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**NATIONAL COMMODITY & DERIVATIVES EXCHANGE LIMITED**

Circular to all trading and clearing members of the Exchange

Circular No : NCDEX/TRADING- 022/2019

Date : July 06, 2019

Subject : Launch of Futures contract – Paddy (Basmati) - Pusa 1121 (PADYPB1121)

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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 Securities and Exchange Board of India vide letter no. SEBI/HO/CDMRD/DOP/OW/P/2019/15267/1 dated June 18, 2019. Futures contracts in Paddy (Basmati) - Pusa 1121 (Symbol: PADYPB1121) expiring in the month of August 2019, September 2019, October 2019 and November 2019 would be available for trading w.e.f. **July 10, 2019**. Contracts for further expiries shall be launched as per the enclosed contract launch calendar.

Members and participants are requested to note that Paddy (Basmati) - Pusa 1121 Futures contract will be available for trading as per the contract specifications given in Annexure I.

Premium/Discount for Delivery Location Difference for contracts expiring in the months of August 2019, September 2019, October 2019 and November 2019 is given in Annexure II.

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.

The transaction charges applicable on Paddy (Basmati) - Pusa 1121 Futures contract (Symbol: PADYPB1121) will be as per Special Category commodities as mentioned below, till further notice from the Exchange.

<b>Special Category</b>	<b>Client-level Slabs</b>	<b>Rate Rs. per lakh</b>
Slab 1	ADTV Up to Rs. 10 Crore	2.00
Slab 2	On incremental ADTV above Rs.10 Crore	1.00

The Risk Management Fees at Rs. 4 per Lakh on the value of every fresh overnight open interest position created in contracts shall be applicable.

With reference to circular nos. NCCL/RISK-001/2018 dated September 26, 2018 and NCCL/RISK-008/2019 dated June 12, 2019, 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 Paddy (Basmati) - Pusa 1121 Futures contract (Symbol: PADYPB1121). The Open Interest Threshold Level for Paddy (Basmati) - Pusa 1121 Futures contract (Symbol: PADYPB1121) to attract Concentration Margin shall be as mentioned in the table below:

Commodity	Symbol	Measure	Open Interest Threshold Level
Paddy (Basmati) - Pusa 1121 Futures contract	PADYPB1121	MT	60,000

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-001/2018 dated September 26, 2018 and NCCL/RISK-008/2019 dated June 12, 2019. The Concentration Margin and Threshold Limit shall be effective from beginning of trading day July 10, 2019.

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 and Standards 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 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**

Kapil Dev  
Executive Vice President – Business

Encl: Annexures

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For further information / clarifications, please contact

1. Mr. Mukesh Kumar on Mobile Phone: 09860966033
2. Customer Service Group on toll free number: 1800 266 2339/1800 103 4861
3. Customer Service Group by e-mail to : [askus@ncdex.com](mailto:askus@ncdex.com)

**Annexure I**
**Contract Specifications of Paddy (Basmati) - Pusa 1121 (PADYPB1121) Futures Contract**

Type of Contract	Futures Contract	
Name of Commodity	Paddy (Basmati) – Pusa 1121	
Ticker symbol	PADYPB1121	
Trading System	NCDEX Trading System	
Basis	Ex-warehouse Karnal exclusive of GST	
Unit of trading	10 MT	
Delivery unit	10 MT	
Maximum Order Size	500 MT	
Quotation/ Base Value	Rs. Per Quintal	
Tick size	Re.1.00	
Quality specification	Paddy (Basmati) – Pusa 1121 with the following specifications:	
	Moisture (%)	14% max
	Foreign matter (%)	1% max, Out of this In-Organic foreign matter 0.25% (Max) & Impurities of animal origin 0.10% (Max)
	Damaged, Discolored and Weevilled Grains (%)	4% max (Out of this weevilled grains should not be more than 0.5%)

	Immature (%)	4% max
	Green Grains (%)	5% (Max)
	Admixture of lower class (%)	5% (Max) Deoxyribonucleic acid (DNA) Test for purity by using the DNA protocol developed and standardized by Centre for DNA Fingerprinting & Diagnostics (CDFD).
	Empty shell%	2% (Max)
	Hulling recovery (%)	78% (Min)
	Average Kernel length of Hulled Rice before cooking (mm)	8.6 mm (Min)
	Broken (%) after De-husking	25% (Max)
	Paddy shall be in sound merchantable condition, dry, clean, wholesome, uniform in colour and size of grains and free from moulds, live weevils, obnoxious smell, <i>Argemone mexicana</i> , <i>Lathyrus sativus</i> (Khesari) and admixture of deleterious substances.	
Quantity variation	+/- 5 %	
Delivery centre	Karnal (Within 50 km radius from the APMC/municipal limits)	
Additional delivery centres	Sonipat (Haryana) - (within 50 Km radius from the APMC/municipal limits)	

	Location specific premium/discount would be 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 05.00 p.m. The Exchange may vary the above timing with due notice
Delivery Logic	Compulsory delivery
Delivery Specification	Upon expiry of the contracts all the outstanding open positions shall result in compulsory delivery. The penalty structure for failure to meet delivery obligations will be as per Clearing Corporation circular no. NCCL/CLEARING-002/2018 dated September 25, 2018.
No. of Active Contracts	As per launch calendar.
Opening of Contracts	Trading in any contract month will open on the 1 <sup>st</sup> day of the month in which near month contract is due to expire. If the 1 <sup>st</sup> day happens to be a non-trading day, contracts would open on the next trading day.
Due Date/ Expiry Date	20th day of the delivery month. If 20th happens to be a holiday, a Saturday or a Sunday, then the expiry date (or due date) shall be the immediately preceding trading day of the Exchange, which is other than a Saturday.
Closing of contract	Expiry Date – E Pay-in and Pay-out: On E+2 basis. If the expiry date is E, then pay-in and payout would happen on E+2 day (excluding Saturday). If such a E+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>Upon the expiry of the contract all outstanding open position shall result in compulsory delivery.</p>
<p>Daily Price Limit (DPL)</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%.</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>
<p>Position Limits</p>	<p>Member-wise: 5, 00,000 MT or 15% of market wide open interest in the commodity, whichever is higher. Client-wise: 50,000 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 the 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-wise: 1, 25,000 MT or One-fourth of the member's overall position limit in that commodity, whichever is higher. Client-wise: 12,500 MT</p>
<p>Special Margins</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.</p>

	Reduction/ removal of such Additional/ Special margins shall be at the discretion of the Regulator/ Exchange.																																																				
Final Settlement Price	<p>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:</p> <table border="1" data-bbox="613 751 1307 1373"> <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> <tr> <td>2</td> <td>Yes</td> <td>Yes</td> <td>No</td> <td>Yes</td> <td>E0, E-1, E-3</td> </tr> <tr> <td>3</td> <td>Yes</td> <td>No</td> <td>Yes</td> <td>Yes</td> <td>E0, E-2, E-3</td> </tr> <tr> <td>4</td> <td>Yes</td> <td>No</td> <td>No</td> <td>Yes</td> <td>E0, E-3</td> </tr> <tr> <td>5</td> <td>Yes</td> <td>Yes</td> <td>No</td> <td>No</td> <td>E0, E-1</td> </tr> <tr> <td>6</td> <td>Yes</td> <td>No</td> <td>Yes</td> <td>No</td> <td>E0, E-2</td> </tr> <tr> <td>7</td> <td>Yes</td> <td>No</td> <td>No</td> <td>No</td> <td>E0</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	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
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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%																																																				



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**Tolerance Limits for Outbound Deliveries for Paddy (Basmati) – Pusa 1121 Futures contract:**

<b>Quality Parameter</b>	<b>Basis</b>	<b>Permissible tolerance</b>
Moisture (%)	14% max	-
Foreign matter (%)	1% max, Out of this In-Organic foreign matter 0.25% (Max) & Impurities of animal origin 0.10% (Max)	+/- 0.25%
Damaged, Discolored and Weevilled Grains (%)	4% max (Out of this weevilled grains should not be more than 0.5%)	+/- 0.50%
Immature (%)	4% (Max)	+/- 0.25%
Green Grains (%)	5% (Max)	+/- 0.25%
Admixture of lower class (%)	5% (Max)	+/- 0.50%
Empty shell (%)	2% (Max)	+/- 0.25%
Hulling recovery (%)	78% (Min)	+/- 0.50%
Average Kernel length of Hulled Rice before cooking (mm)	8.6 mm (Min)	+/- 0.25 mm
Broken (%) after De-husking	25% (Max)	+/- 0.50%
Max Tolerance (for all characteristics except Average Kernel length of Hulled Rice before cooking)		+/- 1.75%

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 empanelled assayer.

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**Contract Launch Calendar**

<b>Contract Launch Month</b>	<b>Contract Expiry Month</b>
July 10, 2019	August 2019
	September 2019
	October 2019
	November 2019
August 2019	December 2019
September 2019	January 2020
October 2019	February 2020
November 2019	March 2020
December 2019	April 2020
January 2020	May 2020
February 2020	June 2020
March 2020	July 2020

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**Annexure II**

**Premium/Discount for Delivery Location Difference for contracts expiring in the months of August 2019, September 2019, October 2019 and November 2019:**

<b>Commodity (Base Centre)</b>	<b>Additional Delivery Centre</b>	<b>(+) Premium/ (-) Discount</b>
Paddy (Basmati) – Pusa 1121 (Karnal)	Sonipat (Haryana)	(+) Rs. 50 per Quintal