

FAQs

DEPARTMENT: COLLATERAL

Addition of Collateral

In what forms can CMs place collaterals with NSE Clearing Limited (NCL)?

CMs can place collaterals with NCL in following forms:

Item / Instrument	Haircut	Remarks
Cash	0%	<ul style="list-style-type: none"> No limit. Debit from the CM’s Settlement Accounts on instructions submitted by the CM in the NCL Member Interface.
Bank Fixed Deposits (FDRs)	0%	<ul style="list-style-type: none"> Treated as Cash Equivalent. Drawn on ‘Approved Banks’ by way of physical or electronic FDR. FDR issued by clearing members or associates of the clearing member shall not be accepted Additional criteria if FDR sourced out of client funds - tenure not exceeding one year and one day pre-terminable on demand; principal amount protected throughout the tenure; interest pay-out on maturity NCL having explicit precedence on the FDR funds over every other stakeholder, including over the issuing bank.
Bank Guarantees (BGs)	0%	<ul style="list-style-type: none"> Treated as Cash Equivalent. Drawn on ‘Approved Banks’ sourced from Proprietary Funds only by way of physical or electronic instruments. BG issued by clearing members or associates of the clearing member shall not be accepted. Subject to CM level, Bank level and Market level limits prescribed by NCL from time to time.
Securities issued by the Central Government (G-Secs, T-Bills & SGBs)	2 / 5 / 10%	<ul style="list-style-type: none"> No limit. Treated as Cash Equivalent. Through the CSGL and / or Pledge / Re-pledge route. Valued basis previous day close prices determined by CCIL
Units of Liquid Mutual Funds	5 / 10%	<ul style="list-style-type: none"> Treated as Cash Equivalent. Quantity level limits applicable.

		<ul style="list-style-type: none"> Demat form through the Pledge / Re-pledge mechanism.
Units of Overnight Mutual Funds [MFOS]	5 / 10%	<ul style="list-style-type: none"> Treated as Cash Equivalent. Quantity level limits applicable. Demat form through the Pledge / Re-pledge mechanism.
Units of Government Securities Mutual Funds	5 / 10%	<ul style="list-style-type: none"> Treated as Cash Equivalent. Quantity level limits applicable. Demat form through the Pledge / Re-pledge mechanism.
ETFs of Liquid Funds	5 / 10%	<ul style="list-style-type: none"> Treated as Cash Equivalent. Quantity level limits applicable. Demat form through the Pledge / Re-pledge mechanism.
Equity Shares and Equity based ETFs	VaR / Higher of VaR and 20%	<ul style="list-style-type: none"> Having impact cost of up to 0.1% for an order value of INR 1 lakh and traded for 99% of trading days over the previous 6 months. CM level, Segment level and NCL level quantity limits applicable. Additionally, scrip level, quantity level limits as a %age of the total margin at each CM level also applicable. Demat form through the Pledge / Re-pledge mechanism. Valued based on the closing price of the security at the Exchange
Units of other Mutual Fund Schemes	Higher of VaR and 9%	<ul style="list-style-type: none"> Quantity level limits applicable. Demat form through the Pledge / Re-pledge mechanism. Valued basis latest NAV updated on AMFI website
Corporate Bonds	15%	<ul style="list-style-type: none"> Quantity level limits applicable. Capped at 10% of the total liquid assets of the CM. Demat form through the Pledge / Re-pledge mechanism. Valued basis closing price of the bond listed under cash or debt segment of Exchange or the valuation using yield from sovereign yield curve plus published by FBIL and credit spread published by FIMMDA, whichever is lower.

Note : (1) Cash and cash equivalents shall be at least 50% of the liquid assets. This would imply that other liquid assets in excess of the total cash and cash equivalents would not be regarded as part of the total liquid assets; (2) The contents / list of scrips / securities / banks thereunder are subject to revision from time to time.

Where to find the list of Approved Banks for placement of BGs and FDRs as collateral with NCL?

NCL maintains a Segment wise list of Approved Banks. This is published by way of monthly circulars at [[Link](#)] with the subject line of “Revised list of Approved Securities and Approved Banks”. This list also provides the bankwise form (i.e. Physical or Electronic) in which the instrument shall be accepted.

What are the norms prescribed for submission of BGs as collateral?

BGs proposed to be submitted as collateral with NCL shall be :

- drawn out of proprietary funds
- drawn on Approved Banks
- shall be for a minimum amount of Rs 1 Lakh
- shall be for a minimum tenure of three months
- shall have a minimum claim period of seven calendar days (failing which benefit shall be withdrawn seven calendar days prior to the expiry date)
- shall be as per the format prescribed by NCL
- shall be stamped as per the Stamp Duty Rates applicable in the state of issuance
- acceptance shall be subject to the bank-wise and member-wise limits as stipulated from time to time and Exposure shall be granted only after receipt of SFMS message from the issuing bank.

What are the norms prescribed for submission of FDRs as collateral?

FDRs proposed to be submitted as collateral shall be :

- drawn on Approved Banks
- shall be for a minimum amount of Rs 1 Lakh
- shall have a remaining tenure of not less than seven calendar days (in case of E-FDR) and three months (in case of physical FDR) from the date of submission
- shall be as per the nomenclature prescribed by NCL
- shall be payable at Mumbai, New Delhi, Chennai, Kolkata, Ahmedabad or Hyderabad and
- shall not exceed the tenure of one year and one day if sourced from client funds.
- shall be pre-terminable on demand.
- shall have principal amount protected throughout the tenure even after accounting for pre termination cost
- shall be as per the nomenclature prescribed by NCL

Where can I find the formats of the documents required to be submitted to NCL prior to collateral submission?

The format of the BG, Agreements and other documents required to be submitted to NCL have been published on the [NCL website](#).

SEGMENT	Circular	DATE
CM	66969	05-Mar-25
CD	66968	05-Mar-25
FO	66973	05-Mar-25
SLB	66975	05-Mar-25
COM	66970	05-Mar-25

What are the member-wise bank-wise and member-wise limits for submission of BGs with NCL?

The BG limits prescribed by NCL are published vide NCL Circular with subject heading “Revision in member wise bank wise limits and member wise limits prescribed for acceptance of Bank Guarantee towards collaterals”. Members are requested to make note of the latest circular with the given subject.

What are the timelines for upstreaming / submission of collaterals with NCL and downstreaming / withdrawal of collaterals from NCL?

NCL has prescribed timelines for the submission and withdrawal of various forms of collateral vide its Circular No. NCL/CMPT/57397 dated July 01, 2023 [[link](#)]. These timings are relaxed on the Running Account Settlement days by way of separate circulars.

What is the process for submitting G-Secs & T-Bills in CSGL form as collateral?

CM wishing to submit G-Secs & T-Bills in CSGL form shall:

- Enter into an agreement with NCL
- Input a submission request in NCL Member interface
- Initiate VFT with reason “Posting margin on recognise stock exchange” through eKuber into NCL’s SGL-II account bearing nomenclature “National Securities Clearing Corporation Limited”, Member Id : BYA00168 and SGL – II A/c No. : SG020168
- Confirm the transaction entered on the NDS, based on the information received from the CM

Once credited into NCL’s account, NCL shall pass on net of haircut margin benefit for the same.

In what form can Securities be accepted as collateral from the clients?

Securities can be accepted in demat form, through the pledge / re-pledge mechanism and routed through the ‘Client Securities Margin Pledge Account’ . The client shall pledge the securities in favour of the TM, who shall repledge them onward to the CM and the CM shall re-repledge them further onward to NCL.

What is the procedure to start providing securities as collateral

Clearing members willing to pledge securities shall refer to the procedures mentioned as per circular mentioned below dated NSE Circular dated 3rd Jul 2020 and send the scan documents to collaterals_ops@nscl.co.in

Segment	Circular
CM	44899
FO	44900
CD	44901
COM	44902
SLB	44903

Release of collaterals

What is the process for seeking release of collateral placed with NCL?

The CM shall input release request in member interface. NCL shall do the necessary checks for adequacy of collaterals visa-vis outstanding margins and obligation post which NCL shall approve / authorize the withdrawal / release request. In case of physical BGs and FDRs, the instruments shall be collected by an authorized representative of the CM on producing an authority letter along with a proof of identity, the next working day, from the branch where it had been submitted.

What are the timelines for release of collaterals

Collateral Type	Request Type	Cut-off time for requesting release	Release processed time
FDR/Bank Guarantee	Immediate	7:00 pm	As and when request received subject to sufficient free collateral available in the collateral pool at the time of request
FDR/Bank Guarantee	Value date	8:00 pm	As and when request received subject to sufficient free collateral available in the collateral pool at the time of request

Pledged Securities (Batch 1)	Immediate	9:30 am	By 10:30 am
Pledged Securities (Batch 2)	Immediate	12:30 pm	By 1:30 pm
Pledged Securities (Batch 3)	Immediate	4:30 pm	By 6:00 pm
Pledged Securities\$	Value date	8:00 pm	By 9.30 pm

What is cash release towards pay-in

Clearing Member shall be provided with a facility to request for adjustment of cash collateral deposits allocated to clients/CP/TM Prop /CM Prop in a segment towards their respective funds pay-in obligation in such segment. Details provided in circular dated 26th December 2023

Allocation

What are the different ways in which allocation can be done

Allocation can be done in below mentioned methods

- 1.Screen based in NMASS
- 2.File upload
- 3.API



Collateral
Process-For Clearing

What is the procedure for doing allocation vide API

- Clearing members wanting to register for API mechanism for client collateral allocation in production (LIVE) may send a request along with below mentioned details on collaterals_ops@nsccl.co.in.

Primary Member Code :

Member Name :

Email id :

Contact Number :

IP Address (from which API will be sent) : Capped at maximum 5 Ips

- Detailed procedure on API mechanism is provided in circular CMPT/52129 dated 28th April 2022
- There is no UAT for API testing.
- On receipt of above details NCL shall share the consumer and secret key. Post which members can send API for allocation.

How is short allocation of collateral determined?

Client collateral value in the segment for the purpose of short allocation shall be collateral value allocated by the CM to the client in the segment + value of securities repledged at Clearing Corporation for that client in the segment (value shall be before applying prudential norms of Clearing Corporation including 50:50 requirement). The value of collateral above the prudential norms shall be updated under the field “Excess Collateral of other segment”. Value of securities (before applying prudential norms) shall be only for monitoring of short allocation and not for monitoring of actual margin requirement by NCL. [\[Link\]](#)

Reports

Collateral reports sent to members:

Report Name	Details	Frequency	Availability
Coll_Dtls	Break up of total collateral received from clearing member	End of Day	Extranet
Sec_Pledge	Details of Securities accepted as pledge with price, haircut and net value	Morning and End of Day	Extranet
Secrel	Details of securities released from NCL on the request of members	Intraday and End of Day	Extranet
CC01	Details of allocation at client level-For trading members	End of Day	Extranet
CC02	Details of allocation at client level-For clearing members	End of Day	Extranet
SA	Details of short allocation	Intraday and End of Day	Extranet
CB_Bhavcopy	Details of Corporate price	End of Day	Extranet
CB_OL	Overall limits and limits utilised for Corporate Bonds	End of Day	Extranet
MF_VAR	Details of Mutual funds NAV and haircut	End of Day	Extranet and Website
MF_OL	Overall limits and limits utilised for Mutual Funds	End of Day	Extranet
APPSEC_COLLV AL	Details of securities price and haircut	End of Day	Extranet and Website
SEC_OL	Overall limits and limits utilised for securities	End of Day	Extranet