

SECURITIES AND EXCHANGE BOARD OF INDIA
SETTLEMENT ORDER
IN RESPECT OF
SETTLEMENT APPLICATION [8048/2024] FILED BY MULTI COMMODITY
EXCHANGE CLEARING CORPORATION LIMITED (MXCCL)
[PAN-AAFCM9108B]

1. MCXCCL (hereinafter referred to as “**Applicant**”) filed a *suo motu* settlement application in terms of the SEBI (Settlement Proceedings) Regulations, 2018 (hereinafter referred to as “**Settlement Regulations**”) proposing to settle by neither admitting nor denying the findings of fact and conclusions of law, the enforcement proceedings that may be initiated against it for the violation of the SEBI Circular on ‘Additional risk management norms for National Commodity Derivatives Exchanges’ bearing reference no. SEBI/HO/CDMRD/DRMP/CIR/P/2016/77 dated September 01, 2016 (hereinafter referred to as the “**Circular dated September 01, 2016**”) read with Master Circular dated August 04, 2023 and Regulation 7(4)(b) of the Securities Contracts (Regulations) (Stock Exchanges and Clearing Corporations) Regulations, 2018 (hereinafter referred to as the “**SECC Regulations**”).
2. The brief facts of the case are as follows:
 - i. During the annual inspection of the Applicant, conducted for the period from December 01, 2022 to October 31, 2023, it was observed that the Applicant had blocked highest margin shortage instead of cumulative margin shortage in the past 30 days from the deposits of the clearing member for the purpose of calculation of Margin Shortfall Block Amount.
 - ii. In terms of the Circular dated September 01, 2016, in case of repeated margin/pay-in shortfalls beyond a threshold amount by any member in a month, the commodity derivatives exchanges, as a risk mitigation measure, are required to charge initial margins at a higher rate for the

next one month or subject the member to a penal exposure free deposit, equal to the cumulative funds/margin shortage over the previous one month which could be kept with the exchange for the next month.

- iii. Therefore, by blocking highest margin shortfall instead of cumulative margin shortfall from the deposits of the clearing member, the Applicant was alleged to have acted in violation of Circular dated September 01, 2016 read with Master Circulars dated August 04, 2023 and Regulation 7(4)(b) of the SECC Regulations.
3. The Applicant filed the present application for the purpose of settling the proceedings that may be initiated against it for the aforesaid violation.
 4. Pursuant to the receipt of the application, the authorized representatives of the Applicant had a meeting with the Internal Committee of SEBI on October 10, 2024 and October 23, 2024, wherein the issues detailed above were deliberated along with the terms of the settlement. Thereafter, vide letter dated November 12, 2024, the Applicant proposed revised settlement terms of ₹2,70,00,000/- (Rupees Two Crores Seventy Lakhs only) to settle any enforcement proceedings that may be initiated against it for the violation as stated above at paragraph 1.
 5. The High Powered Advisory Committee (hereinafter referred to as “**HPAC**”) in its meeting held on December 24, 2024, considered the revised settlement terms proposed by the Applicant and recommended the case for settlement upon payment of ₹2,70,00,000/- (Rupees Two Crores Seventy Lakhs only). The recommendation of the HPAC was accepted by the Panel of Whole Time Members of SEBI on February 05, 2025. Subsequently, a Notice of Demand for the said amount was issued to the Applicant on February 06, 2025. The Applicant remitted the aforesaid settlement amount on March 04, 2025 and SEBI has confirmed credit of the same.
 6. On the basis of the facts stated above, in exercise of the powers conferred under Section 15JB read with Section 19 of the Securities and

Exchange Board of India Act, 1992 and in terms of Regulation 23 of the Settlement Regulations, it is hereby ordered that any proceedings that may be initiated for the violation as mentioned at paragraph 1 above, are settled in respect of the Applicant on the following terms:

- i. SEBI shall not initiate any enforcement action against the Applicant for the said violation, and
 - ii. passing of this Order is without prejudice to the right of SEBI under Regulation 28 and Regulation 31 of the Settlement Regulations to initiate appropriate action against the Applicant, if SEBI finds that:
 - (a) any representation made by the Applicant in the present settlement proceedings is subsequently found to be untrue;
 - (b) the Applicant has breached any of the clauses/ conditions of undertakings/ waivers filed during the present settlement proceedings; and
 - (c) there was a discrepancy while arriving at the settlement terms.
7. This Settlement Order is passed on this 1st day of April, 2025 and shall come into force with immediate effect.
8. In terms of Regulation 25 of the Settlement Regulations, a copy of this Order shall be sent to the Applicant and shall also be published on the website of SEBI.

Sd/-

AMARJEET SINGH
WHOLE TIME MEMBER

Sd/-

KAMLESH C. VARSHNEY
WHOLE TIME MEMBER