MCX Circular No. MCX/MCXCCL/627/2025 December 05, 2025
MCXCCL Circular No. MCXCCL/RISK/276/2025

Alternate Risk Management Framework Applicable in case of Near Zero and Negative Prices

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In terms of provisions of the Rules, Bye-Laws and Regulations of Multi Commodity Exchange Clearing Corporation Limited ("MCXCCL") and in continuation to circular MCXCCL/RISK/248/2025 dated November 04, 2025, Clearing Members of MCXCCL are notified as under:

A. Commodities/Indices in which the Alternate Risk Management Framework (ARMF) in case of Near Zero and Negative Prices will be applicable:

The below mentioned commodities/Indices are identified as susceptible to the possibility of near zero and negative prices:

Sr. No	Commodity/Index
1.	Crude Oil
2.	Natural Gas

Pre-expiry margin on the above commodities shall be levied as per MCXCCL Circular no. MCXCCL/C&S/073/2021 dated March 23, 2021.

B. Conditions in which the ARMF will be triggered:

1. Triggers indicating the likelihood of near zero/ negative prices:

The shift to the ARMF shall be conditional, based on triggers indicating the likelihood of near zero/negative prices. Some of the conditions/ circumstances which are indicative in nature and may warrant the activation of the ARMF are as under: -

- There is a fall in the commodity/Index prices by more than 50% within 20 trading days, while comparing the intra-day highest and lowest prices.
- In case of internationally referenced contracts, the international exchange/clearing corporation having the benchmark contract decides to introduce such measures for negative prices.
- Options contracts having strike price values of near zero/negative are introduced by the stock exchange for trading.
- Any other conditions which might indicate the likelihood of negative prices.

In case one or more of the above-mentioned conditions or any other additional conditions becomes applicable, MCXCCL in consultation with

MCX will conduct a review and take a formal decision on whether there is a need to activate the ARMF and the same shall be communicated to market participants by way of a separate circular.

2. **Threshold price for identified commodities/Indices for the month of January 2026 below which the ARMF will be triggered.**

Below is the threshold price at which ARMF will be triggered:

Commodity/Index	Threshold Price per unit in INR
Crude Oil	1300.00
Crude Oil Mini	1300.00
Natural Gas	80.00
Natural Gas Mini	80.00

C. **Risk Management framework only in case when the above conditions for activation of ARMF are triggered:**

1. **Floor value in absolute terms for minimum margins for the month of January 2026:**

The absolute minimum initial margins in INR terms are as under:

Commodity/Index	Absolute minimum initial margins per lot in INR
Crude Oil	227700.00
Crude Oil Mini	22770.00
Natural Gas	155300.00
Natural Gas Mini	31060.00

The floor value of margins shall be higher of minimum initial margin prescribed in percentage terms and absolute minimum initial margins in INR terms.

2. **Threshold price or absolute price of the contract for levy of ELM for the month of January 2026:**

The following threshold price shall be considered for levy of ELM:

Commodity/Index	Threshold Price per unit in INR	Absolute minimum ELM per lot in INR @ 1.25% ELM
Crude Oil	1300.00	1625.00
Crude Oil Mini	1300.00	163.00
Natural Gas	80.00	1250.00
Natural Gas Mini	80.00	250.00

The floor value of ELM shall be higher of minimum ELM prescribed in percentage terms and absolute minimum ELM in INR terms.

3. **Spread margin benefit:**

Margin benefit on spread positions shall be completely withdrawn.

4. **Option Pricing model:**

   Bachelier Model based on price volatility shall be for used for Options pricing.

5. **Additional margins based on price movement:**

   Based on the price movement, further additional margin over and above the aforesaid margin shall be levied. The criteria for the same is as under:

   1. If the price of the commodity/Index falls between 50% to 75%, (previous close compared to current price of the contract at MCX / International referenced market) then an additional margin of 50% of the MTM would be levied.

   2. If the price of the commodity/Index falls between 75% to 90%, (previous close compared to current price of the contract at MCX / International referenced market) then an additional margin of 100% of the MTM would be levied.

   3. If the price of the commodity/Index falls beyond 90%, (previous close compared to current price of the contract at MCX / International referenced market) then an additional margin of 125% of the MTM would be levied.

Further, in addition to the above framework, MCXCCL reserves the right to levy any other margins based on the price movement in the market.

The provisions of this circular shall be applicable for the month of **January 2026.**

Members are requested to take note of the same.

Fardeen Siddiquee
Chief Risk Officer

Kindly contact Customer Support on 022 - 6649 4040 or send an email at customersupport@mcxindia.com for any clarification.