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SCA, ADX, and DFM take initiatives to deal with financial market conditions

United Arab Emirates: Securities and Commodities Authority (SCA)

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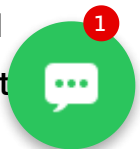


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SCA, ADX, and DFM take initiatives to deal with financial market conditions

Short selling activity, banned by supervisory authorities, is halted in the country's markets.

SCA implemented mechanisms to help contain corporate losses. Positive macroeconomic indicators, corporate results, and the performance of financial markets in the Kingdom signal the strength and soundness of the investment



climate in the country.

The Securities and Commodities Authority (SCA) held a meeting with the Abu Dhabi Securities Exchange (ADX) and the Dubai Financial Market (DFM) to discuss the conditions prevailing in the financial markets operating in the country, to contain the consequences of the falling market indexes, and to take immediate actions to deal with fall.

The meeting was presided over by H.E. Dr. Obaid Saif Al Zaabi, SCA's CEO. Present at the meeting were Ghanem Al Dhaheri, Deputy Chief Executive at ADX, and Khalifa Rabba, Deputy Head of Operations Division at DFM, in addition to technical and legal specialists from the two stock exchanges and representatives from SCA's technical departments.

The meeting participants emphasized the soundness and strength of the foundations on which the country's economy is built in light of the positive macroeconomic indicators, citing the good profits that listed local public joint-stock companies made compared to last year and the increased net profit growth rate, up to 9 percent, compared with that of the year before.

They pointed to the mechanisms that SCA introduced—in collaboration with ADX and DFM—to address negative corporate results, whether in relation to the acquisition of existing companies and entry of strategic partners, the transformation of loans into equity shares, and the issuance of convertible bonds, excluding the preemptive rights of shareholders. Participants praised the mechanism that SCA developed last year to deal with listed companies whose accumulated losses amount to 20 percent or more of the capital.

The meeting also discussed other actions that would serve to support the balance between sale and purchase. Participants explained that short-selling activity, blamed for declines in the world's financial markets and banned by supervisory authorities, will be halted in the country's markets. Financial markets are currently considering the feasibility of cutting the maintenance margin in accordance with international practices in this respect.



SCA is using its powers to facilitate buybacks, in accordance with international practices, in times of declining markets and is communicating with the UAE Central Bank to consider the introduction of mechanisms by which banks liquidate shares provided as collateral when prices fall.

