

Glossary of Terms

The following phrases and words shall have the meanings ascribed thereto hereunder unless the text indicates otherwise.

General terms	
Term	Definition
State	The United Arab Emirates
Companies law	Federal Law No. 2 of 2015 concerning Commercial Companies
The Law	Federal Law No. 4 of 2000 concerning the Emirates Securities and Commodities Authority and Market
Decision issued by virtue of the law	The decisions, regulations, or circulars issued by the Authority.
Authority	Securities and Commodities Authority
Board	Authority's board of directors
Market	Securities or commodities market licensed in the state by the Authority.
Foreign market	The market established outside the state and under supervisory authority similar to the Authority.
Central Clearing	The legal person licensed to represent the counterparty for all trades (Novation) in the market in consideration for a specific commission while ensuring the execution all trades concluded in the market, and determining the net rights and liabilities of the central clearing members for such trades, and determining their legal statuses arising from the trading operations in accordance with the provisions of these Regulations.
Depository Center	The legal person licensed to deposit the securities, maintain the ownerships and any restrictions thereon, transfer the ownership of the securities by transferring between the investors' accounts and updating the record of the owners.
Capital market institutions	Market, Central Clearing, Depository Center
Supervisory authority similar to the Authority	A regulatory body that is a regular or associated member with the International Organization of Securities Commissions (IOSCO)
Licensed body	The body that obtained a license or approval from the Authority to practice a financial activity and\ or provide a specified financial service.

Senior management	The director or the group of executive directors who undertake the duties of planning and the daily administrative and supervisory operations over the company works in order to achieve its goals, and those who are appointed by the company's board of directors.
Financial activity	The activity licensed by the Authority.
Financial Service	Any service provided by the licensed body to its clients based on the license or the approval obtained to practice the financial activity.
Securities	The Securities mentioned and specified in article (5) of the general provisions chapter.
Foreign Securities	The securities issued by the foreign issuer.
The Underlying Securities	The securities, the foreign securities, or the local or foreign indexes.
Investment portfolio*	The financial products included in the client's account.
Financial products	The securities, the foreign securities, commodities contracts, or structured products.
Financial complex product	A financial product that has difficult-to-evaluate characteristics, conditions and risks that are not understood by the retail investor.
Structured product	Investment product combined and prepared, and derives its value from the price or the value of the underlying securities.
Derivatives Contracts	Financial contracts of a specific value determined by the contracting parties. Such contracts derive their value from the value of the Underlying Securities and are dependent on the change of value of such securities.
Exchange Traded Derivatives Contracts	Derivatives contracts issued based on the regulations, controls, conditions and criteria of the Market or the Foreign Market.
Non-Exchange Traded Derivatives Contracts	Derivatives contracts not included in the regulated market and traded in the Over-the-counter (OTC) market.
Commodities Contracts*	Contracts for Commodities, indexes, currencies, or other financial instruments approved by the SCA such as options contracts and future contracts.
Person/ third party/ client	Natural or legal person.

* The term has been amended from (Securities Portfolio) to (Investment Portfolio) pursuant to the decision of the Chairman of the Board of Directors of the Authority No.(9/RM) of 2022 in force on date 1/4/2022.

* The Definition (commodities contracts) has been amended pursuant to the decision of the Chairman of the Board of Directors of the Authority No.(8/RM) of 2022.

Financial Activities Definition	
Financial Activity	Definition
Trading Broker	Financial activity regarding the brokerage in the securities trading transactions through receiving and entering purchase or selling orders of the securities to execute the same in the market without clearing and settlement transactions.
Trading and Clearing Broker	Financial activity regarding the brokerage in the securities trading transactions through receiving and entering trading orders of the securities to execute the same in the market and making the clearing and settlement transactions related thereto.
Trading broker in the international markets	Financial activity regarding the brokerage in the securities trading transactions, including the derivatives contracts and commodities contracts through receiving and entering trading orders of the foreign securities listed in a foreign market licensed by similar supervisory authority to execute the same in the foreign market.
Trading broker of OTC derivatives and currencies in the Forex Spot Market *	Financial activity regarding the brokerage in the trading transactions of OTC derivatives and currencies through receiving and executing trading orders of the OTC derivatives or currencies in the Forex Spot Market, and making the clearing and settlement transactions related thereto.
Brokers	The trading broker, Trading and Clearing Broker, Trading broker in the international markets, and Trading broker of OTC derivatives and currencies in the Forex Spot Market
Financial Products Dealer *	Financial activity regarding purchasing and selling financial products listed or un-listed in the market or foreign market for its own account, taking the risks of the same, and selling these financial products to third parties as a principal.

* The Definition (Trading broker of OTC derivatives and currencies in the Forex Spot Market) has been amended pursuant to the decision of the Chairman of the Board of Directors of the Authority No.(9/RM) of 2022.

* The term has been amended from (Securities Dealer) to (Financial Products Dealer) and Definition has been amended pursuant to the decision of the Chairman of the Board of Directors of the Authority No.(9/RM) of 2022.

<p>Financial Consultancies*</p>	<p>Financial activity regarding the following: <u>Providing the financial recommendation</u> regarding the opinions based on economic and financial researches, studies and analyses concerning feasibility studies and determining the current or anticipated future values of the financial product and companies to be provided to clients or published to the public in any means of publication and communication, which are concluded with the recommendation to purchase, sell, or hold the financial product. <u>And/or Financial Analysis</u> regarding compiling the data and information of the company's financial statements, and examining and classifying such data and information in a detailed and accurate manner to illustrate the elements of the statements and the extent of correlation among them or show the changes that occur therein during a period or multiple periods of time, and compare them with the sector where the company operates; and then, interpret the reached results and look into the reasons thereof in order to conduct a comprehensive evaluation of the company and determine the level of its performance and therefore be able to make a decision. <u>And/or Financial Planning</u> regarding a comprehensive assessment of the current and future financial position of a person through the use of variables known in the present time in order to forecast the future cash flows to help the client develop a detailed strategy or a financial plan associated with investment in the financial products to achieve the client's financial goals.</p>
<p>The Financial Advisor (issuing manager)</p>	<p>A financial activity regarding managing the issuance of securities, marketing the securities, providing the financial consultancies related to the offering, and coordinating with the Authority, the offering transactions parties, and the in-kind shares evaluator on behalf of the Issuer. The Financial Advisor also shall have the right to cover the remaining unsubscribed securities in the offering in case of the agreement on the same and arrange with other financial advisors according to the nature of the issuance.</p>
<p>Listing advisor</p>	<p>A financial activity regarding providing advice and care to the Issuer and ascertaining that the Issuer meets the requirements for the listing, in addition to its continuous compliance with such requirements.</p>

Promotion	A financial activity regarding communicating with any person in any way and by any means to invite or encourage the same to buy or subscribe in a financial product.
Introduction	A financial activity regarding the invitation of any person in any way and by any means to enter an agreement with a licensed body or a body licensed by a supervisory authority similar to the Authority to provide a financial service for that person.
Management of Investment funds' investments	A financial activity regarding the management\ establishment of investment funds according to the offering document and its investment policy.
Family business Investment Management*	a financial activity related to the establishment and management of family investment funds.
Portfolios Management*	A financial activity regarding the management of the financial products for the third-party account and on its behalf according to its goals and investment policies and based on the estimation of the portfolio manager without an interference from the client (Discretionary) or based on a decision made by the client himself (Non-Discretionary) according to the agreement entered between them.
Investment funds' administrative services	A financial activity regarding making the supportive and enabling works to the investment fund.
Save custody	A financial activity regarding maintaining the cash amounts and\ or the financial products, exercise and record the rights related thereto, and transfer or dispose of the same according to the agreement entered between him and his client.
Private joint stock companies' registrar	A financial activity regarding recording the ownership of the Private joint stock companies and all the disposals in the same including the transfer of ownership or register any restrictions on disposing of the same.
General clearing	A financial activity regarding the transactions of clearing and settlement for the contracted entity accounts and the accounts of the clients of this entity.
Covered warrants issuer	A financial activity regarding the issuance of the covered warrants and pricing the same according to the prospectus.

* The Definition (Financial Consultancies) has been amended pursuant to the decision of the Chairman of the Board of Directors of the Authority No.(9/RM) of 2022.

* The Definition (Family business Investment Management) has been added pursuant to the decision of the Chairman of the Board of Directors of the Authority No.(2/RM) of 2023 issued on 16/1/2023 and inforce on 1/2/2023.

* The term has been amended from (Securitas Portfolios Management) to (Portfolios Management) pursuant to the decision of the Chairman of the Board of Directors of the Authority No.(9/RM) of 2022.

Depository Bank	A financial activity regarding the issuance, cancellation, and registration of the depository certificates and any rights related thereto.
Depository Bank Agent	A financial activity regarding the implementation of duties and responsibilities of the Depository Bank based on the agreement between it and the Depository Bank.
Credit classification	A financial activity to show and evaluate the ability of the classified entity to fulfil its obligations, the risks that may affect the same and to evaluate the financial products and the potential risks of the investor's ownership therein.

Technical terms	
Term	Definition
Trading	Purchasing or selling any financial product, Financial complex product, or a structured product.
Excessive trading	The broker is making many, recurrent and unnecessary trading transactions that do not reflect the nature of the client goals and its investment policy for the purpose of obtaining the trading commission.
Execution	Executing any trading.
Financial recommendation	Giving the investor an opinion about purchasing, selling or maintaining any of the financial products, Financial complex product, or a structured product
Cooling Off Period	The period between the submission of securities offering request by the Issuer or the foreign issuer to the Authority and the start of the offering procedures.
Settlement date	The day specified to settle the <u>trades executed</u> in the market according to the market procedures and\ or the central clearing or the market and\ or the foreign clearing.
Severe violations *	
Medium violation *	

* The Definition (Severe violations) has been cancelled pursuant to the decision of the Chairman of the Board of Directors of the Authority No.(2/RM) of 2023 issued on 16/1/2023 and inforce on 1/2/2023.

* The Definition (Medium violation) has been cancelled pursuant to the decision of the Chairman of the Board of Directors of the Authority No.(2/RM) of 2023 issued on 16/1/2023 and inforce on 1/2/2023.

Substantial information	<p>Any information, event, decision, accident that would directly or indirectly affect the price of the financial product, the movement or the volume of its trading, or the investor decision, including but not limited to the information or decisions related to the following:</p> <ol style="list-style-type: none"> 1. Distribution of profits. 2. Increasing or decreasing the capital. 3. Changing in the Company's Board of Directors or its senior executive management. 4. Changing of the Company's activity or objective. 5. Acquisitions or mergers processes. 6. Restructuring, voluntary liquidation or bankruptcy of a Company or Mother, Subsidiary, Sister or Affiliate Company. 7. Credit rating report and any updates thereto. 8. Significant changes in the company's assets if it reaches 5% or more of its capital. 9. Financial contracts and obligations concluded or cancelled by the company once it reaches 5% or more of its capital. 10. Issuance of bonds or sukuk and any change thereto. 11. Transactions and dealings with the related parties. 12. The Company, one of its branches or the Mother, Subsidiary, Sister or Affiliate Company suspends its activity. 13. Any judicial lawsuit in which the company, any of its board members or senior executive management is a party ex officio. <p>The Authority may determine any other information, decisions, events or accident to be material.</p>
Financial group	<p>The holding company, Mother, Branches, Subsidiary, Sister or Affiliate Company of any of them in compliance with the international Islamic principles of the financial control and the policies and procedures for anti-money laundering and counter financing terrorism.</p>
Close ties	<p>The links between the licensed body and any of its financial group companies, or the links between the licensed body and any other body that owns the licensed body or owned by the licensed body with a percentage of (20%) or more.</p>

Associated Group	<p>1. The persons who are joined by an agreement or arrangement with the purpose of holding, influence or control, directly or indirectly, with a ratio exceeding (30%) of the Securities.</p> <p>2. The Natural Person and his/her minor children, and the Corporate Person influenced or controlled, directly or indirectly, by any of them by way of holding over (30%) of its capital, or by controlling with the same ratio.</p> <p>3. The Relatives (to the second kinship), unless they prove there is no agreement or arrangement between them with the purpose of holding, influencing, or controlling, directly or indirectly, a ratio of more than (30%) of the Securities.</p> <p>Upon calculating the ownership of the associated group, the financial products registered in the consolidated accounts and other types of ownership or the control, directly or indirectly, which are owned to the natural person, his\ her minor children and the Corporate Person influenced or controlled, directly or indirectly, by any of them, by way of holding over (30%) of its capital, or by controlling with the same ratio, shall be taken into account.</p>
Related parties	The Chairman and members of the Board of Directors of the Company, members of the Senior Management of the Company, employees of the Company, and the companies in which any of such persons holds 30% or more of its capital, as well as mother, subsidiaries or sister companies or affiliate companies.
Retail investor	The investor fulfilling the terms and conditions referred in the Section three, first chapter, article (4).
Professional investor	The investor fulfilling the terms and conditions referred in the Section three, first chapter, article (5).
Counter party	The investor fulfilling the terms and conditions referred in the Section three, first chapter, article (6).
Cyber risks	The electronic risks arising from hacking, pirating, ruining, undermining the usage, and spying works related to the electronic data, technical and electronic systems, software, computers, and networks.
Shares' register	The register that sets out the shareholders' ownerships in the company and any disposal of these ownerships including the transfer of the ownership or imposition of limitation regarding the disposal thereof.
Issuer	The public joint stock company incorporated within the State.

Foreign Issuer*	The corporate person subject to a supervisory authority similar to the Authority and incorporated outside the State or in a financial free zone within the state.
Offering	A call for subscription or purchase of any securities or foreign securities whether by public or private offering.
Public Offering	A call to any person in general or to any categories of persons to purchase of security or foreign security inside the state.
Private Offering	A call to a specified person or a group of persons to purchase of security or foreign security inside the state.
Prospectus (offering document)	The document that sets out the details and conditions of the offering as well as all the information related thereto that are necessary to enable the investor to identify the financial product that was offered and its investment decision was made.
The Parties to the Offering	The Subscription Receiving Body, the Financial Advisor, the Listing Advisor, Legal Advisor, and the Auditor.
The Evaluator of In-kind shares	The entity approved by the Authority to evaluate the in-kind shares.
Priority right	A financial instrument that represents the priority right, granted by law to the issuer's shareholders, to subscribe to any increase of capital decided to be issued.
Book building	The process through which the price of the shares is determined upon its issuance or offering in public.
Rating Category	Symbols (letters or digits) used in the rating to provide a relative measure of the risks to distinguish between the different risks of the rated entity or rated financial products.

* The Definition (Foreign Issuer) has been amended pursuant to the decision of the Chairman of the Board of Directors of the Authority No.(9/RM) of 2022.