

ADX launches new strategy to more than double market capitalisation over the next three years

- **New “ADX One” strategy includes initiatives to launch derivatives trading, IR guidebook and research coverage in 2021**

Abu Dhabi, 27 January 2021: The Abu Dhabi Securities Exchange (ADX) announced its plan to double market capitalisation over the next three years using its new ‘ADX One’ strategy, which aims to increase market liquidity and further improve market efficiency. The new strategy comes as the market capitalisation of companies listed on the ADX increased 39.7% in 2020 to a record AED750 billion.

The ‘ADX One’ strategy aims to increase the exchange's governance through further alignment with best international practices and by making ADX a more attractive destination for foreign investors. The market value of foreign-owned shares in ADX-listed companies surpassed AED 60 billion at the end of December last year.

The strategy includes a range of innovative products and services such as new listings, the launch of derivatives trading, and further advancement of the customer-centric digital transformation journey. The strategy was devised after ADX became a public joint-stock company and joined ADQ, one of the region's largest holding companies, in 2020.

H.E. Mohamed Ali Al Shorafa Al Hammadi, Chairman of Abu Dhabi Securities Exchange, said: “2021 will mark our 20th anniversary. ADX today is one of the most competitive exchanges in the region, providing an exciting value proposition for companies and some of the highest dividend yields in emerging markets for investors. Our strategy will deepen our market strength and draw in new sources of liquidity while ensuring Abu Dhabi’s diversified, competitive, and transparent economic system that is attractive for local, regional and international investors. Over the coming years, ADX will continue to leverage Abu Dhabi's unique regulatory environment, infrastructure and stability to stimulate long-term growth across the Emirate and more than double the market capitalization over the next three years.”

Throughout 2021 ADX is also expecting at least ten new listings, including three exchange-traded funds (ETFs), following the success of Chimera Capital's listing of its S&P UAE UCITS ETF. Trading in Chimera Capital's ETF surged in the first three months following its listing, and it has since become the third-largest ETF by assets in the region. New listings will also be made on the fast-growing Second Market. The four new companies added on the Second Market in 2020, Sawaeed Holding, Zee

Stores, Easy Lease and Palm Sports, have witnessed robust growth in trading values and strong price appreciation.

Meanwhile, the introduction of derivatives by the fourth quarter will allow institutional investors to hedge their investments, providing them with new opportunities to execute complex trading strategies. Derivatives will complement Market Making, Covered Short Selling (CSS) and Securities Lending and Borrowing (SLB) which the exchange was a first in the region to introduce. The CSS service was introduced to attract and meet the requirements of a new segment of specialised and experienced investors while generating greater trading volumes. ADQ's Q Market Makers and the dispensation of short-term margin trading licences to more brokerages have helped to boost liquidity and improve market quality of Abu Dhabi's state-of-the-art exchange.

The increased participation of international investors has come amid an increase in foreign ownership limits among the largest publicly traded companies in Abu Dhabi. Abu Dhabi National Insurance Company, Wahat Al Zaweya, Abu Dhabi National Energy Co., Emirates Driving Company and Abu Dhabi Aviation allowed foreign investors to own up to 49%. Meanwhile, Abu Dhabi Islamic Bank, Methaq Takaful Insurance Co., and Agthia Group raised the foreign ownership limit to 40%, 49% and 49% respectively.

Commenting on 2021, **Mr. Saeed Hamad Al Dhaheri, Chief Executive of Abu Dhabi Securities Exchange**, said: "Our strategy is focused on delivering new products and services that will make ADX a conduit for investors seeking to tap high growth opportunities and for companies seeking to fund expansion plans. We are focused on growing the number of listings on the exchange and attracting new investors to boost market liquidity. The measures we have taken to enhance liquidity, through the introduction of market makers and increasing foreign ownership, have served to attract more than 400 institutional investors to the exchange in 2020 as well as lessen market volatility. We already have received interest from many companies seeking to list on ADX in 2021, especially in light of the tremendous success of the companies that listed on the Second Market in 2020. "

Under the ADX One strategy, an investor relations guide will be created and made available to listed companies in the first half of 2021. In parallel, ADX plans to launch campaigns to promote market literacy and highlight the roles of equity in a diversified investment portfolio and stock markets in maximising returns on savings. Additionally, the exchange plans to roll out a program to support the production of research notes on its under-covered listed companies by the end of this year.

ADX, the second-largest stock market in the MENA region, will continue in 2021 to enhance its digital capabilities following several achievements which include enhancing its electronic financial disclosure system for financial statements designed to fit the needs of listed companies and launching a reinforced online attendance and remote voting service for listed companies through the Sahmi digital platform.

Mr. Al Dhaheri concluded: "Along with introducing derivatives in the fourth quarter, we will expand our asset class offerings to enable varied investment strategies, and collaborate with global exchanges and index providers. Throughout 2021, we will also continue to invest in leading technology solutions, while enhancing our range of post-transaction services and work to become a hub for ESG investments in the region."

The Abu Dhabi Securities Exchange Index advanced 48% from a March 2020 low following the global stock market drop and ended the year 0.6% lower at 5,045.332. The market capitalisation of stocks listed on ADX surpassed AED 750 billion for the first time, a 39.7% increase from AED533 billion in 2019. The increase in the market capitalisation of stocks listed on the ADX came amid high profile consolidations, including the combination of Abu Dhabi National Energy Company and Abu Dhabi Power Corporation, which has created a regional utilities power house. Separately, Agthia shareholders agreed last year to merge with Al Foah to form a national food and beverage champion.

Meanwhile, the value of securities traded on ADX increased by 28% to AED72.8 billion in 2020 from AED56.8 billion in 2019. The number of foreign investors on ADX increased by 38% in 2020 while the value of shares they traded rose by 6.5% to AED 62.6 billion. The value of securities traded by institutions rose 35.6% to AED 111.1 billion last year.

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Abu Dhabi Securities Exchange

Abu Dhabi Securities Exchange (ADX) was established on November 15 of the year 2000 by Local Law No. (3) Of 2000, the provisions of which vest the market with a legal entity of autonomous status, independent finance and management. The Law also provides ADX with the necessary supervisory and executive powers to exercise its functions. On 17th March 2020, ADX was converted from a "Public Entity" to a "Public Joint Stock Company PJSC" pursuant to law No. (8) of 2020. ADX is part of

ADQ, one of the region's largest holding companies with a broad portfolio of major enterprises spanning key sectors of Abu Dhabi's diversified economy.

ADX is a market for trading securities; including shares issued by public joint stock companies, bonds issued by governments or corporations, exchange traded funds, and any other financial instruments approved by the UAE Securities and Commodities Authority (SCA). ADX is the second largest market in the Arab region and its strategy of providing stable financial performance with diversified sources of incomes is aligned with the guiding principles of the UAE "Towards the next 50" agenda. The national plan charts out the UAE's strategic development scheme which aims to build a sustainable, diversified and high-value added economy that positively contributes to transition to a new global sustainable development paradigm.

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