



MCX Circular No. MCX/MCXCCL/450/2019  
MCXCCL Circular No. MCXCCL/C&S/191/2019

August 20, 2019

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

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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 the 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.

MCX has further modified Delivery Unit from “100 bales” to “25 bales” for Cotton contracts from **January 2020 expiry and onwards**.

Accordingly, the revised Delivery and Settlement procedure for Cotton contracts is provided as under:

1. Cotton contracts expiring in October 2019 to December 2019 – **Annexure 1**
2. Cotton contracts expiring from January 2020 and onwards – **Annexure 2**

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 of Cotton Contract  
(expiring from October 2019 to December 2019)**

<b>Delivery Logic</b>	<b>Compulsory Delivery</b>
<b>Staggered Delivery Tender Period</b>	The staggered delivery tender period would be the last 5 trading days (including expiry day) of the contracts.  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.
<b>Staggered Tender Period Margin</b>	3% 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 5.00 p.m.
<b>Seller Delivery Intention</b>	Seller to give intention of tendering delivery on any tender day, during tender period, till 5.00 p.m.
<b>Dissemination of Intention</b>	Intentions received from the sellers and buyers will be broadcasted on TWS by the MCX/MCXCCCL by 5.30 p.m. on the respective tender days.
<b>Delivery Period Margin</b>	Delivery period margins shall be higher of: a. 3% + 5 day 99% VaR of spot price volatility Or b. 25%
<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, MCXCCCL 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>Approved Cotton Bales deposited at MCXCCL accredited warehouses would be electronically credited to the CCRL Repository Account of the depositor in lot of 25 Bales (subject to the acceptable tolerance limits).</b></p> <p><b>The electronic holdings in Cotton in CCRL Repository Account shall be eligible for delivery in the Cotton contracts subject to compliance of deliverable lot of the respective contracts. The depositor(s) shall ensure that appropriate electronic records in multiples of deliverable lots are earmarked for 'pay-in' while initiating pay-in through the CCRL Repository Account.</b></p> <p><b>On Tender Days:</b>  <b>On tender days by 5.00 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.</b></p> <p><b>On Expiry:</b>  <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.</b></p>
<b>Funds Pay-in</b>	<b>Tender/ Expiry day + 2 basis: 12.00 p.m.</b>
<b>Delivery Pay-out</b>	<b>Tender/ Expiry day + 2 basis: 2.00 p.m.</b>
<b>Funds Pay-out</b>	<b>Tender/ Expiry day + 2 basis: 2.00 p.m.</b>
<b>Penal Provision for default of Delivery &amp; Settlement</b>	<p><b>Seller Default</b></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 Centre</b>	Deliveries can be issued from the MCXCCL approved warehouse/s at Delivery Centre at Rajkot and/or any additional delivery centre prescribed in the Contract. (Within 100 km. radius from the municipal limits)
<b>Additional Delivery Centres</b>	MCXCCL approved warehouse(s) at additional delivery centre(s) at Yavatmal, Jalna (Maharashtra), Kadi, Mundra (Gujarat), Adilabad and Warangal (Telangana).
<b>Taxes, Duties, Cess and Levies</b>	All other charges, levies, taxes or Cess applicable at the delivery center (excluding mandi tax/cess) 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>Odd lot Treatment</b>	<p>All Members shall square up their outstanding odd lots open positions, if any. In case any member fails to square-up outstanding odd lot position, the delivery upto the nearest deliverable lot will be considered, while the residual odd lot will be settled in the following manner :-</p> <p>a) If the buyer has an odd lot position, while the total sell position of the seller is in deliverable lot, the buyer shall be obliged to take delivery for the odd lot position from the place notified by the MCXCCL at the designated delivery centre.</p> <p>b) If the seller has an odd lot position and buyer does not have odd lot position, the penalty provisions as applicable to the seller default shall apply.</p> <p>c) If both the buyer and seller have odd lot position, then the outstanding position shall be closed out at settlement price and a penalty of 3% of settlement price shall be imposed on both such buyer and seller. Out of the penalty of 3% of settlement price, 2.75% shall be deposited in SGF of the MCXCCL and balance 0.25% shall be retained by the MCXCCL towards administrative expenses.</p> <p>Any gains arising in point b &amp; c above on account of Mark To Market settlement (MTM) of such odd lot positions, due to difference between the Previous Close Price/ Trade Price (if traded on expiry day) and Due Date Rate (DDR), in excess of the applicable odd lot penal provisions, will be impounded from the Members holding odd lot positions at the expiry of the contract. The entire amount impounded will be deposited in Settlement Guarantee Fund (SGF) of the MCXCCL.</p>

<b>Warehouse, Fumigation, Insurance etc.</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 the MCXCCL.																																						
<b>Location Discount</b>	<p>If the delivery is deposited by the seller at any additional delivery center (other than main delivery centre at Rajkot), the seller shall be required to bear discount to the buyer/s from such other additional delivery centre to the main delivery center (Rajkot), which is detailed as under:</p> <table border="1"> <thead> <tr> <th>Centre</th> <th>Discount Amount (Rs. per bale)</th> </tr> </thead> <tbody> <tr> <td>Yavatmal (Maharashtra)</td> <td>100</td> </tr> <tr> <td>Jalna (Maharashtra)</td> <td>75</td> </tr> <tr> <td>Kadi (Gujarat)</td> <td>50</td> </tr> <tr> <td>Mundra (Gujarat)</td> <td>At par to Rajkot</td> </tr> <tr> <td>Adilabad (Telangana)</td> <td>150</td> </tr> <tr> <td>Warangal (Telangana)</td> <td>150</td> </tr> </tbody> </table>	Centre	Discount Amount (Rs. per bale)	Yavatmal (Maharashtra)	100	Jalna (Maharashtra)	75	Kadi (Gujarat)	50	Mundra (Gujarat)	At par to Rajkot	Adilabad (Telangana)	150	Warangal (Telangana)	150																								
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<b>Delivery of Goods</b>	<p>Each delivery shall be in multiples of minimum 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>	<p>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.</p>
<b>Legal Obligation</b>	<p>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.</p>
<b>Extension of Delivery Period</b>	<p>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.</p>
<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> <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</p>

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/MCXCCCL 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/MCXCCCL 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.)

**Delivery and Settlement Procedure of Cotton Contract  
(expiring from January 2020 and onwards)**

<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>	3% 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 5.00 p.m.
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<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, MCXCCCL shall continue to collect mark to market margins from Sellers.
<b>Delivery Allocation Rate</b>	<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>
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<b>Funds Pay-in</b>	<b>Tender/ Expiry day + 2 basis: 12.00 p.m.</b>
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<b>Grades</b>																																							
Standardized grade as per HVI Middling 41-3	Discount of 3%																																						
Standardized grade as per HVI Middling 42-3	Discount of 5%																																						
Saw Gin Cotton	Discount of 1%																																						
<b>Staple Length</b>																																							
28.50 to <b>29.50mm</b>	No premium/ no discount																																						
<b>29.51 -30.50 mm</b>	Premium of 1%																																						
<b>30.51-31.50 mm</b>	Premium of 2 %																																						
Above <b>31.50 mm</b>	No additional premium																																						
28.00 – 28.49 mm	Discount of 2%																																						
<b>MIC</b>																																							
Below 3.6 and up to 3.5	Discount of 0.3%																																						
Above 4.8 and up to 4.9	Discount of 0.3%																																						
<b>Trash</b>																																							
Above 3.5% and up to 5.0%	Discount of 1:1																																						
Below 3.5% and up to 2%	Premium of 1:0.5																																						
<b>Moisture:</b>																																							
Above 8.5% & Upto 9.5% (average)	Discount of 1:1																																						

<b>Delivery of Goods</b>	<p>Each delivery shall be in multiples of minimum 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>	<p>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.</p>
<b>Legal Obligation</b>	<p>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.</p>
<b>Extension of Delivery Period</b>	<p>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.</p>
<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> <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</p>

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/MCXCCCL 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/MCXCCCL 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.)