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CHAPTER 1 - TRADING PARAMETERS

Authority

Trading of Platinum 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 Platinum futures contract specification is indicated in **Exhibit 1**.

Unit of Trading

The unit of trading shall be 250 Grams. Bids and offers may be accepted in lots of 250 Grams or multiples thereof.

Months Traded In

Trading in Platinum 250 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 Platinum 250 Grams shall be Re. 0.50

Basis Price

The basis price of Platinum 250 Grams shall be Ex-Mumbai exclusive of all taxes, sales tax/VAT as the case may be, levies and other expenses

Unit for Price Quotation

The unit of price quotation for Platinum 250 Grams contracts shall be in Rupees per 1 gm of Platinum with 99.95% purity.

Hours of Trading

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

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

*Please note that during US 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

Trading in the contract shall cease on the close of business on the third business day prior to the end of contract month (excluding Saturdays and any other trading holidays)

Mark to Market

The outstanding positions in futures contract in Platinum 250 Grams would be marked to market daily based on the Daily Settlement Price (DSP) as determined by the Exchange.

Position limits

Member wise : 300 Kgs or 15% of market wide open position whichever is higher
Client-wise: 100 Kgs

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

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 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.

Additional Margin

In addition to the above margins the Regulator/ Exchange may impose additional margins on both long and short side at such other percentage, as deemed fit. Removal of such Margins will be at the discretion of the Regulator/Exchange.

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 Platinum shall be 250 Grams

Delivery Size

Delivery is to be offered and accepted in lots of 250 Grams Net only or multiples thereof. No quantity variation is permitted as per contract specification given in **Exhibit 1**.

Delivery Requests

The procedure for Platinum 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. The window will close 3 days prior to the expiry date of the contract. Members giving delivery requests for the commodities are not permitted to square off their open positions. 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 Platinum already deposited/ dematerialized for delivery or any other factor(s) that the Exchange deems appropriate for completion of the matching process.

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.

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 after the close of trading hours on the last trading day.

Actual Delivery

Where Platinum is sold for delivery in a specified month, the seller must have requisite electronic credit of such Platinum 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.

Platinum certified from any London Platinum and Palladium Market (LPPM) approved refiners/suppliers is accepted as good delivery on the Exchange.

Accredited Vault

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

Quality Standards

The contract quality for delivery of Platinum futures contracts made under NCDEX Regulations shall be Platinum conforming to the quality specification indicated in the contract specifications. 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.

Packaging

Platinum should be delivered in 250 Grams bar net basis only, with no quantity variation as per details given in **Exhibit I**.

Standard Allowances

There is no standard allowance on account of sample testing.

Weight

The quantity of Platinum 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

Platinum delivery into NCDEX accredited 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

Platinum delivered into the NCDEX accredited vault must be accompanied with the certificate from the LPPM approved refinery.

Testing Procedure

The Platinum bars to be accepted at the accredited vault shall be directly imported and hallmarked from the approved list of refiners, through the approved logistics agency i.e. Brinks Arya India (Pvt.) Ltd. or their affiliates/ associates. The Platinum bars delivered at the Exchange accredited vault, indicated in Exhibit 2, should bear the refinery serial no. and an identifying stamp of the supplier approved by LPPM and should be accompanied with the Refinery certificate. Platinum held at the NCDEX accredited vault will be on unallocated basis i.e. it will be co-mingled with those Platinum bars pertaining to the participants of NCDEX.

Validity period

The validity period of the Assayer's Certificate for Platinum is till the withdrawal from the vault.

Electronic transfer

Any buyer or seller receiving and or effecting Platinum delivery would have to open a depository account with an NCDEX empanelled Depository Participant (DP) to hold the credit for Platinum holdings in electronic form. On settlement, the buyer's account with the DP would be credited with the quantity of Platinum received and the corresponding seller's account would be debited. The Buyer wanting to take physical delivery of the Platinum holding has to make a request in prescribed form to his DP with whom depository account

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has been opened. The DP would route the request to the warehouse for issue of the physical commodity i.e. Platinum to the buyer and debit his account, thus reducing the electronic balance to the extent of Platinum holdings so rematerialized.

Charges

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

No refund for warehouse 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. 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 Platinum into the NCDEX accredited 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 whichever is higher.

Taxes

Service tax

Service tax will be payable by the members of the Exchange 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 Platinum 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.

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 will be calculated on the last trading day based on International spot price at RBI reference rate.

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 Platinum 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 Platinum. 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 Platinum will be disseminated on daily basis.

Pay in and Pay out for Daily Settlement / Final Settlement

For Platinum the daily settlements will be as per the table illustrated below. As the FSP will be declared only on E+1 day the contract will be initially settled on E+1 using the Daily Settlement Price. Subsequently on E+2 after the declaration of FSP the difference between the FSP and the DSP will be settled. The buyer clients would have to deposit requisite funds with their respective Clearing Member before "pay in" on both the days.

All fund debits and credits for Daily Settlement of 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

The table below illustrates timings for pay in and pay out in case of cash settlement. All fund debits and credits for difference of Daily Settlement Price and Final Settlement Price would be done in the Member's Settlement Account with the clearing Bank

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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 physical settlement. The buyers / sellers would have to deposit requisite funds / Platinum with their respective Clearing member before “pay in”.

Pay in and Pay out for Final Settlement in case of physical deliveries	
Time (E+3)	Activity
On or before 12.00 hrs	PAYIN - Debit Buyer Member Settlement a/c for funds - Debit Seller Member’s CM Pool Account for Platinum
After 14.30 hrs	PAYOUT - Credit Seller Member Settlement a/c for funds - Credit Buyer Member’s CM Pool Account for Platinum

Additionally the supplemental settlement for Platinum International futures contracts for premium / discount adjustments relating to quality of Platinum 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 + 3)	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 hrs on E+4 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 + 5 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 + 6)	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.

Exhibit 1 – Contract Specifications of Platinum

Type of Contract	Futures Contract Specifications
Name of Commodity	PLATINUM
Ticker symbol	PLATINUM
Trading System	NCDEX Trading System
Unit of trading	250 Grams
Delivery unit	250 Grams
Quotation/base value	Rs per 1 Gram
Tick size	Rs 0.50 (i.e. 50 paise)
Quality specification	Fine Platinum Bars of minimum 99.95% purity bearing a serial number and an identifying stamp of a supplier approved by London Platinum and Palladium Market (LPPM)
Quantity variation	None
Basis	Ex - Mumbai (exclusive of all taxes, sales tax / VAT as the case may be, levies and other expenses)
Delivery center	Mumbai
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 Expiry Date - at 11:30 PM / 11:55 PM * All timings are as per Indian Standard Timings (IST) *during US day light saving period
Due date/Expiry date	Trading in the contract shall cease on the close of business on the third business day prior to the end of contract month (excluding Saturdays or any other trading holidays)
Penalty Structure	The penalty structure for failure to meet delivery obligations will be as per Circular no. NCDEX/TRADING-091/2007/235 dated October 4, 2007
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

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	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.
Final Settlement Price	The Final settlement price will be calculated on the last trading day based on International spot price at RBI reference rate.
Opening of contracts	As per launch calendar
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: 100 Kgs Member level: 300 Kgs or 15% of the open market position, whichever is higher. The above limits will not apply to bonafide hedgers. For bonafide hedgers the Exchange will decide the limits on a case-to-case basis.
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
Additional Margin	In addition to the above margins the Regulator/Exchange may impose additional margins on both long and short side at such other percentage, as deemed fit. Removal of such Margins will be at the discretion of the Regulator/Exchange.

Contract Launch Calendar

Launch Date	Expiry Date
19 th November 2009	29 th December 2009
19 th November 2009	29 th March 2010
19 th November 2009	28 th June 2010
19 th November 2009	28 th September 2010
10 th February 2010	29 th December 2010

Exhibit 2 - Vault Details

Vault Address

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

Exhibit 3 - Good/ Bad delivery norms

No.	Particulars	Good/ Bad delivery
1.	Delivery before contract expiration.	Good delivery
2.	Platinum quality not meeting futures contract specification.	Bad delivery
3.	Delivery at non-accredited warehouse/ vault.	Bad delivery
4.	Delivery completed but without certification.	Bad delivery
5.	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 Platinum from any non-approved LPPM refiner and not specified by the Exchange.	Bad delivery
10.	Platinum bars of weight other than 250 Grams (There is no allowable quantity variation.)	Bad delivery