

DFMGI Futures

Index Futures on DFM General Index (DFMGI)

Nasdaq Dubai's Derivatives Platform provides a unique opportunity for investors to trade **Index Futures** on the **DFM General Index (DFMGI)**. The DFMGI tracks the performance of the DFM market and is widely followed by local and regional capital market investors.

The DFMGI is a market cap weighted index that includes a primary listed DFM companies that meet pre-defined liquidity criteria.

The DFMGI Futures provide a convenient way to replicate the performance of the entire DFM market through a single instrument. They give the ability to hedge and implement portfolio management strategies.

Benefits

Leverage is a key attribute allowing investors to invest in the DFMGI Futures contract by paying only a fraction of the total value of the contract.

Both Individual investors and Institutional investors, such as hedge funds can conveniently replicate their directional trading strategies using DFMGI Futures.

Shorting or selling DFMGI Futures allows investors to trade based on their view on a falling market and profit from it.

DFMGI Futures facilitate easy **hedging** by institutional investors such as mutual funds which hold a portfolio of DFM listed stocks.

Index Futures trading is **cost-effective** as trading fees are low.

Contract: DFM General Index (DFMGI) Top 10 DFMGI Constituent Stocks

Company

1. Emaar Properties
2. Dubai Islamic Bank
3. Dubai Investments
4. DAMAC Properties
5. Emirates NBD

Company

6. Emaar Malls
7. Emaar Development
8. Du
9. Aramex
10. Air Arabia

DFMGI Futures Contract Specification

Underlying Index	DFM General Index (DFMGI)
Currency of Trading	AED (UAE Dirham)
Contract Size	10
Contract Value	DFMGI Futures price x Contract size Example: (3500 x 10 = 35,000)
Contract Series	2 consecutive quarterly contracts. Example: March 2018 and June 2018
Minimum Price Movement (Tick Size)	1
Safeguards (daily price limits)	20% up and 15% down from previous closing price. (Subject to change)
Settlement Type	Cash Settlement
Daily Settlement Price	Calculated In accordance with the Clearing, Settlement and Risk Management Procedures for Derivatives
Expiration Settlement Price	Last 30 minutes average of the Underlying Index value. (Calculated in accordance with the Clearing, Settlement and Risk Management Procedures for Derivatives)
Expiry Day (Last Trading Day)	3rd Thursday of the Expiry Month
Settlement Day	Business Day following the Expiry Day
Listing of New Contract Series	2nd Thursday of the expiry month i.e. Thursday prior to Expiry Day
Trading Hours	Sunday - Thursday, 10:00 am - 2:00 pm. (Please refer to Trading manual for further details on trading phases)

DFMGI Performance



The chart shows the movement of the DFMGI index over the last 5 years

Source: Bloomberg

How to Trade

Trading DFMGI Futures is simple. The futures contracts will be priced close to the DFMGI value.

Example 1 Trade a Bullish view

DFMGI is at 3500
Value of 1 Contract is $3500 \times 10 = 35,000$ AED
Initial Margin is 5%

BUY 20 DFMGI Futures Contracts @ 3,500
Total Exposure = $35,000 \times 20 = 700,000$ AED
Total Margin blocked = 35,000 AED
1 month later, DFMGI has risen 7% to 3745

SELL 20 DFMGI Futures Contracts @ 3,745
Value Released = $37,450 \times 20 = 749,000$ AED

PROFIT on trade $749,000 - 700,000 = 49,000$ AED
Return on Capital* after 1 month is $- 49,000/35,000 = 140\%$

Example 2 Trade a Bearish view

DFMGI is at 3500
Value of 1 Contract is $3500 \times 10 = 35,000$ AED
Initial Margin is 5%

SELL 20 DFMGI Futures Contracts @ 3,500
Total Exposure = $35,000 \times 20 = 700,000$ AED
Total Margin blocked = 35,000 AED
1 month later, DFMGI has dropped 5% to 3325

BUY 20 DFMGI Futures Contracts @ 3,325
Total Exposure = $33,250 \times 20 = 665,000$ AED

PROFIT on trade $700,000 - 665,000 = 35,000$ AED
Return on Capital* after 1 month is $- 35,000/35,000 = 100\%$

*The above example ignores all trading costs such as **Buy-Sell spread** and broker commissions.

Buy-Sell spread - The difference in the price between the spot index and the futures price for a buy or sell order.

Standard Product Risks

Trading in futures carries risks for investors. These include losses that can be greater than the initial investment on account of leverage. It is recommended that investors seek advice before trading.

Disclaimer

Nasdaq Dubai Limited (Nasdaq Dubai) is regulated by the DFSA. The information provided in this document ("Information") is provided by way of general information and comment only. While reasonable care has been taken in producing this Information, changes in circumstances may occur at any time and may impact on the accuracy of the Information. The Information does not constitute professional advice or provision of any kind of services and should not be relied upon as such. Nasdaq Dubai Limited and/or its affiliates, officers or employees (together "Nasdaq Dubai") do not give any warranty or representation as to the accuracy, reliability, timeliness or completeness of the information now or in the future. Nasdaq Dubai shall not be liable for any loss suffered, directly or indirectly by any person acting in reliance upon the Information contained herein.

No part of the Information provided is to be construed as a solicitation to make any financial investment. Information, including forecast financial information and examples should not be considered as a recommendation in relation to holding, purchasing or selling securities or other instruments. The information does not take into account any investor's individual investment objectives, financial position and particular investment needs. As such, before making any decision, investors should conduct their own due diligence and consult their financial advisors. The performance of trading securities or instruments is not guaranteed and past performance is not an indication of future performance. Unless otherwise stated, Nasdaq Dubai Limited owns copyright in the Information contained herein. The Information may not otherwise be reproduced and must not be distributed or transmitted to any other person or used in any way without the express approval of Nasdaq Dubai.

DFMGI Futures (Product) is not sponsored, endorsed, sold or promoted by the Dubai Financial Market ("DFM"). DFM makes no representation or warranty, express or implied, to the owners of the Product or any member of the public regarding the advisability of investing in or trading in the Product particularly or the ability of the Product to track general market performance. DFM, in its capacity as the sole owner of the DFM Indices is licensing the DFM Indices, which are determined, composed and calculated by DFM without regard to the Licensee or the Product. DFM has no obligation to take the needs of the Licensee or the owners of the Product into consideration in connection with the foregoing. DFM is not responsible for and has not participated in the product structure or design, pricing, listing, tradability, or settlement of the Product.

DFM does not guarantee the quality, accuracy and/or the completeness of the DFM indices or any data included therein. DFM makes no warranty, express or implied, as to results to be obtained by the licensee, owners of the Product, or any other person or entity from the use of the DFM indices or any data included therein in connection with the rights licensed hereunder or for any other use.

©2018 Nasdaq Dubai Limited