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**NATIONAL COMMODITY CLEARING LIMITED**

Circular to all Members of the Clearing Corporation

Circular No. : NCCL/RISK-012/2022

Date : March 24, 2022

Subject : Cross Margin in Commodity Index Futures and its underlying constituent futures or its variants – NCDEX GUAREX

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Reference is drawn to SEBI circular no. SEBI/HO/CDMRD/CDMRD\_DRM/P/CIR/2021/586 dated June 29, 2021 on Cross Margin in Commodity Index Futures and its underlying constituent futures or its variants, NCCL circular nos. NCCL/RISK-001/2018 dated September 26, 2018 on Risk Management framework and NCCL/RISK-030/2021 dated August 13, 2021 on Margins for Index Futures Contracts on NCDEX GUAREX and NCDEX circular no. NCDEX/TRADING-018/2021 dated July 03, 2021 on Launch of SECTORAL INDICES – NCDEX GUAREX & NCDEX SOYDEX.

Members are hereby informed that cross margin benefit in initial margin between NCDEX GUAREX Index Futures and its underlying constituent futures or its variants shall be provided.

Following provisions shall be applicable in this regard:

1. Eligibility
  - a. To be eligible for cross margin benefit, contracts belonging to Index futures and its underlying constituents or its variants shall belong to same expiry month or to the nearest expiry month and should be from amongst the first three expiring contracts only
  - b. Cross Margin benefit on the eligible positions shall be withdrawn equally in three days prior to the start of expiry date including expiry date of the Index Futures.
2. Computation of cross margin benefit
  - a. Cross margin benefit of 75 % on Initial Margin may be allowed for eligible offsetting positions of index futures and futures of its underlying constituents or its variants.
  - b. The Extreme Loss Margin and Mark to Market Margin shall continue to be levied.
  - c. Additional margin shall not be levied.

This circular shall be effective from beginning of trading day March 28, 2022.

Members and participants are requested to note the above.

For and on behalf of  
**National Commodity Clearing Limited**

Ruchit Chaturvedi  
Head – Risk Management

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For further information / clarifications, please contact

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