
NATIONAL COMMODITY & DERIVATIVES EXCHANGE LIMITED

Circular to all trading and clearing members of the Exchange

Circular No. : NCDEX/TRADING-036/2018/147

Date : June 13, 2018

Subject : Modification in contract specifications - Kapas (KAPAS) Futures Contract

The Exchange is pleased to inform the trading and clearing Members that as per its Bye-laws, Rules and Regulations, and with the approval received from the Securities and Exchange Board of India (SEBI) Futures contract in Kapas (Symbol: KAPAS) expiring in the month of April 2019 will be available for trading w.e.f. **June 14, 2018**. Contracts for further expiries will be launched as per the enclosed contract launch calendar.

Members and participants are requested to note that Kapas Futures contracts will be available for trading with modified contract specifications. The Futures contracts to be launched shall be additionally governed by the Product Note as is notified on the Exchange Website under the Tab – “Products”. Members and Participants are requested to kindly go through the same and get acquainted with the launched product, its trading and related process put in place by the Exchange.

Summary of modifications in contract specifications for Kapas Futures contracts expiring in the month of April 2019 and thereafter is given in Annexure I. Existing contract specifications for Shankar Kapas Futures contract is given in Annexure II. Modified contract specifications applicable for Kapas (Symbol: KAPAS) Futures contracts expiring in the month of April 2019 and thereafter is given in Annexure III.

The contracts and the transactions therein will be subject to Rules, Bye Laws and Regulations of the Exchange and circulars issued by the Exchange as well as directives, if any, issued from time to time by the SEBI. It is clarified that it is the sole obligation and responsibility of the Members and market participants to ensure that apart from the approved quality standards stipulated by the Exchange, the commodity deposited / traded / delivered through the approved warehouse of the Exchange either on their own or on behalf of them by any third party acting on behalf of the Market Participants/Constituents is in due compliance with the applicable regulations laid down by authorities like Food Safety Standard Authority of India, AGMARK, BIS, Warehousing Development and Regulatory Authority (WDRA) , Orders under Packaging and Labelling etc., as also other State/Central laws and authorities issuing such regulations in this behalf from time to time, including but not limited to compliance of provisions and rates relating to GST, APMC Tax,

Mandi Tax, LBT, stamp duty, etc. as applicable from time to time on the underlying commodity of any contract offered for deposit / trading / delivery and the Exchange shall not be responsible or liable on account of any noncompliance thereof.

For and on behalf of
National Commodity & Derivatives Exchange Limited

Kapil Dev
Executive Vice President - Business

For further information / clarifications, please contact

1. Mr. Mukesh Kumar on mobile phone (+91) 9860966033
2. Customer Service Group on toll free number: 1800 26 62339
3. Customer Service Group by e-mail to : askus@ncdex.com

Annexure I
Summary of the modifications in contract specifications for Kapas Futures contracts (KAPAS)

Parameter	Existing Contract Specification		Modified Contract Specification		Rationale
Ticker symbol	SHANKRKPAS		KAPAS		To use a generalized name for the underlying commodity instead of indicating any specific variety.
Name of Commodity	SHANKAR Kapas		Kapas		To use a generalized name for the underlying commodity instead of indicating any specific variety.
Contract Launch Calendar	Contract Launch month	Contract Expiry month	Contract Launch month	Contract Expiry month*	To align the contract launch calendar with existing market preferences.
	April 2018	October 2018	June 14, 2018	April 2019	
	May 2018	November 2018	November 2018	November 2019	
	June 2018	December 2018	February 2019	February 2020	
	July 2018	January 2019			
	August 2018	February 2019			
	September 2018	March 2019			
	October 2018	April 2019			

Annexure II
Existing contract specifications of Shankar Kapas Futures contract

Type of Contract	Futures Contract
Name of Commodity	SHANKAR Kapas
Ticker symbol	SHANKRKPAS
Trading System	NCDEX Trading System
Basis	Rajkot (Exclusive of GST)
Unit of trading	1 lot (200 maunds of 20 kg each i.e. 4 MT)
Delivery unit	1 lot (200 maunds of 20 kg each i.e. 4 MT)
Quotation/base value	Rs. Per 20 kg
Tick size	50 paisa
Quality specification	<p>Raw Cotton</p> <p>1. Staple Length Basis : 29 mm Tenderable Range: 29 mm and above and not deliverable below 29 mm</p> <p>2. Outturn Minimum 34% with no premium above 34% and not Tenderable below 34%</p> <p>3. Trash content: Maximum 3% Tenderable Range: Maximum up to 3% with no premium below 3%</p> <p>4. Micronaire: Basis: 3.8-4.0 Micronaire Tenderable range of 3.8–4.0 Micronaire with no premium/discount.</p> <p>5. Strength: Basis: Minimum 29 GTex Tenderable above 29 GTex with no premium or discount. Strength less than 29 GTex is not deliverable on Exchange platform.</p> <p>6. Reflectance (Rd value) Deliverable Range: 75-81</p> <p>7. Yellowness (+b value) Deliverable Range: 7.5-9.5</p> <p>8. Moisture: Max. 8% with no premium below 8%.</p>
Quantity variation	+/- 1% for total weight of each deliverable lot
Trading Months	October, November, December, January, February, March and April
Delivery center	Rajkot (Gujarat)
Trading hours	<p>As notified by the Exchange from time to time, currently :- Mondays through Fridays: 10:00 a.m. to 9.00 p.m. / 9.30 p.m.* * during US day light saving period On the expiry date, contracts expiring on that day will not be available for trading after 5 PM. The Exchange may vary the above timing with due notice</p>

Delivery specification	Upon expiry of the contracts, the delivery position would be arrived at by the Exchange based on the information to give/ take delivery furnished by the sellers and buyers as per the process put in place by the Exchange for affecting physical delivery.																
No. of active contracts	As per Launch calendar																
Opening of contracts	As per Launch calendar																
Closing of contract	All open positions will be settled as per general rules and product specific regulations																
Daily Price Limit (DPL)	Daily price fluctuation limit is (+/-) 3%. Once the 3% limit is reached, then after a period of 15 minutes this limit shall be increased further by 1%. The trading shall be permitted during the 15 minutes period within the 3% limit. After the DPL is enhanced, trades shall be permitted throughout the day within the enhanced total DPL of 4%. The DPL on the launch (first) day of new contract shall be as per the circular no. NCDEX/RISK-034/2016/209 dated September 08, 2016.																
Position Limits	Limits on Open position for aggregate as well as near month will be as under Member-wise: 16,00,000 MT or 15% of market wide open interest in the commodity, whichever is higher Client-wise: 1,60,000 MT Bona fide hedger clients may seek exemption as per approved Hedge Policy of the Exchange notified vide Circular No. NCDEX/CLEARING-019/2016/246 dated September 28, 2016. For near month contracts (The following limits would be applicable from One Month prior to expiry date of a contract) Member-wise: 4,00,000 MT or one-fourth of the member's overall position limit in that commodity, whichever is higher Client-wise: 40,000 MT																
Special margin	In case of unidirectional price movement/ increased volatility, an additional/ special margin at such other percentage, as deemed fit by the Regulator/Exchange, may be imposed on the buy and the sell side or on either of the buy or sell sides in respect of all outstanding positions. Reduction/removal of such additional/ special margins shall be at the discretion of the Regulator/Exchange.																
Delivery logic	Intention matching																
Final Settlement Price	FSP shall be arrived at by taking the simple average of the last polled spot prices of the last three trading days viz., E0 (expiry day), E-1 and E-2. In the event the spot price for any one or both of E- 1 and E-2 is not available; the simple average of the last polled spot price of E0, E-1, E-2 and E-3, whichever available, shall be taken as FSP. Thus, the FSP under various scenarios of non-availability of polled spot prices shall be as under: <table border="1" data-bbox="527 1722 1279 1864"> <thead> <tr> <th rowspan="2">Scenario</th> <th colspan="4">Polled spot price availability on</th> <th rowspan="2">FSP shall be simple average of last polled spot prices on:</th> </tr> <tr> <th>E0</th> <th>E-1</th> <th>E-2</th> <th>E-3</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Yes</td> <td>Yes</td> <td>Yes</td> <td>Yes/No</td> <td>E0, E-1, E-2</td> </tr> </tbody> </table>	Scenario	Polled spot price availability on				FSP shall be simple average of last polled spot prices on:	E0	E-1	E-2	E-3	1	Yes	Yes	Yes	Yes/No	E0, E-1, E-2
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	E0	E-1	E-2	E-3													
1	Yes	Yes	Yes	Yes/No	E0, E-1, E-2												

	2	Yes	Yes	No	Yes	E0, E-1, E-3
	3	Yes	No	Yes	Yes	E0, E-2, E-3
	4	Yes	No	No	Yes	E0, E-3
	5	Yes	Yes	No	No	E0, E-1
	6	Yes	No	Yes	No	E0, E-2
	7	Yes	No	No	No	E0
Maximum Order Size	50 Lots i.e. 200 MT					
Minimum Initial Margin	4%					

Annexure III
Modified contract specifications of Kapas Futures contract

(Applicable for contracts expiring in the months of April 2019 and thereafter)

Type of Contract	Futures Contract
Name of Commodity	Kapas
Ticker symbol	KAPAS
Trading System	NCDEX Trading System
Basis	Rajkot (Exclusive of GST)
Unit of trading	1 lot (200 maunds of 20 kg each i.e. 4 MT)
Delivery unit	1 lot (200 maunds of 20 kg each i.e. 4 MT)
Quotation/base value	Rs. Per 20 kg
Tick size	50 paisa
Quality specification	Raw Cotton 1. Staple Length Basis : 29 mm Tenderable Range: 29 mm and above and not deliverable below 29 mm 2. Outturn Minimum 34% with no premium above 34% and not Tenderable below 34% 3. Trash content: Maximum 3% Tenderable Range: Maximum up to 3% with no premium below 3% 4. Micronaire: Basis: 3.8-4.0 Micronaire Tenderable range of 3.8–4.0 Micronaire with no premium/discount. 5. Strength: Basis: Minimum 29 GTex Tenderable above 29 GTex with no premium or discount. Strength less than 29 GTex is not deliverable on Exchange platform. 6. Reflectance (Rd value) Deliverable Range: 75-81 7. Yellowness (+b value) Deliverable Range: 7.5-9.5 8. Moisture: Max. 8% with no premium below 8%.
Quantity variation	+/- 1% for total weight of each deliverable lot
Trading Months	November, February and April
Delivery center	Rajkot (Gujarat)
Trading hours	As notified by the Exchange from time to time, currently :-

	<p>Mondays through Fridays: 10:00 a.m. to 9.00 p.m. / 9.30 p.m.*</p> <p>* during US day light saving period</p> <p>On the expiry date, contracts expiring on that day will not be available for trading after 5 PM.</p> <p>The Exchange may vary the above timing with due notice</p>
Delivery specification	Upon expiry of the contracts, the delivery position would be arrived at by the Exchange based on the information to give/ take delivery furnished by the sellers and buyers as per the process put in place by the Exchange for affecting physical delivery.
No. of active contracts	As per Launch calendar
Opening of contracts	As per Launch calendar
Closing of contract	All open positions will be settled as per general rules and product specific regulations
Daily Price Limit (DPL)	<p>Daily price fluctuation limit is (+/-) 3%. Once the 3% limit is reached, then after a period of 15 minutes this limit shall be increased further by 1%. The trading shall be permitted during the 15 minutes period within the 3% limit. After the DPL is enhanced, trades shall be permitted throughout the day within the enhanced total DPL of 4%.</p> <p>The DPL on the launch (first) day of new contract shall be as per the circular no. NCDEX/RISK-034/2016/209 dated September 08, 2016.</p>
Position Limits	<p>Limits on Open position for aggregate as well as near month will be as under</p> <p>Member-wise: 16,00,000 MT or 15% of market wide open interest in the commodity, whichever is higher</p> <p>Client-wise: 1,60,000 MT</p> <p>Bona fide hedger clients may seek exemption as per approved Hedge Policy of the Exchange notified vide Circular No. NCDEX/CLEARING-019/2016/246 dated September 28, 2016.</p> <p>For near month contracts</p> <p>(The following limits would be applicable from One Month prior to expiry date of a contract)</p> <p>Member-wise: 4,00,000 MT or one-fourth of the member's overall position limit in that commodity, whichever is higher</p> <p>Client-wise: 40,000 MT</p>
Special margin	In case of unidirectional price movement/ increased volatility, an additional/ special margin at such other percentage, as deemed fit by the Regulator/Exchange, may be imposed on the buy and the sell side or on either of the buy or sell sides in respect of all outstanding positions. Reduction/removal of such additional/ special margins shall be at the discretion of the Regulator/Exchange.
Delivery logic	Intention matching
	FSP shall be arrived at by taking the simple average of the last polled spot prices of the last three trading days viz., E0 (expiry day), E-1 and E-2. In the event the spot price for any one or both of

Final Settlement Price	E- 1 and E-2 is not available; the simple average of the last polled spot price of E0, E-1, E-2 and E-3, whichever available, shall be taken as FSP. Thus, the FSP under various scenarios of non-availability of polled spot prices shall be as under:					
	Scenario	Polled spot price availability on				FSP shall be simple average of last polled spot prices on:
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	3	Yes	No	Yes	Yes	E0, E-2, E-3
	4	Yes	No	No	Yes	E0, E-3
	5	Yes	Yes	No	No	E0, E-1
6	Yes	No	Yes	No	E0, E-2	
7	Yes	No	No	No	E0	
Maximum Order Size	50 Lots i.e. 200 MT					
Minimum Initial Margin	4%					

Contract Launch calendar

Contract Launch month	Contract Expiry month
June 14, 2018	April 2019
November 2018	November 2019
February 2019	February 2020
April 2019	April 2020