



MCX Circular No. MCX/MCXCCL/433/2019  
MCXCCL Circular No. MCXCCL/C&S/185/2019

August 14, 2019

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**Revision in Delivery and Settlement Procedure for CARDAMOM**

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In terms of the provisions of the Rules, Bye-Laws and Regulations of the Multi Commodity Exchange Clearing Corporation Limited (MCXCCL), Clearing Members of MCXCCL are notified as under:

MCX has introduced / modified the provisions on tender period under the staggered delivery tender period for all the Compulsory Delivery contracts expiring from October 25, 2019 and thereafter. Accordingly, the revised Delivery and Settlement procedure for Cardamom contracts expiring in November 2019 & onwards is provided as Annexure 1 to this Circular.

All Members and their respective constituents are requested to take note of the same.

Anthony Rodrigues  
Sr. Manager

Encl.: As above

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Kindly contact Customer Support on 022 - 6649 4040 or send an email at [customersupport@mcxindia.com](mailto:customersupport@mcxindia.com) for any clarification.

----- Corporate office -----  
Multi Commodity Exchange Clearing Corporation Limited  
Exchange Square, CTS No. 255, Suren Road, Chakala, Andheri (East), Mumbai – 400 093  
Tel.: 022 – 67318888 Fax: 022 – 67269558 CIN: U74999MH2008PLC185349  
[www.mexccl.com](http://www.mexccl.com) email: [customersupport@mcxindia.com](mailto:customersupport@mcxindia.com)

## Delivery and Settlement procedure for Cardamom Contract

<b>Delivery Logic</b>	<b>Compulsory Delivery</b>
<b>Staggered Delivery Tender Period</b>	<p>The staggered delivery tender period would be the last 5 trading days (including expiry day) of the contracts.</p> <p>Trading day will be based on availability for trading of the respective commodity on a trading day and excluding special sessions like Muhurat Trading day.</p>
<b>Staggered Tender Period Margin</b>	7% incremental margin for last 5 trading days (including expiry day) of the contract on all outstanding positions in addition to the Initial, Special and/ or any other additional margin, if any.
<b>Mode of Intention Submission</b>	MCX eXchange
<b>Buyer Delivery Intention</b>	Buyer to give intention of taking delivery on any tender day, during tender period, till 3.00 p.m.
<b>Seller Delivery Intention</b>	Seller to give intention of tendering delivery on any tender day, during tender period, till 3.00 p.m.
<b>Dissemination of Intention</b>	Intentions received from the sellers and buyers will be broadcasted on TWS by the MCX/MCXCCCL by 3.30 p.m. on the respective tender days.
<b>Delivery Period Margin</b>	<p>Delivery period margins shall be higher of:</p> <p>a. 3% + 5 day 99% VaR of spot price volatility</p> <p>Or</p> <p>b. 35%</p>
<b>Exemption from Staggered Tender Period and Delivery Period Margin</b>	Sellers are exempted from payment of all types of margins, if goods are tendered as early pay-in with all the documentary evidences. However, MCXCCL shall continue to collect mark to market margins from Sellers.
<b>Delivery Allocation Rate</b>	Settlement/closing price on the respective tender days except on expiry date. On expiry date the delivery order rate shall be the Due Date Rate (DDR) and not the closing price
<b>Delivery Marking</b>	On the respective tender days after the end of the day
<b>Delivery Pay-in</b>	The seller will have to do the delivery pay-in through Repository Account with CDSL Commodity Repository Ltd. (CCRL) by earmarking his existing valid commodity balance in the CCRL Repository Account towards the pay-in obligation.

	<p><b><u>On Tender Days:</u></b> On tender days by 3.00 p.m. except Saturday, Sunday and Public holiday. Marking of delivery will be done on the tender days based on the intentions received from the sellers after the trading hours.</p> <p><b><u>On Expiry:</u></b> On expiry all the open positions shall be marked for delivery. Delivery pay-in will be on E+2 basis (E- Expiry day) by 12.00 p.m. except Saturday, Sunday and Public holiday.</p>
<b>Funds Pay-in</b>	Tender/ Expiry day + 2 basis: 12.00 p.m.
<b>Delivery Pay-out</b>	Tender/ Expiry day + 2 basis: 2.00 p.m.
<b>Funds Pay-out</b>	Tender/ Expiry day + 2 basis: 2.00 p.m.
<b>Penal Provision for default of Delivery &amp; Settlement</b>	<p>Seller Default</p> <p>3% of Settlement Price + replacement cost (difference between settlement price and average of three highest of the last spot prices of 5 succeeding days after the commodity pay-out date, if the average price so determined is higher than Settlement Price, else this component will be zero.)</p> <p>Norms for apportionment of penalty :-</p> <ul style="list-style-type: none"> <li>• At least 1.75% of Settlement Price shall be deposited in the Settlement Guarantee Fund (SGF) of the MCXCCL</li> <li>• Up to 0.25% of Settlement Price may be retained by the MCXCCL towards administration expenses</li> <li>• 1% of Settlement Price + replacement cost shall go to buyer who was entitled to receive delivery.</li> </ul> <p>Over and above the prescribed penalty, MCXCCL shall take suitable penal/ disciplinary action against any intentional / wilful delivery default by seller.</p> <p>Buyer default shall not be permitted.</p>
<b>Delivery Centers</b>	At MCXCCL designated warehouse at Vandanmedu in Idukki Dist of Kerala State
<b>Taxes, Duties, Cess and Levies</b>	Ex- Vandanmedu, Dist. Idukki, Kerala (exclusive of all tax and levies). Sales Tax/GST and any other taxes / levies as may become due and payable under any law, rules or regulations as applicable from time to time will be on the account of the Buyer. Post lifting delivery, all charges-shall be borne by the buyer.

<b>Tolerance Limits for Outbound Deliveries</b>	Specifications	Basis	Tolerance Limit
	Cardamom 7mm bold bulk		
	Density of stock delivered shall be 385 gms per litre [385 gm l/w] minimum.	385 gm l/w min	+/- 3.85 gm l/w
	Delivery Unit	100 Kg	+/- 0.5%
	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 MCXCCL approved assayer.		
<b>Odd lot Treatment</b>	Not applicable		
<b>Adjustment of Transportation Cost</b>	Not applicable		
<b>Warehouse, fumigation, insurance and transportation Charges</b>	-Borne by the seller up to commodity pay-out date -Borne by the buyer after commodity pay-out date		
<b>Buyer's option for lifting of Delivery</b>	Buyer will not have any option about choosing the place of delivery and will have to accept the delivery as per allocation made by MCXCCL.		
<b>Delivery of Goods</b>	<p>Each delivery shall be in multiples of delivery lots and shall be designated for only one delivery center and one location in such center.</p> <p>The goods delivered through CCRL Repository Account should be valid as per contract specifications up to minimum 15 days' after the expiry of the contract from the MCXCCL approved quality certifying agency/s.</p> <p>Delivery once submitted cannot be withdrawn or cancelled or changed, unless so agreed by the MCXCCL. Goods tendered under delivery shall be in conformity with the contract specifications.</p>		
<b>Delivery Grades</b>	The members tendering delivery will have the option of delivering such grades of goods as permitted by the MCX under the contract specifications. The Buyer will not have any option to select a particular grade and the delivery offered by the seller and allocated by the MCXCCL shall be binding on him.		
<b>Physical inspection of stock in possession</b>	Members / Clients holding stocks in the warehouse are entitled to undertake physical inspection of said stocks. Request for such physical inspection would have to be submitted to the MCXCCL and		

	<p>the MCXCCL after verification of such requests shall forward the same to the concerned warehouse for allowing such inspection.</p>
<p><b>Sampling Method, Quality Analysis, Testing &amp; Certification</b></p>	<p>The method of sampling, the system of drawing samples, quality analysis, testing at Warehouse and certification by surveyor / assayer, shall be prescribed by the MCXCCL from time to time</p> <p>For goods deposited in the MCXCCL designated warehouse, results of testing for sampling by the warehouse/assayer, the designated surveyor / assayer certificate, shall be final and binding on all the parties concerned</p> <p>In case, the Member/ client who seek to lift the goods from the warehouse, do not agree to the assayers report as to the quality of the commodity, Member/ client shall request the MCXCCL for resampling and retesting, without lifting the goods from the warehouse. Such goods should not have crossed the final expiry date (FED) as mentioned on the quality certificate.</p> <p>MCXCCL shall select assayer from the empanelled assayers as specified by the MCXCCL from time to time.</p> <p>Member/ client in such case shall make a request for retesting to the MCXCCL (In the prescribed form) which in-turn shall be forwarded to the concerned warehouse. The Member / client shall indicate the preferable date and time of visit to the warehouse for retesting of the stock along with the prescribed form.</p> <p>The following documents shall be required to be submitted to the warehouse official(s) on the date of the warehouse visit.</p> <ul style="list-style-type: none"> <li>• Original Retesting Request Form</li> <li>• Proof of holding the commodity balance in the CCRL Repository Account.</li> <li>• Original Authorization letter in favor of representative along with copy of ID proof.</li> <li>• Original Delivery Order (Goods withdrawal request) duly signed and stamped by the Member/ client.</li> </ul> <p>The assayer, in consultation with the MCXCCL and / or warehouse, shall complete the process of retesting and submit a retesting report within a reasonable period to the MCXCCL. The process of retesting includes drawing &amp; collection of samples (as per sampling process) by the assayer from warehouse, retesting and submission of report.</p> <p>In order to ensure that tests are exactly comparable and that the results are consistent, the assayer shall determine the particular analytical test by applying the test methods as agreed or prescribed / communicated by MCXCCL from time to time.</p>

	<p>The designated assayers shall submit the report to the MCXCCL and the MCXCCL shall forward the same to the parties within 2 working days from the date of receipt of the report. The retesting report is final and binding on the parties.</p> <p>If the said retesting report conforms to the quality specification (including outbound quality tolerance limits, if applicable), then the goods shall be accepted by the said Member/ client and no subsequent claims regarding quantum of discount/ rebate or any other indemnification/ damages shall be admissible and the said Member/ client shall lift the said goods and Member/ client shall not be allowed to deliver the same goods on MCXCCL.</p> <p>If the results are not found in accordance to the quality specifications as prescribed by the MCX from time to time (after considering the outbound tolerance limits, if applicable), the Member/ client shall, within 2 working days, submit claim, to the MCXCCL, in writing by giving details such as lot numbers, quantity and the parameters under which inconsistencies are observed. The decision of the MCXCCL shall be final and binding on the parties concerned.</p> <p>The Member / client, whoever request for the resampling, retesting and certification shall bear all professional Fees of surveyor / assayer, including incidental costs, weight shortage and expenses related to sampling, testing certification, etc.</p>
<b>Legal Obligation</b>	Every member delivering and receiving goods through CCRL Repository Account by way of delivery shall provide appropriate tax forms, wherever required as per law and as custom, and neither of the parties shall unreasonably refuse to do so.
<b>Extension of Delivery Period</b>	The MCXCCL may extend the Delivery Period due to either force majeure or any other reason, as it thinks fit in the interest of the market.
<b>Applicability of Regulations</b>	<p>The general provisions of Byelaws, Rules and Regulations of the MCXCCL and decisions taken by SEBI/ the Board of Directors / Relevant Authority of the MCXCCL in respect of matters specified in this document shall form an integral part of this contract. The MCXCCL or SEBI, as the case may be, may further prescribe additional measures relating to delivery procedures, warehousing, quality certification, margining, and risk management from time to time.</p> <p>Members and market participants who enter into buy and sell transactions on MCX need to be aware of all the factors that go into the mechanism of trading and clearing, as well as all provisions of the MCXCCL's Bye Laws, Rules, Regulations, circulars, directives, notifications of the MCXCCL as well as of the Regulators, Governments and other authorities.</p>

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 MCX, the commodity deposited / traded / delivered through the Approved warehouses of MCXCCL is in due compliance with the applicable regulations laid down by authorities like Food Safety Standard Authority of India, AGMARK, BIS, 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 Sales Tax/ GST, etc. as applicable from time to time on the underlying commodity of any contract offered for deposit / trading / delivery and that MCX/MCXCCL shall not be responsible or liable on account of any non-compliance thereof.

All the Sellers giving delivery of goods and all the buyers taking delivery of goods shall have the necessary GST Registration as required under the Goods & Service Tax (GST) Act and obtain other necessary licenses, if any.

In respect of all contracts executed by the Members on MCX, it shall be the responsibility of the respective members to pay all applicable statutory fee, stamp duty, taxes and levies in respect of all deliveries as well as futures contracts directly to the concerned Central/State/Local Government Departments and the MCX/MCXCCL shall not be held liable or accountable or responsible on account of any non-compliance thereof.

The MCXCCL is not responsible and shall not be held liable or accountable or responsible for value of the goods/stock of the commodities stored/lying in MCXCCL designated warehouse/s, vault agency and which is fully/partially confiscated / seized by any local or statutory or any other authority for any reason whatsoever or for any deterioration in quality of the goods stored due to above reason or which have passed the Final Expiry date and continue to remain in the MCXCCL accredited warehouse. The decision of the MCXCCL shall be final and binding to all Members and their constituents in this regard. (The interpretation or clarification given by the MCXCCL on any terms of this delivery and settlement procedure shall be final and binding on the members and other market participants.)