



Overview

- Inaugurated on November 10, 2003
- A demutualised and electronic platform, which facilitates online trading, clearing and settlement operations in commodity derivatives
- Regulated by the Forward Markets Commission (FMC), Union Ministry of Consumer Affairs, Food and Public Distribution
- More than 180,000 trading terminals
- 2000+ Members, Presence in 1,139 cities
- Average daily turnover of Rs 29,824 crore for nine months ended December 31, 2010
- In CY 2010, MCX was world's No. 1* # in Silver, No. 2* # in Gold, Copper & Natural Gas and No. 3* # in Crude Oil
- In CY 2010, MCX was 6th largest# commodity futures exchange, globally, in terms on No. of contracts traded

In terms of the number of commodity futures contracts traded for each of these commodities during this period

Source: Data published for the period between January 1 and December 31, 2010 on the websites of exchanges listed in "Certain Conventions"; use of Business market data, and Futures Industry Association Annual Volume Survey, March



Offers trading in 43 commodity futures (as of December 31, 2010)

PRECIOUS METALS



Gold



Silver

BASE METALS & OTHER METALS



Copper



Zinc



Nickel



Lead

ENERGY



Crude Oil



Natural Gas

AGRI



Cardamom



Mentha Oil



Potato



Cotton



Bullion



Characteristics of Gold

1. International currency
2. Safe commodity
3. Brings liquidity to market
4. Portfolio Diversification
5. Hedge against inflation

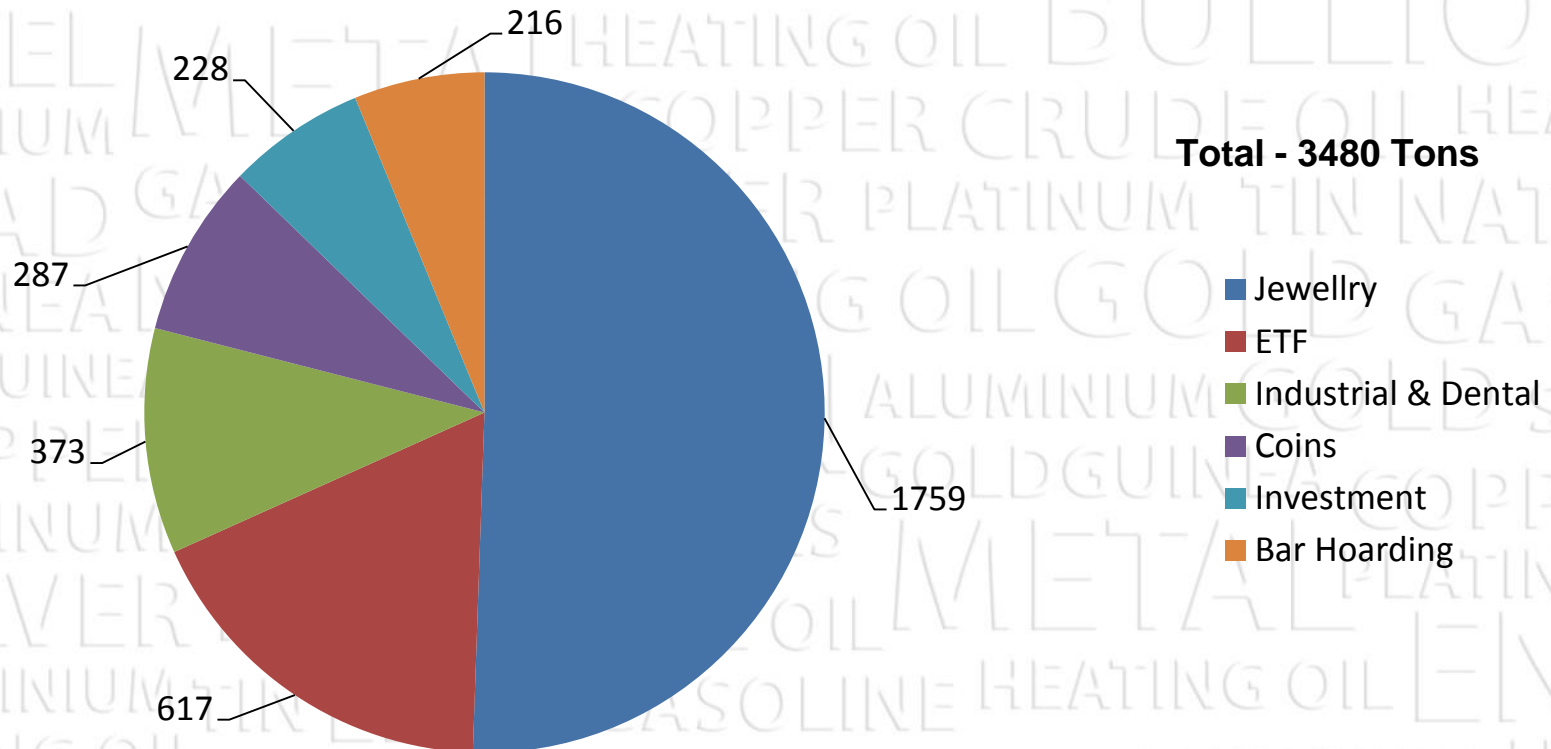


GOLD RESPONDS WHEN YOU NEED IT MOST

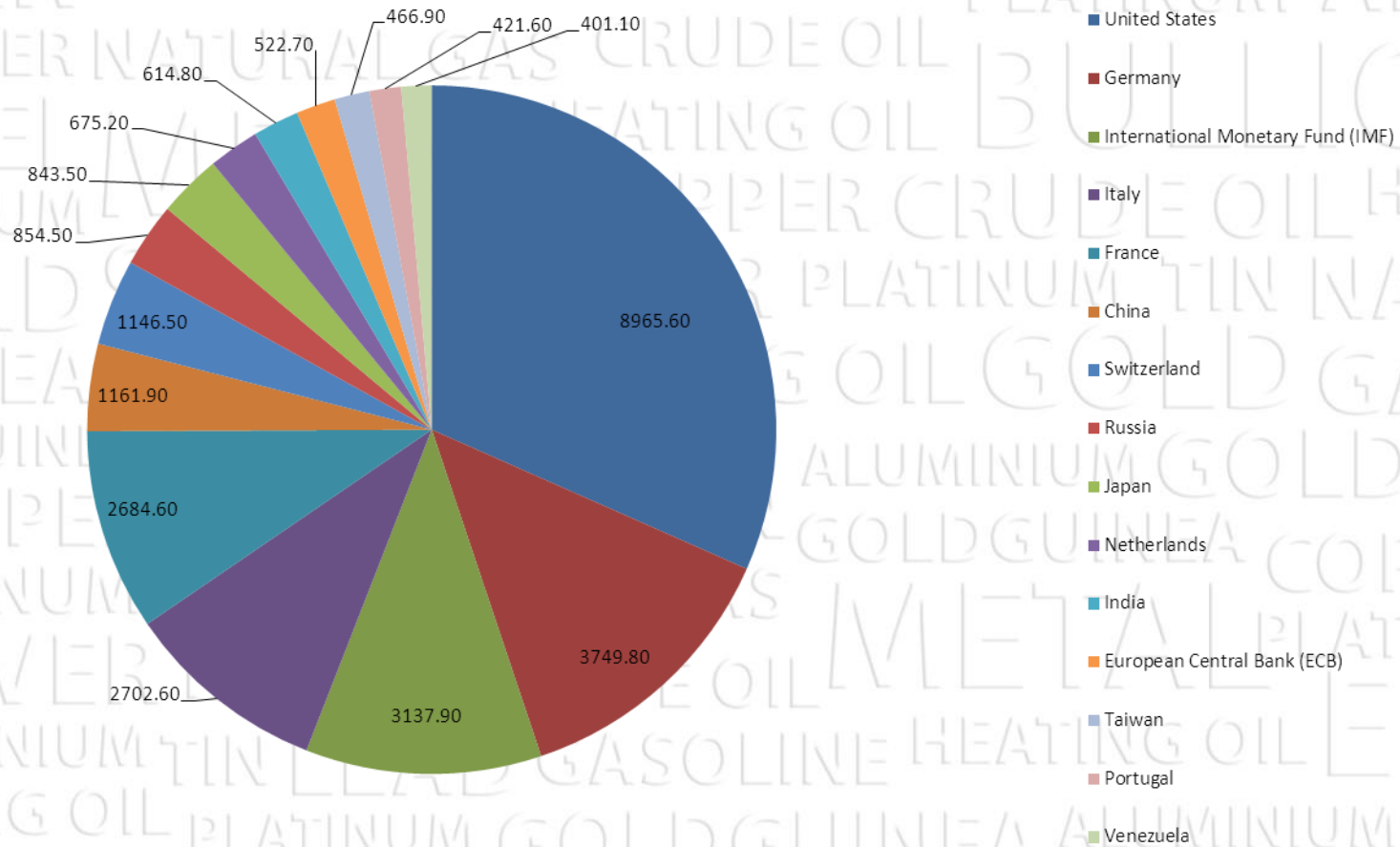
- London as the great clearing house
- New York as the home of futures trading
- Istanbul, Dubai, Singapore and Hong Kong as doorways to important consuming regions.
- Tokyo where TOCOM sets the mood of Japan
- Mumbai under India's liberalized gold regime



Gold Consumption



World - Gold Reserve Holding



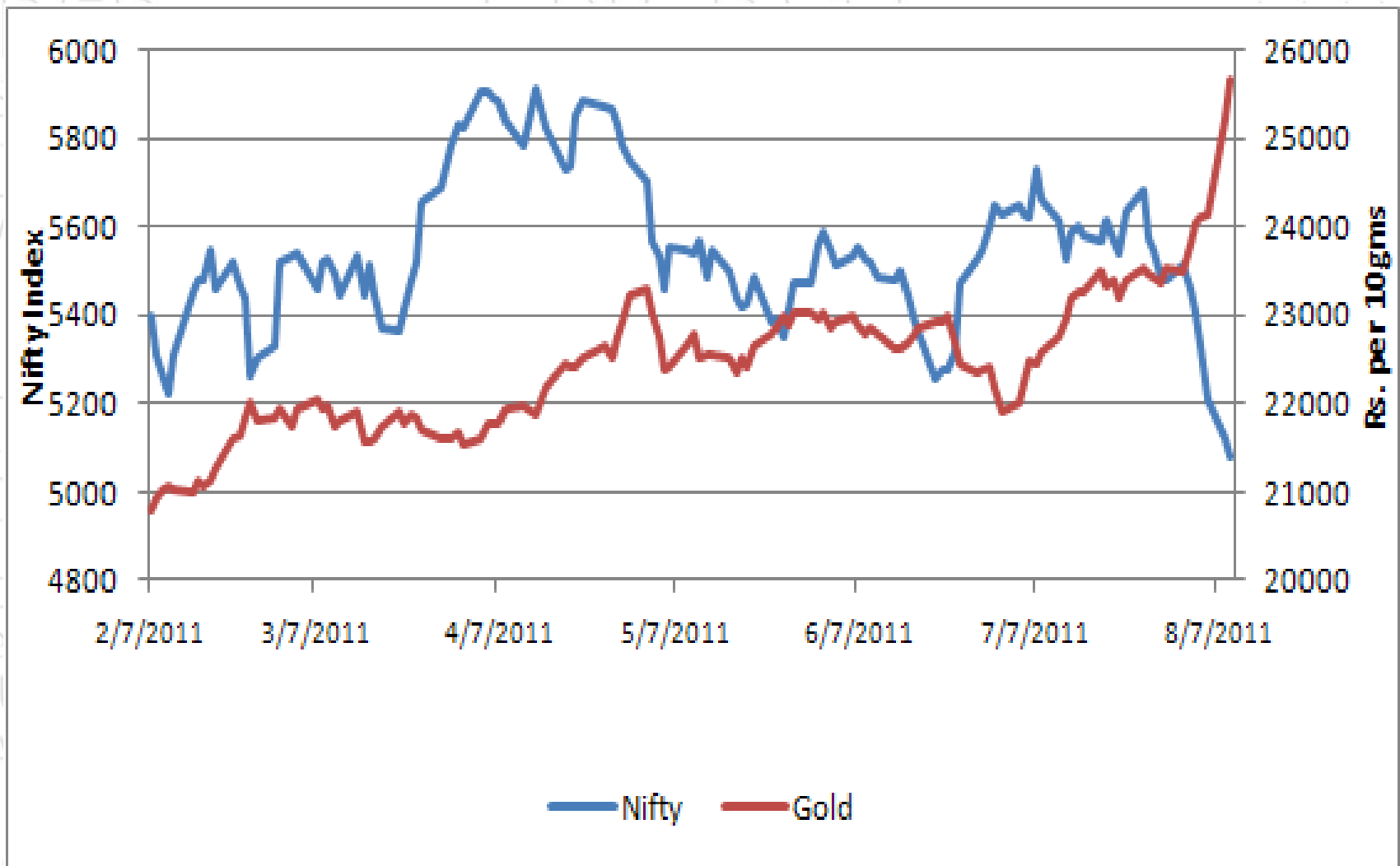
September 11 Attack(2001)



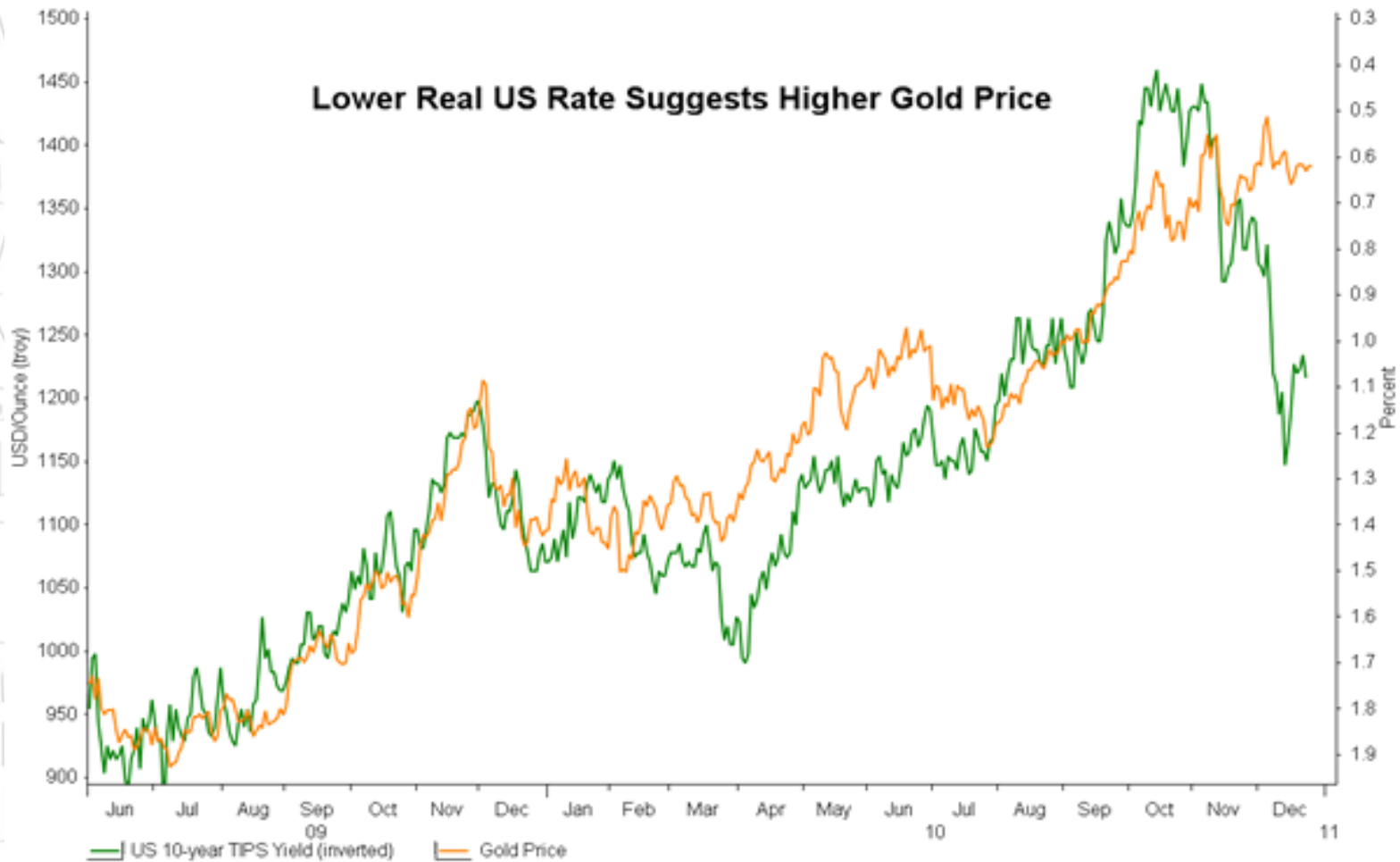
London Bombings



Comparison of MCX Gold -Nifty

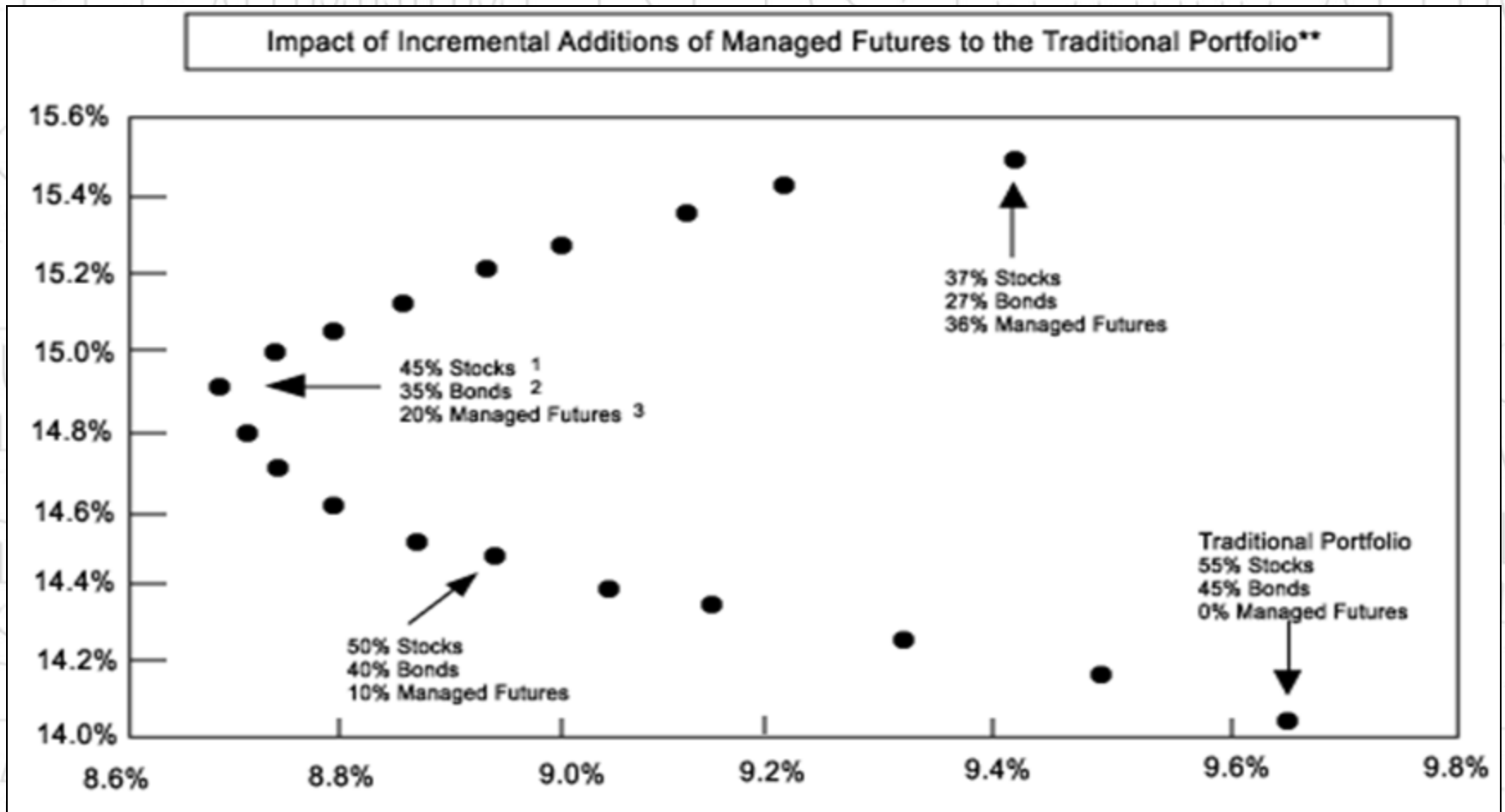


Interest Rates vs. Gold



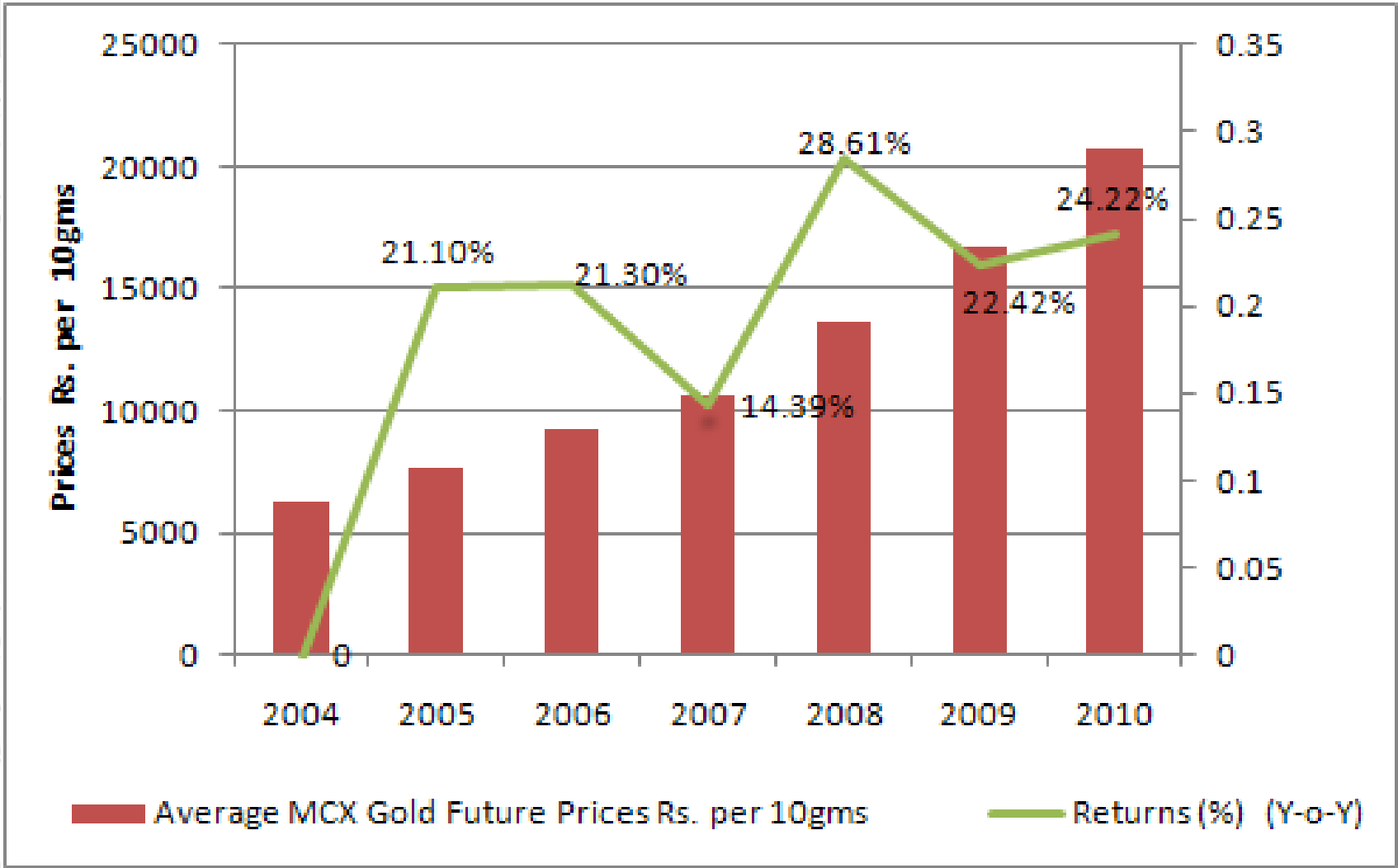
Source: Reuters EcoWin

Returns vs Risk : Benefits to Reap upon



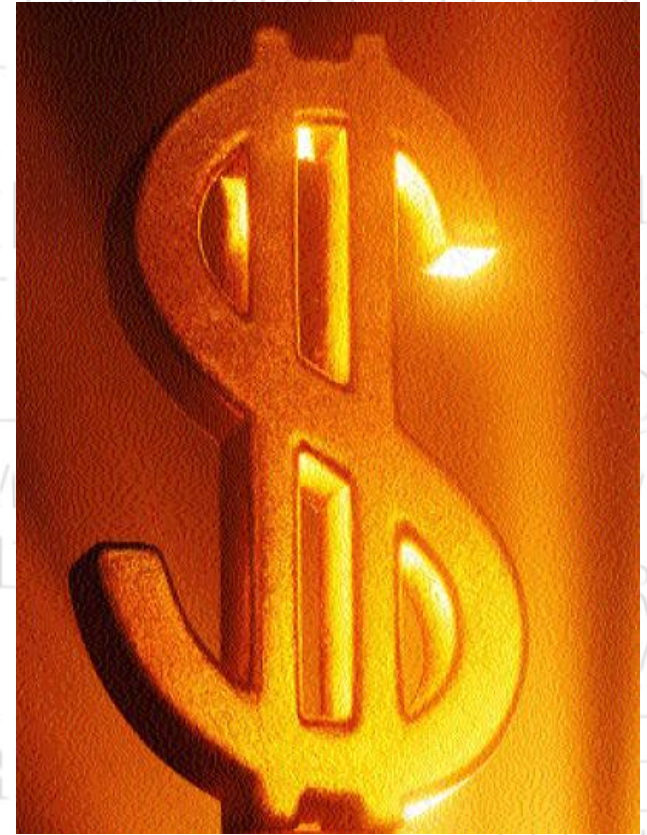
Source: CME
Study

Gold Returns



US Economic indicators affecting Gold

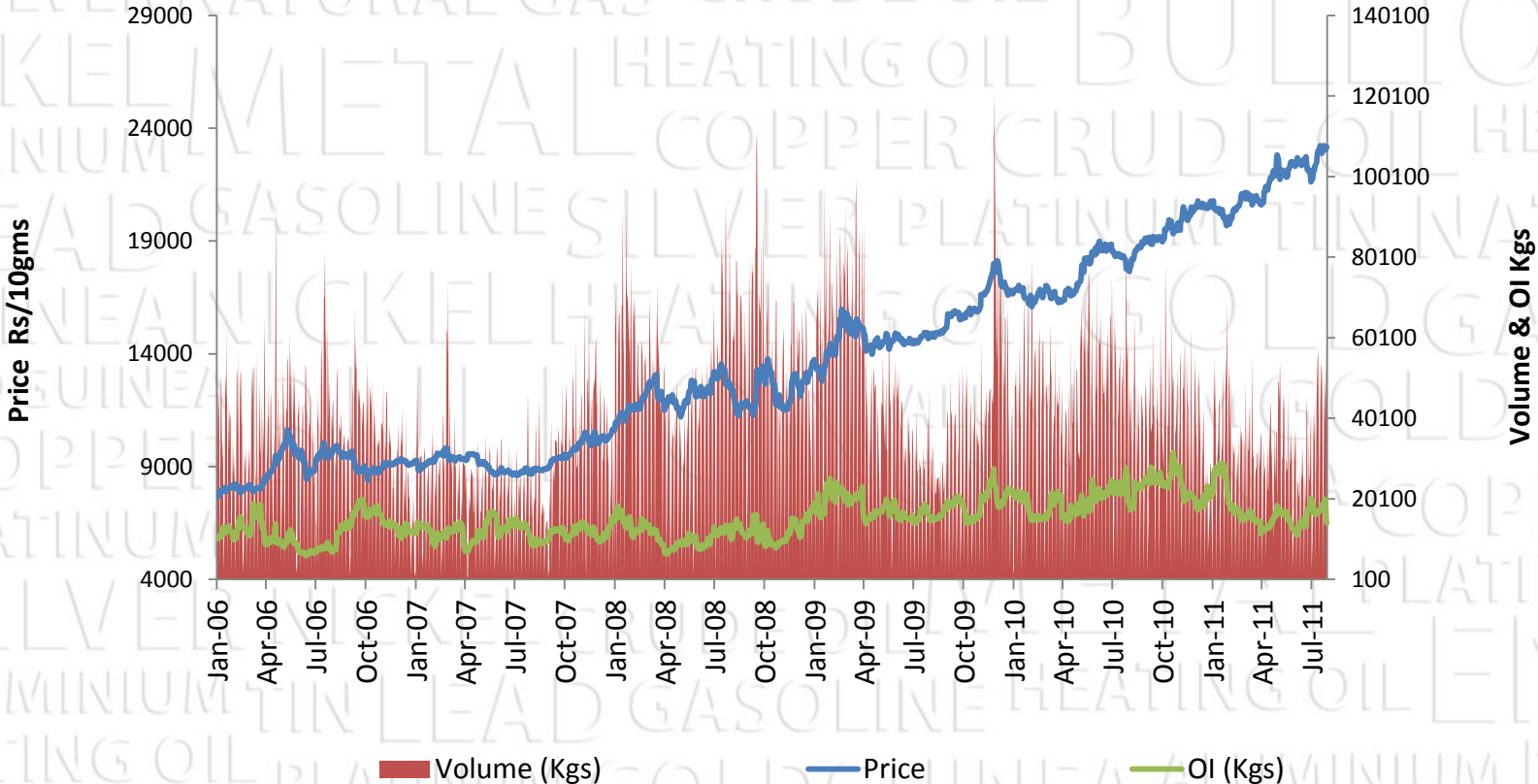
- Employment data – First Friday of month
- GDP – Last Friday of the month
- ISM Mfg. Index – First working day of month
- Trade Deficit – Third week of month
- Consumer price index- Third week
- Production price index – Third week
- Industrial production – Third week
- Retail sale – Third week
- Durable goods order – Last week
- Federal bank meeting (8 times in a year)



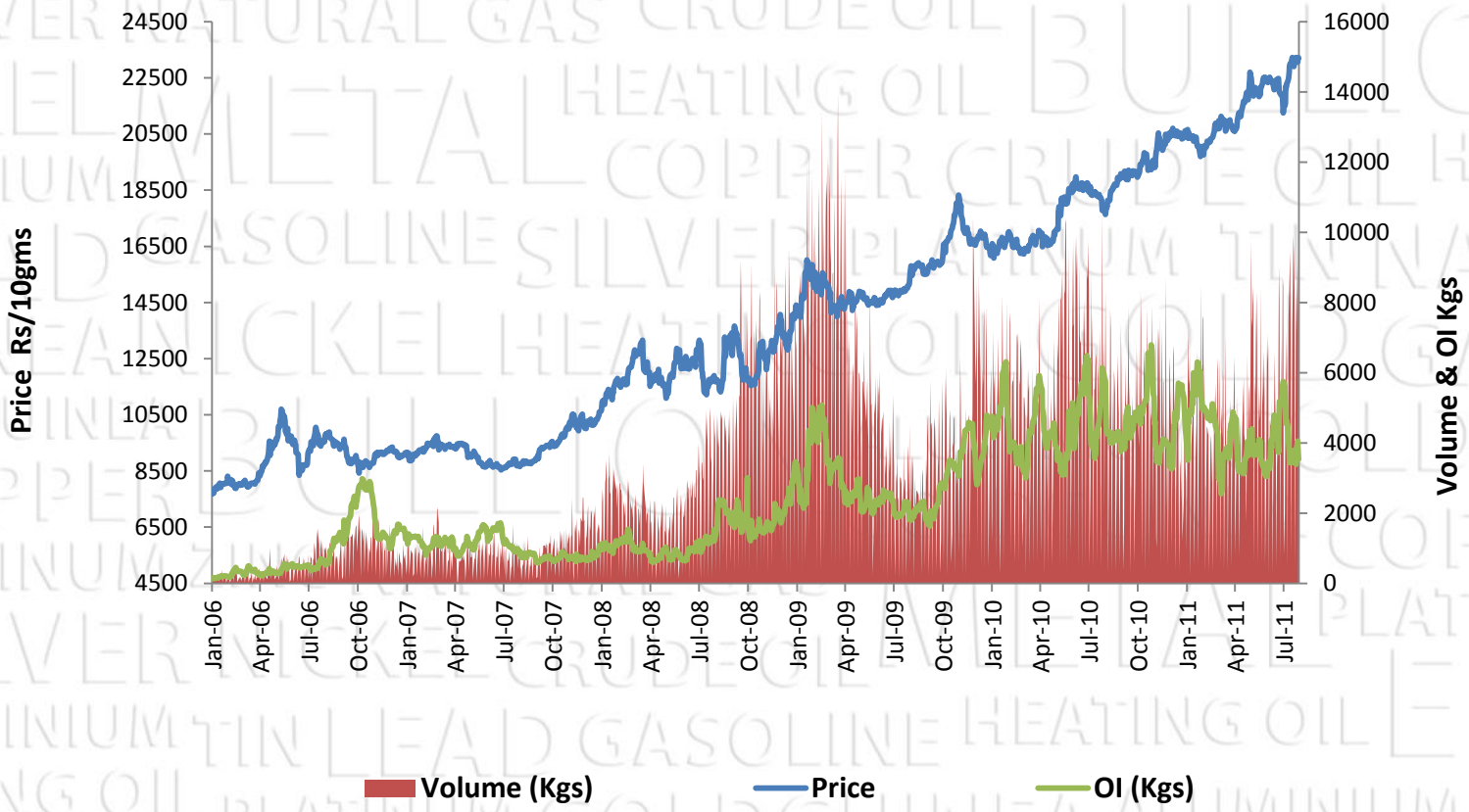
Contract Specifications



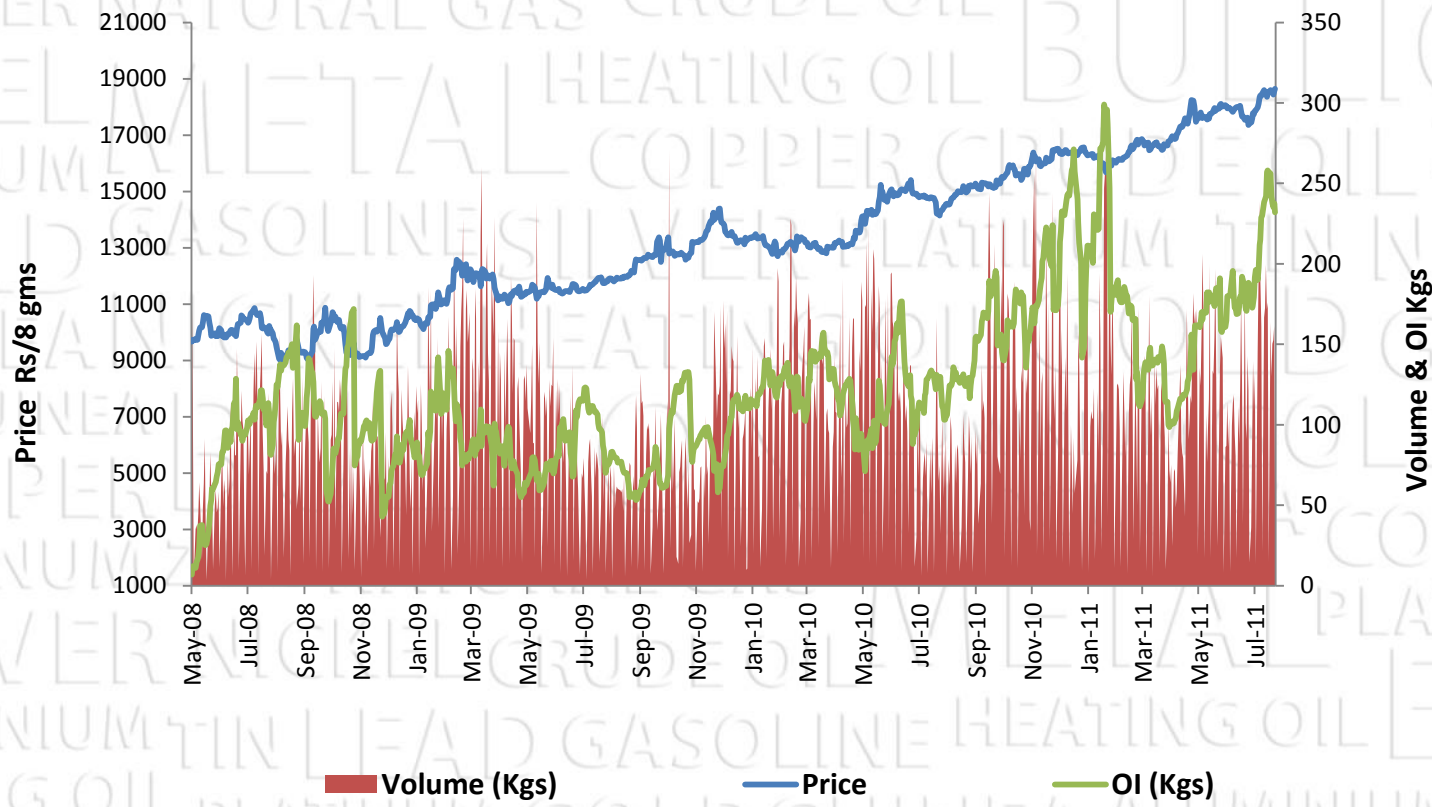
Gold Volume & Open Interest



Gold Mini Volume & Open Interest



Gold Guinea Volume & Open Interest



Features of Gold petal

- The World's first commodity exchange to launch 1gm Gold petal contract
- Physical delivery available in multiple of 8gm, delivery possible in demat or physical form
- Maximum duration to trade – Trade timing 10.00am to 11.55pm
- Purity 999 LBMA approved gold coin
- Absolute appreciation in value for gold
- Lowest Transaction cost
- Cost effective for retail clients (e.g. at CMP Rs. 2810/- Margin deposit required is Rs. 110/- Only)

Contract Specifications – GOLD Petal (1gms)

GOLD petal (1gram)

Contract Months	January to December (monthly contract)
Expiry Date	Last day of the contract expiry month
Trading Unit	1 Gram
Quotation	1 Gram
Price quote	Ex-Mumbai (inclusive of all taxes and levies relating to import duty, customs, but excluding Sales Tax / VAT, any other additional tax or surcharge on sales tax, local taxes and octroi)
Maximum order size	10 kg
Tick size	Re. 1
Daily Price Limit	3%
Initial Margin	4%
Tender period	5 preceding days before the contract expiry month.
Delivery Period	1st working day after the contract expiry
Delivery period margin	25% on marked quantity.
Delivery Unit	In multiples of 8 grams
Delivery logic	Compulsory
Delivery Center	Group 4 Securitas at Mumbai and at additional delivery centers at Ahmedabad ,New Delhi,Hyderabad, Bangalore, Chennai and Kolkata.
Quality Specification	999 purity, It should be serially numbered Gold Guinea 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 Calculation	Exchange shall announce the DDR based on the Mumbai Spot price for Gold (10gms) 995 purity, which shall be converted to 999 purity (Gold Spot price 995 purity * 999/995), polled on the last day of the expiry of this Gold Petal contract by around 5.00pm. The arrived spot price will be converted for 1 gms Gold Petal (Gold spot price per 10 gms X 1/10). No trading shall be allowed after the declaration of DDR
Making charges for taking delivery	Buyer shall have to pay Rs. 200/- (over and above the DDR) per Gold Guinea as a making charges, which shall be paid to the seller.

USP of MCX Gold petal (1gms) contract

Features	MCX Petal	Others
Delivery	Physical delivery on accumulation of 8gms	Physical delivery not possible OR on accumulation of 1000 units i.e. 1kg
Purity	Purity – 999 LBMA Approved	Purity – 995 LBMA Approved
Timing	10.00am to 11.55pm	9.00am to 3.30pm
Demat	Delivery can be in Physical or demat form	Compulsory
Investment in Gold	100%	90% to 100%
Added cost	No added cost	Recurring Expense charged (includes investment management and advisory fees)

USP of MCX Gold Guinea (8gms) contract

Features	MCX Gold Guinea (8gms. Contract)	Others
Pricing	2-3% above Import Parity	10-12% above Import Parity
Buy/Sell quotes	Offers better liquidity ie. Both buy/sell quotes offered	Only one way sell quotes provided
Quality	London Bullion Market Association (LBMA) approved, with tamperproof packing	No guarantee on quality in Physical markets
Impact cost as compared to Jewellers	Ability to buy/sell at lower impact cost	Difference in Bid/Ask quotes of around 100-200 Rs

Group 4 Vaulting Charges

Charges	Gold	Silver
Vault Charges	Rs.15/- per kg per day Rs.1.5/- per 100 gms per day and for Gold Guinea is Rs. 0.10 per Guinea	Rs. 22.50/- for 30 kg bar Per day.
Loading and Unloading charges	No loading/unloading charges for gold	Rs. 15/- per bar



Where's the real shine

	GOLD FUTURES	E-GOLD	GOLD ETF
Suited for	Active investors	Passive investors	Active as well as passive investors
Risk	High	Low	Moderate
Costs	Low. Transaction cost, brokerage and warehouse charge (0.03-2.0%)	Higher if converted to delivery. Transaction costs, brokerage, AMC and conversion charge (0.2-2.5%)	High. Storage and FMC (1.25-2.5%). If bought from broker, additional charges of 0.2-0.5%
Investment	100 per cent in gold	100 per cent in gold	90-100 per cent in gold, 0-10 per cent in debt
Returns	Mostly higher than those from physical gold	Equal to those from physical gold	Marginally higher, lower or equal to physical gold
Taxation	No wealth tax. Capital gains (cg) tax as per tax slab	Same as physical gold. Wealth tax applicable. LTCG tax if held for over 36 months	No wealth tax. STCG tax if held for less than 12 months; LTCG tax if held for more than a year
Purity	High	High	High
Min. Investment	Margin money can be as low as ₹700, depending on the contract value	₹2,100-2,300 (equal to the price of 1 g of gold)	₹5,000-20,000 depending on the fund house
Liquidity	High	High	High

Source: Outlook Money : 10th August 2011 : By Kavya Balaji

Gold Guinea Delivery

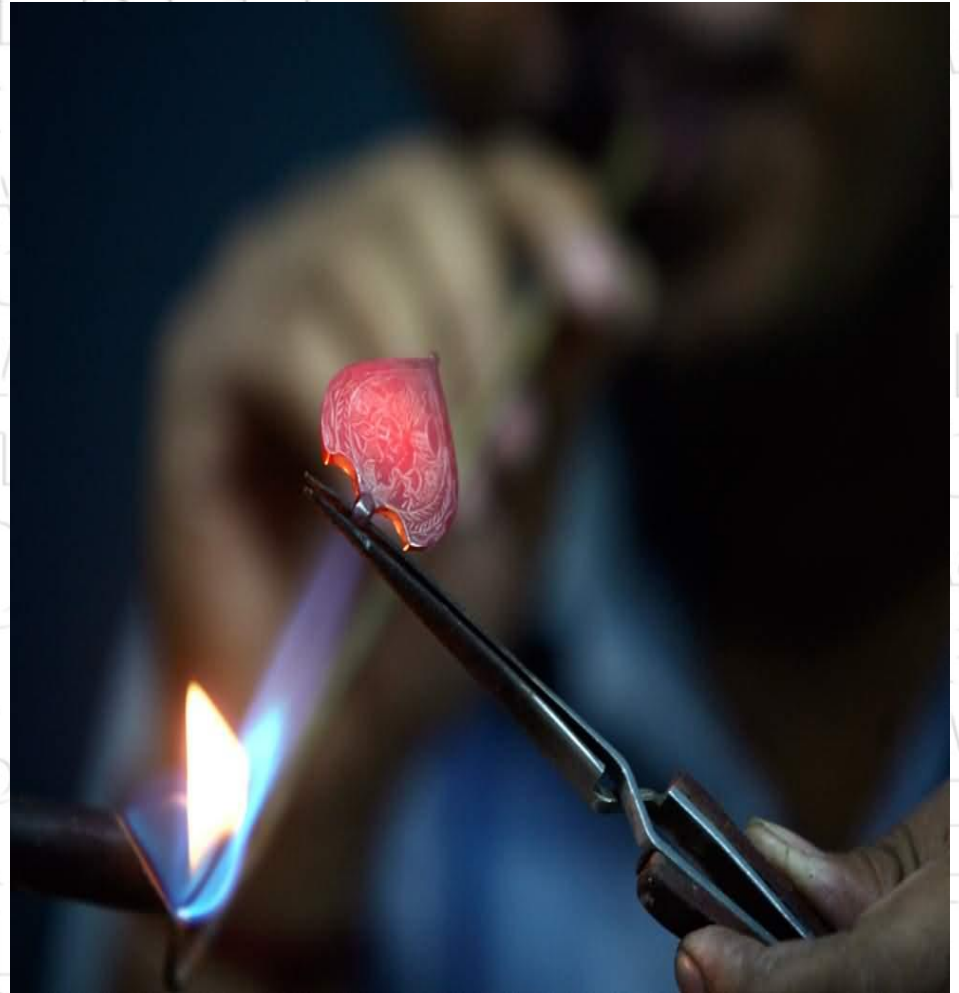
MONTH	COINS
Jul-08	3118
Aug-08	8900
Sep-08	4708
Oct-08	10908
Nov-08	10687
Dec-08	2713
Jan-09	1236
Feb-09	750
Mar-09	1150
Apr-09	769
May-09	43
Jun-09	229
Aug-09	17
Sep-09	37
Oct-09	5865
Nov-09	2686
Dec-09	755
Jan-10	1128
Feb-10	2072
Mar-10	1194
Apr-10	2956
May-10	1809
Jun-10	3936
Jul-10	2980
Aug-10	1115
Sep-10	5671
Oct-10	3673
Nov-10	6959
Dec-10	7337

MONTH	COINS
Jan-11	9923
Feb-11	5397
Mar-11	5015
Apr-11	3473
May-11	3703
Jun-11	1048
Jul-11	9014



Gold Petal Delivery

MONTH	COINS
May-11	490
Jun-11	720
Jul-11	408



Delivery Procedure

DELIVER LOGIC: -COMPULSORY DELIVERY – Any seller having open position on the expiry date fails to deliver then a penalty of 6.5% shall be imposed.

- **Tender Period:** 5 preceding days before the contract expiry month.
- **Pay-in of Commodities (Delivery by seller member):** E+3 basis by 5.00 p.m. except Saturdays, Sundays and Trading Holidays
- **Pay- in of Funds:** By 11.00 a.m. on E+4 basis
- **Pay- out of Funds:** E+4 working days after 2.00 p.m.
- **Pay-out of Commodities (Delivery to Buyer Member):** E+4 working days by 5.00 p.m.

Delivery Procedure

- **Close out of outstanding positions:** All outstanding positions on the expiry of contract not settled by way of delivery in the aforesaid manner will be settled as per the Due Date Rate.
- **DDR (Due Date Rate):** Exchange shall announce the DDR based on the Mumbai Spot price for Gold (10gms) 995 purity, which shall be converted to 999 purity (Gold Spot price 995 purity * 999/995), polled on the last day of the expiry of this Gold Petal contract by around 5.00pm. The arrived spot price will be converted for 1 gms Gold Petal (Gold spot price per 10 gms X 1/10). No trading shall be allowed after the declaration of DDR
- **Taxes, duties, cess and levies:** Ex-Mumbai, Inclusive of all charges/levies relating to import duty, customs to be borne by seller. **But excluding Sales Tax/ VAT**, any other additional tax or surcharge on sales tax, local taxes and octroi to be borne by the Buyer.

Odd Lot Treatment

- If buyer is in odd lot, it will be treated as buyer default, and the buyer will be penalized.
- If seller is in odd lot, it will be treated as seller default, and the seller will be penalized.

- IN CASE OF FAILURE TO TAKE OR MAKE DELIVERY BY ANY OF THE PARTY A **PENALTY OF 2.5%** IS LEVIED ON THE DEFAULTING PARTY. 2% will be credited to IPF & 0.5% is credited to counter party.
- 4% is levied as replacement cost to defaulting seller/buyer : Out of which 90% is given to counter party & 10% retained by Exchange as administrative charges

ADDITIONALLY

- On the date of default by the Seller, if spot price is higher by 6.5% or more than the DOR (Delivery Order Rate), then the difference amount between Spot Price on default date minus (DOR + 6.5 % of DOR). e. g. DOR is ` 100 and Spot Price is ` 110, then the difference amount would be ` 3.5 i.e. ` 110 -(100 + 6.50). Such difference will be charged to the seller.
- On the date of default by the Buyer, if spot price is lower by 6.5% or more than the DOR (Delivery Order Rate), then the difference amount between DOR minus (Spot Price on default date + 6.5 % of DOR). e.g. DOR is ` 100 and Spot Price is ` 90 on default date , then difference amount would be ` 3.5 i.e. ` 100 - (90 + 6.50). Such difference will be charged to the buyer.
- **Option of Delivery:** It can be in physical or Demat form. If seller's produce in Demat form the buyer get in Demat. If seller's produce in physical form the buyer get in physical form.
- "VAT IN AHMEDABAD IS 1%"

Silver

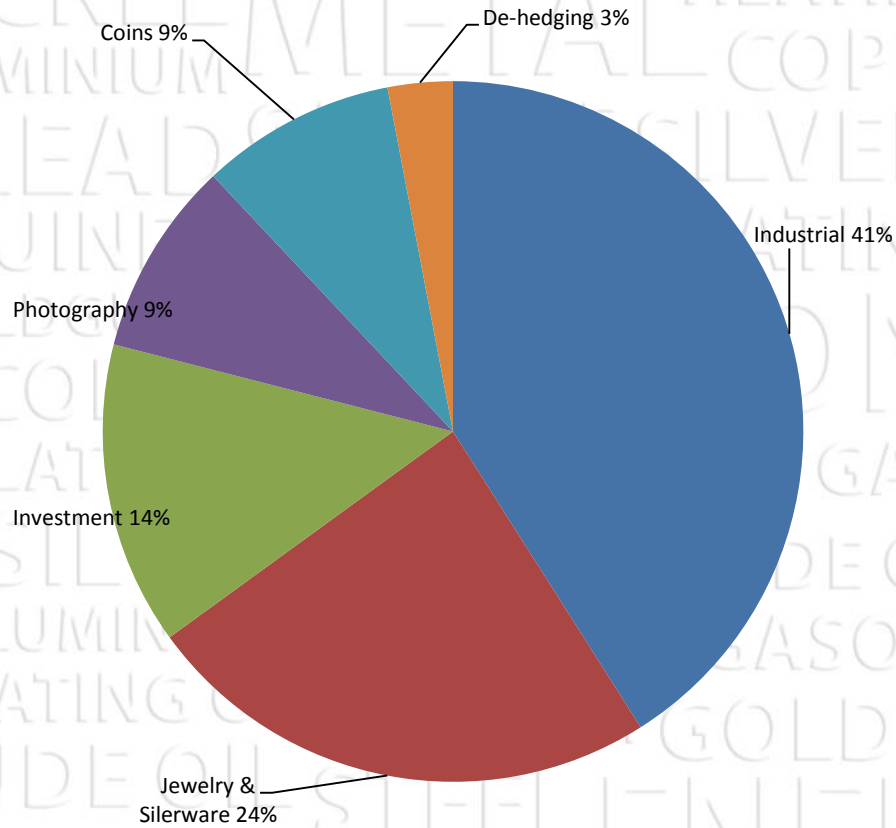


Uses of Silver

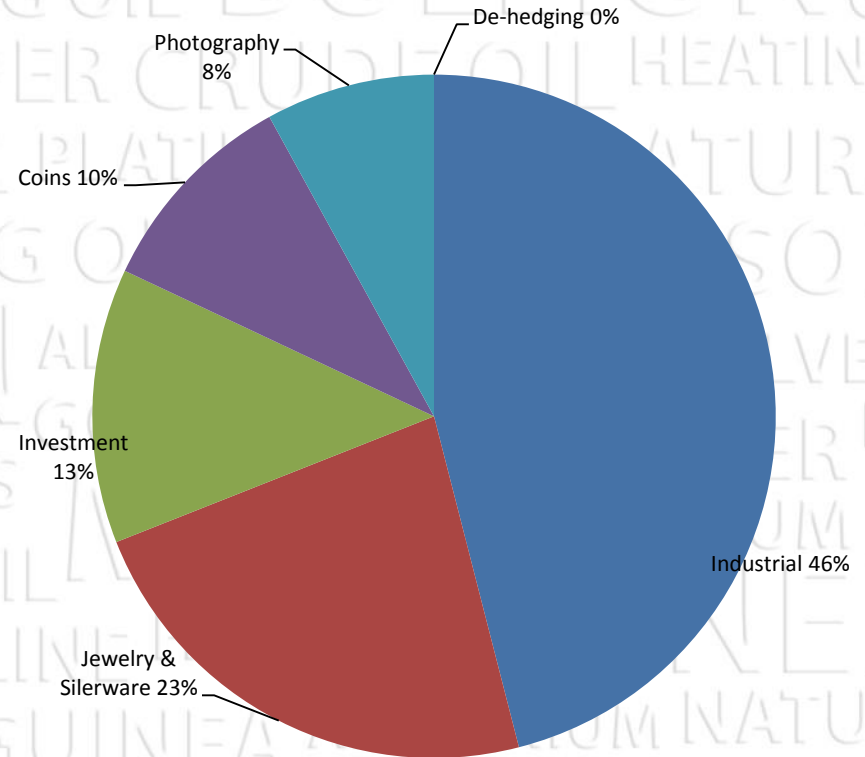
- Industrial and decorative uses, photography and jewellery & silverware.
- Electrical and Electronics
- Solar Energy
- Medical Applications

World Silver Demand

2009

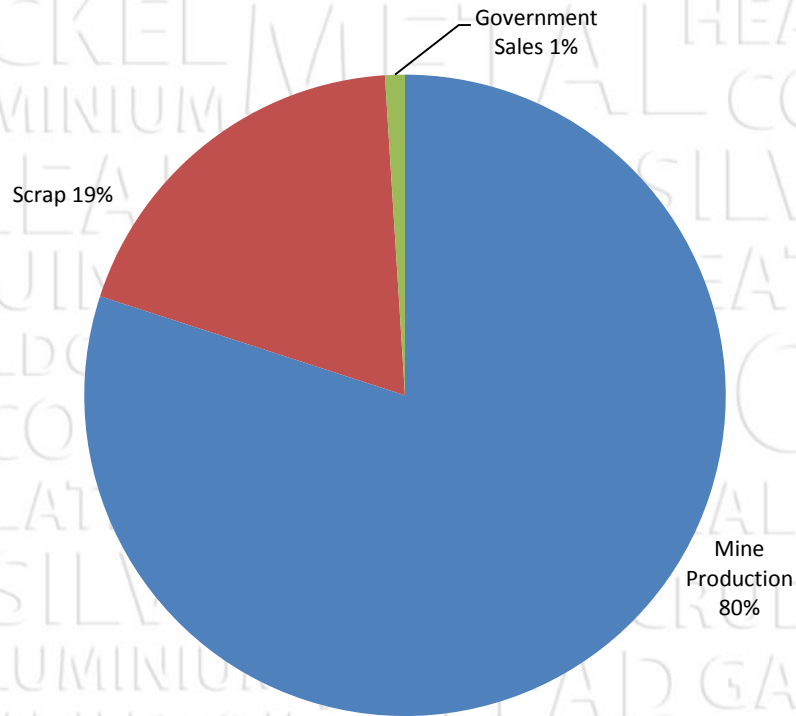


2010

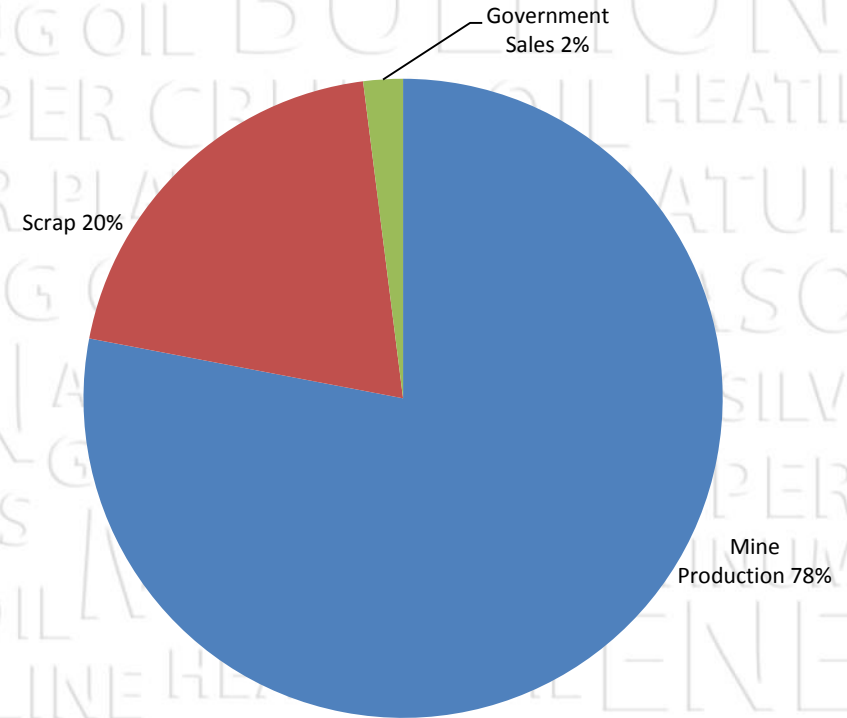


World Silver Supply

2009



2010



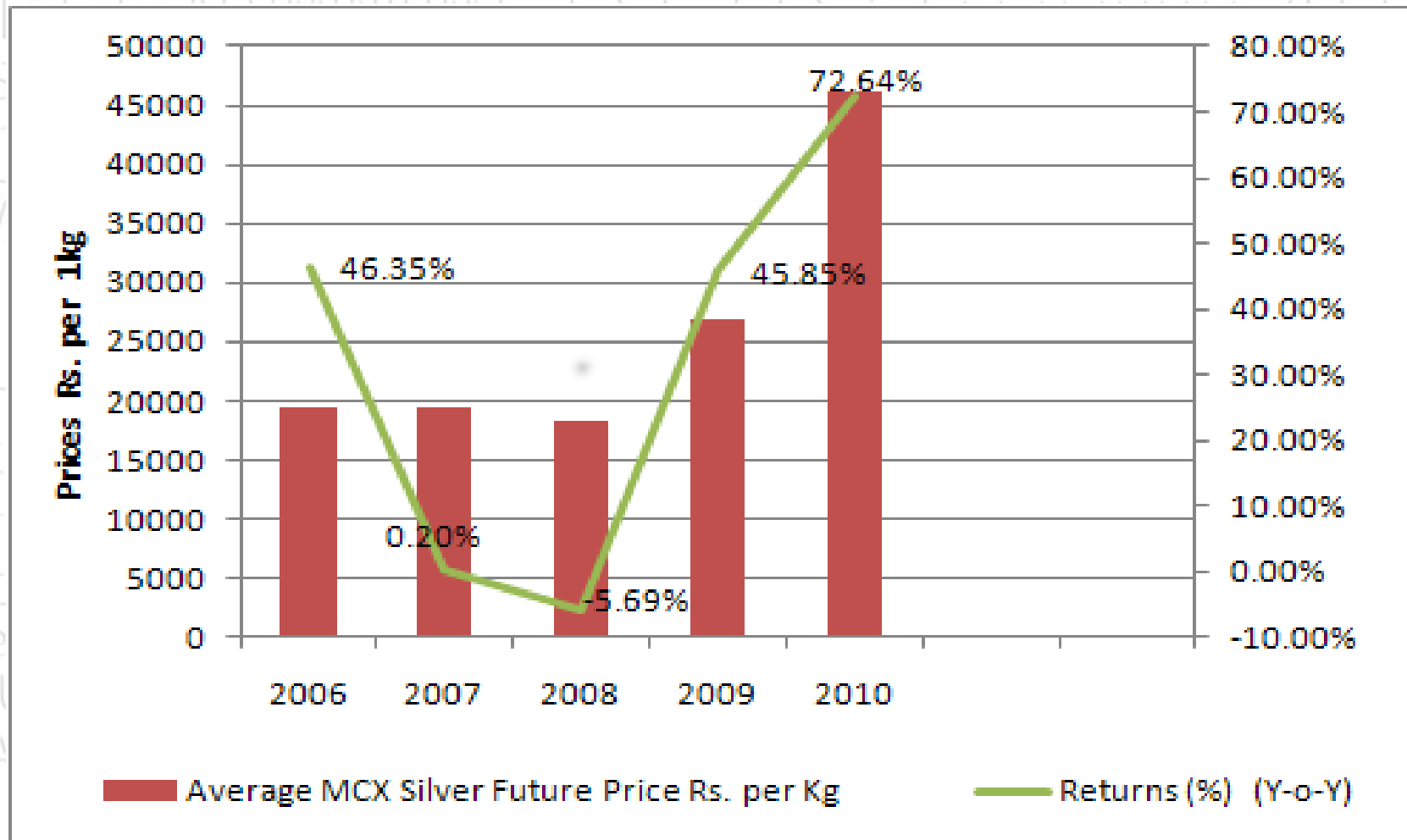
Contract Specifications



Contract Specification – Silver

SILVER Micro	
Contract Months	February, April, June, August & November
Expiry Date	Last working day of the month prior to the contract expiry month
Trading Unit	1 Kgs
Quotation	1 Kgs
Price quote	Ex- Ahmedabad (inclusive of all taxes & levies relating to import duty but excluding sales tax/VAT, any other additional tax or surcharge & octroi)
Maximum order size	600 Kgs
Tick size	Re. 1
Daily Price Limit	4%
Initial Margin	5%
Tender period	1 st working day after expiry of the contract
Delivery Period	1 st to 3 rd working days after expiry of the contract.
Delivery period margin	5% incremental margin
Delivery Unit	30 Kgs
Delivery logic	Both option
Delivery Center	Ahmedabad
Quality Specification	999 fineness (Serially numbered Silver bars supplied by LBMA approved suppliers)
Due Date Rate Calculation	Settlement rate will be the official closing price fixed by the system on the basis of Silver 30 Kg contract of the same day.

Silver Returns



Silver Micro – Right product for retail clients

- Cost effective for retail clients (e.g. at CMP Rs. 65100/- Margin deposit required is Rs. 3255/- Only)
- Can be used as portfolio diversification tool for retail clients having exposure to other assets
- Kind of SIP investment in commodity market for clients who want to start investing mainly in silver

THANK YOU

Multi Commodity Exchange of India Limited is proposing, subject to market conditions and other considerations, a public offer of equity shares by way of an offer for sale and has filed a Draft Red Herring Prospectus ("DRHP") with the SEBI. The DRHP is available on the websites of SEBI at www.sebi.gov.in and the book running lead managers at www.edelcap.com, <http://www.online.citibank.co.in/rhtm/citigroupglobalscreen1.htm> and www.morganstanley.com/indiaofferdocuments. Investors should note that investment in equity shares involves a high degree of risk and for details in relation to risk factors, please see the section titled "Risk Factors" in the DRHP.

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