

Notice No.: RISK-2019-015

Issue Date: 26 March 2019

Subject: Default Porting Procedures

Notice to all Members,

Subject: Default Porting Procedures

Members will be aware that Part H of the DCCC Clearing Rules details the procedures that would apply in the event of a Clearing Member default. In line with global standards and best practice, these procedures provide for, amongst other things, the transfer of positions held by Clients of the Defaulting Clearing Member as well as positions held by any Trade Member for whom the Defaulting Clearing Member has in place a clearing agreement.

This Notice provides further information on how a transfer of positions would be effected (“the porting of positions”), and should be read in conjunction with the following:

- I. SCA Board Decision No. (11) of 2015 Regulations of Clearing of Clearing Operations in Commodities Markets;
- II. DCCC Clearing Rules; and
- III. DGCX By-Laws.

In the event that DCCC declares a Clearing Member to be in default in accordance with the Clearing Rules, Clients and/or Trade Members, as appropriate, may request the DCCC to transfer open positions and associated collateral to a new Clearing Member. DCCC shall inform the market by way of Notice the time period during which such requests may be submitted.

The Clients and/or Trade Members, as appropriate, must provide DCCC with details of the positions which they wish to transfer, together with the name of the receiving Clearing Member. The receiving Clearing Member must consent to the proposed transfer using the form found at Annex I to this Notice.

Upon receipt of the duly completed Client Porting Acceptance Request DCCC shall transfer the relevant positions on behalf of the Client and/or Trade Member as appropriate. The transfer of related collateral will only be undertaken once DCCC has satisfied itself that the collateral in question can be clearly identified as being directly related to the positions which have been transferred. Therefore, Clients and/or Trade Members who wish to transfer open positions will be required to take such steps as are necessary to place additional collateral with the receiving Clearing Member as is required either by the receiving Clearing Member and/or the Clearing Rules.

Clients and/or Trade Members, as appropriate, may choose not to transfer open positions but instead seek to close them out in the market. In any event, should DCCC declare a Clearing Member to be in default in accordance with the Clearing Rules then it will seek to contact all relevant Clients and/or Trade Members, as appropriate, to ascertain what action will be taken with regard to all open positions.

For Dubai Commodities Clearing Corporation

Andrew Dodsworth
Director – Operations and Risk

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Annex I

Client Porting Acceptance Request

Note: To be printed on the letterhead of receiving non-defaulting Clearing Member

To:

Date:

Dubai Commodities Clearing Corporation
Jumeirah Lakes Towers (JLT), Gold Tower (AU),
Level Up (Floor 37) PO Box 37736,
Dubai, UAE

Subject: Clearing Member Confirmation for Client Porting

We hereby agree to accept M/s _____ (Client code & Name) as a Client associated with us in our capacity as a Clearing Member effective from (Date) i.e. at start of market hours.

We further agree that we will comply with all requirements stipulated by DCCC with regards to providing such clearing services to Clients of DCCC and all such requirements that DCCC may stipulate in future.

For (Name of Broker Clearing Member)

Authorized Signatory

Name:

Designation:

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Client Porting Request

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To, _____ Date: _____

Default Management Committee,
Dubai Commodities Clearing Corporation
Jumeirah Lakes Towers (JLT), Gold Tower (AU),
Level Up (Floor 37) PO Box 37736,
Dubai, UAE

Re.: Request for Porting

Request you to perform Position Transfer as a part of porting as mentioned in the table below on our behalf.

Clearing Member Code: _____

Client Code: _____

Position details:

Sr. No.	Instrument	Quantity	Long/ Short	Source			Destination		
				CM	TM	Client Code	CM	TM	Client Code

We confirm that adequate collateral and margin limits for the porting actions are available with us.

We hereby agree and bind ourselves to be responsible for all acts, quotations and transactions done, trades executed, or affected on the EOS System. We further hereby undertake to abide by DGCX By-Laws/DCCC Clearing Rules, and any such instructions as may be communicated by DGCX/DCCC in this regard.

For (Name of Broker Clearing Member)

Authorized Signatory

Name:

Designation: