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**NATIONAL COMMODITY CLEARING LIMITED**

Circular to all Members of the Clearing Corporation

Circular No. : NCCL/COMPLIANCE-004/2023

Date : June 19, 2023

Subject : Master Circular - Inspection / Compliance Department

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1. NCCL has been issuing circulars/guidelines to Members on various compliance requirements. With a view to facilitate members to comply with the regulatory requirements and have access to the applicable circulars at one place, NCCL has prepared a consolidated circular for Inspection/Compliance Department. This consolidated circular is a compilation of the relevant circulars/guidelines issued by Inspection/Compliance Department up to March 31, 2023.
2. It is hereby clarified that in case of any inconsistency between the Master Circular and the original applicable circular, the content of the original circular shall prevail.
3. Notwithstanding in any revision in the processes or formats, if any
  - a) anything done or any action taken or purported to have been done or taken under such revised/rescinded process including but not limited to any regulatory inspection/investigation or enquiry commenced or any disciplinary proceeding initiated or to be initiated under such rescinded/revised process or rescission, shall be deemed to have been done or taken under the corresponding provisions of this Master Circular;
  - b) the previous operation of the rescinded process or circular or anything duly done or suffered thereunder, any right, privilege, obligation or liability acquired, accrued or incurred thereunder, any penalty incurred in respect of any violation committed arising out of violation of such rescinded process or circulars, or any investigation, legal proceeding or remedy in respect of any such right, privilege, obligation, liability, penalty as aforesaid, shall remain unaffected as if the rescinded process or circulars have never been rescinded.

This Master Circular is issued in accordance with the provisions of Bye Law no. 6.4 of NCCL Bye laws.

Members and their Clients are requested to take note of the same.

For and on behalf of  
**National Commodity Clearing Limited**

Disha Thakker  
Assistant Vice President

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For further information / clarifications, please contact

1. Customer Service Group on toll free number: 1800 266 6007
  2. Customer Service Group by E-mail to: [contactus@nccl.co.in](mailto:contactus@nccl.co.in)
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**Summary of circulars issued till March 31, 2023**

<b>Sr. No</b>	<b>Circular Date</b>	<b>Circular No</b>	<b>Subject</b>
1	-	Various	Internal Audit of Clearing Members of NCCL
2	20-Dec-19	NCCL/COMPLIANCE-015/2019	Rationalization of imposition of fines for false / incorrect reporting of margins by Clearing Members
3	11-Mar-21	NCCL/COMPLIANCE-001/2021	Submission of Trading member wise Cash and cash equivalent details by Clearing members
4	11-May-21	NCCL/COMPLIANCE-004/2021	Reporting of Client Level Cash & Cash Equivalent Balances by Trading Members to Clearing Members
5	20-Aug-21	NCCL/COMPLIANCE-007/2021	Uniform penalty structure for Clearing Members
6	20-Aug-21	NCCL/COMPLIANCE-008/2021	Strengthening oversight on Clearing Members
7	23-Aug-21	NCCL/COMPLIANCE-009/2021	Segregation and Monitoring of Collateral at Client Level - Reporting Format
8	20-Sep-21	NCCL/COMPLIANCE-010/2021	Segregation and Monitoring of Collateral at Client Level - Change in Reporting Format and Frequently Asked Questions
9	1-Oct-21	NCCL/COMPLIANCE-011/2021	Submission of Collateral at Client Level
10	20-Oct-21	NCCL/COMPLIANCE-012/2021	Submission of Trading member wise Cash and cash equivalent details by Clearing members
11	26-Nov-21	NCCL/COMPLIANCE-014/2021	Segregation and Monitoring of Collateral at Client Level – Penalty
12	6-Dec-21	NCCL/COMPLIANCE-016/2021	Submission of Trading member wise Cash and cash equivalent details by Clearing members
13	15-Dec-21	NCCL/COMPLIANCE-017/2021	Segregation and Monitoring of Collateral at Client Level
14	17-Dec-21	NCCL/COMPLIANCE-018/2021	Segregation and Monitoring of Collateral at Client Level – Penalty



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<b>Sr. No</b>	<b>Circular Date</b>	<b>Circular No</b>	<b>Subject</b>
15	4-Mar-22	NCCL/COMPLIANCE-001/2022	Guidelines to Clearing Members for effective oversight over trading members cleared by Clearing Members – Clarifications
16	27-Oct-22	NCCL/COMPLIANCE-005/2022	Segregation and Monitoring of Collateral at Client Level - Reporting Format
17	21-Nov-22	NCCL/COMPLIANCE-007/2022	Segregation and Monitoring of Collateral at Client Level - Reporting Format

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### **1. Submission of Internal Audit Report**

All clearing members are required to carry out complete internal audit on a half yearly basis by independent qualified Chartered Accountants who are in practice and do not have any conflict of interest and against whom no regulatory action is taken. As per the relevant circulars issued by NCCL, all the members are required to submit the report within 2 months from the end of the audit period.

The scope of the Internal Audit is prescribed in circulars issued from time to time.

Notwithstanding the same, it shall be duty of the Internal Auditor to ensure that the NCCL/SEBI circulars/Directives are being complied with at all points in time. The Auditor is also empowered to report any act which has the potential to lead to a default in the obligations of the Auditee as a "Clearing Member"/PCM"

The internal audit report is required to be submitted in digitally signed soft copy by way of sending the same as an attachment only to email ID: inspection@nccl.co.in. Hence, no Hard Copy of internal Audit Report is required to be submitted to NCCL.

Trading Cum Clearing Members (TCM) & Strategic Trading Cum Clearing Members (STCM) are required to refer to circulars issued by NCDEX from time to time.

### **2. Rationalization of imposition of fines for false / incorrect reporting of margins by Clearing Members**

Reference is made to SEBI circular no. CIR/HO/MIRSD/DOP/CIR/P/2019/88 dated August 01, 2019 on Rationalization of imposition of fines for false/incorrect reporting of margins or non-reporting of margins by Trading Member/Clearing Member in all segments.

In case, false / incorrect reporting of margins is observed, the penalty structure for disciplinary action shall be as per **Annexure 1**.

The said penalty structure is indicative in nature and the Relevant Authority of the Clearing Corporation may, based on the gravity of the violation on case to case basis, take appropriate action as deemed fit including revision in penalty. In case of a revision, in penalty, the Annexure 1 shall stand modified to that extent in accordance to that circular.

### **3. Handling of Clients' Securities by Clearing Member**

Reference is made to SEBI circulars no. CIR/HO/MIRSD/DOP/CIR/P/2019/75 dated June 20, 2019 and SEBI/HO/MIRSD/DOP/CIR/P/2019/95 dated August 29, 2019 on Handling of Clients' Securities by Trading Members / Clearing Members.

An indicative penalty structure for any non-compliance of the provisions of the said circular is as per **Annexure 2**.

The said penalty structure is indicative in nature and the Clearing Corporation may initiate further stringent actions depending on frequency, materiality and gravity of violations. In case of a revision, in penalty, the Annexure 2 shall stand modified to that extent in accordance to that circular.

#### **4. Submission of Trading member wise Cash and cash equivalent details by Clearing members**

NCCL had issued circular no. NCCL/CLEARING-0041/2020 dated July 21, 2020 on Framework to Enable Verification of Upfront Collection of Margins from Clients in Cash and Derivatives segments in view of the SEBI circular no. SEBI/HO/MRD2/DCAP/CIR/P/2020/127 dated July 20, 2020. In terms of said SEBI circular, Clearing Corporations are required to verify EOD and peak margins of its members on weekly basis. Accordingly, Clearing members are required to submit Trading Member-wise cash and cash equivalent balances in the prescribed file format. The file format is enclosed as **Annexure 3**. Clearing Members are required to submit the data on a weekly basis for all calendar days of the week except Sunday on or before the next four trading days of the subsequent week. The members are required to submit the data through NCFE Portal in the below mentioned module:

**Compliance ➔ NCCL Compliance Module ➔ C&CE Data Weekly - Day wise**

It is clarified that clearing members who are registered with multiple clearing corporations i.e. registered with more than one commodity clearing corporation are required to report the collaterals, which is available with respective clearing corporation only instead of aggregated collateral across all clearing corporations.

#### **5. Uniform penalty structure for Clearing Members**

An indicative penalty structure for violations observed by Clearing Members is as per **Annexure 4**.

It may be noted that the penalties/ disciplinary action(s)/charges are indicative in nature and could undergo change in specific cases depending on frequency and gravity of the violations. The penalties/disciplinary action(s)/charges actually levied are decided by the Relevant Authority of the Clearing Corporation. Penalty/disciplinary action in respect of violations having high impact would be dealt with on case to case basis depending on seriousness and gravity of such violations. In case of a revision in penalty, the Annexure 4 shall stand modified to that extent in accordance to that circular

#### **6. Strengthening oversight on Clearing Members**

The model CM-TM agreement provides rights to the Clearing Members to call for information from; and inspect the trading members. The following guidelines are issued to CMs for effective oversight over TMs cleared by CM:

##### **a. Monitoring payin timelines by the TMs**

CM should monitor the payin timelines by the TM and any regularly delayed receipt of payins/ repeated instances of shortfalls be dealt with in accordance with the Risk Management Policy of the Clearing Member.

##### **b. Monitoring penalties levied to clients of the Trading Members:**

The CM should analyse the data of the Trading Members such as repeated instances of penalties being levied to the clients of TM for client margin reporting.

##### **c. Seeking data of debit balances of Trading Member's clients**

CM should seek data with respect to debit balances of clients from Trading Member and review the exposure allowed by the TM to such debit balance clients and direct the TM to restrict / reduce exposure for such clients.

**d. Monitoring misuse of client collaterals by TM for proprietary trading**

The CM should ensure that the TM does not comingle client collateral with the proprietary collateral and that it provides separate collaterals for proprietary positions out of own funds only and not from the client collaterals. The inspection of TM should cover this aspect.

**e. Correctness of data submitted by TMs to CM**

TMs submit various data to the CM, which may be submitted by the CM to Exchange/CC. The CM should assess the correctness of the data submitted by the TMs to CM.

**f. Inspection of TMs**

It is recommended that the CM carry out inspections of Trading Members, covering atleast 1/3rd of the TMs cleared by it each year in order to cover all TMs over a period of 3 years. Additionally, CM may also conduct surprise inspection based on any rumours / adverse news in the media about the TM or any other concern/ alerts as arising out of the above points by the CM during the course of business.

**g. Formation of Risk Management Committee / Board Approved Committee for monitoring the risks**

The CMs should be required to form a Risk Management Committee / board Approved Committee to monitor the various risks in the business. A periodic report (monthly or atleast quarterly) for the TMs for which it has undertaken the clearing activity should be submitted to such Committee.

**h. Reporting of alerts by Clearing Members:**

Clearing Members should be reporting the concerns identified by them during the oversight over Trading Members to the concerned Clearing Corporation, which in turn would report the same to the concerned Exchange for further action.

**i. Internal Audit of Clearing Members**

NCCL along with ICCL and MCCIL have introduced a requirement for Clearing Members to adopt a Risk Management Policy duly approved by the Board / Board Approved Committee in July 2020. It has been mandated that the risk management policy of Clearing Members should cover mandatorily the following points:

- i. Internal escalation matrix with respect to non-compliances / defaults by TMs/CPs
- ii. Performance evaluation process of TMs/CPs registered with the CMs including its periodicity
- iii. Seeking data information from TMs/CPs in the event of repeated cases of shortfall in margins / margins on Consolidated Crystallised Obligation or governance issues
- iv. Procedures for segregation of TM proprietary and Client collaterals
- v. Inspection of TMs
- vi. Upper Cap for acceptance of securities from a member and / or across all members in absolute terms and / or on an overall basis to avoid concentration risk
- vii. List of banks from which FDRs and BGs shall be accepted
- viii. List of securities that shall be accepted as collaterals
- ix. Components of cash collateral and non-cash collateral
- x. Ratio of Cash and Non-cash component of collateral
- xi. Haircut percentage for all types of collaterals other than Cash, FDRs and BGs.
- xii. Securities subject to a minimum of VAR and other collateral shall be subject to minimum haircut of 10%

- xiii. Timelines and threshold limits beyond which action such as square off of positions shall be undertaken by CM for non-payment of margins on Consolidated Crystallised Obligation by the TMs/CPs.

The Clearing Members shall submit an internal audit report, providing compliance to on all the above points (a to i). Additionally, the internal audit report should cover the following points:

- i. Confirmation on reporting of TM/CP level fund shortfall beyond Rs 5 lacs to CC as per the timelines prescribed by CC
- ii. Invocation of pledged securities by the Clearing Member was carried out only in respect of debit balance clients.

The Internal Audit shall be conducted only by independent qualified Chartered Accountants who are in practice and do not have any interest in or relation with the Member other than the Internal Audit assignment. The report shall be submitted on half yearly basis for April to September and October to March, within 2 months from the end of the half year. The points referred herein above can be clubbed with the half yearly internal audit report submitted by the Members.

## 7. Segregation and monitoring of collateral at client level

Reference is drawn to SEBI circular no. dated July 20, 2021 on Segregation and Monitoring of Collateral at Client Level. As per Para 4 of the SEBI circular, with a view to provide visibility of client-wise collateral (for each client) at all levels, viz., TM, CM and Clearing Corporation (CC), a reporting mechanism, covering both cash and non-cash collaterals shall be specified by the Clearing Corporations. The reporting format is given in **Annexure 5** and Frequently Asked questions is given in **Annexure 6**. Clearing Members are hereby informed that data as sought is required to be uploaded to NCCL on a daily basis (Monday to Saturday). Clearing Members are requested to upload the data in the prescribed format on Web Extranet – in the 'COLLATERALUPLOAD' folder in the 'UPLOAD' tab within the cut off time as prescribed by NCCL from time to time. The guidelines for data submission is enclosed as **Annexure 7**. Further, it is clarified that clearing members who are registered with multiple clearing corporations i.e. registered with more than one commodity clearing corporation are required to report the collaterals which are available with respective clearing corporation only instead of aggregated collateral across all clearing corporations. Collaterals lying with other clearing corporations should be reported to the respective clearing corporations with whom the same is available. Members are not required to report aggregated value of collateral across Clearing Corporations. The penalty structure prescribed for the irregularities observed with respect to the daily collateral reporting by the Clearing members is given in **Annexure 8**. In case of a revision, in penalty, the Annexure 8 shall stand modified to that extent in accordance to that circular.

Further, Clearing Members may please note the following:

1. Files uploaded will be processed for validation check. Clearing Members are required to check the "COLLATERALFOLDER" for success/error status of the uploaded file(s). In case of failure status, members have to correct the data as per the remarks provided in the file and re-upload only those records for which error is generated.
2. If Clearing Member wishes to modify the data which is successfully uploaded, then the member should upload only those records for which modification is required with different batch number. Any re-submission of complete file i.e. including the modified data shall be treated as modification for the purpose of penalty.
3. Clearing Members carrying out only proprietary trading shall submit a declaration to NCCL as provided in **Annexure 9**.



### Annexure 1

#### Penalty structure for False / Incorrect Reporting of Margin

% of the violation in the current inspection (Proportion of the number of instances with false/incorrect reporting to the total number of sample instances verified)	PENALTY AS A PERCENTAGE (%) OF THE FALSE / INCORRECT REPORTING			
	Observed only in current Inspection	Observed only in 1 out of 3 previous Inspections in addition to the current Inspection	Observed only in 2 out of 3 previous Inspections in addition to the current Inspection	Observed in all the 3 previous Inspections in addition to the current Inspection
Above 50%	50%	60%	75%	100%
25%-50%	25%	50%	60%	75%
10%-25%	10%	25%	50%	60%
Less than 10%	5%	10%	25%	50%

Based on the above slabs, the penalty amount for the false / incorrect reporting of margin, shall be capped at Rs. 25,00,000/- in case of violation by a Clearing member

Along with the monetary penalty, the Member may also be subjected to suspension for one day in the respective segment in case of material instances. The false / incorrect reporting shall be treated as material for the purpose of suspension, if it meets the all the following broad criteria:-

1. Instances of false / incorrect reporting is more than 5% of the instances verified (minimum 3 instances) during inspection, and
2. Percentage of value of false / incorrect reporting is more than 5% of total margin required to be collected for the instances verified during inspection, and

Value of false / incorrect reporting of margin is more than Rs. 15 lakhs.

**Annexure 2**
**Penalty Structure for Handling of Client Securities**

Sr. No.	Details of contravention	Penalty/Disciplinary action
1	Client/TM securities lying with the CM cannot be pledged to the Banks/NBFCs or any other persons/entities for raising funds	Rs. 1, 00,000/- or 1% of the Value of securities involved, whichever is higher. Direction to be given to unpledge the securities within 10 calendar days. Failure to adhere the directions shall attract additional penalty at 100% of the original penalty for every 10 days or part thereof till such noncompliance continues.
2	Non-closure of existing client beneficiary accounts	Rs. 50,000/- per account (where Members are unable to provide reasonable explanation). Member to be disabled in case account is not closed within one month of levy of penalty

**Annexure 3**

<b>Nomenclature of file</b>	CMID_CollateralDtI_DDMMYYYY_BATCH NO Explanation: "CMID" shall be the Clearing Member Code (Alpha Numeric 6 characters) Date shall be end of the reporting week (i.e. Saturday) Batch/Seq No. starts from 01, in case of multiple files of same week
<b>Frequency of Reporting</b>	Weekly basis {A single file for all days of the week (Monday to Saturday)}
<b>Last day of Submission</b>	Members have to submit the data for all calendar days of the week except Sunday on or before the next four trading days of subsequent week.

Sr. No.	Column Name	Length	Description
1	Clearing Member Id (Assigned by CC)	Char (6)	Alphanumeric Clearing Member Id
2	Clearing Member PAN	Char (10)	Alphanumeric Clearing Member PAN
3	Date	Date	Date of holding the collateral. Expected sample value: DDMM-YYYY
4	Trading Member code / Custodian Participant code	Char (12)	Alphanumeric Trading Member Code / CP Code of respective Clearing Member
5	Trading Member / Custodian Participant name	Char (100)	Alphanumeric Trading Member/ CP Name
6	Trading Member / Custodian Participant PAN	Char (10)	Alphanumeric Trading Member/ CP PAN
7	Account Type	Char(1)	Value 'P' for Collateral provided towards Proprietary Positions Value 'C' for Collateral provided towards Client Positions
8	EoD Ledger Balance	NUMBER(20,2)	EoD Value in Rs.  Incase EOD ledger Balance is nil, CM should enter the value as '0' or '0.00'
9	EoD Bank Guarantee (BG)	NUMBER(20,2)	EoD Value in Rs.  Incase EoD Bank Guarantee is nil, CM should enter the value as '0' or '0.00'.
10	EOD Fixed deposit receipt (FDR)	NUMBER(20,2)	EoD Value in Rs.  Incase EOD Fixed deposit receipt is nil, CM should enter the value as '0' or '0.00'.
11	EOD Government Securities (Total value of G-Sec)	NUMBER(20,2)	EoD Value of G-Sec in Rs.  Incase EOD Government Securities is nil, CM should enter the value as '0' or '0.00'.
12	EOD Equity shares (Total Value)	NUMBER(20,2)	EoD Value of Equity Shares in Rs  Incase EOD Equity shares is nil, CM should enter the value as '0' or '0.00'



Sr. No.	Column Name	Length	Description
13	EOD Mutual Fund (Total value of MF)	NUMBER(20,2)	EoD Value of Mutual Funds in Rs.  Incase EOD Mutual Fund is nil, CM should enter the value as '0' or '0.00'
14	EOD Corporate Bonds (CB)	NUMBER(20,2)	EoD Value of Corporate Bonds in Rs  Incase EOD Corporate Bonds is nil, CM should enter the value as '0' or '0.00'
15	EOD Warehouse Receipts	NUMBER(20,2)	EoD Value of Warehouse Receipts in Rs.  Incase EOD Others is nil, CM should enter the value as '0' or '0.00'
16	EOD Others	NUMBER(20,2)	EoD Value in Rs.  Incase EOD Others is nil, CM should enter the value as '0' or '0.00'
17	Filler1	NUMBER(20,2)	Kept for the future purpose. Currently value expected in this column is '0' or 0.00
18	Filler2	NUMBER(20,2)	Kept for the future purpose. Currently value expected in this column is '0' or 0.00
19	Peak Ledger Balance	NUMBER(20,2)	Peak Value in Rs.  Incase Peak Ledger Balance is nil, CM should enter the value as '0' or '0.00'
20	Peak Bank Guarantee (BG)	NUMBER(20,2)	Peak Value in Rs.  Incase Peak Bank Guarantee is nil, CM should enter the value as '0' or '0.00'
21	Peak Fixed deposit receipt (FDR)	NUMBER(20,2)	Peak Value in Rs.  Incase Peak Fixed deposit receipt is nil, CM should enter the value as '0' or '0.00'
22	Peak Government Securities (Total value of G-Sec)	NUMBER(20,2)	Peak Value of G-Sec in Rs.  Incase Peak Government Securities is nil, CM should enter the value as '0' or '0.00'
23	Peak Equity shares (Total Value)	NUMBER(20,2)	Peak Value of Equity Shares in Rs. Incase Equity Shares is nil, CM should enter the value as '0' or '0.00'
24	Peak Mutual Fund (Total value of MF)	NUMBER(20,2)	Peak Value of Mutual Funds in Rs.  Incase Peak Value of Mutual Funds is nil, CM should enter the value as '0' or '0.00'
25	Peak Corporate Bonds (CB)	NUMBER(20,2)	Peak Value of Corporate Bonds in Rs  Incase Peak Value of Corporate Bonds is nil, CM should enter the value as '0' or '0.00'
26	Peak Warehouse receipts	NUMBER(20,2)	Peak Value of Warehouse Receipts in Rs  Incase Peak Value of Corporate Bonds is nil, CM should enter the value as '0' or '0.00'

Sr. No.	Column Name	Length	Description
27	Peak Others	NUMBER(20,2)	Peak Value in Rs.  Incase Peak Others is nil, CM should enter the value as '0' or '0.00'
28	Filler3		Kept for the future purpose. Currently value expected in this column is '0' or 0.00
29	Filler4		Kept for the future purpose. Currently value expected in this column is '0' or 0.00

- All Debit ledger balances shall be reported with –ve sign.
- File shall be in csv and zip format. One zip file shall contain one csv file only. Naming convention of zip file shall be same as of the csv file.
- In case of submitted file, Members will not be able to upload another file with the same nomenclature.
- Resubmission of Submitted Data: In case of any error in the submitted data, member can resubmit the file within the due date of the respective week. However, resubmission facility shall not be available after due date.
- Data file can't be revised after the due date of submission and file with submitted status shall be considered as final submission.
- Member shall not upload duplicate/multiple records of the same Trading member or records of Trading members not affiliated with it.



**Annexure 4**

**Penalty Structure for Clearing Members**

<b>Sr. No.</b>	<b>Violations</b>	<b>Applicable Penalty/disciplinary action</b>
1	Use of TM/ CP funds / securities for other than specified purposes/Use of TM/CP funds/ securities for own purpose/for other clients	Rs. 1,00,000/- or 1% of the amount involved whichever is higher
2	Submission of information for inspection  a) Delay in submission of documents/data/records sought for inspection b) Non co-operation in providing data / records / documents to inspecting officials for inspection resulting in non-completion of inspection. c) Wrong / incorrect submission of data towards Inspection	a) Rs. 1,000/- per day starting from final due date for submission of data/records/documents sought for inspection subject to a cap of Rs 1 lakh.  b) Monetary penalty of Rs. 1 lakh besides not allowing member to clear trades till the time of completion of inspection/Surrender/cessation of membership/ Declaration as default/ Expulsion.  c) Penalty may vary from warning to Rs.1 lakh on case to case basis.  (The serious case shall be discussed separately in applicable committee, which may enhance the penalty as deemed fit)
3	Cash dealings with TM/CP	10 % of the amount of cash dealing or Rs.1000/- whichever is higher  For repetitive instances – penalty shall be escalated by 50 %
4	Non maintenance of segregated accounts for proprietary and clients / TM funds & Securities / Commodities	Rs. 1 Lakh and direction to open separate account within 1 month
5	Non-maintenance of a) Client/TM ledger b) Register of Securities (Client / TM wise scrip wise Register) (as applicable)	Rs. 1 Lakh + Direction to comply
6	Client / TM ledger not maintained properly (i.e. incomplete/ erroneous/ delay in entries)	Rs.25,000/-
7	Register of Securities not in the prescribed format (as applicable)	Rs.25,000/-
8	Discrepancies / Incorrect details in Register of Securities, non-reconciliation of balances between client beneficiary accounts and register of securities (as applicable)	Rs.25,000/-



Sr. No.	Violations	Applicable Penalty/disciplinary action
9	<p>Non segregation of transactions between Custodial Participant / TM and own bank accounts (money deposited in own account or expenses routed through CP / TM Bank Account or own money deposited in CP / TM account)</p> <p>Non segregation of CP / TM and own money</p>	<p>a) If cumulative value of non-segregated transactions is less than Rs 1 crore - 0.5% of the cumulative value</p> <p>b) If cumulative value of non-segregated transactions is more than Rs 1 crore but less than Rs 5 crore - 0.75 % of the cumulative value</p> <p>c) If cumulative value of non-segregated transactions is more than Rs 5 crore - monetary penalty and/or any other disciplinary action, as may be decided by the Relevant Authority</p>
10	Facilitating financing through NBFC in contravention of SEBI Circular	Rs. 5 Lakhs
11	Delay in release of payout of funds or securities (beyond one working day) or commodities	<p>a) up to 5% of no. of instances – Rs. 15,000/-</p> <p>b) In excess of 5% and upto 10% of no. of instances - Rs 45,000/-</p> <p>c) In excess of 10% and upto 20% of no. of instances - Rs 75,000/-</p> <p>d) In excess of 20% of no. of instances – Rs. 1,00,000/-</p>
12	Non-appointment of compliance officer	Rs. 50,000/-
13	<p>a) Books (Except Client ledger) not maintained including:</p> <p>i) General Ledgers ,</p> <p>ii) Journals,</p> <p>iii) Cash and Bank Book,</p> <p>iv) Margin Deposit details,</p> <p>v) Register of complaints</p> <p>vi) Register of transaction</p> <p>vii Register of commodity (as applicable)</p>	Rs. 25,000/- per book
	<p>b) Books (Except Client ledger) not maintained properly (i.e. incomplete/ erroneous/ delay in entries) including:</p> <p>i) General Ledgers,</p> <p>ii) Journals,</p> <p>iii) Cash and Bank Book,</p> <p>iv) Margin Deposit details,</p> <p>v) Register of complaints</p> <p>vi) Register of transaction</p> <p>vii) Register of Commodity (as applicable)</p>	Rs. 10,000/- per book



Sr. No.	Violations	Applicable Penalty/disciplinary action
14	Incomplete / Non- display of details by member viz: Notice Board/name, its logo, registration no, address with telephone no, compliance officer name, telephone no, email id, SEBI Registration certificate/ other prescribed details	Rs. 10,000/-
15	Daily Margin statement not sent to affiliated Trading Member & Custodial Participants	a) In excess of 2% and upto 5% of no. of instances - Rs 15,000/- b) In excess of 5% and upto 10% of no. of instances - Rs 45,000/- c) In excess of 10% of no. of instances - Rs 75,000/- d) Otherwise – Advice
16	Clearing member has outsourced activities in violation of SEBI prescribed rules	To be decided on a case to case basis based on nature of non-compliances
17	Non-payment of statutory dues/duties/fees etc.	Advice
18	Non-compliance with PMLA requirements based on confirmation from Compliance Officer	
	a. Non maintenance of Written Policy and Procedures relating to PMLA	Rs 25,000
	b. Non Appointment of Principal Officer /Designated Director/ Non Intimation of Designated Director or change of Principal officer to FIU Delhi	Rs. 25,000
	c. Non-Implementation of systems in place to monitor, identify suspicious transaction and procedures for reporting the same	Rs. 25,000
	d. Non Adoption of customer due diligence	Rs. 25000 per client





Sr. No.	Violations	Applicable Penalty/disciplinary action
	e. Financial information of clients not obtained / updated / documentary evidence related to financial information not obtained in case of clients trading in derivatives segment	Rs. 25000 per client
	f. Non Maintenance of records regarding ongoing training to staff relating to PMLA	Advice
	g. Disproportionate Exposure	Upto Rs.2,00,000/-
	h. Any other observation /violation which is required as per PMLA and not covered above	Advice
19	Non adoption / Maintenance of prescribed policies	1. Non adoption / Maintenance of policies - Rs. 25,000/- 2. Per line item not followed – Rs. 2500/- subject to maximum of 25000/-

**Annexure 5**

<b>Nomenclature (File Name)</b>	<b>CM PAN_DDMMYYYY_Batch No.</b> Explanation: “PAN” shall be the Clearing Member’s PAN (Alpha Numeric 10 characters) Date shall be the trade date for which reporting is done. Batch No. starts from 01, in case of multiple files of same day. It shall be a csv file and zip format.
<b>Frequency of Reporting</b>	Daily basis
<b>Cut-off time for submission</b>	As prescribed from time to time

<b>Sr. No.</b>	<b>Field Name</b>	<b>Length (Max)</b>	<b>Description</b>
1	Date	DD-MM-YYYY	Date shall be the trade date for which reporting is done. It should match with the date mentioned in file nomenclature.
2	Clearing Member PAN	Char (10)	Alpha-numeric clearing member PAN. Self-Clearing Member should insert PAN number in both CM PAN & TM PAN column
3	Trading member PAN	Char (10)	Alpha-numeric trading member PAN Value can be Blank when CP code is there Self-Clearing Member should insert PAN number in both CM PAN & TM PAN column
4	CP Code	Char (12)	Alpha-numeric CP code Value can be Blank only when Client PAN is there or Account type is 'P'
5	CP PAN	Char (10)	Alpha-numeric CP PAN Value can be Blank only when Client PAN is there or Account type is 'P'
6	Client PAN	Char (10)	Alpha-numeric CP PAN Value can be Blank only when CP Code is there or Account type is 'P' Self-Clearing Member should insert PAN number in both CM PAN & TM PAN column
7	Account Type	Char (1)	'P' for Pro and 'C' for Client/CP
8	Segment Indicator	Char (03)	Values shall be the following: Values shall be CO for Commodity Derivatives Segment
9	UCC Code	Char (10)	Alpha-numeric UCC Code Value can be Blank when CP code is populated, or Account type is 'P'
10	Financial Ledger balance-A in the books of TM for clients and in the books of CM for TM ( Pro ) and in the books of CM for CP	Number (20)	Value in Rs. Decimals shall be allowed upto 3 digits. Value shall be for the segment. It shall include the Credit entry on account of EPI and MTM values. Negative Balance allowed.
11	Financial Ledger balance (clear)-B in the books of TM for clients and in the books of CM for TM (Pro) and in the books of CM for CP	Number (20)	Value in Rs. Decimals shall be allowed upto 3 digits Value shall be for the segment. Financial ledger balance, after adjusting for open bills of the client, un-cleared cheques deposited or issued and the margin obligations. Open bills also contain 'value of credit entry posted



Sr. No.	Field Name	Length (Max)	Description
			in client ledger in lieu of successful EPI to CC. Negative Balance allowed
12	Peak Financial Ledger Balance (Clear)-C in the books of TM for clients and in the books of CM for TM (Pro) and in the books of CM for CP	Number (20)	Value in Rs. Decimals shall be allowed upto 3 digits Value shall be for the segment. Highest net credit balance for the segment during the day. However, in case there is clear debit balance for the segment, then report lowest net debit balance. Financial ledger balance, after adjusting for open bills of the client, un-cleared cheques deposited or issued and the margin obligations. Open bills also contain 'value of credit entry posted in client ledger in lieu of successful EPI to CC. Negative Balance allowed
13	Bank Guarantee (BG) received by TM from clients and by CM from TM (Pro) and from CPs	Number (20)	Value in Rs. Decimals shall be allowed upto 3 digits
14	Fixed Deposit Receipt (FDR) received by TM from clients and by CM from TM(Pro) and from CPs	Number (20)	Value in Rs. Decimals shall be allowed upto 3 digits
15	Approved Securities Cash Component received by TM from clients and by CM from TM(Pro) and from CPs	Number (20)	Value in Rs. Decimals shall be allowed upto 3 digits Value after appropriate haircut
16	Approved Securities Non-cash component received by TM from clients and by CM from TM(Pro) and from CPs	Number (20)	Value in Rs. Decimals shall be allowed upto 3 digits Value after appropriate haircut
17	Non-Approved Securities received by TM from clients and by CM from TM(Pro) and from CPs	Number (20)	Value in Rs. Decimals shall be allowed upto 3 digits Value after appropriate haircut
18	Value of CC approved Commodities received by TM from clients and by CM from TM(Pro) and from CPs	Number (20)	Value in Rs. Decimals shall be allowed upto 3 digits Value after appropriate haircut
19	Other collaterals received by TM from clients and by CM from TM(Pro) and from CPs	Number (20)	Value in Rs. Decimals shall be allowed up to 3 digits. Other collateral would be any other form not covered in Column 10 to Column 18
20	Credit entry in ledger in lieu of EPI for clients / TM Pro	Number (20)	Value in Rs. Decimals shall be allowed upto 3 digits. Value of credit entry posted in ledger in lieu of successful EPI to CC, which is considered for margin purpose for the day.



Sr. No.	Field Name	Length (Max)	Description
21	Pool Account for clients / TM Pro	Number (20)	Value in Rs. Decimals shall be allowed upto 3 digits. Value of the securities, which are sold and available in the Pool account of the member and considered for margin purpose for the day.
22	Cash Retained by TM	Number (20)	Value in Rs. Decimals shall be allowed upto 3 digits. The details will pertain to collateral retained by the TM from client
23	Bank Guarantee (BG) Retained by TM	Number (20)	Value in Rs. Decimals shall be allowed upto 3 digits. The details will pertain to collateral received from client and retained with the TM
24	Fixed Deposit Receipt (FDR) Retained by TM	Number (20)	Value in Rs. Decimals shall be allowed upto 3 digits. The details will pertain to collateral received from client and retained with the TM. It should not contain details of FDR passed on to the CM in any other form of collateral.
25	Approved Securities Cash Component Retained by TM	Number (20)	Value in Rs. Decimals shall be allowed upto 3 digits Value after appropriate haircut
26	Approved Securities Non-cash component Retained by TM	Number (20)	Value in Rs. Decimals shall be allowed upto 3 digits Value after appropriate haircut
27	Non-Approved Securities Retained by TM	Number (20)	Value in Rs. Decimals shall be allowed upto 3 digits Value after appropriate haircut
28	Value of CC approved Commodities Retained by TM	Number (20)	Value in Rs. Decimals shall be allowed upto 3 digits Value after appropriate haircut
29	Other Collaterals Retained by TM	Number (20)	Value in Rs. Decimals shall be allowed upto 3 digits.
30	Cash placed with CM	Number (20)	Value in Rs. Decimals shall be allowed upto 3 digits. The details will pertain to Collaterals placed with CM for Client/TM Pro/CP.
31	Bank Guarantee (BG) placed with CM	Number (20)	Value in Rs. Decimals shall be allowed upto 3 digits. The details will pertain to Collaterals placed with CM for Client / TM Pro / CP. The details shall include BG created out of client funds. For account type 'C' the details shall include funded portion of BG and for account type 'P' the details shall include non-funded portion of BG. For TM Pro if BG is created from own funds and placed with Clearing Member the same shall also be included for account type 'P'.
32	Fixed deposit receipt (FDR) placed with CM	Number (20)	Value in Rs. Decimals shall be allowed upto 3 digits. The details will pertain to Collaterals placed with CM for Client / TM Pro / CP. The details shall include FD created out of client funds.



Sr. No.	Field Name	Length (Max)	Description
33	Approved Securities Cash Component placed with CM	Number (20)	Value in Rs. Decimals shall be allowed upto 3 digits. The details will pertain to Collaterals placed with CM for Client / TM Pro / CP. Value after appropriate haircut
34	Approved Securities Non-cash component placed with CM	Number (20)	Value in Rs. Decimals shall be allowed upto 3 digits. The details will pertain to Collaterals placed with CM for Client / TM Pro / CP. Value after appropriate haircut
35	Non-Approved Securities placed with CM	Number (20)	Value in Rs. Decimals shall be allowed upto 3 digits. The details will pertain to Collaterals placed with CM for Client / TM Pro / CP. Value after appropriate haircut
36	Value of CC approved Commodities placed with CM	Number (20)	Value in Rs. Decimals shall be allowed upto 3 digits. The details will pertain to Collaterals placed with CM for Client / TM Pro / CP. Value after appropriate haircut
37	Other Collaterals placed with CM	Number (20)	Value in Rs. Decimals shall be allowed upto 3 digits.
38	Cash Retained with CM	Number (20)	Value in Rs. Decimals shall be allowed upto 3 digits. The details will pertain to collateral received from TM/CP and retained by the CM
39	Bank Guarantee (BG) retained with CM	Number (20)	Value in Rs. Decimals shall be allowed upto 3 digits. The details will pertain to collateral received from TM/CP and retained by the CM.
40	Fixed deposit receipt (FDR) retained with CM	Number (20)	Value in Rs. Decimals shall be allowed upto 3 digits. The details will pertain to collateral received from TM/CP and retained by the CM. It should not contain details of FDR passed on to the CC in any other form of collateral.
41	Approved Securities Cash Component retained with CM	Number (20)	Value in Rs. Decimals shall be allowed upto 3 digits. The details will pertain to collateral received from TM/CP and retained by the CM. Value after appropriate haircut
42	Approved Securities Non-cash component retained with CM	Number (20)	Value in Rs. Decimals shall be allowed upto 3 digits. The details will pertain to collateral received from TM/CP and retained by the CM. Value after appropriate haircut
43	Non-Approved Securities retained with CM	Number (20)	Value in Rs. Decimals shall be allowed upto 3 digits. The details will pertain to collateral received from TM/CP and retained by the CM. Value after appropriate haircut

**NCCL**

NCDEX Group Company

Sr. No.	Field Name	Length (Max)	Description
44	Value of CC approved Commodities retained with CM	Number (20)	Value in Rs. Decimals shall be allowed upto 3 digits. The details will pertain to collateral received from TM/CP and retained by the CM. Value after appropriate haircut
45	Other Collaterals Retained with CM	Number (20)	Value in Rs. Decimals shall be allowed upto 3 digits. The details will pertain to collateral received from TM/CP and retained by the CM. Value after appropriate haircut
46	Cash placed with NCCL	Number (20)	Value in Rs. Decimals shall be allowed upto 3 digits. The details will pertain to collateral placed with CC for the Client/TM Pro/CP/CM.
47	Bank Guarantee (BG) placed with NCCL	Number (20)	Value in Rs. Decimals shall be allowed upto 3 digits. The details will pertain to collateral placed with CC for the Client/TM Pro/CP/CM.
48	Fixed deposit receipt (FDR) placed with NCCL	Number (20)	Value in Rs. Decimals shall be allowed upto 3 digits. The details will pertain to collateral placed with CC for the Client/TM Pro/CP/CM.
49	Approved Securities Cash Component placed with NCCL	Number (20)	Value in Rs. Decimals shall be allowed upto 3 digits. The details will pertain to collateral placed with CC for the Client/TM Pro/CP/CM Value after appropriate haircut
50	Approved Securities Non-cash component placed with NCCL	Number (20)	Value in Rs. Decimals shall be allowed upto 3 digits. The details will pertain to collateral placed with CC for the Client/TM Pro/CP/CM Value after appropriate haircut
51	Value of CC approved Commodities placed with NCCL	Number (20)	Value in Rs. Decimals shall be allowed upto 3 digits. The details will pertain to collateral placed with CC for the Client/TM Pro/CP/CM. Value after appropriate haircut
52	MTF /Non MTF indicator	Char (07)	Values shall be either of the following: NON MTF MTF NA NON MTF means all segments other than MTF (like CM, FO, CD, CO, SLB, MFSS and DEBT)] (Since MTF is available in CM segment, system shall not accept MTF type in any segments other than CM segment)
53	Uncleared Receipts	Number (20)	Value in Rs. (Zero ('0') or positive values Decimals shall be allowed upto 3 digits. Cannot be blank This will include (1) Value of cheques received from the clients, which are not cleared at EOD or/and (2) Funds received through Payment gateways however same is not credited in bank account at EOD



Sr. No.	Field Name	Length (Max)	Description
54	Govt Securities – T bills received by TM from clients and by CM from TM(Pro) and from CPs	Number (20)	Value in Rs. (Zero ('0') or positive values only) Decimals shall be allowed upto 3 digits Value of GSEC / T-bills which is provided through E-kuber and not by way of margin pledge-repledge mechanism
55	Govt Securities – T-bills Retained by TM	Number (20)	Value in Rs. (Zero ('0') or positive values) Decimals shall be allowed upto 3 digits Value of GSEC / T-bills which is provided through E-kuber and not by way of margin pledge-repledge mechanism
56	Govt Securities–T bills placed with CM	Number (20)	Value in Rs. (Zero ('0') or positive values) Decimals shall be allowed upto 3 digits Value of GSEC / T-bills which is provided through E-kuber and not by way of margin pledge-repledge mechanism
57	Govt Securities–T bills retained with CM	Number (20)	Value in Rs. (Zero ('0') or positive values) Decimals shall be allowed upto 3 digits Value of GSEC / T-bills which is provided through E-kuber and not by way of margin pledge-repledge mechanism
58	Govt Securities–T bills placed with NCCL	Number (20)	Value in Rs. (Zero ('0') or positive values) Decimals shall be allowed upto 3 digits Value of GSEC / T-bills which is provided through E-kuber and not by way of margin pledge-repledge mechanism
59	Bank Guarantee (BG) <b>Funded portion</b> retained with CM	Number (20)	Value in Rs. (Zero ('0') or positive values) Decimals shall be allowed upto 3 digits. For account type 'C' and 'P' the details shall include only funded portion of BG retained with CM.  (Funded portion of BG to be shown for account type "C" would be equal to value shown in account type "C" in the column "Bank Guarantee (BG) retained with CM". Aggregate value of Funded portion of BG to be shown for account type "P" in column "Bank Guarantee (BG) Funded portion retained with CM" and Non funded portion of BG to be shown for account type "P" in column "Bank Guarantee (BG) Non funded portion retained with CM" should be equal to the value shown in account type "P" in the column "Bank Guarantee (BG) retained with CM")
60	Bank Guarantee (BG) <b>Non funded portion</b> retained with CM	Number (20)	Value in Rs. (Zero ('0') or positive values)  Decimals shall be allowed upto 3 digits.  For account type 'P' the details shall include non funded portion of BG retained with CM For account type 'C' same is Zero  Note: Aggregate value of Funded portion of BG to be shown for account type "P" in column "Bank Guarantee (BG) Funded portion retained with CM" and Non funded portion of BG to be shown



Sr. No.	Field Name	Length (Max)	Description
			for account type "P" in column "Bank Guarantee (BG) Non funded portion retained with CM" should be equal to the value shown in account type "P" in the column "Bank Guarantee (BG) retained with CM".
61	Bank Guarantee (BG) <b>Funded portion</b> placed with NCCL	Number (20)	<p>Value in Rs. (Zero ('0') or positive values Decimals shall be allowed upto 3 digits. For account type 'C' and 'P' the details shall include only funded portion of BG placed with NCCL.</p> <p>Note: Funded portion of BG to be shown for account type "C" would be equal to value shown in account type "C" in the column "Bank Guarantee (BG) placed with NCCL". Aggregate value of Funded portion of BG to be shown for account type "P" in column "Bank Guarantee (BG) Funded portion placed with NCCL" and Non funded portion of BG to be shown for account type "P" in column "Bank Guarantee (BG) Non funded portion placed with NCCL" should be equal to the value shown in account type "P" in the column "Bank Guarantee (BG) placed with NCCL".</p>
62	Bank Guarantee (BG) <b>Non funded portion</b> placed with NCCL	Number (20)	<p>Value in Rs. (Zero ('0') or positive values Decimals shall be allowed upto 3 digits. For account type 'P' the details shall include non-funded portion of BG placed with NCCL. For account type 'C' same is Zero</p> <p>Note: Aggregate value of Funded portion of BG to be shown for account type "P" in column "Bank Guarantee (BG) Funded portion placed with NCCL" and Non funded portion of BG to be shown for account type "P" in column "Bank Guarantee (BG) Non funded portion placed with NCCL" should be equal to the value shown in account type "P" in the column "Bank Guarantee (BG) placed with NCCL".</p>
63	Settlement Amount	Number (20)	<p>Value in Rs. (Zero ('0') or positive values Decimals shall be allowed upto 3 digits.</p> <p>Note: The amount of funds released on account of running account settlement of client on settlement date as per NCDEX circular NCDEX/COMPLIANCE-051/2022 dated July 28, 2022 and debited from bank account on next day of settlement date shall be provided. Aforesaid value shall be provided only in the submission made for the next working day after the settlement date as per aforesaid circular e.g. if settlement date is October 07,2022 as per aforesaid circular, then said data needs to be provided in the submission made for next day i.e. October 10,2022. Value should be mentioned 0 in the submissions made for other days.</p>





# NCCL

NCDEX Group Company

Sr. No.	Field Name	Length (Max)	Description
64	Unclaimed / Unsettled Client Funds	Char(03)	YES NA  Note: In case a member is unable to settle the client account due to non-availability of client's bank accounts and non-traceability of client as per NCDEX Circular No. NCDEX/COMPLIANCE-008/2020 dated February 10, 2020, then member shall write Yes else NA
65	CASH COLLATERAL FOR MTF POSITIONS	Number (20)	Value in Rs. (Zero ('0') or positive values Decimals shall be allowed upto 3 digits  Note: Cash collateral collected from clients for the MTF positions and available in books of accounts maintained for MTF. Value will be mentioned in MTF indicator only and Value will be (Zero ('0') for Non-MTF indicator

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**Annexure 6**

**FAQ for Segregation and Monitoring of Collateral at Client Level - Reporting Format**

**1. Whether the reporting is applicable to Members who clear proprietary trades and don't deal with clients?**

Members carrying out only proprietary trading are exempted from reporting.

**2. Are members required to report NIL holding or for Zero balance clients?**

Members are required to submit details only for those clients who have placed collaterals with the Members.

**3. Reporting is applicable for Monday to Saturday or Monday to Friday?**

Reporting is applicable for Monday to Saturday. Report for Friday and Saturday shall be uploaded on the next trading day before the cut-off time.

**4. Whether financial Ledger balance-A signify the total collateral in the books of TM/CM for clients?**

The Financial ledger balance to be reported shall include total funds(cash) including open bills of the client, un-cleared cheques deposited or issued and the margin obligations available in the books of TM for clients and in the books of CM for TM (Pro) and in the books of CM for CP. It shall also include the Credit entry on account of EPI and MTM values.

**5. Whether Financial Ledger balance (clear)-B signify the closing collateral in the books of TM/CM for clients?**

The financial Ledger balance (clear) signifies the funds (cash) in the books after adjusting for open bills of the client, un-cleared cheques deposited or issued and the margin obligations.

Open bills also contain 'value of credit entry posted in client ledger in lieu of successful EPI to CC.

**6. Which value is required to be reported for Sr.no 12 i.e. Peak Financial Ledger Balance (Clear)-?**

Peak Financial ledger balance (clear) to be reported is the balance after adjusting open bills of the client, un-cleared cheques deposited or issued and the margin obligations. Open bills also contain 'value of credit entry posted in client ledger in lieu of successful EPI to CC. The value to be reported for Peak Financial Ledger Balance (Clear) is the highest net credit balance for the segment during the day.

However, in case there is clear debit balance for the segment, then report lowest net debit balance.

**7. Which amount is required to be reported if segregated balance for client and TM Pro is not maintained in financial ledger balance?**

The members are required to segregate balances of client and Pro in their financial ledger and report both the balances separately.

**8. Whether the balances to be reported for sr. no. 10 to 12 are the same balances i.e. collateral details currently being submitted by CMs on a weekly basis?**

Broadly the logic of balances to be reported for sr. no. 10 to 12 are the same ledger balances currently being submitted by CMs on a weekly basis apart from reporting clear balances under sr. no. 11 and 12.

**9. Are members required to report debit client's balances?**

Yes, members are required to report debit balances of clients for sr. no. 10 to 12

**10. In case of Self Clearing Member, whether the collaterals retained by the member are required to be reported under 'retained with TM' columns or 'retained with CM' columns?**

Self-Clearing Members needs to report the collaterals retained under Column No 22 to 29 'retained with TM' columns.

**11. Please clarify the PAN required to be reported for PAN Exempt clients from Sikkim / Nagaland.**

For such clients, members are required to enter 'PAN EXEMPT' in the Client PAN column (Column 6) along with UCC in Column 9.

**12. NRI clients have more than 1 code for trading. While reporting NRI clients details, whether we need to combine balance across client code and need to report collaterals under single PAN?**

UCC code wise reporting shall be made for such clients.

**13. Can the fields left blank, or any specific value is to be mentioned such as NA or 0 related to the fields wherever applicable?**

In case there are fields where no value is available, such fields must be populated with 0 (zero).

**14. What is the appropriate percentage of hair cut to be applied for calculating value of securities?**

Haircut rates shall be as per the rates prescribed by CCs.

**15. What is meant by Approved securities Cash / Non-Cash component in the reporting format?**

Clearing Corporation publishes the list of approved securities along with classification of cash/ non-cash component on a monthly basis. Members may be guided by that circular.

**16. Whether segregation of collateral is applicable for those clients who have placed securities through pledge – repledge module?**

Yes, the circular is applicable for all types of Clearing Members.

**17. What is meant by approved and non-approved securities?**

Clearing Corporation publishes the list of approved securities along with classification of cash/ non-cash component on a monthly basis. Members may be guided by that circular. Securities other than approved securities shall be classified as non -approved securities.

### Annexure 7

1. The file shall be in csv and zip format only.
2. The file shall be uploaded by the members with column headers. The headers should be exactly same as prescribed in the circulars issued by NCCL from time to time.
3. One zip file shall contain one csv file only. Naming convention of zip file shall be same as of the csv file. The csv file itself needs to be converted into zip file.
4. File size shall not exceed 500 MB.
5. Batch/Seq No. starts from 01, in case of multiple files for a date.
6. If the file is not successfully uploaded then file needs to be rectified and uploaded with the different batch number.
7. Files uploaded will be processed for validation check. Clearing Members are required to check the "COLLATERALFOLDER " for success/error status of the uploaded file(s). In case of failure status, members have to correct the data as per the remarks provided in the file and re-upload the entire file with correct data promptly.
8. If Clearing Member wishes to add new records / modify the data which is successfully uploaded then the member may upload new records / upload only those records for which modification is required with with different batch number.
9. In case there are fields where no value is available, such fields must be populated with 0 (zero).
10. No special characters shall be allowed in any field.
11. The sum of client collateral retained by the TM/CM and client collateral passed on to CM/CC shall equal the amount of collateral received by the TM/CM from the client.
12. CMs shall perform validations at their end in respect of reporting done by TMs.
13. Client active in MTF and NON MTF: Maximum two rows/entries (one for MTF and second for NON MTF) shall be reported in CM segment of a particular client for a particular day.
14. Client active either in NON MTF or MTF only: Only single rows/entries (for MTF or NON MTF) in CM segment shall be reported of a particular client for a particular day.
15. Member shall not upload duplicate/multiple records of the same client for one segment.

**Annexure 8**
**Violation 1: Non reporting of data**

<b>Period</b>	<b>Applicable penalty</b>
From December 16, 2021 till March 31, 2022	Collateral reporting is not done by the CM for clients where there exists collateral with the CC/CM/TM. In such case, penalty of 0.1% on the amount of margin reported shall be applicable.  For this purpose, EOD margin reported or peak margin reported, whichever is higher shall be considered.
From April 1, 2022 onwards	Collateral reporting is not done by the CM for clients where there exists collateral with the CC/CM/TM. In such case, penalty of 0.5% on the amount of margin reported shall be applicable.  For this purpose, EOD margin reported or peak margin reported, whichever is higher shall be considered.

**Violation 2: Delayed submission/Modification of data**

Any delayed submission post the cut off time / modification of data successfully submitted by clearing members can be done up to T+3 working days. The penalty for delayed /modification of data shall be as follows:

<b>Period</b>	<b>Delayed submission / Modification of data successfully submitted for CM Prop/TM Prop/ CP/Clients with outstanding margin requirements</b>
From December 16, 2021 till March 31, 2022	50 per entity per instance
From April 1, 2022 onwards	Rs. 500 per entity per instance

No delayed submission / modifications shall be permitted beyond T+3 working days.

**Violation 3: Incorrect data reporting (checked during inspection)**

<b>% of the violation in the current inspection  (Proportion of the instances with false reporting to the Total sample instances verified)</b>	<b>Penalty As A Percentage (%) Of The False Reporting</b>			
	<b>Observed only in current Inspection</b>	<b>Observed only in 1 out of 3 previous Inspections in addition to the current Inspection</b>	<b>Observed in 2 out of 3 previous inspections in addition to the current Inspection</b>	<b>Observed in all the previous 3 Inspections in addition to the current Inspection</b>
Above 50%	50%	60%	75%	100%
25%-50%	25%	50%	60%	75%

10%-25%	10%	25%	50%	60%
Less than 10%	5%	10%	25%	50%

Along with the monetary penalty, the Member may also be subjected to suspension for one day in the respective segment in case of material instances. The false reporting shall be treated as material for the purpose of suspension, if it meets all the following broad criteria:-

1. Instances of false reporting is more than 5% of the instances verified (minimum 3 instances) during inspection, and
2. Percentage of value of false reporting is more than 5% of total margin required to be collected for the instances verified during inspection, and
3. Value of false reporting of margin is more than Rs. 15 lakhs.

**Annexure 9**

Declaration  
(On the members letterhead)

Date:

To,  
National Commodity Clearing Limited (NCCL)  
Mumbai.

Dear Sir/Madam,

**Sub: Declaration for non-submission of collateral data at client level**

We are having membership in the name of M/s. <CM Name> having membership ID No. <TM ID and CMID>

We hereby declare and confirm that we are carrying out only proprietary trading and accordingly submission of collateral data at client level is not applicable to us as per NCCL Circular no NCCL/COMPLIANCE-009/2021 dated August 23, 2021 on Segregation and Monitoring of Collateral at Client Level - Reporting Format.

In case of change in abovementioned conditions in future we undertake to submit required details suo moto.

We are fully aware that failure to submit above data as per above mentioned NCCL Circular or giving false/incorrect undertaking shall attract applicable penalty and/or disciplinary action as deemed fit by the Clearing Corporation.

Thanking you.