

FAQ for segregation and allocation

1. What should be reported in T+1 (client collateral segregation reporting) in the below scenarios:

- if member transfers funds from one segment to another segment in clients' ledger after allocation
- if entry of Brokerage and STT amounts in ledger is passed by the member after allocation timeline

In the above scenarios there will be mismatch in ledger and allocation hence members are required to adjust their allocation at End of day (EOD) with balances available in their books of accounts which shall be reported in T+1 reporting.

2. Can funds payout which is to be given to client on T day be considered for EOD allocation of T day?

Member is aware that payout has to be given to client by EOD hence member should deallocate such amount by EOD on T day.

3. In which column non approved securities shall be reported if such securities are repledged to NCL?

If non approved securities are repledged to NCL for which NCL shall not give any benefit, then such securities shall be reported under 'non approved securities placed with CM and retained with CM'.

4. If NRI client has UCC code in CM segment and CP code in F&O segment, then how allocation is to be done for UCC and CP and how to report in T+1?

Allocation should be done in CM segment at UCC code and in F&O segment at CP code. Accordingly, UCC code in CM segment and CP code in F&O segment shall be reported in T+1 reporting.

Further, securities received from NRI client for CM segment should be repledged to CC in UCC code and securities received from NRI client for F&O segment should be repledged to CC in CP code.

5. If clients have given only approved securities as collateral and such securities are repledged to NCL and no cash collateral is provided by client, then is member required to allocate from prop on behalf of client?

Members are not required to do allocation from its prop in such cases if NCL has given full benefit of such securities in sec-pledge file.

6. Can allocation be done for amount which is “Hold/block” in client’s bank account and gets transferred and recorded in ledger to the extent of only margin requirement?

Yes, during the day member can allocate based on ‘HOLD/Block’ flag in client’s bank account however at the end of the day member has to adjust its allocation based on actual amount transferred to ledger and ensure that same amount is reported in T+1 reporting.

7. Is it mandatory to report Proprietary collateral and security deposit of clearing member in T+1 reporting?

Yes. All clearing members are required to report proprietary collateral and Security Deposit in segregation reporting under category “P”.

8. What ledger balance of the client should be reported in segregation reporting in case of Collection of option value in Cash in view of 10.7.2 of NCL/CMPT/67750 dated April 29, 2025?

Member should include the option value in the ledger balance of the client and report the same under header “Cash placed with CM” and “Cash placed with NCL” in T+1 reporting.

9. Peak ledger balance reported in view of point No 2 of NCL Circular No NCL/CMPL/64088 is also available for EOD allocation of reporting date?

No. Member can allocate at EOD to the extent of ledger/ collateral available with them by EOD.

10. If client has debit balance and funds are received after cut off time in that case how should member report retention in T+1 reporting?

Funds received from client shall be initially adjusted towards debit balance of respective client and remaining amount after adjusting debit balance, if any, shall be reported as retained amount in T+1 report with proper justification code as per NCL/CMPL/61186.

If funds received are not sufficient to cover the debit balance, then no amount shall be reported in T+1 reporting under retained with TM/Retained with CM. Hence, there is no requirement of reporting any justification code as per NCL/CMPL/61186.

11. Is collateral lying with other CC required be reported to NCL in T+1 reporting?

Collaterals lying with other clearing corporations should be reported to the respective clearing corporations with which the same is placed.

12. If EPI of securities is done in CM segment against which benefit is given in F&O segment how should member deal with short allocation in F&O?

In such cases member can report reason code RC02 intraday in F&O segment in view of the NCL circular date April 26, 2023 however members have to allocate by EOD in F&O segment to avoid short allocation.

13. How should segregation of collateral be reported if stock broker is moving from one clearing member to another clearing member since stock broker shall start clearing from new clearing member effective next trading day?

The existing clearing member may report such collaterals in its client collateral report on T day although the release request of collaterals have been given by the clearing member to NCL. The new clearing member may report such collaterals effective next trading day.

14. How should member value securities while reporting in client collateral segregation report?

Members are required to report value of securities in segregation reporting in terms of circular NSE/CMPL/66840.

15. If the member takes any trade in its 'Error/OWN' code, should member allocate? How should segregation reporting be done for such codes?

Yes, Member is required to allocate to "Error/OWN" Code and member should report these codes in segregation report under account type "C"

16. How should Clearing members/PCMs ensure compliance with para 11 of SEBI circular SEBI/HO/MRD2_DCAP/CIR/2021/0598 dated July 20,2021?

Clearing member/PCM should have basic checks/validation to ensure that allocation done by their TMs for its clients is in line with Segregation reporting done for respective clients of TMs. Also, if TMs change allocation in its prop without having collateral with clearing member for TM prop, then clearing member should check intraday allocation vis-à-vis available collateral with CMs/PCMs. Hence, all clearing members/PCMs are required to take note of the para 11 of SEBI circular SEBI/HO/MRD2_DCAP/CIR/2021/0598 dated July 20,2021 and implement effective oversight over its TMs.

17. In which account will the CM receive the funds of TMs (Pro)?

It is reiterated that CMs, who clear trades for other SBs, shall only use the designated bank account(s) maintained with the nomenclature "Name of the CM TM prop account" to receive/pay proprietary funds from/to stockbrokers. Further, the CM should also ensure that Stockbroker Prop funds are received only from "Name of Stock- Broker -Proprietary Account".