Circular No.: IGX/MO/12/2020 13th July 2020

Pay-in Adjustment with Cash Margin

Dear Members,

In pursuance of Byelaws and Market Rules of IGX and in conjunction to IGX Circular No. 4, Members are requested to kindly note that under Ex-hub Transactions in all Contracts except Daily Contract the buyers have an option to issue non cash collaterals (BG/FDR/LC) towards required margins for their trades subject to a minimum cash margin depending on contract type.

Members may note that IGX will start adjusting the cash portion of the margin against the pay-in obligation arising for such contracts. The adjustment of pay-in will depend up to the extent of cash component in the margins. It may be noted here that Members will have to make good the funds pay-in corresponding to daily obligation for the non-cash portion of the margin. IGX will first collect the pay-in on daily basis and then will start adjusting the pay-in with the cash margins. Following are the details of the extent of adjustments: -

a) If the required margin is paid in 100% cash, then the exchange will not collect the pay-in from the member for that trade and will adjust the funds obligation against the cash margins received.

b) If Cash Margin (%) > 60% of Trade Value: - For Weekday, Weekly, Fortnightly and Monthly Product; IGX shall debit the pay-in amount from Members Settlement Account one day after the start of delivery i.e. D+1 basis where D stands for delivery day. The pay-in shall be adjusted with available cash Margin on slab basis as mentioned under Table-1 below.

c) If Cash Margin (%) < 60% of Trade Value: - For Monthly Product; IGX shall debit the pay-in amount from Members Settlement Account one day before the start of delivery i.e. D-1 basis where D stands for delivery day. The pay-in shall be adjusted with available cash Margin on slab basis as mentioned under Table-1 below.

Under each product the pay-in from buyer shall be collected on following no. of starting days from the Member depending on Cash Margin deposited on Trade Date.

Cash Margin (in terms of Trade Value	Monthly	Fortnightly	Weekly	Weekday
120%	0	0	0	0
110%	3	2	1	1
100%	5	3	2	1
90%	8	4	2	1
80%	10	5	3	2
70%	13	7	4	3
60%	15	8	4	3
50%	18	Not Applicable	Not Applicable	Not Applicable
40%	20	Not Applicable	Not Applicable	Not Applicable
25%	23	Not Applicable	Not Applicable	Not Applicable

Table 1

In case the pay-in day falls on a bank holiday then it will be debited on the previous bank working day and the pay-out will be released the next day of the bank holiday.

Example-

A) Weekday Product-

For a Weekday Contract WD-DH-200706 with delivery starting from 6th July to 10th July 2020; if the Buyer has submitted full required Margin under Cash i.e. equal to 120% of Trade Value then as per above table IGX shall not collect the pay-in.

B) Weekly Product-

For a Weekly Contract WK-DH-200701 with delivery starting from 1st July to 7th July 2020; if the Buyer has submitted Cash Margin which is equal to 110% of Trade Value then IGX shall collect the pay-in on first day on D+1 basis i.e. 2nd July while for rest days the pay-in shall be adjusted with Cash margin available with IGX.

C) Fortnightly Product-

For a Fortnightly Contract FN-DH-200701 with delivery starting from 1st July to 15th July 2020; if the Buyer has submitted Cash Margin which is equal to 100% of Trade Value then IGX shall collect the Pay on first 3 days on D+1 basis i.e. 2nd July, 3rd July and 4th July while for rest days the pay-in shall be adjusted with Cash margin available with IGX.

D) Monthly Product (pay-in on D+1 basis)-

For a Monthly Contract MN-DH-200701 with delivery starting from 1st July to 31st July 2020; if the Buyer has submitted Cash Margin which is equal to 90% of Trade Value then IGX shall collect the Pay in on first 8 days on D+1 basis i.e. from 2nd July to 9th July while for rest days the Pay-in shall be adjusted with Cash margin available with IGX.

E) Monthly Product (pay-in on D-1 basis)-

For a Monthly Contract MN-DH-200701 with delivery starting from 1st July to 31st July 2020; if the Buyer has submitted Cash Margin which is equal to 40% of Trade Value then IGX shall collect the Pay in on first 20 days on D-1 basis i.e. from 30th June to 17th July while for rest days the Pay-in shall be adjusted with Cash margin available with IGX.

This Circular will come into effect from trading day 14th July 2020.

For and on behalf of

Indian Gas Exchange Limited

(Sd/-) Prasanna Rao

Head Market Operations