

WORLD CLASS FINANCIAL MARKET ACHIEVING RESILIENCE AND EFFICIENCY

Dubai Financial Market (PJSC) Annual Report 2020





Dubai Financial Market, P.O.Box: 9700, Dubai UAE. T: +971 4 305 5555; F: +971 4 305 5566;
Email: customerservice@dfm.ae | Website: www.dfm.ae

Disclaimer

Dubai Financial Market (DFM) endeavors to provide and publish correct real time data and information; however it is not guaranteed to be timely or accurate and is for knowledge purposes only. DFM shall not assume any responsibility for any diminution, error and/or delay of data and information published. Consequently, DFM will not be liable for any claim or loss of any nature that may occur directly or indirectly, from the use of the data and information available at DFM or in any of its publications.

Copyright © 2021, Dubai Financial Market PJSC. All Rights Reserved. Published on 18th March 2021





H.H. Sheikh Mohammed bin Rashid Al Maktoum
UAE Vice President, Prime Minister and Ruler of Dubai

“Dubai has succeeded in building a business friendly environment to meet investor needs and requirements, such as full exemption from income and corporation taxes, high-tech facilities and infrastructure and dynamic real estate market with family orientated conveniences.”

In this year's report

In our 2020 Annual Report, we highlight the effectiveness of Dubai Financial Market in achieving strategic milestones, maintaining business continuity and managing risks in light of the emerging Covid-19 pandemic, thanks to leveraging our advanced systems, our qualified employees and our strong relationships with our market participants.



Table of Contents

01

Overview

- 08 Who We Are
- 08 Vision, Mission & Values
- 09 2020 Highlights

02

Strategic Report

- 12 Macroeconomic and Legislative Overview
- 16 Chairman's Statement
- 20 Operational Review
- 20 - Business Model
- 22 - Market Performance
- 24 Financial Review
- 26 Our Strategy

03

Sustainability

- 34 Our Sustainability
- 42 Responsible Exchange
- 54 Accelerating Sustainable Capital Markets
- 56 Key Player in the Global Exchange Industry
- 57 Going Forward

04

Governance

- 59 Corporate Governance Report
- 85 Fatwa and Shari'a Supervisory Board Report

05

Consolidated Financial Statements

- 88 Independent Auditor's Report
- 94 Consolidated Statement of Financial Position
- 95 Consolidated Statement of Income
- 96 Consolidated Statement of Comprehensive Income
- 97 Consolidated Statement of Changes in Equity
- 98 Consolidated Statement of Cash Flows
- 99 Notes to the Consolidated Financial Statements

You can access the electronic document of this report via our online website at www.dfm.ae



01. Overview



Who We Are

We are the first established financial market in the UAE in 2000. We offer primary and secondary market services to investors and issuers alike leveraging integrated operations with Dubai Central Clearing and Depository as well as Nasdaq Dubai (subsidiaries). While operating, we seek to strengthen our stakeholder's relationships and create a shared value.

Vision

The World Class Regional Marketplace.

Mission

To provide stakeholders with innovative services in conducting trading, settlement and depository of securities, in an efficient, transparent and liquid environment.

Values

Transparency: We prioritise transparency across all our actions and decisions.

Efficiency: We focus on building efficiency into every aspect of our operations.

Confidentiality: We accord the utmost confidentiality to our clients and their interests.

Integrity: We conduct ourselves with unconditional integrity and ethics.

Innovation: We believe the future depends on the innovation we empower today.



2020 Highlights

65

Listed companies

847

Thousand

Total market investors

20.6

AED billion

Dividends distributed on behalf of listed companies¹

8%

Market capitalization growth (2012-2020)*

351.8

AED million

Consolidated recurring revenue of DFM PJSC

40.5%

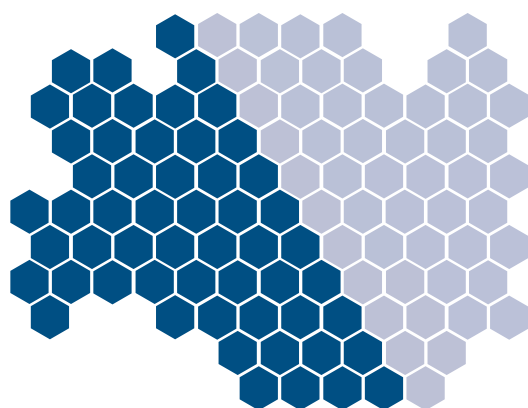
Net profit margin of DFM PJSC

163

Total employees, of which female representation is 57%

50%

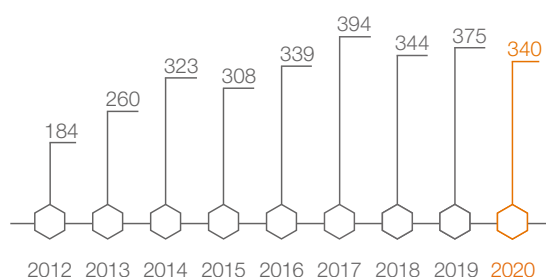
Percentage of foreign investors' trading from total traded value²



47%

DFM market share of UAE total traded value

DFM Market Capitalization (AED billion)



* Compound annual growth rate

¹ Includes AED 10.3 billion in Dubai Ports World's cash offer to its shareholders

² Foreign investors are defined as non-UAE nationals

02. Strategic Report



Macroeconomic and Legislative Overview

In 2020, the world was gripped by the Covid-19 pandemic. While the UAE was not immune to this, the wise leadership acted quickly to implement numerous precautionary measures to contain the spread of the virus. The most prominent of which were restricting travel in and out of the country with the aim of reducing the chances of virus transmission, developing and implementing a national disinfection program, as well as imposing measures that ensure social distancing, such as suspending work in some sectors and allowing remote work in others where permissible.

To counter the adverse impact of such measures on economic performance in the UAE, the Federal Government and local governments approved numerous economic stimulus programs, providing flexibility to producers as well as consumers and enhancing their ability to overcome this crisis with minimal losses.

The UAE Central Bank adopted a comprehensive AED 100 billion Support Scheme at the federal level to protect consumers and companies. This scheme aimed at providing temporary relief from principal and interest repayments on outstanding loans for all affected private sector companies and retail consumers in the UAE. Participating banks used the funding to grant relief to corporate and retail clients for a period of up to six months.

Furthermore, the UAE Cabinet approved AED 16 billion economic stimulus package as part of the Federal Government's additional measures to support the national economy and to ensure businesses continuity. The measures include a

renewable six-month postponement of work permit fees, a reduction of labour fees and other charges related to doing business supporting small businesses, and accelerating major infrastructure projects.

Within the same framework, the Dubai Government, since February 2020, has launched three economic stimulus packages worth AED 6.3 billion to support companies and Dubai's business sector in general, through enhancing financial liquidity and mitigating the effects of such unprecedented exceptional economic uncertainties.

The stimulus packages included 15 initiatives, focusing on the commercial sector, retail, external trade, tourism and the energy sector. Nine of these initiatives have targeted the commercial and business sectors including incentives such as freezing the 2.5% market fees levied on all facilities operating in Dubai and a 20% refund on the 5% customs fees imposed on imported products sold locally in Dubai and the UAE. The package also included cancellation of bank guarantees or cash required to undertake customs clearance activity, as well as refunding bank guarantees or cash paid to existing customs clearance companies. Furthermore, fees imposed on companies submitting customs documents were reduced by 90%.

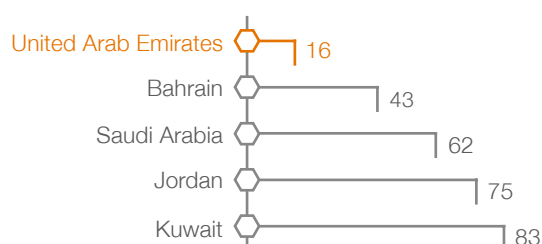
In line with the initiatives of the UAE Federal Government and Dubai Government, a group of banks operating in Dubai, namely Emirates NBD, Dubai Islamic Bank, Emirates Islamic, Mashreq and Commercial Bank of Dubai, came together to offer a comprehensive relief package to ease the financial

pressure on their clients. Benefits of this package included fees reductions and waiver on selected services, credit card holders availing a zero percent easy payment plans, in addition to many others.

Within the same framework, Dubai Free Zones Council announced an economic stimulus package to combat the Covid-19 pandemic with the aim to reduce business costs and enhance financial liquidity for companies operating in the free zones. The main highlight of this initiative included: postponing rent payments for a period of six months; easing due payments through relaxed monthly installments; refunding security deposits and guarantees; waiving fines for both companies and individuals; and permitting the free movement of labor between companies operating in the free zones for the rest of the year through either permanent or temporary contracts.

Alongside these measures aimed at reviving the economy during the pandemic, the UAE ranked 1st regionally and 16th globally (among 190 countries evaluated) on the World Bank's report of Ease of Doing Business 2020 which measures ease of doing business and favorability of global regulatory environments. The UAE continued to achieve a leading rank as a result of the existing encouraging legislations and procedures for starting new businesses, ease of access to adequate funding, commitment to contract enforcement, as well as improved insolvency resolving.

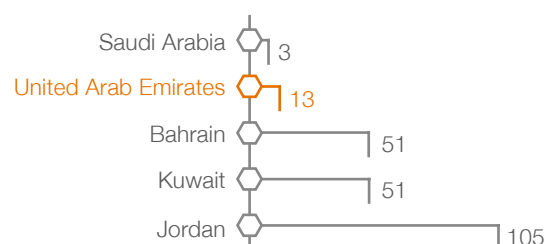
Ease of Doing Business 2020 Global Rank



¹ Source: IMF World Economic Outlook Database, October 2020.

The same 2020 rankings highlighted the strong level of protection offered to minority shareholders, with the UAE placed 2nd regionally and 13th globally for its corporate governance regulations and transparency requirements, which reduce risk for investors.

Protecting Minority Investors 2020 Global Rank



As a result of the aforementioned collective measures, in addition to the remarkable flexibility and the diversified production base, the wider UAE economy and the Dubai economy adapted to the Covid-19 crisis navigating 2020 with minimum impact. According to the latest global forecasts, the UAE's real Gross Domestic Product (GDP) is projected to decline by 6.6%¹ in 2020, a reasonable contraction in light of the crisis and the sharp drop in oil prices. Furthermore, this contraction rate is well below that in several other countries, both developed and emerging, which are expected to retract beyond the 10% threshold.

Dubai's real GDP year-on-year declined by 10.8% in the first half of 2020, according to the latest available data from the Dubai Statistics Center. However, the restrictions were considerably eased during the last two quarters of the year, mitigating the negative impact on the economy much less during the second half of the year. Accordingly, the Dubai real GDP is expected to shrink by 5% - 6% in 2020, which is better than the overall UAE performance. These projections factor the small contribution of the oil industry to Dubai's GDP, which does not exceed 2%, mitigating the adversities of the lower oil prices on Dubai's economic growth. Additionally,

the construction and real estate sectors, which contribute to 15.5% of Dubai's GDP, were the least impacted by the adopted precautionary measures. Looking at the sectorial performance, tourism, the commercial sector, transportation, art and entertainment were the most impacted sectors given their reliance on the movement of people, which was restricted throughout the first few months of the pandemic. On the other hand, certain sectors better suited to remote working, such as education, public administration and financial services, were less impacted, with performances moderately varying between growth to contraction. With the ongoing projects allowed to continue, the real estate sector is projected to grow moderately this year.

Attributed to the uncertainties about the economic outlook across the world triggered by the pandemic, global financial markets have performed differently. During 2020, the main index of 38 exchanges out of the 75 exchanges with available information from the World Federation of Exchanges showed an increase, while the indexes of 37 exchanges showed a decrease¹.

Like markets across the world, the UAE financial markets were impacted. By the end of 2020, the Dubai Financial Market General Index (DFMGI) exhibited a 9.9% decrease y-o-y, while the Abu Dhabi Index (ADI) exhibited a 0.6% increase over the same period. The total traded value of DFM amounted to AED 65.6 billion in 2020 compared to AED 53.1 billion in 2019, whereas the total traded value of ADI reached AED 72.8 billion in 2020 compared to AED 56.8 billion in 2019².

¹ Source: The World Federation of Exchanges (WFE) reports.

² Source: The DFM and ADX trading data.



Chairman's Statement



“ The year 2020 was one of great achievements, as the global crisis did not impede our efforts to implement many strategic development plans. ”

In the name of God, the Most Gracious,
the Most Merciful

Esteemed Shareholders,

On behalf of the Board of Directors and Senior Management, it is my pleasure to present the 14th Annual Report of the Dubai Financial Market Company (DFM) (PJSC), to highlight the Company's key developments and financial statements for the year ending 31st December 2020.

Despite the unprecedented challenges of the Covid-19 pandemic, which took the world by surprise in 2020 and reshaped the way business is done, our wise leadership was able to continue the march of development and turn those challenges into opportunities, with the UAE impressing the world, on earth and in space.

With innovation and determination, the UAE entered the space industry and joined the elite in peaceful nuclear power generation, not to mention the extraordinary way the UAE managed the Covid-19 crisis, making it a role model for the world to follow.

Mirroring the country's progress, 2020 was a year of great achievements for Dubai Financial Market, as the global crisis did not stop our efforts to implement many strategic development plans, something the Board of Directors, the Senior Management team and myself are proud to have achieved. These plans allowed us to elevate our corporate excellence to new levels, while enhancing market competitiveness and sustained growth.

Esteemed Shareholders,

It is my pleasure to outline the achievements and developments during 2020:

First: DFM demonstrated a clear resilience in adapting to the extreme turbulence that hit the global markets as a result of the Covid-19 pandemic. The market's total traded value increased by 24% y-o-y, to reach AED 65.6 billion. The General Index regained a significant proportion of its previous decline, recovering 50% compared to its lowest value in April 2020, reducing its decline to 9.9% by the end of 2020.

The market maintained an appealing profile in 2020, attracting 4,027 new investors, with foreign investors maintaining a substantial presence, being net buyers of AED 661 million, they accounted for 50% of total traded value, and a shareholding of 19% of total market capitalization by the end of 2020.

These promising indicators certainly reflect the market's outstanding capabilities in securing business continuity and capitalizing on the impactful strategy adopted by the UAE to manage the pandemic, with the wise leadership launching numerous and timely stimulus packages covering all economic sectors.

Second: In 2020, while celebrating its 20th anniversary, the DFM accomplished the largest technology upgrade in its history by migrating to the Nasdaq Financial Framework (NFF), the global leader in financial market technology. The upgrade provides DFM with the world's latest trading, surveillance, clearing, and data dissemination applications.

Third: In 2020, the Dubai Financial Market (PJSC) new organizational structure was completed, as we established Dubai Clear (LLC) and Dubai CSD (LLC) as independent companies offering post-trade services. This launch crowns DFM's extensive efforts throughout the past two years to enhance post-trade services in line with international best practices, further strengthening its leadership in driving capital markets' development in the UAE and the wider region.

Fourth: The diversification of our product offering and asset classes is one of the key pillars of DFM's strategy. Building on that, 2020 saw the listing of Chimera Investments LLC's Umbrella Exchange Traded Fund (ETF) on the DFM, in addition to the launch of DFM's Equity Futures. In line with this strategy, we are keen to add more ETFs and real estate investment trusts (REITs), while expanding the equity futures and other asset classes, offering our investors an even more diverse range of opportunities.

Fifth: In 2020, we concluded preparations to open up new horizons of capital markets to free zone companies, offering them the opportunity to avail the many benefits of listing and trading on the DFM. This comes as part of the Dubai "10X" Plan and is a collaboration among a leading group of strategic partners including the Dubai Airport Free Zone Authority (DAFZA), the Securities and Commodities Authority (SCA) and the Supreme Legislation Committee in the Emirate of Dubai (SLC).

DFM continues its efforts to attract companies from across a growing number of economic sectors, strengthening the market's attractive position as the most favored listing venue for companies, while also encouraging family and private businesses to list. Following recent legislative and regulatory reforms in the UAE, we believe that we have a robust foundation that allows investors to set up and list their companies, strengthening the UAE as a favorite destination for foreign investments. DFM is actively participating in the development of financial market regulatory and legislative infrastructure in cooperation with the relevant stakeholders, including the UAE Ministry of Economy, the Securities and Commodities Authority and relevant advisory bodies.

Sixth: As part of our ongoing efforts to attract foreign investments through an integrated Investor Relations (IR) excellence program in cooperation with listed companies, DFM organized its virtual International Investor Roadshow in 2020, in collaboration with HSBC. The event witnessed the largest participation in DFM's history from companies listed on Dubai's capital markets as well as international investment institutions looking to diversify on both sectoral and geographical levels. The event successfully reinforced links between equity and fixed income issuers in Dubai and leading investment institutions in the US, UK and Asia. It included 162 One-on-One meetings with senior representatives of 61 international funds managing approximately USD 3.5 trillion of assets.

Seventh: Despite the consequences of the Covid-19 pandemic, DFM demonstrated extraordinary capabilities to ensure business continuity, quality, and effectiveness throughout 2020. This indicates that the "Smart Borse" strategy, implemented by DFM over the past years to develop an integrated ecosystem of smart and online service platforms, has succeeded in keeping up with the transformation towards the new norms of remote working. DFM has always championed digital transformation in financial markets by offering its services on smart and online platforms, attracting an increasing number of market participants. Today, we have approximately 120,000 registered users on our smart and online platforms, completing transactions and following up on investment activities in a seamless, efficient, and secure environment.

Eighth: Dubai CSD (L.L.C.), a subsidiary of DFM, successfully accomplished the cash dividend distribution for the financial year 2019, with AED 20.6 billion of dividends distributed to more than 356,000 investors. Dubai CSD managed the dividend distribution process on behalf of 29 companies listed on DFM and Nasdaq Dubai. Dubai CSD employs

leading Fintech solutions that enable us to seamlessly distribute cash dividends to investors. We continue to develop these solutions to reinforce DFM's innovative dividend distribution services since we initiated such services in 2011, allowing us to transform the financial markets services and cash dividend distribution in particular.

Esteemed Shareholders,

With regards to the financial performance of the Dubai Financial Market Company (PJSC) during 2020, the consolidated net profit reached AED 142.6 million compared with AED 122 million in 2019. Total consolidated revenue for 2020 was AED 351.8 million against AED 327.1 million in 2019. The 2020 revenue included AED 232.1 million in operational revenue and AED 119.7 million from investments and others.

Esteemed Shareholders,

To conclude, I extend my deepest appreciation to His Highness Sheikh Mohammed Bin Rashid Al Maktoum, Vice President and Prime Minister of the UAE and Ruler of Dubai, for his visionary leadership and numerous initiatives, which took the UAE and Dubai to new levels, impressing the world and guiding DFM on a journey of historical success. I would like to thank all market participants, the DFM team and the Fatwa and Shari'a Supervisory Board for their efforts and hard work to achieve the desired goals. I would also like to express our thanks and deep gratitude to you, our valued shareholders, for your trust and ongoing support. We will always remain trustworthy as we strive to achieve further success.

May the peace and blessings of God be upon you,



Essa Abdulfattah Kazim

Chairman

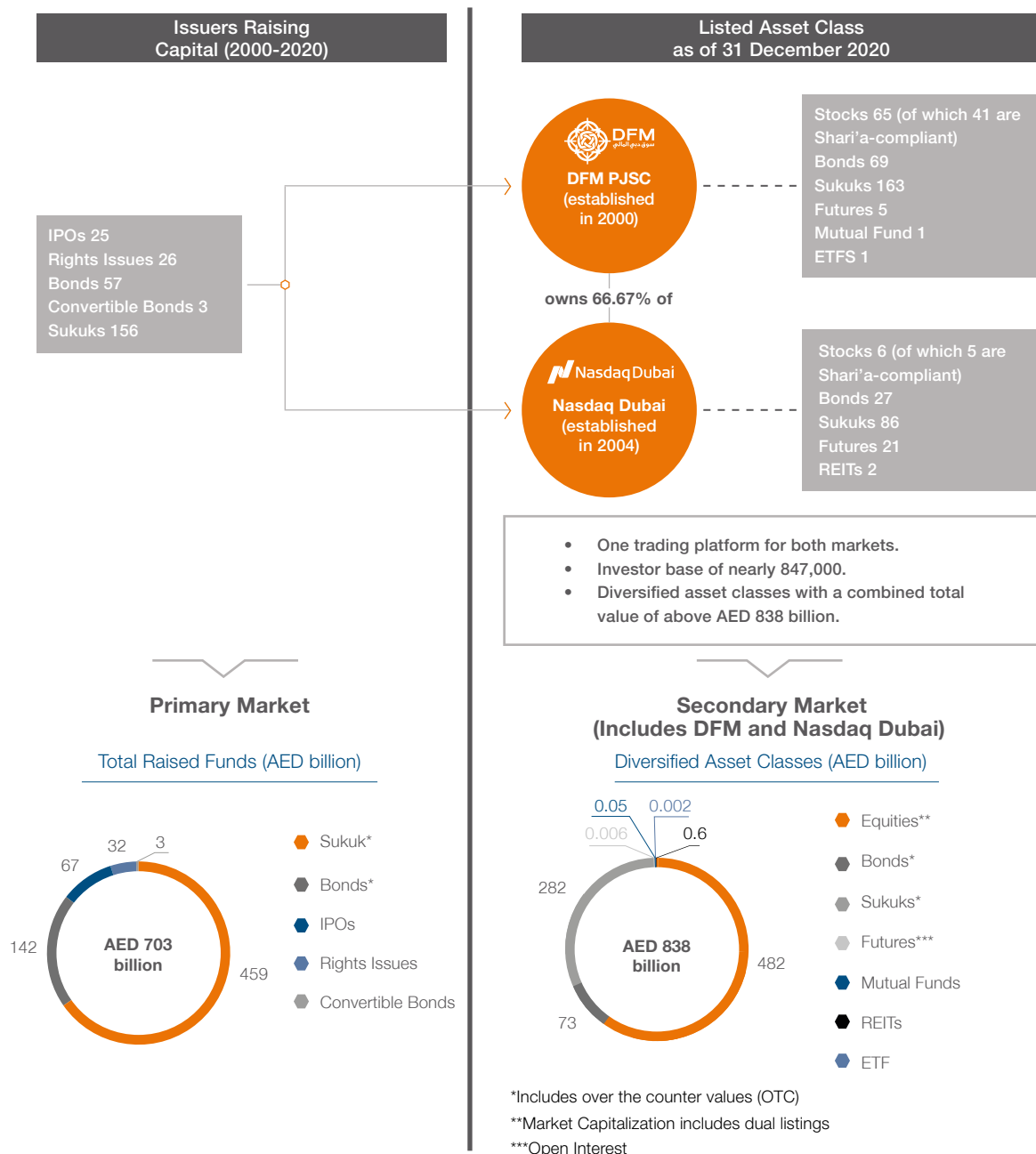
Dubai Financial Market (PJSC)















Operational Review

Business Model

We continued to run our operations in line with our 2021 strategy, with a keen focus on strong service development, and adding value for all DFM stakeholders. The following business model depicts our results by the end of 2020.



Who We Are	Our Assets	How We Add Value
 An Exchange: We are the UAE's first exchange established in 2000, and in 2007 we became the first globally Shari'a-compliant exchange.	 Financial Capital: Our financial statements feature a paid-in capital of AED 8 billion and a debt-free balance sheet.	 A Primary Market: We continue to optimize DFM's operations to provide issuers with world-class services. These efforts have seen the listing of AED 703 billion of raised funding across DFM and the subsidiary Nasdaq Dubai since the inception of both markets.
 Public Shareholding Company: Following an initial public offering, we became the first public shareholding regional exchange in 2007, with a free float of 19.34% by the end of 2020. We leverage our integrated operations with our subsidiary Nasdaq Dubai to offer a diversified range of asset classes. With a single investor number, we provide seamless trading across the two exchanges.	 Intellectual Capital: This includes our license, DFM and subsidiary trademarks, as well as a substantial market database.	 A Secondary Market: We offer liquidity for governments, institutions and individuals, catering for a wide range of financial needs. Total equity market capitalization has appreciated by over 8% since 2012.
 An Influencer: Our business model is built around multiple stakeholders. From investors, to brokers, issuers, and regulators, to society as a whole. Creating long-term shared value is at the heart of DFM's strategy.	 Human Capital: DFM's Executive Management experience collectively exceeds 150 years.	 Healthy Dividends: As a public shareholding company DFM has offered healthy dividends throughout the years, with total dividends equal to AED 3.8 billion by the end of 2019.
	 Strategic Partnerships: We cultivate strategic partnerships with regulators, brokers, banks, issuers, shareholders, and stakeholders.	 Shared Value: We drive business excellence, governance and investor relations best practices among our listed companies. As a good corporate citizen, we add value through proactive engagement with our stakeholders.
	 World-Class Trading Platform: The Nasdaq Financial Framework (NFF) System is an integrated ecosystem for trading, surveillance, clearing and market data dissemination. This newly upgraded trading engine empowers the DFM with a fast, high throughput and efficient protocol.	

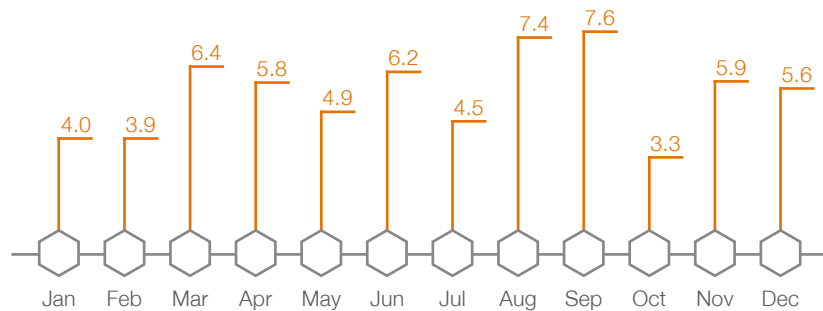
Operational Review

Market Performance

Despite the unusual circumstances and changes that surrounded the global economy as a result of the emerging Covid-19 pandemic and its impact on the local economy in general and on the local stock markets in particular, the Dubai Financial Market witnessed an improvement in its performance indicators, which was particularly reflected in its trading volumes. In addition to the DFM's many achievements during 2020, total traded value recorded a remarkable growth, reaching AED 65.6 billion; a 24% increase compared to that of last year.

The quarterly traded values recorded an increasing growth as well compared to the same periods of the previous year, at growth rates of 19%, 30%, 34.5% and 9% respectively. With regards to the Dubai Financial Market General Index (DFMGI), the index recovered a large percentage of its previous declines, as its recovery rate, compared to its lowest point during April, reached 49.8%, thus reducing its rate of decline by the end of the year to 9.9%.

Value Traded 2020 (AED billion)

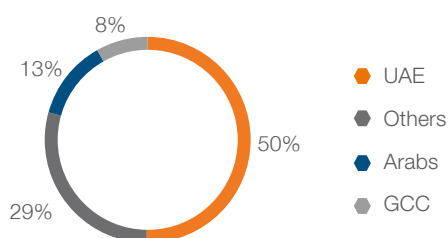


Many market achievements throughout the year have contributed to the improvement in DFM's performance, including launching the Futures Trading Platform on single stocks in an endeavor to diversify products and asset classes and attract more investments. The platform provides futures contracts with tenures of 1, 2 and 3 months on individual stocks for a group of active companies listed on the market. It is noteworthy that the parallel derivatives market

on Nasdaq Dubai has achieved remarkable success during the past years since its launch in 2016, making it possible to trade futures contracts on individual UAE stocks and indices, in addition to futures contracts on individual stocks and Saudi indices. During the year 2020, DFM also witnessed the listing of Chimera S&P UAE Shair'a ETF, and in the near future, the market will prepare to list more ETFs as well as REITs.

During 2020, the market attracted 4,027 new investors, bringing the total number of investors registered in the market at the end of the year to nearly 847,000 investors. The market also maintained the distinguished presence of foreign investors, as their trading volumes accounted for 50% of the total traded value. Being net buyers of about AED 661 million, foreign investors owned 19% of the total market capitalization by the end of 2020.

Total Value Traded Breakdown by Nationality



There is no doubt that the encouraging performance indicators achieved during 2020 reflect the market's ability to quickly overcome the repercussions of the pandemic, in parallel with a series of measures taken by the UAE government, as multiple economic stimulus packages were remarkably reflected in various sectors.

Market Performance 2020	
Market Capitalization (AED billion)	340.1
Value Traded (AED billion)	65.6
Volume of Securities Traded (billion)	65.5
Number of Trades (thousand)	978

With the aim of diversifying investment opportunities and increasing its market depth and enhancing liquidity, the market added two new trading platforms aimed at listing companies in various economic sectors. In addition to creating a suitable legislative environment that qualifies its promotion to advanced markets status, the DFM will contribute to accelerating the growth of these companies and also expand its own total market capitalization to include their market values.

By issuing the listing and trading guidelines for free zone companies active in various economic sectors in the country, the companies are able to unlock capital market's opportunities offered by listing on the DFM. In November 2020, the Ministry of Economy issued data indicating that free zones companies account for 10% of the total number of registered companies (about 690,000 companies), with 72% based in Dubai.

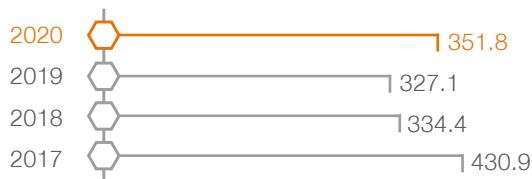
To the same end, "Nasdaq Dubai Growth Market" is introduced as a listing venue for small and medium-sized companies, which will enable emerging companies to achieve a simplified and cost-effective listing and finance their growth. It is worth mentioning that Nasdaq Dubai intends to start operating the "Growth Market" in early 2021.

Financial Review

Over the following pages, we review the consolidated financial results for Dubai Financial Market PJSC, including those of its subsidiaries Nasdaq Dubai Limited and Dubai Central Clearing and Depository Holding, for the year ending 31st December 2020.

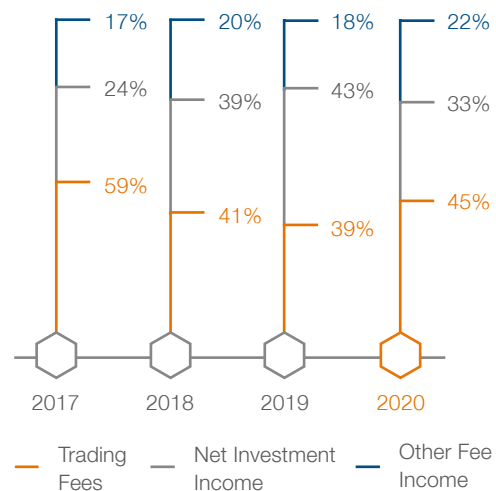
Revenues

Recurring Revenues (AED million)



- During 2020, the total consolidated recurring revenues amounted to AED 351.8 million, reflecting a 8% increase compared to 2019, mainly driven by an increase of 24% year-on-year (y-o-y) in DFM's traded value. This result came despite an 18% decrease in investment income following the decline in profit rates.
- Trading revenues constituted 45% of DFM's total revenues in 2020, while Investment revenues accounted for 33%. Other revenues such as clearing, depository and settlement services, broker services, as well as fees from reports, selling market data, managing dividends on behalf of listed companies and other revenues, all in aggregate accounted for 22% of total revenues.

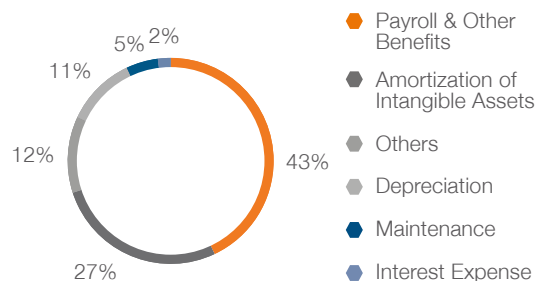
Recurring Revenues Breakdown (%)



Expenses

DFM's total expenses in 2020 amounted to AED 209.2 million, compared to AED 205.1 million during 2019. DFM adopts best international practices in maintaining operational efficiency coupled with achieving profitability margins.

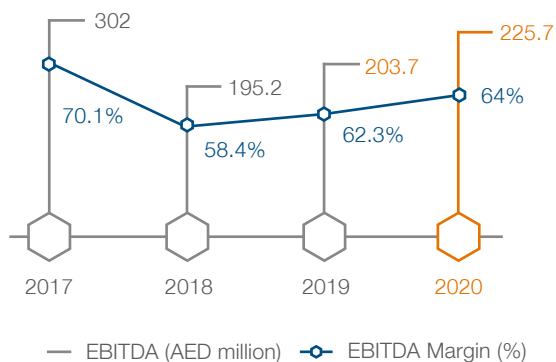
Consolidated Expenses Breakdown (%)



Earnings before Interest, Tax, Depreciation and Amortization (EBITDA)

DFM's EBITDA reached a total of AED 225.7 million at the end of 2020 compared to AED 203.7 million at the end of 2019, an increase of 11%. The EBITDA margin reached 64% at the end of 2020 compared to 62.3% at the end of 2019.

EBITDA



Assets

The total assets of DFM stood at AED 9,901.3 million at the end of 2020 compared to AED 9,681 million at the end of 2019. DFM's balance sheet is characterized by its financial stability, in terms of being debt free and the ability to pay off liabilities. The ratio of total liabilities to total assets stood at 21.2% in 2020 compared to 18.5% in 2019.

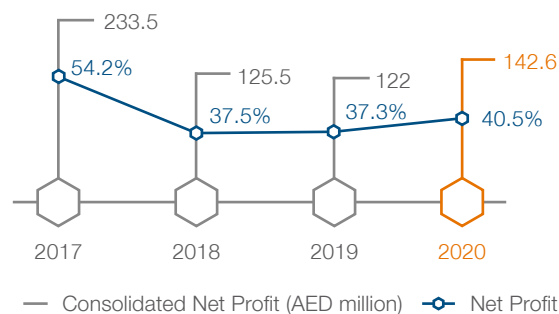
Liabilities

DFM liabilities stood at AED 2,100.7 million at the end of 2020 compared to AED 1,789.5 million at the end of 2019, an increase of 17%.

Net profit

Dubai Financial Market achieved a consolidated net profit of AED 142.6 million at the end of 2020, a 17% increase y-o-y affected by the increase in trading revenue. Therefore, DFM increased its net profit margin to 40.5% in 2020 compared to 37.3% in 2019.

Consolidated Net Profit



Our Strategy

The Dubai Financial Market (DFM) leverages its leading position in the region, in line with its vision to become a “World-Class Regional Marketplace”. Our continuous strategic efforts have provided an essential contribution towards Dubai’s position in capital markets, achieved by applying international best practices and consistently meeting the growing needs of local and international investors. Aligned with Dubai’s Plan 2021, and based on studies carried out by independent consultants, the DFM

Board of Directors have adopted an updated five-year strategy for the years 2017- 2021, which aims to boost market growth, increase revenues and add value to all stakeholders. Despite the unprecedented challenges posed by the Covid-19 pandemic, the DFM continued to seamlessly conduct its business according to five key strategic goals that provide a roadmap through to 2021. The strategic priorities are outlined as follows:



The following section explains in more details each of the five main goals and highlights the most significant achievements and initiatives implemented during 2020:

1

Promoting happiness and satisfaction of existing and future shareholders as well as stakeholders

Over recent years, the satisfaction and happiness of our shareholders as well as our stakeholders has been a key strategic objective for the DFM. Today, we promote this goal by offering new services to cater for the various needs of our stakeholders, and through strengthening relationships with our strategic partners. An integral part of our strategic pillar is to ensure the happiness of the stakeholders within the communities in which the DFM works, with the aim of achieving sustainable development.

1. Continued efforts to raise stakeholders' happiness

The DFM has provided its stakeholders with a variety of services and tools that contribute to raising their happiness. The market has been tracking stakeholders' satisfaction surveys since 2013, and last year the Client Services Affairs happiness meter reached 100%.

As part of its constant efforts to promote excellence of investor services, the DFM announced the results of the second round of its Brokers Excellence Rating, launched back in 2018. This scheme has created an ongoing mechanism enabling brokerage firms to identify strengths and gaps based on two criteria, where the first focuses on customer experience and the Mystery Shopper results, with a 70% weightage. The second criterion measures the brokerage firm's alignment with DFM's vision and has 30% weightage based on four pillars including; services efficiency, service innovation, multi-channel access and commitment to corporate governance.

2. Social responsibility

Participation in social events is part of the DFM's sustainable development strategy and this is evident through its various engagements over the years, some of which were virtual, with the aim of adopting the precautionary measures related to containing Covid-19. During 2020, the DFM participated in the Martyrs Day, Flag Day, as well as international events such as International Women's Day 2020, and in the educational training of "Young Economist Program" in cooperation with the Federal Youth Authority, the "UAE Innovation Month 2020", and the "World Investor Week 2020". For further details on our social contributions please refer to the sustainability section of this report pages 34-57.

2

Cementing DFM's position as a Smart Borse

We continue to strengthen our position as a Smart Borse, as first initiated in 2014 with innovative eServices, smartphone applications and the eIPO platform. Currently, we are boosting Smart usage; and developing new smart solutions such as encouraging non-subscribed issuers to distribute dividends through the iVESTOR Card, extending the reach of digital investor services, automating stakeholders' services, and adopting Artificial Intelligence technologies.

1. Upgrading core infrastructure

By migrating to the Nasdaq Financial Framework (NFF), developed by Nasdaq, the DFM has successfully implemented a major technology upgrade to a cutting-edge ecosystem for trading, surveillance, clearing and market data dissemination. The new trading engine empowers the DFM with a fast, high throughput and efficient protocol that accommodates more than 80,000 trades per session.

Pursuant to the new Covid-19 pandemic, the DFM was able to seamlessly provide all of its services through its website and online smart platforms, which include smart phone applications and multiple electronic services platforms. Such accessibility enabled investors to pursue their trading activities as well as accomplish any transactions with highest levels of efficiency and security.

2. Encouraging trading via smart phone applications

The DFM is actively collaborating with various licensed brokerage firms to provide investors with cutting-edge services using effective and flexible communication channels including trading via brokers' mobile applications and websites, all of which the DFM continued to evaluate during the year. These efforts have specially served to significantly increase trading via these channels, thereby reaching AED 38 billion which constitute 29% of the total traded value in 2020; an increase by 9% compared to last year's. Furthermore, to increase accessibility to its smart services, the DFM launched its all-inclusive "DFM Smart Services App" which has been developed to replace the features of other existing mobile applications in addition to a new set of advanced features such as but not limited to: centralized Watch List, real-time stock price indicators, real-time market data alerts, technical & fundamental analysis and company disclosures.

3. Encouraging dividends distribution using Smart solutions

During 2020, Dubai CSD (L.L.C.), a subsidiary of the DFM, has successfully distributed cash dividends on behalf of the listed companies, using the iVESTOR Card and bank transfers. The company distributed a total of AED 20.6 billion in cash dividends related to the financial year 2019 and on behalf of 29 companies, listed on both markets the DFM and Nasdaq Dubai, to more than 356,000 investors.

¹ IOSCO stands for International Organization of Securities Commissions.

Developing and sustaining DFM's infrastructure in line with international best practices

We strive to improve our business model and operations in accordance with international best practices. As part of this strategic direction, we focus on developing our Clearing, Settlement and Depository (CSD) systems and continue to adopt best practices that ensure sustainable governance is instilled across our listed companies and within the DFM as a company. Amongst the strategic initiatives to this end, the DFM aspires to implement the latest technologies in its operations, and continues to develop Shari'a-compliant standards that govern the classification of Shari'a financial tools.

1. Developing post-trade services

Following the DFM's extensive efforts throughout the past two years to enhance market structure and post-trade services, the market officially launched its new subsidiaries, Dubai Clear (L.L.C.) and Dubai CSD (L.L.C.). Dubai Clear is the region's first independent central counterparty (CCP) equity and derivatives clearing company, whereas Dubai CSD is the UAE's first independent central securities depository (CSD) company. The two leading companies are poised to fully transform the post-trade services scene in the UAE supported by the world-class regulatory framework of the Securities and Commodities Authority (SCA) and the implementation of Nasdaq's Packaged CCP platform.

In line with international best practices, the global "IOSCO"¹ standards and SCA's regulations for post-trade services, the new structure separates the post-trade services from the exchange services of listing and trading, which is considered a milestone towards upgrading the UAE financial markets to advanced market status.

2. Launching the UAE Index for Environment, Social and Governance (ESG)

Aiming to measure listed companies embracing ESG best practices, the DFM launched the S&P/Hawkamah UAE ESG Index as the first index of its kind from the financial markets in the UAE and the region, and in cooperation with S&P Dow Jones Indices, and the Hawkamah Institute for Corporate Governance in the UAE (Hawkamah).

The launch of the index complements and supports SCA's efforts in developing the supervisory regime to bring it on par with the best international standards and practices, thus promoting the culture of governance and enhancing the confidence of investors in the UAE capital market. The ESG index sample consists of 20 listed companies.

3. Deploying new measure to raise transparency

To provide investors with a fair and transparent trading environment enabling them to make educated investment decisions based on clarity about listed companies, DFM implemented new measures, following SCA's resolution pertaining to Procedures of Dealing with Risk Classified joint stock companies. Accordingly, the DFM launched a new Market Watch screen consisting of listed companies with accumulated losses of 50% and above of its issued capital based on the financial results of 2019 as well as companies suspended from trading for six months and above.

4. Board Secretary Accreditation Workshop for listed companies

In line with its focus on enhancing sustainability and promoting ESG best practices among listed companies and other stakeholders, the DFM has successfully contributed to the improvement of corporate governance practices in the UAE through its partnership with the Hawkamah Institute for

Corporate Governance. In 2017, the DFM and Hawkamah signed an agreement to collaborate towards corporate sector reform in Dubai and the UAE through improving governance practices of listed companies. Hawkamah has since then trained over 92 board secretaries, and continued to brief the boards of DFM-listed companies on the role boards play in driving good corporate governance.

5. Renewing the "ISO 27001:2013"

The DFM successfully renewed its "ISO 27001:2013" for Information Security Management System (ISMS). The certificate provides a management framework of standards, policies and procedures on how the organization should manage and secure its information and data leading to increased reliability and security of systems and information, improved customer and business partner confidence as well as increased business resilience. This achievement underlines DFM's commitment to adopt international standards and best practices in managing and securing organizational data.

Building competencies and ensuring employee happiness

We understand the importance of providing our investors and stakeholders with the latest products and services, delivered by a team of qualified and creative employees. To achieve this goal, we place great emphasis on attracting, maintaining and developing human resources, our most vital asset.

1. Training and nurturing talent

The DFM believes that people are the true capital and the driving impetus behind all success. Therefore, it focuses on attracting the best skills and talents, nurturing these capabilities through promoting career development, and instilling an organizational culture of innovation to achieve the results. To this end, 2020 saw the training and development of 130 employees

over approximately 1,935 training hours (mainly virtual). For more information on employee retention and training, please refer to the sustainability section on pages 46-49 of this report.

2. Business continuity and a healthy work environment

The Dubai Financial Market has seamlessly carried out its operations, away from any interruption in business despite the challenges posed by the emerging Covid-19 pandemic, which came as a result of proactive preparations in implementing the remote work experience, and taking precautionary measures to ensure the safety of employees and market participants upon on-site work resumption. These measures included, but are not limited to, disinfecting offices, using thermometers at the entrance to the trading hall, maintaining safe social distancing, and organizing entry to the customer service offices.

5

Sustaining a stable financial performance and diversifying sources of income

As part of our efforts to broaden sources of income, maximize profits and enhance the added value offered to shareholders, we continually focus on diversifying investments and increasing market depth. We diligently work to achieve this by creating a culture and environment that encourages companies to list, while fostering a swift and seamless listing process. In order to increase traded values, we focus on diversifying our products and services, launching quality and innovative solutions, which cater to our stakeholders' needs, and enhancing operational efficiency for the benefit of CSD functions and brokers.

1. Reinforcing the culture of listing

As part of its approach to promote listing, and efforts to encourage family and private entities to benefit from capital markets and listing opportunities, the DFM continued to organize meetings and webinars, utilizing the virtual platforms during the precautionary remote work phase. The year 2020 saw the issuance of one new rights issues of Gulfa Mineral Water and Processing Industries Co. P.L.C. as part of their capital raise, whereas the total number of listed companies at the DFM stood at 65 by the end of 2020.

As for fixed income instruments, the year 2020 has witnessed another growth in fixed income listings on Nasdaq Dubai market, which has attracted bonds and sukuks totaling AED 70 billion, compared to AED 65 billion in the previous year. Nasdaq Dubai market remains one of the leading sukuk listing jurisdictions globally, being a key listing venue for the largest sukuk issuers such as the Government of Indonesia and the Islamic Development Bank. For more information on bonds and sukuks, please refer to the business model section on pages 20-21 of this report.

2. Launching guidelines for listing and trading free zone companies

In cooperation with a leading group of strategic partners, the Dubai Financial Market has launched listing and trading guidelines for free zone companies in accordance with the Dubai 10X; an initiative of Dubai future foundation. These guidelines will allow free zone companies active in various economic sectors in the country to unlock capital market's opportunities offered by listing on the DFM, including the ability to raise capital needed to implement expansion plans through a huge investor base, access to a world-class infrastructure and regulations, as well as numerous other benefits related to the post-listing in the market.

3. Preparing to launch the SME Growth Market

With the aim of financing small and medium-sized companies (SMEs), Nasdaq Dubai's Growth Market is a new initiative part of Nasdaq Dubai's market and regulated by the DFSA. The new Growth Market allows SMEs to list their businesses if they are valued below USD 250 million with a minimum required operating history of just one year, and an IPO sale as little as 25% of the shares, whereas companies that are not ready for an IPO are still able to join the Private Market segment of the Growth Market. Interest is growing from both local and international companies for the Growth Market as it is strategically designed to attract SMEs across a variety of sectors and geographies, providing investors with lucrative and diversified investment opportunities in a wide range of high growth emerging and new-economy companies.

4. Launching the Futures Trading Platform on single stocks

As part of its strategy to diversify product offerings and attract more investments, and in cooperation with the Dubai Clear, Nasdaq Dubai, and a group of leading brokerage firms, the DFM has launched a new Futures Trading Platform for trading derivatives on single stocks listed on the market. The platform is based on a set of regulatory framework in line with international best practices, ensuring that it is well-positioned to resonate growth levels witnessed on international markets. This strategic step enables investors to diversify and hedge their portfolios as well as access leverage with tenures of 1, 2 and 3 months. The new platform lists future contracts on single stocks of five listed companies by the end of 2020 with plans to include index-based futures in due course.

5. The Listing of an Exchange Traded Fund

In line with our strategy to provide investors with diversified investment products, the DFM welcomed the listing of the distributing Class B of Chimera S&P UAE Sharia ETF which will provide the DFM's large and diversified base of local and international investors with a new investment tool to invest in a group of companies monitored by the S&P Sharia Index.

6. Strong foreign investors' presence

As part of its strategy to improve and diversify sources of liquidity, and attract more institutional investors, the DFM encourages listed companies to be more open and communicative with existing and potential investors alike, regularly updating them about business developments and growth strategies. To this end, the DFM organized a virtual International Investor Roadshow that reinforced links between 15 equity and fixed income issuers in Dubai and leading investment institutions in the US, UK and Asia. The event included 162 One-on-One meetings with senior representatives of 61 international funds managing approximately US\$ 3.5 trillions of assets. It is noteworthy to mention that International investors accounted for 50% of the total traded value while institutions accounted for 44%.

03. Sustainability

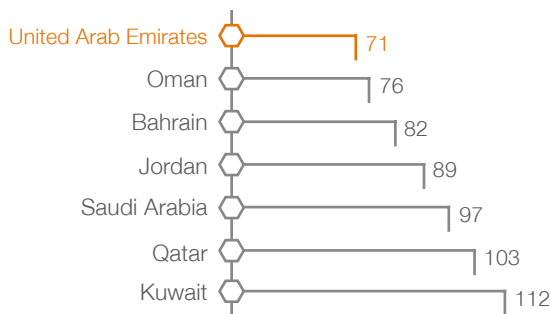


Our Sustainability

Dubai Financial Market (DFM) has remained at the forefront of driving the sustainability agenda among the region's capital markets and wider financial services industry. We aim to act as a catalyst for positive Environmental, Social and Governance (ESG) in the capital markets. The DFM recognized early that creating value for our stakeholders and conducting our business in line with sustainability principles are vital to our long-term growth. We also understand that our exchange has an important role to play in supporting sustainable development in Dubai and the UAE.

The DFM Sustainability Strategy 2025 is aligned with the UAE visions and plans, the global sustainable development goals (SDGs), the UAE Green Agenda 2015 - 2030, the country's commitment to the Paris Agreement and Dubai's Vision 2021 to create a smart and sustainable city. According to the global Sustainable Development Goals (SDGs) Index report for 2020, the UAE overall SDG's performance ranked 71 out of 175 countries globally, and continues to lead the GCC ranking. The rating indicates that the UAE outperformed the Arab region¹.

SDGs Global 2020 Ranking¹



¹ Sustainable Development Report 2020.

During 2020, the pandemic accelerated the momentum for environmental, social and governance (ESG) integration, and amplified our efforts in establishing a resilient and sustainable capital market. DFM witnessed increased interest and engagement with ESG in the capital market, as responsible investment and reporting of non-financial information continued to gain more attention. To ensure we maximize our contribution to sustainable development locally and globally, DFM's sustainability approach prioritizes the following six global SDGs for which DFM has been focusing its long-established corporate social responsibility (CSR) activities along with where we can have the most impact, and mapped these against our strategic corporate goals and sustainability framework:



ESG Highlights of 2020

In 2020, we continued to achieve significant milestones in our sustainability journey as a responsible exchange, accelerating our efforts to create a leading sustainable capital market in the region and through our advocacy work as a key player in the global exchange industry. The most important achievements are listed as follows:



After successfully joining the FTSE4Good Emerging Market Index in June 2019, DFM's sustainability reporting and implementation of ESG best practices resulted in the DFM increasing its ESG rating based on an independent assessment during the June 2020 index review. DFM PJSC is one of only three UAE constituent companies on the index. Developed by FTSE Russell, a global index provider, the index measures the performance of companies in the Emerging Market space demonstrating strong Environmental, Social and Governance (ESG) practices.

In April 2020, DFM launched its ESG Index in cooperation with S&P Dow Jones Indices and the Middle East Institute for Corporate Governance Hawkamah. This significant milestone is the first-of-its-kind ESG index from the financial markets in the UAE and the region. The S&P/Hawkamah UAE ESG index consists of 20 constituent companies with the aim to encourage listed companies in the UAE to expand embracing ESG best practices. During 2020, the DFM and HSBC organized a webinar for global investors on the role of the UAE ESG Index in strengthening market competitiveness.



The DFM and Dubai International Financial Centre (DIFC) continued to lead the "Dubai Sustainable Finance Working Group" plans and activities during 2020. The Working Group, which aims to co-ordinate efforts to create the most sustainable financial hub in the region, includes 16 members from leading sustainable companies, global and regional banks as well as financial institutions. In 2020, the members developed two educational draft guides on "Sustainable Issuance" and "Sustainable Investing" to support two of the Group's key pillars; "Responsible Investing" to increase understanding of ESG investing among the region's institutional and retail investors and "Growing Sustainable Finance" to support corporates. The Working Group aims to launch the guides in early 2021 with a Dubai Sustainable Finance Webinar.



In January 2020, the DFM, together with a group of leading authorities in the UAE, published the UAE's first Guiding Principles on Sustainable Finance (the Guiding Principles), which will serve as a catalyst for the implementation of the UAE's sustainability priorities. Aligned with the United Nations Agenda for Sustainable Development, the Guiding Principles were the result of co-operative efforts among a number of authorities in the UAE, including Dubai Financial Market, Nasdaq Dubai, the Central Bank, the Securities and Commodities Authority (SCA), the Ministry of Climate Change and Environment, Dubai Financial Services Authority (DFSA), the Financial Services Authority of the Abu Dhabi Global Market, the Dubai Islamic Economy Development Centre, and the Abu Dhabi Securities Exchange.

AURORA50



During 2020, DFM accelerated its sustainability and governance efforts to strengthen companies' board diversity and inclusion in capital markets. The DFM initiatives such as the eBoard platform and Women On Board workshops significantly helped to boost female board representation to one third

of DFM-listed companies. Additionally, in August 2020, DFM joined forces as a "Founding Knowledge Partner" with Aurora50, "20 for 2020" initiative to support efforts to qualify proficient women for board directorship. The initiative aims to develop a talent pipeline of competent, board-ready women and match them with relevant board positions.



Sustainability Strategy 2025

As the capital markets' business model encompasses a broad spectrum of relationships with stakeholders, it requires implementing a diligent approach to cultivate those relationships to be able to create long-term value across each stakeholder group. With this end in mind, DFM's Sustainability Strategy articulates our commitment to lead as the region's sustainable

marketplace by creating long-term shared value for DFM stakeholders by 2025. The four pillars of the DFM's Sustainability Strategy are; Sustainability Reporting & Disclosures, Sustainable Investment Education, Green Products & Listings, and Gender Balance & Empowering People. DFM aims to prioritize sustainability in every aspect of its corporate strategy and organizational operations to create this value.

Engaging with our Stakeholders

At DFM, we recognize that our continued success relies on delivering value to our diverse stakeholders. We consult and listen to each of our stakeholder groups, so that we understand their evolving needs and incorporate their perspectives into our strategies and actions. This is essential to ensuring DFM remains relevant, responsive and creates long-term value and happiness for our stakeholders. We conduct annual surveys to measure satisfaction of our products and services among our stakeholders. For further details, please refer to page 52 in this section.



Focusing on ESG Materiality

To ensure that DFM operations and sustainability management approach remain relevant and inclusive to allow us to manage and mitigate any potential material Environmental, Social and Governance (ESG) issues identified in a changing operational environment, we continue to engage our stakeholders and maintain a consistent and strategic dialogue with them.

Based on our ESG materiality mapping, we prioritize 20 material ESG issues that matter most to our stakeholders and influence DFM's strategy and operational activities; where governance areas such as anti-corruption, anti-bribery, financial stability and data privacy remain high in priority among stakeholders. For further insight on the materiality matrix, please refer to page 25 of the DFM PJSC Sustainability Report 2018.

Identifying the ESG factors most material to the DFM helped steer our approach to sustainability with the DFM PJSC Sustainability Framework to ensure we

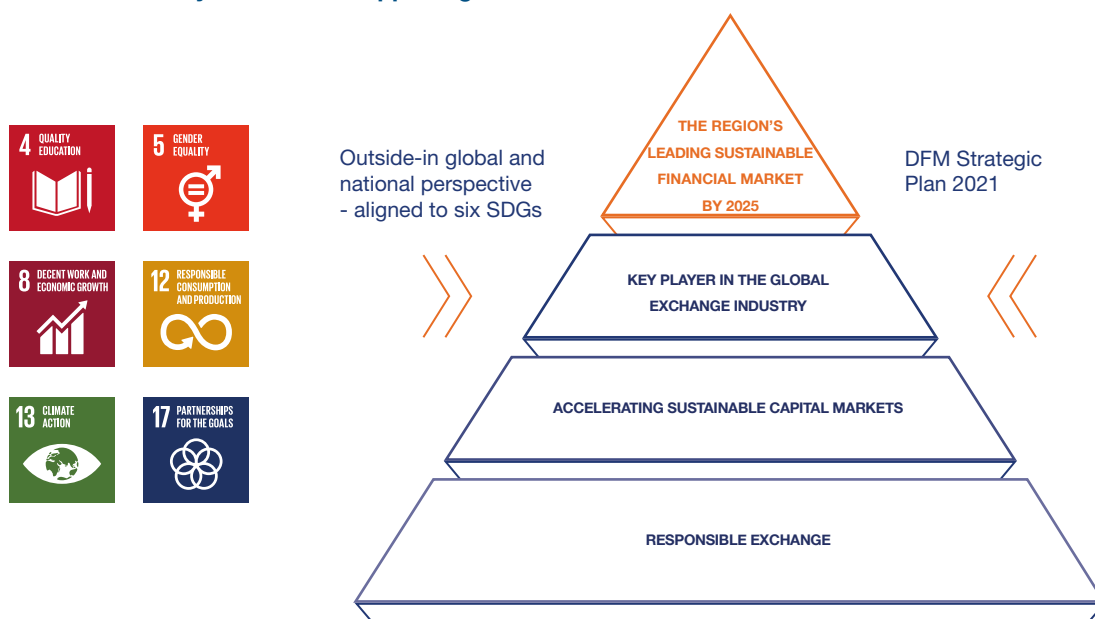
integrate ESG into our strategy, operations and risk management framework.

Sustainability Framework

Our understanding of the current sustainability context and emerging trends shapes the foundation of DFM's sustainability framework. Through this framework, we aspire to create long-term shared value for our stakeholders, position DFM as the region's leading sustainable financial market by 2025 and contribute to the broader sustainability aspirations of national, sectoral and international agendas.

Aligned with six global sustainable development goals (SDGs) and DFM's Strategic Plan 2021 covering five key strategic goals - promoting stakeholder happiness and satisfaction; creating a Smart Borse; developing and sustaining DFM's infrastructure; employee competencies and happiness; and sustaining financial stability - our sustainability framework builds on our strengths and targets three main areas where we can support positive change and enhance our performance, as captured in the diagram below:

DFM Sustainability Framework supports global SDGs



1

RESPONSIBLE EXCHANGE



To become the region's sustainable capital market, it is essential that DFM leads by example. We continue to embed leading sustainability practices into our operations and identify opportunities to continuously improve. As a responsible exchange, we are committed to:

- Good governance and transparency
- Financial stability
- Digital innovation
- Developing our people
- Protecting the environment
- Enriching our communities

2

ACCELERATING SUSTAINABLE CAPITAL MARKETS



We are shifting the marketplace towards sustainability by focusing on four main pillars for DFM and its stakeholders:

- Sustainability Reporting and Disclosures
- Sustainable Investment Education
- Green Products and Listings
- Gender Balance and Empowering People.

3

KEY PLAYER IN THE GLOBAL EXCHANGE INDUSTRY



We aim to be a prominent player in the global exchange industry. Through effective partnerships and collaboration, we advocate for and contribute to the growth of responsible investing and sustainable market practices, while driving regional action towards the same outcomes.





DFM Sustainability Policy

Vital to our success, we prioritize sustainability in every aspect of our corporate strategy and operations, so that we create long-term shared value for all stakeholders. Our Sustainability Policy outlines our commitment to model responsible practices and do business in a way that contributes to an environmentally, socially and economically sustainable future. The policy focuses on areas, including:



1 Sustainable risks management



2 Supply chain management



3 Stakeholder happiness



4 Employee training and engagement



5 Women and youth empowerment



6 Water and energy conservation



7 Recycling Program



8 Develop sustainable products and services



9 Sustainability work policies and procedures



10 Sustainable data collection and reporting

In the following pages we provide the reader with a summary of our 2020 sustainability achievements in line with our framework and Sustainability Strategy 2025:

- **Responsible exchange;** we highlight the importance of our governance role and how we develop our people and impact our society.
- **Accelerating sustainable capital markets;** shifting focus towards sustainability we will be highlighting sustainability and report disclosures along with our continuing efforts in gender balance and empowering people.
- **Key player in the global exchange industry;** we highlight our effective partnerships and initiatives to advocate for the growth of responsible investing.
- **Going forward;** we discuss our general direction, plans and aspirations within the ESG sphere.

Responsible Exchange

1. Promoting Good Governance & Transparency

Cultivating trust and confidence through good Corporate Governance has been an ongoing focus of our strategy. DFM's corporate governance framework is supported by the UAE Securities and Commodities Authority (SCA), which clearly defines relevant matters and applicable limits. These parameters include those reserved for the Board's approval, and those which the Board may delegate to the Board Committees and Management. Building upon our 2017 Board-approved risk management framework, the DFM continued to update its risk appetite across the business to mitigate risk exposure of strategic, operational, compliance and financial risks and integrated ESG issues into the framework. For further details on DFM's risk management framework please turn to pages 78-80 in the governance report.

DFM promotes good governance and transparency among its stakeholders encouraging greater transparency of disclosures including financial and non-financial information. In 2020, DFM-listed companies recorded 97% compliance when disclosing quarter three results within the deadline of 45 days from the end of the period. Through its Listing and Disclosure department, DFM ensures that its listed companies disclose the annual governance report and any major

changes pertaining to their board members election, the market also stringently manages operations to prohibit insider trading, and accordingly assigns major penalties.

As a member of the United Nations Sustainable Stock Exchanges (SSE) Initiative and Chair of the World Federation of Exchanges Sustainability Working Group, we are committed to supporting the work of exchanges across the world in promoting ESG. The DFM ESG Reporting Guide, launched in 2019, supports and encourages listed companies to increase disclosure of ESG information and adopt ESG reporting practices, which reinforces their ability to attract investments, access finance and enter new markets through good governance practices. Currently, 12% of DFM listed companies (including those listed on Nasdaq Dubai) develop sustainability reports for the financial reporting year 2019. As such, DFM continues to lead in listed companies' sustainability reporting among regional exchanges.

During 2020, DFM continued to encourage the advancement of ESG disclosures to support the promotion of good governance and transparency in line with international ESG best practices and the increased momentum for sustainable investment and sustainability disclosures. In January 2021, the Securities and Commodities Authority (SCA) announced general clarifications



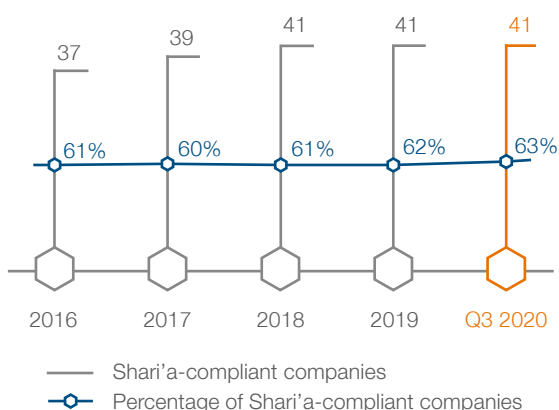
regarding procedures for general assemblies and the requirements of the Commercial Companies Law No. (2) for the year 2015 according to the amendments under Decree by Federal Law No. (26) for the year 2020, and the SCA Chairman's Decision No. (3/R.M.) for the year 2020 concerning the Corporate Governance Guidelines for Public Joint Stock Companies. The notification to all companies listed on UAE exchanges stipulates that the company must disclose sustainability reporting for the financial year 2020 no later than six months after the end of the fiscal year. The company's must also adhere to the Global Reporting Initiative (GRI) standards for sustainability reporting and requirements issued by the market. This significant step in the region is in line with DFM's Sustainability Strategy launched in 2019 which is keen to support companies to achieve 70% ESG disclosure reporting by 2025.

In recent years, DFM issued a resolution that sees listed companies obligated to enroll board members and board secretaries in governance programs, and to ensure that any board secretaries are DFM certified. DFM continued to collaborate with Hawkamah Institute for Corporate Governance (Hawkamah) in offering a Board Secretary Accreditation Program which is mandatory for all DFM-listed companies and is strongly recommended for non-listed companies. By end of 2020, the total number of those who attended the course since initiation reached 86.

Since inception, DFM has demonstrated pioneering sustainability leadership. Our journey began from a strong sense of ethical and social responsibility. We were the first market globally to comply with Islamic Shari'a principles, which are well aligned to the principles of sustainable development and ethical practices. In line with international best practices

and accounting standards, and to meet the needs of ethical and belief-based investing, our Board Committees include the Fatwa & Shari'a Supervisory Board and Audit Committee, which all demonstrate the transparency of the market.

DFM Shari'a-compliant Listed Companies



DFM continued its efforts to support board diversity and inclusion in line with its Sustainability Strategy 2025 on gender balance and empowering people. During 2020, DFM achieved 30% female board representation across its listed companies. This also includes DFM PJSC, which has one female Board Member on its seven-member Board. DFM's female Board Member representation efforts have been supported by the solid stakeholder partnerships developed with the Dubai Women's Establishment (DWE), Hawkamah Institute for Corporate Governance (Hawkamah) and Aurora50. To further read on "Empowering Women", please turn to page 52 of this section.

During 2020, we successfully renewed our ISO 27001:2013 certificate, which is the internationally recognized best practice framework for an Information Security Management System (ISMS), to support the implementation of good information security and data protection governance.

We maintain the highest business continuity practices with ISO 22301:2012, the internationally recognized standard for Business Continuity Management System (BCMS), demonstrating the ability to consistently provide products and services that meet customer and regulatory requirements and the ability for continuous improvement.

This achievement underlines DFM's commitment to adopt international business excellence and quality standards as well as its constant endeavor to further enhance its services in line with international best practices. Furthermore, initiatives from the Audit Committee and subsequent Internal Control procedures allowed us to gain the following ISO accreditations:



ISO 27001:2013 Information Security Management System



ISO 22301:2012 Business Continuity Management System



ISO 20000-1:2011 IT Service Management System



ISO 9001:2015 Quality Management System

In this Annual Report, we have dedicated a fully-fledged governance report, showcasing our best practices in governance with additional information on our Shari'a-compliant practices, our internal audit achievements, and our Board of Directors. To read further on our corporate governance practices and framework, please turn to pages 60-85 in this report.

2. Financial Stability

As part of our strategy to “sustain a stable financial performance and diversify our sources of income”, maximize profits and enhance the added value offered to shareholders, we continually focus on diversifying investments and increasing market depth. We diligently work to achieve this by creating a culture and favorable environment that encourages companies to list, while fostering a swift and seamless listing process. In order to increase traded values, we focus on diversifying our products and services, launching quality and innovative solutions, which cater to our stakeholders' needs, and enhancing operational efficiency and market infrastructure.

During 2020, our efforts to sustain a stable financial performance and to diversify our sources of income included several achievements mainly highlighting increased listings in various asset classes, launching of new trading platforms with exciting options for companies in new economic sectors, as well as introducing a new ESG Index. For further details please turn to the strategic achievements on pages 26-31 of this report.

Attributed to the uncertainties about the economic outlook across the world, triggered by the pandemic global financial markets have been indifferent. During 2020, the main index of 38 exchanges out of the 75 exchanges with available information from the World Federation of Exchanges showed an increase, while the indexes of 37 exchanges showed a decrease¹.

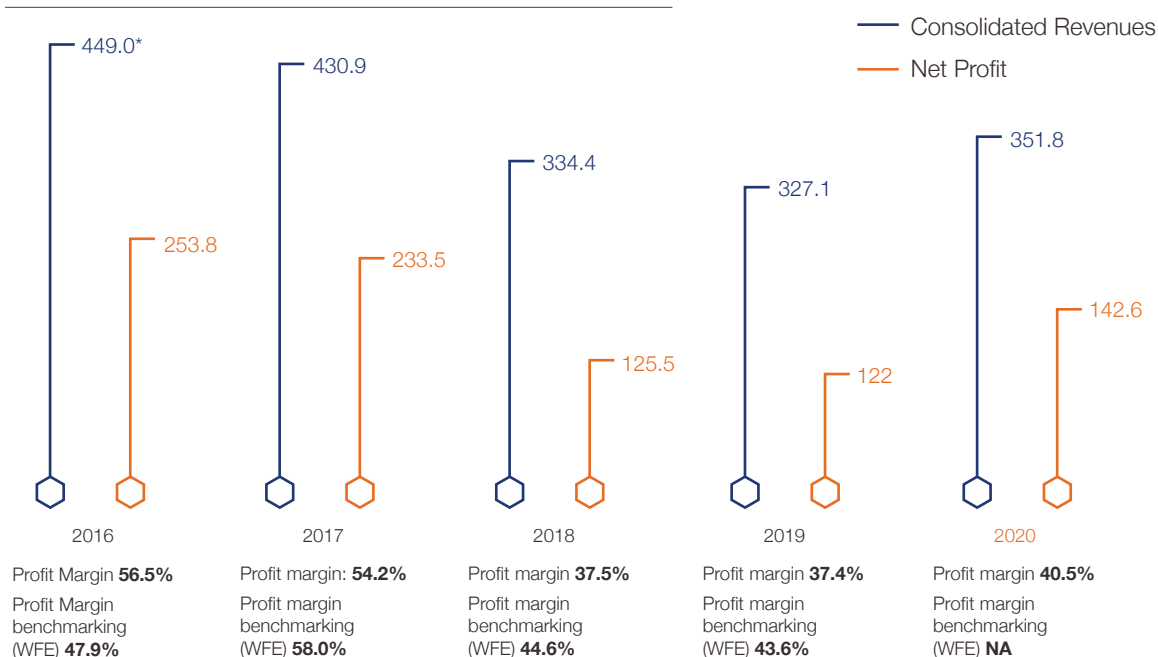
See **page 73** for the **Audit Committee**

See **page 74** for the **Nomination and Remuneration Committee**

¹ Source: The World Federation of Exchanges (WFE).

Like markets across the world, the UAE financial markets were impacted. By the end of 2020, the Dubai Financial Market General Index (DFMGI) exhibited a 9.9% y-o-y decline. With regards to the financial performance during 2020, the DFM PJSC consolidated net profit reached AED 142.6 million compared with AED 122 million in 2019. Total consolidated revenue for 2020 was AED 351.8 million compared with AED 327.1 million in 2019.

Direct Economic Value Generated and Distributed (AED million)



* Excludes an extraordinary income from gifted land income and expense provision for Wakala deposit in the amount of AED 5.3 million.

The World Federation of Exchanges (WFE) profit margin figures have been adjusted according to the WFE 2019 Survey.

3. Digital Innovation

DFM continues to further its leading position as the main driver of capital market development in the UAE and region through its strategy to develop and sustain a solid market infrastructure and technological systems in line with international best practices. In early March 2020, DFM successfully implemented the largest technology upgrade in its history by migrating

to the Nasdaq Financial Framework (NFF). Developed by Nasdaq, the leading market technology provider globally, the cutting-edge ecosystem for trading, surveillance, clearing and market data dissemination is designed to provide resilient multi-asset platforms. The significant technological upgrade set an efficient and solid foundation for DFM to accelerate its product diversification strategy during 2020 with the launch of the ETF, Equity Derivatives and REIT platforms.

The DFM's strategy of becoming a Smart Borse continued to pay off through the transformation to a Smart Trading Floor, deploying eServices and eForms that enable investors to view portfolio information and submit requests directly to DFM through our mobile apps and website platforms. In 2020, and despite the repercussion of the Covid-19 pandemic and the following temporary closure of Customer Counter Services due to health and safety precautionary measures, transactions accomplished through the eServices platform and Smart Services app increased significantly by 137% during the second half of March compared to the first half of the month. This step followed DFM successfully completing the testing of remote working which included various market operations' activities as part of its business continuity plan to support the exchange operations running seamlessly to overcome any situation.

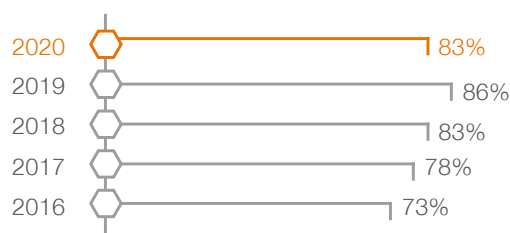
To the same end, DFM's digital strategy focuses on employing advanced FinTech solutions to provide customers with smart and innovative solutions. The various digital initiatives also provide seamless operations to brokers and help provide digital services to their clients; during the year, DFM honored eight of its licensed brokerage firms for achieving the Five Star Brokers Excellence Rating in recognition of their continuous commitment to further enhance their services and strengthen the competitiveness of this sector through the development of service provision platforms in general, and smart services in particular. Furthermore, the eIPO platform provides investors, issuers and receiving banks with a digital advantage during the IPO process enabling swift IPO subscriptions, and our Customer Relationship Management (CRM) system manages relationships online with the supply chain. Moreover, the Electronic Dividend Distribution System (DDS) which provides

swift and seamless electronic dividend payments enabled Dubai CSD, a subsidiary of Dubai Financial Market, to successfully distribute AED 20.6 billion of cash dividends for listed companies through the DFM iVESTOR Card and bank transfers; investors are able to ultimately utilize the "myACCOUNT" service; an electronic account that enables them to seamlessly transfer dividends to their iVESTOR Card accounts, bank accounts as well as to pay for IPOs and Right Issues subscription.

Power consumption and data center

DFM has continued to adopt a number of steps towards greener Information Technology operations. Operating Vblock technology in our data center has allowed for lower power consumption and higher utilization of space and network resources. DFM has also carried out several other initiatives to lower power consumption, including using power-saving LED lights, and implementing lights-off rules after office hours.

Data Center Vblock Power Consumption Savings



4. Developing our People

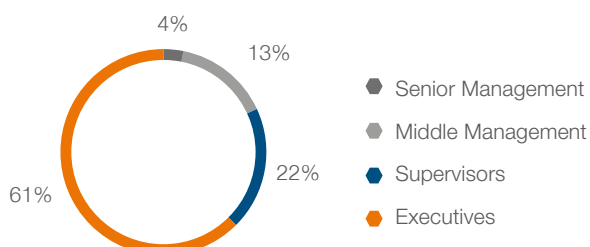
Our people are our greatest asset; the Dubai Financial Market is proud to have a total of 163 employees as of the end of 2020.



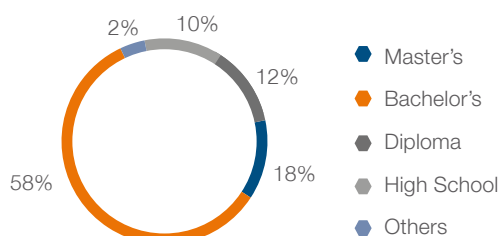
Recruiting talents

Recognizing that DFM's employees are fundamental to its operations and that the strength of the organization is directly linked to its ability to attract and retain the most capable people, DFM focuses on recruiting and retaining top talent. By the end of 2020, those who hold Bachelor's degrees and higher represent 75% of our employees, with a diverse range of age groups.

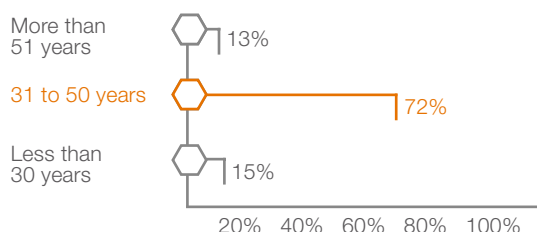
Professional Level in 2020



Educational Background in 2020



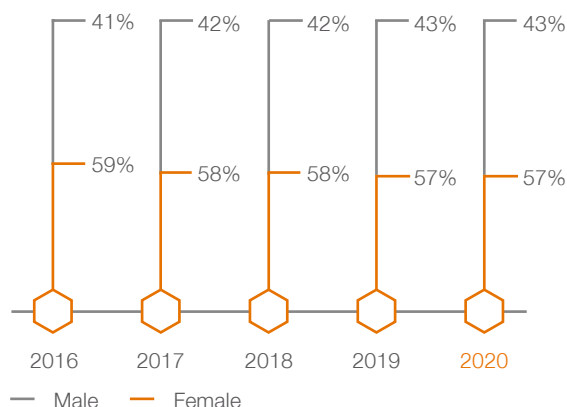
Age Breakdown in 2020



Gender diversity

DFM is a great believer in the pioneering role women play at the workplace. With a solid 57% female workforce by the end of 2020, we are a proud standard-bearer for gender diversity and inclusion. Over the past few years, we have achieved positive progress in this area, and our DFM Women's Council has continued to further women empowerment principles and activities across the business aimed at enhancing the professional and managerial efficiency of DFM female employees.

Gender Diversity

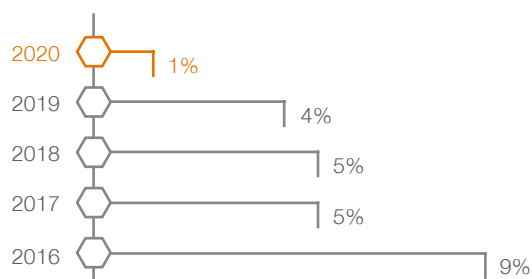


Retention program

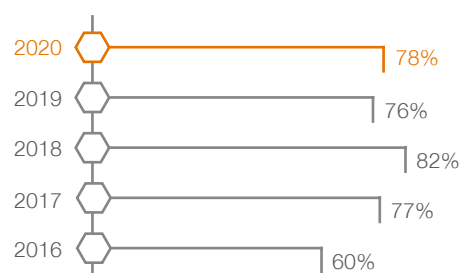
We offer a variety of incentives to our employees, from a well-honed career path, to promotions and bonuses, and performance-based pay. In addition to these incentives, we provide a challenging and innovative environment in order to stimulate growth. Besides a hierarchy that features a management span of control of 1:5 (Manager: Direct Report), that encourages personal development, growth, and advancement opportunities, DFM incorporates a performance-based incentive system. This structure sees incentives directly linked to employees' performance and in line with the "management by objectives" scheme. Our successful retention policy led to a lower employee turnover ratio of 1% by the end of 2020. Understanding that positive employee

engagement drives up margins, DFM gathers insight into employees' feedback, motivation, and satisfaction by running annual satisfaction surveys.

Employee Turnover Ratio



Overall Employee Satisfaction Survey

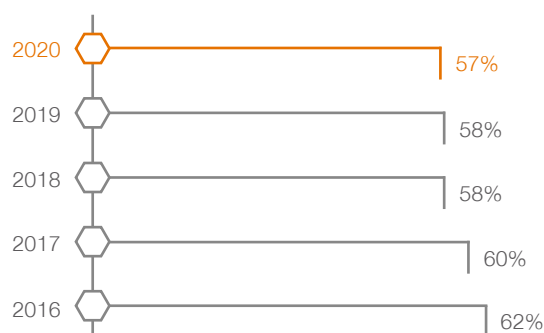


Emiratization Program

As part of its ongoing efforts to support the UAE Government's plans to attract local Emirati talent in the financial services sector, during 2020, DFM continued to pursue initiatives aimed at attracting Emiratis within the organization by utilizing relations with universities and colleges to attract local talents, posting job openings in government job portals and organizing student workshops. For example, in October 2020, DFM hosted the inaugural cohort of Emirati students from the Federal Youth Authority's Young Economist Program, under the patronage of His Highness Sheikh Hamdan bin Mohammed bin Rashid Al Maktoum, Crown Prince of Dubai and Chairman of Dubai Executive Council. The program is a first-of-its-kind in the region and aims to build the capabilities of youth to become future leaders in business and economics. DFM provided multi-faceted discussion sessions on various aspects of capital markets by its senior representatives covering trading policies, clearing and

settlement best practices, asset classes and digital services, as well as sustainable development in capital markets. At DFM, we have proudly maintained an Emiratization rate of above 50% over the past five years and 57% of the workforce were Emiratis as of the end of 2020. Despite the slight decrease in the percentage over the past couple of years due to hiring specialized technical talents, the Emiratization percentage at DFM is still considered one of the highest in the financial services industry.

Emiratization Percentage



Protecting the health and safety of employees and market participants

During March 2020, the DFM Trading Floor and DFM Customer Service Counters were temporarily closed as a precautionary measure to protect the health and safety of market participants and employees in line with the measures taken in the UAE to contain the coronavirus Covid-19. Despite the temporary closure, investor trading activity continued as usual through the DFM online and smart platforms as well as with licensed brokerage firms.

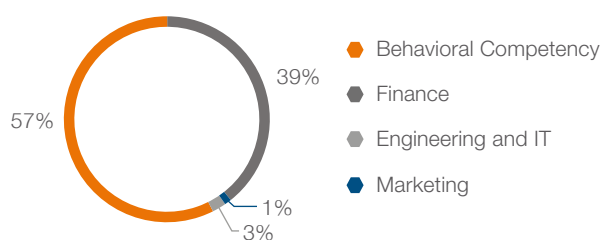
DFM acted swiftly to put in place a number of safety measures including weekly sterilization of all DFM premises and offices, distribution of gloves, face masks, sanitizers and heat tests at the DFM entrances and receptions, and employee desks, isolation barriers were installed for open office areas and more. During 2020, DFM effectively operated a stringent remote working policy in line with the government guidelines, which continued into 2021.



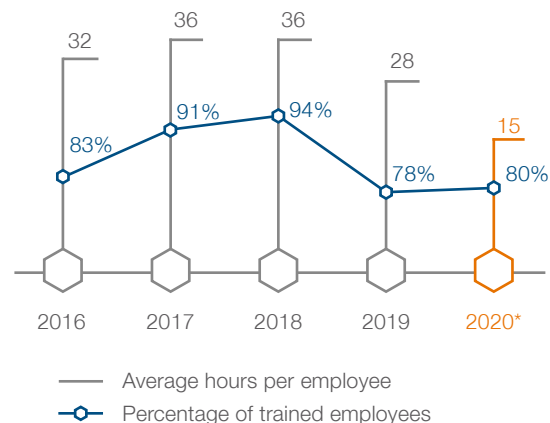
Ongoing learning and training supports identifying emerging talents

As part of its strategic objectives to develop, maintain and motivate talent as well as promote excellence, creativity and innovation, DFM has long subscribed to the policy of continuous learning to encourage employees to further their potential. The organization achieves this by equipping its employees with skills and knowledge that go beyond the required expertise of their current roles. To achieve this, we provide employees with a variety of training, workshops, conferences, benchmarking and field visits, educational scholarships, continuing education schemes, and internal job rotation opportunities. During 2020, with the health and safety measures in place for social distancing, we increased utilizing our online platforms for training with one-hour webinar sessions instead of one to two-day training programs. Therefore, the results show a total of 1,935 training hours and a greater number of employees trained (80%), with an average of 15 training hours per employee. Below is a breakdown of the main categories that training has focused on:

Training Focus in 2020



Training Hours in 2020



* Mainly virtual

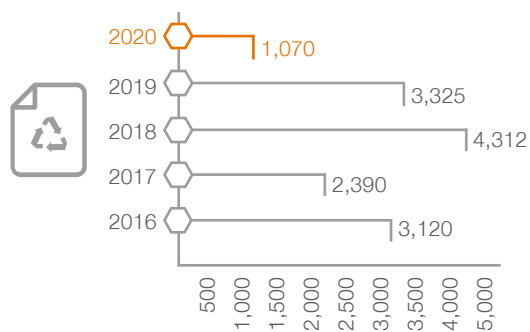
5. Protecting the Environment

The Dubai Financial Market (DFM) is keen to protect the environment and minimize its environmental footprint, both as a market influencer and as a publicly-listed company, and has continued to undertake a number of initiatives to promote these aims. Our digital innovation initiatives are playing a key role in helping DFM decrease paper consumption. For example, through our eServices and eForms available through our mobile applications and website platforms, and by automating dividend distributions to investors, providing an electronic alternative to checks through iVESTOR Card and bank transfers. Despite that energy and water consumption of our offices and our data center represent our primary environmental impacts, the DFM has sought to share data on its environmental footprint across several metrics in this report. In line with the drive towards a paperless and sustainable workplace, DFM has subscribed to the GreenBox service since 2015. Aimed at contributing towards a sustainable ecosystem through paper recycling, the GreenBox service raises awareness about paper waste and its negative impact, changes paper consumption habits, and reduces DFM's carbon footprint.

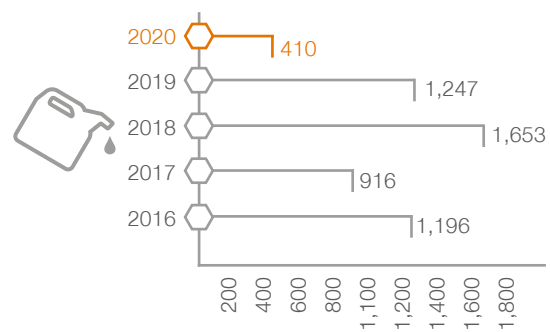
According to the GreenBox report, DFM's results show a decrease across the board given the temporary closure of offices, remote working of employees and general encouragement across the business to avoid physical meetings, presentations and printing paper, instead online platforms were

utilized. These behaviors reduced significantly our environmental impact. As such, the amount of recycled paper dropped significantly by 68% in 2020 compared to the previous year. In doing so, our carbon footprint and offset were significantly lower also.

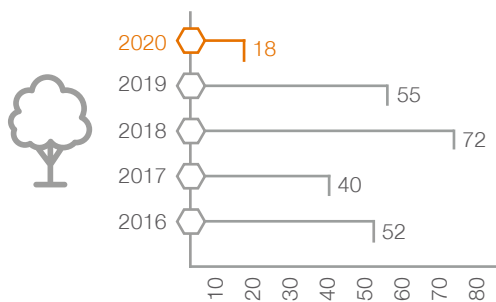
Recycled Paper (in kgs)



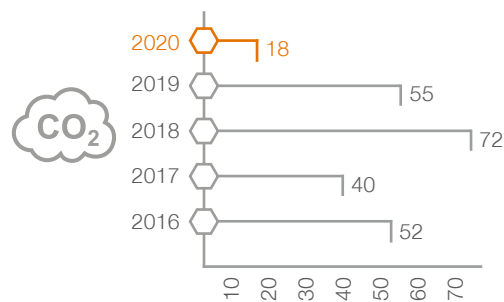
Saved Oil (in gallons)



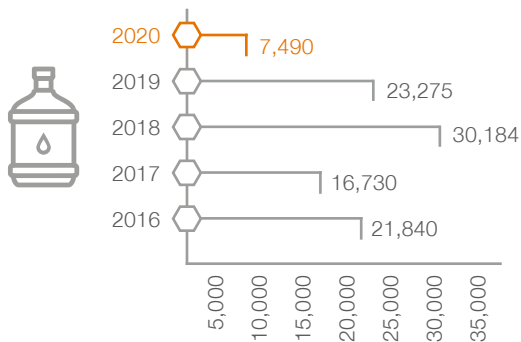
Saved Trees (in numbers)¹



Carbon Dioxide Offset (tCo2)



Saved Water (in gallons)



¹ Through recycling paper.

6. Enriching our Communities

In line with our corporate social responsibility policy and as part of the Sustainability Strategy, and while considering precautionary measures, DFM continued to organize society-oriented activities, with the understanding that creating value for society will inevitably benefit the organization. The following are some of the key activities that DFM has undertaken during 2020:

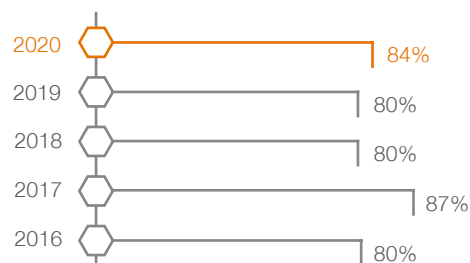
Further engagement with our stakeholders; an ongoing priority

As part of a global dialogue discussing regional ESG integration, in collaboration with HSBC, DFM co-hosted a global investors webinar explaining the S&P and Hawkamah UAE ESG Index launched by DFM in April 2020. The webinar attracted a diversified audience of investors to gain knowledge about the new index and its role in strengthening the UAE market competitiveness. The index was developed in cooperation with the S&P and Hawkamah, as a first-of-its-kind index from financial markets in the UAE and the region. Additionally, DFM hosted a session entitled “ESG in a Post-Pandemic World” which emphasized the major turning point for ESG investing and for corporates improving ESG performance alongside traditional financial metrics. The dedicated session on ESG was part of the 2020 MEIRA Virtual Annual Conference and involved international and regional ESG experts. These significant initiatives in collaboration with our stakeholders, underline DFM’s leading role in promoting best practices of ESG as we witness increased momentum of international institutions factoring ESG into their investment decisions.

In addition to the webinars for investors, companies and educational sessions for brokers and issuers about new services or technologies, DFM and Nasdaq Dubai launched their first in a series of “In Focus” Sector webinars on the evolving landscape of the Healthcare and Education sectors, attracting brokerage firms and investors.

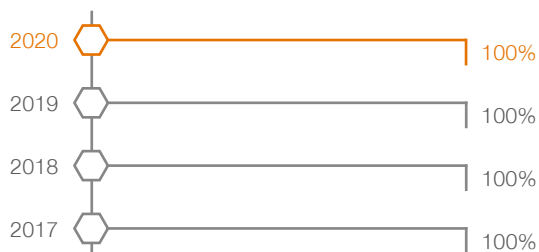
DFM is always keen to listen to its stakeholders as part of its engagement with both external and internal stakeholders and carries out several satisfaction surveys that measure customer satisfaction and happiness in addition to employee surveys on an annual basis with the aim to continuously improve its products and services. These overall interactions resulted in an increase in the overall customer satisfaction to 84% during 2020 versus 80% last year.

Overall Employee Satisfaction Survey



In line with the Dubai Happiness Index, DFM continues to champion happiness levels amongst its market participants and has initiated happiness surveys through the Dubai CSD Customer Service desks, the index enables walk-in customers to assess the service level offered.

Happiness Meter



Promoting Financial Literacy and Inclusion

DFM is committed to advancing the development of financial literacy through financial education and developing financial capability. As part of its efforts to promote investor awareness and protection of their rights, DFM hosted a bell-ringing ceremony to mark the occasion of World Investor Week 2020, which included similar bell-ringing activities from exchanges around the world. During the week of activities, DFM organized two educational webinars for investors and brokers about the equity futures platform.

With the objective of developing students' financial skill sets and putting capital markets theory into practice DFM is actively engaged in educating younger generations of school and university students through numerous initiatives including the DFM Stock Game and educational virtual trading floors at UAE universities. In 2020, DFM participated in the Federal Youth Authority's Young Economist Program organizing a week-long educational program of interactive workshops and presentations by senior representatives. Over 50 young talented economists participated in a blended approach of online and in-person sessions on various aspects of trading, clearing and settlement best practices and sustainable development in capital markets, achieving an overall 94% satisfaction.

Stakeholder health and safety awareness

In light of the Covid-19 situation and social distancing measures in place, during 2020, the corporate social responsibility (CSR) activities focused on the health and wellness of the employees and stakeholders. As part of an increased effort to support the well-being of employees and their families, DFM organized various initiatives including Covid-19 and health awareness webinars presented by health professionals. Additionally, "Your Gym Club at Home" online sessions were launched encouraging regular exercise and fitness while working remotely from home. DFM also amplified its notifications and communications to employees and market participants on health and safety precautions throughout the year to ensure stakeholders were updated at all times.

Empowering women

DFM accelerated its sustainability and governance efforts to strengthen board diversity and inclusion in capital markets in collaboration with various institutions in the UAE and beyond, as part of its Sustainability Strategy 2025. In line with the UAE's women empowerment and gender balance strategy as well as the corporate governance requirements issued by the Securities and Commodities Authority (SCA), DFM achieved one third of DFM-listed companies having women representation on boards during 2020 following numerous initiatives to further women's presence.

In collaboration with the Dubai Women Establishment (DWE), DFM participated in the DWE Global Women's Forum Dubai, under the patronage of His Highness Sheikh Mohammed bin Rashid Al Maktoum, Vice President and Prime Minister of the United Arab Emirates and Ruler of Dubai. The dedicated DFM



session addressed women's growing presence and positive impact on boards which has increased momentum due to the global efforts to empower women and achieve gender equality. In line with the numerous global and UAE initiatives, DFM has continued to reinforce the powerful role women can play on companies' boards including the eBoard in cooperation with the DWE, an online seamless linkage between listed companies and UAE nationals looking to assume board memberships.

In August 2020, DFM joined forces with the Aurora50, "20 for 2020" initiative under the leadership of Sheikha Shamma bint Sultan bin Khalifa Al Nahyan. As one of the Founding Knowledge Partners, DFM aims to support the initiative focused on qualifying proficient women for board directorship through board-specific workshops and our eBoard to support greater board diversity and inclusion.

As part of its active role in empowering women in capital markets and in supporting the United Nations Sustainable Development Goals (SDGs) on Gender Equality (Goal 5), DFM joined around 75 global exchanges in a week of bell-ringing activities in partnership with the UN Sustainable Stock Exchanges Initiative, the World Federation of Exchanges, IFC, UN Global Compact, UN Women and Women in ETFs for the third consecutive year to mark the International Women's Day. Additionally, the DFM Women Council organized various webinars in 2020 as part of its women

empowerment initiatives, including a DFM Emirati Women's Day webinar on "Preparing for the next 50 years", as well as financial independence and wealth webinars. DFM also supported "Women's Shuttle Time", an initiative by the Dubai Sports Council with the objective to increase female participation in sport.

Participation at several national and international events; good corporate citizenship

DFM continued to participate in several national and international celebratory days during 2020 utilizing online platforms, as it sought to be an engaged corporate citizen, celebrating the UAE Flag Day, National Day, and Martyrs' Day. In July 2020, DFM also supported the "Hope Probe Emirates Mars Mission", the United Arab Emirates launch of its historic first interplanetary mission to Mars which aims to provide the global scientific community with novel data and accelerate UAE development.

In line with the leadership's vision and the national strategy for innovation aimed at transferring the UAE into one of the most innovative countries globally, the DFM actively participated in the "UAE Innovation Month 2020" through organizing a series of events themed as "Artificial Intelligence; Future of Everything" with the participation of senior experts. The events promoted the culture of "innovation", a key value of DFM, amongst its employees and various market participants, and further strengthened DFM's leading position at the forefront of the most innovative exchanges.

Accelerating Sustainable Capital Markets

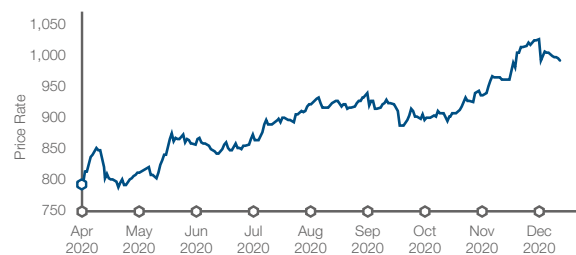
DFM is committed to accelerating sustainable capital markets regionally and globally, and delivering on its Sustainability Strategy 2025 by focusing on four key pillars: sustainability reporting and disclosures, sustainable investment education and awareness, green products and listings, and gender balance and empowerment.

1. Launching the UAE ESG Index

As part of its leading position among regional exchanges in developing sustainable capital markets, DFM achieved significant milestones during 2020 in line with its Sustainability Strategy 2025. In cooperation with the S&P Dow Jones Indices and Hawkamah Middle East Institute for Corporate Governance, DFM launched the first-of-its-kind index from the financial markets in the UAE and the region, aimed to measure listed companies embracing ESG best practices. The S&P/Hawkamah UAE ESG index consists of 20 listed companies on the UAE exchanges which are subject to an annual assessment incorporating ESG criteria against which the company's disclosure practices are evaluated by Hawkamah, the S&P's screening partner in the Middle East. Since the launch of the index in April 2020, we have witnessed a growth of 25% in the S&P/Hawkamah UAE ESG index performance. Additionally, DFM PJSC as a listed company on the

index successfully reached the top 5 constituents ranking during 2020, achieving first position as the top-performing sustainable listed company in the UAE (as at 20th January 2021).

S&P/Hawkamah UAE ESG Index¹ (22nd April to 31st December 2020)



Top 5 Constituents by Index Weight¹ (as at 20th January 2021)

Company	Symbol
Dubai Financial Market PJSC	DFM
Emirates Telecommunications Group Company PJSC	ETISALAT
Dubai Investments PJSC	DIC
Aldar Properties PJSC	ALDAR
First Abu Dhabi Bank PJSC	FAB

¹ Source: www.dfm.ae

During 2020, DFM continued its efforts to encourage listed companies to disclose on ESG factors providing ESG reporting guidance.



2. Increasing Sustainable Issuances on Dubai's Capital Markets

To meet the increased investor interest in sustainable finance across Dubai's capital markets and the wider financial services sector, DFM recognizes

the importance of sustainable issuances. Notably, Nasdaq Dubai, DFM's subsidiary, has become the leading exchange in the region in ESG listings with a total value of US\$ 7.75 billion by 2020, encouraging all issuers to introduce or strengthen compliance with ESG principles to promote beneficial practices and meet the rapidly growing investor demand.

Nasdaq Dubai Sustainable Issuances (as of 13th January 2021)

Issuer	Asset Class	Value US\$	Listing Date
Indonesian Government	Sukuk	1.25 billion	Mar-18
Indonesian Government	Sukuk	750 million	Feb-19
Indonesian Government	Sukuk	750 million	Jun-20
Majid Al Futtaim	Sukuk	600 million	May-19
Majid Al Futtaim	Sukuk	600 million	Oct-19
Islamic Development Bank	Sukuk	1.1 billion	Dec-19
Islamic Development Bank	Covid-19 Bond	1.5 billion	Jun-20
China Construction Bank	Bond	500 million	Aug-20
China Construction Bank	Bond	700 million	Aug-20
Total		7.75 billion	

3. Continued Sustainable Investment Education

As part of its efforts to increase understanding of the global Sustainable Development Goals, the UAE SDGs, the DFM Sustainability Strategy 2025 and policy, DFM continued to play an active advocacy role during 2020, participating in numerous virtual ESG industry events and panel sessions highlighting the increasing importance of developing sustainable capital markets, growing sustainable finance, and encouraging sustainability reporting. These efforts included participating in the MEIRA Virtual Annual Conference & Awards session on "ESG In A Post-Pandemic World", and the University of Cambridge Institute for Sustainability Leadership (CISL) Executive Leadership Programme in collaboration with the Majid Al Futtaim Leadership Institute.

Key Player in the Global Exchange Industry

Through partnerships, memberships, awareness and advocacy, we aspire to play a key role in the global exchange industry. We support and contribute to leading international ESG practices, and are working to drive these practices at the regional and local levels. DFM is well positioned to make a positive difference, as we connect a diverse community of market participants including UAE and MENA region companies, as well as global investors throughout the investment life cycle.

During 2020, and in line with the UAE Sustainable Development Goals 2030 and Dubai's Strategic Plan 2021, the DFM and the Dubai International Financial Centre (DIFC) continued the work plans of the "Dubai Sustainable Finance Working Group" launched in 2019. The initiative underlines our commitment to collaborate with key stakeholders to reinforce Dubai's position as a leading financial hub and a global capital of Islamic economy.

Bringing together strong support from leading banks, financial institutions, as well as public and private companies in Dubai in order to orchestrate efforts to embed ESG into the financial services sector, the group encompasses 16 members; DFM, DIFC, Nasdaq Dubai, Hawkamah Institute of Corporate Governance, Dubai Electricity & Water Authority (DEWA), the Dubai Islamic Economy

Development Centre, Aramex, DP World, Majid Al Futtaim, Emirates National Oil Company (ENOC), HSBC, Emirates NBD, Dubai Islamic Bank, Société Générale, Standard Chartered and Zurich Insurance. In 2020, the Group members collaborated on the drafting of two practical guides, a "Sustainable Issuance Guide" prepared by group members Standard Chartered, DFM and Nasdaq Dubai, and a "Sustainable Investing Guide" prepared by Emirates NBD and HSBC, both of which are planned to be launched in early 2021.

Leading the region's sustainable capital markets, the DFM also contributed to the United Nations Sustainable Stock Exchanges (SSE) advisory group on the development of a practical guide for exchanges and issuers on aligning to the Taskforce on Climate-related Financial Disclosures (TCFD) recommendations, which is aimed to be released in 2021. DFM is also an active member of the World Federation of Exchanges (WFE) Sustainability Working Group (SWG). In September 2020, DFM was successfully appointed Chair of the WFE SWG and will continue to play a leading role representing regional exchanges in global dialogue with the aim to further the development of sustainable capital markets.



Going Forward

Throughout this section of the Annual Report, we aimed to summarize DFM's engagement with multiple stakeholders to develop a sustainable capital market. Going forward, we will continue to leverage stakeholders' relationships to create long-term shared value as a public-listed company.

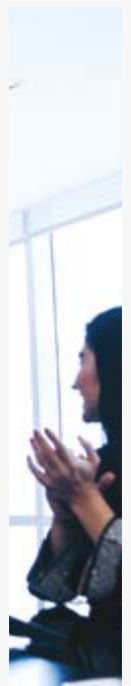
As an influencer, our Sustainability Strategy 2025 seeks to continue our efforts in the following focus areas:

- Develop an enhanced reporting landscape, so that our listed companies embark on a journey of sustainability reporting. The latest Securities and Commodities Authority (SCA) regulations mandating sustainability reporting referenced in section "Promoting Good Governance and Transparency", helps to accelerate the efforts of listed companies to achieve 70% ESG Disclosures by 2025.
- Support the increasing trend towards ESG investing, DFM will continue to drive awareness of ESG best practices and sustainable investing through its efforts as an exchange and among its stakeholder partnerships to develop good Corporate Governance and transparent markets.

- Continue to showcase the sustainable companies listed on UAE Exchanges which are leading in ESG best practices through the S&P/Hawkamah UAE ESG Index and attract investment.
- Encourage the issuance of green listings through Dubai's capital markets and grow our leading position in the region.
- Launch of the Dubai Sustainable Finance Working Group practical guides on Sustainable Issuance and Sustainable Investing with webinars involving ESG experts.

DFM believes that it is well underway to become the region's leading sustainable financial market by 2025.

04. Governance



Corporate Governance Report

The instructions and regulations issued by the UAE's Securities and Commodities Authority (SCA) in accordance with the international standards outline the importance of adopting Corporate Governance principles and emphasize transparency and accountability.

The Dubai Financial Market's (DFM) Board of Directors (the "Board") performs all of its duties effectively to achieve the interests of investors as well as all stakeholders. The core responsibilities of the Board are: improvement of both operational performance and profitability, the institutionalization of sustainable development, the implementation of effective governance principles, and providing strategic direction for the organization. Moreover, the Board is responsible for identifying as well as managing and monitoring risks, in order to achieve the desired objectives.

As a part of the UAE economic system, the DFM plays a unique and an essential role in improving corporate governance across listed Public Joint Stock Companies in accordance with the corporate governance issued regulations. In cooperation with Hawkamah Since 2017, DFM has continued to introduce a mandatory accreditation program for board secretaries of its listed companies with the aim of improving their efficiency and bringing performance on par with the international best practice.

As part of this active role, and in order to keep up to date with the corporate governance best practices, DFM has participated in several courses and seminars related to corporate governance that were organized by SCA as well as by other organizations. Furthermore, the DFM has participated in drafting new corporate governance resolutions which SCA is yet to release.

In this section we review the Board's most important governance practices at DFM, in line with the requirements of Federal Decree No. 26 of 2020 and SCA Board of Directors' Decision No. (3 /R.M) of 2020 concerning adopting the Governance Guide of Public Joint Stock Companies.

1. Procedures implemented to improve Corporate Governance during 2020

In line with the responsibility of the Board towards DFM shareholders, and its duty to protect and maximize the value of shareholders' equity, the DFM Executive Management continues to apply the rules and principles of governance effectively and transparently. DFM has achieved this objective via the following:

- The Board's commitment to hold four meetings during 2020.



- The Board's commitment to annually disclose their independence status during 2020, as well as disclosing any changes that affect it, including their membership in other boards. Furthermore, the Board Members signed an undertaking of all the positions they occupy at the end of 2020, in addition to signing the independence status statement at the first Board meeting after the Annual General Assembly Meeting during 2020.
- The Audit Committee held nine meetings and the Nomination and Remuneration Committee held two during the year, where each committee performed their duties and submitted results, recommendations and follow-ups on the implementation thereof, to the Board.
- DFM Executive Management's commitment to the disclosure of quarterly and annual financial statements within the permitted legal timeline.

2. DFM PJSC share ownership and trading transactions of the Board, their spouses and children during 2020

Board Member	Position / Kinship	Owned shares as of 31st December 2020	Total sale	Total purchase
H.E. Essa Abdulfattah Kazim	Chairman	5,015,000	-	-
	Spouse	29,281	-	-
Mr. Rashid Hamad Al Shamsi	Vice chairman	-	-	-
Mr. Adil Abdullah Al Fahim	Member	-	-	-
Mr. Ali Rashid Al Mazroei	Member	-	-	-
Mr. Mohammed Humaid Al Marri	Member	10,000	-	10,000
Mr. Mussabeh Mohammed Al Qaizi	Member	-	-	-
Mrs. Moaza Saeed Al Marri	Member	-	-	-

3. The Board of Directors

A. The Board constitutes of the following Members:



Name	H.E. Essa Abdulfattah Kazim	Mr. Rashid Hamad Al Shamsi
Category (Executive, Non-Executive, and Independent)	Chairman Independent Non-Executive	Vice Chairman Independent Non-Executive
Length of tenure as a Board Member	<ul style="list-style-type: none"> 14 years 	<ul style="list-style-type: none"> 14 years
Current appointments or membership at any other Joint Stock companies	<ul style="list-style-type: none"> Board member in Etisalat Company (PJSC). 	<ul style="list-style-type: none"> Not applicable
Experience and qualifications	<ul style="list-style-type: none"> H.E. Kazim began his career as a Senior Analyst in the Research and Statistics Department of the UAE Central Bank in 1988 and then moved to the Dubai Department of Economic Development as Director of Planning and Development in 1993. He was then appointed as Director General of the DFM from 1999 to 2006. H.E. Kazim holds an honorary Doctorate from Coe College, a Master's degree in Economics from the University of Iowa, a Master's degree in Total Quality Management from the University of Wollongong and a Bachelor's degree in Mathematics, Economy, and Science. 	<ul style="list-style-type: none"> Mr. Rashid Hamad Al Shamsi is a founding partner of MEECON, the architecture and engineering consultancy, and owner of Al Shamsi Property Management Company in Dubai. He holds a Bachelor's degree in Civil Engineering from the University of South Carolina, USA (1982). Former Board Member of the Emirates General Transport Company. General Manager of the Emirates General Petroleum Corporation (Emarat) from 2002 to 2008, during which he chaired several Boards of Emarat's joint ventures and subsidiaries. Former Board Member of the Dubai Chamber of Commerce and Industry, between 1991 and 1997. Former Board Member of Dubai Mercantile Exchange. Former CEO of Sama Dubai, the real estate development arm of Dubai Holding.
Current appointments at any other regulatory, government or commercial entity	<ul style="list-style-type: none"> Deputy Chairman of the Supreme Legislation Committee in Dubai. Member in the Dubai Supreme Fiscal Committee. The Governor of Dubai International Financial Centre (DIFC). Chairman of Borse Dubai Limited. Member of the Higher Board of Directors of the Dubai International Financial Centre (DIFC). Chairman of DIFC Authority Board of Directors. Chairman of DIFC Investments Board of Directors. Board Member of Nasdaq Dubai. Board Member of Nasdaq, Inc. Board Member of Free Zones Council. Member of the Board and Secretary General of the Dubai Islamic Economy Development Center. Board Member of Rochester Institute of Technology. Member of the Board of Governors at Hamdan Bin Mohammed Smart University. Member of the Board of Governors at United Arab Emirates University. 	<ul style="list-style-type: none"> A founding partner of MEECON, the architecture and engineering consultancy, and owner of Al Shamsi Property Management Company in Dubai. Board Member of Nasdaq Dubai. 22 years of experience in the marketing and distribution of energy-related products.





Name	Mr. Mussabeh Mohammed Al Qaizi	Mr. Ali Rashid Al Mazroei
Category (Executive, Non-Executive, and Independent)	Board Member Independent Non-Executive	Board Member Independent Non-Executive
Length of tenure as a Board Member	<ul style="list-style-type: none"> • 7 years 	<ul style="list-style-type: none"> • 10 years and 8 months
Current appointments or membership at any other Joint Stock companies	<ul style="list-style-type: none"> • Not applicable 	<ul style="list-style-type: none"> • Board Member of the National Bond Company. • Board Member of Emirates Investment and Development Corporation (PSC). • Board Member of Taaleem Holding (PSC).
Experience and qualifications	<ul style="list-style-type: none"> • With over 20 years of experience, mainly in the Information Technology sector, Mr. Mussabeh has held a number of positions in which he implemented, supervised or directly managed several multi-task teams and individuals. • In 1999, Mr. AlQaizi joined Dubai Islamic Bank as Head of Cards Unit, which he developed in two years. • Head of Information Systems Department, Dubai Islamic Bank, between 2001 and 2008, where he helped develop and support the bank's information systems infrastructure, and gained significant experience in project management across various banking fields. • He holds a Bachelor's degree in Computer Information Systems from Arkansas University, USA, in 1991. 	<ul style="list-style-type: none"> • In his capacity as Group CEO of Al Bahri and Al Mazroei Group, Mr. Ali Rashid Al Mazroei is responsible for overseeing the financial and administrative affairs of the Group's activities in the fields of trade, real estate, industry and tourism. The Group, which was established in Dubai in 1968 as a general investment group of companies, has grown to become a key player in the UAE economy. • Mr. Al Mazroei held several positions at Citibank Group in Dubai between 2000 and 2007, including Head of Commercial Accounts Department, Head of Planning and Analysis Department for the Middle East, Africa and Turkey, and Vice President of the Financial Control Unit. • Mr. Al Mazroei holds a Bachelor's degree in Business Administration from the American University in Dubai, and a Master's degree in Business Administration - from Southern New Hampshire University, USA.
Current appointments at any other regulatory, government or commercial entity	<ul style="list-style-type: none"> • Head of e-Banking and IT Services at Dubai Islamic Bank, as well as other leading positions, including member of the Automation Committee of Dubai Islamic Bank, responsible for coordinating and aligning the bank's overall strategy with the latest IT developments. • Since 2008, he has worked at the e-Banking Operations Unit, where he focuses on developing communication channels. In recognition of his substantial efforts in this area, his projects have earned several awards in the field of e-banking system development. 	<ul style="list-style-type: none"> • CEO of Al Bahri and Al Mazroei Group.



Name	Mrs. Moaza Saeed Al Marri	Mr. Mohammed Humaid Al Marri
Category (Executive, Non-Executive, and Independent)	Board Member Independent Non-Executive	Board Member Independent Non-Executive
Length of tenure as a Board Member	<ul style="list-style-type: none"> • 3 years and 9 months 	<ul style="list-style-type: none"> • 10 years, 8 months
Current appointments or membership at any other Joint Stock companies	<ul style="list-style-type: none"> • Not applicable 	<ul style="list-style-type: none"> • Not applicable
Experience and qualifications	<ul style="list-style-type: none"> • Through her 20 years career Moaza had garnered diverse experiences from the private, semi government, government sectors and different committees in different sectors, giving her an adaptive approach to multiple sectors requirements. • Moaza started her career in 1999 at Nestle Middle East, overseeing the Internal Communications for the Middle East and Levant market. • After which she moved on to the banking industry joining Emirates NBD in 2009 and took up the positions of Senior Business Marketing & Communication Manager. • In January 2014, she moved on to the Government sector joining the Roads & Transport Authority in Dubai as a Marketing and Corporate Communications Director, and then she was promoted to become the Executive Director - Chairman & Executive Director Office at the Authority. • In her present position, Moaza is heading several pivotal committees participating in the comprehensive development in the UAE, such as the team responsible for following up Mobility Future Foresight Project; this project is related to following up on strategies and initiatives of smart transformation in the mobility sector, as well as re-enforcing RTA pioneering and Dubai in forming mobility future. • Moaza holds a Masters of Business Administration in General Business from the American University in Dubai. 	<ul style="list-style-type: none"> • Mr. Al Marri is a financial and administrative expert, with around 25 years' experience in both the public and private sectors. A graduate of the Mohammed Bin Rashid Program for Leadership Development. • He also holds a Master's degree in Business Administration from the American University in Dubai (2004), and a Bachelor's degree in Accounting from the United Arab Emirates University in Al Ain (1990). • Certified accounting expert with Dubai Courts since 2001. • Began his career as an employee of the Land Department in 1986. • Former Board Member of Takaful Al Emarat (PJSC). • CFO of the Roads and Transport Authority (2006-2009). • Assistant General Manager of the Dubai Transport Authority from (2005-2006). • Board Member of Dubai Government's Development Board (2005-2008). • CFO and CAO of Dubai Land, until 2005.
Current appointments at any other regulatory, government or commercial entity	<ul style="list-style-type: none"> • Moaza Al Marri, is the Executive Director - Chairman & Executive Director Office at the Roads and Transport Authority. • Board Member at the Dubai Sports Council. • Secretary General of Mohammed bin Rashid Al Maktoum Creative Sports Award and the Head of the Women's Sports Committee. • Moaza heads as well RTA's Women Committee, which enables and empowers women in RTA, this committee announced many distinctive initiatives, and organized varied cultural and sport activities. 	<p>Mr. Al Marri holds the following professional memberships and qualifications:</p> <ul style="list-style-type: none"> • Certified Public Accountant, since 1990. • Member of the UAE Accountants and Auditors Association, since 1997. • Holder of the Sheikh Rashid Award for Academic Excellence for completing his MBA degree from the American University in Dubai. • Holder of the Institutional Leadership Certificate from the Centre of Institutional Leadership and Learning in Florida, USA. • Assistant CEO of Financial Affairs and Corporate Support at the Mohammed Bin Rashid Housing Establishment, since August 2009.



Name

Mr. Adil Abdullah Al Fahim

Category (Executive, Non-Executive, and Independent)

**Board Member
Independent Non-Executive**

Length of tenure as a Board Member • 10 years, 8 months

Current appointments or membership at any other Joint Stock companies • Not applicable

Experience and qualifications

Mr. Adil Abdullah Al Fahim has held several senior positions in the Dubai Government, and holds a number of academic and professional qualifications.

- He holds a Bachelor's degree in Commerce and is a Certified Public Accountant (CPA), a Certified Financial Consultant (CFC), a Certified Trainer of Audit Command Language (ACL), and Certified Fraud Examiner (CFE).
- Mr. Al Fahim has extensive experience in several areas including economy, finance, management, auditing/internal auditing, information systems and the law.
- He won the MENA Financial Thought Leader of the Year award in 2012.
- A recipient of the IIA Lifetime Achievement Award (2013).
- He has written a number of articles and studies addressing vital economic issues that impact the global economy.

He has held the following positions:

- Director General of the UAE Accountants and Auditors Association (2000-2002).
- Board Member and President of the Conferences Committee of the UAE Accountants and Auditors Association (2002-2004).
- President of the American Institute of Internal Auditors – UAE branch (2006 – 2007).
- Senior Vice President of the US Association of Certified Fraud Examiners – UAE branch.
- Member and Secretary General of the Committee of Auditors' Registration in the UAE.
- Financial expert and arbitrator in Dubai Courts' List of Certified Experts.

He holds a number of professional qualifications and memberships, including:

- Certified Public Accountant - USA (CPA).
- Certified Fraud Examiner - USA (CFE).
- Certified Financial Consultant – Canada (CFC).
- Certified Trainer of Audit Command Language – Belgium (ACL).
- Founding Member of UAE Accountants and Auditors Association.
- Certified "Law Assistant" in Dubai Courts' Experts List of Technical Consultants.
- Member of the Information Systems Audit and Control Association – USA.
- Institute of Internal Auditors – USA.
- American Society for Quality – USA.
- Hospitality Financial and Technology Professionals Association.
- Canadian Association of Financial Consultants.

Current appointments at any other regulatory, government or commercial entity

- Member of Dubai Government Supreme Committee for improvement and automation of budgeting.
- Member of Dubai Government Committee for fiscal Planning.
- Chief Financial Officer, Dubai Airports.
- Head of Internal Audit Department, the Ruler's Court, Dubai Government.
- Vice President, Department of performance control and IT systems audit and training, the Ruler's Court, Dubai Government.
- Representative of the UAE in the AGCC Committee for E-Commerce.



B. Female representation at the Board of Directors during 2020

The current female representation for DFM's Board of Directors includes one among the seven members, Mrs. Moaza Saeed Al Marri, reflecting the Board's keenness to appoint distinguished female cadres as means of empowering women and in line with UAE's vision in this respect.

C. Board Members' remuneration and allowances

1. Board Members' remuneration paid during 2019

The Board's remuneration has been disbursed for 2019 in the amount of AED 300,000 per Member, which was approved in the Annual General Assembly Meeting held on 25th March 2020.

2. Board Members' remuneration proposed for 2020

The proposal of disbursing an amount of AED 300,000 to each Board Member for 2020 will be presented at the Annual General Assembly Meeting to be held in 2021 for approval.

3. Board Committees allowances during 2020

Committee Member	Allowances for attending meetings of the Board Committees		
	Committee	Allowance Value	Number of Meetings
Mr. Rashid Hamad Al Shamsi	Nomination and Remuneration Committee	30,000	2
Mr. Adil Abdullah Al Fahim	Nomination and Remuneration Committee	30,000	2
Mr. Mussabeh Mohammed Al Qaizi	Nomination and Remuneration Committee	15,000	1
Mr. Mohammed Humaid Al Marri	Audit Committee	135,000	9
Mr. Adil Abdullah Al Fahim	Audit Committee	135,000	9
Mr. Ali Rashid Al Mazroei	Audit Committee	135,000	9

4. Allowances, salaries, or additional fees paid to Board Members other than the Board Committees allowances

During 2020, DFM has paid AED 300,000 for the Chairman of the Board of Directors, H.E. Essa Kazim, as a remuneration for the additional tasks he performed to serve DFM beyond his regular duties.

D. Attendance at Board meetings*

	Date of meeting	Attendees	Attendees by proxy	Absent members
1	9th February 2020	7	-	-
2	20th May 20120	7	-	-
3	27th July 2020	7	-	-
4	26th October 2020	7	-	-

* Due to the spread of Covid-19 virus, Board meetings were held virtually.

E. Board resolutions passed by circulation

DFM's Board rarely pass resolutions by circulation unless it is a business requirement and according to the Company's Articles of Association. In such cases, all documents related to the resolution and recommendations of the internal committees are shared with the Board accordingly, hence Board Members can review the information to make an informed resolution. During 2020, the Board passed 4 resolutions by circulation on the following dates:

- 22nd March 2020
- 24th September 2020
- 29th April 2020
- 24th December 2020

F. Duties and functions exercised by the Board or assigned to the Executive Management during 2020

The Board has empowered the DFM Executive Management to perform specific tasks according to an authority matrix. Since this delegation is related to the capacity rather than the individuals occupying that capacity, the period of delegation remains in effect until a resolution to cancel or amend the authority is passed by the Board. The following is a list of the tasks and authorities delegated to the Executive Management:

Authorization	Limit	Authorized Position	Notes
Processes			
Update and approve this list	-	Board of Directors	-
Approve policies and regulations	-	Board of Directors	According to the responsibilities of the Board Committees
Approve organizational chart and its amendments	-	Board of Directors	-
File cases in the name of DFM / settlement / waiver	-	Chairman	Based on investigation and recommendation from the Audit Committee
Represent DFM before court and in its relation with external parties	-	Chairman	Article 27 of the Articles of Association Article 155 of Companies Law
Sign separately on behalf of DFM	-	Chairman or any other Board Member delegated by the Board within the stated limits	-
Approve procedures manuals, management decrees and circulars	-	CEO or Deputy CEO	-
Approve management circulars and job directions within the division	-	Head of Division, or in case of absence the deputy	-
Approve DFM's general strategic plan and objectives	-	Board of Directors	-
Determine the percentage of dividend distributed to shareholders	-	Board of Directors proposes for AGM* approval	-
Form, change, and dissolve executive committees	-	CEO or Deputy CEO	-

* Annual General Assembly Meeting



Authorization	Limit	Authorized Position	Notes
Procurement and Contracting			
Approving Direct Purchase	Up to AED 50,000	Head of Purchasing and Contracting Department	One offer
	Up to AED 250,000	Head of Corporate Services Division	-
	Up to AED 500,000	CEO or Deputy CEO	-
	Above AED 500,000	Presented to the Board for approval	-
Approving contracting by biddings	Up to AED 1,000,000	CEO or Deputy CEO	Three offers, to be recommended by purchasing committee
	Above AED 1,000,000	Presented to the Board for approval	-
Approving limited and public tenders	Up to AED 5,000,000	CEO or Deputy CEO	-
	Above AED 5,000,000	Presented to the Board for approval	-
Tenders selection	-	Purchasing committee	-
Signing approved contracts	Up to AED 5,000,000	Head of Corporate Services Division	Considering the authority matrix
	Up to AED 50,000,000	CEO or Deputy CEO	-
	Above AED 50,000,000	Presented to the Board for approval	-
Signing MOUs/limited representation/sub-depositary/confidentiality agreements	-	CEO or Deputy CEO and the respective Division Head	-
Approve, update, and assess vendors	-	Purchasing Committee	-
Verify and collect purchases	Up to AED 50,000	Store in-charge	In addition to a representative from the ordering department
	Above AED 50,000	A temporary receiving committee	Includes ordering department, specialists, and store in-charge
Initial and final approval of jobs and services	-	A technical committee from specialists and experienced staff	May include external experts
Issuing stationary	-	Executive – administration	-
Issuing tools and capital equipment from store	-	Head of Purchasing and Contracting Department	-
Approving transfer of assets outside DFM for business purposes	-	Head of Corporate Services Division	-
Approving annual inventory count results	-	CEO or Deputy CEO	Based on recommendations of inventory count committee
Disposal of damaged and fully depreciated assets	-	CEO or Deputy CEO	Based on recommendations of the respective committee
Leasing DFM's offices and determining annual rent	-	CEO or Deputy CEO	Based on recommendation from purchasing committee
Determining service fees and penalties and updating the fee list based on circumstances	-	CEO or Deputy CEO	Notify the Board with any update to service fees

Authorization	Limit	Authorized Position	Notes
Procurement and Contracting			
Credit policy	Extend credit period above 30 days and up to 60 days	Head of Corporate Services Division	Managerial Decree No. 57 of 2012
	Extend credit period above 60 days and up to 90 days	CEO or Deputy CEO	-
Discount / exemption from fees	Based on transaction fees, per transaction: ✓ Up to AED 500,000 – 10% discount ✓ Above AED 500,000 to AED 1 million – 20% discount ✓ Above AED 1 million – 30% discount	CEO or Deputy CEO	Applies to all fees charged by DFM
	Full exemption of transfer fees from government entity to another account based on a high order from the Ruler	CEO or Deputy CEO	Managerial Decree No. 16 of 2014
	Full exemption from the nominal fees of applications received from official and supreme authorities	CEO	-
Issuing penalties / Fines	-	Head of respective division or, in case of absence, his deputy	Within the limits of DFM rules and policies
Fines Cancellation	For the first fine	Head of Corporate Services Division along with the head of the respective division	In the same financial year
	For later fines	CEO or Deputy CEO	In the same financial year
Write-off receivables and assets with book value	Up to AED 20,000	Head of Corporate Services Division	In the same financial year
	Above AED 20,000	The Board	Based on Audit Committee recommendations
Investment in companies' capital, mergers, shares purchasing	Unlimited	The Board	Based on recommendations from investment committee
Participation in investment portfolios and funds, Islamic Sukuk, and Islamic derivatives	Unlimited	The Board	Based on recommendations from investment committee
Short-term investment deposits	Unlimited	CEO or Deputy CEO based on recommendations from investment committee	Authorization includes withdrawal of deposit (termination before maturity) taking into account the investment policy
Long-term investment deposits	Up to AED 50,000,000	CEO or Deputy CEO based on recommendations from investment committee	Authorization includes withdrawal of deposit (termination before maturity) taking into account the investment policy
Liquidation of investments	-	The Board	Based on recommendations from investment committee

Employee	Position	Appointment Date	Total Salaries and Allowances for 2020 (AED)	Total Paid Bonuses for 2020 (AED)	Total of other Cash/ non-Cash Benefits for 2020 (AED)	Total (AED)
Dubai Financial Market						
Mr. Hassan Al Serkal	CEO	1st June 1999	1,329,892			1,329,892
Mr. Hamed Ali	Deputy CEO, Capital Markets CEO	27th July 2020	682,337*			682,337
Mr. Khalifa Rabba	Chief Operating Officer (COO), Head of Operations Division	3rd August 2002	620,366			620,366
Mr. Ahmad Aljaziri	Executive Vice President - Head of Corporate Services Division	1st June 1999	1,145,302			1,145,302
Mr. Jamal AlKhadhar	Executive Vice President - Head of HR & Strategic Planning Division	1st June 1999	1,337,719			1,337,719
Mr. Ali Al Hashimi**	Executive Vice President - Head of Financial Services Division	2nd August 2009	1,251,761			1,251,761
Mrs. Fahima Al Bastaki	Executive Vice President - Head of Business Development Division	22nd May 2004	1,126,841			1,126,841
Dubai Central Clearing & Depository Holding (DCCD) - DFM Subsidiary						
Mrs. Maryam Fikri	CEO of DCCD, CEO of Dubai CSD, Principal Advisor of Dubai Clear	1st June 1999	1,283,262			1,283,262

* Prorated to appointment date and through Nasdaq Dubai (Subsidiary).

** Through Borse Dubai (Parent Company).

4. The External Auditor

A. A brief about the external auditor

PwC Middle East has operated in the region for more than 40 years. It is one of the fastest growing PwC member firms worldwide and the largest professional services firm in the Middle East. Collectively, the Middle East network employs more than 6,500

individuals in the region including over 260 partners working from 23 offices (in 22 locations) across 12 countries: Bahrain, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Oman, the Palestinian territories, Qatar, Saudi Arabia and the United Arab Emirates.

B. Auditing fees and costs or other services provided by the external auditor

Name of the external audit office	PwC
Name of the partner auditor	Ashruff Jamall / Saad Kadiri
Number of years as the company's external auditor	1 year
Total audit fees for 2020	AED 185,000
Fees and costs of other private services other than auditing the financial statements for 2020	N/A
Details of any other services	N/A
Statement of other services that another external auditor has provided during 2020	N/A

C. Auditor's qualified opinions included in the interim and annual financial statements for 2020

There are no qualifications that the auditor included in the financial statements for 2020.



5. The Audit Committee

A. Mr. Mohammed Humaid Al Marri, Chairman of the Audit Committee, acknowledges his responsibility for the Committee's framework at DFM, his review of its applied mechanisms and for ensuring its effectiveness.

B. Members of the Audit Committee and tasks

All members of the Audit Committee are Independent Non-Executives and are accounting and financial experts:

- Mr. Mohammed Humaid Al Marri – Committee Chairman
- Mr. Ali Rashid Al Mazroei – Member
- Mr. Adil Abdullah Al Fahim – Member

The Committee performed its assigned duties and responsibilities as follows:

- Contracted with an external auditor, monitored independence, discussed audit scope, reviewed the statements issued of the external auditor while ensuring a timely response from the finance and other departments to all inquiries and requirements presented by the external auditor.
- Monitored the accuracy and reliability of the DFM PJSC financial statements and reports (annual, semi-annual and quarterly), and conducted reviews as part of the committee's regular duties while focusing on the following aspects:
 - Highlighting issues subject to the Board's assessment.
 - Key amendments resulting from the audit.
 - Assessing the going-concern assumption.
 - Compliance with accounting standards as decided by SCA.
- Compliance with the rules of listing and disclosure, as well as other legal requirements related to the preparation of financial reports.
- Held quarterly meetings with the external auditor to discuss the auditor's report as well as the quarterly and annual financial statements prior submission to the Board of Directors.
- Reviewed the DFM's financial control, internal control and risk management measures, as well as assessed the effectiveness of the Internal Control Department; assigned required resources and approved the internal audit plan, which is based on each division/department risk approach at DFM and Nasdaq Dubai, and followed up on the implementation on a quarterly basis.
- Reviewed and enhanced the financial and accounting policies and procedures, as well as operational risk policy and procedures.
- Coordinated with the Board and the Executive Management and reviewed reports issued by both the Internal Control Department and the external supervisory bodies (Financial Audit Authority – Government of Dubai, SCA and others), in addition to a quarterly follow-up on all corrective actions.
- Monitored the means and guidelines that enable the DFM employees to confidentially report any potential violations in financial reports, internal control or risks, in addition to reviewing the mechanism to allow independent and fair investigations. These means include the email of (whistleblower@dfm.ae) and telephone line at (+971-4-305-5665); in addition to designating employees to receive confidential reports in addition to the employees' portal on the DFM's internal network.
- Monitored compliance with the Code of Professional Conduct.
- Monitored the compliance of the insiders (or temporary insiders) against the insider trading policy.

C. The Audit Committee meetings held in 2020

	Meeting date*	Attendees	Absent Members
1	16th January 2020	3	NA
2	2nd February 2020	3	NA
3	20th February 2020	3	NA
4	15th April 2020	3	NA
5	17th May 2020	3	NA
6	16th July 2020	3	NA
7	21st July 2020	3	NA
8	15th October 2020	3	NA
9	20th October 2020	3	NA

*Due to the spread of Covid-19 virus, Committee meetings were held virtually.

6. The Nomination and Remuneration Committee

A. Mr. Rashid Hamad Al Shamsi, Chairman of the Nomination and Remuneration Committee, acknowledges his responsibility for the Committee's framework at DFM, his review of its applied mechanisms and for ensuring its effectiveness.

B. Members of the Nomination and Remuneration Committee and their competencies and duties

The Nomination and Remuneration Committee includes Independent Non-Executive members as follows:

- Mr. Rashid Hamad Al Shamsi – Committee Chairman
- Mr. Adil Abdullah Al Fahim – Member
- Mr. Mussabeh Mohammed Al Qaizi – Member

The Committee performed its assigned duties and responsibilities as follows:

- Verified the independence of members of DFM's Board continuously, in accordance with applied laws and regulations.
- Submitted proposals concerning certain amendments on human resources policies.

C. The Nomination and Remuneration Committee meetings held in 2020

	Meeting date*	Attendees	Absent Members**
1	18th March 2020	2	Mrs. Moaza Saeed Al Marri***
2	24th June 2020	3	N/A

* Due to the spread of Covid-19 virus, Committee meetings were held virtually.

** Member was absent with a valid reason.

*** Mr. Mussabeh Al Qaizi has joined the committee as a successor of Mrs. Moaza Al Marri on 22nd May, 2020.



7. Insider Trading Committee

A. Asma Lootah, Chairman of the Insider Trading Committee, acknowledges her responsibility for the framework of monitoring and supervising insider trading at the DFM and for reviewing its cycle, mechanism and ensuring its effectiveness.

B. The Insider Trading Committee, chaired by Asma Lootah who is also Head of Internal Control Department, includes the following members:

- Isameldin Mahgoub, Legal Affairs Department
- Hanan Al Habashi, Market Control Department
- Huda Abdelrahim Mohammed, Dubai Clear
- Maryam Ali Murad, Human Resources Department
- Reda Farouk Shehata, Department of Internal Control - Rapporteur of the Committee

Duties of the Insider Trading Committee include the following:

1. Approve received applications from individuals in compliance with the policy. The approval decision is taken by the majority of votes and is communicated through suitable means.
2. Regulate employees trading in securities issued by the DFM PJSC, parent company, subsidiaries, and sister companies.
3. Monitor, follow up and supervise insiders trading while keeping records of their accounts balances, and issuing regular reports to the Executive Management and Audit Committee.
4. Review and investigate breaches (if any) and submit a report with the decisions and penalties to the human resources to implement.
5. Notify SCA with an updated insiders list at the beginning of every fiscal year and any amendments thereon during the year.
6. Submit a copy of insiders list to SCA upon request.

7. Disclose the insiders list and temporary insiders to SCA on a quarterly basis along with the quarterly financial statements. The disclosure is in accordance with the template received from SCA in June 2019.
8. Comply with any other requirements as stipulated by SCA from time to time.

C. During 2020, the Insider Trading Committee held two meetings and discussed all related transactions to insiders trading, proposed amendments to the existing policy, and the possible ways to automate procedures and supervision. Furthermore, the Committee submitted to SCA quarterly reports with the list of insiders/temporary insiders at DFM.

8. Other committee(s) approved by the Board

There are no other Board committees at DFM outside the above.

9. Internal Control Framework:

A. The Board of Directors acknowledges its responsibility for the DFM's Internal Control Framework, including reviewing and ensuring its effectiveness through the Audit Committee (a Board Committee) that oversees the Internal Control Department performance, which in turn acts in compliance with the International Standards for the Professional Practice of Internal Auditing, issued by US-based Institute of Internal Auditors (IIA). The Internal Control Department submits regular reports to the Board of Directors and the Executive Management, pertaining to its activities and accomplishments, assessment of the effectiveness and efficiency of the adopted internal control environment and framework throughout the various departments.

The Internal Control Department reports to the Executive Management, and functionally to the Board of Directors through the Audit Committee, in such a manner that ensures its independence. In order to fulfill its duties, the Internal Control Department applies the latest international standards issued by the IIA as well as international best practices, in the following aspects:

- Developing an audit plan based on an objective risk assessment related to each auditable area in order to prioritize implementation with high risk departments. This plan is discussed and reviewed with the CEO and approved by the Audit Committee and the Board of Directors.
- Preparing an audit report post discussing with the audited department, and presenting to the CEO and the Audit Committee. The audit report includes:
 - Audit objectives
 - Audit scope
 - Audit methodology
 - Audit results
 - Evaluating observations in terms of risk levels
 - A comprehensive assessment of the audited department according to the assessment matrix.
- The Internal Control Department completed 35 audit engagements and issued 21 audit reports that included 80 recommendations discussed and agreed upon with audited departments at DFM and its subsidiaries. These recommendations helped enhance the level of internal control and minimize risks.
- Submitting all audit reports to the Audit Committee and Board of Directors, which were either prepared internally by the Internal Control Department or by the external supervisory bodies together with the corrective actions taken by the audited clients to enhance internal control measures. These reports enable the Audit

Committee and the Board to assess internal controls and make the necessary decisions.

- Coordinating with the external auditor, the Financial Audit Authority - Government of Dubai, quality auditors, SCA inspectors, and others.
- Offering advisory and insight services enhancing procedures without compromising the independence of auditors, and in accordance with the work charter of the Internal Control Department.
- Updating the internal auditing charter to comply with the latest modules.

B. Head of the Internal Control Department, qualifications and date of appointment

Head of the Internal Control Department:

Ms. Asma Lootah

Date of appointment: Head of the Internal Control Department has been appointed in 2010.

Qualifications:

- Master's degree in Finance from E.Philip Saunder College of Business, Rochester Institute of Technology – May 2011.
- Certified Management Accountant (CMA) – February 2008.
- Certified Quality Auditor in ISO 9001:2000 from IRCA – May 2004.
- Bachelor's degree in Business Administration from the Higher Colleges of Technology – Dubai Women's College – 2001.
- Higher Diploma in Accounting from the Higher Colleges of Technology – Dubai Women's College 2000.
- President of the RIT Dubai Alumni since March 2014.
- Member of the Advisory Board of the Business Administration College at Rochester Institute of Technology Dubai.

The Internal Control Department comprises qualified employees, as follows:

Reda Farouk Shehata:

Manager – Internal Control Department

Qualifications:

- Certified Islamic Banker (CIB) – 2013.
- Certified Financial Consultant (CFC) – 2013.
- Certification in Risk Management Assurance (CRMA) – 2012.
- High studies in Financial Accounting from Ain Shams University – 2003.
- Bachelor's degree in Accounting from Ain Shams University – 1998.

Jacob Sebastian:

Manager – Internal Control Department

Qualifications:

- Cobit 5.0 Certified Assessors – 2014.
- MA in Finance from Bharathidasan University – 2014.
- Certified Information Systems Auditor (CISA) – 2012.
- ISO 27001 Certified Lead Auditor – 2011.
- Certified Information Systems Security Professional (CISSP) – 2011.
- Certified Information Security Manager (CISM) – 2010.
- BS in Computer Engineering from Cochin University – 2001.

Mohammad Ahmed El Assaleh:

Deputy Manager – Internal Control Department

Qualifications:

- Certified Internal Auditor (CIA) – 2020.
- Certification in Risk Management Assurance (CRMA) – 2012.
- Association of Chartered Certified Accountants (ACCA) – 2009.
- Bachelor's degree in Accounting from Yarmuk University – 2003.

Ahmed Ragab Moaty:

Deputy Manager – Internal Control Department

Qualifications:

- Certified Internal Auditor (CIA) – 2017.
- Association of Chartered Certified Accountants (ACCA) – 2011.
- Bachelor's degree of Arts from Menoufeya University – 2000.

Mrs. Farah Hani Al Ananni:

Senior Auditor – Internal Control Department

Qualifications:

- Certified Public Accountant (CPA) – 2010.
- Bachelor's degree in Accounting from the University of Jordan – 2007.

C. Compliance officer, qualifications and date of appointment

The Head of Internal Control Department has been appointed as the compliance officer in 2016.

D. The Internal Control Department Measures taken about any significant risks at the DFM or those that were disclosed in the annual reports and financial statements

The DFM was not subject to any significant risks in 2020. However, and in accordance with the Internal Control Department guidelines, the department handles any significant problems that might arise through the following:

- Identifies and classifies the nature of the problem in terms of risk level, by determining problem scale and the extent of its negative impact on the DFM.
- Communicates with the concerned departments through the division heads and the CEO to discuss actions to contain and resolve the problem, followed by the necessary recommendations.

- Reports the problem and the proposed relevant recommendations to the Audit Committee, which in turn, after evaluating the situation, submits it to the Board of Directors.
- Follows up on the implementation of the Board resolutions.
- Communicates with the external auditor when necessary.
- Updates the risk register and related controls and discloses findings in annual reports.

E. Reports issued by the Internal Control Department to the Board of Directors

The Internal Control Department completed 35 audit engagement and issued the following reports during 2020:

- 21 reports for compliance with rules, regulations, policies, procedures, information security, and information technology.
- 8 Shari'a audit reports.

F. Risk Management

Proactive risk management is essential for Dubai Financial Market in realizing the objectives set out in its five-year strategy (2017-2021) aimed to drive accelerated growth, increased revenue and shareholder value. Accordingly, DFM has developed a strategy and implemented policies and procedures designed to measure, manage, monitor and report its risk exposures, and is regularly reviewed by the appropriate management and supervisory bodies.

DFM has defined its internal control and Enterprise Risk Management (ERM) Frameworks according to principles and guidelines of the COSO¹-ERM Framework- Aligning Risk with Strategy and Performance, ISO 31000: 2018, and the KPMG ERM

Model, all of which define best practices and are geared to achieving an entity's objectives.

¹ COSO stands for the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and is a joint initiative to combat corporate fraud.

Principles of DFM ERM Model Aligned to DFM Strategic Objectives



Risk Management Framework

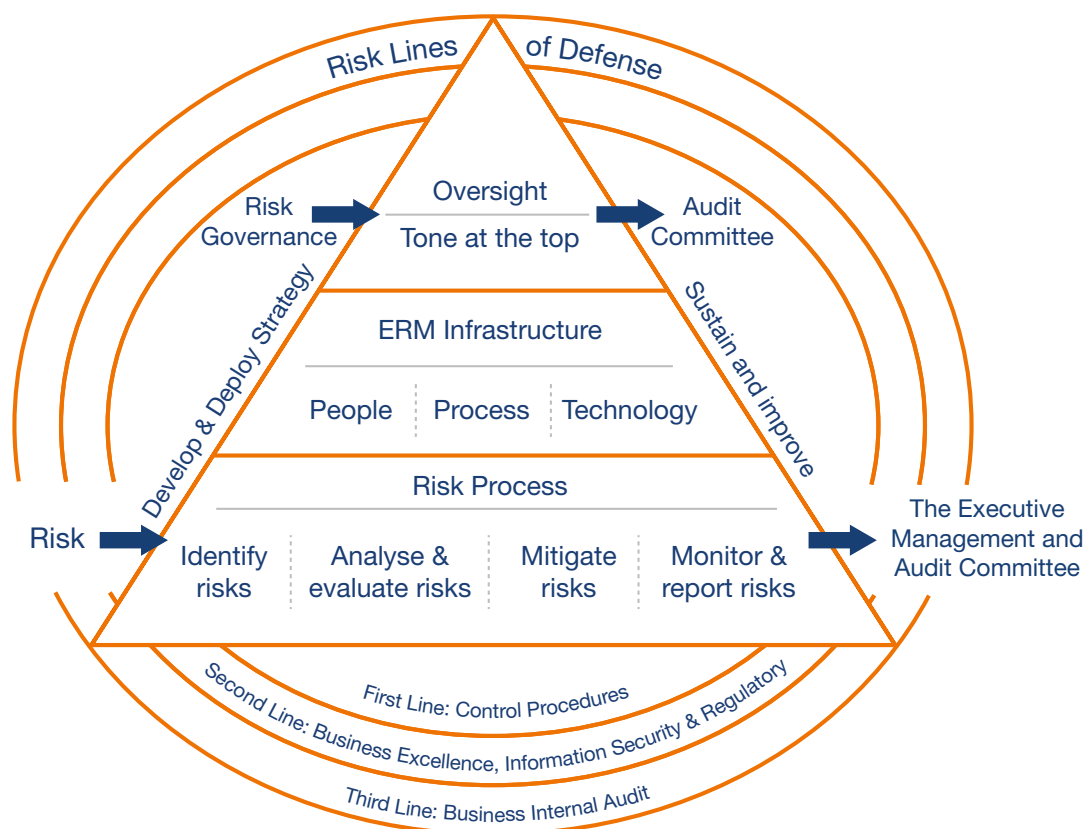
The ultimate goal of the risk management framework is to optimize the risk exposure while accepting some degree of risks in the pursuit of DFM's vision, mission, and business objectives. DFM's risk appetite varies according to the undertaken activity and any acceptable risk is always subject to a cost-benefit analysis before approval coupled with established sensible measures to mitigate risks.

Within this framework, DFM has developed a systematic process to identify, analyze and evaluate the strategic and operational risks it faces while conducting business. Starting with its employees, a risk-reporting network has been established, this has been implemented through the application of the

whistle-blowing policy and the appointment of a risk champion at each market segment. Once the risk has been identified, it is recorded and tracked through the risk register. DFM continuously develops its risk management framework by providing a series of risk

awareness workshops and assigning different roles and responsibilities to risk champions identified in each department. In the diagram below, we depict the overall process of DFM's risk management.

Integrated Risk Management Framework



Key Risks at a Glance

As any corporation, the Dubai Financial Market faces different types of risks that are divided into strategic risks and manageable business risks. The external environment affects the strategic risks, while the manageable business risks comprise operational, financial and compliance risks all of which are managed by the DFM's operational units on a

regular basis. These units successfully managed the repercussions imposed by the Covid -19 pandemic, as the market was able to seamlessly carry on with its operations and provide its services without any interruption. Examples of internal bodies are the Insider Trading Committee and the Audit Committee. The following are the main risk categories and how DFM manages each:

Risk Category	Risk Explanation	Risk Management
Strategic Risks	Risks that affect the long-term performance of the organization including external factors that jeopardize the ability to execute the strategy and to realize the going concern of the DFM. These include, but are not limited to, market risks, competition risks, geo-political risks, reputational risks, products and services related risks, cyber risks, data leakage and privacy risks.	DFM manages changes arising from strategic initiatives with prudence; a comprehensive risk assessment to insulate DFM operations from any adverse and unintended consequences from such risks is set in place. DFM Board of Directors and the Audit Committee continuously revise the strategy and associated risks to ensure it is up-to-date and that the business divisions are fit to generate economic value. The Board also analyzes the competitive landscape and its implications on the progress of high-impact strategic initiatives.
Financial Risks	DFM is exposed to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Calculated risk is core to the financial business, and operational risks are an inevitable consequence of being in business. DFM aims, therefore, to achieve an appropriate balance between risk and return and minimize potential adverse effects on its financial performance.	DFM's risk management policies are designed to identify and analyze these risks, to monitor and set appropriate risk limits and controls. DFM regularly reviews its risk management policies to accommodate changes in markets, products and emerging best practices. The finance department monitors and manages the financial risks relating to the operations of the market through internal risk reports that analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign exchange risk, price risk and profit rate risk), credit risk and liquidity risk.*
Operational Risks	This risk category addresses risks related to the business operations, Information Technology and security, tactical projects, service continuity.	DFM minimizes operational risks that would lead to settlement or market disruption by implementing robust controls that ensure business continuity, where information technology risks and employee risks are periodically reviewed. Becoming certified with the ISO 22301:2012 testifies to DFM's keenness in addressing business continuity related risks.
Compliance Risks	During the course of its work, DFM is exposed to compliance risk where legal penalties, financial forfeiture and material loss an organization can be incurred when it fails to comply with industry laws and regulations.	DFM attaches great importance to the risk of non-compliance, so it works closely with all market participants to comply with regulatory and legal requirements. The market maintains strong relationships with regulators, policy makers (such as the Securities and Commodities Authority and the Ministry of Economy, to name a few). DFM also closely monitors new developments in the regulatory framework, while proactively engaging in discussions and consultations with the respective regulatory authorities to propose changes and provide feedback on regulatory reforms and developments in the market on a regular basis.

* For further details on the financial risks please refer to note 25 of the Consolidated Financial Statements for 2020.

10. Violations committed in 2020, their causes, treatment and avoidance of recurrence

DFM didn't commit any violations during 2020 or during the previous years.

11. DFM's contributions to developing local communities and to environmental protection during 2020

The DFM didn't made any cash or in kind contributions during 2020, however the market

adopted several initiatives to protect the environment and implemented its sustainability strategy.

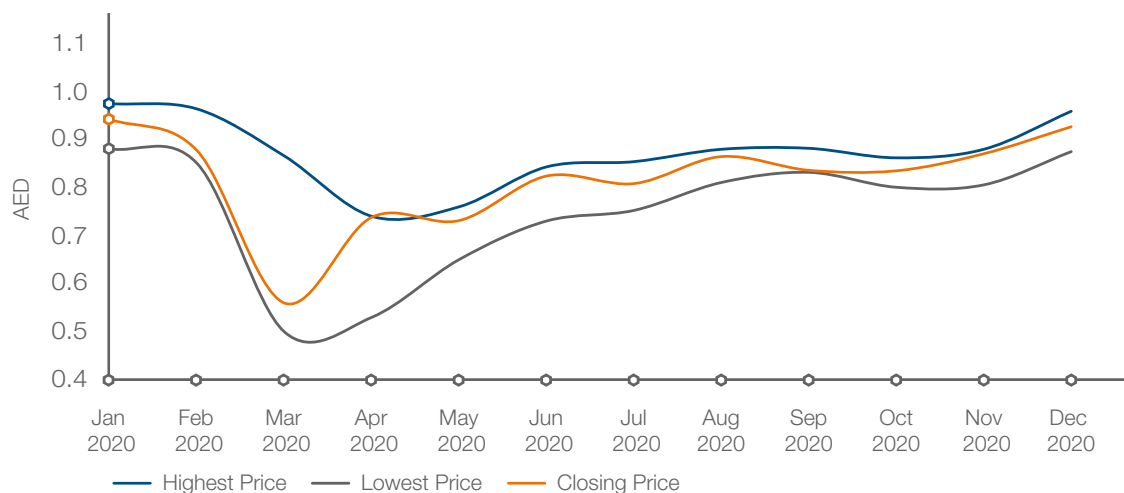
12. General Information

The following is an overview of DFM's most significant share trading information:

A. DFM PJSC share price (Closing, highest and lowest price) at the end of each month of the fiscal year 2020.

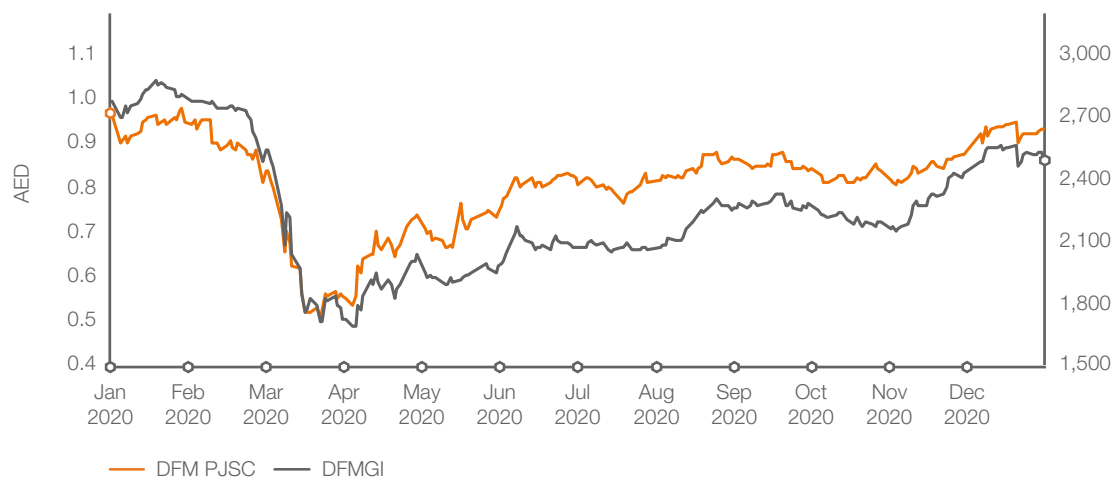
Month	Highest price during the month (AED)	Lowest price during the month (AED)	Closing price at the end of the month (AED)	DFM General Index (Index figure)	F-Investment Index (Index figure)
January	0.979	0.880	0.946	2,567.59	2,184.42
February	0.968	0.850	0.880	2,635.78	2,120.14
March	0.869	0.500	0.558	2,634.86	2,173.89
April	0.742	0.530	0.739	2,767.10	2,210.88
May	0.762	0.650	0.732	2,620.33	2,075.59
June	0.846	0.730	0.826	2,658.63	2,059.06
July	0.857	0.752	0.810	2,918.38	2,329.59
August	0.883	0.810	0.867	2,758.60	2,206.39
September	0.885	0.831	0.838	2,781.07	2,174.75
October	0.865	0.800	0.837	2,746.93	2,193.63
November	0.883	0.805	0.873	2,678.70	2,186.92
December	0.963	0.874	0.930	2,764.86	2,239.80

DFM PJSC Share Price Movement

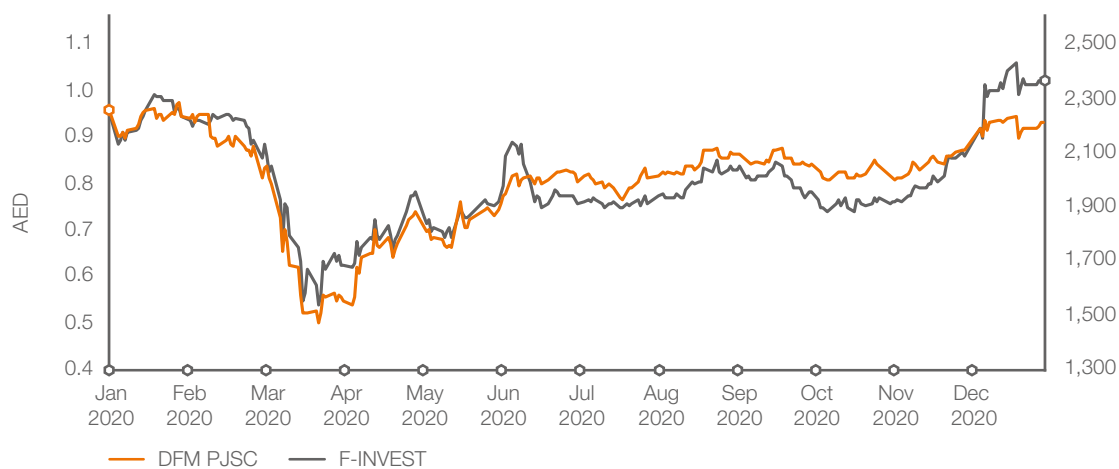


B. DFM PJSC share performance compared to DFM General Index and Sector Index during 2020:

DFM PJSC Share Price Performance Compared to DFM Index during 2020



DFM PJSC Share Price Performance Compared to Financial Sector Index during 2020



C. Shareholders' ownership breakdown classified in terms of nationality and type as of 31st December 2020:

Shareholders' Classification	Percentage of Ownership*			
	Individuals	Companies	Government	Total
Local	8.04%	85.87%	0.01%	93.93%
Arabs**	2.17%	0.85%	-	3.02%
Foreign	1.04%	2.01%	-	3.05%
Total	11.25%	88.73%	0.01%	100%

* Sum of percentages might not add up due to rounding.

** The shareholders' classification in the Arabs category combines nationalities of both the GCC and the Arabs.

D. Shareholders holding 5% or more of DFM PJSC's capital as of 31st December 2020 are as follows:

Name	No. of Owned Shares	Ownership
Borse Dubai	6,453,000,000	80.6625%

E. Shareholders' ownership breakdown in terms of size as of 31st December 2020:

Share Ownership	No. of Shareholders	No. of Owned Shares	Percentage of Ownership*
Less than 50,000	23,874	125,948,622	1.57%
50,000 to less than 500,000	1,755	251,591,182	3.15%
500,000 to less than 5,000,000	343	426,703,195	5.33%
More than 5,000,000	51	7,195,757,001	89.95%
Total	26,023	8,000,000,000	100.00%

*Sum of percentages might not add up due to rounding.

F. Investor Relations Controls

DFM was the first company to place great importance on investor relations since 2008. It established a dedicated division for Investor Relations, DFM also created a dedicated webpage for this purpose, where it publishes information related to its strategy, share price analysis, the Board of Directors information, news and events, analysts' list, financial reports, governance reports, unclaimed dividends, Zakat shares, and Investor Relations Officer contact details. In a move to enhance communication with investors, DFM also launched a smartphone application for investor relations.

For further information, please contact Investor Relations Officer:

Mrs. Haneen Nashashibi

Tel.: +971 4 305 5650

Fax: +971 4 305 5191

E-mail: IR@dfm.ae

Or visit DFM Website at www.dfm.ae/ir

G. Significant special resolutions presented in the 2020 Annual General Assembly Meeting and implemented procedures.

The Annual General Assembly Meeting for the year 2019, which was held on 25th March 2020, approved the following special resolutions:

1. Enter into transactions with related parties (companies subject to ownership or government participation) provided that such deals do not exceed 30% of the DFM's capital and that these transactions are presented to the Annual General Assembly Meeting in the future for approval.
2. Amend articles (1), (2), (5), (18), (19), (21), (25), (28), (29), (30), (34), (36), (37), (39), (42), (46), (47) of DFM's Articles of Association and to add a new article No. (34).

H. Board Secretary.

- **Name of the Board Secretary:** Mr. Haitham Mohamed El Gebali
- **Appointment Date:** Appointed as a Board Secretary on 15th December 2019.

- **Qualifications and experience:** Mr. El Gebali holds a BA in public law and a Master's degree in Private Law, in addition to high diploma in Economics and Public Finance from Egypt universities, licensed as Compliance Manager from the Securities and Commodities Authority, and a member of the Chartered Institution for Securities and Investment, UK. London.

Mr. Haitham is a lawyer and legal consultant with more than 20 years' experience in the field of law and legal advice. Prior to joining the Dubai Financial Market, Mr. Haitham served as Group General Counsel of Tilal Investment Group, and from 2010 to 2018 Legal and Compliance Counsel to SHUAA Capital (PJSC), and from 2006 to 2010 General Counsel for Al-Ramz Corporation PJSC (Formally Al Ramz Securities).

Mr. Gebali, has extensive legal experience in the capital markets, as well as his experience in the field of arbitration and litigation in the United Arab Emirates and the Gulf region.

I. The DFM did not face any event that could be described as material/significant during 2020.

J. Emiratization percentage at DFM





Year	Percentage of Emiratization
2018	58%
2019	58%
2020	57%

K. Innovative projects and initiatives during 2020

The DFM carried out several innovative projects and initiatives during 2020, mostly focused on improving the market technical infrastructure, while introducing a bundle of new services and launching new listing platforms as well as applying best practices that ensure the sustainability of governance.

The following are the delivered projects during 2020:

- Formation of Dubai Clear LLC as the first independent central counterparty clearing in the region.
- Announcing launch preparations for "Nasdaq Dubai Growth Market" to empower companies in new economies as well as small and medium size entities.
- Issuing listing and trading guidelines for shares of free zone companies.
- Formation of Dubai CSD LLC as the first independent company for central depository of securities.
- Launching UAE ESG Index.
- Launching futures trading platform on individual securities.
- Listing of an Exchange-Traded Fund (ETF).
- Developing the trading technical infrastructure through the successful transfer to the comprehensive Nasdaq Financial Framework (NFF).

Signature of the Board Chairman	Signature of the Audit Committee Chairman	Signature of the Nomination and Remuneration Committee Chairman	Signature of the Head of Internal Control Department
			
Date: 02/02/2021	Date: 02/02/2021	Date: 02/02/2021	Date: 02/02/2021



Fatwa and Shari'a Supervisory Board Report

Introduction of the Fatwa and Shari'a Supervisory Board

Dr. Abdullah Salem Al Taha and Dr. Musa Khory have joined DFM Fatwa and Shari'a Supervisory Board in November 2020, where Dr. Abdullah Salem Al Taha chaired the Fatwa and Shari'a Supervisory Board through the election that took place in the December 2020 meeting.

Accomplishments of Fatwa and Shari'a Supervisory Board during 2020

Market Standards

The members of the Fatwa and Shari'a Supervisory Board agreed to further review the DFM Standard for Investment Funds, in preparation for its final issuance, and they also agreed to review all market standards consecutively and revise them whenever required.

Shari'a Supervision

The Fatwa and Shari'a Supervisory Board reviewed the reports prepared by the Shari'a Auditing Section at DFM and provided its recommendations before approving.

Fatwas

The Fatwa and Shari'a Supervisory Board commented on all Shari'a-related inquiries that were raised during 2020, whether by DFM Management or by external parties.

Classification of Listed Companies

The Fatwa and Shari'a Supervisory Board reviewed and adopted the classifications of companies listed on both the Dubai Financial Market and Nasdaq Dubai, according to their Shari'a compliance. The classification is prepared by the Shari'a Auditing Section in accordance with DFM Standard on Issuing, Acquiring and Trading Shares.

Review of 2019 Zakat Calculation

The Fatwa and Shari'a Supervisory Board has reviewed and approved the calculation of Zakat for DFM PJSC, payable for 2019, which was prepared by the Shari'a Auditing Section, in light of DFM Zakat account. Subsequently, the Board has invited DFM shareholders to pay the Zakat during the Annual General Assembly Meeting held in 2020.

Calculation of non-Shari'a-compliant income for 2019

The Fatwa and Shari'a Supervisory Board reviewed and approved the total amount of non-Shari'a-compliant income for 2019 and the proportion of each share.

Dr. Abdullah Salem Al Taha

Chairman of Fatwa and Shari'a Supervisory Board
Dubai Financial Market

05. Consolidated Financial Statements



Independent Auditor's Report to the shareholders of Dubai Financial Market P.J.S.C.

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Dubai Financial Market P.J.S.C. (the "Company" or "DFM") and its subsidiaries (together the "Group") as at 31 December 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2020;
- the consolidated statement of income for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements that are relevant to our audit of the consolidated financial statements in the United Arab Emirates. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Our audit approach

Key audit matters

- Impairment of goodwill and other intangible assets

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where

management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements

as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p>Impairment of goodwill and other intangible assets</p> <p>We considered goodwill and other intangible assets of AED 2.9 billion and AED 2 billion respectively as at 31 December 2020 to be a key audit matter because of their significance and the judgement involved in testing such items for impairment. Together they account for 49% of the total assets of the Group and any impairment charge could have a material impact on the reported financial performance of the Group and on their carrying values in the consolidated statement of financial position.</p> <p>In accordance with International Accounting Standards (IAS) 36, goodwill is required to be tested annually for impairment. If impairment indicators are identified, its carrying amount is reduced to its estimated recoverable amount which is defined under IAS 36 as the higher of an asset's or cash generating unit's fair value less cost to sell and its value in use. Management has determined that the fair value less cost to sell exceeded the carrying amount.</p> <p>For other intangible assets, at the end of each reporting period, an entity is required to assess whether there is any indication that an asset may be impaired or if there is a change in the estimated useful life.</p> <p>Management of the Group have carried out impairment assessments of goodwill and other intangible assets. In the case of goodwill, management considers the Group to comprise just one cash generating unit as defined by IAS 36.</p>	<p>Goodwill was tested by management for impairment at 31 December 2020, by comparing the net assets of DFM at that date to the fair value less cost to sell of DFM, based on its quoted market price at 31 December 2020.</p> <p>We re-performed management's impairment assessment of goodwill including the review of the underlying assumptions.</p> <p>We assessed management's identification of DFM as a single cash generating unit based on our understanding of the Group's business and the requirements of IFRS.</p> <p>We reviewed management's estimate of the useful economic life of the stock exchange license, which is the most significant component of other intangible assets. Our review was based on the analysis of relevant factors relating to the expected period over which the stock exchange license is expected to generate cash inflows to the Group. We also compared the appropriateness of the useful life of the stock exchange license to similar licenses of other stock exchanges.</p> <p>We assessed the consolidated financial statement disclosures to ensure compliance with IAS36.</p>

Refer to Notes 4.2, 4.3, 5 and 6 to the consolidated financial statements for details.

Other information

Management is responsible for the other information. The other information comprises the Chairman's Statement and the Group's Annual Report (but doesn't include the consolidated financial statements and our auditor's report thereon), which are expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Chairman's Statement and the Group's Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of management and those charged with governance for the consolidated financial statements

The management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards and their preparation in compliance with the applicable provisions of the UAE Federal Law No. (2) of 2015, and for such internal control as management determines is necessary to enable the preparation of consolidated

financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial



statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the

underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Further, as required by the UAE Federal Law No. (2) of 2015, we report that:

- we have obtained all the information we considered necessary for the purposes of our audit;
- the consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No. (2) of 2015;
- the Group has maintained proper books of account;
- as disclosed in note 25.5 to the consolidated financial statements the Group has not purchased any shares during the financial year ended 31 December 2020;
- note 15 to the consolidated financial statements discloses material related party transactions, and the terms under which they were conducted;
- as disclosed in Note 29 to the consolidated financial statements, the Group has not made any material monetary social contributions during the financial year ended 31 December 2020; and
- based on the information that has been made

available to us, nothing has come to our attention which causes us to believe that the Group has contravened during the financial year ended 31 December 2020 any of the applicable provisions of the UAE Federal Law No. (2) of 2015 or in respect of the Company, its Articles of Association, which would materially affect its activities or its financial position as at 31 December 2020.

PricewaterhouseCoopers

2 February 2021



Douglas O'Mahony

Registered Auditor Number 834

Place: Dubai, United Arab Emirates



Consolidated statement of financial position

as at 31 December 2020

	Notes	2020 AED'000	2019 AED'000
ASSETS			
Non-current assets			
Goodwill	6	2,878,874	2,878,874
Other intangible assets	6	2,033,609	2,090,098
Property and equipment	7	351,858	344,863
Financial assets measured at fair value through other comprehensive income (FVOCI)	8	800,635	850,198
Investment at amortised cost	9	166,075	175,489
Investment deposits	10	241,054	257,311
Total non-current assets		6,472,105	6,596,833
Current assets			
Prepaid expenses and other receivables	11	157,005	83,855
Investment deposits	10	2,851,501	2,791,122
Cash and cash equivalents	12	420,675	209,101
Total current assets		3,429,181	3,084,078
Total assets		9,901,286	9,680,911
EQUITY AND LIABILITIES			
Equity			
Share capital	13	8,000,000	8,000,000
Treasury shares		(4,364)	(4,364)
		7,995,636	7,995,636
Investments revaluation reserve – FVOCI	14	(841,395)	(803,542)
Statutory reserve	14	468,062	454,272
Retained earnings		152,964	224,424
Equity attributable to owners of the company		7,775,267	7,870,790
Non-controlling interest		25,275	20,576
Total equity		7,800,542	7,891,366
Non-current liabilities			
Subordinated loan	15	30,490	29,098
Lease liabilities	16	17,156	26,656
Provision for employees' end of service benefits	17	25,545	23,200
Total non-current liabilities		73,191	78,954
Current liabilities			
Payables and accrued expenses	18	1,545,561	1,235,037
Dividends payable	15, 19	469,588	469,588
Due to related parties	15	12,404	5,966
Total current liabilities		2,027,553	1,710,591
Total liabilities		2,100,744	1,789,545
Total equity and liabilities		9,901,286	9,680,911

These consolidated financial statements were approved on 2 February 2021 by the Board of Directors and signed on its behalf by:



 Chairman

The notes on pages 99 to 127 form an integral part of these consolidated financial statements. The independent auditor's report is set out on page 88-92.



Consolidated statement of income

For the year ended 31 December 2020

	Note	2020 AED'000	2019 AED'000
Income			
Trading commission fees		157,905	129,058
Brokerage fees		15,518	18,545
Clearing, settlement and depository fees		43,128	22,967
Listing and market data fees		10,212	9,636
Other Fees		5,335	6,765
Operating income		232,098	186,971
Investment income	20	114,868	140,233
Other income		4,867	(97)
Total income		351,833	327,107
Expenses			
General and administrative expenses	21	(149,292)	(145,026)
Amortisation of other intangible assets	6	(56,489)	(56,489)
Interest expense	15, 16	(3,453)	(3,544)
Operating expenses		(209,234)	(205,059)
Net profit for the year		142,599	122,048
Profit attributable to:			
Owners of the company		137,900	120,609
Non-controlling interest		4,699	1,439
		142,599	122,048
Basic and Diluted Earnings per share – AED	22	0.017	0.015

The notes on pages 99 to 127 form an integral part of these consolidated financial statements.
The independent auditor's report is set out on page 88-92.

Consolidated statement of comprehensive income

For the year ended 31 December 2020

	2020 AED'000	2019 AED'000
Net profit for the year	142,599	122,048
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Fair value changes on financial assets measured at fair value through other comprehensive income (FVOCI)	(58,294)	10,763
Total comprehensive income for the year	84,305	132,811
Attributable to:		
Owners of the Company	79,606	131,372
Non-controlling interest	4,699	1,439
	84,305	132,811

The notes on pages 99 to 127 form an integral part of these consolidated financial statements.
The independent auditor's report is set out on page 88-92.



Consolidated statement of changes in equity

For the year ended 31 December 2020

	Share Capital AED'000	Treasury shares AED'000	Investments revaluation reserve FVOCI AED'000	Statutory reserve AED'000	Retained earnings AED'000	Attributable to owners of the company AED'000	Non- controlling interest AED'000	Total AED'000
As at 1 January 2019	8,000,000	(4,364)	(815,844)	442,211	142,249	7,764,252	19,137	7,783,389
Net profit for the year	-	-	-	-	120,609	120,609	1,439	122,048
Fair value changes on financial assets measured at fair value through other comprehensive income (FVOCI)	-	-	10,763	-	-	10,763	-	10,763
Total comprehensive income for the year	-	-	10,763	-	120,609	131,372	1,439	132,811
Transactions with owners of the Company								
Dividends declared, net of appropriation of non-shari'a compliant income (Note13)	-	-	-	-	-	-	-	-
Appropriation of non-shari'a compliant income (Note 24)	-	-	-	-	(24,801)	(24,801)	-	(24,801)
Transfer to statutory reserve (Note 14)	-	-	-	12,061	(12,061)	-	-	-
Realised loss on disposal of investments	-	-	1,539	-	(1,539)	-	-	-
Zakat	-	-	-	-	(33)	(33)	-	(33)
As at 31 December 2019	8,000,000	(4,364)	(803,542)	454,272	224,424	7,870,790	20,576	7,891,366
As at 1 January 2020	8,000,000	(4,364)	(803,542)	454,272	224,424	7,870,790	20,576	7,891,366
Net profit for the year	-	-	-	-	137,900	137,900	4,699	142,599
Fair value changes on financial assets measured at fair value through other comprehensive income (FVOCI)	-	-	(58,294)	-	-	(58,294)	-	(58,294)
Total comprehensive income/(loss) for the year	-	-	(58,294)	-	137,900	79,606	4,699	84,305
Transactions with owners of the Company								
Dividends declared, net of appropriation of non-shari'a compliant income (Note13)	-	-	-	-	(152,554)	(152,554)	-	(152,554)
Appropriation of non-shari'a compliant income (Note 24)	-	-	-	-	(22,539)	(22,539)	-	(22,539)
Transfer to statutory reserve (Note 14)	-	-	-	13,790	(13,790)	-	-	-
Realised loss on disposal of investment	-	-	20,441	-	(20,441)	-	-	-
Zakat	-	-	-	-	(36)	(36)	-	(36)
As at 31 December 2020	8,000,000	(4,364)	(841,395)	468,062	152,964	7,775,267	25,275	7,800,542

The notes on pages 99 to 127 form an integral part of these consolidated financial statements.
The independent auditor's report is set out on page 88-92.

Consolidated Statement of Cash Flows

For the year ended 31 December 2020

	Note	2020 AED'000	2019 AED'000
Cash flows from operating activities			
Net profit for the year		142,599	122,048
Adjustments for:			
Depreciation of property and equipment	7	23,154	21,604
Provision for employees' end of service benefits	17	2,449	2,512
Amortisation of other intangible assets	6	56,489	56,489
Interest expense		3,453	3,544
Revenue from investment deposits	20	(104,870)	(127,348)
Dividend revenues	20	(9,998)	(12,885)
Operating cash flow before changes in operating assets and liabilities		113,276	65,964
Changes in:			
Prepaid expenses and other receivables		34,325	(1,019)
Due to a related party		6,439	(4,177)
Payables and accrued expenses		239,457	88,742
Cash generated from operations		393,497	149,510
Employees' end of service benefits paid	17	(104)	(700)
Net cash generated from operating activities		393,393	148,810
Cash flows from investing activities			
Proceeds from sale and redemption of investments		21,712	22,977
Investments in sukuk and other financial assets measured at FVOCI		(55,646)	(100,403)
Net purchase of property and equipment	7	(30,148)	(25,017)
Net investment deposits (excluding cash and cash equivalents & non cash transactions)		(44,122)	(218,535)
Investment deposit revenue received		127,377	118,971
Dividend received	20	9,998	12,885
Net cash generated from/(used in) investing activities		29,171	(189,122)
Cash flows from financing activities			
Dividends paid to shareholders	19	(196,806)	(20,000)
Lease Liabilities	16	(14,184)	(11,530)
Net cash used in financing activities		(210,990)	(31,530)
Net increase/(decrease) in cash and cash equivalents		211,574	(71,842)
Cash and cash equivalents at the beginning of the year		209,101	280,943
Cash and cash equivalents at the end of the year	12	420,675	209,101

During the year ended 31 December 2020, the principal non-cash transactions relate to the recognition of right-of-use assets and lease liability amounting to AED 26 million (2019: AED 38 million) and AED 27 million (2019: AED 47 million) respectively, following the adoption of IFRS 16. (Refer to Note 16)

The notes on pages 99 to 127 form an integral part of these consolidated financial statements.
The independent auditor's report is set out on page 88-92.



Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

1. Establishment and operations

Dubai Financial Market (DFM) - PJSC (the "Company") is a public joint stock company incorporated in the Emirate of Dubai – United Arab Emirates, pursuant to decree No. 62 for the year 2007 issued by the Ministry of Economy on February 6, 2007, and is subject to the provisions of the UAE Federal Law No. (2) of 2015 (Companies Law). The Company received its registration under Federal Law No. 4 of 2000 with the Securities and Commodities Authority ('SCA') on November 4, 2000.

The licensed activities of the Company are trading in financial instruments, acting as a commercial, industrial and agricultural holding and trust company, financial investment consultancy, and brokerage in local and foreign shares and bonds. In accordance with its Articles of Association, the Company complies with the provisions of Islamic Shari'a in all its activities and operations and invests its funds in accordance with these provisions.

The Company's shares are listed on the Dubai Financial Market ("DFM").

The Company currently operates the Dubai stock exchange, related clearing house and carries out investment activities on its own behalf. The registered address of the Company is Dubai World Trade Center, Sheikh Zayed Road, P.O. Box 9700, Dubai.

The ultimate parent and controlling party is the Government of Dubai which owns 80.66% (2019: 80.66%) of DFM through Borse Dubai Limited (the "Parent"), a Government of Dubai entity.

These consolidated financial statements comprise DFM – (PJSC) and its subsidiaries (together referred to as "the Group"). Details of the subsidiaries are as follows:

Company name	Activity	Country of incorporation	Ownership held
Dubai Central Clearing and Depository Holding LLC*	Holding Company	U.A.E	100%
Nasdaq Dubai Limited**	Electronic Financial Market	U.A.E	67% ***

*Dubai Central Clearing and Depository Holding LLC has the following subsidiaries:

Company name	Activity	Country of incorporation	Ownership held
Dubai Clear LLC	Securities Central Clearing Service	U.A.E	100%
Dubai Central Securities Depository LLC	Securities Depository Services	U.A.E	100%

**Nasdaq Dubai Limited has the following subsidiary:

Company name	Activity	Country of incorporation	Ownership held
Nasdaq Dubai Guardian Limited	Bare nominee solely on behalf of Nasdaq Dubai Limited	U.A.E	100%

***The remaining 33% is held by Borse Dubai Limited (Note 23).

2. Basis of preparation

The Group has consistently applied the following accounting policies to all years presented in these consolidated financial statements.

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting standards ("IFRS") as issued by International Accounting Standard Board ("IASB"), and applicable provisions of the UAE Federal law No. 2 of 2015 ("UAE Companies Law of 2015").

Federal Decree Law No. 26 of 2020 which amends certain provisions of Federal Law No. 2 of 2015 on Commercial Companies was issued on 27 September 2020 and the amendments came into effect on 2 January 2021. The Company is in the process of reviewing the new provisions and will apply the requirements thereof no later than one year from the date on which the amendments came into effect.

(b) Basis of measurement

The consolidated financial statements have been prepared under the historical cost convention, except for financial assets measured at fair value through other comprehensive income (FVOCI).

(c) Functional and presentation currency

The consolidated financial statements are prepared and presented in United Arab Emirates Dirham (AED) which is the Group's functional and presentation currency and are rounded off to the nearest thousands ("000") unless otherwise indicated.

(d) Use of estimates and judgements

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgments and estimates that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses.

Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the consolidated financial statements are disclosed in note 5.

(e) Impact of Covid-19

Since early January 2020, the Covid-19 outbreak has spread across the globe and is causing ongoing disruption to business and economic activity, resulting in substantial government and central bank relief actions and support measures in many countries to protect the economy. There has not been any material impact on the Group's business performance as of 31 December 2020, however the Company will continue to monitor the situation as it evolves in order to assess any potential financial impact.

3. Application of new and revised International Financial Reporting Standards ("IFRS")

(a) New and revised IFRS applied on the consolidated financial statements

The following new and revised IFRS, which became effective for annual periods beginning on or after 1 January 2020, have been adopted in these consolidated financial statements. The application of these revised IFRSs, except where stated, have not had any material impact on the amounts reported for the current and prior years.

- **Amendments to IFRS 3** - This amendment revises the definition of a business. According to



feedback received by the IASB, application of the current guidance is commonly thought to be too complex, and it results in too many transactions qualifying as business combinations.

- **Amendments to IAS 1 and IAS 8** - These amendments to IAS 1, 'Presentation of financial statements', and IAS 8, 'Accounting policies, changes in accounting estimates and errors', and consequential amendments to other IFRSs: i) use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting; ii) clarify the explanation of the definition of material; and iii) incorporate some of the guidance in IAS 1 about immaterial information.
- **Amendments to IFRS 9, IAS 39 and IFRS 7** – Interest rate benchmark reform - These amendments provide certain reliefs in connection with interest rate benchmark reform. The reliefs relate to hedge accounting and have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement. Given the pervasive nature of hedges involving IBOR based contracts, the reliefs will affect companies in all industries.
- **Amendments to Conceptual framework** – The IASB has issued a revised Conceptual Framework which will be used in standard-setting decisions with immediate effect. Key changes include:
 - increasing the prominence of stewardship in the objective of financial reporting
 - reinstating prudence as a component of neutrality
 - defining a reporting entity, which may be a legal entity, or a portion of an entity
 - revising the definitions of an asset and a liability
 - removing the probability threshold for recognition and adding guidance on derecognition
 - adding guidance on different measurement basis, and

- stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements.

- **Amendment to IFRS 16, 'Leases'** – Covid-19 related rent concessions - As a result of the coronavirus (Covid-19) pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. On 28 May 2020, the IASB published an amendment to IFRS 16 that provides an optional practical expedient for lessees from assessing whether a rent concession related to Covid-19 is a lease modification. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.

b) New and revised IFRS in issue but not yet effective and not early adopted

- **Amendments to IAS 1, Presentation of financial statements' on classification of liabilities (Effective date 1 January 2022)** - These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.

The Group is currently assessing the impact of the above amendments.

There are no other applicable new standards and amendments to published standards or IFRIC interpretations that have been issued but are not effective for the first time for the Group's financial period beginning on 1 January 2020 that would be expected to have a material impact on the consolidated financial information of the Group.

4. Summary of significant accounting policies

4.1 Consolidation

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

The Group applies the acquisition method to account for business combinations. The consideration given for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration given includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group

recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred except if related to the issue of debt or equity securities.

If the business combination is achieved in stages, the carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in the consolidated statement of Income.

Goodwill is initially measured as the excess of the aggregate of the consideration given and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in the consolidated statement of Income.

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition and up to the effective date of disposal, as appropriate.

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Loss of Control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in the consolidated statement of income. Any interest retained in the former subsidiary is measured at fair value when control is lost.

4.2 Other intangible assets

Other intangible assets acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in the consolidated statement of income.

The estimated useful lives for current and comparative periods are as follows:

License to operate as a Stock Exchange	50 years
--	----------

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

4.3 Goodwill

Goodwill represents the excess of the consideration transferred over interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

4.4 Property and equipment

Property and equipment are measured at cost less accumulated depreciation and any identified impairment loss. The initial cost of property and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

The carrying amount of the land is its initial fair value together with any incidental costs. Subsequent to the initial recognition, the land is carried at historical cost less accumulated impairment and is not depreciated. Subsequent costs are included in the land's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in consolidated statement of income. Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

	Years
Computers and information systems	3-5
Leasehold improvements	7
Furniture and office equipment	3-10
Motor vehicles	4
Right-of-use assets	3-5

Depreciation method, useful lives and assets' residual values are reviewed at each reporting date and adjusted if appropriate.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in the consolidated statement of income.

Capital work in progress is stated at cost and is transferred to the appropriate asset category when it is available for use and is depreciated in accordance with the Group's accounting policy.

4.5 Cash and cash equivalents and investment deposits

Cash and cash equivalents and investment deposits are initially recognised at fair value and measured subsequently at amortised cost using the effective interest method. Impairment of amounts due from financial institutions and investment deposits is assessed as outlined in the accounting policy on financial assets.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand, current, saving and mudarabah accounts with banks and investment deposits with an original maturity of less than three months.

4.6 Financial instruments

(i) Recognition and initial measurement

Financial assets and financial liabilities are recognised when they are originated and the Group becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

(ii) Classification and subsequent measurement

(a) Financial assets

On initial recognition, a financial asset is classified as measured at amortised cost; FVOCI – debt investment; FVOCI – equity instrument; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the instrument give rise to cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:



- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in Other Comprehensive Income ("OCI"). This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether Group management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;

- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Subsequent measurement and gains and losses:

Financial assets at amortised cost are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in the consolidated statement of income. Any gain or loss on derecognition is recognised in the consolidated statement of income.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in the consolidated statement of income. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in

OCI are reclassified to the consolidated statement of income.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognised as income in the consolidated statement of income (Note 20) unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to the consolidated statement of income.

Derecognition of financial assets:

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its consolidated statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

(i) Non-derivative financial assets

Impairment of financial assets

The Group recognises loss allowances Expected Credit Loss ("ECL") on:

- financial assets measured at amortised cost; and
- debt investments measured at FVOCI;

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12

months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI. All financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in the consolidated statement of income. Any gain or loss on derecognition is also recognised in the consolidated statement of income.

Derecognition of financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in the consolidated statement of income.

4.7 Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

4.8 Impairment on non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash generating unit ("CGU") is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in the consolidated statement of income. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

4.9 Employees' end of service benefits

Provision is also made for the full amount of end of service benefit due to non-UAE national employees in accordance with the UAE Labour Law, for their period of service up to the end of the year. The provision relating to end of service benefit is disclosed as a non-current liability.

U.A.E. National employees in the United Arab Emirates are members of the Government-managed retirement pension and social security benefit scheme. As per Federal Labour Law No. 7 of 1999, the Group is required to contribute between 12.5% - 15% of the "contribution calculation salary" of U.A.E. payroll costs to the retirement benefit scheme to fund the benefits.

U.A.E. National employees are also required to contribute 5% of the "contribution calculation salary" to the scheme. The only obligation of the Group with respect to the retirement pension and social security scheme is to make the specified contributions. The contributions are charged to the consolidated statement of income.

The Group provides for staff terminal benefits based on an estimation of the amount of future benefit that employees have earned in return for their service until their retirement. This calculation is performed based on a projected unit credit method.

4.10 Provisions

A provision is recognised in the consolidated statement of financial position when the Group has a legal or constructive obligation as a result of past events, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the

obligation. Provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The unwinding of the discount is recognised as finance cost. Changes in the estimated timing or amount of the expenditure or discount rate are recognised in the consolidated statement of profit or loss when the changes arise.

4.11 Share capital

Ordinary shares

Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

Treasury shares

When shares recognised as equity are unallotted, these are recognised as a deduction from equity. Unallotted shares are classified as treasury shares and are presented in the treasury share reserve. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity and the resulting surplus or deficit on the transaction is presented within share premium.

4.12 Revenue recognition

Performance obligations and revenue recognition policies

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a good or service to a customer. The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

Type of service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Trading Commission Fees	Trading Commission Fees represents the fees charged by DFM on each trade (both buy and sell) undertaken by the brokers as per laws & regulations of SCA.	Trading commission fees are recognised at the time when the underlying trade has been consummated.
Brokerage fees	Invoices are issued to broker based on annual/daily subscription and are payable on presentation.	Revenue is recognised at the time when the broker utilises the services provided by DFM. i.e over the period of the annual subscriptions.
	Brokerage revenue comprises of various license and services provided to the broker.	Revenue for one-time services are recognised at the time when the service is provided to the broker.
Listing and Market Data Fees	Listing fee is charged to companies that list their stocks on DFM.	Revenue is recognised over the period of the listing and the period for which the customer has access to the market data feed as per the contract period.
	Market Data Fees is charged for the use of DFM's market data.	
	The listing and market data fee is applicable for one year or monthly basis and is payable on presentation of the invoice.	
Clearing, Depository and Settlement Fees	These services are subscribed by a customer on daily/annual basis which is payable on presentation of the invoice.	Revenue is recognised at the time when the underlying service is provided to the customer/company.
Other fees	Invoices are issued based on customer/companies request and are payable on presentation of the invoice.	Revenue is recognised at the time when the underlying service is provided to the customer/company.

4.13 Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of income.

4.14 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of

time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

i. As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which



comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index

or a rate, initially measured using the index or rate as at the commencement date;

- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the consolidated statement of income if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets in 'property and equipment' and non-current lease liabilities in the statement of financial position and current lease liability in payables and accrued expenses.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

5. Critical accounting estimates and judgments

In the application of the Group's accounting policies, which are described in Note 4 to these consolidated financial statements, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical accounting estimates and judgments, that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in consolidated financial statements.

Valuation of unquoted equity investments

Valuation of unquoted equity investments is normally based on recent market transactions on an arm's length basis, fair value of another instrument that is substantially the same, expected cash flows discounted at current rates for similar instruments, net asset value of the investee company / funds or other valuation models.

Estimated useful lives of other intangible assets

Management has estimated the useful economic lives of the other intangible assets based on analysis of relevant factors relating to the expected period over which the other intangible assets are expected to generate cash inflows to the Group in the foreseeable future. Management assesses the estimated useful lives on a periodic basis.

Impairment for goodwill and other intangible assets

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed. Refer to note 6 for estimates and judgments.

On an annual basis, the Group determines whether goodwill is impaired. This requires an estimation of the recoverable amount using higher of fair value less costs to sell or value in use of the cash generating units to which the goodwill is allocated. The Group has considered DFM as a single cash generating unit ("CGU") for impairment testing purposes considering it is managed as one unit which is engaged in a single segment of operating stock exchanges and related clearing house. Estimating the fair value less costs to sell requires the Group to make an estimate for the control premium in order to calculate the fair value less costs to sell. Estimating the value in use requires the Group to make an estimate for expected future cash flows from the cash generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

Other intangible assets that are subject to amortisation are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows. Prior impairment of other intangible assets are reviewed for possible reversal at each reporting date.

Impairment of land

On an annual basis, the Group determines whether land is impaired. This requires an estimation of the recoverable amount using higher of fair value less costs to sell or value in use of the land. The fair value less costs to sell of the land is estimated using an independent third party valuer. The value in use calculation requires the Group to make an estimate of the expected future cash flows from the land and the discount rate to be used to calculate the present value of those cash flows.

Depreciation of property and equipment

The cost of property and equipment is depreciated over its estimated useful life, which is based on expected usage of the asset, expected physical wear and tear, which depends on operational factors. The management has not considered any residual value

as it is deemed immaterial. Management assesses the estimated useful lives on a periodic basis.

Impairment loss on trade receivables

At each reporting date, the management uses an allowance matrix to measure the Expected Credit Loss (ECL) of trade receivables. Impairment loss on trade receivables is recognised based on ECL.

Provision for end of service benefits

The Group provides end of service benefits for its expatriate employees in accordance with U.A.E. Labour Law. The entitlement to these benefits is based upon the employees' length of service and completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

Pension and national insurance contributions for the U.A.E. citizens are made by the Group in accordance with Federal Law No. 2 of 2000.

6. Goodwill and other intangible assets

	Goodwill AED'000	License to operate as a stock exchange AED'000
Cost		
At 1 January 2019 and 2020	2,878,874	2,824,455
Amortisation		
At 1 January 2020	-	734,357
Charge for the year	-	56,489
At 31 December 2020	-	790,846
At 1 January 2019	-	677,868
Charge for the year	-	56,489
At 31 December 2019	-	734,357
Carrying amount		
At 31 December 2020	2,878,874	2,033,609
At 31 December 2019	2,878,874	2,090,098

Impairment testing of Goodwill

Determining whether goodwill is impaired requires an estimation of recoverable amount of the cash generating units to which goodwill has been allocated. DFM as a standalone market institution is considered

a single cash generating unit ("CGU") for impairment testing purposes. Management assessed the recoverable amount for the CGU using both value in use ("VIU") model and fair value less costs to sell. They concluded the fair value less costs to sell was greater (2019: fair value less costs to sell was greater).

To arrive at the fair value less costs to sell for the CGU to which goodwill is allocated, the management has used the closing quoted market price as at 31 December 2020 (2019: volume weighted 3 month average quoted market price and closing quoted market price including a control premium)) and a control premium (net of costs to sell) of 15% to calculate the recoverable amount.

The estimated recoverable amount of the CGU as at 31 December 2020 exceeds its carrying amount by approximately AED 756 million (2019: AED 404 million). Management of the Group does not believe that there is any impairment of Goodwill as at the reporting date.

The following key assumptions were used in 2020:

Closing quoted market price as at 31 December 2020	AED 0.93 / share
Control Premium - net of costs to sell	15%

Management has identified that a reasonably possible change in two key assumptions could cause the carrying amount to exceed the recoverable amount. The following table shows the amount by which these three assumptions would need to change individually for the estimated recoverable amount to be equal to the carrying amount.

Change required for carrying amount to equal recoverable amount (In percent)	
Closing quoted market price as at 31 December 2020	8.6%
Control premium - net of costs to sell	66.7%

The Board of the Group believe that the key assumptions are appropriate as at 31 December 2020 and there is no impairment of the goodwill.

7. Property and equipment

CAPITAL WORK-IN-PROGRESS									
	Computers and information systems AED'000	Right-of-use Assets AED'000	Leasehold improvement AED'000	Furniture and office equipments AED'000	Motor vehicles AED'000	Others AED'000	Building under construction AED'000	Land AED'000	Total AED'000
Cost									
At 31 December 2018	122,793	-	23,017	27,894	137	15,282	13,505	231,306	433,934
Additions	1,886	47,005	55	256	-	3,066	19,828	-	72,096
Disposals	(95)	-	-	(79)	-	-	-	-	(174)
Transfers	1,409	-	180	562	-	(2,151)	-	-	-
At 31 December 2019	125,993	47,005	23,252	28,633	137	16,197	33,333	231,306	505,856
Additions	658	-	91	212	-	7,592	22,587	-	31,140
Disposals	(123)	-	(501)	(9)	-	-	-	-	(633)
Transfers	23,064	-	1	21	-	(23,086)	-	-	-
At 31 December 2020	149,592	47,005	22,843	28,857	137	703	55,920	231,306	536,363
Accumulated depreciation									
At 31 December 2018	109,664	-	14,765	14,960	100	-	-	-	139,489
Charge for the year	6,575	9,719	1,701	3,590	19	-	-	-	21,604
Disposals	(74)	-	-	(26)	-	-	-	-	(100)
At 31 December 2019	116,165	9,719	16,466	18,524	119	-	-	-	160,993
Charge for the year	8,925	9,719	1,624	2,868	18	-	-	-	23,154
Disposals	(123)	-	(209)	(8)	-	-	-	-	(340)
Adjustment	698	-	-	-	-	-	-	-	698
At 31 December 2020	125,665	19,438	17,881	21,384	137	-	-	-	184,505
Carrying Amount									
At 31 December 2020	23,927	27,567	4,962	7,473	-	703	55,920	231,306	351,858
At 31 December 2019	9,828	37,286	6,786	10,109	18	16,197	33,333	231,306	344,863



8. Financial assets measured at fair value through other comprehensive income (FVOCI)

	2020 AED'000	2019 AED'000
Designated as equity instruments		
Investment in equity securities	199,194	267,342
Managed funds – Note 8.1	241,321	275,735
Investment in sukuk– Note 8.2	360,120	307,121
	800,635	850,198

The Group has made an irrevocable election to designate investment in equity securities, managed funds and investment in sukuks as FVOCI at initial recognition as per IFRS 9 and subsequent changes in fair value are presented in OCI.

Investments by geographic concentration are as follows:

	2020 AED'000	2019 AED'000
- Within U.A.E.	773,619	821,208
- Outside U.A.E.	27,016	28,990
	800,635	850,198

8.1 Managed funds include funds of AED 218 million (2019: AED 258 million) (Note 15) managed by a shareholder of the parent.

8.2 The investment in sukuk are perpetual instruments, callable at the option of the issuers and are measured at fair value through other comprehensive income. The sukuk carries profit rates ranging from 4.625% to 6.75% per annum (2019: 6.04% to 6.75% per annum), which are payable at the discretion of the issuers.

9. Investment at amortised cost

	2020 AED'000	2019 AED'000
Investment in Sukuk	166,075	175,489

Investment in sukuk in the U.A.E matures in 2-8 years and carry a fixed profit rates ranging from 4.50% - 5.112% per annum (2019: 4.50% - 5.112%) per annum.

10. Investment deposits

	2020 AED'000	2019 AED'000
Current:		
Investment deposits maturing in less than 3 months	186,730	186,730
Investment deposits maturing up to 1 year but more than 3 months	2,664,771	2,604,392
	2,851,501	2,791,122
Non-current:		
Investment deposits maturing after 1 year	241,054	257,311
	3,092,555	3,048,433

- 10.1** Investment deposits are placed with financial institutions in the UAE, and carry profit rates ranging from 1.50% to 2.90% (2019: 2.45% to 4.1%) per annum.
- 10.2** Investment deposits of AED 136.73 million (2019: AED 136.73 million) have been pledged as collateral against unutilised bank overdraft facilities provided to the Group.
- 10.3** Dividends received from and payable on behalf of companies listed on DFM for the investors in DFM myACCOUNT and iVESTOR Card balances aggregates to AED 1,357 million (2019: AED 1,109 million) out of which AED 1,050 million (2019: AED 1,000 million) have been invested in short term deposits, AED 37 million have been invested in investment at amortised cost (2019: AED 40 million) and AED 270 million in the bank's mudarabah and current accounts (2019: AED 69 million).

10.4 Dividend declared and payable by Group to Parent Company amounting to AED 467 million (31 December 2019: AED 467 million) has been invested in investment deposits by the Company.

11. Prepaid expenses and other receivables

	2020 AED'000	2019 AED'000
Accrued income on investment deposits	34,606	57,095
Central counterparty balances (Note 11.1)	109,815	14,497
Prepaid expenses	5,883	5,941
Accrued trading commission fees	1,062	1,644
Other receivables	3,005	2,561
Due from brokers	738	703
VAT receivable on capital expenditure	2,634	1,507
	157,743	83,948
Less: allowance for doubtful debts	(738)	(93)
	157,005	83,855

Net movement in allowance for doubtful debts:

	2020 AED'000	2019 AED'000
Opening balance	93	67
Provision for the year	645	26
Closing balance	738	93

11.1 These balances relate to Dubai Clear Central LLC and Nasdaq Dubai Limited which act as central counterparties for all trades which are usually settled on a T+2 basis.

11.2 The Company does not hold any collateral over prepaid expenses and other receivables.

12. Cash and cash equivalents

	2020 AED'000	2019 AED'000
Cash on hand	148	189
Bank balances:		
Current accounts	209,694	72,575
Savings accounts (Note 12.1)	10	18,559
Mudarabah accounts (Note 10.3 & 12.2)	112,823	42,688
	322,675	134,011
Add : Investment deposits with original maturities not exceeding three months	98,000	75,090
Cash and cash equivalents	420,675	209,101

12.1 The average rate of return on savings accounts is 0.40% per annum (2019: 1.55% per annum).

12.2 The average rate of return on mudarabah account is 0.35% per annum (2019: 0.56% per annum).

12.3 At 31 December 2020, the Group has assessed the recoverability of its cash and cash equivalents and considered provision for expected credit loss to be immaterial.

13. Share capital

	2020 AED'000	2019 AED'000
Authorised, issued and paid up share capital: 8,000,000,000 shares (2019: 8,000,000,000 shares) of AED 1 each (2019: AED 1 each)	8,000,000	8,000,000

The Company has declared dividends of AED 200 million, including Non-Shari'a compliant income of AED 22.5 million for the year ended 31 December 2019 and AED 24.8 million for the year ended 31 December 2018 (Note 24), representing AED 0.025 per share. The dividends of AED 152 million for 2019 (2018: AED Nil) and distribution of non- Shari'a compliant income of AED 22.5 million for 2019 (2018: AED 24.8 million) were approved by the shareholders at the Annual General Meeting held on 25 March 2020.



14. Reserves

Statutory reserve

In accordance with the UAE Federal Law No. 2 of 2015 (Companies Law), the Group has established a statutory reserve by appropriation of 10% of the Company's net profit for each year which will be increased until the reserve equals 50% of the share capital. This reserve is not available for distribution, except as stipulated by the law.

	Statutory reserve AED'000
Balance as of 31 December 2018	442,211
Transfer from net profit for the year 2019	12,061
Balance as of 31 December 2019	454,272
Transfer from net profit for the year 2020	13,790
Balance as of 31 December 2020	468,062

Investments revaluation reserve - FVOCI

The investment revaluation reserve represents accumulated gains and losses arising on the revaluation of financial assets measured at fair value through other comprehensive income.

15. Related party transactions and balances

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

Related parties comprise companies under common ownership or management, key management, businesses controlled by shareholders and directors as well as businesses over which they exercise significant influence. Key management personnel include the heads of various divisions. During the year, the Group entered into transactions with related parties in the ordinary course of business. These transactions were carried out at market rates.

The transactions with related parties and balances arising from these transactions are as follows:

Transactions during the year	2020 AED'000	2019 AED'000
Fellow subsidiaries and associates of the Group		
Investment income	50,570	54,749
Interest expense	1,392	1,268
Other fees	-	159
Dividend income	8,754	8,754
Rent and other fees	8,951	9,034
Interest on lease	1,676	2,042

Compensation of key management personnel

The remuneration of directors and other members of key management during the year were as follows:

Salaries and short-term benefits	8,470	8,700
General pension and social security	960	960
Board of Directors		
- Remuneration to the Nasdaq Dubai Board	907	1,206
- Meeting allowance for the Group	634	809
- DFM board remuneration	2,100	2,100

Balances		
Other related parties		
Managed funds managed by a shareholder of the Parent (Note 8)	218,271	258,008
Other financial assets measured at FVOCI (Note 8)	372,521	342,004
Investment at amortised cost (Note 9)	116,283	125,695
Cash and bank balances (Note 12)	321,691	103,356
Investment deposits (Note 10)	1,212,771	1,065,140

Investment deposits include AED 100 million (31 December 2019: AED 100 million) placed as collateral with related parties.

	2020 AED'000	2019 AED'000
Due to related parties		
Dubai World Trade Centre – lease liability	21,457	30,252
Parent		
Expenses paid on behalf of the Group	12,404	5,966
Subordinated loan	30,490	29,098
Dividends payable	466,500	466,500

The subordinated loan has been provided by Borse Dubai Limited, to Nasdaq Dubai Limited. The subordinated loan is unsecured, has no fixed repayment date and bears interest at market rate and is subordinated to the rights of all other creditors of the subsidiary.

The parent has agreed not to call for the subordinated loan from its subsidiary for at least 1 year from the date of signing the financial statements for the year ended 31 December 2020.

The Group has not provided any loans to its directors during the year ended 31 December 2020 and 2019.

The Group obtains approval from the shareholders every year with regards to the transactions with the related parties in order to comply with the provisions of the UAE Federal Law No. 2 of 2015 (Companies Law).

The Group has applied partial exemption allowed under IAS 24 to Government owned entities and has disclosed the nature and amount of each individually significant transaction and for other transactions that are collectively, but not individually, significant, a qualitative or quantitative indication of their extent. The ultimate parent and controlling party is the Government of Dubai which owns 80.66% (2019: 80.66%) of Dubai Financial Market P.J.S.C. through Investment Corporation of Dubai, a Government of Dubai entity. The Group in the usual course of operating Dubai stock exchange incur expenses and receives fees based on the standard terms applicable in the market from Government related entities. In addition the Group carries out investment activities with Government related entities on its own behalf.

16. Leases

A. Leases as lessee (IFRS 16)

The Group leases office premises. The leases typically run for a period of 3-5 years, with an option to renew the lease after that date. Lease payments are renegotiated every 3-5 years to reflect market rentals. Some leases provide for additional rent payments that are based on changes in local price indices.

The property leases were entered into many years ago as combined leases and renewed on a yearly basis.

Information about leases for which the Group is a lessee is presented below.

(i) Right-of-use assets

Right-of-use assets related to leased properties are presented in property and equipment (Note7).

(ii) Lease liability

	2020 AED'000	2019 AED'000
Non-current lease liability	17,156	26,656
Current lease liability	8,470	11,094
	25,626	37,750

(iii) Amounts recognised in consolidated statement of income

	2020 AED'000	2019 AED'000
Interest on lease liabilities	2,060	2,276

(iv) Amounts recognised in consolidated statement of cash flows

	2020 AED'000	2019 AED'000
Total cash outflow for leases	14,184	11,530



17. Provision for employees' end of service benefits

	2020 AED'000	2019 AED'000
Balance at the beginning of the year	23,200	21,388
Charged during the year	2,449	2,512
Paid during the year	(104)	(700)
Balance at the end of the year	25,545	23,200

18. Payables and accrued expenses

	2020 AED'000	2019 AED'000
Dividends payable on behalf of companies listed on the DFM ("myACCOUNT") (Note 18.1)	1,004,189	808,238
iVESTOR cards (Note 18.1)	352,374	300,627
Members' margin deposits	18,572	20,206
Non shari'a compliant income	-	24,801
Brokers' retention	22,573	24,304
Accrued expenses and other payables	18,650	20,422
Central counterparty balances (Note 11.1)	109,815	14,497
Due to U.A.E. Securities and Commodities Authority	6,071	4,672
Unearned revenue	2,567	3,746
Zakat	1,012	977
Lease liabilities (Note 16)	8,470	11,094
VAT Payable	1,268	1,453
	1,545,561	1,235,037

18.1 Dividends received from and payable on behalf of companies listed on DFM for the investors in DFM myACCOUNT and iVESTOR card balances as at 31 December 2020 aggregates to AED 1,357 million (2019: AED 1,109 million) out of which AED 1,050 million (2019: AED 1,000 million) have been invested in short term deposits, AED 37 million have been invested in investment at amortised cost (2019: AED 40 million) and AED 270 million in the Group's mudarabah and current accounts (2019: AED 69 million).

19. Dividends payable

19.1 The Company has not declared any dividends for the year ended 31 December 2020. Dividends declared for the year ended 31 December 2019 were AED 200 million, including Non-Shari'a compliant income of AED 22.5 million, representing AED 0.025 per share.

19.1 Unpaid dividends for shareholders other than related party is AED 3 million (2019: AED 3 million).

20. Investment income

	2020 AED'000	2019 AED'000
Return on investment deposits	104,870	127,348
Dividends	9,998	12,885
	114,868	140,233

21. General and administrative expenses

	2020 AED'000	2019 AED'000
Payroll and other benefits	90,142	88,671
Depreciation	23,154	21,604
Maintenance expenses	11,023	10,531
Telecommunication expenses	7,217	8,408
Professional expenses	5,529	2,988
iVESTOR expenses	2,803	2,609
Other expenses	9,424	10,215
	149,292	145,026

22. Earnings per share

	2020	2019
Net profit for the year attributable to the owners of the Company (AED'000)	137,900	120,609
Authorised, issued and paid up share capital ('000)	8,000,000	8,000,000
Less: Treasury shares ('000)	(4,237)	(4,237)
Number of shares issued ('000)	7,995,763	7,995,763
Earnings per share - AED	0.017	0.015

23. Commitments

	2020 AED'000	2019 AED'000
Commitments for the purchase of property and equipment	11,848	36,205

In 2010, the Company entered into an agreement with Borse Dubai Limited to acquire the remaining 33% (2019: 33%) shareholding of Nasdaq Dubai Limited against a consideration of AED 148 million (2019: AED 148 million). The exercise and completion of this acquisition is contingent upon the mutual agreement of the Company and Borse Dubai Limited and on a date to be mutually agreed between the Company and Borse Dubai Limited.

24. Non-Shari'a compliant income

Non-Shari'a compliant income as approved by the Company's Shari'a and Fatwa Supervisory Board, has been appropriated from retained earnings for distribution by the Group to its shareholders towards disbursement by the shareholders for charitable purposes. Based on the ruling of the Shari'a and Fatwa Supervisory Board, it is the sole responsibility of the individual shareholders to donate their respective shares of this amount for charitable purposes.

Year	AED'000
2017	35,999
2018	24,801
2019	22,539

Non-Shari'a compliant income of AED 22.5 million relating to 2019 (2019: AED 24.8 million relating to 2018) has been appropriated after approval by the Company's Shari'a and Fatwa Supervisory Board.

25. Financial risk management objectives

25.1 Financial risk factors

The Group's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the financial business, and operational risks are an inevitable consequence of being in business. The Group's aim is therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Group's financial performance.

The Group's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks. The Group regularly reviews its risk management policies to reflect changes in markets, products and emerging best practice.

The Group's finance department monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including foreign exchange risk, price risk and profit rate risk), credit risk and liquidity risk.

25.2 Market risk

(a) Foreign exchange risk

The Group's activities are not exposed to the financial risks of changes in foreign currency exchange rates because substantially all the financial assets and liabilities are denominated in United Arab Emirates Dirhams (AED) or US Dollars to which the AED is pegged.

(b) Price risk

The Group is exposed to equity price risks arising from equity investments. The Group does not actively trade in these investments. The Group as at 31 December 2020 has an equity investment portfolio measured at FVOCI amounting to AED 801 million (2019: AED 850 million).

Equity price sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risk at the reporting date.

If equity prices had been 5% higher/lower:

- Investment revaluation reserve would increase/decrease by AED 40 million (2019: AED 43 million) as a result of the changes in fair value of the investments.

(c) Profit rate risk

Profit rate risk is the risk that the value of the future cash flows for the financial instruments will fluctuate due to changes in market profit rates. The principal risk to which financial assets and liabilities are exposed is the risk of loss from fluctuations in the future cash flows or fair values of financial instruments because of a change in market profit rates. The Group's long term financial assets and liabilities are priced generally on a floating rate basis, which tracks the changes in market interest rates.

Financial assets which potentially subject the Group to profit rate risk consist principally of investment deposits, balances with banks and other financial institutions, Sukuks measured at amortized cost and Sukuk measured at FVTOCI. A shift of +/- 50bps in the yield curve would result in an increase/ decrease in investment income and equity by AED 17.4 million (2019: AED 17.5 million).

25.3 Credit risk

The Group is exposed to credit risk, which is the risk that the counterparty will cause a financial loss to the Group by failing to discharge an obligation. Financial assets which potentially subject the Group to credit risk consist principally of investment deposits, investment at amortised cost, balances with banks and other financial institutions and other receivables.

The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group only transacts with licensed brokers and receivables from brokers are secured by bank guarantees. The credit exposures are controlled by counterparty limits that are reviewed and approved by the management.

The credit risk on balances with banks is limited because most of the banks have high credit-ratings assigned by international credit-rating agencies.

The maximum exposure to credit risk for the components of the consolidated statement of financial position is as follows:

	2020 AED'000	2019 AED'000
Financial assets		
Investment at amortised cost (Note 9)	166,075	175,489
Investment deposits (Note 10)	3,092,555	3,048,433
Other receivables (Note 11)	148,488	76,407
Cash and cash equivalents (Note 12)	420,675	209,101
Total financial assets	3,827,793	3,509,430

The Group has made a provision of AED 738 thousand (2019: AED 93 thousand) against its doubtful receivables as at 31 December 2020. The remaining receivables were neither past due nor impaired at the consolidated statement of financial position date.

The rating of the banks as per Moody's and Fitch and the respective balances are:

	2020 AED'000	2019 AED'000
Bank Rating		
P1	36,730	1,219,982
P2	3,085,151	1,580,049
Unrated	150,000	200,003
Total	3,271,881	3,000,034

The Group uses an allowance matrix to measure the ECLs of trade receivables from individual customers, which comprise a very large number of small balances. Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off.

Loss rates are based on actual credit loss experience over the past two years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Debt securities at amortised cost

The Group limits its exposure to credit risk by investing only in debt securities issued by reputed UAE financial institutions, government owned entities and other UAE based entities which are unrated.

For rated entities, the Group monitors changes in credit risk by tracking published external credit ratings. To determine whether published ratings remain up to date and to assess whether there has been a significant increase in credit risk at the reporting date that has not been reflected in published ratings by supplementing it with the with available press and regulatory information about issuers. For unrated entities the Group evaluates the financial performance of the issuers periodically to monitor changes in credit risk and further supplements with available press and regulatory information about issuers.

12-month and lifetime probabilities of default are based on historical data supplied by Moody's and Fitch ratings. Loss Given Eefault (LGD) parameters generally reflect an assumed recovery rate of 27% for reputed UAE financial institutions and 40% for other entities except when a security is credit-impaired, in which case the estimate of loss is based on the instrument's current market price and original effective interest rate.

The following table presents an analysis of the credit quality of debt securities classified as investment at amortised cost and long term investment deposits with counterparties other than banks. It indicates whether assets measured at amortised cost were subject to a 12-month ECL or lifetime ECL allowance and, in the latter case, whether they were credit-impaired.

The Group did not have any debt securities that were past due but not impaired at 31 December 2020 and as at 31 December 2019.

Credit rating	12-month ECL	At amortised cost 31 December 2020 Lifetime ECL – not credit-impaired	Lifetime ECL - credit-impaired
In thousands of AED			
Gross carrying amounts (amortised cost before impairment)	116,195	267,764	284,847
Impairment	-	(9,195)	(252,067)
Loss allowance	-	(451)	(52)
Carrying amount	116,195	258,118	32,728

Credit rating	12-month ECL	At amortised cost 31 December 2019 Lifetime ECL – not credit-impaired	Lifetime ECL - credit-impaired
In thousands of AED			
Gross carrying amounts (amortised cost before impairment)	125,694	271,950	281,970
Impairment	-	-	(246,312)
Loss allowance	-	(447)	(57)
Carrying amount	125,694	271,503	35,601

The Group has no collateral in respect of these investments.

Cash and cash equivalents

The Group held cash and cash equivalents of AED 421 million as at 31 December 2020 (2019: AED 209 million), short term investment deposits of AED 2,851 million (2019: AED 2,791 million) and long term investment deposits of AED 241 million (2019: AED 257 million) with bank and financial institution counterparties, which are rated P1 or P2, based on Moody's and Fitch ratings or are unrated.

Impairment on cash and cash equivalents has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties and therefore no ECL has been recognised.

The Group uses a similar approach for assessment of ECLs for cash and cash equivalents to those used for debt securities.

The amount of impairment allowance at 31 December 2020 for long term investment deposit and investment at amortized cost is AED 504 thousand (2019: AED 504 thousand).

25.4 Liquidity risk

The ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, by continuously monitoring forecast and actual cash flows and by matching the maturity profiles of financial assets and liabilities.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the remaining contractual maturities at the date of the consolidated statement of financial position. The liquidity profile of financial liabilities were as follows:

	Within 3 months AED'000	3 to 6 months AED'000	6 to 12 months AED'000	1 to 5 Years AED'000	Over 5 years AED'000	Total AED'000
31 December 2020						
Financial liabilities						
Payables and accrued expenses	1,542,994	-	-	17,156	-	1,560,150
Subordinated loan	-	-	-	30,490	-	30,490
Due to a related party	-	-	12,404	-	-	12,404
Dividends payable	-	469,588	-	-	-	469,588
Total financial liabilities	1,542,994	469,588	12,404	47,646	-	2,072,632
31 December 2019						
Financial liabilities						
Payables and accrued expenses	1,231,291	-	-	26,656	-	1,257,947
Subordinated loan	-	-	-	29,098	-	29,098
Due to a related party	-	-	5,966	-	-	5,966
Dividends payable	-	469,588	-	-	-	469,588
Total financial liabilities	1,231,291	469,588	5,966	55,754	-	1,762,599

25.5 Fair value of financial instruments

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date.

The Group's financial assets and financial liabilities comprise of cash and bank balances, investment at amortized cost, financial assets recognized at fair value through other comprehensive income, investment deposits, subordinated loan, dividend payable, receivables and payables whose maturity is short term. Long term investment deposits carry market rates of return. Consequently, their fair value approximates the carrying value, after taking into account impairment, stated in the consolidated statement of financial position.

The Group has classified fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The fair value of financial instruments traded in active markets is based on quoted market prices at the consolidated statement of financial position date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. These instruments are included in level 1. Instruments included in level 1 comprise primarily of quoted equity investments classified as fair value through other comprehensive income.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation

techniques. These valuation techniques maximise the use of observable market inputs where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. These investments comprise funds, the fair values of which are based on the net asset value provided by the fund managers.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. Level 3 assets represent unquoted private equity and mutual fund investments whose fair value is determined based on varying unobservable assumptions which depend on a broad range of

macroeconomic factors. The carrying values of these investments are adjusted as follows:

- Private equity investments - using the latest available net book value and market approach using prevailing secondary market prices of similar instruments
- Mutual funds - based on the net asset value derived from the EBITDA/PE multiple or value per share provided by the fund managers.

There were no changes in valuation techniques during the year.

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2019 and 2020.

31 December 2020				
	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
Financial assets measured at fair value through other comprehensive income				
- Equities	193,872	5,322	-	199,194
- Managed funds	-	241,321	-	241,321
- Investments in Sukuk	360,120	-	-	360,120
Total	553,992	246,643	-	800,635

31 December 2019				
	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
Financial assets measured at fair value through other comprehensive income				
- Equities	261,379	5,963	-	267,342
- Managed funds	-	275,735	-	275,735
- Investments in Sukuk	307,121	-	-	307,121
Total	568,500	281,698	-	850,198

There are no transfers between Level 1 and Level 2 during the year ended 31 December 2020 (2019: AED Nil).

The Group has not purchased shares during the year ended 31 December 2020 (2019: AED Nil).

Reconciliation of Level 3 fair value measurements of financial assets

	Measured at FVOCI Unquoted equities	
	2020 AED'000	2019 AED'000
Opening balance	-	22,940
Transfer from level 3 to level 2	-	(5,963)
Disposal during the year	-	-
Fair value changes	-	(16,977)
Closing balance	-	-

The fair value of the following financial assets and liabilities approximate their carrying amount: cash and cash equivalents, investment deposits, accrued income on investment deposits, accrued trading commission fees, central counterparty balances, due from brokers, other receivables, brokers' retention, due to U.A.E Securities and Commodities Authority, dividends payable on behalf of companies listed on the DFM, iVESTOR cards, members' margin deposits and accrued expenses and other payables.

The following table summarises the amortised cost and fair value of the sukuk at 31 December 2020, all of which are classified as level 2 in fair value hierarchy:

	Carrying Amount AED'000	Fair value AED'000
Investment at amortised cost		
Investment in sukuk	166,075	168,734

The following table summarises the amortised cost and fair value of the Sukuk at 31 December 2019:

	Carrying Amount AED'000	Fair value AED'000
Investment at amortised cost		
Investment in sukuk	175,489	177,563

26. Financial assets and liabilities

Financial assets by category

	2020 AED'000	2019 AED'000
Assets as per consolidated statement of financial position		
Financial assets measured at fair value through other comprehensive income (FVOCI)	800,635	850,198
Amortised cost		
Cash and cash equivalents (Note 12)	420,675	209,101
Investment deposits (Note 10)	3,092,555	3,048,433
Investment at amortised cost (Note 9)	166,075	175,489
Other receivables (Note 25.3)	148,488	76,407
	3,827,793	3,509,430

Financial liabilities by category

	2020 AED'000	2019 AED'000
Liabilities as per consolidated statement of financial position		
Other financial liabilities at amortised cost		
Payables and accrued expenses	1,560,150	1,257,947
Subordinated loan	30,490	29,098
Due to a related party	12,404	5,966
Dividend payable	469,588	469,588
	2,072,632	1,762,599

27. Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.



28. Segment reporting

Following the management approach to IFRS 8, operating segments are reported in accordance with the internal reporting provided to the Board of Directors (the chief operating decision-maker), which is responsible for allocating resources to the reportable segments and assesses its performance. The Group is managed as one unit and therefore the Board of Directors are of the opinion that the Group is engaged in a single segment of operating stock exchanges and related clearing house.

29. Social contributions

The Group has made no material monetary social contributions during the year. The details of the non-monetary social contributions are presented in the Corporate Governance reports of the individual entities receiving the contribution.

30. Subsequent events

There have been no events subsequent to the statement of financial position date that would significantly affect the amounts reported in the consolidated financial statements as at and for the year ended 31 December 2020.



Dubai Financial Market



@DFMAlerts



Dubai Financial Market



dubaifinancialmarket

www.dfm.ae