
NATIONAL COMMODITY CLEARING LIMITED

Circular to all Members of the Clearing Corporation

Circular No. : NCCL/RISK-008/2019

Date : June 12, 2019

Subject : Concentration Margin – Revision in Concentration Margin and Threshold Level

Members are requested to refer to SEBI circular no. CDMRD/DMP/CIR/P/2018/126 dated September 27, 2018 on Master Circular for Commodity Derivatives Market. Pursuant to the above guidelines and with a view to further strengthen the Risk Management Framework, the Clearing Corporation has decided to revise the Concentration Margin and Threshold Level.

The Concentration Margin will be levied at clearing member level and client level based on the following criteria -

Clearing Member Level: The percentage share of a clearing member's open interest to the market wide open interest in a given commodity.

The Concentration Margin would be applicable in respect of all contracts in the commodity unless specified otherwise and would be made applicable as follows:

Clearing Member Open Interest (OI) as % of Market wide OI in the commodity	Concentration Margin
0% to 10%	Nil
10% to 15%	1.00%
15% to 20%	2.00%
20% to 25%	3.00%
25% to 30%	4.00%
Above 30%	5.00%

Client Level: The percentage share of client's open interest to the market wide open interest in a given commodity.

The Concentration Margin would be applicable in respect of all contracts in the commodity unless specified otherwise and would be made applicable as follows:

Client OI as % of Market-wide OI in the commodity	Concentration Margin	
	Broad Commodities	Narrow and Sensitive Commodities
Up to 5%	Nil	Nil
5% to 10%	1.00%	2.00%
10% to 15%	1.50%	3.00%
15% to 20%	2.50%	5.00%
20% to 25%	3.50%	7.00%
Above 25%	4.00%	10.00%

-
- a. The concentration margin would be applicable at a specific client level and clearing member level for a particular commodity i.e. only those members/clients having OI that is eligible for charging of Concentration Margin as per the tables above. This margin shall be over and above all other margins as may be applicable.
 - b. The Concentration Margin corresponding to a slab would be applied only on the incremental open interest for that slab.
 - c. Concentration margins would become applicable to commodities only when the overall market wide OI of a commodity exceeds the specified Threshold Level of OI for that commodity. The Threshold Levels for commodities are given in Annexure I.
 - d. Clients who hedge through a Hedge Code would be exempted from levy of Concentration Margin at the client level to the extent of positions held in the Hedge Code provided by the Exchange under its Hedge Policy issued vide circular no. NCDEX/CLEARING-019/2016/246 dated September 28, 2016.
 - e. As per SEBI circular no. SEBI/HO/CDMRD/DMP/CIR/P/2018/134 dated October 9, 2018 concentration margin shall be levied on Eligible Foreign Entities (EFEs).
 - f. The list of the narrow and sensitive commodities is given in Annexure II.

The circular shall be effective from beginning of trading day July 01, 2019.

Members and participants are requested to note the above.

For and on behalf of
National Commodity Clearing Limited

Ruchit Chaturvedi
Head – Risk Management

For further information / clarifications, please contact

1. Customer Service Group on toll free number: 1800 266 6007
2. Customer Service Group by e-mail to : contactus@nccl.co.in

Annexure I
Threshold Levels

The peak thresholds and lean thresholds shall be applicable from the first trading day from the start of the month of the respective peak and lean period.

Commodity	Measure	Peak Period	Peak Threshold	Lean Period	Lean Threshold
BARLEY	MT	April to December	8,370	January to March	1,210
CASTOR SEED	MT	February to October	129,675	November to January	123,135
CHANA	MT	March to November	80,810	December to February	87,820
CORIANDER	MT	April to December	36,310	January to March	30,130
29 MM COTTON	Lot	October to June	2,270	July to September	2,270
UNDECORTICATED COTTON SEED OIL CAKE	MT	December to August	152,400	September to November	95,880
CRUDE PALM OIL	MT	January to December	101,010	January to December	101,010
GUAR GUM	MT	October to June	64,690	July to September	55,025
GUAR SEED	MT	October to June	130,030	July to September	105,340
JEERA	MT	March to November	14,379	December to February	8,997
KAPAS	Lot	October to June	8,269	July to September	6,497
MAIZE - FEED/ INDUSTRIAL GRADE	MT	January to December	12,320	January to December	12,320
REFINED SOY OIL	MT	October to June	99,220	July to September	117,120
RAPESEED- MUSTARD SEED	MT	March to November	97,750	December to February	45,030
SOY BEAN	MT	October to June	259,460	July to September	117,660
SUGAR (M GRADE)	MT	October to June	7,370	July to September	13,660
TURMERIC	MT	March to November	21,315	December to February	13,425
WHEAT	MT	April to December	14,380	January to March	4,730

Annexure II

List of Narrow and Sensitive Commodities

Sr. No	Commodity
1	BARLEY
2	CHANA
3	CORIANDER
4	GUAR GUM
5	JEERA
6	SUGAR (M GRADE)
7	TURMERIC
8	WHEAT