

“I AVOID DABBA TRADING IN COMMODITY FUTURES”



Dabba (off-exchange) trading is both risky and illegal.

- ➔ Dabba trading or trading in commodity futures outside the FMC-regulated exchanges is illegal as per the Forward Contracts Regulation Act (FCRA), 1952.
- ➔ Dabba trading is also risky as it does not provide protection against counterparty default risk as guaranteed by commodity futures exchanges for trades done on them.

I insist on and verify records of all my commodity futures trades.

- ➔ I insist on keeping all the records (contract notes etc.) related to my trades.
- ➔ I also verify the authenticity of these records with the detailed information available on the exchange website upto 5 working days from the day of trade.

A dispute in Dabba trading cannot be redressed by the commodity exchange.

- ➔ Dispute arising in Dabba trading can only be referred to police.
- ➔ However, disputes arising in trades done on commodity futures exchanges can be redressed, including through arbitration, as provided by the exchange bylaws and regulations.



**Trade Safe; Trade Peacefully.
Trade Only on Commodity Exchanges**

Issued in public interest by:



Forward Markets Commission



Ministry of Consumer Affairs, Food and Public Distribution
Department of Consumer Affairs, Government of India,
Krishi Bhawan, New Delhi-110 001,
Website: www.fcamin.nic.in

If you notice any illegal futures market activity, please report to:

Forward Markets Commission, Everest, 3rd Floor, 100, Marine Drive, Mumbai 400 002,
Tel: 022-227 953 00, Fax: 022-2281 2086, Email: contact.fmc@nic.in

THERE ARE NO GUARANTEED RETURNS ON COMMODITY MARKET INVESTMENT.



Risk is an integral part of investment in commodity markets, and returns from this market cannot be assured.

Beware of all promotional and sales advertisements/literatures/talks that promise guaranteed and high returns on your investment in commodity futures markets.

Knowledge of physical markets of the commodities that you invest in is essential to make informed decision.

Do not believe in price tips and rumours. Do your own homework to trade in them successfully.

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If you notice any misleading sales promotion activity regarding commodity futures, please report to:

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“I TRADE ONLY ON RECOGNISED COMMODITY FUTURES EXCHANGES”

- I know how to protect my investment

➔ I trade only on regulated Commodity Futures Exchanges. Trading outside Recognised Exchanges (Dabba trading) is illegal and has the risk of losing my investment (margin money)

- Trading in Recognised Commodity Futures Exchanges is transparent and it gives everybody equal access

➔ Being regulated, Commodity Futures Exchanges provide equal access to all subject to common entry norms

- Trading on Recognised Commodity Exchanges gives me peace of mind about security of my money and fair trading

➔ Regulated Commodity Exchanges guarantee quality, quantity, price, settlement, etc, as per contract terms

- The Commodity Futures Exchange protects my interests in case of a dispute

➔ The Commodity Futures Exchange ensures issue of a contract note as a proof of order execution with all trade details, which enables me to seek redressal for any grievance/dispute. Trading outside an exchange is illegal and cannot provide legal remedies/redress my grievances



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Trade in Commodity Futures without fear of fraud.

Know Your Rights...

- Insist on a contract note for trades executed
- Approach the Exchange or the Forward Markets Commission (FMC) for redressal of your grievances
- Ensure that trading in your account is conducted only on your specific instructions and without unreasonable delay
- Insist on periodical statement of ledger accounts
- Conduct transactions only through cheque



**Trade Safe; Understand Your Rights.
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If you have any grievance about futures trade in commodities, please report to:
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“I TAKE MY OWN INVESTMENT DECISIONS”

- I do my own research on commodities and take my own decisions while investing

➔ Besides supply and demand fundamentals, interest rates, exchange rates and govt. policy too drives commodity prices. I seek information on these price-moving factors from reliable independent sources before taking my trading decisions

- I don't get lured by false promises of assured returns

➔ Returns can never be guaranteed in the commodity futures market.

- I don't avail of portfolio management services (PMS)

➔ PMS services in commodities are not permitted by Forward Markets Commission (FMC) the regulator for the commodity futures market and is illegal

- It's my money; I manage it myself

➔ I do not invest in commodities that I do not understand. I know that investing in commodities is different from investing in securities or other instruments. Without knowledge of fundamental factors, I do not risk my hard-earned money.



Don't Fall Prey to Unsolicited Tips and Lures while Trading in Commodity Futures

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If anyone approaches you for PMS in commodity futures, please report to:

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Tel: 022-227 953 00, Fax: 022-2281 2086, Email: contact.fmc@nic.in



“I AM AN IDEAL FUTURES MARKET TRADER”

- I trade only on recognised commodity futures exchanges
 - ➔ I know that trading outside an exchange platform is illegal
- I trade through brokers/members registered with the Forward Markets Commission (FMC). List of such brokers is available on the exchange websites.
 - ➔ I verify my broker's credentials
- I don't get lured by promises of assured returns before trading
 - ➔ I do my own research on commodities before trading
I study the contract specifications and the delivery and settlement procedure before trading
- I keep verified records of all market transactions
 - ➔ I insist on contract notes, receipts and account statements from my broker. Verify them with the information available on the Exchange website
- I always pay by cheque from my designated account
 - ➔ I pay the broker by cheque (including margins), in his name, insist on receipts and keep these carefully and understand that I am entitled to receive funds within 48 hours of Exchange's pay-out
- I trade within my investment and risk taking capacity
 - ➔ I know my ability to take risks and avoid over-trading despite lure of making huge profit

Understand Rules & Risks of Commodity Futures Trading and Then Trade on Exchanges

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