

DEPARTMENT: COMMODITY DERIVATIVES SEGMENT

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Circular Ref. No: 0043/2021

All Members,

Sub: Futures & Options on Copper –Risk Management and Clearing and Settlement Procedures

This is with reference to NSE circular reference number NSE/COM/47115 dated January 25, 2021 for introduction of derivative contracts on underlying Copper in Commodity Derivatives Segment. Further to our consolidated circular reference number NCL/CMPT/46884 dated January 1, 2021 members are requested to take note of following for futures and options on Copper.

1. Risk Management

The Clearing Corporation shall impose initial margins, extreme loss margin, pre-expiry margin, delivery period margin, concentration margins and additional margins as given below.

Initial Margin shall include SPAN margins, Premium Margin, intra-day crystallised losses and such other additional margins that may be specified by the Clearing Corporation from time to time.

1.1 Computation of SPAN® Margin:

Clearing Corporation shall adopt SPAN® (Standard Portfolio Analysis of Risk) system or any other system for the purpose of real time margin computation.

The Initial Margin requirement shall be so as to cover to cover potential losses for at least a 99% VaR subject to minimum percentage floor value as prescribed by SEBI from time to time.

1.1.1. Margin Period of Risk (MPOR):

The MPOR shall be based on volatility category as under or as may be specified by the Clearing Corporation from time to time.

Volatility Category of Commodity	Minimum IM		Minimum MPOR	
	Non-Agri	Agri	Non-Agri	Agri
Low	6%	8%	2	3
Medium	8%	10%	2	3
High	10%	12%	3	4

1.1.2 .Price Scan Range:

The Price Scan Range shall be taken be 3.5 sigma or such other percentage as may be specified by the Clearing Corporation from time to time. The price scan range shall be scaled up by the MPOR.

1.1.3. Volatility Scan Range:

Volatility Scan Range shall be taken at 3.5% or such other percentage as may be specified by the Clearing Corporation from time to time.

1.1.4 .Short Option Minimum Charge (SOMC):

Short option minimum charge shall be set as given below:

Volatility Category of Commodity	Minimum SOMC
Low	6%
Medium	8%
High	10%

1.1.5 .Net Option Value:

Clearing Corporation shall mark to market the options positions by deducting/adding the current market value of options (positive for long options and negative for short options) times the number of long/short options in the portfolio from/to the margin requirement.

1.1.6 .Spread Margin:

Spread margin benefit shall be permitted in following cases:

1. Different expiry date contracts of the same underlying
2. Two contracts variants having the same underlying commodity

Clearing Corporation shall levy a minimum 25% of the initial margin on each of the individual legs of the spread. Maximum benefit in initial margin on spread positions shall be restricted to 75%. Initial margin benefit shall be provided only when each individual contract in the spread is from amongst the first three expiring contracts.

Clearing Corporation may charge spread margins higher than the minimum specified depending upon its risk perceptions. In case of such spread positions, additional margins, if any shall not be levied.

Further margin benefit on spread positions shall be entirely withdrawn latest by the start of tender period or Expiry day, whichever is earlier.

No benefit in Extreme Loss Margins (ELM) shall be provided for spread positions

To be eligible for initial margin benefit, each individual contract in the spread shall be from amongst the first three expiring contracts

1.2. Premium Margin:

Premium margin shall mean and include premium amount due to be paid to the Clearing Corporation towards premium settlement, at the client level. Premium margin shall be levied till the completion of pay-in towards the premium settlement.

1.3 Intra-day crystallized Losses:

Clearing Corporation shall calculate and levy Intraday Crystallized Losses (ICMTM) in the following manner:

- a. ICMTM shall be computed for all trades which are executed and results into closing out of open positions.
- b. ICMTM shall be calculated based on weighted average prices of trades/positions
- c. ICMTM shall be part of initial margin and shall be adjusted against the liquid assets of clearing member on a real time basis.
- d. Crystallized losses at a contract level for a client shall be adjusted against crystallized profits, if any, from another contract for the same client to arrive at client level profit or loss.
- e. All client level losses across all trading members including losses on proprietary positions of trading members, if any, shall be grossed up to arrive at clearing member level ICMTM.

ICMTM so blocked/ collected shall be released on completion of daily / final mark to market settlement pay-in

1.4 Pre-Expiry Margins:

Clearing Corporation shall levy tender period/pre-expiry margin which shall be increased gradually from five working days before the expiry of the contract as applicable. The Tender Period /pre-expiry margins shall be 4% incremental during the pre-expiry period. These Margins shall be applicable on both buy and sell side for future contracts. In case of options, margins will be applicable on all long and short call and put positions that are ITM and CTM.

1.5 Delivery Period Margin:

Delivery period margin shall be levied by Clearing Corporation on the long and short positions marked for delivery till the pay-in is completed by the clearing member. Once delivery period margin is levied, all other applicable margins may be released. Delivery period margin shall include VaR Margin and MTM Margins

1.5.1 VaR Margin:

Delivery period margins shall be higher of:

- a) 3% + 6 day (Options)/ 5day (Futures) 99% VaR of spot price volatility

Or

- b) 20%

1.5.2 Mark to Market margins:

End of day mark to market margins shall be computed on expiry day and till final settlement -1 day as difference between settlement obligation and value of positions at closing price. Mark to market loss in one underlying shall be netted against profit of other underlying for same client. Net loss at client level shall be grossed to arrive at clearing member level mark to market margins.

1.6 Extreme Loss Margin:

Clearing members shall be subject to ELM in addition to initial margins. ELM of 1% on gross open positions for futures & short open positions for options shall be levied and shall be deducted from the liquid assets of the clearing member on an online, real time basis.

1.7 Concentration Margin:

Clearing Corporation may impose adequate concentration margins (only on concentrated positions) to cover the risk of longer period required for liquidation of concentrated positions in any commodity

1.8 Additional margins:

Clearing corporation may require clearing members to make payment of additional margins as may be decided from time to time.

1.9 Position Limits:

Position limits for Futures & options shall follow the same norms as provided in the SEBI circular reference no. SEBI/HO/CDMRD/DMP/CIR/P/2016/96.

2. Clearing and Settlement Procedures

The pay-in and pay-out of daily MTM, premium settlement, the final exercise settlement of options contract and delivery settlement of options contract shall be effected in accordance with the settlement schedule issued by the Clearing Corporation periodically.

2.1. Settlement Price**2.1.1. Daily Settlement Price:**

Daily settlement price for commodities futures contracts shall be the closing price of such contracts on the trading day. The closing price for commodities futures contract shall be calculated on the basis weighted average price of the last half an hour trades of such contract or such other price as may be decided by the relevant authority from time to time.

Theoretical daily settlement price for unexpired futures contracts, which are not traded during the last half an hour on a day, shall be the price computed as per the formula detailed below:-

$$F = S * e^{rt}$$

where:

F = theoretical futures price

S = Spot Price of the underlying Commodity

r = rate of interest (MIBOR)

t = time to expiration

Rate of interest may be the relevant MIBOR rate or such other rate as may be specified.

2.1.2. Final Settlement Price:

For contracts where Final Settlement Price (FSP) is determined by polling, unless specifically approved otherwise, the FSP shall be arrived at by taking the simple average of the last polled spot prices of the last three trading days viz., E0 (expiry day), E-1 and E-2. In the event the spot price for any one or both of E-1 and E-2 is not available; the simple average of the last polled spot price of E0, E-1, E-2 and E-3, whichever available, shall be taken as FSP. Thus, the FSP under various scenarios of non-availability of polled spot prices shall be as under:

Scenario	Polled spot price availability on				FSP shall be simple average of last polled spot prices on:
	E0	E-1	E-2	E-3	
1	Yes	Yes	Yes	Yes/No	E0, E-1, E-2
2	Yes	Yes	No	Yes	E0, E-1, E-3
3	Yes	No	Yes	Yes	E0, E-2, E-3
4	Yes	No	No	Yes	E0, E-3
5	Yes	Yes	No	No	E0, E-1
6	Yes	No	Yes	No	E0, E-2
7	Yes	No	No	No	E0

In case of non-availability of polled spot price on expiry day (E0) due to sudden closure of physical market under any emergency situations noticed at the basis centre, Exchange shall decide further course of action for determining FSP in consultation with SEBI.

2.2. Exercise Settlement:

Exercise style of option contracts on options in goods shall be European style.

Option series having strike price closest to the Final Settlement Price (FSP) shall be termed as At-the-Money (ATM) option series. This ATM option series and three option series having strike prices immediately above this ATM strike and three option series having strike prices immediately below this ATM strike shall be referred as 'Close to

the money' (CTM) option series. In case the FSP is exactly midway between two strike prices, then immediate three option series having strike prices just above FSP and immediate three option series having strike prices just below FSP shall be referred as 'Close to the money' (CTM) option series.

All option contracts belonging to 'CTM' option series shall be exercised only on 'explicit instruction' for exercise by the long position holders of such contracts. All In-the-money (ITM) option contracts, except those belonging to 'CTM' option series, shall be exercised automatically, unless 'contrary instruction' has been given by long position holders of such contracts for not doing so. All Out of the money (OTM) option contracts, except those belonging to 'CTM' option series, shall expire worthless.

The Clearing Corporation shall make available the exercise window after close of trading on the expiry day. The clearing members shall place explicit exercise request and/or do not exercise request till the cut off time of the exercise window.

The details of exercise facility and the formats for report are given in our circular reference NCL/COM/COM46886 dated January 01, 2021.

Long positions at in-the money contracts shall be assigned to short positions in option contracts with the same series on a random basis. Option contracts, which have been exercised, shall be assigned and allocated to clearing members, at the client level on a random basis.

On exercise option contract shall be settled through delivery of goods.

2.3. Delivery Obligation

2.3.1. Positions for Delivery Obligation

In respect of contracts to be settled through delivery the following positions shall be considered:

- i. Long position in future contract shall result in buy (receivable) positions
- ii. Short position in future contract shall result in sell (deliverable) positions
- iii. Exercised call options
 - Long call exercised shall result into a buy (receivable) positions
 - Short call assigned shall result into a sell (deliverable) positions
- iv. Exercised put options
 - Long put exercised shall result into a sell (deliverable) positions
 - Short put assigned shall result into a buy (receivable) position

2.3.2. Provisional and Final Delivery Obligation

The provisional deliverable/receivable positions at a clearing member shall be arrived on expiry of option contract after netting the obligations at individual client and grossed across all clients, at the trading/ clearing member level considering options position and the respective delivery locations.

The final deliverable/receivable positions at a clearing member shall be arrived on expiry of corresponding future contract after netting the obligations at individual client and grossed across all clients, at the trading/ clearing member level considering both futures position and provisional deliverable and receivable position arrived upon expiry of Options contracts and the respective delivery locations.

3. Settlement

3.1. Daily Settlement:

Daily mark to market settlement in respect of admitted deals in futures contracts and premium settlement in options contract shall be cash settled by debit/ credit of the clearing accounts of clearing members with the respective clearing bank. The daily settlement shall be effected before start of market hours on the next day as per the settlement schedule specified by the Clearing Corporation.

3.2. Final Settlement:

All open positions after expiry of the contract shall result in compulsory delivery. Final settlement of futures contracts shall be on T+1 day and the final exercise settlements of options contracts shall be on T+6 day in accordance with the settlement schedule issued by the Clearing Corporation periodically. The clearing members shall complete funds pay-in and delivery of commodities on settlement day by 11.00 am as per the settlement scheduled published for the respective expiry.

3.3. Delivery Process:

Clearing Corporation shall issue delivery settlement calendar vide circular on monthly basis.

The primary (basis) delivery centre shall be Bhiwandi, Maharashtra and there shall be no additional delivery centre. The staggered delivery period shall be the last five working days including the last trading day (expiry day) of the contract.

Delivery unit shall be 2.5 MT of Grade 1 electrolytic copper as per B115 specification. In addition, it should be copper cathodes of LME approved brands or other suppliers / brands as may be approved by NSE. List of refineries conforming to the quality specification as per the good delivery standard shall be updated on the website of Exchange. List of ineligible countries for imported cathodes if any shall also be known to the market participants in advance by the Exchange.

The process of intention submission, delivery marking and allocation during the staggered delivery period is given in **Annexure I**.

This circular shall be effective from **February 22, 2021**.

For any queries related to Clearing and Settlement, Risk Management members are requested to contact NSE Clearing Limited.

Department	Contact Number	Fax Number	Email ID
Collaterals	18002660050	022-26598244/43	collaterals_ops@nsccl.co.in
Clearing		022-26598282	fao_clearing@nsccl.co.in
Risk		022-26598242	risk_ops@nsccl.co.in
Settlement		022-26598269	nsccl_funds@nsccl.co.in

**For and on behalf of
NSE Clearing Limited**

**Onkar Phadnavis
Associate Vice President**

Annexure I: Delivery Process

Annexure II: Formats

Annexure III: List of Approved Brands

Annexure I

1. Settlement Through Primary Centre:

- For primary delivery centre, the staggered delivery period shall be five working days prior to expiry of contract including expiry day.
- The timelines for giving intention requests for primary delivery centres will be from 10.00 AM to 09.00 PM during tender period.
- Seller/buyer have an option of marking an intention of giving/taking delivery on any day during the staggered delivery period.
- Members will be required to provide the intention requests through Inventory Management System (IMS) under the existing NMASS application.
- On each day (except for the expiry day), Exchange shall allocate intentions received to give delivery during the day, to buyers having open long position as per random allocation methodology to ensure that all buyers have an equal opportunity of being selected to receive delivery irrespective of the size or value of the position. However, preference may be given to buyers who have marked an intention of taking delivery, which may be based on aspects such as location.

2. Delivery Centre:

The primary delivery centre for copper shall be Bhiwandi, Maharashtra.

3. Empanelled Warehouse Service Provider (WSP):

3.1. Primary Delivery Centre:

Name of the WSP	JICS Logistics Ltd.		
Location	Bhiwandi		
Warehouse Address	Ground floor, Plinth No-6, Off building No- S/14 Shivam Industrial Complex, Vadunavghar, Bhiwandi, Maharashtra		
Contact Person	Kanhaiya Jha		
Contact Details	9350274983		
Fax no	-		
Email ID	kanhaiya.jha@jicslogistic.com		
Warehouse Charges	Copper	1 MT	Rs. 75 per day per MT

4. Eligible Depositor:

Delivery of commodity can be made by client. Alternatively, it can be deposited by an authorized person on behalf of client. Client is required to provide Clearing Member and Trading Member details while depositing the commodity.

5. Documents for Delivery:

Following documents shall be submitted at time of actual delivery in the warehouse.

- Certificate of Analysis (CoA) of the producer containing details like Brand name
- of the associated lots, Producer's name, Batch No & certificate date
- Copy of Invoice with all deposits/eWay Bill
- Copy of Certificate of Origin and Custom clearance documents in case of imported goods
- Packing list containing net weight, batch number, Number of units in bundles / lot
- Client deposit request letter – As per format specified
- CM undertaking – As per format specified.
- Excel file for commodity deposit to be emailed to the mentioned email ID of the warehouse

Depositor shall complete the formality in respect of necessary documentation at the warehouse. Depositor shall submit duly filled in Know Your Depositor (KYD) form & Depositor Transaction Declaration (DTD) form as given in **Annexure II** before depositing the goods and shall also ensure compliance with all the statutory laws/regulations and best practices for depositing Copper Cathodes.

6. Commodity Deposit information sharing through IMS

All valid deposits shall be credited into the account of the depositor in multiples of 2500 KGs subject to the acceptable tolerance limits. Commodity details entered by WSP shall be available as free balance to the clearing member.

Clearing member is required to enter the details through IMS for further utilization of the commodity towards:

- Early Pay-in
- Intention for Delivery
- Pay-in instruction towards settlement obligation
- Withdrawal

The depositor(s) shall ensure that appropriate electronic records in multiples of deliverable lots are earmarked for 'pay-in' while initiating pay-in through the IMS.

7. Quality Specification:

It should be copper cathodes of LME approved brands or other suppliers / brands as may be approved by NSE. List of refineries conforming to the quality specification as per the good delivery standard shall be updated on the website of Exchange. List of ineligible countries for imported cathodes if any shall also be known to the market participants in advance by the Exchange.

It should be Grade A Copper and must conform to the chemical composition to one of the following standards:

ASTM B115-10 (cathode Grade 1)

List of refineries conforming to the quality specification as per the good delivery standard is attached in **Annexure III**.

8. Delivery Specifications:

The production information of the Cathodes to be deposited at the warehouse should not be earlier than 1 year from the date of deposit. E.g.: Material deposited in warehouse on 10th Jan 2021 should not have date of manufacture before 10th Jan 2020. CoA date shall be considered as the Production date.

The depositors/participants shall take the goods to the warehouse as per the schedule after confirmation with the respective WSP, to ensure availability of storage space and unloading arrangements at the warehouse. Loading and Unloading of Copper Cathodes will be undertaken on first come first serve basis.

The stock which is intended for Pay-In should preferably be deposited at least 2 working days prior to the expiry of the contract. E.g.: If Copper lot has to be delivered in the Jan 2021 contract with expiry on 29th Jan 2021, the depositor should deposit the lot on or before 27th Jan 2021.

9. Size/Shape and Weight of Copper Cathodes

Copper Cathodes deposited shall be in the shape of uncut full plate cathodes. Cathode should carry the producer's sticker reflecting Producer name, Net Weight, Batch No, Purity, Number of Pieces of Cathodes in bundle & date of Manufacturing. Cathode bundles where the batch details of the lot are mentioned manually by indelible ink shall not be accepted.

The weight of the Copper Cathodes received and/ or delivered would be considered as per the weight mentioned in packing list. WSP shall have the right to check all the bundles on warehouse weigh scale. In case the weight of Cathodes bundle as per the

weighment by weighing scale is found lesser than the weight declared in the packing list after factoring in the allowable weight tolerance, the lesser of both the weights shall be considered as final weight.

Allowable weigh scale tolerance is 400 gm/MT.

Once weighed at the warehouse, if the bundle weight variation compared to the packing list/label is more than +/- 1.5% of the delivery lot size/2500 Kgs the same shall not be accepted.

10. Physical Inspection at the time of deposit by WSP

Copper Cathodes should come with intact original packing with certificate of analysis

The Warehouse/WSP must keep a record of all seals by number and date cross reference to each Lot.

All markings on packaging and information on supporting documentation required for depositing Copper at warehouse shall be as per LME standards/Norms

Warehouse/WSP will not undertake assaying of the metal and will undertake only visual inspection of the metal along with the supporting documentation.

Further, if

- the metal or the supporting documentation is in any way not provided by depositor or found inconsistent, or
- Cathodes are not found physically sound and free of harmful defects such as segregation, cracks, inclusions or visible contamination of metal, or
- there is any sign of broken or visibly corroded strapping on the Cathodes in any bundle, or
- there is inconsistency in branding of metal (for instance, Non-LME brands or different LME brands have been visibly mixed within a bundle);

then the WSP shall call upon any such information from the depositor for acceptance of Copper Cathodes and the Warehouse/WSP may not issue a Receipt until any such shortcoming has been addressed by the depositor.

WSP at its sole discretion may reject /insist on replacement of such deliverable lot, if the goods are found inconsistent/faulty

11. Delivery Size:

Delivery Unit	2500 Kgs (Net Weight of Metal)
Quantity Variation for Lot (Tolerance Limit)	+/- 10 % of total weight of each deliverable lot i.e. 2500 Kgs

12. Validity Period:

Months of Deposit / Date of entry by warehouse in system	Validity period at the time of fresh deposit (no. of contract months) for stock deposited in warehouse	Final Expiry Date (From the date of deposit)
Jan 2021	36	15th Jan, 2024
Feb 2021	36	15th Feb, 2024
Mar 2021	36	15th Mar, 2024
Apr 2021	36	15th Apr, 2024
May 2021	36	15th May, 2024
Jun 2021	36	15th Jun, 2024
Jul 2021	36	15th Jul, 2024
Aug 2021	36	15th Aug, 2024
Sep 2021	36	15th Sep, 2024
Oct 2021	36	15th Oct, 2024
Nov 2021	36	15th Nov, 2024
Dec 2021	36	15th Dec, 2024

13. Outbound quality & quantity tolerance

The outbound quality & quantity tolerance limit is applicable only for outbound deliveries. Variation in quality and weight parameters within the prescribed tolerance limit will be treated as good delivery during the lifting of goods from accredited warehouses. Following tolerances shall be treated as good delivery:

Outbound Parameters	Allowable Tolerance / Variation permitted
Quality	10 ppm
Weight	+/- 400 gm/MT

14. Physical inspection of stock in possession

Members/ Participants holding goods in the warehouse are entitled to undertake physical inspection of said goods. Request for such physical inspection would have to be submitted to clearing corporation and clearing corporation after verification of such requests shall forward the same to the concerned WSP for allowing such inspection. During physical inspection, the Member/Participants/Client or his authorized representative/ies (Maximum 2 personnel) is/are not permitted to draw samples, take photographs/ videos or carry any such hazardous material which may cause damage to the goods inside the warehouse.

15. Retesting Method - Sampling, Quality Analysis & Certification

In case, the Member/ Participants/Client who purchased Cathodes on the Exchange platform and seek to lift the Cathodes from the warehouse do not agree to the quality as specified in the Original Certificate of Analysis (CoA) of the Goods, shall request clearing corporation within 7 working days from the date of commodity pay out, for resampling and retesting without lifting the Cathodes from the warehouse. Such Cathodes should not have crossed the final expiry date (FED) as mentioned on the quality certificate. Clearing Corporation shall entertain complaint on quality or quantity of the commodity received only through settlement mechanism and only if the complaint is made within the prescribed timelines as specified above.

Member/ Participants/Client have a choice to select Assayer from the empanelled Assayers as specified by Clearing Corporation from time to time. Member/ Participants/Client in such case shall make a request for retesting to Clearing Corporation which in-turn shall be forwarded to the concerned WSP. The Member / Participants/Client shall indicate the preferable date and time of visit to the warehouse for retesting of the stock along with the prescribed form. Once a request for retesting is carried out, then the same goods will necessarily have to be lifted and cannot be retendered in subsequent settlements.

The following documents shall be required to be submitted to the warehouse official(s) on the date of the warehouse visit.

- Original Retesting Request Form as given in Annexure II
- Proof of holding the commodity balance in the IMS
- Original Authorization letter in favour of representative along with copy of ID proof
- Original Delivery Order (Goods withdrawal request) duly signed and stamped by the Member/ Participants

At least 2 random samples shall be drawn from each of the bundles/drums of the deliverable lot weighing around 100 Gms each (or as per requirement of Assayer for testing by Instrumental/Chemical method). First Sample shall be Assayer's sample and the second sample shall be Reference sample.

The assayer shall complete the process of retesting and submit a retesting report basis the composite observation of the samples analyzed within 5 working days from the date of sampling. Such reports shall be shared with all the concerned parties and shall be binding on both buyer & Seller Clearing Member of the said lot.

If the said quality report results are not found in accordance to the quality specifications (after considering outbound tolerance limits) as prescribed by the Exchange/ Clearing Corporation from time to time, the Member/ Participants within 3 working days; shall submit their claim in writing by giving details such as lot numbers, quantity and the

parameters under which inconsistencies are observed. The basis of claim, if any shall be the value arrived on the basis of nearest closing spot price on the claim submission business day. Clearing Corporation shall give its decision on the claim filed by the buyer / stock holder which shall be binding on the parties. In case Clearing Corporation determines that a delivery does not constitute a good delivery, the Seller Clearing Member shall be liable to resolve / compensate the buyer / stock holder for the quality difference or substitute good delivery within 7 working days from the date of the decision of Clearing Corporation. The Seller Clearing Member shall be liable for giving good delivery (quality and quantity) / compensation in accordance with the contract specifications as prescribed by the Exchange from time to time

Buyer requesting for retesting and certification shall bear all professional fees of assayer, including incidental costs, weight shortage and expenses related to retesting certification, etc. in case the retesting assaying report is in line with the Certificate of Analysis deposited with the material. In case, the retesting results indicate negative variance from the original certificate (after considering outbound tolerance limits), then the aforesaid retesting cost shall be borne by the Seller Clearing Member.

16. Withdrawal of the Copper Cathodes from Warehouse

The holder of goods shall request for withdrawal of goods from warehouse to the WSP in IMS. Once it is approved by the WSP, the goods will not be eligible for the delivery on the Exchange platform and Client has to withdraw the goods from the warehouse within the timeline given in the request after submission of the authority letter and identity proof.

The Member / Participants/Client, whoever wishes to seek private testing & certification arrangements may request the WSP under their mutual private arrangement under their mutual terms and conditions. In such a case, the said goods shall be treated as outside the scope of Exchange/Clearing Corporation. These goods can then neither be tendered for delivery nor shall any further complaints and claims be entertained by the Exchange/Clearing Corporation.

17. Storage after Validity Period

The depositor/ buyer can take out the Copper Cathodes from the warehouse on or before final expiry date (FED). After the FED, the goods shall necessarily be removed. Storage of goods after the specified final expiry date (FED) is not permitted and therefore the Members/Participants/Client shall ensure that the goods whose final expiry date is over, are removed from the concerned warehouse immediately, but not later than 3 months from the date of the specified FED. Accordingly, Members/Participants/Client involved in such deposits shall solely remain liable/responsible for such deposits. The Exchange/Clearing Corporation/WSP shall not be responsible in any manner whatsoever for those goods which have crossed the FED. Members/ Participants/Client are advised to become familiar with relevant circular/

provisions/ guidelines of the Exchange/Clearing Corporation which are in force from time to time and undertake suitable due diligence.

18. General Conditions

The general provisions of Bye - Laws, Rules, Regulations of Exchange/Clearing Corporation and decision taken by the Relevant Authority of Exchange/Clearing Corporation in respect of matter specified above will form an integral part of the contract. Exchange/Clearing Corporation may further prescribe additional measures relating to delivery procedures and requirements for determining disputed deliveries or defective deliveries, and measures, procedures and system of resolving the dispute or defect in deliveries or of consequences of such deliveries or the resolution which shall be final and binding on all the parties concerned.

Members and Market Participants who enter into buy and sell transactions need to be aware of all the factors that go into the mechanism of trading and clearing, as well as all provisions of the Exchange/Clearing Corporation Bye Laws, Rules, Regulations, circulars, directives, and notifications of Exchange/Clearing Corporation as well as of the Regulators, Government and other authorities.

It is the sole obligation and responsibility of the Members and market participants to ensure that apart from the approved quality standards stipulated by the Exchange, the goods deposited / traded / delivered through the Approved warehouses of Clearing Corporation is in due compliance with the applicable regulations laid down by authorities like Food Safety Standard Authority of India , BIS, Orders under Packaging and Labelling etc., as also other State/Central laws and authorities issuing such regulations in this behalf from time to time including but not limited to compliance of provisions and rates relating to GST, Tax, stamp duty, etc. as may become due & payable under any law, rules or regulations, applicable from time to time on the underlying commodity of any contract offered for deposit / trading / delivery and Exchange/Clearing Corporation shall not be responsible or liable on account of any non-compliance thereof

All the sellers giving delivery of goods/ commodities and all the buyers taking delivery of goods/ commodities shall have the necessary GST Registration as required under the Goods & Service Tax (GST) Act and obtain other necessary licenses, if any

In respect of all contracts executed by the Members of Exchange, it shall be the responsibility of the Trading Member/Clearing Member to pay all applicable statutory fee, stamp duty, taxes and levies in respect of all deliveries as well as futures contracts directly to the concerned Central/State/Local Government Departments. The Exchange/Clearing Corporation shall not be held liable or accountable or responsible on account of any non-compliance thereof.

Clearing Corporation shall entertain complaint on quality or quantity of the goods received only through settlement of trades through Exchange mechanism and only if the claim is made within 3 working days from the date of issuance of report of retesting

by the Assayers, failing which, no claim shall be entertained by Clearing Corporation. However, WSP shall remain responsible for the stocks received through settlement of trade through Exchange Mechanism until FED of the goods.

For the goods that have been deposited, but not delivered through settlement Mechanism of Clearing Corporation, Clearing Corporation shall not be responsible for quality and quantity of the goods. However, WSP shall continue to be liable for such goods that have not been delivered through settlement mechanism of Clearing Corporation. WSP shall remain responsible for all its obligations under various State and Central Laws governing the operation of Warehouses and shall be solely responsible to the owners of stocks as reflected in the storage receipt issued by the Warehouse/WSP or the Statement issued by the Repository or the Electronic Warehouses Receipts issued by the Repository

Clearing Corporation shall not be responsible and shall not be held liable or accountable or responsible for value of the goods /stock of the commodities stored/lying in Clearing Corporation designated warehouse/s, and which is fully/partially confiscated / seized by any local or statutory or any other authority for any reason whatsoever or for any deterioration in quality of the goods stored due to above reason or which have passed the Final Expiry Date and continue to remain in Clearing Corporation accredited warehouse.