NATIONAL COMMODITY & DERIVATIVES EXCHANGE LIMITED

Circular to all members of the Exchange
Circular No : NCDEX/TRADING-034/2022
Date : July 13, 2022
Subject : Launch of Options in Goods Contract on Spices Complex – Turmeric, Coriander and Jeera

The Exchange is pleased to inform that the Securities and Exchange Board of India has approved the launch of Options in Goods Contract on Spices Complex – Turmeric, Coriander, and Jeera.

The Options in Goods Contract on Spices Complex – Turmeric, Coriander, and Jeera expiring in the months of August 2022, September 2022, October 2022 and November 2022 would be available for trading w.e.f. July 15, 2022.

Contracts for further expiries will be launched as per the enclosed contract launch calendar.

Transaction Charges

The transaction charges applicable on Options in Goods contract are mentioned below:

Transaction Charges	Rs. 30/ Lakh of **Premium Value**

Members and participants are requested to note that Options in Goods contract will be available for trading as per the contract specifications given in Annexure – I. In addition, the Risk Management Fee and Physical Delivery charges are applicable for the Options in Goods as per the NCCL circular no. NCCL/FINANCE-005/2020 dated July 21, 2020.

The Options in Goods contracts to be launched shall be additionally governed by the Product Note as is notified on the Exchange website under the tab – “Options -> Products”. Members and participants are requested to kindly go through the same and get acquainted with the launched product, its trading and related process put in place by the Exchange.

The contracts and the transactions therein will be subjected to Bye Laws, Rules and Regulations of the Exchange and circular issued by the Exchange as well as directives, if any, issued from time to time, by the Regulator. It is clarified that it is the sole obligation and responsibility of the Members and market participants to ensure that apart from the approved quality standards stipulated by the Exchange, the commodity deposited / traded / delivered through the approved warehouse of the

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Clearing Corporation is in due compliance with the applicable regulations laid down by authorities like Food Safety and Standards Authority of India, AGMARK, BIS, Orders under Packaging and Labelling etc., as also 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.

For and on behalf of
National Commodity & Derivatives Exchange Limited

Arun Yadav
Senior Vice President – Products

Encl: Annexures

For further information / clarifications, please contact

1. Customer Service Group on toll free number: 1800 26 62339
2. Customer Service Group by e-mail to : askus@ncdex.com

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Annexure – I

Contract Specifications of Options in Goods on Spices – Turmeric, Coriander, and Jeera.

A. Turmeric:

Type of Contract	Options in Goods
Underlying	TMCFGRNZM
Symbol	<UNDERLYING SYMBOL><OPTIONS EXPIRY DATE-DDMMMYY><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
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	**Farmer Polished Turmeric Fingers with the following specifications as the basis** **Farmer Polished Turmeric Fingers**

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	• Inferior quality Turmeric* should not be more than 2.25%
	• Length
	  ○ 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 0.3%
	• 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
	* Chora/atthu finger, khota gatha, markha

Also Deliverable	The following qualities will be acceptable at Exchange specified premium/discount • 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	As notified by the Exchange from time to time, currently: Mondays through Fridays: 9:00 a. m. to 5:00 p.m. The Exchange may vary the above timing with due notice
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

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	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-eighth of the member's overall position limit in that commodity, whichever is higher. Client-wise: 1,400 MT
Exercise of Options	European Options to be exercised only on the day of Expiration of the Options contracts
Mechanism of Exercise	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. 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. c) All Out of the money (OTM) option contracts, except those belonging to 'CTM' option series, shall expire worthless. d) All exercised contracts within an option series shall be assigned to short positions in that series in a fair and non-preferential manner.
Final Settlement Method	On exercise, Option position shall result in physical Delivery of underlying commodity: • 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	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,

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<table>
<tr>
<td></td>
<td>whichever available, shall be taken as FSP. Thus, the FSP under various scenarios of non-availability of polled spot prices shall be as under:
<table>
<tr><td rowspan="2">Scenario</td><td colspan="4">Polled spot price availability on</td><td rowspan="2">FSP shall be simple average of last polled spot prices on:</td></tr>
<tr><td>E0</td><td>E-1</td><td>E-2</td><td>E-3</td></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>
<tr><td>6</td><td>Yes</td><td>No</td><td>Yes</td><td>No</td><td>E0, E-2</td></tr>
<tr><td>7</td><td>Yes</td><td>No</td><td>No</td><td>No</td><td>E0</td></tr>
</table>
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<tr>
<td>Initial Margin</td>
<td>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 at least three 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.
Appropriate Short Option Minimum Margin (SOMM) shall be fixed.</td>
</tr>
<tr>
<td>Other Margins</td>
<td>
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.
</td>
</tr>
</table>

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	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. • **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	ToleranceLimit
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%

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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 empanelled assayer.

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B. Coriander

Type of Contract	Options in Goods
Underlying	DHANIYA
Symbol	<UNDERLYING SYMBOL><OPTIONS EXPIRY DATE-DDMMMYY><CE/PE><STRIKE PRICE><UNDERLYINGTYPE-F/S> Example: DHANIYA20MAY20CE4100S
Unit of trading	5 MT
Delivery Unit	5 MT
Maximum Order Size	100 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
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	7-1-7
Quality	Coriander of Indian origin with following specifications

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Parameters	Coriander to be necessarily machine cleaned • Moisture – Basis 8% and acceptable upto 9%(Max) with moisture adjusted weight (MAW) of 1:1 • Foreign Matter – Max 0.90% • Damaged & Discolored Seeds– Max 1.90% • Shriveled Seeds- Basis 1% Acceptable upto 1.5 % with 1:1 discount • Weevil seeds – Max 0.5% • Coriander splits (Dal) – Basis 5% and acceptable upto 9.50% with 1:0.5 discount • Live infestation – Not allowed (Foreign matter includes dust, dirt, stones, lumps, earth, chaff, stalk, stem/straw, edible seeds of fruits other than Coriander)
Quantity Variation	+/- 2%
Basis	Badami Whole Dhaniya ex warehouse Gondal exclusive of GST
Delivery Center	Gondal (up to the radius of 60 Kms from the municipal limits)
Additional Delivery Centers	Kota and Ramgunjmandi (up to the radius of 60 Kms from the municipal limits) Location Premium/Discount as notified by the Exchange from time to time
Options Launch Calendar	As per Options Launch Calendar
Trading Hours	As notified by the Exchange from time to time, currently: Mondays through Fridays: 9:00 a. m. to 5:00 p.m. The Exchange may vary the above timing with due notice
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. Numerical value for client level/member level limits in Options shall be twice of corresponding numbers applicable for Futures contracts. Coriander : Member-wise: 82,000 MT Client-wise: 8,200 MT **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: 10,250 MT or One-eighth of the member's overall position limit

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<table>
<tr><td></td><td>in that commodity, whichever is higher.
Client-wise: 1,025 MT</td></tr>
<tr><td>Exercise of Options</td><td>European Options to be exercised only on the day of Expiration of the Options contracts</td></tr>
<tr><td>Mechanism of Exercise</td><td>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.
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.
c) All Out of the money (OTM) option contracts, except those belonging to ‘CTM’ option series, shall expire worthless.
d) All exercised contracts within an option series shall be assigned to short positions in that series in a fair and non-preferential manner.</td></tr>
<tr><td>Final Settlement Method</td><td>On exercise, Option position shall result in physical Delivery of underlying commodity:
• 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</td></tr>
<tr><td>Final Settlement Price</td><td>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 asFSP. Thus, the FSP under various scenarios of non-availability of polled spot prices shall be as under:
<table>
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<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>
<tr><td>6</td><td>Yes</td><td>No</td><td>Yes</td><td>No</td><td>E0, E-2</td></tr>
</table></td></tr>
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	7 | Yes | No | No | No | E0
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 at least three 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. Appropriate Short Option Minimum Margin (SOMM) shall be fixed.
Other Margins	• **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.

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	• **Margining at client level:** NCCL shall impose initial margins at the level of portfolio of individual client comprising of his positions in futures and options contracts on each commodity. • **Other margins**: Other margins like additional margins and special margins shall be applicable as and when they are levied by the Exchange/CC/Regulator.
Minimum Initial margin	• 12%
Extreme Loss Margin (ELM)	• 1%

Tolerance limit for Outbound delivery:

Commodity Specifications	Basis	Deliverable range	Tolerance Limit
Moisture	8%	9%	-
Foreign Matter	0.90%	0.90% Max	0.10%
Damaged & Discolored Seeds	1.90%	1.90% Max	0.10%
Shriveled seeds	1%	1.50% Max	0.10%
Weevil seeds	0.50%	-	0.10%
Coriander Splits	5%	9.50%	0.50%
Max Loss (for all the characteristics)		+/-1.01 %	

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.

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C. Jeera

Type of Contract	Options in Goods
Underlying	JEERAUNJHA
Symbol	<UNDERLYING SYMBOL><OPTIONS EXPIRY DATE-DDMMMYY><CE/PE><STRIKE PRICE><UNDERLYINGTYPE-F/S> Example: JEERAUNJHA20MAY20CE4100S
Unit of trading	3 MT
Delivery Unit	3 MT
Maximum Order Size	150 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. 2 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.

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Strike Interval	100
Number of Strikes	10-1-10
Quality Parameters	Jeera of Indian Origin with the following specifications. Jeera to be necessarily machine cleaned <table><tr><td>Foreign Matter*</td><td>1.0 % Max</td></tr><tr><td>Seeds with Stalks</td><td>8.0 % Max</td></tr><tr><td>Damaged, Discolored, Shrivelled and Immature seeds</td><td>4.5% Max</td></tr><tr><td>Insect damaged matter</td><td>Should not be more than 0.5%</td></tr><tr><td>Test Weight (on count basis)</td><td>Maximum 300 seeds per gram</td></tr><tr><td>Moisture</td><td>8% Basis, 9.5% Maximum</td></tr></table>*Foreign matter includes anything other than Jeera seeds e.g. sand, silica, pebbles and other edible/non edible seeds
Quantity Variation	+/- 2%
Basis	Ex-warehouse Unjha exclusive of GST
Delivery Centre	At the approved warehouse(s) in Unjha (up to the radius of 60 Km from the municipal limits)
Additional Delivery Centres	At the approved warehouse(s) in Jodhpur (up to the radius of 60 Km from the municipal limits) with location wise premium/discount as announced by the Exchange prior to launch of contract
Options Launch Calendar	As per the Options Launch Calendar
Trading Hours	As notified by the Exchange from time to time, currently: - Mondays through Fridays: 09:00 AM to 5:00 PM The Exchange may vary the above timing with due notice.
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

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	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. Jeera: 86,000 MT and 8,600 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: 10,750 MT or One-eighth of the member's overall position limit in that commodity, whichever is higher. Client-wise: 1,075 MT
Exercise of Options	European Options to be exercised only on the day of Expiration of the Options contracts
Mechanism of Exercise	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. 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. c) All Out of the money (OTM) option contracts, except those belonging to 'CTM' option series, shall expire worthless. d) All exercised contracts within an option series shall be assigned to short positions in that series in a fair and non-preferential manner.
Final Settlement Method	On exercise, Option position shall result in physical Delivery of underlying commodity: • 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	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 shallbe as under:

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<tr><td>Scenario</td><td colspan="4">Polled spot price availability on</td><td rowspan="2">FSP shall be simple average of last polled spot prices on:</td></tr>
<tr><td></td><td>E0</td><td>E-1</td><td>E-2</td><td>E-3</td></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>
<tr><td>6</td><td>Yes</td><td>No</td><td>Yes</td><td>No</td><td>E0, E-2</td></tr>
<tr><td>7</td><td>Yes</td><td>No</td><td>No</td><td>No</td><td>E0</td></tr>
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<td>Initial Margin</td>
<td>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 at least three 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.
Appropriate Short Option Minimum Margin (SOMM) shall be fixed.</td>
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<td>Other Margins</td>
<td>

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.

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	• **Pre expiry margin:** Pre expiry margin will be charged on potential in the money long and short option positions. The pre expiry margin will be increased gradually every day beginning from the pre-determined number of days before the expiry of the contract as applicable. • **Delivery Margin:** Appropriate Delivery Margin will be charged on the long and short positions resulting into physical delivery. • **Margining at client level:** NCCL shall impose initial margins at the level of portfolio of individual client comprising of his positions in futures and options contracts on each commodity. • **Other margins**: Other margins like additional margins and special margins shall be applicable as and when they are levied by the Exchange/CC/Regulator.
Minimum Initial Margin	• 10%
Extreme Loss Margin (ELM)	• 1%

Tolerance limit for Outbound delivery:

Specification	**Basis**	**Tolerance Limit**
Foreign Matter	1.0 % max	+/- 0.25%
Seeds with Stalks	8.0 % max	+/- 0.4%
Damaged, Discolored, Shriveled and Immature seeds	4.5% max	+/- 0.5%
Insect damaged matter	Should not be more than 0.5%	
Test Weight (on count basis)	300 seeds max per 1 gram	+/- 10 seeds per 1 gram
Upper limit on the total of all tolerances		+/- 1.0%

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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.

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Annexure – II

Launch Calendar for Options in Goods on Spices – Turmeric, Coriander, and Jeera

Turmeric

Contract Launch Month	Contract Expiry Month
July 15, 2022	August 2022
	September 2022
	October 2022
	November 2022
August 2022	December 2022
September 2022	No Launch
October 2022	April 2023
November 2022	May 2023
December 2022	June 2023
January 2023	July 2023
February 2023	No Launch
March 2023	No Launch
April 2023	August 2023
May 2023	September 2023
June 2023	October 2023

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Coriander

Contract Launch Month	Contract Expiry Month
July 15, 2022	August 2022
	September 2022
	October 2022
	November 2022
August 2022	December 2022
September 2022	January 2023
October 2022	No Launch
November 2022	April 2023
December 2022	May 2023
January 2023	June 2023
February 2023	July 2023
March 2023	No Launch
April 2023	August 2023
May 2023	September 2023
June 2023	October 2023

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Jeera

Contract Launch Month	Contract Expiry Month
July 15, 2022	August 2022
	September 2022
	October 2022
	November 2022
August 2022	December 2022
September 2022	January 2023
October 2022	No Launch
November 2022	March 2023
December 2022	April 2023
January 2023	May 2023
February 2023	June 2023
March 2023	July 2023
April 2023	August 2023
May 2023	September 2023
June 2023	October 2023

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