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## 1. Demat account opening

It is mandatory to open an electronic (Demat) account with both the depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for taking delivery of commodities while trading through NCDEX system since the pay-out may be received at either of the depositories and currently there is no provision for Inter-depository transfers.

The Demat account is required to hold (at designated depository participants) the commodity balances representing the commodities lying at the Exchange accredited warehouses/vaults.

### 1.1. Type of Demat accounts

The following type of Demat accounts can be opened:

- Beneficiary account
- Pool account

#### Beneficiary Account

- A beneficiary account is a Demat account in the name of an Individual (single or jointly). Such an account could also be in the name of a Corporate, a partnership firm, a society and a trust. It is similar to a bank account.
- This account is to be used for transacting in commodity balances held by the account holder at Exchange accredited warehouses. These commodity balances would have been – in a physical process set up – represented through a warehouse receipt.

#### Pool Account

- A Member pool account is a Demat account opened by Trading Members and / or Clearing Members of NCDEX
- This account is opened to facilitate the pay-in and pay-out process.(explained in the subsequent chapters)

A Member is required to open both the pool account as well as a beneficiary account with each of the depositories and client of the Members is to open a BO Account with each of the depositories.

### 1.2. Process of opening a Demat account.

The beneficiary account holder or Member who wishes to open a Demat account should do the following:

- Select a Depository Participant (DP) from the list of DPs empanelled by NCDEX where he wishes to open the Demat account.
- The list of depository participants (DPs) who have been empanelled by NCDEX and are authorized to open commodity Demat accounts for their participants are available on the website i.e. [www.ncdex.com](http://www.ncdex.com) on the home page under the heading "Delivery and Settlement".
- The Exchange keeps this list updated from time to time. In case of any difficulties in opening the Demat account or any operational issues participants may contact

NCDEX customer service group at 022-56406609-6615 022-30616558 or e-mail at askus@ncdex.com

- Some of the points that can be considered while selecting a DP would be :
  - Convenience: i.e. proximity to office/ residence
  - Service standards i.e.: Executing instructions and providing holding & transaction statements on time
  - Confidentiality and comfort level
  - Cost: i.e. service and transaction charges levied by the DP
- Fill up the account opening form (sample beneficiary account opening form is shown in Annexure 14.1 and sample member pool account opening form is shown in Annexure 14.2) .This form can be obtained from the chosen DP.
- Submit the duly filled form to the DP along with the other requirements such as proof of identity and proof of address
- Sign the agreement with the DP. This has to be executed on stamp paper according to the stamp value prevailing in the state in which the agreement is being executed.
- The DP will open the client account and inform the client normally within a week's time.
- The Demat account can be operated by the holder / owner of the Demat account if it is in single name or by joint holders if it is in joint names. The holders can give instructions / power of attorney for Demat account operation. In case of corporates, firms, societies, trusts etc. authorized officials will operate on the account. They will have to submit the Board Resolution, Memorandum and Articles of Association, Bye Laws, Trust Deed as the case may be and such other enabling documents as may be required by the DP. Members who wish to open a CM Pool Account should submit the following additional documents to the selected DP.
  - Letter from NCDEX-NSCCL regarding allocation of Clearing Member Identification Number (CMID)
  - Membership letter given by NCDEX.
- The DP will forward all the required documents to the Depository, which will generate a CM BP ID for the Member and inform the DP.
- The DP will then activate the account and inform the Member.

## 2. Process of commodity deposit and credit in the Demat account

- Deliveries on the Exchange platform are possible only in the electronic form.
- The client desirous of depositing commodities and holding the warehouse receipts in an electronic form should arrange to move the commodities to a warehouse which has been accredited by NCDEX. The list of all accredited warehouses by NCDEX along with their contact details and indicative charges is given on web site [www.ncdex.com](http://www.ncdex.com) on the home page under the heading "Settlement and Delivery".
- The Exchange keeps this list updated for each commodity from time to time.
- Clients should contact the warehouse in advance for availability of space before initiating any process for deposit
- The client should also contact the assayer approved by NCDEX for assaying the quality of the commodities. Their contact details are provided on the Exchange website [www.ncdex.com](http://www.ncdex.com) on the home page under the heading "Settlement and Delivery".
- The quality of commodities being lodged into the Exchange accredited warehouses has to conform to the specifications as given by NCDEX for the different commodities (for further details please see the product notes on the NCDEX website [www.ncdex.com](http://www.ncdex.com) under "Products" section) Quality certification given by Approved Assayer shall be considered final and binding on all the parties.
- Once the client deposits the commodities duly certified by the approved assayer at the warehouse, the warehouse will issue a confirmation of receipt of commodity to the client (format is shown in Annexure 14.3) .
- Once the assayer gives a report of the quality of the commodities and this conforms to the specifications as given by NCDEX, the client has to fill up the Commodity Deposit Form (CDF). (sample filled in form is shown in annexure 14.4) and submit the same to the warehouse along with the assayers report. The Commodity Deposit Form will be available with the warehouse.
- While filling up the CDF the client has to ensure the following:

*Fill up all the details in the form i.e. name, commodity being deposited, quantity of the commodity, details of the Demat account i.e. DP ID and Client Id. In case the client is holding account in NSDL then BO account number is to be provided in the CDF form and not the pool account number. In case of CDSL both accounts will do.*
- The client will have to bear all the initial charges such as initial storage charges till the date of Demat credit (being levied by warehouse for a minimum period of 5 days or as given on the Website as indicative warehouse charges), loading/unloading charges, weighing, sampling, charges etc. These charges will be payable directly to the warehouse and after the credit is received in the Demat account, the applicable DP charges will have to be paid to the DP.
- The warehouse will accept the commodities from the client and initiate the process for credit of electronic balance into the client's account.
- The warehouse will enter the details of the commodity and the client details in the NCDEX deposit module on the website.

- The details will be electronically transmitted to the depository i.e. NSDL/CDSL and Registrar i.e. Karvy Consultants Ltd.
- The details will be verified at the Registrar and Depository end and on successful verification the credit will be given in the Demat account of the client in the appropriate ISIN. (Commodity Identification Number) on the same day and details will be electronically transmitted to the depository participant.
- The client should check with its DP for the credit in its Demat account and also request for a Holding/Transaction Statement which will reflect the balances in the Demat account of the client.(sample Transaction Statement is shown in Annexure 14.5 ) .Normally the gap between the time of deposit of the commodity at the warehouse and receiving the credit in the Demat account is expected to be 3-5 days; if the Demat credit in the account with the DP is not reflected within this time frame, the Exchange may please be informed immediately for corrective action. Kindly contact NCDEX customer service group at 022-56406608-6615 or e-mail at askus@ncdex.com
- The following are the important points to note in the Holding/Transaction Statement received from the DP.
  - Name of account holder
  - ISIN Code
  - Description of the commodity deposited
  - Grade allotted
  - Quantity as weighed in at the warehouse ( less allowance for spillage etc., if any )
  - Validity date
  - Expiry date

The ISIN is the Commodity Identification Number by which each commodity along with its specific details is uniquely represented. For demat balance associated with NSDL, ISIN description will be Warehouse/Commodity/Grade/Validity Date/ Expiry Date i.e. NCMSL/Jeera /Jeera111/VD10NV05/ED 05JN06. For demat balance associated with CDSL, ISIN description will be Commodity/Validity period/ Expiry Period/ Warehouse i.e. JEERAUNJHA/1105/0106/NCM

- The client has to check the grade allotted from the ISIN description in his holding statement received from Depository and in case of any difficulty he should contact the DP.
- If there is any discrepancy in the grade allocation as per the credit balance as shown in the holding statement, the client should immediately contact the warehouse.
- For the difference in grades of the commodities there are premiums and discounts, hence the confirmation of the correct grade is critical.
- The client has to ensure that validity date as specified by the Assayer is after the settlement date in which he intends to deliver this would enable him to deliver the commodity on the Exchange on the settlement date for which he intends to deliver.

All commodities when deposited for the first time will have a expiry date, which will be different than validity date. The expiry date will be the period till which the commodity can be revalidated. This is the maximum time the commodity can be revalidated. After this period the commodity needs to be compulsorily taken out of the warehouse. However it should be noted that the expiry date is just an indicative date and there is no mandatory requirement for the assayer to extend the validity even if it has not reached the expiry date.

### **3. Process of revalidation of ISIN**

#### **3.1. Concept of validity date and need for revalidation**

- All commodities, particularly agricultural commodities have a shelf life and cannot be indefinitely stored.
- The concept of validity date has therefore been introduced wherein the NCDEX approved quality testing agency for the respective commodity and warehouse, provides a date known as validity date up to which the commodity stored in the warehouse is expected to retain the properties / quality specifications confirmed at the time of deposit at the warehouse.
- Information on the validity date can be obtained from the Holding statement issued by the Depository participant

#### **3.2. Rules and procedure for revalidation**

- Assaying can be done only by Exchange designated Assayer
- Revalidation of a commodity is possible only in the Beneficiary account. In case the client is holding account in NSDL then BO account number is to be provided in the CDF form and not the pool account number. In case of CDSL both accounts will do.
- Revalidation credit can be given only in the Demat account in which the commodity under expired ISIN was held. Hence no revalidations can happen in pool account in case of NSDL. Revalidation can also not happen of balances on which a lien is created. The lien needs to be lifted and only then can it be revalidated. The beneficiary holding the commodities under expired ISIN will make a request to the relevant warehouse in the prescribed form - NCDEX Commodity Deposits - Revalidation Form (sample filled-in form is shown in Annexure 14.6). This form was provided vide NCDEX Circular No: NCDEX/OPERATIONS -022/2004/186 dated December 10, 2004)
- The warehouse will acknowledge the receipt of revalidation request and allot a revalidation request number. This number should always be quoted while enquiring the status of revalidation. The warehouse will facilitate testing of the referred quantity. The assaying, handling and other incidental charges for revalidation has to be borne by the client holding the commodity balances ; the charges for such revalidation vary from commodity to commodity and indicative details are available on the Exchange website [www.ncdex.com](http://www.ncdex.com) on the home page under the heading "Settlement and Delivery". After giving request for revalidation the Member gets a warehouse receipt number. He can see the status of his request on Ncomconnect after registration. A detailed note on Ncomconnect is given in Chapter Number 13.
- On successful revalidation the credit will be given in the Demat account of the beneficiary client with the new ISIN and the new validity date.
- Time period for updation under normal circumstances will not be exceeding 4-5 days

#### **3.3. Failure in revalidation**

- If the assaying report fails to confirm the quality or the expiry date of the commodity is over, the beneficiary client is informed by the warehouse and has to take out the commodities from the warehouse.

- The beneficiary client makes a withdrawal request in the prescribed form (Physical Delivery Request Form) to the Depository Participant (DP) with whom the Demat account is being held and should follow the process for remat as explained in the subsequent chapters.
- Such commodities in respect of which the approved assayers report fails to confirm the quality specifications of the exchange or the expiry of the commodity is over, shall not be considered as valid delivery for trades on the Exchange platform.

#### **4. Process of Remat of warehouse receipts**

As and when the client wants to take the physical delivery of the commodities, he can do so by making a request in prescribed form to the DP with whom he holds his Demat account.

The Physical Delivery Request Form (also known as Remat Request Form or RRF) (sample form is shown in Annexure 14.7) will be issued by the DPs to their clients. The steps involved are as under:

- (i) Client fills in the RRF and hands it over to the DP;
- (ii) DP verifies the signature of the client and the qty mentioned in the form with the holdings in the Demat account and keys-in the information to the DP module and generates the Remat Request Number (RRN);
- (iii) DP gives the acknowledgement copy of the RRF to the client and sends the delivery instruction electronically to the warehouse through the Depository and Registrar
- (iv) Client or his agent will have to call the warehouse informing them of the request for delivery and requesting them to keep the delivery ready;
- (v) Client or his agent approaches the warehouse along with following documents:
  - a) original acknowledgement slip issued by the DP on which RRN number is written;
  - b) authority letter from the client authorizing the agent to take the physical delivery on his behalf (if the client has appointed an agent to take the delivery),
  - c) proof of identity of the person taking the delivery establishing his identity.
- (vi) On receiving the above documents the warehouse will verify the authenticity with the authorization in the system;
- (vii) If the authentication is successful then they will give the physical delivery.

In case the warehouse refuses to accept the instruction for delivery the beneficiary may contact the NCDEX customer service group for assistance.

#### **Process for fractional deposits/withdrawal**

It is possible that the client may have some odd lot quantities in their Demat account at the time of deposits e.g.

Quantity deposited is 20.1 MT and quantity delivered: 20 MT

Balance: 0.1 MT.

Assuming pack size of 50 kg each, the warehouse will deliver 2 bags or pay the cash equivalent of 0.1 MT at prevailing spot market price on the date of Remat Request.

For withdrawing the balance fractional quantities from the warehouse, the participants will have to follow the physical delivery (Remat) request process as mentioned above.

#### **Process for mismatch in Remat request and physically delivered quantity**

In case a Remat request generated is more/less than the actual quantity being delivered, the difference will be settled in cash at the warehouse level.

## 5. Charges

- All charges which are incidental to the physical delivery are to be borne by the recipient and paid upfront at the time of delivery. Charges till the time pay-in is completed is to be borne by the depositor (seller) and after the pay-out is completed, the charges have to be borne by the buyer.
- All charges and costs payable to the warehouse towards delivery of the commodity including sampling, weighing, handling charges, initial storage charges etc upto Demat credit (levied for the minimum holding period as decided by the Exchange) from the date of receipt into designated warehouse upto the date of pay-in and settlement shall be paid by the seller. The indicative charges and minimum billing period is available on the site under the heading Settlement & Delivery. The charges are payable by cash/ DD.
- Generally, the warehouse facilitates above activities, these are purely value added services from the warehouse and as may be negotiated by the recipient with the warehouse. Exchange does not accept any liability/responsibility towards these activities.
- All charges and costs associated with delivery and including storage, handling etc after the pay-out shall be borne by the buyer.
- Warehouse storage charges after credit is received in the Demat account will be charged to the client by the respective DPs.
- The Assayer charges for testing and quality certification should be paid to the assayer directly at the delivery location by the client.

## **6. Process of delivery for Sellers Option, Compulsory Delivery & Intention Matching**

### **6.1. Submission of delivery request**

- Members who wish to take delivery have to submit delivery requests to the Exchange.
- Submission of delivery requests can be done within the stipulated period (presently 3 days) prior to expiry of the near month contract. (subject to change from time to time by the Exchange). Requests once marked cannot be altered or cancelled.
- The delivery request is submitted by the Clearing Member on the Trader workstation by selecting the commodity on the Market Watch Screen and pressing the key Control+ F4.
- The following details are to be entered:
  - Buy/Sell indicator
  - Quantity
  - Client Code
  - Location where delivery is to be given/received
  - Dematerialized /Deposited in warehouse Flag (If the commodities have been deposited in the accredited warehouse and/or credit has been received in the Demat account of the client this flag has to be selected by the member )

### **6.2. Rejection of delivery request:**

The rejection of delivery requests will happen under the following circumstances:

- Non availability of open position to the extent of the delivery request. The request will be valid only to the extent of the open position for the Member at client level in the respective contract. Any additional delivery request will be rejected.
- The delivery request can also be rejected in case the warehouse capacity of the commodity is exceeded or for such other reasons that the Exchange may deem fit.

### **6.3. Delivery matching**

- **Contracts with Seller's right to deliver**

**Sell requests:** A valid sell delivery request would result in delivery on the Exchange for those contracts which have seller's right to deliver

#### **Buy Requests:**

For contracts with seller's right to deliver, delivery obligation would be created for all valid Sell requests received by the Exchange and allocation would be done to the Buyers with open positions on a random basis whether or not the buy request has been submitted. Such Buyers will be bound to take delivery.

However, while allocating the deliveries, preference would be given to those buyers who have submitted buy requests.

- **For contracts with compulsory delivery**

All Sellers & Buyers with open position on expiry of the contract will have to mandatorily give/take delivery on the Exchange.

### **Delivery information**

In order to allocate deliveries in the optimum location for clients, the Members will give delivery information for preferred location.

#### **a) Submission of one-time warehouse preference for a member**

Members will be allowed to submit multiple warehouse preferences for various symbols. The same will be sent by the members through an Excel file. This will be applicable for all outstanding long and short client positions in that commodity. If the Member does not mark any specific location the default preference will be applied for all open positions.

This information will be submitted in the manner as prescribed by the Exchange. Members can change the default location preference any day except the last 5 days before the expiry of the contract.

#### **b) Default location**

Members who do not submit the preference of the default location, will be marked delivery in the base location specified for the commodity.

Members can submit specific delivery requests for their clients for other locations than base center by invoking the delivery request window on the trading front-end.

### **Matching**

Matching of preferred locations submitted by the buyer Members will be done to the maximum possible extent.

If the Member does not give any delivery request for that expiry, the one-time location preference given by the Member in the commodity will be considered while matching.

In case of mismatches in locations between Sellers' and Buyers', the Sellers' choice of location will be given preference over the Buyers' while allocating deliveries.

- **Intention Matching Contracts**

On expiry day Exchange matches buy & sell requests. Upon successful matching of requests with respect to Commodity and warehouse location results in delivery on settlement day.

#### **6.4. Query of delivery requests already submitted**

- The delivery requests can be queried using the Ctrl+F4 key on the NCDEX trader workstation. The list of delivery requests submitted for the current expiry period will be displayed.

#### **6.5. Reading delivery information files**

- Members who have submitted delivery requests can obtain the status of the requests and the delivery allocation if any with the following files
- RS03-Request Status Report

- AL02-Delivery Allocation Report

(Please refer Circular No: NCDEX/TRADING004/2003/015 dated December 24, 2003 for details)

#### **6.6. Settlement calendar**

The Settlement Calendar is issued by the Exchange to inform Members about the schedule of various activities that are to be carried out for physical settlement of different commodities. These activities are broadly classified as Commodities settlement, Supplemental settlement for Premium/discounts as well as Closing outs and Sales Tax settlement cycles.

A sample format of the Settlement Calendar is shown in Annexure 14.8.

## 7. Shortages

### Short Delivery

- Any shortage, which is above acceptable limit, is treated as short delivery. Settlement of short delivery is completed as per Close out rate determined for each commodity at the time of Settlement.
- Acceptable limits are different for each commodity and are specified in the relevant contracts e.g. for Silver (SLVPURDEL) acceptable limit is 5% whereas for Guar Seed (GARSEDJDR) it is 2%. In case of such shortages, the settlement of short delivered or over delivered portion is completed at the Final Settlement Price plus the locational premium or discount applicable for that centre.

#### **Definition of Close out price:**

Close out price applicable in the case of short delivery is arrived at using following method:

*The higher of the following, along with a markup percentage thereon*

Final Settlement Price of the commodity declared by the Exchange on the Expiry Date

**OR**

Last Spot Price of the commodity disseminated by the Exchange on the trading day preceding the Settlement Date.

Exchange reserves the right to modify the manner of arranging at Close Out price.

**Definition of Mark-up percentage:** Mark-up percentage shall be linked to two days' volatility in spot prices as computed on the Settlement Date. (Spot price volatility for this purpose shall be computed in the same way as in the case of futures price volatility in calculating Margins)

**OR**

3% of Close out price as determined in (a) above, *whichever is higher*.

Additionally a penalty of 5% of Close out price is levied on the seller giving short delivery.

Exchange reserves the right to modify the mark up percentage or/and manner to determine the mark up percentage and also the amount of penalty from time to time.

## 8. Process of delivery at the Depositories

### 8.1. Quality and delivery lots

- It is necessary for the market participants to deliver only one grade (i.e. one ISIN) for each delivery lot in each Depository at the time of pay-in. e.g.

Quantity to be delivered: 20 MT

Minimum delivery lot: 10 MT

The participant will be able to deliver maximum of two grades (ISIN) lots of 10 MT each. He cannot deliver two ISINs for one delivery lot.

- If the market participant is not able to deliver as per the delivery lots then it would be treated as Short Delivery.
- Members and their constituents should therefore ensure that the delivery of commodities at the time of pay-in is only in deliverable lots under each ISIN to ensure smooth settlement process.

### 8.2. Delivery process

- The client who wants to deliver the commodity should transfer the credit balances from his account to the clearing Member pool account before the pay-in (Settlement) date specified by the exchange by filling up the Account Transfer Form(sample form is shown in Annexure 14.9 ) This form will be provided by the DP.
- While filling up the Account Transfer Form the client should take care that all the details as mentioned below have been correctly entered and all the holders have signed the form.
  - ISIN: This will be available from your Demat Holding/Transaction statement
  - Quantity: This is the quantity mentioned against the commodity in your Demat statement and should be less than or equal to the quantity you have sold and mentioned in the statement.
  - Execution Date: It is the date before the pay-in date on which the instruction will be executed.
  - Market Type and Settlement No. : This is made available in the circular issued by the exchange and/ or from your broker.
  - CM BP ID /CM Name: These details will be available from the respective clearing members.The client should submit the form to the DP and take an acknowledgement from the DP for the same.
- The DP will enter the instruction in its DP module and on the execution date the balances will be transferred from the client account to the member pool account.
- The member also has to ensure that it has received all the deliveries from the clients before the pay-in to the Exchange.
- On the pay-in day the balances will be delivered to the exchange and on pay-out will be given to the buying brokers pool account. The procedure of normal and early pay-in at NSDL/CDSL is mentioned in the subsequent chapters.

The pay-in process at NSDL and CDSL along with the differences is explained below.

### **8.3. Pay-in process at NSDL**

- To effect settlement pay-ins NSDL has adopted Instruction based approach. This means that a Clearing Member (CM) needs to specifically instruct his DP to make a delivery request known as "Delivery-out" instruction for a given Market Type-Settlement Number combination before settlement date. This is similar to issuing a cheque to transfer funds from one bank account to another. (sample form is shown in Annexure 14.10 ) This form will be provided by the DP.
- CM needs to be sure of executing all delivery-out instructions before settlement date so as to complete his obligation fully. Delivery-out instruction can be of 2 types and it can be given any time before settlement date, they are: Irreversible delivery-out and reversible delivery-out. Irreversible delivery-out is considered as confirmed pay-in for a given settlement and cannot be reversed before settlement date whereas delivery-out can be reversed anytime by a CM before execution date. The payout process is done on Settlement day.
- If the commodity received in any settlement is not shifted from the pool account to the Beneficiary account and if they need to payin towards the next settlement then the Member needs to give an intersettlement instruction to the DP for delivery on the Exchange platform. (Refer to Annexure 14.13 for the format).

### **8.4. Pay-in process at CDSL**

- The pay-in process at CDSL is different from NSDL .In CDSL, CM need not give a delivery-out instruction to his DP, but he has to ensure that valid balances are available in the pool account at the time of pay-in otherwise it would be treated as default.
- CM needs to communicate settlement date to all his clients so as to ensure that all ISIN balances are moved to his CM Pool A/c before settlement date. If the balances are not available in the CM Pool account at the time of pay-in it will be treated as default.
- On a scheduled settlement date, CDSL will provide a balances file to NCDEX clearing house (NSCCL) having ISIN wise balances for each Clearing Member Pool Account (CM-Pool A/c).
- NSCCL based on settlement obligation of a given Clearing Member (CMID), will generate a response to CDSL to effect transfers in NCDEX-NSCCL Settlement account from which credit will be given to respective buyers' CM Pool A/c.

Thus, in NSDL a delivery-out instruction has to be submitted to the DP whereas in CDSL no such instruction needs to be submitted and only valid balances should be lying in the members pool account.

## 9. Early Pay-in Process

### 9.1. Time of early pay-in

- At NCDEX, Early Pay-In (EPI) is accepted once the delivery obligations are finalized and communicated to CMs i.e. from the expiry date of the contract till the pay-in (Settlement) date.

### 9.2. Merits of early pay-in

- One of the major benefits of Early Pay-In is that, on receipt of Early Pay-In, all delivery margins collected towards physical settlement are released.
- It also saves the hassles of not able to deliver on time for a CM. As mentioned in the pay-in processes above, at NSDL if delivery-out is not issued for a settlement, delivery is not affected automatically and CM runs the risk of default due to non delivery.

### 9.3. Early Pay-in process

The process of early pay-in is different at NSDL and CDSL as mentioned below:

- **Availing the EPI facility through NSDL** – A CM needs to give Irreversible Delivery out instruction using the Delivery-Out Instruction Form for a given Settlement in which the electronic balances is to be settled, through his DP. If a reversible Delivery Out instruction is given, then this shall not be treated as early pay-in.
- **Availing the EPI facility through CDSL**
- Members intending to do early payin must open an Early payin account with the Depository. They need to get in touch with their DP's for the same.
- The clearing Member who wants to make an early pay-in shall fill in the instruction slip for early pay-in and deliver the same to his DP.
- The slip shall mention the early pay-in account of the Member as specified by NSCCL. The details required are NSCCL ID, Source Account No., Settlement Information (Type & Number), CM-ID, ISIN, Quantity and Early Pay-in Account No.
- Based on the instruction slip received by the DP, the DP shall enter the same in the CDSL DP front end through the early pay-in screen in the settlement menu.
- Immediately on entry of the said instruction, the balances would be transferred from the concerned account to the early pay-in account mentioned in the said instruction.
- In case, there is insufficient balance, the said transfer will fail.
- Indication of wrong settlement type shall lead to delivery failure.
- Members can contact their respective DP's for further details.

#### **The procedure for Opening CDSL early pay-in a/c:**

- Member desirous of making an early pay-in through CDSL is required to provide a letter to NSCCL on its letter head in the specified format as given in Annexure 14.11)
- NSCCL arranges to open individual accounts for each CM on the basis of application received

- The early pay-in account number would be communicated to the Members, within 3 working days by NSCCL
- Early pay-in should be only upto the working day prior to the scheduled settlement pay-in day. In case any Member makes early pay-in on the scheduled day of pay-in for the settlement, no margin benefit will accrue to the Member.
- The early pay-in by the CMs which are not utilized towards settlement obligations would be returned to the CM by way of credit to their respective Clearing Accounts with CDSL along with the payout in respect of that settlement.

## **10. NCDEX Clearing Front End Software**

- With a view to facilitate the submission of data to the Exchange, NCDEX Clearing Front End Software (NCFE) has been developed. NCFE allows Members to carry out the various activities in a convenient and user friendly manner.
- Members can access NCFE for the following activities.
  - Sales tax information - Maintenance of client/agent masters & submission of ST files to the Exchange,
  - Unique Client Code - Maintenance of Client Code details & submission to the Exchange,
  - Daily clearing files – Loading of daily clearing data & viewing the information.
- NCFE was released by the Exchange on November 26, 2004. Using NCFE, a Member can interact with Exchange in structured manner.
- Members can contact NCDEX Customer service group if they have not received the CD-ROM for NCFE software. CD-ROM of NCFE contains detailed procedure for installation and the manual on how to operate NCFE.

## **11. Unique Client Code**

All members should allot and maintain the Client ID-Nos. along with personal details of clients. They should also fill the 'Know Your Client' form stipulated by the Exchange.

With a view to strengthen the database of clients of its members a unique identity number (UCC) is allotted to each client. All trading and clearing members should collect and maintain in their back office information for each of their clients.

Members can collect copy of identity proof viz PAN Card, Passport, driving license or a copy of Voter ID card for an individual. If a partnership firm/companies is a client then the unique registration number along with copy of PAN Card needs to be collected.

## 12. Sales Tax Settlement Process

### 12.1. Sales tax information and its significance

- Any person offering a physical delivery on the Exchange platform should have necessary registration with the local sales tax authorities in the state where the delivery center is located or shall deliver through a settlement agent who has necessary registration.
- However, in case of select commodities wherein exemption is available for the purchasers from the payment of sales tax, to avail such exemption they also need to have registration with local tax authorities or shall avail the services of the settlement agent as stated above for settling their purchase transactions.
- In such a case the purchaser need to give details of such exemptions being availed by them in requisite form and within the time specified failing which relevant tax is levied.
- In case of Sellers who are empanelled under the composite scheme for Bullion in that State, whereby they deposit a composite amount in lieu of tax on purchase and sale of Bullion, such sellers are not entitled to recover Sales Tax at the time of sale from their respective buyers.

### General guidelines for receiving/delivering clearing members

- Receiving/Delivering Clearing Members should submit delivery information within the stipulated period before the contract expiry, which is presently last three days of the contract expiry through Trader Work Station.
- Exchange verifies and allocates delivery requests as per open positions of respective Members as per process put in place by the Exchange.
- After matching, a report is provided to the Members for all the receipts allocated/deliveries allocated against their delivery information.
- This is a Member specific report and is generated only for those Members who have a delivery /receipt position. This report will be made available on the next morning of Contract expiry date.
- In case of compulsory delivery contracts, all Members will have to deliver or receive the goods as per their open positions on the expiry day depending on their choice of delivery centre. They will receive a report of their obligation on the next morning of Contract expiry date.

### 12.2. For Receiving Clearing Members

- Receiving clearing Members are required to send sales tax information along with additional information including buying client details by **1500 Hours on next working day** after Commodities Settlement day as per Settlement Calendar.
- The data/information submitted by receiving clearing Members is processed for accuracy and completeness.
- In event of a receiving member failing to provide sales tax information within stipulated time, it is assumed that delivery is taken by member himself and accordingly relevant information is provided to delivering members concerned and the invoices will be raised in the name of the receiving Member. As no changes are

possible once the file is uploaded Members should ensure that correct details are provided while uploading the file for Delivering Clearing Members

- Information submitted by the receiving clearing Members is provided to the Delivering clearing Members seeking the sales tax information for each delivery transaction. The buyer client details and sales tax information (viz. exemption form numbers, if any) as provided in the report can be passed on by the Delivering clearing Member to their Seller clients for generating invoices. Exchange shall provide this report to Delivering clearing Members **by the evening on next working day** after Commodities Settlement day as per Settlement Calendar. A return file is generated and sent to the delivery clearing Members to inform the status of sales tax reporting.
- The Delivering clearing Members are required to provide the information by **1500 Hours on or before 2<sup>nd</sup> working day** after Commodities Settlement day as per Settlement Calendar.
- Based on the sales tax information submitted by the Delivering clearing Member, sales tax settlement obligation is determined. Sales tax settlement of funds shall be completed **on or before by the evening of 2<sup>nd</sup> working day** after Commodities Settlement day as per Settlement Calendar.
- In the event of delivering member failing to submit sales tax information, it is assumed that there is no sales tax settlement to be carried out for deliveries made by him.
- Delivering clearing Members are required to ensure that Sales Tax amount submitted to the Exchange complies with applicable State Sales Tax laws. If a Member needs to collect Sales Tax and/or Other charges and/or Resale Tax – they need to submit a single amount for settlement purpose, however the Invoice sent to Buyer shall have all different amounts indicated clearly.
- Seller clients shall generate and send the invoices through their members to Buyer clients through their buying members within **5 working days** after Sales Tax settlement is completed. However if the Seller fails to deliver the invoice within the specified time then he will be charged a penalty of Rs 5000.00 per month per buyer.
- As Illustration for the sequence of Events in Sales Tax Settlement is shown in Annexure 14.12

The following details needs to be incorporated in the sales tax invoice given in Annexure 14.13. The sales tax invoice should clearly mention, besides other things-

- Delivery receipt no.
- Client name & address
- Trading member-id of the seller member and buyer member
- Whether Composite Tax scheme availed

To facilitate Members to upload the details related to Sales Tax, the Exchange facilitates the upload of SL12 details in file format which is generated through back office software of the Member (NCFE), through VSAT, Leased Line and Internet. The specific details for upload are available on extranet "common" folder in "upload\_settlement.doc" file. The said file contains details of IP address and timings for upload, which is available to all members over Extranet.

### **12.3. Failure to submit information on time to Exchange and its implications**

- In case of those commodities wherein the final settlement price is excluding the sales tax applicable on the transactions, the seller has an option to recover the sales tax by giving the quantum of sales tax in the SL 12 file on the next day of the settlement. (For details please refer Circular No: NCDEX/CLEARING-016/2004/102 dated August 16, 2004 )If the seller fails to give these details or informs lesser amount than the actual sales tax then the amount or short amount of sales tax, as the case may be, cannot be recovered from the buyer. However, the liability for the payment of sales tax to the authorities shall continue to be on the seller irrespective of the amount he has collected from the buyer or not.
- Receiving or giving delivery of commodities through authorized agents is an accepted practice in commodities markets. The Exchange also allows its Members to settle their trades upon expiry of contracts through authorized agents.
- The terms and conditions as well as procedure for settling through Agents are as given below:
  1. The Constituents may appoint Agents on the terms and conditions as they deem appropriate. The Constituents shall be responsible for the acts of their Agents under the Rules, Bye Laws and Regulations of the Exchange.
  2. The Constituents through their clearing Members must inform the Exchange of their desire to complete the delivery through an Agent by 5 PM on next working day after Expiry of Contracts.
  3. The constituent intending to avail the services of an Agent will have to give an authority letter to the Agent authorizing him to give or take, as the case may be, the delivery of commodities on his behalf in accordance with the process and procedure prescribed by the Exchange.
  4. It will be the obligation of Members to obtain written confirmations from their Constituents regarding giving/receiving delivery to the specific Agent/s appointed by their Constituents.
  5. The Agent so appointed should have opened commodity Demat account as required under the Regulation for affecting delivery of commodities on the Exchange platform and the Constituent will route his receipts/delivery only through the Demat account of the Agent so appointed by him.
  6. Invoice will be raised by and/or in the name of the Agent giving the details of the Constituents for whom the invoice being issued/raised.
  7. Sales tax and other statutory charges relating to the transactions will be settled by and in the name of the Agent.
  8. Members shall provide Sales Tax information for Agent instead of Constituent and the same shall match as per the request submitted to the Exchange.
  9. The delivery of commodities to the Agent and receipt of commodities from the Agent, instead of respective Constituents, if proper in other respects, shall be deemed to be a compliance of delivery obligation under the Regulations.
- It is to be noted that such arrangements are exclusively between the Members, their Constituents and the Agent. The Exchange merely permits settlement obligations by

giving/receiving delivery of commodities through the respective Agents as communicated to the Exchange through Members. The Exchange is not responsible for any disputes between the parties nor accepts any liabilities in connection with these arrangements.

- Constituents availing the services of agents need to obtain a confirmation from such agents to be appointed before the same is communicated to the Exchange.
- Before availing the service the Members and/or constituents need to comply with the necessary documentation as may be suggested by such agents.
- The Members should provide the details of the agents, where appointed, in the sales tax information files instead of details of constituents.
- Members should ensure that subsequent to the settlement the commodities are transferred to the agents' Demat accounts from the Members' pool accounts. Similarly, in the course of pay-in for the settlement the commodities will move to the Members' pool accounts from the agents' Demat accounts.

The Members should ensure that:

- Necessary confirmation is received from the agents before the same is communicated to the Exchange;
- The details of constituents are forwarded to the agents to facilitate settlement;
- Invoices and other relevant documents are issued within the period stipulated by the Exchange;

#### **12.4. Sales tax obligations**

- The seller/selling Member needs to forward the invoice to the buying Member with in 5 business days of the conclusion of the sales tax settlement (i.e. within 7 business days of the settlement date) and the buying Member expected to forward the same to the buyer within next 2 business days.
- Similarly, if the buyer has availed exemption for payment of tax against the declaration/exemption form he needs to forward the same to the seller within 5 business days of conclusion of sales tax settlement (i.e. within 7 business days of the settlement date).
- In case of default the buyer/buying Member may formally approach the Exchange for intervention for compliance by the parties.

#### **12.5. NCDEX transactions are LST**

- As per the settlement process the seller and the buyer are deemed to have given and taken deliveries at the delivery center (i.e. warehouse accredited by the Exchange) and the sales tax applicable in the State where the delivery center is located is applicable in the absence of any inter state movement of commodities, it is considered as a local sale and thus does not attract any CST.
- In case the buyer opts for moving the commodity to a place out side the sate of delivery, the all necessary formalities are to be completed by the buyer on his own including payment of additional tax.

#### **12.6. Implications of unregistered buyer & seller**

- As mentioned above unless the parties avail the services of a settlement agent any delivery based transactions will have additional burden of sales tax on them.

- The purchase from an unregistered seller makes the buyer liable for payment of sales tax. Therefore the Exchange does not allow an unregistered seller to make any delivery-based transactions. In such cases, the seller needs to make good the losses suffered by the buyer including the penalty levied by the sales tax authorities and Exchange also may impose penalties.
- Similarly if the buyer is not registered or does not use settlement agent, he has to pay the applicable sales tax and the sales tax paid on his purchase becomes irrecoverable for him at the time of subsequent sales by him. In addition his subsequent sale transaction will again attract the sales tax even if he makes a sale of a commodity on which tax has been paid. Besides, such purchaser may be liable to penalties under the State sales laws.

### **12.7. Excise information and its significance**

- Any person offering physical delivery of commodities where Excise duty benefit would be availed by the buyer should have necessary registration with the Excise authorities under relevant provisions of Central Excise Act, 1944 in order to pass on the CENVAT credit to the buyer.

As per prevailing laws on central excise, only the manufacturer, first stage dealer and second stage dealer who are registered under the Act can charge or claim credit of central excise paid by the manufacturer on such goods. This can be done by issuance of Excise Invoice by the manufacturer or first stage dealer showing the amount of central excise paid.

- In case where the price quoted for trades in such commodities on the Exchange is exclusive of central excise:

1. Only manufacturers and first stage dealers registered under the Act will be able to claim central excise amount from the subsequent buyer provided they are in a position to pass on the CENVAT credit.
2. The buyer will have to be either first stage dealer or second stage dealer duly registered under the Act in order to claim credit under CENVAT.

- Members or their constituents who have to give or take delivery must be registered with the Central Excise authorities apart from being registered under Sales Tax/Value Added Tax. The seller will issue his Excise Invoice to the buyer mentioning therein the Excise credit passed to the buyer.

- In case where the price quoted for trades in such commodities on the Exchange is inclusive of central excise:

In such a case where the Excise duty is not explicitly mentioned, it is assumed that the price is inclusive of Excise duty and no supplementary settlement is done for the same.

### **12.8. Purchase tax**

Wherever Purchase tax is applicable concerned buyers will have to get themselves registered and pay the purchase tax on his own. However, such Purchase tax can be recovered in his subsequent sale on the NCDEX platform in cases where the final settlement price excludes all taxes (on sales as well as on purchases), which he will claim as other charges. In such a case, he will have to issue a tax paid invoice

## **12.9. Customs duty and its significance**

Customs duty is payable on all imported commodities in addition to Countervailing duty and the cess thereon is also applicable. All of these are to be paid simultaneously. If the price quoted on the exchange is inclusive of customs duty and exclusive of Countervailing Duty (CVD) and cess, the process as defined by the Exchange can take place under following cases.

In case of Imported Commodity

### **1. If it is the buyer who is going to pay the Customs Duty:**

In case of imported materials, they can be stored in the custom bonded warehouses, wherein the customs duty, CVD and cess thereon can be paid at the time of moving out the commodity from such warehouses. In such a case the seller pays the customs duty and cess thereon to the buyer. Subsequently the buyer will have to take the goods within the ISIN validity period and shall pay the custom duty, CVD and cess thereon. As the Customs Duty is inclusive in the price, CD will be collected from the seller and given to the buyer. The CD and the CVD will be paid by the buyer at the time of taking physical delivery. This CD and CVD will be payable on the Landed Cost or the FSP, whichever is higher.

### **2. If the seller pays the Customs Duty (CD):**

The seller paying the customs duty will also have to discharge the liability for payment of CVD. CD and CVD is payable simultaneously by the importer who files the Bill of Entry. Such seller will have to issue the appropriate invoice to the buyer to enable him to claim the credit for the CVD under the Cenvat Credit Rules. Similarly, the subsequent first stage and second stage sellers will also be entitled to pass on the credit of the CVD on their sales. However, for the purpose, such sellers will have to obtain registration at the warehouse address in order to enable them to pass on the credit.

The requirements of this process would be: (i) registration of the sellers as well as buyers at the warehouse address; and (ii) only first and second stage sellers can pass on the credit and not any subsequent sellers.

The seller will be able to claim the amount paid towards CVD over and above the quoted price only if the seller is able to pass on the CENVAT credit to the buyer under the laws governing central excise irrespective of whether the buyer is entitled to claim or not. In other words, only importers and first and second stage dealers registered under the Act will be able to claim central excise amount to the extent of amount specified in the Central Excise Invoice which will have to be handed over to the buyers.

## **12.10. Registration for specific commodities**

In some commodities Members need to register themselves with certain agencies in order to deal in those commodities. Such details regarding the commodities are available in the respective product notes.

### **13. Access to individual information on internet (NCOMCONNECT)**

'Ncomconnect' (<https://ncomconnect.com>) is a one point contact which brings all entities like Investor, Warehouse, Assayer, Depository Participant and Exchange who are involved in the Physical Settlement process of Commodities on one common platform. An entity can avail of this facility after registration with a nominal one-time fee of Rs. 500/- and an annual fee of Rs. 250/-.

The following facilities will be available on Ncommconnect:

#### **For Clients / Members:**

- Status of Demat / Remat / Revalidation requests: Clients can see the status of their request for Demat / Remat or Revalidation which they have forwarded to the Warehouse by just keying in the Warehouse receipt.
- Commodity holdings in multiple demat accounts across Depositories: All positions of commodities held in different Depositories by the client will be accessible to him so that he need not refer to individual holding statements from each DP.
- Billing information: Clients have an access to their billing charges on the site, which will have the Warehouse charges.
- Commodity ISIN information: Clients can also get information related to each ISIN which will give the grade, location where the commodity is stored and the number of times it has been revalidated.
- Remat summary: This will also have information of the quantity rematerialized for a particular ISIN.
- Holding information across multiple demat accounts: A client having more than one demat account across different DPs and Depositories can view their holdings on one screen.
- Mailback facility for holding and billing statements: Clients can request for their holding & billing statements to be mailed to them on their personal E-mail IDs.

This service is available to all entities mentioned above after online registration .For further details regarding registration and demo please visit <https://ncomconnect.com>.

## 14. Annexures

### 14.1. Sample Beneficiary Account Opening Form

#### ANNEXURE J

Participant Name, Address & DP Id

(Pre-printed)

#### APPLICATION FOR OPENING AN ACCOUNT

(For Individuals Only)

<b>Date :</b>	<b>Client –Id</b> (To be filled by Participant)											
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I/We request you to open a depository account in my/our name as per the following details:

(Please fill all the details in **CAPITAL LETTERS** only)

#### Type of Account

Ordinary Resident	NRI-Repatriable	
HUF	NRI-Non-Repatriable	Others (please specify)

#### Sole/First Holder's Details

Name (Mr./Ms.)	RAJESH KUMAR										
Name of Father/Husband	PANKAJ KUMAR										
Local / Permanent Address	Fortune Towers , Bandra Kurla Complex , Mumbai										
	Pin Code	4	0	0	0	5	1				
Correspondence Address	Fortune Towers , Bandra Kurla Complex , Mumbai										
	Pin Code										
Telephone No.	12345678	Mobile No.	123456789	SMS facility	Yes	No					
Fax Number	12345678	E-mail ID:	rajeshkumar@yyyyyy.com								
Occupation		MAPIN ID:	1	2	3	4	5	6	7	8	9

#### Other Holder Details

<b>Second Holder</b> Name (Mr./Ms.)	NA										
Name of Father/Husband											
Address											
	Pin Code										
Telephone No.		Mobile No.		SMS facility	Yes	No					
Fax Number		E-mail ID:									
Occupation		MAPIN ID:									
<b>Third Holder</b> Name (Mr./Ms.)	NA										
Name of Father/Husband											
Address											
	Pin Code										
Telephone No.		Mobile No.		SMS facility	Yes	No					

Fax Number		E-mail ID:	
Occupation		MAPIN ID:	

Address for communication / Corporate Benefits (Default option is Local Address)	Local / Permanent Address
	Correspondence Address / Foreign Address

**Guardian Details (In case the Sole Holder is a minor)**

Name (Mr./Ms.)										
Relationship (if any)										
Address										
	Pin Code									
Date of Birth (of minor)										
	D	D	M	M	Y	Y	Y	Y	Y	Y

**In Case of NRIs**

Foreign Address											
RBI Reference No.					RBI Approval Date						
						D	D	M	M	Y	Y

**Bank Details**

Bank Sub-type	Savings Account v	Current Account									
Bank Account No.	1234567890										
Bank Name	ICICI Bank Ltd										
Branch Address	Bandra Kurla Complex, Mumbai										
	Pin Code										
9-Digit Code Number of the Bank and branch appearing on the MICR cheque issued by the Bank	1	2	3	4	5	6	7	8	9		

**Financial Details**

	P.A.N. / G.I.R. No.										IT Circle / Ward / District No.											
Sole/First Holder																						
Second Holder																						
Third Holder																						
Guardian (In case of minor)																						

**Standing Instructions**

I/We authorise you to receive credits automatically into my/our account.	Yes	No
Account to be operated through Power of Attorney (PoA)	Yes	No

**Please attach recent passport size photographs in the space provided below:**

Sole/First Holder	Second Holder	Third Holder
<b>Signature across Photograph</b>	<b>Signature across Photograph</b>	<b>Signature across Photograph</b>

### Declaration

The rules and regulations of the Depository and Depository Participants pertaining to an account which are in force now have been read by me/us and I/we have understood the same and I/we agree to abide by and to be bound by the rules as are in force from time to time for such accounts. I/We also declare that the particulars given by me/us are true to the best of my/our knowledge as on the date of making such application. I/We further agree that any false / misleading information given by me or suppression of any material fact will render my account liable for termination and further action.

Name(s) of holder(s)		Signature(s)
Sole/First Holder (Mr./Ms.)		
Second Holder (Mr./Ms.)		
Third Holder (Mr./Ms.)		
Guardian (in case of minor) (Mr./Ms.)		

**NOMINATION**

I/We wish to make a nomination and do hereby nominate the following person in whom all rights and / or amount payable in respect of securities held in the Depository by me / us in the said beneficiary owner account shall vest in the event of my / our death.																		
Name of the Nominee (Mr./Ms.)																		
Relationship with the Applicant (if any)																		
Address of Nominee																		
	Pin Code <table border="1" style="display: inline-table; vertical-align: middle;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table>																	
Date of Birth (in case of minor)	<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr><tr><td>D</td><td>D</td><td>M</td><td>M</td><td>Y</td><td>Y</td><td>Y</td><td>Y</td></tr></table>									D	D	M	M	Y	Y	Y	Y	Signature of Nominee of
D	D	M	M	Y	Y	Y	Y											
Name of Guardian (Mr./Ms.) (in case Nominee is a minor)																		
Address of Guardian																		
	Pin Code <table border="1" style="display: inline-table; vertical-align: middle;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table>																	
Signature of Guardian																		

Photograph of Nominee

Signature of Nominee across Photograph

Photograph of Guardian (in case of minor)

Signature of Guardian across Photograph

**Signature of two Witnesses**

Name	Address	Signature with date
1.		
2.		

**(To be signed by the applicant only in case of nomination)**

\_\_\_\_\_

(Sole/First Holder) (Second Holder) (Third Holder)

**Notes :**

1. All communication shall be sent at the address of the Sole/First holder only.
2. Thumb impressions and signatures other than English or Hindi or any of the other language not contained in the 8<sup>th</sup> Schedule of the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate.
3. As per NSDL Circular No. NSDL/PI/2004/1622 dated September 7, 2004 pursuant to SEBI Circular No. MRD/DoP/Dep/Cir-29/2004 dated August 24, 2004 a copy of any one of the following documents may be accepted as proof of identity / proof of address (local/correspondence/foreign address as the case may be):

**Proof of Identity:** Passport, Voter ID Card, Driving license, PAN card with photograph, MAPIN card, Identity card/document with applicant's Photo, issued by a) Central/State Government and its Departments, b) Statutory/Regulatory Authorities, c) Public Sector Undertakings, d) Scheduled Commercial Banks, e) Public Financial Institutions, f) Colleges affiliated to Universities, g) Professional Bodies such as ICAI, ICWAI, ICSI, Bar Council etc., to their Members; and h) Credit cards/Debit cards issued by Banks.

**Proof of Address:** Ration card, Passport, Voter ID Card, Driving license, Bank passbook, verified copies of Electricity bills (not more than two months old)/ Residence Telephone bills (not more than two months old)/ Leave and License agreement / Agreement for sale, Self-declaration by High Court & Supreme Court judges, giving the new address in respect of their own accounts, Identity card/document with address, issued by a) Central/State Government and its Departments, b) Statutory/Regulatory Authorities, c) Public Sector Undertakings, d) Scheduled Commercial Banks, e) Public Financial Institutions, f) Colleges affiliated to universities; and g) Professional Bodies such as ICAI, ICWAI, Bar Council etc., to their Members.

**Participants must verify the copy of the document with the original.**

4. Instructions related to nomination, are as below:
  - I. The nomination can be made only by individuals holding beneficiary owner accounts on their own behalf singly or jointly. Non- individuals including society, trust, body corporate, partnership firm, karta of Hindu Undivided Family, holder of power of attorney cannot nominate. If the account is held jointly all joint holders will sign the nomination form.
  - II. A minor can be nominated. In that event, the name and address of the Guardian of the minor nominee shall be provided by the beneficial owner.
  - III. The Nominee shall not be a trust, society, body corporate, partnership firm, karta of Hindu Undivided Family or a power of Attorney holder. A non-resident Indian can be a Nominee, subject to the exchange controls in force, from time to time.
  - IV. Nomination in respect of the beneficiary owner account stands rescinded upon closure of the beneficiary owner account. Similarly, the nomination in respect of the securities shall stand terminated upon transfer of the securities.
  - V. Transfer of securities in favour of a Nominee shall be valid discharge by the depository against the legal heir.
  - VI. The cancellation of nomination can be made by individuals only holding beneficiary owner accounts on their own behalf singly or jointly by the same persons who made the original nomination. Non- individuals including society, trust, body corporate, partnership firm, karta of Hindu Undivided Family, holder of power of attorney cannot cancel the nomination. If the beneficiary owner account is held jointly, all joint holders will sign the cancellation form.
  - VII. On cancellation of the nomination, the nomination shall stand rescinded and the depository shall not be under any obligation to transfer the securities in favour of the Nominee.
5. Strike off whichever is not applicable.

=====

**Acknowledgement**

Participant Name, Address & DP Id

Received the application from Mr/Ms \_\_\_\_\_ as the sole/first holder alongwith \_\_\_\_\_ and \_\_\_\_\_ as the second and third holders respectively for opening of a depository account. Your Client Id will be intimated to you shortly. Please quote the DP Id & Client Id allotted to you in all your future correspondence.

Date : \_\_\_\_\_

**Participant Stamp & Signature**

### 14.2. Sample Member Pool Account Opening Form

Depository Participant Name, Address & DP Id

(Pre-printed)

#### APPLICATION FOR OPENING AN ACCOUNT

(For Corporates/Clearing Members only)

<b>Date :01.12.2004</b>	<b>Client -Id</b> (To be filled by Depository Participant)									
-------------------------	---	--	--	--	--	--	--	--	--	--

We request you to open a depository account in our name as per the following details:

(Please fill all the details in **CAPITAL LETTERS** only)

#### Type of Account

<input type="checkbox"/>	Body Corporate	<input type="checkbox"/>	FI
<input type="checkbox"/>	Bank	<input type="checkbox"/>	FII
<input type="checkbox"/>	Trust	<input type="checkbox"/>	OCB
<input checked="" type="checkbox"/>	Others (please specify)		

#### Client Details

Name of Corporate (Sole/First Holder)	<b>PQR Trading Pvt. Ltd.</b>					
Registered Office Address	<b>Fortune Towers, Bandra-Kurla Complex, Mumbai</b>					
	Pin Code	<b>4</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5 1</b>
Correspondence Address (if different)						
	Pin Code					
Telephone No.	<b>12345678</b>					
Fax No.	<b>12345678</b>					

**Other Holder Details**

Second Holder Name						
Name of Father/Husband						
Address						Pin Code
Occupation						

Third Holder Name						
Name of Father/Husband						
Address						Pin Code
Occupation						

**In Case of FIIs/OCBs/Others (as may be applicable)**

Foreign Address						
-----------------	--	--	--	--	--	--

RBI Reference No.	
RBI Approval Date	
SEBI Registration No. (for FIs)	

**Bank Details**

Bank Account No.	123456						
Bank Name	ICICI Bank Ltd.						
Branch Address	Bandra-Kurla Complex						
	Pin Code	4	0	0	0	5	1
9-Digit Code Number of the Bank and branch appearing on the MICR cheque issued by the Bank							

**Financial Details**

	<i>P.A.N. / G.I.R. No.</i>	<i>IT Circle / Ward / District No.</i>
Sole/First Holder	ABCDE1234G	
Second Holder		
Third Holder		

**Standing Instructions**

We authorize you to receive credits ?	Yes	? No
---------------------------------------	-----	------

automatically into our account		
--------------------------------	--	--

**Clearing Member Details** (to be filled up by Clearing Members only)

Name of Stock Exchange	<b>NCDEX</b>
Name of Clearing Corporation	<b>NCDEX</b>
Clearing Member Id	<b>123</b>
SEBI Registration No.	<b>N/A</b>
Trade Name	<b>PQR Trading Pvt. Ltd.</b>
CM-BP-Id	

**Declaration**

The rules and regulations of the Depository and Depository Participants pertaining to an account which are in force now have been read by us and we have understood the same and we agree to abide by and to be bound by the rules as are in force from time to time for such accounts. We also declare that the particulars given by us are true to the best of our knowledge as on the date of making such application. We further agree that any false / misleading information given by us or suppression of any material fact will render our account liable for termination and further action.

**Authorized Signatories** (Enclose a Board Resolution for Authorized Signatories)

<b>Sole/First Holder</b>	<i>Name</i>	<i>Signature(s)</i>
First Signatory	Kumar Rajesh	Kumar R
Second Signatory		
Third Signatory		
<b><u>Other Holders</u></b>		
Second Holder		

Third Holder		
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**Mode of Operation for Sole/First Holder** (In case of joint holdings, all the holders must sign)

? Any one singly

? Jointly by \_\_\_\_\_

? As per resolution \_\_\_\_\_

? Others (please specify) \_\_\_\_\_

**Notes:**

1. The names of the account holders should be exactly in the same order as mentioned on the certificates to be dematerialized.
2. In case of additional signatures, separate annexures should be attached to the application form.
3. Thumb impressions and signatures other than English or Hindi or any of the other languages not contained in the 8th Schedule of the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate.
4. Strike off whichever is not applicable.

=====

**Acknowledgement**

Depository Participant Name, Address & DP Id

Accepted/Rejected the application from M/s **PQR Trading Pvt. Ltd.** as the sole/first holder along with \_\_\_\_\_ and \_\_\_\_\_ as the second and third holders respectively for opening of a depository account. Your Client Id/CM-BP-Id (in case of Clearing Members) will be intimated to you shortly on acceptance. Please quote the DP Id & Client Id allotted to you (CM-BP-Id in case of Clearing Members) in all your future correspondence.

**Date: 01.12.2004**

**Depository Participant Stamp & Signature**

### 14.3. Format of Warehouse Acknowledgement

#### Confirmation of receipt of commodities at the warehouse

Name and address

of the warehouse: \_\_\_\_\_

(Warehouse stamp)

Received from M/s. \_\_\_\_\_  
 commodities as detailed below subject to verification of quality towards issuance of Demat credit.

Commodity description:			
Truck No.	No. of bags	Net weight (MT)	Remarks

This confirmation shall be treated only as an acknowledgement of receipt by the warehouse and cannot be treated as a warehouse receipt for the purpose of transfer and/or borrowing etc.

We confirm that the commodities received by us as stated above are covered under the insurance policy taken by us for the storage of commodities at our warehouse;

The warehouse shall confirm to the depositories the above receipt only on confirmation of quality by the approved assayers of National Commodity & Derivatives Exchange Ltd.

**For and on behalf of:**

Warehouse name:

Authorized signatory

Date:

Time:

#### 14.4. Sample of Commodity Deposit Form

Sr. No.

#### Commodity Deposit Form

(To be filled in by the depositor)

Date of Deposit: 10.12.2004\_\_\_\_\_

Time of Deposit: 11 am

Name and location of the warehouse	XYZ,JODHPUR		
Name of the Depositor	Rajesh Kumar		
Address of the depositor	Jodhpur		
For the account of (beneficiary name)	Rajesh Kumar		
Details of commodity Demat account to be credited with	<i>Client Id</i>		<i>Client Name</i>
	1	0	Rajesh Kumar
	<i>DP Id</i>		<i>DP Name</i>
	I	Xyz Ltd.	
<b>Details of commodities deposited</b>			
<b>Details of commodities being deposited</b>	Qty. in Metric tones / Kgs. / (Net weight accepted inside the warehouse)	No. of bags / units/ lots /Packages (for grains)	<b>Remarks, if any</b>

GUAR	10 MT	100	
<b>Quality verification details</b>			
Name of the Assayer	J B Boda Surveyors Pvt. Ltd.		
Grade certification details (Assayer certificate attached)	Date of certificate	Ref. No. if any	Grade expiry date
	<b>8.12.2004</b>	<b>X123</b>	<b>15.01.2005</b>
Remarks of assayer if any			
Value of goods deposited	Rs. In figures	Rs. In words	

I/we hereby declare that the commodities being deposited herein belong to the beneficiary as stated above and are free from any encumbrances. I/we hereby request the warehouse to accept the deposit of the commodities and credit the same to the account of the beneficiary stated above.

**RKUMAR**

Signature of the depositor

**Acknowledgment from the warehouse**

**Name of the warehouse** \_\_\_\_\_

We hereby acknowledge the receipt of (Quantity) \_\_\_\_\_ (Unit) \_\_\_\_\_ of \_\_\_\_\_ (commodity details) of \_\_\_\_\_ grade specifications from \_\_\_\_\_ (Name of the depositor) to be credited for the commodity Demat account of \_\_\_\_\_ bearing Client Id: \_\_\_\_\_ and DP id: \_\_\_\_\_ on \_\_\_\_\_ at \_\_\_\_\_ am/pm.

Authorized Signature(s)

Seal

#### 14.5. Sample Transaction Statement

**Depository Participant's Name** [DP Id: IN300XXX]

**DP Address:** Fortune Park, Bandra Kurla Complex, Mumbai 400051 **Date:** 31.12.2004

**Transactions From Date : 01.12.2004 To Date :31.12.2004**

<b>Client Id</b>	10000001	<b>Category</b>	Beneficiary	<b>Status</b>	Active
<b>Name(s) of holders</b>	Rajesh Kumar				
<b>Address</b>	Fortune Towers, Bandra Kurla Complex, Mumbai 400051				
<b>Pin Code</b>	400051				

<b>ISIN</b>	INC000002013	<b>ISIN Description</b>	NCDEX KERALA ST.WAREHOUSING CORP KOCHI PPRMLGKOC PEPPER METRIC TON 15JN05 MALABAR GAR
-------------	--------------	-------------------------	--

<b>Transaction Type</b>					
<b>Date</b>	<b>Transaction No</b>	<b>Description</b>	<b>Credit</b>	<b>Debit</b>	<b>Balance</b>
05.12.2005	555555	Opening balance			10
	By Corporate Action	Closing balance	10		20

**Depository Participant's Seal & Initials**

#### 14.6. Sample NCDEX Commodity Deposits - Revalidation Form

We hereby request you to arrange for the re-validation of the commodity deposit held by us under following details:

Warehouse Name	XYZ, JODHPUR		
DPID	IN300XXX		
Client ID	10000001		
ISIN	IN0000000156	Expired on	15.12.2004
Commodity name	GUAR GUM		
Grade	1111		
Qty in units (MT)	5		
Assayer Ref No. and remarks (to be filled in by warehouse after re-testing)			

Signature of beneficiary/ies: 1. **Rajesh Kumar**  
 2. \_\_\_\_\_

Date: 20.12.2004

(The beneficiary who wants to re-validate the commodity shall contact the assayer for testing the commodity in consultation with the warehouse. All costs/charges /expenses etc. in this connection shall be borne by the beneficiary/ies themselves.

Please note that the credit will be given to the same Client Id/ DP Id combination for which re-validation request is received.)

#### Warehouse Acknowledgement

Received request for re-validation of the commodity **Guar Gum** for **5** MT held under ISIN code **IN0000000156** credited in client Id: **10000001** with DP Id **IN300XXX**.

Authorized signatory:

Warehouse Name: XYZ

Date: 20.12.2004

**14.7. Sample Physical Delivery Request Form / Remat Request Form**

Depository Participant's Name, Address & DP Id

(Pre-printed)

**PHYSICAL DELIVERY REQUEST FORM / REMAT REQUEST FORM (RRF)**

**(For commodities/metals)**

Request No. \_\_\_\_\_

(to be filled by DP)

Serial No. \_\_\_\_\_

(Pre-printed)

Date: 10.12.2004

I/We intend to receive physical delivery of the below mentioned commodities/metals and authorize that my/our account be debited by the quantity of commodities/metals mentioned below for this purpose. I/We declare that the below mentioned person (s) are the beneficial owners of the commodities/metals mentioned.

Account No.	1	0	0	0	0	0	0	0	0	1			
Account Holder Name	Rajesh Kumar												
Name of commodity/metal	Guar Gum												
C-Id	I	N	0	0	0	0	0	0	0	1	0	5	6
Unit of Measurement	Metric Ton												
Quantity to be delivered (in figures)	1	0											
(in words)	Ten Only												
(Integer)													
(And decimal)													

Signature(s)

First/Sole Holder **RKUMAR**

Second Holder

Third Holder

---

### Participant Authorization

Received the above mentioned request for physical delivery of the commodities/metals from the account holder mentioned above.

The application form is verified with the details of the beneficial owner's account and certified that the application form is in order. The account has sufficient balances to accept the request for physical delivery. It is also certified that the beneficial owner(s) signature(s) is/are verified and found in order. The other details of the beneficial owners (Client Master Report), as extracted from the records, are enclosed.

Forwarded by:            Name of the executive

Signature

(Seal)

---

### Acknowledgment

Depository Participant's Name, Address & DP Id

(Pre-printed)

Serial No. \_\_\_\_\_

(Pre-printed)

We hereby acknowledge the receipt of request for physical delivery for \_\_\_\_\_10\_\_\_\_\_ (quantity) \_\_\_\_\_MT\_\_\_\_\_ (unit of measurement) of \_\_\_\_\_Guar  
\_Gum\_\_\_\_\_ (commodity/metal) from **Rajesh Kumar** (Name) having Account  
No. **10000001**.

Participant's Signature

(Seal)

Date:

### 14.8. Format of Settlement Calendar

A Format of settlement calendar is given below .The Settlement Type for every commodity is to be noted using the key give below:-

Symbols	Settlement Type *		
	Physical Settlement	Premium / Discount Settlement and Close Out	Sales Tax Settlement
CRDPOLKDL, GLDPURMUMK, RMOEXPJPR, RBDPLNKAK, SLVPURDEL, SYOREFIDR	G	A	B
CASTORDSA, CHARJDEL, CHLGSMGTR, ,COCUDCAKL, COFAPAHSN, COFRCBKS, CSHW320KLM, GARGUMJDR, GARSEDJDR, GURCHKMZR, JEERAUNJHA, JUTB65KOL, JUTRAWKOL, MAIZYRNZM, MGCCBBRNM, PPRMLGKOC, RBRRS4KTM, RICAPARDEL, RICARAWDEL, RICCPARDEL, RICCRAWDEL, RMSEEDJR, RSMCBBBLR, SBMEALIDR, SESNW98RKT, STLINGGZB, SUGARMMZR, SUGARSKOL, SYBEANIDR, TMCFGRNZM, TURLMNMUM, TURMHLAKL, URMFAQMUM, WHTSMQDEL, YPECANMUM,	K	A	B

\* Please note the Settlement Type for every commodity using the key given above

#### 14.8.1. Commodities Physical Settlement

STL Type	STL Description	NSDL Market Type	STL No.	Expiry Date	Delivery and Funds Pay-in	Delivery and Funds Pay-out
G	E + 2	T+2	2005009	20-Sept-05	22-Sept-05	22-Sept-05
K	E + 2 (SR)	T+2 SO	2005012	20-Sept-05	22-Sept-05	22-Sept-05

#### 14.8.2. Price Adjustments for Premium/Discounts Settlement and Close Out

STL Type	STL Description	STL No.	Expiry Date	Funds Pay-in	Funds Pay-out
A	E+2 & E+2 (SR)	2005013	20-Sept-05	22-Sept-05	22-Sept-05

#### 14.8.3. Sales Tax Settlement

STL Type	STL Description	STL No.	Expiry Date	Funds Pay-in	Funds Pay-out
B	E+2 & E+2 (SR)	2005013	20-Sept-05	26-Sept-05	26-Sept-05

'E' – Expiry date of Contract, STL – Settlement, SR – Sellers' Right

### 14.9. Sample Account Transfer Form

#### Depository Participant Name, Address & DP Id

(Pre-printed) **DELIVERY INSTRUCTIONS BY CLIENTS**

Serial No. (Pre-printed)								Date: 27.12.2004									
Client Id (Pre-stamped)		<table border="1" style="display: inline-table; border-collapse: collapse;"> <tr> <td style="width: 20px; height: 20px;"></td> </tr> </table>															
I/We hereby request you to debit my /our account as per the following details																	
<b>For Market Trades (Receiver Details)</b>																	
CM-BP-Id	CM Name	Market Type	Settlement No.	ISIN	Security Name	Quantity(In Figures)	Quantity (In Words)	In No. of Lots									
IN123456	PQR Trading	XX	2004007	INC000002013	NCDEX KERALA ST.WAREHOUSING CORP KOCHI PPRMLGKOC PEPPER METRIC TON 15JN05 MALABAR GAR	10	Ten Only										
<b>For Off-Market Trades (Receiver Details) N/A</b>																	
DP Id	DP Name	Client ID	ISIN	Security Name	Quantity (In Figures)	Quantity (In Words)											
Execution Date (dd-mm-yyyy)				<table border="1" style="display: inline-table; border-collapse: collapse;"> <tr> <td style="width: 20px; height: 20px; text-align: center;">2</td> <td style="width: 20px; height: 20px; text-align: center;">7</td> <td style="width: 20px; height: 20px; text-align: center;">1</td> <td style="width: 20px; height: 20px; text-align: center;">2</td> <td style="width: 20px; height: 20px; text-align: center;">2</td> <td style="width: 20px; height: 20px; text-align: center;">0</td> <td style="width: 20px; height: 20px; text-align: center;">0</td> <td style="width: 20px; height: 20px; text-align: center;">4</td> </tr> </table>						2	7	1	2	2	0	0	4
2	7	1	2	2	0	0	4										
Depository Participant Stamp, Date & Time				No. of Instructions			1RKUMAR										
				(in figure) _____			2_____										
				(in words) _____			3_____										
				Authorized Signatory(ies)													

**Instructions:**

1. To be submitted in duplicate for acknowledgement.
2. In case of joint holdings, all joint holders must sign.
3. Please strike off unused rows.

### 14.10. Sample Delivery-Out Form

Depository Participant Name, Address & DP Id

(Pre-printed) **DELIVERY-OUT INSTRUCTIONS BY CLEARING MEMBERS FOR PAY-IN**

Serial No. (Pre-printed) Date: 28.12.2004 Date : _____											
Client Id (Pre-Stamped) 10000002											
I/We request you to <b>debit</b> my/our CM account as per the following details:											
Name of Clearing Corporation				<b>NCDEX</b>							
Instruction Type				<input type="checkbox"/> X Reversible <input type="checkbox"/> Irreversible (Please tick in only <b>one</b> of the boxes as may be applicable)							
ISIN	Security Name				Quantity (In Figure)	Quantity (In Words)			Instruction No. (To be filled by DP)		
<b>INC000002013</b>	NCDEX KERALA ST.WAREHOUSING CORP KOCHI PPRMLGKOC PEPPER METRIC TON 15JN05 MALABAR GAR				<b>10</b>	<b>Ten Only</b>					
Market Type:	XX	Settlement No.:	2	0	0	4	0	0	7	Execution Date:	28.12.04
<b>Depository Participant Stamp, Date &amp; Time</b>					<b>PQRTRADING</b>						
					<b>Authorised Signatory (ies)</b>						

Instructions:

1. To be submitted in duplicate for acknowledgement
2. Irreversible delivery-out instructions are instructions which cannot be cancelled once effected.
3. Use separate forms for reversible delivery-out instructions and irreversible delivery-out instructions.
4. In case it is not explicitly mentioned that it is an irreversible delivery-out instruction, it will be assumed to be a reversible delivery-out instruction

#### 14.11. Format of Letter from CMs for Opening of Early Pay-in A/c at CDSL

Date:

To,

National Securities Clearing Corporation Ltd (NCDEX Clearing House),

Exchange Plaza, Bandra Kurla Complex,

Bandra (E), Mumbai – 400 051

Dear Sir / Madam,

Sub: Account for Early Pay-in of commodities through CDSL

We are interested in making early pay-in of commodities through CDSL. We therefore request you to open an early pay-in account based on the details given hereunder:

Name of the Member			
Trading Member Code		Clearing Member ID	
Communication Address			
City			
State			
Country			
Pin Code			
CDSL A/c No.			

We hereby authorize NCDEX Clearing House to operate the above stated account on our behalf and execute transactions as may be deemed necessary. Further, we hereby authorize NCDEX Clearing House to debit our account towards any charges that may be levied by CDSL on account of transactions in this account.

We would request you to advise us the account number allotted to us for this purpose.

Yours Sincerely

**Authorized Signatory**

**Name:**

**Designation:**

### 14.12. An illustration -Sequence of Events in Sales Tax Settlement

Commodity Gold having E+2 Settlement Cycle & E+4 days for Sales Tax Settlement

Contract Expiry Date (20 <sup>th</sup> )	Submission of Delivery / Receipt Requests
	Allocation of Delivery / Receipt Positions & downloading of reports for clearing Members
E+2 Settlement Date (22 <sup>nd</sup> )	Delivery & Receipt of actual quality & quantity of commodity by respective clearing Members
Next Working day after Settlement date (23 <sup>rd</sup> )	Submission of Sales Tax information by receiving clearing Members by or before 1500 Hrs.
	Return file provided by NCDEX on Status of information submitted by receiving clearing Members
	Downloading of Information for delivering clearing Members for submitting Sales tax amount information
2 Working days after Settlement date (24 <sup>th</sup> )	Submission of Sales Tax information by delivering clearing Members by or before 1500 Hrs.
	Return file provided by NCDEX on Status of information submitted by delivering clearing Members
	Completion of Funds settlement for Sales Tax amounts
Seller client to generate and send the Invoice to buyer client <b>within 5 working days</b> after Sales Tax Settlement is completed.	

**14.13. Sample Inter-settlement Form**

**DP NAME**

**INTER - SETTLEMENT INSTRUCTIONS**

Sr. No.00001      Client ID12453678      DPIDIN300017      Date

Request you to move securities in my/our account as per the details:

FROM							TO								
Market Type	T+2 SO						Market Type	T+2 SO							
Settlement No	2	0	0	5	0	1	3	Settlement No	2	0	0	5	0	1	4

ISIN	Security Name	Quantity (in figures)	Quantity (In Words)	(In	Instruction No. (To be filled by DP)
INC	XXXXXX	XX			

Execution Date

Stamp, Date & Time

Authorised Signatory (ies)

### 14.14. Sample Sales Tax Invoice

To be given by the Seller

Buyer's Name & Address			
Seller's local sales tax/VAT registration number:			
Delivery/Receipt No.(As given in SS_06 File)			
Invoice No.		Invoice Date	
Seller Member name & Address		Seller Member TMID/CMID	
Buyer Member name & Address		Buyer Member TMID/CMID	
Warehouse Name and Location			