



STEPS TO INVEST IN MUSCAT STOCK EXCHANGE



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First: Investment Planning

Realistically assess your financial situation, know your sources of income and expenses, and make sure to pay your obligations first and then allocate part of your income to savings and investment. Financial organization will help you make a safe and successful investment.

Before starting investment in the stock market, you must:



Investment Decision:

Investment objectives must be determined and then an implementation plan must be developed, to be compatible with the investor's financial needs and capabilities. Further, the investor must carefully study the market before making any investment decision, taking into account reading and understanding all investment models well, and seeking help from someone

you trust if you find it difficult to do so. Making a sound investment decision requires the implementation of a set of analyses that give the investor indications of the most feasible investment and thus help reduce investment risks. The most common types of analyses are:

Financial Analysis



It is the use of financial data issued by the company at the end of each financial period and then conducting this financial data to an accurate study with the aim of determining the correct financial position of the company.

Core Analysis



The study of the prevailing conditions in the establishment, including the general economic conditions or the conditions of the industry in which the establishment operates or the conditions of the establishment itself, to reveal information that is useful in predicting the company's performance in the future and the reflection of the same on its profits.

Technical Analysis



It is one of the ways used to predict prices by studying the previous price and market movements to predict future market movements. Technical analysis is an attempt to know future market movements by analyzing previous market information and charts, price trends and trading volume. The price tells you everything, and all technical analysts rely on price in this respect.

Psychological Analysis



It is the analysis of the traders' behavior, psychological state, expectations, hopes and fears. This type of analysis is very important because its accuracy rate is high, and we must not forget that the computer stations give price expectations based on human actions and behaviors, and ultimately depend on market trends.

pre-trading procedure

• Obtaining a shareholder number

Any investor in the securities market has a number called a shareholder/ investor number. This number is considered the investor's passport to enter the stock exchange, and through this number, we can know the securities an investor holds, and all transactions they have carried out with the stock exchange.

Muscat Clearing and Depository Company is the entity responsible for issuing the shareholders' numbers in Muscat Stock Exchange. To complete the procedures of obtaining the number, the investor has to login the Oman Stocks application and follow the instructions, or use the website and attach the basic data:



Oman Stocks App



Website of MCD



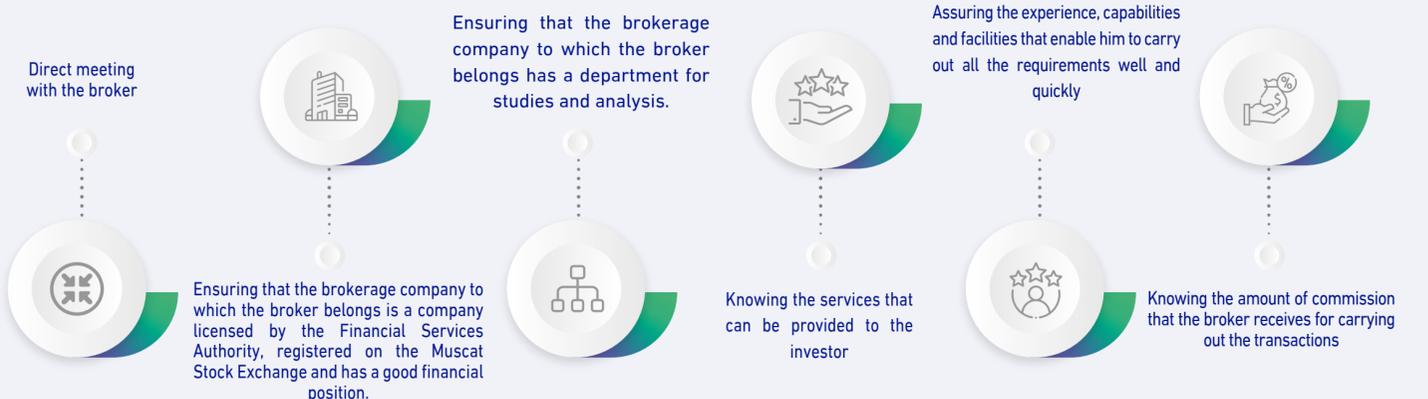
Sanad Offices



Choosing a brokerage company

The brokerage company is the entity that carries out buy and sale processes on your behalf. Before starting any investment process, you must choose the brokerage company that you will deal with and agree with it on everything related to your rights and obligations.

How do I choose a broker?





Trading in the Securities Market

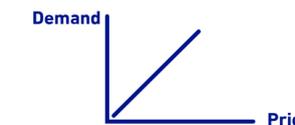
Supply is the quantity of listed securities that the investors are willing to sell at different prices. The relationship between the security price and the quantity demanded that sellers want to offer in the market is a direct relationship, meaning that an increase in the security price leads to an increase in the quantity that sellers want to offer in the market. Further, a decrease in the security price leads to a decrease in the quantity that sellers want to offer in the market, assuming other things remain the same.



Supply

Demand

Demand is the quantity of shares or financial instruments that investors want to buy and have the ability to buy at the specified price and time. Assuming other things remain the same, the relationship between the security price and the quantity demanded in the stock exchange is an inverse relationship, meaning that the quantity demanded of shares in the market will increase when the share price decreases, and decrease when the share price increases in the market.



Why are stock prices increasing?

- Growth in the company's profits and sales
- Introduction of a new attractive product or service
- Expectation of more distinguished products and services
- The company obtains new contracts
- Extensive media coverage of the introduction of any new product
- The company plans to split its shares
- Other benefits of the product
- A well-known investor is interested in buying the company's shares
- A large number of investors are interested in buying the company's shares
- Financial analysts' recommendations to buy the company's shares
- Increased shares of companies in the same sector
- Poor performance of competing companies
- The company wins a lawsuit
- Increased number of consumers of the company's products
- Global expansion of the company
- Acquisition of the company by another company
- The creation of a new entity by the parent company
- Rumors

Why are stock prices decreasing?

- The company's profits and revenues have decreased
- One of the company's main investors sells his shares in the company
- Financial analysts' recommendations not to buy the company's shares
- The company losing a major customer
- A large group of investors sells their shares in the company
- Poor performance of the company
- Decreased shares of companies in the same sector
- A competitor overcomes the company by introducing a better product
- A major lawsuit is filed against the company
- The product is identified as unsafe
- Decreased number of consumers of the company's products
- Issuance of a law that may have negative impact on the company's sales and profits
- A strong competitor entered the market
- Rumors

After the investor opens an account with Muscat Clearing and Depository Company and chooses the brokerage company they want to deal with to execute the purchase or sale processes, they must decide what they will buy or sell. So, the investor gives an order to the brokerage company to start its role in the implementation process after they fill out a form authorizing the broker to complete the transaction. Some brokers may provide the buy or sell service through the trading platform, or through the phone without the presence of the investor.

There are three types of orders that the broker usually receives from the investor. These orders are:



Market price Order

According to this order, the broker is authorized to buy and sell in the market, which means execution in the market hall at the best price level at the time the order was given. This means that the order is executed at the discretion of the brokers and the order is valid from the time it is issued by the investor.

Limited price Order:

In this order, the investor sets a specific price or limit for the security price for the broker, and the broker must execute the order once the price reaches this limit.

Example: If the investor specifies a price of 3 OMR for the share they want to sell, in this case this order is not executable unless the price reaches 3 OMR. In such a case, the broker is not authorized to sell the shares at any amount less than this price, and the same example applies in the case of selling.

Stop-Loss Order

It is a specific order. In this case, the investor issued a stop-loss order to the broker.

For example: If a person buys a share at a price of 5 OMR and the share price declines, in this case this person can give an order to the broker that will be effective once the price reaches 2 OMR. If it falls to 4,500 OMR, the order will not be executable, but once the price reaches 2 OMR, this order will become

effective and the broker must execute it and sell the share immediately.

Orders execution operations: After receiving the purchase or sale order from the investor, the broker registers it in the electronic trading system in effect in the market. These operations are executed by the system itself according to the following priorities: type of order (buy or sell), price (in the case of sale, the highest price is accepted and in the case of purchase, shares are purchased at the lowest price), and order time (in the event of more than one order at the same price, priority is given to the order submitted first).

Trading Monitoring

Market Surveillance Department ensures that the operations within the stock exchange are carried out in accordance with the terms and rules of trading. In the event of discovering any violation of these terms, the Department has the right to analyze the trading data after the end of the session and notify the Financial Services Authority to cancel the violating operation, as it is the authority competent to cancel operations after the end of trading.

Settlement of Operations:

After the end of the trading session, all operations are automatically sent to the Muscat Clearing and Depository Company which performs clearing and settlement works, meaning that it gives the buyer the shares and bonds they purchased and receives the cash amounts.

Sources of Information

The sources of information in the securities market vary according to the type of information requested by the investor. In general, it can be said that there are sources through which the investor can obtain information, namely:

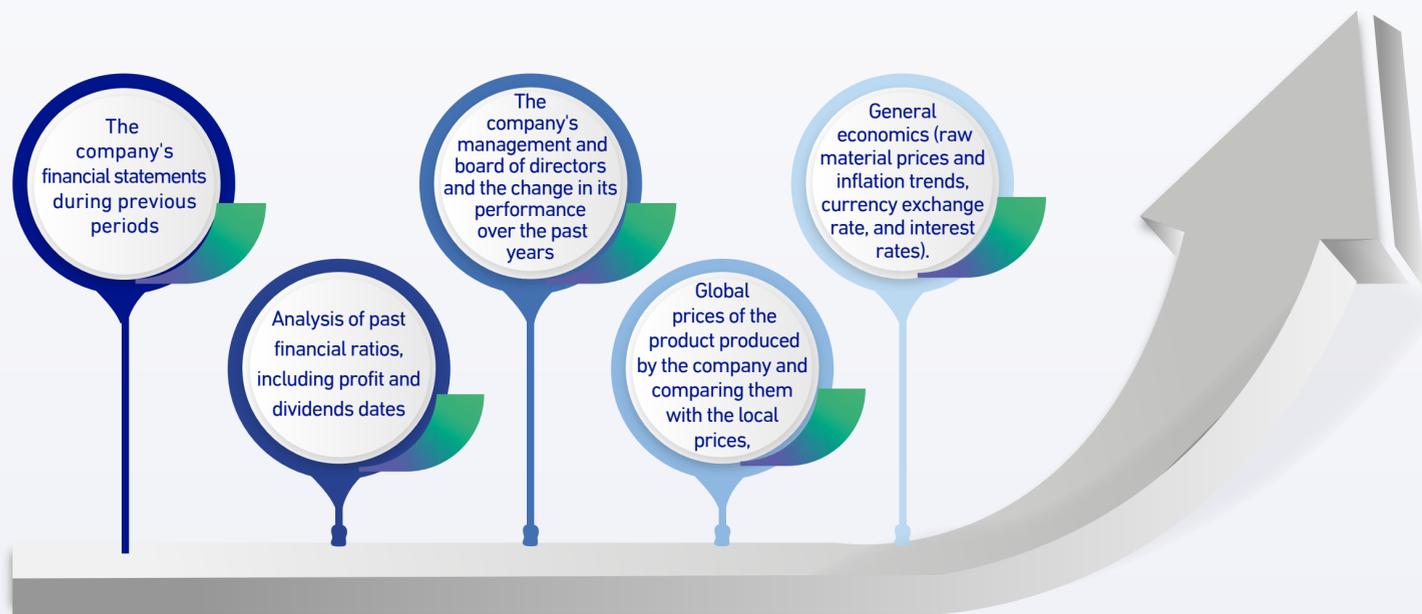
- Contacting the company itself and obtaining the information from its source.
- Official websites authorized to publish information and news of listed companies, including the Financial Services Authority's website and the Muscat Stock Exchange's website.
- The website of the company being invested in, as well as its annual reports.
- Financial statements and economic news published in specialized newspapers and magazines.

The investor must build their investment decision on information closely related to the future of the stock, and consequently some investors success in achieving good results for their investments.

Necessary Information about Companies

This information means the news of the companies invested in or intended to be invested in, as well as general news about the economic conditions. This information varies from one company to another. For example: In the case of companies operating in the industrial sector, information about the prices of raw materials needed for production and expectations - whether they will decrease or increase - may have a greater impact on them than companies operating in other sectors.

It is always necessary to search for the appropriate information that matches the investor's orientations and intention to sell, buy or possess, but in general there is information that must be considered and searched for, given its direct impact on making any investment decision. This information include, without limitation:



Investment Decision:

The investor is always looking to increase the return on any investment they wish to enter into, but knowing the return only is not enough to make a sound investment decision due to the absence of the other aspect of investment, which is risk.

Therefore, the investor must know or estimate the return, as well as the risk to compare between two or more investments when wishing to choose the best option. Therefore, return and risk are considered the main determinants of decision-making, and this

parallel relationship between them, increase and decrease of returns, results from reducing risk. This principle in financial sciences is known as the principle of "the reciprocal relationship between return and risk". This means that the investor must know the percentage of both risk and return, so the investor must know it and estimate its impact on the levels of risk and return to reach a sound investment decision.





Stock Price Volatility:

Know that stock prices may fall as well as rise. Stock prices cannot continue to rise indefinitely, nor can they remain low for a long time. The rise and fall depend on the level of companies' performance and growth potential. Investment should not be a source of anxiety for the investor. If you feel anxious about one of your investments, you should review your decision.

Invest in investment funds:

Investment funds are designed for investors who do not have sufficient financial resources to form a private portfolio of securities, or who lack the experience and knowledge, or do not have enough time to manage these portfolios. Stock and bond investment funds play an important role in the financial markets, as they are effective means of accumulating savings and providing opportunities for small investors to invest their money under the supervision of specialized agencies.



Don't keep your losing stocks:

There are some reasons and motives that make you keep losing stocks for long periods, but the main reason for that is your failure to dispose of these stocks early. The psychological factor intervenes at those moments and you fall into the trick of hope and greed and convince yourself that the stock will rise again, and sometimes you will get a chance to exit with a small loss, so do not hesitate. In order to maintain the losses limited, you need to develop a plan.



Avoid greed:

When you sell one of your stocks for profit, you feel that if you keep it for a longer period, it will bring you more profit. Hence, some may investors make huge profits from the stock market and then remain waiting in vain while all their profits disappear. Some of those investors deny that many of the preferred stocks will return to what they were again, and some of them lose hope because of this belief, and of course, making profits and then losing them completely is more painful than not making any profits.

Do not borrow money to invest:

Everyone who wishes to invest must choose the appropriate way to organize spending, so that a portion, even small, of the monthly or annual income is allocated for saving and then investment. It is always preferable to invest with saved money and not borrowed money, even if the amount is small, since there are no restrictions in this respect. You must specify the size of your investments in the securities market in relation to the surplus income available so that losing any part of it does not affect your daily life or your current expenses due to the fluctuations of the securities market, which are sometimes sudden and unexpected.

Define your investment goals:

It is important to identify the investment goals and then develop an implementation plan that suits the investor's financial needs and capabilities. Further, it is necessary to study the market and stocks thoroughly before making any investment decision, while reading and understanding all investment models and seeking the help of trusted persons if it is impossible to do so.

Distribute your investment portfolio:

(Do not put all your eggs in one investment basket). This is a common saying in the investment field, so do not put all your money in one stock. Rather it is preferable to distribute your investment portfolio according to the risk ratios and then the return by distributing your investment in several companies and sectors, and this is what keeps you away from the loss.

Long-term Investment:

Long-term investment and avoidance of speculation as much as possible are recommended, especially if you are a beginner in this field because of the risk involved. Studies in all emerging and developed markets have proven that investing in the securities market achieves the highest return in the long term, and it is the best investment for those looking for a good return away from the usual traditional methods.

Stay away from Rumors:

Information in the economic field is immediately translated into a decision that brings profit, if it is correct, and capital is lost, if it is wrong. You should pay attention and not be carried away by the rumors in the market and assure the accuracy and validity of the information circulated. Follow the scientific method in analyzing that information with the help of those specialized in this field.

Be organized:

Lack of organization is one of the reasons why investors lose money in the stock market . If you are organized, you will have a strategy or plan, and regardless of how you feel, you will stick to your strategy and plans. Organization here means having the knowledge to determine what you should do, and the management and courage to do what you should do. Adhering to the rules often achieves good results for the investors. It is known in the world of investment that you learn more from your mistakes than from your gains. This has happened to many investors who made profits very quickly and very simply, but when the profits stopped using these easy means, they had no idea what they could do at that time, because they simply do not know the feeling of loss. Instead of burying your head in the sand, try to understand your mistakes and how to remedy them in the future, rather than making excuses and acting as if your loss is just a loss on paper and can be compensated for in the future. Always remember that you are investing in the stock market, which adopts only the right way, so accept the loss and be careful not to repeat your mistakes.



Don't listen to the unqualified:

Before you listen to any investment advice, you must first make sure that the person who gave the advice has no other goals, and that they are trustworthy and well qualified to give advice. However, listening to advice does not mean that you completely neglect analyzing the stock technically and fundamentally. So, take enough time to make sure that the decision you will make will be correct and its timing is appropriate.

Don't follow the herd policy:



Do not rush to buy on the stock exchange when people rush, or sell when others sell because it is a policy that does not indicate good at all, but investment must be based on a scientific method, and there are many who buy when others sell and sell when others buy.



Follow the news and disclosures:

Some people may not pay attention to news bulletins, especially economic ones, but if you are investing your money in the stock market , you must listen carefully to everything in these bulletins, because they may help you make a decision that reduces your losses during times of fluctuations in the financial markets or achieve gains for you. The economic bulletin may also have an impact on the performance of stocks and investment portfolios. Furthermore, economic bulletin is sometimes almost the driver of some types of stocks that depend on currency and energy prices.

Develop your skills and abilities:

Enhance and develop your skills and abilities as an investor continuously, benefit from training courses, and review the latest publications, brochures and reports on investment areas in the financial markets. Try constantly to activate your memory regarding fundamental and technical analysis, as the same makes you ready to choose the best stocks and investments.



You must be aware of your rights and duties:

In order to have a high level of investment awareness, you must be aware of your rights and duties. You must review and understand all the systems, laws, legislation and regulations governing the purchase and sale of securities. You must also know all aspects related to your full rights and duties as a shareholder. You have the right to know all the information about the parties you deal with and their credibility and trustworthiness, and so none of your rights are lost.

Contact us

