



The Calcutta Stock Exchange Limited

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CIN-U67120WB1923PLC004707

Dated: 29th September, 2020

NOTICE

Trading Members are hereby informed that the Exchange has received a Circular from SEBI Vide Ref. No. SEBI/HO/MIRSD/DOP/CIR/P/2020/167 dated September 15, 2020 regarding Collection and Reporting of Margins by Trading Member (TM) / Clearing Member (CM) in Cash Segment - Clarification. The contents of the said circular are reproduced hereunder for information of trading members.

Quote: -

CIRCULAR

SEBI/HO/MIRSD/DOP/CIR/P/2020/173

September 15, 2020

To,
All Recognised Stock Exchanges
All Recognised Clearing Corporations

Dear Sir / Madam,

Subject: Collection and Reporting of Margins by Trading Member (TM) / Clearing member (CM) in Cash Segment - Clarification

1. SEBI, vide circular no. CIR/HO/MIRSD/DOP/CIR/P/2019/139 dated November 19, 2019 and SEBI/HO/MIRSD/DOP/CIR/P/2020/146 dated July 31, 2020, issued guidelines with regard to collection of margins from clients and reporting of short-collection / non-collection of margins by Trading Member (TM) / Clearing Member (CM).
2. Paragraph 4.1.1 and 4.1.2 of the SEBI circular dated November 19, 2019, specifies the following:

The 'margins' for this purpose shall mean VaR margin, extreme loss margin (ELM), mark to market margin (MTM), delivery margin, special / additional margin or any other margin as prescribed by the Exchange to be collected by TM/CM from their clients. Henceforth, like in derivatives segment, the TMs/CMs in cash segment are also required to mandatorily collect upfront VaR margins and ELM from their clients. The TMs / CMs will have time till 'T+2' working days to collect margins (except VaR margins and ELM) from their clients. (The clients must ensure that the VaR margins and ELM are paid in advance of trade and other margins are paid as soon as margin calls are made by the Stock Exchanges / TMs / CMs. The period of T+2 days has been allowed to TMs / CMs to collect margin from clients taking into account the practical difficulties often faced by them only for the purpose of levy of penalty and it should not be construed that clients have been allowed 2 days to pay margin due from them.)

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3. Paragraph 2.1 of the SEBI circular dated July 31, 2020, inter-alia, specifies the following:

If TM / CM collects minimum 20% upfront margin in lieu of VaR and ELM from the client, then penalty for short-collection / non-collection of margin shall not be applicable.

4. In view of the representations received with regard to levy of penalty for non-collection of "other margins" (other than VaR and ELM) on or before T+2 days from clients by TM / CM, following is clarified:

4.1. If pay-in (both funds and securities) is made by T+2 working days, the other margins would be deemed to have been collected and penalty for short / non collection of other margins shall not arise.

4.2. If Early Pay-In of securities has been made to the Clearing Corporation (CC), then all margins would be deemed to have been collected and penalty for short / non-collection of margin including other margins shall not arise.

4.3. If client fails to make pay-in by T+2 working days and TM / CM do not collect other margins from the client by T+2 working days, the same shall also result in levy of penalty as applicable.

5. It is reiterated that CC shall continue to collect upfront VaR plus ELM and other margins from TM / CM as applicable from time to time.

6. SEBI circulars dated November 19, 2019 and July 31, 2020 are modified to the extent of the above. All other provisions of the said SEBI circulars dated November 19, 2019 and July 31, 2020 shall continue to remain applicable.

7. This circular is being issued in exercise of powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act, 1992 to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.

Yours faithfully

Narendra Rawat
General Manager
Market Intermediaries Regulation and Supervision Department

Unquote: -

Trading Members are requested to take note of the aforesaid guidelines of SEBI and act accordingly.

Dhiraj Chakraborty
Compliance Officer