

National Stock Exchange of India Limited

Circular

DEPARTMENT: INSPECTION	
Download Ref No: NSE/INSP/64315	Date: October 01, 2024
Circular Ref. No: 69/2024	

To All Trading Members,

Sub: Guidelines on Margin collection & reporting

This has reference to Exchange circulars NSE/INSP/45191 dated July 31, 2020, NSE/INSP/49929 dated October 12, 2021 and NSE/INSP/53525 dated September 02, 2022 wherein it was clarified that members are not permitted to pass on the penalty levied by clearing corporations on account of “short/non-collection of upfront margins” to clients under any circumstances.

In view of the representations received from Broker’s Industry Standards Forum (ISF) and after consideration of the same by SEBI, it has been decided that penalty levied by clearing corporations of short/non-collection of upfront margins may be passed on to client if short/non collection of upfront margin is on account of following reasons attributable to client:

- I. Cheque issued by client to member is dishonoured
- II. Increase in margins on account of change in hedge position by client/ expiry of some leg(s) of the hedge positions of the clients

However with respect to point number II mentioned above, members are requested to note that penalty can be passed only if member in its Risk Management Policy, has informed their clients of potential situations resulting in a hedge break / loss of cross margin benefits like square off by the clients / expiry of some leg(s) of the hedge positions of the clients, leading to higher margin obligations on the open position(s).

The provisions of this circular are applicable for aforesaid penalty levied by clearing corporations on or after November 01, 2024, and accordingly, members are advised to inform their clients of aforesaid change in their risk management policy at least 7 days in advance from the date of applicability of this circular or date of aforesaid penalty levied by clearing corporation whichever is later.

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Further, wherever penalty for short reporting of upfront margin in cases mentioned above is being passed on to the client, relevant supporting documents for the same should be provided to the client and audit trail should be maintained.

Members are requested to take note of the contents of the circular and comply.

**For and on behalf of
National Stock Exchange of India Limited**

**Naresh Sawana
Chief Manager**

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

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