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**NATIONAL COMMODITY & DERIVATIVES EXCHANGE LIMITED**

Circular to all trading and clearing members of the Exchange

Circular No. : NCDEX/TRADING-021/2017/057

Date : March 20, 2017

Subject : Modification in Contract Specifications – Shankar Kapas (SHANKRKPAS) futures contracts

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Trading and Clearing Members are requested to note that the Exchange, as per Circular No. NCDEX/TRADING-96/2016/232 dated September 22, 2016, has modified the specifications of contracts in Shankar Kapas (Symbol: SHANKRKPAS) expiring in the month of October 2017 and thereafter. The contract expiring in the month of October 2017 will be available for trading from April 03, 2017. 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, Shankar Kapas futures contracts expiring in the months of March 2017 and April 2017 are available for trading and would continue to be traded as per existing contract specifications.

Summary of modifications in specifications for Shankar Kapas futures contracts expiring in the month of October 2017 and thereafter is given in Annexure I. Existing Contract specifications applicable for Shankar Kapas futures contracts (Symbol: SHANKRKPAS) are given in Annexure II. Modified contract specifications applicable for Shankar Kapas (Symbol: SHANKRKPAS) futures contracts expiring in the month of October 2017 and thereafter are given in Annexure III.

The transaction charges applicable on Shankar Kapas futures contract (SHANKRKPAS) will be as per list C commodities which is presently at a flat rate of Rs. 0.10 per lakh of trade for the contracts expiring in the month of October 2017 and thereafter which will be available for trading from April 03, 2017, till further notice from the Exchange. The transaction charges for March 2017 and April 2017 contracts will be as per list A commodities as notified vide circular no. NCDEX/TRADING-004/2017/017 dated January 17, 2017.

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 warehouses of 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

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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**

Sarat Mulukutla

Chief – Commercial Segment

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For further information / clarifications, please contact

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## Annexure-I

### Summary of the modifications in contract specifications for Shankar Kapas futures contracts (SHANKRKPAS)

Parameter	Existing Contract Specification	Modified Contract Specification	Rationale
Quality Specification	<p>Raw Cotton</p> <p><b>1. Staple Length</b> Basis : 28-28.5 mm Tenderable Range: 28 mm and above and not deliverable below 28 mm</p> <p>Premium/Discount:  <ul style="list-style-type: none"> <li>• Premium of Rs. 2 per 20 kg for lengths between 28.5-29 mm</li> <li>• Additional Premium of Rs. 2 per 20 kg for lengths between 29-30 mm</li> <li>• Additional Premium of Rs. 2 per 20 kg for lengths between 30-31 mm</li> <li>• There would be no additional premium for lengths above 31 mm</li> </ul> </p> <p><b>2. Outturn</b> Minimum 35% with no premium above 35% and not Tenderable below 35%</p> <p><b>3. Trash content:</b> Maximum 3% Tenderable Range: Maximum up to 3% with no premium below 3%</p> <p><b>4. Micronaire:</b> Basis: 3.7-4.8 Micronaire Tenderable range of 3.7 – 4.8 Micronaire with no premium/discount.</p> <p><b>5. Strength:</b> 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>Raw Cotton</p> <p><b>1. Staple Length</b> Basis : 29 mm Tenderable Range: 29 mm and above and not deliverable below 29 mm</p> <p><b>2. Outturn</b> Minimum 34% with no premium above 34% and not Tenderable below 34%</p> <p><b>3. Trash content:</b> Maximum 3% Tenderable Range: Maximum up to 3% with no premium below 3%</p> <p><b>4. Micronaire:</b> Basis: 3.8-4.0 Micronaire Tenderable range of 3.8– 4.0 Micronaire with no premium/discount.</p> <p><b>5. Strength:</b> 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>	As per market feedback so as to gain more acceptability in the physical market.

	<b>6. Reflectance (Rd value)</b> Deliverable Range: 75-81  <b>7. Yellowness (+b value)</b> Deliverable Range: 7.5-9.5  <b>8. Moisture:</b> Max. 8% with no premium below 8%.	<b>6. Reflectance (Rd value)</b> Deliverable Range: 75-81  <b>7. Yellowness (+b value)</b> Deliverable Range: 7.5-9.5  <b>8. Moisture:</b> Max. 8% with no premium below 8%.	
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## Annexure II

### Existing contract specifications of Shankar Kapas futures contract

(Applicable for contracts expiring in the months of March 2017 and April 2017)

Type of Contract	Futures Contract
Name of Commodity	SHANKAR Kapas
Ticker symbol	SHANKRKPAS
Trading System	NCDEX Trading System
Basis	Rajkot (Exclusive of VAT)
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><b>1. Staple Length</b>  Basis : 28-28.5 mm  Tenderable Range: 28 mm and above and not deliverable below 28 mm</p> <p>Premium/Discount:  • Premium of Rs. 2 per 20 kg for lengths between 28.5-29 mm  • Additional Premium of Rs. 2 per 20 kg for lengths between 29-30 mm  • Additional Premium of Rs. 2 per 20 kg for lengths between 30-31 mm  • There would be no additional premium for lengths above 31 mm</p> <p><b>2. Outturn</b>  Minimum 35% with no premium above 35% and not Tenderable below 35%</p> <p><b>3. Trash content:</b>  Maximum 3%  Tenderable Range: Maximum up to 3% with no premium below 3%</p> <p><b>4. Micronaire:</b>  Basis: 3.7-4.8 Micronaire  Tenderable range of 3.7 – 4.8 Micronaire with no premium/discount.</p> <p><b>5. Strength:</b>  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>

	<b>6. Reflectance (Rd value)</b> Deliverable Range: 75-81  <b>7. Yellowness (+b value)</b> Deliverable Range: 7.5-9.5  <b>8. Moisture:</b> Max. 8% with no premium below 8%.
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	As notified by the Exchange from time to time, currently :-  <b>Mondays through Fridays:</b> 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
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	<b>Limits on Open position for aggregate as well as near month will be as under</b>  <b>Member-wise:</b> 2,50,000 MT or 15% of market wide open interest in the commodity, whichever is higher <b>Client-wise:</b> 25,000 MT

	<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><b>For near month contracts</b> (The following limits would be applicable from One Month prior to expiry date of a contract)</p> <p><b>Member-wise:</b> 62,500 MT or one-fourth of the member's overall position limit in that commodity, whichever is higher</p> <p><b>Client-wise:</b> 6,250 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																																																						
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><tr><th>Scenario</th><th colspan="4">Polled spot price availability on</th><th>FSP shall be simple average of last polled spot prices on:</th></tr><tr><th></th><th>E0</th><th>E-1</th><th>E-2</th><th>E-3</th><th></th></tr><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></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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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
September 2016	March 2017
October 2016	April 2017

### Annexure III

#### Modified contract specifications of Shankar Kapas futures contract

(Applicable for contracts expiring in the months of October 2017 and thereafter)

Type of Contract	Futures Contract
Name of Commodity	SHANKAR Kapas
Ticker symbol	SHANKRKPAS
Trading System	NCDEX Trading System
Basis	Rajkot (Exclusive of VAT)
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><b>1. Staple Length</b> Basis : 29 mm Tenderable Range: 29 mm and above and not deliverable below 29 mm</p> <p><b>2. Outturn</b> Minimum 34% with no premium above 34% and not Tenderable below 34%</p> <p><b>3. Trash content:</b> Maximum 3% Tenderable Range: Maximum up to 3% with no premium below 3%</p> <p><b>4. Micronaire:</b> Basis: 3.8-4.0 Micronaire Tenderable range of 3.8–4.0 Micronaire with no premium/discount.</p> <p><b>5. Strength:</b> 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><b>6. Reflectance (Rd value)</b> Deliverable Range: 75-81</p> <p><b>7. Yellowness (+b value)</b> Deliverable Range: 7.5-9.5</p> <p><b>8. Moisture:</b> 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 :-</p> <p><b>Mondays through Fridays:</b> 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>
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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>
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Maximum Order Size	50 Lots i.e. 200 MT																																																						
Minimum Initial Margin	4%																																																						

**Contract Launch calendar**

Contract Launch month	Contract Expiry month
April 2017	October 2017
May 2017	November 2017
June 2017	December 2017
July 2017	January 2018
August 2017	February 2018
September 2017	March 2018
October 2017	April 2018