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**CHAPTER 1 - TRADING PARAMETERS**

**Authority**

Trading of **Crude Palm Oil** futures may be conducted under such terms and conditions as specified in the Rules, Byelaws & Business Rules and directions of the Exchange issued from time to time. **Crude Palm Oil** futures contract specification is indicated in **Annexure 1**

**Unit of Trading**

The unit of trading shall be 10 MT. Bids and offers may be accepted in lots of 10 MT or multiples thereof.

**Months Traded In**

Trading in Crude Palm Oil futures may be conducted as specified in **Annexure 1** and may be changed by the Exchange from time to time.

**Tick Size**

The tick size of the price of **Crude Palm Oil** shall be Re. 0.05 (5 paisa).

**Basis Price**

The basis price of Crude Palm Oil shall be **Ex-Tank Kandla** (Exclusive of Sales Tax / VAT and inclusive of all other taxes, levies and duties as applicable).

**Unit of Price Quotation**

The unit of price quotation for **Crude Palm Oil** shall be in Rupees per 10 Kg. The basis for **Crude Palm Oil** is Exclusive of Sales Tax / VAT and inclusive of all other taxes, levies and duties as applicable.

**Trading Hours**

The hours of trading for futures in Crude Palm Oil shall be as follows:

- Mondays to Fridays – 10.00 a.m. to 11:30/11:55\* p.m.

\*During US day light saving period.

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

**Contract Expiry Date**

Last Trading day of the month. If last day of the calendar is a holiday then the preceding working day.

**Mark to Market**

The outstanding positions in futures contract in Crude Palm Oil would be marked to market daily based on the Daily Settlement Price (DSP) as determined by the Exchange.

**Position limits**

**Member level:** 250,000 MT or 20 % of total market wide open interest, whichever is higher

**Client level:** 25,000 MT Or 5 % of total market wide open interest, whichever is higher

The above limits will not apply to bonafide hedgers. For bonafide hedgers the Exchange will decide the limits on a case-to-case basis.

Near month limits (Applicable from 28 days prior to expiry date of the contract).

**Member level:** 125,000 MT 20% of total near month market wide open interest, whichever is higher

**Client level:** 12,500 MT Or 5 % of total near month market wide open interest, whichever is higher.

**Margin Requirements**

The Exchange will use Value at Risk (VaR) based margin calculated at 99% confidence interval for one day time horizon. The Exchange reserves the right to change, reduce or levy any additional margins including any mark up margin.

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**Special / Additional Margins**

When there is excess volatility, Exchange will impose special/additional margin of appropriate percentage, as deemed fit on buy and/or sell side in respect of all outstanding positions. Removal of such Margins will be at the discretion of the Exchange.

**Tender Margin**

Tender Margin is currently not applicable for Crude Palm Oil Contract.

**Delivery Margins**

In case of open positions materializing into physical delivery, delivery margins as may be determined by the Exchange from time to time will be charged. The Delivery Margin currently applicable for Crude Palm Oil Contract is 10%.

**Delivery Default Penalty**

The penalty structure for failure to meet delivery obligations will be as announced by the Exchange / FMC from time to time.

**Arbitration / Adjudication**

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

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### CHAPTER 2 - DELIVERY PROCEDURES

#### Unit of Delivery

The unit of delivery for **Crude Palm Oil** shall be 10 MT.

#### Delivery Size

Delivery is to be offered and accepted in lots of 10 MT gross or multiples thereof. A quantity variation of +/- 2% is permitted as per contract specification.

#### Delivery Request

The procedure for Crude Palm Oil delivery is based on the contract specifications as per **Annexure 1**. The window for acceptance of delivery requests will be open for last 3 trading days of contract expiry month including expiry day.

Thereafter, system based intention matching process would be completed by the Exchange, considering the storage capacity of tank and Crude Palm Oil already deposited / dematerialized for delivery or any other factor(s) that the Exchange deems appropriate for completion of the matching process.

It may be noted that upon expiry of the contract, sellers and buyers whose intentions have been matched by the Exchange system, shall be bound to settle their position by giving or taking physical deliveries on the Exchange platform. In case of failure to meet delivery obligations, delivery default penalties as announced by the Exchange / FMC from time to time will be levied. All open positions on expiry for which no intentions have been received will be cash settled.

#### Delivery Allocation

Allocation of deliveries against the intentions received will be done after expiry of the contract. The Exchange will send the delivery details to members.

#### Actual Delivery

Where Crude Palm Oil is sold for delivery in a specified month, the seller must have requisite electronic credit of such Crude Palm Oil holding in his Clearing Member's Pool Account before the scheduled date

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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 depository account. However, the buyer must take actual physical delivery of Crude Palm Oil before expiry of the validity date as indicated in the quality test report / Assayer's Certificate of the Assayer.

### **Accredited Tank**

The Exchange would accredit tanks for receipt and delivery of Crude Palm Oil. Crude Palm Oil will be received and delivered only from the Exchange accredited tank.

The **Crude Palm Oil** received at the Exchange accredited tanks will be tested and certified by Exchange accredited Assayer before acceptance as good delivery in the tank. Likewise, Crude Palm Oil delivered to buyers will be from the accredited storage tank only.

### **Quality Standards**

The quality for delivery of **Crude Palm Oil** futures contracts made under Exchange regulations shall be Crude Palm Oil conforming to the quality specification indicated in the contract. No lower grade / quality shall be accepted in satisfaction of futures contracts for delivery except as and to the extent provided in the contract specifications. Delivery of higher grade would be accepted without any premium.

### **Packaging**

Crude Palm Oil would be stored in tanks accredited by the Exchange.

### **Standard Allowances**

Sample weight per validation of quality allowed will be 0.1% on account of sample testing.

### **Weight**

The quantity of Crude Palm Oil received and / or delivered at the Exchange designated tank would be determined / calculated by the weighbridge / weigh scale of the designated tank and the quantity so determined would be binding on all parties.



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### Good / Bad delivery Norms

**Crude Palm Oil** delivery into Exchange designated tank would constitute good delivery or bad delivery based on the good / bad delivery norms as per **Annexure 2**. The list contained in **Annexure 2** is only illustrative and not exhaustive. The Exchange will from time to time review and update the good / bad delivery norms retaining the trade / industry practices.

### Crude Palm Oil sampling

From every tanker containing Crude Palm Oil brought to the Exchange accredited tank, 500ml of Crude Palm Oil from top, middle and base is drawn for sampling purposes. A composite mixture of 1500ml is made from each tanker. This is then divided into 4 parts.

These samples will be distributed as under:

- One sample to Depositor
- One sample to storage tank owner
- One sample for Analysis by assayer
- One sample for record with assayer

After getting the necessary certificate from the Assayer related to the quality, the Crude Palm Oil is then poured into the Exchange accredited tank.

### Accredited Assayer

The Exchange has approved the Assayer for quality testing and certification of **Crude Palm Oil** received at the designated tank. The quality testing and certification of **Crude Palm Oil** will be undertaken only by the approved Assayer.

### 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 **Annexure 3**.

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**Testing Procedure**

Testing for **Crude Palm Oil** will be done both physically and chemically and will be as per the process defined by the Exchange.

**Assayer Certificate**

Testing and quality certificate issued by the Exchange approved Assayer for **Crude Palm Oil** delivered at designated tanks in Indore and at such other locations announced by the Exchange from time to time shall be acceptable and binding on all parties. Each delivery of **Crude Palm Oil** at the tank must be accompanied by a certificate from the Exchange approved Assayer in the format as per **Annexure 3**.

**Validity period**

The validity period of the Assayer’s Certificate for Crude Palm Oil is as given in the table below:

Month in which Crude Palm Oil is deposited /Date of entry by tank in Exchange system (Jan -Dec)	Final Validity Date (FVD) from the date of Fresh Deposit (no. of months)
January	1
February	1
March	1
April	1
May	1
June	1
July	1
August	1
September	1
October	1
November	1
December	1

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**Electronic transfer**

Any buyer or seller receiving and or effecting Crude Palm Oil would have to open a depository account with the Exchange empanelled Depository Participant (DP) to hold the Crude Palm Oil in electronic form. On settlement, the buyer's account with the DP would be credited with the quantity of Crude Palm Oil received and the corresponding seller's account would be debited. The Buyer wanting to take physical delivery of the Crude Palm Oil holding has to make a request in prescribed form to his DP with whom depository account has been opened. The DP would route the request to the tank for issue of the physical commodity i.e. Crude Palm Oil to the buyer and debit his account, thus reducing the electronic balance to the extent of Crude Palm Oil so rematerialized.

**Charges**

All charges and costs payable at the storage tank towards delivery of Crude Palm Oil including sampling, grading, weighing, handling charges, storage etc. from the date of receipt into storage tank upto date of pay in & settlement shall be paid by the seller.

No refund for tank 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. Tank storage charges will be charged to the member / client by the respective Depository Participant.

The Assayer charges for testing and quality certification should be paid to the Assayer directly at the delivery location either by cash/ cheque/ demand draft.

**Duties & levies**

All duties, levies etc. up to the point of sale will have to be fully borne by the seller and shall be paid to the concerned authority. All related documentation should be completed before delivery of **Crude Palm Oil** into the Exchange accredited storage tank.

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**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 State in which such contract note is received by the client.

**Taxes**

**Service tax**

Service tax will be payable by the members of Commodity Exchanges on the gross amount charged by them from their clients on account of dealing in commodities.

**Sales Tax / VAT**

Local taxes / VAT wherever applicable is to be paid by the seller to the sales tax / VAT authorities on all contracts resulting in delivery. Accordingly the buyer will have to pay the taxes / VAT to the seller at the time of settlement. Members and / or their constituents requiring to receive or deliver **Crude Palm Oil** should register with the relevant tax / VAT authorities of the place where the delivery is proposed to be received / given. In the event of sales tax exemption, such exemption certificate should be submitted before settlement of the obligation. There will be no exemptions on account of resale or second sale in VAT regime.

**Premium / Discount**

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

The Exchange will communicate the premium / discounts amount applicable. Such amount will be adjusted to the member's account through the supplementary settlement.

Currently, there are no premium/discounts applicable for the commodity.

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**CHAPTER 3 - CLEARING AND SETTLEMENT**

**Daily Settlement**

All open positions of a futures contract would be settled daily based on the Daily Settlement Price (DSP).

**Daily Settlement Prices**

The Daily Settlement Price (DSP) will be as disseminated by the Exchange at the end of every trading day. The DSP will be reckoned for marking to market all open positions.

**Final Settlement Prices**

The Exchange shall adopt the following methodology for arriving at the Final Settlement Price.

- The Final Settlement Price (FSP) shall be arrived at by taking the simple average of the last three trading days polled spot price, viz. E-0 (expiry day), E-1, E-2.
- In the event of the spot prices of any of the E-1 and E-2 is not available, the spot prices of E-3 would be used for arriving at the average.
- In case the spot prices are not available for both E-1, and E-2, then the average of E-0 and E-3 (two days) would be taken.
- If all the three days' prices, viz., E-1, E-2 and E-3 are not available, then only one day's price, viz., E-0, will be taken as the FSP.

**Spot Prices Polling Mechanism**

The Exchange will poll the spot price of specified quality (Ex-tank) from Kandla.

**Dissemination of Spot Prices**

Spot prices for **Crude Palm Oil** will be disseminated on daily basis.

**Pay in and Pay out for Daily Settlement**

The table below illustrates timings for pay in and pay out in case of daily settlement. The buyer clients would have to deposit requisite funds with their respective Clearing Member before “pay in”.

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All fund debits and credits for the Member would be done in the Member’s Settlement Account with the Clearing bank.

**Daily MTM settlement**

<b>Time ( Next settlement day)</b>	<b>Activity</b>
Before 11.00 hrs	PAYIN - Debit paying member a/c for funds
12.30 hrs	PAYOUT – Credit receiving member a/c for funds

**Pay in and Pay out for final physical settlement**

The table below illustrates timings for pay in and pay out in case of positions marked for physical settlement. The buyer clients would have to deposit requisite funds with their respective Clearing Member before “pay in”.

Pay in and Pay out for Final Settlement in case of physical deliveries

**For Physical settlement -**

<b>Time (E+2)</b>	<b>Activity</b>
12.00 hrs	Pay in – Debit Seller Member’s CM pool a/c. for Commodity
12.30 hrs	Pay in – Debit Buyer Member’s Settlement a/c for funds
15.30 hrs	Pay out – Credit Seller Member’s Settlement a/c for funds
16.00 hrs	Pay out – Credit Buyer Member’s CM pool a/c. for Commodity

Additionally the supplemental settlement for Crude Palm Oil futures contracts for premium / discount adjustments relating to quality of **Crude Palm Oil** 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.

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Pay in and Pay out for supplementary settlement

**Time (E + 2) Activity**

At 15.00 hours PAY IN - Debit Member Settlement a/c for funds.

At 15.30 hours PAY OUT – Credit Member Settlement a/c for funds (The payout is done along with the delivery funds payout)

**Supplementary Settlement for Taxes**

The Exchange will conduct a separate supplementary settlement, as illustrated below, 3 days after the final pay out for completion of tax transactions.

In order to facilitate issue of invoice to right parties, the buyer Clearing Members are required to give the buyer client details to the Exchange latest by 15.00 hrs on 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 Exchange latest by 15.00 hrs on E + 4 day.

Time ( E+5)	Activity
On or after 16.00 hrs	Pay in – Debit Buyer member a/c for funds.
On or after 16.30 hrs	Pay out – Credit Seller member a/c. for funds.

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**Annexure 1 – Contract Specifications of Crude Palm Oil**

Name of Commodity	Crude Palm Oil	
Ticker symbol	CPO	
Basis center	Ex-Tank Kandla (Exclusive of Sales Tax / VAT and inclusive of all other taxes, levies and duties as applicable)	
Unit of trading	10 MT	
Delivery Type	Both Option	
Delivery unit	10 MT	
Price quotation	Rs. per 10 kgs.	
Tick size	5 Paisa	
Quality specification	CPO with the following specifications:	
	Refractive Index, 50°C	1.4491-1.4552
	Specific Gravity, 42°C	0.895-0.897
	Saponification Value	195-205
	Iodine Value	45-56
	Unsaponification Value	1.2 % Max
	FFA	5 % Max
	Moisture & Impurities	0.25 % Max



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Quantity Variation	+/- 2%
Delivery Method	<p><b>Demat Delivery</b></p> <p>Seller will deliver the goods through Exchange <b>Accredited</b> Tank.</p> <p>Goods will have to pass through the Quality Certification process during inbound delivery. Quality certification of Goods will be done by Exchange authorized assayer.</p> <p>Buyer will receive the goods from the Exchange <b>Accredited</b> Tank.</p>
Delivery Centre	<p>Kandla</p> <p>(Delivery will be accepted in Exchange accredited tank located within 50 km radius from the municipal limits)</p>
Trading Hours	<p>Monday to Friday: 10.00 a.m. to 11.30/11:55* p.m.</p> <p>*During US day light saving period.</p>
Contract Expiry Date	<p>Last Trading day of the month</p> <p>If last day of the calendar is a holiday then the preceding working day.</p>
Opening of Contract	<p>New contracts will be available for trading from 11<sup>th</sup> day of the month as per the launch calendar. If the 11<sup>th</sup> day happens to be a non-trading day, new contracts would open on next trading day.</p>
Daily Price Limit	<p>Daily price fluctuation limit is (+/-) 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 (+/-) 1%.</p> <p>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%.</p>

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Position Limits	<p><b>Member level:</b>,250,000 MT or 20 % of total market wide open interest, whichever is higher</p> <p><b>Client level:</b> 25,000 MT Or 5 % of total market wide open interest, whichever is higher</p> <p>The above limits will not apply to bonafide hedgers. For bonafide hedgers the Exchange will decide the limits on a case-to-case basis.</p> <p><b>Near month limits</b> (Applicable from 28 days prior to expiry date of the contract).</p> <p><b>Member level:</b> 125,000 MT 20% of total near month market wide open interest, whichever is higher</p> <p><b>Client level:</b> 12,500 MT Or 5 % of total near month market wide open interest, whichever is higher.</p>
Maximum Order Size	<b>500 MT (50 Lots)</b>
Final Settlement Price (FSP)	<p>The Exchange shall adopt the following methodology for arriving at the Final Settlement Price.</p> <ul style="list-style-type: none"> <li>• The Final Settlement Price (FSP) shall be arrived at by taking the simple average of the last three trading days polled spot price, viz. E-0 (expiry day), E-1, E-2.</li> <li>• In the event of the spot prices of any of the E-1 and E-2 is not available, the spot prices of E-3 would be used for arriving at the average.</li> <li>• In case the spot prices are not available for both E-1, and E-2, then the average of E-0 and E-3 (two days) would be taken.</li> <li>• If all the three days’ prices, viz., E-1, E-2 and E-3 are not available, then only one day’s price, viz., E-0, will be taken as the FSP.</li> </ul>
Minimum Initial Margin	5%

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Special Margin	When there is excess volatility, Exchange may impose special margin of appropriate percentage, as deemed fit and proper on either long or short side in respect of all outstanding positions. This margin will remain till such excess volatility persists, after which the same will be relaxed.
Additional Margin	The Exchange may impose additional margins on both long and short side at such other percentage, as deemed fit. Removal of such Margins will be at the discretion of the Exchange
Regulatory Margin	In addition to the above margins, the Regulator may impose additional margins on long and/or short side at such other percentage as deemed fit. Removal of such Margins will be at the discretion of the Regulator.

**Contract Launch Calendar – Crude Palm Oil**

Contract Launch Month	Contract to be launched
September	January
October	February
November	March
December	April
January	May
February	June
March	July
April	August
May	September
June	October
July	November
August	December

**Annexure 2 - Good / Bad delivery norms**

Sr. No.	Particulars	Good/Bad Delivery
1	Delivery before contract expiration.	Good Delivery
2	Quality not pertaining to Contract specifications.	Bad Delivery
3	Delivery at other than Exchange accredited storage tanks.	Bad Delivery
4	Delivery completed with expired validity.	Bad Delivery
5	Non-abidance of weighbridge certificate.	Bad Delivery
6	Delivery size not pertaining to the Contract Specifications.	Bad Delivery
7	Delivery after specified working hours.	Bad Delivery
8	Delivery with improper documentation.	Bad Delivery
9	Crude Palm Oil weighed at other than Exchange accredited storage tank weigh bridge / weigh scale.	Bad Delivery
10	Delivery of Crude Palm Oil found contaminated on visual inspection.	Bad Delivery

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**Annexure 3 – Commodity Deposit Form (CDF)**

**Commodity Deposit Form**

Demat  Non Demat

Date of Deposit:

Time of Deposit:

Name Of Warehouse	
Address of Warehouse	
Name of Depositor	
Address of Depositor	
For the account of (beneficiary name)	
PAN No.	
Name of the Agent	
Address of the Agent	
Details of Depositor	Client Id:
	Client Name:
	DP Id:
	DP Name:
	*Member ID:
	*Member Name:

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Details of Commodity Deposited			
Name of Commodity	Qty (Net weight accepted inside the Tank)	No. of lots/bags	Remarks if any

I / we hereby declare that the commodities being deposited herein belong to the beneficiary as stated above and are free from any encumbrances. I/we hereby request the warehouse to accept the deposit of the commodities in the name of beneficiary stated above subject to acceptance of quality by Exchange empanelled the assayer.

\_\_\_\_\_

Signature of the Depositor

**Acknowledgement from the warehouse**

Name of the warehouse \_\_\_\_\_ We hereby acknowledge the receipt of (quantity) \_\_\_\_\_ (unit) \_\_\_\_\_ of \_\_\_\_\_ (commodity details) from \_\_\_\_\_ (name of the depositor) to be credited for the commodities demat account or to be issued a DSR (in case of Non Demat Process) of bearing Client Id: \_\_\_\_\_ on \_\_\_\_\_ at \_\_\_\_\_ am/pm

Authorized Signature \_\_\_\_\_

(Rubber Stamp)

\*Applicable only in case of Non Demat Process.