



CME, DGCX, LME and Borsa Istanbul Discuss Role and Future of Global Exchanges at DMCC's Dubai Precious Metals Conference

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At the DMCC hosted Dubai Precious Metals Conference, four of the world's foremost Exchanges gathered for the first time in Dubai to discuss 'The Role and Future of Global Exchanges'.

The DMCC subsidiary, DGCX together with invited guests; CME, LME and Borsa Istanbul discussed their views on the role of their respective exchanges on the markets going forward, in a panel sponsored by the Gold trading powerhouse INTL FC Stone and moderated by Somasandrum PR of the World Gold Council.

Numerous topics were discussed, with the overall opinion that co-operation within the sector was key. Les Male, Chief Executive Officer, DGCX, said: *"Our main aim is to extend the work of exchanges to work together throughout Asia. Traders are looking for efficiency so that they can work across many exchanges and have a unified clearing house. We want greater cooperation and alliances to give traders added value. More can be done to achieve this and we would like to spearhead it."*

His view was echoed by the panellists, Alex Shaw, Yang Lu, Hakan Aytekin and Jiao Jinpu. Further discussions on the nature of change that global futures markets have undertaken and continue to undertake included such topics as Electronic Trading, Price Discovery, Visibility, Growth and the evolution of the Spot-to-Futures markets.

There was also the acknowledgement from the panellists that regulation has played and will continue to play a large part in the future evolution of exchanges. Alex Shaw, Head of Market Development – Precious Metals, London Metals Exchange, said:

"There has been extreme pressure on the LME due to regulatory change. That has changed the way of doing business. In this new era of a highly regulated gold market and interconnection between markets, we had banks coming to us to be able to provide the trading of spot and futures positions within the existing Infrastructure."

Price discovery has become a hot topic. But are they discreet and justify the prices provided by different regional markets, or are we so interconnected that the same prices run through to all

the exchanges? I believe that all regional markets can all have their own price and justify having their own price. There is a profound change in trading. Price discovery and centres of trading exist for historical reasons. Will they stay relevant? Although we see a big increase in the scale of trading in Asian markets, I see LME still retaining a key role in trading and price discovery. There are more opportunities for the LME to consolidate.”

Over the last twenty years trading exchanges have become increasingly reliant on Electronic Trading as trading floors have been closed enabling greater anonymity when trading, whilst the tightening of regulatory oversight as well as the introduction of low latency solutions has helped to drive volumes and increase price discovery amongst international and regional exchanges.

Yang Lu, Director, Metals Products, CME, based in London, said: *“Electronic trading provides convenience and price discovery wherever you are. We are definitely not losing out, but rather riding on the momentum of trade moving from West to East. We are already this year seeing further strong growth and this is coming from Asian clients and EMEA countries. At CME, electronic trading is open 24 hrs a day and people can trade anywhere at any time. There is certainly a change in the market that we can feel.”*

Another key take away was benchmarking. Global benchmarks are often created through access, volume traded and longevity. Further to this as an exchanges position within its own country and wider region adds additional weight to the way markets view benchmarks. Emphasising this, and with a further compliment to co-operation Jiao Jinpu, Chairman, Shanghai Gold Exchange added in an earlier keynote:

“Opening up the Shanghai Gold Exchange and innovation are the main issues that we are promoting. We want to open the Chinese market to the global market in order to increase business and to promote the SGE gold benchmark market. We launched a new contract with the Dubai Gold & Commodities Exchange last year and we are very happy with the success of it. This is an example of the kind of cooperation that we are searching for in finding and working with new partners.”

After the panel discussion, it was clear the audience attention was peaked with each of the panellists being in demand to answer questions on the various points raised.

About DMCC

Headquartered in Dubai, DMCC is the world’s most interconnected Free Zone, and the leading trade and enterprise hub for commodities. Whether developing vibrant neighbourhoods with world-class property like Jumeirah Lakes Towers and the much anticipated Uptown Dubai, or delivering high performance business services, DMCC provides everything its dynamic community needs to live, work and thrive. Made for Trade, DMCC is proud to sustain and grow Dubai’s position as the place to be for global trade today and long into the future.

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