



MCX Circular No. MCX/MCXCCL/566/2018
MCXCCL Circular No. MCXCCL/C&S/097/2018

December 31, 2018

Revision in Delivery and Settlement Procedure for Aluminium & Zinc

In terms of the provisions of the Rules, Bye-Laws and Regulations of the Multi Commodity Exchange Clearing Corporation Limited (MCXCCL) and in partial modification to Circular No. MCXCCL/C&S/005/2018 dated August 31, 2018, Clearing Members of the MCXCCL are notified as under:

Delivery and Settlement procedure for Aluminium & Zinc contracts expiring from May 2019 and onwards are modified pursuant to change in Delivery Logic from Both Option to Compulsory Delivery and are provided as **Annexure 1 and Annexure 2** respectively to this circular.

Accordingly, the revised Delivery and Settlement procedure shall be applicable to all Aluminium & Zinc Compulsory Delivery contracts expiring from May 2019 and onwards.

All Members and their respective constituents are requested to take note of the same.

Anthony Rodrigues
Sr. Manager

Encl.: As above

Kindly contact Customer Support on 022 - 6649 4040 or send an email at customersupport@mcxindia.com for any clarification.

----- Corporate office -----
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Delivery and Settlement procedure for ALUMINIUM Contracts

Delivery logic	Compulsory Delivery
Tender Period	Last 5 working days of the contract Expiry and 1 st working day after expiry of the contract
Delivery period (including delivery pay-out of commodities)	1 st working day after expiry of the contract.
Tender notice / Delivery Pay-in	The seller will have to do the delivery pay-in through ComRIS Account by earmarking his existing valid commodity balance in the ComRIS Account towards the pay-in obligation. All outstanding long and short positions shall be marked for delivery at the expiry of the contract.
Mode of communication	MCX eXchange
Tender Period Margin	5% incremental margin for last 5 working days of the contract on all outstanding positions.
Delivery Period Margin	Delivery period margins shall be higher of: a. 3% + 5 day 99% VaR of spot price volatility or b. 25%
Tender and Delivery Period Margin Exemption	Sellers are exempted from payment of all types of margins, if goods are tendered as Early Pay In with all the documentary evidences. However, MCXCCL shall continue to collect mark to market margins from Sellers
Delivery allocation - Date - Rate	On the Expiry date of the contract At Due Date Rate i.e Final Settlement Price
Delivery pay-in of Commodities	E+1 working day: 11.00 a.m. (E = expiry date)
Delivery pay-out of Commodities	E+1 working day: 2.00 p.m.
Pay-in of funds	E+1 working day: 11.00 a.m.
Pay-out of funds	E+1 working day: 2.00 p.m.
Penal Provision for default of Delivery & Settlement	Seller Default: 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>Norms for apportionment of penalty –</p> <p>At least 1.75% of Settlement Price shall be deposited in the Settlement Guarantee Fund (SGF) of the MCXCCL</p> <p>Up to 0.25% of Settlement Price may be retained by the MCXCCL towards administration expenses</p> <p>1% of Settlement Price + replacement cost shall go to buyer who was entitled to receive delivery.</p> <p>Over and above the prescribed penalty, MCXCCL shall take suitable penal/ disciplinary action against any intentional / wilful delivery default by seller</p> <p>Buyer default shall not be permitted</p>
Taxes, Duties, Cess and Levies	At the time of delivery, the buyer has to pay GST in addition to DDR / Final Settlement Price.
Odd lot Treatment	Not Applicable
Adjustment of transportation cost	Not Applicable
Warehouse, Insurance and transportation Charges	<p>-Borne by the seller up to commodity pay-out date</p> <p>-Borne by the buyer after commodity pay-out date</p>
Buyer's option for lifting of Delivery	Buyer will not have any option of choosing the place and grade of delivery and will have to accept the delivery as per allocation made by the MCXCCL
Delivery Center	Ex-Warehouse at Thane district in Maharashtra
Additional Delivery Centre (s)	None
Delivery of Goods	<p>The goods delivered through the ComRIS Account should be valid as per contract specifications up to minimum 15 days after the expiry of the contract from the MCXCCL approved quality certifying agency/s.</p> <p>Delivery once submitted cannot be withdrawn or cancelled or changed, unless so agreed by the MCXCCL. Goods tendered under delivery shall be in conformity with the contract specifications.</p>
Delivery Grades	The members tendering delivery will have the option of delivering such grades of goods as permitted by the MCX under the contract specifications. The buyer will not have any option to select a particular grade and the delivery offered by the seller and allocated by the MCXCCL shall be binding on him

Premium / Discount for additional deliverable grade (Rs. per Kg)	Not Applicable.
Legal Obligation	Every member delivering and receiving goods through the ComRIS Account by way of delivery shall provide appropriate tax forms, wherever required as per law and as custom, and neither of the parties shall unreasonably refuse to do so
Extension of Delivery Period	The MCXCCL may extend the Delivery Period due to either force majeure or any other reason, as it thinks fit in the interest of the market.
Applicability of Business Rules	<p>The general provisions of Byelaws, Rules and Regulations of the MCXCCL and decisions taken by SEBI/ the Board of Directors/ Relevant Authority of the MCXCCL in respect of matters specified in this document shall form an integral part of this contract. The MCXCCL or SEBI, as the case may be, may further prescribe additional measures relating to delivery procedures, warehousing, quality certification, margining, and risk management from time to time.</p> <p>Members and market participants who enter into buy and sell transactions on MCX need to be aware of all the factors that go into the mechanism of trading and clearing, as well as all provisions of the MCXCCL's Bye Laws, Rules, Regulations, circulars, directives, notifications of the MCXCCL 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 MCX, the commodity deposited / traded / delivered through the Approved warehouses/Vaults of MCXCCL is in due compliance with the applicable regulations laid down by relevant 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, Import/Customs Duty, APMC Tax, Mandi Tax, LBT, Local Taxes, Stamp Duty, etc. as applicable from time to time on the underlying commodity of any contract offered for deposit / trading / delivery and that MCX/MCXCCL 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</p>

Registration as required under the Goods & Service Tax (GST) Act applicable to the jurisdiction of the delivery centers and obtain other necessary licenses, if any.

In respect of all contracts executed by the Members on MCX, 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 MCX/MCXCCCL shall not be held liable or accountable or responsible on account of any non-compliance thereof.

The MCXCCL 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 MCXCCL designated warehouse/s, vault agency 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 MCXCCL accredited warehouse. The decision of the MCXCCL shall be final and binding to all Members and their constituents in this regard. (The interpretation or clarification given by the MCXCCL on any terms of this delivery and settlement procedure shall be final and binding on the members and other market participants.)

Delivery and Settlement procedure for ZINC Contracts

Delivery logic	Compulsory Delivery
Tender Period	Last 5 working days of the contract Expiry and 1 st working day after expiry of the contract
Delivery period (including delivery pay-out of commodities)	1 st working day after expiry of the contract.
Tender notice / Delivery Pay-in	The seller will have to do the delivery pay-in through ComRIS Account by earmarking his existing valid commodity balance in the ComRIS Account towards the pay-in obligation. All outstanding long and short positions shall be marked for delivery at the expiry of the contract.
Mode of communication	MCX eXchange
Tender Period Margin	5% incremental margin for last 5 working days of the contract on all outstanding positions.
Delivery Period Margin	Delivery period margins shall be higher of: a. 3% + 5 day 99% VaR of spot price volatility or b. 25%
Tender and Delivery Period Margin Exemption	Sellers are exempted from payment of all types of margins, if goods are tendered as Early Pay In with all the documentary evidences. However, MCXCCL shall continue to collect mark to market margins from Sellers
Delivery allocation - Date - Rate	On the Expiry date of the contract At Due Date Rate i.e Final Settlement Price
Delivery pay-in of Commodities	E+1 working day: 11.00 a.m. (E = expiry date)
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Pay-in of funds	E+1 working day : 11.00 a.m.
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Penal Provision for default of Delivery & Settlement	Seller Default: 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.) Norms for apportionment of penalty –

	<p>At least 1.75% of Settlement Price shall be deposited in the Settlement Guarantee Fund (SGF) of the MCXCCL. Up to 0.25% of Settlement Price may be retained by the MCXCCL towards administration expenses. 1% of Settlement Price + replacement cost shall go to buyer who was entitled to receive delivery.</p> <p>Over and above the prescribed penalty, MCXCCL shall take suitable penal/ disciplinary action against any intentional / wilful delivery default by seller</p> <p>Buyer default shall not be permitted</p>
Taxes, Duties, Cess and Levies	At the time of delivery, the buyer has to pay GST in addition to DDR/ Final Settlement Price.
Odd lot Treatment	Not Applicable
Adjustment of transportation cost	Not Applicable
Warehouse, Insurance and transportation Charges	-Borne by the seller up to commodity pay-out date -Borne by the buyer after commodity pay-out date
Buyer's option for lifting of Delivery	Buyer will not have any option about choosing the place and grade of delivery and will have to accept the delivery as per allocation made by the MCXCCL
Delivery Center	Ex-Warehouse at Thane district in Maharashtra
Additional Delivery Centre (s)	None
Delivery of Goods	<p>The goods delivered through ComRIS Account should be valid as per contract specifications up to minimum 15 days after the expiry of the contract from the MCXCCL approved quality certifying agency/s.</p> <p>Delivery once submitted cannot be withdrawn or cancelled or changed, unless so agreed by the MCXCCL. Goods tendered under delivery shall be in conformity with the contract specifications.</p>
Delivery Grades	The members tendering delivery will have the option of delivering such grades of goods as permitted by the MCX under the contract specifications. The buyer will not have any option to select a particular grade and the delivery offered by the seller and allocated by the MCXCCL shall be binding on him
Premium / Discount for additional deliverable grade	Not Applicable

(Rs. per Kg)	
Legal Obligation	Every member delivering and receiving goods through ComRIS Account by way of delivery shall provide appropriate tax forms, wherever required as per law and as custom, and neither of the parties shall unreasonably refuse to do so
Extension of Delivery Period	The MCXCCL may extend the delivery period due to either force majeure or any other reason, as its think fit in the interest of the market.
Applicability of Business Rules	<p>The general provisions of Byelaws, Rules and Regulations of the MCXCCL and decisions taken by SEBI/ the Board of Directors/ Relevant Authority of the MCXCCL in respect of matters specified in this document shall form an integral part of this contract. MCXCCL or SEBI, as the case may be, may further prescribe additional measures relating to delivery procedures, warehousing, quality certification, margining, and risk management from time to time.</p> <p>Members and market participants who enter into buy and sell transactions on MCX need to be aware of all the factors that go into the mechanism of trading and clearing, as well as all provisions of MCXCCL's Bye Laws, Rules, Regulations, circulars, directives, notifications of MCXCCL 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 MCX, the commodity deposited / traded / delivered through the Approved warehouses/Vaults of MCXCCL is in due compliance with the applicable regulations laid down by relevant 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, Import/Customs Duty, APMC Tax, Mandi Tax, LBT, Local Taxes, Stamp Duty, etc. as applicable from time to time on the underlying commodity of any contract offered for deposit / trading / delivery and that MCX/MCXCCL 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 & Service Tax (GST) Act applicable to the jurisdiction of the delivery centers and obtain other necessary licenses, if any.</p>

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