

National Commodity Clearing Limited

Process of tendering Commodities for settlement of delivery obligations

A. NERL Account Opening

NERL (a repository registered under WDRA) facilitates holding of commodities deposited in the warehouses approved by the Clearing Corporation as eNWRs. NERL facilitates transfer of such deposited commodities against the obligations arising out of the trades executed on NCDEX under the Clearing and Settlement process.

All deliveries take place by electronic transfer through repository system of NERL. All Clients (buyers & sellers) must open a beneficiary account in NERL with any of the Repository Participant (RP) for receiving and tendering commodities since the pay-out as a result of physical settlement of commodities would be received in the designated NERL account.

B. Type of accounts

The accounts can be classified as:-

1. Beneficiary account

A beneficiary account is an account in the name of an individual (single). Such an account could also be in the name of a Corporate, a partnership firm, trust, sole proprietor, Farmer, FPO etc. This account is to be opened with an empaneled Repository Participant and is used for transacting in eNWR held by the account holder at approved warehouses by the Clearing Corporation. Trading members must open similar beneficiary accounts for their own proprietary transactions.

2. Pool Account

A pool account is an account opened for all Clearing Members of NCCL. This account is opened to facilitate the pay-in and pay-out process of the Clearing Corporation. Pool accounts are not linked to any of the Repository Participant.

C. Procedure for opening an Account

1. Fill up the account opening form (available on NERL website - <https://nerlindia.com>)
2. For details on types of accounts & documentation, Please refer Account Opening Manual on NERL website (<https://nerlindia.com>).
3. Submit the duly filled form to the Repository Participant along with the other requirements such as Rights and obligation of client and RP, proof of identity and proof of address or any other document as mentioned in account opening manual.

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4. Clients desirous on delivering/receiving should ensure that CM, TM (Trading Member) & Trading Client ID are mapped with their NERL Beneficiary account.
5. The Repository Participant will open the Client account and inform the Client accordingly. Also an system generated SMS and email is sent to client on its registered mobile no and email id.
6. In case of individual the beneficiary account will be operated by the single holder and in case of Corporates, Firms, Trusts etc. authorized signatories will operate the account.
7. On opening of a Client's beneficiary account in Repository, an email would be sent to the Client's registered email ID containing their user id and password for accessing the system. The Client can access the system to view, download and print their holding transaction statement and other transactional reports. Reports provide status of each deposits of clients with its current status.

D. Process of delivery

1. The Client who wants to deliver the commodity should transfer the credit balances of eNWRs from his beneficiary account to the Clearing Member pool account before the pay-in (Settlement) date specified by the Clearing Corporation by filling up the Instruction Slip and submitting it to the RP. (Format is available on NERL website - <https://nerlindia.com>).
2. While filling up the Instruction Slip the Client should take care that the eNWR details have been correctly entered and the account holder have signed the form.
 - a. eNWR: Available in Holding section of transaction holding statement
Facility is available in the system for RP to select entire quantity of respective eNWR and select multiple eNWR in single beneficiary to pool (payin) transaction.
 - b. Quantity
This is the quantity mentioned against the eNWR in the NERL holding statement
 - c. Settlement No. and Date:
This is made available in the settlement calendar issued by the Clearing Corporation from time to time and is to be selected by RP at the time of pay-in as mentioned in instruction slip
3. Repository Participant (RP) will enter the instruction in its NERL Repository Participant module as per client instruction and respective eNWRs will be frozen in the beneficiary

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account for delivery. It can also be considered as a notional transfer to members pool account.

4. The member also has to ensure that it has received all the deliveries from the clients before the pay-in to the Clearing Corporation. If any Client fails to do Beneficiary to Pool till the time of pay-in it shall be treated as delivery default.
5. On the pay-in day, NCCL shall send electronic instructions to NERL to debit designated CMs' pool accounts to the extent of pay-in obligations. This constitutes pay-in of commodities.
6. After successful processing of funds obligation, NCCL shall send electronic instructions to NERL to release pay-out of commodities to the receiving Clearing Member's pool account. NERL shall process these instructions and credit the Pool account of the receiving Clearing Member. This constitutes pay-out of Commodities.
7. Pool to Beneficiary will be done by the Clearing Member in NERL.
8. If the commodity received in any settlement is required to be delivered towards the next settlement, the Clearing Member needs to transfer the "swept-out" eNWRs available in his pool account to Client's Beneficiary account and then Client needs to give instruction to his Repository Participant (RP) for transferring the said eNWRs in Member's Pool account.

E. Early Pay-in

1. 'Early pay-in' facility is being provided to the market participants permitting them to deposit certified goods to the accredited warehouse against relevant Futures Contracts sold. For such short positions against which early pay-in has been made, the clearing corporation shall exempt imposition of all types of Margins.
2. The Client who wants to do an early pay-in of the commodity should transfer the credit balances from his account to the Clearing Member pool account.
3. Once the commodity is available in the pool account, the Clearing Member can mark Early Pay-in against the short position on behalf of the Client through web NCFE.