MCX
METAL & ENERGY
Trade with Trust

Annexure 1

Contract Specifications of Kapas

Symbol	KAPAS
Description	KAPASMMMYY
Contract available for trading	
April	1st May of the previous year to 30th April of the contract year
Trading	
Trading period	Mondays through Saturdays
Trading session	Monday to Friday: 10.00 a.m. to 5.00 p.m. Saturday: 10.00 a.m. to 2.00 p.m.
Trading unit **Quotation / Base value**	4 MT (200 maund of 20 kg each) 20 kg
Price quote	Ex-Surendranagar (excluding all taxes, levies, sales tax/ VAT, as the case may be)
Tick size (minimum price movement)	10 paise
Daily price limits	The base price limit is (+/-) 3% from the previous day's closing price. If the trade hits the prescribed daily price limit the relaxation would be allowed upto 4% and there will be a cooling off period for 15 minutes.
Initial margin	5 %
Special margin	In case of additional volatility, a special margin at such percentage, as deemed fit, will be imposed immediately on both buy and sale side in respect of all outstanding positions, which will remain in force till volatility persists, after which the special margin will be relaxed.
Maximum allowable open position	For individual clients: 25000 MT For a member collectively for all clients: 75000 MT or 15% of the market-wide open position, whichever is higher. Near Month Limits For individual clients: 5000 MT For a member collectively for all clients: 15000 MT or 15% of the market-wide open position, whichever is higher

Delivery	
Delivery unit	4 MT (200 maund) with tolerance limit of +/- 20 kg. The tolerance limit of each maund would be 250gm. However, Exchange reserves its right to alter/change the tolerance limit, in case it deems fit and proper.
Delivery center(s)	Within 50 km of the municipal limits of Kadi, Viramgham, Lakhtar, Limdi, Surendranagar and Bawla
Tender and Delivery period margin	25%
Variety of Kapas	Fair average Kalyan Cotton of Gujarat 13 variety and / or V / 797 variety, which can be either hand made or machine made.
Delivery standards	Unginned and unpressed Raw Kapas bundled as per specifications given by MCX.
Quality specifications	• Delivery Samples must be certified by surveyors approved by MCX confirming that the sample under reference pertain to the basis of quality specified above. • Proportion of Cotton : Seed in the Kapas shall be 40 : 60. If the ratio of Cotton is within 2% tolerance limit (between 38% to 42%), it is acceptable without any premium or discount. If the proportion of cotton is more than 42%, the seller would get a proportionate premium for every percentage. If the proportion of cotton is less than 38%, the seller would be subject to a proportionate discount for every percentage. If the percentage is below 36%, it is rejectable at buyer's option. • Refraction will be acceptable upto 20 kg per 4 MT of Kapas.
Delivery Logic	Seller's Option

Annexure 2

Delivery and Settlement Procedure of Kapas

Delivery Logic	Seller's Option
Tender & Delivery Period	During last five working days before expiry of the contract
Tender notice / Delivery Pay-in	The seller will issue tender/ delivery intention during tender period. The seller shall submit Warehouse Receipt (duly endorsed & signed by the depositor and the member) and Valid Quality Certificate issued by Quality Certifying Agency.
Mode of Communication	Fax / Courier.
Dissemination of Information on tendered delivery on Trader Work Station	On next working day after the tender day
Delivery Period Margin	25% on the marked quantity
Exemption from Tender and Delivery Period Margin	Delivery Period Margin is exempted if goods tendered on designated tender days of the contract month with all the documentary evidence.
Delivery Allocation - **Date** - **Rate**	 Expiry Day by 6.00 PM Due Date Rate (DDR)
Delivery Pay-in	During Delivery period by 6.00 p.m.
Delivery Pay-out	E+3 working days by 11.00 a.m. (E is expiry date)
Pay-in of Funds	E+2 working days by 11.00 a.m.
Pay-out of Funds	E+3 working days by 11.00 a.m.
Penal Provision	**I – Seller Default** If the Seller fails to deliver after giving tender/ delivery intention, a penalty of 3% of DDR shall be imposed on such defaulting seller. Out of which 1.75% will be deposited to IPF, 1% of penalty will be given to the buyer & balance 0.25% will be retained by the Exchange. Additionally, the difference between the DDR & the average of the three highest last spot prices of the five succeeding days after the Expiry of the contract (E+1 to E+5 days) if the average price so determined is higher than DDR. **II – Buyer Default** The buyer will have to compulsorily take the delivery of goods. Default on taking delivery by the buyer is not permitted and therefore, the amount due from the buyer for delivery obligation shall be recovered from the buyer as

pay-in of funds on stipulated pay-in day. Failure to discharge the pay-in amount will be treated as pay-in default which may lead to deactivation of the trading terminal/s of the member and will also be lable for such other actions as Exchange deems appropriate.

Exchange, as deemed appropriate, shall have the right to sell/dispose the goods **through auction (or through other appropriate mechanism as and when required)** on account of such defaulting buyer to recover the dues.

Penalties & charges to be debited to defaulting Buyer:

S. No	**Where Auction is fully conducted**	**Where Auction is partly conducted**	**Where no Auction is conducted**
1	Penalty @ 3% on DDR **AND**	Penalty @ 3% on DDR **AND**	Penalty @ 3% on DDR **AND**
2	Difference between DDR & Auction price if Auction price is lower than DDR (including proportionate quality and quantity differences) **AND**	Difference between DDR & Auction price if Auction price is lower than DDR to the tune of auctioned quantity (including proportionate quality and quantity differences) **AND**	NA **AND**
3	NA	Difference between DDR and the average of the three lowest last spot prices of the five succeeding days after the Expiry of the contract (E+1 to E+5 days) if the average price so determined is lower than	Difference between DDR and the average of the three lowest last spot prices of the five succeeding days after the Expiry of the contract (E+1 to E+5 days) if the average price so determined is lower than

	DDR. | DDR. Out of penalty of 3%, 1.75% will be deposited to IPF, 1% of penalty will be given to the seller & balance 0.25% will be retained by the Exchange. Whereas, out of the close out amount for un-auctioned quantity as mentioned above, 90% will be credited to the counter party and 10% of the same will be retained by the Exchange towards administrative expenses.
Taxes, Duties, Cess and Levies	All other charges' levies or APMC Cess applicable at the delivery center will be on account of buyer. The Seller will pay Sales tax or VAT, which is applicable and the seller will issue invoice in the name of the buyer, reflecting the sales tax or VAT paid by him.On receipt of the Invoice, Exchange will debit the account of the buyer to the extent of sales tax/VAT and credit the same to the seller. Incase of Inter-State movement, buyer has to submit requisite forms or pay CST as applicable. Post lifting delivery all charges are borne by the buyer.
Close out of open positions	All outstanding positions on the expiry of contract, not settled by way of delivery in the aforesaid manner, will be settled as per the Due Date Rate.
Due Date Rate	Exchange shall take spot prices from a panel of spot prices from different entities from spot markets at the delivery centers and shall compute the daily average price. Due Date Rate is calculated on the last day of the contract maturity by way of taking the simple average of last 5 days spot price.
Odd lot Treatment	Not Applicable.
Adjustment of Transportation Cost	If a seller gives delivery at a center other than Surendranagar, the seller has to bear the transportation cost and other costs from the center where the delivery is actually effected and upto Surendranagar. The transportation cost shall be decided by the Exchange and informed to the members in advance.
Warehouse, fumigation, insurance and transportation Charges	-Borne by the seller upto commodity pay-out date. -Borne by the Buyer after commodity pay-out date.
Buyer's option for lifting of Delivery	Buyer will not have any option about choosing the place of delivery and will have to accept the delivery as per allocation made by the Exchange.
Delivery Center Additional Delivery Center	Deliveries can be effected from Exchange designated or private warehouse at the designated delivery centers or can be effected at seller's godown at such delivery centers.
Delivery Order	Good delivery order will be submitted in specified format giving details of Members / Registered Non-Members who shall perform delivery.

	Each delivery order issued shall be in multiples of minimum delivery lots and shall be designated for only one delivery center and one location in such center. It will be accompanied with Warehouse Receipt, Invoice and Good Delivery Quality Certificate valid upto 15 days after the expiry of the contract, as per contract specifications from Exchange designated certifier, Delivery order once submitted cannot be withdrawn or cancelled or changed unless so agreed by MCX in writing. Members tendering the delivery order shall clearly specify the grade and shall be in conformity with the surveyor's certificate accompanied with the delivery document and cannot be changed subsequently. The seller shall not issue delivery order at a place where there is restriction against movement of goods. In case, the seller is unable to give permit to the buyer, the same would be treated as No-Delivery and he shall be liable to pay such penalty as may be applicable for failure to tender delivery.
Delivery Grades	The members tendering delivery will have the option of delivering such grades of goods as permitted by the Exchange under the contract specifications. The Buyer will not have any option to select a particular grade and the delivery offered by the seller and allocated by the Exchange shall be binding on him.
Evidence of Stock in possession	At the time of issuing the delivery order, the member must prove to the Exchange that he holds stocks of the quantity and quality specified in the delivery order at the declared delivery center. This should be substantiated by way of producing warehouse receipt.
Endorsement of Delivery Order	The Buyer member can endorse delivery order to a client or any third party with full disclosure given to MCX. Responsibility for contractual liability would be with the original assignee.
Delivery Procedure	The Member or his client taking delivery of Kapas must lift delivery within 7 working days from the date of getting instruction from the Exchange. The buyer has to intimate the seller the programme for taking delivery of the tendered goods within one day of getting instruction from the Exchange for giving delivery with a copy to the buyer. The buyer has to confirm and intimate in writing to the seller with a copy to MCX immediately on receipt of such information from the buyer about his confirmation or change request in such schedule.
Weighment at the time of delivery	The goods tendered shall be weighed at seller's option at the buyer's weigh-bridge or at an independent weigh-bridge to be mutually agreed, and weights determined in this manner shall be treated as final and fully binding on both the parties. The seller's representative shall present himself at the warehouse installation at the time of

	delivery.
Sampling and Analysis at the time of Delivery	In case the buyer does not agree to the Surveyor's report as to the quality of the commodity, he shall desire for second sampling and intimate the Exchange in writing within 48 hours of the pay-out date.
Sampling Procedure	The system of drawing of samples tendered for delivery will be as prescribed in the Bureau of Indian Standards procedure. Three Samples shall be drawn as under: • First Sample - for the buyer • Second Sample - for the seller • Third Sample - for final reference, if it becomes necessary If the first sample collected by the buyer and analyzed by the surveyor appointed by him, conforms to the specifications, then the goods tendered for delivery shall be accepted and no subsequent claims from the buyer regarding quantum of rebate or any other indemnification shall be admissible neither will seller be obliged to pass any sealed samples to the buyer if requested subsequently. The sampling methods to be adopted for analysis will be decided by the Exchange.
Failing of First Sample	If the first sample as examined by the buyer's surveyor fails to conform to the quality standards specified, the buyer shall intimate the seller within 72 hours of collection of sealed sample along with a copy of the analyst's report. The seller shall immediately send the second sealed sample to an approved laboratory, which is also agreed by the buyer. The result of the same shall be binding on both the parties. In the event the buyer and seller do not mutually reach agreement with the results of the second sample test, then MCX shall send the third sealed sample to any one of the approved laboratories / surveyor, as decided by the Exchange.
Final Surveyor's Report	The analyst's report of the approved and agreed independent laboratory shall be forwarded by MCX to the parties immediately on receipt of the same. In such case, the final payment to the seller will be made on the basis of test report received by the Exchange pursuant to the third test. The Exchange will also direct the party, in whose favour the result is declared to collect the cost of tests and detention charges from the other party. In case the commodity stands rejected then it will tantamount to failure on the part of the seller to give delivery, which shall be closed out as per the due date rate treating the same as shortage.
Obligations of the Independent Analyst	In order to ensure that tests are exactly comparable and that the results are consistent, the independent analyst shall determine the particular analytical test by applying the methods specified in relevant IS. The analyst shall be required to append a certificate to that effect to the

	analysis report issued by him.
Legal Obligation	The member will provide appropriate tax forms wherever required as per law and as customary and neither of the parties will unreasonably refuses to do so.
Extension of Delivery Period	As per the Exchange decision due to a force majeure or otherwise.
Applicability of Business Rules	The general provisions of Byelaws, Rules and Business Rules of the Exchange and decisions taken by Forward Markets Commission, Board of Directors and Executive Committee of the Exchange in respect of matters specified above will form and integral part of this contract. The Exchange or FMC as the case may be further prescribe additional measures relating to delivery procedures, warehousing, quality certification, margining, risk management from time to time. The buyer shall have to lodge their claim against quality of goods / delivery allocated to them, if any, within 48 hours from the date of scheduled pay out of the Exchange and failing which, no claim shall be entertained by the Exchange thereafter. (The interpretation or clarification given by the Exchange on any terms of this contract shall be final and binding on the members and others.)