



# 4th Annual **GOLD** Investment Summit

**Colin Griffith, Dubai Metals & Commodities Centre**

**Recent Developments in the Middle East Gold Market**



مركز دبي للمعادن والسلع  
DUBAI METALS & COMMODITIES  
CENTRE  
حكومة دبي  
GOVERNMENT OF DUBAI

# 4th Annual **GOLD** Investment Summit

## Dubai Metals & Commodities Centre (DMCC)

December 05

- Created in 2002 as a strategic initiative of the Dubai Government
- Free zone authority offering many commercial benefits
- 'A' Rating from S&P
- To-date 640 members have been approved.
- Major Initiatives include:

- Dubai Commodity Receipt
- Dubai Tea Trading Centre
- Dubai Gold Receipt
- Dubai Good Delivery
- Dubai Diamond Exchange
- Dubai Gold & Commodities Exchange



# 4th Annual GOLD Investment Summit

## Gold Sukuk dmcc

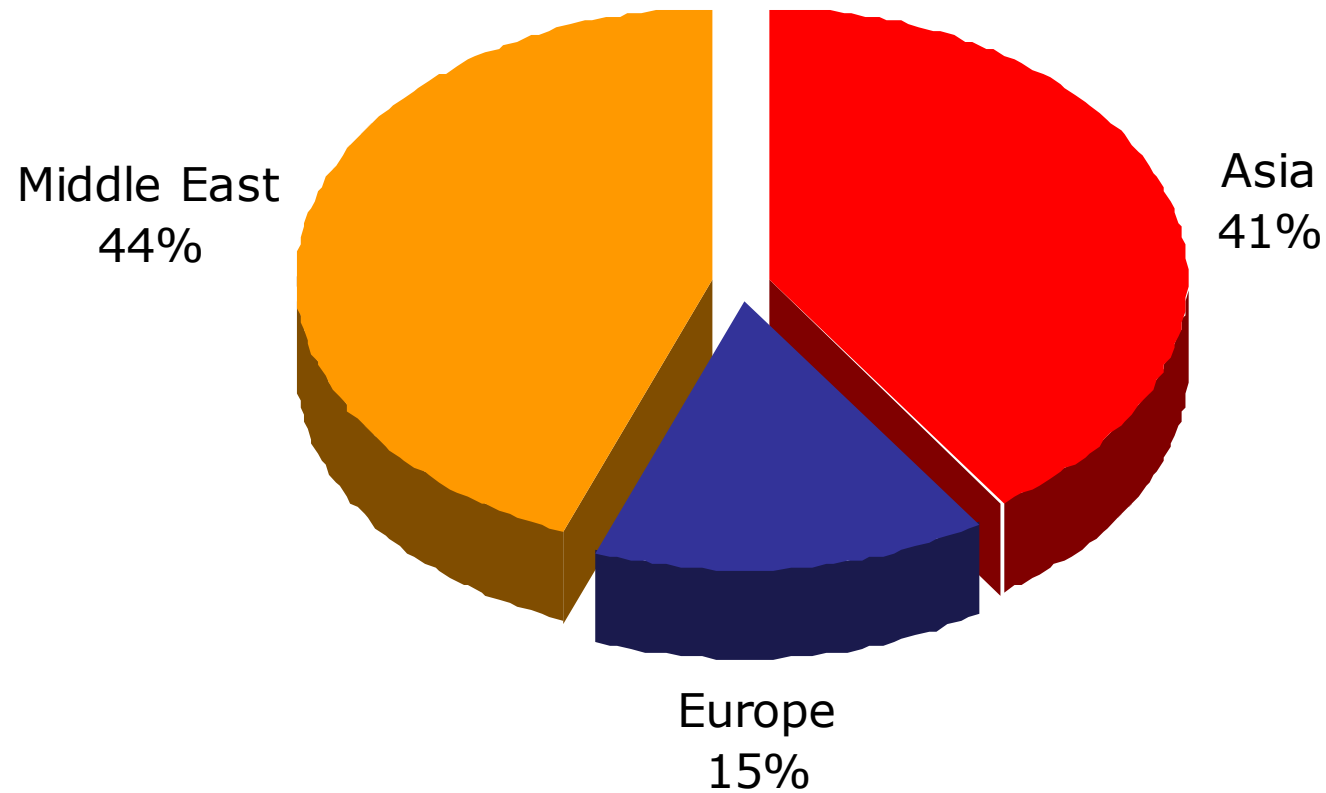
December 05

- Dubai Islamic Bank and Standard Bank appointed to create the financing arrangements
- The financing closed in May, well over-subscribed:
  - US\$ 200 million, with 5 year tenor, 6-monthly payments
  - Listed on the DFM & Luxembourg Stock Exchanges
  - **Provide investors with the exciting opportunity to be repaid in gold - kilo bars loco Dubai**
  - Pricing of 6-month LIBOR + 0.60%
  - In the process DMCC & Gold Sukuk dmcc were rated “**A**” **stable** by Standard & Poors.

# 4th Annual **GOLD** Investment Summit

## Gold Sukuk dmcc - Geographical Distribution

December 05



# 4th Annual GOLD Investment Summit

## Dubai Gold Receipt

December 05

- “Sister product” for Dubai Commodity Receipts
- Electronic vault receipt system for gold stored in Dubai vaults
- DGR’s will be issued electronically by participating vaults following depositing of gold in the vault by a gold trader
- DGR can be endorsed by way of transfer to another gold trader or pledged and endorsed by way of security to a participating bank.
- Gold testers will have an important role
- Launched: May 2005

# 4th Annual GOLD Investment Summit

## DGR Founding Members - 37

December 05

### Security Beneficiaries

ABN Amro

ADCB

Dubai Bank

HSBC

Mashreqbank

National Bank of Dubai

National Bank of Fujairah

Standard Bank

Standard Chartered Bank

Union National Bank

### Issuers

Brinks Global Services

Securicor

Transguard

Al Gaith

Al Ghurair Giga Gold Refinery

Emirates Gold

### CMI's

Alex Stewart

BSI Inspectorate

Geo-Chem Middle East

SGS Gulf

### Originators

Al Zahra

Alukkas

ARY Traders

Bin Sabt

Damas

Deepu Jewellers

Fancy Rose for Gold & Jewellery

Kaloti Jewellery International

Lakhoo Metals

Mahalatti Jewellery

Peekay Intermark

Pure Gold

Siroya Jewellers

Taiba for Gold & Jewellery

Yusuf Nonoo Jewellery



# 4th Annual GOLD Investment Summit

## Dubai Good Delivery

December 05

- Setting a high standard for **small gold bars**
- Objectives
  - Increasing confidence in quality of gold bars sold regionally
  - Delivery on the DGCX
- Membership Categories
  - Category 1: Refineries listed on the LBMA Good Delivery List
  - Category 2: Other international and local-based gold refineries
- Listing requirements
  - Minimum annual refined production of:
    - ◆ 10 tons in the form of one-kilo bar or smaller for gold
    - ◆ 30 tons in the form of one-kilo bar or larger for silver
  - Minimum total net worth of US\$ 10 million
  - Meet “Fit & Proper” criteria – KYC procedures



# 4th Annual **GO****LD** Investment Summit

## The Dubai Good Delivery Map

December 05



# 4th Annual GOLD Investment Summit

## Dubai Good Delivery Approved Gold Refiners

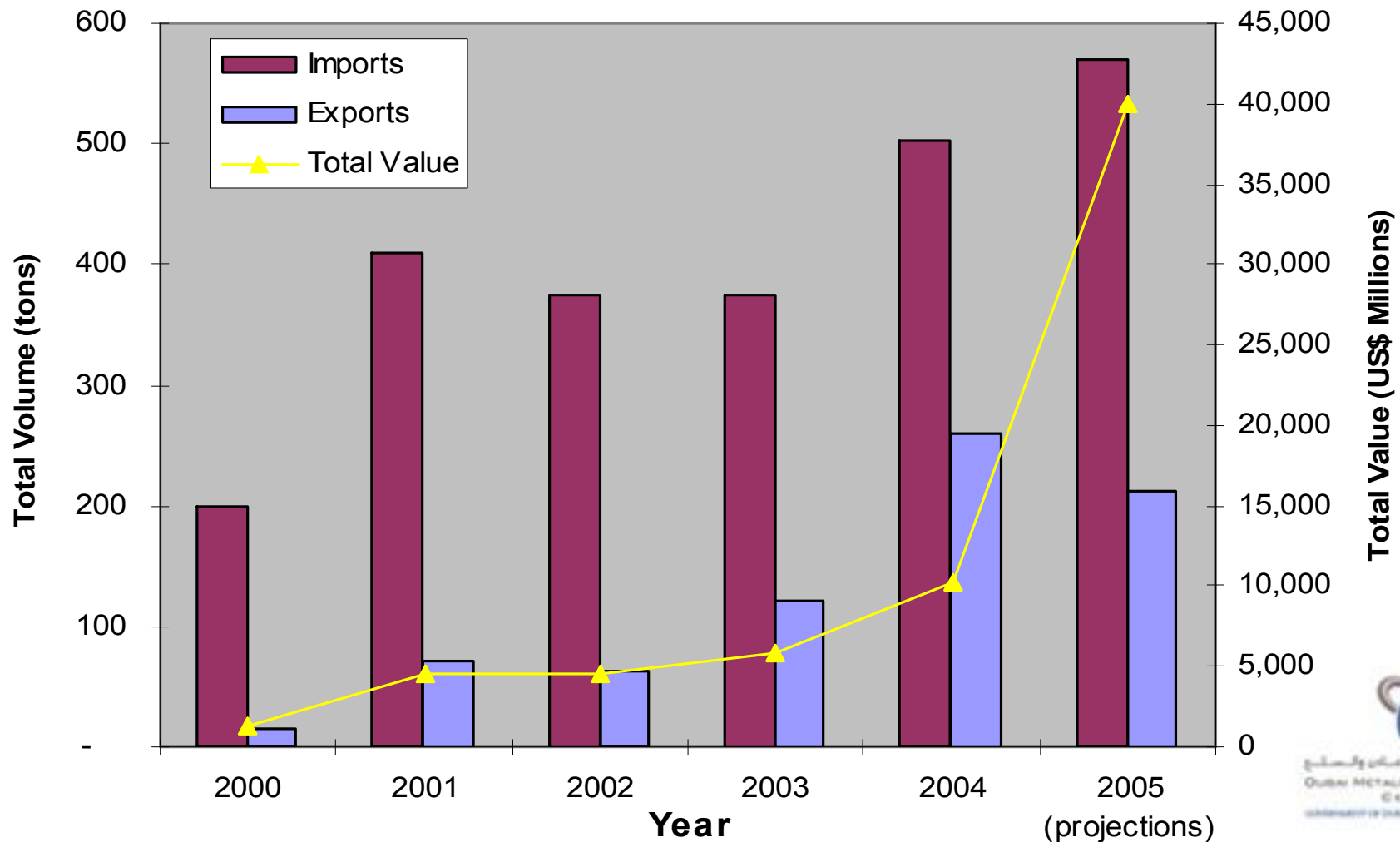
December 05

- AGR Matthey, Australia
- Argor Heraeus, Switzerland
- Emirates Gold, Dubai- UAE
- Johnson Matthey, Hong Kong
- Johnson Matthey Inc., USA
- Metalor Technologies, Switzerland
- Musuku, South Africa
- PAMP, Switzerland
- PT Antam Tbk, Indonesia
- Rand Refinery, South Africa
- Tanaka Kikinzoku Kogyo K.K., Japan
- Valcambi, Switzerland

# 4th Annual **GOLD** Investment Summit

## Dubai Gold Trade Statistics

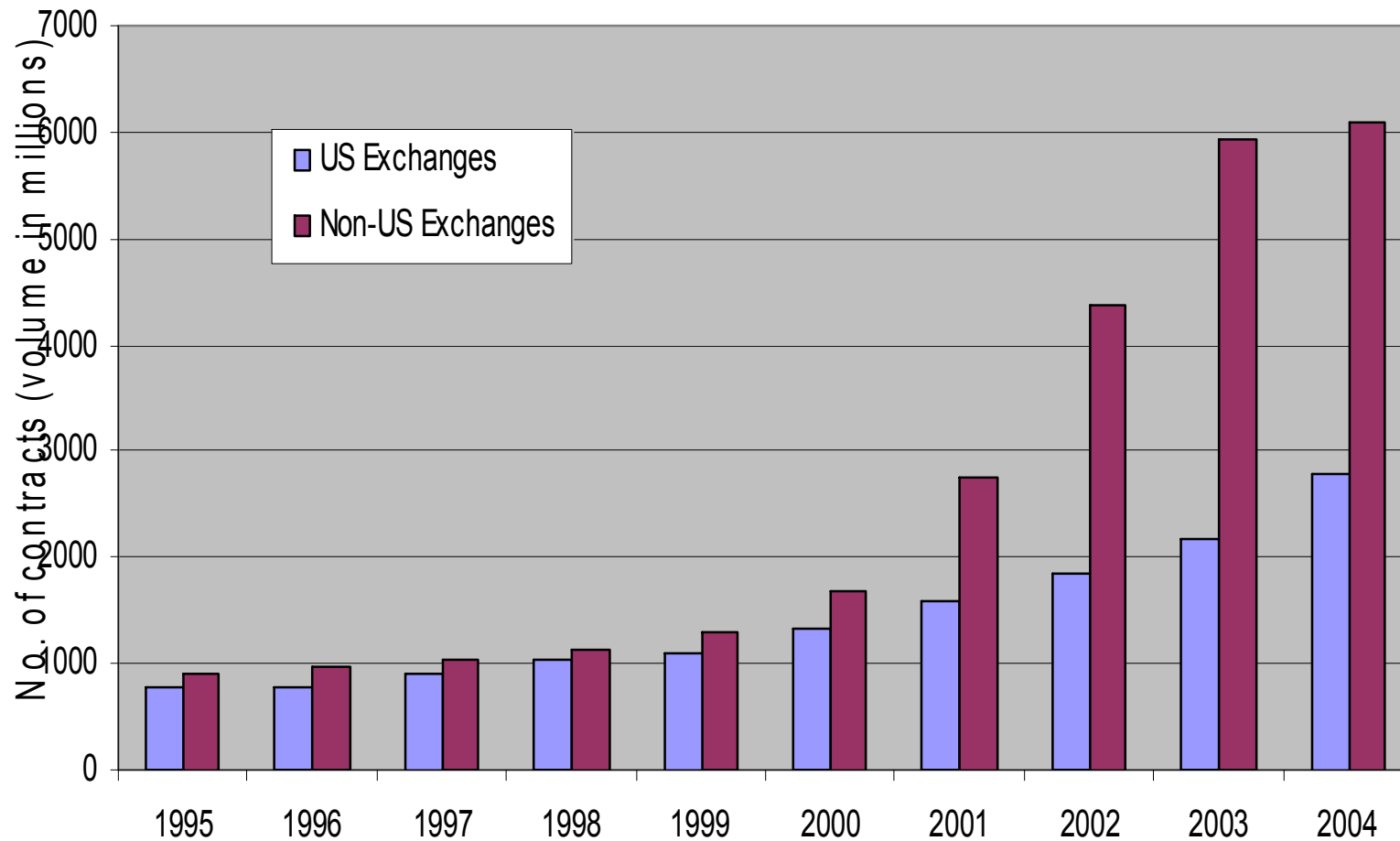
December 05



# 4th Annual **GOLD** Investment Summit

## Growth in International Derivatives Markets

December 05



**DGCX**  
 بورصة دبي للذهب والسلع  
 DUBAI GOLD & COMMODITIES EXCHANGE

  
 مركز دبي للمعادن والسلع  
 DUBAI METALS & COMMODITIES  
 CENTRE  
 مركز دبي للمعادن والسلع

# 4th Annual GOLD Investment Summit

## Dubai Gold & Commodities Exchange

December 05

- Joint venture between DMCC, MCX and FTIL.
- State-of-the-art electronic trading platform for trading of futures & options
- Products: initially gold & silver, later multi-product.
- Market opened 22<sup>nd</sup> November 2005
- Regulated by Emirates Securities & Commodities Authority
- Approved Clearing Banks: HSBC , National Bank of Dubai
- Full member of Association of Futures Markets



# 4th Annual GOLD Investment Summit

## DGCX Partners

December 05

### ■ Dubai Metals & Commodities Centre



### ■ Multi Commodity Exchange of India Ltd. (MCX)

- Third largest bullion exchange in the world No. 1 commodities exchange in India with global linkages
- Key shareholders are FTIL, ten leading banks (including State Bank of India - India's largest commercial bank) and National Stock Exchange – India's largest securities exchange
- Strategic association with Baltic Freight Exchange, TOCOM, COMEX & LME.

### ■ Financial Technologies (India) Ltd. (FTIL)

- India's leading technology solution provider for capital markets, foreign exchange trading and commodities markets
- Over 70% market share in deploying online securities trading platforms in India
- More than 30,000 trading terminals installed



# 4th Annual GOLD Investment Summit

## DGCX Membership Categories

December 05

### ■ Broker Membership

- Can trade on any of DGCX's markets as principal or on behalf of clients
- Is transferable to a party approved by the exchange
- Broker Members are eligible to apply for Clearing Membership to clear either their own business or client business



### ■ Trade Membership

- Can trade on those DGCX markets to which the category of market membership refers, only on their own behalf
- Is transferable to a party approved by the exchange
- Trade Members are eligible to apply for Clearing Membership to clear their own business



# 4th Annual **GOLD** Investment Summit

DGCX Members List

## DGCX Members

December 05

### Broker Clearing Member

Al Ameen Brokers Dmcc  
 Al Badawi General Trading  
 Al Ghurair Giga Gold Refinery Dmcc  
 Arif Habib Dmcc  
 Arveen Dmcc  
 Barjeel Geojit Securities  
 Buset Investments Co  
 Century Financial Brokers  
 Damman Securities  
 Fa.V.Or Jewels  
 Global Capital Partners Fz  
 Global Commodities Dmcc  
 Hakan Agro Commodities Trading Co  
 IP Commodities Dmcc  
 Jewel Dmcc  
 Mak Commodities Dmcc  
 Mashreq Securities  
 National Bank Of Dubai Pjsc  
 Peekay Intermark  
 Peninsular Middle East Dmcc  
 Samra Dmcc  
 Seven Star Dmcc  
 Shaheen Financial Brokerage  
 Star Commodities Dmcc  
 Sugandh Securities Dmcc  
 Supama International Dmcc  
 Viren Jewellers  
 Vogue Metals & Commodities House Dmcc  
 Wealthkare Commtrade Dmcc

### Broker Member

Fal Oil Co  
 Goldas Dmcc  
 Himatlal Hirji Dmcc  
 Mazyood Jewellery  
 Pamp Gold Dmcc  
 Select Commodities Dmcc  
 Standard Bank Plc  
 Vision Investment Service Co  
 Yusuf Nonoo Jewellery

### Trade Clearing Member

Arshi Jewellery  
 J.H. Jewellers  
 Kaloti Jewellery Int'l Dmcc  
 Lakhoo Metals Dmcc  
 Soft Touch Jewellery  
 Vintage Bullion Dmcc

### Trade Member

Al Ain Jewellery Trading Dmcc  
 Al Zahra Jewellery Dmcc  
 Bin Sabt Jewellery  
 Damas  
 Trafalgar Financial Futures  
 Ulukartal Kiyemetli Madenler Ve Vadeli Islemler Tic A.S.  
 Vintage FZE





# 4th Annual **GO****LD** Investment Summit

## DGCX Gold Futures Contract Specifications

December 05

Symbol	<b>DG</b>
Contract Size	<b>32 oz (1 Kilo)</b>
Price Quote	<b>US\$ per oz.</b>
Minimum Tick Size	<b>US\$ 0.10</b>
Price Movement Limit	<b>US\$ 20</b>
Delivery Unit	<b>1 Kilo</b>
Deliverable Quality	<b>0.995 Gold</b>
Delivery Point	<b>Physical delivery at approved UAE Vaults</b>
Contract Months	<b>Feb, Apr, Jun, Aug, Oct, Dec</b>
Last Trading Day	<b>Fifth business day of the maturing delivery month.</b>
Delivery Day	<b>The first business day of the delivery month through the sixth business day of the delivery month.</b>
Last Delivery Day	<b>The sixth business day of the delivery month.</b>
Initial Margin Requirements	<b>US\$ 480 per contract</b>
Trading Days	<b>Initially: Monday through Friday Later : Monday through Sunday</b>
Trading Hours	<b>M/F: 10:00 - 23:00 (1 hour earlier in summer) Sat: 10:00 - 13:00 Sun: 17:00 - 21:00</b>



# 4th Annual **GO****LD** Investment Summit

## DGCX Silver Futures Contract Specifications

December 05

Symbol	<b>DS</b>
Contract Size	<b>1,000 oz</b>
Price Quote	<b>US\$ per oz.</b>
Minimum Tick Size	<b>US\$ 0.005</b>
Price Movement Limit	<b>US\$ 0.50</b>
Delivery Unit	<b>30 Kilo</b>
Deliverable Quality	<b>0.999 Silver</b>
Delivery Point	<b>Physical delivery at approved UAE Vaults</b>
Contract Months	<b>Jan, Mar, May, Jul, Sep, Nov, Dec</b>
Last Trading Day	<b>Fifth business day of the maturing delivery month.</b>
Delivery Day	<b>The first day of the delivery month through the sixth business day of the delivery month.</b>
Last Delivery Day	<b>The sixth business day of the delivery month.</b>
Initial Margin Requirements	<b>US\$ 450 per contract</b>
Trading Days	<b>Monday through Sunday</b>
Trading Hours	<b>M/F: 10:00 - 23:00 (1 hour earlier in summer) Sa: 10:00 - 13:00 Su: 17:00 - 21:00</b>

# 4th Annual **GOLD** Investment Summit

## DGCX Clearing

December 05

### ■ DGCX Clearing Banks

- HSBC
- National Bank of Dubai

### ■ DGCX Approved Gold Brands

- 12 international refineries & local refinery - listed earlier

### ■ DGCX Approved Silver Brands

- To be announced in January 2006

### ■ DGCX Approved Vaults

- Brinks
- Securicor Int'l Valuables Transport Ltd.
- Transguard

### ■ DGCX Approved testers

- Alex Stewart
- BSI Inspectorate Ltd.
- Geo-Chem Middle East
- SGS Gulf Limited





# 4th Annual **GOLD** Investment Summit

DGCX Trading

December 05

*Please visit our trading screen outside!*



# 4th Annual **GOLD** Investment Summit

## DGCX Future Plans

December 05

February - April	<ul style="list-style-type: none"><li>■ 7-day trading starts</li><li>■ Introduce Silver futures</li><li>■ Introduce gold &amp; silver options</li></ul>
May - Dec	<ul style="list-style-type: none"><li>■ Other commodities launched (Steel, Cotton, Energy &amp; Freight Futures)</li></ul>

**DGCX**  
بورصة دبي للذهب والسلع  
DUBAI GOLD & COMMODITIES EXCHANGE

  
مركز دبي للمعادن والسلع  
DUBAI METALS & COMMODITIES  
CENTRE  
مركز دبي للمعادن والسلع