

Notice No.: TRDG-2015-035

Issue Date: November 30, 2015

Subject: Introduction of physically settled DGCX Spot Gold Contract

Notice to all Members,

Subject: Introduction of physically settled DGCX Spot Gold Contract

In pursuance of DGCX By-Laws and the Clearing Rules of the DCCC, the following is hereby notified:

The Exchange shall introduce physically settled DGCX Spot Gold Contract for trading on the DGCX platform effective from **Monday, December 14, 2015**

Details about this Contract can be found in the attached Annexure:

- Annexure 1 - Contract Specification.
- Annexure 2 - Additions/Amendments to the DGCX By-Laws.
- Annexure 3 - Fee Schedule

Members are requested to take note of the above.

For Dubai Gold & Commodities Exchange

Navin Dsouza
Head of Operations

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Annexure 1 - Contract Specification for physically settled DGCX Spot Gold Contract

Specifications	Parameters
Contract Symbol	DGSG
Contract Size	32 troy ounces
Quality Specification	0.995 fineness
Price Quote	US\$ per troy ounce
Tick Size	US\$ 0.10
Tick Value	US\$ 3.20
Daily Price Movement Limit	No Price limit*
Maximum Order Size	200 lots
Minimum Delivery Size	1 lot
Trading Days	Monday through Friday
Trading Hours	0700 - 2000 Hours Dubai time (GMT+4).
Initial Risk Margin based on SPAN	USD 1,300 per contract, subject to change
Automatic Rollover Mechanism	<p>On any given trading day, unless a notice of delivery intent has been received by DCCC prior to 2015 Hours Dubai time, all open positions will be marked to market and automatically carried forward into the next trading session.</p> <p>For all carried forward position a rollover fee will be applied.</p>
Delivery Notice	Before 2015 Hours Dubai time (GMT+4) on trading day
Delivery Margin	5 times the Initial Margin, subject to change
Delivery Mechanism Details	
Delivery Days	T+2 (Monday through Friday)
Delivery Unit	31.99 troy ounces (1 kg) cast in one bar, accompanied by the original Refiner's Certificate
Delivery Logic	Random allocation

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Delivery Fee	Rates applicable and to be published on the DGCX/DCCC website
Delivery Method Instrument & Location	100% Cash via DCCC, 100% physical Gold via Tradeflow Warrant at Approved Vault locations within Dubai.
Pay- In of Funds / Delivery-In of Gold	Pay in before 1000 Hours Dubai time (GMT+4) on T+2 Pay out after 1200 Hours Dubai time (GMT+4) on T+2
Exchange of Futures for Physical (EFP)	EFP - a mechanism to exchange Futures for Spot, and Spot for Futures will be available
Approved CMI / Assayers	Names as listed on the DGCX/DCCC website
Approved Brands	Names as listed on the DGCX/DCCC website
Approved Vaults	Names as listed on the DGCX/DCCC website
Rollover Fee, per lot	<ol style="list-style-type: none"> 1. US\$ 0.96 per lot charged to the holders of positions that have been rolled over. 2. The rollover fee will be published by DCCC from time to time 3. The Corporation could levy different rollover fees for the Long and Short Positions.
Daily Settlement Price	As per DGCX Notice # COMP-2008-014 dated April 22, 2008.
Position Limits	As determined by Exchange from time to time
Delivery Limits	<ol style="list-style-type: none"> 1. Clearer Member level limit- 50% of Open Interest OR 125 Kgs whichever is lower. 2. Trading Member level limit - 20% of Open Interest OR 75 Kgs whichever is lower. 3. Client level limit- 10% of Open Interest OR 25 Kgs whichever is lower. <p>All subject to change by DCCC from time to time</p>

** For the avoidance of 'fat finger' errors price band shall be USD 20 from previous settlement price e.g. if previous settlement price is USD 1,200 then the price band is from USD 1,180 to USD 1,220.*

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Annexure 2: Additions/ Amendments to DGCX By-Laws

The below definitions are added/amended to Part A.2 of By-Laws.

Approved Delivery Location	A location at which an Approved Gold Vault is situated
Approved Gold Vault	A vault approved by the Clearing Corporation for the storage of gold for delivery in fulfillment of various classes of Gold Contracts a Gold Futures Contract
Approved Gold CMI	A DMCC Tradeflow Member lawfully engaged in the business of providing collateral management or inspection services in respect of commodities and approved by the Clearing Corporation for the purpose of certifying the weight and fineness of gold delivered in fulfillment of various classes of a Gold Futures Contracts
Approved Gold Refiner	A refiner of gold approved as such by the Exchange and whose gold bars shall be accepted as deliverable gold in fulfillment of various classes of a Gold Futures Contracts
Delivery limit	Short/Long Open Position that can be tendered for delivery in fulfillment of various classes of Contracts
Refiners Certificate	A dated certificate issued by a refiner of one or more batches of gold stating the country of origin of such gold producer, grade, quality, purity, batch number and test results for the batch.
Roll-over	The mechanism by which any Buyer or Seller may opt to carry forward their Open Position to next Trading Day

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Part R. Spot Gold Contract Specification

R.1 Interpretation

R 1.1 General

This Part R of the By-Laws contains the specification for one (1) Class of Spot Gold Contract.

R1.2 Spot Gold Contract

In this Part R of the By-Laws the term "DGSG" shall refer to Dubai Spot Gold Contract.

R.2 General Specification of Gold Contract

R.2.1 Contract and Trading Unit

The Contract and Trading Unit shall be 32 Troy ounces.

R2.2 Price basis and Minimum price fluctuations

- (a) Prices shall be quoted in US Dollars per troy ounce in an Approved Gold Vault at Approved Delivery Location in Dubai
- (b) Minimum price fluctuation shall be U.S. Dollars 0.10 per troy ounce.

R2.3 Trading hours

Hours for trading shall be as determined by the Exchange from time to time.

R.2.4 Trading Days

Days for trading shall be determined by the Exchange from time to time.

R2.5 Delivery Days

Trading in DGSG shall be conducted for such Delivery days as the Exchange and/or the Clearing Corporation may determine from time to time.

R.3 Deliverable Gold

R.3.1 Description Generally Applying to Deliverable Gold

Deliverable gold shall be 1 kilogram of refined gold of 0.995 fineness cast in one bar by an Approved Gold Refiner and located in an Approved Gold Vault.

R.3.2 Packaging of Deliverable Gold

Every bar of deliverable gold shall be packaged in a form approved by the Exchange.

R.3.3 Delivery to Approved Vaults

Gold, to be eligible for delivery in fulfillment of a DGSG, shall have been delivered to an Approved Gold Vault as follows:

- (a) directly from an Approved Gold Refiner for the account of a Clearing Member, Trading Member or Client, ; or
- (b) directly from another Approved Vault for the account of a Clearing Member, Trading Member or Client provided that such gold was delivered to that Approved Vault in accordance with R.3.3. (a)

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R.4 Approved Gold Refiners, Vaults, and CMLs/Assayers

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 DGSG Contract;
- (b) a list of Approved Vaults in which gold may be stored for delivery in fulfillment of a DGSG Contract and whose certification as to weight shall be accepted for gold delivered in fulfillment of a DGSG Contract; and
- (c) a list of Approved Gold CMLs/Assayers whose certification as to weight and fineness shall be accepted for gold delivered in fulfillment of a DGSG Contract.

R.5 Approved Delivery Locations and Gold Vaults

For the DGSG Contract the Clearing Corporation shall from time to time determine and publish:

- (a) a list of delivery locations for the delivery of Gold in fulfillment of that DGSG Contract, and
- (b) a list of Approved Vaults at each delivery location, at which gold may be delivered in fulfillment of a DGSG Contract.

R.6 Approved Warrant Issuers

The Exchange shall from time to time determine and publish a list of Approved Warrant Issuers whose Warrants representing Gold may be used for delivery in fulfillment of a Spot Gold Contract.

R.7 Delivery Notices/Tender Notices

- (a) A Clearing Member holding a short position ("Seller") intending to deliver shall provide to the Clearing Corporation a Delivery Notice by a time, prescribed by the Clearing Corporation, containing such information regarding the Gold to be delivered as the Clearing Corporation may prescribe.
- (b) A Clearing Member holding a long position ("Buyer") intending to take delivery shall provide to the Clearing Corporation a Tender Notice, by a time prescribed by the Clearing Corporation, containing such information regarding the Gold to be received as the Clearing Corporation may prescribe.
- (c) Deemed Roll-over - A Seller or a Buyer who chooses not to submit a Delivery Notice/Tender Notice shall be deemed to have exercised its option to have its Open Position rolled over.
 - A Roll-over Fee shall be published by the Corporation from time to time.
 - A Roll-over Fee may be levied to a Buyer or Seller or both in relation to rolled-over Open Positions.
- (d) The Corporation, in its sole discretion, may cancel a Delivery Notice/Tender Notice. In an event any Delivery Notice/Tender Notice is cancelled by the Corporation, the Open Position in relation to the said Delivery Notice/Tender Notice shall be deemed to have been rolled over under By-law R.7.(c)

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R.8 Gold to be represented by a Warrant

Gold that is the subject of a Delivery Notice in respect of a DGSG shall be represented by a Warrant issued by an Approved Warrant Issuer and which complies with the requirements of these By-Laws, subject to the following:

- (a) A Warrant that is to be used to effect delivery in fulfillment of a DGSG shall relate to deliverable gold Pursuant to By-Law **R.3**
- (b) A Warrant is eligible to be used to effect delivery in fulfillment of a DGSG if the gold that is the subject of the Warrant is stored in an Approved Gold Vault
- (c) A Warrant used to effect delivery in fulfillment of a DGSG shall state, in respect of the Gold that are the subject of the Warrant:
 - (i) the net weight of the Gold, calculated in accordance with By-Law R.3.1 and
 - (ii) the country of origin of the Gold, and
 - (iii) the producer and brand of the Gold, and
 - (iv) grade, quality, purity, fineness, batch number and test results for the batch; and
 - (v) the dates of issuance, and reference numbers, of the Certificate of Analysis.
- (d) A Warrant shall follow that:
 - (i) the net weight stated on the Warrant in accordance with By-Law R3.1 shall be the net weight shown on the Packing List and
 - (ii) such net weight shall not be less than the limit of 1 Kilogram of Gold and if the net weight is below this limit then the Warrant is not eligible to be used to effect delivery

R.9 Roles of Clearing Corporation and DMCC

R.9.1 Clearing Corporation to Act as Seller's Agent

Each Seller who has issued a Delivery Notice shall be deemed to appoint the Clearing Corporation as its agent for the purpose of instructing the DMCC to transfer into the name of the Buyer the ownership of the Warrant or Warrants representing such gold that is being delivered.

R9.2 DMCC May Act on Behalf of Clearing Corporation

The Clearing Corporation may authorize DMCC to act on its behalf to perform the acts referred to in By Law R.9.1

R.10 Contract Weight

The Contract Weight shall be the net weight of Gold as referred to in R.3.1 shown on the Warrant used to effect delivery in fulfillment of that Contract

R.11 Calculation of Settlement Value

The Settlement Value for each Contract shall be calculated as:

Settlement Value = Weight x Settlement Price

Where

Settlement Value expressed in US Dollars, and

Weight, expressed in troy ounces.

Settlement Price, expressed in US Dollars per troy ounce also taken as invoice price.

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R.12 Allocation of Delivery Notices and Advice to Sellers and Buyers

R.12.1 Allocation of Delivery Notices

- (a) Following receipt of the Delivery Notice from the Seller and the Tender Notice from the Buyer, the Clearing Corporation shall allocate delivery between the Clearing Member holding a short position and a Clearing Member holding a long position.
- (b) Where the Delivery Notice is in respect of more than one Contract the Clearing Corporation may allocate the Notice amount to more than one Buyer
- (c) Where the Tender Notice is in respect of more than one Contract the Clearing Corporation may allocate the Notice amount to more than one Seller.

R.12.2 Advice to Buyers and Sellers

- (a) Following allocation of a Delivery Notice in accordance with By-Law R.12.1 the Clearing Corporation shall advise the Seller and Buyer accordingly.
- (b) Where a Delivery Notice is allocated to more than one (1) Buyer/Seller in accordance with By-Law R.12.1 and the advice referred to in By-Law R. shall provide to each Buyer/Seller details only of such gold as that Buyer/Seller is to receive/deliver under the allocation.
- (c) The advice to the Buyer and Seller referred to in By-Laws R.12.1 shall include the Settlement Value for each Contract.

R.13 Delivery procedure

R.13.1 Endorsement of Gold Warrant by DMCC

On the Delivery Day the Clearing Corporation shall instruct DMCC, on behalf of the Seller, to endorse the relevant Warrant by way of transfer to the Buyer, in accordance with By-Law R.8.

R.13.2 Payment to Have Been Received From Buyer

The issuing of the instruction to DMCC referred to in By Law R.13.1 shall be subject to the receipt by the Clearing Corporation of the payment referred to in By Law R.14. from the Buyer.

R.13.3 Time of Endorsement

The endorsement by DMCC referred to in By-Law R.13.1. shall be performed not later than a time as prescribed by the Clearing Corporation.

R.14 Payment

R.14.1. Payment by Buyer

On the Delivery Day a Buyer to whom a Delivery Notice is allocated shall, not later than a time prescribed by the Clearing Corporation, pay the Settlement Value to the Clearing Corporation.

R.14.2. Payment to Seller

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On the Delivery Day the Clearing Corporation shall, subject to completion of the endorsements referred to in By-Laws R.13 and not later than a time prescribed by it, pay the Settlement Value to the Seller.

R.15 Default

R.15.1 Default by Seller

(a) Should a Seller fail to deliver the Gold that conforms in all relevant respects to the description in By-Law R.3 such Seller shall be in default.

R.15.2 Default by Buyer

- (a) Should payment for any delivery not be made by the Buyer as provided in these DGSG Specifications the buyer will be in default.
- (b) Should a delivery not be duly accepted by a Buyer or its Agent as provided in these DGSG Specifications, such Buyer shall be in default.

R.15.3 Alternative Delivery Procedure

- (a) Where a Delivery Notice issued by a Seller has been allocated to a Buyer, the Buyer and Seller may agree that delivery be made under terms and conditions that differ from these By-Laws.
- (b) In such a case, the Buyer and the Seller shall submit to the Clearing Corporation an alternative delivery completion notice in a prescribed format and before such time on the Delivery Day as is prescribed by the Clearing Corporation.
- (c) The submission of the alternative delivery completion notice shall release the Clearing Members and the Clearing Corporation from their respective obligations under the terms of these By-Laws in respect of those Contracts that are the subject of the alternative delivery completion notice.

R.16 Request of Assessment by Buyer

- (a) Where a Buyer has accepted and paid in full for a delivery in accordance with these By-Laws, and wants to request fresh assessment of the weight and/or fineness of the delivered bar(s), the Buyer shall be entitled to make a Request of Assessment of such bar(s).
- (b) In order to make such a request under this By-Law, the Buyer must lodge a written Request of Assessment with the Clearing Corporation not later than 1200 Hours Dubai time on the Business Day following the Delivery Day.
- (c) Following receipt of the request, the Clearing Corporation shall submit the bar(s) to an Approved Gold CMI of its choice for sampling and assaying.
- i. The cost of sampling and assaying shall in the first instance be borne by the Buyer.
 - ii. In the event that the sampling and assaying determines a deficiency in weight and/or fineness in the delivered bar(s) relative to the deliverable specifications, the Buyer shall be entitled to be compensated by the Seller for the following:
 1. the cost of the sampling and assaying;
 2. the deficiency in weight and/or fineness in the delivered bar(s) relative to the minimum deliverable specification; and
 3. any cost of replacement of the gold bar(s).

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R.17 Force Majeure

If the Clearing Corporation is prevented, hindered or delayed from or in performing any of its obligations under this By-Law by a Force Majeure Event:

- (i) the Clearing Corporation's obligations under this By-Law will be suspended while the Force Majeure Event continues and to the extent that it is prevented, hindered or delayed;
- (ii) as soon as reasonably possible after the start of the Force Majeure Event starting on the day the Force Majeure Event starts the Clearing Corporation shall notify Buyers and Sellers of the Force Majeure Event, the date on which the Force Majeure Event started and the effects of the Force Majeure Event on its ability to perform its obligations under this By-Law;
- (iii) if the Clearing Corporation does not comply with clause R.17. (ii) it forfeits its rights under clause R.17;
- (iv) the Clearing Corporation shall make all reasonable efforts to mitigate the effects of the Force Majeure Event on the performance of its obligations under this By-law; and
- (v) as soon as reasonably possible after the end of the Force Majeure Event starting on the day the Force Majeure Event ends the Clearing Corporation shall notify Buyers and Sellers that the Force Majeure Event has ended and resume performance of its obligations under this By-Law.

Annexure 3: Fee Schedule

Fees	Per side per lot (US\$)
Trade Fee	0.35
Clearing Fee	0.10
SCA Fee	0.03
Delivery Fee	Nil