NSE Circular

National Stock Exchange Of India Limited

Department : Commodity Derivatives Segment	
Download Ref No: NSE/COM/40187	Date : February 08, 2019
Circular Ref. No: 08/2019	

All Members

Introduction of Futures contracts on Brent Crude Oil in Commodity Derivatives Segment

This is in continuation with the Exchange circular download no. 39033 dated October 03, 2018 for Contract Specifications in Commodity Derivatives segment.

Exchange is pleased to inform its members that with the reference to approval received from SEBI, future contracts on Brent Crude Oil would be available for trading in Commodity Derivatives segment with effect from March 01, 2019.

In this reference, Exchange notifies details of contract specifications which are as follows:

Sr. No	Commodity Name	Annexure No.
1.	Brent Crude Oil (100 Barrel)	A
2.	Brent Crude Oil Mini (10 Barrel)	B

For any queries related to Risk Management, Clearing and Settlement, members are requested to contact NSE Clearing Limited. A separate circular shall also be issued by NSE Clearing Limited in this regard.

For and on behalf of
National Stock Exchange of India Limited

Khushal Shah
Associate Vice President

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Annexure A

Contract Specifications: Energy Futures - Brent Crude Oil (100 Barrel)

Instrument Type	Futures Contract (FUTENR)
Product	Brent Crude Oil Futures
Symbol	BRCRUDE
Description	BRCRUDEYYMMM
Contract Listing	Monthly contracts. Details as per the attached launch calendar (refer table below)
Contract Start Day	Business day immediately following the last trading day. (Expiry Day + 1)
Last Trading Day	Last Day of Trading at the exchange shall the Last Business Day of the contract expiry month. In case the last business day is a holiday in the International market / NSE, then the preceding business day shall be the last trading day for the contract. Details as per the attached launch calendar (refer table below) On the day of expiry, the trading shall be allowed up to 11:30 pm/11:55 pm* *based on US daylight saving time period
Trading	
Trading Period	Mondays through Fridays
Trading Session	Monday - Friday 9:00 am to 11:30 pm/11:55 pm* *based on US daylight saving time period
Trading Unit	100 Barrel
Quotation/Base Value	Rs. Per 1 Barrel
Max. Order Size	10,000 Barrel
Tick Size (Minimum Price Movement)	Re. 1
Daily Price Limit [1]	The base price limit shall be 4%. Whenever the base daily price limit is breached, the relaxation shall be allowed upto 6% without any cooling off period in the trade. In case the daily price limit of 6% is also breached, then after a cooling off period of 15 minutes, the daily price limit will be relaxed upto 9%. In case price movement in international markets is more than the maximum daily price limit (currently 9%), the same may be further relaxed in steps of 3% beyond the maximum permitted limit, and informed to the Regulator immediately.
Initial Margin [2]	Min. 4 % or based on SPAN whichever is higher
Extreme Loss Margin [3]	1%
Additional and/ or Special Margin	In case of additional volatility, an additional margin (on both buy & sale position) and/ or special margin (on either buy or sale position) at such percentage, as deemed fit; will be imposed in respect of all outstanding positions.
Maximum Allowable Open Position[4]	For a member collectively for all clients: 40,00,000 Barrels or 20% of the market wide open position whichever is higher, for all Crude Oil contracts combined together.

	For individual client: 4,00,000 Barrels or 5% of the market wide open position whichever is higher for all Crude Oil contracts combined together.
Quality Specification	Brent Blend confirming to the following quality: • Maximum Sulfur - 0.46% by weight or less, • Maximum Gravity: 36.4 API
Due Date Rate (Final Settlement Price)	Due date rate (FSP) shall be the settlement price, in Indian rupees, as arrived at from the average of the five intra-day 'Front-month cash BFOE (Brent-Forties-Oseberg-Ekofisk) assessments' as made by ICIS on the last trading day of the NSE Brent Crude Oil Contract. The last available RBI USDINR reference rate will be used for the conversion. The price so arrived will be rounded off to the nearest tick. For example, on the day of expiry, if the ICIS average price is $70.75 and the last available RBI USDINR reference rate is 72.1500, then DDR for NSE Brent Crude oil contract would be Rs.5,105 per barrel (i.e. $70.75 * 72.1500 and rounded off to the nearest tick).
Settlement Mechanism	The contract would be settled in cash

Footnote –

[1] As per SEBI/HO/CDMRD/DMP/CIR/P/2016/83 dated September 07, 2016

[2] The provisions of Risk Management in terms of the SEBI Circulars No. CIR/CDMRD/DRMP/01/2015 dated October 01, 2015 and SEBI/HO/CDMRD/DRMP/CIR/P/2016/77 dated September 01, 2016 and / or any amendments thereto from time to time shall be applicable. The Margin Period of Risk (MPOR) shall be 2 days in accordance with SEBI Circular and accordingly, the initial margin shall be scaled up by root 2

[3] As per SEBI Circular no CIR/CDMRD/DRMP/01/2015 dated October 1, 2015

[4] As per SEBI circular SEBI/HO/CDMRD/DMP/CIR/P/2016/96 dated September 27, 2016

Contract Launch Calendar

Brent Crude Oil (100 Barrel)	
Contract Launch Month	Contract Expiry Month
Mar-19	29-Mar-19
	30-Apr-19
	31-May-19
	28-Jun-19
	31-Jul-19
	30-Aug-19
	30-Sep-19
Apr-19	31-Oct-19
May-19	29-Nov-19
Jun-19	30-Dec-19
Jul-19	Jan-20
Aug-19	Feb-20
Sep-19	Mar-20
Oct-19	Apr-20
Nov-19	May-20
Dec-19	Jun-20
Jan-20	Jul-20
Feb-20	Aug-20
Mar-20	Sep-20
Apr-20	Oct-20
May-20	Nov-20
Jun-20	Dec-20

Annexure B

Contract Specification: Energy Futures - Brent Crude Oil Mini (10 Barrel)

Instrument Type	Futures Contract (FUTENR)
Product	Brent Crude Oil Mini Futures
Symbol	BRCRUDEM
Description	BRCRUDEMYYMMM
Contract Listing	Monthly contracts. Details as per the attached launch calendar (refer table below)
Contract Start Day	Business day immediately following the last trading day. (Expiry Day + 1)
Last Trading Day	Last Day of Trading at the exchange shall the Last Business Day of the contract expiry month. In case the last business day is a holiday in the International market / NSE, then the preceding business day shall be the last trading day for the contract. Details as per the attached launch calendar (refer table below) On the day of expiry, the trading shall be allowed up to 11:30 pm/11:55 pm* *based on US daylight saving time period
Trading	
Trading Period	Mondays through Fridays
Trading Session	Monday - Friday 9:00 am to 11:30 pm/11:55 pm* *based on US daylight saving time period
Trading Unit	10 Barrel
Quotation/Base Value	Rs. Per 1 Barrel
Max. Order Size	10,000 Barrel
Tick Size (Minimum Price Movement)	Re. 1
Daily Price Limit [1]	The base price limit shall be 4%. Whenever the base daily price limit is breached, the relaxation shall be allowed upto 6% without any cooling off period in the trade. In case the daily price limit of 6% is also breached, then after a cooling off period of 15 minutes, the daily price limit will be relaxed upto 9%. In case price movement in international markets is more than the maximum daily price limit (currently 9%), the same may be further relaxed in steps of 3% beyond the maximum permitted limit, and informed to the Regulator immediately.
Initial Margin [2]	Min. 4 % or based on SPAN whichever is higher
Extreme Loss Margin [3]	1%
Additional and/ or Special Margin	In case of additional volatility, an additional margin (on both buy & sale position) and/ or special margin (on either buy or sale position) at such percentage, as deemed fit; will be imposed in respect of all outstanding positions.
Maximum Allowable Open Position[4]	For a member collectively for all clients: 40,00,000 Barrels or 20% of the market wide open position whichever is higher, for all Crude Oil contracts combined together.

	For individual client: 4,00,000 Barrels or 5% of the market wide open position whichever is higher for all Crude Oil contracts combined together.
Quality Specification	Brent Blend confirming to the following quality specification: • Maximum Sulfur - 0.46% by weight or less, • Maximum Gravity: 36.4 API
Due Date Rate (Final Settlement Price)	Due date rate (FSP) shall be the settlement price, in Indian rupees, as arrived at from the average of the five intra-day 'Front-month cash BFOE (Brent-Forties-Oseberg-Ekofisk) assessments' as made by ICIS on the last trading day of the NSE Brent Crude Oil Contract. The last available RBI USDINR reference rate will be used for the conversion. The price so arrived will be rounded off to the nearest tick. For example, on the day of expiry, if the ICIS average price is $70.75 and the last available RBI USDINR reference rate is 72.1500, then DDR for NSE Brent Crude oil contract would be Rs.5,105 per barrel (i.e. $70.75 * 72.1500 and rounded off to the nearest tick).
Settlement Mechanism	The contract would be settled in cash

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[4] As per SEBI circular SEBI/HO/CDMRD/DMP/CIR/P/2016/96 dated September 27, 2016

Contract Launch Calendar

Brent Crude Oil Mini (10 Barrel)	
Contract Launch Month	Contract Expiry Month
Mar-19	29-Mar-19
	30-Apr-19
	31-May-19
	28-Jun-19
	31-Jul-19
	30-Aug-19
	30-Sep-19
Apr-19	31-Oct-19
May-19	29-Nov-19
Jun-19	30-Dec-19
Jul-19	Jan-20
Aug-19	Feb-20
Sep-19	Mar-20
Oct-19	Apr-20
Nov-19	May-20
Dec-19	Jun-20
Jan-20	Jul-20
Feb-20	Aug-20
Mar-20	Sep-20
Apr-20	Oct-20
May-20	Nov-20
Jun-20	Dec-20