



Circular No.: MCX/TRD/505/2019

September 13, 2019

Commencement of Futures Trading in Silver Mini August 2020 Contract

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

The contract specification of Silver Mini 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.

Members are requested to note that buyers shall have to pay Rs 400 (over and above the DDR) per Silver bar (1 Kg) as a making charge, which shall be paid to the seller, at the time of delivery.

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

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

Encl: As above

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

----- Corporate office -----
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Contract Specifications of Silver Mini

Annexure

Symbol	SILVERM
Description	SILVERMMYY
Contract Listing	Contracts are available as per the Contract Launch Calendar.
Contract Start Day	16 th day of contract launch month. If 16 th day is a holiday then the following working day
Last Trading Day	Last calendar day of the contract month. If last calendar day is a holiday then preceding working day.
Trading	
Trading Period	Mondays through Friday
Trading Session	Monday to Friday: 9.00 a.m. to 11.30/ 11.55 p.m.
Trading Unit	5 kg
Quotation/Base Value	1 kg
Maximum Order Size	600 kg
Tick Size (Minimum Price Movement)	Re. 1 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 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>
Initial Margin*	Minimum 4% or based on SPAN whichever is higher
Extreme Loss Margin	Minimum 1%
Price Quotation	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).
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 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 higher, for all Silver contracts combined together.</p>
Delivery	
Delivery Unit	5 kg (five nos. of 1Kg Bars)

Delivery Period Margin**	Delivery period margins shall be higher of: a. 3% + 5 day 99% VaR of spot price volatility Or b. 25%
Delivery Center(S)	Ahmedabad at designated clearing house facilities
Quality Specifications	Grade: 999 and Fineness: 999 (as per IS 2112: 1981) No negative tolerance on the minimum fineness shall be permitted. If it is below 999 purity, it is rejected. It should be serially numbered silver bars supplied by LBMA approved suppliers or other suppliers as may be approved by MCX to be submitted along with supplier's quality certificate.
Staggered Delivery Tender Period	The staggered delivery tender period would be the last 5 trading days (including expiry day) of the contracts. 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.
Delivery allocation	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. 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.

Delivery order rate	<p>On Tender Days: 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>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="671 981 1509 1408"> <thead> <tr> <th rowspan="2">Scen ario</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 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>	Scen ario	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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Delivery Logic	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 of Silver Mini	
Contract Launch Months	Contract Expiry Months
July 2019	June 2020
September 2019	August 2020
October 2019	November 2020