



NCDEX SPOT Exchange Limited

Circular to all trading and clearing members of the Exchange

Circular No. : NCDEX SPOT/TRADING/058/2009/102

Date : 24th July 2009

Subject : Revised Contract Specifications & Special terms and conditions in Sugar S-30

The members and their participants are requested to note that with effect from 24th July, 2009, the existing margin based Sugar S-30 contract is launched with below mentioned contract specifications and terms & conditions. The contract specifications and terms & conditions mentioned in the circular no. NCDEX SPOT/TRADING/050/2009/088 dated. 23rd June, 2009 will stand ineffective from date 24th July, 2009.

| Commodity | Symbol | Ex- Location |
|------------------|---------------|----------------------------|
| Sugar S-30 Grade | SUGARSKLP | Kolhapur(NCMSL warehouses) |

The Contract Specifications along with the Special terms and conditions are given in Annexure 1.

The contract and the transactions therein will be subject to Rules, General as well as Special terms & conditions, circulars, directives & notices which the Spot Exchange issues from time to time.

For and on behalf of
NCDEX Spot Exchange Limited

Praveen Hiremath
Products & Business Development Group

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ANNEXURE 1:- CONTRACT SPECIFICATIONS FOR SUGAR S-30

| Trading system | NCDEX SPOT Exchange Trading System | | | | | | | | | | | | |
|-----------------------------|---|-----------------------------|-----------------------|----------|-----------|--------------|------------|-------|------|--------|---|------------|--|
| Symbol | SUGARSKLP | | | | | | | | | | | | |
| Name of Commodity | SUGAR (S 30 Grade) | | | | | | | | | | | | |
| Basis | Ex-warehouse KOLHAPUR inclusive of all taxes | | | | | | | | | | | | |
| Unit of trading | 10000 KGS | | | | | | | | | | | | |
| Delivery unit | 10000 KGS | | | | | | | | | | | | |
| Quotation/base value | Rs per quintal | | | | | | | | | | | | |
| Tick size | Re.1/ per quintal | | | | | | | | | | | | |
| Quality specification | <p>SUGAR S-30 in crystal form manufactured by vacuum pan method with :</p> <table border="0"> <thead> <tr> <th style="text-align: left;">Commodity Parameters</th> <th style="text-align: left;">Specifications</th> </tr> </thead> <tbody> <tr> <td>Moisture</td> <td>0.08% Max</td> </tr> <tr> <td>Polarization</td> <td>99.80% min</td> </tr> <tr> <td>Grade</td> <td>S-30</td> </tr> <tr> <td>ICUMSA</td> <td>> or = 100 ICUMSA to < or = 150 max ICUMSA as determined</td> </tr> <tr> <td>Grain Size</td> <td>By GS9/1/2/3-8 prescribed in SUGAR S-30 Analysis ICUMSA method book Small as determined by the methods Prescribed in IS :498-2003</td> </tr> </tbody> </table> | Commodity Parameters | Specifications | Moisture | 0.08% Max | Polarization | 99.80% min | Grade | S-30 | ICUMSA | > or = 100 ICUMSA to < or = 150 max ICUMSA as determined | Grain Size | By GS9/1/2/3-8 prescribed in SUGAR S-30 Analysis ICUMSA method book Small as determined by the methods Prescribed in IS :498-2003 |
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| Moisture | 0.08% Max | | | | | | | | | | | | |
| Polarization | 99.80% min | | | | | | | | | | | | |
| Grade | S-30 | | | | | | | | | | | | |
| ICUMSA | > or = 100 ICUMSA to < or = 150 max ICUMSA as determined | | | | | | | | | | | | |
| Grain Size | By GS9/1/2/3-8 prescribed in SUGAR S-30 Analysis ICUMSA method book Small as determined by the methods Prescribed in IS :498-2003 | | | | | | | | | | | | |
| Outbound Tolerance Level | + 25 ICUMSA maximum | | | | | | | | | | | | |
| Quantity variation | +/- 2% max | | | | | | | | | | | | |
| Delivery Centre | Exchange Accredited warehouses at KOLHAPUR. | | | | | | | | | | | | |
| Standard Allowances | 0.0667% | | | | | | | | | | | | |
| Delivery Logic | All open positions at the end of the trading day will result into delivery. | | | | | | | | | | | | |
| Trading hours | Mondays through Saturday. 10:00 AM to 09:00 PM | | | | | | | | | | | | |

| | |
|---------------------------------|---|
| | <p>Saturday</p> <p>10.00 AM to 2.00 PM</p> <p>The SPOT Exchange may vary the above timing with due notice. The Exchange may suspend and resume trading at any time at its absolute discretion.</p> |
| Seller/Buyer pre-requisites | <p>The Seller would need to deposit the SUGAR S-30 at the accredited warehouse before putting the sell order.</p> <p>This is being a compulsory delivery contract; all outstanding positions at the end of the day shall result into delivery. The Buyer shall have to deposit required buyer margin with his member before putting a buy order.</p> |
| Price Limits | <p>Daily price limit will be (+)/ (-) 6%. If the trade hits the prescribed daily price limit there will be a cooling off period for 15 minutes. Trade will be allowed during this cooling off period within the price band. Thereafter the price band would be raised by another (+/-) 3%. If the price hits the revised price band of 9 % during the day, there will be a cooling period of 15 mins. Trades will be allowed within the revised price band. There after the price band would be raised by another 3%.</p> <p>No trade/order shall be permitted during the day beyond the revised limit of (+/-) 12 %.</p> |
| Type of contracts | <p>If the settlement day happens to be a Saturday/Sunday or Holiday then the settlement shall happen on the next working day.</p> |
| Opening of contracts | <p>Contracts of one day duration each shall be available for trading from Monday to Saturday.</p> |
| Applicable terms and conditions | <p>All transactions shall be subject to special terms and conditions and the process note annexed herewith and all parties shall be deemed to have agreed to the above contract specifications and the special terms and conditions</p> |

SPECIAL TERMS & CONDITIONS FOR THE SALE & PURCHASE OF SUGAR S-30
ON THE NCDEX SPOT EXCHANGE LTD.

DEFINITIONS

- a. **AUTOMATED TRADING SYSTEM** shall mean the computer system including hardware, software and related communication systems made available by the Exchange for online selling and buying of goods.

- b. **the EXCHANGE**
`the Exchange' shall mean the NCDEX SPOT Exchange Ltd.

- c. **SELLER**
The person or entity who has offered Sugar S-30 Grade for sale on the Exchange platform in accordance with the prescribed Rules, general and special terms and conditions of the Exchange.

- e. **BUYER**
The person or entity who has offered to purchase Sugar S-30 Grade on the Exchange platform in accordance with the prescribed terms and conditions of the Exchange.

- f. **DELIVERY CENTRE**
The Exchange accredited warehouse which is notified as the delivery centre. Initially, the location for delivery pursuant to trades in Sugar S-30 Grade would be at KOLHAPUR.

- g. **WAREHOUSE MANAGEMENT SYSTEM:** - The Warehouse Management System (WMS) is a technology interface which facilitates deposit and withdrawal



of holdings of commodities stored in the accredited warehouse and the pay-in of funds towards trading in commodities on the NCDEX Spot Exchange.

- h. **WEB NSCFE:** - WEB NSCFE is a technology interface which facilitates settlement of levies & the short/excess quantities of the traded commodities.

Terms & Conditions :-

1. All the transactions, contracts, deals and trades for sale/purchase of Sugar S-30 Grade of the variety as notified herein by the Exchange entered into through the Automated Trading System of the Exchange shall be governed by the terms and conditions stipulated herein below and any further terms and conditions as may be specified or informed by the Exchange from time to time.
2. The location for delivery pursuant to trades on the Exchange shall be at KOLHAPUR.
3. The Seller shall, through the trading member, offer and the Buyer shall, through the trading member offer, respectively, to sell and to buy Sugar S-30 Grade of quality and details as specified in the contract specifications herein on the automated trading system and the Seller as well as the Buyer shall be bound by all the terms and conditions stated herein and also by the Rules and General Terms and Conditions notified by the Exchange.
4. Trade would occur on the Exchange trading platform whereby buy and sell orders are matched on price-time priority and on any other parameter/s put in place by the Exchange from time to time.
5. The net open position at the end of trading hours shall have to be settled by giving and taking delivery of the commodity traded.
6. The Buyers/Sellers shall be permitted to square-off their sell or buy positions during the day.



7. The Sellers or Buyers who are not registered as members of the Exchange can trade by putting their orders through a registered member of the Exchange.
8. The members can give quotes on his own behalf or on behalf of clients for different quantities through out the trading hours.
9. The member shall be permitted to modify the buy/sell quotes till the time of matching on the Exchange trading platform.
10. During the stipulated trading hours, a member shall not be allowed to put in a sell order in excess of his Net Buy Open Positions + Free warehouse balance.

Free warehouse balance is calculated by using the below formula

| | |
|-----------------------------|----|
| Quantity Locked | xx |
| Less: - Qty already traded | xx |
| Less: - Open Sell orders | xx |
| Less: - Withdrawal requests | xx |
| <hr/> | |
| Free Warehouse Balance | XX |

11. Margins shall be charged on the net buy positions only and shall get released online when a buy position is squared off.
12. Net open sell or buy positions shall be calculated at the client level for each member.
13. Short selling of commodities shall not be allowed on the trading platform.
14. An advance payment of 15% of the purchase order value shall be charged from the Buyer. The percentage of advance payment to be taken from the Buyer shall be as deemed and decided by the Exchange and shall also be subject to revision at the discretion of the Spot Exchange.

15. No advance payment shall be charged from the seller

16. Time for trading:-

Mondays through Friday 10:00 AM to 05:00 PM (IST)

All timings are as per Indian Standard Time. No trading shall take place on any day which is declared as holiday by the Exchange at its absolute discretion. The Exchange reserves the right to suspend or stop trading at any time at its absolute discretion.

17. Unit of Trading & Unit for price Quotation:-

- Offers for sale & purchase can be made in lots of 10000 kgs or multiples thereof.
- The unit of price quotation shall be Rs per/quintal
- The orders/trades will be on ex-warehouse basis and will be quoted on the basic rate basis i.e. exclusive of all taxes/levies/duties.

18. All outstanding orders will be cancelled at the end of the trading hours.

19. There will only be one type of order – Limit order.

Seller/Depositor.

1. Only those depositors who have deposited the Sugar S-30 Grade into the Exchange accredited warehouses and whose quality is in accordance with the specifications prescribed by the Exchange from time to time may sell Sugar S-30 Grade on the Exchange platform
2. When the Seller deposits the Sugar S-30 Grade into the Exchange accredited warehouse, the same will be subject to visual inspection, inspection as to the soundness of packing etc. by the warehouse and Upon being satisfied of the nature and sound packing of the commodity, the warehouse shall issue Deposit Acknowledgment Slip (DAS) and shall process the deposit of the commodity. The goods shall be subjected to assaying and only upon the goods being



certified as accepted within the specified norms of quality mentioned in the contract specification, the warehouse shall accept the goods for storage. The DAS shall be valid till the assaying report is received by the warehouse.

3. Upon completion of assaying process and successful certification of the goods, the Warehouse shall proceed to issue Commodity Deposit Certificate (CDC)
4. The details of the CDC will have to be entered into WMS (Warehouse Management System) by the Member with whom the depositor is affiliated.
5. Seller shall ensure availability of Sugar S-30 Grade equivalent to the quantity of Sugar S-30 Grade to be traded, in the Warehouse Management System (WMS) put in place by the Exchange prior to entering sell order through the trading platform and shall, through his member, instruct the warehouse to, electronically lock the same for sale in the WMS.
6. The Seller Member shall get the quantity locked from the accredited warehouse by giving written request by way of fax / personal delivery to the accredited warehouse mentioning Member ID & client id, commodity, Commodity Deposit Certificates (CDC) nos., validity & quantity which the Seller desires to lock-in in the WMS. It shall be the responsibility of the Member to ensure that the written request is on the official letter head of the Member and carries the signature of the authorized signatory of the Member. Upon receipt of such request, the warehouse would check the physical quantity of Sugar S-30 Grade available for lock-in and after ensuring that sufficient quantity is available for lock-in, the said warehouse would confirm the lock-in for the requested quantity in the WMS.
7. Failure to deposit & lock in sufficient quantity of Sugar S-30 Grade as aforesaid in the Exchange delivery system would result in rejection of sell order when placed through the automated trading system. The Seller Member shall place the sell order after getting online confirmation in the WMS from the accredited warehouse about the lock-in of the quantity as requested.

8. Seller may unlock any quantity of Sugar S-30 Grade prior to execution of trade on any given day and may request release of goods if deposited in the warehouse. Partial unlocking is allowed for withdrawal purposes.
9. Seller may modify his price from time to time or withdraw the offer before any order is matched with any Buyer as per process put in place by the Exchange.
10. The process for putting in a withdrawal request in the WMS is given in the Member manual for WMS available on the website of the Exchange.
11. The warehouse shall have to be informed by the Member regarding any withdrawal of the goods.
12. The member /member's representative (whose profile is created) can take the physical delivery of the requested quantity of Sugar S-30 Grade from the warehouse on presentation of necessary proofs.
13. Undertaking from Depositor: Every depositor shall have to provide an Undertaking in the prescribed format to the warehouse at the time of deposit to the effect that:
 - The CDC/s issued is/are for the limited purpose of entry into WMS for trading on the Exchange platform.
 - The depositor can withdraw the goods only as per process of withdrawal through member in the WMS.
 - The goods deposited by him are not under any lien or encumbrance.
 - The goods being deposited are owned by the depositor or the depositor has complete legal authority to sell and transfer the goods
14. Warehouse shall issue a CDC to the Seller for every tradable lot which is deposited.

For eg :- if a depositor has brought in 30195 kgs of Sugar S-30 then the warehouse shall issue 3 separate CDC's to the Seller on net quantity after deducting standard allowance and bag wt.

15. **Withdrawal of non-traded goods:** Withdrawal requests for the free balance of commodity can be placed online. If the depositor wishes to withdraw the goods from the warehouse in any of the following stages,

- a. after issue of CDC and before entering the details of the CDC in the WMS,
- b. after lock-in of the quantity of goods and till the time there is no sell order placed on the trading system of the Exchange by the member concerned on behalf of the depositor,
- c. after lock-in and partial sale of the locked-in quantity, the remaining quantity is sought to be withdrawn,

then the depositor shall have to follow the process for release of commodity through the WMS system only.

Currently, as per the system put in place,

- a. the depositor has to place a "Withdrawal Request" through his Member WMS module for processing.
- b. The depositor has to then submit his photo id, signature proof along with the original CDC.
- c. Upon verification and satisfaction by the warehouse, the requested withdrawal quantity will get released through the WMS member module as per process put in place

Buyer.

1. Buyers shall, before putting in an order through the automated trading system, make an advance payment of such amount as prescribed by the Exchange from time to time in respect of the quantity of Sugar S-30 Grade proposed to be purchased. The buying member before placing an order shall ensure that funds towards such advance payment are transferred through payment gateway to the



settlement bank account of the Exchange. In the event of shortage of funds, the buy orders will be rejected in the system.

2. Buyer can modify quantity and price quoted or may also withdraw any order before the order is matched /executed on the automated trading system
3. After the matching of quotes, the Buyer shall make available the balance amount (ie total obligation less advance payment already made) payable towards the net purchase consideration in the Exchange settlement account on the T + 2nd day. The time for payment on T+2nd day shall be 11.00 am (*pls see Annexure 3 for time & activity flow for trading & settlement*)
4. Any Buyer shall, for removal of Sugar S-30 Grade from the warehouse, contact the warehouse and arrange for such removal / delivery.
5. The Buyer shall have to take delivery of the Sugar S-30 Grade from the accredited warehouse at the delivery centre either himself or through an authorized representative in the manner given below.
6. The profile of the Buyer/Buyer's representative will have to be created by the Buyer Member in the WMS in the manner provided, prior to taking physical delivery of Sugar S-30 Grade from the accredited warehouse.
7. Buyer or the Buyer's authorized representative shall, on or after the T+2nd day, go to the Warehouse with necessary identity proof as per profile created in the WMS after intimating the warehouse. The Buyer's authorized representative shall have to carry a duly signed authorization letter of the Buyer at the time of taking delivery at the warehouse.
8. Documentary Proof (Photo identity) to be submitted by the Buyer's authorized representative at the time of taking delivery of the physical goods (Any one of the below).
- 9.

| |
|----------------------|
| Passport |
| Driving License |
| Voters Identity Card |
| PAN card |

10. Warehouse shall verify the identity proof submitted by the Buyer or his authorized representative with the proofs recorded in the WMS initially at the time of creation of the profile by the Buyer Member.
11. Buyer/Buyer's authorized representative & Warehouse shall confirm physical delivery in the WMS by registering the identity proofs in the manner provided.
12. Any reference as to contentions of difference in quality or quantity of the goods delivered shall have to be referred to the warehouse and the Exchange within 3 days from the date of settlement and the Exchange's responsibility with regard to settlement shall cease to exist after such period.
13. The Buyer may, through his buying member, before the matching/execution of his order, send his request for release of the funds any time through the system put in place by the Exchange and the funds will be credited to the settlement account of the buying member, unless such amount is the amount payable by such Buyer/buying member.
13. Failure to bring in the balance amount (ie. total obligation less advance payment already made) payable towards the purchase consideration shall attract non-performance compensation as decided and deemed fit by the Exchange. A non-performance compensation of an amount equal to **Allocated Quantity defaulted *DSP * Margin Percentage** shall be recovered from the margin already lying with the Exchange on the net buy positions.
14. The non-performance compensation shall be recovered from the advance payment already paid by the Buyer Member. The non-performance compensation recovered from the Buyer Member shall be utilized to compensate



the Exchange and the Seller Member & the Settlement Guarantee fund in the below ratio.

- a. 30% to Seller Member for the opportunity loss incurred by him
- b. 40% towards building a Settlement Guarantee Fund.
- c. 30% to NCDEX Spot Exchange to cover operational expenses

15. There shall be no non-performance compensation if the Buyer client fails to collect the physical commodity within the stipulated time period.

16. Warehouse charges from the settlement date till delivery shall be borne by the Buyer.

Other terms & conditions.

1. Withdrawal of Funds & Commodity

- Deposit of funds can be done online.
- Request for withdrawal of funds from the Settlement a/c can be placed online but shall be processed at 2.45 pm everyday.

2. Re-deposit of traded Lot:

- If Buyer wishes to further trade an allocated lot then warehouse shall check the validity of the said lot and if found within validity period or such period as may be prescribed by the Exchange from time to time, shall issue CDC to the Buyer as depositor/holder of the said quantity of commodity.
- Redeposit means request from Buyer client to retain the goods in the same warehouse for the purpose of subsequent trading.

3. Packaging & Validity

- SUGAR S-30 should be delivered in 50 kgs net basis in new A Twill bags/PP bags or 100 kgs net new A Twill Bags/ New Jute Bags.

- The gross weight of the 100 kgs new A Twill Bags/New Jute Bags will be 101 kgs Gross while that of 50 kgs New A Twill Bags/PP Bags will be 50.65 kgs.
- The Sugar S-30 Grade deposited before 20th of a given month for delivery on the Spot exchange, will get a validity period till the 5th day of the 3rd month following the given month of deposit as above.*(please refer validity calendar as per Annexure 2)*
- The Sugar S-30 Grade deposited after the 20th of a given month for delivery on the Spot Exchange, will get a validity period till the 5th date of the 4th month following the given month of deposit as above.*(please refer validity calendar as per Annexure 2)*
- Condition for issuing new CDC and lock-in nearing the end of validity period : For all tradeable lots with validity period till the 5th of succeeding month the cut-off date for issue of new CDC and Lock-in will be 26th of the running month or last working day before 26th (if 26th is a holiday).

4. Settlement

- The net open positions of Sellers and Buyers at the end of the trading day (EOD) shall be due for settlement.
- At the End of every trading day, the net open positions at the EOD shall be matched and allocated for settlement and delivery. ie the Buyer shall have to take delivery and the Seller shall have to give delivery of the physical commodity.
- At the EOD, Members would receive a listing of all trades done during the day as well as net positions based on which member is obliged to pay/receive funds and/or commodities.
- The Buyer shall make an advance payment by way of margin as applicable on the trade date and arrange to settle the balance amount on the T+2nd day.

- There shall be only one consolidated settlement run for funds & commodities i.e on the T+2nd day.
- The open positions as at the end of the trading hours culminating into sale with physical delivery of commodities shall be deemed to have been concluded at the traded price.
- Seller shall issue an invoice to the Buyer at the Daily Settlement price.

5. Settlement of Levies/Duties/taxes/Shortage/Excess qty.

- The Buyer shall through the Web NCFE module furnish client details/ consignee details on the T+1th day between 8.00 am & 12.00 noon. *(please refer Annexure 3 for time & activity schedule for trading & settlement)*
- The Seller shall through the Web NCFE module furnish all the relevant details between 1.00 pm & 5.00 pm. *(please refer Annexure 3 for time & activity schedule for trading & settlement)*
- The amount due towards levies/duties/taxes & shortage/excess of quantity shall be settled at the Settlement price determined by the Exchange and invoices shall be raised accordingly.
- For the purpose, Daily settlement price shall be the volume weighted average price of the whole day.
- Failure on the part of the Buyer to furnish relevant information shall result in settlement of taxes/levies/duties/short qty/excess quantity on the amount indicated by the Seller.
- Failure on the part of the Seller to furnish relevant information shall result in funds settlement of only the basic rate which is the traded price. The Exchange shall not be responsible for the non-settlement of the levies/duties/taxes/short



qty/excess quantity and CDC on account of the failure of the Seller to furnish the relevant details on time.

- Risk Management- Members are requested to refer to the circular No: NCDEX SPOT/RISK/002/2009/028 dtd January 15th, 2009 for further details.

6. Complaints & Dispute Redressal

- Any dispute arising between the Seller and the Buyer may be referred to the dispute resolution mechanism as put in place by the SPOT Exchange. However such dispute shall be brought to the notice of the SPOT Exchange latest by, on or before the close of market hours of the 3rd day from the date of settlement (pay-in and pay-out) after which the SPOT Exchange shall not entertain any reference in that regard.
- No quantity/quality related issues will be accepted once the Sugar S-30 Grade has been taken out of the warehouse or when the Buyer sends across a written complaint after the close of market hours on the 3rd day and onwards from the date of settlement

Annexure 2:- Validity Calendar for NCDEX Spot Sugar S-30 Grade

| Months of Deposit | Validity Period at time of fresh deposit | No of time revalidation allowed | Validity Period of First revalidation(no of months) | Validity Period of Second revalidation (no of months) |
|--------------------------|---|--|---|--|
| January | 4 | 0 | 0 | 0 |
| February | 4 | 0 | 0 | 0 |
| March | 3 | 0 | 0 | 0 |
| April | 2 | 0 | 0 | 0 |
| May | 1 | 0 | 0 | 0 |
| June | 1 | 0 | 0 | 0 |
| July | 1 | 0 | 0 | 0 |
| August | 1 | 0 | 0 | 0 |
| September | 1 | 0 | 0 | 0 |
| October | 4 | 0 | 0 | 0 |
| November | 4 | 0 | 0 | 0 |
| December | 4 | 0 | 0 | 0 |

Annexure 3:- Time & Activity Flow for Settlement

| DAY | ACTIVITY | TIME |
|-----|--|-----------------------|
| T | Pre-open session | 9.30 am to 10.00 am |
| T | Trading hours | 10.00 am to 9 pm |
| | Dissemination of Tentative allocation report | |
| T | Declaration of Daily Settlement Price | After 9.00 pm |
| | Buyer shall provide through Web NSCFE client/consignee | |
| T+1 | details | 8.00 am upto 12.00 pm |
| | Seller shall provide through Web NSCFE amount due by way of sales tax/excess shortage along with details of lots (| |
| T+1 | CDC No. qty, Grade, validity) being offered for delivery | 1.00 pm to 5.00 pm |
| T+1 | Dissemination of Final allocation report | After 5.00 pm |
| T+2 | Funds payin | 11.00 am |
| T+2 | Penalty Settlement | 1.00 pm |
| T+2 | Commodity & funds payout | 1.00 pm |