

Circular No.: 06/2025
Issuance Date: 10/06/2025
Effective Date: 10/06/2025

Adoption of new rules for Margin Trading through a Financial Institution

Dubai Financial Market (DFM) has issued new rules governing margin trading services provided through licensed financial institutions. These rules, approved by the Securities and Commodities Authority (SCA), empower DFM market members to offer margin trading facilities to clients who secure financing from approved financial institutions. This initiative aims to enhance market liquidity, broaden investor access to leverage, and reinforce robust risk management practices across the market.

The new rules have been incorporated under Article 12.11 of Module Three – Membership, Trading, and Derivatives Rules, and a corresponding definition of financial institutions has been introduced in the Glossary Module to ensure consistent interpretation throughout DFM's rulebook.

This circular enters into force as of 10 June 2025.

For further information on Module Three – Membership, Trading, and Derivatives Rules please [Click Here](#) on Glossary Module please [Click Here](#).

The following Articles will be according to the table shown below:

Market Rules	Article No.	Article
Glossary Rules		Financial Institution means a bank, financial institution or company licensed or approved to conduct securities financing operations within the State.
Module Three Membership, Trading, And Derivatives	Article 12.11	<p>12.11 Margin Trading through a Financial Institution</p> <p>(a) A Member may offer Margin Trading mechanism to its Clients who obtain financing through a licensed Financial Institution, provided that it is carried out under a tripartite agreement concluded between the Member, the Client, and the Financial Institution. The Client may also obtain margin financing from more than one Financial Institution through the same Member.</p> <p>(b) The Member must submit a copy of the tripartite agreement to the Market, ensuring it meets all the requirements as stipulated in these Rules. The Financial Institution may add other conditions not specified in Clause 12.13 below, provided they do not conflict with these Rules and have been approved by the Market.</p> <p>(c) This tripartite agreement is subject to the Market Rules as outlined below.</p> <p>12.12 Obligations of Members</p> <p>A Member shall:</p> <p>(a) Ensure that the license of the Financial Institution it contracts with is valid and that it has the necessary regulatory approvals; and</p> <p>(b) Open a dedicated Margin Trading Account for the Client wishing to use Margin Trading Mechanism through a Financial Institution. Transactions in this</p>

		<p>account are limited to buying and selling margin-financed Securities through the Financial Institution and Securities deposited in the account as Collateral; and</p> <p>(c) Separate accounts for Margin Trading through a Financial Institution from the Member's own Margin Trading Accounts or accounts funded by other Financial Institutions, and from any other cash account of the Client; and</p> <p>(d) Allow the Client to withdraw cash from the Margin Trading Account or transfer amounts to a cash Trading Account or use them for new Margin financing, provided these amounts exceed the Initial Margin and subject to the Financial Institution's written approval; and</p> <p>(e) Permit the transfer of margin-financed Securities from the Client's Margin Trading Account with the Member to a Margin Trading Account with another Member, subject to the Financial Institution's written approval and in accordance with the procedures specified in the Margin Trading Rules; and</p> <p>(f) Provide daily trading reports and cash account statements, including margin usage ratios, for both the Client and the Financial Institution related to the Margin Account under the agreement; and</p> <p>(g) Comply with the Market's procedures for accounts involved in Margin Trading through a Financial Institution and the terms and procedures governing such trading; and</p> <p>(h) Enable the Market to inspect all data and documents related to Margin Trading orders upon request; and</p> <p>(i) Provide the Market with reports, data, and documents regarding margin trading transactions through a Financial Institution as requested by the</p>
--	--	--

		<p>market for supervisory and oversight purposes; and</p> <p>(j) Obtain a Client undertaking to top up the Margin Trading Account if the ownership ratio falls below the Maintenance Margin after being notified by the Member. The Financial Institution may notify the Client of this without affecting the Member's obligations</p> <p>12.13 Margin Trading Agreement through a Financial Institution</p> <p>The tripartite Margin Trading agreement through a Financial Institution must, at a minimum, include the following:</p> <p>(a) The mechanism for Margin Trading through the Financial Institution, including the handling of margin-financed Securities in accordance with these Rules; and</p> <p>(b) The Initial Margin and Maintenance Margin percentages as agreed, provided they do not fall below the minimum set by the Market; and</p> <p>(c) The amount of commissions, fees, and expenses payable by the Client for the Margin Trading mechanism through the Financial Institution; and</p> <p>(d) A detailed statement of the rights and obligations of the Client, the Member, and the Financial Institution, consistent with Market Rules and their respective obligations under these Rules; and</p> <p>(e) A clear reference to the Financial Institution's ability to add any rights issue shares subscribed for by the Client that are related to margin-financed Securities to the Margin Trading Account if the Financial Institution finances all or part of the subscription within the limits of the Initial Margin; and</p> <p>(f) Confirmation of the Client's right to pay the price or the remaining price of the Securities in the</p>
--	--	---

		<p>Margin Trading Account through the Financial Institution at any time; and</p> <p>(g) The terms for terminating the Margin Trading agreement through a Financial Institution, as well as the mechanism for settling rights and obligations arising from it, especially with respect to the disposition of margin-financed Securities, without prejudice to applicable law; and</p> <p>(h) The Client's explicit consent that the Securities in the Margin Trading Account through the Financial Institution shall be considered Collateral in favour of the Financial Institution to secure the payment of amounts owed to it in respect of the Margin Trading mechanism; and</p> <p>(i) The Client's explicit consent granting the Member the right to sell all or part of the Securities in the Margin Trading Account immediately after the period given to the Client to cover the deficiency has expired, to the extent necessary to restore the Client's ownership ratio to the Maintenance Margin, at the Market price of those Securities on the sale date, and in accordance with the agreement between them; and</p> <p>(j) The Financial Institution's approval to grant the Client the right to dispose of margin-financed Securities throughout the term of the Margin Trading agreement, in accordance with the applicable Market Procedures and the agreement between them.</p> <p>(k) The Financial Institution has the right to accept Collateral in the client's Margin Trading Account, provided it complies with the following:</p> <p>(i) Collateral in Margin Trading Accounts is limited to Securities listed on the Market or Securities listed on any other licensed Market in the State.</p> <p>(ii) The Financial Institution may also accept additional collateral beyond Securities in the Margin Trading Account in the following cases:</p>
--	--	--

- (A) A continuous decline in the market value of a security in the Margin Trading Account due to exceptional circumstances; or
- (B) The suspension or halt of trading in a margin-financed Security for more than seven (7) business days.
- (iii) The additional Collateral referred to in Article 12.13(k)(2) may include bank guarantees or other guarantees as agreed between the Financial Institution and the Client.
- (l) Communication methods with the Client and notification procedures, including when the Maintenance Margin falls below the agreed percentage; and
- (m) Any other additional conditions.

12.14 Obligations of the Financial Institution

The Financial Institution shall:

- (a) Provide the Initial Margin in the Client's Margin Trading Account with the Member after the tripartite agreement is signed and in accordance with the Procedures specified in the Market;
- (b) Appoint a legal representative authorized to sign the tripartite agreement and handle transactions with the Member and the Client in implementing the agreement in accordance with these Rules;
- (c) Adhere to the tripartite agreement and its implementation mechanisms in accordance with these Rules; and
- (d) Determine the Securities eligible for margin trading through the Financial Institution based on its own risk assessment.

12.15 General Provisions

		<p>(a) The purchase of margin-financed Securities shall not exceed the total of the Client's Initial Margin deposit and the financing amount granted by the Financial Institution.</p> <p>(b) If the Client purchases margin-financed Securities for an amount less than the specified purchase amount, the Client may use the remaining amount to purchase other Securities in the Margin Trading Account, provided it does not affect the Maintenance Margin.</p> <p>(c) If the Client wishes to purchase Securities that exceed the proceeds from the sale of margin-financed Securities, the Client must top up the account to maintain the Financial Institution's financing ratio.</p>
--	--	--