



### Contract Specifications of Carbon Credits - ECX-CFI Mini<sup>SM</sup>

<b>Symbol</b>	CFI
<b>Description</b>	CFIMMMYY
<b>Contracts available for trading</b>	
December 08 contract	1 <sup>st</sup> Jan 2008 to 15th December of the contract year
December 09 contract	1 <sup>st</sup> Jan 2008 to 15th December of the contract year
December 10 contract	1 <sup>st</sup> Jan 2008 to 15th December of the contract year
December 11 contract	1 <sup>st</sup> Jan 2008 to 15th December of the contract year
December 12 contract	1 <sup>st</sup> Jan 2008 to 15th December of the contract year
<b>Trading</b>	
<b>Trading period</b>	Mondays through Saturdays
<b>Trading session</b>	Monday to Friday: 10.00 a.m. to 11.30 p.m. Saturday: 10.00 a.m. to 2.00 p.m.
<b>Trading unit</b>	200 tons of Carbon Credits (Carbon Emission Allowances)
<b>Quotation/Base Value</b>	Rs. Per ton
<b>Maximum order size</b>	10000 tons
<b>Tick size (minimum price movement)</b>	50 paise per ton
<b>Daily price limits</b>	The base price limit will be 4%. Whenever the base daily price limit is breached, the relaxation will be allowed upto the 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 of price movement in international markets which 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</b>	6%
<b>Special margin</b>	In case of additional volatility, a special margin at such percentage, as deemed fit, will be imposed immediately on both buy and sale side in respect of all outstanding position, which will remain in force for next 2 days, after which the special margin will be relaxed.
<b>Maximum allowable open position</b>	For individual clients: 500,000 tons For a member collectively for all clients: Not more than 25% of the market's open position in a contract at any point of time
<b>Delivery</b>	
<b>Delivery unit</b>	200 tons of Carbon Credits (Carbon Emission Allowances)
<b>Quality specifications</b>	Carbon Credits (Carbon dioxide (CO <sub>2</sub> ) Emission Allowance). Each CO <sub>2</sub> Emission Allowance being an entitlement to emit one tonne of Carbon dioxide equivalent gases.
<b>Delivery Option</b>	Both Option

<b>Special Delivery Provision</b>	During the life of the futures contract, to the extent parties having open position on the exchange enter into bilateral physical trade as per their futures obligation and intimate the exchange, their respective futures position will be off-set by the exchange.
<b>Final Settlement Price (DDR)</b>	Price of ECX-CFI prevailing on European Climate Exchange for relevant contract on the date of expiry of MCX contract converted into Indian rupees.

**Delivery and Settlement Procedure of ECX-CFI Mini<sup>SM</sup> Futures**

<b>Delivery logic</b>	<b>Both Option</b>
<b>**Special Delivery Provision</b>	During the life of the futures contract, to the extent parties having open position on the exchange enter into bilateral physical trade as per their futures obligation and intimate the exchange, their respective futures position will be off-set by the exchange.
<b>Tender day</b>	1 <sup>st</sup> working day after expiry of contract by 6.00 p.m.
<b>Tender and delivery period</b>	1 <sup>st</sup> to 3 <sup>rd</sup> working days after expiry of the contract.
<b>Buyer's and Seller's Intention</b>	On the contract expiry day by 6.00 p.m. Seller will submit copies of relevant documents as a proof of holding carbon credits certificates at the time of giving his intention to the satisfaction of the Exchange and the buyer. The Exchange may specify additional documentation that may be required to make a secured delivery of carbon credit.
<b>Mode of communication</b>	Fax / Courier
<b>Matching of Buyer's and Seller's intention</b>	On the basis of intention received from the buyers and sellers, the Exchange will match the total quantity (units) offered by the sellers with that of the buyers and with respect to the matched quantity the allocation of delivery between the buyers and sellers will be done to the satisfaction of buyer and the Exchange. The unmatched quantity of open position will be closed out as per DDR and actual delivery will be effected only to the extent of matched quantity.
<b>Dissemination of the information on delivery intention on TWS</b>	On the contract expiry day by 7.00 p.m.
<b>Delivery period margin</b>	25% margin will be imposed during tender and delivery period on both buyers and sellers on matched quantity.
<b>Exemption from delivery period margin</b>	Delivery period margin is exempted if the Seller provides documentary proof of delivery of the carbon credit certificate.
<b>Delivery allocation</b> - Date - Rate	On expiry date of the Contract At due date rate (DDR)
<b>Delivery pay-in</b>	On tender days
<b>Delivery pay-out</b>	E+3 working day by 11.00 a.m.
<b>Pay-in of funds</b>	E+2 working day by 11.00 a.m.
<b>Pay-out of funds</b>	E+3 working day by 11.00 a.m.

<b>Penal provisions</b>	<p>After getting (matching) intentions from the buyer and seller to take or give delivery, if any of the party fails to honour his obligations, a penalty of 2.5% of the DDR will be imposed on him.</p> <p>Additionally, a replacement cost of 4% of DDR will be recovered from the defaulting buyer / seller.</p> <p>Out of the penalty, 2%(i.e. 80% of penalty amount) will be credited to IPF and 0.5% (i.e. 20% of penalty amount) will be credited to the counter party.</p> <p>While out of the replacement cost recovered 90% will be passed on to the counter party and 10% will be retained by the Exchange towards administrative expenses.</p>
<b>Taxes, Duties, Cess and Levies</b>	<p>UNFCC charges as applicable for change in holding will have to be borne by the seller which is currently at the rate of 2% of the units sold.</p> <p>All other charges, levies or Cess and taxes as applicable will be on account of buyer.</p>
<b>Close out of open positions</b>	<p>All outstanding positions on the expiry of contract where expression of interest for tendering delivery or receiving delivery has not been received and such positions where expression of intentions have been received but have not found the counter party for honoring the intentions, shall be closed out at due date rate and respective pay-in and pay-out of funds of such close out positions shall be effected on the following day of last day of trading by 11.00 a.m.</p>
<b>Due Date Rate (DDR)</b>	<p>Price of ECX-CFI prevailing on European Climate Exchange for relevant contract on the date of expiry of MCX contract. The ECX CFI settlement price will be converted at the Rupee – Euro rate as notified by RBI on that particular day (or last available).</p>
<b>Odd lot treatment</b>	<p>Not applicable</p>
<b>Delivery order</b>	<p>Along with tender notice, Carbon Credits delivery order will be submitted in specified format giving details of Members / Registered Non-Members who shall perform delivery. The evidence of delivery shall be to the satisfaction of the buyer and the Exchange.</p> <p>Each delivery order issued shall be in multiples of minimum delivery lots and shall be designated for the specified delivery center.</p> <p>It will be accompanied with appropriate documents showing evidence of holding specified quantity of carbon credits. Order once submitted cannot be withdrawn or cancelled or changed unless so agreed by MCX in writing. Members tendering the delivery order shall clearly specify the project type and cannot be changed subsequently.</p>
<b>Delivery Procedure</b>	<p>On matching, the sellers are required to issue the relevant Carbon Credit certificates to the Exchange in</p>

	the prescribed format to the satisfaction of the Exchange and the buyer.
<b>Delivery Center</b>	Mumbai (Member has to submit copies of relevant documents as a proof of holding carbon credits certificates at the Exchange)
<b>Evidence of carbon credits in possession</b>	At the time of issuing the delivery order, the seller must satisfy MCX that he holds carbon credits through appropriate documentation. The Exchange may seek additional protection to safeguard delivery from the seller.
<b>Legal obligation</b>	The member will provide appropriate tax forms wherever required as per law and as customary and neither of the parties will unreasonable refuses to do so.
<b>Extension of delivery period</b>	As per the Exchange decision due to a force majeure or otherwise.
<b>Applicability of Byelaws, Rules, Business Rules of the Exchange.</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 be further prescribe additional measures relating to delivery procedures, margining, risk management from time to time. (The interpretation or clarification given by the Exchange on any terms of this contract shall be final and binding on the members and others.)

\*\* Note: The format for intimating such bilateral physical trade will be informed to the market through a separate circular.