

Contract Specifications of Brent Crude Oil

Symbol	BRENT CRUDEOIL
Description	BRENTCRUDEMMYY
Contracts available for trading: As per Contract Launch Calender at Appendix - I	
Trading	
Trading Period	Mondays through Saturdays
Trading Session	Monday to Friday: 10.00 a.m. to 11.30 p.m. Saturday: 10.00 a.m. to 2.00 p.m.
Trading Unit	100 barrels
Quotation / Base value	Rs. per barrel
Maximum Order Size	10,000 barrels
Tick Size (minimum price movement)	Re. 1
Price Quote	Ex – Mumbai (excluding all taxes, levies and freight)
Daily Price Limits	4%
Initial Margin	5%
Special Margin	In case of additional volatility, a special margin at such percentage, as deemed fit, will be imposed immediately on both buy and sale side in respect of all outstanding positions, which will remain in force till volatility persists, after which the special margin may be relaxed.
Maximum Allowable Open Position	For individual clients: 150,000 barrels For a member collectively for all clients: 600,000 barrels or 20% of the total market position, whichever is higher
Delivery	
Delivery Unit	50,000 barrels with +/- 2% tolerance limit
Delivery Period Margin	25%
Delivery Center	Port installation at Mumbai / JNPT port

Quality Specifications	Brent Blend confirming to the following quality specification is deliverable: - API Gravity: Between 38 degree – 39 degree - Sulfur: 0.4% by weight or less
Delivery Logic	Both

Appendix - I

Contract Launch Calendar

Contract Launch Month	Contract Expiry Month
11th April 2010	10th July 2010
11th May 2010	10th August 2010
11th June 2010	10th September 2010
11th July 2010	10th October 2010
11th August 2010	10th November 2010
11th September 2010	10th December 2010

Annexure 2

Delivery and Settlement Procedure of Brent Crude Oil Contract

Delivery logic	Both Option
Tender day	1 st working day after expiry of contract by 6.00 p.m.
Tender and delivery period	1 st to 2 nd working days after expiry of the contract.
Buyer's and Seller's Intention	On the contract expiry day by 6.00 p.m. Seller will submit copies of relevant documents as evidence that he is holding stock at the time of giving his intention.
Mode of communication	Fax / Courier
Matching of Buyer's and Seller's intention	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.
Dissemination of the information on delivery intention on TWS	On the contract expiry day by 7.00 p.m.
Delivery period margin	25% margin will be imposed during tender and delivery period on both buyers and sellers on matched quantity.
Exemption from delivery period margin	Delivery period margin is exempted if the Seller provides documentary evidence of the delivery at the Exchange's designated delivery center.
Delivery allocation - Date - Rate	On expiry date of the Contract At due date rate (DDR)
Delivery pay-in	E+1 working day by 5.00 p.m. (E stands for expiry)
Delivery pay-out	E+2 working days by 5.00 p.m.
Pay-in of funds	E+2 working days by 11.00 a.m.
Pay-out of funds	E+2 working days after 2.00 p.m.
Penal provisions	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 4% will be recovered from the defaulting buyer / seller. Out of the penalty, 2% will be credited to IPF and 0.5% will be credited to the counter party. 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.
Delivery center	Port installation at Mumbai / JNPT port
Deliverable grade	The selling members tendering delivery will have the option of delivering such grades as per the contract specifications. The buyer has no option to select a

	particular grade and the delivery offered by the seller and allocation by the Exchange shall be binding on buyer.
Odd lot treatment	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 DDR.
Storage, Insurance and Freight charges	The freight, insurance, storage and all other expenses will be on account of the buyer.
Taxes, duties, cess and levies	All other charges, levies or Cess, freight, import or export duties and taxes applicable at the delivery center will be on account of buyer. The seller will issue invoice in the name of the buyer, accordingly.
Endorsement of delivery order	The buyer member can endorse delivery order to a client or any third party with full disclosure given to MCX. Responsibility for contractual liability would be with the original assignee.
Extension of delivery period	As per the Exchange decision due to a force majeure or otherwise.
Due date rate	DDR is calculated on the last trading day of the contract on the basis of the market price of Brent crude oil, ex-Mumbai, excluding all taxes, levies and freight, as available for this variety from various market sources and converted at the Rupee-US Dollar rate prevailing on expiry
Legal obligation	The member will provide appropriate tax forms wherever required as per law and as customary and neither of the parties will unreasonably refuse to do so.
Matching of intention of buyers and sellers	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 will be closed out as per the due date rate and actual delivery will be effected only to the extent of matched quantity.
Dissemination of information on tendered delivery	On each tender days by 7.00 p.m. onwards on trading workstation
Evidence of stock in possession	At the time of issuing the delivery order, the Member must satisfy MCX that he holds stocks of the quantity and quality specified in the Delivery Order at the declared delivery center by producing bank documents/ LC/ appropriate receipt.
Delivery order	Along with tender notice, Brent Crude Oil delivery order will be submitted in specified format giving details of Members / Registered Non-Members who shall perform delivery.

	<p>Each delivery order issued shall be in multiples of minimum delivery lots and shall be designated for only one delivery center and one location in such center.</p> <p>It will be accompanied with Storage / Shipping / import / export documents, invoice and valid Quality Certificate as per Contract Specifications from Exchange designated certifier. Delivery order once submitted cannot be withdrawn or cancelled or changed unless so agreed by MCX in writing. Members tendering the delivery order shall clearly specify the grade and shall be in conformity with the surveyor's certificate accompanied with the delivery document and cannot be changed subsequently.</p>
<p>Closing out of outstanding position</p> <p>Applicability of Byelaws, Rules, Business Rules of the Exchange.</p>	<p>All outstanding positions on the expiry of contract where expression of interest for tendering delivery or receiving delivery has not been received and such positions where expression of intentions have been received but have not found the counter party for honoring the intentions, shall be closed out at due date rate and respective pay-in and pay-out of funds of such close out positions shall be effected on the following day of last day of trading by 11.00 a.m.</p> <p>The general provisions of Byelaws, Rules and Business Rules of the Exchange and decisions taken by Forward Markets Commission, Board of Directors and Executive Committee of the Exchange in respect of matters specified above will form an integral part of this contract. The Exchange or FMC as the case may be further prescribe additional measures relating to delivery procedures, warehousing, quality certification, margining, risk management from time to time. The buyer shall have to lodge their claim against quality of goods / delivery allocated to them, if any, within 48 hours from the date of scheduled pay out of the Exchange and failing which, no claim shall be entertained by the Exchange thereafter. (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>