

Annexure A

Detailed framework for acceptance of securities as collaterals from demat account of member maintained with any Depository Participant (DP) of CDSL.

Registration

- Clearing member shall be required to have a separate beneficial owner demat account (“designated account”) with any Depository Participant of CDSL. Clearing member who is a Depository Participant of CDSL can have demat account under its own DP or any other DP of its choice.
- Clearing member shall have and maintain demat account for depositing securities in respect of collateral with the Clearing Corporation under account type “Corporate/Individual/HUF/LLP” and sub-type “CM/TM-Collateral Account” available in CDSL depository system.
- The aforesaid designated account shall be permitted for pledging of securities across all segments of NSCCL.
- The clearing member shall ensure that designated account is solely used for the purpose of pledging securities in favour of NSCCL. Any other use of designated account shall be treated as non-compliance and shall be dealt with accordingly.
- The clearing member shall submit the following information to NSCCL for pledging of securities in favour of NSCCL:
 - Covering letter as per format provided in Annexure 1
 - Client master of the designated account
 - Pledge deed as per the specified format
 - For security deposit as per Annexure 2
 - For margin deposit as per Annexure 3
 - Clearing Member shall be required to provide separate pledge deed for each segment and deposit type.
- On submission of necessary documents as specified above NSCCL shall enable the designated account for acceptance of pledge

Pledging of securities

- Clearing members shall initiate a pledge instruction from the designated account in favour of the requisite beneficial owner account of NSCCL.
- Clearing member can register the designated account for “easiest” facility provided by CDSL whereby it can electronically submit the pledge request in favor of NSCCL. Alternately, the member can also follow the existing procedure of submission of pledge instructions to its DP. Thus, pledge created through “easiest” facility of CDSL or through submission of instruction to the DP by using existing procedure shall be accepted for collateral purpose.
- Details of NSCCL accounts in whose favour the pledge have to be created for different deposit type are as under

Segment	Deposit type	Account number
Currency Derivatives Segment	Security Deposit	1100001100020356
Currency Derivatives Segment	Margin Deposit	1100001100020360

- Clearing members shall ensure that correct account is selected while initiating the pledge instructions as these pledges will be confirmed automatically in favour of NSCCL.
- Pledge instructions created in favour of NSCCL for securities which are not accepted as collateral or in favour of segment/type of deposit for which clearing member is not registered shall not be accepted by CDSL system.
- Pledge instructions in respect of approved securities and in favour of segment/type of deposit for which clearing member is registered shall be accepted.
- Rules for valuation, haircut, market-wide limits, member-wise limits, prudential limits, securities not approved for acceptance, ownership of securities shall be as currently applicable and specified by NSCCL from time to time.
- The new facility for pledging the securities will be made available to the clearing members in addition to the existing mechanism to pledge the securities through approved custodians/NSDL.

Release of pledge

- Clearing member shall request for release of securities pledged from designated account to NSCCL as per the current process through the web based facility of Collaterals Interface for Members (CIM).
- Such requests may be considered by NSCCL if it chooses not to exercise its lien pursuant to the Rules, Byelaws and Regulations and subject to availability after due adjustments for the due fulfilment of all obligations and liabilities arising out of or incidental to any contracts entered into by such clearing member and subject to the bye laws, rules and regulations of NSCCL or anything done in pursuance thereof.
- In respect of release requests which have been accepted and processed by NSCCL, NSCCL shall execute closure of the pledge (i.e. Unilateral Closure) in CDSL depository system. Upon execution of the aforesaid pledge closure instructions, securities will be available as free balance in designated account of clearing member.

Charges

- Clearing members shall be levied charges for the above facility on the value of securities pledged in favour of NSCCL through aforesaid facility. The charges shall be levied on a monthly basis and collected by NSCCL by debiting from the clearing members settlement account. No additional charges shall be levied by CDSL.
- The charges shall be @ 0.003% on the value of securities pledged in favour of NSCCL or Rs.300 whichever is lower.(plus applicable taxes)