FAQs ON MCX ICOMDEX BULLION INDEX

1. **When was MCX iCOMDEX Bullion Index launched?**
   MCX iCOMDEX Bullion Index was launched on December 20, 2019. The index history (daily closing prices) is available from December 31, 2015. The open, high, low and close prices of the indices are available from December 20, 2019.

2. **What are the constituents of MCX iCOMDEX Bullion Index?**
   The MCX iCOMDEX Bullion index includes gold (1 kg) and silver (30 kg) futures listed on MCX. Each commodity within the index is weighted three-fourths by its liquidity and one-fourth by its physical market size in India, determined by local production and imports.

3. **What is the inception date of MCX iCOMDEX Bullion Index and what is the base value?**
   December 31, 2015 is the inception date of iCOMDEX series of indices with base value as 10,000.

4. **What is the concept of 'rollover' in the commodity indices?**
   Rollover refers to the period when index computation shifts from one set of contract expiry months to the next set of contract expiry months. This is necessary as each futures contract has an expiry date, while the index has to be computed continuously.

   The rollover of MCX iCOMDEX Bullion index occurs over two business days, when the index computation shifts to the next expiry months. The rollover for the Bullion Index takes place over a period of two business days just prior to the first day of Staggered Delivery Tender Period of the underlying constituents. For instance, the rollover days for Gold during July 20XX in the bullion index are 28 and 29 July 20XX.

JULY 20XX						
SUN	MON	TUE	WED	THU	FRI	SAT
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

AUGUST 20XX						
SUN	MON	TUE	WED	THU	FRI	SAT
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

Bullion Index	
Underlying Expiry: 5-Aug Staggered Delivery (5 trade days): 1-Aug to 5-Aug Rollover: 28-Jul to 29-Jul	Staggered Delivery Period: 5 days (i.e. E-4 to E) Rollover : 2 Days (i.e. E-6 to E-5) Index Expiry : One day prior to start of Roll over i.e. E-7th Day prior to expiry of any underlying constituent

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The rollover days for the MCX iCOMDEX indices have been fixed in a manner that ensures that the index value is ordinarily computed using the nearest expiry futures prices of the index constituents. This ensures that prices of the most liquid contracts are used for index construction.

5. **MCX iCOMDEX indices are 'excess returns' indices. What does that mean?**
The return generated by an excess returns index such as the MCX iCOMDEX Bullion index comes from not only the changes in the price of bullion commodity futures (the 'price return'), but also the profits /losses realised by rolling commodity futures (the "roll return") from near to subsequent month futures contract. The sum of the price return and the roll return associated with investment in the MCX iCOMDEX Bullion Index is the 'excess return' of the index.

6. **How are constituents of the MCX iCOMDEX Bullion Index determined?**
The individual index constituents of MCX iCOMDEX Bullion Index are futures contracts of gold and silver, traded on MCX. The Index constituents meet the following criteria to be eligible for inclusion as a new selection or to continue as a selection at a rebalance in the Bullion index:
   a. They have been in existence on MCX for at least previous twelve months.
   b. They have a traded history for at least 90% of the trading days during preceding twelve months.
   c. Average daily turnover during the previous twelve months is at least Rs 500 Crore.

   Further details on methodology is provided in Index Methodology Document available on MCX website.

7. **How are constituent weights determined?**
The weights of the MCX iCOMDEX Bullion Index constituents are determined based on two factors: their economic significance to India and the liquidity of the futures contracts listed on MCX.
   a. Economic significance is assessed using the market size in India, determined as the average of the value of deliverable supply (production and imports) of gold and silver for past five financial years.
   b. Liquidity Value is assessed as the total traded value in the preceding twelve months of the respective commodity futures contract on MCX.
   c. Initial weights are then arrived based on weighted average of these two factors, with the Production Value weighted at 1/4th and the Liquidity Value at 3/4th.
   d. Starting with the initial weights so obtained, the final weights are arrived at by excluding constituents whose weights are below a threshold, assigning caps and floors to individual constituents and re-distributing the excess/ shortfall to/ from the other constituents.

   Details on methodology is provided in the Methodology Document available on MCX website.

   The weights of the constituents of MCX iCOMDEX Bullion Index (year 2025) are as below:

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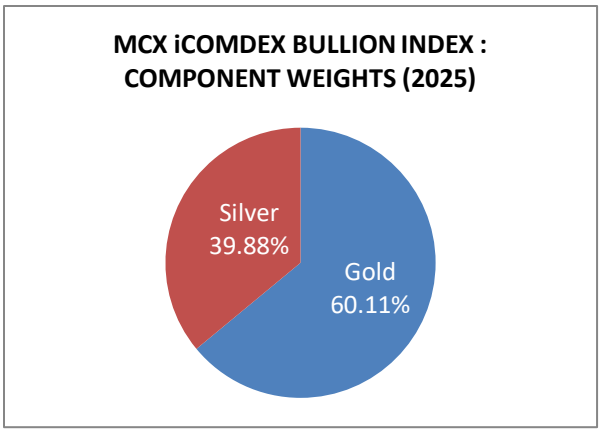

Note: Figures are rounded off

8. How is the MCX iCOMDEX Bullion Index rebalanced?

The MCX iCOMDEX Bullion index is rebalanced annually before the start of the January roll period. MCX announces the weights in October every year to ensure that the weights are known to the public at least three months in advance to the actual rebalancing of the Index.

9. Does the rebalancing of MCX iCOMDEX Bullion Index have an immediate impact on commodity index movement due to changes undertaken in constituent weights?

No, rebalancing of index does not have any impact on commodity index movement on account of the changes in weights. As is globally practiced, the impact of weight change of underlying constituents on index is taken care by appropriately applying the 'Divisor' or the 'Normalization Constant'.

10. How are Index values determined?

The calculation methodology of MCX iCOMDEX Bullion index is provided below:

1. Single commodity indices are calculated using the relevant commodity futures contract. Index on business day t, is calculated with reference to the previous business day t-1 as

$$\text{SINGLECOMINDEX}_t = \text{SINGLECOMINDEX}_{t-1} * \frac{\text{CSR}_t}{\text{CSR}_{t-1}}$$

where CSR is the price of the front expiry month of the relevant futures contract or, if day t falls within the two day roll period then CSR is the weighted average price of the front and immediate back expiry months

2. MCX iCOMDEX Bullion Index is calculated as weighted average of single commodity indices i.e.

$$MCX\ iCOMDEX\ Bullion\ Index = \frac{\sum_{i=1}^{n} SINGLECOMINDEX_t^i * W^i}{Divisor}$$

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where W_i is the weight of each individual commodity within the bullion index and the summation is over all n individual commodities belonging to bullion index.

11. Who manages the MCX iCOMDEX Bullion Index?

The MCX iCOMDEX indices are managed by a dedicated Index Administration team in MCX. The Index Administration team is supported by an Index Action Committee and an Index Advisory Committee, the latter consisting of external subject matter experts.

12. Does the Index follow any international index in design or administration?

The MCX iCOMDEX Bullion Index is an indigenously created index, whose constituents are futures contracts traded on MCX. The index adheres to the SEBI-prescribed guidelines for the design of commodity indices and also conforms to the financial benchmarks set by the International Organization of Securities Commissions (IOSCO) in construction, administration and governance, as certified by an independent external assurance firm.

13. Which are some of the major global commodity indices?

There are several commodity indices traded across global markets, of which the popular ones include the S&P Dow Jones/ S&P GSCI Commodity Indices, Bloomberg Commodity indices, Refinitiv CRB/ CoreCommodity CRB indices, etc.

14. What are the different ways in which an index like the MCX iCOMDEX Bullion index can be used?

An investor can use commodity indices to trade in derivative products on these indices, investing in products such as Exchange Traded Funds (ETFs) on these indices or using the indices to benchmark the performance of their commodity investment portfolios.

15. What does MCX iCOMDEX Bullion Index futures track?

MCX iCOMDEX Bullion Index futures are excess returns index futures which tracks the real-time performance of flagship near month MCX Gold (1 Kg) & Silver (30 Kg) futures contracts.

16. What is the trading unit?

30 times the Index Value

17. What is the symbol for MCX iCOMDEX Bullion Index futures?

The symbol is MCXBULLDEX.

18. What are the trading timings?

The trading timings are from 9:00 a.m. to 11:30 p.m. / 11:55 p.m.

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19. How many futures contracts will be available for trading on a given day?

There will be at least three futures contracts (All calendar months) available for trading at all times.

20. What is the tick size?

This means that the minimum price fluctuation in the value of a contract. The tick size is presently "1" or 1 rupee. In Rupee terms, this translates to a minimum price fluctuation of Rs. 30 for a single transaction of MCX iCOMDEX Bullion Index Futures contract (Tick size X Contract Multiplier = 1 X Rs. 30).

21. How is the final settlement price (FSP) determined?

The final settlement price (FSP) will be the underlying Index price arrived at based on Volume Weightage Average Price of the constituents of the underlying Index between 4:00 p.m. and 5:00 p.m. on the expiry day of the Index futures contract*.

22. When is the contract start day?

20th day of contract launch month. If 20th day is a holiday then the following working day.

23. When is the contract last trading day?

The contract last trading day is one business day prior to the start of rollover period in the underlying constituent/(s) index. In case, if there are no rollover during any calendar month, the contract will expire on 25th day of the month. If 25th day is a holiday, then preceding working day.

*Note: * For more details, may refer relevant contract specification document available on www.mcxindia.com*

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