

Notice No.: TRDG-2008-013

Issue Date: April 7, 2008

Sub.: Introduction of Give-up Trade System (GUTS)

Notice to all Members,

Sub.: Introduction of Give-up Trade System (GUTS)

In pursuance of By-laws of DGCX, Clearing Rules of DCCC the following is hereby notified:

With effect from April 28, 2008, Members of the Exchange shall be permitted to execute and give-up trades using electronic Give-Up Trade System (GUTS).

Detailed features of the system along with prescribed formats are annexed to this notice. This facility shall be available in all contracts listed for trading on the Exchange.

New version of Trader Work Station (TWS Ver.7.0.0.34) and Member Administration Terminal (MAT Ver. 7.0.0.36) will be released by the Exchange on April 8, 2008. Members are requested to download the respective application from the FTP server as described in the Appendix 3 to participate in the Mock Trading. Members accessing DGCX using "Private Order, Risk Management & Trading Software" (PORTS) based on FIX 4.2 protocol will also be required to upgrade their software appropriately (Please refer to Appendix 4 for further details).

In order to provide an opportunity to members to get them familiarized with GUTS, a mock trading session will be conducted on **Saturday, April 19, 2008 between 1100 to 1300 hours**. The details of the schedule of events and other relevant information are as given below:

Schedule of Mock Trading sessions	
Mock Session	April 19, 2008
Timings during Mock Trading session	
Log-in Period	1000 to 1100 Hours
Mock Trading Period	1100 to 1300 Hours
Reports download from FTP Server	After 1430 Hours
Revert back to live(Verification Testing)	1500 to 1530 Hours

Members are requested to take note of the above.

For Dubai Gold & Commodities Exchange

Gaurang Desai
Chief Operating Officer

Emaar Business Park
 Building No. 2, Level1
 P.O Box 37736, Dubai, UAE
 Tel : +9714 361 1616
 Fax : +9714 361 1617
 Email : info@dgcx.ae

Appendix 1 – Introduction of GUTS and features

A give-up occurs when a futures market participant uses one member of the Exchange to execute the trade and another to clear the same, thus requiring the Executing member to "give up" the trade to the Clearing member. This has been widely prevalent practice in derivatives markets around the world.

DGCX GUTS is intended to deliver this facility in a user friendly, secure and automated environment. A feature comparison of typical give-up trade practices vis-à-vis DGCX GUTS is given below:

Typical Trade Give-up Mechanisms	DGCX Give-Up Trade System (GUTS)
Obligations/Acts of Customer	
<ol style="list-style-type: none"> 1. Execute Tri-partite Agreement with Executing Member and Clearing Member 2. Obtain necessary limits from Clearing Member 3. Provide accurate order to Executing Member 4. In event of Rejection by Clearing member of the executed trade – fulfill the obligation resulting from Close-out effected by Executing Member 	<ol style="list-style-type: none"> 1. Enter into arrangement with Clearing member for obtaining GUTS Code and trading limits 2. Enter into arrangement with Executing broker concerned to obtain a Client Code. 3. Place an accurate Order with Executing Member 4. In event of Rejection by Clearing member of the executed trade – fulfill the obligation resulting from Close-out effected by Executing Member
Obligations/Acts of Executing Member	
<ol style="list-style-type: none"> 1. Execute Tri-partite Agreement with Customer and Clearing Member 2. Execute Customer order accurately 3. Inform Clearing Member about executed Deals 4. If Clearing Member rejects Trade – take necessary action to Close out position created 	<ol style="list-style-type: none"> 1. Enter into agreement with Customer concerned after completing KYC process. 2. Execute Customer Order as INST order with Client Code & GUTS Code as communicated by Customer and Inform Clearing Member about executed Deals 3. In event of rejection by Clearing Member, obligation will fall on Executing Member under the Client Code 4. Take necessary close out action for Customer position through normal CLI order route.
Obligations/Acts of Clearing Member	
<ol style="list-style-type: none"> 1. Execute Tri-partite Agreement with Executing Member and Customer 2. Grant limits to Customer 3. Monitor Customer activities and 	<ol style="list-style-type: none"> 1. Enter into arrangement with Customer concerned to complete KYC process and grant limits 2. Apply to DGCX for GUTS code for the

Notice No.: TRDG-2008-013

Issue Date: April 7, 2008

Sub.: Introduction of Give-up Trade System (GUTS)

approve/reject Trades communicated by Executing Member for the Customer	given Customer in a prescribed format.
	3. Monitor Customer activities and approve/reject Trades communicated by Executing Member for the Customer
Regardless of method of execution of trade (TWS or PORTS), Approval/Rejections of Given-up trades shall be carried out using through MAT (Member Admin Terminal)	

DGCX-TWS Features and conventions used in GUTS:

1. Application for GUTS code.

Clearing member shall obtain their GUTS Client from DGCX after submitting an application form as prescribed in Appendix 2. DGCX shall allot a unique GUTS code to each and every GUTS client for the Clearing member.

2. Order entry (TWS)

While placing the order for give-up trades, the Executing member would be required to select INST option provided in the "Own/Client/INST" field and enter the relevant Client Code in client field and GUTS code in the "Part. Id". The Client code and the GUTS code are mandatory fields for executing a trade to be given up.

Buy order Entry (Short Key F1)

Order Entry

BUY	Ins.Type	Order Type	Symbol	Expiry Date	Strike Price	Opt.Type	Qty	Price(1 TOZ)	D.Qty
FUTURES	Regular Lot	DG	05OCT2007				1	713	
Own/Cli/Inst	Client	Part. Id	Margin Price	Validity	User Remarks				
INST	HDF66	HDF123		E05					

Submit Clear

Sell Order Entry (Short Key F2)

Order Entry

SELL	Inst. Name	Order Type	Symbol	Expiry Date	Strike Price	Opt.Type	Qty	(1 TOZ)	Price	D.Qty
FUTCOM	Regular Lot	DG	05AUG2007				1	713		
Own/Cli/Inst	Client Name	Client	Part. Id	Margin Price	Validity	User Remarks				
INST		HDF66	HDF123		E05					

Submit Clear

NOTE: The Executing Member should compulsorily have client privileges.

3. Order Book (TWS/MAT)

In the order book (Short Key - F3) of the Executing member the Part Id field will be populated with the GUTS code so as to enable the Executing member to distinguish GUTS order and also to identify the respective GUTS code for each order.

Orders Book - [All]

Last Mod...	Instrument Type	Symbol	Expiry Date	Strike Price	Op...	Order T...	B...	Total Ex...	Pending...	Price	O...	Client	Part Id	Status
03:32:32 PM 19...	FUTURES	DG	05OCT2007			Regular Lot	B	0	1	713.00	INST	HD800	HDF123	Pending

Filters: All Orders for Futures for DG 05OCT2007 BuyQty: 2 SellQty: 0 2

Orders Book - [All]

Last Modified Time	Instrumen	Sym	Expiry Date	Order Type	B/S	Tot	Pe	Price	Own/C	Client	Part Id	Status	Order Number	Validit	Contract Name	Entere
10:10:02 AM 21/06/2007	FUTCOM	DG	05AUG2007	Regular Lot	S	0	1	714.00	INST	RT78	ABC124	Pending	1070621000000005	DAY	DUBAI GOLD	USER

Filters: All INST Orders For All Contracts ,Part Id ABC124 BuyQty: 0 SellQty: 1 1

4. Trade Book (TWS/MAT)

In the books of Executing member

In the trade book (Short Key - F8) of the Executing member the "Part Id" field will be populated with the GUTS code so as to enable the Executing member to distinguish GUTS trades and to identify the respective GUTS code. The status field will display as 'Pending' till the time the trades are confirmed by the clearing member after will the status will be changed to 'Confirmed'.

Trades - [All]

Trade Time	Instrument Type	Symbol	Expiry Date	Strike Price	Opti...	Spread...	B/S	Quantity	Price	Spread Price	Own/Cli/Inst	Client	Part Id	Status
03:40:00 PM 19...	FUTURES	DG	05OCT2007				B	1	713.00		INST	HD800	HDF123	Pending

Filters: All Trades for DG 05OCT2007 for Futures BQ: 1 Buy Val: 22816.00 Buy ATP: 713.00 SQ: 0 Sell Val: 0.00 Sell ATP: 0.00 1

Trades - [All]

Trade	Instrumen	Sym	Expiry Date	Strike	Option	Spread	B/S	Qu	Price	Own/C	Client	Part Id	Tra	Order No.	Order Type	Contract Name	Entere	Status
10:11:34:AM	FUTCOM	DG	05AUG2007				S	1	714.00	INST	RT78	ABC124	3	1070621000000005	Regular Lot	DUBAI GOLD	USER	Pending

Filter: All INST Trades for All Contracts ,Part Id ABC124 BQ:0 Buy Val:0.00 Buy ATP:0.00 SQ:1 Sell Val:22848.00 Sell ATP:714.00 1

Notice No.: TRDG-2008-013

Issue Date: April 7, 2008

Sub.: Introduction of Give-up Trade System (GUTS)

In the books of Clearing member (MAT)

The details of all GUTS trade will be displayed in the Institutional Trade book window (Short Key – ‘Ctrl+F8’) along with the respective status (Pending or Confirmed) and GUTS code.

TM	User	Trade Time	Instrument ...	Symbol	Expiry Date	Strik...	Option Type	Sprea...	B/S	Quantity	Price	Sprea...	Client	Part Id	Status
12001	12002	03:40:00 PM	FUTURES	DG	05OCT2007				B	1	713.00	0.00	HD600	HDF123	Pending

Filters: All Trades for All Contracts for All
 BQ: 1 Buy Val: 22816.00 Buy ATP: 713.00 SQ: 0 Sell Val: 0.00 Sell ATP: 0.00 Pend: 1 Accp: 0 Rej: 0

5. Give – up Approval and Rejection (MAT)

The CM can approve or reject the give-up trades by selecting the trades in the institution trade book window and then proceed on with the required action (Approve /Reject) available in the right click option of the trades as shown below.

Approve

TM	User	Trade Time	Instru...	S...	Expiry D...	B	Q	Price	S...	C...	P...	T...	Order No.	Order T...	Contract ...	En...	Status
1	10162	03:36:00 PM 11/07/2007	F	RES	DG	05AUG2007	B	1	652.00	0.00	AAA	CP1	12 107071100000076	Regular Lot	DUBAI GOLD	USER	Pending

Filters: All Trade...
 BQ: 1 Buy Val: 652.00 SQ: 0 Sell Val: 0.00 Sell ATP: 0.00 Pend: 1 Accp: 3 Rej: 0

Reject

TM	User	Trade Time	Instru...	S...	Expiry D...	B	Q	Price	S...	C...	P...	T...	Order No.	Order T...	Contract ...	En...	Status
1	10162	03:36:00 PM 11/07/2007	F	RES	DG	05AUG2007	B	1	652.00	0.00	AAA	CP1	15 107071100000074	Regular Lot	DUBAI GOLD	USER	Pending

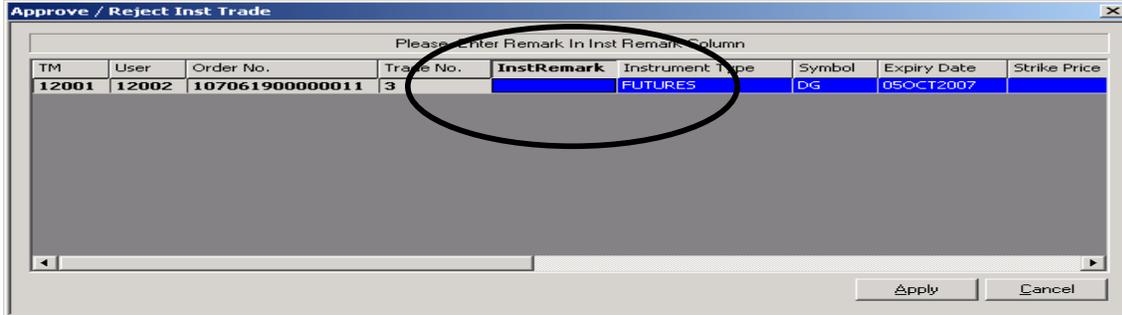
Filters: All Trades for All Contracts for All
 BQ: 1 Buy Val: 20864.00 SQ: 0 Sell Val: 0.00 Sell ATP: 0.00 Pend: 1 Accp: 2 Rej: 0

Notice No.: TRDG-2008-013

Issue Date: April 7, 2008

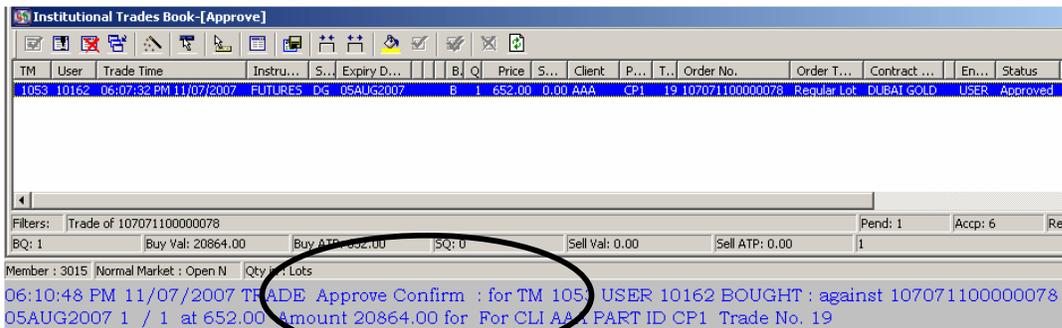
Sub.: Introduction of Give-up Trade System (GUTS)

On selecting Approve / Reject against the selected trade, the remarks box is presented for the CM to enter necessary comments.

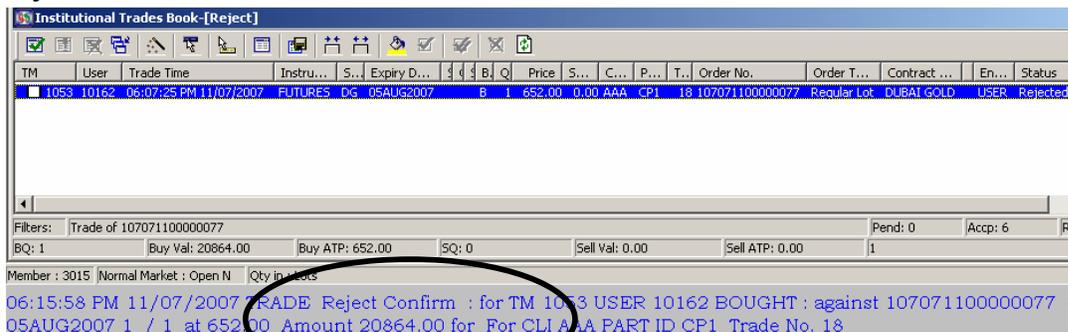


Once the GUTS trade is "Approved" or "Rejected", appropriate confirmation messages are sent across to the Clearing member and the Executing member as shown below.

Approval Confirmation



Reject Confirmation



6. Resubmission of Rejected Trades (TWS)

If a genuine GUTS trade is rejected by Clearing member (erroneously or for lack of details available from Executing member concerned), the Executing member can resubmit the same after necessary clarification (off-line). In order to re-submit the

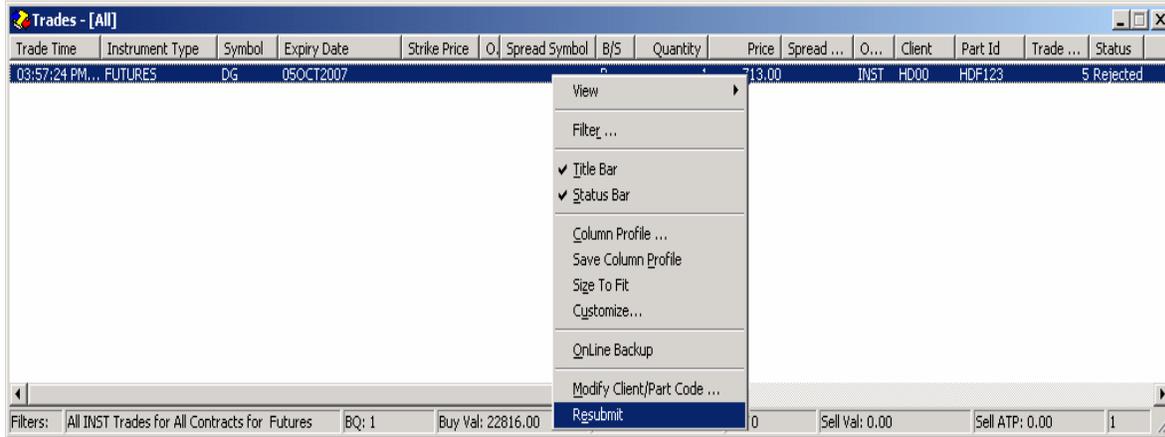
Emaar Business Park
 Building No. 2, Level1
 P.O Box 37736, Dubai, UAE
 Tel : +9714 361 1616
 Fax : +9714 361 1617
 Email : info@dgcx.ae

Notice No.: TRDG-2008-013

Issue Date: April 7, 2008

Sub.: Introduction of Give-up Trade System (GUTS)

rejected GUTS trade the member needs to Right Click on Trades to be RESUBMITTED in Trade Book window as shown below and select the resubmit option. Once the trades are resubmitted then the normal procedure for Approval /Rejection would follow.



7. Trade Modification (TWS)

Trade Modification will be allowed until the Trades are not APPROVED by CM. CLIENT CODE as well as PARTICIPANT CODE can be modified. Even rejected trades can be modified. However, once a trade is modified the executing member needs to resubmit the trades to the CM for approval.



8. Options Exercise Requests for GUTS Trades (MAT)

CM concerned can enter Options Exercise/Don't Exercise Request for GUTS Positions. TM & User ID fields need to be left blank in cases of GUTS Position Ex/DEx. Once submitted; Ex/DEx book will list the request as per normal functionality

Emaar Business Park
 Building No. 2, Level1
 P.O Box 37736, Dubai, UAE
 Tel : +9714 361 1616
 Fax : +9714 361 1617
 Email : info@dgcx.ae

Notice No.: TRDG-2008-013

Issue Date: April 7, 2008

Sub.: Introduction of Give-up Trade System (GUTS)

9. Settlement and Margin Obligations

Till such time a GUTS trade is not confirmed by the CM, the same is considered as a trade of the Executing member and the responsibility of settlement of such trade vests with the CM of the Executing member concerned.

Once the trades have been confirmed by the CM, they form part of the obligations of the CM of the GUTS code and they shall be responsible for all obligations arising out of such trades including the payment of margins and settlement obligations.

Trades which are rejected by the CM or which have not been confirmed by the CM within the time stipulated by the Exchange shall be considered as trades pertaining to the Member executing such trades and shall form part of obligations of the CM concerned for such Executing member.

10. Confirmation / Rejection of given-up Trades

Clearing members can confirm or reject given-up trades pertaining to their customers on real time basis any time during the market hours on the day such trades are executed.

Additionally, Clearing members can confirm or reject given-up trades within 15 minutes from close of trading on a given trading day.

If a given-up trade is neither confirmed nor rejected after prescribed time limit mentioned above, the same shall be considered as REJECTED and the treated accordingly.

Notice No.: TRDG-2008-013

Issue Date: April 7, 2008

Sub.: Introduction of Give-up Trade System (GUTS)

Appendix 2 – Request to Allocate/Suspend GUTS code

Note:

- To be printed on the letterhead of Clearing firm requesting allocation/suspension of GUTS code with all the details in the format duly filled and bearing the stamp of the firm.

Date:

To,
Market Operations,
Dubai Gold & Commodities Exchange
Dubai, UAE.
Fax # **+971-4-3611699**

Dear Sir/Madam,

Re.: Allocation of New GUTS Code

We <Insert Clearing Member Name here> hereby apply for Allocation / Suspension of GUTS code for <Insert Name of the Client here> as our GUTS client. The requisite contact details of the client are given below:

Details of the Client

Address of the User :

Contact Numbers : (Off)
(with relevant country/city code) (Mob)
(Fax)

We hereby undertake to abide by Exchange By-laws, DCCC Clearing Rules, Notices issued and any such instructions as may be communicated by DGCX/DCCC in this regard.

We request you allocate/suspend the above user ID in the aforesaid name at the earliest.

Thanking you.

Yours faithfully,

Authorized Signatory

Name:

Designation:

Emaar Business Park
Building No. 2, Level1
P.O Box 37736, Dubai, UAE
Tel : +9714 361 1616
Fax : +9714 361 1617
Email : info@dgcx.ae

Notice No.: TRDG-2008-013

Issue Date: April 7, 2008

Sub.: Introduction of Give-up Trade System (GUTS)

Procedures to be followed during Mock Trading sessions

Download of TWS & MAT Mock Version

The mock set-up files are already available on the FTP server. Members are requested to download those set-up files and install it in their respective PCs. Separate icons will be created in the desktop as "DGCX TWS Test" & "DGCX Member Administrator Test" for the TWS & MAT applications respectively. Please refer Appendix 3 for more details.

Login procedure

There is no change in the login procedure. Members can use their existing User ID and corresponding passwords to log-in to the exchange for the Mock Trading.

PORTS Users

PORTS (Private Order, Risk Management & Trading Software) users are requested to login to our Mock Environment through the FIX gateway using their existing user ID and the corresponding password.

Post trading activities

After the Mock Trading, the Exchange will generate reports which shall be available in the FTP server (under Mock folder). Members may download the reports from the FTP Server for verification purposes after 1430 hours. To reiterate, the trades executed in Mock Trading sessions will not involve any financial obligation for pay-in and pay-out.

Revert back to live

No additional activity is required for the live trading. Members have to start the respective existing live application from their desktop for the same. However, as a precaution, members are requested to logon to the live system after participating in the Mock Trading to avoid any log-in problem on the next trading day in the live environment. The live system will be available from 1500 to 1530 Hrs for the same.

Members are requested to take note of the same. In case of any clarifications, members may contact DGCX Support Team for any further assistance.

Notice No.: TRDG-2008-013

Issue Date: April 7, 2008

Sub.: Introduction of Give-up Trade System (GUTS)

Appendix 3 - Steps for downloading TWS Version 7.0.0.34 & MAT Version 7.0.0.36 for participating in Mock Trading

a) Internet users

Internet users can download all the necessary set-up files from the existing FTP server (ftp.dgcx.ae) and the corresponding path should be:

“Common/Setup/MockSetup/Internet”

b) Trader Workstation (TWS)

Members are requested to download **DGCXTWSMock70034.EXE** for DGCX trader workstation and kindly install the same after downloading and the users can see new icon such as **“DGCX TWS Test”** in the desktop.

After installation please open the **“DGCX TWS Test”** and login to the mock environment as per the above mentioned timeframe.

c) Member Admin Terminal (MAT)

Members are also requested to download and install the file **“DGCXMATMock70036.exe”** for Member Administration Terminal. On successful installation the user can see a new icon **“DGCX Member Administrator Test”** on the desktop.

Kindly double click the icon to connect the mock environment.

d) Lease Line /ISDN Users

All the leased line / ISDN users can download all the relevant files from the following folders of the FTP Server (ftp://192.168.70.60),

“Common/Setup/MockSetup/LeasedLine”

The software installation procedure will remain same as mentioned in the above section.

Notice No.: TRDG-2008-013

Issue Date: April 7, 2008

Sub.: Introduction of Give-up Trade System (GUTS)

Appendix 4–Amendment in FIX 4.2 API structures

Change	Change Area
Inst. Trading related Additional tag #440 added	New Order Single Cancel Replace Request Execution Report
Inst. Trading related Additional tag #440, tag#9017, #9018 added	Trade Modify Instruction Request Trade Modify Instruction Report
Revised Security Definition Response	Security definition
Additional User Defined message added	U5 = Inst. Trade Acceptance Report U6 = Inst. Trade Rejection Report U7 = Resubmit Inst Trade For Approval - Request U8 = Resubmit Inst Trade For Approval - Confirmation U9 = Resubmit Inst Trade For Approval - Rejection U10 = Participant Master Request U11 = Participant Master Response

All other details remain same as provided in “FIX Connect API Document 1.6” made available to all concerned users.