

## Contract Specifications of Options in Goods on Chana (Desi Unprocessed Whole Raw Chana – Not for Direct Human Consumption)

(Applicable for contracts expiring in the month of December 2021 and January 2022)

<b>Type of Contract</b>	Options in Goods
<b>Underlying</b>	CHANA
<b>Symbol</b>	<UNDERLYING SYMBOL><OPTIONS EXPIRY DATE-DDMMYY><CE/PE><STRIKE PRICE><UNDERLYINGTYPE-F/S> Example: CHANA20MAY20CE2100S
<b>Unit of Trading</b>	10 MT
<b>Delivery Unit</b>	10 MT
<b>Maximum Order Size</b>	500 MT
<b>Settlement Type</b>	Compulsory Delivery
<b>Opening of Contracts</b>	Options contract shall be launched on the trading day following the day on which the Futures contract with the same underlying is launched
<b>Closing of Contract</b>	Upon the expiry of the contract all the outstanding open position shall result in compulsory delivery. The penalty structure for failure to meet delivery obligations will be as per circular no. NCCL/CLEARING-014/2021 dated April 27, 2021.
<b>Final Settlement Price</b>	Same as Corresponding Futures Contract
<b>Options Type</b>	European
<b>Premium Quotation/base value</b>	Rs. Per Quintal
<b>Tick Size</b>	Rs. 0.50 per Quintal
<b>Expiry Date</b>	Same as Corresponding Futures Contract
<b>Strike Interval</b>	50
<b>Number of Strikes</b>	7-1-7
<b>Quality Parameters</b>	Same as corresponding Futures Contract.
<b>Quality Premium/Discount</b>	Same as corresponding Futures Contract.
<b>Tolerance limit for Outbound delivery</b>	Same as corresponding Futures Contract.
<b>Quantity Variation</b>	+/- 5%
<b>Basis</b>	Desi Unprocessed Whole Raw Chana (Not for direct human consumption) Ex-warehouse Bikaner, exclusive of GST
<b>Delivery Center</b>	Desi Unprocessed Whole Raw Chana (Not for direct human consumption) to be delivered at Bikaner (up to the radius of 60 Kms from the municipal limits)

<b>Additional Delivery Centers</b>	Akola, Jaipur and Indore (Upto the radius of 60 KMs from municipal limit).
<b>Deliverable Varieties</b>	Only Desi Chana (Unprocessed Whole Raw Chana) will be accepted at locations of Bikaner, Jaipur, Indore and Akola. Kantawalla Chana will be treated as varietal admixture.
<b>Options Launch Calendar</b>	Same as corresponding Futures Contract Launch calendar
<b>Trading Hours</b>	Same as corresponding Futures Contract.
<b>Daily Price Range</b>	Based on the factors of Daily Price Range (DPR) of Futures contract and volatility.
<b>Position Limits</b>	Position limits for 'option in goods' shall be clubbed with position limits of 'options on commodity futures' on the same underlying goods but shall remain separate from position limits of futures contracts on the same underlying. Numerical value for client level/member level limits in Options shall be twice of corresponding numbers applicable for Futures contracts. Desi Unprocessed Whole Raw Chana (Not for Direct Human Consumption): 6,40,000 MT and 64,000 MT for member and client respectively. 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: 80,000 MT or One-eighth of the member's overall position limit in that commodity, whichever is higher. Client-wise: 8,000 MT
<b>Exercise of Options</b>	European Options to be exercised only on the day of Expiration of the Options contracts
<b>Mechanism of Exercise</b>	a) All option contracts belonging to 'CTM' option series shall be exercised only on 'explicit instruction' for exercise by the long position holders of such contracts. b) All In the money (ITM) option contracts, except those belonging to 'CTM' option series, shall be exercised automatically, unless 'contrary instruction' has been given by long position holders of such contracts for not doing so. c) All Out of the money (OTM) option contracts, except those belonging to 'CTM' option series, shall expire worthless. d) All exercised contracts within an option series shall be assigned to short positions in that series in a fair and non-preferential manner.
<b>Final Settlement Method</b>	On exercise, Option position shall result in physical Delivery of underlying commodity: • long call position shall result into a buy (commodity receivable) position • long put position shall result into a sell (commodity deliverable) position

	<ul style="list-style-type: none"> <li>• short call position shall result into a sell (commodity deliverable) position</li> <li>• short put position shall result into a buy (commodity receivable) Position</li> </ul>
<b>Initial Margin</b>	<p>NCCL shall adopt appropriate initial margin model and parameters that are risk-based and generate margin requirements sufficient to cover potential future exposure to participants/clients.</p> <p>The initial margin shall be imposed at the level of portfolio of individual client comprising of his positions in futures and options contracts on each commodity.</p> <p>Margins shall be adequate to cover atleast 99% VaR (Value at Risk) and Margin Period of Risk (MPOR) shall be at least three days.</p> <p>For buyer of the option, buy premium shall be charged as margins and blocked from the collaterals.</p> <p>On computation of settlement obligation at the end of day, the premium blocked shall be released and collected as pay-in as per process notified.</p> <p>NCCL shall fix prudent price scan range and volatility scan range based on the volatility in the price of the underlying commodity.</p> <p>Appropriate Short Option Minimum Margin (SOMM) shall be fixed.</p>
<b>Other Margins</b>	<ul style="list-style-type: none"> <li>• Extreme loss margin: NCCL shall levy appropriate Extreme loss margin as applicable.</li> <li>• Calendar spread charge: The calendar spread charge shall be calculated on the basis of delta of the portfolio of futures and options. A calendar spread charge of 25% on each leg of the positions shall be charged.</li> <li>• Mark to Market: NCCL shall mark to market the options positions by deducting/adding the current market value of options (positive for long options and negative for short options) times the number of long/short options in the portfolio from/to the margin requirement. Thus, mark to market gains and losses would not be settled in cash for options positions.</li> <li>• Pre expiry margin: Pre expiry margin will be charged on potential in the money long and short option positions. The pre expiry margin will be increased gradually every day beginning from the pre-determined number of days before the expiry of the contract as applicable.</li> </ul>

	<ul style="list-style-type: none"><li>• Delivery Margin: Appropriate Delivery Margin will be charged on the long and short positions resulting into physical delivery.</li><li>• Margining at client level: NCCL shall impose initial margins at the level of portfolio of individual client comprising of his positions in futures and options contracts on each commodity.</li><li>• Other margins: Other margins like additional margins and special margins shall be applicable as and when they are levied by the Exchange/CC/Regulator.</li></ul>
--	---

**Contract Launch Calendar**

<b>Contract Launch Month</b>	<b>Contract Expiry Month</b>
July 2021	December 2021
August 2021	January 2022

---

## **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 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 warehouses of Clearing Corporation either on their own or on their behalf by any third party 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, Warehousing Development and Regulatory Authority (WDRA) etc. and 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 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.