

**Important Points & Risk Management Framework**

1. The T+2 Gold and Silver Contracts will have the maximum Daily Price Limit up to 9% of the Previous Close Price, which shall be gradually relaxed in steps of 3%. The initial price limit shall be set at 3% of the Previous Close Price (PCP) of the contract. In case the daily price limit of 3% is breached, the daily price limit will be relaxed upto 6%. In case the daily price limit of 6% is also breached, then after cooling off period of 15 minutes, the daily price limit will be relaxed upto 9%. In case the daily price limit of 9% is also breached, the price band would NOT be relaxed automatically. The Exchange shall consider the price movement in the International Market in such cases. If the price movement in international markets is more than the maximum daily price limit of 9%, the same may be further relaxed in steps of 3% and will be informed to the regulator immediately.
2. The “Accredited Members Name” refers to the list of Active Good Delivery Members as per UAE Good Delivery list as provided by Govt. of UAE and to the list of Good Delivery Current List as approved by LBMA from time to time for LBMA contracts.
3. The Seller is required to provide 100% BDR. The Buyer shall pay in cash, a minimum of 10% or 2 days VAR whichever is higher of the traded value for Gold and 15% or 2 days VAR whichever is higher for Silver. The balance amount shall be paid by the buyer either on T+1 day or T+2 day, but not later than 17:30 hrs (IST) on T+2 day.
4. **Default in payment of funds by Buyer:**  
In case, the Buyer fails to make payment within T+2 day, the Buyer shall be liable to pay “Penalty Amount + Replacement Cost” as specified in the contract specifications.

*Where,*

**Penalty Amount:** 3% of the traded value

**Replacement Cost:** Difference between the traded price and the last spot price on the pay-out date, if such spot price is lower than the traded price; otherwise, this component shall be zero.

**The Exchange shall apportion the Penalty Amount paid by the Buyer as follows:**

- 1% of penalty shall go to seller who was entitled to receive fund
- 1% of penalty shall be deposited in the Settlement Guarantee Fund (SGF)

- 0.75% of penalty shall be earmarked for Consumer Education and Protection Fund (CEPF)
- 0.25% of penalty may be retained by IIBX towards administration expenses

5. The Exchange shall issue AD letters in two stages, for trading in T+2 contracts.

- 1<sup>st</sup> AD Letter : Shall be issued for the amount equivalent to Initial Margin required for Trade + Exchange & Clearing charges. The estimated trade value for the purpose of calculation of initial margin shall be arrived considering 5% intraday price variation.
- 2<sup>nd</sup> AD Letter : Shall be issued for the amount equivalent to balance amount after trade execution.

For Gold 12.5 KG and Silver 30 Kg Bars, since there can be a weight variation upto 10% in the weight of the Bars, the Exchange shall issue the AD letters for trading in Gold 12.5 Kg Bars and Silver 30 Kg Bars T+2 contracts as given below :

- 1<sup>st</sup> AD Letter : Shall be issued for the amount equivalent to Initial Margin required for Trade + Exchange & Clearing charges. The estimated trade value for the purpose of calculation of initial margin shall be arrived considering 5% intraday price variation.
- 2<sup>nd</sup> AD Letter : Shall be issued for the amount equivalent to 110% of Trade Value minus the amount already collected towards initial margin through 1<sup>st</sup> AD Letter. This is to take care of the weight variation in 12.5 Kg Gold Bars and 30 Kg Silver Bars.
- After trade settlement on T+1 or T+2 day, as the case maybe, the actual settlement value shall be computed based on the weight of the actual Bars. The balance amount, if any, shall be refunded to the Buyer through the Member after the settlement cycle.

6. No positions of Members or Clients with respect to contracts will get netted with any of their existing positions of any other contracts/products.

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