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

Chapter 1- Trading Conditions

Authority

Trading of Almond futures may be conducted under such terms and conditions as specified in the Rules, Byelaws & Regulations as well as directions of the Exchange and the Forward Market Commission (FMC) issued from time to time. A specimen of Almond contract is indicated in **Exhibit 1**.

Unit of Trading

The unit of trading for Almond shall be 900Kg. Bids and offers may be accepted in lots of 900Kg or multiples thereof.

Months Traded In

Trading in Almond 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 Almond shall be Rs 0.25 (i.e. 25 paisa).

Basis Price

The price of Almond is basis Ex-Designated warehouse Delhi exclusive of tax

Unit for Price Quotation

The unit of Price quotation for Almond shall be Rupees per Kg, basis Delhi, exclusive of taxes.

Hours of Trading

The hours of trading for futures in Almond shall be as follows:

- Mondays through Fridays - 10 a.m. to 05.00 p.m.
- Saturdays - 10 a.m. to 02.00 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 shall be 20th calendar day of contract month, if 20th happens to be a holiday, a Saturday or a Sunday, then the immediately preceding trading day of the Exchange.

Mark to Market

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

Position limits

Member: 360 MT or 15% of market Open Interest whichever is higher.

Client: 120 MT

The above limits will not apply to bona fide hedgers. For bona fide hedgers, the Exchange will, on a case to case basis, decide the hedge limits

For near month contracts: The following limits would be applicable from **one month** prior to the expiry date of contract

Member: 120 MT or 15% of the market-wide near month open position, whichever is higher

Client: 40 MT

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 markup margins.

Pre-Expiry Additional Margin

There will be an additional margin imposed for the last 5 trading days, including the expiry date of the Almond contract. The additional margin will be added to the normal exposure margin and will be increased by 3% everyday for the last 5 trading days including expiry date of the contract.

All provisions relating to additional margin as contained in our Circular No NCDEX/RISK-007/2005/084 dated April 12, 2005 or any further modifications therein as may be notified by the Exchange from time to time shall apply to above stated additional margin.

Special Margin

In case of additional volatility, a special margin at such other percentage, as deemed fit, will be imposed in respect of outstanding positions, which will remain in force as long as the volatility exists, after which the special margin may be relaxed.

Delivery Margin

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.

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Chapter 2 - Delivery Procedures

Unit of Delivery

The minimum unit of delivery for Almond shall be 900Kg.

Delivery Size

Delivery is to be offered and accepted in lots of 900Kg or multiples thereof. A Quantity variation of +/- 2% is available as per contract specifications.

Quality Standards

The contract grade for delivery of Almond futures contracts made under NCDEX Regulations shall be Almond conforming to the quality specification indicated in **Exhibit 1**. No lower grade/quality below the stated specifications shall be accepted in satisfaction of futures contract delivery except as provided in the contract specifications.

Accredited Warehouse

NCDEX has accredited warehouse for receipt and delivery of Almond. Receipt and delivery of Almond will be undertaken only from the accredited warehouse. The details of NCDEX accredited warehouse is as per **Exhibit 2**.

Accredited Assayer

NCDEX has empanelled Assayer for quality testing and certification of Almond received at the designated warehouse. The quality testing and certification of Almond will be undertaken only by the empanelled Assayer. The assayer details are given in the **Exhibit 2** alongside the warehouses.

Almond Delivery

The procedure for Almond delivery is based on the contract specifications as per **Exhibit I**. 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”**. Presently, the penalty structure for failure to meet delivery obligations will be as per circular no. NCDEX/TRADING- 086/2008/216 dated September 16, 2008

The Buyers and the Sellers need to give their location preference through the front end of the trading terminal. If the Sellers fail to give the location preference then the allocation to the extent of his open position will be allocated to the base location.

Packaging

Packaging should be in 45 kg HDPE bags with a poly liner inside. Since the bag weight is about 100g, and the weighing is net basis, the depositors need to bring in 100g extra almonds per bag.

Standard Allowances

Sample weight per validation of quality allowed will be as given in the table on account of sample testing and spillage.

	Fresh Deposit	Remat
Standard Allowance	0.2%	Nil

Weight

The quantity of Almond received and/or delivered at the NCDEX designated warehouse would be determined / calculated by the weighbridge/weigh scale at the premises of the designated warehouse and the quantity so determined would be binding on all parties.

Good/Bad delivery Norms

Almond delivery into NCDEX designated warehouse would constitute either 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 and bad delivery norms based on the trade/industry practices.

If any live infestation is found at the time of delivery out, then the goods would be deliverable after fumigation by warehouse. Such lot will be treated as good delivery.

Assayer Certificate

Testing and quality certificate issued by NCDEX empanelled Assayer for Almond delivered at designated warehouses shall be acceptable and binding on all parties. Each delivery of Almond at the warehouse must be accompanied by a certificate from such assayer in the prescribed format as per **Exhibit 4**.

Almond Sampling

Almond samples shall be drawn by NCDEX approved Assayer at the time of delivery /storage at the designated warehouse.

- Randomly, 5 bags out of a lot of 20 bags are open and completely emptied. About 200g sample from each of the 5 bags is taken out and mixed to form homogenous sample.
- The composite sample so collected shall be visually examined for 'Live Weevil' & 'Live infestation' and in case any trace of these are found, the entire lot of that sample will be out rightly rejected during the deposit phase itself.

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The sample portions so drawn will be packed in clean dry containers or plastic sachets. The samples shall be marked specifically so as to recognize NCDEX member identity, quantity, date, time etc. This is about 1 Kg, which is divided equally in 4 parts and distributed as under:

- One sample to Depositor
- One sample to Warehouse owner
- One sample for Analysis by Assayer
- One sample for record with Assayer

Testing Procedure

The sample is physically examined for parameters mentioned in the contract specifications.

Validity Period

Months of Deposit /Date of entry by warehouse in system(Jan -dec)	Expiry period from the date of Fresh Deposit (no. of months)	Validity period at the time of fresh deposit (no of months)	How many times revalidations allowed
January	4	4	0
February	4	4	0
March	4	4	0
April	4	4	0
May	4	4	0
June	4	4	0
July	4	4	0
August	4	4	0
September	4	4	0
October	4	4	0
November	4	4	0
December	4	4	0

Electronic Transfer

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

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Charges

All charges and costs payable to the designated warehouse towards delivery of Almond including sampling, grading, weighing, handling charges; storage etc. from the date of receipt into designated warehouse upto date of pay in & settlement shall be paid by the seller. All charges and costs after the pay out shall be borne by the buyer. Warehouse storage charges will be charged to the member client by the respective Depository Participant.

The Assayer charges for testing and quality certification should be paid to the Assayer directly at the delivery location either by cash/cheque/demand draft.

Duties & Levies

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

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 as per the Stamp Act of the State in which such contract note is received by the client if the client is located in other State.

Taxes

Sales Tax/Value Added Tax (VAT)

Local Sales Tax/VAT wherever applicable is to be paid by seller to the Sales Tax/VAT authorities on all contracts resulting in delivery. Members and/or their constituents requiring to receive or deliver Almond should register with the relevant Sales 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.

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.

Premium/Discount

Almond conforming to contract specification and delivered to NCDEX designated warehouse will be graded and stored. Due to quality variations, premium /discount will be determined by the Exchange. The decision of the exchange in determination of premium / discount is final and binding on all market participants.

Chapter 3-Clearing and Settlement

Daily Settlement

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

Daily Settlement Price

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

Final settlement

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 Almond 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 Almond. 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 Almond 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 of the Member would have to be done in the Member's Settlement Account with the Clearing Bank.

Time (T+1)	Activity
On or before 11.00 hours	PAYIN: Debit paying member a/c for fund
After 13.00 hours	PAYOUT: Credit receiving member a/c for fund

Pay in and Pay out for final physical settlement

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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/Almond with their respective Clearing Member before “pay in”.

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

Additionally the supplemental settlement for Almond futures contracts for premium / discount adjustments relating to quality of Almond 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 supplementary 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 failing 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 members clearing bank account similar to normal settlement.

Pay in and Pay out for Tax	
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.

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Exhibit 1 – Almond Contract specifications

Type of Contract	Futures Contract Specifications
Name of Commodity	Almond
Ticker Symbol	BADAM
Trading System	NCDEX Trading System
Basis	Ex-Delhi exclusive of taxes
Unit of trading	900Kg
Delivery unit	900Kg
Quotation/base value	Rs per Kg
Tick size	Rs 0.25 (i.e. 25 paise)
Delivery center	Delhi (Up to the radius of 50 Km from the municipal limits)
Additional delivery centers	Navi Mumbai (Up to the radius of 50 Km from the municipal limits) with location wise premium/discount as announced by the Exchange from time to time
Quality specification	<p>Nonpareil variety of Almond</p> <p>Light-medium brown coloured Kernels</p> <p>Count: Max 30/Oz (28.35g)</p> <p>Chips* and Scratches** total: 5% max(Chips 1% max)</p> <p>Moisture: 5% max (surface moisture 1% max)</p> <p>Foreign Matter: 0.02% max</p> <p>Dissimilar: 5% max</p> <p>Doubles(Twins): 5% max</p> <p>Splits and broken#: 1% max</p> <p>Other defects: 4% max, Other defects include</p> <ul style="list-style-type: none"> • Gum- more than 6mm in diameter • Shriveling: less than ¾ of pellicle filled • Brown spot more than 3mm in diameter <p>Serious defects: 0.5% max (includes decay, rancidity, insect injury, damage by mold)</p> <p>*Chipped Kernel: mechanically damaged kernel which contains aggregate damage of more than equivalent of a circle of 3 mm diameter in depth</p> <p>**Scratched Kernel: superficially mechanically damaged kernel with absence of part of the skin, containing aggregate scratched areas of more than equivalent of a</p>

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	<p>circle of 3 mm in diameter</p> <p>#Splits and Broken: Mechanically damaged kernel from which more than 1/8th of the kernel is missing (not passable through a 3.2mm diameter sieve)</p>
Quantity variation	+/- 2%
Trading hours	<p>As per directions of the Forward Markets Commission from time to time, currently:</p> <p>Mondays through Fridays: 10:00 a. m. to 5:00 p.m. Saturdays: 10.00 a.m. to 2.00 p.m.</p> <p>The Exchange may vary the above timing with due notice.</p>
Due date/Expiry date	<p>20th day of the delivery month</p> <p>If 20th happens to be a holiday; a Saturday or a Sunday then the due date shall be the immediately preceding trading day of the Exchange</p>
Final Settlement Price	The final settlement price shall be the polled spot price of the basis centre on the day of expiry.
Delivery specification	Upon expiry of the contract all outstanding positions will result in delivery. The penalty structure for failure to meet delivery obligations will be as per circular no. NCDEX/TRADING-086/2008/216 dated September 16, 2008
Delivery Logic	Compulsory Delivery
Opening of contracts	Trading in any contract month will open on the 10th day of the month. If 10th happens to be a non-trading day, contracts would open on the next trading day
Closing of contract	On the expiry of the contract, all the outstanding position would have to be settled by physical delivery
No. of active contracts	As per launch calendar
Daily Price limit	<p>Daily price fluctuation limit is (+/-) 3%. 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 (+/-) 1% and trade will be resumed.</p> <p>If the price hits the revised price band (4%) again during the day, trade will only be allowed within the revised price band. No trade / order shall be permitted during the day beyond the revised limit of (+/-) 4%.</p>
Position limits	Member: Maximum of 360 MT for all contracts or 15% of market open position whichever is higher

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	<p>Client: Maximum of 120 MT for all contracts</p> <p>The above limits will not apply to bona fide hedgers. For bona fide hedgers, the Exchange will, on a case to case basis, decide the hedge limits. Please refer to Circular No. NCDEX/TRADING-100/2005/219 dated October 20, 2005</p> <p>For near month contracts:</p> <p>The following limits would be applicable from one month prior to expiry date of a contract</p> <p>Member: Maximum of 120 MT or 15% of the market-wide near month open position, whichever is higher.</p> <p>Client: 40 MT</p>
Special Margin	<p>In case of additional volatility, a special margin at such other percentage, as deemed fit, will be imposed in respect of outstanding positions, which will remain in force as long as the volatility exists, after which the special margin may be relaxed</p>

Tolerance Limits for Outbound Deliveries for Almond

Specification	Basis	Deliverable Range	Tolerance Limit
Chips and Scratches total	5% max	NA	+/-0.25%
Moisture	5% max	NA	+/-0.25 %
Foreign Matter	0.02% max	NA	+/-0.005 %
Splits and broken	1% max	NA	+/-0.1%
Other defects	4% max	NA	+/-0.25 %
Upper limit on the total of all tolerances			0.5%

Contract Launch Calendar

Launch Date	Expiry Date
February 22, 2010	March 2010
February 22, 2010	April 2010
February 22, 2010	May 2010

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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

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Exhibit 2 – Warehouse/ assayer details for delivery of Almond

Warehouse details	Assayer details
<p>JICS LOGISTICS C/O INDRAPRASTHA ICE & COLD STORAGE LTD. INDRAPRASTHA BHAWAN, NEW SABJI MANDI, AZADPUR, DELHI – 110033</p> <p>CONTACT PERSONS: MR. ANKIT MAHESHWARI MOBILE: 09312778333 MR. GOVIND SABOO</p> <p>MOBILE: 09324246515</p>	<p>M/S JICS LABORATORIES 13-B, SECTOR A, SANVER ROAD, INDORE- 452015 MADHYA PRADESH</p> <p>CONTACT PERSON: Mr. Anil Jhawar -09302225380</p>

Exhibit 3- Good / Bad delivery norms

No.	Particulars	Good / Bad delivery
1.	Quality not meeting futures contract specification.	Bad delivery
2.	Delivery at non designated warehouse.	Bad delivery
3.	Delivery completed but without sampling & testing / certification / expired validity.	Bad delivery
4.	Delivery without weight certificate.	Bad delivery
5.	Weighed at other than recognized by designated warehouse/ weigh bridge / weigh scale	Bad delivery
6.	When sample is not drawn as per sampling norms and not carried out at the time of unloading	Bad delivery
7.	Delivery not as per the packaging specification	Bad delivery
8.	Delivery found contaminated on visual inspection	Bad delivery

Exhibit 4- Specimen of Assayer certificate

CERTIFICATE OF QUANTITY & QUALITY			
Date : _____		Report no.:	
NCDEX Member :			
Commodity :			
Lorry No. :			
<p>1) QUANTITY : This is to certify that National Commodity & Derivative Exchange Ltd. (NCDEX) member/ constituent _____ has delivered _____ Kg Net of Almond at the NCDEX designated warehouse:</p> <p>The weight/ tonnage of material delivered is as per weigh bridge/ weigh scale in the premises of the designated warehouse.</p>			
<p>2) QUALITY :</p> <p>The results of analysis performed by our laboratory of the samples collected by WH is stated below :</p>			
Test Items	Test method	Specification	Test results
<p>The material delivered by the above NCDEX Member is in accordance with the specification provided bearing grade and valid up to _____.</p> <p>The goods delivered may be accepted/ rejected.</p>			
Chief Inspector/ Authorized Signatory			