

NATIONAL COMMODITY & DERIVATIVES EXCHANGE LIMITED

Circular to all trading and clearing members of the Exchange

Circular No : NCDEX/TRADING-028/2010/071

Date : March 12, 2010

Subject : Modification in contract specifications – Crude Palm Oil (CPO)

Trading and Clearing Members are requested to note that the Exchange, with the approval of the Forward Markets Commission has made modifications in the Crude Palm Oil (CPO) contracts which will be applicable for all contracts expiring in **March 2010 and thereafter**.

Summary of modifications for contracts expiring from **March 2010** onwards are given in Annexure I, Existing Contract Specifications is enclosed as Annexure II and Modified Contract Specifications applicable for **March 2010** expiry and onwards is enclosed as Annexure III. The premium/discount for delivery location difference is given as Annexure IV.

The members and their constituents are requested to take note of the changes.

Trading and Clearing members are also informed that on March 16, 2010, the Exchange would be launching contract expiring in March, April, May and June 2010.

The contracts and the transactions therein will be subject to Rules, Bye Laws and Regulations of the Exchange and circulars issued by the Exchange as well as directives, if any, issued from time to time by the Forward Markets Commission.

For and on behalf of

National Commodity & Derivatives Exchange Limited

**Uma Mohan
Head-Products**

For further information / clarifications, please contact

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ANNEXURE I :Summary of modification in Contract Specifications

Parameter	Existing Specifications	Revised Specifications
Expiry date of the contract	<p>20th day of the delivery month</p> <p>If 20th happens to be a holiday, a Saturday or a Sunday then the due date shall be the immediately preceding trading day of the Exchange</p>	<p>Last trading day of the month</p> <p>If last day happens to be a trading holiday, a Saturday or a Sunday then the due date shall be the immediately preceding trading day of the Exchange</p>
Final Settlement Price	Final spot price on the last day of expiry of the contract	Simple average of last spot prices of the last 3 days of the expiry month of the contract
Position Limits	<p>Member level: Maximum of 30,000 MT or 15 % of Market Open Position in the commodity, whichever is higher</p> <p>Client level: 10,000 MT</p> <p><u>Near month limit</u></p> <p>Member level : Maximum of 10,000 MT or 15 % of the total near month Open Position in the commodity, whichever is higher</p> <p>Client level : 3,000 MT</p>	<p><u>Position limits applicable from commencement of trade on April 01, 2010</u></p> <p>Member level: Maximum of 60,000 MT or 15 % of Market Open Position in the commodity, whichever is higher</p> <p>Client level: 20,000 MT</p> <p><u>Near month limit</u></p> <p>Member level : Maximum of 18,000 MT or 15 % of the total near month Open Position in the commodity, whichever is higher</p> <p>Client level : 6,000 MT</p>

Annexure I : Existing Contract Specifications

Name of Commodity	Crude Palm Oil	
Ticker symbol	CRDPOLKDL	
Basis	Ex-tank Kandla exclusive of Sales Tax / VAT	
Unit of trading	10 MT	
Delivery unit	10 MT	
Quotation/base value	Rs per 10 kg	
Tick size	5 Paise	
Quality specification	Moisture & Impurities	0.10 % Max
	Refractive Index, 50°C	1.4491-1.4552
	Specific Gravity, 42°C	0.895-0.897
	Saponification Value	195-205
	Iodine Value	50-55
	Unsaponification Value	1.2 % Max
	Melting Point, Capillary Slip Method	37°C Max
	FFA	5 % Max
Quantity variation	+ /- 2%	
Delivery center	Kandla (within a radius of 50 km from the municipal limits)	
Additional delivery center	Kakinada, with location wise premium/discount as announced by the Exchange from time to time.	
Hours of Trading	<p>As per directions of the Forward Markets Commission from time to time, currently -</p> <p>Mondays through Fridays : 10:00 AM to 5:00 PM</p> <p>Saturdays : 10.00 AM to 2.00 PM</p> <p>The Exchange may vary the above timing with due notice.</p>	
Delivery specification	Upon expiry of the contract, the delivery position would be arrived at by the Exchange based on the information to give/take delivery furnished by the sellers and buyers as per the process put in place by the Exchange for	

	effecting physical delivery
No. of active contracts	As per Launch Calendar
Opening of contracts	Trading in any contract month will open 10th day of the month. If the 10th day happens to be a non-trading day, contracts would open on next trading day.
Due date/Expiry date	20th day of the delivery month If 20th happens to be a holiday, a Saturday or a Sunday then the due date shall be the immediately preceding trading day of the Exchange
Closing of contract	On the expiry of the contract, all outstanding positions not resulting in giving/taking of physical delivery of the commodity shall be closed out at the Final Settlement Price announced by the Exchange.
Price band	Daily price fluctuation limit is (+/-) 3%. If the trade hits the prescribed daily price limit there will be a cooling off period for 15 minutes. Trade will be allowed during this cooling off period within the price band. Thereafter the price band would be raised by (+ / -) 1% and trade will Be resumed. If the price hits the revised price band (4%) again during the day, trade will only be allowed within the revised price band. No trade / order shall be permitted during the day beyond the revised limit of (+/-) 4%
Position limits	Member level: Maximum of 30,000 MT or 15 % of Market Open Position in the commodity, whichever is higher Client level: 10,000 MT The above limits will not apply to bona fide hedgers. For bona fide hedgers, the Exchange will, on a case to case basis, decide the hedge limits. Please refer circular no. NCDEX/TRADING-100/2005/219 dated October 20, 2005 Near month limit (Applicable from 28 days prior to expiry date) Member level : Maximum of 10,000 MT or 15 % of the total near month Open Position in the commodity, whichever is higher Client level : 3,000 MT
Special margins	In case of additional volatility, a special margin at such

	other percentage, as deemed fit, will be imposed in respect of outstanding positions, which will remain in force as long as the volatility exists, after which the special margin may be relaxed.
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Annexure II : Modified Contract Specifications

Name of Commodity	Crude Palm Oil	
Ticker symbol	CRDPOLKDL	
Basis	Ex-tank Kandla exclusive of Sales Tax / VAT	
Unit of trading	10 MT	
Delivery unit	10 MT	
Quotation/base value	Rs per 10 kg	
Tick size	5 Paise	
Quality specification	Moisture & Impurities	0.10 % Max
	Refractive Index, 50°C	1.4491-1.4552
	Specific Gravity, 42°C	0.895-0.897
	Saponification Value	195-205
	Iodine Value	50-55
	Unsaponification Value	1.2 % Max
	Melting Point, Capillary Slip Method	37°C Max
	FFA	5 % Max
Quantity variation	+ /- 2%	
Delivery center	Kandla (within a radius of 50 km from the municipal limits)	
Additional delivery center	Kakinada, with location wise premium/discount as announced by the Exchange from time to time.	
Hours of Trading	<p>As per directions of the Forward Markets Commission from time to time, currently -</p> <p>Mondays through Fridays: 10:00 AM to 5:00 PM</p> <p>Saturdays: 10.00 AM to 2.00 PM</p> <p>The Exchange may vary the above timing with due notice.</p>	
Delivery specification	Upon expiry of the contract, the delivery position would be arrived at by the Exchange based on the information to give/take delivery furnished by the sellers and buyers as per the process put in place by the Exchange for	

	effecting physical delivery
No. of active contracts	As per Launch Calendar
Opening of contracts	Trading in any contract month will open 10th day of the month. If the 10th day happens to be a non-trading day, contracts would open on next trading day.
Due date/Expiry date	Last trading day of the month If last day happens to be a trading holiday, a Saturday or a Sunday then the due date shall be the immediately preceding trading day of the Exchange
Closing of contract	On the expiry of the contract, all outstanding positions not resulting in giving/taking of physical delivery of the commodity shall be closed out at the Final Settlement Price announced by the Exchange.
Price band	Daily price fluctuation limit is (+/-) 3%. If the trade hits the prescribed daily price limit there will be a cooling off period for 15 minutes. Trade will be allowed during this cooling off period within the price band. Thereafter the price band would be raised by (+ / -) 1% and trade will Be resumed. If the price hits the revised price band (4%) again during the day, trade will only be allowed within the revised price band. No trade / order shall be permitted during the day beyond the revised limit of (+/-) 4%
Position limits	Member level: Maximum of 30,000 MT or 15 % of Market Open Position in the commodity, whichever is higher Client level: 10,000 MT The above limits will not apply to bona fide hedgers. For bona fide hedgers, the Exchange will, on a case to case basis, decide the hedge limits. Please refer circular no. NCDEX/TRADING-100/2005/219 dated October 20, 2005 Near month limit (Applicable from 28 days prior to expiry date) Member level : Maximum of 10,000 MT or 15 % of the total near month Open Position in the commodity, whichever is higher Client level : 3,000 MT

	<p><u>Position limits applicable from April 01, 2010</u></p> <p>Member level: Maximum of 60,000 MT or 15 % of Market Open Position in the commodity, whichever is higher Client level: 20,000 MT</p> <p>The above limits will not apply to bona fide hedgers. For bona fide hedgers, the Exchange will, on a case to case basis, decide the hedge limits. Please refer circular no. NCDEX/TRADING-100/2005/219 dated October 20, 2005</p> <p>Near month limit (Applicable from 28 days prior to expiry date)</p> <p>Member level : Maximum of 18,000 MT or 15 % of the total near month Open Position in the commodity, whichever is higher Client level : 6,000 MT</p>
Special margins	<p>In case of additional volatility, a special margin at such other percentage, as deemed fit, will be imposed in respect of outstanding positions, which will remain in force as long as the volatility exists, after which the special margin may be relaxed.</p>

Launch Calendar

Contract Launch Month	Contract Expiry Month
March 16, 2010	March 2010 April 2010 May 2010 June 2010
April 2010	July 2010
May 2010	August 2010

Annexure IV: Premium/Discount for delivery location difference

Commodity (Base Centre)	Additional Delivery Centre	(+) Premium / (-) Discount
Crude Palm Oil (Kandla)	Kakinada	- Rs. 5 / 10 KG