

Notice No.: RISK-2020-063

Issue Date: 25 September, 2020

Subject: Clearing Member Participation on DCCC Risk Committee

Notice to all Members,

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As Clearing Members will be aware DCCC has been licensed by, amongst others, the Securities & Commodities Authority (SCA) as a CCP, and one of the requirements imposed upon SCA is that DCCC establishes a Risk Committee (RC) as part of its overall governance process. Membership of the RC should comprise not only DCCC senior management, but also Board Members and representative(s) from the Clearing Membership.

Therefore, DCCC invites all Clearing Members to consider whether they wish to nominate one or more of their staff to participate on the RC as a representative of the Clearing Members. The criteria for accepting nominations is as follows:

- that the nominee be a senior member of staff of the relevant Clearing Member with no less than 5 years of employment with the Clearing Member; and
- that their current responsibilities include, but are not necessarily limited, to risk management tasks within the Clearing Member.

In addition, Nominees must be able to demonstrate an understanding of the risk management activities undertaken by a CCP (not necessarily DCCC, but if not, then it must be of a similarly licensed/recognised CCP), together with the key operational activities undertaken by a CCP. Further, an understanding of the regulatory environment in which DCCC operates will be required.

Nominations must be submitted by a named individual within the relevant Clearing Member – not the nominee – and must include an up to date copy of the nominee's CV together with a covering note setting out the credentials of the nominee for the post. DCCC shall review all submissions and may seek to interview nominees prior to making a recommendation to the RC.

The successful nominee will be appointed to serve on the RC for a period of two years (unpaid), with the potential for renewal after that time, and will be expected to attend the regular monthly meetings of the RC, together with any additional ad hoc meetings as may be required from time to time. Appendix I details the responsibilities of the RC as included in its Terms of Reference, and it should be noted that information shared with the RC in discharging its responsibilities is often confidential in nature and is to be treated as such by all RC members.

Nominations should be submitted to DCCC by email to: clearing@dccc.co.ae, and titled "Nomination for DCCC Risk Committee", by no later than **Friday 30 October 2020**.

For Dubai Commodities Clearing Corporation

Andrew Dodsworth
Director – Operations and Risk

Appendix I

Extract from DCCC Risk Committee Terms of Reference

The responsibilities of the RC shall be as follows:

- i. Establish and maintain Risk Management framework to ensure currency of business model, integrity and maintain balance between risk appetite and business needs of the Corporation.
- ii. Endorse risk strategy and plans for the Corporation and implement processes necessary to support the same.
- iii. Establish adequate mechanisms for internal control to monitor and evaluate the adequacy and effectiveness of its risk management policies, procedures and systems.
- iv. Ensure adherence to DCCC Rules & regulatory requirements. Undertake periodic review of DCCC rules to ensure that these rules are appropriate to address Corporation's risks in accordance with all relevant regulatory requirements and propose amendments where required.
- v. Undertake periodic review of margin methodology and consider proposals for significant amendments to, or the introduction of new, margin methodologies and to make recommendations to the Board & regulators for approval.
- vi. Develop Acceptable collateral framework and consider proposals for significant amendments to, or the introduction of new form of collaterals.
- vii. Review the risk reporting structure including the stress test results and other such requirements from time to time.
- viii. Establish and administer default fund(s) in accordance with the rules and regulations.
- ix. Review adequacy of resources and tools to ensure effective discharge of this TOR.
- x. Undertake tasks as assigned by the Board from time to time.
- xi. Escalate such issues to the Board that the DRC considers appropriate.
- xii. Inform the SCA of situations where the Board has not followed the advice of the DRC.