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**NATIONAL COMMODITY CLEARING LIMITED**

Circular to all Members of the Clearing Corporation

Circular No. : NCCL/CLEARING-029/2021

Date : August 18, 2021

Subject : Penalty for Repeated Delivery Default

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The Securities and Exchange Board of India (SEBI) has issued a circular no. SEBI/HO/CDMRD/DRMP/CIR/P/2021/619 dated August 17, 2021 on "Penalty for Repeated Delivery Default".

A copy of the referred SEBI circular is enclosed as Annexure.

Members are requested to take note of the same.

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

Vidyadar Bangera  
Vice President

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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](mailto:contactus@nccl.co.in)



भारतीय प्रतिभूति और विनिमय बोर्ड  
Securities and Exchange Board of India

CIRCULAR

SEBI/HO/CDMRD/DRMP/CIR/P/2021/619

August 17, 2021

To,

The Managing Directors / Chief Executive Officers,  
All Clearing Corporations having Commodity Derivatives Segment

Sir / Madam,

**Sub: Penalty for Repeated Delivery Default**

1. SEBI had stipulated delivery default norms vide Circular [SEBI/HO/CDMRD/DRMP/CIR/P/2021/35](#) dated March 23, 2021. It is felt that there is a need to put in place a suitable deterrent mechanism to address instances of repeated delivery defaults. This is expected to further strengthen the delivery mechanism and ensure market integrity.
2. In view of the above, in consultation with Clearing Corporations (CCs), the following has been decided:
  - 2.1. In the case of repeated default by a seller or a buyer, for each instance of repeated default, an additional penalty shall be imposed, which shall be 3 % of the value of the delivery default.
  - 2.2. Repeated Default shall be defined as an event, wherein a default on delivery obligations takes place 3 times or more during a six months period on a rolling basis.
  - 2.3. The penalty levied shall be transferred to Settlement Guarantee Fund (SGF) of the Clearing Corporation.
3. The circular shall be effective after one month from the date of issuance of the circular.
4. This circular is issued in exercise of the powers conferred under Section 11(1) of the Securities and Exchange Board of India Act 1992, read with Section 10 of the Securities Contracts (Regulation) Act, 1956 to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.
5. This circular is available on SEBI website at [www.sebi.gov.in](http://www.sebi.gov.in).

Yours faithfully,

**Vishal V. Nair**  
Deputy General Manager  
Division of Risk Management  
Commodity Derivatives Market Regulation Department  
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