

Subject: Invitation to apply for Designated Market Maker Status for Shari'ah Compliant Spot Silver Contract

Notice to all Members,

Subject: Invitation to apply for Designated Market Maker Status for Shari'ah Compliant Spot Silver Contract

Pursuant to the DGCX By-Laws, and Clearing Rules of the DCCC, Members are hereby advised of the following.

DGCX Notice No.: MKTG-2023-028, issued 02 October 2023, provided Members with details of the proposed launch of Shari'ah Compliant Spot Silver Contract ("the Contract"), which will be made available for trading on and from **Friday, 27 October 2023**.

Members are hereby invited to apply for Designated Market Maker status ("DMM status") for the Contract, and details of the Designated Market Making Scheme ("the DMM Scheme") for the Contract can be found at Annexure I to this Notice.

The DMM Scheme will run from the launch date, **Friday, 27 October 2023**, until the close of business on **Tuesday, 31 December 2024**. Applicants for the DMM Scheme should complete and submit to DGCX the DMM Scheme Tender Application Form ("DMM Tender Application") by close of business on **Friday, 13 October 2023**. The DMM Tender Application can be found at Annexure II to this Notice.

When submitting the completed DMM Tender Application, Members should ensure that the document is password protected, with the password provided separately to DGCX after close of business on **Friday, 13 October 2023** and before close of business on **Monday, 16 October 2023**. Both the DMM Tender Application and password should be sent to DGCX at: tender@dgcx.ae.

DMM status shall be awarded to those applicants that have been able to demonstrate successful market making capability testing, suitable connectivity and confirmation that an applicant's supporting infrastructure is capable of supporting Market Making activity. In addition, applicants are required to display a previous track-record of Market Making with DGCX. Where no such previous track-record exists, references may be requested. Applicants will be required to undertake "Know Your Customer" (KYC) checks that will be performed by DGCX. The awarding of DMM status shall be at the sole discretion of DGCX, with no appeal permitted.

Members who wish further information regarding this Notice should contact their relationship manager.

For Dubai Gold & Commodities Exchange

Louis Hems
Commercial Director



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Annexure I

DGCX Contract Designated Market Maker Scheme Details

1. Introduction

The Designated Market Maker (**DMM**) scheme (**DMM Scheme**) is intended to encourage liquidity in DGCX Shari'ah Compliant Spot Silver Contract (**the Contract**) by inviting DMMs to provide competitive two-way price quotes at, or better than, defined volumes and depths in the DGCX (**Exchange**) order book.

The DMM Scheme is open to all existing Broker and Trade Members as well as all Clients holding accounts with a Broker Clearing Member.

Capitalised terms used in this Notice shall, unless otherwise stated, have the meaning attributed to those terms in the DGCX By-laws.

2. Benefits for DMMs

2.1. Subject to fulfillment of the obligations contained in clause 3 below, each DMM may receive:

2.1.1.a waiver on Exchange trade and final settlement fees for DMM transactions in the Contract in which they are acting as a DMM;

2.1.2.a waiver of Exchange co-location and DMA fees, where otherwise applicable, and/or

2.1.3.a model that reflects the DMM's costs of acting in a DMM capacity or a combination of the following options:

2.1.3.1.a revenue sharing model where the Exchange would share the revenue of the transaction costs with the DMM;

2.1.3.2.a fixed monthly stipend for the obligations provided;

2.1.3.3.a monthly stipend consisting of a fixed and variable stipend component with the variable stipend contingent on volumes of the DMM in the DGCX Contract; and/or

2.1.3.4.any other models the DMM may propose that are acceptable to the Exchange.

2.2. All clearing fees and SCA (Securities and Commodities Authority) fees (as applicable),

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shall be passed on by the Exchange, and will be incurred by the DMM. The Parties agree that all fees and stipend are payable in accordance with applicable UAE VAT legislation.

- 2.3. Names of DMMs and the nature of their commitments may be promoted by the Exchange and included on the Exchange's website. Applicants who do not want their names to appear in such publicity must expressly state this in their DMM application form, a copy of which is provided in Annexure 2 (**DMM Application Form**).

3. DMM Obligations

- 3.1. Applicants should state in their DMM Application Form, the contract in which they wish to act as a DMM and the obligations that they would be prepared to meet.
- 3.2. Applicants and their respective Clearing Members must ensure that they have sufficient clearing commitment deposited with the Dubai Commodities Clearing Corporation DMCC (**DCCC**) to fulfill their DMM obligations at all times.

4. Application Process

- 4.1 All applicants with appropriate trading rights and clearing arrangements are eligible to apply for DMM status.
- 4.2 Members can apply to become a DMM. Where a member is not a Clearing Member, it may only apply for DMM status with the agreement of the relevant Clearing Member. If a DMM requires co-location, a co-location agreement must be signed by the Broker Member.
- 4.3 All applicants are expected to carry out their Market Making commitments with effect from **Friday, 27 October 2023**.
- 4.4 Applicant must clearly state in their DMM Application Form the following information:
- the contract in which they wish to participate as a DMM;
 - the obligations that they are prepared to meet for each contract; and
 - the compensation structure for performing those obligations.

Applicants should also provide detailed supporting information, which they deem to be relevant with their DMM Application Form. Such information may include (but is not limited

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to), the following:

- the number and experience of staff, both in terms of responsible persons and other staff, available to support the Market Making;
- the trading application and support they will be using, and the likely message per second usage. For the avoidance of doubt, DMM applicants using automated systems will be given preference over manual methods;
- the level of risk capital that the applicant will commit to support their Market Making commitment;
- previous Market Making experience either with the Exchange and/or other derivative Exchanges; and
- details of connectivity and software which will be used to access the Exchange.

DGCX reserves the right to introduce daily message allocation for price injection models used by a DMM in fulfilling its obligations.

- 4.5 DMMs will be appointed through a competitive tender process. A Market Maker Review Panel, comprised of DGCX management, will evaluate the applications received for DMM status in the Contract. The decision(s) taken by the Panel shall be binding on all applicants and shall not be subject to external scrutiny. DGCX maintains total discretion in appointing any DMM.
- 4.6 The Exchange shall appoint, at its absolute discretion, as many DMMs as it deems appropriate with the objective of providing the maximum benefit to the market whilst ensuring the effective operation of the DMM Scheme.
- 4.7 The appointment of a DMM shall be subject to execution of a contract between the DMM and the Exchange (**DMM Contract**). For the avoidance of doubt, a completed DMM Application Form does not constitute a DMM Contract. Members who have made successful applications will receive from the Exchange a DMM Contract for execution.
- 4.8 The DMM will be required to meet its market making obligations in full. Should circumstances arise which prevent, inhibit or hinder this (**Problem**), the DMM shall notify the Exchange immediately of the Problem, the expected duration of the Problem and what is being done to rectify the situation.
- 4.9 Should a DMM materially fail to meet their obligations the Exchange may adopt any remedy deemed appropriate, including, but not limited to:

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- 4.9.1 terminating the DMM's participation in the DMM Scheme;
 - 4.9.2 reducing or removing any entitlements of the DMM; and
 - 4.9.3 where appropriate, re-charging in part or in full any benefits made available under the terms of the DMM Scheme.
- 4.10 The Exchange may, at its absolute discretion, cease DMM support for the contract or change the parameters of the DMM obligations and compensation by giving a minimum of one month notice to the DMM.

5. DMM Benchmark Obligations

- 5.1 The DMM shall quote two-way prices continuously for a minimum proportion of the Trading Day and, at the minimum sizes and maximum spreads as per the DMM Contract.
- 5.2 In addition to the quote obligations specified, the DMM shall provide minimum visible depth in the order book through two-way prices or as agreed with DGCX.
- 5.3 In the case of an announcement of significant economic news and during periods of significant market volatility, a DMM may be permitted, after prior agreement with DGCX, to widen its spread by two (2) times the agreed spread.
- 5.4 A DMM will, to the best of its ability, respond to and request for quotes (or RFQ).
- 5.5 For further information, any prospective applicant should contact the Agreements Team at the Exchange at: tender@dgcx.ae.

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Annexure II

DMM APPLICATION FORM (a separate editable copy is provided with this notice, if not, please contact tender@dgcx.ae)

1. Name of Applicant (Company Name): _____
2. Membership Type: Broker Member Trade Member RDMA Client
3. Clearing Member to be used, if not a Clearing Member: _____
4. Name, designation of main contact person to discuss application: _____
5. The specification of the parameters for the DMM obligation for Shariah Spot Silver Contract. Please complete the below table for the contract to reflect your desired quote structure and compensation.

DSSC Contract	Minimum Quantity	Maximum Tick Spread	Minimum Obligation in Time Commitment
Level 1	20	3	90%
Level 2	20	5	90%
Level 3	20	10	90%
Reference Market			
Compensation Structure			
Maximum Open Interest			

6. Market Making Experience in related markets: Yes No
 If yes, state the number of years:
 Which Exchange(s): _____

7. Trading software used:



Notice No: MKTG-2023-029

Issue Date: 06 October 2023

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Authorized Signature:

Name:

Designation:

_____ Date: _____

Dubai Gold & Commodities Exchange

Telephone: +971 4361 1600

Fax: +971 4361 1669

Email: tender@dgcx.ae