



Circular No.: MCX/TRD/371/2019

July 15, 2019

Launch of Silver Micro February 2020 Futures Contract with modifications

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/297/2019 dated May 31, 2019, the Members of the Exchange are hereby notified as under:

The Exchange had, interalia, received permission from SEBI to modify the contract specifications in Silver Micro contract i.e. from **“Both Options” to “Compulsory Delivery”**. The Exchange has decided to implement the said modifications from the February 2020 contract onwards.

The revised contract specifications for the above mentioned contract, as specified in **Annexure 1** with regards to Delivery Unit, Due Date Rate (Final Settlement Price) and Delivery Logic will be implemented **w.e.f. July 19, 2019** when the above contract will be available for trading.

The contract specifications and trading parameters of the above contract as specified in Annexure 1 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.

Members are advised to take due care while placing orders and note that this is a Compulsory delivery contract.

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/ 159/2019 dated July 15, 2019.

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

Members are requested to take note of the above.



MCX Circular No. MCX/MCXCCL/366/2019
MCXCCL Circular No. MCXCCL/C&S/159/2019

July 15, 2019

Revision in Delivery and Settlement Procedure for Silver Micro

In terms of the provisions of the Rules, Bye-Laws and Regulations of the Multi Commodity Exchange Clearing Corporation Limited (MCXCCL) and in partial modification to Circular No. MCXCCL/C&S/005/2018 dated August 31, 2018, Clearing Members of the MCXCCL are notified as under:

Delivery and Settlement Procedure for Silver Micro contracts (**expiring from February 2020 and onwards**) is modified pursuant to changes in Delivery Logic from Both Option to Compulsory Delivery and Delivery Unit from “30 Kg” to “1 Kg” and is provided as **Annexure 1** to this circular.

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.

The revised Delivery and Settlement Procedure shall be applicable to all Silver Micro Compulsory Delivery contracts expiring from **February 2020 and onwards**.

All Members and their respective constituents are requested to take note of the same.

Anthony Rodrigues
Senior Manager

Encl.: As above

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

----- Corporate office -----
Multi Commodity Exchange Clearing Corporation Limited
Exchange Square, CTS No. 255, Suren Road, Chakala, Andheri (East), Mumbai – 400 093
Tel.: 022 – 67318888 Fax: 022 – 67269558 CIN: U74999MH2008PLC185349
www.mexccl.com email: customersupport@mcxindia.com

Delivery and Settlement Procedure of Silver Micro Contract

Delivery logic	Compulsory Delivery
Last day of trading	Last calendar day of the contract expiry month. If last calendar day is a holiday then preceding working day
Tender Period	5 preceding working days before the contract expiry month
Delivery Period	Two working days after the contract expiry
Tender Period Margin	5% incremental margin for last 5 working days on all outstanding positions. Such margin will be addition to initial, additional and special margin as applicable
Pay-in of commodities (delivery by seller member)	<p>E+2 working days: 12.00 p.m. (E stands for expiry) except Saturdays, Sundays and Trading Holidays. The seller will have to do the delivery pay-in through ComRIS Account by earmarking his existing valid commodity balance in the ComRIS Account towards the pay-in obligation.</p> <p>On expiry all the open positions shall be marked for delivery.</p> <p>Approved 1 Kg Silver Bars deposited at MCXCCL accredited warehouses would be electronically credited to the ComRIS Account of the depositor in multiples of 1 Kg each (subject to the acceptable tolerance limits). Accordingly, in case of a depositor who has deposited 10 Kg of 1 Kg Silver Bars, the ComRIS Account of the depositor shall be credited with 10 electronic receipts of 1 Kg each.</p> <p>The electronic holdings of 1 Kg Silver bars in ComRIS Account shall be eligible for delivery in the Silver Micro contracts.</p>
Funds Pay-in	E+2 working days: 12.00 p.m.
Delivery Pay-out	E+2 working days: 2.00 p.m.
Pay-out of Funds	E+2 working days: 2.00 p.m.
Mode of communication	MCX eXchange
Delivery Period Margin	Delivery period margins shall be higher of: a. 3% + 5 day 99% VaR of spot price volatility Or b. 25%
Exemption from margin during delivery period	Margin is exempted on receipt of delivery pay-in through ComRIS Account by earmarking existing valid commodity balance in the ComRIS Account towards the pay-in obligation.
Penal Provision	Seller Default:

	<p>3% of Settlement Price + replacement cost (difference between settlement price and higher of the last spot prices on the commodity pay-out date and the following day, if the spot price so arrived is higher than Settlement Price, else this component will be zero.)</p> <p>Norms for apportionment of penalty –</p> <ul style="list-style-type: none"> • At least 1.75% of Settlement Price shall be deposited in the Settlement Guarantee Fund (SGF) of the MCXCCL. • Up to 0.25% of Settlement Price may be retained by the MCXCCL towards administration expenses. • 1% of Settlement Price + replacement cost shall go to buyer who was entitled to receive delivery. <p>Over and above the prescribed penalty, MCXCCL shall take suitable penal/ disciplinary action against any intentional / wilful delivery default by seller.</p> <p>Buyer default shall not be permitted.</p>
Allocation of delivery	As per the DDR on the expiry day.
Delivery Center(S)	Ahmedabad at designated Clearing House facilities.
Deliverable grade of underlying commodity	The selling members tendering delivery will have the option of delivering such grades as per the contract specifications. The buyer has no option to select a particular grade and the delivery offered by the seller and allocation by the MCXCCL shall be binding on him.
Buyer's obligation	Buyer default shall not be permitted.
Close out of outstanding positions	All outstanding positions on the expiry of contract, not settled by way of delivery in the aforesaid manner, will be settled as per the due date rate with penalty as per penal provisions.
Verification by the Buyer at the time of release of delivery	At the time of taking delivery, the buyer can check his delivery in front of designated vault personnel. If he is satisfied with the quantity and quality of material, then Vault will release the goods. If Buyer is not satisfied with the quality, he can request for assaying by any of the MCXCCL approved Independent Assayers. If the buyer chooses for assaying, designated vault person will carry the goods to the Assayer's facilities, get it assayed and bring it back to designated vault along with assayer's certificate. The report shall be final and binding on both buyer and seller. In case of Variation in quality in the Independent Assayer's report from the original report submitted, the buyer and seller will have to mutually negotiate the final settlement proceeds within 1 working day from receipt of assayer's report. The cost of this assaying as well as cost of transportation from designated vault to assayer's facilities to and fro will be borne by the buyer. The vault charges during such period will be borne by the buyers. If the buyer does not opt for assaying at the time of lifting delivery, then he will not have any further recourse to challenge the quantity or quality subsequently and it will be assumed

	that he has received the quantity and quality as per the delivery obligation by the seller.
Validation Process	<p>On receipt of delivery, the designated vault personnel will do the following validations:</p> <ol style="list-style-type: none"> Whether the person carrying 1 Kg Silver bars is the designated clearing agent of the member. Whether the selling member is a bonafide member of the MCXCCL. Whether the quantity being delivered is from MCXCCL approved refinery Whether the serial numbers of all the bars is mentioned in the packing list provided. whether the original certificates are accompanied with the 1 Kg Silver bars. <p>Any other validation checks, as they may desire.</p>
Delivery Process	In case any of the above validation fails, the designated vault will contact the MCXCCL office and take any further action, only as per instructions received from the MCXCCL in writing. If all validations are through, then the designated vault personnel will put the 1 Kg Silver bars in the vault. Then the custodian of designated vault will issue appropriate receipt for having received the goods. Designated vault in front of the selling members clearing agent will deposit the said metal into their vault.
Quality Adjustment	The price of 1 Kg Silver bar is based on 999 purity. In case a seller delivers 1 Kg Silver bar of less than 999 purity, it would be rejected
Quantity adjustment	The tolerance limit will be + 0.1000 Kg. The weight of 1 Kg Silver bar must be between 1 Kg to 1.1000 Kg.
Procedure of taking delivery from the Vault	<p>For the purpose of taking delivery of goods fully or partially, the Member shall raise withdraw request in ComRIS and send an Authority letter on his letter head to the MCXCCL, authorising a representative on his behalf to take the delivery. The Authority letter sent by the Member shall consist of the following details:</p> <ol style="list-style-type: none"> Name of the authorised representative. Name of the Commodity along with quantity. Name of the Vault along with the location. Signature of the authorised representative. Proof of Identity viz. PAN card, driving license, Election ID. Photo identity proof duly attested by the Member. <p>The above-mentioned details are required to be sent to the MCXCCL. Once the MCXCCL receives the above-mentioned details, the MCXCCL will send it to the Vault authorities directly.</p> <p>Based on the said details, the Vault will issue the requested quantity to the authorised representative who has to present himself personally at the Vault along with the requisite photo identity proof in original, the copy of which was sent / communicated to the MCXCCL by its Member.</p>

	<p>The Vault officials will, upon final scrutiny/checking of the identity, deliver goods to the representative of the Member. The Vault officials in case of any discrepancy or doubt or any other reason may refuse to issue the goods to the representative under the intimation to the MCXCCL.</p> <p>The delivery given to the representative shall be final & binding to the Member and their constituents at all times.</p>
Taxes, duties, cess and levies	Ex-Ahmedabad, Inclusive of all taxes / levies relating to import duty, customs to be borne by Seller; but excluding GST, any other additional tax, cess, octroi or surcharge as may become due & payable under any law, rules or regulations, applicable from time to time, to be borne by the buyer.
Endorsement of delivery order/delivery	The buyer member can endorse delivery order/delivery to a constituents or any third party with full disclosure given to the MCXCCL. Responsibility for contractual liability would be with the original assignee.
Vaulting, Insurance and Transportation charges	Borne by the seller upto funds pay-out date Borne by the buyer after funds pay-out date
Extension of delivery period	As per MCXCCL decision due to a force majeure or otherwise.
Making charges for taking Delivery	Buyer shall have to pay Rs. 400/- (over and above the DDR) per 1 Kg Silver bar as a making charges to the seller.
Legal obligation	The members will provide appropriate tax forms wherever required as per law and as customary and neither of the parties (seller member and buyer member) will unreasonably refuse to do so.
Applicability of Regulations	<p>The general provisions of Byelaws, Rules and Regulations of the MCXCCL and decisions taken by SEBI/ the Board of Directors/ Relevant Authority of the MCXCCL in respect of matters specified in this document shall form an integral part of this contract. The MCXCCL or SEBI, as the case may be, may further prescribe additional measures relating to delivery procedures, vaulting, quality certification, margining, and risk management from time to time.</p> <p>Members and market participants who enter into buy and sell transactions on MCX need to be aware of all the factors that go into the mechanism of trading and clearing, as well as all provisions of the MCXCCL's Bye Laws, Rules, Regulations, circulars, directives, notifications of the MCXCCL as well as of the Regulators, Government and other authorities.</p> <p>It is the sole obligation and responsibility of the Members and market participants to ensure that apart from the approved quality standards stipulated by the MCX, the commodity deposited / traded / delivered through the Approved warehouses/Vaults of MCXCCL is in due compliance with the applicable regulations laid down by authorities like BIS, Orders under Packaging and Labelling etc., as also other State/Central laws and authorities issuing such regulations in this behalf from time to time, including but not limited to compliance of</p>

provisions and rates relating to GST, APMC Tax, Mandi Tax, LBT, octroi, stamp duty, etc. as may become due & payable under any law, rules or regulations, applicable from time to time on the underlying commodity of any contract offered for deposit / trading / delivery and that MCX/MCXCCCL shall not be responsible or liable on account of any non-compliance thereof.

All the Sellers giving delivery of goods and all the buyers taking delivery of goods shall have the necessary GST Registration as required under the Goods & Service Tax (GST) Act and obtain other necessary licenses, if any.

In respect of all contracts executed by the Members on MCX, it shall be the responsibility of the respective members to pay all applicable statutory fee, stamp duty, taxes and levies in respect of all deliveries as well as futures contracts directly to the concerned Central/State/Local Government Departments and the MCX/MCXCCCL shall not be held liable or accountable or responsible on account of any non-compliance thereof.

The buyer shall have to lodge their claim against quality and/or quantity of goods/ delivery allocated to them while retaining disputed goods in the designated vault itself (without lifting them out of the vault), if any, within 48 hours from the date of scheduled pay out of the MCXCCCL and failing which, no claim shall be entertained by the MCXCCCL thereafter.

The MCXCCCL is not responsible and shall not be held liable or accountable or responsible for value of the goods/stock of the commodities stored/lying in MCXCCCL designated warehouse/s, vault agency and which is fully/partially confiscated / seized by any local or statutory or any other authority for any reason whatsoever or for any deterioration in quality of the goods stored due to above reason or which have passed the Final Expiry date and continue to remain in the MCXCCCL accredited warehouse. The decision of the MCXCCCL shall be final and binding to all Members and their constituents in this regard. (The interpretation or clarification given by the MCXCCCL on any terms of this delivery and settlement procedure shall be final and binding on the members and other market participants.)

Himanshu Ashar
Vice President

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

Annexure – 1

Symbol	SILVERMIC
Description	SILVERMICMMYY
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 Period	Mondays through Friday
Trading Session	Monday to Friday: 09.00 a.m. to 11.30/ 11.55 p.m.
Trading Unit	1 kg
Quotation/Base Value	1 kg
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)
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>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 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 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	1 kg
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.																																																				
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"> <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, Exchanges shall decide further course of action for determining FSP in consultation with SEBI.</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
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																																																
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 Silver Micro

Contract Launch Months	Contract Expiry Months
June 2019	February 2020
August 2019	April 2020
October 2019	June 2020
December 2019	August 2020
March 2020	November 2020