

Notice to all Broker Members

Subject: Guidelines for discretionary trading of Client accounts

The Exchange has determined guidelines to be adopted by Broker Members when availing their Clients of the discretionary trading facility as outlined in section 3.2 of the Exchange prescribed Member Client Agreement.

Broker Members which agree to trade on behalf of Clients on a discretionary basis should implement the following guidelines:

1. Ensure that both the Client and the Broker Member hold signed copies of the Member Client Agreement with section 3.1 crossed through and section 3.2 clearly signed/initialed confirming discretionary trading by the Broker Member in the Client's account.
2. Compile a written risk assessment form, jointly signed by the Broker Member and the Client, detailing the Client's risk appetite. Such assessment should further:
 - Establish the Client's suitability for discretionary trading;
 - Articulate specific instructions to the Broker Member that include, inter alia, intra-day and/or Position loss limits. Where the Client expresses no specific limits, this should also be shown in the written risk assessment form.

Part (A) of Annexure A of this Notice – *Suggested Discretionary Client's Risk Assessment Form*, describes an acceptable process.

3. All associated discretionary trading orders and/or transactions must show unequivocally that the Broker Member is implementing the proper duty of care in administering the business of discretionary Clients' trading. Part (B) of Annexure A outlines an acceptable duty of care undertaking.

Broker Members are requested to take note of the above.

For Dubai Gold & Commodities Exchange

Tony Day

Head of Compliance, Audit & Membership

ANNEXURE A – SUGGESTED DISCRETIONARY CLIENT’S RISK ASSESSMENT FORM*

Part (A) – Client’s Risk Appetite

Checklist

- Client has read and signed prescribed Risk Disclosure Statement (which should be made available in a local language if required by the Client): YES NO
- Section 3.2 ‘Discretionary Client Trading’ signed by Client in Member Client Agreement: YES NO
- Broker Member has reviewed with the Client the suitability of Discretionary Trading in light of the Client’s personal financial circumstances and investment goals: YES NO

Loss limits

Client wishes to place a financial limit on losses incurred per Open Position: YES NO

If ‘YES’, please indicate maximum loss limit per Open Position in US\$ _____

AND/OR

Client wishes to place a financial limit on losses intra-day: YES NO

If ‘YES’, please indicate maximum loss limit intra-day in US\$ _____

AND/OR

Client allows Open Positions to remain open overnight**: YES NO

** The Client understands that by allowing Open Positions overnight, intra-day loss limits where specified, will be reset at commencement of Open Trading the following Business Day. By selecting ‘NO’ to overnight Open Positions, the Client understands that Open Positions must be Closed Out before Close of Trading.

Signed by the Client: _____ Date: _____

Part (B) – Broker Member Duty of Care

The Broker Member undertakes to execute orders in the Client’s discretionary account that best suit loss limit parameters as specified by the Client in Part (A) above. Furthermore, the Broker Member accepts responsibility for losses in Client’s discretionary account, in the case where no tangible attempt has been made by the Member to utilize orders that could limit such losses in accordance with Client’s wishes. Moreover, the Broker Member accepts responsibility for losses in Client’s discretionary account that are greater than available funds, in the case where no tangible attempt has been made by the Broker Member to utilize orders that could limit such losses to an amount equal to available funds in the account.

Signed by the Broker Member: _____ Date and stamp: _____

* Broker Members may insert additional information and/or risk parameters as deemed necessary for the completion of the risk appetite assessment process.