

Date

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Recipients

All DME Members

From

Thomas Leaver, Chief Operating Officer

Category

Compliance

Summary of Content

Guidance on DME Rulebook - Rule 6.24 EFPs and EFSs

This Membership Notice serves to provide guidance to Rule 6.24 EFPs and EFSs. Any transaction brought to the Exchange for registration as an EFP or EFS must adhere to strict criteria to qualify as such a transaction.

Each EFP or EFS must have an underlying physical or swap transaction relating to it. The underlying transaction must be specific to the Futures transaction and traded simultaneously with it. The counterparties to the Futures transaction must also be the counterparties to the underlying transaction. Any Member submitting an EFP or EFS must be able to provide documentary proof of the underlying transaction. The documentation provided will have to demonstrate to the Exchange's satisfaction, and at its sole discretion, that the underlying and Futures transactions are directly linked and in compliance with the Rules.

Any Member or user wishing to otherwise transact Futures transactions **not associated** with an EFP or EFS against an existing or intended physical or swap position, must transact it by trading on the Exchange in the normal way i.e. entering a bid or offer into the trading system. Such a trade must not be subject to pre-negotiation or be pre-arranged but exposed to the whole market in a fair and transparent manner.

Any Member who registers, or attempts to register, an EFP or EFS which does not comply with these criteria, or is unable to provide documentary proof to the Exchange of the underlying, shall be in breach of Rule 6.24 and as a consequence be subject to appropriate disciplinary action.

Signed



Thomas Leaver

Chief Operating Officer

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