

Contract Specification of Cotton Futures

Symbol	COTTON
Contract Listing	Contracts are available as per the Contract Launch Calendar
Contract Start Day	1st Day of the Contract launch month. If 1st day is a holiday, then the following working day.
Last Trading Day	Last trading day of the contract month. If last trading day is a holiday then preceding trading day.
Trading	
Trading Session	Monday to Friday: 09.00 a.m. to 09.00 p.m.
Trading Unit	25 bales
Quotation/Base Value	Rs. Per bale (of 170 Kg)
Maximum Order Size 1	1200 bales
Tick size (minimum price movement)	Rs.10
Price Quote	Ex-Warehouse Rajkot (Within 100 km radius) excluding all taxes, duties, levies, charges as applicable.
Daily Price Limits	DPL shall have two slabs - Initial and Enhanced Slab. Once the initial slab limit of 3% is reached in any contract, then after a period of 15 minutes, this limit shall be increased further by enhanced slab of 1%, only in that contract. The trading shall be permitted during the 15 minutes period within the initial slab limit. After the DPL is enhanced, trades shall be permitted throughout the day within the enhanced total DPL of 4%.
Initial Margin *	Minimum 4% or based on SPAN whichever is higher
Extreme Loss Margin **	1%
Additional and/ or Special Margin	An additional margin (on both buy & sell side) and/ or special margin (on either buy or sell side) at such percentage, as may be deemed fit, will be imposed by the Exchange/Regulator, as and when is necessary, in respect of all outstanding positions
Maximum Allowable Open Position***	For individual clients: 3,60,000 bales For a member collectively for all clients: 36, 00,000 bales or 15% of the market wide open position whichever is higher. For Near Month Delivery For individual clients: 90,000 bales Near month member level position limit shall be equivalent to the one fourth of the overall member level position limit.
Delivery	
Delivery Unit	100 bales (170 quintals* or 48 candy approx.) *+/- 7%
Basic Delivery Centre	Rajkot
Additional Delivery Centre	1) Aurangabad (Maharashtra) 2) Jalgaon (Maharashtra) 3) Yavatmal (Maharashtra) 4) Mundra (Gujarat) 5) Kadi (Gujarat)

<p>Quality Specifications on Physical Inspection and HVI Mode</p>	<p>Goods should lie within the Tenderable Range according to defined quality specifications. Outlaying goods will not be accepted for delivery. Ginning Pattern: Roller Ginned Cotton.</p> <p>1) Basis Grade: Standardized grade as per HVI Middling 31- 3; grades between 11-1 to 31-3 are accepted with Nil premium. Above 31-3 to 41-4 are accepted with discount.</p> <p>2) Staple 29 mm (-1mm) with discount. Below 28 mm reject and above 29 mm no premium</p> <p>3) Micronaire (MIC): 3.6 – 4.8 +/-0.1 with discount. Below 3.5 and above 4.9 reject.</p> <p>4) Tensile Strength: 28 GPT Minimum, Below 28mm rejected.</p> <p>5) Trash: 3.5% +/-1.5% with no premium and discount. More than 5% reject</p> <p>6) Moisture: Proposed is should be accepted upto 9%. Acceptable up to 10 %(average) at discount.</p> <p>The premiums/discounts with respect to quality specifications (in respect to Grade, Staple, Micronaire, Trash and Moisture) will be announced by exchange before the launch of contract.</p>																																		
<p>Physical Condition of Bales</p>	<p>All bales of the lot should be in good condition – should be free from oil/ ink stains penetrating the bale or damaged in any other way. It should have all the proper markings in form the unique PRN for identifying the individual bale as well as a total lot. The label should give details of variety, weight and crop year.</p> <p>The bale must be fully covered with hessian cloth/cotton fabric and no cotton shall be exposed. The bales must be securely strapped with iron bailing hoops / plastic straps.</p>																																		
<p>Crop conditions</p>	<p>Only Current season Indian crop is deliverable. Season period is 1st October 2018 to 30th September 2019.</p>																																		
<p>Delivery Period Margin****</p>	<p>Delivery period margins shall be higher of:</p> <p>a. 3% + 5 day 99% VaR of spot price volatility OR b. 25%</p>																																		
<p>Final Settlement Price*****</p>	<p>For contracts where, Final Settlement Price (FSP) is determined by polling, unless specifically approved otherwise, the 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, E1, 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 asunder:</p> <table border="1" data-bbox="571 1736 1449 2022"> <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
	In case of non-availability of polled spot price on expiry day (E0) due to sudden closure of physical market under any emergency situations noticed at the basis centre, Exchanges shall decide further course of action for determining FSP in consultation with SEBI.					
Delivery Logic	Compulsory Delivery.					

* The Margin Period of Risk (MPOR) shall be 2 days in accordance with SEBI Circular no. SEBI/HO/CDMRD//DRMP/CIR/P/2016/77 dated September 01, 2016 accordingly, the initial margin shall be scaled up by root 2.

**As per SEBI directive CIR/CDMRD/DRMP/01/2015 dated October 1, 2015

*** Pursuant to SEBI circular SEBI/HO/CDMRD/DMP/CIR/P/2017/84 dated July 25, 2017

**** As per SEBI directive SEBI/HO/CDMRD/DRMP/CIR/P/2016/77 dated Sep 01, 2016

***** As per SEBI directive SEBI/HO/CDMRD/DRMP/CIR/P/2016/90 dated Sep 21, 2016

Contract Launch Calendar of Cotton (29mm)

Contract Launch Months	Contract Expiry Months
February 2019	March 2019
February 2019	April 2019
February 2019	May 2019
February 2019	June 2019
February 2019	July 2019
March 2019	Aug 2019
April 2019	September 2019
May 2019	October 2019
May 2019	November 2019
May 2019	December 2019