
NATIONAL COMMODITY & DERIVATIVES EXCHANGE LIMITED

Circular to all members of the Exchange

Circular No : NCDEX/TRADING-006/2021

Date : February 11, 2021

Subject : Re-Launch of Futures contracts – Hipro Soybean Meal (SBMEALIDR)

The Exchange is pleased to inform the members of the Exchange that as per its Bye-laws, Rules and Regulations, and with the approval received from Securities and Exchange Board of India, Future contracts in Hipro Soybean Meal (Symbol: SBMEALIDR) expiring in the months of March 2021, April 2021, May 2021, June 2021, July 2021, August 2021 and September 2021 would be available for trading w.e.f. **February 17, 2021**.

The Futures contracts to be launched shall be additionally governed by the Product Note as is notified on the Exchange website under the tab- “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.

Members are requested to take note of the following:

1. Summary of modifications in contract specifications for Hipro Soybean Meal (Symbol: SBMEALIDR) Futures contracts expiring in the months of March 2021, April 2021, May 2021, June 2021, July 2021, August 2021 and September 2021 is given in **Annexure I**.
2. Modified contract specifications applicable for Futures contracts expiring in the months of March 2021, April 2021, May 2021, June 2021, July 2021, August 2021 and September 2021 and thereafter is given in **Annexure II**.
3. Premium/Discount for delivery location difference for contracts expiring in the months of March 2021, April 2021, May 2021, June 2021, July 2021, August 2021 and September 2021 is given in **Annexure III**.

The transaction charges applicable on Hipro Soybean Meal futures contract (Symbol: SBMEALIDR) will be as per Other category commodities as mentioned below, till further notice from the Exchange.

Transaction charges shall be at the flat rate of Re. 1 per lakh of trade.

With reference to circular nos. NCCL/RISK-001/2018 dated September 26, 2018 and NCCL/RISK-008/2019 dated June 12, 2019, members and participants are requested to note that as per the directives of the SEBI and Byelaws, Rules and Regulations of the Exchange, Concentration Margin shall be levied on Hipro Soybean Meal (Symbol: SBMEALIDR). The Open Interest (OI) Threshold Level for Hipro Soybean Meal (Symbol: SBMEALIDR) to attract Concentration Margin shall be as mentioned in the table below:

Commodity	Symbol	Measure	Open Interest Threshold Level
Hipro Soybean Meal	SBMEALIDR	MT	1,37,000

The applicable OI slabs and corresponding margin percentages at clearing member level and at the client level shall be same as specified in the circular nos. NCCL/RISK-001/2018 dated September 26, 2018 and NCCL/RISK-008/2019 dated June 12, 2019. The Concentration Margin and Threshold Limit shall be effective from beginning of trading day February 17, 2021.

The contracts and the transactions therein will be subject to Bye Laws, Rules, and Regulations of the Exchange and circulars 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 Clearing Corporation is in due compliance with the applicable regulations laid down by authorities like 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 shall not be responsible or liable on account of any non-compliance thereof.

For and on behalf of
National Commodity & Derivatives Exchange Limited

Kapil Dev
Executive Vice President –Business

Encl: Annexures

For further information/ clarifications, please contact

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**Annexure I: Summary of modifications in contract specifications – Hipro Soybean Meal
(Symbol: SBMEALIDR) Futures contract**

Parameter	Earlier Contract Specifications	Modified Contract Specifications	Rationale
Name of commodity	Yellow Soybean Meal (Domestic)	Hipro Soybean Meal	Soybean meal containing 50% or more protein is called as Hipro Soybean meal. Soya meal market is slowly moving towards high protein soymeal and based on the market trend and feedback from trade participants, Exchange has modified the specification to Hipro quality.
Basis	Ex-warehouse Indore, exclusive of all taxes & without H-form	Ex-warehouse Indore, exclusive of GST	In alignment with current practice after GST introduction
Additional Delivery Centre	NA	Latur (within a radius of 50 km from the municipal limits) Location Premium/Discount as notified by the Exchange from time to time.	Latur has emerged as key center for Soybean meal domestic market.
Quality specification	Moisture :12% Max Protein: 46% Min	Moisture :11% Max Protein: 50% Min	Addition of Hipro Soybean meal quality parameters

Parameter	Earlier Contract Specifications	Modified Contract Specifications	Rationale
	<p>Oil: 1.5% Max</p> <p>Fiber: 6% Max</p> <p>Sand/Silica: 2% Max</p> <p>Urease (by EEC method): Min 0.05, Max 0.30 Units (By EEC Method)</p> <p>Indian solvent extracted toasted with pure yellow Soybean meal.</p> <p>No Red / Black / Over toasted / Sweepage / Admixture / Contaminated or water damaged Soybean Meal will be accepted.</p> <p>Free from pesticide (especially organochlorine compound group e.g. DDT, dieldrin including aldrin and heptachlor)</p> <p>Free from poisonous seeds and/or foreign seeds, free from castor seeds and/or husk, free from lumps, free from weevils, free from urea and/or other chemical substance.</p>	<p>Oil: 1.5% Max</p> <p>Fiber: 4% Max</p> <p>Sand/Silica: 1% Max</p> <p>Urease (by EEC method): Min 0.05 mgN/g/Min, Max 0.30 mgN/g/Min Units (By EEC Method)</p> <p>Indian solvent extracted toasted with pure yellow Soybean meal.</p> <p>No Red / Black / Over toasted / Sweepage / Admixture / Contaminated or water damaged Soybean Meal will be accepted.</p> <p>Free from pesticide (especially organochlorine compound group e.g. DDT, dieldrin including aldrin and heptachlor)</p> <p>Free from poisonous seeds and/or foreign seeds, free from castor seeds and/or husk, free from lumps, free from weevils, free from urea and/or other chemical substance.</p>	

Parameter	Earlier Contract Specifications	Modified Contract Specifications	Rationale
Deliverable grades	Yellow Soybean meal of Expander type grade	NA	As per the current market practice followed for Hipro Soybean meal.
Trading hours	<p>As notified by the Exchange from time to time, currently:</p> <p>Mondays through Fridays: 10.00 A.M. to 9.00 P.M. / 9.30 P.M.* (*during US daylight saving period)</p> <p>On the expiry date, contracts expiring on that day will not be available for trading after 5 P.M.</p> <p>The Exchange may vary above timing with due notice.</p>	<p>As notified by the Exchange from time to time, currently:</p> <p>Mondays through Fridays: 9:00 AM to 05:00 PM</p> <p>The Exchange may vary the above timing with due notice</p>	As per current practice
Due date/Expiry date	<p>20th day of the delivery month</p> <p>If 20th happens to be a holiday, then previous trading day. If 20th happens to be a Saturday or a Sunday then the due date shall be the immediately preceding trading day of the Exchange, other than Saturday.</p>	<p>Expiry Date of the contract: 20th day of the delivery month.</p> <p>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.</p> <p>The settlement of contract would be by a staggered system of Pay-in and Pay-out including the last</p>	As per current practice

Parameter	Earlier Contract Specifications	Modified Contract Specifications	Rationale
		pay-in and pay-out which would be the final settlement of the contract	
Tender Period		<p>Tender Date –T</p> <p>Tender Period: The tender period would be the last 5 trading days (including expiry day) of the contracts.</p> <p>Pay-in and Pay-out:</p> <p>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.</p>	As per current practice
Delivery Logic	Intention Matching	Compulsory Delivery	As per current practice.
Delivery specification	Upon expiry of the contract, the delivery position would be arrived at by the	Upon expiry of the contracts all the outstanding open positions	As per current practice.

Parameter	Earlier Contract Specifications	Modified Contract Specifications	Rationale
	<p>Exchange based on the information to give/take delivery furnished by the sellers and buyers as per the process put in place by the Exchange for effecting physical delivery.</p>	<p>shall result in compulsory delivery.</p> <p>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 center where the seller has delivered same.</p> <p>The penalty structure for failure to meet delivery obligations will be as per circular no. NCCL/CLEARING-020/2020 dated April 07, 2020.</p>	
Closing of contract	<p>On the expiry of the contract, all outstanding positions not resulting in giving/taking of physical delivery of the commodity shall be closed out at the Final Settlement Price announced by the Exchange.</p>	<p>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.</p>	<p>As per current practice</p>

Parameter	Earlier Contract Specifications	Modified Contract Specifications	Rationale
		Upon the expiry of the contract all the outstanding open position shall result in compulsory delivery.	
Position limits	<p>The position limits will be applicable on Exchange wise basis</p> <p>Member-wise: 2,00,000 MT or 15% of the market wide open interest in the commodity, whichever is higher.</p> <p>Client-wise: 20,000 MT</p> <p>Bona fide hedger 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.</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</p>	<p>The position limits will be applicable on Exchange wise basis</p> <p>Member-wise: 6,70,000 MT or 15% of market wide open interest in the commodity, whichever is higher.</p> <p>Client-wise: 67,000 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</p>	As per current practice.

Parameter	Earlier Contract Specifications	Modified Contract Specifications	Rationale
	<p>limits would start from the next trading day.</p> <p>Member-wise: 50,000 MT or one-fourth of the member's overall position limit in that commodity, whichever is higher.</p> <p>Client-wise: 5,000 MT</p>	<p>non-trading day, the near month limits would start from the next trading day.</p> <p>Member-wise: 1,67,500 MT or one-fourth of the member's overall position limit in that commodity, whichever is higher.</p> <p>Client-wise: 16,750 MT</p>	
Minimum Initial Margin	4%	10%	As per current norms

Annexure II:
Modified Contract Specifications of Hipro Soybean Meal (Symbol: SBMEALIDR) Futures contract

Type of Contract	Futures Contract
Name of commodity	Hipro Soybean Meal
Ticker symbol	SBMEALIDR
Trading system	NCDEX Trading System
Basis	Ex-warehouse Indore, exclusive of GST
Unit of trading	10 MT
Delivery unit	10 MT
Maximum Order Size	500 MT
Quotation/base value	Rs. per MT
Tick size	Rs. 10 per MT
Quality specification	<p>Moisture :11% Max</p> <p>Protein: 50% Min</p> <p>Oil: 1.5% Max</p> <p>Fiber: 4% Max</p> <p>Sand/Silica: 1% Max</p> <p>Urease (by EEC method): Min 0.05 mgN/g/Min, Max 0.30 mgN/g/Min Units (By EEC Method)</p> <p>Indian solvent extracted toasted with pure yellow Soybean meal.</p>

	<p>No Red / Black / Over toasted / Sweepage / Admixture / Contaminated or water damaged Soybean Meal will be accepted.</p> <p>Free from pesticide (especially organochlorine compound group e.g. DDT, dieldrin including aldrin and heptachlor)</p> <p>Free from poisonous seeds and/or foreign seeds, free from castor seeds and/or husk, free from lumps, free from weevils, free from urea and/or other chemical substance.</p>
Quantity variation	+/- 2%
Delivery centre	Indore (within a radius of 50 km from the municipal limits)
Additional Delivery Centre	<p>Latur (within a radius of 50 km from the municipal limits)</p> <p>Location Premium/Discount as notified by the Exchange from time to time.</p>
Trading hours	<p>As notified by the Exchange from time to time, currently:</p> <p>Mondays through Fridays: 9:00 AM to 05:00 PM</p> <p>The Exchange may vary the above timing with due notice</p>
Due date/Expiry date	<p>Expiry date of the contract:</p> <p>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.</p> <p>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.</p>
Tender Period	<p>Tender Date –T</p> <p>Tender Period: The tender period would be the last 5 trading days (including expiry day) of the contracts.</p> <p>Pay-in and Pay-out:</p> <p>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</p>

	Exchange, Clearing Corporation, clearing banks or any of the service providers, pay-in and pay-out would be effected on the next working day.
Delivery specification	<p>Upon expiry of the contracts all the outstanding open positions shall result in compulsory delivery.</p> <p>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 center where the seller has delivered same.</p> <p>The penalty structure for failure to meet delivery obligations will be as per circular no. NCCL/CLEARING-020/2020 dated April 07, 2020.</p>
Delivery Logic	Compulsory Delivery
Closing of contract	<p>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.</p> <p>Upon the expiry of the contract all the outstanding open position shall result in compulsory delivery.</p>
Opening of contracts	Trading in any contract month will open on the 1 st day of the month. If the 1 st day happens to be a non-trading day, contracts would open on next trading day
No. of active contracts	As per launch calendar
Daily Price limit (DPL)	<p>Daily price limit is (+/-) 3%. Once the 3% limit is reached, then after a period of 15 minutes the 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>

<p>Position limits</p>	<p>The position limits will be applicable on Exchange wise basis</p> <p>Member-wise: 6,70,000 MT or 15% of market wide open interest in the commodity, whichever is higher.</p> <p>Client-wise: 67,000 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:</p> <p>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: 1,67,500 MT or one-fourth of the member's overall position limit in that commodity, whichever is higher.</p> <p>Client-wise: 16,750 MT</p>											
<p>Special margin</p>	<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>											
<p>Final Settlement Price</p>	<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="662 1640 1367 1797"> <tr> <td data-bbox="662 1640 808 1738">Scenario</td> <td colspan="4" data-bbox="808 1640 1127 1738">Polled spot price availability on</td> <td data-bbox="1127 1640 1367 1797" rowspan="2">FSP shall be simple average of last polled spot prices on:</td> </tr> <tr> <td data-bbox="662 1738 808 1797"></td> <td data-bbox="808 1738 883 1797">E0</td> <td data-bbox="883 1738 948 1797">E-1</td> <td data-bbox="948 1738 1019 1797">E-2</td> <td data-bbox="1019 1738 1127 1797">E-3</td> </tr> </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
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
Minimum Initial Margin	10%					

Tolerance limit for outbound deliveries in Hipro Soybean Meal

Commodity Specifications	Basis	Acceptable quality range as per contract specification	Permissible Tolerance
Moisture	11% Max	-	0.25%
Protein	50% Min	-	0.50%
Oil	1.5% Max	-	-
Fiber	4% Max	-	-
Sand & Silica	1% Max	-	-
Max Tolerance (for all characteristics)			0.75%

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
February 17, 2021	March 2021
	April 2021
	May 2021
	June 2021
	July 2021
	August 2021
	September 2021
March 2021	October 2021
April 2021	November 2021
May 2021	December 2021
June 2021	January 2022
July 2021	February 2022
August 2021	March 2022

Annexure III: Premium/Discount for delivery location difference for contracts expiring in the month of March 2021, April 2021, May 2021, June 2021, July 2021, August 2021 and September 2021

Commodity (Basis)	Additional Delivery Centre	(+) Premium / (-) Discount
Hipro Soybean Meal (Indore)	Latur (Maharashtra)	At par