



MCX Circular No. MCX/MCXCCCL/573/2021

September 03, 2021

MCXCCL Circular No. MCXCCL/RISK/230/2021

Review of Margin Framework for Commodity Derivatives Segment

In terms of the provisions of the Rules, Bye-Laws and Regulations of the Multi Commodity Exchange Clearing Corporation Limited (MCXCCL) and pursuant to the SEBI circular no SEBI/HO/CDMRD/DRMP/CIR/P/2020/15 dated January 27, 2020, SEBI circular no SEBI/HO/CDMRD/DRMP/CIR/P/2021/08 dated January 11, 2021 and in modification to MCXCCL circular MCXCCL/RISK/055/2020 dated March 3, 2021, Clearing Members of the MCXCCL are notified as under:

MCXCCL has categorized the commodities based on their realized volatility and classified the commodities into three categories of volatility. Accordingly, the applicable minimum initial margin (IM), Short Option Minimum Margin (SOMM), minimum Margin period of Risk (MPOR) and minimum Volatility Scan Range (VSR) is provided as **Annexure -1**.

In case of Agri Commodities an additional lean period margin of 2% shall be imposed on contracts expiring during lean period. The details of lean period shall be available on the website of the lead Exchange.

The provisions of this circular shall be applicable from begin of day on **October 1, 2021**.

Members are requested to take note of the same.

Mohamed Aslam Shaikh
Risk Management

Encl.: As above

Kindly contact Customer Support on 022 - 6649 4040 or send an email at customersupport@mcxindia.com for any clarification.

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Annexure 1

Sr. No	Commodity	Lead Exchange	Volatility Category	Applicable Minimum IM %	Short Option Minimum Margin % (SOMM)	Applicable Minimum MPOR	Applicable Minimum VSR (%)
1	COTTON	MCX	Low	8	-	3	-
2	GOLD	MCX	Low	6	6	2	4
3	KAPAS	NCDEX	Low	8	-	3	-
4	ALUMINIUM	MCX	Medium	8	-	2	-
5	COPPER	MCX	Medium	8	8	2	5
6	CRUDE PALM OIL	MCX	Medium	10	-	3	-
7	LEAD	MCX	Medium	8	-	2	-
8	RUBBER	MCX	Medium	10	-	3	-
9	CARDAMOM	MCX	High	12	-	4	-
10	CRUDEOIL*	MCX	High	20	20	3	20
11	MENTHAOIL	MCX	High	12	-	4	-
12	NATURALGAS	MCX	High	10	-	3	-
13	NICKEL	MCX	High	10	-	3	-
14	SILVER	MCX	High	10	10	3	6
15	ZINC	MCX	High	10	10	3	6

* As per Volatility category of Crudeoil applicable minimum IM (%), SOMM (%) and VSR (%) is 10%, 10% and 6% respectively. However in view of the volatility experienced in Crude Oil contracts in the past and as per MCXCCL circular no MCXCCL/RISK/029/2021 dated February 4, 2021 applicable minimum IM (%), SOMM (%) and VSR (%) is kept as 20%.

Note:

1. The revised minimum IM %, SOMM, VSR % and minimum MPOR shall also be applicable to the variants of the above commodities.
2. Initial Margin shall be higher of minimum Initial Margin as prescribed in the above table or VaR scaled up by MPOR of respective commodity.
3. The margins levied on seller of the Options shall be higher of SOMM as prescribed in the above table or VaR scaled up by MPOR of respective commodity.
4. For options on goods Margin Period of Risk (MPOR) shall be at least equal to three days or MPOR of corresponding futures contracts, whichever is higher.