



MCX Circular No. MCX/MCXCCL/585/2019

October 15, 2019

MCXCCL Circular No. MCXCCL/RISK/250/2019

Revision in client level Concentration Margin in Castor Seed (CASTORSEED) contracts

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 and MCXCCL Circular no. MCXCCL/RISK/243/2019 dated October 10, 2019 on Revision in Threshold Limits for Concentration Margin.

Pursuant to the above guidelines and the Joint Surveillance meeting of the Exchanges and SEBI, it has been decided to revise the Concentration Margin in Castor Seed contracts. The revised Concentration Margin will be levied at client level based on the following criteria:

In case the concentration of the top 25 clients on the Long or Short side is greater than 30% of the commodity level Open Interest, then a Concentration Margin of 5 % would be levied on the top 25 clients on both long and short side at Commodity level in Castor seed contracts. Out of this 5% concentration margin, 2.5% would be applicable with effect from November 11, 2019 and balance 2.5% would be applicable with effect from December 02, 2019.

Based on the positions of related clients and entities acting in concert, if required, the same may further be increased to cover upto 50 % of the commodity level Open Interest on both Long and Short side in order to ensure market safety and integrity.

The concentration margin would be applicable only for those clients having commodity level position of value above INR 5 crore.

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. MCX/T&S/309/2016 dated September 28, 2016.

Concentration Margins would continue to be applicable at the Clearing Member level as per provisions prescribed in Circular No MCXCCL/RISK/243/2019 dated October 10, 2019.

Members and participants are requested to note the above.

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