

## **Delivery and Settlement Procedure**

### **Gold Futures Contract expiring from December 2019 onwards**

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| <b>Delivery Logic</b>  | <b>Compulsory Delivery</b>  |
| <b>Tender Period (Staggered Delivery Period)</b>                             | The tender period would be the last 5 trading days (including expiry day) of the contract except for a special trading session (eg. Diwali Muhurat Trading)   |
| <b>Delivery Period</b>   | Last 5 trading days (including expiry day) of the contract and 1 working days after expiry of the contract.   |
| <b>Buyer's Delivery Intention</b>  | Buyer shall give intention of taking delivery on any tender day, during tender period, till 7.30 p.m. except Saturdays, Sundays and Trading Holiday.  |
| <b>Delivery Intention by Seller</b>  | The seller shall give intention of tendering delivery on any tender day, during tender period, till 7.30 p.m. except Saturdays, Sundays and Trading Holiday.  |
| <b>Dissemination of Information on Tendered Delivery by Seller and Buyer</b> | BSE/ICCL will inform members through website regarding delivery intentions of the seller and buyer members by 08:00 PM on the respective tender days and expiry days. The web-address link shall also be available on the TWS.  |
| <b>Tender Period Margin</b>  | 5% incremental margin for last 5 trading days on all outstanding positions. Such margin will be addition to initial, additional and special and/ or any other additional margin, if any   |
| <b>Delivery Period Margin</b>  | Delivery period margins shall be higher of:<br>a. 3% + 5 day 99% VaR of spot price volatility<br>Or<br>b. 25%   |
| <b>Exemption from Tender and Delivery Period Margin</b>                      | Tender & Delivery Period margin will be released on receipt of Commodity pay-in by Member through Collateral Management System towards the pay-in obligation. However, ICCL shall continue to collect mark to market margins from Sellers.  |
| <b>Delivery Pay-in</b>   | The seller will have to do the delivery pay-in through Collateral Management System by earmarking his existing valid commodity balance towards the pay-in obligation.<br><br><b>On Tender Days:</b><br>On any tender days by 7:30 p.m. except Saturdays, Sundays and Trading Holidays. Marking of delivery will be done on the tender days based on the intentions received from the sellers after the trading hours. |

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|                                      | <p><b><u>On Expiry:</u></b><br/>                 On expiry all the open positions shall be marked for delivery. Delivery pay-in will be on E + 1 basis by 11:00 a.m. except Saturdays, Sundays and Trading Holidays.</p>   |
| <b>Funds Pay-in</b>                  | Tender/Expiry Day +1 working day by 11:00 a.m.   |
| <b>Funds Pay-out</b>                 | Tender/Expiry Day +1 working day by 5.00 p.m.  |
| <b>Delivery Pay-out</b>              | Tender/Expiry Day +1 working day by 5.00 p.m.  |
| <b>Mode of Communication</b>         | ICCL Collateral Management System.   |
| <b>Delivery Marking</b>              | <p>On the respective tender days after the end of the day .</p> <p>All outstanding long and short positions will be marked for delivery at the expiry of the contract.</p>   |
| <b>Staggered Delivery Allocation</b> | <p>Delivery allocation will be done as per the mechanism put in place by the ICCL</p> <p>The buyer to whom the delivery is allocated will not be allowed to refuse delivery.</p>   |
| <b>Penal Provision</b>               | <p><b>Seller Default:</b></p> <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"> <li>▪ At least 1.75% of Settlement Price shall be deposited in the Settlement Guarantee Fund (SGF) of the ICCL.</li> <li>▪ Up to 0.25% of Settlement Price may be retained by the ICCL towards administration expenses.</li> <li>▪ 1% of Settlement Price + replacement cost shall go to buyer who was entitled to receive delivery.</li> </ul> <p>Over and above the prescribed penalty, ICCL shall take suitable penal/ disciplinary action against any intentional / willful delivery default by seller.</p> <p>Buyer default shall not be permitted.</p> |

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| <b>Delivery Order Rate (DOR)</b>          | Settlement/closing price on the respective tender days except on expiry date. On expiry date the delivery order rate shall be Final Settlement Price. (FSP)                       |
| <b>Buyer's Obligation</b>                 | Buyer default shall not be permitted  |
| <b>Close Out of Outstanding Positions</b> | All outstanding positions on the expiry of contract, not settled by way of delivery in the aforesaid manner, will be settled as per the FSP with penalty as per penal provisions. |

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| <b>Verification by the Buyer at the Time of Release of Delivery</b> | 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 ICCL 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. |
| <b>Delivery Centre(s)</b>   | Exchange Designated Vault at Ahmedabad.  |
| <b>Legal Obligation</b>   | The members will provide appropriate tax forms wherever required as per law and as customary.  |
| <b>Taxes, Duties, Cess and Levies</b>                               | Ex-Ahmedabad, Inclusive of all taxes / levies relating to import duty, customs to be borne by the Seller; but excluding GST, any other additional tax, Cess, or surcharge as may become due & payable under any law, rules or regulations, applicable from time to time, to be borne by the buyer.<br><br>Buyers and sellers shall have necessary tax registrations applicable to the jurisdiction of the delivery centres.  |

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| <b>Vault, Insurance and Transportation Charges</b> | <ul style="list-style-type: none"> <li>➤ To be borne by the seller up to commodity pay-out date.</li> <li>➤ To be borne by the buyer after commodity pay-out date.</li> </ul>   |
| <b>Evidence of Stocks in Possession</b>            | <p>At the time of issuing Delivery Intention, the Member must satisfy the ICCL that he holds stocks of the quantity and quality specified in the Delivery Intention at the declared delivery center by giving delivery pay-in through Collateral Management System by earmarking existing valid commodity balance in the Collateral Management System towards the pay-in obligation.</p>  |
| <b>Validation Process</b>                          | <p>On receipt of delivery, the designated vault personnel will do the following validations:</p> <ol style="list-style-type: none"> <li>a. Whether the person carrying Gold is the designated clearing agent of the member.</li> <li>b. Whether the selling member is the bonafide member of the BSE/ICCL</li> <li>c. Whether the quantity being delivered is from BSE/ICCL approved refinery.</li> <li>d. Whether the serial numbers of all the bars is mentioned in the packing list provided.</li> <li>e. Whether the individual original assay certificates are accompanied with the Gold Bars</li> </ol> <p>Any other validation checks, as they may desire.</p> |
| <b>Delivery Process</b>                            | <p>In case any of the above validation fails, the designated vault will contact the ICCL office and take any further action only as per instructions received from the ICCL in writing. If all validations are through, then the designated vault personnel will put the Gold in the vault. Then the custodian of designated vault will issue appropriate receipt/acknowledgement slip for having received the goods. Designated vault in front of the selling member's clearing agent, will deposit the said metal into their vault.</p>   |
| <b>Quality Adjustment</b>                          | <p>The price of gold is on the basis of 995 purity. In case a seller delivers 999 purity, he would get a premium. In such case, the sale proceeds will be calculated by way of delivery order rate * 999/ 995.</p>  |
| <b>Procedure of Taking Delivery from the Vault</b> | <p>For the purpose of taking delivery of goods fully or partially, the Member shall raise withdraw request in Collateral Management System authorising a representative on his behalf to take the delivery. Authorize representative will present a withdrawal request letter to vault which shall be given by the member on the letter head The withdrawal request by the Member shall consist of the following details:</p>   |

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|  | <p>a. Name of the authorised representative.<br/>                 b. Name of the Commodity along with quantity.<br/>                 c. Name of the Vault along with the location.<br/>                 d. Signature of the authorised representative.<br/>                 e. Proof of Identity viz. PAN card, Aadhar, Voter ID.<br/>                 f. Photo identity proof duly attested by the Member.</p> <p>The above-mentioned details are required to be updated in the Collateral Management System. ICCL would send the instruction to the Vault authorities directly for delivery of commodity.</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.</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 ICCL.</p> <p>The delivery given to the representative shall be final &amp; binding to the Member and their constituents at all times.</p> |
| <b>Deliverable Grade of Underlying Commodity</b> | 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 ICCL shall be binding on him.  |
| <b>Extension of Delivery Period</b>              | As per ICCL decision due to a force majeure or otherwise.  |

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| <p><b>Applicability<br/>of<br/>Regulations</b></p> | <p>The general provisions of Byelaws, Rules and Regulations of the ICCL and decisions taken by SEBI/ the Board of Directors/ Relevant Authority of the ICCL in respect of matters specified in this document shall form an integral part of this contract. The ICCL 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 BSE need to be aware of all the factors that go into the mechanism of trading, clearing &amp; settlement, as well as all provisions of the ICCL's Bye Laws, Rules, Regulations, circulars, directives, notifications of the ICCL 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 BSE/ICCL, the commodity deposited / traded / delivered through the Approved warehouses/Vaults of ICCL 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 provisions and rates relating to GST, APMC Tax, Mandi Tax, LBT, octroi, stamp duty, etc. as may become due &amp; 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 BSE/ ICCL shall not be responsible or liable on account of any non-compliance thereof.</p> <p>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 &amp; Service Tax (GST) Act applicable to the jurisdiction of the delivery centers and obtain other necessary licenses, if any.</p> <p>In respect of all contracts executed by the Members on BSE, 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 BSE/ICCL shall not be held liable or accountable or responsible on account of any non-compliance thereof.</p> <p>The buyer shall have to lodge their claim against quality and/or quantity of goods/ delivery allocated to them while retaining</p> |
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|  | <p>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 ICCL and failing which, no claim shall be entertained by the ICCL thereafter.</p> <p>The ICCL 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 ICCL designated warehouse/s, vault 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 ICCL accredited warehouse. The decision of the ICCL shall be final and binding to all Members and their constituents in this regard. (The interpretation or clarification given by the ICCL on any terms of this delivery and settlement procedure shall be final and binding on the members and other market participants).</p> |
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