

CONTRACT SPECIFICATION GOLD OPTIONS IN GOODS

Symbol	GOLD
Underlying	Underlying shall be Gold
Description	Option in Goods
Option type	European Call & Put Options
Contract Listing	Contracts will be available as per the Contract Launch Calendar.
Contract Start Day	As per the Contract launch calendar.
Expiry Day (Last Trading Day)	Two working days prior to the last trading day of the expiry month.
Trading	
Trading Period	Monday through Friday
Trading Session	Monday to Friday: 9.00 a.m. to 11.30 / 11.55 p.m.
Trading Unit	1 kg
Underlying Quotation/ Base Value	Rs. per 10 grams
Underlying Price Quote	Ex-Ahmedabad (inclusive of all taxes and levies relating to import duty, customs but excluding GST, any other additional tax, cess, or surcharge as may be applicable)
Strikes	5 In-the-money, 5 Out-of-the-money and 1 Near-the money. (11 CE and 11 PE). The Exchange, at its discretion, may introduce additional strikes, if required.

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Strike Price Intervals	Rs. 250
Base price	Base price shall be theoretical price on Black-Scholes option pricing model on the first day of the contract. On all other days, it shall be previous day's Daily Settlement Price of the contract.
Tick Size (Minimum Price Movement)	Re. 0.50
Daily Price Limit	The upper and lower price band shall be determined based on statistical method using Black-Scholes option pricing model and relaxed considering the movement in the underlying futures contract. In the event of freezing of price ranges even without a corresponding price relaxation in underlying futures, if deemed necessary, considering the volatility and other factors in the option contract, the Daily Price Limit shall be relaxed by the Exchange.
Margins	In accordance with SEBI circular SEBI/HO/CDMRD/DRMP/CIR/P/2020/15 dated January 27, 2020.
Premium	Premium of buyer shall be blocked upfront on real time basis.
Margining at client Level	Initial Margins shall be computed at the level of portfolio of individual clients comprising of the positions in futures and options contracts on each commodity

Real time computation	The margins shall be recomputed using SPAN at Begin of Day, 10.30 am, 12.30 pm, 1.30 pm, 3.00 pm, 5.00 pm, 7.00 pm, 8.30 pm, 10.30 pm and End of Day.
Mark to Market	The option positions shall be marked to market by deducting / adding the current market value of options positions (positive for long options and negative for short options). Mark to Market gains and losses would not be settled in Cash for Options Positions.

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Risks pertaining to options preexpiry	Pre-expiry option margins shall be levied on the position during last few days before the expiry of option contract.
Additional and/or Special Margin	At the discretion of the Clearing Corporation when deemed necessary.
Position Limits	
Maximum Allowable Open Position	<p>Position limits for options would be separate from the position limits applicable on futures contracts.</p> <p>For client level: 10 MT or 5% of the market wide open position whichever is higher - For all Gold Options contracts combined.</p> <p>For a member level: 100 MT or 20% of the market wide open position whichever is higher - For all Gold Options contracts combined.</p>
Settlement	
Settlement Method	On exercise, option contract shall be settled through delivery of goods.
Exercise Mechanism at Expiry	<p>On expiry, following mechanism shall be adopted by Exchanges for exercise of the options contracts:</p> <p>Option series having strike price closest to the price of the underlying shall be termed as At the Money (ATM) option series.</p> <p>This ATM option series and three option series having strike prices immediately above this ATM strike and three option series having strike prices immediately below this ATM strike shall be referred as 'Close to the money' (CTM) option series.</p> <p>In case the price of the underlying is exactly midway between two strike prices, then immediate three option series having strike prices just above the price of the underlying and immediate three option series having strike prices just below the price of the underlying shall be referred as 'Close to the money' (CTM) option series.</p> <p>All option contracts belonging to 'CTM' option series shall be exercised only on 'explicit instruction' for exercise by the long position holders of such contracts.</p>

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	<p>All In the money (ITM) option contracts, except those belonging to 'CTM' option series, shall be exercised automatically, unless 'contrary instruction' has been given by long position holders of such contracts for not doing so.</p> <p>All Out of the money (OTM) option contracts, except those belonging to 'CTM' option series, shall expire worthless.</p> <p>All exercised contracts within an option series shall be assigned to short positions in that series in a fair and non-preferential manner.</p>																																																				
<p>Final Settlement Price (FSP)</p>	<p>For contracts where, Final Settlement Price (FSP) is determined by polling, unless specifically approved otherwise, the FSP shall be arrived at by taking the simple average of the last polled spot prices of the last three trading days viz., EO (expiry day), E-1 and E-2. In the event the spot price for any one or both of E1 and E-2 is not available; the simple average of the last polled spot price of EO, E1, EO and E-3, whichever available, shall be taken as FSP. Thus, the FSP under various scenarios of non-availability of polled spot prices shall be as under:</p> <table border="1" data-bbox="488 925 1362 1332"> <thead> <tr> <th rowspan="2">Scenario</th> <th colspan="4">Polled spot price availability on</th> <th rowspan="2">FSP shall be simple average of last polled spot prices on:</th> </tr> <tr> <th>EO</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>EO, E-1, E-2</td> </tr> <tr> <td>2</td> <td>Yes</td> <td>Yes</td> <td>No</td> <td>Yes</td> <td>EO, E-1, E-3</td> </tr> <tr> <td>3</td> <td>Yes</td> <td>No</td> <td>Yes</td> <td>Yes</td> <td>EO, E-2, E-3</td> </tr> <tr> <td>4</td> <td>Yes</td> <td>No</td> <td>No</td> <td>Yes</td> <td>EO, E-3</td> </tr> <tr> <td>5</td> <td>Yes</td> <td>Yes</td> <td>No</td> <td>No</td> <td>EO, E-1</td> </tr> <tr> <td>6</td> <td>Yes</td> <td>No</td> <td>Yes</td> <td>No</td> <td>EO, E-2</td> </tr> <tr> <td>7</td> <td>Yes</td> <td>No</td> <td>No</td> <td>No</td> <td>EO</td> </tr> </tbody> </table> <p>In case of non-availability of polled spot price on expiry day (EO) due to sudden closure of physical market under any emergency situations noticed at the basis centre, Exchanges shall decide further course of action for determining FSP and which shall be in accordance with BSE circular no. 20200501-5 dated 01st May 2020.</p>	Scenario	Polled spot price availability on				FSP shall be simple average of last polled spot prices on:	EO	E-1	E-2	E-3	1	Yes	Yes	Yes	Yes/No	EO, E-1, E-2	2	Yes	Yes	No	Yes	EO, E-1, E-3	3	Yes	No	Yes	Yes	EO, E-2, E-3	4	Yes	No	No	Yes	EO, E-3	5	Yes	Yes	No	No	EO, E-1	6	Yes	No	Yes	No	EO, E-2	7	Yes	No	No	No	EO
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7	Yes	No	No	No	EO																																																
<p>Quality Specifications</p>	<p>995 purity It should be serially numbered gold bars supplied by LBMA approved suppliers or other suppliers as may be approved by BSE to be submitted along with supplier's quality certificate.</p>																																																				
<p>If the seller offers delivery of 999 purity</p>	<p>Seller will get proportionate premium and sale proceeds will be calculated in the manner of Rate of Delivery *999/995</p> <p>If the quality is less than 995, it is rejected.</p>																																																				

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Delivery Unit	1 kg
Delivery Period Margin	Delivery period margins shall be higher of: a) 3% + 5 day 99% VaR of spot price volatility Or b) 25%

Delivery Centre(s)	Designated clearinghouse facilities at Ahmedabad
Delivery Pay-in	On expiry, all the positions where option is exercised as per prescribed mechanism shall be marked for delivery. Delivery pay-in will be on E + 2 basis by 11:00 a.m. except Saturdays, Sundays and Trading Holidays.
Funds Pay-in	Expiry Day +2 working day by 11:00 a.m.
Funds Pay-out	Expiry Day +2 working day by 5.00 p.m.
Delivery Pay-out	Expiry Day +2 working day by 5.00 p.m.

Contact launch calendar of Gold Options In Goods contracts

Contract Launch Date	Contract Expiry Date
January 2023	April 2023
February 2023	May 2023
March 2023	June 2023
April 2023	July 2023

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May 2023	August 2023
June 2023	September 2023
July 2023	October 2023
August 2023	November 2023
September 2023	December 2023
October 2023	January 2024