
NATIONAL COMMODITY & DERIVATIVES EXCHANGE LIMITED

Circular to all trading and clearing members of the Exchange

Circular No : NCDEX/TRADING-002/2017/008

Date : January 09, 2017

Subject : Launch of futures contract – Yellow Soybean Meal (Domestic)
(SBMEALIDR)

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 the Securities Exchange Board of India vide letter no. SEBI/HO/CDMRD/RMP/OW/P/2017/640/1 dated January 09, 2017, futures contracts in Yellow Soybean Meal (Domestic) (Symbol: SBMEALIDR) expiring in the months of March 2017 and April 2017 would be available for trading from **January 10, 2017**. Contracts for further expiries will be launched as per the enclosed contract launch calendar.

Members and participants are requested to note that Yellow Soybean Meal (Domestic) futures contracts will be available for trading with modified contract specifications. 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 processes put in place by the Exchange.

Summary of modifications in contract specifications for Yellow Soybean Meal (Domestic) futures contracts expiring in the months of March 2017 and thereafter is given in Annexure I. Modified Contract specifications applicable for Yellow Soybean Meal (Domestic) futures contract (Symbol: SBMEALIDR) expiring in the month of March 2017 and thereafter are given in Annexure II.

The transaction charges applicable on Yellow Soybean Meal (Domestic) futures contracts (SBMEALIDR) will be as per list B commodities, which is presently at a flat rate of Rs. 2.00 per lakh of trade, until further notice from the Exchange.

With reference to Exchange circular No. NCDEX/RISK-033/2016/207 dated September 02, 2016 on Additional risk management norms for National Commodity Derivatives Exchanges, members and participants are requested to note that as per the directives of SEBI and Byelaws, Rules and Regulations of the Exchange, Concentration Margin shall be levied on Yellow Soybean Meal (Domestic). The Threshold Limit for Yellow Soybean Meal (Domestic) (SBMEALIDR) shall be as mentioned in the table on page 2.

Commodity	Symbol	Measure	Threshold Limit
Yellow Soybean Meal (Domestic)	SBMEALIDR	MT	200,000 MT

The applicable OI slabs and corresponding margin percentages at clearing member level and at client level shall be same as specified in the circular no. NCDEX/RISK-015/2016/085 dated April 18, 2016. The Concentration Margin and Threshold Limit shall be effective from beginning of trading day January 10, 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 warehouse of the 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 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

For further information / clarifications, please contact

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4. Customer Service Group by e-mail to : askus@ncdex.com

Annexure I:

Summary of modifications in contract specifications for Yellow Soybean Meal (Domestic) futures contracts

Parameter	Earlier Contract Specification	Modified Contract Specification
Deliverable Grades	Yellow Soybean meal of grade: a. Expander type b. Flaker type	Yellow Soybean meal of Expander type grade
Basis	Ex-warehouse Indore, inclusive of all taxes & without H-form	Ex-warehouse Indore, exclusive of all taxes & without H-form
Quality Specifications	Moisture: 11% basis Protein: 48% basis Oil: 1.5% (Max) Fiber: 6% (Max) Sand/Silica: 2% basis Urease (by EEC method):0.30 units basis	Moisture :12% Max Protein: 46% Min Oil : 1.5% Max Fiber: 6% Max Sand/Silica: 2% Max Urease (by EEC method): Min 0.05,Max 0.30 Units (By EEC Method) Indian solvent extracted toasted with pure yellow Soybean meal. No Red / Black / Over toasted / Sweepage / Admixture / Contaminated or water damage Soybean meal will be accepted. Free from pesticide (especially organochlorine compound group e.g. DDT, dieldrin including aldrin and heptachlor) Free from poisonous seeds and/or foreign seeds, free from castor seeds and/or husk, free from lumps, free from weevils, free from urea and/or other chemical substance.
Trading Hours	As notified by the Exchange from time to time, currently- Mondays through Fridays: 10:00 AM to 5:00 PM The Exchange may vary the above timing with due notice	As notified by the Exchange from time to time, currently: Mondays through Fridays: 10.00 A.M. to 9.00 P.M. / 9.30 P.M.* (*during US daylight saving period) 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.
Quality Allowance (For Delivery)	Quality variations shall be accepted with discounts as under: Moisture: From 11% to 12% accepted at 1:1 or part thereof. Above 12% rejected. Protein: From 48% to 46% accepted at 1:1 or part thereof. Below 46% rejected. Oil: Above 1.5% rejected Fiber: Above 6% rejected Sand/Silica: From 2% to 2.5% accepted at 1:1 or part thereof. Above 2.5% rejected.	Not Applicable

	Urease activity: From 0.3 units to 0.35 units accepted at 0.1% for every 0.01 unit increase in Urease activity Above 0.35 units rejected. Free from pesticide (especially organochlorine compound group e.g. DDT, dieldrin including aldrin and heptachlor) Free from poisonous seeds and/or foreign seeds, free from castor seeds and/or husk, free from lumps, free from weevils, free from urea and/or other chemical substance.	
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Annexure II:
Contract Specifications of Yellow Soybean Meal Domestic (SBMEALIDR)

(Applicable for all contracts expiring in March 2017 and thereafter)

Name of commodity	Yellow Soybean Meal (Domestic)
Ticker symbol	SBMEALIDR
Trading system	NCDEX Trading System
Basis	Ex-warehouse Indore, exclusive of all taxes & without H-form
Unit of trading	10 MT
Delivery unit	10 MT
Maximum Order Size	500 MT
Minimum Initial Margin	4%
Quotation/base value	Rs per MT
Tick size	Rs 10 per tonne
Quality specification	Moisture :12% Max Protein: 46% Min Oil : 1.5% Max Fiber: 6% Max Sand/Silica: 2% Max Urease (by EEC method): Min 0.05,Max 0.30 Units (By EEC Method) Indian solvent extracted toasted with pure yellow Soybean meal. No Red / Black / Over toasted / Sweepage / Admixture / Contaminated or water damage Soybean meal will be accepted. Free from pesticide (especially organochlorine compound group e.g. DDT, dieldrin including aldrin and heptachlor) Free from poisonous seeds and/or foreign seeds, free from castor seeds and/or husk, free from lumps, free from weevils, free from urea and/or other chemical substance.
Quantity variation	+/- 2%
Delivery centre	Indore (within a radius of 50 km from the municipal limits)
Deliverable grades	Yellow Soybean meal of Expander type grade
Trading hours	As notified by the Exchange from time to time, currently:: Mondays through Fridays: 10.00 A.M. to 9.00 P.M. / 9.30 P.M.* (*during US daylight saving period) 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.

Due date/Expiry date	20th day of the delivery month If 20th happens to be a holiday, then previous trading day. If 20 th happens to be a Saturday or a Sunday then the due date shall be the immediately preceding trading day of the Exchange, other than Saturday.
Delivery Logic	Intention Matching
Delivery specification	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.
Closing of contract	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.
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	The position limits will be applicable on Exchange wise basis Member-wise: 2,00,000 MT or 15% of the market wide open interest in the commodity, whichever is higher. Client-wise: 20,000 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 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. Member-wise: 50,000 MT or one-fourth of the member's overall position limit in that commodity, whichever is higher. Client-wise: 5,000 MT
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	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:																																																					
	<table><tr><th>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></th><th>E0</th><th>E-1</th><th>E-2</th><th>E-3</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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Contract Launch Calendar

Contract Launch Month	Contract Expiry Month
January 10, 2017	March 2017 and April 2017
February 2017	May 2017
March 2017	June 2017
April 2017	July 2017
May 2017	October 2017
June 2017	November 2017
July 2017	December 2017