

**Contract Specifications of Carbon Credit – Certified Emission Reduction (CER)**

<b>Symbol</b>	CER
<b>Description</b>	CERMMYY
<b>Contract Listing</b>	Contracts are available for February, May, August, and November calendar months of the year, as per the Contract Launch Calendar.
<b>Last Trading Day</b>	25 <sup>th</sup> of contract month. If 25 <sup>th</sup> is a holiday or Saturday then preceding working day.
<b>Trading</b>	
<b>Trading Period</b>	Mondays through Saturdays
<b>Trading Session</b>	Monday to Friday: 10.00 a.m. to 11.30 p.m.
	Saturday: 10.00 a.m. to 2.00 p.m.
<b>Trading Unit</b>	250 tons of CER units
<b>Quotation/Base Value</b>	Rs. per ton
<b>Maximum Order Size</b>	10,000 tons
<b>Tick Size (min price movement)</b>	50 paise per ton
<b>Daily Price Limits</b>	<p>The base price limit will be 4%. Whenever the base daily price limit is breached, the relaxation will be allowed upto 6% without any cooling off period in the trade. In case the daily price limit of 6% is also breached, then after a cooling off period of 15 minutes, the daily price limit will be relaxed upto 9%</p> <p><i>In case price movement in international markets is more than the maximum daily price limit (currently 9%), the same may be further relaxed in steps of 3% with the approval of FMC.</i></p>
<b>Initial Margin</b>	6%
<b>Special Margin</b>	In case of additional volatility, an additional margin (on both buy & sell side) and/ or special margin (on either buy or sell side) at such percentage, as deemed fit, will be imposed in respect of all outstanding positions.
<b>Maximum Allowable Open Position</b>	For individual clients: 5,000,000 tons
	For a member collectively for all clients: 25,000,000 tons or 15% of the market wide open position whichever is higher

<b>Delivery</b>	
<b>Delivery Unit</b>	250 tons of CER units
<b>Delivery Center</b>	Mumbai
<b>Quality Specifications</b>	CERs issued by the UNFCCC authorities, excluding CERs related to CFC projects, nuclear, land use, land use change, forestry projects, valid for sales in the buyers markets as per Kyoto Protocol.
<b>Delivery Logic</b>	Both Option
<b>DDR</b>	Due Date Rate is calculated on the last day of the contract expiry, by taking International price of CER and it would be multiplied by Rupee – Euro rate as notified by Reserve Bank of India on that particular day.

### Contract Launch Calendar

<b>Contract Launch Months</b>	<b>Contract Expiry Months</b>
January 2010	February 2011
January 2010	May 2011
January 2010	August 2011
January 2010	November 2011

**Delivery and Settlement Procedure of Carbon Credit – Certified Emission Reduction**

<b>Delivery logic</b>	Both Option
<b>Tender day</b>	1 <sup>st</sup> working day after expiry of contract
<b>Tender and delivery period</b>	1 <sup>st</sup> to 2 <sup>nd</sup> working days after expiry of the contract.
<b>Buyer's and Seller's Intention</b>	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.
<b>Mode of communication</b>	Fax / Courier
<b>Matching of Buyer's and Seller's intention</b>	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.
<b>Dissemination of the information on delivery intention on TWS</b>	On the contract expiry day by 7.00 p.m.
<b>Delivery period margin</b>	25% margin will be imposed during tender and delivery period on both buyers and sellers on matched quantity.
<b>Exemption from delivery period margin</b>	Delivery period margin is exempted if the Seller provides with documentary evidence of the delivery at the Exchange's designated delivery center.
<b>Delivery allocation</b> - Date - Rate	On expiry date of the Contract At due date rate (DDR)
<b>Delivery pay-in</b>	E+1 working day by 5.00 p.m. (E stands for expiry)
<b>Delivery pay-out</b>	E+2 working days by 5.00 p.m.
<b>Pay-in of funds</b>	E+2 working days by 11.00 a.m.
<b>Pay-out of funds</b>	E+2 working days after 2.00 p.m.
<b>Penal provisions</b>	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% of DDR 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 counter party and 10% will be retained by the Exchange towards administrative expenses.
<b>Taxes, Duties, Cess and Levies</b>	All other charges, levies or Cess and taxes as applicable will be on account of buyer.
<b>Close out of open positions</b>	All outstanding positions on the expiry of contract where expression of interest for tendering delivery or receiving

	<p>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>
<b>Due Date Rate (DDR)</b>	<p>Due Date Rate is calculated on the last day of the contract expiry, by taking International price of CER and it would be multiplied by Rupee – Euro rate as notified by Reserve Bank of India on that particular day.</p>
<b>Odd lot treatment</b>	<p>Not applicable</p>
<b>Delivery center</b>	<p>Mumbai</p>
<b>Delivery order</b>	<p>Along with tender notice, CER delivery order will be submitted in specified format giving details of Members / Registered Non-Members who shall perform delivery. The evidence of delivery shall be to the satisfaction of the buyer and the Exchange.</p> <p>Each delivery order issued shall be in multiples of minimum delivery lots and shall be designated for the specified delivery center.</p> <p>It will be accompanied with appropriate documents showing evidence of holding specified quantity of CER. 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 project type and cannot be changed subsequently.</p>
<b>Delivery grades</b>	<p>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.</p>
<b>Evidence of stock in possession</b>	<p>At the time of issuing the delivery order, the seller must satisfy MCX that he holds CER through appropriate documentation. The Exchange may seek additional protection to safeguard delivery from the seller.</p>
<b>Endorsement of delivery order</b>	<p>The buyer member can endorse delivery order to a client or any third party with full disclosure given to the Exchange. Responsibility for contractual liability would be with the original assignee.</p>
<b>Legal obligation</b>	<p>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.</p>
<b>Extension of delivery period</b>	<p>As per the Exchange decision due to a force majeure or otherwise.</p>
<b>Applicability of Byelaws, Rules, Business Rules of the Exchange</b>	<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 and integral part of this contract. The Exchange or FMC, as the case may be, may further</p>

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.)