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CHAPTER 1 – TRADING PARAMETERS

Authority

Trading of Lead 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 Lead futures contract is indicated in **Exhibit 1**.

Unit of Trading

The unit of trading for Lead shall be 5 tons. Bids and offers may be accepted in lots of 5 tons or multiples thereof.

Months Traded In

Trading in Lead futures may be conducted in the months as specified by the Exchange from time to time. The trading months for the contract are given in the launch calendar in **Exhibit 1**

Basis Price

The price of Lead is basis Ex-Warehouse at Bhiwandi, exclusive of Import Duty, CVD/Excise, Cess, Sales Tax / VAT and any other levy or tax. In addition, the Buyers will be liable to pay delivery charges to Seller as notified by the Exchange before launch of respective contract.

Tick Size

The tick size of the price of Lead shall be Rs. 0.05 per kg (i.e. 5 paise).

Unit for Price Quotation

The unit of Price quotation for Lead shall be in Rupees per Kg, basis - Ex-Warehouse at Bhiwandi, exclusive of Import Duty, CVD/Excise, Cess, Sales Tax / VAT and any other levy or tax. In addition, the Buyers will be liable to pay delivery charges to Seller as notified by the Exchange before launch of respective contract.

Hours of Trading

- Mondays through Fridays – 10:00 AM to 11:30 / 11:55 PM*
- Saturdays – 10:00AM to 02:00 PM
- Expiry Date – At 5:35 PM / 6.35 PM *

Or as per directions from Forward Market Commission from time to time. All timings are as per Indian Standard Timings (IST)

*during US day light saving period

Last Day of Trading

The due date / expiry date will be the last trading day of the month

Mark To Market

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

Position limits

At the commodity level, the member-wise position limit will be a maximum of 6000 tonnes or not more than 20% of the open market position, whichever is higher. The client-wise position limit will be a maximum of 1500 tonnes. Both position limits will be subject to NCDEX Regulations and directions from time to time.

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

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 Margins

In case of any additional volatility, a special margin at such 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 Margins

Buyers who have been matched by the exchange to receive deliveries would have to deposit with the exchange the whole value of the delivery on the day after the expiry of the contract. The seller matched by the exchange to give deliveries would have to deposit a delivery margin as determined by the exchange from time to time. This margin will have to be given on the day after the expiry of the contract. Open unmatched positions would not attract any delivery margins.

Arbitration

Disputes between NCDEX members 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 NCDEX.

CHAPTER 2 – DELIVERY PROCEDURES

Unit of Delivery

The minimum unit of delivery for Lead shall be 10 tons (with tolerance limit of +/- 1%).

Delivery Size

Delivery is to be offered and accepted in lots of 10 tons or multiples thereof. A quantity variation of +/- 1% by volume is permitted as per contract specification.

Delivery Requests

The procedure for Lead delivery is based on the contract specifications as per Exhibit 1. Sellers & Buyers having open positions are required to give their intention/notice to deliver to the extent of his open position, at least 3 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 3 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 Lead 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 on the last trading day. The buyers/ sellers who have to receive/ give delivery would be notified on the same day after the close of trading hours. Delivery of Lead is to be accepted by buyers at the accredited warehouse where the seller effects delivery in accordance with the contract specifications.

Actual Delivery

Where Lead is sold for delivery in a specified month, the seller must have requisite electronic credit of such Lead 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 Lead 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 Storage Facility/ Warehouse

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

In case any buyer/ seller wishes to give / receive delivery from the accredited warehouse, the buyer/ seller will have to be registered with Central Excise authorities for the purpose of availing CENVAT credit.

Please be guided by our circular no.: NCDEX/TRADING-035/2005/081 dated April 07, 2005 for Steel. The contents of said circular are applicable to Lead also. The Lead received at the NCDEX accredited warehouse will be certified by empanelled Assayer before acceptance as good delivery in the warehouse. Likewise, Lead delivered to buyers will be from the accredited warehouse only.

Empanelled Assayer

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

Quality Standards

The contract quality for delivery of Lead futures contracts made under NCDEX Regulations shall be Lead 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.

Standard Allowances

Sample weight per validation of quality allowed will be maximum 50 kg per delivery lot on account of sample testing.

At the time of deposit

The quantity credited will be the actual quantity delivered at after providing for standard allowances on account of sampling.

At the time of withdrawal

The weight of lot delivered at the time of withdrawal shall be equal to quantity credited at the time of deposit.

Good/ Bad delivery Norms

Lead delivery into NCDEX accredited storage facility/ warehouse 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.

Assayer Certificate

Testing and quality certificate issued by empanelled Assayer for Lead delivered at accredited storage facility/ warehouse at Bhiwandi and at such other locations announced by the Exchange from time to time shall be acceptable and binding on all parties. Each delivery of NCDEX Lead at the accredited storage facility/ warehouse must be accompanied by a certificate from empanelled Assayer in the format as per **Exhibit 4**.

Electronic transfer

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

Assayer Charges

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. These charges shall be borne by the seller at the time of delivery at the warehouse.

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 Lead into the NCDEX accredited warehouse.

Stamp Duty

Stamp duty is a State subject, and shall be payable as per applicable State Laws.

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 trades/ deals executed by them on Exchange platform.

Sales Tax/ VAT

NCDEX Lead Product Note

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 Lead 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

No premium or discount on the basis of quality specifications will be applicable for Lead.

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) as determined by the Exchange.

Daily Settlement Price

The Daily Settlement Price (DSP) 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 Price

The Final Settlement Price (FSP) of Lead contract would be the international spot price of Lead as polled by the Exchange and converted at the USD/Rupee exchange rate prevailing on expiry date.

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

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

The open positions for which information have been provided for and have been matched by the Exchange, would result in physical delivery.

Spot Prices

NCDEX will announce / disseminate spot prices for Lead relating to the designated delivery center and specified grade/ quality parameters.

Pay in and Pay out for Daily Settlement / Final physical 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 contents of this product note are subject to Rules, Byelaws and Regulations of NCDEX as in force from time to time and to be read therewith

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 / Lead 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 Lead
After 14.30 hrs	PAYOUT - Credit Seller Member Settlement a/c for funds - Credit Buyer Member’s CM Pool Account for Lead

Additionally the supplemental settlement for Lead futures contracts for premium / discount adjustments relating to quality of Lead 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 hrs	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 hrs 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 hrs	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

Exhibit 1 – Contract Specifications

Type of Contract	Futures Contract Specifications
Name of Commodity	LEAD
Ticker symbol	LEAD
Trading System	NCDEX Trading System
Unit of trading	5 tons
Delivery unit	10 tons (with tolerance limit of +/-1%)
Quotation/base value	Rs per Kg
Tick size	Rs 0.05 per kg.(i.e. 5 paise)
Quality specification	Lead of 99.970% minimum purity. Lead must conform with graded lead chemical composition of BS EN 12659:1999 Standard entitled "Lead and Lead Alloys - Lead". Form: Ingots (pigs will be referred to as ingots)
Basis	Ex-Warehouse at Bhiwandi, exclusive of Import Duty, CVD/Excise, Cess, Sales Tax / VAT and any other levy or tax. In addition, the Buyers will be liable to pay delivery charges to Seller as notified by the Exchange before launch of respective contract
Delivery center	Bhiwandi, Maharashtra. Warehouse to be accredited within 50kms from the municipal limits
Trading hours	Mondays through Fridays - 10:00 AM to 11:30 PM 10:00 AM to 11:55 PM (during US day light saving period) Saturdays - 10:00AM to 02:00 PM On Expiry Date - at 5:35 PM / 6:35 PM * *during US day light saving period
Due date/Expiry date	Last trading day of the month If last day happens to be a holiday, a Saturday or a Sunday then the due date shall be the immediately preceding trading day of the Exchange
Delivery specification	The buyer and seller shall give intentions of taking/giving delivery through the delivery request window at least three trading days prior to the expiry of the contracts and such intentions can be given during 3 days which would be notified separately. This will be matched by exchange for physical delivery as per the process put in place by the Exchange.

Delivery Logic	Intention Matching
Closing of contract	All open positions for which delivery intentions have not been received or for which delivery intentions have been rendered but remain unmatched for want of counterparty to settle delivery, will be cash settled at Final settlement Price on the expiry of the contract.
Opening of contracts	Trading in any contract month will open on the 1st day of the month. If the 1st day 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	Base daily price fluctuation limit is (+/-) 4%. If the trade hits the prescribed daily price limit, the price limits will be relaxed up to (+/-) 6% without any break/ cooling off period in the trade. In case the daily price limit of (+/-) 6% is 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%. 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.
Position limits	Client level: 1500 tonnes Member level: 6000 tonnes or not more than 20% of the open market position, whichever is higher. 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
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.
Final Settlement Price	The Final Settlement Price (FSP) of Lead contract would be the international spot price of Lead as polled by the Exchange and converted at the USD/Rupee exchange rate prevailing on expiry date.

Launch Calendar

Launch Date	Expiry Date
08-March-2010	March 2010
08-March-2010	April 2010
08-March-2010	May 2010
April 2010	June 2010

Exhibit 2 – Warehouse & Assayer Address Details

Warehouse Address	Assayer Address
JICSSHREES-BHIWANDI JICS LOGISTICS C/O SHREE SMARAN ENTERPRISES PLOT NO. 119-B, GANGARAM PADA, VADAPE NASHIK HIGHWAY ROAD TALUKA-BHIWANDI THANE-421302, MAHARASHTRA. CONTACT PERSON: CONTACT PERSON: MR. DILIP SINGH MOBILE – 09320894001 MR. GOVIND SABOO MOBILE: 09324246515	M/S JICS LABORATORIES 13-B, SECTOR A, SANVER ROAD, INDORE- 452015 MADHYA PRADESH. CONTACT PERSON: CONTACT PERSON: MR. ANIL JHAWAR: 09893025380

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

Exhibit 3 - Good/ Bad delivery norms for acceptance of Commodity at warehouse

No.	Particulars	Good/ Bad delivery
1	Quality not meeting futures contract specification.	Bad delivery
2	Delivery at storage facility other than accredited storage facility/ 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 any weigh bridge/ weigh scale other than that recognized by accredited storage facility/ warehouse	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 found contaminated on visual inspection	Bad delivery

Exhibit 4 – Specimen of NCDEX Lead Testing Report

CERTIFICATE OF QUALITY			
Date : _____		Report no.: _____	
NCDEX member : _____			
Commodity : _____			
Lorry No. : _____			
<p>The results of analysis performed by our laboratory of the samples collected by <WH NAME> 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			