



NATIONAL COMMODITY EXCHANGE LIMITED

NCEL 10 Tola Gold Product Note

The contents of this Product note are subject to the Regulations of National Commodity Exchange Limited (Exchange). This product note should be read in conjunction with Exchange issued circulars and notices which govern different norms and procedures for Trading, Risk Management, Clearing and Settlement.

NCEL 10 Tola Gold Futures Contract Specifications

Trading Hours	The hours of trading for NCEL 10 Tola Gold Futures Contract will be Monday to Friday (excluding Exchange specified holidays): Pre-Open Session: 11:15 am to 11:28 am PST Open Call Session: 11:28 am to 11:30 am PST Normal Trading Session: 11:30 am to 09:00 pm PST Market Close 9:00 pm
Unit of Trading	10 Tola (1Tola=11.664 grams)
Delivery Unit	10 Tola of Gold assaying not less than 999.0 fineness.
Trading System	NCEL ETS
Tick size	Re. 1
Contract Grade & Quality	In fulfillment of each contract, Sellers must deliver refined Gold assaying not less than 999.0 fineness cast in 10 Tola Bars. Only deliveries from exchange approved Refiner's meeting the 'Good Delivery' criteria approved by the Exchange will be accepted. The quantities of physical Gold held by the Selling Brokers at the Exchange designated Vault will be commingled and credited to their Margin account with NCEL.
Price Quotation	Price quoted shall be in Rs. per Tola of Gold with 999.0 fineness, Ex-Karachi inclusive of all taxes, duties, etc.
Days Traded In	The days listed for trading are Monday - Friday, excluding Exchange Holidays and at the discretion of the Exchange.
No. of Active Contracts	A maximum of 5 contracts may be made available for trading. The final settlement of each contract will be at least one week from its commencement. i.e a contract listed on Monday will be settled on the following Monday.
Price Limit	+/-5% from the previous days settlement price or as determined by the Exchange.
Pre-trade Check	All Buyers' and Sellers' orders will be subject to a pre-trade check.
Initial Margin for Buyers	Minimum Initial Margin will be 25% in cash only
Maintenance Margin for Buyers	Maintenance Margin will be 15% in cash only

Initial Margin for Sellers Sellers must have an equivalent credit of Gold in their Margin account maintained with NCEL. **Short selling is not allowed.**

Daily Settlement Price All open positions will be marked-to-market using the Daily settlement price which shall be the consensus price determined during the closing session. Exchange can also determine the daily settlement price in the manner and the conditions described herein or in such other manner as may be determined by the Exchange from time to time:

- Value Weighted Average Price
- Theoretical Futures Price

Theoretical futures price will be calculated as International Spot Price* $\{e^{(r*t)}\}$, where r = linear interpolation of 1, 2 and 3 - month Karachi inter bank offer rate (KIBOR) as disseminated by Reuters, and t = time remaining till maturity. The International Spot Price will be the mid price of Gold prevailing in the international spot market, as displayed on Reuters, at the time of end of daily trading of Gold Futures contract and converted into local Rupees/ Tola units based on average Offer rate of PKR/USD obtained from five different money changers.

Final Settlement Day The final settlement of all open positions at expiration, will take place on the next business day by 11.00 am, Monday to Friday. Delivery will be accomplished by the debit and credit of the Sellers and Buyers Margin accounts, respectively, maintained with NCEL, only.

Delivery Logic Compulsory.

Holiday Convention In case the first trading day of a contract falls on an Exchange holiday, the contract will start trading from the following Exchange trading day with a shorter maturity.

In case the final settlement day of a contract falls on a holiday, the contract will be settled on the following Exchange trading day.

Collection of Gold Buyers must have a minimum credit balance equivalent to a deliverable lot size of 10 Tola or multiples thereof in their Margin account with NCEL to be eligible to withdraw physical Gold from the Exchange designated Vault. A minimum of 5 working days Notice to NCEL will be required for the collection of Gold from the Exchange designated Vault. All charges associated with physical delivery will be fully borne by the Buyers.

Exchange Approved Vault Physical Gold will be held at an Exchange Approved Vault. Periodic physical inspection/verification of physical Gold holding will be carried out at the Exchange Approved Vault by Exchange appointed Chartered Accountants.

Depositing Fresh Inventory

Exchange at its sole discretion will authorize members and their clients to deposit physical gold from an Exchange approved refinery and meeting other procedures laid down by the Exchange.

Charges & Costs related to Physical Gold

All charges and costs associated with holding and physical Withdrawal of Gold including delivery, storage, handling, insurance, custody etc. from the date of final settlement till the time of delivery at the Buying Broker's premises will be borne by the Buyers.

All charges and costs associated with holding and physical deposit of Gold including delivery, storage, handling, insurance, custody etc. till the time of final settlement will be borne by the Selling Broker or their Clients.

Default Penalties

Default by Buyers in settling their obligations on final settlement will result in imposition of a default penalty and initiation of disciplinary action against the defaulting Broker. Settlement default will result in a 10% penalty calculated using the Final Settlement Price, basis Karachi, and will be deducted from the Buyers initial Margin account, of which 90% will be paid to the corresponding counterparty and 10% will be held by the Exchange.

Arbitration

Disputes between Exchange members will be settled through arbitration. The arbitration proceedings and appointment of arbitrators will be governed by the Regulations of the Exchange.

Position Limits

As specified by the Exchange from time to time.

Further Regulations

This contract shall be subject, where applicable, to the Regulations of the National Commodity Exchange Limited.