

Information for : International Investors  
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## Questions & Answers for NASDAQ Dubai International Investors Market Operations Consolidation between NASDAQ Dubai and DFM

**This document explains how market operations consolidation will work from the perspective of international investors. The consolidation is expected to take place in April or May on a date to be announced as soon as practicable.**

### **What is changing?**

NASDAQ Dubai is proposing to outsource its key operational functions for equities – trading, clearing, settlement and custody – to Dubai Financial Market (DFM), subject to regulatory approval. DFM is Dubai's local stock market.

Procedures for investors in NASDAQ Dubai stocks will not change. The changes primarily affect back office functions.

### **Why is NASDAQ Dubai doing this?**

The changes will make it easier, in practical terms, for many of DFM's 600,000 retail investors to trade NASDAQ Dubai stocks. This will increase the liquidity of those stocks, to the benefit of all investors.

### **When will the outsourcing take place?**

It is expected that the outsourcing will take place in April or May 2010, on a date to be announced. Regulatory approval must be received first.

### **Do international investors need to take any action, either in the short-term or medium-term?**

No. They will be able to trade through a NASDAQ Dubai broker exactly as they do now, wherever in the world the investors are based. They will not need to open any new account, or take any other action, either now or later.

(Investors have the choice of holding their NASDAQ Dubai equity portfolio in their existing National Investor Number (NIN) account, if they already have one; or they can continue to manage their portfolio in their existing central securities depository (CSD) account.)

### **Will equity issuers be required to move to UAE Dirhams?**

NASDAQ Dubai is strongly encouraging its equity issuers to change their listing currency from US Dollars to UAE Dirhams (which is the currency of DFM equity listings). NASDAQ Dubai's Business Rules permit issuers to have listings in either currency.

### **How will investors' accounts in Euroclear and Clearstream be managed?**

Deutsche Bank, which is NASDAQ Dubai's Euroclear and Clearstream agent, has proposed a solution which it is implementing to ensure that there will be no impact on investors. Investors will be able to manage their portfolios in Euroclear and Clearstream exactly as they do today.

**Will NASDAQ Dubai halt trading temporarily for hours or days, while the outsourcing is implemented?**

No. There will be no interruption to trading at all.

**Will the trading hours stay the same, after the outsourcing is implemented?**

NASDAQ Dubai will move to opening hours of 10:00 to 14:00 Dubai time (06:00 to 10:00 GMT) Sunday -Thursday, which are also DFM's opening hours. (Currently, NASDAQ Dubai's trading hours are 10:00 to 17:00 Dubai time (06:00 to 13:00 GMT) Sunday -Thursday.)

**Which brokers can investors use to trade NASDAQ Dubai stocks?**

All existing NASDAQ Dubai brokers will be eligible to continue trading NASDAQ Dubai stocks.

**Does all this mean NASDAQ Dubai is merging with DFM?**

No. NASDAQ Dubai will retain its identity as a separate exchange, with its own Listing Rules (including allowing bookbuilding), Official List of Securities, Business Rules and Members. It will continue to be regulated to international standards by the Dubai Financial Services Authority (DFSA).

In addition, the outsourcing arrangements do not apply to equity derivatives, which will continue to be traded, cleared and settled on NASDAQ Dubai's own systems. The outsourcing arrangements also do not apply to debt securities (Sukuk and conventional bonds) and structured products.

**Is DFM acquiring NASDAQ Dubai?**

Yes. DFM announced in December 2009 that it would acquire the shareholdings in NASDAQ Dubai from Borse Dubai and NASDAQ OMX. This transaction is due to be completed in April 2010.

**Will there be any change to the way issuers make disclosures to the market?**

No. Issuers will continue to disseminate their disclosures through NASDAQ Dubai's CAP/CANDI system, just as they do now. They will not disseminate disclosures through DFM.

**How will the changes increase liquidity of NASDAQ Dubai equities?**

For many brokers, NASDAQ Dubai and DFM equities will for the first time be visible on the same trading screen. This will facilitate trading.

For many DFM retail investors, most of whom are based in the UAE, the outsourcing will bring practical benefits that will make it easier to trade on NASDAQ Dubai including:

- They can use the same trading account for both exchanges.
- The regular statements of share holdings they receive from DFM will also include their NASDAQ Dubai share holdings.
- They can trade in the same currency on both exchanges, in the case of NASDAQ Dubai stocks that move to a UAE Dirham listing.

**What rules will govern trading?**

Trading will continue to be governed by the Business Rules of NASDAQ Dubai. These will be revised to reflect the DFM trading model. The proposed new Business Rules are available for public consultation at [www.nasdaqdubai.com/aboutus/consolidation.html](http://www.nasdaqdubai.com/aboutus/consolidation.html) and NASDAQ Dubai will accept comments on them received on or before April 11 2010.

**Will over the counter trading be allowed?**

NASDAQ Dubai's Business Rules allow for off order book deals to be negotiated away from exchange. Any deal negotiated in this manner must be reported to the exchange as an on-exchange transaction. Members can report these deals by telephone or via their Bloomberg terminals.

**What will the trading safeguards be?**

NASDAQ Dubai is not changing its current procedure; i.e. there is no specific trading safeguard.

**What types of orders will be available?**

- i) Market Orders
- ii) Limit Orders
- iii) Fill or Kill
- iv) Fill and Kill

**Will market making be possible?**

The current system will change. A NASDAQ Dubai Member will still be able to enter both bid and offer prices in order to provide liquidity.

**Will NASDAQ Dubai remain the central counterparty (CCP)?**

Yes, to the extent that if a Member defaults on cash payment and the bank guarantee also defaults, the CCP will meet the Member's obligations through NASDAQ Dubai's Clearing Guarantee Fund.

**How will settlement take place?**

Settlement will change from a T+3 basis to T+2, which is the DFM system. Equities listed in UAE Dirhams will be able to settle on Sundays; for equities listed in US Dollars, Sunday will be a settlement holiday, as it is now.

NASDAQ Dubai's current settlement bank arrangements with Standard Chartered and HSBC will remain in place, but will be amended to reflect this outsourcing arrangement.

**Will the outsourcing changes outlined above be permanent?**

DFM and NASDAQ Dubai will continue to review all aspects of their markets in the interests of efficiency and in order to promote Dubai's growth as a regional and international capital markets hub. Further improvements to operations functionality might take place in 2011, particularly with regard to clearing.

**How can I keep up to date with developments on these changes?**

Visit the 'Consolidation with DFM' section of NASDAQ Dubai's website at [www.nasdaqdubai.com/aboutus/consolidation.html](http://www.nasdaqdubai.com/aboutus/consolidation.html)

**Do you have a question?**

We welcome your questions about NASDAQ Dubai's market operations consolidation with DFM. Contact our Consolidation Web Desk at <http://www.nasdaqdubai.com/contact/index.html>

The information in this document is subject to change. This document is not a substitute for the relevant NASDAQ Dubai Business Rules and in the case of inconsistency, the NASDAQ Dubai Business Rules shall prevail.