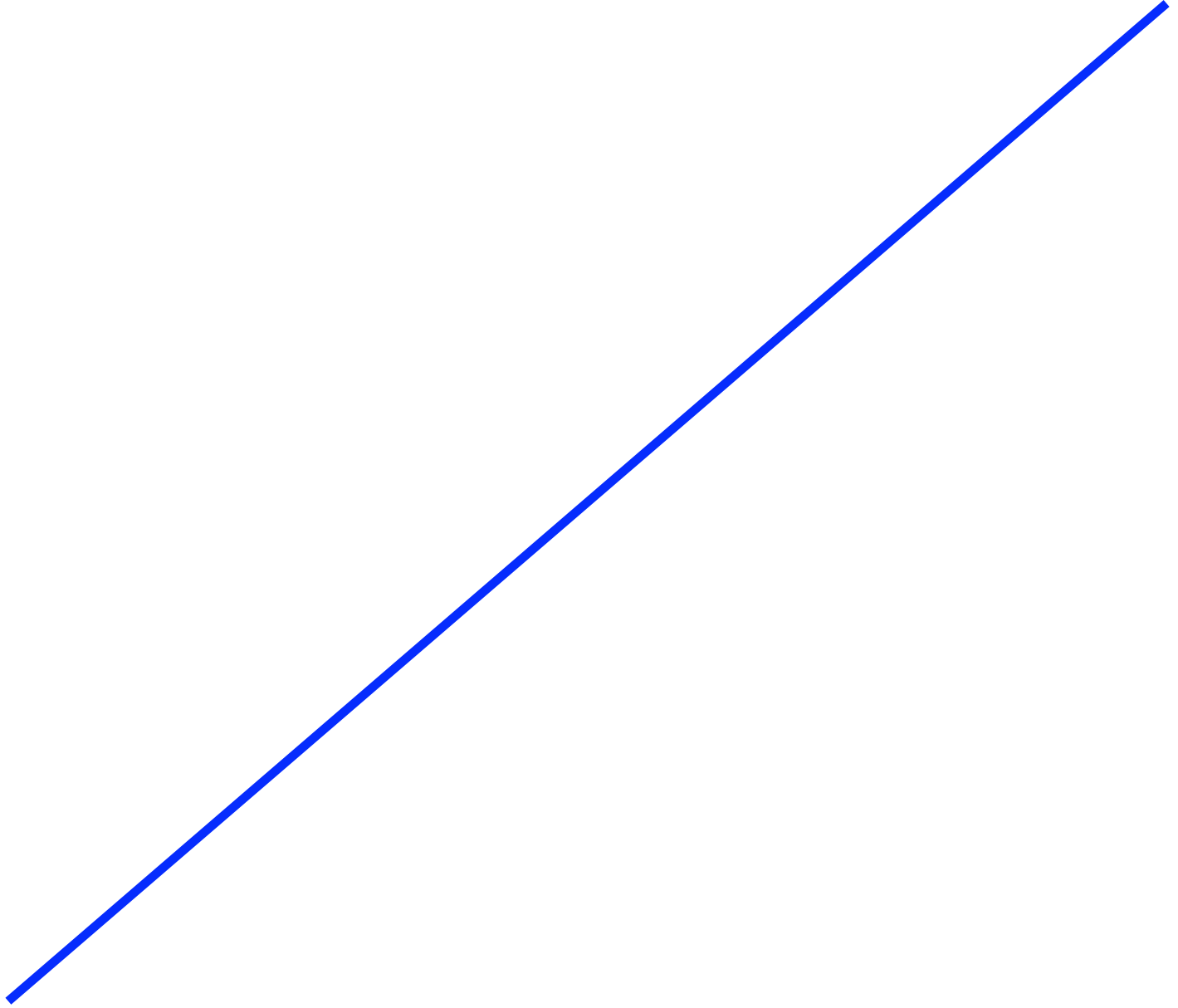




# 2025

## 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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In line with the SCA regulation and CCP rules, Clearing Members will be required to post margins with Dubai Clear (the CCP). These margins will be blocked against the collaterals/guarantee 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 (IM) will be calculated intraday and at the end of each calendar day based on each client position for each symbol for each trading day. IM will be calculated based either on a Gross or Net basis based on the type of trade (DVP/Non DVP).

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 Dubai Clear.

IM will be calculated as follows:

Trade Type	Condition	Position for Calculation
	<b>Before rejection</b>	All Buy trade values + All Sell trade values (pre-validated + non-pre-validated)
	<b>After rejection/reversal</b>	
<b>DVP Trades</b>	If Total Buy Value > Sale Value	Absolute of [Buys Value – All Sales Value (pre-validated + non-pre-validated)]
	If Total Buy Value < Sale Value	Non-Pre-Validated Sale Value
<b>Non DVP Trades</b>	If Total Buy Value > Sale Value	Absolute of (Buys Value – All Sales Value (pre-validated + non-pre-validated))
	If Total Buy Value < Sale Value	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. There will be no margin off set benefit across clients or across symbol within the same client.

## 2. Variation Margins

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

- 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

Variation margin will be calculated based on the last trade price/daily close price of that symbol. MTM profits and losses will be offset across symbols across Buy and Sell positions for each client trading account. In case the net VM for a client trading account (across all symbols across all open positions across each 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 across all open positions across each 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 (FM) will be calculated intraday and at the end of each day, at each client's trading account level, for each symbol on all fails positions. These margins 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 relevant settlement date;
- b. For sell positions: sell trades where the CM has failed to deliver securities to meet the securities settlement obligations on the relevant settlement date.



## Collection of Margins

All margins calculated above will be blocked against the Net Collaterals (Collaterals – Settlement Guarantee Contribution) of the CM with the CCP. In case the Margins calculated above exceeds the Net Collaterals of the CM, the CM will be immediately suspended from further trading until the CM either deposits additional collaterals/guarantee with the CCP or the Margin requirements are reduced or released due to settlement or change in market price or margin rates. IM, VM and FM (wherever applicable) will be released as soon as the trade is settled successfully by the CCP.

## Exception to upfront Margins Collection

An exception to the upfront collection of Intraday Initial Margin and Variation Margin may be provided to clearing members subject to the following conditions:

1. Exceptions shall be allowed only on specific event-driven days, like index rebalancing or new listing.
2. Requests for such exceptions must be initiated by the clearing member.
3. Exceptions shall be allowed only for DVP members.
4. Dubai Clear will actively monitor the associated risks and may issue intraday margin calls if necessary. In the event a member fails to meet any intraday or end-of-day margin requirement, Dubai Clear reserves the right to
  - a. Withdraw the exception previously granted;
  - b. Suspend the member from trading or from initiating new positions.
5. The exception shall not be granted without limits. Dubai Clear may impose quantitative or other limits on the benefit extended to each member.
6. The exception is not a guaranteed right. Approval will be based on the members' request and Dubai Clear's internal risk assessment. Dubai Clear reserves the sole discretion to approve or reject any such requests.



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