

Modifications in Cotton Futures Contract

In terms of the provisions of the Rules, Bye-Laws and Business Rules of the Exchange, the Members of the Exchange are hereby notified as under:

The Exchange has decided to modify the contract specification for Cotton Futures contract from April 2023 and onwards expiry contracts. All Members are requested to take a note of various modifications in the contract specification and requested to notify the changes to their respective clients and constituents. Accordingly, the Members are notified as under:

- 1) The revised contract specification specified in **Annexure 1** with regards to Symbol, Description, Trading Unit, Quotation/Base, Maximum Order Size, Tick size, Delivery Unit, Additional Delivery Centre, Quality Specifications on Physical Inspection, HVI Mode Value, Contract launch calendar and Maximum Allowable Overall Open Position Limit. Near Month Position Limit will be applicable from 1st day of the expiry 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.
- 2) The revised Cotton Futures Contract will be implemented **w.e.f. February 13, 2023**. Summary of modifications are as follows:

Particulars	Existing	Modified
Symbol	COTTON	COTTONCNDY
Description	COTTONMMYY	COTTONCNDYMMYY
Trading Unit	25 bales	48 candy
Quotation/Base Value	Rs. Per bale (of 170 Kg)	Rs. Per candy (of 355.56 kg)
Maximum Order Size	1200 bales	576 Candy
Tick size (minimum price movement)	Rs.10	Rs.20
Maximum Allowable Open Position	For individual clients: 3,40,000 bales For a member collectively for all clients: 34,00,000 bales or 15% of the market wide open position whichever is higher. For Near Month Delivery For individual clients: 85,000 bales Near month member level position limit shall be equivalent to the one fourth of the overall member level position limit	For Individual Clients: 9,600 candy (20,000 bales) . For a member collectively for all clients: 96,000 candy (2,00,000 bales) . Near month Delivery: For individual clients: 2,400 candy (5,000 bales) . Near month member level position limit shall be equivalent to the one fourth of the overall member level position limit.

Particulars	Existing	Modified
Delivery Unit	25 bales (42.5 quintals* or 12 candy approx.) *+/- 7%	48 Candy (consisting of 100 bales and each bale of 170 kg approx. +/- 7%)
Additional Delivery Centre	<p>Yavatmal / Jalna (Maharashtra), Kadi, Mundra (Gujarat), Adilabad (Telangana)</p> <p>The discounts (if any) for each of the additional delivery centres to the basic delivery center (Rajkot) will be announced by exchange before the launch of contract.</p>	<p>Yavatmal, Jalna (Maharashtra), Kadi, Mundra (Gujarat), Adilabad (Telangana), *Indore (Madhya Pradesh), *Bhilwara (Rajasthan), *Guntur (Andhra Pradesh), *Raichur (Karnataka) and *Salem (Tamil Nadu).</p> <p>There would not be any location discount on any additional delivery centre.</p> <p>*New Additional Delivery centres will be added as and when MCX CCL gets new warehouse empanelment approval from Warehousing Development and Regulatory Authority (WDRA) and it will be duly informed to the market.</p>
Quality Specifications on Physical Inspection and HVI Mode	<p>Goods should lie within the Tenderable Range according to defined quality specifications. Outlaying goods will not be accepted for delivery.</p> <p>Ginning Pattern: Roller Ginned Cotton. Saw Ginned Cotton will be accepted with discount.</p> <p>1) Basis Grade RD (Reflectance) value and +b (Yellowness): Basis 76 RD value (+2RD value/-3RD value) with premium/discount. Below 73 RD value reject and above 78 RD value no additional premium. +b up to 10.2 accept, +b above 10.2 reject.</p> <p>2) Staple 2.5% span length: 29 mm (+2.5mm/-1mm) with premium/discount. Below 28 mm reject and above 31.50 mm no additional premium.</p>	<p>Goods should lie within the Tenderable Range according to defined quality specifications. Outlaying goods will not be accepted for delivery.</p> <p>Ginning Pattern: Roller Ginned Cotton.</p> <p>1) Basis Grade RD (Reflectance) value and +b (Yellowness): Basis 75 RD value (-2RD value) with discount. Below 73 RD value reject. +b up to 10.2 accept, +b above 10.2 reject.</p> <p>2) Staple 2.5% span length: 29 mm (-1mm) with discount. Below 28 mm reject and above 29 mm no premium.</p>

Particulars	Existing	Modified
	<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, No premium or discount</p> <p>5) Trash: 3.0% +1.5/-1.0% with premium and discount. More than 4.5% reject.</p> <p>6) Moisture: Up to 8.5%. Acceptable up to 9.5% (average) at discount. The premiums/discounts with respect to quality specifications (in respect to Ginning Pattern, Grade, Staple, Micronaire, Trash and Moisture) will be announced by exchange before the launch of contract.</p>	<p>3) Micronaire (MIC): 3.7 – 4.6 +0.30/-0.2 with discount. Below 3.5 and above 4.9 reject.</p> <p>4) Tensile Strength: 28 GPT Minimum, No premium or discount</p> <p>5) Trash: 3% +1/-1% with premium and discount. More than 4.0% reject.</p> <p>6) Moisture: Up to 9%. Acceptable up to 10% (average) at discount of 1:1. The premiums/discounts are subject to change with adequate notice/circular to the market before launch of the contract.</p>

In accordance to the above, Cotton Futures contract will be available for trading as below –

Contract Launch date	Contract Expiry Date	Contract Expiry Month
February 13, 2023	April 28, 2023	April 2023
February 13, 2023	June 30, 2023	June 2023
February 13, 2023	August 31, 2023	August 2023

Further, with reference to circular no. MCX/T&S/082/2015 dated March 19, 2015; the LTP based Spread Trading Facility will be available in below mentioned combinations with effect from Monday, February 13, 2023

Commodity	Symbol	End Date of spread	Near month	Far month
COTTONCNDY	CTNAPRJU23	28-Apr-23	Apr-23	Jun-23
COTTONCNDY	CTNAPRAU23	28-Apr-23	Apr-23	Aug-23
COTTONCNDY	CTNJUNAU23	30-Jun-23	Jun-23	Aug-23

Trading will be allowed only upto 5:00 p.m. on the date of expiry of the contract.

The Delivery & Settlement Procedure will be informed separately by Multi Commodity Exchange Clearing Corporation Limited (MCXCCL).

The warehousing procedure at MCXCCL Accredited Warehouses will be informed separately by Multi Commodity Exchange Clearing Corporation Limited (MCXCCL).

Members are requested to take note of the above.

Jigar Bhatia
AVP - Market Operations

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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Cotton contract specifications and launch calendar

Symbol	COTTONCNDY
Description	COTTONCNDYMMYY
Contract Listing	Contracts are available as per the Contract Launch Calendar
Contract Start Day	1st day of contract launch month. If 1st day is a holiday then the following working day.
Last Trading Day	Last calendar day of the contract month. If last calendar day is a holiday or Saturday then preceding working day
Trading Period	Mondays through Fridays 9.00 a.m. to 9.00 p.m.
Trading Unit	48 candy
Quotation/Base Value	Rs. Per candy (of 355.56 kg)
Maximum Order Size	576 Candy
Tick size (minimum price movement)	Rs.20
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 4% is reached in any contract, then after a period of 15 minutes, this limit shall be increased further by enhanced slab of 2%, 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 6%.
Initial Margin*	Minimum 8% or based on SPAN whichever is higher.
Extreme Loss Margin	Minimum 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: 9,600 candy (20,000 bales). For a member collectively for all clients: 96,000 candy (2,00,000 bales). Near month Delivery: For individual clients: 2,400 candy (5,000 bales). Near month member level position limit shall be equivalent to the one fourth of the overall member level position limit.
Delivery Unit***	48 Candy in 100 bales (of 170 kg \pm 7%)
Basic Delivery Centre	Rajkot (Gujarat)
Additional Delivery Centre	Yavatmal, Jalna (Maharashtra), Kadi, Mundra (Gujarat), Adilabad (Telangana), *Indore (Madhya Pradesh), *Bhilwara (Rajasthan), *Guntur (Andhra Pradesh), *Raichur (Karnataka) and *Salem (Tamil Nadu). There would not be any location discount on any additional delivery centre. *New Additional Delivery centres will be added as and when MCX CCL gets new warehouse empanelment approval from

	<p>Warehousing Development and Regulatory Authority (WDRA) and it will be duly informed to the market.</p>
<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.</p> <p>Ginning Pattern: Roller Ginned Cotton.</p> <p>1) Basis Grade RD (Reflectance) value and +b (Yellowness): Basis 75 RD value (-2RD value) with discount. Below 73 RD value reject. +b up to 10.2 accept, +b above 10.2 reject.</p> <p>2) Staple 2.5% span length: 29 mm (-1mm) with discount. Below 28 mm reject and above 29 mm no premium.</p> <p>3) Micronaire (MIC): 3.7 – 4.6 +0.30/-0.2 with discount. Below 3.5 and above 4.9 reject.</p> <p>4) Tensile Strength: 28 GPT Minimum, No premium or discount</p> <p>5) Trash: 3% +1/-1% with premium and discount. More than 4.0% reject.</p> <p>6) Moisture: Up to 9%. Acceptable up to 10% (average) at discount of 1:1.</p> <p>The premiums/discounts are subject to change with adequate notice/circular to the market before launch of the 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 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</p>
<p>Delivery Period Margin****</p>	<p>Delivery period margins shall be higher of: a. 3% + 5 day 99% VaR of spot price volatility</p> <p>Or</p> <p>b. 25%</p>
<p>Staggered Delivery Tender Period</p>	<p>The staggered delivery tender period would be the last 5 trading days (including expiry day) of the contracts.</p> <p>The seller/buyer having open position shall have an option, of submitting an intention of giving/taking delivery, on any day during the staggered delivery period.</p> <p>On expiry of the contract, all the open positions shall be marked for compulsory delivery.</p>
<p>Delivery allocation</p>	<p>Allocation of intentions received to give delivery during the day to buyers having open long position shall be as per random allocation methodology to ensure that all buyers have an equal opportunity of being selected to receive delivery irrespective of the size or value of the position. However, preference may be given to buyers who have marked an intention of taking delivery.</p> <p>Funds pay-in of the delivery allocated to the buyer will be on T+2 working days i.e. excluding Saturday, Sunday & Public Holiday. The</p>

	buyer to whom the delivery is allocated will not be allowed to refuse taking delivery. If the seller fails to deliver, the penal provisions as specified for seller default shall be applicable.																																																				
Delivery order rate	<p>On Tender Days: The delivery order rate (the rate at which delivery will be allocated) shall be the closing price (weighted average price of last half an hour) on the respective tender day except on the expiry date.</p> <p>On Expiry: On expiry date, the delivery order rate or final settlement price shall be the Due Date Rate (DDR) and not the closing prices.</p>																																																				
Due Date Rate (Final Settlement Price)	<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 E2 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 asunder:</p> <table border="1"> <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> <tr> <td>5</td> <td>Yes</td> <td>Yes</td> <td>No</td> <td>No</td> <td>E0, E-1</td> </tr> <tr> <td>6</td> <td>Yes</td> <td>No</td> <td>Yes</td> <td>No</td> <td>E0, E-2</td> </tr> <tr> <td>7</td> <td>Yes</td> <td>No</td> <td>No</td> <td>No</td> <td>E0</td> </tr> </tbody> </table> <p>In case of non-availability of polled spot price on expiry day (E0)/predetermined number of days due to sudden closure of physical market under any emergency situations noticed, Clearing Corporation shall decide further course of action for determining FSP and which shall be in accordance with MCXCCL circular no. MCXCCL/SPOT/077/2020 dated April 13, 2020.</p>	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
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7	Yes	No	No	No	E0																																																
Delivery Logic	Compulsory																																																				

* A) The Margin Period of Risk (MPOR) shall be in accordance with SEBI Circular no. SEBI/HO/CDMRD/DRMP/CIR/P/2020/15 dated January 27, 2020. For applicable minimum MPOR, refer latest circulars issued by MCXCCL from time to time.

B) For all the applicable margins, refer the latest circulars issued by the Exchange or Multi Commodity Exchange Clearing Corporation Limited (MCXCCL) from time to time.

** Near Month Position Limit will be applicable from 1st day of the expiry 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.

*** 48 Candy (consisting of 100 bales and each bale of 170 kg approx. +/- 7%)

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

Launch Calendar for Cotton (29mm) Futures contracts expiring months

For current season modified contract launch and Expiry Months	
Contract Launch Months	Contract Expiry Months
February 2023	April 2023
February 2023	June 2023
February 2023	August 2023
From next season onwards modified contract launch and Expiry Months	
May 2023	November 2023
May 2023	January 2024
September 2023	March 2024
November 2023	May 2024
January 2024	July 2024
March 2024	September 2024