



Circular no.: MCX/T&S/459/2011

December 17, 2011

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### **Launch of Futures Trading in Copper Mini**

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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:

Copper Mini February, April & June 2012 contracts will be launched for futures trading w.e.f. Tuesday, December 20, 2011.

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. Sameer Kenia on 022 – 6649 4000 or send an email at [customersupport@mcxindia.com](mailto:customersupport@mcxindia.com) for any clarification.

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## Contract Specifications of CopperMini

<b>Symbol</b>	COPPERM
<b>Description</b>	COPPERMMYY
<b>Contract Listing</b>	Contracts are available as per the Contract Launch Calendar.
<b>Contract Start Day</b>	1 <sup>st</sup> day of contract launch month. If 1 <sup>st</sup> day is a holiday then the next working day.
<b>Last Trading Day</b>	Last calendar day of the contract expiry month. If last calendar day is a holiday or Saturday then preceding working day.
<b>Trading Period</b>	Mondays through Saturdays
<b>Trading Session</b>	Mondays 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>	250 kilograms
<b>Quotation/ Base Value</b>	1 kg
<b>Maximum Order Size</b>	70 MT
<b>Price Quote</b>	Ex-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.
<b>Tick Size (Minimum Price Movement)</b>	5 paise per kg
<b>Daily Price Limit</b>	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>
<b>Initial Margin</b>	Minimum 5% or based on SPAN whichever is higher
<b>Additional and/ or Special Margin</b>	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>	For individual clients: 5000 MT for all Copper contracts combined together.  For a member collectively for all clients: 25,000 MT for all Copper contracts combined together or 15% of the market wide open position whichever is higher

<b>Delivery</b>	
<b>Delivery Unit</b>	9 MT with tolerance limit of + / - 1 % (90 kg)
<b>Delivery Margin</b>	25%
<b>Delivery Center</b>	Within 20 kilometers outside Mumbai octroi limit.
<b>Quality Specifications</b>	Grade 1 electrolytic copper as per B115 specification
<b>Due Date Rate</b>	Due date rate is calculated on the last day of the contract expiry, by taking international spot price of Copper and it would be multiplied by Rupee-US\$ rate as notified by the Reserve Bank of India on that particular day.
<b>Delivery Logic</b>	Both Option

### Contract Launch Calendar of Copper Mini

Contract Launch Months	Contract Expiry Months
On receipt of the approval from Commission	February 2012
On receipt of the approval from Commission	April 2012
On receipt of the approval from Commission	June 2012
March 2012	August 2012
May 2012	November 2012

### Delivery and Settlement Procedure of Copper Mini

<b>Delivery logic</b>	<b>Both Option</b>
<b>Tender period</b>	1 <sup>st</sup> working day after expiry of contract
<b>Tender and delivery period</b>	1 <sup>st</sup> to 2nd working days after expiry of the contract.
<b>Buyer's and Seller's Intention</b>	Three working days prior to the contract expiry day by 6.00 p.m. i.e. 27 <sup>th</sup> of the expiry month for 30 <sup>th</sup> expiry contract & 28 <sup>th</sup> of the expiry month for 31 <sup>st</sup> expiry contract. Seller will submit copies of relevant documents as evidence that he is holding stock at the time of giving his intention.
<b>Mode of communication Matching of Buyer's and Seller's intention</b>	Fax / Courier 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 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>Delivery period margin Exemption</b>	Sellers are exempted from payment of margin, if goods are tendered during tender days of the contract month with all the documentary evidences.
<b>Delivery allocation</b> - Date - Rate	On expiry date of the Contract At due date rate (DDR)
<b>Delivery pay-in of Commodities</b>	E+1 working day by 5.00 p.m. (E stands for expiry)
<b>Delivery pay-out of Commodities</b>	E+2 working days by 5.00 p.m.
<b>Pay-in of funds</b>	E+2 working days by 11.00 a.m.
<b>Pay-out of funds</b>	E+2 working days after 2.00 p.m.
<b>Penal provisions</b>	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 0.5% will be recovered from the defaulting buyer / seller.  Apportioning of the penalty: <ul style="list-style-type: none"> <li>➤ 2% (i.e. 80% of penalty amount) will be credited to IPF</li> <li>➤ 0.5% (i.e. 20% of penalty amount) will be credited to the counter party</li> </ul> While, out of the replacement cost recovered, 90% will

	be passed on to the counterparty and 10% will be retained by the Exchange towards administrative expenses.
<b>Taxes, Duties, Cess and Levies</b>	Price is not inclusive of import duty, sale tax/VAT, CVD or other charges. The buyer has to pay all such duties at the time of taking delivery
<b>Close out of open positions</b>	All outstanding positions on the expiry of contract shall be closed out at due date rate and respective pay-in and pay-out of funds of such close out shall be effected on 1 <sup>st</sup> day after the last trading day by 11.00 a.m.
<b>Due date rate</b>	Due date rate is calculated on the last day of the contract expiry, by taking international spot price of Copper and it would be multiplied by Rupee-US\$ rate as notified by the Reserve Bank of India on that particular day.
<b>Odd lot treatment</b>	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 the DDR.
<b>Warehouse, insurance and transportation charges</b>	-Borne by the seller upto commodity pay-out date -Borne by the buyer after commodity pay-out date
<b>Buyer's option for lifting of delivery</b>	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.
<b>Delivery centre</b>	Deliveries can be effected from Exchange designated warehouse at Mumbai within 20 kilometers outside Mumbai octroi limit, which may be Central Warehousing Corporation (CWC) or a private warehouse.
<b>Delivery of Goods</b>	Each delivery shall be in multiples of minimum delivery lots and shall be designated for only one delivery center and one location in such center. Delivery will be accompanied with duly discharged Warehouse Receipt, invoice and Valid Quality Certificate/s, as per contract specifications from the Exchange approved quality certifying agency/s. 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.
<b>Delivery Grades</b>	The members tendering delivery will have the option of delivering such grades as permitted by the Exchange as per the contract specifications. The buyer will not have any option to select a particular grade and the delivery offered by the seller and allocation by the Exchange shall be binding on buyer.
<b>Evidence of stock in possession</b>	At the time of issuing delivery, the Member must prove to the Exchange that he holds stocks of the quantity and quality specified at the declared delivery center by producing bank documents/ LC/ appropriate receipt.
<b>Sampling and analysis at the time of delivery</b>	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.

<p><b>Sampling Procedure</b></p>	<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"> <li>• First Sample – for the buyer</li> <li>• Second Sample – for the seller</li> <li>• Third Sample – for final reference, if necessary</li> </ul> <p>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.</p>
<p><b>Failure of first sample</b></p>	<p>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 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.</p>
<p><b>Final Surveyor's Report</b></p>	<p>The final approved laboratory and/or surveyor's report shall be forwarded by the 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.</p>
<p><b>Obligations of the Independent Analyst</b></p>	<p>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</p>

	<p>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.</p>
<p><b>Legal Obligation</b></p> <p><b>Extension of delivery period</b></p>	<p>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.</p> <p>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.</p>
<p><b>Applicability of Business Rules</b></p>	<p>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, risk management from time to time.</p> <p>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.</p> <p>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. (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>