
CHAPTER 1 - TRADING PARAMETERS	3
Authority	3
Unit of Trading	3
Months Traded In	3
Tick Size	3
Basis Price	3
Unit for Price Quotation	3
Hours of Trading	3
Last Day of Trading	4
Mark to Market	4
Position limits	4
Margin Requirements	5
Special Margin	5
Pre-Expiry Additional Margin	5
Delivery Margins	5
Penalty for cash settlement	6
Arbitration	6
Unit of Delivery	7
Delivery Size	7
Delivery Requests	7
Delivery Allocation	8
Actual Delivery	8
Accredited Warehouse	8
Quality Standards	8
Packaging	9
Standard Allowances	10
Weight	10
Good / Bad delivery Norms	10
Medium Staple Cotton Sampling	10
Accredited Assayer	11
Quality Testing Report	11
Testing Procedure	11
Assayer Certificate	11
Validity period	12
Electronic transfer	12
Charges	13
Duties & levies	13
Stamp Duty	13
Taxes	14
Premium / Discount	14
CHAPTER 3 - CLEARING AND SETTLEMENT	16
Daily Settlement	16
Daily Settlement Prices	16
Final Settlement Prices	16
Spot Prices	16
Dissemination of Spot Prices	17
Pay in and Pay out for Daily Settlement / Final Settlement	17
Pay in and Pay out for final physical settlement	17
Exhibit 1 - Medium Staple Cotton Contract Specifications	20

Exhibit 2 – Warehouse/ Assayers Address Details	24
Exhibit 3 - Good / Bad delivery norms for acceptance at the Warehouse	25
Exhibit 4 – Specimen of Cotton testing report	26

CHAPTER 1 - TRADING PARAMETERS

Authority

Trading of Medium Staple Cotton futures may be conducted under such terms and conditions as specified in the Rules, Byelaws & Regulations and directions of the Exchange issued from time to time. A specimen of Medium Staple Cotton futures contract specification is indicated in **Exhibit 1**.

Unit of Trading

The unit of trading for Medium Staple Cotton shall be 93.5 Quintals (=55 Bales of 170 kg each). Bids and offers may be accepted in lots of 93.5 Quintals (= 55 Bales of 170 kg each) or multiples thereof.

Months Traded In

Trading in Medium Staple Cotton futures may be conducted in the months as specified by the Exchange from time to time.

Tick Size

The tick size of the price of Medium Staple cotton shall be Re .50

Basis Price

The basis price quotation for Medium Staple Cotton shall be in Rupees per Mound (37.3242 kgs each) of Medium Staple Cotton, basis Abohar, exclusive of all taxes.

Unit for Price Quotation

The unit of price quotation for Medium Staple Cotton shall be in Rupees per mound. The basis for Medium Staple Cotton traded as Medium Staple Cotton is Rupees per mound of Medium Staple Cotton, basis Abohar, exclusive of all taxes.

Hours of Trading

The hours of trading for futures in Medium Staple Cotton shall be as follows:

- Mondays through Fridays – 10 a.m. to 5 p.m.
- Saturdays – 10 a.m. to 2 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

No trading will be allowed after 20th calendar day (or preceding day in case of 20th calendar day being a holiday or half trading day) of the contract expiry month.

Before the expiry of the contract, buyers and sellers having open positions would be required to indicate delivery information for receiving or giving. The window for acceptance of delivery requests will be open for 3 working days. The window will close 5 days prior to the expiry date of the contract.

Delivery on the expiry of the contract, if any sellers having open position desires to give physical delivery at a particular delivery center, then the buyer with corresponding open position shall be bound to settle by taking physical delivery. NCDEX would thereafter complete the matching process based on the location and then by random, keeping in view the storage capacity of warehouse and Medium Staple Cotton already deposited / dematerialized for delivery or any other factor(s) that the Exchange deems appropriate for completion of the matching process. The settlement for sellers having open positions and not providing information for physical delivery of Medium Staple Cotton shall be completed by cash settlement payable by the sellers in the open position who do not provide delivery information as prescribed above.

Mark to Market

The outstanding positions in futures contract in Medium Staple Cotton would be marked to market daily based on the Daily Settlement Price as determined by the Exchange.

Position limits

At the commodity level, position limits will be a maximum of 60,000 Bales or 15% of market wide open position whichever is higher for Members & 20,000 Bales for Clients.

Both position limits will be subject to NCDEX Regulations and directions from time to time.

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

For near month contracts:

The following limits would be applicable from 10 days prior to expiry date of a contract

Member: Maximum up to 12,000 Bales or 15% of the market-wide near month open position, whichever is higher.

Client: Maximum up to 4,000 Bales

Margin Requirements

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

Special Margin

In case of additional volatility, a special margin of at such other percentage, as deemed fit, will be imposed immediately on both buy and sell side in respect of all outstanding positions, which will remain in force for next 2 days, after which the special margin will be relaxed.

Pre-Expiry Additional Margin

There will be an additional margin imposed for the last 5 trading days, including the expiry date for Medium Staple Cotton contract. The additional margin will be added to the normal exposure margin and will be increased by 3% everyday for the last 5 trading days of the 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

margins will be calculated based on the number of days required for completing the physical delivery settlement (the look-ahead period and the risks arising thereof).

Penalty for cash settlement

The Exchange may impose such penalties as may be decided, on sellers who choose not to deliver the commodity. Currently such penalty for Medium Staple Cotton is prescribed at 0.5% of FSP. This penalty may be revised by the Exchange from time to time.

Ten percent (10%) of such penalty amount shall be retained by the Exchange and the balance ninety percent (90%) shall be paid to the buyers to whom the deliveries could not be made.

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 as governed by the Bye-laws and Regulations of the Exchange.

CHAPTER 2 - DELIVERY PROCEDURES

Unit of Delivery

The unit of delivery for Medium Staple Cotton shall be 93.5 Quintals (=55 Bales of 170 kg each)

Delivery Size

Delivery is to be offered and accepted in lots of 93.5 Quintals (= 55 Bales of 170kg each) or multiples thereof. A Quantity variation of +/- 5% on total weight of each deliverable lot will be applicable. **This weight will be net of packaging and a packaging tare of 2.3 kg per bale will be applied.**

Delivery Requests

The procedure for Medium Staple Cotton delivery is based on the contract specifications as per Exhibit I. Accordingly, the window for acceptance of delivery requests will be open for 3 working days. The window will close 5 days prior to the expiry date of the contract. Members giving delivery requests for the commodities are not permitted to square off their open positions. A penalty of 5% of final settlement price on the position squared off will be levied on the Members violating the same. The Exchange would thereafter complete the matching process based on the location and by random, keeping in view the storage capacity of warehouse and Medium Staple Cotton 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, if any seller having open position desires to give physical delivery at a specified delivery center, then the buyer with corresponding open position as matched by the process put in place by the Exchange, shall be bound to settle by taking physical delivery. All open positions of those sellers who do not provide required information for physical delivery shall be settled in cash with penalties.

Delivery Allocation

The Exchange would compile delivery information received from the selling on the last trading day, i.e. 20th of the month or such other day as specified in Chapter I above. The buyers / sellers who have to receive / give delivery would be notified on the same day after the close of trading hours. Delivery of Medium Staple Cotton is to be accepted by buyers at the accredited warehouse where the seller affects delivery in accordance with the contract specifications.

Actual Delivery

Where Medium Staple Cotton is sold for delivery in a specified month, the seller must have requisite electronic credit of such Medium Staple Cotton 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 depository account. However, the buyer must take actual physical delivery of Medium Staple Cotton before expiry of the validity date as indicated in the quality test report/Assayer's Certificate of the Assayer or get the same revalidated. The depositor has to fax the press running numbers and the lot numbers to NCMSL before bringing the goods to the warehouse. The press running numbers and the lot numbers has to be faxed to NCMSL corporate office.

Accredited Warehouse

NCDEX has accredited warehouses for receipt and delivery of Medium Staple Cotton. Medium Staple Cotton will be received and delivered only from the NCDEX accredited warehouse. The details of the NCDEX accredited warehouses are as per **Exhibit 2**.

Quality Standards

The contract grade for delivery of Medium Staple Cotton futures contracts made under NCDEX Regulations shall be Medium Staple Cotton conforming to the quality specification indicated in **Exhibit 1**.

No lower grade/quality shall be accepted in satisfaction of contracts for future delivery except as and to the extent provided in the contract specifications. Delivery of higher grade would be accepted with premium (as specified). The bales delivered

in a lot should be continuous running bales. No re-pressed bales will be accepted for delivery. The depositor will have to declare in written if the cotton delivered is ginned in Saw gin or Roller gin. The validity period for Medium Staple Cotton is of 4 months. There is no revalidation for Medium Staple Cotton.

Packaging

Medium Staple Cotton bales delivered should be well compressed and packed as per standard industry methods preferably with 100 grams/yard white twill cloth (woven cloth) and adequate spiral bands. Hessain packing of CCI (Cotton Corporation of India) would also be accepted. All sides of the packaging material may be stitched manually. The bales delivered should not bear any stains and shall not be contaminated with any other foreign matter. Press running no. needs to be submitted. Certificate/underwriting of pressing bales (goods being delivered) regarding date of pressing, place of pressing, name of the supplier and press running number be given at the time of delivery. Lot no., name, place of pressing and press running no. (PR nos) has to be printed on bales. The net weight of cotton bales would be considered. Each and every bale will be weighed while deposit. A tare weight of 2.3 Kg per bale would be deducted per bale. Bales with Plastic spiral bands would also be accepted for deliveries but no separate tare weight would be calculated for plastic spiral bands and the tare weight deducted for both iron and plastic bands would be same. The warehouse will put in a deposit stamp containing the date of deposit of the goods on each and every bale deposited. Such goods with a stamp of the accredited warehouse cannot be retendered after the final expiry of the validity period. The seller should arrange to send to the warehouse the lot numbers and the press running numbers in advance before bringing the goods to the warehouse.

Once the bales are out of the warehouse, the exchange/assayer will not be responsible for any issue pertaining to these marked bales.

The seller should give an affidavit that the goods being deposited do not have false packing. Exchange with the help of assayers, warehouse people will conduct random checks on the same. In case of any good found with false packing the entire lot will be confiscated by the exchange and the seller would have no rights on the goods anymore and it would be the property of the exchange.

The seller would have to give an undertaking/affidavit that no false packing has been done and the packing standards followed are as per NCDEX.

Standard Allowances

Sample weight per validation of quality	5 Kg on account of sample testing
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Weight

The bales of Medium Staple Cotton received and / or delivered at the NCDEX designated warehouse would be determined / calculated by the weighbridge / weigh scale at the premises of the designated warehouse. Tare of 2.3 kg/bale on account of packaging will be applied to arrive at net weight of the delivered lot and the quantity so determined would be binding on all parties.

Good / Bad delivery Norms

Medium Staple Cotton delivery into NCDEX designated Warehouse would constitute 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. NCDEX would from time to time review and update the good / bad delivery norms retaining the trade / industry practices.

Medium Staple Cotton Sampling

A composite sample of 5 Kg. would be drawn by opening 2 bales out of 55 bales delivered (approx 4%) at the designated warehouse. The sample portions drawn will be packaged in clean and dry plastic bag & marked to recognize NCDEX member identity, quantity, date, time etc. Samples drawn will be equated into five parts - one part as Depositor sample, one part will be kept at Warehouse, third will be with assayer/ testing Lab, the fourth part shall be provided to assayer/ Cotton Classer and the fifth will be with assayer for records. The cotton samples drawn will be dispatched to the testing laboratory.

Accredited Assayer

NCDEX has appointed NCMSL as Assayer for quality testing and certification of Medium Staple Cotton received at the designated warehouse. The quality testing and certification of Medium Staple Cotton will be undertaken only by the appointed Assayer. The assayer details are given in the **Exhibit 3** alongside the warehouses.

Quality Testing Report

The test report issued by the cotton testing laboratory 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**.

Testing Procedure

Delivering members of Medium Staple Cotton at the designated warehouse to take note that cotton samples for testing is dispatched to the testing laboratory. In view of the time taken for sampling, dispatch and receipt of the test report from testing laboratory, delivering members are advised to effect delivery of cotton bales at the earliest. An illustration of the minimum expected time taken for receipt of cotton bales at the designated warehouse, sampling, testing and receipt of test report is indicated below:

Sr. No.	Activity day	Activity
1	Day 1	a) Delivery of cotton b) Sampling and dispatch to testing laboratory.
2	Day 3	Receipt of cotton at testing laboratory
3	Day 4	Conditioning of cotton at Lab. Premises
4	Day 5	Testing and availability of report of cotton

Assayer Certificate

Testing and quality certificate issued by NCDEX appointed Assayer for Medium Staple Cotton delivered at designated warehouse in given in the contract specifications and at such other locations announced by the Exchange from time to time shall be acceptable and binding on all parties. Each delivery of Medium Staple Cotton at the

warehouse must be accompanied by a certificate from NCDEX appointed assayer in the format as per **Exhibit 4**.

Validity period

The validity period of the Assayer's Certificate for Medium Staple Cotton is as mentioned in the table

Months of Deposit /Date of entry by warehouse in system(Jan -Dec)	Expiry period from the date of Fresh Deposit (no. of months)	Validity period at the time of fresh deposit (no of months)	How many times revalidations allowed	Validity Period of first revalidation(no. of months)	Validity period of second revalidation(no. of months)
January	4	4	0	0	0
February	4	4	0	0	0
March	4	4	0	0	0
April	4	4	0	0	0
May	4	4	0	0	0
June	4	4	0	0	0
July	4	4	0	0	0
August	4	4	0	0	0
September	4	4	0	0	0
October	4	4	0	0	0
November	4	4	0	0	0
December	4	4	0	0	0

Electronic transfer

Any buyer or seller receiving and or effecting Medium Staple Cotton would have to open a depository account with an NCDEX empanelled Depository Participant (DP) to hold the Medium Staple Cotton in electronic form. On settlement, the buyer's account with the DP would be credited with the quantity of Medium Staple Cotton received and the corresponding seller's account would be debited. The Buyer wanting to take physical delivery of the Medium Staple Cotton 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 warehouse for issue of the physical commodity i.e. Medium Staple Cotton to the buyer and debit his account, thus reducing the electronic balance to the extent of Medium Staple Cotton rematerialized.

Charges

All charges and costs payable at the designated warehouse towards delivery of Medium Staple Cotton including sampling, grading, weighing, handling charges, storage etc. from the date of receipt into designated warehouse upto 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 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 Medium Staple Cotton into the NCDEX accredited warehouse. All forms (e.g LL forms in Haryana and KK form etc in Punjab) is to be provided by the seller to the buyer. The names mentioned in the examples above are not exhaustive and are just samples of the type of documentation to be submitted by the seller to the buyer.

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

Buyer pays the sales tax/VAT or submits relevant form, whereas all other charges, levies or APMC cess applicable at the delivery centre, will be on account of the seller. The buyer will pay VAT if implemented in the state where delivery centre is located. The seller will have to provide L-form and other necessary documents.

Premium / Discount

Premium & Discount on the Medium Staple Cotton delivered will be provided by the Exchange on the basis of quality specifications and also on a location basis. The exchange will communicate the premium/discounts amount applicable. Such amount will be adjusted to the members account through the supplementary settlement schedule.

In Medium Staple Cotton there are three quality parameters where premium/discount is applicable. The three quality parameters are Staple length, Trash and Grades.

The other parameters where premium discount applicable is Location (to be decided by the exchange before the launch of contracts) **and a premium for roller ginned cotton which is Rs 10/mound.**

Ready Reckoner For Grades		
Staple Length	Grades	Trash Content
26=1	FG = 1	0.5=1
26.5=2	F = 2	1=2
27=3	SF = 3	1.5=3
27.5=4		2=4
		2.5=5
		3=6
		3.5=7

The contents of this product note are subject to Rules, Byelaws and Regulations as well as directions of NCDEX as in force from time to time and be read therewith.

**Medium Staple Cotton
Product Note**



		4=8
		4.5=9
		5=10

Ready Reckoner For Roller Ginned Grades		
Staple Length	Grades	Trash Content
26=1	FG = 1	0.5=1
26.5=2	F = 2	1=2
27=3	SF = 3	1.5=3
27.5=4		2=4
		2.5=5
		3=6
		3.5=7

The contents of this product note are subject to Rules, Byelaws and Regulations as well as directions of NCDEX as in force from time to time and be read therewith.

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 Final Settlement Price (FSP) will be determined by the Exchange upon maturity of the contract.

On expiry of the contract, the following types of open positions would be cash settled:

1. Delivery information not provided.
2. Unmatched delivery information.

The open positions for which information have been provided for and have been matched by the Exchange, would result in physical delivery.

Spot Prices

NCDEX will announce / disseminate spot prices for Medium Staple Cotton(Saw Ginned) relating to the designated delivery center and specified grade/ quality parameters determined through the process of polling a set of market participants representing different segments of the value chain such as traders, importers / exporters, processors etc. The polled prices shall be input to a normalizing algorithm (like 'bootstrapping' technique) to arrive at a representative, unbiased and clean 'benchmark' spot price for Medium Staple Cotton. The security of data and randomness of polling process will ensure transparency and correctness of prices.

The Exchange has the right to modify the process of determination of spot prices at any time without notice.

Dissemination of Spot Prices

Spot prices for Medium Staple Cotton (Saw Ginned) will be collected and disseminated on daily basis.

Pay in and Pay out for Daily Settlement / Final Settlement

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

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

Time (T/ E+1)	Activity
On or before 11.00 hrs	PAYIN - Debit paying member a/c for funds
After 13.00 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 buyers / sellers would have to deposit requisite funds / Medium Staple Cotton with their respective Clearing member before “pay in”.

Pay in and Pay out for Final Settlement in case of physical deliveries	
Time (E+2)	Activity
On or before 12.00 hrs	PAYIN - Debit Buyer Member Settlement a/c for funds Debit Seller Member’s CM Pool Account for Medium Staple Cotton.
After 14.30 hrs	PAYOUT – Credit Seller Member Settlement a/c for funds Credit Buyer Member’s CM Pool Account for Medium Staple Cotton.

The supplemental settlement for Medium Staple Cotton futures contracts to include Premium / discount adjustments for quality of Medium Staple Cotton delivered and close out for shortages will 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 (E + 2)	Activity
On or before 15.00 hours	PAY IN - Debit Member Settlement a/c for funds
After 15.00 hours	PAY OUT – Credit Member Settlement a/c for funds

Supplementary Settlement for Taxes

The Exchange will conduct a separate supplementary settlement, as illustrated below, three days after normal 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.

The amounts due to the above differences will be debited / credited to Member's clearing bank account similar to normal settlement.

Pay in and Pay out for Taxes	
Time (E + 5)	Activity
On or before 11.00 hours	PAY IN: Debit Buyer Member Settlement a/c for funds.
After 11.00 hours	PAY OUT: Credit Seller Member Settlement a/c for funds

Medium Staple Cotton Product Note



For further clarification and detailed procedure on sales tax settlement, participants can refer to circular number NCDEX/CLEARING-001/2008/002 issued on January 04, 2008.

The contracts and the transactions and the processes therein will be subject to Rules, Bye Laws and Regulations of the Exchange and circulars issued by the Exchange as well as directives, if any, issued from time to time by the Exchange as well as the Forward Markets Commission.

Exhibit 1 - Medium Staple Cotton Contract Specifications
(Updated on April 2, 2009)

Trading system	NCDEX Trading System
Ticker symbol	COTMSCABHR
Basis	Ex-warehouse Abohar, exclusive of all taxes
Unit of trading	55 Bales with each bale of 170 kg (= 93.5 Quintals)
Delivery unit	55 Bales with each bale of 170 kg (= 93.5 Quintals)
Quotation/base value	Rs./ maund (0.373242 Quintal)
Tick size	Re. 0.50
Quality specification	<p>Medium Staple Cotton</p> <ul style="list-style-type: none"> a. Staple length: As per HVI mode of assaying <ul style="list-style-type: none"> i. Basis: 26.5 mm ii. Tenderable Range: 26 - 27.5 mm with no premium above 27.5 mm. b. Micronaire: Basis: 4.0 - 5.0 with no premium/discount c. Strength: As per HVI mode of assaying Basis: Min. 27 G/Tex with no premium above 27 G/Tex d. Grades: <ul style="list-style-type: none"> i. Basis: Fine ii. Tenderable range of grades: `Fully Good', `Fine', `Superfine' e. Moisture: Basis: Max. 8.5% with no premium below 8.5% f. Trash content: <ul style="list-style-type: none"> i. Basis: 4% ii. Max tenderable upto 5% with a discount of 1:1.5 and a premium of 1:1.5 below 4% iii. For Roller Ginned cotton max. tenderable upto Max 3.5% and also below 3.5% with a premium of 1:1.5

**Medium Staple Cotton
Product Note**



Quantity variation	+/- 5% for total weight of each deliverable lot
Trading and Delivery months	January, February, March, April, May, June, July, August, October, November and December
Delivery center	Abohar (Punjab)
Additional centres where deliveries can be made.	Mansa (Punjab), Sirsa (Haryana), Hanumangarh and Sriganganagar (Rajasthan)
Locational Premium/ discount	Locational premium discounts would be applicable for all additional delivery centres with respect to the basis centre Abohar. The premium discounts would be available at the time of the launch of the contracts.
Also deliverable	Roller ginned cotton would be deliverable at a premium for all centres. Exchange would announce the premium for roller ginned cotton at the time of launch of contract.
Trading hours	As per directions of the Forward Markets Commission from time to time, currently Mondays through Fridays : 10:00 AM to 05:00 PM Saturdays : 10.00 AM to 2.00 PM The Exchange may vary the above timing with due notice
Delivery specification	Upon expiry of the contracts, if any seller with open position desires to give delivery at a particular delivery center, then the corresponding buyer with open position as matched by the process put in place by the Exchange shall be bound to settle by taking physical delivery
No. of active contracts	As per launch calendar
Opening of contracts	Trading in new contract month(s) will open on the 10th day of the month. If 10th day happens to be a non- trading then the contract will open on the next trading day.
Due date/Expiry date	20th day of the delivery month If 20th day happens to be a holiday, a Saturday or a Sunday then the due date shall be the immediately preceding trading day of the Exchange
Closing of contract	All open positions will be settled as per general rules and product specific regulations
Price band	Daily price fluctuation limit is (+/-) 3%. If the trade

The contents of this product note are subject to Rules, Byelaws and Regulations as well as directions of NCDEX as in force from time to time and be read therewith.

	<p>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 shall be raised by another (+/-) 1% and trade will be resumed. If the price hits the revised price band 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>
Position limit	<p>Member: Maximum of 60,000 bales or 15% of market wide open position whichever is higher. Client: Maximum of 20,000 bales</p> <p>The above limits will not apply to bonafide hedgers. For bonafide hedgers, the Exchange will, on a case to case basis, decide the hedge limits.</p> <p>For near month contracts: The following limits would be applicable from 10 days prior to expiry date of a contract Member: Maximum up to 12,000 Bales or 15% of the market-wide near month open position, whichever is higher. Client: Maximum up to 4,000 Bales</p>
Special Margins	<p>In case of additional volatility, a special margin of at such other percentage, as deemed fit, will be imposed immediately on both buy and sell side in respect of all outstanding positions, which will remain in force for next 2 days, after which the special margin will be relaxed.</p>

MEDIUM STAPLE COTTON

Commodity Specifications	Basis	Acceptable quality range as per contract specification	Permissible Tolerance
Staple Length	26.5 mm	26mm - 27.5 mm	+/-0.25 mm tolerance
Mic	4-5	4-5	+/- 0.5
Strength	Min 27 g/tex	Min 27 g/tex	+/- 0.5 g /tex

**Medium Staple Cotton
Product Note**



Grade	Fine	Fully Good, Fine , Superfine	
Moisture	Max 8.5 %	Max 8.5 %	+/- 1%
Trash	Basis: 4%	Max tenderable upto 5% with a discount of 1:1.5 and a premium of 1:1.5 below 4%	+/- 0.25%
Max Tolerance (for all characteristics)		1.5 %	
<p>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 NCDEX approved assayer.</p>			

Contract Launch Calendar

Contract Launch Month	Contract Expiry Month
January 2009	April 2009
February 2009	May 2009
March 2009	June 2009

Exhibit 2 – Warehouse/ Assayers Address Details

Warehouse Address	Assayer Address
<p>NCMSLRLNGC-ABOHAR NCMSL WAREHOUSE ROSHAN LAL NARANG GODOWNS COMPLEX, NEAR PHAGWARA FACTORY & CENTRAL WAREHOUSE FAZILKA ROAD, ABOHAR- 152116 PUNJAB CONTACT PERSONS: MR. ARUP KR DAS MOBILE: 9417677399 MR. YUVRAJ MANISH MOBILE: 9350091576 MR. PAWAN KUMAR</p>	<p>NATIONAL COLLATERAL MANAGEMENT SERVICES LIMITED.</p>

For the updated list of Warehouse & Assayers kindly refer to the NCDEX Website
<http://www.ncdex.com/Downloads/ClearingServices>

Exhibit 3 - Good / Bad delivery norms for acceptance at the Warehouse

No.	Particulars	Good / Bad delivery
1.	Quality not meeting futures contract specification.	Bad delivery
2.	Delivery at non designated 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 designated 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 Cotton testing report

Report Ref:

Date:

ANALYSIS:

The above sample was analysed by us and the average results are as under

Moisture, HVI & Trash Test Report			
Institute Sample No.			
Marked as			
1. Moisture Test (IS 199: 1988)			
Moisture Content			
2. High Volume Instrument (HVI) ICC Mode (ASTM D- 5867:1995)			
2.5% span Length (mm)			
UR			
Micronaire (ug/in)			
Tenacity at 3.2 mm (g/tex)			
3. Trash Test (CIRCOT SP-1 Method)			
Trash (%)			
Invisible Loss (%)			
Total Loss (%)			

Subjective Test Report	
Staple Length	
Strength	
Others	

Tests were carried out 65 +/- 2% R.H & 27 +/- 2 C

The material delivered by the above NCDEX member is in accordance with the specification provided by NCDEX and valid upto _____ subject to appropriate storage.

The goods delivered may be accepted.

Verified by

Checked by

Page ____ of ____ (signature)

(Technical officer In Charge)