



MCX Circular No. MCX/MCXCCCL/053/2021
MCXCCL Circular No. MCXCCL/RISK/022/2021

January 25, 2021

Review of Additional Risk Management measures in Crude Oil Contracts

In terms of provisions of the Rules, Bye-Laws and Regulations of Multi Commodity Exchange Clearing Corporation Limited ("MCXCCL") and in partial modification to circular MCXCCL/RISK/324/2020 dated December 22, 2020, Clearing Members of MCXCCL are notified as under:

Initial Margins (IM)/ Short Option Minimum Margins (SOMM):

Initial Margin / SOMM in Crude Oil contracts shall be higher of minimum Initial Margin / SOMM as provided in the MCXCCL Circular No. MCXCCL/RISK/206/2020 dated September 1, 2020 or VaR scaled up by MPOR of respective commodity. The details of applicable minimum initial margin / SOMM and MPOR is provided as under:

Applicable Minimum IM %	Short Option Minimum Margin % (SOMM)	Applicable Minimum MPOR
10.00	10.00	3

The above minimum initial margin / SOMM shall be applicable from beginning of day on **January 27, 2021**.

Further, in view of the volatility experienced in Crude Oil contracts in the past, MCXCCL shall review the minimum initial margins / SOMM when the market-wide Open Interest (OI) of Crude Oil contracts reaches Rs. 200 crores and thereafter in multiples of Rs. 100 crores. The minimum initial margins / SOMM shall be increased to 20% when OI reaches Rs. 200 crores and the date of implementation of these increased margins shall be informed by MCXCCL, through a separate circular.

The other provisions of circular MCXCCL/RISK/324/2020 dated December 22, 2020 shall continue to remain in force.

Members are requested to take note of the same.

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Risk Management Department

Kindly contact Customer Support on 022- 6649 4000 or send an email at customersupport@mcxindia.com for further clarification.