भारतीय प्रतिभूति और विनिमय बोर्ड
Securities and Exchange Board of India

CIRCULAR

HO/47/16/14(1)2026-MRD-POD1/I/18580/2026 **August 12, 2026**

To,

The Managing Directors / Chief Executive Officers,
All Recognised Clearing Corporations having Commodity Derivatives Segment

Sir / Madam,

Subject: Review of Inclusion of Historical Scenarios in Stress Testing for Commodity Derivatives Segment

1. SEBI Master Circular SEBI/HO/MRD/MRD-PoD-1/P/CIR/2023/136 for Commodity Derivatives Segment dated Aug 04, 2023, inter alia, prescribes norms related to Core Settlement Guarantee Fund (SGF). The extant provisions pertaining to applicable value of Z-Score (for the purpose of stress testing), as provided in paragraph 22 of Annexure O of the said circular are as follows:

*"**Core Settlement Guarantee Fund (Core SGF) – Annexure O***

22) <u>Standardized Stress Testing for Commodity Derivatives</u>

Part A. Scenarios

<u>Historical Scenarios</u>

1 Peak Historical Return

Price movement in respect of each underlying over the MPOR period during the last 15 years to be considered:

***Scenario 1A**: Maximum percentage rise over MPOR period*
***Scenario 1B**: Maximum percentage fall over MPOR period*

<u>Price movements corresponding to a Z-score of 10</u> will replace extreme price movements beyond that threshold in peak historical returns of all the commodities. Mean and sigma of returns over the applicable MPOR period across 15 years would be used for calculation of the Z-score."

2. SEBI has received representations to review the aforementioned extant provision related to Z-Score for Commodity Derivatives Market.

3. Based on representations received from stakeholders, recommendation of the Risk Management Review Committee (RMRC) and public comments received, and with the objective of facilitating Ease of Doing Business, it has been decided to modify the provisions contained in Part A (with respect to Z-score) of paragraph 22 ("Standardized Stress Testing for Commodity Derivatives") of Annexure O of SEBI Master Circular for Commodity Derivatives Segment dated Aug 04, 2023, as under:

   *"**Part A. Scenarios***

   <u>Historical Scenarios</u>

   1 Peak Historical Return

   ....

   *Price movements corresponding to a **<u>Z-score of 5</u>** will replace extreme price movements beyond that threshold in peak historical returns of all the commodities. Mean and sigma of returns over the applicable MPOR period across 15 years would be used for calculation of the Z-score."*

4. The circular shall come into force with immediate effect.

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, read with Regulation 51 of the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.

6. The Circular is issued with the approval of the competent authority.

7. This Circular is available on SEBI website www.sebi.gov.in under the category "Circulars" and "Info for Commodity Derivatives".

Yours faithfully,

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