NATIONAL COMMODITY & DERIVATIVES EXCHANGE LIMITED

Circular to all Members of the Exchange
Circular No. : NCDEX/TRADING-038/2024
Date : August 23, 2024
Subject : Launch of Futures contracts – Cotton Wash Oil (COTWASOIL)

The Exchange is pleased to inform the members of the Exchange that as per its Bye-laws, Rules and Regulations, and with the approval received from Securities and Exchange Board of India, the future contracts in Cotton Wash Oil (COTWASOIL) expiring in the months of December 2024, January 2025, February 2025 and March 2025 would be available for trading with effect from **September 02, 2024**. The contracts for further expiries shall be launched as per the enclosed contract launch calendar.
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Members and participants are hereby requested to note that Cotton Wash Oil (COTWASOIL) Futures contract will be available for trading as per the contract specifications given in **Annexure I**.

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.

With reference to circular nos. NCCL/RISK-001/2018 dated September 26, 2018 regarding Risk Management Framework and NCCL/RISK-008/2019 dated June 12, 2019 regarding Concentration Margin – Revision in Concentration Margin and Threshold Level, members and participants are requested to note that as per the directives of the SEBI and Byelaws, Rules and Regulations of the Exchange, Concentration Margin shall be levied on Cotton Wash Oil (COTWASOIL). The Open Interest (OI) Threshold Level for Cotton Wash Oil (COTWASOIL) to attract Concentration Margin shall be as mentioned in the table below:

Commodity	Symbol	Measure	Open Interest Threshold Level
Cotton Wash Oil	COTWASOIL	MT	53,500

The applicable OI slabs and corresponding margin percentages at clearing member level and at the client level shall be same as specified in the circular nos. NCCL/RISK-017/2024 dated April 23, 2024 regarding Master Circular - Risk Management and NCCL/RISK-011/2023 dated February 23, 2023. The Concentration Margin and Threshold Limit shall be effective with commencement of trading w.e.f. **September 02, 2024**.

The transaction charges shall be **at the flat rate of Rs. 3 per lakh of trade.**

Further, CTT shall be applicable on the sale of Cotton Wash Oil (COTWASOIL) futures contract at the rate of 0.01% payable by seller.

The contracts and the transactions therein will be subject to Bye Laws, Rules, 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 Clearing Corporation either on their own or on their behalf by any third party is in due compliance with the applicable regulations laid down by authorities like 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 non-compliance thereof.

For and on behalf of
National Commodity & Derivatives Exchange Limited

Arun Yadav
Senior Vice President – Products

Encl: Annexures

For further information / clarifications, please contact

1. Mr. Arun Yadav on Mobile Phone (+91) 8156006791
2. Customer Service Group on toll free number: 1800 26 62339
3. Customer Service Group by e-mail to: askus@ncdex.com

Annexure I: Contract Specifications of Cotton Wash Oil (COTWASOIL)

(Applicable for contracts expiring in the month of December 2024 and thereafter)

Type of Contract	Future Contract
Name Of the Commodity	Cotton Wash Oil
Symbol	COTWASOIL
Basis	Ex.Tank Kadi(Exclusive of all Taxes)
Unit Of Trading	5MT
Maximum Order Size	500 MT
Quotation/base value	Rs. per 10 kg
Tick size	10 Paise
Quality Specification	Free Fatty Acid-0.2%Max
	Colour as Y+10R in 1/4" Cell- 35.0 Unit Basis
	M.I.V- 010Max
	Refractive Index 40 C- 1.4630 to 1.4660
	Iodine Value- 98 to 112
	Saponification Value- 190 to 198
	Unsaponifiable Matter-1.5% max
	Hold Test-Negative
	Castor test-Negative
	Argemone oil test-Negative
	Hcn Test- Negative
	B.T.T-19 ºC to 21 ºC
	Specific Gravity at 30ºC-0.910 to 0.920
	There shall be no turbidity after keeping the filtered sample at 30ºC for 24 hours
	If the oil is obtained by the method of solvent extraction and the oil imported into India, the oil shall not contain hexane more than 0.5 ppm.
	The contaminants, toxins, and residues must not exceed the limits specified in FSSAI Regulations.
Trading hours	As notified by the Exchange from time to time, currently: Mondays through Fridays: 10.00 A.M. to 05.00 P.M. The Exchange may vary above timing with due notice
Due date/Expiry date	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.
Delivery specification	Upon expiry of the contract, the positions would be cash settled

	and there will be no physical delivery.
Opening of contracts	Trading in any contract month will open on the 1st day of the month. If the 1st day happens to be a non-trading day, contracts would open on the next trading day.
Closing of contract	On the expiry of the contract, all outstanding positions shall be closed out at the Final Settlement Price announced by the Exchange.
No. of active contracts	As per the launch calendar
Daily Price limit (DPL)	Daily price limit is (+/-) 4%. Once the 4% limit is reached, then after a period of 15 minutes this limit shall be increased further by 2%. The trading shall be permitted during the 15 minutes period within the 4% limit. After the DPL is enhanced, trades shall be permitted throughout the day within the enhanced total DPL of 6%. The DPL on the launch (first) day of new contract shall be as per the circular no. NCDEX/TRADING-010/2021 dated March 22, 2021
Position Limits	**Member-wise:** 1,35,000 MT or 15% of market wide open interest in the commodity, whichever is higher. **Client-wise:** 13,500 MT Bona fide hedger clients may seek exemption as pre-approved Hedge Policy of the Exchange notified vide Circular No. NCDEX/TRADING-026/2021 dated August 30, 2021. **For near month contracts** 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-wise:** 33,750 MT or One-fourth of the member's overall position limit in that commodity, whichever is higher **Client-wise:** 3,375 MT
Delivery Logic	Cash Settled
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/Clearing Corporation, 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/Clearing Corporation.
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	12 %

Contract Launch Calendar

Contract Launch Month	Contract Expiry Month
September 02, 2024	December 2024
	January 2025
	February 2025
	March 2025
October 2024	No Launch
November 2024	No Launch
December 2024	April 2025
January 2025	May 2025
February 2025	June 2025
March 2025	July 2025
April 2025	August 2025
May 2025	September 2025
June 2025	December 2025