

NATIONAL COMMODITY & DERIVATIVES EXCHANGE LIMITED

Circular to all trading and clearing members of the Exchange

Circular No.: NCDEX/TRADING-056/2009/147

Date : May 14, 2009

Subject : Launch of Sugar S futures contracts

Trading and Clearing Members are requested to refer to circular no. NCDEX/TRADING-107/2008/252 dated November 8, 2008. The Exchange, with the approval of the Forward Markets Commission would launch futures contracts in Sugar S expiring from October 2009 and thereafter as per the launch calendar given in Annexure.

Existing contract specifications, contract launch calendar and premium/discount are provided in Annexure.

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 : Existing Contract specification for Sugar S

Type of Contract	Futures Contract Specifications												
Name of Commodity	Sugar (S Grade)												
Ticker symbol	SUGARS150												
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 kgs new A Twill jute bags												
Quotation/base value	Rs/Quintal												
Tick size	Re 1												
Quality specification	<p>Sugar in crystal form manufactured by vacuum pan method with:</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>	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>												
Quantity variation	+/- 5 %												
Delivery center	Kolhapur (up to 50 km from city limits)												

Additional delivery centres	<p>Ahmedabad, Belgaum, Chennai, Delhi, Erode, Indore, Jaipur, Kanpur, Kolkata, Muzaffarnagar, Pune, Vijaywada, Vizag, Sitapur and Gorakhpur (Upto 50 Kms of City limits)</p> <p>No location premium and discount shall be applicable.</p>
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 Saturdays: 10.00 AM to 2.00 PM</p> <p>The Exchange may vary the above timing with due notice</p>
Due date/Expiry date	<p>20th day of the delivery month</p> <p>If 20th happens to be a non-trading day, a Saturday or a Sunday then the due date shall be the immediately preceding trading day of the Exchange.</p>
Delivery specification	<p>Compulsory delivery: Upon expiry of the contracts, all open positions will be settled by taking or giving delivery as the case may be</p>
Closing of contract	<p>Upon expiry of the contract all the outstanding open position would result in compulsory delivery. 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>
Opening of contracts	<p>Trading in new contract will open on the 10th day of the month in which near month contract is due to expire. If the 10th day happens to be a non-trading day, contracts would open on the next trading day</p>
No. of Active Contracts	<p>As per Launch Calendar</p>
Price band	<p>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 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>Member-wise: 30,000 MT or 15% of market – wide open interest whichever is higher Client-wise:10,000 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 to Circular No. NCDEX/TRADING-100/2005/219 dated October 20,2005</p> <p>Near Month Limits The following limits would be applicable for one month prior to the expiry of a contract</p> <p>Member-wise: 7,500 MT or 15% of the market-wide near month open position, whichever is higher Client-wise: 2,500 MT</p>
Special margins	<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>
Premium/Discount	<p>S grade sugar with ICUMSA less than 100 is also accepted as good delivery but with no premium. Sugar with ICUMSA more than 150 shall be rejected.</p>

Tolerance Limit - Sugar-S Grade

Contract Launch Month	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 outbound 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
May 15, 2009	October 2009, November 2009
June 2009	December 2009
July 2009	January 2010
August 2009	February 2010
September 2009	March 2010
October 2009	April 2010
November 2009	May 2010
December 2009	June 2010

PREMIUM/DISCOUNT FOR DELIVERY LOCATION DIFFERENCE

Sugar S Grade (Kolhapur)	Delhi	No Premium/Discount
	Kolkata	No Premium/Discount
	Kanpur	No Premium/Discount
	Pune	No Premium/Discount
	Muzaffarnagar	No Premium/Discount
	Erode	No Premium/Discount
	Chennai	No Premium/Discount
	Belgaum	No Premium/Discount
	Vizag	No Premium/Discount
	Vijaywada	No Premium/Discount
	Indore	No Premium/Discount
	Jaipur	No Premium/Discount
	Ahmedabad	No Premium/Discount
	Sitapur	No Premium/Discount
	Gorakhpur	No Premium/Discount