

## ADI Futures

### Index Futures on ADX General Index

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

The ADI is an all-share index, hence it is constituted by all primary listed ADX companies.

The ADI Futures provide a convenient way to replicate the overall ADX 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 ADI Futures contracts 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 ADI Futures. **Shorting or selling** ADI Futures allows investors to trade based on their view on a falling market and profit from it.

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

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

## Contract: ADI Futures Top 10 ADI Constituent Stocks

### Company

1. Etisalat
2. First Abu Dhabi Bank
3. Abu Dhabi Commercial Bank
4. ADNOC Distribution
5. Aldar Properties

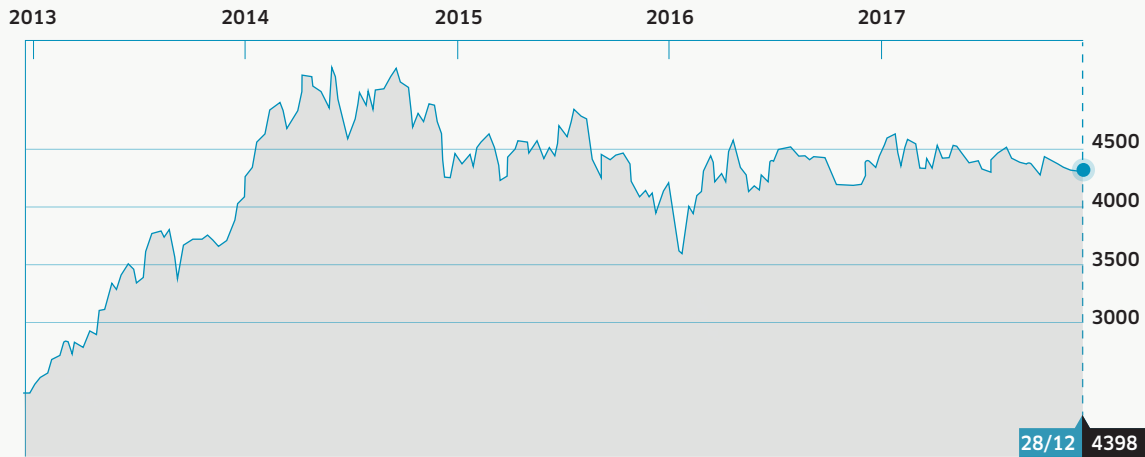
### Company

6. Abu Dhabi Islamic Bank
7. Union National Bank
8. National Bank of Ras Al Khaimah
9. National Bank of Fujairah
10. Dana Gas

## ADI Futures Contract Specification

Underlying Index	ADX General Index (ADI)
Currency of Trading	AED (UAE Dirham)
Contract Size	10
Contract Value	ADI Futures price x Contract size Example: (4500 x 10 = 45,000)
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)

## ADI Performance



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

Source: Bloomberg

## How to Trade

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

### Example 1 Trade a Bullish view

**ADI** is at 4500  
Value of 1 Contract is  $4500 \times 10 = 45,000$  AED  
Initial Margin is 5%

**BUY** 20 ADI Futures Contracts @ 4,500  
Total Exposure =  $45,000 \times 20 = 900,000$  AED  
Total Margin blocked = 45,000 AED  
1 month later, ADI has risen 7% to 4815

**SELL** 20 ADI Futures Contracts @ 4,815  
Value Released =  $48,150 \times 20 = 963,000$  AED

**PROFIT** on trade  $963,000 - 900,000 = 63,000$  AED  
**Return on Capital\*** after 1 month is  $63,000/45,000 = 140\%$

### Example 2 Trade a Bearish view

**ADI** is at 4500  
Value of 1 Contract is  $4500 \times 10 = 45,000$  AED  
Initial Margin is 5%

**SELL** 20 ADI Futures Contracts @ 4,500  
Total Exposure =  $45,000 \times 20 = 900,000$  AED  
Total Margin blocked = 45,000 AED  
1 month later, ADI has dropped 5% to 4275

**BUY** 20 ADI Futures Contracts @ 4,275  
Total Exposure =  $42,750 \times 20 = 855,000$  AED

**PROFIT** on trade  $900,000 - 855,000 = 45,000$  AED  
**Return on Capital\*** after 1 month is  $45,000/45,000 = 100\%$

\*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.

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