

SAUDI SINGLE STOCK FUTURES

Products

Nasdaq Dubai's Derivatives Platform provides a unique opportunity for investors to trade [Single Stock Futures](#) on the shares of leading regional blue chip companies.

The platform is now expanding to include [Saudi Arabian Single Stock Futures](#), with other regional futures to follow. This development builds on the success of UAE futures since its launch.

The Saudi Arabian companies selected are large corporate leaders and are constituents of the leading Saudi equity indices. The underlying companies enjoy high investor interest in their home market as well as from international investors.

Benefits

Leverage is a key feature of equity futures where investors initially pay only 10% - 30% of the value of the underlying contract.

Shorting allows investors to make profits when share prices are falling and facilitates trading both a rising as well as a falling market.

Hedging allows investors to manage the price risk of their existing market exposure to underlying shares.

Futures trading is **cost-effective** as trading fees can be much lower than trading the underlying equities.

Contracts

Underlying Shares	Trading Currency	Underlying Shares	Trading Currency
Alinma Bank	SAR	Rabigh Refining And Petrochemical Co.	SAR
Almarai Co.	SAR	Saudi Arabian Mining Co.	SAR
Al Rajhi Bank	SAR	Saudi Basic Industries Corp.	SAR
Al Tayyar Travel Group	SAR	Saudi Cement Co.	SAR
Dar Al Arkan Real Estate Development Co.	SAR	Saudi Electricity Co.	SAR
Etihad Etisalat Co.	SAR	Saudi Kayan Petrochemical Co.	SAR

Contract Specifications

Parameter	Specification
Contract underlying	Securities listed on Saudi Arabia's stock exchange and as approved by Nasdaq Dubai and published by way of notice
Currency	Contracts will be quoted in the same currency as the underlying security in the primary market.
Contract Months	1 month, 2 months and 3 months expiry
Minimum Price Movement (Tick size)	0.01
Daily Price Limits	20% up and 15% down from previous closing price
Settlement Type	Cash settled
Expiration Settlement Price	The final Settlement Price for cash settlement for an expiring contract shall be the market price on the last Trading Day of such Contract
Last Trading Day /Expiry Day	3rd Thursday of the expiry month. In the event of this not being a Business Day, the Last Trading Day shall normally be the Business Day prior to the 3rd Thursday.
Settlement Day	Business Day following the Expiry Day
Listing of New Contract Month	2nd Thursday of the expiry month i.e Thursday prior to Expiry Day
Trading Hours	Sunday - Thursday, 11:00 am - 4:10 pm (UAE time)
Contract Size	100 shares

Trade Example 1: Buying underlying shares vs buying single stock future contracts

BUYING SHARES	BUYING SINGLE STOCK FUTURES
Investor buys 5,000 shares of XYZ Co. at SAR 20 Total Investment is SAR 100,000	1 Futures contract value = $20 \times 100 = \text{SAR } 2,000$ Investor buys 50 Contracts valued at SAR 100,000 Initial Margin is 20% = SAR 20,000
Two months later share price rises to SAR 22	
Investor sells shares at SAR 22 Receive cash of $22 \times 5,000 = \text{SAR } 110,000$	Investor sells 50 Futures at SAR 22 Value on sale is $\text{SAR } 22 \times 50 \times 100$ Value = SAR 110,000
Initial investment = SAR 100,000 PROFIT = SAR 10,000 Return on Capital = 10% (10,000/100,000)	Initial investment = SAR 20,000 PROFIT = SAR 10,000 Return on Capital = 50% (10,000/20,000)

Margin requirements are set by Nasdaq Dubai

Trade Example 2: Bullish view vs Bearish view (ability to short)

ABC Co. shares are trading at SAR 10. An investor with a bullish view will go long on ABC Co. futures by **buying 100 futures contracts**, and an investor with a bearish view will go short on ABC Co. futures by **selling 100 futures contracts**. Pay off will be as follows:

One Futures Contract = 100 shares
Futures Margin = 20%

INVESTOR WITH BULLISH VIEW

Equity Futures Payoff when price rises
ABC Co. Price is SAR 10
Value of 1 Futures contract is $10 \times 100 = \text{SAR } 1,000$ Initial Margin is 20%
BUY 100 Futures Contracts at SAR 10 Total Exposure = $1,000 \times 100 = \text{SAR } 100,000$ Total Margin Blocked = SAR 20,000 3 months later, ABC Co. price rises to SAR 12
SELL 100 Futures at SAR 12 Valued at 120,000, Profit = SAR 20,000 Return on Capital (%) = 100% (20,000/20,000)

INVESTOR WITH BEARISH VIEW

Equity Futures Payoff when price falls
ABC Co. Price is SAR 10
Value of 1 Futures contract is $10 \times 100 = \text{SAR } 1,000$ Initial Margin is 20%
SELL 100 Futures Contracts at SAR 10 Total Exposure = $1,000 \times 100 = \text{SAR } 100,000$ Total Margin Blocked = SAR 20,000 3 months later, ABC Co. price falls to SAR 9
BUY 100 Futures at SAR 9 Valued at 90,000, Profit = SAR 10,000 Return on Capital (%) = 50% (10,000/20,000)

Product Risks

Trading in futures can carry 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.

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