

National Stock Exchange of India Limited

Circular

DEPARTMENT: INSPECTION	
Download Ref No: NSE/INSP/52724	Date: June 24, 2022
Circular Ref. No: 47/2022	

To All Trading Members,

Sub: Submission of data towards monitoring of client funds under Enhanced Supervision and Client Level Cash & Cash Equivalent Balances

Members' attention is drawn to Exchange circular NSE/INSP/50012 dated October 19, 2021 on submission of data towards monitoring of client funds under Enhanced Supervision guidelines wherein it has been clarified that in case of Bank Guarantee (BG), only funded portion of the BG shall be considered while computing Collateral deposited with clearing corporations/clearing members in form of Cash and Cash Equivalents. However, Exchange has observed that certain members are including value of underlying non-cash collateral such as shares or immovable property etc. given for BG in the funded portion of BG.

In view of the same, members are advised to ensure that underlying collateral of BG given in form of Cash or FDR only is considered in the funded portion of BG for the purpose of aforesaid circular and underlying collateral of BG given in form other than Cash/FDR such as shares/immovable property etc. is considered in the non-funded portion of BG.

Further, in view of recent changes in certain files of clearing corporations in light of implementation of Segregation and Monitoring of collateral at client level, data points numbered as 2 & 11 required to be submitted towards the weekly monitoring of client funds (Enhanced Supervision of Stock Brokers), as provided in NSE circular NSE/INSP/50012 dated October 19, 2021 are changed. The updated guidelines for each of the data-points is provided as **Annexure-A** for reference.

Further members are also advised to ensure reporting of relevant data in line with aforesaid revised guidelines under point no 25 and 26 (ES Information Type) of weekly submission of Client Level Cash & Cash Equivalent Balances as prescribed by Exchange circular NSE/INSP/50592 dated December 13, 2021.

All Members are advised to take note of the above and comply.

National Stock Exchange of India Limited

For and on behalf of
National Stock Exchange of India Limited

Naresh Sawana
Senior Manager– Inspection

In case of any clarifications, Members may contact our below offices:

Regional Office	E MAIL ID	CONTACT NO.
Ahmedabad (ARO)	inspectionahm@nse.co.in	079- 49008632
Chennai (CRO)	inspection_cro@nse.co.in	044- 66309915 / 17
Delhi (DRO)	delhi_inspection@nse.co.in	011- 23459127 / 38 / 46
Kolkata (KRO)	inspection_kolkata@nse.co.in	033-40400412/59
Mumbai (WRO)	compliance_wro@nse.co.in	Board Line: 022-25045000 / 022-61928200 Direct Line: 022-25045138 / 022-25045144 Extn: 28144/28138
Central Help Desk	compliance_assistance@nse.co.in	

National Stock Exchange of India Limited

Annexure-A

S. No	Particulars	Remarks
1	Total of day end balance in all Client Bank Accounts (In Rs.)	<ul style="list-style-type: none"> • Provide total EOD fund balance available in all Client Bank Accounts (as per Bank Statement) including the Settlement Accounts across all Exchanges. • Balances in OD/LAS (Loan against shares) accounts shall not be considered. <p>Any FDR that has been created out of the client funds received by member and lying with member shall not be considered towards availability of client funds payable.</p>
2	Collateral deposited with clearing corporations in form of Cash and Cash Equivalents (In Rs.)	<p>Aggregate value of collateral deposited with all clearing corporations in form of Cash & Cash Equivalents as mentioned below (Cash, FD, BG).</p> <ul style="list-style-type: none"> • Cash, FDRs & BGs deposited with Clearing corporation • In case of BG, only funded portion of the BG shall be considered. Underlying collateral of BG given in form of Cash or FDR only should be considered in the funded portion of BG. Underlying collateral of BG given in form other than Cash/FDR such as shares/immovable property etc. should not be considered as funded portion of BG. • Early pay in of funds to CC to be considered, if it is debited from settlement bank account and same is not included in any of collateral report of clearing corporations. <p>For NSE Clearing deposits, the amount can be taken from the COLLDTLS file (deducting non-funded portion of BG) downloaded to the members.</p> <p>For deposits in other clearing corporations, Members need to refer to the daily reports downloaded by the respective clearing corporation.</p>

National Stock Exchange of India Limited

3	Collateral deposited with clearing member in form of Cash and Cash Equivalents (In Rs.)	<p>Aggregate value of collateral deposited with all clearing member in form of Cash & Cash Equivalents as mentioned below (Cash, FD, BG).</p> <ul style="list-style-type: none"> • Cash, FDRs & BGs deposited with Clearing Member • In case of BG, only funded portion of the BG shall be considered. Underlying collateral of BG given in form of Cash or FDR only should be considered in the funded portion of BG. Underlying collateral of BG given in form other than Cash/FDR such as shares/immovable property etc. should not be considered as funded portion of BG.
4	Total Credit Balance of all clients (In Rs.)	Aggregate value of Credit Balances of all clients as obtained from trial balance across stock exchanges (after adjusting for open bills of clients, uncleared cheques deposited by clients and uncleared cheques issued to clients and the margin obligations if posted in the client ledger if any). Open bills also contain 'value of credit entry posted in client ledger in lieu of successful EPI of securities to CC. Debit balance of client in MTF will not be adjusted against the credit balance of same client in non-MTF.
5	Total debit balance of all clients (In Rs.)	Aggregate value of debit Balances of all clients as obtained from trial balance across stock exchanges (after adjusting for open bills of clients, uncleared cheques deposited by clients and uncleared cheques issued to clients and the margin obligations if posted in the client ledger). Open bills also contain 'value of credit entry posted in client ledger in lieu of successful EPI of securities to CC'
6	Value of own securities deposited as collateral with Clearing corporation (In Rs.)	<p>Value of own collaterals i.e. securities/commodities/cash equivalents other than FDRs/BGs which have been deposited with the clearing corporations across all Exchanges. (Haircut to be applied as stipulated by the respective clearing corporation)</p> <p>The securities/commodities/cash equivalents other than FDRs/BGs shall be valued (after haircut) at closing rate of the last trading day of the week.</p>
7	Value of Own Securities Deposited as Collateral with Clearing Member (In Rs.)	<ul style="list-style-type: none"> • Value of own collaterals i.e. securities/commodities/cash equivalents other than FDRs/BGs which have been deposited with the clearing member across Exchanges. • Valuation of securities/commodities/cash equivalents other than FDRs/BGs to be taken after applying haircut stipulated by the clearing member at closing rate of the last trading day of the week.

National Stock Exchange of India Limited

8	Value of Non funded portion of the Bank Guarantee (In Rs.)	Provide value of non-funded part of the BG across all Clearing corporations
9	Proprietary Margin Obligation	<p>Provide value of proprietary margin obligations across Clearing Corporations. It shall be the sum of Margin obligations in Cash and Derivative segments for proprietary trading positions as on the reporting day.</p> <p>The figures for PRO margin obligation in NSE can be obtained from the following files: - For CM Segment – MG-13 (Initial Margin/VAR + Extreme loss margin + MTM loss + additional/adhoc margin) For Derivative Segment - Total margin (SPAN margin + Extreme Loss margin+ Delivery margin (wherever applicable) + Margin on consolidated crystallized obligation) For PRO margin obligation in other Exchanges/CC, refer daily reports downloaded from the respective Clearing Corporation.</p>
10	Margin utilized for positions of Credit Balance Clients (MC)	<p>Margin utilized (Minimum of Credit Balance of clients & Margin Obligation of such clients after deducting the value of securities/commodities repledged with CC/CM after appropriate haircut for the purpose of margin) for positions of credit balance clients across all Clearing Corporation.</p> <p>The figures for client margin obligation in NSE can be obtained from the following files:- For CM Segment – MG-13 (Initial Margin/VAR + Extreme loss margin + MTM loss + additional/adhoc margin) For Derivative Segment - Total margin (SPAN margin + Extreme Loss margin+ Delivery margin (wherever applicable)+ Margin on consolidated crystallized obligation) For margin obligation in other Exchanges/CC, refer daily reports downloaded from the respective Clearing Corporation.</p>

National Stock Exchange of India Limited

11	Free/unblocked Collateral deposited with Clearing Corporation	<p>Value of unutilized collateral lying with the clearing corporations across Stock Exchanges.</p> <p>For NSE /NSE Clearing balances, the amount can be obtained from the following files downloaded to the member :-</p> <p>For Equity Segment :- MG01 (Balance Deposit available) For F&O, CD & Commodity Segment :- MG11 (Excess Effective Deposits required if figure is negative).</p> <p>Further, aggregate value of free allocated cash of respective client available with CC to be considered as computed below from CC02 file:-</p> <ul style="list-style-type: none"> Value of “Cash Component-Allocated” if available after deducting value of margin. (Value of margin shall be the “margin” as per CC02 file if available after deducting value of “Cash Component- Value of Gsec/GMF/CMF repledged” and “Non- Cash Component - Value of Non-Cash repledged”) <p>Further Early pay in of funds to CC to be considered, if it is debited from settlement bank account and same is not included in any of collateral report of clearing corporations.</p>
12	Free/unblocked Collateral deposited with Clearing Member (In Rs.)	Value of unutilized collateral lying with clearing Members across Stock Exchanges.