

MSCI UAE Index Futures

Nasdaq Dubai's Derivatives Platform provides a unique opportunity for investors to trade Index Futures on the MSCI UAE Index. The MSCI UAE Index tracks the performance of the UAE market and is widely followed by regional and international capital market investors.

The MSCI UAE Index is a market cap weighted index that includes primary listed DFM, ADX and Nasdaq Dubai companies that meet pre-defined liquidity criteria.

The MSCI UAE Index Futures provide a convenient way to replicate the performance of the overall UAE 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 MSCI UAE Index 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 MSCI UAE Index Futures. **Shorting or selling** MSCI UAE Index Futures allows investors to trade based on their view of the falling market and profit from it.

MSCI UAE Index Futures facilitate easy **hedging** by institutional investors such as mutual funds which hold a portfolio of UAE stocks. Index Futures trading is **cost-effective** as trading fees are low.

Contracts: MSCI UAE Index

Top 10 MSCI UAE Index Constituent Stocks

Company

1. Emirates Telecom Corp
2. First Abu Dhabi Bank
3. Abu Dhabi Commercial Bank
4. Emaar Properties
5. DP World

*See www.msci.com for updates

Company

6. Dubai Islamic Bank
7. Aldar Properties
8. Emaar Development
9. Emaar Malls
10. Damac Properties Dubai

Contract Specifications

Underlying Index	MSCI UAE Index (USD) - NET RETURNS
Currency of Trading	USD (US Dollar)
Contract Size	10
Contract Value	MSCI UAE Index value x Contract size. Example: (500 x10 = 5,000)
Contract Series	2 consecutive quarterly contracts (example: Contracts expiring in December 2018 and March 2019 will be available. On the Thursday prior to December 2018 Expiry Day, June 2019 contract will be created)
Minimum Price Movement (Tick Size)	USD 0.1
Safeguards (Daily Price Limits)	20% up and 15% down from previous closing price. (Nasdaq Dubai reserves the right to redefine and modify the price limit safeguard ranges intraday depending on the market situation)
Settlement Type	Cash Settlement
Daily Settlement Price	The Closing Price will be the last traded price in the Derivative Contract during the same Business Day. If there is no last traded price on the same Business Day Nasdaq Dubai will follow the process set out in the Clearing, Settlement and Risk Management Procedures for Derivatives.
Expiration Settlement Price	Last 30 minutes (before 2:01pm) average of the Underlying Instrument calculated using Index values at each 1 minute interval. (In the event that this price does not adequately reflect the actual market conditions, Nasdaq Dubai may re-determine the settlement price at its sole discretion and may use theoretical fair value for the same. For details, refer to the Clearing, Settlement and Risk Management Procedures for Derivatives)
Expiry Day (Last Trading Day)	3rd Thursday of the expiry month. In the event of the 3rd Thursday 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 Series	2nd Thursday of the expiry month i.e. Thursday prior to Expiry Day
Trading Hours	Sunday - Thursday, 10:00 am - 2:00 pm.

MSCI UAE Index Performance

MSCI UAE Index Market



The chart shows the movement of the MSCI UAE index since 2015

How to Trade

Trading MSCI UAE Index Futures is simple. The futures contracts will be priced close to the MSCI UAE value

Example 1 Trade a Bullish view

MSCI UAE Index Future is at 370
 Value of 1 contract is $370 \times 10 = 3,700$ USD
 Initial Margin is 5%

BUY 20 MSCI UAE Index Futures Contracts @ 370
 Total Exposure = $3,700 \times 20 = 74,000$ USD
 Total Margin Blocked = 3,700 USD
 1 month later, MSCI UAE Index has risen 7% to 396

SELL 20 MSCI Index Futures Contracts @ 396
 Value released = $3,960 \times 20 = 79,200$ USD

Profit on trade $79,200 - 74,000 = 5,200$ USD
Return on Capital* after 1 month is $5,200/3,700 = 140\%$

Example 2 Trade a Bearish view

MSCI UAE Index Future is at 370
 Value of 1 contract is $370 \times 10 = 3,700$ USD
 Initial Margin is 5%

SELL 20 MSCI UAE Index Futures Contracts @ 370
 Total Exposure = $3,700 \times 20 = 74,000$ USD
 Total Margin Blocked = 3,700 USD
 1 month later, MSCI UAE Index has dropped 5% to 351.5

BUY 20 MSCI Index Futures Contracts @ 351.5
 Value released = $3,515 \times 20 = 70,300$ USD

Profit on trade $74,000 - 70,300 = 3,700$ USD
Return on Capital* after 1 month is $3,700/3,700 = 100\%$

*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 may 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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