



Electronic Spot Market

Frequently Asked Questions on @-Series Investment Products

1) What is National Spot Exchange?

National Spot Exchange Ltd. or NSEL is a national level, institutionalized, demutualized and transparent electronic spot exchange set up by Financial Technologies (India) Ltd. (FTIL) and National Agricultural Co-operative Marketing Federation of India Ltd. (NAFED) to create a delivery-based, pan-India spot market for commodities.

2) What are the commodities being traded on NSEL platform?

NSEL conducts spot trading in various agricultural and non-agricultural commodities, such as gold, silver, platinum, etc. The Exchange currently offers trading in 50 commodities (including @-Series products). Contracts are designed and customized to fulfill the requirements of Govt. Agencies, corporates, traders, bullion dealers and farmers.

3) What are @-Series investment products?

NSEL launched a new segment '@-Series' in 2010, which is exclusively designed for small investors in order to develop an investment product line in commodities.

@-Gold was the first product launched under @-Series, followed by @-Silver, @-Copper, @-Zinc, @-Lead, @-Nickel and @-Platinum.

These are commodities in demat form, available in small denominations to enable commodity investment, in the form of SIP (Systematic Investment Plan), for retail investors and portfolio diversification for HNIs. This line of products opens up the retail Indian household portfolio to commodities as an asset class to invest in.

4) What is dematerialized or demat form of commodities?

Dematerialization of commodities implies that they are stored in Exchange-designated vaults/warehouses and the record of the ownership is in electronic form, similar to trading in equity shares. The legal and beneficial owner of the goods gets a credit in his account electronically, which is like holding a passbook in the bank. Similarly, transfer of ownership against purchase and sale is done from one account to the other, just like money transfer through a cheque. The depository keeps records of holding and transfers in electronic form. The opening of demat account and transfer instructions are carried out by the agents of the depository, called Depository Participants (DPs).

5) What is the difference between delivery in physical form and delivery in demat form?

In case of physical delivery, a person gets a warehouse receipt in paper form, while in case of delivery in demat form, he gets a credit entry in his demat account.

6) Which are the commodities available for trading in demat form?

Currently, gold, silver, copper, zinc, lead, nickel and platinum are available in demat form. NSEL plans to introduce around 20 other non-perishable commodities in demat form soon.

7) How do I buy commodities in demat form?

You have to first register yourself as a client with any member of NSEL and open a commodity demat account with any of the DPs empanelled with NSEL. You can then place your order for @-Series products over a phone call to your broker or directly through online trading terminals.

8) What are the timings for trading in demat commodities on NSEL platform?

Trading in @-Series products can be done from Monday to Friday between 10:00 am and 11:30 pm except on holidays notified by the Exchange.

9) What is the payment process for purchase/sale of @-Series commodities?

The net position outstanding at the end of day is settled by delivery of demat units and payment on T+2-basis.

10) Will NSEL clients have to open separate accounts for trading in @-Series?

Yes. A client willing to trade in any of the @-Series contracts is required to open a beneficiary account (a commodity demat account) with any of the depository participants (DPs) empanelled with NSEL.

11) Who are the DPs empanelled with NSEL?

NSEL has empanelled over 190 DPs (including all major DPs of NSDL and CDSL) to provide depository services for NSEL. The updated list of the empanelled DPs and their branch details are available on the Exchange website: www.nationalspotexchange.com

12) What is the process of opening a demat beneficiary account?

The process is similar to opening a demat account for equity. The investor is required to fill up a demat account opening form available with any of the DPs mentioned above and provide his KYC (know your client) documents.

13) Is there any charge for opening a beneficiary account?

The charges are notified by the DPs to all the clients holding beneficiary account with them. The DPs normally charge Annual Maintenance Charges (AMC) and transaction charges on all debit instructions. It is similar to the practice followed in the equity market.

14) How many days does it take to open a beneficiary account?

It takes at least 1 to 3 working days to complete all formalities of opening a beneficiary account.

15) I am an investor holding a demat account for equities. Do I have to open a separate demat account for trading on NSEL?

Yes. You have to open a separate demat account for NSEL as separate demat accounts are required for holding equities and commodities. If you have a demat account for trading on MCX, then the same account can be used for NSEL. However, if you have demat accounts for trading on any other stock exchanges/ commodity exchanges, then you have to open a separate demat account for NSEL.

16) Are @-Series products compulsory demat settled?

Yes. NSEL's @-Series products are compulsory demat contracts. For taking delivery of such units, you need to have a demat account.

17) What is the pay-in and pay-out schedule for @-Series?

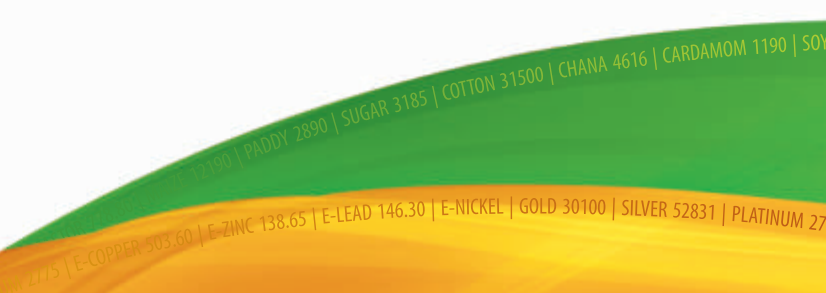
Pay-in and pay-out for @-Series products are executed on the T+2-basis. Settlement is done from Monday to Friday, excluding holidays notified by the Exchange. Funds and delivery pay-in-is at 1:00 pm and pay-out is at 5:30 pm.

18) What if I want to do SIP, can I do it?

Yes. You may enroll with your member to purchase specified quantity of @-Series commodities/units on a regular-basis. The member shall place your SIP orders as per quantities and price levels as defined by you.

19) What is the process of sale and delivery of @-Series units?

The process is similar to purchase i.e. you can place a sell order on NSEL either online through the terminals or offline by making a call to your broker. Once the sell order is executed, there are two options for transferring @-Series units to your broker's pool account - one is by issuing POA to the member, in which case you will not have to issue delivery instruction for sale (DIS) and the other is by issuing a DIS to your DP.



If you choose the latter, you need to mention the correct settlement number, market type, ICIN number and quantity. Your member (broker) will provide you the market type and settlement number. You need to ensure that the execution date is same or prior to the pay-in date and your instruction is executed by the DP before the scheduled pay-in time.

20) Are there any custody charges or recurring charges?

No. There are no custody charges for holding the demat units, while the same in the case of Gold ETFs is considerably high.

21) Can I take physical delivery of goods against demat units and what denominations can I get it in?

Yes. You can take physical delivery of goods against demat units anytime you like. Such conversion can be done in the denominations specified by the Exchange. For example, in case of Gold, the Exchange offers this facility in terms of 1 gram, 8 grams, 10 grams, 100 grams and 1 Kg, while in the case of silver, it is offered in terms of 100 grams, 1 kg, 5 kg and 30 kg and for Platinum it is offered in terms of 100 grams. In future, the Exchange will offer @-Series products in other denominations too. The delivery locations and procedures related to physical delivery are specified in the respective product notes.

Moreover, the net cost on conversion of @-Gold into gold bar/coin is considerably lower than most reputed sources of gold coins like banks and post office.

22) Can I keep @-Series as collateral for trading at NSEL?

Yes. You can pledge the units to the Exchange through your brokers as additional security deposit towards exposure for trading on NSEL.

23) Are @-Series products Shariah Compliant?

Yes. Taqwaa Advisory and Shariah Investment Solutions (P) Ltd. (TASIS), a premier Shariah Advisory Institution in the field of finance in India, has certified that @-Gold, @-Silver, @-Copper, @-Lead, @-Zinc & @-Nickel are Shariah-compliant investment products.



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