

**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:

<b>Account where Securities are available</b>	<b>Values to be reported under “Member account type”</b>
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:

<b>Regional Office</b>	<b>CONTACT NO.</b>	<b>E MAIL ID</b>
Ahmedabad (ARO)	079-49008632	<a href="mailto:inspectionahm@nse.co.in">inspectionahm@nse.co.in</a>
Chennai (CRO)	044- 66309915/17	<a href="mailto:inspection_cro@nse.co.in">inspection_cro@nse.co.in</a>
Delhi (DRO)	011-23459127 / 38 / 46	<a href="mailto:delhi_inspection@nse.co.in">delhi_inspection@nse.co.in</a>
Kolkata (KRO)	033-40400411 / 06	<a href="mailto:inspection_kolkata@nse.co.in">inspection_kolkata@nse.co.in</a>
Mumbai(WRO)	022-25045144/053/138 or 022-61928200 Extn: 28144/28053/28138	<a href="mailto:compliance_wro@nse.co.in">compliance_wro@nse.co.in</a>
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