



भारतीय प्रतिभूति और विनिमय बोर्ड
Securities and Exchange Board of India

CIRCULAR

SEBI/HO/CDMRD/CDMRD_DRM/P/CIR/2021/612

August 9, 2021

To,

The Managing Directors / Chief Executive Officers,

All Clearing Corporations having Commodity Derivatives Segment

Sir / Madam,

Sub: Calendar Spread margin benefit in commodity futures contracts

1. SEBI had prescribed norms, inter-alia, for providing margin benefit on calendar spread positions in commodity futures contracts vide circular SEBI/HO/CDMRD/DRMP/CIR/P/2018/51 dated March 20, 2018.
2. The calendar spread margin benefit is presently applicable for the first three expiries only. It has been submitted by the market participants that the extension of this benefit beyond the first three expiries is expected to increase liquidity in far month contracts, facilitate hedging by value chain participants and reduce cost of trading. Therefore, considering the possible benefits likely to accrue to the investors, in consultation with clearing corporations, it has been decided to extend the spread margin benefit beyond the first three expiries. Accordingly, the clause 2.5 of the SEBI Circular [SEBI/HO/CDMRD/DRMP/ CIR/P/2018/51](#) dated March 20, 2018 stands modified as given below:-

"2.5) In case of calendar spreads or spreads consisting of two contract variants having the same underlying commodity (wherein currently 75% benefit in initial margin is permitted), benefit in initial margin shall be permitted when each individual contract in the spread is from amongst the first six expiring contracts."



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3. 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.
4. The circular shall be effective within one month from the date of its issue.
5. This circular is available on SEBI website at www.sebi.gov.in.

Yours faithfully,

Vishal V. Nair

Deputy General Manager

Division of Risk Management

Commodity Derivatives Market Regulation Department

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