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CHAPTER 1 - TRADING PARAMETERS

Authority

Trading of Gold 100 Grams futures may be conducted under such terms and conditions as specified in the Rules, Byelaws & Regulations and directions of the Exchange issued from time to time. A specimen of Gold 100 Grams futures contract specification is indicated in **Exhibit 1**.

Unit of Trading

The unit of trading of Gold 100 Grams shall be 100 grams. Bids and offers may be accepted in lots of Gold shall be 100 grams or multiples thereof.

Months Traded In

Trading in Gold 100 Grams futures may be conducted in the months as specified by the Exchange from time to time.

Tick Size

The tick size of the price of Gold shall be Re. 1

Basis Price

The basis price of Gold shall be Ex-Ahmedabad inclusive of Customs Duty, exclusive of Sales Tax/VAT and any other charges or levies.

Unit for Price Quotation

The unit of price quotation for Gold shall be in Rupees per 10 g. of Gold with 995 fineness.

Hours of Trading

The hours of trading for futures in Gold 100 Grams shall be as follows:

- Mondays through Fridays – 10.00 AM to 11.30 PM*
- Saturdays – 10.00 AM to 02.00 PM

On the expiry date, contracts expiring on that day will not be available for trading after 5 pm.

The Exchange may vary the above timing with due notice.

*Please note that during international daylight saving timings, the trade timings from Monday through Fridays would be from 10 A.M. to 11.55 P.M.

Or as determined by the Exchange from time to time. All timings are as per Indian Standard Timings (IST)

Last Day of Trading

Last day of trading for Gold shall be 20th calendar day of contract month, if 20th happens to be a holiday or a Saturday or a Sunday, then the due date shall be immediately preceding trading day of the exchange, other than a Saturday of the Exchange.

Mark to Market

The outstanding positions in futures contract in Gold would be marked to market daily based on the Daily Settlement Price (DSP) as determined by the Exchange.

Position limits

Member wise : 6 MT or 15% of market wide open position whichever is higher – For all Gold contracts combined together.

Client-wise: 2 MT – For all Gold contracts combined together.

The above limits will not apply to bonafide hedgers. For bonafide hedgers the Exchange will decide the limits on a case-to-case basis.

Please refer to Circular No.NCDEX/TRADING-100/2005/219 dated October 20,2005

Margin Requirements

NCDEX will use Value at Risk (VaR) based margin calculated at 99% confidence interval for one day time horizon. NCDEX reserves the right to change, reduce or levy any additional margins including any mark up margin.

Special Margin

In case of additional volatility, a special margin of at such other percentage, as deemed fit, will be imposed immediately on both buy and sell side in respect of all outstanding positions, which will remain in force for next 2 days, after which the special margin will be relaxed.

Delivery Margins

In case of open positions materializing into physical delivery, delivery margins as may be determined by the Exchange from time to time will be charged. The delivery margins will be calculated based on the number of days required for completing the physical delivery settlement (the look-ahead period and the risks arising thereof).

Arbitration

Disputes between the members of the Exchange inter-se and between members and constituents, arising out of or pertaining to trades done on NCDEX shall be settled through arbitration. The arbitration proceedings and appointment of arbitrators shall be as governed by the Bye-laws and Regulations of the Exchange.

CHAPTER 2 - DELIVERY PROCEDURES

Unit of Delivery

The unit of delivery for Gold shall be 100 grams

Delivery Size

Delivery is to be offered and accepted in lots of 100 grams Net only or multiples thereof. No quantity variation is permitted as per contract specification given in **Exhibit 1**.

Delivery Requests

The procedure for Gold delivery is based on the contract specifications as per **Exhibit 1**. All the open positions shall have to be compulsorily delivered either by giving delivery or taking delivery as the case may be. That is, **"upon expiry of the contracts, any seller with open position shall give delivery of the commodity. The corresponding buyer with open position as matched by the process put in place by the Exchange shall be bound to settle by taking physical delivery. In the event of default by seller or buyer to give delivery or take delivery, as the case may be, such defaulting seller or buyer will be liable to penalty as may be prescribed by the Exchange from time to time"**. The penalty structure for failure to meet delivery obligations, presently, is as per circular no. NCDEX/TRADING-086/2008/216 dated September 16, 2008.

Delivery Allocation

The Exchange would then compile delivery requests received from members on the last trading day, as specified in Chapter 1 above. The buyers/ sellers who have to receive/ give delivery would be notified on the same day after the close of trading hours. Delivery of Gold is to be accepted by Buyers at the accredited warehouse(s)/ vault where the Seller effects delivery in accordance with the contract specifications.

Gold Delivery

Where Gold is sold for delivery in a specified month, the seller must have requisite electronic credit of such Gold holding in his Clearing Member's Pool Account before the scheduled date of pay in. On settlement the buyer's Clearing Member's Pool Account would be credited with the said delivery quantity on pay out. The Clearing Member is expected to transfer the same to the buyer's depository account. However, the buyer must take actual physical delivery of Gold before expiry of the validity date, if any, as indicated in the quality test report/ Certificate of the Refiner.

Gold certified from any refiners specified by the Exchange on the Settlement day is accepted as good delivery on the Exchange.

The list of approved refiners by NCDEX is available on www.ncdex.com/downloads/refiners_gold.pdf

Accredited Warehouse/ Vault

NCDEX has accredited warehouse/ vault for receipt and delivery of Gold. Gold will only be received at and delivered from the NCDEX accredited warehouse/ vault. The details of the NCDEX accredited warehouse/ vault are as per **Exhibit 2**.

The contents of this product note are subject to Rules, Byelaws and Regulations of NCDEX as in force from time to time and be read therewith.

Quality Standards

The contract quality for delivery of Gold futures contracts made under NCDEX Regulations shall be Gold conforming to the quality specification indicated in the contract. No lower grade/ quality shall be accepted in satisfaction of futures contracts for delivery except as and to the extent provided in the contract specifications. Delivery of higher grade would be accepted with premium.

Packaging

The gold bars to be accepted at the accredited warehouse/ vault shall be directly imported and hallmarked from the approved list of refiners through the approved logistic agency i.e. Brinks Arya (India) Pvt. Ltd. or their affiliates/ associates. The Gold bars delivered at the Exchange accredited warehouse/ vault, should bear the refinery serial no. and accompanied with the Refinery certificate. Gold held at the NCDEX accredited warehouse/ vault will be on un-allocated basis i.e. it will be co mingled with those gold bars pertaining to the participants of NCDEX. These bars will be of 100 grams only.

Standard Allowances

There is no deduction on account of standard allowance.

Weight

The quantity of Gold received and or delivered at the NCDEX accredited vault would be determined/ calculated by the weight together with serial number as indicated in the enclosed Refinery certificate submitted at the time of delivery into the accredited vault and would be binding on all parties.

Good/ Bad delivery Norms

Gold delivery into NCDEX accredited warehouse/ vault would constitute good delivery or bad delivery based on the good/ bad delivery norms as per **Exhibit 3**. The list contained in **Exhibit 3** is only illustrative and not exhaustive. NCDEX would from time to time review and update the good/ bad delivery norms retaining the trade/ industry practices.

Quality Testing Report

Gold delivered into the NCDEX accredited warehouse/ vault must be accompanied with the certificate from NCDEX approved Refinery.

Validity period

The validity period of the approved Refinery Certificate for Gold is till the withdrawal from the accredited warehouse/ vault.

Electronic transfer

Any buyer or seller receiving and or effecting Gold delivery would have to open a depository account with an NCDEX empanelled Depository Participant (DP) to hold the credit for Gold holdings in electronic form. On settlement, the buyer's account with the DP would be credited with the quantity of Gold received and the corresponding seller's account would be debited. The Buyer wanting to take physical delivery of the Gold holding has to make a request in prescribed form to his DP with whom depository account has been opened. The DP would route the request to the warehouse/ vault for issue of the physical commodity i.e. Gold to the buyer and debit his account, thus reducing the electronic balance to the extent of Gold holdings so rematerialized.

The contents of this product note are subject to Rules, Byelaws and Regulations of NCDEX as in force from time to time and be read therewith.

**Gold 100 grams
Product Note**



Charges

All charges and costs payable at the accredited warehouse/ vault towards delivery of Gold including grading, weighing, handling charges, storage etc. from the date of receipt into accredited warehouse/ vault upto date of pay in & settlement shall be paid by the seller.

No refund for warehouse/ vault charges paid by the seller for full validity period shall be given to the seller or buyer for delivery earlier than the validity period.

All charges and costs associated & including storage, handling etc. after the pay out shall be borne by the buyer. Warehouse/ vault storage charges will be charged to the member/ client by the respective Depository Participant.

Duties & levies

All duties, levies etc. up to the point of sale will have to be fully borne by the seller and shall be paid to the concerned authority. All related documentation should be completed before delivery of Gold into the NCDEX accredited warehouse/ vault.

Stamp Duty

Stamp duty is payable on all contract notes issued as may be applicable in the State from where the contract note is issued or State in which such contract note is received by the client.

Taxes

Service tax

Service tax will be payable by the members of Commodity Exchanges on the gross amount charged by them from their clients on account of dealing in commodities.

Sales Tax/ VAT

Local taxes/ VAT wherever applicable is to be paid by the seller to the sales tax/ VAT authorities on all contracts resulting in delivery. Accordingly the buyer will have to pay the taxes/ VAT to the seller at the time of settlement. Members and/ or their constituents requiring to receive or deliver Gold should register with the relevant tax/ VAT authorities of the place where the delivery is proposed to be received/ given. In the event of sales tax exemption, such exemption certificate should be submitted before settlement of the obligation. There will be no exemptions on account of resale or second sale in VAT regime.

Premium/ Discount

Premium & Discount on the Gold delivered will be provided by the Exchange on the basis of quality specifications:

The Exchange will communicate the premium/ discounts amount applicable. Such amount will be adjusted to the members account through the supplementary settlement.

Grade	Premium/ (Discount) %
9999	0.49%
9990	0.40%
9950	0.00

Formula used = $100 - (\text{Delivery Grade} / \text{Standard Grade}) * 100$, e.g. $100 - (0.995/0.9999)*100$

The contents of this product note are subject to Rules, Byelaws and Regulations of NCDEX as in force from time to time and be read therewith.

CHAPTER 3 - CLEARING AND SETTLEMENT

Daily Settlement

All open positions of a futures contract would be settled daily based on the Daily Settlement Price (DSP).

Daily Settlement Prices

The Daily Settlement Price (DSP) will be as disseminated by the Exchange at the end of every trading day. The DSP will be reckoned for marking to market all open positions.

Final Settlement Prices

The Final Settlement Price (FSP) will be determined by the Exchange upon maturity of the contract.

All open positions on the expiry day of the contract would result in compulsory delivery.

Spot Prices

NCDEX will announce / disseminate spot prices for Gold relating to the designated delivery center and specified grade/ quality parameters determined through the process of polling a set of market participants representing different segments of the value chain.

The polled prices shall be input to a normalizing algorithm (like 'bootstrapping' technique) to arrive at a representative, unbiased and clean 'benchmark' spot price for Gold. The security of data and randomness of polling process will ensure transparency and correctness of prices. The Exchange has absolute right to modify the process of determination of spot prices at any time without notice.

Dissemination of Spot Prices

Spot prices for Gold will be disseminated on daily basis.

Pay in and Pay out for Daily Settlement

The table below illustrates timings for pay in and pay out in case of daily settlement. The buyer clients would have to deposit requisite funds with their respective Clearing Member before "pay in".

All fund debits and credits for the Member would be done in the Member's Settlement Account with the Clearing bank.

Time (T+1)	Activity
On or before 11.00 hrs	PAYIN - Debit paying member a/c for funds
After 13.00 hrs	PAYOUT – Credit receiving member a/c for funds

Pay in and Pay out for final physical settlement

The table below illustrates timings for pay in and pay out in case of positions marked for physical settlement. The buyers / sellers would have to deposit requisite funds / Gold with their respective Clearing member before "pay in".

**Gold 100 grams
Product Note**



Pay in and Pay out for Final Settlement in case of physical deliveries	
Time (E+2)	Activity
On or before 12.00 hrs	PAYIN - Debit Buyer Member Settlement a/c for funds - Debit Seller Member's CM Pool Account for Gold
After 14.30 hrs	PAYOUT - Credit Seller Member Settlement a/c for funds - Credit Buyer Member's CM Pool Account for Gold

Additionally the supplemental settlement for Gold 100 Grams futures contracts for premium / discount adjustments relating to quality of Gold delivered, actual quantity delivered and close out for shortages, will also be conducted on the same day. Clearing Members are required to maintain adequate fund balances in their respective accounts.

Pay in and Pay out for supplemental settlement	
Time (E + 2)	Activity
On or before 15.00 hours	PAY IN – Debit Member Settlement a/c for funds
After 15.00 hours	PAY OUT – Credit Member Settlement a/c for funds

Supplementary Settlement for Taxes

The Exchange will conduct a separate supplementary settlement, as illustrated below, three days after normal pay out for completion of tax transactions.

In order to facilitate issue of invoice to right parties, the buyer Clearing Members are required to give the buyer client details to the Exchange latest by 15.00 noon on E+3 day falling which the buying member is considered as the end buyer and accordingly invoice is issued in his/their name.

The Seller Clearing Members are required to give the seller client details to the Exchange latest by 15.00 hrs on E + 4 day.

The amounts due to the above differences will be debited / credited to Member's clearing bank account similar to normal settlement.

Pay in and Pay out for Taxes	
Time (E + 5)	Activity
On or before 11.00 hours	PAY IN: Debit Buyer Member Settlement a/c for funds.
After 11.00 hours	PAY OUT: Credit Seller Member Settlement a/c for funds

For further clarification and detailed procedure on sales tax settlement, participants can refer to circular number NCDEX/CLEARING-001/2008/002 issued on January 04, 2008.

The contents of this product note are subject to Rules, Byelaws and Regulations of NCDEX as in force from time to time and be read therewith.

Exhibit 1 – Contract Specifications of Gold(100 Grams) applicable for November 2009 expiry onwards (updated on August 5, 2009)

Type of Contract	Gold Futures Contract Specifications
Name of Commodity	Gold
Ticker symbol	GOLD100AHM
Trading System	NCDEX's Trading System
Basis	Ex- Ahmedabad inclusive of Customs Duty, exclusive of Sales Tax/VAT, and any other charges or levies.
Unit of trading	100 grams
Delivery unit	100 grams
Quotation/base value	Rs per 10 Grams of Gold with 995 fineness
Tick size	Re 1
Quality specification	Upto 999.9 fineness bearing a serial number and identifying stamp of a refiner approved by the Exchange. List of approved refiners available at the following URL: www.ncdex.com/downloads/refiners_gold.pdf
Quantity variation	None
Delivery center	Ahmedabad
Additional Delivery centre	Mumbai and New Delhi Location Premium/Discount as notified by the exchange from time to time
Hours of trading	As per directions of the Forward Markets Commission from time to time, currently - Mondays through Fridays : 10:00 AM to 11:30 PM Saturdays : 10:00 AM to 02:00 PM On the expiry date, contracts expiring on that day will not be available for trading after 5 PM. The Exchange may vary the above timing with due notice.
Due date / Expiry Date	20th day of the delivery month

The contents of this product note are subject to Rules, Byelaws and Regulations of NCDEX as in force from time to time and be read therewith.

**Gold 100 grams
Product Note**



	If 20th happens to be a holiday, a Saturday or a Sunday then the due date shall be immediately preceding trading day of the Exchange, other than a Saturday of the Exchange.
Delivery specification	<p>Upon expiry of the contracts all the outstanding positions should result in compulsory delivery.</p> <p>The penalty structure for failure to meet delivery obligations will be as per circular no. NCDEX/TRADING-086/2008/216 dated September 16, 2008.</p>
Closing of Contracts	Upon the expiry of the contract all the outstanding position should result in compulsory delivery.
Opening of Contracts	Trading in far month contract will open on the 10th day of the month in which near month contract is due to expire. If the 10th happens to be a non-trading day, contracts would open on the next trading day
No. of active contracts	As per launch calendar
Price limit	<p>Base daily price fluctuation limit is (+/-)3%. If the trade hits the prescribed base daily price limit, the limit will be relaxed up to (+/-)6% without any break/ cooling off period in the trade. In case the daily price limit of (+/-)6% is also breached, then after a cooling off period of 15 minutes, the daily price limit will be further relaxed up to (+/-) 9%. Trade will be allowed during the cooling off period within the price band of (+/-)6%.</p> <p>In case of price movement in International markets which is more than the maximum daily price limit (currently 9%), the same may be further relaxed in steps of 3% with the approval of FMC.</p>
Position Limits	<p>Member wise : 6 MT or 15% of market wide open position whichever is higher – For all Gold contracts combined together.</p> <p>Client- wise : 2 MT – For all Gold contracts combined together.</p> <p>The above limits will not apply to bonafide hedgers. For bonafide hedgers the Exchange will decide the limits on a case-to-case basis. Please refer to Circular No. NCDEX/TRADING-100/2005/219 dated October 20,2005</p>
Quality allowance (for Delivery)	Gold bars of 995/999.9 fineness. A premium will be given for fineness above 995. The settlement for more than 995 fineness will be calculated at (Actual fineness/995)* Final Settlement Price.
Special Margins	In case of additional volatility, a special margin of at such other percentage, as deemed fit, will be imposed

The contents of this product note are subject to Rules, Byelaws and Regulations of NCDEX as in force from time to time and be read therewith.

	immediately on both buy and sell side in respect of all outstanding positions, which will remain in force for next 2 days, after which the special margin will be relaxed.
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Contract Launch Calendar

Opening Month	Expiry Month
August 2009	November 2009
September 2009	December 2009
October 2009	January 2010
November 2009	February 2010
December 2009	March 2010
January 2010	April 2010
February 2010	May 2010
March 2010	June 2010
April 2010	July 2010
May 2010	August 2010
June 2010	September 2010
July 2010	October 2010
August 2010	November 2010
September 2010	December 2010



Exhibit 2 – Warehouse/ Vault Details

BRINKS ARYA (INDIA) PVT. LTD.
Kailash Society, Bhagwan Nagar No. Tekro,
Mahalaxmi Panch Rasta Paldi,
Ahmedabad 380 006, Gujarat.
Contact Person: Mr. S K Menon
Mobile: 09327016360/ 09327016670
Phone: 079-26605179

BRINKS ARYA (INDIA) PVT. LTD.
G-9, DIAMOND PLAZA, GROUND FLOOR, DR. D.B. MARG, LAMINGTON ROAD,
MUMBAI - 400 004 MAHARASHTRA
CONTACT PERSON:
MR. RAVI SOM
TEL:022- 6658 0458/ 0455
E-MAIL: gs@brinksarya.com

BRINKS ARYA (INDIA) PVT. LTD.
C-18 (Basement), Community Centre, C-Block Janakpuri, New Delhi - 110 058
Contact Person: Mr. Omender Sharma
Mobile: 09313888909

For the updated list of Warehouses/ vaults kindly refer to the NCDEX Website
http://www.ncdex.com/ClearingServices/Clearing_Services_others.aspx

Exhibit 3 - Good/ Bad delivery norms for acceptance at the Warehouse/ Vault

No.	Particulars	Good / Bad delivery
1.	Delivery before contract expiration.	Good delivery
2.	Gold quality not meeting futures contract specification.	Bad delivery
3.	Delivery at non-accredited warehouse/ vault.	Bad delivery
4.	Delivery without weight certificate.	Bad delivery
6.	Delivery not compatible to delivery size as mentioned in contract specification.	Bad delivery
7.	Delivery beyond specified working hours.	Bad delivery
8.	Delivery without proper documentation.	Bad delivery
9.	Deposit of Gold from any non approved refiner and not specified by the Exchange.	Bad delivery
10.	Gold bars of weight other than 100 g.	Bad delivery