

No. 6/5/2008-MKT-II

Dated the 3rd August, 2009

To,

i) Shri R.Ramaseshan, Managing Director & CEO, National Commodity & Derivatives Exchange Ltd, , Akruiti Corporate Park, LBS Road, Kanjur Marg (W), **Mumbai – 400 078**

ii) Shri Parag Jain, Chief Regulatory Compliance Officer, Multi Commodity Exchange of India Ltd., 102 A, Landmark, Suren Road, Chakala, Andheri (East), **Mumbai – 400 093**

iii) Shri Kailash Gupta, Managing Director, National Multi Commodity Exchange of India Ltd., 5, 4th Floor, H. K. House, B/h, Jivabhai Chambers, Ashram Road, **Ahmedabad – 380 009 (Gujarat).**

Sub:- Fixation of daily price limit on the launch day of contract

Sir,

It has been observed by the commission that there is no uniform procedure for fixation of price limit on the first day of contract across the National Exchanges. Hence, in order to avoid regulatory arbitrage and to ensure uniformity across the National Exchanges, the issue of fixation of daily price limit on launch day of contract was considered by the Commission. After due consideration, the Commission has decided that the National Exchanges should fix the price band on the first day of the launch too. For the purpose of fixing price band the previous months settlement price or the prevailing spot price, as the case may be, may be made use of as under-

- a) In case of the commodities where previous month contract is running, the price band may be fixed making use of the settlement price of the previous month contract.
- b) In the case of new contracts or contracts where the previous month contract is not available, the Exchanges may make use of prevailing spot price of the commodity.

2. The Exchanges may make necessary amendments in their bye-laws / rules / regulations to give effect to the above directions.



