

Region emerging as a forex trading hub: DGCX

- *Currency futures trading offers an alternative asset class for portfolio diversification in the Middle East*
- *Global FX market has grown to reach an estimated daily turnover of US\$2.5 trillion*

Dubai, November 17, 2009: On-exchange currency trading in the Middle East set fresh records in 2009, with the region emerging as an important trading hub, said Kevin Day, of Dubai Gold & Commodities Exchange (DGCX). Kevin Day, Head of Relationship Management at DGCX, was addressing bankers, currency traders and forex market participants at the 5th Middle East Forex Expo in Dubai today.

Speaking on the global currency marketplace, Day said, "The FX market has grown significantly in recent years to reach an estimated daily turnover of US\$2.5 trillion, backed by greater demand and the increasing trend of deploying highly sophisticated algorithmic trading tools."

The expansion of the local region's currency markets is underlined by an 88% growth in DGCX currency futures transactions, comprising Euro/Dollar, Sterling/Dollar, Japanese Yen/Dollar and Indian Rupee/Dollar futures, Day added.

Elaborating on the growing role of currencies in the region, he said, "Currency trading is emerging as an asset class in its own right in the Middle East. This, coupled with today's requirement to manage counterparty credit risk offers a vast growth opportunity for DGCX, its members and the Middle East FX trading community as a whole."

Speaking on the advantages of trading currency futures, Day said the Dubai Commodity Clearing Corporation (DCCC), the clearing house of DGCX, provides a settlement

DGCX

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guarantee fund and has experienced zero defaults since inception. In comparison, transactions in the spot market are transacted bilaterally, often incurring higher credit default risk. Furthermore, while market makers and liquidity providers offer best price discovery on DGCX, participants in the spot market often take prices from only one source, which could reduce profitability.

DGCX traded 1.2 million contracts as at November 11th, exceeding its total 2008 volume. It is the only Exchange in the Middle East to offer currency futures trading and the only exchange outside of India to offer Indian Rupee/Dollar futures which are available to international participants. The Indian Rupee futures contract is cash settled based on the US Dollar reference rate published by the Reserve Bank of India, providing alignment with the domestic rate.

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About DGCX: The Dubai Gold & Commodities Exchange (DGCX) was established in 2005 and has become today the leading derivatives exchange in the Middle East region. DGCX is a Dubai Multi Commodities Centre (Dubai Government) initiative in partnership with Financial Technologies (India) Limited and Multi Commodity Exchange of India Limited (MCX). It is an electronic commodity and currency derivatives exchange with 230 members from across the globe, offering futures and options contracts covering the precious metals, energy and currency sectors. For more information: www.dgcx.ae

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