

Date: 07/03/ 2023
Circular No.: Dubai Clear/2023/01

Subject: Transacting and Reporting of Direct Deals on DFM

Reference is made to DFM's Circular No.: 02/2023 issued on 07/03/2023 (Transacting and Reporting of Direct Deals on DFM) introducing new procedures applicable to Direct Deal Transactions ("DDTs").

Dubai Clear Clearing Members should comply with the following procedures relating to risk management, clearing and settlement when executing DDTs.

1. Dubai Clear margin methodology will apply to DDTs.
2. The Clearing Member may request for Variation Margin ("VR") benefit subject to the following conditions:
 - A. No rejections/late confirmation permitted for settlement of DDTs for DVP investors;
 - B. No short sells permitted for DDT;
 - C. The Clearing Member shall ensure that its Trading Member does not execute onward sells unless the Trading Member can guarantee that funds are settled in full on the Intended Settlement Date.
 - D. In the event the Clearing Member fails to settle the DDT funds obligation, Dubai Clear will reverse the securities delivered by the seller broker's Clearing Member without any compensation.
3. Such VR benefit will be calculated as follows:

If the Previous Close Price of the security > Transaction Price

For Seller Clearing Member,

*Margin benefit = (Previous Close Price of the security - Transaction Price) * Transaction quantity*

If the Previous Close Price of the security < Transaction Price

For Buyer Clearing Member,

*Margin benefit = (Transaction Price - Previous Close Price of the security) * Transaction quantity*

VR will be available until the Intended Settlement Date (ISD) of T+2 and will be reviewed daily based on the daily closing price of the security.

4. Notwithstanding any provisions in the Dubai Clear Rules, the Clearing Members must ensure that securities and funds obligation settlement arising from DDT is settled in full on the ISD.

In case of any enquires feel free to contact Ms. Khulood Al Mutawa – Head of Operation at 04 3055 153, email: clearing&settlement@dubaiclear.ae.