
NATIONAL COMMODITY CLEARING LIMITED

Circular to all Members of the Clearing Corporation

Circular No. : NCCL/RISK-026/2024

Date : June 19, 2024

Subject : Concentration Margin – Revision in Threshold Levels

Reference is drawn to the SEBI Master circular for Commodity Derivatives Market vide SEBI/HO/MRD/MRD-PoD-1/P/CIR/2023/136 dated August 04, 2023 and NCCL circular nos. NCCL/RISK-011/2023 dated February 23, 2023 on Revision in client level Concentration Margin in Barley, Castor, Coriander, Guar Gum, Guar Seed, Jeera and Turmeric contracts and NCCL/RISK-017/2024 dated April 23, 2024 on Master Circular - Risk Management.

The revised Concentration Margin thresholds are as provided in Annexure I.

The members are requested to note that Concentration Margin on all the commodity contracts will be levied at clearing member level and client level based on the following criteria –

Clearing Member Level: The percentage share of a clearing member's open interest to the market wide open interest in a given commodity.

The Concentration Margin would be applicable in respect of all contracts in the commodity unless specified otherwise and would be applicable as follows:

Clearing Member Open Interest (OI) as % of Market wide OI in the commodity	Concentration Margin
0% to 10%	Nil
10% to 15%	1.00%
15% to 20%	2.00%
20% to 25%	3.00%
25% to 30%	4.00%
Above 30%	5.00%

Client Level: The percentage share of client's open interest to the market wide open interest in a given commodity.

Further, Members may also note that the Concentration Margin would be applicable in respect of all contracts in the commodity unless specified otherwise and would be applicable as follows:

Client OI as % of Marketwide OI in the commodity	Concentration Margin	
	Broad Commodities	Narrow and Sensitive Commodities
Up to 5%	Nil	Nil
5% to 10%	1.00%	2.00%
10% to 15%	1.50%	3.00%
15% to 20%	2.50%	5.00%
20% to 25%	3.50%	7.00%
Above 25%	4.00%	10.00%

(Note: Broad, Narrow and Sensitive Commodities for the above purpose shall have the same meaning as defined in SEBI guidelines.)

- a. The concentration margin would be applicable at a specific client level and clearing member level for a particular commodity i.e. only those members/clients having OI that is eligible for charging of Concentration Margin as per the tables above. This margin shall be over and above all other margins as may be applicable.
- b. The Concentration Margin corresponding to a slab would be applied only on the incremental open interest for that slab.

- c. Concentration margins would become applicable to commodities only when the overall market wide OI of a commodity exceeds the specified Threshold Level of OI for that commodity. The Threshold Levels for commodities are given in Annexure I.
- d. 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 as notified by the Exchange from time to time.
- e. As per SEBI circular no. SEBI/HO/CDMRD/DMP/CIR/P/2018/134 dated October 9, 2018 concentration margin shall be levied on Eligible Foreign Entities (EFEs).
- f. Higher concentration margins, if necessary, shall be specified by NCCL.
- g. Members are advised to update themselves on the applicable list of Narrow and sensitive commodities as may be notified from time to time. The list of the narrow and sensitive commodities is given in Annexure II.

This circular shall be effective from June 24, 2024 (from beginning of the trading day).

Members and participants are requested to note the above.

For and on behalf of
National Commodity Clearing Limited

Abhishek Soni
Chief Risk Officer

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

Annexure I

Threshold Levels

The peak thresholds and lean thresholds shall be applicable from the first trading day from the start of the month of the respective peak and lean period.

Commodity	Measure	Peak Period	Peak Threshold	Lean Period	Lean Threshold
Bajra - Feed Grade	MT	October to June	360,900	July to September	360,900
Barley	MT	April to December	179,500	January to March	179,500
Castor Seed	MT	February to October	165,600	November to January	130,400
Refined Castor Oil (First Special Grade – F.S.G)	MT	January to December	17,900	-	-
Undecorticated Cotton Seed Oil Cake - Akola	MT	December to August	156,000	September to November	98,100
Coriander	MT	April to December	38,200	January to March	27,900
29 mm Cotton	BALES	January to December	293,200	-	-
Groundnut (in shell) (Not for Direct Human Consumption) – Bikaner	MT	October to June	36,000	July to September	36,000
Guar Gum Refined Splits	MT	October to June	80,600	July to September	72,300
Guar seed	MT	October to June	151,100	July to September	125,600
Isabgol Seed	MT	March to November	12,700	December to February	12,700
Jeera	MT	March to November	9,300	December to February	9,200

Kapas	LOT	October to June	6,800	July to September	4,200
Maize - Feed/Industrial Grade	MT	January to December	409,900	-	-
Natural Whitish Sesame Seed	MT	January to December	28,000	-	-
Steel Long	MT	January to December	62,000	-	-
Crude Sunflower Oil	MT	January to December	59,500	-	-
Turmeric	MT	April to December	19,400	January to March	14,500

Annexure II**List of Narrow and Sensitive Commodities**

Sr. No	Commodity
1	Barley
2	Refined Castor Oil (First Special Grade – F.S.G)
3	Coriander
4	Groundnut (in shell) (Not for Direct Human Consumption) - Bikaner
5	Guar Gum Refined Splits
6	Isabgol Seed
7	Jeera
8	Natural Whitish Sesame Seed