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Circular No: NCEL/006/052007

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Circular Name: Dissemination of Landed International Spot Gold Prices by NCEL

The Gold deliverable under NCEL Gold Futures Contract specifications is the same as traded internationally. For the benefit of all traders, the Exchange will be disseminating the methodology for calculation of Landed International Spot Gold Price through its website.

The International Spot Gold (Pure Gold) price in US Dollars will be sourced through Reuters or other data providers of international repute and Landed International Spot Gold (Pure Gold) Prices will be disseminated after conversion from US Dollars (USD) to Pakistan Rupees (PKR).

The conversion methodology followed by the Exchange for conversion of the International Spot Gold Prices to the Landed International Gold Spot Prices is given below:

Steps used in determining Landed International Spot Gold Price; An Example

	Category	Description	Example
A	International Gold (Pure Gold) spot price - 999.9 fineness	Offer price of spot gold in \$/fine troy oz obtained from Reuters at the exact time of expiry of contract	\$650/oz
B	Gold (Pure Gold) Spot Price in Rupees	Conversion of \$/oz to Rupees/oz by using the average offer rate for PKR/USD obtained from 5 different moneychangers at the time of expiry of the contract.	$\$650/\text{oz} \times 60 \text{ Rs}/\$ = \text{Rs}39,000/\text{oz}$
C	Gold (Pure Gold) Price in Rs./10gms	Conversion of Rs/oz to Rs/10gms	$\text{Rs}39,000/\text{oz} / 3.11034768 = \text{Rs}12,539/10\text{gms}$
D	Freight	Average cost of \$1/oz	$\$1.00/\text{oz} \times 60 \text{ Rs}/\$ / 3.11034768 = \text{Rs}19$
E	Customs Duty	Customs Duty @ Rs. 2,500	Rs. 25

		per Kg	
F	Civil Aviation Charge	5% of Freight	Rs. 20 x 5% = Re.1
G	Insurance Cost for Withholding Tax Calculation	1% of Gold Price	Rs12,539 x 1% = Rs.125
H	Delivery Order, Handling Fee & Miscellaneous Charges	Based on fixed cost per shipment	Rs. 5
I	Withholding Tax	1% of (Price + Customs Duty + Insurance Cost)	(C + E + G) * 1% = 127
J	Final Settlement Price	C + D + E + F + H + I	Rs. 12,716 / 10 gms

The above parameters like import duty, withholding tax, insurance, freight, etc. may change from time to time and any such change in the methodology used shall be disseminated to all market participants.

The Exchange does not own any responsibility for correctness of the information supplied pursuant to this Circular and will not be responsible for discontinuation or disruption of supply of above information for any reason whatsoever.