
NATIONAL COMMODITY CLEARING LIMITED

Circular to all Members of the Clearing Corporation

Circular No. : NCCL/CLEARING-001/2018

Date : September 24, 2018

Subject : Commencement of Operations by National Commodity Clearing Limited (NCCL) with effect from September 27, 2018

National Commodity Clearing Limited (“NCCL”), a wholly owned subsidiary of National Commodity & Derivatives Exchange Ltd (NCDEX) has received recognition as a Clearing Corporation vide SEBI’s letter no. SEBI/HO/CDMRD/DEA/OW/P/2018/025765/1 dated September 12, 2018 and a publication to that effect in the gazette of India vide notification SEBI/LAD-NRO/GN/2018/35 dated September 10, 2018.

Further, NCCL has entered into an agreement with NCDEX to provide the services of Clearing and Settlement of Derivative Contracts traded on NCDEX and accordingly with effect from September 27, 2018, all trades executed on NCDEX will be cleared and settled by NCCL in accordance with the Rules, Bye-laws and Regulations of NCCL.

All existing Clearing Members of NCDEX meeting the prescribed eligibility norms for admission as Members of NCCL shall be admitted as Clearing Members of NCCL (hereinafter referred to as “Members”) and are hereby informed as under:

1. All existing Clearing Members of NCDEX viz. Trading-cum-Clearing Members (TCM), Strategic Trading-cum-Clearings (STCM) and Professional Clearing Members (PCM) shall stand admitted as Clearing Members of NCCL with all rights and obligations attached to their membership in NCDEX intact without any immediate action on their part.
2. The existing Member registration ID (TMID) and Clearing member ID (CMID) will remain unchanged and members shall continue to mention the same in any future correspondence with NCDEX/NCCL as the case may be.
3. The trades executed on NCDEX shall be cleared and settled by NCCL (Trades executed on September 26, 2018 and onwards on NCDEX shall be cleared and settled through NCCL with effect from September 27, 2018).
4. The Rules, Bye-laws and Regulations of NCCL would be applicable from September 27, 2018 to Members of NCCL and their Constituents and Participants.
5. All existing deposits placed by the Members towards Base Capital and Additional Base Capital in favour of NCDEX shall stand transferred in favour of NCCL on and from September 27, 2018 and shall continue to be valid and enforceable by NCCL.
6. Any fresh collateral deposits towards Base Capital and Additional Base Capital will have to be given directly to NCCL and should be in favour of NCCL. The existing collateral should be renewed in favour of NCCL at the time of renewal.
7. Members who have pledged shares, Commodities, mutual fund units and any other security/ies towards collaterals shall be required to place a release request to NCDEX on

September 26, 2018 and submit a request to the Custodian (HDFC Bank / Stock Holding Corporation of India Ltd) for re-pledging such securities in favour of NCCL. On the basis of valuation report received from the Custodian on September 27, 2018, benefit of such securities pledged if any, shall be provided by NCCL.

8. Collateral Deposits placed by Members towards Base Minimum Capital shall continue to be in favour of NCDEX. New/Renewal of collateral deposits towards Base Minimum Capital will continue to be accepted by NCDEX in favour of NCDEX.
9. The current process of pay-in / pay-out pertaining to funds settlement through Clearing Banks remains unchanged. The Clearing and Settlement accounts of Members with the Clearing Banks shall continue without any change in the account numbers. All the Clearing Banks are authorized to debit the Clearing Members' settlement accounts upon instruction of NCCL.
10. The current process of pay-in / pay-out of commodities pertaining to physical settlement of underlying commodities through COMTRACK® / Repository account remains unchanged. Members and other participants shall continue to use their existing COMTRACK® / Repository account for this purpose.
11. The Clearing Members shall continue to be responsible for any liability that may arise out of the settlements including deliveries tendered through NCDEX prior to 27.09.2018.
12. In terms of NCDEX circular no. NCDEX/RISK-014/2018/194 dated August 07, 2018, NCCL shall block an amount of Rs 50 Lakhs towards Minimum Liquid Net-worth from the available collaterals of the Members with effect from September 27, 2018.
13. Members may be required to submit additional documentation to NCCL and NCDEX as and when required, for smooth conduct of operations.
14. All undertakings given by Clearing Members to NCDEX and all the circulars, notifications, product notes issued by the NCDEX from time to time, shall mutatis mutandis apply in favour of NCCL, until, they are otherwise modified by NCCL.

For and on behalf of
National Commodity Clearing Limited

Hemant Singhvi
Chief Operating Officer

For further information / clarifications, please contact

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