



Circular No.: MCX/TRD/504/2019

September 13, 2019

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**Commencement of futures trading in Silver September 2020 contract**

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In terms of the provisions of the Rules, Bye-Laws and Business Rules of the Exchange and in continuation to Exchange circular no. MCX/TRD/431/2019 dated August 14, 2019, the Members of the Exchange are hereby notified as under:

Silver September 2020 Futures contract will be available for trading with effect from Monday, September 16, 2019.

The contract specification of Silver Futures contract is revised with regards to Staggered Delivery Tender Period, Delivery allocation, Delivery order rate and Due Date Rate (Final Settlement Price). The revised contract specifications are specified in Annexure.

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

The Delivery and Settlement procedure is separately intimated by Multi Commodity Exchange Clearing Corporation Limited (MCXCCL) vide MCXCCL Circular No. MCXCCL/C&S/213/2019 dated September 13, 2019.

Members are further requested to refer to MCXCCL Circular No. MCXCCL/WHL/010/2018 dated September 01, 2018 regarding various provisions with respect to Warehousing Operations.

Members are requested to take note of the same.

Sanjiv Kapur  
Asst. Vice President

Encl.: As above

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Kindly contact Mr. Amarpal Singh on 022- 6649 4000 or send an email at customersupport@mcxindia.com for further clarification.

----- Corporate office -----  
Multi Commodity Exchange of India Limited  
Exchange Square, CTS No. 255, Suren Road, Chakala, Andheri (East), Mumbai – 400 093  
Tel.: 022 – 6649 4000 Fax: 022 – 6649 4151 CIN: L51909MH2002PLC135594  
www.mcxindia.com email: customersupport@mcxindia.com

## Contract Specifications of Silver

<b>Symbol</b>	SILVER
<b>Description</b>	SILVERMMYY
<b>Contract Listing</b>	Contracts are available as per the Contract Launch Calendar.
<b>Contract Start Day</b>	16 <sup>th</sup> day of contract launch month. If 16 <sup>th</sup> day is a holiday then the following working day.
<b>Last Trading Day</b>	5 <sup>th</sup> day of contract expiry month. If 5 <sup>th</sup> day is a holiday then preceding working day.
<b>Trading</b>	
<b>Trading Period</b>	Mondays through Friday
<b>Trading Session</b>	Monday to Friday: 9.00 a.m. to 11.30/ 11.55 p.m.
<b>Trading Unit</b>	30 kg
<b>Quotation/Base Value</b>	1 kg
<b>Price Quote</b>	Ex-Ahmedabad (inclusive of all taxes and levies relating to import duty, customs but excluding GST, any other additional tax, cess, octroi or surcharge as may be applicable).
<b>Maximum Order Size</b>	600 kg
<b>Tick Size (Minimum Price Movement)</b>	Re. 1 per kg
<b>Daily Price Limit</b>	<p>The base price limit will be 4%. Whenever the base daily price limit is breached, the relaxation will 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%.</p> <p><i>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.</i></p>
<b>Initial Margin*</b>	Minimum 4% or based on SPAN whichever is higher
<b>Extreme Loss Margin</b>	Minimum 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>	<p>For individual client: 100 MT or 5% of the market wide open position whichever is higher for all Silver contracts combined together</p> <p>For a member collectively for all clients: 1000 MT or 20% of the market wide open position whichever is</p>

	higher, for all Silver contracts combined together.
<b>Delivery</b>	
<b>Delivery Unit</b>	30 kg
<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>Delivery Center(S)</b>	Ahmedabad at designated Clearing House facilities
<b>Quality Specifications</b>	Grade: 999 and Fineness: 999 (as per IS 2112: 1981) <ul style="list-style-type: none"> <li>▪ No negative tolerance on the minimum fineness shall be permitted.</li> <li>▪ If it is below 999 purity it is rejected.</li> </ul> It should be serially numbered silver bars supplied by LBMA approved suppliers or other suppliers as may be approved by MCX.
<b>Staggered Delivery Tender Period</b>	<b>The staggered delivery tender period would be the last 5 trading days (including expiry day) of the contracts.</b>  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.  On expiry of the contract, all the open positions shall be marked for compulsory delivery.
<b>Delivery allocation</b>	<b>Allocation of intentions received to give delivery during the day to buyers having open long position shall be as per random allocation methodology to ensure that all buyers have an equal opportunity of being selected to receive delivery irrespective of the size or value of the position. However, preference may be given to buyers who have marked an intention of taking delivery.</b>  Funds pay-in of the delivery allocated to the buyer will be on T+1 working days i.e. excluding Saturday, Sunday & Public Holiday.  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.

<b>Delivery order rate</b>	<p><b>On Tender Days:</b> 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><b>On Expiry:</b> On expiry date, the delivery order rate or final settlement price shall be the Due Date Rate (DDR) and not the closing prices.</p>																																																				
<b>Due Date Rate (Final Settlement Price)</b>	<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., 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="655 902 1369 1339"> <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><b>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.</b></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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<b>Delivery Logic</b>	Compulsory																																																				

\*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 for Silver contracts**

<b>Contract Launch Months</b>	<b>Contract Expiry Months</b>
March 2019	March 2020
May 2019	May 2020
July 2019	July 2020
September 2019	September 2020
December 2019	December 2020