INDIA INTERNATIONAL BULLION EXCHANGE IFSC LIMITED

RISK MANAGEMENT POLICY

Initiated by	Head- Clearing Settlement & Risk Management
Recommended by	The Risk Management Committee
Approved by	The Board of Directors
Version	Two (2)

APPROVAL/REVISION/AMENDMENT HISTORY			
Sl. No.	**Revision/amendment recommended by**	**Revision/amendment approved by**	**Effective date**
1	The Risk Management Committee	The Board of Directors	06/01/2023
2	The Risk Management Committee	The Board of Directors	22/07/2024

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Overview

The India International Bullion Exchange IFSC Limited (IIBX) is India's first International Bullion Exchange set up at the GIFT City and inaugurated by Honourable Prime Minister, Shri Narendra Modi, on July 29, 2022.

IFSCA vide letter dated July 26, 2021, had permitted to perform functions of both Exchange & Clearing Corporation by a single unified entity i.e., the India International Bullion Exchange IFSC Limited, for a period of three (3) years. The Clearing Corporation functions as a Clearing Department within the Exchange.

The Exchange performs the functions of the Clearing Corporation and Post Trade activities through a dedicated "Clearing & Settlement Department "and "Risk Management Department" that is ring fenced and maintains an integrated and comprehensive view of risk and ensures that its risk management tools can manage and report on all relevant risks. The risk management policies, procedures, systems, and controls form a part of a coherent and consistent governance framework which is reviewed and updatedregularly.

Participant Exposure and Settlement Default Risk, Credit Risk, Liquidity Risk, Legal Risk, Operational Risk,Investment Risk, Technology Risk, Clearing Bank Risk etc. are some of the risks that IIBX deals with on a continuous basis. IIBX's risk management policy is in accordance with the Principles for Financial Market Infrastructures ("PFMI") published by the Committee on Payments and Market Infrastructures ("CPMI") and the Technical Committee of the International Organization of Securities Commissions ("IOSCO").

All trades on the IIBX platform with respect to spot market contracts are settled on a T+0 cycle. The buyers and sellers must give upfront 100% of the entire amount of funds and securities in the form of Bullions Depository Receipts (BDRs) to enable trade to happen. During the trading day, BDRs and Funds are settled on a periodic basis. The BDRs are directly credited to the buyer's Demat account through the Direct Pay-out to Buyers mechanism.

For Futures Contracts the VAR based methodology on margins has been adopted on a real time basis. Once the MTM obligations are settled for a day, the blocked margins would be unblocked from the members collateral. The following margin types are being charged in real time: Initial Margin, Extreme Loss Margin (ELM), Additional and/or Special Margin, Concentration Margin and Delivery Margins or such other parameters as may be specified by the relevant authority from time to time. Spread margin benefit will be allowed for clients with offsetting positions for different expiry contracts (Calendar Spread) of the same underlying.

Objective and purpose:

The Risk Management Policy is prepared with the main objective to identify the key events and risks impacting the business of the Company and attempts to develop a comprehensive risk policies and strategies wherever required to ensure timely evaluation, reporting and monitoring of key business risks.The following are the key objectives:

- Develop an appropriate risk appetite.
- Adopt good practice in the anticipation, timely identification, evaluation and cost-effective control of risk in carrying out both normal and extraordinary business activities.
- Ensure that adverse risks are either avoided, reduced to an acceptable level, or managed andcontained; and to do so in good time and on a continuous basis.
- Ensure that individual members of staff and teams take appropriate risk-based decisions informedby an understanding of risk.
- Ensure business continuity
- Focus risk assessment and management on the highest level of threats to our ability to achieve ourstrategic objectives; and opportunities to promote them.
- Assure Regulators / Stakeholders / investors that there is a robust approach and mechanism inplace to assess and manage risk.

IIBX's risk control mechanisms include:

- Periodical Audits viz. System Audits, Cyber Security Audit, Collateral Audit, Accounts Audit, Statutory Audit etc.
- The availability and the system software to conduct daily stress tests to assess the adequacy of the Settlement Guarantee Fund. On-line/off-line surveillance is done to monitor risks associated with member's trading exposure.
- Clearing bank's net-worth monitored on a periodic basis
- Clearing member's ("CM") net-worth monitored on a periodic basis
- Eligible collateral, as prescribed by the regulator, in the form of cash or cash equivalent and non- cash equivalent, is subject to concentration limits and appropriate haircuts.
- Business Continuity Plan (BCP) plan for systems as well as required manpower
- Different categories of admissible Members and admission criteria

IIBX undertakes to act as the central counterparty to all the trades executed on the Stock Exchange for which IIBX clears trades and provides full novation, unless specified otherwise. In essence, IIBX splits the original contract between the initiating counterparties into two new contracts: one each between IIBX and the initiating counterparties. The initiating parties are only exposed to IIBX and no longer face the other initiating party's credit risk. Elimination of counterparty risk is achieved through the process of novation and the interposition of IIBX as the common counterparty. Novation enables IIBX to be the universal counterparty to all contracts and allows greater flexibility and discretion in its clearing and settlement practices. IIBX remains the counterparty to trades from the time of the execution of the trade until settlement/expiry/delivery.

IIBX has in place the required infrastructure and risk management systems for comprehensively managing risks that cover major business and functional areas including Participant Exposure and Default Risk, Settlement Risk, Credit Risk, Liquidity Risk, Legal Risk, Operational Risk, Investment Risk, Technology Risk, etc.

Risk management measures at IIBX include capital requirements of members, monitoring of member performance and track record, stringent margin requirements, position limits based on capital, online monitoring of members' positions, limits etc.

Ring-fencing

To ensure that there is no contagion effect to / from IIBX, the Clearing Settlement Department and the Risk Management Department of IIBX is ring fenced down to the lowest level and would limit its functions to the core activities to be performed in its capacity as a Clearing House, which includes, as prescribed by the regulatory guidelines, clearing & settlement and risk management policies.

Legal & Regulatory

IIBX is regulated by the International Financial Services Centres Authority (IFSCA)
IIBX is also subjected, on an ongoing basis, to rules and regulations that are consistent with the PFMIs, issued by the CPMI-IOSCO.

Assessment and Management of Risks

Some of the risks managed within IIBX's domain are:

Legal Risk

The risk of the unexpected and/or uncertain application of a law or regulation usually results in a loss.
IIBX ensures that its Rules, Byelaws, Regulations, policies and procedures are consistent with the laws prevalent in India and other relevant jurisdictions.

IIBX is regulated by the IFSCA under International Financial Services Centres Authority (Bullion Exchange) Regulations, 2020 and subsequent amendments thereto, the International Financial Services Centres Authority (Market Infrastructure Institutions)

Regulations, 2021 Rules and Regulations made there under and other regulations as may be applicable.

Credit Risk

With regards to the T+0 contracts, all the transactions are on T+0 settlement cycle with 100% advance on both buy and sell side. In view of this, the risk of default by any clearing member does not exist.

With regards to Futures Contracts IIBX has identified the sources of credit risk as being default/delay by CMs in fulfilling their obligations.

The margin framework of IIBX shall be compliant with the PFMI including a margin model that provides coverage of at least a 99% single-tailed confidence interval of the estimated distribution of future exposure.

IIBX ensures to effectively measures, monitor and manage its credit exposures to participants and those arising from its payment, clearing, and settlement processes. IIBX ensures that it maintains sufficient financial resources to cover a wide range of potential stress scenarios that should include, but not be limited to, the default of the two participants and their associates that would potentially cause the largest aggregate credit exposure in extreme but plausible market conditions.

IIBX conducts daily stress testing, back testing and reverse stress testing for credit risk to ascertain the impact of failures of members and adequacy of its financial resources in meeting any shortfall arising out of such failures.

IIBX has policies requiring members to be approved before they can participate; ensuring that they have pre-paid collateral in their accounts.

IIBX provides full novation and has the responsibility of guaranteeing contractual performance by playing the role of a central counterparty for all trades executed on the stock exchange for which it clears trades, thereby eliminating counterparty risk for the members. IIBX has put in place stringent eligibility criteria for banks which can be empanelled as clearing banks. IIBX has put in place a risk management framework to mitigate the risk it undertakes in its capacity as a Clearing Corporation.

Settlement Guarantee Fund

In accordance with the International Financial Services Centres Authority (Market Infrastructure Institutions) Regulations 2021, IIBX has set up a Core Settlement Guarantee Fund initially with USD $1 million. The contribution to the fund is initially made by IIBX on behalf of Clearing Member. In the event of a Clearing Member failing to honor settlement commitments, this fund shall be used to fulfill the obligations of that member and complete the settlement without affecting the normal settlement process. The SGF will be scaled up based on the calculations of Minimum Required Corpus (MRC), as prescribed by the Regulator.

Corpus of the Fund

The corpus of the fund shall be utilized to meet out, inter-alia, the contingencies arising on account of failure of any member(s). The risk or liability to the fund would depend on various factors such as trade volume, open positions, maximum settlement liability of the members, the history of defaults, capital adequacy of the members, the degree of safety measures employed by the clearing corporation etc. In order to assess the fair quantum of the corpus of Settlement Guarantee Fund, IIBX would consider the following factors:

• Risk management system in force
• Track record of defaults of members (number of defaults, amount in default)

The corpus of the fund shall be in accordance and as provided by IFSCA vide their circular no.F.No.415/IFSCA/Consolidated Operating Guidelines/2021-22 dated August 25, 2021.

The fund shall have a corpus as may be decided by IFSCA and the Exchange

The minimum required corpus (MRC) shall be arrived at from the monthly stress test value or the corpusas may be decided by IFSCA, whichever is higher.

The Exchange shall develop a framework for devising a stress test for assessing the size of the SettlementGuarantee Fund (SGF).

The contribution to the SGF shall be made by the Exchange / CC and clearing members in the followingmanner:

a) The Exchange shall contribute to the Settlement Guarantee Fund at least 25% of the Minimum RequiredCorpus (MRC) from its own funds.

b) The Bullion Clearing Corporation can seek risk-based contribution towards Settlement Guarantee Fundfrom Clearing Members subject to the following conditions:
i) The total contribution from Clearing Members shall be at least 50 per cent of the minimum requiredcorpus.
ii) No exposure shall be available to any Clearing Member on settlement guarantee fund contributionmade by it.
iii) The required contributions of individual Clearing Members shall be on pro rata basis depending on therisk undertaken by them.
iv) The Bullion Clearing Corporation shall develop a framework for utilization of the settlement guaranteefund and submit the same for the approval of the Authority.

Calculation of Minimum Required Corpus (MRC)

(i) The MRC shall be fixed for a month.

(ii) By 15th of every month, IIBX shall review and determine the MRC for next month based on the results of daily stress tests of the preceding month. (For example, by 15th February, IIBX shall determine MRC for March based on results of various stress tests conducted in January). IIBX shall also review and determine by 15th of every month, the adequacy of contributions made by various contributors and any further contributions to the Fund required to be made byvarious contributors for the next month.

(iii) For every day of the preceding month (i.e., January as per example in (ii) above), uncovered loss numbers shall be estimated by the various stress test scenarios (with or without weightages) for credit risk conducted by the IIBX to arrive at the worst case loss number for theday.

(iv) Average of all the daily worst case loss numbers determined in (iii) above shall be calculated.

(v) The MRC for next month (i.e., March as per example in (ii) above) shall be highest of MRC forpreceding months.

(vi) Contribution towards the Fund in excess of MRC may be released by IIBX to the contributorson a pro-rata basis.

Investment Policy for Settlement Guarantee Fund

IIBX shall follow prudential norms for investment of the Fund's corpus to ensure that the corpus is invested in financial instruments with minimal market and credit risk and is capable of beingliquidated with minimal adverse price effect.

Further contribution to / recoupment of the Settlement Guarantee Fund

Requisite contributions to the Fund by various contributors for any month shall be made by thecontributors before start of the month.

In the event of usage of the Fund during a calendar month, IIBX may call for additional funds to replenish the Settlement Guarantee Fund at least to the extent of MRC.

In case there is failure on part of some contributor(s) to replenish its (their) contribution, same shall be immediately met, on a temporary basis during the month, by IIBX (for settlement of trades of which the Fund has been constituted)

Review of Settlement Guarantee Fund

The Quarterly results shall be communicated to the Governing Board of IIBX. The exception reporting shall be made to IFSCA detailing the outcome of the review by IIBX Governing Board, including steps taken to enhance the Fund.

Default Waterfall

As provided by IFSCA vide their circular no. F.No.415/IFSCA/Consolidated Operating Guidelines/2021-22 dated August 25, 2021, IIBX shall settle the obligations under default by utilization of funds in the following order: –

i. Funds of defaulting member, including defaulting member's primarycontribution to SGF.
ii. Insurance, if any.
iii. Bullion Clearing Corporation resources (equal to 5% of the MRC).
iv. In case the funds from above point (i) to (iii) are not sufficient, the contributions to SGF may be utilized in the following order:

1. Penalties
2. Bullion Clearing Corporation contribution to the extent of at least 12.5% of the MRC.
3. Remaining portion of SGF: Bullion Clearing Corporation contribution, Bullion Exchange contribution and non-defaulting members' primary contribution to SGF on pro-rata basis.
4. Any remaining loss to be covered by way of pro-rata haircut to pay outs. Bullion Clearing Corporation shall limit the liability of non-defaulting members towards additional contribution to a multiple of their required primary contribution to

   SGF and the framework regarding the same should be disclosed. Post default if the member fails to maintain the minimum funds in the SGF, the Bullion Clearing Corporation shall be empowered to:

   a) Suspend / Cancel the membership.
   b) Restrain the members from taking new positions.
   c) Liquidate the existing positions of the member and apply the margins if any.
   d) Liquidate the collaterals marked as Lien/Pledge towards Margins/settlement guarantee.
   e) Immediately take sufficient measures with respect to Risk Management to prevent ripple effects on the default on the other members.

Collateral Risk

At present IIBX has launched T+0 spot contracts. The buyers and sellers have to give early-pay in of 100% of USD and 100% of BDRs respectively. No collaterals in any other form are accepted as on date.

For the Futures Contract, IIBX Clearing shall accept the following collaterals subject to the minimum ratio of 50:50 between Cash, Cash Equivalent Component and Non-Cash Component:

a) Cash – US Dollars
b) Cash Equivalents - Fixed Deposits and Standby Letter of Credit (SBLC) issued by IBUs in IFSC, and
c) Non-Cash - Bullion Depository Receipts issued by India International Depository IFSC Ltd. (IIDI), subject to applicable haircuts and daily valuation.

Market Risk

All the transactions are on T+0 settlement cycle which are mandatorily pre-funded with 100% advance on both buy and sell side. In view of this there is no market risk. For the Futures Contracts IIBX has systems and processes in place to ensure that all clearing members' transactions are assessed against their relevant limit. The system also checks and generates alerts on breaching threshold limits.

Liquidity Risk

All the transactions in the spot market contracts are on T+0 settlement cycle which are mandatorily pre-funded with 100% advance on both buy and sell side. Therefore, there is no liquidity risk.

For the Futures Contracts, IIBX has a liquidity risk management framework to identify measure and monitor its settlement and funding flows, including its use of intraday liquidity. IIBX measures, monitors and manages its liquidity requirements and the adequacy of liquidity arrangements and resources through liquidity stress tests. IIBX liquidity risk management framework ensures that IIBX is able to effect payment and settlement obligations as they fall due, in a timely manner. The liquidity needs of IIBX are mainly related to fulfilment of shortfall in settlement that may arise due to delay/non-fulfilment of the obligations by its CMs.

Settlement Risk

Settlement risk is the risk due to the failure of clearing / settlement banks and / or depositories for funds and securities settlement, the risk that a counterparty will lose the full value involved in a transaction.

IIBX empanels commercial banks as Clearing Banks / Settlement Bank(s), as per IIBX's eligibility criteria which includes its networth, regulatory structure, adequacy of infrastructure, agreement with IIBX etc. The Clearing Banks / Settlement Bank(s) shall enter into an Agreement with IIBX. To mitigate the risk of securities settlement failure due to any kind of failure at the depository, IIBX may tie up with reputed International Central Securities Depositories or Central Securities Depositories with sound risk management practices and compliant with PFMI. The norms regarding finality of transfer of funds and financial instruments are laid down in Byelaws, Rules, Regulations and circulars of IIBX as well as various laws governing transfer of funds/securities, risk management, defaults procedures and other aspects of the settlement system laid down by the regulators.

General Business Risk

The risks related to the administration and operation of IIBX as a business enterprise, excluding those related to the default of a participant or another entity, such as a settlement bank, FMIs etc., not separately covered by financial resources under the credit or liquidity risk principles.

IIBX has a strong risk governance structure to identify, monitor and mitigate its general business risks. The management and Board of Directors have defined responsibilities and accountability. Measures like security checks and restricted access to employees, ring fencing of critical operations, periodical audits of systems and processes to prevent occurrences of breach or fraud shall be in place.

Custody & Investment Risk

Investment risk refers to the risk of loss faced when the Exchange invests its own or its participants' assets.

All liquid funds collected in the form of deposits from trading and clearing members and liquid funds available with the company are invested in fixed deposits maintained with IBUs

IIBX shall conduct a thorough due diligence to ensure that the commercial bank with which IIBX places deposits meets the criteria of minimum networth requirements, capital adequacy ratios and low ratio ofnon-performing assets to their total assets.

Operational Risk

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. IIBX has identified various sources of operational risks namely risksassociated with IIBX activities, processes and systems and include deal entry errors, breakdown in tradingprocesses, documentation failures, physical production and delivery of commodities.

IIBX shall conduct periodical audits of its systems and processes to identify the operational risk on an ongoing basis to take timely measures to manage such risks. IIBX analyses any change in the business environment on account of changes in rules and regulations, business competition etc. and responds accordingly to mitigate such risks. IIBX shall put in place various checks and balances in the systems that include audits to address the risk of fraud.

Systemic Risk

Systemic risk is broadly defined as the probability that the financial system is unable to support economic activity linked to or dependent upon one another, having common participants and serving interconnected institutions and markets.

IIBX as FMI is subject to heightened standards for boards of directors, comprehensive risk management framework expectations, minimum capital requirements, robust default handling process, rules and procedures, requirements for liquidity shortfalls, broader risk management requirements and enhanced disclosure requirements.

Interdependency Risk

The risk that a CCP bears from other entities as a result of interdependencies or links to other FMIs.Clearing Banks: Please refer Clearing Banks criteria in Settlement Risk.

Stock Exchanges: Risk management and Surveillance measures implemented by IIBX include price bands, circuit filters, circuit breakers (market halts in case of extreme volatility). The stock exchanges also have a trade annulment process provided in its Byelaws to protect the market against erroneous trades.

Reputation and Image Risk

IIBX has a policy of openness, transparency and fairness to all stakeholders to ensure that its reputation or standing in the community is not diminished. IIBX has a well deigned website as an external interface to enhance communication and for effective brand building. The selection of an appropriate risk management strategy to address each domain of risk is based on sound understanding of the underlying risk after a comprehensive assessment of the risk and a good sense of IIBX appetite for risk.

Margining Framework

IIBX has a risk Margining Framework that is in accordance with the Principles for Financial Market Infrastructures (“PFMI”) published by the Committee on Payments and Market Infrastructures (“CPMI”) and the Technical Committee of the International Organization of Securities Commissions (“IOSCO”).

Margins

The margins required to be paid by members shall be collected in USD. The margin parameters for the Futures Contracts traded on IIBX would be as follows:

Initial Margin

IIBX has adopted VAR based methodology or any other system for the purpose of real time initial margin computation. The initial margin shall be deducted upfront on an on-line real-time basis from the available liquid assets deposited by the Clearing Member with IIBX. Initial Margin requirement shall be based on a worst scenario loss of a portfolio of an individual client comprising of his positions in the futures contracts across different underlying and maturities for various scenarios of price and volatility changes. The initial margin requirements shall be set to provide coverage of at least a 99% single-tailed confidence interval of the estimated distribution of future exposure over a one-day time horizon.

The Exchange Clearing shall calculate the VaR based margins based on Exponential Weighed Moving Average (EWMA) method. The Crystalized MTM losses shall also be blocked from the Member Collateral on real-time basis.

The method used to derive the VaR Margin requirements for Futures contracts is based on the Initial Margin methodology suggested in the “Varma Committee Report for Risk Containment in Derivatives Market”.

Computation:

1. The standard deviation (Volatility estimate) of prices is computed using the Exponentially Weighted Moving Average method ("EWMA").
2. The Standard Deviation (Volatility estimate) at the end of time period t (σt) is estimated using the Standard Deviation (Volatility estimate) at the end of the previous time period. i.e. as at the end of t-1 time period (σt-1), and the return (rt) observed during the time period t (price difference in previous two days).

Formula for Standard Deviation (Volatility Estimate) :

$$\sigma_t^2 = \lambda(\sigma_{t-1})^2 + (1-\lambda)(r_t)^2$$

Where,

σ (sigma) means the standard deviation

λ (Lambda) determines how rapidly volatility estimates changes. The value is taken as 0.99 currently.

r (return) is defined as the logarithmic return: rt = ln (St/St-1) where St is the price of the Gold at time t.

Based on the Standard Deviation, the VaR Margin for a particular day is calculated using the below formula.

VaR% = 100 * (EXP(3.5 σ)-1)

Initial Margin = Square Root (MPoR Days) * VaR Margin, where MPoR Days = 3

Notes :

1) The value of Lambda is taken as 0.99.

2) As per L.C. Gupta committee recommendations, Margins for VaR should be based on 3.5 sigma limits. 3.5 sigma provides more than 99.7% confidence level.

3) The VaR margin is multiplied by $\sqrt{3}$ to cover 3 days of Margin Period of Risk (MPOR)

Margin Period of Risk

The Margin Period of Risk (MPOR) shall be taken as 3 days. Therefore, the VaR to cover 3 days risk shall be considered i.e., VaR X Sqrt (MPOR Days) where MPOR days would be 3 days.

Extreme Loss Margin (ELM)

The Exchange shall impose an Extreme Loss Margin (ELM) of minimum 1% in respect of all outstanding positions.

Additional and / or Special Margin

In case of additional volatility, an additional margin (on both buy & sell position) and/ or special margin (on either buy or sell position) at such percentage, as deemed fit; shall be imposed in respect of all outstanding positions.

Concentration Margin

The Concentration Margins shall be imposed on the Clients and Members having the concentrated open positions to cover the risk of longer period required for liquidation of concentrated positions.

Spread Benefit

Spread margin benefit shall be permitted for the clients having the offsetting positions in the different expiry contracts (Calendar Spread) of the same underlying. IIBX shall charge minimum 25% of the initial margin on each of the individual legs of the spread. The Spread benefit shall be available only for the spread positions. For the remaining naked positions, full margin shall be applicable.

In case of spread positions, additional margins shall not be levied. No benefit in Extreme Loss Margin (ELM) would be provided for spread positions i.e., ELM shall be charged on both individual legs. IIBX may charge margins higher than the minimum specified depending upon its risk perceptions. Margin benefit on spread positions shall be entirely withdrawn for the positions that get matched during the Delivery Intention matching and are intended to be settled by way of Delivery. For the unmatched positions which shall be Cash settled, the spread benefit shall continue till the expiry of the contract.

No cross-margin benefit shall be permitted for the clients having the offsetting positions in the contract with different underlying or for the clients having the offsetting positions in the Spot and Futures contract of the same / different underlying.

Risk Reduction Mode

The Members shall not be allowed to use more than 100% of their available collateral at any point of time. The members shall be mandatorily put in risk-reduction mode when 90% of the member's collateral available for adjustment against margins gets utilized. Such risk reduction mode shall include the following:

a. All unexecuted orders shall be cancelled once trading member himself or his clearing member breaches 90% collateral utilization level.

b. Only orders with Immediate or Cancel attribute shall be permitted in this mode.

c. All new orders shall be checked for sufficiency of margins (up to maximum 100% of collateral) and such potential margins shall be blocked while accepting the orders in the system.

The trading member shall be moved back to the normal risk management mode as and when the collateral utilization level of the trading member as well as his clearing member is lower than 85%.

Daily Settlement Price

The Daily Settlement Price shall be the Closing price of the Futures contract on the Trading day. The Daily Settlement Price shall be used for MTM settlement on a daily basis.

MTM Settlement

The MTM pay-in and pay-out shall be in US Dollars and carried out on T+1 day. The MTM losses shall remain blocked from the Collaterals provided by the Members till the time of fulfilment of MTM Pay-in obligations by the Member.

Any shortages / non-payment of MTM Pay-in calls shall be subject to penalties and repeated defaults would result in the Clearing Member being put into the Square off Mode or temporary suspension of the trading rights or any such other measures as may be deemed fit by IIBX Clearing from time to time. In case where the default continues for more than 3 consecutive days, the Default Handling mechanism shall trigger.

Final Settlement Price on date of Contract Expiry

The Final Settlement Price on the date of contract expiry shall be the Spot Price sourced from Bloomberg The final settlement price shall be used for both Cash and Delivery based settlements as given below.

a) Cash Settlement Price = Final Settlement Price
b) Delivery Settlement Price = Final Settlement Price + Premium/Discount*

*This amount refers to the Premium/Discount for physical delivery agreed between Supplier and Buyer during delivery Intention Matching including the Shipping & Insurance charges.

Position Limit

Eligible market participants are allowed to take positions in IIBX Gold Futures contracts as given below.
(i) Position limits for Single Trading Member: Gross open position of any trading member across all futures contracts on Gold shall not exceed 50 Metric Tons or 20% of the total open interest, whichever is higher.
(ii) Position limits for Single Client: Gross open position of any client across all futures contracts on Gold shall not exceed 5 Metric Tons or 15% of the total open interest, whichever is higher.

Collaterals

The Exchange Clearing shall accept the following collaterals subject to the minimum ratio of 50:50 between Cash, Cash Equivalent Component and Non-Cash Component:
a) Cash – US Dollars
b) Cash Equivalents - Fixed Deposits and Standby Letter of Credit (SBLC) issued by IBUs in IFSC, and
c) Non-Cash - Bullion Depository Receipts issued by India International Depository IFSC Ltd. (IIDI), subject to applicable haircuts and daily valuation.

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