

## Annexure II

### Important Points & Risk Management Framework

1. The Chennai Contracts for Gold T+0 and Silver T+0 will have the maximum Daily Price Limit 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% of 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 upto 6%. In case the daily price limit of 6% is also breached, then after cooling off period of 15 minutes, the daily price limit will be relaxed upto 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.
2. The “Accredited Members Name” refers to the list of Active Good Delivery Members as per UAE Good Delivery list as provided by Govt. of UAE for UAEGD contracts and to the list of Good Delivery Current List as approved by LBMA for LBMA contracts.
3. The T+0 contracts are to be traded for T+0 settlement wherein 100% advance pay in of Funds is mandatory prior to placing a buy order and 100% advance pay in of Securities (BDR) is mandatory prior to placing a sell order on the exchange, which ensures mitigation of settlement risk.
4. There can be Weight variation upto 10% in case of Silver Bars. Therefore, to mitigate the settlement risk on account of Weight variation, the Early Pay-in from the Buyer shall be 110% for Silver Bars. Accordingly, the AD letter issued by IIBX to the buyer for import of Silver Bars shall include 10% extra pay-in over and above the notional value of Silver Bars. This 10% extra pay-in of the funds received from the Buyers would be kept reserved to handle the Weight Variation, and no Trading limit would be allotted to the Buyer for such 10% extra pay-in.
5. The buyers intending to purchase only one (1) Silver Bar would need to pay 15% additional funds instead of 10%. After reserving 10% of additional funds towards weight variation, the trading limit for the buyer would be set to 105% to enable the buyer to enter the single quantity order even at a maximum price variation of 5%.

#### Summary of the Pay-in requirement for Silver Bars

<b>Intended Buy Quantity by Buyer</b>	<b>Early Pay-in of funds required</b>
More than one (1) Silver Bar	110% of the notional value
Only one (1) Silver Bar	115% of the notional value of 1 Bar

6. No positions of members or clients with respect to Chennai T+0 contracts will get netted with any of the existing positions of other contracts/products.
7. A Qualified Supplier supplying UAE Good Delivery Gold/Silver shall submit Certificate of Origin and other required documents, if any, issued by the concerned authorities in UAE to India International Depository IFSC Limited (IID) along with the other shipping documents.
8. Qualified Suppliers (QS-Client or QS-SCC) of Gold / Silver should fill the application form and submit Know Your Bullion Depositor (KYBD) form with IIBX for UAE Good Delivery Depositor.
9. The Gold / Silver bars being deposited should be serially numbered (it means that they should have a Serial Number) and should be sourced from UAE Good Delivery (UAEGD) approved

refineries/suppliers or other suppliers as may be approved by IIBX. These bars are to be deposited along with assay certificate which mentions the Quality and Quantity of each Bar. Wherever applicable the Refiners quality certificate is to be submitted.

10. The following points have also been confirmed by IIDI with respect to deposit of Gold / Silver in J. Matadee FTWZ Vault, Chennai and creation and extinguishment of respective BDRs.

- Creation of BDRs and withdrawal process will be existing procedure prescribed by IIDI.
- Insurance is taken by the Vault Manager.
- For duty remittance customs clearance and out of charge document, respective buyer entity to coordinate with the Vault Manager and Customs House Agent (CHA) identified by them for custom documentation and clearance.
- Extinguishment report summary will provide details of respective Chennai location vault ID (SDV ID) and SDV Name with existing details.
- The custom clearance post BDR extinguishment shall take place at J Matadee Chennai SEZ.
- BDR early pay-in files will have respective vault location ID SDV ID as field for location ID.
- The mapping of Asset, Product, Token Name, Delivery Centre for New Proposed to be with respective Vault location i.e., SDV ID for Chennai location vault.

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