



DME



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Page

Date 14 April 2013
CP No. 13-001
Category Compliance
Proposal Updates to Definitions and Guaranteed Customer Rules

Consultation Paper 13-001 (“CP 13-001”) is issued in accordance with Dubai Mercantile Exchange Limited (“DME”) Rule 4.21 and Section 7.2.20 of the Authorised Market Institutions Module of the Dubai Financial Services Authority (“DFSA”) Rulebook.

CP 13-001 has been issued to provide market participants with an opportunity to comment on the proposed revisions to the Exchange’s rules relating to Guaranteed Customers and Direct Electronic Access.

Application of the CP 13-001

CP 13-001 is directed primarily at DME Clearing Members and Guaranteed Customers, but DME welcomes comments from all DME market participants or any organisation that represents DME market participants. All capitalised terms not defined herein have the meaning given to them in the DME Rulebook.

Overview of changes

This consultation paper proposes certain changes to the Rules governing market participants with direct electronic access to the Trading Platform as well as to the obligations of Clearing Members authorizing such access. Key proposals include:

- Replacement of the term “Guaranteed Customer” with the term “Direct Electronic Access Customer” (or “DEA Customer”), to be consistent with new regulatory requirements.
- Permission for DEA Customers to trade through multiple Clearing Members.

- Specification of requirements for Direct Electronic Access through Omnibus Accounts.
- Clarification of obligations imposed on Clearing Members providing DEA access.
- Consolidation of requirements for Customer Orders (currently contained in Rules 4.21 and Rule 6.21).
- Simplification of Customer Margin requirements to reference Clearing House rules.
- Inclusion of concepts related to Direct Electronic Access in Chapter 1 (Definitions).
- Updates to rule numbers and cross references following regulatory changes.

Rationale for Rule changes

The proposals reflect industry practice in relation to trade order flow practices and align DME rules regarding Direct Electronic Access with rules proposed by the DFSA. The revisions also aim at streamlining and updating the Rulebook to reflect recent regulatory changes and proposals.

A complete markup of the relevant rules can be accessed at the following link:

<http://www.dubaimerc.com/pdf/consultation/13-001.pdf>

How to provide comments

The deadline for providing comments on the proposals in CP 13-001 is twenty eight (28) calendar days from publication. For the avoidance of doubt, all comments must be received by the Exchange on or before May 12, 2013 at 6:00 PM in Dubai. All comments on the proposed changes should be sent by email to the DME Compliance Department at compliance@dubaimerc.com

Next steps

Unless specifically requested otherwise, DME may publish any comments received on its website.

As soon as practicable following the deadline for comments on the proposals in CP 13-001, DME will consider whether amendments to the proposals are appropriate. DME will then implement the changes to the DME Rulebook (including any amendment, if appropriate). The amendments to the DME Rulebook will only take effect once approved by the DFSA. DME will issue a Member Notice on the DME website confirming the date upon which the changes to the DME Rulebook will become effective.

