

## Contract specifications for Pepper Futures contract

<b>Name of commodity</b>	Pepper
<b>Ticker symbol</b>	PPRMLGKOC
<b>Trading system</b>	NCDEX Trading System
<b>Hours of Trading</b>	As per directions of the Forward Markets Commission from time to time  <b>Mondays through Fridays</b> : 10:00 AM to 05:00 PM  <b>Saturdays</b> : 10.00 AM to 2.00 PM  The Exchange may vary the above timing with due notice.
<b>Basis</b>	Malabar Garbled 1 ex designated warehouse Kochi exclusive of all taxes
<b>Unit of trading</b>	1000 kgs (=1 MT)
<b>Delivery Unit</b>	1000 kgs (=1 MT)
<b>Quotation/Base Value</b>	Rs per Quintal
<b>Tick size</b>	Re 1
<b>Price Band</b>	Daily price limit will be (+)/(-)3%. If the trade hits the prescribed daily price limit there will be a cooling off period for 15 minutes. Trade will be allowed during this cooling off period within the price band. Thereafter the price band would be raised by another (+/-)1%.  If the price hits the revised price band (4%) again during the day, trade will only be allowed within the revised price band. No trade/order shall be permitted during the day beyond the revised limit of (+/-)4%.
<b>Quality specification</b>	<b>Light pepper:</b> 2% Max  <b>Other matter:</b> 0.5% Max  <b>Moisture:</b> 11% Max from November to April  11.5% Max from May to October
<b>Quantity variation</b>	+/- 2%
<b>No. of active contracts</b>	As per the launch calendar
<b>Delivery center</b>	Kochi (within a radius of 50 km from the municipal limits)
<b>Additional Delivery centers</b>	Calicut, Trissur (within a radius of 50 km from the municipal limits)

	Location Premium/Discount as notified by the Exchange from time to time
<b>Delivery Logic</b>	Compulsory delivery
<b>Opening of contracts</b>	Trading in any contract month will open on the 10th of the month. If the 10th day happens to be a non-trading day, contracts would open on the next trading day
<b>Tender Period</b>	<p><b>Tender Date :</b> T</p> <p><b>Tender Period:</b></p> <p>Tender period would be of 14 Calendar days during trading hours prior to the expiry date of the contract.</p> <p>Pay-in and Pay-out: on a T+2 basis. If the tender date is T then, pay-in and pay-out would happen on T + 2 day. If such a T + 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>
<b>Closing of contracts</b>	Clearing and Settlement of contracts will commence with the commencement of Tender Period by delivery through intention matching arrived at by the exchange based on the information furnished by the seller and buyer respectively as per the process put in place by the exchange for effecting physical delivery during the period from E-14 to E-1 prior to expiry. Upon the expiry of the contract all the outstanding open position would result in compulsory delivery.
<b>Due date/Expiry date</b>	<p><b>Expiry date of the contract:</b></p> <p>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, which is other than a Saturday.</p> <p>The settlement of contract would be by early delivery system of a maximum of 15 Pay-ins and Pay-outs or less including the last Pay-in and Pay-out which would be the Final Settlement of the contract.</p>
<b>Final Settlement Price</b>	<p>The Final Settlement Price (FSP) shall be arrived at by taking the average of the last three days' spot prices.</p> <p>The last spot price for the day as polled by the Exchange during the last three days shall be taken for arriving at the FSP.</p>

	<p>In the event of unavailability of the spot prices during any one of the last three days excluding the expiry day (i.e., on E - 1 or E - 2), the spot price of the previous day (E - 3) shall be considered for the average of the last three days. In case spot prices are not available during the 3 day period prior to the expiry date, the last spot price of the expiry day shall be considered for arriving at the FSP</p>
<b>Delivery Specification</b>	<p>During the period from E-14 to E-1, Seller &amp; Buyer having open position are required to give their intention/notice to deliver to the extent of his open position. The delivery position would be arrived at by the exchange based on the information to give/take delivery furnished by the seller and buyer as per the process put in place by the exchange for effecting physical delivery. If the intention of the buyers/sellers match, then the respective positions would be closed out by physical deliveries. If there is no delivery intention matching between sellers and buyers, then such intentions will get automatically extinguished at close of E-1 day. Intentions can be withdrawn during the course of E-14 to E-1 day if they remain unmatched.</p> <p>Upon expiry (i.e E) of the contracts all the outstanding open positions should result in compulsory delivery.</p> <p>The penalty structure for failure to meet delivery obligations will be as per circular no. NCDEX/TRADING-086/2008/216 dated September 16, 2008.</p>
<b>Position limits</b>	<p><b>Member:</b> 3000 MT for all contracts or 15% of market wide open interest, whichever is higher.</p> <p><b>Client:</b> 900 MT</p> <p>(For hedge limits refer circular no. NCDEX/TRADING-100/2005/219 dated October 20, 2005).</p> <p><b>For near month contracts:</b> The near month limit will be applicable during the last 7 trading days of the expiry of a contract</p> <p><b>Member:</b> 1000MT or 15% of market wide open interest in near month whichever is higher</p> <p><b>Client:</b> 300 MT</p>
<b>Quality Premium/Discount</b>	None
<b>Special Margin</b>	Special margin of 4% of the value of the contract will be levied whenever the rise or fall in price exceeds 20% of

	the 90 days prior settlement price. The margin will be payable by buyer or seller depending on whether price rises or falls respectively. The margin shall stay in force so long as price exceeds the 20% limit and will be withdrawn as soon as the price is within the 20 % band
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**Tolerance Limits for Outbound Deliveries of Pepper**

<b>Specification</b>	<b>Basis</b>	<b>Acceptable quality range</b>	<b>Permissible Tolerance</b>
Light pepper	2% Max	-	+/- 0.2%
Other matter	0.5% Max	-	-
Moisture	11% Max with a tolerance of 0.5% from May to October	-	+/- 0.5% (for delivery out during May-January 12%, February to April -11.5%)
Max Loss for all the characteristics			+/-1.00%

**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 NCDEX approved assayer.

**Contract Launch Calendar**

<b>Contract Launch Month</b>	<b>Contract Expiry Month</b>
August 2010	January 2011 & February 2011
September 2010	March 2011
October 2010	April 2011
November 2010	May 2011
December 2010	June 2011
January 2011	July 2011
February 2011	August 2011
March 2011	September 2011
April 2011	October 2011
May 2011	November 2011
June 2011	December 2011