

NATIONAL COMMODITY & DERIVATIVES EXCHANGE LIMITED

Circular to all trading and clearing members of the Exchange

Circular No.: NCDEX/TRADING-002/2010/003

Date : January 04, 2010

Subject : Modifications in Contract Specifications of Potato Futures Contract

Trading and Clearing Members are requested to note that the Exchange, with the approval of the Forward Markets Commission, has made modifications in the contract specifications of Potato Futures contract.

Summary of modifications for contracts expiring from **March 2010** onwards is given in Annexure I, existing contract specification is given in Annexure II, modified contract specifications applicable for **March 2010** expiry and thereafter is given in Annexure III and launch calendar is given in Annexure IV. The location premium/discount for additional delivery centres is given as Annexure V.

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

1. Mr. Prashant Reddy – on Phone 011-66114814
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Annexure I – Summary of Modifications

Parameters	Potato Specification for existing contracts	Potato Specifications for contracts expiring from March 2010 onwards						
Basis	Ex-warehouse Agra gross weight inclusive of all local taxes and levies	Ex-warehouse Agra gross weight exclusive of all local taxes, fees (i.e mandi fees), levies.etc						
Quality Specification	Dull, Skin blemishes, Cut , Crack (cut and cracked not exceeding 3% max), Sprouted (Sprouted content not exceeding 1% max and Sprout length more than 2 mm only to be considered as Sprouted), Black scars and Green Potatoes-15% basis	Dull, Skin blemishes, Cut , Crack (cut and cracked not exceeding 5% max), Sprouted (Sprouted content not exceeding 1% max and Sprout length more than 2 mm only to be considered as Sprouted), Black scars and Green Potatoes-15% basis						
Delivery Unit	15 MT packed in jute bags of 51 kgs gross weight basis with tare weight of the bags being minimum 650 gms	15 MT						
Additional Delivery Centre	Delhi and Hapur (For all the centers up to the radius of 50 kms from the municipal limits. All additional delivery centers are at par to the basis center	Indore and Vadodara(For all centers upto the radius of 50 kms from the municipal limits) with locational Premium/Discount as announced by Exchange before launch of the contract						
Types of potato deliverable	No such parameter	<table border="1"> <tbody> <tr> <td>Agra</td> <td>3797</td> </tr> <tr> <td>Indore</td> <td>Jyoti and Laukar</td> </tr> <tr> <td>Vadodara</td> <td>Badshah and Laukar</td> </tr> </tbody> </table>	Agra	3797	Indore	Jyoti and Laukar	Vadodara	Badshah and Laukar
Agra	3797							
Indore	Jyoti and Laukar							
Vadodara	Badshah and Laukar							

Annexure II – Existing Contract Specification

Type of Contract	Futures Contract Specifications	
Name of Commodity	Potatoes Fair Average Quality	
Ticker symbol	POTATO	
Trading System	NCDEX Trading System	
Basis	Ex-warehouse Agra gross weight inclusive of all local taxes and levies.	
Unit of trading	15 MT	
Delivery unit	15 MT packed in jute bags of 51 kgs gross weight basis with tare weight of the bags being minimum 650 gms	
Quotation/base value	Rs per quintal	
Tick size	10 paisa	
Quality specification	Potato as per following specification shall be acceptable for physical delivery	
	Width Size (potato width size by one dimension or the other) Less than 35 mm -10% Max More than 80 mm -15% Max	
	Dull, Skin blemishes, Cut , Crack (cut and cracked not exceeding 3% max), Sprouted (Sprouted content not exceeding 1% max and Sprout length more than 2 mm only to be considered as Sprouted), Black scars and Green Potatoes	15% basis
	Soil (kgs per bag)	1 kgs Max per 51 Kgs bag
The potatoes should be firm and the skin should be mature and thick. The potatoes should be free from disease.		
Quantity variation	+/-10%	
Delivery center	Agra (within a radius of 50 km from the municipal limits)	
Additional delivery centers	Delhi and Hapur (For all the centers up to the radius of 50 kms from the municipal limits)	

Hours of Trading	<p>As per directions of the Forward Markets Commission from time to time, currently -</p> <p>Mondays through Friday - 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>
Delivery specification	<p>Upon expiry of the contract, all outstanding open positions would result in compulsory delivery.</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>
Delivery Logic	Compulsory Delivery
Opening of contracts	Trading in a new month contract will open on the 10th day of the month in which the 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
Closing of contract	Upon the expiry of contract all the outstanding open position would result in compulsory delivery
Due date/Expiry date	<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, which is not a Saturday</p>
No. of active contracts	As per launch calendar
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.</p> <p>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	For Members - Maximum up to 45,000 MT or 15% of market-wide open interest

	<p>whichever is higher.</p> <p>For clients - Maximum up to 15,000 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>For near month contracts: The following limits would be applicable from twenty eight days prior to expiry date of a contract Member: Maximum up to 9,000 MT or 15% of the market-wide near month open position, whichever is higher Client: Maximum up to 3,000 MT</p>
Special margins	<p>In case of additional volatility, a special margin at such 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>
Premium/Discount	<p>Location Premium/Discount All additional delivery centers are at par to the basis center</p>

Tolerance limit of Commodity: POTATO

Commodity Specifications	Basis	Acceptable quality range as per contract specification	Permissible Tolerance
Width Size (potato width size by one dimension or the other)	Less than 35 mm - 10% Max		
	More than 80 mm - 15% Max		
Dull, Skin blemishes, Cut, Crack (cut and cracked not exceeding 3% max), Sprouted (Sprouted content not exceeding 1% max and Sprout length more than 2 mm only to be considered as Sprouted), Black scars and Green Potatoes	15% max		+/-0.50%
Soil (kgs per bag)	1 kgs Max per 51 Kgs bag		

Annexure III – Modified Contract Specifications (applicable for contracts expiring in March 2010 and thereafter)

Type of Contract	Futures Contract Specifications	
Name of Commodity	Potatoes Fair Average Quality	
Ticker symbol	POTATO	
Trading System	NCDEX Trading System	
Basis	Ex-warehouse Agra gross weight exclusive of all local taxes - taxes, fees (i.e. mandi fee), levies etc.	
Unit of trading	15 MT	
Delivery unit	15 MT	
Quotation/base value	Rs per quintal	
Tick size	10 paisa	
Quality specification	Potato as per following specification shall be acceptable for physical delivery	
	Width Size (potato width size by one dimension or the other) Less than 35 mm -10% Max More than 80 mm -15% Max	
	Dull, Skin blemishes, Cut , Crack (cut and cracked not exceeding 5% max), Sprouted (Sprouted content not exceeding 1% max and Sprout length more than 2 mm only to be considered as Sprouted), Black scars and Green Potatoes	15% basis
	Soil (kgs per bag)	1 kgs Max per 51 Kgs bag
	The potatoes should be firm and the skin should be mature and thick. The potatoes should be free from disease.	
Quantity variation	+/-10%	
Delivery center	Agra (within a radius of 50 km from the municipal limits)	
Additional delivery centers	Indore and Vadodara (For all the centers up to the radius of 50 kms from the municipal limits) with locational Premium/Discount as announced by	

	Exchange before launch of the contract						
Types of potato deliverable	<table border="1"> <tr> <td>Agra</td> <td>3797</td> </tr> <tr> <td>Indore</td> <td>Jyoti and laukar</td> </tr> <tr> <td>Vadodara</td> <td>Badshah and Laukar</td> </tr> </table>	Agra	3797	Indore	Jyoti and laukar	Vadodara	Badshah and Laukar
	Agra	3797					
	Indore	Jyoti and laukar					
	Vadodara	Badshah and Laukar					
All varieties will be at par							
Hours of Trading	<p>As per directions of the Forward Markets Commission from time to time, currently -</p> <p>Mondays through Friday - 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>						
Delivery specification	<p>Upon expiry of the contract, all outstanding open positions would result in compulsory delivery.</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>						
Delivery Logic	Compulsory Delivery						
Opening of contracts	Trading in a new month contract will open on the 10th day of the month in which the 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						
Closing of contract	Upon the expiry of contract all the outstanding open position would result in compulsory delivery						
Due date/Expiry date	<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, which is not a Saturday</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						

	<p>during this cooling off period within the price band. Thereafter the price band would be raised by another (+ / -) 1% and trade will be resumed.</p> <p>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>For Members - Maximum up to 45,000 MT or 15% of market-wide open interest whichever is higher.</p> <p>For clients - Maximum up to 15,000 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>For near month contracts: The following limits would be applicable from twenty eight days prior to expiry date of a contract Member: Maximum up to 9,000 MT or 15% of the market-wide near month open position, whichever is higher Client: Maximum up to 3,000 MT</p>
Special margins	<p>In case of additional volatility, a special margin at such 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>

Tolerance limit of Commodity: POTATO

Commodity Specifications	Basis	Acceptable quality range as per contract specification	Permissible Tolerance
Width Size (potato width size by one dimension or the other)	Less than 35 mm -10% Max	N/A*	N/A*
	More than 80 mm -15% Max		
Dull, Skin blemishes, Cut, Crack (cut and cracked not exceeding 5% max), Sprouted (Sprouted content not exceeding 1% max and Sprout length more than 2 mm only to be considered as Sprouted), Black scars and Green Potatoes	15% max	N/A*	+/-0.50%
Soil (kgs per bag)	1 kgs Max per 51 Kgs bag	N/A*	N/A*

N/A* = Not Applicable

Annexure IV : Launch Calendar

Contract Launch Month	Contract Expiry Month
January 5, 2010	March 2010
January 5, 2010	April 2010
January 11, 2010	May 2010
February 2010	June 2010

Annexure V: Premium/Discount**Premium/Discount for delivery location difference**

Commodity (Base grade and base delivery center)	Other deliverable grade and Additional delivery center	(+) Premium/ (-) Discount
Potato (3797 at Agra)	Jyoti at Indore	+Rs. 20 / Quintal
Potato (3797 at Agra)	Laukar at Indore	+Rs. 20 / Quintal
Potato (3797 at Agra)	Badshah at Vadodra	-Rs. 20 / Quintal
Potato (3797 at Agra)	Laukar at Vadodra	-Rs. 20 / Quintal