

---

**NATIONAL COMMODITY & DERIVATIVES EXCHANGE LIMITED**

Circular to all members of the Exchange

Circular No : NCDEX/TRADING-004/2021

Date : January 20, 2021

Subject : Modification in contract specifications – Wheat (WHEATFAQ) Futures and Options Contract

---

Members are requested to note that the Exchange, as per SEBI circular no. SEBI/HO/CDMRD/DOP/CIR/P/2019/135 dated November 14, 2019 has modified the contract specifications of Wheat (Symbol: WHEATFAQ) futures and options contracts expiring in the month of April 2021 and thereafter with effect from February 22, 2021.

Currently, Wheat (Symbol: WHEATFAQ) futures and options contracts expiring in the months of February 2021, March 2021, April 2021 and May 2021 are available for trading and would continue to be traded as per existing contract specifications. However, Wheat (Symbol: WHEATFAQ) futures and options contract expiring in the month of April 2021 and May 2021 would continue to be traded as per the existing contract specification till February 19, 2021. Similarly, Wheat (Symbol: WHEATFAQ) futures and options contract expiring in the month of June 2021 shall be available for trading with effect from February 01, 2021 and February 02, 2021 respectively and would continue to be traded as per the existing contract specification till February 19, 2021. The changes will be applicable for Wheat (Symbol: WHEATFAQ) futures and options contracts expiring in the month of April 2021 and thereafter from the beginning of day February 22, 2021.

The running futures contracts and contracts to be launched further shall be additionally governed by the Product Note as is notified on the Exchange Website under the Tab – “Products”. Similarly, the running options contracts and contracts to be launched further 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 product launched and its trading and related process put in place by the Exchange.

Members are requested to take note of the following:

1. Summary of modifications in contract specifications for Wheat (Symbol: WHEATFAQ) futures and options contracts expiring in the month of April 2021 and thereafter with effect from February 22, 2021 is given in **Annexure I**.
2. Existing contract specifications applicable for Wheat (Symbol: WHEATFAQ) futures and options contracts expiring in the month of February 2021 and March 2021 and in case of contracts expiring in the month of April 2021, May 2021 and June 2021 till February 19, 2021, is given in **Annexure II**.
3. Modified contract specifications for Wheat (Symbol: WHEATFAQ) futures and options contracts applicable for contracts expiring in the month of April 2021 and thereafter with effect from February 22, 2021 is given in **Annexure III**.

- 
4. Premium/Discount for delivery location difference for contract expiring in the month of April 2021 (with effect from February 22, 2021) is given in **Annexure IV**.

The contracts and the transactions 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 SEBI. It is clarified that it is the sole obligation and responsibility of the Members and market participants to ensure that apart from the approved quality standards stipulated by the Exchange, the commodity deposited / traded / delivered through the approved warehouses of the Clearing Corporation either on their own or on behalf of them by any third party acting on behalf of the Market Participants/Constituents is in due compliance with the applicable regulations laid down by authorities like Food Safety Standard Authority of India, AGMARK, Warehousing Development and Regulatory Authority (WDRA) 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 Clearing Corporation shall not be responsible or liable on account of any noncompliance thereof.

For and on behalf of  
**National Commodity & Derivatives Exchange Limited**

Kapil Dev  
Executive Vice President –Business

Encl: Annexure

---

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](mailto:askus@ncdex.com)

**Annexure I: Summary of modifications in contract specifications of Wheat (Symbol: WHEATFAQ) Futures and Options Contracts**

Parameters	Existing contract specifications		Modified contract specifications		Rationale	
<b>Quality specifications</b>	1	Damaged Kernel (Other than infestation damaged)	2% max. The limit of ergot affected grains shall not exceed 0.05 percent by weight and limit of Karnal Bunt affected grains shall not exceed 0.3 percent by weight.	1	Damaged Kernel (Other than infestation damaged)	To better align with the current physical market practices.
	2	Infestation damaged Kernel	2% max	2	Infestation damaged Kernel	
	3	Foreign Matter (Organic/Inorganic)	1% max (minerals not more than 0.25% and animal origins not more than 0.1%)	3	Foreign Matter (Organic/Inorganic)	
	4	Other edible grains	2% max	4	Other edible grains	
	5	Shrunken / Shriveled / Broken grains (not damaged) / grains with Luster loss	5% max			

Parameters	Existing contract specifications		Modified contract specifications		Rationale	
	6	Total defects sum of : a) Foreign Matter b) Other edible grains c) Damaged Kernel (Other than infestation damaged) d) Shrunken/Shriveled/Broken grains (not damaged)/ grains with Luster loss	10% max The limit of ergot affected grains shall not exceed 0.05 percent by weight and limit of Karnal Bunt affected grains shall not exceed 0.3 percent by weight	5 <b>Shrunken / Shriveled / Broken grains (not damaged)</b>	5% max	
		7	Moisture		11% max	
		8	Test Weight		76 Kg/hl Minimum	
		9	Grain Size with diameter less than 3 mm		8% max	
	6	<b>Total defects sum of : a) Foreign Matter b) Other edible grains c) Damaged Kernel (Other than infestation damaged) d) Shrunken/Shriveled/Broken grains (not damaged)</b>		10% max The limit of ergot affected grains shall not exceed 0.05 percent by weight and limit of Karnal Bunt affected grains shall not exceed 0.3 percent by weight	6	
		7	Moisture	11% max		
		8	Test Weight	76 Kg/hl Minimum		
		9	Grain Size with diameter less than 3 mm	8% max		

Parameters	Existing contract specifications			Modified contract specifications			Rationale
<b>Tolerance Limit</b>	<b>Quality Parameter</b>	<b>Basis</b>	<b>Permissible tolerance</b>	<b>Quality Parameter</b>	<b>Basis</b>	<b>Permissible tolerance</b>	To better align with the current physical market practices..
	Damaged Kernel (Other than infestation damaged)	2% max. The limit of ergot affected grains shall not exceed 0.05 percent by weight and limit of Karnal Bunt affected grains shall not exceed 0.3 percent by weight.	+/- 0.25% (No outbound tolerance for ergot affected grains and Karnal Bunt grains)	Damaged Kernel (Other than infestation damaged)	2% max. The limit of ergot affected grains shall not exceed 0.05 percent by weight and limit of Karnal Bunt affected grains shall not exceed 0.3 percent by weight.	+/- 0.25% (No outbound tolerance for ergot affected grains and Karnal Bunt grains)	
	Infestation damaged Kernel	2% max.	+/- 0.50%	Infestation damaged Kernel	2% max.	+/- 0.50%	
	Foreign Matter (Organic/Inorganic)	1% max (minerals not more than 0.25% and animal origins not more than 0.1%)		Foreign Matter (Organic/Inorganic)	1% max (minerals not more than 0.25% and animal origins not more than 0.1%)		
	Other edible grains	2% max	+/- 0.25%	Other edible grains	2% max	+/- 0.25%	
	Shrunken / Shriveled / Broken grains (not	5% max	+/- 0.50%	Shrunken / Shriveled / Broken grains (not damaged)	5% max	+/- 0.50%	

Parameters	Existing contract specifications			Modified contract specifications			Rationale
	damaged)/grains with luster loss			Total defects sum of:	10% max	+/- 0.50%	
	Total defects sum of:	10% max	+/- 0.50%	a) Foreign Matter	The limit of ergot affected grains shall not exceed 0.05 percent by weight and limit of Karnal Bunt affected grains shall not exceed 0.3 percent by weight.	(No outbound tolerance for ergot affected grains and Karnal Bunt grains)	
	a) Foreign Matter	The limit of ergot affected grains shall not exceed 0.05 percent by weight and limit of Karnal Bunt affected grains shall not exceed 0.3 percent by weight.	(No outbound tolerance for ergot affected grains and Karnal Bunt grains)	b) Other edible grains			
	b) Other edible grains			c) Damaged Kernel (Other than infestation damaged)			
	c) Damaged Kernel (Other than infestation damaged)			d) <b>Shrunken/ Shriveled/ Broken grains (not damaged)</b>			
	d) Shrunken/ Shriveled/ Broken grains (not damaged)/grains with luster loss			Moisture	11% max	-	
	Moisture	11% max		Grain Size with diameter less than 3 mm	8% max	-	
	Grain Size with diameter less than 3 mm	8% max		Test Weight	76 Kg/hl Minimum	+/- 0.25 Kg/Hl	
	Test Weight	76 Kg/hl Minimum	+/- 0.25 Kg/Hl	Max Tolerance (for all characteristic)	-	1.25%	
	Max Tolerance (for all characteristic)		1.25%				

## Annexure II: Existing Contract Specifications for Wheat (Symbol: WHEATFAQ) Futures Contracts

(Applicable for contracts expiring in the month of February 2021 and March 2021 and in case of contracts expiring in the month of April 2021, May 2021 and June 2021 applicable till February 19, 2021)

<b>Type of Contract</b>	Futures Contract		
<b>Name of Commodity</b>	Wheat		
<b>Ticker symbol</b>	WHEATFAQ		
<b>Trading System</b>	NCDEX Trading System		
<b>Basis</b>	Ex- Warehouse Kota exclusive of GST		
<b>Unit of trading</b>	10 MT		
<b>Delivery unit</b>	10 MT		
<b>Maximum Order Size</b>	500 MT		
<b>Quotation/base value</b>	Rs/Quintal		
<b>Tick size</b>	Rs. 1.00		
<b>Quality specification</b>	1	Damaged Kernel (Other than infestation damaged)	2% max. The limit of ergot affected grains shall not exceed 0.05 percent by weight and limit of Karnal Bunt affected grains shall not exceed 0.3 percent by weight.
	2	Infestation damaged Kernel	2% max
	3	Foreign Matter (Organic/Inorganic)	1% max (minerals not more than 0.25% and animal origins not more than 0.1%)
	4	Other edible grains	2% max
	5	Shrunken / Shriveled / Broken grains (not damaged) / grains with Luster loss	5% max
	6	Total defects sum of: a) Foreign Matter b) Other edible grains c) Damaged Kernel (Other than infestation damaged) d) Shrunken/Shriveled/Broken grains (not damaged)/ grains with Luster loss	10% max The limit of ergot affected grains shall not exceed 0.05 percent by weight and limit of Karnal Bunt affected grains shall not exceed 0.3 percent by weight
	7	Moisture	11% max
	8	Test Weight	76 Kg/hl minimum

	9	Grain Size with diameter less than 3 mm	8% max
<b>Quantity variation</b>	+ / - 5%		
<b>Delivery center</b>	Kota (within 50 Km radius from the municipal limits)		
<b>Additional delivery centres</b>	Rajkot (Gujarat), Sri Ganganagar (Rajasthan), Indore (M.P.) and Agra (U.P.) (within 50 Km radius from the municipal limits) with location – wise premium/discount for all centers will be announced by the Exchange prior to launch of the contract.		
<b>Hours of trading</b>	As notified by the Exchange from time to time, currently: - Mondays through Fridays: 09:00 AM to 05:00 PM The Exchange may vary the above timing with due notice.		
<b>Opening of Contracts</b>	Trading in far month contract will open on the 1st day of the month in which the near month contract is due to expire. If the 1st day happens to be a non-trading day, contracts would open on the next trading day		
<b>Tender Period</b>	Tender Date –T Tender Period: The tender period would be the last 5 trading days (including expiry day) of the contracts.  Pay-in and Pay-out: On a T+2 basis. If the tender date is T, then pay-in and pay-out would happen on T+2 day. If such a T+2 day happens to be a Saturday, a Sunday or a holiday at the Exchange, Clearing Corporation, clearing banks or any of the service providers, pay-in and pay-out would be effected on the next working day.		
<b>Closing of contract</b>	Clearing and settlement of contracts will commence with the commencement of Tender Period by compulsory delivery of each open position tendered by the seller on T + 2 to the corresponding buyer matched by the process put in place by the Exchange.  Upon the expiry of the contract all the outstanding open position shall result in compulsory delivery.		
<b>Due date/Expiry date</b>	Expiry date of the contract: 20 <sup>th</sup> day of the delivery month. If 20 <sup>th</sup> 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.		
<b>Delivery Specification</b>	Upon expiry of the contracts all the outstanding open positions shall result in compulsory delivery.  During the Tender period, if any delivery is tendered by seller, the corresponding buyer having open position and matched as per process put in place by the Exchange, shall be bound to settle by taking delivery on T + 2 day from the delivery centre where the seller has delivered same.		



	The penalty structure for failure to meet delivery obligations will be as per circular no. NCCL/CLEARING-020/2020 dated April 07, 2020.																																		
<b>No. of active contracts</b>	As per Launch Calendar																																		
<b>Daily Price Limit (DPL)</b>	<p>Daily price limit is (+/-) 3%. Once the 3% limit is reached, then after a period of 15 minutes this limit shall be increased further by 1%. The trading shall be permitted during the 15 minutes period within the 3% limit. After the DPL is enhanced, trades shall be permitted throughout the day within the enhanced total DPL of 4%.</p> <p>The DPL on the launch (first) day of new contract shall be as per the circular no. NCDEX/RISK-034/2016/209 dated September 08, 2016.</p>																																		
<b>Position limits</b>	<p>Member-wise: 26,50,000 MT or 15% of the market wide open interest in the commodity, whichever is higher. Client-wise: 2,65,000 MT.</p> <p>Bona fide hedger/EFE clients may seek exemption as per approved Hedge Policy of the Exchange notified vide Circular No. NCDEX/CLEARING- 019/2016/246 dated September 28, 2016 and Circular No: NCDEX/TRADING-072/2018 dated November 28, 2018</p> <p>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.</p> <p>Member-wise: 6,62,500 MT or One-fourth of the member's overall position limit in that commodity, whichever is higher. Client-wise: 66,250 MT</p>																																		
<b>Special Margin</b>	In case of unidirectional price movement/ increased volatility, an additional/ special margin at such other percentage, as deemed fit by the Regulator/ Exchange, may be imposed on the buy and the sell side or on either of the buy or sell sides in respect of all outstanding positions. Reduction/ removal of such additional/ special margins shall be at the discretion of the Regulator/ Exchange.																																		
<b>Delivery Logic</b>	Compulsory Delivery																																		
<b>Final Settlement Price</b>	<p>FSP shall be arrived at by taking the simple average of the last polled spot prices of the last three trading days viz., E0 (expiry day), E-1 and E- 2. In the event the spot price for any one or both of E-1 and E-2 is not available; the simple average of the last polled spot price of E0, E-1, E-2 and E-3, whichever available, shall be taken as FSP. Thus, the FSP under various scenarios of non-availability of polled spot prices shall be as under:</p> <table border="1"> <thead> <tr> <th rowspan="2">Scenario</th> <th colspan="4">Polled spot price availability on:</th> <th rowspan="2">FSP shall be simple average of last polled spot prices on:</th> </tr> <tr> <th>E0</th> <th>E-1</th> <th>E-2</th> <th>E-3</th> </tr> </thead> <tbody> <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> </tbody> </table>	Scenario	Polled spot price availability on:				FSP shall be simple average of last polled spot prices on:	E0	E-1	E-2	E-3	1	Yes	Yes	Yes	Yes/No	E0, E-1, E-2	2	Yes	Yes	No	Yes	E0, E-1, E-3	3	Yes	No	Yes	Yes	E0, E-2, E-3	4	Yes	No	No	Yes	E0, E-3
Scenario	Polled spot price availability on:				FSP shall be simple average of last polled spot prices on:																														
	E0	E-1	E-2	E-3																															
1	Yes	Yes	Yes	Yes/No	E0, E-1, E-2																														
2	Yes	Yes	No	Yes	E0, E-1, E-3																														
3	Yes	No	Yes	Yes	E0, E-2, E-3																														
4	Yes	No	No	Yes	E0, E-3																														

	5	Yes	Yes	No	No	E0, E-1
	6	Yes	No	Yes	No	E0, E-2
	7	Yes	No	No	No	E0
<b>Minimum Initial margin</b>	8%					

**Tolerance limit for outbound deliveries –**

Quality Parameter	Basis	Permissible tolerance
Damaged Kernel (Other than infestation damaged)	2% max The limit of ergot affected grains shall not exceed 0.05 percent by weight and limit of Karnal Bunt affected grains shall not exceed 0.3 percent by weight.	+/- 0.25% (No outbound tolerance for ergot affected grains and Karnal Bunt grains)
Infestation damaged Kernel	2% max	+/- 0.50%
Foreign Matter (Organic/Inorganic)	1% max (minerals not more than 0.25% and animal origins not more than 0.1%)	
Other edible grains	2% max	+/- 0.25%
Shrunken / Shriveled / Broken grains (not damaged)/grains with luster loss	5% max	+/- 0.50%
Total defects sum of: a) Foreign Matter b) Other edible grains c) Damaged Kernel (Other than infestation damaged) d) Shrunken/ Shriveled/ Broken grains (not damaged)/grains with luster loss	10% max The limit of ergot affected grains shall not exceed 0.05 percent by weight and limit of Karnal Bunt affected grains shall not exceed 0.3 percent by weight.	+/- 0.50% (No outbound tolerance for ergot affected grains and Karnal Bunt grains)
Moisture	11% max	
Grain Size with diameter less than 3 mm	8% max	
Test Weight	76 Kg/hl Minimum	+/- 0.25 Kg/hl
Max Tolerance (for all characteristic)		1.25%

**Note:** Tolerance limit is applicable only for outbound deliveries. Variation in quality parameters within the prescribed tolerance limit as above will be treated as good delivery when members/clients lift the materials from warehouse. These permissible variations shall be based on the parameters found as per the immediate preceding test certificate given by NCCL empaneled assayer.

**Contract Launch Calendar**

Contract Launch Month	Contract Expiry Month
October 2020	February 2021
November 2020	March 2021
December 2020	April 2021
January 2021	May 2021
February 2021	June 2021

**Existing Contract Specifications for Options on Goods on Wheat**

(Applicable for contracts expiring in the month of February 2021 and March 2021 and in case of contracts expiring in the month of April 2021, May 2021 and June 2021 applicable till February 19, 2021)

Field	Description
<b>Underlying</b>	WHEATFAQ
<b>Symbol</b>	<UNDERLYING SYMBOL><OPTIONS EXPIRY DATE-DDMMYY><CE/PE><STRIKE PRICE><UNDERLYINGTYPE-F/S>  Example: WHEATFAQ20MAY20CE2100S
<b>Unit of Trading</b>	10 MT
<b>Delivery Unit</b>	10 MT
<b>Settlement Type</b>	Compulsory Delivery
<b>Opening of Contracts</b>	Options contract shall be launched on the trading day following the day on which the Futures contract with the same underlying is launched
<b>Closing of Contract</b>	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-002/2020 dated April 07, 2020.
<b>Final Settlement Price</b>	Same as Corresponding Futures Contract
<b>Options Type</b>	European
<b>Premium Quotation/base value</b>	Rs. Per Quintal
<b>Tick Size</b>	Rs. 0.50 per Quintal
<b>Expiry Date</b>	Same as Corresponding Futures Contract
<b>Strike Interval</b>	10
<b>Number of Strikes</b>	10-1-10
<b>Quality Parameters</b>	Same as corresponding Futures Contract.
<b>Quality Premium/Discount</b>	Same as corresponding Futures Contract.
<b>Tolerance limit for Outbound delivery</b>	Same as corresponding Futures Contract.
<b>Quantity Variation</b>	+/- 5%
<b>Basis</b>	Ex-warehouse Kota, exclusive of GST
<b>Delivery Center</b>	Kota (within 50 Km radius from the municipal limits)
<b>Additional Delivery Centers</b>	Rajkot (Gujarat), Sri Ganganagar (Rajasthan), Indore (M.P.) and Agra (U.P.) (within 50 Km radius from the municipal limits) with location – wise premium/discount for all centers will be announced by the Exchange prior to launch of the contract.
<b>Options Launch Calendar</b>	Same as corresponding Futures Contract

<b>Trading Hours</b>	Same as corresponding Futures Contract
<b>Daily Price Range</b>	Based on the factors of Daily Price Range (DPR) of Futures contract and volatility.
<b>Position Limits</b>	<p>Position limits for 'option in goods' shall be clubbed with position limits of 'options on commodity futures' on the same underlying goods but shall remain separate from position limits of futures contracts on the same underlying.</p> <p>Numerical value for client level/member level limits in Options shall be twice of corresponding numbers applicable for Futures contracts.</p> <p>Wheat: 53,00,000 MT and 5,30,000 MT for member and client respectively.</p> <p><b>For near month contracts:</b></p> <p>The following limits would be applicable from 1<sup>st</sup> of every month in which the contract is due to expire. If 1<sup>st</sup> happens to be a non-trading day, the near month limits would start from the next trading day.</p> <p>Member-wise: 6,62,500 MT or One-eighth of the member's overall position limit in that commodity, whichever is higher.</p> <p>Client-wise: 66,250 MT</p>
<b>Exercise of Options</b>	European Options to be exercised only on the day of Expiration of the Options contracts
<b>Mechanism of Exercise</b>	<p>a) All option contracts belonging to 'CTM' option series shall be exercised only on 'explicit instruction' for exercise by the long position holders of such contracts.</p> <p>b) All In the money (ITM) option contracts, except those belonging to 'CTM' option series, shall be exercised automatically, unless 'contrary instruction' has been given by long position holders of such contracts for not doing so.</p> <p>c) All Out of the money (OTM) option contracts, except those belonging to 'CTM' option series, shall expire worthless.</p> <p>d) All exercised contracts within an option series shall be assigned to short positions in that series in a fair and non-preferential manner.</p>
<b>Final Settlement Method</b>	<p>On exercise, Option position shall result in physical Delivery of underlying commodity:</p> <ul style="list-style-type: none"> <li>• long call position shall result into a buy (commodity receivable) position</li> <li>• long put position shall result into a sell (commodity deliverable) position</li> <li>• short call position shall result into a sell (commodity deliverable) position</li> <li>• short put position shall result into a buy (commodity receivable) Position</li> </ul>

<b>Initial Margin</b>	<p>NCCL shall adopt appropriate initial margin model and parameters that are risk-based and generate margin requirements sufficient to cover potential future exposure to participants/clients.</p> <p>The initial margin shall be imposed at the level of portfolio of individual client comprising of his positions in futures and options contracts on each commodity.</p> <p>Margins shall be adequate to cover atleast 99% VaR (Value at Risk) and Margin Period of Risk (MPOR shall be at least three days.)</p> <p>For buyer of the option, buy premium shall be charged as margins and blocked from the collaterals.</p> <p>On computation of settlement obligation at the end of day, the premium blocked shall be released and collected as pay-in as per process notified.</p> <p>NCCL shall fix prudent price scan range and volatility scan range based on the volatility in the price of the underlying commodity.</p> <p>Appropriate Short Option Minimum Margin (SOMM) shall be fixed.</p>
<b>Other Margins</b>	<ul style="list-style-type: none"> <li>● <b>Extreme loss margin:</b> NCCL shall levy appropriate Extreme loss margin as applicable.</li> <li>● <b>Calendar spread charge:</b> 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.</li> <li>● <b>Mark to Market:</b> 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.</li> <li>● <b>Pre expiry margin:</b> 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-</li> </ul>

	<p>determined number of days before the expiry of the contract as applicable.</p> <ul style="list-style-type: none"> <li>• <b>Delivery Margin</b> Appropriate Delivery Margin will be charged on the long and short positions resulting into physical delivery.</li> <li>• <b>Margining at client level:</b> Clearing Corporation shall impose initial margins at the level of portfolio of individual client comprising of his positions in futures and options contracts on each commodity.</li> <li>• <b>Other margins:</b> Other margins like additional margins and special margins shall be applicable as and when they are levied by the Exchange/CC/Regulator.</li> </ul>
--	---

### Contract Launch Calendar

Contract Launch Month	Contract Expiry Month
October 2020	February 2021
November 2020	March 2021
December 2020	April 2021
January 2021	May 2021
February 2021	June 2021

**Annexure III: Modified Contract Specifications for Wheat (Symbol: WHEATFAQ) Futures Contract**

(Applicable for contract expiring in the month of April 2021 and thereafter) – with effect from February 22, 2021

<b>Type of Contract</b>	Futures Contract		
<b>Name of Commodity</b>	Wheat		
<b>Ticker symbol</b>	WHEATFAQ		
<b>Trading System</b>	NCDEX Trading System		
<b>Basis</b>	Ex- Warehouse Kota exclusive of GST		
<b>Unit of trading</b>	10 MT		
<b>Delivery unit</b>	10 MT		
<b>Maximum Order Size</b>	500 MT		
<b>Quotation/base value</b>	Rs/Quintal		
<b>Tick size</b>	Rs. 1.00		
<b>Quality specification</b>	1	Damaged Kernel (Other than infestation damaged)	2% max. The limit of ergot affected grains shall not exceed 0.05 percent by weight and limit of Karnal Bunt affected grains shall not exceed 0.3 percent by weight.
	2	Infestation damaged Kernel	2% max
	3	Foreign Matter (Organic/Inorganic)	1% max (minerals not more than 0.25% and animal origins not more than 0.1%)
	4	Other edible grains	2% max
	5	<b>Shrunken / Shriveled / Broken grains (not damaged)</b>	5% max
	6	Total defects sum of: a) Foreign Matter b) Other edible grains c) Damaged Kernel (Other than infestation damaged) d) <b>Shrunken/Shriveled/Broken grains (not damaged)</b>	10% max The limit of ergot affected grains shall not exceed 0.05 percent by weight and limit of Karnal Bunt affected grains shall not exceed 0.3 percent by weight
	7	Moisture	11% max
	8	Test Weight	76 Kg/hl minimum
	9	Grain Size with diameter less than 3 mm	8% max

<b>Quantity variation</b>	+ / - 5%
<b>Delivery center</b>	Kota (within 50 Km radius from the municipal limits)
<b>Additional delivery centres</b>	Rajkot (Gujarat), Sri Ganganagar (Rajasthan), Indore (M.P.) and Agra (U.P.) (within 50 Km radius from the municipal limits) with location – wise premium/discount for all centers will be announced by the Exchange prior to launch of the contract.
<b>Hours of trading</b>	As notified by the Exchange from time to time, currently: - Mondays through Fridays: 09:00 AM to 05:00 PM The Exchange may vary the above timing with due notice.
<b>Opening of Contracts</b>	Trading in far month contract will open on the 1st day of the month in which the near month contract is due to expire. If the 1st day happens to be a non-trading day, contracts would open on the next trading day
<b>Tender Period</b>	Tender Date –T Tender Period: The tender period would be the last 5 trading days (including expiry day) of the contracts.  Pay-in and Pay-out: On a T+2 basis. If the tender date is T, then pay-in and pay-out would happen on T+2 day. If such a T+2 day happens to be a Saturday, a Sunday or a holiday at the Exchange, Clearing Corporation, clearing banks or any of the service providers, pay-in and pay-out would be effected on the next working day.
<b>Closing of contract</b>	Clearing and settlement of contracts will commence with the commencement of Tender Period by compulsory delivery of each open position tendered by the seller on T + 2 to the corresponding buyer matched by the process put in place by the Exchange.  Upon the expiry of the contract all the outstanding open position shall result in compulsory delivery.
<b>Due date/Expiry date</b>	Expiry date of the contract: 20 <sup>th</sup> day of the delivery month. If 20 <sup>th</sup> 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.
<b>Delivery Specification</b>	Upon expiry of the contracts all the outstanding open positions shall result in compulsory delivery.  During the Tender period, if any delivery is tendered by seller, the corresponding buyer having open position and matched as per process put in place by the Exchange, shall be bound to settle by taking delivery on T + 2 day from the delivery centre where the seller has delivered same.  The penalty structure for failure to meet delivery obligations will be as per circular no. NCCL/CLEARING-020/2020 dated April 07, 2020.
<b>No. of active contracts</b>	As per Launch Calendar



<b>Daily Price Limit (DPL)</b>	<p>Daily price limit is (+/-) 3%. Once the 3% limit is reached, then after a period of 15 minutes this limit shall be increased further by 1%. The trading shall be permitted during the 15 minutes period within the 3% limit. After the DPL is enhanced, trades shall be permitted throughout the day within the enhanced total DPL of 4%.</p> <p>The DPL on the launch (first) day of new contract shall be as per the circular no. NCDEX/RISK-034/2016/209 dated September 08, 2016.</p>																																																				
<b>Position limits</b>	<p>Member-wise: 26,50,000 MT or 15% of the market wide open interest in the commodity, whichever is higher. Client-wise: 2,65,000 MT.</p> <p>Bona fide hedger/EFE clients may seek exemption as per approved Hedge Policy of the Exchange notified vide Circular No. NCDEX/CLEARING- 019/2016/246 dated September 28, 2016 and Circular No: NCDEX/TRADING-072/2018 dated November 28, 2018</p> <p>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.</p> <p>Member-wise: 6,62,500 MT or One-fourth of the member's overall position limit in that commodity, whichever is higher. Client-wise: 66,250 MT</p>																																																				
<b>Special Margin</b>	<p>In case of unidirectional price movement/ increased volatility, an additional/ special margin at such other percentage, as deemed fit by the Regulator/ Exchange, may be imposed on the buy and the sell side or on either of the buy or sell sides in respect of all outstanding positions. Reduction/ removal of such additional/ special margins shall be at the discretion of the Regulator/ Exchange.</p>																																																				
<b>Delivery Logic</b>	Compulsory Delivery																																																				
<b>Final Settlement Price</b>	<p>FSP shall be arrived at by taking the simple average of the last polled spot prices of the last three trading days viz., E0 (expiry day), E-1 and E- 2. In the event the spot price for any one or both of E-1 and E-2 is not available; the simple average of the last polled spot price of E0, E-1, E-2 and E-3, whichever available, shall be taken as FSP. Thus, the FSP under various scenarios of non-availability of polled spot prices shall be as under:</p> <table border="1" data-bbox="596 1541 1449 1921"> <thead> <tr> <th rowspan="2">Scenario</th> <th colspan="4">Polled spot price availability on:</th> <th rowspan="2">FSP shall be simple average of last polled spot prices on:</th> </tr> <tr> <th>E0</th> <th>E-1</th> <th>E-2</th> <th>E-3</th> </tr> </thead> <tbody> <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> </tbody> </table>	Scenario	Polled spot price availability on:				FSP shall be simple average of last polled spot prices on:	E0	E-1	E-2	E-3	1	Yes	Yes	Yes	Yes/No	E0, E-1, E-2	2	Yes	Yes	No	Yes	E0, E-1, E-3	3	Yes	No	Yes	Yes	E0, E-2, E-3	4	Yes	No	No	Yes	E0, E-3	5	Yes	Yes	No	No	E0, E-1	6	Yes	No	Yes	No	E0, E-2	7	Yes	No	No	No	E0
Scenario	Polled spot price availability on:				FSP shall be simple average of last polled spot prices on:																																																
	E0	E-1	E-2	E-3																																																	
1	Yes	Yes	Yes	Yes/No	E0, E-1, E-2																																																
2	Yes	Yes	No	Yes	E0, E-1, E-3																																																
3	Yes	No	Yes	Yes	E0, E-2, E-3																																																
4	Yes	No	No	Yes	E0, E-3																																																
5	Yes	Yes	No	No	E0, E-1																																																
6	Yes	No	Yes	No	E0, E-2																																																
7	Yes	No	No	No	E0																																																

<b>Minimum Initial margin</b>	8%
-------------------------------	----

**Tolerance limit for outbound deliveries –**

<b>Quality Parameter</b>	<b>Basis</b>	<b>Permissible tolerance</b>
Damaged Kernel (Other than infestation damaged)	2% max The limit of ergot affected grains shall not exceed 0.05 percent by weight and limit of Karnal Bunt affected grains shall not exceed 0.3 percent by weight.	+/- 0.25% (No outbound tolerance for ergot affected grains and Karnal Bunt grains)
Infestation damaged Kernel	2% max	+/- 0.50%
Foreign Matter (Organic/Inorganic)	1% max (minerals not more than 0.25% and animal origins not more than 0.1%)	
Other edible grains	2% max	+/- 0.25%
<b>Shrunken / Shriveled / Broken grains (not damaged)</b>	5% max	+/- 0.50%
Total defects sum of: a) Foreign Matter b) Other edible grains c) Damaged Kernel (Other than infestation damaged) <b>d) Shrunken/ Shriveled/ Broken grains (not damaged)</b>	10% max The limit of ergot affected grains shall not exceed 0.05 percent by weight and limit of Karnal Bunt affected grains shall not exceed 0.3 percent by weight.	+/- 0.50% (No outbound tolerance for ergot affected grains and Karnal Bunt grains)
Moisture	11% max	
Grain Size with diameter less than 3 mm	8% max	
Test Weight	76 Kg/hl Minimum	+/- 0.25 Kg/hl
Max Tolerance (for all characteristic)		1.25%

Note: Tolerance limit is applicable only for outbound deliveries. Variation in quality parameters within the prescribed tolerance limit as above will be treated as good delivery when members/clients lift the materials from warehouse. These permissible variations shall be based on the parameters found as per the immediate preceding test certificate given by NCCL empaneled assayer.

**Contract Launch Calendar**

<b>Contract Launch Month</b>	<b>Contract Expiry Month</b>
December 2020	April 2021
January 2021	May 2021
February 2021	June 2021
March 2021	July 2021
April 2021	August 2021
May 2021	September 2021
June 2021	October 2021

July 2021	November 2021
August 2021	December 2021

**Modified Contract Specifications for Options on Goods on Wheat**

(Applicable for contract expiring in the month of April 2021 and thereafter) – with effect from February 22, 2021

Field	Description
<b>Underlying</b>	WHEATFAQ
<b>Symbol</b>	<UNDERLYING SYMBOL><OPTIONS EXPIRY DATE-DDMMYY><CE/PE><STRIKE PRICE><UNDERLYINGTYPE-F/S>  Example: WHEATFAQ20MAY20CE2100S
<b>Unit of Trading</b>	10 MT
<b>Delivery Unit</b>	10 MT
<b>Settlement Type</b>	Compulsory Delivery
<b>Opening of Contracts</b>	Options contract shall be launched on the trading day following the day on which the Futures contract with the same underlying is launched
<b>Closing of Contract</b>	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-002/2020 dated April 07, 2020.
<b>Final Settlement Price</b>	Same as Corresponding Futures Contract
<b>Options Type</b>	European
<b>Premium Quotation/base value</b>	Rs. Per Quintal
<b>Tick Size</b>	Rs. 0.50 per Quintal
<b>Expiry Date</b>	Same as Corresponding Futures Contract
<b>Strike Interval</b>	10
<b>Number of Strikes</b>	10-1-10
<b>Quality Parameters</b>	Same as corresponding Futures Contract.
<b>Quality Premium/Discount</b>	Same as corresponding Futures Contract.
<b>Tolerance limit for Outbound delivery</b>	Same as corresponding Futures Contract.
<b>Quantity Variation</b>	+/- 5%
<b>Basis</b>	Ex-warehouse Kota, exclusive of GST
<b>Delivery Center</b>	Kota (within 50 Km radius from the municipal limits)
<b>Additional Delivery Centers</b>	Rajkot (Gujarat), Sri Ganganagar (Rajasthan), Indore (M.P.) and Agra (U.P.) (within 50 Km radius from the municipal limits) with location – wise premium/discount for all centers will be announced by the Exchange prior to launch of the contract.
<b>Options Launch Calendar</b>	Same as corresponding Futures Contract
<b>Trading Hours</b>	Same as corresponding Futures Contract

<b>Daily Price Range</b>		Based on the factors of Daily Price Range (DPR) of Futures contract and volatility.
<b>Position Limits</b>		<p>Position limits for 'option in goods' shall be clubbed with position limits of 'options on commodity futures' on the same underlying goods but shall remain separate from position limits of futures contracts on the same underlying.</p> <p>Numerical value for client level/member level limits in Options shall be twice of corresponding numbers applicable for Futures contracts.</p> <p>Wheat: 53,00,000 MT and 5,30,000 MT for member and client respectively.</p> <p><b>For near month contracts:</b></p> <p>The following limits would be applicable from 1<sup>st</sup> of every month in which the contract is due to expire. If 1<sup>st</sup> happens to be a non-trading day, the near month limits would start from the next trading day.</p> <p>Member-wise: 6,62,500 MT or One-eighth of the member's overall position limit in that commodity, whichever is higher.</p> <p>Client-wise: 66,250 MT</p>
<b>Exercise of Options</b>		European Options to be exercised only on the day of Expiration of the Options contracts
<b>Mechanism of Exercise</b>		<p>e) All option contracts belonging to 'CTM' option series shall be exercised only on 'explicit instruction' for exercise by the long position holders of such contracts.</p> <p>f) All In the money (ITM) option contracts, except those belonging to 'CTM' option series, shall be exercised automatically, unless 'contrary instruction' has been given by long position holders of such contracts for not doing so.</p> <p>g) All Out of the money (OTM) option contracts, except those belonging to 'CTM' option series, shall expire worthless.</p> <p>h) All exercised contracts within an option series shall be assigned to short positions in that series in a fair and non-preferential manner.</p>
<b>Final Settlement Method</b>		<p>On exercise, Option position shall result in physical Delivery of underlying commodity:</p> <ul style="list-style-type: none"> <li>• long call position shall result into a buy (commodity receivable) position</li> <li>• long put position shall result into a sell (commodity deliverable) position</li> <li>• short call position shall result into a sell (commodity deliverable) position</li> <li>• short put position shall result into a buy (commodity receivable) Position</li> </ul>
<b>Initial Margin</b>		NCCL shall adopt appropriate initial margin model and parameters that are risk-based and generate margin requirements sufficient to cover potential future exposure to participants/clients.

	<p>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.</p> <p>Margins shall be adequate to cover atleast 99% VaR (Value at Risk) and Margin Period of Risk (MPOR shall be at least three days.)</p> <p>For buyer of the option, buy premium shall be charged as margins and blocked from the collaterals.</p> <p>On computation of settlement obligation at the end of day, the premium blocked shall be released and collected as pay-in as per process notified.</p> <p>NCCL shall fix prudent price scan range and volatility scan range based on the volatility in the price of the underlying commodity.</p> <p>Appropriate Short Option Minimum Margin (SOMM) shall be fixed.</p>
<p><b>Other Margins</b></p>	<ul style="list-style-type: none"> <li>• <b>Extreme loss margin:</b> NCCL shall levy appropriate Extreme loss margin as applicable.</li> <li>• <b>Calendar spread charge:</b> 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.</li> <li>• <b>Mark to Market:</b> 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.</li> <li>• <b>Pre expiry margin:</b> 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.</li> <li>• <b>Delivery Margin</b></li> </ul>

	<p>Appropriate Delivery Margin will be charged on the long and short positions resulting into physical delivery.</p> <ul style="list-style-type: none"> <li>• <b>Margining at client level:</b> Clearing Corporation shall impose initial margins at the level of portfolio of individual client comprising of his positions in futures and options contracts on each commodity.</li> <li>• <b>Other margins:</b> Other margins like additional margins and special margins shall be applicable as and when they are levied by the Exchange/CC/Regulator.</li> </ul>
--	--

### Contract Launch Calendar

Contract Launch Month	Contract Expiry Month
December 2020	April 2021
January 2021	May 2021
February 2021	June 2021
March 2021	July 2021
April 2021	August 2021
May 2021	September 2021
June 2021	October 2021
July 2021	November 2021
August 2021	December 2021

---

**Annexure IV: Premium/Discount for delivery location difference for contract expiring in the month of April 2021 (with effect from February 22, 2021)**

<b>Commodity (Basis)</b>	<b>Delivery Centre</b>	<b>(+) Premium / (-) Discount</b>
<b>Wheat (Kota)</b>	Rajkot	No Premium/Discount
	Sri Ganganagar	No Premium/Discount
	Indore	No Premium/Discount
	Agra	No Premium/Discount