SGF Stress Test Results for Q1 – 2017-18

Exchange has conducted SGF stress test in terms of SEBI directives vide circular no. SEBI/HO/CDMRD/DRMP/CIR/P/2016/86 dated September 16, 2016 for the quarter ended June 30, 2017.

The parameters of the stress test are as under:

1. Highest pay-in date and highest open interest date for each quarter are considered for the stress test.
2. Stress test is conducted to identify top 2 members with the maximum risk to the Exchange on each of these dates.
3. Top 2 members with maximum risk are identified as under:
   a. Losses on unwinding of open positions and pending delivery settlement are expected at 10% of the gross open position for all the members.
   b. Expected loss as above, clubbed with the pending MTM settlement for the day (highest OI/pay-in), is compared with the collaterals deposited with the Exchange to determine the risk posed by each member.
   c. Member risk is determined as under
      Member Risk = collaterals – MTM settlement – Expected Losses
      (*Negative values in the above formula are member risk values*)
   d. The member risk values so arrived are arranged in ascending order to identify top 2 members with the maximum risk to the Exchange.
4. Sum total of the risk of top 2 members is then compared with the Exchange SGF to determine its adequacy.

   - If SGF>=Risk of top 2 members, then SGF is adequate
   - If SGF<Risk of top 2 members, then SGF is inadequate, calling for further contribution.

Stress test result for Q1 – 2017-18 is as under:

SGF as at June 30, 2017 – 221.53 Crores (Provisional)

Period	Parameter	Risk member count	Member Risk	Risk Components	SGF Adequacy
Q1-2017-18	Highest OI day (June 27, 2017)	Top 2 members with maximum risk	91.84 Cr.	Pending Settlement obligation and 10% notional loss on open position square-off	Yes
	Highest pay-in day (June 01, 2017)		25.90 Cr.		