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Chapter 1 - Trading Conditions**Authority**

Trading in Options in Goods on Turmeric may be conducted under such terms and conditions as specified in the Rules, Byelaws and Regulations of the Exchange and as per the circulars and notifications issued by the Exchange thereunder or the Securities and Exchange Board of India (SEBI) from time to time. A specimen of Options in Goods on Turmeric Contract specification is attached as **Exhibit 1**.

Underlying

Options in Goods contract shall have Turmeric as underlying.

Option Symbol Descriptor

Instrument symbol is combination of following - <UNDERLYING SYMBOL><OPTIONS EXPIRY DATE-DDMMYY><CE/PE><STRIKE PRICE><UNDERLYINGTYPE-F/S>.

Example: For Options in Goods on Turmeric contract expiring on 20-May-2020, the corresponding Futures contract shall be TMCFGRNZM expiring on 20-May-2020 and the Option symbol will be TMCFGRNZM 20MAY20CE4100S.

For option instruments
Underlying: TMCFGRNZM
Market type: N (Normal)
Instrument Type: OPTFUT

Unit of Trading

The unit of trading for Turmeric shall be 5 Metric Tons (MT). Bids and offers may be accepted in lots of 5 MT or multiples thereof.

Months Traded In

Trading in Options in goods on Turmeric may be conducted in the months as specified by the Exchange from time to time.

Number of Strikes

Each option expiry shall have minimum Twenty-one strikes available viz., ten each for In the Money (ITM), Out of the Money (OTM) and one At the Money (ATM).

Tick Size

The tick size of the price of Turmeric shall be Re.1 per quintal

Basis Price

The basis price of Turmeric shall be in Rs. per Quintal of Farmer Polished Turmeric Fingers Nizamabad quality ex-warehouse Nizamabad, exclusive of Goods and Services Tax.

The base price of the contracts on all subsequent trading days will be the closing price of the option contracts on the previous trading day.

Unit for Price Quotation/Base Value

The unit of Price quotation for Turmeric shall be in Rupees per quintal.

Daily Price Range

Daily price range will be computed based on Daily Price Range (DPR) of the corresponding Futures contract and the volatility. The DPR (minimum / maximum operating price range) shall be applicable for the trading day. Orders submitted beyond the price range will be rejected by the Exchange. Daily price range for each option contract shall be available daily on extranet common folder.

Hours of Trading

The hours of trading for Options in Goods on Turmeric contract shall be as follows:

Mondays through Fridays – 9:00 a.m. to 5:00 p.m.

Or as determined by the Exchange from time to time. All timings are as per Indian Standard Timings (IST)

Last Day of Trading

Last day of trading shall be 20th day of delivery month, if 20th of the month happens to be a holiday, a Saturday or a Sunday, then the due date shall be immediately preceding trading day of the Exchange, which is other than a Saturday.

Position limits

The exchange vide Circular nos NCDEX/RISK-037/2016/244 dated September 28, 2016, NCDEX/RISK-014/2017/184 dated July 27, 2017 and NCDEX/TRADING-022/2021 dated July 30, 2021 prescribed norms for position limits for commodity Futures, clubbing of open positions, penalties for violation of position limits. Position limits for options shall follow the same norms as provided in the said circular for Futures.

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.

Turmeric: 1,12,000 MT and 11,200 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: 14,000 MT or One-fourth of the member's overall position limit in that commodity, whichever is higher.

Client-wise: 1,400 MT

Margin Requirement:

Initial Margin: 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.

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.

Margins shall be adequate to cover atleast 99% VaR (Value at Risk) and Margin Period of Risk (MPOR) shall be 4 days.

For buyer of the option, buy premium shall be charged as margins and blocked from the collaterals.

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.

NCCL shall fix prudent price scan range and volatility scan range based on the volatility in the price of the underlying commodity.

Short Option Minimum Margin (SOMM) on option contract of underlying Turmeric shall be 12%.

Extreme Loss Margin (ELM)

NCCL shall levy appropriate extreme loss margin on short option contracts as applicable. The minimum extreme loss margin of 1% on gross open positions shall be levied.

Spread Margin 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.

To be eligible for initial margin benefit, each individual contract in the spread shall be from amongst the first six expiring contracts.

In case of spread positions, additional margins shall not be levied. No benefit in Extreme Loss Margin (ELM) would be provided for spread positions i.e. ELM shall be charged on both individual legs.

Mark to Market (MTM)

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.

Pre expiry margin

Pre expiry margin will be charged on potential In the money (ITM), Close to money (CTM) and Close to money Extended (CTM- E) long and short option positions. Pre expiry Margin shall be charged at 3% per day incrementally for 7 days prior to the expiry of contract including expiry date on long and short positions. Further for short option positions, actual short option margin charged shall be reduced from total pre expiry margin to be charged.

Delivery margins

Delivery Margin will be charged on the long and short positions resulting into physical delivery. The Delivery Margin shall be higher of 3% + 5 day 99% VaR of spot price volatility or 20% on the long and short positions marked for delivery till the pay-in is completed by the member.

Other margins

Other margins like additional margins and special margins shall be applicable as and when they are levied by the Exchange/Clearing Corporation/Regulator.

Margining at client level

Clearing Corporation shall impose initial margins at the level of portfolio of individual client comprising of his positions in futures and options contracts on each commodity.

NCCL shall be free to charge margins higher than the minimum specified depending upon its risk perception.

Arbitration

Disputes between the members of the Exchange inter-se and between members and constituents, arising out of or pertaining to trades done on NCDEX shall be settled through Arbitration. The arbitration proceedings and appointment of arbitrators shall be governed by the Exchange Rules, Bye-laws and Regulations.

Compliance of Laws

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 the 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 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.

It is further clarified that upon the exercise of an option contracts, it shall be the responsibility of the parties to ensure that the commodity specifications on exercise will be the same as mentioned in the contract specification of Options in Goods on Turmeric and it shall be the responsibility of the parties to ensure compliance of all applicable laws including those as stated above.

Chapter 2 – Delivery Procedures**Unit of Delivery**

The minimum unit of delivery for Turmeric shall be 5 MT.

Delivery Size

Delivery is to be offered and accepted in lots of 5 MT or multiples thereof. A Quantity variation of +/- 2% with applicable rates is available as per contract specifications.

Delivery Requests

On expiry of Options contract, the net exercised / assigned open position across all option series and options types as detailed in the Chapter 3 shall be clubbed with the open position in the corresponding futures contract and the resultant long and short open positions shall be marked for delivery.

The Buyers and the Sellers need to give their location preference through the Web NCFE system provided by the Clearing Corporation. If the Sellers fail to give the location preference, then the allocation to the extent of his open position will be allocated to the base location.

On the expiry day if any delivery is tendered by the seller, the corresponding buyer having open position and matched as per process put in place by the Clearing Corporation, shall be bound to settle by taking delivery from the delivery center where the seller has delivered the same.

Delivery Allocation

The Clearing Corporation would compile delivery requests received from members on the expiry day and shall allocate delivery to buyers having open long position as per random allocation methodology to ensure that all buyers have an equal opportunity of being selected to receive delivery irrespective of the size or value of the position.

The buyers / sellers who have to receive / give delivery would be notified on the same day after the close of trading hours. Delivery of Turmeric is to be accepted by buyers at the Approved warehouse where the seller effects delivery in accordance with the contract specifications. On expiry, all outstanding position would be settled by giving / taking physical delivery.

Actual Delivery

Where Turmeric is sold for delivery in a specified month, the seller must have requisite electronic credit of such Turmeric holding in his Clearing Member's Pool Account before the scheduled date of pay in. On settlement, the buyer's Clearing Member's Pool Account would be credited with the said delivery quantity on pay out. The Clearing Member is expected to transfer the same to the buyer's Repository account. However, the buyer must take actual physical delivery of Turmeric before expiry of the validity date as indicated in the quality test report/Assayer's Certificate of the Assayer.

Penalty for default

The penalty structure for failure to meet delivery obligations by the sellers is as follows:

Total amount of penalty = 4.0 % of Settlement price + replacement cost (difference between settlement price and average of three highest of the last spot prices of 5 succeeding days after the commodity pay-out date, if the average price so determined is higher than settlement price, else this component will be zero).

The norms for apportionment of the 4.0 % penalty collected as mentioned above shall be as follows:

- a) 1.75 % of Settlement Price shall be deposited in the Settlement Guarantee Fund
- b) 0.25 % of Settlement Price shall be retained by the Clearing Corporation towards administrative expenses.
- c) 2 % of Settlement Price + replacement cost shall go to the Buyer who was entitled to receive delivery.

A seller who has got requisite stocks in the NCCL approved warehouses and / or has marked an intention during staggered delivery period is not allowed to default and any such delivery default by seller would be viewed seriously and an additional penalty of 3% over and above the penalty prescribed for delivery default shall be levied. In addition to the penalty, the Clearing Corporation shall take suitable penal / disciplinary action against such members.

Buyers' defaults are not permitted.

In the case of a default by a buyer in both agricultural and non-agricultural commodities i.e. in case a Clearing Member fails to make delivery pay-in of funds, it shall be considered as a member default. NCCL shall review the loss incurred by the non-defaulting Party, i.e. Seller, at its sole discretion, and accordingly, levy penalty on the defaulting buyer. However, such penalty shall be within the overall cap of delivery margins collected by the NCCL, from such defaulting buyer clearing member.

In the case of repeated default by a seller or a buyer, for each instance of repeated default, an additional penalty shall be imposed, which shall be 3 % of the value of the delivery default. Repeated Default shall be defined as an event, wherein a default on delivery obligations takes place 3 times or more during a six months period on a rolling basis.

For further details, participants can refer to circular no. NCCL/CLEARING-018/2021 dated May 24, 2021 and circular no. NCCL/CLEARING-029/2021 dated August 18, 2021.

Approved Warehouse

NCCL has approved warehouses for receipt and delivery of Turmeric. Turmeric will be received and delivered only in and from the NCCL Approved warehouse/s. The updated list of Approved Warehouse can be accessed from Exhibit 2

The Turmeric received at the NCCL Approved warehouse will be tested and certified by Assayer appointed by warehouse among the empaneled list, before acceptance as good delivery in the warehouse. Likewise, Turmeric delivered to buyers will be from the Approved warehouse only

Quality Standards

The contract grade for delivery of Options in goods on Turmeric made under NCDEX Regulations shall be Turmeric conforming to the quality specification indicated in **Exhibit 1**. No lower grade/ quality below the stated specifications shall be accepted in satisfaction of contract delivery except as provided in the contract specifications.

Packaging

Turmeric delivered shall be packed in clean, dry, sound, new or un-mended B-Twill jute bags. Bags have to be in merchantable condition. The mouth of the bag has to be stitched to prevent sweating/spilling of commodity. Cattle Feed or Poultry Feed bags will not be acceptable. The packaging of Turmeric should be in standard bags of 50 Kg / 70 Kg only (Net weight basis). The tare weight deduction per bag for net weight calculation will be 1 Kg of gross weight for 70 kg packaging and 600 gms of gross weight for 50 Kg packaging.

Standard Allowances

Standard allowance deducted per validation of quality on account of sampling, spillage, etc. for the goods deposited will be as given in the table below

	Fresh deposit	Withdrawal
Standard Allowance	0.3%	Nil

Deposit Month	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
20 January to 19 February	-	-	0.10 %	0.10 %	0.10 %	0.10 %	0.10 %	-	-	-	-	-
20 February to 19 March	-	-	-	0.10 %	0.10 %	0.10 %	0.10 %	0.10 %	-	-	-	-
20 March to 19 April	-	-	-	-	0.10 %	0.10 %	0.10 %	0.10 %	0.10 %	-	-	-
20 April to 19 May	-	-	-	-	-	0.10 %	0.10 %	0.10 %	0.10 %	0.10 %	-	-
20 May to 19 June	-	-	-	-	-	-	0.10 %	0.10 %	0.10 %	0.10 %	0.10 %	-
20 June to 19 July	-	-	-	-	-	-	-	0.10 %	0.10 %	0.10 %	0.10 %	0.10 %
20 July to 19 August	-	-	-	-	-	-	-	-	0.10 %	0.10 %	0.10 %	0.10 %
20 August to 19 September	-	-	-	-	-	-	-	-	-	0.10 %	0.10 %	0.10 %
20 September to 19 October	-	-	-	-	-	-	-	-	-	-	0.10 %	0.10 %
20 October to 19 November	-	-	-	-	-	-	-	-	-	-	-	0.10 %
20 November to 19 December	-	-	-	-	-	-	-	-	-	-	-	-

Weight

The quantity of Turmeric received and/ or delivered at the NCCL Approved warehouse would be determined / calculated by the weighbridge/ weigh scale at the premises of the Approved warehouse or in its vicinity and the quantity so determined would be binding on all parties. The weight of the bag offered for delivery will be 50 or 60 or 70 Kg Net and only one type per lot.

Good/ Bad delivery Norms

Turmeric delivery into NCCL Approved warehouse would constitute either good delivery or bad delivery based on the good/ bad delivery norms as per **Exhibit 3**. The list contained in Exhibit 3 is only illustrative and not exhaustive. NCCL would from time to time review and update the good and bad delivery norms based on the trade/industry practices.

If any live infestation is found at the time of delivery out, then the goods would be deliverable after fumigation by warehouse. Such lot/s will be treated as good delivery.

Turmeric Sampling

Minimum 20% of bags randomly selected from each assaying lot will be cut opened, contents spread on the floor and visually checked for presence of any material foreign to the commodity like stones, any plastic material or any substance which is not directly related to the commodity being sampled. Presence of these materials such as large pieces of pebbles, inferior quality or husk in the middle of bag, mixing of any apparent material which is not the actual commodity itself, if any will lead to rejection

of the lot being sampled.

The composite mixture will then be divided into 4 parts, Sample size of each would be 1.5kg. These samples will be distributed as under:

- One sample to Depositor
- One sample to Warehouse service provider
- One sample for Analysis by assayer
- One sample for record with assayer

Empanelled Assayer

NCCL has empaneled the Assayer for quality testing and certification of Turmeric received at the approved warehouse. The quality testing and certification of Turmeric will be undertaken only by empaneled assayer as appointed by the warehouse service provider. The assayer details are given in the Exhibit 2 alongside the warehouses.

Testing Procedure

Fingers that appeared healthy/ normal externally but bearing hole/drills internally with no apparent mud/fungus/weevil/damage marks to be considered as normal fingers and not to be included in the category of inferior Turmeric. Inferior Turmeric will include any holes with dust, fungal infestation, discoloration marks, insect infestation etc.

Testing for Turmeric will be done both physically and chemically. To test moisture, chemical test would be done by toluene distillation method (IS1797)

Admixture (Turmeric Varieties)

Admixture of other turmeric varieties allowed for delivery will be as provided by the Exchange on the basis of quality specifications:

The admixture will be acceptable only in case of superior varieties, presence of inferior varieties will attract rejection. Superior variety admixture may be allowed up to 10 % of the assaying lot and no premium will be provided for the superior admixture. Only the base variety allowed at the particular center will be considered for credit purpose.

The Exchange will communicate the admixtures allowed in the base varieties of turmeric. Allowable admixtures of Turmeric are as per the table that follows:

Different forms of same variety, not to be considered as different varieties for the purpose of identifying admixture.

For e.g Nizamabad Unpolished finger and Nizamabad Polished finger are turmeric of same variety i.e. Nizamabad Variety and should not be considered as admixture for one another.

Delivery Location	Base Variety Allowed	Admixture Allowed
Nizamabad	Nizamabad (Farmer Polished)	Not Allowed
Sangli	Nizamabad (Farmer Polished)	Not Allowed
Sangli	Rajapore	Not Allowed
Basmat	Salem	Not Allowed
Erode	Erode	Salem
Erode	Salem	Not Allowed

Quality Testing Report

The test report issued by the assayer on the samples drawn shall be acceptable and binding on all parties. A specimen format of the quality testing report is indicated in Exhibit 4.

Assayer Certificate

Testing and quality certificate/ test report issued by the Assayer on the samples drawn from Turmeric delivered at Approved warehouse(s) in Nizamabad, Erode, Sangli, Basmat, and at such other locations announced by the Exchange from time to time shall be acceptable and binding on all parties. Each delivery of Turmeric at the warehouse must be accompanied by a certificate from Assayer in the format as per Exhibit 4.

Validity Period

The validity period of the Assayers Certificate for Turmeric is as per the table given below:

Months of Deposit / Date of entry & completion of assaying by warehouse in system (Jan -Dec)*	Deliverable period from the date of Fresh Deposit (no. of months)	Validity period at the time of fresh deposit (no. of months)
January	0	0
February	6	6
March	6	6
April	6	6
May	6	6
June	6	6
July	6	6
August	5	5
September	4	4
October	3	3
November	2	2
December	1	1

*20th of previous month to 19th of the current month as mentioned in the table above.

The stocks of Turmeric deposited in the NCCL approved warehouse/s shall necessarily be removed after the Exchange Deliverable Date (EDD) as indicated above and continuation of the storage beyond EDD shall be entirely a private arrangement between the Warehouse and the depositor/beneficiary holder. The Exchange/Clearing Corporation shall not be responsible in any manner whatsoever for those stocks which have not been received by any buyer through an immediate preceding settlement on the Exchange platform and for those stocks which have crossed the EDD.

Electronic Transfer

Any buyer or seller receiving and or effecting Turmeric delivery would have to open a Repository account with an empanelled Repository Participant (RP) to hold the Turmeric in electronic form. On settlement, the buyer's account with the RP would be credited with the quantity of Turmeric received and the corresponding seller's account would be debited. The Buyer wanting to take physical delivery of Turmeric holding has to make a request in the prescribed form to his RP, with whom Repository account has been opened. The RP would route the request to the warehouse who would issue the physical commodity i.e.: Turmeric to the buyer and debit his account, thus reducing the electronic balance to the extent of Turmeric so withdrawn from the warehouse.

Charges

All charges and costs payable at the Approved warehouse towards delivery of Turmeric including sampling, grading, weighing, handling charges, storage etc. from the date of receipt into Approved warehouse up to date of pay in & settlement shall be paid by the seller.

No refund for warehouse charges paid by the seller for full validity period shall be given to the seller or buyer for delivery earlier than the validity period.

All charges and costs associated & including storage, handling etc. after the pay-out shall be borne by the buyer. Warehouse storage charges will be charged to the member / client by the respective Repository Participant.

The Assayer charges for testing and quality certification shall be charged to the client by the respective Repository Participant

Duties & Levies

All duties, taxes, levies etc. up to the point of sale shall be fully paid by the seller and shall be paid to the concerned authority. All related documentation should be fully complied with and completed before delivery of Turmeric into the NCCL approved warehouse.

Stamp duty

Stamp duty is payable on all contract notes issued as may be applicable in the State from where the contract note is issued or as per the Stamp Act of the State in which such contract note is received by the client if the client is located in other State.

Taxes

Goods and Services Tax (GST)

On services rendered by Members:

GST shall be payable by the members on the gross amount charged by them, from their clients on account of dealing in commodities.

On Deliveries effected on the NCCL Platform:

GST on the deliveries effected on the NCCL Platform as the case may be would be applicable on the delivered commodities and a buyer on the NCCL platform shall make payment to his corresponding seller the value of GST payable by buyer on the commodities received by the seller in the settlement. The buyer and the seller shall be responsible for fulfillment of the obligations under the GST Act on all contracts. The seller shall issue appropriate invoices to his corresponding buyer as may be required under the GST Act. The seller is required to remit the GST amount so collected/received from the buyer wherever applicable to the GST authorities within such time frame as may be prescribed under the GST rules. Members and / or their constituents requiring to receive or deliver Turmeric should register themselves with the relevant GST authorities of the place where the delivery is proposed to be received / given. In the event of any GST exemptions, such exemption certificate as may be required under the GST law would have to be issued/provided to his seller before the settlement of the obligation.

All Members and / or their constituents are required to adhere to the requirements under the GST Act and the Rules made thereunder including the notifications issued by the Central or State Government and must have valid GST registration in place for transacting in physical deliveries and also comply with the requirements under the GST Act.

The taxes payable on the commodity contracts shall be governed by the relevant Govt. legislations and notifications issued by the State or the Central Govt. from time to time and the buyer and seller is responsible to comply with the tax laws as applicable to the commodity.

Commodity Transaction Tax (CTT)

Commodity Transaction Tax, if and as applicable, will be collected as per the prescribed process. Accordingly, members are advised to update themselves with the change in rate of applicable CTT from time to time.

Premium/Discount

Premium & Discount on the Turmeric delivered will be provided by the Exchange on the basis of quality specifications:

Such amount will be adjusted to the members account through the supplementary settlement. Applicable premium/ discounts for Turmeric are as per the circulars issued by the Exchange from time to time.

Location Premium/ Discount will be notified by the Exchange from time to time. The decision of the Exchange in determination of premium / discount is final and binding on all market participants.

Grades for turmeric contract

Delivery Location	Center	Variety	Quality	Grade	% PD
Basmat	BAS	Salem	SLM	TMCBASSLM	-2
Erode	ERD	Erode	ERD	TM CERDERD	At par
Erode	ERD	Salem	SLM	TM CERDSL M	2
Nizamabad	NZM	Nizamabad Unpolished	NZM	TMCNZMNZM	-4
Nizamabad	NZM	Nizamabad (Farmer Polished)	NZMFP	TMCNZMNZMFP	Basis
Sangli	SGL	Nizamabad (Farmer Polished)	NZMFP	TMCNZMNZMFP	At par
Sangli	SGL	Rajapore	RJP	TMCSGLRJP	4

Chapter 3 – Clearing and Settlement

Premium settlement for option contracts

- a. Premium settlement in respect of trades in options contracts shall be settled in cash by debit/ credit of the clearing & settlement accounts of clearing members with the respective clearing bank.
- b. The premium payable or receivable value of clearing members shall be computed after netting the premium payable or receivable positions at trading member level, for each option contract, at the end of each trading day.
- c. The premium pay-in shall be effected before the start of trading on T+1 day along with pay-in of daily mark to market losses in respect of trades / positions in Futures contracts. ('T' is the trade date)
- d. The Clearing Members should make the amount of funds available in their clearing & settlement account before 8:30 AM on T+1 day
- e. The pay-out of funds (Options Premium + Futures MTM) shall be done after 9.30 AM, or as declared by the Clearing Corporation from time to time
- f. The Premium Pay-in / Pay-out obligation of the clearing member for trades in option contracts will be netted with daily MTM Pay-in / Pay-out obligation of trades / positions in Futures contracts

Mark to Market

The options positions shall be mark to market 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.

Exercise Style

European Style Options which can be exercised only on the day of Expiration of the Options contract.

Final Settlement Price (FSP)

Final Settlement Price (FSP) of the corresponding Futures contract.

Settlement Method

On exercise, option position shall result in physical Delivery of underlying commodity as follows:-

- 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

On expiry of Options contract, the net exercised / assigned open position across all option series and option types shall be clubbed with the open position in the corresponding futures contract and the resultant long and short open positions shall be marked for delivery.

Exercise Mechanism

On expiry, following mechanism shall be adopted for exercise of the options contracts:

Option series having strike price closest to the Final Settlement Price (FSP) of the underlying shall be termed as At the Money (ATM) option series.

This ATM option series and three option series having strike prices immediately above this ATM strike and three option series having strike prices immediately below this ATM strike shall be referred as '**Close to the money' (CTM) option series.**

In case the FSP of the underlying is exactly midway between two strike prices, then immediate three option series having strike prices just above FSP of underlying and immediate three option series having strike prices just below FSP of the underlying shall be referred as '**Close to the money' (CTM) option**

series.

All option contracts belonging to 'CTM' option series shall be exercised only on 'explicit instruction' for exercise from the long position holders of such contracts failing which they will expire worthless.

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 and in that case shall expire worthless.

All Out of the money (OTM) option contracts, except those belonging to 'CTM' option series and exercised by the long position holders, shall expire worthless.

All exercised contracts within an option series shall be assigned to short positions in that series in a fair and non-preferential manner.

Example:

The following are the examples for identification of ITM, CTM, ATM and OTM strikes as per the Final Settlement price.

Strike Interval	50
Final Settlement Price	3780
For CALL Options	
Strike Price	Strike Type
3600	ITM
3650	CTM
3700	CTM
3750	CTM
3800	ATM
3850	CTM
3900	CTM
3950	CTM
4000	OTM
4050	OTM
For PUT Options	
Strike Price	Strike Type
3600	OTM
3650	CTM
3700	CTM
3750	CTM
3800	ATM
3850	CTM
3900	CTM
3950	CTM
4000	ITM
4050	ITM

Strike Interval	50
Final Settlement Price	3850
For CALL Options	
Strike Price	Strike Type
3600	ITM
3650	ITM
3700	CTM
3750	CTM
3800	CTM
3850	ATM
3900	CTM
3950	CTM
4000	CTM
4050	OTM
For PUT Options	
Strike Price	Strike Type
3600	OTM
3650	OTM
3700	CTM
3750	CTM
3800	CTM
3850	ATM
3900	CTM
3950	CTM
4000	CTM
4050	ITM

Strike Interval	50
Final Settlement Price	3825
For CALL Options	
Strike Price	Strike Type
3600	ITM
3650	ITM
3700	CTM
3750	CTM
3800	CTM
3850	CTM
3900	CTM
3950	CTM
4000	OTM
4050	OTM
For PUT Options	
Strike Price	Strike Type
3600	OTM
3650	OTM
3700	CTM
3750	CTM
3800	CTM
3850	CTM
3900	CTM
3950	CTM
4000	ITM
4050	ITM

A table-giving gist of exercise procedure under different option series is given below:

Series	Exercise procedure	Effect
ITM (Other than CTM)	Positions shall be exercised automatically	<ul style="list-style-type: none"> Positions would get exercised and shall be clubbed with the open position in the corresponding futures contract and the resultant long and short open positions shall be settled through delivery of goods Difference between final settlement price and strike price shall be cash settled on T+1 day and form part of the MTM pay-in and pay-out.
	ITM long position holder can give contrary instruction	<ul style="list-style-type: none"> No positions will get exercised Expire worthless
CTM (other than ITM) / CTM (other than OTM)	No position shall be exercised. An 'explicit instruction' shall be placed for exercise of Options by the long position holders	<p>If the option holder do not give the 'explicit instruction' for exercise</p> <ul style="list-style-type: none"> No positions will get exercised Expire worthless
		<p>If the option holder gives the 'explicit instruction' for exercise</p> <ul style="list-style-type: none"> Positions would get exercised and shall be clubbed with the open position in the corresponding futures contract and the resultant long and short open positions shall be settled through delivery of goods. Difference between final settlement price and strike price shall be cash settled on T+1 day and form part of the MTM pay-in and pay-out
OTM (Other than CTM)	Positions shall not be exercised.	<ul style="list-style-type: none"> All positions will expire worthless

Marking Instruction for Exercising the positions

- The members can mark the instruction to / not to exercise through NCFE post close of trading session of option contract on expiry day
- Instruction can be marked by holder of the options contract i.e. long position holder
- For ITM option series except CTM, members shall give instruction for the quantity which is not intended to be exercised.

Option Status	Position	Contrary instruction (Instruction to exercise)	Effect
ITM	100	30	Partial Instruction – Balance 70 quantity shall get exercised.
ITM	100	-	No Instruction – 100 quantity shall get exercised.
ITM	100	100	Full Instruction – No positions will get exercised.

- a. For CTM option series, members shall give instruction for the quantity which is intended to be exercised.

Option Status	Position	Explicit instruction (Instruction to exercise)	Effect
CTM	100	30	Partial Instruction - 30 quantity shall get exercised.
CTM	100	-	No Instruction - No positions will get exercised.
CTM	100	100	Full Instruction - 100 quantity shall get exercised.

A user manual for marking the instruction shall be available for download in NCFE

Assignment Process

- The long positions in options contracts shall be assigned to short positions in the same contract.
- The total quantity to be exercised shall be computed as per exercise mechanism
- The total quantity to exercise in an options contract will be divided by the total long open positions in the options contract to determine the "exercise ratio".
- The short position of each client in the options contract of same series will be multiplied by the exercise ratio to determine the pro-rata quantity for assignment.
- Quantity equal to the pro-rata quantity rounded down to the nearest multiple of Futures lot size will be assigned to short position holders in the first round of assignments.
- If the total long quantity to be exercised has not been assigned in this first assignment round then a second assignment round will be carried out to assign the remaining quantity (i.e., the quantity remaining after subtracting the quantity assigned in the first round from the total long quantity to be exercised)
- The remaining quantity will be assigned one lot at a time in descending order from the short positions with the largest remaining pro-rata quantity to the short position with the smallest remaining pro-rata quantity.
- In the event that two or more short positions has equal remaining pro-rata quantity, and there is an insufficient quantity to assign to all such short positions, then a random number will be used by systems to determine assignment.

Pay in and Pay out for final physical settlement

On expiry of Options contract, the net exercised / assigned open position across all option series and option types shall be clubbed with the open position in the corresponding futures contract and the resultant long and short open positions shall be marked for delivery. The Buyers and the Sellers need to give their location preference through Web NCFE system provided by the Clearing Corporation. If the Sellers fail to give the location preference, then the allocation to the extent of his open position will be allocated to the base location.

Delivery Pay in & Pay out shall happen on Expiry (E)+2 basis in accordance with the settlement calendar issued by the Clearing Corporation periodically.

The table below illustrates timings for pay in and pay out in case of positions marked for physical settlement. The buyers / sellers would have to deposit requisite funds/ Turmeric with their respective Clearing member before “pay in”.

Pay in and Pay out for Final Settlement in case of physical deliveries	
Time (T/E+2)	Activity
On or before 12.00 hrs	PAYIN Debit Buyer Member Clearing and Settlement a/c for funds Debit Seller Member's CM Pool Account for Turmeric
After 15.00 hrs	PAYOUT Credit Seller Member Clearing and Settlement a/c for funds Credit Buyer Member's CM Pool Account for Turmeric

Additionally, the supplemental settlement for Turmeric for premium / discount adjustments relating to quality of Turmeric delivered, actual quantity delivered and close out for shortages, will also be conducted on the same day. Clearing Members are required to maintain adequate fund balances in their respective accounts

Pay in and Pay out for supplemental settlement	
Time (T/E + 2)	Activity
On or before 15.00 hours	PAY IN - Debit Member Clearing and Settlement a/c for funds
After 15.00 hours	PAY OUT – Credit Member Clearing and Settlement a/c for funds

Supplementary Settlement for GST

NCCL will conduct a separate supplementary settlement, as illustrated below, three days after normal pay out for completion of GST transactions on deliveries effected by a buyer and seller on the Exchange platform.

In order to facilitate issue of invoice to right parties, the buyer Clearing Members are required to give the buyer client details to the Clearing Corporation latest by 15.00 hrs on T/E+3 day failing which the buying member is considered as the end buyer and accordingly invoice is issued in his/their name.

The Seller Clearing Members are required to give the seller client details to the Clearing Corporation latest by 15.00 hrs on T/E + 4 day.

The amounts due to the above differences will be debited / credited to members clearing and settlement account similar to normal settlement.

Pay in and Pay out for GST	
Time (T/E + 5)	Activity
On or before 9.30 hours	PAY IN: Debit Buyer Member Clearing and Settlement a/c for funds
After 9.30 hours	PAY OUT: Credit Seller Member Clearing and Settlement a/c for funds

For further details on the procedure for Supplementary Settlement for GST and the procedure for exchange of Physical Delivery information please refer circular number NCCL/CLEARING-020/2020 issued on April 07, 2020 and NCCL/CLEARING-018/2021 issued on May 24, 2021 on Consolidated Circular - Clearing Settlement Procedures.

Early Pay-in of Commodities

Members can make an early pay-in of commodities post allocation of physical delivery obligation to get exemption from the applicable delivery margin and the same would be considered for the purpose of adjustment against their settlement obligations. The member shall mark EPI using the NCFE web application. The user guide for the same is available for download under: -

NCFE Menu: Downloads-> Download files-> Under User Manual folder-> EPI user guide

For further details, refer circular no. NCCL/CLEARING-018/2021 dated May 24, 2021.

Completion of Settlement on NCCL Platform

The settlement obligations on NCCL platform shall be deemed to be completed as per the provisions of the Rules, Bye-laws and Regulations of the Clearing Corporation and the circulars issued by the Clearing Corporation thereunder from time to time.

Exhibit 1: Contract Specifications of Options in Goods on Turmeric
(Applicable for contracts expiring in the month of April 2023 and thereafter)
(Updated as on February 03, 2023)

Type of Contract	Options in Goods
Underlying	TMCFGRNZM
Symbol	<UNDERLYING SYMBOL><OPTIONS EXPIRY DATE- DDMMYY><CE/PE><STRIKE PRICE><UNDERLYINGTYPE-F/S> Example: TMCFGRNZM20MAY20CE4100S
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-010/2021 dated March 24, 2021 and NCCL/CLEARING-029/2021 dated August 18, 2021.
Options Type	European
Premium Quotation/base value	Rs. Per Quintal
Tick Size	Rs. 1 per Quintal
Due Date/ Expiry Date	Expiry date of the contract: 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. The settlement of contract would be by a staggered system of Pay-in and Pay-out including the Last Pay- in and Pay-out which would be the Final Settlement of the contract.
Strike Interval	100
Number of Strikes	10-1-10

Quality Parameters	<p>Farmer Polished Turmeric Fingers with the following specifications as the basis</p> <p>Farmer Polished Turmeric Fingers</p> <ul style="list-style-type: none"> • Inferior quality Turmeric* should not be more than 2.25% • Length <ul style="list-style-type: none"> ○ Fingers that are broken/those less than 15mm should not be more than 3.0% ○ Fingers less than or equal to 3 cm in length should not be more than 15% • Damage due to moisture (i.e. Lokhandi) or over boiling (i.e. Kadh) should not be more than 1.2% • Unboiled or less boiled (Gajarthod) turmeric should not be more than 0.5% • Bhusa, chaff dirt, earth clods and stones should not be more than 0.75% • Bulbs should not be more than 3% • Moisture: 12% max • Turmeric should be free from fungus • Turmeric should not be artificially colored with dyes or chemicals <p>* Chora/atthu finger, khota gatha, markha</p>
Also Deliverable	<p>The following qualities will be acceptable at Exchange specified premium/discount</p> <ul style="list-style-type: none"> • Unpolished Turmeric fingers of Nizamabad at Nizamabad • Only Farmer Polished Fingers of Nizamabad at Sangli • Only Farmer Polished Fingers of Rajapore at Sangli • Only Farmer Polished Fingers of Erode at Erode • Only Farmer Polished Fingers of Salem at Erode • Only Farmer Polished Fingers of Salem at Basmat
Quantity Variation	+/- 2%
Basis	Farmer polished turmeric fingers Nizamabad quality ex warehouse Nizamabad exclusive of GST
Delivery Centre	Nizamabad (up to the radius of 50 Km from the municipal limits)
Additional Delivery Centres	Sangli, Erode, and Basmat (up to the radius of 50 Km from the municipal limits) with location wise premium/discount as announced by the Exchange
Options Launch Calendar	As per the Options Launch Calendar
Trading Hours	<p>As notified by the Exchange from time to time, currently:</p> <p>Mondays through Fridays: 9:00 a. m. to 5:00 p.m.</p> <p>The Exchange may vary the above timing with due notice</p>
Daily Price Range (DPR)	Based on the factors of Daily Price Range (DPR) of Futures contract and volatility.
Position Limits	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>Numerical value for client level/member level limits in Options shall be twice of corresponding numbers applicable for Futures contracts.</p> <p>Turmeric: 1,12,000 MT and 11, 200 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: 14,000 MT or One-eighth of the member's overall position limit in that commodity, whichever is higher.</p> <p>Client-wise: 1,400 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 Method	<p>On exercise, Option position shall result in physical Delivery of 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																																								
Final Settlement Price	<p>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:</p> <table><tr><th rowspan="2">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>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></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
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	
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. 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>						
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 requirement. Thus, mark to market gains and losses would not be settled in cash for options positions.• 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.						

	<ul style="list-style-type: none"> • Other margins: Other margins like additional margins and special margins shall be applicable as and when they are levied by the Exchange/CC/Regulator.
Minimum Initial margin	12%
Extreme Loss Margin (ELM)	1%

Tolerance limit for Outbound delivery:

Specification	Basis	Tolerance Limit
Inferior quality Turmeric (Chora/atthu finger, khota gatha, markha)	Upto 2.25%	+/- 0.3%
Length	Fingers less than or equal to 3 cm in length should not be more than 15%	+/- 3%
Damage due to moisture (i.e. Lokhandi) or over boiling (i.e. Kadh)	Upto 1.2%	+/- 0.2%
Bhusa, chaff dirt, earth clods and Stones	Upto 0.75%	+/- 0.25%
Bulbs	Upto 3%	+/- 0.5%
Upper limit on the total of all tolerances		+/- 3.6%

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 NCCL empaneled assayer.

Contract Launch Calendar

Contract Launch Month	Contract Expiry Month
October 2022	April 2023
November 2022	May 2023
December 2022	June 2023
January 2023	No launch
February 2023	August 2023
March 2023	No launch
April 2023	October 2023
May 2023	No launch
June 2023	December 2023
July 2023	No launch
August 2023	No launch
September 2023	No launch

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 and/or 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 warehouses of NCCL 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 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 noncompliance thereof.

It is further clarified that upon the exercise of an option contracts, it shall be the responsibility of the parties to ensure that the commodity specifications on exercise will be the same as mentioned in the contract specification of the Options in Goods on Turmeric and it shall be the responsibility of the parties to ensure compliance of all applicable laws including those as stated above.

Exhibit 2 - Warehouse / Assayer Address Details

For information and updated list of Warehouse & Assayers kindly refer to the given Website
<https://www.nccl.co.in/warehousing/warehouse-data>

Exhibit 3: Good / Bad delivery norms for acceptance of Commodity at warehouse

Sr. No.	Particulars	Good / Bad delivery
1.	Quality not meeting futures contract specification.	Bad delivery
2.	Delivery at non Approved warehouse.	Bad delivery
3.	Delivery completed but without sampling & testing / certification / expired validity.	Bad delivery
4.	Delivery without weight certificate.	Bad delivery
5.	Weighed at other than recognized by Approved warehouse/ weigh bridge / weigh scale	Bad delivery
6.	When sample is not drawn as per sampling norms and not carried out at the time of unloading	Bad delivery
7.	Delivery not as per the packaging specification	Bad delivery
8.	Delivery found contaminated on visual inspection	Bad delivery

Exhibit 4: Specimen of Turmeric (TMCFGRNZM) Testing Report

CERTIFICATE OF QUALITY			
Date : _____		Report no.: _____	
NCDEX member/Client Name : _____ Commodity : _____ Warehouse Name and Address: _____ Lorry No. : _____ Lot number: _____			
QUALITY : The results of analysis performed by our laboratory of the samples collected by Ware House _____ is stated below :			
Test Items	Test method	Specification	Test results
The material delivered by the above NCDEX Member is in accordance with the specification provided bearing grade _____ and valid up to _____. The goods delivered may be accepted / rejected.			
Chief Inspector / Authorized Signatory			