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**NATIONAL COMMODITY CLEARING LIMITED**

Circular to all Members of the Clearing Corporation

Circular No. : NCCL/COMPLIANCE- 003/2024

Date : April 19, 2024

Subject : Master Circular – Inspection

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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, 2024.
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  - a) Anything done or any action taken or purported to have been done or taken under such revised/rescinded process including but not limited to any regulatory inspection/investigation or enquiry commenced or any disciplinary proceeding initiated or to be initiated under such rescinded/revised process or rescission, shall be deemed to have been done or taken under the corresponding provisions of this Master Circular;
  - b) The previous operation of the rescinded process or circular or anything duly done or suffered thereunder, any right, privilege, obligation or liability acquired, accrued or incurred thereunder, any penalty incurred in respect of any violation committed arising out of violation of such rescinded process or circulars, or any investigation, legal proceeding or remedy in respect of any such right, privilege, obligation, liability, penalty as aforesaid, shall remain unaffected as if the rescinded process or circulars have never been rescinded.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**

Suresh Nair  
Chief Compliance Officer and Head Legal

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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, 2024**

| <b>Sr. No</b> | <b>Subject</b>   | <b>Circular Date</b> | <b>Circular No</b>        |
|---------------|--|----------------------|---------------------------|
| 1             | Rationalization of imposition of fines for false / incorrect reporting of margins by Clearing Members                | 20-Dec-19            | NCCL/COMPLIANCE-015/2019  |
| 2             | Submission of Trading member wise Cash and cash equivalent details by Clearing members                               | 11-Mar-21            | NCCL/COMPLIANCE-001/2021  |
| 3             | Reporting of Client Level Cash & Cash Equivalent Balances by Trading Members to Clearing Members                     | 11-May-21            | NCCL/COMPLIANCE-004/2021  |
| 4             | Uniform penalty structure for Clearing Members   | 20-Aug-21            | NCCL/COMPLIANCE-007/2021  |
|               |  | 28-Dec-23            | NCCL/COMPLIANCE- 013/2023 |
| 5             | Strengthening oversight on Clearing Members  | 20-Aug-21            | NCCL/COMPLIANCE-008/2021  |
| 6             | Segregation and Monitoring of Collateral at Client Level - Reporting Format  | 23-Aug-21            | NCCL/COMPLIANCE-009/2021  |
|               |  | 15-Dec-21            | NCCL/COMPLIANCE-017/2021  |
|               |  | 27-Oct-22            | NCCL/COMPLIANCE-005/2022  |
|               |  | 21-Nov-22            | NCCL/COMPLIANCE-007/2022  |
|               |  | 09-May-23            | NCCL/COMPLIANCE-002/2023  |
|               |  | 17-Aug- 23           | NCCL/COMPLIANCE-06/2023   |
|               |  | 19-Mar-24            | NCCL/COMPLIANCE- 001/2024 |
| 7             | Segregation and Monitoring of Collateral at Client Level - Change in Reporting Format and Frequently Asked Questions | 20-Sep-21            | NCCL/COMPLIANCE-010/2021  |
| 8             | Submission of Collateral at Client Level   | 1-Oct-21             | NCCL/COMPLIANCE-011/2021  |
| 9             | Submission of Trading member wise Cash and cash equivalent details by Clearing members                               | 20-Oct-21            | NCCL/COMPLIANCE-012/2021  |
| 10            | Segregation and Monitoring of Collateral at Client Level – Penalty   | 26-Nov-21            | NCCL/COMPLIANCE-014/2021  |
|               |  | 17-Dec-21            | NCCL/COMPLIANCE-018/2021  |

| <b>Sr. No</b> | <b>Subject</b>   | <b>Circular Date</b> | <b>Circular No</b>                      |
|---------------|--|----------------------|---|
| 11            | Submission of Trading member wise Cash and cash equivalent details by Clearing members                                   | 6-Dec-21             | NCCL/COMPLIANCE-016/2021                |
| 12            | Guidelines to Clearing Members for effective oversight over trading members cleared by Clearing Members – Clarifications | 4-Mar-22             | NCCL/COMPLIANCE-001/2022                |
| 13            | Bank Guarantees (BGs) created out of clients' funds  | 25-Apr-23            | SEBI/HO/MIRSD-PoD-1/P/CIR//2023/061     |
| 14            | Upstreaming of Clients' funds by Stock brokers (SBs)/Clearing Members (CMs) to Clearing Corporations (CCs)               | 08-Jun-23            | SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/84 |
|               |  | 09-Jun-23            | NCCL/CLEARING-038/2023                  |
|               |  | 13-Dec-23            | NCCL/CLEARING-064/2023                  |
| 15            | Submission of Half Yearly Internal Audit Report by Clearing Members  | 27-Sep-23            | NCCL/COMPLIANCE-008/2023                |
|               |  | 28-Mar-24            | NCCL/COMPLIANCE- 002/2024               |

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## 1. Submission of Internal Audit Report

All Clearing Members undertaking clearing activities, for other stock-brokers and/or for custodian participants code (their direct trading clients or otherwise) are required to carry out the half yearly Internal Audit and submit the report to National Commodity Clearing Limited (NCCL).

NCCL has prescribed below eligibility criteria for auditors who have to carry out the internal Audit of the clearing members.

1. The Audit shall be conducted only by independent qualified Chartered Accountant or Company Secretary or Cost & Management Accountant who is in practice and does not have any interest in or relation with the Member other than the Internal Audit assignment.
2. The Auditor / Audit firm or at least one of the partners should have a minimum of 5 years' experience in carrying out audits.
3. The Auditor/ Audit firm is not debarred or restrained from issuing any certificate by ICAI, ICSI, ICMAI, RBI, SEBI or by other regulator/law enforcement agency.
4. Auditor and/or its employee or partner signing the Internal Audit Report shall have a valid NISM-Series-XIV: Internal Auditors for Stockbrokers Certification or NISM Series III-A: Securities Intermediaries Compliance Certification or ICAI Certificate Course on Financial Markets and Securities Laws or any other equivalent examination

Further reference is drawn to the NCCL circular no. NCCL/Compliance- 002/2024 dated March 28, 2024 on Submission of Half-Yearly Internal Audit Report by Clearing Members, wherein it is clarified that the Audit firms eligible to carry out audit in terms of the exchange circular (NCDEX circular dated March 26, 2024) shall be eligible to conduct the internal audit of clearing members of NCCL for the half year ending March 31, 2024.

Further, as advised by SEBI to enhance the ease of achieving compliance and to reduce operational difficulties faced by Members/Audit Firms, the auditors empanelled with any of the Exchange(s), shall be eligible to conduct internal audit of the Clearing Members of any of the Clearing Corporations.

All the members are required to submit the report within 2 months from the end of the audit period. It is once again reiterated that the following penalties/disciplinary actions for late/non-submission of the Internal Audit Report shall be applicable: -

| <b>Details of Violation</b>  | <b>Penalty/disciplinary actions</b>  |
|--|--|
| Failure to furnish Internal Audit report to Stock Exchanges for half year ending September 30th by November 30th and half year ending March 31 <sup>st</sup> by May 31 <sup>st</sup> | a) For 1st month after due date, charges of Rs. 200/- per day<br>b) Charges of Rs.500/- per day from 2nd month after due date till date of submission or disablement 2 weeks' notice shall be given to the Member after the 3rd month from the due date, subsequent to which the Member shall be disabled in all segments. The disablement notice issued to the Member shall be shared with all the Clearing Corporations. |

The penalties/disciplinary action for the non-compliances reported in the Internal Audit Report shall be as prescribed by NCCL circular no. NCCL/COMPLIANCE-007/2021 dated August 20, 2021 or NCCL/Compliance- 013/2023 dated December 28, 2023 as deemed fit.

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

Notwithstanding, 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](mailto:inspection@nccl.co.in). Hence, no Hard Copy of internal Audit Report is required to be submitted to NCCL.

## **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 pay-in timelines by the TMs

CM should monitor the pay-in timelines by the TM and any regularly delayed receipt of pay-ins/ 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<br>Explanation:<br>"CMID" shall be the Clearing Member Code (Alpha Numeric 6 characters)<br>Date shall be end of the reporting week (i.e. Saturday)<br>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.<br>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<br>Value 'C' for Collateral provided towards Client Positions |
| 8       | EoD Ledger Balance                               | NUMBER(20,2) | EoD Value in Rs.<br><br>In case 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.<br><br>In case 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.<br><br>In case 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.<br><br>In case 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<br><br>In case 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<br>(Total value of MF)               | NUMBER(20,2) | EoD Value of Mutual Funds in Rs.<br><br>In case EOD Mutual Fund is nil, CM should enter the value as '0' or '0.00'                     |
| 14      | EOD Corporate Bonds<br>(CB)                          | NUMBER(20,2) | EoD Value of Corporate Bonds in Rs<br><br>In case 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.<br><br>In case EOD Others is nil, CM should enter the value as '0' or '0.00'                    |
| 16      | EOD Others   | NUMBER(20,2) | EoD Value in Rs.<br><br>In case EOD Others is nil, CM should enter the value as '0' or '0.00'  |
| 17      | Filler1  | NUMBER(20,2) | Kept for the future purpose.<br>Currently value expected in this column is '0' or 0.00   |
| 18      | Filler2  | NUMBER(20,2) | Kept for the future purpose.<br>Currently value expected in this column is '0' or 0.00   |
| 19      | Peak Ledger Balance                                  | NUMBER(20,2) | Peak Value in Rs.<br><br>In case Peak Ledger Balance is nil, CM should enter the value as '0' or '0.00'                                |
| 20      | Peak Bank Guarantee<br>(BG)                          | NUMBER(20,2) | Peak Value in Rs.<br><br>In case Peak Bank Guarantee is nil, CM should enter the value as '0' or '0.00'                                |
| 21      | Peak Fixed deposit receipt<br>(FDR)                  | NUMBER(20,2) | Peak Value in Rs.<br><br>In case Peak Fixed deposit receipt is nil, CM should enter the value as '0' or '0.00'                         |
| 22      | Peak Government Securities<br>(Total value of G-Sec) | NUMBER(20,2) | Peak Value of G-Sec in Rs.<br><br>In case Peak Government Securities is nil, CM should enter the value as '0' or '0.00'                |
| 23      | Peak Equity shares<br>(Total Value)                  | NUMBER(20,2) | Peak Value of Equity Shares in Rs.<br>In case Equity Shares is nil, CM should enter the value as '0' or '0.00'                         |
| 24      | Peak Mutual Fund<br>(Total value of MF)              | NUMBER(20,2) | Peak Value of Mutual Funds in Rs.<br><br>In case Peak Value of Mutual Funds is nil, CM should enter the value as '0' or '0.00'         |
| 25      | Peak Corporate Bonds<br>(CB)                         | NUMBER(20,2) | Peak Value of Corporate Bonds in Rs<br><br>In case 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<br><br>In case 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.<br><br>In case Peak Others is nil, CM should enter the value as '0' or '0.00' |
| 28      | Filler3     |              | Kept for the future purpose.<br>Currently value expected in this column is '0' or 0.00          |
| 29      | Filler4     |              | Kept for the future purpose.<br>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**
**List of non-procedural non compliances**

| Sr. No | Violations  | Penalty/disciplinary action for first time Violation  | Penalty/disciplinary action in case of Repeat violation/contravention   |
|--------|---|---|---|
| 1      | <p>Use of TM/ CP funds / securities for other than specified purposes/Use of TM/CP funds/ securities for own purpose/for other clients</p> <p>a) Misuse up to Rs. 50 Lakhs</p> <p>b) Misuse above Rs. 50 Lakhs and up to Rs.2 crores</p> <p>c) Misuse above Rs.2 crores and less than Rs. 10 Crore</p> <p>d) If misuse of Funds &amp; Securities is equal to or more than Rs. 10 Crores</p> | <p>a) Monetary penalty of Rs. 1 Lakh + Direction to recoup shortfall within reasonable time</p> <p>b) Monetary penalty of 2% of the misuse or Rs. 2 lakhs whichever is higher + no on boarding new Trading Member/CP up to three months + Direction to recoup shortfall within reasonable time. Member can be expelled and/or declared defaulter depending upon gravity of violation</p> <p>c) Monetary penalty of 3% of the misuse + no on boarding new Trading Member/CP up to six months + Direction to recoup shortfall within reasonable time<br/>Member can be expelled and/or declared defaulter depending upon gravity of violation</p> <p>d) SEBI SOP Circular no. SEBI/HO/MIRSD/DPIEA/ CIR/P/2020/11 dated July 01, 2020 will be applicable</p> | <p>For a), b) and c)<br/>Direction to recoup shortfall within reasonable time + Monetary penalty of 4% of misuse or Rs. 4 lakhs whichever is higher + No on boarding new Trading Member/CP up to six months + Member can be expelled and or declared defaulter depends upon gravity of violation.</p> <p>For d) SEBI SOP Circular no. SEBI/HO/MIRSD/DPIEA/ CIR/P/2020/11 dated July 01, 2020 will be applicable</p>   |
| 2      | <p>Submission of information for inspection</p> <p>a) Delay in submission of documents/data/records sought for inspection</p> <p>b) Non co-operation in providing data/records/documents to inspecting officials for inspection resulting in non-completion of inspection.</p> <p>c) Wrong/incorrect submission of data towards Inspection</p>  | <p>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.</p> <p>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.</p> <p>c) Penalty may vary from warning to Rs.1 lakh on case to case basis.</p> <p>(The serious case shall be discussed separately in applicable committee, which</p>   | <p>a) Rs. 10,000/- per day starting from final due date for submission of data/records/documents sought for inspection subject to a cap of Rs 10 lakh.</p> <p>b) Monetary penalty of Rs. 10 lakhs besides not allowing member to clear trades till the time of completion of inspection/Surrender/cessation of membership/ Declaration as default/ Expulsion.</p> <p>c) Penalty may vary from Rs.1 lakh to Rs. 10 Lakh on case-to-case basis.</p> <p>(The serious case shall be discussed separately in applicable committee, which</p> |



| Sr. No | Violations  | Penalty/disciplinary action for first time Violation   | Penalty/disciplinary action in case of Repeat violation/contravention   |
|--------|---|--|---|
|        |   | may enhance the penalty as deemed fit)   | may enhance the penalty as deemed fit)  |
| 3      | Cash dealings with TM/CP  | 10% of the amount of cash dealing or Rs. 1,000/- whichever is higher   | 2nd time - 50% escalation<br>3rd time - 100% escalation   |
| 4      | Non-maintenance of<br>a) Client/TM ledger<br>b) Register of Securities (Client/TM wise scrip wise Register) (as applicable)   | Rs. 1 Lakh + Direction to comply   | 2nd time - 50% escalation<br>3rd time - 100% escalation   |
| 5      | Client/TM ledger not maintained properly (i.e. incomplete/erroneous/ delay in entries)  | Rs.25,000/-  | 2nd time - 50% escalation<br>3rd time - 100% escalation   |
| 6      | Register of Securities not in the prescribed format (as applicable)<br>Discrepancies / Incorrect details in Register of Securities, non-reconciliation of balances between client beneficiary accounts and register of securities ( as applicable)                                | Rs.25,000/-  | 2nd time - 50% escalation<br>3rd time - 100% escalation   |
| 7      | Non segregation of transactions between Custodial Participant/TM and own bank accounts<br><br>(money deposited in own account or expenses routed through CP/TM Bank Account or own money deposited in CP/TM account)<br><br>Non segregation of CP/TM and own money and securities | If cumulative value of non-segregated transactions is less than Rs 1 crore – 0.5% of the cumulative value<br><br>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<br><br>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 | 2nd time - 50% escalation<br>3rd time - 100% escalation   |
| 8      | Facilitating financing through NBFC in contravention of SEBI Circular   | Rs. 5 Lakhs  | 2nd time- 50% escalation + No New Clients till such activity is discontinued<br><br>3rd time- 100% escalation + No New Clients till such activity is discontinued |





| Sr. No | Violations  | Penalty/disciplinary action for first time Violation   | Penalty/disciplinary action in case of Repeat violation/contravention |
|--------|---|--|---|
| 9      | Delay in release of payout of funds or securities (beyond one working day) or commodities   | a) up to 5% of no. of instances – Rs. 15,000/-<br>b) In excess of 5% and upto 10% of no. of instances - Rs 45,000/-<br>c) In excess of 10% and upto 20% of no. of instances - Rs 75,000/-<br>d) In excess of 20% of no. of instances-Rs.1,00,000/- | 2nd time - 50% escalation<br>3rd time - 100% escalation               |
| 10     | Non-appointment of compliance officer   | Rs. 50,000/-   | 2nd time - 50% escalation<br>3rd time - 100% escalation               |
| 11     | a) Books (Except Client ledger) not maintained including:<br>i) General Ledgers,<br>ii) Journals,<br>iii) Cash and Bank Book,<br>iv) Margin Deposit details,<br>v) Register of complaints<br>vi) Register of transaction<br>vii Register of commodity (as applicable)   | Rs. 50,000/- per book + No new TMs/CPs till the said records are maintained  | 2nd time - 50% escalation<br>3rd time - 100% escalation               |
| 12     | Books (Except Client ledger) not maintained properly (i.e. incomplete/ erroneous/ delay in entries) including<br>i) General Ledgers,<br>ii) Journals,<br>iii) Cash and Bank Book,<br>iv) Margin Deposit details,<br>v) Register of complaints<br>vi) Register of transaction<br>vii Register of commodity (as applicable) | Rs. 25,000/- per book  | 2nd time - 50% escalation<br>3rd time - 100% escalation               |
| 13     | 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/- per location   | 2nd time - 50% escalation<br>3rd time - 100% escalation               |



| Sr. No | Violations  | Penalty/disciplinary action for first time Violation                     | Penalty/disciplinary action in case of Repeat violation/contravention    |
|--------|---|--|--|
| 14     | 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 | To be decided on a case to case basis based on nature of non-compliances |
| 15     | 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   | 2nd time - 50% escalation<br>3rd time - 100% escalation                  |
|        | b. Non Appointment of Principal Officer /Designated Director/ Non Intimation of Designated Director or change of Principal officer to FIU Delhi                                   | Rs. 25,000   | 2nd time - 50% escalation<br>3rd time - 100% escalation                  |
|        | c. Non-Implementation of systems in place to monitor, identify suspicious transaction and procedures for reporting the same   | Rs. 25,000   | 2nd time - 50% escalation<br>3rd time - 100% escalation                  |
|        | d. Non Adoption of customer due diligence   | Rs. 25,000 per client  | 2nd time - 50% escalation<br>3rd time - 100% escalation                  |
|        | 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. 25,000 per client  | 2nd time - 50% escalation<br>3rd time - 100% escalation                  |
|        | f. Non Maintenance of records regarding ongoing training to staff relating to PMLA  | Warning  | 2 <sup>nd</sup> time- Rs. 25,000<br>3 <sup>rd</sup> time- 50% escalation |
|        | g. Disproportionate Exposure  | Upto Rs.2,00,000/-   | 2nd time - 50% escalation<br>3rd time - 100% escalation                  |
|        | h. Any other observation /violation which is required as per PMLA and not covered above   | Warning  | 2 <sup>nd</sup> time- Rs. 25,000<br>3 <sup>rd</sup> time- 50% escalation |

| Sr. No | Violations  | Penalty/disciplinary action for first time Violation  | Penalty/disciplinary action in case of Repeat violation/contravention  |
|--------|---|---|--|
| 16     | Non adoption / Maintenance of prescribed policies   | 1. Non adoption / Maintenance of policies - Rs. 25,000/-<br><br>2. Per line item not followed – Rs. 2,500/- subject to maximum of 25,000/-  | 2nd time - 50% escalation<br>3rd time - 100% escalation  |
| 17     | Non - adherence to Rule 8(1)(f) and 8(3)(f) of Securities Contract (Regulation) Rules, 1957, relating to fund based activities of member and in connection with / incidental to /consequential upon the securities business | Amount involved <= Rs. 5 Crores: 1% of the amount involved + Direction to recover the funds given as Loans/advances within the time allotted<br><br>Amount involved > Rs. 5 Crores: Penalty of Rs. 5 Lakhs + No new Trading Member/CP if funds given as loans / advances are not recovered within the time allotted | 2nd time – Amount involved <= Rs. 5 Crores: 50% escalation + No new Trading Member/CP till CA certificate certifying that funds are recovered is submitted<br><br>3rd time- Amount involved > Rs. 5 Crores : 50% escalation + appropriate disciplinary action such as suspension / disablement of clearing & settlement / Expulsion etc. as deemed fit by the relevant authority |
| 18     | False/Incorrect Reporting of Margin Collection to Clearing Corporation  | As per NCCL/COMPLIANCE-015/2019 dated December 20, 2019   | As per NCCL/COMPLIANCE-015/2019 dated December 20, 2019  |
| 19     | Clients/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 2% of the Value of securities involved, whichever is higher. Direction to be given to un-pledge the securities within 10 calendar days failing disciplinary action will be taken by the Relevant Authority  | 2nd time - 50% escalation<br>3rd time - 100% escalation<br>Disciplinary action such as suspension / disablement of clearing & settlement / Expulsion etc. depending upon the gravity of the case may also be considered  |
| 20     | Incorrect / non-reporting under collaterals segregation reporting T+1 (checked during inspection)   | As per NCCL/COMPLIANCE-018/2021 dated December 17, 2021   | As per NCCL/COMPLIANCE-018/2021 dated December 17, 2021  |
| 21     | Non maintenance of prescribed minimum net-worth   | As per NCCL/Membership-007/2023 October 13, 2023  | As per NCCL/Membership-007/2023 October 13, 2023   |
| 22     | Non-adherence to effective oversight over trading members/ Custodial Participants cleared by Clearing Members   | Rs.25,000/ per clause and submission of Compliance Officer certifying that necessary corrective measures are taken as directed by NCCL  | 50% escalation and submission of Internal Auditors certifying that necessary corrective measures are taken as directed by NCCL   |
| 23     | Failure to monitor cash and cash equivalents reports received by CMs from its TMs in terms of NCCL/COMPLIANCE-004/2021  | Warning   | 2nd time-Rs. 25,000/-  |
| 24     | Non-collection of crystallized obligation in cash from clients on T+1 day   | Warning   | 2nd time-Rs.1,00,000/-<br>3rd time - 50% escalation  |



| Sr. No | Violations  | Penalty/disciplinary action for first time Violation   | Penalty/disciplinary action in case of Repeat violation/contravention  |
|--------|---|--|--|
| 25     | Incorrect allocation of client collateral done on T-day   | As per Violation 3 of NCCL/COMPLIANCE-018/2021 dated Dec 17, 2021  | As per Violation 3 of NCCL/COMPLIANCE-018/2021 dated Dec 17, 2021  |
| 26     | Failure to open and use the designated bank account "Name of the CM-TM prop Account" to receive or pay proprietary funds from TMs   | Rs. 50,000/- and a direction to open the designated bank account immediately   | 2nd time - 50% escalation and submission of Internal Auditors report certifying that the designated bank account has been opened and used as prescribed by the SEBI circular   |
| 27     | Any Incorrect data reporting by CM towards SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/84 related to Upstreaming of clients funds by TMs/CMs to CCs  | To be prescribed as Annexure II separately and as updated from time to time.   | To be prescribed as Annexure II separately and as updated from time to time  |
| 28     | Any other violation / non-compliance / non adherence to the Rules, Bye laws, Regulation of NCCL, circular issued by SEBI/NCCL, non-compliance with directives/advisory issued by NCCL | <p>Monetary penalty upto Rs. 25 Lakh and submission of Compliance Officer certifying that necessary corrective measures are taken as directed by NCCL</p> <p>Depending upon gravity of violation, the Relevant Authority may also impose any other regulatory measures like No on boarding of new Trading Member/CP up to three months and /or Member can be suspended/expelled / declared defaulter in accordance with the provisions governing suspension/declaration of default/expulsion</p> | <p>50% escalation and submission of Internal Auditors certifying that necessary corrective measures are taken as directed by NCCL</p> <p>Depending upon gravity of violation, the Relevant Authority may also impose any other regulatory measures like No on boarding of new Trading Member/CP up to three months and /or Member can be suspended/expelled / declared defaulter in accordance with the provisions governing suspension/declaration of default/expulsion</p> |



| Sr. No | Violations   | Penalty/disciplinary action for first time Violation   | Penalty/disciplinary action in case of Repeat violation/contravention  |
|--------|--|--|--|
| 29     | <p>Discrepancy in computation of net worth</p> <p>a) If discrepancy in net worth leads to shortfall</p> <p>b) If discrepancy in net worth does not lead to shortfall</p> | <p>a) Provisions of NCCL/Membership-007/2023 dated October 13, 2023</p> <p><b><u>If discrepancy in net worth does not lead to shortfall</u></b></p> <p>b) Warning plus CA certificate with revised net worth plus certification from compliance officer to comply with the prescribed norms for calculation.</p> | <p>a) October 13, 2023 plus penalty of Rs.1 lakh for first time and Rs.2 lakhs for 2nd time.</p> <p><b><u>If discrepancy in net worth does not lead to shortfall</u></b></p> <p>b) 2nd time – Penalty of Rs.1 lakh</p> <p>3rd time- Penalty of Rs.2 lakh</p> |

**List of procedural non compliances**

| Sr. No. | Violations   | Penalty/disciplinary action for first time Violation   | Penalty/disciplinary action in case of Repeat violation/contravention   |
|---------|--|--|---|
| 1.      | Daily Margin statement not sent to affiliated Trading Member & Custodial Participants or Delay in issue of Daily margin statement or Daily margin statement issued with material discrepancies | a) Upto 2% of number of instances- Warning<br>b) In excess of 2% and upto 5% of no. of instances - Rs 15,000/-<br>c) In excess of 5% and upto 10% of no. of instances - Rs 45,000/-<br>d) In excess of 10% of no. of instances - Rs 75,000/-                           | Minimum Rs. 25,000 shall be levied<br>2nd time - 50% escalation<br>3rd time - 100% escalation   |
| 2.      | Non reporting/Incorrect reporting of weekly collateral reports   | a) Upto 2% of number of Instances-Warning<br>b) In excess of 2% and upto 5% of no. of instances - Rs 15,000/-<br>c) In excess of 5% and upto 10% of no. of instances - Rs 45,000/-<br>d) In excess of 10% of no. of instances - Rs 75,000/-                            | Minimum Rs. 25,000 shall be levied<br>2nd time - 50% escalation<br>3rd time - 100% escalation   |
| 3.      | Non-payment of statutory dues/duties/fees etc. (related to clearing & settlement related activities)   | Warning  | 2nd time –Rs. 10,000/-<br>3rd time – Rs.20,000/-  |
| 4.      | Delayed / non-payment of dividend  | Non-payment of dividend – 2 times the amount of dividend not paid.<br><br>Delay in payment of dividend:<br>> Up to Rs. 1 lakh- Warning<br>> In excess of Rs. 1 lakh and up to Rs. 5 lakhs- 1% of the amount involved<br>> Above Rs. 5 lakhs- 2% of the amount involved | 2nd time - 50% escalation<br>3rd time - 100% escalation<br><br>For delay in payment of dividend: -upto Rs.1 lakh- 0.5% of the amount involved |



|    |  |  |   |
|----|--|--|---|
| 5. | <p>Demat accounts like client beneficiary accounts, client collateral accounts, client unpaid securities account etc. related operations:-</p> <p>Delayed closure/opening of prescribed demat account<br/>Non-closure/non-opening of prescribed demat account</p> <p>Transfer of securities in non-prescribed demat account</p> <p>Incorrect reporting of Demat Accounts</p> | <p>Delay = Warning</p> <p>Non-closure/opening = Rs. 50,000/- per account (where Members are unable to provide reasonable explanation).</p> <p>Member to be disabled in case account is not closed within one month of levy of penalty</p> <p>Transfer of securities in non-prescribed demat account= 0.25% of the value of securities transferred</p> <p>Incorrect reporting = Warning</p> | <p>Delay= Penalty Rs.1,00,000/-</p> <p>2nd time - 50% escalation<br/>3rd time - 100% escalation</p> |
| 6. | <p>Member has not maintained a daily reconciliation clearly indicating the reason for fund transfer between client bank and own bank account</p>   | <p>Rs. 25,000/-</p>  | <p>2nd time - 50% escalation<br/>3rd time - 100% escalation</p>                                     |
| 7. | <p>Material discrepancies in the CM-CP/CM-TM agreement /inclusion of contravening clauses/omission of material clauses</p>   | <p>Rs. 25,000/-</p>  | <p>2nd time - 50% escalation<br/>3rd time - 100% escalation</p>                                     |
| 8. | <p>Failure to hold valid NISM Series VII- SORM certificates during the inspection period</p>   | <p>Rs. 1,500/- per user</p>  | <p>Rs.25,000/-</p>  |
| 9. | <p>Failure to hold valid NISM Series IIIA certificates by the Compliance officer during the inspection period</p>  | <p>Rs.2,500/- plus direction to submit the certificate within 45 days</p>  | <p>Rs.25,000/-</p>  |

### Annexure 5

|                                    |   |
|------------------------------------|---|
| <b>Nomenclature (File Name)</b>    | <b>CM PAN_DDMMYYYY_Batch No.</b><br>Explanation:<br>“PAN” shall be the Clearing Member’s PAN (Alpha Numeric 10 characters)<br>Date shall be the trade date for which reporting is done.<br>Batch No. starts from 01, in case of multiple files of same day.<br>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   |

The modified format of Client Collateral Segregation is given below.

| Sr.No. | Field Name          | Length (Max) | Existing Structure of Collateral Segregation reporting format   | Proposed changes for capturing retention reasons in the Collateral Segregation Reporting |
|--------|---------------------|--------------|---|--|
| 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.   | As per existing  |
| 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   | As per existing  |
| 3      | Trading member PAN  | Char (10)    | Alpha-numeric trading member PAN Value can be Blank when CP code is mentioned<br>Self-Clearing Member should insert PAN number in both CM PAN & TM PAN column   | As per existing  |
| 4      | CP Code             | Char (12)    | Alpha-numeric CP code Value can be Blank only when Client PAN is mentioned or Account type is 'P'   | If the reason code is entered in Column (52) then Value should be blank only             |
| 5      | CP PAN              | Char (10)    | Alpha-numeric CP PAN Value can be Blank only when Client PAN is mentioned or Account type is 'P'  | If the reason code is entered in Column (52) then Value should be blank only             |
| 6      | Client PAN          | Char (10)    | Alpha-numeric Client PAN Value can be Blank only when CP Code is mentioned or Account type is 'P'<br>For PAN EXEMPT clients, members are required to enter 'PAN EXEMPT' in the Client PAN column (Column 6) | If the reason code is entered in Column (52) then Value should be blank only             |
| 7      | Account Type        | Char (1)     | 'P' for Pro and 'C' for Client/CP   | If the reason code is entered in Column (52) then Value should be blank only             |





|    |  |             |   |  |
|----|--|-------------|---|--|
| 8  | Segment Indicator  | Char (03)   | Values shall be the following:<br>Values shall be CM, FO, CD, CO, SLB, OFS, TPR and DT  | If the reason code is entered in Column (52) then Value should be blank only |
| 9  | UCC Code   | Char (10)   | Alpha-numeric UCC Code Value can be Blank when CP code is populated, or Account type is 'P'   | If the reason code is entered in Column (52) then Value should be blank only |
| 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.<br>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.  | If the reason code is entered in Column (52) then Value should be "0" only   |
| 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.<br>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 in client ledger in lieu of successful EPI to CC'. Negative Balance allowed  | If the reason code is entered in Column (52) then Value should be "0" only   |
| 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<br>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 | If the reason code is entered in Column (52) then Value should be "0" only   |
| 13 | Bank Guarantee (BG) received by TM from clients and by CM from TM (Pro) and from CPs   | Number (20) | Value in Rs.<br>Decimals shall be allowed upto 3 digits   | If the reason code is entered in Column (52) then Value should be "0" only   |



|    |  |             |  |  |
|----|--|-------------|--|--|
| 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   | If the reason code is entered in Column (52) then Value should be "0" only |
| 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   | If the reason code is entered in Column (52) then Value should be "0" only |
| 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  | If the reason code is entered in Column (52) then Value should be "0" only |
| 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  | If the reason code is entered in Column (52) then Value should be "0" only |
| 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   | If the reason code is entered in Column (52) then Value should be "0" only |
| 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  | If the reason code is entered in Column (52) then Value should be "0" only |
| 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 | If the reason code is entered in Column (52) then Value should be "0" only |



|    |   |             |  |  |
|----|---|-------------|--|--|
|    |   |             | considered for margin purpose for the day.   |  |
| 21 | Pool Account for clients / TM Pro                     | Number (20) | Value in Rs.<br>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.  | If the reason code is entered in Column (52) then Value should be "0" only   |
| 22 | Cash Retained by TM                                   | Number (20) | Value in Rs.<br>Decimals shall be allowed upto 3 digits. The details will pertain to collateral retained by the TM from client   | Cash retained by TM to be indicated for each of the reason codes separately. |
| 23 | Bank Guarantee (BG) Retained by TM                    | Number (20) | Value in Rs.<br>Decimals shall be allowed upto 3 digits. The details will pertain to collateral received from client and retained with the TM.   | If the reason code is entered in Column (52) then Value should be "0" only   |
| 24 | Fixed Deposit Receipt (FDR) Retained by TM            | Number (20) | Value in Rs.<br>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. | If the reason code is entered in Column (52) then Value should be "0" only   |
| 25 | Approved Securities Cash Component Retained by TM     | Number (20) | Value in Rs.<br>Decimals shall be allowed upto 3 digits Value after appropriate haircut  | If the reason code is entered in Column (52) then Value should be "0" only   |
| 26 | Approved Securities Non-cash component Retained by TM | Number (20) | Value in Rs.<br>Decimals shall be allowed upto 3 digits Value after appropriate haircut  | If the reason code is entered in Column (52) then Value should be "0" only   |
| 27 | Non-Approved Securities Retained by TM                | Number (20) | Value in Rs.<br>Decimals shall be allowed upto 3 digits Value after appropriate haircut  | If the reason code is entered in Column (52) then Value should be "0" only   |
| 28 | Value of CC approved Commodities Retained by TM       | Number (20) | Value in Rs.<br>Decimals shall be allowed upto 3 digits Value after appropriate haircut  | If the reason code is entered in Column (52) then Value should be "0" only   |
| 29 | Other Collaterals Retained by TM                      | Number (20) | Value in Rs.<br>Decimals shall be allowed upto 3 digits.   | If the reason code is entered in Column (52) then Value should be "0" only   |



|    |   |             |   |  |
|----|---|-------------|---|--|
| 30 | Cash placed with CM                                   | Number (20) | Value in Rs.<br>Decimals shall be allowed upto 3 digits. The details will pertain to Collaterals placed with CM for Client/TM Pro/CP.   | If the reason code is entered in Column (52) then Value should be "0" only |
| 31 | Bank Guarantee (BG) placed with CM                    | Number (20) | Value in Rs.<br>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'. | If the reason code is entered in Column (52) then Value should be "0" only |
| 32 | Fixed deposit receipt (FDR) placed with CM            | Number (20) | Value in Rs.<br>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.   | If the reason code is entered in Column (52) then Value should be "0" only |
| 33 | Approved Securities Cash Component placed with CM     | Number (20) | Value in Rs.<br>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   | If the reason code is entered in Column (52) then Value should be "0" only |
| 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  | If the reason code is entered in Column (52) then Value should be "0" only |
| 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  | If the reason code is entered in Column (52) then Value should be "0" only |
| 36 | Value of CC approved Commodities placed with CM       | Number (20) | Value in Rs.<br>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   | If the reason code is entered in Column (52) then Value should be "0" only |
| 37 | Other Collaterals placed with CM                      | Number (20) | Value in Rs.<br>Decimals shall be allowed upto 3 digits.  | If the reason code is entered in Column (52) then Value should be "0" only |



|    |   |             |  |  |
|----|---|-------------|--|--|
| 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  | Cash retained by CM to be indicated for each of the reason codes separately. |
| 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.   | If the reason code is entered in Column (52) then Value should be "0" only   |
| 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. | If the reason code is entered in Column (52) then Value should be "0" only   |
| 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   | If the reason code is entered in Column (52) then Value should be "0" only   |
| 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   | If the reason code is entered in Column (52) then Value should be "0" only   |
| 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   | If the reason code is entered in Column (52) then Value should be "0" only   |
| 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   | If the reason code is entered in Column (52) then Value should be "0" only   |
| 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.   | If the reason code is entered in Column (52) then Value should be "0" only   |
| 46 | Cash placed with NCL                                    | 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.   | If the reason code is entered in Column (52) then Value should be "0" only   |
| 47 | Bank Guarantee (BG) placed with NCL                     | Number (20) | Value in Rs. Decimals shall be allowed upto 3 digits. The details will pertain to collateral   | If the reason code is entered in Column (52) then Value should be "0" only   |



|    |  |             |   |   |
|----|--|-------------|---|---|
|    |  |             | placed with CC for the Client/TM Pro/CP/CM.   |   |
| 48 | Fixed deposit receipt (FDR) placed with NCL            | 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.  | If the reason code is entered in Column (52) then Value should be "0" only  |
| 49 | Approved Securities Cash Component placed with NCL     | 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   | If the reason code is entered in Column (52) then Value should be "0" only  |
| 50 | Approved Securities Non-cash component placed with NCL | 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   | If the reason code is entered in Column (52) then Value should be "0" only  |
| 51 | Value of CC approved Commodities placed with NCL       | 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  | If the reason code is entered in Column (52) then Value should be "0" only  |
| 52 | MTF /Non MTF indicator/Reason Code                     | Char (07)   | <p>Values shall be either of the following:</p> <p>NON MTF<br/>MTF<br/>NA</p> <p>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)</p>                 | <p>Values shall be either of the following:</p> <p>NON MTF<br/>MTF<br/>NA</p> <p>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)</p> <p>RC01<br/>RC02<br/>RC03<br/>RC04<br/>RC05<br/>RC06<br/>RC07<br/>RC08<br/>RC09</p> |
| 53 | Uncleared Receipts                                     | Number (20) | Value in Rs. Decimals shall be allowed upto 3 digits. Cannot be blank either '0' or numeric value This will include (1) Value of cheques received from the clients, which are not cleared at EOD and/or (2) Funds received through Payment gateways however same is not credited in bank account at EOD | If the reason code is entered in Column (52) then Value should be "0" only  |



|    |  |             |   |  |
|----|--|-------------|---|--|
| 54 | Govt. Securities / T bills 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 of G-Sec / T-bills which is provided through E-Kuber and not by way of margin pledge-repledge mechanism  | If the reason code is entered in Column (52) then Value should be "0" only |
| 55 | Govt. Securities /T-bills Retained by TM   | Number (20) | Value in Rs. Decimals shall be allowed upto 3 digits Value of G-Sec / T-bills which is provided through E-Kuber and not by way of margin pledge-repledge mechanism  | If the reason code is entered in Column (52) then Value should be "0" only |
| 56 | Govt. Securities/T bills placed with CM  | Number (20) | Value in Rs. Decimals shall be allowed upto 3 digits Value of G-Sec / T-bills which is provided through E-Kuber and not by way of margin pledge-repledge mechanism  | If the reason code is entered in Column (52) then Value should be "0" only |
| 57 | Govt. Securities/T bills retained with CM  | Number (20) | Value in Rs. Decimals shall be allowed upto 3 digits Value of G-Sec / T-bills which is provided through E-Kuber and not by way of margin pledge-repledge mechanism  | If the reason code is entered in Column (52) then Value should be "0" only |
| 58 | Govt. Securities–T bills placed with NCL   | Number (20) | Value in Rs. Decimals shall be allowed upto 3 digits Value of G-Sec / T-bills which is provided through E-Kuber and not by way of margin pledge-repledge mechanism  | If the reason code is entered in Column (52) then Value should be "0" only |
| 59 | Bank Guarantee (BG) Funded portion retained with CM  | Number (20) | Value in Rs. 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") | If the reason code is entered in Column (52) then Value should be "0" only |



|    |   |             |   |  |
|----|---|-------------|---|--|
| 60 | Bank Guarantee (BG) Non funded portion retained with CM | Number (20) | Value in Rs. 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 NA 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 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".  | If the reason code is entered in Column (52) then Value should be "0" only |
| 61 | Bank Guarantee (BG) Funded portion placed with NCL      | Number (20) | Value in Rs. Decimals shall be allowed upto 3 digits. For account type 'C' and 'P' the details shall include only funded portion of BG placed with NCL. 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 NCL". Aggregate value of Funded portion of BG to be shown for account type 'P' in column "Bank Guarantee (BG) Funded portion placed with NCL" and Non funded portion of BG to be shown for account type 'P' in column "Bank Guarantee (BG) Non funded portion placed with NCL" should be equal to the value shown in account type 'P' in the column "Bank Guarantee (BG) placed with NCL". | If the reason code is entered in Column (52) then Value should be "0" only |
| 62 | Bank Guarantee (BG) Non funded portion placed with NCL  | Number (20) | Value in Rs. Decimals shall be allowed upto 3 digits. For account type 'P' the details shall include non-funded portion of BG placed with NCL. For account type 'C' same is NA Note: Aggregate value of Funded portion of BG to be shown for account type 'P' in column "Bank Guarantee (BG) Funded portion placed with NCL" and Non funded portion of BG to be shown for account type 'P' in column  | If the reason code is entered in Column (52) then Value should be "0" only |





|    |                                  |             |   |   |
|----|----------------------------------|-------------|---|---|
|    |                                  |             | “Bank Guarantee (BG) Non funded portion placed with NCL” should be equal to the value shown in account type ‘P’ in the column “Bank Guarantee (BG) placed with NCL”.  |   |
| 63 | Settlement Amount                | Number (20) | Value in Rs. Decimals shall be allowed upto 3 digits. Note: The amount of funds released on account of running account settlement of client on settlement date as per NSE circular NSE/INSP/53115 dated July 27, 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. | If the reason code is entered in Column (52) then Value should be "0" only    |
| 64 | Unclaimed/Unsettled Client Funds | Char(03)    | YES<br>NA<br>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 NSE Circular No. NSE/INSP/43488 dated February 10, 2020, then member shall write Yes, else NA  | If the reason code is entered in Column (52), only then NA should be entered. |
| 65 | Cash Collateral FOR MTF Position | Number (20) | Value in Rs. (Decimals shall be allowed upto 3 digits)<br>NA<br>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 NA for Non-MTF indicator  | If the reason code is entered in Column (52) then Value should be "0" only    |

## 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

### Guidelines for submitting Segregation and monitoring of collateral at client level file

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 different batch number. No modification is allowed beyond T+1 by 11.59 pm
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

| Period                     | Applicable penalty  |
|----------------------------|---|
| From April 1, 2022 onwards | <p>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.</p> <p>For this purpose, EOD margin reported or peak margin reported, whichever is higher shall be considered.</p> |

#### Violation 2: Incorrect data reporting (checked during inspection)

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

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 member's 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.