

FTSE Saudi Arabia Index Futures

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

The FTSE Saudi Arabia Index contains 46 (as per 31 January 2019) companies listed on Tadawul.

The Index Futures provides a convenient way to replicate the performance of the overall Saudi market through a single instrument. They give the ability to hedge and implement portfolio management strategies.

Benefits

Margin is a key attribute allowing investors to invest in FTSE Saudi Arabia Index Futures contracts by paying only a fraction of the total value of a contract.

Both individual investors and institutional investors, such as hedge funds can replicate their directional trading strategies using FTSE Saudi Arabia Index Futures.

Shorting or selling FTSE Saudi Arabia Index Futures allows investors to trade based on their view of a falling market and profit from it.

FTSE Saudi Arabia 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: FTSE Saudi Arabia Index Futures

Company

Saudi Basic Industries Corp

Al Rajhi Banking & Investment Corp

National Commercial Bank SJSC

Samba Financial Group

Saudi Telecom Co.

*See www.ftserussell.com for updates

Top 10 FTSE Saudi Arabia Index Constituent Stocks

Company

Riyad Bank

Saudi Arabian Mining Co.Maaden

Almarai Co Ltd

Alinma Bank

SAFCO

Contract Specifications

Underlying Index	FTSE Saudi Arabia Index (SAR) - Total Returns
Currency of Trading	SAR (Saudi Riyals)
Contract Size	5
Contract Value	FTSE Saudi Arabia Index Futures value *Contract size
Contract Series	2 consecutive quarterly contracts (example: Contracts expiring in June 2019 and September 2019 will be available. On the Thursday prior to June 2019 Expiry Day, December 2019 contract will be created)
Minimum Price Movement (Tick Size)	SAR 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 4:10:30pm) 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, 11:00 am-4:10 pm. (For further details on trading phases, please refer to the trading manual published on Nasdaq Dubai website)

FTSE Saudi Arabia Index Performance

FTSE Saudi Arabia Total Returns Index (SAR)



The chart shows the movement of the FTSE Saudi Arabia Index since 2014

How to Trade

Trading FTSE Saudi Arabia Index Futures is simple. The Futures contracts will be priced close to the level of FTSE Saudi Arabia Index.

Example 1 Trade a Bullish view

FTSE Saudi Arabia Index Futures is at 1,200
 Value of 1 contract is 1,200 x 5 = 6,000 SAR
 Initial Margin is 7%

BUY 20 FTSE Saudi Arabia Index Futures Contracts @ 1,200
 Total Exposure = 6,000 x 20 = 120,000 SAR
 Total Margin Blocked = 8,400 SAR
 1 month later, FTSE Saudi Arabia Index Futures has risen 10% to 1,320

SELL 20 FTSE Saudi Arabia Index Futures Contracts @ 1,320
 Value released = 6,600 x 20 = 132,000 SAR

Profit on trade 132,000 - 120,000 = **12,000 SAR**
Return on Capital* after 1 month is 12,000 / 8,400 = **142%**

Example 2 Trade a Bearish view

FTSE Saudi Arabia Index Futures is at 1,200
 Value of 1 contract is 1,200 x 5 = 6,000 SAR
 Initial Margin is 7%

SELL 20 FTSE Saudi Arabia Index Futures Contracts @ 1,200
 Total Exposure = 6,000 x 20 = 120,000 SAR
 Total Margin Blocked = 8,400 SAR
 1 month later, FTSE Saudi Arabia Index Futures has dropped 12% to 1,056

BUY 20 FTSE Saudi Arabia Index Futures Contracts @ 1,056
 Value released = 5,280 x 20 = 105,600 SAR

Profit on trade 120,000 - 105,600 = **14,400 SAR**
Return on Capital* after 1 month is 14,400 / 8,400 = **171%**

*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

INDEXED TO



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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