



Circular No: MCX/TRD/589/2020

August 14, 2020

Launch of MCX iCOMDEX Bullion Index Futures

In terms of the provisions of the Rules, Bye-Laws and Business Rules of the Exchange and in continuation to the Exchange circular no. MCX/TRD/456/2020 dated June 29, 2020, the members of the Exchange are notified as under:

We are pleased to announce the launch of Futures contracts with MCX iCOMDEX Bullion index as underlying.

MCX iCOMDEX Bullion Index Futures contracts (Symbol: MCXBULLDEX) expiring in the months of September 2020, October 2020 and November 2020 will be available for trading with effect from **Monday, August 24, 2020**. The contracts for further expiries will be launched as per the enclosed contract launch calendar.

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 circular relating to Settlement procedure will be separately issued by Multi Commodity Exchange Clearing Corporation Limited (MCXCCL).

Members are requested to take note of the same.

Niket Patel
Manager

Encl: As above

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

----- Corporate office -----

Multi Commodity Exchange of India Limited

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Annexure

Contract Specifications of MCX iCOMDEX Bullion Index Futures

Parameter	Particulars
Symbol	MCXBULLDEX
Description	MCXBULLDEXMMYY
Underlying Index	MCX iCOMDEX BULLION
Contract Listing	Contracts are available as per the Contract Launch Calendar.
Contract Start Day	20 th day of contract launch month. If 20 th day is a holiday then the following working day.
Last Trading Day	One business day prior to the start of rollover period in the underlying constituent/(s) index. In case, if there are no rollover during any calendar month, the contract will expire on 25 th day of the month. If 25 th day is a holiday, then preceding working day.
Trading	
Trading Period	Mondays through Fridays
Trading Session	Monday to Friday: 9:00 a.m. to 11:30 / 11:55 p.m.* * based on US daylight saving time period.
Trading Unit (1 Lot)	Rs. 50 * MCX iCOMDEX Bullion Index
Quotation / Base Value	Index Points
Maximum Order Size	80 Lots
Tick Size (Minimum Price Movement)	1
Daily Price Limits	<p>The base price limit will be 3%. Whenever the base daily price limit is breached, the relaxation will be allowed upto 6% without any cooling off period in the trade.</p> <p>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>In case price movement in underlying Commodity Index is more than the maximum daily price limit of index futures (currently 9%), the price limit of the index futures may be further relaxed in steps of 3% and informed to the Regulator immediately</p>
Initial Margin*	Minimum 5% 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: 1,000 lots or 5% of market wide open position, whichever is higher for all MCX iCOMDEX Bullion index futures contracts combined together.</p> <p>For a member collectively for all clients: 10,000 lots or 15% of market wide open position, whichever is higher for all MCX iCOMDEX Bullion index futures contracts combined together.</p>
Due Date Rate	The Final Settlement Price will be the underlying Index price arrived at based on Volume Weightage Average Price of the

	<p>constituents of the underlying Index between 4:00 p.m. and 5:00 p.m. on the expiry day of the Index futures contract.</p> <p>In absence of trading in any of the constituent of the underlying Index between 4:00 p.m. and 5:00 p.m. on the expiry day of the Index futures contract, the below methodology will be followed to obtain the appropriate price of <u>only</u> such constituent to arrive at the underlying Index price:</p> <ol style="list-style-type: none"> i. If there are no trades in the constituent during 4:00 p.m. and 5:00 p.m. on the expiry day of the Index futures contract, then it will be based on the weighted average price of the last 10 trades executed during the day. ii. If the number of trades done during the day are less than 10, then it is taken as the weighted average of all the trades executed during the day. iii. If no trades have been executed in a contract on a day, then the official Closing Price of the previous day will be considered. <p>On the day of expiry, the trading in expiring contract shall be allowed up to 5:00 p.m.</p> <p>The index value so arrived will be rounded off to the nearest tick. For example, on the day of expiry, if index value arrived based on VWAP of the constituents of the underlying Index during the above said period is 11,800.15, then DDR for the contract would be 11,800 (rounded off to the nearest tick) and if index value is 11,800.50, then DDR for the contract would be considered as 11,801 for settlement purpose.</p>
Settlement Mechanism	The contract would be settled in cash

* The Margin Period of Risk (MPOR) shall be 3 days and the computation of Initial Margin shall be based on VaR over three-day horizon (i.e. MPOR = 3 days).

**Contract Launch Calendar for
MCX iCOMDEX Bullion Index Futures**

Contract Month	Contract Launch Month	Contract Expiry Month
September 2020	On approval from SEBI	September 2020
October 2020	On approval from SEBI	October 2020
November 2020	August 2020	November 2020
December 2020	September 2020	December 2020
January 2021	October 2020	January 2021
February 2021	November 2020	February 2021
March 2021	December 2020	March 2021
April 2021	January 2021	April 2021
May 2021	February 2021	May 2021
June 2021	March 2021	June 2021
July 2021	April 2021	July 2021



MCX Circular No. MCX/MCXCCL/594/2020
MCXCCL Circular No. MCXCCL/C&S/192/2020

August 17, 2020

Settlement procedure for Index Futures Contracts

In terms of the provisions of the Rules, Bye-Laws and Regulations of the Multi Commodity Exchange Clearing Corporation Limited (MCXCCL), Clearing Members of the MCXCCL are notified as under:

MCX, vide its circular no. MCX/TRD/589/2020 dated August 14, 2020, has announced the launch of Index Futures Contracts. MCX iCOMDEX Bullion Index Futures (Symbol: MCXBULLDEX) shall be available for trading w.e.f. Monday, August 24, 2020.

The settlement procedure for index futures contracts shall be as provided in **Annexure 1** to this Circular.

Members and market participants are requested to take note of the same.

Ratul Roy
Sr. Manager

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

----- Corporate office -----
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Annexure I

Settlement procedure for Index Futures Contracts

1. Daily mark to market settlement of index futures contracts shall be conducted in the manner similar to the daily settlement of the commodity futures contracts on a T+1 day at the scheduled timelines.
2. The mark to market daily settlement of index futures contracts shall form part of the daily obligation report exported to the members.
3. The logic for computation of daily settlement/ closing price of the index futures contracts shall be as under:
 - i. Closing Price is equal to weighted average price of all trades done during the last 30 minutes of a trading day.
 - ii. If the number of trades during last 30 minutes are less than 10, then it is based on the weighted average price of the last 10 trades executed during the day.
 - iii. If the number of trades done during the day are less than 10, then it is taken as the weighted average of all the trades executed during the day.
4. If no trades are executed in an index futures contract on a day, then MCXCCL shall compute the theoretical price and modify the closing price for the purpose of marking to market and making the open positions closer to the market as under:

$$F = S * e^{rt}$$

Where,

F = futures price,

S = underlying index,

r = 30 day MIBOR rate and

T = time remaining till maturity,

e = the exponential factor

5. MCXCCL may arrive at the close price through any other method, which MCXCCL in its absolute discretion considers appropriate, in order to reflect a fair close price of the illiquid contract.
6. At expiry, index futures contracts shall be cash settled at the Due Date Rate/ Final Settlement Price computed in the manner specified by MCX in the relevant contract specification of the index futures contract.