



MCX Circular No. MCX/MCXCCL/510/2019
MCXCCL Circular No. MCXCCL/C&S/216/2019

September 17, 2019

Delivery and Settlement Procedure for Kapas Contracts

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 is launching Kapas contracts for trading w.e.f. September 30, 2019. Accordingly, the delivery and settlement procedure for settlement of Kapas contracts expiring from **February 2020 and 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

Kindly contact Customer Support on 022 - 6649 4040 or send an email at customersupport@mcxindia.com for any clarification.

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Delivery and Settlement Procedure of Kapas Contract

Delivery logic	Both Option
Buyer's and Seller's Delivery Intention	On the contract expiry day by 6.00 p.m. Seller will submit copies of relevant documents as a proof of holding stock at the time of giving his intention.
Mode of communication	MCX eXchange
Matching of Buyer's and Seller's intention	On the basis of intention received from the buyers and sellers, the MCXCCL will match the total quantity offered by the buyers and sellers and with respect to the matched quantity, the allocation of delivery between the buyers and sellers will be done. The unmatched quantity of open position will be closed out as per DDR and actual delivery will be effected only to the extent of matched quantity.
Dissemination of the information on delivery intention on TWS	On the contract expiry day by 7.00 p.m.
Delivery Period Margin	Delivery period margins shall be higher of: a. 3% + 5 day 99% VaR of spot price volatility Or b. 25%
Delivery Period Margin Exemption	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.
Delivery Allocation - Date - Rate	On Expiry date of the contract At Due date rate (DDR)
Delivery Pay-in of Commodities	E+2 working days:12.00 p.m. (E stands for expiry) 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.
Delivery Pay-out of Commodities	E+2 working days: 2.00 p.m.
Pay-in of Funds	E+2 working days: 12.00 p.m.

Pay-out of Funds	E+2 working days: 2.00 p.m.
Penal Provisions	<p>After getting (matching) intentions from the buyer and seller to take or give delivery, if any of the party fails to honor his obligations, a penalty of 2.5% of the DDR will be imposed on him.</p> <p>Additionally, a replacement cost of 4% of DDR will be recovered from the defaulting buyer / seller.</p> <p>Out of the penalty, 2% (i.e. 80% of penalty amount) will be credited to SGF of the MCXCCL and 0.5% (i.e. 20% of penalty amount) will be credited to the counter party. While, out of the replacement cost recovered, 90% will be passed on to the counterparty and 10% will be retained by the MCXCCL.</p>
Taxes, Duties, Cess and Levies	<p>Ex-Warehouse Rajkot (exclusive of Sales Tax/GST).</p> <p>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.</p>
Odd lot Treatment	Not applicable
Adjustment of Transportation Cost	Not applicable
Warehouse, Fumigation, Insurance etc.	<p>-Borne by the seller upto commodity pay-out date</p> <p>-Borne by the Buyer after commodity pay-out date</p>
Buyer's option for lifting of Delivery	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.
Delivery Center	<p>Ex-Warehouse, Rajkot (Gujarat)</p> <p>MCXCCL designated warehouses upto radius of 100 kms from Rajkot municipal limits.</p>

<p>Delivery of Goods</p>	<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>
<p>Delivery Grades</p>	<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>
<p>Evidence of Stock in possession</p>	<p>At the time of issuing delivery intention, the member must prove to the MCXCCL that he holds stocks of the quantity and quality specified at the declared delivery center. This should be substantiated by way of producing all documentary evidences.</p>
<p>Legal Obligation</p>	<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>
<p>Extension of Delivery Period</p>	<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>
<p>Applicability of Regulations</p>	<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, risk management from time to time.</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.

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 relevant 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/Local taxes/ 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 buyer shall have to lodge his claim, if any, against quality and/or quantity of goods/ delivery allocated to him if any, while retaining the disputed goods in the

warehouse/s (without lifting them out of the warehouse/s), within 48 hours from the date of scheduled commodity pay out of the MCXCCL, failing which, no claim shall be entertained by the MCXCCL thereafter.

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.)