

NATIONAL COMMODITY & DERIVATIVES EXCHANGE LIMITED

Circular to all trading and clearing members of the Exchange

Circular No : NCDEX/TRADING-081/2007/211

Date : September 03, 2007

Subject : Launch of Commodities and Contracts – Coffee (Robusta Cherry AB)

Trading and Clearing Members are hereby informed that the Exchange is pleased to launch the Coffee – Robusta Cherry AB futures contracts expiring in January 2008, March 2008, May 2008, July 2008 and September 2008 on September 10, 2007.

The contract specifications are as per Annexure 1.

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

Shrikant Subbarayan
Chief Business Officer

For any clarifications on this circular, please contact

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Annexure 1: Futures Contract specifications for Coffee – Robusta Cherry AB

Type of contract	Futures Contract Specifications		
Name of commodity	Robusta Cherry AB Coffee		
Ticker Symbol	COFFEERC		
Trading system	NCDEX Trading System		
Basis	Ex-warehouse Kushalnagar (Karnataka) exclusive of all taxes		
Unit of trading	2 MT		
Delivery unit	2 MT deliverable in sound and new jute bags containing net coffee of 60 kg		
Quotation/Base value	Rs/Kilogram		
Tick size	10 paise		
Quality specification	Robusta Cherry AB Coffee specifications:		
	Parameter	Basis	Max/Min Permissible limits
	Moisture	9% to 12%	9% min., 13% max.*
	Retention on Screen 15 (screen with round holes of 6 mm) by weight	90% and above	90% min.
	Passage through screen 14 (screen with round holes of 5.5 mm) by weight	1.5% and below	1.5% max.
	Extraneous matter by weight	0%	0.2% max.*
	Black cotyledon (full Black) beans by weight	0%	0.2% max.*
	Triage (round small beans, spotted beans, Elephant beans, Pales, Dried and Shriveled Beans, broken beans) by weight	0%	3% max.
	Pea Berry by weight	0% to 2%	5% max.*
	Insect damaged beans by weight	0%	2% max.*
*See premium and discount			

Quantity variation	+/- 5 %
Delivery centre	Kushalnagar (Karnataka) up to the radius of 50 kms from the municipal limits)
Additional delivery center	Delivery shall also be acceptable at Hassan (Karnataka), Chikmangalur (Karnataka) and Kalpetta (Kerala) up to the radius of 50 kms from the municipal limits of the respective centers at par unless otherwise notified by the Exchange before the launch of the respective contract month
Hours of Trading	<p>As per directions of the Forward Markets Commission from time to time. Currently Mondays through Fridays:</p> <p>10:00 a.m. to 11:30 p.m.</p> <p>10:00 a.m. to 11:55 p.m. (during US day light saving period)</p> <p>Saturdays: 10:00 a.m. to 2:00 p.m.</p> <p>The Exchange may vary the above timing with due notice</p>
Tender Period and Pay-in and Pay-out	<p>Tender Date -T</p> <p>Tender Period:</p> <p>Tender period would be during trading hours of 10 trading days, excluding Saturday, before the expiry of the contract including the day of expiry of the contract.</p> <p>Pay-in and Pay-out for settlement through physical delivery: on a T+7 basis. If the Tender Date is T then, pay-in and pay-out would happen on T + 7 day. If such a T + 7 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> <p>Pay-in and Pay-out for cash-settlement on expiry of the contract: on a E+1 basis. If the Expiry Date is E then, Pay-in and Pay-out 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 and Pay-out would</p>

	<p>be effected on the next working day.</p> <p>Pay-in and pay-out schedule will be declared by the exchange from time to time</p>
Due date/Expiry of contract	<p>20th day of the delivery month</p> <p>If 20th day happens to be a Saturday, Sunday or Holiday, then the due date shall be the immediately preceding trading day of the Exchange</p> <p>The Settlement of the contract would be by a staggered system where settlement through physical delivery tendered on T day would happen on the T+7th day and final settlement of the contract would happen on E+7 day. Corresponding to each delivery The supplemental settlement shall also happen on T+7 days and the settlement for taxes shall happen on T+9 days.</p>
Delivery logic	Compulsory delivery
Delivery specification	<p>Upon expiry of the contract all outstanding positions will result in delivery. A penalty of minimum 5% (of final settlement price) would be imposed on both longs and shorts if they fail to meet their delivery obligations. The exchange will have right to change the penalty structure</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 + 7 day from the delivery centre where the seller has delivered same.</p>
Closing of contract	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 +7 to the corresponding buyer matched by the process put in place by the Exchange.

	On the expiry of the contract, all the outstanding positions shall be settled by physical delivery		
Opening of contract	<p>Trading for the contracts expiring in the month of January 2008, March 2008, May 2008, July 2008 and September 2008 will open on 10th September 2007.</p> <p>Trading for subsequent contracts will open on the 10th day of month of the latest expiring contract. If the 10th day happens to be a non-trading day or Saturday the contracts would open on the next trading day</p>		
No of active contracts	Contracts expiring in the month of January, March, May, July, September will be available for trading.		
Price band	Daily price fluctuation limit is (+/-) 4%. 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 50% of the existing limit i.e. (+/-) 2% and trade will be resumed. If the price hits the revised price band (6%) 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 (+/-) 6%		
Position limits	<p>Member level limit: 11250 MT or 15% of market wide open position which ever is higher</p> <p>Client: overall 3750 MT</p> <p>The above limits will not apply to bona fide hedgers.</p> <p>Following limit will apply in the near month:</p> <p>Member level limit: 2250 MT</p> <p>Client level 750 MT</p>		
Premium/Discounts	<p>a) Moisture content of 12.01% to 13% shall be discounted as under:</p> <table border="1" data-bbox="571 1742 1379 1795"> <tr> <td>Moisture content</td> <td>Discount on weight of coffee</td> </tr> </table>	Moisture content	Discount on weight of coffee
Moisture content	Discount on weight of coffee		

12.01% to 12.50%	0.5%
12.51% to 13%	1%

b) Extraneous Matter content upto 0.2% by weight shall be discounted as under

Extraneous matter	Discount on weight of coffee
0.01% to 0.1%	0.1%
0.11% to 0.2%	0.2%

c) Pea Berry content of 2.01% to 5% by weight shall be discounted at Rs. 2 per kg as under:

Actual content of Pea Berry	Discounted content of Pea Berry	Reduction in the value of coffee
2.01% to 3%	1%	Rs. 2 multiplied by the discounted content of Pea Berry by weight in Kilograms
3.01% to 4%	2%	
4.01% to 5%	3%	

d) Brown Beans and Partially Black Beans content up to 2.5% by weight shall be discounted at Rs. 4 per kg as under:

Actual content of Brown Beans/Partially Black Beans	Discounted content of Brown/Partially Black Beans	Reduction in the value of coffee
0.01% to 1%	1%	Rs. 4 multiplied by the discounted content of Brown Beans/Partially Black Beans by weight in Kilograms
1.01% to 2%	2%	
2.01% to 2.5%	2.5%	

e) Black Cotyledons (full black) Beans content up to 0.2% by weight shall at a discounted at Rs. 5 per kg as under:

Actual content of Full Black Beans	Discounted content of Full Black Beans	Reduction in the value of coffee
0.01% to 0.1%	0.1%	Rs. 5 multiplied by

		Beans by weight in Kilograms								
<p>f) Coffee with insect damaged beans will be discounted at Rs 2 Per Kg of coffee delivered. Further discount of Rs. 4 per kg of insect damaged beans shall be applied as under:</p> <table border="1"> <tr> <th>Actual content of Insect Damaged Beans</th><th>Discounted content of Insect Damaged Beans</th><th>Reduction in the value of coffee</th></tr> <tr> <td>0.01% to 1%</td><td>1%</td><td rowspan="2">Rs. 4 multiplied by the discounted content of Insect Damaged Beans by weight in Kilograms</td></tr> <tr> <td>1.01% to 2%</td><td>2%</td></tr> </table>			Actual content of Insect Damaged Beans	Discounted content of Insect Damaged Beans	Reduction in the value of coffee	0.01% to 1%	1%	Rs. 4 multiplied by the discounted content of Insect Damaged Beans by weight in Kilograms	1.01% to 2%	2%
Actual content of Insect Damaged Beans	Discounted content of Insect Damaged Beans	Reduction in the value of coffee								
0.01% to 1%	1%	Rs. 4 multiplied by the discounted content of Insect Damaged Beans by weight in Kilograms								
1.01% to 2%	2%									
Special margins	<p>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.</p>									
Allotment of Deliveries	<p>Procedure should be in FIFO</p>									

Annexure 2
Launch Calendar for NCDEX – Coffee – Robusta Cherry AB Futures Contract

Contract Month	First Trading Day	First Notice Day / First Tender day	Last Notice Day/ last Trading Day	First Delivery Day	Last Delivery Day
Jan-08	10-Sept 2007	7-Jan-08	18-Jan-08	16-Jan-08	29-Jan-08
Mar-08	10/Sept/2007	7-Mar-08	20-Mar-08	18-Mar-08	31-Mar-08
May-08	10-Sept 2007	7-May-08	20-May-08	16-May-08	29-May-08
Jul-08	10-Sept 2007	7-Jul-08	18-Jul-08	16-Jul-08	29-Jul-08
Sep-08	10-Sept 2007	8-Sep-08	19-Sep-08	17-Sep-08	30-Sep-08

Please note that changes in dates for first notice day/ last trading day/ first delivery day and last delivery day are possible subject to announcement of trading /delivery holidays by NCDEX for 2008.