
NATIONAL COMMODITY & DERIVATIVES EXCHANGE LIMITED

Circular to all trading and clearing members of the Exchange
Circular No : NCDEX/TRADING-001/2017/004
Date : January 04, 2017
Subject : Launch of futures contract – Castor Seed (CASTOR)

The Exchange is pleased to inform the trading and clearing Members of the Exchange that as per its Bye-laws, Rules and Regulations, and with the approval received from the Securities Exchange Board of India vide letter no. SEBI/HO/CDMRD/DRMP/OW/P/2017/342/1 dated January 04, 2017, futures contract in Castor Seed (Symbol: CASTOR) expiring in the months of February 2017, March 2017, April 2017 and May 2017 would be available for trading from January 05, 2017. Contracts for further expiries will be launched as per the enclosed contract launch calendar.

Members and participants are requested to note that Castor Seed futures contract 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 product launched and its trading and related process put in place by the Exchange.

Summary of modifications in contract specifications for Castor Seed futures contracts expiring in the months of February 2017 and thereafter is given in Annexure I. Modified Contract specifications applicable for Castor seed futures contracts (Symbol: CASTOR) expiring in the month of February 2017 and thereafter is given in Annexure II. Premium/discount for delivery location difference for contract expiring in the month of February 2017, March 2017, April 2017 and May 2017 is given in Annexure III.

The transaction charges applicable on Castor seed futures contract (CASTOR) will be as per list B commodities which is presently at a flat rate of Rs. 2.00 per lakh of trade, till further notice from the Exchange.

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 Regulator. 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 is in due compliance with the applicable regulations laid down by authorities like Food Safety Standard Authority of India, AGMARK, BIS, 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 Sales Tax, Value Added Tax, APMC Tax, Mandi Tax, LBT, Octroi, Excise duty, 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 non-compliance thereof.

For and on behalf of
National Commodity & Derivatives Exchange Limited

Avinash Mohan
Executive Vice President – Business

For further information / clarifications, please contact

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Annexure I:

Summary of modifications in contract specifications for Castor Seed futures contracts

Parameter	Earlier Contract Specification	Modified Contract Specification
Ticker Symbol	CASTORSEED	CASTOR

Annexure II:
Contract Specifications of Castor Seed (CASTOR)

(Applicable for all contracts expiring in the months of February 2017 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 sales tax/VAT	
Unit of trading	10 MT	
Delivery unit	10 MT	
Maximum Order Size	500 MT	
Quotation/base value	Rs. Per Quintal (100 kg)	
Tick size	Rs. 1.00	
Quality specification	Castor Seed (Gujarat 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, Palanpur, 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: 10:00 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 1st day of the month. If the 1st day happens to be a non-trading day, contracts would open on next trading day	

Tender Period	<p>Tender Date –T Tender Period: The tender period shall start on 11th of every month in which the contract is due to expire. In case 11th happens to be a Saturday, a Sunday or a holiday at the Exchange, the tender period would start from the next working day.</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 (excluding Saturday). If such a T+2 day happens to be a Saturday, a Sunday or a holiday at the Exchange, 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

<p>Price limit</p>	<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%. 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>
<p>Position limits</p>	<p>Member level: 1,20,000 MT or 15 % of Market wide Open Interest whichever is higher Client level : 12,000 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. 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 Member level: 30,000 MT or One-fourth of the member's overall position limit in that commodity, whichever is higher Client level: 3,000 MT</p>
<p>Premium/Discount</p>	<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
<p>Special Margin</p>	<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		
Maximum Tolerance (for all characteristics)			+/- 0.50%

Contract Launch Calendar

Contract Launch Month	Contract Expiry Month
January 05, 2017	February 2017, March 2017, April 2017 May 2017
February 2017	June 2017
March 2017	July 2017
April 2017	August 2017
May 2017	September 2017
June 2017	October 2017
July 2017	November 2017
August 2017	December 2017

Annexure III:
Premium / Discount for delivery location differences:

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