Lean period for Agri Commodities at MCX

SEBI vide circular No. SEBI/HO/CDMRD/DRMP/CIR/P/2020/15 dated January 27, 2020 on the subject **'Review of Margin Framework for Commodity Derivatives Segment'** advised the following;

In addition to IM (Initial Margin) & MPOR (Margin period of risk) calculation, the circular has the following clause in reference to the Agri commodities;

- In case of Agri commodities, it has been observed that during lean period (i.e. the period before the arrival of new crop) there is often uncertainty about the arrivals of new crop. This may lead to higher volatility in prices of commodities during this period. Therefore, CCs shall levy additional lean period margin of 2% on contracts expiring during lean period.
- Lead exchanges shall determine the lean period in consultation with their relevant Product Advisory Committee and disclose the same on their websites.

As per the above, the lean period for our Agri commodities is as per the below;

Sr. No.	Commodity	Lean period
1	Cardamom	No lean period
2	Crude Palm Oil	No lean period
3	RBD Palmolein	No lean period
4	Cotton	No lean period
5	Mentha Oil	No lean period
6	Rubber	No lean period

No additional lean period margin shall be applicable on the above commodities. However, for Castor Seed, Kapas and Pepper an additional lean period Margin of 2% shall be made applicable on contracts expiring during the lean period as determined by the respective lead Exchange for that commodity (Provided as below).

Sr. No.	Commodity	Lean period
1	Castor seed	November to January
2	Kapas	July to September
3	Pepper	May to November

MCXCCL shall levy the Additional Lean Period Margin (if any) by adding the same in Extreme Loss Margin (ELM).

Further, as per the Implementation Schedule for Margin Framework for Commodity Derivatives Segment provided in the above circular, Minimum Margin Period of Risk (MPOR) shall undergo a change w.e.f April 21, 2020.