CIRCULAR

SEBI/HO/CDMRD/DMP/CIR/P/2018/96 **June 11, 2018**

To,

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

Dear Sir / Madam,

Sub.: Disclosure by Exchanges related to Deliverable Supply and Position Limits Calculation for Agricultural Commodity Derivatives

1. After due consultation with various stakeholders and on the basis of recommendations of CDAC (Commodity Derivatives Advisory Committee), SEBI vide its circular No. CDMRD/DMP/CIR/P/2017/84 dated July 25, 2017 had prescribed a principle based methodology for revising the commodity-wise numerical value of overall client level open position limits for agricultural commodities with reference to the 'deliverable supply' of the such commodities available in the country during a financial year. Further the agricultural commodities have been classified into three categories viz. sensitive, broad and narrow.

2. The clause 3.4.4 of the above mentioned SEBI Circular prescribes the following:-

    "Every year, for each agricultural commodity that is being traded in the derivatives market, all national commodity derivatives exchanges shall jointly complete the exercise of determination of 'deliverable supply, categorization/re-categorization of commodities and computation of numerical value of position limits. Numerical values of position limits for any agricultural commodity shall be revised only if the computation results in a revision in the value by at least 5% compared to previous year's limits. Exchanges shall, after prior intimation to SEBI, notify such details to the market through their respective websites sufficiently in advance and latest by 31st of July (unless extended by SEBI under exceptional circumstances) of every year and revised limits shall become applicable for all running contracts with effect from 1st of September of every year."

3. In order to provide necessary information to the stakeholders the Exchanges shall prominently disseminate on their websites the details of five year average deliverable supply, current year deliverable supply, source of data, categorization of the commodity, position limits etc. for each of the commodity traded on their exchange, as per the format given in **Annexure** to this circular.

4. The provisions of this circular shall come into effect from the date of this Circular.

5. The Exchanges are advised to:
   a) take steps to make necessary amendments, if any, to the relevant bye-laws, rules and regulations for the implementation of the same.
   b) bring the provisions of this circular to the notice of the members of the Exchange and also to disseminate the same on their website.
   c) communicate to SEBI, the status of the implementation of the provisions of this circular.

6. 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.

7. This circular is available on SEBI website at www.sebi.gov.in under the category “Circulars”, “Info for Commodity Derivatives”

Yours faithfully,

Vikas Sukhwal
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Annexure

Commodity	***Units***	***Source of Data***	***Average Deliverable Supply during past five Financial Year***				***Classification***	***Deliverable Supply during Financial Year***			***Member Limit****		***Client Limit***		***Overall Exchange wide limit***
			Production	***Import***	***Total***	***Total (in Cr)***	***(Board/ Narrow/ Sensitive)***	***Production***	***Import***	***Total***	***Overall***	***Near Month***	***Overall***	***Near Month***	
			In Units												

* A member's open interest limit at overall (all contracts) level will be either the absolute number indicated above or 15% of the total market wide open position in the commodity, whichever is higher. (As per Clause 5.3 of the SEBI Circular SEBI/HO/CDMRD/DMP/CIR/P/2016/96 dated September 27, 2016)