

Date: 02/04/2024

Circular Number: DClear/2024/03

Subject: Updates to Dubai Clear's Margin Policy

Clearing members are requested to take note of the updates made to the Margin Policy, the changes will come into effect on the 15th of April 2024. A summary of changes are as follows:

Variation Margin (VMs) shall be calculated intraday and at end of each calendar day at a Client Trading Account Level for outstanding position for each symbol based on the last trade price/daily close price of that symbol. The Mark to market for this purpose shall be;

Before Amendment	After Amendment
Mark to Market (MTM) on all outstanding positions	<ul style="list-style-type: none">on intraday crystalized losses andMark to Market (MTM) on all outstanding net buy positions OrMTM on all non-pre-validated outstanding net sell positions

There will be no change for the existing calculation methodology of variation margin for DVP Trades and MTM shall be calculated on all outstanding positions at a Client Trading Account Level for each symbol based on the last trade price/daily close price.

The proposed changes will lead to reduction in the margin cost for the members resulting into improvement in capital efficiency for Clearing Members

Members may refer to the examples in the annexure to understand the difference between the existing and new methodologies for MTM calculation.

In case of any enquires feel free to contact Ms. Khulood Al Mutawa – Head of Operations or Mr. Bhuvnesh Sharma – Risk Manager at 04 3055 153/158 email: clearingandsettlement@dubaiclear.ae.

Annexure:
Existing Methodology for margining Intraday buy and sell positions (intraday crystalized losses and Mark to Market):

Client	Security	Buy Qty	Weighted Average Buy Price	Non-Pre-validated Sell quantity	Pre-validated Sell quantity	Weighted Average Sell Price	LTP/Closing Price of the security	Mark to Market
Client A	Security X	1000	10	0	5000	8	12	-18,000

New Methodology:

Client	Security	Buy Qty	Weighted Average Buy Price	Non-Pre-validated Sell quantity	Pre-validated Sell quantity	Weighted Average Sell Price	LTP/Closing Price of the security	Mark to Market
Client A	Security X	1000	10	0	5000	8	12	-2000

Existing Methodology for margining pre-validated sells:

Client	Security	Buy Qty	Weighted Average Buy Price	Non-Pre-validated Sell quantity	Pre-validated Sell quantity	Weighted Average Sell Price	LTP/Closing Price of the security	Mark to Market
Client A	Security X	-	-	0	5000	8	12	-20,000

New Methodology:

Client	Security	Buy Qty	Weighted Average Buy Price	Non-Pre-validated Sell quantity	Pre-validated Sell quantity	Weighted Average Sell Price	LTP/Closing Price of the security	Mark to Market
Client A	Security X	-	-	0	5000	8	12	0