NCDEX LIMITED (Formerly known as National Commodity & Derivatives Exchange Limited)

Circular to all the members of the Exchange
Circular No : NCDEX/TRADING-056/2026
Date : November 16, 2026
Subject : Liquidity Enhancement Scheme in Steel Scrap (Symbol: STEELSCRAP) Future Contracts

In terms of the Bye-laws, Rules and Regulations of the Exchange, Members of the Exchange are hereby notified as under:

SEBI vide its master circular no. SEBI/HO/MRD/MRD-PoD-1/P/CIR/2023/136 dated August 04, 2023 on Master Circular for Commodity Derivatives Segment has issued guidelines for introduction of Liquidity Enhancement Scheme (LES) in commodity derivatives contracts.

The Exchange is pleased to introduce Liquidity Enhancement Scheme in Steel Scrap (Symbol: STEELSCRAP) Future contracts to encourage active participation and market development.

In view of the above, the interested applicants for market maker role can submit their bids in a prescribed format from November 16, 2026 to November 19, 2026.

The Exchange will appoint a Designated Market Maker (DMM) for Steel Scrap (Symbol: STEELSCRAP) Future contracts based on a competitive bidding procedure respectively. The successful bidders shall be appointed as Designated Market Maker (DMM) till the scheme for the product remains in force if the Designated Market Maker fulfills all the obligations during the tenure of LES.

The interested applicants can submit their bids to become Designated Market Maker (DMM) in a specified format as under on or before November 19, 2026 by 05:00 P.M.

The Exchange will perform the evaluation of bids as per the grading scale given in Annexure I.

Application format for market making in Steel Scrap (Symbol: STEELSCRAP) Futures Contract for Designated Market Maker (DMM) - Annexure II. The application should be submitted in a password protected file. The password should be shared within one day of closing of bidding window on the same email ID.

The Exchange reserves the right to amend / discontinue the scheme at any time with an advance notice of 15 days.

For and on behalf of
NCDEX Limited (Formerly known as National Commodity & Derivatives Exchange Limited)

Arun Yadav
EVP- Products

Encl.: Annexure I & II

For further information / clarifications, please contact
1. Mr. Arun Yadav (SVP, Business & Products): arun.yadav@ncdex.com
2. Customer Service Group on toll free number: 1800 26 62339 Customer Service Group by E-mail to: askus@ncdex.com

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Annexure I

1. **Structure of LES:**

1.1.1 LES in Steel Scrap (Symbol: STEELSCRAP) Future Contracts:

LES in Steel Scrap Futures contracts –

Product/ Commodity Available under LES scheme	**Steel Scrap (Symbol: STEELSCRAP)**
Number of Designated Market Maker (DMM) allowed to participate	1
Eligible Contracts	Two futures contract – Near Month and Next Month
Monthly Incentive	Up to Rs. 25,00,000 per month
Incentive Payout	Monthly
Presence required (monthly average for trading days)	80% of trading time daily from 10 AM to 9 PM on the market making on all LES eligible futures contract for full monthly incentive amount. Acceptable up to 70% of trading time daily from 10 AM to 9 PM on the market making on all LES eligible futures contract at a discounted rate. Presence below 70% will not be eligible for payout.
Market depth	Quotes required at all 5 levels in the order book
Rollover	On expiry day, DMM shall meet the quote obligations in the near month futures contract till one hour prior to the expiry of the contract. Further, the DMM should also start providing the quotes in the third month contract from one trading day prior to the expiry of near month contract.

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Spread required as per below mentioned table in Steel Scrap Futures contracts:

Table A: Spread required as per below mentioned table in Steel Scrap contracts

LEVELS	Near Month		Next Month	
	Bid Ask Spread (Ticks)	No of Lots (Each Side)	Bid Ask Spread (Ticks)	No of Lots (Each Side)
Level 1	10	2	10	1
Level 2	16	3	16	1
Level 3	22	3	22	1
Level 4	28	4	28	2
Level 5	34	4	34	2

Level 1 bid / offer price shall be used to determine the spread obligations as per above slab.

i. **Selection of Designated Market Maker –**

Eligibility Criteria:

- Net worth of at least Rs. 1 crore
- No serious disciplinary action against the member in the last year
- Trading Members (TM) who wish to apply for Market Making (MM) may submit their bids for MM for self or on behalf on their client.
- A Trading member can submit bids for self or for their clients clearly mentioning the client code in which they intend to do Market Making.
- Members can apply for Market Making from the list of contracts specified by the Exchange.
- The bids received from the trading members of the Exchange shall be evaluated on an objective selection criterion.
- Based on the scores, top trading member shall be selected as Designated Market Maker for Steel Scrap Futures contract. However, the market making obligation for Designated Market Maker shall be determined based on the criteria mentioned in the table below:

Obligations	Criteria to be applicable for DMM's
Incentive Amount	Lowest in terms of Bid Incentive Amount
Presence (%)	Best minimum presence commitment

- Based on the initial evaluation of scores, if the scores of two or more member matches with each other, then Exchange shall allow respective members to resubmit the revised bids within one working day.
- The Exchange may ask the qualified applicant(s) to showcase their technical readiness in the UAT / Mock environment before appointment as the Designated Market Maker.
- Exchanges decision with respect to the selection of Market Maker shall be final and binding.

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ii. Evaluation criteria of Market Making-

- Actual incentive will be paid after deductions based on total points lost by DMM in a month.
- 1 point is equal to Rs.1000.

Minimum Base Obligation	All LES Eligible Future Contracts	Incentive Calculation
Presence Requirement	80%	For every 1% reduction below base requirement up to 70%, score will be decreased by 100 points.
Minimum Quantity of lots at top 5 Level	As per Table A	It must be maintained by DMM to be eligible for payout.
Bid Ask Spread in the Top 5 Levels in Ticks	As per Table A	It must be maintained by DMM to be eligible for payout.

- For days, where DMM presence is less than 70%, DMM shall be considered as fail for those days. Maximum 4 days' failure shall be allowed in a calendar month. In case of failure of obligations by Designated Market Maker in Steel Scrap futures contract for more than 4 working days (without any official intimation to exchange), such MM shall cease to be Designated Market Maker.
- For days, where DMM presence is equal or above 70% and less than 80%, DMM shall be allowed only 4 days in a calendar month (In case of more than 4 such days in calendar month, such days shall be considered as failure days and shall be added to failure day count.
- Total Failure days in a calendar month shall not exceed 6 days in a calendar month.
- In case Designated Market Maker is not willing to participate as Market Maker, Member shall officially inform the exchange about the same.
- In above cases, next best bids based on the evaluation parameter shall be given the opportunity to become Designated Market Maker on Immediate basis or maximum 5 working days.
- In case of failure in fulfilling the market making obligation by Designated Market Maker, MM shall be given a waiver of maximum two days in a month as grace period (Only applicable in case of technical reasons and fast market conditions).

Exchange reserves the right to amend or discontinue the existing designated market maker and appoint a new designated market maker at any point of time.

2. Failure by Designated Market Maker

- In case of failure of obligations by Designated Market Maker in Steel Scrap Futures contract for more than 6 working days (without any official intimation to exchange), such MM shall cease to be Market Maker.

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- Similarly, in case Designated Market Maker is not willing to participate as Market Maker, Member shall officially inform the exchange about the same at least 30 days in advance.
- In above cases, next best bids based on the evaluation parameter shall be given the opportunity to become Designated Market Maker on Immediate basis or maximum 5 working days.
- In case of failure in fulfilling the market making obligation by Designated Market Maker, DMM shall be given a waiver of maximum two days in a month as grace period (Only applicable in case of technical reasons and fast market conditions).
- The Exchange reserves the right to amend or discontinue the existing designated market maker and appoint a new designated market maker at any point of time.

3. Incentive Payout

- Quoting incentive shall be paid on a pro-rata basis in case the scheme is launched or discontinued in the middle of the month. In case a designated market maker is appointed in the middle of the month, both previous and new market maker will receive quoting incentives on a pro-rata basis, if qualified.
- Respective market maker will be required to submit a GST invoice on a monthly basis for release of incentive payout.

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Annexure-II

Application Format for Market Making

(To be printed on the official letter head of the applicant)

To

Designated Officer

NCDEX Ltd.

Registration as Designated Market Maker for Steel Scrap (Symbol: STEELSCRAP) Futures

Dear Sir / Madam,

- We M/s_____(Member Name / Clearing Number) having its registered office at_____would like to get registered as a Designated Market Maker (DMM) of the NCDEX Limited for the Steel Scrap (Symbol: STEELSCRAP) Futures.
- We are aware that the successful bidders from an objective criterion-based bidding process shall be appointed as Designated Market Maker.
- We understand that the Exchange reserves the right to amend / discontinue the scheme or expand condition(s) laid down in their circular at its discretion in accordance with SEBI master circular no. SEBI/HO/MRD/MRD-PoD-1/P/CIR/2023/136 dated August 04, 2023 for Commodity Derivatives Segment.
- We understand that the Exchange reserves the right to terminate the services of the Designated Market Maker in case of non-fulfillment of their quote obligations or for any other actions that are detrimental to the development of the market. This would lead to withholding of any adjustments against incentive accruals and lead to legal proceedings.
- We agree to showcase our technical readiness in UAT / Mock environment in case asked by the Exchange.
- We agree to comply with the terms and conditions as specified in this circular regarding the LES and as may be amended by the Exchange from time to time.

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- We have enclosed our bids below:

Presence (equal or above the threshold of 80%)……%

Bidding amount: Rs. ……

Other Mandatory obligations for the Designated Market Maker of Steel Scrap (Symbol: STEELSCRAP) Futures are given in Annexure-I.

The details of the contact person from our organization is as given below Name:

Designation:

Mobile:

Phone:

Email:

For << Organization Name>>

(Signature of Authorized Signatory & Stamp)

Name:

Designation:

Date:

Location:

Notes:

- Members are requested to send their bids in email to askus@ncdex.com
- The application should be submitted in a password protected file. Password for the same should be shared within one day of closing of bidding window on the above email ID.
- If the bids are incomplete, Exchange shall reject the application.
- Bids shall be evaluated as per the Selection Criteria specified in Annexure I.

Applicant with the highest scores in the evaluation shall be appointed as Designated Market Maker (DMM).

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