



भारतीय प्रतिभूति और विनियम बोर्ड
Securities and Exchange Board of India

CIRCULAR

SEBI/HO/CDMRD/DRMP/CIR/P/2016/93

September 26, 2016

To,

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

Sir/Madam,

Sub: Commodity derivatives – miscellaneous norms

Re-issuance of norms specified by erstwhile FMC

1. As per Section 131 [B] 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Regulation Act, 1952 (FCRA) would continue to remain in force for a period of one year from the date on which FCRA was repealed (September 29, 2015), or till such time as notified by SEBI, whichever is earlier.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, from time to time, had prescribed certain norms for National Commodity Derivatives Exchanges related to disclosure of disablement of member terminals, timelines for marking delivery intention and location premium/discount vide the following circulars:
 - a. Circular No. 6/3/2006/MKT-II (VOL-II) dated June 30, 2006
 - b. Circular No. 6/2/2009-M&S (3) dated December 30, 2010
 - c. Circular No. 2/1/2010/PER/NCDEX dated August 07, 2009
3. It has been decided to re-issue/update such norms prescribed for National Commodity Derivatives Exchanges by the erstwhile FMC as follows:
 - a. Disclosure of disablement of member terminals: The disablement of terminals of the members along with duration of disablement due to shortage of funds, margin money etc., shall be disclosed by Exchange on its website at the end of every quarter i.e., 30th June, 30th September, 31st December and 31st March.
 - b. Timelines for marking delivery intention: Exchanges may decide the timelines for submission of delivery instruction by members based on their assessment of the time required for marking as well as for modifying any delivery intentions wrongly marked.
 - c. Location premium/discount: Exchanges shall determine and disclose for contracts the location premium/discount prior to launch of the contract in various commodities.



Clarifications/corrigendum to earlier circulars

4. The provisions of circular SEBI/HO/CDMRD/DRMP/CIR/P/2016/80 dated September 7, 2016 on “Mechanism for regular monitoring of and penalty for short collection/ non-collection of margins from clients” require only initial margins to be collected upfront by members (from their clients) and penalty structure to be applicable from T day for short-collection/non-collection of only initial margins. It is clarified that extreme loss margin (ELM) is also required to be collected upfront and the penalty structure specified in clause 3(iv) of the said circular is applicable from T day for ELM too.
5. The word “Section 131 (4)” in paragraph 1 of the below mentioned list of circulars may be read as “Section 131 [B]”:
 - a. Circular SEBI/HO/CDMRD/DMP/CIR/P/2016/71 dated August 19, 2016
 - b. Circular SEBI/HO/CDMRD/DMP/CIR/P/2016/72 dated August 19, 2016
 - c. Circular SEBI/HO/CDMRD/DMP/CIR/P/2016/75 dated August 30, 2016
 - d. Circular SEBI/HO/CDMRD/DMP/CIR/P/2016/76 dated August 30, 2016
 - e. Circular SEBI/HO/CDMRD/DMP/CIR/P/2016/78 dated September 02, 2016
 - f. Circular SEBI/HO/CDMRD/DRMP/CIR/P/2016/80 dated September 07, 2016
 - g. Circular SEBI/HO/CDMRD/DMP/CIR/P/2016/83 dated September 07, 2016
 - h. Circular SEBI/HO/CDMRD/DRMP/CIR/P/2016/86 dated September 16, 2016
 - i. Circular SEBI/HO/CDMRD/DMP/CIR/P/2016/87 dated September 16, 2016
 - j. Circular SEBI/HO/CDMRD/DRMP/CIR /2016/88 dated September 20, 2016
6. 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.
7. 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 f investors in securities and to promote the development of, and regulate the securities market.
8. This circular is available on SEBI website at www.sebi.gov.in.

Yours faithfully,

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