

Contract Specifications of Natural Gas

Symbol	NATURALGAS
Description	NATURALGASMMYY
Contracts Available	Contracts are available for all 12 calendar months in a year
Last Day of Trading	Trading in the contract shall cease on the fourth business day of the contract month, excluding Saturdays, prior to the first calendar day of the next month.
Contract Duration	Maximum of 3 months, at any point of time 3 calendar months will be available for trading.
	Trading
Trading period	Mondays through Saturdays
Trading session	Mondays through Friday: 10.00 am to 11.30 pm Saturday: 10.00 am to 2.00 pm
Trading Unit	1250 mmBtu
Quotation/Base Value	Ex- Hazira exclusive of all taxes, levies and other expenses
Price Quotation	Rs. per mmBtu
Maximum Order Size	20,000 mmBtu
Tick size (minimum price movement)	10 paise (0.10 rupees)
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>
Initial margin	5 %
Special Margin	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.
Maximum Allowable Open Position	Client level : 50,00,000 mmBtu Member level: 2,00,00,000 mmBtu or 20% of the open market position, whichever is higher.
Delivery Unit	10,000 mmBtu
Delivery Centre	Hazira Hub
Quality Specifications	Should be of Standard Pipeline quality. Quantity of gas bought or sold under any contract will be delivered at uniform hourly rate (with maximum of 10% variation) during the period of 8 hours covered under the contract.
Delivery Logic	Both Option

Contract Launch Calendar of Natural Gas

Contract month	Launch date	Contract Expiry date
January 2010	28/10/2009	25/1/2010
February 2010	24/11/2009	23/2/2010
March 2010	29/12/2009	26/3/2010
April 2010	27/1/2010	27/4/2010
May 2010	24/2/2010	25/5/2010
June 2010	27/3/2010	25/6/2010
July 2010	28/4/2010	27/7/2010
August 2010	26/5/2010	26/8/2010
September 2010	26/6/2010	27/9/2010
October 2010	28/7/2010	26/10/2010
November 2010	27/8/2010	23/11/2010
December 2010	28/9/2010	27/12/2010

Delivery and Settlement procedure of Natural Gas

Delivery logic	Both Option
Tender day	1 st working day after expiry of contract
Tender and delivery period	1 st to 2 nd working days after expiry of the contract.
Buyer's and Seller's Intention	On the contract expiry day by 6.00 p.m. Seller will submit copies of relevant documents as evidence 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 of open position will be closed out as per DDR and actual delivery will be affected 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 during tender and delivery period on both buyers and sellers on matched quantity.
Exemption from delivery period margin	Delivery period margin is exempted if the Seller provides with documentary evidence of the delivery at the Exchange's designated delivery center.
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 Pay-out of funds	E+2 working days by 11.00 a.m. E+2 working days after 2.00 p.m.
Penal provisions	<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>Apportioning of the penalty:</p> <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 <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>

Taxes, Duties, Cess and Levies	All other charges, levies or Cess, import or export duties and taxes applicable at the delivery center will be on account of buyer. In case of Inter-State movement, the buyer has to submit requisite forms or pay CST as applicable. Post lifting delivery all charges are borne by the buyer.
Close out of open positions	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.
Due Date Rate (DDR)	Due date rate shall be the settlement price of NYMEX Natural Gas (NG) near month contract on the last day (Expiry date) of the MCX Natural Gas contract. The NYMEX (NG) Natural Gas settlement price will be converted at the Rupee-US\$ rate as notified by the Reserve Bank of India on that particular day.
Odd lot treatment	Delivery will be effected only on delivery lot basis. In case there is any mismatch in the position of seller and buyer then delivery will not be matched and accordingly the position will be closed out at DDR and penalty to such buyer / seller will be levied a minimum penalty @5% of DDR. 90% of the penalty collected shall be passed on to the counter party while 10% will be appropriated by the Exchange.
Storage, Insurance and Freight charges	The freight, duty and all other expenses will be on account of the buyer
Delivery center	Hazira
Delivery order	<p>Along with tender notice, Natural Gas delivery order will be submitted in specified format giving details of Members / Registered Non-Members who shall perform delivery.</p> <p>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.</p> <p>It will be accompanied with Storage / Shipping / import / export documents, invoice, valid Quality Certificate, etc. 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.</p>
Delivery grades	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 buyer.

Evidence of stock in possession	At the time of issuing the delivery order, the Member must satisfy MCX that he holds stocks of the quantity and quality specified in the Delivery Order at the declared delivery center by producing bank documents/ LC/ appropriate 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.
Legal obligation	The member will provide appropriate tax forms wherever required as per law and as customary and neither of the parties will unreasonably refuse to do so.
Extension of delivery period	As per the Exchange decision due to a force majeure or otherwise.
Applicability of Business Rules	<p>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, may further prescribe additional measures relating to delivery procedures, warehousing, quality certification, margining, risk management from time to time.</p> <p>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.)</p>