
NATIONAL COMMODITY & DERIVATIVES EXCHANGE LIMITED

Circular to all members of the Exchange

Circular No : NCDEX/TRADING-046/2019

Date : November 25, 2019

Subject : Modification in contract specifications– Castor Seed (CASTOR) futures contract

Members are requested to note that the Exchange, as per its Circular No. NCDEX/TRADING-96/2016/232 dated September 22, 2016, has modified the contract specifications of Castor Seed (Symbol: CASTOR) futures contracts expiring in the month of April 2020 and thereafter.

The contracts expiring in the month of April 2020 will be available for trading with effect from December 02, 2019. Contracts for further expiries will be launched as per the enclosed contract Launch calendar.

The running futures contracts and contracts to be launched further 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 product launched and its trading and related process put in place by the Exchange.

Currently, Castor Seed futures contracts (Symbol: CASTOR) expiring in the months of December 2019, January 2020, February 2020 and March 2020 are available for trading and would continue to be traded as per existing contract specifications.

Members are requested to take note of the following:

1. Summary of modifications in contract specifications for Castor Seed (CASTOR) futures contracts expiring in the month of April 2020 and thereafter is given in **Annexure I**.
2. Existing contract specifications applicable for Castor Seed futures contracts (Symbol: CASTOR) expiring in the months of December 2019, January 2020, February 2020 and March 2020 is given in **Annexure II**.
3. Modified contract specifications applicable for Castor Seed (Symbol: CASTOR) futures contracts expiring in the month of April 2020 and thereafter is given in **Annexure III**.

4. Premium/Discount for Delivery Location Premium Difference for Castor Seed futures contract expiring in the month of April 2020 is given in **Annexure IV**.

5. On account of applicability of modified contract specifications of Castor Seed (Symbol: CASTOR) futures contracts expiring in the month of April 2020 and thereafter, Grades mentioned in **Annexure V will not** be eligible to be delivered in Exchange-traded contracts from April 2020 expiry and thereafter irrespective of its Exchange Deliverable Date.

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 NCCL 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 and Standards 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

Encl: Annexures

For further information / clarifications, please contact

1. Mr. Sachin Bhokare on Mobile Phone (+91) 9099037006
 2. Customer Service Group on toll free number: 1800 26 62339
 3. Customer Service Group by e-mail to : askus@ncdex.com
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Annexure I:
Summary of the modifications in contract specifications – Castor Seed futures contract

Parameters	Existing contract specifications				Modified contract specifications			Rationale	
Quality Specifications	Castor Seed (small seed) with the following specifications:				Castor Seed (small seed) with the following specifications:			Single grade contract specifications will optimize warehouse space utilization, reduce quality disputes and augment the ease of doing business.	
	Oil content		47% basis		Oil content		47% Min		
	Fotri (Husk) and damaged Seeds		2% basis		Fotri (Husk) and damaged Seeds		3.5% Max		
	Sand, Silica and Stones		1% Max		Sand, Silica and Stones		1% Max		
	Moisture Content		4.5% Max		Moisture Content		4.5% Max		
Tolerance Limit for outbound deliveries of Castor Seed	Commodity Specifications	Deposit	Deliverable Range	Remat (Out bound Delivery)	Commodity Specifications	Deposit	Remat (Out bound Delivery)	Single grade contract specifications will optimize warehouse space utilization, reduce quality disputes and augment the ease of doing business.	
	Oil content	47% basis	From 45% to 47% accepted at discount of 1:2 or part thereof, Below 45% rejected	+/- 0.25%	Oil content	47% Min	+/- 0.25%		
	Fotri (Husk) and damaged Seeds	2% basis	From 2% to 5% accepted at discount of 1:1 or part thereof, Above 5% rejected	+/- 0.25%	Fotri (Husk) and damaged Seeds	3.5% Max	+/- 0.25%		
	Moisture content	4.5% max		+/- 0.50%	Moisture content	4.5% Max	+/- 0.50%		
	Maximum Tolerance (for all characteristics)				+/- 1.00%	Maximum Tolerance (for all characteristics)			+/- 1.00%
	Acceptable quality variations at the time of taking physical delivery shall be applicable as per annexure to the contract specifications								

Premium/ Discount	Quality variations shall be accepted with discount as under: Oil Content: From 45% to 47% accepted at discount of 1:2 or part thereof, Below 45% rejected Fotri (Husk) and damaged Seeds: From 2% to 5% accepted at discount of 1:1 or part thereof, Above 5% rejected.	NA	To make the contract more aligned to the market requirements.
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Annexure II: Existing contract specifications applicable for Castor Seed futures contracts (Symbol: CASTOR)

(Applicable for contracts expiring in the month of December 2019, January 2020, February 2020 and March 2020)

Type of Contract	Futures Contract	
Name of Commodity	Castor seed	
Ticker symbol	CASTOR	
Trading System	NCDEX Trading System	
Basis	Ex-warehouse Deesa, exclusive of GST	
Unit of trading	5 MT	
Delivery unit	5 MT	
Maximum Order Size	500 MT	
Quotation/base value	Rs. Per Quintal (100 kg)	
Tick size	Rs. 2.00	
Quality specification	Castor Seed (small seed) with the following specifications:	
	Oil content	47% basis
	Fotri (Husk) and damaged Seeds	2% basis
	Sand, Silica and Stones	1% Max
	Moisture content	4.5 % max
	Acceptable quality variations at the time of taking physical delivery shall be applicable as per annexure to the contract specifications	
Quantity variation	+/- 2 %	
Delivery center	Deesa (upto the radius of 60 kms from the municipal limits, within the state of Gujarat)	
Additional delivery centres	Bhabhar, Kadi, Patan (upto the radius of 60 kms from the municipal limits, within the state of Gujarat) with location wise premium/discount as announced by the Exchange from time to time	
Trading hours	As notified by the Exchange from time to time, currently - Mondays through Fridays: 09:00 a. m. to 5:00 p.m. The Exchange may change the above timing with due notice	

Delivery logic	Compulsory delivery
Opening of Contracts	Trading in any contract month will open 1 st day of the month. If the 1 st day happens to be a non-trading day, contracts would open on next trading day
Tender Period	<p>Tender Date –T</p> <p>Tender Period: The tender period would be the last 5 trading days (including expiry day) of the contracts.</p> <p>Pay-in and Pay-out: On a T+2 basis. If the tender date is T, then pay-in and pay-out would happen on T+2 day. If such a T+2 day happens to be a Saturday, a Sunday or a holiday at the Exchange, Clearing Corporation, clearing banks or any of the service providers, pay-in and pay-out would be effected on the next working day.</p>
Closing of contract	<p>Clearing and settlement of contracts will commence with the commencement of Tender Period by compulsory delivery of each open position tendered by the seller on T + 2 to the corresponding buyer matched by the process put in place by the Exchange.</p> <p>Upon the expiry of the contract all the outstanding open position shall result in compulsory delivery.</p>
Due date/Expiry date	<p>Expiry date of the contract: 20th day of the delivery month. If 20th happens to be a holiday, a Saturday or a Sunday then the due date shall be the immediately preceding trading day of the Exchange, which is other than a Saturday.</p> <p>The settlement of contract would be by a staggered system of Pay-in and Pay-out including the Last Pay- in and Pay-out which would be the Final Settlement of the contract.</p>
Delivery Specification	<p>Upon expiry of the contracts all the outstanding open positions shall result in compulsory delivery.</p> <p>During the Tender period, if any delivery is tendered by seller, the corresponding buyer having open position and matched as per process put in place by the Exchange, shall be bound to settle by taking delivery on T + 2 day from the delivery centre where the seller has delivered same.</p> <p>The penalty structure for failure to meet delivery obligations will be as per circular no. NCDEX/CLEARING-020/2016/247 dated September 28, 2016.</p>
No. of active contracts	As per launch calendar

Price limit	<p>Daily price 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>Member level: 1,19,000 MT or 15 % of Market wide Open Interest whichever is higher Client level: 11,900 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>Near Month limit The following limits would be applicable from 1st of every month in which the contract is due to expire. If 1st happens to be a non-trading day, the near month limits would start from the next trading day.</p> <p>Member level: 29,750 MT or One-fourth of the member's overall position limit in that commodity, whichever is higher Client level: 2,975 MT</p>
Premium/Discount	<p>Quality variations shall be accepted with discount as under:</p> <p>Oil Content:</p> <ul style="list-style-type: none"> • From 45% to 47% accepted at discount of 1:2 or part thereof, • Below 45% rejected <p>Fotri (Husk) and damaged Seeds:</p> <ul style="list-style-type: none"> • From 2% to 5% accepted at discount of 1:1 or part thereof, • Above 5% rejected
Special Margin	<p>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.</p>

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:					
	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
	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	
Minimum Initial margin	4%					

Example for Oil content discount:

Oil content in Castor Seed below 47% but within 45% will attract discount. For every 1% decrease in oil content or part thereof, there will be discount of 2% or part thereof in price.

Tolerance limit for outbound deliveries of Castor seed

Commodity Specifications	Deposit	Deliverable Range	Remat (Out bound Delivery)
Oil content	47% basis	From 45% to 47% accepted at discount of 1:2 or part thereof, Below 45% rejected	+/- 0.25%
Fotri (Husk) and damaged Seeds	2% basis	From 2% to 5% accepted at discount of 1:1 or part thereof, Above 5% rejected	+/- 0.25%
Moisture content	4.5% max		+/- 0.50%
Maximum Tolerance (for all characteristics)			+/- 1.00%

Contract Launch Calendar

Contract Launch Month	Contract Expiry Month
August 2019	December 2019
September 2019	January 2020
October 2019	February 2020
November 2019	March 2020

Annexure III: Modified contract specifications applicable for Castor Seed (Symbol: CASTOR) futures

(Applicable for contracts expiring in the month of April 2020 and thereafter)

Type of Contract	Futures Contract	
Name of Commodity	Castor seed	
Ticker symbol	CASTOR	
Trading System	NCDEX Trading System	
Basis	Ex-warehouse Deesa, exclusive of GST	
Unit of trading	5 MT	
Delivery unit	5 MT	
Maximum Order Size	500 MT	
Quotation/base value	Rs. Per Quintal (100 kg)	
Tick size	Rs. 2.00	
Quality specification	Castor Seed (small seed) with the following specifications:	
	Oil content	47% Min
	Fotri (Husk) and damaged Seeds	3.5% Max
	Sand, Silica And Stones	1% Max.
	Moisture content	4.5 % Max
Quantity variation	+/- 2 %	
Delivery center	Deesa (upto the radius of 60 kms from the municipal limits, within the state of Gujarat)	
Additional delivery centres	Bhabhar, Kadi, Patan (upto the radius of 60 kms from the municipal limits, within the state of Gujarat) with location wise premium/discount as announced by the Exchange from time to time	
Trading hours	As notified by the Exchange from time to time, currently - Mondays through Fridays: 09:00 a.m. to 5:00 p.m. The Exchange may change the above timing with due notice	
Delivery logic	Compulsory delivery	

Opening of Contracts	Trading in any contract month will open 1 st day of the month. If the 1 st day happens to be a non-trading day, contracts would open on next trading day
Tender Period	<p>Tender Date –T</p> <p>Tender Period: The tender period would be the last 5 trading days (including expiry day) of the contracts.</p> <p>Pay-in and Pay-out:</p> <p>On a T+2 basis. If the tender date is T, then pay-in and pay-out would happen on T+2 day. If such a T+2 day happens to be a Saturday, a Sunday or a holiday at the Exchange, Clearing Corporation, clearing banks or any of the service providers, pay-in and pay-out would be effected on the next working day.</p>
Closing of contract	<p>Clearing and settlement of contracts will commence with the commencement of Tender Period by compulsory delivery of each open position tendered by the seller on T + 2 to the corresponding buyer matched by the process put in place by the Exchange.</p> <p>Upon the expiry of the contract all the outstanding open position shall result in compulsory delivery.</p>
Due date/Expiry date	<p>Expiry date of the contract:</p> <p>20th day of the delivery month. If 20th happens to be a holiday, a Saturday or a Sunday then the due date shall be the immediately preceding trading day of the Exchange, which is other than a Saturday. The settlement of contract would be by a staggered system of Pay-in and Pay-out including the Last Pay- in and Pay-out which would be the Final Settlement of the contract.</p>
Delivery Specification	<p>Upon expiry of the contracts all the outstanding open positions shall result in compulsory delivery.</p> <p>During the Tender period, if any delivery is tendered by seller, the corresponding buyer having open position and matched as per process put in place by the Exchange, shall be bound to settle by taking delivery on T + 2 day from the delivery centre where the seller has delivered same.</p> <p>The penalty structure for failure to meet delivery obligations will be as per circular no. NCDEX/CLEARING-020/2016/247 dated September 28, 2016.</p>

No. of active contracts	As per launch calendar
Price limit	<p>Daily price 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>Member level: 1,19,000 MT or 15 % of Market wide Open Interest whichever is higher</p> <p>Client level: 11,900 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>Near Month limit</p> <p>The following limits would be applicable from 1st of every month in which the contract is due to expire. If 1st happens to be a non-trading day, the near month limits would start from the next trading day</p> <p>Member level: 29,750 MT or One-fourth of the member's overall position limit in that commodity, whichever is higher</p> <p>Client level: 2,975 MT</p>
Special Margin	<p>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.</p>

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:					
	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
	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	
Minimum Initial margin	4%					

Tolerance limit for outbound deliveries of Castor seed

Commodity Specifications	Deposit	Remat (Out bound Delivery)
Oil content	47% Min	+/- 0.25%
Fotri (Husk) and damaged Seeds	3.5% Max	+/- 0.25%
Moisture content	4.5% Max	+/- 0.50%
Maximum Tolerance (for all characteristics)		+/- 1.00%

Note: Tolerance limit is applicable only for outbound deliveries. Variation in quality parameters within the prescribed tolerance limit as above will be treated as good delivery when members/clients lift the materials from warehouse. These permissible variations shall be based on the parameters found as per the immediate preceding test certificate given by NCCL approved assayer.

Contract Launch Calendar

Contract Launch Month	Contract Expiry Month
December 2019	April 2020
January 2020	May 2020
February 2020	June 2020
March 2020	July 2020
April 2020	August 2020
May 2020	September 2020
June 2020	October 2020
July 2020	November 2020
August 2020	December 2020

Annexure IV
Premium/Discount for Delivery Location Difference for Castor Seed futures contract expiring in the month of April 2020

Commodity (Base centre)	Additional delivery centre	(+) Premium/ (-) Discount
Castor Seed (Deesa)	Bhabhar	No Premium/Discount
	Kadi	No Premium/Discount
	Patan	No Premium/Discount

Annexure V

Following Grades will **not** be eligible to be deliverable in Exchange-traded contracts from April 2020 expiry and thereafter irrespective of its Exchange Deliverable Date.

CSRT11	CSRT12	CSRT13	CSRT14	CSRT15	CSRT16	CSRT17
CSRT21	CSRT22	CSRT23	CSRT24	CSRT25	CSRT26	CSRT27
CSRT31	CSRT32	CSRT33	CSRT34	CSRT35	CSRT36	CSRT37
CSRT41	CSRT42	CSRT43	CSRT44	CSRT45	CSRT46	CSRT47
CSRT55	CSRT56	CSRT57				