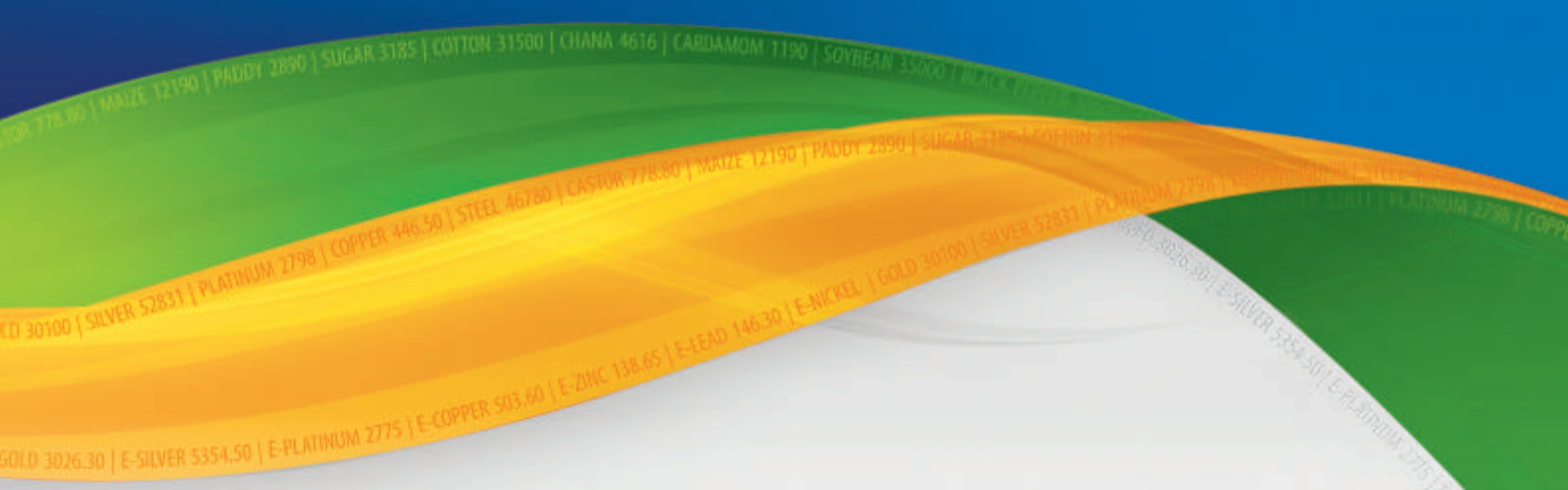


@-Series

The New Face of Commodity Market



Electronic Spot Market

Buy, Hold, Sell Commodities In Demat Form

@-Gold[®]

@-Silver[™]

@-Platinum[™]

@-Copper[™]

@-Zinc[™]

@-Nickel[™]

@-Lead[™]



@-Series: Investment Products for Retail Investors

@-Series is a bouquet of investment products in commodities, which are specially designed for retail investors. @-Series products, innovated by National Spot Exchange Ltd. (NSEL), enable investors to "invest" in commodities in smaller denominations and hold it in demat form. It is available on the pan-India electronic trading platform set up by NSEL and can be accessed through members of NSEL, their branches and franchisees. It provides a unique opportunity to buy, accumulate, hold and liquidate commodities with an option to convert the same into physical delivery in a seamless manner.

Salient Features of @-Series

Diversification of Portfolio in Commodities

Unlike ETFs which offer only gold as an asset class, @-Series product line includes @-Silver, @-Platinum and base metals like @-Copper, @-Zinc, @-Lead and @-Nickel in addition to @-Gold. Hence, @-Series enables the retail Indian Investor to invest in 'commodities' as an asset class.

Promotes savings and investment

India's savings to GDP ratio is 32%. This necessitates creation of products that enable to channel savings into investments for wealth creation. Today, Indian commodity exchanges, have listed futures on commodities, which are good instruments for trading, hedging and price risk management, but are not necessarily instruments for investment, wealth creation and preservation. Moreover, Leveraged trading in derivatives (futures and options) may be good for traders, but it may be detrimental to the interests of general masses, who are likely to be severely impacted by price volatility. @-Series fills this void in commodities by creating an investment product line for small investors thereby promoting savings and investment.

Drives "Financial Inclusion"

Simplicity, accessibility and affordability are the basic ingredients to achieve "Financial Inclusion". @-Series has been designed primarily to achieve the same.

- It is **simple**, because commodities are easy to understand compared to plethora of financial products and derivatives. For instance, among the 120 crore people who live in India, about 1.65 crore hold demat accounts for trading in stock market while nearly 25 crore Indians hold Gold, Silver and other commodities, which signifies that the interest of the population is highly swayed towards commodity investments. Gold is already a household name in the most Indian cities and villages hence products like @-Gold are easy to understand. Further, @-Gold tracks current physical market price of Gold as against NAVs as in case of Gold ETFs. This makes @-Gold a very easy investment option and hence very attractive.
- It is **accessible**, as NSEL has pan-India presence along with a large number of trading terminals of its members. Investors can buy @-Series by making telephone calls to their members or by trading online any time during 10:00 am to 11:30 pm. With this product, we expect the network of Exchange members and depository participants (DPs) to reach 1 lakh centers across the country and cater to 6 lakh villages in the next 3 years. This will ensure "Financial Inclusion" in the true sense.

- It is **affordable**, as it is available in smaller denominations (1 gram incase of e-Gold & e-Platinum, 100 grams for e-Silver etc.), which is within the reach of "rural Bharat". Lower income groups can use this product to park their savings and accumulate wealth over a period of time. If compared to physical gold specifically, the Net cost on conversion of e-Gold into gold coins/bars is considerably less than the most other reputed sources of physical gold like banks and post office.

Ensures Transparent Pricing

e-Series is available on the NSEL's order-driven electronic trading platform. The same price is available across the country and so, the buyers and sellers from anywhere in the country can buy and sell at this price. In addition, investors are also allowed to quote their own buying and selling price into the market. This order driven trading platform ensures better transparency, credibility and authenticity of pricing.

No management/custodial/storage charges

The cost of holding e-Series units in demat account have been waived w.e.f. 1st August, 2010. Hence, the holding cost or recurring cost or annual maintenance cost in respect of e-Series is Zero while in the case of Gold ETFs the same is considerably high.

Facilitates Systematic Investment Plan (SIP)

Investors can authorize their broker who is a member of NSEL to purchase specified quantity of e-Series commodities/units on a regular basis in accordance with the pre-defined terms and conditions, as instructed by the investor. NSEL has released a software to this end that can be availed free of cost by its members. Based on this software offered by NSEL members to their clients, investors can do systematic investment in e-Series.

Compliant with Shariah Principles

Taqwaa Advisory and Shariah Investment Solutions (P) Ltd. (TASIS) a premier Shariah Advisory Institution in the field of finance in India, has certified that e-Gold, e-Silver, e-Copper, e-Lead, e-Zinc & e-Nickel are Shariah Compliant investment products. Based on this certification, millions of Islamic investors can invest in e-Series instruments. It also implies that these products are "ethical instruments" confirming to all the standards of Islamic Finance.

Potential Market Size

- Unlike equities, precious metals and other commodities have inherent demand among masses. Hence, this product can easily be sold to crores of investors.
- As per research reports, investment demand for bullion is expected to exceed jewelry demand. The demand for gold in our country is around 200 MT each year valued at ₹62,000 crores. Therefore, investment in e-Gold alone is expected to well exceed ₹62,000 crores per annum.
- The market capitalization of companies listed on Indian stock Exchanges is around ₹60 lakh crores. If the investors diversify even 10-20% of this into commodities, it would imply investment of around ₹10 lakh crores into this market.

Business Opportunity for Exchange Members

Under the @-Series products, NSEL launched @-Gold first, followed by @-Silver, @-Copper, @-Zinc, @-Lead, @-Nickel and @-Platinum. NSEL proposes to launch similar trading facilities in around 20 non-perishable commodities. This will create a huge cash segment of commodities. Exchange members will be the largest beneficiary of this emerging market segment and it will create the following business opportunities for:

Depository Participant

We anticipate in the next 3 years, the number of beneficiary accounts opened by investors in this segment would exceed the number of accounts opened in the stock market. The existing clients holding their beneficiary accounts with their respective DPs can open separate accounts for trading in @-Series. If all equity shareholders open separate accounts for the said purpose, the DP-related income would also double. Going forward, DPs will have opportunities to expand their businesses to other untapped centers still.

Broker

The Exchange members can enroll a number of investors willing to invest in commodities. This would expand their broking activities to several remote locations and create huge business opportunities

Non-Banking Financial Companies (NBFCs)

Exchange members having NBFCs in their group can explore the business of financing against pledge of demat ICIN, similar to financing against shares. This will generate good revenue stream for the NBFCs.

How to Participate

An individual or any other legal entity can open a client code (trading account) with a member of NSEL to trade in @-Series products. He is also required to open a beneficiary account (demat account) with any DP empanelled with NSEL for holding @-Series units in demat form. Thereafter, he can buy and sell @-Series products, either by placing orders through the member over the phone, or online through a trading terminal provided by the member.

In case of buy transaction, the investor is required to pay the purchase value before (T+2)th day. The units

are credited into his demat account on (T+2)th day. In case of sale, he has to transfer the units from his beneficiary (demat) account to his broker's pool account, while the broker transfers sale proceeds to him on (T+2)-basis. Intraday trading is allowed, but all positions outstanding at end of the day must result into delivery. For the purpose of opening accounts, NSDL and CDSL serve as depository and Karvy Consultants Ltd. acts as Registrar and Transfer Agent (RTA) for @-Series contracts. A list of all such empanelled depository participants can be obtained from the website of NSEL.

Trading Details

Contract Cycle	Single Day
Trading period	Monday to Friday
Trading session	10:00 am to 11:30 pm

Exchanging @-Series Units for Physical Delivery

The investor is entitled to buy, hold and accumulate @-Series units. If he wants to sell these units, he can do so at any point of time and realize price appreciation. However, the Exchange also provides him the option to convert demat holding of @-Series units to take physical delivery of the metal. Such conversion can be done in the

denominations specified by the Exchange. The investor can take delivery from the Exchange specified delivery locations (for example: @-Gold is available at Mumbai, Delhi, Ahmedabad, Kolkata, Chennai, Hyderabad, Jaipur, Kochi, Bengaluru, Kanpur, Ludhiana, Patna, Indore).

Why e-Series



About National Spot Exchange Limited

National Spot Exchange Limited (NSEL) is the national-level institutionalized, electronic, demutualized, transparent Spot Exchange providing compulsory delivery-based single-day duration contracts in commodities. It is promoted by Financial Technologies (India) Limited (FTIL) and National Agricultural Co-operative Marketing Federation of India Limited (NAFFD).



Electronic Spot Market

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