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## CERTIFIED EMISSION REDUCTION (CERs) FUTURES CONTRACT

CHAPTER 1 - TRADING PARAMETERS.....	2
<b>Authority</b> .....	2
<b>Unit of Trading</b> .....	2
<b>Months Traded In</b> .....	2
<b>Tick Size</b> .....	2
<b>Basis Price</b> .....	2
<b>Unit for Price Quotation</b> .....	2
<b>Hours of Trading</b> .....	2
<b>Last Day of Trading</b> .....	2
<b>Mark to Market</b> .....	2
<b>Position limits</b> .....	3
<b>Margin Requirements</b> .....	3
<b>Special Margin</b> .....	3
<b>Pre-Expiry Additional Margin</b> .....	3
<b>Delivery Margins</b> .....	3
<b>Penalty for default</b> .....	3
<b>Arbitration</b> .....	3
CHAPTER 2 - DELIVERY PROCEDURES.....	4
<b>Unit of Delivery</b> .....	4
<b>Delivery Size</b> .....	4
<b>Delivery of CERs</b> .....	4
<b>Delivery Process</b> .....	4
<b>Closing of contract</b> .....	10
<b>Quality Standards</b> .....	11
<b>Good / Bad delivery Norms</b> .....	11
<b>Duties &amp; levies</b> .....	11
<b>Taxes</b> .....	11
CHAPTER 3 - CLEARING AND SETTLEMENT.....	12
<b>Daily Settlement</b> .....	12
<b>Daily Settlement Prices</b> .....	12
<b>Final Settlement Prices</b> .....	12
<b>Price Polling and dissemination</b> .....	12
<b>Pay in and Pay out for Daily Settlement / Final Settlement</b> .....	12
<b>Pay in and Pay out for final physical settlement</b> .....	13
Annexure I : Contract Specifications.....	..14

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## CHAPTER 1 - TRADING PARAMETERS

### Authority

Trading of CER (Certified Emission Reduction) 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 Markets Commission (FMC) issued from time to time. A specimen of CER Futures contract is indicated in **Exhibit 1**.

### Unit of Trading

The unit of trading for CER Futures shall be one lot of 500 CERs. Bids and offers will be accepted in lots of 500 CERs each or multiples thereof.

### Months Traded In

Trading in CER Futures may be conducted in the months as specified by the Exchange from time to time. The trading and delivery calendar will be declared before start of each contract subject to change / declaration of trading / delivery holidays by the Exchange or by the Forward Markets Commission from time to time. Tentative trading and delivery schedule for the December 2008 CER futures contract is as under:

<b>Date of commencement of trading</b>	<b>10 April 2008</b>
<b>Last trading day:</b>	<b>10 December 2008</b>
<b>Last delivery day:</b>	<b>17 December 2008</b>

### Tick Size

The tick size of the price of CER futures contract shall be Re. 0.20

### Basis Price

The basis price of CER Futures shall be ex-Mumbai, exclusive of taxes, levies and duties.

### Unit for Price Quotation

The unit of Price quotation for CER Futures shall be in Rupees per CER.

### Hours of Trading

The hours of trading in CER Futures shall be as follows:

- Mondays through Fridays - 10 a.m. to 11.30 p.m. (10 a.m. to 11.55 p.m. during US day light saving period)
- Saturdays - 10 a.m. to 02.00 p.m.

Or as determined by the Exchange from time to time. All timings are as per Indian Standard Timings (IST)

### Last Day of Trading

Last day of trading shall be 10<sup>th</sup> calendar day of contract month, if 10<sup>th</sup> happens to be a holiday or a Saturday, then the Last Trading Day will be immediate preceding trading day of the Exchange.

### Mark to Market

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

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### **Position limits**

Member level: Maximum 66000 lots of 500 CERs each or 15% of the market wide open position whichever is higher

Client level: Maximum 11000 lots of 500 CERs each .

The above limits will not apply to bonafied hedgers. For bonafide 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

### **Margin Requirements**

NCDEX will use Value at Risk (VaR) based margin calculated at 99.95% confidence interval for one day time horizon. NCDEX reserves the right to change, reduce or levy any additional margins including any mark up margin.

### **Special Margin**

In case of additional volatility a special margin at such percentage as deemed fit will be imposed by way of addition to the normal margins, in respect of outstanding positions, either on the buy or sell side which ever way the movement happens. The special margin will remain in force as long as volatility exists, after which the special margin may be relaxed.

### **Pre-Expiry Additional Margin**

There will be an additional margin of 3% imposed for the last 5 trading days, including the expiry date of the CER Futures contract. The additional margin will be added to the normal exposure margin and will be increased by 3% everyday for the last 5 trading days of the contract.

### **Delivery Margins**

In case of open positions materializing into physical delivery, delivery margins as may be determined by the Exchange from time to time will be charged. 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).

### **Penalty for default**

The Exchange may impose such penalties as may be decided from time to time for failure to give or take delivery. The penalty structure for failure to meet delivery obligations will be as per Circular no. NCDEX/TRADING-091/2007/235 dated October 4, 2007 The Exchange will have right to change the penalty structure.

### **Arbitration**

Disputes between the members of the Exchange 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 the Exchange.

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## CHAPTER 2 - DELIVERY PROCEDURES

### Unit of Delivery

The unit of delivery for CER Futures shall be 1 lot of 500 CERs each.

Certified Emission Reduction (CERs) is a unit pursuant to Article 12 of the Kyoto Protocol or its successor agreements or decisions under United Nations Framework Convention on Climate Change and requirements there under, as well as the relevant provisions in the CDM modalities and procedures. Each Unit of CER is equal to one metric tonne of carbon dioxide equivalent, calculated using global warming potentials defined by decision 2/CP.3 or as subsequently revised in accordance with Article 5 of the Kyoto Protocol or its successor agreements or decisions under United Nations Framework Convention on Climate Change.

### Delivery Size

Delivery is to be offered and accepted in lots of 500 CERs for multiples thereof. Quantity variation of +/-250 CERs will be acceptable.

### Delivery of CERs

- a) Seller shall, through its Member, submit the documents to the Exchange for transmission to the Buyer, containing "additional requirement /information" as required by the Buyer for facilitating transfer of CERs from the Seller's holding account in Initiating Registry to the buyer's holding account in the Acquiring Registry

AND

- b) Buyer shall, through its Member, submit the documents to the Exchange for onward transmission to the Seller, with compulsory information required by the Seller for facilitating transfer of CERs from the Seller's holding account in Initiating Registry to the buyer's holding account in the Acquiring Registry

AND

- c) Seller and the buyer submit all documents pertaining to "Post Expiry Formalities / compulsory information" as prescribed by the Exchange and as modified by the Exchange from time to time.

The Exchange reserves the right to modify the definition and procedure of delivery from time to time in the interest of the market participants and as per trade practice or as per directives of the Forward Markets Commission, if any.

### Delivery Process

The exchange reserves the right change the delivery procedure in the interest of the market participants after approval of the Forward Market Commission.

On or before **10 DAYS PRIOR TO EXPIRY** of the relevant CER futures contract,

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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.

1. Buyers, with long open position, will inform through the Exchange the sellers, with short position, without divulging the identity of buyers, the following “additional requirement / information”, on the Exchange System regarding
  - a. Requirements of the Acquiring Registry (national / regional / CDM registry) and compliance system thereof where the CERs are intended to be transferred.
  - b. Format of irrevocable and irreversible commitment for effecting transfer of CERs to the buyer.
  - c. Format of valid Transfer Request (as per the requirements of Acquiring Registries) for transfer of CERs to the buyer’s holding account in the Acquiring Registry.
  - d. Any other condition of sale and transfer of CERs and the format in which the information is required to be submitted by the Seller such as type of CERs etc.
2. Any such request for additional requirement / information will be made through courier or fax to the Exchange or the agency nominated by the Exchange for the purpose and will be considered at the discretion of the Exchange.
3. Exchange will not be held responsible for non-receipt of above request.
4. Each buyer who seeks “additional requirement / information”, will be given a Buyer Unique Identity Number (BUIN) by the Exchange. Above request for additional requirement/ information will be displayed on the Exchange front end (NCFE) against each BUIN.
5. Members of the Exchange will be able to access the “additional requirements /information” sought by specific BUIN by accessing the link provided on the Exchange’s front end.
6. Prospective buyers will ensure that they have a relevant active holding account in the Acquiring Registry for receipt of transfer of CERs.

**BETWEEN 5 AND 3 BUSINESS DAYS PRIOR TO THE EXPIRY** of the relevant CER futures contract,

1. Sellers will give their intention for delivery through courier or fax with the following information to the Exchange on the letter head of the respective Seller Member:
  - a. Clearing Member ID
  - b. Seller Client ID
  - c. Seller Name, Address, telephone and email ID
  - d. Contract Expiry date
  - e. Clean Development Mechanism (CDM) Executive Board (EB) reference number for identification of the project.
  - f. Technical information of the project: [http://cdm.unfccc.int/projects/db/does....](http://cdm.unfccc.int/projects/db/does...) link
  - g. Name of host country

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- h. Host country approval [Copy of Designated National Authority (DNA) approval]
- i. List of project participants
- j. Name and address of the Focal Point
- k. Project type

S.No.	Registry name	Registry holding account number of the Seller	Type of account (Temporary/permanent etc.)	Year of Issue of CERs for delivery	Number of CERs for delivery under the contract	Identification numbers of CERs for delivery

2. Sellers will inform through the Exchange the buyers, without divulging the identity of seller, following “additional requirement / information”, on the Exchange System regarding
  - a. Requirements of the Initiating Registry (national / regional / CDM registry) and compliance system from where the CERs are intended to be transferred.
  - b. Any other condition of sale and transfer of CERs (e.g. time limit for final transfer) and format in which the information is required to be submitted by the Buyer.
  - c. Format of the agreement, if required, to be signed between the Buyer and the Seller of CERs
3. Each Seller who seeks “additional requirement / information”, will be given a Seller Unique Identity Number (SUIN) by the Exchange. Above request for additional requirement/ information will be displayed on the Exchange front end (NCFE) against each SUIN.
4. Any such request for additional requirement / information will be made through courier or fax to the Exchange or the agency nominated by the Exchange for the purpose and will be considered at the discretion of the Exchange.
5. Exchange will not be held responsible for non-receipt of above request.
6. Members of the Exchange will be able to access the “additional requirements /information” sought by specific SUIN by accessing the link provided on the Exchange’s front end.
7. Following information will be made available to the Members of the Exchange against each SUIN, on the Exchange front end.
  - a. Project type
  - b. Host country

Number	of	Year	of	Name of the	Type	of	Remark
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CERs for sale	issuance CERs	of	registry	account (Temporary/ permanent etc.)	

8. Each Seller, who intends to give delivery, may submit additional information as sought by the Buyer Clearing Members through the Exchange by fax or courier before expiry of the contract.
9. Based on the additional information sought by each Buyer (BUIN), the Seller Clearing Member will submit to the Exchange in respect of each Seller client who intends to give delivery, the list of Buyers (BUINs) whose requirements for compliance post-expiry the respective Seller will not be able to fulfill. Upon receipt of such request, such BUIN will not be matched with the Seller by the Exchange.

**FROM 2 DAYS PRIOR TO EXPIRY**

The Buyer Clearing Member with the long open position can give their written intention to take delivery by courier or fax with the following information to the Exchange on the letter head of the Buyer Clearing Member.

- a. TCM ID
- b. Buyer Client ID
- c. Buyer Name, Address, Telephone and Email ID
- d. Contract Expiry date
- e. Name of buyer country
- f. Name of the Acquiring Registry if available
- g. Number of CERs to be taken delivery

The Buyer TCM will record for each Buyer client who intends to take delivery, the list of projects which they do not intent to consider for buying CERs. The Buyer Clearing Member will, based on the additional information sought by each SUIN through the Exchange front end, give a list of SUINs whose requirement the Buyer will not be able to fulfill within 5 days after the expiry of the contract. Such SUIN will not be matched with such Buyer on the Exchange system.

**AT EXPIRY**

The Exchange will match the intention of the Buyers and Sellers and will allocate CERs for delivery. The actual delivery will be effected to the extent of such matched quantity and all unmatched quantities will be closed out at the Final Settlement Price as at the expiry of the contract.

**EXPIRY + 1 DAY**

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If the Expiry Date is E then, Pay-in and Pay-out for unmatched intentions would happen on E+1 day. If such E+1 day happens to be a Saturday, a Sunday or a holiday at the Exchange or Clearing Banks, Pay-in would be effected on the next working day.

Buyers and Sellers through their respective Clearing Members will pay "Document Handling Charges" of Rs.50 per lot of CERs by way of a Demand Draft made in favour of the agency identified by the Exchange.

**E+1 DAY TO E+4 DAY**

The seller and the buyer Clearing Members will submit required documents and complete "Post Expiry Formalities" as laid down by the Exchange which are currently as under:

The requirement / information sought by the Buyer in the required formats will have to be submitted by the Seller, through his Member, to the Exchange for onward transmission to the Buyer, through the Buyer Member upon allocation of their CERs.

The requirement / information sought by the Seller in the required formats will have to be submitted by Buyer, through his Member, to the Exchange for onward transmission to the Seller, through the Seller Member upon allocation of CERs to the Buyer after the expiry of the contract.

**Responsibility of Seller (Post Expiry Formalities – Compulsory Requirement)**

1. Give an undertaking that
  - a) CERs under consideration are free and clear of all lien, security interests, interests, claims and encumbrances.
  - b) Seller has complied with the rules and regulations of the Initiating Registry and country and that there is no pending dues payable to the Initiating Registry.
  - c) the Seller has conducted its affairs in a manner that would not give a reason for Initiating Registry or relevant authority to reject, refuse or cancel the Request for Transfer of CERs in part or whole, suspend or restrict the sellers right to effect any transfer and will continue to do so till the CERs are transferred to the Acquiring Registry.
  - d) Seller holds an account in the Initiating registry which is without any limitation or restriction for transfer of CERs and this account will be maintained properly till the CERs are transferred to the Acquiring Registry.
  - e) Seller has maintained communication links with the Initiating Registry and this link will be maintained in order till the CERs are transferred to the Acquiring Registry
  - f) Seller will maintain authorization for transfer till the time the CERs are transferred in the Acquiring Registry
  - g) Seller shall commit to irrevocably and irreversibly to effect transfer of CERs to the buyer.
2. Submit valid Transfer Request (as per the requirements of the buyer, Initiating and Acquiring Registries) for onward submission to the Initiating Registry for transfer of CERs to the buyer's holding account in the Acquiring Registry.
3. Provide copy of the agreement between the existing Project Participants identifying Focal Point for communicating with the Executive Board and UNFCCC secretariat and, if required, also for including new buyer as a Project Participant in the Project.
4. Provide copy of the Statement of Modalities of Communication with the Executive Board and the UNFCCC secretariat.
5. Provide proof of holding and saleability of sufficient CERs of specified CER types (e.g. Communication from the Registry)

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6. Provide name and address of the legal representative along with proof of identity if any, of the Seller along with proof of authority by way of Power of Attorney to act on behalf of the Seller for CERs in question.

**Responsibility of buyer (Post Expiry formalities – Compulsory Requirement)**

1. Provide name and address of the legal representative along with proof of identity if any, of the Buyer along with proof of authority by way of Power of Attorney to act on behalf of the Buyer for CERs in question.
2. Ensure that all the documents and information submitted by the Seller are in order.
3. Give an undertaking that
  - a) Buyer has complied with the rules and regulation of the Acquiring Registry and country and there is no pending dues payable to the Acquiring Registry
  - c) Buyer has conducted its affairs in a manner that would not give a reason for Acquiring Registry or relevant authority to reject, refuse or cancel the Request for Transfer of CERs in part or whole, suspend or restrict the buyer's right to acquire any CER.
  - d) Buyer holds an account in the Acquiring registry
  - e) Buyer has maintained communication links with the Acquiring Registry

**Liability**

The failure of the Seller or Buyer to complete the formalities will be considered as "failure to meet delivery obligations" constituting a default and the defaulter(s) will be liable to pay penalty as specified by the Exchange. The decision of the Exchange will be final and binding on both Buyer and Seller as the case may be.

The Buyers and Sellers will satisfy themselves that their counterparty has completed the Post Expiry Formalities and their additional requirement/information. After the period for completion of Post Expiry Formalities, i.e, E + 4, the Exchange will not be responsible for

- a. acceptance or rejection of transfer of CERs by the respective registries
- b. performance, warranty, termination, use or non-performance of CERs;
- c. performance or non-performance of national, regional and international registries and their communication links;
- d. acts of omissions and commissions of the holders or transacting parties

**E+5 DAY**

The Pay-in from the buyer, Payout to Sellers and transfer of CERs to Buyers will happen for those CERs where the Post Expiry Formalities are completed, on the Fifth Business day (excluding Saturday, Sunday or a holiday at the Exchange, Clearing Banks) after expiry of the contract.

**AFTER FINAL SETTLEMENT (AFTER EXPIRY + 5 DAYS)**

The Exchange shall not be responsible for any direct or indirect losses and damages or failures, including towards, third parties, arising from any transaction executed through the Exchange system, or the impossibility of their execution or for timing and convenience of such execution.

The Buyers and Sellers shall be solely responsible for completion of their respective obligations arising out of trades on the Exchange platform. Some of the responsibilities of the Sellers and Buyers are listed below for reference of all participants.

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### Responsibility of Seller

#### The Seller shall,

1. Provide all necessary documents as requested by the buyer and provide assistance for
  - o orderly transfer of CERs to the buyer's holding account in the Acquiring Registry
  - o facilitating approval of buyer's Participation in the Project under consideration by the Designated National Authority / Registry/ National Government of the buyer as per the rules and regulation of CDM, Regional Trading Scheme and Acquiring Country / Registry.
2. Be responsible for all actions of Authorized Representative acting on behalf of the seller with regard to the CER contract.
3. Be responsible for timely performance of Seller's obligations under the contract.
4. Meet all costs of the Initiating Registry and obligation of transfer of CERs thereunder.
5. Pay all costs/charges associated with failure or delay of execution of Transfer Request that may be attributed to the Seller.
6. Pay all taxes, levies and duties as applicable on the Seller.
7. Comply with all terms and conditions given in the undertaking at the time of taking delivery of CERs.

### Responsibility of Buyer

#### The Buyer shall,

1. Ensure that all rules and regulation of the Acquiring country/regional/ international trading systems and/or their respective registries are complied.
2. Obtain letter of approval from the Acquiring country.
3. Ensure that there is no pending dues payable to the Acquiring Registry
4. Ensure that the CERs are transferred to the credit of the buyer in the Acquiring Registry and communicate directly with the seller if any additional assistance or support for orderly transfer is required.
5. Conducted itself in a manner that would not give reasons for Acquiring Registry or relevant authority to reject, refuse or cancel the Request for Transfer of CERs in part or whole or suspend or restrict the buyer's right to acquire or effect any transfer of CERs.
6. Maintain a holding account in the Acquiring Registry which is without any limitation or restriction for transfer of CERs.
7. Maintain adequate and proper communication links with the Acquiring Registry.
8. Be responsible for timely performance of its obligations under the contract.
9. Meet all costs of the Acquiring Registry pertaining to the acquisition of CERs.
10. Pay costs/charges if any, associated with failure or delay in the execution of transfer request that may be attributed to the buyer.
11. Pay all taxes, levies and duties as applicable on the buyer.

### Closing of contract

All open positions for which delivery intention have not been received or for which delivery intention have been rendered but remain unmatched for want of counterparty to settle delivery, will be closed out and cash settled at the Final Settlement Price announced by the Exchange.

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### **Quality Standards**

The contract quality for delivery of CERs contracted under NCDEX trade Regulations shall be Certified Emission Reduction (CERs) as a unit pursuant to Article 12 and requirements there under, as well as the relevant provisions in the CDM modalities and procedures and is equal to one metric tonne of carbon dioxide equivalent, calculated using global warming potentials defined by decision 2/CP.3 or as subsequently revised in accordance with Article 5 of the Kyoto Protocol or its successor agreements or decisions under United Nations Framework Convention on Climate Change.

### **Good / Bad delivery Norms**

CER not conforming to the quality standards and / or when the sellers or buyers fail to meet their post-expiry obligations will be treated as bad delivery.

### **Duties, Levies, and Charges**

All duties, levies and charges if applicable, will be borne by the seller or the Buyer as per the applicable law / rules and shall be paid to the concerned authority.

### **Taxes**

#### **Service tax**

Service tax will be payable by the members of Commodity Exchanges on the gross amount charged by them from their clients on account of dealing in CERs on the exchange platform as per applicable law.

#### **Sales Tax / VAT**

Local taxes/ VAT wherever applicable is to be paid by the seller to the sales tax/VAT authorities concerned on all contracts resulting in delivery. Accordingly the buyer will have to pay the taxes/VAT to the seller at the time of settlement. Members and / or their constituents requiring to receive or deliver CERs should register with the relevant tax/VAT authorities of the place where the delivery is proposed to be received / given. In the event of sales tax exemption, such exemption certificate should be submitted before settlement of the obligation.

## CHAPTER 3 - CLEARING AND SETTLEMENT

### Daily Settlement

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

### Daily Settlement Prices

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

### Final Settlement Prices

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

The Exchange proposes to do price polling for the guaranteed deliverable CERs for the corresponding contract expiry date from the national and international sources to decide the Final Settlement Price. International polled prices will be converted into Indian Rupee equivalent on the basis of exchange rate as notified by the Reserve Bank of India on that particular day.

All open positions for which delivery intentions have not been received or for which delivery intentions have been rendered but remain unmatched for want of counterparty to settle delivery, will be cash settled at Final Settlement Price.

### Price Polling and dissemination

The Exchange will poll and disseminate daily the prices of guaranteed deliverable CERs for the corresponding contract expiry date. The price will be polled from a set of market participants representing different segments of the value chain.

The polled prices shall be input to a normalizing algorithm (like 'bootstrapping' technique) to arrive at a representative, unbiased and clean 'benchmark' price for guaranteed deliverable CERs for the corresponding contract expiry date. 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 polled prices at any time without notice.

### Pay in and Pay out for Daily Settlement / Final Settlement

The table below illustrates timings for pay in and pay out in case of daily settlement as well as cash settled positions (where delivery does not happen) 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 for the Member would be done in the Member's Settlement Account with the Clearing bank.

Time (E+1)	Activity
On or before 11.00 hrs	PAYIN - Debit paying member a/c for funds
After 13.00 hrs	PAYOUT – Credit receiving member a/c for funds

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**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. The buyers / sellers would have to deposit requisite funds / **CERs** with their respective Clearing Member before “pay in”.

Pay in and Pay out for Final Settlement in case of physical deliveries	
<b>Time (E+5)</b>	<b>Activity</b>
On or before 11.00 hrs	<b>PAYIN</b> - Debit Buyer Member Settlement a/c for funds - Debit Seller Member’s CM Pool Account for CER Futures
After 13.00 hrs	<b>PAYOUT</b> - Credit Seller Member Settlement a/c for funds - Credit Buyer Member’s CM Pool Account for CER Futures

Additionally the supplemental settlements for CER Futures contracts for close out for shortages, will also 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	
<b>Time (E + 5)</b>	<b>Activity</b>
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 Taxes**

The Exchange will conduct a separate supplementary settlement, if required, as illustrated below, two days after normal pay out for completion of 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 15.00 noon on E+7 day.

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

Pay in and Pay out for Taxes	
<b>Time (E + 8)</b>	<b>Activity</b>
On or before 11.00 hours	PAY IN: Debit Buyer Member Settlement a/c for funds.
After 15.00 hours	PAY OUT: Credit Seller Member Settlement a/c for funds

Exhibit 1 – CONTRACT SPECIFICATIONS OF CARBON CREDIT (CER) FUTURES

**Futures Contract Specifications**

<b>Type of Contract</b>	Futures Contract Specifications for Certified Emission Reduction Units (CERs)
<b>Name of Commodity</b>	Certified Emission Reduction (CER) – Carbon Credits
<b>Ticker symbol</b>	CERNCDX
<b>Trading System</b>	NCDEX Trading System
<b>Basis</b>	Mumbai (NCDEX) - Exclusive of all Taxes, Levies and Duties
<b>Unit of trading</b>	One lot of 500 CERs (Carbon Credits)
<b>Delivery unit</b>	One lot of 500 CERs (carbon Credits)
<b>Quotation/base value</b>	Rs. per CER
<b>Tick size</b>	Rs. 0.20
<b>Quality specification</b>	Certified Emission Reduction (CERs) is a unit pursuant to Article 12 and requirements there under, as well as the relevant provisions in the CDM modalities and procedures and is equal to one metric tonne of carbon dioxide equivalent, calculated using global warming potentials defined by decision 2/CP.3 or as subsequently revised in accordance with Article 5 of the Kyoto Protocol or its successor agreements or decisions under United Nations Framework Convention on Climate Change.
<b>Quantity variation</b>	Up to +/- 250 CERs
<b>Delivery center</b>	At notified delivery centre at MUMBAI
<b>Hours of Trading</b>	As per directions of the Forward Markets Commission from time to time. Currently,
	Mondays through Fridays:
	10:00 a.m. to 11:30 p.m.
	10:00 a.m. to 11:55 p.m. (during US day light saving period)
	Saturdays: 10:00 a.m. to 2:00 p.m.
	The Exchange may vary the above timing with due notice

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.

<b>Opening of contract</b>	Initially, only December 2008 contract will be launched. Intermediate or subsequent contracts may be launched with the permission of the Forward Markets Commission.
<b>Closing of contract</b>	All open positions for which delivery intentions have not been received or for which delivery intentions have been rendered but remain unmatched for want of counterparty to settle delivery, will be cash settled at Final Settlement Price.
<b>Maximum price fluctuation</b>	The daily price limit will be 6% and will be raised to 9% after a 15-minute cooling period if the price limit of 6% is reached.
<b>Position limits</b>	Member level limit: 66000 lots or 15% of market wide open position which ever is higher
	Client: overall 11000 lots
	The above limits will not apply to bona fide hedgers.
<b>Initial margin</b>	6%
<b>Special margins</b>	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.
<b>Due date/Expiry of contract</b>	10th day of the delivery month. If 10th day happens to be a Saturday, Sunday or Holiday, then the due date shall be the immediately preceding trading day of the Exchange

<b>Delivery logic</b>	Both options
<b>10 days prior to expiry</b>	Buyer Clearing Members with open long position may seek any specific additional requirement/information from Seller Clearing Member through the Exchange system. Any such request for additional information will be considered at the discretion of the Exchange and any information made available by the seller can be conveyed to all the Clearing Members with open long position subject to any terms and condition that may be imposed by the Exchange.
<b>Between 5 and 3 days prior to expiry</b>	The delivery intention can be given during three business days (excluding Saturday) from fifth business day to third business day prior to the expiry of the contract. The Clearing Member with short open position can give their intention to deliver CERs along with the "compulsory requirement / information from seller". Seller may also submit additional information as sought by the Buyer Clearing Members through Exchange system. Seller Clearing Member can also submit any special terms and conditions of sale of CER as may be permitted by the Exchange on the Exchange trading system.
<b>From 2 days prior to expiry</b>	The Buyer Clearing Member with the long open position can give their intention to take delivery and record their rejection of projects which they do not intend to consider for buying CERs.
<b>At Expiry</b>	The Exchange will match the intention of the buyers and sellers and will allocate CERs for delivery. The actual delivery will be effected to the extent of matched quantity and unmatched quantities will be closed out at the Final Settlement Price at the expiry of the contract.

<b>Expiry + 1 day</b>	If the Expiry Date is E then, Pay-in and Pay-out for unmatched intentions would happen on E+1 day. If such a E+1 day happens to be a Saturday, a Sunday or a holiday at the Exchange, clearing Banks, Pay-in would be effected on the next working day.
<b>Expiry + 5 day</b>	The seller and the buyer Clearing Members will submit required documents and complete "Post Expiry Formalities" as laid down by the Exchange. The Pay-in from the buyer, Payout to Sellers and transfer of CERs to Buyers will happen for those CERs where the formalities are completed, on Fifth Business day (excluding Saturday, Sunday or a holiday at the Exchange, Clearing Banks) after expiry of the contract. The failure of the Seller or Buyer to complete the formalities will be considered as "failure to meet delivery obligations" and the defaulter(s) will be liable to pay penalty as specified by the Exchange. The decision of the Exchange will be final and binding on both Buyer and Seller Clearing Member and their clients as the case may be.
<b>Pay-in and Pay-out</b>	Schedule for pay-in and pay-out will be declared by the Exchange from time to time.
<b>Penalty structure</b>	The penalty structure for failure to meet delivery obligations will be as per Circular no. NCDEX/TRADING-091/2007/235 dated October 4, 2007 The Exchange will have right to change the penalty structure.
<b>Change of Delivery Structure</b>	The Exchange reserves the right to change the delivery procedure in the interest of the market participants after approval of the Forward Markets Commission.
<b>Final Settlement Price</b>	The Exchange proposes to do price polling for the guaranteed deliverable CERs for the corresponding contract expiry date from the national and international sources to decide the Final Settlement Price. International polled prices will be converted into India Rupee equivalent on the basis of Exchange rate as notified by the Reserve Bank of India on that particular day