

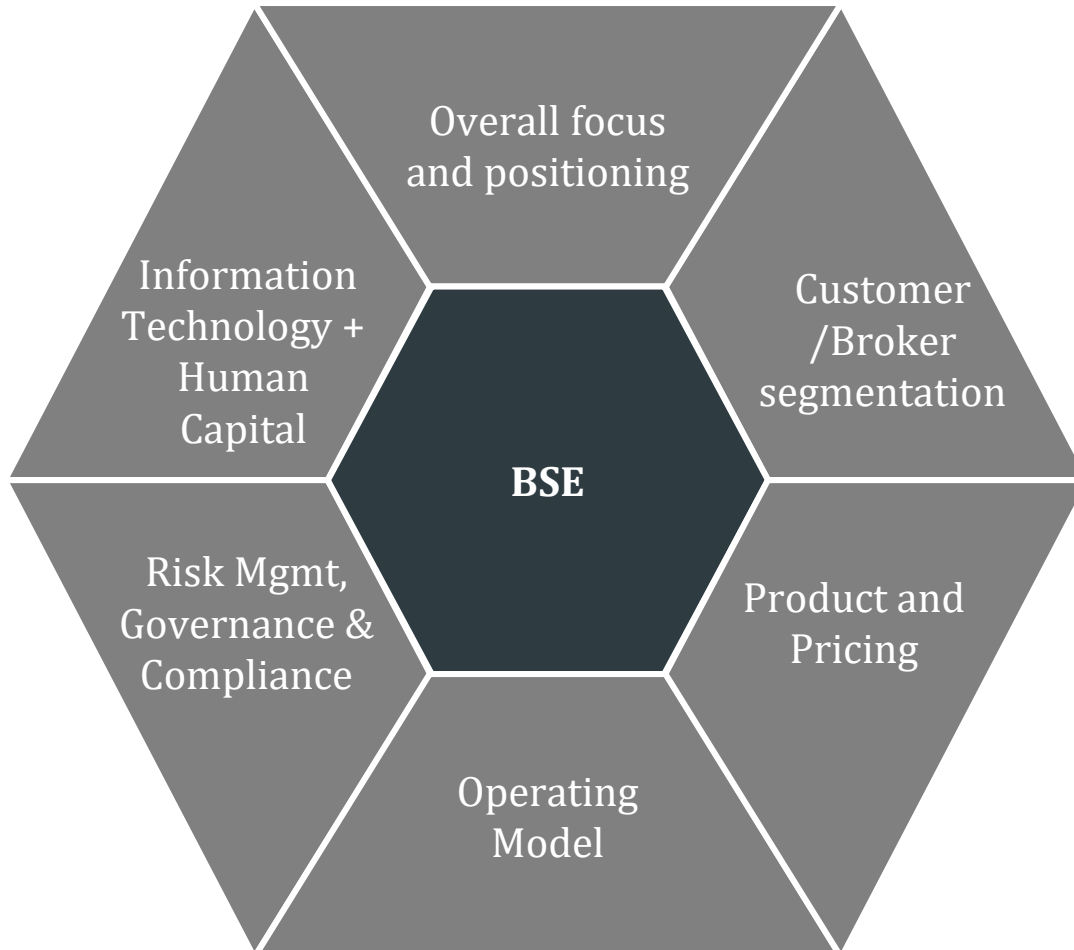
COMMODITY DERIVATIVE SEGMENT



MOU SIGNED

- **October 11, 2018 :BSE signs MoU with Dubai Mercantile Exchange** to explore cooperation on commodity derivatives market
- **September 17th, 2018: BSE signed a MoU with the Federation of Indian Export Organizations (FIEO)** to create awareness about the benefits of commodity/derivatives market
- **5th September 2018: BSE signs MOU with Cotton Association Of India** : BSE entered into an agreement with Cotton Association Of India
- **1st August 2018: BSE signs MoU with Gems and Jewelry Council** : BSE entered into an agreement with Gems and Jewelry Council for the growth and systematic development of commodity derivatives markets in the Bullion complex.
- **30th June 2018: BSE signs MoU with Bombay Metal Exchange** : BSE entered into an agreement with Bombay Metal Exchange for the growth and systematic development of commodity derivatives markets in the Non-Ferrous Metals complex.
- **24th May 2018 :BSE signs Memorandum of Understanding with Brink's India Pvt. Ltd** : : BSE entered into an agreement with Brink's India Pvt. Ltd, supporting launch of bullion (Gold & Silver) commodities trading.
- **March 6,2018: BSE, FISS sign MoU to develop derivatives market for spices for the growth and systematic development of the commodity derivatives markets in the spices segment.**
- **February 22nd, 2018: BSE signs an MOU with Soybean Processors Association of India (SOPA)** : BSE & SOPA have entered into a MOU for the growth and development of commodity markets and its value chain participants enabling them to manage price risk in a better manner in the soybean oil complex.
- **December 27,2017 : BSE signs MOU with Rajkot commodity Exchange.**
- **29th August 2019 :BSE inks pact with Steel Users Federation of India**

BSE VALUE PROPOSITION



Key elements	BSE Advantage
Brand name	<ul style="list-style-type: none"> BSE India's first Universal Exchange Trusted brand name with a presence of over 143 years
Broker / member network	<ul style="list-style-type: none"> Network of over 1,400 brokers / members and 40 Mn retail investors
Technology	<ul style="list-style-type: none"> In house technology company for faster go – to – market World's fastest Exchange with a trading speed of 6 micro seconds
Clearing & settlement	<ul style="list-style-type: none"> Secure, capital-efficient counterparty risk management and post-trade services provided by ICCL (AAA rated)
Risk and surveillance	<ul style="list-style-type: none"> Robust mechanism for the Equity and Currency segments First Exchange in India and second in the world to obtain ISO 9001:2000 certification



**COMMODITY
DERIVATIVES
OVERVIEW**



**BSE INDIA'S FIRST
UNIVERSAL
EXCHANGE**

Launch of commodity Derivate Segment on BSE October 1, 2018

COMMODITY-OVERVIEW

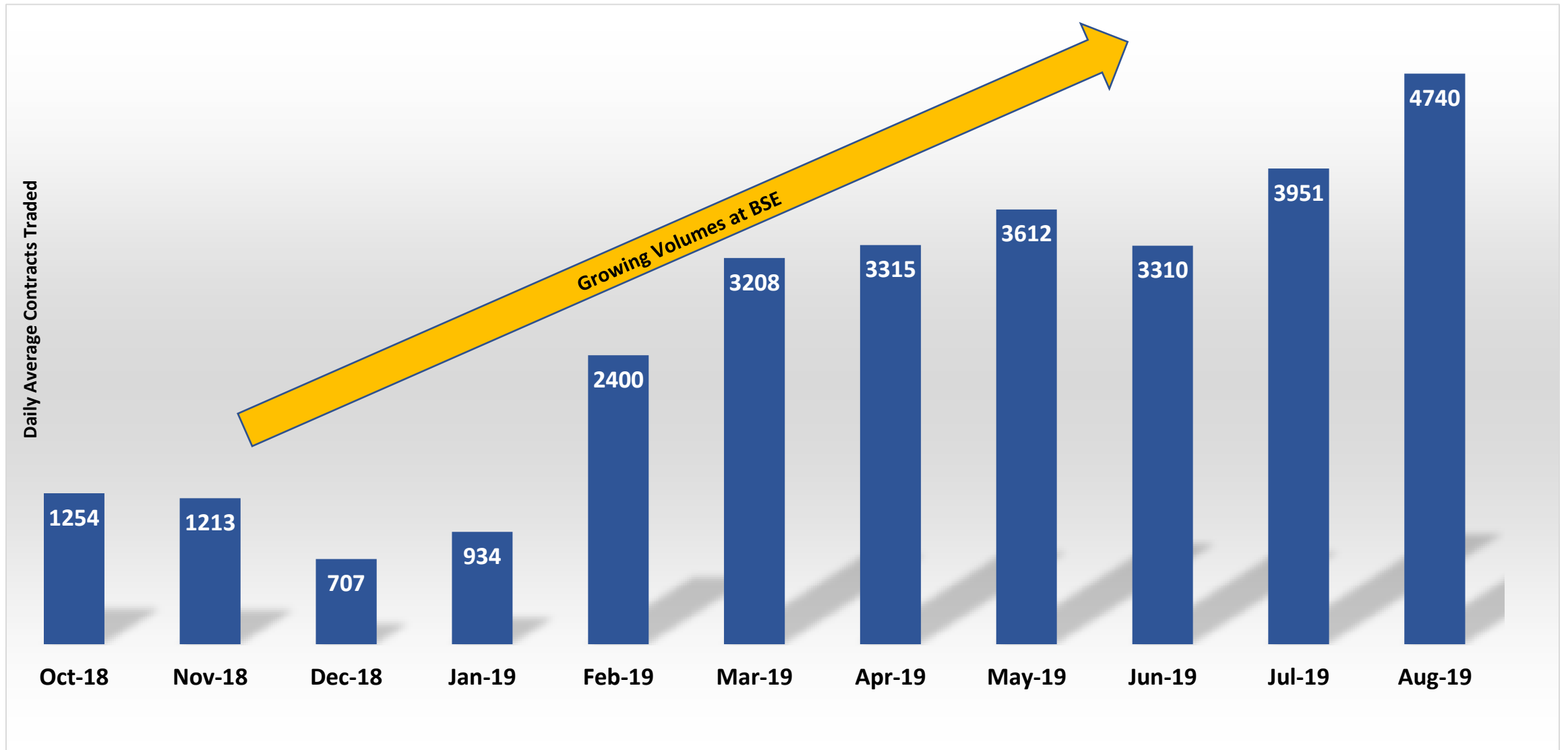
On October 1, 2018, BSE commenced commodity derivatives trading in delivery-based futures contract in gold (1 kg) and silver (30 kg).

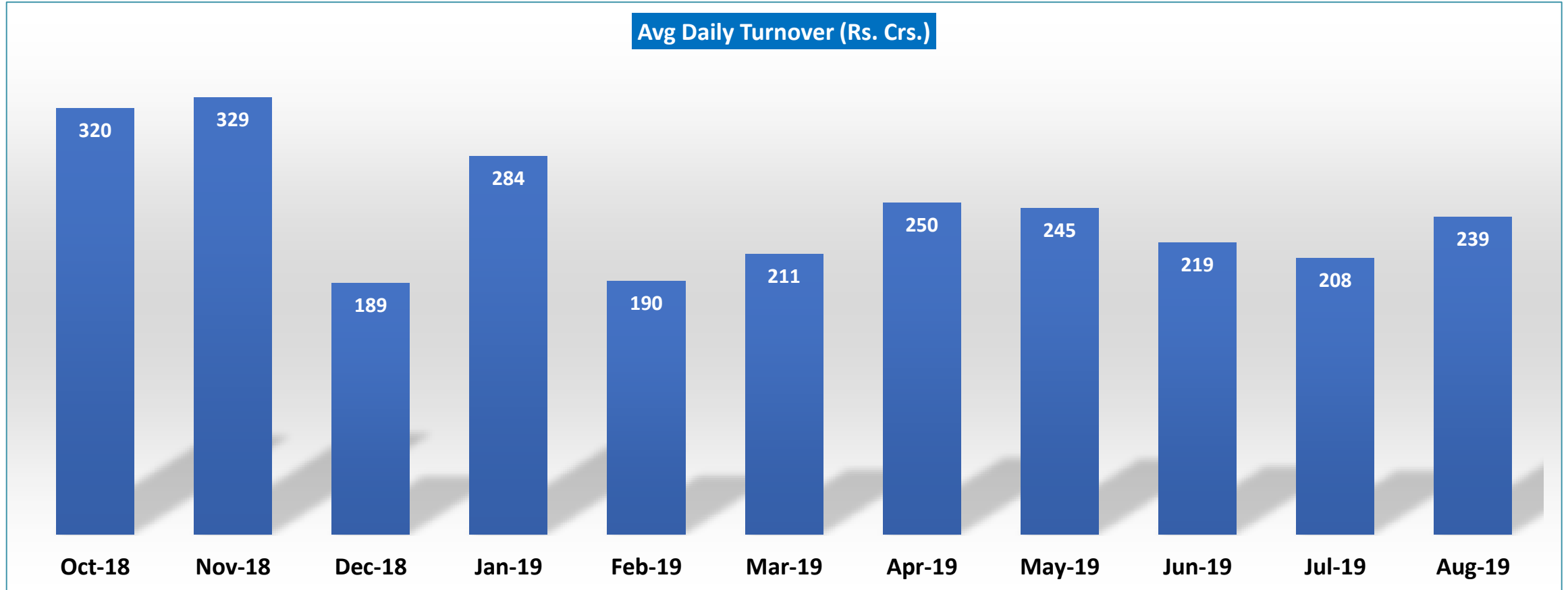
BSE also launched the following Contracts :

Name of the product	Date of commencement of business
NON-AGRI COMMIDITIES	
GOLDM	18-Feb-18
SILVERMINI	13-Jun-19
SILVER KG	13-Jun-19
OMANCRUDE	26-Oct-18
COPPER	02-Nov-18
AGRI COMMODITIES	
GUARSEED	06-Feb-19
GUARGUM	06-Feb-19
COTTON	18-Feb-19
TURMERIC	28-Jun-19
CHANA	7-Oct-19
CASTORSEED	7-Oct-19
SOYBEAN	7-Oct-19

- BSE has entered into partnerships and alliances with various industry participants.

BSE COMMODITY DERIVATIVE SEGEMENT







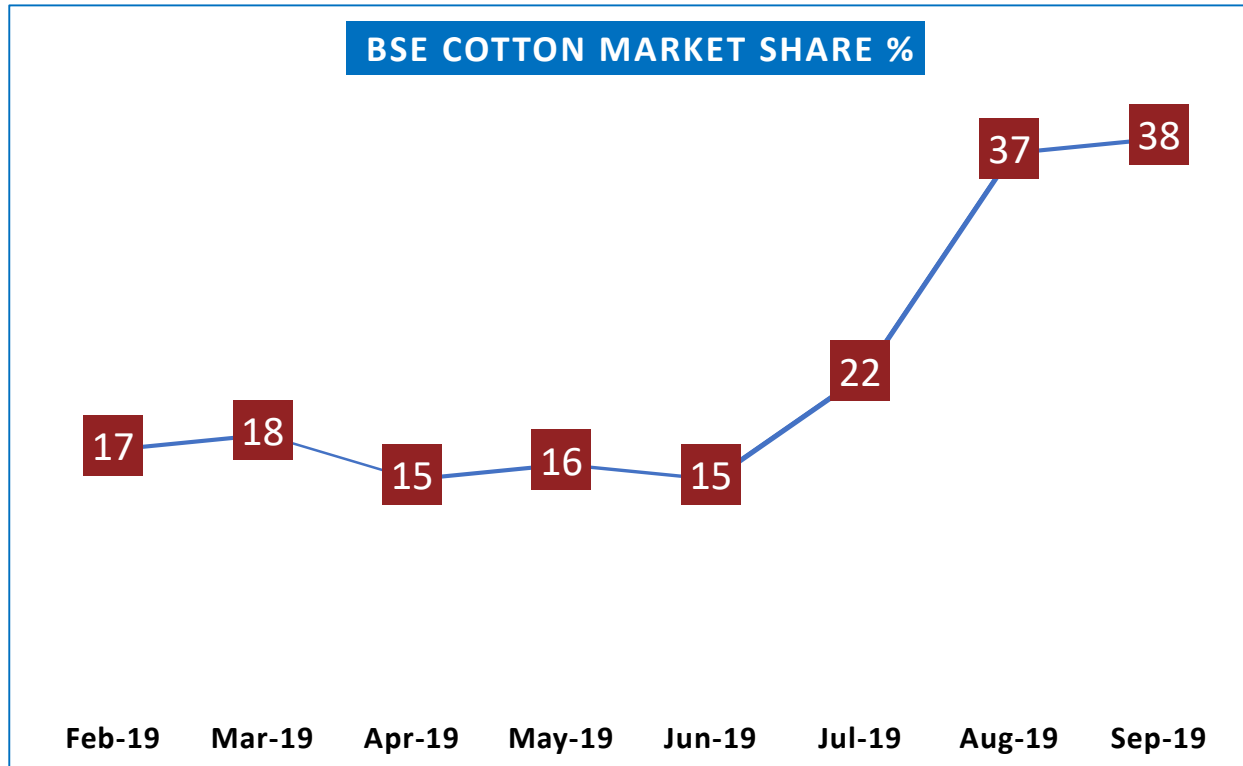
**COTTON
FUTURES
AT BSE**

LAUNCH OF COTTON CONTRACT ON BSE



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

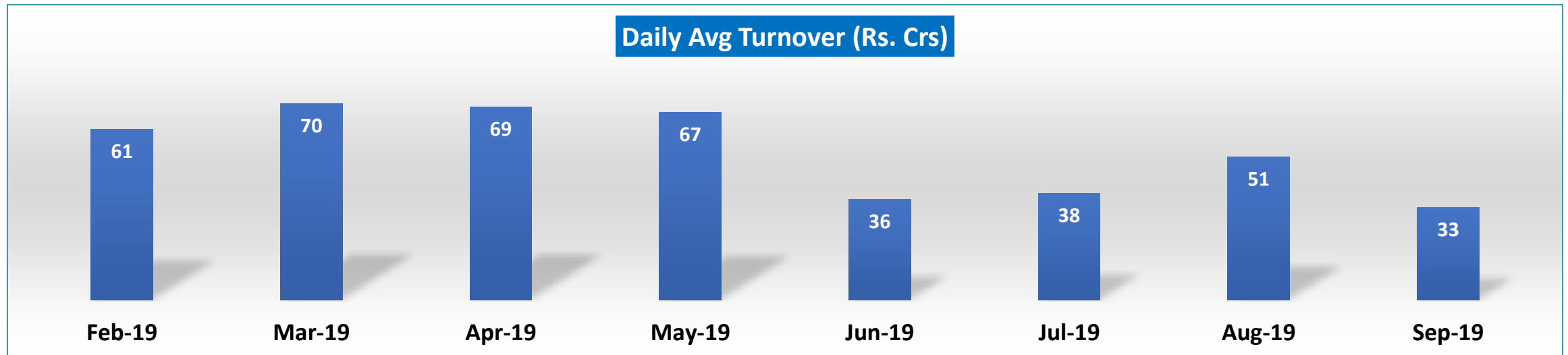
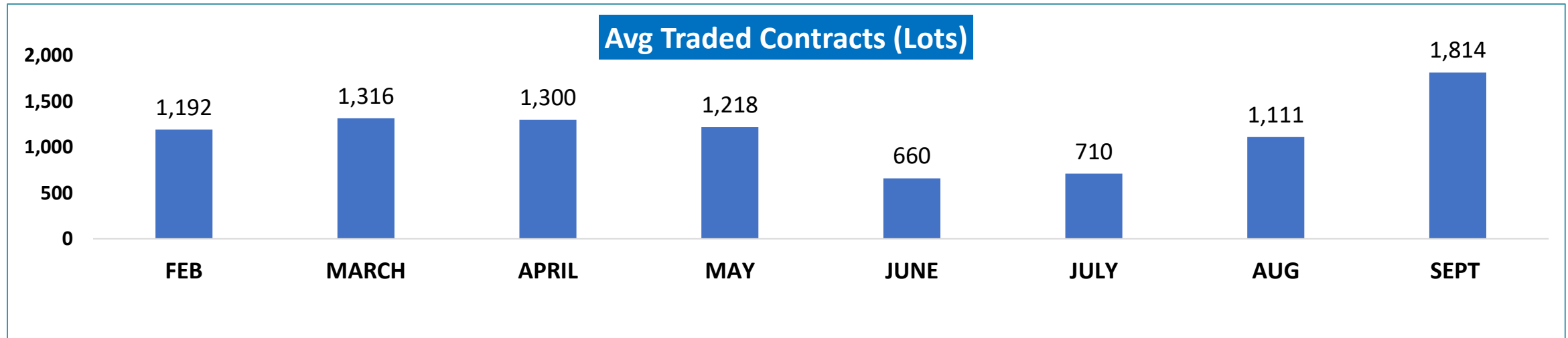
Shri Atul Ganatra President- CAI, Shri Arun Sekhsaria Director- Cotton Association & Chairman Product Working Group Cotton BSE, Dr. P. Alli Rani , Chairman & Managing Director -Cotton Corporation of India , Shri Ashishkumar Chauhan- MD& CEO BSE, Shri Sameer Patil, Head Business Development and Shri Neeraj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



Key points:

- ✓ **Agreement between BSE & CAI** - On the 5th of September 2018 BSE and the CAI entered into an agreement to develop a vibrant and user-friendly cotton exchange and to cater to the hedging needs of the entire cotton value chain in India.
- ✓ **On February 18, 2019:** BSE Commenced trading in cotton futures contract.
- ✓ Since the day Cotton Contracts were launched on BSE, just within a period of 8 months it gained close to 50% Market Share as compared to the competition.
- ✓ Average Daily Turnover for Cotton Futures Contract is 53.97 Crs.

Cotton Journey So far.....



BSE has been able to handle physical delivery as mentioned below

Name of the Commodity	Physical quantity of delivery	Unit
GOLD	7	KG
SILVER	7200	KG
GUARSEED	7970	MT
GUARGUM	60	MT
TURMERIC	1190	MT



**COTTON
CONTRACT
SPECIFICATION**

COTTON CONTRACT SPECIFICATION

Symbol	COTTONBSE
Contract Listing	Contracts are available as per the Contract Launch Calendar
Contract Start Day	1 st day of the Contract launch month. If 1 st day is a holiday, then the following working day.
Last Trading Day	Last trading day of the contract month. If last trading day is a holiday, then preceding trading day.
Trading Period	Monday to Friday
Trading Session	Monday to Friday: 09.00 a.m. to 09.00 p.m.
Trading Unit	20 bales
Quotation/Base Value	Rs. Per bale (of 170 Kg)
Price Quote	Ex-Warehouse Rajkot (Within 100 km radius) excluding all taxes, duties, levies, charges as applicable
Maximum Order Size (Qty)	1200 bales
Tick Size (Minimum Price Movement)	Rs.10
Daily Price Limit#	Daily price limit is (+/-) 3%. Once the 3% limit is reached, then after a period of 15 minutes this limit shall be increased further by 1%. The trading shall be permitted during the 15 minutes period within the 3% limit. After the DPL is enhanced, trades shall be permitted throughout the day within the enhanced total DPL of 4%.
Initial Margin*	SPAN based, subject to a minimum of 4%
Margin Period of Risk ("MPOR")	2 days
Extreme Loss Margin**	1%

COTTON CONTRACT SPECIFICATION Cont...

Additional and/ or Special Margin	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.
Maximum Allowable Open Position***	<p>For individual clients: 3,60,000 bales</p> <p>For a member collectively for all clients: 36,00,000 bales or 15% of the market wide open position whichever is higher.</p> <p>For Near Month Delivery</p> <p>For individual clients: 90,000 bales</p> <p>Near month member level position limit shall be equivalent to the one fourth of the overall member level position limit.</p>
Delivery unit	20 bales (34 quintals* or 9.55 candy approx.) *+/- 7%
Delivery Period Margin****	<p>Delivery period margins shall be higher of:</p> <p>a. 3% + 5 day 99% VaR of spot price volatility</p> <p>Or</p> <p>a. b. 20%</p>
Delivery Centre(s)	Rajkot (Main Delivery Centre)
Additional delivery Centres	<p>1)Aurangabad (Maharashtra)</p> <p>2)Jalgaon (Maharashtra)</p> <p>3) Yavatmal (Maharashtra)</p> <p>4)Kadi (Gujarat)</p> <p>5)Hyderabad (Telangana).</p> <p>6)Khargaon (Madhya Pradesh)</p> <p>7)Hanumangarh (Rajasthan)</p>

COTTON CONTRACT SPECIFICATION –Cont...

<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. Ginning Pattern: Roller Ginned Cotton.</p> <ol style="list-style-type: none"> 1) Basis Grade: Standardized grade as per HVI Middling 31- 3; grades between 11-1 to 31-3 are accepted with Nil premium. Above 31-3 to 41-4 are accepted with discount. 2) Staple 29 mm (-1mm) with discount. Below 28 mm reject and above 29 mm no premium 3) Micronaire (MIC): 3.6 — 4.8 +/-0.1 with discount. Below 3.5 and above 4.9 reject. 4) Tensile Strength: 28 GPT Minimum, below 28mm rejected. 5) Trash: 3.5% + 1.5% with no premium but discount. More than 5% reject. 6) Moisture: Upto 9%. Acceptable up to 10 %(average) at discount. <p>The premiums/discounts with respect to quality specifications (in respect to Grade, Staple, Micronaire, Trash and Moisture) will be announced by exchange before the launch of 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 hessian cloth/cotton fabric and no cotton shall be exposed. The bales must be securely strapped with iron bailing hoops / plastic straps.</p>

COTTON CONTRACT SPECIFICATION Cont...

Crop conditions	Only Current season Indian crop is deliverable. Season period is 1st October 2019 to 30th September 2020																																																				
Final Settlement Price (FSP)*****	<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., EO (expiry day), E-1 and E-2. In the event the spot price for any one or both of E1 and E-2 is not available; the simple average of the last polled spot price of EO, E1, EO 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" data-bbox="708 511 1676 915"> <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>EO</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>EO, E-1, E-2</td> </tr> <tr> <td>2</td> <td>Yes</td> <td>Yes</td> <td>No</td> <td>Yes</td> <td>EO, E-1, E-3</td> </tr> <tr> <td>3</td> <td>Yes</td> <td>No</td> <td>Yes</td> <td>Yes</td> <td>EO, E-2, E-3</td> </tr> <tr> <td>4</td> <td>Yes</td> <td>No</td> <td>No</td> <td>Yes</td> <td>EO, E-3</td> </tr> <tr> <td>5</td> <td>Yes</td> <td>Yes</td> <td>No</td> <td>No</td> <td>EO, E-1</td> </tr> <tr> <td>6</td> <td>Yes</td> <td>No</td> <td>Yes</td> <td>No</td> <td>EO, E-2</td> </tr> <tr> <td>7</td> <td>Yes</td> <td>No</td> <td>No</td> <td>No</td> <td>EO</td> </tr> </tbody> </table> <p>In case of non-availability of polled spot price on expiry day (EO) due to sudden closure of physical market under any emergency situations noticed at the basis centre, 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:	EO	E-1	E-2	E-3	1	Yes	Yes	Yes	Yes/No	EO, E-1, E-2	2	Yes	Yes	No	Yes	EO, E-1, E-3	3	Yes	No	Yes	Yes	EO, E-2, E-3	4	Yes	No	No	Yes	EO, E-3	5	Yes	Yes	No	No	EO, E-1	6	Yes	No	Yes	No	EO, E-2	7	Yes	No	No	No	EO
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7	Yes	No	No	No	EO																																																
Delivery Logic	Compulsory Delivery.																																																				



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