
National Stock Exchange of India Limited**FAQS – Settlement of Running Account of Client's Funds****1. When does a client account need to be settled?¹**

As per SEBI circular MIRSD/ SE /Cir-19/2009 dated December 3, 2009 and SEBI/HO/MRD/DP/CIR/P/2016/135 dated December 16, 2016, the settlement of funds and / or securities shall be done within 1 working day of the pay-out, unless client specifically authorizes the Trading Member in writing to maintain a running account.

Vide SEBI circular no. CIR/HO/MIRSD/DOP/CIR/P/2019/75 dated June 20, 2019, running account for securities has been discontinued and therefore, SEBI circulars dated December 03, 2009, and September 26, 2016, are now applicable for settlement of running account of client's "funds" only.

As per SEBI circular no. SEBI/HO/MIRSD/MIRSD-PoD1/P/CIR/2023/197 dated December 28, 2023, the settlement of running account of funds of the client shall be done by the Trading Member after considering the End of the Day (EOD) obligation of funds across all the Exchanges at the choice of the clients on quarterly and monthly basis, on the dates stipulated by the Stock Exchanges.

Further, as per SEBI circular SEBI/HO/MIRSD/MIRSD-PoD1/P/CIR/2025/1 dated January 06, 2025, For the clients having credit balance, who have not done any transaction in the 30 calendar days since the last transaction and any amount of such client's funds is lying with the Trading Member for more than such 30 calendar days, the entire credit balance of client shall be returned to the client by TM, on the upcoming settlement dates of monthly running account settlement cycle (irrespective of settlement cycle preferred by the client) as stipulated by stock exchanges. However, if the client trades after 30 calendar days and before aforesaid upcoming settlement dates of monthly running account settlement cycle, the settlement of account of client shall continue to be done by the Trading Member as per the preference of quarterly/monthly as indicated by the client for running account settlement.

In accordance with aforesaid SEBI circulars, Exchange issues circular every year informing the annual calendar for the settlement of running account (quarterly and monthly) applicable during the financial year. The annual calendar issued by Exchange contains two dates (Friday and or Saturday) for each month/quarter on which Trading Member is required to carry out running account settlement of clients' funds.

2. What should be the periodicity for settlement of client funds?²

¹ and ² Points are amended in accordance with SEBI circular no. SEBI/HO/MIRSD/MIRSD-PoD1/P/CIR/2023/197 dated December 28, 2023 on permitting settlement on Friday and or Saturday and SEBI circular SEBI/HO/MIRSD/MIRSD-PoD1/P/CIR/2025/1 dated January 06, 2025 on revision in guidelines of settlement of clients not traded in last 30 days

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In case a client wishes to maintain a running account for its funds with the Trading Member, the client has to authorize the Trading Member in writing to retain its funds. Such authorization should also contain:

- Mandate of the client as to whether the settlement of funds should be done on monthly / quarterly basis.
- A clause stating that the Client may revoke the authorization at any time (i.e. without notice)

Running account authorisation received through online secured access by way of client specific user id & password or through a registered email id of client is considered as authorisation in writing.

As per SEBI circular no. SEBI/HO/MIRSD/MIRSD-PoD1/P/CIR/2023/197 dated December 28, 2023, the settlement of running account of funds of the client shall be done by the Trading Member after considering the End of the Day (EOD) obligation of funds across all the Exchanges at the choice of the clients on quarterly or monthly basis, on the dates stipulated by the Stock Exchanges.

TM shall ensure that funds, if any, received from clients, whose running account has been settled, remain in the “Up Streaming Client Nodal Bank Account” and no such funds shall be used for settlement of running account of other clients.

In accordance with aforesaid SEBI circular, Exchange issues circular every year informing the annual calendar applicable for the settlement of running account (quarterly and monthly) for the financial year. The annual calendar issued by Exchange contains two dates (Friday and or Saturday) for each month/quarter on which Trading Member is required to carry out running account settlement of clients’ funds.

Further, as per SEBI circular SEBI/HO/MIRSD/MIRSD-PoD1/P/CIR/2025/1 dated January 06, 2025, For the clients having credit balance, who have not done any transaction in the 30 calendar days since the last transaction and any amount of such client’s funds is lying with Trading Member for more than such 30 calendar days, the entire credit balance of client shall be returned to the client by TM, on the upcoming settlement dates of monthly running account settlement cycle (irrespective of settlement cycle preferred by the client) as stipulated by stock exchanges. However, if the client trades after 30 calendar days and before aforesaid upcoming settlement dates of monthly running account settlement cycle, the settlement of account of client shall continue to be done by the Trading Member as per the preference of quarterly/monthly as indicated by the client for running account settlement.

Illustration (For client accounts having credit balance and not traded in last 30 calendar days)

Settlement preference	Last trade	Whether client has traded	Upcoming Monthly Settlement Date as per	Whether client has traded after 30 days from the last trade	Whether client is required to be settled on	Remarks (G)

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given by client (A)	date (B)	in 30 days from the last trade date mentioned in Column B (C)	Exchange circular (D)	mentioned in Column B and before the upcoming monthly settlement date mentioned in Column D (E)	the upcoming monthly settlement date mentioned in Column D (F)	
Quarterly	10-Jan-25	No	7th &/or 8th March 2025	No	Yes	
Quarterly	10-Jan-25	No	7th &/or 8th March 2025	Yes	No	Settlement is not required as client has traded after 30 days before the upcoming monthly settlement date
Quarterly	1-Mar-25	No	4th &/or 5th April 2025	No	Yes	
Quarterly	1-Mar-25	No	4th &/or 5th April 2025	Yes	Yes	Client is required to be settled as this

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						upcoming monthly settlement date is also a quarterly settlement date
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3. **If the client has not done any Exchange transaction in the last 30 calendar days but has an open position in derivatives segment, still the credit balance should be returned to client ?³**

If the client has an open position in the derivatives segment, then the date of contract expiry or the date on which position is closed (whichever is later) may be treated as last transaction date, for the purpose of computing 30 calendar days for returning the credit balance to such clients. However, Trading Members shall ensure doing settlement of running account of funds on running account settlement dates as stipulated by the Exchange of the Month or Quarter as per the preference of the client.

Illustration (For client accounts having credit balance and open position in derivatives segment)

Settlement preference given by client	Last trade date	Position closure date	Contract Expiry date	Next settlement due date
Quarterly	10-Jan-2025	15-Jan-2025	NA	7th &/or 8 th March 2025
Quarterly	10-Jan-2025	NA	24-Jan-2025	7th &/or 8 th March 2025
Monthly	10-Jan-2025	15-Jan-2025	NA	7 th &/or 8 th February 2025*
Monthly	10-Jan-2025	NA	24-Jan-2025	7 th &/or 8 th February 2025*

* Running account settlement date of the Month

³ Point is amended in accordance with SEBI circular SEBI/HO/MIRSD/MIRSD-PoD1/P/CIR/2025/1 dated January 06, 2025 on revision in guidelines of settlement of clients not traded in last 30 days

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4. rescinded⁴

5. **What is the value of funds that a Trading Member can retain while doing the settlement?**

In case of client having any outstanding trade position on running account settlement date as stipulated by Exchange of the Month / Quarter on which settlement of running account of funds is scheduled, a Trading Member may retain funds calculated in the manner specified below:

- i. Entire pay-in obligation of funds outstanding at the end of day on date of settlement, across all segments.
- ii. Trading Member may retain 50% of end of the day (EOD) margin requirement as cash margin, excluding the margin on consolidated crystallized obligation/ MTM.
- iii. Apart from 50% cash margin mentioned in point ii above, Trading Member may also retain 225% of EOD margin (which includes additional 125% margin) reduced by 50% cash margin and the value of securities (after applying appropriate haircut) accepted as collateral from the clients by way of 'margin pledge' created in the Depository system for the purpose of margin and value of commodities (after applying appropriate haircut). The margin liability shall include the end of the day margin requirement in all the segments across exchanges excluding the margin on consolidated crystallized obligation/ MTM. The margin liability may also include the margin collected by the Trading Member from their clients as per the risk management policy and informed to the clients.

Computation for arriving at retention of excess client funds based on above points would be as under:

Scenario	Fund Pay in Obligation for T & T-1 day	EOD Margin Requirement	Cash margin to be retained (50% of EOD Margin)	Computation of 225% of margin to be retained			Client Funds Balance	Maximum funds that can be retained (i.e. Sum of cash margin to be retained, non-cash 225% EOD margin after securities	Client Funds to be returned (i.e. client fund balance if available after adjusting maximum
				225 % of EOD margin minus cash margin as computed in column C	Securities Pledged / Repledged or commodities	225% of EOD margin to be retained from funds if available after adjusting securities pledged/repledged or commodities			

⁴ In view of revision in guidelines of settlement of clients not traded in last 30 days issued vide SEBI circular SEBI/HO/MIRSD/MIRSD-PoD1/P/CIR/2025/1 dated January 06, 2025, Question numbered as 4 is rescinded

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								/commodities adjustment and funds pay in obligation)	funds that can be retained)
	<i>A</i>	<i>B</i>	<i>C</i> = 50%* <i>B</i>	<i>D</i> = (225% * <i>B</i>)- <i>C</i>	<i>E</i>	<i>F</i> =MAX((<i>D</i> - <i>E</i>),0)	<i>G</i>	<i>H</i> = <i>A</i> + <i>C</i> + <i>F</i>	<i>I</i> = <i>M</i> AX((<i>G</i> - <i>H</i>),0)
1	110000	100000	50000	175000	200000^	0	300000	160000	14000 0
2	150000	150000	75000	262500	300000^	0	200000	225000	0
3	100000	100000	50000	175000	125000	50000	210000	200000	10000
4	15000	200000	10000 0	350000	200000	150000	300000	265000	35000
5	0	25000	12500	43750	200000^	0	10000	12500	0
6	500000 0	1250000 0	62500 00	218750 00	3000000 0^	0	500000 00	1125000 0	38750 000

^ Excess securities need not to be unpledged.

An indicative format of retention statement is attached as **Annexure 1**. In case of any other format, Trading Member should ensure that the contents specified by the relevant circulars are covered in the retention statement.

Note:

- a) Client's running account shall be considered settled if Trading Member has given instructions to bank for credit to client's bank account, provided that the Trading Member has sufficient balance in its account.

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- b) While computing the value of securities, the closing rate for the trade date prior to the settlement date (T-1 day) should be considered after appropriate hair-cut viz. VaR margin rate applicable for the security in the Capital Market segment and considered towards margin reporting. Further, effective from June 30,2025⁵, the Trading Member shall compute the value of securities as per the closing rate on T-1 day as reduced by the appropriate haircut at a rate not less than the VAR margin rate of the security at the beginning of T day.
- c) In case the Trading Member applies haircut more than VaR rate on a regular basis and the actual margin is collected and exposure is provided accordingly, then such higher rate may be considered for determining the amount to be retained, provided the Trading Member has intimated the requirement of additional margins to the clients through the policy and procedures document and consistently through the daily margin statements issued to clients.
- d) No inter client adjustment/ passing of Journal Entries can be done/ considered for the purpose of settling client accounts.
- e) Obtaining of authorization from the clients to the effect that no settlement need be done for running accounts is contradictory to the SEBI requirement and hence not permissible.
- f) Following points with respect to computation stipulated above are clarified for the purpose of settlement of the clients carried out on Saturday (non-trading day):
- The outstanding pay in and margin obligation data of the last trading day shall be considered in the computation specified above e.g. the EOD outstanding pay in and EOD margin obligation of last trading day i.e. Friday shall be considered for the purpose of settlement to be carried out on Saturday assuming Friday is not a trading holiday.
 - Margin pledged securities as on settlement date i.e. Saturday shall be considered.
 - Client Funds Balance as on settlement date i.e. Saturday shall be considered.
 - While computing the value of margin pledged securities, the closing rate for T-1 trading day should be considered after appropriate hair-cut viz. VaR margin rate applicable for the security in the Capital Market segment and as considered for margin computation. e.g. Closing rate of T-1 trading day i.e. Thursday shall be considered for settlement to be carried out on Saturday assuming Friday and Thursday are not a trading holiday. Further, effective from June 30,2025⁶, the Trading Member shall compute the value of securities as per the closing rate on

⁵ and ⁶ Requirement of Var of T day is inserted in accordance with Circular NSE/INSP/66840 dated February 24, 2025 and NSE/INSP/67798 dated April 30,2025

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T-1 day as reduced by the appropriate haircut at a rate not less than the VAR margin rate of the security at the beginning of T day.

6. Whether the securities pledged to Trading Member need to be unpledged while doing the settlement?

Excess securities (in the form of margin pledge/re-pledge) with Trading Member (TM), Clearing Member (CM) or with Clearing Corporation (CC), after adjustment of the 225% of the margin liability need not be unpledged for the purpose of periodic settlement.

7. Can Trading Members issue payments through physical mode, while settling the accounts of the clients?

For the purpose of settlement of funds, the mode of transfer of funds shall be by way of electronic funds transfer viz., through National Electronic Funds Transfer (NEFT), Real Time Gross Settlement (RTGS), etc.

Trading Members may issue a physical payment instrument (cheque or demand draft), only in cases where electronic payment instructions have failed or have been rejected by the bank and after keeping adequate record of the same.

Further, in case of failure of electronic payment instructions due to incorrect bank account details, Trading Members shall obtain correct bank details from clients and update their records after keeping adequate audit trail.

8. Is there any threshold amount below which Trading Members may not be required to settle client's account?

No. Retention of any amount towards administrative / operational difficulties in settling the accounts of clients is not permitted.

9. When a Trading Member is required to send statement of accounts for funds / securities?

As clarified vide Exchange circular NSE/INSP/47227 dated February 03, 2021, every Trading Member shall send a complete 'Statement of Accounts' for funds, securities and commodities in respect of each of its clients on weekly basis. Trading Members have to send the 'Statement of Accounts' on or before the next four trading days of subsequent week.

Further all Trading Members will continue to send 'statement of accounts' containing an extract from the client ledger for funds, an extract from the register of securities/commodities displaying all receipts and deliveries of securities/commodities and a statement explaining the retention of funds/commodities within 5 working days from the date of settlement.

Notwithstanding anything contained above, Trading Member shall issue the statement of accounts for funds, securities and commodities for such period as may be requested by the client from time to time.

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The statement of accounts may be sent in hard or in soft form as per the consent obtained from the client and POD / dispatch register / logs of email sent should be retained by the Trading Member.

Trading Members may refer Exchange circular NSE/INSP/47227 dated February 03, 2021, for the format of the statement of accounts for funds and securities/commodities.

10. Is statement of account required to be issued in case no trades are done by the clients?

The Trading Members shall not be required to send the 'Statement of Accounts' to clients with zero funds, zero securities and zero commodities balances and no trades are carried out by the client in the last 12 months across all Exchanges⁷.

11. In which circumstances the settlement need not be done by a Trading Member?

The periodic settlement as per the above- mentioned rules (Point no.1) is not required to be done in the following cases:

- a) Clients settling trades through "custodians."
- b) Margin received in the form of Bank Guarantees in accordance with SEBI guidelines on upstreaming of clients funds which are created by clients⁸
- c) Clearing Members who are clearing trades of custodial participants/ Trading Members
- d) Cheques received by the Trading Member from the clients and credited in the respective client ledger but uncleared on settlement date.
- e) In the case of new client, no settlement would be required on first settlement date (i.e. running account settlement date as stipulated by Exchange of the Month or Quarter as per the preference of client) immediate after registration of client. For example, a client who registered on October 01,2024 and opted quarterly settlement, would not be required to be settled on the first settlement date i.e. October 04 & 05,2024 and should be settled on next settlement date i.e. January 03 & 04 ,2025. However, Trading Members shall ensure that, if the client is having credit balance, and has not done any transaction in the 30 calendar days since the last transaction, the credit balance shall be returned to the client by TM as clarified in FAQ no. 1 and 2.

12. Can a Trading Member retain funds of clients towards obligations towards its sister companies?

⁷ In view of revised guidelines issued on inactive client vide circular NSE/INSP/64718 dated October 25, 2024, requirement of flagging inactive in UCC is rescinded

⁸ Point b is inserted in accordance with SEBI circular SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/187 dated December 12, 2023 on upstreaming of Client funds.

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While settling client accounts, a Trading Member cannot retain funds in excess of the balances mentioned in Point 5.

Accordingly, while ascertaining retention amount, a Trading Member cannot consider debit balances of the client which are arising in the books of sister concern / associate of the Trading Member registered in same/other exchanges / commodities broking.

13. Can the Trading Member get the funds due for settlement invested in any other instrument after taking consent from the client?

No. All Trading Members are advised to strictly comply with the abovementioned requirement relating to running account settlement and ensure strict adherence to the timelines prescribed therein. Further, Trading Members should ensure to credit the settlement amount to the client bank account directly and not run any schemes to invest the actual settlement amount with the consent/without consent of the client.

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Annexure 1
INDICATIVE FORMAT FOR RETENTION STATEMENT⁹
(A) Total value of clients Funds available prior to settlement

Particulars	Amount (Rs.)	Amount (Rs.)
Unencumbered balance in client ledger (<i>after reversing value of unsettled bills if any in case of trade day billing and margin amount if debited in client ledger</i>)	<u>XXXX</u>	
Unencumbered balance in margin ledgers	<u>XXXX</u>	
Total Funds available (a)		<u>XXXX</u>

(B) Value of securities pledged/ repledged and value of commodities

Particulars	Amount (Rs.)
Value of securities (after applying appropriate haircut) accepted as collateral from the clients by way of 'margin pledge'	<u>XXXX</u>
Value of commodities (after applying appropriate haircut)	<u>XXXX</u>
Total value of securities pledged/ repledged and commodities (b)	<u>XXXX</u>

(C) Explanation regarding Retention of Funds

Particulars	CM Segment	FO Segment	CD Segment	Other Segments	Amount (Rs.)
T Day Funds Pay in obligation (c)	XXXX	XXXX	XXXX		XXXX
50% of end of the day (EOD) margin Liability (d)	XXXX	XXXX	XXXX		XXXX
225% of T Day Margin Liability (e)	XXXX	XXXX	XXXX		XXXX
225% of T Day Margin Liability in all segments across Exchanges					XXXX

⁹ In light of implementation of T+1 settlement in Cash Market and in view of SEBI circular SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/187 dated December 12, 2023 on upstreaming of Client funds, following rows become irrelevant in the retention statement format therefore same are removed

- Row "T-1 Day Funds Pay in obligation (d)" in Section (C) "Explanation regarding Retention of Funds"
- Row "Value of FD's received from client - not required to be returned (With details of each FD)" in Section (F) "Amount not required to be returned"

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(after reducing 50% of EOD margin and the value of securities accepted as collateral from the clients by way of 'margin pledge' and value of commodities) (f=e-d-b)					
Maximum Funds that can be retained (g=c+d+f)					XXXX

(D) Retention of Funds

Value of Funds received from client – retained	<u>XXXX</u>
Total Retention	<u>XXXX</u>

(E) Details of Payout to client

Total Funds released	<u>XXXX</u>
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(F) Amount not required to be returned

Value of BG's received from client as per Upstreaming guidelines - not required to be returned (With details of each BG)	<u>XXXX</u>
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