

Prescribed Compliances	Frequent inspection observations	Compliance expected
<p>Discrepancies in the reporting of collaterals under T+1 segregated client collateral reporting</p> <p>Relevant Reference SEBI/HO/MRD2_DCAP/CIR/2021/0598 dated July 20,2021, NCL/CMPL/49348 dated August 20, 2021, NCL/CMPL/49640 dated September 17, 2021, NCL/ CMPL/49764 dated September 29, 2021, NCL/CMPL/50410 dated November 25, 2021, NCL/CMPL/50662 dated December 17, 2021</p>	<p>The following issues are generally observed in the T+1 segregation reporting done by members</p> <ul style="list-style-type: none"> i. CMs are not reporting collateral details of their proprietary collaterals placed with NCL. ii. The collateral details for CP codes are not reported in the columns tagged as “Placed with CM” and “Retained by CM”. iii. The segment wise ledger balances reported in T+1 report does not match with the actual ledger balances provided at the time of inspection. iv. The collaterals placed with TM/ CM as reported in T+1 does not match with the sum of collaterals retained by TM/ CM and collaterals placed with NCL. v. The collaterals reported as “Placed with NCL” do not match with the various reports downloaded by NCL to members on daily basis. vi. Collaterals placed with other CCs are reported to NCL vii. Securities value reported in segregation is without appropriate haircut 	<ul style="list-style-type: none"> i. It is advisable to report proprietary collaterals placed with NCL in the T+1 report. ii. The collateral details of CP codes should be reported in the columns “Placed with CM”, “Retained by CM” and “Placed with NCL” iii. The segment wise ledger balances reported in the T+1 report should reflect in the actual client ledger balance. iv. The members are required to ensure that the sum of client collaterals retained by the TM/CM and client collaterals passed on to CM/CC shall equal the amount of collaterals received by the TM/CM from the client. CMs shall also perform validations at their end in respect of allocations and reporting done by TMs. v. Members are required to ensure that the collaterals reported as “Placed with NCL” match with the various files downloaded by NCL to members on daily basis.

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	viii. Peak ledger balances reported in segregation report are not reflected in the client ledgers	vi. In the T+1 report, members are required to report to NCL only those collaterals that are placed to NCL. Collaterals that are lying with other CCs should not be reported to NCL. vii. Members are required to report value of securities in segregation reporting in terms of circular NSE/CMPL/66840 dated February 24, 2025 viii. The clearing member should ensure that the peak ledger balances reported in the segregation reported is accordingly reflected in the client ledger.
Risk management policy (RMP) Relevant Reference: NCL Circular No. NCL/CMPL/44977 dated July 10, 2020	i. All the clauses as mentioned in the circular (i.e. from i to xii) are not specifically included in the RMP ii. Effective implementation of clauses mentioned in the RMS policy	i. All Clearing Members should have a prudent risk management policy to protect themselves against the default made by their clients. The Risk Management Policy is required to be well documented and should cover all the points stated in NCL circular. ii. Clearing members are required to implement the clauses mentioned in their RMS policy and maintain audit trails.
Daily Margin Statement (DMS) Relevant References: NCL/CMPL/74024 dated April 30, 2026	i. Delay in sending DMS ii. Data reported to its client through issuance of DMS is inconsistent/ incorrect when	i. Members should send margin related information to their clients. Such margin related information (DMS) should be issued by members to clients on a daily basis before the

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	<p>compared to data provided at the time of inspection</p>	<p>beginning of trading session on the next trading day or by such timelines as may be specified from time to time.</p> <p>ii. The data reported needs to be correct and consistent across all reporting requirements.</p>
<p>Failure to provide valid NISM certification</p> <p>Relevant References: NCL/CMPL/74024 dated April 30, 2026, NSE/INSP/27495 dated September 2, 2014</p>	<p>i. Clearing Members fail to provide valid NISM certificates for personnel as required under NSE/INSP/27495 dated September 2, 2014.</p> <p>ii. NISM Certificates provided during inspection does not cover entire inspection period.</p>	<p>Clearing members need to adhere to the prescribed guidelines at all times and provide valid NISM certificates at the time of inspection.</p>
<p>Matched Margin reporting under T+5 report</p> <p>Relevant References: NCL/CMPL/56624 dated May 05, 2023</p>	<p>Clearing members are reporting matched margins to NCL in MG-12 reporting.</p>	<p>Clearing members are required to report actual margin collected from clients and not report collection matching with the margin obligation.</p>
<p>Allocation of client collateral</p> <p>Relevant References: SEBI Circular No. SEBI/HO/MRD2/DCAP/CIR/P/2020/127 dated July 20, 2020 and NCL Circular NCL/CMPT/46881 dated January 01, 2021, NCL Circular NCL/CMPL/56624 dated May 05, 2023</p>	<p>i. Upper Band mismatch: The Clearing members are allocating collateral (except securities collateral repledged to CC) in excess of collaterals received and reported to NCL in the T+1 report</p> <p>ii. Lower Band mismatch: The Clearing members are allocating less collateral to client (except securities collateral repledged to CC) as</p>	<p>i. The amount of collateral allocated shall not exceed the amount of collateral received by the TM/CM from the client and reported as such under the reporting mechanism excluding the securities collateral repledged to CC through margin pledge mechanism</p> <p>ii. The allocation of collateral at CC shall not be lower than the amount of collateral (except securities collateral repledged</p>

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	<p>against collateral reported as placed with NCL</p> <p>iii. Clearing members are not allocating all collaterals received from the client and passed on to NCL i.e. unallocated client collateral remains at CC level</p> <p>iv. Securities received from CP clients are repledged to NCL at UCC level thereby resulting in incorrect allocation to CP clients</p> <p>v. Increase in intra day allocation is not backed by corresponding collaterals</p>	<p>to CC) reported as having been passed on by the CM to the CC.</p> <p>iii. Clearing members are required to allocate all the collaterals received from the client and passed on to NCL to the respective clients.</p> <p>iv. Securities received from CP clients should be repledged to NCL at CP level only and not at UCC level.</p> <p>v. The member should ensure that any increase in intraday allocation is supported by availability of collaterals.</p>
<p>Collection of crystalized obligation in Cash</p> <p>Relevant References: NCL/CMPL/44977 dated July 10,2020</p>	<p>Clearing members are not collecting crystalized obligation in form of cash.</p>	<p>The Clearing members are required to collect margins on Consolidated Crystallized Obligation from its respective TMs/CPs only in the form of Cash (and not in the form of FDRs/BGs or any other form of collateral).</p>
<p>Reason codes reported by members to NCL for Intraday/short allocation reports</p> <p>Relevant References: NCL/CMPT/56494 dated April 26, 2024, NCL/CMPT/56496 dated April 26, 2024,NCL/COM/56497 dated April 26, 2024,NCL/CD/56498 dated April 26, 2024</p>	<p>i. Incorrect reason codes are reported by members for example instead of reporting reason code for EPI member reported reason code for NRI</p> <p>ii. Members are reporting reason code 01 i.e. excess collateral lying with other CCs in short allocation reports however such collaterals are not actually placed with other CCs.</p>	<p>i. Members should have proper checks and balances while reporting reason codes and ensure that the relevant reason codes are used.</p> <p>ii. Clearing members shall use reason code 01 only when excess unutilized client collaterals are actually lying with other CCs and allocated to the client.</p>

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	<p>iii. Clearing members are reporting reason code 04 (reason code for NRI client) towards the short allocation file. However, on confirmation from the UCI team of Exchange, these clients were not tagged as NRIs.</p> <p>Client was resident at the time of execution of trade however clearing member misreported reason code of NRI (reason code 04)</p>	<p>iii. Clearing members shall use reason code 04 only for trades done on behalf of NRI Clients and such clients are actually mapped as NRI in the UCI database of Exchange.</p>
<p>Upstreaming/Downstreaming of Client funds</p> <p>Relevant References: NCL/CMPL/57037 dated June 09, 2023, NCL/CMPL/57374 dated June 30, 2023, NCL/CMPL/57962 dated August 14, 2023, NCL/CMPL/58134 dated August 30, 2023, NCL/CMPL/59724 dated December 12, 2023, NCL/CMPL/61186 dated March 18,2024, NCL/CMPL/62058 dated May 16, 2024</p>	<p>i. Clearing members are not capturing justification code for retention of cash in the daily client collateral segregation file.</p> <p>ii. The justification code reported against the consolidated cash amount retained does not match with the sum of cash retained and reported against each UCC/CP code.</p> <p>iii. The end of the day balances available with USCNBA and DSCNBA are not matching with retention reported in segregation report.</p>	<p>i. The Clearing Members shall be required to report the justification code for any cash retained and reported in the segregation report.</p> <p>ii. Amount reported in cash Retained with TM/ Retained with CM against each client should match with justification codes reported at consolidated level.</p> <p>ii. Members should ensure that any funds lying with the member in the USCNBA/DSCNBA is reported under retained by TM/retained by CM. Further, appropriate reason code should also be reported for such retention.</p>
<p>Submission of undertaking for new bank account:</p> <p>Relevant Reference:</p>	<p>Clearing Members are not uploading details of new bank account and undertaking for new bank accounts within 7 days of opening bank account.</p>	<p>The clearing members shall required to report the bank account details and undertaking on ENIT within the prescribed timelines.</p>

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NCL/CMPL/45608 dated September 08, 2020		
<p>Effective oversight over trading members:</p> <p>Relevant Reference: NCL/CMPL/49287 dated August 13, 2021, NCL/CMPL/51038 dated January 14, 2022</p>	<p>Clearing Members are not following guidelines issued in NCL/CMPL/49287 read along with NCL/CMPL/51038 for effective oversight over its trading members.</p>	<p>Clearing Members shall be required to follow guidelines issued in NCL/CMPL/49287 and NCL/CMPL/51038 for effective oversight over trading members.</p>
<p>Non receipt of funds pertaining to prop trades of stock broker in the CM TM Prop bank account maintained by CM</p> <p>Relevant References: NCL/CMPL/57037 dated June 09, 2023, NCL/CMPL/57374 dated June 30, 2023, NCL/CMPL/57962 dated August 14, 2023, NCL/CMPL/58134 dated August 30, 2023, NCL/CMPL/59724 dated December 12, 2023, NCL/CMPL/61186 dated March 18,2024, NCL/CMPL/62058 dated May 16, 2024</p>	<p>Clearing member is allocating towards the prop trades of its stock broker without demonstrating corresponding receipt of funds in the CM TM Prop bank account.</p>	<p>The clearing member should ensure that any cash allocation done towards prop trades of its stockbroker is appropriately reflected by receipt of funds in the CM-TM Prop bank account.</p>