

# “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](http://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](mailto:contact.fmc@nic.in)

**THERE ARE NO GUARANTEED RETURNS ON COMMODITY FUTURES 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 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



# 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; Trade Peacefully. Trade Only on Commodity Exchanges

### Trade Safe; Understand Your Rights. Trade Only on Commodity Exchanges

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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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# “I AM AN IDEAL COMMODITY 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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