

Notice No.: DCCC-2015-032

Issue Date: November 20, 2015

Subject: Acceptance of Bullion as Collateral

Notice to all Members,

Subject: Acceptance of Bullion as Collateral

In pursuance of Clearing Rule E.2, and Notice No- DCCC-2015-011 dated May 21, 2015, DCCC shall accept Gold and Silver (hereinafter referred to as "Bullion") DMCC Tradeflow Warrants towards Initial Margin and other deposits with effect from December 01, 2015.

Instrument	Haircut	Cash / Non Cash	Notes
Gold	17%	Non Cash	Accepted as per Approved Brand for Gold & Silver through DMCC Tradeflow Warrants and deposited at the Approved Vaults (please refer to Annexures for details)
Silver	37%	Non Cash	

The above is applicable for deposits held in excess of the Commitment prescribed under Notice No # COMP/2006/019 dated July 4, 2006 and shall be effective from **Tuesday, December 01, 2015.**

Members are requested to take note of the above (Details of the scheme are provided in Annexure-1).

For Dubai Commodities Clearing Corporation

Navin D'souza
Head of Operations

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Annexure 1 - Scheme of deposit for Bullion

The procedure to facilitate the deposit of Bullion as collateral with the DCCC (Corporation) is prescribed below.

a) Request for deposit of Bullion

- i) Member intending to deposit Bullion as collateral with the Corporation shall submit a collateral debit request in the format prescribed in Annexure 2 "Request for depositing Bullion as collateral". Request so submitted shall be in accordance with the guidelines prescribed by the Corporation from time to time.
- ii) The Bullion to be deposited should be of quality specification as specified by the Corporation from time to time (Annexure 4)
- iii) The Bullion to be collateralized should be deposited in the approved Vaults as published by the Corporation from time to time (Annexure 5)
- iv) Members shall pledge the Tradeflow Warrants in favor of DCCC through the DMCC Tradeflow system for the quantity which is intended to be deposited as collateral.
- v) Bullion shall be subject to a minimum haircut/margin as may be decided by the Corporation from time to time.
- vi) Upon receipt of the request(s) from the Member; the DCCC shall process such request(s) subject to following stipulations:
 1. Such request received is in the format as prescribed by the Corporation.
 2. The Warrants have been pledged in favor of DCCC.
 3. All such request have been received by the Corporation before the cutoff time determined by the Corporation.

b) Ownership of Bullion

- i) Bullion which is provided as collateral shall remain under the ownership of the Member, but will be blocked for any usage until such time as the Corporation releases the Bullion back to the Member based on his request.
- ii) The Member needs to ensure that the Bullion so deposited is owned by him and is free from any prior charge, lien or encumbrance.
- iii) The Corporation shall not be under any liability whatsoever to the Member or any other person for any loss, damage, expenses, costs etc, arising out of the deposit of Bullion in any manner, due to any cause, whatsoever.
- iv) The Member shall at all times indemnify and keep DCCC indemnified from and against all suits, proceedings, costs, charges, claims and demands whatsoever that may at any time arise or be brought or made by any person against DCCC in respect of any acts, matters and things lawfully done or caused to be done by DCCC in connection with the Bullion deposited.

c) Valuation

- i) Bullion so deposited will be revalued at least three times daily and in case of additional volatility, the Corporation would revalue Bullion at any time intraday as it deems necessary at the latest price as may be determined by the Corporation.

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- ii) The above valuation shall be reduced by the relevant haircut/margin percentage to arrive at the collateral value of the Bullion. Only the value, net of haircut/margins so arrived (hereinafter referred to as 'net value') shall be considered as the value of such Bullion for the purpose of Collateral.
- iii) The applicable haircut/margin currently, for determining the valuation of Bullion shall be as under:
 - i. Gold - 17%
 - ii. Silver - 37%

The above percentage of haircut will be reviewed by the Corporation on a periodic basis.

d) Release/ redeposit of Bullion deposited

- i) A Member intending to release Bullion deposited with the Corporation as collateral shall submit a collateral release request in the format prescribed in Annexure 3 "Request for release of Bullion as collateral". Request so submitted shall be in accordance with the guidelines prescribed by the Corporation from time to time.
- ii) The Corporation may consider such request, provided such Member has no outstanding obligations / positions / dues towards the Corporation, and that there is no other liability under the Rules, By-Laws and Regulations and that if the Corporation is of the opinion that such release does not entail any risk.
- iii) Upon receipt of a request from a Member relating to withdrawal of Bullion, the Corporation may in accordance with the provisions detailed above, release the pledge on the Bullion.

e) Storage Charges

- i) The storage charges to be levied by the warehouse for the Bullion so deposited as collateral will be borne by the Member.

f) In the event of default

- i) In the event of default by the Member to make good the obligation when called for or on the Member becoming/being adjudicated insolvent, it shall be lawful for the Corporation to forthwith or at any time thereafter, without notice to the Member and without prejudice to any other right of the Exchange/Corporation, sell or otherwise dispose of absolutely either by public auction or by private sale all or any of the deposited Bullion either wholly or in part and apply the net proceeds of such sale in or towards liquidation of dues owed/owing by the Member to DCCC including charges incurred by the Exchange in this regards.
- ii) Any surplus lying after application towards a Member's obligations will be transferred to the Member's settlement account.

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Annexure 2 - Request for depositing Bullion as collateral

Date:

To:
Dubai Commodities Clearing Corporation
P.O. Box 37736
Dubai, U.A.E.

Dear Sir/Madam,

Re.: Deposit of Clearing Commitment in the form of Bullion

As stipulated by Dubai Commodities Clearing Corporation (DCCC), we would hereby request you to accept the below mentioned instruments as collaterals.

Gold / Silver	Warrant No.	Issue Date	Vault Name	Quantity

We understand that the said Collateral would be retained by DCCC as clearing commitment until further instruction is given by us. We also agree that such instructions shall be accepted subject to such instruction meeting minimum clearing commitment requirements and free available clearing commitment.

We hereby agree and consent that DCCC as per its Clearing Rules, shall have an irrevocable authority to close out the said collateral and to withdraw the said collateral at any time, without notice to me/us for adjustment of any DCCC/DGCX dues and obligations and we would have no objection whatsoever to the same.

Yours faithfully,

Authorized Signatory

Name:

Designation:

Clearing Member Code:

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Annexure 3 - Request for release of Bullion as collateral

Date:

To:
Dubai Commodities Clearing Corporation
P.O. Box 37736
Dubai, U.A.E.

Dear Sir/Madam,

Re.: Request for release of Bullion as collateral

We hereby request you to release the following instruments submitted earlier towards Additional /Clearing Commitment as collaterals

Gold / Silver	Warrant No.	Issue Date	Vault Name	Quantity

We understand that such release will be undertaken provided it is in excess of the minimum clearing commitment requirements and utilized clearing commitment.

Yours faithfully,

Authorized Signatory

Name:

Designation:

Clearing Member Code:

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Annexure 4 - Approved Quality & Brands

Details of Approved Quality Specification

Commodity	Description
Gold	1 Kilograms cast in 1 bar with a minimum purity of 0.995 from DCCC Approved Brands
Silver	30 Kilograms cast in one bar of 1,000 troy ounces (10% more or less) with a minimum purity of 0.999 from DCCC Approved Brands

List of Approved Brands for Gold as Collateral

Sr. No.	Brand Name
1	Rand Refinery Ltd.
2	Valcambi SA
3	The Perth Mint
4	PAMP SA
5	Argor Heraeus SA
6	Emirates Gold DMCC
7	Tanaka Kikinzoku Kogyo KK
8	Heraeus Limited
9	Istanbul Gold Refinery
10	Krastvetmet
11	Nadir Metal Refinery
12	Lazurde Company for Jewellery
13	Al Etihad Gold LLC

List of Approved Brands for Silver as Collateral

Sr. No.	Brand Name
1	Rand Refinery Ltd.
2	Valcambi SA
3	The Perth Mint
4	PAMP SA
5	Emirates Gold DMCC
6	Tanaka Kikinzoku Kogyo KK
7	KCM AD

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8	Met-Mex Penoles S.A. DE C.V.
9	KGHM Polska Miedz SA
10	Krastvetmet
11	Al Etihad Gold LLC

Annexure 5 - Approved Vaults

List of Approved Vaults

Sr. No.	Brand Name
1	Brinks Global Services
2	Transguard Group -Emirates Group Securities