

**CIRCULAR**

**SEBI/HO/MRD/MRD-POD-1/P/CIR /2023/78**

**May 23, 2023**

**To,  
The Managing Directors/Chief Executive Officers  
All Stock Exchanges/Clearing Corporations having Commodity Derivatives  
Segment**

Dear Sir/Madam,

**Sub: Revision in computation of Core Settlement Guarantee Fund in  
Commodity Derivatives Segment**

1. SEBI vide Circular CIR/MRD/DRMNP/25/2014 dated August 27, 2014 had prescribed norms related to Core Settlement Guarantee Fund (Core SGF), Default waterfall and Stress Test for recognised Clearing Corporations and Stock Exchanges. The said circular provides detailed guidelines regarding, inter-alia, computation of Minimum Required Corpus of core SGF as well as contribution to core SGF. Further, SEBI vide circular SEBI/HO/CDMRD/DRMP/CIR/P/2018/111 dated July 11, 2018 mandated a minimum amount of MRC of Rs.10 crores for Stock Exchanges having Commodity Derivatives Segment (CDS).
2. While granting recognition to Clearing Corporations in 2018, considering the growth of commodity derivatives market at that time, Clearing Corporations were mandated to augment their core SGF/ earmark additional funds to the respective target corpus level in the subsequent years based on overall risk, peak open interest in the previous period as well as expected growth of business in the future.
3. SEBI has received representations from Clearing Corporations that in light of the turnover and the open interest observed at the stock exchanges in the recent times, the target corpus level prescribed at the time of recognition of Clearing Corporations may be reviewed and methodology for computation of core SGF corpus in Commodity Derivatives Segment may now be harmonised with that of other segments.
4. Based on extensive deliberations with the Clearing Corporations and recommendations of Risk Management Review Committee, it has been decided

that the Clearing Corporations in Commodity Derivatives Segment may now align their core SGF in terms of SEBI circulars dated August 27, 2014 as well as July 11, 2018 and excess contribution, if any, may be returned to the contributing stakeholders on a pro-rata basis, after taking due approval from SEBI.

5. The circular shall come into effect from June 01, 2023.
6. The circular has been issued with the approval of Competent Authority.
7. 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.
8. The Stock Exchanges and Clearing Corporations are advised to:
  - 8.1. Take steps to make necessary amendments to the relevant bye-laws, rules and regulations for the implementation of this circular;
  - 8.2. bring the provisions of this circular to the notice of the stock brokers of the Exchange and also to disseminate the same on their website; and
  - 8.3. Communicate to SEBI, the status of the implementation of the provisions of this circular in the Monthly Development Report.
9. This circular is available on SEBI website [www.sebi.gov.in](http://www.sebi.gov.in) under the category “Circulars” and “Info for Commodity Derivatives”.

Yours faithfully,

**Naveen Sharma**  
**General Manager**  
**Policy and Development-1 (Commodities)**  
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