

# DUBAI FINANCIAL MARKET EQUITY FUTURES

Dubai Financial Market's Equity Futures provide new impetus to Dubai's leading position as a dynamic capital markets hub, enabling investors to diversify and hedge their portfolios and access leverage. **Equity Futures** is a financial contract with a value agreed upon by two parties. These contracts derive their value from the value of the underlying asset, and vary based on the value of that underlying asset.

## BENEFITS

### LEVERAGE

Access leverage to maximize your portfolio size and returns.

### HEDGING

Hedging strategy acts as an insurance cover to protect against market volatility.

### TWO MARKET

Profit when price falls by short selling, as well as rise by buying.

### TRADING & ARBITRAGE

Investors can benefit from the out-performance of one stock price over another through pair trading, by going long on one stock and short on another stock through futures.

### COST EFFECTIVE

Futures fees can be lower than fees for trading equities.

## SINGLE STOCK FUTURES

UNDERLYING SHARES	CONTRACT SYMBOL
Air Arabia PJSC	AIRARB
ARAMEX PJSC	ARMX
Deyaar Development PJSC	DEYAAR
Dubai Electricity & Water Authority	DEWA
Dubai Financial Market PJSC	DFM
Dubai Investments PJSC	DIC
Dubai Islamic Bank	DIB
Emaar Development PJSC	EMRDEV
Emaar Properties PJSC/EMAAR	EMAAR
Emirates Integrated Telecommunications Company PJSC	DU
Emirates NBD PJSC	ENBD
Emirates Central Cooling Systems Corporation PJSC	EMPOWER
GFH Financial Group B.S.C.	GFH
Salik Company PJSC	SALIK
Shuaa Capital PSC	SHUAA

## CONTRACT SPECIFICATIONS

<b>Underlying</b>	Security traded on UAE stocks exchanges as approved by the Dubai Financial Market and published by way of notice.
<b>Currency</b>	Same as trading currency of underlying security in primary market i.e AED
<b>Contract Size</b>	100 underlying shares. This may change in specific cases of corporate action adjustments. Any changes will be published by way of Notice
<b>Contract Months</b>	1 month, 2 months and 3 months expiry
<b>Minimum Price Movement (tick size)</b>	0.001
<b>Daily price limits</b>	20% up and 15% down from previous closing price. Dubai Financial Market reserves the right to redefine and modify the price limit safeguard ranges intraday depending on the market situation.
<b>Future Type</b>	Daily settled with cash settlement upon expiration
<b>Settlement Type</b>	Cash Settled
<b>Daily Settlement Price</b>	Close Price of the Futures Contract or Theoretical Price derived from Underlying Security as determined by Dubai Clear from time to time
<b>Expiration Settlement Price</b>	Underlying Security Close Price
<b>Last Trading Day / Expiry Day</b>	3rd Thursday of the expiry month. In the event of the 3rd Thursday not being a Business Day, the Last Trading Day shall normally be the Business Day prior the 3rd Thursday.
<b>Settlement Day</b>	Business Day following the Expiry Day
<b>Listing of New Contract Month</b>	2nd Thursday of the expiry month i.e. Thursday prior to Expiry Day
<b>Trading Hours</b>	Monday - Friday, 10:00 am - 3:00 pm. Please refer to Trading Rules published on Dubai Financial Market website for further details on trading phases
<b>Initial Margin</b>	As published by Dubai Clear from time to time
<b>Daily MTM Settlement</b>	Calculated based on Daily Settlement Price
<b>Expiry MTM Settlement</b>	Calculated based on Final Settlement Price
<b>Negotiated Deal</b>	Allowed as per the DFM procedure for Derivatives Block Trade

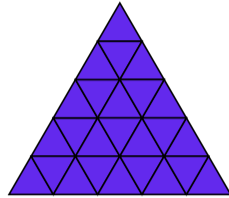
## BUYING SHARES VS BUYING EQUITY FUTURES

### LEVERAGE EXAMPLE

#### BUYING SHARES

**BUY**  
**AED 20,000** worth of DFM shares

**PAY**  
**AED 20,000** total traded value at the time of purchase



Pay in full amount

Three months later, with the **increase** of share price to **AED 1.25**  
**Sell** on open market at **AED 1.25**  
 Receive cash of  $20,000 \times 1.25 = \text{AED } 25,000$

**PROFIT** of **AED 5,000**  
 Return on Investment =  $(5,000 / 20,000) = 25\%$

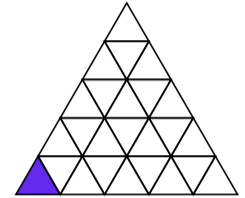


BUYING SHARES

#### BUYING EQUITY FUTURES

**BUY**  
**AED 200,000** worth of DFM futures contracts

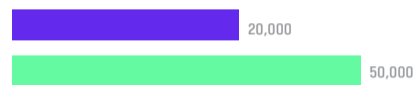
**PAY**  
**AED 20,000** which is a 10% margin of the total traded value



Pay initial margin only

Three months later, with the **increase** of share price to **AED 1.25**  
**Sell** future contracts at **AED 1.25**  
 Receive cash of  $200,000 \times (1.25 - 1) = \text{AED } 50,000$

**PROFIT** of **AED 50,000**  
 Return on Investment =  $(50,000 / 20,000) = 250\%$



BUYING SINGLE STOCK FUTURES

Margin requirements are set by Dubai Clear and are typically between 10% to 30%. View margins at [www.dubaiclear.ae/risk-management](http://www.dubaiclear.ae/risk-management)

■ CAPITAL ■ RETURN

## HOW THE PROFIT IS CALCULATED

### TRADE EXAMPLE

Let's imagine that per share price goes from

-\$110 > \$100 ✓

1 Contract = 100 Shares

#### SCENARIO 1

If you expected the price to go down and went short (sold a contract) you would have made a profit

Original value  
 $\$110 \times 100 \text{ Shares} = \$11,000$

New value  
 $\$100 \times 100 \text{ Shares} = \$10,000$

Your profit is the difference in value

**\$1000**

#### SCENARIO 2

If you expected the price to go up and went long (bought a contract) you would have made a loss

Original value  
 $\$110 \times 100 \text{ Shares} = \$11,000$

New value  
 $\$100 \times 100 \text{ Shares} = \$10,000$

Your loss is the difference in value

**\$1000**

#### Contact us

For more information about the DFM Equity Futures, please call +971 4 305 5555

#### Disclaimer:

Derivatives trading (Future contracts, Options and any others) involves substantial risk and are not suitable for all investors/traders. Investors should be aware of all the risks associated with Derivatives trading, and seek advice from an independent financial or investment advisor if they have any doubts.