

National Stock Exchange Of India Limited**Department : Inspection**

Download Ref No: NSE/INSP/45534

Date : August 31, 2020

Circular Ref. No: 52/2020

To All Trading Members,

Sub: Guidelines/clarifications on Margin collection & reporting

This has reference to Exchange circular NSE/INSP/45191 dated July 31, 2020 with respect to Guidelines/clarifications on Margin collection & reporting.

Further Member's attention is drawn to SEBI Circular SEBI/HO/MIRSD/DOP/CIR/P/2020/146 dated July 31, 2020 wherein SEBI has prescribed that "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. However, it is reiterated that Clearing Corporation shall continue to collect the upfront margin from the TM / CM based on VaR and ELM."

In view of the same, Point A of Question no. 1 in Annexure A of the Exchange Circular NSE/INSP/45191 dated July 31, 2020 has been partially modified as below:

"A. Capital Market Segment

In capital market segment, Trading Members (TM) are required to mandatorily collect minimum 20% upfront margin in lieu of VaR and ELM from the client on an upfront basis. Other margins such as Mark-to-market margin (MTM), delivery margin, special/additional Margin or such other margins as may be prescribed from time to time, shall be collected within 'T+2' working days from their clients. It must be ensured that minimum 20% upfront margin is collected in advance of trade and other margins are collected/paid as soon as margin calls are made by the clearing corporations."

Further, based on the members' representation, following clarifications are provided for question no. 10 and 29 in Annexure A of the aforementioned Exchange circular:

Question no. 10

The valuation of G-Sec/T-Bill shall be based on closing price of G- Sec/T-Bills on NDS on T-1 day reduced by haircut as specified by clearing corporation from time to time.

In case where clearing corporations have not specified the haircut for G-Sec/T-bills then valuation shall be based on closing price on NDS on T-1 day reduced by a haircut of 10%.

Question no. 29

Securities whose pledge is being invoked due to default of client are required to be reported in Weekly Holding submission. Members shall adhere to the following while reporting:

Account where Securities are available	Values to be reported under “Member account type”
Client Securities Margin Pledge Account	MRGN PLEDGE
Client Securities under Margin Funding Account	MTF PLEDGE

All members are advised to take note and strictly comply with the above.

For and on behalf of

National Stock Exchange of India Limited

Pranav Tanna

Chief Manager-Inspection

In case of any clarifications, Members may contact our below offices:

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