

# INCREASE OR DECREASE GUARANTEE LIMIT

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## 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, all TMs using this CM may will also be impacted. If the Clearing Member wishes to increase the Guarantee limit, he must deposit additional Guarantee in the following manner:

1. Submit a new Guarantee to Dubai Clear issued by UAE central bank approved financial institution, this can be submitted by the member or by the financial institution. Issued guarantee should be sent via an official letter to Dubai Clear and should be in the formate published by Dubai Clear.
2. Deposit an amount of collateral value into Dubai Clear's Account with the settlement banks:
  - Emirates National Bank of Dubai AC: 0592063720904, IBAN AE810260000592063720904
  - Standard Chartered Bank AC: 01 4224175 03, IBAN AE14 04400000 0142 2417 503

By filling the Collateral Management Service Form in the Electronic Services System attached with copy of the credit advice.

3. Freeze Securities owned by CM by filling the Collateral Management Services Form through Electronic Services System (Increase Guarantee Limit - Freeze securities owned by the Member). The Member authorized Dubai Clear to increase the Guarantee after deducting the haircut applicable on the Freezing securities' value for the member only, and hereby fully authorize Dubai Clear to liquidate the frozen securities in case of any default in paying the settlement amount on (T+2) by giving Dubai Clear full right to act on the Frozen securities.
4. Release of Collateral
  - a. There is no intraday processing for release of collaterals.
  - b. All release request received during the day before end of Dubai Clear working hours (3.400 p.m.) will be processed after close of market for value next settlement day.
  - c. Any request received after Dubai Clear working hours will be considered as request received on the following settlement day.
  - d. Requests received on the preceding settlement day after 3.0004:00pm will be processed before market hours on best effort basis for same day value else will follow the cycle mentioned in Point c above.
  - e. In special cases like MSCI or FTSE rebalancing days wherein there is a significant margins drop on T+2 after settlement is completed around 11.00

AM, collateral release request will be processed intraday immediately after settlement is completed on T+2 for same day value.

- f. In this case the member is required to send the release request on T+1 itself to ensure timely release on T+2 after settlement.
  - g. 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.
5. Offset of Cash Collateral Release for Settlement of Funds Obligation
- a. A Clearing Member may request Dubai Clear to offset the amount of Cash Collateral Release on a Settlement Day against a To Pay funds settlement obligation for the same Settlement Day.
  - b. The offset request must be made in writing to [clearing&settlement@dubaiclear.ae](mailto:clearing&settlement@dubaiclear.ae) before ~~3-00~~04:00 pm for the request be effective on the following Settlement Day subject to the fulfilment of the collateral release requirements explained in Section 5 above.
  - c. Arising from the offset request, Dubai Clear will only release the balance sum of cash collateral to the Clearing Member after completion of the To Pay funds settlement obligation.
  - d. For the avoidance of doubt, offsets are permitted only where:
    - i. collateral is in the form of cash lodged with Dubai Clear;
    - ii. there is cash collateral in excess of the Clearing Member's outstanding margin and SDF requirements which the Clearing Member has requested for a refund and the said refund request is approved by Dubai Clear for release.