भारतीय प्रतिभूति और विनिमय बोर्ड
Securities and Exchange Board of India

CIRCULAR

SEBI/HO/CDMRD/DNPMP/CIR/P/2019/83 **July 26, 2019**

To,

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

Dear Sir / Madam,

Sub: Staggered Delivery Period in Commodity futures contracts

1. SEBI vide circular SEBI/HO/CDMRD/DRMP/CIR/P/2016/90 dated September 21, 2016 had inter-alia specified the staggered delivery framework for commodity futures contracts. The applicable staggered delivery periods for various commodity futures contracts as on the date of the above circular were also continued. It is observed that currently there is no uniformity in the length of staggered delivery period for commodity futures contracts across exchanges even for the same commodities.

2. Based on the representations received from exchanges and deliberations thereon, following revised norms for staggered delivery {replacing the norms with respect to the staggered delivery (para 3(a)) prescribed vide circular dated September 21, 2016} are prescribed:

    2.1. Definition: Staggered delivery period is the period, beginning few working days prior to expiry of any contract and ending with expiry, during which sellers/buyers having open position may submit an intention to give/take delivery.

    2.2. All compulsory delivery commodity futures contracts (agriculture commodities as well as non-agriculture commodities) shall have a staggered delivery period.

    2.3. The minimum duration of staggered delivery period shall be at least **five working days**.

    2.4. Exchanges shall have the flexibility to set higher duration of staggered delivery period for any commodity futures contract, as deemed fit, taking into account various factors such as historical open interest, volume near expiry etc... In this regard, for the benefit of the market participants, all the exchanges shall jointly prepare and publish a detailed framework outlining various circumstances and factors which would generally require longer duration of staggered delivery period in any commodity.

2.5. In the interest of trade and public, SEBI or exchange may exercise its due discretion in modifying the aforesaid staggered delivery period at any time.

2.6. Framework:

- Seller/buyer having open position shall have an option, of submitting an intention of giving/taking delivery, on any day during the staggered delivery period.
- On each day (except for the expiry day), Exchange shall allocate intentions received to give delivery during the day, to buyers having open long position as per random allocation methodology to ensure that all buyers have an equal opportunity of being selected to receive delivery irrespective of the size or value of the position. However, preference may be given to buyers who have marked an intention of taking delivery, which may be based on aspects such as location, quality etc...
- Pay-in and pay-out for the allocated deliveries shall happen within 2 working days after allocation.
- All open positions after expiry of the contract shall result in compulsory delivery and be settled at Final Settlement Price (FSP) of the respective contract and pay-in and pay-out shall happen latest by the 2nd working day after expiry.

2.7. Exchanges shall start imposing pre-expiry margin (as prescribed vide SEBI circular CIR/CDMRD/DRMP/01/2015 dated October 01, 2015) latest by the start of the staggered delivery period.

3. To comply with the provisions of this circular, Exchanges shall appropriately modify the contract specifications (if required) and implement the changes in all contracts (whether running or yet to be launched) expiring after three months from the date of this circular.

4. 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.

5. Exchanges are advised to:

   i. to make necessary amendments to the relevant bye-laws, rules and regulations.
   ii. 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.
   iii. communicate to SEBI, the status of the implementation of the provisions of this circular

6. 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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