MCX Launches Gold Global Futures Contract

MCX Gold Global contract to be traded from July 14, 2015

International price based contract exclusive of local factors

Mumbai, July 13, 2015: Further expanding its bullion product suite, India's No. 1 commodity exchange, Multi Commodity Exchange of India Ltd. (MCX) today announced the launch of its unique and innovative futures contract, GOLD GLOBAL, subsequent to receiving permission from the Forward Markets Commission (FMC). This contract will be available for trade on the Exchange from Tuesday, July 14, 2015.

Gold Global is an international price based contract, exclusive of import premium, customs duty, sales tax/VAT, and domestic market premium among others. The contract has been designed keeping in mind the requirements of refiners, exporters, jewellers, including larger bullion physical market participants, involved in import of gold bars and re-export of jewellery. These stakeholders having significant exposure to international gold prices, need to effectively hedge against any adverse movement in prices.

The existing Gold futures contracts traded on MCX have been providing an efficient hedging mechanism to the market participants exposed to changes in Gold landed prices, which mirrors the Indian spot market perfectly. However, a category of physical participants including Indian refiners, exporters, and jewellers are looking for contracts with less international basis risk and protection against adverse international price movements and this contract will cater to their needs perfectly.

The Gold Global contract will be settled based on international prices converted to Indian Rupee based on RBI Reference Rate on the date of expiry, and will have 'both option' delivery logic thus offering an inbuilt rupee hedge to the participants. The participants will also get a margin benefit of up to 75 per cent if they trade in spreads between Gold Global and other gold contracts at MCX.

Speaking on the occasion, **Mr. P. K. Singhal, Joint Managing Director, MCX** said, "While the existing gold contracts on the Exchange are already an established benchmark of price and quality in the Indian bullion markets, we seized the opportunity to further entrench our position in this market by launching the Gold Global contract. With its launch, MCX's bullion basket offerings will include one more variant i.e. Gold Global (200 grams) apart from the existing Gold (1 Kg), Gold Mini (100 grams), Gold Guinea (8 grams), and Gold Petal (1 gram), thus enabling us to meet the needs of most stakeholders of the bullion value chain."

"The Gold Global contract would facilitate hedging by all stakeholders in India's gold value chain, and therefore is a step towards making India's gold market more competitive. Separately, it will also reduce *dabba* trading, which is rampant especially in the Indian bullion futures market," he added.

Key highlights of GOLD GLOBAL contract specifications, appended below:

Specifications	Parameters
Ticker Symbol	GOLDGLOBAL
Contract Start Day	1st day of contract launch month. If 1st day is a holiday then the following working day
Last Trading Day	As per the Contract Launch Calendar
Trading	
Trading Session	Monday to Friday : 10.00 a.m. to 11.30 / 11.55 p.m.
Trading Unit	200 grams
Quotation/Base value	10 Grams
Price Quote	Ex-Ahmedabad (exclusive of all taxes relating to import duty, sales tax/VAT/Octroi as the case may be, and other charges/levies)
Tick Size	Rs. 1 per 10 grams
Initial Margin	Minimum 5% or based on SPAN whichever is higher
Delivery	
Quality specification	995 purity It should be serially numbered Gold bars supplied by LBMA approved suppliers or other suppliers as may be approved by MCX to be submitted along with supplier's quality certificate.
Due Date Rate	The DDR Price will be calculated on the expiry date based on the International price on that day at RBI reference rate. The USD price of Gold (995 purity) in troy ounce will be multiplied by 0.321507425 to get corresponding price in USD per 10 grams. This will be multiplied by RBI reference rate on that day of expiry to get price in INR per 10 grams and will be rounded to the nearest Rupee.
Delivery Logic	Both Option

About MCX:

Having commenced operations on November 10, 2003, Multi Commodity Exchange of India Limited (MCX) is India's first listed, national-level, electronic, commodity futures exchange with permanent recognition from the Government of India. MCX offers the benefits of fair price discovery and price risk management to the Indian commodity market ecosystem. Various commodities across segments are traded on MCX. These include bullion, energy, metals and agri commodities. The exchange has forged strategic alliances with various international exchanges, as well as Indian and international trade associations.

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