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**Table of Contents**

<b>CHAPTER 1 - TRADING PARAMETERS</b>	<b>2</b>
Authority	2
Unit of Trading	2
Months Traded In	2
Tick Size	2
Basis Price	2
Unit for Price Quotation	2
Hours of Trading	2
Last Day of Trading	2
Mark to Market	2
Position limits	2
Margin Requirements	3
Additional/Special Margin	3
Concentration Margin	3
Delivery Margin	3
Penalty for default	3
Arbitration	4
Compliance of Laws	4
<b>CHAPTER 2 - DELIVERY PROCEDURES</b>	<b>5</b>
Unit of Delivery	5
Delivery Size	5
Delivery Requests	5
Delivery Allocation	5
Actual Delivery	5
Electronic transfer	5
Approved Tank	6
Crude Palm Oil Delivery	6
Quality Standards	6
Standard Allowances	6
Weight	6
Good/ Bad delivery Norms	6
Empanelled Assayer	6
Crude Palm Oil Sampling	6
Testing Procedure	7
Assayer Certificate	7
Validity period	7
Charges	7
Duties & levies	7
Stamp Duty	8
Taxes	8
Premium/ Discount	8
<b>CHAPTER 3 - CLEARING AND SETTLEMENT</b>	<b>9</b>
Daily Settlement	9
Daily Settlement Prices	9
Final Settlement Prices	9
Spot Prices	9
Dissemination of Spot Prices	10
Pay in and Pay out for Daily Settlement / Final Settlement	10
Pay in and Pay out for final physical settlement	10
Early Payin of Commodities	10
Supplementary Settlement for GST	11
Completion of Settlement	11
Exhibit 1 - Contract Specification for Crude Palm Oil futures contract	12
Exhibit 2 -Storage tank & Assayer Details	14

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Exhibit 3- Good / Bad delivery norms	15
Exhibit 4 - Specimen of Crude Palm Oil Testing Report	16

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## **CHAPTER 1 - TRADING PARAMETERS**

### **Authority**

Trading of Crude Palm Oil futures may be conducted as specified in the Rules, Byelaws & Regulations and of the Exchange and as per the directions issued by the Exchange thereunder or the Securities and Exchange Board of India (SEBI) from time to time. A specimen of Crude Palm Oil futures contract specification is indicated in **Exhibit 1**.

### **Unit of Trading**

The unit of trading shall be 10 MT. Bids and offers may be accepted in lots of 10 MT or multiples thereof.

### **Months Traded In**

Trading in Crude Palm Oil futures may be conducted in the months as specified by the Exchange from time to time.

### **Tick Size**

The tick size of the price of Crude Palm Oil shall be Re. 0.10 (10 Paise).

### **Basis Price**

The basis price of Crude Palm Oil shall be Ex-tank Kandla exclusive of GST.

### **Unit for Price Quotation**

The unit of price quotation for Crude Palm Oil shall be in Rupees per 10 Kgs. The basis for Crude Palm Oil traded as Crude Palm Oil is ex-tank Kandla exclusive of GST.

### **Hours of Trading**

The hours of trading for futures in Crude Palm Oil shall be as follow –

Mondays through Fridays - 09.00 A.M. to 9.00 P.M

On the expiry date, contracts expiring on that day will not be available for trading after 5 P.M.  
The Exchange may vary above timing with due notice

### **Last Day of Trading**

Last day of trading shall be last trading day of the month. If Last day happens to be a trading holiday, Saturday or a Sunday, then the due date shall be the immediately preceding trading day of the Exchange.

### **Mark to Market**

The outstanding positions in futures contract in Crude Palm Oil would be marked to market daily based on the Daily Settlement Price (DSP) as determined by the Clearing Corporation.

### **Position limits**

**Member-wise: 9,00,000 MT or 15% of market wide open interest in the commodity, whichever is higher.**

**Client-wise: 90,000 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.

**For near month contracts**

The following limits would be applicable from 1<sup>st</sup> of every month in which the contract is due to expire. If 1<sup>st</sup> happens to be a non-trading day, the near month limits would start from the next trading day.

**Member-wise: 2,25,000 MT** or one-fourth of the member's overall position limit in that commodity, whichever is higher.

**Client-wise: 22,500 MT**

### **Margin Requirements**

NCCL will use risk based margin model, which will generate initial margin requirements, which will be adequate to cover atleast 99% VaR (Value at Risk) and Margin Period of Risk (MPOR) will be 3 days.

NCDEX reserves the right to change, reduce or levy any additional margins including any markup margins.

For further details, participants can refer to circular nos. NCCL/RISK-001/2018 dated September 26, 2018 on Risk Management Framework, NCCL/Risk-006/2020 dated February 18, 2020 and NCCL/RISK-037/2020 dated September 02, 2020 on Margin Framework for Commodity Derivatives Segment.

### **Additional/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.

### **Concentration Margin**

The Clearing Corporation shall levy Concentration Margin, when the overall market wide Open Interest (OI) of a commodity exceeds the specified Threshold Limit of Open Interest (OI) for that commodity.

For details, participants can refer to NCCL circular nos. NCCL/RISK-008/2019 dated June 12, 2019 on Concentration Margin– Revision in Concentration Margin and Threshold Level and NCCL/RISK-036/2020 dated September 02, 2020 on Revision in Concentration Margin Threshold Level. The Threshold Limit is 92,600 MT for Peak period.

The Threshold Limits, slabs and applicable margins are subject to change and participants are requested to refer to relevant Clearing Corporation circulars issued from time to time.

### **Delivery Margin**

In case of positions materializing into physical delivery, delivery margins will be charged for each commodity to mitigate the risks arising thereof. The Delivery Margin shall be higher of 3% + 5 day 99% VaR of spot price volatility or 20% on the long and short positions marked for delivery till the pay-in is completed by the member.

For further details, participants can refer to circular no. NCCL/RISK-001/2018 dated September 26, 2018 on Risk Management Framework.

### **Penalty for default**

The penalty structure for failure to meet delivery obligations by the sellers is as follows:

Total amount of penalty = 3.0 % of Settlement price + replacement cost (difference between settlement price and average of three highest of the last spot prices of 5 succeeding days after the commodity pay-

out date, if the average price so determined is higher than settlement price, else this component will be zero.)

The norms for apportionment of the 3.0 % penalty collected as mentioned above shall be as follows:

- a) 1.75 % of Settlement Price shall be deposited in the Settlement Guarantee Fund
- b) 0.25 % of Settlement Price shall be retained by the Clearing Corporation towards administrative expenses.
- c) 1 % of Settlement Price + replacement cost shall go to the Buyer who was entitled to receive delivery.

Buyer's defaults are not permitted. The amount due from the defaulting buyers shall be recovered from the defaulting buyer as Pay in shortage together with prescribed charges. Clearing Corporation shall have right to sell the goods on account of such Buyer to recover the dues and if the sale proceeds are insufficient, the Buyer would be liable to pay the balance.

For further details, participants can refer to circular no. NCCL/CLEARING-020/2020 dated April 07, 2020.

### **Arbitration**

Disputes between the members of the Exchange inter-se and between members and constituents, arising out of or pertaining to trades done on NCDEX shall be settled through arbitration. The arbitration proceedings and appointment of arbitrators shall be as governed by the Bye-laws and Regulations of the Exchange.

### **Compliance of Laws**

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 tank/s of the Clearing Corporation 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 (FSSAI), AGMARK, BIS, Orders under Packaging and Labelling etc and 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/Clearing Corporation shall not be responsible or liable on account of any non-compliance thereof.

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## **CHAPTER 2 - DELIVERY PROCEDURES**

### **Unit of Delivery**

The unit of delivery for Crude Palm Oil shall be 10 MT.

### **Delivery Size**

Delivery is to be offered and accepted in lots of 10 MT Net or multiples thereof. A quantity variation of +/- 2% is permitted as per contract specification.

### **Delivery Requests**

The procedure for Crude Palm Oil delivery is based on the contract specifications as per **Exhibit 1**. Sellers & Buyers having open positions are required to give their intention/notice to deliver to the extent of his open position, at least 5 days before the expiry of the contract. Accordingly, the window for acceptance of delivery requests will be open for 3 working days. The delivery intention window will close 5 days prior to the expiry date (including the expiry date) of the contract.

Members giving delivery requests for the commodities are not permitted to square off their open positions once such request is made. A penalty of 3% of final settlement price on the position squared off, if any, will be levied besides any further action as deemed fit by the Clearing Corporation.

NCCL would thereafter complete the matching process based on the location and by random, keeping in view the storage capacity of warehouse and Crude Palm Oil already deposited / available in electronic credit form for delivery or any other factor(s) that the Clearing Corporation deems appropriate for completion of the matching process.

The penalty structure for failure to meet delivery obligations will be as per circular no. NCCL/CLEARING-020/2020 dated April 07, 2020.

### **Delivery Allocation**

The Clearing Corporation would then compile delivery requests received from members on the last trading day and shall allocate delivery to buyers having open long position as per random allocation methodology to ensure that all buyers have an equal opportunity of being selected to receive delivery irrespective of the size or value of the position.

The buyers/ sellers who have to receive/ give delivery would be notified on the same day after the close of trading hours. Delivery of Crude Palm Oil is to be accepted by buyers at the Approved storage tank where the seller effects delivery in accordance with the contract specifications.

### **Actual Delivery**

Where Crude Palm Oil is sold for delivery in a specified month, the seller must have requisite electronic credit of such Crude Palm Oil holding in his Clearing Member's Pool Account before the scheduled date of pay in. On settlement the buyer's Clearing Member's Pool Account would be credited with the said delivery quantity on pay out. The Clearing Member is expected to transfer the same to the buyer's Repository Account. However, the buyer must take actual physical delivery of Crude Palm Oil before expiry of the validity date as indicated in the quality test report/ Assayer's Certificate.

### **Electronic transfer**

Any buyer or seller receiving and or effecting Crude Palm Oil would have to open a Repository account with an empanelled Repository Participant (RP) to hold the Crude Palm Oil in electronic form. On settlement, the buyer's account with the RP would be credited with the quantity of Crude Palm Oil received and the corresponding seller's account would be debited. The Buyer wanting to take physical delivery of the Crude Palm Oil holding has to make a request in prescribed form to his RP with whom Repository account has been opened. The RP would route the request to the storage tank for issue of the physical

commodity i.e. Crude Palm Oil to the buyer and debit his account, thus reducing the electronic balance to the extent of Crude Palm Oil so rematerialized.

### **Approved Tank**

NCCL has approved / will facilitate one storage tank for receipt and delivery of Crude Palm Oil at each of the delivery centers. Crude Palm Oil will only be received at and delivered from the same NCCL Approved tank at such delivery location. The details of the NCCL approved tanks are as per Exhibit 2.

The Crude Palm Oil received at the NCCL Approved tanks will be tested and certified by empanelled Assayer before acceptance as good delivery in the tank. Likewise, Crude Palm Oil delivered to buyers will be from the Approved storage tank only. All deposits and deliveries of Crude Palm Oil would be on net basis.

### **Crude Palm Oil Delivery**

Crude Palm Oil delivered by sellers at the NCCL designated storage tank will be co-mingled subject to adherence of quality specification indicated in the futures contract. The Crude Palm Oil delivered will be certified by empanelled Assayer before acceptance in the storage tank.

Likewise, Crude Palm Oil delivered to buyers will be from the above storage tank only.

### **Quality Standards**

The contract quality for delivery of Crude Palm Oil futures contracts made under NCDEX Regulations shall be Crude Palm Oil conforming to the quality specification indicated in the contract. No lower grade/ quality shall be accepted in satisfaction of futures contracts for delivery except as and to the extent provided in the contract specifications. Delivery of higher grade would be accepted without any premium.

### **Standard Allowances**

Deduction of sample weight allowed will be 2 litres on account of sample testing.

### **Weight**

The quantity of Crude Palm Oil received and/ or delivered at the NCCL designated storage tank would be determined/ calculated by the weighbridge/ weigh scale at the premises of the designated storage tank and the quantity so determined would be binding on all parties.

### **Good/ Bad delivery Norms**

Crude Palm Oil delivery into NCCL designated tank would constitute good delivery or bad delivery based on the good/ bad delivery norms as per **Exhibit 3**. The list contained in **Exhibit 3** is only illustrative and not exhaustive. NCCL would from time to time review and update the good/ bad delivery norms retaining the trade/ industry practices.

### **Empanelled Assayer**

NCCL has empanelled Assayers for quality testing and certification of Crude Palm Oil received at the designated tank. The quality testing and certification of Crude Palm Oil will be undertaken only by any of the empanelled Assayer as appointed by the warehouse.

The assayer details are given in the **Exhibit 2** alongside the tanks.

### **Crude Palm Oil Sampling**

Crude Palm Oil samples shall be drawn by Assayer before delivery/ loading of Crude Palm Oil into the designated storage tank. The samples drawn will be from various quarters of the vessel/ tanker as per industry standard methods. The sample portions drawn will be packaged in clean, dry containers of Industry

accepted standards. Samples drawn shall be marked to recognize NCDEX member identity, quantity, date, time, etc.

### **Testing Procedure**

Testing for Crude Palm Oil will be done both physically and chemically.

### **Assayer Certificate**

Testing and quality certificate issued by empanelled Assayer for Crude Palm Oil delivered at designated tank in existing delivery centers and at such other locations announced by the Exchange from time to time shall be acceptable and binding on all parties. Each delivery of Crude Palm Oil at the storage tank must be accompanied by a certificate from Assayer in the format as per **Exhibit 4**.

### **Validity period**

The validity period of the Assayer's Certificate for Crude Palm Oil is 1 month or till the first withdrawal from the storage tank, whichever is earlier. There is no revalidation in Crude Palm Oil.

<b>Months of Deposit /Date of entry by warehouse in system(Jan - Dec)</b>	<b>Expiry period from the date of Fresh Deposit (no. of months)</b>	<b>Validity period at the time of fresh deposit (no of months)</b>	<b>How many Times revalidation ns allowed</b>
January	1	1	0
February	1	1	0
March	1	1	0
April	1	1	0
May	1	1	0
June	1	1	0
July	1	1	0
August	1	1	0
September	1	1	0
October	1	1	0
November	1	1	0
December	1	1	0

### **Charges**

All charges and costs payable to the designated storage tank towards delivery of Crude Palm Oil including weighing, unloading, pigging, storage, handling costs etc. from the date of receipt up to date of pay in & settlement shall be paid by the seller. All charges and costs associated and including storage, handling, pigging, etc. after the pay-out shall be borne by the buyer. Storage tank charges will be charged to the client by the respective Repository Participant.

No refund for storage tank charges paid by the seller for full validity period shall be given to the seller or buyer for delivery earlier than the validity period.

The Assayer charges for testing and quality certification should be paid to the assayer directly at the delivery location either by cash/ cheque/ demand draft by the seller.

### **Duties & levies**

All duties, levies etc. up to the point of sale will have to be fully borne by the seller and shall be paid to the concerned authority. All related documentation should be completed before delivery of Crude Palm Oil into the NCCL Approved storage tank.



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**Stamp Duty**

Stamp duty is payable on all contract notes issued as may be applicable in the State from where the contract note is issued or as per the Stamp Act of the State in which such Contract Note is received by the Client, if such client is located in another state.

**Taxes****Goods and Services tax**

On services rendered by Members:

GST shall be payable by the members on the gross amount charged by them, from their clients on account of dealing in commodities.

On Deliveries effected on NCCL:

GST on the deliveries effected on NCCL Platform as the case may be would be applicable on the delivered commodities and a buyer on the NCCL platform shall make payment to his corresponding seller the value of GST payable by buyer on the commodities received by the seller in the settlement. The buyer and the seller shall be responsible for fulfilment of the obligations under the GST Act on all contracts. The seller shall issue appropriate invoices to his corresponding buyer as may be required under the GST Act. The seller is required to remit the GST amount so collected/received from the buyer wherever applicable to the GST authorities within such time frame as may be prescribed under the GST Rules. Members and / or their constituents requiring to receive or deliver crude palm oil should register themselves with the relevant GST authorities of the place where the delivery is proposed to be received / given. In the event of any GST exemptions, such exemption certificate as may be required under the GST law would have to be issued/provided to his seller before the settlement of the obligation.

All Members and / or their constituents are required to adhere to the requirements under the GST Act and the Rules made thereunder including the notifications issued by the Central or State Government and must have valid GST registration in place for transacting in physical deliveries and also comply with the requirements under the GST Act.

The taxes payable on the commodity contracts shall be governed by the relevant Govt. legislations and notifications issued by the State or the Central Govt. from time to time and the buyer and seller is responsible to comply with the tax laws as applicable to the commodity.

**Premium/ Discount**

At present no premium/discount is applicable on account of quality specification variations for Crude Palm Oil

Location Premium/ Discount will be notified by the Exchange from time to time.

## **CHAPTER 3 - CLEARING AND SETTLEMENT**

### **Daily Settlement**

All open positions of a futures contract would be settled daily based on the Daily Settlement Price (DSP).

### **Daily Settlement Prices**

The Daily Settlement Price (DSP) will be as disseminated by the Clearing Corporation at the end of every trading day. The DSP will be reckoned for marking to market all open positions.

### **Final Settlement Prices**

The Final Settlement Price (FSP) will be determined by the Clearing Corporation upon maturity of the Contract.

On expiry of the contract, the following types of open positions would be cash settled:

- a) Delivery information not provided.
- b) Unmatched delivery information

The open positions for which information have been provided for and have been matched by the Clearing Corporation, would result in physical delivery

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

The Settlement Price for any delivery allocation during staggered period (i.e. up to one day prior to expiry) would be the last available spot price for the respective contract.

### **Spot Prices**

NCDEX will announce/ disseminate spot prices for Crude Palm Oil relating to the designated delivery center and specified grade/ quality parameters determined through the process of polling a set of market participants representing different segments of the value chain such as traders, importers/ exporters, processors etc.

The contents of this product note are subject to Rules, Byelaws and Regulations of NCDEX as in force from time to time and be read therewith.

The polled prices shall be input to a normalizing algorithm (like 'bootstrapping' technique) to arrive at a representative, unbiased and clean 'benchmark' spot price for Crude Palm Oil. The security of data and randomness of polling process will ensure transparency and correctness of prices. The Exchange has absolute right to modify the process of determination of spot prices at any time without notice.

### **Dissemination of Spot Prices**

Spot prices for Crude Palm Oil will be disseminated on daily basis.

### **Pay in and Pay out for Daily Settlement / Final Settlement**

The table below illustrates timings for pay in and pay out in case of daily settlement as well as cash settled positions for final settlement. The buyer clients would have to deposit requisite funds with their respective Clearing Member before "pay in".

All fund debits and credits for the Member would be done in the Member's Clearing and Settlement Account with the Clearing bank.

<b>Time (T / E+1)</b>	<b>Activity</b>
On or before 8.30 hrs	PAYIN - Debit paying member a/c for funds
After 10.30 hrs	PAYOUT – Credit receiving member a/c for funds

### **Pay in and Pay out for final physical settlement**

The table below illustrates timings for pay in and pay out in case of positions marked for physical settlement. The buyers / sellers would have to deposit requisite funds / Crude Palm Oil with their respective Clearing member before "pay in".

Pay in and Pay out for Final Settlement in case of physical deliveries	
<b>Time (E+2)</b>	<b>Activity</b>
On or before 12.00 hrs	PAYIN - Debit Buyer Member Clearing and Settlement a/c for funds - Debit Seller Member's CM Pool Account for Crude Palm Oil
After 14.30 hrs	PAYOUT - Credit Seller Member Clearing and Settlement a/c for funds - Credit Buyer Member's CM Pool Account for Crude Palm Oil

Additionally, the supplemental settlement for Crude Palm Oil futures contracts for premium / discount adjustments relating to quality of Crude Palm Oil delivered, actual quantity delivered and close out for shortages, will also be conducted on the same day. Clearing Members are required to maintain adequate fund balances in their respective accounts.

Pay in and Pay out for supplemental settlement	
<b>Time (E+2)</b>	<b>Activity</b>
On or before 15.00 hours	PAY IN - Debit Member Clearing and Settlement a/c for funds
After 15.00 hours	PAY OUT – Credit Member Clearing and Settlement a/c for funds

### **Early Payin of Commodities**

Members can make an early payin of commodities to get exemption from the applicable delivery margin and the same would be considered for the purpose of adjustment against their settlement obligations. The

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member shall mark EPI using the NCFE web application. The user guide for the same is available for download under: -

NCFE Menu: Downloads-> Download files-> Under User Manual folder-> EPI user guide

### **Supplementary Settlement for GST**

NCCL will conduct a separate supplementary settlement, as illustrated below, three days after normal pay out for completion of tax transactions.

In order to facilitate issue of invoice to right parties, the buyer Clearing Members are required to give the buyer client details to the Clearing Corporation latest by 15.00 Hours on E+3 day failing which the buying member is considered as the end buyer and accordingly invoice is issued in his/their name.

The Seller Clearing Members are required to give the seller client details to the Clearing Corporation latest by 15.00 hrs on E + 4 day.

The amounts due to the above differences will be debited / credited to Member's clearing bank account similar to normal settlement.

Pay in and Pay out for Taxes	
Time (E+5)	Activity
On or before 10:30 hours	PAY IN: Debit Buyer Member Clearing and Settlement a/c for funds
After 10:30 hours	PAY OUT: Credit Seller Member Clearing and Settlement a/c for funds

It is clarified that the procedure for Supplementary Settlement for GST shall continue to be the same as notified by the Clearing Corporation vide circular number NCCL/CLEARING-020/2020 dated April 07, 2020.

### **Completion of Settlement**

The settlement obligations shall be deemed to be completed as per the provisions of the Rules, Bye-laws and Regulations of the Exchange/Clearing Corporation and the circulars issued by the Exchange/Clearing Corporation thereunder from time to time.

**Exhibit 1 - Contract Specification for Crude Palm Oil futures contract**

(Applicable for contracts available for trading with effect from September 01, 2020)

(Updated as on October 19, 2020)

<b>Name of commodity</b>	Crude Palm Oil																		
<b>Ticker symbol</b>	CPO																		
<b>Basis</b>	Ex-tank Kandla exclusive of GST																		
<b>Unit of trading</b>	10 MT																		
<b>Delivery unit</b>	10 MT																		
<b>Maximum Order Size</b>	500 MT																		
<b>Quotation/base value</b>	Rs. per 10 Kg																		
<b>Tick size</b>	10 Paise																		
<b>Quality specification</b>	<table border="1"> <tr> <td>Moisture &amp; Impurities</td><td>0.25 % Max</td></tr> <tr> <td>Refractive Index, 50°C</td><td>1.4491-1.4552</td></tr> <tr> <td>Specific Gravity, 42°C</td><td>0.895-0.897</td></tr> <tr> <td>Saponification Value</td><td>195-205</td></tr> <tr> <td>Iodine Value</td><td>45-56</td></tr> <tr> <td>Unsaponification Value</td><td>1.2 % Max</td></tr> <tr> <td>Melting Point, Capillary Slip Method</td><td>37°C Max</td></tr> <tr> <td>FFA</td><td>5 % Max</td></tr> <tr> <td>Acid Value</td><td>10% Max</td></tr> </table>	Moisture & Impurities	0.25 % Max	Refractive Index, 50°C	1.4491-1.4552	Specific Gravity, 42°C	0.895-0.897	Saponification Value	195-205	Iodine Value	45-56	Unsaponification Value	1.2 % Max	Melting Point, Capillary Slip Method	37°C Max	FFA	5 % Max	Acid Value	10% Max
Moisture & Impurities	0.25 % Max																		
Refractive Index, 50°C	1.4491-1.4552																		
Specific Gravity, 42°C	0.895-0.897																		
Saponification Value	195-205																		
Iodine Value	45-56																		
Unsaponification Value	1.2 % Max																		
Melting Point, Capillary Slip Method	37°C Max																		
FFA	5 % Max																		
Acid Value	10% Max																		
<b>Quantity variation</b>	+/- 2%																		
<b>Delivery centre</b>	Kandla (within a radius of 50 km from the municipal limits)																		
<b>Trading hours</b>	As notified by the Exchange from time to time, currently, Mondays through Fridays: 09.00 A.M. to 09.00 P.M. On the expiry date, contracts expiring on that day will not be available for trading after 5 P.M. The Exchange may vary above timing with due notice.																		
<b>Due date/Expiry date</b>	Last trading day of the month If last day happens to be a trading holiday, a Saturday or a Sunday then the due date shall be the immediately preceding trading day of the Exchange																		
<b>Delivery specification</b>	Upon expiry of the contract, 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 effecting physical delivery.																		
<b>Closing of contract</b>	On the expiry of the contract, all outstanding positions not resulting in giving/taking of physical delivery of the commodity shall be closed out at the Final Settlement Price announced by the Exchange.																		

The contents of this product note are subject to Rules, Byelaws and Regulations of NCDEX as in force from time to time and be read therewith.

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.			
No. of active contracts	As per launch Calendar			
Price limit	Daily price limit is (+/-) 3%. Once the 3% limit is reached, then after a period of 15 minutes the 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>Member-wise: 9,00,000 MT</b> or 15% of the market wide open interest in the commodity, whichever is higher. <b>Client-wise: 90,000 MT.</b>  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.  <b>For near month contracts:</b> 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. <b>Member-wise: 2,25,000 MT</b> or one-fourth of the member's overall position limit in that commodity, whichever is higher. <b>Client-wise: 22,500 MT.</b>			
Delivery Logic	Intention Matching			
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.			
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><td>Scenario</td><td>Polled spot price availability on</td><td>FSP shall be simple average of</td></tr></table>	Scenario	Polled spot price availability on	FSP shall be simple average of
Scenario	Polled spot price availability on	FSP shall be simple average of		

The contents of this product note are subject to Rules, Byelaws and Regulations of NCDEX as in force from time to time and be read therewith.

	E0	E-1	E-2	E-3	Last polled spot prices on:
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
<b>Minimum Initial Margin</b>	10%				

### **Contract Launch Calendar**

<b>Contract Launch Month</b>	<b>Contract Expiry Month</b>
July 2020	November 2020
August 2020	December 2020
September 2020	January 2021
October 2020	February 2021
November 2020	March 2021
December 2020	April 2021
January 2021	May 2021
February 2021	June 2021
March 2021	July 2021
April 2021	August 2021
May 2021	September 2021
June 2021	October 2021
July 2021	November 2021
August 2021	December 2021

### **Disclaimer**

Members and market participants who enter into buy and sell transactions may please note that they need to be aware of all the factors that go into the mechanism of trading and clearing, as well as all provisions of the Exchange's and or Clearing Corporation's Bye Laws, Rules, Regulations, Product Notes, circulars, directives, notifications of the Exchange as well as of the Regulators, Governments and other authorities.

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 tanks of the Clearing Corporation 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 Standard Authority of India, AGMARK, BIS, Warehousing Development and Regulatory Authority (WDRA) etc and 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/Clearing Corporation shall not be responsible or liable on account of any non-compliance thereof.

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**Exhibit 2 -Storage tank & Assayer Details**

For the updated list of Warehouse/Tank & Assayers kindly refer NCCL Website – -Warehouses Link -

<http://www.ncdex.com/ClearingServices/ClearingServicesothers.aspx>



**Exhibit 3- Good / Bad delivery norms**

No.	Particulars	Good / Bad delivery
1	Delivery before contract expiration	Good delivery
2	<PACKS> drawn for the purpose of drawing the sample	Good Delivery
3	Delivery quantity is more than quantity to be delivered	Good delivery
4	Crude Palm Oil quality not meeting futures contract specification	Bad delivery
5	Delivery at non designated storage tank	Bad delivery
6	Delivery after pay in date/ time	Bad delivery
7	Delivery of wrong product (E.g.: Crude Palm Oil instead of <OTHER CRUDE PALM OIL>)	Bad delivery
8	Delivery completed but without sampling & testing/ certification/ expired validity	Bad delivery
9	Delivery without weight certificate	Bad delivery
10	Delivery not compatible to delivery size as mentioned in contract specification	Bad delivery
11	Delivery beyond specified working hours	Bad delivery
12	Delivery without proper documentation	Bad delivery
13	Cotton bales weighed at other than designated storage tank weigh bridge/ weigh scale	Bad delivery
14	Delivery of Crude Palm Oil found contaminated on visual inspection	Bad delivery
15	Delivery by unauthorized person/ agent without proper identification	Bad delivery

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**Exhibit 4 - Specimen of Crude Palm Oil Testing Report**
**CERTIFICATE OF QUALITY**

Date : \_\_\_\_\_

Report no.: \_\_\_\_\_

NCDEX member/Client name : \_\_\_\_\_

Commodity : \_\_\_\_\_

Lorry No. : \_\_\_\_\_

**QUALITY :** \_\_\_\_\_

The results of analysis performed by our laboratory of the samples collected by <WH NAME> is stated below :

Test Items	Test method	Specification	Test results

The material delivered by the above NCDEX Member is in accordance with the specification provided bearing grade \_\_\_\_\_ and valid up to \_\_\_\_\_.

The goods delivered may be accepted / rejected.

**Chief Inspector / Authorized Signatory**

