



Circular No.: MCX/TRD/487/2019

September 04, 2019

Launch of Zinc (1 MT) January 2020 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:

In view of directions of SEBI to align the multiple contracts in a commodity into one, the Exchange had proposed modifications in its Zinc Futures contract.

The Exchange is in receipt of approval for launching Zinc (1 MT) Futures contract for the calendar year 2020 and onwards.

The January 2020 Futures contract in Zinc (1 MT) will be available for trading **w.e.f. Monday, September 9, 2019.**

Further, members may please note that Zinc (1 MT) contract will be available for trading as follows:

a) Under the symbol “ZINCMINI” from the January 2020 expiry to the April 2020 expiry contract;

b) Thereafter, under the symbol “ZINC” from the May 2020 expiry contract and onwards.

Accordingly, no multiple contracts on Zinc will be available for trading from January 2020.

The contract specifications and trading parameters of the above contract as specified in Annexures herewith, shall be binding on all the Members of the Exchange and constituents trading through them.

Members may further note that the DPL on the first trading day of the contract shall be determined as per the provisions of para 4 of SEBI Circular No. SEBI/HO/CDMRD/DMP/CIR/P/2016/83 dated September 7, 2016.

The Delivery and Settlement procedure for ZINCMINI issued by Multi Commodity Exchange Clearing Corporation Limited (MCXCCL) through MCXCCL Circular No. MCXCCL/C&S/203/2019 dated August 30, 2019 will continue to apply to Zinc (1MT) contracts.

The procedure for Warehousing Operations will be informed separately by MCXCCL.

Members are requested to take note of the above.

Sanjiv Kapur
Asst. Vice President

Kindly contact Customer Support on 022 - 6649 4040 or send an email at customersupport@mcxindia.com for any clarification.

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Contract Specifications of Zinc (1 MT)

(January 2020 till April 2020 contracts)

Annexure

Symbol	ZINCMINI
Description	ZINCMINIMMMYY
Contract Listing	Contracts are available as per the Contract Launch Calendar.
Contract Start Day	1 st day of contract launch month. If 1 st day is a holiday then the following working day.
Last Trading Day	Last calendar day of the contract expiry month. If last calendar day is a holiday then preceding working day.
Trading	
Trading Period	Mondays through Friday
Trading Session	Monday to Friday: 09.00 a.m. to 11.30 p.m. / 11.55 p.m.* (* based on US daylight saving time period)
Trading Unit	1 MT
Quotation/Base Value	1 Kg
Price Quote	Ex-Warehouse Thane district (excludes only GST)
Maximum Order Size	100 MT
Tick Size (Minimum Price Movement)	5 paisa per kg
Daily Price Limits	<p>The base price limit will be 4%. Whenever the base daily price limit is breached, the relaxation will be allowed up to 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 up to 9%.</p> <p>In case price movement in international / local markets is more than the maximum daily price limit (currently 9%), the same may be further relaxed in steps of 3%-and inform the Regulator immediately.</p>
Initial Margin*	Minimum 4% or based on SPAN whichever is higher
Extreme Loss Margin	Minimum 1%
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: 7000 MT or 5% of the market wide open position, whichever is higher for all Zinc contracts combined together.</p> <p>For a member collectively for all clients: 70,000 MT or 20% of the market wide open position, whichever is higher for all Zinc contracts combined together.</p>
Delivery	
Delivery Unit	1 MT with tolerance limit of + / -10%
Delivery Period Margin**	<p>Delivery period margins shall be higher of:</p> <p>3% + 5 day 99% VaR of spot price volatility Or 25%</p>
Delivery Centre	Ex-Warehouse at Thane district in Maharashtra

	As per SEBI circular SEBI/HO/CDMRD/DMP/CIR/P/2016/103 dated September 27, 2016, the exchanges may accredit warehouses of a WSP within 100 kms radius of the delivery centers.
Additional Delivery Centre (s)	None
Quality Specifications & Shape	<p>Primary Special High-Grade Zinc with minimum purity of 99.995%.</p> <p>Only LME approved brands will be accepted #. For the purpose of quality assessment, reliance shall be placed by the WSP on the Certificate of Analysis (CoA) issued by the producer.</p> <p># List available on https://www.mcxcl.com/warehousing-logistics/lme-approved-brands.</p>
Additional Deliverable Grade	Any other Primary Zinc producer brands as approved by MCX.
Staggered Delivery Tender Period	<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>
Delivery allocation	<p>Delivery intentions of Seller(s) shall be randomly allocated to ensure that all buyers have an equal opportunity irrespective of the size or value of the position. However, preference may be given to buyers who have given an intention of taking delivery.</p> <p>Pay-in will be on T+1 working days i.e. excluding Saturday, Sunday & Public Holiday.</p> <p>The 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.</p>
Delivery order rate	<p>On Staggered Delivery Tender Days:</p> <p>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>The Final Settlement Price (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.</p> <p>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="603 533 1423 900"> <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 centre, Exchange shall decide further course of action for determining FSP and which shall be in accordance with MCXCCL circular no. MCXCCL/SPOT/187/2019 dated August 16, 2019.</p> <p>On the day of expiry the trading shall be allowed up to 5pm.</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 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 SEBI/HO/CDMRD/DRMP/CIR/P/2016/77 dated Sep 01, 2016

Contract Launch Calendar of Zinc (1 MT) 2020 and Onwards

Contract Launch Months	Contract Expiry Months
September 2019	January 2020
October 2019	February 2020
November 2019	March 2020
December 2019	April 2020
January 2020	May 2020
February 2020	June 2020
March 2020	July 2020
April 2020	August 2020
May 2020	September 2020
June 2020	October 2020
July 2020	November 2020
August 2020	December 2020