NSE Clearing Limited

Circular

Department: Commodity Derivatives Segment	
Download Ref No: NCL/COM/56656	**Date:** May 09, 2023
Circular Ref. No: 0164/2023	

All Members

Sub: Clearing, Settlement & Risk management Procedure of Futures contracts on WTI Crude Oil and NATURAL GAS (HENRY HUB) in Commodity Derivatives Segment

This is with reference to circular no. NSE/COM/56370 dated April 14,2023 for Introduction of Futures contracts on WTI Crude Oil and Natural Gas (Henry Hub) in Commodity Derivatives Segment.

Members are requested to note that NSE Clearing Limited will offer Clearing and settlement services for trades executed on Futures contracts on WTI Crude Oil and Natural Gas (Henry Hub) in Commodity Derivatives Segment of National Stock Exchange of India Limited (NSEIL).

In this reference, NSE Clearing notifies details of Clearing, settlement and risk management which are as follows:

Sr. No.	Commodity Name	Annexure No.
1.	WTI Crude Oil Futures (100 Barrel)	A
2.	Natural Gas (Henry Hub) Futures (1250 mmBtu)	B

For any queries related to Risk Management, Clearing and Settlement, members are requested to contact NSE Clearing Limited.

Department	Contact no.	Email id
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For and on behalf of
NSE Clearing Limited

Anil Suvarna
Chief Manager

NSE Clearing Limited

Annexure A

Clearing and Settlement Procedure: Energy Futures - WTI Crude Oil Futures (100 Barrel)

Settlement Mechanism	The contract would be settled in cash
Last Day of Trading	As per the launch contract issued by Exchange
Volatility Category	High
Applicable Minimum IM %	10% *(The Minimum IM % shall not be scaled up by MPOR.)*
Applicable Minimum MPOR	3
Initial Margin	Min. 30 % or based on SPAN whichever is higher. *(Minimum IM% shall be 30% as Additional Surveillance Measure for Commodity WTICRUDE)*
Extreme Loss Margin	1%
Pre-expiry margins	Pre-expiry margins shall be levied during the last five trading days prior to expiry date, wherein they shall increase by 5% every day. *(Deemed susceptible to possibility of near zero and/or negative prices)*
Additional and/ or Special Margin	In case of additional volatility, an additional margin (on both buy & sale position) and/ or special margin (on either buy or sale position) at such percentage, as deemed fit; will be imposed in respect of all outstanding positions.
Funds Pay-in	T+1 working day by 09.00 a.m. ("T" stands for Trade day)
Penal Provision	Penalties as applicable for Fund shortages shall be levied.
Close Out of Outstanding Positions	All outstanding positions on the expiry of contract, will be settled as per the Final Settlement Price (FSP).

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Annexure B

Clearing and Settlement Procedure: Energy Futures - Natural Gas (Henry Hub) Futures (1250 mmBtu)

Settlement Mechanism	The contract would be settled in cash
Last Day of Trading	As per the launch contract issued by Exchange
Volatility Category	High
Applicable Minimum IM %	10% *(The Minimum IM % shall not be scaled up by MPOR.)*
Applicable Minimum MPOR	3
Initial Margin	Min. 10 % or based on SPAN whichever is higher
Extreme Loss Margin	1%
Pre-expiry margins	Pre-expiry margins shall be levied during the last five trading days prior to expiry date, wherein they shall increase by 5% every day. *(Deemed susceptible to possibility of near zero and/or negative prices)*
Additional and/ or Special Margin	In case of additional volatility, an additional margin (on both buy & sale position) and/ or special margin (on either buy or sale position) at such percentage, as deemed fit; will be imposed in respect of all outstanding positions.
Funds Pay-in	T+1 working day by 09.00 a.m. ("T" stands for Trade day)
Penal Provision	Penalties as applicable for Fund shortages shall be levied.
Close Out of Outstanding Positions	All outstanding positions on the expiry of contract, will be settled as per the Final Settlement Price (FSP).