
NATIONAL COMMODITY & DERIVATIVES EXCHANGE LIMITED

Circular to all trading and clearing members of the Exchange

Circular No : NCDEX/TRADING-111/2012/367
Date : October 17, 2012
Subject : Modification in contract specifications of Sugar M (SUGARM200)

Trading and Clearing Members are requested to note that the Exchange, as per the Bye-laws, Rules and Regulations of the Exchange and with the approval of the Forward Markets Commission has made modifications in the Sugar M (Symbol: SUGARM200) contracts which will be applicable for all contracts expiring in March 2013 and thereafter.

Currently, contracts expiring in October 2012, November 2012, December 2012, January 2013 and February 2013 are available for trading and will continue to be traded with the existing contract specifications.

Summary of modifications in contract specifications applicable for contracts expiring in March 2013 and thereafter are given in Annexure I. Existing contract specifications applicable for contracts expiring in October 2012, November 2012, December 2012, January 2013 and February 2013 are given in Annexure II. Modified contract specifications applicable for contracts expiring in March 2013 and thereafter are given in Annexure III.

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 issued from time to time by the Forward Markets Commission.

For and on behalf of
National Commodity & Derivatives Exchange Limited

Uma Mohan
Executive Vice President - Business

For further information / clarifications, please contact

1. Customer Service Group on phone: 022 6640 6613 -15, 011 2334 4795
2. Customer Service Group by e-mail to : askus@ncdex.com

ANNEXURE I**Summary of modifications in contract specifications of Sugar M applicable for contracts expiring in March 2013 and thereafter**

Contract Specification	Existing contract specifications	Modified contract specifications
Delivery Center	Kolhapur (up to 50 km from city limits)	Kolhapur (up to 100 km from city limits)
Additional delivery centers	Belgaum, Delhi, Kolkata, Pune, Sangli and Solapur (Within a radius of 50 km from municipal limits) Location Premium/Discount as notified by the Exchange from time to time	Belgaum, Delhi, Kolkata, Pune, Sangli and Solapur (Within a radius of 100 km from municipal limits) Location Premium/Discount as notified by the Exchange from time to time

ANNEXURE II
Existing Contract Specifications of Sugar M Futures Contract
(Applicable for contracts expiring in October 2012, November 2012, December 2012, January 2013 and February 2013)

Type of Contract	Futures Contract	
Name of commodity	Sugar (M Grade)	
Ticker Symbol	SUGARM200	
Trading System	NCDEX Trading System	
Basis	Ex-warehouse Kolhapur inclusive of all taxes	
Unit of Trading	10 MT	
Delivery Unit	10 MT net basis packed in 50 Kgs new A Twill Bags/PP bags Also deliverable in 100 Kg new A Twill jute bags	
Maximum Order Size	500 MT	
Quotation/Base Value	Rs/quintal	
Tick Size	Re 1	
Quality Specification	Sugar in crystal form manufactured by vacuum pan method with:	
	Moisture	0.08% Max
	Polarisation	99.80% Min
	ICUMSA	> or = 150 ICUMSA and < 200 ICUMSA as determined by GS9/1/2/3-8 prescribed in Sugar Analysis ICUMSA Method Book
	Grade	M
	Grain Size	Medium as determined by the methods prescribed in IS:498-2003
	Crop Year Reference	Till December expiry contract: Production of the last crushing season is allowed in addition to current crop. From January expiry contract: Production of only current crushing season is allowed.
Quantity Variation	+/- 5%	
Delivery Center	Kolhapur (up to 50 km from city limits)	
Additional delivery centers	Belgaum, Delhi, Kolkata, Pune, Sangli and Solapur (Within a radius of 50 km from municipal limits) Location Premium/Discount as notified by the Exchange from time to time	

Hours of Trading	As per directions of the Forward Markets Commission from time to time, currently- Mondays through Fridays: 10:00 AM to 5:00 PM Saturdays: 10.00 AM to 2.00 PM The Exchange may vary the above timing with due Notice												
Delivery Logic	Compulsory Delivery												
Also Deliverable	<p>Sugar S of the following Specification:</p> <table border="1"> <tr> <td>Moisture</td> <td>0.08%Max</td> </tr> <tr> <td>Polarisation</td> <td>99.80% Min</td> </tr> <tr> <td>ICUMSA</td> <td>> or = 100 ICUMSA and < 150 ICUMSA as determined by GS9/1/2/3-8 prescribed in Sugar Analysis ICUMSA Method Book</td> </tr> <tr> <td>Grade</td> <td>S</td> </tr> <tr> <td>Grain Size</td> <td>Small as determined by the methods prescribed in IS:498-2003</td> </tr> <tr> <td>Crop Year Reference</td> <td> <p>Till December expiry contract: Production of the last crushing season is allowed in addition to current crop</p> <p>From January expiry contract: Production of only current crushing season is allowed.</p> </td> </tr> </table> <p>The premium/discount would be announced before the launch of the contracts.</p>	Moisture	0.08%Max	Polarisation	99.80% Min	ICUMSA	> or = 100 ICUMSA and < 150 ICUMSA as determined by GS9/1/2/3-8 prescribed in Sugar Analysis ICUMSA Method Book	Grade	S	Grain Size	Small as determined by the methods prescribed in IS:498-2003	Crop Year Reference	<p>Till December expiry contract: Production of the last crushing season is allowed in addition to current crop</p> <p>From January expiry contract: Production of only current crushing season is allowed.</p>
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Crop Year Reference	<p>Till December expiry contract: Production of the last crushing season is allowed in addition to current crop</p> <p>From January expiry contract: Production of only current crushing season is allowed.</p>												
Final settlement price	The Final Settlement Price (FSP) shall be arrived at by taking the simple average of the last polled spot prices of the last three trading days viz., E0 (expiry day), E-1 and E-2. In the event of the spot prices for any one of the E-1 and E-2 is not available; the spot price of E-3 would be used for arriving at the average. In case the spot prices are not available for both E-1 and E-2, then the average of E0 and E-3 (two days) would be taken. If all the three days' prices viz., E-1, E-2 and E-3 are not available, then only one day's price viz., E0 will be taken as the FSP.												
Opening of Contracts	Trading in new contract will open on the 10 th day of the month in which near month contract is due to expire. If the 10 th day happens to be a non-trading day, contracts would open on the next trading day												
Tender Period	Tender Date -T Tender Period: The tender period shall start on 5 th of every month in which the contract is due to expire. In case 5 th happens to be a Saturday, a Sunday or a holiday at the												

	<p>Exchange, the tender period would start from the next working day.</p> <p>Pay-in and Pay-out: On a T+2 basis. If the tender date is T, then pay-in and pay-out would happen on T+2 day (excluding Saturday). If such a T+2 day happens to be a Saturday, a Sunday or a holiday at the Exchange, clearing banks or any of the service providers, pay-in and pay-out would be effected on the next working day.</p>
Closing of contract	<p>Clearing and settlement of contracts will commence with the commencement of Tender Period by compulsory delivery of each open position tendered by the seller on T + 2 to the corresponding buyer matched by the process put in place by the Exchange.</p> <p>Upon the expiry of the contract all the outstanding open position shall result in compulsory delivery.</p>
Due date/Expiry date	<p>Expiry date of the contract: 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, which is other than a Saturday.</p> <p>The settlement of contract would be by a staggered system of Pay-in and Pay-out including the Last Pay- in and Pay-out which would be the Final Settlement of the contract.</p>
Delivery Specification	<p>Upon expiry of the contracts all the outstanding open positions shall result in compulsory delivery.</p> <p>During the Tender period, if any delivery is tendered by seller, the corresponding buyer having open position and matched as per process put in place by the Exchange, shall be bound to settle by taking delivery on T + 2 day from the delivery centre where the seller has delivered same.</p> <p>The penalty structure for failure to meet delivery obligations will be as per circular no. NCDEX/ TRADING-086/2008/216 dated September 16, 2008.</p>
No. of active contracts	As per Launch Calendar
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

	<p>period within the price band. Thereafter the price band would be raised by another (+/-) 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%.</p>
Position Limits	<p>Limit for aggregate contracts traded on all the Exchanges – applicable for all the contracts together for Grade-M and Grade-S both including position in expiry month: Client-wise: 20,000 MT Member-wise: 1,00,000 MT OR 15% of the market wide open interest, whichever is higher</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 to Circular No. NCDEX/TRADING-100/2005/219 dated October 20, 2005.</p> <p>For near month contracts: The following limits would be applicable from 1st of every month in which the contract is due to expire. If 1st happens to be a non-trading day, the near month limits would start from the next trading day</p> <p>Client-wise: 8,000 MT Member-wise: 40,000 MT or 15% of the market-wide open interest, whichever is higher</p>
Special Margin	<p>Special margin of 10% of the value of the contract, Whenever the rise and fall in price exceeds 20% from the first day's closing price, is payable by buyer or seller, depending upon whether price rise or fall as the case may be. The margin shall stay in force so long as price stays beyond 20% limit and will be withdrawn as soon as the price is within 20% band</p>
Minimum Initial margin	10%
Premium/Discount	<p>S grade sugar with ICUMSA less than 100 could be accepted as good delivery but with no premium. Sugar S with ICUMSA more than 150 shall be rejected.</p> <p>M grade sugar with ICUMSA 100 – 150 could be accepted as good delivery but with no premium. Sugar with ICUMSA more than 200 shall be rejected.</p>

Tolerance Limit – Sugar M Grade

Commodity Specifications	Basis	Acceptable quality range as per contract specification	Permissible Tolerance
Moisture	0.08% Max	-	-
Polarisation	99.80% Min	-	-
ICUMSA	> or = 150 ICUMSA and < 200 ICUMSA as determined by GS9/1/2/3-8 prescribed in Sugar Analysis ICUMSA Method Book	Sugar with ICUMSA between 100 and 150 also accepted as good delivery	+/- 25 ICUMSA
Grade	M	-	-
Grain Size	Medium as determined by the methods prescribed in IS:498-2003	-	-

Tolerance Limit – Sugar S Grade

Commodity Specifications	Basis	Acceptable quality range as per contract specification	Permissible Tolerance
Moisture	0.08% Max	-	-
Polarisation	99.80% Min	-	-
ICUMSA	> or = 100 ICUMSA and < 150 ICUMSA as determined by GS9/1/2/3-8 prescribed in Sugar Analysis ICUMSA Method Book	Sugar with ICUMSA less than 100 is acceptable as good delivery	+/- 25 ICUMSA
Grade	S	-	-
Grain Size	Small as determined by the methods prescribed in IS:498-2003	-	-

Note: Tolerance limit is applicable only for out bound deliveries. Variation in quality parameters within the prescribed tolerance limit as above will be treated as good delivery when members/clients lift the materials from warehouse. These permissible variations shall be based on the parameters found as per the immediate preceding test certificate given by NCDEX approved assayer.

Contract Launch Calendar

Contract launch month	Contract Expiry month
April 2012	October 2012
May 2012	November 2012
June 2012	December 2012
July 2012	No Launch
August 2012	No Launch
September 2012	January 2013
October 2012	February 2013

ANNEXURE III
**Modified Contract Specifications of Sugar M Futures Contract
(Applicable for Contracts Expiring in March 2013 and thereafter)**

Type of Contract	Futures Contract	
Name of commodity	Sugar (M Grade)	
Ticker Symbol	SUGARM200	
Trading System	NCDEX Trading System	
Basis	Ex-warehouse Kolhapur inclusive of all taxes	
Unit of Trading	10 MT	
Delivery Unit	10 MT net basis packed in 50 Kgs new A Twill Bags/PP bags Also deliverable in 100 Kg new A Twill jute bags	
Maximum Order Size	500 MT	
Quotation/Base Value	Rs/quintal	
Tick Size	Re 1	
Quality Specification	Sugar in crystal form manufactured by vacuum pan method with:	
	Moisture	0.08% Max
	Polarisation	99.80% Min
	ICUMSA	> or = 150 ICUMSA and < 200 ICUMSA as determined by GS9/1/2/3-8 prescribed in Sugar Analysis ICUMSA Method Book
	Grade	M
	Grain Size	Medium as determined by the methods prescribed in IS:498-2003
	Crop Year Reference	Till December expiry contract: Production of the last crushing season is allowed in addition to current crop. From January expiry contract: Production of only current crushing season is allowed.
Quantity Variation	+/- 5%	
Delivery Center	Kolhapur (up to 100 km from city limits)	
Additional delivery centers	Belgaum, Delhi, Kolkata, Pune, Sangli and Solapur (Within a radius of 100 km from municipal limits) Location Premium/Discount as notified by the Exchange from time to time	

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Tolerance Limit – Sugar M Grade

Commodity Specifications	Basis	Acceptable quality range as per contract specification	Permissible Tolerance
Moisture	0.08% Max	-	-
Polarisation	99.80% Min	-	-
ICUMSA	> or = 150 ICUMSA and < 200 ICUMSA as determined by GS9/1/2/3-8 prescribed in Sugar Analysis ICUMSA Method Book	Sugar with ICUMSA between 100 and 150 also accepted as good delivery	+/- 25 ICUMSA
Grade	M	-	-
Grain Size	Medium as determined by the methods prescribed in IS:498-2003	-	-

Tolerance Limit – Sugar S Grade

Commodity Specifications	Basis	Acceptable quality range as per contract specification	Permissible Tolerance
Moisture	0.08% Max	-	-
Polarisation	99.80% Min	-	-
ICUMSA	> or = 100 ICUMSA and < 150 ICUMSA as determined by GS9/1/2/3-8 prescribed in Sugar Analysis ICUMSA Method Book	Sugar with ICUMSA less than 100 is acceptable as good delivery	+/- 25 ICUMSA
Grade	S	-	-
Grain Size	Small as determined by the methods prescribed in IS:498-2003	-	-

Note: Tolerance limit is applicable only for out bound deliveries. Variation in quality parameters within the prescribed tolerance limit as above will be treated as good delivery when members/clients lift the materials from warehouse. These permissible variations shall be based on the parameters found as per the immediate preceding test certificate given by NCDEX approved assayer.

Contract Launch Calendar

Contract launch month	Contract Expiry month
November 2012	March 2013
December 2012	April 2013
January 2013	May 2013
February 2013	June 2013
March 2013	July 2013
April 2013	August 2013
May 2013	September 2013
June 2013	October 2013
July 2013	November 2013
August 2013	December 2013