



DME



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Date 23 October 2014
CP No. 14-003
Category Compliance
Proposal Proposed Changes to Rules regarding Margin
This Consultation Paper (“CP 14-003”) has been issued to provide market participants with an opportunity to comment on proposed changes to the DME Rulebook.

Application of the CP 14-003

CP 14-003 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 revisions to the DME Rulebook Chapter 10. The DME proposes to remove certain language from Rule 10.11 which is unnecessary. Further, the DME proposes to revise the requirements in Rule 10.15 regarding the posting period for DME Buying Customers to post delivery margin (also referred to as Letters of Credit) in favor of the CME Clearing House. The current period for posting this margin is the last Business Day of the month preceding the Month of Delivery. The DME proposes to shorten the period to ten Business Days prior to the First Day of Layday (i.e. the loading day).

Rationale for Rule Changes

The language in Rule 10.11 is being removed to better reflect the Clearing House’s current practices.

The changes in Rule 10.15 regarding the posting period for delivery margin are proposed for two reasons. One is that this reduction in the posting period shall reduce the time during which Buying Customers' credit limits are held up. This will free up credit limit capacity which can then be used for additional trading activity on the DME by the Buying Customers.

The other purpose of this change is to standardize the posting period for all Buying Customers, regardless of the Layday they are given by the Terminal. Under the current Rules, delivery margin is posted for a time span ranging from 30 to 60 days, with Buying Customers who are given earlier loading dates having a shorter posting period, and those who get later dates having a longer period. Upon this change, the posting period shall become approximately 45 days for all Buying Customers.

A complete markup of the relevant rules can be accessed at the following link:
<http://www.dubaimerc.com/pdf/consultation/14-003.pdf>

How to provide comments

The deadline for providing comments on the proposals in CP 14-001 is thirty (30) calendar days from publication. For the avoidance of doubt, all comments must be received by the Exchange on or before November 21, 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.