



CIRCULAR

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To

Bullion Exchange in the International Financial Services Centre (IFSC)
Bullion Clearing Corporation in the IFSC

Dear Sir/Madam

Guidelines for execution of block deals on the Bullion Exchange

Based on the consultations with the Bullion Exchange and market participants, it is deemed necessary to enable a mechanism for execution of large trades in gold in a single transaction without putting either the buyer or the seller in a disadvantageous position. In order to facilitate execution of such large trades, the Bullion Exchange is being permitted to provide a separate trading window for this purpose. A trade, with a minimum quantity of 100 kgs of gold, executed through a single transaction on this separate trading window of the Bullion Exchange will constitute a “block deal”. Only non-individual participants shall be permitted to execute block deals.

2. The framework for block deals shall be as follows:

Trading Block Deal Window	Morning Block Deal Window: 9 AM to 9:15 AM Afternoon Block Deal Window: 1:45 PM to 2 PM Evening Block Deal Window: 5:15 PM to 5:30 PM
Trading Unit	Multiples of 1 Kg for 995 purity bars and Multiples of 100 grams for 999 purity bars, subject to minimum quantity of 100 kgs of Gold.
Price Quote	US Dollars per Troy Ounce



Minimum Order Size	100 Kgs of Gold
Tick Size (Minimum Price Movement)	US\$ 0.01
Trade Margin	100%
Permitted Price Band	In this window, orders may be placed within a price band to be specified by the Bullion Exchange which shall not exceed +/- 0.5% of the applicable reference price in the respective block deal windows.
Reference Price	<p>Morning Block Deal Window: The reference price for execution of block deal in this window shall be the previous trading day's closing price at the Bullion Exchange. In case no trades were executed in the contract on the previous trading day, the reference price shall be the LBMA PM fix price for the previous trading day.</p> <p>New contracts shall only be eligible for block deals during the afternoon block deal window on the first day of trading of the contract.</p> <p>Afternoon Block Deal Window: The reference price for block deals in this window shall be the volume weighted average price (VWAP) of the trades executed in the contract between 1:25 PM and 1:40 PM. In case no trades are executed in the contract between 1:25 PM and 1:40 PM, the reference price shall be considered as</p> <ul style="list-style-type: none"> • VWAP based on trades executed in the contract between 9 AM and 1:40 PM shall be taken as



reference price.

- In case, VWAP is not available as per above, then the previous trading day's close price shall be considered as reference price.
- In case, previous day's close price is not available, LBMA PM fix price for previous trading day shall be considered as reference price.

Evening Block Deal Window: The reference price for block deals in this window shall be the volume weighted average price (VWAP) of the trades executed in the contract between 4:55 PM and 5:10 PM. In case no trades are executed in the contract between 4:55 PM and 5:10 PM, the reference price shall be considered as

- VWAP based on trades executed in the contract between 9 AM and 5:10 PM shall be taken as reference price.
- In case, VWAP is not available as per above, then the previous trading day's close price shall be considered as reference price.
- In case, previous trading day's close price is not available, LBMA AM fix price for the same day shall be considered as reference price.

The Bullion Exchange shall calculate and disseminate / broadcast the applicable reference price and permitted price band for the execution of block deals prior to the opening of the block deal windows.



Trading Logic	Orders will get matched when both the price and the quantity match for the buy and sell order. Orders with the same price and quantity will match on time priority i.e., orders which have come into the system earlier will get matched first.
Settlement Basis / Delivery Logic	Compulsorily in Bullion Depository Receipt (BDR) form in the Demat account with the depository. Every trade executed in this window must result in delivery and shall not be squared off or reversed.
Dissemination of Block Deal information	The Bullion Exchange shall furnish disclosure of transaction of the block deal providing details such as name of the members (Buyers/Sellers), quantity of bullion bought / sold, time of the transaction, price at which block deal is executed, name of the bullion contract bought/sold etc. on its website after the end of each block deal window.
Calculation of opening, closing, last traded or the benchmark price	The transactions executed through the proposed block deal window shall not be taken into consideration for calculation of the daily Open, High, Low, and Close (OHLC), VWAP, or daily settlement price nor the benchmark price of the contract.

3. The Bullion Exchange shall ensure that all appropriate trading and settlement practices as well as surveillance and risk management measures, etc. as presently applicable to the normal trading segment are made applicable and implemented in respect of the proposed block deal window also.

This circular is issued in exercise of powers conferred by Section 12 of the International Financial Services Centres Authority Act, 2019 to develop and regulate



the financial products, financial services and financial institutions in the International Financial Services Centres.

A copy of this circular is available on the website of the International Financial Services Centres Authority at www.ifsca.gov.in.

Yours faithfully

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