

Annexure 2

Method for calculating the Concentration Margin

Concentration margins may be imposed by the Exchange Clearing to cover the risk of longer period required for liquidation of concentrated position. The threshold value for imposing concentration margin may be determined taking into account factors including open interest, concentration and estimated time to liquidation based on prevailing liquidity and possible reduction in liquidity in times of market stress etc.

The quantum of concentration margins imposed may vary based on the level of concentration. Unlike other margins, concentration margin will be applicable to designated Members and Clients on their position in designated contracts only.

Concentration Margins shall be levied as under:

a. Client Level:

Client OI vs. Exchange OI (In Value)	Concentration Margin
Up to 5%	Nil
5% to 10%	1.00%
10% to 15%	1.50%
15% to 20%	2.50%
20% to 25%	3.50%
Above 25%	4.00%

b. Member Level :

Member OI vs. Exchange OI (In Value)	Concentration Margin
0% to 20%	Nil
20% to 25%	1.00 %
25% to 30%	2.00 %
Above 30%	3.00 %

Notes :

1. The concentration margins shall be calculated at the end of each day and shall be applicable for the next trading day till the End of Day and shall remain blocked from the available collateral deposits of the Member.
2. Concentration margin shall be over and above all other margins as may be applicable.
3. Client level open interest shall be computed as netted position across contracts with the same underlying. No netting off positions will be carried out between the contracts of different underlying.
4. In addition to client level concentration margins, Member level concentration margins shall also be applicable on incremental basis based on the defined slabs.
5. Member level open interest shall be computed as higher of summation of long or short positions of its clients across different expiry contracts of same underlying.