

Heading: - Clarification on Margin Funding

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The Hindu Business Line

Headline: Exchanges refute reports stating lower stocks available for margin trading

Exchanges refute reports stating lower stocks available for margin trading

Our Bureau
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The NSE and BSE on Thursday issued a clarification on Margin Trading Facility (MTF). The note said a media report stating that 1,010 stocks will be expelled from the list of collaterals acceptable as margin pledges for availing MTF from clearing corporations effective November is not correct.

“This is factually incorrect. No such circular was issued by SEBI in October, and no largescale changes have been made recently to the list of securities on which MTF can be offered,” the note said.

MTF is provided by trading members to their clients in stocks and ETFs that are part of the Group I list of securities issued by clearing corporations. The list of Group I securities is

computed based on objective criteria of impact cost and the same is updated every month and published by the exchanges on their websites. As per this, currently around 2,000 securities form part of Group I.

“Contrary to the article’s claim, there has been no reduction in the number of securities eligible for MTF. Further, acceptance of collaterals by clearing corporations is based on the risk-based objective approach to manage the efficiency of risk management and clearing and settlement. There is no scrip-specific discrimination that is exercised while updating the list of acceptable collaterals on periodic basis,” the note added. Lending under MTF went up in October to a record high of over ₹80,500 crore.

The Economic Times

Headline: NSE, BSE refute reports of reduced stocks for margin funding, confirm no changes made

<https://economictimes.indiatimes.com/markets/stocks/news/nse-bse-refute-reports-of-reduced-stocks-for-margin-funding-confirm-no-changes-made/articleshow/115530208.cms?from=mdr>

Exchanges NSE and BSE refuted recent media reports that claimed removal of 1,010 stocks from the list of collaterals eligible for Margin Trading Facility (MTF). Both NSE and BSE have clarified that no such circular was issued, and there have been no large-scale changes to the list of securities eligible for MTF.

As per the existing regulatory framework, MTF is provided by trading members (TMs) to their clients for stocks and exchange-traded funds (ETFs) included in the Group I list of securities.

This list, maintained by clearing corporations, is updated monthly based on objective criteria such as impact cost, which is a measure of liquidity. Currently, about 2,000 securities qualify under Group I.

The exchanges said the acceptance of collateral by clearing corporations follows a risk-based objective approach aimed at enhancing the efficiency of risk management and ensuring smooth clearing and settlement processes.

Contrary to reports, there has been no reduction in the number of securities eligible for MTF. Further, acceptance of collaterals by clearing corporations is based on a risk-based objective approach to manage the efficiency of risk management and clearing and settlement," a release from the exchanges said.

"The list of acceptable collaterals is updated periodically without any scrip-specific discrimination," both exchanges have further clarified.

The lending under margin trading went up in October 2024 to all-time record high level of over Rs 80,500 crore.

Under the margin trading facility, brokers lend money to traders to buy more shares and earn interest income while keeping the financed shares as collateral.

Recently, Sebi tweaked the margin funding norms by allowing securities funded through cash collateral to be considered as maintenance margin. The move will help alleviate the burden of additional collateral towards the maintenance margin for the margin trading facility.

Fortune

Headline: 'No reduction in number of securities': BSE, NSE clarify on margin funding'

<https://www.fortuneindia.com/investing/no-reduction-in-number-of-securities-bse-nse-clarify-on-margin-funding/119235>

The domestic stock exchanges BSE and NSE in a joint statement clarified that there has been no reduction in the number of securities eligible for Margin Trading Facility (MTF). The clarification was issued by exchanges in response to a report circulating in media stating that a regulatory circular supposedly issued in October 2024, expelled 1010 stocks from the list of 'collaterals' acceptable for availing MTF.

“There is a report in media stating that a regulatory circular supposedly issued in October 2024 expelled 1010 stocks, effective November 2024, from the list of 'collaterals' acceptable as margin pledges for availing Margin Trading Facility (MTF) from clearing corporations,” as per the statement released by the exchanges today.

As per the release, the report is “factually” incorrect. “No such circular was issued by SEBI in October, and no large-scale changes have been made recently to the list of securities on which MTF can be offered.”

It is notable that lending under MTF went up in October 2024 to all-time record high level of over ₹80,500 crore.

“Contrary to the article’s claim, there has been no reduction in the number of securities eligible for MTF,” the exchanges say in its clarification. Further, acceptance of collaterals by Clearing Corporation is based on risk based objective approach to manage the efficiency of risk management and clearing and settlement. There is no scrip specific discrimination that is exercised while updating the list of acceptable collaterals on periodic basis, they add.

According to the current Regulatory framework, MTF is provided by Trading Members (TMs) to their clients, in Stocks and Exchange Traded Funds that are part of Group I list of securities issued by Clearing Corporations. The list of Group I securities is computed based on objective criteria of impact cost and same is updated every month and published by Exchanges’ on their websites. As per this, currently around 2,000 securities form part of Group I.

NDTV Profit

Headline: NSE, BSE Refute Report Of Reduction In Stocks Eligible For Margin Trading Facility

<https://www.ndtvprofit.com/markets/nse-bse-refute-report-of-reduction-in-stocks-for-margin-trading-facility>

The National Stock Exchange and the BSE—the country's two main bourses—on Thursday refuted claims of reduction in securities eligible for margin trading facility.

Their clarification came after a report claimed that the Securities and Exchange Board of India, via a circular supposedly issued last month, removed 1,010 stocks from the list of collaterals acceptable as margin pledges for availing margin trading facility.

"This is factually incorrect. No such circular was issued by SEBI in October, and no large-scale changes have been made recently to the list of securities on which MTF can be offered," the NSE and BSE said in a press release.

"Contrary to the article's claim, there has been no reduction in the number of securities eligible for MTF," they added.

Under the current rules, MTF is available for stocks and exchange traded funds listed in the group-I category, which is updated monthly based on criteria like impact cost. Currently, around 2,000 securities are part of this group, the release noted.

NSE and BSE also pointed out that the acceptance of collaterals by Clearing Corporation is based on a risk-based objective approach to manage the efficiency of risk management and clearing and settlement.

"There is no scrip specific discrimination that is exercised while updating the list of acceptable collaterals on periodic basis," it said.

The exchanges also noted that the lending under MTF went up in October 2024 to all-time record high level of over Rs 80,500 crore.

SEBI Resolves Over 6,300 Complaints Through SCORES Platform In October.

CNBC TV 18

Headline: BSE, NSE refute claims of reduced securities for margin trading facility

<https://www.cnbctv18.com/market/bse-nse-refute-claims-of-reduced-securities-for-margin-trading-facility-mtf-19512658.htm/amp>

BSE and NSE issued a joint statement on November 21, clarifying that there has been no reduction in the number of securities eligible for Margin Trading Facility (MTF).

Recent media reports claimed that a regulatory circular, supposedly issued in October 2024, excluded 1,010 stocks from the list of 'collaterals' acceptable for MTF. The exchanges refuted this claim, stating that no such circular had been issued by SEBI and no large-scale changes had been made to the list of eligible securities.

According to the exchanges, MTF is offered by Trading Members (TMs) to clients based on stocks and Exchange Traded Funds (ETFs) listed in the Group I list of securities, which is updated every month.

This list is determined by objective criteria such as impact cost, and it currently includes around 2,000 securities.

The exchanges also stressed that the acceptance of collaterals by Clearing Corporations is based on a risk-based approach to ensure efficient risk management, clearing, and settlement. There is no discrimination against specific stocks during the periodic updates of the list.

In addition to the clarification, the exchanges highlighted a notable surge in MTF lending, which reached an all-time high of ₹80,500 crore in October 2024, underscoring the growing popularity and usage of the facility.

Money Control

Headline: BSE, NSE clarify that there is no reduction in number of securities eligible for margin trading facility

<https://www.moneycontrol.com/news/business/markets/bse-nse-clarify-that-there-is-no-reduction-in-number-of-securities-eligible-for-margin-trading-facility-12872694.html>

BSE, NSE on November 21 clarified that there is no reduction in number of securities eligible for margin trading facility.

"There is a report in media stating that a regulatory circular supposedly issued in October 2024 expelled 1,010 stocks, effective November 2024, from the list of 'collaterals' acceptable as margin pledges for availing Margin Trading Facility (MTF) from clearing corporations. This is factually incorrect. No such circular was issued by SEBI in October, and no large-scale changes have been made recently to the list of securities on which MTF can be offered," the exchanges said in a joint statement.

As per the current regulatory framework, MTF is provided by Trading Members (TMs) to their clients, in stocks and Exchange Traded Funds that are part of Group I list of securities issued by Clearing Corporations. The list of Group I securities is computed based on objective criteria of impact cost and same is updated every month and published by exchanges' on their websites. As per this, currently around 2,000 securities form part of Group I, said NSE and BSE.

Contrary to the article's claim, there has been no reduction in the number of securities eligible for MTF. Further, acceptance of collaterals by Clearing Corporation is based on risk-based objective approach to manage the efficiency of risk management and clearing and settlement. There is no scrip specific discrimination that is exercised while updating the list of acceptable collaterals on periodic basis, the exchanges said.

Note that lending under MTF went up in October 2024 to all-time record high level of over Rs 80,500 crore.

ET Now

Headline: Margin Trading Facility: 1,010 stocks removed from MTF list? What exchanges NSE, BSE said

<https://www.etnownews.com/markets/margin-trading-facility-1010-stocks-removed-from-mtf-list-what-exchanges-nse-bse-said-article-115533111>

Sebi has changed the rules governing margin funding, permitting assets backed by cash collateral to be used as maintenance margin.

Indian bourses National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) have refuted recent media reports, claiming removal of 1,010 stocks from the list of collaterals eligible for Margin Trading Facility (MTF). The exchanges clarified that no such circulars have been issued by them, adding no large-scale changes to the list of securities eligible for MTF. Margin Trading Facility (MTF) is a facility provided by trading members (TMs) to their clients for stocks and exchange-traded funds (ETFs). It is allowed for stocks in the Group I list. It is updated monthly based on objective criteria such as impact cost. It is maintained by clearing corporations. As of now, there are 2000 securities in the Group I list.

Contrary to reports, there has been no reduction in the number of securities eligible for MTF. Further, acceptance of collaterals by clearing corporations is based on a risk based objective approach to manage the efficiency of risk management and clearing and settlement," a release from the exchanges said.

"The list of acceptable collaterals is updated periodically without any scrip-specific discrimination."

How does MTF work?

Under Margin Trading Facility (MTF), the broker helps traders to purchase securities by paying a small amount of the total cost. The rest amount is funded by the broker and interest is charged on that amount.

SEBI amends rules on margin fundingSebi has changed the rules governing margin funding, permitting assets backed by cash collateral to be used as maintenance margin. The action will lessen the strain of requiring more collateral to cover the margin trading facility's maintenance margin.

"The stocks or units of Equity ETFs deposited as collateral with the stock broker for availing margin trading facility (Collaterals) and the stocks or units of Equity ETFs purchased under the margin trading facility ('Funded stocks') shall be identifiable separately and no comingling shall be permitted for the purpose of computing funding amount," SEBI said in the circular.

"Further, in case the broker has collected cash collateral from the client in form of margin for availing margin trading facility and the Trading Member has given the said cash collateral to the Clearing Corporation (CC) towards settlement obligation of the said client, then same can be considered as maintenance margin to the extent of securities received from CC against such cash collateral given to CC and such shares are pledged in favor of trading member in form of funded stock."