

## Precious Metals Online Trading Policy (PMOT)

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## 1. Objective and Scope

- This policy is a mandate for DMCC member companies offering PMOT.
- To mitigate the risks associated with this activity.
- To protect the interest of clients investing in PMOT.

## 2. Applicability

This policy is applicable to all DMCC Member Companies offering the services of precious metals online trading.

## 3. General Policy Statement

- Cash deposited by clients to purchase physical precious metals must match allocated physical precious metals, at all times. Documentary evidence should be provided.
- Clients' accounts held by the company should be segregated from the company bank accounts, and each client should have its own segregated accounts.
- All clients' bank accounts held by the company should be managed by a third party fund administrator with the exception of conducting the activities in DGCX under the supervision of Securities and Commodities Authority (SCA).
- All precious metals stored against clients precious metals purchases to be stored in Almas vault, or another facility as approved by DMCC.
- Precious metals online trading to be conducted through one or many of the following venues:
  - DMCC Tradeflow for retail clients.
  - DGCX by using the gold spot contract for business to business transactions.
  - Any other exchange or bank approved by DMCC.
- All member companies engaged in PMOT through DGCX are mandated to use Dubai Commodities Clearing Corporation (DCCC) for the all clearings.
- Purchased precious metals to be allocated to buyer immediately.
- No margin trading or any type of leveraging is allowed with the exception of conducting the activities in DGCX under the supervision of Securities and Commodities Authority (SCA).
- Companies engaged in precious metals online trading are required to comply mandatorily with the following:
  - DMCC AML/CFT Policy and Process.

- DMCC Guidance for Risk-Based Compliance for Designated Non-Financials Business and Professions.
- DMCC Practical Guidance for Market Participants in the Gold and Precious Metals Industry.

#### 4. Enhanced Due Diligence Process

- The precious metals must be physically verified against client's purchases deposits and any differences need to be explained by the member company.
- DMCC Tradeflow to submit monthly reports to DMCC Compliance Department on precious metals online trading conducted through its platform.
- DGCX to submit monthly reports on precious metals online trading conducted through its exchange to DMCC Compliance Department.
- Member companies to submit monthly reports on trades conducted through Tradeflow, any other exchanges or banks approved by DMCC other than DGCX.
- DMCC to audit all companies providing precious metals online trading annually, either directly or through an auditor nominated by DMCC, to ensure that they are complying with the provisions of this policy.

#### 5. Enforcement

- This policy is applied on a 'zero-tolerance' basis on all companies providing PMOT.
- Companies providing PMOT will be subject to this policy along with articles 5.4, 5.5 and 6.2 in DMCC Free Zone Rules and Regulations.
- All companies that fail to comply with the terms of this policy will be ordered to shut down its online trading portal.
- If a non-compliant companies fail to shut down their trading portals within five days of being notified to do so by DMCC, their license will be terminated with immediate effect.

For further clarification or related enquiries, please contact us on the below contact details.

DMCC Free Zone  
E [customercare@dmcc.ae](mailto:customercare@dmcc.ae)  
T +971 4 424 9600  
Toll Free 800 DMCC or 800 3622  
W [dmcc.ae](http://dmcc.ae)