



## National Spot Exchange Limited

Circular

Ref. No.: NSEL/TRD/2010/177

November 9, 2010

Dear Members,

### **Commencement of Spot trading in "E-COPPER" (Demat Copper Units) Contract**

In terms of the provisions of the Rules, Bye-Laws and Business Rules of the Exchange, Members of the Exchange and constituents are hereby notified that Spot Trading in "E-COPPER" contract will be available for trading on NEST platform from **Tuesday, the 16<sup>th</sup> November 2010**.

This is further to notify that only such members will be eligible to participate in this contract, who have opened CM-Pool Accounts with any of the DPs empanelled with National Spot Exchange. It is mandatory for the members to have CM-Pool accounts in both depositories i.e, NSDL and CDSL.

It is further clarified that only such clients and constituents can participate in this contract, who have opened their Client Beneficiary Accounts with any of the NSEL empanelled DP. However, if a client has not yet opened beneficiary account at the time of purchase of E-COPPER units, the member can retain such units in his beneficiary account pool a/c till opening of beneficiary account by the client. For this purpose, the member should also obtain a written instruction from the respective client.

The Contract details, procedure of settlement, dematerialization and delivery of physical Copper against surrender of demat units are specified as under:

- 1) Contract Specifications – Annexure - 1,
- 2) Settlement Procedure – Annexure - 2,
- 3) Trading, Dematerialization and Physical Conversion of E-Copper units – Annexure - 3,
- 4) Charges structures – Annexure - 4,
- 5) Surrender Request Form (SRF) – Annexure - 5,
- 6) Authorization letter for lifting physical delivery – Annexure - 6,
- 7) Auction Mechanism – please refer to circular no. NSEL/C&S/2008/029 dated 26th Nov 2008.

The contract specifications, delivery, settlement and Auction procedures, as specified in the Annexure, will be binding on all the members of the Exchange and constituents trading through them.

For any clarification, Mr. Angshuman Purohit at +91 99302 68469 or through email at [angshuman.purohit@nationalspotexchange.com](mailto:angshuman.purohit@nationalspotexchange.com) can be contacted.

For and on behalf of  
**National Spot Exchange Ltd.**

**Narsing Rao**  
**Vice President**

Encl.: As above

----- Registered office -----  
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### Contract Specifications of E-COPPER (Demat Copper Units)

<b>Commodity Details</b>	
Commodity	<b>Dematerialized Copper</b>
Contract Symbol	<b>E-COPPER</b>
Description	Dematerialized Copper unit (E-COPPER)
<b>Trading Related Parameters</b>	
Trading period	Monday To Friday (except Exchange specified holidays)
Trading session	10:00 AM to 11:30 PM
Trading unit	1 unit of E-COPPER, which is equivalent to 1 Kilogram of Copper
Price Quote/Base Value	Per 1 Kilogram Copper exclusive of VAT/ CST as applicable
Tick size (minimum price movement)	₹ 0.05 per 1 kilogram/unit
Daily Price Range	5 %
Maximum order size	50000 units
<b>Margin Parameters</b>	
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.
<b>Demat Parameters</b>	
ICIN	INC200000023
Market description	T+2
Settlement cycle	T+2 (where T- Trading day)
<b>Delivery Related Parameters</b>	
Delivery unit	1 unit of E-COPPER having ICIN INC200000023 and multiple thereof.
Quality Specifications	GRADE 1 COPPER CATHODE: Copper Cathode conforming to standards as defined under ASTM B 115-00 (Reapproved 2004)/BS EN1978:1998(Cu Cath-1)/IS 191, Confirming to LME Grade A. In dematerialized form.
Tender and Delivery day	T+2 (2nd working day from the date of transaction)
Delivery Logic	<b>Compulsory delivery.</b> All open positions (buy and Sell trades) must result into compulsory delivery in demat form on the designated delivery day.
Other conditions applicable	<p>(a) Only such clients/ members shall sell and deliver in this contract, those who are holding E-COPPER units having ICIN INC200000023 in their demat account maintained with National Spot Exchange Ltd. (NSEL) empanelled Depository Participants (DPs). Copper in no other form shall be accepted against Delivery obligation under this contract.</p> <p>(b) Before creating any buy position in this contract, the client should open his beneficiary account for NSEL trading.</p> <p>(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.</p>



**Settlement Procedure of E-COPPER Contracts**

<b>SETTLEMENT SCHEDULE</b>			
<b>Normal Market</b>		<b>Normal Market Description : T+2</b>	
<b>Particulars</b>	<b>Day</b>	<b>Pay-in</b>	<b>Pay-out</b>
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
<b>Auction Market</b>		<b>Auction Market Description : T+2-AU</b>	
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
<b>Funds/commodity Pay-In.</b>	The buying member must keep sufficient funds in his settlement account to meet his Pay-In obligation. Therefore members should transfer the required funds from the client account to Settlement account before Pay-in deadline 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.		
<b>Funds/Commodity Pay-Out to the Buyer</b>	On the settlement day, the Exchange will effect Pay out of funds as well as demated units to the member. Funds are transferred to the Settlement accounts of the Members and in case of commodity Pay out, the Exchange transfers the demated units to the Pool account of the members either in NSDL or CDSL or both. Upon receipt of the same, the member transfers the units to the clients beneficiary accounts. 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.		
<b>Auction Procedure on Buyers’ / Sellers’ Default</b>			
<b>Default in case of shortage of Funds and delivery.</b>	When the buyers/sellers 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.		
<b>Time of Auction</b>	T+2 (from 6:30 PM to 7:30 PM)		
<b>Symbol for Buy-in Auction</b> (in case of seller’s default)	<b>ABE-COPPER</b>		
<b>Symbol for Sell Out Auction</b> (In case of buyer’s default)	<b>ASE-COPPER</b>		

**Procedure for Demat trading, Dematerialization / Rematerialization of Copper units**

<b>A. Opening and operation of demat account by members and their clients for demat trading:</b>	
<p><b>Opening of Demat accounts (Beneficiary and Pool account)</b></p>	<p>There are two types of demat accounts:</p> <p><b>Beneficiary Accounts:</b> 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. The clients can open their beneficiary accounts with Exchange empanelled DPs either in NSDL or CDSL.</p> <p><b>Pool Account:</b> 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 in both depository.</p> <p>All clients, who wish to purchase demat units are required to open their beneficiary accounts with NSEL empanelled DPs 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><b>Commodity Pay-in by the sellers.</b></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 before the dead line. 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"> <li>• <b>ICIN:</b> This will be available in the Holding/Statement issued by DP. (E-Copper: INC200000023)</li> <li>• <b>Quantity:</b> This is the number of units of E-COPPER sold by the client. The client should ensure that he is in possession of such units on the date of execution.</li> <li>• <b>Execution Date:</b> It is the date of execution on which the client intends to transfer his units to CM Pool account of the respective member.</li> <li>• <b>Market Type and Settlement No.:</b> 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 or Exchange Web Site.</li> </ul>



	<ul style="list-style-type: none"> <li>• <b>CM BP ID /CM Name:</b> These details will be available from the respective clearing member.</li> </ul> <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 ensure that he has transferred the units to the extent of Pay-in obligation to the Exchange through DO (Delivery out instruction) before the pay-in deadline.</p>
<b>Commodity pay out</b>	<p>On T+2, the Exchange will declare pay out of units. The Exchange will transfer demat credit into the CM Pool Account (NSDL/CDSL) 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.</p> <p>However, if a client has not yet opened beneficiary account at the time of purchase of E-COPPER units, the member can retain such units in his Beneficiary Account/ Pool Account till opening of beneficiary account by the client. For this purpose, the member should also obtain a written instruction from the respective client.</p>
<b>Inter-depository transfer</b>	<p>As inter-depository transfer (from NSDL to CDSL &amp; vice versa) provision is not available in E-Copper, the members and their client can opt for Inter-Depository swapping provision which is available with the Exchange (refer circular no. NSEL/DP/2010/086, dated: June 08, 2010)</p>
<b>Shortages arising out of the internal position of the member</b>	<p>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.</p>
<b>B: Dematerialization of Copper at Exchange designated Warehouse:</b>	
<b>Procedure for Deposit of Copper.</b>	<p>Only <b>Authorized Dealers</b> are eligible to deposit Copper in the Exchange designated Warehouses for the purpose of dematerialization. The Exchange will appoint <b>Authorized Dealer</b> for this purpose. The <b>Authorized Dealer</b> may deposit goods at Exchange accredited Warehouses.</p>
<b>Validation process:</b>	<p>On receipt of delivery, the accredited warehouse personnel will carry out necessary validation as instructed by NSEL from time to time. If all these validations are through, then the accredited warehouse personnel will accept Copper in its warehouse.</p>
<b>Dematerialization Process</b>	<p>Dematerialization refers to issuance of an electronic credit to the <b>Authorized Dealer</b> against Copper deposited by him. The <b>Authorized Dealer</b> 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>



## C : Delivery of physical Copper on surrender of E-COPPER units

### Request for physical Copper

In case the demat unit holder is interested to take physical delivery of Copper, against his E-COPPER 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.

Delivery of physical Copper will be offered in specified lots/ denominations and at specified locations only, where NSEL has made warehousing and delivery arrangements. Therefore, an investor can opt for physical delivery of Copper, only if he has such number of units to his credit (or multiples thereof), as specified herein. Initially Copper will be made available in multiples of 60 kilograms and any combination thereof.

Delivery of physical Copper will be made available at 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.

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 following accounts of NSELDP Name: National Spot Exchange Ltd (NSEL)

For NSDL Accounts: DPID-IN001125, Client ID-10000012

For CDSL Accounts: DPID-11000026, Client ID-00000031

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.

The unit holder shall submit DIS and SRF to the Exchange specifying the center of his choice from where he intends to take delivery.

On receipt of the copy of DIS and SRF, the Exchange shall compute charges relating to un-packing charges of Copper, Delivery charges, VAT/ GST/ CST and other dues, if any. The Exchange will communicate the total amount due to the respective client through the Email ID provided in the SRF. The client shall be required to make such payment through DD/Cheque in favour of "National Spot Exchange Ltd." In case the amount payable on above account will be more than ₹ 50000/-, the payment will be acceptable by DD only.

The member can request the Exchange to debit from his settlement a/c on behalf of his client. After collection of the payment, the warehouse will make delivery of Commodity.

For ensuring physical delivery of Copper, NSEL will issue instruction to the Authorized Dealer specifying the denominations of Copper required as well as the relevant delivery location from where the investor intends to lift



	<p>delivery.</p> <p>The Authorized Dealer will effect delivery of physical Copper in such denominations at the relevant center along with relevant sale invoice(s) in favor of the buyer.</p> <p>On delivery of Copper 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 additional charges towards VAT/ GST/ CST, 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>The actual weight of copper cathode plate(s) in kilograms might vary from the weight as per the number of E-Copper units for which conversion request has been received. Any such variation in weight would be settled either by transfer of demat units or by payment of equivalent cash at such rate as may be decided by the Exchange.</p>
<p><b>Lifting of delivery from the Warehouse</b></p>	<p>The client or his authorized representative can lift the commodity from the designated Warehouse after 7 days and within 30 days from date of submission of the request. In case of non-lifting of the delivery within 30 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 <b>Annexure - 6</b></p> <p>Based on the Delivery Order received from the Exchange, the Warehouse officials will verify the documents and identity of the person and deliver the goods to the client / authorized representative. On delivery, the Warehouse 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 Warehouse official may withhold delivery under intimation to the Exchange.</p>
<p><b>Compliance with Central Excise, VAT/ GST/ CST and other levies</b></p>	<p>The Authorized Dealer will be required to pay Central Excise Duty, VAT/ GST/ CST, octroi and other taxes, if any, at the time of purchase of physical Copper and before depositing the same in the Exchange designated warehouse. At the time of depositing physical Copper in the Exchange designated warehouse for the purpose of dematerialization, he will be required to submit a declaration regarding compliance with all</p>





applicable taxes at the place of deposit. Such declaration will be retained by the Exchange for future reference.

On dematerialization, the Authorized dealer will get credit of E-COPPER units in his beneficiary account, equivalent to the physical Copper deposited by him. Thereafter, the Authorized Dealer can sell such E-COPPER 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 Central Excise, VAT bill will be required for effecting transfer of E-COPPER units. Hence, clients/ members buying and selling E-COPPER units will not be required to have Central Excise, VAT registration.

When the client opts for physical delivery against surrender of demat units, he will be required to pay additional charges towards VAT/ GST/ CST as per the applicable 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 Central Excise registration number (ECC NO.), VAT no. / TIN no. of the Authorized Dealer. However, for buying and selling of E-COPPER units and taking/ giving delivery in demat form, the client will not be required to pay any additional VAT/ GST/ CST, octroi or other taxes.





**STORAGE / TRANSACTION / DELIVERY CHARGES**

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

<p><b>Transaction charges</b></p>	<p>The Exchange shall levy the turnover charges ₹ 10/- per lakh of turnover for Delivery Based Transactions and ₹ 5/- per lakh of turnover for Square-off Transactions to both buyer and seller member on monthly basis. This shall be applicable on all executed transactions.</p>						
<p><b>Dematerialization/ Corporate action Charges</b></p>	<p>The Authorized Dealer will be charged at such rate as may be levied by NSDL/CDSL from time to time towards such Corporate action.</p>						
<p><b>Storage charges</b></p>	<p><b>The storage charges for E-COPPER will be NIL.</b> So the depository participants are not required to collect the storage charges from the beneficiary account holders.</p>						
<p><b>Delivery charges</b></p>	<p>In respect of buying and selling of E-COPPER units resulting into demat deliveries, the Exchange will not levy any delivery charges. In respect of lifting of commodities, the Exchange shall levy the delivery/lifting charges and will charge a total of <b>₹ 500/-</b> per lifting, irrespective of weight of Copper involved in the delivery instruction. However, if two different clients of the same member take physical delivery even at the same point of time, it will be construed as two deliveries and therefore, <b>₹ 1000/-</b> will be charged by the warehousing agency. The buyer intending to take delivery is liable to pay the loading / unloading/ weighment charges (if any) on actuals at the warehouse.</p>						
<p><b>Unpacking charges in case of physical Copper</b></p>	<p>In addition to the charges imposed by DP and Depository, the Exchange shall levy the following charges on account of cost unpacking from larger Copper cathode bundle charges:</p> <table border="1" data-bbox="497 1585 1430 1727"> <tr> <td data-bbox="497 1585 839 1653">Denominations</td> <td data-bbox="839 1585 1153 1653">60 Kg to 2.5 MT</td> <td data-bbox="1153 1585 1430 1653">Every 2.5 MT lot</td> </tr> <tr> <td data-bbox="497 1653 839 1727">Unpacking charges (per delivery lot)</td> <td data-bbox="839 1653 1153 1727">₹ 250/- per lot of 60 Kg</td> <td data-bbox="1153 1653 1430 1727">Nil</td> </tr> </table>	Denominations	60 Kg to 2.5 MT	Every 2.5 MT lot	Unpacking charges (per delivery lot)	₹ 250/- per lot of 60 Kg	Nil
Denominations	60 Kg to 2.5 MT	Every 2.5 MT lot					
Unpacking charges (per delivery lot)	₹ 250/- per lot of 60 Kg	Nil					
<p><b>Applicable Taxes and charges</b></p>	<p>The client opting for conversion will be required to pay additional charges towards VAT/ GST/ CST and other local taxes, octroi, if any, applicable at the place of delivery as may be applicable on the date of execution of DIS. All taxes/duties VAT/ GST/ CST, 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 Copper specifying his Central Excise Registration/ VAT/ GST number (if any), address and other details.</p>						



**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-COPPER units by transferring the same to your account having DP Name National Spot Exchange Ltd., DP ID xxxxxxxxxxx and client ID xxxxxxxxxxx I hereby request you to arrange for delivery of physical Copper as requested herein below.

DP ID										Client ID								
Name of the Commodity		E-Copper																
ICIN		I	N	C	2	0	0	0	0	0	0	0	0	2	3			
Name of the Issuer		<b>National Spot Exchange Limited.</b>																
Number of units to be converted into physical Copper and denominations		In figures																
		In Words																
Delivery centre ( from where the Copper will be lifted)																		
DIS number																		

**Account Holder's Details**

Name of the First Holder																	
Contact no & email id																	
Delivery acceptance	Self /Member																

	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/ CST and any other incidental charges as applicable to me before lifting it from the warehouse.

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



**Authorisation letter for lifting physical delivery from designated Warehouse**

To,

The Manager,

Name & address of the Warehouse

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

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

Dear Sir,

I .....(name of the client) having client id.....DP id.....hereby authorize ..... (Name of the representative) to accept the .....units (Kilograms) of E- Copper from the warehouse.

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

<b>Delivery confirmation</b>
I hereby acknowledge receipt of .....Kilogram of E-Copper towards physical Conversion as requested by Mr. ....
Signature of the representative.....place.....time