

<b>Prescribed Compliances</b>	<b>Frequent inspection observations</b>	<b>Compliance expected</b>
<p>Weekly collateral reporting</p> <p><b><u>Relevant References:-</u></b></p> <p>NCL/COMP/41068 dated May 20, 2019,  NCL/COMP/41500 dated July 3, 2019  NCL/CMPL/43201 dated January 10, 2020,  NCL/CMPL/46450 dated November 25, 2020 and NCL/COMP/41725 dated July 26, 2019</p>	<ul style="list-style-type: none"> <li>- Data reported by the clearing members are inconsistent/incorrect when compared to data provided at the time of inspection for example: - <ul style="list-style-type: none"> <li>o difference in the value of securities since gross value is reported to NCL instead of value after haircut.</li> <li>o Client collaterals reported under PRO and vice versa.</li> </ul> </li> <li>- The clearing members are not reporting collaterals of custodial participants codes.</li> <li>- The clearing members are not reporting their own PRO collaterals</li> </ul>	<p>The data reported needs to be correct and consistent across all reporting requirements.</p> <p>The weekly reporting of collateral details is applicable to ALL clearing members who are rendering clearing services to other trading members or custodial participants.</p> <p>These circulars are not applicable to members who are registered with NCL as self-clearing members.</p> <p>Value of Securities should be the value on the basis of which the exposure has been provided to the trading member/clients.</p>
<p>Risk management policy (RMP)</p> <p><b><u>Relevant References:-</u></b></p> <p>CMPL/NCL/44977 dated July 10, 2020 reiterated in NCL/CMPL/49287 dated August 13, 2021</p>	<ul style="list-style-type: none"> <li>- All the clauses as mentioned in the circular (i.e. from i to xii) are not specifically included in the RMP.</li> <li>- Many clauses of RMP is not applicable to a clearing member who does clearing &amp; settlement only for its own custodial participants and not for other trading members.</li> </ul>	<ul style="list-style-type: none"> <li>- All Clearing Members should have a prudent risk management system to protect themselves against the default made by their clients. The Risk Management Policy is required to be well documented and should cover all the points stated in NCL circular.</li> <li>- These circulars are not applicable to</li> </ul>

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		members who are registered with NCL as self-clearing members.
<p>Daily Margin Statement</p> <p><b><u>Relevant Reference: -</u></b></p> <p>NSE/INSP/45191 dated July 31, 2020</p>	<p>Data reported to its client through issuance of DMS is inconsistent/incorrect when compared to data provided at the time of inspection</p>	<p>The data reported needs to correct and consistent across all reporting requirements.</p>
<p>Failure to provide valid NISM certificates.</p> <p><b><u>Relevant References:-</u></b></p> <p>NSE/INSP/27495 dated September 2, 2014</p>	<p>Clearing Members fail to provide valid NISM certificates for personnel as required under NSE/INSP/27495 dated September 2, 2014.</p>	<p>Clearing members need to adhere to NSE/INSP/27495 dated September 2, 2014, at all times and provide valid NISM certificates at the time of inspection.</p>
<p>Non-adherence of the Rule 8(3)(f) of Securities Contract (Regulation) Rules, 1957</p> <p><b><u>Relevant References: -</u></b></p> <p>Rule 8(3)(f) of Securities Contract (Regulation) Rules, 1957, NSE/CMPL/50957 dated January 7, 2022 and NSE/CMPL/53802 dated September 22, 2022</p>	<p>It is observed that members are advancing loans and advances to entities, which are not in compliance of NSE/CMPL/50957 and NSE/CMPL/53802.</p>	<p>Clearing members need to adhere to relevant rules and circulars published by NCL/NSE/SEBI in this regard at all times.</p>
<p>Discrepancies in the reporting of collaterals under T+1 segregated client collateral reporting</p> <p><b><u>Relevant Reference: -</u></b></p> <p>SEBI/HO/MRD2_DCAP/CIR/2021/0598 dated July 20, 2021, NCL/CMPL/49348 dated August 20, 2021, NCL/CMPL/49640 dated September 17, 2021, NCL/CMPL/49764 dated September 29, 2021, NCL/CMPL/50410 dated</p>	<p>The following issues are generally observed in the T+1 segregation reporting done by members: -</p> <p>CMs are not reporting collateral details of their proprietary collaterals placed with NCL.</p> <p>The collaterals details for CP codes are not reported in the columns tagged as “Placed with CM” and “Retained by CM”.</p> <p>The ledger balances reported in T+1 report do not match with the</p>	<p>It is advisable to report proprietary collaterals placed with NCL in the T+1 report.</p> <p>The members are required to ensure that 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. CMs shall also perform validations at</p>

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<p>November 25, 2021 and NCL/CMPL/50662 dated December 17, 2021</p>	<p>actual ledger balances provided at the time of inspection.</p> <p>The securities placed with CM as reported in T+1 does not match with the sum of securities retained by CM and securities passed on to NCL.</p> <p>The collaterals reported as “Placed with NCL” do not match with the various reports downloaded by NCL to members on daily basis.</p>	<p>their end in respect of allocations and reporting done by TMs.</p> <p>The ledger balances reported in the T+1 report should reflect in the actual client ledgers across segments.</p> <p>Further, members are required to ensure that the collaterals reported as “Placed with NCL” match with the various files downloaded by NCL to members on daily basis.</p>