
Date

4 December 2007

Recipients

All DME Members

From

Gary King, Chief Executive Officer

Category

Business Development

Proposal

Proposed Rule changes to the DME Rules for the delisting of certain DME Contracts.

Consultation Paper 07-004 is issued in accordance with Dubai Mercantile Exchange Limited (DME) Rule 4.21 and Section 9 of the Authorised Market Institutions Module of the Dubai Financial Services Authority (DFSA) Rulebook. This Consultation Paper seeks comments on proposals to amend the DME Rulebook to discontinue the existing WTI-Oman and Brent-Oman Financial Spread Contracts.

To whom does this Consultation Paper apply?

Consultation Paper 07-004 is directed primarily at DME Members and other users or prospective users of DME's facilities. DME also welcomes any comments from any organisation which represents groups of such users or prospective users.

How is this structured?

Discontinued Contracts

DME proposes to discontinue trading in the following DME Contracts:

Chapter 11: WTI-Oman Financial Spread Contract; and

Chapter 12: Brent-Oman Financial Spread Contract. ("together, the Spread Contracts")

It is intended that that the facility for trading in the Spread Contracts in Chapters 11 and 12 will cease immediately.

Open DME Spread Contracts

The discontinuation by DME of trading in the Spread Contracts in Chapters 11 and 12 of the DME Rulebook does not affect the terms and/or enforceability of any such contract which remains open/unsettled at the date of discontinuation.

Rationale for Rule changes

Historically, oil refining and oil trading businesses have managed their exposure to the value differential between sweet and sour crude through Brent and Dubai OTC swaps. With the launch of the DME, this facility was provided via DME Direct™ in the form of two Spread

Contracts. Initially, these spread contracts traded well, with open interest building. However, as a result of the absence of a direct linkage to the underlying physically-settled Oman Crude Oil Futures Contract, the market in these spread contracts diminished and has now effectively ceased. No residual open interest exists in either DME spread contract. Therefore the two Spread Contracts can be withdrawn from the market with no adverse impact.

How to provide comments?

The deadline for providing comments on the proposals in this Consultation Paper is twenty eight calendar days from the date of this Consultation Paper. All comments on the proposed changes should be addressed to:

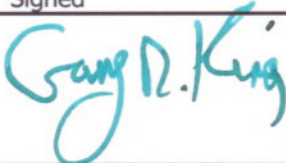
Mr Matthew Thompson
Chief Strategy and Business Development Officer
Dubai Mercantile Exchange Limited
P.O. Box 66500
Dubai
United Arab Emirates
or matthew.thompson@dubaimerc.com

What is the next step?

Unless specifically requested otherwise, DME may publish on its website any comments it receives in this consultation.

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 changes to the DME Rulebook (including any amendment or revision, if appropriate). The amendments to the DME Rules 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 Rules will become effective.

Signed



Gary King
Chief Executive Officer

Please pass comments to:
Mr Matthew Thompson, Chief Strategy and Business Development Officer
matthew.thompson@dubaimerc.com