**Part D**

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# Span Margin Computation Methodology

**Initial margin computation methodology**

The initial margin would be calculated using **SPAN®\*** which is portfolio based risk management system.

**Basic objective of SPAN system**

The objective of SPAN is to identify overall risk in a portfolio of futures and options contracts for each member. The system treats futures and options contracts uniformly, while at the same time recognizing the unique exposures associated with options portfolios like extremely deep out-of-the-money short positions, inter-month risk and inter-commodity risk.

Because SPAN is used to determine performance bond requirements (margin requirements), its overriding objective is to determine the largest loss that a portfolio might reasonably be expected to suffer from one day to the next day.

In standard pricing models, three factors most directly affect the value of an option at a given point in time:

1. Underlying market price
2. Volatility (variability) of underlying instrument
3. Time to expiration

As these factors change so too will the value of futures and options maintained within a portfolio. SPAN constructs scenarios of probable changes in underlying prices and volatilities in order to identify the largest loss a portfolio might suffer from one day to the next. It then sets the margin requirement at a level sufficient to cover this one-day loss.

**Mechanics of SPAN**

The complex calculations (e.g. the pricing of options) in SPAN are executed by the Clearing Corporation. The results of these calculations are called **Risk arrays**. Risk arrays, and other necessary data inputs for margin calculation are then provided to members in a file called the **SPAN Risk Parameter file**. This file will be provided to members on a daily basis.

Members can apply the data contained in the Risk parameter files, to their specific portfolios of futures and options contracts, to determine their SPAN margin requirements.

SPAN has the ability to estimate risk for combined futures and options portfolios, and re-value the same under various scenarios of changing market conditions.

**Risk Arrays**

The SPAN risk array represents how a specific derivative instrument will gain or lose value, from the current point in time to a specific point in time in the near future (typically it calculates risk over a one day period called the ‘look ahead time’), for a specific set of market conditions which may occur over this time duration.

The specific set of market conditions evaluated, are called the **risk scenarios**, and these are defined in terms of :

(a)    how much the price of the underlying instrument is expected to change over one trading day, and

(b)   how much the volatility of that underlying price is expected to change over one trading day.

The results of the calculation for each risk scenario – i.e. the amount by which the futures and options contracts will gain or lose value over the look-ahead time under that risk scenario - is called the **risk array value** for that scenario. The set of risk array values for each futures and options contract under the full set of risk scenarios, constitutes the **Risk Array** for that contract.

In the Risk Array, losses are represented as positive values, and gains as negative values. Risk array values are typically represented in the **currency** (Indian Rupees) in which the futures or options contract is denominated.

SPAN further uses a standardized definition of the risk scenarios, defined in terms of

(i)                  the underlying **‘price scan range’** or probable price change over a one day period,

(ii)                and the underlying price **‘volatility scan range’** or probable volatility change of the underlying over a one day period.

These two values are often simply referred to as the ‘**price scan range’** and the ‘**volatility scan range’**. There are **sixteen** risk scenarios in the standard definition. These scenarios are listed as under:

1.      Underlying unchanged; volatility up

2.      Underlying unchanged; volatility down

3.      Underlying up by 1/3 of price scanning range; volatility up

4.      Underlying up by 1/3 of price scanning range; volatility down

5.      Underlying down by 1/3 of price scanning range; volatility up

6.      Underlying down by 1/3 of price scanning range; volatility down

7.      Underlying up by 2/3 of price scanning range; volatility up

8.      Underlying up by 2/3 of price scanning range; volatility down

9.      Underlying down by 2/3 of price scanning range; volatility up

10.  Underlying down by 2/3 of price scanning range; volatility down

11.  Underlying up by 3/3 of price scanning range; volatility up

12.  Underlying up by 3/3 of price scanning range; volatility down

13.  Underlying down by 3/3 of price scanning range; volatility up

14.  Underlying down by 3/3 of price scanning range; volatility down

15.  Underlying up extreme move, double the price scanning range (cover 35% of loss)

16.  Underlying down extreme move, double the price scanning range (cover 35% of loss)

SPAN uses the risk arrays to scan probable underlying market price changes and probable volatility changes for all contracts in a portfolio, in order to determine value gains and losses at the portfolio level. This is the single most important calculation executed by the system.

As shown above in the sixteen standard risk scenarios, SPAN starts at the last underlying market settlement price and scans up and down three even intervals of price changes (‘price scan range’).

At each ‘price scan point’, the program also scans up and down a range of probable volatility from the underlying market's current volatility (‘volatility scan range’). SPAN calculates the probable premium value at each price scan point for volatility up and volatility down scenario. It then compares this probable value to the theoretical value (based on last closing value of the underlying) to determine profit or loss.

After SPAN has scanned the 16 different scenarios of underlying market price and volatility changes, it selects the largest loss from among these 16 observations. This "largest reasonable loss" is the ‘Scanning Risk Charge’ for the portfolio - in other words, for all futures contracts.

# List of banks approved for issuing Bank Guarantees and FDRs

|  |  |  |
| --- | --- | --- |
| **Sr. No** | **Bank Name** | **E-BG/E-FD** |
| 1 | AU SMALL FINANCE BANK | E-FDR |
| 2 | AXIS BANK LTD | E-FDR & E-BG |
| 3 | BANK OF BARODA |  |
| 4 | BANK OF INDIA |  |
| 5 | BANK OF MAHARASHTRA |  |
| 6 | BARCLAYS BANK PLC | E-FDR |
| 7 | CANARA BANK |  |
| 8 | CENTRAL BANK OF INDIA |  |
| 9 | CITIBANK N.A. | E-FDR |
| 10 | DBS BANK INDIA LTD | E-FDR |
| 11 | DEUTSCHE BANK AG |  |
| 12 | FEDERAL BANK LTD | E-FDR |
| 13 | HDFC BANK LTD | E-FDR & E-BG |
| 14 | HONGKONG AND SHANGHAI BANKING CORPORATION LTD | E-FDR |
| 15 | ICICI BANK LTD | E-FDR & E-BG |
| 16 | IDBI BANK LIMITED | E-FDR & E-BG |
| 17 | IDFC FIRST BANK LTD | E-FDR & E-BG |
| 18 | INDIAN BANK | E-FDR |
| 19 | INDIAN OVERSEAS BANK |  |
| 20 | INDUSIND BANK LTD | E-FDR |
| 21 | JP MORGAN CHASE BANK, N.A. |  |
| 22 | KARUR VYSYA BANK LTD |  |
| 23 | KOTAK MAHINDRA BANK LTD | E-FDR & E-BG |
| 24 | MIZUHO BANK LTD |  |
| 25 | MUFG BANK LTD |  |
| 26 | PUNJAB NATIONAL BANK |  |
| 27 | STANDARD CHARTERED BANK | E-FDR |
| 28 | STATE BANK OF INDIA | E-FDR |
| 29 | SUMITOMO MITSUI BANKING CORPORATION | E-FDR |
| 30 | UCO BANK | E-FDR |
| 31 | UNION BANK OF INDIA |  |

Note : Clearing members are advised to check their applicable limit before getting their bank guarantees or fixed deposit issued.

# List of designated Clearing Banks and branches

|  |  |  |
| --- | --- | --- |
| Clearing Bank | Address | Contact Person & Numbers |
| AXIS BANK LTD. | Axis House Wadia International Center,  Pandurang Budhkar Marg, Worli,  Mumbai – 400025 | **Srinath S Nair,** Vice President 022 68723819 / +91 9082800674  **Melwyn John Pereira** Assistant Vice President 022 68723818/ +91 9821320861  email: [cmd.fundsettlments@axisbank.com](mailto:cmd.fundsettlments@axisbank.com) |
| BANK OF INDIA LTD. | Stock Exchange Branch, P.J.Towers  Dalal Street, Fort  Mumbai - 400001 | Dipika Sharma  Assistant General Manager  022-22722400/ 9699034908  Bipesh Ranjan  Senior Manager  022-22721623/ 9386684570  email: [stockexchange.mumbaisouth@bankofindia.co.in](mailto:stockexchange.mumbaisouth@bankofindia.co.in) |
| CANARA BANK LTD. | Canara Bank Stock and Commodity Exchange Branch  No. 115, 11th Floor, Atlanta Building, Nariman Point,  Mumbai - 400021 | **Abhishek Pagare** Senior Manager 022 22023166 / 022 22023167 / +91 9893738877  email: [cb2426@canarabank.com](mailto:cb2426@canarabank.com) |
| CITIBANK N.A. | Corporate Banking, First International Financial Centre (FIFC),  Bandra Kurla Complex, Bandra East, Mumbai - 400098 | **Tejas Zarapkar**  Senior Vice President  022 61756856  **Dhiraj Lohiya**  Vice President  022 61755267/ +91 8879996462  email: [mumbai.cash@citi.com](mailto:mumbai.cash@citi.com) |
| THE HONGKONG & SHANGHAI BANKING CORPORATION LTD. | 2nd Floor,  52/60, M G Road,Fort  Mumbai - 400001 | **Rajendra Naik**  Senior Vice President  +91 9820414281  **Vipin Dorlikar**  Vice President  +91 9004867369  Email : [nsebse@hsbc.co.in](mailto:nsebse@hsbc.co.in) |
| ICICI BANK LTD. | ICICI BANK LTD, Service Centre Bandra - Kurla Complex Bandra (East)  ICICI Bank Ltd., Aurum Q Parc,15th Floor - Aurum Q2 Building, Ghansoli | **Avinash Kansal**  Head Capital Market Group  022 26536505 ; +91 9836068214  **Kiran Hejmadi**  Chief Manager  +91 9930061446  email: [smsfas@icicibank.com](mailto:smsfas@icicibank.com) |
| HDFC BANK LTD. | HDFC Bank 2nd floor, Zenith House, K K Road  Arya Nagar, Opp Racecourse Mahalaxmi,  Mumbai - 400034 | |  | | --- | |  |   **Prashant Patel**  Senior Ex vice president  + 91 9323138746  [prashant.patel@hdfcbank.com](mailto:prashant.patel@hdfcbank.com)  **Chetan Anam** Vice President+91 9323292987  email: [ccmoperations@hdfcbank.com](mailto:ccmoperations@hdfcbank.com) |
| IDBI BANK LTD. | IDBI Bank Ltd  Mittal Court, Nariman Point  224A, A Wing, II Floor,  Nariman Point, Mumbai  Pin :400021, Maharashtra | **Ravi Shankar**  Manager  022 66700671 / + 91 9892590260  Email: [s.ravi@idbi.co.in](mailto:s.ravi@idbi.co.in) |
| INDUSIND BANK LIMITED | 4th floor, PNA House,  MIDC, Andheri (East),  Mumbai - 400093 | **Hetal Divanji** Head Capital Market Operations+91 9820062805  **Kaushik Chatterjee** Unit Head Primary & Secondary Markets  +91 9920209335  email: [nseclg@indusind.com](mailto:nseclg@indusind.com) |
| KOTAK MAHINDRA BANK LTD. | Intellion Square,A Wing, 5th Floor,Infinity IT Park,General A K Vaidya Marg,Malad East,Mumbai 400 097 | **Sachin Samant**  President  9820347421  sachin.samant@kotak.com  **Ankit Morakhia**  Vice President  8879440009  [ankit.morakhia@kotak.com](mailto:ankit.morakhia@kotak.com)  **Vickram Valecha**  Executive Vice President  9320537444  [Vickram.Valecha@kotak.com](mailto:Vickram.Valecha@kotak.com)  email: [clgbank@kotak.com](mailto:clgbank@kotak.com) |
| STANDARD CHARTERED BANK | Crescenzo, 5th Floor , C 38 / 39 G Block.  Bandra Kurla Complex.  Mumbai - 400051 | Abhir Adyanthaya  Executive Director & Financial Institutions Banker  [Abhir.Adyanthaya@sc.com](mailto:Abhir.Adyanthaya@sc.com)  +919967595310  Yohan Palia  Associate Director  [Yohan.Palia@sc.com](mailto:Yohan.Palia@sc.com)  +919821282849  Kamal Parmar  Director, Transaction Banking Sales  [Kamal.Parmar@sc.com](mailto:Kamal.Parmar@sc.com)  +91920467756  Sagar Zagade  Assistant Manager  [SAGARPRAKASH.ZAGADE@sc.com](mailto:SAGARPRAKASH.ZAGADE@sc.com)  +91 9167650793  Garima Gray  Associate Director  [Garima.Gray@sc.com](mailto:Garima.Gray@sc.com)  +91 886031341  email: [nse.mumbaipayments@sc.com](mailto:nse.mumbaipayments@sc.com) |
| UNION BANK OF INDIA | M S Marg Branch 66/80 Mumbai Samachar Marg, Fort, Mumbai 400023 | **Raushan Mishra**  Asst. General manager  022 22629303 / +91 7800003702  **Vrushal Bulbule**  Chief  Manager  +91 9975724521  email: [kashyapcmcmsm@unionbankofindia.bank](mailto:kashyapcmcmsm@unionbankofindia.bank) |
| STATE BANK OF INDIA | State Bank of India,  Financial Institutions Branch,  Mumbai Main Br., 3rd floor,  Fort,  Mumbai-400023  Tel No. 022-22719120/21/22/23 | **NARENDRA SANKHLA**  AGM & COO  [agm.11777@sbi.co.in](mailto:agm.11777@sbi.co.in)  Contact No.: 022- 22719102/ +91 8527499120  **VINAY KUMAR**  CHIEF MANAGER (SETTLEMENT)  Contact No.: 022- 22719123/ +91 9474352294  **Munmun Hazra**  **DEPUTY MANAGER (SETTLEMENT)** Contact No.: 022- 22719122/ +91 9699369414  **IRKAN TOPPO**  DEPUTY MANAGER (SETTLEMENT)  Contact No.: 022- 22719121/ +91 **7777076252**  email: [settlement.11777@sbi.co.in](mailto:settlement.11777@sbi.co.in) |
| JPMorgan Chase Bank | J.P. Morgan Tower,  Off. C.S.T. Road,  Kalina,  Santacruz – East,  Mumbai 400098 | **Rahul Palan**  Executive Director  022 61573752  [rahul.s.palan@jpmorgan.com](mailto:rahul.s.palan@jpmorgan.com)  **Nikita Tambday**  Executive Director  022 61573710  [nikita.tambday@jpmchase.com](mailto:nikita.tambday@jpmchase.com)  Amit D Karandikar  Vice President  022 61573169  [amit.karandikar@jpmchase.com](mailto:amit.karandikar@jpmchase.com)  Ashok B Rathod  Associate II  [ashok.rathod@jpmchase.com](mailto:ashok.rathod@jpmchase.com)  022 61573071  email: [mumbai.cash.operation@jpmorgan.com](mailto:mumbai.cash.operation@jpmorgan.com) |
|  |  |  |

The latest list of designated clearing banks and their contact details are available on the website [www.nseclearing.com](http://www.nseclearing.com).

# Format of authorisation letters to be submitted by the member for operation of clearing bank account

|  |  |
| --- | --- |
| **Purpose** | **Document to be submitted** |
| New Member Enablement  New Settlement Account | Letter as per 5.1 and 5.2 |
| Change in Settlement Account | Letter as per 5.1, 5.2, 5.3 and 5.4 |
| Closure of Settlement Account | Letter as per 5.5 |
| Name Change in Settlement Account | Letter as per 5.6 |

*4.1 FORMAT OF AUTHORISATION LETTER TO BE SUBMITTED BY THE MEMBER TO THE CLEARING BANK FOR OPERATION OF CLEARING ACCOUNT*

On Letter Head of Clearing Member

Date:

From: [Clearing Member name and address]

To: [Clearing bank name and address]

Dear Sirs,

**Sub: Operation of Clearing Bank for NSE Clearing Limited [Segment Name: ……..]**

Ref: Our Primary / Secondary\* Clearing Bank Account No:\_\_\_\_\_\_\_\_\_ with [Clearing Bank name & address]

With reference to the above, we note that:

1. NSE Clearing Ltd. has established a clearing and settlement system, whereby its members will be able to undertake the clearing and settlement of deals admitted.
2. The bank has been nominated / appointed as a Clearing Bank for the purpose of Clearing and Settlement by NSE Clearing Ltd.
3. As per the Byelaws, Rules and Regulations of NSE Clearing Ltd., the member shall authorise the Clearing Bank to access their clearing account for debiting & crediting their accounts as per the instructions received from NSE Clearing Ltd. from time to time. The member further shall authorise NSE Clearing Ltd. to debit the Clearing Bank Account for the purpose of appropriating the dues payable to Exchange, SEBI or such other regulatory authority as maybe specified from time to time.
4. Having due regard to the above, we hereby irrevocably authorise the Clearing bank to debit and credit our above referred clearing bank account from time to time as per the instructions received from NCL. Further, we authorise the Clearing Bank to report balances and other information relating to this account to NCL as may be required by NCL from time to time. This irrevocable undertaking will be with immediate effect.
5. We further hereby undertake to abide by such other or further guidelines / instructions as may be communicated / decided by NCL.

Yours faithfully,

Authorised Signatory and Stamp

Name: Designation:

\* Strike out whichever is not applicable

**Acknowledgement from Bank**

Name of Bank :

Name & Designation of Official :

Sign and Stamp :

*4.2 ACCOUNT CONFIRMATION LETTER FROM CLEARING BANK TO CLEARING MEMBER*

On Letter Head of Clearing Bank

Date:

To,

Manager

NSE Clearing Ltd.

Exchange Plaza,

Bandra Kurla Complex

Bandra East

Mumbai 400051

Sub: - Confirmation of Account with our Bank

Dear Madam/Sir,

This is to certify that …………….. member holds the below mentioned bank accounts at …………………. Bank.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Account Name | Account Number | Account Opening date | Account Status | Branch Name & Address |
|  |  |  |  |  |

Yours faithfully,

Authorised Signatory and Stamp

Name:

Designation:

*4.3 FORMAT FOR NOC FROM CLEARING BANK TO CLEARING MEMBER FOR CHANGE OF BANK*

On Letter Head of Clearing Bank

Date:

To,

Manager

NSE Clearing Ltd.

Exchange Plaza,

Bandra Kurla Complex

Bandra East

Mumbai 400051

Subject: NOC for Account Shifting

Dear Sir,

We hereby confirm that we have no objection whatsoever in shifting of below mentioned account of ………………… from our bank to any another bank.

|  |  |
| --- | --- |
| ACCOUNT NAME | ACCOUNT NUMBER |
|  |  |

Thanking you.

Yours faithfully,

Authorised Signatory and Stamp

Name:

Designation:

*4.4 FORMAT OF REQUEST LETTER FROM CLEARING MEMBER TO CLEARING CORPORATION FOR CHANGE OF SETTLEMENT ACCOUNT*

On Letter Head Of Clearing Member

Date:

To,

Manager

NSE Clearing Ltd.

Exchange Plaza,

Bandra Kurla Complex

Bandra East

Mumbai 400051

Subject: Request for change in bank account ….. (Member Code) ………. (Member Name)

Dear Sir/Madam,

We, request you to change our settlement A/c as per details given below with effect from ………. .

|  |  |
| --- | --- |
| Segment |  |
| Existing Account Name |  |
| Bank |  |
| Account Number |  |

|  |  |
| --- | --- |
| Segment |  |
| New Account |  |
| Name New Bank |  |
| New Account Number |  |

Enclosed:

1. Authorisation letter as per Annexure 4.1

2. Confirmation of Account Letter from Bank as per Annexure 4.2

3. NOC for existing bank for account shifting as per Annexure 4.3

Yours faithfully,

Authorised Signatory and Stamp

Name:

Designation

*4.5 FORMAT FOR NOC FOR CLOSURE OF EXISTING SETTLEMENT ACCOUNT FROM CLEARING MEMBER TO CLEARING CORPORATION*

On Letter Head Of Clearing Member

Date:

To,

Manager

NSE Clearing Ltd.

Exchange Plaza,

Bandra Kurla Complex

Bandra East

Mumbai 400051

Dear Sir/Madam,

Sub: - Request for NOC for Closure of Settlement Account ………. (Member Code) …………(Member Name)

We wish to close our account with ………….. bank having account number …………… As the account is mapped with NSE Clearing Ltd as settlement account we request for NOC. The details of account are as under:

|  |  |
| --- | --- |
| Segment |  |
| Account Name |  |
| Bank |  |
| Account Number |  |

Yours faithfully,

Authorised Signatory and Stamp

Name:

Designation:

*4.6 FORMAT FOR CHANGE OF NAME FROM CLEARING BANK TO CLEARING CORPORATION*

On Letter Head Of Clearing Bank

Date:

To,

Manager

NSE Clearing Ltd.

Exchange Plaza,

Bandra Kurla Complex

Bandra East

Mumbai 400051

Subject: Name Change in Settlement Account

Dear Sir/Madam,

We wish to inform you that the ……………. has intimated us their change in name from M/s. (Old Member Name) to (New Member Name) and have requested us to confirm to you the continuation of the below stated accounts in their new name.

We therefore, hereby confirm that the accounts referred below on behalf of M/s.(Old Member Name) shall be deemed to have been in the new name (New Member Name) and shall continue to be valid and enforceable in spite of the change in name as above and we undertake to honour any claim or demand from you on account (New Member Name) either in the name of (Old Member Name) or (New Member Name).

|  |  |  |
| --- | --- | --- |
| Account No | Old Account Name | New Account Name |
|  |  |  |

Yours faithfully,

Authorised Signatory and Stamp

Name:

Designation:

# Format of letter to be given by the member for request of G-Sec / T-bills addition

(To be typed on Clearing Members letter head)

Date:

To,

NSE Clearing Limited

Exchange Plaza,

Bandra Kurla Complex,

Bandra (E)

Mumbai – 400 051

Dear Sir / Madam, **Member Code: \_\_\_\_\_\_\_\_\_**

**E–Kuber ref** **no**:\_\_\_\_\_\_\_\_\_

**Re: Request for Addition of Securities (G-Sec / T-bills) as Collaterals**

We would like to deposit below mentioned G-Sec / T-bill as margin/security deposit in **Commodity Derivatives Segment:**

Details are as under:

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Member Code** | **Member Name** | **Source SGL A/c No.** | **Source SGL A/c Holder Name** | **Instrument details** | **Nomenclature** | **ISIN No.** | **Maturity Date** | **Quantity of Securities (Rs. in face value)** |
|  |  |  |  |  |  |  |  |  |

Further we have initiated transfer of securities to SGL-II account of NCL vide margin transfer through E-KUBER. You are requested to confirm the same and considered the above G-Sec / T-bills towards our margin/security deposit.

Thanking You,

Yours Faithfully,

**Authorised Signatory**

# Format of letter to be given by the member for request of G-Sec / T-bills release

(To be typed on Clearing Members letter head)

Date:

To,

NSE Clearing Limited

Exchange Plaza,

Bandra Kurla Complex,

Bandra (E)

Mumbai – 400 051

Dear Sir / Madam, **Member Code: \_\_\_\_\_\_\_\_\_**

**Re: Request for release of Securities (G-Sec / T-bills)**

Please release the below mentioned G-Sec / T-bills provided as margin/security deposit in **Commodity Derivatives Segment.**

Details are as under:

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Member Code** | **Member Name** | **ISIN No.** | **Instrument details** | **Nomenclature** | **Quantity of Securities (Rs in face value)** | **Maturity Date** | **Target SGL A/c No.** | **Target SGL A/c Holder Name** |
|  |  |  |  |  |  |  |  |  |

The G-Sec / T-bills may be transferred to our above mentioned SGL account.

Thanking You,

Yours Faithfully,

**Authorised Signatory**

# File format for requesting collateral releases

File name: O\_RRQ\_DDMMYYYY\_NN.csv

Where O is Segment indicator

RRQ is Release request

DDMMYYYY is the request date which should be current date

NN is sequential file batch number

The file should be CSV file with the following *columns*

|  |  |
| --- | --- |
| Segment Indicator | O |
| Member Code | CMID |
| Type of Collateral | BC /ABC |
| Instrument Type | CSH/BGN/FDP/SDP/NMF/CMF/GMF/OMF |
| Instrument Id | Applicable only for BGN/FDP |
| Custodian code | To be provided only in case of SDP/CMF/NMF/OMF/GMF |
| Security symbol | To be provided only in case of SDP/CMF/NMF/OMF/GMF |
| Requested Quantity | To be provided only in case of SDP/CMF/NMF/OMF/GMF |
| Requested amount | To be provided only in case of BGN/FDP/CSH in Rs. Incase of SDP/CMF/NMF/OMF/GMF it should be typed as NA |
| ISIN Code | To be provided only in case of OMF/GMF. Incase of BGN/FDP/CSH/SDP/CMF/NMF it should be typed as NA |
| TM Code | To be provided only in case of SDP/CMF/NMF/OMF/GMF TM prop security release / else NA |
| Client / CP Code | To be provided only in case of SDP/CMF/NMF/OMF/GMF CP / TM client security release / else NA |
| Bank Code | Mandatory for instrument type CHQ. NA for rest. |
| Fungibility Flag | Y/N |

Notes:

* CMID stands for the clearing member code
* CSH stands for cash, BGN for bank guarantee, FDP for Fixed deposit receipt, SDP for securities, NMF for non cash component mutual funds, CMF for cash component mutual funds, GMF for gilt mutual funds and OMF for other than gilt mutual funds.
* Instrument ID stands for the NSCCL Ref no as is available in the latest CL01 report.

e.g., the instrument id for NSCCL.Ref no. 6004.000000 is 6004

Non Applicable fields should be blank

**File format for Instruction wise release request of securities as collateral**

File name: O\_RRT\_DDMMYYYY\_NN.CSV

Where X is Segment indicator

RRT is release request

DDMMYYYY is the request date which should be current date

NN is sequential file batch number

The file should be CSV file with the following *columns*

The file should be uploaded under the option CIM →Collateral Release →Instruction wise File Upload

|  |  |
| --- | --- |
| Segment Indicator | X |
| Member Code | CMID |
| Type of Collateral | BC /ABC |
| Instrument Type | SDP/NMF/CMF/GMF/OMF |
| Instrument Id/ Mode | Blank for SDP/NMF/CMF/OMF  Depository for GSE |
| Custodian code | CDSL or NSDL, in case of SDP/CMF/NMF/OMF/GMF  NSCCL in case of GSE |
| Security symbol | To be provided only in case of SDP/CMF/NMF/OMF/GMF/GSE |
| Requested Quantity | To be provided only in case of SDP/CMF/NMF/OMF/GMF/GSE |
| Requested amount | To be provided only in case of GSE in Rs. In case of SDP/CMF/NMF/OMF/GMF it should be typed as NA |
| ISIN Code | To be provided only in case of Corporate Bond/OMF/GMF. In case of SDP/CMF/NMF it should be typed as NA |
| TM Code | TM Code else NA |
| Client / CP Code | Client or CP code else NA |
| Bank Code/ Gsec Ac No | NA for SDP/NMF/CMF/OMF  Custodian Code NSDL/CDSL for GSE |
| MPR/PSN | To be provided only in case of SDP/CMF/NMF/OMF/GMF |
| DP ID | To be provided only in case of SDP/CMF/NMF/OMF/GMF |
| Fungibility Flag | Y/N |

Notes:

* The file format is only applicable for instruction wise release of securities pledged as collateral.
* CMID stands for the clearing member code
* NMF for non-cash component mutual funds, CMF for cash component mutual funds, GMF for gilt mutual funds, OMF for other than gilt mutual funds and GSE for Government Securities
* Non-Applicable fields should be blank or as specified in table above

The return files giving the status of the acceptance/rejection of the release request will be available through the collateral interface for members (CIM) at the following path Collateral Release > Download Return File. The file naming convention for the same will be X\_RTR\_Member Code\_DDMMYYYY\_NN.csv.

# File format for transfer of Fungible securities

File name: O\_TRQ\_DDMMYYYY\_NN.CSV

Where O is Segment indicator

TRQ is release request

DDMMYYYY is the request date which should be current date

NN is sequential file batch number

The file should be CSV file with the following *columns*

The file should be uploaded under the option CIM →Collateral Release →File Upload

|  |  |
| --- | --- |
| Segment Indicator | O |
| Member Code | CMID |
| Type of Collateral | ABC |
| Instrument Type | SDP/NMF/CMF/GMF/OMF |
| Instrument Id/ Mode | Blank for SDP/NMF/CMF/OMF  Depository for GSE |
| Custodian code | CDSL or NSDL, in case of SDP/CMF/NMF/OMF/GMF/GSE |
| Security symbol | To be provided only in case of SDP/CMF/NMF/OMF/GMF/GSE |
| Available Quantity | To be provided only in case of SDP/CMF/NMF/OMF/GMF/GSE |
| Amount | To be provided only in case of GSE in Rs. In case of SDP/CMF/NMF/OMF/GMF it should be typed as NA |
| ISIN Code | To be provided only in case of Corporate Bond/OMF/GMF/GSE. In case of SDP/CMF/NMF it should be typed as NA |
| TM Code | TM Code else NA |
| Client / CP Code | Client or CP code else NA |
| Bank Code/ Gsec Ac No | NA for SDP/NMF/CMF/OMF  Custodian Code NSDL/CDSL for GSE |
| Fungibility Flag | Y |
| Destination segment | C/F/X/O//D/S. To be provided for Destination segment transfer |

**File format for Instruction wise release request of securities as collateral**

File name: O\_TRT\_DDMMYYYY\_NN.CSV

Where O is Segment indicator

TRT is release request

DDMMYYYY is the request date which should be current date

NN is sequential file batch number

The file should be CSV file with the following *columns*

The file should be uploaded under the option CIM →Collateral Release →Instruction wise File Upload

|  |  |
| --- | --- |
| Segment Indicator | O |
| Member Code | CMID |
| Type of Collateral | BC /ABC |
| Instrument Type | SDP/NMF/CMF/GMF/OMF |
| Instrument Id/ Mode | Blank for SDP/NMF/CMF/OMF  Depository for GSE |
| Custodian code | CDSL or NSDL, in case of SDP/CMF/NMF/OMF/GMF  NSCCL in case of GSE |
| Security symbol | To be provided only in case of SDP/CMF/NMF/OMF/GMF/GSE |
| Available Quantity | To be provided only in case of SDP/CMF/NMF/OMF/GMF/GSE |
| Amount | To be provided only in case of GSE in Rs. In case of SDP/CMF/NMF/OMF/GMF it should be typed as NA |
| ISIN Code | To be provided only in case of Corporate Bond/OMF/GMF. In case of SDP/CMF/NMF it should be typed as NA |
| TM Code | TM Code else NA |
| Client / CP Code | Client or CP code else NA |
| Bank Code/ Gsec Ac No | NA for SDP/NMF/CMF/OMF  Custodian Code NSDL/CDSL for GSE |
| MPR/PSN | To be provided only in case of SDP/CMF/NMF/OMF/GMF |
| DP ID | To be provided only in case of SDP/CMF/NMF/OMF/GMF |
| Fungibility Flag | Y |
| Destination segment | C/F/X/O//D/S. To be provided for Destination segment transfer |

# Format of letter by member for submission of FDR to Clearing Corporation

(To be typed on Clearing Member’s letter head)

To Date:

NSE Clearing Limited

Exchange Plaza

Bandra Kurla Complex

Bandra (E)

Mumbai-400 051

Dear Sir,

As per requirements of NSE Clearing Limited (NCL) and in compliance of prescribed norms of NCL, I/we hereby furnish you :

**Deposit Type : □ Margin Deposit □ Security Deposit**

Accordingly, I hereby furnish you the same in the form of FDR favouring

**NSE Clearing Ltd A/c “** *Member Name***”**

**FDR No :**

**Bank Name :**

**Amount (INR) :** Rs (Rupees\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_Only)

**Segment : □ Capital Market**

**□ Currency Derivatives**

**□ Futures & Options**

**□ Debt Market**

**□ Commodity Derivatives Segment**

**Clearing Member Code** **:** **M / C\_\_\_\_\_\_**

**Trading Member Code :** \_\_\_\_\_\_\_\_

I/We hereby agree and consent that you shall have an irrevocable authority to encash the said FDR and to withdraw the said FDR amount at any time, even prior to maturity, without notice to me/us for recovery/adjustment of NCL/NSEIL dues and we have no objections whatsoever for the same.

I/We agree that you may renew the FDR for periods of one year each time till the FDR is released by you.

I/we agree that on the encashment of FDR, you will be entitled to the interest accrued on the said FDR and you are hereby authorised to receive the accrued interest from the Bank along with the principal amount (FDR amount) payable.

Yours faithfully,

Authorised Signatory ***(Seal and Signature)***

# Format of letter to be provided by Bank issuing FDR to the Clearing Corporation

(To be typed on bank’s letter head)

To Date:

NSE Clearing Limited

Exchange Plaza

Bandra Kurla Complex

Bandra (E)

Mumbai-400 051

Dear Sir,

We refer to the fixed deposit receipt (FDR) bearing no. \_\_\_\_\_\_\_\_\_\_\_\_\_\_ issued for Rs.\_\_\_\_\_\_\_\_\_\_\_ , ( Rs in words) in your name A/c *“Member's name”*

We hereby agree and confirm that

1. There is no lock in period for encashment of the said FDR.
2. The amount under the said FDR would be paid to you on demand, at any point of time without any reference to the **above member.**
3. Encashment whether premature or otherwise would not require any clearance from any other authority / person.
4. On encashment of the FDR by you, the interest accrued thereon will also be released to you.
5. The FDR will be renewed for such periods as may be instructed by you.
6. The FDR is payable at Mumbai (In case FDR is issued from places other than Mumbai, Delhi, Kolkata, Chennai, Ahmedabad, Bangalore and Hyderabad)

Yours faithfully,

Authorised Signatory

\_\_\_\_\_\_\_\_ Bank Ltd.

# Format of letter to be provided by Bank for Auto renewal of FDR to the Clearing Corporation - when there is change in FDR number

(To be typed on Bank’s letter head)

To

NSE Clearing Limited

Exchange Plaza, Plot C-1, G Block,

Bandra Kurla Complex,

Bandra (East),

Mumbai – 400 051.

Dear Sir,

We refer to the fixed deposit receipt (FDR) issued, in the name of NCL- A/c *“Member Name”*. Details are as under.

|  |  |  |  |
| --- | --- | --- | --- |
| **FDR No** | **Issue Date** | **Amount (in Rs.)** | **Maturity Date** |
|  |  |  |  |

The above FDR has been renewed for further period of \_\_\_\_\_months on the request of the member. Details are as follows.

|  |  |  |  |
| --- | --- | --- | --- |
| **New FDR No** | **Renewal Date** | **New Maturity Date** | **Amount (in Rs.)** |
|  |  |  |  |

We hereby agree and confirm that

1. The FDR is lien marked to NSE Clearing Ltd.
2. There is no lock in period for encashment of the said FDR.
3. The amount under the said FDR would be paid to you on demand, at any point of time without any reference to the **above member.**
4. Encashment whether premature or otherwise would not require any clearance from any other authority / person.
5. On encashment of the FDR by you, the interest accrued thereon will also be released to you.
6. The principal amount of the FDR shall remain protected throughout the tenure, notwithstanding any possible pre-termination costs incurred by the Bank
7. The FDR is payable at Mumbai. (In case FDR is issued from places other than Mumbai, Delhi, Kolkata, Chennai, Ahmedabad, Hyderabad and Bangalore)
8. Old instrument will remain valid unless revoked.

Yours faithfully,

Authorised Signatory ***(Seal and Signature)***

\_\_\_\_\_\_\_\_\_\_ Bank Ltd

(Branch Address)

# Format of letter to be provided by Bank for Auto renewal of FDR to the Clearing Corporation - when there is no change in FDR number

(To be typed on Bank’s letter head)

Dear Sir,

We refer to the fixed deposit receipt (FDR) issued, in the name of NCL - A/c *“Member Name”*. Details are as under.

|  |  |  |  |
| --- | --- | --- | --- |
| **FDR No** | **Issue Date** | **Amount (in Rs.)** | **Maturity Date** |
|  |  |  |  |

The above FDR has been renewed for further period of \_\_\_\_\_months on the request of the member. Details are as follows.

|  |  |  |
| --- | --- | --- |
| **Renewal Date** | **New Maturity Date** | **Amount (in Rs.)** |
|  |  |  |

We hereby agree and confirm that

1. The FDR is lien marked to NSE Clearing Ltd.
2. There is no lock in period for encashment of the said FDR.
3. The amount under the said FDR would be paid to you on demand, at any point of time without any reference to the **above member.**
4. Encashment whether premature or otherwise would not require any clearance from any other authority / person.
5. On encashment of the FDR by you, the interest accrued thereon will also be released to you.
6. The principal amount of the FDR shall remain protected throughout the tenure, notwithstanding any possible pre-termination costs incurred by the Bank.,.
7. The FDR is payable at Mumbai. (In case FDR is issued from places other than Mumbai, Delhi, Kolkata, Chennai, Ahmedabad, Hyderabad and Bangalore)
8. Old instrument will remain valid unless revoked.

Yours faithfully,

Authorised Signatory ***(Seal and Signature)***

\_\_\_\_\_\_\_\_\_\_ Bank Ltd

(Branch Address)

# Format of Bank Guarantee for Margin Deposit (Fungible)

*BG NO:* ***\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_***

*Date:* ***\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_***

To:

NSE Clearing Limited

Exchange Plaza, Plot C-1, G Block,

Bandra Kurla Complex,

Bandra (East),

Mumbai – 400 051.

Dear Sirs:

This guarantee bearing No. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ is issued by \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, a body corporate constituted under the \_\_\_\_\_\_\_\_\_\_\_\_\_\_ (Name of applicable Act), having its Head/Corporate/Registered Office at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ and Branch Office at \_\_\_\_\_\_\_\_\_\_\_\_\_\_(hereinafter referred to as the “Bank” which term shall wherever the context so permits includes its successors and assigns) in favour of NSE Clearing Limited, a company incorporated under the Companies Act, 1956 and having its registered office at Exchange Plaza, Plot C-1, G Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051 (hereinafter referred to as “NCL” which expression shall include its successors and assigns).

Whereas

a. Mr./Ms.\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_(Proprietor of (Entity name)) s/o / d/o / w/o \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_,residing at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_and having his/her office at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_(Complete Address), (hereinafter referred to as the “Clearing Member”, which expression shall include his/her successors and assigns) /\* is/are a Clearing Member of NCL.

OR

M/s \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, a partnership firm/a Limited Liability Partnership firm registered under the Indian Partnership Act, 1932/ Limited Liability Partnership Act, 2008 and having their office at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (Complete Address), (hereinafter referred to as the “Clearing Member”, which expression shall include their successors and assigns ) /\* is/are a Clearing Member of NCL.

OR

M/s\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_., incorporated as a company under the Companies Act, 1956/ Companies Act 2013 and having its registered office at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_(Complete Address), (hereinafter referred to as the “Clearing Member”, which expression shall include its successors and assigns ) \* is/are a Clearing Member of NCL.

*BG NO:* ***\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_***

*Date:* ***\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_***

b. One of the conditions of Clearing Membership of NCL is that a Clearing Member may maintain with NCL margin deposit of a value of Rs. \_\_\_\_\_\_\_ (Rs in words), inter alia, in the form of a bank guarantee issued by a bank approved by NCL, for the relevant clearing segment.

c. Since, the Bank is a bank approved by NCL and the bank guarantees issued by it are accepted by NCL, the Clearing Member has requested the Bank to furnish to NCL a guarantee for Rs.\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_(Rs in words).

Therefore these presents:

1. This guarantee shall be governed by the terms and conditions of the Master Agreement dated \_\_\_\_\_\_\_\_ executed between the Bank and NCL and the same shall form a part and parcel of this guarantee as though the same have been incorporated in this guarantee.
2. The liability of the Bank under this guarantee shall not exceed Rs.\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (Rs in words)..
3. This Bank Guarantee is given at the request of the Clearing Member towards fulfilling the obligations/liabilities of the Clearing Member arising out of such clearing segment as may be determined by NCL from time to time without demur/protest or reference to the Clearing Member. The Bank agrees that the Clearing Member is admitted to the membership of various clearing segments of NCL and that the Bank Guarantee amount specified in the following clause is available for meeting the obligations/liabilities of any of the clearing segments to which the Clearing Member is admitted as a Clearing Member.
4. This guarantee shall be valid for a period of \_\_\_\_\_\_\_\_\_ months i.e. upto \_\_\_\_. However, the Bank is liable to pay the guaranteed amount if NCL serves upon Bank a written claim or demand on or before \_\_\_\_\_\_\_\_\_\_\_\_ (i.e. within \_\_\_ months after the date of expiry of the bank guarantee as mentioned in this clause).
5. The Bank agrees to ensure that the security created for issuing the bank guarantee will not belong to the clients of the Clearing Members (The foregoing restrictions will not be applicable for proprietary funds of Stock Brokers/Clearing Members in any segment and Stock Broker’s proprietary funds deposited with Clearing Member in the capacity of a client).

Executed this \_\_\_\_ day of \_\_\_\_\_\_\_\_\_\_\_\_\_\_ at \_\_\_\_\_\_\_\_\_\_

For \_\_\_\_\_\_\_\_(Bank)

Authorized Signatories

Seal of the Bank

*Instructions:*

1. *The Bank Guarantee to be stamped for the value prevailing in the State where executed. Bank Guarantee to be executed on Non-Judicial stamp paper(s) or on paper franked from Stamp Office*
2. *All the blanks in the format are required to be duly filled by the issuing bank along with the signature of the authorised signatory and stamp of the bank.*
3. *Each page of the bank guarantee should bear the bank guarantee number and issue date and should be signed by two authorised signatories of the bank unless the bank has specifically intimated NCL that only one authorised signatory shall sign the bank guarantees issued by them in favour of NCL*

# Format of Bank Guarantee for Margin Deposit and Security Deposit (Non Fungible)

*BG NO:* ***\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_***

*Date :* ***\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_***

To:

NSE Clearing Limited

Exchange Plaza, Plot C-1, G Block,

Bandra Kurla Complex,

Bandra (East),

Mumbai – 400 051.

Dear Sirs:

This guarantee bearing No. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ is issued by \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, a body corporate constituted under the\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (Name of applicable Act), having its Head/Corporate/Registered Office at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Branch Office at \_\_\_\_\_\_\_\_\_\_\_\_\_\_((hereinafter referred to as the “Bank” which term shall wherever the context so permits includes its successors and assigns) in favour of NSE Clearing Ltd., a company incorporated under the Companies Act, 1956 and having its registered office at Exchange Plaza, Plot C-1, G Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051 (hereinafter referred to as “NCL” which expression shall include its successors and assigns).

Whereas

a. Mr./Ms.\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Proprietor of (Entity name ) s/o / d/o / w/o \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_,residing at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_and having his/her office at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_(Complete Address), (hereinafter referred to as the “Clearing Member”, which expression shall include his/her successors and assigns) /\* is/are a Clearing Member of NCL.

OR

M/s \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, a partnership firm/a Limited Liability Partnership firm registered under the Indian Partnership Act, 1932 / Limited Liability Partnership Act, 2008 and having their office at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (Complete Address), (hereinafter referred to as the “Clearing Member”, which expression shall include their successors and assigns ) /\* is/are a Clearing Member of NCL.

OR

M/s\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_., incorporated as a company under the Companies Act, 1956/ Companies Act, 2013 and having its registered office at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_(Complete Address), (hereinafter referred to as the “Clearing Member”, which expression shall include its successors and assigns ) \* is/are a Clearing Member of NCL.

*BG NO:* ***\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_***

*Date:* ***\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_***

b. One of the conditions of Clearing Membership of NCL is that a Clearing Member may maintain with NCL \*security deposit/ margin deposit of a value of Rs. \_\_\_\_\_\_\_ (Rs in words),inter alia, in the form of a bank guarantee issued by a bank approved by NCL, for Futures and Options Segment.

c. Since, the Bank is a bank approved by NCL and the bank guarantees issued by it are accepted by NCL, the Clearing Member has requested the Bank to furnish to NCL a guarantee for Rs.\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_(Rs in words).

Therefore these presents:

1. This guarantee shall be governed by the terms and conditions of the Master Agreement dated \_\_\_\_\_\_\_\_ executed between the Bank and NCL and the same shall form a part and parcel of this guarantee as though the same have been incorporated in this guarantee.
2. The liability of the Bank under this guarantee shall not exceed Rs.\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (Rs in words).
3. This Bank Guarantee is given at the request of the Clearing Member towards fulfilling its obligations/liabilities as a Clearing Member of NCL of Futures and Options Segment of NCL.
4. This guarantee shall be valid for a period of \_\_\_\_\_\_\_\_\_ months i.e. upto \_\_\_\_. However, the Bank is liable to pay the guaranteed amount if NCL serves upon Bank a written claim or demand on or before \_\_\_\_\_\_\_\_\_(i.e. within \_\_\_\_ months after the date of expiry of the bank guarantee as mentioned in this clause).
5. The Bank agrees to ensure that the security created for issuing the bank guarantee will not belong to the clients of the Clearing Members. ( The foregoing restrictions will not be applicable for proprietary funds of Stock Brokers/Clearing Members in any segment and Stock Broker’s proprietary funds deposited with Clearing Member in the capacity of a client).

Executed this \_\_\_\_ day of \_\_\_\_\_\_\_\_\_\_\_\_\_\_ at \_\_\_\_\_\_\_\_\_\_

For \_\_\_\_\_\_\_\_(Bank)

Authorized Signatories

Seal of the Bank

\*Strike out whichever is not applicable

*Instructions:*

1. *The above printed format is required to be used. Strike out / delete Security Deposit or Margin deposit whichever is not applicable in clause b*
2. *The Bank Guarantee to be stamped for the value prevailing in the State where executed. Bank Guarantee to be executed on Non-Judicial stamp paper(s) or on paper franked from Stamp Office*
3. *All the blanks in the format are required to be duly filled by the issuing bank along with the signature of the authorised signatory and stamp of the bank.*
4. *Each page of the bank guarantee should bear the bank guarantee number and issue date and should be signed by two authorised signatories of the bank unless the bank has specifically intimated NCL that only one authorised signatory shall sign the bank guarantees issued by them in favour of NCL*

# Format of renewal of bank guarantee towards margin deposit and security deposit

Date : \_\_\_\_\_\_\_\_\_\_\_

To,

NSE Clearing Limited (NCL)

Exchange Plaza, Plot C-1, G Block,

Bandra Kurla Complex,

Bandra (East),

Mumbai – 400 051.

We, \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (Bank) having our head/corporate/registered office at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_and our branch office at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ refer to the Bank Guarantee number : \_\_\_\_\_\_\_\_\_ executed by us on the \_\_\_\_\_\_\_\_\_\_\_ day of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ 20\_ (hereinafter referred to as “said guarantee”) on account of Mr. / Ms./ M/s. \_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ having his/her/ its/registered office at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (hereinafter referred to as a ‘Clearing Member’) for a sum of Rs \_\_\_\_\_\_\_\_\_\_\_\_\_\_ (Rupees \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_only) in your favour.

The validity of the said guarantee was upto \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

With reference to the same we state as hereunder:

At the request of the Clearing Member, we extend the period of the validity of the said guarantee upto \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

The said guarantee may be invoked by NCL in part(s) without affecting its rights to invoke the said guarantee for any liabilities that may devolve later.

Notwithstanding anything mentioned here in above,

1. the liability of the Bank under this guarantee shall not exceed Rs. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (Rupees \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ only)
2. This guarantee shall be valid for a period of \_\_\_\_\_months i.e. upto \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.
3. The bank is liable to pay the guaranteed amount only if NCL serves upon the Bank a written claim or demand on or before \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_(i.e. within \_\_\_ months after the date of expiry of the bank guarantee as mentioned in clause b above).
4. The Bank agrees to ensure that the security created for issuing the bank guarantee will not belong to the clients of the Clearing Members. (The foregoing will not be applicable for proprietary funds of Stock Brokers/Clearing Members in any segment and Stock Broker’s proprietary funds deposited with Clearing Member in the capacity of a client).

Executed this \_\_\_\_day of\_\_\_\_\_\_\_\_\_\_\_ at \_\_\_\_\_\_\_\_\_\_\_\_\_ (place).

FOR \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_(BANK)

**AUTHORIZED SIGNATORIES**

SEAL OF THE BANK

*Instructions:*

1. *The above printed format is required to be used.*
2. *The Bank Guarantee to be stamped for the value prevailing in the State where executed. Bank Guarantee to be executed on Non-Judicial stamp paper(s) or on paper franked from Stamp Office*
3. *All the blanks in the format are required to be duly filled by the issuing bank along with the signature of the authorised signatory and seal of the bank.*
4. *Each page of the bank guarantee should bear the bank guarantee number and issue date and should be signed by two authorised signatories of the bank unless the bank has specifically intimated NCL that only one authorised signatory shall sign the bank guarantees issued by them in favour of NCL.*

# Format of deed of pledge for clearing members for deposit of securities for security deposit

This Deed of Pledge (hereinafter referred to as “the Deed”) is executed at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ on this \_\_\_ day of \_\_\_\_\_\_\_\_\_ 20\_\_\_ by

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, S/o / d/o / w/o \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ residing at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ and having his office at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \*

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, a partnership firm registered under the Indian Partnership Act, 1932 and having its office at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\*

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_Ltd., incorporated as a company under the Companies Act, 1956/ 2013 and having its registered office at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\*

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, a limited liability partnership firm registered under the Limited Liability Partnership Act, 2008 and having its office at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\*

(hereinafter referred to as “Clearing Member” which expression shall unless repugnant to the context thereof include successors, administrators and assigns) in favour of NSE Clearing Limited (Formerly known as National Securities Clearing Corporation Limited), a company incorporated under the Companies Act, 1956 and having its registered office at Exchange Plaza, Bandra-Kurla Complex, Bandra (East), Mumbai - 400051 (hereinafter referred to as “NCL” which expression shall unless repugnant to the context thereof, include its successors and assigns).

WHEREAS

a) The Clearing Member is admitted to the Clearing Membership of NCL.

b) One of the requirement of the clearing Membership is that the Clearing Member shall maintain with NCL security deposits in the form of cash, bank guarantees or securities for the due performance and fulfillment by him/it of his/its engagements, commitments, operations, obligations or liabilities as a Clearing Member including any sums due by him/it to NCL or any other party as decided by NCL arising out of or incidental to any contracts made, executed, undertaken, carried out or entered into by him/it.

c) The securities to be deposited by the Clearing Member shall be securities in dematerialised form and as may be approved by NCL from time to time to an extent of Rs. \_\_\_\_\_\_\_\_ /- (Rupees \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ only) or of such value as may be specified by NCL from time to time.

d) The Clearing Members may deposit the securities with such custodians acting as depository participants as may be determined by NCL from time to time or in the alternative the Clearing Members may also make available the dematerialised securities by creating a pledge on the said securities with any depository participant in favour of NCL.

NOW THIS DEED WITNESSETH AS FOLLOWS:

1. In consideration of NCL having agreed to accept approved dematerialised securities as a security deposit to an extent of Rs.\_\_\_\_\_\_\_\_\_\_\_\_ /- (Rupees \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ only), or of such value as may be specified by NCL from time to time, the Clearing Member hereby pledges securities (hereinafter referred to as “Said Securities”) with NCL as security for due performance and fulfillment by him/it of all engagements, commitments, operations, obligations or liabilities as a Clearing Member of NCL including any sums due by him/it to NCL or National Stock Exchange of India Limited (hereinafter referred to as “NSEIL”) or any other party as decided by NCL arising out of or incidental to any contracts made, executed, undertaken, carried out or entered into by him/it.

2. The Clearing Member if so determined by NCL shall place the Said Securities in the absolute disposition of such custodian/depository participant in such manner as decided by NCL and such possession and disposition may be apparent and indisputable notwithstanding the fact that the Clearing Member may be permitted to have access to the Said Securities in the manner and subject to such terms and conditions as determined by NCL and provided further that during such time the Clearing Member confirms, affirms and covenants with NCL that he/it shall do all such acts and things, sign such documents and pay and incur such costs, debts and expenses as may be necessary without prejudice to any other obligations, liabilities, duties which he/it owes as a Clearing Member.

3. In case where the Clearing member are not using the facility of such custodians acting as depository participants as may be determined by NCL from time to time, the clearing member’s shall ensure creation of pledge on said securities as per the depository mechanism by the depository participant where such securities are held

4. For the purpose of the clauses (1) (2) and (3), and for the purpose of this Deed, the term “Said Securities” shall mean all the securities lying in the Depository Account No. \_\_\_\_\_\_\_\_\_\_\_ (hereinafter referred to as “Account”) with the custodian/depository participant and shall include all securities given in addition, substitution or replacement of the securities in the said Account. All securities lying in the said Account shall be deemed to have been pledged at all times with NCL by virtue of this Deed.

5. The Clearing Member declares and assures that all the Said Securities are in existence, owned by him/it and free from any prior charge, lien or encumbrance and further that all the Said Securities over which pledge may be created in future would be in existence and owned by him/it at the time of creation of such pledge and that all the Said Securities to be given in future as security to NCL would likewise be unencumbered, absolute and disposable property of the Clearing Member.

6. The Clearing Member agrees that he/it shall not without NCL’s prior written permission create any charge, lien or encumbrance of any kind upon or over the Said Securities hereby pledged except to NCL, that he/it shall not suffer any such charge, lien or encumbrance to affect the Said Securities or any part thereof and further that he/it shall not do or allow anything to be done that may prejudice the Said Securities while he/it remains liable to NCL in any manner without the prior written permission of NCL.

7. The Clearing Member agrees, declares and undertakes that he/it shall be bound and abide by the terms and conditions of the Scheme for the Deposit of securities in dematerialised form as formulated and determined by NCL, for security deposit either in their existing form or as modified/changed/altered /amended from time to time pursuant to requirement/ compliance of Clearing Membership.

8. If in the opinion of NCL, the Clearing Member has failed to perform and / or fails to fulfil his/its engagements, commitments, operations, obligations or liabilities as a Clearing Member of NCL including any sums due by him/it to NCL or to NSEIL or to any other party arising out of or incidental to any contracts made, executed, undertaken, carried out or entered into by him/it, then the Clearing Member agrees that NCL on giving one working day notice to the Clearing Member on its own as a pledgee, shall be empowered/entitled to invoke the pledge, sell, dispose of or otherwise effect any other transfer of the Said Securities in such manner and subject to such terms and conditions as it may deem fit and that the money if any realised from such pledge/sale/disposal/or other transfer shall be utilised/disbursed by NCL in such manner and subject to terms and conditions as it may deem fit and further the Clearing Member shall do all such things, deeds, acts and execute all such documents as are necessary to enable NCL to effect such pledge/sale/disposal/or other transfer. The decision of NCL as to the obligations or liabilities or commitments of the Clearing Member and the amount claimed shall be final and binding on the Clearing Member. The Clearing Member understood and agrees that one working day notice mentioned above shall be deemed to be a reasonable notice, as this pledge of securities is being accepted as security deposit by NCL in lieu of cash deposits or bank guarantees, which can be invoked and appropriated in a days time and also due to the nature of transactions on NCL.

9. The Said Securities pledged as security shall be available at the disposal of NCL as a continuing security and remain available in respect of the obligations, liabilities or commitments of the Clearing Member jointly or severally and may be utilised as such in the discretion of NCL, as if each of the obligations, liabilities or commitments is secured by the Said Securities. This Deed shall not be considered as cancelled or in any way affected on its utilisation for meeting any specific obligation, liability or commitment by NCL but shall continue and remain in operation in respect of all subsequent obligations, liabilities or commitments of the Clearing Member.

10. The Clearing Member shall be released from his/its obligations, liabilities under this Deed only when NCL, in writing, expressly provides for the release of the Said Securities.

11. The Clearing Member agrees that NCL shall be entitled to sell, negotiate or otherwise transfer the Said Securities and to execute transfer documents and/or any other necessary documents, wherever applicable or other endorsements for this purpose and that NCL shall be entitled to receive from him/it all expenses incurred by NCL/Custodian for the aforesaid purposes.

12. The Clearing Member agrees to execute such further documents whether of a legal nature or otherwise as may be required by NCL for the purpose of giving effect to the provisions of this Deed and also the Scheme for the Deposit of securities in dematerialised form.

13. The Clearing Member agrees that the deposit of the ‘Said Securities’ and the pledge thereof shall not be affected in any manner whatsoever if NCL takes any action against the Clearing Member including suspension or expulsion or declaration of the Clearing Member as a defaulter.

14. The Clearing Member agrees that NCL shall not be under any liability whatsoever to the Clearing Member or any other person for any loss, damage, expenses, costs etc, arising out of the deposit of the Said Securities, in any manner, due to any cause whatsoever, irrespective of whether the Said Securities shall be in the possession of the NCL or not at the time of such loss or damage or the happening of the cause thereof. The Clearing Member shall at all times indemnify and keep indemnified NCL from and against all suits, proceedings, costs, charges, claims and demands whatsoever that may at any time arise or be brought or made by any person against NCL in respect of any acts, matters and things lawfully done or caused to be done by NCL in connection with the Said Securities or in pursuance of the rights and powers of NCL under this Deed.

15. The Clearing Member undertakes that the deposit of the ‘Said securities’ and the pledge thereof shall be binding on him/it as continuing and that it shall not be prejudiced by his/its failure to comply with the Rules, Bye-laws or Regulation of NCL or any other terms and conditions attendant to the Clearing membership of NCL and that NCL shall be at liberty, without thereby affecting his/its rights against him/it hereunder or in relation to the ‘Said securities’ or to any other security now or hereafter held or taken at any time to vary, amend change or alter any terms or conditions of its Rules, Bye laws or Regulations of NCL in general or as applicable to him / it in particular.

Executed at \_\_\_\_\_\_\_\_\_\_\_\_\_ on the day, month and year above mentioned.

Signed, sealed and delivered by the within named \*\*

Clearing Member.

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

in the presence of witnesses

1.

2.

\* strike out whichever is not applicable

\*\* To be signed by

the Clearing member in case of individual.

all partners in case of a Partnership firm

by any two of the following persons in the case of a Company:

i. Managing Director

ii. Whole-time Director

iii. Directors

# Format of deed of pledge for clearing members for deposit of securities for margin deposit

*Format of deed of pledge for Clearing Members for deposit of securities for margin deposit*

*To Be Executed On Non Judicial Stamp Paper Of Rs.600/- Or In Accordance With The Prevailing Rates Applicable In The Place Of Execution, Whichever Is Higher.*

This Deed of Pledge (hereinafter referred to as “the Deed”) is executed at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ on this \_\_\_ day of \_\_\_\_\_\_\_\_\_ 20\_\_\_ by

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, S/o / d/o / w/o \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ residing at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ and having his office at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \*

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, a partnership firm registered under the Indian Partnership Act, 1932 and having its office at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\*

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_Ltd., incorporated as a company under the Companies Act, 1956/ 2013 and having its registered office at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\*

(hereinafter referred to as “Clearing Member” which expression shall unless repugnant to the context thereof include successors, administrators and assigns) in favour of NSE Clearing Limited (Formerly known as National Securities Clearing Corporation Limited), a company incorporated under the Companies Act, 1956 and having its registered office at Exchange Plaza, Bandra-Kurla Complex, Bandra (East), Mumbai - 400051 (hereinafter referred to as “NCL” which expression shall unless repugnant to the context thereof, include its successors and assigns).

WHEREAS

a) The Clearing Member is admitted to the Clearing Membership of NCL.

b) One of the requirement of the Clearing Membership is that the Clearing Member if desirous of availing additional exposure, shall maintain with NCL margin deposit in the form of cash, bank guarantees or securities for the due performance and fulfilment by him/it of his/its engagements, commitments, operations, obligations or liabilities as a Clearing Member including any sums due by him/it to NCL or any other party as decided by NCL arising out of or incidental to any contracts made, executed, undertaken, carried out or entered into by him/it.

c) The securities to be deposited by the Clearing Member shall be securities in dematerialised form and as may be approved by NCL from time to time.

d) The Clearing Members shall deposit the securities with such custodians acting as depository participants as may be determined by NCL from time to time or in the alternative the Clearing Members may also make available the dematerialised securities by creating a pledge on the said securities with any depository participant in favour of NCL.

NOW THIS DEED WITNESSETH AS FOLLOWS:

1. In consideration of NCL having agreed to accept approved dematerialised securities as margin deposit to an extent of Rs.\_\_\_\_\_\_\_\_\_ /- (Rupees \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_only), the Clearing Member hereby pledges securities(hereinafter referred to as “Said Securities”) with NCL as security for due performance and fulfillment by him/it of all engagements, commitments, operations, obligations or liabilities as a Clearing Member of NCL including any sums due by him/it to NCL or National Stock Exchange of India Limited (hereinafter referred to as “NSEIL”) or any other party as decided by NCL arising out of or incidental to any contracts made, executed, undertaken, carried out or entered into by him/it.

2. The Clearing Member if so determined by NCL shall place the Said Securities in the absolute disposition of such custodian/depository participant in such manner as decided by NCL and such possession and disposition may be apparent and indisputable notwithstanding the fact that the Clearing Member may be permitted to have access to the Said Securities in the manner and subject to such terms and conditions as determined by NCL and provided further that during such time the Clearing Member confirms, affirms and covenants with NCL that he/it shall do all such acts and things, sign such documents and pay and incur such costs, debts and expenses as may be necessary without prejudice to any other obligations, liabilities, duties which he/it owes as a Clearing Member.

3. In case where the Clearing member are not using the facility of such custodians acting as depository participants as may be determined by NCL from time to time, the clearing member’s shall ensure creation of pledge on said securities as per the depository mechanism by the depository participant where such securities are held

4. For the purpose of the clauses (1) (2) and (3), and for the purpose of this Deed, the term “Said Securities” shall mean all the securities lying in the Depository Account No. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (hereinafter referred to as “Account”) with the custodian/depository participant and shall include all securities given in addition, substitution or replacement of the securities in the said Account. All securities lying in the said Account shall be deemed to have been pledged at all times with NCL by virtue of this Deed.

5.

1. In respect of the Said Securities owned by him / it, the Clearing Member declares and assures that they are in existence, owned by him/it and/or are free from any prior charge, lien or encumbrance and further that the Said Securities over which the pledge may be created in future would be in existence and owned by him/it at the time of creation of such pledge and that the Said Securities to be given in future as security to NCL would likewise be unencumbered, absolute and disposable property of the Clearing Member.
2. The Clearing Member is permitted to pledge the securities owned by clients in accordance with the provisions of the SEBI Circular Ref: SEBI/HO/MIRSD/DOP/CIR/P/2020/28 dated February 25, 2020 and such other circulars issued by SEBI in this regard from time to time. Such pledged securities belonging to clients shall be dealt with by NCL in accordance with the provisions of the SEBI Circulars.

6. The Clearing Member agrees that he/it shall not without NCL’s prior written permission create any charge, lien or encumbrance of any kind upon or over the Said Securities hereby pledged except to NCL, that he/it shall not suffer any such charge, lien or encumbrance to affect the Said Securities or any part thereof, and further that he/it shall not do or allow anything to be done that may prejudice the Said Securities while he/it remains liable to NCL in any manner without the prior written permission of NCL.

7. The Clearing Member agrees, declares and undertakes that he/it shall be bound and abide by the terms and conditions of the Scheme for the Deposit of securities in dematerialised form as formulated and determined by NCL, for margins, considered as margin deposit, either in their existing form or as modified/changed/altered /amended from time to time pursuant to requirement / compliance of Clearing Membership.

8. If in the opinion of NCL, the Clearing Member has failed to perform and / or fails to fulfil his/its engagements, commitments, operations, obligations or liabilities as a Clearing Member of NCL including any sums due by him/it to NCL or to NSEIL or to any other party arising out of or incidental to any contracts made, executed, undertaken, carried out or entered into by him/it, then the Clearing Member agrees that NCL on giving one working day notice to the Clearing Member on its own as a pledgee, shall be empowered/entitled to invoke the pledge, sell, dispose of or otherwise effect any other transfer of the Said Securities in such manner and subject to such terms and conditions as it may deem fit and that the money if any realised from such pledge/sale/disposal/or other transfer shall be utilised/disbursed by NCL in such manner and subject to terms and conditions as it may deem fit and further the Clearing Member shall do all such things, deeds, acts and execute all such documents as are necessary to enable NCL to effect such pledge/sale/disposal/or other transfer. The decision of NCL as to the obligations or liabilities or commitments of the Clearing Member and the amount claimed shall be final and binding on the Clearing Member. The Clearing Member understood and agrees that one working day notice mentioned above shall be deemed to be a reasonable notice, as this pledge of securities is being accepted as margin deposit by NCL in lieu of cash deposits or bank guarantees, which can be invoked and appropriated in a day’s time and also due to the nature of transactions on NCL.

9. The Said Securities pledged as security shall be available at the disposal of NCL as a continuing security and remain available in respect of the obligations, liabilities or commitments of the Clearing Member jointly or severally and may be utilised as such in the discretion of NCL, as if each of the obligations, liabilities or commitments is secured by the Said Securities. This Deed shall not be considered as cancelled or in any way affected on its utilisation for meeting any specific obligation, liability or commitment by NCL but shall continue and remain in operation in respect of all subsequent obligations, liabilities or commitments of the Clearing Member.

10. The Clearing Member shall be released from his/her obligations, liabilities under this Deed only when NCL, in writing, expressly provides for the release of the Said Securities.

11. The Clearing Member agrees that NCL shall be entitled to sell, negotiate or otherwise transfer the Said Securities and to execute transfer documents and/or any other necessary documents, wherever applicable or other endorsements for this purpose and that NCL shall be entitled to receive from him/her all expenses incurred by NCL/Custodian for the aforesaid purposes.

12. The Clearing Member agrees to execute such further documents whether of a legal nature or otherwise as may be required by NCL for the purpose of giving effect to the provisions of this Deed and also the Scheme for the Deposit of securities in dematerialised form.

13. The Clearing Member agrees that the deposit of the ‘Said Securities’ and the pledge thereof shall not be affected in any manner whatsoever if NCL takes any action against the Clearing Member including suspension or expulsion or declaration of the Clearing Member as a defaulter.

14. The Clearing Member agrees that NCL shall not be under any liability whatsoever to the Clearing Member or any other person for any loss, damage, expenses, costs etc, arising out of the deposit of the Said Securities, in any manner, due to any cause, whatsoever, irrespective of whether the Said Securities shall be in the possession of the NCL or not at the time of such loss or damage or the happening of the cause thereof. The Clearing Member shall at all times indemnify and keep indemnified NCL from and against all suits, proceedings, costs, charges, claims and demands whatsoever that may at any time arise or be brought or made by any person against NCL in respect of any acts, matters and things lawfully done or caused to be done by NCL in connection with the Said Securities or in pursuance of the rights and powers of NCL under this Deed.

15. The Clearing Member undertakes that the deposit of the ‘Said securities’ and the pledge thereof shall be binding on him/them as continuing and that it shall not be prejudiced by his/its failure to comply with the Rules, Bye-laws or Regulation of NCL or any other terms and conditions attendant to the Clearing membership of NCL and that NCL shall be at liberty, without thereby affecting its rights against him/ it hereunder or in relation to the ‘Said securities’ or to any other security now or hereafter held or taken at any time to vary, amend change or alter any terms or conditions of its Rules, Bye laws or Regulations of NCL in general or as applicable to him / it in particular.

Executed at \_\_\_\_\_\_\_\_\_\_\_\_\_ on the day, month and year above mentioned.

Signed, sealed and delivered by the within named \*\*

Clearing Member.

in the presence of witnesses

1.

2.

\* strike out whichever is not applicable

\*\* To be signed by

the Clearing member in case of individual.

all partners in case of a Partnership firm

by any two of the following persons in the case of a Company:

i. Managing Director

ii. Whole-time Director

iii. Director

# Format of Deed of Pledge for Clearing Members for deposit of Commodities for margin deposit in Commodities Derivatives Segment

*To Be Executed On Non Judicial Stamp Paper Of Rs.600/- Or In Accordance With The Prevailing Rates Applicable In The Place Of Execution, Whichever Is Higher.*

This Deed of Pledge (hereinafter referred to as “the Deed”) is executed at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ on this \_\_\_ day of \_\_\_\_\_\_\_\_\_ 20\_\_\_ by

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, S/o / d/o / w/o \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ residing at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ and having his office at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \*

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, a partnership firm registered under the Indian Partnership Act, 1932 and having its office at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\*

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_Ltd., incorporated as a company under the Companies Act, 1956/ 2013 and having its registered office at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\*

(hereinafter referred to as “Clearing Member” which expression shall unless repugnant to the context thereof include successors, administrators and assigns) in favour of NSE Clearing Limited (Formerly known as National Securities Clearing Corporation Limited), a company incorporated under the Companies Act, 1956 and having its registered office at Exchange Plaza, Bandra-Kurla Complex, Bandra (East), Mumbai - 400051 (hereinafter referred to as “NCL” which expression shall unless repugnant to the context thereof, include its successors and assigns).

WHEREAS

a) The Clearing Member is admitted to the Clearing Membership of NCL.

b) One of the requirement of the Clearing Membership in Commodities Derivatives Segment is that the Clearing Member if desirous of availing additional exposure, shall maintain with NCL margin deposit in the form of cash, bank guarantees, securities, commodities including Gold and /or Silver for the due performance and fulfilment by him/it of his/its engagements, commitments, operations, obligations or liabilities as a Clearing Member including any sums due by him/it to NCL or any other party as decided by NCL arising out of or incidental to any contracts made, executed, undertaken, carried out or entered into by him/it.

c) The commodities including Gold and Silver to be deposited by the Clearing Member shall be as specified by NCL from time to time as being Permitted Commodities.

d) The Clearing Members shall deposit the commodities with the designated service provider as prescribed by NCL from time to time. The commodities deposited with designated service provider shall be subject to the provisions of the agreement between such service provider and NCL. The designate service provider for the purpose of the deed shall mean a Vault Service Provider if the commodities are gold and silver or a Warehouse Service Provider if the commodities deposits are agriculture commodities or such other designate service provider as specified by NCL based on the kind of commodity to be stored /pledged as collateral.

e) NCL has agreed to accept the commodities being deposited as permitted commodities and therefore the clearing member is desirous of executing this deed of pledge in order to pledge /deposit the permitted commodities as collateral for margin purpose.

NOW THIS DEED WITNESSETH AS FOLLOWS:

1. In consideration of NCL having agreed to accept permitted commodities deposited by the Clearing Member as per the details contained in the prescribed format in the Letter of Pledge as margin deposit to an extent of Rs.\_\_\_\_\_\_\_\_\_ /- (Rupees \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_only), the Clearing Member hereby pledges commodities /Gold and /or Silver as specifically described in letter of pledge (hereinafter referred to as “Pledged Commodities”) with NCL as security for due performance and fulfillment by him/it of all engagements, commitments, operations, obligations or liabilities as a Clearing Member of NCL including any sums due by him/it to NCL or National Stock Exchange of India Limited (hereinafter referred to as “NSEIL”) or any other party as decided by NCL arising out of or incidental to any contracts made, executed, undertaken, carried out or entered into by him/it.
2. For the purpose of the this Deed, the term “Pledged Commodities” shall mean all the commodities lying in the storage with the designate service provider and marked as Pledged in the Inventory Management System with the designate service provider and shall include all commodities given in addition, substitution or replacement of the commodities in the said storage as mentioned in the letter of Pledge given from time to time. All commodities lying which has been marked in the Inventory Management System as being Pledged in the said storage shall be deemed to have been pledged at all times with NCL by virtue of this Deed.
3. The Clearing Member agrees to be bound by the pledge created in favour of NCL and shall not be permitted to withdraw the said Pledged Commodities from the designated service provider without the consent of NCL. Further the Clearing Member agrees that the designated service provider shall not act upon the release request w.r.t the Pledged Commodities deposited by the Clearing member as per the details contained in the prescribed format of NCL without seeking the prior consent of NCL.
4. The Clearing Member further agrees that it shall not approach the designate service provider to release the Pledged Commodities without seeking the consent of NCL. The Clearing Member shall be bound to follow the procedure prescribed by NCL for creation and release of Pledged Commodities.
5. The Clearing Member if so determined by NCL shall place the Pledged Commodities in the absolute disposition of NCL in such manner as decided by NCL and such possession and disposition may be apparent and indisputable
6. In respect of the Pledged Commodities owned by him / it, the Clearing Member declares and assures that they are in existence, owned by him/it and/or are free from any prior charge, lien or encumbrance and further that the Pledged Commodities over which the pledge may be created in future would be in existence and owned by him/it at the time of creation of such pledge and that the Pledged Commodities to be given in future as security to NCL would likewise be unencumbered, absolute and disposable property of the Clearing Member.
7. In respect of the Pledged Commodities owned by his/its clients, the Clearing Member declares and assures that the Pledged Commodities are given by his / its clients to the Clearing Member for deposit of the same with NCL as collateral for which the Clearing Member has obtained written authorization from the client concerned to the effect that (i) the Pledged Commodities are in existence, owned by the respective clients and are and shall be free from any charge, lien or encumbrance, whether prior or otherwise (ii) that the Pledged Commodities will be subject to the creation of pledge in favour of or for the benefit of NCL and further that the Pledged Commodities over which pledge may be created in future would be in existence and owned by clients at the time of creation of such pledge and that the Pledged Commodities to be given in future as security to NCL would likewise be unencumbered, absolute and disposable property of the clients (iii) that the Clearing Member is authorized to do all such acts and things, sign such documents and pay and incur any such costs, debts and expenses as may be necessary under this Deed of Pledge and the same shall be subject to terms and conditions as contained herein (iv)  that the client agrees that the Pledged Commodities shall be subject to the first priority and lien in favour of NCL to secure, the client’s obligations and that the rights or interests of the client with respect to the Pledged Commodities shall be subject and subordinate to the rights, claims and interests of NCL in respect of the Pledged Commodities (v)  that NCL may invoke the pledge without any reference to or permission of the client and upon receipt of the Pledged Commodities , NCL may utilize the proceeds in meeting the client’s obligations in such manner as it may deem fit and that such invocation of pledge will be final and irrevocable against the Clearing Member and the client (vi) the client shall not make any claims or demands for refund or any reimbursement in relation to the Pledged Commodities . Further, the Clearing Member shall obtain the letter of authorization from its clients and shall provide a copy of the same to NCL as and when required by NCL.
8. The Clearing Member agrees that he/it shall not without NCL’s prior written permission create any charge, lien or encumbrance of any kind upon or over the Pledged Commodities hereby pledged except to NCL, that he/it shall not suffer any such charge, lien or encumbrance to affect the Pledged Commodities or any part thereof, and further that he/it shall not do or allow anything to be done that may prejudice the Pledged Commodities while he/it remains liable to NCL in any manner without the prior written permission of NCL.
9. The Clearing Member agrees, declares and undertakes that he/it shall be bound and abide by the terms and conditions of the Scheme for the Deposit of Pledged Commodities as formulated and determined by NCL, for deposits of Pledged Commodities as margin deposits towards furnishing of margins from time to time pursuant to requirement / compliance of Clearing Membership.
10. If in the opinion of NCL, the Clearing Member has failed to perform and / or fails to fulfil his/its engagements, commitments, operations, obligations or liabilities as a Clearing Member of NCL including any sums due by him/it to NCL or to NSEIL or to any other party arising out of or incidental to any contracts made, executed, undertaken, carried out or entered into by him/it, then the Clearing Member agrees that NCL on giving one working day notice to the Clearing Member on its own as a pledgee, shall be empowered/entitled to invoke the pledge, sell, dispose of or otherwise effect any other transfer of the Pledged Commodities in such manner and subject to such terms and conditions as it may deem fit and that the money if any realised from such sale/disposal/or other transfer shall be utilised/disbursed by NCL in such manner and subject to terms and conditions as it may deem fit and further the Clearing Member shall do all such things, deeds, acts and execute all such documents as are necessary to enable NCL to effect such pledge/sale/disposal/or other transfer. The decision of NCL as to the obligations or liabilities or commitments of the Clearing Member and the amount claimed shall be final and binding on the Clearing Member. The Clearing Member understood and agrees that one working day notice mentioned above shall be deemed to be a reasonable notice, as this pledge of Pledged Commodities is being accepted as margin deposit by NCL in lieu of cash deposits or bank guarantees, which can be invoked and appropriated in a day’s time and also due to the nature of transactions on NCL.
11. The Pledged Commodities pledged as security shall be available at the disposal of NCL as a continuing security and remain available in respect of the obligations, liabilities or commitments of the Clearing Member jointly or severally and may be utilised as such in the discretion of NCL, as if each of the obligations, liabilities or commitments is secured by the Pledged Commodities. This Deed shall not be considered as cancelled or in any way affected on its utilisation for meeting any specific obligation, liability or commitment by NCL but shall continue and remain in operation in respect of all subsequent obligations, liabilities or commitments of the Clearing Member.
12. The Clearing Member shall be released from his/her obligations, liabilities under this Deed only when NCL, in writing, expressly provides for the release of the Pledged Commodities.
13. The Clearing Member agrees that NCL shall be entitled to sell, negotiate or otherwise transfer the Pledged Commodities and to execute transfer documents and/or any other necessary documents, wherever applicable or other endorsements for this purpose and that NCL shall be entitled to receive from him/her all expenses incurred by NCL/Designate Service Providers for the aforesaid purposes.
14. The Clearing Member agrees to execute such further documents whether of a legal nature or otherwise as may be required by NCL for the purpose of giving effect to the provisions of this Deed and also the Scheme for the Deposit of Pledged Commodities depending on the kind of commodities being deposited and the designated service provider.
15. The Clearing Member agrees that the deposit of the ‘Pledged Commodities ’ and the pledge thereof shall not be affected in any manner whatsoever if NCL takes any action against the Clearing Member including suspension or expulsion or declaration of the Clearing Member as a defaulter.
16. The Clearing Member agrees that NCL shall not be under any liability whatsoever to the Clearing Member or any other person for any loss, damage, expenses, costs etc, arising out of the deposit of the Pledged Commodities, in any manner, due to any cause, whatsoever, irrespective of whether the Pledged Commodities shall be in the possession of the NCL or not at the time of such loss or damage or the happening of the cause thereof. The Clearing Member shall at all times indemnify and keep indemnified NCL from and against all suits, proceedings, costs, charges, claims and demands whatsoever that may at any time arise or be brought or made by any person against NCL in respect of any acts, matters and things lawfully done or caused to be done by NCL in connection with the Pledged Commodities or in pursuance of the rights and powers of NCL under this Deed.
17. The Clearing Member undertakes that the deposit of the ‘Pledged Commodities ’ and the pledge thereof shall be binding on him/them as continuing and that it shall not be prejudiced by his/its failure to comply with the Rules, Bye-laws or Regulation of NCL or any other terms and conditions attendant to the Clearing membership of NCL and that NCL shall be at liberty, without thereby affecting its rights against him/ it hereunder or in relation to the ‘Pledged Commodities ’ or to any other security now or hereafter held or taken at any time to vary, amend change or alter any terms or conditions of its Rules, Bye laws or Regulations of NCL in general or as applicable to him / it in particular.
18. The executants hereby declare that he/it has been duly authorized to execute this Deed by way of Board Resolution of the Member (only in case of corporate members) as per the copy of Board Resolution annexed hereto.
19. This Deed shall be governed by and construed and interpreted in accordance with the laws of India and the courts in Mumbai shall have exclusive jurisdiction on all matters arising out of this Deed.

Executed at \_\_\_\_\_\_\_\_\_\_\_\_\_ on the day, month and year above mentioned.

Signed, sealed and delivered by the within named \*\*

Clearing Member.

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

in the presence of witnesses

1.

2.

\* strike out whichever is not applicable

\*\* To be signed by

the Clearing member in case of individual.

all partners in case of a Partnership firm

as per Board Resolution in the case of a Company

# Format Of Letter By Member For Submission Of Permitted Commodities As Pledge To Clearing Corporation

(To be typed on Member’s letter head)

To Date:

NSE Clearing Limited

Exchange Plaza

Bandra Kurla Complex

Bandra (E)

Mumbai-400 051

Dear Sir,

As per requirements of NSE Clearing Limited (NCL) and in compliance of prescribed norms of NCL, we hereby furnish you commodities deposited as specified in annexure as margin deposit in Commodities Derivatives Segment:

I /We hereby confirm that the commodities deposited as specified in annexure are in existence, owned by us/our clients/constituents and free from any prior charge, lien or encumbrance.

I/We hereby agree and consent that you shall have an irrevocable authority to encash the pledged commodities at any time, without notice to me/us for recovery/adjustment of NCL/NSEIL dues and we have no objections whatsoever for the same.

Yours faithfully,

Authorised Signatory ***(Seal and Signature)***

**Clearing Member Code** **:** **\_\_\_\_\_\_**

**Trading Member Code :** \_\_\_\_\_\_\_\_

Annexure

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Sr No | Invoice Number | Commodity eg. Gold /Silver | Serial Number | Qty | Units | Vault Service Provider | Purity |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |

# Format for covering letter for margin pledge

(To be typed on member's letter head)

To Date

NSE Clearing Ltd

Collaterals Department

Commodity Derivatives Segment

Mumbai

Sub: Registration for placing securities using margin pledge facility

Dear Sir,

1. We <<member name>> (Member Code) are clearing member in Capital Market segment and would wish to avail the facility to place securities as collaterals using margin pledge facility of depositories in Capital Market segment from our below-mentioned depository account
2. Details of depository account

|  |  |  |
| --- | --- | --- |
| DP ID | DP Name | Beneficiary account |
|  |  |  |

1. We confirm that above mentioned account is used for the purpose of pledging/re-pledging securities only as specified in SEBI circular SEBI/HO/MIRSD/DOP/CIR/P/2020/28 dated February 25, 2020
2. Following documents are enclosed herewith
3. Client master for above mentioned depository account
4. Pledge deed for margin deposit
5. Copy of Board Resolution with List of authorized signatories who are authorized to sign deed of pledge
6. We further hereby undertake to abide by such other or further guidelines / instructions as may be communicated / prescribed by NCL from time to time.

Yours faithfully

Authorised Signatory

<<Member name>>

<<Member Code>>

Encl – as above

# Format for collateral allocation

* All Cash, FDR and fungible BGs placed towards margin deposited by Clearing Members (CMs) shall be available as common pool for allocation to CM Prop/Trading Member (TM) Prop/Custodial Participant (CP)/Clients.
* CMs can use the file upload mechanism as per the format specified below for allocation of collateral from common pool to CM Prop/TM Prop/CP/Clients in any segment where the member is a CM.
* The amount mentioned in the file would be the final allocation requested amount for the mentioned combination. Accordingly, the value provided in the file shall replace the previous values for the mentioned combination.
* Any amount added as collateral and not allocated shall remain as un-allocated collateral in the common pool. No exposure for the same shall be provided to any entity for such unallocated collateral.
* CMs shall provide records for allocation only where there is change in the value of allocation. In order to avoid rejections of file/API CMs shall ensure that records where there is no change in value of allocation are not included.
* CMs shall upload the file allocation in NMASS in Collateral Management module under File allocation menu. CMs shall use intra-day/immediate options for change in allocation.
* Cash, FDR and BG provided towards Exchange membership deposit shall be allocated to respective CM/TM Prop collateral in the respective segment
* In case of non-fungible BGs the same shall be permitted to be allocated by the CMs to CM Prop/TM Prop/CP/Clients in the same segment where the BG has been added Procedure for allocating

**G-Sec placed through E-Kuber system**

* CM at time of placing request for addition of G-Sec in Collateral Interface for Members (CIM) shall also be required to allocate the face-value of such G-Sec to CM Prop/TM Prop/CP/Client in respective segment.
* The net-value based on the valuation price and post haircut of such face-value of G-Sec allocated to CM Prop/TM Prop/CP/Client shall be added to the allocated collateral of the respective CM Prop/TM Prop/CP/Client in the respective segment.

**File Format for allocation**

1. **Allocation File Format**

Member will load the allocation file in NMASS application

* 1. File Format – Comma separated
  2. File nomenclature -

<MEMCODE>\_ALLOC\_<DDMMYYYY>.T<batchno>

MEMCODE – Primary member code

DDMMYYYY – Current business date

Batch No – Batch no will be unique four digit no

* 1. File Structure:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Sr. No.** | **Field Details** | **Data Type** | **Length** | **Description** | **Sample Value** |
| 1 | Current Date | String | 11 | DD-MON-YYYY | 01-NOV-2021 |
| 2 | Segment | String | 3 | CM – Cash Market  FO – Future & Options  CD– Currency derivatives  DT– Debt  CO– Commodity  SLB– Securities Lending & Borrowing  TPR– Triparty  OFS– Offer for sale | CM |
| 3 | CM Code | String | 6 | Primary Member Code of Clearing Member | 22222 |
| 4 | TM Code | String | 5 | Trading Member Code |  |
| 5 | CP Code | String | 12 | Custodial Participant Code |  |
| 6 | Cli Code | String | 10 | Client Code |  |
| 7 | Account Type | String | 1 | Prop – P, Client - C | P |
| 8 | Amount | Number | 15,2 | Amount | 10000 |
| 9 | Filler1 | String | 20 | Filler. Reserved for future. |  |
| 10 | Filler2 | String | 20 | Filler. Reserved for future. |  |
| 11 | Filler3 | String | 20 | Filler. Reserved for future. |  |
| 12 | Filler4 | String | 20 | Filler. Reserved for future. |  |
| 13 | Filler5 | String | 20 | Filler. Reserved for future. |  |
| 14 | Filler6 | String | 20 | Filler. Reserved for future. |  |
| 15 | Action\* | String | 1 | U- Upward, D-Downward | D |

**Note:**

1. Max 10000 records will be accepted in allocation file.
2. The amount mentioned in the file would be the final allocation requested amount for the mentioned combination. Accordingly, the value provided in the file shall replace the previous values for the mentioned combination.
3. In case of allocation to CM Prop, values in TM Code, CP Code, Cli Code will be blank
4. In case of allocation to TM Prop, values in CP Code, Cli Code will be blank
5. In case of allocation to CP, values in TM Code, Cli Code will be blank
6. Examples of various records are as under

|  |  |  |
| --- | --- | --- |
| Sr.no | Particulars | Record Format |
| 1 | CM Prop allocation record | 01-NOV-2021,CM,22222,,,,P,1000,,,,,,,U |
| 2 | TM Prop allocation record | 01-NOV-2021,CM,22222,11111,,,P,1000,,,,,,,U |
| 3 | CP allocation record | 01-NOV-2021,CM,22222,,ABCD,,C,1000,,,,,,,U |
| 4 | Client allocation record | 01-NOV-2021,CM,22222,11111,,XYZ,C,1000,,,,,,,U |
| 5 | Increasing client allocation from 1000 to 2000 | 01-NOV-2021,CM,22222,11111,,XYZ,C,2000,,,,,,,U |
| 6 | Reducing client allocation from 2000 to 1000 | 01-NOV-2021,CM,22222,11111,,XYZ,C,1000,,,,,,,D |
| 7 | Reducing client allocation to 0 | 01-NOV-2021,CM,22222,11111,,XYZ,C,0,,,,,,,D |

\*Change in allocation request shall be processed irrespective of the flag populated in the action field. Change in allocation resulting in increase in allocation value shall be processed only if sufficient amount is available in collateral pool

1. **Return File**

On receiving the return file, member would be able to view the final status of the request. Member will get the return file with same batch no with extension starts with ‘S’ as a response in NMASS application.

* 1. Return file for Allocation
     1. File Format – Comma separated
     2. File Nomenclature -

<MEMCODE>\_ALLOC\_<DDMMYYYY>.S<BATCHNO>

* + 1. File format of status enquiry file for Allocation –

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Sr. No.** | **Field Details** | **Data Type** | **Length** | **Description** | **Sample Value** |
| 1 | Current Date | String | 11 | DD-MON-YYYY | 01-NOV-2021 |
| 2 | Segment | String | 3 | CM – Cash Market  FO – Future & Options  CD– Currency derivatives  DT– Debt  CO– Commodity  SLB– Securities Lending & Borrowing  TPR– Triparty  OFS– Offer for sale | CM |
| 3 | CM Code | String | 6 | Primary Member Code | 22222 |
| 4 | TM Code | String | 5 | TM Code |  |
| 5 | CP Code | String | 12 | CP Code |  |
| 6 | Cli Code | String | 10 | Cli Code |  |
| 7 | Account Type | String | 1 | Prop – P, Cli - C | P |
| 8 | Amount | Number | 15,2 | Amount | 10000 |
| 9 | Filler1 | String | 20 | Filler. Reserved for future. |  |
| 10 | Filler2 | String | 20 | Filler. Reserved for future. |  |
| 11 | Filler3 | String | 20 | Filler. Reserved for future. |  |
| 12 | Filler4 | String | 20 | Filler. Reserved for future. |  |
| 13 | Filler5 | String | 20 | Filler. Reserved for future. |  |
| 14 | Filler6 | String | 20 | Filler. Reserved for future. |  |
| 15 | Action | String | 1 | U- Upward, D-Downward | D |
| 16 | Error Code | Number | 8 | Error code | 01050100 |

**Validations**

* Response code shall be populated in the field “**Error Code**” in the return file.It shall be of below format
* First four characters (Field Identifier):  refers to specific field or the entire message
* Next characters (Validation code): refers to specific validation failure or success. Success code shall be populated only on successful acceptance of the record.

**Field Identifier**

| **Sr. No.** | **Field Name** | **Field Code** |
| --- | --- | --- |
| 1 | Entire Record | 0105 |
| 2 | Current Date | 0107 |
| 3 | Segment | 0108 |
| 4 | CM Code | 0109 |
| 5 | TM Code | 0110 |
| 6 | CP Code | 0111 |
| 7 | Client Code | 0112 |
| 8 | Account Type | 0113 |
| 9 | Amount | 0114 |
| 10 | Action | 0115 |
| 11 | Filler1 | 0116 |
| 12 | Filler2 | 0117 |
| 13 | Filler3 | 0118 |
| 14 | Filler4 | 0119 |
| 15 | Filler5 | 0120 |
| 16 | Filler6 | 0121 |

**Validation Codes:**

| **Sr. No.** | **Validation** | **Validation Type** | **Validation**  **Code** | **Validation performed on Field** |
| --- | --- | --- | --- | --- |
| 1 | Submitted to server successfully. | Message Level | NA | NA |
| 2 | Status  Request Rejected due to higher margin utilization - 0103  Request partially accepted due to higher margin utilization – 0104  Request accepted successfully - 0100  Processing - 0102 | Request level | 0103  0104  0100  0102 | Entire request |
| 3 | Minimum Required Length | Generic | 0201 | All Fields \* |
| 4 | Maximum Required Length | Generic | 0202 | All Fields \* |
| 5 | Range validation | Generic | 0203 | All Fields \* |
| 6 | Mandatory Field | Generic | 0204 | All Fields \* |
| 7 | Special Characters not allowed | Generic | 0205 | All Fields \* |
| 8 | Data Format like Msg Id or File Name/ Date Format | Generic | 0206 | All Fields \* |
| 9 | Minimum allowed value | Generic | 0207 | All Fields \* |
| 10 | Maximum allowed value | Generic | 0208 | All Fields \* |
| 11 | Invalid Value | Generic | 0209 | All Fields\* |
| 12 | Duplicate MsgID /File Name | Generic | 0210 | All Fields \* |
| 13 | Service Unavailable | Generic | 0212 | NA |
| 14 | System Error | Generic | 0213 | NA |
| 15 | Number of records | Generic | 0214 | Number of records submitted is greater than configured allowed records per request |
| 16 | Current Date | Field | 0217 | Current Date |
| 17 | Segment  Valid segment  CM  FO  CD  DT  SLB | Field | 0218 | Segment |
| 18 | Primary Member Code | Field | 0219 | CM Code |
| 19 | Trading Member Code  Should be the part of valid CM-TM link of specified segment | Field | 0220 | TM Code |
| 20 | CP code  Should be the part of valid CM-TM link of specified segment | Field | 0221 | CP Code |
| 21 | Account Type  P – Prop  C - Cli | Field | 0222 | Account Type |
| 22 | Upward or downward | Field | 0224 | Action |
| 23 | No Margin Found | Field | 0122 |  |
| 24 | Insufficient allocation amount | Field | 0123 | Amount |

1. Examples for allocation of fresh collateral

CM adds following collateral

Cash – Rs 1,00,00,000

FDR - Rs.5,00,00,000

BG – Rs 3,00,00,000

Total – Rs 9,00,00,000

Current and Proposed Allocation

|  |  |  |
| --- | --- | --- |
| **Entity** | **Amount already Allocated** | **Amount Proposed to be allocated** |
| CM 1 Prop | 10,00,00,000 | 11,00,00,000 |
| CP 1 | 3,00,00,000 | 3,50,00,000 |
| TM XYZ Prop | 4,00,00,000 | 5,00,00,000 |
| TM XYZ Cli ABC | 0 | 1,00,00,000 |
| TM XYZ Cli DEF | 50,00,000 | 1,00,00,000 |
| TM 123 Prop | 5,00,00,000 | 7,00,00,000 |
| TM 123 Cli 456 | 50,00,000 | 3,50,00,000 |
| **Total** | **23,00,00,000** | **32,00,00,000** |

The file to be uploaded by the CM shall have following records

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Current Date** | **Seg** | **CM Code** | **TM Code** | **CP Code** | **Cli Code** | **Acc Type** | **Amount** | **Filler1** | **Filler2** | **Filler3** | **Filler4** | **Filler5** | **Filler6** | **Action** |
| 01-Mar-22 | CM | CM1 |  |  |  | P | 11,00,00,000 |  |  |  |  |  |  | U |
| 01-Mar-22 | CM | CM1 |  | CP1 |  | C | 3,50,00,000 |  |  |  |  |  |  | U |
| 01-Mar-22 | CM | CM1 | XYZ |  |  | P | 5,00,00,000 |  |  |  |  |  |  | U |
| 01-Mar-22 | CM | CM1 | XYZ |  | ABC | C | 1,00,00,000 |  |  |  |  |  |  | U |
| 01-Mar-22 | CM | CM1 | XYZ |  | DEF | C | 1,00,00,000 |  |  |  |  |  |  | U |
| 01-Mar-22 | CM | CM1 | 123 |  |  | P | 7,00,00,000 |  |  |  |  |  |  | U |
| 01-Mar-22 | CM | CM1 | 123 |  | 456 | C | 3,50,00,000 |  |  |  |  |  |  | U |

# Example for collateral valuation

Consider the following example of collateral provided by various entities under a CM. Suppose the securities are pledged in the same sequence as the rows in the following table.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Entity** | **Cash-equivalent**  **(A)** | **Non-cash  (B)** | **Excess cash-eq.**  **If(A>B,A-B,0)** | **Excess noncash**  **If(B>A,B-A,0)** |
| CM Prop | 100 | 40 | 60 | 0 |
| TM-1 Prop | 0 | 0 | 0 | 0 |
| TM-1 Cli-1 | 200 | 250 | 0 | 50 |
| TM-1 Cli-2 | 70 | 10 | 60 | 0 |
| TM-1 Cli-3 | 70 | 100 | 0 | 30 |
| TM-2 Prop | 300 | 200 | 100 | 0 |
| TM-2 Cli-4 | 70 | 90 | 0 | 20 |
| TM-2 Cli-5 | 50 | 100 | 0 | 50 |

Considering TM-1, the excess cash-equivalent collateral of TM-1 Cli-2 cannot be used to offset the excess non-cash collateral of TM-1 Cli-1 and TM-1 Cli-3. Therefore, there will be excess non-cash collateral to the extent of 80 (50 for Cli-1 and 30 for Cli-3) under TM-1.

Considering TM-2, the excess proprietary cash-equivalent collateral of TM-2 can be used to offset the excess non-cash collateral of TM-2 Cli-4 and TM-2 Cli-5. Therefore, there will be no excess noncash collateral under TM-2.

Summary of excess cash-equivalent and excess non-cash collateral under CM prop, TM-1 and TM-2 would be as under:

|  |  |  |
| --- | --- | --- |
| **Entity** | **Excess Cash-eq** | **Excess noncash** |
| CM Prop | 60 | - |
| TM-1 | - | 80 |
| TM-2 | 30 | - |

The excess cash-equivalent collateral of TM-2 cannot be used to offset the excess non-cash collateral of TM-1. However, the excess cash-equivalent collateral of CM Prop can be used to offset excess non-cash collateral of TM-1. Therefore, the overall excess non-cash collateral will be 20, for TM-1.

|  |  |
| --- | --- |
| **Entity** | **Excess noncash** |
| TM-1 | 20 |

The benefit of this excess non-cash collateral (20) will not be available under TM-1. The entities who will get benefit would be identified on FIFO basis of margin utilisation. Accordingly, considering the clients trade in order as Cli 3 first and Cli 1 second then collateral considered as per margin utilisation shall be as under

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Entity** | **Cash-equivalent**  **(A)** | **Non-cash  (B)** | **Margins** | **Collateral considered** | **Collateral Not considered** |
| TM-1 Cli-3 | 70 | 100 | 170 | 170 | 0 |
| TM-1 Cli-1 | 200 | 250 | 450 | 430 | 20 |

# Example for change in collateral allocation

1. **Examples for checking for change in allocation**

Suppose a SCM has following collateral:

|  |  |
| --- | --- |
| **Entity** | **Cash (Rs)** |
| SCM Prop | 200 |
| Cli-1 | 200 |
| Cli-2 | 200 |

Out of the total available cash of Rs 600, suppose the SCM has provided an FDR of Rs 400 to the CC (with Rs 200 cash remaining with the member). Suppose, the FDR provided to the CC is allocated by the SCM as follows. Here, the SCM has chosen not to allocate any collateral to Cli-2 in the total collateral placed with the CC:

|  |  |
| --- | --- |
| **Entity** | **Collateral allocated (Rs)** |
| SCM Prop | 200 |
| Cli-1 | 200 |

Suppose the margin requirement is as follows:

|  |  |  |
| --- | --- | --- |
| **Entity** | **Collateral (Rs)** | **Margin blocked (Rs)** |
| CM Prop | 200 | 160 |
| Cli-1 | 200 | 150 |

Change in allocation: Example 1

The member shall be permitted to change the allocation as follows (i.e. the member chooses to consider the cash retained with it to be as Rs 50 belonging to Cli-1 and Rs 150 belonging to Cli-2):

|  |  |
| --- | --- |
| **Entity** | **Collateral (Rs)** |
| CM Prop | 200 |
| Cli-1 | 150 |
| Cli-2 | 50 |

Change in allocation: Example 2

The member shall not be permitted to change the allocation as follows (i.e. the member chooses to consider the cash retained with it to be as Rs 100 belonging to each client):

|  |  |
| --- | --- |
| **Entity** | **Collateral (Rs)** |
| CM Prop | 200 |
| Cli-1 | 100 |
| Cli-2 | 100 |

This allocation shall not be permitted since Cli-1 has a margin requirement of Rs 150.

1. **Examples for change in allocation to other segments and for release**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Current** | | | **Proposed** | | |
| **Entity** | **Seg** | **Amount** | **Entity** | **Seg** | **Amount** |
| CM 1 Prop | CM | 10,00,00,000 | CM 1 Prop | CM | 5,00,00,000 |
| CM 1 Prop | FO | 3,00,00,000 | CM 1 Prop | FO | 6,00,00,000 |
| TM XYZ Prop | CM | 4,00,00,000 | TM XYZ Prop | CM | 2,00,00,000 |
| TM XYZ Cli ABC | CM | 0 | TM XYZ Cli ABC | FO | 2,00,00,000 |
| TM XYZ Cli DEF | CM | 50,00,000 | TM XYZ Cli DEF | FO | 50,00,000 |
| TM 123 Prop | CM | 5,00,00,000 | TM 123 Prop | CM | 2,50,00,000 |
| TM 123 Cli 456 | CM | 50,00,000 | TM 123 Cli 456 | CM | 0 |
| Unallocated | - | 0 | Unallocated (For release) | - | 5,00,00,000 |
| Total |  | 23,00,00,000 |  |  | 23,00,00,000 |

**Records to be uploaded in file/API shall be**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Current Date | Seg | CM Code | TM Code | CP Code | Cli Code | Acc Type | Amount | Filler1 | Filler2 | Filler3 | Filler4 | Filler5 | Filler6 | Action |
| 01-Mar-22 | CM | CM1 |  |  |  | P | 5,00,00,000 |  |  |  |  |  |  | D |
| 01-Mar-22 | CM | CM1 | XYZ |  |  | P | 2,00,00,000 |  |  |  |  |  |  | D |
| 01-Mar-22 | CM | CM1 | XYZ |  | DEF | C | 0 |  |  |  |  |  |  | D |
| 01-Mar-22 | CM | CM1 | 123 |  |  | P | 2,50,00,000 |  |  |  |  |  |  | D |
| 01-Mar-22 | CM | CM1 | 123 |  | 456 | C | 0 |  |  |  |  |  |  | D |
| 01-Mar-22 | FO | CM1 |  |  |  | P | 6,00,00,000 |  |  |  |  |  |  | U |
| 01-Mar-22 | FO | CM1 | XYZ |  | ABC | C | 2,00,00,000 |  |  |  |  |  |  | U |
| 01-Mar-22 | FO | CM1 | XYZ |  | DEF | C | 50,00,000 |  |  |  |  |  |  | U |

All downward allocation records to be sent/kept before the upward allocation records

1. **Change in allocation and release for G-sec place thru E-Kuber**

* CMs shall be permitted change allocation of G-sec placed thru E-Kuber. CMs shall upload a file in NMASS – Collateral Management – Gsec Reallocation module.
* Change in G-Sec allocation shall be done subject to margin check as mentioned above.
* The format of the file to be uploaded shall be as under:

1. *Request File Format:*

* Nomenclature

<MEMCODE>\_GSEALLOC\_<DDMMYYYY>.T<batchno>

Where Member code – Primary Member Code

DDMMYYYY - Current business date

Batch No – Unique four digit no. This batch no will be sequential (incremental) for the day across segments.

* *File structure:*

|  |  |  |  |
| --- | --- | --- | --- |
| **Sr. No.** | **Field Details** | **Length** | **Description** |
| 1 | Current Date | 11 | DD-MON-YYYY |
| 2 | Source Segment | 3 | CM, FO, CD, DT, CO, SLB |
| 3 | Source TM Code | 5 | TM Code |
| 4 | Source CP Code | 12 | CP Code |
| 5 | Source Cli Code | 10 | Cli Code |
| 6 | Source CM Code | 5 | Primary Member Code |
| 7 | ISIN | 12 |  |
| 8 | Face Value | (13) | Amount |
| 9 | Target Segment | 3 | CM, FO, CD, DT, CO, SLB |
| 10 | Target TM Code | 5 |  |
| 11 | Target CP code | 12 |  |
| 12 | Target Cli Code | 10 |  |
| 13 | Target CM Code | 5 | Primary Member Code |

**Response Return File format:**

|  |  |  |  |
| --- | --- | --- | --- |
| **Sr. No.** | **Field Details** | **Length** | **Description** |
| 1 | Current Date | 11 | DD-MON-YYYY |
| 2 | Source Segment | 3 | CM, FO, CD, DT, CO, SLB |
| 3 | Source TM Code | 5 | TM Code |
| 4 | Source CP Code | 12 | CP Code |
| 5 | Source Cli Code | 10 | Cli Code |
| 6 | Source CM Code | 5 | Primary Member Code |
| 7 | ISIN | 12 |  |
| 8 | Face Value | (13) | Amount |
| 9 | Target Segment | 3 | CM, FO, CD, DT, CO, SLB |
| 10 | Target TM Code | 5 |  |
| 11 | Target CP code | 12 |  |
| 12 | Target Cli Code | 10 |  |
| 13 | Target CM Code | 5 | Primary Member Code |
| 14 | Error Code | 8 |  |

**Validations:**

* Response code shall be populated in the field “**Error Code**” in the response return file.
* It shall be of below format
* First four characters (Field Identifier): refers to specific field or the entire message
* Next characters (Validation code): refers to specific validation failure or success. Success code shall be populated only on successful acceptance of the message.
  1. Field Identifier

|  |  |  |
| --- | --- | --- |
| **Sr. No.** | **Field Name** | **Field Identifier** |
| 1 | Entire Record | 0105 |
| 2 | Current Date | 0107 |
| 3 | Face Value | 0314 |
| 4 | Target Segment | 0315 |
| 5 | Target TM Code | 0316 |
| 6 | Target CP code | 0317 |
| 7 | Target Cli Code | 0318 |
| 9 | Target CM Code | 0319 |

* 1. Validation Codes

|  |  |  |  |
| --- | --- | --- | --- |
| **Sr. No.** | **Validation** | **Validation**  **Code** | **Validation performed on Field** |
| 1 | Submitted to server successfully. | NA | NA |
| 2 | Status  Request Rejected due to higher margin utilization - 0103  Request partially accepted due to higher margin utilization – 0104  Request accepted successfully - 0100  Processing – 0102 | 0103  0104  0100  0102 | Entire request |
| 3 | Minimum Required Length | 0201 | All Fields |
| 4 | Maximum Required Length | 0202 | All Fields |
| 5 | Range validation | 0203 | All Fields |
| 6 | Mandatory Field | 0204 | All Fields |
| 7 | Special Characters not allowed | 0205 | All Fields |
| 8 | Data Format like Msg Id or File Name/ Date Format | 0206 | All Fields |
| 9 | Minimum allowed value | 0207 | All Fields |
| 10 | Maximum allowed value | 0208 | All Fields |
| 11 | Invalid Value | 0209 | All Fields |
| 12 | Duplicate MsgID /File Name | 0210 | All Fields |
| 13 | Service Unavailable | 0212 | NA |
| 14 | System Error | 0213 | NA |
| 15 | Number of records | 0214 | Number of records submitted is greater than configured allowed records per request. |
| 16 | Current Date | 0217 | Current Date |
| 17 | Face Value  Should be multiple of hundreds. | 0423 | Face Value |
| 18 | Segment  Valid segment  CM  FO  CD  DT  SLB | 0424 | Target Segment |
| 19 | Primary Member Code | 0425 | Target CM Code |
| 20 | Trading Member Code  Should be the part of valid CM-TM link of specified segment | 0426 | Target TM Code |
| 21 | CP code  Should be the part of valid CM-TM link of specified segment | 0427 | Target CP Code |
| 22 | Invalid/wrong source information. | 0428 | Source Segment  Source TM code  Source CP code  Source Cli code  Source CM code  Source ISIN |

Note: The segment to be selected while uploading the file shall be the segment where the G-sec is currently allocated

For release of G-sec placed thru E-Kuber CMs shall select the records in CIM and the same shall be released subject to margin checks.

# Example for blocking of margins

Suppose the total collateral (allocated collateral plus securities collateral placed through margin pledge/ repledge to CC) available against various entities are as given below.

|  |  |
| --- | --- |
| **Entity** | **Collateral (Rs)** |
| CMTM Prop | 1000 |
| TM-1 Prop | 500 |
| TM-1 Cli-1 | 300 |
| TM-1 Cli-2 | 300 |

* Trade-1: TM-1 Cli-2 trades with margin requirement of Rs 100. Blocking of margin shall be as follows:

|  |  |  |
| --- | --- | --- |
| **Entity** | **Collateral (Rs)** | **Blocking (Rs)** |
| CMTM Prop | 1000 | 0 |
| TM-1 Prop | 500 | 0 |
| TM-1 Cli-1 | 300 | 0 |
| TM-1 Cli-2 | 300 | 100 |

* Trade-2: TM-1 Cli-1 trades with margin requirement of Rs 600. Blocking shall be as follows:

|  |  |  |
| --- | --- | --- |
| **Entity** | **Collateral (Rs)** | **Blocking (Rs)** |
| CMTM Prop | 1000 | 0 |
| TM-1 Prop | 500 | 300 |
| TM-1 Cli-1 | 300 | 300 |
| TM-1 Cli-2 | 300 | 100 |

* Trade-3: TM-1 Cli-2 trades with revised margin requirement for Cli-2 of Rs 600. Blocking shall be as follows:

|  |  |  |
| --- | --- | --- |
| **Entity** | **Collateral (Rs)** | **Blocking (Rs)** |
| CMTM Prop | 1000 | 100 |
| TM-1 Prop | 500 | 500 |
| TM-1 Cli-1 | 300 | 300 |
| TM-1 Cli-2 | 300 | 300 |

* Trade-4: TM-1 Cli-2 trades with revised margin requirement for Cli-2 of Rs 900. Blocking shall be as follows:

|  |  |  |
| --- | --- | --- |
| **Entity** | **Collateral (Rs)** | **Blocking (Rs)** |
| CMTM Prop | 1000 | 400 |
| TM-1 Prop | 500 | 500 |
| TM-1 Cli-1 | 300 | 300 |
| TM-1 Cli-2 | 300 | 300 |

In the above examples, the collateral of Rs 500 blocked from the TM1-Prop, and the collateral of Rs 400 blocked from CMTM Prop, shall be deemed to be allocated to TM-1 Cli-1 and TM-1 Cli-2. The deemed allocation would be as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Client** | **Margin (Rs)** | **Blocked from client collateral (Rs)** | **Deemed allocation from TM-1 Prop (Rs)** | **Deemed allocation from CMTM Prop to TM-1 Prop (Rs)** |
| TM-1 Cli-1 | 600 | 300 | 300 | 400 |
| TM-1 Cli-2 | 900 | 300 | 600 |

To clarify, the deemed allocation from CMTM Prop to TM-1 Prop is Rs 400, therefore the total TM-1 Prop collateral (including deemed allocated) would be Rs 900 (Rs 500 + Rs 400). Out of this, the excess client margin would be considered to be deemed allocated to the respective client

# Example for monitoring of risk reduction mode

Suppose the total collateral (allocated collateral plus securities collateral placed through margin pledge/ repledge to CC) available against various entities, along with their margin obligations, are as given below.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **CM** | **TM** | **Client** | **Collateral (Rs)** | **Margin (Rs)** | **CliMrgn>90% (Rs)** |
| CM-1 | - | Prop | 1200 | 800 | - |
| CM-1 | TM-1 | Prop | 500 | 400 | - |
| CM-1 | TM-1 | Client-1 | 800 | 780 | 60 |
| CM-1 | TM-1 | Client-2 | 500 | 450 | 0 |
| CM-1 | TM-1 | Client-3 | 400 | 380 | 20 |
| CM-1 | TM-2 | Prop | 500 | 200 | - |
| CM-1 | TM-2 | Client-4 | 1000 | 920 | 20 |
| CM-1 | TM-2 | Client-5 | 1000 | 880 | 0 |

TM level monitoring

In the above table, “CliMrgn>90%”, or client margin in excess of 90%, has been calculated as margin for the client less 90% of the client collateral. Risk reduction mode monitoring for TM shall be based on assessment of [TM Prop Margin + CliMrgn>90%] against the [TM Prop collateral]. Accordingly, margin utilization percentage of TM1 and TM2 would be as under:

* Margin utilization percentage of TM1 = [400 + (60 + 0 + 20)] /500 = 96%

* Margin utilization percentage of TM2 = [200 + (20 + 0)] /500 = 44%

In other words, for TM1 margin of Rs 30 is in excess of 90% of its prop collateral, while there is no excess margin for TM2 against its prop collateral. The same have been tabulated below:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **TM** | **Total CliMrgn>90% (Rs)** | **Prop Margin (Rs)** | **90% of TM prop collateral (Rs)** | **TMMrgn>90% (Rs)** |
| TM-1 | 80 | 400 | 450 | 30 |
| TM-2 | 20 | 200 | 450 | 0 |

CM level monitoring

In the above table, “TMMrgn>90%”, or TM Margin in excess of 90%, has been calculated as [CliMrgn>90% + TM Prop margin] in excess of 90% of TM prop collateral. Risk reduction mode monitoring for CM shall be based on assessment of [CM Prop Margin + TMMrgn>90%] against the [CM Prop Collateral]. Accordingly, margin utilization percentage of CM1 would be as under:

* Margin utilization percentage of CM1 = [800 + (30 + 0)]/1200 = 69.1%