



## National Spot Exchange Limited

Circular

Ref. No.: NSEL/TRD/2012/029

February 8, 2012

Dear Members,

### **Commencement of Spot Trading in Raw Wool Traders' Ex-Ludhiana (T+25) Delivery Contract**

In terms of the provisions of the Rules, Bye-Laws and Business Rules of the Exchange, the Members of the Exchange are notified that of Raw Wool Traders' Ex-Ludhiana Contract will be launched for trading from **Thursday 9<sup>th</sup> February, 2012.**

Contracts details and settlement procedure are as under:

- 1) Contract Specifications - enclosed as Annexure 1,
- 2) Deductions and Quality Parameter – enclosed as Annexure 2,
- 3) Charges relating to Trading, Settlement and delivery - enclosed as Annexure 3,
- 4) Procedure, norms, conditions of delivery, quality check and withdrawal - enclosed as Annexure 4,
- 5) Other Terms and conditions – enclosed as Annexure 5, and
- 6) Auction procedure - refer circular no. NSEL/C&S/2008/029 dated 26<sup>th</sup> November 2008.

The terms and conditions of the above referred contract and the process relating to the settlement thereof will be binding on all the members of the Exchange and clients trading through them.

For any clarification, the following officials of the Exchange can be contacted:

- 1) Mr. Maneesh Chandra Pandey at +91 99140 98145 or through email at maneesh.pandey@nationalspotexchange.com
- 2) Mr. Amit Mukherjee at +91 99302 67951 or through email at amit.mukherjee@nationalspotexchange.com

For and on behalf of

**National Spot Exchange Ltd.**

**H. B. Mohanty**  
**Asst. Vice President**

Encl.: As above



### Contract Specifications of Raw Wool Traders' Ex-Ludhiana (T+25) Delivery Contract

<b>Commodity Details</b>	
Commodity	Raw Wool
Symbol	<b>RAWWOOLH25</b>
Description	Raw Wool is only deliverable.
<b>Contract Specifications</b>	
Daily Contract	Each buying and selling transaction will be settled on <b>Trade to Trade basis</b> and result into compulsory delivery.
Trading Period	Monday to Saturday except Exchange specified holidays in advance.
Trading Session	Monday to Friday - 10:00 AM to 6:00 PM Saturday - 10:00 AM to 2:00 PM
<b>Trading Related Parameters</b>	
Trading Unit	500 Kgs and in multiples thereof
Quotation / Base Value	₹ Per Kg
Tick Size (minimum price movement)	10 Paisa
Daily Price Limits	4%
Price Quote	<b>Ex-Ludhiana NSEL warehouse inclusive of all expenses but excluding sales tax / VAT.</b>
Initial Margin	2%
Maximum Order Size	5000 Kgs
<b>Delivery Related Parameters</b>	
Delivery Unit	500 Kgs and in multiple thereof (with tolerance limit of 25 Kgs)
Delivery Period Margin	10%
Delivery Center(s)	Exchange designated warehouse at Ludhiana
Delivery Logic	Compulsory
Packing	Raw Wool should be delivered in 500 Kgs Gross Weight basis with a tolerance limit of +/- 25 Kgs packed in clean, dry, sound, single, new or once used Cloth / Plastic bags, all bags in merchantable condition without patches with the mouth of the bag stitched disallowing sweating / spilling. In no case the bags, having been previously used for cement should be used. Standard weight of bags used for packing Raw wool should be 1.5 Kg.
<b>Auction Related Parameters</b>	
Symbol for Auction Buy-in	<b>ABRWWOOL25</b>
Symbol for Auction Sell-out	<b>ASRWWOOL25</b>
Auction Period	5:00 PM to 5:30 PM on the T+26 day



**Settlement Schedule:**

<b>Particulars</b>	<b>Day</b>	<b>Pay-In</b>	<b>Pay-Out</b>
Funds – Normal	T+25	Up to 1:00 PM	At 5:30 PM
Commodities – Normal	T+25	Up to 2:30 PM	At 5:00 PM
Commodities – Auction	T+26	Up to 11:00 AM	At 1:00 PM
Funds – Auction	T+26	Up to 12:00 Noon	At 1:00 PM

**Details of Exchange Designated Warehouses and Approved Quality Assayer**

<b>Name of Quality Certificate Agency</b>	:	<b>M/s National Spot Exchange Ltd.</b>
<b>Address of the Warehouse</b>	:	<b>M/s National Spot Exchange Ltd.</b> C/o ARK Imports Pvt. Ltd., Godown No. 1 and 2, Village – Seerah, Rahon Road, Ludhiana – 141 001.
<b>Contact Person</b>	:	Mr. Maneesh Pandey / Mr. Bihari Lal
<b>Contact No.</b>	:	99140 98145 / 99302 68315
<b>Email</b>	:	maneesh.pandey@nationalspotexchange.com bihari.lal@nationalspotexchange.com warehousing@nationalspotexchange.com
<b>Warehouse Timings</b>	:	8:00 AM to 8:00 PM

**Deductions and Quality Parameter****Quality Parameter and Quality related deductions:**

<b>Quality Specifications of Raw Wool Variety confirming to the following quality standards will be deliverable.</b>	
<b>Deliverable Grade</b>	Raw Wool Variety
<b>Micron</b>	Basis – From 21 Up to 23 Microns. Above – 23 micron - Rejected.
<b>Mean Fibre Lenth In Cm</b>	Basis – 65 cm to 70 cm Max. Checked by WIRA Fibers Diagram Machine Below 65 cm and above 70 cm – Rejected.

It may please be noted that 250 Gms weight loss per sampled lot will be considered on account of handling and sampling loss, which will be adjusted before issuing warehouse receipts to the seller / depositor.

### Charges relating to Trading, Settlement and delivery

#### A) Storage Charges:

- ₹ 5/- per Kg per day (1 day billing cycle exclusive of tax, if any).
- These charges are inclusive of insurance and fumigation charges.
- Storage Charges are waived off for those members and their constituents, who sale Raw Wool on RAWWOOLH25 out of the delivery receivable against the purchase position of RAWWOOLLH2 contracts.

**B) Cost of transaction:** In respect of trading, delivery and settlement of Raw Wool, the following charges shall be applicable:

Sr. No.	Charges	Amount	Remarks
1.	Transaction charges	₹ 10/- per lac of turnover to be paid by both buyer and seller.	This will apply on all transactions.
2.	Delivery Allocation / Warehouse Receipt Transfer Charges	₹ 90/- per lac to be valued at trade rate payable by both the buyer and seller.	This will apply in all cases, wherever delivery of goods takes place, irrespective of fresh stock being deposited or transfer of warehouse receipts pertaining to existing warehouse stock.
<b>Additional Delivery and QC charges on Fresh deposit of commodities over and above the Transaction Charges.</b>			
1.	<b>Sampling and Quality certification charges</b>	₹ 1,500/- per lot of 500 Kgs payable by the seller at the time of delivery of physical stock.	This is payable in case of delivery of physical stock i.e. tendering fresh delivery of commodities by the seller.
2.	<b>Delivery Charges</b>	₹ 2,000/- per lot of 500 Kgs payable by the seller at the time of delivery of physical stock.	This is payable in case of tendering fresh delivery of commodities by the seller.



## **Procedure, conditions, norms of Deposit, Quality check and Withdrawal of Commodity**

### **Deposit & Quality Check:**

The members and their clients willing to deposit commodity in the Exchange accredited warehouse are advised to note the below mentioned procedure / conditions / norms.

1. Members and their respective clients willing to deposit commodity in the Exchange Warehouse or Exchange accredited warehouse will be required to give at least 1 day prior intimation to the warehouse for necessary storage arrangements. Based on the intimation received from the depositor, delivery schedule will be intimated by the warehouse supervisor. Loading and Unloading of commodity will be done on first cum first serve basis.
2. The commodity should reach the designated warehouse latest by 2:30 PM on any working day before executing trade, in order to have a hassle free delivery of commodity.
3. Members and their respective Clients willing to deposit commodity for "PRE-CERTIFICATION" in the Exchange accredited Warehouse will require to contact Warehouse Manager in advance for availability of space for necessary storage and Certification arrangements. Based on the intimation received, the depositor may bring and deposit commodity at Exchange accredited Warehouse with the duly filled form as per the Annexure 7.
4. In case the respective Clients of the member have already purchased / deposited the commodities in the Exchange accredited warehouse, the concerned member through whom they have sold the commodities will give only the warehouse receipts / NOC of allocated warehouse receipt for tendering the warehouse receipts against Sale.
5. There is no discretion between any origins of wool of any country and hence stocks and hence stocks will be accepted based on the contract specifications as specified by the Exchange. There is no distinction between old and new raw wool and hence stocks will be accepted based on the contract specifications as specified by the Exchange. At the time of deposit, at the Exchange designated Warehouse the seller trader shall submit the proof of owner ship of the stock through invoice of the Raw Wool to the Exchange.
6. Before deposit, goods have to be compulsorily weighed at the designated weigh bridge and will be monitored and certified by the warehouse supervisor. It is to be ensured that the Raw Wool delivered at the warehouse should comply strictly with the acceptable tolerance limits as prescribed by the Exchange in the contract specification.
7. On receipt of commodity at the warehouse and during unloading the same, random sampling for quality analysis of physical properties and test weight will be done by the quality certifying agent based at the exchange warehouse. If required, the bales will be opened and will be spread on the floor for verification / analysis.
8. The deductions on account of quality specifications, condition of bags and test weight results shall be duly mentioned in the quality certificate. The decision of the "Exchange and its Authorized Surveyor" shall be final and binding on all in respect of the delivery, method of sampling and analysis, samples taken and the size of the samples for ascertaining the quality. In case the Buyer raises quality issues subsequently, the same will be redressed as per the Bye-laws / Business Rules of the Exchange.



### **Issue of Warehouse Receipt**

Warehouse Receipt (on delivery unit basis i.e. 500 Kgs Each) will be issued by designated warehouse for all Raw Wool kept in the designated warehouse. The process flow for issuance of Warehouse Receipt along with other documents would be as under:

<b>Document</b>	<b>Issued by</b>	<b>Period</b>	<b>Annexure</b>
Quality Certificate (for commodities sold or intended to be sold immediately)	Quality Certifying Agency	D+0 Up to 8:00 PM	-
Commodity Inward Document (CID)	Depositor	D - Up to 4:00 PM	7
Warehouse Receipt (for commodities to be stored initially and to be sold or lifted back at the option of the depositor)	Warehouse	D+1 Up to 1:00 PM	-

Where **D** stands for the date of deposit of the commodity in the warehouse.

The depositor will get the photo copy / scan copy of the warehouse receipt and the original warehouse receipt shall be retained by the Exchange for transferring it to buyer upon the onward sale by the depositor.

The depositor can sell the commodities on any day after obtaining the copy of the warehouse receipt. The members are free to sell it in normal market or through the negotiated deal entered into with any other member of the Exchange.

On the date of pay-in, the seller will intimate the exact warehouse receipt, which he intends to tender against his obligation through the member of the Exchange. On receipt of the intimation before the scheduled pay-in time by the Exchange, the pay-out will be made by the Exchange and the warehouse receipt will be transferred to the buyer after due endorsement subject to their completion of funds pay-in obligation.

### **Withdrawal (Delivery of Commodity from Exchange designated Warehouse):**

1. Members are required to give at least 1 day prior intimation to the warehouse for necessary arrangements. Based on the intimation received from the withdrawer, delivery schedule will be intimated by the warehouse supervisor. No vehicle will be allowed for withdrawing the goods after 5:00 PM in the evening. The warehouse manager's decision will be final in this case.
2. The buyer member shall submit the Letter of Authority requesting the Warehouse manager to issue the delivery of Commodity to the bearer of the Authority Letter along with original Copy of the Warehouse Receipt. The Members are advised to instruct their representative to carry the identity Proof which has been mentioned in the letter of authority (ID proof of his representative such as Voter ID / PAN / Passport to enable the Exchange) along with the Original Authority Letter and Original Warehouse Receipt for lifting the stock from the accredited warehouse.



### Other Terms and conditions

**Delivery logic:** Compulsory delivery. Transactions on trade to trade basis will be permitted and all trades will result into compulsory delivery.

**Mode of communication:** Official Communication with the exchange in regards to commodity delivery should be done only through E-mail / Fax or courier.

**Taxes, Duties, Cess and Levies:** Ex-WAREHOUSE – Ludhiana. Inclusive of all expense paid include custom duty and transportation charges, no APMC cess, VAT and other charges are applicable on Raw Wool. Delivery lifting charges are borne by the buyer. Sellers tendering commodity or Buyers taking delivery or their clients shall have necessary registration from the concerned tax and other authorities and obtain relevant licenses, if any, required by them. The Member giving delivery and the Member taking delivery will exchange appropriate tax forms as provided in law and as customary and neither of the parties will unreasonably refuse to do so. In case any of the member or his client fails to provide necessary forms in respect of sales tax resulting into pecuniary loss to the other party, the Exchange will impose a charge on the party in default and after collection thereof, will pass on the same to the member, who or whose client has suffered such loss. In addition to above, the Exchange can impose additional penalty on the party in default.

**Deliverable grade of commodity:** The selling members tendering delivery will have to deliver such grades as may be acceptable as per the contract specifications. The buyer has no option to select a particular grade and the delivery offered by the seller and allocation by the Exchange shall be binding on him.

**Delivery allocation:** Delivery will be allocated at client level after the pay-in of commodities.

**Odd Lot Treatment:** Odd lots are not acceptable. Deliveries must be in multiples of 500 Kgs each with a tolerance limit of +/- 25 Kgs.

**Tax Invoice:** The respective Clients of Members or the Member himself in case he sells on his own account, after execution of sale shall have to raise invoice in triplicate - One copy for the onward delivery to the buyer, one copy to be sent to exchange and the third to be retained by the seller for his own records (format enclosed as Annexure 6).

**Warehouse, Insurance and Transportation charges:** As specified in Annexure 3.

**Extension of delivery period:** As per decision of the Exchange due to a force majeure or otherwise.

**Legal obligation:** The members will provide appropriate tax forms wherever required as per law and as customary and neither of the parties (seller member and buyer member) will unreasonably refuse to do so.

**Applicability of Business Rules:** The general provisions of Business Rules of the Exchange and decisions taken by the Board of Directors and Executive Committee of the Exchange in respect of matters specified above will apply mutatis mutandis. The Exchange may further prescribe additional measures relating to delivery procedures, warehousing, quality certification, margin and risk management from time to time. In case of any interpretational dispute or clarifications, the decision of the Exchange shall be final and binding on the members and others.





**Format of Tax Invoice**

Annexure 6

TAX INVOICE

**Original** | **Copy**

<b>Buyer's Name</b>			
<b>Buyer's Address</b>			
<b>Buyer's LST / VAT Registration Number</b>			
<b>Delivery Order / Challan No./ Date of Transaction</b>		_____ / _____	
<b>Invoice No.</b>		<b>Invoice Date</b>	

<b>Sr. No.</b>	<b>Particulars</b>	<b>Weight (Kg)</b>	<b>Rate (₹ / Kg / Quintal)</b>	<b>Amount (₹)</b>
	Raw Wool			
				-
			Less Discount	-
			Tax / VAT	NA
			Total Amount	-
			Freight Charges	-
			Other Charges	-
			Gross Total	

Rupees.....

Date:

Place:

Seal

Authorized Signatory.

\*VAT TIN No.: -

w.e.f.

\*CST TIN No.: -

w.e.f.

APMC licence No.

(\*Seller's VAT / CST No.)

**Commodity Inward Document (CID)**Serial No. **Pre-printed** \_\_\_\_\_

Date: \_\_\_\_\_

**Warehouse**

Warehouse Name \_\_\_\_\_ :

Address \_\_\_\_\_ :

**Depositor Details**

Name \_\_\_\_\_ :

Address &amp; Contact No.: \_\_\_\_\_ :

Contact Person: \_\_\_\_\_ :

**Commodity Details**

Commodity Name \_\_\_\_\_ : No. of Units \_\_\_\_\_ :

**Weight of Commodity** \_\_\_\_\_ : MT (Including/excluding gunny wt.)**Spot Rate**

\_\_\_\_\_ / Qntl / KG

**Weighbridge Details**

Name: \_\_\_\_\_ :

License No. \_\_\_\_\_ :

**Sampling Details**

Sampling Agency \_\_\_\_\_

No. of Samples \_\_\_\_\_

Name &amp; Signature of Sampler \_\_\_\_\_

Signature of Client / Representative \_\_\_\_\_ :

Name of Client / Representative \_\_\_\_\_ :

Signature of Warehouse Manager / Service Provider \_\_\_\_\_ :

Name of Authorized Person \_\_\_\_\_ :

**Note:**

- a) The expression "Depositor / Client includes any persons or Bank that lawfully holds, or is the holder in due course of the receipt issued by the Warehouse manager in respect of the goods and derives title thereto by endorsement or transfer by the depositor or his lawful transferee.
- b) Acknowledge & accept the terms and conditions of Warehouse.
- c) The Warehouse manager undertakes to store and delivery goods only in the packages in which they are originally received. If the packing of the commodity is not suitable for storage purposes then Warehouse manager have every right to reject or refill the bags and client will pay all refilling charges under extra service rendered by the Warehouse.
- d) The Warehouse Receipt with the commodity grade will be issued after Quality Certification.
- e) In case, the depositor wants Warehouse Receipt in electronic form, the depositor is required to fill demat accounts related details as above.

\*\*\*\*\*