
NATIONAL COMMODITY & DERIVATIVES EXCHANGE LIMITED

Circular to all trading and clearing members of the Exchange

Circular No.: NCDEX/TRADING-037/2008/084

Date : April 9, 2008

Subject : Modification in contract specifications – Robusta Cherry AB Coffee

The trading and clearing members are hereby informed that the Exchange has made modifications in the contract specifications of Coffee Robusta. These modifications would be applicable for the all contracts expiring in May 2008 and thereafter.

The salient features of the modifications are as under:

Parameter	Existing Specification	Modified Specification
Tick size	10 Paise	5 Paise

Modified contract specifications for Coffee Robusta are enclosed as **Annexure 1**.

Contract launch calendar is enclosed as **Annexure 2**.

For and on behalf of

National Commodity & Derivatives Exchange Limited

Unupom Kausik
Chief Business Officer

For further information / clarifications, please contact

1. Mr. Sudeep Rathee - on Phone 011 66114812
2. Customer Service Group by E-mail to: askus@ncdex.com

Annexure 1: Contract specification for Coffee Robusta Cherry AB futures contract (Applicable for contracts expiring in May 2008 and thereafter)

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	5 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	0%	2% max.*

	weight		
	Brown Beans and Partially Black Beans by weight	0%	2.5% max.*
	*See premium and discount		
Quantity variation	+/- 5 %		
Delivery center	Kushalnagar (Karnataka) up to the radius of 50 kms from the municipal limits)		
Additional delivery centres	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,</p> <p>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.</p> <p>The Exchange may vary the above timing with due notice</p>		
Tender Period and Pay-in and Pay-out	<p><u>Tender Date -T</u> <u>Tender Period:</u> 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, payin 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</p>		

	<p>and Pay-out would 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 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. 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.</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	<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 + 7 to the corresponding buyer matched by the process put in place by the Exchange.</p> <p>On the expiry of the contract, all the outstanding positions shall be settled by physical delivery</p>
Opening of contract	Trading for December 2008 and March 2009 contract will open on 10 th April 2008 and thereafter, trading for 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 the contracts would open on the next trading day

No of active contracts	Contracts expiring in the month of March, May, July, September and December will be available for trading.																				
Price band	Daily price fluctuation limit is (+/-) 2%. 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 (+/-) 2% 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%																				
Position limits	<p>Member level limit: 2250 MT or 15% of market wide open position which ever is higher</p> <p>Client: overall 750 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>Following limit will apply in the near month:</p> <p>Member level limit: 450 MT</p> <p>Client level: 150 MT</p>																				
Premium/Discounts	<p>a) Moisture content of 12.01% to 13% shall be discounted as under:</p> <table><tr><td>Moisture content</td><td>Discount on weight of coffee</td></tr><tr><td>12.01% to 12.50%</td><td>0.5%</td></tr><tr><td>12.51% to 13%</td><td>1%</td></tr></table> <p>b) Extraneous Matter content upto 0.2% by weight shall be discounted as under</p> <table><tr><td>Extraneous matter</td><td>Discount on weight of coffee</td></tr><tr><td>0.01% to 0.1%</td><td>0.1%</td></tr><tr><td>0.11% to 0.2%</td><td>0.2%</td></tr></table> <p>c) Pea Berry content of 2.01% to 5% by weight shall be discounted at Rs. 2 per kg as under:</p> <table><tr><td>Actual content of</td><td>Discounted content of Pea</td><td>Reduction in the value of coffee</td></tr><tr><td></td><td></td><td></td></tr></table>			Moisture content	Discount on weight of coffee	12.01% to 12.50%	0.5%	12.51% to 13%	1%	Extraneous matter	Discount on weight of coffee	0.01% to 0.1%	0.1%	0.11% to 0.2%	0.2%	Actual content of	Discounted content of Pea	Reduction in the value of coffee			
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Actual content of	Discounted content of Pea	Reduction in the value of coffee																			

Pea Berry	Berry	
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 the discounted content of Full Black Beans by weight in Kilograms
0.11% to 0.2%	0.2%	

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:

Actual content of	Discounted content of	Reduction in the value of coffee
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	Insect Damaged Beans	Insect Damaged Beans	
	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	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.		
Allotment of Deliveries	Procedure should be in FIFO		

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
December-08	10-April-08	8-Dec-08	19-Dec-08	17-Dec-08	30-Dec-08
March-09	10-April -08	9-March-09	20-Mar-09	18-Mar-09	31-March-09
May-09	10 May -08	7-May-09	20-May-09	18-May-09	29-May-09
July-09	10-July-08	7-July-09	20-July-09	16-July-09	29-July-09
September-09	10-Sept-08	7-Sept-09	18-Sept-09	16-Sept-09	29-Sept-09
December-09	10-Dec-08	7-Dec-09	18-Dec-09	16-Dec-09	29-Dec-09

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 2009