Circular No.: IGX/MO/14/2020 15th August 2020

**Margining and Fund Settlement Process**

Dear Members,

In pursuance of Byelaws and Market Rules of IGX and in conjunction to IGX Circular No. 4 and 12, Members are requested to kindly take a note of following additions in Clearing and Settlement Process: -

1) Under Circular no. 4, Clause 2.3 'Pre-Trade Margin', it has been mentioned that Exposure i.e. the value available for Members to bid shall be based on the Bank balance and unutilised Non-cash Collaterals. Following changes have been made in the Exposure provided to Members: -

   Prior to placing the orders, the Members shall post Pre-Trade Margin in advance on the basis of which they shall be given Exposure Limit as per below formula: -

   Exposure Limit=3*(50% Security Deposit + Available Cash balance in settlement account + Unutilised Non-Cash Collaterals)

   The Non-Cash collateral shall be in the ratio of 1:1 of the available cash.

   On real time basis, the value of bids should qualify the below condition in order to get selected as a 'Confirmed' bid. -

   Bid Value*Post Trade Margin <= Available Exposure Limit

   The Cash Margins should be available in Settlement Account before start of bidding.

   In reference to Clause 2.4 'Post Trade Margin', Members may kindly note that in case if the Post Trade Margins are not received by IGX on the trade day by 2.00 pm IGX has the right to cancel such trades and compensation for 10% of Trade Value shall be collected from the defaulting Member and paid to the counter party Member.

2) As per Circular No. 12 in case of Ex-Hub transactions the cash portion of post trade margins collected by IGX shall be adjusted against the balance pay-in obligation of such trade to the extent of cash component of the post trade margins.

   In order to bring uniformity, the same process shall be adopted for Delivered Transactions also. IGX will first collect the pay-in on daily basis to the extent of the non-cash portion of margin and then will start adjusting the pay-in obligation against the cash margins received.

   IGX shall debit the Pay-In amount from Members Settlement Account one day after the start of delivery i.e. D+1 basis where D stands for delivery day.

   This Circular will come into effect from trading day 17th August 2020.

**For and on behalf of**

**Indian Gas Exchange Limited**

**(Sd/-)**

**Prasanna Rao**

**Vice President (MO)**