



## TECHNOLOGY MIGRATION PROJECT - FAQs

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Following the acquisition of Cinnober Financial Technology AB (CFT) by Nasdaq Technology AB (Nasdaq) in January 2019, the DGCX Group took the decision in August 2020 to partner with Nasdaq and to migrate from CFT-provided technology to the Nasdaq Financial Framework technology platform.

One of the aims of the project was to create a market structure that would incorporate international standards and best practices, such that it would be familiar to those DGCX Group market participants that are active on other global markets whilst at the same time encouraging new market participants to join the DGCX Group because of the similarities with other global markets. Further, the Nasdaq technology offers additional functionality and services that will allow DGCX Group to continue to develop the market to meet the needs of its members and their clients.

The migration itself will be subject to necessary regulatory approval from SCA, and DGCX Group provides SCA with regular updates on the progress of this project.

### **Q1: The market data feed protocol will be changed from EMAPI to ITCH. Is this right?**

**A1:** Correct, the market data feed will be changed from EMAPI to ITCH (full depth POBE) and NMDF (Best/Top Five) and this will be the only protocol that will be used - i.e. FIX will not be available for market data feed.

### **Q2: Can you provide more information on the removal of the square-off functionality?**

**A2:** The current square-off process is a one-size-fits all approach that is applied by DCCC at the Clearing Member level. This works well for a pre-trade margin model, but where there is a post-trade margin model it is more appropriate that control is given to the Clearing Members to set limits - be they position, order, or trade - at individual client level rather than have them imposed by DCCC at the Clearing Member level.

### **Q3: Will the move to post-trade margining require regulatory approval?**

**A3:** No specific approval for this change will be required, but the regulator (SCA) will be advised of the risk framework that will be proposed to be adopted by DCCC, and appropriate confirmation will be sought. In addition, SCA have been kept informed throughout the project.

**Q4: Will the testing be mandatory?**

**A4:** Yes, all Members and Vendors will be required to undertake conformance testing prior to go-live.

**Q5: Will training be provided?**

**A5:** Yes, DGCX Group will provide training prior to integrated testing.

**Q6: Is Pre-Trade Risk Management (PTRM) mandatory for all Members?**

**A6:** Yes, DGCX Group has determined that all orders submitted to the market must be subject to some form of PTRM check, that this will be a mandatory requirement to be complied with by all Members

**Q7: Will DGCX/DCCC be imposing limits on Members via PTRM?**

**A7:** No, limits will be set at the Clearing Member level, by Clearing Members. DGCX will, subject to consultation, offer to provide transitional support for the maintenance of the limits set by Clearing Members.

**Q8: Will PTRM add latency to orders submitted to the market?**

**A8:** Any increase in latency will apply to all orders submitted to the market, as PTRM will be mandatory for all Members.

**Q9: Will the existing TM and CM identifying numbers remain unchanged?**

**A9:** No, the intention is to simplify and make more consistent the numbering convention, such that all TMs will have 1xxx number series and all CMs 3xxx number series.

**Q10: Will there be any changes to DGCX By-Laws and/or DCCC Clearing Rules?**

**A10:** At this stage it is not envisaged that there will be any requirement to change either the By-Laws or Clearing Rules, but it may be necessary to re-issue and/or amend existing policies that have been advised to the market by way of Notice. If this is the case, then further details will be made available in Q3 2022.

**Q11: How will a failure to meet the intra-day margin call be treated?**

**A11:** Any failure to meet a margin call is an Event of Default under the DCCC Clearing Rules, and to that extent there is no difference between the proposed intra-day margin call and the current end-of-day margin call.

**Q12: Will members be able to view their variation margin in real-time?**

**A12:** Yes, the Nasdaq Real-Time Clearing Solution (NRTC) provides this functionality, in addition to which DCCC will make available the SPAN file 5 times per day.

**Q13: How will the post-trade margin model work with regard to national holidays in the UAE when the settlement banks are closed?**

**A13:** DCCC will be revising the necessary procedures to ensure that margin calls can continue to be met when settlement banks are closed. The existing arrangements whereby evidence of submission of funds via TT (or similar) is taken into account for the purposes of meeting margin calls are likely to continue, but DCCC will provide further details on this point in Q3 2022.

**Q14: Will it be possible to submit Block Trades/Asset Allocations via the Member Portal?**

**A14:** No. Block Trades/Asset Allocations must be submitted using the Trade Report functionality either by way of FIX API or Nasdaq Core Desktop (NCD). There will be automatic validation of any relevant minimum quantity requirement, together with the time between trade arrangement and submission.

**Q15: When will the FIX API specifications be made available?**

**A15:** It is intended that these will be published in May 2022.

**Q16: Will any new products be made available for trading following the migration?**

**A16:** It is not intended to launch any additional products at the time of go-live.

**Q17: Will DCCC accept other forms of non-cash collateral as part of the project?**

**A17:** DCCC keeps under regular review acceptable collateral and will advise Members accordingly of updates.

**Q18: Will there be changes to the Default Fund and/or Minimum Clearing Commitment?**

**A18:** No, it is not intended that there will be changes to either as part of the migration project.

**Q19: When will the EOS system be retired?**

**A19:** The EOS system will no longer be operational from the go-live in terms of member access.

**Q20: When will the additional settlement bank accounts be operational?**

**A20:** Whilst it is intended that these accounts will be opened with the settlement banks prior to go-live, they will not be operational until the go-live date.

**Q21: Will there be changes to the SPAN file format?**

**A21:** No, the SPAN file format will remain unchanged.

**Q22: What account types will be available in NRTC, and will there be any limitations?**

**A22:** In addition to the House accounts CMs will be able to have Gross Omnibus Accounts (GOSA) as well as Individual Segregated Accounts (ISA), and it is not proposed that there be a limitation on the number of either.

**Q23: What is the future of the EMAPI protocol?**

**A23:** EMAPI will be replaced by ITCH/OUCH as the proprietary protocols for the Nasdaq technology platform.

**Q24: Will dynamic price limits be capable of handling negative prices?**

**A24:** Yes, negative price will be handled by dynamic price limits.

**Q25: How many margin calls will DCCC make each day?**

**A25:** It is intended that there will be two margin calls each day, one at the end of day – which will include both initial and variation margin – and in intraday one, that will be for negative variation margin only.

**Q26: Will a SPAN file be available for the intraday margin call?**

**A26:** Yes, a span file will be created to show the intraday margin call.

**Q27: Will Trade Reporting and RFQ be supported on the FIX interface?**

**A27:** Yes, both functions will be part of the FIX Interface.