

# ICEX to attract small traders to diamond futures

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*(Photo courtesy: Alrosa)*

The Indian Commodity Exchange Ltd (ICEX), a Reliance ADAG-anchored platform, is set to facilitate trading and delivery of smallest tradeable polished diamonds on its platform, and the exchange is scheduled to launch futures trading by the end of August.

This is to attract the smallest players in the value chain. With a first-of-its-kind [diamond futures](#) contracts in the world, the [ICEX](#) will allow futures trading and delivery in 1 cent (1 cent = 2 mg = 100th particle of a carat) size with ex-Surat as its delivery centre.

According to contract specifications approved by the Securities and Exchange Board of India (Sebi), a trader can order in the maximum size of 3,000 cents with a minimum tick size of Rs 1 for every cent of the [diamond trade](#).

The exchange has kept the trading and delivery size low to attract participation by all types of business units in the value chain including rough importers, brokers, sightholders, traders, processors, suppliers, stockists and retailers like jewellery manufacturers.

“The unique selling proposition (USP) of the small contract is to attract a retail crowd as the smallest lot size is worth Rs 3,500. Since there is no other [diamond futures](#) exchange in the world with such small contract sizes, all investors would find an opportunity in this contract to lock in their risks from price volatility and price falling diamond by taking positions on the exchange,” said Sanjit Prasad, chief executive officer, [ICEX](#).

The exchange has zeroed in on Surat as the only delivery centre as of now with the trading price exclusive of the goods and services tax (GST) and other levies.

“We are encouraged by the launch of the [ICEX](#) as such facility is not available anywhere in the world. Diamond being price-volatile, hedging is needed. The exchange has been organising seminars for educating traders and individuals in the value chain. We are looking for the opportunity to start trading on the exchange. Many diamond dealers and processors have taken membership of the [ICEX](#) and others are on the verge of doing that,” said Dinesh Navadia, president, Surat Diamond Association.