
COMMODITY DERIVATIVES ON BSE

INTERNATIONAL CONFERENCE ON COTTON

March 7, 2019



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BSE STRENGTH

- **Over 1400 Members**
- **Unique Client Codes over 4.1 Crs**
- **Best Surveillance and Risk Management systems and Practices**
- **Best in class Clearing and Settlement system**
- **Tie ups with various Domestic Industry and Trade Associations**
- **Tie up with Top World Class Clearing Banks (Axis Bank Limited , Citibank N.A. , Deutsche Bank AG ,HDFC Bank Limited , HSBC , Standard Chartered Bank , J.P. Morgan Chase Bank N.A. and ICICI Bank Limited)**
- **Rich human capital resources with Industry expertise and experience**



**COMMODITY
DERIVATIVES**



Launch of commodity Derivate Segment on BSE October 1, 2018

Launch of cotton Contracts on BSE



Launch of the Cotton Contracts on BSE on February 18, 2019

Shri Atul Ganatra President- CAI, Shri Arun Sekhsaria Director- Cotton Association & Chairman Product Working Group Cotton BSE, Dr. P. Alli Rani , Chairman & Managing Director -Cotton Corporation of India , Shri Ashishkumar Chauhan- MD& CEO BSE, Shri Sameer Patil, Head Business Development and Shri Neeraj Kulshrestha CBO Business Development



**CONTRACT
SPECIFICATION
COTTON**

Cotton Futures Contract Specification

Symbol	COTTON
Trading Unit	25 bales
Quotation/Base Value	Rs. Per bale (of 170 Kg)
Maximum Order Size 1	1200 bales
Tick size (minimum price movement)	Rs.10
Delivery Unit	100 bales (170 quintals* or 48 candy approx.) *+/- 7%
Basic Delivery Centre	Rajkot
Additional Delivery Centre	<ol style="list-style-type: none"> 1) Aurangabad (Maharashtra) 2) Jalgaon (Maharashtra) 3) Yavatmal (Maharashtra) 4) Kadi (Gujarat)
Quality Specifications on Physical Inspection and HVI Mode	Trash: 3.5% + 1.5% with no premium but discount. More than 5% reject.
Delivery Logic	Compulsory Delivery.

Highest Volume-Cotton & Cost Benefits

Highest Volume

Commodity	Volume (Bales)	Value (Cr.)
COTTON	44150	91.50

Cost-Comparison with Competition

Charges	BSE	MCX
Transaction Charges	No Transaction Charges	Rs.175 per Crore + GST
Delivery Charges	Rs 2 /- per Bale Per Day	Rs 2 /- Per Bale Per Day
Assaying Charges	Rs 3000 per 100 Bales	Rs 3000 per 100 Bales

Monthly Saving on 10 Cr Turnover Per Day

Charges	BSE	MCX
Transaction Charges	NIL	38500+GST

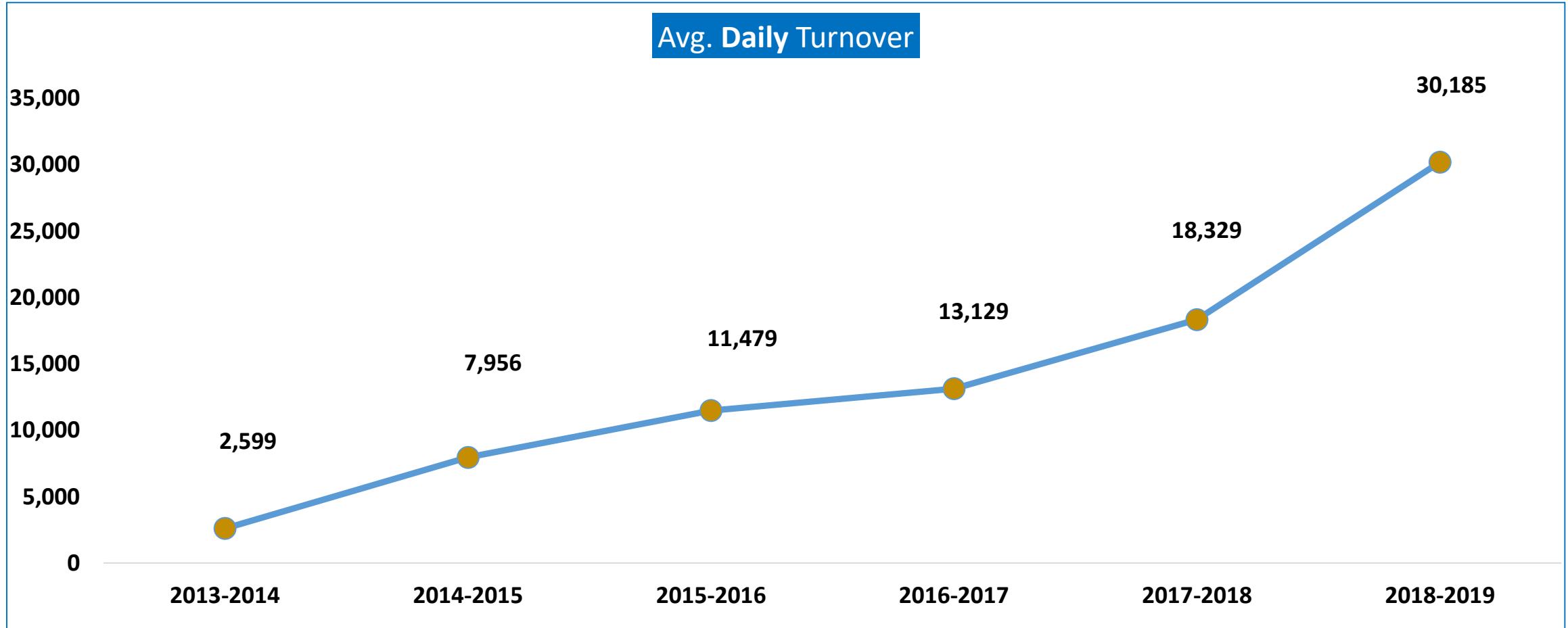
Daily Saving on 10 Cr Turnover

Charges	BSE	MCX
Transaction Charges	NIL	1750+GST



**CURRENCY
DERIVATIVES**

Currency Derivatives



Value in Crs.

Exporter – Commitment of delivering goods worth US \$ 1,00,000

Is he carrying any risk regards to currency fluctuation?

Yes

He will hedge his risk by selling USDINR futures contracts or by buying Put Options on BSE.

Importer – Commitment of receiving goods worth US \$ 1,00,000

Is he carrying any risk regards to currency fluctuation?

Yes

He will hedge his risk by buying USDINR futures contracts or by buying Call Options on BSE.

Same applies with EURO, POUND & YEN

Cost Advantage@BSE

Currency Future		BSE	NSE	MSEI
Exchange Transaction Charges (Rs. / Per Cr.)	Futures	22	90	90
Save your cost @ BSE upto		75.56%		
Exchange Transaction Charges (Rs. / Per Cr.)	Options	100	4000	2000
Save your cost @ BSE upto		97.50%		

FUTURES				
Quantity(Lots)	Buy Rate	Sell Rate	P/L	Value
1	70.0025	70.0050	0.0025	2.50
10000	70.0025	70.0050	0.0025	25000
	BSE		NSE	
	For 1 Lot	For 10000 Lot	For 1 Lot	For 10000 Lot
Turnover	140008	1400075000	140008	1400075000
Stamp Duty @ Rs. 100/- per crore	1.40	14000.75	1.40	14000.75
SEBI Fees @ Rs. 15/- per crore	0.21	2100.11	0.21	2100.11
Exchange Transaction Charges	0.31	3080.17	1.26	12600.68
Service Tax on Transaction Charge @ 18%	0.06	554.43	0.23	2268.12
Total Exchange Transaction Charges	0.36	3634.59	1.49	14868.80
Total Cost	Rs. 1.97	Rs. 19,735.46	Rs. 3.10	Rs. 30,969.66

USDINR @ BSE for USD 10 Million	Rs.	19,735.46
USDINR @ NSE for USD 10 Million	Rs.	30,969.66
Extra Charges for same product per day	Rs.	11,234.20
Cost Benefit @ BSE in 1 Year	Rs.	26,96,208.43



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