Annexure 1

Contract Specifications of Silver

Symbol	SILVER
Description	SILVERMMMYY
Contracts available for trading	
March Contract	16th March of the previous year to 5th March of the contract year
May Contract	16th May of the previous year to 5th May of the contract year
July Contract	16th July of the previous year to 5th July of the contract year
September Contract	16th September of the previous year to 5th September of the contract year
December Contract	16th December of the previous year to 5th December of the contract year
Trading	
Trading period	Mondays through Saturdays
Trading session	Mondays to Friday: 10.00 a.m. to 11.30 p.m. Saturday: 10.00 a.m. to 2.00 p.m.
Trading unit	30 kg
Quotation/Base Value **Price Quote**	1 kg Ex-Ahmedabad (inclusive of all taxes and levies relating to import duty, customs , *if applicable* but excluding Sales Tax / VAT, any other additional tax or surcharge on sales tax, local taxes and octroi.)
Maximum order size	600 kg
Tick size (minimum price movement)	Re. 1 per kg

Daily price limit	The base price limit will be 4%. Whenever the base daily price limit is breached, the relaxation will be allowed upto 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 upto 9% *In case price movement in international markets is more than the maximum daily price limit (currently 9%), the same may be further relaxed in steps of 3% with the approval of FMC.*
Initial margin	5%
Special Margin	In case of additional volatility, a special margin at such percentage, as deemed fit, will be imposed immediately on both buy and sale side in respect of all outstanding positions, which will remain in force till volatility persists, after which the special margin will be relaxed.
Maximum Allowable Open Position	For individual client: 50 MT collectively for all contracts in Silver for all Silver contracts combined together For a member collectively for all clients: 150 MT for all Silver contracts combined together or 15% of the market-wide open position, whichever is higher. (As per FMC letter no. 6/3/2006/MKT-II (VOL II) dated August 18, 2006)
Delivery	
Delivery unit **Delivery period margin**	30 kg 25%
Delivery center(s)	Ahmedabad at designated Clearing House facilities of Group 4 securitas
Quality specifications	Grade: 999 and Fineness: 999 (as per IS 2112: 1981) ▪ No negative tolerance on the minimum fineness shall be permitted. ▪ If it is below 999 purity it is rejected. It should be serially numbered silver bars supplied by LBMA approved suppliers or other suppliers as may be approved by MCX.
Delivery Logic	Compulsory

Annexure 2

Delivery and Settlement Procedure of Silver

Last Day of Trading	5^{th} day of the contract expiry month.
Tender Period	1^{st} to 6^{th} day of the contract expiry month.
Delivery Period	1^{st} to 6^{th} day of the contract expiry month.
Buyer's intention	On 1^{st}, $2^{nd,}$ 3^{rd} & 4^{th} of the contract expiry month by 6.00 p.m.
Tender Notice by Seller	The seller will issue tender notice along with evidence of delivery to the Exchange in a specified format. The seller is also required to submit the certificate issued by the supplier in original by 6:00 p.m. and on Saturdays by 12:00 noon.
Dissemination of information on tendered delivery and buyers interest.	The Exchange will inform members through TWS regarding tender notice and delivery intentions of the seller's members and the buyers respectively by 7.00 p.m. on the respective tender days. On Saturdays by 1:00 p.m.
Tender Period Margin	5% incremental margin for last 5 days on all outstanding positions. Such margin will be addition to initial, additional and special margin as applicable.
Margin during delivery period	25% on the marked quantity.
Exemption from Delivery Period Margin	Delivery Period Margin is exempted if goods tendered on designated tender days of the contract month and seller submits all the documentary evidence.
Delivery Logic	**Compulsory Delivery**. Any seller having open position on the expiry date fails to deliver on the next day then penalty as per penal provision will be imposed to the defaulting seller.
Delivery Pay-in	**<u>On Tender Days:</u>** On any tender days by 6.00p.m. during week days and by 12.00 noon on Saturdays except 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. **On Expiry:** 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.
Funds Pay-in	T+1 working day by 11.00 a.m. (T stands for tender day).
Funds Pay-out	T+1 working day by 05.00 p.m. If the buyer opts for assaying or if the Exchange goes for the second assaying, then payment is released to the seller after the process of assaying and settlement relating thereto is over.
Delivery Pay-out	T+1 working day after completion of pay-in funds.
Mode of Communication	Fax or Courier

Allocation of Delivery	On the respective tender days after the end of the day.
Penal Provisions	A penalty of 2.5% of DOR will be imposed on defaulting buyer / seller out of which 2% will be credited to IPF and 0.5% will be credited to the counter party. AND 4% of DOR as a replacement cost will be charged from defaulting buyer / seller out of which 90% will be given to the counter party and 10% will be retained by the Exchange as administrative charges. ADDITIONALLY On the date of default by the Seller, if spot price is higher by 6.5% or more than the DOR (Delivery Order Rate), then the difference amount between Spot Price on default date minus (DOR + 6.5 % of DOR). e. g. DOR is 100 and Spot Price is 110, then the difference amount would be Rs.3.5 i.e.Rs.110—(100 + 6.50). Such difference will be charged to the seller. On the date of default by the Buyer, if spot price is lower by 6.5% or more than the DOR (Delivery Order Rate), then the difference amount between DOR on default date minus (Spot Price + 6.5 % of DOR). e.g. DOR is 100 and Spot Price is 90, then difference amount would be Rs.3.5 i.e. Rs. 100—(90 +6.50). Such difference will be charged to the buyer.
Delivery Order Rate	Settlement/closing price on the date of allocation and the due date rate on expiry date.
Buyer's obligation	The buyer shall not refuse taking delivery and such refusal will entertain penalty as per the penal provisions.
Close out of outstanding positions	All outstanding positions on the expiry of contract not settled by way of delivery in the aforesaid manner, will be settled as per the due date rate with penalty as per penal provisions.
Verification by the buyer at the time of release of delivery	At the time of taking delivery, the buyer can check his delivery in front of Group 4 personnel. If he is satisfied with the quantity, weight and quality of material, then he will issue receipt of the metals instantly. If he is not satisfied with the metal, he can insist for assaying by any of the approved assayers available at that center. If the buyer chooses for assaying, Group 4 person will carry the goods to the assayers facilities, get it assayed and bring it back to Group 4 facilities along with assayer's certificate. If the assayer's certificate differs from the certificate submitted by the seller in respect of quality or weight materially, then the buyer and seller have to mutually negotiate the final settlement proceeds within 1 day from receipt of assayer's report, however if they do not agree on any mutually acceptable

	amount within 1 day, then the Exchange will send the goods to a second assayer and in that case, the report received from such assayer will be final and binding on both buyer and seller. The cost of first assaying as well as cost of transportation from Group 4 to assayer's facilities to and fro will be born by the buyer, while the cost of second assaying, if any, will be equally divided between the buyer and seller. The vault charges during such period of first and second assaying, if any, will be born by both the buyers and sellers equally. 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 bill made by the seller.
Delivery Centers	Ahmedabad at designated Clearing House facilities of Group 4 securitas.
Legal obligation	The members will provide appropriate tax forms wherever required as per law and as customary and neither of the parties will unreasonably refuse to do so.
Duties, Cess and Levies	Ex-Ahmedabad. Inclusive of all charges / levies relating to import duty, customs to be borne by Seller. But excluding Sales Tax / VAT, any other additional tax or surcharge on sales tax, local taxes and octroi to be borne by the Buyer.
Vault, Insurance and Transportation charges.	Borne by the seller upto Funds Pay-out date. Borne by the buyer after Funds Pay-out date.
Evidence of Stocks in Possession	At the time of issuing the Delivery order, the Member must satisfy the Exchange that he holds stocks of the quantity and quality specified in the Delivery Order at the declared delivery center by producing warehouse receipt.
Validation Process	On receipt of delivery, the Group 4 personnel will do the following validations: a. whether the person carrying Silver is the designated clearing agent of the member. b. whether the selling member is the bonafied member of the Exchange. c. whether the quantity being delivered is from Exchange approved refinery d. whether the serial numbers of all the bars is mentioned in the packing list provided. e. whether the original certificates are accompanied with the Silver Bars Any other validation checks, as they may desire.
Delivery Process	In case any of the above validation fails, the Group 4 Securitas will contact the Exchange office and take any further action, only as per instructions received from the Exchange in writing. If all validations are through, then the Group 4 Securitas personnel will put the Silver in the vault. Then the custodian of Group 4 will cut a serially numbered Group 4 receipt (in triplicate consisting of White, Pink and

	Yellow slips), get the signature of the seller's clearing agent and signing the same for authorization, hand over the Pink slip to seller's clearing agent, send by courier the third copy (Yellow Colour slip) while retaining the White for the records of Group 4 Securitas. Group 4 in front of the selling member's clearing agent will deposit the said metal into their vault.
Quality adjustment	The price of Silver is on the basis of 999 purity. If the quality is less than 999, it is rejected.
Quantity adjustment	The tolerance limit will be +/- 3 kg. The weight of Silver bar must be between 27 kg to 33 kg.
Procedure of taking the delivery from the Vault	For the purpose of taking delivery of goods fully or partially, the Member shall send to the Exchange an Authority letter on his letter head, authorising a representative on his behalf to take the delivery. The Authority letter sent by the Member shall consist of the following details: a. Name of the authorised representative. b. Name of the Commodity along with quantity. c. Name of the Vault along with the location. d. Signature of the authorised representative. e. Proof of Identity viz. PAN card, driving license, Election ID. f. Photo identity proof duly attested by the Member. The above-mentioned details are required to be sent to the Exchange. Once the Exchange receives the above-mentioned details, the Exchange will send Delivery Order (DO) to the Vault authorities directly. Based on the Delivery Order received, 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, the copy of which was sent/communicated to the Exchange by its Member. 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 Exchange.
Endorsement of Delivery Order	The buying member can endorse delivery order to a client or any third party with full disclosure given to the Exchange. Responsibility for contractual liability would be with the original assignee.
Extension of Delivery Period	As per Exchange decision due to a force majeure or otherwise
Due Date Rate	Due Date Rate is calculated on 5th day of the contract month. This is calculated by way of taking simple average of last 3 days spot market prices of Ahmedabad.

Applicability of Business Rules	The general provisions of Byelaws, rules and Business Rules of the Exchange and decisions taken by Forward Markets Commission, Board of Directors and Executive Committee of the Exchange in respect of matters specified above will form and integral part of this contract. The Exchange or FMC as the case may be further prescribe additional measures relating to delivery procedures, warehousing, quality certification, margining, risk management from time to time. The buyer shall have to lodge their claim against quality of goods/ delivery allocated to them, if any, within 48 hours from the date of scheduled pay out of the Exchange and failing which, no claim shall be entertained by the Exchange thereafter. (The interpretation or clarification given by the Exchange on any terms of this contract shall be final and binding on the members and others.)