

## NSE Clearing Limited

(Formerly known as National Securities Clearing Corporation Ltd.)

### Circular

#### DEPARTMENT: COMPLIANCE

Download Ref No: NCL/CMPL/50662

Date: December 17, 2021

Circular Ref. No: 33/2021

All Members

#### **Sub: Segregation and Monitoring of Collateral at Client Level - Penalty**

This is in partial modification of NCL circular NCL/CMPL/50410 dated November 25, 2021 on the aforesaid subject.

Based on members representation and in consultation with other Clearing Corporations and SEBI, revised penalty structure as per Annexure 1 shall be applicable for the irregularities observed with respect to the daily collateral reporting by Clearing members.

Further, members may please note that cut off time for reporting of client collateral segregation data has been extended from 1 PM to 5 PM on T+1 day.

Members may please note that the provisions of this circular shall be applicable from trade date December 16, 2021.

**For and on behalf of**  
**NSE Clearing Limited**  
(Formerly known as National Securities Clearing Corporation Limited)

**Authorized Signatory**  
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## Annexure 1

### Violation 1: Non reporting of data

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

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

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

Period	Delayed submission / Modification of data successfully submitted for CM Prop/TM Prop/ CP/Clients with outstanding margin requirements
From December 16, 2021 till March 31, 2022	Rs. 250 per entity per instance
From April 1, 2022 onwards	Rs. 500 per entity per instance

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

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

<b>% of the violation in the current inspection</b>  <b>(Proportion of the instances with false reporting to the Total sample instances verified)</b>	<b>Penalty As A Percentage (%) Of The False Reporting</b>			
	<b>Observed only in current Inspection</b>	<b>Observed only in 1 out of 3 previous Inspections in addition to the current Inspection</b>	<b>Observed in 2 out of 3 previous inspections in addition to the current Inspection</b>	<b>Observed in all the previous 3 Inspections in addition to the current Inspection</b>
Above 50%	50%	60%	75%	100%
25%-50%	25%	50%	60%	75%
10%-25%	10%	25%	50%	60%
Less than 10%	5%	10%	25%	50%

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

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