Chapter 903
London Silver Forwards

90301.  Description
90301.1 A London Silver Forward is a physically delivered silver forward contract. Delivery occurs through unallocated bullion accounts at banks in London. Delivery takes place at the original agreed transaction price.
90301.2 The CME Clearing Europe commodity code shall be ELSF.

90302.  Contract Size
90302.1 The contract size shall be one thousandth of one troy ounce (i.e. 0.001 troy ounces).

90303.  Contract Days
90303.1 In respect of London Silver Forwards, a valid delivery day shall be a day that is a business day in both London and New York. London Silver Forwards shall be available for clearing for each valid delivery day, from the next delivery day from the current date, to and including the day that is five calendar years from the ‘spot’ date (which is the day that is two valid delivery days from the current date).
90303.2 Where the agreed delivery day of a London Silver Forward is subsequently determined to fall on a day that is not a valid delivery day, the delivery day shall be the following valid delivery day, unless such day falls in the calendar month following the calendar month of the originally agreed delivery day, in which case the delivery day shall be the preceding valid delivery day.

90304.  Prices
90304.1 Prices shall be quoted in U.S. dollars and cents per troy ounce.
90304.2 The minimum price fluctuation shall be $0.00001 per troy ounce.
90304.3 There shall be no maximum price fluctuation.

90305.  Daily Settlement Prices
90305.1 The Clearing House shall establish settlement prices in respect of open positions for the purposes of position valuation and variation margin calculation, as described in the Clearing Procedures.

90306.  Termination of Trading
90306.1 Trade submission shall cease on the last business day prior to the delivery day.
90306.2 On the last trading day, as described in 90306.1, the final time for trade submission shall be 4:00pm London time.

90307. **Liquidation Prior to Delivery Day**

90307.1 Prior to the delivery day, offsetting long and short positions may only be closed out upon the request of the Clearing Member to the Clearing House, and in the manner prescribed by the Clearing House.

90308. **Delivery Price and Delivery Value**

90308.1 The Delivery Price shall be the agreed transaction price, and the Delivery Value shall be such Delivery Price multiplied by the number of troy ounces to be delivered.

90308.2 Notwithstanding 90308.1, the Clearing House may determine an alternative Delivery Price and Delivery Value in order to facilitate the netting of multiple contracts. In such cases however, the combined Delivery Value shall be the combined totals of the Delivery Values of the constituent contracts (combined to reflect the long or short nature of each constituent contract), and the revised Delivery Price applying to all constituent contracts shall equal the combined Delivery Value divided by the net number of troy ounces to be delivered.

90308.3 The Delivery Value shall be rounded to the nearest $0.01, or in the case of an exact uneven multiple of $0.005, to the nearest higher $0.01. Such rounding shall occur once netting as described in 90308.2 has taken place.

90309. **Delivery**

90309.1 Contracts remaining open in respect of a specified delivery day shall result in the delivery through book-entry transfer of silver in ‘unallocated’ form via an account denominated in silver operated by a member of London Precious Metals Clearing Limited. Such silver shall represent metal which meets or exceeds the standards of the London Bullion Market Association within its Good Delivery Rules and Good Delivery Specifications for ‘Loco London’ delivery.

90309.2 On the last trading day, as described in 90306.1, by the time prescribed by the Clearing House, Clearing Members having either open long or open short positions shall notify the Clearing House of the following information:

(1) Clearing Members having open long positions (buyers) shall provide the following information in respect of each open position in a manner prescribed by the Clearing House:

(a) the name and address of the long Clearing Member’s bank used for the acceptance of unallocated silver, and account number; and

(b) the name and address of the long Clearing Member’s bank used for the payment of US dollars, and account number.
Clearing Members having open short positions (sellers) shall provide the following information in respect of each open position in a manner prescribed by the Clearing House:

(a) the name and address of the short Clearing Member's bank used for the delivery of unallocated silver, and account number; and

(b) the name and address of the short Clearing Member's bank used for the receipt of US dollars, and account number.

90309.3 On the delivery day, Clearing Members having open short positions (sellers) shall authorise unallocated silver as specified in 90309.1 to be transferred to the account of the Clearing House, by the time as prescribed by the Clearing House.

90309.4 Subject to the notification to the Clearing House of all of the information specified in 90309.2(2) and successful fulfilment of the transfers described in 90309.3, the Clearing House shall transfer the Delivery Value to the account of the Clearing Member with the open short position as provided in accordance with 90309.2(2)(b) by the time as prescribed by the Clearing House, provided, however, that if the Clearing House is unable to do so by such time as a result of circumstances beyond its control, it will do so as soon as reasonably practicable.

90309.5 On the delivery day, Clearing Members having open long positions (buyers) shall authorise the payment of the Delivery Value, as described in 90308, by such method as prescribed by the Clearing House to the account of the Clearing House, by the time as prescribed by the Clearing House.

90309.6 Subject to the notification to the Clearing House of all of the information specified in 90309.2(1) and successful fulfilment of the transfers described in 90309.5 the Clearing House shall deliver unallocated silver to the account of the Clearing Member with the open long position as provided in accordance with 90309.2(1)(a) by the time as prescribed by the Clearing House, provided, however, that if the Clearing House is unable to do so by such time as a result of circumstances beyond its control, it will do so as soon as reasonably practicable.

Last updated: 21 August 2012