

Dated: 15th January 2020

NOTICE

Sub : Collection and reporting of margins by Trading Member (TM) /Clearing Member (CM) in Cash Segment

This is with reference to SEBI Circular no CIR/HO/MIRSD/DOP/CIR/P/2019/139 dated November 19, 2019 and NSE Clearing Ltd. Circular Ref. No: 369/2019 dated 22/12/2019 and Indian Clearing Corporation Ld (ICCL) Circular No. 20191122-8 dated 22/11/2019, regarding collection and reporting of margins by Trading Member (TM) / Clearing Member (CM) in Equity Cash Segment.

In this connection, members are hereby requested to note and comply said SEBI circular with following guidelines pertaining to Margin Collection/Reporting for Equity Cash Segment as stipulated by SEBI/NCL/ ICCL.

- i) The margins in Equity cash segment will mean VaR margin, extreme loss margin (ELM), mark to market margin (MTM), special / additional margin or any other margin as prescribed by the Exchange / NSE Clearing Ltd /ICCL to be collected by TM/CM/Custodian from their clients/trading members.
- ii) TMs/CMs/Custodians will be required to mandatorily collect upfront VaR margins and ELM from their respective clients/trading members.
- iii) The TMs/CMs/Custodians will have time till 'T+2' working days to collect margins (except VaR margins and ELM) from their clients/trading members. (The clients/trading members 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 Exchange/TMs/CMs/Custodians. The period of T+2 days has been allowed to TMs/CMs/Custodians 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.)
- iv) TMs/CMs/Custodians will be exempted from collecting upfront margins from the institutional investors carrying out institutional trades.
- v) TMs/CMs/Custodians will be exempted from collecting upfront margins in respect of positions for which client level early pay-in of securities (EPN) and early pay-in of funds (EPF) is done prior to the settlement.

If the TM/CM/Custodians have collected adequate initial margins from the client to cover the potential losses over time till pay-in, TMs/CMs/Custodians need not collect MTM from their client/TMs.

Members are required to report the collection of the above mentioned margins, from their clients/trading members by T+4 day. i.e., for trades done on T day, the facility of reporting the margin collection from clients/trading members will be available up to 11.00 pm on T+4 (i.e. 4th working day from T day).

Therefore, Trading Members are requested to update client wise collection margin for Cash Segment in Class Back Office S/w.

For The Calcutta Stock Exchange Ltd.

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Dy. General Manager