

Annexure 1

Important Points & Risk Management Framework (T+0 Recycled Gold)

1. The T+0 Recycled Gold 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 T+0 contracts are to be traded for T+0 settlement wherein 100% advance pay in of Funds is mandatory prior to placing a buy order and 100% advance pay in of Securities (BDR) is mandatory prior to placing a sell order on the exchange, which ensures mitigation of settlement risk.
4. There can be Weight variation up to 10% in case of Gold 12.5 Kg Bars contract. Therefore, to mitigate the settlement risk on account of Weight variation, the Early Pay-in from the Buyer shall be 110% for Gold 12.5 Kg Bars contract. Accordingly, the AD letter issued by IIBX to the buyer for import of Gold 12.5 Kg Bars shall include 10% extra pay-in over and above the notional value of Gold 12.5 Kg Bars. This 10% extra pay-in of the funds received from the Buyers would be kept reserved to handle the Weight Variation, and no Trading limit would be allotted to the Buyer for such 10% extra pay-in.

5. The buyers intending to purchase only one (1) Gold 12.5 Kg Bar would need to pay 15% additional funds instead of 10%. After reserving 10% of additional funds for weight variation, the trading limit for the buyer would be set to 105% to enable the buyer to enter the single quantity order even at a maximum price variation of 5%.

Summary of the Pay-in requirement for Gold 12.5 Kg Bars

Intended Buy Quantity by Buyer	Early Pay-in of funds required
More than one (1) Gold 12.5 Kg Bars	110% of the notional value
Only one (1) Gold 12.5 Kg Bar	115% of the notional value of 1 Bar

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.
