

Notice No.: TRDG-2007-019

Issue Date: May 30, 2007

Sub.: Introduction of Indian Rupee FX Futures

Notice to all Members,

Sub.: Introduction of Indian Rupee FX Futures

In pursuance of By-laws of DGCX, Clearing Rules of DCCC; the following is hereby notified:

The Exchange shall introduce Dubai Indian Rupee-Dollar, currency futures contract for trading on the Exchange with effect from June 7, 2007.

Dubai Indian Rupee-Dollar FX futures contracts to be listed for trading are:

1. June 2007 futures contract
2. July 2007 futures contract
3. August 2007 futures contract
4. September 2007 futures contract
5. December 2007 futures contract
6. March 2008 futures contract

The Exchange shall simultaneously introduce trading in similar Dubai Euro-Dollar FX futures contracts for trading to facilitate physical settlement of Dubai Indian Rupee-Dollar FX futures contract.

Additional Dubai Euro-Dollar FX futures contract to be listed for trading:

1. July 2007 futures contract
2. August 2007 futures contract

The addendum to the By-Laws of the Exchange in respect of currency futures contracts are enclosed in Annexure 1 along with Indian Rupee FX futures contract specifications (Annexure 2) and contract calendar for to be introduced contracts (Annexure 3).

In order to provide an opportunity to members to get them familiarized with trading in Dubai Indian Rupee-Dollar FX futures contract, a mock trading session will be conducted on Saturday, June 2, 2007 between 1100 to 1500 hours.

Members are requested to take note of the above.

For Dubai Gold & Commodities Exchange

Gaurang Desai
Head of Market Operations

Annexure 1 – Relevant extracts of DGCX By-Laws

New Definition

Indian Rupee Contract Unit Equivalent	An amount in Euros as defined in By-Law M.4A.2
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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

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

M.1.7 Currencies Delivery Day

The Currencies Delivery Day shall be the third Wednesday of the Delivery Month, except where such Wednesday is a bank holiday in Dubai, in which case the Currencies 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 Delivery Day

M.1.9 Last Trading Day

- (a) The Last Trading Day, except in the case of Indian Rupee Futures Contracts, shall be the second (2nd) Business Day prior to the Delivery Day, except where that day is a bank holiday in Dubai, in which case the Last Trading Day shall be the preceding Business Day that is not a bank holiday in Dubai.
- (b) In the case of Indian Rupee Futures Contracts, the Last Trading Day shall be the second (2nd) Business Day prior to the Delivery Day, except where that day is a bank holiday in either Dubai or Mumbai, in which case the Last Trading Day shall be the preceding Business Day that is not a bank holiday in either Dubai or Mumbai.

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

Currency shall be delivered in fulfillment of a Currency Futures Contract in accordance with the delivery procedures set out in By-Law M.4 or M.4A, as the case may be.

M.2.3 Compliance with Government Regulations

- (a) Delivery of currencies 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 an Approved Currencies Delivery Bank to be used for the delivery of Currency Futures Contracts.

M.4 Currency Delivery Procedures

M 4.1 Scope of By-Law

This By-Law M.4 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 Accounts with Approved Currencies Delivery Bank

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- (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 accounts denominated in US Dollars and the relevant currency with the Approved Currencies Delivery Bank.
- (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 Trading Day, 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 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 B-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 Trading Day 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 Trading Day prescribed by the Clearing Corporation, provide to the Clearing Corporation a Currencies Delivery Acceptance Notice that shall include the number of the 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 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 Trading Day

M.4A Currency Delivery Procedures – Indian Rupee Futures Contracts

M 4A.1 Scope of By-Law

This By-Law M.4A shall apply to the delivery of currencies in fulfillment of Currency Futures Contracts described in By-Law M.8.5.

M.4A.2 Indian Rupee Contract Unit Equivalent

In respect of a Class of Indian Rupee Futures contracts, the Indian Rupee Contract Unit Equivalent shall be an amount in Euros calculated as

$$Z = xxx / (R \times E)$$

Where

Z is the Indian Rupee Contract Unit Equivalent, expressed in Euros

R is the US Dollar Reference Rate issued by the Reserve Bank of India, based on bank rates in Mumbai at 12 noon on the Last Day of Trading of the relevant Class of Indian Rupee Futures Contracts, expressed in Indian Rupees per US Dollar, and

E is the Settlement Price, as declared by the Exchange, of the Class of Euro Contract with the same Delivery Month as the relevant Class of Indian Rupee Futures Contract on the Last Trading Day of that Class of Indian Rupee Futures Contract

M.4A.3 Clearing Members to Have Accounts with Approved Currencies Delivery Bank

(a) It is the responsibility of each Clearing Member that proposes to accept delivery in its own name of an Indian Rupees futures contract, to have opened accounts denominated in US Dollars and Euros with the Approved Currencies Delivery Bank.

- (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.4A.3 (a).

M.4A.4 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 Trading Day, 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 Euros account of the Clearing Corporation at the Approved Currencies Delivery Bank, an amount equal to the Indian Rupee Contract Unit Equivalent as specified in B-Law M.4A.2

M.4A.5 Obligations of Buyer

- (a) A Clearing Member Holding a long position ("Buyer") at the close of trading on the Last Trading Day 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 Trading Day prescribed by the Clearing Corporation, provide to the Clearing Corporation a Currencies Delivery Acceptance Notice that shall include the number of the Euro account 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 account of the Clearing Corporation at the Approved Currencies Delivery Bank, the Settlement Value.

M.4A.6 Settlement Value

The Settlement Value shall be calculated as

$$SV = xxx \times P$$

where

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

P is the invoice price

M.4A.7 Invoice Price

The invoice price referred to in By-Law M.4.A.6 shall be the Daily Settlement Price of the relevant Class of Indian Rupee Futures Contract on the Last Trading Day of that Class of Contract

M.4A.8 Non-availability of RBI US Dollar Reference Rate or Euro Settlement Price

- (a) In the event that, for any reason, the Reserve Bank of India US Dollar Reference Rate for the Last Day of Trading for the relevant Class of Indian Rupee Futures Contracts is not available to the Clearing Corporation, the Clearing Corporation at its complete discretion, having regard to market conditions, shall determine a value for "R" to be used in calculating the Indian Rupee Contract Unit Equivalent.
- (b) In the event that, for any reason, the Euro Settlement Price for the Last Day of Trading for the relevant Class of Indian Rupee Futures Contracts is not available to the Clearing Corporation, the Clearing Corporation at its complete discretion, having regard to market conditions, shall determine a value for "E" to be used in calculating the Indian Rupee Contract Unit Equivalent.

M.5 Role of Clearing Corporation

- (a) The Clearing Corporation shall, following receipt of the transfer referred to in By-Law M.4.3 (c) or By-Law 4A.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
- (i) 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,
 - (ii) following receipt of the transfer referred to in By-Law M.4A.5 (c), transfer to the Euro account of the Buyer an amount equal to the Indian Rupee Contract Currency Equivalent.

M.6 Default

M.6.1 Default by Seller

- (a) Should a Seller not close out prior to the close of trading on the Last Trading Day a short futures position in respect of which no Delivery Notice has been issued in accordance with By-Law M.4.3 (a) or M.4A.4 (a) (as the case may be) by the time prescribed by the Clearing Corporation, such Seller shall be in default.

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- (b) Should a Seller not execute the transfer referred to in By-Law M.4.3 (c) or By-Law M.4A.4 (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 Trading Day in accordance with By-Law M.4.4(b) or M.4A.5 (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 forthwith.

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

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 Contracts

- (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 Contracts

- (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 Contracts

- (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 Contracts

- (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.

Annexure 2 – Contract Specifications - Dubai Indian Rupee-Dollar FX Futures Contract

Symbol	DINR
Contract Size	INR 2,000,000
Trading Months	Monthly contracts for nearest three months Quarterly for months four to twelve forward
Price Quote	US\$ quoted in Cents per 100 Indian Rupees (e.g. 244.56 / 244.62 US Cents per 100 Indian Rupees)
Minimum Tick Size	US\$ 0.000001 per INR or \$ 2 per tick
Last Trading Day	2 business days before 3 rd Wednesday of Expiry month
Settlement Date	3 rd Wednesday of Expiry Month
Initial Margin	As determined by the Exchange from time to time using SPAN Margin System. At the outset, Minimum Initial Margin shall be US\$1500
Trading Days and hours	Monday through Friday 0830 – 2000 Hrs Dubai Time
Maximum Order Size	Banks and institutions promoted by Banks – 500 Lots All other entities – 200 Lots
Price Limit	No Price Limits* (Note 1)

Note 1 – There will be no limits on intra-day price movements, however to restrict data-entry errors; system will not allow entry of orders having prices higher or lower than 2 US cents (200 ticks) as compared to the previous day's settlement price. Exchange shall relax the intra-day price range for the prices of the contract approaching the 2 US cents limit.

Settlement Mechanism:

1. Daily variation margin (mark-to-market) is payable by each member holding open position till expiration date.
2. Open positions at expiry of contract shall be settled in US dollars as per Daily Settlement Price (DSP) declared by the Exchange. Such DSP would be based on the official US Dollar Reference Rate issued by the Reserve Bank of India, based on bank rates in Mumbai at 12 noon on the Last Day of Trading or earliest available date.
3. Physical settlement shall be completed using Indian Rupee Contract Unit Equivalent amount in Euros calculated at the Settlement Price, declared by the Exchange for Euro Futures Contract with the same Delivery Month as the Indian Rupee Futures Contract on the Last Trading Day of that Indian Rupee Futures Contract

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Annexure 3 – Dubai Indian Rupee FX & Dubai Euro-Dollar Futures Contract Calendar

Contract Symbol	Contract Month	Trading Start Date	Last Trading Date	Delivery Date
DINR	June-2007	07-Jun-2007, Thu	18-Jun-2007, Mon	20-Jun-2007, Wed
	July-2007	07-Jun-2007, Thu	16-Jul-2007, Mon	18-Jul-2007, Wed
	Aug-2007	07-Jun-2007, Thu	20-Aug-2007, Mon	22-Aug-2007, Wed
	Sep-2007	07-Jun-2007, Thu	17-Sep-2007, Mon	19-Sep-2007, Wed
	Dec-2007	07-Jun-2007, Thu	17-Dec-2007, Mon	19-Dec-2007, Wed
	Mar-2008	07-Jun-2007, Thu	17-Mar-2008, Mon	19-Mar-2008, Wed
DEUR	July-2007	07-Jun-2007, Thu	16-Jul-2007, Mon	18-Jul-2007, Wed
	Aug-2007	07-Jun-2007, Thu	20-Aug-2007, Mon	22-Aug-2007, Wed