



Saudi Tadawul Group acquires a strategic stake in Dubai Mercantile Exchange creating Gulf Mercantile Exchange

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- Saudi Tadawul Group will acquire a 32.6% stake in DME Holdings Limited, the parent company of Dubai Mercantile Exchange (DME), through the acquisition of a mix of new and existing shares, becoming the joint largest shareholder alongside CME Group.
- DME will be rebranded as the Gulf Mercantile Exchange to reflect its position as the key regional commodities exchange in the Middle East with global relevance.
- Through DME's flagship DME OQD Contract - the crude oil futures contract that generates the world's largest amount of physically delivered crude oil - physical delivery volumes reached 210 million barrels of oil in 2023, up from 181 million in 2022.
- The investment by Saudi Tadawul Group brings together world-class strategic partners and expertise to accelerate DME's growth potential, including CME Group, the Oman Investment Authority, and Dubai Holding alongside global financial and commercial shareholders.
- The partnership will unlock further opportunities in the energy, metals, and agricultural commodity markets and support the ongoing transition to a sustainable economy through the launch of next-generation derivative contracts.

RIYADH, KSA and DUBAI, UAE, Jan. 18, 2024 /PRNewswire/ -- Saudi Tadawul Group Holding Company (STG), a leading diversified capital markets group in the MENA region, has entered into a binding agreement with existing shareholders of DME Holdings Limited to acquire a 32.6% stake in Dubai Mercantile Exchange (DME), one of the leading international commodities exchanges (the Agreement). As a result, Saudi Tadawul Group will become the joint largest shareholder in DME Holdings Limited alongside CME Group, with other shareholders including the Oman Investment Authority and Dubai Holding as well as global financial and commercial industry leaders. The Agreement also includes an ability for STG to increase its shareholding in the future. The shares acquired represent a mix of new and existing shares, with the proceeds from the new shares used to fund DME's growth.

STG's investment represents a significant opportunity to leverage world-class capabilities and expertise, accelerating DME's growth as a regional commodities leader that is well-positioned to capture global commodities demand. The Agreement will support a strategic move towards leveraging the Middle East's geographic proximity to both key commodity production hubs and end-markets, with DME serving as a bridge between production and end-markets. The partnership will enable the new Gulf Mercantile Exchange to capture demand for energy, metals, and agricultural commodity markets and support the ongoing global transition to a sustainable economy through the launch of next-generation derivatives contracts as part of the transition to a sustainable economy.

Founded in 2007 and headquartered in the UAE, DME is home to the DME Oman Crude Oil Futures Contract (DME Oman), that generates the world's largest amount of physically delivered crude oil. The DME Oman contract serves as the third-most important crude oil benchmark globally, which is used by five national oil companies based in the Gulf Cooperation Council countries. DME and the DME Oman contract operate to the highest standards of international financial regulation. Its use is authorized by the Dubai Financial Services Authority (DFSA) and all trades executed on DME are cleared through CME Clearing, which is regulated by the U.S. Commodity Futures Trading Commission (CFTC).

Under the terms of the Agreement, ensuring the integrity of the DME Oman contract has been of particular importance to all parties. As such, it has been agreed that no changes to any aspects of the DME Oman contract will result from the transaction contemplated by the Agreement. In addition, to avoid conflict of interest and safeguard the twin imperatives of neutrality and price discovery, no Saudi Arabian crude oil contract will be traded, sold or bought on, or indexed to, nor will Saudi crude be delivered against, the DME Oman contract via DME.

The transaction is subject to closing conditions, including as to regulatory approvals. Following the completion of Saudi Tadawul Group's investment, DME will continue to operate as usual from its headquarters in Dubai International Financial Centre (DIFC) and will remain regulated by the Dubai Financial Services Authority. CME Group will continue to provide its industry-leading CME Globex trading technology and clearing services to Gulf Mercantile Exchange. The CFTC's role in overseeing CME Clearing's operations to protect the integrity of transactions executed on the DME and mitigating risk to traders will remain unchanged.

Ahmad Sharaf, Chairman of DME Holdings Limited, said, "On behalf of DME Holdings Limited and its shareholders, I am delighted to welcome Saudi Tadawul Group as joint largest shareholder. In particular, I am proud that Saudi Tadawul Group has chosen to enter the global commodities market through its investment in DME Holdings Limited and this reflects both Dubai Mercantile Exchange's established position as one of the world's leading energy-focused commodities exchanges and the opportunities for growth open to Dubai Mercantile Exchange.

"As we enter a new era of growth as the Gulf Mercantile Exchange, we are excited about the potential to build a regional commodities powerhouse with global relevance. Not only will our expanded partnership support our flagship Oman Crude Oil Contract but it will also position us to become a champion for the transition to a more sustainable future."

Eng. Khalid Al Hussan, Group CEO of Saudi Tadawul Group, said, "Our investment in DME Holdings Limited provides Saudi Tadawul Group with access to one of the most important asset classes globally for the first time, embedding commodities trading into the Middle East's largest capital markets group. With the option to increase our stake in the future, this investment will contribute to our ability to diversify the Group's revenues and opportunities and is firmly aligned with our growth strategy and ambitions as part of Vision 2030. We look forward to working together to unlock new growth opportunities, leveraging our proximity to key financial and production hubs to bridge demand from east and west."

Mulham Al Jarf, Deputy President for Investments, Oman Investment Authority, said, "We are delighted to welcome Saudi Tadawul Group as a new shareholder. Its expertise and insights, along with what we have built over the years with DME Holdings Limited in Dubai Mercantile Exchange, will be invaluable as we continue to navigate through an ever-evolving market landscape. This partnership marks a significant step in our commitment to innovation and excellence in providing opportunities for DME's regional and global stakeholders while maintaining the integrity of DME Oman."

Derek Sammann, Senior Managing Director, Global Head of Commodities, Options and International Markets, CME Group, added, "We look forward to welcoming Saudi Tadawul Group as a significant partner in the new Gulf Mercantile Exchange, the premier commodities exchange in the MENA region. Building on DME's successful benchmark Omani Crude Oil futures contract, Saudi Tadawul Group's participation in the exchange will unlock new opportunities for developing regionally relevant trading products to help global market participants gain exposure or manage energy, metals or agriculture price risk."

About Dubai Mercantile Exchange Limited

Dubai Mercantile Exchange Limited (DME) is the premier energy-focused commodities exchange east of the Suez and home to the world's third crude benchmark. A total of 20 billion barrels of Omani crude oil have traded on the exchange since inception in June 2007, while 3 billion barrels have been delivered via the DME's physical delivery mechanism over the same period.

DME Holdings Limited is a joint venture between Dubai Holding, Oman Investment Authority and CME Group and the parent company of DME. In addition to its core shareholders, global financial institutions and energy trading firms such as Goldman Sachs, J.P. Morgan, Morgan Stanley, Shell, Vitol and Concord Energy have taken equity stakes in DME Holdings Limited, providing the exchange with a resounding vote of confidence by major players in global energy markets.

It is located within the Dubai International Financial Center (DIFC) and regulated by the Dubai Financial Services Authority. All trades executed on DME are cleared through and guaranteed by CME Clearing. CME is regulated by the U.S. Commodity Futures Trading Commission (CFTC) and is a Recognized Body by the DFSA.

About Saudi Tadawul Group

Founded in 2021 and headquartered in Riyadh, Saudi Tadawul Group (www.tadawulgroup.sa) is a holding company with a portfolio of four integrated subsidiaries: the Saudi Exchange, one of the largest 10 stock exchanges in the world by market capitalization, the Securities Clearing Center Company (Muqassa), the Securities Depository Center Company (Edaa), and Wamid, an innovative applied technology services business. Saudi Tadawul Group was established as part of a continuous development program focused on enhancing the capital market and its infrastructure, attracting foreign investments, and diversifying the Saudi economy. The Group reinforces Saudi Arabia's position as an attractive global investment destination and the gateway to the MENA region. Saudi Tadawul Group supports the development of an advanced capital market in Saudi Arabia; one of the pillars of the Financial Sector Development Program (FSDP), a Saudi Vision 2030 realization program.

About CME Group

As the world's leading derivatives marketplace, CME Group (www.cmegroup.com) enables clients to trade futures, options, cash and OTC markets, optimize portfolios, and analyze data – empowering market participants worldwide to efficiently manage risk and capture opportunities. CME Group exchanges offer the widest range of global benchmark products across all major asset classes based on [interest rates](#), [equity indexes](#), [foreign exchange](#), [energy](#), [agricultural products](#) and [metals](#). The company offers futures and options on futures trading through the [CME Globex](#) platform, fixed income trading via BrokerTec and foreign exchange trading on the EBS platform. In addition, it operates one of the world's leading central counterparty clearing providers, CME Clearing.

About Oman Investment Authority

Oman Investment Authority (OIA) is the investment arm of the Sultanate of Oman, established by Royal Decree No. 61/2020. It is a sovereign wealth fund operating as an autonomous legal entity with complete financial and administrative independence, reporting directly to the Council of Ministers. Its primary mandate encompasses the prudent management of the Sultanate of Oman's funds and assets, with a strategic focus on optimizing returns and contributing to implementing Oman Vision 2040.

OIA is entrusted with managing, investing, and developing the nation's national and international assets. With a diverse investment portfolio both locally and globally, OIA invests in over 50 countries, targeting various sectors, including food, energy, logistics, ICT, services, finance and investment, food security, tourism, mining, industry, and aviation. OIA is committed to driving sustainable economic growth and contributing to the well-being of Oman's people while also supporting the Sultanate's vision of becoming a leading investment destination in the region.

About Dubai Holding

Dubai Holding (www.dubaiholding.com) is a diversified global investment company with operations in 13 countries and employing over 20,000 people. Established in 2004, Dubai Holding touches the lives of millions of Dubai residents and visitors through its extensive portfolio of over AED 130 billion worth of assets that support the diversification and sustainable growth of Dubai's economy across 10 key sectors: Real Estate, Hospitality, Leisure & Entertainment, Media, ICT, Design, Education, Retail, Manufacturing & Logistics and Science.

Our portfolio is comprised of five leading companies: Dubai Holding Real Estate, one of the largest landowners and integrated master developers in Dubai; Dubai Holding Asset Management, which offers a world-class portfolio of 10 business districts, 20 retail destinations and 15 residential communities that collectively enable business and tourism activity as well as an enriched living experience for residents; Dubai Holding Hospitality, which manages leading hospitality assets and a diverse collection of unique F&B concepts as well as top-notch hotel brands including Jumeirah, Dubai Holding's flagship hospitality brand and global luxury hotel company; Dubai Holding Entertainment, which comprises Dubai's leading leisure attractions, media and entertainment venues such as Ain Dubai, Global Village, Dubai Parks and Resorts, ARN, and Roxy Cinemas, amongst others; and Dubai Holding Investments, a dedicated vehicle responsible for developing and implementing the Group's investment strategy, and managing a diverse portfolio of strategic and financial investments across public and private markets in the UAE and internationally. Focused on long-term and sustainable value creation, it has investments in Warsan Waste Management Centre, Du and Azadea, as well as joint ventures and partnerships with Brookfield, Emaar and others.

CME-G

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