NSE Clearing

Circular

NSE Clearing Limited
(Formerly known as National Securities Clearing Corporation Limited)

Department : CAPITAL MARKET SEGMENT	
Download Ref No: NCL/CMPT/47583	Date : March 09, 2021
Circular Ref. No: 95/2021	

All Members,

Sub: Computation of Margin Utilisation

NSE Clearing levies VAR, Extreme Loss margins (ELM), Additional/Adhoc Margins and mark to market margins in the Capital Market segment and are monitored against the effective deposit/limit of the clearing/trading members. The margin utilization percentage is used for the calculation of point of entry/exit in the risk reduction mode

The formula used for computation of margin utilisation shall be revised as under:

For Clearing Members:

$$\text{Margin Utilisation \%} = \frac{\text{(VAR + ELM +Additional/ Adhoc Margin + Mark to Market)}}{\text{Effective Deposit}}$$

For Trading Members:

$$\text{Margin Utilisation \%} = \frac{\text{(VAR + ELM +Additional/ Adhoc Margin + Mark to Market)}}{\text{Applicable Limit}}$$

Cash component (Cash + Cash equivalent) of effective deposit shall be sufficient to cover the mark to market margins

The effective date for implementation of the revised formula shall be communicated separately

Members are requested to take note of the above.

For and on behalf of
NSE Clearing Limited
(Formerly known as National Securities Clearing Corporation Limited)

Huzefa Mahuvawala
Vice President

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