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CHAPTER 1 - TRADING PARAMETERS

Authority

Trading of **Crude 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 Oil** futures contract specification is indicated in **Annexure 1.**

Unit of Trading

The unit of trading shall be 100 barrels. Bids and offers may be accepted in lots of 100 barrels or multiples thereof.

Months Traded In

Trading in Crude 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 Oil** shall be Rupee 1.00.

Basis Price

Ex – Mumbai excluding all taxes, levies and other expenses.

Unit for Price Quotation

The unit of price quotation for **Crude Oil** shall be in Rupees per barrel.

Trading Hours

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

Mondays to Fridays – 10.00 a.m. to 11.30 p.m / 11.55 PM as announce by Exchange from time to time All timings are as per Indian Standard Timings (IST).

Contract Expiry Date

As per Contract launch calendar in **Annexure 2**

Mark to Market

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

Position limits

Member level: 48,00,000 Barrels or 20% of market wide open position whichever is higher for all Crude Oil contracts combined together.

Client level: 4,80,000 barrels for all Crude Oil contracts combined together.

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

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/special margins including any markup margin.

Special / Additional Margin

When there is excess volatility, the Exchange may 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.

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 Oil Contract is 20 %.

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 Regulations of the Exchange.

CHAPTER 2 - 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

FSP is calculated on the last trading day of the contract on the basis of the domestic/International benchmarked spot price of this variety of crude oil from various market sources and converted at the RBI Rupee – US dollar rate prevailing at expiry.

Dissemination of Spot Prices

Spot prices for **Crude Oil** will be disseminated on daily basis. The Exchange has absolute right to modify the process of determination of spot prices at any time without notice.

Funds Pay in and Pay out for MTM Settlement

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

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

Daily MTM settlement

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

Pay in and Pay out for Delivery

The table below illustrates timings for pay in and pay out of Funds and Commodities in case of positions marked for delivery from base delivery center.

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

Additionally the supplemental settlement for **Crude Oil** futures contracts for premium adjustments relating to quantity of **Crude Oil** delivered shall be conducted on **E+2** day basis. Clearing Members are required to maintain adequate fund balances in their respective accounts.

Pay in and Pay out for supplementary settlement

Time (E+2)	**Activity**
14.00 hrs	Pay in – Debit Buyer Member's Settlement a/c for funds
14.30 hrs	Pay out – Credit Seller Member's Settlement a/c for funds

Supplementary Settlement for Taxes

The Exchange will conduct a separate supplementary settlement, as illustrated below,

Time (E+4)	**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.

CHAPTER 3- DELIVERY PROCEDURES

Delivery logic	Both Option
Delivery Centre	JNPT/ Mumbai Port
Delivery unit	50,000 barrels
Last Day of Trading	As per the contract launch calendar
Delivery date	2nd Working day after the expiry of the contract
Delivery Intention by buyers and Sellers	Sellers & Buyers having open positions can give their intention/notice to deliver to the extent of his open position during last three trading days including the expiry day.
Matching of Intentions	Intentions received from Buyers and sellers will be matched after the trading hours on the Expiry day and shall be informed to the respective buyer and seller through exchange system. The unmatched quantity of open position will be closed out as per Final Settlement Price. The actual delivery will take place only to the extent of matched quantity
Delivery Mode	Delivery settlement will be in electronic form only
Dissemination of information on delivery intentions by Sellers	The exchange shall inform the matched position for delivery to respective buyer's/ seller's member through exchange system after the expiry of the contract.
Delivery Margin	20% on the matched quantity
Exemption from Delivery Margin	Delivery margin is exempted if goods are tendered in Early Pay In Account
Delivery Pay-in	On **E+2** working day by 12.00 hrs
Delivery Funds Pay-in	On **E+2** working day by 12.30 hrs.

Delivery Funds Pay-out	On **E+2** working day by 15.30 hrs
Delivery Pay-out	On **E+2**working day by 16.00 hrs after completion of Funds Pay-in On settlement, the buyer's Clearing Member's Pool Account would be credited with the said delivery quantity. The Clearing Member is expected to transfer the same to the Buyer's beneficiary account.
Close out of outstanding positions	All outstanding positions on the expiry of contract for which the intention to deliver has not been received by the exchange and such positions where the intention is received but could not be matched due to unavailability counter party, shall be closed out at Final settlement price and the respective pay in payout of funds of such close out positions shall be effected on the following day of the Expiry of contract.
Penal Provision	After matching of intentions of buyers and sellers to take and give delivery, if seller fails to deliver then a penalty of 2.5% of the FSP shall be imposed on defaulting seller out of which 2% shall be credited to the SGF and 0.5% shall be credited to counter party buyer so matched by the exchange process. And 4% of FSP as a replacement cost shall be charged to the defaulting seller out of which 90% shall be given to the counter party buyer so matched by the exchange process and 10% shall be retained as exchange as administrative charges
Buyer's obligation	The buyer shall not refuse taking delivery and failure on part of buyer to get funds will result in buyer defaults and necessary provisions shall be made applicable
Odd lot Treatment	Delivery shall take effect only when the intentions received by the buyers and sellers are in delivery lot or multiples there off. Any exceptions shall be treated as odd lot and shall not be matched and shall not result into delivery.
Legal obligation	The members will provide appropriate tax forms wherever required as per law and as customary and neither of the parties will unreasonably refuse to do so
Taxes, duties, Cess and levies	**Ex-Mumbai excluding all taxes, levies and other expenses** All other charges, levies or Cess, import or export duties and taxes applicable at the delivery center shall be borne by buyer.

Quality Standards	The contract quality for delivery of Crude Oil futures contracts made under the Exchange Regulations shall be conforming to the quality specification indicated in the contract in **Annexure 1**. 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 goods	Each delivery shall be in multiples of minimum delivery lots and shall be designated for only one delivery center and one location in such center. Delivery will be accompanied with duly discharge storage / shipping / import / export documents, invoice and valid quality certificate, as per the contract specifications from approved quality certifying agency. Delivery once submitted cannot be withdrawn or cancelled or changed unless so agreed by the Exchange. Goods tendered under delivery shall be in conformity with the contract specification.
Delivery Grades	The seller tendering delivery will have the option of delivering such grade as permitted by Exchange as per contract specifications. The buyer will not have any option to select a particular grade and the delivery offered by the seller and allocation by the Exchange shall be binding on the buyer.
Electronic Transfer	Delivery settlement of Crude Oil on the exchange platform will be in Electronic form only. Any buyer or seller receiving and / or effecting delivery of Crude Oil would have to open Ace Link account with an Exchange empanelled commodity Participant (CP) to hold the Crude Oil delivery in electronic form. On settlement, the buyer's account with the CP would be credited with the quantity of Crude Oil received and the corresponding seller's account would be debited. The Buyer intending to take physical delivery of his Crude Oil holdings has to make a request (Withdrawal request) in prescribed form to his CP with whom he maintains the Electronic account.
Charges	All charges and costs associated with the delivery of Crude Oil including Surveying, sampling, grading, weighing, handling charges, storage etc. from the date of receipt of the delivery into designated port installations up to date of pay in & settlement shall be paid by the depositor when he delivers the Crude Oil on Exchange platform. After the pay-out settlement, all charges and costs associated with the delivery including storage, handling etc. shall be borne by the buyer from the date of pay-out till the Crude Oil remains in the exchange accredited port installations. Storage, survey, sampling, grading, weighing and handling charges will be charged to the member / client by the respective Commodity Participant
Quantity Adjustment	50,000 barrels with +/-2% tolerance limit

ANNEXURE-1: CONTRACT SPECIFICATION

Name of Commodity	Crude Oil
Ticker Symbol	CRUDEOIL
Basis Centre	Ex – Mumbai excluding all taxes, levies and other expenses
Unit of trading	100 barrels
Delivery Type	Both option
Delivery unit	50,000 barrels
Price quotation	Rs. per barrel
Tick Size	Re. 1
Maximum Order Size	10,000 barrels
Quality Specification	Light Sweet Crude Oil confirming to the following quality specification is deliverable: Sulfur 0.42% by weight or less, API Gravity: Between 37 degree – 42 degree All volumes are defined at 60 degree Fahrenheit
Quantity Variation	+/- 2%
Delivery Centre	JNPT/ Mumbai Port
Trading Hours	Mondays to Friday: 10.00 a.m. to 11.30 p.m. Note: - The Exchange may vary the above timing with due notice.
Contract Expiry Date	As per Contract launch calendar.
Opening of Contract	New contracts will be available for trading from 1st day of the month as per the Contract launch calendar. If the 1st day happens

	to be a non-trading day, new contracts would open on next trading day.
Daily Price Limit	Daily price fluctuation limit is (+/-) 4%. If the trade hits the prescribed base daily price limit, the limit will be relaxed up to (+/-) 6% without any break/ cooling off period in the trade. In case the daily price limit of (+/-) 6% is also breached, then after a cooling off period of 15 minutes, the daily price limit will be further relaxed up to (+/-) 9%. Trade will be allowed during the cooling off period within the price band of (+/-) 6%. In case of price movement in International markets which is more than the maximum daily price limit (currently 9%), the same may be further relaxed in steps of 3% beyond the maximum permitted price limit and inform the Commission immediately.
Position Limits	**Member wise**: 48,00,000 Barrels or 20% of market wide open position whichever is higher for all Crude Oil contracts combined together. **Client wise**: 4,80,000 barrels for all Crude Oil contracts combined together. The above limits will not apply to bonafide hedgers. For bonafide hedgers the Exchange will decide the limits on a case-to-case basis.
Final Settlement Price **FSP**	FSP is calculated on the last trading day of the contract on the basis of the domestic/International benchmarked spot price of this variety of crude oil from various market sources and converted at the RBI Rupee – US dollar rate prevailing at expiry
Minimum Initial Margin	5%
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.

ANNEXURE-2: CONTRACT LAUNCH CALENDER

Contract Launch Month	Contract Month	Contract Expiry Date
November 27, 2013	December 2013, January 2014, February 2014 March 2014	18th December 2013, 20th January 2014, 19th February 2014, 19th March 2014
December 2013	April 2014	21st April 2014