

**CIRCULAR**

**HO/47/16/14(1)2026-MRD-POD1/I/7115/2026**

**March 16, 2026**

To,

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

Sir / Madam,

**Sub: Review of Coverage of Settlement Guarantee Fund 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 coverage of SGF, as provided in paragraph 22 of Annexure O of the said circular are as follows:

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

**22) Standardized Stress Testing for Commodity Derivatives**

**Part C. Coverage**

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.....for each of the scenarios in Part A, Clearing Corporations shall calculate –

*A. Credit exposure due to simultaneous default of at least 2 clearing members (and their associates) causing highest credit exposure.*

*B. 50% of the credit exposure due to simultaneous default of all clearing members.”*

2. 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 C (with respect to Coverage of SGF) 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 C. Coverage**

*For each of the scenarios in Part A, Clearing Corporations shall calculate the credit exposure due to simultaneous default of at least 3 clearing members (and their associates) causing highest credit exposure.”*

3. Further, based on the comments received during public consultation, the following clause has been inserted after paragraph 22 (“Standardized Stress Testing for Commodity Derivatives”) of Annexure O of SEBI Master Circular for Commodity Derivatives Segment dated Aug 04, 2023:

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

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**Other Provisions**

**23) SEBI, may, after due deliberation, grant exemptions or relaxations from the strict enforcement of provisions relating to the Settlement Guarantee Fund (SGF) in the commodity derivatives segment, on a case to case basis. Such exemptions may be considered after taking into account the prevailing market conditions, the adequacy of applicable risk management framework and keeping in view the overall objective of investor protection.”**

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](http://www.sebi.gov.in) under the category “Circulars” and “Info for Commodity Derivatives”.

Yours faithfully,

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