भारतीय प्रतिभूति और विनिमय बोर्ड
Securities and Exchange Board of India

CIRCULAR

SEBI/HO/CDMRD/DRMP/CIR/P/2016/86 September 16, 2016

To,

The Managing Directors/Chief Executve Officers,
National Commodity Derivatives Exchanges

Sir/Madam,

Sub: Settlement Guarantee Fund, Stress Testing and Base Minimum Capital

1. As per Section 131 (4) of the Finance Act, 2015 all rules, directions, guidelines, instructions, circulars, or any like instruments, made by the erstwhile Forward Markets Commission (FMC) or the Central Government applicable to recognised associations under the Forward Contracts Regulation Act, 1952 (FCRA) would continue to remain in force for a period of one year from the date on which FCRA was repealed (September 29, 2015), or till such time as notified by SEBI, whichever is earlier.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 had, from time to time prescribed norms for national commodity derivatives exchanges on Settlement Guarantee Fund (SGF), Stress Test to determine adequacy of SGF and Base Minimum Capital (BMC) through the following circulars:
    a. Circular No. 13/5/2006-MKT/III(Vol.1) dated 23rd February 2007
    b. Circular No. 13/5/2006-MKT/III(Vol.1) dated 6th November 2007
    c. Circular No. 6/12/2012-MKT-I dated 8th March 2013
    d. Circular No. 2/2/2008-MKT-II dated 23rd August 2013
    e. Circular No. 2/2/2008-MKT-II dated 14th March 2014

3. SEBI vide circular SEBI/HO/CDMRD/DRMP/CIR/P/2016/77 dated September 01, 2016 has removed the yearly cap to the contribution requirement by exchange to SGF (5% of gross revenue net of income tax), and vide circulars CIR/CDMRD/DRMP/01/2015 dated October 01, 2015 and SEBI/HO/CDMRD/DRMP/CIR/P/2016/77 dated September 01, 2016 has modified BMC requirements for members of exchanges.

4. It has been decided that the norms specified by erstwhile FMC vide the circulars mentioned in paragraph 2 (to the extent not modified by SEBI) shall continue to be in force beyond September 28, 2016.

5. Exchanges are advised to bring the provisions of this circular to the notice of their members and also to disseminate the same on their website.

6. 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 interest of investors in securities and to promote the development of, and regulate the securities market.

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

Yours faithfully,

Shashi Kumar
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