

Subject: Daily Gold Futures Contract Specifications - Amendment

Notice to all Members,

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Pursuant to the DGCX By-Laws Members are hereby advised as follows.

Members will be aware that DGCX Notice No. TRDG-2021-003, issued 14 January 2021, gave details of the launch of a Daily Gold Futures Contract (“the Contract”), which was made available for trading on and from Monday 25 January 2021.

Following Member feedback DGCX is amending the Contract Specifications, details of which can be found in Appendix I and II to this Notice. The principal change is to provide the Seller with the ability to choose where to deliver the underlying goods arising from open positions on the market, whilst at the same time allowing both Seller and Buyer to mutually agree upon a delivery location should that chosen by the Seller not be in accordance with the wishes of the Buyer.

These changes will be effective on and from Monday 28 June 2021.

Members requiring further information with regard to this Notice should contact their Relationship Manager at rm@dgcx.ae.

For Dubai Gold & Commodities Exchange

Andrew Dodsworth
Director – Operations & Risk



Proposed Changes to the Contract Specifications

(Additions underlined, and deletions ~~struckthrough~~).

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



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appropriate instructions have been entered into the Exchange's delivery system with such information as the Exchange may prescribe by the specified time.

- (b) A Delivery Notice, once issued, cannot be withdrawn or cancelled without the written agreement of the Clearing Corporation.

W.4.5 Delivery Location

- (a) The Seller will include the location at which delivery will take place in the Delivery Notice.
- (b) Subject to mutual agreement, the Seller and Buyer may amend the location in the Delivery Notice and will advise the Clearing Corporation accordingly.

W.4.6. 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.4.7. Roles of Clearing Corporation and DMCC for the Daily Gold Futures Contract

W.4.7.1. 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.4.7.2. 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.4.6.1.

W.4.8. 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

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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~~ 10:00 hours on the Delivery Day.

W.4.9. Delivery Day

The Delivery Day shall be the next succeeding Business Day.

W.4.10. Settlement Value

The Settlement Value shall be calculated as

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

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.4.11. Invoice Price

The Invoice Price referred to in By-Law W.4.10. shall be the Daily Settlement Price of the relevant Class of Contract on each Business Day.

W.4.12. Payment

By no later than ~~08:00~~ 10:00 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~~ 14:00 hours on the Delivery Day, and subject to the completion of the endorsements referred to in By-Law W.4.8., the Clearing Corporation shall pay the Settlement Value to the Seller.

W.4.13. Default

W.4.13.1 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.4.4.(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.
- (c) Should a Seller fail to deliver Gold to the location specified in the Delivery Notice, such Seller shall be in default.

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W.4.13.2. 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 plus any adjustments for weight as prescribed by the Exchange from time to time.

W.5.1. Delivery Months

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

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.



Appendix II

DGCX DAILY GOLD FUTURES CONTRACT SPECIFICATION

Contract Type	Daily Gold Futures Contract
Contract Name	Daily Gold Futures Contract
Contract Symbol	DGFC
Underlying	400 troy ounce gold bar of "Dubai Good Delivery" specification
Contract Size	400 troy ounces plus any adjustments for weight as prescribed by the Exchange from time to time.
Notional Contract Value	400 x price
Trading Currency	USD
Settlement Currency	USD
Price Quote	USD quoted in USD per troy ounce
Tick Size	USD 0.01
Tick Value	USD 4.00
Settlement Basis	Physical Delivery.
Final Cash Settlement Price (FCSP)	FCSP shall be the Daily Settlement Price on each trading day.
Trading Days	Exchange Business Days
Delivery Day	Each succeeding Business Day
Trading Hours	07:00 – 18:00 Hours Dubai time
Wholesale Trades	Block Trade minimum size threshold: 5 lots. EFP/EFS also available. Trades must be submitted within 15 minutes after execution
Delivery Process	Delivery through DMCC Tradeflow system. On T+1 pay-in of funds and delivery-in of Gold Warrant to DMCC by 10:00. Pay-out of funds and delivery-out of Gold Warrant between 10:00 and 12:00 <u>by no later than 14:00.</u>
Delivery Margin	2 x Initial Margin.
No Cancellation Range	See link: www.dgcx.ae/price-limits (To be updated)

* See Exchange By-Laws Part W