

Abu Dhabi Securities Exchange proposes region's first SPAC regulatory framework

Abu Dhabi, 09 November 2021: The Abu Dhabi Securities Exchange (ADX) and Abu Dhabi's Department of Economic Development (DED) have submitted a proposal to the Securities and Commodities Authority (SCA) for the introduction of a Special Purpose Acquisition Company (SPAC) regulatory framework, the Arabian Gulf's first.

The robust regulatory framework proposed by ADX and DED will facilitate initial public offerings of SPACs, providing investors worldwide with access to unique growth opportunities. The proposed regulations will also allow sponsors outside of the UAE to apply for approval to list their SPACs on the ADX. The ADX and DED, in conjunction with legal and investment specialists, have worked together to produce the proposed SPAC regulations, assessing the regulatory landscape and benchmarking US and international SPAC regulations. Following its review by the SCA, the SPAC proposal will require formal regulatory approval.

H.E. Mohamed Ali Al Shorafa Al Hammadi, Chairman of Abu Dhabi Department of Economic Development, commented: "The introduction of a SPAC regulatory framework will be an important step for Abu Dhabi, providing growing companies with yet another new avenue of funding. The DED's participation in the creation of the SPAC regulation reflects our commitment to supporting the growth of Abu Dhabi's economy and making the Emirate an attractive destination for international capital. The Emirate has nurtured a pipeline of fast-growing regional companies by providing robust regulations in a stable, low tax and fixed exchange rate environment. We will continue to support the economy of Abu Dhabi by promoting innovation and enhancing the business environment."

Sameh Al Qubaisi, Executive Director - Executive Affairs Office at Abu Dhabi Department of Economic Development, said: "The creation of a market for SPACs reflects the Emirate's commitment to create a dynamic capital market environment, seamlessly connecting investors and issuers around the world in a stable, business friendly environment. This new milestone will support the Emirate's efforts to accelerate economic diversification and enhance its financial services sector, attracting a wider range of professionals to live, work and invest in Abu Dhabi. Targeted companies in the UAE and beyond will also enjoy many advantages through a SPAC merger, from faster execution and lower costs of marketing to upfront price discovery and access to the SPAC's sponsors operational expertise."

Mr. Saeed Hamad Al Dhaheri, Chief Executive Officer of Abu Dhabi Securities Exchange, added: "The introduction of SPAC regulations will further enhance our efforts to provide market participants with the widest range of investment vehicles and tools, including the recent introduction of a derivatives market platform. Over the past several months, the exchange has undertaken rigorous SPAC simulations, operational readiness tests, and the preparation of educational material for sponsors and investors. ADX is now fully prepared to field inquiries from sponsors and investors ahead of the proposal's expected approval. In the meantime, we will continue to encourage the listing pipeline on the exchange and roll out more innovative investment tools as part of our efforts to enhance liquidity."

The market capitalisation of the ADX recently exceeded AED 1.5 trillion, supported by a series of listings and increased international investment. At the end of the first ten months of the year, the value of shares traded on the exchange reached AED 284 billion, while the foreign net investment reached AED 6.1 billion. Meanwhile, the benchmark Abu Dhabi General Index (ADI) increased by more than 61% year to date making it one of the best performing equity indexes in the world within the same period.

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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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