



Circular no.: MCX/T&S/126/2011

April 15, 2011

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### **Launch of Futures Trading in Gold Petal Contracts**

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In terms of the provisions of the Rules, Bye-Laws and Business Rules of the Exchange, the Members of the Exchange are hereby notified as under:

Gold Petal May and June 2011 contracts will be launched for futures trading w.e.f. Monday, April 18, 2011.

Trading will be allowed only upto 5:00 p.m. on the date of expiry of the contract.

The contract specifications, trading parameters, delivery and settlement procedures as have been specified in the attached Annexure 1 and 2, shall be binding on all the members of the Exchange and constituents trading through them.

Members are requested to take note of the same and ensure compliance.

M Ramalingam  
Vice President  
Encl: As above

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Kindly contact Mr. Ranjith Singh on 022 – 6649 4000 or send an email at [customersupport@mcxindia.com](mailto:customersupport@mcxindia.com) for further clarification.

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## Contract Specifications of Gold Petal

<b>Symbol</b>	GOLDPetal
<b>Description</b>	GOLDPtIMMMYY
<b>Contract Listing</b>	Contracts are available as per the Contract Launch Calendar.
<b>Last Trading Day</b>	Last calendar day of the contract month. If last calendar day is a holiday then preceding working day
<b>Trading Period</b>	Mondays through Saturdays
<b>Trading Session</b>	Monday to Friday: 10.00 a.m. to 11.55 p.m. Saturday: 10.00 a.m. to 2.00 p.m.
<b>Trading Unit</b>	1 gram
<b>Quotation/Base Value</b>	1 gram
<b>Price Quote</b>	Ex-Mumbai (inclusive of all taxes and levies relating to import duty, customs, but excluding Sales Tax/VAT, any other additional tax or surcharge on sales tax, local taxes and octroi)
<b>Maximum Order Size</b>	10 kg
<b>Tick Size (Minimum Price Movement)</b>	Re. 1 per 1 gram
<b>Daily Price Limits</b>	The base price limit will be 3%. Whenever the base daily price limit is breached, the relaxation will be allowed upto 6% without any cooling off period in the trade. In case the daily price limit of 6% is also breached, then after a cooling off period of 15 minutes, the daily price limit will be relaxed upto 9%  <i>In case price movement in international markets is more than the maximum daily price limit (currently 9%), the same may be further relaxed in steps of 3% with the approval of FMC.</i>
<b>Initial margin Additional and/ or Special Margin</b>	Minimum 4% or based on SPAN whichever is higher In case of additional volatility, an additional margin (on both buy & sell side) and/ or special margin (on either buy or sell side) at such percentage, as deemed fit; will be imposed in respect of all outstanding positions.
<b>Maximum Allowable Open Position</b>	<b>For individual client: 2.5 MT for all Gold contracts combined together</b> <b>For a member collectively for all clients: 12.5 MT or 15% of the market wide open position whichever is higher, for all Gold contracts combined together.</b>
<b>Delivery</b>	
<b>Delivery Unit</b>	8 grams and in multiples thereof
<b>Delivery Period Margin</b>	25%
<b>Delivery Center(S)</b>	G4 Securi tas at Mumbai and at additional delivery centers at New Delhi, Ahmedabad, Hyderabad, Bangalore, Chennai and Kolkata.

<b>Quality Specifications</b>	0.999 purity, It should be serially numbered Gold Guinea supplied by LBMA approved suppliers or other suppliers as may be approved by MCX, to be submitted along with supplier's quality certificate
<b>Delivery Logic</b>	Compulsory

**Contract Launch Calendar of Gold Petal**

<b>Contract Launch Months</b>	<b>Contract Expiry Months</b>
February 2011	May 2011
March 2011	June 2011

## Delivery and Settlement Procedure of Gold Petal

<b>Delivery logic</b>	<b>Compulsory Delivery</b>
<b>Last day of trading</b>	Last day of the contract expiry month
<b>Tender Period</b>	5 preceding days before the contract expiry month
<b>Delivery Period</b>	Four working days after the contract expiry
<b>Tender Period Margin</b>	5% incremental margin for last 5 days on all outstanding positions. Such margin will be addition to initial, additional and special margin as applicable
<b>Pay-in of commodities (delivery by seller member)</b>	On Expiry day +3 basis by 5.00 p.m. except Saturdays, Sundays and Trading Holidays. On expiry all the open positions shall be marked for delivery.
<b>Funds Pay-in</b>	By 11.00 a.m. on Expiry day + 4 basis
<b>Delivery Pay-out</b>	E+4 working day after successful completion of funds pay in.
<b>Pay-out of Funds</b>	E+4 working days after 2.00 p.m.
<b>Packaging</b>	Gold Guinea with tamper proof only.
<b>Mode of communication</b>	Fax or courier
<b>Delivery Period Margin</b>	25% on marked quantity
<b>Exemption from margin during delivery period</b>	Margin is exempted on receipt of documentary evidence (viz., Vault receipt and Quality Certificate) of tendering delivery with the Exchange approved delivery centre.
<b>Penal Provision</b>	A penalty of 2.5% of DDR will be imposed on defaulting buyer / seller out of which 2% will be credited to IPF and 0.5% will be credited to the counter party.  Additionally, 4% of DDR as a replacement cost will be charged from defaulting buyer / seller out of which 90% will be given to the counter party and 10% will be retained by the Exchange as administrative expenses.
<b>Allocation of delivery</b>	As per the DDR on the expiry day.
<b>Delivery Centers</b>	Group 4 Securitas at Mumbai and at additional delivery centers at New Delhi, Ahmedabad, Hyderabad, Bangalore, Chennai and Kolkata.
<b>Procedure for taking delivery at additional delivery centres</b>	<ol style="list-style-type: none"> <li>1. Submission of intention by the buyers to take delivery at the additional delivery centre by 3:00 pm on 5 calendar days prior to the contract expiry month. If it falls on Saturday, Sunday or any other trading holiday it will be one day prior.</li> <li>2. Exchange will broadcast on the Trader Work Station about the total quantity and delivery centre, where the buyers are interested to take the delivery on the day intention received.</li> <li>3. Sellers interested to give delivery at such additional delivery centre, may send their intention to the Exchange 5 calendar days prior to the contract expiry month. If it</li> </ol>

	<p>falls on Saturday, Sunday or any other trading holiday it will be one day prior. Delivery will be possible only if intention of the buyers and sellers matches for that additional delivery centre.</p> <ol style="list-style-type: none"> <li>4. If intention of the buyers and sellers does not match, the delivery will be considered only at the base delivery centre i.e. Mumbai.</li> <li>5. Buyers to be informed about allocation of delivery at additional delivery centre. (On confirmation by the Exchange, neither seller nor buyer to withdraw from their commitment and if so it will be treated as non-fulfillment of their commitment and in such case penal provision as mentioned above shall be applicable.</li> <li>6. Taxes will be applicable on respective states where the delivery is taking place.</li> </ol>
<p><b>Deliverable grade of underlying commodity</b></p> <p><b>Buyer's obligation</b></p>	<p>The selling members tendering delivery will have the option of delivering such grades as per the contract specifications. The buyer has no option to select a particular grade and the delivery offered by the seller and allocation by the Exchange shall be binding on him.</p> <p>The buyer shall not refuse taking delivery and such refusal will entertain penalty as per the penal provision.</p>
<p><b>Close out of outstanding positions</b></p>	<p>All outstanding positions on the expiry of contract, not settled by way of delivery in the aforesaid manner, will be settled as per the due date rate with penalty as per penal provisions.</p>
<p><b>Verification by the Buyer at the time of release of delivery</b></p>	<p>At the time of taking delivery, the buyer can check his delivery in front of Group 4 personnel. If he is satisfied with the quantity, weight and quality of material, then he will issue receipt instantly. If he is not satisfied with the quality, he can insist for assaying by any of the approved assayers available at that center. If the buyer chooses for assaying, Group 4 person will carry the goods to the assayer's facilities, get it assayed and bring it back to Group 4 facilities along with assayer's certificate. If the assayer's certificate differs from the certificate submitted by the seller in respect of quality or weight materially, then the buyer and seller have to mutually negotiate the final settlement proceeds within 1 day from receipt of assayer's report, however if they do not agree on any mutually acceptable amount within 1 day, then the Exchange will send the goods to a second assayer and in that case, the report received from such assayer will be final and binding on both buyer and seller. The cost of first assaying as well as cost of transportation from Group 4 to assayer's facilities to and fro will be born by the buyer, while the cost of second assaying, if any, will be equally divided between the buyer and seller. The vault charges during such period of first and second assaying, if any, will be born by both the buyers and sellers equally. If the buyer does not opt for assaying at the time of lifting delivery, then he will not have any further recourse to challenge the quantity or quality subsequently and it will be assumed that he has received the quantity and quality as per the bill made by the seller.</p>

<b>Validation Process</b>	<p>On receipt of delivery, the Group 4 personnel will do the following validations:</p> <ol style="list-style-type: none"> <li>a. Whether the person carrying Gold Guinea is the designated clearing agent of the member.</li> <li>b. Whether the selling member is a bonafide member of the Exchange.</li> <li>c. Whether the quantity being delivered is from Exchange approved refinery</li> <li>d. Whether the serial numbers of all the Gold Guinea is mentioned in the packing list provided along with gold Guinea certicard.</li> </ol> <p>Any other validation checks, as they may desire.</p>
<b>Delivery Process</b>	<p>In case any of the above validation fails, the Group 4 Securitas will contact the Exchange office and take any further action, only as per instructions received from the Exchange in writing. If all validations are through, then the Group 4 Securitas personnel will put the Gold Guinea in the vault. Then the custodian of Group 4 will issue appropriate receipt for having received the goods.</p>
<b>Quality Adjustment</b>	<p>The price of Gold Guinea is on the basis of 999 purity. In case a seller delivers 9999 purity, he would get a premium. In such case, the sale proceeds will be calculated by way of Due Date Rate * 9999/ 999</p>
<b>Procedure of taking delivery from the Vault</b>	<p>For the purpose of taking delivery of goods fully or partially, the Member shall send to the Exchange an Authority letter on his letter head, authorising a representative on his behalf to take the delivery. The Authority letter sent by the Member shall consist of the following details:</p> <ol style="list-style-type: none"> <li>a. Name of the authorised representative.</li> <li>b. Name of the Commodity along with quantity.</li> <li>c. Name of the Vault along with the location.</li> <li>d. Signature of the authorised representative.</li> <li>e. Proof of Identity viz. PAN card, driving license, Election ID.</li> <li>f. Photo identity proof duly attested by the Member.</li> </ol> <p>The above-mentioned details are required to be sent to the Exchange. Once the Exchange receives the above-mentioned details, the Exchange will send Delivery Order (DO) to the Vault authorities directly.</p> <p>Based on the Delivery Order received, the Vault will issue the requested quantity to the authorised representative who has to present himself personally at the Vault along with the requisite photo identity proof in original, the copy of which was sent / communicated to the Exchange by its Member.</p> <p>The Vault officials will, upon final scrutiny/checking of the identity, deliver goods to the representative of the Member. The Vault officials in case of any discrepancy or doubt or any other reason may refuse to issue the goods to the representative under the intimation to the Exchange.</p> <p>The delivery given to the representative shall be final &amp; binding to the Member and their constituents at all times.</p>
<b>Taxes, duties, cess and levies</b>	<p>Ex- Mumbai.</p>

	Inclusive of all charges / levies relating to import duty, customs to be borne by Seller. But excluding Sales Tax / VAT, any other additional tax or surcharge on sales tax, local taxes and octroi to be borne by the Buyer.
<b>Endorsement of delivery order</b>	The buyer member can endorse delivery order to a client or any third party with full disclosure given to the Exchange. Responsibility for contractual liability would be with the original assignee.
<b>Vault, Insurance and Transportation charges</b>	Borne by the seller till the date of pay-out of delivery and the buyer after the date of pay-out.
<b>Extension of delivery period</b>	As per Exchange decision due to a force majeure or otherwise.
<b>Due date rate (DDR)</b>	Exchange shall announce the DDR based on the Mumbai Spot price for Gold (10 gms) 995 purity, which shall be converted to 999 purity (Gold Spot price 995 purity * 999/995), polled on the last day of the expiry of this Gold Petal contract by around 5.00 pm. The arrived spot price will be converted for 1 gm Gold Petal (Gold spot price per 10 gms X 1/10).  No trading shall be allowed after the declaration of DDR.
<b>Odd lot treatment</b>	[a] If buyer is in odd lot, it will be treated as buyer default, and norms as per 'buyer default' detailed at Penal provision above shall be applicable. [b] If seller is in odd lot, it will be treated as seller default, and norms as per "seller default" detailed at Penal provision above shall be applicable.
<b>Making charges for taking Delivery</b>	Buyer shall have to pay Rs. 200/- (over and above the DDR) per Gold Guinea as a making charges, which shall be paid to the seller.
<b>Legal obligation</b>	The members will provide appropriate tax forms wherever required as per law and as customary and neither of the parties (seller member and buyer member) will unreasonably refuse to do so.
<b>Applicability of Business Rules</b>	The general provisions of Byelaws, Rules and Business Rules of the Exchange and decisions taken by Forward Markets Commission, Board of Directors and Executive Committee of the Exchange in respect of matters specified above will form an integral part of this contract. The Exchange or FMC as the case may further prescribe additional measures relating to delivery procedures, warehousing, quality certification, margining, risk management from time to time.  The buyer shall have to lodge their claim against quality of goods / delivery allocated to them, if any, within 48 hours from the date of scheduled pay out of the Exchange and failing which, no claim shall be entertained by the Exchange thereafter. (The interpretation or clarification given by the Exchange on any terms of this contract shall be final and binding on the members and others.)