Circular no.: MCX/T&S/178/2013 May 13, 2013

Commencement of Futures Trading in Guar Gum June, July & October 2013 contracts

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

Guar Gum June, July & October 2013 contract will be available for futures trading with effect from Tuesday, May 14, 2013.

Members are advised to note that as directed by FMC, the Exchange will take the following measures required to:

- To call for a statement of physical stock owned by the clients who hold 75% or more of permitted position limit whenever deemed necessary.
- Members should ensure that as and when the Exchange requires, the client shall disclose the source of his/her funds used in trading guar futures.
- Position limit shall continue to be the aggregate for the contracts traded across all the exchanges.

The Contract specification of Guar Gum is revised with regards to, Staggered Delivery Tender Period, Delivery allocation, Delivery order rate and applicability of near month limits etc.. The delivery and settlement procedure of Guar Gum is revised with regards to Staggered Delivery Tender Period, Staggered Delivery Allocation, Delivery Period, Mode of Communication, Delivery Allocation, Delivery Order rate, premium/ discount premium, and Applicability of Business Rules etc. The revised contract specifications and delivery and settlement procedure are specified as Annexure 1 and 2 respectively.

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

M Ramalingam
Vice President

Encl.: As above

Kindly contact Mr. Anil Sharma on 022- 6649 4000 or send an email at customersupport@mcxindia.com for any clarification.

Annexure 1

Contract Specifications of Guar Gum Contract

Symbol	GUAR GUM
Description	GUARGUMMMYY
Contract Listing	Contracts are available as per the Contract Launch Calendar.
Contract Start Day	10th day of contract launch month. If 10th day is non-trading day, then contracts would open on the next trading day.
Last Trading Day	20th of the contract expiry month. If 20th is a holiday or Saturday, then the immediate preceding working day other than Saturday.
Trading	
Trading period	Mondays through Saturdays
Trading session	Monday to Friday: 10.00 a.m. to 5.00 p.m. Saturday: 10.00 a.m. to 2.00 p.m.
Trading unit	1 MT
Quotation/Base Value	Rs. per 100 kg
Price Quote	Ex-warehouse Jodhpur, inclusive of Sales tax/VAT
Maximum order size	300 MT
Tick size (minimum price movement)	Re. 1
Daily price limit	Daily price fluctuation limit is (+/-) 3% from the previous day's closing price. If the trade hits the prescribed daily price limit there will be a cooling off period of 15 minutes. Trade will be allowed during this cooling off period within the price band. Thereafter the price band would be raised by another (+/-)1% and trade will be resumed. If the price hits the revised price band (4%) again during the day, trade will only be allowed within the revised price band. No trade/ order shall be permitted during the day beyond the revised limit of (+/-) 4% from the previous day's closing price.
Initial margin	**Minimum 10%** or based on SPAN whichever is higher.
Additional and/ or Special Margin	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.
Applicability of Predefined Special Margin	**Special margin should be as given below:** **(a) For June and July 2013 expiries** **Rise or fall in DSP compared to first day DSP — Special Margin** **Over 20% but less than 30% — 10%** **Over 30% but less than 40% — 20%** **Over 40% but less than 50% — 30%** **50% and above — 70%** **(b) For October 2013 expiry onwards:**

<table>
<tr><td></td><td><table><tr><td>Rise or fall in DSP compared to first day DSP</td><td>Special Margin</td></tr><tr><td>Over 20% but less than 30%</td><td>10%</td></tr><tr><td>Over 30% but less than 40%</td><td>20%</td></tr><tr><td>Over 40%</td><td>30%</td></tr></table>
Such special margin will be payable by buyer or seller, depending upon whether price rises or falls as the case may be. The special margin shall stay in force as long as price stays beyond the specified percentage ranges.

In case of additional volatility, a special margin at such other percentage, as deemed fit, will be imposed in respect of outstanding positions, which will remain in force as long as the volatility exists, after which such special margin may be relaxed.</td></tr>
<tr><td>Maximum Allowable Open Position</td><td>Aggregate limits are applicable for all contracts traded on all Exchanges
For individual clients: 1,000 MT
For a member collectively for all clients: 3,000 MT or 15% of the market-wide open position, whichever is higher

Near Month Limits: Near Month limits are applicable for contracts traded on all Exchanges
(Applicable for 20 days prior to expiry of the contract (inclusive expiry day))
For individual clients: 200 MT
For a member collectively for all clients: 600 MT or 15% of the market-wide open position, whichever is higher</td></tr>
<tr><td colspan="2">Delivery</td></tr>
<tr><td>Delivery unit</td><td>1 MT (with tolerance limit of +/- 2%)</td></tr>
<tr><td>Delivery period margin</td><td>25%</td></tr>
<tr><td>Delivery centre</td><td>Jodhpur (upto radius of 50 Km from the Municipal limits)</td></tr>
<tr><td>Additional delivery centre(s)</td><td>Rajasthan: Bikaner, Nokha, Sri Ganganagar, Hanumangarh and Barmer;
Gujarat: Deesa;
Haryana: Adampur and Sirsa
(upto radius of 50 Km from the Municipal limits) with location-wise premium/discount as announced by the Exchange from time to time</td></tr>
<tr><td colspan="2">Quality Specifications</td></tr>
<tr><td>Residue Insoluble in Acid</td><td>3.00% (max)</td></tr>
<tr><td>Protein</td><td>5.00% (max)</td></tr>
<tr><td>Black, dark red and brown coloured splits</td><td>1.00% (max)</td></tr>
<tr><td>Undehusked Splits*</td><td>10.00% (Basis)</td></tr>
</table>

	Acceptable upto 12%, at a discount of 1:0.5 Rejected above 12% *The total of ‘Undehusked splits’ and ‘Black, dark red and brown coloured splits’ not to exceed 12%
Through 14” mesh	3.00% (max)
Through 20” mesh	0.10% (Basis) Acceptable upto 0.25% at a discount of 1:1 Rejected above 0.25%
Moisture	8% (Basis) Acceptable up to 10%, at a discount of 1:1 Rejected above 10.00%
Foreign particles (all non-gum particles)	0.30 % (Basis) Acceptable up to 0.50%, at a discount of 1:2 Rejected above 0.50 %
Staggered Delivery Tender Period	The staggered delivery tender period would **be the last 15 days (including expiry day) of the contracts.** If 5th of the month happens to be a holiday or Saturday at the Exchange, the period would start from the next trading day. During the tender period, each day sellers’ (short holders) shall have option to give delivery intention accompanied with valid quality certificate and proof of deposit of goods in the accredited warehouse/ cold storage.
Delivery Allocation	Delivery allocation will be done by the mechanism put in place by the Exchange. Funds pay-in of the delivery allocated by the buyer will be on T+2 working days i.e. excluding Saturday, Sunday & Public Holiday. The buyer to whom the delivery is allocated will not be allowed to refuse taking delivery and any default in delivery taking will entertain penalty and subject to the penal provisions including conducting online auction by the Exchange. On expiry of the contract, all the open positions shall be marked for compulsory delivery. If the seller fails to deliver, the penal provisions as specified for seller default shall be applicable.
Delivery Order Rate	On Tender Days: The delivery order rate (the rate at which delivery will be allocated) shall be the closing price on the respective tender day except on the expiry date. On Expiry: On expiry date, the delivery order rate or final settlement price shall be the Due Date Rate (DDR) and not the closing price.
Due Date Rate	The Due Date Rate (DDR) shall be arrived at by taking the simple average of the last three trading

	days polled spot prices, viz., E-0, E-1, & E-2 (E-Expiry date). In the event of the spot prices for any one of E-1 and E-2 not being available the spot price of E-3 would be used for arriving at the average. In case spot prices are not available for both E-1 and E-2, then the average of E-0 and E-3 (two days) would be taken. If all the three days' prices, viz., E-1, E-2 and E-3 are not available, then only one day's price, viz., E-0 will be taken as the DDR.
Delivery Logic	Compulsory

Tolerance Limits for Outbound Deliveries for Guar Gum

Specification	**Basis**	**Deliverable Range**	**Tolerance Limit for outbound deliveries**
Undehusked splits	10.00 % (Basis)	Upto 12%	+/-0.25%
Black, dark red and brown coloured splits	1.00% (Max)	NA	+/-0.1%
Through 14" mesh	3.00% (Max)	NA	+/-0.5%
Through 20" mesh	0.10% (Basis)	Upto 0.25%	+/-0.05%
Foreign particles (all non-gum particles)	0.30 % (Basis)	Upto 0.5%	+/-0.05%
Upper limit on the total of all tolerances			0.75%

Note: Tolerance limit is applicable only for outbound deliveries. Variation in quality parameters within the prescribed tolerance limit as above will be treated as good delivery when members/clients lift the materials from warehouse. These permissible variations shall be based on the parameters found as per the immediate preceding test certificate given by MCX approved assayer

Contract Launch Calendar of Guar Gum Contract

Contract Launch Months	Contract Expiry Months
On approval from Commission	June 2013, July 2013 & October 2013
June 2013	November 2013

Annexure 2

Delivery and Settlement Procedure of Guar Gum

Delivery Logic	**Compulsory Delivery**
Delivery Mode	**Compulsory Demat**
Staggered Delivery Tender Period	**Last 15 days (including expiry day) of the contract. If 1st of the month happens to be a trading holiday or Saturday at the Exchange, the period would start from the next trading day.** **During the tender period, each day sellers (short holders) shall have option to give delivery intention accompanied with valid quality certificate and proof of deposit of goods in the accredited warehouse/ cold storage.**
Staggered Delivery Allocation	Delivery allocation will be done by the mechanism put in place by the Exchange. Funds pay-in of the delivery allocated by the buyer will be on T+2 working days i.e. excluding Saturday, Sunday & Public Holiday. The buyer to whom the delivery is allocated will not be allowed to refuse taking delivery and any default in delivery taking will entertain penalty and subject to the penal provisions including conducting online auction by the Exchange. On expiry of the contract, all the open positions shall be marked for compulsory delivery. If the seller fails to deliver, the penal provisions as specified for seller default shall be applicable.
Delivery period (including delivery pay-out of commodities)	Last 15 days (including expiry day) of the contract and 2 working days after expiry of the contract.
Tender notice / Delivery Pay-in	The Seller Clearing Member will have to send a request to his DP to deliver the commodity to the exchange as per the scheduled delivery pay in day. All outstanding long and short positions shall be marked for delivery at the expiry of the contract.
Mode of Communication	**Fax / Courier** **Seller/s to send intention of delivery on any tender day, during tender period, by or before 3.00 p.m.** **Any intention, received from the Seller/s, will be broadcasted on TWS by the Exchange** by 3.30 p.m. on the respective tender days
Tender Period Margin	3% incremental margin for last 5 working days' of the contract on all outstanding positions in addition to the Initial, Special and/ or any other additional margin, if any.
Delivery Period Margin	Delivery Period Margin of 25% will be levied on the long and short positions marked for delivery.
Tender and Delivery Period Margin Exemption	Sellers are exempted from payment of margin, if goods are tendered during tender days of the contract month with all the documentary evidences.

Delivery Order Rate	**<u>On Tender Days:</u>** **The delivery order rate (the rate at which delivery will be allocated) shall be the closing price on the respective tender day except on the expiry date.** **<u>On Expiry:</u>** **On expiry date, the delivery order rate or final settlement price shall be the Due Date Rate (DDR) and not the closing price.**
Delivery Pay-in of Commodities	**On staggered delivery tender days by 3.00 p.m. except Saturday, Sunday and Public holiday.** **For delivery marked by the exchange on Expiry of contract, by 5.00 p.m. on E+1 Day (E – Expiry day).**
Delivery Pay-out of Commodities	**By 5.00 p.m. on Tender / Expiry day + 2 basis**
Pay-in of Funds	**By 11.00 a.m. on Tender / Expiry day + 2 basis**
Pay-out of Funds	**After 2.00 p.m. on Tender / Expiry day +2 basis**
Penal Provision	**I – Seller Default** Any seller having open position on the expiry date fails to deliver on the next day then a penalty of 3% of DDR shall be imposed on such defaulting seller. Out of which 1.75% will be deposited to IPF, 1% of penalty will be given to the buyer & balance 0.25% will be retained by the Exchange. Additionally, the difference between the DDR & the average of the three highest last spot prices of the five succeeding days after the Expiry of the contract (E+1 to E+5 days) if the average price so determined is higher than DDR and such difference will be given to the buyer. **II – Buyer Default** The buyer will have to compulsorily take the delivery of goods. Default on taking delivery by the buyer is not permitted and therefore, the amount due from the buyer for delivery obligation shall be recovered from the buyer as pay-in of funds on stipulated pay-in day. Failure to discharge the pay-in amount will be treated as pay-in default which may lead to deactivation of the trading terminal/s of the member and will also be liable for such other actions as Exchange deems appropriate. Exchange, as deemed appropriate, shall have the right to sell/dispose the goods through auction (or through other appropriate mechanism as and when required) on account of such defaulting buyer to recover the dues. Penalties & charges to be debited to defaulting Buyer:

S. No	**Where Auction is fully conducted**	**Where Auction is partly conducted**	**Where no Auction is conducted**

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<tr><td>1</td><td>Penalty @ 3% on DDR

AND</td><td>Penalty @ 3% on DDR

AND</td><td>Penalty @ 3% on DDR
AND</td></tr>
<tr><td>2</td><td>Difference between DDR & Auction price if Auction price is lower than DDR

(including proportionate quality and quantity differences)

AND</td><td>Difference between DDR & Auction price if Auction price is lower than DDR to the tune of auctioned quantity (including proportionate quality and quantity differences)

AND</td><td>NA

AND</td></tr>
<tr><td>3</td><td>NA</td><td>For unauctioned quantity, difference between DDR and the average of the three lowest last spot prices of the five succeeding days after the Expiry of the contract (E+1 to E+5 days) if the average price so determined is lower than DDR.</td><td>For unauctioned quantity, difference between DDR and the average of the three lowest last spot prices of the five succeeding days after the Expiry of the contract (E+1 to E+5 days) if the average price so determined is lower than DDR.</td></tr>
</table>
Out of penalty of 3%, 1.75% will be deposited to IPF, 1% of penalty will be given to the seller & balance 0.25% will be retained by the Exchange.
Whereas, out of the close out amount for un-auctioned quantity as mentioned above, 90% will be credited to the counter party and 10% of the same will be retained by the Exchange towards administrative expenses.
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<td>Taxes, Duties, Cess and Levies</td>
<td> Ex-warehouse Jodhpur (including all taxes, sales tax/VAT as the case may be.
The seller will pay Sales Tax or VAT, whichever is applicable and the seller will issue invoice in the name of the buyer, reflecting the Sales tax or VAT paid by him. Post lifting delivery charges are borne by the buyer. </td>
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<td>Due Date Rate</td>
<td>The Due Date Rate (DDR) shall be arrived at by taking the simple average of the last three trading days polled spot prices, viz., E-0, E-1, & E-2 (E-Expiry date). In the event of the spot prices for any one of E-1 and E-2 not being available the spot price of E-3 would be used for arriving at the average. In case spot prices are not available for both E-1 and E-2, then the average of E-0 and E-3 (two days) would</td>
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<tr><td>Odd lot Treatment</td><td>Not Applicable</td></tr>
<tr><td>Warehouse, Fumigation, Insurance and Transportation Charges</td><td>-Borne by the seller up to commodity pay-out date.
-Borne by the Buyer after commodity pay-out date.</td></tr>
<tr><td>Buyer's option for lifting of delivery</td><td>Buyer will not have any option about choosing the place of delivery and will have to accept the delivery as per allocation made by the Exchange.</td></tr>
<tr><td>Delivery Center</td><td>Deliveries can be effected from Exchange approved warehouse at Jodhpur (up to radius of 50 Km from the Municipal limits)</td></tr>
<tr><td>Additional Delivery Center</td><td>Rajasthan:Bikaner,Nokha,Sri Ganganagar,Hanumnagarh and Barmer
Gujarat : Deesa
Haryana :Adampur and Sirsa
(upto radius of 50 Km from the Municipal limits) with location-wise premium/discount as announced by the Exchange from time to time.</td></tr>
<tr><td>Location Premium/Discount at additional delivery center</td><td>
<table>
<tr><th>Place</th><th>Rs/qtl (Premium/Discount)</th></tr>
<tr><td>Bikaner</td><td>Rs. 15.00 (Discount)</td></tr>
<tr><td>Nokha</td><td>Rs. 15.00 (Discount)</td></tr>
<tr><td>Sri Ganganagar</td><td>At par</td></tr>
<tr><td>Hanumnagarh</td><td>At par</td></tr>
<tr><td>Barmer</td><td>Rs. 70.00 (Discount)</td></tr>
<tr><td>Deesa</td><td>Rs. 70.00 (Discount)</td></tr>
<tr><td>Adampur</td><td>At par</td></tr>
<tr><td>Sirsa</td><td>At Par</td></tr>
</table>
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<tr><td>Tolerance Limits for Outbound Deliveries</td><td>
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<tr><th>Specification</th><th>Basis</th><th>Deliverable Range</th><th>Tolerance Limit for outbound deliveries</th></tr>
<tr><td>Undehusked splits</td><td>10.00 % (Basis)</td><td>Upto 12%</td><td>+/-0.25%</td></tr>
<tr><td>Black, dark red and brown coloured splits</td><td>1.00% (Max)</td><td>NA</td><td>+/-0.1%</td></tr>
<tr><td>Through 14” mesh</td><td>3.00% (Max)</td><td>NA</td><td>+/-0.5%</td></tr>
<tr><td>Through 20” mesh</td><td>0.10% (Basis)</td><td>Upto 0.25%</td><td>+/-0.05%</td></tr>
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Note: Tolerance limit is applicable only for outbound deliveries. Variation in quality parameters within the prescribed tolerance limit as above will be treated as good delivery when members/clients lift the materials from warehouse. These permissible variations shall be based on the parameters found as per the immediate preceding test certificate given by MCX approved assayer</td></tr>
<tr><td>Delivery of Goods</td><td>Each delivery (ICIN) shall be in multiples of delivery lots. and shall be designated for only one delivery center and one location in such center.

Further, the goods being delivered under the said ICIN should be valid at least for a period of 15 days after the expiry / payout of the contract. It shall be accompanied with Invoice.

Delivery once submitted cannot be withdrawn or cancelled or changed, unless so agreed by the Exchange. Goods tendered under delivery shall be in conformity with the contract specifications.</td></tr>
<tr><td>Delivery Grades</td><td>The members tendering delivery will have the option of delivering such grades of goods as permitted by the Exchange under the contract specifications. The Buyer will not have any option to select a particular grade and the delivery offered by the seller and allocated by the Exchange shall be binding on him.</td></tr>
<tr><td>Evidence of Stock in possession</td><td>At the time of issuing the delivery order, the member must prove to the Exchange that he holds stocks of the quantity and quality specified in the delivery order at the declared delivery center. This should be substantiated by way of producing warehouse receipt.</td></tr>
<tr><td>Sampling and Analysis at the time of Delivery</td><td>In case the buyer does not agree to the Surveyor's report as to the quality of the commodity, he shall desire for second sampling and intimate the Exchange in writing within 48 hours of the commodity pay-out date.</td></tr>
<tr><td>Sampling Procedure</td><td>The system of drawing of samples tendered for delivery will be as prescribed in the Bureau of Indian Standards procedure. Three Samples shall be drawn as under:

• First Sample - for the buyer
• Second Sample - for the seller
• Third Sample – for final reference, if it becomes necessary

If the first sample collected by the Buyer and analyzed by the surveyor, out of the exchange empanelled surveyor/s for the contract, appointed by him, conforms to the specifications, then the goods tendered for delivery shall be accepted and no subsequent claims from the Buyer regarding quantum of rebate or any other indemnification shall be admissible, nor the sellers shall be obliged to pass any sealed samples to the buyer, if requested subsequently. The sampling methods to be adopted for analysis will be decided by the Exchange.</td></tr>
<tr><td>Failure of First Sample</td><td>If the first sample as examined by the buyer's surveyor fails to conform to the quality standards specified, the buyer shall intimate</td></tr>
</table>

	the seller within 72 hours of the collection of sealed sample along with a copy of the Surveyor's report. The seller shall immediately send the second sealed sample to another approved laboratory (out of Exchange approved panel), which is also agreed by the Exchange. In the event the buyer and seller do not mutually reach agreement with the results of the second sample test, then the Exchange shall send the third sealed sample to any one of the approved laboratories / surveyor, as decided by the Exchange.
Final Surveyor's Report	The final approved laboratory and/or surveyor's report shall be forwarded by Exchange to the parties immediately on receipt of the same. In case dispute on quality of the goods allocated to the buyer is raised by the buyer before funds pay-out to the seller, the pay-out of funds to the seller will be made on the basis of the final test report received by the Exchange, pursuant to the third and the final test, or it would be recovered from the seller, if the payment was already released. The Exchange will also direct the party, in whose favour the result is declared to collect the cost of tests and detention charges from the other party. In case the commodity stands rejected then it will be tantamount to failure on the part of the seller to give delivery, whose outstanding short position shall be closed out as per the Penal provision applicable for seller default or any other rate as decided by the Exchange, treating the failure on the part of the seller to give delivery as shortage. The decision of the Exchange in this regard shall be final and binding to both the parties.
Obligations of the Independent Analyst	In order to ensure that tests are exactly comparable and that the results are consistent, the final approved laboratory and / or surveyor shall determine the particular analytical test by applying the methods specified in relevant IS. The said laboratory and / or the surveyor shall be required to append a certificate or certificates to those effects to the analysis report issued by the laboratory and/or surveyor.
Legal Obligation	Every member delivering and receiving warehouse receipt by way of delivery shall provide appropriate tax forms, wherever required as per law and as custom, and neither of the parties shall unreasonably refuse to do so.
Extension of Delivery Period	The Exchange may extend the Delivery Period due to either force majeure or any other reason, as it thinks fit in the interest of the market.
Applicability of Business Rules	The general provisions of Byelaws, Rules and Business Rules of the Exchange and decisions taken by Forward Markets Commission, the Board of Directors and Executive Committee of the Exchange in respect of matters specified in this document shall form an integral part of this contract. The Exchange or FMC, as the case may be, may further prescribe additional measures relating to delivery procedures, warehousing, quality certification, margining, and risk management from time to time. The buyer shall have to lodge his claim, if any, against quality and/or quantity of goods/ delivery allocated to him if any, while retaining the disputed goods in the warehouse/s (without lifting them out of the warehouse/s), within 48 hours from the date of scheduled commodity pay out of the Exchange, failing which, no claim shall be entertained by the Exchange thereafter.

	Quality certification of the lot is based on the sample/s selected and therefore, it should not be construed and mean that the entire lot of the goods is duly quality certified. In case of dispute arising on quality of the goods not conforming to the contract specifications and discovered / found out subsequently, the introducing member and/ or its constituent who has tendered delivery on Exchange platform shall be liable for all losses / cost/ closeout charges / claims etc including refund of funds pay-out released earlier, as may be decided by the Exchange in the matter and which shall be final and binding to the member. Further, the Exchange is not responsible and shall not be held liable or accountable or responsible for value of the goods/stock of the commodities stored/lying in Exchange designated warehouse/s and which is fully/partially confiscated / seized by any local or statutory or any other authority for any reason whatsoever or for any deterioration in quality of the goods stored due to above reason or which have passed the Final Expiry date and continue to remain in the Exchange accredited warehouse. The decision of the Exchange shall be final and binding to all Members and their constituents in this regard. (The interpretation or clarification given by the Exchange on any terms of this contract shall be final and binding on the members and others.)