
Circular No.: ICEX/TRADING/2018-177

Date: August 25, 2018

Dept.: Trading

Subject: Commencement of Steel Long Futures Trading.

In terms of the provisions of the Bye-laws, Rules and Regulations of the Exchange; the Members of the Exchange are hereby informed as under:

STEEL LONG NOVEMBER 2018, DECEMBER 2018 and JANUARY 2019 contracts will be available for futures trading with effect from **Tuesday, August 28, 2018.**

Underlying	Symbol	Expiry
STEELONG	STEELONG	05NOV2018
STEELONG	STEELONG	05DEC2018
STEELONG	STEELONG	04JAN2019

The contracts specifications, trading parameters, delivery and settlement procedure of the contract as specified in Annexures I and II 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	STEELLONG
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: 10.00 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 - Ghaziabad (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	The base price limit will be 3%. Whenever the base daily price limit is breached, the relaxation will be allowed up to 6% without any cooling off period. In case the daily price limit of 6% is also breached, then the trades shall be permitted throughout the day within the enhanced total limit of 6%.
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.
Quantity variation	+/- 3% or 5 MT, whichever is lower For e.g. if a seller delivers 100 MT into the accredited warehouse, then the tolerance limit would be 3MT as the minimum tolerance limit for 100 MT is as below $100 \times 3\% = 3 \text{ MT}$. However, if a seller delivers 200 MT into the accredited warehouse, then the tolerance limit would be 5MT as the minimum tolerance limit for 200 MT is as below $200 \times 3\% = 6 \text{ MT}$ whereas the Exchange is accepting maximum quantity variation of 5MT.
Delivery Period Margin	Delivery period margins shall be higher of: 3%+ 5days 99% VaR of spot price volatility Or 20%
Delivery Centre(s)	Ghaziabad (within 50 kms of the municipal limits of Ghaziabad)

<p>Quality Specifications</p>	<p>1) Mild Steel (MS) Ingots</p> <p>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 + Phosphorous 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</p> <p>Ingots without harmful and appreciable hollowness, piping and rising. Ingots must have reasonably plain surface. Ingots must be free of harmful refractories</p> <p><u>Additional Delivery Grade. (Premium Grade) :</u></p> <p>2) Mild Steel (MS) Billets</p> <p>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</p>
--------------------------------------	--

Due Date Rate (DDR)	DDR is calculated on the expiry day of the contract by way of taking simple average of spot market prices of Ghaziabad 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:					
	Polled spot price availability on				DDR shall be simple average of last polled spot prices on:	
	Scenario	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
	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.					
Delivery Logic	Compulsory delivery with staggered delivery process.					
Grade premium/discount	Grade premium/discount would be announced before launch of the contracts.					
Tender Period	1st to 4th day of the contract expiry month except Trading Holidays.					
Delivery Period	1st to 6th day of the contract expiry month except Trading Holidays.					
Buyer's Intention	On 1st, 2nd, 3rd and 4th of the contract expiry month except Trading Holidays. 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.
Dissemination of Information on Tendered Delivery and Buyers Interest	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.
Tender Period Margin	4% incremental margin for last 5 calendar days on all outstanding positions. Such margin will be in addition to initial, additional and special margin as applicable.
Exemption from Tender and Delivery Period Margin	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.

Contract Launch Calendar of Steel Long

Contract Launch Months	Contract Expiry Months
On approval by SEBI	November 2018
	December 2018
	January 2019
November 2018	February 2019
December 2018	March 2019
January 2019	April 2019
February 2019	May 2019
March 2019	June 2019
April 2019	July 2019
May 2019	August 2019

Delivery and Settlement Procedure of Steel Long Contracts

Delivery Logic	Compulsory Delivery
Tender Period	1st to 4th day of the contract expiry month except Trading Holidays.
Delivery Period	1st to 6th day of the contract expiry month except Trading Holidays.
Buyer's Intention	On 1st, 2nd, 3rd and 4th of the contract expiry month except Trading Holidays. 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 WR must be available in his account.
Tender of physical delivery	If the seller wants to tender delivery in the Exchange, he is required to approach Exchange approved warehouse for deposit and assaying. After assaying, if it confirms to the quality parameter specified by the Exchange, assaying agency will issue an acceptance report and confirm the same to the approved warehouse and seller. Approved warehouse will then issue WR and confirm the same in the EDCM. Thereafter, the seller will get electronic credit in his EDCM- account for the quantity equal to the delivery unit with tolerance limit, if any (1 unit = 10 MT) of the MS Ingots/Billets. For example, if the MS Ingot/Billet is 100 MT, the seller will get 10 WRs.
Sampling process for assaying/grading	MS Ingot/Billet samples shall be drawn by such assayer in the premises of the Exchange approved warehouses. A sample of one Ingot/Billet per heat shall be drawn depending upon the capacity of the furnace at the production plant from where the goods have been sourced. Thereafter with the help of a drilling machine, chips of about 30 to 50 grams (depending upon the size of the laboratory) is drawn from 3 equal parts i.e. each 1/3 part of the Ingot/Billet. The chips are put in a sealed envelope and are appropriately marked to identify the heat and Ingot/Billet number, Exchange member/client identity, date, time etc. Each delivery from a depositor must be accompanied by a Mill Test Certificate from the production plant, where it has been sourced from, and conforming contract specifications of quality as mentioned in the contract specifications. Charges for assaying/grading are to be paid by the depositor.

Weight	The quantity of the MS Ingots/Billets received and delivered at the Exchange approved warehouses would be determined/calculated by the weighbridge/weigh scale at the premises of the warehouse or at the weighbridge/weigh scale in the vicinity and recognized by such warehouse and the quantity so determined would be binding on all parties.
Delivery Pay-in	On Tender Days: T+1 working day by 11.00 am. ("T" stands for tender day) On Expiry Day: ("E" stands for Expiry day) E+1 working day by 11.00 am. ("E" stands for Expiry day)
Funds Pay-in	T+1 working day by 11.00 a.m. ("T" stands for tender day)
Funds Pay-out	T+1 working day by 05.00 p.m.
Delivery Pay-out	T+1 working day after completion of Funds Pay-in
Mode of Communication	Through EDCM (Electronic Debit Credit Module) system or any other system as may be notified by the exchange from time to time
Validity period	The validity period for Steel Long will be 12 months from the date of first deposit at the Exchange approved warehouse.

<p>Penal Provision</p>	<p>I - Seller Default: A penalty of 3% of DOR shall be imposed on such defaulting Seller. Out of this, 1.75% will be deposited to SGF, 1% of penalty will be credited to the Buyer & balance 0.25% will be retained by the Exchange as administrative expenses.</p> <p>Additionally, the difference between Delivery Order Rate (DOR) and Spot price on the date of default by the Seller shall be charged to the Seller and credited to the Buyer, if Spot price is higher than DOR.</p> <p>II - Buyer Default: The buyer will have to compulsorily take delivery of goods. Default on taking delivery by the buyer is not permitted and therefore, the amount due from the buyer for delivery obligation shall be recovered from the buyer as pay-in of funds on stipulated pay-in day. Failure to discharge the pay-in amount will be treated as pay-in default which may lead to deactivation of the trading terminal/s of the member and will also be liable for such other actions as Exchange deems appropriate.</p> <p>The Exchange, as deemed appropriate, shall have the right to sell/dispose the goods through auction (or through other appropriate mechanism as and when required) on account of such defaulting buyer to recover the dues.</p> <p>Penalties & charges to be debited to defaulting Buyer</p> <table border="1" data-bbox="480 1045 1437 1325"> <thead> <tr> <th data-bbox="480 1045 626 1079">S. No</th> <th data-bbox="626 1045 1437 1079">Where Auction is fully conducted</th> </tr> </thead> <tbody> <tr> <td data-bbox="480 1079 626 1230">1.</td> <td data-bbox="626 1079 1437 1230">A penalty of 3.00% of DOR, out of which 1.75% will be credited to SGF and 1.25% will be retained by the Exchange as administrative expenses. AND</td> </tr> <tr> <td data-bbox="480 1230 626 1325">2.</td> <td data-bbox="626 1230 1437 1325">Difference between DOR & Auction price if Auction price is lower than DOR.</td> </tr> </tbody> </table>	S. No	Where Auction is fully conducted	1.	A penalty of 3.00% of DOR, out of which 1.75% will be credited to SGF and 1.25% will be retained by the Exchange as administrative expenses. AND	2.	Difference between DOR & Auction price if Auction price is lower than DOR.
S. No	Where Auction is fully conducted						
1.	A penalty of 3.00% of DOR, out of which 1.75% will be credited to SGF and 1.25% will be retained by the Exchange as administrative expenses. AND						
2.	Difference between DOR & Auction price if Auction price is lower than DOR.						
<p>Allocation of Delivery</p>	<p>On the respective tender days at end of trading session.</p>						
<p>Delivery Order Rate (DOR)</p>	<p>Settlement / closing price on the respective tender days except on expiry date. On expiry date the delivery order rate shall be the Due Date Rate (DDR) and not the closing price.</p>						
<p>Buyer's Obligation</p>	<p>The buyer shall not refuse taking delivery and such refusal will attract penalty as per the penal provision.</p>						
<p>Close Out of Outstanding Positions</p>	<p>All outstanding positions on the expiry of contract, which are not settled by way of delivery in the aforesaid manner, will be settled as per the due date rate with penalty as per penal provisions.</p>						

Verification by the Buyer at the Time of Release of Physical Delivery	<p>At the time of taking delivery, the buyer can check his delivery in front of the designated warehouse personnel, within the premises of the approved warehouse. If the buyer is satisfied with the, weight and quality of the MS Ingots/Billets, then he will issue receipt for the same instantly. If he is not satisfied with the goods, then he will leave the goods with the warehouse agency for assaying by the Exchange designated agency. If the buyer chooses for assaying, the approved warehouse will request the assayer facilities to collect the relevant samples from the warehouse premises and then revert with assayer’s new grading report. Such report will be final & binding on both buyer and seller. If the assayer’s grading report matches with original grading report, then the buyer will have to take the delivery and will pay for all the subsequent charges i.e., assaying and storage charges. If the assaying differs from the original grading report, then the seller will be liable to compensate any financial loss suffered by the buyer.</p>
Delivery Centre(s)	<p>Exchange approved warehouses at Ghaziabad (The warehouses at all centres to be within 50 kms of the municipal limits)</p>
Legal Obligation	<p>The members will provide appropriate tax forms wherever required as per the applicable law and as customary and neither of the parties will arbitrarily refuse to do so. On every delivery whether on tender days or on the date of expiry, appropriate tax invoicing will be exchanged between the sellers and the buyers through the Exchange and the Exchange will debit and credit the tax amount to the respective member’s account.</p>
Taxes, Duties, Cess and Levies	<p>Ex - Ghaziabad (exclusive of GST and any other levies but inclusive of customs duties in case of imports)</p>
Warehouse, Insurance And other charges Transportation Charges	<p>Borne by the seller up to commodity pay-out date Borne by the buyer after commodity pay-out date</p>
Evidence of Stocks in Possession	<p>At the time of issuing delivery order, the Member must satisfy the Clearing House/Clearing Corporation that he holds stocks in the warehouse.</p>

<p>Validation Process for giving delivery</p>	<p>A seller is required to approach Exchange approved warehouse facilities well in advance.</p> <ol style="list-style-type: none"> a. Client will submit the MS Ingots/Billets with evidence of ownership along with invoices. b. Approved warehouse will confirm to the ICEX norms for the acceptance of delivery of the MS Ingots/Billets while taking deposits of MS Ingots/Billets for exchange delivery. c. All communication between the approved warehouse and the client will be under intimation to Clearing House/Clearing Corporation. d. Approved warehouse will receive the MS Ingots/Billets and a receipt for the same will be generated to the client (owner of MS Ingots/Billets). The selling broker/member will initially update the required details in the system provided by Exchange for initiating the quality certifying process. e. WR equivalent to the MS Ingot/Billet weight will be credited in Client's EDCM account, to the extent of the quality approved as per the contract specifications by the quality specifying agency. For example if the MS Ingots/Billets, approved as per the quality specification by the quality specifying agency, deposited is 100 MT, the client will get a credit of 10 WRs. 10 MT = 1 WR f. The said WR can be delivered on the Exchange platform. g. In case the MS Ingots/Billets deposited is not as per the Exchange norms then it will be returned back to the said client/member by the approved warehouse.
--	---

<p>Lifting of physical delivery from the warehouse</p>	<p>In case the WR holder is interested to take physical delivery of MS Ingots/Billets, against his WR, he can surrender such WR to Clearing House/Clearing Corporation and get physical delivery, at any point of time at his discretion, subject to the conditions specified herein.</p> <p>Delivery of physical MS Ingots/Billets from the approved warehouse will be offered in specified lot sizes and at specified locations only, where the Exchange has made approved warehousing and delivery arrangements. Therefore, an WR holder can opt for physical delivery of MS Ingots/Billets by surrendering the required number of WR(s) to the warehouse</p> <p>For the purpose of taking physical delivery of MS Ingots/Billets , the Member shall send to Clearing House/Clearing Corporation an Authority letter on his letter head, authorizing a representative on his behalf to take the delivery. The Authority letter sent by the Member shall consist of the following details:</p> <ol style="list-style-type: none">a. Name of the authorized representative.b. Name of the Approved warehouse along with the locationc. Signature of the authorized representative.d. Proof of Identity viz. PAN card, driving license, Election ID, AADHARe. Photo identity proof duly attested and stamped by the Member. <p>The above-mentioned details are required to be sent to Clearing House/Clearing Corporation. Once Clearing House/Clearing Corporation receives the above-mentioned details, the Clearing House/Clearing Corporation will send Delivery Order (DO) to the Approved warehouse authorities directly.</p> <p>Based on the Delivery Order received, the Approved warehouse will issue the requested MS Ingots/Billets to the authorised representative who has to present himself personally at the Approved warehouse along with the requisite photo identity proof in original, the same document which was earlier sent / communicated to the Exchange by the Member.</p> <p>The Approved warehouse officials, upon final scrutiny/checking of the identity of the recipient of the MS Ingots/Billets, will hand over the same to him. In case of any discrepancy/ doubt or for any other reason that may create suspicion in his mind, the Approved warehouse officials may refuse to issue the goods to the representative under the intimation to the Clearing House/Clearing Corporation.</p> <p>The delivery given to the representative shall be final & binding to the Member and their constituents at all times.</p>
---	---

Deliverable Grade of Underlying Commodity	The selling members tendering delivery will have the option of delivering such grades and at such locations as per the contract specifications. The buyer has no option to select a particular grade and the delivery offered by the seller and allocation done by the Clearing House/Clearing Corporation shall be binding on him.
Outbound tolerance	For goods that leave the approved warehouse post re-materialization, an outbound tolerance of 50kgs per 10 MT delivery lot size shall be applicable.
Endorsement of Delivery Order	The buyer member can endorse delivery order to a client or any third party with full disclosure given to the Clearing House/Clearing Corporation. Responsibility for contractual liability would be with the original assignee.
Extension of Delivery Period	As per Exchange decision due to a force majeure or otherwise.
Arbitration	As per Exchange Bye laws.
Applicability of Byelaws, Rules and Regulations	<p>The general provisions of Byelaws, Rules and Regulations of the Exchange and decisions taken by SEBI, Board of Directors and the applicable Committee of the Exchange in respect of matters specified above will form an integral part of this contract. The Exchange or SEBI as the case may further prescribe additional measures relating to delivery procedures approved warehousing, quality gradation, margining, and risk management from time to time.</p> <p>In case of dispute arising on quality of the goods not conforming to the contract specifications and discovered/found out subsequently, the introducing member and/or its constituent who has tendered delivery on Exchange platform shall be liable for all losses/cost/close out released earlier, as may be decided by the Exchange in the matter and which shall be final and binding to the member. Further, the Exchange is not responsible and shall not be held liable or accountable or responsible for value of the goods of the commodities stores in Exchange approved warehousing agency / clearing house 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 Exchange approved warehouse. The decision of the Exchange shall be final and binding to all the members and their constituents in this regard. (The interpretation or clarification given by the Exchange on any terms of this contract shall be final and binding on the members and others).</p>