



## Revision in Threshold Limits for Concentration Margin

In terms of the provisions of the Rules, Bye-Laws and Regulations of the Multi Commodity Exchange Clearing Corporation Limited (MCXCCL) and in modification to Circular No. MCXCCL/RISK/091/2023 dated April 10, 2023 Clearing Members of the MCXCCL are notified as under:

As a risk management measure, Commodities shall be eligible for concentration margin as per the following conditions:

### A. For Non-Agri Commodities:

Commodities shall be eligible for concentration margin if any one of the following conditions is met

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

### B. For Agri Commodities:

Commodities shall be eligible for concentration margin if Open Interest exceeds Threshold limits specified in **Annexure-1**

Further for New & Re-launched Commodity, the threshold Open Interest Value of the commodity shall be subject to a minimum of "Rs.250 Crores" for Narrow & Sensitive Commodities and Rs 500 Crores for Broad Commodities. These minimum thresholds shall be applicable for 1 year from the date of launch of contracts in new /re-launched commodity.

Concentration margin shall be levied as under:

1. Commodity wise threshold limits applicable for concentration margin is specified in **Annexure 1**.
2. 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 | Narrow & Sensitive Commodities Annexure 3 |
|--------------------------------------|--------------------------------------|--------------------------------------|---|
| Up to 5%                             | Nil                                  | Nil                                  | Nil                                       |
| 5% to 10%                            | 1.00%                                | 1.50%                                | 2.00%                                     |
| 10% to 15%                           | 1.50%                                | 2.50%                                | 3.00%                                     |
| 15% to 20%                           | 2.50%                                | 4.00%                                | 5.00%                                     |
| 20% to 25%                           | 3.50%                                | 5.50%                                | 7.00%                                     |
| Above 25%                            | 4.00%                                | 6.00%                                | 10.00%                                    |

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

| <b>Member OI vs. Exchange OI (In Value)</b> | <b>All Commodities</b> |
|---|------------------------|
| 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 %                 |

4. **Additional points:**

- i. 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.
- ii. Concentration margin shall be over and above all other margins as may be applicable.
- iii. 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.
- iv. As per SEBI circular no. SEBI/HO/CDMRD/DMP/CIR/P/2018/134 dated October 9, 2018 concentration margin shall also be levied on Eligible Foreign Entities (EFEs).
- v. Client's commodity level open interest shall be computed as netted position across contracts and variants.
- vi. In addition to client level concentration margins, Clearing Member level concentration margins shall also be applicable based on the defined slabs.
- vii. 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.
- viii. Concentration margins shall be made applicable only to open positions in Futures Contracts.
- ix. Following files shall be made available in Member's SFTP download folder providing the extent of concentration margin blocked from the collateral deposits of Clearing Member.
  - a. **For Clearing Member**
    1. Clearing Member ID\_Conc\_Margin\_ddmmyyyy.xlsx
    2. Clearing Member ID \_Conc\_Margin\_CLI\_ddmmyyyy.xlsx
  - b. **For Trading Member**
    1. Trading Member ID\_Conc\_Margin\_CLI\_ddmmyyyy.xlsx

- x. As per the provisions of circular MCXCCL/C&S/051/2018 dated October 31, 2018, members shall be required to report collection of Concentration Margin from their clients for the purpose of Client Margin Reporting.

The provisions of this circular shall be applicable from begin of day on **May 15, 2023**.

Members are requested to take note of the same.

Sandeep Kadam  
Sr. Manager

Encl.: As above

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

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## Annexure 1

### Threshold Limits for Concentration Margin

| Sr. No | Base Asset | Threshold OI | Units    |
|--------|------------|--------------|----------|
| 1      | ALUMINIUM  | MT           | 29800    |
| 2      | COPPER     | KGS          | 17252400 |
| 3      | CRUDEOIL   | BBL          | 1211300  |
| 4      | GOLD       | KGS          | 25300    |
| 5      | KAPAS      | MT           | 3000     |
| 6      | LEAD       | MT           | 4800     |
| 7      | MENTHAOIL  | KGS          | 474900   |
| 8      | NATURALGAS | mmBtu        | 48804700 |
| 9      | NICKEL     | KGS          | 17800    |
| 10     | SILVER     | KGS          | 1072600  |
| 11     | ZINC       | MT           | 21700    |

Note: The threshold Open Interest Value of commodity COTTONCNDY is Rs 500 Crores.

## **Annexure 2A**

| <b>Sr. No.</b> | <b>List of Commodities</b> |
|----------------|----------------------------|
| 1              | ALUMINIUM                  |
| 2              | COPPER                     |
| 3              | COTTONCNDY                 |
| 4              | GOLD                       |
| 5              | KAPAS                      |
| 6              | LEAD                       |
| 7              | NATURALGAS                 |
| 8              | SILVER                     |
| 9              | ZINC                       |

## **Annexure 2B**

| <b>Sr. No.</b> | <b>List of Commodities</b> |
|----------------|----------------------------|
| 1              | CRUDEOIL                   |
| 2              | NICKEL                     |

## **Annexure 3**

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

| <b>Sr. No.</b> | <b>List of Commodities</b> |
|----------------|----------------------------|
| 1              | MENTHAOIL                  |