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CHAPTER 1 - TRADING PARAMETERS

Authority

Trading of **Kachhi Ghani Mustard Oil** 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 **Kachhi Ghani Mustard Oil** futures contract specification is indicated in **Exhibit 1**

Unit of Trading

The unit of trading for Kachhi Ghani Mustard Oil shall be 10 MT. Bids and offers may be accepted in lots of 10 MT or multiples thereof.

Months Traded In

Trading in Kachhi Ghani Mustard Oil 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 **Kachhi Ghani Mustard Oil** shall be Re. 0.05 (5 Paisa).

Basis Price

The basis price of Kachhi Ghani Mustard Oil shall be Ex-tank Jaipur, exclusive of sales tax.

Unit for Price Quotation

The unit of price quotation for **Kachhi Ghani Mustard Oil** shall be in Rupees per 10 Kg ,basis Jaipur, exclusive of sales tax. Quotes shall not be made on any other price basis.

Hours of Trading

The hours of trading for futures in Kachhi Ghani Mustard Oil 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 or a Saturday, then the previous working day.

Mark to Market

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

Position limits

The member-wise position limit will be Maximum 18,000 MT for all contracts or 15% of the total market open position in the commodity whichever is higher.

The client-wise position limit will be 6,000 MT for all contracts.

The above position limits will not apply to bonafide hedgers.

Both position limits will be subject to NCDEX Regulations and directions from time to time.

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.

Near month limit (The following limits would be applicable from 28 days prior to expiry date of a contract)

Member level: Maximum 6,000 MT or 15% of the total near month open position in the commodity, whichever is higher.

Client level: 2,000 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 mark up margin.

Pre-Expiry Additional Margin

There will be an additional margin imposed for the last 5 trading days, including the expiry date of the Kachhi Ghani Mustard Oil 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

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).

Penalty for cash settlement

Presently, there are no penalties for open positions that do not end in deliveries and are settled in cash.

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 **Kachhi Ghani Mustard Oil** shall be 10 MT.

Delivery Size

Delivery is to be offered and accepted in lots of 10 MT Net or multiples thereof. A quantity variation of +/- 2% is permitted as per contract specification.

Delivery Requests

The procedure for **Kachhi Ghani Mustard Oil** delivery is based on the contract specifications as per **Exhibit I**. Sellers & Buyers having open positions are required to give their intention/notice to deliver to the extent of his open position, at least 5 days before the expiry of the contract. Accordingly, the window for acceptance of delivery requests will be open for 3 working days and shall close 5 days prior to the expiry date (including the expiry date) of the contract. Members giving delivery requests for the commodities are not permitted to square off their open positions once such request is made. A penalty of 5% of final settlement price on the position squared off will be levied on the Members violating the same.

NCDEX would thereafter complete the matching process based on the location and by random, keeping in view the storage capacity of warehouse and Kachhi Ghani Mustard Oil already deposited / available in dematerialized form for delivery or any other factor(s) that the Exchange deems appropriate for completion of the matching process.

All open positions of those sellers who do not provide required information for physical delivery or are unable to find a corresponding buyer as with similar intention shall be settled in cash.

Delivery Allocation

The Exchange would then compile delivery requests received from members, 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 **Kachhi Ghani Mustard Oil** is to be accepted by buyers at the accredited tank where the seller affects delivery in accordance with the contract specifications.

Actual Delivery

Where **Kachhi Ghani Mustard Oil** is sold for delivery in a specified month, the seller must have requisite electronic credit of such **Kachhi Ghani Mustard Oil** 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 **Kachhi Ghani Mustard Oil** before expiry of the validity date as indicated in the quality test report/Assayer's Certificate of the Assayer or get the same revalidated.

Accredited Tank

NCDEX has accredited tanks for receipt and delivery of **Kachhi Ghani Mustard Oil**. **Kachhi Ghani Mustard Oil** will be received and delivered only from the NCDEX accredited tank.

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.

The ***Kachhi Ghani Mustard Oil*** received at the NCDEX accredited tank will be tested and certified by NCDEX accredited Assayer before acceptance as good delivery in the tank. Likewise, ***Kachhi Ghani Mustard Oil*** delivered to buyers will be from the accredited tank only.

Quality Standards

The contract quality for delivery of ***Kachhi Ghani Mustard Oil*** futures contracts made under NCDEX Regulations shall be ***Kachhi Ghani Mustard Oil*** 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 without premium.

Standard Allowances

Standard deduction: 0.05% per lot or 5kg per lot of 10MT

Weight

The quantity of ***Kachhi Ghani Mustard Oil*** received and / or delivered at the NCDEX accredited tank would be determined by the weighbridge at the premises of the designated tank or by the pre-designated weighbridge in vicinity of the accredited tank and the quantity so determined would be binding on all parties.

Good / Bad delivery Norms

Kachhi Ghani Mustard Oil delivery into NCDEX accredited Tank would constitute good delivery or bad delivery based on the good / bad delivery norms as per **Exhibit 2**. The list contained in Exhibit 2 is only illustrative and not exhaustive. NCDEX would from time to time review and update the good / bad delivery norms considering the trade / industry practices.

Kachhi Ghani Mustard Oil Sampling

Kachhi Ghani Mustard Oil will be sampled with all level sampler and samples will be drawn from 100% drums. This sample is then divided in 4 equivalent parts.

These samples will be distributed as under:

- One sample to Depositor
- One sample to WSP
- One sample for Analysis by assayer
- One sample for record with assayer

After getting the necessary certificate from the Assayer related to the quality, the oil is then poured into the Exchange accredited tank.

Accredited Assayer

NCDEX has empanelled Assayer for quality testing and certification of ***Kachhi Ghani Mustard Oil*** received at the designated tank. The quality testing and certification of Kachhi Ghani Mustard Oil will be undertaken only by the approved Assayer.

Quality Testing Report

The test report issued by the ***Kachhi Ghani Mustard Oil*** testing laboratory on the samples drawn shall be acceptable and binding on all parties. A specimen format of the quality testing report is indicated in **Exhibit 3**.

Testing Procedure

Test method: IS 548 (Part I)-1964 for physical and chemical tests and IS 548 (Part II)-1974 for purity tests.

Assayer Certificate

Testing and quality certificate issued by NCDEX empanelled Assayer for **Kachhi Ghani Mustard Oil** delivered at accredited tank shall be acceptable and binding on all parties. Each delivery of **Kachhi Ghani Mustard Oil** at the tank must be accompanied by a certificate from NCDEX empanelled Assayer in the format as per **Exhibit 3**.

Validity period

The validity period of the Assayer's Certificate for **Kachhi Ghani Mustard Oil** is 1 month or till the first withdrawal from the tank whichever is earlier. There will be no further revalidation in case of Kachhi Ghani Mustard Oil.

Electronic transfer

Any buyer or seller receiving and or effecting **Kachhi Ghani Mustard Oil** would have to open a depository account with an NCDEX empanelled Depository Participant (DP) to hold the **Kachhi Ghani Mustard Oil** in electronic form. On settlement, the buyer's account with the DP would be credited with the quantity of **Kachhi Ghani Mustard Oil** received and the corresponding seller's account would be debited. The Buyer wanting to take physical delivery of the **Kachhi Ghani Mustard Oil** 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 tank for issue of the physical commodity i.e. **Kachhi Ghani Mustard Oil** to the buyer and debit his account, thus reducing the electronic balance to the extent of **Kachhi Ghani Mustard Oil** so rematerialized.

Charges

All charges and costs payable at the accredited tank towards delivery of **Kachhi Ghani Mustard Oil** including sampling, grading, weighing, handling charges, storage etc. from the date of receipt into tank upto date of pay in & settlement shall be paid by the seller.

No refund for tank 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. Tank 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 borne by the seller and shall be paid to the concerned authority. All related documentation should be completed before delivery of **Kachhi Ghani Mustard Oil** into the NCDEX accredited tank.

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 ***Kachhi Ghani Mustard Oil*** 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 ***Kachhi Ghani Mustard Oil*** 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.

Currently, there is no premium/discounts for the commodity

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) would be the simple average of the last spot (polled) prices of Kachhi Ghani Mustard Oil of the last 3 days.

On expiry of the contract, the following types of open positions would be cash settled:

- a) Delivery information not provided.
- b) Unmatched delivery information

Spot Prices

NCDEX will announce / disseminate spot prices for **Kachhi Ghani Mustard Oil** 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 such as traders, importers / exporters, processors etc.

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 **Kachhi Ghani Mustard Oil**. 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 **Kachhi Ghani Mustard Oil** will be disseminated on daily basis.

Pay in and Pay out for Daily Settlement / Final Settlement

The table below illustrates timings for pay in and pay out in case of daily settlement as well as cash settled positions for final 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 / E+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 / **Kachhi Ghani Mustard Oil** 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 hrs	PAYIN - Debit Buyer Member Settlement a/c for funds - Debit Seller Member's CM Pool Account for Kachhi Ghani Mustard Oil-A
After 14.30 hrs	PAYOUT - Credit Seller Member Settlement a/c for funds - Credit Buyer Member's CM Pool Account for Kachhi Ghani Mustard Oil-A

Additionally the supplemental settlement for **Kachhi Ghani Mustard Oil** futures contracts for premium / discount adjustments relating to quality of **Kachhi Ghani Mustard Oil** 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 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 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

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.

**Kachhi Ghani Mustard Oil
Product Note**



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.

EXHIBIT 1- CONTRACT SPECIFICATIONS OF KACHHI GHANI MUSTARD OIL

Type of Contract	Futures Contract Specifications
Name of Commodity	Kachhi Ghani Mustard Oil
Ticker symbol	KACHIGHANI
Trading System	NCDEX Trading System
Basis	Ex-tank Jaipur (Exclusive of sales tax)
Unit of trading	10 MT
Delivery unit	10 MT
Quotation/base value	Rs. per 10 Kg
Tick size	Re. 0.05 (5 paisa)
Quality specification	<p>Parameters Kachhi Ghani Mustard Oil shall be clear, free from rancidity, suspended or foreign matter, separated water, added colouring or flavouring substances or mineral oil. It shall conform to the following standards:</p> <ol style="list-style-type: none"> 1. Colour on Lovibond scale in (¼" Cell) as Y + 5R, units – 50 2. Acid Value as % Oleic Acid –1.5% Maximum 3. Iodine Value (wijs method) - 98 to 110 4. Bellier's Test (Turbidity Temp.) - 23.0 to 27.5 degrees celcius 5. Saponification Value - 169 to 177 6. Unsaponifiable matter - 1.2%max 7. Refractive Index at 40 Degree Cel. - 1.4646 to 1.4662 8. Test for Argemone oil – Negative 9. Test for mineral oil – Negative 10. Percentage of natural oil content (as ATC) weight percentage - 0.25 to 0.60 11. Test for the presence of Hydrocyanic acid - Negative 12. Specific Gravity at 30 Deg. Celcius – 0.907 to 0.910
Quantity variation	+/- 2%
Delivery center	Jaipur (within a radius of 50 km from the municipal limits)
Trading hours	As per directions of the Forward Markets Commission from time to time, currently - Mondays through Fridays

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.

	<p>Trading Hours - 10:00 am to 5:00 pm</p> <p>Saturdays Trading Hours - 10:00 am to 2:00 pm</p> <p>The Exchange may change 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 which is not a Saturday</p>
Final Settlement Price	<p>The Final Settlement Price (FSP) would be the simple average of the last spot (polled) prices of Kachhi Ghani Mustard Oil of the last 3 days.</p>
Delivery specification	<p>Upon expiry of the contract, the delivery position would be arrived at the Exchange based on the information to give/take delivery furnished by the sellers and buyers as per the process put in place by the Exchange for effecting physical delivery</p>
Delivery logic	<p>Intention matching</p>
Closing of contract	<p>On the expiry of the contract, all outstanding positions which are not intended for giving/taking of physical delivery of the commodity shall be closed out at the Final Settlement Price announced by the Exchange</p>
Opening of contracts	<p>Trading in any contract month will open on the 10th day of the Month. If the 10th day happens to be a non-trading day, contracts would open on the next trading day</p>
No. of active contracts	<p>As per launch calendar</p>
Price band	<p>The daily price limit will be 2% and will be raised to 4% after a 15-minute cooling period if the price limit of 2% is reached. If the price limit reaches 4%, trading will continue within the 4% limit.</p>
Position limits	<p>Member level : Maximum of 18,000 MT or 15 % of Market Open Position in the commodity, whichever is higher Client level: 6,000 MT</p> <p>Hedge position as indicated vide Commission's letter no. 4/4/2005-NCDEX/COMPL dated 4/10/2005</p> <p>Near month limit (The following limits would be applicable from 28 days prior to expiry date of a contract)</p> <p>Member Level: Maximum of 6,000 MT or 15 % of total near month Open Position in the commodity, whichever is higher Client Level: 2,000 MT</p>

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.

Premium/Discount	No quality allowance
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Contract Launch Calendar – 2010

Contract Launch Month	Contract Expiry Month
January 2010	February 2010
	March 2010
	April 2010
February 2010	May 2010
March 2010	June 2010

Exhibit 2 - Warehouse and Assayer details

KACCHI GHANI MUSTARD OIL		
1	<p>SWCMLPREMVEGE-JAIPUR STARAGRI WAREHOUSING & COLLATERAL MANAGEMENT LTD. C/O PREMIER VEGETABLES PRODUCTS (PVP) LTD, PLOT NO. 95, JHOTWARA INDUSTRIAL AREA, JAIPUR - 303201, RAJASTHAN. CONTACT PERSON: MR. MAHENDRA JANGIR MOBILE - 09351796804</p>	<p>STARAGRI WAREHOUSING & COLLATERAL MANAGEMENT LTD MOLSHREE RESIDENCY, PLOT NO 29, G-102, MISSION COMPOUND, AJMER ROAD, JAIPUR CONTACT PERSON: MR. AMIT KUMAR GOYAL MOBILE: 09314093765 MR. YOGENDRA GUPTA MOBILE: 09351796804 CONTACT NO-0141-2371079</p>

Exhibit 3 - Good / Bad delivery norms

No.	Particulars	Good / Bad delivery
1.	Kachhi Ghani Mustard Oil quality not meeting futures contract specification.	Bad delivery
2.	Delivery at non accredited tank.	Bad delivery
3.	Delivery completed but without sampling & testing / certification / expired validity.	Bad delivery
4.	Delivery without weight certificate.	Bad delivery
5.	Delivery not compatible to delivery size as mentioned in contract specification.	Bad delivery
6.	Delivery beyond specified working hours.	Bad delivery
7.	Delivery without proper documentation.	Bad delivery
8.	Kachhi Ghani Mustard Oil weighed at other than designated warehouse weigh bridge / weigh scale.	Bad delivery
9.	Delivery of Kachhi Ghani Mustard Oil found contaminated on visual inspection.	Bad delivery



Exhibit 4 – Specimen of Kachhi Ghani Mustard Oil Testing Report

CERTIFICATE OF QUALITY			
Date : _____		Report no.: _____	
NCDEX member : _____			
Commodity : _____			
Lorry No. : _____			
2) QUALITY :			
The results of analysis performed by our laboratory of the samples collected by <WH NAME> is stated below :			
Test Items	Test method	Specification	Test results
The material delivered by the above NCDEX Member is in accordance with the specification provided bearing grade _____ and valid up to _____.			
The goods delivered may be accepted / rejected.			
Chief Inspector / Authorized Signatory			