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NSE Clearing

Circular

NSE Clearing Limited

(Formerly known as National Securities Clearing Corporation Limited)

Department : Commodity Derivatives Segment	
Download Ref No: NCL/COM/44287	Date: April 30, 2020
Circular Ref. No: 0164/2020	

All Members,

Sub: Additional Risk Management measures for Brent Crude Contracts

This is in partial modification to Item 3 Annexure 2 of our consolidated circular no.003/2020 (Download Ref No: NCL/COM/43089) dated January 01, 2020 and in view of the increased volatility following revisions shall be made in margins for Brent Crude Oil Contracts.

A. Initial Margins

An initial margin of 100% shall be levied for all existing and yet to be launched Brent Crude contracts. Minimum margin of Rs. 95,000/- per lot shall be levied.

B. Additional Margins:

An additional margin minimum of Rs.1,00,000/- per lot on near month and minimum of Rs.50,000/- per lot on other months shall be levied on Brent Crude contracts

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 settlement price of the Brent Crude Oil near month futures contract falls between 50% to 75%, (previous settlement price compared to current settlement price) then an additional margin of 50% of the MTM would be levied.
2. If the settlement price of the Brent Crude Oil near month futures contract falls between 75% to 90%, (previous settlement price compared to current settlement price) then an additional margin of 100% of the MTM would be levied.
3. If the settlement price of the Brent Crude Oil near month futures contract falls beyond 90%, (previous settlement price compared to current settlement price) then an additional margin of 125% of the MTM would be levied.

Further, NSE Clearing reserves the right to increase the additional margins intraday based on the price movement in the market.

C. Spread Margin benefit:

Spread margin benefit on Initial Margins shall not be provided in Brent Crude Oil contracts.

The provisions of this circular shall be applicable from beginning of day on **May 04, 2020**

Members are requested to take note of the above.

For and on behalf of
NSE Clearing Limited
(Formerly known as National Securities Clearing Corporation Limited)

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