



Circular No.: MCX/TRD/278/2019

May 28, 2019

**Launch of Lead Mini (1 MT) June, July, August and September 2019 Futures
Contracts with modifications**

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:

The Exchange has, inter alia, received permission from SEBI to modify the contract specifications in Lead Mini contract i.e. from **“Both Options” to “Compulsory Delivery”**. SEBI has further permitted the Exchange to implement the said modifications from June 2019 contract onwards.

The revised contract specifications for the above mentioned contracts, as specified in **Annexure 1** with regards to Price Quote, Delivery Unit, Delivery Centre, Additional Delivery Centre (s), Quality Specifications & Shape, Additional Deliverable Grade, Due Date Rate (Final Settlement Price) and Delivery Logic will be implemented **w.e.f. May 29, 2019** when the above contracts will be available for trading.

The contract specifications and trading parameters of the above contracts 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 these are Compulsory delivery contracts.

The Delivery and Settlement procedure is separately intimated by Multi Commodity Exchange Clearing Corporation Limited (MCXCCL) through MCXCCL Circular No. MCXCCL/C&S/116/2019 dated May 28, 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

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 Lead Mini

Annexure – 1

Symbol	LEADMINI
Description	LEADMINIMMMYY
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: 9.00 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 at Chennai district in Tamil Nadu (excludes only GST)
Maximum Order Size	100 MT
Tick Size (Minimum Price Movement)	5 Paise 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: 3,500 MT or 5% of the market wide open position, whichever is higher for all Lead contracts combined together.</p> <p>For a member collectively for all clients: 35,000 MT or 20% of the market wide open position, whichever is higher for all Lead contracts combined together.</p>
Delivery	
Delivery Unit	1 MT with tolerance limit of + / - 10%

Delivery Margin**	Period	Delivery period margins shall be higher of: 3% + 5 day 99% VaR of spot price volatility Or 25%																																																				
Delivery Center		Ex-Warehouse at Chennai district in Tamil Nadu <i>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</i>																																																				
Additional Centre (s)	Delivery	None																																																				
Quality Specifications & Shape		Lead Ingots with minimum purity of 99.97%. 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. # List available on https://www.mcxcl.com/warehousing-logistics/lme-approved-brands																																																				
Additional Deliverable Grade		Any other Lead producer brands as approved by MCX																																																				
Due Date Rate (Final Settlement Price)		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. 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: <table border="1" data-bbox="651 1317 1492 1758"> <thead> <tr> <th rowspan="2">Scenario</th> <th colspan="4">Polled spot price availability</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> 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 center, further course of action for determining FSP shall be decided in consultation with SEBI. On the day of expiry the trading shall be allowed up to 5pm.	Scenario	Polled spot price availability				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				FSP shall be simple average of last polled spot prices on:																																																	
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1	Yes	Yes	Yes	Yes/No	E0, E-1, E-2																																																	
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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 Lead Mini (2019)

Contract Launch Months	Contract Expiry Months
February 2019 (on approval from SEBI)	June 2019
March 2019	July 2019
April 2019	August 2019
May 2019	September 2019
June 2019	October 2019
July 2019	November 2019
August 2019	December 2019



MCX Circular No. MCX/MCXCCL/277/2019
MCXCCL Circular No. MCXCCL/C&S/116/2019

May 28, 2019

Revision in Delivery and Settlement Procedure for Lead Mini

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 Lead Mini contracts (**expiring from June 2019 and onwards**) is modified pursuant to change in Delivery Logic from Both Option to Compulsory and is provided as **Annexure 1** to this circular. The revised Delivery and Settlement Procedure shall be applicable to all Lead Mini Compulsory Delivery contracts expiring from June 2019 and onwards.

The electronic holdings in Lead in ComRIS Account shall be eligible for delivery in the Lead Mini contracts. The depositor(s) shall ensure that appropriate electronic records are earmarked for 'pay-in' while initiating pay-in through the ComRIS Account

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

Gitesh Shah
Head - Clearing and Settlement & Delivery

Encl.: As above

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

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Delivery and Settlement procedure for Lead Mini Contract

Delivery logic	Compulsory Delivery
Tender Period	Last 5 working days of the contract Expiry and 1 st working day after expiry of the contract
Delivery period (including delivery pay-out of commodities)	1 st working day after expiry of the contract.
Tender notice / Delivery Pay-in	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. All outstanding long and short positions shall be marked for delivery at the expiry of the contract.
Mode of communication	MCX eXchange
Tender Period Margin	5% incremental margin for last 5 working days of the contract on all outstanding positions.
Delivery Period Margin	Delivery period margins shall be higher of: a. 3% + 5 day 99% VaR of spot price volatility or b. 25%
Tender and Delivery Period Margin Exemption	Sellers are exempted from payment of all types of margins, if goods are tendered as Early Pay In with all the documentary evidences. However, MCXCCL shall continue to collect mark to market margins from Sellers
Delivery allocation - Date - Rate	On the Expiry date of the contract At Due Date Rate i.e Final Settlement Price
Delivery pay-in of Commodities	E+1 working day: 12.00 p.m. (E = expiry date)
Delivery pay-out of Commodities	E+1 working day: 2.00 p.m.
Pay-in of funds	E+1 working day: 12.00 p.m.
Pay-out of funds	E+1 working day: 2.00 p.m.
Penal Provision for default of Delivery & Settlement	Seller Default: 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.) Norms for apportionment of penalty –

	<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>
Taxes, Duties, Cess and Levies	At the time of delivery, the buyer has to pay GST in addition to DDR / Final Settlement Price.
Odd lot Treatment	Not Applicable
Adjustment of transportation cost	Not Applicable
Warehouse, Insurance and transportation Charges	-Borne by the seller up to commodity pay-out date -Borne by the buyer after commodity pay-out date
Buyer's option for lifting of Delivery	Buyer will not have any option of choosing the place and grade of delivery and will have to accept the delivery as per allocation made by the MCXCCL
Delivery Center	Ex-Warehouse at Chennai district in Tamil Nadu 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
Delivery of Goods	The goods delivered through the ComRIS Account should be valid as per contract specifications up to minimum 15 days after the expiry of the contract from the MCXCCL approved quality certifying agency/s. Delivery once submitted cannot be withdrawn or cancelled or changed, unless so agreed by the MCXCCL. Goods tendered under delivery shall be in conformity with the contract specifications.
Delivery Grades	The members tendering delivery will have the option of delivering such grades of goods as permitted by the MCX

	under the contract specifications. The buyer will not have any option to select a particular grade and the delivery offered by the seller and allocated by the MCXCCL shall be binding on him
Premium / Discount for additional deliverable grade (Rs. per Kg)	Not Applicable.
Legal Obligation	Every member delivering and receiving goods through the ComRIS Account by way of delivery shall provide appropriate tax forms, wherever required as per law and as custom, and neither of the parties shall unreasonably refuse to do so
Extension of Delivery Period	The MCXCCL may extend the Delivery Period due to either force majeure or any other reason, as it thinks fit in the interest of the market.
Applicability of Business Rules	<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, warehousing, 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 relevant 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 provisions and rates relating to GST, Import/Customs Duty, APMC Tax, Mandi Tax, LBT, Local Taxes, Stamp Duty, etc. as applicable from time to time on the underlying commodity of any contract offered for deposit / trading / delivery and that MCX/MCXCCL shall not be</p>

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 MCXCCL 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 MCXCCL 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 MCXCCL accredited warehouse. The decision of the MCXCCL shall be final and binding to all Members and their constituents in this regard. (The interpretation or clarification given by the MCXCCL on any terms of this delivery and settlement procedure shall be final and binding on the members and other market participants.)