



CIRCULAR

SEBI/HO/CDMRD/DMP/CIR/P/2016/83

September 07, 2016

To,

The Managing Directors / Chief Executive Officers
National Commodity Derivatives Exchanges

Sir / Madam,

**Sub.: Daily Price Limits (DPL) for Non-Agricultural Commodity Derivatives/
First Day DPL for All Commodity Derivatives**

1. As per Section 131(4) of Finance Act, 2015 all rules, directions, guidelines, instructions, circulars, or any like instruments, made by the erstwhile FMC or the Central Government applicable to recognised associations under the FCRA would continue to remain in force for a period of one year from the date on which FCRA was repealed (September 29, 2015), or till such time as notified by SEBI, whichever is earlier.
2. Erstwhile FMC, from time to time, had prescribed various norms related to Daily Price Limits (DPL) determination. SEBI Vide its circular [CIR/CDMRD/DMP/2/2016](#) dated January 15, 2016 prescribed norms with regard to Daily Price Limits (DPL) for agricultural commodity derivatives. This circular is being issued in continuation of SEBI circular dated January 15, 2016 with an objective of consolidating and updating norms prescribed by erstwhile FMC with regard to DPL of non-agricultural commodity derivatives and norms for DPL determination on first trading day of the derivatives contract on agricultural as well as non-agricultural commodities.

3. DPL for Non-Agri Commodity Derivatives

- 3.1. Following slabs shall be applied for DPL of all non-agricultural commodity derivatives:

Name of Commodity	Initial Slab of DPL	1 st Enhanced Slab of DPL	2 nd Enhanced Slab of DPL	Aggregate DPL
Steel	4%	2%	Not Applicable	6%
Gold	3%	3%	3%	9%
Other Non-Agri Commodities (Presently being traded on Exchanges)	4%	2%	3%	9%



3.2. DPL for Steel: DPL for Steel shall have two slabs as mentioned in table above. Once the trade hits the prescribed initial slab, the DPL shall be relaxed further by '1st Enhanced Slab' (i.e. 2%) after a cooling off period of 15 minutes. During cooling off periods trading shall continue to be permitted within the previous slab of DPL. There shall not be further relaxation of DPL during that day.

3.3. DPL For Gold and other Non-Agri Commodities (Excluding Steel):

3.3.1. DPL shall have three slabs as mentioned in table above. Once the trade hits the prescribed Initial slab, the DPL shall be relaxed further by '1st Enhanced Slab' without any cooling off period in the trading. In case, '1st Enhanced Slab' is also breached, then after a cooling off period of 15 minutes, the DPL shall be further relaxed by '2nd Enhanced Slab'.

3.3.2. During cooling off periods trading shall continue to be permitted within the previous slab of DPL.

3.3.3. In case price movement in referencable international market is more than the aggregate DPL, the same may be further relaxed in steps of 3% by Exchanges. Exchanges shall immediately inform Integrated Surveillance Department (ISD) of SEBI about any such relaxation of DPLs beyond Aggregate DPL, along with all the relevant details and justification.

4. DPL on First Trading Day of the Contract (For Agri/Non-Agri Commodity Derivatives)

4.1. For fixing DPL slabs, base price shall be taken as previous day's closing price of the contract, however for the first trading day (launch day) of each contract, Exchange shall determine base price as under:

4.1.1. Volume Weighted Average Price (VWAP) of the first half an hour, subject to minimum of ten trades

4.1.2. If sufficient No. of trades are not executed during the first half an hour, then the VWAP of first one hour trade subject to minimum of ten trades.

4.1.3. If sufficient No. of trades are not executed even during the first hour of the day then VWAP of the first ten trades during the day.

The base price arrived as per (a) or (b) or (c) above, as the case may be, shall be calculated by the Exchange and shall be used to determine DPL for the remaining part of the day.

5. For any commodity derivatives, exchanges at their discretion may prescribe DPL narrower than the slabs prescribed by SEBI in case they require so based upon their analysis of price movements and their surveillance findings.



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6. The provisions of this circular shall come into effect from September 29, 2016 in supersession of all earlier directives issued by erstwhile FMC with regard to matters related to DPL.
7. The Exchanges are advised to:
 - i. take steps to make necessary amendments to the relevant bye-laws, rules and regulations for the implementation of the same.
 - ii. bring the provisions of this circular to the notice of the members of the Exchange and also to disseminate the same on their website.
 - iii. communicate to SEBI, the status of the implementation of the provisions of this circular.
8. This circular is issued in exercise of powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act, 1992, to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.
9. This circular is available on SEBI website at www.sebi.gov.in under the category "Circulars" and "Info for Commodity Derivatives".

Yours faithfully,

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