

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
Al Ansari Financial Services PJSC	ANSRI
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

Underlying	Security traded on UAE stocks exchanges as approved by the Dubai Financial Market and published by way of notice.
Currency	Same as trading currency of underlying security in primary market i.e AED
Contract Size	100 underlying shares. This may change in specific cases of corporate action adjustments. Any changes will be published by way of Notice
Contract Months	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. Dubai Financial Market reserves the right to redefine and modify the price limit safeguard ranges intraday depending on the market situation.
Future Type	Daily settled with cash settlement upon expiration
Settlement Type	Cash Settled
Daily Settlement Price	Close Price of the Futures Contract or Theoretical Price derived from Underlying Security as determined by Dubai Clear from time to time
Expiration Settlement Price	Underlying Security Close Price
Last Trading Day / Expiry Day	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.
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	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
Initial Margin	As published by Dubai Clear from time to time
Daily MTM Settlement	Calculated based on Daily Settlement Price
Expiry MTM Settlement	Calculated based on Final Settlement Price
Negotiated Deal	Allowed as per the DFM procedure for Derivatives Block Trade

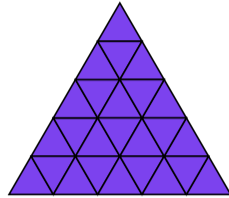
BUYING SHARES VS BUYING EQUITY FUTURES

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 = $(5,000 / 20,000) = 25\%$

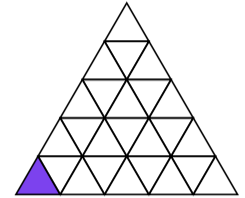


BUYING SHARES

BUYING EQUITY FUTURES

BUY
AED 200,000 worth of DFM futures contracts

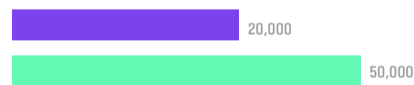
PAY
AED 20,000 which is a 10% margin of the total traded value



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

■ 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.