

**Subject: Introduction of Daily Gold Futures Contract**

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Notice to all Members,

**Subject: Introduction of Daily Gold Futures Contract**

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Pursuant to the DGCX By-Laws, and Clearing Rules of the DCCC, Members are hereby advised of the following.

DGCX will be launching Daily Gold Futures Contract (“the Contract”), which will be made available for trading on and from **Monday 25 January 2021**.

The Contract will be available for trading on the EOS Platform, and will be cleared by DCCC in the normal manner. Attached at Annex I are the Contract Specifications which shall form Part W to the DGCX By-Laws, together with the summary contract specifications can be found at Annex II, and revised Block Trade Form at Annex III.

The Contract will be compulsory physical-delivery for all open positions held at the end of each trading day. Delivery will take place at the following Approved Vaults: Central Bank of the United Arab Emirates; and Brink’s Global Services. The Contract Specification is for a single gold bar of 400 troy ounces, but with a weight tolerance of 350 troy ounces – 430 troy ounces, expressed in multiples of 0.025 troy ounce, and a minimum fineness of 995 parts per thousand. The initial acceptable brands will be Emirates Gold DMCC and Al Etihad Gold Refinery DMCC, although DGCX reserves the right to include additional brands in due course as appropriate.

It shall be the responsibility of the Seller to ensure that gold which is the subject of delivery under the Contract be packaged in accordance with prevailing market standards. For the avoidance of doubt, proper packaging means, at a minimum, (a) packing the Property so that it is firmly contained and adequately cushioned within the container, (b) no items other than the Property and packaging material are in the same container, (c) the Property is easily repackaged requiring no expertise by any third party inspectors or handlers, and (d) the container is hard-sided, as a result of which (e) the packaging will adequately protect the Property from damage due to rough handling by multiple third parties and will easily allow for repackaging by inspectors requiring no expertise.

Delivery will be on a T+1 basis, except where transactions have been executed via a wholesale trade facility (e.g. Block Trades). In such cases the parties to the transaction may agree that Delivery shall take place on a T+2 basis, and if so, will advise DGCX accordingly when submitting the Block Trade for authorization. The Block Trade Form can be found at Appendix III.

The daily settlement price shall be established in accordance with DGCX’s standard procedures and will be used to determine the invoice price for use in the delivery process.

The Daily Price Range, No Cancellation and Mandatory Cancellation Ranges shall be as follows:

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<b>Contract</b>	<b>*Daily Price Range (in ticks)</b>	<b>No Cancellation Range (In ticks)</b>	<b>Mandatory Cancellation Range (in ticks)</b>
Daily Gold Futures Contract	5000	1700	3300

\*There will be no limits on intra-day price movements and the Daily Price Range shall be relaxed during periods of extreme price volatility.

DCCC has determined the Initial Margin rates to be as follows:

<b>Contract</b>	<b>Initial Margin</b>	<b>Delivery Margin</b>
Daily Gold Futures Contract	\$26,200	\$45,400

DGCX and DCCC have determined that the following fees shall apply until further notice:

<b>Contract</b>	<b>Daily Gold Futures Contract</b>
Trading	\$125
Clearing	\$50
Delivery	\$75
SCA	\$0.03

Block trades threshold shall be 5 contracts.

Members requiring further information with regard to this Notice should contact their Relationship Manager.

**For Dubai Gold & Commodities Exchange**

**Andrew Dodsworth**  
**Director – Operations & Risk**



**Annex I**

**Proposed Changes to DGCX By-Laws for DGCX Daily Gold Futures Contract**

New Part W Daily Gold Futures Contract Specification

**W.1. General By-Law relating to Specifications of Daily Gold Futures Contracts**

**W.1.1. Scope of the By-Law**

This By-Law shall apply to Daily Gold Futures Contracts as described in Part W of the By-Law

**W.2. Trading Hours**

The Trading Hours in Daily Gold Futures Contracts shall be as determined by the Exchange from time to time.

**W.3. Trading Days**

The Trading Days in Daily Gold Futures Contracts shall be as determined by the Exchange from time to time.

**W.4. Physical Delivery Arrangements**

**W.4.1. Approved Gold Refiners, and Vaults**

The Exchange shall from time to time determine and publish:

- (a) a list of Approved Gold Refiners whose gold bars shall be accepted as deliverable gold in fulfillment of a Daily Gold Futures Contract; and
- (b) a list of Approved Vaults in the UAE in which gold may be stored for delivery in fulfillment of a Daily Gold Futures Contract and whose certificate as to weight shall be accepted for gold delivered in fulfillment of a Daily Gold Futures Contract.

**W.4.2. Matching of Delivery Obligations**

The Clearing Corporation shall confirm to the Buyer/Seller the delivery obligations by no later than the time prescribed by the Exchange on each Business Day.

**W.4.3 Notice/Tender Day**

The Notice/Tender Day shall be the next succeeding Business Day.

**W.4.4. Obligations of Seller**

- (a) A Clearing Member holding a short position ("Seller") at the close of trading on each Business Day shall provide to the Clearing Corporation confirmation ("Delivery Notice") that the appropriate instructions have been entered into the Exchange's delivery system with such information as the Exchange may prescribe by the specified time.

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- (b) A Delivery Notice, once issued, cannot be withdrawn or cancelled without the written agreement of the Clearing Corporation.

**W.4.5. Gold to be Represented by an Electronic Gold Warrant**

Gold that is the subject of a Delivery Notice shall be stored in an Approved Vault and shall be represented by a Electronic Gold Warrant ("EGW") that complies with the requirements of these By-Laws. Each EGW shall represent 1 lot.

**W.4.6. Roles of Clearing Corporation and DMCC for the Daily Gold Futures Contract**

**W.4.6.1. Clearing Corporation to Act as Seller's Agent**

Each Seller who has issued a Delivery Notice shall be deemed to appoint the Clearing Corporation to act as its agent to perform one or more the following to the extent necessary to effect the delivery of gold subject to that Delivery Notice:

- (a) to instruct an Approved Vault to cancel a EGW representing such gold stored in the Approved Vault; and/or
- (b) to instruct an Approved Vault to issue two or more EGWs representing such gold in place of the cancelled EGW; and/or
- (c) to instruct DMCC to endorse by way of transfer to a Buyer or Buyers determined by the Clearing Corporation, the EGW or EGWs representing such gold.

**W.4.6.2. DMCC May Act on Behalf of Clearing Corporation**

The Clearing Corporation may, with the agreement of DMCC, authorize DMCC to act on its behalf to perform any of the acts referred to in By Law W.1.4.6.

**W.4.7. Delivery Procedure**

Where a Delivery Notice is allocated by the Clearing Corporation to one Buyer, on the Delivery Day the Clearing Corporation shall instruct DMCC, on behalf of the Seller to endorse the relevant EGW or EGWs by way of transfer to the Buyer.

Where a Delivery Notice is allocated by the Clearing Corporation to more than one Buyer, on the Delivery Day the Clearing Corporation shall instruct the Approved Vault in which the Gold represented by the EGW referred to on the Delivery Notice, to cancel the EGW and to issue two or more EGWs in place of the cancelled EGW. The Clearing Corporation shall instruct DMCC, on behalf of the Seller to endorse the relevant EGWs by way of transfer to the Buyers.

The transfer of EGWs to the Buyer is subject to receipt of payment which shall occur no later than 08:00 hours on the Delivery Day.

**W.4.8. Delivery Day**

The Delivery Day shall be the next succeeding Business Day.

**W.4.9. Settlement Value**



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The Settlement Value shall be calculated as

$SV = 400 \times P +$  any adjustments for weight and or quality as prescribed by the Exchange from time to time.

Where

SV is the Settlement Value of the Contract, expressed in US Dollars, and  
P is the Invoice Price, expressed in US Dollars per ounce.

**W.4.10. Invoice Price**

The Invoice Price referred to in By-Law W.4.9. shall be the Daily Settlement Price of the relevant Class of Contract on each Business Day.

**W.4.11. Payment**

By no later than 08:00 hours on the Delivery Day the Buyer to whom a Delivery Notice is allocated shall pay to the Clearing Corporation the Settlement Value.

By no later than 10:00 hours on the Delivery Day, and subject to the completion of the endorsements referred to in By-Law W.4.7., the Clearing Corporation shall pay the Settlement Value to the Seller.

**W.4.12. Default**

**W.4.12.1 Default by Seller**

- (a) Should a Seller not deliver by the time prescribed by the Exchange a Delivery Notice referred to in By-Law W.4.3.(a), or that the Delivery Notice does not contain the information prescribed by the Exchange, such Seller shall be in default.
- (b) Should a Seller fail to deliver Gold that conforms to in all relevant aspects to the description in By-Law W.6., such Seller shall be in default.

**W.4.12.2. Default by Buyer**

- (a) Should payment for any delivery not be made by the Buyer by the time prescribed by the Clearing Corporation, such Buyer shall be in default.
- (b) Should delivery not be duly accepted by a Buyer or its agent as provided in these By-Laws, such Buyer shall be in Default.

**W.5. Contract Specification for Daily Gold Futures**

The Contract Size shall be 400 troy ounces.

**W.5.1. Delivery Months**

The Exchange shall make Daily Gold Futures Contracts available for trading on each Business Day.

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**W.5.2. Minimum Price Movement**

The Minimum Price Movement shall be US\$0.01

**W.5.3. Final Cash Settlement Price**

The Final Cash Settlement Price shall be the Daily Settlement Price on each Business Day.

**W.5.4. Delivery**

The Contract shall be physically-delivered in accordance with By-Law W.4.

**W.5.5 Quality Specification**

Gold that is delivered under the Daily Gold Futures Contract shall be of a minimum fineness of 995.0 parts per thousand and be of “Dubai Good Delivery” quality specification, as determined by DMCC from time to time.





**Contract Specifications**

<b>Contract Type</b>	Daily Gold Futures Contract
<b>Contract Name</b>	Daily Gold Futures Contract
<b>Contract Symbol</b>	DGFC
<b>Underlying</b>	400 troy ounce gold bar of "Dubai Good Delivery" specification
<b>Contract Size</b>	400 troy ounces
<b>Notional Contract Value</b>	400 x price
<b>Trading Currency</b>	USD
<b>Settlement Currency</b>	USD
<b>Price Quote</b>	USD quoted in USD per troy ounce
<b>Tick Size</b>	USD 0.01
<b>Tick Value</b>	USD 4.00
<b>Settlement Basis</b>	Physical Delivery.
<b>Final Cash Settlement Price (FCSP)</b>	FCSP shall be the Daily Settlement Price on each trading day.
<b>Trading Days</b>	Exchange Business Days
<b>Delivery Day</b>	Each succeeding Business Day
<b>Trading Hours</b>	07:00 – 18:00 Hours Dubai time
<b>Max. Order Size</b>	5,000 lots
<b>Wholesale Trades</b>	Block Trade minimum size threshold: 5 lots. EFP/EFS also available. Trades must be submitted within 15 minutes after execution
<b>Delivery Process</b>	Delivery through DMCC Tradeflow system. On T+1 pay-in of funds and delivery-in of Gold Warrant to DMCC by 08:00. Pay-out of funds and delivery-out of Gold Warrant between 10:00 and 12:00
<b>Delivery Margin</b>	2 x Initial Margin.
<b>No Cancellation Range</b>	See link: <a href="http://www.dgcx.ae/price-limits">www.dgcx.ae/price-limits</a> (To be updated)

**Block Trade Form**

<b>Clearing Member (CM) Name</b>	
<b>CM Code</b>	
<b>Trading Member (TM) Name</b>	
<b>TM Code</b>	
<b>User ID</b>	
<b>Client Name</b>	
<b>Client Code</b>	
<b>Contract Name</b>	
<b>Expiry/Delivery Month</b>	
<b>Strike Price (if applicable)</b>	
<b>Number of Lots</b>	
<b>Buy/Sell</b>	
<b>Price</b>	
<b>Value in USD</b>	
<b>Delivery Process (T+1 or T+2)</b>	
<b>Name of person submitting Block Trade</b>	
<b>Date</b>	
<b>Time of Negotiation</b>	

**Notes:** The Exchange and/or Clearing Corporation shall not be held liable for any loss or damage caused in the processing of this Block Trade Report.

The Member certifies that the information included in this form is correct, that the individual submitting the Block Trade is authorized to do so and undertakes to maintain all records and books for inspection and audit by the Exchange/regulatory authorities as appropriate.