



Circular No.: MCX/TRD/309/2018

August 13, 2018

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**Commencement of Futures Trading in Rubber September, October, November and December 2018 Contracts**

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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:

Rubber September, October, November and December 2018 contracts will be available for futures trading with effect from Thursday, August 16, 2018.

The contract specifications, trading parameters, delivery and settlement procedures as specified in the attached Annexure 1 and 2, shall be binding on all the members of the Exchange and constituents trading through them.

Members are requested to take note of the same and ensure compliance.

Sanjiv Kapur  
Asst. Vice President

Encl.: As above

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Kindly contact Mr. Anup Rijhwani on 6649 4000 or send an email at [customersupport@mcxindia.com](mailto:customersupport@mcxindia.com) for any clarification.

## Contract Specifications of Rubber

<b>Symbol</b>	RUBBER
<b>Description</b>	RUBBERMMYY
<b>Contract listing</b>	Contracts are available as per the Contract Launch Calendar
<b>Contract start day</b>	16 <sup>th</sup> Day of the contract launch month. If 16 <sup>th</sup> is a holiday then the following working day.
<b>Last trading day</b>	15 <sup>th</sup> of the contract expiry month; if 15 <sup>th</sup> is a holiday, then the preceding working day.
<b>Trading period</b>	Mondays through Fridays
<b>Trading sessions</b>	Monday to Friday: 10.00 a.m. to 5 p.m
<b>Trading unit</b>	1 MT
<b>Quotation/Base Value</b>	Rs per 100 kg
<b>Price Quote</b>	Ex- Kochi (Ernakulam), Kerala. Exclusive of all Sales / GST
<b>Tick size (minimum price movement)</b>	1 Re
<b>Maximum order size</b>	50 MT
<b>Daily price limits</b>	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%.
<b>Initial margin*</b>	Minimum 4% or based on SPAN, whichever is higher
<b>Extreme Loss Margin**</b>	1%
<b>Additional and/ or Special Margin</b>	In case of additional volatility, an additional margin (on both buy & sell side) and/ or special margin (on either buy or sell side) at such percentage, as deemed fit, will be imposed in respect of all outstanding positions.
<b>Maximum Allowable Open Position</b>	For individual clients: 10,500 MT For a member collectively for all clients: 105,000 MT or 15% of the market wide open position, whichever is higher. <b>Near Month Limits</b> For individual clients: 2625 MT For a member collectively for all clients: 26,250 MT or 15% of the market wide open position, whichever is higher
<b>Delivery</b>	
<b>Delivery unit</b>	1 MT
<b>Delivery center(s)</b>	Kochi (Ernakulam) MCX designated warehouses upto radius of 100 kms from Kochi (Ernakulam) municipal limits.
<b>Delivery Period Margin***</b>	Delivery period margins shall be higher of;

	<p>a. 3% + 5 day 99% VaR of spot price volatility</p> <p>Or</p> <p>b. 25%</p>
<p><b>Quality specifications</b></p>	<p><b><u>Ribbed Smoked Sheets 4 (RSS4) quality</u></b></p> <p><i>Quality Specifications as provided under Part II Section 1 of the "Green Book" as detailed below:</i></p> <ol style="list-style-type: none"> <li>1. Nothing but coagulated Rubber Sheets, properly dried and smoked can be used in making these grades: block, cuttings, or other scrap or frothy sheets, weak, heated or burnt sheets, air dried or smooth sheets not permissible.</li> <li>2. Slight resinous matter (rust) and slight amounts of dry mould on wrappers bale surfaces and interior sheets, found at time of delivery will not be objected to. Should "rust" or "dry mould" in an appreciable extent appear on more than 20% of the bales sampled, it shall constitute grounds for objection.</li> <li>3. Medium size bark particles, bubbles, translucent stains, slightly over smoked rubber are permissible to the extent shown in the sample.</li> <li>4. Oxidised spots or streaks, weak, heated, under cured, over smoked (in excess of the degree shown in the sample), and burnt sheets are not permissible.</li> <li>5. The Rubber must be dry, firm, and free of blemishes, blisters, sand, dirty packing and all other foreign matter other than specified above as permissible.</li> </ol>

<b>Due Date Rate****</b>	<p>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, 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 as under:</p> <table border="1" data-bbox="560 383 1329 857"> <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) due to sudden closure of physical market under any emergency situations noticed at the basis center, Exchanges shall decide further course of action for determining FSP in consultation with SEBI.</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																																																
<b>Delivery Logic</b>	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

\*\*\* 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 September 21, 2016.

### Contract Launch Calendar for Rubber Contracts

Contract Launch Months	Contract Expiry Months
May 2018	September 2018
June 2018	October 2018
July 2018	November 2018
August 2018	December 2018
September 2018	January 2019
October 2018	February 2019
November 2018	March 2019

## Delivery and Settlement Procedure of Rubber Contract

<b>Delivery Logic</b>	<b>Compulsory Delivery</b>
<b>Tender Period</b>	Last 5 working days of the contract expiry and 1 <sup>st</sup> working day after expiry of the contract
<b>Delivery period (including delivery pay-out of commodities)</b>	Two working days' after expiry of the contract
<b>Tender notice / 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.  All outstanding long and short positions will be marked for delivery at the expiry of the contract.
<b>Mode of Communication</b>	MCX eXchange
<b>Tender Period Margin</b>	3% incremental margin for last 5 working days' of the contract on all outstanding positions in addition to the Initial, Special and/ or any other additional margin, if any.
<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>Tender and Delivery Period Margin Exemption</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, Exchange shall continue to collect mark to market margins from Sellers.
<b>Delivery allocation --Date --Rate</b>	On Expiry date of the contract At delivery order rate(DDR i.e. final settlement price)
<b>Delivery Pay-in of Commodities</b>	E+1 working day by 5.00 p.m. (E = Expiry date).
<b>Delivery Pay-out of Commodities</b>	E+2 working days after 5.00 p.m.
<b>Pay-in of Funds</b>	E+2 working days by 11.00 a.m.
<b>Pay-out of Funds</b>	E+2 working days after 2.00 p.m.
<b>Penal Provision for default of Delivery &amp; Settlement</b>	<b>Seller Default</b>  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.)  Norms for apportionment of penalty :-  <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 Exchange</li> <li>• Up to 0.25% of Settlement Price may be retained by the Exchange towards administration expenses</li> </ul>

	<ul style="list-style-type: none"> <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, Exchange shall take suitable penal/ disciplinary action against any intentional / wilful delivery default by seller.</p> <p>Buyer default shall not be permitted.</p>
<b>Taxes, Duties, Cess and Levies</b>	<p>Ex-Kochi (Ernakulam), Kerala, Exclusive of Sales/GST.</p> <p>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.</p>
<b>Adjustment of Transportation Cost</b>	Not Applicable
<b>Warehouse, Fumigation, Insurance etc.</b>	<p>-Borne by the Seller up to commodity pay-out date.</p> <p>-Borne by the Buyer after commodity pay-out date.</p>
<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 Exchange.
<b>Delivery Centre</b>	<p>Kochi (Ernakulam)</p> <p>MCX designated warehouse upto radius of 100 kms from Kochi (Ernakulam) municipal limits.</p>
<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 also be valid up to minimum 15 days after the expiry of the contract, as per contract specifications from the Exchange approved quality certifying agency/s.</p> <p>Delivery once submitted cannot be withdrawn or cancelled or changed, unless so agreed by the Exchange. 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 Exchange 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 Exchange shall be binding on him.
<b>Quality specifications</b>	<p>Ribbed Smoked Sheets 4(RSS4) quality</p> <p>Quality Specifications as provided under Part II section I of the Green Book" as detailed below:</p> <ol style="list-style-type: none"> <li>Nothing but coagulated Rubber sheets, properly dried and smoked can be used in making these grades: block, cuttings, or other scrap or frothy sheets, weak, heated or burnt sheets, air dried or smooth sheets not permissible.</li> <li>Slight Resinous matter (rust) and slight amounts of dry mould on wrappers bale surfaces and interior sheets, found at time of delivery will not be objected to. Should "rust" or "dry mould" in an appreciable extent appear on more than 20% of the bales</li> </ol>

	<p>sampled, it shall constitute grounds for objection.</p> <p>3. Medium size bark particles, bubbles, translucent stains, slightly over smoked rubber are permissible to the extent shown in sample.</p> <p>4. Oxidised spots or streaks, weak, heated, under cured, over smoked (in excess of the degree shown in the sample), and burnt sheets are not permissible.</p> <p>5. The Rubber must be dry, firm, and free of blemishes, blisters, sand, dirty packing and all other foreign matter other than specified above as permissible.</p>
<b>Packaging</b>	<p>Rubber delivered shall be packed in merchantable condition and or any other accepted</p> <p>Industry standard material in bundles of 50.2 kilograms gross. The rubber bales delivered should be packaged in same quality rubber.</p>
<b>Physical inspection of stock in possession</b>	<p>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 Exchange and the Exchange after verification of such requests shall forward the same to the concerned warehouse for allowing such inspection.</p>
<b>Sampling Method, Quality Analysis, Testing &amp; Certification</b>	<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 Exchange from time to time</p> <p>For goods deposited in the Exchange 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 Exchange 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>Exchange shall select assayer from the empanelled assayers as specified by the Exchange from time to time.</p> <p>Member/ client in such case shall make a request for retesting to the Exchange (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 CCRLRepository 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 Exchange and / or warehouse, shall complete the process of retesting and submit a retesting report within a reasonable period to the Exchange. 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 Exchange from time to time.</p> <p>The designated assayers shall submit the report to the Exchange and the Exchange 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 Exchange platform.</p> <p>If the results are not found in accordance to the quality specifications as prescribed by the Exchange from time to time (after considering the outbound tolerance limits, if applicable), the Member/ client shall, within 2 working days, submit claim, to the Exchange, in writing by giving details such as lot numbers, quantity and the parameters under which inconsistencies are observed. The decision of the Exchange 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 Exchange 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 Business Rules</b>	The general provisions of Byelaws, Rules and Business Rules of the Exchange and decisions taken by Regulator of Commodity Exchanges, the Board of Directors / Relevant Authority of the Exchange in respect of matters specified in this document shall form an integral part of this contract. The Exchange or Regulator of Commodity Exchanges, 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.



Members and market participants who enter into buy and sell transactions need to be aware of all the factors that go into the mechanism of trading and clearing, as well as all provisions of the Exchange's Bye Laws, Rules, Business Rules, circulars, directives, notifications of the Exchange 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 Exchange, the commodity deposited / traded / delivered through the Approved warehouses of Exchange 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 the Exchange shall not be responsible or liable on account of any non-compliance thereof.

In respect of all contracts executed by the Members of the Exchange, 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 Exchange shall not be held liable or accountable or responsible on account of any non-compliance thereof.

The Exchange 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 Exchange designated warehouse/s 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 Exchange accredited warehouse. The decision of the Exchange shall be final and binding to all Members and their constituents in this regard. (The interpretation or clarification given by the Exchange on any terms of this contract shall be final and binding on the members and others.)