Hindu Business Line, 19 April 2011

MCX unveils one gram 'Gold Petal' future contracts

It can also be used as SIP product by retail investors

Our Bureau
Mumbai, April 18

MCX has received an encouraging response for Gold Petal, a future contract for trading in one gm gold which was launched on Monday.

It recorded a total turnover of Rs 3.25 crore in the May and June contracts. The total volume was at 14,718 gm up to 5 p.m. on Monday and the open interest was 5,637 contracts.

The trading unit of the gold contract is one gram and price quote for the contract is ex-Mumbai (inclusive of all taxes and levies relating to import duty, customs duty but excluding sales tax /VAT, any other additional tax or surcharge on sales tax, local taxes and octroi).

The delivery centres identified are G4 Securitas in Mumbai, and other delivery centres in New Delhi, Ahmedabad, Hyderabad, Bangalore, Chennai and Kolkata.

DEMAT FORM

Besides physical delivery in multiple of eight grams, investors can take delivery in dematerialised form.

The physical delivery would be available in multiples of eight gram coins with London Bullion Manufacturers Association (LBMA) certified 999 purity.

The delivery centres identified are G4 Securitas in Mumbai, and other delivery centres in New Delhi, Ahmedabad, Hyderabad, Bangalore, Chennai and Kolkata.

Tick size of the contract is Re 1 a gram and the maximum order size will be 10 kg. The initial margin required to trade will be four per cent or based on SPAN, whichever is higher.

OPEN POSITION LIMIT

The open position limit for members has been fixed at 12.5 tonnes for all gold contracts combined together or 15 per cent of the open market position, whichever is higher, and for clients it is 2.5 tonnes of all gold contracts combined together.

Mr Lamon Rutten, Managing Director and CEO of MCX, said gold is considered as an investment option, and has now become a part of portfolio of many investors and hedge funds. Gold Petal can also be used as a SIP product by retail investors, he added.

MCX has developed different contract denominations to accommodate the needs of varied market participants.

Apart from Gold Petal, the other gold contracts that are traded on the exchange include gold (1 kg), Gold Mini (100 gm) and Gold Guinea (8 gm).