
NATIONAL COMMODITY CLEARING LIMITED

Circular to all Members of the Clearing Corporation

Circular No. : NCCL/RISK-011/2023

Date : February 23, 2023

Subject : Revision in client level Concentration Margin in Barley, Castor, Coriander, Guar Gum, Guar Seed, Jeera and Turmeric contracts

Members are requested to refer to the circulars issued by NCCL viz. Circular nos. NCCL/RISK-008/2019 dated June 12, 2019 on Concentration Margin – Revision in Concentration Margin and Threshold Level, NCCL/RISK-028/2019 dated October 15, 2019 on Revision in client level Concentration Margin in Castor Seed (CASTOR) contracts, NCCL/RISK-030/2019 dated October 17, 2019 on Revision in client level Concentration Margin in Barley, Coriander, Guar Gum, Guar Seed, Jeera and Turmeric contracts and NCCL/RISK-036/2020 dated September 02, 2020 on Revision in Concentration Margin Threshold Level and SEBI circular no. SEBI/HO/CDMRD/DMP/P/CIR/2022/64 dated May 17, 2022 on Master Circular for Commodity Derivatives Market.

Pursuant to the above guidelines and the Joint Surveillance meeting of the Exchanges, Clearing Corporations and SEBI, it has been decided to revise the methodology for computing the client level concentration margin in Barley, Castor, Coriander, Guar Gum, Guar Seed, Jeera and Turmeric contracts. Accordingly, Client level concentration margin shall be based on the below mentioned criteria and shall be uniform for all the commodity contracts. There shall be no change in the methodology for computing the member level concentration margin.

The 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.

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%

- 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.
- The Concentration Margin corresponding to a slab would be applied only on the incremental open interest for that slab.
- 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.
- 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 under its Hedge Policy issued vide circular no. NCDEX/TRADING-026/2021 dated August 30, 2021.
- 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).
- The list of the narrow and sensitive commodities is given in Annexure II.

The circular shall be effective from beginning of trading day February 27, 2023.

Members and participants are requested to note the above.

For and on behalf of
National Commodity Clearing Limited

Ruchit Chaturvedi
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
Robusta Cherry AB Coffee	MT	February to October	13,100	November to January	13,100
Coriander	MT	April to December	38,200	January to March	27,900
29 mm Cotton	Lot	January to December	293,200	-	-
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
Gur (Feed Grade)	MT	January to December	1,86,300	-	-
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	-	-
Paddy (Basmati) – Pusa 1121	MT	October to June	177,300	July to September	177,300
Natural Whitish Sesame Seed	MT	January to December	28,000	-	-
Turmeric	MT	April to December	19,400	January to March	14,500
Steel Long	MT	January to December	62,000	-	-

Annexure II

List of Narrow and Sensitive Commodities

Sr. No	Commodity
1	Barley
2	Refined Castor Oil (First Special Grade – F.S.G)
3	Robusta Cherry AB Coffee
4	Coriander
4	Guar Gum Refined Splits
5	Jeera
6	Natural Whitish Sesame Seed
7	Turmeric