



Circular no.: MCX/WHL/320/2018

August 17, 2018

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## **Procedure for dealing with Rubber at Exchange Accredited Warehouses**

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In terms of provisions of the Rules, Byelaws and Business rules of the Exchange, the Members and their respective constituents are notified as under.

Members/ Participants, who desire to deposit Rubber at the Exchange accredited warehouses (EAWs), for delivery on Exchange platform are advised to adhere to the below mentioned procedure/ conditions/ norms/charges.

### **1. Procedure for Deposit at the Exchange Accredited Warehouse (EAW)**

Depositors/participants who are desirous of depositing Rubber into the Exchange Accredited Warehouse (EAW) shall request for deposit of the commodity to the Warehouse Service Provider (WSP) by mandatory log in into CDSL commodity Repository Limited (CCRL). Depositor shall adhere to the warehouse norms as required from time to time and deposit Rubber which is acceptable as per the contract specifications. The depositor shall confirm the availability of space at the respective warehouse before initiating any steps for effecting deliveries. Delivery shall be accepted at the designated delivery center strictly between 9.30 am to 5.30 pm so as to carry out grading operation (QC) effectively.

Loading and Unloading of bales will be undertaken on first come first serve basis. Similar time schedule and process shall be followed at the time of lifting the goods from the warehouse.

While bringing Rubber to the EAW, it must be dry, firm, and free of blemishes, blisters, sand, dirty packing and all other foreign matter other than specified above as permissible.

It shall meet all the quality parameters in accordance to Exchange provisions.

Prior to deposit of the Rubber at the EAW, the weight of the Rubber received and/ or delivered would be determined at the calibrated weighbridge/ weigh scale of the designated warehouse.

Depositor shall submit duly filled in Know Your Depositor (KYD) form and Depositor transaction declaration (DTD) form (Circular No. MCX/WHL/322/2016 dated September 29, 2016) before depositing goods and shall also ensure appropriate due diligence and follow and comply with all the statutory laws/ regulations and best practices for depositing Rubber in the EAW and also while giving delivery on the Exchange platform.

### **2. Packaging**

Rubber delivered shall be packed in merchantable condition and or any other accepted Industry standard material in bundles of 50.040 kilograms gross. The rubber bales delivered should be packaged in same quality rubber. Each bale shall be wrapped on all sides and corners. The depositor has to bring current season crop and the stock shall go through appropriate grading process to ensure that the quality parameters are in accordance to Exchange provisions.

### 3. Delivery Size

Delivery Unit	1 MT Net
Quantity Variation* (Tolerance Limit)	+/- 1% of total weight of each deliverable lot i.e. 1 MT

\* Tolerance limit i.e. quantity variation shall be considered on quantity delivered in the respective contract month and for issue of warehouse receipt.

For Rubber kept in EAW by the depositor, the weight of bale, handling and sampling loss shall be considered for the deductions to arrive at the net weight for issuance of warehouse receipts.

- Towards handling loss, the deduction shall be approx.1 kg per sampling lot.
- Depositor shall bring sufficient quantity of Rubber considering the tolerance limit of the stock
- Towards bale weight, the deduction shall be as per the bale delivered for deposit.
- For wrapping of bales/bundles weight of the plastic sheets used as packing shall be approx. 40gm for each bales/bundles.

### 4. Validity Period Matrix

The delivery of the Rubber on Exchange platform may take place according to the validity period matrix as illustrated in the table given below:

Contract Months of Deposit / Date of entry by warehouse in system	Validity period at the time of fresh deposit (no. of contract months) for stock deposited in Dry warehouse & Cold Storage
January	3+0
February	3+0
March	3+0
April	3+0
May	2+0
June	2+0
July	2+0
August	2+0
September	2+0
October	3+0
November	3+0
December	3+0

For any fresh deposits made on or before the 15<sup>th</sup> of a month the Validity Date and Final Expiry date (FED) would be calculated counting the current calendar month as the first month. For any fresh deposits made after the 15<sup>th</sup> of any month the Validity Date and FED would be calculated counting the next calendar month as the first month.

Contract Month = 16<sup>th</sup> of the month to 15<sup>th</sup> of the next month.

E.g. September Contract Month = 16<sup>th</sup> August 2018 to 15<sup>th</sup> September 2018 for which Validity/FED Date shall be 30<sup>th</sup> November 2018.

Minimum validity period of the quality certificate post expiry date of the contract in which the commodity has been tendered delivery will be 15 days or as illustrated above in the validity period matrix table.

No revalidation activity shall be undertaken in Rubber.

## **5. Sampling and Analysis process at the time of deposit**

Labour arrangement shall be made by the warehouse for loading/ unloading of Rubber for which charges shall be payable directly to the warehouse (as per prevailing market rates), i.e. depositor will have to pay for unloading and buyer/ lifter will have to pay for loading.

On receipt of Rubber at the warehouse and during unloading the same, 10% of the bales/bundles of a lot i.e. 2 bundles will be selected randomly for sampling & sample are taken from different places in a bale/bundles. Further same would be segregated and opened and checked visually by the Assayer for grade with reference to quality parameters laid down for RSS 4. All the sheets in the sample bales/bundles would be tested and if any sheet is found not meeting specifications, the entire lot would be rejected.

Molds, dirt, rust, burnt sheet, over smoking, etc. would be verified and none of these should be greater than 20% of sheets of the selected 10%. Moisture is not tested but wet sheets, if any, would be rejected.

Air dried sheet, frothy sheet, partly or fully skim latex sheet, undried sheet, wet sheet, bleached (pale) sheet, sand, dirty packing, oxidized spots, streak, weak sheet, heated sheet, burnt sheet are not acceptable.

Covering sheets should be also of same grade (RSS 4) or higher grade and no lower grade.

The decision of the Assayer shall be final and binding on all in respect of method of sampling and analysis, samples taken and the size of the samples selected for ascertaining quality and issue of certificate.

Warehouse receipt issued indicates the grade of the goods for rubber. No other quality Certificate would be issued.

The WSP shall get associated with an assayer (from the panel of Assayers empanelled by the Exchange). The Assayer shall be the agent of WSP and WSP shall be solely liable for results of the Assayer's Test Report.

### **Test Method**

Testing/ grading would be carried out manually by visual inspection w.r.t. the quality Parameters indicated in the contract specifications.

Testing of following parameters of Rubber will be physically through approved Assayer.

Ribbed Smoked Sheets 4(RSS4): Quality Specifications as provided under Part II section I of the Green Book" as detailed below:

1. Nothing but coagulated Rubber sheets, properly dried and smoked can be used in making these grades: block, cuttings, or other scrap or frothy sheets, weak, heated or burnt sheets, air dried or smooth sheets not permissible.

2. Slight Resinous matter (rust) and slight amounts of dry mold on wrappers bale surfaces and interior sheets, found at time of delivery will not be objected to. Should "rust" or "dry mold" in an appreciable extent appear on more than 20% of the bales sampled, it shall constitute grounds for objection.
3. Medium size bark particles, bubbles, translucent stains, slightly over smoked rubber are permissible to the extent shown in sample.
4. Oxidized spots or streaks, weak, heated, under cured, over smoked (in excess of the degree shown in the sample), and burnt sheets are not permissible.
5. The Rubber must be dry, firm, and free of blemishes, blisters, sand, dirty packing and all other foreign matter other than specified above as permissible.

In case goods deposited for quality assaying do not conform to the quality specifications as per the contract specifications, the depositor shall not have a choice to get the sample retested and the test report based on the samples drawn shall be acceptable and binding on all parties. In such case, the depositor has to take out the goods immediately. Please refer current circular no. MCX/WHL/410/2016 dated November 30, 2016 and MCX/WHL/153/2017 dated May 25, 2017 in this regard.

All charges pertaining to the sampling process shall be borne by the depositor/holder of the stock.

## **6. Physical inspection of stock in possession**

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

## **7. Resampling Method, Quality Analysis, Retesting & Certification**

In case, the Member/ Participants who purchased Rubber on the Exchange platform seek to lift the Rubber from the warehouse and do not agree to the quality report as to the quality of the commodity, Member/ Participants shall request the Exchange within 7 working days from the date of commodity pay out for resampling and retesting. Similar process for deriving sampling at the time of deposit shall be adopted for resampling and retesting, without lifting the Rubber from the warehouse. Such Rubber should not have crossed the final expiry date (FED) as mentioned on the quality certificate. Exchange shall entertain complaint on quality or quantity of the commodity received only through settlement of trades through Exchange mechanism and only if the complaint is made within the prescribed timelines as specified above.

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

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

- Original Retesting Request Form
- Original Warehouse receipt duly endorsed by the Member/ Participants
- Original Authorization letter in favour of representative along with copy of ID proof.
- Original Delivery Order (Goods withdrawal request) duly signed and stamped by the Member/ Participants

The assayer, selected by the Member/ Participants, in consultation with the Exchange and WSP, shall complete the process of retesting and submit a retesting report within 5 working days. Such reports shall be shared with all the concerned parties. The process of retesting includes drawing & collection of samples by the assayer from warehouse, retesting and submission of report. In order to ensure that tests are exactly comparable and that the results are consistent, the assayer shall determine the particular analytical test by applying the test methods as agreed or prescribed/ communicated by Exchange from time to time.

If the said quality Report results are not found in accordance to the quality specifications as prescribed by the Exchange from time to time (after considering the outbound tolerance limits), the Member/ Participants, within 3 working days, shall submit his claim, in writing by giving details such as lot numbers, quantity and the parameters under which inconsistencies are observed. The basis of claim, if any; shall be the value arrived on the basis of spot price on the claim submission business day. The Exchange shall give its decision on the claim filed by the buyer/ stock holder which shall be binding on the parties including WSP. In case the Exchange determines that a delivery does not constitute a good delivery, the WSP shall be liable to resolve/ compensate the buyer/ stock holder for the quality difference or substitute good delivery within 7 working days from the date of the decision of the Exchange. The WSP shall be liable for giving good delivery (quality and quantity)/ compensation in accordance with the contract specifications as prescribed by the Exchange issued from time to time.

The parties whoever request for the resampling, retesting and certification shall bear all professional fees of assayer, including incidental costs, weight shortage and expenses related to sampling, testing certification, etc. In case, the retesting results indicate negative variance from the original certificate (after considering outbound tolerance limits) then the aforesaid retesting cost shall be borne by the WSP.

#### **8. Storage after Validity Period**

The depositor/ buyer can take out the Rubber from the warehouse on or before final expiry date (FED). After the FED, the goods in the EAW shall necessarily be removed. Storage of goods in Exchange accredited warehouse(s) after the specified final expiry date (FED) is not permitted and therefore the Members/Participants shall ensure that the goods whose final expiry date is over, are removed from the concerned warehouse immediately, but not later than 3 months from the date of the specified FED. Accordingly, Members/Participants involved in such deposits shall solely remain liable/ responsible for such deposits. Exchange shall not be held liable or responsible in any manner nor shall entertain any complaint in respect of the quality or quantity of goods involved in such deposits. Members/ Participants are advised to become familiar with relevant circular/ provisions/ guidelines of the Exchange which are in force from time to time and undertake suitable due diligence.

#### **9. General Conditions**

In addition to the above procedure, Exchange may prescribe from time to time, further additional procedures and requirements for determining disputed deliveries or defective deliveries, and

measures, procedures and system of resolving the dispute or defect in deliveries or of consequences of such deliveries or the resolution which shall be final and binding on all the parties concerned.

It is reiterated that all market participants who desire to give or take delivery of Rubber are advised to become familiar with relevant circular/ provisions/ guidelines of the Exchange which are in force from time to time and refer the same before initiating delivery on Exchange platform and take informed decision accordingly.

All Members & their respective constituents/ depositors are requested to take note of the same.

Pankaj Chauhan  
Manager

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Kindly contact Customer Support Team on 022 – 6649 4000 or send an email at [customersupport@mcxindia.com](mailto:customersupport@mcxindia.com) for any clarification.

----- Corporate office -----  
Multi Commodity Exchange of India Limited  
Exchange Square, CTS No. 255, Suren Road, Chakala, Andheri (East), Mumbai – 400 093  
Tel.: 022 – 6649 4000 Fax: 022 – 6649 4151. CIN: L51909MH2002PLC135594  
[www.mcxindia.com](http://www.mcxindia.com) email: [customersupport@mcxindia.com](mailto:customersupport@mcxindia.com)