

# NASDAQ DUBAI Equity Futures

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Unique regional hedging,  
investment and leverage  
opportunities

# Nasdaq Dubai Equity Futures Market

Equity futures increase the opportunities for international and regional investors to profit from market movements and hedge their positions.

Nasdaq Dubai's **Single Stock Futures** are offered on shares of many of the UAE's and Saudi Arabia's leading and most liquid companies. The **index futures** include UAE's DFM General Index (DFMGI) and ADX General Index (ADI).

Nasdaq Dubai is the only exchange where futures on regional equities can be traded.

The market is the outcome of collaboration between Nasdaq Dubai and leading capital markets participants including SHUAA Capital, Menacorp Financial Services, Al Ramz Capital, Arqaam Capital, EFG Hermes, Integrated Securities, Al Safwa Mubasher Financial Services, SICO UAE, Brokerage House Securities, and Daman Securities as brokers. Please refer to [nasdaqdubai.com/futures](https://nasdaqdubai.com/futures) for the latest information.

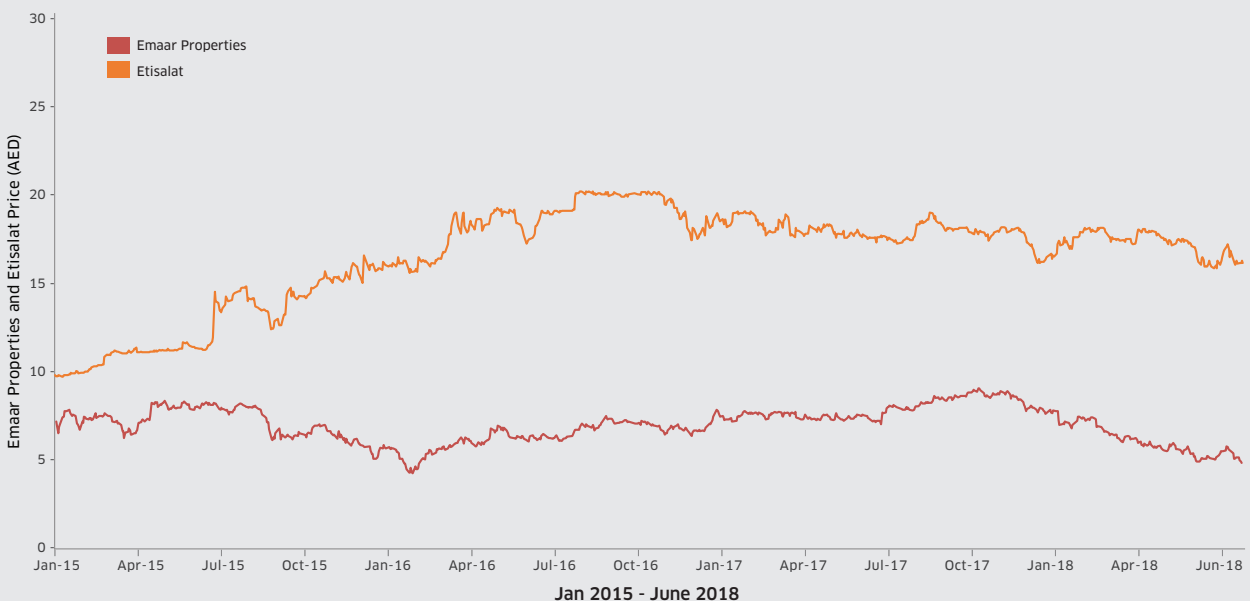
Equity futures are a commitment by two parties to either buy or sell an **underlying equity** or **equity index** at a future date (eg. one month's time) at an agreed price.

Nasdaq Dubai **single stock** and **index futures** are settled through cash, instead of physical delivery of the underlying equity.

Each **equity futures contract** gives exposure to **100** underlying shares. For **index futures** the contract size is **10**.

## POTENTIAL

Movements of a share price or an index create significant opportunities for investors in futures, whether they rise or fall.



## Single Stock Futures: UAE and Saudi Arabia

Single stock futures enable investors to take advantage of price movements of shares, through a contract between two investors to buy or sell an equity at an agreed price on a specific future date. Investors can also use futures to manage their existing market exposure to underlying shares.

If an investor believes that the share price will increase they can go long (buy) on a futures contract to make a gain on the price increase, but if an investor believes that the share price will decrease they can go short (sell) on a futures contract to make a gain on the price decrease.

Nasdaq Dubai's **single stock futures** offer contracts on the following UAE companies:

Underlying Shares	Trading Currency	Underlying Shares	Trading Currency
Abu Dhabi Commercial Bank	AED	DXB Entertainments	AED
Aldar Properties	AED	Emaar Developments	AED
Arabtec Holding	AED	Emaar Malls	AED
ADNOC Distribution	AED	Emaar Properties	AED
DAMAC Properties	AED	Etisalat	AED
DP World	USD	First Abu Dhabi Bank	AED
Dubai Financial Market	AED	Union Properties	AED
Dubai Investments	AED	GFH Financial Group	AED
Dubai Islamic Bank	AED		

\* List of companies is subject to change. Please refer to [nasdaqdubai.com/futures](http://nasdaqdubai.com/futures) for latest information.

### Contract Specifications

Contract Underlying	Securities traded on a UAE stock exchange and as approved by Nasdaq Dubai and published by way of Notice
Currency	Same as trading currency of underlying security in primary market.
Contract Series	1 month, 2 months and 3 months expiry
Minimum Price Movement (tick size)	0.001
Daily Price Limits	20% up and 15% down from previous closing price
Settlement Type	Cash settled
Expiration Settlement Price	Last 30 minutes of volume weighted average price (VWAP) of the underlying security
Last Trading Day/Expiry Day	3rd Thursday of the expiry month. In the event of this not being a Business Day, the Last Trading Day shall normally be the Business Day prior to the 3rd Thursday
Settlement Day	Business Day following the Expiry Day
Listing of New Contract Month	2nd Thursday of the expiry month i.e Thursday prior to Expiry Day
Trading Hours	Sunday - Thursday, 10:00 am - 2:00 pm
Contract Size	100 shares

Nasdaq Dubai's **single stock futures** offer contracts on the following Saudi companies:

Underlying Shares	Trading Currency	Underlying Shares	Trading Currency
Alinma Bank	SAR	Rabigh Refining and Petrochem	SAR
Almarai Co	SAR	Saudi Arabian Mining Co	SAR
Al Rajhi Bank	SAR	Saudi Basic Industries Corp	SAR
Al Tayyar Travel Group	SAR	Saudi Cement	SAR
Dar Al Arkan Real Estate Dev	SAR	Saudi Electricity Co	SAR
Etihad Etisalat Co	SAR	Saudi Kayan Petrochemical Co	SAR

\* List of companies is subject to change. Please refer to [nasdaqdubai.com/futures](https://nasdaqdubai.com/futures) for latest information.

\* Settlement currency is SAR

### Contract Specifications

Contract underlying	Securities listed on Saudi Arabia's stock exchange as approved by Nasdaq Dubai and published by way of notice
Currency	Contracts will be quoted in the same currency as the underlying security in the primary market. (Settlement currency is SAR)
Contract Series	1 month, 2 months and 3 months expiry
Minimum Price Movement (tick size)	0.01
Daily Price Limits	20% up and 15% down from previous closing price
Settlement Type	Cash settled
Expiration Settlement Price	The Final Settlement Price for cash settlement for an expiring contract shall be the market price on the last Trading Day of such contract
Last Trading Day/Expiry Day	3rd Thursday of the expiry month. In the event of this not being a Business Day, the Last Trading Day shall normally be the Business Day prior to the 3rd Thursday
Settlement Day	Business Day following the Expiry Day
Listing of New Contract Month	2nd Thursday of the expiry month i.e. Thursday prior to Expiry Day
Trading Hours	Sunday - Thursday, 11:00 am - 4:10 pm (UAE Time)
Contract Size	100 shares

## Index Futures

Index futures enable investors to take advantage of price movements on a basket of shares in an index, through a contract between two investors to buy or sell an index at an agreed price on a specific future date. Investors can also use futures to manage their existing equity market exposure.

If an investor believes that the index price will increase they can go long (buy) on a futures contract to make a gain on the price increase, but if an investor believes that the index price will decrease they can go short (sell) on a futures contract to make a gain on the price decrease.

### DFM & ADX General Index Futures

Underlying Index	Contract Symbol	Contract Size (multiplier)	Currency	Contract Series
DFM General Index <sup>1</sup>	DFMGI	10	AED	Two consecutive quarterly months
ADX General Index <sup>2</sup>	ADI	10	AED	Two consecutive quarterly months

### Contract Specifications

Minimum Price Movement (tick size)	1
Daily Price Limits	20% up and 15% down from previous closing price. (subject to change)
Settlement Type	Cash settled
Expiration Settlement Price	Last 30 minutes average of the underlying index value (Calculated in accordance with the Clearing, Settlement and Risk Management Procedures for Derivatives)
Last Trading Day /Expiry Day	3rd Thursday of the expiry month. In the event of this not being a Business Day, the Last Trading Day shall normally be the Business Day prior to the 3rd Thursday.
Settlement Day	Business Day following the Expiry Day
Listing of New Contract Month	2nd Thursday of the expiry month i.e. Thursday prior to Expiry Day
Trading Hours	Sunday - Thursday, 10:00 am - 2:00 pm
Contract Series	2 consecutive quarterly months (e.g. June and September)

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## MSCI UAE Index Futures

Underlying Index	Contract Symbol	Contract Size (multiplier)	Currency	Contract Series
MSCI UAE Index <sup>1</sup>	MSCIAE	10	USD	Two consecutive quarterly months

### Contract Specifications

Minimum Price Movement (tick size)	USD 0.1
Daily Price Limits	20% up and 15% down from previous closing price. (subject to change)
Settlement Type	Cash settled
Expiration Settlement Price	Last 30 minutes average of the underlying index value (Calculated in accordance with the Clearing, Settlement and Risk Management Procedures for Derivatives)
Last Trading Day /Expiry Day	3rd Thursday of the expiry month. In the event of this not being a Business Day, the Last Trading Day shall normally be the Business Day prior to the 3rd Thursday.
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Contract Series	2 consecutive quarterly months (e.g. June and September)



<sup>1</sup> MSCI and the MSCI index names are service marks of MSCI Inc. ("MSCI") or its affiliates and have been licensed for use by Nasdaq Dubai. Futures contracts and options contracts on any MSCI index ("Index Contracts") are not sponsored, guaranteed or endorsed by MSCI, its affiliates or any other party involved in, or related to, making or compiling such MSCI index. Neither MSCI, its affiliates nor any other party involved in, or related to, making or compiling any MSCI index makes any representations regarding the advisability of investing in such Index Contracts. Neither MSCI, its affiliates nor any other party involved in, or related to, making or compiling any MSCI index makes any warranty, express or implied, or bears any liability as to the results to be obtained by any person or any entity from the use of any such MSCI index or any data included therein. No purchaser, seller or holder of this security, or any other person or entity, should use or refer to any MSCI trade name, trademark or service mark to sponsor, endorse, market or promote this security without first contacting MSCI to determine whether MSCI's permission is required.

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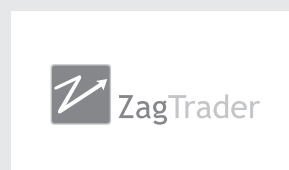
### Index Providers



### Members



### System Vendors





# Benefits of Equity Futures

Nasdaq Dubai [single stock futures](#) and [index futures](#) offer many benefits for investors.



## LEVERAGE

Leverage is a key feature of equity futures. The initial payment (called initial margin) that an investor must make is only a limited percentage of the value of the contract. This magnification of the effect of the capital, called leverage, can lead to significant gains (or losses). These gains (or losses) can be much larger than the amount invested.



## PROFIT WHEN PRICE FALLS AS WELL AS RISES

Selling in advance (shorting) and buying back allows an investor to profit from a stock or index that is falling. Buying and then selling later allows an investor to profit from a stock or index that is going up.



## TRADING AND ARBITRAGE

Investors can benefit from the out-performance of one stock or index over another through pair trading, by going long on one stock or index and short on another stock or index through futures. There are also opportunities for arbitrage when futures and underlying stock or index prices diverge.



## HEDGING

This allows portfolio managers and investors to hedge their existing market exposure, either increasing or decreasing their exposure to volatility of the underlying equity or index.



## COST EFFECTIVE

Less capital commitment and lower trading fees.



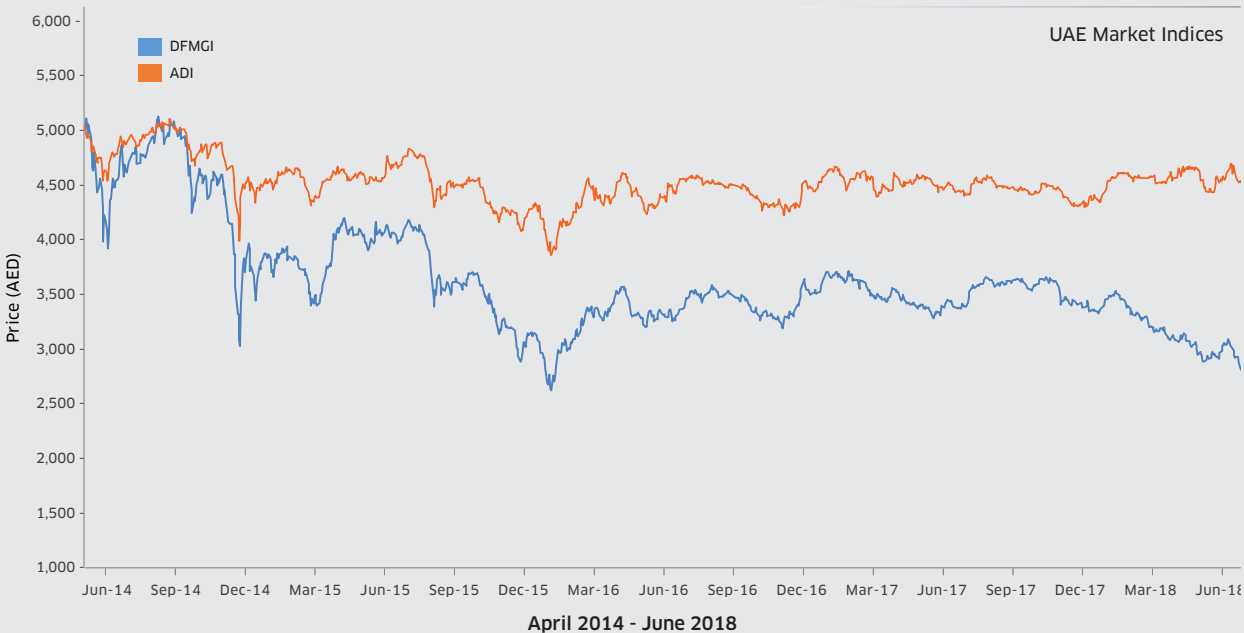
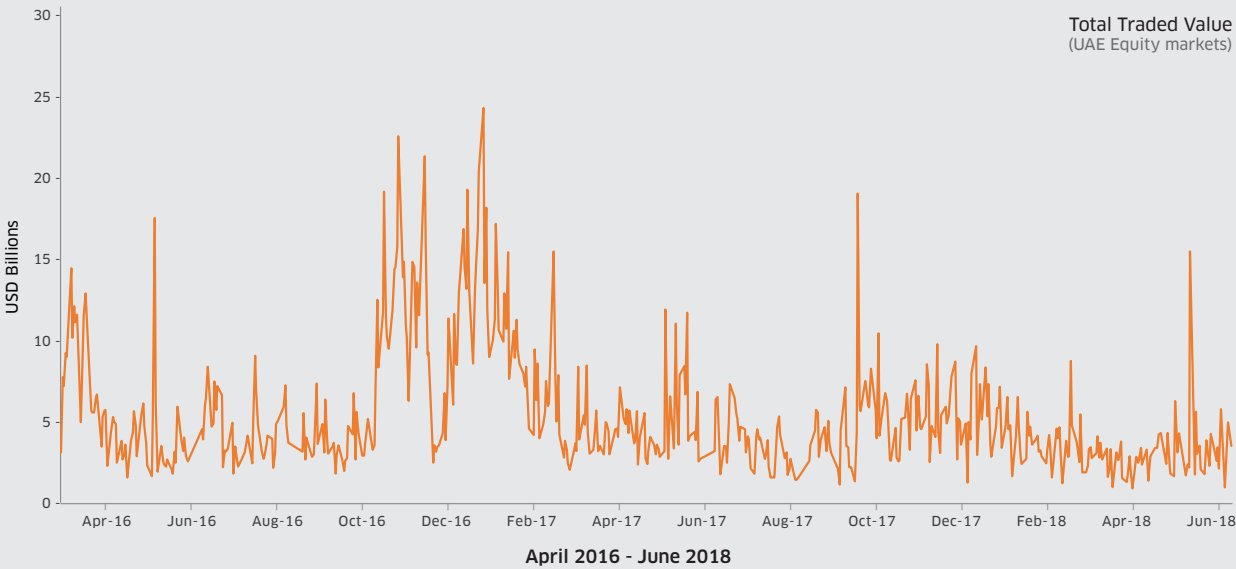
## STANDARDISATION

Futures contracts are always in a standardised form.

# Why UAE Equity Futures?

Nasdaq Dubai is the only exchange where futures on UAE equities can be traded.

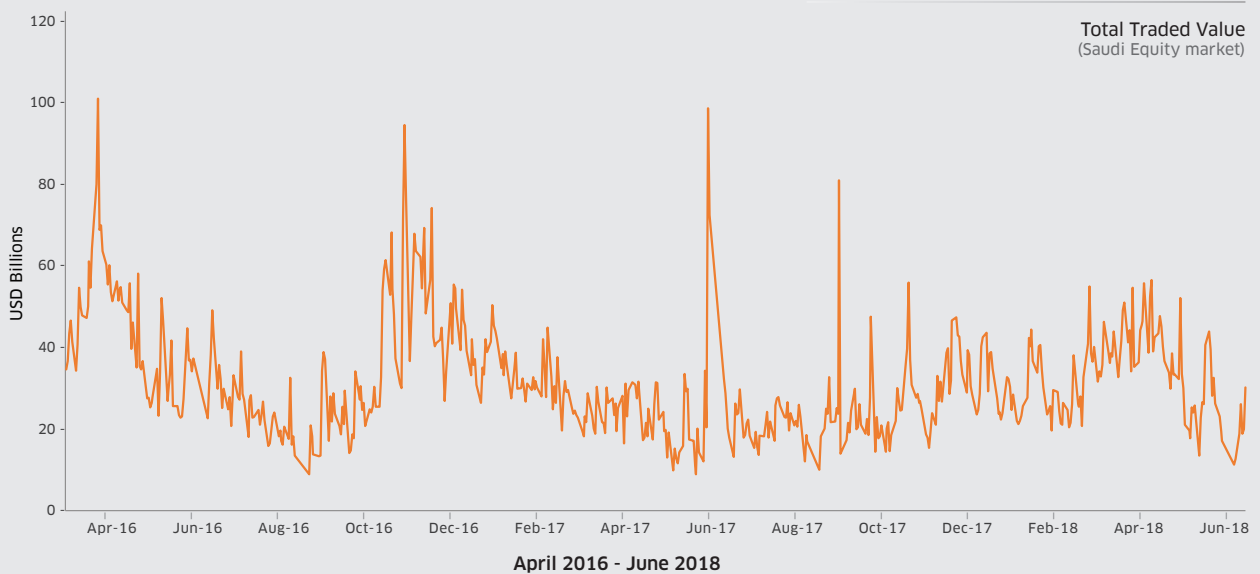
- ✓ UAE share markets are highly active, creating dynamic trading patterns.
- ✓ Upgrade of UAE to MSCI Emerging Markets Index has increased inward fund flows.
- ✓ UAE GDP is 2nd largest in the GCC, with the IMF expecting 3.4% growth in 2018.



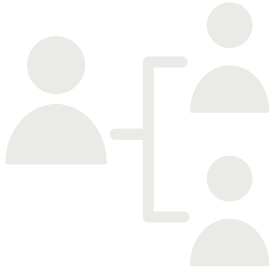
## Why Saudi Equity Futures?

Nasdaq Dubai is the only exchange where futures on Saudi equities can be traded.

- ✓ The Saudi equities market is by far the largest in the GCC by both market capitalisation and traded value.
- ✓ Saudi Arabia has embarked on a broad privatisation programme as part of its Vision 2030 strategy and is encouraging more foreign investment in its equities.
- ✓ The upgrade by MSCI and FTSE to Emerging Market status is increasing investor focus on Saudi listed companies as a whole.



## How to start trading equity futures on Nasdaq Dubai



You can open an account for futures trading with an approved Nasdaq Dubai Member (broker). They can then place orders for you in the same way as for stock trades.

The initial payment for the futures is the initial margin, which must be settled on the same day as the trade. Brokers are responsible for all payments of margins for their clients. If an investor fails to make margin payments to their broker within the specified time, remember that the broker may close the investor's positions.

### RECOMMENDED STEPS BEFORE TRADING FUTURES

- ✓ Understand the products, the benefits and the risks associated with trading them.
- ✓ Choose a broker that offers these products for trading on Nasdaq Dubai. A list of brokers is available on Nasdaq Dubai's website [www.nasdaqdubai.com/futures](http://www.nasdaqdubai.com/futures).
- ✓ Ensure your brokerage account is sufficiently funded to cover margin requirements.
- ✓ Pick the right maturity months to suit your trading.
- ✓ Understand the contract specifications.
- ✓ Liquidity is key in trading any product. Make sure you are trading within the liquidity available to avoid any potentially unwanted liquidity risks. Watch the daily volumes traded to monitor the liquidity.
- ✓ Check the bid and offer spreads on the contract you are choosing to make sure you avoid uncertainty
- ✓ Futures are highly leveraged products. Make sure the leveraged exposure you are taking is within your risk limits.
- ✓ It is advised that an investor sets and monitors their stop losses to make sure that they are not holding a position when it has breached their loss level.
- ✓ Understand the margining on futures. Margins need to be posted frequently if the underlying is moving against you. Make sure you have sufficient cash to cover the margin requirement.
- ✓ Make sure you follow the expiry of the contracts and roll them over before expiry if you want to maintain the position. On expiry remember that futures on Nasdaq Dubai settle in cash against the closing price.

## FAQ

### What currencies are Nasdaq Dubai Equity Futures traded in?

The currency is the same as the underlying share. In practice, this means AED for all of UAE single stock futures except DP World which is USD. Saudi single stock futures are traded in SAR. The DFMGI and ADI future indices are listed in AED.

### What are the trading hours?

UAE Markets: 10:00 am – 2:00 pm, Sunday – Thursday.  
Saudi Market: 11:00 am – 4:10 pm, Sunday – Thursday (UAE Time)

### Can non-UAE nationals trade?

Yes, all nationalities eligible to trade in the UAE markets can trade these futures.

### Is short selling allowed?

Yes. Selling in advance (shorting) allows an investor to profit from a stock or index that is going down in price.

### Do I get cash dividends by holding futures contracts?

No, investors should note that long position holders in futures contracts are not entitled to any ordinary cash dividend paid on underlying shares. The price of the futures contract discounts any expected upcoming dividend. Investors have to consider the possibility of dividend uncertainty while trading.

### What is the role of a market maker?

A market maker provides liquidity to the market. Market makers are financial institutions that simultaneously offer both Bid and Ask prices for the same contracts.

### What happens on the expiry date of the future?

On expiry date the futures are calculated based on the stock or index closing price (weighted average of last 30 minutes of trading). Any profit or loss is calculated based on this price and settled accordingly. All open futures expire on this date and variation margins are called or paid and initial margins are returned. Investors can 'rollover' their futures position by closing their open position prior to maturity and entering into a new contract to maintain their positions in the futures.

### Can an investor buy or sell a futures contract before expiry?

Yes, as long as there is a buyer or seller, futures can be exited at any time. There is no requirement to keep the futures until expiry.

### What are the risks involved in trading futures?

Trading in futures carries risks for investors. It is recommended that investors seek advice before trading if they have limited experience.

**Leverage** – Magnification of the effect of the capital can lead to significant losses, considerably more than the movement of the underlying asset.

**Close out** – Futures contracts may be closed out on or before the expiry date. Any open contracts are automatically closed on the expiration day.

**Margin calls** – Your broker may make exposure-based margin calls during the term of the future, which require immediate cash settlement. Any failure to meet this margin call may result in liquidation of your positions with or without your consent.

**Dividend uncertainty** – Holders of futures contracts do not receive any ordinary dividends paid by the company on underlying shares. Investors must also consider that expected dividends declared and factored into futures prices are not certain and this may affect the profit or loss made by investors on their futures trading.

### Are there any foreign ownership limits?

No, any foreign ownership limits on the company's equity will not apply on the futures contract.

# About Nasdaq Dubai

Nasdaq Dubai is the international financial exchange in the Middle East. It combines international best practices with easy access by investors in the region and around the world.

The exchange's tradable securities include equities, Sukuk and conventional bonds, funds, and REITs.



USD  
**102**  
BILLION

## Murabaha Transactions



USD  
**58.3**  
BILLION

One of the leading global exchanges for Sukuk by value

Global exchange brand in the heart of the Middle East

Largest IPO in the region at the time with DP World



USD  
**4.96**  
BILLION



USD  
**117**  
BILLION

Combined market capitalisation of 101 listings

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