

Indian Commodity Exchange Limited

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 December 31, 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 $\text{Member Risk} = \text{collaterals} - \text{MTM settlement} - \text{Expected Losses}$ (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 $\text{SGF} \geq \text{Risk of top 2 members}$, then SGF is adequate

- If $\text{SGF} < \text{Risk of top 2 members}$, then SGF is inadequate, calling for further contribution.

Stress test result for Q3 2017-18 is as under:

SGF as at December 31, 2017: 15 Crores.

Period	Parameter	Risk Member Count	Member Risk	Risk Components	SGF Adequacy
Q-3 2017-18	Highest OI day (December 22, 2017)	Top 2 members with maximum risk	0.019 Crore	Losses on unwinding of open positions and pending delivery settlement (if any), expected at 10% of the gross open position.	Yes
	Highest Pay-in Date (December 15, 2017)		Nil		