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**NATIONAL COMMODITY CLEARING LIMITED**

Circular to all Members of the Clearing Corporation

Circular No. : NCCL/RISK-022/2019

Date : October 01, 2019

Subject : Voluntary Tear Up of participants positions for Castor Seed (CASTOR)

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This is with reference to circular no. NCCL/RISK-001/2018 dated September 26, 2018 on Risk Management framework. In terms of said circular, in the event of a Member/Client failing to honour pay-in/margin obligations, NCCL may employ alternative tools to liquidate the positions and regain a matched book. Members are hereby informed that NCCL shall use Voluntary Tear up alternative to close out defaulting clearing member's long positions in Castor seed contracts from 3:00 p.m. to 4:00 p.m. today i.e. October 1<sup>st</sup>, 2019. Accordingly the clearing members can nominate their contracts for tear up to assist in restoration of a matched book.

The non-defaulting members/clients having short positions in castor seed contracts can only participate.

The non-defaulting members can voluntarily give their consent to tear up their short positions contracts. In case NCCL receives more nominations from the non-defaulting members for tear up then the allocation shall be done on pro-rata basis or as decided by NCCL.

The voluntary tear up of trades will be executed at the Daily Settlement Price of respective contract of castor seed as on 30th September 2019.

Compensation will be paid to the non-defaulting members whose contracts have been selected for tear up. The compensation shall be @ 8% of Daily Settlement Price (of 30th September 2019) of respective Castor Seed contracts. The compensation amount will be settled through credit in the settlement account on 3<sup>rd</sup> October 2019.

The below quantity is available for voluntary tear up. Minimum voluntary tear up quantity is 100MT with a multiple of 5MT thereafter.

<b>Expiry</b>	<b>Indicative Quantity (MT)</b>
18-Oct-19	14660
20-Nov-19	7890
20-Dec-19	940

It may please be noted that Voluntary tear up trades shall not be executed in the normal order book.

NCCL shall not have any liability whatsoever to any Clearing Member or to any other person (including, without limitation, any Client or (Associated) Trading Member) in respect of any damage, loss, cost or expense of whatsoever nature suffered or incurred by a Clearing Member or any other person, as the case may be, as a result of the voluntary tear up of positions.

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Members can submit their consents as per the format attached and forward the same to the email id [dmc@nccl.co.in](mailto:dmc@nccl.co.in)

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

Ruchit Chaturvedi  
Head – Risk Management

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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)

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**Annexure I**

**[Format for submission of consent by the Trading Member for Voluntary Tear up of Open Positions (To be submitted to the Clearing Corporation through Clearing Member) (To be printed on letter head of Trading Member)]**

Date: October 1, 2019  
From: Name of the Member:  
Code of the Member:

To  
The Risk Department  
National Commodity Clearing Limited.

Sub: Consent for the Voluntary Tear up of Positions

Dear Sir,

Please tear up our following castor seed sell contracts

(In multiple of 5 MT)

Sr. No.	CM Id	TM Id	Client Id	Expiry Date	Sell Quantity

Name of the authorized signatory:

Signature of the authorized signatory:  
(Trading Member)