
Circular No.: ICEX/TRADING/2019/512

Date: October 04, 2019

Dept.: Trading

Subject: Modification in Contract Specifications of Steel long futures contracts.

In terms of the provisions of the Bye-laws, Rules and Regulations of the Exchange; the Members of the Exchange are hereby informed that the Exchange has modified the Price Quote, Quantity Variation, Deliver Centre, Additional Delivery Centre, Due Date Rate, Tender Period Margin and Quality Specifications of Steel Long futures contracts for **contract expiry "03JAN2020" and onwards.**

The updated contract specifications and trading parameters of the contract as specified in **Annexures I** attached herewith, shall be binding on all the Members of the Exchange and constituents trading through them.

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

For and on behalf of
Indian Commodity Exchange Limited

Sushil Mishra
Asst. Vice President - Market Operations

Kindly contact customer support team on 022-40381547/53/62/69 or send an e-mail at customercare@icexindia.com for any clarification.

Contract Specifications of Steel Long

Instrument Type	Monthly Futures Contract
Product	Steel Long
Symbol	STEEL LONG
Description	STEELLONGDDMMYYYY
Contract Listing	Contracts will be available as per the Contract Launch Calendar.
Contract commencement Day	6 th day of contract launch month. If that day is a holiday then the following working day.
Last Trading Day	5th day of contract expiry month. If 5th day is a holiday then preceding working day.
Trading	
Trading Period	Mondays through Fridays
Trading Session	Mondays through Fridays: 09.00 a.m. to 11.30 / 11.55* p.m. * due to US day light saving timings
Trading Unit	10 MT
Quotation/ Base Value	Rs. Per MT
Price Quote	Ex - Mandi Gobindgarh, Punjab state (exclusive of GST and other levies, but inclusive of basic customs duty and other related duties in case of imports)
Maximum Order Size	500 MT
Tick Size (Minimum Price Movement)	Re. 10 per MT

Daily Price Limit	DPL for Steel shall have two slabs i.e. Initial slab of 4% and 1st Enhanced slab of 2%. Once the trade hits the initial slab of 4%; the DPL shall be relaxed further by '1st Enhanced Slab' (i.e. 2%) after a cooling off period of 15 minutes. During cooling off periods trading shall continue to be permitted within the previous slab of DPL. There shall not be further relaxation of DPL during that day.
Initial Margin	Min. 4 % or VaR whichever is higher and in addition to this, ELM of 1% shall be levied. The provisions of Risk Management in terms of the SEBI Circulars No. CIR/CDMRD/DRMP/01/2015 dated October 01, 2015 and SEBI/HO/CDMRD/DRMP/CIR/P/2016/77 dated September 01, 2016 and / or any amendments thereto from time to time shall be applicable.
Additional and/or Special Margin	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; will be imposed in respect of all outstanding positions.
Maximum Allowable Open Position	For individual client: 1,20,000 MT for all Steel Long contracts combined together or 5% of the market wide open position whichever is higher, for all Steel Long contracts combined together. For a member collectively for all clients: 6,00,000 MT or 20% of the market wide open position whichever is higher, for all Steel Long contracts combined together.
Delivery	
Delivery Unit	10 MT or multiples of 10 MT in electronic form
Quantity variation	+/- 3% or 5 MT, whichever is lower The total quantity that is delivered to the accredited warehouse on a daily basis by a depositor will be considered for the purposes of the above mentioned calculation

Delivery Period Margin	Delivery period margins shall be higher of: 3%+ 5days 99% VaR of spot price volatility Or 20%
Delivery Centre	Mandi Gobindgarh, Punjab state (within 50 kms of the municipal limits of Mandi Gobindgarh)
Additional Delivery Centre	Ghaziabad (within 50 kms of the municipal limits of Ghaziabad)

<p>Quality Specifications</p>	<p>1) Mild Steel (MS) Ingots Size 3 1/2 * 4 1/2 inch</p> <p><u>Chemistry:</u></p> <p>Carbon content upto 0.3% max Manganese minimum 0.4% Sulphur upto 0.06% max Phosphorus upto 0.09% max Sulphur + Phosphorus upto 0.14% max</p> <p>Weight min of 90 Kgs per ingot Length min of 48 inches per ingot</p> <p>Heat number to be mentioned on each ingot Ingots without harmful and appreciable hollowness, piping and rising Ingots must have reasonably plain surface</p> <p>2) Mild Steel (MS) Billets Size: 100*100 to 110*110 mm Length: 6 m +/- 200 mm</p> <p>Chemistry of Billet to be same as Mild Steel Ingot Heat number to be mentioned on each Billet Billets must have reasonably plain surface</p> <p>3) Mild Steel (MS) Ingots</p> <p>Size 3 1/2 * 4 1/2 inch</p> <p>Heat number to be mentioned on each Ingot</p> <p>MS Ingots conforming to Bureau of Indian Standards (BIS) specification 2830 or 2831 produced by a BIS licensed plant/factory</p> <p>4) Mild Steel (MS) Billets</p> <p>Size: 100*100 to 110*110 mm Length: 6 m +/- 200 mm Heat number to be mentioned on each Billet MS Billets conforming to Bureau of Indian Standards (BIS) specification 2830 or 2831 produced by a BIS licensed plant/factory</p>
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<p>Due Date Rate (DDR)</p>	<p>DDR is calculated on the expiry day of the contract by way of taking three days simple average of spot market prices of Mandi Gobindgarh, prevailing on all working days in last three days of contract expiry.</p> <p>DDR is calculated on the expiry day of the contract by way of taking simple average of spot market prices of Mandi Gobindgarh for last 3 trading days viz., E0 (expiry day), E-1 and E-2. In the event the spot price for any one or both of E- 1 and E-2 is not available; the simple average of the last polled spot price of E0, E-1, E-2 and E-3, whichever available, shall be taken as DDR. Thus, the DDR under various scenarios of non-availability of polled spot prices shall be as under:</p> <table border="1" data-bbox="500 632 1500 1192"> <thead> <tr> <th rowspan="2">Scenario</th> <th colspan="4">Polled spot price availability on</th> <th rowspan="2">DDR shall be simple average of last polled spot prices on:</th> </tr> <tr> <th>E0</th> <th>E-1</th> <th>E-2</th> <th>E-3</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Yes</td> <td>Yes</td> <td>Yes</td> <td>Yes/No</td> <td>E0, E-1, E-2</td> </tr> <tr> <td>2</td> <td>Yes</td> <td>Yes</td> <td>No</td> <td>Yes</td> <td>E0, E-1, E-3</td> </tr> <tr> <td>3</td> <td>Yes</td> <td>No</td> <td>Yes</td> <td>Yes</td> <td>E0, E-2, E-3</td> </tr> <tr> <td>4</td> <td>Yes</td> <td>No</td> <td>No</td> <td>Yes</td> <td>E0, E-3</td> </tr> <tr> <td>5</td> <td>Yes</td> <td>Yes</td> <td>No</td> <td>No</td> <td>E0, E-1</td> </tr> <tr> <td>6</td> <td>Yes</td> <td>No</td> <td>Yes</td> <td>No</td> <td>E0, E-2</td> </tr> <tr> <td>7</td> <td>Yes</td> <td>No</td> <td>No</td> <td>No</td> <td>E0</td> </tr> </tbody> </table> <p>In case of non-availability of polled spot price on expiry day (E0) due to sudden closure of physical market under any emergency situations noticed at the basis Centre, Exchange shall decide further course of action for determining DDR in consultation with SEBI.</p>	Scenario	Polled spot price availability on				DDR shall be simple average of last polled spot prices on:	E0	E-1	E-2	E-3	1	Yes	Yes	Yes	Yes/No	E0, E-1, E-2	2	Yes	Yes	No	Yes	E0, E-1, E-3	3	Yes	No	Yes	Yes	E0, E-2, E-3	4	Yes	No	No	Yes	E0, E-3	5	Yes	Yes	No	No	E0, E-1	6	Yes	No	Yes	No	E0, E-2	7	Yes	No	No	No	E0
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<p>Delivery Logic</p>	<p>Compulsory delivery with staggered delivery process</p>																																																				

Location premium/discount	Location and grade premium/discount would be announced before launch of the contracts.
Tender Period	Last Five working days including Expiry Day
Delivery Period	Starting from Tender start day till Expiry + 1 day
Buyer's Intention	On all tender days of expiring contract. Buyers giving intention will get first priority to get delivery and rest will be allocated to other buyers on random basis.
Tender Notice by Seller	During the tender and delivery period, the seller can issue tender notice on any working day in a specified format by 7.30 pm through EDCM (Electronic Debit Credit Module) system or any other mode as communicated by Exchange from time to time. At the time of issuance of tender, equivalent quantity must be available with the seller
Tender of physical delivery	If the seller wants to tender delivery in the Exchange, he is required to approach Exchange approved warehouse. Approved Warehouse shall check the documents and if found as per the exchange norms, shall issue WR based on the delivery quantity being within the tolerance limit.
Delivery process	The seller can tender delivery of WR held by him against his sale position. Buyer will get delivery of WR in delivery lot basis equivalent to his allocated quantity. Settlement of quantity variations within the tolerance limit shall be adjusted on the day as per the settlement calendar to be issued by the Exchange. The buyer can collect physical delivery of MS Ingots/Billets on surrender of WR at any point of time.

<p>Dissemination of Information on Tendered Delivery and Buyers Interest</p>	<p>The Exchange will inform members through trading terminals regarding total quantity offered by various sellers and buyers respectively by 8:30 p.m. on the day when Exchange receives tender notice from respective members. Allocation of delivery among various buyers will be done at end of trading session and will be communicated to the buyers to whom delivery is allocated by FTP under Obligation Report or any other mode as communicated by the exchange from time to time.</p>
<p>Tender Period Margin</p>	<p>4% incremental margin for last 5 working days on all outstanding positions. Such margin will be in addition to initial, additional and special margin as applicable.</p>
<p>Exemption from Tender and Delivery Period Margin</p>	<p>Tender & Delivery Period margin is exempted if WR is tendered on designated tender days of the contract month provided the seller submits all documentary evidence relating to delivery.</p>

Launch Calendar of amended Steel Long contracts

Contract Launch Months	Contract Expiry Months
October 2019	January 2020
November 2019	February 2020
December 2019	March 2020
January 2020	April 2020
February 2020	May 2020
March 2020	June 2020
April 2020	July 2020
May 2020	August 2020
June 2020	September 2020
July 2020	October 2020
August 2020	November 2020
September 2020	December 2020