

## Chapter 1 Definitions and Interpretation

### 1.1 Definitions

In these Rules, the following terms have the following meanings:

**Access Clearing Member** has the meaning given to it in Rule 6.4(E).

**Affiliate**, in relation to a Person, means any other Person who (i) owns 50% or more of that Person; (ii) is owned 50% or more by that Person; or (iii) is owned 50% or more by a third party who also owns 50% or more of that Person.

**AMI** means the Authorised Market Institutions Module of the DFSA Rulebook.

**AML** means Anti-Money Laundering.

**AMLSCU** means the Anti-Money Laundering and Suspicious Cases Unit of the Central Bank of the UAE.

**Appeal Committee** means the committee of that name appointed in accordance with Chapter 3.

**Applicable AML Requirements** means all legislation, regulations and rules applicable to the Exchange related to money laundering and the prevention of money laundering and all legislation, regulations and rules applicable to Members, Guaranteed Customers or other Exchange participants under the Rules, the DFSA Rulebook and/or UAE federal law related to money laundering and the prevention of money laundering.

**Arbitration Panel** means any Person or panel empowered by an Authorised Market Institution, Recognised Body or any other exchange or other regulated or self-regulated body to arbitrate disputes involving their members or customers.

**Arbitration Rules** means the Rules set out in Chapter 5.

**AUT** means the Authorisation module of the DFSA Rulebook.

**Authorised Firm** means a Person, other than an Authorised Market Institution, which holds a Licence.

**Authorised Market Institution** means a Person who is licensed by the DFSA to carry on an exchange or a clearing house in or from the DIFC.

**Authorised Terminal User** means in relation to a Member or a Guaranteed Customer, an individual (including, within this limitation, an employee, agent, independent contractor or Customer of the Member) whom the Member or Guaranteed Customer has designated to serve as terminal operator or otherwise authorised to access the Trading Platform via a Certified Application and whom the Member or Guaranteed Customer has notified to the Exchange in the manner prescribed by the Exchange.

**Block Trade** means a transaction organised and executed in relation to Block Trades pursuant to Rule 6.30.

**Board** means the board of directors of DME.

**Business Day** means a day on which banks are open for business in New York.

**CCO** (or **Chief Compliance Officer**) means the Exchange employee appointed as chief compliance officer by the Board from time to time.

**CEO (or Chief Executive Officer)** means the Exchange employee or director appointed as chief executive officer by the Board from time to time.

**Certified Application** means any front-end trading application, provided by the Member or Guaranteed Customer or a third party, via which the Member or Guaranteed Customer and/or its Authorised Terminal Users may access the Trading Platform (and all modifications of such application), the connection of which to the Trading Platform:

- (i) has been certified by CME on behalf of the Exchange in accordance with the Exchange's current technical certification procedures, as prescribed by the Exchange, and
- (ii) meets the Exchange's credit control and audit trail requirements.

**CFTC** means the Commodity Futures Trading Commission.

**Chairman** means the chairman of the Board.

**Clearing House** means NYMEX, Inc. in its capacity as clearing house for transactions entered into on the Exchange.

**Clearing House Board** means the board of directors of the Clearing House.

**Clearing House Rules** means the rules and bye-laws of the Clearing House in force from time to time.

**Clearing Member** means a clearing member of the Exchange and **Clearing Membership** shall be construed accordingly.

**Clearing System** means, collectively, the CME's clearing systems, as updated or changed from time to time, which are used to effectuate the clearing of the Exchange's contracts.

**CME** means CME Group Inc., its Affiliates and subsidiaries.

**COB** means the Conduct of Business module of the DFSA Rulebook.

**Compliance Department** has the meaning given to it in Rule 7.6.

**Compliance Review Committee** means the committee of that name appointed in accordance with Chapter 3.

**Confidential Information** means information, which if such information were publicly known, would be considered important by a reasonable person in deciding whether to trade a particular commodity interest on any exchange or trading facility. This includes, but is not limited to, information relating to present or anticipated cash, Futures or Option positions, trading strategies, the financial condition of members of linked or competing exchanges or their customers or the regulatory actions or proposed regulatory actions of a linked or competing exchange, or any of its regulators.

**Conflicts Law** means the Law on the Application of Civil and Commercial Laws in the DIFC, DIFC Law No. 4 of 2004 made by the Ruler of the Emirate of Dubai.

**Contract Market** means a board of trade designated by the CFTC as a contract market under the Commodity Exchange Act or in accordance with the provisions of Part 33 of Chapter 1 of the Code of Federal Regulations.

**Contract Month** in relation to any Exchange Contract means such months as determined by the Board.

**Controlled Account**, for the purposes of Chapter 3, has the meaning given to it in Rule 3.10.

**Controller** means, in relation to a firm or other undertaking (**A**), a Person who falls within any of the following categories, namely where the Person:

- (i) holds ten per cent (10%) or more of the shares in A; or
- (ii) is able to exercise significant influence over the management of A through his shareholding in A; or
- (iii) holds ten per cent (10%) or more of the shares in a Parent Undertaking (**P**) of A; or
- (iv) is able to exercise significant influence over the management of P through his shareholding in P; or
- (v) is entitled to exercise, or control the exercise of, ten per cent (10%) or more of the voting power in A; or
- (vi) is able to exercise significant influence over the management of A through his voting power in A; or
- (vii) is entitled to exercise, or control the exercise of, ten per cent (10%) or more of the voting power in P; or
- (viii) is able to exercise significant influence over the management of P through his voting power in P.

**COO** (or **Chief Operating Officer**) means the Exchange employee appointed as Chief Operating Officer by the Board from time to time.

**Corresponding Contract** means, in relation to a Market Contract between one party as buyer and another as seller (each acting as principal), a contract in the terms of an Exchange Contract on the same terms between such Persons save in respect of the price or as to any premium, where the first such party is the seller and the other is the buyer.

**Covered Persons** has the meaning given to it in Rule 6.29(B).

**Current Market Price** means, in relation to any delivery month and any Exchange Contract, the current bid or offer price or the latest traded price (as the context may require), and **Current Bid** and **Current Offer Price** shall be construed accordingly.

**Customer** means a customer of a Member or a Designated Non-Member.

**Customer Account**, for the purposes of Chapter 3, has the meaning given to it in Rule 3.10.

**Default Committee** means the committee designated by the Board as such pursuant to the Default Rules.

**Default Rules** means the Rules set out in Chapter 8.

**Default Settlement Amount** has the meaning given to it in Rule 8.8.

**Defaulter** means a Member or Designated Non-Member who has been declared to be a defaulter pursuant to the Default Rules.

**De Minimis Position**, for the purposes of Chapter 3, has the meaning given to it in Rule 3.10.

**Deputy Chairman** means the deputy chairman of the Board.

**Designated Non-Member** means a Person (other than a Member) designated under the Default Rules or by the Board as such in respect of any contracts specified in such designation.

**DFSA** means the Dubai Financial Services Authority.

**DFSA Rulebook** means the Rulebook of the DFSA in force from time to time.

**DIFC** means the Dubai International Financial Centre.

**Disciplinary Committee** means the committee of that name appointed in accordance with Chapter 3.

**Disciplinary Offence**, for the purposes of Chapter 3, has the meaning given to it in Rule 3.9.

**Discretionary Order** has the meaning given to it in Rule 6.21(J).

**DME** means Dubai Mercantile Exchange Limited.

**dollar** or **\$** means the lawful currency of the US, and **cent** means a denomination equal to one-hundredth ( $\frac{1}{100}$ ) of one (1) dollar.

**EFP** has the meaning given to it in Rule 6.25.

**EFR** has the meaning given to it in Rule 6.25.

**EOO** has the meaning given to it in Rule 6.25.

**EFRP** has the meaning given to it in Rule 6.25.

**Enforcement Committee** means any Person or committee that is authorised by an Authorised Market Institution, Recognised Body, any other exchange or any other regulated or self-regulated body to issue disciplinary charges, to conduct disciplinary proceedings, to settle disciplinary charges, to impose disciplinary sanctions or to hear appeals thereof, and in the case of the Exchange, shall include, but not be limited to, the Disciplinary Committee and the Appeal Committee.

**Equity Member** means a Member of the Exchange with all the rights and obligations set forth in the Rules and Equity Membership shall be construed accordingly.

**Event of Default** has the meaning given to it in Rule 8.6.

**Exchange** means, for the purposes of the Rules, the exchange operated by DME.

**Exchange Contract** means a contract admitted to trading on the Exchange.

**Failure**, in relation to a Member, Guaranteed Customer or Authorised Terminal User, has the meaning set out in Rule 7.35.

**Financial Service** has the meaning given to it in Rule 2.2 of GEN Module of the DFSA Rulebook; **Financial Services Prohibition** has the meaning given to it in Chapter 1 of Part 3 of the Regulatory Law.

**Firm** means a corporation, partnership, association, sole proprietorship or other legal entity, but not a natural person.

**Futures Contract** means a commodity futures contract admitted to trading on the Exchange and **Future** and **Futures** shall be construed accordingly.

**Futures Spread** means any spread transaction involving the sale and purchase of two (2) or more Futures Contracts in relation to the same underlying commodity for different delivery months, consisting of the simultaneous conclusion of one (1) or more such contracts at a stated price differential for a single account.

**GCC** has the meaning given to it in Rule 6.2(A).

**GEN** means the General Module of the DFSA Rulebook.

**Guaranteed Customer** means a Customer guaranteed by a Clearing Member and permitted by that Clearing Member to have direct access to the Trading Platform in accordance with Rule 4.15.

**Hearing Panel** means the panel appointed to hear and decide disciplinary matters by the chairman of the Membership Committee in accordance with Rule 7.16.

**High** means, in respect of any Exchange Contract, any delivery month and any Trading Session (or trading period), the highest price at which any transaction in that Exchange Contract is reported during that Trading Session (or trading period) for that delivery month.

**Insolvency Event** means in respect of a Person, any of:

- (i) its failing to pay or being unable to pay its debts as they become due;
- (ii) its admitting that it is unable to pay its debts generally or as they become due or its becoming or being deemed to become unable to pay its debts;
- (iii) its making a general assignment for the benefit of, entering into a reorganisation, arrangement or composition with creditors;
- (iv) any proceedings being commenced or steps being taken by or against that Person seeking or proposing to adjudicate it bankrupt or insolvent, or seeking or proposing liquidation, winding-up, reorganisation, dissolution, administration, arrangement, adjustment, protection, moratorium or similar relief or composition of it or its debts or seeking the entry of an order for relief or the appointment of a receiver, receiver and manager, liquidator, provisional liquidator, administrator, custodian, trustee, examiner, conservator or other similar official of it or any substantial part of its revenues and/or assets;
- (v) any sequestration, distress, execution attachment or other process being enforced or levied against such Person or against any substantial part of its assets or revenues and not being discharged within five (5) days of being so enforced or levied;
- (vi) its taking any action or step to authorise, institute or commence any of the actions referred to above, including its passing of any resolution for such Person's winding-up, official management or liquidation;
- (vii) its taking any action in furtherance of or indicating its consent to, approval of or acquiescence in any of the above; or
- (viii) such Person's death, adjudication of mental incapacity or dissolution or, where its existence depends on any formal registration, such registration being removed or ceasing to be in force,

in each case whether under the laws relating to bankruptcy, insolvency or reorganisation or relief of debtors of the country of incorporation or domicile of the Person or under the laws of any other jurisdiction or otherwise, and includes any event which with the giving of notice or the lapse of time would be an Insolvency Event.

**Insolvency Regulations** means the DIFC Insolvency Regulations, made by the Board of Directors of the DIFC Authority.

**Intercommodity Spread** means any spread transaction involving two (2) or more Futures Contracts in relation to different underlying commodities, consisting of the simultaneous conclusion of one (1) or more such contracts at a stated price differential for a single account.

**ISV** has the meaning given to it in Rule 6.2(B).

**Large Trader Report** means the report that a Clearing Member is required to submit to the Clearing House in machine readable format daily if it or any Omnibus Account or any Customer holds or controls a position is equal to, or in excess of the reporting limit in Rule 4.26.

**Legal Counsel** means the Exchange employee appointed as Legal Counsel by the Board from time to time.

**Licensed Function** has the meaning given to it in Chapter 10 of AUT Module of the DFSA Rulebook.

**Licensing Requirements** means the licensing requirements for Authorised Market Institutions under Chapter 7 of AMI Module of the DFSA Rulebook.

**Limit Order** means an order expressed to be a limit order by the Person giving it.

**Low** means, in respect of any Exchange Contract, any delivery month and any Trading Session (or trading period), the lowest price at which any transaction in that Exchange Contract is reported during that Trading Session (or trading period) for that delivery month.

**Major Offence** means any of the offences set out in paragraph (F) of Rule 7.5.

**Margining Price** has the meaning given to it in Rule 6.27(D).

**Market Conduct Requirements** means all legislation, regulations and rules applicable to a Member or Guaranteed Customer (as the case may be) relating to the prevention of market misconduct or abuse, including (without limitation) Part 8 of the Markets Law.

**Market Contract** means a contract in the terms of an Exchange Contract entered into by a Member or Designated Non-Member which is either:

- (i) a contract made on the Exchange;
- (ii) a contract made on an exchange to whose undertaking the Exchange has succeeded whether by amalgamation, merger or otherwise; or
- (iii) a contract in the making of which the Member or Designated Non-Member was subject to the Rules; and

for the avoidance of doubt:

- (a) contracts between the Clearing House and any Clearing Member are not Market Contracts; and
- (b) where any Market Contract is entered into for a number of lots, it shall be regarded as a series of separate Market Contracts each in respect of one (1) lot.

**Market-Limit Order** means an order expressed to be a market-limit order by the Person giving it.

**Market Order** means an order expressed to be a market order or an at market order by the Person giving it.

**Markets Law** means the Markets Law, DIFC Law No.12 of 2004 made by the Ruler of the Emirate of Dubai.

**Matching System** means programs and database in the Trading Platform that accept, match and report execution of orders in the Trading System.

**Member** means an Equity Member, an Off-Floor Member or a Clearing Member, unless specifically stated otherwise.

**Membership** means Equity Membership, Off-Floor Membership or Clearing Membership, unless specifically stated otherwise.

**Membership Committee** means the committee of that name appointed in accordance with Chapter 3.

**Membership Department** means the membership department of the Exchange from time to time.

**Minor Offence** means any of the offences set out in paragraph (G) of Rule 7.5.

**Misexecution** has the meaning given to it in Rule 6.16(C).

**Named Party in Interest**, for the purposes of Chapter 3, has the meaning given it in Rule 3.10.

**Net Capital** means in relation to an undertaking assets less liabilities calculated in accordance with accounting principles, concepts, bases and policies generally adopted and accepted in the jurisdiction of its organisation.

**No Bust Range** means, in respect of an Exchange Contract, the No Bust Range determined in accordance with Rule 6.17(D) as temporarily amended from time to time in accordance with Rule 6.17(C).

**Notice of Intention to Deliver** in relation to an Exchange Contract, means a notice of intention to deliver in the form prescribed by these Rules for that Exchange Contract to be given by a short Clearing Member to the Clearing House and the Exchange.

**Notice of Intention to Accept** in relation to an Exchange Contract, means a notice of intention to accept in the form prescribed by these Rules for that Exchange Contract to be given by a long Clearing Member to the Clearing House and the Exchange.

**NYMEX, Inc.** means The New York Mercantile Exchange, Inc.

**NYMEX, Inc. Rules** means Rules issued by NYMEX, Inc. in force from time to time.

**Off-Floor Member** means a Member of the Exchange with all the rights and obligations set forth in the Rules and **Off-Floor Membership** shall be construed accordingly.

**Omnibus Account** means an account in the name of a Member or Guaranteed Customer with a Clearing Member in which that Member pools Customer accounts.

**Options Contract** means a commodity options contract admitted to trading on the Exchange and **Option** and **Options** shall be construed accordingly.

**Options-Futures Spread** means any spread transaction (within the combinations herein defined) involving at least one (1) Futures Contract and at least one (1) Options Contract on the same underlying Futures Contract, consisting of the simultaneous conclusion of one (1) or more such contracts at a stated price differential for a single account. The combinations are:

- (i) long calls (puts) and short (long) futures in a generally accepted spread ratio;
- (ii) short calls (puts) and long (short) futures in a generally accepted spread ratio; and
- (iii) long (short) puts, short (long) calls, and long (short) futures as a conversion (or reverse conversion).

**Options Post Close Premium** means, in relation to any Options Contract and delivery month, the Options Post Close Premium determined in relation to it in accordance with Rule 6.27.

**Options Settlement Premium** means in relation to any Options Contract and delivery month, the Options Settlement Premium determined in relation to it in accordance with Rule 6.27.

**Options Spread** means any spread transaction involving two (2) or more Options Contracts, consisting of the simultaneous conclusion of one (1) or more such contracts at a stated price differential for a single account.

**OTC** means over-the-counter.

**Oversight Panel** means any panel established by an Authorised Market Institution, Recognised Body, any other exchange or any other regulated or self-regulatory organisation to review, recommend or establish policies or procedures with respect to surveillance, compliance, rule, enforcement or disciplinary responsibilities. The term Oversight Panel shall include, but not be limited to, the Membership Committee and the Compliance Review Committee.

**Parent** has the meaning given to it in the DFSA Rulebook.

**Password** means any password assigned to a Member or Guaranteed Customer by or on behalf of the Exchange.

**Person** includes individuals, associations, partnerships, corporations and trusts.

**Personal Property Law** means the Personal Property Law, DIFC Law No. 9 of 2005 made by the Ruler of the Emirate of Dubai.

**Phantom Order** has the meaning given to it in Rule 6.18.

**Post Close Price** means, in relation to any Future and delivery month, the Post Close Price determined in relation to it in accordance with Rule 6.27.

**President** means the president of the Clearing House from time to time.

**Proprietary Account**, for the purposes of Chapter 3, has the meaning given to it in Rule 3.10.

**Qualifying Clearing Member** has the meaning given to it in Rule 6.4(E).

**Recognised Body** means a Person who holds a Recognition Notice, issued to that Person pursuant to Article 61 of the Regulatory Law, recognising it as a Recognised Body.

**Registered Contacts** has the meaning given to it in Rule 6.2(A).

**Regulatory Law** means the Regulatory Law, DIFC Law No.1 of 2004 made by the Ruler of the Emirate of Dubai.

**Related Party** means a Person that is ultimately one hundred percent (100%) owned by the same parent entity as the Member or a Person that is an Affiliate of the Member.

**Relative**, for the purposes of Chapter 3, has the meaning given to it in Rule 3.10

**Relevant Office-Holder** means in relation to a Defaulter, a receiver, administrative receiver, liquidator, provisional liquidator, administrator or trustee in bankruptcy appointed in relation to that Defaulter.

**Respondent**, for the purposes of Chapter 5, has the meaning given to it in paragraph (A)(1)(a) of Rule 5.6 and, for the purposes of Chapter 7, has the meaning given to it in paragraph (C) of Rule 7.13.

**Retail Client** has the meaning given to it in DFSA COB Rule 2.3.5.

**Reviewed Trade** has the meaning given to it in Rule 6.17(B).

**Rules** means the business rules issued by the Exchange in force from time to time.

**Service Centre Employees** has the meaning given to it in Rule 6.29(E)

**Settlement Agreement**, for the purposes of Chapter 3, has the meaning given to it in Rule 3.9.

**Settlement Price** means, in relation to any Future and delivery month, the settlement price determined in relation to it in accordance with Rule 6.27.

**Spread** or **Spread Transaction** means an Intercommodity Spread, a Futures Spread, an Options Spread or an Options-Futures Spread.

**Stop-Limit Order** means an order expressed to be a stop limit order by the Person giving it.

**Stop Order** means an order expressed to be a stop order by the Person giving it.

**Strip Transaction** means a transaction, comprising the simultaneous sale or purchase of an equal number of Futures in the same commodity in each of two (2) or more consecutive delivery months for a single account, traded at a single price.

**Total Risk Value** means in relation to an account in the record name of a Member carried by a Clearing Member means the total amount of risk exposure that the Clearing Member is willing to accept for a particular account.

**Trade Cancellation Policy** has the meaning given to it in Rule 6.17(A)

**Trading Day** means any day on which the Exchange is open for trading.

**Trade Error** has the meaning given to it in Rule 6.16(A).

**Trading Platform** or **Trading System** means Globex or any other electronic system for the trading of the Exchange Contracts provided by the Exchange in place of it.

**Trading Session** means any trading session in respect of any Exchange Contract as specified in Rule 6.5.

**UAE** means the United Arab Emirates and **dirham** or **AED** means the lawful currency of the UAE for the time being.

**unsettled Market Contract** means a Market Contract the rights and obligations of the parties under which have not been fully discharged whether by performance or otherwise.

**US** means the United States of America.

**User ID** means the user identification (commonly referred to as a Tag 50 ID) issued to any Person for the purpose of accessing the Trading Platform.

## 1.2 Interpretation

In these Rules, unless otherwise specified:

- (i) reference to any gender includes the others;

- (ii) the term "employee of a Member" in Chapters 2, 5 and 7 of the Rules shall include any employee or agent (whether or not an Authorised Terminal User) having access to the Trading Platform;
- (iii) reference to a "Rule" shall mean a Rule in these Rules, unless otherwise specifically indicated;
- (iv) references to any other document shall be construed as references to that other document, as amended, varied, supplemented or replaced from time to time;
- (v) law includes any legislation, any common or customary law, constitution, decree, judgment, order, ordinance, treaty or other legislative measure in any jurisdiction and any present or future directive, request, requirement, guidance or guideline (in each case, whether or not having the force of law but, if not having the force of law, compliance with which is in accordance with the general practice of persons to whom the directive, request, requirement, guidance or guideline is addressed);
- (vi) references to legislation include any statute, by-law, regulation, rule, subordinate or delegated legislation or order; and reference to any legislation is to such legislation as amended, modified or consolidated from time to time at the date of this Agreement and to any legislation replacing it or made under it and in force at the date of this Agreement save insofar as any such amendment, modification, consolidation or replacement made after the date of this Agreement would impose any increased or new liability on any party or otherwise adversely affect the rights of any party;
- (vii) reference to any English law concept, term, action, remedy, method of judicial proceeding, legal document, legal status, court or official shall, in respect of any jurisdiction other than England and Wales, be deemed to refer to that which most nearly approximates in that jurisdiction; and
- (viii) all references to the time are expressed on a twenty-four hour clock basis and are, unless otherwise stated, references to the time in New York.