an increase in the capital of other companies through a special offering which will contribute to providing more investment opportunities for investors. He reiterated that 2014 will be more active for the IPO movement, perhaps similar to the activity recorded in 2006.

Emad Ghadour, the CEO of CedarBridge for Assets Management, confirmed that there has been an improvement witnessed in the IPO market during the recent period. However, it was sub optimal and did not keep pace with the activity recorded in the secondary markets. He believes the

Order book building

The order book building process is based on the determination of the price range for the company's shares offered in the IPOs following discussions between the company and the orders book manager. The book manager markets the underwriting to corporate investors willing to subscribe and to those showing interest in investing in the IPO and offering their evaluations of the offering within the specific range. Then the orders book manager negotiates with the issuer company to determine the underwriting price and size of allocation based on the size and price of the demand and then he distributes shares of underwriting to the participants and identifies the remaining distributions for the individuals.

The order book building process will contribute to finding a market for the company's shares offered in IPOs prior to proceeding with the trading, compared with the price determination method, in which the trends of supply and demand take effect after the commencement of trading. The orders book building process is preceded by IPOs through the collection of the demanded quantities from corporate investors and allocation of corporate investors' quantities prior to trading commencement, while the volume of supply is predetermined by the order book manager.

sector is on its way to a greater rate of improvement during 2014, with investors eager to participate in new offerings.

He indicated there are several factors supporting the return of strong activity to the IPO, the first of which is represented in the presence of surplus liquidity with investors ready to put part thereof into new

offerings, in particular those which add value to the secondary market. He noted that the most important sectors to offer IPOs will be the education, health and retail sectors which continued to achieve good growth rates even during the financial and economic crisis the world witnessed six years ago.





During an annual SCA family get-together

H.E. Sultan Al-Mansoori honors distinguished SCA departments, teams, employees

H.E. Engineer Sultan bin Saeed Al-Mansoori, Minister of Economy and Board Chairman of Securities and Commodities Authority (SCA) has honored a number of outstanding SCA senior and junior staff during a SCA family get-together. H.E. Abdullah Al-Turifi, SCA Chief Executive Officer, his deputies and heads of various SCA departments were present at the event.

H.E. Al-Mansoori was also presented a trophy by H.E. Al-Turifi in the SCA's recognition of his generous contributions to its successes and achievements.

In a keynote address, Al-Mansoori congratulated the SCA family for excellent work done so far, expressed deep appreciation for the SCA achievements and gratitude to all those who have contributed to those achievements.

He saluted all SCA board members for the relentless efforts they continue to exert which led to the achievement of most targeted plans and objectives. He said a number of factors have contributed to the SCA achievements, citing the most significant of these factors including dedication to work, hard work, team work, good administration and strict application of well-orchestrated plans. He expressed the hope



that this SCA momentum would continue unabated to enable the market regulator lead the UAE's securities sector to aspired level, to be one of the major pillars of the national economy.

For his part, H.E. Al-Turifi said his outfit remains committed to sustained efforts to boost the culture of organization that is based on the concept of excellence, quality and competitiveness among its employees to improve upon the standard of SCA services to reflect its vision of being a model of distinguished government institution in business administration.

He said the SCA has succeeded in completing the market legislative infrastructure, which is comparable to those of the advanced international markets

of the world.

H.E. Al-Mansoori and H.E. Al-Turifi honored Mss. Shaimaa Al-Manea, Head of SCA's Development and Programming Section, for winning the top Prize of SCA's "Al-Forsan" Job Motivation Program. The Department of Supervision was also presented "Al-Forsan" trophy for winning the "Best Department" award.

The minister also presented trophies to the following winners:

General Administration Sector: Dr. Ryan Lemond (Supervisory category) and Khalid Bazuhair (Specialization category).

Licensing, Supervision & Enforcement Sector: Nadia Al-Hadrami (Supervisory category) and Salma Al-Mansoori (Specialization/Executive category).

Legal Affairs and Issuance Sector: Abdul Latheef Al-Shamsi, (Supervisory category), Ayman Haikal (Specialization category) and Hessa Al-Shehhi (Executive category).

Organizational & Support Services: Mustapha Al-Marzooqi (Supervisory category) and Shaimaa Al-Ali (Specialization/Executive category).

In addition to the above, a number of distinguished teams were also honored. They include: Members of the Technical Team comprising of H.E. Maryam Al-Suwaidi, Head of the Committee, H.E. Dr. Obaid Al-Za'abi, Dr. Muzher Farghali, Dr. Munzher Barakat, Dr. Ryan Lemond, Khalid Al-Za'abi, Khalid Al-Mahmoud, Abdul Latheef Al-Shamsi, Abdullah Al-Habsi and Saleh Al-Mazami (all members of the committee).

The honorees also include members of the ISO 31000:2009 certificate qualification team headed by H.E. Mohammed Al-Hadari and the membership of Mohammed Rostuom, Ahmed Sameer Al-Azeb and Shereen Fat'hi, members of the Committee for review of inspection and supervision results, Mutual Funds Team, eService Technical Team and the Unknown Soldier.



Licensing of securities and financial services brokerage firms



Licensing of securities brokerage firms is a service being undertaken by the licensing department to grant licenses to the companies to exercise financial brokerage businesses in accordance with Article (25) of the Federal Law No. (4) of 2000 concerning the Emirates Securities & Commodities Market.

According to the Services Guide issued recently by the Authority, applicant to access the service shall be a corporate body incorporated within the UAE and taking one of the forms provided for in the Federal Law No (8) of 1984 concerning trading companies and not less than 51% of its capital shall be owned by natural or legal persons who are citizens of the UAE or nationals of GCC countries.

It is further stipulated that the company's Memorandum of Association be written in the Arabic language and authenticated by the official authorities, the paid up capital shall be no less than AED 30million and a non-conditional bank guaranty of no less than a minimum of AED 20 million issued by one of the banks operating in the UAE, payable upon request, shall be presented in favor of the Clearing House. The amount of the guaranty is directly proportional to the increase of the volume of the broker's business as determined by the market board of directors. In case the broker is listed in more than one market, it may split the bank guaranty between the markets where it is listed so that total parts of the guaranty are not less than AED 20million.

With the consent of the concerned market, the broker may hold in pledge all or some of the securities invested in the portfolios owned by it and deposited with the Clearing House as security to increase the amount of the bank guaranty and shall authorize the market to sell such securities or part there of at the current price to cover any financial claims that may arise from the broker's inability to meet its obligations to the market or investors provided the banking guaranty related to the investment portfolios may not be more than 50% of the current market value.

It is further stipulated that none of the company managers or managing directors or representatives in charge of the brokerage business may have relinquished repayment of his/her commercial debts even if the same has not been coupled with a declaration of bankruptcy or has declared his/her bankruptcy but not been rehabilitated or had a custodial sentence in a crime involving moral turpitude but has not been rehabilitated and his activity shall be limited to the brokerage business and he/she shall appoint a general manager or

CEO, operations manager or trading manager and two persons one in the capacity of broker representative and the other as internal controller.

For the service applicant to be able to obtain the above license, he is required to have the initial consent of the Authority's Board of Directors to go ahead with the company licensing procedures with the Economic Development Department and the other government departments.

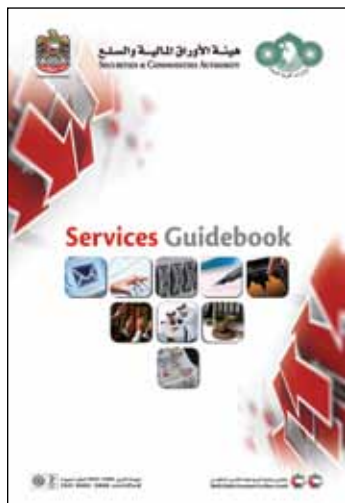
The company's Memorandum of Association has to be prepared in the Arabic language and authenticated by the official authorities in the State. The applicant is also required to present evidence that the company capital amounting to minimum of AED 30million has been deposited with a bank operating in the country, to obtain the commercial license from the Economic Development Department for the incorporation of the company, to register it with the commercial registration, and to obtain the company's membership certificate from the chamber of commerce in the city where it will operate.

Furthermore, the applicant is required to get a letter from the Ministry of Economy to the effect that the company has taken all necessary actions to publish its official instrument in the commercial companies' bulletin with the Ministry.

However, if the company is a shareholding one, a registration certificate must be obtained from the Ministry and the following partners-related documents shall be presented:

If the partner is a natural person: a valid criminal status certificate, a copy of valid passport, a signed declaration page, a copy of the C.V, a letter from the partner's bank, whether inside or outside the State, showing the volume of granted loans or loans granted during the last five years, the size of granted facilities or those granted during the last five years and any bounced checks during the previous five years and any installments that fell due to the bank during the previous five years and have not been paid.

If the partner is a natural person from another country, the Authority shall communicate with the control authority of that country seeking a letter showing his professional



record and opinion of that control authority on his participation in the broker's capital within the UAE.

In case the person is a body corporate, it is required to provide a duly authenticated copy of the Memorandum of Association, a copy of the valid commercial license, a copy of the partners' passports and valid criminal status certificates for all partners.

If the partner is a financial service firm operating in another country, it is asked to provide a copy of the duly authenticated Memorandum of Association, a copy of the license issued by the control authority of that country, a no objection letter from that control authority permitting the firm to participate in the broker's capital and such letter should be addressed directly to the Authority.

The foregoing should be performed through the Authority's communication with the control authority of that country and by filling out the record application form with the Authority attached with the aforesaid documents.

The approval of the general manager or the CEO shall be obtained following the presentation of a number of documents, namely: a university certificate together with the equivalent from the Ministry of Higher Education in UAE if issued abroad, a certificate of experience in the securities field of not less than five years, a valid criminal status certificate, a copy of a valid passport, a signed declaration page, a copy of the C.V, a letter from the partner's bank, whether inside or outside the State, showing the volume of granted loans or loans granted during the last five years, the size of granted facilities or those granted during the last five years and any bounced checks during the previous five years and any installments that fell due to the bank during the previous five years and have not been paid.

The approval of the operations manager shall be obtained following the presentation of the first university certificate in business administration or accounting as a minimum requirement, a certificate of experience of not less than four years in the securities field or two years if the applicant is a holder of higher certificates, a valid criminal status certificate, a copy of a valid passport, a signed declaration page and a copy of the C.V.

The final approval of the operations



manager shall be granted after passing the examinations prescribed by the Authority for this purpose.

The approval of the trading manager is granted following the presentation of the first university certificate as a minimum requirement, together with the equivalent of the Ministry of Higher Education of UAE if issued abroad, a certificate of experience of not less than four years in the securities field or experience of two years if the applicant is a holder of higher certificates. The condition of at least two years of experience in the securities field or at least one year of experience, if a holder of a higher certificate, is applicable to the nationals of the State, along with a valid criminal status certificate, a copy of a valid passport, a signed declaration page and a copy of the C.V.

The final approval of the operations manager shall be granted after passing the examinations prescribed by the Authority for this purpose.

It is further stipulated that at least two broker representatives shall be selected and approved by the Authority. The broker shall be approved following the presentation of the following documents: the first university certificate as a minimum requirement together with the equivalent of the Ministry of Higher Education of UAE if issued abroad, a certificate of experience of no less than three years in the securities field or financial business or two years of experience if the applicant is a holder of a higher degree. Nationals of the State shall be exempt from the experience clause provided he is at least a holder of the general secondary certificate or equivalent thereof.





A valid criminal status certificate, a copy of a valid passport, a signed declaration page and a copy of the C.V. shall also be presented.

The final approval to the broker representative shall be granted after passing the examinations prescribed by the Authority for this purpose.

The approval of the internal controller shall be granted following the presentation of a university degree in accounting or law as a minimum requirement together with the equivalent of the Ministry of Higher Education of UAE if issued abroad, a certificate of experience of not less than three years in financial institutions auditing or of not less than five years of experience in internal control with a financial institution. The condition of experience shall be at least three years for the UAE nationals in the

securities field or external auditing, along with a valid criminal status certificate, a copy of a valid passport, a signed declaration page and a copy of the C.V.

The final approval of the internal controller shall be granted after passing the examinations prescribed by the Authority for this purpose.

When it proves difficult to elect the internal controller, as an exception, it will be possible to appoint an external audit firm authorized to exercise the internal controller business, separate from the external audit firm in charge of the broker's accounting auditor, provided the Authority shall be provided with the names and C.Vs of the audit firm representatives in charge of the internal control business and with any changes taking place there to. The internal controller contract can be obtained from the Authority. After the operations manager, the trading manager, the internal controller and the broker's representatives have passed the prescribed examinations, the company shall transfer the sponsorship certificates (Iqamas) of the approved employees from nationalities other than the UAE to its sponsorship.

The company shall prepare its organizational structure, install the computers and software necessary for the business, provide a copy of the bank guaranty in favor of the Clearing House in the financial markets providing such guaranty, amounting to not less than AED 20 million which can be divided between the two markets, is non-conditional and payable upon request and issued by one of the banks operating in the State.

A letter shall be sent to the Authority including the names of the company employees, their job titles and with copies of their sponsorship certificates (Iqamas) for the non-nationals attached.

The Authority double checks the complete data and documents in their final shape and then makes a field visit to the company to determine readiness and to pave the way for issuing the license.

The company shall discharge the registration fee with the Authority prior to the license's issue. The fee for the license shall be prorated.. The annual fee is AED 5000. The license shall be issued and its validity starts from date of signing it up to the end of the year and renewal thereof takes place at the beginning of the following year.

To obtain a license to practice as securities brokerage firm, the company's paid capital must not be less than AED30 million

Dear Private Joint Stock Company Officer,

You can access at anytime and from anywhere through smart phone applications like by iPhone, iPad, BlackBerry and Android windows, SCA services including license renewal for book keeper of private joint stock companies.



Having achieved AED 1.6billion in commission within five months

Market recovery boosts profitability of brokerage firms

The year 2013 was a major landmark for brokerage firms operating in the local financial markets, after regaining their balance and succeeding in compensating for the losses incurred during the years following the global financial and economic crisis of 2008. After the recovery of the markets, the UAE tops the list of the most profitable markets not only in the region, but also at the world level.

According to the figures monitoring the transactions on the capital markets, the profit of majority of the 48 brokerage firms approved by the Securities & Commodities Authority (SCA) doubled thus enabling them to expand their businesses as a result of the rising appetite for trading in 2013 and the first half of 2014.

The commissions accrued from local stock market trading during the first five months of the current year amounted to AED 1.6 billion, more than the total commission accrued for the whole of 2013 trading session, which amounted to AED 1.3 billion.

The commission accrued over all the trading markets during the first five months of this year amounted to AED 294 billion based on a commission rate of 0.00275 of the total value paid by the seller and the buyer. Brokerage firm commissions amounted to about AED 881 million for the first five months of the current year.

According to brokers, the return of activity to the financial

294

billion dirhams is total traded value recorded on the markets in five months, according to SCA statistics





markets during the current year, together with the positive effects on brokerage firms, has granted the firms the opportunity once again to develop and expand their businesses and the services rendered by them, the most important of which is implementing stock deals. They indicated that the success of the firms in maximizing revenues helped most of them to obtain licenses from the SCA to provide new services to their clients.

They explained that expansion of brokerage firm services will have an important role in reopening employment opportunities after the time when firms had to reduce the number of their employees to face the consequences of the financial crises they experienced in previous years.

Hussam Al Husseini, financial analyst, noted that the activity witnessed by the financial markets contributed to improving the operating conditions of the brokerage firms which suffered large losses following the financial crisis in 2008, which lasted till the middle of last year, causing hiring freezes and the exit of tens of employees from the market.

He added that the large number of brokerage firms that operated in the markets five years ago perhaps was not proper, and thus it was to be expected that some of them would have to close or restructure their businesses in order to face their deteriorated financial condition resulting from the financial crisis that affected general market performance in the past years.

He confirms that the recovery of the brokerage firms and a return to profitability will contribute to increased competition between firms to provide new services to the investors, inter alia, margin trading, financial consultation, and other services that will necessarily lead to diversified revenue sources in the coming stage, especially from the high expectations for the continuation of market activity during 2014. He gave credit to the support delivered to the brokerage firms by the Authority during the crisis in the past years, adding that such moral support and facilitating procedures for the brokerage firms, as one of the market partners, was to

“ ”

Continuous activities on the markets led to appearance of new brokerage firms in the sector

“ ”

be expected and has been a core reason for many of them to continue their businesses.

The SCA had encouraged the brokerage firms to integrate in the previous period as a solution for handling their losses. It further introduced amendments to broker-related regulations through special clauses addressing the integration between the brokerage firms, which contributed to complete integration processes between the firms.

On his part, Rami Khraisat, the financial expert, confirmed that the boom witnessed by the Emirates capital markets from the beginning of 2013 contributed to supporting the brokerage firms, noting that the majority of these firms recorded strong profits, while others simply managed to compensate for the losses previously incurred.

Khraisat expects that continued activity in the financial markets will be part of the emergence of new brokerage firms in the sector, after obtaining the necessary licenses from the SCA in 2014. He noted that many of the market stimulants, particularly the upgrading of the market by

Morgan Stanley will have a positive effect on improving trade liquidity volumes in ratios greater than those recorded in 2013, which will encourage the entry of new brokerage firms into the market.

He added that confidence in market transactions is back to the levels that were prevailing before the outbreak of the global financial and economic crisis, not withstanding the general indicators in both markets, which achieved large gains but are still below those abandoned in 2008.

On his part, Wael Abu Mohaisen, the general manager of Al Ansari Financial Services, said that the positivity that dominated market performance in 2013 contributed to the rise in the volume and value of trading, which led to the increase in the brokerage firm commissions, and consequently a large number of them are returning to profitability and writing off the losses they incurred in the past.

He added that the rise in record trading volumes has been the reason for many of the brokerage firms to return to profitability and noted that the return of activity to the markets is supported by the return of thousands of investors to the trading floors and investing their liquid assets in order to realize the greatest possible gains. At the same time he admits that, despite great activity in traded liquidity volume, the largest proportion thereof is still in favor of 15 companies out of the total number of companies operating in the markets.

Abu Mohaisen continued to say that the improvements initiated by the markets since last year has given a clear signal indicating the continuation of steady growth which began to take place when the stocks simultaneously started to rise along with the increase in circulated liquidity volume, which exceeded the expectations of many of the dealers in the markets who realized after the first half of the year that the hardship they experienced in previous years was now behind them, noting that it was to be expected, in light of such conditions, that the brokerage firms would take advantage of the boom as a way to compensate for the losses incurred and become profitable once again.



SCA issues awareness booklet on market indices



The Securities and Commodities Authority (SCA) has issued an awareness booklet which outlines technical definitions of indexes, their calculations and investment benefits. The booklet, entitled: “Financial Market Indices”, said market indices are among the most significant data being issued by markets and indices are the means of expressing the general trends of share prices on the market – at high, low or stable positions.

It said upward trend in indicator does not necessarily mean market closing at high prices of shares of all listed companies although it implies that the general trend of prices is upward.

It pointed out that indices differ according to the number and types of companies in their accounts and the calculation method being used. Some indices consist of all companies listed on the market like the Emirates Securities Market (ESM) Index, which consists of all listed companies except foreign ones, while other indexes operate through sample of companies, as in the case of the London Stock Exchange. There are others too which are sector-based, like the UAE markets, it added.

The booklet said the first criterion for choosing and placing a company on an index is the company’s liquidity status and rate of trading in its stocks, the second criterion is the volume of company’s stock and its market capitalization, while the third criterion is the number of days of trading the company’s stock, in addition to the diversity of the companies on the index.

In some indexes, the booklet added, consideration is given to free float shares available for trading, as this type of shares are excluded after excluding stocks owned by major shareholders of the company.

It also touched on mutual funds which depend on indices, giving definition of that type of mutual funds as units of common funds being traded on the market. They are normally open-end as they are purchased and redeemed anytime during the period of trading on the market.

The booklet highlighted the method for calculating index, saying that an index is

a measurement which calculates relative changes in prices, or quantity or value in a specific period and compare them with those of the previous period, which is called “Base Period”.

It noted that indices depend mainly on comparison of prices, but not giving a company a weight in the index due to its prices could lead to appreciation or depreciation of price of small companies among the companies in the index’ calculation, particularly if the company is a big one. This may give false impression about the market’s activities. It said to solve this problem most market indices give weight to companies on the basis of a company’s market capitalization and not its price, whereby the price is multiplied

by the company’s shares which is called “Market Value”, adding that market capitalization is the results of multiplying a company’s closing price by the number of its listed shares and that the total of market capitalization of companies gives indicator for market volume compared to other markets, just as it also represents the assets value of the market.

The booklet said the significance of an index lies in the number of changes that occur in it and not in its numerical value, adding that markets are compared by the changes that occur in their rates.

It pointed out that local markets use market capitalization in calculating their indices and that those in charge of the index are responsible for amending its capitalization whenever changes occur in the company’s shares like in the case of splitting shares or distribution of dividend in the form of shares or in the cases of capital increase or capital decrease of companies of the index.

The booklet touched on international indexes and cited the Dow Jones and the Nikkei 225 indexes, which it said have advantages over other international indices due to the fact that they depend on share prices only in their calculations without favoring the number of shares of listed companies, while other renowned indexes like Nasdaq, DAX and S&P use market capitalization in their calculations. Explaining further, it said some markets depend on all listed companies except foreign companies, while others depend on closing prices the price of last trade, which is calculated through samples of joint-listing foreign companies.

3 criteria are used by index to decide a company’s admission — shares liquidity, company’s capitalization and trading days



Providing job opportunities for over 2000 market experts DGCX to have 43 commodity brokers by end of Q1 of 2014



The number of the commodity brokerage firms on the Dubai Gold & Commodities Exchange (DGCX) rose to 43 by the end of the first quarter of the current year, compared to 35 firms in the same period of last year. This reflects the level of demand for work in the bourse, which occupies an advanced rank worldwide despite the novelty of its incorporation compared to counterparts in other countries.

Through the list of the commodities brokerage firms that have obtained licenses from the Securities & Commodities Authority (SCA), it is noted that many international companies, including J.P. Morgan Securities, LLC, in addition to other top foreign companies came to work in the DGCX in the past.

The list includes more than 20 national companies rendering services to clients in the field of commodity trading such as the Emirates NBD Securities, Mashreq Securities, and Dubai International Securities. They are companies with outstanding reputation in the commodities brokerage field.

Gary Anderson, the CEO of Dubai Gold & Commodities Exchange, said that the Exchange played a primary role in the development of the derivatives industry in the UAE and the region, and helped provide job opportunities to more than 2000 experts in the financial markets in the past three years through the provision of an infrastructure and support for the institutions to form and develop their trading transactions. He pointed out that the DGCX involves about 258 members and 84 clearing members from a number of financial centers such as Zurich, London, Chicago, Singapore, Mumbai and Karachi, as well as the UAE. Those members traded in more than 13 million contracts valued at US\$ 448 billion on the DGCX in 2013. He stressed that the DGCX provides many membership options to financial brokerage firms, such as brokerage membership, which grants the ability to trade in all

products listed on the bourse whether as an active member or on behalf of their clients. There is also trading membership which grants the ability to trade only as an active member in all products listed on the DGCX, as well as clearing membership which grants the ability to exercise clearing business for the transactions of the bourse.

Pankaj Gupta of SMC Comex International DMCC confirms that the company implements all the activities made available on the Dubai Exchange, whether in the field of hedging, or exchange equalizing, or Mudaraba. Notwithstanding, the exchange equalization is the driving force of the trading volume, followed by hedging activities. However, the retail clients on the DGCX conduct Mudaraba-based trading.

On his part, Rajiv Kumar of Philip Futures DMM, said, "We contribute to providing a large share of the daily volume of the products traded on the DGCX. We are committed to enhancing our share in the DGCX and thus always seek to attract new clients to the DGCX platform. We provide our services to a variety of clients including the retail investors and those of very high solvency, the financial institutions, hedging funds, and exchange equalization companies and others, and given the conditions the market has recently witnessed, in particular the Indian Rupee fluctuations, we witnessed more participation of clients and thus contributed to increasing the daily volume".

Sajith Kumar of JRG International DMCC said that JRG International is one of the prestigious and well-known brokerage companies for its high professionalism. It completely focuses on the client's trading, but does not have any other proprietary trading activity. Pradeep Awni of Richcomm Global Services DMCC confirms our company depends on its clients. Currently we provide services to a large number of institutions and retail dealers. The DGCX is currently the only leading Exchange in the Middle East to provide trading, investment, and hedging to our clients."



” ”
Risks exist in any unorganized forex trading market that does not surrender to UAE regulations and may not be controlled





Members traded in more than 13 million contracts valued at US\$ 448 billion on the DGCX in 2013

With regard to the proposals to upgrade the performance of the commodities brokerage firms on the Exchange, Pankaj Gupta said, “The greater challenge facing the commodity brokerage firms on the DGCX lies in adding new clients and increasing the number of their partner brokers, therefore, we suggest increasing the promotion of the DGCX throughout the GCC countries, and to come up with a secondary brokerage mechanism able to open new markets, as well as the introduction of products or contracts to be actively traded worldwide.”

Rajiv Kumar believes it is time for innovation within the structure of products such as the mini-future contracts, spot products, and others, and the encouragement of participation among local clients such as the Dubai Financial Market and the Abu Dhabi Securities Exchange as well as others demanding to not have a direct membership for senior clients and allowing membership

of all companies through the brokerage firms. Even if the DGCX plans to grant membership, the process should be implemented via the brokerage firms.

Sajith Kumar said, “The new regulatory laws enacted by the SCA are well-known in the industry and a similar action by the DGCX will lead to raising the standard of brokerage firms operating on the bourse and among its members. He proposed the introduction of an awareness program for investors, brokerage firms and regulatory authorities. This will significantly promote the confidence of the investors in the brokerage firms.”

Pradeep proposed that the Exchange list and launch other various product contracts such as agricultural products, basic minerals, and other currencies. The greater the dissemination of the DGCX with a larger number of contracts, the better results the brokerage firms will achieve, given that there will be more interest from new clients.

Dear Investor,



Always issue purchase and sale orders yourself; whether in writing or via recorded telephone calls; in order to avoid unauthorized trading in your account (purchase or sale of shares).





With trade volume surging 24% in May
DGCX records month-on-month growth of 24% to exceed 1million contracts mark

Volumes on SENSEX futures rose significantly month-on-month by 206%

May trading volumes on the Dubai Gold and Commodities Exchange (DGCX) recorded a robust growth of 24% from previous month, aggregating 1,017,991 contracts, valued at US\$ 31.5billion.

The currency segment was the key driver of volume growth, trading 923,491 contracts to record a month-on-month increase of 22%. Among the currency pairs, Indian Rupee Futures grew 25% from last month, trading 809,285 contracts. Mini Indian Rupee futures traded 105,421 contracts, registering an uptick of 4%.

Volumes on SENSEX Futures rose significantly by 206%, trading 35,317 contracts. The contract also recorded its highest ever daily volume of 7,744 Contracts on May 9, 2014. Gold Futures registered trade of 49,194 contracts, growing 24% month-on-month and 9% year-on-year.

Gary Anderson, CEO of DGCX said: “The heightened trading activity on DGCX, especially with the performance of some of the Exchange’s key contracts such as Gold, Indian Rupee and SENSEX, signifies the growing interest from market participants in using our diversified

Indian Rupee futures and Gold futures grew 25% and 24% respectively

portfolio of derivative products to hedge against unpredictable price movements. As part of our strategic product plan, we are continuing to explore the introduction of new futures contracts in Emerging Market currencies and select commodities.”

Average daily volumes on the Exchange grew 19% from the previous month to trade 46,272 contracts per day.

Dear Investor,

Investment strategy differs from speculation. An investor is forward-looking and raises his funds in high return projects in industrial, commercial and service fields. On the other hand, a speculator aims at quick profit including high risk. You should identify from the beginning the strategy that suits your risk tolerance.

