



Contract Specifications of E-GOLD (Demat Gold Units)

Commodity Details	
Commodity	E-GOLD (Demat Gold units)
Contract Symbol	E-GOLD
Daily contract	Daily contract for trading in Demat E-GOLD units
Trading Related Parameters	
Trading period	Mondays through Fridays (except Exchange specified holidays)
Trading session	10:00 AM to 11:30 PM
Trading unit	1 unit of E-GOLD, which is equivalent to 1 gram of Gold
Price Quote/Base Value	Per 1 gram Gold of 995 purity
Tick size (minimum price movement)	10 paise per unit
Daily Price Range	5 %
Maximum order size	10000 units
Margin parameters	
Initial Margin	5%
Delivery Margin	10%
Special Margin	In case of additional volatility, a special margin of such percentage, as deemed fit, will be imposed immediately on both buy and sale side in respect of all outstanding position, which will remain in force for the same trading day.
Demat Parameters	
ICIN	INC200000007
Market description	T+2
Settlement cycle	T+2
Delivery Related Parameters	
Delivery unit	1 unit and multiple thereof. Delivery shall be accepted only in demat form.
Quality Specifications	Grade: 995 and Fineness: 995 Only dematerialized units of E-GOLD are eligible for trading and delivery in this contract.
Tender and Delivery day	T+2 (2 working day from the date of transaction)
Delivery Logic	Compulsory delivery. All open positions (buy and Sell trades) must result into compulsory delivery in demat form on the designated delivery day.
Other conditions applicable	(a) Only such clients/ members shall create sale position in this contract, who are holding demat E-GOLD units in their account. Persons holding gold bars/ coins in physical form must not create any sale position in this contract, as it is compulsory demat settlement contract. (b) Before creating any buy position in this contract, the client must open his beneficiary account for NSEL trading. (c) Intra day trading and netting is permitted, but short sale is not allowed. In case of short sale, the position will be settled by buying in auction of undelivered position.



Settlement Procedure of E-GOLD Contracts

SETTLEMENT SCHEDULE			
Normal Market type: AA		Normal Market Description : T+2	
Particulars	Day	Pay-in	Pay-out
Mark-to-Market	T+1	Up to 11:00 AM	At 12:00 Noon
Funds – Normal	T+2	Up to 1:00 PM	At 05:30 PM
Commodities - normal	T+2	Up to 1:00 PM	At 05:30 PM
Auction Market type: MM		Auction Market Description : T+2-AU	
Funds - Normal	Auction +2	Up to 1:00 PM	At 05:30 PM
Commodities - normal	Auction +2	Up to 1:00 PM	At 05:30 PM
Funds/commodity Pay-In.	The buying member must keep sufficient funds in his settlement account to meet his Pay-In obligation. The funds shall be debited from the Member’s settlement account on the settlement day as per the settlement calendar. Similarly the selling member should give delivery out instruction before the scheduled pay- in time.		
Funds/Commodity Pay-Out to the Buyer	On the settlement day, the Exchange will effect Pay out of funds as well as ICINs to the member. It is mandatory for the clients to open demat accounts with the empanelled Depository participants in order to accept pay out in demat form. The clients must inform the depository accounts details such as DP ID and Client ID to his member through whom he has purchased. In case of default by the seller in giving delivery, the commodities shall be procured through auction process and delivered to the buyer on auction pay out day.		
Auction Procedure on Buyers’ / Sellers’ Default			
Default in case of shortage of Funds and delivery.	When the buyer’s/seller’s fail to honour funds/commodities pay-in on settlement date within the scheduled time fully or partly or when informed to the exchange about his inability to make pay-in, it will be treated as buyer’s/seller’s default and the Exchange will carry out Auction Process to meet the delivery/ payment obligation, as the case may be.		
Time of Auction	T+2 (from 6:30 PM to 7:30 PM)		
Symbol for Buy-in Auction (in case of seller’s default)	ABE-GOLD		
Symbol for Sell Out Auction (In case of buyer’s default)	ASE-GOLD		

Procedure for Demat trading, Dematerialization / Rematerialization of Gold units

<p>A. Opening and operation of demat account by members and their clients for demat trading:</p>	
<p>Opening of Demat accounts (Beneficiary and Pool account)</p>	<p>There are two types of demat accounts:</p> <p>Beneficiary Accounts: A beneficiary account is a Demat account in the name of an Individual (single or joint holding). Such an account could also be in the name of a Corporate, HUF, a society and a trust. It is similar to a bank account. This account is to be used by the account holder for holding and transacting in demat units in electronic form.</p> <p>Pool Account: A Pool account is a demat account opened by a Trading cum Clearing Member or any other Clearing Member of the Exchange. This account is maintained by the member to receive and deliver demated units from/to the Exchange against obligation of the clients operating through such member. Pool account is Exchange specific. Exchange effects the pay-in and pay-out through such pools accounts. A Member is required to open both pool account as well as a beneficiary account.</p> <p>All clients, who wish to purchase E- GOLD units are required to open their beneficiary account with NSEL empanelled DPs (Annexure: 6A) and inform their client ids and DP ids to their respective members to enable them to transfer the units to the respective client's accounts. On receipt of demat ICIN in the CM-POOL account, the member should transfer the same to the beneficiary account of the respective client.</p>
<p>Commodity Pay-in by the sellers.</p>	<p>When a client having demat holding in his beneficiary account wants to sell, he can approach any member of NSEL and accordingly transfers the ICIN to the Member's Pool account on or before the pay-in dead line. On receipt of the same in pool account, the selling member shall issue Delivery Out (DO) instructions to the exchange (CM ID: 1125) before the dead line. The member may also give standing instruction of delivery (Auto DO) for debiting his pool account as per the settlement obligation. While filling up the Account Transfer Form, the client should take care that all the details as mentioned below have been correctly entered and all the holders have signed the form:-</p> <ul style="list-style-type: none"> • ICIN: This will be available in the Demat Holding/Statement.(Gold: INC200000007) • Quantity: This is the number of units of E-GOLD sold by the client. The client should ensure that he is in possession of such units on the date of execution. • Execution Date: It is the date of execution on which the client intends to transfer his units to CM Pool account of the respective member. • Market Type and Settlement No.: This is made available by the Exchange through circular, which is issued every month. The client can also get the same from his broker or DP. • CM BP ID /CM Name: These details will be available from the respective clearing member. <p>The client should submit the form to his DP and take an acknowledgement for the same.</p> <p>The DP shall execute the transfer instruction and transfer the ICIN from the client's beneficiary account to respective member's pool account. The member is also required to ensure that it has received all the deliveries from his clients before scheduled pay-in time. The member shall also</p>



	ensure that he has transferred the same to the Exchange before the pay-in dead line.
Commodity pay out	On T+2, the Exchange will declare pay out of units. The Exchange will transfer demat credit into the CM Pool Account of the respective members equivalent to their net buy position. The member, in turn, will transfer demat credit to the respective client's beneficiary accounts. The Exchange will receive/ transfer units on net basis. The member will be required to get transfer of units from other selling clients and to transfer units to all buying clients so as to ensure discharge of total delivery obligation at client level.
Shortages arising out of the internal position of the member:	In case of internal shortages, the member is required to buy the short quantity from the market at the risk and cost of defaulting client and complete the delivery obligation towards the buying clients.
Early Pay-In by the Seller	<p>After getting confirmation of delivery obligation from the Exchange, the member is entitled to complete Early Pay in. The salient features of early pay-in are as follows:-</p> <ul style="list-style-type: none"> • Early pay-in allows the member to get exemption from the delivery margin, which would otherwise be collected/blocked from the margin deposits available with the Exchange in the normal course. • The delivery out instruction given by the clearing member for early pay-in under NSDL, should be Irreversible delivery out instruction. • Early pay-in ensures completion of pay-in as per the scheduled pay in date and time. <p>On the scheduled pay-in day, the member can transfer rest of the units (other than units already transferred through Early Pay-in) so as to complete his delivery obligation.</p>
B: Dematerialization of Gold at Exchange designated Vaults :	
Procedure for Deposit of Gold.	Only Authorized Dealers are eligible to deposit Gold in the Exchange designated Vault for the purpose of dematerialization. The Exchange will appoint Authorized Dealer for this purpose. The Authorized Dealer may deposit goods at Exchange accredited vaults.
Validation process:	<p>On receipt of delivery, the Brinks Arya personnel (Vaulting agent) will do the following validations</p> <ol style="list-style-type: none"> a. Whether the Depositor is Authorized Dealer of the Exchange and having valid demat account. b. Whether the Gold being delivered is LBMA approved/ Exchange approved refinery. c. Whether the Gold is directly deposited at Vault without being handled by any person outside the security agency. d. Whether the serial numbers of all the bars is mentioned in the packing list provided. e. Whether the weight and purity mentioned in the packing list matches with the actual bar. <p>If all these validations are through, then the Brinks Arya personnel will accept Gold in its vault.</p>



<p>Dematerialization Process</p>	<p>Dematerialization refers to issuance of an electronic credit to the Authorized Dealer against gold deposited by him. The Authorized Dealer can confirm the credit with his DP. Such credit will also be reflected in the holding statement issued by the Depository. The Authorized Dealer is entitled to sell such demat units on the Exchange platform, which can be bought by any member/ client.</p>
<p>C : Delivery of physical Gold on surrender of E GOLD units</p>	
<p>Request for physical Gold Bars/coin</p>	<p>In case the unit holder is interested to take physical delivery of Gold bar/ coin, against his E-GOLD units, he can surrender such units to the Exchange and get physical delivery, at any point of time at his discretion, subject to the conditions specified herein.</p> <p>Delivery of physical gold bar/ coin will be offered in specified lots/ denominations and at specified locations only, where NSEL has made vaulting and delivery arrangements. Therefore, an investor can opt for physical delivery of gold, only if he has such number of units to his credit (or multiples thereof), as specified herein. Initially Gold will be made available in multiples of 8 grams, 10 grams, 100 grams and 1 Kg and any combination thereof.</p> <p>Delivery of physical Gold will be made available at Ahmadabad, Mumbai and Delhi. The Exchange will keep on expanding the number of centers in future to offer physical delivery. If a client opts for physical delivery, he can get the same from any center of his choice out of such specified centers.</p> <p>For the purpose of physical delivery, the client needs to submit a delivery instruction slip (DIS) to the DP along with the Surrender Request form (SRF) as specified in Annexure 5, so as to transfer the intended number of units to the account of NSEL (DP ID IN 001125, DP Name: National Spot Exchange Ltd. Client ID 10000012 for taking physical delivery. The DP, thereafter, shall transfer the units to the account of NSEL based on DIS. DP should also attest the signature of the holder on the transfer request form and handover the same to the client along with the acknowledgement of DIS Slip.</p> <p>The unit holder shall submit DIS and TRF to the Exchange specifying the center of his choice from where he intends to take delivery.</p> <p>On receipt of the copy of DIS and SRF, the Exchange shall compute charges relating to making and packaging charges of coin/ bar, Delivery charges, VAT and other dues, if any. The Exchange will communicate the total amount due to the respective client through the Email ID provided in the TRF. The client shall be required to deposit a cheque of requisite amount favouring "National Spot Exchange Ltd" with the vault. After collecting such cheque, the vault will hand over delivery of Gold to the respective investor. In case the amount payable on above account will be more than Rs. 50000/-, the payment will be acceptable by DD.</p> <p>For ensuring physical delivery of gold bar/ coin, NSEL will issue instruction to the Authorized Dealer specifying the denominations of Gold bars/ coins required as well as the relevant delivery location from where the investor intends to lift delivery.</p> <p>The Authorized Dealer will effect delivery of physical gold in such denominations at the relevant center along with a sale invoice in favor of the investor.</p>



	<p>On delivery of gold bars/ coins to the unit holder, the Exchange shall transfer the demat units received from the unit holder to the account of the authorized dealer.</p> <p>The client opting for conversion of electronic units to physical units, will be required to pay VAT/ GST, as applicable on that date plus local taxes such as Octroi, if any, applicable at the place of delivery. All such taxes and levies will be payable at the clearing rate on the date of execution of DIS, irrespective of original purchase price or multiple transactions of buy and sale executed during the intervening period.</p>
<p>Lifting of delivery from the Vault</p>	<p>The client or his authorized representative can lift the commodity from the designated Vault after 7 days and within 15 days from date of submission of the request. In case of non-lifting of the delivery within 15 days, the holder shall be liable to pay storage charges for the entire month.</p> <p>The client/authorized representative should carry the DIS Acknowledgement and Original SRF along with the proof of identification. In case the client wants to authorize his representative to take physical delivery on his behalf, he must issue an authority letter with specimen signature of the authorized representative duly attested and accompanied by a copy of Photo identity proof. The specimen copy of the authority letter is enclosed in Annexure:7</p> <p>Based on the Delivery Order received from the Exchange, the Vault officials will verify the documents and identity of the person and deliver the goods to the client / authorized representative. On delivery, the vault official will keep the acknowledgement from the receiver and update the same to the Exchange. In case of any discrepancy or doubt or any other reason, the vault official may withhold delivery under intimation to the Exchange.</p>
<p>Compliance with VAT/ GST and other levies</p>	<p>The Authorized Dealer will be required to pay VAT, octroi and other taxes, if any, at the time of purchase of physical gold and before depositing the same in the Exchange designated vault. At the time of depositing physical gold in the Exchange designated vault for the purpose of dematerialization, he will be required to submit a declaration regarding compliance with all applicable taxes at the place of deposit. Such declaration will be retained by the Exchange for future reference.</p> <p>On dematerialization, the Authorized dealer will get credit of E-GOLD units in his beneficiary account, equivalent to the physical gold deposited by him. Thereafter, the Authorized Dealer can sell such E GOLD units on the Exchange platform. The individual clients having their beneficiary account will be entitled to buy the same through Exchange platform. A client holding demat in his beneficiary account will also be entitled to sell the same at any point of time, if he so desires. No VAT bill will be required for effecting transfer of E GOLD units. Hence, clients/ members buying and selling E-GOLD units will not be required to have VAT registration.</p> <p>When the client opts for physical delivery against surrender of demat units, he will be required to pay VAT as per the current rate. The Exchange, in turn, shall ensure that the Authorized Dealer issues a sale invoice in favor of the unit holder applying for physical delivery. Such sale invoice shall bear VAT no. / TIN no. of the Authorized Dealer. Lifting of physical delivery implies that a sale transaction takes place on that day for the purpose of Sale of Goods Act and VAT laws and therefore, at the time of lifting of physical stock, the client will be required to pay VAT along with other taxes, octroi, as explained under Annexure 4.</p> <p>However, for buying and selling of E-GOLD units and taking/ giving delivery in demat form, the client will not be required to pay any VAT, octroi or other taxes.</p>



STORAGE / TRANSACTION / DELIVERY CHARGES

The Exchange shall levy the following charges in respect of transactions, delivery, settlement and holding of this instrument:

Transaction charges	The Exchange shall levy the turnover charges Rs. 20 per lakh of turnover to both buyer and seller member on monthly basis. This shall be applicable on all executed transactions.				
Dematerialization / Corporate action Charges	The Authorized Dealer will be charged at such rate as may be levied by NSDL from time to time towards such Corporate action.				
Storage charges	No storage charge on demat units of E-Gold with effect from 1 st August, 2010. (NSEL/CNS/2010/113)				
Delivery charges	There would not be any delivery charge. (NSEL/DP/2011/195)				
Making charges, Packing charges in case of Gold Coin	In addition to the charges imposed by DP and Depository, the Exchange shall levy the following charges on account of cost of making, packaging and refinery certification charges:				
	Denominations	1 gms	8 & 10 gms	100gms	1 kg
	Conversion charges(per coin/ bar)	200	400	nil	
VAT charges	The client opting for conversion will be required to pay VAT/ GST and other local taxes, octroi, if any, applicable at the place of delivery as may be applicable on the date of execution of DIS. As per the current rates, VAT will be 1 % of the value of goods. In case physical delivery is lifted in Mumbai, octroi @ 0.1 % of the value of delivery will also be applicable. In case of any change in the rate of taxes, the same will be communicated to the members at the earliest. VAT/ GST, Octroi and other taxes, if any, collected from the client in the process will be remitted by the Exchange to the Authorized Dealer. The Authorized Dealer will issue a sale invoice in the name of the client opting for surrender of units for physical gold specifying his VAT/ GST number (if any), address and other details.				



Surrender Request Form (SRF)

Date:

To,
National Spot Exchange Limited.
 102A, Land Mark, Suren Road, Chakala
 Andheri (E) Mumbai: 400093
 Fax: 022-67619931

I/We have surrendered ____ no. of E GOLD units by transferring the same to your account having DP Name National Spot Exchange Ltd., DP ID IN001125 and client ID 1000012. I hereby request you to arrange for delivery of physical gold bars/coins as requested herein below. Further please ensure delivery at _____ delivery center. (The list of delivery center will be available with DP)

DP ID								Client ID							
Name of the Commodity															
ICIN		I	N	C											
Name of the Issuer		National Spot Exchange Limited.													
Number of units to be converted into physical gold and denominations (8 /10/100 grams /1 kg and multiple thereof)		In figures													
		In Words													
		Denomination of coins													
Delivery centre (from where the Gold will be lifted)															
DIS number															

Account Holder’s Details

Name of the First Holder		
Contact no & email id		
Delivery acceptance	Self /Member	
Payment of outstanding storage charges	Yes/No (also confirm by the DP)	

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

I/We, do hereby undertake to pay the delivery charges/VAT and any other incidental charges as applicable to me before lifting it from the vault.

Note: Please fax the copy of the said form and DIS acknowledgement to the Exchange.



Annexure: 6

List of empanelled DP's of National Spot Exchange Limited

Please visit the below link for the updated list of the Empanelled DPs.

<http://www.nationalspotexchange.com/SitePages/EmpanelledDP.aspx>



Authorisation letter for lifting physical delivery from designated Vault

To,

The Manager,
Name & address of the Vault

.....
.....
.....

Dear Sir,

Sub: Letter of Authority to accept delivery from the vault against transfer request.

I(name of the client) having client id.....DP id.....hereby authorize (Name of the representative) to accept theunits (grams/Kg) of (Name of the commodity) from the vault.

The signature of Mr. (Representative) is attested below.

Name of the representative	
Signature of the representative	
Details of the valid identity card (copy to be enclosed)	Pass port/driving license/Election card/PAN card/Exchange id card

I hereby request you to hand over the above mentioned delivery to the representative at my risk and responsibility.

Regards

Authorized signatory (ies)

Name & Signature

Delivery confirmation
I hereby acknowledge receipt ofunits of(commodity)
Towards transfer request as requested by Mr.
Signature of the representative.....place.....time