भारतीय प्रतिभूति और विनिमय बोर्ड
Securities and Exchange Board of India

CIRCULAR

SEBI/HO/CDMRD/DRMP/CIR/P/2019/149 **November 29, 2019**

To,

The Managing Directors / Chief Executive Officers,
All Recognised Stock Exchanges and Clearing Corporations having Commodity Derivatives Segment

Sir / Madam,

Sub: Cut-off Time for Determining Minimum Threshold of Margins to be Collected from Clients

1. SEBI vide circular SEBI/HO/CDMRD/DRMP/CIR/P/2016/80 dated September 07, 2016 and SEBI/HO/CDMRD/DRMP/CIR/P/2019/73 dated June 20, 2019 prescribed mechanism for levying penalties on short-collection/non-collection of Margins.

2. SEBI has received feedback from the market participants that members currently report margins collected from their clients to clearing corporations (CCs) *vis-à-vis* the End of Day (EOD) Risk Parameters File (RPF) generated by the CC. In case of commodity derivative products that are traded beyond 5:00 PM, members face difficulty in collecting Initial Margin (IM)/Extreme Loss Margin from their respective clients. This is because final margin requirements are crystallized at EOD, which is beyond banking hours.

3. In the light of the above, following has been decided for commodity derivative contracts, having trading hours beyond 5:00 PM:-

    a. For the purpose of determining minimum threshold of margins to be collected by members from their clients, cut off time shall be kept as 5:00 PM.

    b. Risk Parameter File (RPF) to be generated at cut-off time shall be applied on clients' EOD portfolio for the purpose of determining minimum threshold of margin to be collected from clients by members.

    c. Similarly for the purpose of determining minimum threshold of Extreme Loss Margin (ELM) to be collected from clients, EOD client portfolio shall be

valued at the half an hour weighted average trade price arrived at cut-off time stipulated above.

4. For commodity derivative contracts having trading till 5:00 PM, margin collection from clients shall be on EOD basis.

5. Further it is also clarified that there shall not by any change in norms regarding margin computation and collection by the CC from its members.

6. This circular shall be effective from **April 01, 2020.**

7. This circular is issued in exercise of the powers conferred under Section 11(1) of the Securities and Exchange Board of India Act 1992, read with Section 10 of the Securities Contracts (Regulation) Act, 1956 to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.

8. This circular is available on SEBI website at www.sebi.gov.in.

Yours faithfully,

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