



भारतीय प्रतिभूति और विनिमय बोर्ड
Securities and Exchange Board of India

CIRCULAR

SEBI/HO/CDMRD/DRMP/CIR/P/2016/112

October 14, 2016

To,

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

Sir / Madam,

Sub: Bullion as collateral

1. Vide circular no. CIR/CDMRD/DRMP/01/2015 dated October 01, 2015 SEBI had specified comprehensive risk management framework for national commodity derivatives exchanges including norms on collateral that can be accepted by Exchanges from their members.
2. After analysing the representations received regarding bullion as collateral, it has been decided to modify the condition - "*Total commodities collateral for any clearing member shall not exceed 15% of the total liquid assets of the clearing member*", prescribed in paragraph 2 (Liquid Assets) of Annexure I of the above mentioned circular, as follows - "*Total commodities collateral for any clearing member shall not exceed 30% of the total liquid assets of the clearing member, out of which non-bullion collateral shall not exceed 15% of the total liquid assets of the clearing member*".
3. It is reiterated that exchanges shall make necessary arrangements to enable timely liquidation of collaterals accepted by them and may stipulate concentration limits for collateral at member level/across all members as may be necessary based on their risk perception, capability to hold and arrangements for timely liquidation.
4. The 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.



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5. This circular is issued in exercise of the 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.
6. This circular is available on SEBI website at www.sebi.gov.in.

Yours faithfully,

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