

Index

1. Why the Risk Management Fee is introduced by the Exchange?.....	2
2. What is the fee structure?.....	2
3. How fresh open position value will be computed?.....	2
4. Is fee applicable in case position in any contract was created and squared off on the same day?.....	2
5. Is fee applicable for incremental positions created in Hedge code?.....	3
6. Incremental open position value will be computed based on traded price or closing price?.....	3
7. Is fee applicable in case position is squared up in one expiry month and created in other expiry month of same commodity?.....	3
8. Whether Exchange will provide any file to members giving information about incremental open position value?.....	3
9. Whether fee will be levied on the open position value held at end of day October 14, 2014?.....	3
10. Whether fee will be levied on spread incremental open positions?.....	3

1. Why the Risk Management Fee is introduced by the Exchange?

The Exchange currently does not levy any charges for providing the services of risk management although substantial amount of expenditure is incurred in maintaining necessary infrastructure for facilitating risk management for the clients who hold end-of-day positions on the Exchange, every day. The Risk Management, clearing/settlement system at the Exchange ensures mark-to-market transfers each day, effectively ensuring that the gains/losses are realized without individual counter-party risks. So the Exchange has introduced a nominal fee towards Risk Management services.

2. What is the fee structure?

A Risk Management Fee of Rs. 5 per lakh will be levied on the value of every fresh overnight open interest position created in contracts of specified commodities.

3. How fresh open position value will be computed?

The fresh open position value will be computed daily based on contract (expiry) wise incremental open positions created in client / proprietary code under each member.

To illustrate:

M em be r ID	C lie nt C od e	S ymb ol	E x p ir y D ate	O p en P os i t i o n a t E n d o f D a y 08-10-14		O p en P os i t i o n a t E n d o f D a y 09-10-14		I n c r e m e n t a l O p e n P o s i t i o n Q t y	D a i l y S e t t l e m e n t P r i c e o f 09-10-14	I n c r e m e n t a l O p e n P o s i t i o n V a l u e f o r l e v y o f R i s k M a n a g e m e n t F ee	R e m a r k
				L o n g Q t y	S h o r t Q T Y	L o n g Q t y	S h o r t Q T Y				
AB C	123	BAJRA	20-Oct-14	100	-	120	-	20	1,162.00	232,400.00	Position increased on long side
		BAJRA	20-Nov-14	-	30	-	10	-		-	Position reduced
		BAJRA	19-Dec-14	50	-	50	-	-		-	No change in position

4. Is fee applicable in case position in any contract was created and squared off on the same day?

No. The positions at end of day will be compared with previous end of day positions for calculation of fee.

5. Is fee applicable for incremental positions created in Hedge code?

Yes. The fee is applicable to all type of client codes including hedge code and proprietary code.

6. Incremental open position value will be computed based on traded price or closing price?

The incremental open position value will be computed using daily settlement price of respective contract on that day (final settlement price on expiry date) as explained at para '3' above.

7. Is fee applicable in case position is squared up in one expiry month and created in other expiry month of same commodity?

Yes. The incremental open position value is computed contract (expiry) wise so if position is squared up in one expiry month and created in other expiry month of a commodity, the fresh position which will be created in other expiry month will be considered incremental position and fee will be applicable.

8. Whether Exchange will provide any file to members giving information about incremental open position value?

Yes. The Exchange will provide a file on daily basis giving details of incremental open position value. The same will be placed on extranet in respective members' folder at around 10.00 am. The file format is as under:

TMID	Date	Client Id	Symbol	Expiry Date	Incremental open position quantity	Incremental open position value (Rs)

9. Whether fee will be levied on the open position value held at end of day October 14, 2014?

No. The fee is applicable from October 15, 2014 so incremental position created on October 15, 2014 and thereafter will attract this fee.

10. Whether fee will be levied on spread incremental open positions?

Yes. The incremental open position will be computed contract (expiry) wise.