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Chapter 1 - Trading Conditions

Authority

Trading of Electrolytic Copper Cathode futures may be conducted under such terms and conditions as specified in the Rules, Byelaws & Regulations as well as directions of the Exchange and the Forward Market Commission (FMC) issued from time to time. A specimen of Electrolytic Copper Cathodes futures contract is indicated in **Exhibit 1**.

Unit of Trading

The unit of trading for Copper Cathodes shall be 1 Metric Tonne (MT). Bids and offers may be accepted in lots of 1 Metric Tonne or multiples thereof.

Months Traded In

Trading in Copper Cathodes futures may be conducted in the months as specified by the Exchange from time to time.

Tick Size

The tick size of the price of Copper Cathodes shall be 10 paise only.

Unit for Price Quotation

The unit of Price quotation for Copper Cathodes shall be in Rupees per Kilo Gram (Rs/Kg), basis ex-warehouses at Mumbai/Delhi, outside octroi limit, exclusive of Excise, Cess, Sales tax and any other levy or tax.

Hours of Trading

The hours of trading for futures in Electrolytic Copper Cathodes shall be from 10:00 AM to 11: 30 PM Indian Standard Time (IST) on all business days or as determined by the Exchange from time to time. The hours of trading for futures in Copper Cathodes on all Saturdays shall be from 10:00 AM to 2.00 pm or as determined by the Exchange from time to time. On the expiry date, contracts expiring on that day will not be available for trading after 5:00 pm in summer and 6:00 pm in winter. The exact time of expiry of contracts will be announced when new contracts are launched

Last Day of Trading

The last day of trading on future contracts for a year starting from July 2005 - Dec 2005 is given in **Exhibit 2**.

During last three trading days prior to the expiry of the contract (including the date of expiry of contract), buyers and sellers having open positions would be required to indicate delivery information for receiving or giving delivery. The procedure for Copper Cathodes delivery is based on the contract specifications as per **Exhibit 1**. 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. NCDEX would thereafter complete the matching process based on the location and then by random, keeping in view the storage capacity of warehouse and Copper Cathodes already deposited / dematerialized for delivery or any other factor(s) that the Exchange deems appropriate

for completion of the matching process. The settlement for unmatched positions and not providing information for physical delivery of Copper Cathodes shall be completed by cash settlement.

Mark To Market

The outstanding positions in futures contract in Copper Cathodes would be marked to market daily based on the Daily Settlement Price (DSP) as determined by the Exchange.

Margin Requirements

NCDEX will use Value at Risk (VaR) based margin calculated at 99% confidence interval for one day time horizon. NCDEX reserves the right to change, reduce or levy any additional margins as per its Regulations.

Position limits

The member wise position limits will be a maximum of 5, 000 Metric Tones in all live contracts. The Client wise position limits will be maximum of 1, 000 Metric Tones in live contracts. Both position limits will be subject to NCDEX Regulations and directions from time to time.

Delivery Margins

In case of open positions materializing into physical delivery, delivery margins will be charged for each commodity. The delivery margins will be calculated based on the number of days required for completing the physical delivery settlement (the look-ahead period and the risks arising thereof).

Special Margins

The Exchange may levy special margins in event of unilateral movement of prices as mentioned in the contract specification.

Special Margins, by way of addition to the normal margins, would be levied on a large unidirectional movement of any Electrolytic Copper Cathode futures contract on either the buy or sale side whichever way the movement has happened based on the first day settlement / clearing price of that contract and valid for the life of that contract. Special margins would be levied as follows:

A 20 per cent rise or fall from the closing price of opening day would attract a special margin of 4 per cent by buyer or seller depending on whether price rises or falls.

Arbitration

Disputes between NCDEX members inter-se and between members and constituents, arising out of or pertaining to trades done on NCDEX shall be settled through arbitration. The arbitration proceedings and appointment of arbitrators shall be as governed by the Bye-laws and Regulations of NCDEX.

Chapter 2 - Delivery Procedures

Unit of Delivery

The minimum unit of delivery for Copper Cathodes shall be 3 Metric Tones.

Delivery Size

Delivery is to be offered and accepted in lots of 3 Metric Tones or multiples thereof. A quantity variation of +/- 250 KGs or 2% whichever ever is lower, with applicable rates is available as per contract specifications.

Quality Standards

The contract grade for delivery of Copper Cathodes futures contracts made under NCDEX Regulations shall be Copper Cathodes confirming to the quality specification indicated in **Exhibit 1**. No lower grade/ quality below the stated specifications shall be accepted in satisfaction of futures contracts delivery.

Accredited Warehouse

NCDEX has accredited warehouse for receipt and delivery of Copper Cathodes. Receipt and delivery of Copper Cathodes will be undertaken only from the accredited warehouse. The details of NCDEX accredited warehouse for delivery and receipt of Copper Cathodes is as per **Exhibit 3**. **In case any buyer/ seller wishes to give/ receive delivery from the accredited warehouse, the buyer/ seller will have to be registered with Central Excise authorities for the purpose of availing CENVAT credit.** Please be guided by our circular no.: NCDEX/TRADING-035/2005/081 dated April 07, 2005 for Steel. The contents of said circular are applicable to Copper Cathodes also.

Copper Cathodes Delivery

The delivery of Copper Cathodes is effected by sellers providing delivery information to the Exchange during trading hours on the last three trading days prior to the expiry of the contract (including the date of expiry) and up to 5.00 PM in summer and upto 6.00 PM in winter on the day of expiry of the contract through the delivery request window. The Copper Cathodes will be accompanied by manufacturer's test certificate and if necessary will be tested and certified by NCDEX approved Assayer at the sellers' premises before acceptance as good delivery in the warehouse. Likewise, Copper Cathodes delivered to buyers will be from the accredited warehouse only.

Good / Bad delivery Norms

Copper Cathodes delivery into NCDEX designated warehouse would constitute either good delivery or bad delivery based on the good / bad delivery norms as per **Exhibit 4**. The list contained in Exhibit 4 is only illustrative and not exhaustive. NCDEX would from time to time review and update the good & bad delivery norms based on the trade / industry practices.

Accredited Assayer

NCDEX has appointed the Assayer for quality testing and certification of Copper Cathodes received at the designated warehouse. The quality testing and certification of

Copper Cathodes will be undertaken only by the accredited Assayer. The assayer details are given in the Exhibit 3 alongside the warehouses.

Assayer Certificate

Each delivery of Copper Cathodes at the warehouse must be accompanied by a test certificate from the manufacturer and should be only be from LME approved brands and from Hindustan Copper Ltd. confirming to ASTM B115/95 & IS 191.

The buyer may request testing for grade and quality for all deliveries. If the product meets grade and quality specifications, the cost of the quality inspection is shared jointly by the buyer and seller. If the product fails inspection, the cost is borne by the seller. Testing and quality certificate issued by NCDEX accredited Assayer for **Copper Cathodes** shall be acceptable and binding on all parties.

Weight

The quantity of Copper Cathodes received at the NCDEX designated warehouse would be determined / calculated by the weighbridge / weigh scale at the premises of the warehouse or such other weighbridge / weigh scale recognized by the designated warehouse and would be binding on all parties.

Testing Procedure

Inspection procedure of Electrolytic Copper Cathodes shall be as per procedure laid in Contract Specification.

At NCDEX Nominated warehouse:

The Inspection at the Seller's Premises does not release the seller of his responsibility for delivering the sound material (Cathode) as per NCDEX specification. The material when transported to the NCDEX accredited warehouse will once again be subject to weightment check, verification of Assayer stamp placed on the accepted material during inspection and testing at the sellers premises and visual check for finish. Only after verification of the above material, the same will be accepted by NCDEX accredited warehouse manager for deposit.

The truck transporting the material will also hand over the co-jointly signed material inspection certificate by the Assayer and the depositor's QA department for verification during receipt of material at NCDEX nominated warehouse.

Electronic Transfer

Any buyer or seller receiving and or effecting Copper Cathodes delivery would have to open a depository account with an NCDEX empanelled Depository Participant to hold the Copper Cathodes in electronic form. On settlement, the buyer account with the DP would be credited with the quantity of Copper Cathodes received and seller account would be debited. The Buyer wanting to take physical delivery of the Copper Cathodes holding has to make a request to the DP in prescribed form, with which depository account has been opened. The DP would route the request to the warehouse who would issue the physical commodity i.e. Copper Cathodes to the buyer and debit his account, thus reducing the electronic balance to the extent of Copper Cathodes rematerialized.

Delivery Allocation

The Exchange would receive delivery information from the selling members during last three days of expiry of contract. The buyers who have to receive delivery would be notified on the expiry after the close of trading hours. Delivery of Copper Cathodes is to be accepted by buyers at the accredited warehouse where the seller effects delivery in accordance with the contract specifications.

Actual Delivery

Where Copper Cathodes is sold for delivery in a specified month, the seller must have requisite electronic credit in his Clearing Members Account before the scheduled date of pay in. On settlement the buyer's Clearing Member's Pool Account would be credited with the delivery quantity on pay out. The clearing member is expected to transfer the same to the buyers depository account.

Charges

All charges and costs payable to the designated warehouse towards delivery of Copper Cathodes including weighing, handling charges, storage, testing etc. from the date of receipt into designated warehouse upto date of pay in & settlement shall be paid by the seller. All charges and costs associated & including storage, handling etc. after the pay out shall be borne by the buyer. Warehouse storage charges will be charged to the member client by the respective Depository Participant.

The Assayer charges for testing and quality certification should be paid to the assayer directly at the delivery location either by cash / cheque / demand draft.

Duties & Levies

All duties, levies etc. up to the point of sale will have to be fully paid by the seller to the concerned authority and all documentation fully complied with and completed before delivery of Copper Cathodes into NCDEX designated warehouse.

Stamp duty

Stamp duty is payable on all contract notes issued as may be applicable in the State from where the contract note is issued or State in which such contract note is issued to the client. The rate of stamp duty payable depends on place of issuance of contract note by the member.

Excise Duty

Since the price quoted for trades in Copper Cathode on the Exchange is exclusive of Central Excise duty & Cess thereof:

- i) the seller will be able to claim the amount paid towards central excise over and above the quoted price only if the seller is able to pass on the credit to the buyer under the laws governing central excise irrespective of whether the buyer is entitled to claim or not. In other words, only manufacturers and first stage dealers registered under the Act will be able to claim central excise amount to the extent of amount specified in the Central Excise Invoice which will have to be handed over to the buyers.
- ii) the buyer will have to be either first stage dealer or second stage dealer duly registered under the Central Excise Act in order to claim CENVAT credit.

Value Added Tax/Sales Tax

Local sales tax/Value Added Tax (VAT) is to be borne by the buyer on all contracts resulting in delivery. Members and / or their constituents requiring to receive or deliver Copper Cathode should register with the relevant sales tax authorities of place where the delivery is proposed to be received / given. In the event of sales tax/VAT exemption, such exemption certificate should be submitted before settlement of the obligation. There will be no exemptions on account of resale or second sale in VAT regime.

Service tax

Service tax will be payable by the members of Commodity Exchanges to the Service Tax Department on the brokerage charges charged by them from their clients for services on account of dealing in commodity forward contracts in accordance with Finance Act, 1994 as amended from time to time.

Premium / Discount

Copper Cathodes confirming to contract specification and delivered to NCDEX designated warehouse will be stored. Due to location of the delivery centres, there may be premium / discount determined by the Exchange. The decision of the Exchange in determination of premium / discount is final and binding on all market participants.

Chapter 3 - Clearing and Settlement

Daily Settlement

All open positions of a futures contract would be settled daily based on the Daily Settlement Price.

Daily Settlement Price & Final Settlement Price

The Daily Settlement Price (DSP) determined by the Exchange at the end of every trading day. The DSP will be utilized for marking to market all open positions.

The Final Settlement Price (FSP) will be determined by the Exchange on maturity of the contract.

Final settlement

On expiry of the contract, the following types of open positions would be cash settled:

- a) Delivery information not provided.
- b) Unmatched delivery information

The pay in and pay out in case of cash settlement would be the day after the expiry date of the contract (E+1) as per settlement calendar issued by the Exchange. The open positions for which information have been provided for and the same have been matched by the Exchange, would result in physical delivery. Final settlement will be on E+2 basis as per settlement calendar issued by the Exchange.

Spot Prices

NCDEX will announce / disseminate spot prices for Copper Cathode relating to the designated delivery center and specified grade / quality parameters determined through the process of polling a set of market participants representing different segments of the value chain such as traders, importers, exporters, processors, etc. The polled prices shall be input to a normalizing algorithm (like 'bootstrapping' technique) to arrive at a representative, unbiased and clean 'benchmark' spot price for Copper Cathode. The security of data and randomness of polling process will ensure transparency and correctness of prices. The Exchange has absolute right to modify the process of determination of spot prices at any time without notice.

Dissemination of Spot Prices

Spot prices for Copper Cathode will be collected and disseminated in such time and manner as may be decided by the Exchange.

Pay in and Pay out for daily settlement / final cash settlement

The table below illustrates timings for pay in and pay out in case of daily settlement as well as cash settled positions for final settlement. The buyer clients would have to deposit requisite funds with their respective Clearing Member before "pay in".

All fund debits and credits of the Member would have to be done in the Member's Settlement Account with the Clearing Bank.

Time (E + 1)	Activity
On or before 11.00 hours	PAYIN: Debit paying member a/c
After 13.00 hours	PAYOUT: Credit receiving member a/c

Pay in and Pay out for final physical settlement

The table below illustrates timings for pay in and pay out in case of positions marked for physical settlement on expiration of contract for final cash/physical settlement. The buyers/sellers would have to deposit requisite funds/Copper Cathodes with their respective Clearing member before "pay in".

Pay in and Pay out for Final Settlement in case of physical deliveries	
Time (E + 2)	Activity
On or before 11.00 hours	PAYIN: Debit Buyer Member Settlement a/c for funds Debit Seller Member's CM Pool Account for Copper Cathodes
After 13.00 hours	PAYOUT: Credit Seller Member Settlement a/c for funds Credit Buyer Member's CM Pool Account for Copper Cathodes

The supplemental settlement for Copper Cathodes futures contracts will include premium/ discount adjustments and close out for shortages will be conducted on the same day. Clearing members are required to maintain adequate fund balances in their respective accounts.

Pay in and Pay out for supplemental settlement	
Time (E + 2)	Activity
On or before 16.00 hours	PAY IN: Debit Member Settlement a/c for funds
After 18.00 hours	PAY OUT: Credit Member Settlement a/c for funds

Supplementary Settlement for sales tax/VAT

The Exchange will conduct a separate supplementary settlement, as illustrated below, two days after normal pay out for completion of sales tax transactions. In order to facilitate issue of invoice to right parties, the buyer Clearing Members are required to give the buyer client details to the Exchange latest by 12.00 noon on E+9 day failing

which the buying member is considered as the end buyer and accordingly invoice is issued in his/their name. In view of CENVAT credit implications, it is critical that the actual buyer's details are provided in time.

It may also be noted that excise duty paid by the seller can be recovered from the buyer provided seller is entitled to pass on CENVAT credit to the the buyer irrespective of whether buyer is entitled to claim or not. The seller shall furnish all necessary documents including the break up of the excise duty paid and clearly indicating whether he is a manufacturer or the first stage dealer. The amount of excise duty is to be paid along with the sales tax/VAT amount.

The amounts due to the above differences will be debited / credited to members clearing bank account similar to normal settlement.

Pay in and Pay out for Sales Tax	
Time (E + 4)	Activity
On or before 15.00 hours	PAY IN: Debit Buyer Member Settlement a/c for funds.
After 17.00 hours	PAY OUT: Credit Seller Member Settlement a/c for funds

Exhibit 1 – Copper Cathodes Contract note

Type of contract	Futures Contract Specifications
Name of commodity	Electrolytic Copper Cathode
Ticker symbol	COPELCMUM
Trading system	NCDEX Trading System
Basis	Ex-Warehouse at Mumbai / Delhi (Outside Octroi Limit, exclusive of Excise, Cess , Sales Tax and any other levy or tax
Unit of trading	1 MT (One tonne)
Delivery unit	3 MT (Three tonnes)
Quotation/base value	Rs per KG
Tick size	Rs. 0.1/- per KG (10 Paise)
Quality specification	ASTM B 115 /95, and IS 191 (London Metal Exchange approved brands and Hindustan Copper Ltd. only)
Quantity variation	+/- 250 KGs OR 2% whichever is lower
Delivery Centre	Mumbai (Outside Octroi Limits)
Additional Delivery centers	Delhi
Hours of trading	As per directions of the Forward Markets Commission from time to time, currently - Mondays through Fridays - 10:00 AM to 11:30 PM Saturdays - 10:00 AM to 02:00 PM On the expiry date, contracts expiring on that day will not be available for trading after 5:00 pm in summer and 6:00 pm in winter. The exact time of expiry of contracts will be announced when new contracts are launched
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	Minimum 2 contracts with a maximum of 12 contracts running concurrently.
Opening of contracts	Trading in any contract month will open on the 1 st day of the month. If the 1 st day happens to be a non-trading day, contracts would open on the next trading day
Due date/Expiry date	Last trading day of the month If last day happens to be a holiday, a Saturday or a Sunday then the due date shall be the immediately preceding trading day of the Exchange

The contents of this product note are subject to Rules, Byelaws and Regulations of NCDEX as in force from time to time and be read therewith.

Closing of contract	All open positions will be settled as per general rules and product specific regulations
Price band	+/- 5 %
Position limits	Member-wise: 5000 MT Client-wise: 1000 MT
Final Settlement price	As declared by the Exchange on maturity date.

Exhibit 2 – Maturity date for Copper Cathodes Future
Contract

Contract	Expiry
July	29 /07/05 at 5: 00 PM
August	31/07/05 at 5: 00 PM
September	30/09/05 at 5: 00 PM
October	31/09/05 at 6: 00 PM
November	30/11/05 at 6: 00 PM
December	30/12/05 at 6: 00 PM

Exhibit 3 – Warehouse/ Assayer address for delivery of Copper Cathodes

Warehouse Name	Assayer Name
JICSSTC-BHIWANDI JICS Logistics C/o Standard Transport Corporation Godown No. 5 & 7, Sainath Compound Purna Village, Thane Bhiwandi Road Bhiwandi – 421 302, Thane, Maharashtra Contact Person: Mr. Vithal Kedar/ Mr. Narayan Singh/ Mr. Hemant Sharma – Tel: 952522 – 271785; Mobile: 093224 13311	Inspectorate (India) Consulting Engineers Pvt. Ltd 29/30, Creative Industrial Premises Co- operative Society Ltd., Sundar Nagar, Road No. 2, Kalina, Santacruz (E) Mumbai- 400 098 Contact Person in Mumbai: Mr. Ratan Shivdasani Tel: 022- 2666 1014/ 4280/ 2179/ 6681 Fax: 022- 2666 2711/ 3178 Cell: 98206 49247 Contact Person in Kolkata: Mr. P. K. Ghosh Mobile: 09830023184 Tel: 033- 2282 4771/ 4938/ 4841 Contact Person in New Delhi: Mr. R. K. Jain: 098100 60723

Warehouse Timings and workings

No.	Headings	Details
1	Timings	9.30 am to 5.30 pm (Monday to Saturday)
2	Working days	All days except 2 nd Saturday of a month and Sunday and such local holidays declared by the State Government. The same will be intimated from time to time.

Exhibit 4- Good / Bad delivery norms

No.	Particulars	Good / Bad delivery
1	Copper Cathodes quality not meeting futures contract specification.	Bad delivery
2	Delivery at non accredited warehouse.	Bad delivery
3	Testing & certification by NCDEX accredited Location / product specific Assayer.	Good delivery
4	Testing & certification by NCDEX accredited assayer but not location / product specific.	Bad delivery
5	Delivery before contract expiration.	Good delivery
6	Delivery after pay in date / time.	Bad delivery
7	Delivery of wrong product (Eg. Copper Wire Rod instead of Copper Cathodes).	Bad delivery
8	Delivery without test certification from Manufacturer	Bad delivery
9	Delivery without weigh bridge certificate.	Bad delivery
10	Delivery by weigh bridge at premises of NCDEX accredited warehouse.	Good delivery
11	Delivery not compatible to delivery size as mentioned in contract specification.	Bad delivery
12	Delivery beyond specified working hours.	Bad delivery
13	Delivery without proper documentation.	Bad delivery
14	Delivery quantity is more than quantity to be delivered.	Good delivery
15	Copper Cathodes at other than designated warehouse weigh bridge / Weigh scale.	Bad delivery
16	Delivery by unauthorized person / agent without proper identification	Bad delivery