

Notice No.: RISK-2018-051

Issue Date: 12 December 2018

Subject: Revision of Policy Relating to Non-USD Cash Collateral

Notice to all Members,

Subject: Revision of Policy Relating to Non-USD Cash Collateral

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

Clearing Members will be aware that DCCC accepts collateral in the form of both cash and non-cash, and where cash collateral is placed by Clearing Members, this may be in a number of acceptable currencies, including AED, Euros, GBP, Japanese Yen and Chinese Yuan.

DCCC is currently undertaking a review of acceptable collateral, and has determined to make the following changes:

- (i) for Euro-denominated cash, the haircut applied will be increased from 5% to 6%;
- (ii) for all non-AED and non-USD cash collateral, the pay-out period will be increased from T+1 to T+3, to reflect the more stringent banking deadlines in place in the UAE for the movement of non-AED and non-USD amounts and the non-alignment of banking days between the UAE and other jurisdictions;
- (iii) the imposition of an administrative fee for the placing of non-AED and non-USD cash collateral with DCCC; and
- (iv) where DCCC incurs negative interest rate charges in relating to the placing of non-USD cash collateral, that these charges be passed back to the relevant Clearing Member.

Changes (i) and (ii) will be implemented with effect from **Monday 17 December 2018 onwards**. Changes (iii) and (iv) are subject to regulatory approval, but in the interests of transparency DCCC considers it appropriate to advise Clearing Members of these changes now and that, subject to regulatory approval, the implementation of them would be backdated such that they would similarly take effect from Monday 17 December 2018 onwards.

For the avoidance of doubt pay-out of AED and USD cash collateral will remain unchanged – i.e. that requests for pay-out which are received prior to 7.00am Dubai time will be processed on T, and requests received after this time will be processed on T+1.

For Dubai Commodities Clearing Corporation

Andrew Dodsworth
Director – Operations and Risk