

**Notice No.:** TRDG-2008-043

**Issue Date:** Oct. 27, 2008

**Subject:** Introduction of a cash settled Indian Rupee Futures Contract

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Notice to all Members,

**Subject: Introduction of a cash settled Indian Rupee Futures Contract**

Pursuant to DGCX By-laws and DCCC Clearing Rules, the following is hereby notified:

The Exchange shall introduce a cash settled Indian Rupee Futures Contract for trading with effect from **Monday, November 3, 2008**. At the outset, four Delivery Months will be made available to trade.

Annexure 1 provides the Contract Specifications, Annexure 2 provides the Schedule for the Delivery Months to be introduced with respective expiry dates, and Annexure 3 provides the modifications made to the DGCX By-Laws to allow for the introduction of a cash settled Indian Rupee Futures Contract.

The Delivery Months of the physically settled DGCX Indian Rupee Futures Contract (symbol DINR) currently available to trade and with no open interest shall be suspended with immediate effect. This Contract will be de-listed shortly thereafter. In addition, the Euro-Dollar Futures Contract calendar Delivery Months introduced to facilitate settlement of the physically settled Indian Rupee Futures Contract (as detailed in Notice No. TRDG-2007-019 of May 30, 2007) will be suspended and subsequently de-listed. Accordingly, the Euro-Dollar Futures Contract shall now be available for trading with quarterly expiry dates only, namely March, June, September and December Delivery Months.

Members are requested to take note of the above.

**For Dubai Gold & Commodities Exchange**

**Gaurang Desai**  
**Chief Operating Officer**

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**Annexure 1: Contract Specifications**

<b>Cash Settled INR Futures</b>	
<b>Contract Symbol</b>	DINR
<b>Contract Size</b>	INR 2,000,000
<b>Price Quote</b>	US\$ quoted in Cents per 100 Indian Rupees (e.g. 209.56 / 209.62 US Cents per 100 Indian Rupees)
<b>Minimum Tick Size</b>	US\$ 0.000001 per INR or \$2 per tick
<b>Daily Price Limit</b>	No Price Limits
<b>Delivery Months</b>	Up to twelve (12) calendar months at any one time
<b>Trading Days</b>	Monday through Friday
<b>Trading Hours</b>	0830 – 2330 hrs
<b>Last Trading Day</b>	2 Business Days prior to the last working day (on which the Reserve Bank of India is open) of the Delivery Month
<b>Settlement Date</b>	The Business Day immediately following the Last Day of Trading
<b>New Contract Listing</b>	The Business Day immediately following the Last Day of Trading
<b>Final Cash Settlement Price Basis</b>	The Final Cash Settlement Price is the US Dollar Reference Rate issued by the Reserve Bank of India at 12 noon Mumbai time on the Last Day of Trading, expressed in Indian Rupees per US Dollar
<b>Max Open Position Limit</b>	No Limits
<b>Max Order Size</b>	Banks and institutions promoted by Banks – 500 Lots All other entities – 200 Lots
<b>Initial Margins</b>	As determined by the Exchange from time to time using the SPAN Margining System. At the outset, Initial Margin shall be US\$1,000.

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Delivery Month(s)	Expiry Date(s)
NOV-08	26-NOV-2008, WED
DEC-08	26-DEC-2008, FRI
JAN-09	28-JAN-2009, WED
FEB-09	25-FEB-2009, WED

**Annexure 3: Amendments to DGCX By-Laws**

**Part M: Currency Futures and Options Contract Specification**

**M.1 General By-Law Relating to Specification of Currency Futures Contracts**

**M.1.1 Scope of By-Law**

This By-Law M.1 shall apply to Currency Futures Contracts described in By-Law M.8

**M.1.2 Contract Unit**

The contract unit for each Class of Currency Futures Contract shall be as described in By-Law M.8

**M.1.3 Delivery Months**

Trading in Currency Futures Contracts, for each of the currencies described in By-Law M.8, shall be conducted for such Delivery Months as the Exchange may determine from time to time.

**M.1.4 Minimum price fluctuations**

Minimum price fluctuations for trading in Currency Futures Contracts shall be as described in By-Law M.8

**M.1.5 Trading hours**

Hours for trading in Currency Futures Contracts shall be as determined by the Exchange from time to time.

**M.1.6 Trading Days**

Trading Days for Currency Futures Contracts shall be determined by the Exchange from time to time.

**M.1.7 Currencies Futures Contract Delivery Day**

The Currencies Futures Contract Delivery Day, with the exception of the Indian Rupee Futures Contract, shall be the third Wednesday of the Delivery Month, except where such Wednesday is a bank holiday in Dubai, in which case the Currencies Futures Contract Delivery Day shall be the first Business Day preceding the third Wednesday of the Delivery Month that is not a bank holiday in Dubai.

**M.1.8 Value Date**

The value date for currency deliveries shall be the Currencies Futures Contract Delivery Day

**M.1.9 Last Day of Trading**

- a. The Last Day of Trading, except in the case of Indian Rupee Futures Contract, shall be the second (2nd) Business Day prior to the Delivery Day, except where that day is a bank holiday

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in Dubai, in which case the Last Day of Trading shall be the preceding Business Day that is not a bank holiday in Dubai.

- b. In the case of Indian Rupee Futures Contract, the Last Day of Trading shall be the second (2nd) Business Day prior to the last working day of the Delivery Month, except where that day is a bank holiday in either Dubai or Mumbai, in which case the Last Day of Trading shall be the preceding Business Day that is not a bank holiday in either Dubai or Mumbai. Working day shall mean a calendar day on which the Reserve Bank of India is open.

## **M.2 Deliverable Currency**

### **M.2.1 Scope of By-Law**

This By-Law M.2 shall apply to Currency Futures Contracts described in By-Law M.8.

### **M.2.2 Compliance with Delivery Procedures**

- a. The Currency Contract Unit(s), except in the case of the Indian Rupee Futures Contract, shall be delivered in fulfillment of a Currency Futures Contract in accordance with the delivery procedures set out in By-Law M.4.
- b. In the case of Indian Rupee Futures Contract, the fulfillment of a Contract shall be subject to Cash Only Settlement.

### **M.2.3 Compliance with Government Regulations**

- a. Delivery of currencies, where applicable, shall comply with government regulations in force at the time of delivery
- b. In the event that any national or international government agency or body issues an order, ruling, directive or law that conflicts with the provisions of these By-Laws, such order, ruling, directive or law shall be construed to take precedence and shall be deemed to be incorporated into these By-Laws, and shall apply to all Open Positions regardless of when these came into existence.

## **M.3 Approved Currencies Delivery Bank**

The Exchange shall appoint one or more Approved Currencies Delivery Bank(s) to be used for the delivery of Currency Futures Contracts.

## **M.4 Currency Delivery Procedures**

### **M 4.1 Scope of By-Law**

By-Laws M.4.2 to M.4.6 shall apply to the delivery of currencies in fulfillment of Currency Futures Contracts described in By-Law M.8, except those described in By-Law M.8.5.

### **M.4.2 Clearing Members to Have Delivery Accounts**

- a. It is the responsibility of each Clearing Member that proposes to accept delivery in its own name of a Currency Futures Contract, to have opened a Currency Delivery Account, denominated in US Dollars and the relevant currency, with the Approved Currencies Delivery Bank.

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- b. Neither the Exchange, nor the Clearing Corporation, nor the Approved Currencies Delivery Bank gives an undertaking or commitment that any Clearing Member shall be accepted by the Approved Currencies Delivery Bank for the purposes of By-Law M.4.2 (a).

**M.4.3 Obligations of Seller**

- a. A Clearing Member holding a short position ("Seller") intending to deliver shall provide to the Clearing Corporation a Delivery Notice by a time, prescribed by the Exchange, on the Last Day of Trading, containing such information as the Exchange may prescribe.
- b. A Delivery Notice, once issued, cannot be withdrawn or cancelled without the written agreement of the Clearing Corporation.
- c. The Seller shall, not later than a time on the Delivery Day prescribed by the Clearing Corporation, transfer to the relevant Currency Delivery Account of the Clearing Corporation at the Approved Currencies Delivery Bank, an amount equal to the Currency Contract Unit of the relevant Currency Futures Contract as specified in By-Law M.8

**M.4.4 Obligations of Buyer**

- a. A Clearing Member holding a long position ("Buyer") at the close of trading on the Last Day of Trading shall be required to accept delivery
- b. In order for a Buyer to accept delivery, such Buyer shall, not later than a time on the Last Day of Trading prescribed by the Clearing Corporation, provide to the Clearing Corporation a Currencies Delivery Acceptance Notice that shall include the number of the Currency Delivery Account in the relevant currency held by the Buyer at the Approved Currencies Delivery Bank.
- c. The Buyer shall, not later than a time on the Delivery Day prescribed by the Clearing Corporation, transfer to the US Dollar Currency Delivery Account of the Clearing Corporation at the Approved Currencies Delivery Bank, the Settlement Value.

**M.4.5 Settlement Value**

The Settlement Value shall be calculated as  
 $SV = Q \times P$

where

SV is the Settlement Value of the Contract, expressed in US Dollars

Q is the Currency Contract Unit of the relevant Currency Futures Contract as specified in By-Law M.8, and

P is the invoice price

**M.4.6 Invoice Price**

The invoice price referred to in By-Law M.4.5 shall be the Daily Settlement Price of the relevant Class of Contract on the Last Day of Trading

**M.4.7 Establishment of Final Cash Settlement Price**

This By-Law M.4.7 shall apply to the Indian Rupee Futures Contract only.

The Final Cash Settlement Price for the Indian Rupee Futures Contract shall be the US Dollar Reference Rate issued by the Reserve Bank of India, based on bank rates in Mumbai at 12 noon

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Mumbai time on the Last Day of Trading of the Indian Rupee Futures Contract, expressed in Indian Rupees per US Dollar.

**M.5 Role of the Clearing Corporation in the Currency Delivery Procedures**

- a. The Clearing Corporation shall, following receipt of the transfer referred to in By-Law M.4.3 (c) or By-Law 4.4 (c), transfer to the US Dollar account of the Seller at the Approved Currencies Delivery Bank, the Settlement Value calculated in accordance with By-Law M.4.5 or M.4A.6, as the case may be.
- b. The Clearing Corporation shall, following receipt of the transfer referred to in By-Law M.4.4 (c), transfer to the relevant currency account of the Buyer, an amount equal to the Currency Contract Unit of the relevant Currency Futures Contract as specified in By-Law M.8,

**M.5A Role of the Clearing Corporation in Cash Only Settlement of the Indian Rupee Futures Contract**

**(i) Open Positions Subject to Cash Only Settlement**

Open Positions that have not been Closed Out in the respective class of Indian Rupee Futures on or before the Last Day of Trading shall be subject to this By-Law M.5A.

**(ii) Payment and Receipt of Cash Only Settlement Amount**

**a. Funds due from holders of Open Positions at Close on Last Day of Trading**

- i. Where the Final Cash Settlement Price is lower than the previous Trading Day's Daily Settlement Price, the Cash Only Settlement amount shall be paid by the Buyer to the Clearing Corporation
- ii. Where the Final Cash Settlement Price is higher than the previous Trading Day's Daily Settlement Price, the Cash Only Settlement amount shall be paid by the Seller to the Clearing Corporation.

**b. Funds due to holders of Open Positions at Close on Last Day of Trading**

- i. Where the Final Cash Settlement Price is higher than the previous Trading Day's Daily Settlement Price the Cash Only Settlement amount shall be paid by the Clearing Corporation to the Buyer.
- ii. Where the Final Cash Settlement Price is lower than the previous Trading Day's Daily Settlement Price the Cash Only Settlement amount shall be paid by the Clearing Corporation to the Seller.

**c. Time by Which Payments Are to be Made**

The payments referred to in By-Laws M.5.A.ii shall be made on such date as determined by the Clearing Corporation from time to time.

**M.6 Default**

**M.6.1 Default by Seller**

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- a. Should a Seller not Close Out prior to the Close of Trading on the Last Day of Trading a short futures position in respect of which no Delivery Notice has been issued in accordance with By-Law M.4.3 (a) (as the case may be) by the time prescribed by the Clearing Corporation, such Seller shall be in Default.
- b. Should a Seller not execute the transfer referred to in By-Law M.4.3 (c) (as the case may be) by the time prescribed by the Corporation such Seller shall be in Default.

**M.6.2 Default by Buyer**

- a. Should a Currency Delivery Acceptance Notice not be provided to the Clearing Corporation by the Buyer in respect of any long position not Closed Out prior to the Close of Trading on the Last Day of Trading in accordance with By-Law M.4.4(b) (as the case may be), such Buyer may be held to be in Default.
- b. Should a delivery not be duly accepted by a Buyer or its agent as provided in these By-Laws, such Buyer shall be in Default.
- c. Should payment for any delivery not be made by the Buyer as provided in these By-Laws the Clearing Corporation is authorized to sell the relevant Currency Futures Contract forthwith.
- d. Should payment for daily marked to market settlement not be made by the Buyer as provided in these By-Laws the Clearing Corporation is authorized to take appropriate steps as determined by the Exchange from time to time.

**M.7 Currency Options Contracts**

**M.7.1 Contract Unit**

One Currency Futures Contract

**M.7.2 Minimum premium fluctuations**

As determined by the Exchange

**M.7.3 Quotation of Strike Prices**

As determined by the Exchange

**M.7.4 Expiry Months**

As determined by the Exchange

**M.7.5 Declaration Date**

As determined by the Exchange

**M.7.6 Time at which trading ceases on Declaration Date**

As determined by the Exchange

**M.8 Specifications for Individual Currency Futures Contracts**

**M.8.1 Scope of By-Law**



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This By-Law M.8 sets out the specifications for Currency Futures Contracts relating to individual currencies that the Exchange has approved for trading.

**M.8.2 Specifications for Euro Futures Contract**

- a. The Currency Contract Unit for Euro Futures Contracts is fifty thousand (50,000) Euros.
- b. The minimum price fluctuation for Euro Futures Contracts is 0.0001 US Dollars per Euro.

**M.8.3 Specifications for British Pounds Sterling Futures Contract**

- a. The Currency Contract Unit for British Pounds Sterling Futures Contracts is fifty thousand (50,000) British Pounds Sterling.
- b. The minimum price fluctuation for British Pounds Sterling Futures Contracts is 0.0001 US Dollars per British Pound Sterling.

**M.8.4 Specifications for Japanese Yen Futures Contract**

- a. The Currency Contract Unit for Japanese Yen Futures Contracts is five million (5,000,000) Japanese Yen
- b. The minimum price fluctuation for Japanese Yen Futures Contracts is 0.000001 US Dollars per Japanese Yen.

**M.8.5 Specifications for Indian Rupee Futures Contract**

- a. The Currency Contract Unit for Indian Rupee Futures Contracts is two million (2,000,000) Indian Rupees
- b. The minimum price fluctuation for Indian Rupee Futures Contracts is 0.000001 US Dollars per Indian Rupee.