



MCX Circular No. MCX/MCXCCL/587/2024

September 05, 2024

MCXCCL Circular No. MCXCCL/RISK/223/2024

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/53/2023 dated March 05, 2024 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 01, 2024**.

Members are requested to take note of the same.

Himanshu Raja
Chief Risk Officer

Encl.: As above

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

----- Corporate office -----
Multi Commodity Exchange Clearing Corporation Limited
Exchange Square, CTS No. 255, Suren Road, Chakala, Andheri (East), Mumbai – 400 093
Tel.: 022 – 68646000/50956000 Fax: 022 – 67269558 CIN: U74999MH2008PLC185349
www.mcxcl.com email: customersupport@mcxindia.com

Annexure 1

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

* In view of the volatility experienced in Crude Oil and Natural Gas contracts in the past and as per MCXCCL circular no MCXCCL/RISK/203/2024 dated August 13, 2024 and as per MCXCCL circular no MCXCCL/RISK/202/2023 dated August 23, 2023 applicable minimum IM (%), SOMM (%) and VSR (%) is kept as 33%, 33% and 33% for Crude Oil and 13%, 13% and 6% for Natural Gas respectively.

** As per MCXCCL circular no MCXCCL/RISK/209/2024 dated August 21, 2024 applicable minimum IM (%), SOMM (%) and VSR (%) is kept as 16%, 16% and 6% respectively.

*** As per MCXCCL circular no MCXCCL/RISK/207/2024 dated August 20, 2024 applicable minimum Margin Period of Risk (MPOR) is kept as Seven (7).

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.

NSE Clearing Limited

(Formerly known as National Securities Clearing Corporation Ltd.)

Circular

Department: Commodity Derivatives Segment	
Download Ref No: NCL/COM/63781	Date: September 06, 2024
Circular Ref. No 0160/2024	

All Members,

Sub: Review of Margin Framework for Commodity Derivatives Segment

This is in modification to our circular no. 0041/2024 (Download Ref no NCL/COM/60970) dated March 06, 2024, and with reference to SEBI Circular dated January 27, 2020 on Review of Margin Framework for Commodity Derivatives Segment and SEBI circular dated January 11, 2021 on Review of Volatility Scan Range (VSR) for Option contracts in Commodity Derivatives Segment.

Following shall be the categories of the commodities based on the criteria specified in abovementioned circular:

Commodities	Commodity Type	Volatility Category	Applicable Minimum IM %	Short Option Minimum Margin %	Applicable Minimum MPOR	Applicable Minimum VSR (%)
GOLD	Non -Agri	Low	6	6	2	4
LEAD	Non -Agri	Low	6	N.A.	2	N.A.
COPPER	Non -Agri	Medium	8	8	2	5
SILVER**	Non -Agri	High	10	10	3	6
NATURALGAS*	Non -Agri	High	10	10	3	6
CRUDEOIL*	Non -Agri	High	10	10	3	6
ALUMINIUM	Non -Agri	High	10	N.A.	3	N.A.
NICKEL	Non -Agri	High	10	N.A.	3	N.A.
ZINC	Non -Agri	High	10	10	3	6

*Note: As per NCL circular no. NCL/COM/63424 dated August 14, 2024 and as per Circular no. NCL/COM/58123 dated August 28, 2023, applicable minimum IM (%), SOMM (%) and VSR (%) is kept as 33%, 33% and 33% for Crude Oil and 13%, 13% and 6% for Natural Gas respectively.

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***Note: As per NCL circular no. NCL/COM/63514 dated August 22, 2024 applicable minimum IM (%), SOMM (%) and VSR (%) is kept as 16%, 16% and 6% respectively .*

Note:

- The Minimum IM % mentioned in the above table shall not be scaled up by MPOR.
- For options on goods, MPOR shall be at least equal to three days or MPOR of corresponding futures contracts, whichever is higher.
- All other margins inter alia Extreme Loss Margin, ICMTM Margin, Tender Period Margin, Delivery Period Margin, Concentration Margin, Additional Margin and Special Margin as currently applicable shall continue.

The provisions of this circular shall be applicable from beginning of day on October 01, 2024.

Members are requested to take note of the above.

**For and on behalf of
NSE Clearing Limited**

Huzefa Mahuvawala
Chief Risk Officer

Telephone No	Fax No	Email id
1800 266 0050(Select IVR option No 2)	022-26598243	risk_ops@nsccl.co.in