MCX commences futures trading in Guar Seed and Guar Gum

Mumbai, May 13, 2013: Multi Commodity Exchange of India Ltd (MCX) will commence futures trading in Guar Seed and Guar Gum contracts from May 14, 2013. The commodity markets regulator, Forward Markets Commission (FMC), has given approval for trading in Guar Seed and Guar Gum June 2013, July 2013, October 2013 and November 2013 contracts in order to facilitate price discovery and price risk management in the guar complex.

The trading unit of the Guar Seed and Guar Gum is 1 MT (tonne) each and price quote for the contracts is ex-warehouse Jodhpur, inclusive of Sales tax/VAT. These are compulsory delivery contracts with Staggered Delivery Tender Period for the last 15 days. The physical delivery would be available in multiples of 1 MT for both Guar Seed and Guar Gum. The basis delivery center for both the contracts is Jodhpur and additional delivery centers include Bikaner, Nokha, Sri Ganganagar, Hanumangarh and Barmer in Rajasthan, Deesa in Gujarat, and Adampur and Sirsa in Haryana.

Tick size for both Guar Seed and Guar Gum contracts is Rs 1/- per 100 kg. The initial margin required to trade is 10% or based on SPAN, whichever is higher. As an additional risk management measure, pre-defined special margins are included in the contract. The special margin of 10%, which is over and above the initial margin, will be imposed if prices rise by more than 20%. Further, for every 10% rise in prices, the special margin charged will also increase by 10%. Additionally, if prices increase by more than 50% in the June and July expiry contracts, a special margin of 70% will be imposed.

The Guar Seed and Guar Gum open position limits for a member collectively for all clients is 12,000 MT or 15% of the market wide open position, whichever is higher, and for individual clients it is 2,400 MT. The near month limits shall be applicable for 20 days prior to expiry of the contract. The near month limit for a member collectively for all clients is 4,000 MT or 15% of the market wide open position, whichever is higher and for individual clients it is 800 MT. The position limits shall be applicable for all contracts traded on all Exchanges.

The Guar Gum open position limits for a member collectively for all clients is 3,000 MT or 15% of the market wide open position, whichever is higher, and for individual clients it is 1,000 MT. The near month limits shall be applicable for 20 days prior to expiry of the contract. The near month limit for a member collectively for all clients is 600 MT or 15% of the market wide open position, whichever is higher, and for individual clients it is 200 MT. The position limits shall be applicable for all contracts traded on all Exchanges.

Mr. Sumesh Parasrampuria, Director - Business Development, MCX said: "Futures trading in Guar Seed and Guar Gum can effectively provide a benchmark price for the Guar industry in India, and also help the trade and industry functionaries in managing price risks on their spot and forward transactions in the domestic as well as export markets."

About MCX:

Headquartered in the financial capital of India, Mumbai, MCX (www.mcxindia.com) is India's first listed, demutualised, nationwide electronic futures exchange with permanent recognition from Government of India. MCX offers the benefits of fair price discovery and price risk management to the commodity market ecosystem. Various commodities across segments are traded on MCX. These include bullion, energy, metals, agricultural and agri-based commodities. The exchange has forged strategic alliances with various Indian and International commodity exchanges, trade associations, education institutions and CSR partners.

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