

DEPARTMENT: COMPLIANCE

Download Ref No: NCL/CMPL/46478

Date: November 26, 2020

Circular Ref. No: 37/2020

All Members,

Sub: Peak Margin reporting of Custodian Participant trades in all Derivatives Segment

SEBI vide its circular SEBI/HO/MRD2/DCAP/CIR/P/2020/127 dated July 20, 2020 has provided the framework to enable verification of upfront collection of margins from clients.

With respect to Custodian Participant trades, Clearing Members have made representations to consider alternate mechanisms of reporting. In consultation with the Clearing Members and based on approval received from SEBI, the treatment of CP trades for peak margin reporting in derivatives segment shall be as under:

A. Clearing Member to confirm the availability of peak margins

1. The clearing corporation shall aggregate the margins on confirmed trades as well as unconfirmed trades for a given CP and include the same in the snapshot provided to the clearing member.
2. The end of day file downloaded to clearing member shall have EOD margins for all confirmed trades and peak across all snapshot as computed in point 1
3. Clearing member shall be required to report the end of day and the peak margins as per the file downloaded by Clearing Corporation
4. In case of any shortages in the reporting as per point 3 the same shall be considered as shortfall of margin collection and penalty for the same shall be applicable. The penalty shall be levied and collected from the clearing member of the CP. The clearing member can collect such penalty from the respective CP.
5. Reporting of peak margins by clearing member shall be a confirmation of availability of upfront margins at time of trade.

6. Even cases where trades are rejected by clearing member due to mismatch or error, the clearing member shall be responsible to report peak margins/penalty for short reporting. Such penalty can be collected from the respective Trading Members by the clients/clearing member
7. The existing process of trade confirmation and settlement will continue between clearing member and Clearing Corporations, accordingly till the trade is confirmed by clearing member the collateral of the clearing member of the executing trading member would be blocked by the Clearing Corporation.
8. The date of implementation of the above process shall be communicated subsequently

B. Interim Process: Till implementation of above process the following shall be implemented

1. The trading member shall report the peak margins for such CP trades.
2. Clearing member shall be required to confirm the peak margins collected placed by the CP with them to Clearing Corporation on a dedicated email id provided by Clearing Corporation

The format for reporting peak margins collected for CP trades in all Derivatives Segment is provided as Annexure A.

The provisions of this circular shall be applicable from December 01, 2020.

**For and on behalf of
NSE Clearing Limited**

**Dhawal Shah
Head-Compliance**

Telephone No	Fax No	Email id
1800 266 0050	022-26598243	support@nsccl.co.in

Annexure A

The reporting of Peak Margins for CP trades shall be done in the below-mentioned format on the email id – peakmargins@nsccl.co.in with subject “Peak Margin Reporting-Segment-Primary Code-Member Name -CMPAN-Trade Date”

Where

Segment is F (Futures & Options)/ X (Currency Derivatives), as applicable

Primary Code- Clearing Member ID as provided by NCL

Member Name - Reporting Clearing Member Name

CMPAN - Reporting Clearing member PAN

Trade Date -Date of Trade Execution

File Format

File format: CSV

File Nomenclature: <F_”PRIMARY CODE”_Trade Date> for Futures and Options Segment

File Nomenclature: <X_”PRIMARY CODE”_Trade Date>_ for Currency Derivatives Segment

File description:

Sr.No.	Particulars
1	Trade Date
2	Segment (F/X)
3	Custodian Participant code
4	Peak Margins Reporting Amount