



GENERAL GUIDE TO USING THE EXCHANGE:

The following provides a short introductory guide for the benefit of members to the basic workings of the Exchange. Members are advised to read this guide and to seek further clarification from the Exchange and/or their nominated Merchant member.

Please take time to read these notes as they serve to explain for member benefit procedures and protocol operated by the Exchange.

The Exchange:

The Exchange is provided by INSCX™ exchange <http://www.inscx.com> and COMDAQ Exchange <http://www.comdaq.com> for the purposes of listing a variety of physical commodities for trade. The use of the term commodity and/or instrument is to denote any listing by the Exchange and may pertain to a single producer material and/or a multiple producer material.

Commodity:

The use of the terms "Commodity, Instrument, Listed Instrument and/or Product" is generic to any or all categories of physical commodities which are listed for trade on the Exchange. The terms instrument or Exchange Contract is used to describe the financial and physical properties of the underlying commodity deliverable on trade.

Categories Listed:

Nanomaterials
Nanocommodities
Base Oils
Cement
Polymers
Titanium Dioxide
Rare Earths

Further information can be obtained visiting the Exchange websites which are open access and/or through contacting the Registrar:

registrar@inscx.com

Log On:

The Trade Floor can be viewed using Internet Explorer using a standard web-browser. Registered members [Commercial and Non-Commercial] can log on to see the Trade Platform using the link listed below. Where prompted users are to input their selected Username and Password which will take them directly to the Trade Floor.

<http://www.comdaq.net/comdaqnet.asp?calledsite=INSCX>

Quote Display:

Prices are displayed live on the Trade order Routing System [TORS®] on a best price basis pertaining to the listed instrument. Quotes are broadcast anonymously with the identity of the instructing party known only to the accepting Merchant [See Merchant], the Exchange Specialist [See Specialist] and the instructing Commercial member of the Exchange.

**BID:**

This is an instruction to BUY or Bid for product and if listed quoting a quantity other than ZERO is to be regarded as a FIRM dealing price.

ASK:

This is an instruction to Sell or Offer product and if listed quoting a quantity other than ZERO is to be regarded as a FIRM dealing price.

Zero QTY:

Where a Zero [0] quantity is listed for any Bid or Offer the price is INDICATION ONLY broadcast for information purposes by the Exchange Specialist Merchant member [See Specialist].

Members:

There are two categories of member permitted access to the Exchange.

Commercial:

A Commercial member is either/or a producer of physical product listed for trade or a converter/user of same. Commercial members instruct trade through Merchant [Non-Commercial] members of the Exchange.

Non-Commercial member:

This is a Merchant authorised by the Exchange to trade on their own account and/or act to execute instruction from a Commercial member as agent in return for an agreed fee. Non-Commercial Members are permitted to execute/conduct two categories of trade on the Exchange.

Principal Trade:

This is where the Non-Commercial Member wishes to speculate by purchasing or selling a listed instrument for speculative gain.

Agency Trade:

This is where the Non-Commercial Member is acting on a best efforts basis to execute a trade in a listed instrument as instructed to the member by a Commercial Member. An Agency Trade on execution permits the Non-Commercial Member to charge a fee payable to it on settlement of the trade in question.

TORS®:

The Exchange is an open market ECN [Electronic Communication Network] termed **Trade Order Routing System** or TORS for short, where registered and approved members can instruct trade through non-commercial Merchant members in listed instruments [commodities] for physical delivery. Instructions to purchase [Bids] and instructions to Sell [Ask] are broadcast anonymously on the live market confirmed Principal to Principal on trade execution. Trade orders are moderated through the Specialist Merchant member of the Exchange, NCM Global Limited.

<http://www.nanocapitalmarkets.com>

The Specialist Merchant member accepts any trade instruction for broadcast and execution on a best price basis in accordance with Conduct of Business Rules adhered across the global Securities & Commodity Industry. The Exchange is a neutral marketplace for all members and the Specialist strives at all times to present an Open and Fair market where trade is executed favour to best price only.

Specialist:

The Specialist Merchant member of the Exchange, NCM Global Limited



<http://www.nanocapitalmarkets.com>

NCM Global Limited is authorised to accept trade instruction from other Non-Commercial Merchant members of the Exchange and for Commercial customers that retain the Specialist as their Merchant. The Specialist is solely responsible for broadcasting trade instructions onto the live market on a best price basis. The use of the specialist system of order placement is long adhered to in the Securities and Commodity industry both for physical and financial instrument trade. Instructions once confirmed as being issued from a member capable of performing obligation are broadcast anonymously by the Specialist to the rest of the market via the trade Floor with the instructing party known only to the Specialist and Principal/Agent concerned. The Specialist on occasion accepting any instruction acts in effect the role an impartial auctioneer between the respective counterparties and acts to confirm and manage the trade to the respective parties from placing, execution through to the agreed settlement date.

Fees:

The Exchange and Merchant members using the Exchange to execute customer instructions primarily obtain income through being permitted to charge fees based on a % of the financial consideration pertaining to a completed trade. While merchants may also speculate and gain through favourable fluctuation on price, such trade must be conducted by the Merchant as Principal with any resale through the Exchange conducted with product that meets the listed specification.

In general merchants will be acting solely as agents for their respective commercial clients. On agreeing any trade through the Exchange, the paying buyer or supplying seller is made aware of both the Exchange fee and the respective merchant fee. Agreeing to trade therefore confers a requirement for the instructing principal to accept payment of such fees as notified and agreed at the point of trade.

The Exchange levies a % fee based on the financial value of the transaction which is payable on settlement of the physical trade. The Exchange also permits Non-Commercial members [Merchants] acting for Commercial member clients a Merchant fee no greater than the equal of the Exchange fee pertaining to the instrument listed. The % Fee permitted to any listed instrument is listed adjacent the Quote Display on the Trade Floor. Settlement occurs when a trade completes delivery versus payment.

NOTE:

By using the Exchange all members are agreeing to make good fees owing by them for completed trade payable on the respective trade settlement date.



Getting Started:

The following forms part of the General Guide. To instruct Actual Trade please select the PLACING tab on the Toolbar. Prior to instructing trade the Exchange invites all members to be aware of the following and certain procedures required to be completed.

Registration: Users of the Exchange are to formally register their corporate details with the Exchange using the link listed below:

<http://www.comdaq.net/comdaqnet.asp?calledsite=INSCX>

Ability to Perform:

It is important for all members [Commercial and Non-Commercial] to understand that any trade purchase must first be accepted for placing on the Exchange, meet the ABILITY TO PERFORM requirement without exception. The Exchange does not operate on the basis of a “promise to pay” if trade is subsequently agreed and therefore, the ability to perform good payment and acceptance of physical product must without exception be proven before any purchase order can be accepted. Equally the Ability to Perform must also be established to the satisfaction of the Exchange specialist merchant member before any Offer or Order to Sell is accepted for anonymous broadcast on the live market. The obligation rests with the seller to prove title to product. Prospective members seeking to buy or sell can request clarification of their obligations in relation to Ability to Perform from the Exchange Specialist Merchant member during market hours.

Commercial Account:

Trade on the Exchange is conducted through Non-Commercial members [Merchants] who are approved by the Exchange to conduct business either/or on their own account as Principal or on behalf of Commercial members who retain their services as Agent. Non-Commercial members are firms/individuals who are Securities & Commodity Industry qualified and/or trade firms approved by the Exchange. On successful registration all Commercial members are to request and complete a **Commercial Trade Account Opening [CTA]** from their nominated Merchant member of the Exchange. This document is very similar to a standard bank account opening and is required to meet both practical requirements of trade and formal legislations governing MLR and KYC protocol.

Clearing Account:

All Merchant members are to maintain Client Clearing accounts with any of the UK FSA regulated clearing banks used by the Exchange and/or satisfy the Exchange as to ability to perform to any placed trade instruction. Merchant members who use the Clearing Account system can offer to their Commercial clients segregated client account facilities where funds are held with an Exchange clearing Bank with individual accounts managed by the appointed custodians to the Exchange.

Commercial Paper:

The Exchange does provide accommodation to accept as guarantee of payment conditional to the INCOTERMS agreed on trade commercial paper issued by a recognised bank. The Exchange specialist will insist the proposed verbiage of any commercial paper be agreed beforehand.

Customer Identification Number:

On opening a Commercial Trade Account the individual member is provided a Customer Identification Number [IN] which is to be quoted on instruction of any trade. Merchants acting as agent for a Customer are required to quote the respect number to the Exchange specialist when instructing trade. When the



Merchant is acting on their own account as Principal, they simply quote their own number to the specialist and place their trade as required. All Members can ask for clarification as to procedure for Commercial Account Opening from the Exchange at + 44 (0) 1782 454 144, the Exchange Specialist Merchant member at + 44 (0) 203 137 5187 or from the nominated Non-Commercial Merchant member they choose to retain.

Client Ownership:

Non-Commercial members [Merchants] are permitted by the Exchange to act either/or as Principal on their own account or as Agent on behalf of a Commercial member retaining their services as agent. The respective Customer Identification Number of their Commercial client [where the Merchant is acting as Agent] is required to be notified to the Exchange Specialist Merchant on instruction of trade. This disclosure is required to meet the ABILITY TO PERFORM requirement imposed in respect of any firm trade instruction posted anonymously for trade on the Exchange. This disclosure is also required to ensure the safeguarding of Client ownership by the Merchant concerned as Exchange rules stipulate that ALL trade can only be accepted for instruction from a Commercial member instructing trade for placement through their nominated Merchant.

The Specialist remains bound by the rules of the Exchange to refer any non-specialist retained Commercial member to their nominated Merchant member in the event such Commercial member(s) contact the Specialist direct. Further, when making any bid and/or offer of product through verbal notification where a non-specialist retained Commercial member/client may likely hold an interest, the Specialist is obligated to convey such in the first instance to the retained Merchant member.

It is the function then of the merchant in question to notify their client of the prospective trade opportunity.

THE SOLE INTEREST THE EXCHANGE SPECIALIST WILL ON OCCASION HAVE TO CONTACT A NON-SPECIALIST RETAINED COMMERCIAL MEMBER WILL BE FOR THE PURPOSES OF ESTABLISHING THE ABILITY OF THE CLIENT TO PERFORM TO THE INSTRUCTION IN THE EVENT OF TRADE AND TO ASSIST PHYSICAL SETTLEMENT. THE FUNCTION THEREFORE OF THE SPECIALIST MERCHANT MEMBER IN REGARD TO NON-SPECIALIST RETAINED COMMERCIAL CLIENTS IS TO ASSIST THE NON-COMMERCIAL MEMBER [MERCHANT] SO INSTRUCTED BY THE COMMERCIAL CLIENTS IN QUESTION.



General Guide to Instructing Trade:

To instruct trade in the first instance the instructing party must be prepared to prove to the satisfaction of the Exchange Specialist Merchant member their ability to perform to instruction. Having satisfied ability to perform to instruction, actual instruction of trade subsequent MUST AND WITHOUT EXCEPTION be placed through a Merchant member of the Exchange.

The nominated Merchant then instructs order placement to the Exchange specialist NCM Global Limited <http://www.nanocapitalmarkets.com> who in turn broadcast the order anonymously on the market on a best price Bid and/or Offer basis.

The instruction on being notified to the Specialist will be placed on the market whereupon the bid or ask price will flash/fade indicating a change in price buy or sell and/or in the quantity newly placed for trade on TORS.

NOTE:

Before any order BUY OR SELL CAN BE ACCEPTED for broadcast by the Specialist Merchant member, a number of prerequisites must be satisfied:

Funding:

The Exchange system acts to ensure ANY BUY instruction placed to market or limit can only be placed by a funds proven and capable buyer. Merchants [Non-Commercial Members] acting to place buy instructions on behalf of a Commercial member are it should be noted, required to establish the funding credentials of their client with the Exchange specialist and/or satisfy the specialist of ability to fund as Principal. Failure to establish funding ability will result in the Exchange specialist refusing to accept the order for placement and may result in suspension of membership for the Merchant and/or Commercial member failing to establish their ability to fund purchase to instruction and capability to accept delivery.

Sell Instruction - Offer:

An offer of Product for sale on the Exchange can only be accepted for placement on proof of title and/or the authority of title holder to offer for sale. The Exchange does not accept for placement non-verified Title Holder offers for sale from non-registered and/or non-verified mandates/agents.

Rationale:

The purpose of the Exchange is to create a secure environment in which members can compete anonymously with one another for best price in the procurement and/or allocation of physical product. The Exchange operates without favour to any individual member other than to best price. The Exchange is therefore a neutral market for all participants. IT MUST BE ACCEPTED BY ALL MEMBERS THERE CANNOT BE SECURITY IN TRADE IN THE BEST INTERESTS OF ALL MEMBERS WHERE NON-EXCHANGE VERIFIED INSTRUCTIONS TO PURCHASE OR SELL PRODUCT THROUGH THE EXCHANGE ARE ACCEPTED FOR PLACEMENT.

Penalty:

While there can arise any number of genuine reasons why a counterparty may be unable to perform obligation in trade, and the Exchange commits to act to support in event of difficulty, MEMBERS ARE REQUIRED TO NOTE A ZERO-TOLERANCE POLICY IN REGARD TO ANY ATTEMPT TO INSTRUCT PURCHASE AND/OR SALE OF LISTED PRODUCT WHERE THE INSTRUCTING PARTY FAILS TO SATISFY ABILITY TO PERFORM OR ATTEMPTS ANY OF THE FOLLOWING:



1. Knowingly submits a false order or attempts AS A MERCHANT AND/OR AGENT TO CLAIM an authority for a principal to instruct without having such authority independently verified to the Exchange specialist and/or another Merchant member of the Exchange.
2. Attempts to trade product knowing such product to be restricted or offered in contravention of ITAR or any official sanction.
3. Attempts to conduct a fraud, deception and or breach of anti-bribery/corruption legislation.
4. Fails to perform obligation to fund [Purchase] by the Due Date and/or obligation to supply a verifiable contract of supply by the Due Date.
5. Attempts to contravene MLR/KYC protocol.



TRADING:

The following provides a short introductory guide for the benefit of members to the basic workings of the Exchange. Members are advised to read this guide and to seek further clarification from the Exchange and/or their nominated Merchant member.

Please take time to read these notes as they serve to explain for member benefit procedures and protocol operated by the Exchange.

Instructing Trade:

Members can instruct trade using the Automated Order Ticket [See Ticket] listed on the User Toolbar. Simply click to access the ticket and complete. Members are made aware of the Order Type and duration/validity. There are a number of different order types:

Market:

This is an order to purchase and/or sell at Market against a firm price Bid or Offer then valid on the Trade Floor.

Limit:

This is a specific instruction to purchase and/or sell at a specific price which if market fluctuation permits will be executed at limit.

Duration/Validity:

Two order types are accepted for placement. **GTC – Good Till Cancel**. This instruction will be accepted as valid until formally cancelled. The other order type accepted is referred to as **GTD – Good for Day** and will expire at the close of the session in which it was placed unless filled. Members are required to note that while they can amend/cancel a trade instruction at any time during market hours prior to fill, but are obligated to monitor their placed orders as they become binding on being filled.

Fill:

An order/Trade Instruction is filled when it is confirmed as executed by the Specialist Merchant member of the Exchange and listed in the Trade Alert portal. The advice of execution is conveyed to the placing merchant and/or Commercial user whichever is appropriate.

Ticket:

This is the Automated Order placing inquiry automatically routed to the Specialist Merchant member of the Exchange who will initially contact the instructing party by telephone to confirm the instruction to trade as either FIRM or INQUIRY ONLY.

Market Hours:

The Exchange operates daily live markets 9.00 am to 5pm UK BST and to 2pm EST [United States] business days excluding public holidays. The market is signalled LIVE flash/fade on the Trade Platform STATUS bar during trading hours.

Price:

The Exchange specialist does not set price for a listed commodity buy or sell beyond providing a general indication where there is neither a firm buyer/seller individually and/or collectively then active in the market instructing trade on the Trade Floor. It is the role of firm buyers and sellers to set the price for trade in a listed commodity and the role of the specialist [See Merchant] to ensure an orderly market



where buyer and seller price tolerances relate to a reasonable prospect of trade. NOTE: ALL AGENCY INSTRUCTIONS TO TRADE ARE EXECUTED EITHER TO LIMIT INSTRUCTION AND/OR TO BEST AVAILABLE PRICE.

Acceptance:

Where a buyer or seller limit instruction is not possible to execute, the specialist will work to offer best available price. In such an event it remains SOLELY at the discretion of the buyer or seller to accept the alternative trade price offered. The Exchange is an open marketplace where the decision to trade outside of placing a market or limit order subsequently executed remains at the discretion of the instructing party. The Exchange is not to be confused with that of the disposition of a reseller and rather as a means for buyers and sellers to seek to compete for best possible price. The more buyers and sellers opt to use the Exchange will lead to a more fluid and reflective pricing for the listed commodities in question.

Merchant:

The Specialist Merchant member on receiving any instruction to trade will reference the Customer Number to the Merchant the instructing party retains on record with the Exchange and/or make a general inquiry to confirm the instruction whichever is appropriate.

Confirmed Instruction:

Following sending of the Order Ticket and confirmation of instruction between the client and the Specialist, the order is then posted for trade on the Exchange Trade Floor broadcast anonymously to other members of the Exchange. Both other members and dealers at the Exchange specialist act to find the other side of the trade and if not possible to the price tolerances of the instructing seller or buyer, the Specialist will offer the best available opposing side of the trade to the instructing party for consideration. This would be the case most likely with a below/above market limit order where initial price proved unattainable. However, where the specialist offers the best available alternative the instructing buyer or seller retains full discretion to accept or reject to continue with the initial instruction to buy or sell at the limit order initially placed.

Communication:

All discussion regarding the order will be conducted verbally via voice and electronic mail with the instructing party where execution will occur if filled.

Trade Execution:

On execution the Buyer and/or seller instructing will be issued by the Exchange specialist a Contract Note confirming in summary the trade agreed.

The Buyer/Seller [whichever is appropriate] is called upon to sign and return the Contract Note agreeing to abide by the obligation to trade.

Contract Note:

The contract note while confirming the trade particulars in summary also states the chargeable fees [Exchange and Merchant]. By returning the signed contract notes(s) to the Exchange specialist, buyer and seller are respectively and individually agreeing to make payment of the total fees stated in the Contract Note(s) following physical settlement of the transaction agreed.

Contract:

On receipt of the signed Contract Note the Specialist will instruct the principal seller in the case of a sale instruction executed to issue a supply contract against which the buyer will be instructed to sign and fund conditional to the terms agreed. This will be the case where the buyer seeks to use Commercial paper to



secure the agreed purchase. Where the buyer opts to use the Exchange clearing account system, pledged buyer funds will be allocated against performance of the supplier.

Due Date:

The due date is the date on which the Seller is obligated to supply a verifiable supply contract against which the buyer is obligated to fund.

Settlement Date:

This is the date where transfer of title to product from the seller to the buyer as detailed in the formal Principal supply contract is to physically occur. Where a buyer has opted to use the Exchange clearing system to pledge funds to trade, the transfer can at the buyer's request be supervised in person by the Exchange and on cargo passing the ships' rail at sight inspected [FOB] or against Bill of Lading [CIF] buyer funds will be credited to the account of the seller issuing the supply contract.

Fees:

Fees including Exchange and Merchant fees are payable ONLY of the Settlement date, the date on which physical transfer of title to the cargo from the seller passes to the buyer. Where a buyer and seller have used the Exchange clearing system these fees will then be claimed. Where the buyer has opted to use for example a direct Buyer to principal seller letter of Credit, on settlement both buyer and seller will be invoiced pro-rata for the appropriate fees detailed in their respective Contract Notes issue on agreeing the initial trade. These fee payments are then to be made by the date indicated in invoice.

Further Guidance:

ALL Members can during market hours request clarification on any issue by contacting the Exchange registrar and/or Specialist Merchant via e-mail and/or telephone:

registrar@inscx.com

+ 44 (0) 203 137 5187 [Europe]

+ 1 646 470 4911 [United States]

Alternatively, members can seek clarification for another authorised Merchant member of the Exchange they choose to engage for the purposes of trade.

LOGISTICS:

The Exchange is a Physical Delivery Commercial marketplace.

Where prices are quoted FOB the Exchange specialist can be requested to secure CFR/CIF quotation on firm instruction from a proven buyer/seller as appropriate. Where forward contract purchase and/or sale is instructed the Exchange can provide approved warehousing. Further information can be requested from the Exchange registrar and/or Exchange Specialist Merchant.

registrar@inscx.com

+ 44 (0) 203 137 5187 [Europe]

+ 1 646 470 4911 [United States]



Alternatively, members can seek clarification for another authorised Merchant member of the Exchange they choose to engage for the purposes of trade.

INSURANCE:

Access to sound insurance expertise is of immense benefit to participants in the procurement and allocation of physical product.

The Exchange is a physical delivery commercial marketplace which provides access to a number of ancillary services of benefit to members including access to insurance professionals.

ALL INSURANCE RELATED MEMBER INQUIRIES are conveyed directly for the attention of the appointed Broker of Record to INSCX exchange:

LOCKTON <http://www.lockton.com>

MY ACCOUNT:

Members of the Exchange are provided a variety of methods in which to conduct efficient, cost-effective and secure trade settlement.

Commodity Exchange systems do not rely on the standard Commercial Banking system to clear and settle trade. Although such systems can be used to meet particular member request, members are reminded of the need to perform by the Due Date on agreeing any transaction. Members are further reminded if seeking to use the Commercial banking system in the context of Commercial paper, to ensure agreement of issuing/receiving bank and verbiage with the Exchange prior to instructing order placement.

[See Commercial paper]

Client Account/Clearing:

Members are offered access to the Exchange client account clearing system for the purposes of settlement of trade Delivery versus Payment. Member funds and/or Member pledge of funds are held with UK FSA regulated recognised bank instructions in the following currencies:

US Dollars

EURO

Pound Sterling

Exchange clearing/client accounts are maintained with HSBC Plc and Royal Bank of Scotland plc.

Use:

Members wishing to use the client account/clearing system are obligated to provide full MLR/KYC disclosure as required and to nominate an authorised signatory to be filed with the clearing bank holding funds before access to use the facility becomes operative.

Supervision:



Member funds held in the client account/clearing system are supervised by the independent custodian to the Exchange, Comdaq Limited subject to disclosure required under UK bank legislations governing MLR, KYC and Anti-Bribery, Corruption legislations. Member funds pledged to purchase can only be released against a verified and signed contract of supply endorsed by the buyer while funds owing on delivery can only be transferred to the account of a Principal Seller on the occasion of verified seller performance against contract. Members can at any stage request return of funds held on their behalf by the clearing bank(s) of the Exchange if not committed as per their instruction to trade on the occasion of issuing the respective return request.

A key advantage of use of the client account/custodian system enables a buyer to present an anonymous proof of funds to a prospective seller and to complete purchase in a secure and cost-efficient manner in comparison to use of standard bank commercial paper.

A key advantage of a prospective seller opting to use the client account/custodian system relates to securing a means to avoid delays associated with agreeing the verbiage of commercial paper between the bank of the buyer and that of the seller.

Commercial Paper:

The Exchange permits all members to use Commercial paper issued from a recognised bank provided the verbiage of any such commercial paper is agreed with the Exchange specialist before placing instruction to trade firm or to limit on the live market.

Further Information:

Requests for further information should in the first instance be conveyed to the Physical Operations Department, INSCX exchange.

operations@inscx.com

+ 44 (0) 1782 454 144 [UK Business Hours]

LIST:

Members seeking to request listing of commodities in grades/variants other than those listed are to formally request listing in writing to the Exchange Registrar.

Registrar
INSCX exchange
Trade Centre
Barrington House
Alderley Edge
SK9 7LA
United Kingdom

Members seeking to list commodities such as Nanomaterials and/or any other requiring the Exchange to incur expense conducting upstream/downstream due diligence are required to file a formal registration of materials document with the Exchange and to forward a listing fee of USD\$5,000 to the Exchange Registrar as a means to fund compliance expense incurred by the Exchange.

NOTE: The Exchange does not accept non-title holder proven offers of product for sale and/or respond to requests to list additional commodities/variants where there is not demonstrated an ability to fund and/or satisfy end use requirement and compliance with ITAR.

**OPERATIONS:**

Operations is the Exchange term denoted to specifically meaning trade settlement – the physical passing of traded cargo from the instructing seller to the paying buyer in return for transfer of monies agreed between the respective counterparties.

The Operations Department also deals with member queries concerning client accounts, trade disputes and funding/receipt of payment for instructed and/or executed transactions. The department can be contacted during UK business hours via e-mail, post and or telephone.

On contact please stipulate Operations.

+ 44 (0) 1782 454 144

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