

INDIA INTERNATIONAL BULLION EXCHANGE IFSC LTD.



Gold Futures

India's first International Financial Services Center (IFSC) is set up under Special Economic Zone Act, 2005 ("SEZ Act 2005")

Government of India operationalized International Financial Services Center (IFSC) at GIFT Multi Services SEZ in April 2015

GIFT is conceptualized as a global Financial and IT Services hub, a first of its kind in India, designed to be at or above par with globally benchmarked financial centers





International Financial Services Centres Authority

➤ Role of IFSCA

- ❑ The IFSCA is a unified authority for the development and regulation of financial products, financial services and financial institutions in the International Financial Services Centres (IFSC) in India. The IFSCA has been established as a unified regulator under the International Financial Services Centre Authority Act passed by the Indian Parliament in 2019 with a holistic vision in order to promote ease of doing business in IFSC and provide world class regulatory environment.

➤ Purpose of IFSCA

- ❑ The main objective of the IFSCA is to develop a strong global connect and focus on the needs of the Indian economy as well as to serve as an international financial platform for the entire region and the global economy as a whole.
- ❑ Prior to the establishment of IFSCA, the domestic financial regulators, namely, RBI, SEBI, PFRDA and IRDAI regulated the business in IFSC.

Promoters of India International Bullion Exchange IFSC Ltd.

Promoted by the following MIIs through India International Bullion Holding IFSC Ltd. (IIBH)



Shareholding pattern in India International Bullion Holding IFSC Ltd. is shown above.

Evolution of IIBX

APRIL 2020

Establishment of International Financial Services Centres Authority (IFSCA)



AUGUST 2021

IIBX was Incorporated and IFSCA issued Operational Framework



July 29, 2022

Hon'ble Prime Minister of India launched IIBX



FEBRUARY 2020

Finance Minister announced to set up an International Bullion Exchange at GIFT IFSC



DECEMBER 2020

IFSCA notifies International Financial Services Centres Authority (Bullion Exchange) Regulations, 2020



DECEMBER 2021

License Issue Date



May 10, 2023

Integration with ICEGATE the Customs Portal



IIBX Ecosystem



Existing T+0 Products, Market Hours and Settlement Type

Products live at IIBX



GOLD 995 T+0



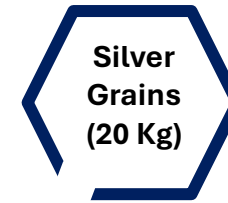
GOLD MINI 999 T+0

LBMA Good Delivery Bars



UAGD GOLD 995 T+0
 UAGD GOLD 999 100 Grams T+0
 UAGDTRQ GOLD 995 T+0
 UAGDTRQ GOLD 999 100 Grams T+0

UAE Good Delivery Bars

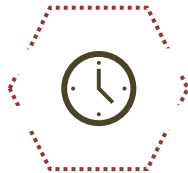


SILVER GRAINS T+0 (LBMA)
 UAGD SILVER GRAINS T+0
 UAGDCEPA SILVER GRAINS T+0

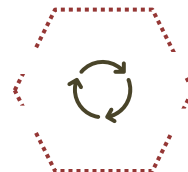
LBMA / UAE Good Delivery Bars



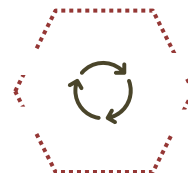
SILVER BARS T+0 (LBMA)
 UAGD SILVER BARS T+0



Market Hours 9:00 Hrs. to 18:30 Hrs. (IST)



BDR Settlement at Every 30 Minutes



Fund Settlement at 12:15 ,15:15 and 19:00 (IST)

- T+0 Settlement Contracts
- 100% Early Pay-in of Funds & Securities
- Delivery - Compulsory in Bullion Depository Receipts
- Delivery Center – Gift City / Chennai Vaults

Gold Futures

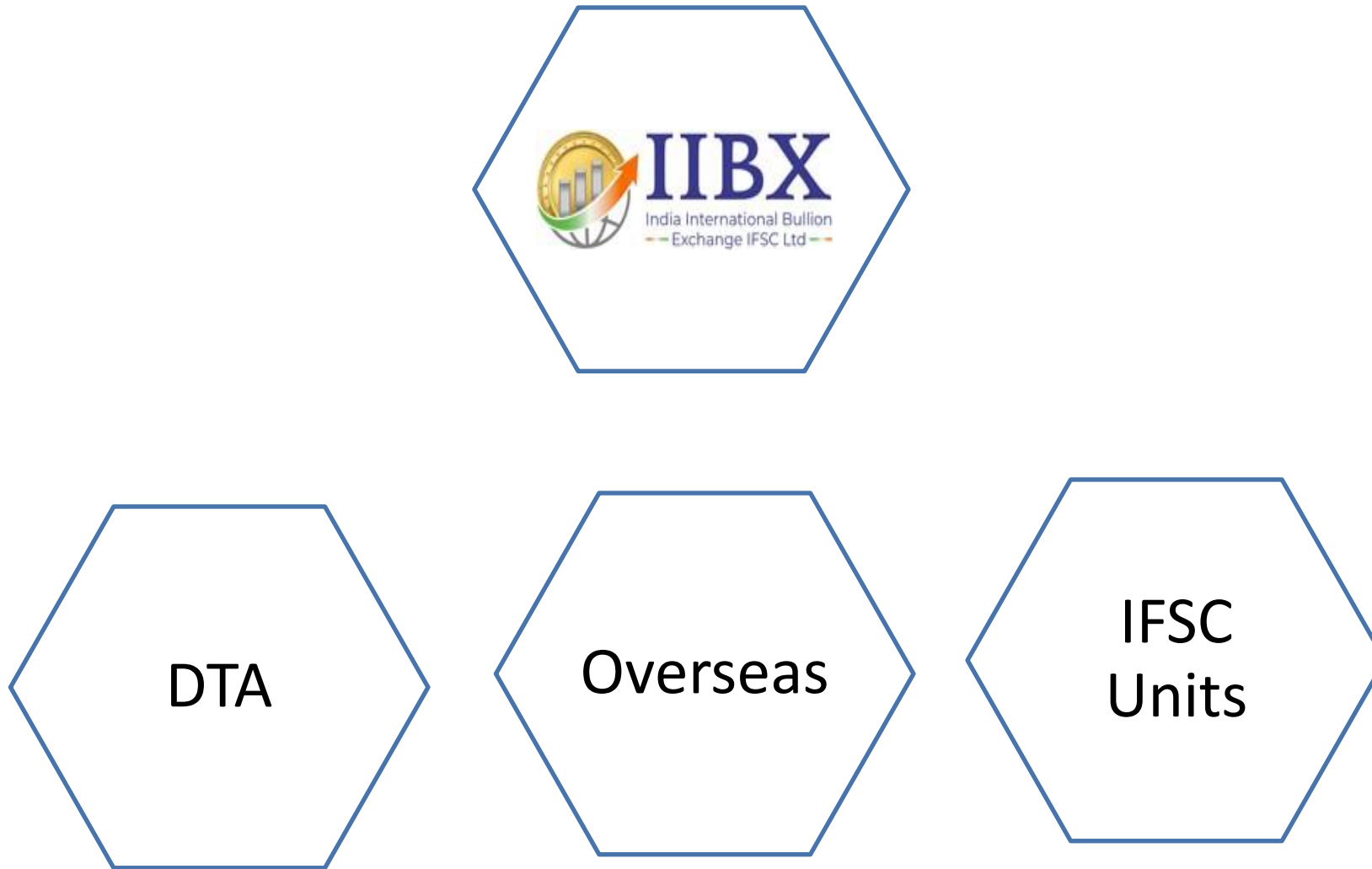
- Gold futures are contracts to buy or sell a specified amount of gold at a predetermined price on a future date.
- They are standardized agreements traded on commodity exchanges, where buyers and sellers agree on terms like quantity, quality, and delivery location of the gold along with an option to cash settle the same.

Hedging through IIBX Gold Futures:

- IIBX launched Gold Futures on 21st June, 2024.
- IIBX is working on soon to be launched Silver Futures.



Participants in Gold & Silver Futures at IIBX



RBI Circular on Hedging at IIBX

- Residents other than individuals having exposure to Price Risk of Gold are allowed to hedge such exposure on IIBX vide RBI Circular
- **Master Direction – Foreign Exchange Management (Hedging of Commodity Price Risk and Freight Risk in Overseas Markets) Directions, 2022:** Ref RBI A.P. (DIR Series) Circular No. 20, dated **December 12, 2022**. Salient features of the circular;
<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12427&Mode=0RBI Circular.pdf>
- **Margin for Derivative Contracts :** Ref RBI A.P. (DIR Series) Circular No. 05, dated **May 08, 2024**. Salient features of the circular; [Reserve Bank of India - NotificationsMargin for Derivative Contracts RBI.pdf](#)

What is to be done by Client for Futures

KYC with AD Bank

Separate Current
account for Flow
Monitoring

Limit Sanction from AD
Bank

Open Separate
Derivates Account with
TM/CM

- AD Banks may permit eligible entities to hedge commodity price risk at international Exchanges at IFSC
- All payments/receipts related to hedging of exposure to commodity price risk shall be routed through a special Current Account with the bank for this purpose
- AD Banks are permitted to issue Standby Letters of Credit (SBLC) / Guarantees, for a maximum period of one year, on behalf of their clients in lieu of making a remittance of margin money for commodity hedging transactions entered into by their customers

DTA Participants in Gold & Silver Futures at IIBX



Key Highlights of Gold Futures Contract Specifications at IIBX



IIBX Gold Futures : Contract Specifications 1/3

Description	Gold Kilo Futures
Underlying Asset	GOLD
Product	GOLD 1 KG
Contract Type	Futures
Concurrent Contracts	Monthly contracts listed for 3 consecutive months and all February, April, June, August, October, and December contracts within a 13-month period. At any point of time, there would be 8 contracts running.
Contract Duration	The maximum contract duration for any contract would be 13 months.
Contract Start Day	1 st day of the month. If 1 st day is a holiday, then the following business day. The new contract will start on the next business day of the expiry of the previous contract.
Contract Expiry Day	Last day of the contract expiry month. If last day is a holiday, then preceding business day.
Settlement Day	Daily Settlement: T+1 (Next Settlement date from date of Trade) Final Settlement : E+1 (Next Settlement date from date of Contract Expiry)
Contract Listing	Contracts are available as per the Contract Launch Calendar. Please refer to the Contract Launch Calendar available on Exchange Website.
Trading Period	Exchange Business Days (Monday to Friday). The Exchange Business Days excludes the Exchange Holidays declared at the beginning of Calendar Year and published on Exchange Website.
Trading Session	Monday to Friday: 09:00 Hrs. to 23:30 Hrs. Indian Standard Time (IST).
Trading Unit	1 Kg
Price Quote	US Dollars per Troy Ounce
Minimum Order Size	1 Kg
Maximum Order Size	10 Kg
Tick Size (Minimum Price Movement)	US \$ 0.01

IIBX Gold Futures : Contract Specifications 2/3

<p>1. Initial Margin</p>	<p>Minimum 6% or based on VaR (MPOR Adjusted), whichever is higher. The Exchange Clearing shall calculate the VaR based margins based on Exponential Weighed Moving Average (EWMA) method. The Crystallized MTM losses shall also be blocked from the Member Collateral on real-time basis. Please refer Annexure 1 for details on VaR and Initial Margin calculation method.</p>
<p>2. Margin Period of Risk</p>	<p>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.</p>
<p>3. Extreme Loss Margin (ELM)</p>	<p>The Exchange shall impose an Extreme Loss Margin (ELM) of minimum 1% in respect of all outstanding positions.</p>
<p>4. Additional and / or Special Margin</p>	<p>In case of additional volatility, an additional margin (on both buy & sale position) and/ or special margin (on either buy or sale position) at such percentage, as deemed fit; shall be imposed in respect of all outstanding positions.</p>
<p>5. Concentration Margin</p>	<p>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. Please refer Annexure 2 for details on Concentration Margin.</p>
<p>6. Spread Benefit</p>	<p>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.</p>

IIBX Gold Futures : Contract Specifications 3/3

Daily Settlement Price	<p>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 daily basis. Please refer Annexure 3 for details on Close Price Calculation method.</p>
MTM Settlement	<p>The Mark to Market (MTM) settlement shall be done at the Daily Settlement Price. The Member level and Client Level MTM obligations shall be calculated at the end of the Trading Day (EOD) based on Daily Settlement Price and MTM Obligations would be available for download to the Members.</p>
	<p>The MTM Pay-in shall be collected in US Dollars at 15.00 Hrs. IST on T+1 day, whereas the MTM Pay-out shall be made in US Dollars at 18.00 Hrs. IST on T+1 day. The MTM losses shall remain blocked from the Collaterals provided by the Members till the time of fulfillment 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. Please refer Annexure 4 for details on MTM Default Handling.</p>
Final Settlement Price on date of Contract Expiry	<p>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 per below formulas: 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. *Please refer to the Delivery Section of Contract Specifications for more details on Premium/Discount discovery.</p>
Collaterals	<p>The Exchange Clearing shall accept the following collaterals subject to the minimum ratio of 50:50 between Cash and Non-Cash: 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. (IIDL), subject to applicable haircuts and daily valuation. (IIBX shall notify separately via circular the date from which BDR shall be acceptable as Collateral.) Please refer Annexure 5 for details on acceptable Collaterals, limits and haircuts.</p>

IIBX Silver Futures* (Proposed) : Contract Specifications 1/4

Description	SILVER FUTURES
Underlying Asset	SILVER
Product	SILVER 30 KG
Contract Type	Futures
Concurrent Contracts	Monthly contracts listed for 3 consecutive months and all January, March, May, July, September and December contracts within a 13-month period.
Contract Duration	The maximum contract duration for any contract would be 13 months.
Contract Start Day	1 st day of the month. If 1 st day is a holiday, then the following business day. The new contract will start on the next business day of the expiry of the previous contract.
Contract Expiry Day	Last day of the contract expiry month. If last day is a holiday, then preceding business day.
Settlement Day	Daily Settlement : T+1 (Next Settlement date from date of Trade) Final Settlement : E+1 (Next Settlement date from date of Contract Expiry)

* Subject to IFSCA approval

IIBX Silver Futures* (Proposed) : Contract Specifications 2/4

Price Quote	US Dollars per Troy Ounce
Minimum Order Size	30 Kg (1 Trading Unit)
Maximum Order Size	600 Kg (20 Trading Unit)
Tick Size (Minimum Price Movement)	US \$ 0.005
Spot Price	Spot Price refers to the Average of XAG-USD price sourced from Bloomberg during the last 5 minutes from close of Trading Session for the day, rounded to the nearest tradeable tick.
Permitted Daily Price Band / Price Limit	The maximum Daily Price Limit shall be up till 9% of the Previous Close Price, which shall be gradually relaxed in steps of 3%.
	The initial price limit shall be set at 3% from 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 up to 6% without any cooling off period. In case the daily price limit of 6% is also breached, then after another cooling off period of 15 minutes, the daily price limit will be relaxed up to 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.

* Subject to IFSCA approval

IIBX Silver Futures* (Proposed) : Contract Specifications 3/4

1. Initial Margin	<p>Minimum 10% or based on VaR (MPOR Adjusted), whichever is higher.</p> <p>The Exchange Clearing shall calculate the VaR based margins based on Exponential Weighed Moving Average (EWMA) method. The Crystallized MTM losses shall also be blocked from the Member Collateral on real-time basis.</p> <p>Please refer Annexure 1 for details on VaR and Initial Margin calculation method.</p>
2. Margin Period of Risk	<p>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., $VaR \times \sqrt{MPOR \text{ Days}}$ where MPOR days would be 3 days.</p>
3. Extreme Loss Margin (ELM)	<p>The Exchange shall impose an Extreme Loss Margin (ELM) of minimum 1% in respect of all outstanding positions.</p>
4. Additional and / or Special Margin	<p>In case of additional volatility, an additional margin (on both buy & sale position) and/ or special margin (on either buy or sale position) at such percentage, as deemed fit; shall be imposed in respect of all outstanding positions.</p>
5. Concentration Margin	<p>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.</p> <p>*Please refer Annexure 2 for details on Concentration Margin.</p>

* Subject to IFSCA approval

IIBX Silver Futures* (Proposed) : Contract Specifications 4/4

1. 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 daily basis.

Please refer Annexure 3 for details on Close Price Calculation method.

* Subject to IFSCA approval

Benefits of Gold Futures Trading on IIBX.....1/2

- 1. Global Exposure:** IIBX will provide access to international gold markets, enabling Indian participants to trade with global counterparties. This exposure will allow investors to benefit from price movements and market opportunities beyond domestic borders.
- 2. Transparent Pricing:** IIBX will operate as a transparent and regulated exchange, ensuring fair pricing and efficient price discovery. This transparency will be crucial for investors seeking reliable market information and competitive pricing.
- 3. Risk Management:** Futures contracts on IIBX will allow investors to hedge against price volatility in the global gold market. This risk management tool will be valuable for businesses and investors who want to mitigate the impact of price fluctuations on their portfolios or operations.
- 4. Liquidity:** As an international exchange, IIBX will offer high liquidity, facilitating ease of entry and exit for investors. This liquidity will ensure that participants can execute trades efficiently without significant price slippage.
- 5. Diversification:** Trading gold futures on an international exchange like IIBX will provide diversification benefits. Investors will be able to diversify their portfolios across different markets and asset classes, potentially reducing overall risk exposure.

Benefits of Gold Futures Trading on IIBX.....2/2

6. **Regulatory Framework:** IIBX will operate under a robust regulatory framework that provides investor protection and ensures adherence to trading rules and practices. This regulatory oversight will enhance market integrity and investor confidence.
7. **Technological Advancements:** Being a modern exchange, IIBX will likely leverage advanced trading technologies and infrastructure, offering participants access to robust trading platforms and tools. This will enhance trading efficiency and accessibility for investors.
8. **Arbitrage Opportunities:** Participation in IIBX will allow investors to capitalize on arbitrage opportunities between domestic and international markets, potentially exploiting price differentials for profit.
9. **Global Economic Trends:** Trading on an international exchange like IIBX will provide insights into global economic trends and geopolitical events that can influence gold prices. This global perspective will help investors make informed trading decisions.
10. **Flexibility:** Futures contracts on IIBX will typically offer flexibility in terms of contract sizes, expiry dates, and trading strategies, catering to a wide range of investor preferences and objectives.

Opportunities for Domestic/Indian Entities

- **Margin:** Lower margins are required to participate in Gold futures, The initial margin required to take a position in gold futures is minimum 6% or based on VaR (MPOR Adjusted), whichever is higher
- **Storage:** It eliminates the need for quick storage because the buyer won't have to worry about finding a safe place to keep the gold
- **Gold future-Clients:** Having exposure to Gold price risk can trade and do cash settlement as well as eligible to opt for delivery during the delivery intention period
- **Global XAU Pricing:** Being traded in US Dollars, the integration of IIBX Gold Futures price with the Global market price, aligns well with the Global trading market.
- **No need to setup overseas subsidiary:** Entities setting up overseas Subsidiary or Branch for participating on international Exchanges for Gold hedging can now avail USD based pricing for Gold futures by participating and hedging their Gold Price risk through IIBX.
- **Lower Denomination of lot for trade:** IIBX facilitates to trade for as low as 1 KG Gold thereby, enabling enhanced liquidity for all market participants.
- **IIBX Trading hours :** Trading hours on gold futures market are till almost midnight to match trading time in the global markets.

Knowledge center at IIBX website

IIBX's website now includes a knowledge center aimed at educating and spreading awareness about IIBX services



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Approved Refiner

IIBX > Home > Knowledge Center

Knowledge Center

Sr.NO	Subject
1	AD Letter issuance from IIBEFS - TM SCC
2	Member Process Flow For Early Pay-In
3	A culturally significant metal that has place in both Indian homes and hearts and inception of IIBX
4	IIBX Launch Video - IIBX Launch Event inaugurated by Honorable PM Shri Narendra Modi Ji
5	The India International Bullion Exchange IFSC Limited Ecosystem
6	User Manual - IIBX Online Membership Module
7	Qualified Jeweller Process Flow
8	Qualified Supplier Process Flow
9	Major Advantages and Quick guide to procure India UAE TRQ Gold through IIBX
10	Advantages and the Process of Importing TRQ Gold through IIBX
11	Participation of Indian Banks on India International Bullion Exchange IFSC Limited (IIBX)
12	UID & UCC Creation Process for TM and LPTM
13	Changes IIBX will bring
14	Process for change of Nominated Agency in DGFT for Tariff Rate Quota
15	Delivery Centre – Additional Feature in Bullion On Web (BOW) – Trading Application
16	Process to Knock off ORM on the IDPMS Platform when advance remittance is sent from 2 different AD Banks A and B



Thank You

<https://www.iibx.co.in>

