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CHAPTER 1-TRADING PARAMETERS

Authority

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

Note: Sugar M Grade and Sugar S Grade shall hereafter be collectively referred to as Sugar for convenience of reading unless specifically referred otherwise.

Unit of Trading

The unit of trading shall be 10 MT. Bids and offers may be accepted in lots of 10 MT or multiples thereof.

Months Traded In

Trading in Sugar 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 Sugar shall be Re. 1.00.

Basis Price

The basis price of

1. Sugar M Grade shall be Ex-warehouse basis Kolhapur inclusive of all taxes.
2. Sugar S Grade is Ex-warehouse basis Kolhapur inclusive of all taxes.

Unit for Price Quotation

The unit of price quotation for Sugar shall be in Rupees per Quintal. The basis for Sugar traded as Sugar M and Sugar S is Ex-warehouse basis Kolhapur inclusive of all taxes.

Hours of Trading

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

Monday to Friday - 10:00 a. m. to 05:00 p.m.

Saturday - 10.00 a.m. to 2.00 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 day of the delivery month, if 20th happens to be a non trading, a Saturday or a Sunday, then the due date shall be immediately preceding trading day of the Exchange.

Mark to Market

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

Position Limits

Limit for aggregate contracts traded on all the Exchanges - applicable for all the contracts together for Grade-M and Grade-S both including position in expiry month:

Client-wise: 20,000 MT

Member-wise: 1,00,000 MT or 15% of market -wide open interest whichever is higher

Near Month Limits:

The following limits would be applicable for one month prior to the expiry of a contract

Client-wise: 8,000 MT

Member-wise: 40,000 MT or 15% of the market-wide open interest whichever is higher

Margin Requirements

NCDEX will use Value at Risk (VaR) based margin calculated at 99.95% 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

Special margin of 10% of the value of the contract, whenever the rise or fall in price exceeds 20% from the first day's closing price is payable by buyer or seller, depending upon whether prices rise or fall as the case may be. The margin shall stay in force so long as price stays beyond 20% limit and will be withdrawn as soon as the price is within 20% band.

Pre-Expiry Additional Margin

There will be an additional margin imposed for the last 5 trading days, including the expiry date of the sugar contract. The additional margin will be added to the normal exposure margin and will be increased everyday for the last 5 trading days of the contract. The current pre-expiry margins applicable are as per the following table.

Contracts	Pre expiry additional margins
Sugar M Grade	3% incremental margins per day for the last 5 trading days
Sugar S Grade	3% incremental margins per day for the last 5 trading days

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

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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 Default

- Existing penalty = 3%
 - Out of 3%, 1% will be credited to the buyer's account.
 - 1.75% goes to the Investors Protection Fund and 0.25% would be retained by the Exchange.
- In addition to the initial penalty of 3%, seller will be charged the price differential of the average of top 3 spot prices polled from E+1 to E+5. 100% of this differential will be transferred to the buyer.

Arbitration

Disputes between the member's inter-se of the Exchange 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 Sugar shall be 10 MT net.

Delivery Size

Delivery is to be offered and accepted in lots of 10 MT net or multiples thereof. A Quantity variation of +/- 5% is permitted as per contract specification.

Delivery Requests

The procedure for Sugar 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 to give delivery, such defaulting seller 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.

Actual Delivery

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

Accredited Warehouse

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

The Sugar received at the NCDEX accredited warehouse will be tested and certified by NCDEX empanelled Assayer as appointed by the warehouse service provider before acceptance as good delivery in the warehouse. Likewise, Sugar delivered to buyers will be from the accredited warehouse only.

Quality Standards

The contract quality for delivery of Sugar futures contracts made under NCDEX Regulations shall be Sugar conforming to the quality specification indicated in the contract specification as per **Exhibit 1**. No lower grade/quality shall be accepted in

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satisfaction of futures contracts for delivery except as and to the extent provided in the contract specifications.

Packaging

Sugar should be delivered in 50 Kgs net basis in new A Twill Bags / PP bags or 100 Kgs net new A Twill Bags / new Jute bags.

Standard Allowances

Standard allowance deducted on account of sample testing and spillage per validation of quality will be 0.0667%.

Weight

The quantity of Sugar 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. The total weight of the lot deposited will be considered as good delivery if it falls into quantity variation allowed under contract specifications. However, the buyer must take actual physical delivery of Sugar before the validity date as indicated in the quality test report/ Assayer's Certificate or get the same revalidated. Reference may be had to Circular no. NCDEX/OPERATIONS-047/2007/158 dated June22, 2007.

Good/ Bad delivery Norms

Sugar delivery into NCDEX designated 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.

Sugar Sampling

The sampling will be done with 100% of Sugar. Samples will be drawn from 3 places of each bag and a composite mixture of 2 Kgs will be made. This is then divided into 4 parts

These samples will be distributed as under:

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

Empanelled Assayer

NCDEX has empanelled the Assayers for quality testing and certification of Sugar received at the accredited warehouse. The quality testing and certification of Sugar will be undertaken only by the empanelled Assayer as appointed by the warehouse service provider. The assayer details are given in the **Exhibit 2** alongside the warehouses.

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Quality Testing Report

The test report issued by the Sugar 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 4**.

Testing Procedure

Grain Size Group Designation	Retained on Sieve	Cumulative Percent Retained By Mass, Min
M	1.18 mm	70
	600 micron	95
	425 micron	99
S	600 micron	70
	300 micron	95
	212 micron	99

Sugar will be tested by IS 498-2003 for grain size, IS 15279: 2003 for moisture and ICUMSA-GS9/1/2/3. **Assayer Certificate**

Testing and quality certificate issued by NCDEX empanelled Assayer for Sugar delivered at designated warehouses in Ahmedabad, Belgaum, Chennai, Delhi, Erode, Gorakhpur, Indore, Jaipur, Kanpur, Kolhapur, Kolkata, Muzaffarnagar, Pune, Sitapur, Vijaywada and Vizag and at such other locations announced by the Exchange from time to time shall be acceptable and binding on all parties. Each delivery of Sugar at the warehouse must be accompanied by a certificate from Assayer in the format as per **Exhibit 4**.

Validity Period

The production season for Sugar is considered as October to September (i.e. 2010-11 sugar season is from October 2010 to September 2011). Exchange has introduced crop year reference in the contract from January 2009 contract. Please refer to circular number NCDEX/TRADING-075/2008/185 dated August 9, 2008 and NCDEX/TRADING-126/2008/289 dated December 24, 2008. The validity period of the Assayer's Certificate for Sugar is as per the following table.

For Sugar (Sugar of current production year)

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	Validity Period of first revalidation(n o. of months)	Validity period of second revalidation (no. of months)
January	4	4	0	0	0
February	4	4	0	0	0
March	3	3	0	0	0
April	2	2	0	0	0
May	1	1	0	0	0
June	1	1	0	0	0

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July	1	1	0	0	0
August	1	1	0	0	0
September	1	1	0	0	0
October	4	4	0	0	0
November	4	4	0	0	0
December	4	4	0	0	0

Electronic Transfer

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

Charges

All charges and costs payable at the designated warehouse towards delivery of Sugar including sampling, grading, weighing, handling charges, storage etc. from the date of receipt into designated warehouse up to date of pay in and 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 and including storage, handling etc. 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 borne by the seller and shall be paid to the concerned authority. All related documentation should be completed before delivery of Sugar 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 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 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

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pay the taxes/VAT to the seller at the time of settlement. Members and / or their constituents requiring to receive or deliver Sugar 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 and Discount on the Sugar delivered will be provided by the Exchange on the basis of quality specifications.

Currently, there is no premium/discount for the commodity. It can be noted as under:

Sugar M Grade

M grade sugar with ICUMSA 100 - 150 could be accepted as good delivery but with no premium. Sugar with ICUMSA more than 200 shall be rejected.

Sugar S Grade

S grade sugar with ICUMSA less than 100 could be accepted as good delivery but with no premium. Sugar S with ICUMSA more than 150 shall be rejected.

Cross Deliveries of S grade Sugar in Sugar M contracts with Premium/discounts:

S grade sugar will be deliverable in Sugar-M contracts with suitable premiums/discounts. The Premium/discount would be announced before the launch of the contracts.

Please note that M Grade Sugar **would not be** deliverable in Sugar-S contract.

Deposit of Sugar M and Sugar S for delivery in sugar contracts should be accompanied by corresponding Excise Duty paid invoice as applicable which shall also contain required details of sugar mill and crushing season. A copy of such receipt duly attested by the depositor will be retained by the warehouse service provider for records.

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.

The Final Settlement Price (FSP) shall be arrived at by taking the average of the last three days' spot prices. The last spot price for the day as polled by the Exchange during the last three days shall be taken for arriving at the FSP. In the event of unavailability of the spot prices during any one of the last three days excluding the expiry day (i.e., on E - 1 or E - 2), the spot price of the previous day (E - 3) shall be considered for the average of the last three days. In case spot prices are not available during the 3 day period prior to the expiry date, the last spot price of the expiry day shall be considered for arriving at the FSP.

Spot Prices

NCDEX will announce / disseminate spot prices for Sugar 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 Sugar. 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 Sugar will be disseminated on daily basis on availability.

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".

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

Additionally the supplemental settlement for Sugar futures contracts for premium / discount adjustments relating to quality of Sugar 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 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.

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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.

Exhibit 1- CONTRACT SPECIFICATIONS OF SUGAR

**Contract specifications of Sugar- M Futures contract (Applicable for contracts expiring in January 2011 and thereafter)
(updated on December 24, 2010)**

Type of Contract	Futures Contract Specifications	
Name of commodity	Sugar (M Grade)	
Ticker Symbol	SUGARM200	
Trading System	NCDEX Trading System	
Basis	Ex-warehouse Kolhapur inclusive of all taxes	
Unit of Trading	10 MT	
Delivery Unit	10 MT net basis packed in 50 Kgs new A Twill Bags/PP bags Also deliverable in 100 Kg new A Twill jute bags	
Quotation/Base Value	Rs/quintal	
Tick Size	Re 1	
Quality Specification	Sugar in crystal form manufactured by vacuum pan method with:	
	Moisture	0.08% Max
	Polarisation	99.80% Min
	ICUMSA	> or = 150 ICUMSA and < 200 ICUMSA as determined by GS9/1/2/3-8 prescribed in Sugar Analysis ICUMSA Method Book
	Grade	M
	Grain Size	Medium as determined by the methods prescribed in IS:498-2003
	Crop Year Reference	Till December expiry contract: Production of the last crushing season is allowed in addition to current crop. From January expiry contract: Production of only current crushing season is allowed.
Quantity Variation	+/- 5%	
Delivery Center	Kolhapur (up to 50 km from city limits)	
Additional delivery centers	Ahmedabad, Belgaum, Chennai, Delhi, Erode, Gorakhpur, Indore, Jaipur, Kanpur, Kolkata, Muzaffarnagar, Pune,	

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	Sitapur, Vijaywada and Vizag (Upto 50Kms of City limits) No location premium and discount shall be applicable.												
Hours of Trading	As per directions of the Forward Markets Commission from time to time, currently- Mondays through Fridays: 10:00 AM to 5:00 PM Saturdays: 10.00 AM to 2.00 PM The Exchange may vary the above timing with due notice												
Due Date/Expiry Date	20 th day of the delivery month If 20th happens to be a non – trading day, a Saturday or a Sunday then the due date shall be the immediately preceding trading day of the Exchange												
Delivery Specification	Compulsory delivery: Upon expiry of the contracts, all open positions will be settled by taking or giving delivery as the case may be. The penalty structure for failure to meet delivery obligations will be as per circular no. NCDEX/TRADING-086/2008/216 dated September 16, 2008.												
Also Deliverable	<p>Sugar S of the following Specification:</p> <table border="1"> <tr> <td>Moisture</td> <td>0.08%Max</td> </tr> <tr> <td>Polarisation</td> <td>99.80% Min</td> </tr> <tr> <td>ICUMSA</td> <td>> or = 100 ICUMSA and < 150 ICUMSA as determined by GS9/1/2/3-8 prescribed in Sugar Analysis ICUMSA Method Book</td> </tr> <tr> <td>Grade</td> <td>S</td> </tr> <tr> <td>Grain Size</td> <td>Small as determined by the methods prescribed in IS:498-2003</td> </tr> <tr> <td>Crop Year Reference</td> <td>Till December expiry contract: Production of the last crushing season is allowed in addition to current crop</td> </tr> </table>	Moisture	0.08%Max	Polarisation	99.80% Min	ICUMSA	> or = 100 ICUMSA and < 150 ICUMSA as determined by GS9/1/2/3-8 prescribed in Sugar Analysis ICUMSA Method Book	Grade	S	Grain Size	Small as determined by the methods prescribed in IS:498-2003	Crop Year Reference	Till December expiry contract: Production of the last crushing season is allowed in addition to current crop
Moisture	0.08%Max												
Polarisation	99.80% Min												
ICUMSA	> or = 100 ICUMSA and < 150 ICUMSA as determined by GS9/1/2/3-8 prescribed in Sugar Analysis ICUMSA Method Book												
Grade	S												
Grain Size	Small as determined by the methods prescribed in IS:498-2003												
Crop Year Reference	Till December expiry contract: Production of the last crushing season is allowed in addition to current crop												

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		<p>From January expiry contract: Production of only current crushing season is allowed.</p>	
	<p>The premium/discount would be announced before the launch of the contracts.</p>		
<p>Closing of Contract</p>	<p>Upon Expiry of the contract all outstanding open position would result in compulsory delivery</p>		
<p>Final Settlement Price</p>	<p>The Final Settlement Price (FSP) shall be arrived at by taking the average of the last three days' spot prices. The last spot price for the day as polled by the Exchange during the last three days shall be taken for arriving at the FSP.</p> <p>In the event of unavailability of the spot prices during any one of the last three days excluding the expiry day (i.e., on E - 1 or E - 2), the spot price of the previous day (E - 3) shall be considered for the average of the last three days. In case spot prices are not available during the 3 day period prior to the expiry date, the last spot price of the expiry day shall be considered for arriving at the FSP</p>		
<p>Opening of Contracts</p>	<p>Trading in new contract will open on the 10th day of the month in which near month contract is due to expire. If the 10th day happens to be a non-trading day, contracts would open on the next trading day</p>		
<p>No. of active contracts</p>	<p>As per Launch Calendar</p>		
<p>Price Band</p>	<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.</p> <p>Thereafter the price band would be raised by another (+/-) 1% and trade will be resumed. If the price hits the revised price band (+/-) 4% again during the day, trade</p>		

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	will only be allowed within the revised price band. No trade/order shall be permitted during the day beyond the revised limit of (+/-)4%
Position Limits	<p>Limit for aggregate contracts traded on all the Exchanges - applicable for all the contracts together for Grade-M and Grade-S both including position in expiry month: Client-wise: 20,000 MT Member-wise: 1,00,000 MT or 15% of market -wide open interest whichever is higher</p> <p>Near Month Limits: The following limits would be applicable for one month prior to the expiry of a contract Client-wise: 8,000 MT Member-wise: 40,000 MT or 15% of the market-wide open interest whichever is higher</p>
Special Margin	Special margin of 10% of the value of the contract, Whenever the rise and fall in price exceeds 20% from the first day's closing price, is payable by buyer or seller, depending upon whether price rise or fall as the case may be. The margin shall stay in force so long as price stays beyond 20% limit and will be withdrawn as soon as the price is within 20% band
Premium/Discount	<p>S grade sugar with ICUMSA less than 100 could be accepted as good delivery but with no premium. Sugar S with ICUMSA more than 150 shall be rejected.</p> <p>M grade sugar with ICUMSA 100 - 150 could be accepted as good delivery but with no premium. Sugar with ICUMSA more than 200 shall be rejected.</p>

Tolerance Limit - Sugar-M grade

Commodity Specifications	Basis	Acceptable quality range as per contract specification	Permissible Tolerance
Moisture	0.08% Max	-	-
Polarisation	99.80% Min	-	-
ICUMSA	> or = 150 ICUMSA and < 200 ICUMSA as determined by GS9/1/2/3-8 prescribed in Sugar Analysis ICUMSA Method Book	Sugar with ICUMSA between 100 and 150 also accepted as good delivery	+/- 25 ICUMSA
Grade	M	-	-
Grain Size	Medium as determined by the methods prescribed in IS:498-2003	-	-

Tolerance Limit – Sugar - S Grade

Commodity Specifications	Basis	Acceptable quality range as per contract specification	Permissible Tolerance
Moisture	0.08% Max	-	-
Polarisation	99.80% Min	-	-
ICUMSA	> or = 100 ICUMSA and < 150 ICUMSA as determined by GS9/1/2/3-8 prescribed in Sugar Analysis ICUMSA method book	Sugar with ICUMSA less than 100 is acceptable as good delivery	+/- 25 ICUMSA
Grade	S	-	-
Grain Size	Small as determined by the methods prescribed in IS:498-2003	-	-

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Note: Tolerance limit is applicable only for outbound deliveries. Variation in quality parameters within the prescribed tolerance limit as above will be treated as good delivery when members/clients lift the materials from warehouse. These permissible variations shall be based on the parameters found as per the immediate preceding test certificate given by NCDEX approved assayer.

Contract Launch Calendar – Sugar M

Contract Launch Month	Contract Expiry Month
December 27, 2010	January 2011, February 2011 and March 2011
January 2011	April 2011
February 2011	May 2011
March 2011	June 2011

**Contract specifications of Sugar- S Futures contract (Applicable for contracts expiring in January 2011 and thereafter)
(updated on December 24, 2010)**

Type of Contract	Futures Contract Specifications	
Name of commodity	Sugar (S Grade)	
Ticker Symbol	SUGARS150	
Trading System	NCDEX Trading System	
Basis	Ex-warehouse Kolhapur inclusive of all taxes	
Unit of Trading	10 MT	
Delivery Unit	10 MT net basis packed in 50 Kgs new A Twill Bags/PP bags Also deliverable in 100 Kg new A Twill jute bags	
Quotation/Base Value	Rs/quintal	
Tick Size	Re 1	
Quality Specification	Sugar in crystal form manufactured by vacuum pan method with:	
	Moisture	0.08%Max
	Polarisation	99.80% Min
	ICUMSA	> or = 100 ICUMSA and < 150 ICUMSA as determined by GS9/1/2/3-8 prescribed in Sugar Analysis ICUMSA Method Book
	Grade	S
	Grain Size	Small as determined by the methods prescribed in IS:498-2003
	Crop Year Reference	Till December expiry contract: Production of the last crushing season is allowed in addition to current crop From January expiry contract: Production of only current crushing season is allowed.
Quantity Variation	+/- 5%	

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Delivery Center	Kolhapur (up to 50 km from city limits)
Additional delivery centers	Ahmedabad, Belgaum, Chennai, Delhi, Erode, Gorakhpur, Indore, Jaipur, Kanpur, Kolkata, Muzaffarnagar, Pune, Sitapur, Vijaywada and Vizag (Up to 50 Kms of City limits) No location premium and discount shall be applicable.
Hours of Trading	As per directions of the Forward Markets Commission from time to time, currently- Mondays through Fridays: 10:00 AM to 5:00 PM Saturdays: 10.00 AM to 2.00 PM The Exchange may vary the above timing with due notice
Due Date/Expiry Date	20 th day of the delivery month If 20th happens to be a non – trading day, a Saturday or a Sunday then the due date shall be the immediately preceding trading day of the Exchange
Delivery Specification	Compulsory delivery: Upon expiry of the contracts, all open positions will be settled by taking or giving delivery as the case may be.
Closing of Contract	Upon Expiry of the contract all the outstanding open positions would result in compulsory 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.
Final Price Settlement	The Final Settlement Price (FSP) shall be arrived at by taking the average of the last three days' spot prices. The last spot price for the day as polled by the Exchange during the last three days shall be taken for arriving at the FSP. In the event of unavailability of the spot prices during any one of the last three days excluding the expiry day (i.e., on E - 1 or E - 2), the spot price of the previous day (E - 3) shall be considered for the average of the last three days. In case spot prices are not available during the 3 day period prior to the expiry date, the last spot price of the expiry day shall be

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	considered for arriving at the FSP
Opening of Contracts	Trading in new contract will open on the 10 th day of the month in which near month contract is due to expire. If the 10 th 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 Band	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 another (+/-) 1% and trade will be resumed. 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%
Position Limits	Limit for aggregate contracts traded on all the Exchanges - applicable for all the contracts together for Grade-M and Grade-S both including position in expiry month: Client-wise: 20,000 MT Member-wise: 1,00,000 MT or 15% of market -wide open interest whichever is higher Near Month Limits The following limits would be applicable for one month prior to the expiry of a contract Client-wise: 8,000 MT Member-wise: 40,000 MT or 15% of the market-wide open interest, whichever is higher
Special Margin	Special margin of 10% of the value of the contract, Whenever

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	the rise and fall in price exceeds 20% from the first day's closing price, is payable by buyer or seller, depending upon whether price rises or falls as the case may be. The margin shall stay in force so long as price stays beyond 20% limit and will be withdrawn as soon as the price is within 20% band.
Premium/Discount	S grade sugar with ICUMSA less than 100 is also accepted as good delivery but with no premium. Sugar with ICUMSA more than 150 shall be rejected.

Tolerance Limit for Sugar-S

Commodity Specifications	Basis	Acceptable quality range as per contract specification	Permissible Tolerance
Moisture	0.08% Max	-	-
Polarisation	99.80% Min	-	-
ICUMSA	> or = 100 ICUMSA and < 150 ICUMSA as determined by GS9/1/2/3-8 prescribed in Sugar Analysis ICUMSA Method Book	Sugar with ICUMSA less than 100 is acceptable as good delivery	+/- 25 ICUMSA
Grade	S	-	-
Grain Size	Small as determined by the methods prescribed in IS:498-2003	-	-

Note: Tolerance limit is applicable only for outbound deliveries. Variation in quality parameters within the prescribed tolerance limit as above will be treated as good delivery when members/clients lift the materials from warehouse. These permissible variations shall be based on the parameters found as per the immediate preceding test certificate given by NCDEX approved assayer.

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Contract Launch Calendar Sugar - S

Contract Launch Month	Contract Expiry Month
December 27, 2010	January 2011, February 2011 and March 2011
January 2011	April 2011
February 2011	May 2011
March 2011	June 2011

Exhibit 2-Warehouse & Assayer Address Details

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

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 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

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Exhibit 4 – Specimen of Sugar Testing Report

CERTIFICATE OF QUALITY			
Date : _____		Report no.:	
NCDEX Member :			
Commodity :			
Lorry No. :			
Lot no.:			
QUALITY :			
The results of analysis performed by our laboratory of the samples collected by Warehouse _____ 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			