

**Notice No.:** COMP-2017-041

**Issue Date:** December 15, 2017

**Subject:** Fixed Penalties for Non-Compliance

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Notice to all Members,

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Dear Member,

Pursuant to the DGCX By-Laws, the Members of DGCX are hereby notified that effective **Monday, January 01, 2018**, the penalties covered in the following Annexures shall apply:

Annexure A: **Fines for Minor Rule Violations**

Annexure B: **Major Rule Violations**

As explained in the Annexures, certain rule violations will be subjected to fines by the Compliance Department, and major rule violations will be referred to the Business Conduct Committee.

Members are requested to take note of the above, and particularly the need to comply with all relevant on-boarding anti-money laundering and Know Your Customer requirements which are key to complying with DGCX requirements as well as SCA and Central Bank mandates.

DGCX reserves the right to amend these lists from time to time.

**For Dubai Gold & Commodities Exchange**

**Uzma Mariam Ahmed**  
**Director of Compliance**

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### Annexure A - Fines for Minor Rule Violations

DGCX By-Laws	List of Violations/Nature of Non-Compliance	Penalty (in US\$)
E.5	No supporting documents obtained from Client prior to accepting instructions to trade.	\$5,000
	Supporting documents of an account opening form of a Client are not verified with the original.	\$5,000
	KYC form does not contain adequate information as specified by the Exchange i.e. the minimum standard requirements to be captured in the KYC.	\$5,000
E.4 (a) & E.4(b)	Risks disclosure and additional risks disclosure statement not signed by the Client, specifically, for products listed on the Exchange including the SSF products.	\$2,500
	Client has not selected 3.1 & 3.2 in BCA to indicate whether trading is to be carried out for a Client on a discretionary or non-discretionary basis.	\$2,500
E.5 (c) & E.6 (b)	Records not maintained for minimum 10 years.	\$2,500
C.9.5 (b) & E.3(b)	Failure to inform the Exchange within 24 hours when NCTA falls below minimum requirements.	\$2,500
C.7.1 (a)	Failure to inform the Exchange immediately of the change in partners.	\$2,500
C.7.1 (b)	Failure to inform the Exchange immediately of the following: (a) transfer of 15% or more of the issued capital; or (b) the transfer of such lesser % percentage of the issued capital whereby one party becomes the holder of fifteen per cent (15%) or more of the issued capital; or (c) the issue of any new shares whereby one party becomes the holder of 15% or more of the issued capital.	\$2,500
C.7.1 (c)	Failure to inform the Exchange about change in addresses/company name etc.	\$500
C.7.6	Failure to inform the Exchange within 21 days of occurrence of change in Directors and shareholding in excess of 5% of the issued share capital.	\$2,500
C.9.7	Failure to maintain accounting records clearly explaining the transactions and financial position of the Member.	\$5,000
E.9	Taking opposite side of a Client trade.	\$5,000
C.9.8	Failure to inform the Exchange of unusual Client behavior in Suspicious Transaction Report format and to the Central Bank AMLSCU. <b>Note:</b> Failure in respect of compliance with applicable law	\$5,000
E.6(g)	Trade confirmations not sent to Clients immediately following the day of transaction.	\$2,500
Gen.	No telephone recording system (an SCA requirement for Members trading on behalf of Clients.)	\$2,500
E.6(c)	Failure to enter orders of a Client within a reasonable timeframe i.e. as soon as they are received in a sequence.	\$2,500
E.6(d)	Disclosing one Clients' order to trade to another Client of the Member.	\$5,000

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F.1.3	Not providing the requisite information and documents to DGCX at time of inspection.	\$1,000
C 9.4(b)	Not informing DGCX immediately of commencement of any bankruptcy or similar insolvency proceedings or bankruptcy of any partner.	\$5,000
F 1.1	Member not notifying the Exchange immediately upon becoming aware of breach of any provision of By-Laws.	\$5,000

### Annexure B - Major Rule Violations

All major rule violations outlined below will be referred to BCC for their final deliberations and determining the quantum of fine.

DGCX By-Laws	List of Violations/Nature of Non-Compliance	Grounds on which the Penalty can be determined
D 3.3	Member is involved in wash trades or pre-arranged trades.	In determining the penalty BCC shall take into consideration on whether the acts appear to be a money laundering threat and/or serious market misconduct.  Serious market abuse results in market manipulation and prohibited trade practices.  BCC may impose a minimum fine of \$10,000.
D 3.1	Member is involved in price manipulation of a contract, or allows a Client to engage in such activity.	
D 3.2	Member knowingly engages in misleading acts or practice regarding the price of a contract or allows a Client to engage in such act or practice.	
E 10.1	Failure to maintain proper records of Client funds. Non-segregation of Client funds from proprietary funds.	
E. 10.2 & 10.3 (a)	Failure to deposit Client monies to Client Account by the end of the next business day.	
	Withdrawing Client Monies for purposes not specified in E.10.4 of the Exchange By-Laws.	
E. 10.10	Failure to maintain records of withdrawal and deposits from clients account	
E.11.1 (a) & E.11.2	Failure to collect initial and/or variation margin from Clients	
E 11.1(b)	Offsetting Initial margin provided for trading in one contract by a Client with another Contract of another Client trading in another contract of different commodity due from the Client to the Member.	
Gen.	Cancelling Client orders without consent of Client.	
E 11.8	Client not informed of the closing out of positions.	
E 11.9 (a)	Failure to close out open positions when Client is in default.	
F.2.1	Any other misconduct not mentioned in the By-Laws.	