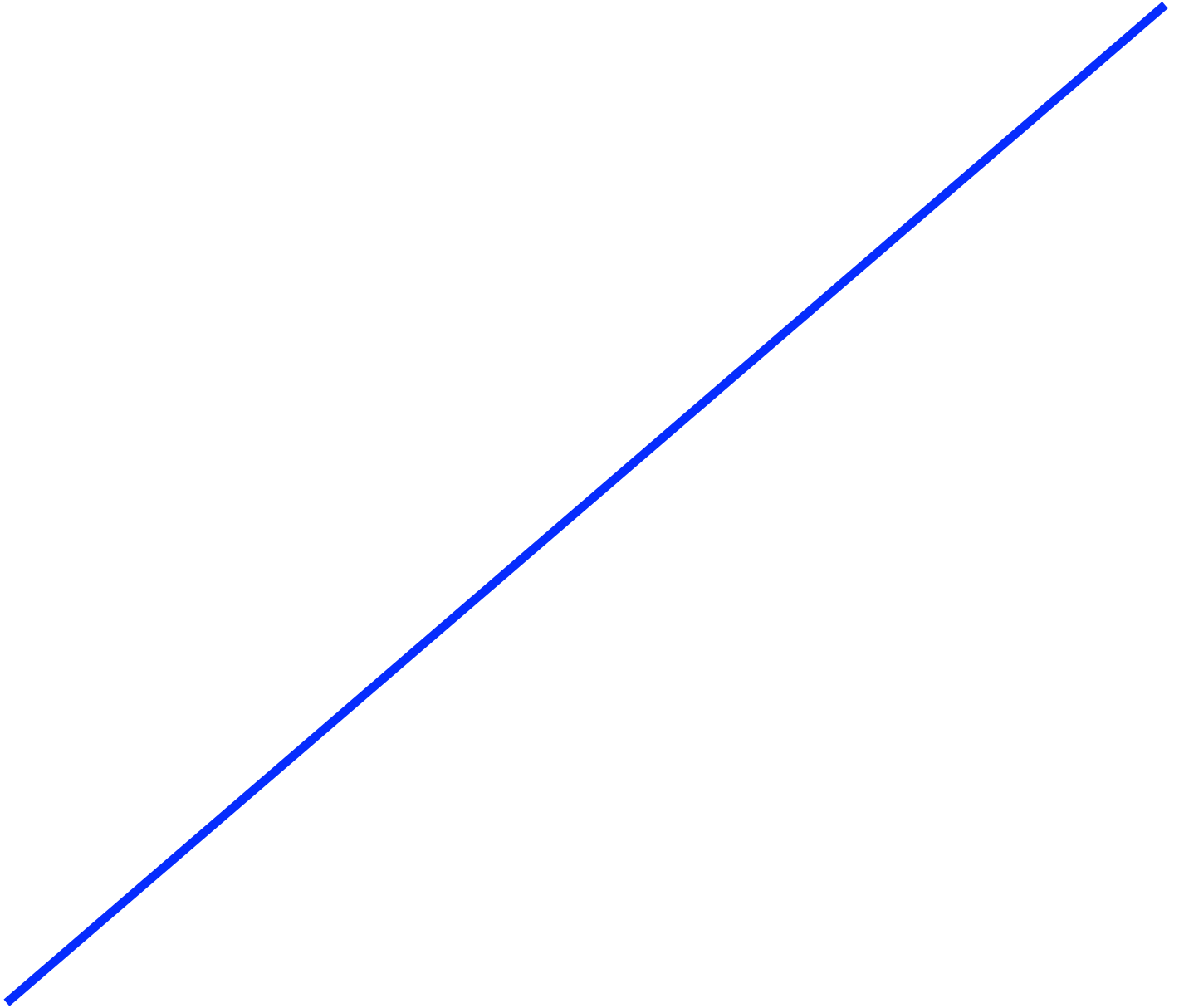




Increase or Decrease Guarantee Limit



Classification Procedure

Type PDF

Version 005

Owner Dubai Clear

No. of Pages 3

Date of Issue 27/6/2022



Increase & Decrease Trading Limit

CMs (CMs) are not allowed to exceed the Guarantee (collateral) limit. If a CM limit is exceeded, the CM's Trading Member (TM) will not be allowed to execute orders during the market unless the CM:

- **Increases the Guarantee limit.**
- **Reduces Margin Utilization.**

In addition, existing orders in the TM's order book will also be removed from the order book and moved to private status if the CM's limit for a TM is exceeded.

In case a CM has insufficient Guarantee value, all TMs using this CM may will also be impacted.

Increase of Collateral Value:

If the Clearing Member wishes to increase the Guarantee limit, the CM must deposit additional Guarantee in the following manner:

a) [Guarantee Letter:](#)

Submit a new Guarantee Letter to Dubai Clear issued by a bank or by a finance company licensed by the Central Bank. The new Guarantee must be in the prescribed format published by Dubai Clear and the original copy must be submitted to Dubai Clear.

b) [Cash Collateral:](#)

Deposit cash collateral into the following accounts with the settlement banks:

AED Cash Collaterals:	Emirates National Bank of Dubai AC: 0592063720904, IBAN: AE810260000592063720904
	Standard Chartered Bank AC: 01 4224175 03, IBAN: AE14 04400000 0142 2417 503

USD Cash Collaterals:	Emirates National Bank of Dubai AC: 0595695000710 IBAN: AE040260000595695000710
------------------------------	---

- Submit a Collateral Management Service request via eServices attached with copy of the credit advice;
- Select the option for "Increase Collateral Value" and the "Currency"



- Based on the receipt of the service request and receipt of available funds into the designated bank account, Dubai Clear will increase member's Collateral value in AED.
- For USD cash collaterals, Dubai Clear will increase member's collateral value in AED using a conversion rate 3.6725 less a haircut of 5%. The effective conversion rate after considering haircut of 5% would 3.488.

c) **Acceptable Securities:**

Freeze Acceptable Securities owned by CM by filling the Collateral Management Services Form through eServices (Increase Collateral Value – Select Acceptable Securities). The Member authorized Dubai Clear to increase the collateral value after deducting the haircut applicable on the securities' collateral value, and hereby fully authorize Dubai Clear to liquidate these securities in case of any default in paying funds in relation to the settlement of securities by giving Dubai Clear full right to act on the these securities.

Accepted Securities are securities listed on DFM General Market Index and which are not suspended from trading.

Release of Collateral:

- a. There is no intraday processing for release of collaterals.
- b. Submit a Collateral Management Service request via eServices and select the decrease option and the currency
- c. All release request received during the day before end of Dubai Clear working hours (4:00 PM) will be processed after close of market for value next settlement day.
- d. Any request received after Dubai Clear working hours will be considered as request received on the following settlement day.
- e. Request received on the preceding settlement day after 4:00 PM will be processed before market hours on best effort basis for same day value else will follow the cycle mentioned in Point c above.
- f. In special cases like MSCI or FTSE rebalancing days wherein there is a significant margins release on T+2 after settlement is completed around 11:00 AM, collateral release request may be processed intraday immediately after settlement is completed on T+2 for same day value.
- g. In this case the CM is required to send the release request on T+1 itself to ensure timely release on T+2 after settlement.
- h. Any collateral release will be processed by Dubai Clear only if outstanding collateral after release is sufficient to meet the Clearing Member's outstanding margin and SDF requirements.
- i. All withdrawals of USD collateral shall only be processed if the outstanding collateral value shall be equal to or greater than the minimum collateral value required by Dubai Clear as per each Membership type.

In case of partial withdrawal of USD collateral, a Member's outstanding collateral USD collateral value be based on balance of the USD collateral value which will then be converted using an effective rate of 3.488 to AED equivalent

Disclaimer

The information provided in this document (“Information”) is provided by way of general information and comment only. While reasonable care has been taken in producing this Information, changes in circumstances may occur at any time and may impact on the accuracy of the Information. Dubai Clear L.L.C. and/or its affiliates, officers or employees, are not responsible and do not give any warranty or representation as to the accuracy, reliability, timeliness or completeness of the Information now or in the future. Dubai Clear L.L.C. and/ or its affiliates, officers or employees shall not be liable for any loss suffered, directly or indirectly by any person acting in reliance upon the Information contained herein. The Information does not constitute professional advice or provision of any kind of services and should not be relied upon as such. No part of the Information provided is to be construed as a solicitation to make any financial investment. Information, including forecast financial information and examples should not be considered as a recommendation in relation to holding, purchasing or selling securities or other instruments. The information does not take into account any investor’s individual investment objectives, financial position and particular investment needs. As such, before making any decision, investors should conduct their own due diligence and consult their financial advisors. The performance of trading securities or instruments is not guaranteed and past performance is not an indication of future performance. Unless otherwise stated, Dubai Clear L.L.C. owns copyright in the Information contained herein. The Information may not otherwise be reproduced and must not be distributed or transmitted to any other person or used in any way without the express approval of Dubai Clear L.L.C. This information is subject to the Dubai Clear website Disclaimer.