



MCX
Trade with Trust

India's **No.1** Commodity Exchange

Discussion on Staff Paper & Proposal for Px

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Deputy Managing Director

MCX Overview

- **MCX set-up and live in Nov 2003 (product of financial reforms in 2002)**
 - **Regulated by FMC (Forward Markets Commission)**
- **No. 1 Commodity Exchange of India with around 57% market share**
 - **USD \$1.65 B daily average trading volume (3 times of BSE) in over 70 commodities**
 - **Operations from over 600 cities with over 1500 members & 10,000+ Trading stations**
- **Among the leading commodity exchanges globally in less than three years**
 - **No. 2 in Silver & Natural Gas futures trading globally**
 - **No. 3 in Gold & Crude Oil futures trading globally**



Mr. Venkat R. Chary I.A.S.
Chairman, MCX

Ex-Secretary, Maharashtra State Electricity Board (MSEB)

Ex-Chairman, Forward Markets Commission, Government of India

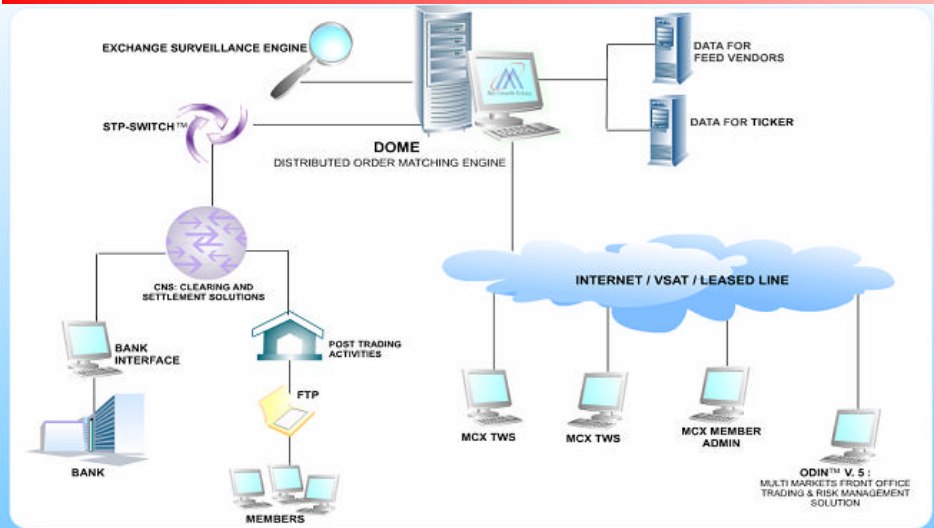
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MCX
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MCX Shareholders & Alliances

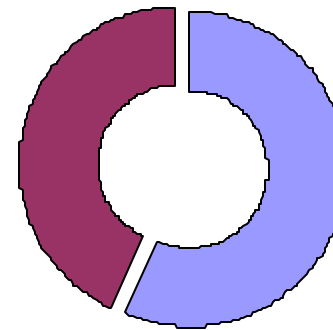


India's No. 1 Commodity Exchange



Indian Commodity Derivatives Market (Jan - Oct '06)

23 Other Exchanges
43%



MCX
57%

MCX Trader Workstation Ver 3.0.0.7 (Powered by FT Engines)

File View Market Orders Trades Tools Window Help

MARKETS: 13OCT2006

FUTURES: CRUDEOIL 13OCT2006

Market Watch - ALL

Symbol	Expire Date	Open	High	Low	Close	Settle	Change	% Change	Vol	Open Int	Unch	High	Low	Open	Close	% Change
GOLD	02OCT2006	10	6240.00	6240.00	6240.00	6240.00	0.00	0.00	0	0	0	0	0	6240.00	6240.00	0.00
SILVER	02OCT2006	1	1740.00	1740.00	1740.00	1740.00	0.00	0.00	0	0	0	0	0	1740.00	1740.00	0.00
COPPER	30NOV2006	1	340.00	340.00	340.00	340.00	0.00	0.00	0	0	0	0	0	340.00	340.00	0.00
NATURAL GAS	25OCT2006	1	750.00	750.00	750.00	750.00	0.00	0.00	0	0	0	0	0	750.00	750.00	0.00
CRUDEOIL	02OCT2006	10	60.00	60.00	60.00	60.00	0.00	0.00	0	0	0	0	0	60.00	60.00	0.00
BRASS	13OCT2006	1	2110.00	2110.00	2110.00	2110.00	0.00	0.00	0	0	0	0	0	2110.00	2110.00	0.00
DEFENSE	25OCT2006	10	420.00	420.00	420.00	420.00	0.00	0.00	0	0	0	0	0	420.00	420.00	0.00
HENTHAOL	30NOV2006	1	760.00	760.00	760.00	760.00	0.00	0.00	0	0	0	0	0	760.00	760.00	0.00
ZINC	29OCT2006	1	150.00	150.00	150.00	150.00	0.00	0.00	0	0	0	0	0	150.00	150.00	0.00
SILVERM	30NOV2006	1	1750.00	1750.00	1750.00	1750.00	0.00	0.00	0	0	0	0	0	1750.00	1750.00	0.00
CHLORIDE	29NOV2006	1	2070.00	2070.00	2070.00	2070.00	0.00	0.00	0	0	0	0	0	2070.00	2070.00	0.00
SILVER	02OCT2006	10	6240.00	6240.00	6240.00	6240.00	0.00	0.00	0	0	0	0	0	6240.00	6240.00	0.00
NATURAL GAS	25OCT2006	1	750.00	750.00	750.00	750.00	0.00	0.00	0	0	0	0	0	750.00	750.00	0.00

Order Type: Symbol: Expire Date: Strike Price: Option Type

FUTURES: GOLD: 13OCT2006

Order Type	Symbol	Expire Date	Strike Price	Option Type	Price	Quantity	Time
2	2	0730.00	0730.00	3	2	LTP:	0730.00
2	2	0735.00	0735.00	3	2	High:	0735.00
2	2	0740.00	0740.00	3	2	Low:	0740.00
2	2	0745.00	0745.00	3	2	Value (Back):	174857.28
1	4	0750.00	0750.00	3	5	% Change:	-0.42
1	4	0755.00	0755.00	3	5	Life Time High:	0800.00
1	4	0760.00	0760.00	3	5	Life Time Low:	0720.00

Market Picture for FUTURES CRUDEOIL 13OCT2006

Order Type	Symbol	Expire Date	Strike Price	Option Type	Price	Quantity	Time
1	1	2010.00	2010.00	5	1	LTP:	2010.00
1	1	2015.00	2015.00	5	1	High:	2015.00
10	10	2018.00	2018.00	5	1	Low:	2018.00
23	23	2015.00	2015.00	5	1	Value (Back):	19396.16
5	5	2018.00	2018.00	5	1	% Change:	-1.23
487	487	2021.00	2021.00	5	1	Life Time High:	2021.00
1	1	2020.00	2020.00	5	1	Life Time Low:	2020.00

Now: 21:76 Member ID: 21000 Market Status: Open (07:10:10)

MEMBERS are requested to use the Reports generated from the Mock Trading for testing of their back office software as tentative data for this version to go live on September 30, 2006 before creating real MCX14002006 on Sep. 30, 2006.



Bullion
Gold, Gold HNI, Gold M, Silver, Silver HNI, Silver M



Energy
Crude Oil, Brent Crude Oil, Furnace Oil, Middle East Sour Crude Oil, Natural Gas



Grains
Wheat, Rice, Maize, Basmati Rice, Barbeli Rice



Sugar
Gur, Sugar Medium Grain, Sugar Small Grain



Oil & Oil Seeds
Mustard Seed/Rape Seed, Mustard Oil/Presssed Oil Expeller, Castor Seed, Castor Seed Dia, Castor Oil, Crude Palm Oil, Groundnut Oil Expeller, PBD Palmolein, Soy Seed, Refined Soy Oil, Kapasaa Khali, Sesame Seed, Cotton Seed, Refined Sunflower Oil, Coconut Oil, Coconut Oil Cake, Rice Bran Refined Oil



Others
Mentha Oil, Cashew Kernel, Guar Seed, Guar Gum, Potato



Fibres
Kapas, Cotton Long Staple, Cotton Medium Staple, Cotton Short Staple, Cotton Yarn



Plastic
Polypropylene, High Density Polyethylene, PVC



Pulses
Chana, Tur, Urad, Yellow Peas, Masur



Spices
Black Pepper, Red Chilli, Turmeric, Jeera, Cardamom



Metals
Ferrous: Steel Long (Bhavnagar), Steel Long (Govindgarh), Steel Flat, Sponge Iron
Non Ferrous: Copper, Nickel, Tin, Aluminum, Zinc, Lead



Fibres
Kapas, Cotton Long Staple, Cotton Medium Staple, Cotton Short Staple, Cotton Yarn



Plantations
Rubber, Arecanut

Power Sector - Market Needs

- Long term
- Short term bilateral
- Spot for balancing
- Players upto 1 MW & above consumers/
generators

- *Paper envisages only Day ahead market and
apparently for bulk*

Ability of Px to Upgrade to

- Continuous Trading for real time prices
- Spot/ Auction
- Automated matching engine
- Online risk management system
- Online clearing & banking interface for margins & trade proceeds payment
- Derivatives - for Hedging & Price Discovery
 - **Forward**
 - **Futures**
- Physical or financial settlement

Need for Competing Exchanges

- Two National Stock Exchanges – BSE & NSE
- Regional Stock Exchanges - 21
- Three National Commodity Exchanges
- Regional Commodity Exchanges – 21

- Why only one National Exchange for Power?
- Retail Power Exchanges at State level required
 - To harness captive & green power
 - To meet requirements of open access consumers & utilities

Ideal Exchange Structure

- Commercial enterprise
- Technology driven – with state of the art trading, clearing & settlement mechanism
- Demutualised - Ownership, Management & Trading Participants are separate with strictly no overlap
- Broad based ownership
- Nominee Directors from Regulatory Authority
- Freedom for day to day operation to Management for Innovations to meet industry need

Our Proposal

- Government has already issued a gazette notification permitting futures exchanges to trade in Electricity
- We would be happy to implement & develop such Px – Spot & Futures
- We already trade in Crude Oil, Natural Gas and Fuel Oil and 95% of Market share is that of MCX.
- **Our strengths are as follows -**
 - Promoted by India's leading technology company specializing in creating organized markets – Fx, Commodities & Securities
 - Have deep domain knowledge in exchange management – MCX, IBS Forex, DGCX
 - Highly credible financial sector agencies as promoters for large capital deployment
 - Entire energy ecosystem is using MCX

Our Views on Px

Timing of Power Exchange (Px)	At the earliest
Whether One or many Px	Mandate should be given to 2 – 3 entities for innovation & cost effectiveness and to mitigate risk of any Exchange not being successful
Form of Px	National exchange with many innovations to meet needs of national, regional & state level trading and different source of electricity.
Participation in Px	Voluntary participation from power sector and financial market participants
Pricing	Uniform pricing for double side bidding auction and also simultaneously real time market for dynamic pricing
Trading Type	Day ahead and upto 30 days ahead contracts on the Px
Regulation	A Committee or Board under CERC should formulate rules in consultation with Exchanges and also oversee the Px and traders.
Organization Type	National Level Demutualised, Commercial & Digital Exchange

Thank You

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