



right time. right place.

Risk Management for Non-Financial Corporate

DCCC
Dubai Commodities
Clearing Corporation

DGCX
Dubai Gold
& Commodities Exchange



Agenda

- 📍 Introduction to DGCX
- 📍 Hedging versus Trading
- 📍 Exchange Traded versus Over-the Counter
- 📍 Technology and Connectivity

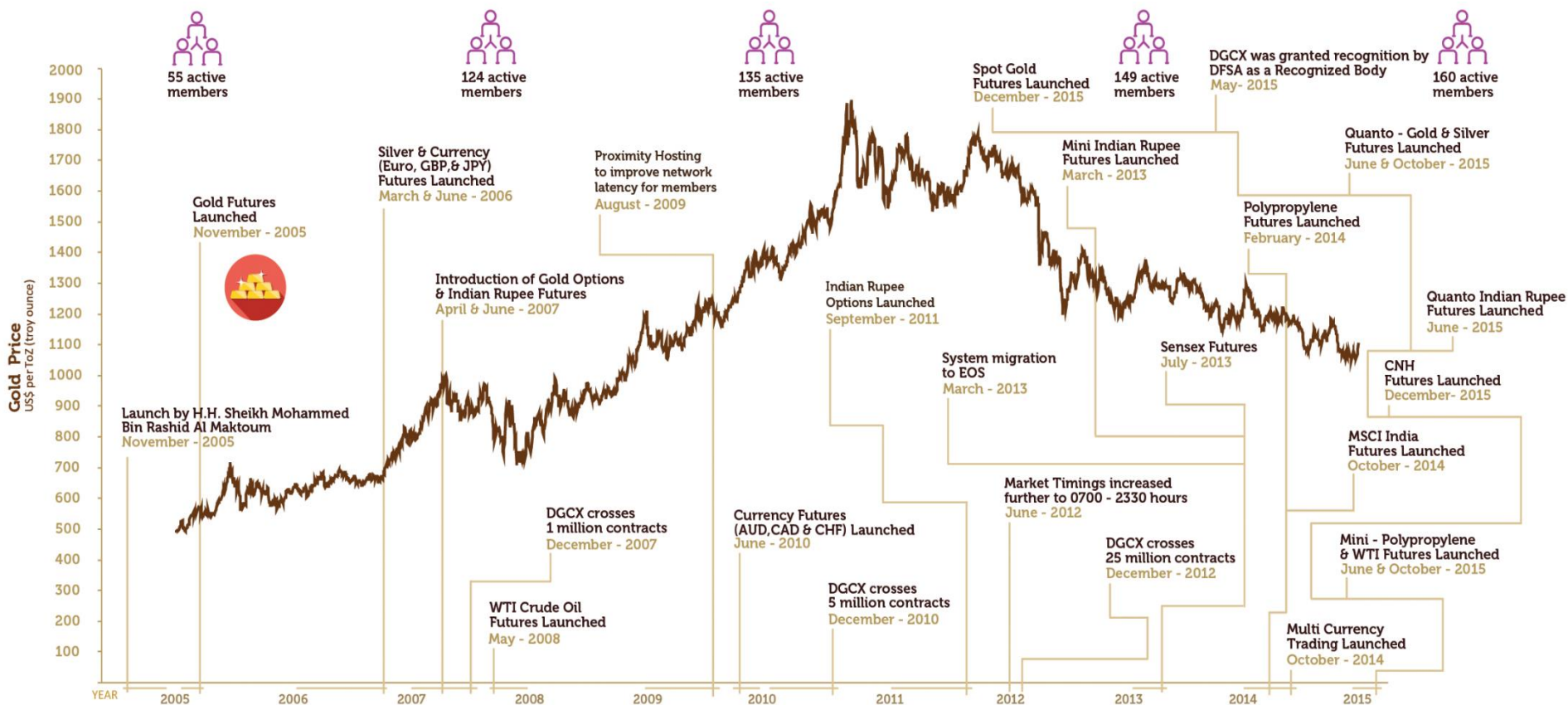
DGCX

- 📍 The Dubai Gold & Commodities Exchange (DGCX) is the largest and most diversified derivatives Exchange in the Middle East.
- 📍 DGCX is a subsidiary of the Dubai Multi Commodities Centre (DMCC), an entity of the Government of Dubai.
- 📍 Established in November 2005, DGCX offers derivatives futures and options contracts in Precious Metals, Base Metals, Currencies, Energy, Equity Indices, Single Stock Futures and Soft Commodities.
- 📍 DGCX is an SRO (Self Regulated Organization) regulated by the Securities & Commodities Authority (SCA) of the UAE.
- 📍 Clearing is provided by the Dubai Commodities Clearing Corporation (DCCC), a wholly-owned subsidiary of DGCX.
- 📍 DGCX today has a membership base of over 250 members with 84 clearing members.

DGCX Overview

- 📍 Volume growth on a yearly basis
- 📍 Time zone overlaps Asia and Europe to US trading hours.
- 📍 Ideal geographic location - trading hours 7:00 am to 11:55 pm UAE (GMT +4).
- 📍 Diversified membership base covering all major trading hubs
- 📍 More than 60 million contracts traded since inception.
- 📍 Tax free environment - global business transacted & cleared in the UAE with funds domiciled in the region offering the benefits of local tax landscape.
- 📍 Competitive transaction fee structure with attractive incentive programs.
- 📍 Same margin requirements for all participants.

10 Year Key Milestones



DGCX Products



Metals

- Gold
- Spot Gold
- Indian Gold
- Silver
- Indian Silver
- Copper



Equities

- SSF (Single Stock Futures)
- S&P Sensex



Hydrocarbons

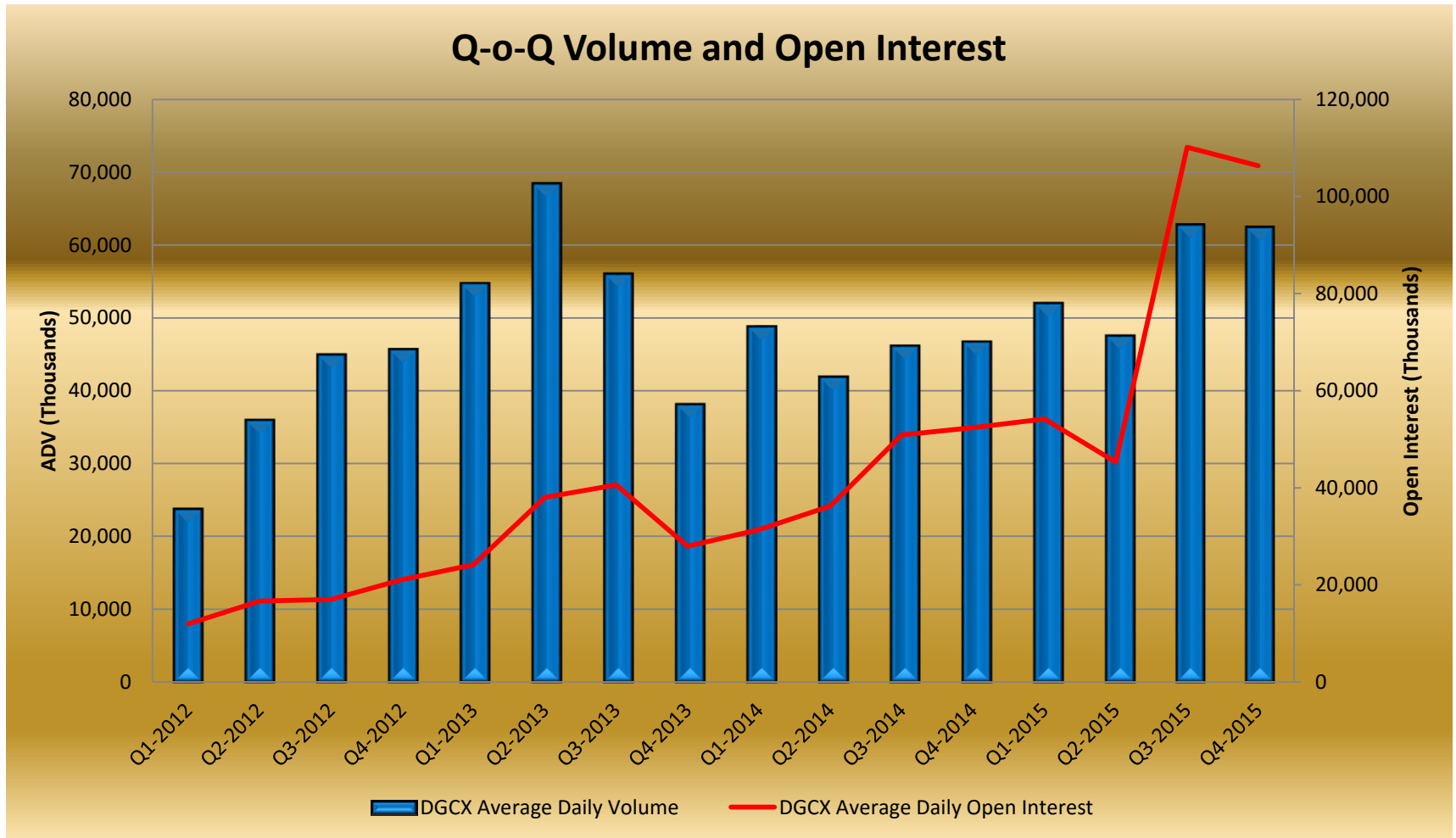
- WTI
- Mini WTI
- Brent Crude
- Polypropylene
- Mini Polypropylene



Currencies

- INR-USD
- Mini INR-USD
- INR Quanto
- INR Options
- USD- CNH
- USD- RUB
- USD- ZAR
- USD- KRW
- GBP-USD
- JPY-USD
- CAD-USD
- AUD-USD
- CHF-USD
- EUR-USD

Q-o-Q Volume and Open Interest



Hedging vs. Trading

	Hedging (Risk Management)	Trading
Purpose	Eliminate price volatility	Profit from betting on the direction
Method	Take offsetting positions contrary to what the investor currently has	Take bets or guesses on where they believe the market is headed.
Result	Reduce risk	Take on risk

Hedging is not about making profit but to lock in the cost or revenue of the product

Exchange Traded vs. Over-the Counter

	Exchange Traded	OTC Traded
Pricing	Standardized and on screen	Customized
Maturity	Standardized	Customized
Quantity	Standardized and with ladders	Customized
Frequency	Standardized and continuous	Customized
Quality	Standardized	Customized
Documentation	Standardized and Simple	Customized
Collaterals	Standardized Margin	Customized
Counterparty	One	Many
Regulatory Body	One entity	Various
Trading /Connectivity	One time setup	Customized

Exchange Traded = Standardized product for managing Market Risk

One Counterparty: Dubai Commodity Clearing Corporation

- 📍 Regulated by the Federal Securities & Commodities Authority of the UAE.
- 📍 DCCC application submitted for (TC-CCP) European Market recognition.
- 📍 First CCP in MENA to be SWIFT direct member.
- 📍 First CCP in MENA to EuroClear Bank for collateral solutions & link to Global Liquidity Hub of Clearstream.
- 📍 92 active Clearers from diverse geographies such as UAE, UK, Qatar, Europe and Singapore
- 📍 Protected payment system through Emirates NBD, SCB, Bank of Baroda, HSBC & Bank of China
- 📍 Real-time position and risk monitoring
- 📍 Settlement Guarantee Framework with Zero defaults since inception
- 📍 DFSA (Dubai Financial Services Authority) has recently approved DCCC as a recognized CCP



DGCX Exchange Traded Technology



Technology :

speed ,
Access , connectivity , collocation

PRE TRADE

order Management



Front End

Features and Benefits



POST TRADE

Management



Clearing &

settlement

RISK MANAGMENT



DGCX Connectivity Solutions

DGCX offers its customers access to its market data network from the following options that enable reliable, robust, and cost efficient connectivity:

- Local MPLS (Multi Protocol Label Switching)-through Etisalat & DU.
- International Private Leased Circuit (IPLC).
- Global MPLS –through SingTel & a host of other international service providers.
- Internet via IPSEC VPN or SSL VPN.

DGCX offers a “ first in class” Tier 3 Data Centre with co-location facilities:

- Low latency (non blocking) network access.
- Dedicated fully redundant Internet links or access through Global/Local MPLS Network.
- Secured infrastructure.
- Affordable costing.
- Level 1 Remote support available.
- Support of PAAS and IAAS Model.



DGCX Technology - Network



Thank you

Meng.shu@dgcx.ae

Follow us:



Facebook@ dgcxcommunity



LinkedIn@ dgcxcomm



Twitter@ dgcx