

Contract Specification of Lead

Symbol	LEAD
Description	LEADMMYY
Contracts available for trading	
January 2010 contract	1 st October of the previous year to 31 st January of the contract year
February 2010 contract	1 st November of the previous year to 29 th February of the contract year
March 2010 contract	1 st December of the previous year to 31 st March of the contract year
April 2010 contract	1 st January to 30 th April of the contract year
May 2010 contract	1 st February to 31 st May of the contract year
June 2010 contract	1 st March to 30 th June of the contract year
July 2010 contract	1 st April to 31 st July of the contract year
August 2010 contract	1 st May to 31 st August of the contract year
September 2010 contract	1 st June to 30 th September of the contract year
October 2010 contract	1 st July to 31 st October of the contract year
November 2010 contract	1 st August to 30 th November of the contract year
December 2010 contract	1 st September to 31 st December of the contract year
Trading	
Trading period	Mondays through Saturdays
Trading session	Monday to Friday: 10.00 a.m. to 11.30 p.m. Saturday: 10.00 a.m. to 2.00 p.m.
Trading unit	5 tons
Quotation/Base Value	Rs. per kg
Maximum order size	100 tons
Tick size (minimum price movement)	5 paise per kg
Daily price limits	The base price limit will be 4%. 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>
Price Quote	E x-Bhiwandi (exclusive of all taxes and levies relating to import duty, customs, Sales Tax/VAT as the case may be, special additional duty and octroi). At the time of delivery, the buyer has to pay these taxes and levies in addition to Delivery order rate.
Initial margin	5%
Special margin	In case of additional volatility, a special margin at such percentage, as deemed fit, will be imposed on both buy and sale side in respect of all outstanding position, which

	will remain in force till volatility persists, after which the special margin will be relaxed.
Maximum allowable open position	For individual clients: 1500 tons For a member: 6000 tonnes or not more than 20% of the market's open position, whichever is higher. Limit on hedge position as directed by the Commission vide its letter dated 4/10/2005
Delivery	
Delivery unit	10 tons with tolerance limit of + / - 1 % (100 Kgs)
Delivery Centre	Within 20 Kilometers outside Mumbai octroi limit.
Quality specifications	Lead of 99.970% minimum purity. Lead must conform with graded lead chemical composition of BS EN 12659:1999 Standard entitled "Lead and Lead Alloys - Lead". Form: Ingots (pigs will be referred to as ingots)
Delivery Logic	Both Option

Delivery & Settlement procedure of Lead

Delivery logic	Both Option
Tender day	1 st working day after expiry of contract
Tender and delivery period	1 st to 2 nd working day after expiry of the contract.
Buyer's and Seller's Intention	Three working days prior to the contract expiry day by 6.00 p.m. i.e. 27 th of the expiry month for 30 th expiry contract & 28 th of the expiry month for 31 st expiry contract. Seller will submit copies of documentary evidence such as Warehouse Receipt and Valid Quality Certificate along with the intention to give delivery to the effect that he is holding stock at the time of giving his intention.
Mode of communication	Fax / Courier
Matching of Buyer's and Seller's intention	On the basis of intention received from the buyers and sellers, the Exchange will match the total quantity offered by the buyers and sellers and with respect to the matched quantity, the allocation of delivery between the buyers and sellers will be done. The unmatched quantity will be closed out as per the due date rate and actual delivery will be effected only to the extent of matched quantity.
Dissemination of the information on delivery intention on TWS	On the contract expiry day by 7.00 p.m.
Delivery period margin	25% margin will be imposed on both buyers and sellers on matched quantity.
Exemption from delivery period margin	Delivery period margin is exempted if goods are stored in the Exchange designated warehouse or seller's godown as the case may be and the seller submits documentary evidence thereof to the Exchange.
Delivery allocation - Date - Rate	On expiry date of the Contract At due date rate (DDR)
Delivery pay-in	E+1 working day by 5.00 p.m. (E stands for expiry)
Delivery pay-out	E+2 working days by 5.00 p.m.
Pay-in of funds	E+2 working days by 11.00 a.m.
Pay-out of funds	E+2 working days after 2.00 p.m.
Penal provisions	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. Additionally, a replacement cost of 4% of DDR will be recovered from the defaulting buyer / seller. Apportioning of the penalty: <ul style="list-style-type: none"> ➤ 2% (i.e. 80% of penalty amount) will be credited to IPF ➤ 0.5% (i.e. 20% of penalty amount) will be credited to the counter party

	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.
Taxes, Duties, Cess and Levies	E xBhiwandi (exclusive of all taxes and levies relating to import duty, customs, Sales Tax/VAT as the case may be, special additional duty and octroi).
Due date rate	Due date rate is calculated on the last day of the contract expiry, by taking international spot price of Lead and it would be multiplied by Rupee-US\$ rate as notified by the Reserve Bank of India. (Trading will be allowed only upto 6:35 p.m. on the date of expiry of the contract)
Odd lot treatment	Delivery will be effected only on delivery lot basis. In case of any odd lot the delivery will not be marked and the same will be closed out at the DDR with penalty as per penal provisions
Adjustment of transportation cost	Not Applicable.
Warehouse, insurance and transportation charges	-Borne by the seller upto commodity pay-out date -Borne by the buyer after commodity pay-out date
Buyer's option for lifting of delivery	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.
Delivery Center	Exchange designated warehouse at Bhiwandi (20 kms outside Mumbai Octroi Limits)
Delivery Order	Good delivery order will be submitted in specified format giving details of Members / Registered Non-Members who shall perform delivery. Each delivery order issued shall be in multiples of minimum delivery lots and shall be designated for only one delivery center and one location in such center. It will be accompanied with Warehouse Receipt, Invoice and Good Delivery Quality Certificate valid at least for 1 month after the expiry of the contract, as per contract specifications from Exchange designated certifier, Delivery 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 grade and shall be in conformity with the surveyor's certificate accompanied with the delivery document and cannot be changed subsequently.
Delivery Grades	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.
Evidence of Stock in possession	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
Endorsement of Delivery Order	The Buyer member can endorse delivery order to a client or any third party with full disclosure given to MCX. Responsibility for contractual liability would be with the original assignee.
Sampling and Analysis at the time of Delivery	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 pay-out date.
Sampling Procedure	<p>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:</p> <ul style="list-style-type: none"> • First Sample – for the buyer • Second Sample – for the seller • Third Sample – for final reference, if necessary <p>If the first sample collected by the Buyer and analyzed by the surveyor 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 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.</p>
Failing of First Sample	If the first sample as examined by the buyer's surveyor fails to conform to the quality standards specified, the Buyer shall intimate the seller within 72 hours of collection of sealed sample along with a copy of the analyst's report. The seller shall immediately send the second sealed sample to an approved laboratory, which is also agreed by the buyer. The result of the same shall be binding on both the parties. In the event the Buyer and Seller do not mutually reach agreement with the results of the second sample test, then MCX shall send the third sealed sample to any one of the approved laboratories / surveyor, as decided by the Exchange.
Final Surveyor's Report	The analyst's report of the approved and agreed independent laboratory shall be forwarded by MCX to the parties immediately on receipt of the same. In such case, the final payment to the seller will be made on the basis of test report received by the Exchange pursuant to the third test. 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 tantamount to failure on the part of the seller to give delivery, which shall be closed out as per the Due Date Rate treating the same as shortage.
Obligations of the Independent Analyst	In order to ensure that tests are exactly comparable and that the results are consistent, the independent analyst shall determine the particular analytical test by applying

	the methods specified in relevant IS. The analyst shall be required to append a certificate to that effect to the analysis report issued by him.
Legal Obligation	The member will provide appropriate tax forms wherever required as per law and as customary and neither of the parties will unreasonable refuse to do so.
Extension of Delivery Period	As per the Exchange decision due to a force majeure or otherwise.
Applicability of Business Rules	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, and risk management from time to time. The buyer shall have to lodge their claim against quality of goods / delivery allocated to him / her, 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.)

