



**NATIONAL  
COMMODITY  
EXCHANGE  
LIMITED**

9th Floor PRC Towers, 32-A Lalazar Drive  
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November 22, 2010

Circular No: NCEL/Operations/25/2010

**All Registered Brokers of  
National Commodity Exchange Limited**

Subject:- **Launching 1 TOLA GOLD Deliverable Weekly Contracts**

In pursuance of the commodity Exchange and Futures Contract Rules 2005, and the NCEL General Regulations, we are hereby pleased to inform all registered brokers that NCEL after taking prior approval from Securities & Exchange Commission of Pakistan has decided to list NCEL One-Tola Gold (TolaGold) deliverable weekly contracts with effect from Tuesday, November 23, 2010.

In view of the foregoing, NCEL has decided to list the following TolaGold contracts with effect from **Tuesday, November 23, 2010:-**

TOLAGOLD–MON  
TOLAGOLD–TUE  
TOLAGOLD–WED  
TOLAGOLD–THU  
TOLAGOLD–FRI

The contract specification, trading parameters, delivery and settlement procedures in relation to said product have been specified vide Annexure "A", which will be binding on all brokers and their clients who are trading either through brokers or having direct market access to the Exchange.

NCEL shall observe the following fee structure on said TolaGold product;

TolaGold (Settlement Fee) – Rs. 25 (Charged to Both Buyer and Seller)  
TolaGold (Offset trade) – Rs. 25 per trade (Charged to Both Buyer and Seller)



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Kindly note, that the existing TTGold contracts will only be available for trading till Tuesday 23, 2010. These contracts along with the addition of two (2) new contracts will be replaced with newly introduced Tola Gold contracts. The expiry of the existing TTGold contracts will be as follows:

<b>Contract</b>	<b>Expiry</b>	<b>Settlement</b>
TTGOLD-09/01	November 22, 2010	November 23, 2010
TTGOLD-09/02	November 22, 2010	November 23, 2010
TTGOLD-09/03	November 23, 2010	November 24, 2010

Furthermore, the vault positions/open positions in TTGold commodity up to November 22, 2010 will accordingly be moved in the newly listed TolaGold commodity before start of the trading on November 23, 2010.

With best regards,  
**For and on behalf of NCEL**

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Amjad Khan  
Chief Operating Officer



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## **NCEL One Tola Gold Futures Contract Specifications**

<b>Trading Hours</b>	Hours of Trading in the NCEL 1 Tola Gold Futures Contract shall be Monday to Friday (excluding Exchange specified holidays) as given below or as specified by the Exchange from time to time:  Normal Trading Session: 10 am to 6am PST  On the last trading day of a contract normal trading will end at 6 pm
<b>Unit of Trading</b>	1 Tola (1Tola=11.664 grams)
<b>Delivery Unit</b>	1 Tola of Gold assaying not less than 999.0 fineness.
<b>Physical Withdrawal Unit</b>	10 Tola Bar or multiples thereof
<b>Trading System</b>	NCEL Trading System
<b>Tick Size</b>	Re. 1
<b>Contract Grade &amp; Quality</b>	Gold assaying not less than 999.0 fineness cast in 10 Tola Bars. Only deliveries from exchange approved refineries, 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.
<b>Price Quotation</b>	Price quoted shall be in rupees per Tola of Gold with 999.0 fineness, ex-Karachi inclusive of all taxes, duties etc applicable at the import stage and without any sales tax if applicable.
<b>Days Traded In</b>	The days listed for trading are Monday - Friday, excluding Exchange Holidays and at the discretion of the Exchange.
<b>No. of Active Contracts</b>	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 available for trading till Friday and will be settled on the following Monday.



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<b>Price Limit</b>	+/-5% from the previous days settlement price or as determined by the Exchange.
<b>Pre-trade Check</b>	All Buyers' and Sellers' orders will be subject to a pre-trade check.
<b>Initial Margin for Buyers</b>	Minimum Initial Margin will be 25% in cash only.
<b>Maintenance Margin for Buyers</b>	Maintenance Margin will be 15% in cash only.
<b>Initial Margin for Sellers</b>	Sellers must have an equivalent credit of Gold in their margin account maintained with NCEL. <b>Short selling is not allowed.</b>
<b>Daily Settlement Price</b>	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: <ul style="list-style-type: none"><li>- Last Traded Price</li><li>- Value Weighted Average Price</li><li>- Theoretical Futures Price based on the international spot price of Gold and PKR /USD exchange rate</li></ul>
<b>Final Settlement Day</b>	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.
<b>Delivery Logic</b>	Compulsory for credit balance equivalent to a lot size of 10 Tola or multiples thereof.
<b>Holiday Convention</b>	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.



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### **Collection of Gold**

Buyers must have a minimum credit balance of 10 Tola or multiples thereof in their account with NCEL to be eligible to withdraw physical Gold from the Exchange designated Vault. Holdings not complying to lot sizes eligible for physically withdrawal will remain in the buyer's account.

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.

For credit balance not equivalent to a deliverable lot size of 10 Tola or multiples thereof, settlement is to be achieved by squaring the outstanding positions.

### **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.

Vault and custody related charges will also apply to holdings not complying to lot sizes eligible for physically withdrawal.



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**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 15% 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**

10,000 contracts per Broker (including proprietary and all its clients) and 2,500 contracts per Client.

**Further Regulation**

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