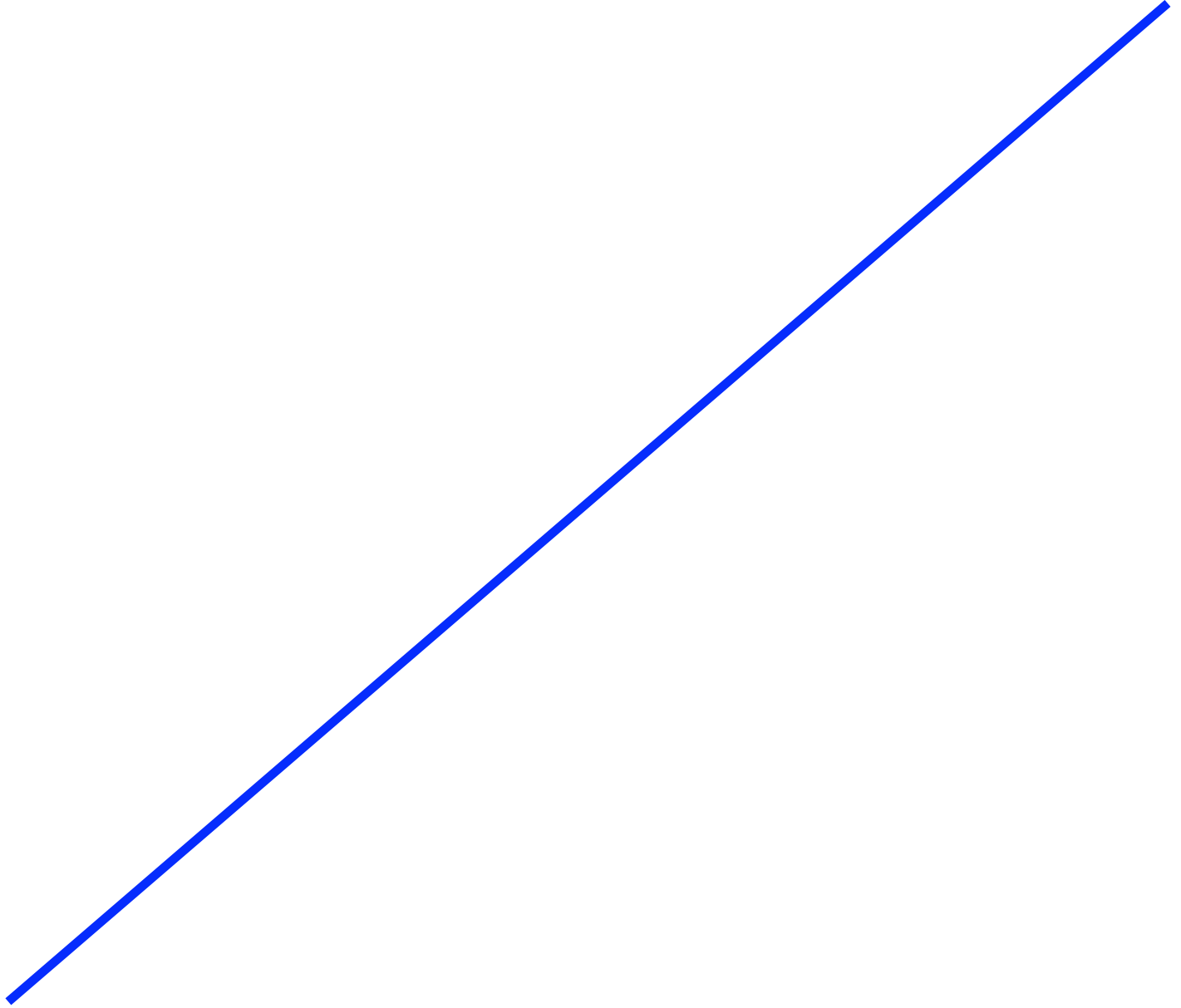


# 2024

## MARGIN POLICY DUBAI CLEAR



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**Classification:** Policy

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**Type:** English Policy

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**Title:** Margin Policy

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**Owner:** Dubai Clear

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In line with the SCA regulation and CCP rules, Clearing Members are required to post margins with Dubai Clear (the CCP). These margins will be blocked against the Collateral deposited by the Clearing Member (CM) with the CCP.

## Types of Margins

Currently the following type of margins are levied by the CCP.

1. Initial Margin
2. Variation Margin
3. Fails Margin

The CCP reserves the right to levy additional margins from time to time based on market conditions and exposure.

### 1. Initial Margins

Initial Margins (IMs) will be calculated on a near real-time intraday basis and at the end of each calendar day based on each client position for each symbol. IMs will be calculated based either on a Gross or Net basis based on the type of trade. IM will be calculated using the total Buy and total Sell positions of the client for each trading day at each symbol based on the IM rate and last trade price/daily close price for each symbol published by the CCP. IM will be calculated as follows:

#### a. DVP Trades

##### i. Before rejection

All Buy trade values + All Sell trade values (pre-validated + non-pre-validated)

##### ii. After rejection/reversal

If Total Buy Value > Pre-validated Sale Value

- Absolute of [Buys Value – All Sales Value (pre-validated + non-pre-validated)]

If Total Buy Value < Pre-validated Sale Value

- Non-Pre-Validated Sale Values

#### b. Non DVP Trades

##### i. If Total Buy Value > Pre-validated Sale Value

- Absolute of (Buys Value – All Sales Value (pre-validated + non-pre-validated))

##### ii. If Total Buy Value < Pre-validated Sale

- Non-Pre-Validated Sale



IM rates will be calculated using Value at Risk (VAR) methodology based historical prices of past 6 months or 3 years whichever is higher on a confidence interval of 99% with a one day look ahead period. These rates will be back tested using historical prices. There will be no margin off set across clients or across symbol within the same client.

## 2. Variation Margins

Variation Margins (VMs) are essentially Marked-to Market (MTM) profits or losses on each position held by the client. Variation Margins (VMs) will be calculated intraday and at the end of each calendar day using Intraday Crystallized losses and Mark to Market -for all outstanding positions. The outstanding positions for VM calculation purpose is determined as follows: -

- a. DVP Client
  - All outstanding positions for each symbol
- b. Non DVP Client
  - Net buy positions for each symbol **or**
  - Non-pre-validated outstanding net sell for each symbol

VM will be calculated based on the last trade price/daily close price of that symbol.

MTM profits and losses will be offset across different symbols and across Buy and Sell positions for each client trading account. In case the net VM for a client trading account (across all symbols and across all open positions for each calendar day) is a Loss, then the VM will be equal to the Loss so calculated. If the net VM for a client trading account (across all symbols and across all open positions for each calendar day) is a Profit, then the VM will be equal to Zero i.e. no VM. Any VM so calculated will be blocked against the Collateral of the CM.

## 3. Fails Margins

Fails Margins (FMs) will be calculated intraday and at the end of each day at each client trading account level for each symbol on all fails positions. FM will be calculated in the same manner as IM but will be calculated only on outstanding fails position.

Outstanding fails positions means:

- a. For buy positions: buy trades where the CM has not settled the cash settlement obligations with the CCP on the intended T+2 settlement date;
- b. For sell positions: sell trades where the CM has failed to deliver securities to meet the securities settlement obligations on the intended T+2 settlement date.

## Collection of Margins

All margins calculated above will be blocked against the Net Collateral (Collateral Value minus value of Settlement Default Fund contribution) of the CM with the CCP. In case the Margin value exceeds the value of Net Collaterals of the CM, the CM will be immediately suspended from accepting new trades until the CM either deposits additional collaterals with the CCP or the Margin requirements are reduced or released due to trade settlement or change in market price or margin rates. IMs, VMs and FMs (wherever applicable) will be released as soon as the trade is settled successfully by the CCP.



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