

Notice No.: RISK-2024-013

Issue Date: 05 July 2024

Subject: Management of Member Default Fund Contribution

Notice to all Members,

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In pursuance of DGCX By-Laws, the Clearing Rules of the DCCC and Notice No. RISK-2019-017 dated April 01, 2019, following amendments are hereby notified-

1. Background

New guidelines have been implemented regarding the Release of default fund (DF) contributions, which provide further transparency to clearing members (CMs) on the utilization of their DF contributions in the event of resignation from membership, or had their membership being terminated and/or membership being deactivated by DCCC.

These amendments shall be effective Tuesday, July 02, 2024.

2. Release of default fund (DF) contributions

I. Resignation of DCCC Membership by CM

Existing	Amendment
<p>If a CM chooses to terminate membership, the termination becomes effective from the date when CM's own transactions and client transactions have been wound up or transferred to another CM.</p> <p>If there is no default affecting the DF per the effective date of membership termination, a CM's DF contribution and any obligation to make additional contributions will remain as obligations until the next monthly allocation of DF contributions. At that time, the DF contribution will be repaid, and the CM will also be released from all other obligations to make additional contributions.</p>	<p>1.If a CM chooses to resign their membership, the resignation becomes effective from the day below conditions are satisfied-</p> <ul style="list-style-type: none"> I. the resignation notice of the member is accepted by DCCC, II. the CM has closed all his own transactions and client transactions or transferred such transactions to another CM, III. on successful completion of payment of all types of dues to DCCC, DGCX and/or the Regulator, IV. the successive periodic DF allocation computation following the subsequent quarter be calculated and informed to the CM's. E.g. If the resignation notice is accepted in Q1, the subsequent quarter will be Q2

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Existing	Amendment
	<p>and the successive quarter will be Q3, so the effective date of resignation will be in Q3</p> <p>2. If there is no default affecting the DF prior to and on the effective date of membership resignation, the CM's DF contribution and any additional contributions will remain as obligations of the CM until the effective date of membership resignation.</p> <p>3. During the period from the effective date of membership resignation until the day for actual repayment of the DF contribution to the member settlement account, the CM will not have any replenishment obligation.</p> <p>4. For SCA licensed broker members, any refund of DF contribution and any other collateral is subject to SCA's instructions and approval.</p>

II. Termination of Clearing Membership by DCCC

1. If DCCC terminates the membership of CM in accordance to the rules then the termination becomes effective from the day below conditions are satisfied-
 - i. the CM has closed all his own transactions and client transactions or transferred such transactions to another CM,
 - ii. on successful completion of payment of all types of dues to DCCC, DGCX and/or the Regulator,
 - iii. the successive periodic DF allocation computation following the subsequent quarter be calculated and informed to the CM's. E.g. If the termination of CMs by DCCC is in Q1, the subsequent quarter will be Q2 and the successive quarter will be Q3, so the effective date of termination will be in Q3

2. If there is no default affecting the DF prior to and on the effective date of membership termination; the CM's DF contribution and any additional contributions **will remain as obligations of the CM until the effective date of membership termination.**

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3. During the period from the effective date of membership termination until the day for actual repayment of the DF contribution to the member settlement account, the CM will not have any replenishment obligation.
4. For SCA licensed broker members, any refund of DF contribution and any other collateral is subject to SCA's instructions and approval.

If the Resigned members or Terminated members have any pending obligations and/or issues with DGCX, DCCC and/or the regulator, the DF contribution and any other collateral shall not be refunded, even after the effective date of termination, until all matters are resolved. The DF contribution related to these members shall be kept in a separate account segregated from and not part of the DF.

III. Deactivation of Clearing Membership by DCCC

1. In case the trading rights of CM are deactivated, due to any issue, then,
 - i. such CMs DF contribution can be utilized during the Default Management process and
 - ii. CM must maintain their DF contribution and is liable to contribute towards any additional contribution and/or replenishment, if called upon by DCCC.

CM's who resigned their membership, or terminated or deactivated by DCCC shall be deemed to be **Active CMs** of DCCC for any Default Management procedure in the event of Default until the effective date of resignation or termination of their membership.

Members are requested to take note of the above.

For Dubai Commodities Clearing Corporation

Eren Gegin

Director – Clearing and Risk