

### Revision in Concentration Margin

In terms of provisions of the Rules, Bye-Laws and Business Rules of the Exchange, in compliance to the SEBI circular no. SEBI/HO/CDMRD//DRMP/CIR/P/2016/77 dated September 01, 2016 and in modification to circular no: MCX/T&S/397/2016 dated November 16, 2016, the members of the Exchange are notified as under:

With a view to further strengthen the Risk Management Framework; the Exchange has decided to revise the criteria for arriving at concentrated positions and the applicable concentration margins. Commodities shall be eligible for concentration margin if any one of the following conditions is met:

- A. The Open Interest Value of the commodity exceeds 5% of the Exchange Open Interest Value
- B. Threshold limits specified in Annexure 1.

Based on the assessment for the month of May 2018, the concentration margin for the period June 15, 2018 to July 14, 2018 shall be levied as under:

The applicable concentration margins at Client Level shall be as under:

Client OI vs. Exchange OI (In Value)	Commodities specified in Annexure 2A	Commodities specified in Annexure 2B
Up to 5%	Nil	Nil
5% to 10%	1.00%	1.50%
10% to 15%	1.50%	2.50%
15% to 20%	2.00%	3.50%
20% to 25%	2.50%	4.50%
Above 25%	3.00%	5.00%

The applicable concentration margins at Clearing Member Level shall be as under:

Member OI vs. Exchange OI (In Value)	All Commodities
0% to 10%	Nil
10% to 15%	1.00 %
15% to 20%	1.50 %
20% to 25%	2.00 %
25% to 30%	2.50 %
Above 30%	3.00 %

**Additional points:**

1. The concentration margins shall be calculated at the end of each day and shall be applicable for the next trading day till the End of Day and shall remain blocked from the available collateral deposits of the Member.
2. Concentration margin shall be over and above all other margins as may be applicable.
3. For Clients who have submitted documents for hedge limits and have been allocated Hedge Code, such positions in Hedge Code shall be excluded from levy of concentration margin.
4. Client's commodity level open interest shall be computed as netted position across contracts and variants.
5. In addition to client level concentration margins, Clearing Member level concentration margins shall also be applicable on incremental basis based on the defined slabs.
6. Clearing Member's commodity level open interest shall be computed as higher of summation of Long or Short positions of each TM-Client combination in the respective commodity grossed up at Clearing Member Level.
7. Concentration margins shall be made applicable only to open positions in Futures Contracts.
8. A file "MemberID\_Conc\_Margin\_ddmmyyyy.xls" and a file "MemberID\_Conc\_Margin\_CLI\_ddmmyyyy.xls" providing the extent of concentration margin blocked from the collateral deposits will be available in Member SFTP download folder.
9. The applicable concentration margins in narrow and sensitive commodities (specified in Annexure 3) shall be double the normal concentration margin slabs.
10. The Threshold Limits, applicable concentration margins and list of narrow / sensitive commodities shall be informed to the market participants on a monthly basis by way of a circular.

The provisions of this circular shall be applicable from June 15, 2018.

Members are requested to take note of the same.

Dhawal Shah  
Vice President

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Kindly contact Customer Support on 022- 6649 4000 or send an email at [customersupport@mcxindia.com](mailto:customersupport@mcxindia.com) for further clarification.

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## Annexure 1

### Threshold Limits for Concentration Margin

Sr. No.	Commodity	Threshold Limits	Unit
1	ALUMINIUM	39900	MT
2	BRASSPHY	3000	MT
3	CARDAMOM	104800	KGS
4	CASTORSEED	3000	MT
5	COPPER	19680500	KGS
6	COTTON	244400	BALES
7	CPO	108400	MT
8	CRUDEOIL	2933500	BBL
9	GOLD	14000	KGS
10	LEAD	27200	MT
11	MENTHAOIL	1411600	KGS
12	NATURALGAS	21559300	mmBtu
13	NICKEL	4584400	KGS
14	PEPPER	3000	MT
15	RBDPMOLEIN	3000	MT
16	SILVER	911500	KGS
17	ZINC	66100	MT

## **Annexure 2A**

<b>List of Commodities</b>
ALUMINIUM
BRASSPHY
COPPER
CRUDEOIL
GOLD
LEAD
NATURALGAS
NICKEL
ZINC

## **Annexure 2B**

<b>List of Commodities</b>
CARDAMOM
CASTORSEED
COTTON
CPO
MENTHAOIL
PEPPER
RBDPMOLEIN
SILVER

### **Annexure 3**

#### **List of Narrow and Sensitive Commodities**

<b>Commodity</b>
CARDAMOM
CASTORSEED
MENTHAOIL
PEPPER