



## **National Spot Exchange Limited**

Circular

Ref. No.: NSEL/DP/2014/014

April 04, 2014

Dear Members,

### **Rematerialization and subsequent Financial Closure of e-Series**

In terms of the provisions of the Rules, Bye-Laws and Business Rules of the Exchange, the Members of the Exchange are notified that as per the NOC given by Forward Markets Commission (FMC) to National Spot Exchange Limited (NSEL) vide letter reference no. letter 8/1/2013(1)MD-I(10(C)/Settlement/FA dated 27/03/2014, the Exchange shall commence the process of rematerialization of e-Series from 12/04/2014. This shall be followed by Financial Closure of the balance stock starting from 06/05/2014. Relevant details of the process have been given in this document herewith.

The process of Rematerialization as put in place by the depositories shall be followed by the Exchange. The same has been explained in detail herein for the ease of understanding to market participants.

Unit holders may kindly note that rematerialization shall only be feasible for such unit holders who hold units either matching or exceeding the denominations offered by the Exchange for the underlying metals. Kindly check the denomination-wise stock availability as updated on [www.nationalspotexchange.com/eseries.htm](http://www.nationalspotexchange.com/eseries.htm) before placing the request for rematerialization.

All unit holders intending to rematerialize shall be required to fill the "Rematerialization Intention cum Allocation Request Form" (Annexure 1-3) and send it to the DP Department of the Exchange. Upon confirmation by the Exchange, the unit holders shall be required to initiate the process of Rematerialization through their Depository Participants (DP). The detailed process and related formats for rematerialization have been given below.

**Annexure 1-1:** Procedure for Rematerialization Intention cum Allocation Request

**Annexure 1-2:** The process of Rematerialization

**Annexure 1-3:** Format of Rematerialization Intention cum Allocation Request form

**Annexure 1-4 & 1-5:** Sample of RRF (to be obtained from respective Depository Participants)



**Annexure 1-6:** Format of Authorization Request for lifting delivery

**Annexure 1-7:** Checklist for documents to be submitted to the Exchange

Rematerialization intention cum allocation request shall be accepted by the Exchange from the unit holders from 12/04/2014 (9.30 AM) through 23/04/2014 (3.00 PM). For this purpose, the Exchange shall provide the updated Location, Depository & Denomination wise free stock position on daily basis. The updated stock report is available on [www.nationalspotexchange.com/eseries.htm](http://www.nationalspotexchange.com/eseries.htm)

All rematerialization requests that had been initiated earlier by the unit holders which are 'Pending with Issuer/RTA' shall stand cancelled. Such unit holders intending to rematerialize shall have to re-initiate the process as mentioned in this Circular.

Starting 06/05/2014, the Exchange shall commence the process of Financial Closure of the balance stock/units of e-Series as per the below given annexure:

**Annexure 2-1:** Process of Financial Closure of e-Series subsequent to Rematerialization

For any clarification, you may write to [NSEL-DP@nationalspotexchange.com](mailto:NSEL-DP@nationalspotexchange.com) or can also dial our help desk number 022-67619922.

For and on behalf of

**National Spot Exchange Ltd.**

**Saji Cherian**

**Managing Director & CEO**

Encl:- As above

----- Registered office -----  
FT Tower 4<sup>th</sup> Floor, CTS No. 256 & 257,  
Suren Road, Chakala, Andheri (East), Mumbai – 400 093  
Tel.: 022 – 6761 9900 Fax: 022 – 6726 9524  
[www.nationalspotexchange.com](http://www.nationalspotexchange.com) email: [NSEL-DP@nationalspotexchange.com](mailto:NSEL-DP@nationalspotexchange.com)



## **ANNEXURE 1-1**

### **Procedure for Rematerialization Intention cum Allocation Request**

Detailed location wise, depository wise and denomination wise stocks shall be made available on the Exchange website. Unit holders can access the same from the URL [www.nationalspotexchange.com/eseries.htm](http://www.nationalspotexchange.com/eseries.htm).

- 1) Unit holders are required to check their holdings vis-à-vis the denomination of the underlying metal available as per the above stock report. Rematerialization will only be possible for such number of units which match the actual denomination of the underlying metal. For instance, if an investor holds 105 units of E-GOLD, then rematerialization would only be feasible for 100 units matching a 100 gram denomination gold bar and hence rematerialization should only be initiated for 100 units of E-GOLD. & balance would remain as credit in the demat account and would subsequently be redeemed in the financial closure.
- 2) In addition to the above, it may be noted that unit holders requesting for rematerialization would be required to take delivery of their metal against such request from the City and location of the vault/warehouse where the allocation has been done by the Exchange based upon the request for allocation received from the unit holder.
- 3) On ensuring the above two points, unit holders of e-Series who intend to rematerialize their holding are required to fill the "Rematerialization Intention cum Allocation Request Form" (Annexure-1-3) after due verification of depository, location and denomination of stocks from the stock report.
- 4) Unit holders have to send the duly filled intention form to the Exchange through a mail to [NSEL-DP@nationalspotexchange.com](mailto:NSEL-DP@nationalspotexchange.com) between 12/04/2014 from 9.30 AM to 23/04/2014 up to 3.00 PM on all working days. Requests received after 3.00 PM will be considered for the next working day. Further, any request received after 3.00 PM on 23/04/2014 i.e. the last day shall not be entertained and such units would subsequently be redeemed in the financial closure.



- 5) For all requests that are received upto 3.00 PM, the Exchange shall process such requests and duly provide the confirmation (acceptance/rejection) to the unit holders through email on the same day. The Exchange shall also inform the charges payable by the unit holder such as VAT, Octroi, etc., to unit holders whose allocation request has been accepted. The unit holder is required to pay the above by way of RTGS/NEFT/Bank Transfer/Demand Draft (DD)/Pay order in favour of **"National Spot Exchange Limited"** payable at Mumbai. Bank details for RTGS/NEFT/Bank Transfer is as per below:

<b>Name</b>	:	NATIONAL SPOT EXCHANGE LIMITED			
<b>Bank Name &amp; Address</b>	:	HDFC BANK Manek Smruti, TPS II, Nehru Road, Vile Parle, Mumbai (E) – 400 057			
<b>Account No.</b>	:	02272740000010	<b>IFSC Code</b>	:	HDFC0000227

- 6) The allocation would be made in the order of receipt of allocation request valid for the particular day. The Exchange would make the allocation and block quantities on considering various points including **a)** Availability of dematerialized stock at the unit holder's intended location in the depository where the holder's demat account is held. **b)** Availability of denomination of stock subject to point "a)" and commensurate with the quantity to be rematerialized.
- 7) Only on receipt of such confirmation of allocation from the Exchange, unit holders should setup the Rematerialization request (Annexure 1-2) through their DP. In case of allocation at more than one location, the unit holder shall have to set up separate rematerialization requests for separate locations.
- 8) The Rematerialization request must be setup within three working days of receipt of confirmation of allocation from the Exchange failing which the allocation done shall be cancelled by the Exchange. Hence the last date for generation of rematerialization request number for allocations done on 23/04/2014 (last day of allocation) shall be 28/04/2014.



- 9) Exchange shall update the balance stock details on a daily basis after the completion of allocation of stocks against all "Rematerialization Intention cum Allocation Request" received during the day till 3:00 PM.
- 10) Original Rematerialization Intention cum Allocation Request Form (scan copy of which was sent to Exchange by mail) has to be submitted to the Exchange along with the Rematerialization Request Number (RRN documents details of which have been mentioned in Annexure 1-2 point 3. & 4.
- 11) Unit holders have to mandatorily request for allocation as per the due procedure outlined above prior to setting up of Rematerialization Requests.



## **ANNEXURE 1-2**

### **The process of Rematerialization**

After receiving the confirmation of allocation from the Exchange, the unit holder shall initiate the following Rematerialization process:

1. The Unit holder has to set up a rematerialization request through its Depository Participant (DP) by filling up a Rematerialization Request Form (RRF) which would be made available by their respective DP. As per the defined process, RRF needs to be submitted to the DP in duplicate (DP Copy and Client Copy).
2. The DP will generate a unique Rematerialization Request Number (RRN) through the depository system for such Rematerialization Request Forms (RRF) received by them.
3. Post generation of the RRN, the unit holder should collect the following documents from the DP:
  - a) Client Copy of the RRF (with the signature of Client and acknowledgement by the DP) and
  - b) System generated Rematerialization Request Number (RRN) in the format of the Depository.
4. The unit holder is required to send the following documents in original through courier / post to the 'DP Department', National Spot Exchange Limited, FT Tower 4th Floor, CTS No. 256 & 257, Suren Road, Chakala, Andheri (East), Mumbai – 400 093
  - a) Original Rematerialization Intention cum Allocation Request Form
  - b) Client Copy of the RRF
  - c) System generated Rematerialization Request Number (RRN) document and
  - d) Authorization Request and Identity proof of Authorized Person for lifting goods as per Annexure 1-6.
  - e) The payment instrument (DD)/details of the online payment made towards the charges as mentioned in the allocation confirmation. Such details shall include date, amount, type, Reference No. of payment, Bank Account Details.
  - f) Copy of the allocation confirmation email received from the Exchange.



5. On receipt of the above mentioned original documents, the Exchange shall verify the particular RRN with Registrar & Transfer Agent (RTA).
6. On the basis of receipt of the above documents, the Exchange shall confirm the acceptance of the rematerialization request (based upon the completeness of the documents sent) to the unit holder through email. The Exchange shall reject such rematerialization requests which are found deficient in terms of the above documents.
7. The metal has to be compulsorily lifted by the unit holder within 14 days from such acceptance of RRN by the Exchange. The unit holder needs to inform their intended day of lifting of metal by email to [NSEL-DP@nationalspotexchange.com](mailto:NSEL-DP@nationalspotexchange.com) at least 1 working day prior to the lifting date for issuance of Delivery Order (DO). This means that the unit holder has 14 days from acceptance of rematerialization to plan and schedule lifting of the metal from the vault/warehouse. On issuance of the Delivery Order, the Exchange shall generate the rematerialization confirmation letter for such request and forward the same to the Vault / Warehouse for authentication.
8. The 'Authorized Person' of the unit holder i.e. the person(s) who would be lifting delivery on behalf of the unit holder is required to produce the original ID proof to the Vault Officers as mentioned in the Authorization Request for lifting the delivery. In case of Non-Individual Account, company seal shall be required at the time of lifting the delivery.
9. The Vault / Warehouse officer shall verify the identity of the authorized person with the Delivery Order and deliver the physical commodity to him by taking due acknowledgement and issue a Delivery Challan in favour of the Client. The vault shall send the acknowledgement to the Exchange.
10. On receipt of Delivery confirmation from the Vault / Warehouse, Exchange will inform in prescribed format to RTA for debiting the demat units from the respective demat account.
11. RTA will verify the same & send the rematerialization confirmation to the Depositories (NSDL / CDSL).



12. Accordingly the Depository will debit the Beneficiary Owner (BO) account of the Client against the particular Rematerialization Request Number (RRN).
13. The Unit holder shall receive the Invoice towards rematerialization within 14 days after lifting the commodities.



**ANNEXURE 1-3****Rematerialization Intention cum Allocation Request Form***(to be filed separately for each type of commodities)***To,****National Spot Exchange Ltd.**

Andheri (E), Mumbai - 400 093

Email Id: [nse-dp@nationalspotexchange.com](mailto:nse-dp@nationalspotexchange.com)

Date: \_\_\_\_/\_\_\_\_/20\_\_\_\_

I/We are intending to convert my demat holding into physical through Rematerialization process. Therefore, I/We hereby request you to confirm the availability of stock as per my intention in terms of denomination and location in order to initiate RRN by us;

**A: Account Holder Details**

DP ID										Client ID								
DP Name									Client Name									
Contact No. & Email Id																		

**B: Commodity and ICIN details**

ICIN	I	N	C	2														
Commodity	e-Gold <input type="checkbox"/> e-Silver <input type="checkbox"/> e-Platinum <input type="checkbox"/> Others _____ (Please specify only one)																	
Unit (s)					Unit (s) In Word													

**C: Location and Denomination details**

Location Preference	Preference Location 1) _____ 2) _____ 3) _____ (Please verify the depository, location and denomination of the stock from Exchange website)																	
Commodity	Preferred Denomination (Select One commodity only as above)																	
Gold	8 Gram <input type="checkbox"/> 50 Gram <input type="checkbox"/> 100 Gram <input type="checkbox"/> 1 Kg <input type="checkbox"/>																	
Silver	1 Kg <input type="checkbox"/> 15 Kg <input type="checkbox"/> 30 Kg <input type="checkbox"/>																	
Platinum	100 Gram <input type="checkbox"/>																	
Other Metal	_____ (Please specify the metal and Denomination)																	

In case of non-availability of intended quantity, denomination and location:

- 1) Should partial allocation be done? YES ☐ NO ☐
- 2) Should allocation in multiple locations be done? YES ☐ NO ☐

I/We hereby confirm that I/We are neither employees nor relatives of employees of NSEL and FTIL and neither are we associated with NSEL and FTIL.

I /We hereby undertake to create RRN within three working days against the available and marked stocks confirmed by the Exchange consequent upon my request. Further also undertake to provide the originals documents related to physical conversion. The Exchange has every right to cancel blocked stocks and RRN in case of any non-compliance by the Unit Holder. I/We also undertake to lift the complete stock of metal against any/all Rematerialization Request Number (RRN) generated towards this allocation request within 14 days of acceptance of the RRN by the Exchange.

	First/Sole Holder	Second Holder	Third Holder
Name of the holder(s)			
Signature as per DP Records			



*Note: 1) Fill separate form for each commodity. 2) Please verify the stocks, denomination and location from [www.nationalspotexchange.com](http://www.nationalspotexchange.com) /XXX/ for the day before filling the form. 3) Signature of account holder should be as per DP records. 4) In case of multiple request for the same commodity the first request would be entertained.*

### **Instruction to fill Rematerialization Intention Cum Allocation Request Form**

1. Fill current date on which the request is forwarded to the Exchange.
2. Under Account Holder Details, fill the DP ID, Client ID, DP Name, Client Name, and Contact No. & Email ID of the Account Holder in whose account the demat units are lying.
3. Under Commodity and ICIN Details:
  - a. **ICIN** - Fill the ICIN no. of the commodity to be rematerialized.
  - b. **Commodity** - Tick against the particular commodity name for rematerialization. In case of other please specify the Commodity Name (E-Copper, E-Zinc, E-Lead, and E-Nickel).
  - c. **Unit(s)** - Fill the demat units in numbers and words which is to be rematted.
4. Under Location and Denomination Details:
  - a. **Location Preference** - Fill 3 preferences for location, in case if the stock is not available at the 1<sup>st</sup> location, the allocation can be done for the 2<sup>nd</sup> location and if the stock is not available at the 2<sup>nd</sup> location also, the allocation can be done for the 3<sup>rd</sup> location.  
(Before filling the Location Preference, kindly check the availability of the stock with the specified denomination at the particular location from NSEL website [[www.nationalspotexchange.com](http://www.nationalspotexchange.com)])
  - b. **Commodity** - Tick against the commodity required with the particular denomination. In case of other please specify the Commodity Name (E-Copper, E-Zinc, E-Lead, and E-Nickel).  
(Separate form to be filled for each commodity)
5. In case of non-availability of intended quantity, denomination and location, please tick against **YES** or **NO** for:
  - a. Partial allocation to be done
  - b. Allocation in multiple locations to be done.
6. Fill the name of the account holder(s) in the space provided below the First/Sole Holder, Second Holder and Third Holder.  
(In case of single holder, please fill the name of the account holder in First/Sole Holder and the Second Holder and Third Holder space would be blank)
7. Below each holder(s) name, the signature of the account holder(s) is required.  
(Signature of the account holder should be as per the DP records)

## ANNEXURE 1-4

(to be filed separately for each type of commodities and location)

Annexure 11.15

## CDSL SAMPLE

**XYZ Limited**

XXXX, XXX, Suren Road,

XXXXXX-000 000, India.

Tel.: 022 – 000000 Fax: 022 – 000000

DP ID - 000000000

## Rematerialisation Request Form

(To be filled up by the Depository Participant)

RRN		Date									
-----	--	------	--	--	--	--	--	--	--	--	--

Please fill all the details in **Block Letters** in English. (In case of Lock in Securities, fill up separate RRF for Lock in securities having different Lock in expiry dates.)

RRF No.	00000	Date	1	9	0	2	2	0	1	4
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I/We request you to arrange to rematerialize the securities mentioned hereunder-registered in my/our name.

DP ID	1	1	0	0	0	2	6	Client ID	1	1	1	1	1	1	1	1	1
Name of the Company	E-GOLD																
ISIN	I	N	C	2	0	0	0	0	0	0	0	0	0	7			
Type of Security	<input type="checkbox"/> Equity <input type="checkbox"/> Debentures <input type="checkbox"/> Bonds <input type="checkbox"/> Units <input type="checkbox"/> Other (Specify)																
Number of Securities to Be Rematerialized	In figures			10													
	In Words			TEN UNITS													
Type of Lot Requested	<input type="checkbox"/> Market Lot. <input type="checkbox"/> Jumbo Lot.   (Specify Denomination.)																
Type of Securities	<input checked="" type="checkbox"/> Free <input type="checkbox"/> Lock-in																
Lock in Reason																	
Lock in Expiry Date	D	D	M	M	Y	Y	Y	Y									
Documents enclosed																	

### Account Holder's Details

Name of the First Holder	ABCD KUMAR
Father / Husband Name of First Holder	XYZ KUMAR
Name of the Second Holder	XXXX SINGH
Name of the Third Holder	XXXX SINGH
Occupation of the First Holder	
Details of Existing Folio (if any)	

\* In case of remat for repurchase, form provided by the respective company should be attached along with the RRF

	First/Sole Holder	Second Holder	Third Holder
Name	ABCD KUMAR	XXXX SINGH	XXXX SINGH
Signature as per DP Records	vfbgfn	Vcnbvmn,	Vfbgnhmjg,
Signature as per DP Records	vfbgfn	Vcnbvmn,	Vfbgnhmjg,



**Participant Authorization – DP to RTA**

Received the above mentioned securities for Rematerialisation from

DP ID	1	1	0	0	0	0	2	6	Client ID	1	1	1	1	1	1	1	1			
Name of the Sole / First Holder	ABCD KUMAR																			
ISIN	I	N	C	2	0	0	0	0	0	0	7	Date	1	9	0	2	2	0	1	4

The Rematerialisation Request form has been verified with the details of the Beneficial Owner's account and it is certified that the form is in order. The account has sufficient balances to allow the Rematerialisation as requested. It is also certified that the details of beneficial owners have been verified and found in order.

Depository Participant's Signature



=====(Please Tear Here)=====

**Acknowledgement Receipt**

Received Rematerialisation request form as per details given below:

RRF No.											Date								
DP ID											Client ID								
Name of the Sole / First Holder																			
Name of Second joint Holder																			
Name of Third joint Holder																			
ISIN	I	N	C	2								Quantity							

**ANNEXURE 1-5**

(to be filed separately for each type of commodities and location)

Serial No \_\_\_\_\_

**NSDL SAMPLE**  
**XYZ Limited**  
XXXX, XXX, XXXX,  
XXXXXX-000 000, India.  
Tel.: 022 – 0000000 Fax: 022 – 0000000  
**DP ID - IN000000**

**REMATERIALISATION REQUEST FORM**

Remat Request Number \_\_\_\_\_

Client Id	1	0	0	0	0	0	0	0
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I / We hereby declare that the above mentioned account may be debited to the extent of my/our rematerialisation request and equivalent certificates be issued for the same. I/We hereby declare that the below mentioned person (s) are the beneficial owners of the securities mentioned.

First Holders Name	ABCD KUMAR
Second holders Name	XXXX SINGH
Third Holders Name	XXXX SINGH

No. of Securities to be Rematerialised	Figures	10
	Words	Ten units

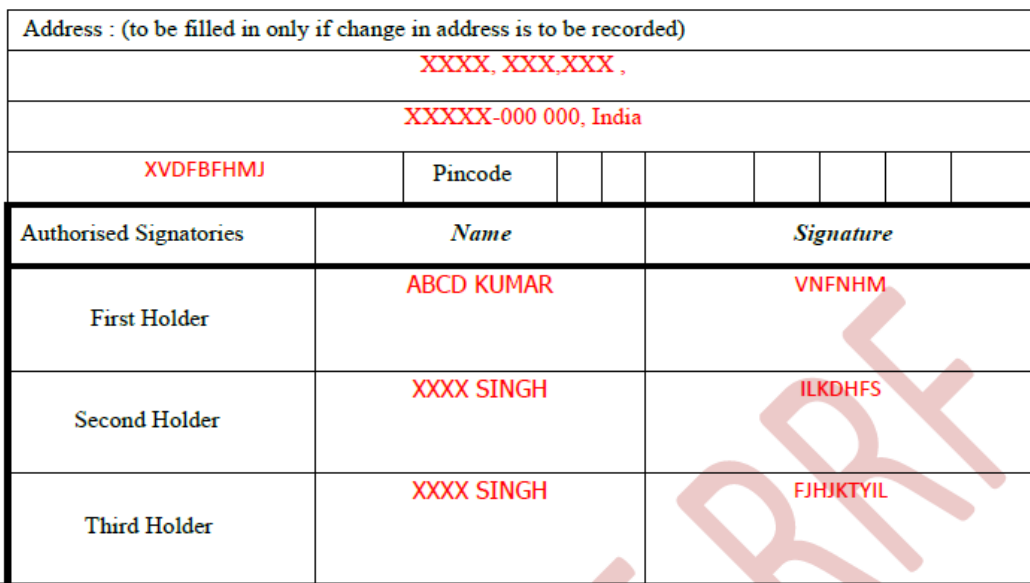
Lot Type Requested	Market Lot / Jumbo
Name of the Security	E-GOLD
Name of Issuing Company	NSEL
Face Value	Rs. xxxxxx

ISIN	I	N	C	2	0	0	0	0	0	0	0	7
------	---	---	---	---	---	---	---	---	---	---	---	---

Rematerialisation request is for locked shares **YES / NO**

Lock in reason : \_\_\_\_\_

Lock in release Date:- \_\_\_\_\_ of \_\_\_\_\_ 20\_\_

[illegible]

**ANNEXURE 1-6**

(to be filed separately for each commodity/RRN/location)

**Authorization Request for Lifting Delivery**

To

**National Spot Exchange Ltd.**

Andheri, Mumbai -400093

Dear Sir/Madam,

I/We hereby request to you to release Gold /Silver/Platinum/\_\_\_\_\_ ( Other Metal ) against below mentioned RRN from the custodian Vault/Warehouse. \_\_\_\_\_ (Location).

DP ID	Client ID	RRN Date	RRN No.	Units
Contact No & Email Id				

I/We request you to release the above mentioned stock of Gold/Silver/Platinum/\_\_\_\_\_ (Other Metal) to any of the below mentioned representative after duly verifying his/her identification.

Sr.	Name of Authorized Person	ID proof	ID Proof No.	Signature
1				
2				
3				

Further, please find the billing details to raise the invoice towards rematerialization request.

Party Name	Local ST No/ VAT Reg No	Billing Address	Communication Address
Contact No & Email Id			

We hereby declared that the above mentioned details of Authorized person(s) and billing party name are truthful and verified by us.

Yours faithfully,

Name of Holder(s) 1. \_\_\_\_\_ 2. \_\_\_\_\_ 3. \_\_\_\_\_

Signature of Holder(s) 1. \_\_\_\_\_ 2. \_\_\_\_\_ 3. \_\_\_\_\_

*Note: All Non-individual Accounts Holder should provide the Authorization Request on their letter and sign with the official seal. Allowable ID proof includes valid PAN Card, Driving License; Aadhaar Card, Passport, Voter ID Card. Copy of ID proof should be attested by authorized person as well as Account holder.*

Verified  
by DP



*Please use separate request for each location.*

## **INSTRUCTIONS TO FILL AUTHORIZATION REQUEST FORM**

1. Strike off the commodity not applied for. In case of other metals please specify the Commodity Name like E-Copper, E-Zinc, E-Lead, and E-Nickel. (Separate form to be filled for each commodity, location and RRN)
2. Fill the location name (only city name) of vault/warehouse from where the delivery will be lifted.
3. Other details to be mentioned in the form are as below:
  - a. **DP ID:** Fill the DP ID of the account holder.
  - b. **Client ID:** Fill the Client ID of the account holder.
  - c. **RRN Date:** Fill the date on which the RRN is generated (provided by DP).
  - d. **RRN No.:** Fill the system generated RRN number (provided by DP).
  - e. **Units:** Fill the no. of units set up for rematerialization.
  - f. **Contact No. & Email ID:** Fill the contact no. and email id of the account holder.
4. **Commodity** - Tick against the commodity required with the particular commodity. In case of other metals please specify the Commodity Name like E-Copper, E-Zinc, E-Lead, and E-Nickel. (Separate form to be filled for each commodity)
5. For details of Authorized Person:
  - a. **Name of Authorized Person:** Fill the name(s) of the Authorized Person who will be lifting the physical delivery from the delivery centre.
  - b. **ID Proof:** Fill the type of Identity proof provided of the Authorized Person. Allowable ID proof includes valid PAN Card, Driving License; Aadhaar Card, Passport, Voter ID Card.
  - c. **ID Proof No.:** Fill the number of Identity proof provided of the Authorized Person.
  - d. **Signature:** Each Authorized Person has to sign against their name.
6. For Billing Details:
  - a. **Party Name:** Fill the party name in whose name the invoice has to be raised.
  - b. **Local ST No./VAT Reg. No.:** Fill the local ST No. / VAT Reg. No. for claiming VAT credit.
  - c. **Billing Address:** Fill the billing address to be mentioned in the invoice.
  - d. **Communication Address:** Fill the communication address on which the invoice has to be couriered.
  - e. **Contact No. & Email ID:** Fill the contact no. and email id of the party in whose name the invoice has to be raised.
7. Fill the name of account holder(s) in the space provided against Name of Holder(s) (1), (2) and (3).





8. Below each holder(s) name, the signature of the account holder(s) is required in the space provided against Signature of Holder(s) (1), (2) and (3).
9. The Depository Participant (DP) has to verify the Authorization Request Form by signing and affixing the DP seal in space provided at the bottom of the right hand side.
10. All Non-Individual account holders should provide the Authorization Request for Lifting Delivery on their letterhead and sign along with the official seal.
11. Copy of ID proof of the Authorized Person has to be attested by both [i.e. Authorized Person and all account holder(s)].



## **ANNEXURE 1-7**

### **CHECKLIST FOR DOCUMENTS TO BE SUBMITTED TO THE EXCHANGE**

***Important Note: The unit holder should verify the completeness of all the below mentioned documents before sending to the Exchange for processing;***

1. Original Rematerialization Intention cum Allocation Request Form.
2. Client copy of the Rematerialization Request Form (RRF) (with the signature of the Client and acknowledgement by the DP)
3. System generated Rematerialization Request Number (RRN) document in the format of the Depository.
4. Copy of the allocation confirmation email received from the Exchange.
5. Demand Draft/Online payment Details towards charges for VAT, Octroi etc.
6. Authorization Request for Lifting Delivery. The signature of the unit holder(s) on this form must be attested by the Depository Participant with DP seal.
7. Attested copy of Identity Proof and signature of the Authorized Person(s) for lifting delivery. (Copy of ID proof should be attested by authorized person as well as Account holder).
8. In case Non-Individual account holder, all instances of signature of the authorized signatory has to be with company seal.



## **ANNEXURE 2-1**

### **Process of Financial Closure of e-Series subsequent to Rematerialization**

Under this process, National Spot Exchange Ltd. (NSEL) shall redeem the units owned by the beneficiary account holders through their respective depository beneficiary accounts on a price duly arrived at as per the process described herein. On completion of the process, such redemption amounts shall be credited to the beneficiary account holders' bank accounts directly. Exchange shall not seek any specific intention from the beneficiary account holders to redeem their units as the e-Series ICINs are required to be discontinued as per the instruction of the depositories.

The detailed process flow of **Redemption** for financial closure shall be as follows:

**1: Record date:** As the units in the beneficiary account shall be redeemed and the sale proceeds credited directly to the beneficiary account holders' bank account, it is required to freeze the ownership and the holding on 30/04/2014 (i.e. the "Record Date"). Hence, the last date for all DP related activities including Rematerialization Request Generation should be done on or before 28/04/2014. Thereafter all activities such as market / off market transfer, pledging/un pledging of the ICINs, updating of client master details etc. shall not be permitted. Hence beneficiary account holders would be required to update all necessary client master details such as Bank Account Details, Correspondence Address, and Contact Details etc. before the Record Date. All members of the exchange are also requested to transfer the e-Series units (if present) from the pool accounts to respective clients' beneficiary accounts prior to the said date.

**2:** After the "Record Date", all free balances in the beneficiary owners' accounts shall be debited through corporate action mechanism by Registrar and Transfer Agent (RTA) in the depository system. The details of such debit shall be obtained by the Exchange from RTA in order to compute the redemption value of e-Series holding for such beneficiary accounts.

### **3: Pricing Mechanism for Redemption:**

Identification of buyers and price shall be ascertained by a method of auction as detailed herewith. The auction shall be a mechanism of bidding with price premium to a benchmark and quantity being bid for. Thereby all winning bidders shall be allocated metal as per the bid for price and quantity bid for.



The bidding shall be done for '**Premium**' in USD per unit weight (oz/MT as applicable). This premium shall be applicable over the standardized formula for calculation of the Rs. per unit weight rate. This standard formula shall be based upon the Gold AM Fix, Silver Fix for the day of London Bullion Market Association (LBMA), Platinum AM Fix for the day of London Platinum & Palladium Market (LPPM), respective Official Cash Settlement Price for the day of London Metal Exchange (LME) for Copper, Zinc, Lead and Nickel. RBI Reference Rate shall be used for currency conversion and data from Central Board for Excise and Customs (CBEC) shall be used for arriving at the final price in Rupees per unit weight applicable to a winning bidder.

The above procedure of price discovery is widely accepted and a very standard procedure to arrive at prices of the above metals in India.

The detailed process of bidding including

- a) Timelines for individual metals
- b) Ascertaining the Cut-off Price
- c) Bidding Methodology and communication modes
- d) Details of bids received, allocated, rejected and public display of the same
- e) Crediting of redemption value to unit holders

shall be communicated to the market as addenda to this circular subsequently.

**Auction Pricing Formula:** The price applicable would be arrived at in the following manner. Illustration provided for gold.

LBMA Gold AM Fix + "Premium" would be multiplied with the RBI Reference Rate for the day to convert USD to INR.

The figure arrived at would be Rupees per troy ounce (oz) of Gold.

This would then be converted to Rupees per Kg using the standard conversion function.

This figure of Rupees per Kg of gold would then be added with the per Kg Customs Duty applicable to actual import of gold on that day.



An illustration is given in the table below:

Reference Price : LBMA Gold AM Fix in USD per oz	A
<b>Premium bid for USD per oz</b>	<b>B</b>
Base price per oz in USD	$C = A+B$
Base Price in USD per Kg	$D = C*32.1507$
RBI Reference Rate for USD-INR	E
Base Price in Rs. per Kg	$F = D*E$
Customs Duty	G
Base Price including Customs	$H = F+G$
Gold 995 in Rs. per Kg	$H*995/999.9$

The above figure in Rupees per Kg would be the applicable price that is to be received from the buyer and is payable to the investors of e-Series.

In addition to the above price, the buyer shall have to pay VAT and other taxes at the applicable rate.

Similarly price would be arrived at for other metals taking commensurate reference prices.

**Calculation of Redemption Value:** The above process of auction shall be continued till the complete stock of metals sold out through the bidding process. Thereafter, a quantity weighted averaging formula of all the winning bids shall be used to calculate the per unit redemption value of the metal. This shall be the same as dividing the sum total of the money received from bidders for a particular metal divided by the total number of demat units in existence in the depository systems for that e-Series ICIN.



An example of the above has been given hereunder:

- i. Assume 400 kg of Gold is available for redemption as per approved plan.
- ii. The Redemption Process starts say on Monday and bids are invited from the market. The floor price is announced.
- iii. NSEL receives say 25 bids on Monday above the floor price amounting to 250 kg.
- iv. All bids received are at various levels of the premium and hence, the Rs. per Kg price applicable to various buyers is different.
- v. The winning bidders are informed with all details. They are supposed to deposit funds in the e-Series Escrow Account on Wednesday and on successful and full payment, NSEL shall issue the Delivery Order (DO) on the same day.
- vi. Tuesday the same process is repeated. NSEL receives say 20 bids above the floor price amounting to 200 kg. The bidders are arranged in descending order of bid level and the first 150 kg of bid identified.
- vii. Such winning bids are communicated to the bidders with all details. They are supposed to deposit funds in the Escrow Account on Thursday and on successful and full payment, NSEL shall issue the Delivery Order (DO) on the same day.
- viii. The due weighted average price achieved of the complete 400 kg is arrived at the end of Tuesday and receivable of all the about 33,000 investors is crystallized and communicated to the RTA.
- ix. At the end of Thursday, the Exchange credits the above arrived at payments to the respective client's accounts and the process culminates.

#### **4: Collection of sale proceeds from the successful bidders:**

Successful bidders are informed regarding allotted quantity, bid price and total payable, weight matrix etc. They are supposed to deposit funds in the Escrow Account within 2 days from the date of allocation by 1.00 P.M. On successful and full payment from the bidders, NSEL shall issue the Delivery Order (DO) to the Vault on the same day.

**5: Bank Account:** A separate Bank account shall be opened by NSEL for the purpose of receipt of funds from successful bidders & transmission of the same to unit holders of e-Series.



**6: Computation of redemption value and transfer the funds to the beneficiary account holders:**

The redemption value for each metal is arrived at after calculating the due weighted average price achieved of the complete metals stocks after the end of the Auction process.

Illustration: Total Auction receipt of 400 kg gold (equivalent to 400000 demat units of e-Gold) is say Rs. 124,24,00,000/-. So Redemption price per Unit of e-Gold is Rs. 3106/- ( $1242400000/400000=3106$ ). Similarly the redemption value of per unit of e-Silver, e-Copper, e-Zinc, e-Lead, e-Nickel and e-Platinum shall also be derived. If a beneficiary account holder is having 10 units of e-Gold the redemption value shall be Rs. 31060/- ( $3106*10$ ).

After collection of sale proceeds from the successful bidders, the Exchange shall instruct the bank to transfer the redemption value to the respective Bank Accounts linked to the all the beneficiary accounts as per the data available with the depositories.

Therefore it is of critical importance that all e-Series investors check and update if required, their Client Master details before the Record Date.

**7: Redemption of Withheld Units:** The units which are withheld by the Exchange due to non-availability of the Clearing Pool Account of the members shall be redeemed in the same process and redemption value shall be credited to their Bank A/C as per the Exchange records.

**8: Redemption Value of Closed Demat Accounts:** The Exchange shall issue cheque of the redemption value to the beneficiary accounts holders whose units are lying with Exchange House Account. The units were received by the Exchange against the now discontinued SRF process which could not be transferred back subsequently due to closure of the Beneficiary Account from where the SRF request was initiated.

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