



DME



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Date 1 June 2014
CP No. 14-001
Category Compliance
Proposal Proposed New Rule and Changes to Terms and their
References in DME Rulebook

This Consultation Paper (“CP 14-001”) has been issued to provide market participants with an opportunity to comment on proposed changes to the DME Rulebook.

Application of the CP 14-001

CP 14-001 is directed primarily at current and prospective DME Members and Customers, but DME welcomes comments from any other interested parties.

Overview of Changes

This consultation paper proposes new rules to govern the creation of a new trading tool on CME Globex for DME contracts – the Trade at Marker (“TAM”) tool. TAM will allow counterparties to buy and sell DME Oman Crude Oil Futures prior to 4:30 pm Singapore time at a price up to 25 ticks (25¢) above or below the Marker Price. Counterparts holding TAM positions automatically receive an outright position once the Marker Price is calculated at 4:30 pm Singapore time. The new DME Rule governing TAM will be Rule 6.21.

DME is also replacing the term “Settlement Price” with the term “Marker Price” and “Post Close Price” with the term “Settlement Price”. The intra-day settlement price published by the DME at 4:30 pm Singapore time will therefore be referred to as the “Marker Price”, and the end of day settlement price shall be the “Settlement Price.”

All cross-references to the old terminology have also been amended, as evident by the revisions in Chapters 1, 2, 6, 8, 10, 14 and 18.

The DME shall also publish guidance on TAM on its website.

Rationale for Rule Changes

The creation of a TAM mechanism shall allow market participants to gain exposure to the DME Oman flat price – the outright price of Oman oil which is denominated in dollars per barrel – without actively participating in the settlement window. This might include asset managers that want flat-price exposure without needing to participate in the price-formation process or refiners that would like to guarantee their procurement costs are as close as possible to the Official Selling Price (OSP) of Oman crude oil.

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

<http://www.dubaimerc.com/pdf/consultation/14-001.pdf>

How to provide comments

The deadline for providing comments on the proposals in CP 14-001 is twenty eight (28) calendar days from publication. For the avoidance of doubt, all comments must be received by the Exchange on or before June 29, 2014 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 this Consultation Paper, DME will consider whether any amendment or revision to the proposed changes is appropriate. DME will then implement the change(s) if any.