

Contract Specifications for Options in Goods on Guar Gum Refined Splits

(Applicable for contracts expiring in the month of December 2023 and thereafter)

Type of Contract	Options in Goods
Underlying	GUARGUM5
Symbol	<UNDERLYING SYMBOL><OPTIONS EXPIRY DATE-DDMMYY><CE/PE><STRIKE PRICE><UNDERLYINGTYPE-F/S> Example: GUARGUM520MAY20CE4100S
Unit of trading	5 MT
Delivery Unit	5 MT
Maximum Order Size	250 MT
Settlement Type	Compulsory Delivery
Opening of Contracts	Options contract shall be launched on the trading day following the day on which the Futures contract with the same underlying is launched.
Closing of Contract	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-035/2023 dated May 29, 2023.
Final Settlement Price	Same as Corresponding Futures Contract
Options Type	European
Premium	Rs. Per Quintal
Quotation/base value	
Tick Size	Rs.0.50 per Quintal
Expiry Date	Same as Corresponding Futures contract
Strike Interval	200
Number of Strikes	5-1-5
Quality Parameters	Same as Corresponding Futures contract
Quality Premium/Discount	Same as corresponding Futures Contract.
Tolerance limit for Outbound delivery	Same as corresponding Futures Contract.
Quantity Variation	+/- 2%
Quality Allowance	Same as corresponding Futures Contract.
Basis	Ex- warehouse Jodhpur, exclusive of GST
Delivery Center	Jodhpur (up to the radius of 50 km radius from the municipal limits)

Additional Delivery Centers	Bikaner, Nokha, Sriganganagar and Deesa (up to the radius of 50 km from the municipal limits) with location wise premium/discount as announced by the Exchange from time to time.
Options Launch Calendar	Same as corresponding Futures Contract Launch calendar
Trading Hours	Same as corresponding Futures Contract.
Daily Price Range	Based on the factors of Daily Price Range (DPR) of Futures contract and volatility.
Position Limits	<p>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.</p> <p>Numerical value for client level/member level limits in Options shall be twice of corresponding numbers applicable for Futures contracts.</p> <p>Guar Gum Refined Splits: 53,600 MT and 5,360 MT for member and client respectively.</p> <p>For near month contracts:</p> <p>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.</p> <p>Member-wise: 6,700 MT or One-eighth of the member's overall position limit in that commodity, whichever is higher.</p> <p>Client-wise: 670 MT</p>
Exercise of Options	European Options to be exercised only on the day of Expiration of the Options contracts
Mechanism of Exercise	<p>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.</p> <p>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.</p> <p>c) All Out of the money (OTM) option contracts, except those belonging to 'CTM' option series, shall expire worthless.</p> <p>d) All exercised contracts within an option series shall be assigned to short positions in that series in a fair and non-preferential manner.</p>
Final Settlement	On exercise, Option position shall result in physical Delivery of

Method	<p>underlying commodity:</p> <ul style="list-style-type: none"> • long call position shall result into a buy (commodity receivable) position • long put position shall result into a sell (commodity deliverable) position • short call position shall result into a sell (commodity deliverable) position • short put position shall result into a buy (commodity receivable) position
Initial Margin	<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 four 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>
Other Margins	<ul style="list-style-type: none"> • Extreme loss margin: NCCL shall levy appropriate Extreme loss margin as applicable. • 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. • 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

	<p>requirement. Thus, mark to market gains and losses would not be settled in cash for options positions.</p> <ul style="list-style-type: none"> • 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. • Delivery Margin: Appropriate Delivery Margin will be charged on the long and short positions resulting into physical delivery. • 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. • Other margins: Other margins like additional margins and special margins shall be applicable as and when they are levied by the Exchange/CC/Regulator.
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Contract Launch Calendar:

Contract Launch Month	Contract Expiry Month
June-2023	December-2023
July-2023	January-2024
August-2023	February-2024
September-2023	March-2024
October-2023	April-2024
November-2023	May-2024
December-2023	June-2024
January-2024	July-2024
February-2024	August-2024
March-2024	September-2024
April-2024	October-2024
May-2024	November-2024
June-2024	December-2024

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/ Clearing Corporation's Rules, Bye Laws, Regulations, Product Notes, circulars, directives, notifications of the Exchange/Clearing Corporation 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 warehouse 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, AGMARK, BIS, Warehousing Development and Regulatory Authority (WDRA) , 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.