

CSDs: ADX CSD (United Arab Emirates)

Date: 05 Nov 2010

SMI Markets: United Arab Emirates

CMIRR Markets: United Arab Emirates

## Authorities Plan to Introduce Short Selling in UAE

Abu Dhabi Securities Exchange (ADX) presented a proposal to the Securities and Commodities Authority (SCA) to allow short selling in the United Arab Emirates (UAE).

This initiative is linked to the proposal of a DVP settlement module in the UAE, which will require a parallel implementation of covered short-selling. The timetable for these developments has yet to be confirmed by the authorities.

## CSD Risk Impact

### ADX CSD (United Arab Emirates)

CSD Rating: BBB

CSD Flash Impact: On Watch

Impacted Risk Type: Liquidity Risk

Current Rating = A

Flash Impact = On Watch

Impacted Risk Type: Counterparty Risk

Current Rating = BBB

Flash Impact = On Watch

The introduction of short selling in the UAE can be deemed as a step in the right direction since such practice provides participants with additional tools for trading and encourages market activity.

The implementation of a delivery-versus-payment (DVP) system is also good news for the market as these arrangements significantly reduce counterparty exposure.

Although the two developments will have a positive impact on the market, for the moment the liquidity and the counterparty risk have been set as 'On Watch' until a timetable is announced.

## Market Information Impact

### United Arab Emirates

This information affects the data contained in the Stock Market sections of the Securities Market Information Service.

## Infrastructure Risk Ratings Impact

### United Arab Emirates

Market Rating: BBB

Market Flash Impact: On Watch

Impacted Risk Type: Liquidity Risk

Current Rating = BBB

Flash Impact = On Watch

Impacted Risk Type: Counterparty Risk  
Current Rating = A-  
Flash Impact = On Watch

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